



Highlights:

FY2017/18

- *Net Lending/ Borrowing balance record a surplus \$1.5 m.*
- *Net Operating Balance was \$129.9 m surplus for the FY 2017/18*
- *The gov't banking balance increased by \$19.3 m for the FY2017/18*

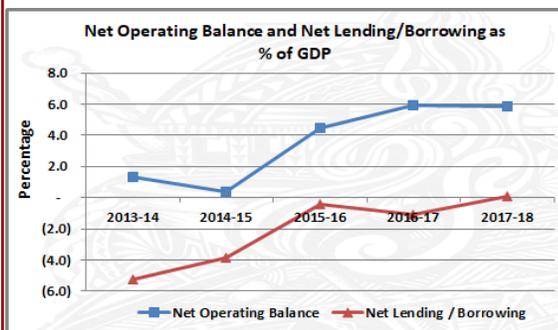
JUNE 18 QUARTER

- *Net lending/ Borrowing deficit of \$11.6 million.*
- *Net Operating balance was a surplus of \$32.9 million*
- *Total revenues for the 4th quarter was \$168.4 million*
- *Current Expenses was \$180.0 million with Non-Financial Assets of \$44.5 million*

Overview FY2017/18

The Budgetary Central Government operations in the financial year 2017/18 recorded an overall surplus of \$1.5 million tala. This is equivalent to a 0.1 percent of GDP, which is far below the medium term fiscal target of 2.0 stipulated in the Budget Address for the period under review. Total revenue stood at \$645.4 million with total expenditure at \$643.9 million. The outturn is indicative of Government's commitment in strengthening revenue generation, while keeping operating expenditure under control to allow for the necessary infrastructural development implemented during the period under review which stood at \$128.4 million.

Chart 1: Net Operating Balance & Net Lending / Borrowing Balance as % of GDP



The completion of some of the major infrastructural developments throughout the country such as the Malifa - Vaitele roadworks and the Faleolo International Airport Gateway project saw a drop in Acquisition of Non Financial Assets by \$21.1 million in FY2017/18 com-

pared to FY2016/17. The surplus recorded in the **Net Lending Borrowing Balance** for the FY2017/18 is promising considering deficits being recorded in the past eight consecutive years as shown in Chart 1.

Net operating balance was \$129.9 million, an average increase of 3.4 percent in the past 5 years, exceeding the medium term fiscal target of no less than 3.5 percent of GDP to record 5.9 percent in 2017/18.

The favourable outturn for the financial year 2017/18 saw the Government financial position with the banking system increased by \$19.3 million.

Revenue FY2017/18

Total revenue recorded was \$645.4 million, an increase of 4.5 percent compared to FY 2016/17. The increase was mainly due to the increase in grant received as budget support from our donor partners. This saw the share of grant in revenues increase to 9.5 percent compared to 6.6 percent in 2016/17.

In terms of share to total revenue, taxes comprised 81.5 percent with non-tax revenues and grants shares at 9.1 and 9.5 percent.

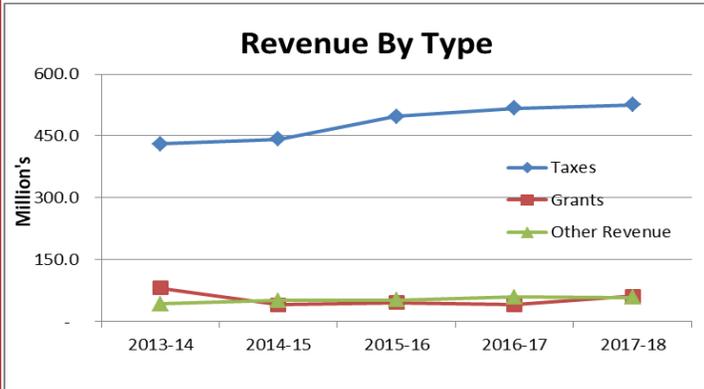
Taxes

Tax revenues went up slightly in the period under review with an increase of 1.6 percent. This follows increases of 2.7, 12.6 and 4.0 percent in

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the previous 3 years. Goods and services tax was the main contributor to the changes with an increase of 5.5 percent in the period under review. Customs and import duties went up 7.0 percent to contribute 0.7 percentage points to the change. Income tax on the other hand declined by 1.2 percent in the period under review, and this is consistent with the reduction in the tax rates implemented in the period.

