

TUESDAY, 29TH MAY 2018

Mr Speaker took the Chair at 9:00am.

Prayer.

OPENING STATEMENT BY MR SPEAKER

MR SPEAKER: I declare the Proceedings of the Legislative Assembly has now commenced.

I take this opportunity to greet the Hon Prime Minister and distinguished Members of the Cabinet and also the selected Members of Parliament through the Chairpersons of different Committees. I also greet the Chief Executive Officers of Government Ministries and Organizations, the staff of the Legislative Assembly and also the Ministry of Police in service to the Parliament today. I also acknowledge the support of the nation. I trust the Lord will safeguard this day and bless our decisions and thoughts for the best of the proceedings so that we may do worthy of the support of the nation.

MESSAGE FROM THE O LE AO O LE MALO

The Speaker read the Message from His Highness O Le Ao o le Malo.

“MEMORANDUM To:

Mr Speaker:

Pursuant to Article 59 of the Constitution of the Independent State of Samoa, consent is hereby given to the Legislative Assembly to consider the following Bills:

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

GIVEN UNDER my own Hand this Tuesday 28, May 2018.

(Signed): Tuimalealiifano Vaaletoa Sualauvi II
O LE AO O LE MALO.”

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PRESENTATION OF PAPERS

Clerk read out the list of Papers pursuant to Standing Order 49.

1. P.P. 2018/2019 No. 3, Annual Report of the Ministry of Education, Sports and Culture 2017.
2. P.P. 2018/2019 No. 4, Annual Report of the Office of the Regulator for 2016/2017.
3. P.P.2018/2019 No. 5, Annual Report of the Samoa Ports Authority for 2016/2017.
4. P.P.2018/2019 No.6 Annual Report of the Public Services Commission for 2016/2017.
5. P.P. 2018/2019 No. 7, Public Accounts of the Government of Samoa for 2016/2017.
6. P.P. 2018/2019 No.8, Annual Report of the Ministry of Agriculture and Fisheries for 2014/2015.
7. P.P. 2018/2019 No.9, Annual Report of the Ministry of Agriculture and Fisheries 2015/2016.
8. P.P.2018/2019 No. 10, Annual Report of the Ministry of Agriculture and Fisheries for 2016/2017.
9. P.P. 2018/2019 No.11, Annual Report of the Ministry for Revenues for 2016/2017.
10. P.P.201/2019 No.12, Annual Report of the Ministry of Natural Resources and Environment for 2016/2017.
11. P.P.2018/2019 No.13, Annual Report of the Scientific Research Organization of Samoa for 2016/2017.
12. P.P.2018/2019 No.14, Annual Report of the Unit Trust of Samoa for 2016/2017.
13. P.P.2018/2019 No. 15, Annual Report of the National University of Samoa for 2016/2017.
14. P.P. 2018/2019 No. 16, Strategic Plan of the University of Samoa for the Period 2017/2018-2020/2021.
15. P.P. 2018/2019 No. 17, Annual Report of the Ministry of Justice and Courts Administration for 2016/2017.
16. P.P.2018/2019 No. 18, Annual Report of the National Health Services for 2016/2017.

PRESENTATION OF PARLIAMENTARY COMMITTEES REPORTS

Clerk read out the list of Parliamentary Committee Reports pursuant to Standing Order 51(5).

1. P.P. 2018/2019 No.19, Finance and Expenditure Committee Report on the P.P. 2017/2018 No. 151, Annual Report of the Samoa Housing Corporation for 2017.

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Motion by the Leader of the House

2. P.P. 2018/2019, No. 20, Finance and Expenditure Committee Report on the P.P. 2017/2018 No. 154, Annual Report of the Samoa Post for the Financial year 2016/2017;
3. P.P.2018/2019 No. 21, Finance and Expenditure Committee Report on the P.P.2017/2018 No. 157, Annual Report of the Ministry of Finance for the Financial Year 2015/2016;
4. P.P.2018/2019 No. 22, Finance and Expenditure Committee Report on the S.R. 2018/1, Trustee Companies (Fees and Forms) Regulations 2017;
5. P.P.2018/2019 No. 23, Finance and Expenditure Committee Report on the S.R. 2018/2, Foundations (Fees and Forms) Regulations 2017;
6. P.P.2018/2019 No.24, Finance and Expenditure Committee Report on the S.R. 2018/3, Gaming Control Act 2017- Notice of Commencement;
7. P.P.2018/2019 No. 25, Standing Orders, Electoral, Petitions and Constitutional Offices Committee Report on the P.P. 2017/2018 No. 155, Ministry of Justice and Courts Administration Annual Report 2015/2016.
8. P.P.2018/2019 No. 26, Standing Orders, Electoral, Petitions and Constitutional Offices Committee Report on the P.P. 2017/2018.
9. P.P.2018/2019 No. 158, Samoa Law Reform Commission Annual Report 2016/2017;
10. P.P. 2018/2019 No. 27, Social Sector Committee Report on the P.P. 2017/2018 No. 153, Annual Report of the Ministry of Police for the Financial Year 2015/2016;
11. P.P. 2018/2019 No. 28, Social Sector Committee Report on the P.P. 2017/2018 No. 150, Annual Report of the Polynesian Airlines for the Year 2017.
12. P.P. 2018/2019 No. 29, Infrastructure Sector Committee Report on the P.P. 2017/2018 No. 115, Annual Report of the Electric Power Corporation for the Financial Year 2015/2016.

MR SPEAKER: Thank you.

MOTION BY THE LEADER OF THE HOUSE (S.O. 47)

Susuga Hon TUILAEP AUELUA FATIALOFA LUPESOLIAI LOLOFIETELE NEIOTI AIONO GALUMALEMANA Dr. SAILELE MALIELEGAOI (Prime Minister): Mr Speaker I believe we are all in agreement in giving thanks to the Lord for safely guiding the lives of these humble servants to the Chambers of Samoa.

