

## WEDNESDAY 9 NOVEMBER 2015

The Deputy Speaker, Hon Andrew Manepora'a took the Chair at 1.18pm.

Prayers.

### ATTENDANCE

All were present with the exception of the Deputy Prime Minister/Minister for Home Affairs and the Ministers for Fisheries & Marine Resources; Environment, Conservation, Disaster Management, Climate Change and Meteorology; Rural Development and the Members for Fataleka; North West Guadalcanal; Central Makira; West Makira; Savo/Russells; West New Georgia/Vonavona and West Kwaio.

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

- Report on the 2016 Appropriation Bill 2015 (*National Parliament Paper No.22*)

### **BILLS**

#### Bills – Second Reading

The 2016 Appropriation Bill 2015

**Mr Speaker:** Honourable Members, debate on the 2016 Appropriation Bill 2015 commences today, I would like to remind Honourable members that according to Standing Order 61.2; a maximum of 4 days including today is allowed for the Second Reading Debate. However, whether we use up all allocated days depends on Members. When no further Member rises to speak on the Bill, the Chair will call on the Honourable Minister for Finance and Treasury to conclude the debate before the question is put. The floor is now open for debate.

*Second reading debate commences*

**Hon JEREMIAH MANELE** (*Leader of Opposition*): I was going to speak after the Chairman of the Public Accounts Committee, but since he is not here, I thank you for allowing me to take the lead.

I rise to contribute to the debate on the 2016 Appropriation Bill 2015. At the outset, let me first of all on behalf of the Parliamentary Opposition and my Constituency of Hograno/Kia/Havulei sincerely thank the hardworking Minister for Finance and Treasury, the staffs and all those who have worked hard in putting this Budget together. I also thank the Minister for his Budget Speech delivered to this House on Thursday 3<sup>rd</sup> last week, under the theme 'Enhancing Economic Growth and Service Delivery for Sustainable Economic Development'.

I also commend the Chairman and the members of the Public Accounts Committee for the Committee's Report on the scrutiny of the 2016 Budget. I agree with the observations, issues

raised and the recommendations outlined in the Committee's report. I also believe that the report is self-explanatory, so I will not dwell in detail on issues covered in the report.

Before going on further with my debate on the Budget, I would like to start by asking the following generic questions:

1. Why are we sitting here in this chamber debating this money bill?
2. What right have we got to do this exercise?
3. Where do we get that mandate from?

These are very generic questions that we the honourable Members sitting in this Chamber need to ask or remind ourselves. These questions are simple you might like to think, but let me remind us of an important element of our government system.

As we know, in political philosophy, the phrase '*consent of the government*' refers to the idea that a government's legitimacy and moral right to use state power is only justified and legal when consented to by the people or society over which that political power is exercised. Today in Solomon Islands, we, the 50 Members of this Parliament are the living examples of this phrase and by virtue of the underlying principles that are captured in this phrase, we are obligated under our laws to do this exercise, which is to collect, allocate and manage the financial resources of this country for the people of our nation. I would like to say this just to remind us of that important connection.

The huge and record \$4.3billion 2016 Budget as stated by the Minister in his Budget Speech represents the DCC Government's efforts towards implementing its policies and programs contained in the various government policy documents and programs. Most of these initiatives have not been implemented in 2015 or are yet to be implemented. It is also important to note that most of the projects and programs in the 2016 Development Estimates are ongoing national projects initiated by previous governments.

The budget as outlined by the Minister was prepared within the context of a macroeconomic outlook of 3.5 percent economic growth for next year and that this growth is driven mainly by the continued sharp fall in oil prices, strong growth in services, construction, agricultural and manufacturing sectors, inland and custom revenue as well as an increase in non-tax revenue. The budget, as the Minister has articulated, will also be funded by our cash reserves or external budget support from our development partners.

Like the rest of the country, I welcome and support the budget as mandated by Constitution. The Parliamentary Opposition will continue to play its role in ensuring that the Government is put on notice for its actions or inactions in delivering against the 2016 Budget. This is one of the fundamental pillars in our democracy and must be respected by the Government and the people of Solomon Islands. On this note, I would like to encourage the Government to take an open mind approach and if need be consider some of the important issues and recommendations covered in the Committee's Report or suggested or put forward by this side of the House during the course of this debate. I believe this is a healthier way in addressing the issues facing our country and an approach that is contextual to Solomon Islands decision making, which we all know is more on consensus rather than on confrontation.

Let me make some observations on the 2016 Budget. This budget like other budgets has gone through the normal sequence of activities before coming to Parliament. However, in

almost all cases, the sequence of activities rarely involves and includes other important actors in the society.

It has been the tradition that Government budgets are often manufactured by officials behind closed doors with very little or no involvement from other important stakeholders. Time and time again, the Government who often talked so much about consultation and inclusiveness has not been able to reach out to other important partners, provincial governments, churches, NGOs and private sector and our rural areas when it comes to budgeting. I believe if we are serious about fundamental reforms, this I think is one of the areas that we need to look at with the view to building institutional arrangements to allow views from other important stakeholders and beneficiaries on the formulation of the budget.

The participation of important stakeholders in the budget process is important in achieving the Government's primary objective of broad based economic development; a point articulated by the Minister in his speech. The Minister also stressed in his speech that the 2016 Budget is balanced, credible, responsible and sustainable. These are important and powerful catchwords used in any budget speech that are highly debateable. I guess every budget must be responsible because we have to deliver services to our people and grow the economy, and if we achieve this it contributes to the credibility of the budget. But the credibility of the budget also depends on its effective implementation and the outcomes we achieve. In addition, yes, the 2016 Budget maybe balance and sustainable due to the various funding sources outlined by the Minister, but in reality it may not be due to unexpected external shocks and natural disasters that could impact on resources. It may not also be sustainable when external budget support is withdrawn or reused because the government or a ministry concerned fail to meet jointly agreed targets and benchmarks.

I share the views as I have said, outlined in the report of the Public Accounts Committee, especially in terms of the delays by the Government in putting together the 2016 budget documents and bring them to Parliament for the Committee's consideration. For example, the 2016 Manpower Establishment which is part and partial of the Budget was only made available during the second to the last day of the Committee's hearings. This is simply unacceptable, as the payroll takes up more than half of the recurrent budget. Let us not forget that there must be a link between the manpower establishment, the recurrent budget and development budget.

The other general observation and common feature of the 2016 Budget like previous budget is that it is littered with so many priority projects. I am not saying that this is bad but we need to prioritise among our priorities and focus on a few big and transformational projects at any given time if we are to produce the intended impacts. In other words, we continue to spread our limited resources so thinly across many projects. We must focus on the strategic and economically viable projects and programs, especially those where land is no longer an issue. If we are to achieve change and create economic growth, budget reforms must be comprehensive, they must be robust and, of course, they must be strategic. In this connection, the Parliamentary Opposition welcomes the Government's intention to establish a new budget expenditure committee to be headed by the Permanent Secretary of the Ministry of Finance and Treasury with membership from the central agencies to ensure that government strategies and priorities are adequately reflected in the National Budget.

As the Minister rightly stressed in his speech, the budget is only as good if it is implemented. I fully subscribe to that view. This will not only require properly costed proposals but also the capacity of line ministries to implement the budget, hence the important

link, as I have just mentioned, between the recurrent budget, the development budget and the manpower establishment.

Going forward, this budget obviously is the largest so far. Like the 2015 Budget, it promised to deliver against major government reforms under the fundamental reforms and sectoral reform programs and that the level of funding in this budget for the reform programs is similar to that of the 2015 budget. The Minister has highlighted that the Government will shift its approach to align its budgetary allocations to its priorities. Whilst this is welcome, the Government must avoid the same mistake it made that resulted in the slow implementation of this year's budget.

This budget is another big promise to the people of this country and the Government must avoid inflicting further mistrust between itself and the people. Big promises, as we all know, create big expectations. That is the simple reality that we must be mindful of. I would like strongly recommend that the Government find suitable platforms to engage with the rural people and the communities of this country to allow for dissemination of proper information regarding the implementation of the budget. If need be, the Government should create proper linkages with the Provincial Governments to facilitate the proper flow of information to and from rural people to the Government and also to manage expectations.

