

PEPA FAAOPOOPO E:

SOE PERFORMANCE REPORT

OCTOBER - DECEMBER 2016 YTD

Ministry for Public Enterprises
April 2017

BACKGROUND

There are 28 State Owned Enterprises (also referred to as Public Bodies) providing various services for the benefit of the people of Samoa. Of the 28 SOEs, 17 are Public Trading Bodies, 3 are Mutual Bodies and 8 are Public Beneficial Bodies. 26 Public Bodies are included in this overall report. However, only 18 (69%) PBs submitted their October-December QRs on the mandated time-frame (31st January 2017).

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 50% NPAT dividend to Government. For Public Beneficial Bodies, they are mandated to provide quality services to the public while at the same time, 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 31st December 2016 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³ October-December 2016)

	PUBLIC TRADING BODIES	Revenues			Expenses			NPAT ¹		
		Actual	Budget	Var ²	Actual	Budget	Var	Actual	Budget	Var
1	Development Bank of Samoa	6.24	5.72	9%	5.8	6.15	-5.0%	0.18	-0.32	-158%
2	Electric Power Corporation	56.72	53.11	7%	53.2	50.99	4%	3.49	2.13	64%
3	Gambling Control Authority	0.71	0.44	62%	0.2	0.19	21%	0.49	0.26	91%
4	Land Transport Authority	16.49	15.90	4%	14.2	15.90	-10%	2.25	0.00	0%
5	Polynesian Airlines Limited	11.15	11.08	1%	9.4	9.39	0%	1.77	1.68	5%
6	Public Trust Office	0.24	0.37	-35%	0.5	0.67	-26%	-0.26	-0.31	-17%
7	Samoa Airport Authority	8.06	7.75	4%	7.3	7.75	-6%	0.79	1.55	-49%
8	Samoa Housing Corporation	3.26	3.32	-2%	2.1	2.31	-11%	1.20	1.01	19%
9	Samoa International Finance Authority	25.19	23.17	9%	4.9	5.51	-12%	20.33	17.67	15%
10	Samoa Land Corporation	3.46	3.79	-9%	2.8	3.64	-24%	0.51	0.11	353%
11	Samoa Post Limited	1.08	1.10	-2%	0.8	0.92	-13%	0.25	0.13	97%
12	Samoa Ports Authority	9.07	8.12	12%	5.9	6.03	-2%	3.17	2.09	52%
13	Samoa Shipping Corporation	13.05	13.83	-6%	9.9	11.39	-13%	2.28	1.79	27%
14	Samoa Shipping Services	1.30	1.28	2%	1.1	1.35	-16%	0.17	-0.07	-341%
15	Samoa Trust Estate Corporation									
16	Samoa Water Authority	11.19	12.41	-10%	11.4	14.35	-20%	-0.23	-1.94	-88%
17	Unit Trust of Samoa (Management) Ltd	0.90	0.63	42%	0.5	0.51	-1%	0.40	0.12	223%
	Total	168.12	162.01	4%	130.1	137.1	-5.1%	36.78	25.89	42%

Key:

¹NPAT – Net Profit after tax

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

²Var = Variance – This represents the percentage change compared to corresponding quarter of the previous year.

³YTD – Year to Date.

SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES FOR OCTOBER-DECEMBER 2016 (YTD)

1. Development Bank of Samoa (DBS)

- Total of 409 loan applications valued at \$3.7million were approved during the quarter. Of this amount, 33% represents Industry, 55% to Agriculture, 5% to SACEP, and 7% to Inclusive Development. The increase in approval from \$3million in the previous quarter is mainly due to increases in the Agriculture and Industry sector loan approvals by 128% and 60% respectively.
- The bank has achieved NPAT for two consecutive quarters as compared to continuous losses in the last four years. The shift in performance is mainly due to an increase in interest income received from repayments on loans under SID/CYG schemes and SACEP as well as reductions on administration cost and interest on borrowing.
- The total loan portfolio recorded as at 31st December amounts to \$156.7million, a reduction from \$156.9 million in the previous quarter, and is also below budgeted amount of \$158.5 million.

2. Electric Power Corporation (EPC)

- The Corporation has completed 80kw solar system for Mapuifagalele Home for the Aged at Vailele during the reporting period.
- Green Climate Fund (GCF) approved in principal USD\$64m for EPC Climate Resilient Project in December 2016.
- ADB's approval for use of remaining available funds to fund additional new projects such as the (i) smart meter, (ii) Taelefaga 3rd generator and upgrade of 33kv tieline, (iii) Battery Storage and Smart systems, (iv) Lalomauga Hydro Rehabilitation, (v) Vaipu Pumping to Afulilo Dam and (vi) Vending System for Prepayment Metering.

3. Land Transport Authority (LTA)

- Soosung Consultants from South Korea have completed both the Preliminary Design for the Maliolio bridge. LTA and World Bank teams are undergoing review before proceeding to final detail design stage.
- The number of drivers registered during the quarter has increased substantially by 96%. Number of vehicles registered on the other hand dropped by 27% compared to previous quarter.

4. Polynesian Airlines(PAL)

- General Sales Agency Revenue exceeded budget by 90%.
- Load factor of 67% is lower than budget of 67% as reflected by the drop in the number of passengers carried by the airline for the quarter.

5. Public Trust Office (PTO)

- There were seven (7) new wills written and registered. Twenty seven (27) new estates were opened during the quarter under review.
 - PTO recorded a net loss of \$155,458 at the end of the second quarter because the revenue capacity is far below expenditure incurred. However, current ratio is above budget and benchmark of 2:1. The improvement in liquidity as well is mainly due to the decrease in current liabilities when compare to last quarter.
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Current ratio on the other hand has been increased compared to both budget and last quarter, reflecting the increase in gain from investments from \$5.7million in the first quarter to \$5.9million at current.

