

DAY 1: TUESDAY 17th FEBRUARY 2015

TIME: 9:10am

I. GOVERNMENT ORDERS OF THE DAY

1. PETROLEUM AMENDMENT BILL 2014 (second reading)

The Hon Prime Minister moved a motion for the Bill to be second read. Upon the motion being moved the Prime Minister proceeded to provide clarification on the Bill. He asserted that the primary objective of the Bill is to amend the Principal Act of 1984 to enable Government to monitor the importation of bulk fuel; particularly due to the fact that on average, more than 500,000 litres are imported into the country per year.

Clause 3 of the bill inserts a new section (10A) which provides that for a person who is not a contractor, to import bulk fuel, they must acquire the prior consent of the Minister. It was also noted that the Petroleum Act 1984 has not been amended in 31 years. During the Tofilau administration, bids were made by companies to provide bulk fuel. During this same period (c.1985) the Financial Year was changed to its current months of July – June. In the previous year, companies such as British Petroleum, Shell and countries such as American Samoa provided bids; however there was an issue of where the Government of Samoa would store the fuel. In 2005, a proposal was made for the construction of a storage facility for imported fuel. This has helped to keep the overall cost of importing fuel down as it had been historically supplied by boats.

A. MINISTERIAL CONSENT FOR THE IMPORTATION OF FUEL

i. AVEAU Nikotemo Palamo, Member for Faleata East

AVEAU queried the almost monopolistic nature of the fuel trade in Samoa stating that there is in excess of 100 million litres of fuel imported into Samoa each year, seemingly distributed by one company. The member asserted that such a profitable contract should be distributed amongst other companies. He then commented on the requirement stated in clause 3 of the bill for the Minister to give his or her written consent to a person (who is not the “contractor”) to import fuel.

Hon Prime Minister interjected and noted that the bill clearly states that Ministerial consent must not be unreasonably withheld. If there are no reasonable grounds to decline a request, the Minister should be able to grant consent. This provision is to protect applicants by providing a mechanism to bring an action against an unreasonable decision being handed down.

AVEAU queried what can be defined as ‘reasonable’.

Hon Prime Minister gave the example that if electricity is provided via underground cables, there would be no need for fuel. The reason behind the Minister’s final decision will ultimately depend on the reason for the application. An example of a Minister’s denial of an application is the current growth in the renewable energy sources such as solar energy which requires less importation of fuel.

AVEAU noted the location of the fuel (storage) tanks and the safety of residents who live around these areas.

Hon Prime Minister asserted that the decision of a Bid is based on both the prices and the resources the bidder has to offer. Currently, bids are placed every five years.

B. COMPETITION ISSUES

i. LEVAOPOLO Talatonu, Member for Gagaemauga No.2

LEVAOPOLO raised the issue of competition in the fuel trade, particularly between companies. He also queried whether there are alternative means for the private sector to access low priced fuel.

Hon Prime Minister replied that the Private Sector is permitted to compete in the market for fuel but if the amount to be imported exceeds 500,000 litres then the consent of the Minister will be required.

LEVAOPOLO responded by describing the difference between placing restrictions on the private sector and limiting its access to fuel. He continued by querying the effect of the World Trade Organisation (WTO) agreement which permits the private sector to be competitive in any venture. The member asserted that the proposed amendment (insertion of s.10A) would result in the government restricting such a right.

Hon Prime Minister replied by pointing out that as the member is the owner and operator of a 'solar energy' business, he should understand the point which has been raised.

ii. LEALAILEPULE Rimoni Aiafi, Member for Faleata West raised an issue in regards to the five year timeframe for contractor bidding. He asserted that if

bids are to be placed every five years, then the price of fuel would remain the same with either the contractor or consumer benefitting.

Hon Prime Minister stated that prices change from time to time.

LEALAILEPULE replied that there is a gradual decrease in the cost of fuel. Internationally, fuel prices have fallen 40% yet our fuel prices in parallel, have decreased by only a small percentage.

Hon Prime Minister described the various processes of fuel acquisition and various gases.

