

**TUESDAY, 31<sup>ST</sup> MAY 2016**

*The Legislative Assembly met at 9:00am pursuant to the motion moved on the 18th of March 2016.*

*Mr Speaker took the Chair at 9:00 am.*

Prayer.

**MR SPEAKER:** I announce the first session of the XVI Parliament of Samoa now commenced.

**NOTICE FROM THE LEADER OF THE HOUSE**

*Mr Speaker read the Notice from the Leader of the House.*

Pursuant to Standing Order 76 of Parliament, Notice is hereby given to the Legislative Assembly to consider the Bills given:

1. Supplementary Appropriation Bill (No. 2) 2015/2016.
2. Appropriation Bill 2016/2017.

**GIVEN** this day 30<sup>th</sup> May in the Year 2016.

(Signed): **Afioga Hon Fiaame Naomi Mataafa**  
**DEPUTY LEADER OF THE HOUSE.**

**OBITUARY SPEECHES**

*Mr Speaker announced the passing away of former Members who were in Parliament in the past years.*

1. Afioga **VAEOLENOFOAFIA** Tapasu Leung Wai.
2. Afioga **TUALA** Falenaoti Tiresa.

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### Presentation of Papers

3. *Afioga Hon LEOTA LEULUAIALII Ituau Ale.*

- i) *Afioga VAEOLENOFOAFIA Tapasu Leung Wai was elected as a Member for the Territorial Constituency of Aana No.3 for the Parliamentary term 2006-2011.  
He was an Associate Minister to the Ministry of the Prime Minister and Foreign Affairs. He was also a Member of the Officers of Parliament, Works, Transport and Environment Committee and the Inter-Parliamentary Committee.*
- ii) *Afioga TUALA Falenaoti Tiresa was elected as a Member for the Constituency of Gagaemauga No. 1 for the parliamentary term 1996-2001.  
She was a Member of the Finance and Commonwealth Parliamentary Committees.*
- iii) *Afioga Hon LEOTA LEULUAIALII Ituau Ale was elected as a Member for the Territorial Constituency of Anoamaa West in the IV Parliamentary term 1970-1973, VI Parliamentary term 1976-1979, VII Parliamentary term 1979-1982, X Parliamentary term 1988-1991 and the XI Parliamentary term 1991-1996.  
In the years 1976-1979 Afioga Hon LEOTA LEULUAIALII Ituau Ale was elected as the Speaker of the House.*

*On behalf of Parliament I convey sincere condolences to the Constituencies, wives and children especially to the families of former Members who have passed away.*

*Members of the House showed their respect by standing for a minute of silence.*

### PRESENTATION OF PAPERS

*The Clerk read out the Papers pursuant to Standing Orders 48.*

1. S.R. 2016/1, Public Bodies (Election Candidates) Regulations 2015.
2. S.R. 2016/2, Tax Administration (Late Payment Interest) Regulations 2015.
3. S.R. 2016/3, Electoral Transitional Regulations 2016.
4. P.P. 2016/2017 No. 3, National University of Samoa Annual Report 2014/2015.
5. P.P. 2016/2017 No. 4, Ministry of Education, Sports and Culture Annual Report for the year 2014/2015.
6. P.P. 2016/2017 No. 5, Ministry of Prime Minister and Cabinet Annual Report 2013/2015.
7. P.P. 2016/2017 No. 6, Samoa Housing Corporation Annual Report 2015.

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**Notice of Motions**

8. P.P. 2016/2017 No. 7, Development Bank of Samoa Annual Report 2015.
9. P.P. 2016/2017 No. 8, Ministry of Works, Transport and Infrastructure Annual Report 2014/2015.
10. P.P. 2016/2017 No. 9, Polynesian Airlines Limited Annual Report 2015.
11. P.P. 2016/2017 No. 10, Electric Power Corporation Annual Report 2013/2014.
12. P.P. 2016/2017 No. 11, Ministry of Women, Community and Social Development Annual Report 2015.
13. P.P. 2016/2017 No. 12, Samoa Fire & Emergency Services Authority Annual Report 2014/2015.
14. P.P. 2016/2017 No. 13, Samoa Post Annual Report 2015.
15. P.P. 2016/2017 No. 14, Samoa Life Assurance Corporation Annual Report 2015.
16. P.P. 2016/2017 No. 15, Land Transport Authority Annual Report 2013/2014.
17. P.P. 2016/2017 No. 16, Ministry of Commerce, Industry and Labour Annual Report 2015.
18. P.P. 2016/2017 No. 17, Office of the Attorney General's Annual Report for the Year 2014-2015.
19. P.P. 2016/2017 No. 18, Office of the Regulator Annual Report 30 June 2012.
20. P.P. 2016/2017 No. 19, Office of the Regulator Annual Report 30 June 2013.
21. P.P. 2016/2017 No. 20, Office of the Public Trustee Annual Report 30 June 2012.
22. P.P. 2016/2017 No. 21, Office of the Public Trustee Annual Report 30 June 2013.
23. P.P. 2016/2017 No. 22, Office of the Public Trustee Annual Report 30 June 2014.
24. P.P. 2016/2017 No. 23, Samoa Sports Facilities Authority Annual Report 2014/2015.
25. P.P. 2016/2017 No. 24, Unit Trust of Samoa Annual Report 30 June 2015.
26. P.P. 2016/2017 No. 25, Office of the Regulator Annual Report 30 June 2014.
27. P.P. 2016/2017 No. 26, Samoa Water Authority Annual Report 2014/2015.
28. P.P. 2016/2017 No. 27, Ministry for Revenue Annual Report 2014/2015.

