

## THURSDAY 6<sup>TH</sup> AUGUST 2009

The Speaker, Rt. Hon Sir Peter Kenilorea took the Chair at 09.51 am.

Prayers.

### ATTENDANCE

At prayers, all were present with the exception of the Prime Minister and the Ministers for Planning & Aid Coordination; Justice & Legal Affairs; Foreign Affairs & External Trade; Commerce, Industries & Employment; National Unity, Reconciliation & Peace; Fisheries & Marine Resources; Environment, Conservation & Meteorology; Lands, Housing and Survey; Mines, Energy & Rural Electrification; Agriculture & Livestock Development; Provincial Government & Institutional Strengthening; Home Affairs; and Education & Human Resources and the Members for West New Georgia/Vona Vona; East Are Are; North West Choiseul; Temotu Pele; West Are Are; South Vella La Vella; Temotu Nende; Lau/Mbaelelea; East Makira; North Guadalcanal; Shortlands; North West Guadalcanal and Malaita Outer Islands.

### **QUESTIONS AND ANSWERS**

*Questions No. 57 & 58 deferred*

### **BILLS**

#### Bills – Second Reading

The 2009 Supplementary Appropriation Bill 2009

**Mr Speaker:** Honorable Members, debate on the 2009 Supplementary Appropriation Bill 2009 continues. I would like to remind Honorable members that according to Standing Order 61(2), a maximum of four days is allowed for the second reading debate. Today is the second day. However, whether we use up all allotted days depends on Members. When no further Member rises to speak on the Bill, I will call on the Honorable

Minister for Finance and Treasury to wind the debate up before the question is put.

**Hon. TOZAKA:** Mr Speaker, thank you for allowing me to join the chorus of comments made on the 2009 Supplementary Appropriation Bill. I am obliged first of all to acknowledge the continuing commitment and untiring efforts demonstrated in preparing the Supplementary Appropriation Bill by the Honorable Minister for Finance and public officers in the Budget Unit. I wish to express my sincere thank you for the proactive action in which you have seen it fit to respond to our situation and came up with this important traditional bill.

Sir, we are now well into the third quarter of implementing the 2009 Appropriation Bill, and certainly a lot of work has been done and that most of our Solomon Islanders are happy that services are continuing to reach them. We have, in the course, of implementing the 2009 Appropriation Bill, expend expenditures that result from pressures that are unbudgeted for caused by factors that are not under our control. This includes expenditures for programs that we anticipate to undertake until the end of December 2009. Some of these are not only crucial but are required to meet legal obligations. I note that Head 281 - Prime Minister's Office has an allocation of \$1.5million for conferences. Conferences are important events that the Prime Minister needs to attend, and this I guess includes amongst others the United Nations General Assembly Meeting later this year. This vote is not only for the Prime Minister, but it is also used by Ministers, MPs and constitutional post holders whenever their travel votes are exhausted. I am sure there are important events that some of us here had to attend before the end of the year. Some of these trips will certainly result in tangible benefits for our country.

Mr. Speaker, this same allocation also caters for the Pacific Public Service Commissioner's Conference, which will be held here in Honiara in the first week of October. For your information, the Pacific Public Service Commissioner's Conference is an annual event where all chairpersons of the Pacific Public Service Commissioner's participate in. Over the years it has been hosted by other Pacific Island countries except our country. We are given this opportunity to host this event which we have never done in the past although we benefited from it annually. This forum of Public Service Commissioners give us an avenue not only to discuss common issues affecting our public service and ways to address them, but it also gives the opportunity and time to meet directly with counterparts so that up-skilling and staff development opportunities are agreed on. The main sponsors of this forum are the Australian Public Service Commission, the New Zealand Public Service Commission and the Commonwealth Secretariat. We have been benefiting from this forum when

some of our senior public officers have been sponsored to do short-term work attachment in the civil service departments in Australia, New Zealand, Samoa, Cook Islands, Papua New Guinea and Vanuatu. They have brought in some new ways of doing things in the Public Service, especially to promote the new public sector management approach which is productive oriented as supposed to what it is used to be, which is spending only.

Preparations for this conference have now been advanced and the cost of which will be shared by Australia and New Zealand. In fact, this event will bring in foreign revenue to the Solomon Islands economy and so we will not be losing but gaining.

I wish to continue to pay tribute to the supplementary appropriation bill moved by the Minister of Finance in that it recognizes the welfare of public officers. I recognize the allocation made for tertiary scholarships under Head 272 - Education and Head 273 - Finance. With the former it will certainly assist public officers on in-service training so that when they are return they will bring with them new tactics and ideas to improve our process to work. The allocation to Finance on the hand will help alleviate the pressure on my Ministry in terms of finding accommodation for public officers, especially hardworking public officers of the Customs and Inland Revenue division. If we are expecting more revenue then we must meet the welfare of these officers, and I see this as a good start in the right direction.

Mr Speaker, I also note that there is request made in the supplementary appropriation bill in terms of disaster relief and also for the general elections and bye elections. These are important moral obligations. We cannot forget those who are affected by natural disasters, however, may be some proactive programs need to be worked out so that we are not only dishing out relief food but make disaster victims able to help themselves.

The General Election is an important event, and I am sure all of us here are now gearing up for this. We need to have money for this general election, otherwise it will never happen especially the logistics to get the registrations and groundwork for the general elections to proceed. If these necessary preparatory activities are not working then we are bound to have an election that is chaotic. Finance has to be available to the Electoral Office to carry out its work.

I am also happy to see an allocation under National Parliament for the review of services at the Central Hospital. If there is anything important that we Members of Parliament have to offer to Solomon Islanders, it is this piece of work. Our people need to know why services are not working at the Central Hospital. Despite all the donor assistances that goes to our health service we still have this problem and we need to know this so that we put in place corrective measures. The work of this Parliamentary Committee must proceed and I am

sure every one of us here would like to see the Parliamentary Committee's report tabled in this Honorable Chamber soon.

Mr Speaker, we all know that our Treasury continues to experience pressure and finance is not easy coming. With the importance of these expenditures, I am sure the Ministry of Finance will work hard to source funds to finance these expenditure items. This Supplementary Appropriation Bill once again calls on public officers to do their work to collect cash that is required to fund these anticipated expenditure items.

With these few remarks, Mr. Speaker, I support this Bill.

**Hon TOSIKA:** Thank you, Mr Speaker, for giving me this opportunity to speak. First of all, I would like to thank the Minister for Finance for seeing it fit in bringing this supplementary budget. This is not the first for a supplementary bill like this to be tabled in Parliament but is an ongoing phenomenon that has happened in the past and is still happening.

Mr Speaker, I think a lot has been said by my colleague Leader of Opposition where a lot of things said have meat in them and so I will be very brief only to address on Heads 280 and 498. Head 280 talks about timber rights hearings and when I look at this Head, I know that there will be more logging activities taking place in our country because timber rights and notices are going to be given to people so that logging companies can move in to harvest our logs.

Mr Speaker, I can read in the report of the Public Accounts Committee that 600,000 cubic meters of timbers have been exported in the first six months of this year, which is a very alarming rate of export. If you take an average of US\$100, and I understand the average is US\$75, but if you take US\$100 you will note that we are exporting US\$60million and you multiply that by 8 you will come to SBD\$480million. I would like to address the same amount of cubic meters in terms of us in terms of us thinking back or detour a bit and do things that can give new grounds. I think we have been always following our old road of allowing exploiters and foreigners to come and harvest our logs at a very alarming rate. Take for example a buyer overseas becoming the contractor and also the sub contractor and that is why we find that every time the market value of our timbers is high grade logs but fetches a very low price in the overseas market because they are just related partners. In fact the buyer overseas is the one sending his contractor to the country who then becomes the subcontractor. Three players come in and mitigate the costs depriving the rights of Solomon Islanders who own the forests. And so I am very surprised that when distributing the mills to the people, the mills are given to people who do not even have forests. Let us take as an example East Fataleka that it was people on the coast who are getting the mills, and so the people owning forests inland who

have logs in the bush do not allow those mills to mill their logs. I have relatives there and so I know what is going on there. What I am trying to say here is that why do we not think much broadly with Head 280 so that we harvest the logs. If the government can spend \$50million to buy equipments and were given to people who own forests, the Ministry of Forestry should be able to assess whether the forests here on Guadalcanal or in the West or in Malaita have so much cubic meters like this and so now we can address the timber rights under this head so that the government as an agency exports the timbers like it did to the copra commodity last time so that we fetch maximum benefit from our logs because right now the price of a cubic meter of timber is US\$400, which is FOB value from the point of export to the foreign market. Mr Speaker, if you have the same calculation of 600,000 cubic meters this year for the first six months and you multiply that by this \$500 it gives you US\$300million and you multiply that by 8 and you will come to SBD\$2.4billion. That is the road we can follow otherwise we are just sitting down waiting saying the financial difficulty is suppressing us. But we have resources that are marketable and demandable in the foreign markets. Why do we not go down the road so as to maximize those things so that we maximize our resources in the way that people of Solomon Islands could benefit rather than flyer-by-nights coming and harvesting our resources and go and creating billion dollars overseas.

That is my only concern on Head 280 because the way I understand it is that if we do not have that thinking and continue to move on to new places to harvest, then as the report stated come 2015 we will no longer have any loggable trees remaining. This means some of us would also not have timbers to build our houses too.

The result of logging in this country is very clear that logs are going out but people still remain the same or even worse than before. Why do we not think of going down a different road so that we maximize helping our people? We are still entertaining logging. I think logging should be stopped now, enough of it now, we should do away with logging and allow export of timber and export of furniture. That is my view on this area.

The other head I would like to discuss is Head 498 of the Ministry of Rural Development which talks about livelihood of an additional \$7million. As rightly said last time we budgeted for \$50million and we have not exhausted that \$50million yet, but now we are asking for another additional. Could it be that other Members of Parliament have not utilized their 2008 funding. But whose failure is this? It is your own failure? If you had utilized it this Supplementary Appropriation Bill would not have been brought in here. If you had played your part in getting your provision and used it in your constituency, we should not have this supplementary appropriation. The \$50 million budgeted for here

should have been enough. The Deputy Prime Minister who is now the acting Prime Minister told us that by March all constituencies should have received their \$1 million, but March has gone past and nothing has happened. That is why I am a bit worried because we are going to add onto it and later we are still going to wait. Because we are going towards the end of the year and for some of us our programs are way behind because of the delay in funding our projects.

Mr. Speaker, what I am trying to say here is, as rightly said we must think a bit broadly and allow this country to go down the way that will help itself because if that is not done we will enter into arrangements that will only suppress us and Solomon Islands will still beg for money until the day the Lord comes back.

With these few comments, Mr. Speaker, I support this supplementary appropriation bill.

**Mr. ZAMA:** Mr. Speaker, this piece of paper is what I am trying to understand but I still do not really understand it. Apart from the paper being white and having numbers scribbled on it, I cannot still make any sense out of it as yet. That said, Mr. Speaker, I would like to thank you for giving me the floor to briefly contribute towards this Bill. My contribution will be very brief and precise to the points that I would want to raise on the floor of Parliament.

Sir, at the beginning of this year, the Minister of Finance presented the 2009 Appropriation Bill.

**Hon Fono:** No, it was last year.

**Mr Zama:** Okay, thank you. Yes, Mr. Speaker, I thank the acting Prime Minister for correcting me. But it was deliberate because I want him to come up with the dates.

