

6.8

## Public Utilities Corporation (PUC)

6.8.1

### Strategic Overview

6.8.1.1

#### *Mandate*

Our primary mission is to guarantee the safe, dependable, and cost-effective provision of electricity, water, and sewerage services.



6.8.1.2

#### *Vision*

To serve as an exemplary organization dedicated to fostering sustainable socio-economic development in Seychelles.

6.8.1.3

#### *Mission*

- We envision a Seychelles where we provide an efficient, safe, and reliable supply of electricity and treated water, along with responsible wastewater management, all while prioritizing the well-being of the environment and our customers.
- We aspire to continuously adapt to technological advancements, striving to enhance our services in line with our vision for Seychelles.
- Our goal is to foster a workplace culture built on trust, where our employees feel a deep sense of belonging and loyalty to the organization, supporting their growth and development.
- We actively promote the sustainable development of renewable energy to reduce our dependence on imported fossil fuels, contributing to our envisioned future for Seychelles.
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6.8.1.4

#### *Strategic Priorities for 2024-2026*

PUC's strategic objectives for 2024-2026 encompass four key perspectives, each with its own set of goals:

##### 1. Financial Perspective:

- **Facilitate Economic Growth:** Foster an environment conducive to economic growth.
- **Maintain Financial Strength:** Ensure a robust financial foundation.
- **Sustain Affordable Rates:** Keep utility service rates affordable for customers.

##### 2. Customer Focus Perspective:

- **Provide Safe, Reliable Utility Services:** Deliver utility services that are safe and reliable.
- **Promote Conservation and Efficient Use of Services:** Raise awareness about the importance of conserving and using utility services efficiently.
- **Enhance Customer Experience:** Improve the overall customer experience.

### 3. Internal Processes Perspective:

- **Ensure Employee Safety and Risk Management:** Prioritize employee safety and effectively manage risks.
- **Plan, Build, and Maintain Infrastructure:** Strategically plan, construct, and maintain infrastructure while acquiring necessary resources.
- **Responsible Resource Management:** Utilize resources responsibly and cost-effectively.
- **Drive Continuous Business Process Improvement:** Continuously improve internal processes.
- **Demonstrate Commitment to Environmental Sustainability:** Show dedication to environmental sustainability.

### 4. Innovation and Growth Perspective:

- **Attract, Develop, and Retain a Diverse and Skilled Workforce:** Attract, nurture, and retain a diverse and skilled workforce.
- **Adopt Technological Advances for Future Needs:** Embrace technological advancements to meet industry requirements in the future.

By addressing these objectives from these four perspectives, PUC aims to advance its mission and continue serving its stakeholders effectively in the years 2024-2026.

#### 6.8.1.5

#### *Key Challenges*

PUC, a utility company in a small island state, faces numerous unique challenges that hinder its operations. Unlike larger utilities benefiting from regional network integration, PUC must strive for self-sufficiency across all operational aspects. Limited resources in terms of finances, infrastructure, and skilled personnel further complicate matters. As customer expectations continue to rise, PUC must shift its focus towards continuous improvement in service delivery, fostering stakeholder relationships, prioritizing customer needs, and enhancing its corporate image.

#### **Key Focus Areas and Challenges:**

1. **Cost Management and Tariff Enforcement:** Ensuring cost-effective operations and enforcing tariffs that recover economic costs.
2. **Asset Replacement and Refurbishment:** Sustaining security, reliability, and service levels by ongoing maintenance and upgrades in all sectors.
3. **Capacity Expansion:** Meeting the growing demand for utilities by expanding capacity.
4. **Business Process Improvement:** Enhancing operational efficiency through streamlined processes.
5. **Energy and Water Efficiency:** Implementing demand management, conservation, and sustainability initiatives.
6. **Customer Service Enhancement:** Improving customer service and care to meet rising customer expectations.

7. **Workforce Productivity:** Developing a more efficient and skilled workforce.
8. **Performance-Oriented Culture:** Cultivating a culture that values performance and respects external stakeholders, including regulators.
9. **Renewable Energy Transition:** Adapting to the changing landscape of energy production with a focus on renewable sources.
10. **Infrastructure Challenges:** Addressing issues related to wayleave access, easement agreements, and development in water catchment areas.
11. **Limited Service Corridors:** Overcoming limitations in accessing service corridors along main and secondary roads.
12. **Supply Chain Vulnerability:** Managing exposure to disruptions and challenges in the global supply chain.
13. **Renewable Plant Deployment:** Taking an exemplary role in deploying medium-sized renewable energy plants.

#### **Key Performance Drivers:**

1. **Health and Safety:** Prioritizing the safety of employees and the public.
2. **Stakeholder Engagement:** Engaging effectively with various stakeholders.
3. **Legislative and Environmental Compliance:** Adhering to legislative requirements and environmental obligations.
4. **Network Performance:** Ensuring efficient utilization and performance of utility networks.
5. **Stakeholder Engagement:** Engaging effectively with various stakeholders.
6. **Economic Conditions:** Adapting to macroeconomic conditions and economic growth forecasts in Seychelles.
7. **Regulatory Relationships:** Managing relationships with regulators and striving for favorable outcomes.
8. **Technological Advancements:** Leveraging technological advancements to enhance operations.
9. **Climate Change Commitments:** Meeting commitments related to climate change and sustainability.

