

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

DAILY HANSARD

THIRD MEETING – EIGHTH SESSION

TUESDAY 13TH FEBRUARY 2007

The Speaker, Rt Hon Sir Peter Kenilorea took the chair at 9.30 a.m.

Prayers

ATTENDANCE

At prayers all were present with the exception of the Honorable Prime Minister, Ministers for Department of Home Affairs, Finance and Treasury, Foreign Affairs, Public Service, Mines and Energy and the members for West New Georgia/Vona Vona, West Guadalcanal, Small Malaita, East Are Are, West Are Are, North Guadalcanal, West Kwaio and South New Georgia/Rendova.

PRESENTATION OF REPORT

QUESTIONS AND ANSWERS

RISING UNEMPLOYMENT IN THE COUNTRY

22. **Mr KENGAVA** to the Minister for Commerce, Industries and Employment: What steps is the Government taking to address the rising unemployment in the country, especially in the capital, Honiara.

Hon AGOVAKA: Mr Speaker, I would like to thank the Member for North West Choiseul for the question.

Mr Speaker, before I give the answer I would like to say this. You know well that Guadalcanal and Honiara, the majority of industries as well as small to medium size enterprises, informal sectors and the formal

sectors are centred on Honiara. And hence the society creates an atmosphere of urban drift and hence creates this problem of unemployment here in the country.

The Department is firstly looking at friendly investor climate. The most direct way of addressing rising unemployment is to create more employment opportunities or jobs for the local labor force.

Mr Speaker, of the number of ways to achieve this, one way is to make it easier for approved investors to get right into their approved activities and grow their investment.

Mr Speaker, within my Department, a law reform task force chaired by my Permanent Secretary and consisting of key private sectors, stakeholders and government agencies, is looking at regulatory framework that make it easier for investments to grow, hereby creating much needed jobs that provides a facilitative program in our environment for approved foreign investors to get the necessary permits on a ten key basis.

Mr Speaker, for instance in the work permit application process, the key criteria for an approved foreign investment is a certificate of approval from the Registrar of Foreign Investment. Consideration of work permit applications is centred primarily on this by the Commissioner of Labour. This has resulted in the faster processing of applications for the work permits of those whose investment activities will create jobs for Solomon Islanders.

Secondly, Mr Speaker, local investment. To encourage local participants in economic development, the government has set aside in its 2007 budget \$10million for loan guarantee schemes. This will assist and help our local people who would like to go into business and hence creating jobs for our people.

Thirdly, Mr Speaker, skills development. One of the steps that we have

created is creating a facilitative investment climate. It is important to provide investors with a skilled workforce as an incentive.

Mr Speaker, my Department has been tasked by the Government's policy statement document is developing a concept of a national training council responsible for technical skills training. The mechanism entails a central authority that will be responsible for setting training standards, accreditation standards as well as technical skills and competency certification.

Mr Speaker, we will not be directly involved in providing skills training to trainees. We envisage that this will be the task of skill training providers, and we are looking forward to outsourcing people to do this for us. It will have the added function of monitoring training provided to ensure the quality of training provided in the system meets national standards.

Mr Speaker, another of its core function is certification of graduates and maintaining a national skills framework. The economic progress we so desire besides investment capital requires skilled technical trades personnel to enhance overall productivity on all sectors in the economy.

Mr Speaker, approximately \$3million is set aside in the 2007 Development Budget with this incentive, and we will be working closely with the Ministry of Education on the skills development.

Fourthly, Mr Speaker, is the regional youth employment program. Last year, Solomon Islands along with four other countries in the region signed a document endorsing an ILO Regional Youth Employment Program, ILO being the International Labor Organization. Together with the ILO, the Government is developing a national variant based on regional programs.

Mr Speaker, the ultimate beneficiaries of the program are the unemployed, the disadvantaged youths and the direct recipients of the funding are the agencies and institutions like the Labor Division, the Youth Congress, Education and Training, Provincial Authorities and the Social Constituents.

The overarching goal is to capacitate these agencies to stimulate and carry out activities they are tasked with.

Mr Speaker, the national program has four main objectives under the Regional Youth Employment Program. They are:

- knowledge development to better understand the youth labor market and employment issues, education, youth employment linkage for young men and women.
- the social mobilization and increase capacity for action of the tripartite partners, government lawyers and workers group and the young men and women themselves.
- demonstration pilot interventions and tools for development.
- policy development and strengthening legal framework to support increased opportunities for the youth.

Sir, these programs sets out to provide the youth avenues to gain knowledge of how to make the transition from school to work. A positive life experience and providing them with career information and career training opportunities and making sure there is support after training to enter the job market is accessible in providing them with entrepreneurial skills and attitudes. They can confidently make the choice and capitalize on the opportunities presented by growth in investment and map out the future.