6. Samoa Airport Authority (SAA)

- The temporary arrival area and shelters for front line services and businesses have been completed and commissioned during the reporting period.
- Passenger movement has reduced to 85,703 in this quarter from 86,373 reported in the last quarter. This corresponds to the 5% decrease in aircraft movement during the quarter.

7. Samoa Housing Corporation (SHC)

- YTD expenditure in the current quarter is lower than projected by 11% mainly due to the decline in two of the Corporation's major expenses which include the provision for doubtful debts and depreciation on fixed assets by 41.6% and 1.6%.
- Quarterly NPAT is above expected profits by 19%.
- Annualized ROE and ROA has improved compared to budget following the improvement in NPAT trend.

8. Samoa International Finance Authority (SIFA)

- YTD revenue was recorded at \$25.19m having incorporation and annual fees as the major revenue source for the quarter holding 96% of total revenue.
- YTD expenditure was recorded at \$4.9m far below total revenue thus leading to a profit of \$20m.

9. Samoa Land Corporation (SLC)

- YTD revenue is slightly lower than budget by 9%. Despite the decline in revenue, the Corporation managed to make profit as a result of the decrease in total expenditure by 26% compared to budget.

10. Samoa Post Limited (SPL)

- Postal and agency services contributed to the 4% of revenue against budget for the quarter. YTD expenditure is within budgeted costs by 13% reflecting the implementation of controlled measures.
- SPL recorded a net profit after tax above budget by 98% as a direct result of the controlled spending alongside with the revenue above target leading to YTD NPAT of \$250,884.

11. Samoa Ports Authority (SPA)

- The installation of main wharf power factor has completed to manage electricity load capacity of the Authority.
 - SPA paid \$1million dividend to Government based on its Audited NPAT of FY2015/2016.
 - Replacement of existing mooring buoys for gas carriers by Rasmussen Engineering has completed.
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12. Samoa Shipping Corporation (SSC)

- SSC's restructuring of its share capital has been approved by Cabinet to take into account the effect of the transfer of domestic wharves.
- The Corporation has completed repairs and maintenance of Lady Samoa III and Fotu o Samoa II life rafts, as well as dry docking of fishing vessel Jessica at Aleipata.

13. Samoa Shipping Services (SSS)

- A well structured system of coordinating seafarers deployment procedures to meet its goal by increasing the number of Samoan seafarers working on foreign vessels especially with the main employer Mediterranean Shipping Company.
- Ongoing negotiations with Matson, Neptune, SWIRE and Apia Deep Seas Fishing Company Ltd for further employment opportunities for local seafarers.

14. Samoa Water Authority (SWA)

- The completion of the Aleisa Network upgrade which include installation of new pipeline from the Treatment Plant at Tapatapao to Faleasiu-uta through the inland road was recorded during the reviewed quarter.
- The completion of SWA's major project for the rehabilitation urban untreated schemes was also realized in the reporting period.

15. Unit Trust Of Samoa Ltd (UTOS Management)

- The Board has finally approved the Manager's remuneration fee to be reduced from 2.5% to 2% effective 1st January 2017. The Board also approved during the same meeting, the reduction of the Exit fee from 3% to 1%.
- The Zest IT contracted for the execution of the registry software began their site visit to gather information for constructing the registry system in October.

16. Gambling Control Authority(GCA)

- GCA YTD revenue has increased as compared to budget by 62%.
 - YTD expenditure has also increased by 21% compared to budget.
 - YTD profit of \$488,159 against a budgeted profit of \$255,080 was recorded as a result of the increase in revenue despite the increase in expenditure.
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ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ October-December 2016)

	Mutual and Beneficial Bodies	REVENUES			EXPENSES			NPAT ³		
		Actual	Budget	Var ²	Actual	Budget	Var	Actual	Budget	Var
	Mutual Societies									
1	Accident Compensation Corporation	9.27	8.66	7%	2.33	3.01	-22%	6.94	5.66	23%
2	Samoa Life Assurance Corporation	5.41	10.70	-49.4%	4.78	8.87	-46%	0.51	1.60	-68%
3	Samoa National Provident Fund	23.44	23.58	-1%	4.80	5.65	-15%	18.64	17.93	4%
	TOTAL	38.12	42.94	-11%	11.91	17.52	-32%	26.09	25.19	4%
	<u>PUBLIC BENEFICIAL BODIES</u>									
1	National Health Services of Samoa									
2	National Kidney Foundation of Samoa	3.44	3.50	-1%	3.04	3.49	-13%	0.41	0.01	6922%
3	National University of Samoa	10.44	11.00	-5%	11.11	10.63	4%	-0.66	0.36	-283%
4	Samoa Qualifications Authority	1.76	3.10	-43%	1.63	3.28	-50%	0.13	-0.17	-172%
5	Scientific Research Organization of Samoa	1.85	1.95	-5%	1.86	1.87	-1%	-0.01	0.08	-113%
6	Samoa Sports Facilities Authority	2.21	1.96	13%	2.74	2.33	17%	-0.53	-0.37	42%
7	Samoa Fire and Emergency Service Authority	2.23	2.30	-3%	2.11	2.28	-8%	0.12	0.02	674%
8	Samoa Tourism Authority	6.02	4.68	28%	4.34	4.32	1%	1.67	0.36	360%
	TOTAL	27.95	28.48	-2%	26.82	28.21	-5%	1.13	0.28	308%

Key:

¹NPAT – Net Profit after tax - Calculated on Revenue less Expenses less any tax and dividend paid.

²Var = Variance - This represents the percentage change in comparison to the similar quarter for the previous year.

³YTD – Year to Date