**NOTICE OF MOTIONS**

**MR SPEAKER:** I humbly call upon the Deputy Prime Minister.

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### Parliamentary Commission Motion

**Afioga Hon FIAME NAOMI MATAAFA (Deputy Prime Minister):** Mr Speaker and Members who have gathered here this morning in good health. Before I move a motion, I take this opportunity to officially welcome the Chair and Members of the House to this first session of the 16<sup>th</sup> Parliamentary term as mentioned by the Honourable Speaker.

I thank our Heavenly Father for His love that has guided us here safely and has given us good health.

Mr Speaker perhaps it is now clear to Members that our Leader is not present today as he is taking part in the Pacific Leadership Forum for the European Union Program in support of our economy. Nonetheless the majority is still here especially the Cabinet and respectable Members. I am grateful that we have now commenced our first session of this new term.

Mr Speaker pursuant to the Standing Order 145, I move a motion, *That the composition of members for Parliamentary Committees be now set at five members.*

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

*Motion approved.*

### PARLIAMENTARY COMMISSION MOTION

**MR SPEAKER:** I call on the Deputy Chairman of the Parliamentary Commission, the Deputy Speaker.

**Tofa NAFOITOA TALAIMANU KETI (Deputy Chairman Parliamentary Commission):** I believe we cannot progress with Orders as presented in the Order paper without acknowledgement of this Commission. Since this is our first time in the Parliament of Samoa, therefore I support the thanksgiving and praises made to our Father this morning.

I thank our Heavenly Father for his love and kindness which has enabled good health to the Chair, I thank you for your endurance. I am confident that all constituencies are present before the House today.

It is with utmost respect that I welcome the Leader of the House this morning; I commend you for your perseverance and support.

I also welcome Honourable Ministers of Cabinet and Associate Ministers and all Members of Parliament. I commend everyone for your infinite patience in upholding your duties. Nonetheless I acknowledge the support of our country in certain areas thank you so much.

Mr Speaker I move with respect a motion, *That this Assembly approves the election of the Members shown hereunder for the Parliamentary Commission and Parliamentary Committees:*

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### Parliamentary Commission Motion

1. Hon LEAUPEPE Taimaiono Toleafoa Faafisi.
2. Hon TUILAEP Auelua Fatialofa Lolofietele Lupesoliai Neioti Aiono Galumalemana Dr. Sailele Malielegaoi.
3. Hon AEAU Peniamina Leavaiseeta.
4. Tofa NAFOITOA Talaimanu Ketu.

### MEMBERS OF PARLIAMENTARY COMMITTEES

#### 1. STANDING ORDERS, ELECTORAL, PETITIONS & CONSTITUTIONAL OFFICES COMMITTEE (S.O. 170)

1. Tofa NAFOITOA Talaimanu Ketu.
2. Hon AEAU Peniamina Leavaiseeta.
3. Afioga PAU Sefo Taumata Pau.
4. Tofa NONU Lose Niumata.
5. Afioga FUIMAONO Teo Samuelu Teo.

#### 2. FINANCE & EXPENDITURE COMMITTEE (S.O. 171)

1. Hon FAUMUINA Faaolatane Tiatia Liuga.
2. Afioga ALIIMALEMANU Alofa Tuuau.
3. Afioga TOOMATA Aki Tuipea.
4. Afioga AFOA Amituanai Faleulu.
5. Tofa OLO Fiti Afoa Vaai.

