

DISCLAIMER

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Tuesday 29th May 2018

9:05am

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 following bills:

1. Supplementary Appropriation Bill (No.2) 2017/2018;
2. Appropriation Bill 2018/2019.

ii. PAPERS PRESENTED:

A total of 16 papers were presented in Parliament: 14 Annual Reports, 1 Public Account Report and a Strategic Plan of the National University of Samoa.

iii. PARLIAMENTARY COMMITTEE REPORTS TABLED:

A total of 11 Committee Reports were tabled in Parliament: 2 from the Standing Orders, Electoral, Petitions and Constitutional Offices Committee; 6 reports from the Finance and Expenditure Committee; and 1 each from the Economic Sector Committee, Social Sector Committee and the Infrastructure Sector.

iv. MOTION BY THE LEADER OF THE HOUSE

The Hon Leader of the House, Auelua Tuilaepa Dr. Sailele Malielegaoi moved a motion for the Lapsed Business from the 2017/2018 Session to be carried forward as printed in the Supplementary Order Paper 2018/2019 No.1 pursuant to Standing Order 47.

v. **MOTIONS FROM PARLIAMENTARY COMMITTEES**

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

The Deputy Chairperson, NAFOITOA Talaimanu Ketu moved a motion for an extension period to allow further consideration of a report referred to the Committee; motion seconded and approved.

2. Social Sector Committee

The Chairperson, Afioga Gatoloaifaana Amataga Alesana-Gidlow, moved a motion seeking more time to complete its report referred to the Committee; motion was seconded and approved.

3. Infrastructure Sector Committee

The Chairperson, Afioga TAFUA Maluelue Tafua moved a motion seeking more time to complete two reports referred to the Committee; motion was seconded and approved.

II. **GOVERNMENT ORDERS OF THE DAY – Reading of Bills**

1. Supplementary Appropriation Bill (No.2) 2017/2018 – first reading.

The Minister of Finance, Hon SILI Epa Tuiofi moved a motion for the Supplementary Appropriation Bill (No.2) 2017/2018 to be first read; the motion was seconded and approved, and the Bill was read a first time.

2. Supplementary Estimates (No.2) 2017/2018 – tabling.

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

3. Supplementary Appropriation Bill (No.2) 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 second Supplementary Bill for the financial year 2017/2018, pursuant to Standing Order 131.

The Hon Minister firstly noted a rise in GDP at above 7% and credited such achievement to the rising fishing industry, the completion of new hotels and the hosting of two (2) major sporting events, the Commonwealth Youth Games and the rugby match between the Manu Samoa and the All Blacks. He then stated that such sound performance was a result directed from consolidating of public finances and keeping expenditure under control. In regards to Foreign Reserves, it has remained adequate and exchange rates were in line with current conditions. He then noted that this was confirmed by the International Monetary Fund (IMF) during the Article IV Consultation with government earlier this year.

4. Appropriation Bill 2018/2019- first reading.

The Minister of Finance, Hon SILLI Epa Tuioti moved a motion for the Appropriation Bill 2018/2019 to be read a first time. The motion was seconded and approved and the Bill was read a first time.

5. Main Estimates 2018/2019- tabling

The Minister of Finance, Hon SILLI Epa Tuioti moved a motion for the Bill to be tabled; the motion was carried.

6. Appropriation Bill 2018/2019- second reading.

SILLI Epa Tuioti, 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 Appropriation Bill.

The Minister stated that such growth for the past financial years as aforementioned indicates that the policies announced and implemented in the past few years were generating positive results and therefore allowed the fiscal space for the government to provide the services demanded by the people. In addition, the government implemented the findings of the revenue reforms with the aim of raising additional revenues to finance priority investments in infrastructure, education and health while at the same time maintaining fiscal responsibility.

The Hon Minister then stated that over the medium term, a growth was projected to moderate to 1.8% in 2017/2018 due to the closure of the Yazaki manufacturing plant in August last year. Growth is although expected to rebound to 3.3% in 2018/2019 as there are now two new business occupying the old Yazaki building; scale up operations and several infrastructure projects, including new bridges, road extensions and new terminal building were noted completed. In 2019/2020, growth is predicted to increase to 3.7% through tourism related sectors as well as the fact that Samoa will be hosting the Pacific Games in July 2019.

The Hon Minister emphasized that the future outlook show positive impacts for our economy and the people. He further stated that the Government will continue to implement strategies that will generate opportunities for our people and appropriate fiscal and monetary policies will continue to underpin a stable macroeconomic framework within the same time.

In continuing his address, the Hon Minister further stated that we need to be vigilant at all times to minimize exposure of Samoa to number of risks as we are vulnerable to climate change and natural disasters which may cause significant damage and therefore put pressure on the government's debt. In addition, the partial withdrawal of CBR's by global and regional banks could disrupt the inflow of remittances to Samoa and therefore, a need to continue to be prudent in the way we manage the economy and the future to go forward.

