

## TUESDAY 10<sup>th</sup> NOVEMBER 2015

The Speaker, Mr Ajilon Nasiu took the Chair at 9.46 am.

Prayers.

### ATTENDANCE

All were present with the exception of the Ministers for Education & Human Resources Development; Fisheries & Marine Resources; Culture & Tourism; Women & Children's Affairs; Rural Development & Indigenous Affairs; Foreign Affairs & International Affairs; Energy, Mines & Rural Electrification and the Members for Fataleka; Ranogga/Simbo; Savo/Russells; Temotu Nende; East Makira and North Guadalcanal.

**Hon Jeremiah Manele:** Point of Order. I do not think we have the required quorum

*The House waited 15 minutes for quorum*

### **SPEAKERS' ANNOUNCEMENT**

**Mr Speaker:** Honourable Members, I wish to inform you that the Office of the Leader of Opposition is currently undergoing renovations. The Parliamentary House Committee therefore has granted permission for officers from the Opposition Office to temporarily occupy the conference room at the eastern wing of the Paul Tovua Complex until renovations are complete. A memorandum regarding this has been circulated in Members pigeonholes. Thank you for your understanding of this matter. Also in the public gallery are students and teachers of Aruligo Primary School to observe the Parliament meeting so please, welcome them.

*Applause*

### **PRESENTATION OF PAPERS AND OF REPORTS**

- Report on the 2015 Supplementary Appropriation Bill 2015 (National Parliament Paper No.20 of the 1st Session of the 10th Parliament)

### **QUESTIONS AND ANSWERS**

#### *Education Grant for 2015*

**18. Mr PETER TOM** (*West Kwaio*) to the Minister for Education and Human Resources Development: Can the Minister justify reasons for increasing the Education Grant to our school in 2015 and what measures has the Ministry taken to minimise the abuse and misuse

of the financial management role by some of the school headmasters/headmistresses and principals?

**Mr Speaker:** The Minister of Education and Human Resources Development is not here so the Minister for Finance and Treasury is going to answer the question.

**Hon SNYDER RINI** (*Minister for Finance and Treasury*): The requirement by our development partners, mainly Australia and New Zealand is that the Solomon Islands Government (SIG) grant to education should be at least 21 – 22 percent. That is the requirement. Based on the study of the Grants Committee in 2014, there was recommendation for the SIG grant to increase to 30 percent, hence the increase. The increase is to cater for enrolment figures of students and also inflation. This is in line with the thinking of the two development partners that support our education, mainly Australia and New Zealand that their contribution to education will reduce and the Government will start to take over and increase its contribution. Those are the reasons why 30 percent SIG support to education this year was put.

On the second part of the question, the ministry is now working on finalising the Grants Manual and also the Grants Accounting System. These will help improve mechanisms to monitor funds given to schools to put a stop to misuse of funds.

**Mr ISHMAEL AVUI** (*East Central Guadalcanal*): Just a supplementary question. How many teachers have been involved in the misuse of funds, how many have been demoted, how many have been terminated and have left the service and how many were terminated but reemployed by another different education authority? Those are the questions.

**Hon Snyder Rini:** I do not have the answers to those questions. I think that is a new question, which he should submit as a new question so that I can provide the figures he is asking for in the supplementary question.

**Mr BRADLEY TOVOSIA** (*East Guadalcanal*): I would like to ask a supplementary question in regards to the abuse and misuse of education funds. The supervising Minister may not have an answer to my question but this is a serious thing that is happening in schools in the rural villages. If the supervising Minister does not have the answer now, maybe he should provide the answer later on because it is very important for us to know. I just wish all of us know what is happening down there.

**Hon Peter Shanel Agovaka** (*interjecting*): Ask the question!

**Mr Bradley Tovosia:** Okay! Please, can you explain what you are doing to address this abuse and misuse of funds? That is the question. I want the details of the measures you are taking.

**Hon Snyder Rini:** Can the Member repeat the question again?

**Mr Bradley Tovosia:** The supervising Minister mentioned the Ministry is still working on the way forward to address the abuse and misuse of funds. What are the details?

**Hon Snyder Rini:** As I have said, the ministry is now trying to finalise the Grant Manual. I believe that manual will state what expenditures should be reported, which expenditures the grant should go for and so forth. All these should be stated in the manual. There is also the Accounting System, which the Ministry is trying to finalise now on how schools should make their retirements and be accountable to these funds. I think by doing that, it will minimise the misuse of grants.

**Mr MATTHEW WALE** (*Aoke/Langalanga*): I may have missed an earlier answer by the Minister, but with regards to reduction or the Solomon Islands Government picking up more and more of the financing side and the proportion given by donors becoming less and less. What year will the Solomon Islands Government completely take up the whole burden of funding the grants?

Secondly, we have been talking about free education which is not just fee free but completely free education in its basic component right up to the end of secondary schooling. Does the Government see it feasible in light of the fact that more of the burden used to be picked by donors will now be picked up by the Solomon Islands Government (SIG)?

**Hon Snyder Rini:** The timing is not yet decided but that is the thinking that eventually assistance from those two development partners will reduce and the SIG increasing its contribution to education grant. The timing is not yet decided and this will be discussed during bilateral discussions with these development partners.

On the other question of free education, the government is still looking into that and we are working on the costing of that policy. When the costing is done, we will look at implementing it by putting it into our budget as soon as we receive the final costing of the policy.

**Mr Matthew Wale:** I want to follow up on the second answer provided to my second question. In view of the exercise going on now in costing it out for completely free education policy, can the Minister inform the House of an indicative time of the Government's estimate whether it will be in the 2016 budget or 2017 budget or even a later year?

**Hon Snyder Rini:** Costing is yet to be completed this year and that is the reason why it will not be featured in the 2016 Budget. If the costing of that program is completed next year, then for sure it will be featured in the 2017 budget.

**Mr Peter Tom:** I want to take this chance to thank the Minister of Finance and Treasury for his clear answers to our questions in the absence of the Minister of Education and Human Resource Development. Thank you.

## STATEMENT OF GOVERNMENT BUSINESS

### BILLS

#### Bills - Second Reading

The 2015 Supplementary Appropriation Bill, 2015

**Mr Speaker:** Honourable Members debate on the 2015 Supplementary Appropriation Bill 2015 commences. I would like to remind all Members to adhere to the rules of debate set out in the Standing Orders. Please confine your contributions to the financial and economic state of Solomon Islands and the general principles of government policies and the administration as indicated in the Bill before us now.

Before I open the floor for debate may I just point out that we need to debate and pass this particular document today so when you make your contributions please be considerate or give time to others to say something on that particular document so be brief. The floor is now open for debate.

**Mr RICK HOUENIPWELA** (*Small Malaita*): I would like to thank my other colleagues who will be speaking later on to allow me to speak on this Bill.

I rise to contribute to the Motion on the 2015 Supplementary Appropriation Bill 2015 which was moved by the honourable Minister for Finance and Treasury yesterday. My contribution will be partly in my capacity as Chairman of the Public Accounts Committee and partly as a representative of my people in Small Malaita constituency.

Let me state at the beginning that I am going to support this Bill. Parliament performs its oversight functions through its standing committees, which the PAC is one of these committees. The PAC is given the mandate in terms of Standing Order 69(1), but relevant to the matter at hand; Standing Orders 69(1)(d)(e) & (f) which is to consider the draft estimates prior to their tabling before Parliament, and to summon accounting officers and technical staffs of the ministries concerned and then report to Parliament on its findings.

To that end, the PAC has tabled its report as required under Parliamentary Standing Order 69(1)(e). That report outlines the findings of the Committee following its examination of the 2015 Supplementary Appropriation Bill 2015.

As required under its terms of reference, the report was prepared for the information of Members to assist them in their debate on the Bill. Certain matters which we identified during the inquiry have being highlighted in the report for the attention of the Members of Parliament. In terms of Standing Order 16(1)(g), my Committee has also made 10 recommendations to address the issues of concern as pointed out in the report.

Let me at this juncture on behalf of my Committee register our appreciation to the permanent secretaries, under-secretaries, directors and other senior staffs of the various ministries who appeared before the Committee during the inquiry. A number of ministries were requested to make written submissions instead of appearing before the Committee. These include the Ministry of Home Affairs, National Parliament Office, the National Judiciary, the Ministry of Justice and Legal Affairs, the Ministry of Foreign Affairs and External Trade, and the Ministry of Commerce, Industries, Labour and Immigration. We also thank accounting officers concerned for the submissions they have made to the Committee in support of their appropriations.

In performing its functions, a fundamental question for the Public Accounts Committee (PAC) is to establish the appropriateness of the Contingency Warrants and Advance Warrants, and why each ministry is seeking additional funds to the 2015 Appropriation Act 2015. That, we have dealt with during the inquiry.

The Bill is seeking parliamentary approval for supplementary expenditures by Contingency Warrants totaling \$36,995,786. This comprises recurrent expenditures of \$34,471,575 and development expenditures totalling \$2,524,211, advance warrants of

\$20,291,159 and additional recurrent expenditure appropriation of \$138,453,186. Of the additional appropriation, \$12,346,138 would be funded through variations within and between heads. This means that Parliament is being asked to approve new appropriation of \$126,107,138. It means that by the time this Bill becomes law, the total appropriation for 2015 fiscal year would be a whopping \$4.3 billion. So the big and most essential question is and should be, what have we done with this money? That is a very important question pertinent to the Public Financial Management Act 2013, which I am sure my colleague, the new Chairman of the Public Expenditure Committee will be dealing with when his Committee meets to examine the 2015 Budget Mid-Term Review.

In its recent deliberations, the Public Accounts Committee has found certain matters that should be of public concern which we have pointed out as issues to be addressed. These have been discussed in the report and most of them are accompanied with recommendations by the Committee. I will highlight just a few of these which come to my mind as strikingly important.

The Committee expressed once again its concern over the continued use of Contingency Warrant to expend unappropriated moneys when the purposes for those expenditures were foreseeable or not urgent. During the inquiry the Committee noted instances of poor planning such as the additional expenditure of \$2.8 million for the Melanesian Spearhead Group Leadership Summit; \$11.6 million in ex-gratia payments to Border Patrol Officers during the Bougainville Crisis and \$3.7 million for Solomon Islands contingent attendance at the Pacific Games held in Papua New Guinea. The Government had been aware of all these events several years in advance so they cannot be deemed unforeseen. These only became urgent because the Government did not provide for them.

