



**LEGISLATIVE ASSEMBLY OF
SAMOA**

**Primary Production, Commerce, Industry
and Labor Committee Report**

on

P.P. 2015/2016 No. 25

**Samoa Trust Estate Corporation 51st
Annual Report & Accounts for the year
ended 30 June 2013.**

(Presented to the Legislative Assembly)

The Primary Production, Commerce, Industry and Labor Committee recommends that the Legislative Assembly take note of its report.

1. RESOLUTION:

At the end of its investigation, the Committee resolved to recommend that the Legislative Assembly approve:

- **P.P.2015/2016 No.29, Samoa Trust Estate Corporation 51st Annual Report & Accounts for the year ended 30 June 2013; and**
- **The Committee recommendations listed below.**

2. RECOMMENDATIONS

The Committee recommends the Government to:

- 1. Review the terms and conditions within the Corporations lease agreements with businesses and villages to specify a due date for arrear repayments. The Committee believes that this will assist in minimising the arrears on the leases and generate revenue for the Corporation.**
- 2. Encourage close collaboration between the Corporation and other Government entities to seek out appropriate projects to utilize the Corporations leasable land.**
- 3. Consider whether it is time that the land at Fuailoloo and Satuimalufilufi is released on a lease to own basis as requested by the said villages. The Committee believes that this is an appropriate solution to this long standing issue and it should be considered by the Government not only for the development of the villagers but its straining effect on the Corporations plans.**
- 4. Contemplate releasing some of its land (3,000 acres) at an appropriate leasing price to assisting with revenue. The Committee believes that the Corporation has sufficient land to be leased for commercial purposes and to villages and individuals. The intention is that the Corporation will receive additional revenue to assist with the execution of its work outputs and re-development.**
- 5. Thoroughly reconsider the possibility of leasing the land opposite the Faleolo International Airport for development to be inline with plans for the upgrading of the Airport, the Mulifanua wharf and the township. The Committee believes that this is one certain means of revenue for the Corporation in the future and at the same time creating employment opportunities and commercial development.**

3. FINDINGS

The Annual Report for the Samoa Trust Estate Corporation clearly outlines the Corporations work outputs and audited accounts for the year ended 30 June 2013.

3.1 Ongoing Work Outputs:

1. Vision:

Sustainable development of resources to improve income and the provision of quality service

2. Mision:

To utilize lands for business enterprises and other profitable developments

3. Objectives:

The core function of the Trust Estates Corporation is to establish lands for development and enterprises, in order to gain future financial benefits for the Corporation to benefit the general public.

In addition, it also revives past developments, developments that have been considered by the Administration as important and the use of land for development of plantations and livestock apart from lands set up for lease.

3.2 Achievements:

OVERVIEW

1. Achieved Work Outputs for 2012/2013

One of the challenges the Corporation dealt with during the period under review is the negotiation of the land which the village of Satuapala maintains as their rightful property that was forcibly confiscated by the German Administration. The Corporation is grateful that the matter could be negotiated and a Cabinet directive is currently pending on the reports lodged by both sides.

Also noted was the continuation of the rehabilitation developments which include the replanting of cocoa, coffee, coconuts, avocado, bananas and taro. Approximately 300 acres of land has been cultivated. The Corporation mentioned their collaboration with the Ministry of Commerce, Industry and Labor on an export promoting project for economic development.

In addition, the Corporation is also leasing out land at Mulifanua to neighboring villages, schools and some government ministries and at the end of the period under review, 385 acres of land had been leased out and lease agreements had been signed for each transaction.

2. Future Goals

The Corporation made known that it is considering ways to utilize the coconut for additional revenue. There is continuous pursuance of other additional projects to utilize the Corporations land to assist in generating revenue and for economic development.

Regarding the lease of land for development, the Corporation submitted that there are many requests for the land at Mulifanua especially the land opposite the Faleolo International Airport and this is also a possible means of revenue for the Corporation in the future.

2.3 Response to Requirements:

1. Compliance with Legislations

The functions and establishment of the Samoa Trust Estate Corporation is legislated under the following documents:

- Samoa Trust Estate Corporation Act 1977;
- Samoa Trust Estate Corporation Reconstruction Act 1990;
- Public Bodies (Performance & Accountability) Act 2001;
- Other relevant Government policies and Cabinet directives.

The Corporation is compliant with its governing legislations.

2. Compliance with the Strategy for the Development of Samoa 2012 - 2016

It is documented in the Strategy for the Development of Samoa that the Corporation contributes to Samoa's economic development under the Business Legal and Regulatory Environment. The objective is that assistance is provided for doing business through legal and regulatory reforms. The Land Titles Registration Act 2008 which became effective in March 2009 would provide support for improvements in the management of land leases executed through the Samoa Trust Estate Corporation, the Ministry of Natural Resource and Environment and the Samoa Land Corporation.

3. Compliance with Approved Appropriations for the period 2012/2013

The Committee noted that there is no Appropriation for the Corporation as per normal however they rely on their revenue from its developments, sales and lease agreements with villages, schools and various projects.

Overall, the Committee believes that the financial situation of the Corporation is in dire straits as there is no recorded profit earned from its implemented developments. The Committee notes that the Corporation is operating on a debt without profit as reflected in the audit report. However, moving forward, the Committee believes that the Corporation can generate profit through revived developments, proposed projects and lease agreements.

