

PUBLIC ENTERPRISE MONITORING COMMISSION STRATEGIC PLAN

2013-15



September, 2013

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PART ONE: OVERVIEW

Background:

In Seychelles, there are currently twenty four state owned commercial Public Enterprises (PEs) which have been established using public financial resources. These government owned organisations are responsible for the delivery of both commercial and social objectives. They moreover offer a range of essential services ranging from electricity, water, roads, seaports, fuel supply, transport and aviation. In 2008 the IMF and the World Bank completed a review of the public entities and determined that there were risks to government due to the lack of accountability, monitoring and control of the this sector. There was thus general agreement amongst key stakeholders that measures should be adopted to ensure that this sector conforms to specific standards, such as those of efficiency, accountability, responsibility, transparency and, above all, service to the public.

In consequence, the Public Enterprise Monitoring Division (PEMD) was set up in 2009 within the Ministry of Finance with the critical role of making recommendations regarding the restructuring, re-organising, and monitoring of all public entities so as to improve efficiency in the provision of essential services and ensure Government receives maximum returns on its investments. The Division was supported by the Public Enterprise Monitoring and Control Act 2009 and was responsible for monitoring both commercial and budget dependent entities. Nonetheless, in March 2013, the Public Enterprise Monitoring Commission was enacted under a new Act, with the primary focus of guiding commercial enterprises in becoming more financially sustainable in order to contribute positively in the development of the Seychelles national economy.

The PEs together with the private sector is thus key in the vital repositioning of the Seychelles economy. Public enterprises make significant contribution to the economy in terms of Gross Domestic Product (GDP). They also assist government in maintaining a fairly steady flow of income through investments and returns. Furthermore, they contribute towards social goals of the government and provide for certain key infrastructure and services for the country. By the year 2011 itself, the PEs carried altogether an estimated SR17.5 billion worth of asset. In terms of revenue, it amounted to SR72.7 million. As such, it is of paramount importance that the Public Enterprises remain commercially and financially sustainable and work alongside the government's national objectives and plans.

Introduction

The Public Enterprise Monitoring Commission (PEMC) has been assigned with the very important task of providing shareholder oversight to a range of Public Enterprises (PEs). This mandate is principally guided by the Public Enterprise Monitoring Commission Act No. 3 of 2013, approved by the National Assembly in March, 2013. The list of commercial enterprises to be monitored can be found in the attached list (Annex 1).

The Act establishes the PEMC as a catalyst to ensure that PEs “are properly controlled and managed for the purpose of better performance, transparency and accountability, to improve efficiency and competitiveness of the economy, to foster and accelerate the macro-economic stability of the country and to provide for matters connected therewith”.

An important component of this above mentioned process is the need for the creation of an enabling policy and regulatory environment, therefore new policies and guidelines will be established to steer the PEs performance and reporting. There is also the need to review existing policies and guidelines to ensure that they reflect the current economic, social and political environment that the PEs operates in. PEMC recognizes that the PEs can play a dominant role in the economy and it is of essence that the Commission identifies ways of boosting the impacts of the PEs on the national objectives and priorities of the government.

PART TWO: STRATEGIC OVERVIEW

Vision Statement

Our Vision is:

“To promote effective and efficient commercial Public Enterprises within the Seychelles”.

Mission Statement

Our Mission is:

“To monitor and evaluate the overall performance of Public Enterprises and to promote ethics of good governance in all their business transactions”.

Values

The Commission operates alongside the following values:

- Providing the best professional and ethical advice to the Ministers, Boards and stakeholders.
- Being accountable and acting with integrity in all dealings with public enterprises and other stakeholders
- Promoting Good Governance and upholding the law
- Working together as a team through participation and involvement of staff and stakeholders in decision-making.
- Keeping abreast with the latest developments in the different sectors within which the PE’s operate.

Main strategic focus over medium term

Being the key body for the monitoring of PEs performance, the PEMC will ensure that the government's interests and investments as a major shareholder are maintained.

The Commission will develop a close working relationship with the Ministry of Finance and the Responsible Ministers of the PE's. This is with the aim of ensuring that there are valuable interactions and communications between the different stakeholders. By interacting with the PEs, the Commission will be in a better position to provide feedback to the Minister of Finance and Responsible Ministers thus, establishing a productive rapport is essential for this process.

Providing an efficient and effective oversight function and ensuring that the public enterprises optimize their investments and at the same time becoming operationally efficient.

A key challenge for the Commission is to support PEs in becoming more efficient. The monitoring function of the Commission primarily measures the public enterprises performance against approved targets, whilst at the same time ensuring compliance with good governance and other standards set by the PEMC Act. The Public Enterprises are required to provide to the Commission:

- The Statement of Corporate Intent
- The Annual Report
- The Monthly Reports detailing the financial and operational performance of the PE including details of Debt performance

The development of a Statement of Corporate Intent (SCI) provides an overview of the PE's medium term corporate plan. The annual report and the monthly report will be used to monitor and evaluate their performance based on their SCI.