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**Motion by the Chairperson of the Parliamentary Committees
(S.0.45)**

Mr Speaker, I stand to move a motion, *That in accordance with Standing Orders 47, Lapsed Business from the 2017/2018 Session to be carried as printed in the Supplementary Order Paper 2018/2019 No.1.*

Seconded by the Minister of Commerce, Industry and Labour and the Minister of Health.

Motion approved.

**MOTION BY THE CHAIRPERSONS OF THE
PARLIAMENTARY COMMITTEES (SO 45)**

MR SPEAKER: I call on the Chairperson of the Standing Orders, Electoral, Petitions and Constitutional Offices.

I recognize the Chairperson the Deputy Speaker.

Tofa NAFOITOA TALAIMANU KETI (Deputy Chairperson of Standing Orders, Electoral, Petitions and Constitutional Offices Committee): Mr Speaker, I believe our prayer of thanksgiving has already been delivered in the hopes of blessings for this week. We give thanks to the Lord for safe guarding us the Leaders of the Nation to this wonderful morning. May all the praise be unto the Lord for all eternity. I greet the support of the nation from the eldest to the youngest citizen. I greet my constituency of Gagaemauga No.3 and all its honorific salutations. I acknowledge and applaud all your support.

Mr Speaker, I stand to move a motion, *That the Assembly grant consent for additional time to review eight (8) Reports, because there was not enough time to review and to report back to the Assembly in the October sitting this year.*

Seconded by the Member for Vaimauga East, and Member for Falealili East.

Motion approved.

MR SPEAKER: I call on the Chairperson of the Social Sector Committee. I grant the Chairperson opportunity.

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

Afioga Hon GATOLOAIFAANA AMATAGA ALESANA-GIDLOW (Chairperson of the Social Sector Committee): Mr Speaker, I move a motion, *That the Assembly grant consent for additional time for the consideration of the Tobacco Control Amendment Bill 2018 referred to this Committee, as it has not been fully reviewed and will be reported to the Assembly in the October Sitting this year.* Thank you.

Seconded by the Member for Palauli I le Falefa, Member for Siumu, and Member for Vaimauga East.

Motion approved.

MR SPEAKER: With due respect I call on the Chairperson for the Infrastructure Sector Committee.

I call on the Chairperson.

Afioga TAFUA MALUELUE TAFUA (Chairperson of the Infrastructure Sector Committee): I greet the Speaker of the House, and distinguished Members of the Chamber and all those present. I further greet the support and audience of the nation, Talofa lava.

Mr Speaker, with due respect I move a motion, *That the Assembly grant consent to the Committee to further consider two (2) Reports referred to the Committee and will be Reported back to the Assembly in October Sitting this year.*

1. Alienation of Customary Land Amendment Bill 2017.

2. P.P. 2017/2018 No.152, Samoa Water Authority Annual Report

2016/2017.

Thank you.

Seconded by the Member for Palauli le Falefa, Member for Siumu and the Member for Vaimauga East.

Motion approved.

**SUPPLEMENTARY APPROPRIATION BILL (No.2)
2017/2018 – first reading**

Afioga Hon SILI EPA TUIOTI (Minister of Finance): Mr Speaker I move a motion, *That the Supplementary Appropriation Bill No.1 2017/2018 be read for the first time.*

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

Seconded by the Minister of Education, Sports and Culture, Minister of Natural Resources and Environment and Minister of Revenue.

Motion approved and the Bill was read a first time.

**SUPPLEMENTARY ESTIMATES (NO.2) 2017/2018
- tabling**

Afioga Hon Sili Epā Tuioti, Minister of Finance tabled the Supplementary Estimates (No.2) 2017/2018.

**SUPPLEMENTARY APPROPRIATION BILL (NO.2) 2017/2018
- second reading**

Afioga Hon SILI EPA TUIOTI: Mr Speaker I move a motion, *That the Supplementary Appropriation Bill (No.2) 2017/2018 be read a second time.*

Seconded by the Minister of Justice, Courts and Administration, Minister of Education, Sports and Culture and Minister of Women, Community and Social Development.

MR SPEAKER: I grant this opportunity to the Hon Minister for the statement on the Supplementary Appropriation Bill (No.2) 2017/2018. I call on the Hon Minister of Finance for his address.

**STATEMENT ON THE SUPPLEMENTARY APPROPRIATION
(NO.2) 2017/2018**

Afioga Hon SILI EPA TUIOTI: Mr Speaker and distinguished Members of the House, I will be brief on the Supplementary Appropriation (No.2) 2017/2018 in regards to the utilization of \$5,62,593 granted by the Ministry of Finance for the purchase of vehicles needed for operations. The \$5million was intended for the health services so that debts could be paid in full with the hopes that in the new year the operational services may proceed without the burden of debts.

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**Appropriation Bill 2018/2019
– first reading**

The funding of \$2million for this Appropriation was from the Ministry of Finance, together with funds acquired from the Ministry of Resources and Environment. The total amount has no added amounts which is equivalent to \$2million from the Ministry of Environment. The Ministry of Health will now be able to recover its funds for its health services for the beginning of the financial year.

Mr Speaker that is a brief statement in regards to the Supplementary Appropriation.

MR SPEAKER: Thank you, pursuant to Standing Order 133, debate on the Supplementary Appropriation Bill (No.2) 2017/2018 will be adjourned for no later than 14 days and be referred to the Finance Committee for review to be reported back to the Assembly.

**APPROPRIATION BILL 2018/2019
– first reading**

Afioga Hon SILI EPA TUIOTI: Mr Speaker, I move a motion, *That the Appropriation Bill 2018/2019 be read for the first time.*

Seconded by the Minister of Communications and Information Technology, and the Minister of Education, Sports and Culture.

