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**SOE Performance Report**

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**July-September 2015 YTD**

Ministry for Public Enterprises

December 2015

## **BACKGROUND**

There are 29 State Owned Enterprises (also referred to as Public Bodies) providing various services for the benefit of the people of Samoa. One of the SOE namely the Agriculture Store Corporation (ASC) is currently under finalization of its privatization process/sale. From the two new SOEs recently added to the Schedule 1 of the Public Bodies Act 2001 namely Samoa International Finance Authority (SIFA) and Gambling Control Authority (GCA), only SIFA was able to submit their first quarterly report. Of the 29 SOEs 18 are Public Trading Bodies which include the 3 Mutual Bodies and 8 are Public Beneficial Bodies. The ASC, GCA, NHS, NUS and SROS are excluded in this quarterly analysis. NHS managed to submit their report during the compilation of this report but it did not fully comply with the reporting guidelines.

The performance of SOEs has a significant impact on the public and the economy in general through the goods and services SOEs provide. The government has its policy for Public Trading Bodies to earn at least a 7% return on equity (ROE). Public Trading Bodies are also required to pay a 50% NPAT dividend to Government. For Public Beneficial Bodies, they are mandated to provide quality services to the public while at the same time, wisely manage finances to prevent producing deficits.

The purpose of this report as mandated under the Act is to provide an overview of performance of all PBs for the quarter ended 30<sup>th</sup> September 2015 for information of the public.

**PUBLIC TRADING BODIES' PERFORMANCE (YTD<sup>4</sup> July-September 2015)**

PUBLIC TRADING BODIES		REVENUES			EXPENSES			NPAT		ROE	
		2015	2014	Var	2015	2014	Var	2015	2014	2015	2014
1	Development Bank of Samoa	2.5	2.71	-7%	2.81	3.66	-23%	(0.27)	(1.4)	-2%	-3%
2	Electric Power Corporation	27	34.45	-20%	25.27	32.29	-22%	2.1	1.3	4%	1%
3	Land Transport Authority	8.7	9.53	-8%	5.17	8.30	-38%	3.6	0.5	237%	37%
4	Polynesian Airlines Limited	6	4.86	27%	4.72	3.30	43%	1.5	0.3	21%	1%
5	Public Trust Office	0.2	0.09	137%	0.22	0.33	-34%	0.01	(0.1)	0.7%	-3%
6	Samoa Airport Authority	3.9	3.74	6%	2.88	3.23	-11%	1.1	0.4	7%	1%
7	Samoa Housing Corporation	1	1.23	13%	0.81	0.79	3%	0.6	0.3	8%	1%
8	Samoa International Finance Authority	2.8	-	0%	4.42	-	0%	(1.6)	0.0	-11%	0%
9	Samoa Land Corporation	1.7	2.01	-18%	1.5	1.97	-52%	0.1	0.4	1%	1%
10	Samoa Post Limited	0.5	0.53	4%	0.43	0.48	-11%	0.1	0.1	17%	3%
11	Samoa Ports Authority	3.9	3.47	13%	1.63	2.80	-42%	1.1	0.1	2%	0%
12	Samoa Shipping Corporation	8	0.00	0%	5.42	-	0%	2.6	0.0	39%	0%
13	Samoa Shipping Services	0.6	3.05	-79%	0.55	6.08	-91%	0.1	(3.0)	5.7%	-2%
14	Samoa Trust Estate Corporation	0.1	0.1	0%	0.56	0.53	5%	(0.5)	(0.4)	-4%	0%
15	Samoa Water Authority	4.79	4.19	14%	6.00	6.58	-9%	(1.2)	(1.1)	-7%	-2%
16	Unit Trust of Samoa (Management) Ltd	0.46	0.39	17%	0.18	0.15	18%	0.3	0.0	56%	4%
	<b>Total</b>	<b>73</b>	<b>70</b>	<b>4%</b>	<b>63</b>	<b>70.47</b>	<b>-11%</b>	<b>9.5</b>	<b>(2.3)</b>	<b>1.1%</b>	<b>-0.4%</b>

**Key:**

<sup>1</sup>NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

<sup>2</sup>ROE – Return on Equity

ROE is calculated as NPAT divided by Equity for each SOE. This represents the return on government funds.

