

DISCLAIMER

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Monday, 24th December 2018
9:10am

I. BUSINESS OF THE ASSEMBLY

i. MESSAGE FROM O LE AO O LE MALO:

Pursuant to Article 59 of the Constitution, a Message from the O Le Ao o le Malo permitted the introduction of the *Supplementary Appropriation Bill (No.1) 2018/2019*.

ii. PAPERS PRESENTED:

A total of 4 Annual Reports were presented in Parliament: 1 each from the Office of the Ombudsman and the Development Bank of Samoa; and 2 from the Office of the Electoral Commission.

iii. PARLIAMENTARY COMMITTEE REPORTS TABLED:

There were 4 Committee Reports tabled in Parliament: 1 by the Standing Orders, Electoral, Petitions and Constitutional Offices Committee; 2 by the Finance and Expenditure Committee; and 1 from the Social Sector Committee.

iv. MOTIONS FROM PARLIAMENTARY COMMITTEES

1. Economic Sector Committee

The Hon Chairperson, LAUOFO Fonotoe Nuafesili Pierre Lauofo moved a motion for an extension period to allow further consideration of papers referred to the Committee; motion seconded and approved.

2. Social Sector Committee

The Hon Chairperson, GATOLOAIFAANA Amataga Alesana-Gidlow, moved a motion for an extension period to allow further consideration on the papers referred to the Committee as it is yet to be completed; motion was seconded and approved.

3. Standing Orders, Electoral, Petitions and Constitutional Offices Committee

The Chairperson, AEAU Peniamina Leavaiseeta moved a motion for the House to grant the Committee an extension to further consider the papers referred as it is yet to be completed; motion was seconded and approved.

4. Infrastructure Sector Committee

Afioga TAFUA Maluelue Tafua, Chairperson of the Committee moved a motion for an extension period to consider the papers referred as it is yet to be completed; motion seconded and approved.

II. GOVERNMENT ORDERS OF THE DAY – Reading of Bills

1. Supplementary Appropriation Bill (No.1)2018/2019 – first reading.

The Minister of Finance, Hon SILI Epa Tuioti moved a motion for the Supplementary Appropriation Bill (No.1)2018/2019 to be first read; the motion was seconded and approved, and the Bill was read a first time.

2. First Supplementary Estimates 2018/2019 – tabling

The Hon Minister for Finance tabled the First Supplementary Estimates 2018/2019.

3. Supplementary Appropriation Bill (No.2) 2017/2018 – second reading.

Hon SILI Epa Tuioti, Minister of Finance and Member for Faasaleleaga No.1 East, moved a motion for the second reading of the Bill; the motion was seconded and approved. He then delivered an explanation on the Budget Address:

The Hon Minister firstly stated that the Supplementary Budget laid before the House continues with the theme '*the right path*' with the intention to ensure that the balance between the competing priorities of Government and the provisions of essential services for the citizens of Samoa is maintained. In this regard, he mentioned that all additional expenses provided under the tabled budget is fully funded from additional resources and the reallocation of current savings which maintains the fiscal deficit estimated for the current financial year.

He then announced that Samoa's economy has increased to 0.7% in the 2017/2018 financial year. However, although such progress is lower than how it was projected, it depicted the effectiveness of developments within the country which are still in initial stages of implementation. In addition, the increase was primarily by the Tourism Sector from its hosting of many regional and global meetings within the country such as the Commonwealth Broadband Pacific Forum, Pacific Forum Leaders

Meeting, the Global Breadfruit Summit, and the first every Pacific Ministerial Shark Symposium in addition to the annual events and trends of the sector. He also accredited such growth to the Communication Sector from its competition which led to the launching of the Tui Samoa Cable. Furthermore, the Construction Sector continues to be one of the major sectors that attributed on the mentioned growth through its many ongoing infrastructural developments of the country such as the airport, wharf, west coast roads and other developments within the private sector.

In continuing his address, he noted that the review of the 2017/2018 Budget outrun indicated a 0.1% of GDP surplus. This was far below the budgeted fiscal deficit for the year of 3.5% and the 2% medium term fiscal target established within the Budget Estimates. In this regard, it indicated the Government's commitment in strengthening its revenue base whilst trying to contain operating expenditures at the same time. He then stated that the taxation revenue grew 1.6% over the previous year and was sufficient to more than 1% drop in collecting the fees and charges for Government services. He further stated that following three consecutive years of declines, the Government expenditures increased by 0.6% in 2017/2018 – result of when Ministry of Finance took over financial management of the National Health Services in January 2018.

