

Our money-milking SOEs



While making an impassioned plea this week for the National Assembly to pass the much-anticipated and long overdue Public Enterprises Governance Bill, public enterprises minister Leon Jooste touched some salient and critical issues.

It cannot be denied that over the years, the country's parastatals have been a hotbed of concern, specifically around billions in bailouts and ongoing board and management battles, as grubby fingers eyed tenders and contracts, which were inevitably creamed off the top, so the elite could benefit.

The ongoing shenanigans at SOEs have played their part in the country's unfolding economic crisis, as many of these parastatals have become bottomless pits into which taxpayer money has been thrown into with gay abandon.

This in turn leads to money not being available to drive other important aspects, while tenderpreneurs have lived off the fat of the land.

Available figures indicate that the country's public enterprises portfolio had a total asset value of N\$93 billion at the end of June.

SOEs employ 17 224 people. The total liabilities of this sector, however, amount to a whopping N\$44 billion, which leaves a net asset value of just N\$49 billion.

Commercial public enterprises have a N\$62 billion asset value, N\$30 billion in liabilities, an annual income of N\$23 billion, while expenditure totals N\$21 billion and a profitability is just N\$1.9 billion.

This is a 1.2% return on assets.

Obviously not all SOEs are designed to be money-making entities, but in the same breathe, they should not be money-milking machines.

The country is at a crossroads, in terms of an economy that has for too long been exporting its raw materials, which are then sent back as finished products.

A fundamental aspect that continues to underpin this disastrous economic model is the fact that SOEs are draining state coffers.

It has now reached a stage where the country can no longer afford this type of siphoning, which inevitably puts money into the pockets of the few. Jooste has an immense task ahead.