



# **State Owned Enterprise Reform: Reform and Challenges in Thailand**

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# Thai SOEs (categorized into 9 sectors)

**There are 56 SOEs under the supervision of SEPO (Ministry of Finance)**

## 1 Transportation (10 SOEs)

1. Expressway Authority of Thailand (EXAT)
2. State Railway of Thailand (SRT)
3. Mass Rapid Transit Authority of Thailand (MRT)
4. Bangkok Mass Transit Authority (BMTA)
5. The Transport Co., Ltd.
6. Airports of Thailand Plc. (AOT)
7. Thai Airways International Plc. (THAI)
8. Aeronautical Radio of Thailand Ltd.
9. Civil Aviation Training Centre (CATC)
10. Port Authority of Thailand (PAT)

## 2 Energy (4 SOEs)

1. Electricity Generating Authority of Thailand (EGAT)
2. Metropolitan Electricity Authority (MEA)
3. Provincial Electricity Authority of Thailand (PEA)
4. PTT Plc. (PTT)

## 3 Telecommunication (4 SOEs)

1. TOT Public Company Limited (TOT)
2. CAT Telecom Public Limited (CAT)
3. Thailand Post Co., Ltd. (POST)
4. MCOT Public Company Limited (MCOT)

## 4 Utilities (6 SOEs)

1. Metropolitan Waterworks Authority (MWA)
2. Provincial Waterworks Authority (PWA)
3. Wastewater Management Authority
4. National Housing Authority
5. Dhanarak Asset Development Company Limited
6. Industrial Estate Authority of Thailand

## 5 Industry and Commerce (8 SOEs)

1. Thailand Tobacco Monopoly
2. Playingcards Factory
3. Liquor Distillery Organization
4. The Government Lottery Office
5. The Syndicate of Thai Hotel & Tourists Enterprise
6. Police Printing Bureau
7. The Bangkok Dock (1957) Co., Ltd.
8. Marketing Organization

## 6 Agriculture (6 SOEs)

1. Dairy Farming promotion Organization of Thailand
2. Marketing of Farmers Organization
3. The Fish Marketing Organization
4. Office of The Rubber Replanting Aid Fund
5. Rubber Estate Organization
6. Public Warehouse Organization

## 7 Natural Resource (3 SOEs)

1. The Forest Industry Organization
2. Botanic Garden Organization
3. The Zoological Park Organization

## 8 Social and Technology (8 SOEs)

1. Thai Institute of Scientific and Technological Research
2. National Science Museum
3. Tourism Authority of Thailand (TAT)
4. Sports Authority of Thailand
5. The Government Pharmaceutical Organization (GPO)

## 9 Specialized Financial Institution (10 SOEs)

1. Krung Thai Bank Public Company (KTB)
2. Government Savings Bank (GSB)
3. Government Housing Bank (GHB)
4. Bank for Agriculture and Agricultural Cooperatives
5. Export-Import Bank of Thailand (EXIM)
6. Small And Medium Enterprise Development Bank of Thailand (SME Bank)
7. Secondary Mortgage Corporation (SMC)
8. Small Business Credit Guarantee Corporation
9. Islamic Bank of Thailand
10. Public Pawnshop Office

