



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



**ANNUAL
REPORT
2016**





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FAALAPOTOPOTOGA O TAUI MO FAALAVELAVE FAAFUASEI**

ANNUAL REPORT 2015-2016

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GOVERNMENT OF SAMOA

**OFFICE OF THE MINISTER
MINISTRY 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.

1st February 2018

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

Dear Hon. Speaker,

Subject: ACC ANNUAL REPORT 2016

I am pleased to submit the Annual Report of the Accident Compensation Corporation of its proceedings and operations for the Year ended 30th June 2016 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.

Lautafi Fio Selafi Purcell
MINISTER OF PUBLIC ENTERPRISES

1.0 CHAIRPERSON'S REPORT



On behalf of the late Peseta Margaret Malua as co-chairs, and the Board of Directors, I am pleased to present the Accident Compensation Corporation's Annual Report for the year ended 30th June 2016.



I acted as the Chairperson for the Corporation's Board of Directors from July to December 2015. I tendered my resignation as I wanted to run for Parliament in the

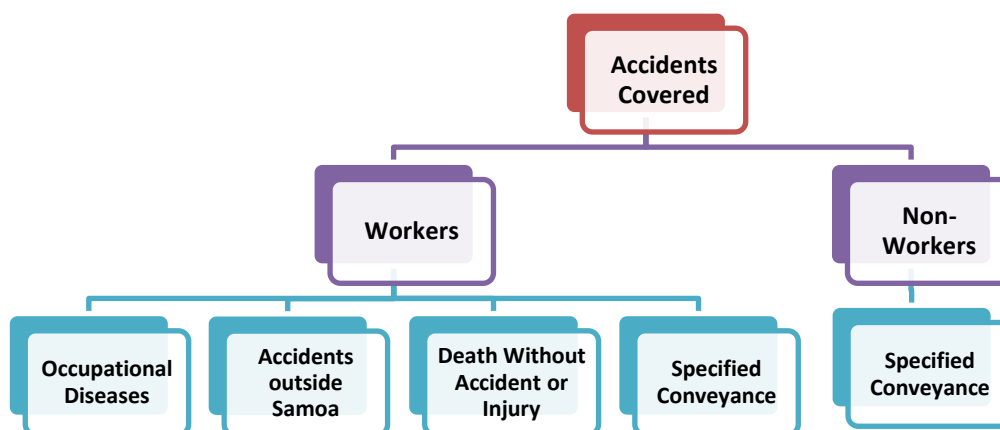
General Election held in March 2016. In the absence of a Chairperson, the Accident Compensation Corporation Act refers to the Chief Executive Officer ("CEO") of the Ministry of Commerce, Industry and Labour ("MCIL") as deputy Chairperson. Peseta Margaret Malua, CEO for MCIL, chaired the ACC Board from January 2016 until she passed away on the 26th June 2016. Peseta was a very valuable member since she came on Board in September 2015. Her contribution on safety promotions, hazard aspects and critical control analysis of current and future projects has been tremendous. The location of the soon to be built Food Court at the Fugalei Market was one of the notable changes she made due to safety reasons.

In spite of such poignant occurrence to end the Financial Year 2015-2016, the Accident Compensation Corporation ("the Corporation") achieved its set targets in accordance with its no-fault accidental scheme and activities. Its financial position continues to remain strong. The investment return still leads its earnings. The trust and services that the Corporation provides are the benchmark amongst the successful year reported. The contribution of the Accident Compensation Scheme in enhancing the welfare of our people, especially workers that were affected by accidents and their dependents; has been notable. All in all, the activities and performance of the Corporation are as stated below and are elaborated in the General Manager's Report.