Mr. Speaker, in November last year this Parliament approved a big budget of \$1.75 billion. If my memory serves me right that may have been one of the biggest budgets this Parliament has ever passed. When the Minister delivered his speech, the words he used to describe that budget was, "it was a credible budget". Mr. Speaker, some of us contested those words on this floor, with the hope and belief we are already seeing this budget. In fact, Mr. Speaker, some of us were 11 months or nine months ahead in the government's thinking and projection because we know that what the government was presenting to Parliament in November was not a credible budget but a non creditable budget.

Sir, I must take this time to thank him again for moving this supplementary appropriation bill 2009. When the Minister moved this Bill this week he did not use the word 'credible' in his speech. The speech did not

contain the words “a credible supplementary appropriation bill” but the words the government has selectively used were “this supplementary appropriation bill reflects the government’s vision and commitment for rural development”. And I cannot really distinguish between a credible budget and a shift in the position from being a credible to a much better clearer vision and commitment. What I wish to briefly raise here is that in November we passed the \$1.75 billion budget. By the middle of this year what we would have expected to spend would be half of that, if we have to oppose on the budget on a monthly basis, and going by that rate we are expected to spend \$879 million by June of this year. That is what we are supposed to spend.

The figures we got from the Ministry of Finance was that to the end of June 2009, the government’s expenditure only totaled \$645.1 million, which is \$234million short of what it is projected to spend by June 2009. Mr. Speaker, the government therefore has under spent its budget by \$234 million by June this year.

Mr. Speaker, there are reasons why the government under spends that much money, and the speculation is that the Government has not collected the projected revenue to spend all that money it has or because of this global financial crisis has taken appropriate control mechanisms in slowing down expenditures thereby restraining its spending and that is why it under spent its budget by \$234million. Further to that, Mr. Speaker, the government has also applied further breaks by putting a ceiling to spending by 35% in budget reservations, both in the recurrent and the development budgets. That is a further relief in spending. Here we are seven months into this year and before us here is a supplementary appropriation bill 2009.

In this bill, the government is merely asking Parliament to further approve \$79.5million. Of this amount, \$21.5million comes in the form of contingencies warrants or in other words that is what the government has actually spent through the provision of contingencies warrants. Of that, \$11 million is for disaster relief and \$10million for the Ministry of Mines, Energy and Rural Electrification. Mr. Speaker, this \$10 million on the rural electrification project is a bit of funny spending on why it finds its way to the contingencies warrants. The government can come up with its own justification and merits as to why it has seen it fitting to take the \$10 million under contingencies warrants because this amount is supposedly to be paid by donor funding. I find it a bit awkward, I mean a bit vague for this \$10 million to find its way in contingencies warrants. I think the government needs to start re-looking at its accounting terminology and procedures and processes that this amount has not been spent, only part of it has been spent and yet it finds its way there. The other \$11 million is for relief efforts on Guadalcanal, which is unforeseen, and like the Minister has rightly said

contingencies warrants is for urgent and unforeseen events. I think over the years the government has abused the use of contingencies warrants. I wish to register again that government has regularly abused the use of contingencies warrants.

Mr. Speaker, also in the recurrent budget the Government further seeks \$44 million, as highlighted in this Bill that \$9.5 million will go towards the Ministry of Education because the Ministry has asked for it for additional scholarships. This is still a bit funny because whilst there is a cut in scholarship, the Minister has seen it fit in pushing its way to ask for a further \$9.5million. Sir, I cannot find any justification for that in here. I will come back to the other ministries later on.

The Ministry of Finance has asked for an additional \$2.5m and the list goes on. The other thing I would like to comment on, which the Leader of Independent Group has also raised in his comment is the \$1.5m for timber rights hearing. Sir, this head is going to be a new head. This is a new budget item that the government for the first time is providing money for timber rights hearing. The tendency of timber hearings in Solomon Islands over the past years has been done outside of the normal practice. Timber rights hearings in our country in the past have been predominantly sponsored by logging operators and players of that industry. I can see some wisdom on this forestry provision because the government is quite serious in its attempt of rooting out malpractices that are going on, especially on timber rights hearings because in order for people to be fairly and equitably represented and their concerns heard, timber hearings must be independent. I think this is one way that people can be fairly represented. In the past when logging companies sponsored the timber rights hearing from the beginning the word 'independence' is not there. It is a one-way traffic hearing because you would already know that once a timber hearing is sponsored you would only expect something that will come out from the other end at the end of the day. What the government is trying to do through this allocation is to regulate the rate of timber hearing committees when they sit down for the hearings. At the moment, I am surprised when I hear the rates they are asking from logging companies. Just for the records, it varies per day and it also varies in the provinces. For the chairman of the timber hearings the rate paid to him in the past is \$2,000 a day. That is for the chairman and for the members is \$1,000 a day. This is a very attractive rate and no wonder why the provinces really want to hold timber hearings. Just imagine a committee sitting down one full week for timber hearings, the chairman would fetch \$10,000 and ordinary members would fetch \$5,000.00. This is coming directly out from logging companies, and I am a little bit sad to say that the issue of independence of the hearings is totally none. I want to thank the Ministry of Forestry for coming up with that wisdom and we



will see just how many forests are left so that committees continue to hold hearings. With this \$1.5million in the remaining five months of this year, how many hearings the Ministry will hold, I do not know but that is something the Ministry will come up with. But at least we are trying to slowly put a break on the way the hearings are heard. I think the government must be given some credit for that.

The other issue I want to raise my concern on is that in terms of policy focus and approach, I think the government is not very clear in itself which direction it is trying to take. What does it really want to address with this supplementary appropriation bill?

A number of Ministers sitting down there are discontent and have openly raised concern to the acting Prime Minister and the Minister of Finance to take note of their concerns. In terms of policy focus moving forward and taking us on, I think the government has misplaced its policy and focus. What some of us are saying is that if the government is truly committed to have a vision and commitment for rural development, then some of us see the following ministries to take priority in this supplementary appropriation bill. Firstly, we would see more money for the Ministry of Agriculture. In this supplementary appropriation there is no allocation for the Ministry of Agriculture. Secondly, we expect to see more provision for the Ministry of Tourism. This morning the Minister of Tourism told me that he is protesting this sitting because he has no allocation and that is why he is not on the floor today. He is not in Parliament because he has confirmed that with the \$2million allocated to him none of his projects have been funded; none. In the supplementary he still has not got any funding and so he has deliberately protested by not attending Parliament.

**Hon. Fono:** Point of order. The MP is misleading Parliament. My good Minister is having an audience with the Western Provincial delegation at 11am and so he has asked permission to leave. The Member should not be misleading Parliament.

**Mr. Zama:** Thank you for that, but he raised that to me and so I have to raise it here.

Sir, what I am trying to raise here is that the government lacks the focus in addressing rural advancement. When he said that he had a vision and commitment for rural advancement, what appears in this budget under rural advancement is \$7million. This \$7million should not have appeared here. The government has wrongfully used contingencies warrants to spend \$7million because the Deputy Prime Minister who is also the Minister for Rural Development has failed last year to spend \$7million on livelihood funding. It is

his failure, it is the failure of the Deputy Prime Minister and now the acting Prime Minister, and he must hear this that the \$7million put in the supplementary appropriation is directly his fault and failure for not quickly pushing these payments to the Ministry of Finance last year, otherwise that \$7million is an overdue payment from the 2008 livelihood programs. That is a fact. This is not additional money they are spending.

If we seriously look at the government accounting systems and procedures and how payments are being made in Finance, what is down for 2008 in government books and accounts is income and expenditure foregone and cannot be carried forward to 2009. But I am surprised that this government that says it is committed to tightening its belt and expenditure has seen it fit to take on what is for last year and tries to pay it out in 2009. No wonder why we are being thrown back by \$7million in rural livelihood programs and project payments because the Deputy Prime Minister has seen it fit to pay that first. But legally what I would rather see from this government is to put it in this Bill, bring it to Parliament and let Parliament approve it before he can just pay that money out. That is the right thing for the government to do. But instead they have short-circuited these processes and because although they are provinces but we have to be standing by the procedures and processes in the Ministry of Finance. Although Members may have taken hold of those payments now, I cannot give them any assurance because if we are going at the rate we are going now then there is still going to be some \$9million to \$10million still outstanding from the livelihood funds and so the onus is now on the Deputy Prime Minister and the Minister of Finance not to repeat what they have done last year. Sir, the ball is now in the Deputy Prime Minister's court to really speed up every payment because I do not want him to see another payment here.

Mr. Speaker, the other ministries I really expect to see in this supplementary is the Ministry of Forestry, the Ministry of Fisheries and the Ministry of Infrastructure because those ministries are touching the livelihoods of people in the rural areas, and so priority must be given to these ministries so that we allow the engine of growth in the private sector and the rural areas to continue to generate and regenerate jobs and opportunities for people. That is, I suppose, the broad policy approach the government should be adopting, and apart from continuing to allow our schools to operate we expect more money on health and also more money on education. But I think not so much on scholarships.

Sir, having said that and looking at the way government is taking us on, especially all these difficulties we are going through, some credit must be given to the government because at least they are trying their best. I wish to reiterate here that we must credit to people who own resources in the country and are

continuing to support us in allowing their resources. We must register that here on parliamentary records that without their support, without them giving up their resources, government cannot get its legal taxes.

Going back to the forestry sector, a lot has been said on this sector and a bulk of government budget is currently being funded under this sector, and that is why I am raising these issues that we need to start looking at other alternative industries and sectors to fill up this gap.

An area that we really need to come up quickly with now is the Department of Environment because environment is to do with protecting our reefs, our islands and our lagoons also tie up with tourism. Honestly, I think we need to be quick with this and get into promoting tourism in a much bigger way. I was very enlightened by what the Minister of Tourism said that the government's focus now is on promotion of products, apart from the other policy objectives. Yes, tourism must be promoted at all levels both by the government and the private sector.

I just wish to announce here in regards to tourism development in the country that there is one new product apart from surfing in Gizo that tourism wants to promote. There is now going to be an international new golf course in Noro. I think the government must be serious in promoting this product, an international golf course in Noro because this will be a new twist and a new turn in the development of tourism, not only in the Western Province but in Solomon Islands. I am suggesting now to the government to put money into this development so that it is going to be an attractive product for people to come and enjoy. If you look around the region, especially Solomon Islands, there is no tourism development that ties up with this kind of product. I think this is a new event at this new dawn in that we must really support the tourism industry.

Mr. Speaker, I would like to thank the Minister of Finance for this supplementary budget. How much we would want to oppose it, how much we are going to raise here, at the end of the day the government must spend money so that services continue to be provided to our people in this country, and for that I want to thank the Minister for Finance that he needs to push his officials so that payments are not unnecessarily held up in the Ministry of Finance because we are now in the seventh month going for the eight and there is only four to five months left but there are still a lot of outstanding payments in the Ministry of Finance. That needs to be registered here, and especially for the Ministry of Agriculture there are lots of payments still piling up in his office and also in the Ministry of Finance. The same is also true for the Ministry of Infrastructure. The same can be said for every other ministry as well. That is also another reason why I do not see any sense in this supplementary appropriation because all payments are piling up in the ministries. This is reality because the government

has applied control over expenditure and at the same has also applied a reservation of 35%, and so whilst payments are raised, many of the payments are just pending in the ministries and a bulk of them are now resting in the Ministry of Finance. One thing the Minister needs to make it clear on the floor of Parliament today is that whilst the Minister is saying there is money, the officials are saying there is no money. I want the Minister to clarify that statement when he winds up the debate. We are hearing different things from different people and so the Minister must confirm to Parliament that there is money for the government to spend.

