

TUESDAY 2ND DECEMBER 2008

The Deputy Speaker, Hon. Kengava took the Chair 10am.

Prayers.

ATTENDANCE

At prayers, all were present with the exception of Ministers for Ministry of Rural Livelihood and Indigenous, Mines, Energy & Electrification, Environment & Conservation, Civil Aviation, Infrastructure & Development, Ministry of Forestry, and Members for Central Guadalcanal, West Guadalcanal, Savo/Russells, West Are Are, North Guadalcanal, South Vella La Vella, Temotu Nende, Temotu Vattu and South New Georgia/Rendova.

Mr Speaker: Honorable Members, I have just been informed this morning that the Public Accounts Committee has submitted its report into the examination of the 2009 Appropriation Bill 2008. Thus, while this item of business does not appear in today's Order Paper, I will allow that Report to be tabled now. I understand that it is currently being printed and will be circulated to Members shortly.

PRESENTATION OF PAPERS AND OF REPORTS

Reports of the Public Accounts Committee on its Inquiry into the 2009 Budget Paper – National Parliament Paper No. 42 of 2008.

QUESTIONS AND ANSWERS

Health: Tobacco Bill

4. **Hon. SOGAVARE** to the Minister for Health and Medical Services: When will the Minister bring the Draft Tobacco Product Control Bill to Parliament?

Hon. KOLI: Mr Speaker, I would like to thank the Leader of the Opposition for asking this very, very important question.

Mr Speaker, I would like to inform the Honorable House that the Ministry will reintroduce the Draft Tobacco Product Control Bill in 2009. We have received our activity plan to move it in the Parliament's second or third meeting in 2009. Between now and then the following activities will take place.

- The Cabinet will consider the Draft Bill because the previous government has deferred the final Draft Bill.
- Further consultation with stakeholders both at the national and provincial levels on the general aspects of the Bill. Draft guidelines and protocols were approved so far at the recent conference of parties to the Framework Convention on Tobacco Control.
- Review of the National Health Promotion Policy, which includes tobacco control to be in line with approved guidelines and protocols from the Framework Convention of Tobacco Control.

Hon. Sogavare: Mr Speaker, I thank the Minister for answering the question.

Health: Betel Nut Chewing

5. **Hon. SOGAVARE** to Minister for Health and Medical Services: Can the Minister inform Parliament of the findings of the proposed research into the side effects/consequences of betel nut chewing on mental health?

Hon. KOLI: Mr Speaker, I once again thank the Leader of Opposition for this question.

Mr Speaker, the Ministry of Health has done short surveys on the prevalence of smoking and betel nut chewing in the country in past years, but not a specific research on betel nut chewing on mental health. The surveys so far revealed that the level of smoking and betel nut chewing is overwhelmingly very high among adult populations. The Ministry of Health is taking actions to further review to strengthen its activities against alcohol and betel nut chewing among the local population. Thank you, Mr Speaker.

Hon. Sogavare: The Minister made reference to actions taken by the Ministry. Can you elaborate on the actions taken by the Ministry against betel nut chewing?

Hon. Koli: Sir, the Ministry of Health has recently developed and endorsed the National Nutritional and Health Lifestyle Plan 2007 to 2017. The Plan identified poor nutrition, physical inactivity, tobacco use, alcohol and betel nut abuse as many risks to the health of people. The Plan also prioritizes activities for review and the drafting of Council byelaws to enforce penalties for the sale and use of betel nut, kwaso and kava. This needs collaboration from the city and town councils and leaders at the village level. Thank you, Mr Speaker.

Hon Sogavare: Mr Speaker, I thank the Minister for answering the questions.

Questions No. 45 & 48 – deferred.

Home Affairs: National & Provincial Response Plans

50. **Mr WAIPORA** to Minister for Home Affairs: What progress has been made in the formulation of the National and the Six Provincial Response plans?

Hon. TORA: Mr Speaker, I would like to thank the honorable Member for West Makira for asking this very important question.

Mr Speaker, the Ministry of Home Affairs through the National Disaster Council and the National Disaster Management Office has undertaken the following:

There is already in existence a National Disaster Response Plan (NDP/1987) supported by legislation National Disaster Council Act 1989. The NDP provides guidance to NDC in responding to and managing impacts at all levels of national, provincial and community. However, lessons learnt from the previous disasters, for example, Cyclone Zoe in 2002 and April 2nd 2008 tsunami highlighted the need to review our National Disaster Management arrangements.

The first part of the review started in July 2008 to September 2008 where a whole range of consultation took place with government ministries, NGOs and stakeholders. Mr Speaker, a working group comprising senior government officers and NGOs has been established and their initial findings are now with the Cabinet. Once Cabinet endorses this, work on drafting the plans will start. This is the second phase in mid February 2009.

At the provincial level, Mr Speaker, recruitment and training of 10 provincial disaster officers has been completed. Officers for Isabel, Temotu, Honiara City Council, Guadalcanal, and Malaita Provinces are now at post whilst the other five officers are waiting for office accommodation and housing to be available in their respective provinces. Mr Speaker, at this stage these officers are operating out of the NDMO in Honiara. Their role is to do preparation of information for the development of provincial disaster response plans as it is very vital. Our provinces are prone to different hazards. The initial work of collecting risk information and profiles, which lead to the development of provincial disaster response plan has started through the submission of these officers.

Mr Speaker, the review and development of the response plans will take several phases - initial consultation with stakeholders and key players, workshops drafting of the plans with key players and provincial disaster committees, advocacy and training for key players, for example, EU, NDC and other stakeholders. The final draft to NDC will be endorsed by Cabinet. The whole review process will go through these different stages, and so it is a time consuming exercise. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, can the Minister confirm that the report of the Committee has already been approved by Cabinet. If so, what is the Ministry doing over what is being instructed to the Ministry and what is the Ministry doing now to effect the decisions of Cabinet?

Hon. Sikua: Mr Speaker, what the Minister is saying is that initial findings are now with Cabinet. The Cabinet is yet to deliberate on the initial findings. In that case, we are not able to inform the Leader of Opposition the deliberations of Cabinet on the initial findings. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, in terms of the provincial plans the Minister made reference to workshops and so forth. Mr Speaker, can the Minister confirm whether there is budgetary allocation this year to actually finance the workshops in 2009 considering the importance of establishing the plans.

Hon. Tora: Mr Speaker, I would like to thank the Leader for his supplementary question. The answer is yes.

Mr. Waipora: Mr Speaker, with that arrangement and plans, is the Ministry of Home Affairs intending to establish permanent offices in the provincial governments? Because of the permanent establishment of national disaster offices funding is going to be provided to assist the offices because it is not a devolved function of provincial governments so that it is included in grants to provincial governments. Is that the case?

Hon. Tora: Mr Speaker, I would like to thank the honorable Member for West Makira for his supplementary question. Mr Speaker, as all of us know disaster is to do with life and property and therefore according to the policies of the government, this government wants to see every province equipped with human resources, offices and other equipments to assist in responding to any disaster that may arise in respective provinces before the government steps in to assist.

Mr Speaker, in regards to funding, of course, any office established in the provinces or in Honiara must have funds, and so the Ministry is allocating funds to run these offices in the provinces. Thank you.

Hon. Sikua: Mr Speaker, just in addition to the answers provided by the Minister. The Solomon Islands Government is going to fund two houses for Rennell/Bellona and Makira in the 2009 Development Budget.