In summary, PUC faces a complex set of challenges and performance drivers in its unique operating environment. By addressing these challenges and focusing on key areas of improvement, the corporation can work towards delivering better utility services and meeting the evolving needs of its stakeholders.

## 6.8.2 Outlook of Financial Strategy

### 6.8.2.1 *Projected Financial Position of Public Utilities Corporation*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-Current Assets</b>	<b>3,672,130</b>	<b>3,701,634</b>	<b>3,837,998</b>	<b>4,194,947</b>	<b>4,951,955</b>	<b>5,241,776</b>	<b>5,366,132</b>
Property, plants and equipment	1,908,863	1,903,950	2,239,101	3,184,813	3,709,953	4,133,486	4,642,245
Intangible assets	8,674	4,809	2,436	169	4,375	33,539	23,957
Capital work in progress	1,748,974	1,791,658	1,595,354	1,008,754	1,236,311	1,073,331	698,407
Right-of-use assets	4,424	341	-	-	-	-	-
Trade and other receivables	1,194	875	1,107	1,211	1,315	1,419	1,523
<b>Current Assets</b>	<b>1,875,181</b>	<b>1,703,781</b>	<b>1,753,292</b>	<b>1,797,322</b>	<b>1,483,364</b>	<b>1,391,207</b>	<b>1,374,159</b>
Inventories	753,978	765,994	722,609	766,265	776,265	786,265	796,265
Trade and other receivables	233,317	244,837	269,123	480,885	391,861	408,172	414,375
Cash and cash equivalents	887,886	692,950	761,560	550,171	315,238	196,769	163,519
<b>Total Assets</b>	<b>5,547,311</b>	<b>5,405,415</b>	<b>5,591,290</b>	<b>5,992,268</b>	<b>6,435,319</b>	<b>6,632,983</b>	<b>6,740,292</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Assigned capital	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744
Retained earnings / (revenue deficit)	729,173	1,218,731	1,420,797	1,591,869	1,809,874	2,043,194	2,302,003
<b>Total Equity</b>	<b>2,168,916</b>	<b>2,658,474</b>	<b>2,860,540</b>	<b>3,031,612</b>	<b>3,249,617</b>	<b>3,482,937</b>	<b>3,741,746</b>
<b>Non Current Liabilities</b>	<b>2,874,615</b>	<b>2,351,262</b>	<b>2,270,206</b>	<b>2,593,093</b>	<b>2,803,153</b>	<b>2,729,201</b>	<b>2,538,785</b>
Borrowings	1,748,706	1,266,952	1,175,814	1,522,363	1,759,534	1,723,046	1,551,297
Lease liability	1,237	-	-	-	-	-	-
Trade and other payables	40,421	43,719	48,437	49,150	49,863	50,576	51,289
Employee benefit liabilities	113,130	109,718	91,654	94,928	115,397	126,806	138,216
Deferred grants	971,121	930,873	954,300	926,652	878,360	828,772	797,983
<b>Current Liabilities</b>	<b>503,779</b>	<b>395,678</b>	<b>460,545</b>	<b>367,563</b>	<b>382,548</b>	<b>420,845</b>	<b>459,760</b>
Borrowings	124,452	94,058	110,510	84,413	56,542	89,328	123,268
Lease liability	3,598	491	-	-	-	-	-
Trade and other payables	260,091	187,936	243,056	161,504	198,509	197,841	196,438
Employee benefit liabilities	7,702	7,444	23,356	31,946	40,537	49,128	57,718
Deferred grants	107,937	105,749	83,622	89,699	86,960	84,548	82,337
<b>Total Liabilities</b>	<b>3,378,394</b>	<b>2,746,941</b>	<b>2,730,750</b>	<b>2,960,656</b>	<b>3,185,702</b>	<b>3,150,046</b>	<b>2,998,545</b>
<b>Total Equity and Liabilities</b>	<b>5,547,311</b>	<b>5,405,415</b>	<b>5,591,290</b>	<b>5,992,268</b>	<b>6,435,319</b>	<b>6,632,983</b>	<b>6,740,292</b>

**6.8.2.2 Projected Statement of Comprehensive Income of Public Utilities Corporation**

R ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>	<b>1,625,601</b>	<b>1,811,621</b>	<b>2,044,322</b>	<b>1,977,646</b>	<b>2,564,493</b>	<b>2,686,695</b>	<b>2,766,740</b>
Revenue from operations	1,523,019	1,687,614	1,937,351	1,888,128	2,473,462	2,594,695	2,673,740
Other income	102,581	124,007	106,971	89,517	91,031	92,000	93,000
<b>Expenditure</b>	<b>1,872,907</b>	<b>1,325,456</b>	<b>1,837,159</b>	<b>1,802,643</b>	<b>2,307,865</b>	<b>2,407,229</b>	<b>2,467,760</b>
Direct operating expenses	779,641	1,016,533	1,197,953	1,019,606	1,375,696	1,422,315	1,457,873
Staff cost	283,842	250,403	273,256	322,650	369,896	379,143	388,622
Other operating overheads	187,246	264,162	225,482	242,571	366,267	345,424	354,060
Exchange difference	429,642	(402,160)	(51,612)	(8,541)	(26,878)	31,814	32,941
Depreciation of property, plant & equipment	180,623	186,956	186,749	221,538	218,668	220,782	220,989
Amortisation of intangible assets	8,278	3,865	2,373	2,268	794	4,166	9,583
Amortisation of right-of-use	5,435	3,035	341	-	-	-	-
Provision for/(reversal of) credit impairment	(1,800)	2,663	2,618	2,551	3,422	3,585	3,693
<b>Profit / (Loss) from operations before financing activities</b>	<b>(247,307)</b>	<b>486,165</b>	<b>207,163</b>	<b>175,003</b>	<b>256,628</b>	<b>279,466</b>	<b>298,980</b>
Finance income	11,451	13,423	11,568	11,284	16,489	15,760	16,128
Finance expense	(18,024)	(10,030)	(16,666)	(15,215)	(55,112)	(61,907)	(56,299)
<b>Profit for the year and total comprehensive income</b>	<b>(253,879)</b>	<b>489,558</b>	<b>202,066</b>	<b>171,072</b>	<b>218,005</b>	<b>233,320</b>	<b>258,809</b>

