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PUBLIC BODIES PERFORMANCE REPORT

JULY - SEPTEMBER 2018 YTD

**Ministry for Public Enterprises
January 2019**

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 35% 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 30th September 2018 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³July-Sept 2018)

| PUBLIC TRADING BODIES | | Revenues | | | Expenses | | | NPAT ¹ | | |
|-----------------------|--------------------------------------|--------------|--------------|------------------|-------------|-------------|--------|-------------------|-------------|-------|
| | | Actual | Budget | Var ² | Actual | Budget | Var | Actual | Budget | Var |
| 1 | Development Bank of Samoa | 1.95 | 2.55 | -24% | 2.47 | 2.89 | -14.7% | -0.38 | -0.25 | 52% |
| 2 | Electric Power Corporation | 30.83 | 31.35 | -2% | 31.21 | 29.32 | 6% | -0.37 | 2.03 | -118% |
| 3 | Gambling Control Authority | 0.00 | 0.00 | - | - | - | - | 0.00 | 0.00 | - |
| 4 | Land Transport Authority | 10.40 | 9.82 | 6% | 9.31 | 8.81 | 6% | 2.08 | 1.01 | 107% |
| 5 | Polynesian Airlines Limited | 25.70 | 24.34 | 6% | 25.32 | 24.02 | 5% | 0.38 | 0.32 | 20% |
| 6 | Public Trust Office | 0.26 | 0.16 | 66% | 0.29 | 0.31 | -5% | -0.03 | -0.15 | -78% |
| 7 | Samoa Airport Authority | 6.43 | 6.22 | 3% | 5.50 | 5.65 | -3% | 0.93 | 0.57 | 63% |
| 8 | Samoa Housing Corporation | 1.85 | 1.85 | 0% | 0.94 | 1.51 | -37% | 0.91 | 0.34 | 167% |
| 9 | Samoa Land Corporation | 3.03 | 2.10 | 44% | 1.47 | 1.54 | -4% | 1.14 | 0.41 | 177% |
| 10 | Samoa Post Limited | 0.53 | 0.56 | -6% | 0.39 | 0.45 | -14% | 0.10 | 0.08 | 26% |
| 11 | Samoa Ports Authority | 0.00 | 0.00 | - | - | - | - | 0.00 | 0.00 | - |
| 12 | Samoa Shipping Corporation | 6.05 | 6.02 | 1% | 5.35 | 5.64 | -5% | 0.51 | 0.26 | 93% |
| 13 | Samoa Shipping Services | 0.61 | 0.56 | 9% | 0.77 | 0.69 | 13% | -0.16 | -0.13 | 29% |
| 14 | Samoa Trust Estate Corporation | 0.00 | 0.00 | - | - | - | - | 0.00 | 0.00 | - |
| 15 | Samoa Water Authority | 6.08 | 6.70 | -9% | 5.94 | 7.52 | -21% | 0.14 | -0.82 | -117% |
| 16 | Unit Trust of Samoa (Management) Ltd | 0.44 | 0.41 | 7% | 0.36 | 0.36 | -1% | 0.08 | 0.05 | 58% |
| | Total | 94.16 | 92.64 | 2% | 89.3 | 88.7 | 0.7% | 5.32 | 3.72 | 43% |

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 2018 (YTD)

1. Development Bank of Samoa (DBS)

- DBS recorded a Net Loss after tax of (\$377,403) at the end of the first quarter.
- A total of 114 applications valued at \$1.4million were approved by the end of the first quarter compared to budget of \$2.6million.
- The total loan portfolio recorded as at 30th September 2018 amounts to \$150.5million, which is below the budgeted amount of \$153.5million.

