



*CENTRAL BANK OF SAMOA*

# CORPORATE PLAN

2003 - 2005





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## GOVERNOR'S MESSAGE

This document outlines the second Corporate Plan of the Bank for the fiscal year ending June 2005 following completion of the Plan Y2001 - 2002. As indicated later in the body of the Plan the outcomes of the first Plan have been very encouraging with many initiatives achieved. Some tasks are ongoing or have yet to be finalized and will be carried over into the current Plan. The Board and myself extend our appreciation to all the staff for achieving most of what we planned out to do over the past two years.

The latest Corporate Plan outlines, with Board approval, the new corporate direction through 2005. The Plan describes the way the Bank undertakes its responsibilities, identifies its main functions and key objectives to improve transparency and community understanding of the Bank's operations. Details of key initiatives and strategies to be undertaken by the Bank over the next three years are also addressed together with some indicators to judge performance over this period.

There are some serious tasks ahead. Prudential supervision is being extended to include non bank financial institutions and a more complex regulatory regime. Samoa is also adopting international standards to strengthen internal procedures to combat money laundering and the financing of terrorism. This means new terms and jargon and an extension of reporting procedures with their own uniqueness, giving the staff a bigger role in domestic and external developments.

For some time, the Bank has been developing and fine tuning the internal budget process to improve efficiency and effectiveness of the day-to-day operations. Some information is included in this document outlining the cost of the main outputs and details on inputs including staff costs and other operating expenses. Annual budgets are important cornerstones in the Bank's operating and policy framework and are reviewed vigorously to bring out clear linkages between each department's strategies and outputs and the Bank's vision and mission statements.

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The human resources of the Bank underpin its operations and every effort is made to maintain and improve the intellectual capital of the Bank. Policies must adapt to new tasks and refine existing ones in responding to changing expectations of the community, the main stakeholder. Staff numbers have been closely contained in recent years which is testimony to the dedication of staff in maintaining high standards across the full range of expanding responsibilities.

This blueprint provides a clear and well documented framework of the Bank's work in the period ahead, about the way it communicates and how it organises itself. In doing so there is greater accountability using openness and honesty in building community support for the Bank keeping to its appointed tasks. Despite the possibility of some shocks and surprises and significant demands of routine business, the Bank looks forward to the challenges included in the Plan being released.

**Papali'i T. Scanlan**  
**GOVERNOR**  
**June 2003**





## **I. THE BROAD PICTURE**

### **THE BANK'S CHARTER**

The principal purposes of the Bank have been enacted by charter in the Central Bank of Samoa Act 1984, the Financial Institutions Act 1996 and the Money Laundering Prevention Act 2000:

- (a) to regulate the issue, supply and availability and international exchange of money;
- (b) to advise the government on banking and monetary matters;
- (c) to promote internal and external monetary stability;
- (d) to promote a sound financial structure;
- (e) to promote credit and exchange conditions conducive to the orderly and balanced economic development of Samoa;
- (f) to supervise and regulate banking business and the extension of credit; and
- (g) implementing counter measures against money laundering such as to deter, detect and criminalised money laundering activities and terrorist financing.

### **VISION**

To develop the economic prosperity of the country through price stability and an efficient and stable financial system recognising that traditional values of Samoan culture are an essential part of the shared vision.

### **MISSION**

To maintain monetary conditions appropriate to growth and price stability and build at home and abroad confidence in the management of domestic financial markets and the stability and integrity of the institutional structure and the effectiveness and efficiency of the payments system. We shall pursue the development of a skilled work force dedicated to the pursuit of quality, practices and critically review our performance each year to preserve the Bank's independence and professionalism.



## 2. THE BANK'S ORGANISATIONAL STRUCTURE

### 2.1 THE BOARD

The Board comprises of five members. The Governor is Chairman of the Board and the Financial Secretary is an ex-officio member. There are three non executive members. While the Board has overall responsibility for monetary, strategic and other policies of the Bank and monitors the Bank's administration and performance, much of the day-to-day activities are delegated to the Governor and senior management.