Chart 2: Revenue by Type, FY2013/14 - FY2017/18



Grants

Grant recorded for the period was 61.1 million, went up by 3.2 percent compared to the financial year 2016/17. Grant receipts were mainly for budget support from the European union and the New Zealand Government.

Other Revenue

Other revenue slightly dropped by 1.1 percent in 2017/18 following increases of 18.5, 2.8 and 12.4 in the past 3 years. This was attributed mainly to a decline in administrative fees collected in the period under review. Detail of revenue by type is provided in Table 2 attached.

Expenditure FY2017/18

Total Government Expenditure for the year stood at \$643.9 million, increasing by \$4.0 million, translated into a 0.6 percent increase from the last financial year. This was due to the increase of \$25.1 million in operating expenses, which more than offset the decrease of \$21.1 million in the acquisition of non financial assets .

Total operating expense for FY2017/18 recorded was \$515.5 million, went up by 5.1 percent. Use of goods and services stood at \$141.9 million, \$29.2 million (25.9 percent) more than compared to FY2016/17. Compensation of employees amounted to \$194.4 million; this component also recorded an increase of \$24.4 million with a percent-

age increase of 14.4 percent. Grants to other general government units recorded a total of \$135.5 million with the highest drop of \$23.3 million (23.3 percent) compared to last year.

Ongoing government commitment to improve infrastructure reflected in Acquisition of Non-financial Asset stood at \$128.4 million; this shows a negative growth of 14.1 percent (or \$21.1 million) less in spending compared to previous year.

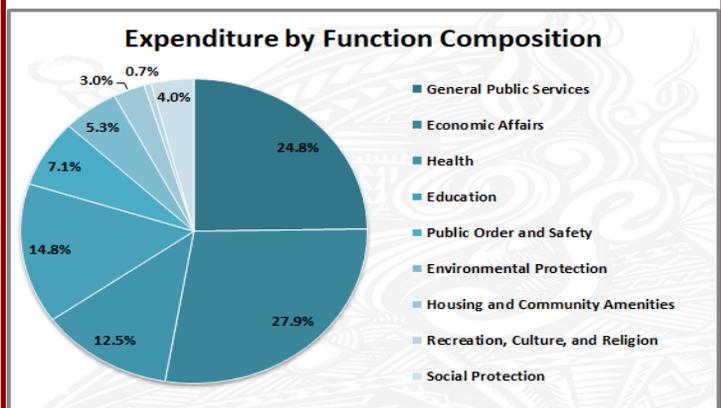
Summary Table 1: Expenditure at a glance FY2015/16 - FY2017/18

Expense by Type (In Millions)	Financial Years			%	%
	2015/16	2016/17	2017/18	Change from previous yr	Contribution to Change
Total Expenditure	604.0	639.9	643.9	0.6	0.6
<i>Aquisition of Fixed Asset</i>	100.1	149.5	128.4	-14.1	-3.3
<i>Compensation of employees</i>	163.5	170.0	194.4	14.4	3.8
<i>Use of goods and services</i>	120.3	112.7	141.9	25.9	4.6
<i>Interest</i>	18.4	17.2	17.3	0.8	0.0
<i>Subsidies</i>	15.1	10.2	5.1	-49.7	-0.8
<i>Grants</i>	163.6	158.8	135.5	-14.7	-3.6
<i>Social benefits</i>	17.9	18.1	18.6	3.0	0.1
<i>Other expense</i>	5.1	3.5	2.6	-26.8	-0.1

Expenditure by Function of Government FY2017/18

At the aggregated level, total expenditure by functions of Government (COFOG) was \$643.9 million. Of the total amount, 27.9 percent was spent on Economic Affairs, General Public services used a share of 24.8 percent, 14.8 percent was spent in Education and Health at 12.5 percent. The remaining balance was used for other sectors such as Environment, Housing, Community and Social Protection as depicted in the chart below.

