SAMOA POST

STATEMENT OF

CORPORATE OBJECTIVES

2025 - 2027

STATEMENT TO PALIAMENT

1 June 2024

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 Statement of Corporate Objectives for the year 2025-2027

The Company's VISION is to:

Excel in the provision of inclusive, affordable, profitable and accessible postal, digital banking and digital financial services to the people of Samoa and international customers.

Through achieving its Mission Statement of:

Moving towards postal digitization, facilitating physical distribution of postal services, build digital financial, digital banking and E-commerce services for the community and supporting Government's drive towards a Digital Economy.

Ma le fa'aaloalo,

Toelupe Poumulinuku Onesemo

MINISTER OF SAMOA POST

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1. Mandate

Samoa Post operates within the existing legal framework with specific Legislations and Regulations stated below:

- ***Postal Act 2010***

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

- ***Universal Postal Union Regulations***

  Samoa is a member of the Universal Postal Union, thereby appointing Samoa Post as the designated operator 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 an international legal framework complied by diverse memberships.

  It also provides general protection for Least Developing and Developing States' interests, in respect to Developed Countries operational requirements such as high delivery cost and system requirements.

  It solicits international Regulations' compliance; standardization of operational procedures reflecting economic positions and market conditions from time to time and offer special interventions assisting developing countries, ensuring no one is left behind.

- ***Companies Act 2001***

  Samoa Post is registered under the *Companies Act 2001*, and complies with the Acts requirements.

- ***The Public Bodies Act 2001, Public Bodies (Performance and Accountability) Act 2001* and *Public Finance Management Act 2001***

  Samoa Post was incorporated under the above Acts, and classified as a Public Trading Body, under the above legislations, and complies with all supervisory legislations stating fundamental responsibilities of the Public Trading Body.

Achieving key mandates of being profitable and pay dividend to Government every year is the guiding principal. Submitting operational and annual reports to relevant supervising ministries are legal requirements that the company must comply with.

The Honourable Minister for the Communication Sector is responsible in coordinating Samoa Post's role within the Communication Sector Plan and accords with the Government's Economic Framework.

Samoa Post is contributing to the Communication Sector Plan adapting to the evolving market needs and new technologies including the national postal network as well as linking to the Pathway for the Development of Samoa in Improving Business Performance through the use of ICT

The Board of Directors carries the primary responsibility of setting a strategic path for Samoa Post, accountable with the Management for the completion of capital projects and the attainment of strategies and financial targets during the Corporate Plan cycle.

The Management is also task with the execution of all set strategies and overall day to day operations of the Company. These divisional responsibilities ensure the Company operates successfully and efficiently at all times.

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 with two Shareholding Ministers, being the Honourable Minister of Finance and Honourable Minister of the Ministry of Public Enterprises.

Key legislation includes the *Public Bodies Act 2001*, which requires Samoa Post to operate purely on commercial lines, remain profitable and pay dividend to Government each year. Samoa Post obliged with this mandate since it corporatization in 2008, despite encountering serious trials ever since.

Challenges are getting more intense, unforeseeable, and irreversible, facilitated by fast changing digital developments, entering and adopted by the market in a blink of an eye. High speed and low cost digital connectivity and communication are forces the post cannot fathom with.

We witnessed the national drive towards digital economy as the essential tool to growing economies of Small Island Development States (SIDs), supported by Government investing millions toward this reality, crowding out the poor resourced postal services to develop and catch up on its own. The speed and funds required to be inclusive in these infrastructure developments are out of the postal reach and left behind to fend itself, without any government intervention.

The Universal Postal Union and international postal administrations are the usual sources of assistance, to upgrade operational systems, renew our delivery fleet, purchase needed equipment and for staff training, throughout the years.

Challenges are getting tougher each year and diversifying to other areas requires huge and sufficient capital investments the Post does not have.