He then asserted that the first responsibility of the Government is to be fiscally responsible as we cannot build a stronger and sustainable future for Samoa by spending money we do not have; therefore, with the tabled budget, it continues the Government's commitment to fiscal responsibility.

In regards to the budget's strategy, he emphasized that any budget requires difficult choices to be made. He then noted that the theme for this budget is "The Right Path" which depicts that it seeks to strike the right balance between all the competing priorities and demands, to ensure that we are accountable to the needs of our community and to have access to essential services in order to improve opportunity and the future for our people. The aforementioned theme is a continuation of the course we have set over recent years and a course that responds to the community's aspirations here and now whilst strengthening our foundations for tomorrow.

The Hon Minister then stated that the tabled budget is not proposing a range of new taxation measures but believes a need to redouble the efforts to improve compliance is needed. This is to ensure that people and businesses pay the amounts of tax required by the law to pay.

In regards to education and health, it was indicated in the last Budget that the Education and Health sectors were being reviewed to ensure that their priorities were right and that expenditures were focused on improving equitable access to these essential services and delivering the strongest possible outcomes. He then asserted these reviews have been undertaken and confirmed that an improvement was recognized. In addition, areas that needed further improvements were identified and the government is now developing appropriate policies to address these opportunities for improvement. The Hon Minister then highlighted the key components of the 2018/2019 budget:

KEY COMPONENTS OF THE 2018/2019 BUDGET

- **Revenue**
 - Ordinary Receipts - \$614.9 million
 - External Grants - \$ 223.16 million

- **Expenditure**
 - Statutory Expenditures - \$ 134.09 million
 - Expenditure Programs - \$ 547.61 million
 - Unforeseen Expenditures - \$ 16.43 million
 - Development Expenditures - \$ 234.78 million

- **Overall Budget Deficit**

Financed by:

- Soft term Financing - \$ 70.57 million

- Cash deficit after borrowing: -\$12.87 million

The Hon Minister noted that the Government will maintain its commitment to ensuring macroeconomic stability underpinned by a lower fiscal deficit despite its recorded 2018/2019 financial year Main Estimates that is expecting an overall fiscal deficit of approximately \$83.44 million maintaining the Government's commitment to a fiscal target within 3.5% of GDP. In addition, the two financial years 2015/2016 and 2016/2017 recorded a deficit levels of 0.4% and 1.1% respectively.

The Hon Minister then went on to present a summary of funding expenditures under the identified Ministries for the new financial year:

1. **Ministry of Agriculture and Fisheries** - \$13.8 million allocated for the following:
 - \$228,500 to complete the taro, koko and coconut stimulus package;
 - \$150,000 for the Rhinoceros Beetle eradication project;
 - \$140, 437 to continue to support the Agriculture Development Project which has now expanded to Savaii;
 - \$60,000 for Coconut Replanting and Breadfruit propagation;
 - \$300,000 to support Women in Business Development Incorporated.

2. **Ministry of Commerce, Industry and Labour** - \$6.5 million that includes:
 - \$450,000 to support funding the operations of the Small Business Enterprise Centre;
 - \$200,000 to support Private Sector Organisations;
 - \$178,000 for the Apprenticeship Program.

3. **Samoa Tourism Authority** - \$11.96 million which includes:
 - \$5.4 million to support targeted marketing and promotion efforts in priority markets;
 - \$442,000 for the annual Teuila Festival, Miss Samoa Pageant and the Miss Pacific Islands Pageant.

4. **Ministry of Communications and Information Technology**
 - \$8.7 million including \$5 million for the management of the Samoa National Broadband Highway.

5. **Ministry of Education, Sports & Culture** - \$85.6 million for the following priorities:
 - \$13.2million Government Grant to mission and public schools;
 - \$3.2 million for the implementation of priorities under the Education Sector Plan;
 - \$1.1 million for Village School Stationeries;
 - \$1 million for the Teachers' Higher Education Funding Scheme.

6. **Ministry of Finance** - \$89.3 million which includes the following priorities:

- \$18.6 million funding of the Senior Citizens' Pension Scheme;
- \$11 million to assist preparations for the 2019 Pacific Games;
- \$4 million for lease costs of our overseas missions that include Canberra, Mangere and Wellington;
- \$2.8 million lease on the D53 ASH Cable;
- \$7.4 million Government counterpart contributions to the following key development projects:
 - Faleolo Airport Runway Rehabilitation;
 - West Coast Road Project;
 - Vaisigano Bridge;
 - Samoa EHealth;
 - Samoa Ports Development Project;
 - Police Academy;
 - Cultural Center;
 - Friendship Park.

7. Ministry for Revenue

- \$13.2 million includes \$900,000 for a building to house the new container scanner machine to ensure strict customs border compliance at the Apia Port.

8. Ministry of Foreign Affairs and Trade - \$23.2 million including costs for hosting the following regional events:

- Forum Foreign Minister's Meeting;
- Forum Trade Ministers' Meeting;
- SAMOA Pathway Review;
- 6th ACP Fisheries and Agriculture Meeting.