The shifting of major building and infrastructure programs that are previously been funded under various ministries to the Ministry of Infrastructure and Development is timely. However, the Government must ensure that the ministry is properly resourced so that it has the capacity and capability to effectively implement these programs. In addition, important matters like recruitments and procurements must be effectively coordinated and executed in a timely manner. Failure in any of this will result in the non-delivery of these important projects and programs. Furthermore, as we have seen in a number of important projects, when political interest are at play, especially in the allocation of contracts there will be delays in the implementation of these important projects.

This has been a growing trend and poses threats to effective and independent competition. Let me say that if we, the leaders of this country want this country to develop and improve from the state where we are now at the moment, we must not continue to use our political advantage and influence to attract favour. We must allow proper, genuine and professional competition so that at the end of the day the Government and people of Solomon Islands get a better deal with efficient and effective outcomes.

Land disputes continue to hinder the work and development of some of our proposed economic growth centres under the 2015 Budget. Land reforms must therefore remain a priority area for the Government to pursue. As land is an issue that is sensitive to deal with, the Government must take all necessary precautionary measures to ensure that people are properly informed of the Government's land reform program. Our courts are inundated with huge number of land cases and thus the need for the Government to speed up the land reform program.

Learning from the experiences of other neighbouring countries and given our own context, the Government should seriously consider creating a land court that is primarily responsible for dealing with land matters. I believe this is the right way to go.

Other major reform initiatives like constitutional and political reforms including anti-corruption measures must also be pursued. In this regard, I welcome the commitment made by the Prime Minister this morning in his address to mark the United Nations Anti-Corruption day

that the Government will bring to Parliament in the first half of next year the anti-corruption legislation, a whistle blower legislation, a freedom of information act as well as a review of the Political Parties Integrity Act, to name a few, among the list the Prime Minister alluded to in his speech this morning. But the adoption of these new legislations, whilst is critical, it must be preceded by the strengthening of the current accountability and judicial institutions to ensure enforcement, compliance and prosecution. I urge the Government to work hard and using the resources of funds allocated in the 2016 budget to bring these important pieces of legislation on these reforms to Parliament next year so that we as Members of Parliament are seen as performing our roles as legislators and not merely listening to ministerial statements that are un-debatable.

The Minister has highlighted that this budget is focused on investing I infrastructure. I welcome that. But lest we forget, this is not the first time such statements have been said on the walls of this Chamber. Successive governments have echoed the same sentiments without really fulfilling what they say on this floor of Parliament. Thus, this time round, the onus is on the current Government to live up to its promise.

At this juncture I would like thank our development partners for their continuous support towards infrastructure development in our country. Most of the infrastructure – the wharves, the roads, bridges and airports we have today in our country are funded by development partners and, of course, with the increasing contribution of the Government. The onus, however, is on the Government to take the lead in the infrastructure sector through the National Transport Plan and the Solomon Islands National Infrastructure Investment Plan . In this regard I acknowledge the funding allocations in the budget towards these plans and the infrastructure sector as a whole, although there is need for further increase allocations to this sector.

There are a number of important and strategic infrastructure projects in my constituency and province, such as the Kaolo and Kia Airstrips for which I will explore public-private partnership arrangements involving the Isabel Provincial Government and my constituency to commence the preliminary work or activities on these airstrips in 2016. We will not wait for the National Government as waiting could be in vain. The National Government will be requested to come in at the appropriate and difficult stage. Above all, infrastructure development requires huge amounts of funding and investment.

In this connection, and as I have suggested earlier, while I fully appreciate the funding from the Government of the Republic of China on Taiwan towards rural development and the impact it has on the lives of our rural people, perhaps it is time that both governments should review the ROC bilateral funding and portfolio arrangement. I suggest the Government should put in place a policy framework to allow ROC Funds to be expended solely on development of infrastructure in the constituencies and rural areas.

The productive sector will continue to play a vital role in the economy and the Government has a duty of care to provide leadership and to develop policies that encourage private investment. In terms of cocoa, for the information of this House, in November this year, cocoa grown, fermented and dried in Solomon Islands has won a leading International Cocoa Award in Paris, France. Selected from 145 samples from around the globe, Solomon Islands cocoa has been awarded the International Cocoa Award with judges hailing it as the, and I quote '*find of the competition*'. This is a golden opportunity for the Government to seize and provide further support to local cocoa farmers. Unfortunately, the 2016 Budget allocation to the

agriculture sector, the mainstay of our economy has not substantially increased to cater for any major developments. How could we expect the sector to increase productivity when the Government has not made substantive investment commitments in this sector? For instance, the current allocation of \$9million for cocoa and coconut under the Development Budget is simply insufficient. We need to invest more in our agriculture sector as well as other productive sectors, such as fisheries, mining, forestry through downstream and value adding initiatives.

On the social sector, education and health continue to receive the bigger share of the budget of \$1.1billion and half a billion respectively. This is expected since these are key services that continue to affect the lives of all Solomon Islanders. Education and Health are, of course, the principal determinants of the country's future prosperity. However, I am concerned that donor funding for the education sector under the Development Budget has been cut as a result of non-compliance or failure by the ministry to meet certain targets or benchmarks agreed to with our development partners. It is the responsibility of that ministry to ensure that the agreed targets are achieved.

As we all know, school fees in primary, secondary and tertiary schools have been increasingly exponentially nearly every year. This is one of the real burdens that every family in Solomon Islands is facing. Perhaps it is time that the Government looks at other policy options that is aimed at reducing this burden on our families. We may even look at Melanesian neighbours, like Fiji, who I believe has been implementing fee free education policies. The other issue that must be brought to the attention of this House is whether it is still necessary to continue holding onto the three national exams; Standard 6, Form 3 and Form 5 or would it be more cost effective to reduce the number of exams to probably two. I believe reducing the number of national exams should allow us to make some cost sense that we would be able to contribute in other school infrastructure development. As part of the efforts to ensure quality education, it is also important that the Government through the Ministry of Education carry out some kind of evaluation for our curriculum and the competency of our children.

In terms of the health sector, our only National Referral Hospital continues to experience major challenges as Honiara's population continues to increase as well as from coastal or sea side erosion. I therefore once again call on the Government to speed up the relocation of the hospital. Work on renovating or building new provincial hospitals, especially those in populated provinces such as Malaita must also be pursued vigorously. It is a well-known story that our National Referral Hospital continues to face shortage of a number of lifesaving instruments. Recently we have learnt that a good number of Good Samaritan citizens and friends of Solomon have donated lifesaving equipment. While we appreciate the kind hearted that go their way to assist our hospital, those that are mandated to manage the hospital must also be held responsible. It is their duty to ensure there are adequate budgetary provisions to cover such important lifesaving machines. I do acknowledge the Minister's announcement yesterday on what he is doing in terms of addressing some of the problems that our hospital is facing.

I welcome the action taken by the Ministry of Health and Medical Services to discipline and relieve staffs that were involved in a financial scandal worth millions of dollars of donor funds. There must be zero tolerance for such behaviour; we cannot afford to send a bad signal to our development partners, especially their tax payers.

Furthermore, a good number of our clinical doctors have taken up management and administration responsibilities at the helm of the ministry. The public need to be informed whether this has impacted on the clinical services provided at the hospital or not. I raise this matter for the government to look into, and if possible come up with proper policy guidelines to address such issues.

On police, national security and correctional services, the government must ensure that sufficient funds are allocated to the ministry to ensure that the transition is smooth and ensure that the RSIP is properly resourced after RAMSI support ends in 2017. The 2016 Budget allocation of \$273.4million is inadequate according to the ministry, but I hope that additional funds will be made available through the supplementary budget next year to enable our police to effectively perform important duties and responsibilities.

Above all and for obvious reasons, rural development will continue to be the priority focus of any government in this country. Therefore, the allocation of \$275million to the Ministry of Rural Development for constituency development is understandable. However, it is a special responsibility of Members of Parliament to ensure that these funds are accounted for and produce the intended impact in improving the livelihoods and quality of life of our rural people and communities. I hope the Government will look at the CDF Act passed in 2013 which I believe has not been gazetted yet. We also need to come with the necessary amendments including the implementing guidelines that will provide clarity to the whole RCDF scheme.

