

PEPA FAAOPOOPO E:

PUBLIC BODIES PERFORMANCE REPORT

October – December 2019 YTD

Ministry for Public Enterprises

March 2020

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 31st December 2019 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD³Oct- Dec 2019)

PUBLIC TRADING BODIES		Revenues			Expenses			NPAT ¹			ROE	
		Actual	Budget	Var ²	Actual	Budget	Var	Actual	Budget	Var	Actual	Budget
1	Development Bank of Samoa	5.14	5.14	0%	5.24	5.77	-9.3%	-0.07	-0.99	-93%	-0.16%	-1.21%
2	Electric Power Corporation	71.67	70.14	2%	68.47	70.11	-2%	3.20	0.03	11361%	0.96%	0.01%
3	Land Transport Authority	24.05	0.00	0%	25.67	0.00	0%	-1.63	0.00	0%	-28.98%	0.00%
4	Polynesian Airlines Limited	55.19	56.95	-3%	67.17	61.74	9%	-11.99	-4.79	150%	1.04	108.29%
5	Public Trust Office	0.42	0.58	-28%	0.45	0.71	-36%	-0.03	-0.13	-74%	-0.70%	-2.86%
6	Samoa Airport Authority	14.05	14.20	-1%	12.10	11.97	1%	1.95	2.23	-13%	3.36%	4.01%
7	Samoa Housing Corporation	4.52	4.22	7%	2.76	3.28	-16%	1.76	0.94	87%	4.95%	2.89%
8	Samoa Land Corporation	6.83	6.40	7%	2.89	3.61	-20%	2.88	2.04	41%	8.92%	6.50%
9	Samoa Post Limited	0.90	1.11	-20%	0.75	0.90	-16%	0.11	0.16	-33%	3.98%	6.73%
10	Samoa Ports Authority	11.25	11.20	0%	6.57	6.25	-	4.68	4.96	-	3.08%	-
11	Samoa Shipping Corporation	12.13	12.45	-3%	10.80	11.25	-4%	0.97	0.88	11%	3.12%	2.81%
12	Samoa Shipping Services	1.75	1.57	11%	1.52	1.46	4%	0.23	0.11	99%	6.19%	6.51%
13	Samoa Trust Estate Corporation	0.36	1.11	-68%	1.06	0.99	0%	-0.71	0.12	0%	-3.70%	0.71%
14	Samoa Water Authority	14.61	15.02	-3%	13.94	15.70	-11%	0.67	-0.68	-198%	1.00%	-1.05%
15	Unit Trust of Samoa (Management) Ltd	0.97	0.90	8%	0.72	0.78	-9%	0.26	0.12	116%	9.96%	4.90%
Total		223.82	201.00	11%	220.1	194.5	13.2%	2.27	4.99	-54%	0.45%	0.99%

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.

SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES FOR OCTOBER- DECEMBER 2019 (YTD)

1. Development Bank of Samoa (DBS)

- DBS recorded a YTD net loss of \$69,482 following a YTD net loss incurred by Building Operations of \$248,000.
- Total loan collection as at the end of the quarter aggregates to \$5.1m and an increase by 19% compared to budget.
- A total of 95 applications valued at \$1.4m were approved during the quarter. Of this amount, 62% represents Agriculture, 17% to Industry, 20% to Inclusive Development and the rest to Fishing.

2. Electric Power Corporation (EPC)

- Successful commissioning of Fuluasou Power plant and generators in October.
- The Corporation achieved a YTD NPAT of \$3,193,154 and is significantly above projections of \$27,887.
- Implementation of the newly approved Extension of Distribution Network Policy and New Street Lights applications from customers is an ongoing process for the Corporation. CSO works for this quarter amounts to \$1,188,868.14 which includes Line Constructions and Street Lights.

3. Land Transport Authority (LTA)

- YTD net loss for the Authority amounts to \$1,626,727 for quarter ending 31st December 2019.
- **World Bank approved infrastructure projects proposed by the Authority which amounted to \$6,033,857.55.**

4. Polynesian Airlines (PAL)

- **Other Operation generated a profit of \$1,455,954 where as Jet Operation experienced a loss of (\$6,640,178) which leads to YTD Net Loss for the Airline of (\$4,805,440). This is due to an increase in spending for the Jet operation.**
- **Aircraft fuel expense is above budget by 6% for this quarter.**

5. Public Trust Office (PTO)

- **During the quarter, six (6) new wills were written and registered with the office while a total of eleven (11) new estates files were opened.**
- **Liquidity position is healthy as evident by its current ratio of 61:1 Cash at Bank stands at \$784,556 with investment at UTOS at \$7,151,880 as at 31st December 2018.**

6. Samoa Airport Authority (SAA)

- The Authority recorded YTD NPAT of \$1,489,156 which is above budget of \$1,141,000.
- The negotiations with the Ti'avea land owners for compensation has been completed. Clearing and leveling of the land for the Tiavea Airport is in progress.
- Works for the new Aviation Security (AVSEC) screening room and the new hut to house the Air Traffic Controllers training Simulator at Faleolo Airport have been completed.