To further strengthen our monitoring function, the Commission plans to develop a monitoring and evaluation framework to facilitate the reporting requirement of the Commission. The Commission anticipates working closely with the Board of the Public Enterprises in order for them to become more vigilant and carry out their oversight role more diligently. A board training course will be offered to both existing and newly appointed Members.

Improving the policy environment of the public enterprises.

The Commission will review its existing guidelines so that they will be more in line with the operating environment of the Public Enterprises. The following existing guidelines will be reviewed:

- Statement of Corporate Intent (SCI)
- Good Governance Guidelines

The Commission plans to introduce the following as well:

- Institute of Directors

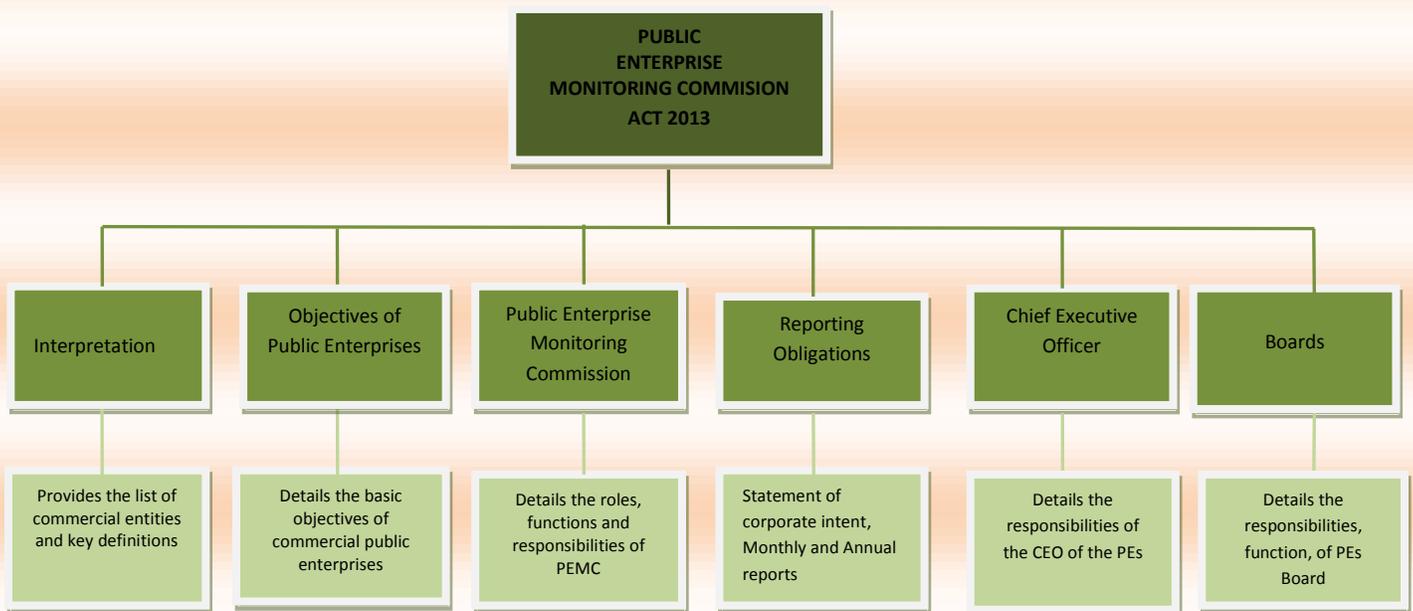
In addition, the Commission will monitor closely the Public Enterprises adherence to the following:

- Procurement Act (2008)
- Public Debt Management Act (2009)
- Public Finances Management Act (2012)
- Companies Act (1972)

The Legal Framework

The Commission:

The Commission has been given a mandate to oversee and monitor twenty one commercial entities under the Public Enterprise Monitoring Commission Act No.3 of 2013. It is vital that PEMC receives the support of the Ministry of Finance and is empowered to ensure that public enterprises conform to specific standards, such as those of efficiency, accountability, responsibility and above all, service to the public.



The Public Enterprises:

Some Public enterprises are established in terms of their own enabling legislations/statutory Acts or Decree which define their purpose, mandates and objectives for which they were set up. Others are governed by the Companies Act 1972.

