



**GOVERNMENT OF SAMOA**

**FIRST SUPPLEMENTARY BUDGET ADDRESS  
2023/2024**

**HON. LAUTIMUIA UELESE AFOA VAAI**

**Minister of Finance**

**19 December 2023**

## FIRST SUPPLEMENTARY BUDGET ADDRESS 2023/2024

**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 2023/24. This marks my first address since appointment as Finance Minister on October 4<sup>th</sup> 2023.

**Mr. Speaker,**

At the outset, I wish to emphasize that this Supplementary Budget is a collective effort of the Government. It is the outcome of meticulous deliberation by the Cabinet and the Ministry of Finance, where we have strived to strike a delicate balance among diverse perspectives and priorities.

**Mr. Speaker,**

As a nation, we can be proud of what we have achieved together since the re-opening of our international borders;

1. Our **economy has rebounded from the adverse effects of the COVID 19 pandemic. Economic growth**, calculated on a financial year basis, surged by **8.0%**, reaching a substantial **\$2.55 billion by the end of financial year 2022/23**. This notable increase signifies a momentous recovery on an annual basis, effectively reversing the economic downturn experienced over the past three fiscal years, and is currently in a phase of sustained growth.
2. The **official government debt stands at \$907.50 million, equivalent to 35.6% of GDP**, as of 30<sup>th</sup> June 2023. Notably, the decreasing public debt stock is attributed to the absence of new loans and continuation of repayments.
3. Our balance of payments remains robust, with **Gross Official Foreign Reserves standing at \$1.14 billion** for the first quarter of this fiscal year ending September 2023. This amount is equivalent to **11.5 months of import cover**.

4. The annual average inflation rate recorded for twelve months ending September 2023 stood at 9.1%, a reduction of 2.9% compared to the 12.0% recorded in the twelve months ending June 2023;
5. Our monetary policy settings support steady growth in loans to businesses from commercial banks.
6. **Employment statistics recorded for the September 2023 quarter went up by 6.2% (25,976) compared to the corresponding quarter of the previous year, making it the fourth quarter of positive growth following twelve consecutive quarters of negative growth since December 2019.**
7. Our tourism industry has continued to grow recording **total arrivals of 48,620 for the September quarter**, representing a **remarkable 233.5% increase** compared to the same quarter of the previous fiscal year. New Zealand and Australia remain the top sources of travellers, with holidays and visiting family being the primary purposes of travel. **The earnings from the tourism industry have also experienced a substantial increase**, surging by 230.3% to stand at **\$159.36 million** for the same period.
8. **The prices of imported fuel have dropped for the month of December**, a relief in the midst of increasing global prices given the continuing civil unrest in the world.

The Government has contributed to this recovery through continued implementation of numerous initiatives including the ongoing roll out of socio-economic policies targeting businesses (such as the business recovery financial assistances through DBS and SBH) and communities (such as the district development program).

The Government has also maintained an emphasis on education and health, ensuring the sustained implementation of inclusive policies to support human capital development.

**Mr. Speaker,**

Although we can certainly celebrate our accomplishments, it is vital to recognize that there is still more work ahead of us.

**Mr. Speaker,**

I take this opportunity to acknowledge with gratitude the work done by Honorable Mulipola Molioo during her tenure as Minister of Finance from May 2021 to October 2023. Thank you!

**Mr. Speaker and Honorable Members,**

I am honored to present before you this Supplementary Budget for the fiscal year 2023-2024, which encapsulates priority expenditures crucial for delivering effective government services including the reshuffle of Cabinet responsibilities and the addition of two new Cabinet Ministers. In addition, savings from un-utilized and under-utilized appropriations have been channeled towards meeting urgent commitments for the remaining months of the on-going fiscal year.

Overall, the First Supplementary Budget will alter the **anticipated budget deficit from 3.3% stated in the Main Estimates, to 3.4% of GDP (as per GFS format)**. This marginal increment in the deficit still falls within the confines of our fiscal target, which is set at 3.5% of GDP.