In their submissions, the ministries concerned informed that the full amounts had been included in their bids for the 2015 Budget, but it was cut by the Ministry of Finance and Treasury with a view that the additional funds be obtained through the Supplementary Budget. This is a matter of great concern, not least because it is the Ministry of Finance which appears to be using the budgetary process as a cash management tool rather than a transparent means of predicting the full cost of administering the government's annual programmes. You do not need any reminding but such practices undermine the integrity of the budget process as envisaged under the PFMA Act 2013 and promote poor planning practices in line ministries.

During the inquiry, the Ministry of Civil Aviation was very forthcoming in admitting it is in a very bad shape. They informed the Committee that many basic but essential items such as the fire engine had not been maintained; the administration of airports had been allowed to decline, many basic services including facilities at the Henderson International Terminal had been allowed to lapse. Meanwhile most of the 2015 funding had already been expedited.

There are examples of other very important issues that remain unattended by the ministry concerned. For example, our air services agreements with Fiji, Papua New Guinea and Vanuatu have remain unresolved. The current status of these arrangements is very detrimental to the viability of the country's own airline, Solomon Airlines and is costing the Solomon Islands Government, significant revenues all because the ministry had not proactively managed the negotiation of such agreements.

The Committee also heard that the current status of the undersea cable project is still undecided between two options. This is a vital project that is intended to improve telecommunications data connections and lower costs to our businesses and households.

Having said that, it is heartening to note that with the arrival of the new Permanent Secretary in the Ministry of Civil Aviation, the ministry is already taking a number of initiatives to improve basic services and facilities at both the domestic and international terminals. Also, other actions are in train to address the impasse on air services agreements and other matters on the policy front. We urge the new Permanent Secretary to pursue these steps including taking the remedial actions to strengthen the administrative, financial and management capabilities in the ministry.

The manner of unretired imprests was highlighted again, especially in the Prime Minister's Office. The Committee noted some action is being taken but the problem remains with unretired imprests by political appointees. The PAC urges the Accounting Officer concerned must follow through with actions that he has outlined to weed out these practices as the amounts involved are significant.

My Committee noted an increasing trend in the allocation of shipping grants, especially through constituencies. I think this is not a bad initiative as shipping is and will remain the bloodline of this country. However, my Committee felt that this intention would be better guided and better served if the Government has in place a policy for shipping grants and on the shipping industry as a whole.

It was obvious during the inquiry and in examining some of the data on the implementation of the 2015 Budget, most government ministries are lagging behind with their implementation of the 2015 Budget. One of the ministries, the Ministry of Infrastructure Development (MID) informed the Committee that an important reason for the slow implementation rate is the low level of technical capacity in terms of qualified staff to be able to manage such a large development budget. The Committee agreed with the ministry's explanation that this could have been addressed simply by filling many positions that remain vacant throughout the Government departments.

An activity which is currently being co-managed by the MID with other authorities is the Rapid Employment Program (REP). While this program is addressing unemployment in Honiara and, of course, producing useful basic infrastructures in some of the settlements of the city outskirts, I am concerned about the sustainability of this program when the current World Bank funding ends. I would also like to raise the concern that while the intent of the program maybe good, I have no doubt it is helping the current urban drift towards Honiara and thereby increasing uncontrolled squatter settlements in the city. I urge the authorities concerned to review this program in this light.

During the inquiry, representatives from the Ministry of Environment, Climate Change, Disaster Management and Meteorology inform the Committee of a situation unattended to which is of concern to us. The Committee was informed that its requests for funding in respect of the two recent cyclones had not been forthcoming and when it was released it was significantly lower than what they needed. The Committee noted that as a result, field officers sent out to carry out assessments in certain parts of the country that have been affected by the cyclones had to be recalled. In my case, some officers in Auki refused to provide their assessment reports until they were paid their allowances. The lives of many victims are only worsened by these actions or non-actions by government.

In this connection too, the PAC is very concerned about the recent decision to channel disaster funds directly to constituencies. I think this is an inappropriate way of dealing with disaster management. There is no doubt that this could lead to politicisation of essential assistance and leave victims more vulnerable, not to mention the risk of

undermining the NDMO, which is the very entity created by Parliament to deal with disasters.

My humble view is that parliamentarians are not disaster managers. In fact the decision to divert disaster funds to constituencies was very demoralizing to staffs in the NDMO; you might as well remove it altogether. If there were problems with NDMO's ability or capability to respond to disasters, then I suggest it should be strengthened so that it would be able to deal in real time with unfolding emergencies. This practice of not providing the necessary resources to them and worse still diverting funds from the NDMO must stop.

The Committee is concerned that the relocation of the National Referral Hospital (NRH) project had not attracted sufficient attention in funding under the 2015 Budget. Representatives of the ministry informed the Committee that while a Relocation Project Committee had been appointed headed by their representative, tangible action has been very slow. The Permanent Secretary cited an important reason that a decision between two identified locations is yet to be made. I wish to make the obvious point that this is a project which we do not have the luxury of time because the looming crisis and disaster is only a matter of time. I therefore urge the concerned committee to press on with it.

Still on the Ministry of Health, the Committee expressed concern over the capacity and management of issues within the current facilities and buildings at the National Referral Hospital. The Ministry representatives appeared to have shifted the blame on the NRH executive, and they are probably right, but it is no news to all of us here that the state and the look of our National Referral Hospital is shocking. It is also no news that there are avoidable deaths occurring at the NRH due to the lack of basic and essential things such as water, sanitation, overcrowding and so on.

The Permanent Secretary of the ministry was clear in his explanation that the NRH is actually with a situation for which it was not intended. Staffs at the NRH are not only dealing with referrals but they are also playing clinical role for Honiara, North Guadalcanal and some parts of Malaita Province. It is due to these reasons that the Ministry is now implementing its policy of upgrading certain Area Health Centres throughout the country to hospital status.

On that note, I am very grateful to note the Ministry has confirmed it is starting next year with the Afio Area Health Centre for upgrade. I believe it is the right policy action; one which will not only alleviate pressures at the National Referral Hospital but also address the most important need to provide adequate health and medical services to the majority of our population.

In that connection too, the PAC queried the status of the funding for the Kilu'ufi Hospital that was supposed to have been funded under a PPP arrangement with the Nazar Group of Companies. During the inquiry, the ministry was not very clear on the current status of the arrangements, although it had been requested to assist in costing the civil works, which the ministry explained it does not have the relevant technical staff to do it.

In closing, I am reminded that early this year this House passed the biggest budget ever. To date, we have yet to ascertain the outcome of that budget. This Bill is now asking for further funds of more than \$126million. My Committee's Report would point to the situation that while we have improved in some areas, we have not done so well in many others. That said I do not have any further issues with this Bill and the requested appropriations. With that I support the motion and I resume my seat.

**Hon JEREMIAH MANELE** (*Leader of Opposition*): I would like to thank the hardworking Minister for Finance and Treasury for bringing this very important Appropriation Bill to Parliament. I also commend the Chairman and members of the Public Accounts Committee for the Committee's Report and the recommendations therein on the Appropriation Bill as well as on related matters. I concur with those recommendations.

Let me start by raising some issues on the 2015 Mid-Year Budget Review for National Parliament Paper No.19 of the first Session of the 10<sup>th</sup> Parliament. Reading through the report, it is obvious that the fiscal position of the Solomon Islands economy has generally deteriorated due partly to the lower global demand, which has led to lower than budgeted revenue collection from commodity export earnings. It is prudent that the Government applies measures to control expenditure and keep fiscal balances close to government budgeted targets. In other words, the current budget outcomes and the Mid-Year Term Outlook highlight the fragility of the economy and the Government's fiscal position, which calls for the Government to control expenditure.

The Government delivered a record size budget in the history of our country, a deficit budget which is becoming a challenge for the Government to implement. The 2015 Mid-Year Review found there has been significant underspending on the overall government expenditure below the budgeted levels. These under spending undermines the credibility of the development budget allocations, hence the Government will need to consider its ability to spend funds before committing to increases in future if budget credibility is to be maintained.

The challenge for the Government now is on the implementation of the Budget and converting significant expenditure plans into tangible improvements in services and the implementation of very important national projects in our rural areas, including those on Malaita and Guadalcanal.

While I acknowledge that work, for example on the Auki road will begin shortly, much more remains to be done on other projects that would be critical to contribute into the country's economic development. It is important that economic growth and development must be inclusive and sustainable, a point that has been raised over and over again. Our country has been depending a lot on the logging industry that is slowly declining and depleting. The Midyear Budget Review has confirmed this, so while log production increased by 18 per cent over the first half of this year to around \$1.1million cubic meters, this rate of growth or production cannot be sustained in the second half of the year.

The economic downturn in China has already affected our log export demands. If this situation continues, it will certainly reduce the export receipts, hence the needed revenue for this country. This is a worrying situation as the Chinese export demand had earlier created some levels of confidence in the government's monetary policies.

In the Agriculture Sector, the price of main export commodities fell by 20 per cent, and again if this continues, it will have an impact on production, especially in rural income opportunities. Most of our people, as we know, rely on cash crops for their semi-subsistence livelihoods and we have seen their purchasing power falling and will continue to fall if agriculture commodity prices continue to decline.

In Honiara, the structural constraints of land and housing markets have restructured supply responses to rising property demand, contributing to increasing rental prices. As a result, a growing portion of urban residents are forced to live in informal settlements that have no access to power supply, water and proper sanitations and also poses significant security risks.



The overall outlook on the economy therefore is gloomy. Investments in the country have not really increased despite of available incentives. The country's economy has not grown as forecasted earlier and investments are slow in coming. Why, we can spend the whole day debating this or the myriad of factors which underpins this situation.

But suffice to say, growth in the economy requires investments and spending. People will only invest when they are confident that the economy will grow and that their investment is safe. Consumers will spend to improve their standard of living if they are confident that the economy will sustain them through continued employment and future growth in their earnings. Unfortunately, there have been no strategies identified in the Midyear Budget Review to address the impediments and constraints on the implementation of the Budget and more so on projects in the rural areas.

