



Samoa Land Corporation

ANNUAL REPORT
2019-2020

30th October 2020

Hon. Leaupepe Taimaiono Tole'afoa Faafisi
Speaker
Legislative Assembly
TUANA'IMATO

ANNUAL REPORT 2020

Pursuant to Section 110 of the Public Finance Management Act 2001, I present to the Legislative Assembly the Annual Report of the Samoa Land Corporation Limited for the period 2019/2020.

Lautafi Fio Selafi Purcell
MINISTER FOR SAMOA LAND CORPORATION

TABLE OF CONTENTS

VISION & MISSION STATEMENT	3
STATEMENT TO PARLIAMENT	4
CHAIRMAN'S REPORT	5-6
GENERAL MANAGER'S REPORT	7
• Financial Performance	8-9
• Major Development	9
• Human Resources and Administration	9-11
• Internal Auditor	11-12
• Legal Division	12
• Lands Division	13-14
• Finance & IT	14
• Investment Division	14-15
• Challenges	15-16
• Future Outlook	16
• Risks and Uncertainties	17
• Conclusion	17-18
AUDITED ACCOUNTS 2019/2020	

VISION

"To ensure current and future generations of Samoa benefit from the sustainable management of all Corporations' assets"

MISSION

"To promote social and economic development opportunities for the people of Samoa, through the efficient and effective use of all Corporations' assets"

STATEMENT TO PARLIAMENT

“Samoa Land Corporation (“SLC”) has existed for thirty (30) years since its inception in 1990, to take over the management and divestment of part of government land acquired as a consequence of WESTEC reorganisation. Its legal mandate is provided, under the Companies Act 2001, Public Finance Management Act 2001, and Public Bodies (Performance and Accountability) Act 2001, Cabinet Directives, Board resolutions and relevant regulations.

Of the 24,000 acres of land inherited by SLC, approximately 362 acres was surrendered for road infrastructure, and easements for access to its subdivided landholdings. The remainder divested accordingly by way for Agricultural, Residential, Commercial, Community and Ali’i and Faipule leases whilst about 5 percent was for sale.

Over the years, investment activities including but not limited to markets and golf course amenities were added to diversify income earning avenues for the Corporation. Value added developments, have been evident from these investments and have bolstered, social stability, cultural, religious and economic benefits. ”

CHAIRMAN'S REPORT

On behalf of the Board of Directors, as Chairman I present the Samoa Land Corporation (SLC) annual report for the financial year as from 1st July 2019 up to 30th June 2020.

The period in review is quite a challenging year and perhaps the first time Samoa has ever experienced the two major deadly diseases, the measles epidemic towards the end of 2019 to be followed immediately with the extremely more severe Covid-19 pandemic affecting most countries of the world since the start of 2020. Although, the latter is yet to infect a single person in our country but its economic impact is enormously significant affecting all sectors of the economy.

SLC's financial performance generated \$13.1 million tala in revenue, a drop of about 2.5 percent when compared to the previous year. The net profit after tax also dropped from \$4.1 million last year to \$3.5 m this year. However, our Return on Equity of 11% is better than the standard rate of 7% set under the Public Bodies Act 2001. Total Net Assets has increased by about 5% from \$41.3 million tala in the previous year to \$43.5 million tala for the financial year 2020.

The Covid-19 pandemic forced SLC to reconsider our commitments for this financial year whereby our priority was to adhere with Government directives to assist the private sector and all the people of our country. SLC has offered stimulus packages of five months' rent free to all our tenants operating at the Savalalo, Vaitele and Salelologa markets. In addition land lease charges were reduced by 15 percent for five months whereas interest rates for land sale transactions decreased by 50% for the same duration. The assistance rendered and injected to assist our people resulted to SLC spending of close to \$1.0 million tala.

In addition, despite our commitment for a successful business entity as per Public Bodies Act 2001, SLC has continually and significantly assisted with contributions over many years in the following areas generally referred to as community service obligations (CSO):

- Assisting the public and the community by offering favourable leasing conditions and reduced rates to village schools, non-government organisations, Churches, and others.
- Lease to own agreements under customary land ownership by villages close to the Apia Town Area at below market prices to assist economically and to maintain the social and cultural identities of these villages.