<sup>3</sup>Var = Variance – This represents the percentage change compared to corresponding quarter of the previous year.

<sup>4</sup>YTD – Year to Date.

## SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES DURING THE QUARTER

### 1. Development Bank of Samoa (DBS)

- Loan collection for the quarter was recorded at \$4.1m compared to budget of \$5.7m representing a reduction of 28%.
- Total revenue and total expenditure are slightly below budget by 0.9% and 7% respectively.
- Interest income increased by 2% compared to budget as a result of the commencement of interest for SIDS/CYG and tourism accounts under stimulus package.

### 2. Electric Power Corporation (EPC)

- EPC continued to implement major works under different projects which includes improving debt collection, tree trimming and cleaning, generated electricity, Green power, System loss reduction program, hydro recovery works plan, power sector expansion program as well as renewable energy and efficiency programme.
- Office of the Regulator has approved the three year electricity tariff which was effective on July 2015.
- EPC recorded YTD Net Profit of \$2.1 million against a budgeted loss of \$1.3m. It should be noted that this profit is before debt services and capex.

### 3. Land Transport Authority (LTA)

- LTA is continually committed to the implementation of major activities including roads rehabilitation, new capital works and transport management systems for roads users.

### 4. Polynesian Airlines (PAL)

- Loading factor of 82% is above budget by 18%. Total passengers flown of 22,645 are also below budget by 32%.
- Total revenue for the quarter is 27% higher while expenditure slightly falls below budget by 5%.
- PAL recorded a profit of \$1.4million for the reviewed quarter.

### 5. Public Trust of Samoa

- A total of 15 new wills were written and registered while six (6) old Wills have been amended.
- Total revenue is above budget by 24% mainly due to increase in interest received from investments.
- A profit of \$7,243 was recorded during the quarter against a budgeted loss of \$151,783.

### 6. Samoa Airport Authority (SAA)

- Assessments on the new terminal with regards to the environment and social life have been expanded to complete a full efficient analysis.
- Quarterly revenue increases as compared to budget and previous quarters due to improvement in revenue collection from departure tax and landing fees.

- Total expenditure for the quarter is 16% below budget. Reflecting the decreasing expenditure trend and the improvement in income earned, a profit was recorded during the quarter.

#### 7. **Samoa Housing Corporation (SHC)**

- The values of continuing loans portfolio increased by 12% as compared to budget due to the continuous number of new loans. It remains crucial for the corporation to monitor the viability of clients for repayment before loans are offered to alleviate increasing in credit risks.
- Total revenue for the reviewed quarter increased by 20% and 1% compared to budget and previous quarter.
- Expenditure falls below budget and reduces compared to actual of the previous quarter by 1% and 22% respectively.

#### 8. **SIFA**

- Overall revenue was recorded at \$2.8m having incorporation and annual fees as the major revenue source for the quarter holding 73%.
- Total expenditure was recorded at \$4.4m far exceeding total revenue thus leading to a loss of \$1.6m.

#### 9. **Samoa Land Corporation (SLC)**

- Quarterly Revenue of the Corporation is below budget by 17% and continues to decrease over the quarters.
- Total Expenditure fluctuates throughout the quarters but remains below budget for the reviewed quarter.
- SLC recorded a profit higher than budget but as a reduction as compared to previous quarters.
- ROE is now an issue to the Corporation given the benchmark of 7% is not achieved.

#### 10. **Samoa Post Limited (SPL)**

- Despite total revenue being slightly below budget, SPL has controlled its expenditure within projections reflecting a NPAT for the quarter.
- NPAT is recorded to be 20% higher than projections but has reduced as compared to the previous quarter.

#### 11. **Samoa Ports Authority (SPA)**

- Revenue for the quarter improves as a result of increase in port charges and the number of vessels visiting the shores.
- Total Expenditure is controlled within limits reflecting the NPAT recorded for the quarter under review.
- A profit of \$1m was recorded at the new rates recently approved by Cabinet. These new rates have seen improvement in the revenue collection for the Authority.