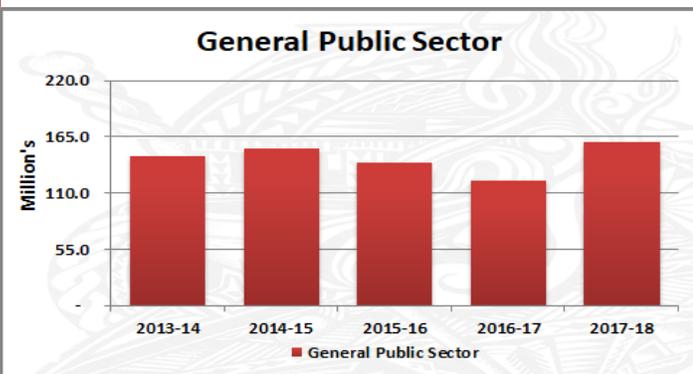
Chart 4: COFOG composition, FY2017/18



Expenditure by Functions of Government

General Public Services

The FY2017/18 total expenditure for General Public Services was \$159.5 million. Total expenditure for the sector went up from the previous year by 31.1 percent or by \$37.9 million. This was mainly due to commitments to improving financial as well as external services with our development partners both bilateral and multilateral organizations.



Public Order and Safety Sector

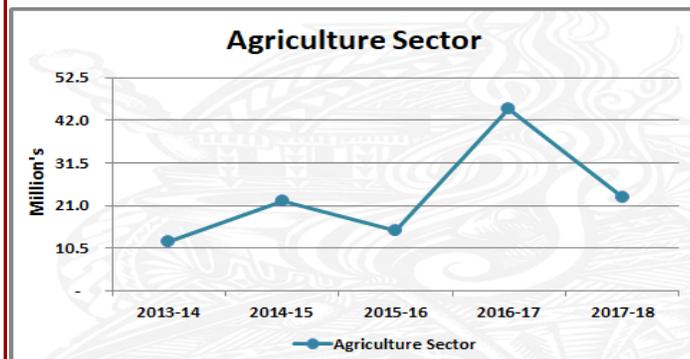
Law and Order expense was \$45.8 million, representing an increase of 4.0 percent from the previous fiscal year. Of this amount, Police services, Courts of Law and Prison's incurred the majority of spending at \$14.1 million, \$11.6 million and \$5.2 million respectively.



Agriculture Sector

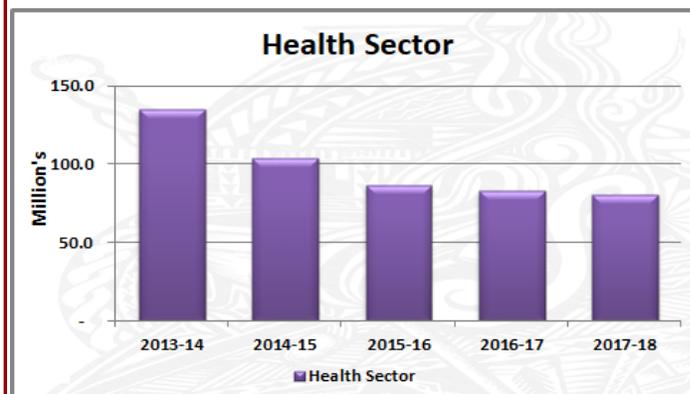
Expenditure to assist Agricultural developments decreased from the previous year by 48.5 percent to stand at \$23.0 million for the year under review. The shortfall was mainly due to reductions in Agriculture, Forestry and Fishing expenditures by 52.1 percent (down by \$21.5 million), 9.2 percent (down by \$0.2 million) and 2.9 percent (down by \$0.1 million). This was consistent with the completion of

the first phase of the Samoa Agriculture Competitiveness Enhancement Project.



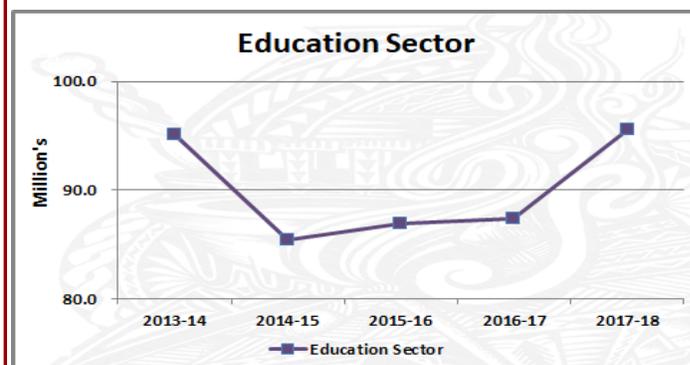
Health Sector

Expenditures on Health services slightly dropped in 2017/18 to \$80.4 million from \$82.7 million in the previous year. In comparison to FY2016/17, expenditure by the sector decreased by \$2.3 million with an average decline of 11.7 percent from 2013/14 - 2017/18.



