



Government of Samoa

OFFICE OF THE MINISTER OF FINANCE

CENTRAL BANK OF SAMOA, DEVELOPMENT BANK OF SAMOA, SAMOA NATIONAL PROVIDENT FUND, NATIONAL HEALTH SERVICES, SAMOA HOUSING CORPORATION, TENDERS BOARD, SAMOA INTERNATIONAL FINANCE AUTHORITY, CABINET DEVELOPMENT COMMITTEE, ACCIDENT COMPENSATION CORPORATION

1 August 2016

Hon. Leaupepe T. Toleafoa Faafisi
Speaker of the House
Legislative Assembly
MULINUU

Hon. Speaker of the House,

Subject: Annual Report 2014

I have the pleasure in submitting the Annual Report of the Accident Compensation Corporation for the Financial Year 2013-2014. The report includes Audited Financial Accounts for the year and the report of the Audit Office on those accounts.

The Annual Report is provided in accordance with Section 8 of the Accident Compensation Corporation 1989 and Section 23 of the Public Bodies (Performance and Accountability) Act 2001.

Ma le faaaloalo.

Faumuina Tiatia Faaolatane Liuga
FINANCE MINISTER
CHAIRMAN OF THE BOARD

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1.0 **CHAIRMAN'S REPORT**



Another year has come to an end achieving 36 years since the operation of the no-fault accident compensation scheme where thousands of victims of accidents have been compensated. It is another landmark the Board is proud of as the Corporation was able to successfully perform its mandated responsibilities without any major difficulties encountered in addition to other business and financial obligations.

As Chairman of the Board of Directors I am committed to ensure that:

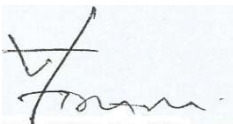
- The accident compensation scheme is a lasting one and have the confident of the community;
- The Corporation will take a leading role in the reduction of the social, economic and physical impact of accident on the individual and the community;
- The Corporation will continue to respond positively and timely to the needs of the victims; and
- The Accident Compensation Scheme must be fair and affordable to levy contributors.

Under the existing legislations, there are more than ten types of compensation where victims of accident are entitled to and have become a major source of financial assistance for them and their dependants. These compensation comes in various types such as lump sum payments, weekly payments as well as various forms of allowances, payment of artificial aids and payment of treatments not available in Samoa.

The Accident Compensation Corporation (" the Corporation") is now able to sustain any major calamities that may transpire from time to time and we have put aside a substantial amount to compensate victims of unforeseen events given the continue unstable climate changes we have experienced today.

The financial capacity of the Corporation remained strong with a considerable increase of income over expenditure for the year 2014.

On behalf of the Board I would like to thank the General Manager, management and staff for a successful year.

A handwritten signature in black ink, appearing to read 'John Adams', written over a light blue background.

Leo'o Tautalatasi Dr. John Adams
CHAIRMAN

2.0 **GENERAL MANAGER'S REPORT**



As the Chief Executive Officer, I report on the undertaking by the Corporation for the year ended. The core functions of the accident compensation scheme of promoting safety, providing rehabilitations and processing claims have been the major activities performed in the period under reporting. In addition, the redevelopment of the Fugalei Market for local farmers to operate on a daily basis was one of the major activities implemented.

The Accident Compensation Act 1989 stipulated that the Corporation shall work in close partnership with all relevant stakeholders to ensure the best possible results are achieved in terms of safety promotion and rehabilitation, and to ensure some control is in place for any abuse of the scheme. The Corporation was involved in organizing, contributing and participating in a total of 53 public and private workshops and seminars in safety in the workplace and road safety including rehabilitation. It is here noted that the Corporation's role in safety promotion and rehabilitation is mainly advisory whilst other stakeholders have enforcement powers such as the Police and the Ministry of Commerce, Industry and Labour.

There were more than 60 motor vehicle accidents reported with around 107 injured including 34 deceased victims. The main contributing factors were speeding and drink driving. Apparently, the increase in the number of vehicle ownership has contributed to traffic congestion and has impacted on the number of motor vehicle accidents. Similarly a higher number of accidents were also reported in workplaces where the majority of victims are young male workers.

The reporting of accident is mandated to be the responsibility of the Ministry of Police and Employers within 5 days of an accident. Although a delay in reporting will not affect eligibility to compensation, it can deprive the injured person of receiving timely payment as well as early rehabilitation intervention. This is often a very challenging issue as the processing of claims for compensation is very much dependent on the documentations needed from these entities. Similarly, the medical profession plays a crucial role in assessing the eligibility of the victim to compensation as well as when they are no longer entitled to compensation.

Crucially, we're in a strong financial position despite a drop in interest rates offered by the banking industry. Further, the redevelopment of the Fugalei Market continues expecting to be completed in August this year. There is still much more work to do especially in promoting safety to the community and enhancing rehabilitation measures for those who are injured.

I would like to thank all our employees for the effort and commitment noted this year and looking forward to another challenging year.

A handwritten signature in black ink, appearing to read 'J. M. Niumata'.

Mala'eulu Lose Niumata

GENERAL MANAGER

3.0 CORPORATE OVERVIEW

3.1 Function and Purpose

The Accident Compensation Corporation is a statutory body established in 1978 pursuant to the Accident Compensation Act 1978. This Act was repealed in 1989 by the Accident Compensation Act 1989 introducing a greater emphasis on compensation and rehabilitation with further amendments executed in 2003 and 2009. This year 2014, marks the 36th years since the Corporation was established.

Besides, the ACC also operates under the Public Bodies Act 2001 and the Public Finance Management Act 2001 as well as the Labour and Employment Relations Act 2013.

The Board is entrusted with the role of overseeing the accident compensation scheme on behalf of stakeholders and the whole community. The Board is responsible for the overall guidance of strategies, corporate plans, annual plans and related affairs of the Corporation. These include:

- The scheme's strategic direction and corporate plans;
- Determining policy and monitoring its implementation;
- Overseeing the proper and effective management of the scheme;
- Monitoring the implementation of effective financial procedures and providing accountability;
- Approving and monitoring budgets, and
- Safeguarding the Corporation's resources.

The legislation's specifically explore the importance of safety, rehabilitation and compensation as the core purpose of the scheme. In consequence, the Board is more concerned with the promotion of measures to reduce the frequency and severity of personal injury, encourage activities designed to promote medical and vocational rehabilitation, and provide a fair measure of financial support for living standards.

3.2 Types of Compensation

- Weekly payments for loss of earnings at 70percent of normal earnings subject to the maximum amount of \$1000 a week so long as the employee is incapacitated;
- Weekly payments for permanent impairment of 80 percent or more, at 70 percent of weekly earnings (or 70% of the minimum wage if the injured person is a non-employee) multiply by the degree of bodily impairment, and is subject to the maximum amount of \$1,000 tala a week;
- Weekly payments for up to 5 years at 70 percent of weekly earnings to person who were totally dependent on a deceased worker, subject to the maximum amount of \$1000 a week. If the deceased person has partial dependants only, an assessment of the loss sustained by partial dependants is required;
- A lump sum payment of \$20,000 to persons who were totally dependent on a deceased person; if the deceased person has only partial dependents, a lump sum amount of up to \$16,000 is payable;
- A lump sum payment based on the degree of bodily impairment for permanent of less than 80 percent, subject to the maximum amount of \$8,000; on the other hand, 80 percent upwards is payable in weekly installments for life or earlier
- A special payment of \$4,000 to an employee who dies of natural cause and who served at least 12 months of continuous service. This benefit is ceased after a length of 60 days from date of resignation;
- A funeral grant of \$4,000 payable under the legislation;

- A care living allowance, calculated at 60 percent of the minimum wage, if the injuries are so severe that the person is unable to use both hands or needs supervision to avoid putting himself or herself or other in substantial danger;
- A mobility allowance, calculated at 60 percent of the minimum wage, if the injuries are so severe that the person is unable to walk, or have complete loss of eyesight, or severely mentally impaired so as to cause behavioral problems;
- A weekly payment to a spouse of an employee calculated at 70 percent of the minimum wage, if the spouse is a non-worker and is incapacitated from injuries caused by a specified conveyance accidents;
- Payment of artificial limb and aid is increased to \$150,000 maximum;
- Payment of overseas treatments on special case where the injured cannot be treated locally but the service is readily available outside of Samoa is increased to \$150,000.

3.3 Service Provision

The Corporation's duty in relation to management of claims is to establish promptly the claimant's entitlement under the Act. Its purpose in investigating every claim reflects its statutory obligations to ensure that the compensation and other benefits are provided only for those accidents which are covered under the Act, and at the same time discourage other accidents that are not covered from finding their way into the scheme.

While the Corporation pays for the treatment, it is the medical practitioner (e.g., doctors, dentists, physiotherapists) as the sole person(s) legally empower to provide the necessary treatments as well as determining when the claimant may go out of the scheme when they declared that the injury condition has ceased.

The Corporation keeps and maintains vital statistical information which supports the purpose of safety at the workplace, and on the road; and actively promotes that purpose by facilitating development of targeted prevention programs and participating in various safety committees and providing financial assistance or in-kind to Ministries and other organizations with an interest in preventing accidents.

