

Centralizing the State's Ownership Functions

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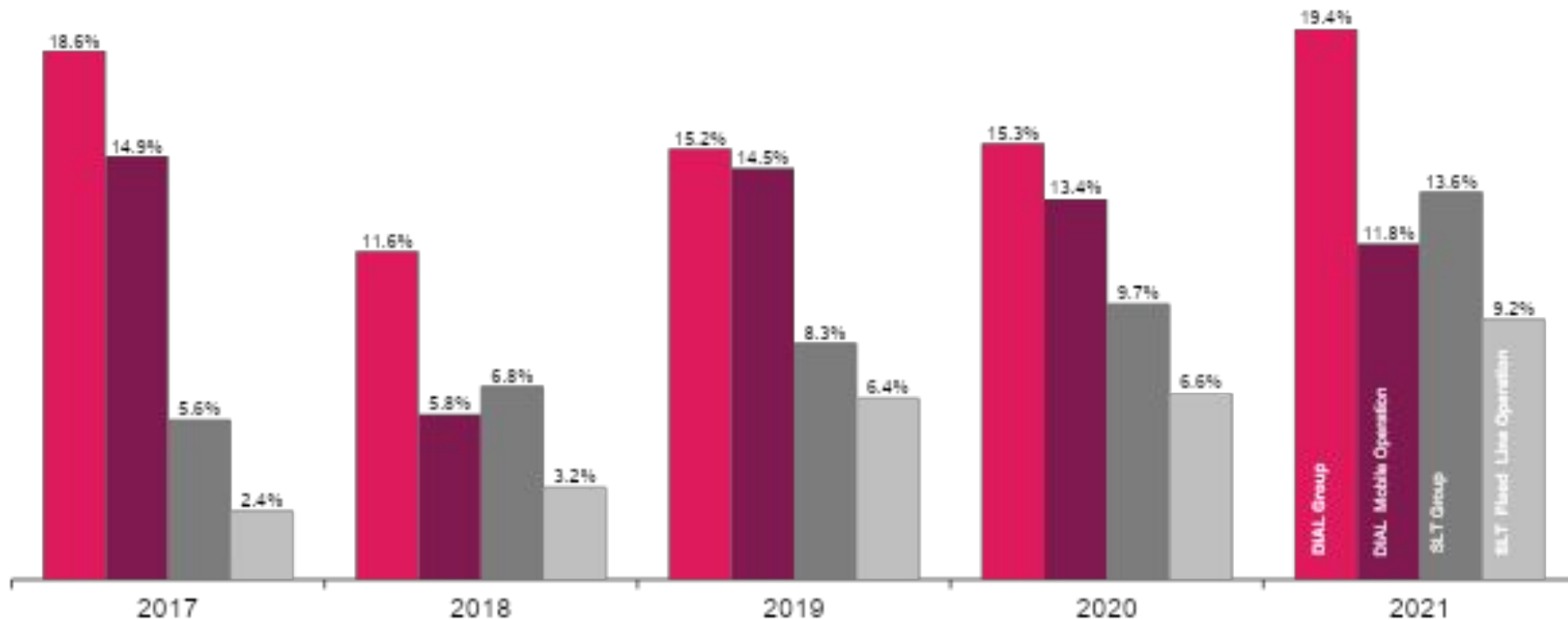
Let's Reset Sri Lanka Conference
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Ownership Matters: SLT ROE vs DIALOG ROE

Treasury direct holding – 49.5%

Total government holding (including indirect holding) – 54.0%

Chairman of the SLT board appointed by GoSL



SOE ownership models are diverse..