New business ventures are expected to incur losses in the first few years of launching contradicts the Public Body's mandate, with a clash between Commercial Services verses Community services provisions.

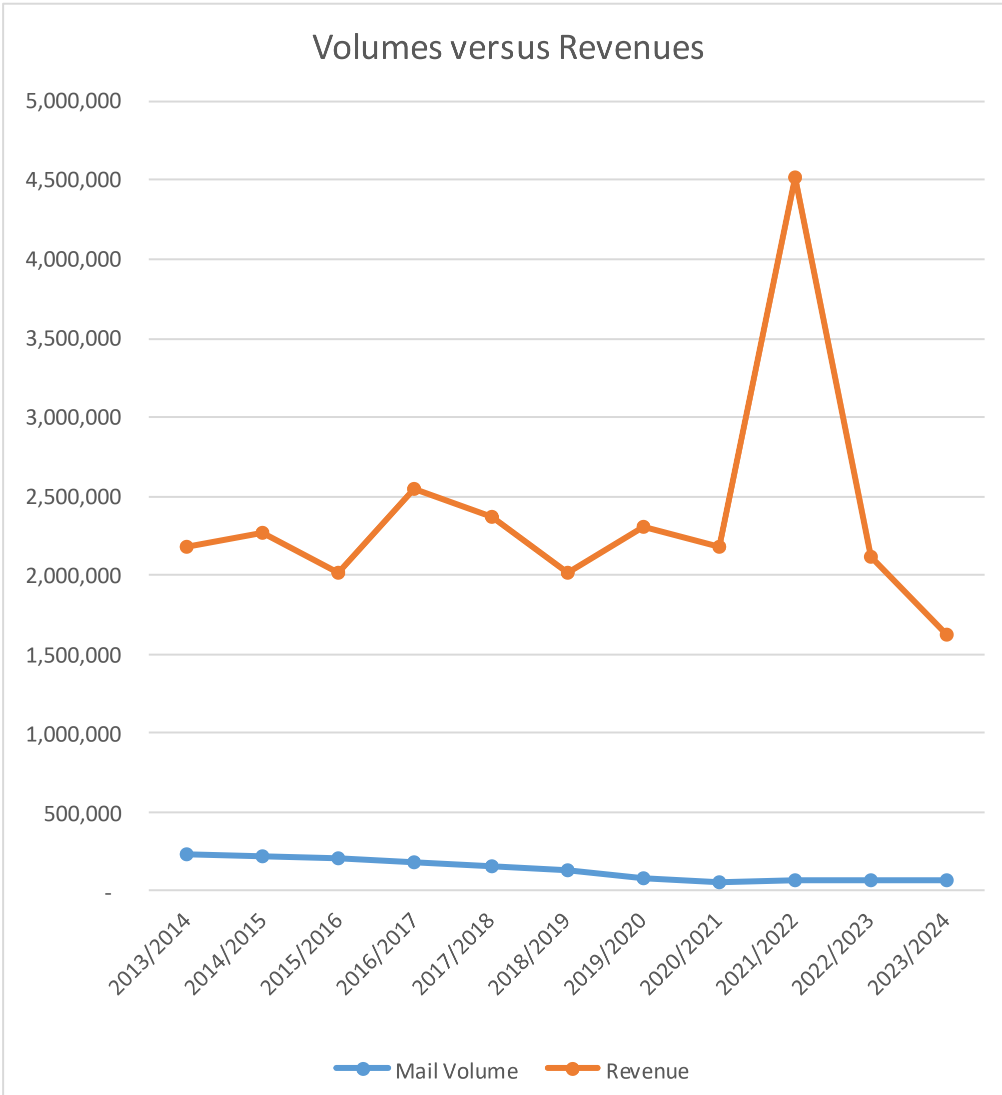
On the other hand, any political intervention for services to price below operational costs and market values, or directives to offer services that could not generate healthy margins, could seriously hinder any potential for growth and controversial to the Public Body's mandate.