#### 3. SOCIAL SECTOR COMMITTEE (S.O. 172)

1. Hon GATOLOAIFAANA Amataga Alesana Gidlow.
2. Afioga SULAMANAI Fetaiai Tauiliili Tuivasa.
3. Afioga LEAANA Ronnie Posini.
4. Tofa AUMUA Isaia Lameko.
5. Tofa ILI Setefano Taateo Tafili.

#### 4. ECONOMIC SECTOR COMMITTEE (S.O. 173)

1. Hon LAUOFO Fonotoe Nuafesili Pierre Laufo.
2. Afioga TAPULESATELE Mauteni Tamasone Metuli II Esera.
3. Afioga FAALOGO Iosefa Sopi.
4. Afioga TOLEAFOA Ken Vaafusuaga Poutoa.
5. Tofa ILI Setefano Taateo Tafili.

#### 5. INFRASTRUCTURE SECTOR COMMITTEE (S.O. 174)

1. Afioga TAFUA Maluelue Tafua.
2. Afioga FAAULUSAU Rosa Duffy-Stowers.
3. Tofa LOPAOO Natanielu Mua.
4. Afioga FAUMUINA Asi Pauli Wayne Fong.
5. Tofa OLO Fiti Afoa Vaai.

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**Motion to approve the 2006 – 2021 Parliamentary Sitting Programme**

*Motion approved.*

**MOTION TO APPROVE THE 2016 -2021 PARLIAMENTARY SITTING PROGRAMME**

**MR SPEAKER:** I call on the Deputy Chairman of the Commission for the motion.

**Tofa NAFOITOA TALAIMANU KETI:** Mr Speaker with respect I move a motion, *That this Assembly approves the Sitting Program for 2016-2021 set out here as recommended by the Parliamentary Commission pursuant to Standing Orders.*

<i>MonthDay</i>		<i>MonthDay</i>	
<i>May</i>	<i>31</i>	<i>October</i>	<i>18</i>
<i>June</i>	<i>22</i>	<i>December</i>	<i>20</i>
<i>August</i>	<i>23</i>	<i>January</i>	<i>24</i>

*Motion approved.*

**SUPPLEMENTARY APPROPRIATION BILL (NO.2) 2015/2016  
– first reading**

**Afioga Hon SILI EPA TUIOTI (Minister of Finance):** Mr Speaker I move a motion, *That the Supplementary Appropriation Bill (No.2) 2015/2016 be read for the first time.*

*Seconded by the Minister of Education, Sports and Culture and the Minister of Agriculture and the Scientific Research Organisation.*

*Motion approved and the Supplementary Appropriation Bill (No.2) 2015/2016 was read for the first time.*

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**SUPPLEMENTARY APPROPRIATION BILL (NO.2) 2015/2016**  
– tabled before the Legislative Assembly

*The Minister of Finance Afioga Hon Sili Epa Tuioti tabled the Supplementary Appropriation Bill (No.2) 2015/2016 before the Legislative Assembly.*

**SUPPLEMENTARY APPROPRIATION BILL (NO.2) 2015/2016**  
– motion for second reading

**Afioga Hon SILI EPA TUIOTI:** Mr Speaker I move a motion, *That the Supplementary Appropriation Bill (No.2) 2015/2016 be read a second time, the Supplementary Estimates will be included in the Main Estimates 2016/2017.*

*Seconded by the Minister of Education, Sports and Culture and the Minister of Agriculture and the Scientific Research Organisation.*

**MR SPEAKER:** Pursuant To Standing Order 132 the Debate thereon shall be adjourned for not less than fourteen (14) days and the draft Estimates of Expenditure then stand referred to the Finance & Expenditure Committee for consideration and a report thereon.

**APPROPRIATION BILL 2016/2017**  
– first reading

**Afioga Hon SILI EPA TUIOTI:** Mr Speaker I move a motion, *That the Appropriation Bill 2016/2017 be read for the first time.*

*Seconded by the Minister of Agriculture and Scientific Research Organisation and the Minister of Education Sports and Culture.*

*Motion approved and the Appropriation Bill 2016/2017 was read for the first time.*

**MAIN ESTIMATES 2016/2017**  
– tabled before the Legislative Assembly

*The Hon Minister of Finance Afioga Hon Sili Epa Tuioti tabled the Main Estimates 2016/2017 before the Assembly pursuant to Standing Order 131(1).*

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**APPROPRIATION BILL 2016/2017**  
– motion for second reading

**Afioga Hon SILI EPA TUIOTI:** Mr Speaker I move a motion, *That the Appropriation Bill 2016/2017 be read a second time.*

*Seconded by the Minister of Women, Community and Social Development, Minister of Agriculture and Scientific Research Organisation and the Minister of Education Sports and Culture.*

**BUDGET ADDRESS 2016/2017**  
*“Strengthening the Foundations, Building for Tomorrow”*

**Afioga Hon SILI EPA TUIOTI:** Mr Speaker, as required under Standing Order 131, it is with great pleasure that I present, on behalf of the Government, the Statement on the Estimates for the 2016/2017 fiscal year.

