



GOVERNMENT OF SAMOA

BUDGET ADDRESS

2022/2023

*"Inspiring Growth through an inclusive
and resilient recovery for Samoa"*

Mulipola Anarosa Ale Molio'o
MINISTER OF FINANCE
31 MAY 2022

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2022/23 BUDGET ADDRESS

Mr Speaker and Honourable Members of Parliament,

I am pleased to greet you all this beautiful morning in good health and prosperity!

Greetings to the Head of State and Masiofo, the Council of Deputy and his Good Lady, the Chief Justice and the Judiciary!

Greetings to the Honourable Prime Minister, Honourable Ministers of Cabinet, Leader of the Opposition and all Members of Parliament.

Warm greetings to the people of Samoa watching or tuning in to our Parliament session this morning, from Savaii, Upolu, Apolima & Manono as well as from abroad, not forgetting the people of Tutuila and Manua.

I. 2022/2023 BUDGET SETTING

Mr Speaker,

As required under Standing Order 131, it is my great privilege to present to the House the Statement on the Estimates for the financial year 2022/23, on behalf of the Government.

The 2022/23 budget, is formulated against the background of positive, but slow economic growth with the theme of;

"Inspiring Growth through an inclusive and resilient recovery for Samoa"

Mr. Speaker,

There is no doubt that all economies around the world are affected by not only the COVID-19 Pandemic and other health challenges, but also the current war between Ukraine and Russia, causing the further increase in global fuel and import prices. We have witnessed the impact globally including our Pacific region, and Samoa is no different. For the current

financial year, we are expecting a contraction of 3% due to the major impacts that I have outlined above, and projecting a 0.6% growth in the new FY2022/23.

II. MACROECONOMIC OUTLOOK

Mr. Speaker,

In order for Government to ensure growth and recovery in our economy, we continue to maintain our stance through expansionary fiscal policy, supported by an accommodative monetary policy. In light also of Government's intention to open up our Borders to the world in August 2022, we are anticipating a gradual positive growth of 0.6% in the new financial year 2022/23, with the underlying goal of effective implementation of our planned priorities in the Budget. This includes our District Development Program, our 60th independence anniversary celebrations, the 50th Golden Jubilee celebrations of the Samoa National Provident Fund, and further revival assistance for our Business Communities and Non Government Organizations (NGOs).

The Budget before you today, Mr Speaker, projects a budget deficit of - 3.5% of GDP, reflecting the expansionary fiscal policy that Government is pursuing, to ensure that recovery growth is achieved over the next financial year and into the medium term. The government will continue to collect projected revenues and ensure efficiency gains through prudent management of government expenditures as well as greater preparedness for emergencies and natural disasters.

Our Total Public Debt to GDP target continues to be closely monitored and is projected at 46.2% of GDP by the end of June 2022. This ratio is expected to decline as the level of nominal GDP continues to increase whilst the debt stock declines. There are no expected new non-concessional borrowings in the medium term, in accordance with the approved Medium Term Debt Strategy (MTDS) 2022-2026.

III. BUDGET STRATEGY

Mr. Speaker,

The Budget tabled before Parliament today has been aligned to the Pathway for the Development of Samoa (2021/22-2025/2026), which aims to achieve these key strategic outcomes including:

- i. Improved Social Development,
- ii. Diversified and Sustainable Economy,
- iii. Security and Trusted Governance,
- iv. Secured Environment and Climate Change
- v. Structured Public Works and Infrastructure.

The Budget is based on a conservative projection of ordinary receipts due to the impacts of imported inflation affecting all economies including Samoa. In addition, there are no new tax measures introduced, except targeted rise in sin taxes to support Samoa’s Non Communicable Diseases (NCD) agenda, and a drop in import duties on selected ICT items, to support Samoa’s digital transformational agenda.

To ensure Samoa’s readiness for disasters including health emergencies, the 2022/23 budget, will include budgetary provisions for Emergency Response Operations under Ministries with frontline responsibilities, such as the Ministry of Health, Ministry of Police & Prisons, Ministry of Agriculture and Fisheries, Ministry of the Prime Minister & Cabinet, Ministry for Customs and Revenue, Ministry of Natural Resources & Environment, Ministry of Finance and the Fire & Emergency Services Authority. This is in addition to the unforeseen appropriation in the budget and Samoa’s standby facilities with the World Bank and the Asian Development Bank. These are some of the financing instruments highlighted in the Disaster Risk Financing Policy 2022/2025.