### 2.2 MANAGEMENT AND STRUCTURE

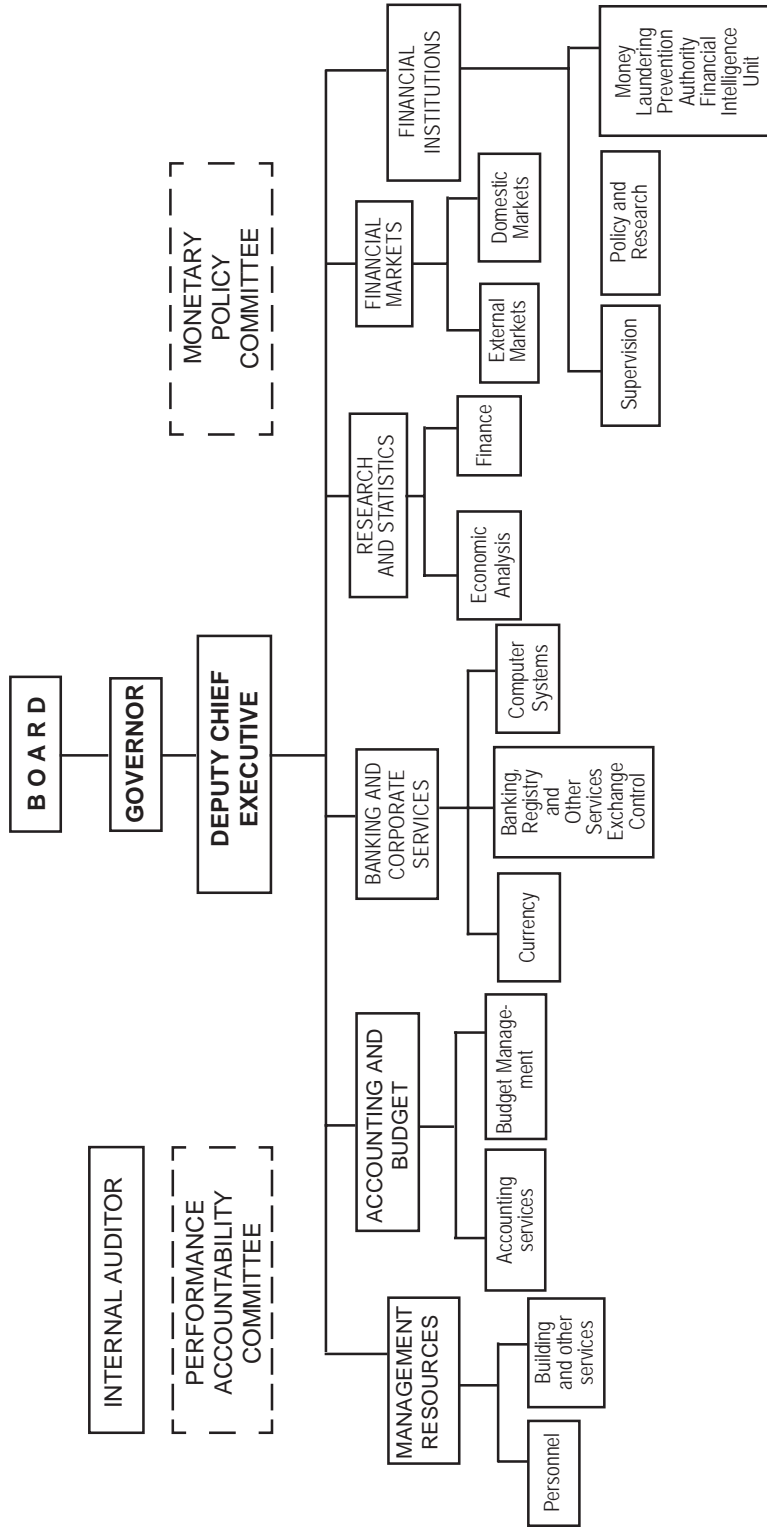
Details are summarised in Figure 1.

Significant changes were made to the organization structure during the past two years to better achieve the goals and responsibilities of the Bank and provide a sharper focus of the key objectives, strategic planning and budgeting. Details are summarised in Figure 1. There are seven (7) Departments, each headed by a Manager. Departments are divided into **two main functional groups** covering policy formulation and policy implementation including banking and corporate services. There is a **third group** which provides internal support services including accounting, management resources, budget and computer services. All six Departments, except the Internal Auditor, report to the Deputy Chief Executive. The Internal Auditor reports directly to the Governor.

The Bank continues to review management and staffing policies to reward staff appropriately and improve the development of individuals' skills and knowledge. Clear lines of responsibility, delegation and authority are encouraged so that management and staff can do their jobs effectively and assume appropriate responsibility. Further work will be done over the next year or two to further develop the Bank's approach to staff appraisals and other human resources management issues.



**FIGURE 1**  
**CENTRAL BANK OF SAMOA**  
**ORGANISATIONAL CHART**





### 3. KEY OBJECTIVES

#### 3.1 MONETARY POLICY:

##### **Policy formulation:**

- To maintain low and stable inflation consistent with the broad benchmark by the most efficient manner including actively managing the level of bank liquidity using money market instruments.
- To achieve a sufficient level of foreign reserves to fund international trade and payments.
- To provide timely dissemination of relevant information and independent policy advice to Government and other relevant institutions in an efficient manner, to promote policy coordination to improve the effectiveness of macro economic policies, and to consult widely in formulating views.