In terms of the Provincial Disaster Coordination offices, the EU Envelope B on disaster facilities through SOPAC is funding the building of offices in the six provinces of Temotu, Makira, Renbell, Isabel, Guadalcanal and Malaita. These provinces have been identified because they confirmed availability of land for the provincial disaster coordination offices. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, thank you very much for the Prime Minister for his answers. The question is more specific on national and provincial plans and the progress made in establishing those plans. Earlier on we asked the question whether the government is going to provide funds to fund the process of establishing those plans. You were talking about establishing buildings, but the question is more specific on

plans. The Minister made reference to funds will be allocated in 2009 where there is \$1.2million under SIG funding and that is for provincial disaster and management housing. Can you be more specific on who will actually fund the series of workshops and the process of establishing those national and provincial plans?

Hon. ABANA: Ongoing funding for civic workshops will be by NZAID, which is \$10million and this has been going on for the last three years. As soon as I complete that the Minister will bring it in.

Mr Waipora: Mr Speaker, I rise to thank the honorable Minister for his answers as well as the Prime Minister for responding and the honorable Minister of National Planning. I thank them for all the answers they have given to my questions.

Civic Affairs: legislation & technical assistance

51. Mr **WAIPORA** to Minister of Home Affairs: In the Ministry's effort to improve management of civic affairs, can the Minister inform Parliament of the following:-

- (a) the findings of the working committee to review legislation?
- (b) which donor has come forward to provide technical assistance to review the existing organizational mechanisms, structure and office management?

Hon. TORA: Mr Speaker, I rise to respond to the question raised by the Honorable Member for West Makira, and again, I take this opportunity to thank my honorable colleague Member for raising this very important question.

The answer to question (a) is that work is now in progress to review the current Honiara City Council Act 1999 (No. 2 of 1999). This is part of the current five years institutional strengthening program that started in mid 2005.

Mr Speaker, we expect to have the draft changes completed and ready to be presented to Parliament also by mid or early 2009 or before the end of 2009.

On question (b), Mr Speaker, as I have just alluded to in my answer to question (a), I am also pleased to confirm to this honorable House that the current Honiara City Council Institutional Strengthening Program is core funded by the Commonwealth Local Government Forum and NZ Aid. The project is now in its third year and is progressing quite well.

Mr Waipora: Mr Speaker, I would like to thank the honorable Minister for the straightforward answers. I must thank him for answering my question.

Agriculture: commercial rice project & national rice development project

74. Mr. **BOSETO** to the Minister for Agriculture and Livestock Development: How far has the government gone in implementing its policy statement to establish two full scale

commercial rice production projects and the national rice development project approved under the 2008 Supplementary Appropriation Bill 2008?

Hon. RIUMANA: Mr Speaker, I wish to thank the hard working member for South Choiseul for this question.

Mr Speaker, the government under the CNURA under the leadership of the Prime Minister has been in close consultation with resource owners throughout the provinces have continued to facilitate the implementation of the Commercial Rice Development Project and the Rural Commercial Rice Project.

In terms of commercial rice, Mr Speaker, access to land has not been so easy. However, we have successfully negotiated with the landowners in Okea for the commercial rice and a MOU is currently with AG for final vetting.

On the National Rural Rice Project, Mr Speaker, there are 43 projects of 10 hectares each. Of the \$2.6million, 15% of this money was filtered directly to farming communities in terms of labor input. Each project has been employing an average of 70 persons at one time, therefore, generating rural employment for about 1,050 people nation wide. About 64% of that fund was used for purchase of machinery and equipment for the project, 10% for central coordination and 8% for extension support services.

Of the \$25million for the 2008 Budget, 38 projects have been assisted and 6 percent of that money was filtered directly to farming communities in terms of labor funds. Each project employed an average of 70 persons at one time, therefore, generating rural employment for about 2,660 nationwide. About 52% of the fund is to purchase machinery, equipment, 24% for coordination and 3% for extension support.

- Mr Speaker, the rural rice project is as follows and this is for Malaita Province. For Siua, target area was 10 hectares, they have so far developed 3 hectares and currently harvested and under cover cropping
- The Gwanaru'u project has 10 hectares. They have so far developed 5 hectares and 3 hectares are now harvested.
- The Marou Masike rice project, target area was 10 hectares, they have developed 3 hectares, and 2 hectares are ready for harvest.
- For the Lagefasu rice project, target area is 10 hectares, they have so far developed 3 hectares and 2 hectares is now ready for harvest.
- For the Ramatarau rice project, target area is 10 hectares, 10 hectares is fully cleared and 2 hectares is now ready for harvest.

For Guadalcanal Province:

- St. Josephs Tenaru, target area is 10 hectares, 3.4 hectares have been developed, this is second harvest, and that was on the newspaper.
- For Don Bosco, target area is 10 hectares, 12 hectares have been developed and 6 hectares harvested last week.
- For SICHE, target area is 10 hectares, all land is currently being cleared and land is now on preparation stage.
- For St. Martin, 10 hectares was the target, 2 hectares already developed and will be harvested in a few weeks time.
- For Sape, 10 hectares is the target, 2 hectares is already developed and they are aggressively developing this project.
- For Papani, 10 hectares is the target, so far they have developed 2 hectares and they are also developing aggressively.

For Makira Province:

- Borooni, 10 hectares is the target, so far they have developed 5 hectares and 2 hectares is now ready for harvest.

For Temotu Province:

- Nida rice project, target area is 10 hectares, so far they have developed 3 hectares and 3 hectares is now ready for harvest.
- Takila rice project, 10 hectares was the target, so far they have developed 2 hectares and 2 hectares is now ready for harvest.

For Western Province:

- Sipo rice project, target hectares is 10 hectares, so far they have developed 6 hectares and land is now rotational with maize.
- Epata rice project, target area is 10 hectares, so far they have developed 3 hectares and this is upland rice.

For Isabel Province:

- Pau rice project, target is 10 hectares, so far they have developed 2 hectares and are now harvesting.
- Folo rice project, target area is 10 hectares, they have achieved 10 hectares and it is in full production.

- Kolotubi Kava rice project, target areas is 10 hectares, so far they have developed 10 hectares and this is already harvested.

Sir, a total of 20 projects is ready for harvesting or seriously developed. Mr Speaker, we have also assisted 28 new projects and these are as follows: In Malaita Province we have the Rufoki rice project, the Fiu rice project, the Waisurione rice project, the Loa rice project and the Kikiri/Kimoto rice project. For the Guadalcanal Province we have the Rere Reform Association rice project, the Babani rice project, the Sape rice project, the Bore rice project and the St. Martin rice project. For the Central Province we have the Tinaidari rice project, Ragovula rice project and the Hakama rice Project. For Choiseul Province we have the Kole Community rice project and the Sengaloboro Community rice project. For Temotu Province we have the Taipe rice project and the Luesalo TC rice project. For the Isabel Province we have the Kolotubi community rice project, the Garanga RTC rice Project, the Gozoruru commercial rice project, the Biluro community rice project, and the Momotu community rice project. For Western Province we have the Panasasa rice project and the Paradise rice project. For Makira Province we have the Waimapuru NSS rice project, the Kaonasugu rice project and the Stukenberg RTC rice project. For Renbel Province we have the Magaegau rice project.

Mr Speaker, of the \$25million what is on tender now is \$15,492,212, outstanding tender is \$3,500,000, labour input is \$1,250,000, which means total funds committed is \$22,267,468.86. That leaves us with the balance of \$2,732,581.00. Of this outstanding fund, Mr Speaker, we are planning to establish \$1million for post harvesting and marketing infrastructure development. About \$1million is earmarked to purchase/rental/renovation of the rice office building and \$200,000 is for farmers training. As I am speaking now, we have about 120 farmers now training at SICHE, and as of yesterday afternoon the number has significantly increased. This shows the interest of rural people in rice farming. About \$500,000 is also earmarked for freighting, transportation of inputs, and so by 31st December 2008 we are expecting to exhaust the fund.

