

## WEDNESDAY 30<sup>TH</sup> MARCH 2011

The Speaker, Sir Allan Kemakeza took the Chair at 9.29 a.m.

Prayers.

### ATTENDANCE

At prayers, all were present with the exception of the Prime Minister and the Ministers for Foreign Affairs & External Affairs; Public Service; Fisheries & Marine Resources; Commerce, Industries & Employment; Environment, Conservation, Meteorology & Disaster Management; Mines, Energy & Rural Electrification; Finance & Treasury; Culture & Tourism; Lands and Housing; Planning & Aid Coordination; Provincial Government & Institutional Strengthening and the Members for Small Malaita; East Are Are; Temotu Pele; North West Guadalcanal; South Guadalcanal; North East Guadalcanal; West Are Are; Temotu Vattu; East Honiara; East Makira; Malaita Outer Islands and Shortlands, Mbaegu/Asifola.

### PRESENTATION OF PAPERS AND OF REPORTS

- The Report into the 2011 Budget Estimates.
- Ministry of Health and Medical Services Corporate Plan 2011 to 2015.
- Solomon Islands National Plan of Action on Coral Triangle Initiative, on coral reefs, Fisheries and Food Security April 2010

### **BILLS**

#### Bills – Second Reading

#### **The 2011 Appropriation Bill 2011**

**Mr Speaker:** Honorable Members, debate on the 2011 Appropriation Bill 2011 commences, I would like to remind Honorable Members that according to Standing Orders 61(2), a maximum of four days including today is allowed for

the Second Reading debate. However, it all depends on Members of Parliament in today's debate and that debate starts today and will continue to perhaps next week. When no further Member rises to speak on the Bill, then the Chair will call on the honourable Minister of Finance and Treasury to wind up the debate before the question is put. The floor is now open for debate.

**Mr. WALE:** Sorry, the Leader of Opposition is not here. As ordinarily, it would be the Leader of Opposition who would take the first opportunity to debate this very important bill. However, thank you for the opportunity. I wish also to thank and congratulate the Minister for Finance, who is not here yet and to congratulate the Government for finally bringing the 2011 Appropriation Bill 2011 to the floor of this House.

Sir, since taking Government on the 27<sup>th</sup> August of last year, the NCRA Government has had at least seven months to prepare this very important bill, if March included, it will be eight months. It had to wait till the very last minute to be laid before the House has deprived the Government itself of precious time that it could have had to spend funds in pursuit of its own stated priorities. However, and I suppose the government needed has needed all that time to understand itself, and where it wants to lead this nation. In any event, the Bill is now before the House for its consideration and I wish to congratulate the Honorable Prime Minister; the Deputy Prime Minister in his place and the Government for presenting its first budget to the House.

The Opposition will support this budget, members from this side of the House will likely tender some ideas, some advice, perhaps some suggestions, but it will be entirely after the government whether or not to take up such advice or ideas or suggestions in their implementation of the 2011 Budget.

The constitution requires that the Budget is presented to Parliament and this for very good reasons, it is important that the executive arm is allowed the initiative in outlying its vision for the nation. It is important that such a vision is reduced to implementable and timed policies, and that, such policies are costed out to reflect what levels of priority are accorded to each.

As you know it is one thing to announce policy, it is quite another to actually allocate funds to its pursuit. Policy without funding is rhetoric and perhaps rhetoric that is not befitting this country. You could go further and say that even allocating funding to policy alone is not sufficient. It is the allocation of adequate funding that determines whether policy will do well and fully implemented within the time frames envisaged. This is an important consideration for any government setting out policy. We have over the years over reached in terms of our policy intentions, and consequently such policy has largely remained noble intentions that have either not been implemented or not

implemented fully. When government overreaches, its scarce budgetary resources are spread too thinly across too many fronts.

It has been stated that Rome is not built in a day and it is true. But it has also been used in argument to say therefore that small allocations across many fronts over a long number of years will eventually deliver the policy goals over the long term. However, our experience to date seems to point in the other direction. We have tended to spread our resources across many fronts, and as a result none gets adequately funded and fully implemented. We would do well to consider how we might learn from this experience and begin to focus our prioritized policies and their consequential budgetary allocations. This will require political will, and I think it is well within our reach in this 9<sup>th</sup> Parliament. I would therefore encourage the NCRA Government to take the lead in this. It certainly has my support in that regard.

I suppose therefore that this is my first observation of the 2011 Appropriation Bill 2011 that it continues in the practice that has not worked well in our recent history that we overreach and spread resources too thinly across too many fronts facing the very likely outcome of not fully implementing and delivering on policy promises, to the beautiful people of these lovely Islands. I earlier said that there are good reasons why the constitution requires that the executive arm have the initiative, but that Parliament reviews and approves the budget.

We all know the weaknesses of human nature. We know that left to our own devices and without review and oversight, we will tend to become a law unto ourselves and perhaps even impose it on others as well. If the executive arm of government was to set direction for the country and also set the budget to achieve such directions all on its own without review, we would run the risk that the meager resources of the government will be allocated to the benefit of a few people and interests.

We could then find ourselves in the situation where ordinary Solomon Islanders who would want to see justice and equity in the distribution of the government's resources could be obstructed from obtaining such justice and fairness. We see this happening in other countries where sophisticated systems and bureaucracies are invented to obstruct the right of ordinary citizens to just governance and equitable distribution of resources. In such a situation, the state is controlled by a few people for the benefit of the few, and the state is set against the welfare of its own people. We cannot and must not flirt with such a possibility whether by default or design. The consequences of such a situation are not worth wishing on our people.

When we talk of such situations, we tend to think of other countries, with perhaps dictatorships and autocratic governments and trivialize in the risk of it

ever happening to us. However, we need to keep sacred the principles enunciated by and undergirding our constitution and give it our total commitment and our unreserved submission to ensure that our democracy will continue to grow into maturity. In a country where there is a high level of illiteracy, the risk is great indeed that government will be used for the benefit of the few. We also know that independent oversight keeps us on our toes and hopefully forces upon us the yoke of accountability that some would prefer to escape. Our founding fathers, in their wisdom, recognized these human frailties and ensure that there is legal protection against the worst in ourselves for the greater benefit of society.

The Minister has pointed out that this is a balanced budget. As of necessity, Government will spend what it receives. However, Cabinet and increasingly Caucus have demonstrated the propensity for spending that is not consistent with priorities set in the budget. In the dynamics of Government and changing circumstances, this is entirely permissible. However, increasingly there are cases where good practice is discarded and political expediency takes precedence over agreed budget priorities. The Government needs to be deliberately mindful of this pitfall, as it is often not in the best interest of the people of our beloved country. Further, it is in the course of implementing the budget that the claim to a balanced budget can be truly tested. Whether the budget will remain balanced by the end of the financial year, will be testament whether the Ministry of Finance has exercised sufficient discipline.

Whilst achieving a balanced budget is a worthy and important goal, the Government must not overlook the fact that the Government exists for the people. Therefore, it follows that the people must be always be at the center of everything that Government does or intends to do. The pursuit of a balanced budget must not displace the goal of delivering a reasonable quality of services to the people. This ought to go without saying but in these trying times, perhaps it is useful to say it. Previous governments have also pursued balanced budgets, so in that sense from a policy perspective, this is supported by all sections of our community and it certainly is nothing new. A balanced budget implement through a cash accounting system brings its own issues. This is the reality in which we live where the government essentially lives on a hand to mouth situation and its fiscal situation is unsustainable. This, by the way, is still our situation. It is no accusation or pointing finger on the NCRA Government, this has been our situation for successive governments over the recent past.

The Finance Ministry in the last quarter of every year will be thinking seriously of obligations in the first quarter of the New Year, and will start making cash provisions for that, perhaps at the expense of fully implementing the balanced budget. So in effect, the balanced budgets of past governments of

years gone by have in reality also have been surplus budgets, to the level of whatever cash reserves were carried over into the new financial year.

