

## MONDAY 9<sup>TH</sup> NOVEMBER 2015

The Speaker, Mr Ajilon Nasiu took the Chair at 10.08am.

Prayers.

### ATTENDANCE

All were present with the exception of the Ministers for Foreign Affairs & International Trade; Education & Human Resources Development; Lands & Housing; Public Service; Fisheries & Marine Resources; Mines, Minerals & Energy; Environment, Conservation, Climate Change, Disaster Management & Meteorology; Rural Development; Peace & Reconciliation; Women & Children's Affairs; Culture & Tourism; Development Planning and Aid Coordination and the Members for Malaita Outer Islands; Temotu Nende; North West Guadalcanal; Savo/Russells and Ranogga/Simbo

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

- The 2015 Mid-Year Budget Review  
(*National Parliament Paper No.19 of the 1<sup>st</sup> Session of the 10th Parliament*)
- The Report on the 2015 Supplementary Appropriation Bill 2015  
(*National Parliament Paper No.20 of the 1<sup>st</sup> Session of the 10th Parliament*)

### **SPEAKER'S ANNOUNCEMENT**

**Mr Speaker:** Honourable Members, the report of the Public Accounts Committee on the 2015 Supplementary Appropriation Bill 2015 is not ready for tabling now. The report will be tabled later on today when it is ready. We will continue with the other items set out in the Order Paper for today.

**Hon Jeremiah Manele:** If I can raise a point of order if we can check the quorum.

*(The House waited 15 minutes for quorum)*

### **QUESTIONS AND ANSWERS**

#### *Coconut Industry Support Programme*

**15. Mr CONNELLY SANDAKABATU** (*North West Choiseul*) to the Minister for Agriculture and Livestock: According to the rate of implementation of the Solomon Islands Coconut Industry Support Programme under the Ministry of Agriculture and Livestock, the Ministry only implemented about 5.27 per cent of the allocated budget. That is \$263,790.61 of the

\$5million budget allocation as at the beginning of September. Can the Minister inform the House of the following?

- a. Why the implementation rate under this programme is very slow?
- b. What strategies has the ministry employed to fast track the implementation rate?
- c. How many farmers have so far benefited under the programme?

What progress has been made on the following?

- d. Rehabilitation of seed gardens in the provinces?
- e. Rehabilitation and establishment of coconut based farming systems?
- f. How many processing and value adding activities have been established?
- g. Improved surveillance for possible introduction of Borgia Disease?
- h. Coconut Secretariat is fully resourced and operational within in the Ministry of Agriculture and Livestock?

**Hon DUDDLEY KOPU** (*Minister for Agriculture and Livestock*): Implementation of the coconut industry support program by the end of September was 15 percent and has since increased further with the approval of 123 applications from nine provinces to receive assistance which will see expenditure reaching at least 80 per cent by December.

Of the \$5million budget approved, \$3.6million is for fixed services grants, which are now being processed and to be paid out accordingly to the 123 approved applicants. This consists of processing equipments, tools and materials, working capitals for labour and trading.

Under the 2015 Budget that I have mentioned, 123 applications for assistance have been approved. Therefore, the number of farmers for direct beneficiaries will be quite substantial as these applicants are mostly families while some are groups and associations.

The rehabilitation of coconut seed gardens in the provinces has started with the assessment of existing coconut seed gardens such as the one in North East Guadalcanal or elsewhere. Once assessments are done, the necessary rehabilitation work will begin. Other seed gardens in other provinces will also be addressed similarly in due course.

Coconut based farming system simply refers to a system where coconut is the main crop inter-planted with other crops such as fruit trees, food crops and other useful plants. In Solomon Islands, although coconut is planted in plantations, intercropping it with other crops in a multi cropping system has been practiced where cocoa including other tree crops and food crops are planted under coconuts.

Coconut rehabilitation is encouraged and supported in order to enhance production. A number of applications under the 2015 program are for rehabilitation of rundown coconut smallholder farms that are basically coconut base. About 27 processing and value adding projects have been approved for the 2015 coconut program. This includes 19 projects for coconut dryers and eight (8) projects for virgin coconut oil processing.