Finally, Mr Speaker, of the 58 projects, of the 580 hectares at 4 tones per hectare of upland rice, we expect to achieve 2,320 tones, which is about 116,000 bags of 20kg rice and that values about \$23.2million and we should achieve around 11.6% of import substitution. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, that is a very elaborate response from the Minister and he has always been a very hard working Minister in this area.

In terms of just working towards certain objectives, Mr Speaker, it is good to have all those projects, 58 in all. In terms of, say we want to achieve full self sufficiency of rice in Solomon Islands, is the Ministry doing research already to find out how many hectares do we need to develop to be really fully self sufficiency in rice?

Hon. Riumana: Mr Speaker, as I said, with the 580 hectares we are expecting to achieve about 11.6% of import substitution. Therefore, if we achieve 2,000 hectares then we are

going to achieve 40%, 3,000 hectares is 60%, 4,000 hectares is 80% and so we need at least 6,000 hectares to be self sufficient. Thank you.

Mr. Waipora: Supplementary question, Mr Speaker. It has been very encouraging to listen to the Minister of Agriculture. I now realize that this country is being flooded with rice farms.

Sir, in the planning process what is the timeframe or how long are we going to plant rice to phase out this rice that everyone of us is complaining about at the moment which is very expensive. Since we have things in place now, how long in the planning process of the government of the day, are we going to phase out this expensive rice at this time?

Hon. Riumana: Mr Speaker, timing is not really a matter in rice production because rice takes only three months from planting to harvest. I think what matters most is land area in that we need about 6,000 hectares to achieve self sufficiency level.

Hon. Sogavare: Mr Speaker, thank you very much. Can the Minister confirm that with this commercial rice farming, the only attempt made is on the Guadalcanal Plains and we are not doing any attempt to look for land outside of Guadalcanal?

Hon. Riumana: Mr Speaker, I wish to thank the Leader of Opposition for his very good question. We are seriously considering establishing commercial rice on strategic locations because of distance and population. We are working closely with our provincial staff to identify areas that are accessible for commercial rice production.

Mr. Waipora: Supplementary question. I suppose in terms of training, all the rice farmers get training from the King George Republic of China Centre?

Hon. Riumana: Mr Speaker, I have just answered that question that there are about 120 farmers now training at the Solomon Islands College of Higher Education right now. And as of yesterday the number has significantly increased. The training program is part of the program.

Mr. Boseto: I congratulate you. I have one supplementary question. I see this as very important over cash crop, food crop and therefore it is very important because we consume a lot of rice. I would like to encourage you to go on for the next two years until the end of this term.

My question is, how many women are involved in the planning of this program? As we know, this country is still dependant on subsistence farming and the women are carrying on that sustained community living in this nation. How many are actually women groups involved in these rice projects? Thank you.

Hon. Riumana: Mr Speaker, rice project involves intensive labor and most of these projects are community projects, and this means women in a particular village all participate.

Mr. Sitai: Mr Speaker, supplementary question. Can the Minister confirm that there is no threat from pests?

Hon. Riumana: Mr. Speaker, I thank the Member for his very good question. Indeed, pest is very challenging and poses a risk to the production of rice, however, we have technical expertise trained on pest and diseases, and we have a few entomologists. With the back up of the Taiwanese Technical Mission, we have equipped human resources to design controls for insects.

Mr. Soalaoi: Mr. Speaker I also want to thank the Minister for his answers. Mr Speaker, I guess one of the aims of establishing large scale commercial rice production is to reduce the import of rice thus making rice affordable to Solomon Islands. Just a question on the price of rice, and I don't know whether the Minister is in a position to answer this question or the Minister of Commerce. When the price of rice increases, Mr. Speaker, the explanation was that it was due to the increase in fuel cost. We all know that the cost of fuel has now gone down, and so can we get an explanation from the Ministers as to why the price of rice is still above the clouds, Mr. Speaker? Is it due to another factor?

Mr Speaker: I think that is a new question that can be asked to the Minister for Commerce.

Mr. Boseto: I thank the Minister for answering the questions.

Livestock: Cattle Development Project

75. **Mr. BOSETO** to the Minister for Agriculture and Livestock Development: In respect of the \$11.4million in 2008 for cattle development project, can the Minister inform Parliament of its present status?

HO. RIUMANA: Mr. Speaker, I thank the Member of Parliament for South Choiseul for his question. The \$11.4million for cattle rehabilitation project was mainly to prepare the holding ground and quarantine at the Tenavatu Farm in North Guadalcanal and eight (8) other farmers who will be part of the breeding and distribution of cattle to other farmers and the remaining portion to cater for importation of cattle. The funding is not directly to smallholder farmers but rather to rehabilitate, quarantine area and to import cattle from Australia.

Of the \$11.4million budget, Mr. Speaker, \$4.5million has been committed on the followings:- vehicle and machineries, constructions of stockyards, fencing of paddocks, quarantine and consultant services and other contingencies such as employment of casual workers.

Mr Speaker, the Ministry is in the final stages of putting together an import protocol. This will enable us to import cattle because import protocols is an international requirement and the current imports protocol we have are outdated.

The Ministry is now working closely with Australia Rural Export Pty Limited to conclude an arrangement to transmit at least 40% of the total payment, that is USD\$1.92million, CIF for the supply of 1,260 heads of cattle. This should be done before Christmas. After that two senior staff from the Ministry will then travel to Australia to finalize the import protocol documentation and to also carry out the inspection and the selection of cattle stock prior to shipment sometimes in April 2009.

Hon. ABANA: Mr. Speaker, in addition to that, this cattle production has been budgeted for in the development budget for the last three years. I have explained to Parliament that we will see the actual implementation of this project next year.

The cost of bringing the cattle over is much more expensive now. Before we were planning to bring in at least 500 heads, but now it is not viable for whoever the contract pays to bring them in. So the total cost now will take us up to \$23 to 24 million to at least bring in 1,000 heads from Australia. That is the cause of the delay. You will see in the development budget that we have another \$8 million to go for April next year, and the Minister will confirm that we should have the heads in the country by then.

Hon. Sogavare: Mr. Speaker, thank you for the explanation by the Minister of Planning. Obviously this project will be carried forward to next year, and so it looks like the Ministry will ask for supplementary appropriation because there is actually no funding allocation in the 2009 Budget for this particular project.

Hon. Abana: Mr Speaker, the development budget is actually accumulated, it went up to about \$17million now and so we need an additional \$8million for next year and so we can bring them across. You have heard the Minister said that about almost USD\$2million has been transacted as the first payment, which is well above SBD\$16million to bring those heads into the country.

I think the expensive part of it is transportation as it is not viable for ships to bring them in because it is only 500 heads. I think it is an advantage to the government as well that we bring more of those and so this is money well spent and of value. Thank you.

Mr Boseto: Mr. Speaker, I would like to thank the Honorable Minister for Agriculture and Livestock and the Minister for Planning for the answers given to our questions. Thank you.

BILLS

Bills – Second Reading

The 2009 Appropriation Bill 2008 (*debate commences*)

Mr Speaker: Honorable Members debate on the 2009 Appropriation Bill 2008 commences. I would like to remind Honorable Members that according to Standing Order 61(2), a maximum of four (4) days including today is allowed for the second reading debate. However, it all depends on Members of Parliament in today's debate and that the debate starts today and will continue on to perhaps next week. When no further Member rises to speak on the Bill, the chair will call on the Honorable Minister of Finance and Treasury to wind up the debate before the question is put.