In regards to achievements and reflecting good governance in ensuring that the needs of the country are levied in the best way possible, the Hon Minister announced the first of the 3 phases to implementing the Cost of Living Salary (COLA) for all public servants to be commenced in the first pay of January 2019. Further to this, an increase in the pension for senior citizens of the country will be raised from SAT\$135 to SAT\$145 a month.

He further stated that the implementation of the COLA will be effective starting 2019 as simplified below:

- 5% increase for all personnel from Principals and below
- 3% increase for all ACEO positions up to below CEOs.

In January 2020:

- another 3% increase for all Principals to below
- 3% increase will be introduced for CEOs, Cabinet Ministers, Members of Parliament and members of the Judiciary.

In January 2021:

- receive final 2% for all public servants including Members of Parliament to complete the implementation of the 2019 COLA.

The Hon Minister asserted that the main reason of implementing COLA was due to the increasing cost of living since the last COLA of 2014 which has eroded the purchasing power of citizens. Therefore, in choosing the right path, he stated that the Government has reshuffled many of its developments to be staggered into forward years so that the COLA initiative is prioritized.

Supplementary Budget

The Hon Minister presented the key parameters for the information of Members and noted that the overall additional expenditure in the Estimate for 2018/2019 totals to SAT\$19.4million including the SAT\$2.1million in development projects received from our partners in following the approval of the Main Estimates in June 2018 – such finance will go directly to projects as per the Memorandum of Understanding with such organisations.

He then stated that the remaining SAT\$17.3million in addition to current payments will be financed by the new additional revenue of SAT\$11.3million with the reallocation of existing budget resources totalling to SAT\$5.97million.

Summary of Revenue

New and additional revenue totalling SAT\$11.3million and exclusive of the \$2.1million in new development project grants are as follows:

- SAT\$3million will be sourced from our partnership with the Government of New Zealand through the Joint Policy Action Matrix. The successes as illustrated through the implementation of the deliverables outlines within the JPAM have resulted in this additional grant;
- SAT\$4.1million excess dividends received from Government Corporations;
- SAT\$1.8million increase in Income Tax arising from the salary adjustments;
- SAT\$2.1million increase in VAGST Private Sector in anticipation on increased consumption due to the COLA;
- SAT\$331,945 in additional VAGST created by the additional expenditures requested.

The total funds expected as a result of the reallocation of existing budget resources will generate SAT\$5.97million:

- **SAT\$5.8million from the Statutory Vote**
 - SAT\$1.3million in savings accumulated from appropriations to cover cost of foreign exchange
 - SAT\$3.3million savings from VAGST refunds based on accounts currently with the Ministry for Revenue; and
 - SAT\$1.2million savings from domestic debt servicing due to completion of Polynesian Airlines' loan with the UTOS.

- **SAT\$165,000 from the Ministry of Finance**

Identified savings from counterpart funds appropriated for the Vaisigano Bridge as well as the Agribusiness Project.

Summary of Additional Expenditure:

Total additional current payments exclusive of development projects total SAT\$17.3million are as follows:

- SAT\$5.2million topped up to the personnel envelopes of all the 36 Ministries and Corporations financed under the Main Estimates to facilitate the COLA to be effective in the first pay of January 2019.
- SAT\$677,529 additional for the Statutory Vote
 - SAT\$88,200 to finance the readjusted salaries of the judiciary in line with the recommendations of the Remuneration Tribunal approved by Cabinet in June 2018;
 - SAT\$589,329 in principal and interest payments for the STEC's default loan as per FK(18) 32
- SAT\$30,266 for the Office of the Ombudsman to facilitate a Cabinet approved salary adjustment that requires an amendment to the Appropriation Act
- SAT\$202,600 for the Ministry of Agriculture for the following:
 - SAT\$28,800 membership fee for FIFA
 - SAT\$143,800 contract variation in the rent paid for the FAO due to delays in SAT\$30,000 for the IFAD replenishment fund.
- SAT\$585,900 to the Ministry of Education – top up the following:
 - SAT\$125,700 for the salaries of new school inspectors that were recruited by the MESB including their transport allowances
 - SAT\$282,100 for the Long Service Benefits of Teachers who have already made claims for payout
 - SAT\$178,100 for End of Contract Benefits for School Principal and Vice Principals.
- SAT\$2.4million additional under the Ministry of Finance for the following:
 - SAT\$65,000 to top up VAGST for development projects
 - SAT\$100,000 additional required for the audit fees of development projects now due
 - SAT\$1million capital injection for the STEC as per FK(18)32 to buffer operations of the Corporation while their masterplan is being compiled
 - SAT\$636,747 remaining on full payment for the transfer of the MedCen building to the Ministry of Finance to be paid to the DBS
 - SAT\$626,820 increase in the below line appropriation to finance the increase in pension.
- SAT\$203,100 for the Ministry of Natural Resources and Environment to pay for utilities owing on the operation of the Early Warning System sirens as part of its co-location with Digicel.
- SAT\$177,820 to the Ministry for Justice and Courts Administration to adjust the salaries of judges as recommended by the remuneration tribunal and approved by Cabinet

- SAT\$232,188 to the Office of the Electoral Commission to cover the remaining months of the financial year to await decision on their new location or new building
- SAT\$5million to the National Health Services to cover SAT\$3m in personnel overexpenditure and SAT\$2m to cover the OVT
- SAT\$2.26million for the Ministry for Prisons and Corrections to cover the remaining construction payments for the current phase of the Tanumalala Prison.

In regards to Development Expenditures, a total of SAT\$2.1million has been declared in the Estimates as follows:

- SAT\$267,643 assistance from the Governments of Australia and New Zealand to assist in hosting the midterm review of the Samoa Pathway meeting
- SAT\$560,069 assistance from the NZ MFAT for the Ministry of Prisons and Corrections Services targeting service improvement
- SAT\$1.1million from the NZ MFAT for the NUS Nursing Workforce Development Programme
- SAT\$101,368 from the UNEP to support UNCCD 2018 National Reporting
- SAT\$101,368 from the UNEP to support the interim report on the Nagoya.

In conclusion, the Hon Minister assured the House that the tabled budget is a product of careful consideration to ensure macroeconomic stability is maintained whilst the Government's in a position to deliver the services demanded by the public. He then asserted that the Government will also continue to ensure quality spending and prudent allocation of resources so we can deliver on an improved quality of life for everyone. The Hon Minister then wished the Members and the people of Samoa a Merry Christmas and a Prosperous New Year.

4. Hon AUELUA Fatialofa Lupesoliai Tuilaepa Dr. Sailele Malielegaoi (Prime Minister).

Following the Hon Minister's statement on the Budget, the Hon Prime Minister announced that the Cabinet wishes for more time to review the 2018/2019 Budget and then conveyed his sincere thanks to members for attending the Prayer Breakfast. In regards to financial year report, the Hon Prime Minister noted that it has been amended since 1989 to be recorded from July to June. This was approved so that our financial statement is in alignment with our business partners' system and be presented in a more accurate and transparent manner.

The Hon Prime Minister then assured the Members and the public on the accuracy of the tabled budget whereas the Cabinet are seen as leaders and are therefore committed to provide a budget for the development of our country.

In addition, he advised the CEOs of attend Parliamentary Committees when its Annual Reports is considered given that the House has approved the aforementioned Chairperson's motion for an

extension to consider its referred papers as it is yet to be completed. The Hon Prime Minister then concluded his statement by moving a motion for the sitting to be suspended and reconvene on Tuesday, 22nd January 2019; motion was seconded and approved.

Mr Speaker took note of the motion and wished the House and the people of Samoa a Merry Christmas and a Happy New Year. He then permitted under his discretion any Member of Parliament who wishes to relay any messages to their own constituency or generally to the public.

- The Hon AEAU Peniamina Leavaiseeta firstly thank Mr Speaker for such opportunity and then greeted Samoa and his constituency in its honorific salutations. He then acknowledged the support provided by his constituency and family throughout this year and concluded his statement wishing everyone a Joyful Christmas and a Prosperous New Year.

Proceedings were adjourned at 10:10am.

The Assembly will reconvene at 9:00am, Tuesday 22nd January, 2019.