### 6.8.2.3 Projected Cash flow Statement of Public Utilities Corporation

R ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Operating activities</b>							
Cash generated from operations	344,531	237,533	273,806	333,549	406,698	484,341	510,220
Profit for the year	(253,879)	489,558	202,066	171,072	218,005	233,320	258,809
<i>Adjustment for:</i>							
Net gain on termination of leases	(75)	(139)	-	-	-	-	-
Amortisation of deferred grants	(102,506)	(123,640)	(106,867)	(89,517)	(91,031)	(92,000)	(93,000)
Fixed Asset written off		9,982	34				
Profit on disposal		(228)	(104)				
Finance income received	(11,451)	(13,423)	(11,568)	(12,131)	(20,165)	(19,436)	(19,804)
Finance expense	18,024	10,030	16,666	15,215	55,112	61,907	56,299
Strategic parts expense	9,012	24,540	15,739				
Depreciation of property plant and equipment	180,623	186,956	186,749	221,538	218,668	220,782	220,989
Amortisation of Intangible asset	8,278	3,865	2,373	2,268	794	4,166	9,583
Amortisation of right-of-use	5,435	3,035	341	-	-	-	-
Provision of obsolete inventory		6,319	299				
Provision of credit impairment	(1,800)	2,663	2,618	2,551	3,422	3,585	3,693
Foreign currency differences on borrowing	726,160	(595,531)	(80,587)	2,669	(27,871)	32,787	33,939
Employee benefit obligation charge	24,933	14,037	16,610	31,095	48,771	40,204	40,709
Exchange (losses)/gains on cash and cash equivalent	(258,223)	219,510	29,439	(11,210)	993	(973)	(998)
<b>Movement in working capital:</b>							
Trade and other receivables	147,415	(13,864)	(27,135)	(214,418)	85,498	(20,000)	(10,000)
Inventories	(78,803)	(18,335)	43,085	(43,656)	(10,000)	(10,000)	(10,000)
Movement in bank balances retained for letter of credit	(601)	948	9,163	-	-	-	-
Trade and other payables	56,303	(68,856)	59,837	(80,839)	37,718	44	(690)
	<b>468,845</b>	<b>137,428</b>	<b>358,757</b>	<b>(5,363)</b>	<b>519,914</b>	<b>454,385</b>	<b>489,529</b>
Interest received on overdue trade debtors	11,089	12,265	10,788	11,284	16,489	15,760	16,128
Employee benefit paid	(9,941)	(17,707)	(18,761)	(19,230)	(19,711)	(20,204)	(20,709)
<b>Net cash inflow from operating activities</b>	<b>469,993</b>	<b>131,985</b>	<b>350,783</b>	<b>(13,310)</b>	<b>516,691</b>	<b>449,941</b>	<b>484,948</b>
<b>Investing activities</b>							
Additions to property, plant and equipment	(42,187)	(27,743)	(33,364)	(9,752)	(11,000)	(8,000)	(10,000)
Proceeds from disposal of property, plant and equipment			104				
Additions in capital work in progress	(393,457)	(231,506)	(308,004)	(570,898)	(965,365)	(506,665)	(344,824)
Movement in term deposits	(3,562)	(25,730)	(10,549)				
Interest on term deposit	258	1,124	643	840	3,617	3,617	3,617
Interest on loan to employees	105	34	9	7	59	59	59
<b>Net cash outflow from investing activities</b>	<b>(438,844)</b>	<b>(283,821)</b>	<b>(351,160)</b>	<b>(579,803)</b>	<b>(972,690)</b>	<b>(510,990)</b>	<b>(351,148)</b>
<b>Financing activities</b>							
Proceeds from borrowings	28,483	183,252	83,995	419,976	353,025	128,337	-
Repayment of borrowings	(39,319)	(99,868)	(78,094)	(102,193)	(115,855)	(164,824)	(171,749)
Government and other grants received	86,407	81,204	108,168	67,946	40,000	40,000	60,000
Principal paid on lease liabilities	(5,252)	(3,157)	(491)	-	-	-	-
Interest paid	(18,024)	(10,030)	(16,666)	(15,215)	(55,112)	(61,907)	(56,299)
<b>Net cash inflow from financing activities</b>	<b>52,296</b>	<b>151,401</b>	<b>96,912</b>	<b>370,514</b>	<b>222,058</b>	<b>(58,394)</b>	<b>(168,048)</b>
<b>Net change in cash and cash equivalents</b>	<b>83,444</b>	<b>(435)</b>	<b>96,535</b>	<b>(222,599)</b>	<b>(233,940)</b>	<b>(119,442)</b>	<b>(34,248)</b>
Movement in cash and cash equivalents							
At Jan 1	525,791	867,458	647,741	761,560	550,171	315,238	196,769
Increase during the year	83,444	(207)	96,535	(222,599)	(233,940)	(119,442)	(34,248)
<b>Exchange gain/(losses) on cash and cash equivalent</b>	<b>258,223</b>	<b>(219,510)</b>	<b>(29,439)</b>	<b>11,210</b>	<b>(993)</b>	<b>973</b>	<b>998</b>
At Dec 31 (Cash and cash equivalent as per AFS)	<b>867,458</b>	<b>647,741</b>	<b>714,837</b>	-	-	-	-
<b>Cash and bank balances as per SOFP</b>	<b>887,886</b>	<b>692,950</b>	<b>761,560</b>	<b>550,171</b>	<b>315,238</b>	<b>196,769</b>	<b>163,519</b>