With those few remarks, I would like to thank once again the Minister of Finance and the government for seeing it fit to push this supplementary appropriation bill to Parliament. With those remarks, Mr. Speaker, I support this supplementary bill.

**Hon. LILO:** Mr Speaker, thank you for allowing the Minister of Environment and Member for Gizo/Kolombangara the opportunity to contribute very briefly to this Bill.

Mr Speaker, I have been sick for the last two weeks and that is why you have not heard me speak in this chamber. It has been interesting lying down and listening to all of you debating this Bill, which is very important in as far as the government is concerned.

Sir, first all I would like to congratulate the Minister of Finance, the team in the Ministry of Finance, and other officers in the Central Bank and others who have given great advice to the Ministry of Finance in coming up with the supplementary appropriation bill, the size that is now with us, which I think is a very sizeable supplementary appropriation bill given the current economic conditions facing the country both domestic and external. At the same, I would like to thank the Minister of Finance for the wisdom and leadership he has given in steering us through these difficult times, especially over the past 18 months since we have gone through this financial crisis. I am sure we have all read the literatures provided to us by the Central Bank, the advices rendered by the International Monetary Fund and the World Bank of the situation facing the country and the global economy. This supplementary appropriation bill is a bill that comes in realizing there are certain important activities of government that ought to be resourced and therefore that is what we are facing here. I think the most important thing is from the governance perspective of this bill that the government has to come back to Parliament to seek the approval of Parliament. This is the place to approve supplementary appropriation bills.

The Constitution also says that in the event the Minister of Finance or the government expends through contingencies warrants, he must come back to

Parliament immediately to report on what he has spent. From the governance perspective, I think the government has done what the Constitution requires. In that way we are conforming to the Constitution in bringing this Parliament. This is the right body. Just like in any organization that comes up with a budget and during the course of the year finds itself there might be additional resources required to be expended to expand the operation of the organization, of course, you have to go back to the board to seek the approval of the board to continue spend the money.

In that respect, I think this Bill is very justified constitutionally because we follow exactly what the Constitution is saying in that we have to come back to Parliament because Parliament is the ultimate authority, the legitimate authority to authorize all public expenditures out of the consolidated fund of Solomon Islands. In that respect, this Bill is in order.

Mr Speaker, some commentators and colleagues have contributed arguing about the genuineness of the expenditure that have been selected and identified including this Bill. I could not think of any other way in justifying the sectors featured in this Bill than what they are there for. The Ministry of Education, for instance, and I know that the Ministry of Education is going to rise to substantiate and explain why it is important for the Ministry to be allocated these additional expenditures. We need to continue to educate our people, we need to continue to train the future generation of this country, we need to continue to plan ahead for this country to be equipped with good citizens, good workforce, good labor force that will become productive in the future, and so the allocation to education is well justified. The Member for South New Georgia/Rendova/Tetepare raised the issue of timber rights hearings. This is the first time that government has actually come up with an allocation on timber rights hearings to ensure governance in the forestry sector is improved. All the sin and corruption that we always talked about in the forestry sector, this is one way of ridding that problem in that we bring the responsibility of financing and taking the leadership of running the independence of all the timber rights hearing through the system of the government. If you look at this allocation of \$1.5million and if you have the chance to read the 2009 March Quarterly Review, I am sure a lot of you are not reading this report including the Leader of Opposition because yesterday he quoted wrongly too, but you will find in the first quarter of this year, we have earned from log, the country's primary export revenue earner about \$178million. That is a drop of some 24%, and I will come back to that 24% and why the reservation of 25% is justified.

This \$1.5million to the earning of \$178million to me is justified spending. Can you categorize that as genuine? I think so, it is genuine spending. This \$1.5million spending to an earning of 178million I believe is genuine spending.

We must be kidding to say that it is not genuine spending as it is genuine spending.

The allocation to security of about \$2million is justified. Security in this country continues to be a concern to all of us. We are also worried about the way our citizens behave towards our law enforcement agency. And when it comes to allocation for them, we say hang on and we question it first. Mr. Speaker, there cannot be any better reason for us to think of how we should resource our security enforcement agencies than to continuously monitor the way they are going and resource them so that they continue to improve their work.

On the Ministry of Home Affairs, to say the allocation to this Ministry is not genuine is not right. Disaster is not something that is predictable. We do not say it is us who sends the tsunami that has affected us and it is not us who sends the flood that has affected us. These are all defaults of nature. Only God knows when the next disaster will fall on all of us, and so we must be prepared. In that respect I believe the allocation that is made to the Ministry of Home Affairs is well justified.

Mr. Speaker, the Member for Rendova/Tetepare has raised an issue on the \$7million towards rural development. I could not find any better way of doing what the Deputy Prime Minister ought to do than this. Coming back to Parliament knowing the circumstances in 2008, which are so difficult so much so that he has to take some actions to save the situation and keep the country going and coming back to Parliament and say we have a good situation right now, can we now meet those requirements that we have earmarked last year. The good thing is that the Deputy Prime Minister did not force himself to spend it last year. He has to wait for the right time to spend it and that is exactly why it has to be here in this supplementary appropriation bill. But it is not a contingencies warrant; this is a new provision in the supplementary. I think that is the justification we have to make here. In that way, I felt that putting the test on the genuineness of the allocation in here, the quality of the expenditures that we target in this supplementary appropriation bill, I believe are well targeted areas and genuine ones. They are well targeted towards areas that this country can focus on in order for us to achieve a good balance in terms of social and economic development.

Mr. Speaker, this Bill in a way, as what I have said, when I through you congratulated the Ministry of Finance, I think we ought to congratulate him for coming up with this size of this supplementary appropriation bill given the circumstances that we are facing. The budget is a managerial tool. We cannot come up with a kind of concept or theory to say if for instance it is not a managerial tool and it is just put as a tool, a straight tool that cannot be bended then that is not so. It cannot be that because a budget does not happen like that.

It is a managerial tool. It is a tool that managers use in any organization, and if the circumstances change, managers are given the discretion to change the direction of the budget. It is about shifting resources around so that an organization remains focused in delivering what it ought to deliver in achieving the goal and the mission of the organization. On the same token too, the government of a country and in this respect, the Cabinet has the responsibility to assess the direction of the budget has the discretion too of the budget as a tool for management. It is a managerial tool at the disposal of Government so that given the circumstances we are facing that if things change, the Government can also come back to this very House and say 'look citizens we have to change the direction of the budget' or 'we need to resource back some of the areas that we have not filled in this budget that we feel we ought to resource so that a good outcome is achieved in the way our country is heading. So it is a managerial tool, and we should not think about it as something that is stiff, so rigid so much so that we cannot break it down or move around. No, it is a managerial tool. The most important thing is to exercise responsibility and assess the way the movement and the shifting in allocation of resources within a particular budget is done. This government has demonstrated that responsibility. We have not changed the size of the budget but we are basically saying that the original budget remains the same, and we must commend the Minister of Finance for doing this. But we are faced with a situation that our economic conditions do not remain the same, so much so that we can say passing this budget means it cannot change around. No, economic conditions change, and we are following what is called a business cycle; peak and trough. Peak and trough sometimes can be good and sometimes can fall, so much so that we just sort of run through a life of a jigsaw, a life that is like the teeth of a saw which goes up and down, up and down. That is business cycle.

Given the changing situations the direction of the budget has to change too. You have to look at the size of what is needed additionally to resource it, is also put inside. Just look at the figure the Minister of Finance came up with in the beginning of the year that he has to take the choice so painfully to reserve the budget. Why did he come up with that figure?

Mr. Speaker, read the quarterly report of the Central Bank and I hope that officers of the Opposition do some research on this; come and see it for yourself. On page 1 - over view in paragraph 2-3-4-5-6, it shows there. Log, the country's primary export revenue earner has dipped by 24 percent. So when the Minister of Finance came up with the figure of 25% reservation is it justified? I think so. Given the fact that one of the biggest strengths of our budget is on log export and it has dipped by 24 percent, what else can the Minister decide on? This is a good guidance for him. More than that, if you look at the export of our country in the

face of this global economic situation, it has actually dipped by about 32.7 percent export slump both on price and on market demand of our export. It has gone down to 32.7 percent. Was it of our own making? Was it the making of the Leader of the Opposition or the Leader of the independent or who? No, it was not of our making. We are faced with that situation. So what should we do? Do we have to just remain rigid and say we cannot move? Just because the Minister said everything is going down and so we remain the same. You cannot do that.

**Hon. Sogavare:** Point of order, Mr. Speaker. That man is misquoting what we have said. We fully acknowledge those things. We are not saying the budget should remain the same, in fact we acknowledge that the budget should not be rigid. We fully support the move the government is taking by bringing in the supplementary appropriation because budgets are supposed not to be rigid. We acknowledged that and so that debate does not make sense, what the Minister of Environment is saying. Maybe you still have to address the issues that this side of the House has raised in terms of the reservations on the point that the supplementary appropriation is brought into Parliament when you have reservations. We are talking about provisions and we are not talking about money and things like that. Provisions are what we are dealing with here. There are enough provisions instead of reservations and yet you are bringing in requests for provisions when you have enough provisions already. That is the issue.

**Hon. Lilo:** I recognize the point that the Leader of Opposition is making. That still does not deduce the strength of the argument that he made yesterday. The point is that we have a slumped in export production by 32%, and so in that situation we have to apply that reservation tool, we have to apply that 25% reservation and since then there have been some improvements. The situation cannot remain static. As I said a business cycle will go through peak and trough. It just so happens that after the March quarterly report when some good receipts in revenue was recorded, some of which are windfall revenues, and I am sure the Minister Finance will explain this, and therefore he came up with this supplementary appropriation bill. If you put the test on the appropriateness and affordability of the figure that has been selected in here and put as part of the supplementary appropriation bill, it will still fall within, measured against the GDP, measured against our total revenue or even against reserved revenue which the Minister himself imposed. It is well within the bracket of 30% or 10% or 15%, or what a contingency would normally apply. In any organization when you apply contingency, it is a rule of thumb always that there is a contingency of about 10% or 15% of the total budget. Or in any costing that you do, and I know



that you have done project proposals in the past that when a project proposal is drafted, at the end you will say there is a contingency there. What is a contingency of about 10% or 15%? It is rule of thumb. You always do that. If you apply the test of this particular supplementary, the total of the supplementary, the total allocated on the development budget, and the total on the recurrent still falls below even 10% or 15%. Even on the total revenue on a reserved amount we are still within that. So we ought to commend the Minister of Finance for coming up with this figure in that way. It is a well tested supplementary appropriation bill.