At this juncture, I wish to acknowledge the Minister, the Permanent Secretary, directors and staffs of the Ministry of Rural Development, the staff of the Ministry of Finance and Treasury as well as my own three constituency officers for their close collaboration and partnership, which resulted in the effective delivery and implementation of projects in my constituency under the 2015 Budget SIG livelihood and ROC funds. I was informed that my constituency was awarded the first prize for project delivery and implementation to-date this year. I also wish to thank my community leaders, chiefs and people for their support and contribution in the implementation of the 2015 constituency programs and projects and I wish to assure you that with your continued support and cooperation we will do more next year.

In conclusion, I believe with proper management and leadership and a heart to serve this nation, we should be able to get the best possible outcome from the funding allocations in the 2016 Budget. We need to work harder and smarter to ensure that we get value for money in implementing the 2016 Budget. It is not whether we expend 80 or 90 percent of the budget that really matters. What matters at the end of the day is the quality of expenditure in terms of better service delivery and the impacts on the lives of our people. As I said earlier, the parliamentary opposition will continue to actively undertake its responsibilities to ensure the office live up to its constitutional mandates and duties. We will continue to provide that alternative view and ensure that the Government is held accountable for its decisions and deliver against its policies and programs.

In this regard, the Government must have the political will to deliver and implement the 2016 Budget. This means Cabinet ministers must take leadership and provide the required directions for their ministries. It also means the Government machinery or Public Service must be capacitated, coordinated and dedicated to implement the budget. It must not be business as usual. We have to change the way we do things and re-double our efforts. We owe it to our

people who give us their consent to govern them. Let us not fail them as they deserve better. With these remarks, I support the Bill and resume my seat.

**Mr RICK HOUENIPWELA** (*Small Malaita*): I rise to speak on the 2016 Appropriation Bill 2015 as the Chairman of the Public Accounts Committee (PAC) and as well as the parliamentary representative of my people of Small Malaita Constituency.

First, allow me to thank and congratulate the Honourable Minister for Finance and Treasury on his handing down of the 2016 Appropriation Bill 2015 on last Thursday. I also wish to thank him for making available the Appropriation Bill and its supporting documents, albeit a very late, to the PAC for its deliberations. I also want to acknowledge the Honourable Prime Minister for his understanding in agreeing to adjourn debate from yesterday to this afternoon.

Before going on, I wish to make the point that the short time the PAC had made the Committee's work very difficult. I think it is unreasonable and out of order with normal budgetary processes to ask the PAC to deliberate on the budget when it is submitted late to Parliament. As you know, Parliament was set down to sit on the 3<sup>rd</sup> of December 2015 and it terms of our parliamentary procedures, the minimum expected is for the Appropriation Bill and its supporting documents to be tabled at least two weeks prior to that. Not only were documents submitted very late, but they also came in piecemeal. The Budget Outlook Volume 1 was provided on Saturday 28<sup>th</sup> November 2015, the Recurrent Budget Volume 2 and the Development Budget Volume 3 were delivered on Tuesday, the 1<sup>st</sup> of December and the establishment was not received until Thursday the 3<sup>rd</sup> of December, a day before the hearings were to be completed. To date, the Medium Term Development Plan has not been tabled or received by my Committee.

In my experience, these are probably the most severe delays by any committee and the lack of time to carry out hearings into the budget has therefore severely impeded the Committee's ability to carry out its duty properly and report to Parliament. That in mind, it is disappointing that the Committee's request for an extension for the hearing was not accepted. To me that is a form of suppression by the executive on the Public Accounts Committee not to carry out its responsibilities to this Parliament and the people of this country. This is an unacceptable practice and should not be entertained under our Westminster System.

Let me reiterate that the PAC terms of reference is mandated under section 62 of the National Constitution as well as in terms of Standing Order 69. Therefore, the PAC is an extension of Parliament. Indeed, all PAC hearings enjoy the same authority and privilege as Parliament. Why is this so? This is so because under the Committee's mandate, the PAC is carrying out the oversight and scrutiny role on behalf of Parliament. It is therefore inappropriate and wrong to make the PAC or any parliamentary committee for that matter subservient to the executive. I think this is a fundamentally important aspect of our parliamentary system that must be respected.

That aside, the PAC tried its best to hear from as many witnesses as it can accommodate in the short time given. Accordingly, three ministries could not fit into the hearing schedule and we were unable to hear from a number of other entities that would have provided the Committee with a balance view on the balance and the economy. Be that as it may, the Committee saw 22 ministries including international financial institutions. The short time frame meant that the hearing have to squeezed over four days instead of the normal week and a



half. In that period, the Committee conducted 23 hearings, 137 witnesses appeared before the Committee and it collected 50 submissions. Only the Ministry of Rural of Development did not appear before the Committee despite our best efforts to see them.

Having said that, I am pleased to say the Public Accounts Committee has completed the report on its inquiry into 2016 Appropriation Bill 2015. That report has been circulated already to all Members of Parliament. On behalf of the PAC members, I wish to express our profound gratitude to all permanent secretaries, undersecretaries, directors and senior officials of all line ministries, the Country Manager of the World Bank Country office and the ADB Country Liaison officer who appeared before the Committee.

I would also like to acknowledge the excellent support by the Auditor General (Ag) and his senior staffs, in his role as Secretary to the PAC and in compiling our report. The Committee is also very thankful to the Director of Committees, the assistant to the PAC Secretary, committee secretariat staffs as well as other staffs of the Parliament office, including the ladies for providing the excellent administrative and logistical support role to the Committee. These are very dedicated and hardworking people who in the last week of our hearings have had to stay up late into the evenings sometimes to ensure the Committee is adequately supported. I am sure they will continue this good work in the coming days when Parliament is in session.

Let me assure the Minister and the DCC Government that this Budget has my support. The Minister for Finance and Treasury stated that the 2016 Budget represents the policy direction of the DCC Government. A budget and I quote “that will improve the welfare and livelihood of all Solomon Islanders”. To that end, the focus is on, and I quote again - “investing on infrastructure in the rural areas, particularly roads, bridges and shipping”.

The objective is to enhance inclusive growth that will create employment opportunities for the majority of our population. I have no difficulty whatsoever with that. In fact, there would be no need for any budget if it was not for these good intentions, and in any case, fiscal policy can only serve any useful purpose when it promotes economic growth and creates employment opportunities.

Allow me to sketch the background to the main thrust of my statement, and I intend to do so by outlining some of the issues in terms of the Solomon Islands economic conditions from which the Government has derived its assumptions in the formulation of the 2016 budget estimates. As expected, the global economy is experiencing slow recovery, which is forecast at merely 0.6 percent above the previous year at around 3.6 percent. Asia, which is important to Solomon Islands is showing some weakening on account of sluggish growth in demand in China, although, economic growth in that economy remains above 5 percent.

As to the domestic economy, it is noted that the resurgence in the economy has persisted to the end of the period. This is mainly on account of the productive and services sectors. The main drivers being agriculture, fisheries, manufacturing, retail trade and other service subsectors. This goes to show again that even without very little public support, the smallholder farmers, building contractors and all these other small operators can actually sustain the economy. From an earlier forecast of a negative growth in 2014, the year actually turned up more than 3 percent growth rate.

Other economic indicators also showed very positive signs. Inflation has fallen to 1 percent, the lowest in decades. The country’s foreign exchange reserves position has improved to an average of above 11 months of imports cover. Strong performance was also seen in the foreign direct investment (FDI) while the monetary sector continues to expand more especially

in private sector credit. While the Ministry of Finance and Treasury is yet to provide the end of year numbers, I think it is safe to assume that the fiscal position has remained strong, which is underpinned by the forecast for a strong cash reserves position at the end of the year.

