



GOVERNMENT OF SAMOA

Budget Monitoring Report
MARCH QUARTER
(Financial Year 2017/18)

January 2018 – March 2018



EXECUTIVE SUMMARY

Overview

This report presents the third quarterly budget monitoring report for the information of Cabinet on the performance of Ministries and select Authorities for the period spanning January to March of the financial year 2016/17.

Status of the 2017/18 Budget as of 31 March 2018

The pro rata on utilization and collection on a quarterly basis is set at 75% for the third quarter and given this:

- **Total Current Payments of Government was recorded at 70% following the first 9 months of the financial year 2017/18** against a target of 75% with the overall affected by a below target utilization on all 3 components. Statutory Payments recorded a 66% utilization rate which is expected to be below target as the second major debt servicing payments of Government occur in the 4th Quarter. Expenditure Programs of Ministries registered a utilization of 72% attributed to savings created by staff movement, underutilization of VAGST as well as below line projects to take place in the last quarter of the fiscal year. The Unforeseen remains relatively underutilized until the country is well clear of the cyclone season.
- **Overall Receipts was recorded at 59% following the first 9 months of the year 16% lower than the third quarter target.** This performance is attributed solely to the grants received recorded for Ministries' disbursement within the FinanceOne System as majority of these are disbursed to SOEs. Ordinary Receipts registered at 70% pulled down primarily by below target performances from 4 of the 5 collecting Ministries. Non Taxation Revenue collections continued its strong growth performance registering an overall collection rate of 95% at the end of the third quarter.
- Given the above performance, the Government of Samoa continued to maintain its 2.1% deficit recorded at midyear.

The Ministry of Finance is confident that at the end of the first 9 months the Government's fiscal target of maintaining the deficit well below 3.5% of GDP will be achieved.



Receipts:

Overall performance on ordinary receipts for the Government at the end of the third quarter stood at \$438.9m or 70% of the total expected revenues to be collected for the current financial year, 5% below target attributed to collections on taxes.

1. Non Tax Revenues

Overall actual non tax revenues of the 20 collecting Ministries and Corporations reviewed stood at only 95% at the end of the 9 months under review, 25% higher than the period's target.

Table 1: NTR Collecting Ministries' Third Quarter Performance

| COLLECTING MINISTRIES | UTILISATION % |
|---------------------------------|---------------|
| Electoral Commissioner's Office | 236% |
| Ministry of Foreign Affairs | 166% |
| Ministry of Natural Resources | 137% |
| Ministry for Revenue | 99% |
| Ministry of Finance | 96% |
| Ministry of Police | 93% |
| Ministry of the Prime Minister | 87% |
| Ministry for Works | 85% |
| Attorney General's Office | 84% |
| Ministry of Commerce | 82% |
| Ministry for Justice | 80% |
| Bureau of Statistics | 78% |
| Ministry of Education | 76% |
| Ministry of Agriculture | 66% |
| Audit Office | 66% |
| Legislative Assembly | 62% |
| Ministry of Communication | 55% |
| Ministry for Women | 49% |
| Ministry of Health | 9% |
| National Health Services | 0% |

Ministries Exceeding NTR Targets

Table 1, presents a brief overview of the highest performing line agencies in NTR collections against their full year targets. Below is a brief description of the top 5 Ministries:

Electoral Commissioner's Office – the Ministry continues to exceed its annual target as registration efforts is rolled out into rural areas;

Ministry of Foreign Affairs – the Ministry's high performance is attributed to the high demand for apostille stamps;

Ministry of Natural Resources – this high performance is attributed to improved collections on land leases and stamp duties;

Ministry for Revenue – the overall noted for the Ministry is attributed to higher than target collections from 3 of the 4

collecting divisions collecting on business licenses, border charges and trade facilitation.

Ministries Below NTR Targets

7 Collecting Ministries were under target at the end of the third quarter as show in Table 1 however it should be noted that the NHS did collect \$1.7million during the period under review but because this was not loaded at the beginning of the financial year as the transfer of the NHS did not occur until January 2018. A brief on the other 5 lowest collecting Ministries are as follows:



Ministry of Health – collection has been affected by the delay in finalizing legislations to effect the Tobacco Manufacturers licenses;

Ministry for Women – the Ministry’s main collections are from the Government Printers and this has been below target for a while;

Ministry of Communications and Information Technology – the Ministry’s collections from the 2AP continues to be affected by competition from other radio stations and other forms of media;

Legislative Assembly – collections is affected by lower than anticipated collections on advertisements in the Palemene publications but is pulled up by translation services;

Audit Office – as per usual, collections occurs later in the financial year when audits of SOE’s and Projects are completed and the relevant agencies are invoiced.