3.4 Reporting of Accident and Management of Claims

The Accident Compensation Act 1989 clearly states the need to notify and report injuries by accidents to ACC. That is, the employer is required to report all work-related injuries or occupational diseases while the Ministry of Police is obligated to report all injuries or accidents in connection with the use of a specified conveyance. If an employee is injured in an accident other than those mentioned here, he/she or a relative must report the accident direct to the ACC. In addition, the Corporation is very proactive in assisting the victim whenever the media (radio, t.v, newspapers) or members of the public reported any accidents that warrant ACC investigation.

The Corporation is committed to a very high standard of customer services and seeks to provide clear and streamlined claims management procedures and systems, including timely responses to claims-related injuries. ACC seeks to ensure that every claim is assessed within 1-3 days and either accepted or declined based on individual circumstances and in compliance with requirements of the Act. However, sometimes a decision cannot be made within 1-3 days because some claims are more complexed, requiring further investigation or assessment whilst others require more information and the responsibility is on the claimant to provide needed information when requested.

Procedures are in place to ensure that a claimant is thoroughly advised why his/her claim is declined and likewise what assistance they are entitled to if a claim is accepted. If a claimant is not satisfied with a decision, he/she can apply in writing for a review, stating the grounds of dissatisfaction. The

Board is required by the Act to hear every application for a review, and the applicant or claimant is entitled to be present in a hearing.

3.5 Sources and Use of Funds

The major sources of Funds for financing the ACC Scheme derive from collection of statutory levies authorized under the Accident Compensation Corporation Act. Statutory revenues include levies contributions from employees and employers; and levies from fuel used in specified conveyance.

Other sources of Income are investments generated from short term deposits with Commercial Banks, convertible notes from Unit Trust of Samoa and lease collected from tenants of the Fugalei Market and rentals from the ACC House.

In terms of the utilization of these Funds, this was primarily designed to accommodate all forms of compensation allowed by the ACC legislations: responding to compensable injuries and deaths from natural causes, to fund Awareness programs on Safety relating to workplaces and on the road, and general duties carried out for the administration and management of the ACC operations.

3.6 Investment of Funds

Investment of Funds forms one of the integral parts of ACC initiatives and is one of the most encouraging forms of avenues for generating income in ACC operations although it is not part of its Core functions.

Surplus funds were re-invested as fixed deposits in the Commercial Banks, the rebuilding of the Fugalei Market and maintenance of the ACC Main Building. There is confidence in the management of these investments and its security by being committed to the Corporation's investment policies:

- Does not accept risk for a trade-off for the expectation of higher investment return ;
- Safety and secured Investments in which funds does not exceed or greater than the purchase price;
- Invest in Short- Term investment that easily turn into liquidity as the ACC scheme has a highly unpredictable nature.

3.7 Vision and Mission Statement

Our vision is to promote safety at all times and be more responsive to the needs of the victims and the community

To achieve this vision, we will take a leading role in the reduction of social, economic and physical impact of accident on the worker and the community by promoting safety measures and improving compensation. In addition the Corporation will be vigilant and enthusiastic about safety, able to respond positively and timely to the needs of victims, certain that the levels of entitlements and levies are fair and affordable to levy contributors and that the scheme is a lasting one and have the confident of the community.

3.8 Accident Compensation Corporation Office

We are located in the business centre of Apia, on the 5th floor of the Accident Compensation Corporation Building where most of the staff worked. All claims for compensation are handled primarily in the Head Office, and are supplemented by regular visitations to claimants residing in rural Upolu and Savaii.

Structure of the Accident Compensation Corporation

4.0 **THE BOARD**

The Board has a statutory role to ensure the Corporation manages the accident compensation scheme in accordance with the ACC Act 1989, with Amendments in 2003 and 2009, the Public Bodies (Performance and Accountability) Act 2001 and other governing legislations.

There was a change in the composition of Board members as stipulated in the Amendment Act 2009 where five members appointed by the Head of State acting on the advice of cabinet include:

- A barrister and solicitor of the supreme Court of Samoa;
- A registered medical practitioner;
- A registered public accountant;
- Acquainted with the customs and traditions of the people of Samoa; and
- A representative of workers on the advice of the General Manager of the Corporation.

Another notable change in the Amendment Act 2009 is that:

- No member of Parliament or public servant becoming Board members unless Cabinet has certified that such appointment is necessary in the national interest and the member of Parliament or public servant has a particular qualification or business experience which the Corporation requires and such qualifications or experience cannot be found elsewhere;
- Where a member of Parliament or public servant is appointed under this section the person shall not receive remuneration or other benefits from the Corporation for services as a member.

The Public Bodies Act 2001, expressly stipulate that Board members should be fully informed of their legal responsibilities, must familiar with statutory provisions relevant to their positions, understand key organizational issues, policies and strategies, a code of conduct which incorporates procedures to deal with any conflict of interest issues; and a defined division of roles between the Minister responsible for the Corporation, the Board, and the General Manager of the Corporation.

The Board normally meet once a month and at such other times as deemed necessary by the Chairman, where it receives financial reports, core activities briefings and discusses strategic scheme issues and ways to better enable the Corporation to fulfill its responsibilities.

4.1 **Board of Directors (January 2014 – December 2014)**

Leo'o Tautalatasi Dr John Adams	(Chairman of the Board of Directors)
Mr. Auelua Samuelu Enari	(Deputy Chairman)
Mr. Te'o Richard Faaiuso	(Member)
Mr. Lemalu Lafua	(Member)
Mr. Foma'i Lei Sam	(Member)
Mr. Fuamatu Lapana Neru	(Member)
Mr. Su'a Donald Leumaga	(Member)

4.2 Selected Board Committees

4.2.1 Audit Committee

The Audit Committee is a statutory body established under the Public Bodies (Performance and Accountability) Act 2001 to assist the Board in achieving its objectives and in the effective discharge of its responsibilities by providing advice on the quality of activities of the management. In place is the Audit Charter Manual which provides a clear and comprehensive summary of the principal duties and responsibilities of the Audit Committee.

The Internal Audit independent review plays a vital role on the Corporation's overall operation by giving appraisals to all the activities. Since its inception in 2008, the assessment was firstly concentrated solely to ascertain the quality assurance of the overall operation specifically on internal controls, governance processes, legal compliance, operational efficiency and risk management.

The Corporation's new Internal Auditor is Ms. Peone Tutagalevao following the resignation of Mr. Taylor Toeaso who took up a position with the Central Bank of Samoa.

4.2.2 Act Review Committee

The Act Review Committee is responsible to examine and review the provisions of the Act from time to time. This is very important as the core functions of the scheme need to be thoroughly investigated taking into account the social and economic environment of our country. The focus is to promote better compensation and other entitlements for the victims and the community. There was no meeting of this committee in the period under review.

4.2.3 Investment Committee

The investment committee is tasked with examining and monitoring guidelines and procedures for the ACC's investment portfolios in the area that most influences investment returns and risks. There was no meeting of this committee for the financial year in review.

4.2.4 Market Inspection Committee

This committee is responsible for routine inspection of the market from time to time and makes recommendations to the Board on ways to improve the service offered to customers and the general public. There was no meeting of this committee in the period under review as the redevelopment of the Fugalei Market project is in progress.

4.2.5 Management

There was one change in the composition of the management in the period under review. The managements are contracted for a period of three years.

General Manager:	Malaeulu Lose Niumata
Manager, Accounts/Finance:	Muliagatele Makerita Matafeo
Manager, Administration:	Ulugia Petelo Kavesi
Manager, Rehabilitation & Safety Promotion:	Ta'uo Mulifusi Togafau
Manager, Claims Investigation:	Tauloa Lui Auvae
Internal Auditor:	Ms. Peone Tutagalevao

4.2.6 External Auditor:

Controller and Chief Auditor

4.2.7 Solicitor:

Desmond Herman Kruse of the law firm of Kruse, Enari & Barlow

4.2.8 Structure

The Corporation has a total of 49 employees including 13 that were transferred to the ACC Building following the closure and demolition of the Food and Produce Market at Fugalei to make way for a new Market Place. They are to be transferred back to the market when completed, a total of 12 market employees opted to take redundancy packages.

The main service delivery is provided by staff working in the Claims and Safety Promotion & Rehabilitation Divisions. Support for the delivery of the core functions are provided by the Finance and Accounts Division and the Administration Division. In addition the two Divisions are also responsible for the daily operation of the Food and Produce Market at Fugalei and the Corporation's five storey building.

The General Manager reports directly to the Board but delegate responsibilities to each of the Managers. These functions include the overall management of claims and the provision of entitlements, rehabilitation and safety promotion activities, human resources, the management of funds and various other corporate duties.

5.0 YEAR 2013 – 2014 IN REVIEW

This is an account with respect to the proper management of a claim being very crucial so that every injured person or victims of accident covered under the Act can access timely to different types of compensation available. Just before the end of this part, you will find how the accident compensation scheme is financed and a brief view of how funds are invested.

5.1 Injury by Accident

- New registered claims totalled 296 which is about seven percent less than 319 claims in 2012 - 2013.
- Work related claims registered a total of 177, a decrease of about 23 percent compared to 218 in 2013
- Specified Conveyance accidents registered was 122, an increase of 26.2 percent compared to 90 claims for 2013
- Workers or Employees injured after working hours accounted for 65 claims, which is a decrease of 38.4 percent compared to 90 claims in 2013.
- Death by accidents was 48 which is an increase of 45.8 percent compared to 26 deaths by accidents in 2013.