- All land sales have an interest free term of one year or more although Government now has put a stop on the sale of Government lands.
- Government lands for sale or lease are below market rates.
- Provision of land to support government intentions through development of infrastructural services (*Solar projects developments, telecommunication and connectivity projects, SWA projects, EPC developments*) & sustaining food security production through lease of land for livestock and agricultural developments;
- Assist numerous tenants with limited or weak financial capacities to pay rent thus on many occasions often extending repayment terms and other assistances which leads to accumulation of arrears.
- SLC is at the forefront of Government's drive to encourage and stimulate the private sector as the engine of growth. In moving forward, SLC has now leased out the Malifa Lodge Hotel and Vaitele market main building (first & second floor) and will continue this trend going forward.
- Similarly, SLC has also leased out the second floor of the Salelologa Market to accommodate a variety of businesses and Offices.
- SLC has also offered spaces to small business operators at lower and affordable market rates utilizing Markets at Savalalo, Vaitele and Salelologa.
- Likewise, SLC has leased out the Golf Range and the two Bars through bidding whilst the Faleata Golf Course offers reduced fees for Golfers to enjoy the Course.

Lastly, I wish to acknowledge our management and staff for their focus and effort and I thank you for the persistent and unrelenting commitment to your work. I also like to take this opportunity to acknowledge the hard work put-in by the Board of Directors. Your advice and wisdom have contributed to making things easier whilst we are in the Covid-19 pandemic era. I also take note of the changes to the number of Board members introduced during this financial year from seven to five members. In this regards, I would like to thank our out-going members, Afioga Taimalieutu Ernest Betham and Tufuga Fagaloa Tufuga both have been appointed to the Samoa International Finance Authority (SIFA) as Board Chairman and member respectively also Susuga Rev. Tunupopo Patu. I also want to welcome our new Board member Afioga Lemalu Selesitina Puleaga as well as our re-appointed members, Afioga Toomata Tua Afamasaga, Sua Henry Fruean, and Tuilagi James Bartley.

Last but not the least, a special word of thanks to our Minister, Hon. Lautafi Fio Selafi Purcell for your continued support that enables the Board to perform our duties during these challenging times.

God bless.

Lavea Lemalu Tupuola Sione Malifa
CHAIRMAN

GENERAL MANAGER'S REPORT

This report covers the financial performance of the Samoa Land Corporation (SLC) over the period of 1st July 2019 up to 30th June 2020.

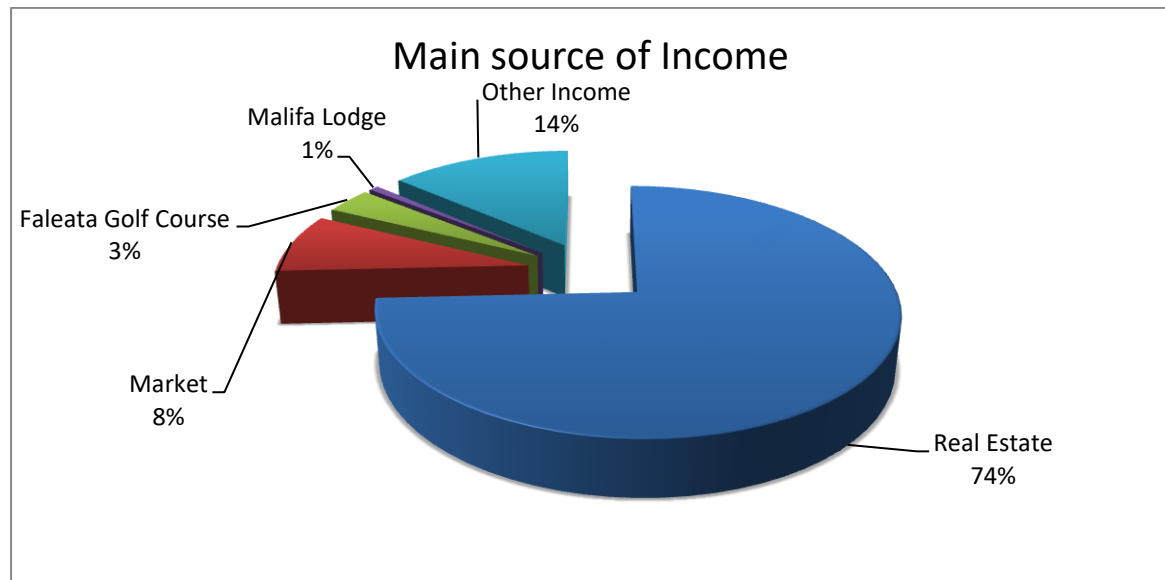
1.0 FINANCIAL PERFORMANCE

REVENUE

Total revenue recorded for the current period has decreased by 2.5% compared to previous financial year. The drop has resulted from the financial assistance by the Corporation to their clients from March to July 2020 during the COVID-19 lockdown as well as the inability of tenants to pay again due to the Covid-19 pandemic.