2.4 Areas Noted:

1. Areas noted by the Committee:

The Committee notes that there are leasing villages that have outstanding debts with the Corporation. The Corporation submitted that they are carrying out their role of informing the lessors of their arrears however these arrears could not be paid by the end of the period under review. The Committee believes that the Corporation should consider methods to enforce the collection of these arrears to assist with revenue.

The Committee queried the state of the Mulifanua land opposite the Faleolo International Airport. The Corporation submitted that a Cabinet decision is pending on the matter after disagreements with the neighboring villages but there has been many requests submitted from businesses to lease this land. **The Committee believes that this is a certain revenue generating initiative that would assist the Corporation financially.** The leasing of this land for development will be inline with set Government plans to upgrade the Faleolo International Airport, the Mulifanua wharf and the township. For the future, it will develop the businesses and create employment opportunities and in return the Corporation will benefit financially from these leases.

The Board expenses were also questioned by the Committee as the increase in the Boards expenses and salaries for the period considered is evident. The Corporation clarified that the amounts are inclusive of the expenses for workshops held in the villages, committee visits and meetings and projects. One cost saving initiative the Corporations has resorted to is for the CEO to carry out negotiations with villages which was formally carried out by the Board of Directors.

The Committee consulted with the Corporation on the land inhabited by the villages of Fuailoloo (63 acres) and Satuimalufilufi (45 acres) and was leased by these villages since 1974 until it was withdrawn in 1997. The Corporation submitted that this is another land issue faced between the Corporation and the respective villages and there needs to be a solution to this long standing predicament. The Corporation stated that negotiations are still progressing with these villages on a purchasing price for the land. **The Committee recommends that the Corporation immediately execute a fair decision on this matter to enable the progress of its proposed plans.**

2. Committee Site Visit

The Committee visited the Corporations headquarters and witnessed the current state of its developments and its plans for the future. The Committee also visited the land at Fuailoloo and Satuimalufilufi.

2.1 Developments

The Committee observed the continuous collection of coconuts and it is estimated that 100,000 coconuts are collected monthly. The Corporation stated that there is a proposed project to use the coconuts for the production of virgin oil which has a thriving market in Australia. Also noted by the Committee was the replanting of coconuts and cocoa which was also grown in 2012 and the flourishing state of these plantations was observed.

The Committee also visited the vanilla plantation on approximately 10 acres of land. It was observed that the development is thriving as noted by the flowering plants and the Corporation will reap the benefits from this development in the near future. The Corporation clarified that this plant is profitable in overseas markets and there is high expectation that the Corporation will reap the benefits when the plants are harvested. The Committee advised the Corporation that they should consider adding 50-100acres for this development to ensure that there is sufficient produce to supply the markets. In response,

the Corporation stated that there are plans to expand the vanilla plantation, however at the moment they are awaiting a report on the *Jatropha Curcas* (pafiki) which is currently used as support for the vanilla. There is a proposal to return to using the lucena tree to replace the *Jatropha Curcas*.

One important aspect the Committee noted is the number of personnel. The Committee is of the view that there is insufficient staff and there is a need for machinery to assist the staff with their work.

2.2 Land (Fuailoloo & Satuimalufilufi)

The Committee visited the land involved in the requests by Fuailoloo and Satuimalufilufi. It was noted that there are many families with permanent residents as well as established schools and chapels on these lands. The Committee feels the Government should thoroughly consider this issue and whether it is appropriate that this land be released to these villages on a lease to own basis.

2.3 General Matters

During the course of the Committee investigations, it was noted that the Corporation is in need of financial assistance for its daily operations and to support its developments as it is evident that the Corporation is operating on a debt without profit. In response, the Corporation stated that all the lands under the Corporation, the Ministry of Natural Resources and Environment (MNRE) and Samoa Land Corporation (SLC) will be consolidated under one entity and this is one initiative to financially assist the Corporation with its future developments. The Committee believes that the Government should reconsider this initiative because there are differences in the goals and objectives of the STEC, SLC and MNRE and this change may result in conflicts in the implementation of their duties.

4. WITNESSES:

During the course of its investigations, the Committee heard oral evidence from the following:

Samoa Trust Estates Corporation

- | | | |
|---------------------|---|------------------------------------|
| 1. Patea M Setefano | - | General Manager |
| 2. Tavui Lalotoa | - | ACEO, Corporate Services & Finance |

5. PAPER CONSIDERED:

- P.P.2015/2016, No. 19. Samoa Trust Estate Corporation 51st Annual Report & Accounts for the year ended 30 June 2013

6. **SIGNATURES OF COMMITTEE MEMBERS:**

Afioga Hon LEAYPEPE Toleafoa Apulu Faafisi.
CHAIRPERSON.

Afioga MAUALAIVAO Pat Ah Him
DEPUTY CHAIRPERSON

Afioga AFUALO Wood Uti Salele
MEMBER

Afioga TIALAVEA Fea Tionisio Seigafo
MEMBER.

Afioga Hon AEAU Peniamina Leavaiseeta
MEMBER.

Tofa FAIMALOTOA Kika Stowers
MEMBER.

Tofa AVEAU Tuala Lepale Niko Palamo
MEMBER.