



Ministry for Public Enterprises

Annual Report

1 July 2017- 30 June 2018

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Government of Samoa

OFFICE OF THE MINISTER

MINISTRY FOR PUBLIC ENTERPRISES

MINISTRY OF COMMERCE, INDUSTRY AND LABOUR,

(Accident Compensation Corporation, Gambling Control Authority, Samoa Housing Corporation, Samoa Land Corporation,
Samoa Sports and Facilities Authority, Small Business Enterprise Centre, Samoa Airways/Polynesian Airlines Ltd)

31 October 2018

Honorable Speaker of the House
Legislative Assembly

It is my pleasure to table the Ministry for Public Enterprises Annual Report for the year ended 30th June 2018 in accordance with Article 88(2) of the Constitution of the Independence State of Samoa.

This is the second Annual Report in a row since the Ministry was established in August 2015 and the key milestones achieved highlights the development of key legislations, policies and guidelines to enhance the oversight Shareholder's role for all twenty eight (28) Government businesses or Public Bodies.

The Ministry is commended on its work for the past twelve months and is encouraged to persistently enhance the performance of Public Bodies through consolidation of its performance monitoring following significant policy reviews that were undertaken in the reporting period.

Ma le faaaloalo lava,

A handwritten signature in black ink, appearing to read 'Lautafi Fio Selafi Purcell'.

Honorable Lautafi Fio Selafi Purcell
MINISTER OF PUBLIC ENTERPRISES

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ACRONYMS

AR	Annual Report
CEO	Chief Executive Officer
CEMD	Commercial Entities Monitoring Division
CP	Corporate Plan
CSD	Corporate Services Division
CSO	Community Service Obligation
HR	Human Resource
ICT	Information Communication & Technology
ISC	Independent Selection Committee
MBMD	Mutual Beneficial Monitoring Division
MD	Managing Director
MPE	Ministry for Public Enterprises
NPAT	Net Profit After Tax
PBGD	Public Bodies Governance Division
PPP	Public Private Partnership
PPPPD	Public Private Partnership & Privatization Division
PTB	Public Trading Bodies
QR	Quarterly Report
ROE	Return of Equity
SDS	Strategy for the Development of Samoa
SOE	State Owned Enterprises
WOA	Warrant of Appointment

PUBLIC BODIES			
ACC	Accident Compensation Corporation	SLAC	Samoa Life Assurance Corporation
DBS	Development Bank of Samoa	SLC	Samoa Land Corporation
EPC	Electric Power Corporation	SNPF	Samoa National Provident Fund
GCA	Gabbling Control Authority	SPA	Samoa Ports Authority
LTA	Land Transport Authority	SPL	Samoa Post Limited
NHS	National Health Services	SQA	Samoa Qualification Authority
NKFS	National Kidney Foundation of Samoa	SROS	Scientific Research of Samoa
NUS	National University of Samoa	SSC	Samoa Shipping Corporation
PAL	Polynesian Airlines/Samoa Airways	SSFA	Samoa Sports Facilities Authority
PTO	Public Trust Office	SSS	Samoa Shipping Services
SAA	Samoa Airport Authority	STA	Samoa Tourism Authority
SFESA	Samoa Fire & Emergency Services Authority	STEC	Samoa Trust Estate Authority
SHC	Samoa Housing Corporation	SWA	Samoa Water Authority
SIFA	Samoa International Finance Authority	UTOS	Unit Trust of Samoa.

MINISTRY OVERVIEW

The Ministry for Public Enterprises is established under the Public Bodies (Performance & Accountability) Act 2001 and officially became a government ministry in June 2016. Its establishment is to primarily responsible to monitor the performance of all Public Bodies. Currently, the ministry is at implementing of its strategic targets outlined in its Corporate Plan 2017-2020. As presented in this report, the ministry has completed another challenging year (FY2017-2018) of achieving its key deliverables despite of several challenges and unforeseen matters. Also the ministry took initiative of possible reforms that have impacted on improving better service delivery for quality life for Samoa.

Since MPE's establishment, it is a member of the Central Agency Committee together with the Ministry of Finance, Office of the Public Service Commission and Ministry for Prime Minister and Cabinet. At such, the ministry performs its role for policy co-ordination and provides quality policy advice for Samoa's Public Sector.

We continue to focus on our set **VISION** for a;

“High performing Public Bodies delivering quality service”

Our **MISSION** is;

“To monitor and assess the performance and quality of service delivery by Public Bodies to ensure they are making a valuable contribution to the economic and social development”

The Ministry is responsible for achieving the following outcomes as stipulated under its Corporate Plan 2017-2020;

- ❖ To foster full compliance by Public Bodies with the legislative and policy frameworks approved by Government for the SOE sector.
- ❖ For Public Bodies to deliver services that are of high standard and efficient to the public.
- ❖ For Public Bodies to provide an economic and social return on the investment that Government has made into their operations.

Our Values and Principles: We strive to uphold:

- ❖ **Accountability and Transparency** – Being able to explain reason for actions taken. Making decisions in an open way.
- ❖ **Efficiency and Effectiveness** – Achieving good results for Samoa in an economical way.
- ❖ **Honesty and Respect** – Being truthful and abiding the laws of Samoa. Treating people, the Government and colleagues with courtesy and respect.

- ❖ **Impartiality** – Providing impartial advice, acting without fear or favor and making decisions on their merits.