Income from Lands is the major contributor earning around 74 percent whilst the remaining more than 20 percent comes from markets (Savalalo, Vaitele & Salelologa), the Faleata Golf Course, Malifa Lodge and other sources (Fig 1).

Fig. 1 Revenue collected in financial year 2020

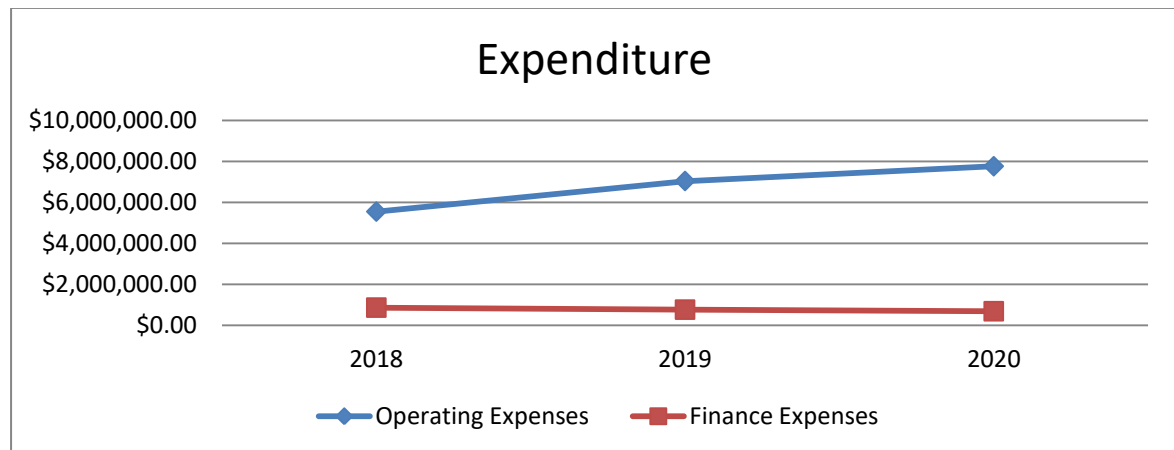


EXPENDITURE

Total expenditure recorded an increase of 8% from \$7.7million in 2019 to \$8.4million for the current period. This increase in total expenses is due mainly to the construction of new access roads to Land Lease, relocation costs of Sogi residents to Falelauniu and the additional provision to cover for the risk and

uncertainties to some of the land debtors and Market tenants at year end due to covid-19 impacts. Administration & Operating costs are the major expense for the Corporation representing 50% of total expenditure for the reported period.

Fig. 2 Total Expenditure from 2018 - 2020

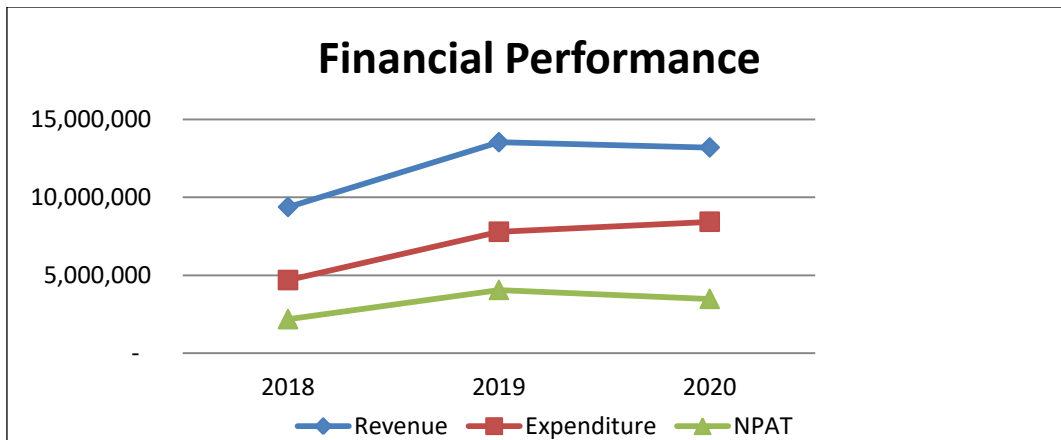


PROFITABILITY

SLC recorded a net profit after tax of \$3.4 million at the end of financial year, a decrease of 14% when compared to the previous period of \$4.0million tala. This result was due mainly to the Coronavirus outbreak that has created numerous challenges for the Corporation heading into the end of the current Financial Year and the uncertainty still remains on the resultant impact in the future as businesses in Samoa are not immune to the global disruptions from Covid-19.