The converse of a balanced budget without a surplus is that government assumes or pretends perhaps that it will spend all the money it will collect and not carry over any into the new year. In our unsustainable hand to mouth situation, this means the government starting a new financial year with no cash in its coffers. Any government that does this cannot lay claim to being responsible, obviously, and likewise this undermines the credibility of any balanced budget without a surplus. It is important that we pursue a balanced budget with a surplus, and I congratulate the Minister and the Government on this point.

Of course, deficit financing of budgets are also a very real situation and option, and one perhaps ought to be properly debated at the appropriate time. I would not go into that now. The unsustainability of our fiscal situation has placed constraints on the options open to us in ensuring a responsible fiscal policy to achieve the overall goal of delivering a reasonable quality of services to the people, whilst also building a base for fiscal sustainability for the government. It is good policy and practice to budget for a surplus.

Of course, in budgeting for a surplus, the Government is in effect saying it has assessed all the needs of the machineries of government to deliver services and its development priorities and has allocated adequate levels of funding to all of these. And after allocating levels of funding, it still has money left over. This, in other words, is saying that there will be no need for any supplementary budgets during the course of the year. How I wish this is true. Unfortunately, almost all the ministries that appeared before the Public Accounts Committee testified that the bids they submitted were much higher than what was allocated by the Finance Ministry and that even priority programs received arbitrary cuts that rendered programs inadequately funded, likely affecting implementation.

Of course, the Finance Ministry is right on insisting on quality expenditure. But if the test of quality expenditure were used throughout the whole budget, quite a bit of what were cut from ministry bids ought to be in the Budget, whilst it is clear that some items in the Budget ought not to be there.

I was pleased to hear that the Minister himself was involved in budget dialogue with the ministries. This is a step forward in the right direction. More rather than less dialogue is good for the budget process. However, after such dialogue it is important that ministries have some say on which programs or parts of programs should be cut so that funding levels can be matched to adjusted programs. The budget process still needs improvement on that point. When almost all ministries testified to being advised by Finance Ministry that the use of contingency warrants and/or supplementary budget will cover for

inadequate funding allocations, it points to a problem in the budget process and the projection for a surplus undermining the claim to credibility.

The Minister did lay claim to this Budget being a credible one. Yesterday he premised on the fact that the Budget is balanced and fully funded. I suppose this claim can also be made for other budgets in the past. The credibility of any budget ought to be measured by whether it will facilitate efficient and effective implementation of development programs and delivery of quality services to the people. It is important that in our circumstances we aim for a fully funded and balanced budget. But these alone are insufficient to lend credibility to a budget. Further, the credibility of a budget is tied very closely to the credibility of the government that has presented. One needs only look at the Government's own translation document to see the huge discrepancy between what the government says it will do, when it will do those, and what is actually in the budget, which is what is mostly likely going to be done. And what is actually in the Budget is what comes before this House.

I wonder if ministers have paid any attention to this discrepancy. This is an inconsistency so serious as to undermine any claim to credibility for any budget. If this Budget is a credible one, then most other budgets before it were also credible. This Budget is not much different from any that has gone before it. It is certainly struggling with the same constraints as previous budgets; the same challenges and the same difficulties, the resource constraints. In fact, a cursory glance at this Budget will show how slowly things change. We generally call someone who says one thing and does something else or does not do what he says that he will do a certain title. It is much the same when the government promises in its policy document and translation document that it will do something within a certain time but that is not reflected in its budgetary statement because the budgetary statement represents what will actually happen.

If what the Government says it will do is not funded in the Budget, how is it going to deliver on its promise to the people? It will most likely fail to fulfil meaningfully its promises to the people. This is a serious breach of trust with the people, but it seems to be trivialised in our context. The government (and I welcome the Minister of Finance who has just entered the chambers) would do well to pay attention to this.

I wholeheartedly agree with the theme for this Budget, and that is "Improving the quality of public expenditure to invest in better services for the people of Solomon Islands and to lay the foundations for sustainable growth". I wish to congratulate the Minister for bringing the first budget, his second, of course, but his first and our first with a theme. This is progress, little steps eventually lead us to our destination and so we must appreciate such little forward steps.

A theme is useful in imposing direction and clearly setting the parameters for discipline, and we know that the government needs both desperately. In saying that I am not saying the NCRA Government needs both desperately, but I am saying government per se; government must face discipline, government must have direction. (My friend, the Minister of Justice is staring at me and so I want to make that clarification?)

We must encourage the Minister and his staff to lead by example; to live within the spirit of that theme so that their discipline on the rest of the machinery of government will be respected and effective. It is true that if the quality public expenditure is improved, it will inevitably translate to better services to the people both in freeing up resources that might otherwise have been wasted and/or ensuring that the best value for money use is made of allocations. This is not going to be easy to enforce, of course, at least not in the immediate short term. However, further reforms in the financial management systems in government as outlined by the Minister will increasingly make this goal achievable over the mid to long term. I encourage the Minister to keep on that track for the long haul. (Whether he sits down there for the long haul but the Ministry must continue with it).

The Budget is a responsible one, and that was what the Minister asserted, and he made that statement yesterday and he said because it provides \$53million to cover for unforeseen and unexpected needs. It is important that government provide sufficient funding cover for unforeseen expenditures, especially in today's climate change and increased natural disasters. However, our experience has been that almost all of the funding for contingency warrants have been used for expenditures that were totally foreseeable at the time of preparation of the budget and therefore, should have been provided for at that stage. Further, the availability of funding under contingency warrants can often leave government vulnerable to using such funds for expenditure that could never be quality expenditure as outlined under the theme of this budget.

Allocations for contingencies warrants ought to be set much, much lower than it is in this Budget. This would be a necessary discipline to impose on government to have better planning for its budget preparation and to also reduce the propensity for poor quality consumption expenditure. I suppose the jury is out on whether a budget is responsible simply because it has increased funding for contingencies warrant.

The claim has been made by the Minister that this budget is both forward-looking and sustainable because it will deliver a surplus of \$24million. I need not go in to it, but suffice to say that merely budgeting for \$24million surplus cannot make a budget forward looking; neither will a budgeted \$24million surplus make a budget sustainable. As I have said before, budgeting for a

surplus is a good step and that if sustained over the long term will place the government in a strong fiscal position. However, it ought to be clear that a balanced budget without a surplus and even a deficit budget can also be forward looking and sustainable in the right contexts.

The true test of whether a budget is forward-looking is that it identifies and responds adequately to opportunities for growth and progress. A mere budget with a surplus that does not respond adequately to opportunities cannot lay claim to being forward looking, and on this point, I think the claim is far too sweeping.

For a budget to be sustainable, it needs to place emphasis on the basis of revenue growth. In simple terms, sectors of the economy that are likely to generate economic growth and therefore increased government revenue ought to attract some attention in the government's broad budgetary fiscal policy. We pay lip service to the private sector as the engine of growth. What is in this Budget for the private sectors specifically targeted at growth sectors? Are any such funding adequate to facilitate growth or to act as catalysts? These are very serious considerations for the Government, for all of us. The private sector cannot be kept forever as an afterthought in the government's budgetary policy. The sustainability of the budget depends in large measure to the sustainability of its revenue base; the sustainability of the government's revenue base depends in large measure to sustainable real growth in the economy. Simply window dressing the productive sectors will not do. It has never worked and it never will. The Government must invest seriously in these sectors.

The theme also states '.....to lay the foundations for sustainable growth'. I wish to again congratulate the Government and the Minister of Finance, in particular that there is emphasis in the theme 'on laying the basis for sustainable growth'. I am a little worried, however, when I look at the budget proper, as this wonderful statement in the theme does not seem to have made it there. It has still not left the theme and permeates the actual budgetary allocations.

We all know that the Forestry Sector is heading on a dead-end road. The impact on the economy and on government revenues when it reaches the dead-end are fairly clear to all of us. The Minister himself alluded to that yesterday. Yet there is nothing in the Budget that addresses this important sector. Simply making a token allocation for downstream processing will not do. Does this Budget lay the foundations for sustainable growth in the forestry sector? I have looked but I cannot find it.

