

PEPA FAAOPOOPO E:

PUBLIC BODIES PERFORMANCE REPORT

OCTOBER - DECEMBER 2017 YTD

**Ministry for Public Enterprises
May 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, manage finances to prevent producing deficits.

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 31st December 2017 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³Oct-Dec 2017)

PUBLIC TRADING BODIES		Revenues			Expenses			NPAT		
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var
1	Development Bank of Samoa	5.67	6.24	-9.1%	5.90	6.05	-2.6%	-0.23	0.18	-225%
2	Electric Power Corporation	62.43	65.54	-4.7%	58.24	62.33	-6.6%	4.19	3.21	31%
3	Gambling Control Authority	0.75	0.46	64.2%	0.25	0.29	-11.0%	0.50	0.17	189%
4	Land Transport Authority	18.06	18.11	-0.3%	16.06	18.11	-11.3%	2.00	0.00	0%
5	Polynesian Airlines Limited	16.93	18.72	-9.6%	17.47	19.86	-12.1%	-0.54	-1.14	-52%
6	Public Trust Office	0.26	0.46	-43.6%	0.49	0.65	-24.2%	-0.23	-0.19	24%
7	Samoa Airport Authority	8.82	8.90	-0.8%	8.16	8.27	-1.3%	0.66	0.63	5%
8	Samoa Housing Corporation	3.52	3.44	2.3%	2.17	2.81	-23.0%	1.35	0.62	117%
9	Samoa Land Corporation	3.91	4.14	-5.4%	3.00	3.24	-7.6%	0.92	0.90	2%
10	Samoa Post Limited	1.28	1.16	10.3%	0.93	1.02	-8.7%	0.35	0.15	143%
11	Samoa Ports Authority	8.60	7.35	17.1%	5.34	5.41	-1.3%	3.27	1.94	68%
12	Samoa Shipping Corporation	12.15	13.74	-11.6%	11.45	12.82	-10.7%	0.70	0.92	-24%
13	Samoa Shipping Services	0.58	0.62	-5.8%	0.57	0.68	-16.1%	0.01	-0.06	-126%
14	Samoa Trust Estate Corporation	-	-	0.0%	-	-	0.0%	0.00	0.00	0%
15	Samoa Water Authority	13.54	11.26	20.2%	12.24	12.81	-4.5%	1.30	-1.55	-184%
16	Unit Trust of Samoa (Management)	0.78	0.73	6.9%	0.55	0.63	-12.4%	0.23	0.10	130%
	Total	157.29	160.87	-2.2%	142.8	155.0	-7.8%	14.47	5.89	146%

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 OCTOBER-DECEMBER 2017 (YTD)

1. Development Bank of Samoa (DBS)

- A total of 461 loan applications valued at \$2.1 million were approved during the quarter. Of this amount, 35% represents Industry, 18% to Agriculture, 46% to Inclusive Development and 3% to Fishing. The significant decrease in approval from \$2.5 million in the previous quarter is mainly due to the decrease in the Agriculture sector loan approvals.
- The total loan portfolio recorded as at 31st December amounts to \$155million and remain constant compared to budget.

2. Electric Power Corporation (EPC)

- Official commissioning of Samasoni, Alaoa and Fale-ole-Fee Hydro plants following the completion of refurbishment works that will assist in generation of electricity from renewable sources.
- The Corporation continued its rural electrification construction works under the Community Service Obligation (CSO). There are 148 applications approved under CSO for Low Voltage line extensions and new streetlights in Upolu and Savaii during the quarter.
- The Regulator approved new tariff to be effective on 1st December 2017.

3. Gambling Control Authority (GCA)

- The Authority recorded a NPAT of \$496,570 in the FY2018/2019.

4. Land Transport Authority (LTA)

- LTA has generated a NPAT of \$2,000,255. LTA's liquidity position is weak as represented by its current ratio of 0.99:1. Despite the positive cash balance and the decrease in current liabilities, the Authority is still unable to meet short term financial obligations when fall due.

5. Polynesian Airlines (PAL)

- Aircraft fuel expense is below budget by 36% reflecting the decrease in the number of flights flown to and from Fagalii Airport.
- Load factor of 74% for Polynesian flights to and from Pago Pago has increased compared to budget (65%) 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, eight (8) new wills were written and registered with the office.
- The Office commissioned eight (8) new estates files during the quarter.
- Liquidity position is healthy as the Office have a substantial amount of short term investments at UTOS.

7. Samoa Airport Authority (SAA)

- The Authority generated a NPAT of \$660,020 with a positive annualized ROE of 2.3%. Liquidity position as represented by its current ratio of 21:1 is adequate with cash at bank and term deposits holding 83% of total current assets.

- Approximately 98% 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 April 2018.
- The Environment Impact Assessment for Aleipata Airport has been completed.