Mr Speaker, looking at all the arguments like why should you come up with this, why should a reservation of 25 percent, I have just explained that. We should just read the first quarterly report and we will see the figures justified. Our log export revenue has dropped by about 24 percent, export has slumped by about 32 percent, and so these figures are not just mere figures that were invented just for somebody's convenience or for political convenience. No, Mr. Speaker, it is based on good projections, good research and figures that are well tested to prove our country moving forward. But overall looking at this supplementary budget, even the original budget this Government came up with this year, one thing that we ought to commend the Minister of Finance and the CNURA Government with is that the Solomon Islands economy has not actually gone into recession. We have not actually gone into recession. All the reports coming out from the Central Bank have actually pointed to good challenges. It is the responsible efforts this government has put in place through good leadership the Ministry of Finance continues to demonstrate and all the very competent officers in that Ministry that we have been able to steer this country moving forward. We are not easily drawn into the pitfalls of the global financial economic crisis. We have not. I have not seen in any reports by the Central Bank to show that Solomon Islands has officially gone into recession. We have not officially gone into recession, and the year is still coming. We are talking about the rolling of revenue and expenditures still moving and we are just moving past the first quarter. The third quarter could present a good picture for us. Why I say that is because if you look at the global economic situation now, the US and China are now working very closely. As you can see almost 80 percent of the debts of the United States of America is now held in stock by China. So may be there is a good prospect for us. Last year and the beginning of this year have been so challenging because in terms of trade and aid we are relying on these countries that are now going through the crisis. We are relying on these countries that are importing our exports. We are relying on these countries that are supplying aid money to us that are facing crisis too and so our situation is very uncertain, and government has taken the decision to wedge through, to

weather through, maneuver through these difficult times. And for us to come up with a supplementary bill of this nature and of this magnitude, I believe justifies itself, both in terms of the quantum we are presenting and the exact make up of the budget itself.

You would also find in this supplementary that not every ministry have submitted or bided, even though we did but we are also faced with the situation that resources are so scarce so much so that we need to give way to other priority ministries and sectors that must do it, must have them, so that the machinery of government continues to keep operating and move forward.

Just as much as the Environment Sector would want to see some of our bids accepted in this supplementary appropriation bill, we just accepted we ought to wait for the good times, most probably next year to come up with some good budgetary allocations, if not then we need to just keep going with negotiations we are having with both bilateral and multilateral donors on funding arrangements in the area of environment, climate change that are so crucial facing this country. I will not bore Parliament in going through some of them. I might touch on some of these issues in my debate on the sine die motion. But for now I wish to say and submit that this budget is well justified, it has my support and I once again wish to congratulate the Minister of Finance and the CNURA Government for coming up with this mid term budget to help government programs move forward and also to address some of the concerns, pertinent concerns that continue to be expressed by that side of the bench in the direction of our country moving forward, which is so important for us to take into consideration. I am sure those are well canvassed in the way the government came up with its budget.

With those few remarks, I support this Bill.

**Mr VAHOE:** Mr Speaker, I rise to contribute briefly on the debate of the 2009 Supplementary Appropriation Bill 2009. At the outset, I would like to take this opportunity to convey my gratitude to the Minister of Finance and Treasury for bringing this important bill before Parliament. Sir, the Bill is not a newly introduced scheme; it has been a normal tradition of practice by successive governments of the day to account for unbudgeted for items incurred during its financial year.

Mr Speaker, the Bill as alluded to by the Minister of Finance and Treasury in his address is crystal clear. The Bill generally seeks the support of this House to authorize government continue with its normal business and to effectively deliver services to our rural people. Mr Speaker, the Bill demonstrates government's vision and continuous commitment to fulfill its constitutional obligation in serving our nation and people.

Mr Speaker, with these few sentiments, I, therefore support the motion.

**Hon. PACHA:** Mr Speaker, thank you for allowing the MP for South Guadalcanal and Minister for Mines, Energy and Rural Electrification the floor of Parliament to contribute to this very important 2009 Supplementary Budget.

Firstly, I would like to take this opportunity to commend my colleague Minister for Finance for this supplementary budget. Sir, I stand here in this honorable Chamber representing one of the very important productive sectors, portfolio ministries of my government that is responsible for the essential natural non-living resources that this country is blessed with. My personal conviction is that so far we have not yet fully explored the natural wealth that God has blessed us with. Without them the very basic of our survival, natural economy and social development advancement will be devoid.

The Supplementary Budget of my Ministry in this last part of the year 2009 involves the Energy Sector only. The supplementary amount amounts to SI\$10million and will be provided by the good government of the Republic of China, Taiwan. May I at the outset thank the good government of ROC for this generous support and assistance.

Mr Speaker, my government recognizes the Energy Sector as very vital for economic recovery and social wellbeing of the country. Solomon Islands depends heavily on imported fossil fuel for its energy needs. The Ministry of Mines, Energy & Rural Electrification realizes that one of the contributing factors towards our current high cost of living and business operations in the country is our dependency on imported fossil fuel. This cost is transferred down to our rural dwellers through high price for basic commodities. The Ministry therefore is working vigorously with our development partners to strategically utilize our renewable energy resources to make life comfortable at an affordable cost.

Mr Speaker, the Government through my Ministry has pursued electrification of our boarding schools through funding assistance from the governments of Italy and Turkey respectively and is still ongoing. The government of the Republic of China has recently provided funding of SBD\$10million to procure solar PV sets to be used in our rural schools. My Ministry hopes to get 2,006 sets of solar kits through this funding that will be shared equally amongst our constituencies. I would like to inform this honorable House that 30 percent of this fund had so far been transferred to Motech Industries in Taiwan, the manufacturer of the PV sets, and the manufacturing process is well under way. I will be informed once the required PV sets are manufactured when 50 percent of the funds will be remitted and shipped to Honiara. The remaining payment will be made when the consignment is received and signed off in Honiara.

Mr Speaker, the major project the Ministry is currently engaged in is the development of the Tina Hydro Project. The government is working with the World Bank, the European Investment Bank and AusAID to develop this hydro scheme. The outcome of this hydro project will reduce electricity tariff to reasonable costs compared to present electricity costs, which is one of the highest in the world.

The improvement to SIEA's management under the World Bank and AusAID assistance through Solomon Islands Sustainable Energy Project has started with the recruitment of the commercialization manager in July 2009. The recruitment of a general manager and an independent board of directors will soon be completed before the year ends. The recruitment of these experienced personnel in managing power utilities is important to ensure power is delivered reliably, efficiently and effectively to our people. Despite the current financial constraints the government is facing, my government has completed reviewable energy projects for public infrastructures in two communities in the country. My Ministry hopes to complete four more installations when logistics arrangements and payment of the equipments is completed in this year.

My Ministry is working in partnership with our private sector in promoting the use of renewable energy in our rural areas to replace kerosene lighting, which is so costly to our rural dwellers. A recent success was the linking of assistance from renewable energy and energy efficiency partnership (RIP) with Willies Solar Power Company to pilot a micro credit scheme using cash crops instead of cash to obtain simple solar home system on credit in some parts of North Malaita. The successful pilot project has attracted interested aid donors to upscale the initiative. UNIDO has offered to assist this partnership in up scaling this project to cover, not only the provision of basic lighting needs but improvement of rural economic growth through utilization of renewable energy. I am to inform this honorable house that my office had received invitation by the Renewable Energy and Energy Efficiency Partnership (RI)P program to attend an international conference on this subject to be convened in Walton Park, Vienna, Austria on the 14<sup>th</sup> to 17<sup>th</sup> September 2009.

The Ministry has not forgotten the SIEA out stations. Development of hydro schemes for Rualae in Auki and Huro in Kirakira is being pursued with. Land acquisition for Rualae is currently ongoing and is nearly completed. Following tenders put out by my Ministry for feasibility studies on these two sites earlier this year, a winning bidder is soon to be selected. The government and SPREP who is co-funding these studies will negotiate the contract with the winning bidder and my Ministry hopes that feasibility studies should commence by the fourth quarter of 2009. Mr. Speaker, my Ministry has appointed a taskforce to look into developing our bio fuel potential.

The Ministry is working closely with the Asian Development Bank to develop this industry and aims to convert one of the SIEA's power stations in the provinces to run on coconut oil blended with diesel by year 2010. Further up scaling of the project to cover other provincial power stations, is envisaged through assistance from the ADB depending on outcomes of feasibility studies and success attained on the first installation. The development of our bio fuel potential will open new markets for our coconut plantation owners, and hopefully can be used in the transportation sector in the future.

Mr. Speaker, the Ministry is working hard to reduce our dependency on fossil fuel and increase electricity access to our population to improve their livelihoods. Energy efficiency is encouraged by the Ministry to ensure our people wisely use energy to avoid energy wastage, which is costly. Sir, my Ministry is conducting this through awareness and educational programs through various means.

On the other sectors of my Ministry like the minerals, water and hydro carbon resources sectors, there is no supplementary being given for these therefore my Ministry will be focusing on the existing budget to complete the necessary requirements such as land acquisition process, office management set up for the projects in 2010.

I have outlined the important roles and responsibilities of my Department. Although small and takes only a minimum percentage of the supplementary budget for 2009, it has a lot of very technical, scientific and very important duty for the economy and social wellbeing of all Solomon Islanders. Finally I would like to thank you once again Mr. Speaker, for the opportunity to contribute and I support the Bill.

**Hon. SOFU:** Mr Speaker, I also wish to join other Members of Parliament who have already spoken on this very important Bill. Mr. Speaker, in so doing, I first would like to thank the Minister of Finance for bringing this Supplementary Appropriation Bill 2009 for deliberation on behalf of the CNURA Government. I wish to also extend my words of thanks to his staff for their efforts in putting together this very important Bill.

Sir, the Supplementary Appropriation Bill is just a normal bill for any government to bring to this floor of Parliament for two reasons. One is to regularize past spending and to make additional spending for the remaining months of the year. Before I go any further, I would like to also register my thanks to our rural populace and farmers in our constituencies who are working very hard to keep moving the economy of our country. Whatever contributions they are doing in whatever parts of our country, is acknowledged. They are contributing towards the economy of this country. Though small it may be but

they are working very hard. Some farmers who are not accessible to road infrastructures start from faraway places in the bush floating their products along the rivers to buying centres. Some of them have to walk for miles carrying bags of cocoa from the highlands to the coastal area where there is a wharf to transport their products by truck to the urban centres. I would like thank them for their hard work and contribution towards the economy of the country.

Mr. Speaker, in regards to the Ministry of Infrastructure Development, some Members who have already contributed alluded that there is no provision for it in this supplementary. This is because we are still using provisions under the Ministry of Infrastructure Development in the 2009 Budget.

Mr. Speaker, I want to inform Parliament that there are obstacles that Ministries usually find when it comes to implementing of programs, especially the Ministry of Infrastructure Development. One of the problems we are experiencing is land. We are finding it very difficult to implement our programs within given time because of the land issues. The Ministry with landowners, the province and the Ministry of Lands are going to work together to address situations like this and therefore further delays work to be done. That is why the Ministry of Infrastructure Development has no provision in this Supplementary Appropriation Bill. We are still working and by the end of the year we will come up with the report on our implementation of the 2009 Development Budget.

Sir, I wish to also join other members of Parliament to congratulate the CNURA Government and the Ministry of Forestry. Sir, I was once a provincial member and I know what Head 280 - Ministry of Forestry is about. When we go for timber rights hearings, it is the logging companies that pay us, and this is not good because whenever decisions are made it is always in favor of logging companies. This is not good. I would like to thank the CNURA Government for seeing it fit in providing provision for timber rights hearings, which I think is the first time. I salute you CNURA Government and the Ministry of Forestry for taking on this initiative. This is very important so that provision caters for timber rights hearings. Sir, this is the only point I support the Member for Rendova/Tetepare on. But the other things that he said are not supported by me. What happens is that we need to address the situation. We need to put this thing right because it is wrong. I see this provision as timely for the executive of the provincial government when they go for timber rights hearings on lands in our provinces. This provision is to cater for their allowances.

