

PEPA FAAOPOOPO E:

PUBLIC BODIES PERFORMANCE REPORT

JULY - SEPTEMBER 2017 YTD

**Ministry for Public Enterprises
March 2018**

BACKGROUND

There are 28 Public Bodies providing various services for the benefit of the people of Samoa. These include essential services such as finance, infrastructure, water, electricity, health and education.

The performance of SOEs has a significant contribution to the public and the economy in general through the provision of goods and services. Public Trading Bodies are mandated to be profitable, achieve at least 7% ROE and pay 50% of Net Profit After Tax (NPAT) dividend to Government. For Public Beneficial Bodies, they are mandated to provide quality services to the public while at the same time.

The purpose of this report as mandated under the Public Bodies (Performance and Accountability) Act 2001 is to provide an overview of performance of PTBs for the quarter ended 30th September 2017 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³July-Sept 2017)

PUBLIC TRADING BODIES		Revenues			Expenses			NPAT		
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var
1	Development Bank of Samoa	2.75	2.90	-5%	2.38	2.67	14.6%	0.09	-0.09	-199%
2	Electric Power Corporation	31.90	36.08	-12%	30.04	33.15	-9%	1.86	2.94	-37%
3	Gambling Control Authority	0.45	0.22	104%	0.16	0.12	34%	0.29	0.10	187%
4	Land Transport Authority	9.28	8.66	7%	7.75	7.95	-3%	1.53	0.72	114%
5	Polynesian Airlines Limited	5.77	5.13	12%	5.55	4.42	26%	1.22	0.72	70%
6	Public Trust Office	0.12	0.23	-50%	0.23	0.32	-29%	-0.11	-0.09	21%
7	Samoa Airport Authority	4.21	4.45	-5%	3.85	4.13	-7%	0.36	0.32	16%
8	Samoa Housing Corporation	1.76	1.72	2%	0.93	1.41	-34%	0.82	0.31	165%
9	Samoa International Finance Authority	2.72	2.38	15%	1.93	1.65	17%	0.80	-0.73	-209%
10	Samoa Land Corporation	1.67	2.07	-19%	1.38	1.45	-5%	0.22	0.45	-52%
11	Samoa Post Limited	0.68	0.58	17%	0.33	0.48	-31%	0.25	0.07	248%
12	Samoa Ports Authority	4.00	3.68	9%	2.51	2.69	-6%	1.49	0.99	51%
13	Samoa Shipping Corporation	6.02	6.91	-13%	5.56	6.11	-9%	0.34	0.54	-38%
14	Samoa Shipping Services	1.01	0.69	46%	0.33	0.37	-10%	0.36	-0.01	-3300%
15	Samoa Trust Estate Corporation	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%
16	Samoa Water Authority	6.93	5.63	23%	6.70	6.70	-11%	0.94	-1.07	-188%
17	Unit Trust of Samoa (Management) Ltd	0.39	0.37	5%	0.32	0.32	-15%	0.11	0.05	150%
	Total	79.67	81.70	-2%	69.1	73.9	-6.5%	10.57	5.20	103%

Key:

¹NPAT – Net Profit after tax

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

²Var = Variance – This represents the percentage change of actual compared to budget.

³YTD – Year to Date.

SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES FOR JULY-SEPTEMBER 2017 (YTD)

1. Development Bank of Samoa (DBS)

- A total of 386 loan applications valued at \$2.6 million were approved during the quarter. Of this amount, 35% represents Industry, 38% to Agriculture, 26% to Inclusive Development and 1% to Fishing. The significant decrease in approval from \$3.5 million in the previous quarter is mainly due to the decrease in the Industry sector loan approvals.
- The total loan portfolio recorded as at 30th September amounts to \$157million, a increase of 1% compared to budget of \$155 million.
- NPAT of \$89,170 exceeded budgeted loss by 199% mainly due to the increase in interest on fixed deposits, bad debts recovered and rent income.

2. Electric Power Corporation (EPC)

- Completion of Alaoa and Fale-ole-Fee Hydro Plant refurbishment which will increase the portion of electricity generated from renewable source.
- Installation of 2.5MVA transformer at Taelefaga completed.
- 16000 hours maintenance service of Fiaga generators has been completed, ensuring the efficient supply of electricity to the whole of Samoa.
- EPC recorded a NPAT of \$1,859,336 at the end of the first quarter for FY2017/2018.

