

PEPA FAAOPOOPO E:

PUBLIC BODIES PERFORMANCE REPORT

January-March 2020 YTD

Ministry for Public Enterprises

June 2020

BACKGROUND

There are 27 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 31st March 2020 for information of the public.

SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES
FOR JANUARY-MARCH 2020 (YTD)

1. Development Bank of Samoa (DBS)

- A total of 95 applications valued at \$1.4m were approved during the quarter.
- COVID19 stimulus package declared DBS assistance of 3 months' rent free for all businesses renting at the DBS Building.
- Total loan portfolio recorded as at 31st March 2020 amounts to \$144million, which exceeded budget by 1.8%.
- DBS recorded a net loss after tax of \$137,471 impacting on YTD net loss after tax of \$206,953.

2. Electric Power Corporation (EPC)

- EPC assisted the Stimulus package prepared by Government through 50% reduction in the hotels' Daily fixed Rate for 3 months and 10 sene reduction in the price of electricity for 6 months.
- Power Plant and generating equipment at Fuluasou Hydro Plants is in operation since October 2019.
- The Corporation achieved a Net Profit After Tax of \$1,826,810 leading to YTD NPAT of \$5,022,968.

3. Gambling Control Authority (GCA)

- The Authority recorded a NPAT of \$156,549 in the reporting quarter leading to YTD NPAT of \$367,806.
- Liquidity position of 3.6:1 is above the acceptable range of 2:1 reflecting sound financial sustainability of the Authority in the future.

4. Land Transport Authority (LTA)

- A significant part of the West Coast Road works (from Afega to Faleula & Puipaa to Saina) has been completed during the reviewed period.
- The Government in its stimulus package declared the assistance from LTA through registration fees for taxi's and buses waived for the months of June and September, all late fees waived for vehicle inspections and registrations, and 10% reduction on all registrations for motor vehicles for the rest of the calendar year.
- The Authority recorded a Net Loss of \$2,799,391 for the current quarter mainly due to government grant being below road construction expenditures by \$3,978,976. This result attributed to the YTD net loss of \$1,458,898 recorded for the nine months ended 31st March 2020.

5. Polynesian Airlines (PAL)

- Government in its Stimulus Package provided \$1million tala Capital Injections to the Samoa Airways to assist the company to pay its dues to local businesses while the airline is grounded by the Government's travel ban.
- Fagalii Airport property was transferred to the Ministry of Police at a cost of \$12million.
- PAL recorded a net loss of \$3,945,854 in the reporting quarter leading to YTD Net Loss of \$15,931,927. This is mainly due to the Jet Operation recording a net loss of \$9,717,054 this quarter and \$24,421,824 YTD.

6. Public Trust Office (PTO)

- Twelve (12) new wills were written and registered with the office whilst two (2) old wills were amended.
- Liquidity position is healthy as evident by its current ratio of 30:1, an increase from 22:1 in the previous quarter.

7. Samoa Airport Authority (SAA)

- The laying of drainage pipes has been completed for Aleipata Airport and the overall completion date for the project is now scheduled for December 2020.
- In the Stimulus package prepared by the Government, SAA provided assistance through 3 months' rent free for all businesses operating within the Faleolo Airport.
- The Authority recorded YTD NPAT of \$2,986,979 which is above budget of \$3,351,750.
- SAA current ratio of 15:1 is above the acceptable benchmark as evident by its cash flow of \$11,363,224.

8. Samoa Housing Corporation (SHC)

- SHC provided assistance to the Government Stimulus package through 3 months moratorium on all loan repayments and 50% reduction in interest rates on all loans for 6 months.
- New loan approvals of 56 were approved during the quarter valued at a total of \$2.1m.
- Rental portfolio collected as at 31st March 2020 amounts to \$176,000.
- The Corporation achieved a Net Profit of \$1,261,020 leading to YTD NPAT of \$2,840,388 which is above budget by 55%.

9. Samoa Land Corporation (SLC)

- Due to registrations orders imposed by Covid19, Government in its Stimulus package provided 2 months' rent free at all Samoa Land Corporations markets at Savalalo, Vaitele and Salelologa.
- Major collection for the Corporation is Real estate income which represents 84% of YTD Income.
- YTD NPAT recorded is \$3,220,320. Current ratio of 11:1 is sufficient and above the acceptable range of 2:1. Cash balance as at 31st March 2020 amounts to \$9,690,586 which consists of 65% of total current assets.