1.1 Principal Activities and Performance of the Corporation

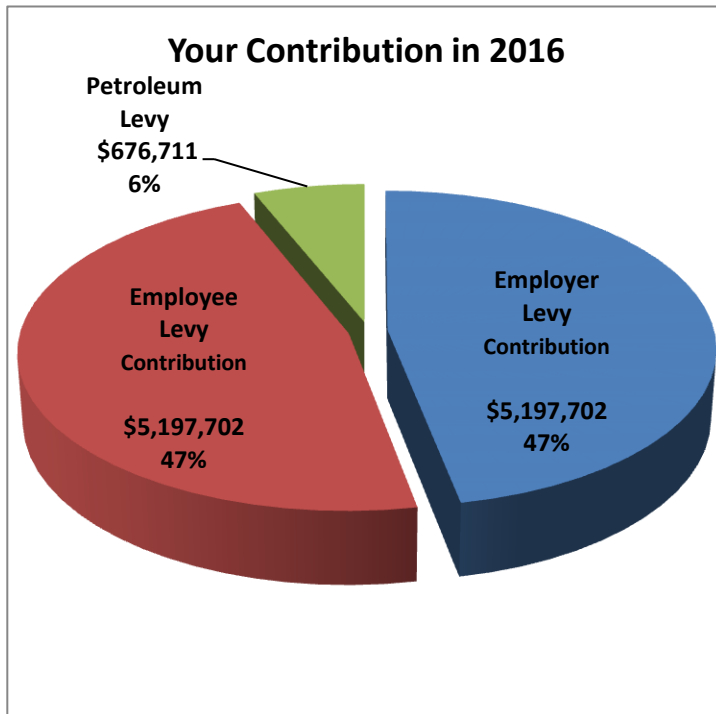
The key functions of the Corporation as stipulated in the Accident Compensation Act 1989 and its amendments of 2003 and 2009 are:

- to make provision for general safety and the prevention of accidents;
- for the rehabilitation and compensation of workers who suffer personal injury by accident arising out of and in the course of their employment; or
- who contract certain occupational diseases, and suffer personal injury by an accident occurring in connection with the use of certain types of conveyances; and
- for the compensation of certain dependants of those workers and persons where death results from the injury as per below illustration.



1.1.1 Overview of Operating & Financial Performances

- The Corporation has generated a surplus of \$11.4 million in this financial year which ascertains the strong position of the scheme as a financial sustainable one.



Employer Levy Contribution

a levy of 1 sene for every complete tala of wages paid to the employer's workers



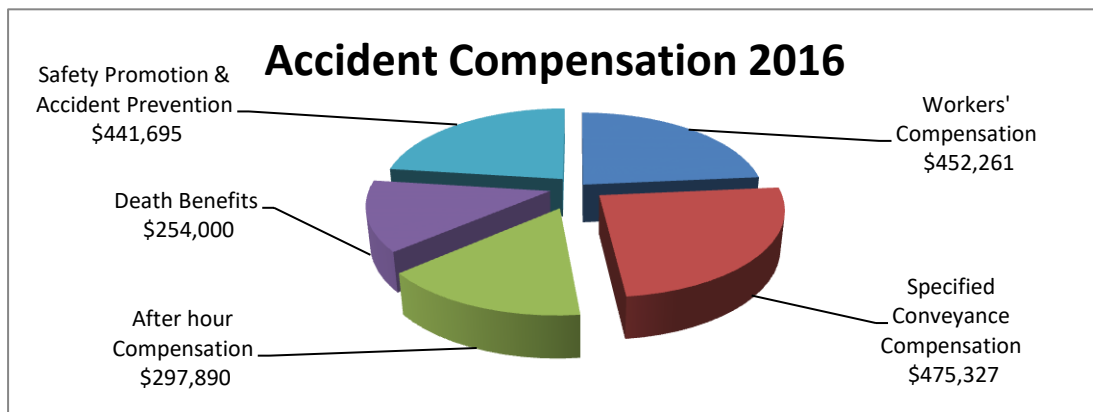
Employees Levy Contribution

a levy of 1 sene out of every complete tala of wages received by the employer's workers



Petroleum Levy

a levy of 5 sene per imperial gallon is imposed and paid upon all motor spirit or other fuel which is used for the purpose of providing propulsion to a specified conveyance