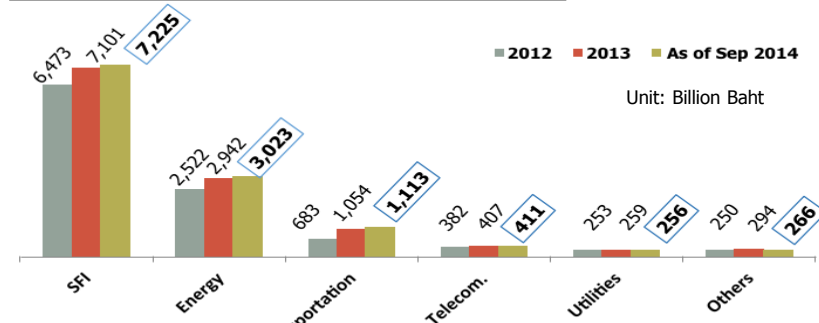
# An overview of Thai SOEs

## Financial Performance and key financial ratio

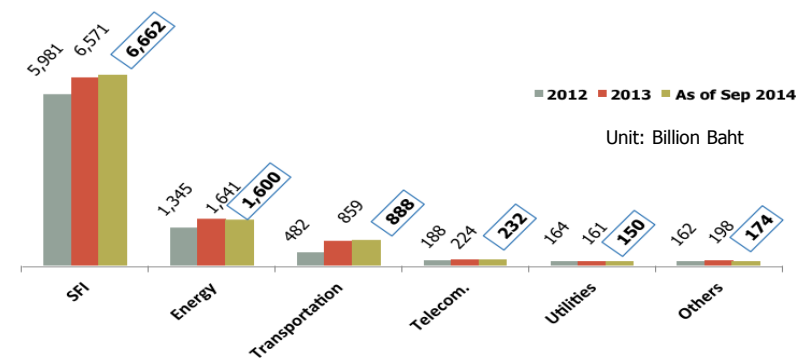
Unit: Million Baht

	2011	2012	2013	Sep. 2014 (YTD)
Total Asset	9,898,937	10,563,379	12,056,074	12,294,820
Total Liabilities	7,731,874	8,322,188	9,652,011	9,704,759
Total Equity	2,167,062	6,894,137	7,581,931	7,778,167
Total Revenue	4,294,562	4,793,597	5,223,839	4,051,094
Total Expenses	3,723,423	4,148,475	4,788,483	3,700,292
Net Profit	226,880	274,645	303,690	231,934
Return on Asset (ROA)	2.29%	2.60%	2.52%	2.52%
Return on Equity (ROE)	10.47%	3.98%	4.01%	3.98%
Debt to Equity (D/E Ratio)	3.57	1.21	1.27	1.25
Net Profit Margin	5.28%	5.73%	5.81%	5.73%

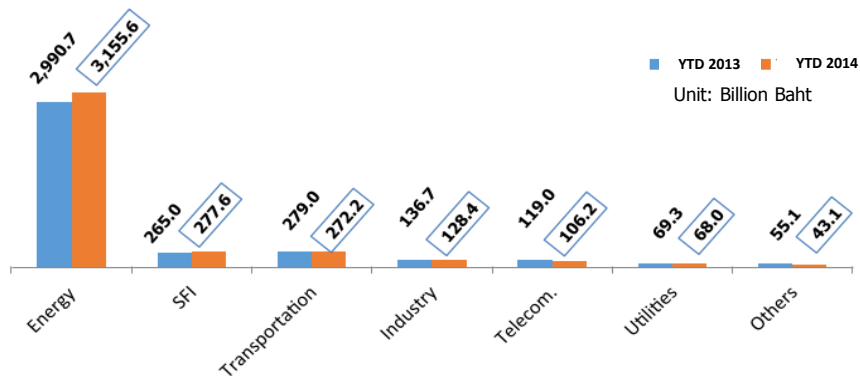
## Total assets of SOEs from 2012-2014



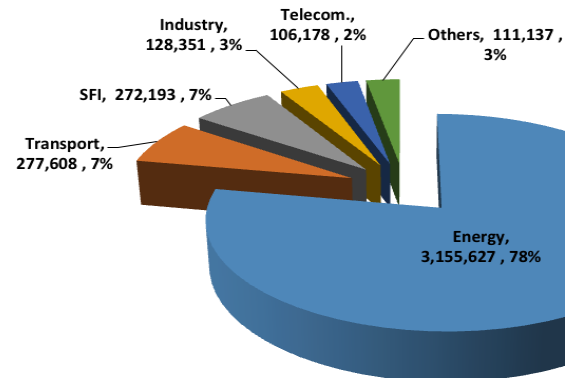
## Total liabilities of SOEs from 2012-2014