The mining sector represents a significant growth opportunity for the economy and for government revenues. Despite lofty statements in the government's policy document and translation document, the Budget does not

seem to attach much significance to this important sector. Does the budget lay the foundations for growth in the mineral sector? I cannot see it.

The fisheries sector will increasingly become a revenue earner for the country and the government, as gains under the PNA Agreement are realized over the next few years. However, the Ministry of Fisheries continues to have inadequate capacity to manage this important resource. Does this Budget lay the foundations for growth in the fisheries sector? I do not see it.

The increased allocations to agriculture are very welcomed, but I think are inadequate to address the country's food security, substantially reduce our dependence on food imports or contribute meaningfully to our exports.

The National Transport Fund presents opportunities that this country has not before had. For the first time in our history, it will be possible to progressively and systematically develop adequate reasonable quality infrastructure that is so important a catalyst to economic growth. However, the capacity of the Ministry of Infrastructure Development remains one of the weakest in the entire machinery of government.

The Minister alluded to the need for land reform in this country. Do we not all know it, and he has our full support in this important endeavor. It is important that such land reform does not take us back, however, to a feudal existence that will only promote turf mindedness. However, important as land reform is, there is practically nothing in the Budget for it. Economic activity happens on land, if we want to see increased private investment and economic activity, then we ought to be working proactively to make land available and secured for both owners and investors. This requires funding that is not apparent in this Budget.

Is the government expecting serious growth in the tourism sector from its allocations? It would seem that tourism is at best an after thought in this Budget. Tourism is clearly a growth sector but it will take serious investment to see growth in it, and this is investment the government must make if it is serious in its claim to laying the foundations for sustainable growth. Further, in this day of climate change and maintaining a sustainable bio-diversity, the Government must make a conscious and deliberate policy choice on whether the country should steer away from big-footprint tourism that is likely to have adverse impacts on our delicate biodiversity and environment. We cannot afford to allow this sector to grow without such direction and boundaries.

In this age of climate change and the onset of sea level rise, the need for mitigation and adaptation is both urgent and desperate. There is beginning to be international funding for these important areas. However, the environment ministry is grossly under staffed. We must not wait for coastal communities to be under water before we declare disaster areas and frantically do relief and

rehabilitation. We must be proactive in these areas as lives are directly depended on it.

The environment ministry officials must engage internationally in the global debate on climate change and dialogue on it. It is important that they do these things to represent our views and to also see how we can access funding. However, it is too easy for the few staff in this Ministry to spend more time overseas - and this is not an accusation, it is just the reality- doing this important work than actually helping communities to actually adapt which is what we want to see happening on the ground. This is what we want to see happening on the ground.

When I look at the Environment Ministry's budget, I am happy to see the budget support coming in, but I am looking for how it provides for coastal communities to relocate. However, although I can see some light at the end of the tunnel, it is too faint. It seems we are still far too much taken up with everything to do with climate change, talking about it, getting money for it or from it, but very little actual adaptation. In that aid flows do have a substantial impact on our balance of payment and economy and on budgetary support, climate change funding could arguably represent a growth area for the government whilst addressing the serious threat to the existence of some of our communities.

Funding and human resource allocations within the Budget to forestry, fisheries, mines, agriculture, tourism, infrastructure development, environment and lands, I think on the whole, are grossly inadequate to lay the basis for a sustainable growth. In the case of the Ministry of Infrastructure Development where the National Transport Fund increasing provides adequate funding, its manpower capacity will constrain it, from delivering the much needed developments on time. Of course, much will depend on the human resources available to the government. This requires the government to be clear on priority areas or human resource development. I am glad the government continues to place emphasis on the education sector.

I must say that I am disappointed on the government's policy statement to upgrade SICHE into a university. About 80% of our economy needs technicians and therefore it is critical to the economy that SICHE is strengthen as a premier or the premier technical skills training provider of international quality, just like the HTI in the past where if a person gets his/her qualification, it is internationally recognized and so he/she can work anywhere in the world. Further, a national university ought, I think, to be a separate institution altogether from SICHE so that it does not dilute SICHE's technical training focus. And further, the leaders and people of Guadalcanal have made it clear that any new and further developments should be decentralized to other provinces. The

last government was progressing the idea of constructing the Solomon Islands National University at Fote on Malaita, with a medical school to be based at Kilu'ufi. And I would ask the Minister of Finance and his colleague ministers to consider this as a serious proposition for our country and a kind and gracious gesture to the people of Malaita.

Also, in the education budget, I am also extremely disappointed that the government has removed totally funding for literacy. Illiteracy is too high in this country. One person illiterate in this country is one person too many. Literacy is a basic human right; it ought to be incumbent upon government to ensure that all its citizens without exception are literate. It is literate people who can make informed decisions and choices. The implications of having a literate population are many and varied, but certainly are positive for our nation building efforts. I would beg the Government to consider giving at least a million dollars. (I think if the Finance Minister feels sorry for the literacy program, he should sign the first contingency warrant for them, to ensure that this important work can continue. Given the relative small size of our population, it is entirely foreseeable, as it is realistic to expect to totally eliminate illiteracy from our society within only a few years if we consistently remain faithful to the war on illiteracy by giving allocation to it. It does require adequate funding, however. This affects the basic component of our society. Literacy belongs to those people sitting around the fire at home - the basic building block of our society and economy. Those sitting around the fire who were already in some literacy programs, but are now cut because of no funding, will they give credence to the claim of the budget as laying foundations for sustainable growth? I think they will scratch their heads. I think the Government ought to look at that, and I beg the Minister of Finance to enter into dialogue again with the Minister for Education to see that something is done on literacy.

I am very happy to note the allocation for community service obligations. It is important, however, that guidelines are set to ensure that eligible obligations are clearly identified. I am not going to say too much on that, but it is important that this allocation is not abused for the bail out of otherwise insolvent and mismanaged SOEs, and it is one I am sure the Minister is keen to see.

I will conclude by saying that I do support this Budget. It is not the most credible budget ever but it certainly is not the worst either. This Budget is no more responsible and forward looking than any before it. But it is taking small steps in the right direction. This Budget's claim to lay the foundations for sustainable growth is a fairly weak one, but it also faces constraints that other governments and budgets before it have faced and it is trying to do the best of it. However, projecting a surplus deserves my support. The Government needs to look at its own policy and translation documents to see that there is a gap

between these important documents and this budget. If this is the beginning of more to come, the Government can look forward to not delivering on its policies promises to the beautiful people of these lovely islands by the end of its tenure in office. And I am sure Cabinet will seriously be looking at this discrepancy. With these few remarks, I resume my seat.

**Mr Speaker:** Member of Parliament for North East Guadalcanal and Leader of Opposition, congratulations from the Chair for your new appointment that I endorsed this morning. I will give you the floor to contribute to the debate of the bill.

**Hon SIKUA:** Thank you for giving me this opportunity to speak next. I apologize for coming late, as I was just printing my speech, the power went off and so I had to come and rely on parliamentary services to print the speech out for me. But thank you once again, Sir, for giving me this opportunity to speak following the 2011 budget speech delivered by my good friend and colleague, the Member for Gizo/ Kolombangara and the Minister for Finance and Treasury yesterday.

On my part as you have just mentioned, this is my first speech as the new leader of Her Majesty's Official Opposition as it was only yesterday at about 4pm that I was elected to this position, and as such, my response to yesterday's 2011 Budget Speech by the Minister of Finance and Treasury may not be that comprehensive, however, I am sure the gaps left will be covered very ably by my very able colleagues from this side of the House. And I thank my Deputy Leader, the Member for Aoke/Langa Langa for doing that very ably when he has just spoken.

But allow me first to thank my predecessor, my dear colleague, the Member for Fataleka, for taking the helm as Leader of Opposition for the last seven months and also to my colleagues in the Opposition for their trust and confidence in choosing me as their new leader. Sir, I am most humbled and honoured to be given this opportunity, and I will do my best in my role as the Leader of Opposition in return for their trust. I know this will not be easy but with the help and the support of colleagues on the opposition side, including colleagues from the other side of the House, my role in this position should be bearable and exciting. As you know, we all work together for the same goal, and whatever side of the House we find ourselves in, our focus at all times should be to do what is right and proper in running the affairs of our beloved country, Solomon Islands for the benefit of our people in these lovely isles.

