

## PLAN OF APPROACH REVIEW PUBLIC COMPANIES ST. MAARTEN

### Executive summary

Review public companies	
St. Maarten	
Costs and effectiveness public sector (B.2)	
Cause	<p>The objective of theme B of the country package is to reduce the costs of the public sector in general and to increase the quality and effectiveness (including implementation power) of the public sector. This also includes (semi-)public companies. These are mostly companies that have a natural monopoly because of the small-scale economy of St. Maarten. To protect the consumer, a natural monopoly (such as water and electricity supply, telecommunications) is often a public company.</p> <p>The more effectively and efficiently such public enterprises operate, the better for society. Indirectly, public companies can also pose a risk to public finances because of the risk-bearing capital invested in them. In addition, the government may be forced to support state participation if the continuity of that company is under pressure.</p>
Objective	<p>A study of which findings result in specific recommendations concerning the public enterprises investigated and, in a more general sense, concrete recommendations for a policy framework, with which the effectiveness of the policy objective to be achieved, the manner of management (governance), and the operational management of the public companies can be improved, to prevent (future) losses and thus financial risks for the country of St. Maarten. Based on these results, it will be determined what follow-up steps are necessary.</p>
Selected approach	<p>St. Maarten has dozens of (semi-)public companies. To limit the scope of the study, a selection has been made of 5 public companies, which will be screened first. The study is carried out by an external research agency and consists of two components: 1) the review of the selected (semi-)public companies, and 2) the analysis of the policy framework. A steering committee monitors the progress of the implementation and the quality of the study.</p>
Intended results	<p>The project must yield the following results for each (semi-)public company in the first phase:</p> <ul style="list-style-type: none"> <li>• A description of the formal objective pursued by the (semi-)public company based on the relevant legislation, statutes, policy documents, and other documentation.</li> <li>• An analysis of the efficiency of the studied public company, for example by using (regional) key performance indicators, benchmarking, and a business analysis by a sector specialist.</li> <li>• An analysis of the public interests served by public shares ownership and their effectiveness in practice.</li> </ul> <p>In the second phase the project must yield the following results:</p> <ul style="list-style-type: none"> <li>• An analysis of the policy for establishing, managing, and terminating (semi-)public companies and government entities, and how they have been dealt with in the past.</li> </ul>

	<ul style="list-style-type: none"> <li>• An analysis of the corporate governance policy and how the country, as a shareholder, and as a policymaker, ensures that this policy is complied with.</li> <li>• An analysis of how the country, as a shareholder and as a policymaker, disposes / will dispose of enforcement mechanisms (both by law and from a policy perspective) in order to ensure that the standards for top incomes are complied with.</li> <li>• An analysis of the information provided to parliament by the country about (semi-)public companies and government entities.</li> </ul>
Correlation and/or dependence	<p>There is a correlation with measure B5, which focuses on the austerity of terms and conditions of employment within the public sector. The Plan of Approach of measure B5 stipulates that under measure B2, the terms and conditions of employment of the personnel working at the organisation that is being screened are studied.</p> <p>There is also a correlation with the measure to improve the corporate governance of public companies, specifically the Airport of St. Maarten (B15). The measures to improve the corporate governance of the airport can also be applied to other public companies to a greater or lesser extent, and the experiences gained at the airport with the implementation can be used more widely.</p>
Schedule	<p>The preparation will take place in the fourth quarter of 2021, with the objective of completing the tendering process at the latest on January 15, 2022, after which the implementation can start from February 1, 2022. The study is expected to be completed in August 2022.</p>