



ACCIDENT COMPENSATION CORPORATION  
FAALAPOTOPOTOGA O TAUI MO FAALAVELAVE FAAFUASEI



**ANNUAL REPORT**

**2015**



**ACCIDENT COMPENSATION CORPORATION  
FAALAPOTOPOTOGA O TAUI MO FAALAVELAVE FAAFUASEI**

# **ANNUAL REPORT 2015**

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### **Audited Financial Statements 2014 -2015**

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## 1.0 Minister's Letter to Parliament



GOVERNMENT OF SAMOA

**OFFICE OF THE MINISTER OF PUBLIC ENTERPRISES**

MINISTRY OF COMMERCE, INDUSTRY AND LABOUR, MINISTRY FOR PUBLIC ENTERPRISES, SAMOA LAND CORPORATION,  
AUDIT OFFICE, SAMOA HOUSING CORPORATION, ACCIDENT COMPENSATION CORPORATION, SAMOA BUREAU OF  
STATISTICS, SAMOA SPORTS & FACILITIES AUTHORITY, POLYNESIAN AIRLINES.

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1<sup>st</sup> May 2018

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

Dear Hon. Speaker,

**Subject: ACC ANNUAL REPORT 2015**

I am pleased to submit the Annual Report of the Accident Compensation Corporation of its proceedings and operations for the Year ended 30th June 2015 together with its Audited Accounts for the year and the report of the Audit Office on those accounts.

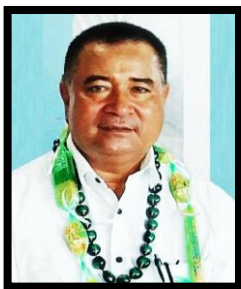
This Annual Report is submitted in accordance with Section 8 of the Accident Compensation Act 1989 and Section 23 of the Public Bodies (Performance and Accountability) Act 2001.

Ma le faaaloalo.

A handwritten signature in blue ink, appearing to read 'Lautafi Fio Selafi Purcell'.

Lautafi Fio Selafi Purcell  
**MINISTER OF PUBLIC ENTERPRISES**

## 2.0 Chairman's Report



The Accident Compensation Corporation ("ACC") directs its energy to the provision of general safety and the prevention of accidents, focusing on rehabilitation and compensation of workers and dependents who suffer personal injuries by or deaths by accidents covered under the scheme's legislation. The principal thrust behind a successful and excellent service by a public beneficial body is to meet the purposes and objectives of its governing legislation and exhibits a sense of social responsibility by focusing on to the interests of the community in which it operates as mandated in the Public Bodies (Performance and Accountability) Act 2001.

Through the many safety awareness by the Corporation and its partners, it is great to report a decline in the number of accidents reported during the period under review when compared to the previous years. We should continue to cooperate and work together with relevant stakeholders in promoting safety awareness programs targeting workplaces, roads usages, in sports and at home. There were six (6) cases for long term rehabilitation reported to the Corporation in the financial year 2014-2015 and are now under the care of the injury recovery process of the scheme. The accident compensation scheme is mostly funded by the employers and employees levies with the additional support received from levy collected from imported fuel used in Samoa.

This report highlights several principal activities which follows this briefing, the numerous community service obligations provided by the Corporation that assists other national bodies of the government such as the National Health Services ("NHS"), the Samoa Fire and Emergency Services Authority ("SFESA"), the Ministry of Police ("MoP") and the Land Transport Authority ("LTA"). Inclusively is the service to the farmers and micro businesses at the Fugalei market.

Below is a summary of the work conducted and achieved during this financial year.