PEs that are directed by the Company Act are as follows:

- Island Development Company Ltd (IDC)
- L'Union Estate Company Ltd
- Seychelles Postal Services Ltd
- Air Seychelles Ltd
- Seychelles Petroleum Company Ltd (SEYPEC)
- Seychelles Trading Company Ltd (STC)

- Societe Seychelloise D'Investissement Ltd (SSI)
- Petro Seychelles Ltd
- Housing Finance Company Ltd (HFC)
- Seychelles Savings Bank Company Ltd (SSB)
- Seychelles International Mercantile Banking Corporation Ltd (Nouvo Banq)
- Praslin Transport Company (PTC)

The PEs that are governed and enacted by their own statutory decree are the;

- Seychelles Public Transport Corporation (SPTC)
- Property Management Corporation (PMC)
- Public Utilities Corporation (PUC)
- Seychelles Civil Aviation Authority (SCAA)
- Seychelles Port Authority (SPA)
- National Information Services Agency (NISA)
- Development Bank of Seychelles (DBS)
- Seychelles International Business Authority (SIBA)
- Seychelles Pension Fund



The corporate identity of the Commission has been designed to make known its primary functions as being that of monitoring and overseeing.

The logo consists of four distinct graphic elements, each representing an important aspect of the PEMC.

The "Eye," created by the circle represents the monitoring or 'keeping an eye' function of the commission. This is given prominence due to importance of the monitoring function of the Commission is to ensure that the performance of Public Enterprises are adequately delivering on their mandates as well as maximising return on investments. The eye is also symbolical of vigilance which ties in well with the Commission's functions.

The second element of the 'Eye' is the two arrows which are converging. The arrows represent direction and the intent to pursue better performance, transparency and accountability.

The third design element is the straight line, which stands for stability and accentuates that when the commission's functions are carried out, this will lead to public enterprises being on the 'straight and narrow'.

The fourth and final element is the font. The font is Devil Breeze. The Font was chosen because it appears big and powerful whilst maintaining class and style. The 'M' is slanted on purpose so as to represent movement and forward thinking.

SITUATION ANALYSIS

Internal Environment

In order to carry out its functions efficiently, it is vital that the Commission attracts highly specialized skills to fulfill its mandate. Hence, the Commission will ensure that it is well resourced with sufficient expertise so that each function within its structure is fully able to deliver on its focal areas. To achieve this, it will need to put in place a proper employment scheme which will enable the Commission not only to retain its current staff, but also attract prospective candidates. Hence, focus will be placed on internal skills development and training.

Furthermore, it is important that a suitable and conducive work environment is maintained internally, in order to achieve high work performance and output. As an organization, it will remain flexible so that it can embrace any unforeseen changes, and where possible re organize its tasks to continue to deliver and perform efficiently.

External Environment

It is of paramount importance that the Commission and the Public enterprises build and develop a strong working relationship. This started whilst the Commission was still operating as a Division. However, there is a strong need to further strengthen and improve on the relationship. The Commission has to work closely with the PEs, so that they do not portray PEMC as an enemy but rather as a solid partner in their venture. To achieve this, the Commission will need to put in place the necessary mechanisms and structures to ensure that PEs abide to the requirements of the PEMC Act 2013.

ORGANISATION STRUCTURE

The Commission is governed by a Board of Commissioners, currently comprising of five members. The Commissioners are appointed by the Minister of Finance and are selected based on their knowledge and experience in matters relating to industry, trade, finance, science or administration.

The members of the Board are as follows:

Chairperson: Ms. Nathalie Houareau

Commissioners: Mr. Emmanuel Green

Mr. Gamini Herath

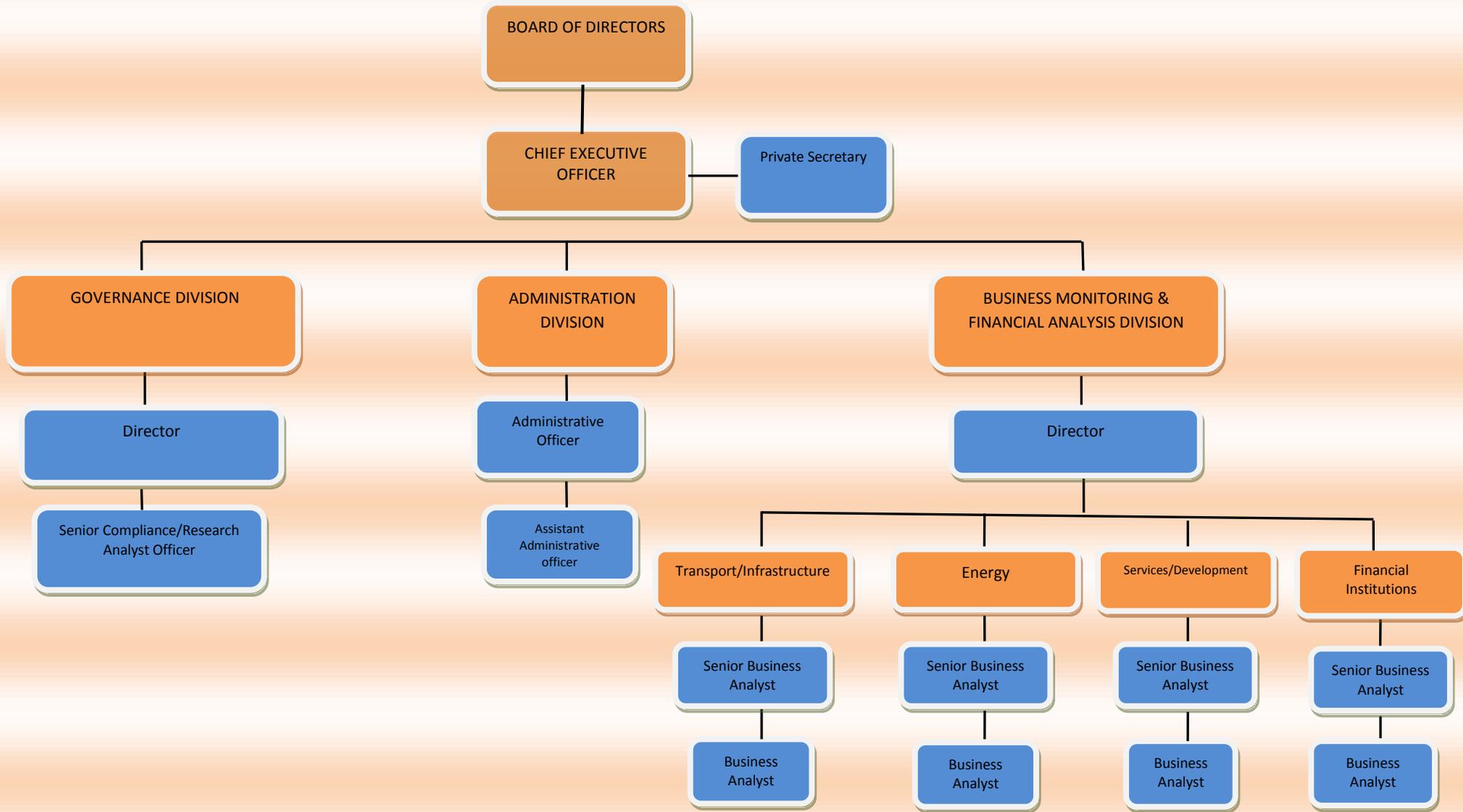
Mr. Marcus Simeon

Mr. Joel Domingue

Mr. Guy Ferley

With regards to the day to day management of the commission itself, it shall be as per the organization structure on the following page. However, when necessary, the commission will recruit the know-how of external agents such as professional auditors and consultants so as to strengthen the commission position vis-à-vis its monitoring and oversight function.

The organizational structure of the Commission shall be as follows:



PART THREE: Strategic Objectives of the Commission

Our key corporate objectives are:

To become the trusted shareholder representative on behalf of the government

To become organizationally capable and achieve our mandate

To develop a strong partnership with the Public Enterprises

The operational objectives for each division are consequently designed to accomplish the strategic objectives and improve on reliability, efficiency and performance of the Commission.

FUNCTIONS OF THE COMMISSION:

CEO's SECRETARIAT

This division is responsible for:

- ✚ Overseeing the day to day running of the Commission
- ✚ Undertaking secretarial duties
- ✚ The upkeep and maintenance of a library for the Commission.
- ✚ Maintaining both soft and hard copies of relevant documents and continuously update the database. Submitting to the National Assembly a copy of the Audited Accounts of the PEs
- ✚ Requesting any CEO or Chairperson of any PE to appear before the Commission to clarify any issues regarding the governance, finance or any other aspects covered within the Act.

ADMINISTRATION

This division will ensure that:

- ✚ Adequate human resources and financial support is given to the Commission.

- ✚ Proper accounting software is put in place to facilitate financial transactions.
- ✚ Proper books of accounts are kept.
- ✚ A physical and electronic filing system is created and continuously updated.
- ✚ Prepare monthly financial reports for Board meetings.