The government will continue to;

- i. Improve revenue collection by enforcing compliance and monitoring on Taxes; and

- ii. Ensure efficient and effective utilization of budgetary resources by Ministries and Public bodies, based on their respective Government strategies and policies

IV. BUDGET AGGREGATES

Mr. Speaker,

I would now like to highlight the key components of the 2022/23 Budget.

RECEIPTS		\$ 789,906,085
Ordinary Receipts	\$ 643,728,051	
External Grants	\$ 146,178,034	
EXPENDITURES		\$ 964,835,276
Statutory Expenditures	\$ 131,886,101	
Expenditure Programs	\$ 726,982,573	
Unforeseen Expenditures	\$ 21,809,477	
Development Expenditures	\$ 84,157,125	
CASH (DEFICIT)/SURPLUS		\$ (174,929,191)
FINANCED BY		\$ 85,761,003
Soft Term Financing	\$ 1,303,441	
General Budget Support Financing	\$ 84,457,562	
MOVEMENT IN CASH BALANCES		\$ (89,168,188)

The 2022/23 financial year's Main Estimates is expected to record an overall deficit of approximately \$174.9million tala. Under the Government Finance Statistics (GFS)¹ format, this results in a deficit of \$77.2million tala or 3.5% of GDP.

¹ The GFS format is used for international comparison on fiscal performance. The GFS format eliminates tax expenditures, Ministry to Ministry transactions as well as revenues to Public Bodies so that the actual real cash flows of Government is illustrated;

V. REVENUE MEASURES

Mr. Speaker,

Total Receipts and Grants for the Government is expected to drop by 12% in the new financial year attributed largely to a reclassification of the Government of Samoa's grant financing, with General Budget Supports from key development partners to be reflected as financing of the budget deficit.

Ordinary Receipts of Government which include both Taxation and Non Tax Revenues are projected to increase by 1.3%.

Taxation Revenues of the Government are expected to increase by 5% attributed largely to the following:

- i. Increases in sin taxes in support of the Government's commitment to combatting Non Communicable Diseases (NCDs); and
- ii. Anticipated increase in economic activity, as Samoa's borders re-open to the rest of the world.

Non Tax Revenues are anticipated to decline by 36% affected largely by the transfer of the motor vehicle registration and licensing function back to the Land Transport Authority from the Ministry of Police and Prisons.

Grants Receipts from development partners in the budget summary decreased by 44% due to the reclassification of general budget supports of \$84.5million tala.

VI. EXPENDITURE PRIORITIES

Mr. Speaker and Honorable Members,

The aggregated total expenditures for the financial year 2022/23 is estimated to be \$964,835,276.00 tala. This total includes development programmes sourced by Samoa's development partners.

Total Current Payments are anticipated to increase by 5% in the new financial year 2022/23 attributed to increases in all 3 categories.

Statutory Payments will increase by 21% as Debt Servicing normalizes following the expiry of the Debt Service Suspension Initiative.

Ministries' Expenditure Programs are also expected to increase by 21% in the new financial year, driven up by Ministry Outputs and Transactions on Behalf of the State reflecting the implementation of many of the Government's priorities and commitments as previously outlined.

On the other hand, development payments compared to the current financial year, have dropped primarily due to the completion of some grant financed development projects.

Mr. Speaker,

I will now outline the details of the estimates for each Ministry for the financial year 2022/2023:

1. *Ministry of Agriculture and Fisheries - \$19,628,783*

- \$12,475,116 for outputs delivered by the Ministry;
- \$2,597,281 for Transactions on behalf of the State;

- Outputs provided by Third Parties
 - \$4,506,385 for the *Scientific Research Organisation of Samoa*
 - \$50,000 for the *Animal Protection Society*

Key developments for the Ministry in the new financial year include:

- \$100,000 tala for emergency response operations under State of Emergency Declaration
- \$500,000 tala for the First Harvest initiative to promote productivity of agriculture and fisheries development;
- \$300,000 tala for the continuation works for the establishment of the Samoa Export Authority.

In addition, implementation will continue for initiatives to increase productivity and access to market for agricultural and fisheries products, provide support to agribusinesses and enhancing farming methods for agriculture.

2. Ministry for Commerce, Industry and Labour - \$20,764,302

- \$5,706,507 for outputs delivered by the Ministry;
- \$2,045,383 for Transactions on Behalf of State;

- Outputs provided by Third Parties
\$9,562,411 for the *Samoa Tourism Authority* (inclusive of \$2.5 million tala for the continuation of Tourism Recovery efforts, as implemented in the current financial year, of which approximately \$4million tala of the \$5million tala appropriated, is disbursed to date. More than 160 hotels and beach fale operators, travel agencies and tour operators have benefited from this initiative);
\$450,000 for the *Samoa Business Hub*;
\$3,000,000 as *Private Sector Support Financing* (MSMEs) This will be implemented by the Samoa Business Hub.