The post still struggle to generate profits each year, pay dividend to government and meet the minimum ROE of 7% at all times.

Volumes verses revenues for the last 11 years

	Mail Trend for the last 10 years										
Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mail Volume (in thousands)	229	213	210	176	160	128	74	51	64	67	70
Revenue ($) (in millions)	2.182	2,268	2.014	2.549	2.362	2.017	2.311	2.178	4.514	2.115	1.624

Volume and Revenue Trend from 2014 - 2024



Note:

1. Volume declining trend for the last 11 years;
2. Despite of the consistency in the declining volumes, revenues grew for some year;
3. The huge increase in 2022, was instigated by very heavy outbound volumes during the international border lockdown from covid19 pandemic;
4. Revenue growth was generally caused by international business partnerships and other revenue sources.

2.2. Five District Post Offices in Savaii

Samoa Post operates five district post offices in Savaii under unprofitable circumstances for most of the sixteen (16) years of operations except for financial years, 2021/2022 and 2022/2023, were able to generating healthy profits due to covid lockdowns.

Meanwhile, declining sales is expected for 2024 with forecast loss of $57.9k when operations return to normality after covid disruptions.

However, the vision remains as to provide accessible and affordable services for our people in rural communities and coincide with the Communication Sector Plan for service affordability, service inclusion and no one is left behind.

DPO's financial Performance for the last 4 years

DETAIL REVENUE FOR SAVAII DPOs BY ACCOUNT CODE				
	FY2020/2021	FY2021/2022	FY2022/2023	FY2023/2024
	Annual revenue ($)	Annual revenue ($)	Annual revenue ($)	Annual Revenue ($)
Revenues				
Postal services revenue	99,510.10	554,215.82	153,537.80	29,542.71
Retail revenue	2,466.26	7,285.58	4,551.11	4,597.25
Agency operations revenue	9,283.23	25,227.00	32,164.50	32,484.96
Sublease revenue	19,465.18	35,155.06	37,224.45	37,595.68
Total revenue	130,724.77	621,883.46	227,477.86	104,220.60
Expenses				
Personnel costs	43,771.35	93,466.97	101,577.58	101,445.07
Direct operating costs	2,966.08	1,561.30	1,500.00	1,515.00
Financial costs	315.36	93.72	178.00	2,803.60
Property maintenances	113,877.96	68,857.47	34,080.31	34,419.01
Material and services	16,545.78	21,740.82	19,097.38	19,286.06
Administrative expenses	91.32	3,634.86	1,526.30	1,489.04
General expenses	1,939.33	2,708.41	2,456.27	1,180.54
Total Expenses	179,507.18	192,063.55	160,415.84	162,138.32
Profit/(Loss)	(48,782.41)	429,819.91	67,062.02	(57,917.72)

(Note: 2024 figures are annualized)

The table above reflects the following:

- Impacts of Covid pandemic on District Post Offices' operations;
- Indicates how responsive postal operations were to external disruptions; and
- District post offices returns to loss making after covid disruptions.

3. Vision and Mission

3.1 Vision, Mission and Values

Vision
To excel in the provision of profitable, affordable, reliable and accessible Postal, Electronic, Digital Banking and Digital Financial services to the people of Samoa 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, Banking and Financial services for the community, supporting Government drive towards Digital Economy.

Values

- Trustworthy Workforce
- Building Team Cohesiveness
- Provision of Value for money Services
- Promptness with customers issues and queries
- Fairness in decision making for customers and employees
- Transparency and accountability
- Compliance with SPL performance mandates
- Constant HR Capacity Building
- People and Customer focused

4. Objectives for the Cycle

The comprehensive review of past performance results and market disruptions, commanded new inclusive and fitting objectives for the cycle. Diversification towards new emerging markets and digitization of postal services, is the focus, safeguarding a strong, relevant and secured postal network and resilient against potential natural disasters and pandemics during the cycle.