The floor is now open for debate, however, it is a long standing Westminster Parliamentary Convention, one that we also adopted in this Parliament that the Leader of Opposition is given the first opportunity to respond to a Minister's budget speech. My office has however been approached by the Minister of Development Planning and Aid Coordination indicating interest in speaking first today. On the basis that the Honorable Leader of the Opposition has concurred to the Minister speaking first, I will not, withstanding the tradition, allow the Minister to speak first. I now call on the Honorable Minister of Development Planning and Aid Coordination.

Hon. ABANA: Thank you Mr. Speaker and thank you also Leader of Opposition for your understanding in giving me this opportunity to take the floor first in contributing towards the budget.

Mr. Speaker before I do so, allow me to commend you for your able leadership and guidance during the deliberations of this Honorable House up until now. Sir, I thank you and I am confident that you will continue to carry out this very important responsibility with great diligence until the conclusion of this Meeting.

Sir, first of all and with your permission, I would like to congratulate my colleague Minister for Finance and Treasury, for presenting a very comprehensive budget speech yesterday, which outlines not only the context and the characteristics of the 2009 Budget, but also the government's commitments and the challenges in implementing government policy objectives and priorities.

Mr. Speaker, as alluded to by the hardworking Minister of Finance and Treasury, the Budget is a fundamental instrument for translating government policies into actions and results. Sir, I am confident that the 2009 Budget is fiscally responsible in providing directions for resourcing programs and activities that will improve the living standards of our people.

Mr. Speaker, my Ministry coordinates the preparation and implementation of government development budgets on an annual basis, and so the focus of my contributions to this debate will be on the 2009 development budget estimates. Sir, the development budget estimate represents government's overall annual investments for 2009. Investments from the consolidated budget amounts to \$292 million while resources from the non consolidated funds or from our donor partners amounts to \$2.197 billion, thus representing an overall increase to finance government's development activities.

Mr. Speaker, as alluded to by my colleague Minister of Finance and Treasury, the overall development funding consists of resources from the Solomon Islands Government and that from our development partners. Sir, the government has maintained a similar level of development funding to that of 2008 Budget and this indeed represents serious government commitments to, not only delivering its policies, but also enhancing efficient and effective delivery of services for the people of this country.

Mr. Speaker, a similar increase in donor funding also reflects the strong support from our development partners towards implementing government priorities as outlined in the Medium Term Development Strategy. Mr. Speaker, the other logical reason for maintaining the same level of government funding for 2009 is the fact that a lot of progress in committing resources in the 2008 budget has been made since the appropriation of the 2008 Budget in April this year. On this note, I am pleased to update this Honorable House that total commitments of the 2008 development budget is just about 90 percent by the end of November 2008 with an estimated expenditure of just less than two thirds of the 2008 Budget. Mr. Speaker, this is a very marked improvement, if you allow me to make a few comparisons as follows.

Mr. Speaker, in 2005, total appropriated funds were \$15million and only \$200,000 was expended at the end of the year. In 2006, total appropriated funds were \$44 million with an expenditure of just above \$15 million. In 2007, total funds appropriated increased to \$88.4 million and total expenditure at the end of the year were about \$66million.

Mr. Speaker, there is an obvious trend of gradual improvement in both commitment and expenditure over the past years. Mr. Speaker, the fact that the expenditure may not appear to match the commitments made in any financial year, is not, an unusual situation in as far as the implementation of development projects are concerned. Sir, there will always be what is commonly referred to as implementation lags, due to a number of influencing factors beyond the control of the implementing agency. Mr. Speaker, comparatively, this year's progress in the implementation of the development budget did demonstrate not only great improvement in government systems but also the government's serious commitment to deliver services to its people, even within only eight months since April when the 2008 Budget was passed in this Honorable House.

Mr. Speaker, my Ministry has taken a proactive role in coordinating with other Ministries, the implementing of the 2008 budget and this has attributed greatly to the substantial improvement and great progress in spending approved resources compared to 2007 or even the past years. Mr. Speaker, I cannot describe this any better, but to say that this is a clear demonstration of the fact that this is a government of action. Mr. Speaker, I am confident that the implementation of the 2009 development budget will progress in a similar manner, and I encourage all those responsible to continue with the good work.

Mr. Speaker, very briefly and for ease of reference for my colleagues Members of this Honorable House, the format of the 2009 development budget estimates is similar to

the structure of the 2008 development estimates. Mr. Speaker, the 2009 development budget estimates is presented mainly by ministries clearly outlining both government and donor commitments towards implementing government priorities and programs.

Mr Speaker, Section 2 presents the development estimates by sectors.

Mr Speaker, whilst budget critics may point to the development budget as a donor driven budget, as was, in past years, may I remind us of government commitment and recognition of the importance of partnerships as the strongly emerging tool to advancing development for our people.

Mr Speaker, it would be unrealistic for anyone or government for that matter, to pretend that it can afford all resources needed for its investment activities. Hence, Mr Speaker, the government saw it fitting to encourage strong partnership in its development strategies because these not only create opportunities to maximize comparative advantages but also ensures efficient use of scarce resources. Sir, lest we forget that, it is only through working together can a lot of things be achieved.

Mr Speaker, as mentioned in the budget speech, the Medium Term Development Strategies has outlined six key priority areas for the government for 2008 – 2010. Mr Speaker, the allocation of resources in the overall 2009 development budget also reflected these priorities as outlined by my colleague Minister of Finance and Treasury yesterday. Mr Speaker, government's over arching priority is national reconciliation and peace building, and the government demonstrated that by increasing substantially the resources allocated towards reconciliation and peace building activities given its importance in achieving sustainable socio-economic development.

Mr Speaker, in the 2009 development budget, priority in allocation of resources does illustrate both the importance to government's six priority sectors and also the balance in supporting these competing priorities. Mr Speaker, other areas supported in the 2009 development budget also include development projects targeted for specific provinces based on their priorities. These included support to agriculture development, infrastructure development and rehabilitation related programs. Sir, these are in addition to subventions provided for in the recurrent budget to the provinces.

Mr Speaker, apart from these necessary policy reforms conducive to a private sector-led growth and laying foundations for large scale development projects, rural development remains a priority for the government. Sir, this is reflected in the government's allocation in the 2009 development budget of \$50million or \$1million per constituency for the development of rural livelihoods. Mr Speaker, this will complement the usual support from the Republic of China towards constituency development. I also hope this will also help put in perspective, the claim that government will increase its budget for rural livelihood in 2009, as carried in the Island Sun last week. Mr Speaker, the government is a responsible government and will ensure appropriate allocation of resources in meeting the demands of its competing priorities.

Mr Speaker, I am also pleased to say that our development partners have also realigned their programs to supporting the implementation of these priority programs as well. Mr Speaker, there are formal indication from bilateral discussions held recently

with a number of our development partners that they will increase their budgets in the new financial year, 2008 – 2009, to support government's development programs as outlined in the Medium Term Development Strategy. Sir, this is very positive and the government fully appreciates the support of our development partners in our endeavor for development.

Finally, Mr Speaker, may I kindly remind us of all our awesome responsibility as leaders of this nation, to ensure that our people are not unnecessarily deprived of the services they deserve from their government. Sir, the end of the term of this Parliament is also not too far in the distant future, and my humble plea is that our contribution to the debate of this important Bill will be constructive and in the best interest of those who have bestowed their trust in us.

With these few remarks, Mr Speaker, I support the motion.

