

## STATEMENT TO PALIAMENT



07 September 2016

The Honorable Speaker

Legislative Assembly of Samoa

MULINU'U

Sir,


In pursuant of Part VI, Section (4) of the Public Bodies (Performance and Accountability) Act 2001, I present to the Legislative Assembly for discussion, Samoa Post's Corporate Plan and Statement of Corporate Objectives for the year 2017-2020

The Company's **OBJECTIVE** is:

To achieve excellence through the provision of profitable, affordable, reliable and accessible postal services to its domestic and international clients.

**Through achieving its Mission Statement of:**

To be the "LEADER" in physical distribution of parcels and paper communication meeting international delivery standards, with capacity and capabilities to becoming an essential partner for the business community.

Mā le fa'aloalo,  
  
Atamasaga Lepuiai Rico Tupai  
**MINISTER OF SAMOA POST**

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## 1. Mandate:

SamoaPost operates within the existing licensing framework and the specific legislation states hereunder;

- Postal Act 2010
- Companies Act 2001
- Supervisory Legislation including the Public Bodies (Performance and Accountability) Act 2001 and Public Finance Management Act 2001.

SamoaPost was incorporated under the above Legislations, and classified as a Public Trading Body, under the Public Bodies (Performance and Accountability) Act 2001. As such, it is operated under the Management of the Board of Directors with the responsible Minister providing necessary oversight.

The Company works closely with the Board of Directors, who takes full responsibility for the Company's Corporate Plan for the 2017-2020 cycle.

### ***1.1 Regulatory Environment (Postal Act 2010)***

SamoaPost is regulated by the Postal Act 2010, as the legal framework for its operations.

Samoa is a member of the Universal Postal Union, and Samoa Post is the Designated Operator, responsible for the transmission of international and domestic mails. It adopts and abides with all Universal Postal Union (UPU) Acts, with the International Bureau (IB) governing 192 postal administrations around the world.



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## 2. Entity Profile

### 2.1. Entity's History

Samoa Post, as a public service provider for Samoa, is mandated to the provision of postal services in the country. Tremendous changes in the communication market in the past years, reflected strongly in the postal sector's strategic focus and business development. The shifts in focus were the direct results of the noted trends in the postal sector's business performance.

Business environment is becoming more fragile and reflected negatively on Samoa Post's continuous provision of the Community Service Obligations particularly in the rural areas. Despite of that Samoa Post still committed to the provision of accessible services for people in the rural area, as we forecast these transactions will be on the rise in the future.

The continuous rise of Digital Economies caused significant disruptions to postal business worldwide. Major effects were felt in Letter Correspondences, with a continuous sharp decrease for inbound, outbound and domestic mail volumes. Despite of this downward trend, we noted a slow but steady increase in inbound Parcels and Express Mail Items recently due to E-commerce and online purchasing, although it's insufficient to reverse the total mail volume declining trend.

Monitoring of domestic and worldwide postal changes is our strength, building our capability and structure, to adapt immediately, with appropriate changes in strategies and procedures from time to time. Continuous collaboration with our international organizations provides needed technical and financial assistance for the enhancement of postal services and market changes.

Reserved services of domestic and cross border addressed letters, small packages, mail box services and exclusive stamp printing are minimal to weather the negative effects, from electronic and complementary services.

Commercial Services on the other hand, further threatens with having a small market, within a small economy and served by various competitors, with the growth of substitute electronic services, affects our commercial postal services.

Having a complete understanding of the market forces and movements, enable Samoa Post to strategically and consistently analyze the relevancy of postal services from time



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to time. Continuous market innovation, new products development and new market identifications are the key features in the company's survival in the modern market and responding to customer's changing needs.

The company will struggle to remain profitable during the cycle, but vigilant in its course with our mission of providing accessible, cost effective and profitable services to our customers.

## **2.2 Vision**

SamoaPost will achieve excellence through the provision of profitable, affordable, reliable and accessible postal services to its domestic and international clients

## **2.3 Mission**

To be the "LEADER" in physical distribution of parcels and communications in the local and international market, and be an essential partner for the business community.

