

# Analysis of Data

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## FINDING BALANCE

BENCHMARKING THE PERFORMANCE  
OF STATE-OWNED ENTERPRISES IN  
ISLAND COUNTRIES

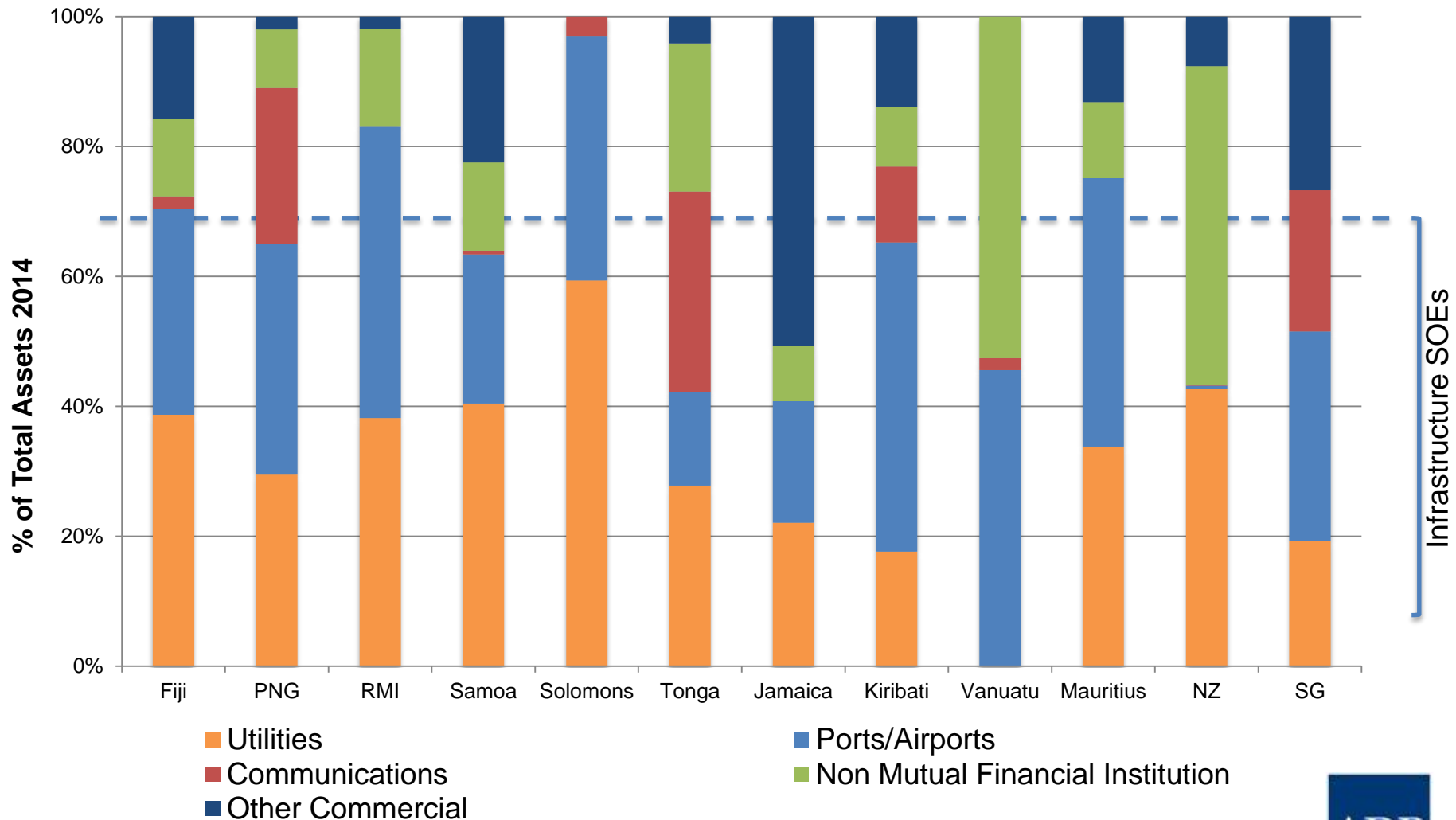
Private Sector Development Initiative



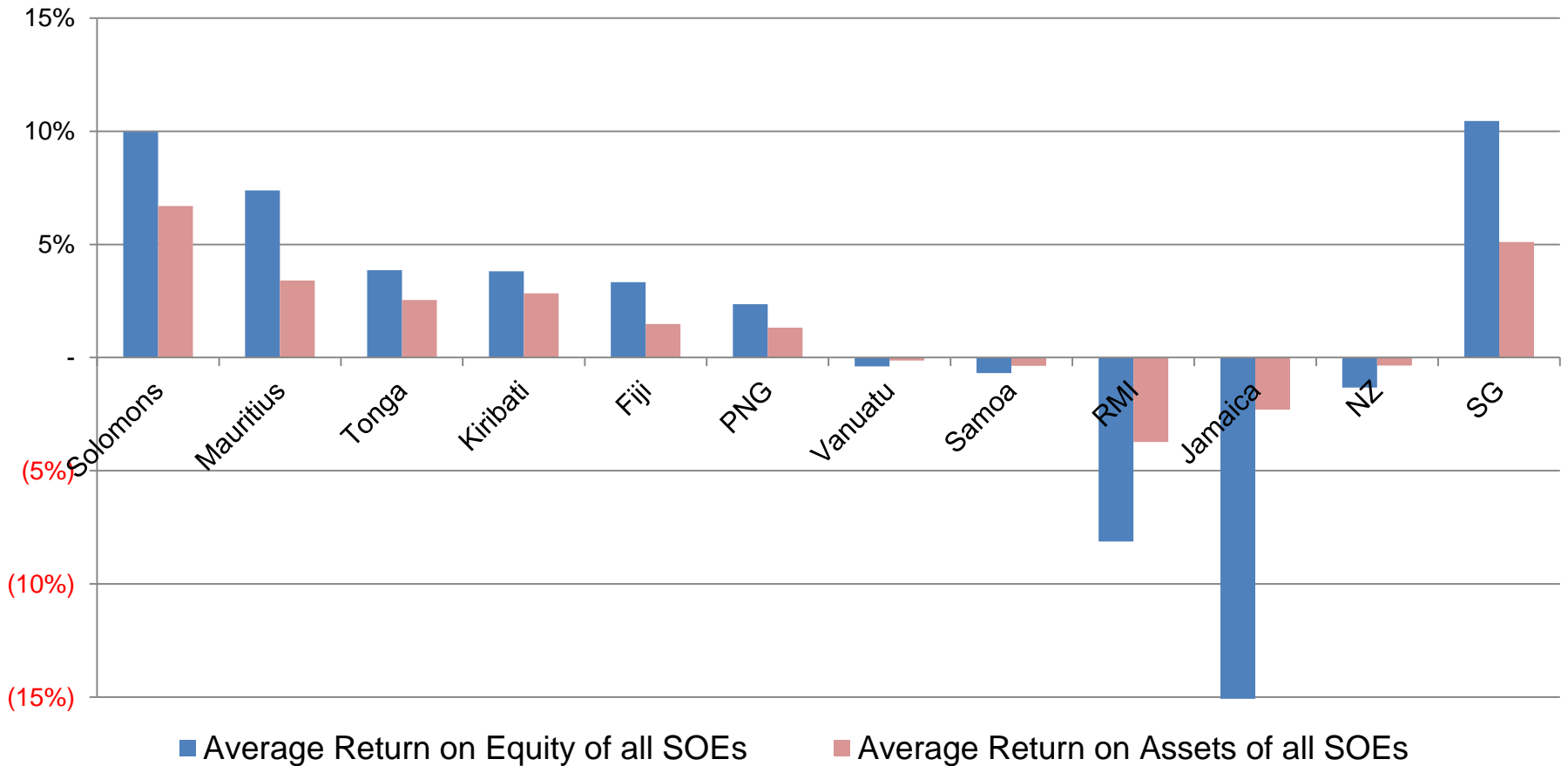
# Participating & Survey Countries

Country	Population	GDP	GDP per Capita	GDP per Capita Growth
	2014 Total	2014 (\$ million)	(\$)	(Average 2010–2014)
<b>Fiji</b>	886,450	4,069	4,590	5%
<b>Jamaica</b>	2,721,252	14,101	5,182	7%
<b>Kiribati</b>	110,470	167	1,509	2%
<b>Marshall Islands</b>	52,898	193	3,649	4%
<b>Mauritius</b>	1,260,934	13,082	10,375	6%
<b>Papua New Guinea</b>	7,463,577	18,874	2,529	13%
<b>Samoa</b>	191,845	823	4,288	3%
<b>Solomon Islands</b>	572,171	1,169	2,043	10%
<b>Tonga</b>	105,586	424	4,020	3%
<b>Vanuatu</b>	258,883	966	3,732	8%
<b>New Zealand</b>	4,509,700	191,585	42,483	4%
<b>Singapore</b>	5,469,700	307,937	56,299	7%