The implementation of the Government stimulus package as per FK (20) 13 directing the Corporation to cease all market lease charges for 5 months from March to July 2020 has also affected the corporation's profitability status in terms of revenue and cash flow. Apart from Market tenants, the Board also approved concessions for Land lease charges at 15%, Property leases and Interest on Land Sales at 50% respectively.

Fig. 3 Revenue, Expenses & NPAT



Despite the impact of the Covid-19 to the Corporation's performance, the Company still achieved a NPAT of \$3.4million leading to positive results for ROE of 11% as noted at end of Financial year. Liquidity position is also high and sufficient to cover its short term obligations when it is due as represented by its current ratio of 10:1.

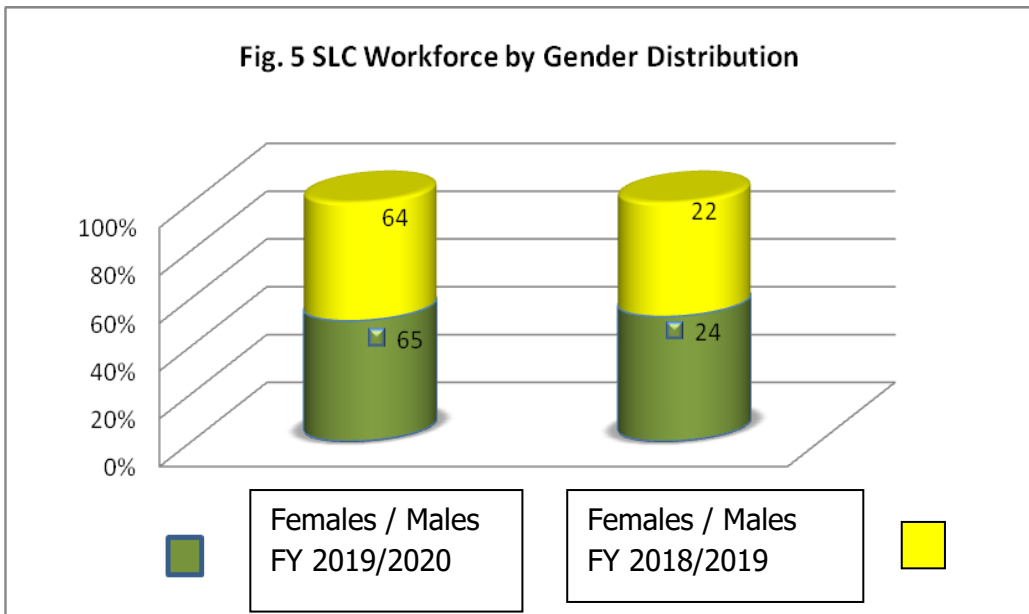
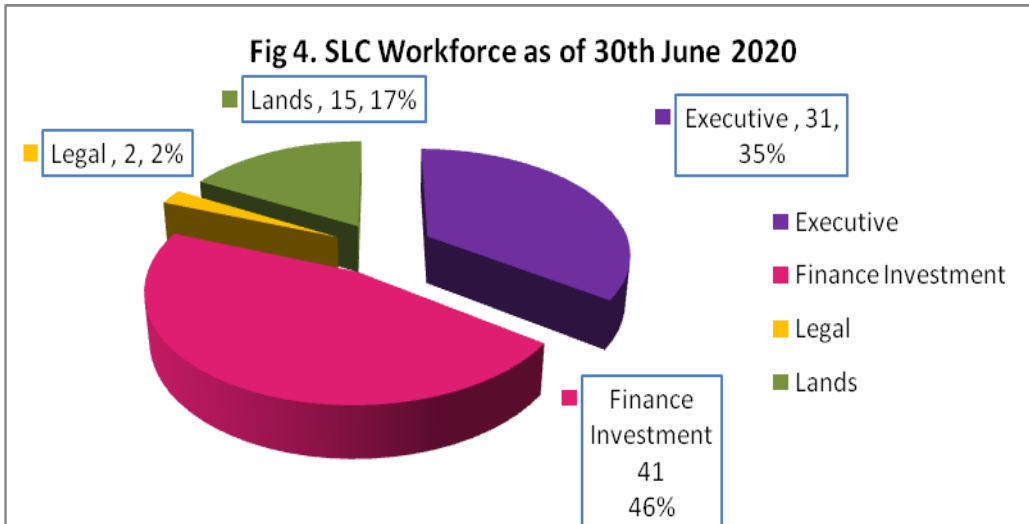
2.0 MAJOR DEVELOPMENTS