The following summary represents death from each category:-

	<u>2014</u>	<u>2013</u>	<u>2012</u>
- Work Related	2	1	3
- Work Motor Vehicle	1	1	2
- After Hour	4	7	6
- Motor Vehicle	31	16	8
- Other Specified Conveyance	<u>10</u>	<u>1</u>	<u>0</u>
	<u>48</u>	<u>26</u>	<u>19</u>

- Deaths due to natural causes accounted for the year 2014 is 32 compared to 51 in 2013, each claim was paid \$4,000 as a special payment to assist with funeral expenses.

5.2 Financial and Operating Highlights.

Outlined below are some of the highlights for the financial year 2013/2014.

5.2.1 Revenue

Total income collected for this financial year of \$15.27 million is 10 percent higher than the previous year of \$13.82 million. The increase is attributing to increase of employers and employees levies, rental from ACC House and interest income from deposits.

Levies from employees and their employers of \$9.2 million recorded a slightly increase of 3.7% in site of the unparallel decrease of fuel levy of \$0.1 million or by 17% when compared to the previous year. (table7)

Income from investments including interests on short term deposits and convertible notes, rentals from properties and other minor sources is totaled at \$5.48 million which is 29% higher than the previous year of \$4.26 million.

5.2.2 Expenses

Expenditure on compensation benefits and safety promotion of \$1.47 million for this financial year is 4% higher when compared to \$1.40 million in the previous year.

Expenditure related on administering the Scheme and other activities of the Corporation is \$1.85 million for the year under review. There is a significant decrease by 22% when compared to last year amount of \$2.36 million. The decrease is mainly comprised by a one off cost in 2013 for architectural cost o the Fugalei Market of \$0.38 million.

5.2.3 Surplus Funds

Excess Funds deriving from income over expenditure for this financial year is \$10.89 million which is 24.31% higher compare to last year net of \$8.76 million. The marked increase is directly related to the dramatic exceed of total revenue and significant drop of expenditure for the current year compared to 2013.

5.2.4 Investment

Income generated from investments, net costs is \$4.42 million compared to \$2.90 million from the previous year, a momentous increase of 52.41 percent due largely to excessive increase of investment income especially interest on deposits and declining of related expenditures from properties.

5.3 Claims Management

There were 551 claims handled this Financial Year compared to 586 in the previous year. A decrease of 6.35 percent compared to an increase of about 11.43 percent in 2013 (Table 1).

The decrease was due to fewer claims brought forward in the period now in review as well as the increase of claims that were closed in the same period.

Table 1: shows comparative information for 5 yrs (2010 – 2014).

Financial Year	Claims Brought Forward	New Claims	Claims Processed	Claims Closed	Claims Brought Forward as a % of Claims Processed
2014	255	296	551	308	46.2
2013	267	319	586	278	45.5
2012	225	261	519	294	43.3
2011	242	288	530	347	45.6
2010	299	465	764	364	39.13

The overall number of claims brought forward for the period under review shows a decrease of 4.7 percent compared to the previous year (2013), unlike claims closed which shows an increase of 9.7 percent compared to 2013.

We have set specific objectives that it is a priority to ensure that new claims are assessed within 1 - 3 days or less depending on the circumstances of each case. A proactive approach is being utilized to assist claimants in providing requested evidence to speed up the process.

The staffs have also been trained in methods to combat fraud and abuse so that compensation entitlements and rehabilitation assistances are provided promptly to the right person.

A booklet in both English and Samoan is in place to simplify and fully explain the procedures:

- Person or Accident covered by the Scheme
- Compensation entitlements and other benefits available
- Reporting of accidents
- Decisions declining claims;
- Right to review if a person is not satisfied with a decision.

Table 2 shows the number of claims received and different assessment periods which claims were processed such as within 1 - 3 days of 84.7 percent for 2014, 79.62 percent for 2013, 84.84 percent for 2012, 62 percent in 2011 and 66 percent in 2010.

If claims received accompanied by the required documents like medical certificates, receipts of medical expenses, etc surely accidents victims or dependants can easily have access to compensation entitlements within a short period of time. The slight decrease of 7.7 percent in claims handling in 2014 is due to the less number of new claims reported.

Table 2: Frequency of claims handling

Financial Year	Number of Claims	1-3 Days	4-10 Days	11-21 Days	Over 21 Days	1 - 3 Days as a % of Total Claims
2014	296	251	28	15	2	84.7
2013	319	254	61	2	1	79.62
2012	261	223	37	1	0	84.84
2011	287	178	99	5	5	62.04
2010	465	307	136	8	13	66.01

5.3.1 Workers Who Died from Natural Causes

The ACC Amendment Act 2009 enacted in October 2009 enables a worker who died as a result of illness or natural cause to be paid in a form of a grant the sum of \$4,000.00

For the past 4 financial years a significant increase in the number of cases recorded refers:-

- 2013/2014 – 32 claims
- 2012/2013 – 51 claims
- 2011/2012 - 46 claims
- 2010/2011 - 26 claims

5.3.2 Reporting Accidents

The Ministry of Police is obligated under the Act to report to the ACC any person who is injured or died as a result of a specified conveyance accident within 5 days from the date of the accident. Likewise with employers who are responsible to report any work related accident which causes injury or death to any worker within 5 days.

Workers who are injured in accidents other than a specified conveyance accident or work related accidents can personally or through a relative report the accident to the ACC office.

The ACC is devoted and has set guidelines to maintain the high standard of service to the public and clear procedures in claim management, including suitable replies to queries arising from claims. It had been adopted that every claim is assessed and verified whether accepted or decline based on circumstances and requirements of the Act within three days. The given timeframe of 1 - 3 days does not apply to all cases because some claims are complicated and needs further investigations or enquiries for more information's. The onus is on the claimant to provide needed information when requested.

Cause of action to ensure that claimants are duly advised why claims are declined or accepted are in place. Compensation entitlements are thoroughly explained and advised on documents required for processing of claims.

Any claimant not satisfied with a decision, can apply for a review in writing stating points needed for review. The Board as stipulated by the Act must hear all applications and inform the applicant on when hearing is to be held with claimant entitled to be present.

5.4 Safety Promotion and Rehabilitation

Safety Promotion and Rehabilitation are other core functions of the Corporation. It is provided in the said Principal Act 1989 that the Corporation shall work in close partnership with all relevant stakeholders to ensure the best possible results are achieved in terms of safety promotion and rehabilitation, and to ensure some control is in place for any abuse of the scheme.

For the Financial Year under reporting, the Corporation was involved in organizing, contributing and participating in a total of 53 public and private workshops and seminars in safety in the workplace and road safety including rehabilitation. It is noted here that the Corporation's role in safety promotion and rehabilitation is mainly advisory. The Corporation, however, relied on other relevant stakeholders who have enforcement powers such as the Ministry of Police & Prisons and the Ministry of Commerce, Industry and Labour (MCIL) for enforcement.

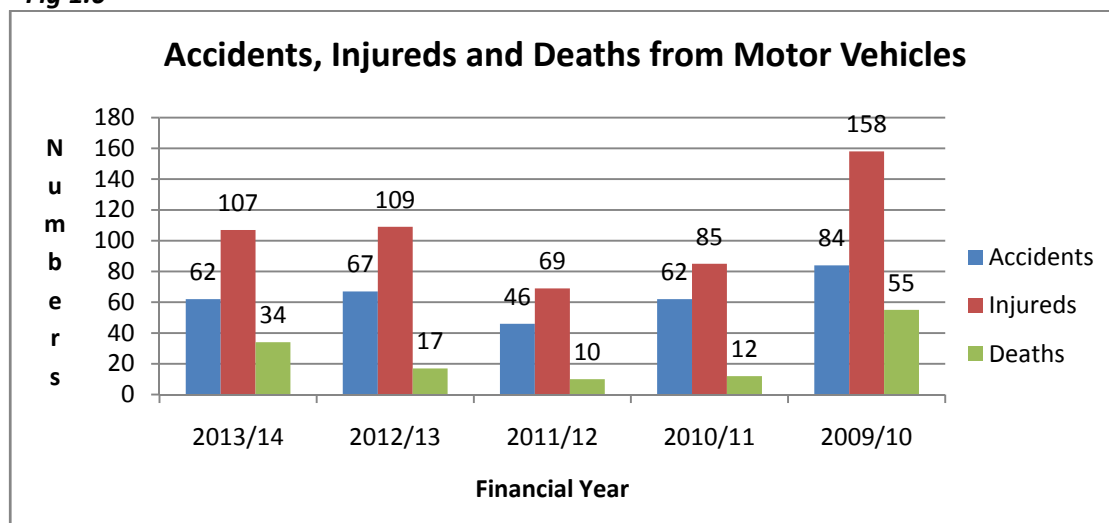
Other methods used by the Corporation were normal advices given out during field investigations, visitations and contacts made with clients and employers on an individual basis. And as we saw,

these relevant advices given out during those personal contact visits had a great impact on the reduction in the incidence of accident occurrence. Additionally, close working relationships between the Corporation and other Government Ministries and Authorities like the Ministry of Work Transport and Infrastructure (MWTI); MCIL; Ministry of Education, Sports and Culture (MESC); Land Transport Authority (LTA); MOH and POLICE with relevant safety and rehabilitation functions through consultation meetings and workshops were also maintained. As usual in previous reports, accident data presented herein consisted of accidents occurred instead of accidents reported during the financial year so to reflect actual accident information and monitor the performance outcome of safety promotion efforts by the Corporation.