1.1.2 Overview of Expected Performance

- It was a successful and sustainable year for the accident compensation scheme due to a reduction in specified conveyance accidents and accidents involving workers in workplaces and other environments compared to previous years.
- Promotion of Safety include billboards and advertisement on television
- Develop and enhance a sense of responsibility for safety among employers and employees.
- A vehicle with an electronic lift to transport rehabilitated clients to their appointments.
- Encourage up-to-date levy payment of one percent (1%) each from all existing employers and employees.
- Develop the Market at Fugalei to include financial services, a food court, shops, and many more activities to attract more customers.

1.2 Capital and dividend information

- The Corporation has legal obligations towards its members through payment of compensations to beneficiaries and therefore cannot be required to pay any form of dividend to the government.
- During the year, the Corporation had paid off the remaining balance of the CT Scan Machine operated by the National Health Services of \$2 million. This is the Corporation's contribution to the overall safety and health welfare of the country as directed by Cabinet.
- The Corporation has made further advancement to its existing investment portfolio which saw an increase of short term deposits by \$9 million, the upgrading of the ACC House air condition unit by \$1 million, purchasing of the new land at Fugalei at \$1.4 million with some improvements to the main building and disbursements total of \$0.7 million for the Samoa High Commission Office, Canberra Australia.

1.3 Board of Directors

- The Chairmanship from July to December 2015 was held by Leo'o Dr. John Adam. Peseta Margaret Malua, Chief Executive Officer, Ministry of Commerce, Industry and Labour presided from January to June 2016.
- Other members of the Board include Te'o Richard Faaiuso, Su'a Donald Leumaga Chan, Su'a Ross Neufeldt, Foma'i Lei Sam, Faafetai Alisi and the General Manager of the Corporation, Muliagatele Makelita Matafeo.

1.4 Community Service Obligations (CSO)

- Creation of road safety awareness in schools and to the public.
- Improve the delivery and acceptance of rehabilitation services by accident victims under rehabilitation.
- Encourage accident reports from employers, employees and the public, as well as a quick response from the police and medical practitioners.
- Continue weekly follow-ups of clients receiving compensation to confirm if they are still incapacitated as well as dependents/beneficiary on their current status.
- Encourage accident victims to be assessed by a doctor to confirm whether a permanent disability still exists.
- Continue monitoring of updates of Trust accounts monthly-new trusts withdrawals.

On behalf of the Board, I would like to take this opportunity to thank the Prime Minister and His Cabinet. I feel privileged to have been re-appointed as Chairman of the Corporation's Board of Directors for the next few years.

A special thank you goes out to Ulugia Petelo Kavesi, Manager Administration for his 16 years of services to the Corporation. He resigned in June 2016 to take up the Chief Executive Officer role for the Samoa Land Corporation.

To all employers and employees, I trust that we will continue to look ahead serving our country through your contributions. I also express gratitude to the General Manager and her staff, for a great year.



Leo'o Dr. John Tautalatasi Adam
For: Chairpersons 2015-2016
ACC BOARD OF DIRECTORS

2.0 GENERAL MANAGER'S REPORT



The objectives of the Accident Compensation Act 1989 and its amendments is to continue to make provision for general safety and the prevention of accidents; for the rehabilitation and compensation of workers who suffer personal injury by accident arising out of and in the course of their employment, or who contract certain occupational diseases and of persons who in Samoa suffer personal injury by an accident occurring in connection with the use of certain types of conveyances; and for the compensation of certain dependents of those workers and persons where death results from the injury.

In committing to the above objectives, the Accident Compensation Scheme was guided by what the Corporation can do to enhance the lives of those who have suffered personal injury from accidents at work, on the roads, and after hours. The rehabilitation scheme has 42 clients and they are a priority in an effort to make their lives comfortable as well as trying to ease their suffering by providing suitable necessities allowed under the scheme.