Furthermore, there are a lot of funds that are locked in projects that will not be implemented this year due to time and capacity constraints. Unfortunately there is no policy and strategy to deal with these budget lockups. These are part of the Government fiscal commitments and promises and the Government is obliged to find and implement, hence a policy is needed to address this.

I will now comment on the 2015 Supplementary Appropriation Bill 2015. As you aware, this Bill has an important place in our government's financial system, as rightly outlined by the Minister for Finance. Amongst other things, the Bill is important to regularize what have been spent through the contingency and advance warrants in the 2015 Appropriation Act, and in addition appropriate further funds for government services to continue.

I am fully aware of the noble intentions of the Bill; which is to ensure that government services continue to run and to ensure that spending under the contingency and advanced warrants are properly regularized as a statutory requirement. Whilst we should appreciate the importance of these instruments in our governance system, especially as far as government financing and service provisions are concerned, we must also be mindful of the tendencies that may lead to inappropriate use or abuse of such instruments. I think the Chairman of the PAC has alluded to those tendencies.

As highlighted in the PAC report on this Bill, the question of the appropriate use of the contingency warrants has again been highlighted. As we all know, this is not the first time that the question of inappropriate use of contingency warrants has been raised. In fact, if we read PAC supplementary appropriation bills reports since 2012 or ever before that, you will see that time and time again this issue has been raised. The only answer that is continuously being given by officials to PAC was the assurance that next time they will ensure proper compliance with statutory requirements. Even with the coming into force of the new Public Finance and Management Act 2013, which carries with it a lot of hope, it has also not been able to stop the continuing misuse of contingency warrants. Frankly, what are we telling our people and our donor friends? Does this give them a good signal or message? Again we can debate this.

The continuing misuse of contingency warrants as clearly stated in the PAC report highlights the chronic problem of poor planning in our government system. Much more remains to be done to address and improve the situation and in this regard, I believe the recommendations in the PAC report on this matter will provide a way forward.

My last point on the issue of contingency warrant is this. That if need be, proper review be conducted on section 58 of the Public Finance and Management Act 2013, to ensure that the wordings of that section is not only clearer but also captures the contextual

matters that often give rise to the use of this section. Furthermore, what we are seeing in this Bill is ministries asking for additional funds to carry them through to the end of the fiscal year; a point that was also raised by the Chairman. In some instances, ministries are doing this because their submissions under this year's budget were cut by the Budget Unit. This issue of ministries' budgets being cut or reduced by the Budget Unit arbitrarily has been an ongoing one and in my view needs to be properly addressed. What I am saying is the need for effective coordination between the Budget Unit and the line ministries.

Above all, we need to ensure that there is value for money in our expenditures. We can talk about percentages of the budget being expended before the end of the year, but I guess at the end of the day what counts is the quality of expenditure in terms of the impacts and change it has brought to the lives and the standard of living of our people, especially those in the rural areas. This must continue to be the sole objectives of any appropriation bill or supplementary appropriation for that matter. With these brief remarks, I support the Bill and resume my seat.

**Hon DEREK SIKUA** (*Leader of the Independent Group*): Firstly, I would like to thank the Minister for Finance and Treasury for introducing the Bill to the House during his speech at the Second Reading of the Bill yesterday morning. I would also like to thank permanent secretaries and officials from the various government ministries for their time and effort in putting together their submissions for inclusion into the 2015 Supplementary Appropriation Bill and for appearing before the Public Accounts Committee (PAC) to defend their bids. I also thank the hardworking Chairman of the PAC and his band of very able members for scrutinising the Bill, as well as the Committee Secretariat for producing the Committee Report on time. I have been in a number of committees in the past and I know how hard it is to put together committee reports and to produce them on time to Members of Parliament so that they can have the reports ready to prepare their debates. But it is always heartening to know that our Parliament has some of the best and brightest young people that can take on this challenge.

Before I can go on to make a few comments on the PAC recommendations, I would like to make a few general observations on the Bill. We know that by its very nature and as the name suggests, a supplementary appropriation bill compared to an appropriation bill is brought to Parliament in any given financial year to appropriate monies that have been spent during that Financial Year but without appropriation through Contingency Warrants and Advance Warrants. The 2015 Supplementary Appropriation Bill 2015 (mini budget if you like) is no different as it is seeking Parliament's blessing to appropriate moneys that have been spent during this year, but without appropriation through Contingency Warrants under Section 58 and Advance Warrants as provided for under section 60 of the Public Finance & Management Act 2013, which commenced on 1<sup>st</sup> January, 2014.

We know that the object of this Bill is to authorise additional supplementary expenditure of \$195,740,131 which are authorized under the 2015 Appropriation Act 2015 for the year ending 31<sup>st</sup> December 2015. This supplementary appropriation is to supplement additional expenditure and expenditure incurred by the issue of Contingency Warrants and Advance Warrants.

Under the contingency warrants, the total expenditure being appropriated is just over \$36million itemised under various ministries. Under Advance Warrants, the amount being appropriated is just over \$20million but through donor support funding from New Zealand grants, the WTO funds and Australian grants.

Under the Contingency Warrants, I am happy to note the amount of just over \$12million being appropriated under Head 299 - Ministry of Environment, Climate Change, Disaster Management, and Meteorology. Part of this funding went to assisting the Government of Vanuatu towards Cyclone Pam emergency relief. It goes without saying that regardless of our meagre financial resources, we must help our neighbours in times of great need, and I congratulate the Government for taking that step.

In addition, the Supplementary Budget includes additional recurrent supplementary expenditures totaling more than \$138million, and I am happy to note that a bulk of the additional recurrent supplementary expenditure, more than \$46million, have gone to the Ministry of Education and Human Resources Development. This is for teacher's salaries, teachers travel and housing allowances. I understand that anything between \$25million and \$28million of this amount is for teachers travel and housing allowances and the remaining amount is to top up for the shortfall in teachers' salaries.

I want to comment further on this later, but let me add that I am also happy to note that another sizeable amount of more than \$45million has gone to the Ministry of Police, National Security and Correctional Services as the final tranche for ex-gratia payments for our Police and Correctional Services Officers who served at our border with Papua New Guinea during the Bougainville Crisis. I hear what the Chair of the Public Accounts Committee is saying but this is a long running issue and I am glad that the Government can now bring it to a successful closure.

When you come to think of it, and with the wisdom of hindsight, these very brave men of ours were faced with superior firepower in the defence of the sovereign rights of our country and people at the border with Papua New Guinea at that time. It is through divine intervention, I believe, that we did not have any casualties.

I am also happy to see that more than \$4million has gone to the National Judiciary which, amongst other things will be spent on partly offsetting benefits to our judges. I am of the view that we must treat and look after our judges well. This brings to mind the urgent need for the Prime Minister to bring a Judges Pensions Bill and of course, a Speakers Pensions Bill to Parliament as soon as possible. These two Bills should be very easy to knock up pretty quickly if we can formulate and model them on the same basis as the Governors General Pensions Act of 2007 and the Prime Ministers Pensions Act 2014. We know that some of these funds are derived from existing appropriation as variations on appropriation or what we commonly refer to as virements and I am sure we will go through the details in the Committee of Supply.

One Ministry I did not see appearing in the 2015 Supplementary Appropriation Bill 2015 is the Ministry of Culture and Tourism. Is it really true that they do not need supplementation to their 2015 Budget? I am asking this question because I am still hearing stories that some genuine FOPA contractors are still not being paid. I am told that those that set fire to some of the houses in what used to be the Cultural Village at lower Panatina and the house built over the entrance to the SINU Panatina Campus are amongst the FOPA contractors who are still waiting for payment. I remember asking a question to the then Minister for Culture and Tourism, now the Minister for Environment, my good friend the Member of Parliament for Goa/Bugotu in the 9<sup>th</sup> Parliament and he assured Parliament that there are no outstanding amounts to be paid to contractors. But I am still hearing these stories. If this is true then the minister responsible must do something about this because we cannot continue to deny our people what they rightly deserve!

Before I resume my seat, I want to comment on some of the PAC's recommendations. As you know, there are 10 recommendations and on the whole, I fully agree and subscribe to all of them. If I am still the Minister of Education and Human Resources Development, I will really welcome the PAC's Recommendations No. 10 with wide open arms. But I am a bit skeptical about that particular recommendation, and I will tell you why later.

Let me say first that I agree with the PAC on the issue of misuse of Contingency Warrants. I hear what my good friend, the Minister of Finance said in his introductory speech yesterday, but I believe that his response or explanation is simply a matter of interpretation on what Contingency Warrants are really meant for. But I congratulate my good friend for trying to defend the recommendations from the Public Accounts Committee.

I also agree with the second recommendation that the Ministry of Aviation and Communication to (Are you listening Minister for Aviation and Communication, stop sleeping) take urgent action to regain control over the Manaoba Gravel Airstrip project. To learn that the Manaoba Gravel airstrip had cost \$60million to date, \$20million more than the sealed international airstrip at Munda and is still unable to be opened and for which the Minister is still receiving claims for payment, is a very sad affair indeed. I suggest that the Government should establish a commission of inquiry into this issue and into the use of the \$60million under this project as soon as possible.

Still on communications and aviation, I agree with what the Chairman of the Public Accounts Committee is saying in relation to air services agreement and the recommendation that the Ministry give notice of the termination of the current agreement with both Fiji and Papua New Guinea. And also the recommendation to work closely with Solomon Airlines and other stakeholder ministries when preparing its negotiating strategy and when it comes up with an agreement, the ministry ensures any new strategy is based on fair reciprocity between the three parties. The three parties are founding members of the MSG and we should conduct our business in the true spirit of the MSG.

I fully support Recommendations No.4 and No.5, where the PAC recommends that the Government make the implementation of the Truth and Reconciliation Commission Report a top priority for the 10<sup>th</sup> Parliament and for the Government to present to Parliament the draft of the Federal Constitution in the next sitting of Parliament.