We will continue the partnership with our development partners to promote the resilient recovery initiatives for this important sector of the economy.

3. Ministry of Communication and Information Technology - \$9,389,050

- \$2,976,864 for outputs delivered by the Ministry;
- \$3,873,375 for Transactions on Behalf of State;

- Outputs provided by Third Parties
\$2,538,811 for the *Office of the Regulator*;

4. **Ministry of Education, Sports and Culture - \$132,589,186**

- \$76,403,345 for outputs delivered by the Ministry;
- \$10,166,697 for Transactions on Behalf of State;
- Outputs provided by Third Parties
 - \$17,726,320 for the **One Government Grant for Schools**;
The Government's assistance for schools will remain at current levels, to support continued efforts to adapt to the new norms under the COVID-19, and ensure sectoral goals are achieved;
 - \$19,720,627 for the **National University of Samoa**;
 - \$6,426,232 for the **Samoa Qualifications Authority**;
 - \$2,145,965 for the **Samoa Sports Facility Authority**;

Key developments for the Ministry in the new financial year include:

- \$2million tala for Sports Development, in partnership with the Gaming Control Authority (GCA)
- \$50,000 for the Samoa Arts Council,
This appropriation reflects the Government's commitment to unlock and promote the potential of the creative arts and talents of our local people for income generation opportunities and national development in the future. The completion of the Arts and Culture Centre is crucial to ensure that our people remain culturally connected, enhance social cohesion and support creative arts agenda.

We will continue the partnership with our development partners on inclusive education, construction of new primary school buildings, increase of TVET scholarships and the construction of the new Faculty of Health science facility for the National University of Samoa (NUS), as well as the expanded information technology support for both primary and secondary schools.

5. *Ministry of Finance - \$104,950,475*

- \$15,492,223 for outputs delivered by the Ministry;
- \$89,458,252 for Transactions on Behalf of State;

Key developments for the Ministry in the new financial year include:

- \$1million tala for emergency response operations under State of Emergency Declaration
- \$5million tala for recovery assistances to all businesses, through the provision of a highly concessional lending facility with the Development Bank of Samoa;
- \$2million tala to continue the Disability Benefits Scheme;
- \$500,000 tala to continue the Shelter Financing and Hygiene initiative;
- \$15.3million tala for counterpart costs as Government's contribution to development projects that are funded by our development partners;
- \$33.4million tala for Senior Citizen's Pension scheme.

6. *Ministry of Foreign Affairs and Trade - \$25,808,267*

- \$22,829,013 for outputs delivered by the Ministry including provisions for all overseas missions;
- \$2,979,254 for Transactions on Behalf of State;

The financial year 2022/23 includes appropriations for Samoa's new embassy in Geneva, Switzerland where the World Trade Organisation is based, taking the country's trade policies closer to the rest of the world. The new Samoa High Commission chancery in Wellington, New Zealand will also be opened in the new financial year.

7. *Ministry of Health - \$140,443,598*

- \$108,414,360 for outputs delivered by the Ministry;
- \$16,899,304 for Transactions on Behalf of State;

- Outputs provided by Third Parties
 \$9,329,934 for the ***National Kidney Foundation***;
 \$5,000,000 for the country's Overseas Medical Treatment;
 \$250,000 for the Non Communicable Diseases Clinic;
 \$550,000 in total for grants to active NGOs within the sector including the Samoa Red Cross, Samoa Cancer Society, GOSHEN Trust, METI, Agape Clinic and the Samoa Family Health Association; whom are partners in delivering health services.

Key developments for the Ministry in the new financial year include:

- \$500,000 tala for emergency response operations under State of Emergency Declaration;
- \$1million tala for refurbishments of rural district hospitals;
- \$1million tala to continue the construction of residences for medical personnel;
- \$3.9million tala for continuing the programs and initiatives to combat NCDs;
- \$1.5million tala to continue the Returning Graduates Program for health care professionals.

We will continue the partnership with our development partners to implement the programs to combat NCDS, the COVID-19 response efforts, the roll out of vaccinations for children's prevention against pneumonia, typhoid and cancer, as well as capacity building for the Health Sector.

8. *Ministry of Justice and Courts Administration - \$14,259,855*

- \$12,788,399 for outputs delivered by the Ministry;
- \$1,471,456 for Transactions on Behalf of State;

Key developments for the Ministry in the new financial year include:

- \$450,000 tala for Legal Aid;

- \$325,543 tala for Surveying of Boundaries of Customary Lands.

