



Government of Samoa

# Government Finance Statistics Report

## Overview

The Government Operations in the first nine months of FY 2009/10 has been very challenging, with the recovery efforts towards the global financial crisis, and most importantly the rehabilitation and reconstruction program for the tsunami affected areas. The focus of the tsunami recovery efforts was on rebuilding of homes, roads, electricity and communication.

During the first nine months (July—March 2009/10), Government fiscal operations was expansionary and it recorded a deficit in the **current balance** of \$27.6 million, which is 22.9% more than the pro rata estimate. The increase was apparent of Government expenditure commitment for the rehabilitation program for the tsunami affected areas that more than offset the promising revenue collection which exceeded the pro rata estimate by 6.5% (\$17.6 million). Consequently, **Overall deficit** amounted to \$92.3 million, an increase of 74% (\$36.7 million) compared to the same period of FY 2008/09. This was equivalent to 8% of GDP<sup>1</sup>.

When compared to the pro rata estimate for the first nine months, the overall balance was \$34.3 million lower than the budgeted estimate. This outturn was primarily due to the delays in the work in progress of the major

construction and infrastructure projects as priority had been shifted to the reconstruction and rehabilitation of the tsunami affected areas. As a result, loan funded project expenditures recorded a significant shortfall of \$33.5 million (37.8%) compared to the budget estimate.

In addition, total revenue collection increased by 6.5% (\$17.6 m) over the anticipated estimate for the period under review. Tax and non tax revenue both recorded increases of 5.6% and 15.2% respectively, compared to the pro rata estimate.

Illustrated in Chart 1 is the current and overall balance for the comparable nine months over the last 5 years. Current balance for the second time slump to record the largest deficit of \$27.6 million in the period under review after a surplus in 2008/09. Overall balance however experienced a downward trend since FY 2006/07. This is a reflection of the Government efforts for recovery

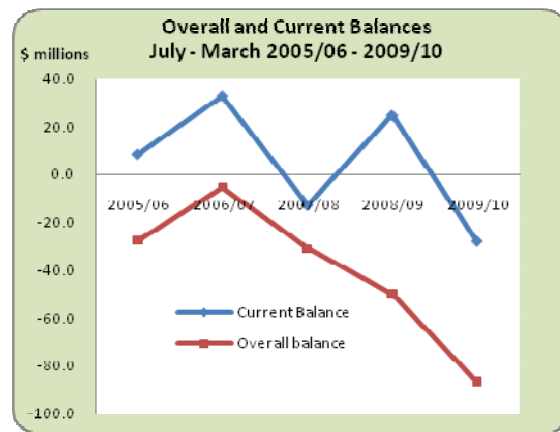


Chart 1: Overall and Current Balance, Jul –Mar 2005/06—2009/10

of the Samoan economy from the two disasters (global economic crisis, devastated tsunami) that adversely affected the socio-economic activities, with the aim of achieving a sustainable growth and improved quality of life for Samoa

## Inside this issue:

Overview	1
Revenue	2
Expenditure	3
Current Expenditure by Type	3
Current Expenditure by Function	3-4
GFS Introduction	5
Annex: GFS main tables	

1. GDP is estimated for March Quarter 2010

## Revenues:

**Total Revenue and Grants** for the nine months amounted to \$400.8 million comprising of \$286.2 million (71.4%) of current receipts and \$114.6 million (28.6%) of External Grants. The aggregated amount was \$17.6 million (4.6%) higher than the pro-rata estimate. The result was due to tax revenue being 5.6% higher than the budget estimate, coupled with the increase of 15.2% in non tax revenue. When compared to the previous year, total revenue and grants registered a combined increase of 11.5%.

**Tax Revenue** collected stood at \$254.8 million, this was \$13.4 million above the pro-rata estimate. The increase in tax revenue was attributed by considerable increases of \$2.8 million in the Domestic VAGST collection, \$2.7 million in Import Excise and a significant \$4.8 million in Domestic Excise. Income Tax and Company taxes recorded a combined increase of \$4.4 million. Other taxes that recorded marginal increases were, Petroleum levy and Business licenses by \$0.2 million and \$0.3 million respectively.