## **2.4 Values**

- Trustworthy
- Provision of Value for money
- Honest
- Fair
- Timeliness
- Dependable
- Reliable
- Transparent
- Accountable to stakeholders and shareholders
- Strengthening Teamwork and cooperation
- Compliance with legal guidelines
- Maintain high development standards domestically and internationally
- Well trained Human Resource
- Customer focus

### **3. Objectives**

Samoa Post strategic focus continues from the last cycle as ongoing strategies towards the international community for the generation of the much needed volumes to compensate the decline in domestically generated mail volumes.

Priorities remain on the identified areas where Samoa Post believes to be relevant for the growth of postal business in the next cycle. These are:

#### **Postal Services Objectives:**

##### **1. Postal Services**

- a. Find new international business partners for E-commerce market.
- b. Improve delivery performance through ensuring our procedures are compatible with other postal administrations worldwide to increase payments on the pay for performance system.
- c. Continue training of Human Resource training and development ensuring that our structure is appropriate in supporting our planned outcomes.
- d. Maintain and strengthen formal and close affiliation with UPU and APPU for:
  - i. dissemination of information on market changes, niche markets, new services and technological developments appropriate for Samoa Post;
  - ii. new projects to further develop postal capacity to meet new customers demands. (Vehicles and IT hardware and software and staff training and developments).

##### **2. Retail Services**

- a. Build our philatelic stamp sales with close collaboration with our Stamp Agent in the United States.

##### **3. Agency Services**

- a. Continue building our district post offices in Savaii to become Community Service Centres through creating new partnerships with the local business community.
- b. Seek more domestic business partners to utilize our District Post Offices at Savaii.
- c. Strengthen our financial, physical and electronic network at District Post Offices.

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**4. Financial Profitability:**

- a. To maintain sustainable development activities and prospects for 2017-2020.
- b. Strict review of focus on our business strategies, with a constant review of financial performance on a monthly, quarterly and yearly basis. Deviations must be addressed immediately with corrective measures and unattained targets should be explained thoroughly for future reference.

**5. Board:**

- a. Achieve 7% Return On Equity (ROE) and provide efficient and effective quality service.
- b. Pay annual dividend of 50% of Net Profit After tax (NPAT).
- c. Achieve financial forecast stated in the Corporate Plan and Statement of Corporate Intent.
- d. Ensure the Corporate Plan, Statement of Corporate Intent and Reports (Quarterly and Annual) are prepared on time and in accordance with the guidelines set by the Ministry for Public Enterprises.
- e. Comply with all policies and instructions directed by Cabinet.
- f. Observe duties and responsibilities expected of Directors under the Public Bodies (Performance & Accountability) Act 2001 and the Companies Act 2001.

## 4. Financial Statements

### 4.1 Key Financial Indicators

	30- June- 16 Audited	30-Jun-16 Forecast	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20
<b>KEY FINANCIAL MEASURES</b>						
Revenue:	2,268	2,132	2,156	2,181	2,203	2,231
EBITDA (Gross Profit)	604	489	462	434	401	372
EBITDA (Gross Profit in %)	27%	23%	21%	20%	18%	17%
Expenditure	1,664	1,643	1,694	1,747	1,802	1,859
Net Profit Before Tax	604	489	462	434	401	372
Net Profit After Tax	461	380	361	340	316	295
<b>Current Assets</b>						
Current Assets	5953	6,301	6,513	6,979	7,041	7,592
Total Assets	6237	6,686	6,889	7,366	7,419	7963
<b>Current Liabilities</b>						
Current Liabilities	3874	4,094	4,126	4,442	4,346	4,699
Total Liabilities	4073	4,332	4,355	4,661	4,556	4,953
Equity	21%	16%	14%	13%	11%	10%
<b>Profitability:</b>						
Gross Profit %	27%	23%	21%	20%	18%	17%
NPAT as % of sales	20%	18%	17%	16%	14%	13%
Return on Equity	21%	16%	14%	13%	11%	10%
<b>Liquidity:</b>						
Current Ratio	1.5.1	1.5 : 1	1.6 : 1	1.6 : 1	1.6 : 1	1.6 : 1
<b>KEY NON-FINANCIAL MEASURES</b>						
	30-Jun-16 Audited	30-Jun-16 Actual	30-Jun-17 Forecast	30-Jun-18 Plan	30-Jun-19 Projection	30-Jun-20
No. of SPO's	37	33	33	33	33	33
No. of DPOs + CPO	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1
No. of Occupied Post Boxes	1,841	2,271	2,100	2,000	1,900	1,800
Postal Volumes	213,403	198,465	184,572	171,652	159,637	148,462





