



SAMOA POST STATEMENT OF CORPORATE OBJECTIVES

2021 - 2024

STATEMENT TO PALIAMENT



1 April 2020

The Honorable Speaker

Legislative Assembly of Samoa

MULINUU

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 2021-2024

The Company's **VISSION** is:

To excel in the provision of profitable, affordable, reliable and accessible Postal, Electronic and Financial services to domestic and international customers.

Through achieving its Mission Statement of:

To move towards postal digitization, facilitating physical distribution of parcels, express and e-commerce items, and strengthens networks for the provision of electronic and financial services for the community, supporting Government drive towards a Digital Economy.

Ma le faaaloalo,

A handwritten signature in blue ink, which appears to be 'Rico', written over a light blue background.

Afamasaga Toeolesulusulu Lepuiai Rico Tupai
MINISTER OF MCIT, OOTR and SAMOA POST

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1. Mandate

SamoaPost operates within the existing licensing framework and the specific Legislations are stated as follows;

- *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 Acts, and classified as a Public Trading Body, under the *Public Bodies (Performance and Accountability) Act 2001*, with daily operations being the responsibility of Management. The Board of Directors is accountable for setting a strategic path pursued by the Corporation during the cycle. The sector Ministers is tasked with oversight responsibility, guaranteeing business strategies accords with the Sector Plan, and Government's Economic Framework.

The Board of Directors is fully responsible to the attaining of Corporate Plan financial targets for the 2021-2024 cycle and becomes the guiding factor for Director's performance.

1.1 Regulatory Environment (Postal Act 2010)

The *Postal Act 2010* is the primary Act basically providing the legal framework for Samoa Post's establishment and postal operations.

Samoa is a member of the Universal Postal Union, thereby appointing Samoa Post as the service provider for the country. The Post adopts and abides with all Universal Postal Union (UPU) Acts and Regulations.

With this diverse membership, the role of the Universal Postal Union is fundamentally essential guaranteeing international legal framework, allows general protection of developing countries postal interests, international regulation compliance, standardize operational procedures reflecting economic positions and market conditions with special interventions for developing countries, ensuring no one is left behind.

2. Entity Profile

2.1. Entity's History

Samoa Post, is the Designated Operator (DO) for Samoa, mandated to provide postal services for the country. The Ministry of Public Enterprises is the supervising agency ensuring the State Owned Enterprise operates within legal guidelines, abiding with primary objectives of profitability, and capable of paying dividends to shareholders annually.

The communication sector is vulnerable to tremendous technological changes, with enormous effects to traditional postal services. The strategic drive this year advanced towards supporting postal services with innovative electronic systems, product innovation and diversification.

The post earmarked huge investments this cycle to strengthen its infrastructure. The driving objective is the expansion towards electronic services and financial inclusion, responding to emerging e-markets. Interconnection is critical as mobile penetration in Samoa upsurges. Modern customers embraced online connectivity, exposed to instantaneous services, leading to elevated customer's expectations, for service providers, to comply with the high level of connectivity, visibility and real time responses.

Samoa Post operates without any subsidies from Government and self-sustainable over the years, despite operating district post offices at a loss. This adversely affects Samoa Post's financial performance, reducing profits and dividends over the years, and could hinder opportunities for continuous provision of Community Service Obligations (CSO) for rural areas, in accordance with its legal obligations in the *Postal Act 2010*.

The rise of Digital Economies caused disruptions seriously felt in the letter mail market in developing and least developing countries. Enormous growth in e-commerce and e-services saw advanced economies racing to adjust to this ecommerce business boom. Samoa cannot capitalise on this economic growth, due to usual limitations, such as the small economy, small population and financial institution credit facilities.

Strict monitoring of the domestic and international market trends, is critical in building network capabilities, enhancing postal structure, and immediately adapts business strategies according to emerging changes in customer behaviour, customer needs and economic changes from time to time.