Hon. SOGAVARE: Mr Speaker, I rise to make a formal response to the motion on the second reading of the 2009 Appropriation Bill 2008 moved by the Minister of Finance. In doing this, I would like to congratulate the CNURA Government for presenting its second budget in just a span of nine months since the delivery of the 2008 Budget and for the Minister of Finance to take that honor. I would also like to thank the Minister of Development Planning for, I guess, completing the picture that the budget is in two parts, the recurrent and of course the development budget and the information provided by the Minister will guide the debate in the house. We are in fact impressed by the level of achievement, 90% by the end of November is an achievement that is worthy of commendation.

Sir, I will only dwell on the main principles, the economic rationale and the environment within which this budget will be implemented and leave the detail discussion on the six priority areas to other Members. In any case, we will still have another opportunity to consider them in detail when the budget is considered at the Committee of Supply.

This side of the House notes the following main details about the 2009 Budget. We note that the government continues to pursue a budgetary policy of no borrowing (a significant policy) meaning that the 2009 Budget will be financed entirely by internal revenue collection, and a savings of \$130million in the debt servicing reserve account (which the Minister needs to confirm). I am raising that, I guess, flag the concern now because of the conflicting statements made by the Minister and of course an expected recurrent surplus of \$161.7million, and a budget support of \$101million from NZAID and ROC. We even note those.

We also note that Inland Revenue according to the government is going to collect \$1billion. This is about 28% improvement over 2008 collection of \$796million. The Customs & Excise Division is going to collect \$448million, an increase of about \$36million over 2008. We also note that non tax revenue from other Ministries will contribute \$193.6million to the Budget.

As just elaborated on by the Minister for Development Planning, we also note that government's contribution to the Development Budget is \$291.7million, round up to

\$292million, which under the structure of the Budget as presented by the Minister is effectively made up of savings from debt servicing reserve and the recurrent surplus. This figure tie in very well with the cost saving and the recurrent surplus. So we take it that the government's contribution to the development budget comes from these sources. In other words, the government is effectively saying that the development budget will be implemented on day one of the passage of the Budget.

That is very well welcomed because we would like to start day on day one. Having acknowledged that, however, the indication that the government has funds in reserve will need to be further clarified by the Minister in light of his statement that the government has never and will not accumulate funds in any reserve account. I am saying this because this position was also established by the Minister in 2008 suggesting that the government has discontinued the debt serving and revenue reserve account. In other words, there are no reserve funds. We would like the Minister and the Ministry to confirm that to the House when they finally round up the debate on this motion.

If that is the case, then the Minister will need to explain, as I said, where the \$130million will come from. Of course, there is a possibility that the government will make a reasonable recurrent surplus, but that will only become clearer at the closing of government accounts on the 15th of December. I think we can be reasonably confident that the government is going to have some surplus come 15th December, judging from the way Inland Revenue and Customs are performing in terms of revenue collection. So we have no problem accepting that. It is just the reserve part of it that needs to be clear to this house because it involves \$130million of expenditure.

Looking at the Budget in its entirety, it is still heavily financed by aid donors focused on technical assistance. This feature of the budget will continue for a long time until a better understanding and agreement is reached on the question of priority. I guess we can cry over this in this House but we cannot change the status, and so it is pointless standing here and complaining again.

The fear I see before the country is that we could be caught unprepared in the long run to financially support an improved service situation and the expectations of our people created by the donor funded program where in the long run when the donor support in the area is finally withdrawn we will end up with a serious gap. Improved services get to us, funds are withdrawn and the government is expected to chip in. When that times we will have problem, and that is why we continue to urge the government to continue have serious dialogues and talks with our aid donors.

The government seems to suggest that the MTDS will address this concern, but I have my doubts until I see it that we are seriously address this issue. I don't want at the end of the day we live a vacuum that we cannot fill.

Still on the subject of planning, it is clear and apparent that the government will not come up with a long term development plan for the country as opposed to the MTDS, which is limited to the needs of the ruling government. And that is probably understandable because the government only has a few months to go before we go to the elections to get the views of the people as to whether we perform or not. But even

saying that, long term development plan is not confine to government but it actually belongs to the country, the nation. It is just advisable that we seriously look at establishing a long term development plan that transcends beyond ruling governments. It is a document belonging to Solomon Islands as a state and a government and a document that aid donors, every stakeholder can look at and know where we are heading so that they can plan ahead and plan as to how they will assist us, not only the government of the day but any government that comes into power. So I would encourage the government may be to start work on that.

Going back to the budget, the reliability of the proposed expenditures depends entirely on the government collecting the revenue estimates. In other words, the Budget will either stand or fall on that ground. The government will need to fully explain the economic assumptions relied upon to justify the reliability of the 2009 revenue estimates. That is very important and I am raising this because I am very, very uncomfortable with what is presented before the House.

As far as the development budget is concern, its effective implementation will depend on the realization of the surplus and the existence of the cash reserve. The intention is to start on day one; we pass the budget, come January you dish out the RCDF and we spend it. Otherwise there will be real pressure on the recurrent budget, when competition for funds will become evident when the demand for the implementation of the development budget will become an issue. There is going to be competition between recurrent budget and the development budget if revenue reserves do not exist and the cash surplus not realized.

The concern of this side of this House is that the increase is proposed in an environment clouded with uncertainty about developments in the global economic setting caused by the financial crisis which will have direct impact on customs duties and goods tax collection by Inland Revenue and Customs.

If you look at the Minister's presentation the Minister actually attributed the increase in collection solely to improved compliance by taxpayers and increase in the price of goods for the calculation of the goods tax, resulting in an increase in collection of goods tax and income tax in 2008. It is therefore assumed that the same trend will continue in 2009. that seems to be the assumption that comes out in the way the Minister presents this Budget. The concern here is that the government could be caught in the cold here. And one of the reasons for price increase is the rising cost of fuel. I may need to make reference to that.

This is expected to fall during the course of 2009 depending on the outcome of the resolution by the member countries of OPEC. If that decrease is quickly picked up by our importers and vendors of taxable goods, that development could throw our revenue estimates into chaos because price will be going down. You are talking about an increase sales value when it comes to goods tax, and if the price is high you get a bigger sales value and so 15% out of that is a bigger volume of tax. If price goes down you get less value of sales value, so obviously revenue will fall. It depends really on how fast our importers and the vendors kick up on the fall in the price of oil which seems to be the issue that is seriously highlighted by the Minister in his speech.

As far as income tax is concerned the government will only be depending on the existing level of businesses. I have reason to say this because the economic environment described by the Minister in 2009 as far as private sector credit is concern is very, very gloomy. May be I need to elaborate more on that and it is a serious concern. In fact the government is encouraging a forced recession in 2009, contrary to its claims that it is supporting the growth of businesses and the economy. They do not match. The actions of the government in terms of its macroeconomic policies go a different and what we say we are going to achieve go another direction. They are not supporting each other. That is a serious concern. We could be expecting a lower rate of growth than what the government is forecasting. Only big business will survive in 2009 because as usual they will be reasonably placed to cope with the effects of the tight monetary and fiscal policy of the government and the Central Bank. These businesses would be mostly foreign owned. They are the ones who will survive and the smaller Solomon Islands businesses will die in 2009.

It would appear, and this is a concern I would like to raise, that we are yet to appreciate the cause of our people's frustration by still resorting to policies that are clearly repugnant to assisting Solomon Islanders to involve in worthwhile business ventures. We are still driving towards that path. We say those things in Parliament but we are doing the opposite when it comes to stated policies and actions of the government and the Central Bank.

The government is obviously carried away with the fight against inflation; it is willing to sacrifice small Solomon Islands businesses. We are only trying to fight off inflation here. This would be clearly hypocritical of a government that boasts itself as having concern for the welfare of Solomon Islands entrepreneurs. The government recognized in this policy that one of the contributing factors to inflation in Solomon Islands and probably the main one according to the government the way it moves to tighten the monetary policy is the rising cost of fuel. But according to the Minister the price of fuel is falling down.