GOVERNANCE DIVISION

This Division is responsible for the following:

- ✚ For the implementation of the PEMC Act. No.3 of 2013 and to monitor compliance with the governing law
- ✚ Ensuring adherence by Public Enterprises to policies and guidelines formulated by the Commission, Ministry of Finance and the responsible Ministry.
- ✚ Arranging investigation or inspection into the affairs of a Public Enterprise and where necessary in the public interest
- ✚ Work in close collaboration with respective government departments to ensure that their current policies and regulatory environment are conducive to the PEs operation for them to better serve the public interest.
- ✚ Reviewing and updating existing guidelines.
- ✚ Developing appropriate systems and frameworks to promote good governance best practices by introducing and monitoring governance indicators.
- ✚ Creating an Institute of Directors in consultation with relevant stakeholders.
- ✚ Assisting in board appointment and continuously updating the data base on the board appointment.
- ✚ Develop tools to assess governance in public enterprises
- ✚ Carrying out governance audit within all public enterprises and submit reports to the Minister of Finance and the Responsible Minister
- ✚ Making recommendations on matters relating to the functions of the Board of PEs concerning governance and their adherence to approved policies and guidelines.
- ✚ Carrying out research regarding best practices worldwide which can improve the work of the Commission and the PEs

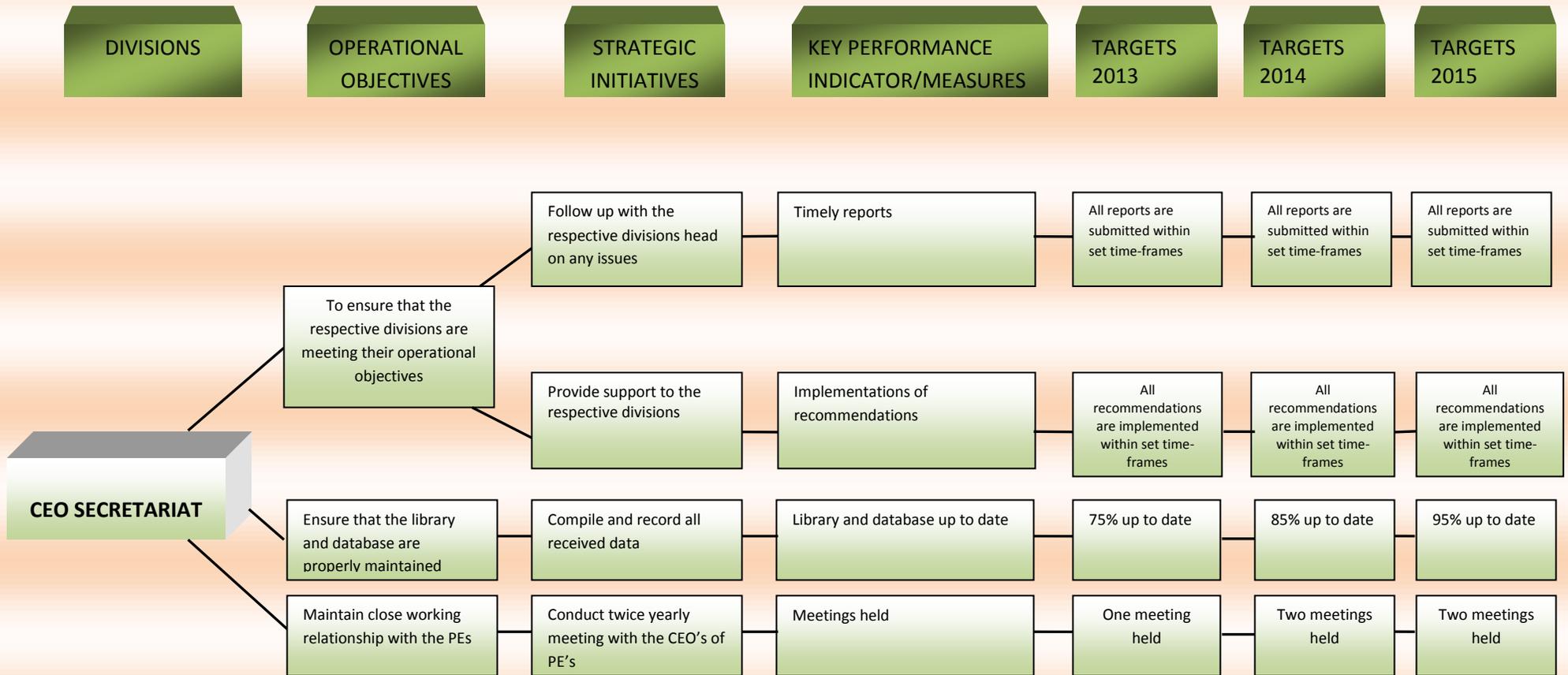
BUSINESS MONITORING & FINANCIAL ANALYSIS DIVISION