The PAC's recommendation that the Ministry of Infrastructure Development explores alternative means of developing a sufficiently large cadre of technical professionals, including recruiting overseas is good. Of course, the Public Accounts Committee (PAC) recommendation talks about a lot of the work on infrastructure development that is going to happen on our roads, wharves and hospitals. For our roads, what we need to do is to train road engineers after general engineering qualifications are obtained. I have discussed this when I was Minister of Education with the former Minister for Infrastructure Development. I have asked him to submit names for specific road engineering training in New Zealand. I hope the new minister, my good friend the Member for North Malaita will take that up. Knowing the conditions of our roads, not only here in Honiara but everywhere else in this country, I think we can improve them a lot better if we have specific people that have qualifications on road engineering.

On Recommendation 7, I can understand what the PAC is saying but my view is that increased funding for sufficient staffing at the NDMO maybe part of the problem to address the issue but is not necessary. What is required is to increase funding for sufficient staffing at the provincial disaster offices because they are the ones that undertake disaster impact assessments when disaster strikes - those that are in the provinces and sometimes with the

help of officers from other government ministries. I believe it is the staff of the provincial disaster offices that needs to be increased. Otherwise, the usual problem of delay in submitting assessment reports will continue to be experienced. And for us in Northeast Guadalcanal by the supplies arrive, our potatoes, cabbages and bananas have already grown back. In other words, we waited for disaster relief supplies for very long time. This happens most of the time.

I also support Recommendations 8 and 9. It is very important that the Ministry of Environment takes a more proactive role in educating riverbank dwellers on the dangers of rebuilding on flood prone zones. Maybe this mainly applies to Honiara dwellers only. Our people in the provinces know where they should be locating their villages and this comes through age-old wisdom; they know where is low and where is high. Even for those of us living in the plains where there are no hills, we know where to live. With climate change happening now, it has to go to everyone in the country, but we must ask our Honiara dwellers to take note of that particular recommendation.

The recommendation on the Ministry of Health to fully equip our hospitals and clinics with proper testing equipment and whatever else is needed is a good recommendation.

On the final recommendation, as I have said earlier, it is one I believe that if the Ministry of Education includes the full amount of fixed cost of teaching services in the annual budget cycle and discontinue the current false economy tactic of reducing funding of teachers' entitlements in its annual budget and subsequently providing them in the supplementary budget. If the ministry does that, I am sure the Government will have very little money left for anything else.

The risk of overspending of teachers' salaries, given the pressures due to increased demand from teachers to address their working conditions is always very real and very high. You may be aware that teachers' salaries in the 2015 Budget, and that is for almost 9000 teachers, is already in excess of \$340million, and this is increasing by 2% annually. That \$340million is more than the budget of some other government ministries. But for the Ministry of Education that is just for teachers' salaries. As it is, this is more than a third of the merged overall budget in 2015, which is almost, by the time this supplementary budget is added, it will total up to \$1billion the budget of the Ministry of Education, overall. By the time you add the money we are seeking to appropriate in this Supplementary Appropriation, the Ministry's budget would have gone over \$1billion.

As I have said earlier on, that recommendation is good and if I were still the Minister for Education I would really welcome the PAC's Recommendation No 10 with wide open arms. Nonetheless for the time being, it is not to be, and so thank you once again for giving me this opportunity to speak on this very important Bill. With these remarks I support the motion.

**Mr DOUGLAS ETE** (*East Honiara*): I thank the Minister for Finance and Treasury for tabling this very important 2015 Supplementary Appropriation Bill 2015. I thank the Government for tabling it and also the Public Accounts Committee for its hard work in scrutinizing this Bill.

Early this year I was not planning to speak on the budget proper when it came and so I will just share a few comments. When we passed the 2015 Appropriation Act 2015 with an inclusive of \$4.1billion, the highest the country has ever seen.

The objective of any budget is to deliver service to our people and that is why it is called the *People's Budget*. In my mind, any supplementation is just to help the budget proper of 2015, the 2015 Appropriation Act for us to deliver to our people. I think that is the objective of any budget which entails the objective of any government of the day, and that is to deliver what we are talking about. I think that is the common goal in all government budgets. At the same time, public expenditure acts as a catalyst to aggravate the economy making it become vibrant at the end of a fiscal year.

The 2015 consolidated budget is funded in three ways; one is through domestic revenue, the other is donor funding which is around \$900million this year – donor support and we also use what is called government cash reserves under flexible funding. We have used around \$500million of reserves in this budget. And we are coming to Parliament again to ask a supplementary of around \$100million to support government programs and activities this year.

Under the priority outlook of the Government, we have taken measures to include certain things. One of the things that we said we are going to do is to fund an independent commission against corruption. This is something, I think, is very important and just more than a month or two ago, the Prime Minister opened a congress on this in Honiara and assured the people of this country that the Government is going to institute this body. I really encourage the Government to support the setting up of this institution, although it is very slow this year.

The second thing is the customary land reform for which we must thank the current Deputy Speaker of Parliament and former Minister of Lands for spearheading this, and he has done a job well done. In my view, he has really put the Government in the forefront and the Government is seen to be very supportive of instituting land reform and land reform programs in our country, which is basically a good thing. Land is the primary thing that we must sort out before the Government can say it has done something. If we fail to do that, we are still not close to achieving anything. It is evolving, it is a process and I thank the Government and the Prime Minister for spearheading that.

The Waisisi and Auluta Basin are some of the priority projects that should have been done this year but these are not yet done. Tourism development in the country, I think \$19million is injected into this and was used but if this country is to curtail logging in the next two or three years, if the Government is serious about it, then it must bring to Parliament the Forestry Bill so that we can say tourism is the way to go. We have to advance that.

The relocation of the hospital is another priority project for this year and is inside the books of the government. I thank the Minister for Health and Medical Services for doing a fabulous work on this by pointing the Government and the Cabinet itself on several occasions to say that we need a green field, we must establish a new site because it is important to move out of the current site given the changes in the climate patterns at the National Referral Hospital there.

Constituency shipping is another important issue, which I understand an inclusive of \$30million to \$40million has been distributed to important constituencies in this country. The only thing that is missing from the policy when the former Minister took it to Cabinet is to get the Attorney General to make an agreement between the constituency and the Member of Parliament. It was absent from the policy and we have agreed on it. It was later on that many of us recognized that if we fail to do that, there is going to be a lot of lawsuits

against Members of Parliament or former Members of Parliament in the future. I would like the current Minister for Infrastructure Development to take note of this.

Tina hydro is moving forward, and I thank the World Bank, ADB and the Government for fostering that development.

The 2015 budget uses a fiscal expansionary policy for which the Government actually increase spending from 2014 to try and boost consumption, steady its tax system, tax must be stable, has to be moderate so that it aggregates demand. With the low oil price in the beginning of this year, there is already a change in the second and third quarter of this year. The Honiara Price Index has gone up, the consumer price index already shoots up; just go down to the market and you will see this. The price of oil has gone up again.

In terms of inflation, the Minister said they are redefining to be around 1 per cent, but in my mind it is not 1%. If we get a bread basket from the consumer price index, we will find that consumer price index excludes electricity, accommodation and transport. It is only on dietary items, which in my mind is not 1% per cent but it is around 6%. Someone did a calculation on this.

On the continued closure of Gold Ridge, I am happy that the Government is fostering an arrangement where the shares of Gold Ridge are taken over by landowners under an agreement. But the issue here is that the Mines and Minerals Act must come before Parliament to redefine how to tax all minerals whether they be ore, unprocessed gold or whatever it is, we determine their tax bases. Currently it is not, there is no legislation to do that so it is an issue, especially on the tenement areas in Rennell. Let us fix that thing. I appeal to the Government to bring that legislation to Parliament, especially the extractive industries. The 2004 Forestry Act must be revised including the Mines and Minerals Act so that taxing bauxite is properly defined. If we say 20% then 20% of what. That is in the Cabinet Paper. Many people were asking 20% of what is being taxed. Those are the things that need to happen.

The revenue capture of this country given the global economy is running down, a recessionary period in one or two years' time, the world market price on all basic commodities has gone down. The price of cocoa seems to be a bit stable; I check the price. The price of coconut has gone down and so forth. The onus is on the government to look at what strategy to advance in order to get national income out of our coconut plantations, given the fact that the largest coconut plantation in the country at Yandina has closed. The neatest thing I encourage the Government to do is to listen to the shareholders of REPEL by working with them so that the coconut plantation can be reopened and if necessary get a police presence at Yandina. The closest the Government went to addressing this issue was during the time of the government of the MP for Rendova/Tetepare but it never eventuated. We were supposed to sign an agreement with them on an amortised basis or rollout payment but unfortunately it did not happen in 2013. But that was a good approach made at that time. I always appreciate what the former prime minister, the MP for Rendova/Tetepare has done. But the fact remains that the national income of the country will fall seemingly because our development prospects have closed - Gold Ridge and Yandina have closed. And no matter how many times we make a forecast we are still going to be in deficit.

If one cares to review the state of the economy in the last 20 – 30 years, you will know that we planted around 8,000 hectares of rice in this country. Currently, we import rice for no less than \$300million each year on rice alone. I cannot understand why successive governments since 2000 have planted rice. Why have we not planted rice? The

Guadalcanal Plains is the best fertile land in the entire pacific region, except for the other plain at Lae in PNG. The Plains is just too good for oil plain. That is what they said. But why can we not do it strategically?

Cyclone Namu struck at 1986 and for 20 odd years now, there has been no cyclone hitting that place and no successive prime ministers have come to their senses to say, 'we must feed ourselves by growing rice in this country. We must grow rice in this country'. One rice farm should be for Malaita, one in Yandina, three on Guadalcanal and so forth.

I beg the Government and I beg the Minister for Foreign Affairs and External Trade to inform Parliament what you have been doing with your bilateral talks and arrangements with Indonesia, Singapore and Malaysia in terms of bilateral Agricultural Technical Agreements, which Cabinet has already mandated the Minister for Foreign Affairs to undertake in consultation with the Minister for Commerce and the Minister for Agriculture.