These are the major development activities SLC has committed to for this financial year:

- Timely repayment of commercial loan with Unit Trust of Samoa. (UTOS)
- Finance the construction of the Sogi Flea market.
- Invest in two rental houses build at the prime location of Ululoloa.
- Construction of a temporary market at Fugalei to relocate tenants using the Savalalo market.
- Continue to strengthen recovery action plans to improve our financial performance & to be more robust in the collection of arrears from both lands and market.
- Development of the Salelologa Township in progress.
- Continue to lease lands for residential, agricultural and commercial activities.
- Construction of new roads.

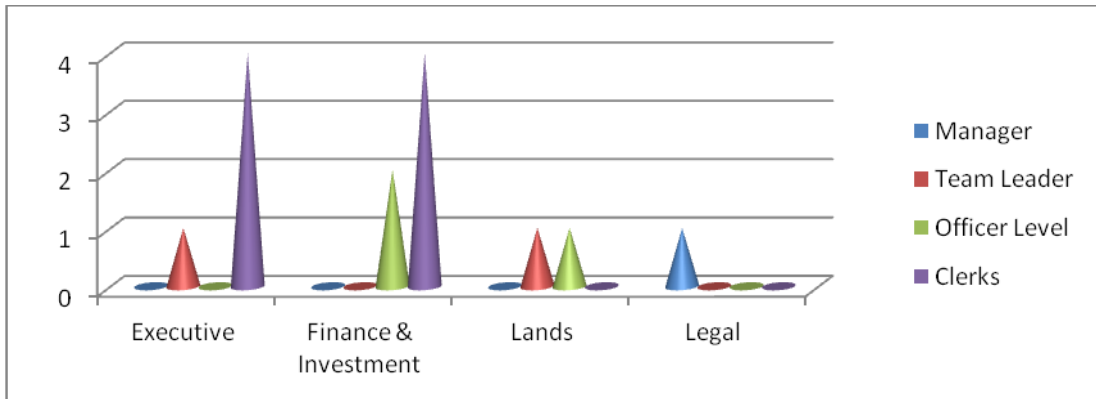
3.0 HUMAN RESOURCES & ADMINISTRATION DIVISION

Total number of staff recorded at 89 end of this financial year compared to 86 in June 2019 shown in figure 4 with 24% females 76% male as shown in figure 5.



- The HR unit had coordinated relevant processes in collaboration with management and staff for Employees Skills Audit as part of recommendations from the Functional Assignments Job Design and Staff Final Report in October 2019 funded through the Samoa Governance Support Programme.

Fig.6 Recruitment Process Completed by Division within financial year 2019/2020



- During the Samoa Public Service Day celebration on the 27th September 2019 employees who have made significant contributions to the organization and development of Samoa were given special recognitions and were recipients of awards for each respective category.

4.0 INTERNAL AUDITOR

Internal Auditor work and activities done and completed throughout the year:

- Monthly Spot Check of Receipts at Savalalo Flea Market and every 3 months for Vaitele Market, Salelologa Market and Faleata Golf Course in order to detect and avoid any fraud or misappropriation as experienced in the past.
- Completed four Internal Audits out of total 6 in the Work Plan (Annual Internal Audit Plan) for the year. This was due to some ad hoc activities and unexpected work as directed by the General Manager and Finance and Audit Committee.
- The four audits in the Work Plan completed include Audit of SLC Land Debtors, Fixed Assets and other properties, Procurement and Payment and Revenues and Receipts. The two outstanding audits of Fuel Consumption and Staff Leave have been included in the Work Plan of the next financial year 2020/21.
- All these Spot Checks and Internal Audits done throughout the year also look into internal control processes and procedures whether they are effective.
- SLC Internal Audit Strategic Plan 2019-2022 was implemented in July 2019 which sets out the medium term(3 years) direction of the internal audit service. It plans to end in June 2022 as covers 3 financial years (FY2019/20, FY 2020/21 and FY 2021/22) and it outlines what priorities of the service will be going forward and what actions will be taken to address these. The plan also sets out how internal audit can continue to provide an adequate level of assurance whilst taking account of resource limitations.