##### **Policy implementation:**

- To introduce policies that are transparent and can be held consistently over time to gain credibility.
- To promote the orderly and competitive functioning of financial markets.
- To develop the Bank's capacity to intervene in financial markets by managing liquidity consistent with policy settings, to improve mechanisms to monitor financial markets and implement monetary policy effectively.
- To provide for the provision of credit consistent with private sector development and low inflation.
- To implement competitive exchange rate and foreign exchange policies appropriate to external balance and foreign reserves levels.
- To manage official foreign reserves prudently to limit exposures within broad parameters of risk minimisation, liquidity and rates of returns by adopting benchmarking and other performance techniques.
- To administer Exchange Control consistent with overall foreign exchange policies and to conserve foreign exchange reserves.





### **3.2 FINANCIAL STABILITY:**

- To promote a sound market-based financial system by registering banks and supervising their activities with broadly accepted prudential standards and examination techniques.
- To develop prudential supervision of non bank financial institutions to further strengthen stability of the financial sector and limit financial system distress.
- To provide liquidity to the system as required through rediscounting and lender of last resort techniques to minimise short run disturbances.
- To administer anti-money laundering legislation and specialised agency to combat the laundering of proceeds of crime and terrorist financing through banks and other financial institutions whether established on-shore or operate through offshore institutions.

### **3.3 CURRENCY ISSUE:**

- To ensure the supply of legal tender currency and that our currency satisfies high standards of quality and security and denominations to meet the changing needs of the economy and public demand.

### **3.4 BANKING AND CORPORATE SERVICES:**

- To provide banking, settlement and other corporate services efficiently and in a cost effective manner, also facilitating the implementation of monetary policy in an orderly fashion.
- To have an effective payments system and efficient clearance and settlement arrangements in domestic and foreign currencies.

### **3.5 COMMUNITY RELATIONS:**

- To enhance the community's understanding of the Bank's responsibilities, functions and policy through publications and other avenues of communication by disseminating relevant information in a timely manner.
- To develop a broad education program.





- To encourage the views of external stakeholders on the Bank's main activities by maintaining a professional working relationship with external parties and bodies.

### **3.6 RESOURCES:**

- To promote modern and transparent human resource and management planning and equal opportunity principles supported by up-to-date technology and other services in order to attract and retain a high quality, productive and motivated staff.
- To provide appropriate and adequate facilities in a work place that is environment friendly and has high health, security and safety standards.
- To encourage Total Quality Management, strengthened internal processes, performance and benchmarking initiatives to improve efficiency and effectiveness of staff and the quality of the Bank's outputs.

### **3.7 CORPORATE GOVERNANCE:**

- To govern by the provisions of the Central Bank of Samoa Act and other relevant legislation which provide the accountability and authority framework for the Bank's governance policy with the utmost integrity and objectivity and enhance the reputation and performance of the Board, management and staff.
- To achieve excellence in financial reporting and administrative procedures by reviewing policies and strategies to ensure information is timely and appropriate and that delivery of support services is achieved efficiently across the Bank.

### **3.8 SECURITY:**

- To minimise security breaches and risks associated with the Bank's assets and operations by ensuring physical and electronic security are adequate and achieving their purpose, that disaster recovery procedures are in place and back up technology and files are sufficient to meet any unforeseen circumstances.





## 4. OUTCOMES OF CORPORATE PLAN 2001 - 2002

Central Bank of Samoa released its first Corporate Plan two years ago providing background on the Bank's functions and outputs. The document also highlighted key initiatives over Y2001/2002 as a list of priorities envisaged by Bank management and performance indicators to provide some measures of accountability to the community to evaluate stewardship and achievement in the complex role of central banking. The Plan also emphasised that the Bank would give greater emphasis to output budgeting in order to reduce costs and achieve more effective use of functions and resources.

The following outlines the Bank's priorities as outlined in Corporate Plan Y2001 - 2002 and the main outcomes during the past two years.

Intentions	Outcomes
<b>MONETARY POLICY</b>	
Governor's half-yearly statement	Achieved
Improved targeting of monetary aggregates	Being developed with ADB technical assistance including inflation benchmark
Improved commentary on monetary developments in Bank's publications	Largely achieved including revamped Annual Report
Better economic and financial projections	A difficult project involving assistance from other Government departments. Progressing well.
Improved coverage of money and banking data	Expanded information included in Banks' Bulletin and other publications





Intentions	Outcomes
<b>FOREIGN EXCHANGE</b>	
<b>Exchange Rate</b>	
More flexible exchange rate management	An expanded spot and forward market
Greater competition	New dealers increasing competition and providing better convenience to public
<b>Foreign Reserves Management</b>	
Streamline portfolio management and benchmarking techniques	Broadly achieved with IMF technical assistance
Improved training in foreign exchange techniques	Being achieved with technical assistance
<b>Exchange Control</b>	
Further relaxation of controls with reduced paper flows	Significant delegation to banks. Processing delays considerably reduced. Non compliance by money transfer dealers clarified. Report on export proceeds strengthened to improve accuracy.
<b>Market Operations</b>	
Develop bank liquidity projections	Achieved with IMF technical assistance
Broader CBS Securities market	More maturities but little progress in broadening list of participants. Book entry registry system implemented
Develop secondary markets and skills	Techniques being developed