Motion approved and the Bill was read for the first time.

**MAIN ESTIMATES 2018/2019
- tabling**

The Hon Minister of Finance Afioga Hon Sili Epa Tuioti, laid the Main Estimates 2018/2019 on the Table.

**APPROPRIATION BILL 2018/2019
- second reading**

Afioga Hon SILI EPA TUIOTI: Mr Speaker, I move a motion, *That the Appropriation Bill 2018/2019 be read a second time.*

Seconded by the Minister of Communication and Information Technology.

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**2018/19 Budget Address
“The Right Path”**

Motion approved and the Appropriation Bill 2018/2019 was read for the second time.

MR SPEAKER: Thank you, I now call on the Hon Minister of Finance for his Budget Address.

**2018/19 BUDGET ADDRESS
“The Right Path”**

Afioga Hon SILI EPA TUIOTI: Mr. Speaker, as required under Standing Order 131, it is my pleasure to present on behalf of the Government, the Statement on the Estimates for the fiscal year 2018/19.

I. BUDGET SETTING

Mr Speaker,

In charting our course for the next financial year, we have to look back and take stock of our economic performance over the recent past.

Mr Speaker,

I am pleased to report that the Samoan economy continues to demonstrate resilience against a background of multiple external shocks. Real GDP growth peaked at above 7 percent in 2015/2016, underpinned by the sharp improvement in the fishing industry as well as the completion of new hotels and two major sporting events, the Commonwealth Youth Games and the rugby match between the Manu Samoa and the All Blacks. Growth normalized in 2016/2017 growing at 2.5 percent.

The sound economic performance was the direct result of consolidating our public finances and keeping expenditure under control. At this backdrop, the current monetary policy has been accommodative providing a conducive economic environment of low inflation below its medium term target. Foreign reserves remain adequate and the exchange rate was broadly in line with current conditions. This was confirmed by the IMF during the Article IV Consultation with government earlier this year.

This demonstrates that the policies we announced and implemented in the past few years is generating positive results and therefore allow the fiscal space for the government to provide the services demanded by our people.

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During fiscal year 2017/2018, 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.

II. OUTLOOK

Mr Speaker,

Over the medium term, growth remains robust and is projected to moderate to 1.8 percent in 2017/2018, due to the negative impact of the closure of the Yazaki manufacturing plant in August last year.

Growth is expected to rebound to 3.3 percent in 2018/2019, as the two new businesses occupying the old Yazaki building scale up operations and several infrastructure projects, including new bridges, road extensions, and the new terminal building are completed. In 2019/2020, growth is projected to increase to 3.7 percent, driven by tourism related sectors as Samoa hosts the Pacific Games in July 2019.

Mr Speaker,

As you can see, the future outlook is positive and encouraging for the economy and our people. At the policy level government will continue to implement strategies that will generate opportunities for our people so they can enjoy a happy and secured future. At the same time appropriate fiscal and monetary policies will continue, to underpin a stable macroeconomic framework.

Notwithstanding the positive outlook, we need to be vigilant at all times to minimize Samoa's exposure to a number of risks. We are highly vulnerable to climate change and natural disasters, which can cause significant damage and therefore put pressure on government debt. As well, the partial withdrawal of CBRs by global and regional banks, could disrupt the inflow of remittances to Samoa.

We therefore need to continue to be prudent in the way we manage the economy and our future going forward.

The first responsibility of the Government is to be fiscally responsible. That is, spending within our means. We cannot build a stronger and sustainable future for Samoa by spending money we do not have. This Budget continues the Government's commitment to fiscal responsibility.

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2018/19 Budget Address “The Right Path”

The SDS set a deficit target ceiling of 3.5% of GDP. This Budget meets that target, but the Government remains committed to reducing the deficit further in coming years. The actual budget deficit to GDP rates for 2015/2016 and 2016/2017 were 0.4% and 1.1% respectively. To achieve this, we must continue to keep a tight rein on spending and ensure that we raise the revenue we need through fair and equitable taxation arrangements.

III. BUDGET STRATEGY

Mr Speaker,

Any Budget requires difficult choices to be made. The Government has to strike the right balance between strengthening programs and services for the present time, and building for the future. We need to strike the right balance between the often competing priorities that different groups in the community hold. And all this must be done while maintaining fiscal responsibility. We cannot strengthen service delivery for people today or build for a better tomorrow if we are financially irresponsible.

The theme for this Budget is therefore “*The Right Path*”. By this we mean that the Budget seeks to strike the right balance between all these competing priorities and demands; to ensure we are doing whatever we can to respond to the needs of our community, to have access to essential services, to improve opportunity for people, and to build for our future. And to do this in a way that is fiscally responsible and sustainable.

In this Budget, “The Right Path” is a continuation of the course we have set over recent years; a course that responds to the community’s aspirations here and now, while at the same time strengthening our foundations for tomorrow.

Mr Speaker

Honourable Members will recall that a key feature of the Budget last year was a comprehensive Revenue Review which addressed the need to strengthen domestic resource mobilization and particularly to do so with the objective of promoting greater equity in our tax system. A number of measures were introduced which would, in the medium term both improve our overall revenue collections, and ensure that the community was treated equitably and fairly.

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The results of the first year have been disappointing. While there has been some progress in some areas of revenue collection, the overall outcome has fallen short of our expectations. The immediate consequence of this is that we are not able to do as much in this Budget as we hoped we could. We cannot spend money that we do not have on improving services and infrastructure but we have worked hard with our development partners to ensure we have access to their resources to enable us to provide these services and to make our infrastructure more climates resilient.

Mr. Speaker,

In this Budget, the Government is not proposing a range of new taxation measures. Rather we believe we need to redouble our efforts to improve compliance – to ensure that people and businesses pay the amounts of tax they are required by law to pay. We do not want to place an additional burden on ordinary taxpayers just to make up the shortfall in revenue from those who are not paying or are unwilling to pay their fair share.