- Sent reports of work regarding internal audits, spot checks, internal investigations and other internal audit activities as directed by General Manager and Finance and Audit Committee to monthly committee meetings.
- Update and Follow-Up in every 3 months of issues raised in Management Letter 2019 from annual audit performed by Isitolo Leota and Interim Audit 2018 to 2019 performed by Audit Office to ensure recommendations for remedy action and improvement has been implemented.
- Prepare Annual Internal Audit Plan (Work Plan) for FY 2020/21 in May 2020 before start of financial year which contain 6 areas to be audited. This is beside spot checks, internal investigations and other ad hoc activities as directed by General Manager and Finance and Audit Committee.
- There was one Across Government Internal Audit done during this financial year which was for Procurement and Payment. This assignment was coordinated by the Ministry of Finance Internal Audit Division, a consultant from Australia and members of Internal Audit Forum (all government internal auditors).

5.0 LEGAL DIVISION

- Debt recovery is an ongoing process which continues to be the chief focus of the Division but for the current global pandemic of Covid-19.
- The Division continues to work collaboratively in partnership with the other three Divisions of Finance, Lands and Investment to yield maximum return for the Corporation.
- We continue to empower the '*Talanoa*' approach (meetings, letters, emails, phone calls and advertisements to continually inform all our debtors of their legal duties and obligations endorsed by their Agreements and enforced by the governing laws of Samoa.
- We continue to review, update and draft past, current and proposed agreements for land sales and leases, markets & other investment options for best applications of current laws, practices and policies.
- We continue to execute contracts for all contractors employed by the Corporation for their service their many Projects; e.g. building, land reclamation, new roads etc.
- We continue to deal with all or most issues relating to land disputes and other SLC related matters for reconciliatory purposes.
- We continue to maintain and uphold our professional working relationship with the Office of the Attorney General and working together to settle all related legal matters affecting the Corporation as well as continuing to provide legal advice to the Corporation.
- We continue to be fair but firm in maintaining the Corporations professional public image in providing our services through the preservation of impartiality, transparency and accountability when dealing with the public valuing all issues brought to our Office as vitally important.

6.0 LANDS DIVISION

SURVEY

- Subdivision to continue for remaining two thousand, three hundred and sixty six acres (2366a) un surveyed lands inland of Vaialele.
- Completed Property Boundary Redefinition Surveys for 200 plus individuals both Residential & Agricultural land leases.
- Completed Subdivision of Compile Plan for the new market at Sogi.
- Completed subdivision of Tapatapao into ¼ acres for residential lease purposes.
- Completed subdivision of Tafaigata lands for Sogi relocation, Police Academy & Fiafia Park.
- Completed subdivision of 50 acres at Vaialele.
- Completed subdivision of 5 acres at Sogi for new flea market.
- Completed subdivision of 1 acre at Tuanaimato for Government Gas Station
- Completed subdivision of 2 acres at Salelologa for lease purposes.
- Completed subdivision of 165 acres at lafi for agricultural leases.
- Completed subdivision of 65 acres for agricultural lease at Tanumapua.
- New Subdivision of the remaining 76a 3r at Tafaigata for MESC academy, Catholic land exchange and residential & agricultural leases.
- Subdivision of 3 ½ acres at Vaialele for residential leases
- Commenced subdivision of lands for agricultural leases 100 acres for Ali'i ma Faipule Malie.
- Completed subdivision of 210 acres of lands at Casala for agricultural leases.

ESTATES

- Earmarked allocation of sixty five (65) acres of land at Tanumapua for agricultural leases.
- Instigated construction of 1201 metres access roads for Tanumapua leases.
- Ongoing consultations with current occupants for subdivision of thirty (30) acres of land at Letava.
- Allocated 20 x ¼ acre parcels at Tafaigata for residential leases and completed construction of 529 metres of access roads to these landholdings.
- Relocated Sogi Residents to Tafaigata, with relocation packages assistance
- Assisted with provision of infrastructural services (Water and electricity) for Sogi residents.
- Constructed 1854m access roads at Tafaigata (Sogi Relocation works)
- Cabinet decision (FK) 19 (4) endorsed the transfer of 1214 acres of government lands at Vaiaata to be administered by SLC.