Mr Speaker, it is empowering the youth for participating in the institutions and stimulating growth to the economy. These services Mr Speaker, will be provided to an employment promotion centre to be based in Honiara. Again plan is to locate two demonstration pilot officers, one in Guadalcanal and the other in Malaita with similar officers to replicate also in other provinces based on experience gained at the pilot stage.

Fifthly, Mr Speaker, the stages or steps the Government is taking to address rising employment is also in the productive sector. The Ministry of Agriculture is embarking on the oil palm sector especially the Auluta Basin, Vangunu etc. There are also other productive sectors like the Ministry of Fisheries, Forestry and Mining who are also embarking on trying to get investment into the country hence getting

investment into the country to provide employment for our people.

Mr Kengava: Mr Speaker, when the Honiara City Council was elected the maiden speech by the Mayor was to work very closely with the Ministry of Commerce to address this problem of rising unemployment. What is the outcome of that intention by the Honiara City Council and the Ministry of Commerce?

Hon Agovaka: Mr Speaker, my Ministry will be working closely with the Honiara City Council in addressing youth unemployment as well as the Ministry of Home Affairs who has been tasked with the responsibility of looking after our youths in trying to provide employment for them. Yes, we will be working closely with the Honiara City Council.

Mr Kengava: Mr Speaker, I think the answer given by the Minister earlier on sounds like long term measures intended by the Government to address unemployment in this country. Are there any short and medium term measures so as to address the problem right now?

Hon Agovaka: The short and medium term steps that we are looking at is to meet the atmosphere here in the country, not only in Honiara but also in the provinces to look at various formal sectors to assist the informal sectors to provide investment to the country, and not only investment but also opportunity for employment for the youth.

Mr Kengava: Mr Speaker, can the Minister confirm if the policy of the government to address this problem rests entirely on investors coming into the country?

Hon Agovaka: Mr Speaker, as I said in my statement it is not only investors coming into the country that we are looking at. We also have local investors, our own people, our very own business people. As I said, there is \$10 million in the 2007 Development Budget merely to assist people who would like to go into business as a loan guarantee scheme for our people. This is available to Solomon Islanders who would like to go into business.

Mr Tozaka: Mr Speaker, just on the size of the unemployment, which you may have already answered in your response, but what is the size of unemployment at this time. What is the mechanism of the Department so that we keep in tag with the development of unemployment for the up to date information of government?

Hon Agovaka: Mr Speaker, I take note of that question and I will come back to Parliament to give the answer to the honorable Member's question.

Mr Kengava: Mr Speaker, before I thank the Minister, I think this is very much of a concern and that is why I am raising this question and the answer given by the Minister, to me, is addressing the problem on a long term basis as he is depending on investors, training and the Commonwealth Youth Program, which are all long term measures. I would like to urge the government to look at short and medium terms to engage unemployed youths in the city to work on short term employment programs. I think this is one way we can address in this current problem.

With those few comments, Mr Speaker, I thank the Minister for his answers.

DRAF FEDERAL CONSTITUTION

21. **Mr KENGAVA** to the Minister for Provincial Government and Constituency Development: The Government has engaged overseas legal entities to audit the draft Federal Constitution. Can the Minister explain to this House, what the auditing will result into in adopting the State Government System for Solomon Islands?

Hon WAIPORA: Mr Speaker, the answer to this question is briefly like this. The auditing of the Draft Federal Constitution of Solomon Islands is part of the process that will lead into the eventual adoption of a State Government System in the country.

As a matter of fact, Mr Speaker, the audit exercise is to undertake an external expert assessment of the wordings and clauses of the

Draft Federal Constitution to ensure the aspirations of Solomon Islanders can be realized.

Mr Speaker, the audit exercise is not questioning the constitution ambitions to adopt a Federal System in Solomon Islands. The audit process is designed to produce a final draft of the Federal Constitution this year 2007. That is my answer to the question about auditing of the draft federal constitution of Solomon Islands. Thank you, Mr Speaker.

Mr TOZAKA: Mr Speaker, on the question of following up the federal constitution. Can the Honorable Minister confirm that there is provision for it in the present budget?

Hon Waipora: Mr Speaker, if I can get the MP right, he is questioning about provisions in the 2007 budget for this one.

This has been transferred from the Ministry of Provincial & Rural Development to the Office of the Prime Minister. About \$5million has been allocated for constitutional reform. The last thing to be done is the auditing. When this audit report comes, which I already received, the constitutional congress will look at the audit report.

There is provision for this work under the Prime Minister's Office.

Mr GUKUNA: Mr Speaker, the hard working Minister of Provincial Government and Rural Development seems to be working so hard on this, but I had a feeling that the leadership of the government had a different opinion on this state government system. Are you being directed by the leadership or do you have contacts? What is really the position of the government on this issue?

Hon Waipora: Mr Speaker, I will answer that question. But the original question is about auditing of the report.