Solomon Islands debt to GDP ratio continues to improve, which is currently sitting at 11 percent. With the Government's intention for full repayment of its domestic debt totalling \$830million, this ratio is expected to fall further to 9 percent in 2016. That will free up more room for the Government to borrow money for any worthwhile projects of a high yielding capacity.

Looking ahead, given the positive medium term outlook, Solomon Islands is expecting to see moderate economic growth. With the main aggregates maintaining their current levels, the forecast for them will remain firm. GDP is expected to grow by 3.3 percent on an expected strong growth in the productive sector. Monetary sector will continue to expand by 8 percent on the back of an increase in domestic demand, a direct consequence from the 2015 Budget implementation and similar expectations should be for the 2016 Budget.

A decline in commodity prices on the global market will directly affect local production, which means copra and cocoa producers in rural Solomon Islands. Notably, while logging remains the biggest contributor to revenue, its contribution to the overall GDP will be insignificant.

On the downside, however, expected weak output in the fishing, agriculture, retail, wholesale and manufacturing sectors in the next 12 months is likely to undermine these good prospects. Given these downside risks, only strong well-coordinated government action to broaden the economic base and promote inclusive economic growth can mitigate these risks. To do that, the government will need to redirect more investment to other growth sectors such as tourism, construction and professional services.

To that end, I endorse the Government's policy direction on emphasising infrastructure development, especially in the rural sector. This will ensure creating economic activities for increase employment opportunities for our people. Overall, this is a picture that points to a positive outcome for this country. It shows all the aggregates are either in positive territory or pointing in the right direction. It is, therefore, a good picture, one which shows that prospects for Solomon Islands are relatively good. Like last year, the outcomes in the 2015 have offered another great opportunity for the DCC Government to deliver on its much publicised promises and intentions to advance real economic wellbeing for our people.

In that vein, we should expect a lot from the 2016 Budget, and these are not unreasonable expectations. As in the 2015 Budget Speech, the Minister of Finance has again reiterated the DCC Government's many pronouncements to take fundamental reforms, follow through with the reforms at the sectoral, increased infrastructure development in Malaita and Western provinces and intensify investment programs and projects in the productive sector in those same provinces. With that in mind and having examined the estimates in a little more detail, I am concerned, however, that these good intentions may not be achieved through this budget. I am also concerned that there are real risks to the 2016 Budget attaining its good intentions.

Mr Speaker, allow me to elaborate on why I am concerned. The details of the PAC findings and its recommendations are in the report which Members should now have. As in previous years, a question which is pertinent to the PAC deliberations is to ascertain if the 2016 Budget will deliver on the Government's policy priorities. These priorities have been

articulated in various forms by various members of the executive and at different times over the course of this year.

A number of the issues can be highlighted from the Committee's hearings. First, the extent of unfunded bids is promoting the use of warrants, virements, and supplementary appropriation. Nearly all the ministries that were asked about cuts to their budget bids have referred to the use of warrants, virements and the supplementary appropriation as their fall-back position and relied on these measures as they have been in the past. This practice must be curbed as it only promotes poor planning and seriously undermines budgetary processes.

Secondly, it would appear a good number of permanent secretaries were either unfamiliar with the budget format for unappropriated donor funding or were not certain about the level of budget support in their ministries. While I do not expect this from any chief executive of any government ministry, it is quite possible that this could be a reflection of the level of coordination and consultation happening between line ministries and MDPAC. This should not be allowed to continue.

Thirdly, there are serious consequences for important activities and programs in a number of ministries due to underfunding or budget cuts by the Budget Unit in the 2016 Budget. Of significance is the example of the RSIPF who stated that the Government will simply be unable to take over from RAMSI in providing policing and security duties in Solomon Islands with the level of funding they were provided under the 2016 Budget. Another example is the National Judiciary who stated that they will be unable to conduct court hearings, build necessary infrastructure or purchase important equipment with the level of funding they are given. Naturally, that will bring us back to the old situation with huge backlogs undermining our judiciary system. The Ministry of Agriculture also stated that 2016 would be the second year in a row that they have to postpone constructing two very important buildings in Malaita and Isabel provinces due to continuous underfunding. And similarly, the Ministry of Commerce, Industries, Labour and Immigration is only given \$4.4million from its submission of \$97million to develop economic growth centres identified for 2016. From a practical stand point, the ministry basically said it will be unable to do anything meaningful with this allocation.

Fourthly, the Committee was unable to ascertain the level of accountability and reporting requirements surrounding RCDF because the Ministry of Rural Development did not turn up. As you know, we in this House cannot expect others to be accountable or be responsible with resources if these funds that under our management are not subjected to sound reporting requirements. I believe it is not only in the interest of our people but more so in our own interest that we establish rules and regulations as soon as possible for the management of constituency funds.

Let me now return to the 2016 Budget itself. In his Budget Speech, the Honourable Minister outlined the priorities for the DCC Government that will be pursued under the 2016 Budget. In his list, the Minister announced that the DCCG will continue the focus on reforms, and for 2016 it includes constitutional and political reforms, land reforms and public service reforms. He also included the DCC Government's old promise to fight corruption by establishing the Independent Commission Against Corruption.

In terms of infrastructure development the Minister said the Government will give priority to road infrastructure development on Guadalcanal, Malaita and Western provinces only. In terms of airport runways, he stated only those in Taro, Seghe and Lata will be

addressed in 2016. As to the investment sector, more generally, the Government will be focusing on sites in Malaita and oil palm projects in Guadalcanal and Choiseul that will turn idle land for investment and economic use.

The Government also said it will take economic and financial reforms to enhance foreign direct investment as well as in the SME sector through incentive schemes and capacity building programs. These are all very encouraging words but it appears we are all repeating the same tune and like before we can only hope the Government live up to its promises.

I wish to highlight a number of notable features of this Bill. As honourable colleagues will note, the 2016 Appropriation Bill is intended to release \$4.3billion in spending next year. Compared with the 2015 Budget, this is at the same level as the 2015 revised estimates. In fact, upon further examination of the budget bricks, total recurrent budget for 2016 would be down by 1.06percent from the combined increase of 0.2percent in the payroll and a decline of 1.88percent in other charges over the 2015 revised estimates.

On the development estimates, the summary of appropriated expenditures showed that the 2016 Budget would be up by 2.98percent on the 2015 revised estimates. In that regard, the biggest losers are the Ministry of Finance and Treasury, the Ministry of Health and Medical Services, the Ministry of Education and Human Resources Development which went down by 29.6percent, 23.5percent and 6 percent respectively. The biggest winners are the Ministry of Mines and Rural Electrification which has an increase of 33 percent, the Ministry of Fisheries and Marine Resources - an increase of 24.4percent, the Ministry of Provincial Government an increase of 23percent, the Ministry of Infrastructure and Development up by 19percent and the Ministry of Agriculture and Livestock up by 14percent.

I also note that the 2016 Budget is not only another expansionary budget but it is another deficit budget. Like in 2015, total ordinary revenues including donor support are not sufficient to fund the total expenditure estimates in the 2016 Budget. This budget gap is filled by the use of cash reserves as it was in 2015, except for the 2016 Budget, that gap is going to be \$568.5million, a \$106.8million gap wider than in 2015.

In terms of major utility projects involving donor partners, it is striking that the Minister has excluded two very important projects in his list of projects - the *Fiu River Hydro Project* and the *Optic Fibre Undersea Cable* from the Government's list of priority activities in 2016. I am sure no one will doubt that these projects are not only critical to boosting commerce, economic activities and the general investment climate in this country. But also, these are also ongoing projects which are already at an advanced stage of development, not to mention the financial commitments for the Government. Besides, these projects represent important engagements with our development partners.

In terms of refocussing our investment efforts, I think the Minister is absolutely right to point out that we should ensure and I quote, '*major initiatives are implemented and completed before committing to further initiatives*'. As mentioned before, obviously the Government has realised that in order to implement its reform agenda effectively, it means shifting and realigning resources to core ministries in infrastructure and other core productive ministries and at the same time strengthen those line ministries in the implementation of Government priorities and enhancing proper planning and oversight.

To that end, it is noted that in 2016, sectoral reforms will no longer be widely spread as it was under the 2015 Budget. To me, that is a good policy shift in our development path as

spreading meagre resources too thinly will only repeat the same mistakes of the past where we have achieved very little, if any.