## The total revenue of SOEs in 2013 vs. 2014



## Revenue by sector in 2014: 4,051,094 million Baht

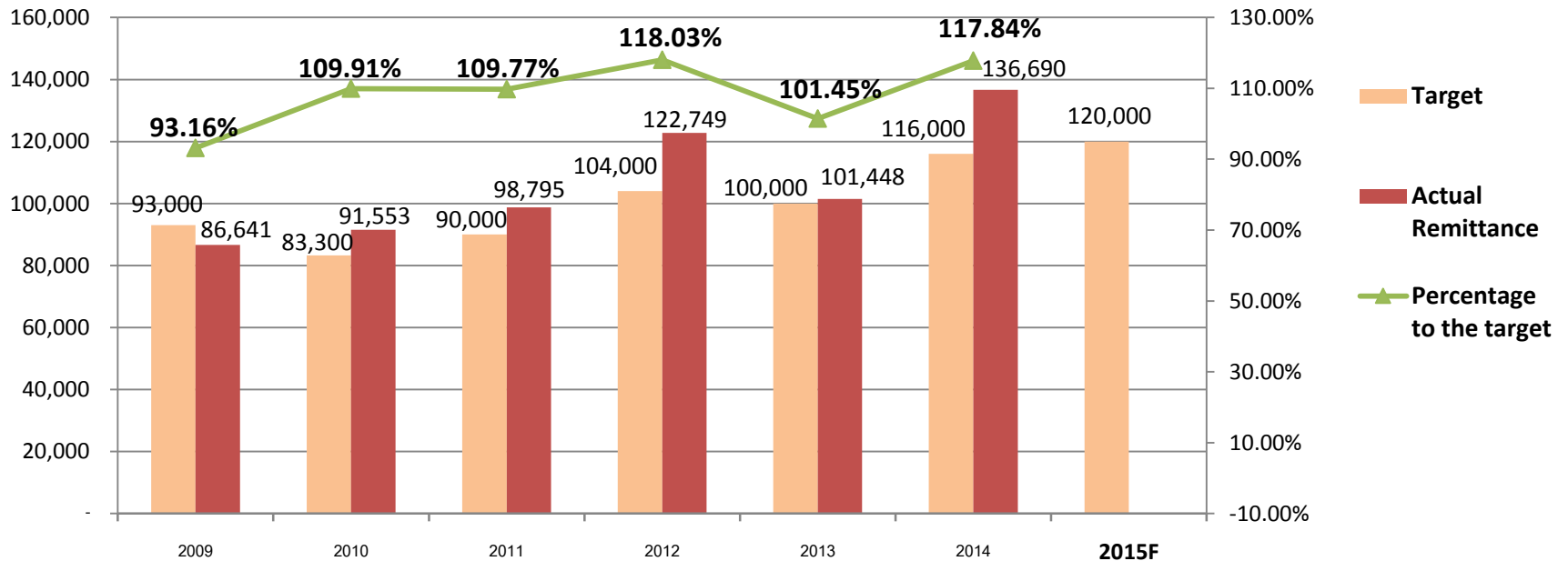


# An overview of Thai SOEs

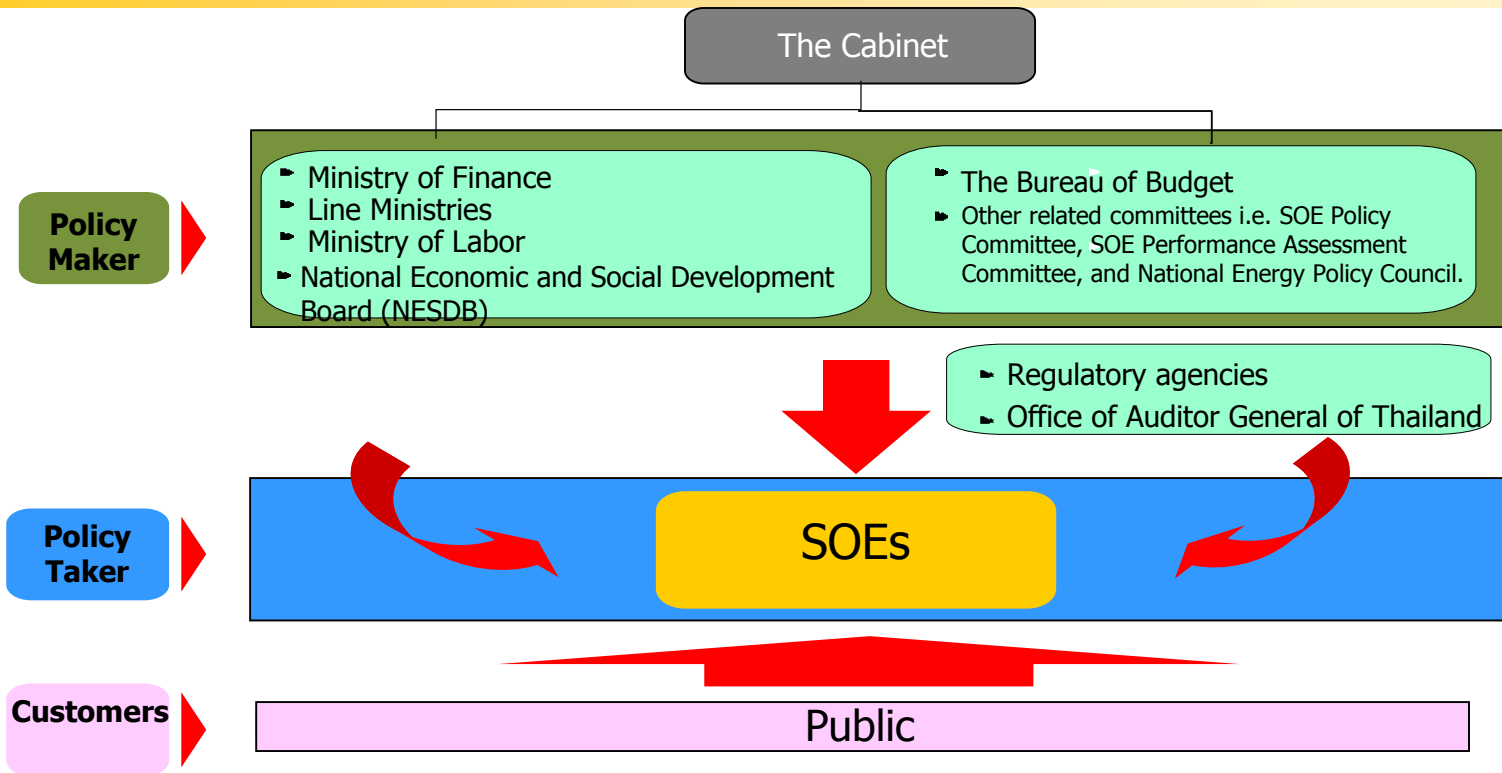
## Remittance from SOE Revenue and government securities in 2014: 136,690 million Baht

- Target for revenue remittance in 2014 (October 2013 – September 2014) **116,000 million Baht**
- Actual revenue remittance **131,690 million Baht**
- Percentage of the actual revenue remittance to the target **117.84%**

