

PEPA FAAOPOPO E:

SOE PERFORMANCE REPORT

JANUARY - MARCH 2017 YTD

Ministry for Public Enterprises
June 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. All 28 Public Bodies are included in this overall report. However, only 12 (46%) PBs submitted their January-March 2017 QRs on the mandated time-frame (30th April 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 March 2017 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³January-March 2017)

	PUBLIC TRADING BODIES	Revenues			Expenses			NPAT		
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var
1	Development Bank of Samoa	8.92	8.58	4%	8.6	8.94	-4.1%	0.14	-0.26	-154%
2	Electric Power Corporation	87.82	82.15	7%	97.5	93.18	5%	-9.71	-11.03	-12%
3	Gambling Control Authority	0.89	0.73	22%	0.3	0.28	2%	0.60	0.45	35%
4	Land Transport Authority	25.33	23.85	6%	21.7	23.85	-9%	3.60	0.00	
5	Polynesian Airlines Limited	16.02	16.29	-2%	13.8	14.03	-2%	2.25	2.27	-1%
6	Public Trust Office	0.51	0.55	-8%	0.7	1.01	-27%	-0.23	-0.47	-51%
7	Samoa Airport Authority	11.77	11.21	5%	11.4	9.17	25%	0.33	2.04	-84%
8	Samoa Housing Corporation	4.85	4.98	-3%	3.0	3.47	-14%	1.88	1.51	24%
9	Samoa International Finance Authority	25.3	28.0	-9.8%	6.9	8.3	-15.8%	18.3	19.7	-7%
10	Samoa Land Corporation	3.68	5.69	-35%	2.6	5.46	-52%	0.77	0.17	358%
11	Samoa Post Limited	1.61	1.65	-2%	1.2	1.33	-11%	0.31	0.23	35%
12	Samoa Ports Authority	13.30	12.23	9%	8.7	8.99	-3%	4.61	3.24	42%
13	Samoa Shipping Corporation	18.85	20.46	-8%	16.1	17.43	-7%	1.98	2.21	-10%
14	Samoa Shipping Services	1.98	1.90	4%	1.8	2.05	-12%	0.17	-0.15	-217%
15	Samoa Trust Estate Corporation	0.46	0.48	0%	1.5	1.63	0%	-1.03	-1.15	0%
16	Samoa Water Authority	18.26	18.61	-2%	16.7	21.26	-21%	1.55	-2.65	-158%
17	Unit Trust of Samoa (Management) Ltd	1.26	0.95	32%	0.8	0.76	6%	0.45	0.19	143%
	Total	215.50	210.30	2%	206.5		-3.0%	7.68	-3.42	-325%

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 JANUARY-MARCH 2017 (YTD)

1. Development Bank of Samoa (DBS)

- A total of 396 loan applications valued at \$3.5 million were approved during the quarter. of this amount, 44% represents Industry, 38% to Agriculture, 15% to Inclusive Development and 3% to Fishing. The slight decrease in approval from \$3.6 million in the previous quarter is mainly due to the decrease in the Agriculture sector loan approvals by 33%.
- The Bank continued to support and encourage officers in completing their studies; four officers completed and graduated in April 2017 from NUS with Bachelors of Commerce and Post Graduate qualifications, while one officer completed twelve months Leadership Samoa Program in March 2017. This is in line with one of the bank's main objectives in their Corporate Plan 2017-2020; continuously develop and manage human resources to improve performance and quality of service.
- The total loan portfolio recorded as at 31st March amounts to \$156.2million, a reduction from \$156.7 million in the previous quarter, and is also below budgeted amount of \$158.5 million.

2. Electric Power Corporation (EPC)

- The completion of ground breaking ceremonies for construction of small hydro plants at Fuluasou, Tafitoala-Fausaga and Vailoa Palauli Savaii during March.
- Major works in progress include Pre-inspections carried out for temporary and permanent supply of electricity and streetlights, Battery Energy Storage System Subproject & Micro Grid Controller, Independent Power Producer's Projects, Solar for Savaii, System Loss reduction Program, Refurbishment of Small Hydro Plants at Samasoni, Alaoa, and Fale ole Fee etc.

3. Land Transport Authority (LTA)

- The Authority continued its awareness programs to further inform the public on various road rules and regulations.
- The number of drivers licenses registered during the quarter has increased by 15%. Number of vehicles registered also increased by 24% compared to previous quarter.

4. Polynesian Airlines(PAL)

- General Sales Agents Revenue exceeded budget by 90%.
- Load factor of 67% is lower than budget of 76% 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 (8) new wills written and registered. Fifteen (15) new estates were opened during the quarter under review.
 - PTO incurred a net loss of \$155,458 at the end of the third quarter as the revenue capacity is far below expenditure recorded. On the other hand, current ratio is above budget and benchmark of 2:1.
 - Liquidity ratio has increased compared to last quarter due to the increase investment by 6%.
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6. Samoa Airport Authority (SAA)

- Approximately 70% of the overall Terminal Project is now completed. The revised completion date for the project is February 2018.
- Completion of Corporate Plan targets has been progressing according to plan with approximately 72% already completed with 28% either in progress to be completed or rescheduled due to unforeseen reasons.
- Passenger movement has reduced to 76,676 in this quarter from 85,703 reported in the last quarter. This corresponds to the 8% decrease in aircraft movement during the quarter.