Continuous collaboration with our international organisations such as the Universal Postal Union and Asia Pacific Postal Union provides needed technical and financial assistance, development projects and training fellowships, to enhance postal services and performances, with capacity building to respond to market changes.

Reserved services of domestic and cross border addressed letters, small packages, mail box services and exclusive stamp printing, provide marginal benefits to Samoa Post, and insufficient to weather adverse effects, of declining mail volumes and complementary products.

Commercial Services growth is restricted by a very small market, within a small economy, and further served by various competitors. Growth of substitute electronic services and the rise in prepaid services further restricted growth opportunities and financial outputs in the future.

Five (5) District Post offices at Savaii are operating on a loss since Samoa Post's corporatization in 2008. However Samoa Post stayed committed to its mission, of the provision of accessible, reliable and cost effective services to the community and further reflected by our legal obligations under the *Universal Postal Union Regulations* and *Postal Act 2010*.

3. Vision and Mission

3.1 Vision, Mission and Values

Vision

To excel in the provision of profitable, affordable, reliable and accessible postal, electronic and financial services to domestic and international customers.

Mission

To move towards postal digitization, facilitating physical distribution of parcels, express and e-commerce items, and strengthens networks for the provision of Electronic and Financial services for the community, supporting Government drive towards a Digital Economy.

Values

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

4. OBJECTIVES FOR THE CYCLE

4.1. Objectives, Strategies and Performance Measures for 2021-2024

Strategy	Activities	Measure
<p><u>1. Postal Services:</u></p> <ol style="list-style-type: none"> 1. Explore opportunities to increase postal revenues annually; 2. Comply with new UPU and Customs regulations for delivery operations; 3. Improve Quality of Postal Services constantly; 4. Promote capacity building for SPL staff; 5. Liaise with international bodies for development project for SPL development; and 6. Constantly review UPU delivery rates and execute proper measures accordingly. 	<ol style="list-style-type: none"> 1. Sign up at least one, new business partner for Ecommerce each year. 2. Adopt new operational requirements from the UPU: Electronic Advanced Data (EAD) and ITMATT systems by 2021. 3. Meet all UPU delivery targets and pay for performance requirements; 4. Prepare an annual Training program for staff development and capacity building 5. Secure a development project for Samoa Post during the cycle; and 6. Carry out a review of the postal tariff annually. 	<ol style="list-style-type: none"> 1. Achieve postal services financial target each year. 2. Achieve financial targets and UPU Pay for Performance systems; 3. Complete the annual Staff Training program; 4. Meet UPU delivery and development project outputs; and 5. Submit a proposed General Price Increase for authorities' approval in 2021.
<p><u>2. Retail Services</u></p> <ol style="list-style-type: none"> 1. To explore avenues to increase Philatelic Sales; 2. To increase Philatelic revenues by 1% annually; and 3. Explore opportunities for new products to meet annual targets. 	<ol style="list-style-type: none"> 1. Find and sign up a Stamp Agent business partner for a supply of postage stamps; 2. Liaise with stamp agent to Philately stamp sales each year; 3. Explore possible new retail products to increases planned retail revenue growth of 1% annually. 	<ol style="list-style-type: none"> 1. Achieve financial targets for Philately Services; 2. Achieve overall annual budget for Retail Revenue.