I now turn to the subject of this debate, the 2011 Appropriation Bill 2011. Firstly, let me congratulate the Minister of Finance and Treasury for finally

bringing the first budget of the NCRA Government, and as he had mentioned, the second he has presented to parliament. At long last we are in a position to consider what the new government is planning to do for our people and country. Much has been said in the past seven months, many words, many public appearances and many overseas trips before the foundation is laid for government to work. It is only now, nearly seven months later that we have a budget document in hand that we can study and discuss how government will apportion and spend the people's funds.

I make very special reference to the Budget being the public's money because in my experience, it becomes badly misused for personal expenses and for unnecessary expenses. At the outset, let me declare that any responsible Opposition acting in the interest of our people will not seek to defeat a budget just because it feels like it. Let the public be aware of that, especially at this time. A responsible Opposition is one that analyses and carefully studies all government plans, management, behaviours as well as all government appropriations or budgets. Our job is to critically analyze the policies on budgets and expose weaknesses while at the same time giving credit where credit is due for good planning and creative thinking. The Opposition is also expected to present valid and sensible alternatives, which is why the Opposition is often called the alternative government.

What will I be looking for in this Budget as a member of the loyal Opposition? I will be looking for sensible economic policies derived from appropriate research and valid evidence. This must drive how the budget is constructed. You know that before you build a house, you have to have a plan and vision for your house. All the variables must be taken into consideration and where there is need to focus and make special efforts, these must be explained on the basis of research, evidence and not guesswork.

Public policy must never be based on political wish lists such as those contained in the Government's policy translation and implementation documents published last year. That document is so flawed; it merits no discussion at all. I think it was a waste of several millions of dollars. The group of people who produced this did so, from our reading, by copying the policies of all political parties since independence, and the result is a real soup where everything is inside. Even one of the flagship policies called the growth centres comes from before independence. The concept was original known as opportunity areas in the early 1970s, and it was developed on the basis of countrywide research mainly into potential for agriculture development.

I know too that in mid September last year, one of our prolific writers, Dr Roughan shared the paper with all of us Members of Parliament entitled '*Growth Centers, A Reflection*'. Had the designers of the Budget taken time to look

through this paper, I am sure we could build growth centres for all 50 constituencies with the \$60million allocation for development of growth centres in the Development Budget.

Public policy and the budgets that finance them must always be constructed on the basis of a medium to long term planning. This describes the direction the Government will take the country. A budget, especially a new budget constructed by an incoming government is meant to finance the starting point of a national development plan, as it will impact on the first four years of the nation's and the people's progress. This Budget is like an athlete sprinting from the starting block. If you do not get it right, the rest of the race is much harder and mainly lost.

I begin my contribution to the debate on the Budget by asking 'where is the medium to long term national development strategy or plan? I read and heard what the Minister for Finance and Treasury said yesterday, but work on the national development plan began about this time last year and stopped temporarily because the general elections were about to be held. I am aware that the new government has made an attempt on it and called in it "a zero plan", which does not affect policy. But the framework for a national development plan or a strategy had already been described. The officials left the contents for the incoming government to fill, but the framework is already there. Having heard what my dear friend, the Minister of Finance said yesterday, I still want to ask the Government through the Prime Minister to share his Government's medium to long term national development strategy with the people of Solomon Islands and, of course, with us here in Parliament.

Government officials have had nearly seven months to complete this and this should also have been made public for the people's information as well. I do believe that this only takes good leadership to accomplish. The national development strategy or plan or what is used to be called the medium term development strategy is and should be the starting point for all government plans, policies and budgets. It should tell us where we have come, where we are now, what direction we are heading, the challenges and opportunities we can expect, and it should point the ways and means, the strategies we will employ to get the best for our people. If you do not get this right, 'MV Solomon Islands will be on the reef again.

On the 2011 Appropriation Bill 2011 that is before us, the Opposition is happy to vote for the Bill and pass it into law. But this is qualified support because if not only for the lack of the national development plan 2011-2015, but also for certain other concerns which I will describe showing some examples. The Minister of Finance and Treasury yesterday in his speech as well as in the budget strategy and outlook issued earlier, give certain clues to the frame of

mind of those who constructed the budget. Firstly, it speaks of a fundamental shift in the way the government will manage the finances of this country. There is a shift away from the traditional management of government finances. But I will reveal how these so called shifts can be dangerous for our people.

Secondly, appropriated expenditure will total a record \$2.2 billion. I do not think the Minister of Finance and Treasury should build up the hopes and expectations of our people by talking about a record budget, as we know budgets will rise exponentially every year. We need to be honest and describe the overall figures against how we would look at exchange rates prior to 1997 when the country became technically bankrupt. We must acknowledge that we have to grow the economy, broaden it across all sectors and regions and nurture it with good leadership and stable politics. Only then will the dollar begin to appreciate and go some way to minimizing the high costs of inputs but, of course, we cannot have it both ways. When our currency strengthens, our exports will cost more to overseas buyers. So we put our trust in the Central Bank to be as judicious as it always is. But Government must resist putting pressure on the Central Bank, which is implied in the Minister's Budget Strategy and Outlook statement as well as in his speech yesterday. We must not put pressure on the Central Bank to do and perform its role.

Thirdly, the Budget Outlook document and speech by the honorable Minister for Finance and Treasury also talks about delivering a surplus of \$24 million as well as providing \$53 million in contingency funding (\$26.5 million each to both the recurrent and the development expenditures) supposedly to meet unforeseen and unexpected spending needs throughout the year. There is the claim that this is the first time the Government has budgeted to both deliver a surplus while at the same time ensuring that the Budget is fully funded.

A lot of people's money is being set aside in a way that allows the Minister and may be a few of his friends, wide latitude and almost an open ticket to spend as and when it is politically expedient. That is a bit dangerous as it gives the Minister of Finance huge influence that a minister of finance has never had before. All ministers, especially the prime minister must be very worried and have to be very afraid. I cannot believe that the technical advisors in the Ministry of Finance would support such a proposal. But we will look at it closely when we come into the committee of supply because too much flexibility or flexible authority over huge sums of money can breed too much corruption and tricky dealings. I hope the Cabinet will be vigilant and I hope Ministers will do their job. Our country has suffered a great deal because of this, and I say that enough is enough.

As I read the Budget against the Minister's Budget Outlook and Strategy and his Speech, I was able to observe a few things. There are many examples of

poor planning or the absence of planning. The Budget has not been published as a document that gives the expected outcomes of its budget line. So to me it is a license to spend without any fixed statement about what kinds of outcomes are intended. It assumes that ministers and their permanent secretaries are honest, are bright and trustworthy people. Yes, indeed some of them are, but some are not.

**Hon Darcy** (*interjecting*): Why should you say that? We are not the only perfect person in the world.

**Hon Sikua**: Mr Speaker, can you tell the Minister of Finance to keep quiet while I am talking. Parliament needs to know what its budget line will produce as an outcome. That is the kind of fundamental change the budget needs, but this is absent. In many ways, this is a very traditional input based budget where the people's taxes are shown and the expenditure lines are shown. But the intended outputs are invisible; very difficult to see or non-existent. To try and find out what each budget line is meant to produce as an outcome, we have to revert to the policy translation and implementation document, which as I have said in the beginning is a mixed bag. Here is an example; the top priority according to the Finance Minister's Budget Outlook and his Speech, one of the top priorities is reconciliation and rehabilitation. The translation document shows there are six strategies but there are only three expected outcomes recorded. Anyone reading this will assume that the Government expects Parliament to approve funds to forgive an unspecified number of people this year 2011, and then next year, 2012, the work of the TRC will result in complete peace, reconciliation and healing. But before we get there, even before that, this year in 2011, we will all celebrate a national day of reconciliation, forgiveness and healing. You see, the sequence is wrong and the logic is flawed. The Recurrent Budget shows a reduction in the Budget for this top priority matter. How come, if this is a top priority, it should be fully resourced? The Development Budget on this particular head shows two budget lines funded by the Solomon Islands Government, one giving \$1.5m for the Truth and Reconciliation Commission and a further \$2m for the national reconciliation program. I think there should be documentation to explain this clearly. We cannot risk relying on just advice; it has to be fully documented because this is very important for our country as a priority.