Education and Health

In the last Budget the Government indicated that it was reviewing Education and Health sectors to ensure that our priorities were right and that expenditure in these sectors was focused on improving equitable access to these essential services and delivering the strongest possible outcomes. These reviews have now been undertaken. They confirm that, across the board, we are doing well and seeing improvements. But areas for further improvement have been identified and we are now developing appropriate policies to address these opportunities for improvement.

Education

The review of Samoa’s performance in Education has concluded that we are doing well. Samoa is one of the best performing countries in the Pacific region on many indicators. But we can do better and some new priorities need to be addressed.

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In this Budget we are making provision for further initiatives to support Early Childhood Education across Samoa. There is good evidence that children with access to early childhood education programmes perform better in their subsequent schooling. This priority will be supported by re-balancing the funding provided to other sectors and possibly with additional support from development partners.

We are similarly looking carefully at the balance in our support for primary and secondary education to ensure that we get the best outcomes from the funding envelope available. In recent Budgets the Government has emphasized its commitment to providing the best possible service delivery across all parts of Samoa and strengthening equity.

Our review of the Education sector has indicated that some areas are better serviced than others in such things as pupil/teacher ratios. We will address these apparent weaknesses in line with our commitment to ensuring more equitable access to education.

The Government recognizes that improving teacher qualifications is an essential part of continuing to strengthen education outcomes for our children. We need to provide support to the widest possible number of teachers seeking to improve their qualifications, and we have made some changes in this area by introducing a Teachers' Higher Education Funding Scheme which will include a "loan" component.

This Budget maintains the Government's commitment to Education. Supporting Education is an investment in Samoa's future. All Samoans will want us to ensure that money is spent on those things which will improve the access to and the quality of education for our children. The review we have undertaken has pointed the way to strengthen our investment and this budget takes the first steps in that direction.

Health

Health has been a key priority of successive Budgets. Our review of the Health sector has concluded that Samoa performs well on high level health indicators, and that these have continued to improve over recent years. But the review has also pointed to opportunities for improvement which we will address.

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To ensure that we spend in areas that directly benefit the community to the greatest possible extent, the Government has decided that the NHS will be merged with the Ministry of Health. This will help contain the costs of administration, improve coordination and ensure duplication and overlaps are minimized. The Government recognizes that this merger will impact on many people working in the Health sector, such as doctors and nurses. We acknowledge the important contribution these dedicated people make in delivering health services and we will work to ensure the merger involves minimum disruption for these highly valued employees.

But we need to move forward. Having taken the decision to merge, the Government recognizes that not everything can be done at once. It will take time to work through the actions needed. We will accordingly provide for a transitional period to enable these things to be done in an informed and orderly way. It will be a matter for the Ministry of Health to determine, but the transitional period is likely to be up to 3 years.

The Government’s key priority for Health is to provide the best possible access to primary health care in the areas where people live across Samoa. The Budget allocations for health over recent years have been maintained, and there is very limited capacity for further increases. This means that we will have to re-balance our spending if we are to support 5 new priorities. This principally means that we will need to shift some resources from specialized tertiary care towards primary health care and preventive health services – take health services to people where they live. This shift has implications for health care workers and for health infrastructure and will not happen overnight. But that is the direction we need to go.

Our review has identified the growing incidence of Non Communicable Diseases as the most significant threat to the health of our people and is a critical health issue now, and into the future. We will continue to address this, including through targeted community based health promotion and disease prevention. Our focus on making primary health care more accessible will support this. Child and maternal health and better vaccination rates will continue to be areas of priority. We are actively working with development partners to strengthen our efforts in these areas.

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Public Sector reform

In previous Budgets the Government has placed considerable emphasis on public sector reform. Put simply, we must strive for the most efficient and effective public sector possible. Every tala spent on paying public servants is a tala we do not have to provide for schools or health centres. So every tala counts! We have seen progress over the years, but we can and must do better.

In our Budget Statement two years ago, we spoke about the ways in which technology is making it possible for us to greatly improve efficiency. Let me repeat some of what we said then. “With Ministries and Agencies having widespread and increasing access to improved technology we can and should expect and demand greater productivity and efficiency.

Times have changed and ways of working have changed. Our public sector employees now work with computers, not typewriters and note books; through emails, not letters and memos; they use the internet, not libraries; they communicate with mobile phones; they use power tools and heavy machinery, not hand tools.” The key message is that we can and should do more with less because we now increasingly have better technology to support us and better ways of working.

If we do not make the best use of new technology to improve efficiency and if we continue to do things the way “we have always done things”, we are just wasting money. That would not be seen as acceptable to our people. It would certainly not be acceptable to the Government.

We have taken a number of initiatives to support and strengthen public sector reform. These all have the aim of reducing the cost of the public sector so that we can direct our resources to the benefit of the wider community. We have some way to go. We have heard messages from the community that some areas within the public sector are too slow, too process-driven, sometimes unhelpful, unresponsive and difficult to deal with, and unnecessarily slow to make payments to suppliers. This is not the kind of reputation that we should tolerate. The term Public Service means just that. Its role is to provide service to the community – the best possible service at all times.

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At the present time, a review is underway into the role and functions of the Public Service Commission. The Government sees the key function of the Commission as being to support the wider public sector to perform better. We are moving to look at my own Ministry, the Ministry of Finance, to identify better and more flexible ways of supporting Ministries in the best use of their Budget appropriations. This would mean streamlining and simplifying procedures and monitoring and reporting requirements – reducing the costs which Ministries face in working in “the old ways”.

We believe giving CEOs greater flexibility to manage their Ministries, and supporting and encouraging innovative thinking can contribute to stronger outcomes and increased efficiencies. Of course, this will also be accompanied by strong accountability requirements. CEOs will be held accountable for delivering outcomes in line with the expectations the Government has set.

