

PEPA FAAOPOOPO E:

SOE PERFORMANCE REPORT

JULY - SEPTEMBER 2016 YTD

Ministry for Public Enterprises
January 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. All 28 Public Bodies are included in this overall report. However, only 16 (57%) PBs submitted their July-September QRs on the mandated time-frame (31st October 2016).

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 30th September 2016 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³ July-September 2016)

	PUBLIC TRADING BODIES	REVENUE			EXPENSES			NPAT ¹		
		Actual	Budget	Var	Actual	Budget	Var ²	Actual	Budget	Var
1	Development Bank of Samoa	3.22	2.86	13%	3.1	3.08	0.5%	0.10	-0.16	-161%
2	Electric Power Corporation	26.84	22.68	18%	29.9	27.27	10%	-3.07	-4.60	-33%
3	Gambling Control Authority	0.10	0.10	-6%	0.1	0.08	41%	-0.01	0.03	-148%
4	Land Transport Authority	8.85	7.95	11%	8.7	7.95	10%	0.14	0.00	
5	Polynesian Airlines Limited	6.10	5.79	5%	5.0	4.79	4%	1.12	1.00	13%
6	Public Trust Office	0.13	0.18	-29%	0.2	0.34	-32%	-0.10	-0.15	-36%
7	Samoa Airport Authority	4.02	3.87	4%	3.7	3.88	-4%	0.31	0.00	-7558%
8	Samoa Housing Corporation	1.59	1.66	-4%	1.0	1.16	-16%	0.64	0.50	26%
9	Samoa International Finance Authority	2.25	3.50	-36%	2.5	2.75	-8%	-0.30	0.75	-140%
10	Samoa Land Corporation	1.62	1.90	-15%	1.4	1.82	-22%	0.14	0.06	158%
11	Samoa Post Limited	0.52	0.55	-6%	0.4	0.43	2%	0.05	0.08	-37%
12	Samoa Ports Authority	4.35	4.03	8%	2.9	2.86	0%	1.49	1.17	27%
13	Samoa Shipping Corporation	3.63	3.30	10%	1.6	1.87	-13%	1.46	1.04	40%
14	Samoa Shipping Services	0.72	0.66	9%	0.6	0.68	-16%	0.15	-0.01	-1359%
15	Samoa Trust Estate Corporation	0.95	0.16	490%	0.4	0.54	-18%	0.50	-0.38	-232%
16	Samoa Water Authority	5.60	6.20	-10%	5.6	7.98	-30%	0.03	-1.78	-102%
17	Unit Trust of Samoa (Management) Ltd	0.44	0.32	38%	0.3	0.25	6%	0.17	0.06	170%
	Total	70.93	65.72	8%	67.5	67.7	-0.4%	2.84	-2.39	-219%

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
JULY-SEPTEMBER 2016 (YTD)**

- 1. Development Bank of Samoa (DBS)**
 - Total of 262 loan applications valued at \$3,000,000 were approved during the quarter. Of this amount, 25% represents Industry, 29% to Agriculture, 33% to SBEC, 10% to SACEP, and 3% to Inclusive Development. The increase in approval from \$1,712,554 in the previous quarter is mainly due to increases in the Agriculture sector, Industry and SBEC loan approvals by 82%, 37% and 25% respectively.
 - This is the first time in four years that the bank has earned NPAT of \$97,337 and the profit before tax is below budgeted loss by 161%. The total loan portfolio recorded as at 30th September amounts to \$157 million.
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 - 2. Electric Power Corporation (EPC)**
 - The Afulilo Aeration Project is completed, with the construction of an aeration and bubble technology system inside Afulilo Dam to remove formation of gas odor from organic materials and lack of oxygen at the bottom of the dam and to improve water quality.
 - Cabinet has approved new tariff rates for current financial year 2016/2017 which was effective on 1st August 2016.
 - 3. Land Transport Authority (LTA)**
 - The Vaitele Street expansion project was completed in July 2016. The Authority continues to implement road infrastructure projects during the quarter such as the commencement of works at the Leone bridge and the designing of Cross Island and West Coast Roads.
 - 4. Polynesian Airlines(PAL)**
 - The flights between Fagalii and Tafuna, Tafuna and Ofu as well as Tafuna and Fitiuta have reflected positively with the increase in revenue as compared to budget by 5%.
 - General Sales Agency Revenue exceeded budget by 38% due to increased sales from Virgin Samoa.
 - 5. Public Trust Office (PTO)**
 - There were fourteen (14) new wills written and registered with the Office whilst three (3) old wills were amended. Twenty five (25) new estates were opened during the quarter under review.
 - PTO incurred a loss in the current quarter leading to a YTD loss of \$98,452. However, its financial position recorded a positive cash flow balance of \$6.4m with 90% of this amount invested at UTOS.
 - 6. Samoa Airport Authority (SAA)**
 - SAA continued to monitor the progress of the World Bank and Terminal Projects.
 - The number of passengers arrived in the country during the quarter has increased by 13% compared to the previous quarter. Passengers departure also increased by 15% in comparison with the last quarter.
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7. Samoa Housing Corporation (SHC)

- Total expenditure in the current quarter is less than anticipated by 16% mainly due to below budget of staff costs, director's fees and interest overdraft by 60%, 50% and 73% respectively.
- Quarterly NPAT exceeds budget by 23% as a result of controlled expenditure in the current quarter.
- Annualized ROE and ROA both increased by 2.4% and 1.5% following improvement in NPAT in the present quarter.