#### 6.8.2.4 *Projected Capital Investment Plan of Public Utilities Corporation*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022		2024	2025	2026
<b>Major Capital Investments</b>													
Electricity projects	Details Not Provided	Loan Financing Institutions, GoS and PUC	Details Not Provided							161,577	170,600	127,879	82,879
Water & Sewerage projects							393,457	231,506	308,004	207,258	245,835	157,180	213,145
Corporate projects										49,755	50,972	52,663	48,800
<b>GRAND TOTAL</b>							<b>393,457</b>	<b>231,506</b>	<b>308,004</b>	<b>418,590</b>	<b>467,407</b>	<b>337,722</b>	<b>344,824</b>

#### 6.8.3

#### Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

##### 6.8.3.1

##### *Tax Implications by the Operations of Public Utilities Corporation*

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2020	2021	2022		2023	2024	2025	
Business Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
PIT	16,131	16,119	14,853	16,968	19,557	20,046	20,547	
VAT	47,319	40,308	28,980	53,273	161,156	43,566	44,977	Impacts/worsen the cashflow position
Withholding Tax	16,211	11,170	7,267	7,783	7,500	7,500	7,500	Overpayment or underpayment due to wrong interpretation of DTAs.

##### 6.8.3.2

##### *Anticipated Dividend Declarations By Public Utilities Corporation*

PUC's strategy towards surplus equity is to re-invest into infrastructure renovation and expansion.

## 6.8.3.3

## Debt Payments Forecasts By Public Utilities Corporation

EUR / SCR ('000)

Lending Organization	Purpose of Borrowings	Description	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From European Investment Bank	Project Neptune – Water & Sanitation	Borrowings	€ 26,737	-	-	-	-	-	-	-
		Interest for the Year		10,136	(1,587)	3,405	3,345	3,078	2,902	2,715
		Repayment of Capital		15,216	9,700	9,408	14,045	26,365	27,024	27,699
		<b>Balance carried forward</b>		<b>676,654</b>	<b>421,650</b>	<b>372,620</b>	<b>360,004</b>	<b>328,854</b>	<b>310,051</b>	<b>290,103</b>
Loan 02 From Agence De Francaise Development	Project Neptune – Water & Sanitation	Borrowings	€ 10,000	-	-	-	-	-	-	-
		Interest for the Year		3,866	(641)	1,297	1,237	1,088	985	879
		Repayment of Capital		20,562	13,108	11,876	12,021	11,757	12,051	12,352
		<b>Balance carried forward</b>		<b>246,743</b>	<b>144,185</b>	<b>118,760</b>	<b>107,238</b>	<b>94,056</b>	<b>84,356</b>	<b>74,113</b>
Loan 03 From Arab Bank for Economic Development in Africa	33 kV South Mahe	Borrowings	€ 11,000	5,045	17,141	13,207	14,796	5,869	-	-
		Interest for the Year		4,055	3,010	3,280	3,397	3,488	3,415	3,293
		Repayment of Capital		-	-	-	7,541	7,560	7,936	8,340
		<b>Balance carried forward</b>		<b>163,154</b>	<b>130,111</b>	<b>138,307</b>	<b>144,976</b>	<b>139,062</b>	<b>134,603</b>	<b>129,628</b>
Loan 04 From Saudi Fund	33 kV South Mahe	Borrowings	€ 20,000	1,707	23,009	21,176	29,226	16,554	-	-
		Interest for the Year		6,015	2,035	3,935	3,867	4,085	4,229	3,578
		Repayment of Capital		-	30,120	19,307	19,153	18,667	20,888	19,612
		<b>Balance carried forward</b>		<b>300,093</b>	<b>200,678</b>	<b>194,819</b>	<b>204,056</b>	<b>196,000</b>	<b>198,439</b>	<b>166,699</b>
Loan 05 From African Development Bank	Mahe Sustainable Water Augmentation	Borrowings	€ 20,600	69,719	52,978	41,921	24,709	5,886	-	-
		Interest for the Year		8,079	747	7,723	8,125	7,881	7,442	6,875
		Repayment of Capital		8,158	12,987	16,573	19,864	20,495	21,008	21,533
		<b>Balance carried forward</b>		<b>253,896</b>	<b>215,793</b>	<b>232,830</b>	<b>236,694</b>	<b>215,190</b>	<b>199,562</b>	<b>183,018</b>
		Borrowings	€ 8,500	31,756	3,775	4,953	5,439	-	-	-