#### **FIRST SUPPLEMENTARY BUDGET ESTIMATES:**

**Mr. Speaker,**

I will now outline the key components of this First Supplementary Budget 2023/2024.

#### **ADDITIONAL REVENUES:**

**Mr. Speaker,**

The total additional revenues under this First Supplementary Budget amounts to **\$42,542,811** and includes:

**1. \$23,470,760 from the Ministry of Finance.**

This revenue to the State reflects On-lending repayments and interest due owing from the Electric Power Cooperation since financial year 2021;

**2. \$1,000,000 from the Ministry of the Prime Minister and Cabinet.**

These are additional collections projected for the sale of passports given the increasing demand from travelers;

**3. \$18,072,051 from the Ministry of Customs and Revenue.**

This represent augmentations to the existing tax projections put forth by the Ministry, following a comprehensive assessment of the current collection levels. The recalibration of forecasts is also grounded in a situational review of the economy and the prevailing growth rate. The breakdown is as follows:

- \$4,861,417 for VAGST Imports;
- \$2,965,096 for Import Duty;
- \$9,790,177 for Import Excise;
- \$455,361 for Domestic Excise.

**Additional Grants from Development Partners:**

Additional grants obtained from our development partners subsequent to the approval of the Main Estimates, designated for projects to be executed by various government agencies, are also disclosed in this First Supplementary. The combined sum for these grants is **\$1,025,759**.

## REALLOCATIONS OF CURRENT APPROPRIATIONS:

**Mr. Speaker,**

Under this First Supplementary Budget for 2023/2024, a total of \$920,621 from existing provisions will be re-allocated and re-assigned, as follows;

**1. \$520,621 from the Ministry of Commerce, Industry and Labor.**

The change in Cabinet Ministers' portfolios and responsibilities have led to the transfer of the Labor Employment Export Program from the Ministry of Commerce, Industry & Labor to the Ministry of Finance and the Ministry of Foreign Affairs and Trade.

**2. \$400,000 from the Ministry of Finance.**

The savings from specific government development projects, prompted by implementation rescheduling have resulted in reductions in counterpart costs as follows:

- \$100,000 from the NUS Learning Facilities Project,
- \$50,000 from the Land Transport Sector Development Project,
- \$150,000 from the ADB Central Cross Island Road Upgrade Project,
- \$100,000 from the Construction of the Legislative Assembly Office under the Australia Samoa Partnership Climate Resilient Project (Phase 2).

## **ADDITIONAL EXPENDITURES**

**Mr. Speaker,**

The total additional expenditures sought in this First Supplementary Budget amount to **\$27,791,151**. These include:

**Statutory Expenditures**, which will be increased by **\$24,008,831** with;

- \$430,245 allocated under **Civil List Act 1964** for salaries of new Cabinet Ministers as well as an additional provision for Parliamentary Committee Allowances due to the volume of meetings,
- \$18,566 allocated for the **Judicature Act 1961** to accommodate the reclassification of the Lands & Titles Court President's salary,
- \$89,260 required for salaries of **Associate Ministers**, necessitated by the recent September 2023 by-elections. This provision is estimated to cover any potential position changes for these Members of Parliament to Associate Ministers.
- \$23,470,760 to top up the **VAGST Refund** provision intended to settle all outstanding VAGST refunds owed to EPC, covering the period from March 2022 to June 2023.

### **Expenditure Programs:**

**Mr. Speaker,**

The total amount earmarked for additional priority expenditures for Government Ministries is **\$2,756,561**, which includes:

**1. \$263,810 for the Ministry for Commerce, Industry and Labour**

This allocation is in direct response to the recent Cabinet Reshuffle, establishing a ministerial support output for the new Minister of Commerce, Industry and Labor to sustain its operations for the remaining of the financial year.

