



**GOVERNMENT OF SAMOA**

**FIRST SUPPLEMENTARY BUDGET ADDRESS  
2022/2023**

**HON. MULIPOLA ANAROSA ALE MOLIO'O**

**Minister of Finance**

**20 December 2022**

## **FIRST SUPPLEMENTARY BUDGET ADDRESS 2022/2023**

**Mr. Speaker and Honorable Members of Parliament,**

It is with due respect that I stand before you all today to table for consideration of the House, the First Supplementary Budget for the current fiscal year 2022/2023.

**Mr. Speaker,**

When I presented in May 2022 the Main Estimates for the current fiscal year 2022/2023 with an economic recovery theme, it was in anticipation of the re-opening of Samoa's borders to the world following two years of lockdown against the impending spread of the COVID-19 Pandemic.

Despite our best efforts, inevitably the COVID-19 broke through our borders and entered our communities in February 2022. Thanks to the combined efforts of our Health Professionals and key partners, we have to date managed to control and address the virus within our country.

We are now halfway through the financial year and already we have witnessed the successes in the implementation of many of our policies, including but not limited to welcome the world back onto our shores, managing and controlling the COVID-19 virus spread, by continuing awareness and community engagement with the support of the health professionals and key partners, as well as continuing with efforts to stimulate economic activities.

The year 2022 marks the 60<sup>th</sup> Anniversary of Samoa's independence with a yearlong celebration that kick started in June 2022 and to conclude in June 2023.

In August 2022, Samoa opened its borders to the world which coincided with the celebration of 60 years since the signing of the Treaty of Friendship between Samoa and New Zealand. Prime Minister, the Rt. Hon. Jacinda Ardern and her delegation were amongst the first of many foreigners to be welcomed back to our shores in the two years since our borders closed to the world.

Since then, Samoa has continued its efforts to attract visitors in an effort to revive our long suffering Tourism industry through increased marketing, revival of the Teuila Festival as well as country-wide Independence celebrations.

In addition, the Government of Samoa has been rolling out socio-economic policies targeting businesses and communities in order to assist with recovery of the economy. These policies include:

- Disability benefits;
- Combatting non-communicable diseases;
- Eliminating violence against women;
- Tourism revival Assistance;
- Businesses recovery Assistance; and
- District Development Program.

**Mr. Speaker,**

Since I last stood before you in June 2022, there have been many economic developments on the global front that could impact the country's recovery, primarily the threats of rising global prices pushed up by fuel and food prices. It is anticipated that if the Government of Samoa does not move to address this now it could affect our projections for the end of the fiscal year.

This therefore forms the basis for much of the First Supplementary for the current fiscal year 2022/2023 laid before Parliament today.

**Mr. Speaker,**

Included in this First Supplementary 2022/2023 are key policy items aimed at assisting citizens especially the vulnerable groups in dealing with current and anticipated inflationary pressures as follows:

**1. Additional \$150 Top up to the Pension Benefit**

It is intended that this top-up will be disbursed in the last quarter (\$50 per month) of the financial year for the 11,320 recipients of the Government of Samoa's Senior Citizens' Benefit Scheme;

**2. Additional \$100 Top up to the Disability Benefit**

There will also be a \$50 top up for the months of April and May in the last quarter of the financial year for the 2,017 recipients of the Government of Samoa's Disability Benefit Scheme.

**3. The Samoa National Provident Fund will also implement a 2% special interim dividend, for payout on the 23<sup>rd</sup> of January 2023.**

Valued at approximately 19 million tala, this payout will be made available 100% in-cash for all members. This is in addition to the payouts already done in early July and December 2022, within this Financial Year.

Furthermore, the Government will continue its efforts in monitoring the prices of basic food items locally.

**Mr. Speaker,**

The First Supplementary laid before the House this morning, was put together following a rigorous review by the Ministry of Finance ensuring that savings from unutilized and underutilized appropriations are redirected to finance initiatives most needed to sustain development for the remaining months of the current fiscal year.

**Mr. Speaker,**

The overall effect of the First Supplementary budget will shift the projected budget deficit to 3.2% of GDP from the 3.5% as announced in the Main Estimates. This decrease in the deficit is indicative of ongoing efforts by the Government to

closely monitor existing appropriations with the sole intention of prudent financial management.

### **First Supplementary Budget Estimates:**

**Mr. Speaker,**

I will now outline the key components of this First Supplementary Budget 2022/2023.

The aggregated additional expenditures included under this Supplementary totaled \$13,953,091 and will be sourced as follows:

- \$6,600,000 from additional revenues;
- \$1,686,847 from additional grant financing to direct source new additional development projects;
- \$7,732,878 from reallocations of existing appropriations.