### Remittance from SOE Revenue and government securities from 2008 to 2014

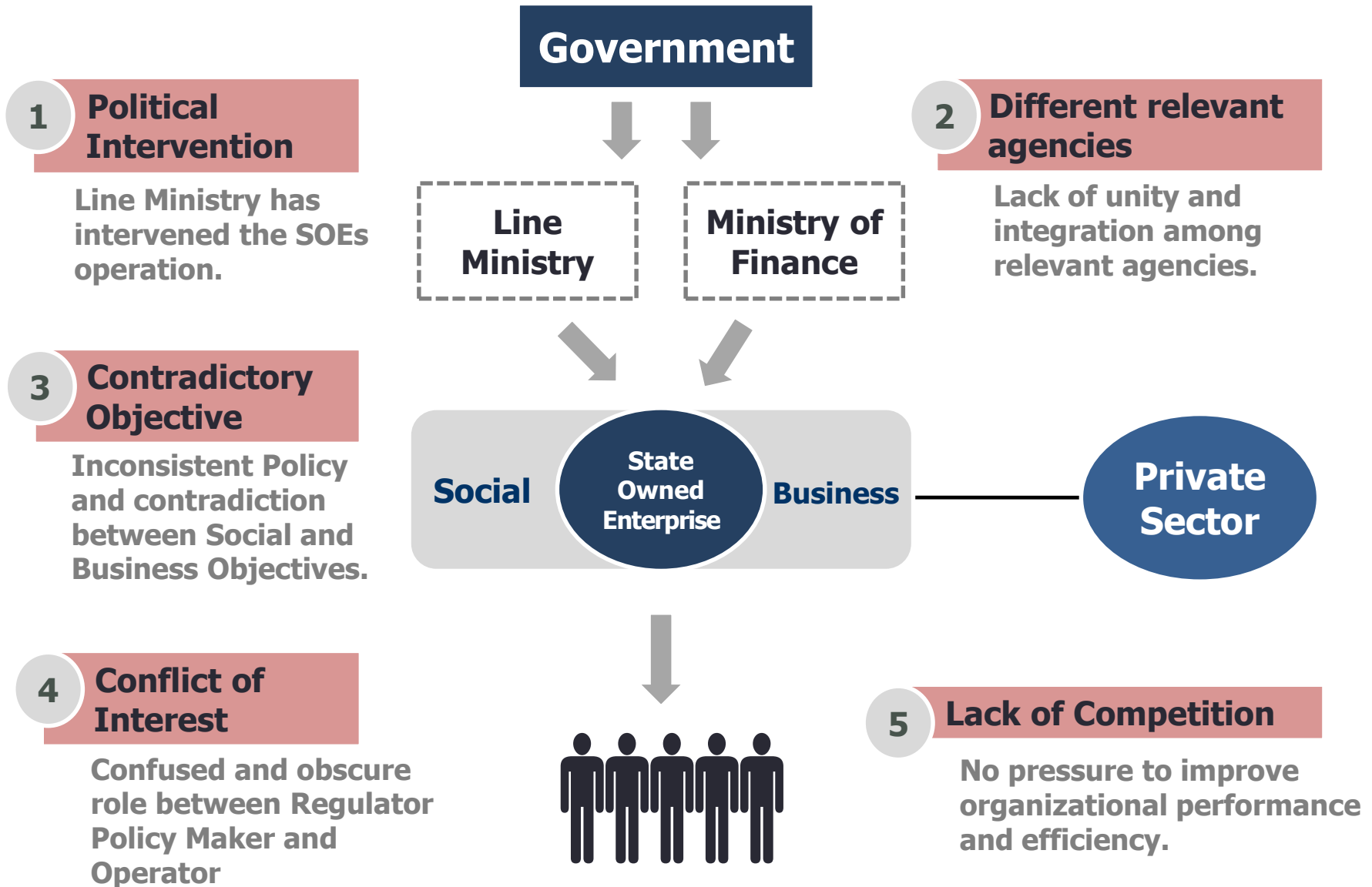


# Current SOE Management Mechanism



Agency	Role and Responsibility
Ministry of Finance	▪ Major shareholder/SOEs policies
Line Ministry	▪ SOEs Policies and direction
Ministry of Labor	▪ Employment policy and regulation
National Economic and Social Development Board	▪ National investment plan and direction
The Bureau of Budget	▪ Allocation of government budget
Related Committees and Bodies	▪ SOE Plans and policies/monitoring SOE Performance
Office of Auditor General of Thailand	▪ Examination of SOE financial statement
Regulatory Agency	▪ Regulate and control เช่น คณะกรรมการกิจการโทรคมนาคมแห่งชาติ

# Inefficiency within current Supervision Structure



# SOE Reforming and Restructuring Policy

**National's Agenda:** Develop and Enhance SOE management system by setting up SOE Reorganization Plan which will not only improve their efficiency and transparency, but also provide clear strategic direction that align with the current economic and social conditions of the country.

## State Enterprise Policy Committee

**Chairman:** Prime Minister  
**Secretary:** SEPO's Director-General

### **Key mandates:**

- Manage and monitor SOE performance by providing supervision, policies, and regulatory measures to the cabinet

### Line ministries (minister-level):

Direct policy makers who have control authority over the SOE, could provide useful information to the committee.

### Related government agencies:

- Secretary-General of National Economic and Social Development Board (NESDB)
- Secretary-General of office of the council of state

### Experts:

8 experts bring in different area of expertise i.e. business, financial, and managerial skills to facilitate the decision-making process.

