



**LEGISLATIVE ASSEMBLY OF SAMOA.**

**FINANCE AND EXPENDITURE**

**COMMITTEE REPORT**

**on**

**P.P. 2014/2015 No. 78,**

**ANNUAL REPORT OF THE SAMOA INTERNATIONAL  
FINANCE AUTHORITY FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013**

**(Presented to the Legislative Assembly)**

**1. RECOMMENDATION.**

The Finance & Expenditure Committee recommends that the Assembly take note of its Report.

**2. RESOLUTION:-**

That P.P.2014/2015 No. 78, Annual Report of the Samoa International Finance Authority for the Financial Year 2012/2013 be approved.

**3. RECOMMENDATIONS:**

At the conclusion of its investigations, the Committee recommends the Government to:-

1. Encourage and promote the Vision of SIFA to attract international companies to invest in our country. It is recommended that the Authority and the Board consider alternative ways to market their services that are not being used by other Pacific nations and countries.
2. Review the policies of the Authority regarding the staff loan scheme, so that the governing legislation regarding this scheme is amended. The Committee recommends that there should be consistency for all the Government Corporations as per the Cabinet Directive regarding this scheme.
3. Review the policies regarding staff benefits so that it is in line with benefits that employees of other Corporations and Ministries are entitled to for instance public holidays, etc.
4. Advise the Authority and the Board whether it is appropriate to have a central office for SIFA. This project was ceased by the Government however it should be reconsidered.
5. Comply with policies regarding the preparation and presentation of Annual Reports to Parliament pursuant to its governing legislations.

**4. MEMBERS****Appointed**

Hon PAPALIITELE Niko Lee Hang	-	Chairperson	30/5/2011
TAFUA MaluelueTafua	-	Deputy Chairperson	30/5/2011
Hon PALUSALUE Faapo II	-	Member	30/5/2011
LEALAILEPULE RimoniAiafi	-	Member	30/5/2011
TIALAVEA F TionisioSeigafolava	-	Member	30/5/2011
AFUALO Dr Wood UtiSalele	-	Member	30/5/2011
TAEFU LemiTaefu	-	Member	30/5/2011
Hon FAUMUINA Tiatia F Liuga	-	Member	18/8/2014

**5. STANDING ORDER 170:**

In accordance with the provisions of Standing Order 170, it shall be the duty of the Committee to:-

- **Consider any Bill, Petition or other matter referred by the Assembly pursuant to these Standing Orders; and any Estimates or review of Ministerial and Departmental Performance;**
- **To allocate to any Select Committee the examination of any Estimates and of any review of Departmental Performance;**
- **To examine the policy, administration and expenditure of ministries and government bodies related to government finance, insurance, superannuation, national provident fund, taxation, auditing of public accounts and Ministerial financial statements;**
- **To have responsibility for the overall review of financial management in all Government Ministries and Public Bodies.**

**6. FINDINGS:**

The Annual Report for the Samoa International Finance Authority (SIFA) for the Financial Year ended 30 June 2013, details the objectives and implemented activities that were achieved. SIFA was established under the SIFA Act 2005. This is one of the Government Corporations which has contributed to various developments within our country. The Committee lays much importance on the services provided by SIFA because of the substantial assistance not only in the various country developments but also to the annual Appropriations.

The Committee noted that the powers, functions and duties of the Authority and the Board of Directors are provided for in the Legislation passed by Parliament. Other duties of the Authority include monitoring and supervising the servicing of international finances from other countries and ensuring that our countrys reputation as a central location for international financial services is protected and of good repute.

Other functions of SIFA as provided by statute include:

- *To monitor and supervise the conduct of international financial services provided within Samoa<sup>1</sup>*
- *To protect and maintain the god repute of Samoa as a centre for international financial services*
- *To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organizations concerned in any way with international financial services*
- *To promote Samoa as a centre for international financial services*
- *To make recommendations for the introduction, amendment or replacement of legislations pertaining to international financial service, companies and other forms of business structure*
- *To carry out research and to commission studies on the international business sector and related services*
- *To be responsible for the general administration of international financial services legislations and for the collection of all fees, charges and other revenue due thereunder*
- *To advise and make recommendations to the Government generally on any matter relating to international finance services and*
- *Such other functions in relation to international financial services as made by Order made by the Head of State.<sup>2</sup>*

## **7. ECONOMIC OUTLOOK**

During its investigations, the Committee noted that although there were challenges faced by the Authority, there was a surplus in revenue as reported for the financial year under review.

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<sup>1</sup> Provided by Principal Act 2005 – Annual Report, p. 8

<sup>2</sup> Provided by Principal Act 2005 – p. 8

## SUMMARY OF REVENUE & EXPENDITURE 2012/2013

### 7.1 REVENUE

	NOTE	2013	2012
Incorporation and Annual Fees		19,654,364	18,390,403
License Fees		358,224	293,080
Other Revenue		929,236	769,771
Interest Income		1,629,142	1,158,253
Exchange gain		149,423	98,684
<b>TOTAL REVENUE</b>		<b>22,710,389</b>	<b>20,710,191</b>

### 7.2 EXPENDITURE

Audit Fees		6,210	6,210
Building project costs written off		400,063	74,750
Depreciation		285,831	299,103
Directors fees		47,672	39,181
Communication		75,659	59,436
Management allowance		157,739	150,705
Printing and stationary		158,062	177,355
Promotions		4,750,492	2,925,059
Occupational costs		460,783	438,796
Staff costs		1,347,665	1,222,240
Loss on disposal of fixed assets		2,956	-
Other		926,651	980,893
<b>EXPENDITURE</b>		<b>8,619,783</b>	<b>6,373,728</b>
<b>NET INCOME</b>		<b>\$14,090,606</b>	<b>14,336,463</b>

### 7.3 PROMOTIONAL PROGRAMS

The Committee noted that the Authority is continuing its promotional programs to Asia which resulted in the doubling of the amount of promotion expenses to **\$4,750,492**. The Committee queried why the expenditure increased after the last financial year. The Committee believes that only a few representatives of the Authority and the Board should travel for these programs and not most of the staff which is why it was costly and resulted in the increase in expenditure.