	Ownership	Central Advisory
Decentralized	Line Ministry	NA
Dual	Line Ministry	Ministry of Finance
Advisory	Line Ministry	Advisory/Coordination Agency
Centralized	Holding Entity	NA

... and Sri Lanka has almost all of them

Legal Personality	
Government Department	Railway Department
Board	Ceylon Transport Board
Statutory Corporation	Bank of Ceylon
Public Company	British Ceylon Corporation
Private Limited Company	Hotels Colombo (GOH)
Public Limited Company	Hotel Developers (Hilton)

Ownership	
Single SOE Holding Company	NA
Cluster SOE Holding Company	Selandiva
Treasury	Bank of Ceylon
Line Ministry	Ports Authority

Control	
Majority shareholder	Sri Lankan Airlines
Controlling shareholder	NDB
Minority shareholder	SAGT
Golden shareholder	RPCs

Voting Power	
Direct	Hotels Colombo (GOH)
Indirect	EPF Holdings
Hybrid	NDB

Market Structure	
Natural Monopoly	Railway Dept.
Regulatory Monopoly	Sri Lankan Catering
Monopsony Market	LTL
Competitive Market	SLT

Regulatory Framework	
Self-Regulated	Ports Authority
Specialized Regulator	SLT (TRC)
Multi-sector regulator	CEB (PUCSL)
Line Ministry	Railway Dept.

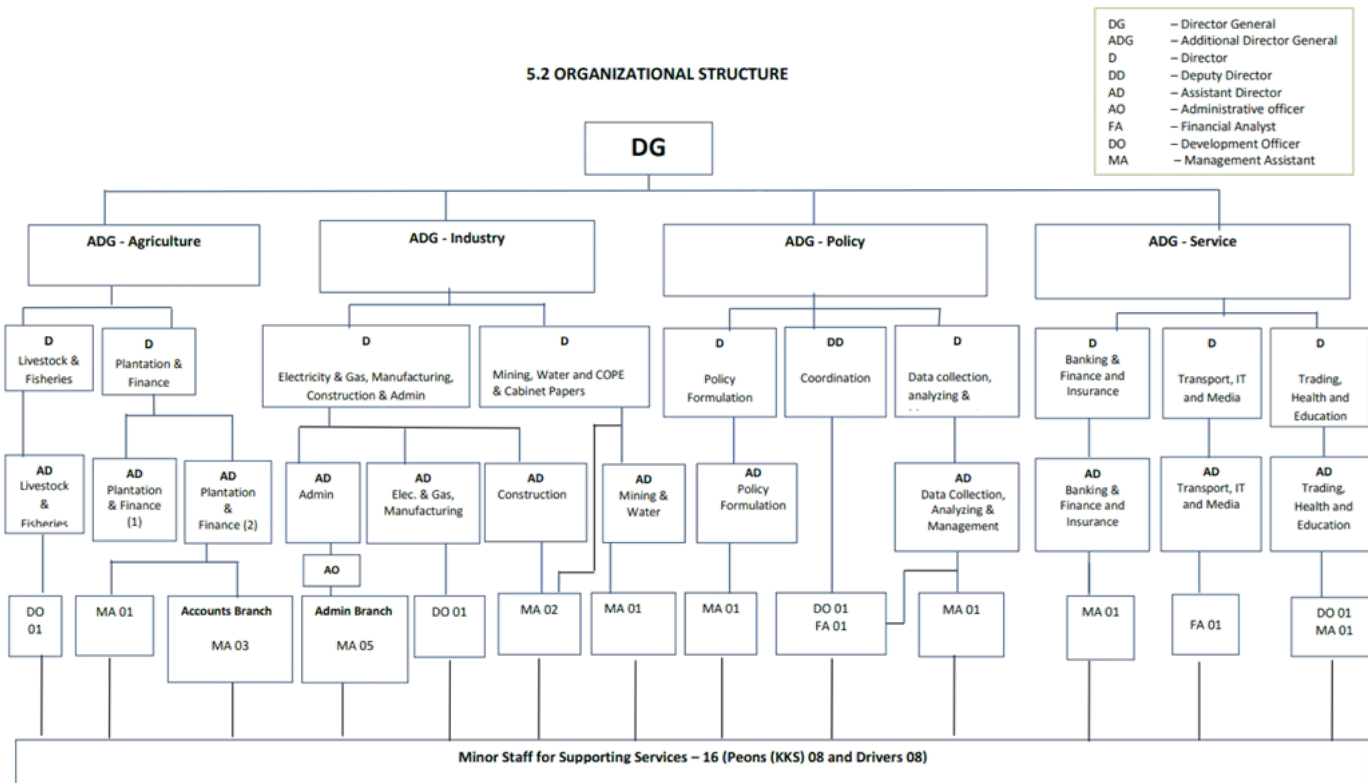
In all sorts of combinations.