We have learnt from Universal Postal Union that Postal administrations which include financial and banking services in addition to postal services, were more resilient during covid19 challenges.

Objectives, Strategies and Performance Measures for 2025-2027

Objectives	Strategies	Measures
1. **Postal Services:** To increase postal services revenues by 20% throughout the cycle. To improve Business Performance through the use of ICT	1. Prepare a new Tariff for Commercial services in 2025; 2. Sign up 1 new E-commerce business partner each year, or 2 every two years; 3. Prepare SPL Marketing Plan for 2025 – 2028 cycle and annual promotional campaigns to market and promote postal services & products; 4. Launch Domestic Courier Services in 2024/2025 financial year. 5. Meet delivery targets from UPU each year of delivering 98% of mail items within 2 days (J + 1). 6. Submit a QSF project to UPU to replace mail vehicles in 2025/2026. 7. Development and Adoption of the National Payment System	1. New Tariff Increase effective 2026; 2. Signed partnership deal with E-commerce partners; and 3. SPL's Marketing Plan ready by 2024/2025 4. Domestic Courier Service operational in 2024/2025. 5. Check with UPU delivery reports. 6. Received new mail vans under UPU assistance. 7. Achieve Postal Services CP Revenue forecast each year: 2025 – $1,315,240 2026 – $1,577,080 2027 $1,892,490 8. Clients, suppliers and

Objectives	Strategies	Measures
	8. Incorporate environmental and sustainable practises in postal services by exploring eco-friendly packaging options.	customers fully used the National Payment System
2. **<u>Retail Services</u>** Increase Retail Services Revenues by 10% annually.	1. Find international philatelic partner in 2024/2025 to sell philatelic stamps; and 2. Find a Stamp Agent business partner to print new postage stamps for this cycle; 3. Increase philatelic sales from cruise ships 4. Promotional campaigns for mail boxes and retail products. 5. Explore innovative retail products or/and services to cater to emerging market demands from time to time.	1. Signed contract with a new philatelic agent; 2. Achieve CP annual targets for Retail as follows: 2025 – $54,750 2026 – $60,220 2027 – $66,240 2028 – $72,870
3. **<u>Banking and Agency Services</u>** a. To establish banking services in District Post Office in Savaii; and b. To increase Banking and Agency Services revenues as follows: ➢ 2025 - 10% , ➢ 2026 – 10% ➢ 2027 – 20%; and	1. To establish Banking services for FY 2025/2026 at DPO's; 2. Sigh up to UPU Financial Services with link with New Zealand Post, Australia Post and United States Postal Services (USPS) for financial services; 3. Review due contracts with local business partners for rate increases; 4. Liaise with UPU for assistance for banking/ financial services	1. Banking Services Operational in FY 2024/2025; 2. UPU Financial Services System operational in 2024/2025; 3. Achieve Financial forecast for Banking and Agency Services as follows: 2025 – $123k

Objectives	Strategies	Measures
	(financial/TA) 5. Monitor and reduce operational costs for DPO's. 6. Emphasise cyber-security measures and customer data protections to build trust and comply with international standards.	2026 – $135k 2027 – $162k
4. <u>Overall Financial Performance, Reporting & Monitoring</u> a. To achieve overall annual budget forecast each year; and b. Submit all reports on time each year	1. Prepare and submit Quarterly reports on time all the time; 2. Prepare and submit Annual Reports on time each year; and 3. Conduct Board meeting every month. 4. Incorporate Risk Management strategy to address unforeseen challenges impacting financial performance.	1. Meet Quarterly reports deadlines; 2. Meet Annual Reports deadlines; 3. Achieve Financial Targets and Dividend Targets as per table 6.5.
5. <u>Capital Projects</u> To carry out all capital projects included in 7.2 throughout the cycle.	1. Execute capital projects in accordance with the list in 7.2; and 2. Integrate a risk assessment for each capital project to ensure effective project management.	1. Complete each project earmarked for each year.
6. <u>Human Resource</u> To build HR capabilities through internal and international trainings.	1. Staff to attend at least 2 international trainings each year; and 2. Management to conduct 2 internal refresher training for staff each year.	1. Successful delivery of CP Targets set each year.