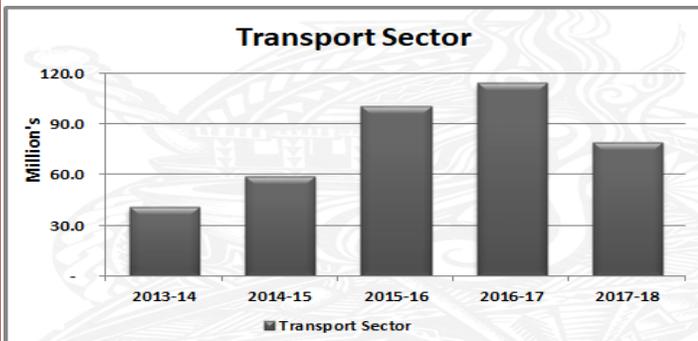
Education Sector

As one of the priority areas in the National Plan, Government expenditure on education increased in 2017/18 by \$1.5 million compared to 2016/17. Total expenditure during the fiscal year under review was \$95.6 million registering a contribution of 1.4 percent to overall sectorial expenditures.



Transport Sector

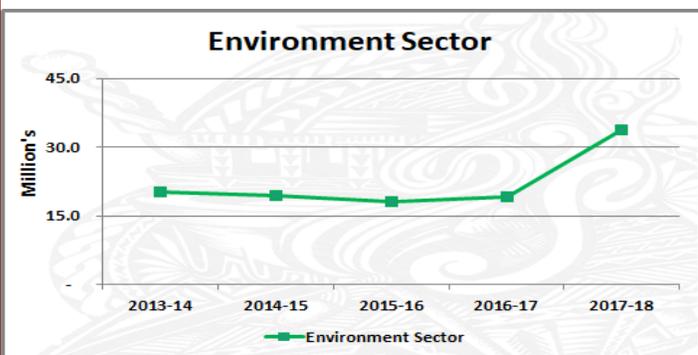
Aggregated spending for the sector was \$79.2 million. Expenditure decreased by 30.6 percent (went down by \$34.9 million) in FY2017/18 compared to FY2016/17. Of the amount, 72.2 percent (\$57.5 million) was spent of the Faleolo International Airport Gateway project funded by the PRC and World Bank. A 27.1 percent allocation



(\$21.5 million) was for road constructions. According to Transport sector chart here below, expenditures for the sector consistently grew from 2013/14 to 2016/17; expenditure however decreased in 2017/18 due to completion of some donor funded projects.

Environment Sector

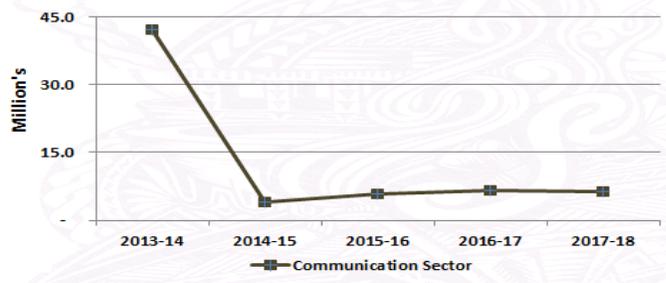
Total expenditure for the environment sector for 2017/2018 amounted to \$33.8 million registering an increase of 76.0 percent (up by \$14.6 million) from the previous financial year.



Communication Sector

Total expenditures for the sector was \$6.4 million. Communication is one of the smallest sectors compared to other sectors. Total spending went down slightly by \$0.3 million (4.9 percent) from FY2016/17, evident of the private sector driven services industry, hence paly a critical role in the facilitating economic activities.

Communication Sector

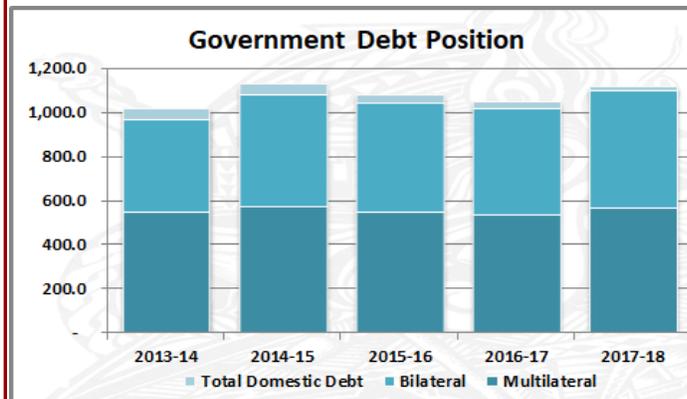


Government Debt FY2017/18

Total outstanding debt as of June 2018 amounted to \$1.11 billion. This was an increase of \$66.5 million from the previous year where it stood at \$1.05 billion. Of the outstanding debt amount, \$1.09 billion (98.2 percent) were external debt owed to governments and financial institutions (Bilateral and Multilateral partners) with remaining balance owed to domestic institutions.