9. *Ministry of Natural Resources and Environment - \$26,621,187*

- \$13,988,054 for outputs delivered by the Ministry;
- \$12,633,133 for Transactions on Behalf of State.

Key developments for the Ministry in the new financial year include:

- \$200,000 tala for emergency response operations under State of Emergency Declaration;
- \$4.2million tala for Waste Management Services;
- \$2million tala for Land Compensation.

We will continue the partnership with our development partners on climate resilience and adaptation efforts, strengthening of the country's multi hazard early warning system, climate proofing of public buildings initiatives and strengthening capacities.

10. *Ministry of Police and Prisons - \$51,640,543*

- \$34,974,877 for outputs delivered by the Ministry;
- \$3,867,317 for Transactions on Behalf of State;
- Outputs provided by Third Parties
\$12,798,349 for the ***Fire and Emergency Services Authority***.

Key developments for the Ministry in the new financial year include:

- \$500,000 tala for emergency response operations under State of Emergency Declaration;
- \$900,000 tala for Police uniforms;
- \$70,000 tala for International Criminal Police Organisation (Interpol) membership.

We will continue the partnership with our development partners for the establishment of the Police Academy and the construction of

the fingerprint laboratory, as well as ensuring improved security, safety and social harmony.

11. Ministry of the Prime Minister & Cabinet - \$10,086,514

- \$6,713,221 for outputs delivered by the Ministry;
- \$3,373,293 for Transactions on Behalf of State.

Key developments for the Ministry in the new financial year include:

- \$100,000 tala for emergency response operations under State of Emergency Declaration;
- \$500,000 tala for Purchase of New Passports;
- \$1million tala for the year-long celebrations to mark the 60th Independence anniversary for Samoa.

12. Ministry for Customs and Revenue - \$12,962,866

- \$10,183,725 for outputs delivered by the Ministry;
- \$2,779,141 for Transactions on Behalf of State;

Key developments for the Ministry in the new financial year include:

- \$100,000 tala for emergency response operations under State of Emergency Declaration;
- \$681,155 tala for the Data Tech International contract.

13. Ministry of Women, Community and Social Development - \$63,679,430

- \$11,138,908 for outputs delivered by the Ministry;
- \$52,540,522 for Transactions on Behalf of State;

Key developments for the Ministry in the new financial year include:

- \$51million tala for the implementation of the Districts Development Program for 51 districts. The overall Aim of this Program is to inspire social harmony and inclusive growth for Samoa, through district developments utilizing

our community capacities, natural resources and environment. The Government focus is aligned to the Key Strategic Area 1 of the Pathway for the Development of Samoa:

1. Alleviating hardship,
2. Improved Public Health,
3. Quality Education,
4. People Empowerment, and
5. Skilled Workforce

The Ministry of Women, Community and Social Development in close collaboration with all other government agencies, will work to ensure the sufficient support is provided to effectively carry out the proposed initiatives from districts.

The Government aspires that this is a golden opportunity to enhance appropriate developments within all districts;

- \$300,000 tala for ongoing support to Komiti Tumama
- \$500,000 tala for NGO programs on Women, Youth and Children

We will continue the partnership with our development partners for capacity development for the Ministry in its supporting role for the implementation of the District Development Program and other community initiatives

14. Ministry of Works, Transport and Infrastructure - \$47,541,804

- \$5,504,416 for outputs delivered by the Ministry;
- \$1,195,684 for Transactions on Behalf of State;
- Outputs provided by Third Parties
 - \$35,541,704 for the *Land Transport Authority*;
 - \$3,300,000 for the *Samoa Water Authority* budget support;
 - \$1,000,000 *Samoa Water Authority* Community Service Obligations (CSO)

\$1,000,000 *Electric Power Corporation CSO*

Key developments for the Ministry in the new financial year include:

- \$500,000 tala for Seawalls - Coastal Resilience

We will continue the partnerships with our development partners for the rehabilitation works on the west coast road from Mālua to Faleolo International Airport, stabilizing the slopes and the rehabilitation of roads along the east coast, climate proofing of the Faleolo airport assets, as well as the Apia port development and the upgrade of the Central Cross Island Road from Tanugāmanono to Siumu.