Mandate: The principal legislation guiding the work of the Ministry is the Public Bodies (Performance & Accountability) Act 2001. The following are other legislations and Acts governing the Ministry:

- Constitution of the Independent State of Samoa 1962;
- Companies Act 2001
- Public Finance Management Act 2001;
- Public Service Commission Act 2004;
- Treasury instructions 2012;

Additionally, the following are policies impacting on the work of the Ministry:

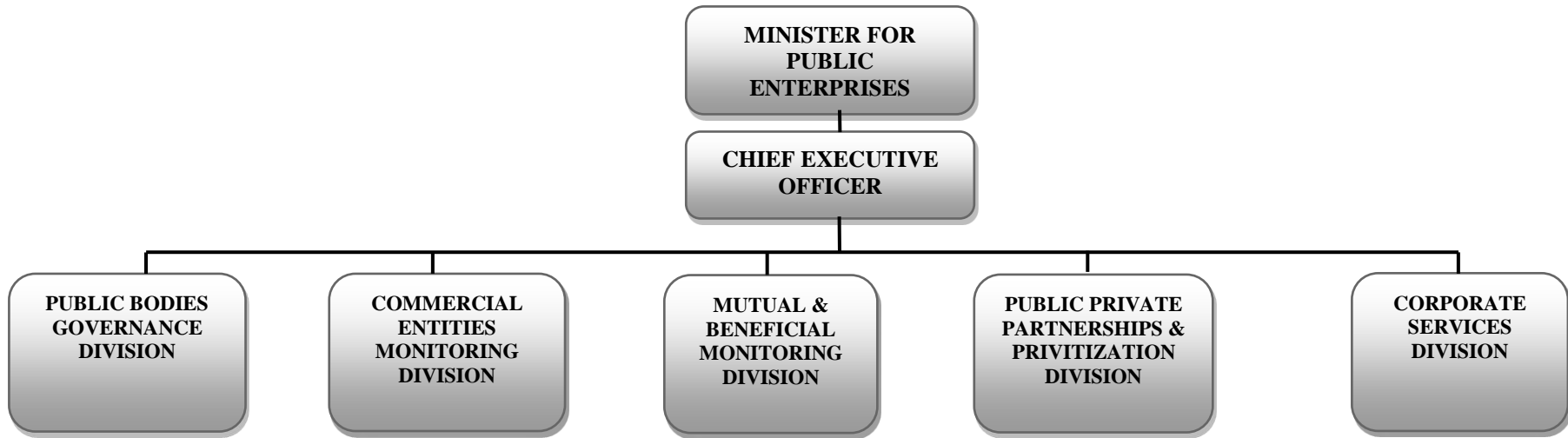
- Cabinet Directives;
- Community Service Obligation Policy 2006
- Dividend Policy 2005
- Framework for Planning & Implementation of Public Private Partnerships 2014
- Ownership Performance and Divestment Policy 2012;
- Recruitment and Selection of Board of Directors Policy 2012.
- Strategy for the Development of Samoa (SDS) 2017-2020;

The performance of the Ministry from 1st July 2017 – 30 June 2018 is reported in each respective Division based on the key performance indicators in the Approved Estimates of Receipts and Payments of the Government of Samoa for the financial year ending 30th June 2018 and the Ministry's Corporate Plan 2017 – 2020.

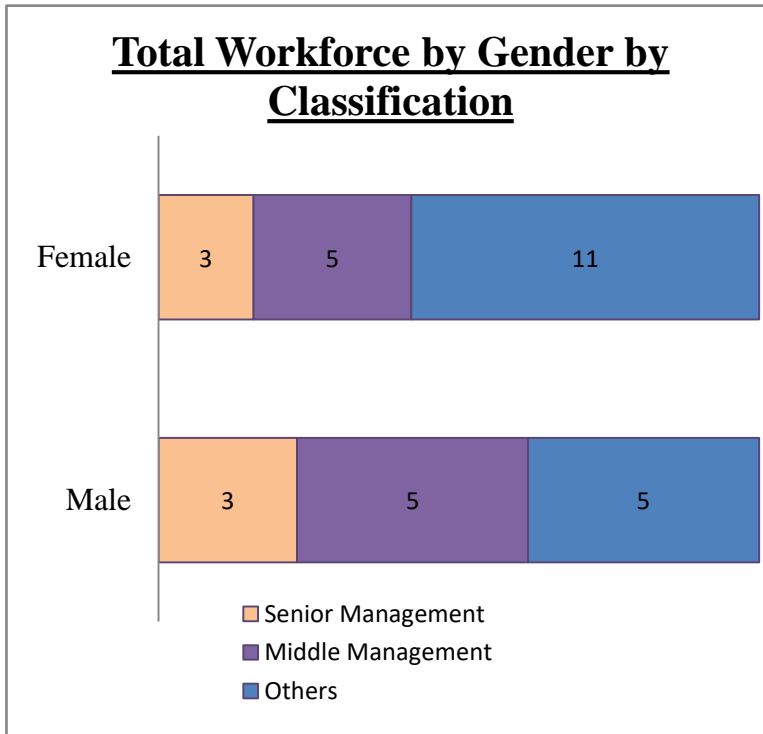
The Ministry is continuing to enhance the performance of all Public Bodies with enforcement of the Public Bodies (Performance & Accountability) Act 2001 as well as its key policies. We will continue to align all Public Bodies policies to ensure effective implementation of the “One Government One Policy” in the coming years.

On this note, we wish to express our sincere appreciation to the Responsible Minister for Public Bodies Honorable Lautafi Fio Selafi Purcell for his continued support and leadership.