8. Samoa Housing Corporation (SHC)

- The Corporation recorded a NPAT of \$1,348,868.
- New loan approvals of 234 were approved during the quarter valued at a total of \$4.8m.
- Total loans portfolio has grown in size and value by 5% and 4% respectively, indicative of a growing client base.

9. Samoa Land Corporation (SLC)

- NPAT recorded is \$918,815. Current ratio stands at 4:1 with land debtors holding 40% of total current assets. Cash balance stands at \$3.5m exceeding budgeted cash flow by 323%.
- 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.

10. Samoa Post Limited (SPL)

- SPL recorded a NPAT of \$353,792 leading to positive and increased annualized ROE and ROA.
- Current ratio however is 1.3:1, lower than the acceptable range of 2:1.
- SPL has ongoing awareness programs that are proven effective as reflected by the increase in its express mail collection.

11. Samoa Ports Authority (SPA)

- Despite ongoing works for port rehabilitation, the Authority maintained its focus on core port operations particularly the enhancement of safety for the Apia port project which is targeted to be completed in June 2018.
- The extension of Container Park will be reviewed during its design stage and will be funded by ADB. This project will provide more space on the wharf for container handling.
- The Authority has maintained profitability as evident by its NPAT of \$3.27 million, a 68% increase compared to budget of \$1.9 million.

12. Samoa Shipping Corporation (SSC)

- The Corporation approved a new control mechanism to ensure that all passengers receive the same opportunity for passage between the islands. This is a penalty fee that all vehicles that fail to turn up on date and time of confirmed bookings as well as asking to re-book for a different voyage will have to pay.
- Upgrading works and renovations of Mulifanua and Salelologa ports are in progress. These works are intended to enhance safety for the public.
- The Corporation has paid its dividend to Government of \$2,272,214 in relation to the 2016 financial year.

13. Samoa Shipping Services (SSS)

- The company reported a NPAT of \$14,853 against a budgeted loss of \$58,020. ROE and ROA are both positive due to the increased NPAT. Liquidity position as represented by its current ratio of 21:1 is adequate with trade and other receivables representing 77% of total current assets.
- The Company is continuing to seek other avenues to reap more revenue by increasing the number of seafarers to be recruited by Mediterranean Shipping Company and increasing the lifting of cargo from the Oceania region via its shipping partners.
- The number of seafarers currently employed with the Mediterranean Shipping Company (MSC) has increased from 252 in the last quarter to 603 in current quarter.

14. Samoa Water Authority (SWA)

- Aleisa water supply coverage has improved significantly after commissioning of the Aleisa Treatment Plant and system upgrades. Completed pipeline works for Sataua and Fagasa schemes which included relocation and replacement of old PVC pipes to the road reserve with higher quality polyethylene (PE) pipe materials.
- Continuous improvement in collection activities and overall management of funds has resulted in a NPAT of \$1,295,734, for the 6 months ended 31 December 2017.

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

- UTOS (Management) Company has achieved an annualized ROE of 21% for the quarter, a considerable increase compared to the ROE benchmark of 7%.
- The Management Company generated a NPAT of \$228,237 driven by the increase in most revenue items, with exit fees appreciating due to the increase in repurchases.

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ October -December 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	9.62	9.38	3%	3.24	3.40	-5%	6.38	5.97	7%
2	Samoa Life Assurance Corporation	6.06	5.45	11.3%	4.90	4.42	11%	1.03	0.91	13%
3	Samoa National Provident Fund	26.72	25.31	6%	3.12	4.79	-35%	23.60	20.53	15%
	TOTAL	42.40	40.13	6%	11.26	12.60	-11%	31.01	27.41	13%
	<u>PUBLIC BENEFICIAL BODIES</u>									
1	National Health Services of Samoa	38.41	37.58	2%	42.87	33.73	0%	-4.46	3.85	-216%
2	National Kidney Foundation of Samoa	3.60	3.64	-1%	3.26	3.47	-5%	0.31	0.17	84%
3	National University of Samoa	12.09	12.66	-4%	13.05	13.07	0%	-0.95	-0.41	132%
4	Samoa Qualifications Authority	3.14	3.10	1%	2.93	3.28	-11%	0.21	-0.17	-222%
5	Scientific Research Organization of Samoa	2.14	1.90	13%	2.03	1.90	7%	0.11	0.01	1308%
6	Samoa Sports Facilities Authority	2.17	2.12	2%	2.65	2.45	8%	-0.48	-0.33	47%
7	Samoa Fire and Emergency Service Authority	3.02	3.01	0%	2.70	2.93	-8%	0.32	0.08	316%
8	Samoa Tourism Authority	6.33	5.76	10%	4.46	5.66	-21%	1.86	0.09	1961%
9	Samoa International Finance Authority	26.49	26.00	2%	7.88	8.27	-5%	18.61	17.73	5%
	TOTAL	97.39	95.76	2%	81.86	74.75	10%	15.53	21.01	-26%

Key:

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³YTD – Year to Date