Entity	Legal Personality	Government Shareholder / Owner	State Shareholding	Listed	Market Structure	Regulator
Bank of Ceylon	Act of Parliament	Treasury	Full Ownership		Competitive Market	CBSL
People's Bank	Act of Parliament	Treasury + Cooperative Societies	Full Ownership		Competitive Market	CBSL
National Savings Bank	Act of Parliament	Treasury	Full Ownership		Competitive Market	CBSL
DFCC	Public Limited	Treasury + EPF	Controlling Share	X	Competitive Market	CBSL
NDB	Public Limited	Treasury + EPF + SLIC Members Fund	Controlling Share	X	Competitive Market	CBSL
Ceylon Electricity Board	Act of Parliament	Line Ministry	Full Ownership		Natural Monopoly	PUCSL
LECO	Private Limited	Ceylon Electricity Board + UDA + Treasury + Local Authorities	Full Ownership		Natural Monopoly	PUCSL
Lanka Transformers Limited	Private Limited	Ceylon Electricity Board	Controlling Share		Competitive Market	PUCSL
Ceylon Petroleum Corporation	Act of Parliament	Line Ministry	Full Ownership		Natural Monopoly + Duopoly	PUCSL
Water Board	Act of Parliament	Line Ministry	Full Ownership		Natural Monopoly	PUCSL
Sri Lanka Telecom	Public Limited	Treasury	Majority Share	X	Competitive Market	TRC
Sri Lankan Airlines	Private Limited	Treasury	Majority Share		Competitive Market + Regulatory Monopoly	Civil Aviation Authority
Ceylon Transport Board	Act of Parliament	Line Ministry	Full Ownership		Competitive Market	National Transport Commission
Ceylon Government Railway	Act of Parliament	Line Ministry	Full Ownership		Natural Monopoly	Self Regulated
SLPA	Act of Parliament	Line Ministry	Full Ownership		Competitive Market	Self Regulated
Sri Lanka Insurance Corporation	Act of Parliament	Line Ministry	Full Ownership	X	Competitive Market	IRCSL
Hotel Developer's	Public Limited	Treasury	Majority Share	X	Competitive Market	Sri Lanka Tourism
British Ceylon Corporation	Public Company	Line Ministry	Full Ownership		Competitive Market	Coconut Development Authority
State Pharmaceutical Corporation	Public Company	Line Ministry	Full Ownership		Competitive Market + Regulatory Monopoly	Line Ministry
JEDB	Act of Parliament	Line Ministry	Full Ownership		Competitive Market	Line Ministry
State Plantations Corporation	Public Company	Line Ministry	Full Ownership		Competitive Market	Line Ministry
Rakna Arakshaka Lanka	Private Limited	Line Ministry	Full Ownership		Competitive Market	Line Ministry
Helitours	Private Limited	Sri Lanka Airforce	Full Ownership		Competitive Market	Line Ministry
Lanka Hospitals	Public Limited	Line Ministry	Majority Share	X	Competitive Market	Line Ministry

Treasury's Public Enterprise Department

“The PED was re-established in 2002 to improve the performance of SOEs through enhanced corporate governance by monitoring the performance of SOEs and establish finance control over Public Corporations. The PED plays either shareholder functions or over sighting function.”

-PED Annual Report



Competitive Neutrality

The World Bank Group Markets and Competition Policy Assessment Tool (MCPAT) looks at eight building blocks divided broadly into the firm level and the cross cutting regulatory framework.

Firm Level	Streamlining the Operational Form of Government Business
	Identifying the Costs of any Given Function
	Achieving a Commercial Rate of Return
	Accounting for Public Service Obligations
Cross Cutting Regulatory Frameworks	Tax Neutrality
	Regulatory Neutrality
	Debt Neutrality and Outright Subsidies
	Public Procurement