### 2.1 Activities and Performance of the Accident Compensation Corporation ("ACC")

#### 2.1.1 Statutory Mandate

The Accident Compensation Corporation administers and enforces:

- *The Accident Compensation Act 1989*  
It stipulates the promotion of safety, compensations and rehabilitation as the main functions of the Corporation
- *Accident Compensation Amendments Act 2003 and Amendments 2009.*  
An amendment to the levy collected included the one percent from employees and increase in compensation for accidents and investments
- *Public Bodies (Performance and Accountability) Act 2001*  
It stipulates that each public servant must be accountable for their performance
- *Public Finance Management Act 2001*  
To foster and enhance effective and responsible economic and financial management policy;

#### 2.1.2 Principal Activities of the Corporation:

- Promote safety measures to reduce the frequency and severity of personal injuries, promote medical and vocational rehabilitation programs, and provide compensations to the scheme beneficiaries

- Compensate workers injured from accidents and workers that died of natural causes as per Section 68A of the Accident Compensation Amendment Act 2009
- Accord compensation to the rightful dependents of those workers that died from injuries caused by an accident or dependents of those people that died from specified conveyances
- Collect a one sene levy out of every tala earned from employers and employees and a fuel levy of five sene per gallon

## **2.2 Operating and Financial Performance Highlights**

### Scheme Beneficiaries:

- 42 victims of motor vehicle accidents this financial year
  - 33.3% less than the previous financial year
  - 8.7% less when compared to the lowest recorded number of vehicle accidents in financial year 2011 – 2012 of 46
  - 2014 – 2015 now has the lowest recorded number of accidents ever since the commencement of the Accident Compensation Corporation
- 108 victims of work related accidents this financial year
  - 4.9% more than the previous year of 103
  - This year records an increase in the number of work related victims when compared to the decreasing trend of the last four years.
- 25 workers who were involved in accidents after hours
  - 10.7% less than the previous financial year
  - 24.2% less when compared to the 2011 – 2012 financial year with the highest accidents recorded
  - Noted the decrease in accidents recorded this year compared to the last four years.

There were 241 applications for compensation, which is 18.5% less than the previous financial year.

### Financial Services:

This is a summary of compensations paid out and related services for this year compared to the last financial year

- \$1.2 million on compensations paid out, about 18% less than in 2014 of \$1.46 million.
- \$5.15 million on expenditure which is 18% higher when compared to \$4.37 million in 2014.
- \$16.4 million income which is 7% higher than in 2014.
- \$10.69 million surplus, which is 1.81% less than in 2014.

The Corporation was able to achieve 9.13% rate of return of 7% required by Government from all its Corporations.

## 2.3 Overview of Expected Performance in the Next Financial Year

### Continuation of Principal Activities as Stipulated

- The Board and its Corporation to continue its legal responsibilities of compensating the victims of accidents that occur to workers during working hours, after hours and the public during specified conveyance accidents.

### Expand Safety Promotion Measures

- To reduce the frequency and severity of personal injuries, promote medical and vocational rehabilitation programs, and provide compensations to the scheme beneficiaries
- Encourage stakeholder consultations on occupational safety and health with the Ministry of Commerce, Industry and Labour ("MCIL"), Land Transport Authority ("LTA") and the Samoa Fire and Emergency Services ("SFESA").
- Be vigilant in the promotion of safety at schools by working together with the Ministry of Education, Sports and Culture.

### Increase Information Technology use

- Encourage the use of technology to connect with the public in terms of reporting accidents through the use of telephones, and emails for sending advice on levy collection and others.

### Investment Methods

- Seek further methods of investing the Corporation's surplus funds for the purpose of future unpredictable accidents.

### Staff Development

- To develop staff through internal, national and international trainings to enhance their skills, knowledge and abilities in the work of the Corporation.

### Structure of the Corporation

- *Board of Directors since 30<sup>th</sup> June 2015:*
  - Leo'o Dr. John Tautalatasi Adam (Chairman)
  - Auelua Samuelu Enari (Deputy Chair)
  - Te'o Richard Faaiuso (Member)
  - Lemalu Lafua (Member)
  - Su'a Donald Leumaga (Member)
  - Foma'i Lei Sam (Member)
  - Faafetai Alisi (Member)
- *Management*

The former General Manager, Malae'ulu Lose Niumata resigned due to illness.

