

**PUBLIC FINANCE MANAGEMENT
AMENDMENT BILL 2014**

SAMOA

Arrangement of Provisions

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|---------------------------------|-----------------------------|
| 1. Short title and commencement | 7. New section 78A inserted |
| 2. General amendments | 8. New Part XIA inserted |
| 3. Section 5 amended | 9. Section 107 amended |
| 4. Section 17 amended | 10. Section 108 substituted |
| 5. Section 19 amended | 11. Section 110 amended |
| 6. Section 20 amended | 12. Schedule 5 substituted |

2014, No.

A BILL INTITULED

AN ACT to amend the Public Finance Management Act 2001 (“principal Act”).

BE IT ENACTED by the Legislative Assembly of Samoa in Parliament assembled as follows:

1. Short title and commencement-(1) This Act may be cited as the Public Finance Management Amendment Act 2014.

(2) This Act commences on the date of assent by the Head of State but sections 6 to 10 commence on 1 July 2014.

2. General amendments - For the principal Act, for “statement of economic strategy” substitute “Strategy for the Development of Samoa”, and capitalise the letters “s” and “d” for the terms “strategy” and “development”, wherever they occur in the principal Act.

3. Section 5 amended - For Section 5 of the principal Act:

- (a) in paragraph (b), after “activities of all” insert “sectors,”;
- (b) in paragraph (g), for the full stop, substitute “; and”; and
- (c) after paragraph (g) insert:

“(h) planning, management and utilisation of development cooperation activities and resources.”.

4. Section 17 amended - For Section 17 of the principal Act:

- (a) in subsection (1), for “31 May of the year that that statement becomes effective” substitute “30 September of the financial year that that strategy becomes effective”; and
- (b) after subsection (3) insert:

“(4) In this section, “financial year” means the period of 12 months ending on 30 June.”.

5. Section 19 amended - In section 19(2)(d) of the principal Act, for “specified in the economic” substitute “specified in the Strategy for the Development of Samoa”.

6. Section 20 amended - In Section 20(1) of the principal Act, for “half way through” and “statement of economic strategy update” substitute “six (6) months after the mid-term of” and “Strategy for the Development of Samoa Review”, respectively.

7. New section 78A inserted - After section 78 of the principal Act, insert:

“78A. Purposes for State borrowing-(1) The Minister may borrow for any of the following purposes:

- (a) to finance any deficit in the approved budget of the State;
- (b) to maintain a cash balance at a level or range determined by the Minister;
- (c) to lend money in accordance with the Act;
- (d) to honour obligations under outstanding State guarantees;
- (e) to refinance outstanding State debt, including repayment of a loan prior to its maturity date, and repurchase of State debt securities;
- (f) to immediately protect or eliminate effects caused by a natural or environmental disaster or any other national emergency;
- (g) to meet requests by the Central Bank to issue Treasury bills for the sole purposes of supporting monetary policy objectives; and
- (h) any other purposes as may be approved by the Cabinet.

(2) When borrowing under subsection (1)(g), the proceeds of issued Treasury bills shall be deposited in an account at the Central Bank and used to redeem those debt securities.

(3) Any cost to the State resulting from the issuance of Treasury bills subsection (1)(g) shall be fully reimbursed by the Central Bank, unless the Minister directs otherwise.”.

8. New Part XIA inserted - For the principal Act, after Part XI insert:

“PART XI
DEBT MANAGEMENT

86A. Objective of debt management - The main objective of State debt management is to ensure that the financing needs of the State are met at all times on a timely basis and that the borrowing costs of the State are as low as possible over the medium term, within a prudent risk level.

86B. Debt management strategy-(1) The Minister shall have in place a debt management strategy, including:

- (a) the debt management objectives;
- (b) an assessment of the macroeconomic framework;
- (c) an assessment of the market conditions;
- (d) an analysis of the costs and risks of the State’s portfolio;
- (e) a statement of the guidelines for future borrowing by the State;
- (f) any other information that the Financial Secretary considers necessary for the development of a comprehensive strategy.

(2) A debt management strategy required under subsection (1) shall be reviewed annually by the Financial Secretary and submitted (with any updates or review) to Cabinet for approval.

(3) The State’s borrowing and other debt management operations are to be consistent with the Government’s debt management strategy.

(4) The Treasury annual report submitted to the Legislative Assembly under section 110 of the Act shall include the following:

- (a) the debt management strategy and rationale;
- (b) a statement that the strategy is consistent with the principles of responsible fiscal management under section 15;
- (c) a statement of how the debt management strategy and debt management operations achieve the debt management objectives;

- (d) the details of all outstanding debts;
- (e) the details of all outstanding guarantees, including amounts, beneficiaries and the fiscal risks, and where they cannot be quantified, a statement of possible impacts;
- (f) the details of all outstanding finance lease, supplier credit and power purchase agreements, including the fiscal risks and where they cannot be quantified, a statement of possible impacts;
- (g) a review and analysis of the implementation of debt management strategy in the immediate preceding financial year;
- (h) an analysis of the sustainability of future debt including an assessment of future debt levels and debt service commitments;
- (i) a statement of any purpose for which Cabinet has approved a loan for under section 78A(1)(h).”.