The Borgia Disease is an imported disease affecting farms, especially coconuts. It is found only in the Madang Province of PNG. Therefore a strict surveillance regime is part of the normal phase and surveillance work is carried out by the bio-security and research department of the Ministry to watch out for and keep this disease and others like it from coming into the country. Strict surveillance and monitoring at the northern border is therefore very important. We are thankful for the assistance that the Australian Department

of Agriculture has provided under the bio-security strengthening programs towards pests and disease surveillance, especially of the northern border.

The Coconut Secretariat was approved by Cabinet in line with the Coconut Strategy and is housed in the Ministry of Commerce, Labour and Industries in 2011. Until such a time that Cabinet decision is revoked and the Secretariat is relocated to the Ministry of Agriculture and Livestock, resourcing and operations of the Coconut Secretariat lies within the Ministry of Commerce. However, a Coconut Technical Working Group is effectively performing the role of the Secretariat and is being resourced and supported by the Pacific Horticulture and Agriculture Market Access Project. I hope I have answered the Honourable Member's questions to his satisfaction. Thank you.

**Mr DEREK SIKUA** (*Leader of the Independent Group*): This is a supplementary question. I would like to ask the Minister what happens when the Borgia Disease infects a coconut tree, what will the coconut tree look like? Is it going to be yellow in colour or will its leaves die or what will a coconut tree look like when it is infected by the Borgia Disease?

**Hon Dudley Kopu**: The coconut trees will die.

**Hon Jeremiah Manele**: Further supplementary question. The Honourable Minister made reference to the number of processing and value adding activities; I think he mentioned 27 dryers and virgin oil facilities. Can the good Minister inform the House as to the distribution of those dryers and virgin oil facilities?

**Hon Dudley Kopu**: In terms of coconut dryers, there are three in Temotu, six in Malaita, one in Guadalcanal and nine in Isabel. In terms of virgin coconut oil, one in Temotu, three in Malaita, one in Central province and three in Guadalcanal.

**Mr STEVE ABANA** (*Fataleka*): My question is still on the Borgia Disease. Can the Minister enlighten Parliament on the kind of improved surveillance measures being established at the border to ensure this disease does not enter into our borders?

**Hon Dudley Kopu**: There are biosecurity officers stationed at Shortland to monitor the movement of boats coming in and going out of our borders.

**Hon RICK HOUENIPWELA** (*Small Malaita*): Still on the Borgia Disease. I would like to know whether there is any incidence of this disease already happening and if so, in which places in Solomon Islands. Also, referring to earlier questions about the signs of this disease infecting coconut trees so that farmers are aware and can do something about it, or will the coconut trees die when infected by the disease. I would like to know about the surveillance measures and monitoring carried out by the Ministry and how farmers can be assisted to avoid this. Are there are incidences of this disease in the country already and if so, where?

**Hon Duddley Kopu**: The Borgia disease has not actually entered Solomon Islands yet. It is still in our neighbouring country of PNG. Our bio-security group is stationed at the border to monitor any incursion of the disease into the country. When this disease enters the

country, advice will go out to our farmers that the disease is already inside the country. At the moment it is not yet in the country.

**Mr ISHMAEL AVUI** (*East Central Guadalcanal*): We will now deviate from the Borgia disease to the rhinoceros beetle. As you know, early this year, the rhinoceros beetle is reported as damaging some coconuts, a lot of coconuts as the Member for Small Malaita mentioned. What is the Ministry doing to assess the extent of the damage? And what plans does the Ministry have in place in eradicating this pest from destroying our coconut industry in Solomon Islands?

**Hon Duddley Kopu:** The rhinoceros beetle is a disease which just came into the country and is far serious than the Giant African snail. So far it has reached Okea in the eastern side and Ndoma in the western side. You can also see some coconut trees in Honiara also affected by this disease.

What the Ministry is doing is trying to locate the breeding place of the rhinoceros beetle. The Ministry found out that the beetle is breeding in Panatina from the coconut trunks used at the FOPA village. That is where this disease is breeding. What the Ministry did was took the beetle down to the laboratory and injected the beetle with fungus disease, and they took them back and release them. That is the measure the Ministry is taking at the moment. It released the beetles in order for them to mate with other beetles so that the disease is transferred to other beetles and the number will reduce.