  - General Manager Muliagatele Makelita Matafeo
  - Manager Claims and Investigation Tauloa Lui Auvae
  - Manager Safety Promotion & Rehabilitation Ta'uo Mulifusi Togafau
  - Finance Manager Ulugia Peniamina Vitale
  - Manager Administration Ulugia Petelo Kavesi
  - Internal Auditor Peone Tutagalevao

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## 2.4 Community Service Obligations

### Core Function Services

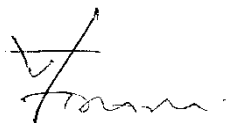
- Assist in the promotion of safety programs in order to reduce accidents
- Assist in the promotion of safety via SFESA, granting a CT Scan for the National Health Services, financial assistance for breathalyzers, radars and vehicles for the Ministry of Police, and street lights for LTA.
- Rehabilitate accident victims in order to return their health and strength back to their state before the accident
- Compensation is a community service to accident victims and their families, rehabilitation aids and transportation.

### Other Community Services

- Manage the Fugalei Market for selling fresh vegetables and crops from farmers, spaces offered to vendors, flea markets, taxis and buses, shop owners, and the public.
- The ACC House offered to micro and small businesses to sell their goods and services
- Invest in all existing local banks to increase the economic welfare of Samoa

In closing, we would like to acknowledge the great contribution of Afioga Mala'eulu Lose Niumata, the Former General Manager of the Corporation. Afioga Mala'eulu held the General Manager position for 19 years of his 27 years of service for the Corporation. He resigned in December of 2014 due to illness and we wish him a great recovery as his skills, abilities and knowledge are essential in the development of Samoa.

The Corporation benefits every day from the contribution and time devoted by the eight members of its Board of Directors. However, the Board recognizes herewith the dedicated energy of the newly appointed General Manager, Mrs. Muliagatele Makelita Matafeo who has managed this Corporation smoothly with achievements noted. Similarly, thank you to the staff of the Accident Compensation Corporation for a job well done.



Leo'o Dr. John Tautalatasi Adam

**CHAIRMAN**



### 3.0 General Manager's Report



As the new General Manager for the Corporation, I am committed to ensuring that the Accident Compensation Scheme is able to provide the support, which injured workers and fatalities to dependents and the most vulnerable; are able to meet their needs long into the future. I would also like to ensure that there is effective investment in reducing the number and severity of injuries, as well as there is consistency and stability for levy payers; and that the Scheme earns the confidence and support of our people.

This commitment coincides with the Vision of the Corporation *“to create a sustainable accident compensation scheme and to be more responsive to the needs of the scheme beneficiaries”*. The Corporation’s mission is *“to reduce social, economic and physical impact of accidents”* covered under the Corporation’s mandate *“through increasing safety promotions; support rehabilitation approaches to help people get back to work and to respond to compensation claims on a timely manner”*.

It is noted herewith that the levies collected from the employers, employees and petrol from specified conveyance hold enough funds to meet the expected costs of all existing claims including those injured from specified conveyances or means of transportations propelled by a motor. The Corporation’s focus on investing in injury prevention is through developing stronger partnerships with the relevant organisations such as the Land Transport Authority and the Fire and Emergency Services Authority to produce better and more effective results.

In view of the future, I would like to continue the outstanding contribution of the ACC investment function as it has consistently exceeded benchmark returns. Investment can assist with sustaining the scheme without increasing levies collected which is currently at one percent of gross salaries from employers and employees. There is also a need to design and develop an online system to connect employers to ease up the manual collection of levy contributions, in addition to reporting work related accidents and compensation pay out. I would also like to develop and enhance the knowledge, skills and abilities of our committed staff by investing time and money in training them with new ideas on how to manage each case, improve rehabilitation methods and innovative techniques as well as injury prevention methods in technology, psychology, people and processes.

I have every confidence that the Corporation will improve its rehabilitation performance in order to help workers get back to work quickly, improve injury prevention performance and the success of influencing the future of all Samoans, and a future where every journey is a safe one.

A handwritten signature in blue ink, appearing to read 'Muliagatele Makelita Matafeo'.