IV. BUDGET AGGREGATES

Mr. Speaker,

I would now like to highlight the key components of the 2018/19 budget:

REVENUES		<u>\$849.48 million</u>
<i>Ordinary Receipts</i>	\$ 626.33 million	
<i>External Grants</i>	\$ 223.16 million	
EXPENDITURES		<u>\$ 932.92 million</u>
<i>Statutory Expenditures</i>	\$ 134.09 million	
<i>Expenditure Programs</i>	\$ 547.61 million	
<i>Unforeseen Expenditures</i>	\$ 16.43 million	
<i>Development Expenditures</i>	\$ 234.78 million	
OVERALL BUDGET DEFICIT		<u>-\$ 83.44 million</u>
FINANCED BY:		
<i>Soft Term Financing</i>	\$ 70.57 million	
CASH DEFICIT AFTER BORROWING		<u>-\$ 12.87 million</u>

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The 2018/19 financial year Main Estimates is expected to record an overall fiscal deficit of approximately \$83.44million maintaining the Government's commitment to a fiscal target within 3.5% of GDP.

Despite this estimate, Government is committed to ensuring macroeconomic stability underpinned by a lower fiscal deficit is maintained. The past two financial years 2015/2016 and 2016/2017 recorded deficit levels of 0.4% and 1.1% respectively.

V. REVENUE

Mr. Speaker,

Total Domestic Revenue is expected to remain relatively the same at \$626.3million.

Tax Revenue is expected to drop slightly by 1.2% due to an adjustment in on lending payments that was made under the First Supplementary of the current financial year. However, despite this one-off adjustment, there are noticeable increases in the following areas:

- 10% increase in Company Income Tax collections;
- 14% increase in receipts from the management of Samoa's upper airspace;
- 10% increase in Dividend payments from State Owned Enterprises.

Non Taxation Revenues or Fees and Charges by Government Ministries is anticipated to increase by 27% or \$8.3million which includes the collection of NHS cost recoveries amounting to \$6million.

Other notable increases include:

- A 43% increase in collections on land leases and stamp duty receipts by the Ministry for Natural Resources and Environment reflecting improved compliance;
- A 15% increase in collections by Quarantine Services through improved border management and compliance checks;
- A 12% increase in overall collections by the Ministry for Commerce reflecting revisions to their fees in the current financial year;
- A 10% increase in collections by the Immigration is also anticipated as a result of the marginal increase in fees actioned in the current financial year combined with an increase in demand for travel documentations.

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- A 5% increase is also anticipated in the collection of non-tax revenues by the Ministry for Revenue as a result strict enforcement of border compliance monitoring.

Grants are expected to drop by 8.4% reflecting the winding down of a number of projects in the transport, agriculture and aviation sectors as well as the completion of the Power Sector Expansion Project and the Tui Samoa Cable Project within the current financial year. While several new projects will be implemented in 2018/2019, the total cost of these projects will be lower than the level of investments in the current year.

VI. EXPENDITURE PRIORITIES

Mr. Speaker and Honourable Members,
The total expenditures for Government in 2018/2019 is expected to be \$932.9million, 1.7% lower than current year due primarily to a 16% drop in development expenditures affected by the winding down and completion of the projects implemented during the current year.

The expenditure Programs for Ministries in 2018/2019 will increase by 5% above the current year's total of \$520.95million.

The biggest new initiative to be implemented in the next financial year is the Pacific Games that Samoa will host in July 2019. A total of \$11.0 million is earmarked for this purpose. This is a significant amount which would have been available for education, health and even infrastructure if it weren't for the Pacific Games. But the Government has made the decision to host the Games which hopefully will lift the performance of our athletes. It is also expected the Games will contribute positively to GDP as a significant amount of resources will be directed at infrastructure development in preparation for the Games.

I will now summarize the priority funding expenditures under the identified Ministries for the new financial year:

1. Ministry of Agriculture and Fisheries

- \$13.8million allocation that includes financing for the following:
 - \$228,500 to complete the taro, koko and coconut stimulus package;

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- \$150,000 for the Rhinoceros Beetle eradication project;
- \$140,437 to continue to support the Agricultural 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

– \$6.5million that includes:

- \$450,000 to support funding the operations of the Small Business Enterprise Centre;
- \$200,000 to support Private Sector Organizations;
- \$178,000 for the Apprenticeship Program

3. \$11.96m to the Samoa Tourism Authority which includes:

- \$5.4million 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

– \$8.7million including \$5million for the management of the Samoa National Broadband Highway.

5. Ministry of Education, Sports & Culture

– \$85.6million for the following priorities:

- \$13.2million Government Grant to mission and public schools;
- \$3.2million for the implementation of priorities under the Education Sector Plan;
- \$1.1million for Village School Stationeries;
- \$1million for the Teachers' Higher Education Funding Scheme.

6. Ministry of Finance

– \$89.3million which includes the following priorities:

- \$18.6million funding of the Senior Citizens' Pension Scheme;

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- \$11million to assist preparations for the 2019 Pacific Games;
- \$4million for lease costs of our overseas missions that include Canberra, Mangere and Wellington;
- \$2.8million lease on the DS3 ASH Cable;
- \$7.4million Government counterpart contributions to the following key development projects:

- Faleolo Airport Runway Rehabilitation;
- West Coast Road Project;
- Vaisigano Bridge;
- Samoa E. Health;
- Samoa Ports Development Project;
- Police Academy;
- Cultural Center;
- Friendship Park.

7. Ministry for Revenue

- \$13.2million 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

- \$23.2million including costs for hosting the following regional events:
 - Forum Foreign Ministers' Meeting;
 - Forum Trade Ministers' Meeting;
 - SAMOA Pathway Review;
 - 6th ACP Fisheries and Agricultural Meeting.