## **2. \$262,540 for the Ministry for Education, Sports & Culture**

Similar to the allocation for the Ministry of Commerce Industry and Labor, this provision covers Ministerial Support costs for the new Minister of Sports & Recreations. This is provided as a top up to the existing Ministerial Support Output under the Ministry's budget for both Ministers until the legislation for the establishment of the new Ministry is in place by financial year 2024/25, as envisaged.

## **3. \$465,588 for the Ministry of Finance**

These resources are for additional programs and initiatives including;

- \$92,500 as an added provision for Audit Fees of Projects that will be completed within this fiscal year,
- \$50,000 counterpart costs for the UNFPA Multi Agreement Project to cover VAGST on project expenditures, and
- \$323,088 for the Labor Employment Export Program budget given the transfer of responsibility under the Finance's portfolio. Cabinet has approved a LEEP Taskforce to provide close implementation oversight of these labor mobility schemes.

## **4. \$902,802 for the Ministry of Foreign Affairs & Trade**

These resources are intended to fund the transfer of Liaison Officers for the Labor Mobility schemes from the Ministry of Commerce, Industry and Labor to the Ministry of Foreign Affairs & Trade. This arrangement will ensure sufficient resources are allocated for effective monitoring of Samoa's seasonal workers overseas, working under the direct supervision of the Consul Generals in New Zealand and Australia and reporting to the LEEP Taskforce through them.

## **5. \$746,700 for the Ministry of the Prime Minister & Cabinet**

This supplementary provision will cover the entire contractual expense associated with the acquisition of new passports within the present fiscal year.

## **6. \$115,121 for the Ministry of Public Enterprises**

As a consequence of the Cabinet reshuffle, both the current Minister for Public Enterprises and the newly created Minister for Commerce, Industry and Labor have utilized funds from the ministerial support output under the Ministry for Public



Enterprises. Therefore, this provision is intended to reimburse all expenses incurred by the Minister of Commerce, Industry and Labor under the Ministry of Public Enterprise's budget from the period October 4<sup>th</sup> 2023 to 31<sup>st</sup> January 2024.

**Additional Grant Financed Development Expenditures:**

**Mr. Speaker,**

New grants amounting to **\$1,025,759**, will be spent directly on development projects under the following sectors:

- \$435,000 for the **Community Development Sector**
- \$ 59,705 for the **Health Sector**
- \$187,282 for the **Law and Justice Sector**
- \$343,772 for the **Transport and Infrastructure Sector**

Samoa acknowledges the climate finance partnership arrangement of NZD\$15million signed with the Government of New Zealand last week, a commitment made by former Prime Minister Ardern during her visit to Apia in 2022. The initial NZD\$1.5million was declared in the Main Estimate this financial year, and the remaining NZD\$13.5million will be utilized in the new financial year, supporting Government's efforts to address climate change impacts and build a more resilient Samoa.

I thank our development partners for their continuous support to Samoa and its developments.

**Concluding Remarks:**

**In concluding Mr. Speaker and Honourable Members,**

Let me reiterate that this First Supplementary Budget reflects priority expenditures crucial for delivering effective government services, taking into consideration the recent Cabinet reshuffle. We have endeavoured to uphold our commitment to fiscal prudence, ensuring an astute management of public finances.

**Mr. Speaker,**

As Minister responsible for the National Provident Fund, let me take this opportunity to announce that the Board has resolved to declare an interim dividend of 2.4% for financial year 2023/24, at the value of \$24,076,668 tala. This will be paid out in cash to provide much needed financial assistance to all contributors and their families in preparation for the new academic year. The disbursement will be effective on 10<sup>th</sup> January 2024 using the NPF online portal.

**Mr. Speaker and Honourable Members,**

On behalf of the Government, I extend to you all and every Samoan in Samoa and around the globe, a 'Merry Christmas and a Prosperous 2024'. May His grace and blessings be upon us all!

Soifua ma ia Manuia!

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