This commitment coincides with the Vision of the Corporation of being more responsive to the needs of the scheme beneficiaries. The Corporation continues to strengthen its mandate of increasing safety promotions; support rehabilitation approaches to help people get back to work and to respond to compensation claims on a timely manner.

The Corporation assists the relevant stakeholders whose mandate are to promote safety from fire, alleviate accidents in workplaces by informing workers to wear safety gears; social support after hours is another commitment that is focused on investing in injury prevention. This is through developing stronger partnerships with the relevant organisations such as the Land Transport Authority and the Fire and Emergency Services Authority to help inform people about detectable and unseen hazards around work places, on roads, at home and other environments.

I look forward to expanding the accident compensation scheme. To achieve this is to increase job opportunities for our people, increase the awareness on the benefit of the scheme to all workers, and increase safety awareness programs to schools, to businesses, and the public in order to prolong lives for all Samoans, and a future where every journey is a safe one.



Muliagatele Makerita Matafeo

GENERAL MANAGER

2.1 Highlights of the Year

Key Achievements:

- Decreased in the number of specified conveyance accidents by 4.8% compared to previous year.
- Decreased in the number of deaths from specified conveyance by 16.7% compared to previous year.
- Decreased in Workplace accidents by 10.9% compared to the previous year.
- A reduction in rehabilitated clients to 44 from 49 in the last financial year. This program is aimed at helping workers back to work.
- Case referrals for long term rehabilitation have been reduced by 12%.

Key Issues:

- Accidents involving alcohol has increased. There were 6 workers that died from accidents occurring at environments other than workplaces compared to 2 deaths in the previous year.
- There is an increase in the number of unreported accidents by stakeholders such as employers, and the Ministry of Police in the expected timeframe of five days from the date of the accident as per legislation.
- Documents needed to process cases were not submitted on time for processing by claimants; this has prolonged cases that were required to be settled within three days.
- A significant number of monitoring are conducted to all injured clients who receive compensation via bank accounts to ensure that they are recovering from their injuries thereby ceasing payments to all those who are able to work again.
- The outstanding amount of unpaid levies by employers has been an ongoing issue. The Corporation employed an officer as a debt collector to alleviate this problem.

2.2 Overview of Operating Performance and Results for the Year

- There were 259 new claims received this Financial Year compared to 241 claims handled in the 2014-2015 financial year.
- The 259 claims are recorded in the different categories of coverage below.
 - Occupational Accidents and Diseases – there were 3 fatalities and 92 injuries
 - Accidents to Workers Outside of Samoa – no fatalities, only one injury
 - Death Without Accident/Injury – there were 61 deaths recorded
 - Specified Conveyance – there was one death and 10 injuries
 - Workers After hours – there were 6 deaths and 22 injuries
 - Non Workers – there were 10 fatalities and 30 injuries in motor vehicle accidents
 - Non Earners – there were 5 fatalities and no injuries in motor vehicle accidents
 - Non Resident – there was 1 fatality in a motor vehicle accident
 - There were 17 unrelated cases recorded according to ACC legislation
- There were 65 workshops and seminars on safety promotion, road safety and rehabilitation held at various workplaces. Included in these workshops were the fork lifters due to the increasing number of accidents from the workers in this area. Other workshops included rehabilitated clients of the Corporation to inform them of their rights and obligations and assistances offered through the scheme.
- Safety advertisements continued to be aired on radio FM and 2AP on a daily basis

- Worked on all types of disabilities in an effort to control and monitor the injury recovery process to avoid any abuse of the scheme through unnecessary prolonged incapacitation.
- 60 t-shirts were printed with a safety message of “Be Alert, Accidents Hurt” during Women in Leadership Sports Day and were distributed to MCIL and Samoa Tourism Authority. We won the best uniform as it contained a safety message.
- The rate of increase of 10% in net surplus for 2016 was the best representation of the level and the pace of business activities held during the year.
- The employers and employees levies totalling \$10 million are the major sources of revenue which represented 60% of total income. The increase of levies collected by 9% derived from the rise in the number of new businesses registered to the scheme from 1,004 in June 2015 to 1,080 in June 2016.
- The fall in market interest rates for deposits at Commercial Banks by 2% was the same as the rate of decrease in the total interest revenue for 2016 compared to 2015.
- The Fugalei Market revenue increased by 43% due to new business ventures in the market.



