



**Public Enterprises budget for the year 2018
October 2017**

1. Introduction

The principal object of the Public Enterprise Monitoring Commission (PEMC) as stated in Section 6 (1) of the Public Enterprise Monitoring Commission Act 2013 is to *“monitor and evaluate the overall performance of Public Enterprises, ensure efficient operation of such Enterprises, promote ethics of good governance in all business transactions, including financial matters such as investments and budget, give recommendations to improve performance and thus increase the return on investments.”*

There are currently twenty Public Enterprises (PEs) and their subsidiaries reporting to PEMC as per Schedule one of the PEMC Act and they operate in the following sectors:

- Services and Development
- Energy
- Transport
- Financial Services
- Trading and retail

Details of PEs per sector are provided in Appendix 1.

There were previously twenty-one PEs reporting to PEMC as per Schedule one of the PEMC Act, however since October 2014 the Praslin Transport Company has been integrated as a division within the Seychelles Public Transport Corporation (SPTC)

It is a requirement under Section 39 of the PEMC Act for Public Enterprises to submit their estimates and projections in respect of the next financial year to PEMC at such time as the Commission may determine.

PEMC issued a circular (PEMC Circular No. 3 2017) on August 4th 2017 requesting that all PEs submit to the Commission their estimates and projections for the year 2018 by October 4th 2017.

As at reporting date (October 24th 2017), eighteen PEs had submitted their budget 2018 to PEMC. The PEs which had not submitted their budget were:

- Société Seychelloise d’Investissement Ltd
- Seychelles Pension Fund

2. Financial performance

The forecasted performance information of the eighteen Public Enterprises for the year 2018 is summarised in Table 1.

Table 1. Forecasted performance information of the Public Enterprises for the year 2018

Public Enterprise	Surplus/(deficit) after tax and dividend	Taxes Payable	Dividend
	SR	SR	SR
Financial sector	192,879,203	14,685,097	156,000,000
Development Bank of Seychelles (DBS)	10,999,000		
Financial Services Authority (FSA)	80,183,000		
Housing Finance Company Ltd (HFC)	15,194,907	2,741,499	
SIMBC/Nouvobanq Ltd	75,487,897	3,682,775	150,000,000
Seychelles Pension Fund			
Seychelles Commercial Bank Ltd (SCB)	11,014,399	8,260,823	6,000,000
Energy sector	323,348,343	175,012,811	150,000,000
Public Utilities Corporation (PUC)	241,806,876		
Seychelles Petroleum Company Ltd (SEYPEC) (provisional)	79,302,231	175,012,811	150,000,000
Petro Seychelles Ltd	2,239,236		
Transport sector	(172,852,672)	68,467,000	64,600,000
Seychelles Ports Authority (SPA)	(15,918,300)	15,156,000	25,000,000
Air Seychelles Ltd (provisional)	(134,129,863)	0	0
Seychelles Public Transport Corporation (SPTC)	(107,764,509)		
Seychelles Civil Aviation Authority (SCAA)	84,960,000	53,311,000	39,600,000
Services and development sector	29,979,015	8,202,010	0
Islands Development Company Ltd (IDC)	17,987,592	2,598,834	
National Information Services Agency (NISA)	1,494,422	640,467	
Property Management Corporation (PMC)	9,653,558		
Seychelles Postal Services Ltd	(4,839,247)	246,000	
Société Seychelloise d'Investissement Ltd (SSI)			
L'Union Estate Ltd	5,682,690	4,716,709	
Trading and retail sector	14,752,000	10,479,000	0
Seychelles Trading Company Ltd (STC)	14,752,000	10,479,000	
TOTAL	388,105,889	276,845,918	370,600,000

The projected surplus before tax and dividend of the eighteen PEs amounts to SCR 1,035,551,807 for the year 2018.