2. Revenues to the State

At the end of the March 2016, total collection levels for Taxation Revenues or Revenues to the State stood below target at 69%. Ministries collecting taxes or revenues to state include the Ministry for Works (74%), Ministry of Finance (57%), Ministry for Revenue (70%), Office of the Regulator (54%) and the Ministry for Public Enterprises (85%).

The largest collecting arm of the Government is the Ministry for Revenue and illustrated below is the breakdown and details of their collections as at end of March 2018:

Figure 1: Revenues Collected by the Ministry for Revenue as of 31 March 2018 (% of Budget)





As depicted in Figure 1 above, the highest contributing tax item is Company Provision tax at 89%, Import Duties were also high at 79% as well as VAGST Imports 78% while all other taxes recorded below target rates.

Payments:

Overall Current Payments of Government registered a 70% utilization at the end of the March 2018. All three categories recorded below target utilizations during the period under review. Statutory Payments were only 66% after the third quarter however this is attributed to our large debt servicing occurring within the 4th and final quarter. Expenditure Programs of Ministries were only 3% below target and registered only 72% attributed to savings created from Transactions on Behalf of the State as many below line projects occur towards the end of the fiscal year as well as savings within the personnel expenditure account due to staff movement. The Unforeseen registered only 55%.

1. Statutory Expenditures

Overall utilization on Statutory as already stated above stood at 66% and was pulled down primarily by debt servicing even though the Administration and Miscellaneous Appropriations are above target. The

Table 2: Statutory Expenditure Utilization as at 31 March 2018

| | UTILISATION % |
|-----------------------|---------------|
| ADMINISTRATION | 75.9% |
| DEBT SERVICING | 59.7% |
| <i>EXTERNAL</i> | 58.1% |
| <i>DOMESTIC</i> | 67.9% |
| MISCELLANEOUS | 76.7% |
| Total | 66.4% |

Table 3: Miscellaneous Items utilization as at 31 March 2018

| | UTILISATION % |
|---------------------------|---------------|
| MISCELLANEOUS | 76.7% |
| <i>Income Tax Refunds</i> | 51.7% |
| <i>VAGST Refunds</i> | 93.5% |
| <i>Duty Drawback</i> | 32.5% |
| | 76.7% |

The Miscellaneous was affected by the VAGST Refund accounts which are dependent on the activities of the private sector as well as the auditing process of the Ministry for Revenue. Income Tax Refunds and Duty Drawbacks remain relatively below target as usual.



2. Expenditure Programs

Ministry spending on their expenditure programs continued to be underspent into the third quarter expanding from a 1% below target to a 3%. As can be seen from Table 3 below, 3 Ministries spent well above target by the end of the 9th months, while 15 were well below the third quarter target and only 7 were within.

Ministry of Health

The overall spending of the Ministry as depicted in Table 3 has been affected largely by the spending of the NHS which was transferred out in full in December 2017 so that it can be established as an entity itself under the MOF's FinanceOne.

Attorney General

The Attorney General's budget has exceeded its third quarter target due to high spending in both operating and Transactions on Behalf of State. Operating expenditures have been affected by unplanned travel from invitations during the financial year, as per policy only annual meetings are accounted for during the estimates but leniency is exercised when invitations are received for meetings that are of great value to the work and capacity building of the AGO. Transactions on Behalf of State is affected largely by full payments made on the office's rent and Brooker's Online.