The Authority responded that these promotional programs are very important for the promoting of the services of the Authority. Also, the Authority supports this annual event because other countries are also persistent in investing in our country which attracts other companies. The Authority shared that these promotions were instrumental in promoting and marketing Samoa overseas as a country for international financial services.

The other important promotion done by the Authority is through the national Rugby teams; Manu Samoa and Toa Samoa. SIFA is a major sponsor for these teams because they are also an asset for the promotion of Samoa globally.

## **8. IMPLEMENTED ACTIVITIES**

As the Authority has become an entity that registers International Companies, it should ensure that it meets with international standards as members of these International bodies:

- Founding members of the Corporate Registers Forum (CRF)
- Members of Offshore Group of Insurance Supervisors (OGIS)
- Member of the International Tax Planning Association
- Members of the Group of International Finance Centre Supervisors (GIFCS)<sup>3</sup>

The Committee notes the eagerness of the Authority to ensure that the services provided to its clients are at a high satisfaction rate. To achieve this, the Authority is divided into four divisions:-

### **8.1 REGISTRATION DIVISION**

This Division legally registers International Companies under these categories:

- **International Business Companies**

The aim of the Division is to promote to its partners how simple it is to register as an International Company in Samoa. It takes no longer than a day to complete this registration. The Authority submitted to the Committee that there is no prescribed application form and no prior Government approval required. The incorporation fee is **USD\$300** and the license for each Company is renewed in February of every year.<sup>4</sup>

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<sup>3</sup> International Bodies – p. 19

<sup>4</sup> Incorporation Fee – p. 19

- **International Trusts**

These Trusts are registered annually at a regulated fee with an application form.

- **Charges**

The Authority has set charges for mortgages upon which can be applied for via a application form as per the International Companies Act 1988.

As submitted by the Authority, its peak periods are from January to February as recorded in their Report. This is because of the eagerness of the Companies to have an opportunity to officially become registered as an International Company in Samoa. Licenses are renewed on the 30<sup>th</sup> of November annually from the date the Company was registered.

The Authority mentioned also that 100-500 companies register daily and in the last twelve months of the Financial Year under review, 4014 international companies registered with the Authority. The total number of live international companies registered with the Authority by June 2013 was 30,224.<sup>5</sup>

## **8.2 ACCOUNTS/COMPLIANCE DIVISION**

This Division is responsible for the managing of the Authority's accounting system to ensure that the Authority complies with the financial reporting annually. The International Financial Reporting Standards (IFRS) is the international benchmarking for reporting used by this Division.

The Committee noted that licensed entities under the Authority include 8 Trustee Companies, 8 International Banks, and 4 international funds.

## **8.3 ADMINISTRATION DIVISION**

This Division provides general internal administrative support services and human resourcing. Internal matters include signing of leases and the administering and monitoring of policies to encourage the effectiveness and efficiency of the services provided.

The Committee noted that the employment of part-timers is a continuing initiative. The aim of this initiative is for capacity building to improve the knowledge of the part-timers in a working environment especially in regards to the services offered by SIFA to achieve its goals for the future. The Committee queried whether the Authority was continuing its program to allow the employees to request for loans. The Authority submitted that they are still continuing this under the Central Bank of Samoa Act which provides for this. The Committee was of the view that this should be ceased as per the Cabinet Directive.

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<sup>5</sup> Number of Registered International Companies – p. 20

#### **8.4 MARKETING DIVISION**

This Division deals with the negotiations with its international partners. The Committee notes the importance of this Division to promote Samoa overseas especially in relation to the work outputs for the Authority.

### **9. RECOMMENDATIONS**

At the conclusion of its investigations, the Committee recommends the Government to:-

- 1. Encourage and promote the Vision of SIFA to attract international companies to invest in our country. It is recommended that the Authority and the Board consider alternative ways to market their services that are not being used by other Pacific nations and countries.**
- 2. Review the policies of the Authority regarding the staff loan scheme, so that the governing legislation regarding this scheme is amended. The Committee recommends that there should be consistency for all the Government Corporations as per the Cabinet Directive regarding this scheme.**
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- 5. Comply with policies regarding the preparation and presentation of Annual Reports to Parliament pursuant to its governing legislations.**



**10. RESOLUTION:**

At the conclusion of its investigations, the Committee resolves to recommend the Legislative Assembly to:

**Approve P.P. 2014/2015 No. 78, Annual Report of the Samoa International Finance Authority for the Financial Year ended 30 June 2013.**

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**WITNESSES:**

During the course of its investigations, the Committee was able to hear oral evidence from the Management of the Authority:

**Samoa International Finance Authority**

- |                          |   |  |
|--------------------------|---|--|
| Alosamoa Erna Vaai-Aiono | - | Chief Executive Officer                                |
| Chesire Malua            | - | Assistant CEO<br><i>(Accounts/Compliance Division)</i> |
| Sieni Voorwinden         | - | Assistant CEO<br><i>(Registration/Legal Division)</i>  |

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**Hon PAPALIITELE Niko Lee Hang**  
**Chairperson**

**TAFUA MaluelueTafua**  
**Deputy Chairperson**

**Hon PALUSALUE Faapo II**  
**Member**

**Hon FAUMUINA T Faaolatane Liuga**  
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