What I am saying here is to bolster the revenue capture of this country. There is a decline in revenue capture in the third-quarter of this year. Twenty years ago we created jobs in the fishing and oil palm industries under the coconut plantation. The Government is resurrecting the DBSI, which I am happy about, but a proper model must be created for it, otherwise the DBSI is just for financing of the rich people. Banks as they are will ask for collateral at the end of the day. The model for small financing for micro medium enterprises is absent from the current Government's policy. I want to encourage the Government to continue with it and not just stop with the DBSI but to move further. The working people cannot loan money from the banks. They cannot run to the bank to ask for money that is sitting in the banks because the banks are asking for collaterals. They cannot do that.

Other countries have deregulated the NPF, the social security scheme. They have already deregulated it in the last 20 years but we are still holding on to a compulsory pension scheme, a social security scheme in this country. Deregulate it so that the working people who cannot go to the DBSI can go to the social security schemes, like SINTA, SIPEU and so forth.

The rate of unemployment in this country today may have already reached 80 to 85 percent in the formal sector. The informal black market sector nearly involves every one of us. In my mind, the economic growth centres cannot sustain this. If you want it, just talk about townships. I believe in centralization. Let us go back and put factories in central places. If they do not want the factory to be built in Suava, then just put it closer to Auki, which has an existing port already. That was the reason why investors in Vangunu have left. The investors left because they waited for the Government's participation to build a wharf at Vangunu but the government failed to do its part in the last 20 years and so they left. You cannot export oil in a wooden canoe to Europe. Not so! I once again believe in centralization. We need to centralise Auki, centralise Kirakira and so forth so that you open an economic corridor from the factories over there.

One of the recommendations I always have with me for the Government is to reduce the RCDF to only \$2million because we have only been purchasing consumables – knives and things like that with it. It has been a lot of time now for us to boost development. If \$5million is removed from each Member of Parliament, it is already \$400million and you multiply that by 50 Members of Parliament and you build three factories in one year, which employs 300, 600 or 1,000 people, in its third year, the factory is operational and we create jobs in this country. We have just only been playing. We have not done anything different but rather have been doing the same things over and over again for the last 37 years. Why can we not strategize to bolster national income in this country by saying buy 1,000 mini



mills and give those to 1000 farmers - maybe 20 for Malaita province and another 20 for other provinces and the list goes on. Let it be known that people who wanted to pay virgin oil are ready as ever. If the Government is doing something like that, I will be very happy with it. But it seems like we have been following the same road for the past 37 years, my brothers.

I have always been very supportive of sorting out debts, and I want to thank the Minister for Finance for the Debt Service Management Framework. This country is on track with its debt payment. So far we have roughly about \$760,000million debt in both domestic and foreign. The Minister can confirm this because he has his fingers on it for which I am very happy with the Minister. In the last government we have taken the Debt Management Fund to finance our recurrent. I think this is not what is happening here. But I am posing a caution here not to use those funds to pay for recurrent costs and other charges.

I am very happy that we have paid the people who served at the border. This is because previous governments have not sat down properly to decide on a model plan of how to pay them. When the Minister brought a paper to Cabinet, I was the caretaker Prime Minister at that time, and we also did not have a substantive Attorney General at that time and so I resorted to asking the Secretary to Cabinet, who is a lawyer himself, for the legal basis of the payment. The Secretary to Cabinet said that there is virtually no legal basis for the payment of those serving at the border. But what I am happy about is that Cabinet in its right mind saw that those going to the border at that time with the kind of laws that we have, did not go down there on their own charges but they went down there on the charge of the state. It was on that basis and that basis alone that Cabinet agreed to an inclusive of \$44.6million to be paid to them on two installments. A paper was jointly brought to Cabinet by the Minister of Finance and the Minister of Police on this issue.

My concern is virtually on government policy because are we still going to pay the others. I heard the Leader of Opposition talking about the demands of those who worked during the Festival of Pacific Arts (FOPA) in 2012 and are still not being paid. The current Minister for Tourism is correct because he has a legal contract that has not been paid. Many of our own people are still not being paid for the services they provide during FOPA. These people are our wantoks and so we must pay them as well. Militants too will come and demand for rehabilitation and so we are going to pay them as well. But at the same time government policy must be stuck on a position in which the Government will say this is how this country will get foreign exchange. That is how we are going to do it. That is how we are going to fix it so that we bolster our national income inside a fiscal year. Currently, we are just doing things on ad hoc.

In terms of the PPP arrangement, there are a lot of projects; one is the Tatamba mini cannery, another mini cannery is in West Are Are, the Kilu'ufi Referral Hospital, but once when I was caretaker Prime Minister, I thought those people were doing their job, and I cautioned the Prime Minister the second time to check up those people working in those offices because many of them are not working at all. Those people must come up with good models as to how those projects will be implemented. Currently, there is no model for it, for instance, there is no model for those 5,000 houses.

When the Prime Minister was in New York, I checked the files to see any progress on the work, but there is none, there were even no exchange of notes in the files, and so I said to myself that we have been sitting on these things for the last nine months. But we have already told the people of this nation, we have already announced that this and that is going to happen but we did not have any model at all. I think model is the most important thing

to guide how repayments are done. On what basis are repayments done? If it is going to be amortised, who is going to pay for it and how are the payments going to be made? How are the people of this country going to benefit, especially in terms of the PPP in regards to the health sector – are people now going to pay for receiving health services. This must be properly defined.

There are academic debates going on into this PPP in terms of the health sector. I used to be the CEO of the National Referral for a number of years and we too have no idea on what to do. I think that someone has to come up with a model, and the government must take the front seat and say this is the kind of model we want; this is what we want for Solomon Islands. Otherwise, rhetoric will overwhelm us in our speeches. I am saying this in the spirit of a true Solomon Islander who wants to see this country developed.

Finally, those of us sitting in this Chamber must make sacrifices, sacrifices has to come out from a budget. From the thin and the thick book; thin book being the Development Budget and the thick book being the Recurrent Budget. We must make sacrifices today in order for us to move forward. Thank you indeed for the time.

**Mr MATTHEW WALE** (*Aoke/Langalanga*): I have been thinking about this supplementary budget last night and the other night as well, praying about it, and then I seriously thought about it some more and then I read the Mid-Term Budget Review Report tabled by the Minister of Finance and Treasury. I prayed and fasted about it so that my heart can be settled. This then makes me to think about some verses in the Bible, and so I would like to read some of these verses from our pidgin Bible. These verses are in Ecclesiastes. Mr Speaker, you are an elder of the South Seas Evangelical Church and so you know this chapter very well.

Ecclesiastes 1 says: *These are the words of the Philosopher, David's son, who was king in Jerusalem. <sup>2</sup>It is useless, useless, said the Philosopher. Life is useless, all useless. <sup>3</sup>You spend your life working, labouring, and what do you have to show for it? <sup>4</sup>Generations come and generations go, but the world stays just the same. <sup>5</sup>The sun still rises, and it still goes down, going wearily back to where it must start all over again. <sup>6</sup>The wind blows south, the wind blows north—round and round and back again. <sup>7</sup>Every river flows into the sea, but the sea is not yet full. The water returns to where the rivers began, and starts all over again. <sup>8</sup>Everything leads to weariness—a weariness too great for words. Our eyes can never see enough to be satisfied; our ears can never hear enough. <sup>9</sup>What has happened before will happen again. What has been done before will be done again. There is nothing new in the whole world. <sup>10</sup>“Look,” they say, “here is something new!”*

**Hon Manasseh Maelanga**: Point of order. We should not play around with the word of God in this place. I feel bad about this. I feel embarrassed as a leader. He has the right to do that but I have to stand to share my feelings. We should not play around with the word of God because it is a two edged sword. We are talking about the budget now. I am sorry to say this but I do not feel easy about this. It is like we leaders just playing around. Please, if we want to say something, just say it. Just share your concern about the budget. We all are leaders. We all know the word of God because we are all Christians. We can talk about and share the word of God. I just want to refresh my mind and tell you about my feelings and that is why I have to raise this point of order to what my brother, the Member for Aoke/Langalanga is saying. He should just come out clearly and say what he wants to say about this Supplementary Budget. Thank you and I resume my seat.

**Mr Speaker:** Please can you make your point and sit down.

**Mr Matthew Wale:** Yes, yes, Mr Speaker, my brother should not be going out. If he is here he would have heard the message. The message from the word of God is for all of us. I am not being disrespectful, I am using it deliberately, Mr Speaker. So please allow me under my privilege as a Member of Parliament to continue because my point hinges on the word of God and the word of God does have a message for this Budget and we ought to listen to it with a little bit of discernment. We should not feel bad just on its surface.

I am almost finished with this passage. <sup>11</sup>*No one remembers what has happened in the past and no one in days to come will remember what happens between now and then.* I will leave it here. I feel sorry for my brother because I offended him. But I certainly have no intention of offending anybody, and I certainly show no disrespect to the word of God. I read those verses because this budget is just a repeat of the same things all over again. All things that have come in the past and possibly everything that will come later on will be just the same things all the time.

What is there in this budget to give hope to those young children up there coming from the school, where they are going to leave schools and have no job in the economy? What is there to give hope to the unemployed people on the roads who deserve to be in paid employment but are unable to be because the economy does not produce enough jobs? What is there in this Budget to give hope to households who cannot make ends meet on a weekly basis and so they have to borrow money to meet their budget?

When I look at the Midterm Review Report tabled by the Minister for Finance, the diagnosis is very clear. It is saying that the economy is doing this and the budget performance is like this. The diagnosis is very clear but the prescription is not available. It is like going to the doctor and the doctor says you are sick, and then you say I am sick and that is why I come to you doctor so what kind of medicine will cure my sick? It is the prescription that is missing. That is where this passage in Ecclesiastes becomes very appropriate.

Inflation is low and it is not low because we had anything to do with it. It is low because of forces totally beyond our control. The cost of living is still too high for households in this country. And why is that so? We do not have any analysis to tell us the reason why the cost of living is high so that we propose policy responses to address it. If we think those things are not important for the budget, then we have missed the plot.