Table 3: Spending Rates of Ministries and Corporations as at 31 March 2018

| | UTILISATION % | PERSONNEL | OPERATING | CAPITAL | THIRD PARTIES | TRANSACTIONS ON BEHALF OF STATE |
|---------------------------------|---------------|------------|------------|------------|---------------|---------------------------------|
| Ministry of Health | 85% | 68% | 75% | 100% | 91% | 50% |
| Attorney General's Office | 79% | 73% | 91% | 100% | - | 90% |
| Ministry of Finance | 78% | 71% | 81% | 99% | - | 78% |
| Ministry of the Prime Minister | 77% | 74% | 78% | 98% | - | 82% |
| Audit Office | 75% | 75% | 78% | 0% | - | 67% |
| Law Reform Commission | 75% | 72% | 66% | 99% | - | 93% |
| Electoral Commissioner's Office | 75% | 74% | 83% | 65% | - | 36% |
| Ministry of Commerce | 74% | 70% | 72% | 67% | 80% | 47% |
| Ministry for Works | 74% | 66% | 83% | 57% | 76% | 42% |
| Ministry for Public Enterprises | 74% | 75% | 88% | 0% | - | 59% |
| Ministry of Education | 73% | 76% | 89% | 0% | 58% | 88% |
| Ministry of Agriculture | 72% | 67% | 91% | 111% | 75% | 70% |
| Ministry for Revenue | 72% | 68% | 89% | 46% | - | 69% |
| Public Service Commission | 71% | 71% | 67% | 100% | - | 71% |
| Legislative Assembly | 70% | 73% | 68% | 0% | - | 65% |
| Ministry for Justice | 69% | 69% | 96% | 81% | - | 32% |
| Bureau of Statistics | 68% | 76% | 66% | 79% | - | 55% |
| Ministry of Natural Resources | 67% | 73% | 83% | 75% | - | 60% |
| Ministry of Police | 66% | 66% | 77% | 91% | 73% | 29% |
| Ministry of Communication | 62% | 70% | 72% | 100% | 75% | 49% |
| Ministry for Women | 61% | 69% | 67% | 36% | - | 32% |
| Ministry of Foreign Affairs | 60% | 61% | 60% | 0% | - | 60% |
| Ministry for Prisons | 59% | 71% | 92% | 98% | - | 51% |
| Ombudsman's Office | 57% | 48% | 74% | 100% | - | 68% |
| National Health Services | 56% | 54% | 56% | 87% | - | 68% |
| | 72% | 69% | 78% | 68% | 75% | 60% |



Lowest spending Ministries:

National Health Services

The National Health Services, in preparation for the full re-merge with the Ministry of Health had 50% of its full year grant transferred under the Ministry of Finance in January 2018. At the time of this report there were still systems and processes being clarified so that the former SOE treatment of the hospital is aligned under the Ministry processes of the MOF and the PSC;

Ombudsman's Office

Employee turnover and difficulties in obtaining and retaining relevant personnel as special investigators has affected the overall spending of the Office as seen by the 48% utilization on personnel.

Ministry for Prisons

The movement of officers as well as the promotional nature of the corrections officers has affected the Ministry's overall.

Ministry of Foreign Affairs

As per usual the treatment of allocations for overseas missions offices, these allocations are released every two months pending acquittal of the previous allocations this creates a slight lag in the posting for the spending of the Ministry.

Ministry for Women

As depicted in Table 3 above, all of the Ministry's budget categories are underspent with the overall pulled down even more by capital works associated with Independent Water Scheme developments as well as below line items associated with the same.

Ministry of Communications

The movement of officers as well as the promotional nature of the corrections officers has affected the Ministry's overall.



Spending on Key Expenditure Items Guided by Budget Policies

Catering

Catering policies applies only for Ministers and CEO's at \$6,000 per each year with special provisions made for MPMC to cater to Cabinet, the Legislative to cater to Parliament as well as the MWCSO to cater to meetings with the village councils during consultations on Government initiatives. However there are exceptions during the financial year where consultations are hosted by various Ministries with select members of the community and light refreshments are provided in lieu of transportation allowances. In other cases, Ministries would play host to high level officials and delegations and refreshments would also be provided. Despite this, the Ministry of Finance levies tight control over these expenditures directing that any and all refreshment and catering be kept to the bare minimum to ensure that sufficient funds remain for operational activities of Government.

Table 5: Spending on Travel by all Ministries as at 31 March 2018

| MINISTRY - TRAVEL EXP | UTILISATION % |
|--------------------------------|---------------|
| Communication & Info Technolog | 175% |
| Prison | 168% |
| Law Reform Commission | 154% |
| Prime Ministers Office | 148% |
| Works | 145% |
| Natural Resources | 127% |
| Electoral Office | 118% |
| Education | 117% |
| Police | 109% |
| Bureau of Statistics | 105% |
| Justice | 98% |
| Legislative Assembly | 96% |
| Foreign Affairs | 89% |
| Health | 85% |
| National Prosecution | 83% |
| Finance | 82% |
| Agriculture | 79% |
| Ombudsman | 72% |
| Women | 69% |
| Attorney General | 62% |
| Revenue | 48% |
| Public Service Commission | 48% |
| Audit | 48% |
| Public Enterprise | 46% |
| Commerce & Labour | 37% |
| Overall Total | 91% |