**Mr MATTHEW WALE** (*Aoke/Langalanga*): I would like to know the impact on production on coconut based products from all the diseases the minister was talking about. For example, copra production, coconut oil, virgin coconut oil; the production that came out from coconut.

**Hon Duddley Kopu:** The latest data we have just collected from CEMA this morning shows that our export data in coconut has dropped in copra. If the diseases continue on the export data will further drop.

**Mr Rick Houenipwela:** I have one supplementary question which has two parts to it, and this is in relation to answers provided by the Minister in relation to the question he answered of farmers who have benefited under the program. He mentioned 123 applications that have been approved. I want to know if the Minister has information by provinces from those 123 applications so that he can tell us.

The other question is regarding the rehabilitation of seed gardens, and he made mention of this project currently going on in North East Guadalcanal and he also said there will be other locations throughout the country. I want to know whether the ministry has identified any other locations and if so where are those other locations?

**Hon Duddley Kopu:** The list is here; Temotu 14, Makira 10, Malaita 15, Central 8, Guadalcanal 14, Isabel 9, Western 3, Choiseul 1, Renbel 15 and this totals to 89. For the other 32, we are still gathering further information to meet the requirements before the funds are dispatched to them. I forget the other question; can the Member repeat his question?

**Mr Rick Houenipwela:** My other question is to do with rehabilitation of seed gardens. I think the Ministry is going on with this project in North East Guadalcanal. The question is, is the ministry thinking of rolling out the same project in other locations because that is what the Minister stated earlier on. If that is the case, then I want to know where are those other locations might be inside the country.

**Hon Dudley Kopu:** One will be for a provincial farm in Choiseul and later we will go to other provinces.

**Mr Connelly Sandakabatu:** Still on the seed garden. If I can remember correctly, Mile Six at Western province is one of them and they crossed Malayan Dwarf with Rennell. The supplier of seeds at that time was Yandina, in the Russell Islands. There was a lengthy research done before planting and distribution was done.

The 89 or so seed gardens throughout the provinces that you mentioned, first, was there by research done on which variety they are going to stock up and bulk for our farmers. If not are we going to get them in from Vanuatu where the seeds are available? What are the varieties that will be bulked up in the seed gardens that farmers will use? And what are their advantages over the local toll that we have?

**Hon Duddley Kopu:** A local tally will be made after which recommendations to verify which one is good and that will be the one supplied to farmers.

**Mr Connelly Sadakabatu:** I thank the opportunity to thank the Minister of Agriculture and Livestock for providing answers to the questions I put on the floor of the Parliament. Thank you very much.

## STATEMENT OF GOVERNMENT BUSINESS

### BILLS

#### Bills – First Reading

The 2015 Supplementary Appropriation Bill 2015

#### Bills – Second Reading

The 2015 Supplementary Appropriation Bill 2015

**Hon SNYDER RINI** (*Minister for Finance & Treasury*): I rise to beg that the 2015 Supplementary Appropriation (No 1) Bill 2015 now be put to the second reading. The 2015 Supplementary Bill 2015 has been prepared for the current sitting of Parliament as required under section 102(3) of the Constitution and section 51 of the Public Financial Management Act 2013.

May I take the opportunity to again to remind honorable Members of the specific provisions of the Solomon Islands law in relation to these matters. Firstly, section 102(3) of the Constitution states that *“If in respect of any financial year, it is found that the sum*

*appropriated by the appropriation Act for any purposes is insufficient or that a need has arisen for expenditure for a purpose for which no sum has been appropriated by that law, a supplementary estimate showing the sums required shall be included in a Supplementary Appropriation Bill for appropriation."*

Secondly, Section 51 of the Public Financial Management Act 2013 further details that *"The Minister of Finance with the prior approval of Cabinet, may seek supplementary appropriations from Parliament (in addition to the Annual Appropriation Act) for expenditures in excess of the sum appropriated for a purpose by an Appropriation Act or a purpose for which no sum has been appropriated, if the Minister is satisfied that an urgent and unforeseen need has arisen and that issues must be authorised from the Consolidated Fund to meet that need."*

I am happy to present today to this Honourable House a Supplementary Appropriation Bill that has the full approval of Cabinet and is indeed for expenditures that are urgent and unforeseen. That is to say that, in my view, it is necessary and very much in the national interest that Parliament considers and approve this spending presented in this Bill.

