

THE BENEFITS OF REFORM

Thanks to its favourable geography and an ongoing commitment to reform, Samoa's infrastructure is increasingly business-friendly. Moreover, its economy is likely to benefit from the imminent deployment of an undersea fibre-optic cable.

When it comes to infrastructure and transport services, Samoa enjoys a natural advantage over many of its South Pacific neighbours. While they have to grapple with treacherous and dispersed geographies, Samoa is divided into two very inhabitable islands, a short ferry ride apart.

At the same time, part of the comparative advantage it enjoys in this area is also down to its own initiative. Liberalisation in areas such as telecommunications, aviation and port facilities has increased efficiency and reduced costs. Reform of the way fuel was distributed in the 1990s means that petrol prices are lower than elsewhere in the region.

Nonetheless, Samoa's isolated location and the small scale of its economy still means that the cost of utilities can be high by global standards.



TELECOMMUNICATIONS/ICT

The telecommunications sector in Samoa has made great strides in recent years and this looks set to continue.

Mobile: In 2006 Irish-owned, Caribbean-based mobile phone company Digicel made Samoa its point of entry into the South Pacific. The almost instantaneous result was better mobile phone coverage as well as significantly lower call costs (see our case study on page 6).

Today, Digicel competes for market share with the 'Go Mobile' arm of state-owned SamoaTel. Mobile coverage is around 95% of the population and services are reliable. Consumers enjoy a high-standard of customer service and a wide range of services.

Landline: SamoaTel, which is being slated for privatisation, retains exclusive rights to provide fixed line services. Call costs in this area have reportedly halved over the past three years and do appear modest by regional standards.

Internet: SamoaTel recently introduced ADSL broadband internet to the Apia area. While this is a welcome development, the service level is rather constrained by the fact that international connectivity is being provided by a satellite link.

However, in March next year, the establishment of a fibre-optic international link will improve connection speeds enormously as well as making the service more reliable (see box overleaf).

IT services provider Computer Services Ltd (CSL), a shareholder in Digicel Samoa, is in the process of rolling out a Wimax internet solution ('Zoom') based on wireless (mobile) technology. Regional IT services provider Daltron is planning to set up in Samoa in 2009. It already has operations in PNG, Fiji and the Solomon Islands.

AVIATION

Samoa's aviation sector was transformed by the Government's decision in 2005 to essentially wind up its loss-making national carrier, Polynesian Airlines, and enter a joint venture with Australia's Virgin Blue (see box on page 12).

This arrangement has galvanised the local tourism industry by increasing international flights and reducing fares. The new airline, Polynesian Blue, flies from Apia to Auckland 12 times a week, to Sydney three times a week and is about to add a weekly flight to Brisbane, Australia.

Meanwhile, Air New Zealand provides additional capacity on the Auckland route, while also offering a weekly connection to Los Angeles. Air Pacific provides flights from Fiji.

Today, the downsized Polynesian Airlines' main focus includes short haul operations to Pago Pago in American Samoa and charter services. Faleolo International Airport, about 35km from Apia, has sound infrastructure and no looming capacity issues.

POST

Samoa has an efficient postal service. On 1 September 2008 Samoa Post Limited was separated from SamoaTel, making it Samoa's latest corporation.



SAMOA PORTS AUTHORITY

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Samoa Ports Authority (SPA) is responsible for ensuring that the port and maritime needs of Samoa are met in an effective, efficient and timely manner. AusAID's 2008 Pacific Economic Survey recognized the port of Apia

as one of the best-managed ports in the region. SPA is also contributing to the development of Samoa's tourism industry through the development of tourist-related projects in the Apia port area.

For competitive pricing contact:

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INFRASTRUCTURE & TRANSPORT

PORTS & SHIPPING

Apia Port is the sole commercial port, handling 97% of all foreign trade cargos. It has in the past couple of years undergone an extension to its berth, container storage area and container park (see box opposite). In addition to this, the Port offers two 25-tonne pollard pull tugboats for berthing manoeuvres.

International shipping lines service Samoa fortnightly and provide services to New Zealand and Australia via the Fiji Islands, Tonga and the Cook Islands. The Greater Bali Hai line operates fortnightly to and from Apia, Japan and Korea. It also provides fortnightly services between Fiji, Apia, Pago Pago, Papeete, Nuku’alofa, Noumea, Santo, Honiara and Noro. The Polynesia Line services Apia, Los Angeles and San Francisco.

Domestic freight services are handled by a regular vehicle and passenger ferry service, which travels between Upolu and Savai’i several times a day.

WATER

All urban and coastal land areas have access to water. Only a few interior areas currently don’t have water access. The Samoa Water Authority (www.swa.gov.ws) is responsible for the installation and connection of water to all households and commercial factories.

ELECTRICITY

The Electric Power Corporation (www.epc.ws) is responsible for the generation, transmission, distribution and selling of electricity

in Samoa and provides power to 95% of the population. The high cost of electricity in Samoa is one of the biggest complaints among the local business community.

