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# State – owned Enterprises Policy

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State Enterprise Policy Office (SEPO)

August 2021

# SEPO's Legal Mandates

## Ministry of Finance (MOF)

### State Enterprise Policy Office (SEPO)

#### 3 Key Mandates



Develop State -  
Owned Enterprises

SEPO, on behalf of MOF, acts as an owner/shareholder and co-ordinates with line ministries and related agencies to formulate policies and governance for SOEs. SEPO works closely with SOEs to ensure service quality, operation efficiency, and financial viability.



Promote Public -  
Private Partnership

SEPO is the Thailand PPP unit, promoting PPP by setting rules/regulations to meet international standards and facilitating PPP processes.



Enhance value of  
state securities

SEPO, on behalf of MOF, acts as a shareholder of securities owned directly by MOF of companies which are not classified as SOEs.



# Roles of Thai SOEs

- ❑ Thai SOEs are public enterprises established to undertake commercial and social activities for Thai government and founded either by specific laws or with a majority of shares owned by government agencies.
- ❑ SOEs play an important role in driving the overall economic and social system of Thailand. They are key players for public investment and essential sources of income for the government.
- ❑ Key roles of Thai SOEs:
  - (1) Public services provision with fair price
  - (2) Infrastructure development to enhance Thailand's competitiveness
  - (3) Government Mechanic to boost economy and remittance income
  - (4) Gap closing in accessibility of government's public service and market failure
- ❑ SOEs also act as the sources of employment in Thai economy.
- ❑ As of August 2021, There are 52 SOEs under direct supervision of Ministry of Finance.



# 52 SOEs under Direct Supervision of Ministry of Finance

## 1 Transport (9 SOEs)

1. Airports of Thailand Public Co., Ltd (AOT)
2. Aeronautical Radio of Thailand Co., Ltd. (AEROTHAI)
3. Civil Aviation Training Center (CATC)
4. State Railway of Thailand (SRT)
5. Mass Rapid Transit Authority of Thailand (MRTA)
6. Expressway Authority of Thailand (EXAT)
7. Bangkok Mass Transit Authority (BMTA)
8. The Transport Co., Ltd (Transport)
9. Port Authority of Thailand (PAT)

## 2 Energy (4 SOEs)

1. PTT Public Co., Ltd (PTT)
2. Electricity Generating Authority of Thailand (EGAT)
3. Metropolitan Electricity Authority (MEA)
4. Provincial Electricity Authority (PEA)

## 3 Telecom (3 SOEs)

1. National Telecom Public Co., Ltd (NT)
2. Thailand Post Co., Ltd. (POST)
3. MCOT Public Co., Ltd. (MCOT)

## 4 Utilities (6 SOEs)

1. Metropolitan Waterworks Authority (MWA)
2. Provincial Waterworks Authority (PWA)
3. Wastewater Management Authority (WMA)
4. Nation Housing Authority (NHA)
5. Dhanarak Asset Development Co., Ltd. (DAD)
6. Industrial Estate Authority of Thailand (IEAT)

## 5 Industry & Commerce (8 SOEs)

1. Tobacco Authority of Thailand (TOAT)
2. Playing card Factory
3. Liquor Distillery Organization (LDO)
4. Government Lottery Office (GLO)
5. The Syndicate of Thai Hotels and Tourists Enterprises Co., Ltd.
6. Police Printing Bureau
7. Bangkok Dock Co., Ltd.
8. The Market Organization

## 6 Agriculture (5 SOEs)

1. Dairy Farming Promotion Organization of Thailand (DPO)
2. Marketing Organization for Farmers (MOF)
3. Fish Marketing Organization (FMO)
4. Rubber Authority of Thailand (RAT)
5. Public Warehouse Organization (PWO)

## 7 Natural Resources (3 SOEs)

1. Forest Industry Organization (FIO)
2. The Botanical Garden Organization (QSBG)
3. The Zoological Park Organization (ZPO)

## 8 Social & Technology (5 SOEs)

1. Thailand Institute of Scientific and Technological (TISTR)
2. National Science Museum (NSM)
3. Tourism Authority of Thailand (TAT)
4. Sport Authority of Thailand (SAT)
5. The Government Pharmaceutical Organization (GPO)

## 9 Financial Institution (9 SOEs)

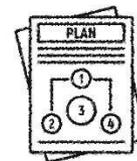
1. Government Savings Bank (GSB)
2. Government Housing Bank (GHB)
3. Bank for Agriculture and Agricultural Cooperatives (BAAC)
4. Export-Import Bank of Thailand (EXIM)
5. SME Development Bank (SME bank)
6. Thai Credit Guarantee Corporation (TCG)
7. Islamic Bank of Thailand (iBank)
8. Islamic Bank Asset Management Co Ltd (IAM)
9. Office of the Government Pawnshop



1. State Enterprise  
Policy Committee



5. Performance  
Evaluation System



2. SOEs Development  
Plan

SOEs  
Development  
Act,  
B.E. 2562 (2019)



4. Director Selection  
Committee

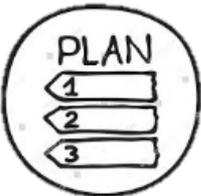


GOOD  
GOVERNANCE

3. Good Corporate  
Governance



# Selected Key SOEs' Management and Monitoring Tools



1. **SOEs Strategic Plan:** The SOEs Strategic Plan is a 5-year plan that provides overall strategic direction for SOEs by aligning with the National Strategic Plan and the National Economic and Social Strategic Plan. The SOEs Strategic Plan states objectives, targets, and development guidelines for the 5 development strategies, which are role & direction of SOEs, investment, finance, technology & innovation, and good governance, ensuring that SOEs' 5-year plans and yearly plans are gearing toward national targets. Moreover, implementation of the plan will be evaluated in annual SOEs' performance agreements.