- Planned new subdivision of fifty seven (57) acres at Tapatapao for agricultural leases.
- Commenced construction of 3141m access roads for Lafi agricultural leases
- Ongoing inspection for agricultural leases Tapatapao, Fiaga, Tanumalala
- Liaised with Ministry of Finance for finalization of lease of one (1) acre land at Faleata Golf Course for Government's petrol station.
- Enforce lease and land sale reviews for all accounts due for assessment.
- Ongoing allocation of government lands to Ali'i and Faipule.

7.0 FINANCE & IT DIVISION

- Review of SLC's operation, organisational structure, policies and processes under the Samoa Governance Support Programme (SGSP);
- Review of structure to separate finance from investment to improve financial performance of the Corporation;
- Identify options for optimising the risk-return trade-off on SLC's portfolio of investment assets;
- Assess and identify potential business partners and lessees for credit worthiness;
- Overseeing investments on a day-to-day basis including ensuring their physical security, their ongoing maintenance and maximising their potential;
- Continue strengthening of internal control systems for managing of Revenue and Expenditure of the Corporation during the Financial Period;
- Update and review budgetary planning, monitoring and reporting process systems during the financial period;
- Continue to comply with regulatory requirements through timely submission of Quarterly and Audited Reports;
- Continue the utilisation of all functionalities of current accounting software system through trainings;
- Extension of LMS system to cover all Markets via VLAN;
- Ongoing update, upgrade and maintaining of SLC Website;
- Upgrading of new Servers for security and software purposes;
- Ongoing Monitoring and necessary maintenance of LAN Connection, IT Equipment (PCs, Printer, Watch Guard etc...) and Internet Plan;
- Ongoing Monitoring, backup and maintenance of Surveillance Security System.

8.0 INVESTMENT DIVISION

- Manage and monitor the performance of each investment property portfolio including Salelologa, Vaitele and Savalalo markets, the Faleata Golf Course and Commercial Leases.

- Overseeing investments on a day-to-day basis on maximising resources for higher returns, physical security, ongoing maintenance, procurement of new equipment and service providence to the public;
- Identify good opportunities for optimising the risk-return investments that are available on the market that suits SLC's assets;
- Assess and identify potential business partners and lessees for credit worthiness especially corporate tenants;
- Establish good relationships with business stakeholders and other government agencies that can boost access and promoting awareness for our investments products and services.

9.0 CHALLENGES

Major Challenges that hinders Development Activities of the Corporation Going Forward:

- The current global Covid-19 pandemic is greatly impacting the financial capability of our people, community and country at large. Our efforts to recover debts have been affected by the pandemic, as debtors' are financially strained as a result of the economic crisis and endeavours for effective recovery becomes a dilemma. Government's decision to ease the burden on the people because of the pandemic trumps any efforts to enforce recovery.
- Continue to be practical and effective in improving the debt recovery processes so noticeable reductions of arrears are recorded moving forward.
- Persistent and endurance in our commitment to '*team work*' for greater outcome for SLC while to yield positive returns while consolidating our healthy relationship with our people and community.
- Identification of more applicable and workable solutions to resolve and settle village issues, disputes and debts critically impacting Government lands and properties.
- Lands are important to all our people and trying to mediate family disputes relating to Government lands (sales, leases) presents more problems than solutions. The challenge is the realisation and application of a fair but workable solution that all concerned parties can agree on.
- Resolving issues raised affecting government properties especially debts is a challenge requiring reconciliatory applications in identifying viable and informed outcomes.
- The objective and scope of the operation of the Legal Division states that it must be '*efficient and effective*'. We desire to improve the performance of the Division through the achievement of set goals and objectives, up-to-date reporting of performed tasks and follow-ups and much more. We see the need for one more staff for a senior position reporting directly to the Manager to assist the Manager in achieving and resolving the many obligated tasks and

challenges to enable Division to provide the best advice to the Corporation when required.

- The delayed implementation of Cabinet directives for registration of lands transferred to SLC administration is cause for concern and a looming challenge. Whilst Cabinet directives stipulate, that certain land holdings be vested to SLC administration, registration of title to effect these endorsements remains pending. This hinders on the Corporation's efforts to increase revenue as forecasted income from these land holdings are not collected and cannot be accounted in the financial period. Formalization of leases, on these parcels also remains doubtful with the delayed transfer of title.
- The length of time, taken for approval of survey plans forwarded for technical assessment is an obstacle on efforts to divest available lands expeditiously. The delay with approvals, impacts on the allocation of land and planning of road infrastructure access in a timely manner.
- Financial constraints remains a hindrance on the outright purchase of a proper land administrations system at this time. The procurement of a secured land administration system would ease reporting purposes and safeguard land information from the risk of recurring amendments and plans are in the pipeline to obtain a system for security and reporting purposes.