5. Financial Statements

5.1 Key Financial Indicators

Samoa Post Key Financial Indicators 2025-2028

	Audited		Planned	Projections		
KEY FINANCIAL MEASURES	**30-Jun-22**	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**	**30-Jun-26**	**30-Jun-27**
Revenue:	*4,514*	2,114	1,624	1,901	2,226	2,620
Expenditure	*3,016*	*1,835*	*1,569*	*1,798*	*1,967*	*2,200*
Net Profit Before Tax	1,497	280	55	103	259	420
Income Tax	(358)	(27.04)	(14.94)	(27.94)	(70.06)	(113.28)
Net Profit After Tax	1,139	253	40	76	189	109.55
Dividend	398.77	88.42	14.13	26.44	66.30	38.34
Current Assets	6,773	5,949	5,949	5,739	5,875	6,089
Total Assets	7,641	6,702	6,612	6,459	6,603	6,831
Current Liabilities	2,373	1,339	1,193	1,019	1,034	1,055
Total Liabilities	2,905	1,730	1,614	1,412	1,432	1,460
Net Assets	4,737	4,972	4,998	5,048	5,171	5,370
Retained Earnings	4,236	4,472	4,499	4,548	4,671	4,870
Total Equity	4,737	4,972	4,998	5,048	5,171	5,370
Individual Revenue Streams						
Postal Services	3988.55	1580.23	1095.19	1,315.24	157.70	189.25
Retail Services	78.92	78.68	49.77	54.75	60.22	66.24
Banking and Agency	92.88	87.67	110.99	122.01	134.30	161.16
Other Revenue	275.23	27714	270.41	297.45	327.20	359.92
Amortization	80.96	90.77	98.01	112.71	127.36	140.10

Profitability:						
Gross Profit %	33%	13%	3%	5%	12%	16%
NPAT as % of sales	25%	12%	2%	4%	9%	12%
Return on Equity	24%	5%	1%	2%	6%	9%
Liquidity:						
Current Ratio	2.8.1	4.4.1	5 : 1	5.6 : 1	5.7 : 1	5.8 : 1
		30-Jun-23	**30-Jun-24**	**30-Jun-25**	**30-Jun-26**	**30-Jun-27**
KEY NON-FINANCIAL MEASURES	**Audited**		**Planned**			
No. of SPO's	8	8	8	8	8	8
No. of DPOs + CPO	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1	5 + 1
No. of Occupied Post Boxes	1203	1,073	1,180	1,298	1,428	1,571
Postal Volumes	64,961	67,334	69,792	72,584	75,487	78,507
Stakeholder meetings	0	0	0	1	1	1
Employee International Trainings	0	6	5	2	2	2

6. Specific Projects for 2025-2027 cycle

6.1. Infrastructure Projects

Samoa Post plan to carry out major infrastructure projects listed below to improve and upgrade postal capacity to respond to modern and emerging business environment of today.

a. Building of a new Salelologa Post Office during financial year 2024/2025, as the current office inside the Salelologa market is considered unhealthy and unsafe for both staffs and postal customers;

b. The establishing of a Post Bank during the financial year 2024/2025 is also in the pipeline to strengthen the financial infrastructure towards digital transformation and service modernization, and allows offering new services and product diversification;

c. Delivery fleet is planned to be renewed in 2026 and coincide with the life span of current delivery vehicles and intended to be funded by the Universal Postal Union under its Quality of Service fund assistance;

d. Renovation for Asau and Tuasivi Post offices are also included for 2026 and 2027 respectively, to coincide with new developments; and

e. Renewing the Information Technology (IT) Systems and hardware is essential to support business developments, facilitates postal services, banking and financial services and improve connectivity.