5.4.1 Road Safety

Sixty two (62) motor vehicle or specified conveyance accidents occurred during the financial year under reporting. This is 7.5 percent lower than the previous year; 34.8 percent higher than the lowest ever recorded in FY 2011-2012 since the Corporation started, but fortunately, it is still 26.2 percent below the highest of 84 in FY 2009/2010 over the last five year period. Out of the 62 accidents, a total of 107 people were injured including 34 deaths. The 100 percent increase in the number of deaths indicates that despite the containment of the number of accidents to the minimum, the severity however, of fatal crashes evidently increases. The two main contributing factors to this increase were speeding and drunk driving. As shown in Figure 1.0 below, the increase in accidents in the previous year was mainly due to the effect of Cyclone Evans, has been reversed in the year under reporting. The number of injuries on the other hand though reduced was not substantial due to many multiple injuries accidents.

Fig 1.0



The most risky roads are in the Town Area with 31.8 percent of all road traffic accidents which was a reduction of 0.6 percent from the previous year. Savai'i road was next in line at 29.5 percent, followed by Rural Upolu and the West Coast road at 19.8 and 17.5 percent respectively. Of all roads in Samoa, roads at Savai'i clocked the highest increase of 7.0 percent in accidents. All other roads were either remained the same or dropped in terms of the number of accidents. Apparently, the increase in the number of vehicle ownerships particularly in Rural Upolu and Town Area which has contributed to traffic congestion has impacted on the number of motor vehicle accidents in Rural Upolu and Town Area. The population drift to the Town Area and its vicinities for education, employment and trade has also impacted on the high number of accidents in the Town area.

Pick-ups which used to be the highest contributor had only 14.0 percent or about 19.5 percent lower than the previous year. Trucks and taxis when combined have contributed the most (24.5%) of all accidents. Accidents due to private cars were increased by about 6.8 percent.

Alcohol related accidents during the year under reporting stood at 14.6 percent of accidents in the year compared to 12.6 percent the previous year. Of the six alcohol-related accidents, all were directly attributed to drink-driving which resulted in the 18 victims having killed out of the total of 34.

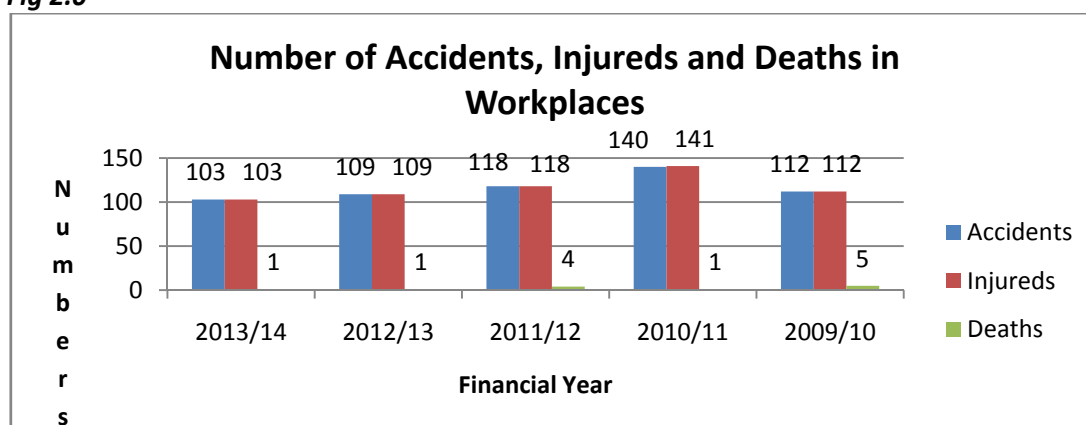
Of the 16 pedestrian accidents, 11 or 68.8 percent involved young children aged 1 – 14yrs, suggesting that emphasis must be placed on teaching safe road walking practices during road safety programs in schools, particularly in pre-school and primary school level.

From 62 specified conveyance accidents, a total of 107 people were injured including 34 deaths. And when compared to the previous year, accidents have been reduced by 7.5 percent; number of injureds has been reduced by 1.8 percent and number of deaths was increased by 100 percent. Despite the large increase in the number of deaths which is indicative of an increase of severity of fatal crashes, it is evident that the frequency of accidents however, has been decreased. The role of law enforcement, however, in terms of speed limits and drink-driving must be propped up.

5.4.2 Safety in the Workplace

The 103 workplace accidents that occurred during the financial year under reporting is 5.5 percent lower than the previous year, thus continuing the decreasing trend that had commenced in FY 2011-2012. Out of this 103 work accidents, 103 workers were injured including 1 death. In terms of fatalities, it remains the same as last year, which is only 0.98 percent of all injured workers. However, it must always be borne in mind that the severity and frequency of accidents are closely related. That is, safety promotion is always tailored to reduce both the severity and frequency of accidents. Figure 2 below shows the relevant data.

Fig 2.0



Most (94.5%) workplace accidents were due to male workers while the remaining percentage involved the opposite gender. Most workplace accidents (75.0%) involved young workers aged 39 and under. Next in line was the 40 – 49 yrs with 17.5 percent of all work accidents. The remainder was due to the age group of 50 and above. This has evidently shows that the incidence of accident occurrence in the workplace decreases with the maturity of workers. That is, a sense of responsibility for safety apparently grows with the maturity of a person. About 76.7 percent of work injuries involve the arm/hand and the leg/foot. The rest involved other body parts. About 46 percent of all work accidents took place in the service industry

followed by construction and wholesaling/retailing industries at 22.6 percent and 19 percent respectively. Besides other safety precautionary measures, the use of Personal Protection Equipment (PPE) is strongly encouraged where appropriate.

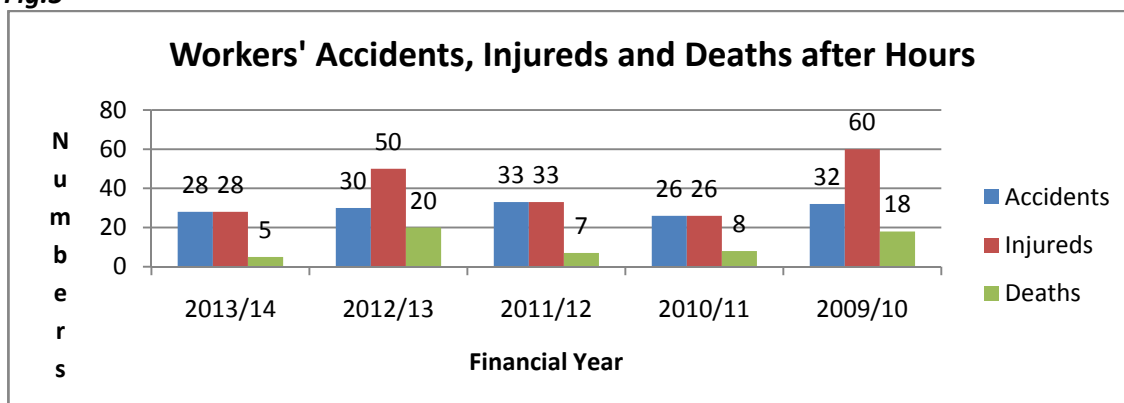
In the financial year under reporting, we continued the implementation of our safety promotion and rehabilitation work manual in which efforts have been made to involve all relevant stakeholders towards improvement of this area of safety. Particularly in safety promotion, we created a hazard assessment form for use by our Safety Promotion Officers (SPOs) in their field investigations which included a matrix for rating hazards, and also recommendations for employers and their workers and other relevant stakeholders such as MCIL, LTA and MWTI etc, for appropriate actions for putting control measures in place, and for follow-ups by our SPOs to ensure avoidance of future accident recurrence.

We also continued the implementation of another strategy that we introduced in the second half of the previous financial year, whereby the duty for injury treatment and recovery was shifted as a responsibility of high risk employers and their workers, so to promote reduction of unwanted lengthy incapacitation and resultant loss of production especially in the event a key worker is injured. This also benefits the Corporation through reduced incapacitations and the resultant drop in compensation paid. And we are happy to report that the reduction in the number of workplace accidents that commenced in financial year 2011/12 has been continuing for 3 consecutive financial years.

5.4.3 Workers' Safety at Home, Sports, Recreation etc

Accidents involving workers after working hours stood at 28, which was a drop of 6.7 percent from 30 the previous year. The resultant number of injured workers and number of deaths were also reduced by 44 percent and 75 percent respectively from the previous year. Fig 3 below shows the relevant data.

Fig.3



The reduction in the number of accidents in the previous financial year continues in the financial year under reporting.

Resulting from the 28 accidents were 28 workers injured including five killed.

Of all these 28 accidents, 89.7 percent took place at the home environment and 10.3 percent took place during recreational activities.

5.4.4 Rehabilitation Cases

Rehabilitation work as shown in table 3 above mostly falls on amputees, paraplegias, mental damage, hearing losses and loss of vision. However, we have also worked on all other types

of disabilities including fresh claims closely with the Claims handling division in monitoring the injury recovery process in an effort to avoid any abuse of the compensation scheme through unnecessary prolonged incapacitation.

Table 3

Disability	July – June 2010/2011 (inclusive of previous years)	July – June 2011/2012	To June 2012/2013	To June 2013/2014	Total to June 2014
Amputees	24 (all provided with crutches and/or wheelchairs) (3 fitted with prosthesis)	0	2	2	28
Paraplegics	17 (1 able to walk progressively)	3	2	0	22
Mental Damage	9 (all under medications and regular follow-up)	1	1	2	13
Hearing Loss	3 (1 provided with hearing aid) (2 under follow-up treatments)	0	0	0	3
Loss of Vision	0	0	0	2	2

During the year under reporting, we had two new amputees, two new mental damages and two losses of vision added to our list for long term rehabilitation. No paraplegic and hearing loss was reported.