Loan 06 From Abu Dhabi Fund for Development	Ille de Romainville Solar Park	Interest for the Year		3,197	2,383	2,272	2,259	2,141	2,026	1,910
		Repayment of Capital		-	-	-	8,135	7,928	8,126	8,329
		<b>Balance carried forward</b>		<b>163,780</b>	<b>117,179</b>	<b>117,619</b>	<b>114,404</b>	<b>103,144</b>	<b>97,596</b>	<b>91,706</b>
Loan 07 From Nouvobanq	Desalination extension II - Providence	Borrowings	<b>R 159,351</b>	-	84,351	-	-	-	-	-
		Interest for the Year		1,665	8,089	9,668	8,188	6,721	4,805	2,730
		Repayment of Capital		6,164	21,772	20,046	21,543	23,083	24,999	27,074
		<b>Balance carried forward</b>		<b>68,836</b>	<b>131,415</b>	<b>111,369</b>	<b>89,826</b>	<b>66,743</b>	<b>41,744</b>	<b>14,671</b>
Loan 08 From Nouvobanq	2 x 8 MW Generator sets	Borrowings	<b>R 329,700</b>	-	-	-	184,716	134,317	10,667	-
		Interest for the Year		-	-	-	4,108	14,854	19,156	17,707
		Repayment of Capital		-	-	-	-	-	22,703	26,218
		<b>Balance carried forward</b>		-	-	-	<b>184,716</b>	<b>319,033</b>	<b>306,997</b>	<b>280,780</b>
Loan 09 From Financing source to be determined	Praslin 3x2 MW Generator Sets	Borrowings	<b>€ 14,000</b>	-	-	-	60,564	78,400	60,270	-
		Interest for the Year		-	-	-	270	10,367	12,347	11,317
		Repayment of Capital		-	-	-	-	-	20,090	20,592
		<b>Balance carried forward</b>		-	-	-	<b>60,564</b>	<b>137,200</b>	<b>180,810</b>	<b>164,738</b>
Loan 10 From Financing source to be determined	Photovoltaic - La Digue & Praslin	Borrowings	<b>€ 12,000</b>	-	-	-	-	112,000	57,400	-
		Interest for the Year		-	-	-	-	1,411	4,600	5,295
		Repayment of Capital		-	-	-	-	-	-	-
		<b>Balance carried forward</b>		-	-	-	-	<b>112,000</b>	<b>172,200</b>	<b>176,505</b>
Debt for Other PEs (Please Specify the Name of the PE)		Borrowings		-	-	-	-	-	-	-
		Interest for the Year		-	-	-	-	-	-	-
		Repayment of Capital		-	-	-	-	-	-	-
		<b>Balance carried forward</b>		-	-	-	-	-	-	-
<b>TOTAL</b>				<b>2,068,496</b>	<b>1,643,988</b>	<b>1,476,371</b>	<b>1,774,311</b>	<b>1,916,241</b>	<b>1,774,430</b>	<b>1,519,230</b>

#### 6.8.3.4 Anticipated Subventions and Grants By Public Utilities Corporation

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants							
				Actual Figures			Provisional	Forecast			
				2020	2021	2022	2023	2024	2025	2026	
Subventions	Government	-	-	-	-	-	-	-	-	-	-
	EIB	-	-	-	-	-	-	-	-	-	-
	AfDB (AWF)	-	-	-	-	-	-	-	-	-	-
Grants	Government	Capital Projects	-	40,000	60,000	60,000	60,000	40,000	40,000	60,000	
	EIB	-	-	-	-	-	-	-	-	-	-
	AfDB (AWF)	-	-	10,000	4,000	-	3,000	-	-	-	-
<b>TOTAL</b>				<b>50,000</b>	<b>64,000</b>	<b>60,000</b>	<b>63,000</b>	<b>40,000</b>	<b>40,000</b>	<b>60,000</b>	

#### 6.8.3.5 Contingencies of Public Utilities Corporation

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees							
				Actual Figures			Provisional	Forecast			
				2020	2021	2022	2023	2024	2025	2026	
Guarantees	Government										
	Guaranteed for other PEs										
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Government										
	PUC	Litigation by third parties		2,299	15,000	-	-	4,500			
<b>TOTAL</b>				<b>2,299</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>4,500</b>			

#### 6.8.3.6 Assumptions used for the Financial Projections of Public Utilities Corporation

Financial Projections Assumptions for Public Utilities Corporation:

1. Consistent Implementation of Fuel-Related Tariff Changes:

Assumption: Fuel-related tariff changes will be consistently implemented as prescribed under the PUC Act.

2. Tariff Increase:

Assumption: A tariff increase of 9.2% for all utility services has been factored in, as proposed in the 2022/23 Tariff Study.

3. Fuel Price Projections:

Assumption: Fuel prices have been projected at 10.70 SR/ltr for HFO and 14.27 SR/ltr for LFO, based on information from SEYPEC.