Mr Speaker, it is a great honor for me as Minister of Finance to present my first budget on behalf of the Government. At the outset, I want to make it very clear that this is the Government’s budget – the result of careful consideration by all Ministers, balancing our various perspectives and priorities and reflecting the importance of setting a coherent and affordable agenda for the government as a whole. We are all committed to the implementation of this budget and to constructively addressing the challenges ahead.

Mr Speaker, when we went to the electorate in March, we set out very clearly what we saw as our priorities. There are three in particular that we have had very much in mind in framing this budget – maintaining stable and sustainable macroeconomic growth, creating employment opportunities for our young people and continuing to deliver improved programs and services in areas vital to our continued progress.

This budget is an important first step in delivering on what we said we would do.

Over the years it has become something of a tradition to give the budget a theme to make clear what it is aiming to achieve. The theme for this budget is Strengthening the Foundations: Building for Tomorrow. This theme makes two things clear: first, we have work to do now if we want to continue to strengthen our economy and improve opportunities for our citizens; and second, that this is a process which will require our on-going energy and commitment into the future, not just for this year, or the next few years.

**1. RECENT ECONOMIC PERFORMANCE**

Mr Speaker, as a nation we can be proud of what we have achieved over recent years.

- Our economy has recovered from the devastation of Cyclone Evan and continues to grow, averaging a real growth rate of around 1.7 per cent over the last 3 years;



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**Budget Address 2016/2017**

***“Strengthening the Foundations, Building for Tomorrow”***

- Our balance of payments is strong, the exchange rate for the tala is stable and we are maintaining our target for international reserves;
- Inflation remains well within the target range;
- We have steadily improved service delivery across the country in such key areas as health and education, and we are on track to achieve the Millennium Development Goals with respect to universal primary education, reducing child mortality and ensuring environmental sustainability;
- We have continued with a solid program of infrastructure development, including importantly, improving our road network and addressing climate resilience. Disaster management and climate resilience will be strengthened as key outcome areas in the forthcoming *Strategy for the Development of Samoa*; and
- Our monetary policy settings support steady growth in loans to businesses from commercial banks.

So we can be justly proud of our progress, but we cannot be complacent. Geography has not always been kind to us. Cyclone Evan brought not only devastating physical damage to our islands; it also brought severe economic and financial damage, requiring us to increase the level of government spending and borrowing to re-build and requiring increased debt levels beyond where we would want them to be. We have not just had to rebuild our infrastructure; we have also had to rebuild the budget.

In addition, the economic challenges for us resulting from the recent down turn and subsequent slow growth in the global economy – and in the economies of our major trading and development partners – combined with our relative isolation from markets and sources of supply, have further limited our growth opportunities.

Our fiscal position does not allow for complacency, and the first task of this budget is to ensure that we live up to the theme of last year’s budget –*living within our means*. So this is a budget of consolidation. Not consolidation for its own sake, but consolidation to ensure we are building a sound foundation for sustainable growth in the years ahead.

**2. OUTLOOK FOR 2016/2017.**

Mr Speaker, the outlook for the global economy remains subdued. The latest IMF World Economic Outlook for 2016 has reduced projected growth to 3.4 per cent for 2016. Inflationary pressures are expected to remain subdued with low international prices for crude oil, food and other major commodities. And global trade will remain weak over the course of the year. These events will affect our economic prospects and performance.

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We are projecting steady GDP growth in 2016/2017 of around 3.0 per cent in real terms. Inflation is forecast to remain relatively subdued, with the Consumer Price Index estimated to increase around 2.1 per cent. On the external account, we are projecting a moderate deficit in the Balance of Payments, with reserves providing import cover of more than four months, well in line with the target we have set. Growth in credit to the private sector is forecast to increase 5.5 per cent.

More detail is provided in the accompanying Economic Statement and I encourage Honorable Members to study this carefully.

### 3. THE BUDGET SETTING

Mr Speaker, while we can celebrate our achievements, we have to acknowledge there is more work to be done, and responsibly address those areas where we have not yet achieved the expected deliverables and targets we set ourselves, including those we committed to in the *Strategy for the Development of Samoa 2012-2016*.