15. *Office of the Attorney General - \$5,469,502*

- \$4,750,000 for outputs delivered by the Ministry;
- \$719,502 for Transactions on Behalf of State;

16. *Office of the Controller & Auditor General - \$4,006,672*

- \$3,406,343 for outputs delivered by the Ministry;
- \$600,329 for Transactions on Behalf of State;

17. *Office of the Electoral Commissioner - \$2,929,812*

- \$2,589,143 for outputs delivered by the Ministry;
- \$340,671 for Transactions on Behalf of State;

18. *Office of the Clerk of the Legislative Assembly - \$7,355,133*

- \$6,060,833 for outputs delivered by the Ministry;
- \$1,294,300 for Transactions on Behalf of State;

Key developments for the Office in the new financial year include:

- \$250,000 tala for the ongoing review of the Constitution of the Independent State of Samoa which began in the current financial year;

- \$200,000 tala for Political Parties;
- \$150,000 tala for the Parliamentary Institutional Strengthening Program;
- \$50,000 tala for the Parliamentary Education and Engagement Program

We will continue the partnership with our development partners for the construction of the new building for the Office of the Clerk of the Legislative Assembly.

19. *Office of the Ombudsman - \$1,653,695*

- \$1,426,354 for outputs delivered by the Ministry;
- \$227,341 for Transactions on Behalf of State;

20. *Public Service Commission - \$8,788,431*

- \$4,728,299 for outputs delivered by the Ministry;
- \$4,060,132 for Transactions on Behalf of State;

Key developments for the Commission in the new financial year include:

- \$3.2million tala for the Governments scholarship scheme at the National University of Samoa.

21. *Samoa Bureau of Statistics - \$5,887,995*

- \$4,407,376 for outputs delivered by the Ministry;
- \$1,480,619 for Transactions on Behalf of State;

Key developments for the Bureau in the new financial year include:

- \$500,000 tala for the Household Income and Expenditure Survey (HIES)
- \$143,483 tala for the Labour Force Survey to provide vital statistics on the country's labour force including effects of COVID-19.

22. Law Reform Commission - \$1,410,985

- \$1,158,819 for outputs delivered by the Ministry;
- \$252,166 for Transactions on Behalf of State;

23. Ministry of Public Enterprises - \$9,114,490

- \$2,485,397 for outputs delivered by the Ministry;
- \$6,629,093 for Transactions on Behalf of State;

VII. UNFORESEEN EXPENDITURES

The Appropriation for Unforeseen Expenditures based on the total expenditure program of Government for 2022/2023 is \$21.81million tala.

VIII. SECOND SUPPLEMENTARY ESTIMATES 2021/22

Mr Speaker,

The Government is also tabling a Second Supplementary Budget for the current financial year 2021/22. The supplementary budget is required to settle additional NEOC costs incurred by the Ministry of Health and the Ministry of Police and Prisons, as well as assistance for the Development Bank of Samoa. These will be financed - by additional funding from our development partners (including Australia and New Zealand as well as part of Samoa's Contingent Disaster Facility with ADB) and reallocations of unused existing resources.

IX. DEVELOPMENT EXPENDITURES

Mr Speaker,

The Government remains grateful for the continuous partnership and assistance by all its development partners, whose support have been crucial to the country's preparedness and response efforts since the beginning of the COVID-19 and other national emergencies, in addition to ongoing support to key sectors of the economy.

A total of \$82.9million tala is expected to support 52 investment projects and programs, that are implemented by the Government agencies. A total of \$24.2million tala in sector budget support is earmarked for four sectors including Education, Health, Water, and Agriculture and Fisheries. Samoa’s standby facilities with the World Bank (CAT-DDO) and the ADB (CDF) were triggered in March 2022 following the recording of our first COVID-19 community case.

We have fostered long-term partnerships with our development partners who have supported us during our 60 years’ journey. We thank them sincerely for the development assistances. We look forward to continuing our partnerships for realizing the Pathway for the Development of Samoa!

X. CONCLUSION

Mr. Speaker,

This 2022/23 Budget will be the Government’s first full year budget.

We have come a long way in terms of national development and political stability.

We are grateful for the continuous support and contributions of our communities, private sector and non-government organizations over the years.

As a nation founded on God, we must work together as an ‘extended family’ for a more robust economy.

“Inspiring Growth through an inclusive and resilient recovery for Samoa”

Tomorrow, we commemorate 60 years since Samoa became an independent country! We must navigate together into the next 60 years in unity and in His trust!

Mr Speaker,

With great pleasure, I as Minister of Finance, hereby commend the 2022/23 Budget to the House on the eve of this historical event!

We pray for Gods blessings upon Samoa in celebrating its 60th Independence anniversary.

Soifua ma ia Manuia.



**Publication of the
Ministry of Finance
Private Bag
Apia
Samoa**