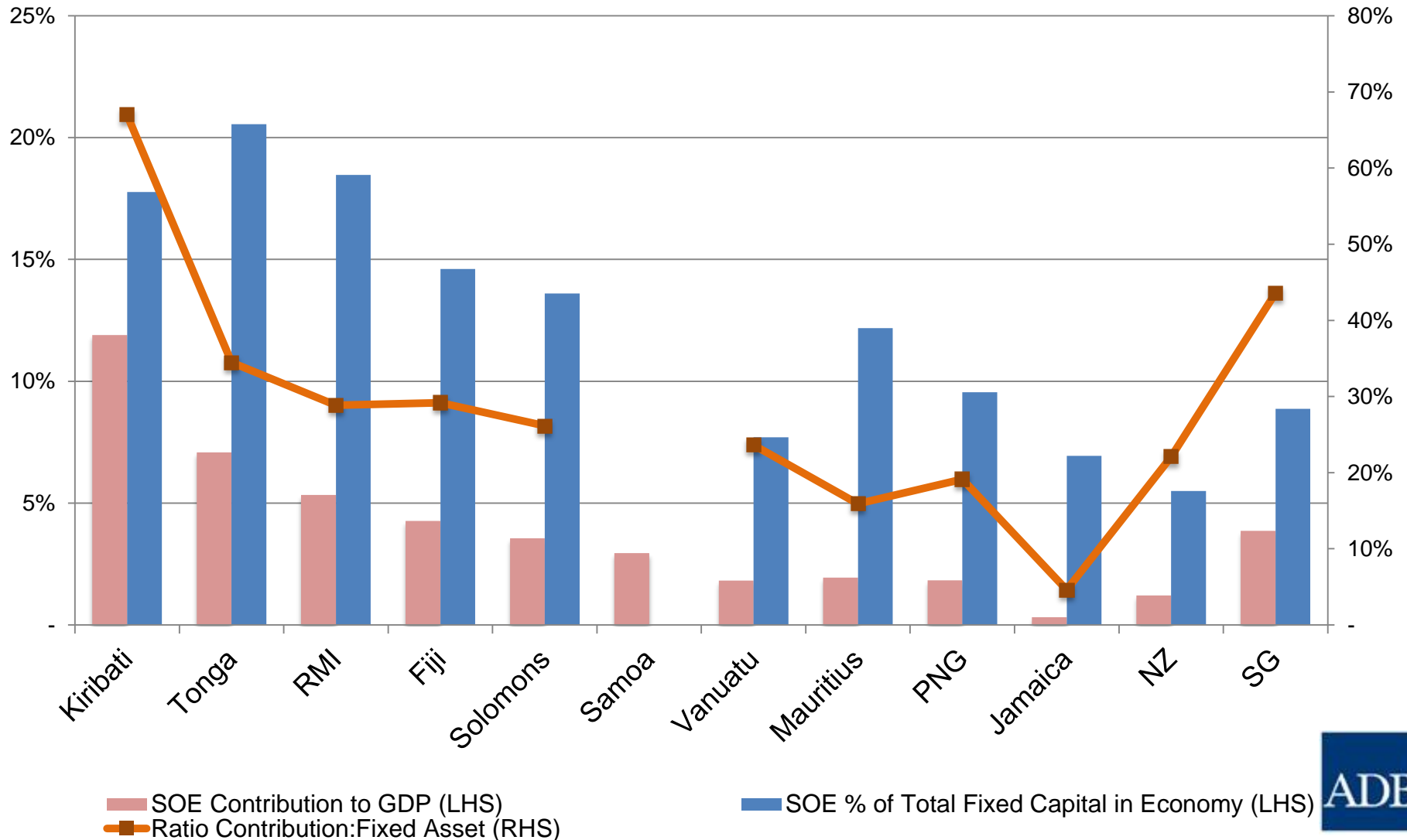
# Benchmarking portfolios



# Average Return on Equity / Assets 2010-2014

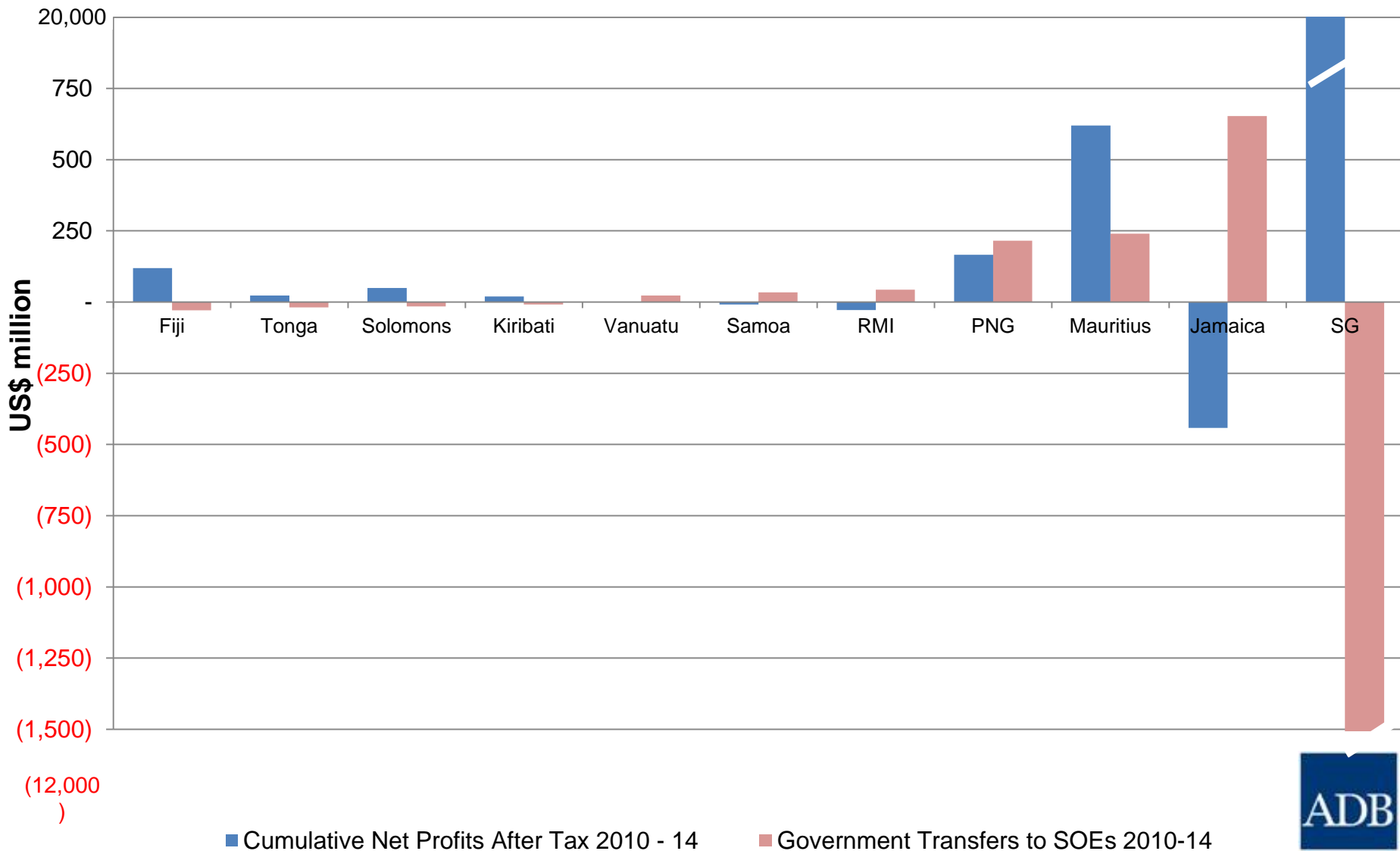


# SOE contribution to GDP vs Total Fixed Assets, 2014

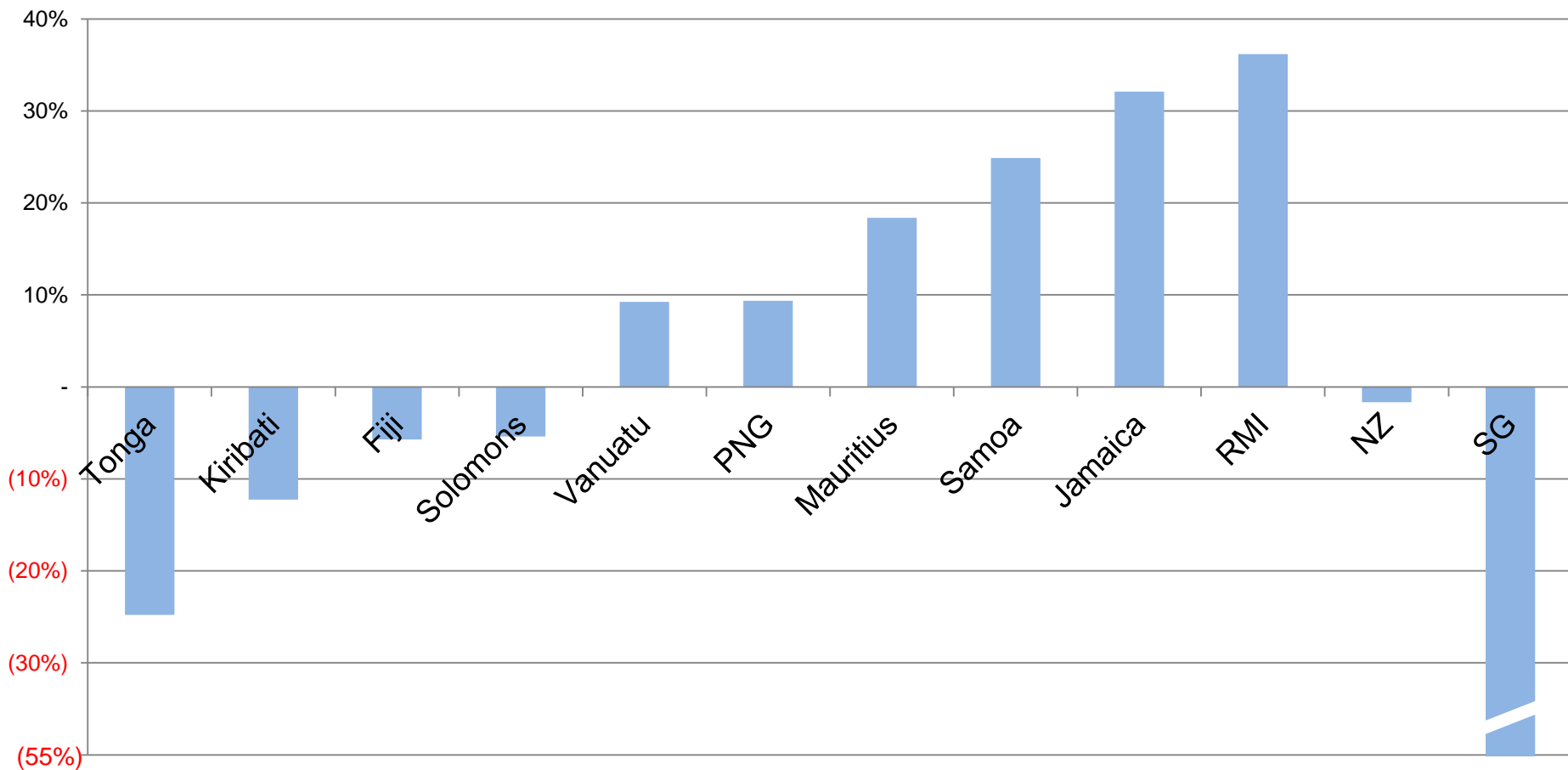


# Fiscal Strain

## Government transfers > SOE Net Profits in 5 of 10 countries

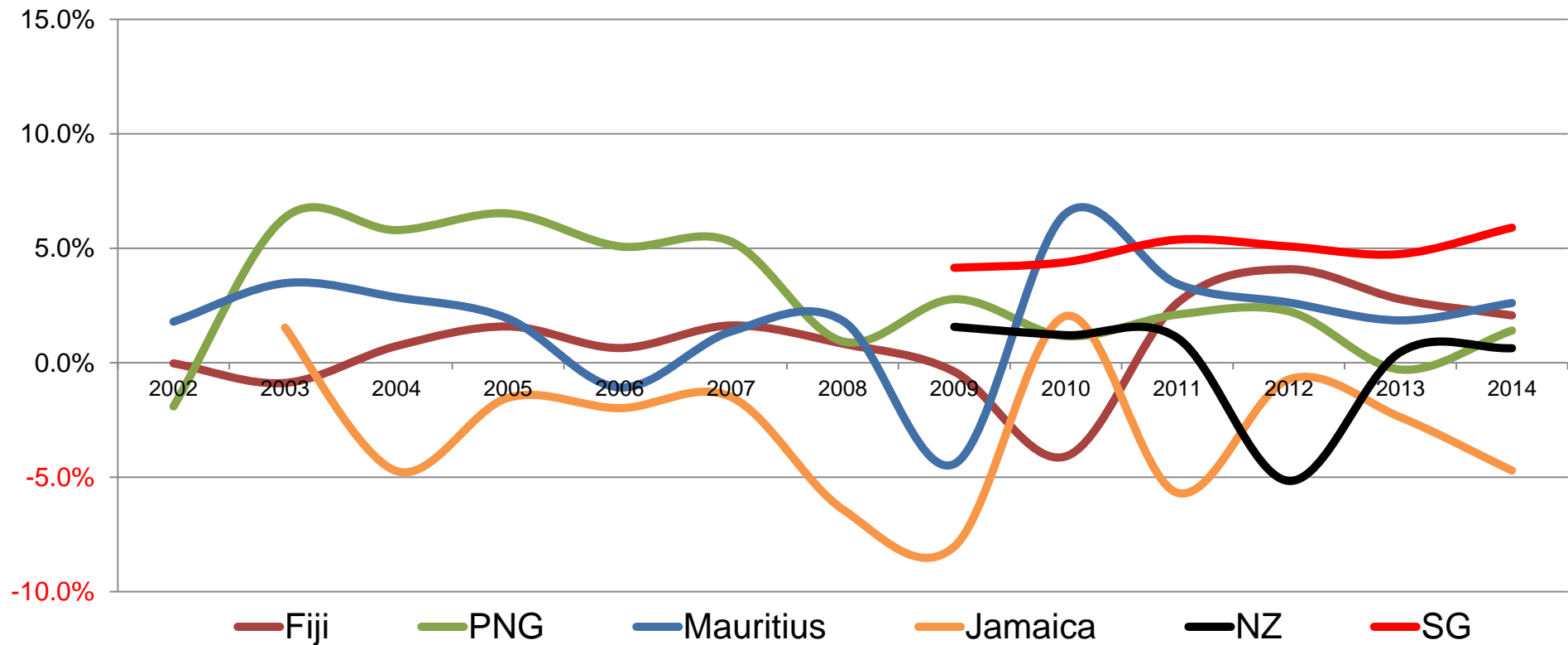