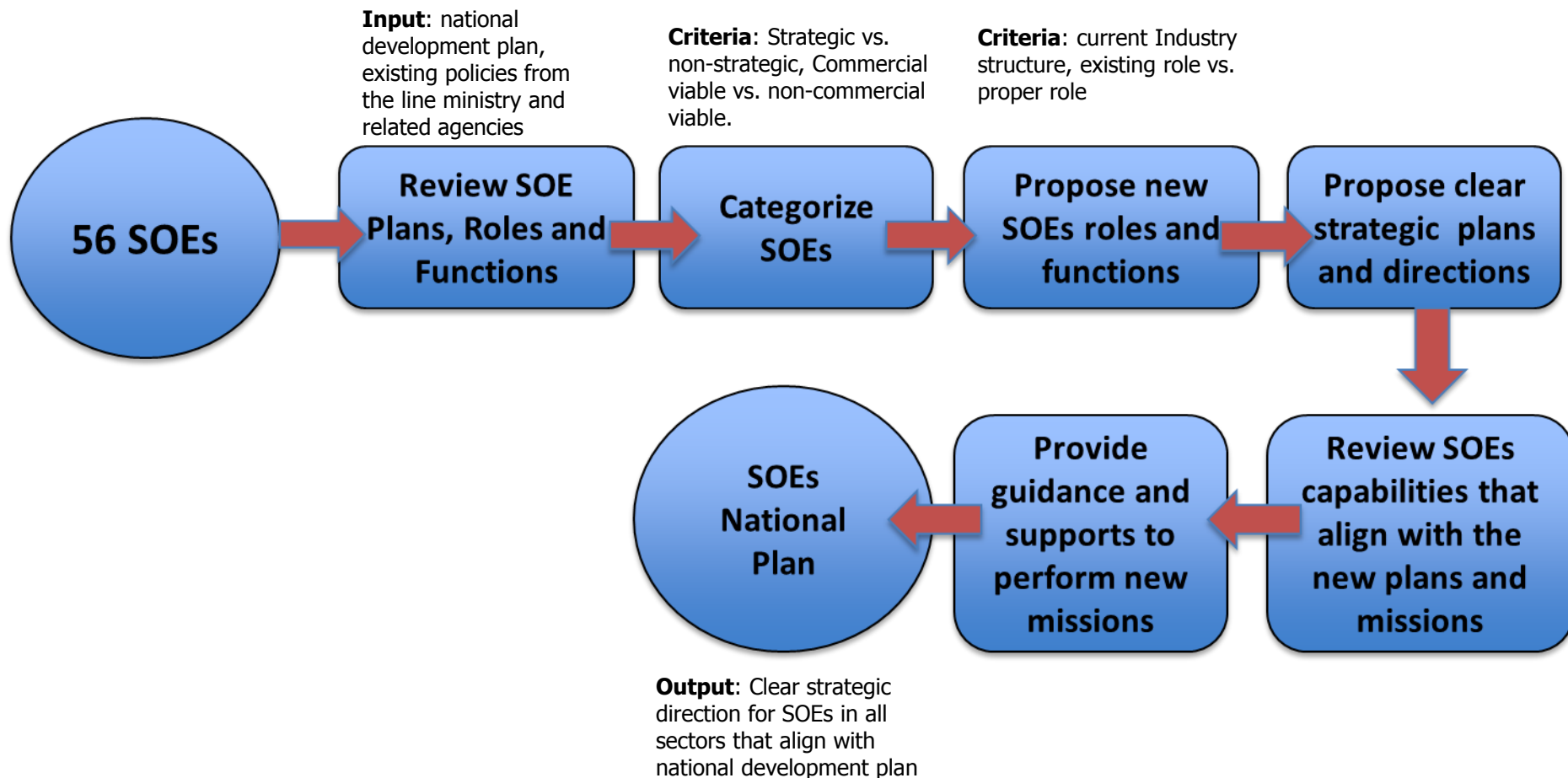


**Effective SOE Restructuring and transformation Plan**

# SOE Reforming and Restructuring Policy

**SOE Strategic Planning Subcommittee:** Provide clear strategic direction for the SOEs by reviewing and revising their missions and strategic plans to align with national development plan.