9. Ministry of Health

- \$11.75million including:
 - \$2.9million 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.

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10. \$80.1million to the National Health Services including the following priority expenditures:

- \$6million for the Overseas Medical Treatment Scheme;
- \$4.6million for the Lab Consumables;
- \$4.5million for the Supply of Pharmaceuticals;
- \$2.5million Pharmacy Medical Consumables;
- \$1.6million for patient bulk food supplies.

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

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

12. Ministry of Natural Resources and Environment

– \$25.6million that includes:

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

13. Ministry for Works, Transport & Infrastructure

– \$18.7million which includes:

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

14. \$25.8million to the Land Transport Authority:

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

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VII. UNFORESEEN EXPENDITURES

The total estimated appropriation for Unforeseen expenditures based on the total expenditure programs of Government for 2018/19 is \$16.4million.

VIII. DEVELOPMENT EXPENDITURES

Mr. Speaker,

Complementing the efforts of Government are the assistance provided by our development partners through grants and loan funded projects that contribute to the overall envelope for the new financial year 2018/19 of which the major investments are as follows:

- \$129million for the Transport and Infrastructure Sector to support Road improvements and the aviation sector;
- \$36.9million for the Environment Sector to support Climate Resilience and Disaster Risk Management;
- \$7.1million to the Education Sector to support improved access and quality education for our future generation;
- \$5.4million assistance for the Health Sector for the EHealth System, Pharmaceuticals Inventory System and others.

IX. SECOND SUPPLEMENTARY ESTIMATES 2017/18

Mr. Speaker,

The Government is also proposing to table a Second Supplementary Budget for the financial year 2017/18. The supplementary budget is cost neutral as it will be funded from the reallocation of existing resources.

X. CONCLUSION

Mr. Speaker and Honourable Members,

As I stated earlier, there is positive optimism in the economy over the medium term. It means businesses will enjoy an environment that creates opportunities for them to grow and to help create jobs for our people. It also means there will be fiscal space for government to provide the services required by our people.

But we should never lose sight of the fact that Samoa faces a number of risks. That underscores the need for the government to continue to put in place the policy framework that will ensure macroeconomic stability and fiscally responsible.

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Ministerial Statement by the Hon Prime Minister

The Budget continues the Government's commitment to improve the quality of life for all Samoans and continues its commitment to equity – this is important not only for the present but also as an essential foundation for the future. It is essential to maintain consistency in direction and effort to achieve sustainable longer term progress.

I would like to acknowledge with much appreciation the support and generosity of all our Development Partners whose ongoing technical assistance programmes continue to play a critical role in Samoa's development. We appreciate your willingness to partner with us and to support our endeavors to provide a future prosperity for our people. Faafetai Tele Lava!

In closing, I would like to thank all the citizens of our country for their support in whatever role they have contributed to the development of our country. I wish everyone an enjoyable 56th Year of Independence. Mr. Speaker, I commend the 2018/2019 Budget to the House.

MR SPEAKER: I believe the address of the Hon Minister has been noted to which I acknowledge the preparation. The task is not easy and therefore I acknowledge the Chief Executive of the Ministry and all those involved in this work.

Pursuant to Standing Order 133, debate on the Appropriation Bill 2018/2019 will be adjourned no later than 14 days, while the Appropriation Bill 2018/2019 is referred to the Finance Committee for consideration and to be reported back to the Assembly. I grant this opportunity to the Leader of Government for Ministerial Statement in regards to our orders or meeting.

Susuga Hon Tuilaepa Auelua Fatialofa Lupesoliai Lolofietele Neioti Aiono Galumalemana Dr. Sailele Malielegaoi: Mr Speaker, let us give a round of applause for the wonderful Appropriation for the next year.

The Parliament clapped in acknowledgment of the Budget Address voiced by the Hon Minister of Finance.

**MINISTERIAL STATEMENT BY THE
HON PRIME MINISTER**

Susuga Hon TUILAEPA AUFLUA FATIALOFA LUPESOLIAI LOLOFIETELE NEIOTI AIONO GALUMALEMANA Dr. SAILELE MALIELEGAOI: Mr Speaker and Honourable Members of the Parliament of Samoa and all those present in this Chamber.

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Ministerial Statement by the Hon Prime Minister

I greet and acknowledge Samoa in all its honorary salutations and also the Servants of the Lord in constant prayers for the future of the nation.

I acknowledge the love of the Lord and the Almighty for the guidance that protected Samoa.

I stand with due respect Mr Speaker and distinguished Members of the Chamber to deliver my Ministerial Statement in regards to the decision made by the Congregational Christian Church of Samoa, at the end of their annual conference. The CCCS concluded to reject to the Act that has already been approved by the Parliament of Samoa to have all our pastors pay tax.

This system is widely used by foreign countries of the world to encourage those with high income earnings to increase the welfare of the public and in assistance to the low income level people. Although these high income earners are being reviled, such is the entire purpose for setting up this tax Regulation by the State. Because if no regulation is placed on these high income level earners and be given the freewill to contribute to the State's developments, this will further produce the gap between the poor and the rich. It is a matter that can be easily resolved however some have taken it further in a blurry way by taking the name of God in vain.

Mr Speaker, this last attempt by the government is very important in providing clarification on this matter, on the note that although it has taken 56 years since we became Independent, Samoa is a state founded on God, and we rely on tax to assist with our developments, unfortunately there still are people who refuse to support and are ignorant of this doing because they prefer to live lavishly and do not appear to care less about the developments of our weak state of Samoa.

Therefore, the State's clarification on this matter is vital because this State stands by its vision and objectives in comparison to the rest of the world. The addressing matter on taxation had been in practice since the existence of our Lord Jesus Christ on earth. This will always be the norm from those who protest and carry out strikes against the State and its laws including the Constitution and the protection of the Customary Lands since our Independence up to today. It is evident that no wise Government in the world presents its objectives for the wellbeing of its people by *first of all meeting the demands of the Church*.