- We are falling short in our rate of economic growth;
- Our fiscal deficit as a proportion of GDP remains above the target that we set of no more than 3.5 per cent; and
- The ratio of Debt to GDP is above the target in our Medium Term Debt Management Strategy.

While the need to increase spending and debt to re-build following Cyclone Evan explains very clearly why we are not meeting these targets, the fact remains that we must consolidate. We must ensure we are in a position to build for the future, not just re-pay the past. We must build for tomorrow, not borrow from it; we must build for our children, not borrow from them.

### 4. THE BUDGET STRATEGY

Mr Speaker, an effective budget strategy will increase productivity in the performance of expected output deliverables.

Is to ensure that the Government continue to provide the services and infrastructural developments for the benefit of our people.

It is significant for everyone in the community to pay their fair share in contributing to the revenue that is needed, to ensure that the benefits of government provided services are sustained and shared equitably over the years. thus building a strong foundation for the future. This won't happen if the budget is not responsible. Government cannot tax its way to future prosperity, nor can it spend its way to prosperity with money it does not have or cannot afford.

This can be summarized in three key words for any budget – responsible; fair and visionary.

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**Budget Address 2016/2017**  
**“Strengthening the Foundations, Building for Tomorrow”**

Mr Speaker, this budget is responsible. It recognizes that we have work to do, to consolidate our public finances, and keeping expenditure under control is a key feature. It is fair. The Government has maintained a strong focus on education and health, ensuring that we continue to provide the best possible access to quality essential services across our nation.

It is visionary because it plans for the future; the Government is determined to continue to build the enabling environment needed to support sustainable economic growth. That is why the theme of the next Strategy for the development of Samoa will be *Accelerating Sustainable Development and Creating Opportunities for All*. This budget contributes through its commitment to sound and responsible economic and financial management.

Mr Speaker, a responsible budget must be one that encourages and supports sustainable economic growth. The Government can contribute to this through a tax regime which does not stifle incentive. And it can contribute to it by working efficiently and avoiding wasteful expenditure. Only a growing economy will provide the revenue we need to continue to improve the services and infrastructure our people need – without imposing a heavier tax burden on our citizens or our businesses and stifling incentive.

A competitive and growing private sector is the engine that will drive our economic growth and the Government must partner with the private sector to ensure we are encouraging private sector growth, not discouraging it. We support it by strengthening the enabling environment:

- Ensuring there is room – that the government is not crowding out the private sector;
- Through sensible regulation, not excessive red tape;
- Through fiscal and monetary policy settings which encourage innovation and expansion;
- By ensuring that businesses have access to good infrastructure and good communications facilities which lower their costs and strengthen their competitiveness;
- Through a taxation regime which encourages businesses to invest for further growth and provide jobs;
- Through structural reforms including supporting import substitution for fruit, vegetables and light agricultural processing; continued efforts to privatize state owned enterprises and strong governance of SOES; and improving access to credit for businesses and targeted assistance to promote growth in small and medium sized businesses in our communities.

The Government will shortly be releasing the *Strategy for the Development of Samoa 2016/2020*. In this Strategy we will be setting new medium term fiscal targets, consistent with the need to live within our means and build for the future.

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This budget takes the first step in that direction, bringing the cash deficit to GDP ratio from 4.7 per cent last year to 3.5 per cent this year. That brings the cash deficit in line with the target that was set in the Strategy for 2012/2016. This is quite an achievement; we have reduced the deficit measured in this way from 6.4 per cent in 2011/2012. It has not been easy for the Government to take the measures needed to reach this position. We recognize that our people want and need better services. The approach we have taken in this budget is to identify responsible and affordable measures to raise some additional revenue and find savings from within Ministries and Agencies, while protecting front line delivery of services.

Mr Speaker, I want to impress very clearly on Honorable Members the importance of maintaining fiscal discipline. While the cash deficit to GDP ratio is a widely accepted measure and has been a useful target for us over the years, what matters in the longer term is whether we are paying our way; whether we are keeping recurrent expenditure in line with what we raise in ordinary receipts – our own taxes and charges.

In this budget, our Ordinary Receipts are estimated to still be less than our Current Payments. If we are to strengthen our economy, become less reliant on others, reduce debt and build buffers against possible adverse events in the future, we need to contain our spending, particularly our recurrent spending, so that it grows in line with our revenue capacity.

Mr Speaker, I have spoken a lot about the future. Some modest increases in taxes and some savings in expenditure are included in this budget. But getting the right budget for the right time means that we have to be thinking beyond today, beyond the numbers and the measures I am announcing this morning. The Government has set in place a process for the next budget to ensure we continue on the right path.