9. Ministry of Health - \$11.75 million including:

- \$2.9 million for the returning graduates orientation program;
- \$400,000 support for affiliated clinics;
- \$120,000 support for the Samoa Red Cross, Samoa Cancer Society and the Samoa Aids Foundation.

10. National Health Services - \$80.1 million includes financing for the following priority expenditures:

- \$6 million for the Overseas Medical Treatment Scheme;
- \$4.6 million for the Lab Consumables;
- \$4.5 million for the Supply of Pharmaceuticals;
- \$2.5 million Pharmacy Medical Consumables;

- \$1.6 million for patient bulk food supplies.

11. Ministry for Prisons - \$9.6 million that includes:

- \$3.9 million to complete Phase 1 and part of Phase II of the new Tanumalala Prison including road construction and water supply.

12. Ministry of Natural Resources and Environment - \$25.6 million that includes:

- \$2.5 million to support works related to the Water for Life Sector Plan;
- \$4.5 million for Waste Management Contracts and other service maintenance contracts;
- \$2.6 million for Land Compensations.

13. Ministry for Works, Transport & Infrastructure - \$18.7 million which includes:

- \$2 million each for CSO's of the Samoa Water Authority and the Electric Power Corporation;
- \$9.1 million in assistance to the Samoa Water Authority;
- \$910,325 for Aviation initiatives as part of the Safety and Security Levy framework.

14. Land Transport Authority - \$25.8 million:

- \$8.7 million for the construction of new roads;
- \$14 million for routine and general maintenance of roads;
- \$3.6 million for drainages works under the Water for Life Sector Plan.

In conclusion, the Hon Minister noted that the Government proposes to table a Second Supplementary Budget for the financial year 2017/2018. He reaffirmed that there is a positive optimism in the economy over the medium term and it is essential to maintain consistency in direction and effort to achieve sustainable longer term progress. The Hon Minister then acknowledged his constituency for their support and wished Samoa well for the impending 56th Independence celebrations.

7. Ministerial Statement: Hon AUELUA Tuilaepa Dr. Sailele Malielegaoi (Prime Minister)

Following the Hon Ministers statement on the Budget, the Hon Prime Minister delivered a ministerial statement regarding an issue on church ministers to pay tax as raised by the Congregational Christian Church of Samoa and then acknowledged Samoa in all her honorific salutations. He emphasized that taxation is done with rationale where those with higher income pays more tax and the people with low income pay less indicating that the government are being lenient.

He clarified that taxation is mandatory not an option but a priority to cover the inequality gap between the rich and the poor. The Hon Prime Minister expressed his disappointment with the

decisions provided by the EFKS Ministers and stated that they are blaspheming the name of the Lord to coat such matter by not paying their taxes. The Hon Prime Minister then asserted that the law is straight-forward and it is the individuals prerogative to understand the law or not.

The Hon Prime Minister also made a statement in regards to a peace strike performed by the Samoa Solidarity International's Group towards the tabled Alienation legislation. He emphasized that if such laws are not being proposed with the aim to be enacted, Samoa will continue to struggle. The Hon Prime Minister then acknowledged the work of the Pastors in mediating the problem; however, he clarified that the authority of the Legislative Assembly enforces laws and where all laws are passed and be given to the Head of State for his consent after its third reading stage.

The Hon Prime Minister then continued his clarification that the laws passed in Parliament are altruistic motives with the hope for a better Samoa. He also emphasized that there is no group that has a higher authority than the Legislative Assembly as the Legislative represents the voice of the people through their elected Members. In addition, he mentioned that the duty of the Parliamentary Committees in place conducts its own deliberation on a Bill or Report when it's referred to their responsible Committee and that this is an avenue to which the public can use to show their opinions on a specific Bill.

After clarifying the process of legislation being passed in Parliament, the Hon Prime Minister noted that anyone rejecting the law depicts that they are also rejecting the authority of the Independent State of Samoa. He then reiterated that the Parliament will not cease its operation to accommodate the needs of a person or a group and reminded the people their elected Member is their voice in Parliament.

The Hon Prime Minister then used the Biblical Moses 10 Commandments noting that they were the main rules we grew up with and then stated that such rules seemed to increase after some time in history. He believes that there are two (2) roles that must be played: being a faithful Christian and a citizen of Samoa. He then stated that the public should be aware that government is not just for Cabinet and Members of Parliament but it is for everyone in the country.

He then concluded his statement that everyone should pay their tax and the underlying overtone for the Income Tax Amendment Act 2017 is 'LOVE". He also asserted that such action is not new as it was performed during the German and the New Zealand's Administration; therefore, believes it's a perfect time to pay tax since they have been tax free for 56 years and 56 years of being tax free is enough. He asserted, now is the time for Ministers to take part in developing our country by paying their taxes.

Proceedings were adjourned at 11:00am.

The Assembly will reconvene at 9:00am, Tuesday 19th June, 2018.