Muliagatele Makelita Matafeo

**GENERAL MANAGER**

### 3.1 Operating Performance Ended 30<sup>th</sup> June 2015

The following is a report from the 1<sup>st</sup> July 2014 ending on the 30<sup>th</sup> June 2015. It states significant statistical facts on various benefits under the scope of the Accident Compensation Corporation and its Amendments which also includes the financial performance.

#### 3.1.1 Key Results:

##### Compensations:

Compensations are beyond the Corporation's control in terms of timing of accidents and amounts involved. However, the Scheme relies on victims of accidents to lodge their claims which will be assessed against the relevant provisions of the legislation. There are two categories for these which are known as new claims and active claims.

##### Active Claims:

These are the current claims due to:

- Victims of an accident that are being compensated while going through surgeries for more than 12 months
- Weekly compensation of accident victims for five years
- Compensation for about eight (8) to 15 years for dependents of those victims who were workers but died from an accident
- Those victims who are being rehabilitated for as long as their injuries continued which has hindered them from returning to work or from receiving earnings.

##### New Claims:

The new claims received during this financial year are as illustrated in Table 1. There are 241 new claims which are 18.58% lower than the previous year of 296.

##### Claims in Terms of Accidents:

Table 1 illustrates that there were 108 claims which included two deaths and 106 injuries from accidents in work places. There were 50 claims received for those injured from specified conveyances propelled by a motor which included 18 fatalities, 25 claims received for after-hours accidents which recorded two fatalities, and 46 workers died of illness which are not accident related.

A decrease in the number of specified conveyance from 114 last year to just 50 this financial year is very pleasing to note. Unfortunately, the severity of accidents has caused 18 deaths.

**Table 1:** Claims from Accidents

Financial Year	Work Related Claims	Specified Conveyance Claims	After Hours Claims	Workers died of illness not Accident Related	Other Claims	Total Claims
2015	108	50	25	46	12	241
2014	100	114	33	32	17	296
2013	112	106	39	51	11	319
2012	111	70	34	46	3	261
2011	139	87	26	25	10	287

### 3.1.2 Safety Promotion:

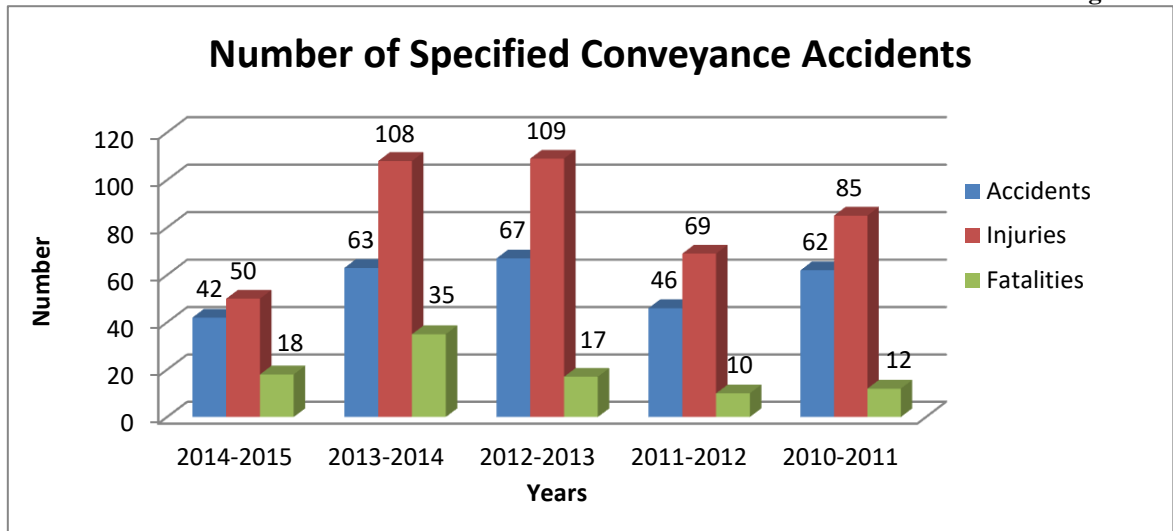
#### Road Safety:

It is the duty of the Corporation to work in collaboration with the relevant stakeholders and the public in the promotion of safety in order to minimize accidents. Of such included accidents on roads as this is the cause of severe injuries which led to deaths. However, the Corporation is committed in working together with the Ministry of Police, Land Transport Authority and other government Ministries in an effort to reduce road accidents.