10. Samoa Post Limited (SPL)

- Dividend payment to Government of \$218,142.05 was received on the 19th December 2018.
- Cash and other financial assets recorded during the quarter aggregates to \$5,680,443. Of this amount, \$5,127,073 is an investment with UTOS and \$553,370 cash at bank.
- SPL recorded a Net Profit After Tax (NPAT) of \$37,176 for the reporting quarter, leading to a YTD NPAT of \$104,927.

11. Samoa Ports Authority (SPA)

- The Authority continued its main focus for the Samoa Ports Improvement Project funded by ADB.
- Assistance from Samoa Ports Authority which has been allocated to assist COVID19 Stimulus Package including 3 months' rent free for all businesses operating on all wharves, 3 months' refund on all stevedoring licenses, and 20% reduction on all wharfage fees for 3 months.

- 133 vessels were called into the Apia port during the quarter leading to YTD vessels of 460.
- The Authority recorded a NPAT of \$1,795,912 as at 31st March 2020 leading to YTD NPAT of \$6,480,488 which below budget by 11% following the reduction in YTD revenue.

12. Samoa Shipping Corporation (SSC)

- MV Lady Samoa III dry docking in Fiji was carried out by Fiji Ships and Heavy Industries. Examination and inspection of all under water gears and hull plates by Lloyds Classification and Flag Surveyor has been completed.
- Despite State of Emergency restriction for Corona Virus faced by SSC, the Corporation however achieved a NPAT of \$141,101 for the reported quarter leading to YTD NPAT of \$1,474,206.

13. Samoa Shipping Services (SSS)

- The number of seafarers currently employed with the Mediterranean Shipping Company (MSC) has decreased from 326 in the last quarter to 323 in the current quarter.
- The Company incurred a Net Loss of \$10,765 in the current quarter leading to YTD NPAT of \$214,498 following profitable results recorded in the first and second quarters.
- SSS Liquidity position as represented by its current ratio of 7:1 is high with cash at bank holding 51% of total current assets.

14. Samoa Water Authority (SWA)

- Completion installation of PE pipes with treated water supply to feed the Head of State residence, Mapuifagalele complex and the village Vaialele.
- The Authority carried out pipe relocation works for the West Coast area which was completed in February.
- New chlorination facilities have completed for boreholes at Matautu, Lalomanu and Satitoo.
- The installation of all PVC, HDPE and DI pipes are completed for Aleisa East with the construction of a new 250m³ tank is completed too.
- The Saleaumua tank works is completed and successfully tested and accepted on 4th February 2020.
- CoVid19 Stimulus package prepared by Government declared SWA assistance through 20 sene reduction in water rates for 6 months.
- The Authority achieved a Net Profit After Tax of \$131,642 leading to YTD NPAT of \$560,437.

15. Samoa Trust Estate Corporation (STEC)

- The Corporation managed to export the first container of frozen taro and koko Samoa to New Zealand at the end of the quarter.
- STEC recorded a YTD Net Loss of \$1,289,104 due to the decrease in YTD revenue.

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

- The Company's YTD NPAT of \$407,066 is significant above budget by 128%.
- Liquidity position remains healthy as represented by its current ratio of 7:1.

SUMMARY OF ANALYSIS OF MUTUAL BODIES PERFORMANCES FOR JANUARY-MARCH 2020 (YTD)

1. Accident Compensation Corporation (ACC)

- In response to COVID19, ACC assisted the stimulus package prepared by Government through moratoriums, rent free on its properties and a capital injection of SAT\$2 million.
- Specified Conveyance accidents for the quarter were favorable for the Corporation as it recorded decrease in accidents (59%), Injuries (58%) and fatalities (50%) compared to Q220.
- The Corporation recorded NPAT of \$4,213,413 at quarter end, an increase of 5% following a setback in Oct-Dec derailing above budget performances by the Corporation since Q119.

2. Samoa Life Assurance Corporation (SLAC)

- New Policies increased by 42% compared to budget however decreased by 7% compared to the total number of new policies registered in previous quarter. Surrender claims increased by 9% from last quarter.
- SLAC closed off this quarter with a Net Loss of \$66,314 following 11% decrease in Revenue and 5% increase in Expenses compared to budgets.
- SLAC's overall progress is also below budget according to its Corporate Plan Budget for the period.