ORGANISATION STRUCTURE



HUMAN RESOURCES REPORT



- Of the total workforce of 32, 59% constitutes of females and 41% are males (Figure 1.1)

- Staff turnover for the previous financial year. Eleven (11%) of the total workforce has been recorded who left for higher employment opportunities outside of the ministry and pursuing further studies.

Staff Development.

- During the reporting period, the Ministry has received a number of trainings, workshops as well as work attachment from our overseas donors for staff development and capacity building on technical knowledge.
- Additionally, Samoa In-country training program in collaboration with Public Service Commission has offered several local training opportunities on development of generic skills.
- In addition, CSD through its HR management process has completed MPE's service charter, continued effective implementation of the Office's Workforce plan and Capacity building program as well as assisting all divisions with the recruitment and selection process.

PUBLIC BODIES GOVERNANCE DIVISION

A. OVERVIEW:

The goal of the Public Bodies Governance Division (PBGD) is to improve the performance of Public Bodies by strengthening their governance and regulatory frameworks in accordance with the Public Bodies (Performance & Accountability) Act 2001. The Division has increased its Objectives from four (4) to five (5) key Objectives, they are (1) Ensure the timely recruitment of Directors, (2) Strengthen the performance of Boards & Directors, (3) Efficient recruitment & selection of Public Body CEOs and GMs, (4) Effectively monitor the performance of Public Body CEOs and GMs and (5) Support the delivery of the Ministry's policy mandate.

FY 2017-2018 PERFORMANCE BUDGET REVIEW

- Achieved
- On-going
- Not Achieved

Performance Measures	2018 Budget	2018 Actual	Progress Indicator	Comments
Percentage/number of Board Director positions advertised/recruited and Director appointments made	90%	90%		17 new Director appointments made. Appointments are made depending on number of vacancies arising due to terms ending, resignations and untimely deaths.
Percentage/Number of annual performance reviews of Board Directors conducted/completed	90%	50%		Performance Management Framework for Boards & Directors developed. Endorsed by the ISC. Currently with Minister for clearance before submission to Cabinet.
Percentage/Number of monitoring & evaluation reviews completed of Public Bodies GM/MD/CEOs in accordance with criteria of recruitment & selection	90%	50%		R&S Guidelines and Performance Management Framework for Public Body CEOs/GMs developed. Awaiting comments from PSC. Consultations with Board Chair and Public Body Management scheduled for Sep - Oct 18.
Percentage/Number of meetings held by the Independent Selection	90%	100%		ISC meets whenever vacant directorship positions arise or when they are required to

Committee (ISC)				assist with Board/Director performance reviews. Total of 5 ISC meetings held. ISC was also part of the review of SPA Board initiated by the Shareholding Ministers.
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B. ACHIEVEMENTS:

- 5 Meetings of the Independent Selection Committee (ISC) held from which 13 new Director appointments were approved by Cabinet. Total number of Directors on the database as of 30th June 2018 was 188 with 242 applicants registered.
- 12 Director Database reports submitted to Management, Minister and the ISC.
- Directors Handbook finalized. Endorsed by ISC and signed off by the Minister. Currently with printers for formatting before submission to Cabinet for approval.
- Achieved a 94% level of compliance by Directors submitting their Declarations of Pecuniary Interest as required under the Public Bodies Act 2001. This is up from 75% for FY 16-17.
- Performance Management Framework for Boards & Directors developed. Endorsed by the ISC. Currently with the Minister for approval before submission to Cabinet.
- Terms of Reference for the ISC reviewed, revised and new TORS have been approved by Cabinet.
- Phase I, Board Composition Review completed and submitted to the ISC for consideration.
- Recruitment & Selection (R&S) Guidelines and a Performance Management Framework (PMF) for Public Body Chief Executive Officers & General Managers developed. R&S and PMF will standardize processes in accordance with Government's One Policy initiative. Consultations for both being scheduled for Sep – Oct 18 before finalizing and submission to Cabinet.

C. INITIATIVES & REFORMS:

- A new revised Director Application Form was developed which is more users friendly and is in both English and Samoan. New Form now being used and is also available on-line.
- The Declaration of Pecuniary Interest (DPIC) form has been revised for easy perusal.
- Have started orientation for new Directors, introducing them to their roles & responsibilities and what is expected of them.

D. CHALLENGES & WAY FORWARD:

- Delays completion of the recruitment and selection process for Directors particularly effectuating appointments through Warrant of Appointments. The Division is now closely monitoring the turnaround time from when WOA are prepared by the Attorney General's Office, to when they are sent to the Cabinet Secretariat for signing by the Head of State and when the Head of State finally signs. Regular follows up are being done with the Ministry for Prime Minister & Cabinet who are providing secretarial support to the Office of the Head of State for quick processing of WOAs.

- Difficulties in obtaining contract copies of Chief Executive Officer, General Managers and Managing Directors resulting into delay of follow ups with performance reviews. Regular reminders have been sent to Boards. The next letter of reminder will be sent out by the Minister for Public Enterprises in the hope that his ministerial influence will generate a better response
- There is no standardize system for R & S and performance management of all Public Bodies Chief Executive Officers, General Managers and Managing Directors. Division has developed a standardized R&S Guidelines for use by the Boards. Consultative workshops with Board representatives scheduled for early FY 18-19.

COMMERCIAL ENTITIES MONITORING DIVISION

A. OVERVIEW

The Commercial Entities Monitoring Division (“CEMD”) is responsible for the effective and efficient monitoring of Public Trading Bodies (“PTBs”) listed in Schedule 1 of the Public Bodies (Performance and Accountability) Act 2001 (“The Act”). The divisional goal is to enhance PTBs’ compliance to the Act, profitability, financial sustainability and service delivery.