The cost of living must be a key fiscal policy the Minister of Finance must come and talk about in the budget. He must talk about how we are going to address the cost of living. Job and employment creation must be a standing aspect of the speech of the Minister of Finance when he moves the second reading. How is the economy performing? How is it not performing? How we it can do better? Where are we going to create jobs? This is not just for this Minister of Finance but it is for previous ones too. It is not only for this Government, it is for previous governments and that is why this chapter is appropriate. It is unfortunate but it may be the same story for future governments too. This Government raises high expectations and hopes these issues are going to be addressed.

If we go back and look at the policy pronouncements by the Prime Minister when he launched the Government's policies and then the initial statements made on the floor of the House on the main budget, it would become clearer that all the noble intentions are there and how they are all held together. We are now at the end of the first financial year of this Government, we are now at the end of one budget and we are getting no sense of direction

where this is going. There is a lot of diagnosis, there are a lot of anecdotal pronouncements, there is a lot of perhaps piecemeal announcements but I do not certainly have a sense of it; and I certainly do not have a sense of direction as to how this whole overall framework is moving together forward.

Reforms on tourism, fisheries, forestry, agriculture, mines and energy and the most critical -land reform. These are the keys to holding these things together and we must pursue them with all our might and resources. I think the Government is at the risk of being crowded out. They see the important things but are being sucked in by the routine, being sucked in by the normal day to day grind so much so that the government runs the risk of losing focus of what is very important for the mid to long term. That is why this chapter is important and must remind us. I do not know what the Member for East Malaita was upset about because he should sit down to hear what I am saying so that he thinks about it.

We have held back on PACER PLUS and free trade agreements because we have the fear that it might stifle manufacturing in our midst. There will be no manufacturing in our midst without tax reform and all the other reforms. We can only retard our development, our own growth by not going into these things. How do we attract investments that will create jobs to sustain livelihoods? Sustainable household incomes for our people to enable them make ends meet. It is paying reasonable wage so that they do not borrow money. I think it is all these things that are missing. I read the reports and look at the budget and think that we are back to the usual. Everything that happened last time will happen again this time and will happen again in the future. We are missing God given opportunities.

I would like to go into the PAC report and would like to make a very small point to the Minister for Finance and Treasury. When he responded during the PAC inquiry, but because the media stated as if I had made the statement on committee, I appreciate the Minister's response on the use of Contingency Warrants (CW). Essentially, the point of the Minister is that the Constitution and the Public Finance & Management Act allows for expenditure that is unforeseen at the time when the budget was provided, it is eligible expenditure for the use of CW. And so he cited the MSG and the South Pacific Games as examples. But my point really was, for example, the entitlements or dues of officers working at the border, the full amount was known at the start when the claim was made. The Government agreed with the full amount right at the start but that full amount was never taken up in the budget.

The use of the Budget to manage cash flow and the expenditures of government is what I raised. And so our budgeting process is still not robust enough. Again, this is not an issue for this Finance Minister or this Government at all but these are continuing challenges. And it is probably not issues that the Minister made decisions on either. They are probably issues that decisions were made at officials' levels in the Budget Unit. I am raising it because it is a continuing challenge and I know the commitment the Minister has made to continue reforms and strengthen budgeting mechanisms so that it is narrowed down and hopefully, finally someday eliminate it.

The report also touched on the submarine cable. This submarine cable, as mentioned in previous discussions and during question times, the two options seem to come down to two arguments. On one side, it is a commercial argument and this is on the Melanesia Cable. For \$USD10million, the cable will land in Noro, Honiara and Auki. On the other hand, the option for SOCC is far more than that, possibly figure are ranged but possibly close to US\$100million and it is not clear whether that is for a new or a refurbished cable, which only lasts no more than 15 years.

The argument for the SOCC option seems to be sovereignty. Our experiences with Fiji and PNG in the air services agreement is not a good one, they are really squeezing us very unfairly. We all agree with that. And so by implication, therefore, we must have control over our own cable and therefore the SOCC option gives us sovereign control. We must unpack this. What is sovereign control over this submarine cable? How do we exercise sovereign control over this cable, a cable that will be privately owned by SOCC, which is owned by Telekom, a player in the sector and NPF, which a majority owns Telekom anyway? Whether we go with SOCC, the Melanesian cable is going to come and land anyway. Since it is cheaper, the rate is probably wholesale and is going to be cheaper and will also undermine the SOCC cable option.

What really is holding this thing down? Let us have a rational discussion about this. We want a cable, a brand new cable, we want it at the most efficient rate, not necessarily the cheapest but the most reasonable rate so that it lifts information infrastructure of this country. But a decision is being delayed because there is not a rational debate so that we come to a constructive conclusion of it and this thing gets postponed. So it comes in on one budget and goes on and on.

The government borrows and government on lends to SOCC for the cable. Why can the Government not own SOCC a hundred percent under ICSI if it wishes to exercise sovereign control? All those questions can only be answered in a constructive rational debate around that option and it is a debate that must be had.

In regards to the air services agreements, when the Fiji Airways cancelled its flight to Solomon Islands, our diving tourism sector connection from Los Angeles-Nadi-Honiara was greatly affected. It really affected us big time, and more specifically affected quite a bit the Western Province. And so it is in our interest to continue with the air services. As pointed out already by previous speakers, which I am sure the Minister for Aviation is working hard on, is the need to insist on the reciprocity in future agreements. That must be the key for future agreements. There must not be a future for the existing arrangement, which means we must now explore the legal mechanisms to issue notice to terminate current agreements. Under the appropriate clauses but issue notice that we want to terminate this agreement so that it invokes the process for a discussion around what could be the terms of a new agreement.

Under the previous government or previous house, our air services agreement with Fiji was in bad terms but our air services with PNG too is no better. When our air services agreement with Fiji breaks down last time, the ministries involved, for instance, the Ministry of Foreign Affairs and the Ministry of Communication and Aviation dealt with aviation in Fiji and their Attorney General seems to play a really strong and decisive hand on the issue. I think this matter of civil aviation and our interest to advance it on fair equitable basis and reciprocal basis ought now to be at the MSG leaders' level. It must be taken out of the hands of ministers and put it before the leaders' level. It is so important to us that we should not continue to vacillate or prevaricate on it. Those are the things I want to say on air service agreements.

With regards to the disaster relief, I want to say that we need to build the NDMO. Let us really invest in its capacity at the proactive start right to its responsiveness and its administrative capacity to be able to report and be accountable for resources it will receive. As the Minister said earlier on, there needs to be now an investment in a standing disaster fund and our role as Members of Parliament in disasters must not be to handle the resources. We ought to have some kind of a role because our people are affected and we

need to know and perhaps be part of the discussions and help and so forth, but to channel disaster funds through us as Members of Parliament for constituencies may be necessitated by a lack of capacity. At present, the responsiveness of NDMO is retarded but we must invest in that capacity so that this situation does not continue.

When the Ministry of Environment came before the Public Accounts Committee, the Committee raised a point that was absent not only in the supplementary submissions but also in the main budget and is absent all along in earlier budgets brought to the House so far. The Under Secretary who was acting Permanent Secretary confirmed that sea level rise in our region is higher than the global average, perhaps due to the fact that we are in the warmer part of the globe. There is no doubt in the scientific fact that sea level rise is here and it will increase in centimeters, yet there is absolutely no reflection of it. It is like we continue to talk about it but we ourselves are not taking ourselves seriously. It is like we are waiting for people overseas to provide for us, groups such as the green fund, global fund or adaptation fund or whatever other funds set up under these climate protocols that do not really work at all; the big countries are just lying to us about.

We need to take ourselves seriously. Why there is absolutely nothing in the budget? There is \$2.1million provided for scoping, but for how long are we going to scope? I will leave that there, but we must do something about this because it is a real threat, it is with us and we may run out of time to respond comprehensively with a little bit of forward thinking and planning.

Those are the few points I want to raise and I so want to reiterate the reason why the word of God is relevant for us to listen to when we debate about these things. Thank you.

**Hon MANASSEH SOGAVARE** (*Prime Minister*): I want to join those who have already contributed to the debate on the motion moved by the Minister for Finance for the Bill to be read the second time. I also joined the others who acknowledged the report by the Public Accounts Committee (PAC). The Government welcomes all the recommendations made by the Committee. Apart from a few new current issues the Government needs to address, when it comes to recommendations for the Government to look at the proper management of the Budget and the financial system of the Government, it is not a new thing. It is something that almost all the houses that I joined; I am now a member of the 5<sup>th</sup> house, and since I joined Parliament we continue to raise the same issues. And it is very interesting how we relate to those issues. When we are on that side we become champions of good governance, accountability and many other good things we have been saying in here.

One of my observations is that when we are on that side everything this side is doing is all wrong. They are not new things and so the government fully welcomes the recommendations that were made. The fact is that these issues are raised every time a Supplementary Appropriation Bill is moved in the House. Those issues are important for us to continue remind ourselves about. Issues like we need to properly cost out the budget, the cost to fund the various cost centres to be properly reflected in the budget is indeed very true is not an easy task.

We just had a report made by an accounting firm on the true cost of running some services and it started off with the Ministry of Police, National Security and Correctional Services. It is a report on the true cost of delivering police service in this country. That report is now ready and is pegged at different levels. If it is pegged low then service will be affected. If it is pegged very high, it will affect our affordability. If it is pegged at some level they think is sustainable, police service will be sustainable and allows for improvement of

that service as the economy grows and generates more revenue to sustain that growth. We would like to extend that as well to the cost of education and health services; the three essential services that the government must deliver either on its own or delivers it with other important service providers. It can either partner with churches and the private sector in running these very important services. Of course, with police, it cannot be provided by any other service provider except for private security services that contribute to law and order in the society. That kind of cost analysis has to be done by starting off with those three very important services. We probably need to bring that report to Parliament; the report on the true cost of police service is ready and Cabinet will look into it. This report will be good information for Parliament and it will probably arouse very good debate on the effective delivery of services. Like I said we would like to extend it to the other two very important services, and then we will see. I think these three important services would almost take up more than half of the budget and so it is important we get those three essential services correct in terms of their costs so that we are guided by expert professional advice on the true cost of providing those services.

The Government has nothing to debate against the recommendations made by the Public Accounts Committee except that during the Committee of the Whole House, responsible ministers will be responding specifically to questions that are raised and so the House is encouraged to direct questions to responsible ministers so that we can have a lively debate on the specific issues raised.