## The process for SOE National Strategic Plan





# State Enterprise Ownership and Governance Act

## Part I Corporate Governance

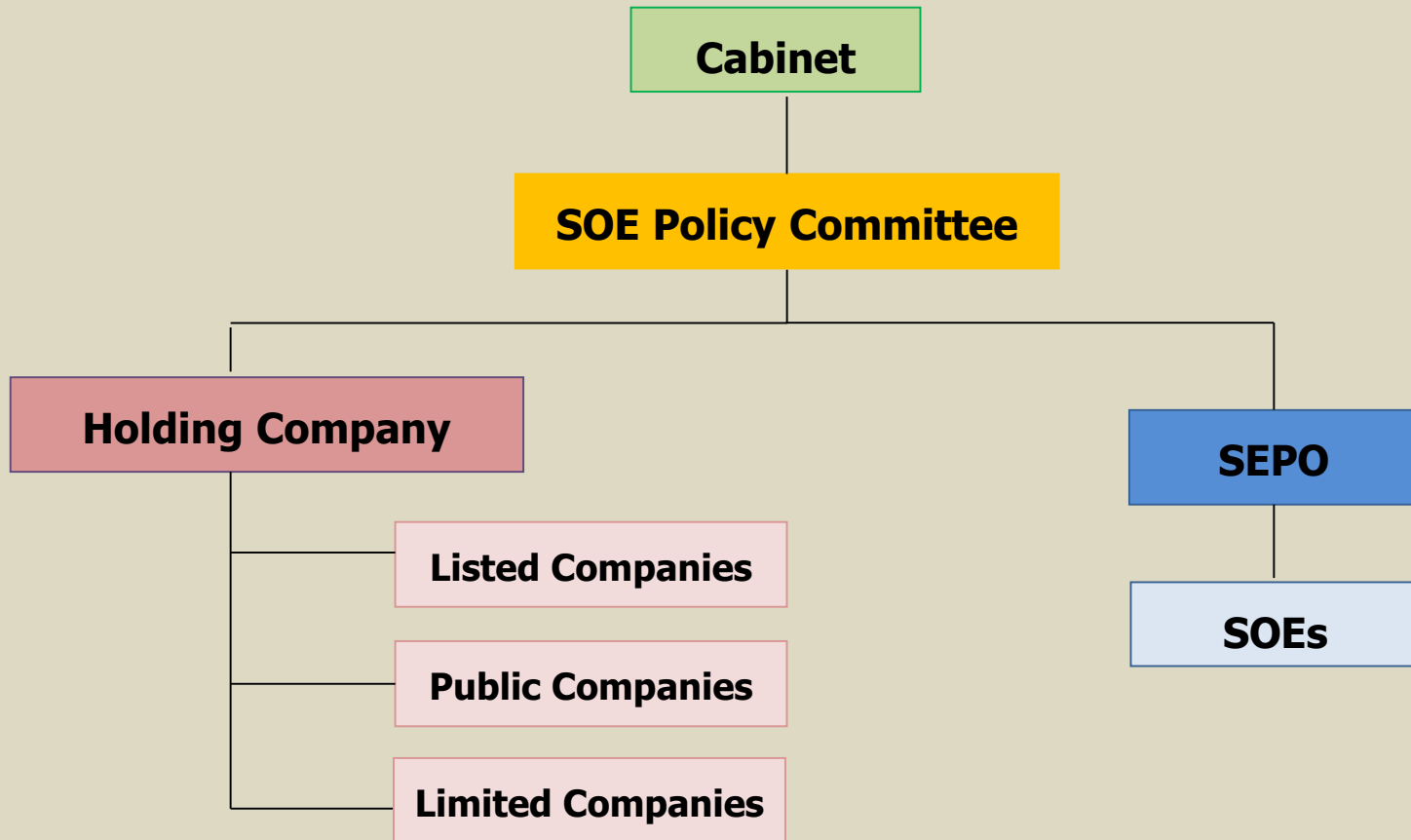
**Strategic Direction**

**Professionalizing SOE Boards**

**Sound Performance Monitoring**

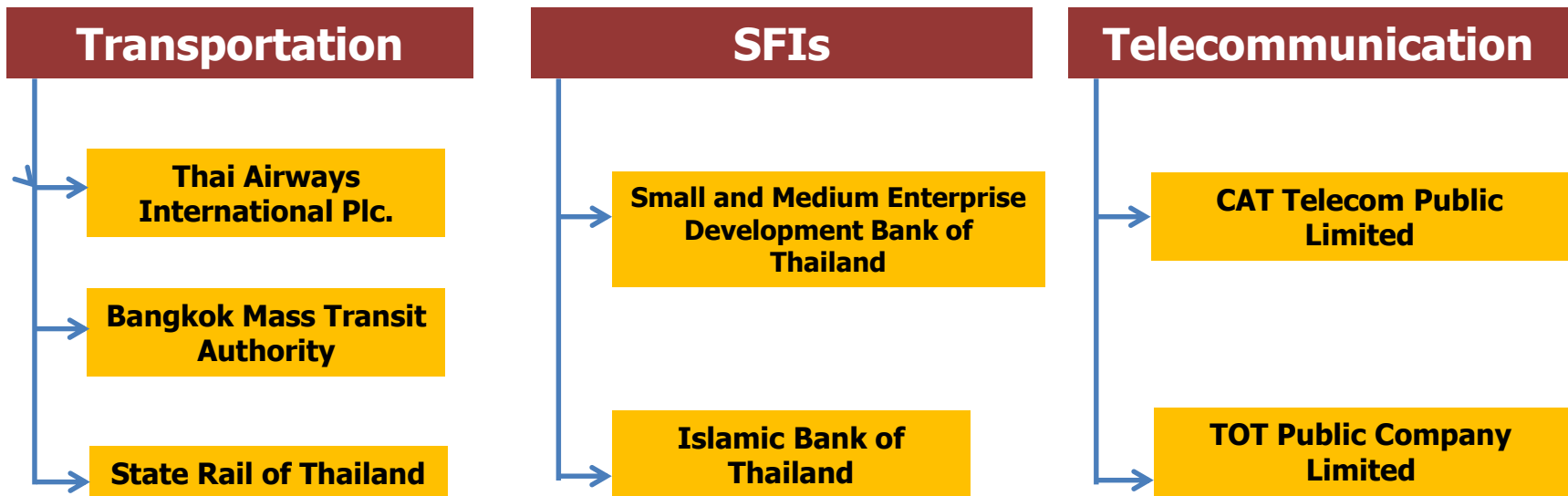
**Transparency and Disclosure Enhancement**

## Part II



# SOE Reforming and Restructuring Policy

**SOE Operational and Financial Restructuring Subcommittee** : Analyze and solve SOE critical issues by reviewing their business plans, providing recommendations, and closely monitoring the progress to improve SOE performance.



Aim to tackle SOE operational and financial problems by providing recommendations on **organization's role and mission, financial status, and operational structure.**

# SOE Reforming and Restructuring Policy

## Information Disclosure for Government Construction Project and Transparency

**Subcommittee:** Propose regulatory measures and mechanism on information disclosure for publicly funded construction projects which are applied from Construction Sector Transparency Initiative (CoST) to increase transparency and accountability.

### About CoST:

- The program seeks to help participating countries deliver better value from public infrastructure with increased predictability of outcomes, transparency and accountability by providing support to:
  - (1) Governments to put systems in place, allowing public access to reliable and detailed construction project information and;
  - (2) Multi-Stakeholder Groups to oversee the validation and interpretation of the information and build the capacity of the target audiences to understand what the information means to them.