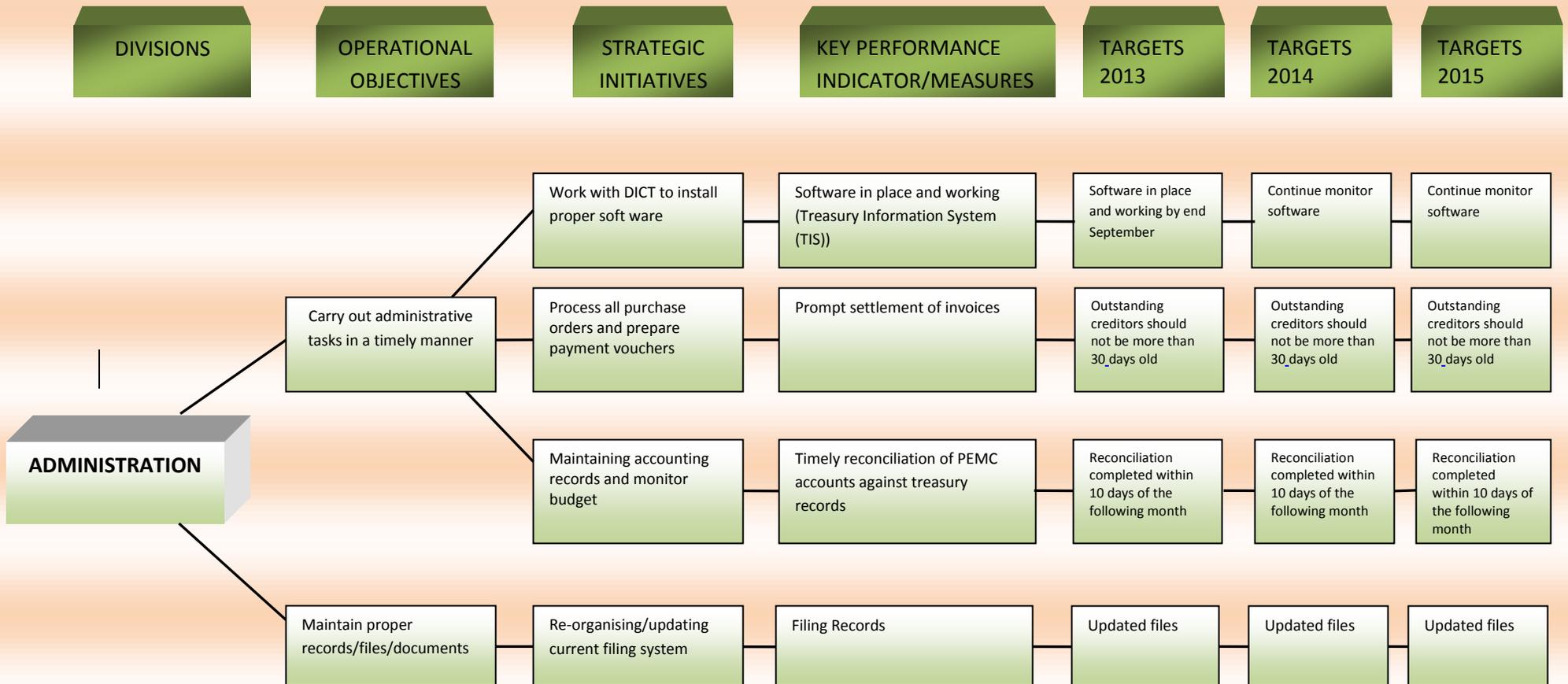
The main responsibilities of this division are:

- ✚ Ensuring that the PE's strategic objectives are parallel with the government's national plan for the respective sectors that they operate within.
- ✚ Monitoring the preparation and implementation of the Statement of Corporate Intent.
- ✚ Analysing the approved annual budget of the PEs and advising appropriate Board to its adequacy or suitability in compliance with the PEMC Act. No.3 of 2013.
- ✚ Assessing the implementation of projects carried out by PEs to ensure compliance with procedures and regulations governing capital expenditure.
- ✚ Ensuring adherence by PEs to policies and procedures formulated by their Responsible Ministry or Board to ensure sound and efficient management, including finances of the PEs.
- ✚ Submitting quarterly report on the activities of the PE's to the Minister of Finance
- ✚ Identifying issues relating to operational and financial risks of PE's that may have material impact on the PE and the economy as a whole.
- ✚ Making recommendations to the Government on the efficiency of ongoing Public Enterprises. Ensuring that PEs promptly submits their annual reports, together with a copy of their audited accounts. Ensuring that PEs submits monthly a statement of their financial and operational performance.
- ✚ Receiving regular updates from and ongoing interaction with the PEs.
- ✚ Researching and implementing new software which will improve the quality of analysis and reporting of the Division.
- ✚ Providing relevant advice to the PEs.
- ✚ Conducting on site inspections on PE premises.
- ✚ Recommending investigations into the affairs of the PEs.
- ✚ Follow up on audit recommendations within audit reports.
- ✚ Monitoring and identifying factors that inhibits the realization of revenue targets of the PEs.
- ✚ Monitoring the PEs compliance to the required reporting standards.