LEVAOPOLO queried why the price of fuel in Samoa has not decreased whereas it has done so in our neighbouring countries such as Fiji and New Zealand. The member began to make a point about the provision which restricts the importation of more than 500,000 litres of fuel whereupon the **Hon Prime Minister** interjected and instructed the member to read Clause 3 of the Bill.

LEALAILEPULE pointed out that in the Principal Act of 1984, there were no such restrictions.

Hon PRIME MINISTER replied that the Act is now being amended and that this amendment will apply to the 1984 Act. Furthermore, he asserted that the Government takes note of the historical use of funds when there were insufficient foreign reserves.

Note: The Member for Faleata West was interjected by the Hon Prime Minister more than five times whereby the Leader of the Opposition rose to comment.

PALUSALUE Faapo II asserted that the continued delay in the member's speech was due to the Prime Minister's interjections.

Point of Order: The Honourable Speaker reiterated that all speeches must comment directly on the Bill and not any other matter. The Speaker then reminded the House that when the Government has responded to any raised issues, the answers are based solely on the Bill's content/context.

LEALAILEPULE claimed that his comments up to this point were not in objection of the Bill. He did however note that under the 1984 Act, (the former) Polynesian Airlines were able to supply its own jet fuel due to cheaper costs.

Hon PRIME MINISTER the Government oversees the tendering process to permit healthy competition and to remove or renew past tenders. This is a more effective process as opposed to upholding a single contract which might fail to meet the requisite contract criteria.

C. FUEL STORAGE FACILITIES

- i. **LEALAILEPULE Rimoni Aiafi, Member for Faleata West** questioned the progress status of land currently in negation for use as fuel storage facilities.

Hon PRIME MINISTER noted that the above issue raised by the Member is not within the ambit of the Bill in discussion.

LEALAILEPULE then claimed that bill does not clarify whether or not there is a minimum amount of fuel which may be imported and whether or not thiis is per month or per annum.

Hon Prime Minister read out specific clauses of the Bill for the Member's clarification.

Proceedings were suspended for morning recess at 10:45am

Proceedings resumed at 11:20am

Hon Speaker: Informed the House that Proceedings will take place at the Tui Atua Tamasese Efi Complex for the next four months or so, until the Youth Commonwealth Games are complete.

DEBATE ON THE PETROLEUM AMENDMENT BILL 2014 continued...

i. LEFAU Harry Schuster, Member for Vaimauga West

The Member noted that there is a law which governs fuel contractors and suppliers. More specifically, it prohibits contractors and suppliers from establishing a business which resells fuel at retail price.

ii. AFUALO Wood Uti Salele, Member for Salega

Spoke in support of the amendments put forward by the Government and the responsible Ministry as the Bill accounts for modern changes in the fuel industry. The member then stated that 500,000 litres of fuel are limited storage tanks. The member went on to suggest whether this maximum fuel amount can be amended particularly taking into account that the price of fuel continues to drop.

iii. Hon LEAUPEPE Toleafoa Faafisi Apulu, Member for Aana Alofi No.1

The member spoke in support of the Bill.

iv. **LEADER OF THE OPPOSITION** spoke in response to the Speaker's earlier announcement and stated that the Chamber sitting arrangement should be set up as was done at Tiafau.

v. **Hon LEAUEPE continued**

The member claimed that the Act states that whoever wishes to supply fuel would be eligible to place bids in the tender process. Additionally the proposed amendment permits individuals or companies to import fuel. The member also noted that been a continual trend in the decrease of diesel and petrol costs; as the Hon Prime Minister previously commented, fuel prices fluctuate from time to time.

Hon LEAUEPE continued his speech by noting that there is an existing opportunity provided by the Bill for fuel suppliers to request an increase in the amount of litres of fuel they wish to import.