External borrowings through bilateral agreements totaled \$531.3 million where 82.8 percent (\$440.1 million) of the amount are owed to the government of the PRC's. Borrowings with the Government of Japan comprised of 17.2 percent (\$91.2 million) of external borrowings. Bilateral agreement increased by 9.9 percent (\$47.8 million) compared to the corresponding quarter of 2017.

Chart 13: Government outstanding Debt from FY2013/14 - FY2017/18

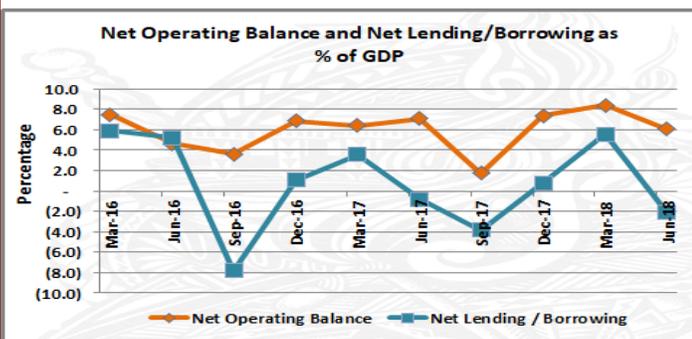


Loans from international institutions added up to \$563.0 million. The majority of borrowings by the Government are with the World Bank and ADB with total amounts of \$280.3 million and \$250.6 million respectively. On a year-on-year basis, loans with multilateral institutions went up by \$28.5 million.

Overview June 2018 Quarter

The Net Operating Balance (NOB) for June 2018 quarter recorded a surplus of \$32.9 million for Budgetary Central Government operations. A decline by 9.0 percent compared to the corresponding quarter of 2017, and 28 percent compared to the previous quarter.

Chart 14: Net Operating Balance & Net Lending / Borrowing balance as % of GDP



The spending on Non-Financial Assets incurred a total amount of \$44.5 million in June 2018; which increased by 10.1 percent on a year-on-year basis. The increase in the acquisition of non-financial assets contributed significantly to the deficit of \$11.6 million for the quarter. The overall deficit increased by \$7.4 million compared to corresponding quarter of the previous year.

Revenue June 2018 Quarter

Total revenue for the quarter under review stood at \$168.4 million. Tax was the major component contributing \$143.0 million or 84.9 percent share with grants and other revenues contributing \$12.3 million (7.3 percent) and \$13.1 million (7.8 percent) respectively. Total receipts increased by 3.6 percent over the same quarter of the previous year as well as a 3.1 percent increase over March 2018 quarter.

Taxes

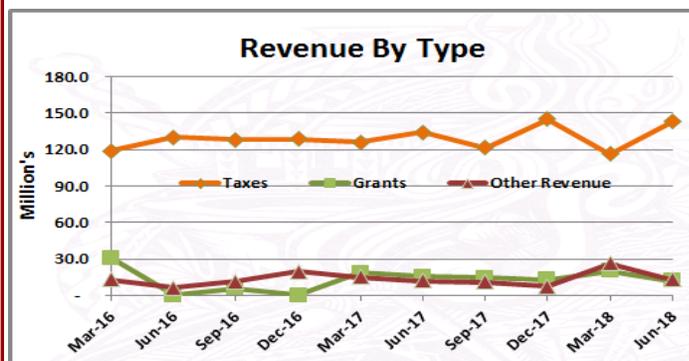
Tax revenue for the current period amounted to \$143.0 million which was translated into increases of 6.4 percent and 22.0 percent compared to the corresponding quarter of the previous year and March 2018 respectively. Tax on income, Profits, Capital Gains and Taxes on goods and Services recording increases 7.9 percent, 5.7 percent and 9.6 percent. Taxes on property went down by 23.9 percent

when compared to June 2017 quarter. Total Tax collection contributed 84.9 percent to total revenue for the quarter under review.