# Cumulative Government transfers to SOEs as a % of Total Health Expenditure 2010 - 2014



# Portfolio Return Assets 2002-2014

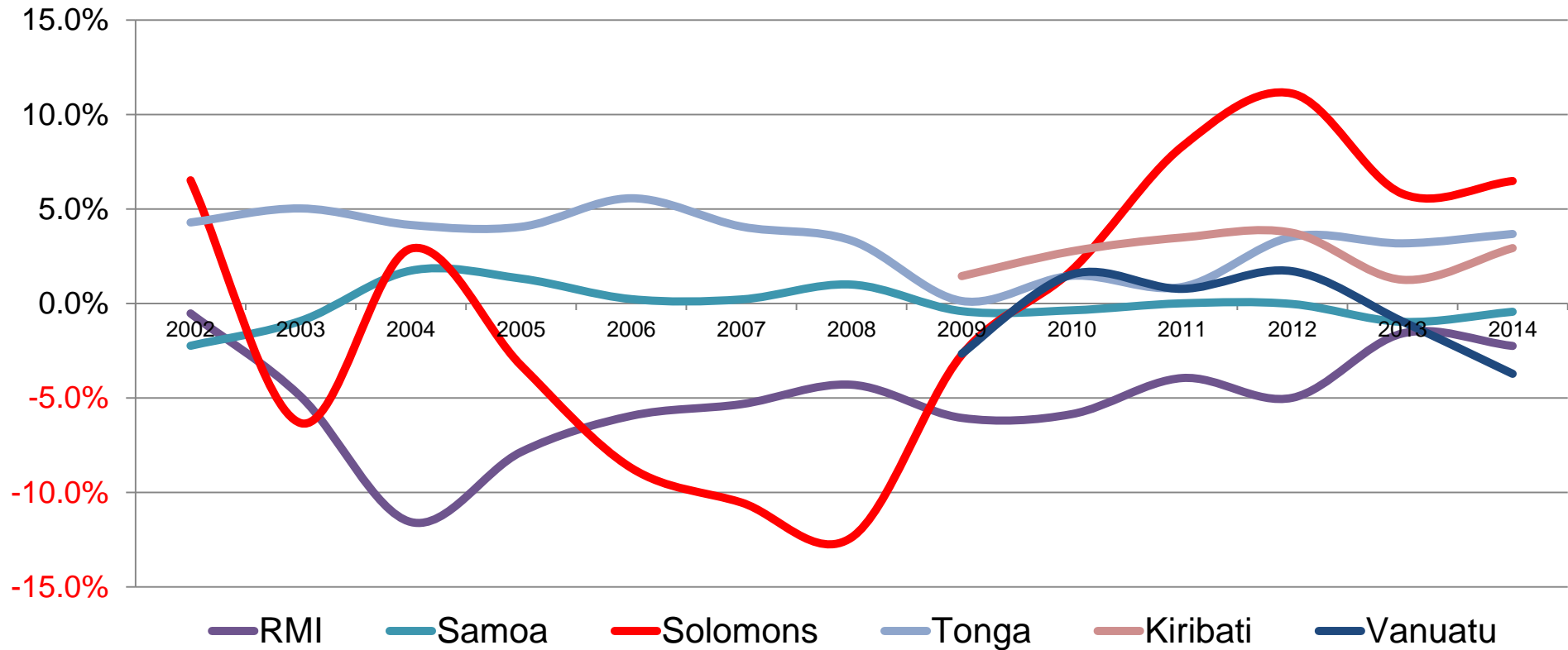
## Large Island Economies





# Portfolio Return Assets 2002-2014

## Small Island Economies

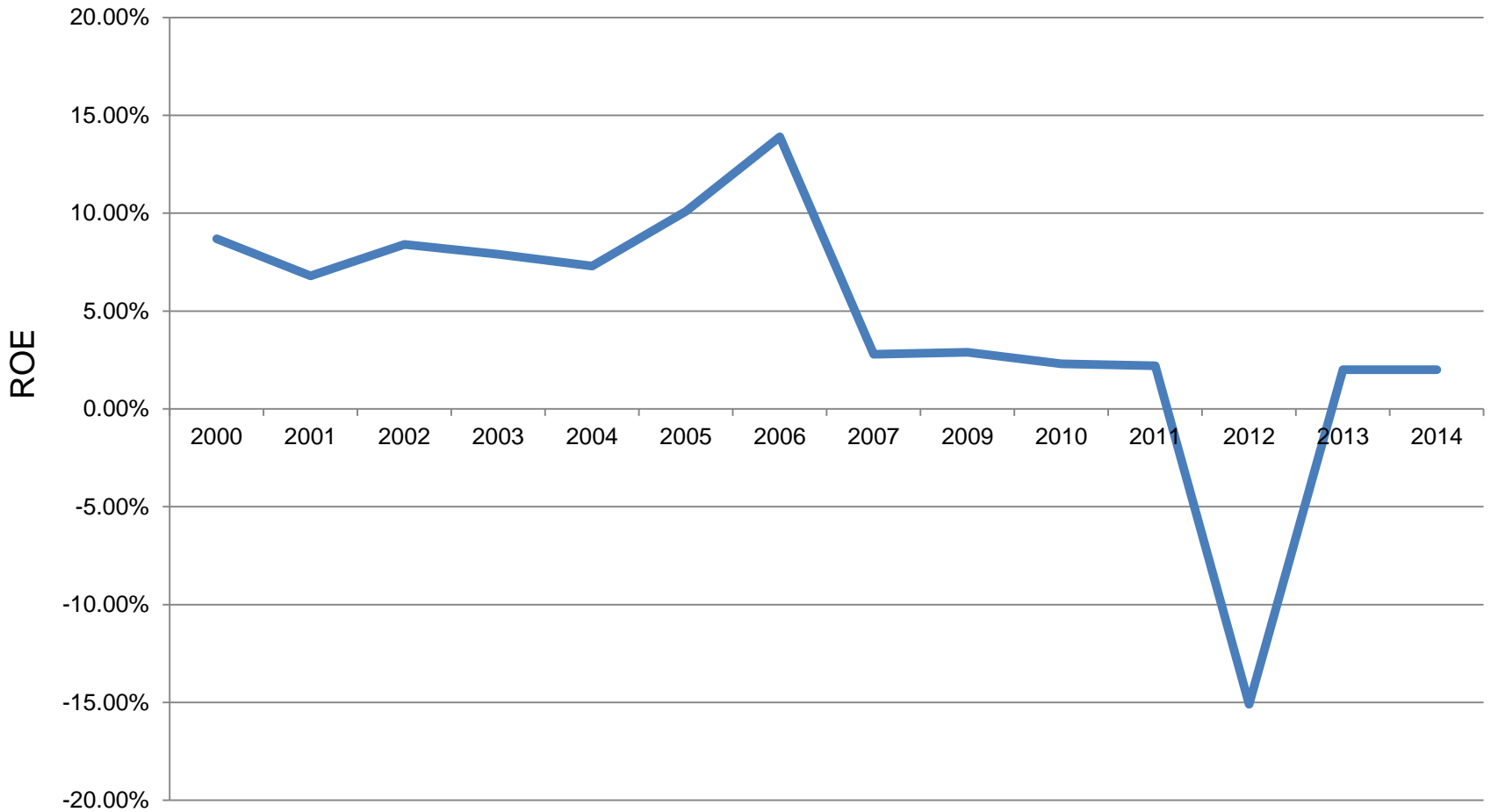


# SOE model is not sustainable

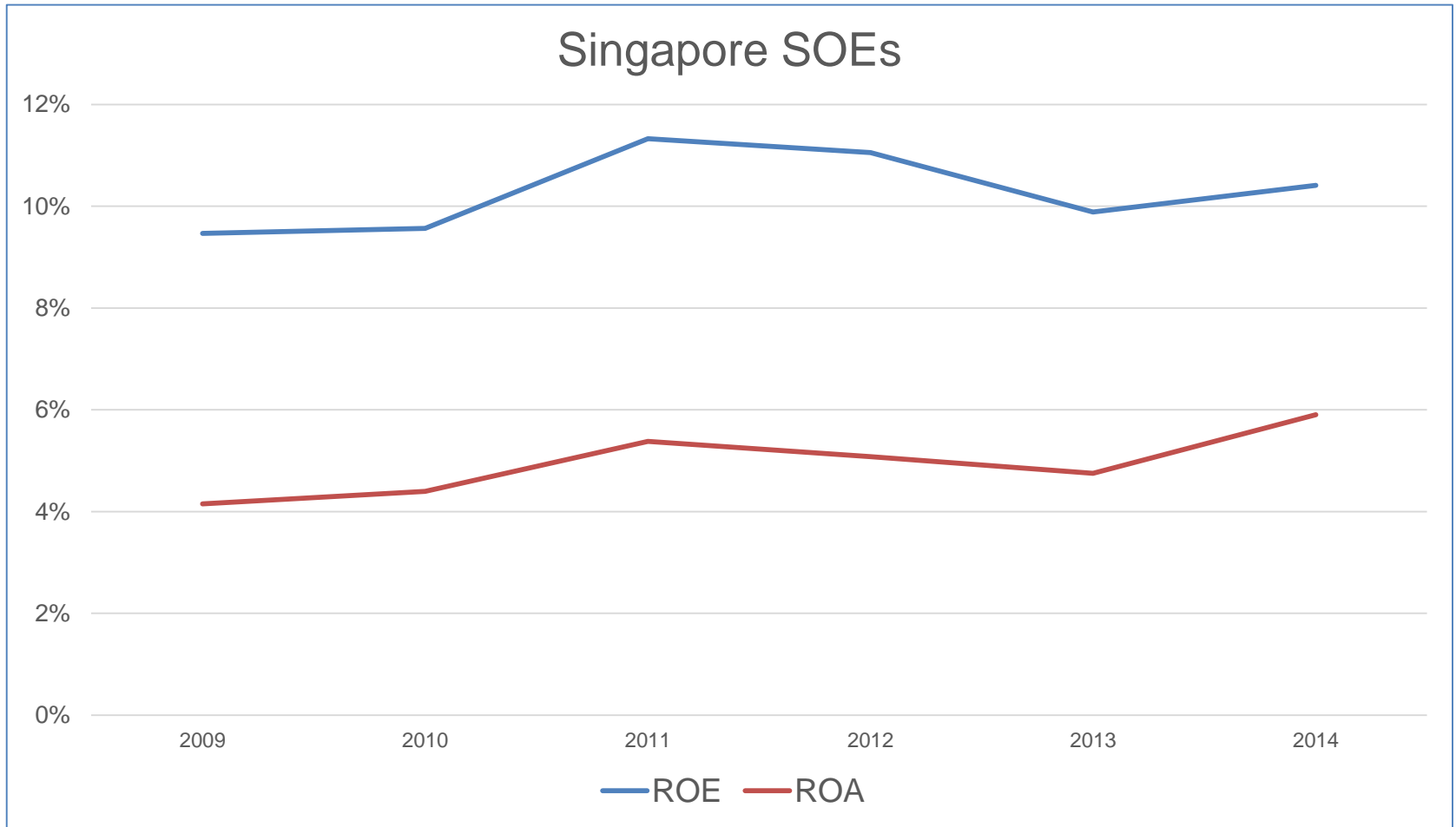
- Fundamental flaw
