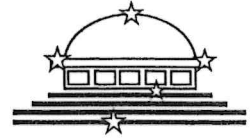




**KOMITI O LE VAEGA TAU
LE TAMAOAIGA
ECONOMIC SECTOR COMMITTEE**



**P.P.2016/2017 No.133, Polynesian
Airline Annual Report 2016.**

**P.P. 2016/2017 No. 133, Lipoti Faaletausaga
a le Kamupani Vaalele a le Polenisia 2016.**

SUMMARY	OTOOTOGA
Sitting Hours: 8 hours	Itula o Fonotaga: 8 itula
Duration : 22th February & 1st March 2017	Umi na Iloilo na ai : 22 Fepuari & 1 Mati 2017
Submissions : 1	Molimau 1
Visits : -	Tuufofoga/ Tusitusia :
Resolutions : Approves the Committee Report	Asiasiga : -
	Iugafono : Faamaonia le Lipoti a le Komiti

Presented to the Legislative Assembly
Tuuina atu i le Fono Aoao Faitulafono

The Economic Sector Committee recommends that the Assembly takes note of its Report.

1. PREAMBLE:

The Economic Sector Committee is constituted pursuant to provisions of Standing Orders 174 and its membership consists of:-

<u>COMMITTEE MEMBERS</u>			<u>Appointed</u>
Hon. LAUOFO Fonotoe N. P. Laufo	-	Chairperson	23/6/2016
FAALOGO Iosefa Sopi	-	Deputy Chairperson	23/6/2016
TAPULESATELE Mauteni T. M II Esera	-	Member	23/6/2016
TOLEAFOA Ken Vaafusuaga	-	Member	23/6/2016
ILI Setefano Taateo Tafili	-	Member	23/6/2016

2. STANDING ORDER 174:

In accordance with the provisions of Standing Order 174, it shall be the duty of the Economic Sector Committee to:-

- Consider any Bill, Petition or other matter referred by the Assembly or pursuant to these Standing Orders; and
- Examine the policy, administration and expenditure of ministries and corporations, entities and agenda within the Executive Economic Sector.

3. RESOLUTION:

At the conclusion of Committee deliberation, it resolved to recommend that the Assembly approve;

P. P. 2016/2017 No. 133, Polynesian Airline Annual Report 2016.

4. RECOMMENDATIONS.

- I. Reconsider agreements between the Government and Virgin Australia, to improve deficiencies and to satisfy the requirements of the Polynesian Airline - Rearrange the cost of flights between Samoa, Australia and New Zealand. The Committee is of the view that the costs of flights are too expensive. The Company should look for other International Airline

Partnership if the partnership with the Virgin Australia would not be continuing.

- II. The Committee recommends the Company to start the extension of the Airport (Runway) at Fagalii and other operations that were mentioned by the Authority.
- III. The Company must quickly implement their plans for the leasing of Aircraft from the Australian Company (Alliance Airline) for immigration in the Pacific as well as flights from (AVIC Corporation) China for travel between Upolu and American Samoa.

5. COMMITTEE FINDINGS

The Committee noted in its findings that this Annual report encompasses the total Company that is Polynesian Airlines which is made of two (2) private Companies, Polynesian Limited and Polynesian Airline (Investment) Limited, unlike from previous year when these companies reported separately. The Committee noted that the Company is continually implementing their Principal Activities including:-

I.POLYNESIAN LIMITED

- *The Provision of passenger and cargo air carriage services within the South Pacific but mainly between Samoa and American Samoa (which includes domestic services - Manu'a)*
- *Aircraft Ground and Cargo Handling activities at Faleolo International Airport, and*
- *General Sales Agency activities for other Airlines in Samoa and Tonga.*

II.POLYNESIAN AIRLINE (INVESTMENT) LIMITED

- *It operates the Fagalii Airport.*

The Committee noted that the partnership between the Company and Virgin Australia has been in existence for ten years. This partnership was established in 2005 whereby large planes were used for travel between New Zealand and Australia.

The Committee noted the increase of the Company's revenue in the amount of \$4,618,057 million. The Management of the Company expressed its delight in increasing their revenues for paying the Company's debt and also their Dividends given to the Government every year.