2.3 Financial Performance & Financial Results for the Year

Revenue:

Levies:

Table 1: Shows the growth of levies for the year 2016 with comparative figures since 2012.

Financial Year	Employees/ Employers Levy(\$)	% Employees/ Employers Levy-Growth Rate	Fuel Levy (\$)	Fuel Levy Growth Rate %	Total Levies (\$)	Total Levies Growth Rate %
FY 2016	10,395,404	8.93%	676,711	(2.01%)	11,072,115	8.19%
FY 2015	9,542,848	3.12%	690,660	23.41%	10,233,508	4.61%
FY 2014	9,254,000	3.70%	529,000	(17.47%)	9,783,000	2.28%
FY 2013	8,924,000	6.30%	641,000	4.57%	9,565,000	6.18%
FY 2012	8,395,000	0.46%	613,000	0.16%	9,008,000	0.44%

Table 1 illustrates that the levies for employers and employees in 2016 increased by 8.9%. The highest when compared to the last five years. The rise was driven by the notable increase in the number of new employers and employees registered under the Scheme and regular salary increments for some entities mainly at the private sector. There was neither a general salary increase across the government nor any increase in the ACC levy during the year.

Expenses:

Compensations:

Compensations and safety promotional costs are core responsibilities of the Corporation. These are beyond the Corporation's control in terms of timing and amounts involved. The Scheme therefore will always be vigilant in ensuring that adequate funds are available when payments are needed.

Table 2: Expenditures on compensations & rehabilitation and safety promotion from 2012 - 2016

Financial Year	Loss of earnings \$	Death Benefits \$	Permanent Injuries \$	Medical expenses \$	Rehabilitation & Safety Promotion \$	Total \$
FY 2016	201,510	1,080,161	68,623	129,185	441,695	1,921,174
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

As illustrated in Table 2, all categories have increased except the loss of earnings which has decreased when compared to previous years. The loss of earning compensates those who have been in accidents and are on leave without pay. In total, there was a significant increase in costs to compensation and safety promotions from 2015 to 2016 year of 60%. The amount of not less than half a million has been provided for Safety Promotion each year. Part of these costs is grants to certain Authorities who are in partnership with the Corporation in promoting safety. Certain requirements have to be satisfied first by these agencies before grants are disbursed. During the year, two major grants were made, \$300,000 to the National Health Services and \$117,000 to the Fire and Emergency Services Authority.

The increase in benefit costs mainly derived from the excessive rise of death compensations especially weekly payments and contributors' benefit to workers that died without accident or injury. The trend in the increasing of benefit costs in each year cannot be determined at any standard rate.

2.4 Progress with implementing the Corporate plan for the year

The major objectives as per Corporate Plan in order to realize the vision and mission of the Corporation are mainly ongoing activities. Of such include being proactive in the promotion of safety and rehabilitation measures, timely response to the needs of the scheme beneficiaries, affordable levy contributions for a sustainable compensation scheme.

Board of Directors:

The Board meetings were held once every month. Their decisions were in-line with the Accident Compensation Act 1989 and amendments 2003 and 2009 as well as their mandates as set out in the Public Bodies Act (Performance and Accountability Act) 2001, the Public Finance Management Act 2001, the Corporation Policies as well as Cabinet directives.

Corporation Progress:

- One of the strategies is to ensure speedy settlement of all claims and timely payment of compensation entitlements to the injured and dependents of the deceased.