9. Section 107 amended - For section 107(1) of the principal Act, after “that year” insert “pursuant to any public sector cash basis financial reporting standard developed by the International Federation of Accountants and”.

10. Section 108 substituted - For section 108 of the principal Act substitute:

“108. Quarterly summaries-(1) The Financial Secretary shall prepare, pursuant to any public sector cash basis financial reporting standard developed by the International Federation of Accountants, a summary of the receipts and payments from the beginning of the financial year to the end of that quarter.

(2) The summary under subsection (1) is to be:

- (a) prepared within one (1) month of the end of each quarter except the last quarter of any financial year; and
- (b) sent to the Audit Office; and
- (c) publish in Savali and in a newspaper circulating widely in Samoa.”.

11. Section 110 amended - For section 110 of the principal Act, after “extract from the financial statements” insert “prepared pursuant to any public sector cash basis financial reporting standard developed by the International Federation of Accountants”.

12. Schedule 5 substituted - For Schedule 5 of the principal Act, substitute:

“SCHEDULE 5
(section 107)

**FORM AND CONTENT OF
FINANCIAL STATEMENTS**

Part 1

1. The financial statements must include the following information:
 - (a) Statement of Cash Receipts and Payments showing cash controlled, beginning and closing cash balances and disclosure of account policies and explanatory notes; and
 - (b) a disclosure of amounts settled by any third party in the Statement of Cash Receipts and Payments; and
 - (c) Statement of Comparison of Appropriated Budget and Actual Amounts showing both original and final budget and actual amounts, and the nature of movements between final budget and actual amounts in the reporting period.

Part 2

1. The financial statements may include disclosure of the following information:
 - (a) Statement of Financial Position showing the assets, liabilities and net financial position as at balance date of the reporting period; and

- (b) Statement of Funds showing, for each Fund, balances at the beginning and end of the reporting period and the nature of the movement in the reporting period; and
- (c) Statement of Cash Balances showing a breakdown of the balances held by type of holding; and
- (d) Statement of Statutory Expenditure showing details of domestic debt servicing, external debt servicing, statutory remuneration and other material items of expenditure; and
- (e) Statement of Investments showing the nature or type of investments and current and non-current investments; and
- (f) Statement of Borrowings showing total debt and the breakdown of current and non-current debt, and for each debt showing the opening and closing balances for the reporting period and the nature of the movement during the period, the impact of exchange rate movements, average interest rate, and loan balances available for draw down (if applicable); and
- (g) Statement of Contingent Gains and Liabilities showing where possible an indication of the gain or cost; and
- (h) Statement of *Ex gratia* Payments approved under section 119; and
- (i) Statement of Write-offs approved under section 120 showing in aggregate losses and deficiencies of public money, irrecoverable amounts of revenue, irrecoverable debts and overpayments, the value of assets including investments written off; and detailing all individual items with a value greater than \$100,000 which have been written off; and
- (j) Statement of Government transactions prepared under GFS format; and
- (k) Statement showing, for each account in the Special Purpose Fund, balances at the beginning and end of the reporting period and the nature of the movement in the reporting period.

2. Statement showing for each account in the Trust Fund, balances at the beginning and end of the reporting period and the nature of the movement in the reporting period.
3.
 - (a) Statement of Accounting Policies setting out the significant accounting policies on which the financial statements are prepared; and
 - (b) Other Statements or Notes as specified by the Financial Secretary in Treasury Instructions or as are required to provide more detailed information or explanations.
4. Comparative Amounts:
 - (a) Comparative amounts for the corresponding previous reporting period must be shown in the Statements, except where inappropriate or the item has not previously existed; and
 - (b) If items included in the current reporting period have been reclassified, the comparative amount of the previous reporting period should be similarly reclassified; and
 - (c) If the respective reporting periods are not equal in length, the period covered must be clearly identified; and
 - (d) An amount in relation to the previous reporting period must be shown, even if there is no corresponding amount for the current reporting period.
5. Certification:
 - (a) The following are to be attached to the front of the financial statements -
 - (i) a statement, signed by the Financial Secretary, as to whether in his or her opinion, the financial statements present fairly the matters required by this Schedule; and

- (ii) a copy of the report by the Controller and Auditor General required by section 107(2); and
- (b) At the same time that the financial statements are laid before the Legislative Assembly, the Controller and Auditor General shall lay before the Legislative Assembly a return of public securities held in Samoa or elsewhere at the end of the financial year to which those financial statements relate. The return shall include a full account of all investments made under section 48 and of all securities redeemed or otherwise disposed of during that financial year.”.