The truth is Mr Speaker, if this is the case it is obvious that no economic growth will exist in a particular Government that aims to live freely but lacks the welfare for its people most especially the weak income level group. We cannot give in to those requests and ignore the needs of the majority that need assistance.

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Ministerial Statement by the Hon Prime Minister

Therefore, I wish to acknowledge the different denominations from the CCCS for the support and for the nation and importantly understanding the decisions made by the Government. That is your blessing.

The authority of the Parliament of Samoa is clearly stipulated under the mandated policies and procedures of the Legislative Assembly for its decision making. Furthermore, it also provides for the consideration of Bills and developments for promoting good education for our people. Once the bills have been approved by the Legislative Assembly they are passed to the Le Ao o le Malo for its assent before it becomes an Act.

Some of these Legislations aim to protect and provide freedom for our local citizens to develop good project plans for the benefit of our people. Any government that has the loyalty and patriotism of its people will mean that Samoa is able to stand and achieve anything on its own.

Therefore, any Law that is approved by this House and has the assent of the Le Ao o le Malo should not supersede by any other Law only or unless it goes through this same process. This is the normal procedure that is done by those who know better.

No one can change that and in accordance to the teachings of the Bible, all authority done here on earth including Samoa all comes from God. The same authority is where Samoa is founded on. There is no State policy which states that approved laws is allowed to be rejected. There is no paramount Assembly other than the representatives in this House and the very reason why this Assembly is called the Legislative Assembly of the Independent State of Samoa.

Therefore, no one should object as there is a Biblical belief that all nations believe passed by the State is also the will of the Lord and where Samoa is founded on. The Legislative Assembly is comprised of selected representatives from each constituency who have been elected by the people to be the leaders and law-makers of Samoa to pass legislations for the betterment of Samoa in the future. It will be absurd if every Samoan citizens appear in the House to pass these laws. Therefore, whatever the concerns the people have, they must be referred to their Member representatives to voice out in Parliament. The impartiality of the Speaker of the House ensures that Members are given the chance to have their say until the matter is reached and reviewed thoroughly. However, there is also the opportunity for the public to voice their opinions to Parliament through the Parliamentary Committees in which they are allowed to voice their concerns freely and openly. This is democracy that our forefathers initiated for Samoa when the Constitution of Samoa was established by which this Parliament still upholds today.

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The decisions in this House are done by the appointed representatives on behalf of its people. Therefore, any individual, organization or Church denomination that goes against this authority is also opposing the Independent State of Samoa. In simple terms, Government authority has been revoked by the Church. If this is true, then Parliament will have no recognition and will be known as a mocking Parliament in the future. These ample opportunities is for the general public to share and voice their thoughts in regards to the raising matters in Parliament. Any Bill referred by the Parliament to the Parliamentary Committee is intended for thorough review and consideration by the Committee with regards to public submissions. The Bill is then reported back to the Parliament and is done with extreme caution. We have just received the motion for time extension to allow the Committees to finalize investigations on their designated work.

The process cannot be rushed as matters concern the rights of all the people of Samoa for both the current and future generations. Therefore, whoever wishes to make submissions to a proposed legislation has the opportunity to do so by contacting the Clerk and Parliament staff. Public notices will also be carried out on televisions, radio and newspapers. The Church and the general public could have made good use of this opportunity during consultations to voice their views on this Income Tax Amendment 2017 which regulates the taxing of Church Ministers. There is no other opportunities outside these legal meeting scheduled as reflected in the decision of the elders' CCCS which reverses the intention that all Parliament laws is made according to the decision of the elders of this Church. No one can change the decisions of this Parliament that comprises of the representatives of Samoa to its entirety.

Despite these chances, all Parliamentary Committees reviews are based on Parliament decision and approval. Therefore, in spite of the ruling by the majority, the decision by the Legislative Assembly remains and is final. This is the meaning of a Democratic Government based on the voice of the people through its representatives and the majority that Democracy is guided and is found on. These set guidelines and principles acts as guide for these representatives and the Legislative Assembly which also binds the differences in views and concerns. Good governance is based on Laws made to sustain a peaceful living for our people or the people of God. No doubt this is also the reason why the God of the universe descended with the 10 commandments to given to His Servant Moses to guide His people for the purpose that these 10 Commandments remain in existence and not for His people to live by carelessly. The Messiah came into being 2018 years ago and the Pharisees have complicated these 10 easy to understand commandments by making 617 laws out of them.

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Ministerial Statement by the Hon Prime Minister

These laws eventually brought them disagreement with Jesus which makes up two of the Holy Trinity's Personification for the One Who created men and the written Laws presented to Moses.

It is our duty and responsibility to understand the difference between these two things. Firstly, as devoted Christians to God and as citizens to our beloved Samoa. The two are interrelated as Samoa is founded on God. A person would know the difference if the heart is sought, because as Christians, we are responsible to serve God and so is our duty to serve our people where as a non-Samoan Christian will have to serve God but will not have any contribution for Samoa and vice versa. It is our duty as faithful Christians to serve the Lord in honor of his unconditional love for us.

It is also our duty as Samoan citizens to contribute to the development of our beloved Samoa. We do not need to reiterate the fact that Samoa has no natural resources which we can depend on, like oil from the center of the earth that other nations are thriving on. We can only rely on the contributions from our citizens.

It is also very crucial to note that this Government does not belong to the House nor the Cabinet and neither the public servants. In essence to making contribution to Samoa's economy, this Government is everyone's business regardless of the denominations whether you are an atheist or you feel that it is your duty to contribute to the country's development and don't have to hide behind any unique religious beliefs and doctrines. On that note, as Church Ministers they are also people like us although we have different callings but that does not take away the fact that we are obligated to make a contribution to the economy of Samoa.