In fact, the Minister went on to acknowledge by saying, and the quote the Minister "*reduction in the global price of fuel is slowly filtering into Solomon Islands and is already benefiting consumers*". In other words, the government recognizes that falling price of fuel has a direct impact on inflation.

We agree that the uncontrolled persistent increase in the price of foods and services is not conducive to development because it deprives people of their rightful reward for hard work and perseverance. But to take a narrow view on the causes of inflation is akin to taking the easy way out to addressing what is clearly a complex issue.

The government is obviously wrongly convinced that the effective way of tackling inflation is to reduce the money supply. That is a very, very wrong move, and I beg to disagree on that. The conventional argument that too much money chasing too few goods is causing inflation is really misleading. I know and I am challenging the conventional thinking here, but I would like to explain myself.

When you go to the shop during time of high inflation, you are not worried about how much money you have and how little there is to buy; that is not what is in

your mind. Your problem is how to make your money stretch to cover high prices. That is what is bothering your mind. That is your real problem. And so the issue here is shortage of money and not the concern over too much of it in the hands of our people. That conventional thinking must be challenged. In fact shortage of money is the cause of all three serious economic problems: inflation, depression and unemployment. Because of time limitation I will leave this argument here.

I am therefore of the strongest view that the government's macro-economic strategy to caution the country from the effects of the global financial crisis is addressing the wrong thing. Our main problem is not inflation, because that should very much address itself.

As long as Solomon Islands currency remains weak against our main trading partners, we will continue to be affected by imported inflation. Unless we take the bold move to fix our exchange rate at a reasonable level against the strongest currency amongst our trading partners, there is very little we can do to control inflation in Solomon Islands, most of it imported.

Our problem as I see it now is how to contain the imminent recession that is looming because of the careless move taken by the government to deprive the economic players of the much needed credit to increase economic activities, create more jobs and put a check on the inflation caused by the high price of money.

It is interesting to note the government's response to the global financial crisis is opposite to the way the bigger and developed economies in the world are addressing the situation by directly pumping financial resources into the market to encourage more borrowing and interaction between bankers and their clients. What the Minister referred to as "*stimulatory spending package*".

The government is doing the opposite. By issuing Bokolo bills to mop up access liquidity, increasing lending rates, and increasing deposit rates, the Central Bank is pursuing tight monetary policy. In other words the government and the Central bank are basically telling the banks to stop lending. That is grossly irresponsible and absurd. The government is not encouraging people to be in business. I guess probably one way to describe that is grossly irresponsible and absurd.

What the government is basically doing is that it is taking comfort in the fact that absolute poverty in this country is cushioned by the subsistence nature of the economy, and therefore we can afford to sacrifice employment, and economic growth in our fight against inflation. That is cheating.

Sir, the monetary and fiscal policy pursued by the government will put more Solomon Islanders out of job and worse still, it will put small Solomon Islands businesses out of business. In fact people running small businesses are starting to receive letters. Tighten up your belts in 2009 because of the moves taken by the government to tighten up monetary policy. Normally what you do is that when you tighten up the monetary policy you should slacken the fiscal policy. But that is not what is happening here. Both sides are fixed and tighten. You do not want to give exemptions and we are tightening up areas like that and so everything becomes tight. If the banks cannot lend then the government has to give grants.

In fact if those businesses do not go out of business, it will make life very, very difficult for them in 2009. That is clearly contrary to the government's claim that they are assisting Solomon Islands business people.

Considering the absurdity of the government's macroeconomic strategy, one is fully justified to question the real motive behind the move to deprive small businesses of credits. What is the reasoning there? What is the motive? Is the government saying now that small businesses are not credible stewards of credit during times of economic uncertainty? Is that what we are saying so that we only rely on big businesses to play and to help the government contain the effects of global crisis? I find such an argument very, very difficult to accept.

It is interesting to note that the government is establishing an equity scheme under the economic environment described here. Who are we trying to fool? You know what, Mr Speaker, credit schemes and equity schemes are a total joke. They do not work. They have never been an effective strategy to increase the participation of Solomon Islanders in business. In fact it is a lip service and an insult to the sanity of Solomon Islanders who continue to suffer because Solomon Islands governments, not only this one, decided to be indecisive and swallow the advice of the IMF lock, stock and barrel. We just swallow up everything. They give us, we just look at them and we just swallow them up. Let us look at it, this is our country and apply what is only applicable to the environment of our country. Do not swallow everything they tell us.

The point of this argument is that under the economic environment created by the Central Bank and the Solomon Islands Government borrowing is discouraged. The irony of it all is that the equity scheme is designed to encourage banks to lend the same liquidity that the government and the Central Bank are now restricting from small Solomon Islands business people, the very people that the equity scheme is designated to assist.

I think I have said enough on this issue. I would like to move on to comment on the Budget and challenge some of the big statements made by the Minister. Statements like "a very responsible government", or "we cannot expect donors to build our economy", and "we cannot wait for overseas investors to provide manna from heaven", "we must take action ourselves", or "action oriented government", "a government that believes in transparency". We support all of those big statements. These are good things.

I want to applaud the government for coming around to our way of thinking about aid dependency. This is a major turnaround by the government that about nine months ago seems to suggest that the country cannot survive without aid donors. This is a big turnaround statement. We believe that whilst our aid donors have a role to play in assisting our efforts to develop our country, we must avoid being drawn into aid dependency. That is our message, and I thank the Minister for confirming it.

The bit about the country must not to depend on investors to provide manna from heaven is a very brave statement to make, in light of the fact that the country's ability to generate internal capital is very limited and therefore we need capital input from abroad to supplement our domestic efforts. That is the whole idea of attracting

investors into this country. I hope this statement does not mean treating investors that way.

Likewise the country must earn foreign currency through export oriented activities in order to trade and survive economically. Foreign investment supports national effort in this vital area. Our emphasis on rural development must be actively supported by attracting sizable investors engaging in export oriented activities. Failing that the economy will only be redistributing domestic wealth and add nothing to the national wealth. That is all we are going to do in we are going into rural development. All we are doing is redistributing money amongst ourselves unless it gets out of that loop and we sell something overseas then we are really earning something as a country. We are still not earning if we are only redistributing it in the country. We seriously need to think about this. I guess our focus on investors should be looking at investors that are genuine that can assist us bring this country up to a level that we can compete effectively with the rest of the world.

The government's claim of being very responsible in the way it relates to the national budget from its preparation to its implementation does not augur very well with the general attitude demonstrated. Let me explain.

First of all we do need to be clear that the national budget is a working document, not a manifesto of what the ruling government thinks it will achieve during the fiscal year. And I am quite impressed by the Minister of Development Planning for having 90 percent of achievements. In any case, what I am referring to as manifesto approach is this approach to budget preparation leaves it very open to abuse and in all cases depend on supplementary appropriation, contingency warrants and other facilities to make it work. Those facilities are designed to allow the effective implementation of the budget, and the rules governing their use are clear. They are there to cover for genuine human shortfall in the preparation of the budget, not a way out for deliberate carelessness and political convenience of ruling governments.

That has been the problem with the majority of all the budgets that came before this house for deliberation year after year. Mr. Speaker, I am making a very general statement here because this has been happening every time and we continue to talk about it. When you are in government we talk about it, when we are in government you will continue to talk about it. And probably we will continue to talk about it until somebody grabs the bull by the horn and turns it around and address it then probably we will stop talking about it.