We acknowledge the point raised about the state of the economy and how we manage the economy. That is a challenge. We appreciate that this is an open economy and we are price takers. We do not dictate anything in the world. We take price as dictated to us by major countries in the world, and so if they are down, we are affected. It is the Central Bank and the Minister of Finance and Treasury as the manager of the economy working together on how to cushion the effects of what is happening in other parts of the world.

We take the point that we have natural strengths in this country and the strength of this country lies on our resources – our lands, fish, trees, minerals and the beautiful sites we have around this country. Thank you for reminding us as well in this House that there are specific sectoral ministries in charge of these areas. This Government is just going nine months old in terms of really implementing its programs and so the big, big things you are telling us today are being addressed. Land reform is going strong. And we thank the former Minister for Lands for driving this reform initially and the new minister will continue on from where the former left by still using the contribution of the former minister.

We are also seriously addressing corruption. Those things are being done. And so when you are telling us about those things, I can say that those are the things we are doing. That is why I question what those people are talking about. Maybe it is not fast or something like that but we only implement this budget starting in July; that is when we really started. We appreciate there are some hiccups to our land reform program and so I have shifted that responsibility to the Ministry of Lands so that it has total control over it so that the Prime Minister's Office and the Ministry of Lands do not clash over how to drive the reform. We are now giving a full freehand to the Minister for Lands to drive that development because it is a very important reform program of this country. We believe we are going to achieve that program, and so we have achieved almost more than half of the problem of this country in terms of allowing investment into this country.

A new legislation on corruption is on its way and should come in next year. The real issue about this term 'corruption' is that we ourselves, these 50 Members of Parliament

really need to understand it and agree that we want it. We have to agree that this is the framework we have to follow to address the issue of corruption because it reaches out. So let us be prepared when this bill or whatever discussions are brought to this Parliament on that matter; let us be ready and take it.

We note the point raised about the federal system. Work is in progress on the federal system. Again, it boils down to the 50 Members of Parliament to seriously look into it. The consultation team of the government is going around all the provinces and when we hear the grassroots people, the people right at the provincial level, those at the grassroots level, every one of them says 'it is all set, let us go' then we will. We are hearing that kind of message coming in from our people when the consultations team visited them. This consultation team has gone around all the provinces and is going to have one session with the full government bench on that matter before we chart out how we will progress. One line of thinking suggested is to move on now to amend section 61 of the Constitution so that Members of Parliament let go of our right to discuss over that matter and to make a decision on it. When we amend Section 61, we will be part of a big decision making body, the 50 Members of Parliament will be part of another 150 people who will sit down to talk about how to driving this. That is one way of doing it. There are other ways the team is looking at but, of course, will be brought to the attention of Cabinet and Caucus. So work is progressing very well on the federal system. In fact, it is one of the programs that is really moving very fast.

On forestry, the Cabinet has just approved a taskforce to seriously look at reviewing the current legislation with the view of coming up with a new legislation addressing issues like agroforestry. Agroforestry is just basically illegal logging according to advice from the Chambers. Unless that is sorted out clearly, people undertaking that activity do not have the right to export logs. It is something the Government must cease before it is exported.

The intention of agroforestry is very good; it is to clear the forest for the purpose of planting cocoa, coconut and things like that. That is the thinking behind it, but that is not how it works, it is just basically logging. The major incentive of agroforestry is just logging where acres and acres of trees were felled for logging and nothing planted on the areas cleared. So we really need to think seriously about it. The law is good.

On the Tina hydro, we thank landowners; we have just had a meeting yesterday with them where there is common understanding on the compensation that is to be paid. Talks are still continuing because there are different valuations. There are three valuation reports coming out, two by the Ministry of Lands. There are inputs by technical experts on their view of the valuations and so it is matter for the Government now sitting down with the landowners and talking with them on how to arrive at the evaluations so that it can be finalized.

This is one framework which I think needs to be repeated on every major infrastructure projects like the Tina Hydro. The way the Tina hydro project team designed the framework is going to benefit landowners as it addresses the very issues that landowners are usually concerned about when it comes to major developments happening on their land. If that kind of framework is repeated on other developments as well, I think it will address a lot of questions and issues our landowners have.

Shipping was also raised and it is good to hear Parliament acknowledging the fact that it will address it. There are many ways of delivering ships; private sector delivers, the government delivers, the constituency delivers and so forth but we need to come up with a framework and a policy on that already came before Cabinet and was approved. The point



raised by the Member for East Honiara is important and we take note of that – to be really clear about who owns the ships. Right now, those who are getting the grants are establishing constituency companies because they own the ships on behalf of the constituencies so that when MPs finish their term, the ships remain and not carried away with MPs. I acknowledge the point by the Member for North West Choiseul because the ship he ordered almost arrives, a company has been set up and we are quite happy with that arrangement because the ship is going to serve north west and also north east as well transporting copra and other goods so we will use that service. There are proper arrangements going on now so that ownership is transparent and benefit goes to the constituencies.

There are Cabinet taskforces established to address specific policy areas like the revival of the RIPEL, the DBSI and CEMA. It is very interesting because you have to go over a lot of hurdles, and RIPEL is really a complicated one. It really needs to be addressed physically step by step, removing one leaf at a time because if you are going to open all the leaves together at the same time, there is going to be big problems. There are things that further compounds the complications that are there already and so the sub-taskforce on that needs to brief the Government on the way forward on that.

We take the point that there is probably the need for more effective monitoring in the Office of the Prime Minister in terms of the implementation of programs. We realized that and lately there was a big review going on now, especially on projects earmarked for Malaita and Guadalcanal. We have talked with the Malaita provincial executives which came to meet with us to discuss how we can properly utilize the coordinating role and the manpower that are supposed to do that are all under the Prime Minister's Office. Two provinces have already appointed two project coordinating officers. We might need to beef up those two whereby an office is stationed in Auki in Malaita so that the government directly works with the office in Auki to implement projects on Malaita.

Those things when brought up here are things already in our mind and things we are implementing, and so I do not have any problems with them, except to say that we are doing them. As I have said, it is not a matter that we take up as a debate and defend ourselves.

It is good to hear from those that have spoken so far from that side of the House supporting the Supplementary Appropriation Bill. I think that is the right thing to do. This Bill is not about this government but it is about services. We note the statement made by the Member for East Honiara that it is not only about being short of funds to deliver, for example, the Auki road so we need extra funds, the provisions and instruments in the Public Financial Management Act also allows for new funds to come in that needs to be brought in by way of supplementary appropriation funded by donors – the Advance Warrants and Contingency Warrants. Those instruments are available to the Government to take on and do them on behalf of the people of the country.

This is not going to end; we are going to talk about this thing forever. As long as Parliament exists and as long as this provision is provided for in the Public Financial Management Act, it will continue to be an issue that will continue to be debated and be every time a supplementary appropriation is brought or every time an appropriation budget is brought to Parliament.

The same is with the state of the economy and how we drive this economy forward. The Standing Orders allow that to happen. Debate on the Appropriation Act in the Second Reading is about big stories, it is about big things, it is about where we are going and how

we are driving things. We encourage that and the Standing Orders allow for it and so let us have it, let us have lively debates on this.

I take the point made by my Deputy on the way in which the Member for Aoke/Langalanga presented himself by trying to make a point on the floor of this Parliament. I think the Deputy has a point and the Member for Aoke/Langalanga too has a point and I do not know who else has a point. I take it that the Member for Aoke/Langalanga wanted us to draw some lessons out of what he was reading from the Bible. Well, we can draw a lot of lessons from that.

I came into Parliament in 1997 and that same year the country collapsed and I had to take over from the late Member of Parliament for Aoke/Langalanga as the Prime Minister of this country. At that time I had to address serious issues affecting our country. Since I entered Parliament it was all about addressing problems until today and the number of changes in governments until today is something that we really need to grow out of.

We might probably face these things again in the future because our governments do not continue or last. Once a government is formed, it is not long and is taken down. I think we really need to seriously think about that on behalf of the people we serve in this country. Is it the right thing to do just for the sake of putting down a government? I thank the Leader of Opposition for withdrawing the motion of no confidence. I am at a loss too trying to understand the reasons for wanting to move the motion of no confidence.

And my dear brothers who have moved to the other side, I am open so come, sit down and discuss with me on issues if you really care about this country so that we stop talking about those issues. Since 1997 we have been addressing things like that; governments came in just half way and then fall down and it continues to be like that, and this 10<sup>th</sup> Parliament is not an exception. After the motion was withdrawn, attempts are still going on to put the government down. Ministers are receiving texts - "you have to come over now". Where is our heart? What is happening to us? I know those people who are texting, and attempt to text in the finances too. "In three weeks' time everything will be over". Over for what? We need to grow up. And these are the same old people since 2007 that continue to do this. They come to this Parliament, stand up and say 'why are these things not happening'. Well, ask yourselves. We can stand here and become champions of delivery of services and things like that, but look at yourself, it is you that is creating the problem. Let us take responsibility, let us grow up and be mature politicians.

This post is not my father's post, this post I am sitting down on but it is a post given to me by my colleagues voted in by this Parliament. I was trying to figure out what I have done wrong so that some people continue to want to remove me from this post. Ministers are continuing to receive texts to move to the other side of the House. My what! Let us grow up so that we stop from having this kind of debate we are doing this time. I would like to really remind us of this.

It is nice very to hear my friends who have gone across to the other side become champions of good governance and talked very nicely because they were once part of a cabinet that discussed these things and so they just reflect those things discussed during cabinet meetings in Parliament.

Sorry I am taking up time here but I just want to remind us that if we really have heart for this country, stop those petty politics, politics that are driven by self-ambitions. We can go into details to talk about these things but discussions are not to that extent and so I will just keep it to myself.

What we are doing is an open book. People are praying in this country; Christians are praying hard, they want consistency, they want the Government to continue to deliver. This Government is just nine months old in actual delivery of services, implementing the 2015 Budget and so the things you are raising are being continued to be addressed.

