

**DISCLAIMER**

This Report provides a brief of the Proceedings of Parliament of Tuesday 30<sup>th</sup> May 2017. While all efforts have been made to provide an informative brief, this information must not be relied upon as an alternative to the official Hansard record of proceedings of Parliament. If you have any specific questions about the Proceedings of Parliament on Tuesday 30<sup>th</sup> May 2017, you should consult the official Hansard or seek assistance from the Office of the Clerk of the Legislative Assembly.

**DAY 1: TUESDAY 30<sup>th</sup> MAY 2017**

**TIME: 9:00am**

**I. ASSEMBLY BUSINESS**

**1. PARLIAMENTARY COMMISSION MOTION**

**NAFOITOA Talaimanu Ketu, Deputy Chairperson - Parliamentary Commission**

The Deputy Speaker moved a motion that the Assembly approves the membership for the Samoa Parliamentary Advocacy Group for Healthy Living (SPAGHL):

**Members of Parliament**

1. HON LEAUPEPE Taimaiono Toleafoa Faafisi;
2. HON TUITAMA Talalelei Tuitama;
3. Hon LOAU Sola Keneti Sio;
4. Hon FAIMALOTOA Kika Iemaima Stowers;
5. Hon LAAULI Polataivao Leuatea;
6. Hon GATOLOAIFAANA Amataga Alsesana-Gidlow;
7. Hon LAUOFO Fonotoe Pierre Laufo;
8. LEALAILEPULE Rimoni Aiafi;
9. TAEFU Lemi;
10. LENATAI Victor Faafoi Tamapua;
11. SOOALO Mene;
12. FAAULUSAU Rosa Duffy-Stowers;
13. ILLI Setefano Taateo Tafili;

14. AUMUA Isaia Lameko;
15. SALAUSA John Ah Ching;
16. TOFA Foleni Lio Tama Galu.

**Officials**

1. Leausa Take Naseri (NHS);
2. Tulafono David Hunter (MAF);
3. Fuimaono Beth Onesemo Tuilaepa (MWCSO);
4. Afamasaga Dr. Caroline Afamasaga Fuatai (MESC); and
5. Sefuiva Charlene Malele (OCLA).

The motion was approved.

**II. GOVERNMENT ORDERS OF THE DAY**

**1. APPROPRIATION BILL 2017/2018 – first reading and tabling**

**Hon SILI Epa Tuiofi, Minister of Finance and Member for Faasaleleaga No.1, East**

The Hon Minister moved a motion for the first reading of the Appropriation Bill 2017/2018; the motion was carried and the Bill was first read.

**2. APPROPRIATION BILL 2017/2018 – tabling.**

The Hon Minister moved motion for the Bill to be tabled; the motion was carried.

**3. APPROPRIATION BILL 2017/2018 – second reading**

**Hon SILI Epa Tuiofi, Minister of Finance and Member for Faasaleleaga No.1, East** moved a motion for the Bill to be second read and proceeded to deliver the statement on the Estimates for the financial year 2017/2018, pursuant to Standing Order 131.

The Hon Minister noted that the previous 2016/2017 budget was guided by the theme “*Strengthening the Foundations: Building for Tomorrow*”. The rationale behind the theme was to reiterate the need for on-going work if we are to strengthen the economy and improve development opportunities for the Samoan people. Furthermore, it must be emphasised that the process is an on-going one, which requires focused energy and commitment for future progress. It is our vision that we build a strong and resilient foundation to facilitate a strong and resilient foundation for future sustainable growth; this will ensure a positive and equitable future for the people of Samoa. The Hon Minister stated that the current budget targets for this financial year are:

1. to consolidate public finances and keep expenditure under control;
2. to ensure the continual provision of best possible public access to quality essential education and health services; and
3. to continue to build the enabling environment needed to support sustainable economic growth.

The Hon Minister stated that the theme for the 2017/2018 budget is “*Equity and Fairness*” to be in alignment with the Sustainable Development Strategy 2016-2020 theme of “*Accelerating Sustainable Development and Creating Opportunities for All.*” The Hon Minister continued by noting that the economy has stable for the past few years, as was confirmed by the International Monetary Fund during its consultations with the Government in February of this year. The Hon Minister noted an economic growth of 6% since the 2015/2016 financial year due to the growing fishing and tourism industries; lowered fuel costs and two major sporting events and other infrastructure projects. Hon SILLI also noted that inflation remains subdued; the near-term growth outlook looks positive; and GDP is expected to increase to approximately 2% per year. The Hon Minister attributed this growth to an

improved tourism, business and construction which includes various infrastructure projects. He noted that the tourism sector is expected to grow in the mid-term with increased funding to support targeted increased air service into the country in 2018. He further noted that the closure of YAZAKI is estimated to reduce 0.9% in 2017/2018, and a further 0.1% in the 2018/2019 financial year. In terms of inflation, the Hon Minister stated that inflation is expected to rise but will maintain at approximately 3.0% over the mid-term.