- We are committed to strengthening revenue collection, and in this regard we will look carefully at our compliance measures to ensure everyone is paying their fair share of tax. This helps us keep the tax burden as low as possible while raising the revenue we need.
- For the same reason, we will be reviewing the exemptions and concessions that are in place in our current taxation arrangements to ensure these are justified and that they are not being used just to unfairly avoid paying tax.
- We will be vigorously pursuing payment of back taxes where there are arrears and we will look at the imposition of penalties where there is no justification for these arrears.
- We will carefully review the current tax credit arrangements allowed to larger companies with a view to ensuring that our revenues are spent in line with our national priorities. If we change the current scheme we will make those changes prospective and grandfather the arrangements currently in place;

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- We will ensure that state-owned enterprises which generate revenue and earn profits pay appropriate dividends to Consolidated Revenue.
- We will continue with our work to strengthen debt management through approval of a new Medium Term Debt Management Strategy which Cabinet will consider in the coming weeks,
- We will strengthen our procurement policies and practices with revised Treasury Instructions and the issue of Guidelines and Framework Agreements. The objective is to achieve high standards of transparency and accountability in all public sector procurement and to achieve best value for money.
- In this budget we have increased the excise duty on tobacco and alcohol products and introduced excises on sugar items and some salt products which are damaging the health of too many of our people.

Mr Speaker, in the coming year the Government will undertake a broad ranging review of revenue, covering all tax and non-tax revenues. We will do this with a view to ensuring that we are not only collecting the revenue we need to provide improved services, but that we are doing so with fairness and efficiency. Where increases in some taxes may be recommended, the review will also consider whether some additional targeted expenditure may be appropriate to compensate those particularly affected. I will announce further details of this review in the coming weeks.

Mr Speaker, Likewise, we will look very carefully at the expenditure side of the budget, making every tala of expenditure count.

- In this budget we have introduced a productivity dividend of 10% on the Operating Expenditures of Ministries and Agencies. 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 notebooks; through emails not letters and memos; they access the internet, not libraries; they communicate with mobile phones; they use power tools and heavy machinery, not hand tools. The Government is confident that expenditure savings can be achieved without prejudicing the capacity of agencies to meet their Key Performance Indicators. We intend to continue to seek further productivity dividends in coming budgets.
- We have set a lower productivity dividend of 3% for the Ministries of Education and Health because of our commitment to support a continued strengthening of our performance in these areas. But we need to be sure that we are spending our money in these critical sectors in the right way and on the right things. Over the course of the next twelve months we will conduct thorough reviews of our spending and performance in these areas and the results of these reviews will help shape the Budget next year.

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- In the year ahead we will review public service structures to identify where savings can be made with a view to strengthening the performance of the public sector as a whole and ensure it is responsive to our whole of government agenda and the delivery of efficient quality services.
- We will re-prioritize expenditure wherever possible to support key service delivery areas and investment in infrastructure to support growth.

We need to be realistic. These are uncertain times and there is the ever-present threat of adverse events over which we have no control, but the consequences of which we cannot avoid.

We have all worked hard to get to where we are today. This budget aims to consolidate our achievements, not squander them.

## 5. THE BUDGET AGGREGATES

Mr Speaker, I would now like to highlight the main aggregates of the proposed 2016/17 budget.

<u>Revenue</u>		\$820,116,182
Ordinary Revenues	\$578,106,890	
External Grants	\$242,009,292	
 <u>Expenditures</u>		 \$894,904,181
Statutory Expenditures	\$108,693,776	
Expenditure Programs	\$492,306,167	
Development Expenditures	\$279,135,053	
Unforeseen Expenditures	\$ 14,769,185	
 <u>Overall Budget Deficit</u>		 (\$74,788,000)
Financed by:		
Soft Term Financing	\$ 98,389,861	
 <u>Cash Surplus after Borrowing</u>		 \$23,601,861

The 2016/17 budget is expected to record an overall deficit of \$74.8 million tala. This is equivalent to 3.5% of GDP and represents 22.4% reduction from the 2015/16 budgeted deficit of approximately 4.8%. This improvement highlights the Government’s commitment to consolidation and fiscal discipline.

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**6. SUPPORTING REVENUE MEASURES**

Government has introduced a small number of new revenue measures in this budget which combined together with the introduction of a productivity dividend on operating expenditures across all Ministries and SOEs will deliver the budgeted 3.5% deficit.