Mr Speaker, I too was surprised for the first time when I went to a timber rights hearing to receive \$500 for a day's sitting. How come is it \$500 because allowance from the government is too small? But I was told that it was our allowance given to us and so I accepted it. I do not know how and there is no justification for it because it is beyond the allowance paid by government in a

day. I know that provincial members' allowance for one day is only \$40.00. But that is a reality.

Mr. Speaker, on Head 498 - Ministry of Rural Development which some Members of Parliament in their contribution referred to, we are Members of Parliament elected by our people, like my colleague Member for Shortlands always says on the floor of Parliament that this is the house of the National Parliament of Solomon Islands. This House and we Members of Parliament were elected by our people to make laws appropriate for them. That is the responsibility of the responsible government of the day. The only rightful place to do that is this floor of Parliament.

Mr Speaker, I therefore see that the Minister Finance on behalf of the government is doing the right thing by bringing this Supplementary Appropriation Bill to Parliament for our deliberation. This is very important so that when it is finally passed it gives power to the Minister of Finance.

Mr Speaker, every good things have been already said by colleague Members of Parliament who have been contributed and so I am standing up as a Minister of the present government just to register my support for this 2009 Supplementary Appropriation Bill 2009. With these few remarks, I support the Bill.

**Hon SOALAOI:** Mr Speaker, thank you very much for allowing me to express my support for this important Supplementary Budget.

Firstly, Mr. Speaker, I must thank the Minister for Finance for bringing this Supplementary Bill. I think the government is doing the right thing in bringing this Supplementary otherwise I cannot think of any other way we can use in order for the government to continue deliver important services to the nation. I must say here that this Government is doing the right thing in bringing this Supplementary Bill to the floor of Parliament for our deliberation. I must thank the responsible Minister for the reservations which has brought mixed feelings to a lot of people in this country. This is a right move on the part of government and I must say it is a very responsible move by a responsible government. Because we cannot spend beyond our limits and we cannot afford to tell this nation that we no longer have money to run this country. I must applaud the Ministry of Finance for being a responsible department in the CNURA Government. This is, in fact, a very responsible measure like I have said.

In terms of my Ministry, you cannot see any provision for the Ministry in this Supplementary budget. I am not contesting this on the floor but I must use this opportunity to thank our donors for assisting the Ministry of Health and Medical Services to continue deliver very essential services to our citizens. This

does not mean the government is not supporting the Ministry. It only means the government has allocated enough funds in its budget towards the Ministry of Health and it also means our donors are helping us, and I must thank them on the floor of Parliament on behalf of the people of Solomon Islands for their continuous support in ensuring health services are continue to be delivered to citizens of this country.

Just to mention a few of our good donors like AusAID, Republic of China, Japan and New Zealand. We will continue to ensure that our bilateral relationship with these donors continue to be strengthened as we work together. It is our belief that we do not become the only beneficiary in our relationship with them but we want our relationship to benefit both the donor and the recipient country, Solomon Islands in this case. Sometimes I tried to describe this relationship in scientific terms in which some biologists are saying that a good relationship is a symbiotic relationship where both parties benefit. This is used in agriculture but this is a different thing altogether. That should be the kind of relationship we support in our efforts to strengthen ties with our partners. I appreciate that we are in difficult times and the measures taken by the Ministry of Finance have my support.

Also during these hard times, regardless of the fact that we are talking about a supplementary budget for this government, I must also use this opportunity to call on Solomon Islands families to spend wisely during these hard times. We have heard since independence only the government that talks about budgeting, but it is also good for us to encourage our citizens to run their lives according to the budget because sometimes they come to you frequently because they do not spend according to their budgets. I am calling on Solomon Islands families to ensure that their hard earned income is only spent on necessary items for survival. I think all of us attend school and we know the basic necessities for survival, and so I am encouraging Solomon Islands families to ensure that what is earned is only spent on what is needed for their survival, especially in these hard times. The Government is trying its best to ensure that that limited resources we have is spent only on priorities, and so I encourage all our citizens as well to prioritize their spending so that we help each other. It is not good for us to talk about things in Parliament only to find out our citizens struggling to meet ends every day.

Sir, I shall be very brief just to support my colleague Minister on this Supplementary Appropriation. I do not have any hard feelings about the Ministry of Health not being reflected in this Supplementary. Like I have said, there are good reasons why the Ministry of Health is not reflected in the Supplementary, and that is why I wish to take this opportunity to clarify and also thank those who support the Ministry. Sir, I must also emphasize that this



Government has taken some very responsible measures in ensuring that it continues to provide services to our citizens. I am also hearing a lot encouraging statements from my colleague Ministers, like the Minister for Mines and Energy, and encourage him to ensure those equipments arrive quickly because my constituency is also embarking on that very important area and we are looking at completing this in the next two months.

With those few comments, I wish to express my support for this Supplementary Budget and I thank you for this opportunity.

**Hon. FONONO:** Mr Speaker, thank you for allowing me to make my brief contribution to the 2009 Supplementary Budget necessitated by the need for the government to fulfill its obligations to people in Solomon Islands.

Mr Speaker, a supplementary budget, as we know is a normal management tool the Government uses in seeking Parliament's endorsement. This year's 2009 Supplementary Budget is not an easy one because of the current global recession. However, because of the government's responsibility in delivering services and its serious approach to development, this budget is only necessary and thoroughly scrutinized to achieve its objective.

Sir, I wish to refer to some points raised in terms of affordability by the Government as highlighted by the Leader of Opposition and the point raised by the MP for South New Georgia/Rendova/Tetepare on why the government brought in this supplementary whilst it imposed a reservation of 35% on the Appropriation Bill passed last year for this year. Mr. Speaker, some of the heads highlighted in this Supplementary Budget are new areas which are not provided for under the 2009 Appropriation we have already passed and currently implementing. That is the reason why the Government is asking Parliament for its endorsement.

As highlighted in the Minister's speech, the Parliament endorses the spending based on contingencies warrants, which according to law the Minister has the power to sign. Mr. Speaker, as highlighted in the Budget, under the Prime Minister's Office and Cabinet - Head 218, there is an additional \$8.5million which the Government includes in this Supplementary Budget to ask the approval of Parliament. Mr Speaker, line item 218, the first one is constitutional reform with a budget of \$1.9million is an additional provision to its current budget that was already approved. There is need in line with CNURA Government's program for the Constitutional Reform Unit to complete its work. If this provision is not given to the Unit, it will not be able to complete its work of producing the report and the draft bill to be line with the program of the CNURA Government in looking at the federal and state government system. Therefore, Mr. Speaker, the \$1.9million supplementary will cater for costs of

activities outlined up to the end of October 2009. The activities also include very important provincial feedbacks and the Second Joint Plenary of Congress to be held in the later part of the year with a national convention to be held in October. It is important that the Constitutional Reform Unit continues to work and that is why this additional request of \$1.9million is included in this budget. Furthermore is the Commission of Inquiry into land dealings on Guadalcanal, which we have heard for a long time now but is a bit delayed. Now that the three commissioners have been appointed, there is also request for \$1.9million for this Commission to do its work. In line with CNURA Government's policy, the Commission of Inquiry into land dealings on Guadalcanal is a priority and we hope that the Commission starts shortly so that a report is provided to the Government to implement or any future governments to implement. It is important that the program is done as it also impinges on the peace process that we are trying to implement in our nation.

Sir, there is also an allocation of \$1.5m for conferences and seminars. This is important as highlighted by our good Minister for Public Service as there is a Public Service Conference to be held here in August and therefore the Government must also cater for this. We are also anticipating the visit of the Secretary General of the Commonwealth who will be visiting us next week after the Forum in Cairns. We are also expecting an official visit by the Governor General of New Zealand who will be visiting us sometimes in October. Sir, some of the funds in this Budget will cater for government programs to help meet those official visits.

Mr Speaker, as has always been the case, overseas visits have continued to cost us, and we are very much concerned about and so in our budgeting and our planning we have provisions for additional visits which are important for the Prime Minister and Ministers to attend before the end of this year, and so there is an allocation of \$2.4million under the Prime Minister's vote for these. Similarly, there is also provision for public servants to continue support their Ministers, including officials of the Prime Minister to support visits or important meetings the Prime Minister is going to attend before the end of the year. Mr Speaker, therefore, some of the costs included in the Supplementary are new costs or are additional costs because of the overspending or spending the government has already done.

On reservations put in place by the government, it is only a temporary measure, and we are hoping that by the end of September those reservations will be lifted. In fact, reference was made on provincial grants, which Cabinet has already lifted and I believe that provinces are receiving or should be receiving their full grants by now. There are no de-reservations or no cuts in provincial grants. To say that provincial grants have been cut is not true. The Government

has made a commitment that provincial grants are very important because they are delivering services to our people in the rural areas.

Sir, on the allocation under rural development, whilst I have heard the comments of my good friend, the MP for South New Georgia/Rendova/Tetepare, I think it is only good governance that when allocation was not spent last year and some of the constituencies missed out, they must be catered for this year. In terms of equity they must have it because it is not the MP's money but it is the constituencies' money and therefore the \$7million provision is provided in this supplementary in order for Parliament to bless it so that it can be spent this year.

Sir, whilst has been said about the economic recession and the global recession. We should be optimistic as there is green light coming that the economic world recession is coming to an end. We have to be optimistic to achieve future economic prosperity for Solomon Islands. However, conditions must also be fulfilled if we are to achieve economic prosperity, and the first one that is very important is the law and order situation in the country which must be maintained at all costs in order to create investor confidence. Hence the recent burning down of the GPPOL Headquarters is strongly condemned by the Government. And I must congratulate the Police for arresting those responsible recently and bringing them to justice. That burning is giving out wrong signals to investors. The Government is very concerned that law and order is maintained so that it gives confidence to investor and gives confidence to our donors. It is quite bad to see the current trend where criminals are even attacking law enforcers, as highlighted by my colleague Minister for Environment. That must be stopped. I think law enforcers are doing their job so that we live in peace and harmony in the communities. One thing is that we must have respect for each other. That is a virtue we should uphold. Gone are the days where respect for one another is upheld. I think it is important that teaching of these virtues are nourished and taught at the family level. We must go back to the basics, and I call on all Solomon Islanders to be law abiding citizens. It really reflects badly on the law and order problems we have because in the past months there were a lot of criminal activities happening here in Honiara which reflects very badly on our nation. And so we as leaders and Parliament must put in place laws that address law and order as priority in the country. Therefore, provision is also under this Supplementary Budget to strengthen the Police Force or the law enforcers.

Mr Speaker, the other point that was raised is why there are no allocations for the other productive sector ministries such as agriculture, tourism, mining, which was also raised by my good friend, the MP for Rendova/Tetepare. I am surprised because he was a former Minister of Finance in two different governments and therefore should understand very well that a supplementary

budget only caters for items not catered for in the main Appropriation Bill that was passed. The Agriculture Sector has a lot of provision in the main Appropriation Bill 2009, which we are currently implementing projects in the agriculture sector, the forestry, fisheries, mines and all productive sectors within our nation under the Ministries. There are enough provisions under the 2009 Appropriation Bill 2009 to cater for those programs that we are currently implementing. Therefore, there is no need to cater for those in this supplementary budget. This has to be made clear. Only those ministries that need additional funding or new areas of spending are included in this supplementary budget. That is why I said, my good friend, the MP for Tetepare having been a Minister of Finance in two successive governments and should know better and stop confusing parliament.