In his Second Reading Speech, the Minister for Finance stated that the Government is committed to the Debt Management Framework and the principles established in the Debt Management Strategy as stipulated in the Public Finance Management Act 2013. It is noteworthy that the Government intends to follow through on this with the repayment of all its domestic debts totalling \$830million. Besides, the Minister also stated in his speech that there will be no new borrowing in 2016. This is to be applauded. I am sure he does not mean excluding the two major projects, which I have just mentioned and that the loan components of both projects will be substantial.

I would like to commend the Honourable Minister's management of the cash reserves. As noted earlier, the Ministry of Finance informed us that this year our cash reserves are so healthy so it has decided to repay our domestic debts ahead of time. However, I am still concerned with the effect of clause 6 of the Bill. I have said this before, but to me the effect of this clause would undermine the Debt Management Strategy and may be inconsistent with the spirit and intent of section 69(2) of the Public Finance Management Act 2013.

Before I conclude, let me now highlight a number of risks to the 2016 Budget achieving its objectives. The first risk is the fact that many ministries will be unable to carry out even their ongoing programs due to the huge cuts to their budget submissions. Most of these ministries are managing programs and activities that are pertinent to the Government's reform agenda. Unless they are adequately funded, these reforms may not be implemented.

Secondly, a number of ministries that have core activities and programs to the reforms will now be unable to make this happen, again due to the significant cuts in their submissions, more particularly in the development programs. For example, with only \$4million, the Ministry of Commerce is unlikely to carry out its programs in industrial development. The Ministry of Agriculture with only \$4million will be unable to carry out land reforms and other land preparatory work, towards oil palm developments in three provinces.

Thirdly, the uncertainty in the current low price of fuel poses risks to stable domestic prices. A rise in the international price of oil will push domestic prices upward rendering real dangers for the budget outcomes. The government should brace itself against this potential threat by applying good policy actions now.

Fourthly, with about 45 percent of total revenue coming from the logging sector, a decline in log prices will impact significantly on government revenues. Besides this, has the potential cause for huge job losses and incomes for many hundreds of our people across this country.

Fifthly, as discussed already, Solomon Islands still runs high in the cost of doing business this year that has risen above 100. Apart from high utility costs, I believe an important reason for this is the high cost in government contracts and general public sector business. It is public knowledge that this practice is widespread through the entire government procurement system at the ministry level including the Central Tender Board.

I have said this in previous statements but I want to reiterate again that this is a heavy price on this country in three important ways. Firstly, the huge cost to government budget, secondly the high domestic inflation and thirdly it is chasing real investors from our country.

Finally as alluded to already, there is a risk that the fiscal position may not be achieved. Revenue collection is set to be on track and I already commend the Minister for his astute cash

management. However, I think there are huge potentials to increase government revenue even more in our existing arrangements. For example, I believe we can double current revenues from our fisheries agreements by striking better deals with our other partners. Also, government is depriving itself of millions of dollars from land rentals throughout this country. It only has to send people to collect it on a consistent basis, even just by doing so, we can easily increase revenue by another \$500million. This, we should do in order to be able to carry out these various development programs that we have no funds for in the 2016 Budget.

As I conclude, let me make the point that like other budgets before, the 2016 Budget has intentions that are normal to any government. Any budget should address two overarching objectives; first to release financial resources for the normal operations of government to provide services, and secondly to release resources for longer term investments. But equally important the budget should be about stimulating the economy for growth and thereby for more employment opportunities.

I would like to remind again the risks I mentioned before may have a dampening effect on this budget achieving the DCC Government's goals and intentions. That said, I would continue to encourage the government to pursue its reforms agenda it has promised this country. However, difficult it might be, may I suggest that notwithstanding the inadequacy of this year's budget, the DCC Government should follow through with the reforms as previously announced. With these remarks I support the motion and I resume my seat.

**Hon DEREK SIKUA** (*Leader of the Independent Group*): Thank you for giving me this opportunity to contribute to this very important Bill, the 2016 Appropriation Bill 2015 in this Honourable House today. But before I do so, let me first thank the Honourable Minister for Finance and Treasury and his hard working staffs of the Ministry of Finance and Treasury for their splendid efforts in preparing this bill. On the same token, my greatest appreciation goes to the Chairman of the Public Accounts Committee and his team for scrutinising this bill allowing us to have the privilege to debate this motion on the floor of Parliament.

I sighted in the opening paragraphs of the 2016 Budget Speech the Minister for Finance and Treasury reinforcing the DCCG's persistent efforts and commitment in ensuring the Government delivers the budget in respect to what was in the Government's Policy Framework launched early this year. This is a good sign of a Government that is positive about making changes in this country. I must congratulate the Minister for Finance and Treasury for upholding this spirit of persistency. My only hope and prayer is to see this budget achieves its expected results come 2016.

I understand the Government is employing a broad base economic approach to seeing its policy being grounded. However, other variables such as lack of access to finance or cash flow is an impediment if we are to achieve or actively engage our citizens in the development of our country. As echoed by the Minister for Finance in his budget speech, there is a significant disparity in relation to income generation and standard of living by urban dwellers and those living in the rural areas. As problems faced by rural people are multifaceted, a linear approach is unlikely to create a positive turnaround. I am encouraged that the DCCG finally realised this gap and thus has seen the need to address this.

I would like to share some thoughts around the budget theme for this year - "Enhancing Economic Growth and Service Delivery for Sustainable Economic Development". Growing an economy is a tough task to say the least. It requires more than just a development shopping list

as indicated in the DCCG priority projects for 2016. Strictly it requires innovation, creativity, appropriate and strategic interventions and more so the political will to drive it. Foremost, a focussed leadership - a leadership that talks and make things happen; in other words, a government that walks the talk.

So far the 2015 Budget does not show for the anticipated delivery of services on the part of the Government as reflected in a mere 39percent implementation rate by October 1<sup>st</sup> 2015. Further to that, with the Government hoping for sustainable economic development, I think this cannot be achieved without a comprehensive strategic plan that encompasses cohesive and inclusive development approach. Sustainable economic development can only be measured against the nation's state of wealth. At present, the deteriorating infrastructure is an eyesore, poor health services in the national referral hospital and in the provincial hospitals, a high level of youth unemployment and the list goes on.

In passing this budget, the expectation is that there is to be economic growth, quality service delivery and sustainable economic development for all at the end of 2016 fiscal year and beyond. Apparently, the 2016 development budget was designed to substantially increase investment in infrastructure in the rural areas. It is estimated that more than \$288million or a 16 percent increase compared to more than \$242million in the 2015 budget.

Whilst I appreciate this intervention, we must not forget that food security is becoming a threat to local food production by our rural people due to changes in weather patterns and climate change and the Giant African Snail, especially in North East Guadalcanal. My point of putting this across is to remind the Government to be considerate in other areas equally important towards the livelihoods of our rural people. I would rather think that the full realisation of the proposed infrastructure investment can only eventuate if other economic determinants are met.

It is common knowledge that lack of access and linkages to markets is a major hurdle for our rural people. Simultaneously, access and linkages to financial institutions is another impeding issue that undermines our rural people from fully participating in the economic development of our country. Statistics have shown that only 25percent of Solomon Islanders have access to banking services. With that figure, I suppose only the working-class make up that portion and subsequently rural people are continuing to be marginalised because of disproportionate development. Therefore, I strongly recommend that infrastructure development should go hand in hand with access to finance if we are determined to improve the welfare and livelihood of all Solomon Islanders.

This fiscal year 2015, only 4 percent of the small to medium term enterprise program under the Ministry of Commerce, Labour, Industries and Immigration was implemented. According to the Public Accounts Committee Report on the 2016 Appropriation Bill 2015, private sector and small to medium enterprise respectively has been under funded. This is a manifestation of what we do by just talking. We must have the foresight to prioritise what is relevant and appropriate for our people.