3. Gambling Control Authority (GCA)

- The Authority recorded a NPAT of \$286,203 in the first quarter for FY2017/2018.

4. Land Transport Authority (LTA)

- LTA has generated a Net Profit after Tax (NPAT) of \$1.5m in the current quarter. LTA's liquidity position is weak as represented by its current ratio of 0.99:1. Despite the positive cash balance, the increase in current liabilities has caused the reduction in the current ratio, and reflects the Authority's inability to meet short term financial obligations when fall due.
- The Vulnerability Assessment project was completed during the quarter which comprised the assessment of vulnerable areas for road network across Samoa.
- World Bank and Tenders Board have approved Variation 3 of Leone Bridge Supervision, to hire additional personnel from OPUS International Consultants Ltd, to assist with the monitoring of the project implementation.

5. Polynesian Airlines (PAL)

- General Sales amounts to \$284,121 which exceeded budget by 70%.
- Expenditure is below budget by 3% reflecting good control over expenditure, achieving a NPAT of \$1.2million.
- Load factor of 78% has increased compared to budget (67%) as reflected by the increase in the number of passengers carried by the airline for the quarter.

6. Public Trust Office (PTO)

- During the quarter, seven (7) new wills were written and registered with the office.
- The Office commissioned seven (7) new estates files during the quarter.

- Liquidity position is high as the Office have a substantial amount of short term investments at UTOS.

7. Samoa Airport Authority (SAA)

- The Authority generated a net profit of \$364,183 this quarter leading to a positive annualized ROE of 2.8%. Liquidity position as represented by its current ratio of 22:1 is adequate with cash at bank and term deposits holding 81% of total current assets.
- Approximately 79% of the new Terminal Building has completed by the end of the quarter and it is anticipated that the project will be fully completed in February 2018.
- 85% of the Training Centre Building and new Mechanical Workshop have completed during the quarter.

8. Samoa International Finance Authority (SIFA)

- A total of 1,180 new Incorporated Companies were recorded with 951 companies renewed their registration during the quarter.
- SIFA recorded a NPAT of \$797,979 during the quarter.

9. Samoa Housing Corporation (SHC)

- SHC recorded a NPAT of \$823,765 for the current quarter. Despite profitable performance, the Corporation has a deficit cash balance of \$1.6m due to excessive financing activities as compared to budget. Liquidity position as represented by its current ratio of 4:1 is high, as a result of loans portfolio holding 98% of total current assets.
- There were 334 new loans approved during the quarter valued at approximately \$6.9m.
- Debt to equity ratio has decreased from 0.59:1 in the previous quarter to 0.49:1 in the current quarter mainly as a result of the reduction in long-term borrowings by 3%.

10. Samoa Land Corporation (SLC)

- Quarterly NPAT recorded is \$215,300 which is 52% lower than estimated profits of \$448,549. Current ratio stands at 4:1 with land debtors holding 52% of total current assets. Cash balance stands at \$2.9m exceeding budgeted cash flow by 255%. Net cash flow from operating activities is \$866,713, reflective of the increase in cash flow from the Corporation's normal operations.
- There have been noted developments on SLC's investments. Two new leasing arrangements have been approved for the Malifa lodge and Faleata Golf Course pro-shop and driving range in addition to the space for rental on top of the Vaitele market. Their investments are anticipated to bring in additional income for the Corporation in the near future.

11. Samoa Post Limited (SPL)

- SPL recorded a Net Profit After Tax (NPAT) of \$253,256 at the end of the quarter, leading to positive and increased annualized ROE and ROA.
- The cash flow balance for the company is \$9.5m with 93% of this amount is invested in term deposits. Current ratio however is 1.3:1, lower than the

acceptable range of 2:1 as a result of increased current liabilities by 12% compared to the previous quarter.

- SPL has ongoing awareness programs that are proven effective as reflected by the increase in its express mail collection.
- Improvement in E-Commerce traffic handled by International Trading Partners generated commissions for SPL, which has boosted its revenue collection in the current quarter.