Intentions	Outcomes
<b>FINANCIAL STABILITY</b>	
Six monthly financial statements by banks	Discussions with banks being finalised
Great disclosure on banking and prudential issues	Partially achieved but project is ongoing
Improved prudential techniques including on-site inspection and relationships with external auditors of banks	Being developed but not yet fully implemented, IMF completed review of compliance with international 'Core Principles'
Implement key features of money laundering legislation	Implemented. The Bank has undertaken further amending legislation to strengthen procedures including criminalizing the financing of terrorism
<b>BANKING AND CORPORATE SERVICES</b>	
<b>Currency</b>	
Review currency composition and note technology including ATM requirements	Strategic review on currency needs completed. Greater injection of new notes replacing unissuable notes. Increased public awareness of counterfeits and in the proper handling of currency notes.
<b>Banking Services</b>	
Review costs and profitability of banking services	Continuing project. Government accounts strengthened. More effective arrangement for Exchange Settlement Accounts and settling foreign exchange transactions.
Review safety and efficiency of payments system	In progress





Intentions	Outcomes
<b>Community Services</b>	
Better communication with general public	More contact with community including schools and universities and through Internet
Review Internet facilities to provide improved access to information	Website being redesigned to be more user friendly. Greater use by overseas currency collectors
Workshop for economic journalists	No specific program implemented
<b>OUTSIDE TENANTS</b>	
Review operations, rates of return and tenancy issues	Achieved





## 5. STRATEGIES FOR FISCAL YEAR 2003 - 2005

This section of the Corporate Plan outlines the workplan of departments over the three years to 2005 and the key initiatives in managing the various outputs of the Bank.

The starting point focuses on each department and proposals from the 'bottom up' following discussions by management and staff. Proposed activities and outputs need to be judged against budget considerations and linked to the Bank's vision and mission statements to ensure effective management of policy formulation and implementation. The views of external stakeholders are also considered on various aspects of the Bank's responsibilities in determining the final outcome.

No fundamental changes to the Bank's operations are expected. The Bank continues to be organised into four main functional groups and key outputs are identified for each function (see Figure 2). Outputs are defined as those functions which normally reach audiences beyond the Bank and often described as core activities of central banking. However, staff also provide important resources to the management of the Bank as do accounting, audit, administrative, building and computer services. Guards provide additional security to the Bank's operations. These activities are not included in Plans as outputs but are included as cost centres in the budget and management initiatives of departments.

The review of the first Corporate Plan indicates that many of the objectives were met but the Bank has not set an ambitious set of priorities and key initiatives for the period ahead ensuring that the key areas of operations would receive the greater focus in the Bank. Some performance indicators are also included in the Plan. It can be a difficult process to measure performance with some assessments often complex and judgmental. Consequently, where possible, several indicators have been included to broaden the assessment process.



**FIGURE 2**

**STRUCTURE BY FUNCTION AND INTERNAL SERVICES**

<b><u>Departments</u></b>	<b><u>Functions (Outputs)</u></b>	<b><u>Internal Services</u></b>
<b><u>1. Policy Formulation</u></b>		
Research and Statistics	Monetary Policy Framework Other Policy Outputs including Forecasts, Economic Research and Analytical Material Statistics	Board unit
<b><u>2. Policy Implementation</u></b>		
Financial Markets	Exchange Rates and Foreign Exchange Dealings Foreign Exchange Management Open market operations	
Financial Institutions	Prudential Supervision Research and Prudential Policy Development Financial System Insurance Companies Oversight/Commentary Money Laundering Prevention Authority Financial Intelligence Unit	
<b><u>3. Services</u></b>		
Banking and Corporate Services	Currency Operations Collectors Banking Services and Settlement Accounts Registry Payments System Publications/Community Relations Exchange Control Licensing/surveillance Foreign Exchange	Settlements          Computer Systems





**Departments**

**Functions (Outputs)**

**Internal Services**

**4. Resources**

Accounting and Budget

Management Resources

**5. Others**

Internal Audit

Other

Outside Tenants

Specific Advice  
Overseas Representation  
and Liaison

Accounting Services  
Budget Management

Human Resources  
Corporate Plans  
Property Management  
Security  
Communications  
Records Management  
and Library Services

Internal Audit



## 5.1 RESEARCH AND STATISTICS DEPARTMENT

The Research and Statistics Department is responsible for the formulation of monetary policy and policy development to maintain price stability. The Department conducts economic analysis and forecasts as appropriate and collects and processes economic and financial statistics. It monitors Reserve Money and liquidity projections, provides commentary on key economic developments and undertakes research.