Sir, I have touched on conditions that are important to look into in order for us to achieve economic prosperity, law and order, as I have said. Secondly, land reform in both legislation and implementation of the legislation that addresses freeing of land for development. This is our biggest obstacle to development as we are experiencing. There are major projects the government wants to push through right but yet there are land disputes. In order for Solomon Islands to prosper, land disputes must stop. When the government wants to acquire land it is not going to get that land free, it will compensate the land for development; it will lease the land and allow landowners to participate in development. That is an area the nation needs to address, and addressed not only by leaders but chiefs, traditional leaders, provincial leaders need to address land reform as well. We need allow land for development so that we can achieve economic prosperity in future.

Thirdly is the development of new infrastructures such as roads because road access gives our people access to markets. It is important that government programs continue to address the productive sector areas and implement infrastructures on them. This and other sectoral areas are highlighted in the Medium Term Development Strategy this government is currently implementing. It is very important that there is strict fiscal discipline by the Government in its spending. I believe we are looking into that; the government is currently implementing the current budget and government is putting in place strict fiscal discipline so that we spend within what is provided for in the budget.

Fourthly, we need to broaden the economic base of our nation and the productive sectors I have highlighted in terms of agriculture, fisheries, tourism, manufacturing and industrial base, forestry sector, and the mining sector needs to be really strengthened and broadened. In order for our economic base to be broadened and our government revenue is increased so that our nation continues to derive benefits out of the broader economic base.

Mr. Speaker, this is my contribution just to clarify some of the points raised by other speakers and I believe that the Government under its programs is catered for in this Supplementary Budget. I am confident the Government can afford this within the remaining months before the end of this year. Mr. Speaker, with these few remarks I support the Bill.

*Sitting suspended for lunch break*

**Mr KENGAVA:** Mr Speaker, first I would like to thank you for allowing me first to talk briefly on this Bill moved by the Minister for Finance and Treasury. I would like to commend the Minister of Finance for moving this Bill because it clearly shows the concern of the CNURA Government in ensuring the country still has money to run its services and development aspirations.

First, Mr. Speaker, I think supplementary budgets, as all of us already know is an acceptable legal means to allow the government continue its functions. The spending under the contingencies warrants would, of course, need the blessing of Parliament and also shortfalls would need new funding, thus we see in Parliament now the Supplementary Appropriation Bill 2009, which needs our blessing. I am sure any governments would bring in supplementary budgets to continue deliver services and developments. Sir, with the challenging economic situation we are facing right now, one would expect a supplementary budget to come this year.

To briefly comment on this supplementary budget, I would like to comment first on the recurrent expenditures and I would like to touch on three heads that attract my attention. First is Head 280 - Ministry of Forestry, which requires one and half million dollars for timber rights hearing. I think this particular requirement receives my full support because it will avoid the problems we all know and experience existing in provinces when there is a timber rights hearing, especially amongst the executive who has been given the responsibility of timber rights hearings. I think this would control nepotism, corruption and also accusation from the losing side on the timber rights hearings saying the decision was biased when they know a logging company fully funds the hearings. I think this is a good move in the right direction and therefore gets my support.

I also know from experience that when this particular responsibility is given to provincial executives it tends to distract the responsibility of the provincial executives from doing their duties or their primary role of governing and administering the province. I think we are now in the right direction in making sure the executives are not compelled or think it is their duty to please somebody that funded their very huge sitting allowances. I think the next step

the Ministry of Forestry should look at now is relieving that responsibility from provincial executives. That is the provincial executives are hearing timber rights required of them by law and this needs to be looked into so that they are relieved from this responsibility. Instead a new mechanism needs be put in place by the Ministry, probably a timber rights hearing panel that is independent from provincial executives and the panel to include people who know about the customary rights of a particular area where the activity logging is to take place. Such people could be invited or required to sit down in the panel. These are things we should look at.

Sir, apart from supporting this further requirement of one and half million dollars, I would like to suggest that we move on to the final step of relieving provincial executives from sitting down to hear timber rights. There should be an independent panel set up in the province to do that job so that the budget we are preparing caters for the panel and not politicians.

The second head I would like to briefly touch on is Head 281 - Office of the Prime Minister, which requires \$1.9million for constitutional reform work. This provision also receives my support because I am very much encouraged to see the government committed to completing this task of reforming the Constitution towards nothing else than attaining federal constitution for this country so that the state government system is implemented once the Bill is passed and the proposed new constitution is adopted. What I would like to encourage the government to do, which will get my support is to make sure work on the Bill, which has been going on now for about two years and is receiving a lot of funding and a lot of work as explained by the Acting Prime Minister which necessitated this amount is completed. I would like to see us coming to the end of the road where work is completed and therefore I would like to encourage the government that since funding on this work continues to be provided, I would like the bill to be tabled at this Eight Parliament so that the Ninth Parliament should see a new constitution, and a new set up of parliament for Solomon Islands.

Still on the Recurrent Estimates, the third item I would like to touch on is Head 293 - Ministry of Home Affairs requiring \$12.2million to prepare for the General Elections in 2010 and also a bye election. It is a good sign that the CNURA Government is already focusing on the 2010 General Elections as this is to allow the Electoral Commission, the Boundaries Commission and other relevant bodies that prepare for the coming election have funds for the work.

The passage of the Constitutional Amendment No. 2 bill last week which would allow for the increase in constituencies or seats in Parliament from 50 to 70 would definitely need finance to meet any work the Boundaries Commission is going to carry out, especially when recommendations are made and there is

approval to increase seats in parliament and therefore this provision in this supplementary bill is justified as it will help to facilitate the work of the various bodies that are preparing for the coming General Elections.

Mr Speaker, the general election in 2010 also needs good preparation, especially if we want to adopt the preferential voting system, which I am sure the Electoral Commission which you yourself is responsible for, would have to decide upon. If we want Solomon Islands to move in the right direction in order for it to become a truly democratic country then that is the way to go; we must finally use the preferential voting system, may be a limited one suitable for this country and this will also need money to prepare for. This request for \$12million is good it is put there so that it covers the work of the Commission if Parliament agrees that we should use the preferential voting system. Also when the Political Party Integrity Bill is passed by this House, the 2010 national budget must be able to cover the expected funding that is required for this Bill. For this reason, I support the request of the Ministry of Home Affairs to be in this Supplementary Appropriation Bill.

I will now move on to the Development Estimates and I would also like to touch on three areas. First is Head 479 - National Parliament Office which further requires \$1million. I welcome this provision because of the need to complete the fencing of Parliament's boundary, which needs to be done. Whilst work on the fencing is going on, I would like to raise it to the attention of the House Committee and probably the government we should also look at other areas that need to support Parliament infrastructures so that provision for it is included in any future budgets. I think there is real need for a good parking space in front of Parliament and we probably need a new road entrance to this Parliament. I think there should be road from the Hibiscus road up to the front eastern gate, which is the main entrance to this house. Or another alternative road can be made by cutting away the hill besides this building for the road to come through. We should allow engineers to assess this. The House Committee and the Government should further look at improving the landscaping of parliament's area, the parking and the access road to this place so that it reflects it is the National Parliament Office. I think it is time now to paint this building too to make it look attractive to tourists and our own people to admire.

Lastly, whilst still on this particular head, I would like to mention in passing that there is need to look seriously at the old Parliament Rest House because the building is becoming a very shameful sight in the center of Point Cruz right now. The Housing Committee, Parliament and the Government should look at this.

Mr Speaker, the next head I would like to comment on in the development estimate is Head 495 - Ministry of Mines and Rural Electrification. The Ministry

further requires \$10million for rural electrification for provincial hospitals and schools. Sir, I would like to thank the Republic of China for once again stepping in to support this country by directing its assistance to the improvement of education, targeting especially the rural populace by providing electricity to community high schools, especially boarding schools and hospitals. I thank the Minister for elaborating on this, this morning. The only question I have is how this will be addressed. How will the solar power panels etc., be distributed to the schools, which schools and hospitals will get those things and who is going to facilitate it. These are questions that need to be looked into very seriously. I think applications sent through ministries are becoming too cumbersome because a lot of people do not have time to follow up on things like that, and I believe it would probably be asking the assistance of Members of Parliament to come in to identify schools in the constituencies and so forth because I understand that a certain number of the units will be allocated to each constituency. Because of that reason I also support this particular request to formalize the funding that the Republic of China will be giving to us.

Lastly, Mr Speaker, Head 498 the Ministry of Rural Development and Indigenous Affairs. I think no one can dispute the need to have a further \$7million required to top up the rural livelihood fund. I think the acting Prime Minister being very conscious of rural development is doing the right thing by including those who missed out last year can be fairly treated also like those of us who received ours last year.

Sir, receiving my support, I would like to comment that the way the livelihood fund is being funded whereby the Ministry facilitates it and Members of Parliament endorse it or one that covers the whole constituency is put in, in my view, is a good way that should be looked into seriously. This is so that in future the method applied to rural livelihood, if it works well, probably the Minister needs to conduct a study on this to find out, then maybe the rural constituency development fund, the millennium development fund and the ROC micro funding could be lumped together with the rural constituency livelihood fund under the Ministry of Rural Development. This is so that Members of Parliament do not busy themselves in writing out cheques and giving out cash but they only sign forms. This should relieve us of extra financial duties. This particular direction has my support

Sir, therefore the Ministry should now look into the 2009 allocation and start to fund the projects. I think this is the way to go and the direction to take, as it will help Members of Parliament to plan out the areas of development they want to carry out in their constituencies. Furthermore, I sometimes feel that funds put in the various ministries, especially the Ministry of Agriculture and Livestock, the Ministry of Fisheries and the Ministry of Commerce, which are



established to assist rural development are not easily accessible by people in the rural areas. Sometimes people in the rural areas find it very hard to access funding in those ministries. Maybe if we look seriously at the situation we are now using where constituency livelihood funds is a way of getting to the rural areas, if it is agreeable and supported, all those funding should be lumped together under one particular funding under the Ministry of Rural Development and implemented following the same procedures. This is to relieve the Ministry of Fisheries and Agriculture to concentrate more on technical and national projects rather than being bogged down with constituency and provincial matters.

With those few comments, I support this particular request for a further provision of \$7million bringing the idea that probably this is the direction we should take in the future using the various funding that are under us now, which are making us busy all the time.

In conclusion, I would like to make a general comment in light of this debate. Budgets, in my belief, are made to enhance the livelihood of our people, and not only enhancing livelihood but making livelihood more positive as citizens of this country. I sometimes feel in past years and now in my second term in Parliament that we become too bogged down with the seriousness of life; we become very serious about our lives, about laws, about money and how we go about it. We are serious about attending overseas meetings etc., etc., that sometimes we tend to forget the simple things that can make people of this country to be happy and more positive about their lives. Today we are passing this budget hoping that it will enhance the livelihood of our people to make it happier for them. But if we look carefully at the rate we are going now in our decision making role as Members of Parliament looking after the various funds, the Ministry looking after the consolidated funds etc., I think what we are becoming so busy about today is how to find money, how to send our children to school, how to make our voters happy, how to meet both international and regional expectations, how to be healthy, how to stop and control crime and the list goes on and on. We are worrying about these things all the time in our budget preparation, which is good. But if we do not balance it with making lives a bit happier, then our people will become more worried just like leaders of this country. It is time to look at the budgets and balance it; balance it solving worries and balance it to bring happiness to the society.