3. Samoa National Provident Fund (SNPF)

- The Board approved and endorsed the following concessionary assistant package to SNPF members, employers and tenants who were affected by the COVID-19 pandemic:
 - o 6 months moratorium on contribution payments for hospitality sector;
 - o 1 month refund on member-loans repayments;
 - o 2 months free rent for all SNPF property private tenants;
 - o 20% early withdraw for members in the Hospitality sector who have lost their jobs or have been laid-off temporarily due to C+OVID-19.
- The design and construction of the SNPF Building in Savaii has been awarded. The design phase commenced in early June 2020 and the construction phase is expected start in September 2020 at a timeframe of one and a half year.
- Following 15% increase in Revenue and 5% decrease in Expenditure compared to budget, the Fund recorded an operating profit of \$13,314,629 contributing to YTD profit above budget by 19%.

SUMMARY OF ANALYSIS OF PUBLIC BENEFICIAL BODIES
PERFORMANCES FOR JANUARY-MARCH 2020 (YTD)

1. National Kidney Foundation of Samoa (NKFS)

- Enforcing the State of Emergency, the Foundation has not been able to deliver its usual service standards. Border controls have halted its supply chain for the reviewed quarter: some overseas providers of medical supplies are in lockdown, unable to deliver orders placed by the Foundation.
- Mr Robert Buffet of Australia provided training for 4 bio medical technicians to certify them to use, repair and troubleshoot the later model of dialysis machines donated in the previous quarter.

2. National University of Samoa (NUS)

- NUS launched two plans this quarter:
 - o Pandemic Plan after declaration of national State of Emergency (SOE) for COVID-19 to inform actions to undertake in terms of planning prevention responses to corona virus.
 - o Waste Management Plan in partnership with MNRE and Samoa Recycling and Waste Management Association.
- Prime Minister of Samoa and India's High Commissioner to Samoa launched the India-Samoa Centre of Excellence in Information Technology (CEIT).

3. Samoa International Finance Authority (SIFA)

- The Authority conducted a Staff Engagement Survey on service improvement for capacity building as part of its Performance Management System Framework.
- The Authority operated at a Surplus of \$490,285 this quarter which largely exceeded budgeted Loss of \$33,567, contributing to YTD Surplus above budget by 3%.

4. Samoa Fire and Emergency Services Authority (SFESA)

- A 3-acre land lease at the Airport Authority compound at Faleolo, earmarked for the Faleolo Fire Station, was approved to SFESA this quarter.
- A Surplus of \$168,383 indicates that the Authority is financially stable, which was further supported by a positive Cash Flow Balance of \$1.87million and Current Ratio of 7:1.

5. Samoa Qualifications Authority (SQA)

- 25 Formal PSET Providers Annual registrations were renewed during the quarter. Also, its first Bachelor (level 8) qualification was accredited: from Malua Theological College.
- Under its Professional Standards for TVET Trainers, two drafts were submitted to management for feedback – *SQA Registration of Technical and Vocational Trainers Policy & SQA Registration of TVET Trainer Guidelines*.

6. Scientific Research Organization of Samoa (SROS)

- The SROS team has identified positive bioactive candidates with anti-diabetic potential from Samoan plant and marine extracts by screening against the enzyme alpha-glucosidase.
- The Crops Division of the Ministry of Agriculture and Fisheries will be transferred as a new division under SROS. The new division will focus on all research issues relating to agriculture crop production. This will provide support for farmers that face the

challenge of producing sufficient crops to meet growing consumer demand while maintaining the quality and quantity of resources for future generations.

7. Samoa Sports Facilities Authority (SSFA)

- Substantial decrease in revenue collection this quarter is majorly due to the closure of all facilities following the national State of Emergency for COVID-19.
- SSFA explored innovative revenue avenues including naming rights and billboard advertising proposals given to external companies and government agencies to capture their interests.