Table 4: Spending on Catering by all Ministries as at 31 March 2018

| Catering Expenditure | UTILISATION % |
|---------------------------------|---------------|
| Police | 587% |
| Prison | 587% |
| Justice | 441% |
| Natural Resources | 421% |
| Works | 213% |
| Revenue | 195% |
| Agriculture | 187% |
| Law Reform Commission | 184% |
| Women | 174% |
| Education | 160% |
| Finance | 160% |
| Health | 156% |
| Electoral Office | 154% |
| Commerce & Labour | 100% |
| Public Service Commission | 98% |
| Attorney General | 94% |
| Communication & Info Technology | 91% |
| Ombudsman | 80% |
| Foreign Affairs | 62% |
| Prime Ministers Office | 57% |
| Legislative Assembly | 45% |
| Bureau of Statistics | 45% |
| Enterprises | 14% |
| Audit | 9% |
| Overall Total | 124% |

Travel

Travel expenditure of Government is appropriated only for planned annual meetings which requires mandatory attendance by Government officials as per the international obligations of Government. However, there are invitations that are received by Government on an ad hoc basis throughout the year providing training opportunities for officials as well as other international meetings that require attendance which affect this expenditure item. As seen from Table 5, 17 of the 25 Ministries under review have exceeded their travel expenditure target of the year. These expenditures are heavily monitored by the Ministry of Finance as these could affect planned activities. Each travel request is accompanied by a MOF report that advises on its financial viability while all Ministries are strongly advised to prioritize.



Table 6: Spending on Fuel by all Ministries as at 31 March 2018

Fuel

Appropriation on fuel is set at \$5,000 per vehicle regardless of the nature of service. However as Table 6 illustrates utilization of this expenditure is evident of the nature of the works of each. For instance, the Ministry for Revenue who has registered the highest spending on fuel conducts collections and follow ups across the country as well as customs works during after hours. This affects their utilization whilst smaller departments like the Ombudsman who rarely requires regular transportation across island remains well below target. The Ministry of Finance however keeps close control on this as well through its vehicle taskforce to ensure that vehicles and fuel is not being misused.

| Fuel Expenditure | UTILISATION % |
|---------------------------------|----------------------|
| Revenue | 88% |
| Prison | 78% |
| Attorney General | 65% |
| Public Service Commission | 62% |
| Natural Resources | 59% |
| Bureau of Statistics | 58% |
| Communication & Info Technology | 58% |
| Police | 54% |
| Prime Ministers Office | 54% |
| National Health | 54% |
| Education | 54% |
| Health | 50% |
| Agriculture | 46% |
| Justice | 46% |
| Electoral Office | 45% |
| Finance | 44% |
| Works | 40% |
| Legislative Assembly | 39% |
| Women | 35% |
| Foreign Affairs | 34% |
| Commerce & Labour | 29% |
| Law Reform Commission | 28% |
| Audit | 28% |
| Enterprises | 24% |
| Ombudsman | 21% |
| Overall Total | 51% |

Table 7: Spending on Overtime by all Ministries as at 31 March 2018

| Overtime Spending | UTILISATION % |
|---------------------------------|----------------------|
| National Health | 116% |
| Health | 109% |
| Natural Resources | 107% |
| Education | 101% |
| Public Service Commission | 100% |
| Law Reform Commission | 100% |
| Electoral Office | 100% |
| Prime Ministers Office | 97% |
| Agriculture | 97% |
| Justice | 93% |
| Foreign Affairs | 92% |
| Revenue | 90% |
| Legislative Assembly | 85% |
| Commerce & Labour | 83% |
| Works | 74% |
| Finance | 63% |
| Communication & Info Technology | 62% |
| Audit | 46% |
| Attorney General | 20% |
| Women | 4% |
| Bureau of Statistics | 0% |
| Enterprises | 0% |

Overtime

Appropriation for overtime is limited to PSC and Cabinet approved essential services only and this is only provided for a few Ministries however the list of Ministries as seen in Table 7 are due to Cabinet approved provisions for all public servants who worked as liaison officers, ushers and information officers during the Pacific Forum Leaders' meeting in September 2017.