By this I mean that probably in the next budget, I would like to suggest that ministries like the Ministry of Tourism, the Ministry of Home Affairs, the Ministry of Education and the Ministry of Women, Youth and Children Affairs should have budgetary provisions for activities that bring people together such as festivities, festivals, gatherings and shows in this country. There should be

festival activities, cultural shows, educational activities held nationwide and throughout the provinces so that people will feel they are participating and the budget reaches right down to even the children. This is what I mean by not being worried about how to make people happy and enjoy being citizens of this country rather than making them to join us to worry about the worries and problems of this nation.

Sir, I touch on this so that we are a bit more positive about our society and the development of this country. The budget of this country can direct the nation to become negative or it can direct this nation to become positive. And the way we are going now is that we are trying to solve all the negative problems and not enhancing positive situations in this country.

Sir, I therefore think there is need to revive the sea festival of arts, the schools' annual festivals, which I think the last one was in the 1990's where all secondary schools spent one week in Honiara doing cultural shows, entertainment and so forth. The sea festival we have is the canoe racing where all ships at Point Cruz displaying their flags, making the mariners to feel very important that week. Sir, the agriculture shows, not trade shows, but agriculture shows should be carried out in the provinces. These are things that we should also budget for, so that we make this country a bit more positive so that people feel we are spending money in making them realize how important they are.

Sir, I raise this because I sometimes feel our budget is one-sided where we worry so much about how to make money, find money, develop this and develop that and forget about those small things I have mentioned. I think it has been more than 10 years now that we have had such festivals in this country, except for the trade shows.

Learning from the trade shows, where we can see how even an old woman out there in the kitchen, let us say in Vura, comes out and sells her ring cake and makes money. This is how we could involve and engage our people making use of the budget plan that we plan for in this Parliament. I am raising this as my last point so that in our budgets in future let us not forget to allocate provisions for these Ministries I have mentioned because they are the ministries that can organize these things. If I may repeat again that they are the Ministry of Tourism, the Ministry of Home Affairs, the Ministry of Education, the Ministry Youth, Women and Children's Affairs.

By having such festivals many things will happen, there would be multiple effects because it will encourage tourism in this country because tourists will become aware that festivals are happening in this country and so they would want to come and look and also involved in the festivals. It would also generate small to medium income for business owners and small families by joining the festivals, like I have said maybe selling of fish & chips, handicrafts

and other things. It would also promote Solomon Islands both regionally and internationally through such festivals. I believe crimes will also be controlled, especially the youths who have nothing to do and so by engaging them in these kinds of activities they will feel more important when they are involved in such festivals. Lastly, Mr Speaker, I think such festivals and activities will not make people bored or the nation to be bored, but it will make the nation happier where everybody feels very positive. But our people need the support of the government and this Parliament and so through budgetary provisions as this we can allow this to happen.

Sir, I think this supplementary budget is right and proper as it will meet our needs right now and to bless the past spending of government.

In conclusion, Mr Speaker, I would like to emphasize the point that let those ministries think positive in bringing positive attitude towards our young people through festivals, cultural activities and educational programs in this country so that our citizens feel very positive about the changing social, economic and political future that we are now embarking on. With those few comments, Mr Speaker, I support the Bill.

**Mr Speaker:** As I have said earlier on Honorable Members, the House is suspended for 5 minutes so that we can change gown.

*Sitting suspended for five minutes*

*Sitting resumes*

**Hon. WALE:** Mr Speaker, thank you for the opportunity to talk sharing a few thoughts on this Bill.

Sir, as has been said by the Hon. Leader of Opposition, this Bill is unlike any that has preceded it and to that extent I suppose there is nothing new about it nor anything particularly exciting in it, but rather it is in the circumstances a necessity as a tool in fiscal management.

Sir, again the right Hon. Leader of Opposition made some fairly significant points in his debate on this Bill, and given his long years in financial management in the Public Service and his time at the helm of the political leadership in this country, he has a lot to contribute to the governance and governing of this country and so his views are well worth taking seriously.

Sir, in his debate he made the statement that not even cash flow should be a reason to hold government down. This was in relation to the government's commitment to serving its people by implementing the budget. This statement needs to be unpacked somewhat to be fully understood for its complexity. Of

course, government must be committed to serving its people and the way the government does this is through fiscal policy in ensuring its plans, programs, projects and services are appropriately reflected in the budget and are implemented. It is a basic assumption that in a democracy, government exists for its people as it derives its very existence and the ongoing right to exist in and from the people, and so in that sense it is important that government is able to and must go all out to serve its people.

On the other hand, government is necessary because decisions are needed on a number of public policy fronts in the name of and for the benefit of the people. Sir, such decisions perhaps involve complexities that make it impractical for all the people to be directly involved in making the decisions and therefore the necessity for government. The pragmatics of trying to get everybody in a state to directly have a say in all decisions concerning their governance make it an impossibility or at least a near impossibility. One such important area for decision making is in the allocation of limited resources to facilitate the delivery of services to the people. It is important that government recognizes that it does not have recourse and access to an unlimited amount of resources. The government is faced with the reality of many varied objectives, competing for a limited amount of resources which calls for prioritization and so forth. This situation as of necessity forces the government to clearly articulate its priorities and perhaps by implication is why some things will go unfunded.

Sir, we can argue why one particular area or thing is more important than another but the Government must make that call and move to implement what it thinks is important, what it thinks out of the things that it thinks important is priority. We, of course, hope that in making its priorities Government has rationally considered the basic services that must be funded and then on top of that what else ought to be funded with the resources remaining after such basic services have been funded. Even in the basic services there is a line at which the Government decides that adequate resources have been allocated to provide for an adequate level of service because if we were to fully fund the basic service it would clearly leave no or little resources left for anything else. All this is to say that government must exercise responsibility in managing its budget. At the basic level it is ensure essential services can be delivered and beyond that to ensure Government is being strategic in its expenditure and is productive in its role in the economy.

Sir, so the statement made by the Opposition Leader is true; and taken out of context though can have the propensity to mislead. By that I mean that without qualification or out of context it could invite unnecessary pressures on the budget with no regard to whether it will at all be funded.

Sir, I suppose this too is an arguable point in any government's budget. The struggle to ensure that there are items in the budget with almost no regard to the possibility that it is affordable, that Government is able to fund it and so there is always a nebulous area in budgets that some items have made it in, over and above strategic priorities in the hope that perhaps the revenue performance will be better than budgeted so that those items would be funded.

Sir, the honorable Leader of Opposition also made a very valid point in saying that a lot of things are important that may deserve inclusion in the budget but we must move to recognize that all those things cannot have the same level of importance. Of course, the warning that the desire to see a greater level of resources reach rural people should not be allowed to be the tool for the facilitation of the political interests of a few is an important warning, one that has been a recurring theme for some time now and one that we collectively cannot continue to ignore.

Sir, at some stage, and I hope very soon, some tough decisions need to be taken at the political level on what are the best mechanisms of stimulating employment and economic opportunities and activities in rural Solomon Islands. Such a decision would clarify, and perhaps by default, the role of Members of Parliament with regards to rural development as regards to our particular constituencies.

Sir, in its handling of the economic crisis, the government has clearly been disciplined in its fiscal management. I need not go into the details of that as has been outlined by the Minister of Finance in his opening speech of this Bill and, of course, as alluded to in his debate by the Opposition Leader.

Sir, the government has supported the tight monetary policy stance taken by the Central Bank to constrain inflation and inflation has come down considerably as a result. The government has supported that stance in recognizing the need to curb the demand for imported goods and services which at that time, the assessment was that it posed a serious threat to the economic if left unchecked in the phase of a significant drop in foreign earnings. However, the argument that the time is perhaps now right to slowly freeing up this stance is one that is worth considering. The counter side to a tight monetary stance is that we do need to allow greater flow of credit so that businesses can maintain their levels of activity, at the very least, and hopefully regain the confidence to start planning for additional investment and growth. This is important for employment and the economy generally. We could do substantially better and clearly by targeting government expenditure to stimulate the economy with the limited resources we have.

Sir, we have not been doing so well on this, I think, and although we said that we wanted to do this, we have not entirely succeeded at ensuring that we

strategically invest resources on areas that would stimulate economic activity and growth. We have done everything to shield ourselves as much as is possible, and if such is possible, from the effects of the global crisis but the need is projected to be creatively stimulating the economy.

Sir, on government expenditure going to rural development, we need to recognize that the vast majority of government services such as funding to schools, clinics and so forth are targeted at the vast majority of people living in the rural areas. The vast majority of children attending schools are in rural Solomon Islands and I think the same can be said for health facilities. Sir, the salaries of teachers and health workers are part of such expenditure that facilitates the provision of services to rural Solomon Islands. We must move away from the assumption that resources to rural people equate with or mean that money goes from the budget directly into the hands of people in the rural areas for whatever purpose. However, this is not to take anything away from the argument that there is great need for more government investment in the productive sectors and necessarily is mostly in rural Solomon Islands where much of the resources are situated. This is a matter that successive governments have struggled with and we must recognize that it comes with its complexities, especially when it involves land ownership and land issues. However, greater recognition ought to be given to these issues.

Sir, in talking about the global financial crisis and in talking about fiscal disciplines that have been put in place by the Ministry of Finance and Treasury, and much has been said in the debate on the motion on the awards by the Parliamentary Entitlements Commission on its recent decisions and also on the debate on the Constitutional Amendment No. 2 Bill, the increase on the number of seats about the need for us as a parliament and as a leadership together to pave far greater recognition to the need for responsibility and to tie fiscal policy clearly to what is happening in the private sector and the rest of the economy and the society more generally.

Sir, with regards to education, the Ministry is seeking funding in this Bill to cater for allowances for Laucala students for the first semester 2009 tuition fees, student travels and also travel for 25 additional medical students who will be leaving for Cuba. I need not bore us with the fact that this country must continue to invest in its human resource. This will continue to be an important or perhaps the most important investment in the future for our beloved Solomon Islands.

I do not understand the comments by the Member for Tetepare who is not here at the moment on the suggestion that perhaps the level of investment in education needs to be brought down. It is needless to say that the country with no natural resources can still develop with a strong informed and educated

human resource. Conversely, a country blessed with much natural resource can squander its wealth and have stunted development without an informed and an educated human resource. Sir, our human resource, our people are our number one resource, and to that extent we must not shy away from insuring that our level of investment in education continues to be at an adequate level. Of course, it does not mean that we over fund education to the exclusion of other services but at least seek to achieve a balance in the level of funding that will ensure we deliver the basic education that is of adequate quality to our people.

Sir, at the Ministry, we are endeavoring to bring greater discipline on the management of scholarships and our tertiary students. It is important that our students wake up to this reality. The people of Solomon Islands do want to see a greater number of Solomon Islanders undergoing higher education and so they have allowed resources to be allocated to support such a privileged few and therefore it is encumbered on our students not to take that for granted but to give their studies all the effort they have.

Sir, the interim policy guidelines in managing scholarships are not meant to punish rather they are meant to encourage and ensure that students exercise discipline and are judicious in their studies and pass their courses. We want to see all our students at the very least pass all of their courses and hopefully do much better than simply pass their courses. The guidelines are there to make it clear to students what they must do to ensure they retain their scholarships and when a scholarship is terminated it will also be clear on what grounds such a decision was made so that the decision is not arbitrary nor ad hoc.