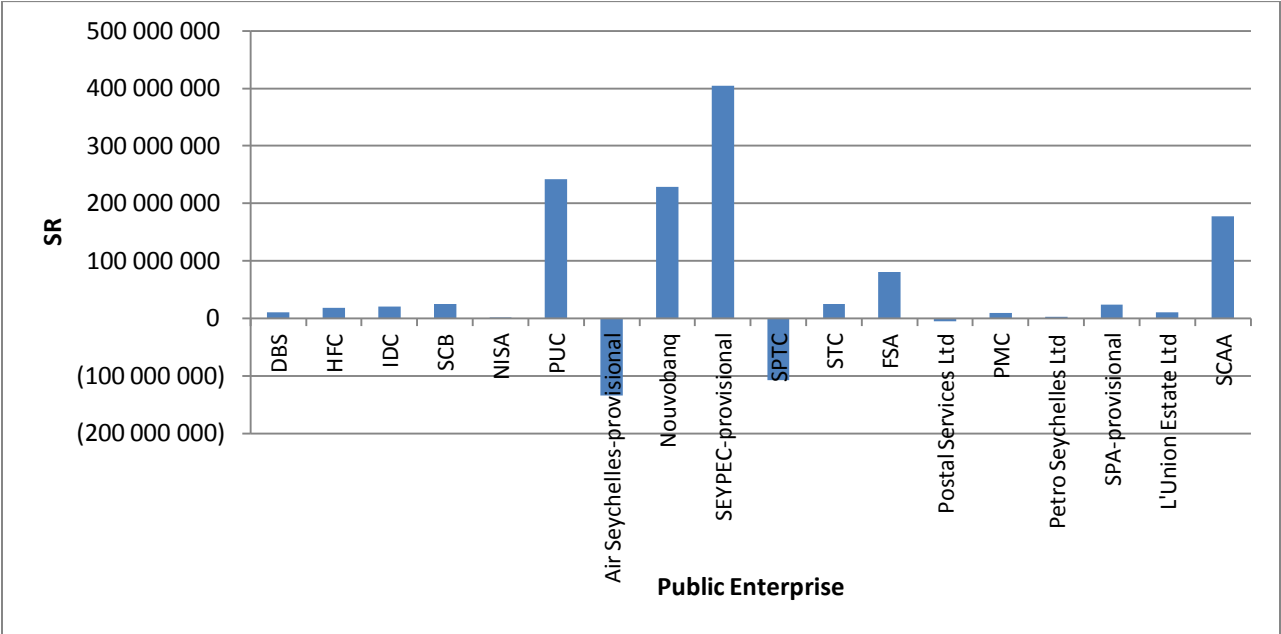


Figure 1. Forecasted surplus/(deficit) before tax and dividend of the Public Enterprises for the year 2018

The PEs with the highest projected net surplus before tax and dividend for the year 2018 are SEYPEC (SCR 404.3m), PUC (SCR 241.8m), Nouvobanq (SCR 229.2m) and SCAA (SCR 177.9m).

Amongst the eighteen PEs, three (i.e. 17%) have forecasted a loss for 2018, namely Seychelles Postal Services Ltd (SCR 4.8m), SPTC (SCR 107.8m) and Air Seychelles (SCR 134.1m). It is to be noted that the budget for SPTC does not include subvention. Also, the budget for Air Seychelles is provisional and subject to change as the Company is evaluating various scenarios prior to finalising their projections for the year 2018.

Aggregation of the PE budgets by sector revealed that the energy sector has the highest projected surplus after tax (SCR 323.3m) followed by the financial sector (SCR192.9m) (Figure 2).