### **ADDITIONAL REVENUES**

Total additional revenues under this First Supplementary Budget amounts to \$6,600,000 and is detailed as follows:

**1. \$1,400,000 under the Ministry of Finance.**

This revenue to the State pertains to collections made to date from the Safety and Security Levy charged on airfares;

**2. \$3,700,000 from the Ministry for Customs and Revenue.**

These are additional taxes created by the additional expenditures requested by Government Ministries under this First Supplementary;

**3. \$1,500,000 from the Ministry for Public Enterprises.**

This revenue to the State is a top up to the existing provision for dividends based on the initial assessment of financial performance of Public Bodies in the previous year as reported by the Ministry for Public Enterprises;

## **Grants from Development Partners**

Additional grants secured from our development partners after approval of the Main Estimates, for projects to be implemented by various government agencies are also declared under this First Supplementary. The aggregated total for these grants amount to \$1,686,847.

## **CURRENT APPROPRIATIONS TO BE REALLOCATED**

An accumulated total of \$7,732,878 in existing provisions will be reallocated under this First Supplementary Budget 2022/2023 and are detailed as follows:

**1. \$100,000 from the Ministry of Communications and Information Technology.**

These are savings from the payment of lease for communication poles where the Samoa National Broadband Highway have been affixed;

**2. \$7,244,645 from the Ministry of Finance.**

These are savings created by reshuffling some of the Government's development projects due to implementation rescheduling resulting therefore in the reduction in counterpart contributions as follows:

- **\$150,000 from the Petroleum Tank Farm Project.**

The savings from the counterpart provision for this project under the auspices of the OPEC is based on utilization to date compared to the remaining months of the current fiscal year;

- **\$100,000 from the Connectivity Project.**

With a closing date of December 31, 2022; savings in counterpart costs have been identified;

- **\$100,000 from the VAGST Component of the Samoa Parliamentary Complex Redevelopment Project.**

These are funds remaining from the allocation appropriated for VAGST pertaining to the project;

- **\$50,000 from the Land Transport Sector Development Program.**

Savings from this counterpart provision has been created from the rescheduling of some components into the new fiscal year 2023/2024;

- **\$3,000,000 from the ADB Central Cross Island Road Upgrade Project.**

Implementation rescheduling for this project has led to reduced utilization thus reducing the current fiscal year's counterpart requirements;

- **\$150,000 from the Phase 2 of the Samoa Parliamentary Complex Redevelopment Project pertaining to the new Legislative Office.**

As the tendering process for this project is still ongoing, this portion of the counterpart provision will remain unused and has therefore been reshuffled;

- **\$3,300,000 from the Samoa Ports Development.**

Slow implementation of this project has resulted in these savings in the counterpart costs provision;

- **\$223,900 from the Government of Samoa's AIIB Membership.**

Payment for the Government of Samoa's membership to the Asian Infrastructure Investment Bank has already been settled therefore no longer requiring this provision;

- **\$150,000 from the NUS Learning Facilities.**

As the tendering process for this project under the auspices of the JICA has only just begun, it is envisioned that these funds will not be required until the new fiscal year;

- **\$20,745 from Rents and Leases to the DBS.**

These funds were allocated for the Office of the Associate Minister of Finance at DBS, however his office has been relocated to the main Government Building, FMFMII therefore no longer requiring the provision.

### **3. \$188,233 from the Ministry for Justice, Courts and Administration.**

These are savings created by payperiods pertaining to vacant positions undergoing usual recruitment and selection;

**4. \$200,000 from the Ministry of Natural Resources and Environment.**

These funds were allocated for the maintenance and upkeep of the Friendship Park. However, oversight has been transferred to the Samoa Tourism Authority therefore no longer requiring the provision;

**ADDITIONAL EXPENDITURES**

**Mr. Speaker,**

As already stated, the overall aggregated additional expenditures being requested under this First Supplementary Budget totals \$13,953,091 and is detailed as follows:

**Statutory Expenditures:**

Statutory Expenditures will increase by \$4,000,000. An additional provision of \$2,000,000 each has been appropriated to top up both Income Tax Refunds and VAGST Refunds. These additions are based on claims currently being reviewed by the Ministry for Customs and Revenue.

**Expenditure Programs:**

The overall total for additional expenditures to source the implementation of programs for requesting Ministries amount to \$8,266,244 and include:

**1. \$103,545 for the Ministry for Commerce, Industry and Labour.**

These resources are to finance a second RSE Scheme Liaison Officer in New Zealand as well a new Labour Market Information Officer within the Ministry;

**2. \$100,000 for the Ministry of Communications and Information Technology.**



These are additional operating expenditures being requested pertaining to travel planned for attendance of the Hon. Minister and Chief Executive Officer to international meetings towards the end of the fiscal year;

**3. \$7,620,050 for the Ministry of Finance.**

These resources are being requested to source additional programmes as well as to complete existing ones for the current fiscal year as follows:

- **\$150,000 to source Project Audits.**

The Government of Samoa is responsible for auditing all projects, and this provision will pay for audit works being done for projects now completed;