FY 2017-2018 PERFORMANCE BUDGET REVIEW

Performance Measures	2018 Budget	2018 Actual	Progress Indicator	Comments
Percentage of Commercial Entities' Quarterly Report submitted to MPE one month after every quarter	85%	86%		An average of 86% of CEs submitted their quarterly reports over the 4 quarters of FY 17/18
Percentage of Commercial Entities' Annual Report submitted to MPE four months after end of FY	70%	63%		Compliance is at 63% for AR16/17 submission. Delay in submission is mainly due to delay in Audits for PTB. Continued follow up which now resulted in 100% submission of ARs to date.
Percentage of Commercial Entities having approved Corporate Plans by December 2017	90%	94%		94% compliance and we are working closely with 1 remaining PTB (STEC) to finalize their Corporate Plan. STEC however is now looking at developing a 10year strategy plan to restructure its current operations.
Percentage of Commercial Entities complying to Dividend Policy (50% of Audited NPAT paid to Government every FY)	85%	55%		11 PTBs (including 2 - EPC and SWA with current dividend exemption) recorded NPAT in FY 2017. Of the 9, 5 PTBs (DBS, SAA, SPL, UTOS and SSC) paid dividends within FY 2018 based on prior year profits. Despite low compliance rate (55%), there is ongoing collection that will be reflected in future ARs.

Dividends to Government increased in next FY	5%	31%		Dividend received from PTBs has increased by 31%.
Mid-term review of Commercial Entities Corporate Plans	30 June 2018	31 Dec 2018		Review of CE CP implementation was monitored through quarterly reports. MTR will be conducted after completion of second year of CP period and is targeted to be completed by December 2018

B. ACHIEVEMENTS

i. Policies

- The comprehensive review of the Dividend and Return on Equity (ROE) Policies was undertaken and completed during the year. Consultations with PTBs, represented by both Board and management were also conducted to ascertain relevant issues with implementation and compliance to current policies. The Revised policies together with the review report have been endorsed by Management and have been submitted to Cabinet for approval.
- The Community Service Obligation Policy was also reviewed to identify gaps in the existing policy and its implementation as well as to taking into account the proposed amendments to the Public Bodies (Performance and Accountability) Act 2001. The review entails at around validating the objective of CSOs as “alleviating hardship in Samoa”. It also revisits the eligibility criteria of activities to be recognized as CSOs. The review was completed in December 2017 and the Ministry is in its final stages of finalizing the revised policy for Cabinet’s endorsement.

ii. PTBs Compliance

- The compliance of PTBs to policies and mandated reporting requirements has gradually improved compared to the previous years although there are still concerns on the timeliness of reporting and submission to Shareholders. The PTBs audited accounts have been all signed and cleared up to 2017.

iii. PTBs Performance

iii. PTBs Performance

- In 2017, 11 out of 16 PTBs generated Net Profit after Tax namely DBS, EPC, GCA, PAL, SAA, SHC, SPL, SPA, SSC, SWA and UTOS following the increase of revenue over expenditures. Of the 11 PTBs, only GCA, PAL, SPL, SSC and UTOS achieved and exceeded the 7% ROE benchmark. FY 2018 records profitability for EPC, PTO, SAA, SHC, SLC, SPL, SPA, SSC, SSS, SWA and UTOS and meeting the ROE benchmark includes PTO, SPL, SSS and UTOS.
- Eleven (11) PTBs achieved the acceptable current ratio (2:1) as at 30th June 2017. For audited 2018 results, acceptable current ratio was achieved by nine (9) PTBs.

- Apart from STEC and SSS, all PTBs have positive cash flows as at 30th June 2017. All PTBs (except for STEC) recorded positive cash flows for audited 2018 results.
- The following dividends were collected from respective PTBs for FY2016/2017 and FY2017/2018. The increased collection in FY 2018 was mainly due to the payment of SSC outstanding dividend (based on NPAT achieved in 2016) as an impact of the enforcement of compliance of PTBs to the 50% of Audited NPAT Dividend Policy.

	PTBs	2017	Budget 2018	Actual 2018
1	DBS	-	35,659.00	17,829.50
2	GCA	-	370,324.50	-
3	LTA	102,309	-	-
4	PAL	462,463	1,642,389.50	-
5	SAA	314,751	270,473.50	270,473
6	SPA	1,005,204	3,492,691.00	-
7	SPL	93,072	321,081.50	321,082
8	SSC	-	3,767,598.00	2,272,214
9	SWA	-	1,031,772.00	-
10	UTOS	600,000	205,505.50	500,000
	Total	2,577,799	11,137,494.50	3,381,598.50

- Government received dividend from its minority shareholdings in 2017 namely Virgin Samoa (\$2.7m) and Entrust (\$2.5k). The Dividend Policy does not apply to these minority shareholding
- Based on Dividend Policy however given the solvency and capital requirements, MPE was conservative of the amount that is likely to be paid to Government for 2018. Collection is still ongoing for SPA, SSC and SWA.
- Loss making PTB for FY 2016/2017 of which collection of 2018 is computed from are LTA, PTO, SLC, SSS, and STEC. Two exemptions were SHC and EPC.