The Hon Minister stated that this year's budget is about making the right choices to secure a better future for Samoa; choices which must be based on the principles of equity and fairness. Hon SILLI emphasised the need to focus on expanding the economy for the provision of additional employment and to build a solid foundation to ensure an increased quality of life for all. He stated that we must choose to contribute to financing Samoa's development through fair and equitable means, while ensuring the provision of the essential services that all Samoans demand. The Hon Minister reiterated the fact that the principles of equity and fairness are what shape the theme of this year's budget.

### **KEY COMPONENTS OF THE 2017/2018 BUDGET**

- **Revenue**
  - Ordinary receipts - \$614.9 million
  - External Grants - \$237.4 million
  
- **Expenditure**
  - Statutory expenditure - \$120.9 million
  - Expenditure programs - \$511.8 million
  - Development expenditure - \$286.2 million
  - Unforeseen expenditure - \$15.4 million

- **Overall Budget Deficit**

*Financed by:*

- Soft term financing - \$90.3 million
  - Credit budget support - \$12.9 million
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- Cash surplus after borrowing: \$21.3 million

The Hon Minister noted that the Government has no intention to increase the VAGST for this financial year. In continuing, the Hon Minister stated that the total expenditure for the financial year 2017/2018 was expected to be \$934,244,759 which is an increase of 4.4% in expenditure for the current financial year. Hon SILL stated that this increase in expenditure is due to various key development priority areas, such as the following:

## **1. EDUCATION**

The budget allocation for the education sector was approximately \$100.3 million, which is equivalent to 19.6% total of the Government's expenditure programs for the 2017/2018 financial year. The allocation is as follows:

- \$80.7 million was allocated to the Ministry of Education, Sports and Culture (MESC), which included funds to continue the School Fee Grant Scheme for Primary Schools and Secondary School classes for Years 9-11; the reinstatement of School Review Officers, and the appropriations for teacher scholarships for up skilling.
- \$12.6 million for the National University of Samoa (NUS);
- \$5.3 million for the Samoa Qualifications Authority (SQA); and
- \$1.7 million to assist the operations of the Samoa Sports Facilities Authority (SSFA).

The Minister also noted that \$2.4 million was funded by development partners for development projects.

## 2. HEALTH

- \$88.5 million is allocated to the Health Sector which is equivalent to approximately 17.3% of the Government total expenditure for its expenditure programs;
- \$69.3 million will be allocated to the National Health Services (NHS) for the Overseas Medical Treatment Scheme; the procurement of pharmaceutical drugs; hospital catering services; the procurement of pathology lab re-agents and consumables.
- \$12.2 million will be allocated to the Ministry of Health (MOH) for an orientation program for new nurses and graduate doctors;
- \$1 million will be allocated to continue the nurses scholarship program;
- \$6.9 million will be allocated for the National Kidney Foundation (NKF) in addition to \$2.5 million to assist in the procurement of medical supplies, and an additional \$300,000 to assist with hospital renovations and an extension.

The Hon Minister noted that the MOH has also proposed development programs to be implemented with the assistance of development partners which amount to approximately \$5.5 million.

## 3. INFRASTRUCTURE

The Hon Minister noted that total appropriation is \$46.99 million, which amounts to 9.18% of the total expenditure.

- Transport and infrastructure: \$26.7 million
- Electricity: \$2 million;
- Water: \$2 million

- Communication: \$7.7 million

The Hon Minister stated that the Green Climate Fund has approved Samoa's project proposal (USD\$57 million), which is intended to reduce the impact of recurring flooding in the Vaisigano river catchment (Integration Flood Management).