This is very interesting because people actually received texts – ‘where are you now, what is your price, just tell us and we will give you and you come over’. Remember Vanuatu, 14 Members of Parliament of Vanuatu have been jailed at this very moment for bribing people to overthrow the government. And so this is not right. And this is including the Deputy Prime Minister; they will all be serving four years in jail. We have text messages recorded from people actually saying ‘name your price and we will pay’. And this is for no good reasons but to put down the government. That is why we will continue to have this kind of debate because governments are continued to be replaced from time to time, and then we become champions of good governance and management of the economy when we are on the other side of the House.

I thank the House for supporting this Supplementary Appropriation Bill as it is about delivering services to our people; the more than 5,000 villages throughout this country with more than 600,000 people. What is there for the children? There is something there for them too. What kind of policy is there for the children, implement it. If you had remained with us we would have probably implemented it already. But you ran away and so we have to make do with those who are here with us to implement it. Our colleagues who are here with us, we are committed, we are devoted to deliver to our people. Like the former Minister for Forests who used to be on this side said ‘we will deliver’. His very words were ‘we will deliver’. I want to reiterate once again so stop texting the Ministers. This nation, hear this, and I can name people who have texted Ministers and approaching some financiers. They said “I think you probably did not want to support ‘ or “It will be over in three weeks’ time so do not talk to this and that person”. They continue to say ‘name your price and we will pay’. Is it because of money? That is what we have been putting down the government for. And so it is starting to get at them; nails must be on those chairs now and so you will see them not sitting down properly.

I think I have to stop here before I talk all over the place. If I have a Bible I think I am going to read it too and probably read an entire chapter from the book which the Member for Aoke/Langalanga has read. This is not the first time that the Member for Aoke/Langalanga read the Bible in here. And I hope he knows what he is reading.

With that I fully support the Supplementary Appropriation Budget because I am on the Government’s side. I also thank the Leader of Opposition, the Leader of the Independent Group and the Chairman of the Public Accounts for supporting this supplementary on behalf of the people of this country that we stand up in here and talk about their welfare. I support this Supplementary Appropriation budget and I resume my seat.

**Hon SNYDER RINI** (*Minister for Finance and Treasury*): I would like to thank the Chairman and members of the Public Accounts Committee for going through the Bill and came up a good report with recommendations. I also want to thank the Leader of Opposition, the Leader of the Independent Group and also Members on the other side for their support of this supplementary bill. It is also good that the Member for Aoke/Langalanga read those Bible verses as a reminder to all of us.

This Bill is just a simple bill which talks about three main things. The first thing is for Parliament to regularise \$36,995,786.00 for contingency warrants. That is the amount paid out of the contingency warrants. The second thing is for us to regularise \$20,991,159.00 for advance warrants. The third thing is for us to approve an appropriation of \$138,453,186.00 for additional spending. This is what this Bill is about, a very simple bill.

When the PAC deliberated on this Bill, it deliberated on a lot of things which have nothing to do with the Bill. I am surprised that they even talked about the Air Services Agreement which is not in this Bill. They even talked about the undersea cable which is also not in this Bill. They also talked about the Commission Report which is also not in this Bill. No wonder why they wasted a week because they talked about things that are outside of this Bill. I was expecting them to have completed the report yesterday or before the end of the week but they spent their time talking about the Air Services Agreement, the undersea cable and the Commission's Report.

I have already explained about the use of the contingency warrant, but they raised it again in their debate. As I have said, it is covered under section 102(3) of the *Constitution* and also section 58 of the *Public Financial and Management Act 2013*, which I have already explained yesterday. Yet they came out in their debate raising the same issues again. Like what I have said about the Pacific Games, the event is foreseen but the cost is unforeseen. The final costing came and Cabinet approved the additional \$2.7million for contingents to the Pacific Games.

In regards to the payment to former Police and Correctional Service Officers posted at the border, the costing for this was not finalized when the 2015 Budget was formulated, and that is why a part of it was paid through contingency warrants and another part of it will become other additional expenditures.

The point raised by the Chairman of the Public Accounts Committee on the implementation rate is important. The implementation rate of the development budget comes after July. The Appropriation Bill was passed on the 24<sup>th</sup> of April and under the new Financial Management Act, it takes about six weeks for all the ministries to submit a work plan to the Ministry of Rural Development before any funds can be released for any development. That is what happened; it takes more than six weeks for the ministries to put their work programs to the Ministry of Development for them to agree before implementation starts.

A lot of people also criticize the implementation of projects and programs by the Ministry of Infrastructure Development. The process again does take time because after scoping of projects retendering is another process and so it certainly does take time. That is the reason why implementation by the Ministry of Infrastructure Development is not fast. But next year we will be implementing the budget much early because it will be delivered this year and implementation will start on January or February next year.

One thing we need to understand when we talk about supplementary is where is the extra money for these. Parliament only appropriates expenditures and not revenue. Therefore, even though there is revenue in the government accounts, they cannot be used until they are appropriated in the expenditure, and that is what we are doing. I want to assure this House that we have enough funds to implement this supplementary. As you can see in the Midyear Budget report, government surplus government is almost \$300million. By the end of this year, government will make a surplus. I am pleased to announce here that a lot of people criticize this government when we use our reserves. But I want to clarify to

this House that these reserves will not be used this year as there are enough cash to fund our projects. That is why I am going to put in again that amount in next year's budget.

On the economic growth, only a small percent went down when it was revised this year from 3.5% to 3¼% and so only ¼ percent is reduced. As I mentioned in my speech, our revenues are in line with the budget. By the end of this year you will see us going over our revenue estimates. We are even slowing down on expenditures. I have rejected a lot of virements because I see them as not proper and not essential and that helps the Government in control of the cash flow.

Another point raised by the Chairman of PAC is the road improvement program. This program will continue on next year and we have informed the World Bank to not only concentrate this program in Honiara but to extend it also to the rural areas because it also creates problem here at the urban centre. When people in the rural areas heard about this program going on here in Honiara, they all wanted to come to Honiara and so we have informed the World Bank that in its next funding, it must fund projects in the rural areas so that people do not come to Honiara but stay in the rural areas and work on the projects. That is on the road improvement program.

On national disaster, I am surprised to hear the Committee saying there is not enough appropriation there. We have approved a CW of \$17million where about \$3million goes to Members of Parliament and \$14million remained under national disaster subhead. However, national disaster did not even use up that amount because \$4million is still left of that appropriation. That amount is still there but they said that is not enough. I have to ring the Financial Controller because 10 Members of Parliament who are entitled to \$100,000 each for their constituencies are still to receive this funding and so they came to see me and I have to ring the FC and I was told that there are not enough funds. I told them to check their subheads because according to the budget, this \$4million is still there under that subhead. The ministry does not even raise payment voucher up to date at the Treasury. They keep on blaming the government but I think it is the officers too sometimes that failed to properly check their records and therefore delay the implementation of government programs.

On policy issues, I think the Prime Minister has covered this very well and so I am not going to delve into this. But one of the projects which the Member for Aoke/Langalanga mentioned is the SOCC. As I have mentioned in the past, this cable is very, very expensive and so the Government is still looking into which option to take; a cheap option that will still provide the service. The cable that the government is thinking about is a used cable pulled out from Guam to Manila which is only 13 years old because it was thought to be uneconomical. That was what was recommended.

A closer look at this cable will enable us to see the cost and beneficiaries. There was a report made about communications which indicates that about less than 3 percent of the population is going to use that cable. What about the other 85 percent of people living in the rural areas? Are we going to spend \$110million for a cable that will only serve less than 3percent of our population? Or are we going to use that \$100million to develop the rural areas, which is what the Government is trying to do?

Just look at our domestic network; there is hardly any improvement to it. Even in Honiara itself, the reception is very poor when making a call. We can still make phone calls to US, Europe, UK, Japan and so forth so why do we need SOCC? What is the urgency of SOC? We should improve our domestic communication system. I think that is important because it will cover 85percent of our population. You were saying that it is for economic

purposes and for the business houses but they are very few. That would be just less than 10,000 people that will be using this facility for which a huge amount of money is spent on.

As I have said, sovereign guarantee is true as stated by the Member for East Honiara; more than \$700million is in our debt servicing at this time and so if SOCC comes in, Tina Hydro comes in, Fiu Hydro comes and the loan for the USP Campus comes, it will be more than USD\$200million in sovereign guarantee and sovereign guarantees are counted as debts to a country. I think that will be too much. This is why the Government is looking at which option is the cheapest and will not use much of sovereign guarantee. If those are used up, where else will the Government get a loan to build its infrastructures? It will not be possible because everything is used up. That is what the Government is foreseeing. It is not saying we should not get an undersea cable. We agreed with it but we are looking at the cheapest option of getting the undersea cable.

The other thing I would like to clarify here is the growth of the economy. It is now in our policy. We have reforms and these two reforms are parallel reforms called the fundamental reforms and the sectoral reforms. The sectoral reform is where the Government is trying to increase economic activities; reform in tourism, reform in forestry, reform in mines, reform in agriculture and so forth. And as the Prime Minister stated these are coming.

If both sides of the House want these reforms and want the economy to grow, then please, let us work together and stop trying to bring down the government but let us just work together. We, the 50 Members of Parliament are the Government and so we must work together. The budget belongs to all of us and not only for the Government. Even this supplementary bill now in discussion is also a supplementary for our people. We talk about people at home as not meeting their ends and so forth but I want to tell you that our people living at home grow their own foods, build their own houses and are living a happy life. It is only those of us in town that we are talking about here because we need to rent houses or pay loans to build houses. Our people at home build their own houses, build their own canoes, they grow their own gardens and these are the people that we should be looking after. That is why this Government allocated a very big budget for rural development. This Government increased it by 100 percent and even next year it will continue to increase as they are the people we should be looking after. These are people that own the resources. Those of us living in town are just using up our people's money; they are the ones making money for us. And so it is about time this government or any government should put back these resources to the rural areas to help them further grow the economy and also help their livelihood.

I want to thank the Prime Minister for clarifying a lot of points on policies to our good friends on the other side of the House. I just want to reiterate my speech about the use of Contingency Warrants, the Advance Warrant and the additional expenditures. With these few remarks, I beg to move.

*The 2015 Supplementary Appropriation Bill 2015 read a second time and passed*

*The House adjourned at 1.05pm*