The Authority pointed out their old debt of approximately \$26 million and the Company is still paying this debt because it is affecting their contribution of dividends to the Government. The Company expressed concern regarding the legislation providing that half or 50% of revenues surplus is presented to Government as it hinders the accomplishment of other proposed projects.

The Authority declared that this is the second Financial Year they have not paid dividends to the Government of about 2 Million which is used to service the debt which purchased the second Twin Otter. This debt must be fully repaid by April 2018.

6.1 POLYNESIAN LIMITED.

The Committee identified in the Annual Report the increase of their revenue. The Authority is proud to achieve a net profit in the amount of \$3,232,744 for the fiscal year as reported.

The Polynesian Limited company operates the provision of passenger and cargo carriage services within the Pacific but mainly between Samoa and American Samoa. The other major role of the Polynesian Limited was the Aircraft Ground Handling activities at the Faleolo International Airport. The Ground Handling Operation was the company's main revenue earner providing ground handling services for all airlines. However, the Committee noted that since 2011 ground handling services have been transferred to a private company.

6.2 POLYNESIAN AIRLINES (INVESTMENTS) LIMITED.

The Polynesian Airlines (Investments) Limited is a private company incorporated owned by the Government of Samoa established under the Companies Act 2001. The main purpose of the Company is for their Investments. The other planning that was successfully achieved by the Company is the re-opening of the Fagalii Airport as well as the Airport's operation. The Authority has mentioned, since the completion of the Fagalii Airport, the Polynesian (Investment) Limited has now administered the Fagalii Airport especially the safeguarding of its assets as one of their ongoing priorities.

6.3 PARTNERSHIP WITH THE AUSTRALIAN COMPANY.

It was noted during the Committee's consideration that the partnership between Polynesian Airlines and Virgin Australia has contributed to achieving a profit. This partnership was established in 2005.

The Management highlighted that there is now a Select Committee assigned to review the partnership between Virgin Australia and Air New Zealand. This joint venture has caused a lack of competition and the air fares are dictated by the two companies and the public has no choice but to pay their fares. For this reason, the Committee strongly recommends the Board and Management to re-invest in a passenger aircraft.

7. ACHIEVED GOALS FOR THE FINANCIAL YEAR 2015-2016.

Partnership has been signed between Polynesia Company and the AVIC Corporation of China, to build aircrafts which is intended to be given in September 2017.

The Board has passed this initiative in order to recommence the Company's international services by using jets. The increase of fares was noted for international travels, and is affecting the country's economy.

The Management also mentioned the reappointing of 3 new members of the Company's Board, which now totals to 7 members.

8. COMPANY LONG TERM OPERATIONS.

It was found in the Committee's investigation, some of the Company's long term operation that are now being approved by the Board on the advice of the Management is the re-operating of a local aircraft as it was before. The Management told that negotiations have been completed with other overseas airlines including a Chinese Airline Company who has offered their support through a Y12F aircraft for the Polynesian airline to use which will be initiated sometime this year. The Committee believes that the Management should take into consideration the safety of the aircrafts for the public's travelling.

The Management told an initiation of rebuilding the Hangar which costs approximately \$4 million, in order to improve the facility where aircrafts are fixed and repaired.

The Management mentioned a partnership agreement that has been signed between Polynesian Company and the Alliance Airline of leasing aircrafts for travels to Tonga, Fiji and Tuvalu by using the Fokker aircraft.

The Management also mentioned that an extension of the Fagalii airport runway will be implemented, which will add another 300 metre for the runway.

9. RESPONSE TO REQUIREMENTS .

Compliance to Legislations.

This Company is complying with the "Finance Management Act 2001" as well as the "Public Bodies (Performance and Accountability) Act 2001".

10. WITNESSES

Polyneisan Airlines Company.

Tupuivao Seiuli Alvin W Tuala

Tagaloa Aolele Godinet

Daisy Roebeck

-Chief Executive Officer.

-Assistant Chief Executive Officer.

-Assistant Chief Executive Officer.

11. COMMITTEE SIGNATURES



Hon. LAUOFO Fonotoe Nuafesili P Laufo
CHAIRPERSON



FAALOGO Iosefa Sopi
DEPUTY CHAIRPERSON



TOLEAFOA Ken Vaafusuaga
MEMBER

TAPULESATELE Mauteni T M II Esera
MEMBER



ILI Setefano Tafili Taateo
MEMBER