#### **4. TOURISM**

The Hon Minister stated that a total of \$11.4 million was allocated to the Samoa Tourism Association (STA) to implement its planned activities, which include the marketing and promotion of Samoa as a tourist destination. Furthermore, \$2.0 million has been earmarked for the marketing of Samoa to the New Zealand and Australian markets, which provide the greatest number of tourists to Samoa. \$4.5 million will be funded by Australia in 2017/2018 for the promotion of Samoa; \$3.56 million has also been provided by the New Zealand Government to commence the Apia Waterfront Development project in the coming year.

#### **5. COMMERCE**

\$7.7 million has been allocated to the Ministry of Commerce, Industry and Labour (MCIL), which includes \$200,000 to the private sector. Hon SILI also stated that \$4.25 million would also be made available from the UNDP to the sector through the Enhanced Integrated Framework (EIF).

#### **6. AGRICULTURE AND FISHERIES**

The Hon Minister noted that an appropriation of \$14.1 million has been allocated to the Ministry of Agriculture and Fisheries (MAF) for their normal operations. He also noted that \$3.2 million in grants and \$6.5 million in loans would be made available from the World Bank at the conclusion of the SACEP Project for the Agriculture Sector. He also stated that \$4.3 million would be sourced from the Asia

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Development Bank (ADB) and the Australian Government to continue the AgriBusiness Project.

#### **4. STAMP DUTY AMENDMENT BILL 2017 – first reading**

**Hon SILI Epa Tuiofi**, the Hon Minister for Finance, moved a motion for the Bill to be first read; the motion was carried and the Bill was read a first time.

#### **5. STAMP DUTY AMENDMENT BILL 2017 – second reading**

**Hon SILI Epa Tuiofi** moved a motion for the Bill to be second read; the motion was carried. The Hon Minister then proceeded to clarify the Bills objectives. The Hon Minister noted that the proposed amendments are minor and that they include the insertion of definitions for “capital assets” and “capital gains”. He further stated that the second clause amended section 4 by substituting subsection (2) and inserting new subsections (3), (4) and (5). The Hon Minister stated that the amendments will permit the Ministry for Revenue and the Ministry of Natural Resources and Environment to require proof of payment of capital gains tax before stamp duty may be issued.

##### **i. ALIIMALEMANU Alofa Tuuau, Member for Alataua West**

The Member stated that the Bill should have been introduced with all of its complementary Bills. She then queried the status of vehicles and other assets, which were tax-free for expatriates. She queried how the law would operate in a case where the owner of a tax-free asset proceeds to sell his/her vehicle and is later required to pay a stamp duty charge. The Member recommended the Minister to reconsider such issues.

**ii. SULUMANAIA Fetaiai Tuivasa, Member for Vaimauga East**

The Member for Vaimauga East noted his support for the Bill in that it guarantees that capital gains tax will be paid where applicable. He noted concern, however, in regards to possible delays for land buyers who may not be able to register their land due to the seller failing to pay capital gains tax. The Member noted that the existing time frame for assets for which capital gains tax is applicable, is 3 years. The Member suggested that the time frame be increased to 10 years; that is, if one has owned land for more than 10 years he or she is exempt from paying capital gains tax.

**iii. FAUMUINA Asi Pauli Wayne Fong, Member for Urban West**

The Member for Urban West noted that very few land sales would be affected by the amendment; however, in terms of revenue, those who have the least will struggle the most. He stated that it would make it harder for the average person (particularly those who are purchasing their first property) to buy land as a result of the tax.

**iv. LOPAOO Natanielu Mua, Member for Vaisigano No.1**

LOPAOO stated that his primary concern is for land “buyers”. He provided an example wherein land was purchased in June from a Company, and the Company does not balance their books until December. The possible issue in such a scenario would be that the new owner would have to wait for 6 months before he or she can register their land, as the previous owner (the seller) has yet to pay their capital gains tax.

**v. LEALAILEPULE Rimoni Aiafi, Member for Faleata West**

The Member for Faleata West noted his support for the Bill; however, he pointed out that land costs continually fluctuate owing to taxes. The Member noted that the

taxation rate would vary due to the cost of land and therefore suggested that land valued below \$100,000 have a different tax rate (not 27%) from land valued at over \$100,000. LEALAILEPULE also requested that the Ministry look into the existing processes for the transfer and disposal of assets (specifically land), where many people gift land to others in order to avoid paying capital gains tax.

**vi. Hon FAUMUINA Tiatia Faaolatane Liuga, Member for Palauli le Falefa**

The Member queried whether the capital gains tax is required for land gifted to children/family etc. through inheritance.