Mr Speaker and distinguished Members of the Chamber and all of Samoa, it is anyone's business to serve the country no matter what calling you are given. Whether you are appointed as the Le Ao O le Malo or other official State positions or even Church Ministers, this will not change this responsibility of bearing assistance to country's economy. Whoever denies this responsibility means that they do not wish to be Samoans. It would be better if they live somewhere else other than Samoa if they do not pay their taxes. It would be unfair to see the children of those living under free tax get free education, free medical care and pension from the money of tax payers. Up to the end, the non-tax payers will be alienated by the abiding citizens for the good works they do.

It is rumored that this Regulation will ultimately bring defeat to the present Government or the Human Rights Protection Party. It is my belief that this is the thinking of shallow minded people that are hopeless. Why? It is because it is the will of God that calls the people to lead Samoa and to lead the Government that is founded in Him.

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Ministerial Statement by the Hon Prime Minister

We must also bear in mind that the Church only represents a small number whilst the majority are waiting in the homes; they are the ones that makes the final decisions in the village. The elders of the nation make the utmost decisions for not only the nation, constituency and church for the betterment of the people. Statements have also been made to believe that the Government gives no concern to the His Highness O le Ao o le Malo by hiding behind the truth, because they refuse to contribute to the developments of the nation, however the fruits bore from these developments is not intended for the tax payers alone but everyone.

Samoa has heard the strategic budget plans for the upcoming year. The allotted amount for developments is \$932million because our citizens are the main contributors and also the overseas workers. It was the vision of the Government for the citizens of our nation to be employed in the plantation farms in New Zealand and Australia. Arrangements have now been in place for the duration period of stay at three years particularly for the behaved ones, and not those who tarnish the name of Samoa. This is to assist their families waiting and supporting them in Samoa while working abroad. That is the process to God's Golden Rule of love that sums up all the other laws of the State including this Income Tax Regulation.

The taxing of Church Ministers or Pastors is not new in Samoa. It was practiced during the colonial times when Samoa was under the German and New Zealand administration. The pastors or church ministers had no objection as they believe they this was appropriate doing. The pastors in New Zealand and Australia are paying their taxes and so as the employed local Pastors. I have here with me a copy of the Savali advertisement from the past reminding pastors to pay their taxes. This was during the German ruling in the years 1911 to 1924. There are plenty of pensioners that receive pensions including the retired pastors of the CCCS and the government does not intend to give benefits to the tax payers alone.

Government will never recognize the rejecting remarks to the laws reviewed in the House and will endlessly provide its normal assistance whenever necessary. Because whoever rejects the approved laws of the House is also rejecting this Parliament and appropriate procedures will be taken upon these kinds of people. It has been 56 years since we have become independent and for 56 years the pastors have not been paying any tax. We have just now asked for their input which is something that is not lightly taken by the Government. It is our belief that the pastors were given enough consultations for them to pay tax. It is now time for them to make their contribution.

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Adjournment

Mr Speaker there is no intention to wound or offend anyone and on the contrary, the CCCS has deeply offended this Government and its Members including the O le Ao o le Malo and Parliament and we have not taken it lightly. Appropriate procedures and processes have already taken including opportunity for the public to make submissions and share their views on this legislation however ignorance has succeeded and has rested its case.

In truth Mr Speaker, our intention has been falsely taken due to the strong youthful rejection received, such as the mistake made by King Rehoboam. Even so what remains positive is the intention of other CCCS Ministers who have already made their registrations to pay tax in compliance to the Income Legislation. Thank you for your far-sighted wisdom. I also acknowledge the Secretary of the CCCS Church who I believe has been respectfully paying taxes, despite the fact that you have been pushing the others not to. It proves the words of one of the Pastors during his sermon, “brothers in Christ, do what I preach and not what I do.” The Government has completed its final consultation to this very simple matter and in accordance to the approved amendment that we had for this Income Tax Amendment Bill in 2017 as well as 6 months of public consultation processes and consideration of this Bill which commences its effect by January 2018. June 2018 marks 6 months since this legislation came into effect and therefore the Ministry for Revenue will carry out its work as per normal procedure. And for the information of the public, we will meet with the Leaders of the CCCS in the future. I was waiting for them yesterday and this morning yet hopefully this meeting will go through upon the will of our Lord.

I pray for the blessings on this 56th Independence of the State of Samoa.

Thank you Mr Speaker, that concludes my Ministerial Statement. Soifua and God Bless.”

ADJOURNMENT

MR SPEAKER: Thank you. I believe the Hon Prime Minister’s Ministerial Statement has been well observed by the Members of the House. I believe we are all aware of the state of the matter. I gather the support and audience of all of Samoa has noted the statement recently voiced by the Hon Minister. I give thanks in acknowledgment of the forefathers who have passed for the discretion to have our nation be a nation that is founded on God.

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Adjournment

I acknowledge the Hon Prime Minister and the clarification voiced in regards to elaborating the procedures of the Government and the Parliamentary procedures. However, we have come now to the end of our business.

The Assembly will adjourn until Tuesday 19 June 2018. It is so that 14 days will be granted to the Finance and Expenditure Committee to review the Supplementary Appropriation and also the Appropriation Bill 2018/2019 to be reported back to the Assembly on the sitting day following.

I now declare that the Proceedings of the Assembly be adjourned until Tuesday 19 June 2018. I hope to convey my best wishes to the Independence of our beloved Samoa this week. I pray that our Heavenly Lord guides His Highness O le Ao o le Malo, Council of Deputies, the distinguished Members of Parliament, Hon Prime Minister and Cabinet, the Judiciary and all of us peacefully to Friday for our Independence celebrations.

I will conclude our Meeting with a prayer.

Proceedings of the Legislative Assembly adjourned at 10.53am until 9.00am Tuesday, 19 June 2018.