2. Electric Power Corporation (EPC)

- The Corporation incurred a Net Loss after tax of (\$374,284) this quarter mirroring the negative ROE of (0.14%).
- Installation of new vending system for purchasing power has been completed and will be in use commencing October 2018.
- The Corporation continued its extensive developments to ensure reliable and sustainable electricity supply for its customers. These major on-going developments include effective implementation of New Connection Policy, Bad Debts Write Off Policy and Prepayment Meter Policy. There were also construction works for the additional 1.5MW solar modules at Faleolo Airport by Sun Pacific Energy.

3. Land Transport Authority (LTA)

- The Authority generated a NPAT of \$2,084,033 in the current quarter following increased revenue over spending.
- World Bank approved the following projects that were proposed by LTA. These include Samusu (Box Culvert) \$958,000, Si'unui Lifeline Access Road \$1,038,472.50, Aopo (Box Culvert) \$964,765.50, Foailuga Lifeline Access Road \$1,205,615, Vavau Lifeline Access Road \$1,116,017 and Aleisa Lalonaea Road \$750,987.55.

4. Polynesian Airlines (PAL)

- The company's overall performance recorded a Net Profit After Tax (NPAT) of \$378,785 against budgeted NPAT of \$316,115 for the first quarter.
- Total revenue collected exceeds budget by 6% and has increased by 25% compared to the third quarter reflecting the increase in revenue generated from airline operation by 38%.
- The total number of passengers flown during this quarter has increased to 23,110 from 21,242 in the previous quarter as a direct result of the increased number of customers travelled during the period.

5. Public Trust Office (PTO)

- During the quarter, seven (7) new wills were written and registered with the office.
- A total of seven (7) new estates files were opened while a total of seventeen (17) were closed during the quarter under review.
- Liquidity position represented by its current ratio of 42:1 is stable as supported by its cash flow position of \$8,056,494, as at 31st September 2018.

6. Samoa Airport Authority (SAA)

- The Authority's NPAT of \$929,833 has increased compared to budget of \$570,500 driven by controlled spending and increased revenue collection.
- The construction work on the Apron Area of the Runway Project has commenced and is anticipated to be completed in March 2019.
- The negotiations with the Tiavea land owners and Village apropos the compensation for lands that will be utilized for the airport is underway.

7. Samoa Housing Corporation (SHC)

- The Corporation generated NPAT of \$905,632 as compared to budget of \$399,805
- Income reported from interest on loans is \$1.4m which accounts for 77% of total income.

8. Samoa Land Corporation (SLC)

- The Corporation recorded a Net Profit after tax of \$1,137,107 for the quarter which is 177% higher than budget.
- Liquidity position represented by its current ratio is 16.5:1 is high due to the increased of cash position of \$6.8m and trade debtors of \$636,218 as at 30th September 2018.
- Real estate income stands at \$2.4m which exceeded estimated profits by 51% and accounts for 80% of total income.

9. Samoa Post Limited (SPL)

- The company recorded a NPAT of \$99,386 higher than budget of \$78,897.
- Universal Postal Union approved Samoa Post's project proposal for procurement of three mail vehicles to renew vehicle fleet for the next three years. These vehicles will improve mail delivery services in Samoa;

10. Samoa Shipping Corporation (SSC)

- SSC generated a Net Profit after Tax of \$511,528 for the reporting quarter which is 93% above quarterly budget of \$264,443.
- Liquidity position as represented by its current ratio of 6:1 indicates that the Corporation is able to meet its short term obligations when fall due. This is also evident by its cash position which stands at \$6,999,895 as at 30th September 2019.
- SSC Board has endorsed the Land Taking of Plan 2251 to LTA for the construction of Vaisigano Bridge. The transferred land is valued at \$2million upon completion of land valuation by MNRE.
- Maintenance works for life rafts and replacements of Channel buoyage carried out successfully in compliance with requirements of SOLAS Convention to prioritize safety at sea.

11. Samoa Shipping Services (SSS)

- SSS Liquidity position as represented by its current ratio of 11:1 is high with cash at bank holding 41% of total current assets.
- The company's organizational review conducted by the Oceania SMART Consulting Company has completed during the reporting period. The review will assist the Management and Staff improving the overall performance of SSS.