Hon PRIME MINISTER noted the comments made by the member for Vaimauga West in terms of the prohibition on the reselling of fuel by suppliers at retail price. The Prime Minister asserts that is the precise point that the Government is trying to put across and is currently attempting to find ways in which to avoid such actions. This will ensure that there is a fair playing field for all possible competitors. The Hon Prime Minister also referred to the use of hybrid cars which operate on solar energy and not fuel (as an ideal alternative) but noted that they are costly.

Hon Speaker put the Question and the Bill was read a second time and referred to the Works, Transport and Environment Committee.

D. CREDIT UNION BILL (second reading)

The **Hon Deputy Prime Minister, Fonotoe Nuafesili Pierre Laufo** moved a motion for the Credit Union Bill 2014 to be second read. Upon the motion being moved, the **Hon Deputy Prime Minister** presented a detailed clarification of the Bill to the House. The objective of the Bill was stated as being to repeal the current Credit Union Act 1960 and sets out the procedures for registration and operation of credit unions within Samoa. According to the Hon Deputy Prime Minister, there are currently 15 registered Credit Unions. The proposed Bill sets out to amend and replace the Principal act to take into account modern changes. The Bill also establishes a 'Registrar' as well as a 'memorandum of association', membership criteria and regulations which in which Credit Unions should operate.

The main objective of the Bill was asserted as being to provide loans which will assist Samoan families in meeting their financial obligations. The Bill also sets out the duties of the Credit Union Committee, entitlements of its members and the Board of Directors as well as the relevant interest rates of the Union. There is a need to repeal the Principal Act to ensure the constant security of funds.

i. AVEAU Nikotemo Palamo, Member for Faleata East

The member stated that despite the Principal Act having being in force for almost 50 years, there are currently only 15 Credit Unions registered in Samoa. He asked whether the Government intended to operate the Credit Unions as banks. He noted that each bank charges interest on loans and asked as to the difference in interest charged by banks and the 1% charged by the Credit Union.

Hon DEPUTY PRIME MINISTER replied that the purpose of the Bill is not to enable the Union to increase its interest charges but to assist Union members. As was previously stated, there are 15 registered Credit Unions in the country. The Credit

Union (referred to in the Bill) is not comparable to a “bank” as it is merely a ‘minor Union’.

AVEAU queried the necessity of the Bill if the Minister believes that it is a ‘minor Union’.

Hon DEPUTY PRIME MINISTER clarified his statement but stating the Union will not be for large loans.

AVEAU again queried the purpose of the Credit Union Act in general when there are other institutions such as the National Provident Fund which can provide bigger loans. He then recommended that the Credit Union establish a bank.

Hon DEPUTY PRIME MINISTER replied by stating that the Government has no say as to how Credit Unions run their internal operations.

AVEAU concluded his comments by stating that there are important issues that remain to be clarified for member’s understanding. Furthermore, given that the Bill is a Government Bill, there should be ample member consideration in light of its importance.

Hon DEPUTY PRIME MINISTER stated that the Government merely proposes the law in order for the Credit Union to exist and operate.

ii. Hon TUILOMA LAMEKO, Minister for Revenue, Member for Falealili spoke in support of the Bill and commended it for the fact that it will provide an additional means of acquiring national revenue. However, the Hon Minister

recommended reconsideration of Clause 10 which enables persons the age of 21 to become a member.

iii. **LEVAOPOLO** initially queried whether the age limit covers those who are part of the Teacher's Association but later remarked that his question was clarified by the Minister for Revenue.

Hon PRIME MINISTER reiterated the importance of the Act despite the existence of many other financial institutions within Samoa. He stated that its importance lies in the detailing of the procedures and operation of the Union; for example the administrative provisions which deal with a Registrar. Due to the fact that the Principal Act has become outdated, the proposed Bill may see an increased use in the Credit Union.

iv. **PAPALII Lio Taeu Masepau, Member for Faasaleleaga No.2** spoke in support of the Bill but queried the Government's intention to link the Union to the Unit Trust Organisation of Samoa and other similar institutions.

v. **LEALAILEPULE** asked for clarification as to which specific parts of the Principal Act are being amended. He stated that it's as if the amendments refer only to the Registrar, its powers and other general financial provisions.