- Of the 259 claims received this Financial Year, only 203 were processed and settled within three days as per set goal in the Corporate Plan. The other 56 claims were settled between 4 to 21 days due to delay in receiving supporting documents such as Police reports, medical reports and or employer reports.
- All strategies for improving safety and accident prevention in workplaces and other environments as well as safety in the use of specified conveyances were mostly implemented successfully with the exception of producing safety billboards for reasons such as durability of billboards from suppliers.
- Rehabilitation service delivery as being mostly an on-going program was implemented successfully as revealed in a 12% reduction of case referrals for long term rehabilitation in the year under reporting. The 12% of victims have been recovered from injuries and were able to return to work.
- Figure 1 illustrates the number of specified conveyance accidents that occurred from July 2011 to June 2016. The number of accidents remained at 42 whilst the number of injuries increased by one and deaths reduced by 1 when compared to 2014-2015.

Fig. 1

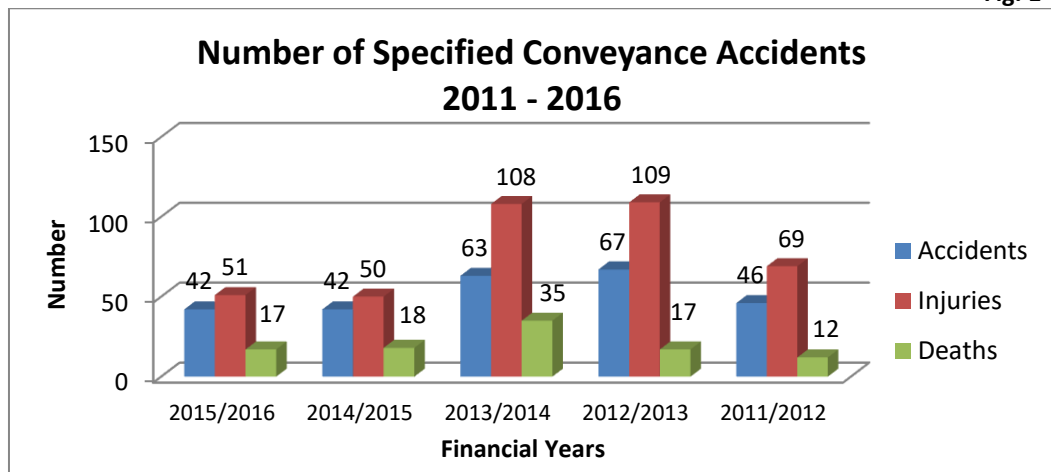
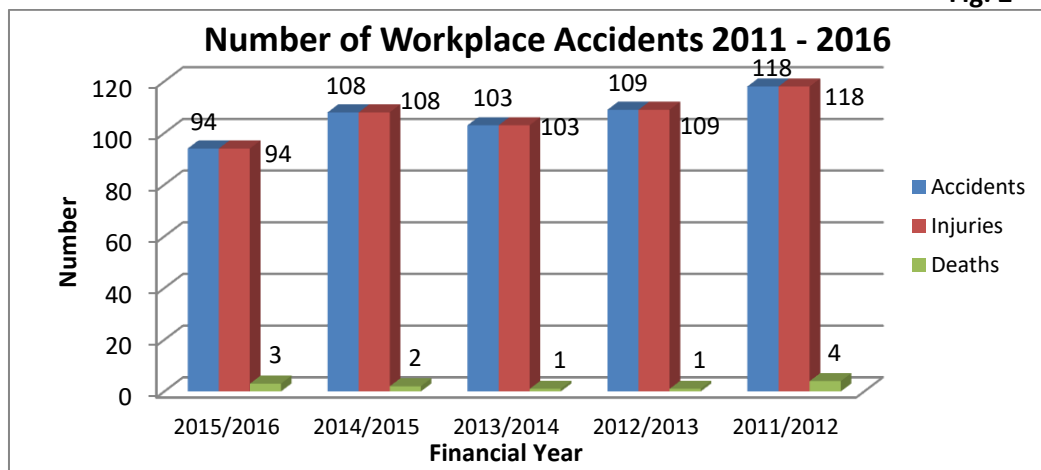
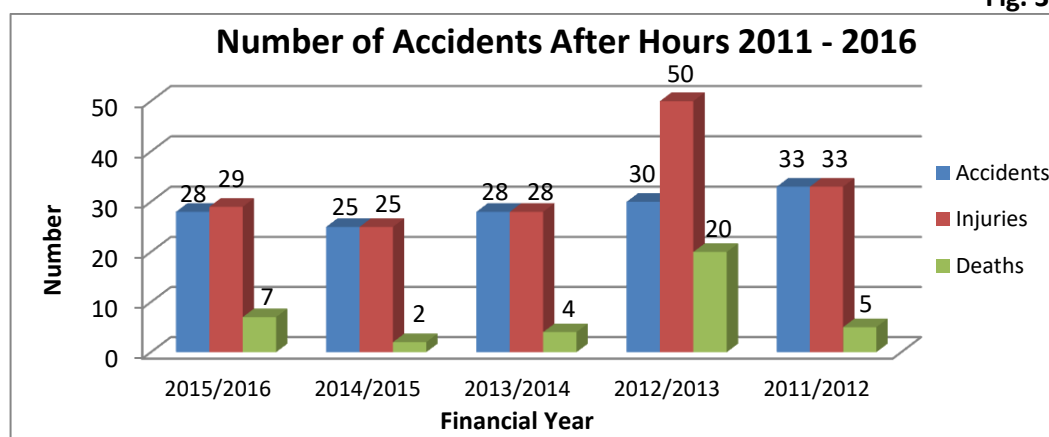