### ***Key initiatives Y2003/2005***

- Further develop the framework for monetary policy formulation by:
- Exploring the possibility of focusing on "core inflation" rather than on "headline inflation". Develop and publish a paper on measures of core inflation.
- Exploiting the limited available information on the recent trends in the relationship between CBS securities (the main instrument) and the specified targets.
- Further developing and harnessing the relationships with key players in the economy such as Government Departments and Corporations and the private sector.
- Initiate further improvements to the coverage and quality of information collected and strengthened statistical databases.

### ***Performance Indicators***

- Actual policy outcomes satisfactory but allowed to deviate within a narrow range of the policy targets.
- Additional research projects to improve policy formulation and the relationship between monetary policy, economic growth and inflation.
- Clearer understanding by the community of inflation targeting and monetary policy than in the past.
- Bulletin articles on monetary and financial issues and statistical material meet user needs. Contents reviewed regularly against similar publications in South Pacific Region.
- Wider readership of economic and financial publications.





## 5.2 FINANCIAL MARKETS DEPARTMENT

Financial Markets Department has primary responsibility for the daily determination of the exchange rate, foreign exchange dealing operations and foreign reserves management. The Department also analyses developments in international financial markets. With regard to domestic markets, the Department operates the CBS Securities market to implement monetary policy and support an orderly functioning of liquidity. It monitors and analyses domestic market activities.

### 5.2.1 Exchange Rate and Foreign Exchange Dealing

#### **Key initiatives Y2003/2005**

- Continue to seek ways to manage the exchange rate flexibly and develop the domestic foreign exchange market both spot and forward markets.
- Review competition in foreign exchange market including new participants in the tourist and retail end of the market.
- Produce monthly exchange rate reports and maintain and update exchange rate databases on a daily basis to meet user needs.
- Produce economic analysis of the relationship between the exchange rate and key economic variables and the role of the real exchange rate.

#### **Performance Indicators**

- Trend in nominal and real effective exchange rates consistent with monetary policy setting.
- Foreign exchange dealings are handled efficiently including SWIFT transfers with minimal disruption through processing errors. Weekly reports on foreign exchange dealings to be timely and well understood.

### 5.2.2 Foreign Reserves Management

#### **Key Initiatives Y2003/2005**

- Review Investment Guidelines to ensure benchmarks are consistent with current portfolio and market conditions.





- Consider further training in foreign exchange management techniques.
- Strengthen risk management techniques including credit, interest rate and exchange rate risks and benchmarking to gauge incentives for better returns.
- Produce investment reports as well as an outlook report on overseas economies on a regular basis.

#### ***Performance Indicators***

- Ensure that reserve management follows the Investment Guidelines closely and reserve management is in line with benchmark targets.
- Level of reserves meet intervention and policy requirements.
- Information about foreign reserves meets community requirements

### **5.2.3 Open Market Operations**

#### ***Key Initiatives Y2003-2005***

- Develop and strengthen bank liquidity projections; review accuracy levels.
- Broaden open market operations including maturities of Central Bank Securities and the range of participants to deepen market activity.
- Strengthen skills in open market operations.
- Publish money market data on a weekly or fortnightly basis.
- Develop public awareness program on securities and open market facilities.

#### ***Performance Indicators***

- Accuracy of forecasts within an acceptable band. Ensure that ESA levels are kept at a comfortable level that the Bank considers appropriate given current conditions.
- Provide clear and consistent signals on the Bank's intentions in regard to monetary conditions. No material errors in market operations. Analysis to be rigorous and timely.
- Weekly forecasts prepared and submitted on time. Analysis of domestic market conditions to be done on a daily basis.
- Harmony between policy intentions and implementation to eliminate uncertainties.





## 5.3 FINANCIAL INSTITUTIONS DEPARTMENT

The Department has two distinct streams of responsibility. One major objective is to undertake prudential supervision of licensed financial institutions including banks and non bank financial institutions (Samoa National Provident Fund, Development Bank of Samoa and four insurance companies) to promote stability and integrity of the financial system and limit financial stress in the event of institutional failure. The Department also has overall responsibility for the Money Laundering Prevention Authority and Financial Intelligence Unit to combat money laundering and the financing of terrorism.

### 5.3.1 Prudential Supervision

#### Key Initiatives Y2003/2005

- Ensure publication of interim six monthly financial reports by banks.
- Strengthen disclosure requirements and improve public understanding of financial institutions operations and prudential data.
- Develop appropriate prudential policies and standards for financial institutions in the light of IMF Financial Sector Assessment Program and compliance with internationally accepted 'Core Principles'.
- Develop on-site examination and validation of information techniques. Consolidate relationships with external auditors of banks and non-bank financial institutions.
- Enact wide ranging insurance legislation giving Central Bank of Samoa broad responsibilities for insurance matters.
- Further develop internal procedures on crisis management in the event an institution fails.
- Encourage annual contact between supervisors of small Pacific countries on prudential issues and overseas regulatory bodies responsible for the operations of Samoan subsidiaries of foreign-owned banks. Review policies to ensure consistency in supervisory approaches.
- Broaden channels of communication on financial sector matters.





