

# Press Release



SOUTH AFRICAN  
INSTITUTE OF  
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## Only half of state-owned enterprises profitable

Only half of South Africa's state-owned enterprises (SOEs) managed to post profits in the 2009/10 financial year, according to the latest *South Africa Survey*, to be released by the South African Institute of Race Relations in Johannesburg next week.

Of the nine SOEs reporting to the Department of Public Enterprises (DPE), only five produced a profit in 2009/10. The DPE is the shareholder representative of the Government with oversight responsibility for all nine of the SOEs. While there are numerous other state-owned organisations, they are not accountable to the DPE.

The most lucrative parastatal was Transnet, which showed a profit of R3bn. The four other SOEs that managed to make a profit that year were the Pebble Bed Modular Reactor (PBMR), South African Airways (SAA), South African Express (SAX), and the South African Forestry Company (SAFCOL). The combined profit of these parastatals was R4bn.

The Institute's analysis was based on the annual reports of all nine SOEs.

The least profitable SOE for the 2009/10 financial year was Eskom, which posted a loss of over R9.7bn, although it has since turned around its fortunes and posted a profit of R13bn for 2010/11. In addition to Eskom, Alexcor, Broadband Infraco, and Denel also posted losses for 2009/10 totalling a combined loss of R310m, which brings the total loss of all four entities to R10bn.

This equated to a net loss of R6bn for all SOEs.

'The biggest concern with these results is that the Government will have to support loss-making entities at taxpayers' expense', said Mr Jonathan Snyman, a researcher at the Institute.

The total assets of all SOEs in 2009/10 amounted to over R450bn. 'South Africa's infrastructure is already under strain, and without money derived from profits to develop new projects, the prospect of alleviating pressure on infrastructure is dependent on finding alternative forms of capital for investment' Snyman added.

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