Hon DEPUTY PRIME MINISTER clarified that there are many amendments that were not mentioned by the Member for Faleata West. He noted that the largest Union in existence is the Teachers Association which has been active for many years.

vi. **LEALAILEPULE** noted that there appears to be a 200% increase in fees.

Hon DEPUTY PRIME MINISTER explained the fee increase by stating that the Act requires that there be no less than 12 members. This translates into an overall increase in costs to account for the additional use of paper for registers and personal computers. The increase is therefore necessary in addition to the need to charge 'service fees'.

LEALAILEPULE replied by stating that the increase should be an appropriate percentage and not 200%. He then recommended that if there are other changes to the Act it may result in an increase in the total number of Credit Unions. Furthermore, the required number for membership should also be reconsidered.

Hon DEPUTY PRIME MINISTER emphasised that the interest rate is only 1%.

LEALAILEPULE suggested that the Clause 10 (minors) should be reconsidered as minors cannot become Directors etc.

Hon DEPUTY PRIME MINISTER maintained that the age for a Director as outlined in the Bill is appropriate.

vii. *AGAFILI Patisela Eteuati Tolovaa, Deputy Speaker, Member for Palauli Sisifo*

The membership minimum of 12 is sufficient as non-members cannot guarantee Union loans. The member went on to acknowledge the Government and responsible Minister for the Bill. He then went on to recount the past practice whereby members may loan on 1.5 percent of his own shares and must be guaranteed by another Union member.

LEALAILEPULE queried the Deputy Speaker's comment that there were many Credit Unions in the past but it is no longer the case. He questioned whether this was because of the Principal Act.

The **Hon PRIME MINISTER** directed the member to clarify the Union's insurance policies and whether members are permitted to take out their insurance premiums during the course of their lives.

AGAFILI replied by stating that he was not in a position to clarify where there has been a decline in the number of Credit Unions currently in operation.

viii. **AFUALO Wood Uti Salele, Member for Salega** queried Clause 65 which provides an exemption from Tax; specifically in cases where Union savings may be deposited into another Bank, whether or not the deposit would be exempt from tax.

Hon PRIME MINISTER clarified this question by stating that each year there are tax returns which are refundable.

Hon Speaker: The question was put and the Bill was read a second time and referred to the Finance and Expenditure Committee.

3. CITIZENSHIP INVESTMENT BILL 2014 (Second Reading)

The **Hon DEPUTY PRIME MINISTER** moved a motion for the Bill to be read a second time. Upon the motion being moved he clarified the Bill to the House. The Hon Deputy Prime Minister stated that a Government appointed committee considered the Bill and were given direction in terms of the Bill's objectives. The Bill proposes a program for individuals of any citizenship to invest in Samoa and

thereby apply for local citizenship. According to the Deputy Prime Minister, all avenues for such a program were considered such as the benefits, advantages and disadvantages. Consideration was also given to the establishment of a sub-committee to investigate requests for citizenship, an institutional framework within the program and the importance of holding a Samoan passport. He further stated that there is existing legislation which provides for foreign investors and grants investors the ability to live in Samoa after becoming a citizen for a certain period. Other jurisdictions were considered in these discussions and in the drafting of the Bill with consultations taking place at the fourth draft phase with members of the business industry, general public and relevant stakeholders. All views were noted and considered by the Committee in terms of their relevance to the Act as well as the benefits to the people of Samoa.

Benefits of the scheme to other countries such as Fiji, Canada and America were noted. Three primary objectives of the scheme were noted by the Deputy Prime Minister as being 1) the ability to attract foreign investors for the on-going development of Samoa; 2) employment opportunities and 3) sustainable economic growth and development.

Committee membership comprises the Heads of Departments who have the necessary capacity to oversee and implement the scheme due to their in-depth understanding of it. The Investment plan section comprises of plans and investments and includes police reports, medical reports and other matters.

Proceedings adjourned at 1:00pm

The House will recommence on Wednesday 18th February 2015 at 9:00am