1. These revenue measures, which will be implemented from 1 July, include:
  - Revisions to Petroleum Levy and Terminal Fees;
    - i. 3sene increase in Petroleum Levy for all fuels;
    - ii. 3sene increase in Terminal Fess for Diesel and Unleaded Petrol;
    - iii. 28sene increase in Terminal Fees for Jet fuels;
  
2. We have also introduced some new excises to promote and encourage healthier lifestyles by increasing excise on the following products:
  - i. 6.5% increase for excises on alcohol;
  - ii. 5% increase in excise on tobacco products;
  - iii. Health excises on select sugary and salty products

To expedite these reforms an Excise Tax Amendment Bill 2016 will be developed to amend the Excise Tax Rate Act 1984.

**7. EXPENDITURE PRIORITIES**

Mr Speaker, the proposed total budgeted expenditure for the year 2016/2017 is \$894.9 million. This is an increase of 12.7% compared to the current financial year budgeted expenditure.

The increase is attributed primarily to an estimated 47.3% rise in development programs and infrastructure projects that will commence in 2016/2017.

**1. Education Sector**

The total budget for the sector is \$91.2million. This represents 18.5% of total expenditures programs. This allocation includes \$6.65million budget support financing from the Governments of Australia and New Zealand.

Priorities include:

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- i. \$71.7 million to the Ministry of Education, Sports and Culture for normal operations inclusive of the third and final phase of the reclassification of Teacher’s Salary to commence in January 2017;
- ii. Included in the above envelope for the Ministry is \$6.0 million grant for Private and Mission Schools; and
- iii. \$1.5 million to fund stationeries for all Government Schools.
- iv. A \$5.7million grant has been appropriated for the Samoa Qualifications Authority;
- v. \$12.3 million grant for the National University of Samoa;
- vi. \$1.5 million to fund the operations of the Samoa Sports Facility Authority.

An additional \$6.5 million allocation is also provided under the Ministry of Finance for the implementation of the School Fee Grant Scheme for both primary and secondary education.

## **2. Health Sector**

The total budget allocation for the Health Sector is \$86.8 million representing 17.6% of total expenditure programs.

Priorities include:

- \$70.7million grant is provided for the National Health Services for the hospital’s operations;
- Included in this appropriation is \$5 million to cover the cost of the overseas medical treatment scheme;
- \$9.5 million is provided towards the Ministry of Health operations;
- \$6.6 million grant is earmarked for the National Kidney Foundation;

## **3. Infrastructure**

The budget allocated for infrastructural development is

- i. \$28.2 million for the Ministry of Works, Transport & Infrastructure and includes;
- ii. \$11.3million grant to the Electric Power Corporation for VAGST payments and Community Service obligations; and
- iii. \$13.0million grant to the Samoa Water Authority to meet Community service obligations and to support key investment priorities under the European Union budget support.
- iv. The Land Transport Authority will receive a grant of \$18.3million to support its operations; and



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- v. \$8.1million has been allocated to the telecommunications sector comprising \$4.87million for the Ministry of Communication and Information Technology and \$3.2million funding for the Office of the Regulator.

The Government has also earmarked \$1.7million under the Ministry of Communication as contribution to the Samoa Broadband Highway annual fees.

The Australian Government, Asian Development Bank, and World Bank are providing funding support of approximately \$75million for the new submarine cable under the Samoa Connectivity Project. This project is expected to be completed in August 2017.

#### 4. Agriculture

The Agriculture Sector has been allocated \$13.3million under the Ministry of Agriculture and included in this appropriation are allocations to support the stimulus package to revitalize the replanting of cocoa, coconut and taro to meet the increasing demand for these products from the private sector for processing and value adding for export. The Ministry budget will provide continuing support for the annual agricultural shows in both Savaii and Upolu. The World Bank is providing support to the agriculture sector through the Samoa Agriculture Competitiveness Enhancement project. This project will provide an additional \$12.7million. The ADB is also contributing \$7.7million to the sector under the Agribusiness Support Program.

#### 5. Trade, Commerce and Manufacturing

The following allocations have been made in the proposed 2016/17 budget to support the sector:

- i. \$6.8million to the Ministry of Commerce operations;
- ii. \$9million to the Samoan Tourism Authority;
- iii. \$450,000 to support the Small Business Enterprise Centre;
- iv. \$200,000 general support to the Private Sector; and
- v. \$178,000 to the continuing apprenticeship training under the National University of Samoa.

#### 8. UNFORSEEN EXPENDITURES

A provision of \$14.8 million tala has been provided to cover unforeseen expenditures that may arise during the course of the next fiscal year.

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**9. SUPPLEMENTARY ESTIMATES 2015/16**

The Government is also proposing to table a Second Supplementary Budget for the financial year 2015/2016. The supplementary budget is cost neutral as it will be funded from the reallocation of existing resources. Therefore it has no impact of the fiscal deficit.