Sir, a student ought to know beforehand whether or not he or she retains a scholarship because the guidelines are clear to all. Sir, a total of 56 scholarships have been terminated as at 4.00 pm yesterday afternoon. Initially, 74 students were on the list for scholarship termination but after final results were released by the University of the South Pacific only 56 have been terminated. All 56 terminations are based on poor academic performance as defined in the interim policy guidelines. The Appeals Committee in the Ministry is sitting right now to consider appeals from 28 students against termination of their scholarships. The policy is clear that students must not fail more than one course in a full course load in the first year of award, and that is eight units in the first year or fail more than one course in a full course load in each subsequent semester for the remaining duration of the award. For level one, that is four units per semester and for levels 2 and 3 that is three units per semester. Sir, where a full course load is not taken, the student must pass all courses. And all prerequisites for continuation to the next level of study must also be passed. All students are made thoroughly aware of this requirement before taking up studies, and you will note that this is the second termination we have conducted this year, as part

of the discipline to ensure better performance by our students, clear expectations on the part of the government, on the students and also exercise responsibility in the management of scholarships. After the determination by the Appeals Committee, travel arrangements will be made for the return of the students to the country early next week.

Sir, in the first exercise of these terminations all students that were affected were from the Laucala USP campus, and these 56, all of them again are from the Laucala USP campus, and so it begs the question why students from the other institutions and campuses of the USP have not been affected. It points to some areas in which the Ministry is taking some active interest and is looking into how we maybe able to mitigate or at least address some of the issues that allow such a high termination rate.

Sir, soon the Ministry will be seeking the Cabinet's approval for a new substantive tertiary policy that will better serve our country for some time into the future given the resource constrains that we have and our great need for investment in the tertiary sector. We need to become more creative at exploring financing and service provision options. I think we accept that not all nor the majority of people in any society will be able to get a higher education however desirable such a notion might be and therefore we need balance to ensure that we adequately fund the basic component of our education system to ensure all our children get quality basic education.

Sir, I do not think it comes with any surprise that we are not anyway close to achieving a quality basic education yet as we are still facing a number of challenges and have significant funding gaps. However, we must remain focused on this and not allow our focus to be diverted from it. An increasing attention must also be paid to skills training to ensure we are responding to the needs in our industry and society generally.

Sir, the Ministry is in the process of looking at policy issues that with appropriate reform, position our education system to better deliver quality education to our people into the future. We have continued to operate an education system that we mostly inherited from our colonial masters that was probably appropriate for the time when the primary objective of that system was to produce leaders for our young nation. Now this objective is still relevant and must be accommodated within the wider objective of educating an entire population. We cannot but take the long term view on these matters but we must remain committed to a serious level of investment in education. And so a commitment by the Government, a commitment by this Parliament to continue with a relatively strong level of funding to the education sector is appropriate and one that bodes well for the future of our beloved country.

With these few thoughts, I support the Bill..



**Mr. AGOVAKA:** Mr Speaker, like all the other Members who have contributed, I too would like to contribute to this very simple Bill. The 2009 Supplementary Appropriation Bill 2009 seeks to issue from the consolidated fund an authorized sum of \$79,575,500.00 to be expended to the service of the year ending 31<sup>st</sup> December 2009. Also the issuing of contingencies warrants authorizing the sum of \$25million in respect of heads of the recurrent expenditure and another \$25million in respect of heads of development expenditure.

Mr Speaker, I would like to make some points that I would like to make in this debate. Firstly is the consultation process by each Ministry as they make their bids to the Ministry of Finance, to Cabinet and hence the discussion in Cabinet, there should be proper consultation between the Cabinet on the results of the bids to the Ministry bidding hence as can be noted certain Ministries that have actually been left out in their bids.

Secondly is the 35 percent reservations across the board on all government expenditure both the recurrent and development budget, has made Ministries to only use about 65% of their 2009 Appropriation Bill. It is unconfirmed that the de-reservation of each account head carried out first before the application of supplementary estimates for additional funds were made or were made without de-reservation of each account heads. This is according to Financial Instruction, Section 182(1).

Sir, firstly the Ministry of Education, and I would like to thank the Minister who has just spoken for his clarification on the new policy for termination of students failing to get the grades required of them in carrying on with their education. I think it is important that the Ministry holds students to be responsible for their actions. I think the amount that is required there gets my support and I think there is need for us to continue to support the education of our students.

What I noted is that the Ministry of Education has spent 75 percent of its budget on this head even with the 35 percent reservations on the spending of its expenditure. Therefore, the Ministry has only expended 75 percent of its 65 percent expenditure on the budget. Once this Bill is passed, we will find at the end of September when the 35 percent reservation is removed the Ministry will have 35 percent extra or surplus in its budget.

On the Ministry of Finance and Treasury, I think it is important for the Customs and Inland Revenue staff to have proper housing and accommodation. Like the others who have spoken have said, security in accommodation is important, and I agree with this.

On National Parliament, it is important for the National Parliament to be fenced for security purposes, but there is one point I would like to raise, and that

is the Parliament's land boundary. The land at the moment is under the Commissioner of Lands hence is subject to subdivision if application are made to subdivide the land. It is important that the Parliament is properly demarcated and the title held by the Speaker of Parliament. I think it is important that Parliament holds the title to the land so that the Commissioner of Lands cannot subdivide the land hence allowing others using it.

On the Ministry of Forestry, I think it is important that the provision for timber rights hearings is approved. This is important, as you know that logging remains the country's biggest export earner hence logging is still important to our economy. Even if gold, fish and the agriculture products are put together, log is still the biggest export earner in our country.

On the Office of the Prime Minister, I would like to comment briefly on the Constitutional Review Taskforce. From what we have heard, the Taskforce Committee submitted a bid but what has been approved by Cabinet is a fraction of what the Taskforce as submitted as its bid. I know that the Committee is two months behind in its work schedule at the moment. Mr. Speaker, as you know this constitutional review is important to our country. People from the Western Province, Guadalcanal and the other provinces would like the constitutional review program to be implemented in 2009, mainly because of the difficulties we have had and seen which sparked the ethnic problem in 2000. It is important that the taskforce continues with its work so that the bill on it is tabled before Parliament. I do not know whether work will be completed by December 2009 because what the taskforce has submitted was not given but only \$1.9million was approved.

On the Ministry of Police, National Security and Correctional Services, which are essential services and so it is important that we approve their funding for fuel so that they would be able to carry out their work as required of them. But it is noted with due respect that a lot of police vehicles and correctional service vehicle have been abused and so it is important for the Ministry to take charge and control the abuse of these vehicles after hours and the weekends. That the vehicles are used purposely for police work and nothing more but police work.

Sir, it is also important to note that their bid for funds to undertake work required for the acquisition of land to build the 200 houses for our policemen and women is not approved. Sir, if it is important for the officers of the Customs and Inland Revenue Divisions to be accommodated, then it is also important for our policemen and women to be accommodated. I think these 200 houses that will be built by donor funding is important for our policemen and women, and I am surprised that their bid for funds to undertake this work has not been approved.

Mr. Speaker, on the Ministry of Provincial Government and Institutional Strengthening, I agree with the approval of their provisions and so I have no problem with that. I also have no problem with the Ministry of Home Affairs and so is the Ministry of Foreign Affairs and External Trade.

In regards to the Ministry of Rural Development and Indigenous Affairs, the Minister is here and so it is important for him to note that the Central Guadalcanal livelihood funds for 2008 are not yet released, and so it is good that you have allocated provisions for this so that we can be able to access our 2008 allocation of livelihood funds.

In terms of the contingencies warrants, the Ministry of Infrastructure in dealing with the 100/100 road project funds has decided to fund the west Guadalcanal road under this 100/100 road project fund. However, this road was damaged during the flood and I believe the Ministry should use contingencies warrants of \$5million to rebuild the road once again to its original status.

The Ministry that has been left out is the Ministry of Civil Aviation and it is important that the Ministry of Civil Aviation is accorded with funds to be able to repair or buy a new distance measuring equipment and also to repair the cracks on the runway on the western end of the runway at Henderson. It is also important to note here that the civil aviation fund is still being held by the Ministry of Finance hence the Ministry is unable to access it in times of emergency. It is important that the Ministry of Finance takes note of this so that this fund is made available to the Ministry of Civil Aviation so that Ministry is able to provide the equipments required at the airport and also to repair the cracks at the western end of runway.

On the Ministry of Fisheries, I am surprised there was no supplementary for the Ministry of Fisheries. I say so because during question time about two or three weeks ago, the Minister alluded to the fact that they are still struggling in funding the 2008 fisheries projects. I heard him said that of the 107 approved projects, only 50 of those projects were funded, which is about half of the projects approved in 2008. The Minister was alluding to the fact that there may be no funding for the 2009 fishing projects. And so I was surprised that there was no supplementary for this important project

Sir, the recommendations of the Public Accounts Committee must be taken heed of, in particular, I would like to quote a certain recommendation. There are 4 recommendations and one of them is that "the Ministry of Finance and Treasury provides the Committee with the supporting document of all future supplementary appropriation bills which provides details of the progress of revenue, expenditure against the approved budget for each Ministry and incorporate the expected impact of this supplementary appropriation bill if

approved". It is important that the Ministry takes note of the recommendations by the Public Accounts Committee.

Finally, I would like to disagree with the Minister for Environment that the global economic crisis has no effect on Solomon Islands. It does have an effect on Solomon Islands. Sir, you only need to go to the shops and find that a bag of rice is more than \$200.00 and the wages, say for people and workers of GPPOL is only \$300.00 a month. Mr Speaker, how could one afford a bag or rice with that kind of salary. Mr. Speaker, for Solomon Islands the crisis is affecting us in the decline of commodity prices, mainly agriculture products and also the changing patterns of tourism coming into Solomon Islands.

Sir, as you know, we are cut off from the rest of the world by the distance we have from the world markets and hence the increase in transport costs and our smallest in size our economy of scale is difficult to accomplish. We therefore must pay high prices for imported goods such as food and fuel and face high costs of exports due to transport costs.

Mr Speaker, the global recession has led to a low demand in logs, which is the country's single highest export and so Solomon Islands must embrace itself and prepare even for the worse, and therefore the importance of medium term planning, policy development and improved planning to build up and maintain the cash and foreign exchange reserves and sustain investment in sectors likely to create growth and of course employment.

In concluding, it is important that the following measures are taken heed of to assist our country in improving our economy. Firstly we need to improve the efficiency and effectiveness of Government spending. Secondly to ensure that scarce resources are used wisely for social services or productive investments. Also that donor funding is spent locally, meaning local procurement by overseas investors and donors to encourage the growth of the local economy and spin-offs. It also means that aid funding must have greater impact on our economy rather than spending it in their own countries.

Sir, it is important to encourage international partners to open up their labor market, especially Australia and New Zealand so that they deregulate their labor laws to allow Solomon Islanders go to the seasonal labor markets.

Sir, these are some of the measures, I think is important to be taken note of by the government so that we tighten our belt and spend efficiently and effectively. With these few remarks, I too want to support the Supplementary Appropriation Bill 2009.

**Hon. Fono:** Mr. Speaker, I move that debate on the Bill be now adjourned until the next Government sitting day.

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

**Hon Fono:** Mr Speaker, I beg to move that Parliament do now adjourn.

*The House adjourned at 3.31pm*