The operational objectives, key performance indicators and targets of each of the division within the Commission are layed out in following flowcharts annexed 1a, 1b . The flowcharts highlight the measurable objectives and medium term outputs for the next three years.

OPERATIONAL OBJECTIVES, KPI & TARGETS





DIVISIONS

OPERATIONAL OBJECTIVES

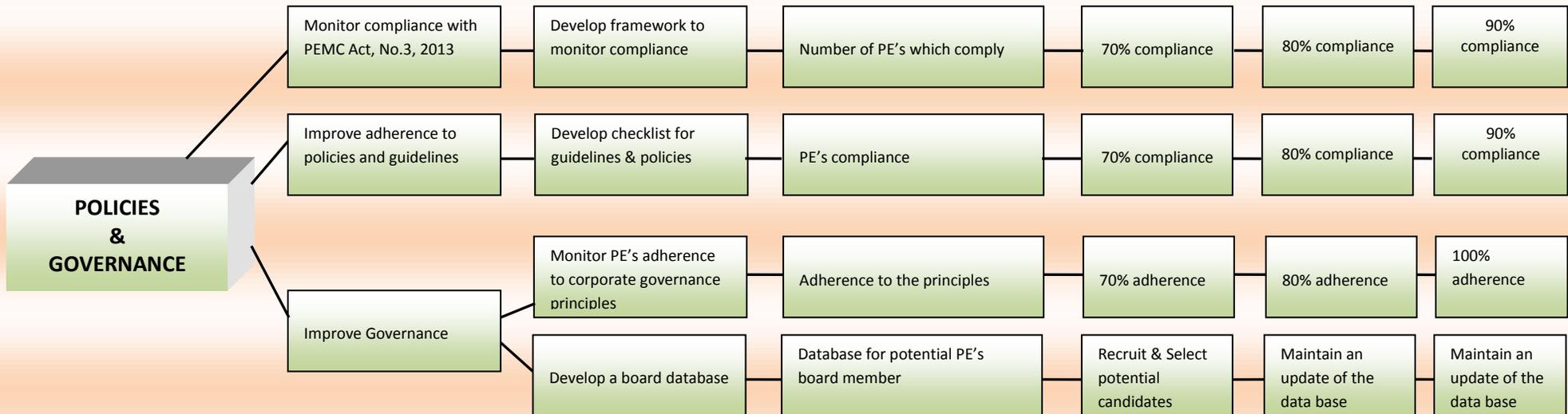
STRATEGIC INITIATIVES

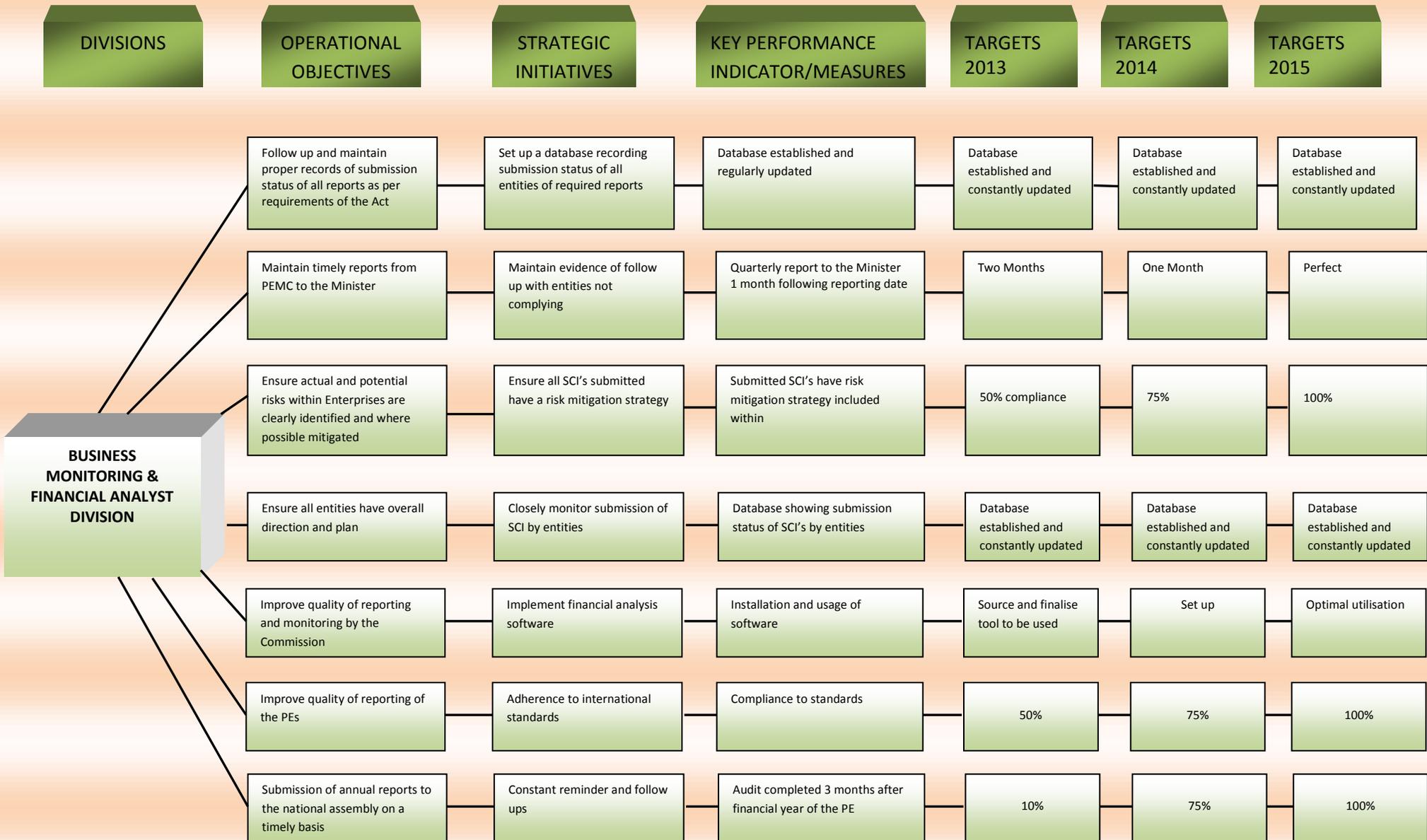
KEY PERFORMANCE INDICATOR/MEASURES

TARGETS 2013

TARGETS 2014

TARGETS 2015





The Commission'S Budget

Categories	2013 (approved)	2014 (Projected)	2015 (Projected)	2016 (Projected)
Wages & Salaries	1,766,000	2,893,911	3,357,288	3,373,288
Office expenses	287,000	524,092	546,151	569,191
Transport & Travel Cost	233,000	441,425	460,839	481,127
Maintenance & Repairs	30,000	175,071	182,949	191,182
Other use of Goods & Services	870,000	1,603,425	1,666,620	1,732,753
Building Structures	200,000	200000	-	-
Machinery & Equipment	500,000	240,500	41,000	41,720
TOTAL	3,886,000	6,078,424	6,254,847	6,389,260

The Commission's budget is expected to increase in the medium term. The increase is to cater for the recruitment of additional staff, adjustment in wages and salaries of existing staff, office rent and the procurement of additional furniture and computers. Additionally and given that it is newly set up, the Commission plans to remain committed in recruiting, training and focus on development programs so as to nurture capabilities