**Table 8: Spending on Ministerial Donations
by all Ministries as at 31 March 2018**

| Ministerial Donations | UTILISATION % |
|---------------------------------|----------------------|
| Legislative Assembly | 299% |
| Education | 143% |
| Prime Ministers Office | 127% |
| Health | 71% |
| Foreign Affairs | 71% |
| Justice | 44% |
| Revenue | 38% |
| Communication & Info Technology | 25% |
| Works | 23% |
| Agriculture | 17% |
| Enterprises | 15% |
| Women | 12% |
| Bureau of Statistics | 5% |
| Natural Resources | 5% |
| Commerce & Labour | 0% |
| Finance | 0% |
| Overall Total | 66% |

Ministerial Donations

The policy on Ministerial donations limits it to \$12,000 per Minister per year. This provision is to cater to traditional and cultural obligations resulting from invitations from the community for Government attendance. Despite the set amount, there is no predicting the number of community invitations and occasions to be attended by Ministers on behalf of the Government as can be seen in Table 8.



YEAR ON YEAR ANALYSIS:

The following illustrates a year on year look at the third quarter performance of Government against its total budget and targets.

Overview

As depicted below, against performance against target for Total Receipts and Grants improved both in percent as well as aggregate when compared to 2016/17. This is attributed to both an increase in collections on overall receipts and grants.

For current payments, although performance against target has remained relatively the same, aggregate spending is higher than 2016/17 affected by the increase in provisions for expenditure programs of Ministries. This increase in expenditure as well as increase in development project disbursements has resulted in a larger deficit at the end of the 9 months of the financial year for 2017/18 when compared to 2016/17. However it should be noted that as per usual, taxation collections usually pickup considerable in the last quarter against a slowing down of spending. The Ministry of Finance anticipate a contraction of the deficit in the final quarter.

| Government of Samoa BUDGET SUMMARY As at 31 March 2018 | | | | | | |
|--|--------------------------|--------------------------|---------------|--------------------------|--------------------------|---------------|
| | 2017/18 (THIS YEAR) | | | 2016/17 (LAST YEAR) | | |
| | Actuals | Estimates | % Utilization | Actuals | Estimates | % Utilization |
| RECEIPTS | | | | | | |
| Ordinary Receipts | \$ 438,886,635.98 | \$ 468,893,133.00 | 70% | \$ 433,837,058.00 | \$ 433,580,168.00 | 75% |
| External Grants | \$ 72,760,003.46 | \$ 182,739,975.00 | 30% | \$ 44,910,798.00 | \$ 181,506,969.00 | 19% |
| Total Receipts and Grants | \$ 511,646,639.44 | \$ 651,633,108.00 | 59% | \$ 478,747,856.00 | \$ 615,087,137.00 | 58% |
| Less: | | | | | | |
| CURRENT PAYMENTS | | | | | | |
| Statutory Payments | \$ 88,162,382.52 | \$ 99,633,297.00 | 66% | \$ 70,885,216.00 | \$ 81,520,332.00 | 65% |
| Expenditure Program | \$ 373,530,528.24 | \$ 390,710,165.25 | 72% | \$ 347,574,158.00 | \$ 369,229,625.00 | 71% |
| Unforeseen Vote | \$ 8,409,532.71 | \$ 11,472,666.00 | 55% | \$ 9,983,002.00 | \$ 11,076,889.00 | 68% |
| Total Current Payments | \$ 470,102,443.47 | \$ 501,816,128.25 | 70% | \$ 428,442,376.00 | \$ 461,826,846.00 | 70% |
| Less: | | | | | | |
| DEVELOPMENT PROJECT PAYMENTS | | | | | | |
| Loan financed project payments | \$ 4,675,838.81 | \$ 67,692,551.25 | 5% | \$ 12,150,493.00 | \$ 73,792,396.00 | 12% |
| Grant financed project payments | \$ 45,263,762.99 | \$ 142,064,469.75 | 24% | \$ 38,683,007.00 | \$ 135,558,894.00 | 21% |
| Total Development Payments | \$ 49,939,601.80 | \$ 209,757,021.00 | 18% | \$ 50,833,500.00 | \$ 209,351,290.00 | 18% |
| Cash (Deficit)/Surplus | \$ (8,395,405.83) | \$ (59,940,041.25) | | \$ (528,020.00) | \$ (56,090,999.00) | |
| Financed by | | | | | | |
| Soft term financing | \$ 3,688,885.67 | \$ 77,377,468.50 | | \$ 6,696,413.00 | \$ 73,792,396.00 | |
| Movements in Cash Balances | \$ (4,706,520.16) | \$ 17,437,427.25 | | \$ 6,168,393 | \$ 17,701,397 | |
| GDP | \$1,755m | \$1,755m | | \$1,605m | \$1,605m | |
| BUDGET DEFICIT | -0.5% | -3.42% | | -0.03% | -3.49% | |