Visitations and follow-ups of victims under rehabilitation particularly those under long term rehabilitation occupied most part of the year under reporting. Carried out during such visitations were assessing and reviewing the rehabilitation needs of each individual and the appropriate treatments conducive to their rehabilitation.

Routine visits were also made for follow-up maintenance, repair and replacement of artificial aids given out to rehabilitation victims if needed.

Though referrals to the Tupua Tamasese Meaole hospital for medical rehabilitation and physiotherapy trainings have been reduced compared to previous years, the Corporation in emergency cases was always prepared to respond immediately.

5.4.5 Workers died of Natural Causes

The coming into force of the 2009 Accident Compensation Amendment Act in October of the same year, had allowed special payment amounting to \$4,000 per case for workers died from natural causes or illnesses. One of the reasons for this amendment was a response to many requests raised by workers during workshops and trainings regarding some benefits for those workers who have been contributing to the scheme through workers' levies paid but have never been involved in an accident.

Table 4

Workers Died of Natural Causes	July - June 2009/2010	July - June 2010/2011	To June 2011/2012	To June 2012/13	To June 2013/2014
TOTAL	12	35	40	45	34
Percent Over Previous Total	-	191.7 (12 in 2009/2010)	14.3 (35 in 2010/2011)	12.5 (40 in 2011/12)	-24.0 (45 in 2012/13)
Percent Increase/Decrease Over Yearly Average 33	-175.0	6.1	21.2	36.4	3.0
Percent Increase/Decrease Over Highest	-	191.7 (12 in 2009/2010)	14.3 (35 in 2010/2011)	12.5 (40 in 2011/2012)	-24.0 (45 in 2012/13)
Percent Increase/Decrease Over Lowest	0.0 (0 in 0)	191.7 (12 in 2009/2010)	233.3 (12 in 2009/2010)	275.0 (12 in 2009/2010)	183.3 (12 in 2009/10)
Percentage by Gender					
Male	9 (75.0)	28 (80.0)	27 (67.5)	37 (82.2)	26 (76.5)
Female	3 (25.0)	7 (20.0)	13 (32.5)	8 (17.8)	8 (23.5)

This has assisted dependants and relatives of workers died from natural causes especially those workers who have contributed to funding the scheme but had never been involved in an accident.

And as seen in Table 4 above, an increasing trend since commencement of this entitlement has been overturned in the year under reporting. One possible reason for this is the increasing awareness among workers for their health and safety as seen through physical exercises in order to control lifestyle diseases such as diabetes.

5.5 Compensation Expenditure

Expenditure for compensation in this financial year 2014 as per Table 5 below indicate the majority of payments for Death which constitute death lump sum, death weekly payments, funeral grants and special payments for death without accident or injury. This is not an indication that death benefits are significantly better than other benefits; rather, it explains that most of the injuries were either not serious requiring long-term payments or were not entitled to a weekly payment for loss of earnings as in the case of non-workers.

The overall expenditure on compensations for the financial year 2014 was 6.18% higher when compared to 2013; the increase was primarily due to the excessive increase in the number of death benefit expenses.

Table 5: Expenditure on compensation & other entitlement from 2009-2013

Financial Year	Loss of Earnings \$	Death Benefits \$	Permanent Injury \$	Medical Expenses \$	Rehab & Others \$	Total \$
FY 2014	264,637	1,086,780	20,281	67,151	26,475	1,465,325
FY 2013	437,965	676,520	158,288	64,073	37,820	1,374,666
FY 2012	231,905	994,784	47,234	57,877	14,808	1,346,608
FY 2011	264,200	707,800	113,800	67,400	10,700	1,163,900
FY 2010	209,900	1,761,500	49,300	48,900	42,700	2,112,300
FY 2009	213,100	933,400	106,700	55,600	1,500	1,310,300

6.0 FINANCIAL PERFORMANCE

6.1 Income from Levies

Statutory levies dictated by the ACC Act 1989 as outline below, are levies on employees and their employers and fuel levy used for the purpose of funding, specified conveyance compensation. These levies continue to finance Compensation claim payment and the administration of the Scheme.

As clarified in the Table 6 below, fuel levy represents only 5.4% of total levies while 94.6% is represented by Employees/Employer's levy. As a result, cost of specified conveyance (i.e. motor vehicle) accidents entitlements are continually being heavily subsidized by employees/employers levy.

During the 6 years period from 2009, growth of levies each year has been fluctuating. In this year 2014 growth has increased by 2.2% mainly for few numbers of new employers been registered and slightly increments followed by the Government wage increase of 3% last year.

Table 6: Shows the growth of levies and the disparity between employees/ employers levies and fuel levy for the year 2014 with comparative figures since 2009.

Financial Year	Employees/ Employers Levy (\$)	Fuel Levy (\$)	Total Levies(\$)	Growth of Total Levies (\$)	Fuel Levy as % Total Levies
FY 2014	9,254,000	529,000	9,783,000	2.28%	5.4%
FY 2013	8,924,000	641,000	9,565,000	6.18%	6.7%
FY 2012	8,395,000	613,000	9,008,000	.45%	6.8%
FY 2011	8,356,000	612,000	8,968,000	7.4%	6.8%
FY 2010	7,755,000	596,000	8,351,000	6.7%	7.1%
FY 2009	7,226,000	602,000	7,828,000	0.8%	7.7%

6.2 Scheme Cost

6.2.1 Benefit and Safety Costs

Compensation expenditure depended largely on the type of accident and entitlement under ACC Act. Severance and occurrence of these accidents are beyond the ACC's control in terms of time and amount of people affected. Benefits for compensation and safety promotion costs are the full responsibilities of the ACC. The amount of \$1.46 million was spent in this financial year compared to \$1.40 million in year 2013/2012 financial year. An increase of 4.28 percent in spending of compensation benefits and safety promotion costs has been noted for this financial year 2014/2013 as a result of increase of 4.7% in compensation benefits spending (table 7)

Table 7: Shows the major cost components of the scheme and changes in administration cost for years 2009 – 2014.

Financial Years	Benefit Costs \$	Safety & Promotion \$	Admin Costs \$	Total Costs \$	Benefits & Safety as % of costs	Change in Administration Costs
FY 2014	1,439,280	26,045	1,849,835	3,315,160	44.20%	-21.68%
FY 2013	1,374,666	29,222	2,361,843	3,765,731	37.0%	-50.0%
FY 2012	1,346,607	105,662	4,728,180	6,180,449	23.5%	123.2%
FY 2011	1,163,865	146,393	2,118,466	3,428,724	38.2%	18.9%
FY 2010	2,112,375	168,393	1,781,000	4,061,768	56.2%	-12.4%
FY 2009	1,310,300	596,600	2,032,300	3,939,200	48.4%	6.3%
FY 2008	380,300	476,300	1,912,000	2,768,600	30.9%	-5.7%

6.2.2 Administration Cost

Administration cost involved in compensation claim and payments had decreased from \$2.3 million in the financial year 2013 to about \$1.8 million in this financial year 2014. It is about 21% drop compared to last year (table 8). This significant decrease is attributing to the one off payment for architectural cost of about \$0.38 million for the Fugalei Market Building in 2013.

6.3 Income from Cash Investment

Income from term deposits at Local Trading Banks and convertible notes at Unit Trust of Samoa assist largely with funding of compensation paid out by the Corporation. Levies mandated by the ACC Act for employees and employers are the primary core vein of income for the Scheme with income from investment as secondary. In table 8 below, an increase of 37.59 percent has been recorded for interest received from term deposits and Convertible notes for 2014 and basically due to continued growth of deposits principal balance with standard interest rates offered by these entities.

Table 8: Shows the growth of term-deposits and securities and the interest received for the year 2014.

Financial Year	Deposit and Securities	Rate of Growth (deposit and securities)	Interest Received	Rate of Growth (interest)
FY 2014	\$72.00m	9.42%	\$3.88m	37.59%
FY 2013	\$65.80m	16.87%	\$2.82m	16.53%
FY 2012	\$56.30m	0.54%	\$2.42m	17%
FY 2011	\$56.00m	21.47%	\$2.07m	-24%
FY 2010	\$46.10m	18.66%	\$2.72m	-11%
FY 2009	\$38.85m	28.20%	\$3.07m	8%

Also as can be seen in the above table 9, the rate of growth for Deposits for the financial year 2014 has increased to 37.59 percent when compared to the previous year. The increase was mainly due to increase in Term Deposits to Commercial Banks and UTOs of \$6.2 million.

7.0 OTHER ACTIVITIES

7.1 Staff Development

The ACC continues to encourage its staffs to undertake graduate and post-graduate courses leading to some form of qualifications which not only benefit staff members themselves but persevere to assist ACC in successfully carrying out its functions. Evidence of this commitment is value significantly in our staff conditions where “the main thrust behind is strengthening the capability of the workforce for improved service delivery to the community.” To support this development, a new staff condition was approved and implemented to grant up to 5 working days of study and examination leave for any staff member that undertake courses in local tertiary institutions. In addition, ACC financially support staff members through paying of course fees, examination fees, fees for textbooks (if retained by ACC) and any other relevant fees as it considers appropriate and at the successful completion, ACC will reward a staff member through appropriate increase of salaries.