ANNEX 1: List of Public Enterprises

Public Enterprises	Government Ownership	Net Asset on Balance Sheet as @ 2012	Number of employees as @ 2012	Dividends paid in 2012	Profit Margin in 2012
Seychelles Public Transport Corporation (SPTC)	100%	153,225,652	468	-	-21%
Property Management Corporation (PMC)	100%	-	19	-	-
Air Seychelles Ltd	60%	34,464,000	588	-	2%
Island Development Company Ltd (IDC)	100%	43,779,465	620	-	7.2%
Public Utilities Corporation (PUC)	100%	914,473,370	848	-	0.4%
Seychelles Civil Aviation Authority (SCAA)	100%	463,166,864	665	43,685,976	12%
Seychelles Petroleum Company (SEPEC)	100%	3,972,586,008	192	-	-3.3%
Seychelles Trading Company (STC)	100%	182,022,437	438	-	0.3%
Praslin Transport Company Ltd (PTC)	100%	4,549,833	27	-	3%
Societe Seychelloise d'Investiment Ltd (SSI)	100%			-	
Development Bank of Seychelles (DBS)	60.5%	252,953,523	43	-	32%
Housing Finance Company Ltd (HFC)	100%	953,127,474	33	-	28%
Seychelles International Mercantile Banking Ltd (Nouvobanq)	78%	389,088,000	115	100,000,000	47%
Seychelles Savings Bank (SSB)	60%	102,452,004	99	2,973,365	23.5%
Seychelles Pension Fund (SPF)		1,263,909,156	71	-	44.8%
Seychelles Port Authority (SPA)	100%	126,249,000	159	30,000,000	42%
Seychelles International Business Authority (SIBA)	100%	127,457,799	78	75,000,022	69%
L'Union Estate Company Ltd	100%	2,971,406	56	-	0.6%
Seychelles Postal Services (SPS)	100%	29,411,843	116	-	2.7%
National Information Services Agency (NISA)	100%	7,359,729	32	-	15%
Petro Seychelles Limited	100%	0	9	-	-