### Procedure:

- Three key principles: Transparency, System, and Involvement (from private and public sector)
- CoST increases transparency by disclosing the Infrastructure Data Standard (IDS) that contains basic data that is proactively disclosed by procuring entities to the public at key points throughout the project cycle on public infrastructure projects. The procuring entities also gives access to other relevant information on projects on request.

# Public Private Partnership (PPP)

## The Previous law

### Private Participation in State Undertaking Act 1992 (PPSU)

#### Key Principles

- Public Interest Protection
- Anti-corruption

#### Problems

- Unclear process
- Unclear policy direction about PPP implementation
- No single unit that is responsible for PPP in Thailand



## The new law

### Private Investment in State Undertaking Act 2013 (PISU)

- Replacing the PPSU Act 1992
- Entry into force 4 April 2013

#### **STANDARDIZATION**

- PPP Policy Committee & Secretariat
- PPP Master Plan (5 years)
- Investment valuation criteria for threshold projects
- Standard contract clauses
- Guideline for Projects below threshold

#### **FACILITATION**

- Project Development Fund
- Streamlined procedure
- PPP committee in charge of project principle approval (reducing cabinet workload)
- Precise timeframe for project consideration

#### **TRANSPARENCY**

- Pool of experts for selection and Monitoring Committees



***Thank you***

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***State Enterprise Policy Office, Ministry of Finance***