7. Samoa Housing Corporation (SHC)

- The Corporation generated YTD NPAT of \$1,423,974 which is 110% above budget.

- New loan approvals of 266 were approved during the quarter valued at a total of \$7.2m. Total portfolio as at 31st December 2018 amounts to \$51,529,054.

8. Samoa Land Corporation (SLC)

- YTD NPAT recorded is \$1,863,635. Current ratio stands at 14:1 with land debtors holding 39% of current assets. Cash balance stands at \$11.9m exceeding budgeted cash flow.
- Major collection for the Corporation is Real estate income which represents 78% of YTD Income.

9. Samoa Post Limited (SPL)

- SPL recorded YTD NPAT of \$191,290 which is 21% above budget leading to positive ROE and ROA.
- Dividend payment to Government of \$218,142.05 was made on the 19th December 2018.
- Samoa Post signs a contract with another E-Commerce company adding to their business clientele, in an effort for additional revenues from offshore business partnerships.

10. Samoa Ports Authority (SPA)

- The Authority maintained profitability as evident by its NPAT of \$2,659,776 for the quarter ending 31st December 2018 leading to YTD NPAT of \$4.4m which is 161% higher than the budgeted amount.
- SPA dividend payable for FY2017 amounts to \$3.4m and was agreed to be paid in installments of \$500,000 since July 2018. The dividend received by the Government amounts to \$3m as at 31st December 2018.
- The Authority continued its main focus for the Samoa Ports Improvement Project funded by ADB.
- 168 vessels were called into the Apia port during the quarter which shows an increase compared to 151 vessels in previous quarter.

11. Samoa Shipping Corporation (SSC)

- The increase in the number of visitors travelling between Upolu and Savaii for the festive season has resulted in SSC putting up additional trips using MV Samoa Express.
- A special survey for MV Lady Naomi for repair has been completed and a request has already been put through to the Government of Japan for her replacement.

12. Samoa Shipping Services (SSS)

- SSS Liquidity position as represented by its current ratio of 11:1 is high with cash at bank holding 46% of total current assets.
- The company has made an arrangement with SWIRE Shipping Company through its crewing agent alpha Pacific Navigation based in Fiji for the employment of Samoan seafarers on SWIRE cargo vessels.
- The number of seafarers currently employed with the Mediterranean Shipping Company (MSC) has increased from 349 in the last quarter to 359 in the current quarter.

13. Samoa Water Authority (SWA)

- The Saleaumua borehole was completed in October 2018.
- Gataivai RW System has completed and fully operational.
- Installation of submain works has been completed with 100m for Fataloa and Vaisaulu.
- Water quality results for all months of this quarter for their main Slow sand Water Treatment Plants 100% compliance with National Drinking Water standards.
- The mobile collection arrangement for rural areas has been extended to Savaii to make it easier for customers to pay bills on time.

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

- The Company's YTD NPAT of \$184,205 is well above estimated profits by 79%.
- Liquidity position remains healthy as represented by its current ratio of 11:1.

SUMMARY OF ANALYSIS OF MUTUAL BODIES PERFORMANCES FOR OCTOBER-DECEMBER 2019 (YTD)

1. Accident Compensation Corporation (ACC)

- The Corporation finished Q220 with a NPAT of \$4,007,505, slightly below budget by 4%.
- Specified conveyance accidents increased by 100%, with fatalities increasing by 250%. Of the total fatalities, 25% were young children age 14 years and under.

2. Samoa Life Assurance Corporation (SLAC)

- SLAC achieved NPAT of \$547,574 for the first Quarter of the Current FY
- Number of Surrender claims increased yet again from last quarter with new policies registered 25% below budget.

3. Samoa National Provident Fund (SNPF)

- The Fund recorded a NPAT of \$14,191,145 for this quarter, exceeding budget by 28%.
- Launched its online portal for members – where they can view their full contribution details, member's loans, investment loans and other services.
- A special dividend of 1.1% was declared to be paid to members as assistance with the measles outbreak.

