First of all, I must apologize Mr. Helmer Vossers. He is director at the Ministry of Finance in The Hague. His directorate fulfills the role of owner of SOEs. Mr. Vossers was planned to hold this speech. Fortunately he has provided me with the points of his speech.

I am Jos Nouwt, junior project leader for this twinning project.

We have 15 SOEs for strategic reasons and 11 participations in enterprises.

The difference is that these 11 companies execute a governmental task. Although the general policy is the MoF fulfils the role of the owner, for these 11 the concerning line ministry executes this role. Examples: Regional development companies, the national bank, Prorail, responsible for the railroads.

I will mainly continue with the 15 POEs and the role of the owner executed by MoF.

You can divide them into three categories:

1. Permanent SOEs
2. Temporary SOEs
3. Non-permanent SOEs

For permanent SOEs the Dutch State will always keep ownership or part of the ownership of these enterprises because they fulfill a strategic role in Dutch economy. Examples are:

- The Company for the harbour of Rotterdam, the most important container harbour in Western Europe. Transit of goods to Germany and petrochemical industry. 29,2%)
- National Airport Schiphol, important for the settlement of companies in the Netherlands (100%)
- Gas Union which is responsible for security of supply of gas in the Netherlands and transport for instance to Germany (100%)
- Tennet takes care for the electricity network for 45 million people in the Netherlands and Germany. (100%)
- Dutch Railways with train services in the Netherlands, UK and Germany. (100%)

Temporary SOEs also fulfill an important role for Dutch economy but this role can be executed by fully privatized companies. Think of one of the biggest banks ABN-AMRO which was bought during the bank crises in 2008, but nowadays the shares are sold.

Non-temporary SOEs can be sold. For instance, the State Lottery will be sold once public interests are guaranteed by relevant laws and rules. Another example is UCN which takes part in a company to enrich uranium for ultracentrifuge for the use in nuclear power plants.

All SOEs are private companies. They act as private companies. The only difference is the State owns all or part of the shares. This means we don't have specific laws for these companies. Like all private companies they have to work according to the Law on Limited Companies.

This means they have a two tier system with a management board and a supervisory board. Thjis differs from the Anglo-Saxon situation with one tier.

The management board is responsible for the development of the strategy, the proposals for investments and of course the daily business.

The supervisory board supervises. In fact, it looks at the management board whether they can run the business in a proper way.

And now I come to the role of the government**.** The role of owner, the State as a shareholder is fulfilled by the MoF. You can imagine line ministries, like the Ministry of Economic Affairs and Climate and the Ministry of Infrastructure and Water Management are involved in the policy of the SOEs. The two roles have different interests, sometimes conflicting interests.

Let us focus on the role of the owner, shareholder.

Safeguarding the interests of the owner is done by executing a role in:

- Appointments
- The strategy of the enterprise
- Investment decisions

Appointments of members of the management board and the supervisory board are very important. The Ministry of Finance as an owner is narrowly involved in appointments. Mr. Vossers spends about 1/3 of his time on appointments. It is very important to have the right persons on the right place. The question is whether persons are competent. Do they have right capabilities to steer a company or to supervise the management board? For members of the management board, the supervisory board looks at the capabilities of persons to run a business and the MoF as an owner looks at the relation of new members with important stakeholders.

No political interference. It isn't a matter to appoint your political friends. Out of order in the Netherlands. Example of director for Communication at the Ministry of Finance.

The Ministry of Finance doesn't have a say in dismissals, because the owner cannot judge an individual member of the management board. That's a matter for the supervisory board. They follow how the members of management board execute their function.

As an owner you try to have influence on the strategy and the investments. Of course, the management board is in the lead for developing the strategy, that will be renewed every four years. But before the strategy will be determined it is discussed between the MoF as an owner and the management board. Once the strategy has been decided upon the management board is free to act within the limits of the strategy.

Regarding investment decisions, investments above a certain threshold need the consent of the MoF. How do they judge investment proposals? Are they in line with the strategy and is planned return on investment sufficient? If yes, go ahead.

Even if the line ministry is both policy involved and the owner, my advice is to distinguish both roles. Even for agencies we distinguish these two roles. Let us take the National

Institute for Public Health and the Environment belonging to the Ministry of Health, Welfare and Sport. The deputy Secretary General acts as the owner. She raises questions about the financial position of the agency and the Director General for Health talks about the results of research done by the Institute.

What are the challenges for a directorate at the MoF that fulfills the role of the owner?
Knowledge, knowledge and once again knowledge.
You need knowledge of the business, the gas market, the air market, the maritime market.
A lot of insight in persons who can work in these enterprises.
You need a view on the network of the enterprises, the policy ministry, the organizations they work with for rules of competition.
The most important thing is to acquire and to keep your knowledge about the world of the POEs. Without this knowledge you cannot play your role as an owner.

Jos Nouwt
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