Grants

Total Grants received from foreign donors in June 2018 went down by \$3.7 million or decreased by 22.9 percent compared to June 2017. Also, a decrease of \$8.3 million was recorded in the previous quarter and contributed 7.3 percent of total revenue.

Chart 15: Revenue by type: March 2016 - June 2018



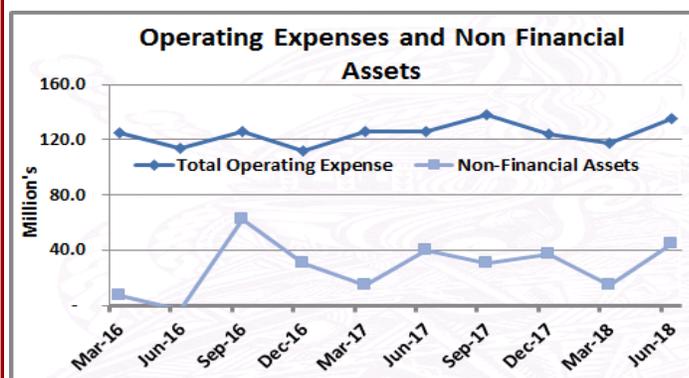
Other Revenue

Other revenue contributed 7.8 percent to total receipts recording a total of \$13.1 million for the period under review. When compared to June 2017 quarter, other revenue increased by 6.7 percent which accounted for a \$0.8 million decrease within the period. Revenue declined by 50.4 percent (\$13.3 million) when compared to March 2018 quarter.

Expenditure June 2018 Quarter

Government total expenditure for June Quarter 2018 amounted to \$180.0 million. It comprised of Operating

Chart 16: Operating Expenses and Non-Financial Assets trend growths from March 2016 - June 2018.



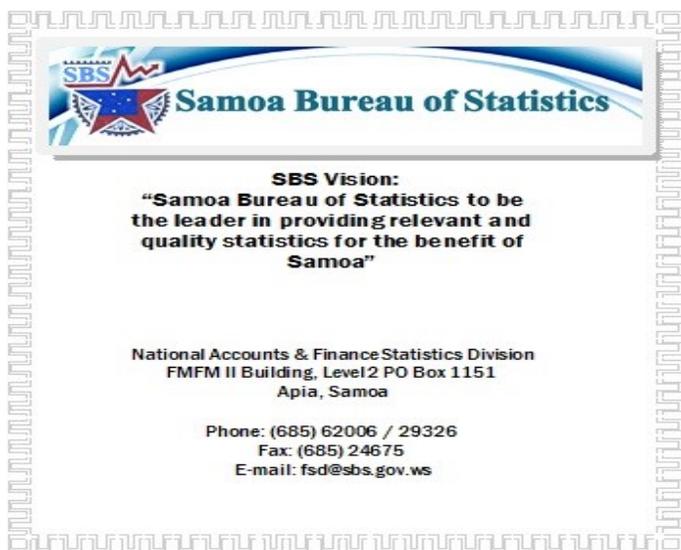
expense and Acquisition of Non-Financial assets which amounts to 75.3 percent and 24.7 percent of total expenditure. Total government expenditure went up by \$13.1 million, translated to an increase of 7.9 percent compared to June 2017.

Operating expenses during the quarter amounted to \$135.5 million, which was \$9.1 million (7.2 percent) higher than its corresponding 2017 quarter. The notable increase in overall operating expenses was mainly fueled by the growth in Compensation of Employees and Use of Goods and Services with total sums of \$51.5 million and \$47.5 million respectively. Both components contribute a combined 15.1 percent total to the overall expenditure.

What are Government Finance Statistics?

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 Net Operating Balance (NOB) and Net Lending (+) or Borrowing (-). 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 the 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 inter-country analysis of government operations, such as comparisons of ratios of taxes or expense to gross domestic product.

The Bureau have just completed refinements and improvements made to the framework over the past few years, in trying to extend the coverage to include the Government Public Bodies. This has been made possible with the assistance provided by the IMF-PFTAC office. Samoa will be submitting the General Government accounts updated to financial year 2016/17 as part of the Enhanced General Data Dissemination System which was launched in April 2017. Revisions have also been made to the time series data for this publication as a result of the improvements and coverage expansions conducted by the Bureau in order to consolidate both Budgetary Central Government and Extra Budgetary Units to achieved General Government level.



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Aliimuamua Malaefono Taua-T. Faasalaina
for GOVERNMENT STATISTICIAN