Fig. 2



- Figure 2 shows a decreasing trend from July 2011 to June 2016 on the number of accidents and the number of workers injured during working hours. Unfortunately, the severity of accidents in workplaces has led to an increase in fatalities by one when compared to the previous year.

Fig. 3



- Figure 3 illustrates the increase in accidents after hours by 12% which leads to an increase in injuries by 16% and deaths by 250%. There were two workers that died from drowning and other workers died from being assaulted while under the influence of alcohol.

In the development of human resources, there were several capacity building trainings conducted including knowledge sharing workshops for the staff such as:

- Understand Corporation legislation, internal policies and review of its working conditions manual
- Understand the rights as a consumer or trader, Intellectual property rights, labour and employment relations legislation conducted by the Ministry of Commerce, Industry and Labour
- Understand the value of Nutrition in Food conducted by the Ministry of Health's Nutrition Division
- Medical tests conducted by the National Kidney Foundation

There were two new Principal Officers recruited. These were for Human Resource and Information Technology in order to share the workload handled by the Manager of Administration.

2.4.1 Changes that occurred in the activities, operations and environment since the Corporate Plan was developed and how they impact on achieving the objectives, strategies and performance measures.

- Operational work of the Corporation remains as planned. However, there is a need to recruit a Legal Officer to reduce time in seeking legal opinions from the Office of the Attorney General on drafting Contracts and Project Documents for planned activities scheduled for the years of the Corporate Plan.

2.5 Capital Expenditure and Projects for the Year

These were the capital projects carried out with total payments made during the year:

- The improvements for the Fugalei Market main building including 20 booths and other additional flea market stalls at a total cost of around \$200,000 tala.
- The new land purchased to extend the market compound for further business opportunities at a total cost of \$1.4 million.

- A total of \$700,000 tala was paid during this Financial Year towards the designing phase of the new Samoa High Commission Chancery in Canberra which has a total cost of \$1.1 million tala at year end. The total reviewed cost subsequently approved by the Cabinet per FK (16)16 is AUD\$5.6 million.
- The refurbishment of the air condition units for the ACC House had a total cost of \$1 million.
- Paid the balance of \$2 million for the CT Scan Machine operated by the National Health Services as directed by Cabinet per FK (2015)37.