12. Samoa Ports Authority (SPA)

- Despite ongoing works for port rehabilitation, international trading has improved from 125 vessels in previous quarter to 143 vessels in the current quarter.
- Installation of mooring buoys for gas vessel was completed by Ark Marine Company during the quarter. This will ensure that the gas carrier vessel is safe when it arrives to the port.
- The Authority has sustained its profitability as evident by its NPAT for the quarter ending 30th September 2017 of \$1.49 million, a 105% increase compared to previous quarter's NPAT (\$728,447) and 51% increase compared to budget (\$989,923).

13. Samoa Shipping Corporation (SSC)

- SSC generated a Net Profit after Tax of \$335,907 for the current quarter.
- Liquidity position as represented by its current ratio of 4:1 indicates that the Corporation is able to meet its short term obligations when fall due.
- Cash flow balance remains high amounting to \$18,057,427 as at the end of the quarter 2017. Net cash flow from operations is \$1,040,706 at the end of the first quarter reflecting the increase in net cash generated from its operational activities.

14. Samoa Shipping Services (SSS)

- The company reported a NPAT of \$363,488 against a budgeted loss of \$11,358. ROE and ROA are both positive due to the increased NPAT. Liquidity position as represented by its current ratio of 13:1 is adequate with trade and other receivables representing 91% of total current assets.
- The company continues its negotiations with Matson Shipping Company, Neptune, SWIRE Shipping and Apia Deep Sea Fishing Company Ltd for additional work opportunities for Samoan seafarers. The aim is to contribute positively to the overall employment of Samoa.
- The number of seafarers currently employed with the Mediterranean Shipping Company (MSC) has increased from 246 in the last quarter to 252 in current quarter.

15. Samoa Water Authority (SWA)

- Through sound planning and commitment by the Board, Management and all staff of the Authority, SWA was successful in the hosting of the PWWA conference which took place at Sheraton Aggies Hotel from 7th to the 11th of August 2017.
- Aleisa water supply coverage has improved significantly after commissioning of the Aleisa Treatment Plant and system upgrades.
- The water quality outcome of the main Treatment Plant were 100% compliance with National Drinking Water standards.

- Continuous improvement in collection activities and overall management of funds has resulted in a net profit of \$940,091.

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

- UTOS (Management) Company has achieved an annualized ROE of 21% for the quarter, a significant increase compared to the ROE benchmark of 7%.
- The Management Company achieved a profit of \$112,813 driven by the increase in most revenue items, with exit fees skyrocketing due to the increase in repurchases during the quarter.

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ July-September 2017)

Mutual and Beneficial Bodies		REVENUES			EXPENSES			NPAT		
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var
	<u>Mutual Societies</u>	-								
1	Accident Compensation Corporation	4.82	4.69	3%	1.59	1.70	-6%	3.23	2.99	8%
2	Samoa Life Assurance Corporation	3.05	2.72	12.0%	2.01	2.21	-9%	0.98	2.15	-54%
3	Samoa National Provident Fund	4.86	4.22	15%	0.81	0.80	2%	4.05	0.80	408%
	TOTAL	12.74	11.63	10%	4.42	4.71	-6%	8.26	5.93	39%
	<u>PUBLIC BENEFICIAL BODIES</u>									
1	National Health Services of Samoa	18.86	20.54	0.36%	20.54	16.87	22%	-1.68	1.92	-187%
2	National Kidney Foundation of Samoa	1.80	1.76	2%	1.76	1.82	-3%	0.04	0.00	7844%
3	National University of Samoa	7.47	6.30	19%	6.30	6.31	0%	1.17	1.15	1%
4	Samoa Qualifications Authority	1.50	1.41	6%	1.41	1.46	-4%	0.09	0.04	133%
5	Scientific Research Organization of Samoa	1.13	0.98	15%	0.98	0.27	260%	0.14	-0.01	-1087%
6	Samoa Sports Facilities Authority	1.01	0.93	8%	0.93	0.95	-2%	0.08	0.00	1897%
7	Samoa Fire and Emergency Service Authority	1.10	1.24	-12%	1.24	1.22	1%	0.33	0.03	959%
8	Samoa Tourism Authority	3.65	2.32	57%	2.32	3.80	-39%	1.33	0.04	3132%
	TOTAL	36.51	35.48	3%	35.48	32.70	9%	1.50	3.18	-53%

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 budget.

³YTD – Year to Date