- Political and commercial risks
  - Commercial risk can be managed in the short-term, but increasingly difficult in medium-term
  - Political risk cannot be fully mitigated
    - ✓ Cracks in the SOE structure
    - ✓ Game playing
    - ✓ Undermine commercial mandate
- Politicians struggle to make commercial decisions with political cost

# New Zealand SOE performance

## Return on Equity



# Singapore



# Singapore Gearing

SOE	Debt to Equity	Accounts Payable to Equity	Debt & Accounts Payable to Equity
Neptune Orient Lines	147.2%	49.1%	196.3%
Singapore Technologies	62.9%	116.9%	179.9%
Singapore Power	147.1%	21.3%	168.3%
STATS ChipPAC	93.2%	15.8%	109.0%
SMRT	48.2%	51.1%	99.3%
PSA International	61.4%	12.8%	74.3%
Singapore Telecommunications	33.1%	20.3%	53.4%
Mapletree Investments	36.9%	5.4%	42.3%
Singapore Airlines	9.6%	31.1%	40.7%

# Private sector participation needed to lock in commercialization gains

## SOE Commercialization

- Commercial mandate
- Accountability framework
- CSO delivery on commercial terms
- Professional boards
- Transparency / disclosure
- Competitive neutrality

## Private Sector Participation

- Full Privatization
- Partial Privatization
- PPPs
- Contracting out

Competition



***Finding Balance 2016: Benchmarking the Performance of State-owned Enterprises in Island Countries*** will be published and available in August 2016.

Please let me know if you would like a copy emailed

When published – copies available on ADB website

Limited draft advance copies are available  
at this conference upon request