- Pursue training opportunities for local supervisors.

#### **Performance Indicators**

##### **Prudential Supervision**

- Financially sound financial sector.
- Reports on key developments are released, ensure concise and well understood by the community.
- Prudential standards broadly meet 'Core Principles' established by Basle Committee on Banking Supervision.

##### **Policy**

- Well understood, timely and relevant to the structure of the financial system in Samoa.

#### **5.3.2 Money Laundering**

##### **Key initiatives Y2003/2005**

- Implement key features of money laundering legislation.
- Develop an effective Financial Intelligence Unit.
- Undertake assessment of compliance issues and implement proposals to reduce shortcomings.

#### **Performance Indicators**

- An immediate response to any new measures.
- Any 'blacklists' avoided and implement measures consistent with international financial developments.





## **5.4 BANKING AND CORPORATE SERVICES DEPARTMENT**

The Department has responsibility to maintain an adequate supply of currency in the community to facilitate cash transactions and to ensure the quality and integrity of legal tender notes and coin. It is also responsible for banking and settlement services to Government, banks and international organizations and payments system issues more generally; registry for CBS Securities and the emerging securities market; publications and community relations of the Bank. The Department administers Exchange Control, licenses foreign exchange dealers and money transfer companies and has responsibility for the surveillance of large foreign exchange transactions.

### **5.4.1 Currency**

#### **Key Initiatives Y2003-2005**

- Review currency composition and technology such as polymer notes and the balance between denominations of notes and coins.
- Continue program on promoting awareness of counterfeit notes and to identifying source. Increase the awareness of the public in the proper handling of currency through publicity and campaigns.
- Address note processing operations, torn notes and mechanised processing facilities to improve efficiency and ensure more consistent product quality.
- Review internal risk procedures for processing and storing currency.
- Notes meet ATM requirements.
- Review collectors' currency needs to improve processing requirements.

#### **Performance Indicators**

##### **Provision of currency**

- Currency is issued as required by banks and there are no bottlenecks.
- Currency meets reasonable fitness standards.
- All bank notes returned to the Bank meet processing deadlines including seasonal peaks.





#### Collectors' Currency

- Requests are met by the Bank efficiently.

### **5.4.2 Banking Services**

#### **Key Initiatives Y2003/2005**

- Continue to seek ways to extend the Bank's banking services where appropriate. Review costs and profitability of customer business and outsourcing possibilities.
- Review safety and efficiency of payments system and continue to work with the banking community and other stakeholders to modernise the payments system.

#### **Performance Indicators**

##### Inter-bank and Dealing Settlements

- System operates efficiently with no disruption to final settlement.
- Back-office is efficient with high degree of accuracy.

##### Customer Banking Services

- Handled in a prompt and efficient manner.
- Processing deadlines met; accuracy fully achieved.

### **5.4.3 Community Relations**

#### **Key Initiatives Y2003/2005**

- Establish monthly press conferences by the Bank on important economic and financial data to maintain public confidence.
- Initiate a workshop for journalists on economic issues.
- Seek more opportunities to keep the public up-to-date with the Bank's operations and policies including the possibility of monthly articles on Central Bank issues and the economy in local newspapers.
- Review Internet to broaden access to the Bank's operations.
- Broaden off-the-record meetings and speeches by senior management.





### **Performance Indicators**

- Programs are better understood and audience widened.
- Feed-back and press commentary generally favourable.

### **5.4.4 Exchange Control**

#### **Key Initiatives Y2003/2005**

- Further relax current account restrictions but monitor foreign exchange flows rigorously.
- Review data collection methods and reduce paper flows where possible.
- Strengthen monitoring of licensed foreign exchange dealers and money transfer companies.

### **Performance Indicators**

- Reforms remain consistent with policies of international financial agencies. Liberalise arrangements when possible.
- Requests of community generally met and concerns adequately addressed.
- Travel and other current account transactions handled same day .
- Responses to capital account transactions within two days of receiving full details.
- Broad support from external stakeholders.



## 5.5 OTHER OUTPUTS

### 5.5.1 Outside Tenants

#### Key Initiatives Y2003/2005

- To maintain the building to a very high standard of accommodation and security and retain a high level of occupancy.

#### Performance Indicators

- Revenues to cover outgoings and provide an adequate return on the investment.
- Benchmarked rate of return consistent with similar commercial property in Apia and all the factors influencing the Bank's property holding.
- Tenancy issues addressed promptly and all material legal matters resolved within a reasonable time.

### 5.5.2 Specific Advice

From time to time, the Bank provides specific advice on matters outside mainstream central bank policies and participates in committees and studies covering a broad range of subjects.

The Governor also provides a report on the economy to the Cabinet Development Committee, chaired by the Prime Minister, which meets once every six weeks.