12. Samoa Water Authority (SWA)

- The Authority's earned a NPAT of \$138,643 as opposed to previous quarter's loss of \$122 as resulted from increased revenue and decreased expenditures over the current quarter.
- Completion of cleaning works at the Fuluasou intake.
- Results for all months of this quarter for main slow sand water treatment plants were 100% compliance with National Drinking Water Standards.
- Installation of Gataivai new borehole and chlorination building has completed.
- Completed works for Tanumalala Prison Tank together with the system is now in operation.

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

- A memorandum of Understanding (MOU) was signed between the UTOS and the Unit Trust of Fiji (UTOF) early September. This formal agreement allows both parties to exchange information and explore opportunities such as; cross investments product sharing, joint regional investments, ICT development and tax concessions way forward.
- The Company's net profit of \$81,585 for the quarter is well above estimated profits by 58%
- The Management paid in full its dividend of \$250,000 pertaining to FY 17/18 during the quarter.

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ July-September 2018)

| Mutual and Beneficial Bodies | | REVENUES | | | EXPENSES | | | NPAT | | |
|------------------------------|--------------------------------------------|--------------|--------------|-----------|--------------|--------------|-------------|--------------|--------------|-------------|
| | | Actual | Budget | Var | Actual | Budget | Var | Actual | Budget | Var |
| | <u>Mutual Societies</u> | | | | | | | | | |
| 1 | Accident Compensation Corporation | 5.28 | 5.26 | 0% | 1.63 | 1.70 | -4% | 3.65 | 3.56 | 3% |
| 2 | Samoa Life Assurance Corporation | 2.73 | 3.00 | -9.0% | 1.97 | 2.82 | -30% | 0.69 | 0.12 | 483% |
| 3 | Samoa National Provident Fund | 14.40 | 13.89 | 4% | 2.18 | 2.43 | -10% | 12.23 | 11.46 | 7% |
| | TOTAL | 22.41 | 22.15 | 1% | 5.77 | 6.95 | -17% | 16.57 | 15.14 | 9% |
| | | | | | | | | | | |
| | <u>PUBLIC BENEFICIAL BODIES</u> | | | | | | | | | |
| 1 | National Health Services of Samoa | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | |
| 2 | National Kidney Foundation of Samoa | 1.79 | 1.75 | 2% | 1.42 | 1.80 | -21% | 0.36 | -0.05 | -834% |
| 3 | National University of Samoa | 7.01 | 7.01 | 0% | 6.16 | 6.14 | 0% | 0.85 | 0.87 | -2% |
| 4 | Samoa International Finance Authority | 2.29 | 2.35 | -2% | 1.82 | 1.95 | -7% | 0.47 | 0.40 | 18% |
| 5 | Samoa Fire and Emergency Service Authority | 1.77 | 1.71 | 3% | 1.50 | 1.75 | -14% | 0.27 | -0.03 | -892% |
| 6 | Samoa Qualifications Authority | 1.39 | 0.81 | 72% | 1.34 | 0.82 | 64% | 0.05 | -0.01 | -433% |
| 7 | Scientific Research Organization of Samoa | 0.96 | 0.99 | -3% | 1.05 | 0.87 | 21% | -0.09 | 0.12 | -180% |
| 8 | Samoa Sports Facilities Authority | 1.03 | 1.10 | -6% | 1.27 | 1.24 | 2% | -0.24 | -0.14 | 64% |
| 9 | Samoa Tourism Authority | 4.39 | 3.28 | 34% | 2.91 | 3.35 | -13% | 1.48 | -0.07 | -2254% |
| | TOTAL | 20.62 | 18.98 | 9% | 17.47 | 17.91 | -2% | 3.15 | 1.07 | 193% |

Key:

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