C. INITIATIVES & REFORMS

Divisional Initiatives

- In enhancing PTBs performance monitoring, the major policies which includes the Return on Equity, Dividend and Community Service Obligations were reviewed to ensure these crucial key performance drivers and indicators provides an effective performance management framework for PTBs.
- The review of the ROE/Dividend Policies resulted in the development of revised policies and implementation plan to right size the balance sheets for all PTBs. The former reflects reality and internationally recognized benchmarks with latter to reflect the true and fair view of PTBs financial positions and greater ability to meet the proposed ROE and Dividend targets. Notwithstanding the challenges it will bring, the main intention is to run these PTBs commercially

while at the same time provides quality service to the people of Samoa. The division is planning to develop further policies to assist in implementing the ROE and Dividend policies which includes Capital Projects and investment Policies, Debt Management Policy and capacitate the division in conducting solvency tests for each PTB.

- The CSO policy was also reviewed with the intention of improving processes including assessment of proposed activities to be considered under the CSO framework.

Public Trading Bodies Initiatives/Projects

***MPE highlights the following major projects undertaken by PTBs in the review period which reflects the improvement in service delivery.*

- The Samoa Airport Authority (SAA) has successfully completed the construction of the new Terminal Building at the Faleolo International Airport and was officially opened in May 2018.
- The Samoa Ports Authority officially completed a SAT80m Enhancement of Safety for the Apia Port Project to further enhance the quality of port services.
- In addition to SWA's continuous efforts in undertaking borehole drilling works and pump testing to increase the coverage area of water supply, they have also emphasized the importance of recovering current trade debtors with the introduction of the mobile collection program for rural areas.
- SSC subsequent to the transfer of domestic ports has undertaken significant developments to ensure safety of the public utilizing the wharf as well as upgrading the ports to integrate with climate change impacts.
- The Virgin Australian joint venture expired on the 14th November 2017 and Government has revived its jet operations through the launching of "Samoa Airways" in November 2017.
- UTOS continued to offer affordable refinancing options by way of capital notes to assist other PTBs capital projects financing arrangements and operational demands. Additionally, there is an increase in registered unit holders over the years reflecting effective awareness programs by the Management Company.
- In November 2017, Cabinet approved the reclassification of Samoa International Finance Authority (SIFA) from a Public Trading Body to a Public Beneficial Body.
- The Gambling Control Authority's Gaming Control Act 2017 was officially passed by Parliament on the 20th December 2017 and came into effect on 1st May 2018. With the passing of the Act the Authority is now the sole regulator for licensing and supervision of all forms of gambling in Samoa.

D. CHALLENGES & WAY FORWARD

- With the review of ROE and Dividend policies, the push for commercialization and changing in mind set of PTBs to operate as comparable businesses not owned by the State remains a challenge. In addition, with PTBs being a pool of implementers of Government initiatives and priorities, any potential/additional activity can be transferred to the PTBs to perform at their respective costs can impact their performance. The division will conduct ongoing consultations of revised policies

upon approval by Cabinet and will work closely with PTBs in the development and implementation of Reform plans for ROE and Dividend improvement.

- Compliance to annual reporting mandated timeframe remains a challenge; the delay in completion of audit as well as compilation of Directors and CEOs reports by PTBs are mainly the result of the non-compliance of PTBs to the required timeframe for submission of Full Annual Reports. Continued follow up is done by the Office to ensure full compliance.
- The persistent loss making PTBs including STEC, PTO and DBS remains a challenge in terms of achieving profitability as it negatively impacts the overall expected ROE from the PTB sector. STEC's consistent unprofitable performance is mainly due to the underutilization of lands and its primary production business activity cannot meet its operational demands. PTO's poor performance is mainly due to high cost base whereby revenue generation is insufficient to meet its basic administration costs. The vulnerable clientele base and inadequate occupancy rate for DBS building are the main reasons for DBS continued losses. MPE in the implementation of revised ROE and Dividend policies will work together with the loss making SOEs to develop reform plans to improve their current operations.
- Despite the loss of institutional knowledge as a result of staff turnover, the challenge was mitigated through ongoing capacity building and effective management plans in place.

MUTUAL & BENEFICIAL MONITORING DIVISION

A. OVERVIEW

The main goal for the Mutual and Beneficial Monitoring Division (MBMD) is to enhance the compliance, financial sustainability and service delivery of Public Beneficial and Mutual Bodies. Mutual Public Bodies are mainly statutory authorities that operate as Public Trading Bodies mandated to be profitable and required to pay dividends to its contributors and policy holders. Beneficial Public Bodies are providers not profit public services.

In October 2017, a Cabinet Directive was issued for the transfer of Samoa International Finance Authority (SIFA) to be classified as a Public Beneficial Body adding the total number of Beneficial Bodies to nine (9). This Division monitors performances of twelve Public Bodies of which three are Mutual (ACC, SLAC & SNPF) and nine are Public Beneficial Bodies (NHSS, NUS, NKF, SFESA, SIFA, SSFA, SQA, SROS & STA). The monitoring of SIFA as a Beneficial Body will be reflected in the FY 18/19 Annual Report.