The *hand to mouth* culture of dishing out money to our constituents is killing the entrepreneurship of our rural people and thus the need to create financial schemes through small to medium enterprise portfolios to engage our people in economic development. Let me reiterate again that infrastructure investment alone in which the Government is banking on may never achieve the anticipated results envisaged through this approach.

I also took notice of the global economic challenges of our time and how it is affecting our nation. However, I have not seen the Government fully committing itself in utilising the numerous opportunities in relation to regional and international economic partnerships either through membership affiliations, bilateral and multi-lateral agreements. It is very discouraging that most economic agreements are gathering dust in the shelves in most ministries. These agreements must be revived and revisited so that we can better utilise other opportunities under regional and international cooperation. An example of a vibrant agreement is the South-South Cooperation. The South-South Cooperation was established to assist and strengthen economic linkages and offers participating countries an opportunity to satisfy common interests. Such agreements enhances economic integration, give better access to wider markets and resources, helps partners increase their productive capacity and growth, and thus improves the wellbeing of their population.

Let me now bring this into context. Solomon Islands has a bilateral relationship with Indonesia. This relationship has a huge economic potential and can be exhausted to the fullest with this Asian economic powerhouse. Fiji is capitalising on it. Whilst we condemn the human rights violations in West Papua, let us also take advantage of this economic window in our strive to address our economic development. I see the reason why Solomon Islands cannot further develop these bilateral relationships through the form of *South-South* Cooperation, and I say this to include not just economic development, but social development such as education.

I wish to concur with the statement by my good friend the Minister for Finance that we need to invest reinvigorate the economy and regain the growth momentum. I cannot agree more to that statement. But have we fully exhausted other potentials at our disposal? The Pacific Seasonal Workers Scheme, Solomon Islands music, sports such as soccer, these are platforms we can tap into in terms of remittances, and I am encouraged by what my good friend the Minister for Foreign Affairs told me yesterday that probably there is something coming in the pipeline for us to increase the numbers that are going to Australia in the coming months or years through the Pacific Seasonal Workers Scheme. Let us not look further in terms of the benefits we can derive through remittances. We can only look at Tonga for example or Samoa where half of their economies are earned through remittances.

Let me just briefly share my views on the review of the National Development Strategy. I stand to applaud the move by the Government to review the National Development Strategy to cover a 20 year period. This is a step in the right direction but I would rather think also this review has to embrace the day to day challenges faced by our people and our country.

I can recall here the rather shocking statistics of population explosion from the Ministry of Health and Medical and Services, which recorded more than 16,890 babies born in the country last year 2014. What does this mean? On one aspect and an area I am quite familiar with is that the Government must be prepared to build 35 to 45 classrooms per month to accommodate this baby boom, let alone what the Government needs to do in other social services such as health. This is a huge challenge for the Government and otherwise our present schools cannot meet the educational demands of this upcoming generation. And I am sure my good friend, the current Minister for Education, is on to this one.

On reforms I want to applaud the DCC Government for pursuing these reform programs, as it will fill the gaps that contributed towards the lack of quality delivery of services to our people. Not only that, but reforms are opting to improve the efficiency and effectiveness of our government system in our pursuit to drive the positive change we aspire for our country.



But while embarking on reforms, as I have mentioned earlier on, I fail to see any strong emphasis on private sector. As we like to say all the time, private sector is the engine of economic growth. This sector has not been prioritised as reflected in a report produced on October 1<sup>st</sup> which only ranked less than 5percent implementation rate in the 2015 fiscal budget. I would rather think that potential businesses with proven records should be supported to increase their productive capacity. For instance, Solomon Islands virgin oil and kava products are high on demand in the United States of America, so why can we not fully exploit this market?

On priority development projects for 2016, one thing is crystal clear, and this has been a problem over many governments and over many years is the capacity to implement the projects will be an issue; sometimes the availability of financial resources on time to deliver within the given time frame. I understand that there are other ongoing national projects and it will be another challenge to squeeze all the national projects within the 2016 fiscal year. In this regard, I call on the Government to be realistic and not to promise too many things to our people.

On the education sector, I am fully aware of what is happening in this Ministry for many obvious reasons. The issues raised by the PAC in its report are pertinent and as has been alluded to in the report, much hinges on the passage of the new Education Act. So we are looking forward to that.

On the health sector, the allocation in the 2016 budget estimates for development is more than \$31million, which is a decline of \$9.7million or 30.9percent from the \$42million recorded in the 2015 revised estimates. This decline is due to the zero allocation from donor partners compared to the \$21million recorded in the 2015 revised estimates, which is offset by an increase of \$11.4million to \$16.3million allocated for primary health care in the 2016 budget estimates. Although these funds are earmarked for 2016 development programs within that ministry, there remains the question of whether these programs can solve the existing problems that exist at the National Referral Hospital (NRH).

In the 2015 Recurrent Budget, the Ministry of Health and Medical Services requested full funding and stated that there will be no risks to the functions of the ministry. However, this approach did not relate to the poor state of the NRH taking into account the complaints raised by the public. To me, this is a reflection of poor management and implementation of development programs, although resources are available to carry out these development programs and that there was a significant underspending by the Ministry in 2015. As 2016 is approaching, the question that needs to be answered is whether the projects allocated in the 2016 Development Budget can be implemented fully to satisfy existing needs.

In relation to the Recurrent Budget, I have noticed that recurrent costs have made up three-quarters of the budget, an amount totalling up to \$3,123.2million. You will agree with me that government bureaucracy is too cumbersome. Whilst I understand that a good portion of this Recurrent Budget has to meet essential services, such as health and education, the overarching point is to find ways to increase the Development budget to cater for the high priority development needs of this country. Against this backdrop, I am foreseeing an uphill encounter in terms of practical implementation of the budget. We must be smart and that is to be specific, measurable, accurate, realistic and time bound should we need to realise and actualise the Budget without fail.

Finally, but not the least, I would once again like to applaud my good friend, the Minister for Finance for taking new measures to implement the Budget. I know it would not be

easy, but with the wisdom and the experience of the Minister, I am sure our destination in 2016 will be arrived at.

At this juncture, and to conclude, I want to urge the DCC Government to deliver this Budget without fail as expected by our people. I only hope that the economy is structured and transformed to enable meaningful participation of the majority of our citizens in Solomon Islands. I also hope that this Budget will further create capacity within the broader economic landscape at all levels through skills development, employment equity, social economic development, enterprise development, especially small and medium enterprises and promoting the entry of local entrepreneurs into the mainstream of economic activity. I further hope that this Budget is implemented in an effective and sustainable manner in order to unleash and harness the full potentials of our people and to foster a pro-employment development growth path for all Solomon Islanders. With these remarks, I support the Bill and I beg to resume my seat.

**Hon FRED A TUKI SOR IACOMUA** (*Minister for Women, Youth & Children's Affairs Development*): I rise also to congratulate the honourable Minister for Finance and Treasury for his delivery of the 2016 Appropriation Bill 2015, especially for taking charge of a record \$4.3 billion budget in spending to provide services to all Solomon Islanders. I would also like to thank the Minister for Finance for channelling the People's Budget through the Ministry of Rural Development as I was informed my constituency has received a second award of the People's Budget delivered to my constituency.

It is encouraging to note that the budget will require no additional borrowing as it is fully funded through a combination of domestic revenue, external budget support and cash reserves that successive governments have built up over recent years. As was referred to by the Minister for Finance and Treasury in his Budget Speech on the 3<sup>rd</sup> of December, the 2016 Budget is in a fiscal sound position. The year ahead therefore proves to be a promising one and as the minister responsible for women, youth, children and family affairs, I am excited about the future prospects of this country on how it will positively impact on the lives of women, youth and children.

As the Member of Parliament for one of the most remote constituencies, which is the Temotu Vattu Constituency, there is hope that this budget will bring more benefits to the people of my constituency, given its close alignment with the DCC Government reforms agenda, which has emphasis for development at the rural level. The budget execution control measures that have been planned to be strengthening will no doubt ensure the effectiveness and efficiency in budget delivery to our rural people.