The non appropriated budget for this particular activity shows that the UNDP will provide nearly \$15m to strengthen the capacity for peace building in post conflict Solomon Islands. But there is no documentation to inform Members of Parliament what will be done to strengthen capacity for peace building. Anyway this is just an example based on one ministry budget.

The Public Accounts Committee has done its task to vet the Budget, and I think as a parliament we have to go through it with a fine toothcomb, and in going through it in the committee of supply, we come to discuss in details of its budget line, and I am sure ministers will be in a position to clarify to us the details that parliament needs to know on their budget lines. I hope that ministers will be given details for every budget line in their ministry because we will be asking questions during the committee of supply.

As an Opposition group we need to know the following: On what basis is the policy constructed that gives rise to the budget lines in your ministries? Where did the demand arise and from whom and why? Usually you have a green paper and then a white paper that has gone through the consultations and checks and balances, so we would be looking out for those, and also who provided technical advice and is that available to members of parliament. As it should and should be provided. Of course, an important point is, have all stakeholders who will be impacted been consulted and where is the evidence of that taking place. We will also be looking at cross sector, social and economic impacts and the expectations that arise there from, and have these been discussed across relevant ministries, and what advice has been derived. We will be looking at the cost estimates on the basis of whether there is a public tender and zero based budgeting or based on the historical cost adjusted for inflation, and what are the medium to long term budgetary implications. And has anyone in the responsible ministries read the legislation handbook which guides the formation of policies? There is, of course, in your opening remarks and statements, Mr Speaker, you have listed the relevant handbooks that all of us here as members of parliament need to know. But these are due-diligence questions and are very important because we have not been in any debates on policy as yet. We are going from a policy translation and implementation document that is unclear, that commits a very large amount of money, which all members of parliament have to account for and have to answer for. This is not safe for any government to do, and this is not satisfactory. Of course, Mr. Speaker, you as a former prime minister would know what I am talking about.

There are important steps for the construction of public policy and I fear the Government has not taken all the necessary steps. What we have before us is a short-cut to approve funds without normal due diligence checks been taken. Or perhaps vital information is being denied to us at the last minute.

Let me turn to general matters connected with the Budget. There has clearly been a lot of work put into specifying what projects will be funded in different sectors. It looks like everyone's pet or favourite projects have been listed, and I am very happy to see some of my favourite projects appearing in the Ministry for Agriculture. Some of them are very attractive and will get the

support from this side of the House. But it is easy to say 'yes Minister, you and your Ministry can go ahead and spend the people's money. But as responsible parliamentarians we must look at the hard facts, the hard evidence, consider the economic arguments and be aware of social impacts. The work of government cuts across all sectors of society and we must ensure coherence where all budget lines support other expected outcomes. Otherwise, we run the risk of what we called a piece-meal or 'atomistic' governance.

Governance, as you know is all about securing the social fabric. Like the mat our women weave which we know is strong because all the strands of the leaf are linked in intricate designs and the whole thing is not only useful and functional, but also very beautiful. Good public policy can make people feel secure and confident. Good public policy makes for a beautiful country. We had a very hard time shortly after independence and many have taken advantage of our generosity because we are a generous people, Solomon Islanders, and our people deserve all the good that the government can bring to their lives.

Our people own this budget, our people own this government and this parliament, they are the resource owners and so when we talk about their land, it must be after, I repeat after many months and even years of consultation and study before we approve policies about land and then legislate as needed.

What I see in the implementation and translation document, the budget strategy and outlook and hear in the Minister's speech yesterday, which will be financed from the Budget, is very dangerous because it makes very big assumptions that the idea of land reform of the kind envisaged by the Government is sound. To my mind it is not. Our neighbors have tried different ways to legislate land reform to allow for easy accessibility and availability of land to host national development projects or private enterprise.

In Papua New Guinea, United Nation Human Rights organization has complained on behalf of the NGOs about the rights of indigenous people being trampled by a policy initiative that has been legislated for which threatens the ownership of land by indigenous people. In our other neighboring country – Vanuatu, often cited by some as an example of good land policies, there is grave worry about so much land now being taken up by outsiders including some of us in Solomon Islands and leaving the indigenous people marginalized in their own islands. The story of Fiji is an old one, and yet our approach is for today and all of our tomorrows.

The most successful land reform I have come across is in Taiwan when government persuaded people to allow customary land to become private property which provided capital for their great economic success story. But the problem is that we are not Chinese! We are Islanders – people of small islands in remote locations who rely on our lands as the only capital resource of any

substantial value available to us. So when I listened to the Minister of Finance talking about land reforms yesterday, I am a bit worried. Let me articulate my alternative options for helping our friend, the Minister of Finance and the Government and indeed for helping our people maximize opportunities for livelihoods from their land.

I come back to what I have been saying all along, and firstly, as we are planning as contained in the Ministry of Lands Corporate Plan 2010, last year, we must begin with research locally by our own people and have extensive, really extensive, not hurried but slow and careful consultations with our people. We must also compare and contrast with initiatives in land reform or land utilization in other countries and come up with various options that are sensible and safe. After much more discussions and drafting, we can then talk about producing a green paper for early distillation of all views and then a white paper, which eventually goes to Cabinet for scrutiny. Ministers in Cabinet, of course, are national leaders and we then, after going through Cabinet and after the policy directions and principles are agreed across all sectors, the Cabinet can then talk about legislation. This means putting forward a bill to Parliament. Even if these consultations and work outlives the Ninth Parliament, even if it comes to this Parliament in 2015, it is worth the weight and it is worth the delay because land is something we all know there is dispute about and we do not want history to be repeated. So this procedure will precede any budget allocation. We must not short cut because land is our identity, our past and our future. I agree we must do something but let us look at the evidence first and let us hear what our people, what our leaders, the chiefs and our communities say to hear what has happened in other island countries and get ourselves some solid evidence on the best way to proceed before we go forward.

This Budget can be supported on the condition that each budget line is explained well to us in Parliament. We will, as I have said earlier on, expect full information of every budget line. If this is not forthcoming then we will demand that an explanation be given at a later stage.

Having now assumed the role of the Leader of the Opposition, I wish to put on record some of our views about how we can look after each other better. I believe the main project, the main focus, the main effort of the government is to stimulate and grow the economy to provide jobs and livelihoods to as many people as possible. And I am happy that the Minister of Finance in his theme yesterday was saying something to that effect. But for that to happen we have to provide incentives for investors to invest in rural locations. We have to provide incentives to service providers to serve rural and remote communities. We have to provide new financial services such as micro finance for rural communities and all major rural communities must have resident financial services, banking

services including micro finance for people to access capital for their commercial initiatives as well as private needs. We have to ensure all provincial centres and major villages are provided with economic infrastructure such as reliable water, electricity and communication systems, including telephone, internet, roads, wharves, nearby airports, nearby seaports and regular shipping and year services. These are the economic growth centers the Minister is talking about.

If you look carefully at it, there is no need to really create artificial growth centres when the ones that we have at the moment are not properly functioning; the provincial centers and the substations because they might as a result further create sever social disruptions to our communities, so let us look at this very carefully. Further, we have to provide rural people with access to extension services to help improve agriculture and livestock, production of local and export market, and also good access for their gardening and marketing information.

Important for inshore fishing industry and indeed offshore is the **creation** of a refrigeration service to help our rural producers take perishable products safely to markets and provide taxation concessions to investments in commercial farming, livestock and industry activities to stimulate commercial activities in the rural areas and remote areas. And, of course, to drive all these you need the human resource and we need to greatly improve the quality and delivery of our education services.

Our main focus and the effort of the whole government should also be to improve the health system so that people are well catered for by using technology for e-medicine to help rural and remote nurses and doctors treat people, for example by using satellite connectivity. Introduce special arrangements to cater for specialized medicines, for example for eyes, diabetes, and heart etc, because we have nearly 30 small children waiting for specialized medicine right now. And all we are doing is waiting for a donor to take them to Australia. We can do better than this.