FY 2017-2018 PERFORMANCE BUDGET REVIEW

Performance Measures	2018 Budget	2018 Actual	Progress Indicator	Comments
Mutual Societies and Beneficial Bodies' Quarterly Report submitted on time (1 month after every quarter)	85%	86%		Quarters % of Reports on time April-June 2017 82% Jul – Sept 2017 91% October- December 2017 91% January – March 2018 82% An average of 86% of Mutual and Beneficial Bodies submitted their report on time for the period reviewed.
Mutual Societies and Beneficial Bodies' Annual Report submitted on time (4 months after every Financial Year)	70%	70%		70% of the 10 Mutual and Beneficial submitted their Audited Annual Reports on time. NHS was exempted due to the special circumstance. (Merger). The delays of the remaining 3 were due to delays in the Audit process.
Percentage decrease in Government Grant for Beneficial Bodies	1%	24% (decrease)		24% decrease in Government Grant for the reviewed period mainly due to the transition of the MOH and NHS Merger. (NHS only recorded)

				SAT31million as Government Grant for the first 6 months of FY2018)
Mutual Societies and Beneficial Bodies' Corporate Plans submit by December 2016	90%	91%		91% of SOEs monitored under this Division submitted Corporate Plans
Mid-term review of Mutual Societies and Beneficial Bodies Corporate Plans	30 – June 2018			Awaiting audited Financial Statements of Mutual and Beneficial Bodies for FY 2018 which is the crucial aspect to implement this process. However, we have been monitoring the progress of each Corporate Plans through the quarterly reports and Annual Reports submitted to our office.

A. ACHIEVEMENTS

○ *Compliance*

- Four (ACC, SNPF, NKF, SFESA) out of eleven Mutual and Beneficial PB's submitted their Annual Reports 2017 by the due date (31 October 2017). The delay for most of the PB's was mainly due to finalizing of Audited Accounts. Despite that, 100% of Mutual and Beneficial PB's have already completed and submitted their Annual Reports 2017 and subsequently to Parliament.
- There has been continuous improvement in the level of compliance with the submission of PB's Quarterly Reports to MPE by the due dates (Q417 - 82%, Q118 - 91%, Q218 – 91%, Q318 – 82%).

○ *Financial Performance of Mutual and Beneficial Bodies*

- Financial sustainability of Mutual PBs continued to remain strong with an increased NPAT by 16% in 2018 compared to 2017. This is complemented by an average current ratio for Mutual Public Bodies of 45:1 exceeding the 2:1 benchmark.
- Moreover, the Beneficial PB's documented an Aggregated Surplus of \$20.5million for FY 2018 compared to 17million in FY 2017. This is mainly due to the transfer of SIFA from a PTB to be categorized as a Beneficial Body in the reviewed period. Also for FY 2018, NHS is not included as it is undergoing major Reform (MOH & NHS Merger) and is in the transition of merging with the Ministry of Health.
- Government Grant as the major source of funding for Beneficial PB's tremendously decreased by 24% in 2018 compared to 2017 mainly because NHS only reported SAT31million as Government Grant for the first 6 months before its finances were transferred to Finance One (MOF).¹

¹ Public Accounts 2018

- *Major Reform*

- MBMD has completed a comprehensive review of the monitoring framework for all the 11 PBs with the assistance of Pacific Financial Technical Assistance Center (PFTAC) in July before Cabinet Directive issued for the transfer of SIFA to be a Public Beneficial Body in October 2017. Additionally a revised set of key performance indicators were endorsed in April 2018 with its anticipation to implement reporting on the revised format commencing April-June 2018 quarterly report. (Also from this Review, a new Section for Risk Assessment was incorporated and this will be elaborated more in the FY2019 Annual Report)

B. INITIATIVES & REFORMS

- MBMD with assistance from PFTAC conducted one-on-one consultations on monitoring framework to enhance fiscal oversight of Mutual and Beneficial Bodies. The aim was to reflect more of the non-financial activities performed by PB's. Furthermore, the outcome of this review also recommended the inclusion of a risk assessment in our Performance Report for enhanced prudent monitoring.
- The Merger of NHSS and MOH is still in progress. The logistics and arrangements have yet to be finalized and MPE as a member of the Merger sub-committee is assisting in providing advice and information needed from time to time to ensure the successful implementation of the merge going forward.
- SSFA is also going through a functional review anticipating alignment with the Sports Division of the Ministry of Education, Sports and Culture. The strategic direction of SSFA will depend on the outcome of this review.

C. CHALLENGES & WAY FORWARD

- Championing change in terms of mindsets on reforms currently undertaken has been the main challenge encountered. The delays in the submission of reports hinder the timely submission of advice and recommendations to Shareholding Ministers. The Ministry will continue to work closely with the PBs to identify any caps in our line of work to further improve the compliance to reporting requirement as well as adapting to reforms being undertaken.
- The self-reliance and sustainability of Public Beneficial Bodies continues to be a challenge and risk on the fiscal position of Government. The Ministry is looking at a balanced approach where the improved efficiencies of the PBBs operations will result in reduced reliance to budget grants over the years.

PUBLIC PRIVATE PARTNERSHIP & PRIVATISATION DIVISION

A. OVERVIEW

The PPP and Privatization Division continue to identify and plan for potential PPPs and Privatization candidates as part of its key policy implementation. The divisional goal is to ensure that key potential PPPs and privatization programs are effectively identified, planned and implemented accordingly to assist in strengthening both Public and Private sectors services.

FY 2017-2018 PERFORMANCE BUDGET REVIEW

Performance Measures	2018 Budget	2018 Actual	Progress Indicator	Comments
Complete SPL and PTO privatizations in line with FK(15)Faapitooa03, issued on 21 January 2015	90%	95%		Works completed on repositioning of scoping of SPL and PTO from privatized into potential PPPs and organizational restructuring.
Complete SHC privatization in line with FK(15)Faapitooa03, issued on 21 January 2015	50%	55%		Scoping studies completed, with Cabinet approval to screen SHC rental operations under the PPP Framework. First draft SHC PPP business plan is completed.
Complete at least one PPP in line with framework approved by Cabinet in FK(14)30 issued on 7 August 2014	80%	85%		Business plans for LTA, SAA and SPA completed and approved by PPP Steering Committee, supported by MOF. Currently with Cabinet for approval.
Work with MNRE and MOF to complete the Solid Waste Management PPP FK(16)40 issued on 2 November 2016	60%	50%		Economic feasibility of Solid Waste PPP unfavorable to Government. Landfill PPP is now under screening for potential PPP.
Compliance to PPP framework and guidelines	50%	50%		Business Plans for LTA, SPA and SAA have been completed.