8. Samoa International Finance Authority (SIFA)

- Overall revenue was recorded at \$2.2m having incorporation and annual fees as the major revenue source for the quarter holding 61% of total revenue.
- Total expenditure was recorded at \$2.5m far exceeding total revenue thus leading to a loss of \$0.29m.

9. Samoa Land Corporation (SLC)

- Total revenue increased by 10% due to the increase in real estate and investment income by 11% and 15% respectively compared to the previous quarter.
- The decline in total expenditure by 10% reflects controlled spending.

10. Samoa Post Limited (SPL)

- The Company received a Silver Award in the universal Postal Union award presentation for its excellent performance meeting Universal Postal Union's delivery targets for 2015.
- SPL recorded a net profit after tax below budget by 37% as a direct result from the reduction in revenue collection from postal and other revenue by 11% and 8% respectively compared to budget.

11. Samoa Ports Authority (SPA)

- The Authority funded the installation of safety signages to improve safety precautions for the port of Apia whilst the Port Rehab program is carried out till June 2018.
- The number of vessels for the current period increased to 156 compared to 130 recorded in the last quarter.

12. Samoa Shipping Corporation (SSC)

- Continuous work in progress for the upgrading of domestic Ports and replacing aging machineries and equipment to enhance navigational aid.
- The Corporation has improved its services to the public through an Online Booking System to enable travelers to book and pay online, this project in partnership with the Samoa Tourism Authority will boost tourism development.

13. Samoa Shipping Services (SSS)

- SSS continued to develop 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.
 - Approximately SAT2.1million remittances received from Samoan Seafarers working on overseas vessels during the period which benefitted our Community.
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14. Samoa Trust Estate Corporation (STEC)

- There has been a shortfall in revenue by 32% compared to budget for the current quarter. The major continuing prohibiting factor to this shortfall was the delay in finalization of lease agreement with private sector entrepreneurs.
- Despite the decline in revenue, the Corporation managed to produce a profit of \$502,559.

15. Samoa Water Authority (SWA)

- Urban consolidated untreated supply rehabilitation project (Vaivase-uta, Tapatapao, Vailima) progressing well about 97.98% completed at the end of the reported period.
- The Mulinuu sewer system extension-project is almost completed, with ongoing monitoring and operation of the wastewater treatment plant progressing well. The effluent discharge quality continues to comply with established standards.

16. Unit Trust Of Samoa Ltd (UTOS Management)

- The Management Company has achieved an annualized ROE of 7.5%.
- Malo Samoa Centre project was officially opened in July 2016 and it was fully funded by the UTOS Management Company. This Centre is intended to be the main office for Samoa's Counselor in Auckland New Zealand.

17. Gambling Control Authority(GCA)

- GCA overall revenue has reduced as compared to budget by 6% followed by the increase in total expenditure by 41% compared to budget.
 - A net loss of \$12,515 against a budgeted profit of \$26,005 was recorded during the quarter as a result of the increase in expenditure while at the same time decrease in revenue.
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ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ July- September 2016)

	Mutual and Beneficial Bodies	REVENUE			EXPENSES			NPAT		
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var
	Mutual Societies									
1	Accident Compensation Corporation	5.00	4.33	15%	1.12	1.50	-26%	3.88	2.83	37%
2	Samoa Life Assurance Corporation	2.67	2.68	-0.1%	2.29	2.22	3%	0.39	0.46	-16%
3	Samoa National Provident Fund	10.82	11.79	-8%	1.47	2.82	-48%	9.36	8.97	4%
	TOTAL	18.49	18.80	-2%	4.87	6.54	-26%	13.62	12.25	11%
	PUBLIC BENEFICIAL BODIES									
1	National Health Services of Samoa	19.21	16.41	17%	20.19	15.41	31%	-0.98	1.00	-197%
2	National Kidney Foundation of Samoa	1.73	1.75	-1%	1.52	1.83	-17%	0.21	-0.08	-355%
3	National University of Samoa	5.52	5.45	1%	5.28	5.30	0%	0.25	0.15	66%
4	Samoa Qualifications Authority	0.81	0.18	358%	0.74	0.17	335%	0.07	0.01	1008%
5	Scientific Research Organization of Samoa	0.93	0.95	-2%	0.89	0.94	-5%	0.04	0.02	153%
6	Samoa Sports Facilities Authority	1.09	0.98	11%	1.29	1.17	11%	-0.20	-0.19	7%
7	Samoa Fire and Emergency Service Authority	1.10	1.14	-3%	1.11	1.14	-2%	-0.02	-0.01	168%
8	Samoa Tourism Authority	3.46	3.12	11%	2.12	4.78	-56%	1.34	-1.66	-181%
	TOTAL	33.86	29.98	13%	33.15	30.74	8%	0.71	-0.76	-194%

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