I was expecting to see something being put in the building of a new referral hospital somewhere up in the mountain because the one we have at the moment is susceptible to tsunami. In looking at improving health services in this country, maybe a new national referral hospital, separate from No. 9, which will probably become the provincial hospital for Central Islands Province, including Savo, maybe Rennell/Bellona Province, Honiara and, of course, Guadalcanal Province. This could be an unforeseen or unexpected item that can be put in your \$53million, Minister of Finance.

**Hon. Darcy** (*interjecting*): You should read the budget, maybe you have not read budget.

**Hon. Sikua:** Of course, I am going to continue to talk about this subject, which is very dear to my heart, and that is to improve the quantity, the quality, the equity and effectiveness in the delivery of our education and training systems. What happened to the implementation of the technical/vocational education and training policy?

I did not see, probably it is in the recurrent budget, but the fee free basic education policy which is a flagship policy of the CNURA Government I led previously, is not very clear. I am looking out for that. The \$3million for upgrade of SICHE, I thought I heard the Minister add on a few things yesterday to a national university status. And as my good member for Aoke/Langalanga said, is it to a national university or is it to a university of technology? Let us think about it properly, but it is a good start. And what is the status of the establishment of the USP Campus in Solomon Islands? I think we need to be looking at doing that because you are putting a lot of money in the recurrent and development budget to send our students overseas. The potential for us to cut that down is through the establishment of the USP Campus here in Solomon Islands. I really want my dear Minister for Education to explain this because about two weeks ago we had a delegation from the University and the ADB that had some good news from what used to be the situation in the past on terms of funding. And I would urge this Government to take the necessary steps in taking that proposal forward because the funding is there, unlike what we were faced with before. The funding can be made available this year, and it would really be a hallmark for the NCRA Government to push that forward and to make it happen. Then we can see the budget for overseas training reduced a bit by having a proper campus of the University, firstly here in Honiara, and of course, there will be satellite campuses in every province so that our people do not have to come to Honiara. I urge the Government to look carefully into that and implement it because it can only be good for us, and after all the money is available or is going to be made available if we take the first step in the right direction.

Our focus as a government should be to normalize governance so that quality services are provided consistently to people throughout the country. And in doing this, we should be redoing the Public Service Improvement Program and redesign to serve clients who need services from the government machinery. We should be revising donor executed programs and projects so that budgetary allocations are appropriated in Parliament.

Further, our focus as a government should be in involving communities in policing. We must ground our police services in the bosom of our communities by having community leaders engage with and advice the Ministry of Police on

policy organization, management and the culture of police by appointing provincial police advisory boards, appointing national police advisory council. Those kinds of things will ground our policing and our Police Force in the bosom of our communities to gain the trust that is eluding us for some time. A further consideration to that is the focus on involving traditional and community leaders in reviewing and guiding the machinery of government by holding regular consultations at provincial level between traditional leaders and elders with our provincial leaders. Holding an annual conclave of representatives of provincial houses of chiefs and elders and also trying to create legislation to formalize mechanisms for traditional leaders to influence our modern system of government. We have left them out for too long but it is there in our constitution.

Furthermore, ensure women, girls and children are better cared by the government by implementing policies and procedures that cause a major reduction in violence against women children and girls; ensuring proactive legislation on policies and processes that provide equality for women, girls and children in education, employment, scholarships and economic activities. Further, by appointing capable people to implement already approved policies and having all those policies and procedures fully implemented by the end of 2012. And a very favorite subject of mine; continue the nationwide consultation in order to ensure about 30 percent of members of parliament to be women. I think the basis for consultation is there, there are enough documentations for the government to take that forward, and I think we should do it. Thank you.

When I was prime Minister, I have had the opportunity to go to both ends of this country in North Choiseul and in Temotu Province. I want the government to attend urgently to the special needs of Temotu and Choiseul provinces. We should have a multi- ministry working group looking at the special needs of these two uttermost provinces of Solomon Islands. I am happy that there is a budget of \$3.5 million to quickly mobilize all available resources to help the Choiseul provincial administration complete its new provincial headquarters in Choiseul Bay. That is very good and I congratulate the Minister for that. But going back to the issue of literacy raised by my colleague for Aoke/Langa Langa earlier on, Shortlands and Choiseul suffered greatly during the Bougainville crisis, and there is a generation there that has a gap in their education. I think we should attend to that, if there is money coming to work on literacy programs for our people in both Shortlands and Choiseul.

Further, I think we need to identify investment opportunities and job enhancing initiatives for the remote communities in the places I have mentioned, including the Reef Islands, Vanikoro, Anuta and Tikopia. When you get to these parts of the country you feel like they are in a different country. That is certainly

the feeling I felt when I went away, even just getting to Lata. We have to pay special attention to people of the Reef Islands, Vanikoro, Anuta and Tikopia. I am speaking on behalf of my dear colleague, the Leader of the Independent group. I am sure he is going to say something more about that later on.

But we also need to be looking at making a special arrangement for the machinery of government to focus urgently on creating opportunities to such remote communities and then provide them with tax incentives to attract investment into such areas. I am sure there will be no shortage of that in both ends of our country.

Further, we need to position Solomon Islands securely in the modern internet age by adopting progressive and enabling information, communication technology (ICT) policies to benefit commerce, education, governance, medicine and economic infrastructure. We have to try and enable all of our major villages in the country to be linked to satellite. We need to improve broadband links with the outside world by submarine cable, and we have been talking about this for the least nearly eight years now. I think we should continue to pursue the options.

I know this issue is in the courts but we need to maintain a free and competitive telecommunications environment. We also need to ensure the early detection and control of cyber crime and misuse of the internet by criminals, and working with regional and international bodies to harness ICT systems and opportunities presented by evolving technologies.

We also need to provide all primary schools with one laptop per child to enhance children's learning and ability to explore international learning systems. This has been proved beyond doubt to enhance and hasten children's learning in all rural primary schools that has been piloted in this country. We need to be looking at the use of technology to expand distance and flexible learning options for adults and post high school students.

Our focus should also be to reform essential systems and processes, and this includes the electoral system. I am happy that \$3.5million has been set aside so that work can begin now to ensure that we go to the polls in 2014 with a more efficient electoral system that sustains a respectable democracy. I congratulate the Minister of Finance for putting in \$3.5m there and I hope this is work that will go towards making sure we have the reform going to have a new system by 2014.

We need to have modern electronic systems, which will allow citizens to vote from anywhere in the world not having to travel long distances or even people in Honiara can vote in their home provinces in Ulawa/Ugi, for example or in Makira or Fataleka or even in Temotu Vattu. So congratulations my dear Minister for Finance for making a start to that, and I hope you can sustain it.

Political systems, and again this is a subject that is very dear to my heart but we did not pass it in the last House. I hope our focus as a government is to prioritize political system and reform so that we can stabilize party politics, so that the kind of confusion and instability that characterizes our politics does not continue. You have heard speeches made in public that other things in Solomon Islands are quite easy to understand, but in terms of our politics, irrespective of how many degrees or PhDs one has, it is a bit hard to understand it. And so I urge the Government to try and look into the Political Party Bill and see how we could have that finalized and sort it out in this Ninth Parliament so that we have some stability. This system that we have must work for the majority of our people and it is not just in the vested interest of a few that have vested interests and personal motives. I am looking forward to seeing the Government bring some form of it to ensure political stability in our country.

On constitutional reform, I still have not seen what is there for the federal system of government, I hope it continues to get support to ensure that our recommended changes are achievable, cost effective and sensitive to the wishes of our people. And I hope that we can take it to a public referendum so that we can understand very well what is acceptable to the majority of our people in Solomon Islands when we do change constitutional reform.

Bear with me, Mr Speaker and honorable colleagues, the other thing I want to go on to now is just mention some urgent steps that we can take towards national economic growth. As we know, the past tension years has seen a significant rise in population, government expenditures and donor funding and there is a significant decline in natural capital particularly in the forestry area, and we heard that from the Minister yesterday. The level of dispensable income, food security, environmental health and social capital have also declined and there is yet to be a strategic integrated approach to effectively use available resources to immediately address national issues.