**10. CONCLUSION**

Mr Speaker, this Budget continues the work of recent years, and sets our course for the years ahead. It recognizes what the Government needs to do now, and in the years ahead. But it also recognizes what the Government should not try to do. We need to continue to build strong partnerships between government, the private sector, and the wider community, as well as with our development partners whose support is essential and for which we are grateful.

This Budget continues to strengthen the delivery of key services and infrastructure but recognizes that we must consolidate our finances.

It recognizes the need to ensure we are building the conditions for sustainable economic growth to provide opportunity, particularly for our younger people.

It commits the Government to a vigorous and responsible course of action in the year ahead to ensure our public finances are strong.

And above all, it is a Budget which reaffirms the Government’s commitment to building for the future.

Mr Speaker, I commend the Budget to the House.

I would like to voice on behalf of Government our gratitude to our overseas partners working together with us on developments in Samoa. I also want to thank our country for its support on certain areas of development, especially for the wellbeing of our country. I pray that the Lord kindly bless Samoa and be present in celebrating our 54<sup>th</sup> year of Independence.

Mr Speaker I also take this opportunity to acknowledge my village and constituency in all its honorary salutations. I also acknowledge the never ending prayers of several church denominations within my constituency, thank you for your support.

Mr Speaker during the preparation of this Budget, I had a thought whether we would be able to accomplish it. Nonetheless it reminds me about a verse from the Bible, book of Jeremiah chapter 29 verse 11, *“For I know the plans I have for you,” declares the LORD, “plans to prosper you and not to harm you, plans to give you hope and a future”*. Perhaps it is also a message for us that we are only planning but trusting in the love and goodness of God that enables us to carry out our plans and always trust them.

Mr Speaker with utmost respect I table before the Assembly the Main Estimates 2016/2017 for consideration of Parliament.

Soifua.

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## ADJOURNMENT

**MR SPEAKER:** Thank you Hon Minister of Finance. It is not an easy task preparing Estimates. Nonetheless the whole of Parliament and Samoa have heard your address. Therefore we leave it unto the Lord, I commend you for the hard work. Our ears are heard and our eyes have seen the accomplishment made this year.

I also want to thank the Ministry of Finance for their contribution in preparing this task which is not an easy duty.

It is our expectation that our country see to more developments this year, we will leave it unto the Lord Almighty for his judgment. We should now entrust consideration of the Bill onto our Finance Committee to assess and report back to the House later.

Pursuant to Standing Order 132, debate on the Appropriation Bill 2016/2017 will be adjourned no less than 14 days for the consideration of Estimates 2016/2017 by the Finance and Expenditure Committee and be reported back to Assembly.

I take this opportunity to inform Members of the Finance and Expenditure Committee that your meeting will take place in Committee Room 1, after adjournment of proceedings today. The office will provide refreshments for the Committee.

We have come to the conclusion of Parliamentary work for today, also the Deputy Prime Minister has already informed us for the reason why our Leader is not present with us today because of overseas meetings. In the absence of the Hon Prime Minister he has entrusted the work to this Parliament so that when he returns we have completed the work. I pray that our Father above guides and protects our Leader especially his safe return to our shores.

I also want to thank all Members of Parliament this morning for your participation to our first sitting of this term. It is not easy since proceedings have been adjourned for a long time in reviewing Standing Orders. Even though we were faced with other duties it is our responsibility to fulfil our role. I want to thank Cabinet and Members of Parliament. I thank the Heads of Government Ministries and Organisations for your support at being present in the Budget reading as presented by the Hon Minister of Finance, hence for the several developments set out this year.

There are a few announcements I want to remind Members. I am aware that we will be celebrating tomorrow our 54<sup>th</sup> Independence. I pray that the Lord kindly give us strength and good health for tomorrow's celebrations.

I also want to remind Members that church service for the opening of the 54<sup>th</sup> Independence of Samoa will be at the Methodist Church Matafele at 6:00pm.

I pray that Members be present to set a good example at being co-operative on matters concerning our country. Those are a few reminders for today.

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### Adjournment

I believe we have approved the Sitting Programme of the Legislative Assembly. Therefore proceedings of the Legislative Assembly will be adjourned until Wednesday 22 June 2016 at 9am. Therefore a need for a motion is not required hence we have already passed sitting days for Parliament.

Before we adjourn for today, I will conclude our proceedings with a prayer.

*Proceedings of the Legislative Assembly adjourned at 10:30am until Wednesday 22<sup>nd</sup> June 2016 in accordance to Parliamentary Programme 2016.*