Training is an important component of staff development and normally targets areas where ACC operates. In the period under review, 7 staff members participated in local trainings offered by other Government Ministries and Corporations specific to safety issues in work places, principles and applications of service in the public sector and risk management. Also our staff members in the Safety Promotion and Rehabilitation Division are often invited to present papers and/or take part in local trainings and workshops specific to employee’s safety in workplaces.

Overseas training is rarely available but another welcome staff development and incentive for employees to participate. The ACC is a member of the International Social Security Association (ISSA) in which Members of the Board and Management in the past were invited to participate in meetings and workshops. There was no meeting in the period under reviewed.

7.2 Website

The ACC website is www.acc.gov.ws and you can now access to different types of information such as online claim forms for workers injured after hours, how to make a claim, documents require to process a claim, work related accident, information about ACC, legislations and amendments, compensation entitlements, victims complaints and more.

7.3 Food and Agriculture Produce Market at Fugalei

The board approved the demolition of the old market and it was pulled down in July 2012. The work started in the middle of 2013 where the contract was signed between ACC and the winning bidder Qing Dao Company Limited to build the new market place. As of the end of this financial year 2014, the project is in the final phrase and is expected to be officially launched in August 2014. The total costs recorded as at 30 June 2014 is \$7.6 million tala.

ACCIDENT COMPENSATION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014

**Accident Compensation Corporation
Financial Statement
For the year ended 30 June 2014**

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*Please address all correspondences
to the Controller and Auditor General*



AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE BOARD OF DIRECTORS – ACCIDENT COMPENSATION CORPORATION

We have audited the accompanying financial statements of the Accident Compensation Corporation, which comprises of balance sheet as at 30 June 2014, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Accounting Firm of Su'a ma Pauga and Associates, Chartered Accountants, assisted in this audit.

Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and also the Public Bodies (Performance and Accountability) Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Accident Compensation Corporation as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and also give in the prescribed manner the information required by the Public Bodies (Performance & Accountability) Act 2001 and the Accident Compensation Corporation Act 1989, in the manner so required.

Our audit was completed on the 10th April 2015 and our opinion is expressed as at that date.

Apia, Samoa
15 April 2015


Violet Roebeck-Fasavalu

ACTING CONTROLLER AND AUDITOR GENERAL


**Accident Compensation Corporation
Certification by Directors
For the year ended 30 June 2014**

We certify that the attached financial statements for the Accident Compensation Corporation comprising of the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial statements for the financial year ended 30 June 2014:

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the Public Finance Management Act 2001 in relation to the form or content of financial statements made under the Public Bodies (Performance and Accountability) Act 2001.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on behalf of the directors of the Accident Compensation Corporation.



Signature

Leoo Tautalatasi Dr. John Adams
CHAIRPERSON
Accident Compensation Corporation
Apia, Samoa



Signature

Auelua Sam Enari
DIRECTOR
Accident Compensation Corporation
Apia, Samoa

09/04/2015

09/04/2015

Accident Compensation Corporation
Balance Sheet
For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
EQUITY			
Capital and Reserves			
Contributors' Compensation & Rehabilitation Liability Reserves		20,000,000	20,000,000
General Reserves		91,836,559	80,943,034
Total Reserves		111,836,559	100,943,034
<i>Represented by:</i>			
Current Assets			
Cash and cash equivalents	3	1,725,164	2,474,612
Accounts Receivable	7	902,950	814,085
Interest Accrued		1,453,138	1,812,765
Prepayments		61,605	63,716
Investments	4 (a)	48,000,000	41,800,000
Total current assets		52,142,857	46,965,178
Less: Current Liabilities			
Accounts Payable	9	285,435	288,690
Rent received in Advance		246,628	237,594
Compensation	10 (a)	501,596	466,475
Total current liabilities		1,033,659	992,759
Working Capital		51,109,198	45,972,419
Add: Non-Current Assets			
Investments- Convertible Notes	4 (b)	24,000,000	24,000,000
Property, Plant and Equipment	8	37,395,172	31,780,568
		112,504,370	101,752,987
Less: Non-Current Liabilities			
Compensation	10 (b)	667,811	809,953
NET ASSETS		111,836,559	100,943,034

Accident Compensation Corporation
Income Statement
For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue			
Employers' Levy		4,627,136	4,461,179
Employees' Levy		4,627,136	4,463,602
Fuel Levy		529,916	641,502
Interest Revenue		3,882,624	2,824,397
Rental Income - Fugalei Market	13(a)	2,128	809
Rental Income - ACC House	13(a)	1,591,647	1,383,464
Gain on sale		-	17,907
Other Income		5,006	35,502
		<u>15,265,593</u>	<u>13,828,362</u>
Less: Expenditure			
Workers' Compensation	5	337,279	477,565
Specified Conveyance Compensation	5	679,710	450,207
After hour Compensation	5	178,104	227,903
Tsunami Compensation	5	124,187	26,991
Contributors Benefits	5	120,000	192,000
Safety Promotion & Accident Prevention		26,045	29,222
Fugalei Market	13(a)	152,805	216,605
ACC House	13(a)	903,790	1,082,984
Administration Expense	6	1,850,148	2,361,843
		<u>4,372,068</u>	<u>5,065,320</u>
Surplus		<u>10,893,525</u>	<u>8,763,042</u>

Accident Compensation Corporation
Statement of Changes in Equity
For the year ended 30 June 2014

	Notes	Contributors' Compensation & Rehabilitation Liability Reserve \$	General Reserves \$	Total \$
2013				
Opening Balance at 1 July 2012		20,000,000	72,179,991	92,179,991
Surplus		-	8,763,043	8,763,043
Balance as at 30 June 2013		20,000,000	80,943,034	100,943,034
2014				
Opening Balance at 1 July 2013		20,000,000	80,943,034	100,943,034
Surplus		-	10,893,525	10,893,525
Balance as at 30 June 2014		20,000,000	91,836,559	111,836,559

Accident Compensation Corporation
Statement of Cash Flows
For the year ended 30 June 2014

CASH FLOWS FROM/(TO) OPERATING ACTIVITIES		2014	2013
Cash Was Provided From:	Notes	\$	\$
Gross Employers' Levy		4,623,605	4,484,191
Gross Workers' Levy		4,623,605	4,484,191
Gross Fuel Levy Income		785,052	811,178
Fugalei Market		5,493	15,078
ACC House		2,409,009	2,306,949
Other		31,487	100,191
Total cash received from operating activities		<u>12,478,251</u>	<u>12,201,778</u>
Cash Was Disbursed To:			
Claimants' for Compensation		(1,546,240)	(1,304,640)
Office Supplies and Services		(27,242)	(709,501)
Refunds on Fuel		(770,466)	(342,047)
Personnel		(1,219,169)	(1,128,989)
Fugalei Market		(167,752)	(198,717)
ACC House		(1,280,316)	(1,497,848)
Canberra project - transferred from WIP to accounts receivable		-	-
Total cash applied for operating activities		<u>(5,011,185)</u>	<u>(5,181,742)</u>
Net cash inflow from operating activities		7,467,066	7,020,036
CASH FLOWS FROM/(TO) INVESTING ACTIVITIES			
Cash Was Provided From:			
Interest Received from Term Deposits		4,241,939	2,427,110
Proceeds from sale of property, plant and equipment		-	-
Total cash received from investing activities		<u>4,241,939</u>	<u>2,427,110</u>
Cash Was Disbursed To:			
Purchase of property, plant and equipment		(6,258,452)	(3,890,328)
Net increase in investments		(6,200,000)	(9,500,000)
Total cash applied for investing activities		<u>(12,458,452)</u>	<u>(13,390,328)</u>
Net cash outflow to investing activities		(8,216,513)	(10,963,218)
Net increase in cash		-749,447	-3,943,182
Cash and cash equivalent beginning		2,474,611	6,417,793
Cash and cash equivalent at year end		<u>1,725,164</u>	<u>2,474,611</u>
Represented by :			
Cash and cash equivalents	3	<u>1,725,164</u>	<u>2,474,611</u>

Accident Compensation Corporation

Notes To and Forming Part of the Financial Statements

For the year ended 30 June 2014

1. GENERAL INFORMATION

The Accident Compensation Corporation (ACC) was formerly called the Accident Compensation Board (ACB) established in 1978 following the approval by Parliament of the Accident Compensation Act 1978 which has now been revoked. Legislations are now in place such as the Accident Compensation Act 1989 with Accident Compensation Amendment Act 2003, Amendment 2009, Amendment 2011 with the former still remaining as the Principal Act.

ACC is a public body that manages Samoa's accident compensation scheme. The accident compensation scheme is a no-fault social insurance scheme with unlimited access to common law remedies, and as with any insurance system it provides specific areas of cover and entitlement and collects premiums based on the cost of providing those entitlements. The scheme is characterized by an integrated and cost effective approach to prevention, compensation and rehabilitation. However the Act does not provide for the Board to make safety regulations or the enforcement of safety in workplaces and on the roads.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of significant accounting policies adopted by the corporation in the preparation of its financial statements.