#### *Recorded Road Accidents:*

There is a great reduction in the number of accidents this financial year compared to last years. There were 42 accidents recorded from motor vehicles which had 50 people injured and 18 deaths. This is a reduction of about 33% of accidents with about 54% reduction in those injured and about 48% reduction in the number of deaths.

Fig. 1



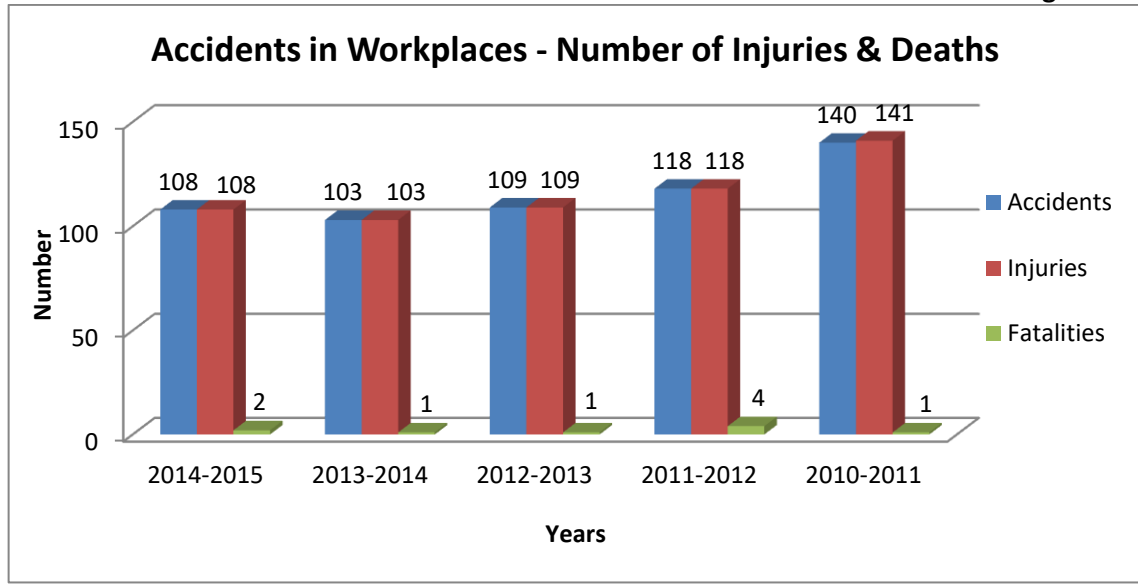
#### Workers' Safety in the Work Environment:

The Corporation works in collaboration with the Ministry of Commerce, Industry and Labour and Land Transport Authority in promoting safety in work places. There are continuous consultations and workshops with employers and employees in terms of the scheme benefits as well as sharing statistics for information and further action.

#### *Accidents Recorded in Workplaces:*

Of the 108 accidents recorded in the FY 2014-2015 compared to 103 in the previous year, it revealed a 4.9% increase. The increase in the number of fatalities doubled and the Corporate Plan 2012-2016 objective of 5% reduction was not met this Financial Year.