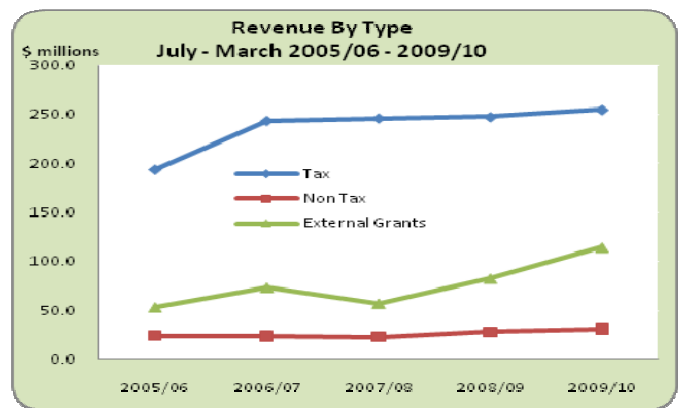
On the contrary, taxes collected from international trade namely Import Duty and VAGST on Imports recorded a combined decrease of \$1.5 million compared to the nine months pro rata estimate, and 0.2% short if compared to the same period of FY 2008/09. This was inline with the slow down in imports by 1.7% compared to the first nine months of FY 2008/09. Stamp Duty also recorded a marginal shortfall of \$0.1 million.

When compared to the same period of the previous year, tax revenue increased by \$9.9 million (3.6%).

Illustrated in Chart 2 is the comparable increasing trend

of Revenue collection by type within the nine months of the past five fiscal years; Tax and non-tax with a steady and consistent trend since FY 2006/07. External grants was at its peak during the period under review. This was due to assistance given to the implementation of the post-tsunami recovery.

**Chart 2: Revenue by Type: July—March 2005/06—2009/10**



**Non-tax revenue** amounted to \$31.4 million for the period under review and was \$4.2 million above the pro-rata estimate, equivalent of 15.2% increase. Property Investment Income collected \$19.5 million, \$2.2 million above the nine months pro rata estimate, coupled with the \$1.7 million increase in Cost Recoveries for the July—March period.

When compared to FY 2008/09, non tax revenue was higher by \$2.7 million or 9.4% improvement as shown in Chart 2.

**External Grant** of \$114.6 million was on par relative to the pro-rata estimate but rose by 38.0% (\$31.6 million) compared to FY 2008/09. As can be seen in Chart 2, external grant surged to its highest in the period under review compared to the past four comparable periods. The trend reflects the nature of external grants being dependent on incidences and public sector projects funded by

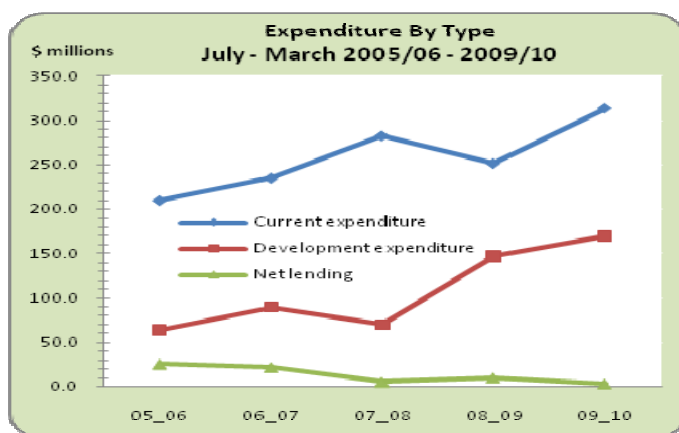
## Expenditure:

**Total expenditure and Net Lending** for the nine months of fiscal year 2009/10 accumulated up to \$487.2 million. This was \$16.7 million or 3.3% lower than the pro-rata estimate. The decrease of expenditure recorded for the period under review was due to the delay of development projects given the re-prioritization of activities towards the rebuilding and infrastructure re-construction of the tsunami affected areas. Additional to this drop was the completion of the PRC funded MJCA building. As a result, **development expenditures** stood at \$168.9 million which was \$33.5 million short of the budget estimate.

Despite being lower relative to the pro-rata, the aggregated expenditure for the period under review expanded by 62.5% in the last 5 years, and 19.1% higher if compared to the same period of the previous financial year.

**Current Expenditure** on the other hand expanded to \$313.8 million for the period under review, which was \$22.7 million (7.8%) above the pro-rata estimate. Of the total current expenditure, 71.9% was spent on goods and services (included were tsunami related development expenditures), 25.6% was used on wages and salaries and the remaining was for debt servicing. Underpinning the relative increase in current expenditure was the \$62.4 million extra on goods and services when compared to July-Mar 08/09.

**Chart 3: Expenditure by Type**



**Development Expenditure** of \$168.9 million was 16.5% lower than the anticipated estimate. Public sector loan funded infrastructural projects such as the Education Sector Project, Telecommunication & Postal Reform project, Petroleum Storage Facilities 3 and Health Sector Wide Approach Program are continuing.