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## 5. Specific Projects for the 2017-2020 cycle

### 5.1. Continuous Capacity Building for District Post Offices

Samoa Post continues to renovate current District Post Offices at Savaii when the need arise, as they were renovated in the year 2013.

The additional investment for the planned period is forecast to be \$50,000. It allows constant strengthening of district post offices capabilities for diversified services, delivered in rural areas and according to our strategic plan for the cycle.

### 5.2. Renewal of Company vehicles and IT Equipment

1. Samoa Post plans to renew some of its fleet in the final year of this cycle particularly replacing our Hiace Van in the year 2017, and will seek international assistance for financing this project. Financial forecast for this project is \$100,000.00. The renewal will avoid maintenance costs arising from aged vehicles and improve delivery performance of the company.
2. We also plan to renew our IT equipments in the year 2018 and will seek financial assistance from the Universal Postal Union for this project under its Quality Service Fund, for the development of postal services in developing countries. Financial Forecast for this project is \$150,000.00



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## 6. Support for Government Policies

Samoa Post complies with all legislations governing and affecting Samoa Post operations. (*Public Bodies (Performance and Accountability) Act 2001, Postal Service Act 2010, Public Finance Act 2001, Labor and Relations Employment Act 2013, and Companies Act 2001*).

Samoa Post's physical network strengthening in Savaii, will not only increase our people's accessibility to a variety of postal and agency services according to *Samoa Post Act 2010* and *Universal Postal Union Acts* for all UPU member countries.

Samoa Post ensures compliance and supports of Government policies for the development of the rural areas in terms of Education, Health Services, Tourism, Agricultural and Transportation sector moving forward. We forecast District Post Offices in Savaii, to develop into Community Centers for the provision of all government and business services in the future.

The future of the post is getting more and more challenging and compliance with legal obligations of being profitable and paying 50% of Net Profit After Tax to government, will be an enormous burden for the company in the future.

### 6.1 Risks and Risk Management

1. Samoa Post's main office at the Matafele government building is a constant concern, as the building is in a rundown status and constantly leaking affecting postal operations from time to time. We are working with MNRE requesting for the building to be renovated.
2. District Post Offices are exposed to burglaries, staff theft and climate changes as they are on the waterfront. Constant building renovations are planned, for the provision of postal services to the rural areas, various business arrangements are adopted with our business partners minimizing financial risks carried by Samoa Post
3. Government developments such as the National Broadband Highway, ASH cable and E-Government projects, facilitates our volume decline, but Samoa Post will also identify opportunities these technological developments provide. We will extend our reach to international markets tapping to the growing e-commerce market, to generate additional mail volumes as a cushion our declining mail volumes.

## 7. Dividend Forecast

Samoa Post Company strives to achieve its entire legal obligation ensuring the continuous provision of at least 7% dividend to government. According to our forecast, Dividend payment to Government will be as follows:

Period	Forecast Dividend payable to Government	ROE	Reporting
2016	\$189,900	16%	September 2016
2017	\$180,260	14%	September 2017
2018	\$170,020	13%	September 2018
2019	\$158,020	11%	September 2019
2020	\$147,570	10%	September 2020

The driving force on the decreasing dividend payment is technological developments with an adverse effect on our traditional and core services. The Letter post market decreased dramatically, with customer to customer (C 2 C market) communication, for outward and inward flows, is nearly non-existence.