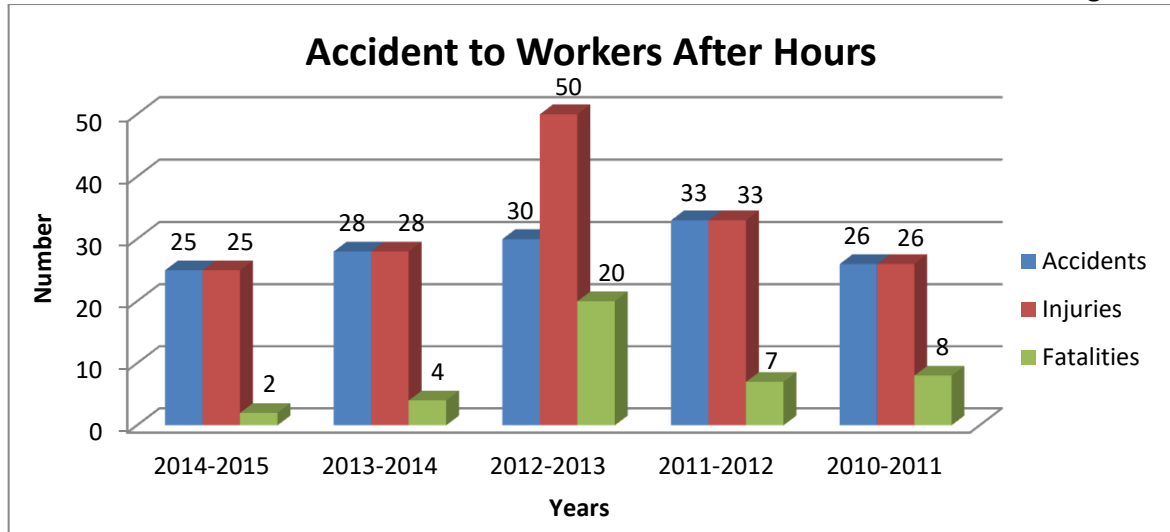
Fig. 2



#### Workers' Safety after Hours:

There is a reduction of about 10.7% in the number of accidents and injured after hours with a 50% increase in the number of fatalities when compared to the last financial year. This has satisfied the Corporate Plan objectives, strategies and performance measures which is to reduce accidents anywhere. This data is illustrated by a bar graph in Figure 3 which recorded the lowest in the last five years.

Fig. 3



## **3.2 Financial Performance and Financial Results**

### **3.2.1 Revenue**

#### Levies:

As stipulated in the Accident Compensation Act 1989, statutory levies from employees and their employers and fuel levy are major sources of income.

**Table 2:** Shows the growth of levies for the year 2015 with comparative figures since 2011.

<b>Financial Year</b>	<b>Employees/ Employers Levy (\$)</b>	<b>Fuel Levy (\$)</b>	<b>Total Levies (\$)</b>	<b>Total Levies (%)</b>	<b>Fuel Levy as % Total Levies</b>
FY 2015	9,542,848	690,660	10,233,508	4.61%	6.7%
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	0.45%	6.8%
FY 2011	8,356,000	612,000	8,968,000	7.40%	6.8%

Table 2 shows that levies for employees, employers and fuel have all increased compared to previous years. The continual increase depicts economic growth which means new businesses and employment opportunities for the workforce have increased which also increases the demand for imported fuel.

#### Investment:

Due to the unpredictable nature of the Scheme, the main objective of short term investments is to earn a good return which can be easily converted into cash. This is to accommodate emergency or urgent payments whenever required. Cash investments like deposits are most appropriate to serve this pursuit apart from long term property investments.

Table 3 shows the continued growth of deposits with interests received in trading banks and Unit Trust of Samoa ("UTOS") for each consecutive year since 2011. The 2015 ROR of 5.31% has far exceeded the interest market average rate of 2.4% obtained from the CBS. This was a result of good bargaining skills with Banks which offered higher rates when deposits were due.

**Table 3:** Growth of term-deposits and convertible notes with the interest received for the year 2015.

<b>Financial Year</b>	<b>Deposits and Convertible Notes</b>	<b>Rate of Growth (Deposits)</b>	<b>Interest Received</b>	<b>Rate of Return (Interest)</b>
FY 2015	\$79.00m	9.72%	4.01m	5.31%
FY 2014	\$72.00m	9.42%	3.88m	5.63%
FY 2013	\$65.80m	16.87%	2.82m	4.62%
FY 2012	\$56.30m	0.54%	2.42m	4.31%
FY 2011	\$56.00m	21.47%	2.07m	4.05%

Table 3 also illustrates a 9.7% increase in Deposits for the financial year 2015 when compared to the previous year. The increase was mainly due to excess funds generated during the year that were invested in Commercial Banks and UTOS.