10.0 FUTURE OUTLOOK

Major Development Activities Going Forward:

- Continue to revise and update operational policies and processes.
- Construction of the Sogi Flea market with reclamation works to commence in early December 2020.
- Continue development of the Salelologa Township
- Construction of the two rental houses at Ululoloa
- Construction of the Temporary market at Fugalei
- Implementing of new Accounting Software system to be in line with Finance department objectives.
- Implementing of Cloud Back Up as an Offsite backup for the Corporation.
- Establishing of Electronic File System
- Explore training courses locally and overseas to keep staff updated on work related issues & to improve their line of responsibilities.
- Formulation of the next Corporate Plan for years 2020 to 2023/4.
- Construction of new access roads.
- Continue with land subdivision for agricultural, commercial and residential lease purposes.

11.0 RISKS AND UNCERTAINTIES

- The Corporation's mandate is predominantly to promote social and economic development opportunities for the people of Samoa by the efficient and effective use of its assets mainly Land. SLC's main income is from land sales and leases as well as income from existing markets to fund its operations. The stability of our economy is a major determining factor on how well these sources of capital come in.
- Plans to merge STEC, SLC and Land Board under a new Ministry/Corporation as per FK (15)31 to administer total landholding currently registered under Government is still pending.
- Occupational Health and Safety Issues of employees.
- Unforeseen Government plans & directives against set Corporation plans.
- Expected credit losses may increase due to an increase in both the probability of default and the loss given default for financial assets.
- The risk that a customer will default on its contractual obligations resulting in financial loss to the Corporation.
- The uncertainties on the resultant impact of the Pandemic in the future as businesses in Samoa are not immune to the global disruptions from Covid-19.
- Emphasis on the sustainable management of assets including land is core and realized by SLC as its main objectives. However like any other, there are always issues and challenges that hinder on endeavours to sustainably manage land and other investment assets. These challenges have been identified in brief and forms part of this report.

12.0 CONCLUSION

SLC's financial performance for the financial year 2020 has dropped primarily due to the Covid-19 pandemic impacting on the economy and affecting all our clients. It is still early days although we are fortunate the pandemic is yet to infect a single person in our country but globally as of today the deadly disease is still increasing alarmingly with no known cure. Worst still we are in the State of Emergency (SOE) orders with no end in sight and this could prolong up to the middle of next year. The unpredictable situation we now face will also impact negatively on our revenue if the pandemic finally arrives into our country.

Lands continue to be the major source of revenues earning more than 70 percent with the remaining close to 30 percent received from our investment activities such as markets (Savalalo, Vaitele and Salelologa), the Faleata Golf Course, Malifa lodges and others. Lands are leased out for residential, commercial, agriculture and community based projects. Government has put a stop on selling Government lands about two years ago but SLC continues to receive payment until these lands are fully paid in the next 8 – 10 years.

SLC continues to be faced with numerous challenges when dealing with land issues. Land is a very delicate issue and it takes times to negotiate with village communities as they believe it's their land taken over forcibly during the colonial era and should be returned to them for free. This is one main reason behind the continued accumulation of arrears, with village people refusing to pay. However we are committed to collect these arrears and there are ways already proven to encourage tenants to pay such as advertising their names over the media and legal recovery as a last resort.

Lastly, I would like to take this opportunity to acknowledge our management and staff for their hard work during these challenging times of the Covid-19 pandemic. We all understand the situation we are in and let's hope no one would be infected.

I am also thankful to the Chairman and Members of the Board of Directors for their support and advise that enables management to work collectively for the benefit of the SLC. I am also thankful to three out-going directors, Susuga Rev. Tunupopo Patu , Afioga Taimalieutu Ernest Betham and Tufuga Fagaloa Tufuga it's a pleasure working with you gentlemen. I also welcome on board our new Board member Afioga Lemalu Selesitina Puleaga.

To the Hon. Minister, Afioga Lautafi Fio Selafi Purcell, your constructive advice and support makes life easier and assist SLC to manage Government resources effectively and efficiently. I understand this is your last year as Minister of Samoa Land Corporation before the next general election and I wish you every success come election-day 9th April 2021.

Ma le fa'aaloalo tele

Ulugia Petelo Kavesi
GENERAL MANAGER