### 5.5.3 Overseas Representation and Liaison

The Bank has regular discussions on economic and financial conditions with the international multilateral agencies such as the International Monetary Fund, World Bank and Asian Development Bank and the various agencies of the United Nations.

The Governor and senior management also participate in international forums and conferences and attend meetings of South Pacific central banks on regional and specialist central bank issues.

There are long standing training, liaison and informal relationships with overseas central banks, other institutions and agencies.





## 6. THE BANK ITSELF

### 6.1 THE STAFF

The staff of Central Bank of Samoa continues to be the key resource in meeting central banking responsibilities and fulfilling the Bank's functions promulgated under various legislative arrangements. The Bank recruits and invests in the development of skills and knowledge of staff members, where possible, a practice followed since the Bank's inception. Policies also need to ensure that the quality of staff and skills provide the right 'mix' of human resources to meet existing and new responsibilities which the Bank may undertake. At the end of June 2002 the Bank's staff totalled 78 including 22 guards and other service personnel, about the same level three years earlier. About one third of the staff are graduates or hold some tertiary qualification or diploma.

Over the next few years, the Bank will need to take further measures and initiatives to increase skills and adopt remuneration and related policies to attract quality staff and achieve an appropriate level of staff retention. Various strategies will be considered:

- streamline policies so that managerial responsibilities are clear cut and delegations fully implemented.
- continue to undertake an annual review of jobs and responsibilities in conjunction with the system of performance evaluation, reward and recognition.
- develop a more structured development program to attract graduate recruits studying in Samoa and abroad as a means of employing and developing skilled staff at an early stage of their working lives.
- take further initiatives with training and development programs in Samoa and overseas including specialized courses offered by other central banks and international agencies so that skills and experience and new challenges can be properly addressed.
- as part of broader risk management processes, strengthen internal audit procedures and review internal policies and controls and for handling risks including loss of corporate records and key staff.





## 6.2 THE BUDGET PROCESS

As discussed in Corporate Plan 2001-2002 the Bank has introduced a comprehensive budget and expenditure management program to strengthen the role of budgeting procedures aligning costs to the Bank's priorities and main outputs. The Bank's budget is prepared for a twelve month period which is monitored and reviewed on a monthly basis. The budget process has been greatly assisted by a computerized accounting system replacing a manual system which has operated since 1984.

The planning cycle is summarized in Figure 3.

There is now sufficient information to provide some background on budgetary outcomes in recent years. Details on operating costs are shown below:

	1999	2000	2001	Budget 2002/03
	(SAT million)			
Staff and Administration	2.0	2.2	2.3	2.4
Currency	1.0	0.9	1.1	1.2
Depreciation	1.0	1.1	1.1	1.1
Other	1.7	2.3	1.6	2.1
Underlying operation costs	5.6	6.5	6.1	6.8

About thirty-five percent of operating costs relate to staff with currency and depreciation each accounting for nearly a fifth of costs. While staff and administration costs have continued to rise in recent years, in nominal terms, there has been a much lower increase in real terms taking into account the effects of inflation. Some items such as the purchase of new currency notes and building refurbishment can be significant one-off items in some years. Generally, budget estimates have been above actual outcomes with most categories up to 10 percent below budget.

As shown in the following chart when underlying and supporting costs are allocated to functions and outputs, more than half are now incurred by monetary policy formulation and policy implementation through financial markets and financial system surveillance - at the core of central banking. Currency operations and banking services account for about thirty percent of costs. Other functions include costs associated with the building and outside tenants.