Strategy	Activities	Measure
<p>3. <u>Agency Services</u></p> <ol style="list-style-type: none"> Find new business partnerships during the cycle (Domestic and international business partners); Explore opportunities enabling online utility payments and computerisation of DPO; Allow annual renovation budget for DPO's to strengthen structure and improve DPO image. 	<ol style="list-style-type: none"> Seek and sign up at least two business partnerships to increase revenues for agency services; Increase business partnerships and ensure connection of District Post Offices to the internet; Constant renovation of DPO and carry out promotional campaigns for agency services and partnership. 	<ol style="list-style-type: none"> Achieve annual financial targets for Agency services each year during the cycle; and Reduce operational costs for DPO's, and progresses towards DPO sustainability.
<p>2. <u>Financial Performance</u></p> <ol style="list-style-type: none"> Ensure the achievement financial and non-financial KPI's in accordance with the Corporate Plan each year; Review Corporate Plan strategies and financial outputs annually and advise management and Board accordingly; and Comply with all Financial legal requirements in the preparation and submission of financial reports 	<ol style="list-style-type: none"> Prepare correct and reliable financial statements and monitor monthly performance against financial targets and address deviations; Improve financial systems and financial performance in Debtors and Creditors settlements, and ensure compliance with SPL policies; and Ensure all financial records are accurate and complete for auditors, HR policies are complied with, Employees records are complete and up to date 	<ol style="list-style-type: none"> Achieve non-financial and financial KPI's annually in accordance with the Corporate Plan figures for 2021-2024; Submission of complete and accurate financial Reports to the Board, MPE and Auditors on time during the cycle; and Reduce issues from Auditors and ensure an Audit Unqualified Opinion each financial year.
<p>5. <u>Board Governance:</u></p> <ol style="list-style-type: none"> Prepare the Corporate Plan and the Statement of Corporate Objectives for Samoa Post on time and conduct annual reviews of these documents; 	<ol style="list-style-type: none"> Submit the Corporate Plan for the cycle 2021-2024 on time to MPE, Cabinet and Parliament; Conduct monthly board 	<ol style="list-style-type: none"> Achievement of all Key Financial Indicators in accordance with Corporate Plan figures approved; Ensure compliance with

Strategy	Activities	Measure
<p>2. To ensure achievement of Company’s financial performance and on time financial reports;</p> <p>3. To comply with government policies and Cabinet directives from time to time.</p> <p>4. Observe duties and responsibilities expected of Directors under the <i>Public Bodies (Performance & Accountability) Act 2001</i> and the Companies Act 2001.</p>	<p>meetings to address financial issues and performance progress of the company;</p> <p>3. Monitor the Company’s financial performance and execute corrective measures on time; and</p> <p>4. Follow up the strategic plan of the company with Management.</p>	<p>legal guidelines for SPL company;</p> <p>3. Ensure the submission of financial reports, to authorities on times;</p> <p>4. Ensure Directors compliance with director’s legal responsibilities to the Company.</p>

5. Financial Statements

5.1 Key Financial Indicators

Samoa Post Key Financial Indicators 2021-2024

KEY FINANCIAL MEASURES	Audited		Forecast	Projections		
	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
<i>Revenue:</i>	2,016	1,412	1,465	1,734	1,812	1,893
EBITDA (Gross Profit)	516	76	145	248	241	244
EBITDA (Gross Profit in %)	26%	5%	10%	14%	13%	13%
<i>Expenditure</i>	1,500	1,336	1,320	1,486	1,571	1,649
Net Profit Before Tax	516	76	145	248	241	244
Net Profit After Tax	455	69	121	203	198	200
Current Assets	7,870	7,331	6,951	6,672	6,352	6,043
Total Assets	8,223	7,763	7,518	7,344	7,167	7,013
Current Liabilities	4,470	4,048	3,682	3,369	3,041	2,770
Total Liabilities	4,669	4,163	3,840	3,534	3,227	2,943
Equity	13%	2%	3%	5%	5%	5%
Profitability:						
Gross Profit %	26%	5%	10%	14%	13%	13%
NPAT as % of sales	23%	5%	8%	12%	11%	11%
Return on Equity	13%	2%	5%	8%	7%	7%
Liquidity:						
Current Ratio	1.8 : 1	1.8 : 1	1.9 : 1	2 : 1	2.1 : 1	2.2 : 1



KEY NON-FINANCIAL MEASURES	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
	Audited	Forecast	Projection			
No. of SPO's	28	28	28	28	28	28
No. of DPOs + CPO	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1
No. of Occupied Post Boxes	1,500	1,300	1,300	1,300	1,300	1,300
Postal Volumes	130,489	104,391	83,513	91,864	101,051	111,156
Complaints	4	5	5	5	5	5
Inquiries	84	50	30	25	20	15
Lost Mails	0	0	0	0	0	0

6. Specific Projects for 2021-2024 cycle

6.1. Infrastructure Projects

Samoa Post will strengthen the infrastructure, renew Information Technology equipment and invest in financial and IT applications systems, expected to generate income.