Solomon Islands and the Government have a number of important resources at its immediate disposal to augment government financial and human resources and to grow the economy or support community welfare and promote family livelihoods. And these need to be harnessed and strategically mobilized so that people can see and feel tangible impacts in the short to medium term future. These resources include our human resources, our natural resources and our donor resources. Strategic mobilization includes deciding how our human resources, natural resources and donor resources are to be used, integrated and the scale and type of intervention through which they are used. I would advocate the following measures to be immediately taken on the urgent steps we need to take towards growing our national economy.

The first one is to establish an expert working group to frame a national employment and economic growth strategy, establish an expert working group to frame a national employment and economic growth strategy to influence the finalization of the national development plan, 2011 to 2015. Minister, I hope you can take up my suggestion on that; a bipartisan expert working group. Leave out first our people in the bureau. Some of them can be included as well as some from outside. Secondly, identify opportunities to increase job creation in the provinces and their relative scales. Immediately appraise the opportunities for their availability including social, environmental and economic consideration. Immediately review existing aid programs and funding allocations in order to realign with and co-finance strategic opportunities following their appraisal. I hope ministries can go back to develop four-year sector and industry strategies with tangible and measurable targets linked to improving livelihoods and the overall economy. Further, strengthen strategic planning units within government ministries to monitor and evaluate progress. They could be of much assistance to the Bureau if there are very strong planning units within each ministry; they can be of great assistance to the Bureau that is located in the Prime Minister's Office as well as the ministry itself. We need to develop a public private partnership policy aligned to the implementation of priority development program. The private sector here has to be included because it is to help the community business and small holders. The design and implement resources, resource mobilization and financing mechanisms to implement the strategies. Some immediate opportunities for consideration are as follows that if we have not had one yet and still looking for it, a national forest rehabilitation and value adding program; a national cocoa program, targeting medium to large scale venture and small holders; building on and expanding the **CLICK**, which I have not seen in the Budget; expansion of tuna processing is already taking place right now, and I congratulate the government for moving that forward and we will have loin factories in a number of places, especially in Suava bay and maybe Doma and Tenaru too here on Guadalcanal.

On expansion of oil palm plantations, I am happy to see Vangunu get an allocation but we need to know exactly where that \$2million is going. But I am very unhappy, very sad to see there are no allocations for our out growers of Guadalcanal in the Budget. I think that can be an unexpected or unforeseen thing from the CW because we have always had that in the last three years but only my colleague from North Guadalcanal is benefiting from this. I still have to have my share so I want some money put back into the budget for out growers in North East Guadalcanal Constituency. A lot of them are there but there has been no help for them, only from RCDF, and so I want that put back.

On national coconut rehabilitation program, let us have a policy on that. Of course, East Central Guadalcanal needs it as well as East Guadalcanal, they need out growers there and not just North East itself and many other parts of the country, Auluta especially too. We need to have the national coconut rehabilitation programme. We need to have a national renewable energy strategy and program and food production and security. I am sure the Minister of Agriculture is getting on to that because this will engage a lot of our people to paid employment and present many opportunities for people to gain livelihood opportunities and earn some money from their own enterprise.

I think I have taken up too much time but once again thank the Minister for his speech, and with these remarks I resume my seat.

*Sitting suspended at 11:36 am*

*Sitting resumed at 2.03pm*

**Mr Speaker:** Honourable Members, I wish to inform the House that this afternoon members will note the presence of Ms Janelle Moore in the chamber. As I alluded to yesterday, Ms Janelle is the senior procedure officer from the New South Wales Parliament. She is here on two weeks attachment. Her presence in the chamber this afternoon is primarily to observe and assist the Clerk and the secretariat in their chamber duties. I have granted her permission to be present with the Clerk and the secretariat in the chamber. I would like all honourable members to take note of this during the proceedings. Thank you.

Also I was being informed that the Minister of Culture and Tourism wishes to take the floor.

**Hon MANETOALI:** Thank you for the opportunity to contribute to the debate on the Budget. I wish to briefly contribute to the general debate on this 2011 Appropriation Bill. Before doing so, allow me on behalf of the people of Gao/Bugotu and the Ministry of Culture and Tourism to firstly congratulate the Minister of Finance and Treasury for delivering his budget speech yesterday.

The Finance Minister delivered a wonderful speech. It was short, straight, sharp and sweet, no beating around the bush as they say. I wish to also congratulate the NCRA Government for tabling its budget on time, when it took power some eight months ago. We promised this House and the people of this nation that we will lay before Parliament the 2011 Budget in March this year. We have exactly done that, and therefore, the government deserves a small appreciation as far as I am concerned.

I do not wish to repeat what have been mentioned by the hardworking Minister of Finance, but wish to make a few positive remarks on the 2011 Budget. Firstly, it is good news that this year's budget will bring about a surplus. I think our country has been operating on budget deficit for many years. While it is normal for a country to operate under budget deficit in my view, it is much healthier to have a budget surplus so we can deliver services to the best of our ability rather to be constrained by budget deficits. The surplus and the cash reserves will act as insurance for our nation in times of crisis.

Secondly, in my opinion it is a move in the right direction to have a provision for the establishment of growth centres in and around the country. The idea of having growth centres has been tossed around for sometimes and I am glad that we now have budgetary allocation for this important concept. Some Members might feel that the allocation is small, but let us start at \$6m and monitor the progress of establishing these growth centres. I strongly believe these centres will bring out more of our rural population to participate in our economy rather than being spectators in our own land and shores. It is also because of this that my political party under NCRA Government championed the idea of establishing growth centres for our people.

Allow me to basically touch on the allocation for the Ministry of Culture and Tourism, which I currently look after. On the overall we are satisfied with what is being allocated to us. Like most ministries, we bided a bit higher, but the bottom line is that we have to respect the Ministry of Finance's decision, as it is the ministry that actually sees money coming in and out of the consolidated fund on a daily basis.

You would by now know that the country will be hosting the 11<sup>th</sup> Pacific Arts Festival next year. It is worth mentioning in this House that initial preparations have begun. My ministry through the national organizing committee is ready to speed its work as soon as this Budget is passed and approved. I wish to further clarify that this festival does not belong to my ministry or the government but it belongs to the people of this country. My ministry and the government only play the coordinating and facilitating role, hence, I call for our people for their kind and generous support, as we prepare to host this exciting event. On the tourism allocation, our allocation is sufficient, given the fact that most resources will be used for the Pacific Arts festival. Development of culture and tourism go hand in hand.

On the recurrent budget, it is characteristic of a developing country that payroll costs always take up most of its recurrent budget. The good news is that the Ministry of Finance will be issuing out warrants on each ministry's payroll. This is a positive achievement as we strive to achieve higher level of accountability with government finances. Once we arrive at the actual cost of the

payroll, then it will automatically lead to better decisions for our payroll structure.

Those are my brief contribution before I take my seat. I wish to thank the Chairman of the Public Accounts Committee and his members for properly scrutinizing the Budget. My sincere appreciation to permanent secretaries and government officials, who at times have to stay up late to come up with this budget. My heart goes out also to our friendly donors and other international organizations like the World Bank and the ADB who have indicated supporting programs and projects listed in this Budget. I strongly believe that commitment and support by all stakeholders is the key to achieving the goals and aims of this budget.

I must not forget other organizations like the media and others who have continued to inform our people on the progress of this Budget; a healthy sign in terms of transparency. If we all play our part well, I am confident that the 2011 Budget will bear fruit and it will lay out the path for future positive economic growth, as the theme of the Budget says. With those remarks, I fully support the motion.

**Hon MAELANGA:** Thank you very much for allowing me time to also debate this Budget. I rise also to participate in this important motion. First, I wish to join my other colleague members to sincerely thank my colleague hard working Minister of Finance and Treasury and his Permanent Secretary, and their ministry staff for putting this 2011 Budget together. Understandably, it has not been easy nor is it an easy task. But the fact that today we are now debating this 2011 Appropriation Bill is an undeniable evidence to prove the task has been completed. Congratulations colleague Minister for Finance!