7. Samoa International Finance Authority

- SIFA Representatives attended the following conferences and trainings seminars for capacity building during the quarter;
 - Transparency and Exchange of Information for Tax Purposes Review
 - International Estate Planning and Structuring
 - Promotional Events and Corporate Registers Forum in Hong Kong
 - APG Assessor Training in Washington, DC USA

8. Samoa Housing Corporation (SHC)

- YTD expenditure in the current quarter is lower than projected by 14% mainly due to the decline in two of the Corporation's major expenses which include the provision for doubtful debts and advertising by 55% and 51%.
- Annualized ROE and ROA has improved compared to budget following the improvement in NPAT trend.

9. Samoa Land Corporation (SLC)

- SLC has landed a new project with Amei Samoa Company for the establishment of a mall at the Vaitele Market which is expected to be completed by the end of June and boost the Corporation's income.
- The Corporation continues to effectively monitor and control spending as evidenced in the drop in total expenditure by 5% from prior quarter.
- YTD revenue is slightly lower than budget by 3%. Despite the decline in revenue, the Corporation managed to make profit as a result of the decrease in total expenditure by 30% compared to budget.

10. Samoa Post Limited (SPL)

- Samoa Post signed a new partnership deal with Direct Link Worldwide Distribution company in Singapore March for mail distribution, expecting to generate additional revenues to cushion the sharp and continuous decline in mail traffic destined for our small domestic market.
- SPL is running a promotional campaign on Television and Radio, re-emphasizing the post's presence, available services and very competitive prices.

11. Samoa Ports Authority (SPA)

- Works for the Container park area and fire hydrant on main wharf have been completed.
- Installation of main wharf power factor and replacement of main switch board have been completed to manage electricity load capacity of the Authority.

- Major works for piling pipes storage area and the transfer of electrical wires from the old switch to a new one are still continuing and are expected to complete at the end of June 2017.

12. Samoa Shipping Corporation (SSC)

- Fotu Samoa was un-slipped on the 20th March following completion of slip-way work and sea trials conducted successfully.
- Total number of trips for the domestic Service during the quarter were 906 where 50% originated from Mulifanua and Salelologa each.

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)

- Drilling works for Gataivai Borehole has completed while pump test is in progress, network design is in progress. The completion of this project would benefit the people of Gataivai with improved and reliable water supply.
- The second phase for the rehabilitation of SWA's untreated scheme for Vailele is underway. Works started early December and expected to finish within 4 months. This include an extension of coverage for treated supply further towards the coast to replace the existing untreated supply. Progress at the end of the current quarter is at 90%.
- The Mulinuu sewer system extension project is completed, having about 16 properties along Sogi connected to the sewer line extension.. The additional customers has contributed to the increased inflow to the plant. This will ensure that wastewater in the Mulinuu and Sogi area flows directly to the wastewater treatment plant.

15. Unit Trust Of Samoa Ltd (UTOS Management)

- The management company has achieved an ROE of 8% for the quarter which is above the Government's required ROE annum.
- The new Unit Registry System which was officially launched in February replacing the Company's old MS Excel spreadsheet database. Having this system in place enables the unit holders to access online and view their unit investment balance, print statements and make choices for their dividend when it is declared.

16. Gambling Control Authority(GCA)

- The Authority continues to work towards implementing its work policies to ensure that they achieve their objectives and activities as planned.
 - YTD profit of \$332,467 was recorded as a result of the increase in revenue during the quarter.
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ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ January-March 2017)

	Mutual and Beneficial Bodies	REVENUES			EXPENSES			NPAT				
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var		
	Mutual Societies											
1	Accident Compensation Corporation	13.83	12.99	6%	3.52	4.51	-22%	10.31	8.48	21%		
2	Samoa Life Assurance Corporation	8.40	8.03	4.7%	7.03	6.46	9%	1.19	1.20	-1%		
3	Samoa National Provident Fund	35.01	35.37	-1%	5.42	8.47	-36%	29.60	26.90	10%		
	TOTAL	57.24	56.39	2%	15.97	19.43	-18%	41.09	36.59	12%		
	PUBLIC BENEFICIAL BODIES											
1	National Health Services of Samoa	57.90	53.81	0%	62.38	50.62	0%	-4.48	3.19	0%		
2	National Kidney Foundation of Samoa	5.18	5.24	-1%	4.68	5.15	-9%	0.50	0.09	444%		
3	National University of Samoa	16.99	16.88	1%	17.47	19.25	-9%	-0.48	-2.37	-80%		
4	Samoa Qualifications Authority	2.58	2.33	11%	2.40	2.46	-3%	0.18	-0.13	-241%		
5	Scientific Research Organization of Samoa	3.10	3.02	2%	2.75	2.82	-2%	0.35	0.21	65%		
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	3.35	3.44	-3%	3.17	3.42	-7%	0.18	0.02	648%		
8	Samoa Tourism Authority	8.2	7.1	16.5%	7.4	7.9	-6.6%	-3.5	-0.2	1553.9%		
	TOTAL	91.31	86.70	5%	95.58	86.05	11%	-4.28	0.65	-759%		

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³YTD – Year to Date