I can also confirm to this House that at the time of the passing of the 2015 Appropriation Act 2015, these expenditures were not foreseen. Let me further inform this House that this Bill is in keeping with section 58 of the Public Financial Management Act 2013. The section stipulates that *"the Minister of Finance may in accordance with section 103(2) of the Constitution issue a contingency warrant for an urgent and unforeseen need and which cannot be delayed without detrimental effect to public interest"*.

On this note, I would like to clarify the use of Contingency Warrants in response to claims that the use of Contingency Warrants in 2015 was unconstitutional. I am sure my honourable colleagues will recall the 2015 Appropriation Act approved in April this year, authorised the Minister of Finance to spend with the approval of Cabinet up to \$70million through Contingency Warrants as allowed under section 103 of the Constitution and also section 58 of the Public Financial Management Act 2013. You will note that the 2015 Supplementary Appropriation Bill formalises an appropriation for around \$37million in Contingency Warrants that have been issued this year under the existing and ongoing authority of the 2015 Appropriation Act.

Whilst the MSG Meeting and participation in the South Pacific Games were known, the cost of funding these events were not clearly articulated at the time of setting the 2015 Budget. In both events, we use Contingency Warrants to deal with the foreseen costs, not just unforeseen events.

In the case of the MSG meetings, the level of participation was higher than initially anticipated and similarly with respect to the South Pacific Games participation, funded in response to the national call for a strong participation in the event, participation that exceeded the initial intentions of the Government to provide support. In each of these cases, additional expenditures were needed because in my view and that of the Cabinet, any delay would have resulted in detrimental effect to the public interest.

Finally, on matters of Solomon Islands law, I can confirm that this Bill is in keeping with section 60 of the Public Financial Management Act 2013. The section stipulated that *"The Minister of Finance may by warrant under his hand make disbursements of money forming part of the Consolidated Fund or other public funds for purposes of making advances on behalf of and recoverable from other governments and agencies"*. As you will note, the main purpose of advance warrants is to make donor funding available where it has been agreed to late for the regular budget process.

Before I go to the objective of the 2015 Appropriation (No 1) Bill 2015, I would like to take this opportunity to provide an overview of the macroeconomic situation as it develops over the past several months since the release of the 2015 Budget and the 2015 Mid-Year Budget update.

Real GDP growth in 2015 has been revised down slightly to three and a quarter percent (3¼%) from the three and half percent (3½%) in the mid-year budget update. The revision to growth primarily reflects weaker than expected output in the formal fishing and agriculture sectors and slightly weaker than expected activity in the retail/wholesale trade sector. As expected, commodity prices have fallen in line with the weak global economic activity, resulting in lower copra and cocoa production.

The key risks to the outlook for Solomon Islands economy are stronger than expected slowdown in the Chinese economy and global financial market volatility. Inflation is focused to be 1 per cent in 2015, largely because of the sharp fall in oil prices and domestic food prices. At this point, our expectation is that revenue will be in line with estimates. The Inland Revenue Division and the Customs and Excise Division's collections for the first eight months of 2015 are broadly in line with estimates in the 2015 Midyear budget update which has been tabled in Parliament in August. The Inland Revenue Division revenue is now expected to be around \$1,695,000 in 2015. Customs and Excise Department is focused to be around \$882million in 2015.

I should also note that expenditure this year is likely as always to be slightly below what is planned due to the late appropriation of the 2015 Budget.

I would now like to provide this Honourable House with a detailed overview of the 2015 Appropriation Bill for consideration and also to draw out key spending components under the Bill. The first one is Contingency Warrants (CW) as stipulated under section 68 of the Public Financial Management Act 2013. The second is the Advance Warrant which is stipulated under section 60 of the Public Financial Management Act 2013 and the additional funding to meet urgent and unavoidable pressures the Government is facing.