#### 12. **Samoa Shipping Corporation (SSC)**

- Successful launching of the SPB Nafanua for her bi-ennial slipping work at the Satiotoa Slipway.
- A dividend of \$829,292.50 has been paid to government during the quarter.

- The number of passengers travelled between Upolu and Savaii has decreased in review quarter by 2% compared to budget.
- The number of passengers travelled to and from American Samoa dramatically dropped during the quarter by 60% as an impact of the Lady Naomi charter trips to the Cook Island while the Fotu o Samoa II covered for only cargo.
- Total revenue for the quarter has increased by 28% compared to the corresponding quarter of 2014 and exceeded the budgeted revenue by 3.9%. Major revenue contributors to SSC holding 53% and 40% respectively include income from Domestic Service and Charter Service.
- Total expenditure for the quarter has decrease by 21% as compared to the previous quarter largely due to the increase in administration and financial expenses.

### 13. **Samoa Shipping Services**

- SSS is persistent in achieving its objective of developing a well-structured system of coordinating seafarer's deployment procedures in order to meet its goal by increasing the number of seafarers working on board foreign going vessels.
- SSS overall revenue has reduced as compared to budget by 7% followed by total expenditure falling below budget by 32%.
- A net profit of \$87,205 against a budgeted loss of \$129,175 was recorded during the quarter as a result of the reduction in expenditure.

### 14. **Samoa Trust Estate Corporation (STEC)**

- There has been a shortfall in revenue by 31% compared to budget for the current quarter. The major continuing prohibiting factor to this shortfall was the dispute over land resulting in delay of finalization of lease agreements with private sector entrepreneurs.
- STEC continues to record losses as a result of continued insufficient revenue to cover for the Corporation's quarterly budget. As a result, liquidity and cash flow positions continue to be in a very weak position.

### 15. **Samoa Water Authority (SWA)**

- Water quality results for each month were 100% complied with Ministry of Health and National quality standards.
- Performance of SWA remains unsatisfactory as more losses are recorded during the quarter.

### 16. **Unit Trust Of Samoa Ltd (UTOS Management)**

- The Board of the Management Company has commenced the new financial year with a profit of \$279,000 that is above budget by 0.35
- Total Revenue falls below budget as revenue collection from late payments, fees and interest income reduces.

**ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD APRIL-JUNE 2015)**

Mutual and Beneficial Bodies		REVENUES			EXPENSES			NPAT	
		2015	2014	Var	2015	2014	Var	2015	2014
	<b><u>Mutual Societies</u></b>								
1	Accident Compensation Corporation	4.3	3.8	12%	1.38	1.31	5%	2.9	2.5
2	Samoa Life Assurance Corporation	2.5	2.5	0%	2.02	2.26	-11%	0.5	0.2
3	Samoa National Provident Fund	10.7	10.9	-2%	4.04	2.82	43%	6.6	8.1
	<b>TOTAL</b>	<b>17.5</b>	<b>17.3</b>	<b>1%</b>	<b>7.4</b>	<b>6.4</b>	<b>16%</b>	<b>10.0</b>	<b>10.8</b>
	<b><u>PUBLIC BENEFICIAL BODIES</u></b>								
1	National Kidney Foundation of Samoa	1.6	1.5	10%	1.35	1.57	-14%	0.25	(0.1)
2	Samoa Qualifications Authority	0.7	0.8	-7%	0.68	0.78	-12%	0.03	(0.0)
3	Samoa Sports Facilities Authority	1.1	0.8	38%	1.18	1.11	6%	(0.1)	(0.3)
4	Samoa Fire and Emergency Service Authority	1.1	1.0	5%	1.14	1.07	7%	(0.1)	(0.0)
5	Samoa Tourism Authority	2.4	2.6	-9%	1.93	2.58	-25%	0.5	0.0
	<b>TOTAL</b>	<b>6.8</b>	<b>13.4</b>	<b>-49%</b>	<b>6.2</b>	<b>12.62</b>	<b>-50%</b>	<b>0.6</b>	<b>(0.5)</b>

**Key:**

<sup>1</sup>NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

<sup>3</sup>Var = Variance – This represents the percentage change in comparison to the similar quarter for the previous year.

<sup>4</sup>YTD – Year to Date