B. ACHIEVEMENTS

- The Implementation of the PPP framework is currently underway following the effectuating of PPP governance structure and advance exploration of potential PPPs in the short, medium and long term.

- The PPP business plans for the LTA road maintenance, SPA stevedoring contracts and SAA non-aeronautical services were completed and endorsed by the PPP Steering Committee in March 2018, and are currently with Cabinet for approval.
- Promotion and awareness programs were conducted for the Public sector during the year. The Ministry is constantly consulting with all Public Bodies to identify current contracts that can be screened under the PPP framework when their term expires. This would allow advance planning in preparations and development of business plans with all the alternative options available.
- Business plans for SHC on its rental operations and SPL on retail and marketing were developed and completed awaiting endorsement of the Steering Committee before submission to Cabinet for approval
- New government initiatives such as the SHC Office building and the landfill at Tafa'igata are also in progress with PPP screening.
- The scoping studies to determine divestment options for PTO, SPL and SHC was completed and approved by Cabinet in FK(18)04 of 31st January 2018.

C. INITIATIVES & REFORMS

- Screening of identified potential PPPs under the Framework for Planning and Implementation of PPPs in Samoa.
- Development of Business Plans of potential PPPs approved by cabinet.

D. CHALLENGES & WAY FORWARD

- PPP although it has been practiced in Samoa for years, it is seemed to be a new concept in the Public sector. As a result the adaptability and receptive of the public sector is significant low. The division will continue to raise awareness and consultation programs within the public sector in integrating the Framework for the Planning and Implementation of PPPs in Samoa (PPP Framework) to its current procurement process for delivering public infrastructure projects.
- Given the small size of our economy, our local market is not adequately enough to generate sufficient capital while there is also a limited investment opportunity with the traditional method of procurement that is currently practiced. The team with the assistance of the PPP Strategic Advisor is looking at sustainable partnerships with combinations of alternative financing depending on the readiness of our private sector and the attractiveness of these infrastructural developments to international investors.

STATEMENT OF REVENUE AND EXPENDITURE

STATEMENT OF MINISTRY RECEIPTS BY REPORTING CATEGORY AND EXPENDITURE BY OUTPUT APPROPRIATION ACCOUNT					
<i>for the Financial year ended 30 June 2018</i>					
	2018	Original Estimate	Final Estimate	(Over)/ Under	2017
RECEIPTS					
Ordinary receipts					
Privatization of SOEs	-	100,000	100,000	100,000	-
Dividends	3,381,598.50	3,523,986	3,523,986	142,388	5,276,999
TOTAL RECEIPTS	3,381,598.50	3,623,986	3,623,986	242,388	5,276,999
PAYMENTS					
Outputs					
Policy Advice to Minister	256,264	255,114	256,184	-80	296,958
Ministerial Support	330,959	328,956	330,347	-612	326,298
Commercial Entities Division	436,756	435,757	437,507	751	442,044
Governance Division	407,814	419,129	411,602	3,788	396,146
Mutual and Beneficial Bodies Division	295,835	292,956	296,273	437	297,443
PPP and Privatization Division	341,682	341,877	341,878	196	345,195
TOTAL OUTPUTS	2,069,310	2,073,791	2,073,791	4,480	2,104,084
Transaction on Behalf of State					
Government Policies/Initiatives					
Rent - CBS Building	269,652	276,543	276,543	6,891	170,115
Rent - Government Building	37,467	46,450	46,450	8,983	45,800
Privatization	-	20,000	20,000	20,000	47,900
Independent Selection Committee	61,772	73,500	73,500	11,728	63,542
	368,891	416,493	416,493	47,602	327,357
VAGST Output Tax	54,785	108,039	108,039	53,254	87,200
Total Transaction on Behalf of State	423,676	524,532	524,532	100,856	414,557
TOTAL PAYMENTS	2,492,986	2,598,323	2,598,323	105,336	2,518,641
RECEIPTS OVER PAYMENTS	888,613	1,025,663	1,025,663	137,052	2,758,358
Dividends:					
	2018	2017			
<i>Development Bank of Samoa</i>	17,829.50	-			
<i>Land Transport Authority</i>	-	102,309			
<i>Polynesian Airlines Limited</i>	-	462,463			
<i>Samoa Airport Authority</i>	270,473	314,751			
<i>Samoa Ports Authority</i>	-	1,005,204			
<i>Samoa Post Limited</i>	321,082	93,072			
<i>Samoa Shipping Corporation</i>	2,272,214	-			
<i>Unit Trust of Samoa (Management)</i>	500,000	600,000			
<i>Virgin Samoa</i>	-	2,696,682			
<i>EnTrust</i>	-	2,518			
Total	3,381,598.50	5,276,999			