8. Samoa Tourism Authority (STA)

- The direct adverse impact of the COVID-19 pandemic has seen the unemployment rate in the tourism industry increased significantly with an estimate of over 700 workers being laid off and numerous hoteliers temporarily closed down in dying efforts to minimize further losses.
- Surplus of \$818,668 reflects financial stability, complemented by Current Ratio of 3:1 and Cash Flow Balance of \$2million which indicates adequacy to cover obligations when fall due.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³ Jan-Mar 2020)

PUBLIC TRADING BODIES		Revenues			Expenses			NPAT			ROE	
		Actual	Budget	Var	Actual	Budget	Var	Actual	Budget	Var	Actual	Budget
1	Development Bank of Samoa	7.39	6.67	11%	6.60	7.53	-12.3%	-0.21	-1.45	-86%	1.34%	-1.68%
2	Electric Power Corporation	105.36	109.05	-3%	101.04	104.33	-3%	4.32	4.72	-8%	1.29%	1.42%
3	Gambling Control Authority	6.06	0.00	#DIV/0!	5.69	-	-	0.37	0.00	-	7.68%	#DIV/0!
4	Land Transport Authority	35.09	33.11	0%	39.69	38.64	0%	-4.60	-5.53	0%	79.60%	44.73%
5	Polynesian Airlines Limited	50.79	53.47	-5%	63.71	57.58	11%	-12.92	-4.11	214%	0.81	69.73%
6	Public Trust Office	0.62	0.87	-28%	0.72	1.07	-33%	-0.10	-0.20	-51%	-2.04%	-4.29%
7	Samoa Airport Authority	20.90	21.30	-2%	17.91	17.95	0%	2.99	3.35	-11%	5.11%	6.02%
8	Samoa Housing Corporation	6.75	6.34	7%	3.52	4.92	-29%	3.24	1.41	129%	8.85%	4.34%
9	Samoa Land Corporation	9.15	9.60	-5%	4.58	5.40	-15%	4.04	3.44	17%	10.25%	#DIV/0!
10	Samoa Post Limited	1.33	1.67	-20%	1.13	1.34	-15%	0.14	0.24	-41%	5.37%	10.32%
11	Samoa Ports Authority	16.08	16.64	-3%	9.60	9.37	-	6.47	7.38	-	0.00%	0.00%
12	Samoa Shipping Corporation	22.60	24.62	-8%	20.35	22.26	-9%	1.64	1.72	-5%	5.26%	5.62%
13	Samoa Shipping Services	2.40	2.36	2%	2.18	2.19	0%	0.21	0.17	26%	6.55%	6.17%
14	Samoa Trust Estate Corporation	0.14	0.21	-32%	1.25	0.69	0%	-0.53	0.05	0%	12.31%	-5.81%
15	Samoa Water Authority	21.77	22.53	-3%	20.97	23.27	-10%	0.80	-0.73	-209%	1.21%	-1.13%
16	Unit Trust of Samoa (Management) Ltd	1.47	1.35	9%	1.07	1.18	-9%	0.41	0.18	128%	15.39%	7.36%
	Total	307.90	309.79	-1%	300.0	297.7	0.8%	6.27	10.64	-41%	0.97%	1.99%

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.

MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD Jan-Mar 2020)

Mutual and Beneficial Bodies		REVENUES			EXPENSES			NPAT ¹		
		Actual	Budget	Var ²	Actual	Budget	Var	Actual	Budget	Var
	<u>Mutual Societies</u>									
1	Accident Compensation Corporation	17.52	17.68	-1%	4.98	5.18	-4%	12.54	12.50	0%
2	Samoa Life Assurance Corporation	8.55	9.77	-12.4%	8.26	8.19	1%	0.30	1.58	-81%
3	Samoa National Provident Fund	47.00	40.97	15%	7.33	7.74	-5%	39.67	33.23	19%
	TOTAL	73.07	68.42	7%	20.57	21.10	-3%	52.50	47.32	11%
	<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	5.93	5.92	0%	5.39	5.86	-8%	0.54	0.06	778%
3	National University of Samoa	18.08	18.94	-5%	19.74	19.78	0%	-1.66	-0.84	99%
4	Samoa International Finance Authority	27.87	27.91	0%	9.59	10.17	-6%	18.28	17.75	3%
5	Samoa Fire and Emergency Service Authority	5.68	5.62	1%	5.89	5.86	0%	-0.21	-0.25	-17%
6	Samoa Qualifications Authority	3.48	3.67	-5%	3.28	3.64	-10%	0.20	0.03	561%
7	Scientific Research Organization of Samoa	3.18	3.23	-2%	3.23	3.23	0%	0.17	0.00	8380%
8	Samoa Sports Facilities Authority	0.90	1.09	-18%	1.09	1.28	-15%	-0.18	-0.19	-1%
9	Samoa Tourism Authority	10.61	10.14	5%	6.76	8.30	-19%	1.14	-0.31	-471%
	TOTAL	75.73	76.53	-1%	54.97	58.13	-5%	18.28	16.26	12%

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