Mr. Speaker, in saying that I think there is no better and most appropriate time for this country to tackle this weakness head on than now with a government in place that is really committed to good governance and of course Christian principles of governance. Unfortunately what transpires so far from the big political statements in regard to these commitments has been very disappointing.

I must agree that politicizing of the budget has been a worrying phenomenon all these years not only with this government. But, for any government to be simply blatant and transparent about it is taking this problem to a new height and may be it redefines the meaning of transparency, good governance and credible budget.

You see, Mr Speaker, the way I see governments relate to this word transparency is very interesting. Transparency has been wrongly taken to mean to be open about what one is doing even if it is blatantly wrong, illegal and un-procedural. That is how people see transparency; we are open about what we are doing even if it is legal. For example, we can politicize the implementation of the budget and be open about our actions and still not be transparent. That doesn't fit in with the definition of transparency.

Transparency in the running of government is about complying with the laws, regulations, rules, and accepted procedures in the conduct of government affairs, whether it be budgeting; conduct of foreign relations; issuing of logging and fishing licenses; giving citizenship to foreigners; canceling citizenship; dealings with investors in the country who got into our nerves; how we conduct ourselves as leaders; reacting to audit reports that expose corrupt practices by leaders; implementation of projects in the budget; committing the Solomon Islands Government and its people under International and Domestic Agreements; managing financial resources channeled through Members of Parliament for rural development; knowing where political responsibility stops and the administrative government takes over in the formulation and implementation of the budget and the running of government generally; and in our dealings with provincial governments, NGOs, aid donors, civil society, churches, and the people of Solomon Islands. The list goes on and on.

Good governance carries similar sentiments. May be it is just appropriate that we remind ourselves again of what these principles and good budgetary practices really mean. As far as Ministry of Finance is concerned the definition of credible budget has more to do with the physical structure of the budget. That is one that is fully financed by government revenue. In other words a balanced budget.

Sir, this is a very, very narrow view of what credibility is all about when it comes to the preparation and implementation of the budget. The concern for a credible budget takes the holistic approach to the preparation by fully considering the areas that will affect the credibility of the budget. These include environment, organizational, procedural, legal and human aspects of the entire process during the fiscal year. For example whether the preparation of the budget fully considers the environment within which the budget is to be implemented. Whether it is guided by government policy? What does government policy say about what is to be funded. Thirdly, the commitment of the government to stick to the budget during the course of its implementation. Fourth, the allocations are realistic to avoid unnecessary supplementary appropriation on expenditure items that are reasonably predictable. In other words, realistic budgeting. Whether it is protected from manipulation by officials and politicians both at the formulation and implementation stage. Whether the projects and programs carried in the budget are those that are ready to go and not mere lists of government intentions that will be subject to manipulation by politicians. Whether it meets the expectations of the people of Solomon Islands based on clear government intention and public announcements. And whether there are clear rules, guidelines and accountability processes for the proper administration and implementation of public

funds allocated to Members of Parliament to ensure that the funds are utilized for the purpose for which they are allocated.

Sir, this is quite a list and a full discussion on the areas outlined will not be possible. On the other hand, Sir, not to discuss them at all will also be doing injustice to these important concerns. I am saying this because the points listed described the weaknesses of all budgets that came to this House for deliberation all these years, and this one is no exception. I will therefore try to scheme through them and highlight important aspects before I sit down because it is five more minutes before 12 o'clock.

Environmental Consideration

You see, Mr Speaker, the budget is not implemented in a vacuum. No, Mr Speaker! It is always influenced by dynamic and at times conflicting human interests and aspirations. And we in the government need to control those feelings. For Solomon Islands I would like to believe that from 2000 onwards an ideal budget would be one that is fully conscious of the situation that the country went through during the crisis and provide practical solution to addressing these problems. That is the environment that is influencing the formulation of this Budget. If you are not conscious of that then we are really irresponsible.

My personal view is that all the budgets from 2000 onwards have yet to adequately address the issues that really matter to consolidating our peace process despite our claims that we do so. I fully appreciate that some of the issues that are still outstanding is beyond the ability of the Solomon Islands Government to address. But we have our friends with us to assist us. So if we are serious about brining this country back on track and retaining peace and stability, long term peace and stability of this country then I guess we need to sit down and say, 'hey friend we are not yet seriously addressing the problems. I know this is my responsibility but I find it very difficult in terms of financial resources to address this issues'. That is what I guess relationship is all about. I appreciate, Mr Speaker, that this is quite a challenge and I guess should get us think.

Budgets as instruments of development must be cognizant of its environment. The environmental issues in my view, Mr Speaker are both domestic and international. And I have gone through at length to discuss the environmental created by global crisis and our response to it, and so I do not need to go through it again.

The other concern that I raised is whether the things that appear in the budget are guided by government policy. In that regard the government claims that the budget fully reflects government policy as outlined in the Policy translation document, the Medium Term Development Strategy, and the Medium Term Fiscal strategy. Sir, not quite, I beg to disagree here.

It would appear, Mr Speaker, to me that the government is not fully versed with its own policies. Reading through the policy translation document, Mr Speaker, it is clear that the government intends to review a lot of areas. In many instances budgetary allocations are made without these reviews being undertaken to establish the best way of delivering the services.

Let us take shipping as an example. The government is yet to conduct a full review on the best method of delivering this service. There is still confusion regarding delivery agents. We are assured one none other than the Prime Minister himself supported by the Deputy Prime Minister a review of this particular policy, Mr Speaker. The government is clearly dragged between provincial shipping arms, private sector and constituency ships. In this budget the government is assisting both provinces and constituencies. You are yet to finalize the reviews.

Now this brings up the question of ownership of these assets. Mr Speaker, do they belong to the Member of Parliament in the case of constituency ships. Without any proper guidelines as to the issue of ownership, one can easily draw wrong conclusions. Mr Speaker, I fully accept that there is something called grant where it is given away because it is only up to the government. "We give you this ship and this is how we are giving you". We need to be clear about that, and right now it is not clear, it is still in the dark.

On health, for example, building of clinics, area health centres and hospital infrastructures should be guided by a review where to locate these infrastructures to maximize their utilization. Expenditures are committed to be incurred without the reviews. It would be an interesting exercise, Mr Speaker, to establish how far the government has deviated from its clearly stated policy.

The problem of unbudgeted expenditures, Mr Speaker is an ongoing problem, and it questions the credibility of the budget in that it has to do with proper estimates. However, Mr Speaker it questions the effectiveness and I guess reliability of the method used to determine the level of budgetary provisions to allocate in the program or expenditure items. Overseas trips and other charges are very often affected by this weakness.

The practice of working from a given base line in adding a predetermine increase will have to be reviewed for some expenditure items.

The other area that we are concern about is the abuse of contingency warrants in supplementary appropriation. Sir, the abuse of contingency warrants and supplementary appropriation again is an ongoing weakness. The issue here is again proper budgeting. Again it questions the credibility of the method used to determine the level of allocation to expenditure items. We will continue to remind ourselves that contingency warrants are for emergency expenditures, not the way out for poor budgeting, Mr Speaker.

The Public Accounts Committee in fact is disturbed by the level of contingencies warrants used by ministries, and on known expenditures. They know how much it will cost something, they knew exactly what it is and yet you are talking about contingency warrants. That is not an emergency; it is something you already know about.

Now this is unacceptable. Unless we begin to be serious about correcting these weaknesses, Mr Speaker, we must stop talking about credible budgets.

The other area I would like to run through very quickly is protection from political and official manipulation. The budget must be protected; it must protect itself from the manipulation of politicians and officials.