ANNEX: PUBLIC BODIES FINANCIAL RESULTS

PUBLIC TRADING BODIES												
	Revenue		Expenses		Net Profit before Tax (NPBT)		Return on Equity (ROE)		Cash Flow		Equity	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
DBS	10,867,407	8,431,113	11,084,609	9,979,817	217,202	- 1,548,704	-0.41%	-2.90%	6,398,009	6,622,754	53,582,064	53,318,473
EPC	117,714,274	119,212,477	113,625,458	114,091,430	4,088,816	5,121,047	1.56%	1.85%	2,246,573	700,693	261,873,464	277,535,814
GCA	1,059,952	1,880,688	319,303	752,001	740,649	1,128,687	68.00%	35.53%	199,170	455,833	1,089,111	3,177,106
LTA	34,059,555	36,572,194	34,077,547	37,993,313	17,992	- 1,421,119	-0.84%	-199.99%	7,196,211	4,095,343	2,131,716	710,597
PAL	21,945,025	51,703,845	18,591,884	64,335,531	3,353,141	- 12,631,686	4.10%	-18.38%	18,658,577	5,763,700	81,735,267	68,730,839
PTO	1,120,701	1,710,554	1,002,756	956,723	117,945	753,831	2.90%	15.64%	6,161,742	6,907,306	4,072,315	4,819,016
SAA	15,621,497	20,690,366	15,080,550	18,179,289	540,947	2,511,077	1.05%	4.78%	10,698,214	14,042,990	51,275,628	52,531,167
SHC	6,475,221	6,909,290	5,383,935	5,714,443	1,091,286	1,194,847	3.55%	3.75%	268,367	71,014	30,701,765	31,896,612
SLC	7,094,485	9,373,519	8,506,399	7,194,383	- 1,411,914	2,179,136	-3.76%	5.64%	3,186,224	1,884,307	37,565,094	38,654,662
SPL	2,549,113	2,362,221	1,669,438	1,803,706	879,675	558,515	34.12%	19.26%	7,674,597	9,675,608	2,578,167	2,899,164
SPA	18,318,532	16,405,935	11,333,150	10,734,014	6,985,382	5,671,921	5.05%	3.96%	5,908,604	6,576,417	138,210,891	143,382,811
SSC	25,183,137	24,204,979	21,711,149	22,169,924	3,471,988	2,035,055	8.83%	5.00%	17,180,473	13,375,272	39,333,973	40,671,958
SSS	2,332,588	3,136,244	2,563,091	2,892,739	230,503	243,505	17.80%	15.83%	-387,160	819,190	1,295,012	1,538,518
STEC	988,918	n/a	1,872,165	n/a	883,247	n/a	-2.15%	n/a	- 1,146,646	n/a	41,149,957	n/a
SWA	26,296,459	26,908,784	24,232,915	26,690,599	2,063,544	218,185	3.11%	0.33%	15,652,255	18,544,294	66,413,586	66,897,500
UTOS	1,477,457	1,598,634	1,066,446	1,266,251	411,011	332,383	20.68%	16.14%	1,808,016	1,486,921	1,987,692	2,058,859
TOTAL	293,104,321	331,100,843	272,120,795	324,754,163	20,983,526	6,346,680	2.57%	0.80%	101,703,226	91,021,642	814,995,702	788,823,096

Note: EPC Adjusted NPAT 2017 (14,392,387.00)

Unaudited April - June YTD results

n/a Outstanding Report

MUTUAL AND BENEFICIAL BODIES												
	Revenue		Expense		NPAT		Current Ratio		Cash Flow		Government Grant	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
ACC	17,937,665	20,159,336	5,114,708	6,186,601	12,822,957	13,972,735	46.60	36.60	56,730,920	70,943,912	-	-
SLAC	11,644,320	12,946,413	9,558,835	10,147,483	2,084,485	2,798,930	15.67	15.92	1,403,338	281,124	-	-
SNPF	48,653,281	53,857,178	9,891,034	8,585,197	38,762,248	45,271,981	48.70	90.00	85,255,995	108,927,984	-	-
NHS	95,565,576	n/a	97,505,964	n/a	-1,940,388	n/a	0.62	n/a	5,377,577	n/a	66,379,820	31,409,421
NKF	6,943,940	7,262,583	6,689,830	7,144,266	254,111	118,317	12.70	10.98	1,372,007	1,778,218	6,649,179	6,939,106
NUS	24,595,166	25,787,068	25,282,968	25,654,600	-687,802	132,468	1.18	1.54	1,226,238	1,750,945	12,338,448	12,586,159
SFESA	4,600,392	6,367,445	4,261,950	5,552,147	338,442	815,298	4.23	5.11	1,471,372	1,949,762	4,159,827	5,820,950
SIFA	30,814,844	31,672,772	12,686,820	9,849,446	18,128,024	21,823,326	21.62	40.57	49,514,309	62,098,446	-	-
SQA	4,024,380	5,841,132	3,688,754	5,585,563	335,626	255,569	17.12	13.05	3,078,528	2,976,211	2,924,287	2,922,656
SROS	4,096,006	4,059,317	3,990,692	4,211,787	105,315	-152,470	2.20	1.60	2,728,373	2,197,812	3,317,148	3,243,944
SSFA	4,260,307	4,159,081	5,082,036	7,837,690	-821,729	-3,678,609	0.53	0.05	-65,774	-56,257	1,477,720	1,688,867
STA	9,710,778	11,875,328	8,332,520	10,603,633	1,378,258	1,271,694	1.32	4.90	242,969	1,358,274	9,050,279	11,412,131
Total	262,846,655	183,987,653	192,086,111	101,358,413	70,759,547	82,629,239			208,335,852	254,206,431	106,296,707	76,023,235

Note: NHS Grant FY2018 is for 6 months (Jul-Dec 17)
 Not available
 n/a