The Bill before this House sets out utmost attention and focus. It requires our cooperation and understanding as leaders. We need not remind ourselves that the Bill is about service to our people. It is about their needs, it is about their vision as well and what present and future life they want to live. Indeed, any work of this House or Government for that matter that does not place its people at the centre of its focus renders it meaningless and fruitless. As leaders we have the responsibility to guide the budget in its management control and execution so that our people can all benefit from the resources we give them through the budget in a fair manner.

On this note, I take this opportunity to acknowledge the important role played by the Public Accounts Committee in ensuring that the Budget is appropriately examined to serve its

purpose. The views expressed by the Committee through the Chair's address to Parliament on the 2016 Budget clearly outlines a number of key areas for improvement, which should serve as a useful guide for the planning, coordination and implementation of the budget through the various ministries and agencies.

Each citizen of this country has the right to equal access to opportunities. Every citizen also has the right to receive services that are fairly and efficiently distributed. We may be one people but the needs of different groups of people are not the same. These different needs may be determined by our culture, our gender, religious beliefs, our age, our geographical locations, our economic status and the list goes on. In the implementation of the budget I am sure we will do all we can to be fair and be sensitive to these different needs of our people so that what they receive through the budget is beneficial and meaningful to them.

Let me now turn to my Ministry's budget estimates for 2016. The total funds allocated to my Ministry for 2016 in the draft budget is \$16.1million. This covers both the recurrent and the development budget estimates. While my ministry's budget may seem small compared to that of other government ministries and agencies, support by the government to my sector, especially through education and health constitutes a significant part of this Bill. The challenge that we continue to face is how best we deal with the issue facing women, youth, children & families throughout the nation.

Through the budget my Ministry will continue to work together with the various sectors of the government to mainstream our issues so as to ensure a sense of ownership and responsibility to address the issue facing the key sectors of my ministry. Already mainstreaming work has progressed. However, to be able to coordinate the work and increase capacity for mainstreaming, my ministry will continue to strengthen institutional capacity, coordination and policy mainstreaming role across the machinery of government.

Like 2015, my ministry will continue to work towards the DCC Government policy commitments to advance gender equality, end all forms of discrimination against women and children, empower young people to realise their full potentials and protect the rights of children in terms of their protection, development, survival and participation and ensure we provide the enabling environment to fulfil these rights.

My ministry is currently reviewing its corporate plan on gender equality in women development policy in the first quarter of 2016. We will embark on reviewing the elimination of violence against women policy. The national youth policy and the national children's policy, all these policies are now due for review. We hope that with these reviews we will set the future direction for the ministry. Essentially, the passage of this Appropriation Bill will set the way for future budgetary support.

By way of closing, I take this opportunity to thank all our stakeholders in government, the civil society and our development partners for their ongoing commitment and support to the implementation of my ministry's work program. We look forward to continue the good working relationship with our partners in 2016 and beyond. On that note, I pray that the message of Christmas will fill our hearts as we reach out to each other as we continue to seek peace and justice, equality and fairness through our collaborative efforts. With these few remarks, I support the motion.

**Hon JIMMY LUSIBAEA** (*Minister for Infrastructure Development*): The 2016 Appropriation Bill is an important bill before the honourable House as its passage will enable the government to provide service in various forms to the people of our beloved country, Solomon Islands.

As you are aware, my ministry has the third highest budget overall and the highest in terms of the development budget 2016 estimates. This is an indication of DCCG prioritising transport infrastructure. With the DCCG's budgetary provision, my ministry would further improve and develop transport infrastructures throughout the country. We have to take a bold decision to build transport infrastructures throughout the country and this is exactly what the DCC Government is doing. We need the support of everyone including Members of Parliament to ensure that these transport infrastructure projects are implemented. Most of the projects delays are associated with land issues, which are often difficult to reach a solution. The rural population need for connectivity is also increasing and it is my firm belief that when this country is connected through improved transport and its transport infrastructure, the size of the economy will increase. The Government will continue to carefully examine the present system of implementing national transport infrastructure projects and will consider review in accordance with the needs of the country where necessary. The DCC Government and its donor partners are investing in a number of new wharves, bridges and on repair and maintenance of roads in the provinces including Honiara. As the Minister for Finance has alluded to in his budget speech earlier on, it is a fundamental instrument of the Government policy achieving its objectives. In this endeavour, the Government has articulated an overarching theme for the 2016 Budget. The theme is 'Enhancing Economic Growth and Service Delivery for Sustainable Economic Development'.

As rightly stated by the Minister of Finance and Treasury in his budgetary speech, the Government will focus more intently on investing on infrastructure in the rural areas, particularly on roads, bridges and shipping to enable access and linkage to markets. In so doing, we can increase not only the standard of living of those in the rural areas, but also reinvigorate prospects of economic growth within our country and thereby create employment opportunities and income for all people. In so doing, our people will progress and advance our country to achieve sustainable economic development.

My ministry which comes under the productive sector will encourage the establishment of transport infrastructure in rural areas. It is my firm belief that the establishment of transport infrastructure in the rural areas will guarantee expansion in the domestic trade and will significantly reduce the cost of transporting goods from within the islands, cheap transport for people to move around in different parts of the country and create increased economic opportunities in country.

My ministry's Transport Infrastructure Management Service will continue to lead the design of policies, standards, planning and coordination of infrastructure projects and development. It will also be responsible for the assessment, design approval and the procurement of works for roads, bridges, airstrips and wharfs. In doing so, the Government is seen to be providing access and connectivity through maintenance, rehabilitation and construction of transport infrastructures in Solomon Islands.

The National Transport Fund in the Solomon Islands budget and donor parallel financing funds are some of the infrastructure project activities throughout the country. JICA has contributed significantly to the development of transport infrastructure in the country, such as the Ports facility improvement project which is progressing ahead of schedule. The Kukum

Highway upgrading project is also funded by JICA, land and utilities relocation issues relating to the Honiara highway upgrading projects have been already settled. These SIG undertakings were completed and JICA will be advised to issue notice for brief qualification of tenders any time before the end of December 2015.

My Ministry was given the mandate to supervise and manage the National Transport Fund. As the executing agency I am pleased with the 2013 audit report previously presented to this honourable House because it presents a fair view of how the National Transport fund was expended by statements of cash receipts and payments to year ending 2013.

At this juncture, I wish to sincerely thank the Government of Australia, the ADB for their contributing support to the Solomon Islands Government through their funding contributions to the National Transport Fund (NTF). The Solomon Islands Government too must be commended for fulfilling its commitment to infrastructure development in the country through maintaining payment of its contribution to the National Transport Fund.

The National Transport Fund Board is being faced with the difficult task of ensuring that projects approved by the Board are implemented. The Government too would want to know that projects are approved in line with its priority. As the new Minister for the Ministry of Infrastructural Development, I will be working closely with the Ministry of Finance and Treasury and the National Transport Fund Board to ensure regulations are reviewed so that Government priorities are considered when approving infrastructure projects to be funded by the NTF.

Shipping has been an important mode of transport not only in our country but within the region and the world at large. As you are all aware, Solomon Islands will be audited by the International Maritime Organisation (IMO) under IMO Member State Audit Scheme in July 2019. The purpose of the audit will be to assist how well the Solomon Islands Government is implementing the statutory convention to which Solomon Islands is a signatory to under international treaties. It is not known what sanctions will be incurred by member states that do not have good outcome from the audit report. But if a country is declared as being non-compliant, it will be a good excuse for visiting liner ships to raise their freight rates yet again.

I understand there might be confusions about some of the conventions to which Solomon Islands is a signatory to. All the conventions are annotated as amended in the Solomon Islands legislation. This means that Solomon Islands legislations automatically changes when amendments to the conventions are made, unless the Minister lodges a discontent with the IMO by letter and IMO advises all signatories to the convention accordingly. This has to be done during the time when the amendments are still open for signature. If the Solomon Islands Government does not notify IMO, the amendment automatically becomes part of Solomon Islands national legislation.

Originally, some of the conventions only apply to vessels of 500 ton grosses and greater on international voyage. But over the years the criteria have changed and amendments to the convention apply to vessels built after the given date. So if a vessel was built after the given date of the amendment, the amendment and the convention apply even to vessels on domestic voyage only.