- **\$1,342,350 increase for the ADB/World Bank Capital provision.**

This amount pertains to the payment of an increase in our membership contribution to the International Finance Corporation (IFC), which is another arm of the World Bank Group, that specializes in private sector development financing;

- **\$1,000,000 to increase Duties and \$2,000,000 to increase VAGST provisions for projects.**

As per usual requirement, Government is responsible for settling duties and VAGST for imports of development projects, thus is additional provision is to settle duties and VAGST for the recently acquired tug boat and Lady Samoa IV;

- **\$1,000,000 for the Samoa Airport Authority (SAA).**

This provision will help SAA upgrade the ground handling equipment at the Faleolo International Airport in order to improve the Authority's services;

- **\$501,700 increase for the Disability Benefit.**

This increase covers both the additional number of citizens registered for this assistance as well as the additional \$50 per month for two months proposed as an assistance to counter the increasing inflation;

- **\$1,626,000 increase for the Senior Citizens Benefit Scheme (Pension).**

This top up is to cover the proposed additional one-off \$50 per month for 3 months in the last quarter of the financial year to assist with the increasing cost of living.

**4. \$100,000 for the Ministry of Foreign Affairs and Trade.**

The provision is to top up operating expenditures to cover proposed travels for the Honourable Prime Minister and the Chief Executive Officer planned for the last half of the fiscal year;

**5. \$188,233 for the Ministry for Justice and Courts Administration.**

These funds are to source a new server for the Ministry to secure information and communication;

**6. \$154,416 for the Ministry for Natural Resources and Environment**

These funds are to source new priority positions of the Ministry as approved by the Public Service Commission.

**ADDITIONAL GRANT FINANCED DEVELOPMENT PROJECTS**

Additional grants totaling \$1,686,847 directly sourced by development partners for specific projects are being declared for the following sectors of the economy:

- \$234,900 for the Community Sector;
- \$87,772 for the Education Sector;
- \$97,500 for the Law and Justice Sector;
- \$192,554 for the Public Administration Sector;
- \$478,391 for the Agriculture and Fisheries Sector;
- \$135,322 for the Trade and Commerce Sector;
- \$460,408 for the Finance Sector.

**ADDITIONAL GENERAL BUDGET SUPPORTS**

Mr. Speaker,

Included also in this First Supplementary Budget 2022/2023 are additional Budget Supports from the Government of Australia and the Asian Development Bank. In addition these resources is a result of Public Finance Management Reforms beng implemented by the Government of Samoa and agreed with its development partners. These additional resources have been provided to support targeted measures to counter the shock of increasing imported inflation and to help reduce the overall budget deficit.

Total new budget supports of **\$44,060,000** are demarcated as follows:

1. **AUD\$20,000,000 grant** from the Government of Australia which is equivalent to SAT\$36,000,000;
2. **USD\$3,100,000 concessional loan** from the Asian Development Bank which is equivalent to SAT\$8,060,000. This support is the remaining portion of a standby facility sourced from the Pacific Disaster Resilience Facility approved for Samoa in 2017 (when it was entitled to 50% grants and 50% concessional loans from the Asian Development Fund), with the grant component released in April 2020 towards the covid-19 pandemic response.

### **Concluding Remarks:**

**Mr. Speaker and Honourable Members of Parliament,**

The main estimates for the current fiscal year 2022/2023 is being implemented with the objective of ensuring a quick and full recovery of Samoa's economy. The first supplementary budget will support this recovery focus by ensuring measures are in place to counter the increasing cost of living.

I am happy to inform you, that all Government policies under the current year's budget are progressing well with a strong financial position maintained. The Ministry of Finance will continue to work in close collaboration with all stakeholders to ensure successful completion by the end of the financial year.

**Mr. Speaker,**

The Ministry of Finance with the support of the Finance Sector Agencies will continue to track and closely monitor key economic developments on the global front paying particularly close attention to those factors that could put Samoa's recovery and projections at risk. These works are a testament to the Government's commitment to ensuring socio-economic welfare for each and every one of Samoa's citizens.

I acknowledge with gratitude the work of our development partners, civil society organizations, private sector and all our communities for your ongoing support of government's efforts, to deliver effective public services in a timely manner throughout the year.

Let me also acknowledge the historical achievement of our Toa Samoa at the recent Rugby League World Cup Tournament in London, as well as our Samoa Rugby Sevens win in South Africa for the HSBC Sevens Series.

**Mr. Speaker and Honourable Members of Parliament,**

I would like to take this opportunity on behalf of the Government, to wish your venerable self, the honourable members of the House and especially the citizens of Samoa, a very happy and safe Christmas. May his grace remain over our beloved Samoa as we prepare to welcome the newborn King this season. May He also be with us all so that we may have a prosperous and safe 2023.

**Soifua ma ia Manuia!**

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