### **3.2.2 Expenses**

#### Compensation & Safety Promotion:

Compensations and safety promotional costs are primary responsibilities of the Corporation. As stated before, accidents are unpredictable hence savings are put aside for such reasons.

Safety Promotion costs are being determined to be at the maximum but not limited to \$0.5 million provided for in each year. Certain requirements have to be satisfied first by several

agencies who are recipients of the grants by ACC as part of its promotion, like SFESA, National Road Safety Committee and others.

**Table 4:** Expenditures on compensation & other entitlement from 2011 – 2015

Financial Year	Loss of Earnings	Death Benefits	Permanent Injury	Medical Expenses	Rehabilitation & Safety Promotion	Total
FY 2015	264,967	644,114	9,694	42,341	239,109	1,200,225
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

As shown in Table 4, compensations for all categories have decreased remarkably especially death benefits. Items categorised under death benefits are death lump sum, funeral grants, death week compensations and contributor benefits (workers died from illness not accident related).

#### Administration Costs:

Table 5 portrays the decrease in the percentage of total cost represented by compensation and safety promotion from 44% in 2014 to 31% in 2015. This indicates that entitlements paid out in each year cannot be ascertained at any standard margin or amount. In comparison, administration costs can be determined and controlled by the Corporation. Cost cutting measures were already in place to control and monitor expenses mainly on variable costs.

**Table 5:** Determination of percentage of total costs (compensation, safety promotion and administration costs)

Financial Years	Benefit Costs \$	Safety & Promotion \$	Administration Costs \$	Total Costs \$	Benefits & Safety as a % of Costs	Change in Administration Costs
FY 2015	961,116	239,109	2,631,225	3,831,450	31.3%	42.2%
FY 2014	1,439,280	26,045	1,849,835	3,315,160	44.2%	-21.7%
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%

There is an increase in administration cost in 2015 compared to 2014 due to the increase in personnel costs because of new recruitments, salary increments, resigned staff entitlements and retirement benefits issued. This increase also included legal fees associated with negotiations made in the construction of the new market at Fugalei and the Canberra High Commission Project.

### **3.3 Challenges Faced During the Year**

#### Claims and Investigation:

- There is a slight increase in the number of accidents not reported on time by employers and the Ministry of Police in the expected timeframe. Stakeholders must be reminded of their obligations to report cases within 5 days from the date of accident.
- Documents required to process cases are not submitted on time by employers and the Ministry of Police; this has prolonged cases needed to be settled within three days.
- Constant changes of guardians for dependents from time to time have resulted in the constant changes of trustees for trust accounts to death weekly payments.

- 
- A definite and significant number of follow-ups are conducted to all injured clients who are compensated via bank accounts to ensure that their injuries are progressing towards a healthy status thereby ceasing payments to all those who are able to return to work.

Safety Promotion and Rehabilitation Division:

- Financial support to relevant stakeholders must be continued but to be closely scrutinized and monitored to ensure proper and appropriate use of funds are achieved.
- Greater awareness developed over the years through safety promotion and rehabilitation programs must be regularly encouraged and supported.

Natural Disasters:

- Major risks are natural disasters like fire, cyclones, Tsunami and others as it not only have material effects on the properties of the Corporation but also have huge impacts on the Scheme financial side if more victims are affected or involved.
- ACC has continued to build its financial capacity to a level in order for the scheme to fully cover the whole population of Samoa from accidents. The market especially Banks are at competitive stage at present. The sold out of one of the foreign banks like Westpac Bank in this financial year is an indication of business difficulties now faced by the financial institutions. The risk to ACC is that all its deposits are with all the local banks. As a remedial action, the Corporation will always be on top of the banking information trend from CBS to constantly review the status of each Bank should any red flag arise in terms of bankruptcy. Insurance option as well as overseas investments is also being looked at as substitute.
- Uncollected levy from employers is a challenge. However, the Corporation will use the courts administration to recover these from employers in the event of prolonged noncompliance.

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