6.2. Capital Investments

The table provided Samoa Post's Capital Investments plan required to successfully support the company's business objectives and deliverables and included in financial statements.

Out of the six Capital projects, two are planned to be funded by the Universal Postal Union. The rest are self-funded with flexibility determined by operational and market requirements from time to time.

Capital Investments	Year of completion	Value	Funding
New Salelologa District Post Office	2025	$450,000	Self-funded
Post Bank Project	2025	$2.5 million	Self-funded
Purchase of 2 Delivery Mail vans to renew the current fleet	2026	$200,000	UPU Funded
Renovation of Asau District Post Office	2026	$50,000	Self-funded
Renovation of Tuasivi District Post Office Project	2027	$50,000	Self-funded
IT Equipment Project– replacement of IT hardware	2027	$50,000	UPU funded
Total Investment		**$3,300,000.00**	

7. Support for Government Policies

The general outlook of the Corporate Plan this cycle, coincides with Government determination towards building digital economy, decentralization of economic developments and service inclusion.

The target for most of development projects is rural communities, who are usually overlooked and left behind, in commercial and government business and economic developments.

We believe Samoa Post's diversification towards Digital Banking and Digital Financial will bring huge benefits to our immediate target customers and future generations in rural areas.

Future benefits goes a long way with new opportunities for economic developments, employment and wealth generation for the less fortunate communities, lifting their standard of living and alleviate poverty.

Building the financial infrastructure for Savaii, assists the Government in future pandemics. District Post Offices will have the capabilities to provide postal services, banking services and financial services from the same building and place.

It enables potential sector lockdowns for each district with Samoa Post's presence in Salelologa, Tuasivi, Fagamalo, Asau and Salailua. It also provide essential means of distributing government benefits to the intended recipients, as the general public, the pensioners, farmers, fishermen, small women in business and SME's (Small and Medium Enterprises) in Savaii .

8. Risk and Risk Management

The Corporate Plan cycle is a long period of time. Forecasts were made from best projections based on past performances with ceteris paribus[1]. However, risks from environmental, economic and political disruptions are high and real, and can upset the balance and capabilities of attaining set strategies. This cycle's operational environment is getting more unpredictable from areas listed below:

- **Environmental**- Covid pandemic in 2020 – 2024 have devastating consequences and we are still recovering from its significant effects. Natural disasters can strike with disastrous results as seen around the world and if occurred can have significant disruptions and lead to the non-achievements of financial projections.

- **Economic –** We are witnessing unstable economic conditions with devastating effects on the company's operations as more than 60% of total revenues is generated from international mails. Therefore international market conditions play a major role in Samoa Post achieving its financial projections for the cycle.

- **Political** – Possible external directives and interference with the company's business operations and objectives can cause serious consequential losses to achieving overall objectives of the company.

- **Inflation** - Ongoing conflicts around the world not only caused prolonged inflation but limited international mail trade with affected areas and result in higher operational costs and declining revenues.

The above risks are all external and Samoa Post has minimal control over, but preparing to respond to these challenges by diversifying services to new area to foster growth and build resilience were part of our strategic focus for the cycle.

9. Dividend Forecast for 2021-2024

Below is the table providing the forecast for Dividend planned to be paid to Government throughout the cycle.

FORECAST DIVIDEND TABLE FOR 2025- 2027

Period	Forecast Dividend payable to Government (35% of NPAT)	ROE	Reporting Period	Expected due date to Government	
				Interim	Final
2024	$14,134	1%	September 2024	February 2024	August 2024
2025	$26,440	2%	September 2025	February 2025	August 2025
2026	$66,300	6%	September 2026	February 2026	August 2026
2027	$107,190	9%	September 2027	February 2027	August 2027