4. Tariff Adjustment:

Assumption: A tariff adjustment of 50 cents for all electricity tariffs will be implemented as of January 2024.

5. Modest Growth Rates:

Assumption: Modest growth rates for the demand of electricity, water, and wastewater are assumed, based on pre-COVID levels.

6. Inflation Rate:

Assumption: An inflation rate of 2.5% has been assumed.

7. Exchange Rate Assumptions for 2024 and Beyond:

Assumption: Exchange rates for 2024 are as follows, and will grow by an inflation rate of 2.5% per annum from 2025 to 2026:

USD: 14.0000

EURO: 15.2841

GBP: 17.6360.

8. Capital Investment and Borrowings:

Assumption: Capital investment and borrowings are not constrained by national debt ceiling limits.

9. Access to Development Grants:

Assumption: PUC will continue to have access to development grants from the Government for capital projects.

10. Exclusion of Extraordinary Events:

Assumption: The potential impact of unforeseen extraordinary events, such as natural disasters, pandemics, or other Force Majeure events, on the Corporation's financial and operational performance has not been factored into the projections.

11. Monopoly Ownership of Regulated Transmission Networks:

Assumption: PUC will continue to be the sole owner of regulated transmission networks.

12. Consideration of Changes in International Financial Reporting Standards (IFRS):

Assumption: Any known changes in international financial reporting standards (IFRS) that may impact the Corporation's financial reporting and disclosures have not been taken into account.

These assumptions provide the foundation for the financial projections of the Public Utilities Corporation.

## 6.8.4

### KPIs, Risk Management Strategy and Reporting Obligations

#### 6.8.4.1

##### *Key Performance Indicators of the Public Utilities Corporation*

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>FINANCIAL PERFORMANCE TARGETS</b>								
Financial Metrics	Revenue from Operations	1,523,019,225	1,687,613,847	1,937,351,306	1,888,128,482	2,473,462,099	2,594,694,692	2,673,740,222
Financial Metrics	Net Profit	(253,879,046)	489,557,976	202,065,814	171,072,021	218,005,114	233,319,852	258,809,137
Financial Metrics	Earnings before Interest (EBIT)	(247,306,539)	486,164,970	207,163,410	175,003,241	256,628,226	279,466,187	298,979,903
Financial Metrics	Total Assets	5,547,310,592	5,405,414,980	5,591,290,481	5,992,268,471	6,435,319,011	6,632,982,750	6,740,291,821
Financial Metrics	Shareholders' Equity	2,168,916,429	2,658,474,405	2,860,540,219	3,031,612,240	3,249,617,354	3,482,937,206	3,741,746,343
Financial Metrics	Total Debt	1,873,157,364	1,361,010,397	1,286,324,667	1,606,776,168	1,816,075,140	1,812,374,798	1,674,564,897
<b>FINANCIAL RATIOS</b>								
Financial Ratios	Current Ratio	3.72	4.31	3.81	4.89	3.88	3.31	2.99
Financial Ratios	Quick Ratio	2.23	2.37	2.24	2.81	1.85	1.44	1.26
Financial Ratios	Debt-to-Equity	86%	51%	45%	53%	56%	52%	45%
Financial Ratios	Total Debt to Capital	46%	34%	31%	35%	36%	34%	31%
Financial Ratios	Gross Profit	49%	40%	38%	46%	44%	45%	45%
Financial Ratios	Operating Cost Coverage ratio (times)	0.86	1.40	1.12	1.10	1.10	1.10	1.11
Financial Ratios	Net Profit	-17%	29%	10%	9%	9%	9%	10%
Financial Ratios	Return on Capital Employed	-5%	10%	4%	3%	4%	4%	5%
Financial Ratios	Return on Equity	-12%	18%	7%	6%	7%	7%	7%
Financial Ratios	Return on Assets	-5%	9%	4%	3%	3%	4%	4%