It is only natural that as leaders we all have plans which we believe when implemented will benefit our people, those who have actively participated in our election to this honorable House. As much as there would have been what we wanted, it is also true to say that the reality is that we do always have what we want. It is just a nature of the real world we are living in. While our needs and wants continue to escalate to new heights and the pressure on our limited resources is ever increasing, our ability to achieving tangible results will remain a real challenge, the cost of development will continue to go up. Our successes are subject to two fundamental factors; available resources and time.

Having said that, let me now turn to the Honourable colleague Minister of Finance's speech yesterday when presenting this important Bill to this Honourable House. You will agree with me that this is the biggest budget of all times since this country gained its independence over 32 years ago. I fully support the Honourable for Finance that this is a credible budget. I am confident

that we will achieve the things our ministries have set ourselves to achieve in due time.

Vigilance, however, must be employed as it remains our greatest hope as we set ourselves on the course to achieving the things we plan to accomplish, some within the next remaining months of this financial year, others possibly at the end of the next three years. The threats to achieving our goals are too numerous, but vigilance to identify them and deal with them before they do more damage to our plans must also remain our number one challenge.

The honourable colleague Minister for Finance highlighted that the 2011 Budget is effectively the launching of the process in implementing the government's public financial management reform agenda, which is meant to increase public and donor confidence in the government's financial systems and processes. The systems and processes depend on people to make them work effectively. Unfortunately, attitude maybe our biggest enemy here because any system process is only as effective as the people who will operate them, hence for a new system and a process to work a new order must also be instituted. Attitude is costing this country far more than we spent on actual tangible development. Strong discipline cannot be underestimated if we were to expect these new systems and processes to work.

Against this, I wish to take this opportunity to call on all Solomon Islanders including ourselves as politicians to help the Minister of Finance and his dedicated and hard working staff to effectively implement these systems and processes to be able to minimize the unnecessary wastage, which is often a result of bad attitude. For in doing so, we can be assured of quality spending to achieving quality service delivery and a positive result. Let us therefore, join hands and make Solomon Islands the only country with a credible financial management systems and processes, if not internationally at least within the region.

I would just like to touch on Solomon Islands social and economic challenges. On social and economic challenges, I cannot agree more with the colleague Minister about the challenge we are now facing as a nation compared to what we may have remembered or read of some 30 years ago. These challenges are more serious today than they were 32 years ago and are manifested in nature. Many of these challenges are a result of global events that we do not have control over, while some, however, are a result of our own decisions and makings. Our only hope is that it is not too late for us to act and face some of these challenges with positive attitude to assure our future generations a prosperous future. Thirty-two years of experience should be enough to provide us with the knowledge we need to make to ensure we do not

commit the same mistakes again, as we venture into new areas of economic development.

Yes, I fully endorse the sentiments made by the Honorable Minister for Finance that our people must be assisted to directly benefit from the produce of their own resources, and as such we as leaders must take upon ourselves the responsibility to ensure this happens. On this note, the NCRA Government's intention to ensure our traditional systems of managing our customary tenure to be given due recognition, in my view, is a start in a right direction. At this juncture, I wish to assure this Honourable House that my Ministry will do whatever it can do to contribute to any process to making this happen. In saying that, an aggressive community awareness about the impact of economical development to our people must also be given priority, as much as we would like to see an immediate transformation to our people's subsistence way of living to a cash driven society.

Caution must also be taken to ensure we do not do it too quickly but space our people who for generations have enjoyed the simplicity of life would find themselves become the victim of a system which is only confusing them.

Yes, we must start doing things differently. But in doing so, we must ensure that our people must be the beneficiary; doing things differently to ensure our services are delivered on time and in an efficient manner must also be our objective.

I would just like to touch on the global economy of the Solomon Islands economic outlook. On the global economy of the Solomon Islands economic outlook, may I take this opportunity to thank the Governor of the Central Bank, the Honourable Minister of Finance and our Technical Advisors for the manner in which they have been able to manage our economy during these trying times. To be able to sustain any economic growth in such a time as this, in my view, is a remarkable achievement indeed. Congratulations to those concerned for a job well done!

Of course, we are still not out of the woods yet, as the saying goes, but if we can be able to turn around so quickly to achieve a positive economic growth after the recent major crisis as some are led to believe. Our economic outlook is certainly positive. However, as I have already said, and I will say it again, vigilance is required of every one of us.

We have heard over the radio in the last couple of days that most island countries within the region could have benefitted from the services of the SOEs. If they are fully privatized, undoubtedly that could be true. However, serious attention must also be given to the upskilling of our SOEs management, except for the NPF. Most of our state owned enterprises may be are too large for us to manage, hence our difficulty in making them profitable. It is therefore important

that we seriously take stock of the possible factors that may have contributed to our inability to run those state owned enterprises successfully ourselves. This in my view is also important because these SOEs have potentials to benefit the people of this country, and it is important that we as leaders take initiative to ensure that they do function as they should for the benefit of our people.

Sir, I will touch a little on the 2011 Budget Framework. We have already heard earlier that this is a responsible budget and what that entails is that it requires the cooperation of every one of us; officials as well as political leaders sitting here in this honorable House. Quality spending to achieve quality results must be the order of the day.

Of course, there will be difficulties. I believe what the honourable Minister for Finance is saying is, do whatever is practical with what is available. He is calling on us to start working using what is already available. He will be too willing to consider genuine requests for more funds if we can prove to him what we need more.

On social reform, I do not wish to take anymore of your time, but in closing I wish to touch on some of the priority areas that my Ministry will be engaging in over the remaining months of this financial year and from now to 2014. Sir, as you are well aware being the Chairman of the Electoral Commission, my Ministry will be assisting your Commission to aggressively engage in the ten-year electoral system reform program. This is going to be a long term program but our priority for now before the next general elections is to deal with the current persisting problem with the voters register.

The office will immediately, after this budget is passed, start on a nation wide voter registration program that will involve working with other stakeholders to ensure the task is done well and ready before 2014. The office will be looking at all options available to making sure the final results will be credible and reliable, and more importantly, one that can be easily updated. There will also be legislative reforms to enable these proposed changes to be achievable. One other major priority area will be to also find an alternative voting system to the current first-past-the-post, a system that is manageable, sustainable and also guarantees voters of fair representation in this Parliament. We are determined to see these changes before the next general elections and time will be our greatest threat.

On NGOs, I wish to assure the NGOs working in this country of the government's seriousness to build a strong working relationship with our NGOs or civil society organizations, and on this note my Ministry will be working in close consultation with the office of the Attorney General and other stakeholders to put in place legislation that will help us better manage this new relationship effectively.

For our Church organizations, my Ministry will also be working closely with our current two national Church bodies, namely, the Solomon Islands Christian Association (SICA) and SIFGA. We intend to establish a strong working relationship with these two national church organizations because we believe the potentials of such relationship between them and the state are indeed many and we want to exploit these opportunities for the benefit of our people.

On the governance sector, we see the role of our traditional chiefs as important and we will be aggressively engaging on a program that will involve building their capacity and to help promote their roles in their communities. This is an ongoing programme that we want to see continue in other provinces and throughout the country. Isabel and Makira are currently leading way for other provinces in these developments and we would also want to see other provinces include this in their programs.

In the backdrop, it is encouraging to note from the honourable Minister of Finance's speech that the Government through the Ministry of Finance in conjunction with the World Bank will soon be commencing a public expenditure review. The result of this, as he has indicated, will enhance decision making in respect of our funding allocation to deliver these important reforms and to establish stronger accountability for the use of public funds. This is important, not only to better manage public funds but hopefully enhance realistic decisions pertaining to government priorities assigned to every ministry.

With those few remarks, I support the motion.

**Hon Philip:** I move that the debate on the question be now adjourned until the next sitting day.

*Debate on the 2011 Appropriation Bill adjourned to the next sitting day.*

*The House adjourned at 2.29pm*