SUMMARY OF ANALYSIS OF PUBLIC BENEFICIAL BODIES PERFORMANCES FOR OCTOBER-DECEMBER 2019 (YTD)

1. National Kidney Foundation of Samoa (NKFS)

- Board and Management commenced a study to review fees on dialysis patients; a proposal will submitted to Cabinet pending the review
- Assisted with the Measles outbreak: teams were dispatched to man several health centers and during the mass immunization campaign.
- A total of 31 dialysis machines donated by the North Shore Hospital were received in October 2019.

2. National University of Samoa (NUS)

- Professor Alec Ekeroma was appointed as the 5th Vice Chancellor & President of the University.
- Launched the Samoa Knowledge Society Initiative (SKSI) Project with NUS identified as the main Implementing institution.
- Memoranda of Understanding (MOU) with 11 partners were developed for the implementation of selected courses delivered by NUS.

3. Samoa International Finance Authority (SIFA)

- SIFA attended the Organization for Economic Cooperation and Development (OECD) conference to lift its standard of compliance.
- The Authority recorded NPAT of \$1,009,280 which largely exceeded budget of \$228,687.

4. Samoa Fire and Emergency Services Authority (SFESA)

- SFESA experienced the busiest schedule this quarter, both internationally and locally: due to the Measles outbreak and the State of Emergency declared.
- 2 staff members completed trainings/studies overseas on fire and disaster risk reduction and have rejoined the workforce.
- Despite recording a deficit of \$161,752, the Authority still holds an ample Cash Balance of \$1.6 million and an adequate liquid position (Current Ratio: 5.94:1).

5. Samoa Qualifications Authority (SQA)

- SQA processed the Annual Registration Renewal of nine Formal PSET Providers and launched four Samoa Qualifications in Water and Sanitation.
- Current ratio of 11:1 represents a stable liquidity position complemented by a cash flow balance of \$3.6million at quarter end.

6. Scientific Research Organization of Samoa (SROS)

- The Organization, as part of their research mandate, was able to develop herbal tea sourced from locally available medicinal plants and prepare ginger and turmeric powder for hot drinks as part of its core operations.
- The Samoa Biodiversity Centre partially funded by the Government of Samoa and SROS was officially launched in September.

7. Samoa Sports Facilities Authority (SSFA)

- Hosting the Pacific Games 2019 provided SSFA with the opportunity to further upgrade and promote its sports facilities to an international level.
- There is high risk on the Authority's future operations given Cabinet directive to merge with the Sports Division of MESC after operating at a Deficit yet again.

8. Samoa Tourism Authority (STA)

- STA completed the new Accommodation Standards Review and Star Rating Manual in reporting quarter.
- In support of the Authority's development, the Event Space in front of the Government Building funded by the NZ Government was launched in July 2019.
- Net Loss of \$62,115 is recorded as a result of quarterly expenses above budget limits.

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ October – December 2018)

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	10.70	10.52	2%	3.44	3.40	1%	7.27	7.12	2%
2	Samoa Life Assurance Corporation	5.79	6.00	-3.4%	4.71	5.64	-17%	0.94	0.24	297%
3	Samoa National Provident Fund	25.47	27.78	-8%	5.16	4.86	6%	20.31	22.92	-11%
	TOTAL	41.97	44.30	-5%	13.30	13.90	-4%	28.52	30.28	-6%
	<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	3.52	3.50	1%	3.08	3.60	-14%	0.44	-0.10	-543%
3	National University of Samoa	11.08	11.45	-3%	12.64	12.64	0%	-1.56	-1.19	31%
4	Samoa International Finance Authority	27.30	22.99	19%	8.15	8.30	-2%	19.15	14.68	30%
5	Samoa Fire and Emergency Service Authority	3.48	3.43	1%	3.29	3.50	-6%	0.19	-0.06	-401%
6	Samoa Qualifications Authority	2.69	3.27	-18%	2.62	3.30	-21%	0.06	-0.03	-335%
7	Scientific Research Organization of Samoa	1.93	2.02	-4%	2.29	1.74	32%	-0.36	0.28	-227%
8	Samoa Sports Facilities Authority	1.99	2.09	-5%	2.51	2.50	1%	-0.52	-0.41	28%
9	Samoa Tourism Authority	6.46	6.56	-1%	6.11	6.35	-4%	0.35	0.21	68%
	TOTAL	142.38	143.90	-1%	67.29	69.71	-3%	74.79	73.95	1%

Key:

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