2.6 Outlook for Next Year

2.6.1 The overall level of business activity expected and identify whether this differs from the assumptions used when preparing the Corporate Plan 2017-2020

The overall level of business activities outlined in the Corporate Plan 2017-2020 is currently running in accordance with its timeframe. The following are some of the business activities that the Corporation needs to execute:

- Advertise vacant positions at the Principal and Senior Levels during the next financial years for the Finance, Claims and Investigation, Safety Promotion and Administration Divisions. The new structure has created the Principal levels in order to assist Managers with the daily duties and decisions from its increasing commitments.
- The level of business activities is expected to increase with the number of projects to be conducted for the market as well as maintenance of the ACC Building during the Corporate Plan period as per list below:
 - The design, supervise and construction of a food court at the Fugalei market
 - The design, supervise and construction of shops at the Fugalei market
 - The renovation of the car park at the market and on Level 2 of the ACC House
 - The maintenance of the diesel power generator
 - Construct energy saving mechanisms for the market – solar, wind or other
 - Purchase a suitable vehicle for the rehabilitated clients of the Corporation especially those with wheelchairs
 - Complete the new Information Technology System for the Corporation

2.6.2 Summarise the reasons for possible changes in future business activity and comment on their importance

- The increase in the number of staff proposed in the higher levels is due to the increase in the need for quick decision making on issues that arise daily due to the increasing number of businesses for the collection of levy, investigations and processing of claims which assists in striking a balance of duties for staff unlike in previous years of carrying excessive duties and long hours by managers and junior staff.
- Increase in the number of workshops for safety and rehabilitation and other media options such as use of advertisements on television. This will continue to enhance reductions in number of accidents and rehabilitation cases.

2.7 Future risks and uncertainties

2.7.1 Natural Disasters:

- Natural disasters like fire, cyclones, Tsunami and more are major risks associated with the Corporation's main functions and coverage which have material effects on the Scheme's financial side if more victims are affected but also to the Corporation's assets.
- To minimise the possible effects of these risks the Corporation has insured all its properties like ACC Building, Fugalei Market and Motor vehicles to adequately cover these assets.
- Moreover, ACC continues to build its financial capacity to adequately cover all the victims affected should any major disaster occur.

2.7.2 Market & Business Risks:

- The local Commercial Banks are at competitive stage at present. The sold out of Westpac Bank in 2015 is an indication of strong competition within financial institutions. The risk to ACC is that all of its cash investments which represents 66% of its total net asset are deposits at local banks and should a financial institution is gone bankrupt there is a possibility that deposits will be lost. To remedy this dilemma, the Corporation is observant of the banking industrial trends and information to constantly review the status of the market and specifically for each individual Bank. Insurance option as well as offshore investment is also considered as a substitute.
- Revenue & Debt collections also form part of those risks. Debts from ACC Levy, Market and ACC Building rentals increased. To alleviate the problem, the Corporation to increase its staff and establish effective procedures to improve revenue and debt collections.
- Moreover, there is a risk of unpaid debts from government Ministries like NHS for the CT Scan and MOF for the Canberra Project. As part of the solution, the Corporation to establish legal and necessary documents to enforce the collection of debts from government agencies to ensure that the Scheme will not be jeopardised should accidents occur to its contributors.

2.8 Community Service Obligation implementation (where applicable)

- The Corporation focuses on the compensation of victims especially workers who are victims of accidents at work and after hours. There are also those involved in accidents from means of transportation that are propelled by a motor such as motor vehicles and motor boats. However, there is a community service of making the people aware of what the Corporation's mandate is about as well as an obligation in financing road safety awareness as everyone is covered under this type of accident.
- The Corporation also has to encourage accident reports from employers, employees and the public, as well as a quick response from the police and medical practitioners in order to process claims within three days of receiving a claim. Encourage accident victims to be assessed by a doctor to confirm that there is no permanent disability.
- Continue monitoring of updates of Trust accounts monthly-new trusts withdrawals continue weekly follow-ups of clients receiving compensation to confirm if they are still incapacitated as well as dependents/beneficiaries on their current status.