**Net Lending** of \$3.5 million was \$5.9 million (16.5%) below the pro-rata estimate and significantly dropped by \$7.1 million compared to the same period of FY2008/09.

### Expenditure by Function

At the sector level, (Refer Annex Table 4) current expenditure allocation for the period have been consistent with the governments priority stipulated in the SDS 2008-2012. Of the total of \$313.8 million, Social Services composed of 36.9% (\$115.7 million) of the current expenditures, followed by the \$105.3 million (33.5%) of the General Administration and Law and Order with Economic Sector at \$85.7 million or 27.3%.

As prioritized, Social Services Sector continued to have the biggest share of expenditure. The current period recorded an increase of \$8.5 million or 7.9% when compared to the pro-rata estimate and \$2.8 million or 3.1% above its relative period of FY08/09.

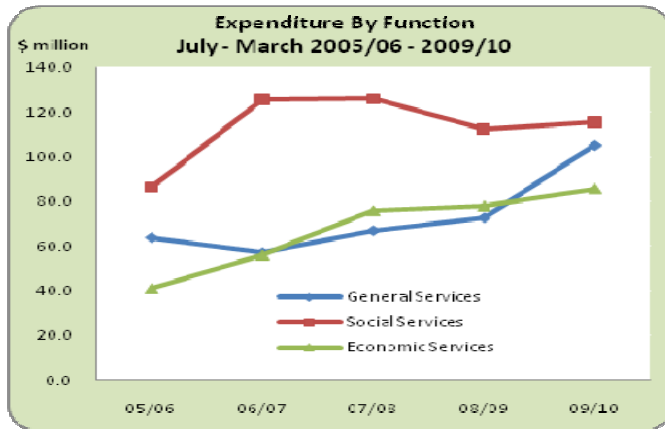
As depicted in Chart 4, total expenditures for Economic Sector development continued to surge over the last four financial years. It recorded a lump sum of \$85.7 million or 12.3% higher than the pro-rata estimate. The increase was apparent of the additional expenditure provided for ongoing rehabilitation and reconstruction works needed for the Tsunami affected areas particularly telecommunication services, water, electricity and roads. Other minor developments implemented include the Natural Resources and Agriculture Awareness programs which both contributed 27.4% to the sector's overall expenditure.

## Expenditure by Function cont'd

The General Services expenditure reached a total of \$105.3 million or 15.5% above the pro-rata estimate. From the previous FY 08/09, the year under review exceeded by \$32.4 million or 44.4% higher.

Over the last four years, total current expenditures increased by 49.5%.

**Chart 4: Expenditure by Function**



## Financing

The overall deficit of \$86.4 million was financed from external borrowings of \$33.2 million (3.1% of GDP) disbursed during the period, with the remaining \$53.2 million being financed domestically.

## Attached herewith is the set of tables:

**Table 1:** Financial Operations of Central Government, Nine months of FYs 2005/06 - 2009/10

**Table 2:** Central Government Revenue by type, Nine months of FYs 2005/06 - 2009/10

**Table 3:** Central Government Expenditure by Type, Nine months of FYs 2005/06 - 2009/10

**Table 4:** Current Expenditure Classified by function, Nine months of FYs 2005/06 - 2009/10



## What is Government Finance Statistics?

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#### ***Vision:***

***To Strengthen Statistical Services  
for the Development of Samoa***

*Government Finance Statistics provide statistics that enable policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of the government sector in a consistent and systematic manner. Balancing items have been created to provide summary information such as current balance and overall balance (surplus /deficit). The detailed data can also be used to examine specific areas of government operations, example: particular forms of taxation, level of expense and the amount of government borrowing etc. The harmonization of this system with other macroeconomic statistical systems like System of national Accounts means that data from the GFS can be combined with data from NA to assess government performance in relation to the rest of the economy. Similarly, it can also be used for cross country analysis of government operations, such as comparisons of ratios of taxes or expense to gross domestic product.*

*This publication provides provisional estimates for the first nine months of the FY 2009/10. The estimates provided in this publication are provisional estimates and are subject to revisions.*

Website:

[www.sbs.gov.ws](http://www.sbs.gov.ws)

## GFS New Developments

The analysis provided in this report is based on the 1986 GFS Manual. The Bureau of Statistics is currently working in close collaboration with the Ministry of Finance and the Pacific Centre for Technical Assistance of the IMF, in developing an improved framework to upgrade GFS using the GFS Manual 2001. This initiative is considered one of the major developments in the Bureau of Statistics. It is planned to be completed and be used to compile financial year data in the near future, thus enabling detailed fiscal analysis for policy and planning for Government, Private Sector and the Public in general.