#### 6.8.4.2 Risks and Resilience Plan of the Public Utilities Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Failure to deliver the plans and targets.	Develop a comprehensive strategic plan with clear objectives, milestones, and KPIs. Regularly review and update the plan as needed.
	Failure to properly manage PUC's interaction with stakeholders.	Strengthen stakeholder engagement efforts, including regular communication, feedback mechanisms, and relationship-building activities.
Financial Risks	Price volatility of fuel and materials and exchange rate fluctuations.	Implement quarterly adjustments of electricity tariffs based on previous quarter fuel prices.
	Inability to implement appropriate tariffs.	Implement competitive procurement and financial hedging strategies to mitigate the impact of price volatility.
	Accessibility to capital, or lack thereof, to undertake critical capital projects.	Conduct thorough tariff analysis and cost recovery assessments. Seek regulatory approvals for necessary tariff adjustments.
		Diversify funding sources, explore partnerships, and ensure efficient use of existing resources.
Operational Risks	Managing limited water storage capacity to cope with unpredictable climate change.	Invest in infrastructure upgrades to increase water storage capacity and improve resilience to climate change impacts.
	Failure to achieve productivity gains.	Continuously optimize operational processes, invest in technology, and provide training to improve workforce efficiency.
	Failure to provide continuity of service due to high rate of failures associated with aging assets.	Prioritize asset management and maintenance, allocate resources for asset renewal, and continue with preventive maintenance programs.
	Disruptions in the continuity of service associated with low probability but high impact incidents such as fire and floods.	Develop robust disaster preparedness and recovery plans, including backup systems and emergency response protocols.
	Threat to business continuity in the event of IT systems failure, data and communications systems.	Upgrade and migrate existing 'on-premise' ERP system to cloud-based system.
	Equipment nearing obsolescence due to rapid advancements in technology	Assess equipment obsolescence risks, prioritize replacements, and communicate technology refresh strategy transparently to stakeholders. Proactively monitor the technology landscape, develop a clear equipment lifecycle plan, allocate budget for technology upgrades, build strategic supplier partnerships, consider future-proofing when procuring new equipment, and invest in workforce training.
Compliance and Regulatory Risks	Failure to comply with relevant laws and legislation, such as Environment Act, Employment Act, and Occupational Health and Safety legislation.	Continue to train and inform managers about regulatory laws, risks and compliance. Establish a compliance checklist to facilitate monitoring and ensure adherence to all applicable laws and regulations. Conduct regular compliance audits.
	Changes in legislation and/or regulations with significant implications for the business model.	Stay informed about regulatory changes, engage with regulatory authorities, and adapt operations and strategies accordingly.
Environmental and Social Risks	Environmental damage caused by PUC's assets or activities.	Implement environmental impact assessments, adopt sustainable practices, and invest in eco-friendly technologies.
	Loss of expertise and skills upon retirement or departure of key staff.	Develop a robust talent retention and succession plan. Invest in training and development programs.
	Impact on service delivery and productivity due to issues associated with health and safety, absenteeism and degradation in culture and work ethics.	Promote a culture of health and safety, implement wellness programs, and address workplace issues promptly.

Please note that the specific strategies may vary depending on the circumstances and evolving risks.

#### 6.8.4.3

#### *List of External Reporting's by the Public Utilities Corporation*

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Annual Financial Statements	All stakeholders and members of the public	Audited Financial Statements signed by the Board of Directors, including the Report of the Auditor General	Annually
Annual Report	All stakeholders and members of the public	The Annual Report highlights the operational and financial performance of the Public Utilities Corporation for the reporting year. It also contains the Audited Financial Statements, together with the Report of the Auditor General.	Annually
Quarterly Progress Report	Shareholder, Responsible Ministry, PEMC, Board of Directors, PUC management team	The Quarterly Progress Report states and defines the goals and targets of the Corporation, and provides a status update of these goals as well as actions taken during each reporting quarter.	Quarterly
All reporting requirements as mandated by PEMC	PEMC	<p>These include:</p> <ul style="list-style-type: none"> <li>- Signed minutes of board and committee meetings;</li> <li>- Quarterly progress reports</li> <li>- Governance checklist and supporting documentation</li> <li>- Any other information requested.</li> </ul>	<p>Upon approval by the Chairperson.</p> <p>Quarterly</p> <p>Annually</p> <p>As and when required</p>
Mandatory information for outsourcing / procurement	Procurement Oversight Unit, National Tender Board, Procurement Committee of PUC.	<p>These may include:</p> <ul style="list-style-type: none"> <li>- Evaluation reports</li> <li>- Justifications for using certain procurement methods</li> <li>- Application for approval to deviate from the normal procurement method in case of emergency projects, etc.</li> </ul>	As and when required
Cabinet Memorandums and Information Notes to Cabinet	Cabinet, Responsible Minister, Board of Directors.	<p>These include:</p> <ul style="list-style-type: none"> <li>- Request for permission to initiate major projects</li> <li>- Request for permission to enter into loan agreements</li> <li>- Presentation of information or disclosure which may be highly significant or be of national importance.</li> </ul>	As and when required
Information sought through the Access to Information Act	The solicitor of information, subject to the provisions of the Information Act.	<p>These may include:</p> <ul style="list-style-type: none"> <li>- Customer related queries or complaints</li> <li>- Information about the Corporation's activities</li> </ul>	As and when required
Any other periodic or ad hoc reports	The solicitor of the required report, competent authorities.		As and when required

## 6.8.5 Stakeholder Engagement

### 6.8.5.1 *Statement by CEO*

As the CEO of the Public Utilities Corporation (PUC), I am committed to steering our organization towards a future of excellence, marked by continuous improvements, innovation, sustainability, and unwavering dedication to meeting the expectations of our customers and stakeholders. It is with great resolve that I accept the objectives and strategic directives laid out by our esteemed Board of Directors.

In the unique context of small island states, PUC faces complex challenges that demand a strategic and proactive approach. I am acutely aware of the limitations posed by the absence of regional utility network integration and our small-scale operations, which often hinder the Corporation from realizing economies of scale. However, these challenges serve as catalysts for innovation and self-sufficiency in every facet of our operations.

Our journey is fraught with hurdles such as limited access to critical resources, including finance, infrastructure, and skilled manpower. Nevertheless, these challenges are not insurmountable; they are opportunities for us to demonstrate resilience, creativity, and adaptability in achieving our goals.

The evolving landscape of customer expectations necessitates a fundamental shift in our focus. We must relentlessly pursue continuous improvement in service delivery, strengthen our relationships with stakeholders, and prioritize their concerns. Building a positive image of the Corporation is paramount, and I am resolutely committed to this endeavor.