(a) Statement of compliance

The financial statements are general purpose financial statements which has been prepared in accordance with:

- section 91 of the Public Finance Management Act 2001. Therefore, ACC is designated as a Public Body, hence, it must also satisfy the reporting requirements under the Public Bodies (Performance & Accountability) Act 2001 and Accident Compensation Act 1989.
- with applicable International Financial Reporting Standards (IFRS), which includes the International Accounting Standards issued by the International Accounting Standards Board (IASB), Interpretations and other mandatory professional requirements as prescribed in the reporting requirements of the Public Bodies (Performance & Accountability) Act 2001.

(b) Basis of preparation

The financial statements are prepared on the basis of historical costs. Reporting financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period and future periods.

(c) Comparative information

Comparative information has been restated where necessary to achieve consistency in disclosure with current financial year amounts.

(d) Functional and presentation currency

The financial statements are presented in Samoan Tala (SAT\$), which is the corporation's functional currency and all values presented in Samoan Tala have not been rounded.

(e) Foreign currency

Transactions in foreign currency are translated to Samoan tala at the foreign exchange rate ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies are translated at the rates of exchange ruling at balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement.

Accident Compensation Corporation
Notes To and Forming Part of the Financial Statements
For the year ended 30 June 2014

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Bad and doubtful debts provision

Collectability of trade receivables is reviewed on an ongoing basis. A provision is raised for any doubtful debt based on a general review of the outstanding amounts at the end of the reporting period. Bad debts are written off against the provision for doubtful debts in the period in which they are identified as unrecoverable.

(g) Revenue recognition

Income comprising levies, interest and income from ACC House and Fugalei Market is recognised in the income statement in the period to which it relates.

(h) Expense recognition

i) Operating expenses

All expenses are recognised in the income statement and consist of compensation, administrative and other costs.

ii) Operating lease payments

Payments under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash at bank and on hand and other short term highly liquid investments with original maturities of less than one year.

(j) Receivables

Receivables are recorded at expected realization value after providing for bad and doubtful debts. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the income statement. The proportion of levies due at the reporting date is recognised in the balance sheet as a receivable.

(k) Investments

Investments comprise of term deposits at commercial banks and government bonds held with the Central Bank and are recorded at cost.

(l) Provisions

A provision is recognized in the balance sheet when the corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Payables

Payables are recognized at cost and represent liabilities for goods and services provided to the corporation before the end of the financial year that are unpaid and arise when the corporation becomes obliged to make future payments in respect of the purchase of these goods and services.

Expenditures of the corporation including claims actioned but not finalised at year end, and claims incurred but not known to the corporation by balance date, are shown based on actual calculations and prior experience of such expense.

(n) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values using the reduced balance method.

Accident Compensation Corporation
Notes To and Forming Part of the Financial Statements
For the year ended 30 June 2014

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following rates are used for the depreciation of property, plant and equipment:-

Fugalei Market Building	5%
ACC Building	2%
Motor vehicles	25%
Office Machines	25%
Furniture and Equipment	25%
Fixtures and Fittings	20%

Property that is being constructed or developed and at balance date has not been completed for future use is classified as work in progress and stated at cost.

(o) Value added goods and services tax (VAGST)

The income and expenses relating to ACC House and Fugalei Market are only subject to VAGST.

(p) Income Tax

The corporation is exempt from payment of income tax under section 55 of the Accident Compensation Act 1989.

(q) Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(r) Employee entitlements

i) Salaries and wages, annual leave and long service leave

Liabilities for employees' entitlements such as salaries and wages, annual leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, calculated at amounts expected to be paid as at reporting date.

No provision is made for non-vesting sick leave as the pattern of sick leave taken indicates that no additional liability will arise for non-vesting sick leave.

ii) Superannuation contributions

The corporation contributes towards the SNPF, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognised immediately in the income statement.

(s) Changes to Accounting Policies

There have been no changes in accounting policies.

(t) Segment reporting

A segment reporting is a distinguishable component of the corporation that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and returns of other business or geographical segments.

	2014	2013
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Westpac Bank	<u>1,725,164</u>	<u>2,474,612</u>

Accident Compensation Corporation
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For the year ended 30 June 2014

4. INVESTMENTS	2014	2013
Term Deposits	\$	\$
<u>Westpac</u>		
for 12 months at 6%	-	6,000,000
for 12 months at 6%	5,200,000	-
	<u>5,200,000</u>	<u>6,000,000</u>
<u>ANZ Bank Samoa Ltd</u>		
for 12 months at 6.5%	1,600,000	6,000,000
for 12 months at 6.5%	2,000,000	6,000,000
for 12 months at 6%	13,500,000	2,000,000
for 12 months at 6%	4,000,000	-
for 12 months at 6%	3,400,000	-
	<u>24,500,000</u>	<u>14,000,000</u>
<u>National Bank o Samoa</u>		
for 12 months at 6.5%	8,000,000	2,800,000
for 12 months at 6%	3,000,000	8,000,000
for 12 months at 6%	3,300,000	6,000,000
for 12 months at 5%	-	1,000,000
	<u>14,300,000</u>	<u>17,800,000</u>
<u>Samoa Commercial Bank</u>		
for 12 months at 6%	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
<u>Unit Trust of Samoa (Convertible Notes)</u>		
for 10 Years at 5%	5,000,000	5,000,000
for 10 Years at 5%	3,000,000	3,000,000
for 10 Years at 5%	2,000,000	2,000,000
for 5 Years at 5%	3,000,000	3,000,000
for 5 Years at 5%	4,000,000	4,000,000
for 5 Years at 6%	3,000,000	3,000,000
for 5 Years at 6.4%	4,000,000	4,000,000
	<u>24,000,000</u>	<u>24,000,000</u>
<i>Represented by:</i>		
Current	48,000,000	41,800,000
Long Term	24,000,000	24,000,000
Total Investments	<u>72,000,000</u>	<u>65,800,000</u>

Accident Compensation Corporation
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5. COMPENSATION EXPENDITURE	Tsunami	Workers	Specified	After	Other	2014	2013
	\$	\$	Conveyance	Hour	\$	\$	\$
Weekly Compensation	-	219,717	27,769	17,151	-	264,637	231,904
Permanent Injury	-	12,486	5,395	2,400	-	20,281	47,234
Death Lump Sum	-	35,356	410,429	97,571	-	543,356	316,084
Funeral Expenses	-	16,000	101,000	18,000	-	135,000	74,000
Medical Expenses	-	12,313	49,303	5,536	-	67,151	57,877
Artificial	-	-	-	-	-	-	7,765
Death Weekly	124,187	41,407	85,815	37,016	-	288,424	424,700
Ex-gratia	-	-	-	430	-	430	7,043
Contributor Benefits	-	-	-	-	120,000	120,000	180,000
Safety Promotion & Accident Prevention	-	-	-	-	26,045	26,045	105,662
Total	124,187	337,279	679,710	178,104	146,045	1,465,325	1,452,269

6. ADMINISTRATIVE EXPENSE	2014	2013
	\$	\$
Audit Fees	19,919	19,550
Achitectural Costs - Fugalei Market	-	380,000
Annual Fee	-	42,888
Board Fees and Expenses (Refer to Note 14)	99,742	109,973
Consultation	10,989	25,317
Depreciation	134,083	163,677
Electricity	106,724	105,550
Funds expended for purposes of section 56(7)	7,287	14,591
Funds expended for purposes of section 56(2)	-	67,991
Insurance	22,163	19,786
Office Expenses	126,815	107,448
Office Rent	206,473	206,473
Salaries & Wages (include NPF/ACC)	1,029,943	949,550
Travel Allowances & Fares	11,045	12,534
Vehicle Maintenance & Running Costs	72,615	100,336
ISSA - Subscription	-	36,178
Long Service Leave	2,346	-
Loss on disposal	-	-
Total	1,850,148	2,361,843

7. ACCOUNTS RECEIVABLE		
Employers Levy	185,393	181,861
Employees Levy	185,393	181,861
Rent from Fugalei Market	19,536	22,738
Rent from ACB House	79,573	121,521
Canberra - Project	344,337	217,383
Other	88,720	88,720
	902,950	814,085

Accident Compensation Corporation
Notes To and Forming Part of the Financial Statements
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8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Fugalei Market	ACC Building	Motor Vehicles	Fixtures & Fittings	Furniture Equipme	Office Machines	Total
COST	\$	\$	\$	\$	\$	\$	\$	\$
2013								
Balance as at 1 July 2012	11,288,831	5,299,795	22,127,397	542,550	179,266	89,764	168,509	39,696,112
Additions	1,167,630	3,900	-	188,575	146,809	5,072	29,123	1,541,109
Disposals	-	(5,303,695)	-	(182,550)	-	-	-	(5,486,245)
Balance as at 30 June 2013	12,456,461	-	22,127,397	548,575	326,075	94,836	197,632	35,750,976
2014								
Balance as at 1 July 2013	12,456,461	-	22,127,397	548,575	326,075	94,836	197,632	35,750,976
Additions	-	-	-	-	29,199	-	6,567	35,766
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 June 2014	12,456,461	-	22,127,397	548,575	355,274	94,836	204,199	35,786,742

ACCUMULATED DEPRECIATION

2013								
Balance as at 1 July 2012	-	2,273,114	4,586,479	266,099	79,244	75,486	99,827	7,380,249
Depreciation	-	151,790	350,818	106,676	36,446	3,570	17,564	666,864
Disposals	-	(2,424,904)	-	(106,324)	-	-	-	(2,531,228)
Balance as at 30 June 2013	-	-	4,937,297	266,451	115,690	79,056	117,391	5,515,885
2014								
Balance as at 1 July 2013	-	-	4,937,297	266,451	115,690	79,056	117,391	5,515,885
Depreciation	-	-	343,802	71,126	44,997	3,945	19,893	483,763
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 June 2014	-	-	5,281,099	337,577	160,687	83,001	137,284	5,999,648