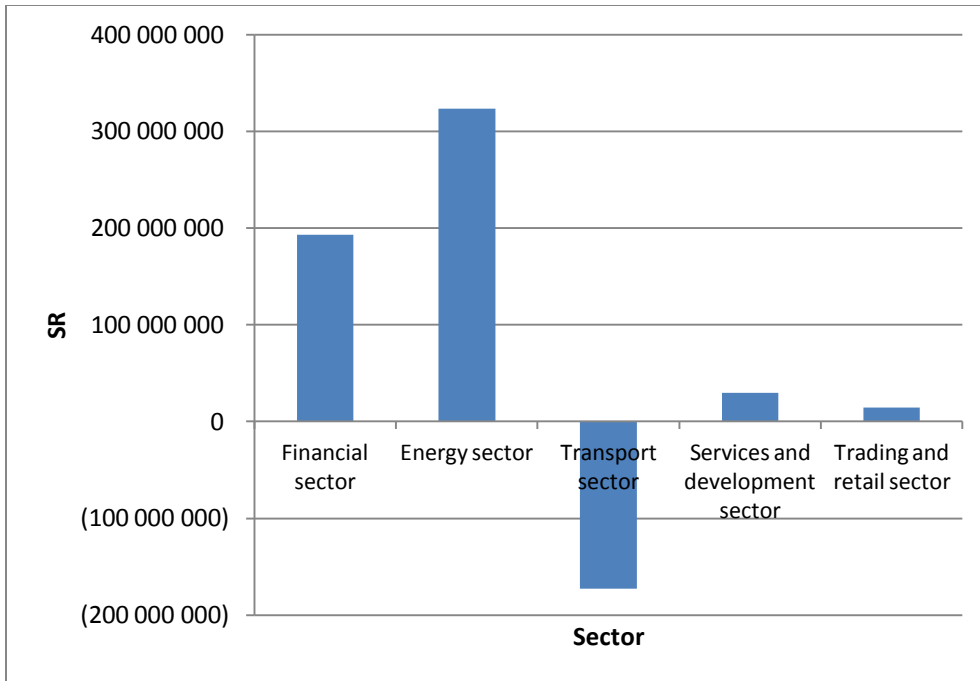


Figure 2. Forecasted surplus/(deficit) after tax and dividend for the year 2018, by sector

3. Revenue

Total forecasted revenue amounts to SCR 11,783,441,765 with Sale of Goods constituting 55% of total revenue, followed by Rendering of Services constituting 39% of total revenue (Figure 3).

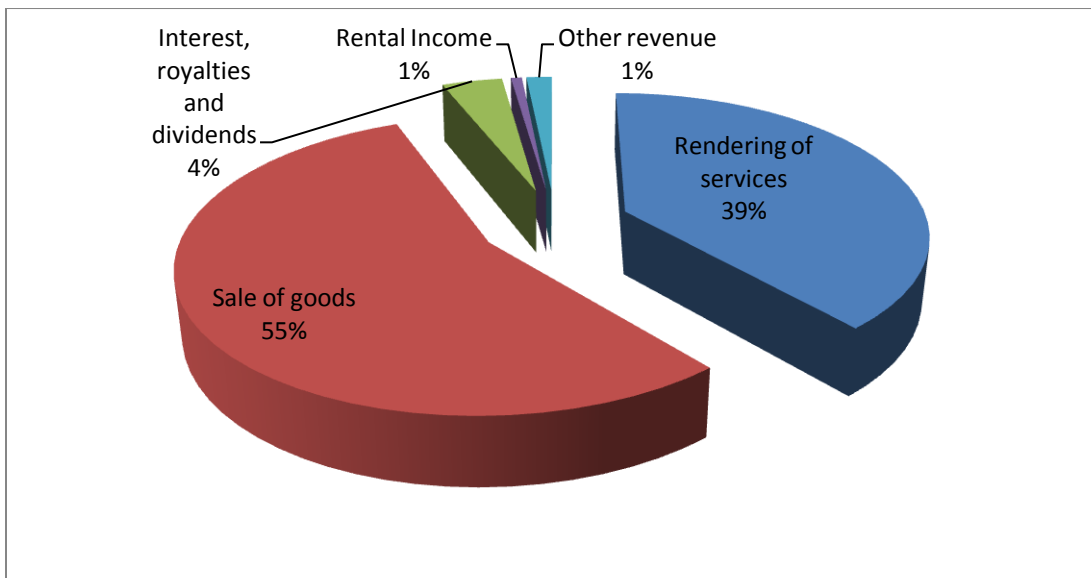


Figure 3. Forecasted revenue for the year 2017 by category

4. Expenditure

Total forecasted expenditure amounts to SCR 10,747,889,959 of which Supplies and Consumables represents 80%, Wages, salaries and employee benefits 11% and Depreciation 6% (Figure 4).