ROADS

Samoa’s urban centres are linked by adequately maintained sealed roads. The only major project in the pipeline is an upgrade to the country’s busiest highway—between Apia and the international airport.

CONSTRUCTION

Samoa’s construction industry experienced an unprecedented boom in the run-up to the 2007 South Pacific Games. Donor funding enabled the country to build some impressive sporting stadia, as well as complementary infrastructure such as roads and bridges.

Naturally, activity in the sector has now tailed off but Samoa certainly does not lack professional expertise in this area, both local and international. Major local contractors include Ah Liki Construction, New Zealand’s Fletcher Construction and Ott Transport (the latter specialises in roads). Meanwhile PNG-based engineering consultancy Kramer Group also has a local presence. ■

CABLE REVOLUTION AWAITS BENEATH THE WAVES



SAMOATEL’S HEADQUARTERS IN APIA.

Until now, access to fibre-optic undersea cable, and the fast internet speeds it brings, has been restricted in the South Pacific. While access to the Southern Cross cable network has given a country such as Fiji an enormous competitive advantage over its neighbours, smaller countries like Samoa have had to make do with slower satellite technology.

In March 2009, Samoa and American Samoa are finally expected to have access to a fibre-optic network of their own, thanks to a remarkable plan to connect them to Hawai’i using a redundant undersea fibre-optic cable currently connecting Hawai’i to New Zealand.

The Pac Rim East Cable, as it is known, is no longer required by New Zealand Telecom, and so the cable will be lifted from its current position—about 100 km from Samoa and 4,500 metres beneath the surface of the Pacific

Ocean—and connected to American Samoa, and from there to neighbouring Samoa.

‘Here in Samoa we have bought sufficient fibre capacity to cover us for the next five years, meeting our initial demand,’ explains Mike Johnstone, Chief Executive Officer of SamoaTel, Samoa’s Government-owned telecommunications company. Johnstone is excited by the opportunities this new connection will bring to a country hitherto reliant on a slower and more expensive satellite technology.

‘The cost of acquiring additional bandwidth from satellites is expensive when compared to buying fibre capacity. SamoaTel’s initial leasing of fibre capacity will be more than 10 times that of our existing bandwidth. Overseas operators will be able to log on instantaneously, Samoan websites will be much more accessible,’ he enthuses.

‘You will see an inflow internationally into the country encouraged by greater speed, putting us on a par with Fiji ... Simple things like airline bookings will be sped up no end; banking, everything will be better. If you improve the connectivity of a country, you will improve its GDP.’

Johnstone also expects further connectivity will be required as Samoa undergoes a broadband revolution.

As with Fiji, where improved internet speeds have enabled the fast transfer of voice data, there are already plans to create a call centre sector across the two Samoas.

Johnstone feels Samoans possess a competitive advantage for this kind of work:

‘The Samoan dialect is quite neutral, and we have a youthful, well-educated population. They are the key attributes for an international call centre. The drawback is connectivity and the cable will solve this problem.’

A VITAL REGIONAL HUB



CREDIT: JACQUELINE BENNETT

A CARGO SHIP AT APIA PORT.

The port of Apia is one of the South Pacific's four largest ports, and is a vital part of the nation's infrastructure. Since 1999, it has been run by the Samoa Ports Authority, a self-funding commercial organisation responsible for all the nation's ports.

The port's progress since the creation of the SPA is impressive. Volume has doubled, storage facilities have expanded, wharves extended, a new 50-berth marina has been built (with another 30 berths planned), and the port now conforms to international security standards. Apia was described in AusAid's 2008 Pacific Economic Survey as one of the best-managed ports in the region.

Outsourcing the port's key operations to the private sector has enabled the SPA to run Apia consistently at a profit. This in turn has allowed it to divert funds to develop much-needed port infrastructure elsewhere in the country, most especially on the island of Savai'i.

The SPA's 2005 strategic plan is being executed under the leadership of General Manager Toleafoa Elon Betham, and is partly driven by developments occurring over 10,000 kilometres away, in Central America.

'The Panama Canal is being widened by 2013, which will allow for an extra six shipping lanes or so. When that happens, all the [American and European] cruise ships will have easy access to the South Pacific. That's why we are preparing now to meet this demand when it comes,' explains Betham.

As well as the main facility in Apia, a wharf extension at Salelologa has already enabled cruise ships to berth there

since 2007. 'We've had four or five visits there already,' says Betham. 'Our target is to reach at least 50 cruise ships a year for the whole of Samoa. It's currently 25.'

In an effort to unlock the value of its freehold land assets and cater for increased visitor arrivals, the SPA has also recently gone into partnership with the Reddy Group, operator of Fiji's largest hotel chain, to build a four-star hotel on land adjacent to Apia's port (see page 13). Such a project will not only help develop Samoa's tourism sector, but will also generate much-needed additional development capital for the SPA.



SAMOA PORTS AUTHORITY'S TOLEAFOA ELON BETHAM.

Further information

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