Our key focus areas encompass a spectrum of challenges and opportunities:

1. **Cost Management and Tariff Enforcement:** We will rigorously manage costs and enforce economic cost recovery tariffs, ensuring the financial sustainability of PUC.
2. **Asset Maintenance and Expansion:** The ongoing replacement and refurbishment of assets will remain a priority to uphold security, reliability, and service levels.
3. **Capacity Expansion:** We will invest in expanding our capacity to meet growing consumption demands, aligning with Seychelles' economic growth.
4. **Efficiency Improvements:** Enhancing business processes is essential to deliver operating efficiencies and improve our overall performance.
5. **Sustainability Initiatives:** We will be at the forefront of initiatives related to electricity and water demand management, environmental quality, and sustainability.
6. **Customer-Centric Approach:** Our commitment to enhancing customer service and customer care will be unwavering, ensuring that our customers' needs are met with excellence.
7. **Workforce Development:** We are dedicated to developing a highly productive and efficient workforce, equipping our employees to excel in their roles.
8. **Performance-Oriented Culture:** We will cultivate a performance-oriented culture that respects external stakeholders, including regulators, and continually seeks to exceed their expectations.
9. **Renewable Energy Leadership:** As the energy landscape evolves towards renewable sources, we will actively take a lead role in the deployment of medium-sized renewable plants.

Furthermore, I recognize that the performance of PUC hinges on various external factors, including legislative requirements, environmental obligations, safety, stakeholder engagement, economic conditions, regulatory relationships, technological advancements, and our commitment to addressing climate change.

In line with these goals, we have established measurable performance targets that reflect our commitment to achieving excellence. While some targets may take time to demonstrate, we will assess our performance annually against these benchmarks.

Resource allocation will be optimized to ensure maximal gains, and I am dedicated to attaining key performance indicators (KPIs) as defined by the Board of Directors. In conclusion, the challenges we face are substantial, but they are eclipsed by our determination to succeed. I pledge my unwavering commitment to leading PUC towards a future defined by resilience, continuous improvement, sustainability, and effective service delivery.

**Joel Valmont**  
**Chief Executive Officer**

#### **6.8.5.2 *Foreword by Chairperson***

Dear Stakeholders and Partners,

As we journey towards a brighter future and more sustainable tomorrow, I am honoured to reflect on the remarkable achievements of the Public Utilities Corporation (PUC), its current standing, and the exciting way forward.

#### **A Legacy of Service Excellence**

For decades, PUC has proudly served the people of Seychelles, providing essential utilities such as electricity, water, and wastewater services. Our unwavering commitment to quality and reliability has been the cornerstone of our nation's prosperity. We are grateful for the trust and support you have placed in us.

#### **Current Status and Looking Ahead**

As we look towards 2024, the projects we have undertaken in recent years are beginning to bear the fruits of progress: our financial health is stabilizing, and operational efficiency is on the rise. Our infrastructure, capacity, and service delivery have all been elevated, and this trend of optimisation looks set to continue in the years to come.

#### **Future Trajectory and Public Perception**

In the immediate future (2024 – 2026), we aim to position PUC as a beacon of sustainability and innovation. The Government and the public will recognise us as a forward-thinking organization that not only provides essential services but also plays a central role in advancing national priorities.

#### **Strategic Priorities**

Our strategic priorities are closely aligned with the evolving needs of Seychelles' society. We have prioritized the following principles:

**Infrastructure Enhancement:** Our commitment to upgrading aging infrastructure and expanding capacity will ensure a dependable supply of electricity and water.

**Environmental Stewardship:** PUC is committed to minimizing our environmental footprint. We will invest in sustainable practices and technologies to preserve Seychelles' natural beauty.

**Customer-Centric Approach:** We recognise that our customers are at the heart of our success. We will focus on delivering exceptional customer service and addressing concerns expediently.

**Financial Sustainability:** We will maintain fiscal responsibility, ensuring that our remuneration policies align with national guidelines while focusing on prudent financial management.

### **Contribution to National Priorities**

PUC's role extends far beyond utility provision: we are committed to contributing to national priorities by fortifying economic prosperity, safeguarding our environment, and nurturing societal well-being. Our initiatives will generate employment opportunities, champion renewable energy investment, and enhance the overall quality of life in Seychelles.

### **Economic Contributions**

Historically, PUC has been a significant contributor to Seychelles' economy. Looking forward, we are committed to sustaining and increasing this contribution through judicious financial stewardship, infrastructure expansion, and strategic partnerships.

### **Performance Targets and the Medium-Term Financial Strategy (MTFS)**

We acknowledge the performance targets set forth by the Board of Directors. We are fully committed to achieving these goals by aligning our actions with the Medium-Term Financial Strategy (MTFS). This framework will guide us in making well-informed decisions that will enrich our stakeholders and uplift our nation.

In conclusion, the path ahead is signposted with excitement and optimism. PUC is not merely a provider of today's necessities; but the architects of a brighter future for Seychelles. Together, with your continued support and partnership, we shall realise our vision of becoming a sustainable and customer-centric utility provider.

Thank you for entrusting us with the privilege of serving you and our beautiful nation. Onward, towards a brighter Seychelles!

**Leonard Alvis**  
**Chairperson**  
**Public Utilities Corporation**

#### **6.8.5.3 *Statement by the Responsible Minister***

The MTFS of PUC is yet to be commenced by the Minister Responsible for Energy.