2. **Board of Directors (BoD), Chief Executive Officer (CEO) and Employees of SOEs Qualification and Selection:**

- 2.1 BoD, CEO, and employees of SOEs must possess the qualifications and not be under any prohibition as stated in Standard Qualifications of Directors and State Enterprise Employees Act.
- 2.2 For an appointment of SOEs' directors, not fewer than one-third of directors who are not ex officio directors must be from the directors' pool prepared by MOF. Skill Matrix is also used in the director selection process to make sure that skill set and expertise of the nominees is suitable to the need of SOEs.
- 2.3 In an employment and appointment of a CEO, the BoD shall appoint a selection committee and a remuneration subcommittee to select the candidates and negotiate remuneration or other benefits of the CEO.



3. **Good Corporate Governance:** in 2019 MOF has published SOEs' Good Corporate Governance principles and guidelines covering 9 dimensions, which are role of the government, rights of shareholder, BoD, role of stakeholder, sustainability and innovation, information disclosure, risk management and internal control, ethics, and performance monitoring. These principles and guidelines adapt from international and domestic standards, such as Principles of Corporate Governance of OECD, World Bank, the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand.



4. **Internal Control, Internal Audit and Risk Management:** MOF has launched internal control, internal audit and risk management guidelines to ensure that SOEs' operations can be run properly with transparency. Moreover, all SOEs are required to have an Audit Committee to monitor their operations complying with the guidelines. Currently, MOF is reviewing and updating these guidelines to ensure it meets revised international standards and SOEs' current environment.

# Selected Key SOEs' Management and Monitoring Tools



**5. Financial Reporting and Disclosure:** SOEs are required to prepare its financial report complying with the Thai Financial Reporting Standards (TFRSs) according to the State Fiscal and Financial Disciplines Act. MOF also requires SOEs to disclose their operation and financial results in an annual report and publish on SOEs' website. This disclosure standard is similar to the standard applied to the listed companies in the Stock Exchange of Thailand.



**6. Performance Evaluation System (PES) and Incentive System:** MOF monitors SOEs' performance through PES. The result from Performance Evaluation will link to the employee and BoD incentive system such as bonus. In 2019, MOF has launched new PES, called "State Enterprise Assessment Model", connecting SOEs' performance with 8 Core Business Enablers, which are CG & leadership, strategic planning, risk management & internal control, stakeholder & customer management, digital governance, human capital management, knowledge & innovation management, and internal audit.



**7. SOEs' Code of Ethics:** Currently, MOF is developing ethical standards for SOEs executives and employees according to the Act on Ethical Standards, B.E. 2562 (2019). It is on the process of the cabinet approval. These ethical standards include adherence to the main institutions, having a good conscience, honesty, integrity and responsibility, determining to act properly, fairly and lawfully, acting in pursuance of public interests, aiming to achieve outcomes, acting nondiscriminatory, and acting as a role model to others. All SOEs need to ensure their Code of Ethics comply with ethical standards in the Act. SOEs' Code of Ethics links to HR management and evaluation system of SOEs.



**8. Financial Assistance from Government:** MOF has mechanics of Public Service Obligation and Public Service Account to provide financial supports to SOEs which experience financial difficulties due to providing public service that the government controls tariff/price below service costs.

# Selected Key SOEs' Management and Monitoring Tools



9. **SOEs Investment Monitoring**: MOF monitors the disbursement of SOEs' investments against their targets monthly to ensure that SOEs investment aligns with national expected economic growth. The investment disbursement target is mandatory as a KPI in all SOEs performance agreements.



10. **SOEs' Remittance**: SOEs are essential sources of income for the government to maintain the fiscal stability of the country and allow financial liquidity for the country's development. MOF monitors and collects revenues from SOEs and state securities on monthly basis in order to achieve to the targeted revenue set by the Annual Budget Document.



11. **SOEs Rehabilitation plan**: State Enterprise Policy Committee (SEPC) provides guidance and suggestions for SOEs under rehabilitation plans. In the beginning, 7 SOEs were required to be in rehabilitation processes under supervision of the SEPC which are SRT, BMTA, THAI, CAT, TOT, IBank and SME Bank. Currently, IBank and SME Bank have improved financial performance significantly and the SPC has approved IBank and SME Bank are out from the rehabilitation plan, but still they need to report their performance to SEPC every month. There are 4 SOEs under the rehabilitation plans, which are SRT, BMTA, MCOT, and the National Telecom Public Co., Ltd. (the merger of TOT and CAT).



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