The 2015 Supplementary Bill is to regularise \$36,995,786.00 provided through Contingency Warrants and \$20,291,159.00 through Advance Warrants and additional expenditures of \$138,453,186.00 through new appropriations. In addition to this, the Bill includes reductions to non essential programs, totally \$12,346,138.00. I note that the Public Accounts Committee (PAC) highlighted in its deliberation that the habit of providing offsetting savings, in the effect reprioritizing existing appropriations, reflects good financial management; and I thank them for this observation. Indeed this is a practice that I hope will continue and that in future we might find the capacity to fully offset supplementary appropriation bills as our budgeting, planning reforms and capacity improves.

I would now like to take this opportunity to go through the items under the expenditures heads. On Contingency Warrants under section 58 of the Public Financial Management Act 2013, allows for the unforeseen and urgent spending where it is not practical to provide funding through the original 2015 Appropriation Act 2015. The expenditures incurred under this section include the following:

- \$2.8million for hosting of the 2015 Melanesian Spearhead Group Leaders summit.

- \$1million towards Members of Parliament touring allowances and Parliament administrative costs.
- \$1million support towards the hosting of the 2015 Malaita Conference.
- \$1.7million for the repatriation of the bodies of two former members of Parliament and peace restoration initiative for Suava bay community.
- \$11.5million is for ex-gratia payment to police and prison officers who serve during the Bougainville crisis.
  - \$3.6million is spent on the Solomon Islands contingent to the 50<sup>th</sup> Pacific Games in PNG.
  - \$700, 000 is for overseas commissioner for the High Court to preside over Town Ground Plaza case.
  - \$1million in assistance towards the Government of Vanuatu in aid of Cyclone Pam.
  - \$11million towards the National Disaster Management Office and MPs support to victims of Cyclone Raquel
  - 2.5million for Hansard equipment and maintenance work on the Paul Tovua Complex.

Advance Warrant (s60) which are used to create appropriations where donors are providing funding through Treasury for services rendered in 2015 include the following:

- \$12.3million to Inland Revenue Division and National Statistics Office for capacity development and implementation of the 2015 Demographic Health Survey.
- \$5.7million for Azithromycin health campaign and national civil registration, HIV Program, health promotion and tobacco control regulations
- \$1.3million for the implementation of the Customs Automated System -Asycuda.

There are also a number of additional unavoidable pressures that have arisen in recent months that the government is facing, some of which are offsets with savings. This includes:

- \$46.8million on teachers' salaries, housing allowance and travel allowances as part of improving teachers' conditions of service;
- \$27.3million for the printing of the 2016 budget documents, court provisions and the Inland Revenue refunds;
- \$1million to the Commonwealth Fund for technical cooperation and SPC host;
- \$3.2million for house rent, water and motor vehicle for the National Referral Hospital and Renbel Province;
- \$1.5million towards purchase and hiring of motor vehicles for Members of Parliament;
- \$6.6million for printing of Cabinet documents, Prime Minister's Head of Commonwealth Meeting trip and grant to Melanesian Spearhead Secretariat
- \$45.5million for the final payment of ex-gratia payment, inclusive of tax to police and prison officers and other operational costs;
- \$0.3million for printing of Immigration and Labour documents and apprentice training cost;
- \$0.5million for new Civil Aviation firetruck and water pump system for the Henderson Airport
- \$4.1million for Long Service Benefits and Gratuities for Puisne Judges and Chief Justices office equipment and computer software and hardware.



As I made the point earlier, this Bill reflects the Government's decision to finance some of the expenditure pressures that had to be made to reduce the 2015 Appropriation Act 2015 by \$12.3million as savings to offset costs related to the Commonwealth Technical Fund, Police and Prison operational cost, the Prime Minister's Commonwealth Meeting, printing of Immigration and Labour documents and computer equipments for the National Judiciary.

Let me now conclude my remarks by commending this Bill to this Honourable House and I beg to move.

**Mr Speaker:** As required by Standing Order 61(2), debate on the 2015 Supplementary Appropriation Bill 2015 is now adjourned until the next sitting day.

**Hon MANASSEH SOGAVARE:** I beg to move that this House do now adjourn.

*The House adjourned at 10.59am*