The Solomon Islands Maritime Safety Administration (SIMSA) which is responsible for the regulation, administration and re-enforcement of the Shipping Act and other relevant regulations must be better resourced to meet its international obligations under ratified conventions. The Government's funding of SIMSA Hydrographic Strengthening Program to

update maps and reefs in the seas of Solomon Islands and construction of Navaid reflects the Government's focused priority on shipping. As we are all aware, the cost of shipping would finally be transferred to the end users, which are the consumers of the goods and it is therefore important that the Solomon Islands Government comply with the Maritime Convention.

My ministry through the Domestic Maritime Support Project funded by ADB continues to support rural economic development through the building of wharves, the operating of eight franchise shipping scheme routes throughout the country that were considered uneconomical. A fulltime manager was recently appointed and at the end of the ADB funding, the Government will fund those subsidised routes.

In my closing remarks, I wish to reiterate that the 2016 Budget truly represents the DCCG's policy to focus more on investing on infrastructure in the rural areas, particularly road, bridges and ship to enable access and linkage to markets. This would create employment opportunities, increase living standards and provide income for the people of Solomon Islands in the rural areas as well and more of their children will go to schools. With those few remarks I support the motion.

**Mr CONNELLY SANDAKABATU** (*North West Choiseul*): Thank you indeed for giving me on behalf of my people of North West Choiseul constituency and the opportunity to briefly contribute to this very important Bill the 2016 Appropriation 2015 that is now tabled before this Honourable House by the Honourable Minister for Finance and Treasury on 3<sup>rd</sup> December 2015.

At the outset, please allow me to congratulate the Honourable Prime Minister, the Finance Minister, all your Ministers, the Cabinet and Caucus and all the relevant Committees and staff involved in the formulation, drafting and concluding the 2016 Appropriation Bill 2015 now laid before Parliament. This is not an easy task and you have done well.

The essence of the DCC Government of Government's policy is what we now have before us, which really is the 2016 Appropriation Bill 2015. How this enormous budget will unravel itself in the coming months to adequately address the Government's policies and strategies will be the litmus test at the end of the day on how good this government will truly be. For now, our task is to have it passed, similarly, to the then 2015 peoples' budget.

Before going any further, it would be remiss of me not to make some mention of the Minister of Finance's Budget Speech earlier presented to the House. I without doubt applaud the Honourable Minister and the DCC Government for bringing forward another huge budget to actualise your mandates and policies towards improving the welfare and livelihood of all Solomon Islanders. This is a priority that must be the focal point of our decision making and distribution of the beneficiaries.

As alluded to earlier, please allow me to comment on the Government's major initiatives, programs and projects as carried in the Minister's Budget Speech, and in particular on Page 8 and 9 of the 2016 Budget Speech. In general there is nothing new. For instance, constitutional reform, customary land reforms, commission against corruption, rural roads, Suava Bay, Bina Harbour, Malaita roads, Gizo roads, airport tar sealing, and I am also happy to see Taro airstrip inclusive, the Tina hydro and of course scoping plus others. How much of these initiatives were progressed in the 2015 Budget needs accounting for.

Some realistic projections of how far these Government's major projects will be achieved in 2016 would be ideal however difficult that maybe. Budgeting without a realistic picture of the likely achievements at the end of the period maybe is not good enough. On a more realistic

note, I am happy to note that the Honourable Minister in his concluding paragraph said, “we, therefore need to ensure these major initiatives are completed and implemented before committing to further new initiatives.” I think this is the most sensible thing to do, and I am happy to hear this.

On the same page but particularly on project scoping, I wish to caution the Government not to waste too much needed money on scoping. Getting the right people with the technical expertise and experiences to do the work efficiently and properly and properly account for all their costs with quality records or reports presented to relevant authorities and perhaps the public would be ideal. There is the need to uphold accountability, transparency and value for money in all government spending including scoping.

Continuing on with the subject of this motion, the 2016 Appropriate Bill 2015 has the recurrent expenditure of \$2,439,905,818 with budget support from our donor partners of \$599,148,407 and with the Solomon Islands Government funded development expenditure of \$1,177,867,177, with a total expenditure of \$4,216,921,656. Most certainly, this is a huge budget, much bigger than this year’s budget. This nation should be very grateful for such a huge sum of money at its disposal. Our people’s hope for a better life and prosperity hinges on this budget. It is my hope that our people are treated with higher priority than any other.

Ask if I may, what tangible outcomes have we achieved with the historical People’s Budget of 2015 which we dedicated to our people? Honestly, our people have the answers. Ask our fishermen, farmers, women, youths and the general public, I am sure their answers are what the budget has set out to address and that is improving the people’s living and wellbeing. Thus, the 2016 Budget must be better and should be better with the additional increases.

With your indulgence allow me to make a few comments on ministerial budgets. I am a little disappointed that the people’s favourite ministry, the Ministry of Agriculture and Livestock continues to be under funded. This is a chronic anomaly that has been happening for so many years. Lest, we forget, agriculture is not only the backbone of this nation but a single employer of more than 80 percent of our working population living in the rural areas. This ministry is the biggest provider of livelihoods in the rural areas as it addresses the needs of farmers and families where a greater majority of our people live, work and, of course, die. The Government must pay more attention to agriculture because in reality, this is where the people’s hope of earning a living and self-reliant dwells. If the Government is serious about investing in the rural people, then the Ministry of Agriculture and Livestock should become higher in priority.

The nation’s security cannot and must not be downplayed. The security and safety of my people at the Solomon Islands northern international border must not be compromised. The security and safety of individuals, communities, towns and cities in this nation must not be taken for granted at the exit of RAMSI next year or so. I am afraid the huge budget cut within the Ministry of Police, National Security and Correctional Services will jeopardise the planned RAMSI exit in 2017. The Government should prioritise RAMSI’s exit preparation plan, if there is any, with the highest level of resources required to maintain security, law and order throughout Solomon Islands.

I would like to reiterate that the cut back for the Ministry of Police, National Security and Correctional Services Budget this year will have a major impact on the national security of Solomon Islands. Our islands should no longer remain isolated. Rural remoteness must be something of the past. Waiting for the next boat to arrive to bring rice, tin fish, taiyo, noodle,

calico, tobacco and so on to the villages must be more frequent and regular. The rural economy must bloom and blossom.

I am happy to note that the Shipping Grant under the Ministry of Infrastructure Development has been dramatically increased to \$45million in 2016. I believe more constituencies will have the opportunity of owning and operating a ship to fulfil the much needed shipping services within the constituencies throughout the country. My only plea is that these funds do not end up in our pockets or politicians' pockets and so to the ships but they must belong to the people that own it, the constituencies.

The ship we purchase from these funds rightly belongs to our people. Our people must learn to respect such an ownership and likewise make sure the ships operate profitably and self-sustaining as an entity. I am setting a good example and I am proud to say here to this nation that with the use of such funds by establishing the *Vatate Investment Development Company*, which is a company purely registered and owned by the people North-West Choiseul Constituency with a 600 tonne plus vessel due to be delivered on the 20<sup>th</sup> January 2016. I hope the Government brings to account all those Members of Parliament, former and current who have received shipping grants in the past and of course future recipients as well. It is important that the Government adheres to this plea if it is serious about curbing corruption.

With the 2015 budget experience, I am happy to note that the Government is taking a much quieter stance on what it plans to do with this budget. Let us not raise our people's hope and expectations too high that when we fail to deliver on our promises, we are met with volleys of outcries and criticisms. For the major Government projects on Malaita, I hope this budget will make the difference we have been looking forward to. With those few remarks I support the motion and resume my seat.

## **MOTION OF ADJOURNMENT**

**Hon Manasseh Sogavare:** It looks like Members are still preparing for their speech. We would like to continue with debate for some more time, but it looks like we have to adjourn to enable Members to prepare their interventions to the motion. I beg to move that the debate on the question be now adjourned until the next sitting day.

*Debate on the motion adjourned to the next sitting day*

*Motion agreed to.*

**Hon Manasseh Sogavare:** I beg to move that this House do now adjourn.

*The House adjourned at 3.30pm*