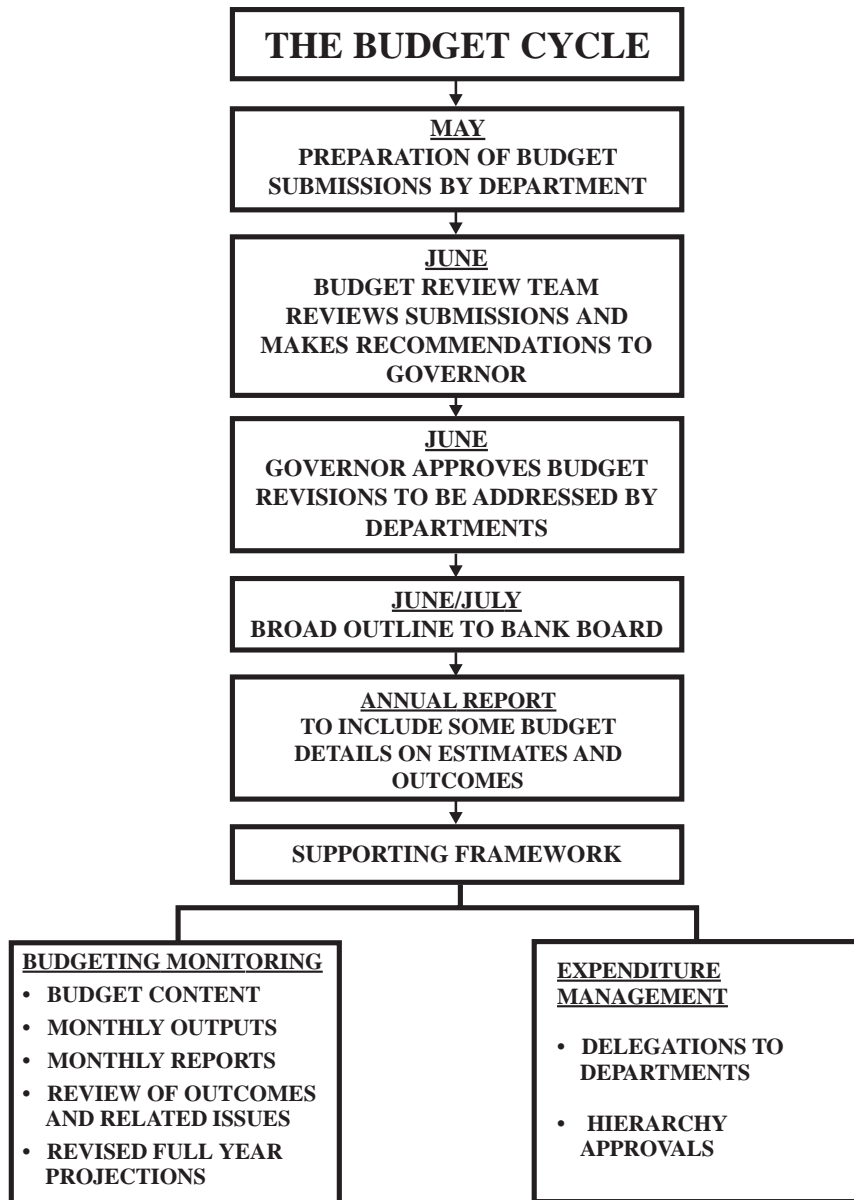
### **6.3 INFORMATION TECHNOLOGY**

Further steps are being taken to extend information technology in the Bank with regard to service delivery and electronic support. Computerised accounting data and other records are being developed and automation of databases extended. Networking of management information systems within the Bank is also being strengthened.





**FIGURE 3**





## **7. ETHICS AND VALUES**

### **7.1 INTEGRITY AND HONESTY**

- We will seek to undertake all our functions with total professionalism, honesty and integrity.
- We will conduct our affairs ethically and fairly and respect all relevant matters in any timely advice based on rigorous analysis.
- We will respect confidentiality in all our dealings and take all reasonable precautions to prevent unauthorised access to any information received.

### **7.2 OPENNESS**

- We will consult, listen, learn and respond effectively to the needs of our customers and the community more broadly.
- In doing so, we will learn to trust and be trustworthy.

### **7.3 PRUDENCE**

- We will exercise prudence in the execution of all duties and responsibilities.

### **7.4 TRANSPARENCY**

- We will implement our policies creditably and transparently to encourage public scrutiny and seek to be judged as fair-minded and respected by the community.
- We will advise and consult with those who can assist in the achievement of our objectives and improve external communication generally with a broad cross-section of the community to ensure the Bank's stewardship is sound.



## **7.5 ACCOUNTABILITY**

- We will use our resources efficiently and effectively.
- We will critically review our performance regularly and assess the cost effectiveness of all our activities through planning, budgeting and performance processes.
- We will ensure the role of internal audit is effective and transparent.

## **7.6 PROGRESSIVE EMPLOYER**

- We will develop a progressive and competitive work environment which motivates staff and recognises performance.
- We will adopt personnel policies to attract staff from the widest pool possible, respect equal opportunity principles and formulate clearly defined performance objectives, fair appraisal and remuneration structures.
- We will be transparent in appointment procedures.
- We will seek ways to improve the quality of our work and the Bank's outputs and project a positive image.
- We will be environmentally responsible and technology driven.

## **7.7 FINANCIAL REPORTING**

- We will maintain high standards of financial reporting consistent with internationally accepted norms.

## **7.8 TEAM EFFORT**

- We will build positive team relationships within the Bank and encourage co-operation between individuals and functional areas to achieve our goals.





## **APPENDIX**

### **LIST OF LEGISLATION APPLICABLE TO THE BANK**

- Central Bank of Samoa Act 1984
- Financial Institutions Act 1996
- Exchange Control Regulations 1999
- Money Laundering Prevention Act 2000
- Money Laundering Prevention Regulations 2003

### **LIST OF PUBLICATIONS**

- Annual Report and Financial Statements
- Monetary Policy Statement by the Governor
- Quarterly Bulletins including commentary on economic and financial conditions and statistical tables
- Selected Economic Indicators (Monthly)
- Monetary Survey (Monthly)
- Fugalei Market Survey (Monthly)
- Foreign Trade Report (Monthly)
- Prime Minister's Economic Brief (Monthly)