One of the weaknesses that open the budget to abuse by politicians and officials is when allocations for projects are made without proper appraisal and well thought out implementation programs, Mr Speaker. In other words, we are putting projects as manifestos. We are listing what we intend to do without really knowing how we are going to implement the projects and so sometimes they just sit down there and so it is very tempting and when the bosses see the figure just sitting down there they redirected it the other way. That really happens, Mr Speaker, and so we really need to be concerned about it. Budget allocations for specific provinces are known to be diverted to other uses to satisfy political objectives.

This also happens when politicians deliberately over stepped their area of responsibility and decide to administer the implementation of the budget. The ideal arrangement is that the political government's responsibility ends at the policy level. That is where we stop as politicians and political governments.

The costing of this policy is the responsibility of the administrative government in consultation, of course, with the political government through interactions with Cabinet and Caucus. So they are transparently done within the law. Once it is taken up in the budget, Mr Speaker, it is the responsibility of the administrative government to implement it, and politicians should keep away from that area, it is forbidden, it the area of the administrative government. Things go wrong when politicians decide to supervise the implementation purely for political reasons.

Permanent Secretaries, Mr Speaker, have a responsibility to protect the budget against political interference. Unfortunately, Mr Speaker, many Permanent Secretaries crumbled under the weight of politicians, very often for fear of being unduly disciplined by the political government for standing for the right, Mr Speaker.

In this regard, Mr Speaker, I think it would be remiss of me if I do not acknowledge the commitment of some Permanent Secretaries who want to do the right thing and will not budge at political pressures. Mr Speaker, I raise my heart and salute these Permanent Secretaries. Permanent Secretaries need to understand that they are not political puppets of the government and therefore are not required to do whatever their political masters tell them to do even if it is wrong. That is not the work of Permanent Secretaries; they are not our orderlies so that we tell them what to do. "You do this and if you don't you are going to be sacked". That is not right. We are making Permanent Secretaries to be scared of nothing and they would not do their work properly.

Permanent Secretaries are advisers to the government on how to do things correctly. I am saying this because I have been a permanent secretary and I have been sacked for standing for the right and telling my piece of mind to the political government that I believe what they are doing is wrong and I will not bow down to them. I got sacked, I walked out with my head up.

The other issue I raised was projects ready to go and not merely listing of government intentions Mr Speaker. Many projects carried in the many budgets that come to this House are not properly thought-out. There is no clear implementation plan, very often the projects would be over costed, and this is unnecessarily locking up of budgetary resources to projects that will not be implemented. So we really need to think about the projects that come. And as observed such projects can be very vulnerable to political manipulations. This has already happened in many of the projects in recent years. The credibility of the budget is established when projects are successfully implemented. It shows that projects are properly costed and with clear implementation plans.

It is not a sign of a credible budget. Budgets carry the expectations of our people and therefore it is the responsibility of the ruling government to deliver it. And I am impressed after hearing from the Minister of Planning that we achieved a 90% delivery of the 2008 Development Budget. That is quite an achievement and I would like to take this opportunity to congratulate the government on this one. A credible budget is one that is clear about what it wants to deliver, how to deliver it and the timeframe within which to deliver it.

Clear guidelines and accountability process for discretionary funds is another issue. Sir, I want to stand here and probably ask that the government is yet to formulate a standard guideline for the administration of the discretionary fund for rural development channeled through Members of Parliament in line with the motion moved by the Member for Temotu Nende and passed before this House. We nearly had one last Friday, Mr Speaker, and with the wisdom of the Member who was supposed to move it he decided to withdraw it because there is still an issue before government to address that issue. I think the need for a guideline with clear accountability processes is becoming very, very serious with these funds increasing. These funds are not going down anymore, but they continue to increase; funds that go through Members of Parliament. I think the need to come up with a guideline is something that we need to seriously look at.

Before I conclude my presentation, Mr Speaker, I would like to briefly comment on the three measures that the government is intending to adopt to help place our economy on firm economic financial footing. These are growing a revenue base; fund ambitious development projects, and move away from depending on log to emphasizing agriculture, tourism, fishing and mining.

Sir, the government said it is committed to supporting these activities by investing in supporting infrastructures to be able to achieve those things. These are very, very good political statements that unfortunately are not demonstrated in deeds. The point here, Mr Speaker, is that the government must now stop spreading the meager resources of the country and adopt a more integrated approach to addressing the areas that we indicate. These are just suggestions. By having one sector as the central focus where infrastructure comes inside, other things come inside but the central focus is one. In that way, our focus is clear, we are addressing this sector but we are also at the same time addressing areas that other ministries are involved in.

And I suggest that we focus on tourism. I am saying this because if you want to develop tourism and be serious about what we say, we need to pump in \$250million annually to this sector for the next five years, and I am not making fun here, and maybe \$100m annually thereafter. Just look at us after 30 years; we spread our resources to the other sectors and we say the same things will happen but look at us today at where we are sitting down. The government must now actively invest in this sector, in my belief, instead of relying on the private sector.

The strategy here, Mr Speaker, is to build high class resource in various locations throughout the country and go on an aggressive campaign to tell the world what they really need to know about Solomon Islands instead of all the rubbish that people have been hearing about this country.

If Fiji can put \$300million into their tourism sector annually, I do not see any reason why we cannot when we have beautiful beaches, relatively better attractive sites to show. This is a serious suggestion, Mr Speaker, and I would advise the government to take it seriously.

My point as stated above is that we should now have more central focus on what we want to do and support that with our resources. Like I said, Mr Speaker, I do not want to talk long on this one, but the other area that comes to our mind is forestry. The fear here is that we think the budget depends very much on it. I do not know how many million dollars and the government earns foreign reserves in that sector and so we do not tax it.

In terms of revenue, Mr Speaker, the government without log, without log can collect almost \$1.4, \$1.5billion for Inland Revenue alone and take away log from customs, about \$300 over million, we have \$193million of non-tax revenue, you have support from donors, without log revenue you can still finance the budget. You can afford to stop logging tomorrow. That is what we are saying. If foreign reserve is the issue here, use CEMA. Those chainsaws and sawmill that we are giving here and there, why are we giving those chainsaws, and sawmill, what do we mean by that?

In drips and drabs if we are serious about downstream processing, Mr Speaker, put five or six sawmills in the constituencies and get CEMA to be the outlet of exporting timbers. Stop logging tomorrow. Replace the earning of foreign reserves, instead of earning it from logs, you earn it from timber. Those are decisions that we need to take. Let us not be double minded. We are leaders and if we need to take decisions take decisions, Mr Speaker.

Fisheries, government involvement in here can also help. Our small fishermen catching reef fish, let tuna go ahead with how it is arranged but that reef fish, our local people can actively participate in the earning of foreign reserves. Right now they are just selling their reef fish at the markets, and so what is happening is just distribution of internal generated income, you are earning nothing. Our people in the villages are not actively participating in developing this country in terms of earning foreign reserves. We can turn that around by the government directly investing in assisting Solomon Islanders to export their fish.

I do not see any reason why we should not establish a facility here in Honiara, run by the Ministry of Fisheries to assist local farmers and fishermen sell their fish.

Sir, I must stop here. Thank you very much for giving me this opportunity of putting our views across on this Budget. I hope that it will encourage a very lively debate as we proceed. We have four days to wreck our brains on this budget. But what we are saying here we are taking it very seriously. We do not come here saying something that we do not believe on. We really believe in what we are putting across to the government and we hope that the government is going to take this very seriously in its responsibility to properly manage this economy because it has so much potential, and all it needs is appropriate policy to utilize this potential.

With that, Mr Speaker, I fully support this Bill.

Hon. Sikua: Mr Speaker, I move that debate on the Budget be now adjourned until the next sitting day.

The House adjourned at 12.20pm