CARRYING AMOUNT

30 June 2013	12,456,461	-	17,190,100	282,124	210,385	15,780	80,241	30,235,091
Work-in-Progress		7,608,078						7,608,078
30 June 2014	12,456,461	7,608,078	16,846,298	210,998	194,587	11,835	66,915	37,395,172

							2014	2013
							\$	\$
9. ACCOUNTS PAYABLE								
Other Payables							73,891	94,923
Provision for Fuel Levy Refund							127,592	72,067
Provision for Audit Fees							36,981	17,061
Provision for Annul Leave							33,725	33,725
Other Payable							-	25,376
Fugalei Market							13,245	27,626
ACC House							-	17,912
TOTAL							285,435	288,690

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10. COMPENSATION	Evans Hurricane \$	Workers \$	Specified Conveyance \$	After Hour \$	2014 \$	2013 \$
(a) Current Portion						
Weekly Compensation	-	131,984	39,333	29,963	201,281	237,577
Permanent Injury	-	5,200	-	1,520	6,720	5,280
Death Lump Sum	-	-	16,000	8,000	24,000	4,316
Funeral Expenses	-	-	-	-	-	-
Medical Expenses	-	3,010	600	900	4,510	2,750
Artificial Aid	-	1,000	600	500	2,100	5,400
Death Weekly	35,950	85,887	35,857	105,291	262,985	211,152
Total	35,950	227,081	92,390	146,175	501,596	466,475
(b) Non-Current Portion						
Weekly Compensation	-	18,195	-	-	18,195	31,037
Permanent Injury	-	50,400	82,242	26,000	158,642	221,600
Death Lump Sum	-	-	-	-	-	55,328
Funeral Expenses	-	-	-	-	-	14,000
Medical Expenses	-	4,840	6,550	4,100	15,490	22,550
Artificial Aid	-	27,100	13,600	2,600	43,300	58,500
Death Weekly	91,579	122,608	70,761	147,237	432,185	406,938
	91,579	223,143	173,152	179,937	667,811	809,953
TOTAL	127,529	450,224	265,542	326,112	1,169,407	1,276,428
11. PROVISION FOR ANNUAL LEAVE						
Staff annual leave entitlements					35,148	42,888
Movement of provision for annual leave						
Balance at beginning of the year					42,888	38,924
Additional provisions during the year					35,148	33,725
Utilised during the year					(42,888)	(29,761)
Balance at year end					35,148	42,888
12. ANNUAL AND LONG SERVICE LEAVE						
Long Service Leave					1,423	-
Annual Leave					33,725	42,888
					35,148	42,888

Accident Compensation Corporation
Notes To and Forming Part of the Financial Statements
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13. SEGMENT INFORMATION

The corporation also leases out available office space at the ACC House and Fugalei Market and its results are reported below in their main areas of operations.

(a) Consolidated	Notes	ACC House	F/Market	Main Office	2014	2013
		\$	\$	\$	\$	\$
Revenue						
Rent		1,591,245	2,128	-	1,593,372	1,591,122
Other Income		402	-	-	402	
Less: VAGST		-	-	-	-	(207,539)
Rent Net of VAGST		1,591,647	2,128	-	1,593,774	1,383,583
Employers' Levy		-	-	4,627,136	4,627,136	4,461,179
Workers' Levy		-	-	4,627,136	4,627,136	4,463,602
Fuel Levy		-	-	529,916	529,916	641,502
Interest		-	-	3,882,624	3,882,624	2,824,397
Other Income		-	-	5,006	5,006	54,099
Total Revenue		1,591,647	2,128	13,671,818	15,265,593	13,828,362
Expenditure						
Annual Leave		-	-	-	-	42,888
Audit Fees		-	-	19,919	19,919	19,550
Architect Cost Fugalei Market		-	-	-	-	380,000
Bad Debts		-	-	-	-	23,238
Board Fees and Expenses		-	-	99,742	99,742	109,973
Building Maintenance		103,742	6,480	-	110,222	196,304
Compensation		-	-	1,439,280	1,439,280	1,374,666
Consultation		-	-	10,989	10,989	25,317
Depreciation (Refer to note 8)		343,802	-	134,083	477,885	514,495
Electricity		185,785	-	106,724	292,509	370,679
Funds expended for purposes of section 56(2)		-	-	-	-	67,991
Funds expended for purposes of section 56(7)		-	-	7,287	7,287	14,591
General expenses		471	14,513	-	14,984	22,500
Insurance		105,768	-	22,163	127,931	143,806
ISSA - Subscription		-	-	-	-	36,178
Local Travel		-	-	-	-	-
Long Service leave		-	-	2,346	2,346	-
Office Expenses		-	-	126,815	126,815	107,448
Office Rent		-	-	206,473	206,473	206,473
Safety Promotion & Accident Prevention		-	-	26,045	26,045	29,222
Salaries		131,729	126,892	1,029,943	1,288,564	1,214,306
Telephone		-	-	-	-	-
Toilet Maintenance		-	4,920	-	4,920	8,056
Travel Allowances & Fares		-	-	11,045	11,045	12,534
Vehicle Maintenance & Running Costs		-	-	72,615	72,615	100,336
Water rates		32,494	-	-	32,494	44,768
Total Expenditure		903,790	152,805	3,315,472	4,372,067	5,065,319
Surplus		687,856	(150,677)	10,356,346	10,893,524	8,763,043

Accident Compensation Corporation
Notes To and Forming Part of the Financial Statements
For the year ended 30 June 2014

13. SEGMENT INFORMATION (Continued)

The following is the breakdown by ACC House and Fugalei Market segments. This information has been included in the Consolidation in 14(a) and in the Income Statement.

	2014	2013
	\$	\$
(b) <u>ACC House</u>		
Revenue		
Rent	1,591,245	1,590,192
Less: VAGST	-	(207,418)
Other Income		690
Total Revenue	1,591,245	1,383,464
Expenditure		
Annual Leave	-	0
Bldg Maintenace	191,742	191,742
Depreciation (Refer to note 8)	350,818	350,818
Electricity	265,129	265,129
General expenses	1,334	1,334
Insurance	124,020	124,020
Salaries	104,873	104,873
Toilet Maintenace	300	300
Water rates	44,768	44,768
Total Expenditure	1,082,984	1,082,984
Surplus for ACB House	508,261	300,480
(c) <u>Fugalei Market</u>		
Revenue		
Rent	2,128	930
Less: VAGST	-	(121)
Total Revenue	2,128	809
Expenditure		
Annual Leave	0	0
Bldg Maintenace	6,480	4,561
Bad Debts	0	23,238
Depreciation (Refer to note 8)	0	0
Electricity	0	0
General expenses	14,513	21,165
Insurance	0	0
Local Travel	0	0
Salaries	126,892	159,884
Stationaries	0	0
Telephone	0	0
Toilet Maintenace	4,920	7,756
Water rates	0	0
Total Expenditure	152,805	216,604
Surplus for Fugalei Market	(150,677)	(215,795)

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14. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Costs

The remuneration of key management personnel during the year were as follows:

	2014	2013
	\$	\$
Salaries and short-term employee benefits	495,325	495,325
<i>Add Employers contribution to:</i>		
Samoa National Provident Fund	24,766	24,766
Accident Compensation Corporation	4,953	4,953
	525,044	525,044

(b) Directors' Compensation

The Directors of the Corporation during the financial period were:

- Leoo Tautalatasi Dr. John Adams (Chairman of the Board)
- Auelua Samuelu Enari (Deputy Chairman)
- Te'o Richard T Faaiuso (Board Member)
- Donald Leumaga (Board Member)
- Foma'i Lei Sam (Board Member)
- Fuamatu Lapana Neru (Board Member)
- Lemalu Lafua (Board Member)

Directors were appointed by Government under Special Post and have served for a year to date. Chairman will be paid directors fee of \$8000 and sitting allowance of \$300 per meeting. All others will be paid directors fee of \$6,500 and sitting allowance of \$250 per meeting except board members who are representative from Govt. Ministries and Corporation. No directors fees and sitting allowances will be paid them.

Directors fees of \$91,501 (2012: \$88,476) were paid during the year including sitting allowance. Board expenses amounted to \$18,472 (2012: \$25,857).

Directors' fees and Board expenses

Directors fees and sitting allowances	91,501	91,501
Board Expenses	18,472	18,472
Balance of board allowances & expenses for meetings held throughout the year	109,973	109,973

15. Trust Accounts for Dependent Children

In the event of a death compensation claim payable to a dependent child, ACC pays the claim into a trust bank account for the minor. ACC is responsible for managing and safeguarding these trust accounts on behalf of the dependent children. These funds had been paid out of the Corporations (main operating) bank account when the claims were settled (released from Claims Reserve Liability).

16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES / ASSETS

An amount of AU\$6 million has been approved by the board for the recommencement of the Canberra Project. An amount of SA\$10 million has been earmarked for the Fugalei Market redevelopment Project. As of 30 June 2014, the Corporation had no contingent liabilities or assets (2013: \$Nil).

17. EVENTS AFTER BALANCE SHEET DATE

There are no events subsequent to balance sheet date which require recognition or disclosure in these financial statements (2013: nil).