Funding for special projects are reflected in our financial forecast over the period and some of these projects are projected to be funded by the Universal Postal Union depending on potential financial assistance offered from time to time and applicable to our projects

Focussed areas are as follows:

1. Financial services investment - this investment geared towards exploring new service and products for our district post offices;
2. Renewal of delivery van – our current mail van was purchased in 2015 and will be renewed in 2021;
3. Vehicle Purchase – renewal of the current vehicle is due;
4. IT Equipment and Systems – renewal of IT equipment is due as current hardware was in 2019 and 2020; and
5. Delivery Vehicles – renewal of current delivery vehicles procured under the UPU Quality of Service project in 2019.

6.2. Capital Investments

The table provided Samoa Post’s Capital Investments plan required to successfully deliver its business objectives and deliverables. Samoa Post capital investment plan, accounted in financial statements and as follows:

	Vehicle	Year of Purchase	Price	Funding
1	Financial Service	2021	\$200,000	Self-funded
2	Hiace Van Replacement SPL 02 DPO Renovations (Disaster Resilience Fund Technical Assistance)	2022	\$120,000 \$200,000	Self-funded UPU project
3	SPL 01 Santa Fe	2023	\$120,000	Self-funded
4	IT Equipment and Financial Systems	2023	\$100,000	UPU Project
5	SPL Delivery Mail Vehicles (3 @ Greta)	2024	\$240,000	Self-funded
	Total Investment		\$560,000	

7. Support for Government Policies

Samoa Post complies with all applicable laws and regulations governing businesses in Samoa in addition to the *Postal Act 2010*, with provision of accessible, reliable and cost effective postal services for our people, supporting specific Government policies for the establishment of SPL as a State Owned Enterprise.

Postal investments and maintenance of rural outlets, promote trade facilitations increasing service availability to rural communities, drives district post offices towards self-sustainability. Financial inclusion eradicates poverty and improves citizens' wellbeing and responding to growth in worker's mobility and extended working period, supporting government objectives for economic and social development, and service inclusion.

Samoa Post strategic plan deliverables will be achieved successfully if Government actively created an enabling digital transformation environment, through constructive coordination among the private and public sector service providers, towards digital economy.

8. Risk and Risk Management

Risks of not achieving key financial and non-financial indicators exist at all material times, due to various economic, environmental and health uncertainties highlighted above. Natural disasters and economic shocks are unpredictable with high exposure for the company and its trading partners, with its effects indicated in the continuous decline of financial results in key financial indicators for the period.

The company implements integrated measures, to minimize exposure to new and existing disaster risks. The establishment of proper business strategies, work in collaborations with UPU on planned Disaster Risk Management (DRM) projects, the formation of disaster management policies and team, were directed to mitigate organization's hazard exposure and vulnerability to disasters. It also increases preparedness for response and recovery, thus strengthen resilience.

9. Dividend Forecast for 2021-2024

Period	Forecast Dividend payable to Government (35% of NPAT)	ROE	Reporting Period	<u>Expected due date to Government</u>	
				Interim	Final
2019	\$159,414	17%	September 2019	February 2020	August 2020
2020	\$24,000	2%	September 2020	February 2021	August 2021
2021	\$42,000	5%	September 2021	February 2022	August 2022
2022	\$71,000	8%	September 2022	February 2023	August 2023
2023	\$69,000	7%	September 2023	February 2024	August 2024
2024	\$70,000	7%	September 2024	February 2025	August 2025