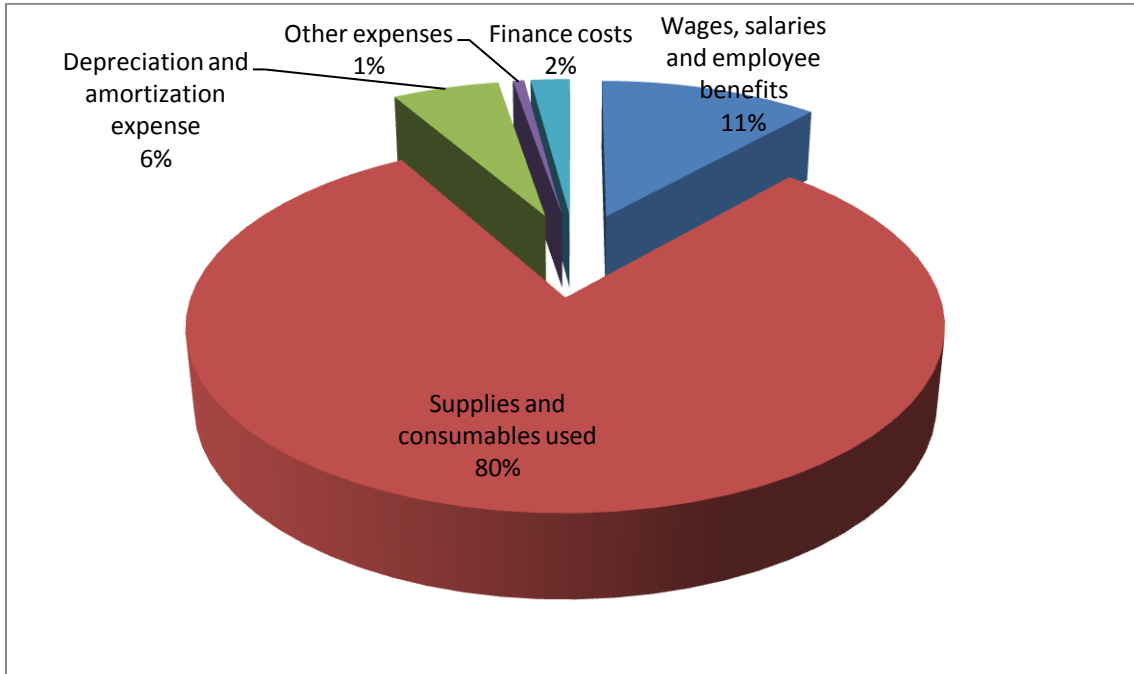


Figure 4. Budgeted expenditure for the year 2018 by category

5. Taxes

A total amount of SCR 276,845,918 is being projected to be paid as taxes to Government, this includes Business Tax as well as Corporate Social Responsibility Tax. The PE with the greatest budgeted tax expense for 2018 is SEYPEC, which has forecasted a sum of SCR 175,012,811.

6. Dividend

The PEs which have submitted their budget 2018 to PEMC have forecasted a total dividend payment amounting to SCR 370,600,000. This figure is subject to change given that SSI has not submitted its budget for 2018 to PEMC. The PEs which have forecasted the largest dividend payment are Nouvobanq (SCR 150m), SEYPEC (SCR 150m) and SCAA (SCR 39.6m). It is to be noted that in addition to the projected dividend, SCAA forecasts to pay an additional sum of SCR 30.3 million to Government as Passenger Service Fee levy. SCAA collects the Passenger Service Fee on behalf of the Government on each departing passenger at SCR 400 per passenger, the Passenger Service Fee is not reflected in the budget

as it is not SCAA's revenue. SCAA pays the amount collected to the Ministry of Finance, Trade and Economic Planning on a quarterly basis.

The actual amount of dividend to be paid for 2018 will depend on whether the PEs achieve their targets during the year. Details of dividend projections for each PE are presented in Table 1.

Appendix 1. Public Enterprises as per the Schedule one of the PEMC Act 2013

PUBLIC ENTERPRISE	GOS SHAREHOLDING
FINANCIAL SECTOR	
SIMBC/Nouvobanq	78%
Seychelles Commercial Bank (SCB)	60%
Development Bank of Seychelles (DBS)	60.50%
Housing Finance Company Limited (HFC)	100%
Financial Services Authority (FSA)	100%
Seychelles Pension Fund (SPF)	100%
ENERGY SECTOR	
Seychelles Petroleum Company Limited (SEYPEC)	100%
Public Utilities Corporation (PUC)	100%
PetroSeychelles Limited	100%
TRANSPORT SECTOR	
Seychelles Ports Authority (SPA)	100%
Air Seychelles Limited	60%
Seychelles Civil Aviation Authority (SCAA)	100%
Seychelles Public Transport Corporation (SPTC)	100%
SERVICES AND DEVELOPMENT SECTOR	
Islands Development Company Limited (IDC)	100%
Property Management Corporation (PMC)	100%
L'Union Estate Company Limited	100%
Société Seychelloise d'Investissement Limited (SSI)	100%
National Information Services Agency (NISA)	100%
Seychelles Postal Services Limited	100%
TRADING AND RETAIL SECTOR	
Seychelles Trading Company Limited (STC)	100%