**Proceedings were suspended at 10:38am  
for the Assembly's usual morning recess.**

**Proceedings reconvened at 11:26am**

**▪ STAMP DUTY AMENDMENT BILL 2017 – second reading continued**

**vii. Hon PRIME MINISTER**

The Hon PRIME MINISTER noted that there are people who attempt to avoid paying capital tax gains by gifting their land to their children. The Hon PRIME MINISTER noted that the Government's major concern was to record the land sale transactions; he stated that at some point in time, most landowners would eventually sell their land. The proposed amendment is to provide a mechanism for the Government to monitor all land sales. The Hon PRIME MINISTER then noted the difference between tax avoidance (legal) and tax evasion (illegal) and noted that in the Government's experience, there is not much difficulty with tax avoidance cases as such land gifting. The Hon PRIME MINISTER then emphasised the importance of tax in that it funds national development that benefits all Samoans.

**viii. FUIMAONO Teo Samuelu Teo, Member for Falealili East**

The Member queried whether there are provisions for diplomatic missions whose vehicles are not taxed, which would require additional tax if their vehicle is sold at a later date.

**ix. LAUOFO FONOTOE Nuafesili Pierre Laufofo, Member for Anoamaa West**

The Member for Anoamaa West raised his concerns over the proposed Bill, in terms of possible safeguards for land buyers. He stated that there may be cases where a land sale has taken place but the seller does not pay the capital gains tax which causes a delay because the buyer is not able to register his or her land. He Member suggested that the Ministry look into safeguards for buyers for such cases.

**x. Hon SILI Epa Tuiofi, Minister for Finance and Member for Faasaleleaga No.1 East**

The Hon Minister noted that one purpose of the Bill is to include the Ministry of Finance in the stamp duty process to aid the Ministry of Revenue in monitoring of land sales to ensure capital gains tax are paid when applicable.

**6. STAMP DUTY AMENDMENT BILL 2017 – consideration in detail**

Clause 2 – approved.

Clause 3 – approved.

Clause 1 and Short Title – approved.

**7. STAMP DUTY AMENDMENT BILL 2017 – third reading**

The Hon Minister of Finance moved a motion for the Bill to be third read; the motion was carried and the Bill was read a third time. The Bill has passed the Assembly and will become an Act of Parliament upon assent by the *O Le Ao o le Malo*.

## **8. CONSTITUTION AMENDMENT BILL (No.1) 2016 – consideration in detail**

The Deputy Chairperson for the Standing Orders, Electoral, Petitions and Constitutional Offices Committee moved a motion that the Assembly approve the Committee's report (P.P.2017/2018 No.6) on the Constitution Amendment (No.1) Bill 2016; the motion was approved.

Clause 2 – approved.

Clause 3 – approved.

Clause 4 – approved.

Clause 5 – approved.

Clause 1 and short Title – approved, correction to print “2016” substituted with “2017”.

The Bill progressed as corrected.

## **9. CONSTITUTION AMENDMENT (No.2) 2016 – third reading.**

The Hon PRIME MINISTER moved a motion for the Bill to be third read; the motion was carried. The Hon Speaker called a division; 43 supported the constitutional amendment; no Members opposed. The Assembly unanimously passed the Constitutional Amendment (No.1) 2017.

The Bill passed the Assembly and will become an Act of Parliament upon assent by the *O Le Ao o le Malo*.

**10. CONSTITUTION AMENDMENT (No.2) 2016 – consideration in detail**

The Deputy Chairperson for the Standing Orders, Electoral, Petitions and Constitutional Officers Committee moved that the Assembly approve the Committee's report (P.P.2017/2018 No.27) on the Constitution Amendment Bill (No.2) 2016; the motion was carried and the report was approved.

Clause 2 – approved.

Clause 1 and Short Title – approved, correction to print “2016” substituted with “2017”.

The Bill progressed as corrected.

**11. CONSTITUTION AMENDMENT BILL (No.2) 2016 – third reading**

The Hon PRIME MINISTER moved a motion for the Constitutional Amendment (No.2) to be third read; the motion was carried. The Hon Speaker called a division; 43 supported the constitutional amendment; no Members opposed. The Assembly unanimously passed the Constitutional Amendment (No.2) 2017.

The Bill has passed the Assembly and will become an Act of Parliament upon assent by the *O Le Ao o le Malo*.

**Proceedings were adjourned at 12:15am.**  
**Parliament will reconvene on Wednesday, 21 June 2017 at 9:00am.**