The Honorable Prime Minister and myself are jointly working on the Federal Constitution. At the moment the Constitutional Reform Unit is under the Office of the Prime Minister, but is physically located in my Ministry.

This is because the Prime Minister and I agreed that we would be working together on

this draft federal constitution or constitutional reform. It is appropriate for my Ministry to be involved in this exercise with the Honorable Prime Minister who is directly responsible for constitutional matters in this country.

Mr Tozaka: Mr Speaker, my question earlier is just asking the Minister if he could just give a 'yes' or 'no' answer in relation to whether the work of the federal constitution is provided for in the 2007budget? Is it provided for or not.

Hon Sogavare: Mr Speaker, the answer is yes, the provision is under the Prime Minister's Office.

Mr Gukuna: Mr Speaker, why do you have to go to New Zealand when I think there was somebody somewhere in Asia who wrote our Constitution? I think it will be much easier for him to understand our situation and we could have been used him. Why do we not contact him or was there any contact made with this person?

Hon Waipora: As I have said the people we are engaging are expert constitutional lawyers. The constitution has been drafted already. The book is already with us but it is good to get somebody who is expert in constitutional matters, especially those who have been dealing with constitutions around the world, so that they look at the constitution and audit it for us. The constitution is a live thing as it affects the lives of people forever in this country.

What we are doing is get the assistance of people who are expert in constitutional matters, and not only that but they have been working and have experience on constitutional matters.

We have one of such person but he was very expensive and so we have to look around and find a cheaper one, and that is why we went to Victoria Industry. The Australian National University, the USP and Papua New Guinea are helping us, not to give us ideas but to get the views of academics to help the experts in constitutional matters to look very closely and critically on the wordings and clauses of the constitution so that when any constitutional

matter is brought before the high court they can be interpreted properly.

Mr Speaker, that is the reason why we went to New Zealand. We are looking for help from expert constitutional lawyers. Thank you very much, Mr Speaker.

Mr Fono: A layman's definition of audit is a review of the existing system or past system that was already in place. What is the basis of auditing a system that is yet to be implemented; even Parliament is yet to pass the system? What is the basis for the audit? What is the yardstick to measure against that audit process? The system is not yet put in place so that we know it is proper to carry out audit on it. What is the yardstick used in measuring the system?

Hon Waipora: Mr Speaker, it is not auditing of the system but auditing of words, auditing of the language of the white man.

This is like writing up of accounts in a cashbook and auditors come to audit what you write. And if it is found out that a wrong figure is written or misappropriation takes place, they will be able to tell.

Mr Speaker, it is not auditing of the system, but audit of the wordings and clauses.

Mr Kengava: Mr Speaker, bearing in mind the auditing, there was a special task force established to carry out constitutional reform at the end of last year in October, a lot of visits have been made to the provinces by the task force to continue the work on constitutional reform. I understand from the program that there should be a constitutional congress held in December last year. So far we haven't heard anything on the work of the task force. What is the present situation?

Hon Waipora: Mr Speaker, I cannot answer that supplementary question because the question I was asked is on auditing.

Mr Kengava: Mr Speaker, before I thank him I think he does not have the answer and that is why he brushed it aside. I think the task force is especially set up to deal with constitutional reform and therefore I think he must know what should be done.

Mr Speaker, I think this federal constitution is very, very important. I only want to advise the government not to delay the introduction of state government in this country. I would really want to see the government keep its promise that the draft federal constitution would be tabled in Parliament this year, sometimes this year.

With those few comments, Mr Speaker, I thank the Minister for his answers.

BUALA – GOZORURU ROAD

30. Mr LONAMEI to the Minister for Infrastructure and Development: Can the Minister confirm to this Parliament that the \$1million allocated for Buala-Gozoruru road in Isabel has been paid to the provincial account?

Hon SOFU: Mr Speaker, the funds are still with the Ministry of Infrastructure.

Mr Lonamei: Mr Speaker, if that is the case, when will the funds be released to Isabel Province?

Hon Sofu: My Ministry can only release payment upon progressive reports produced to the Ministry.

Mr ZAMA: Mr Speaker, just to assist my colleague from Maringe/Kokota. I just want to ask the Minister for Infrastructure and Development. Since this project appeared in the 2006 development estimates, I want the Minister to inform Parliament of the actual technical work they are doing in terms of engineering report in facilitating the work.

Hon Sofu: Mr Speaker, there was an arrangement between a private logging company and the Isabel Provincial Government on this road. My Ministry will not release funds until the logging company carried out the work. The funds are still there and carried forward to the 2007 development budget.

The system applied here is that payment will be made by the Ministry upon it receiving invoice or receipts indicating whatever work is done or materials purchased. The Ministry will

then pay the suppliers direct as well as the contractor.

Mr RIUMANA: Mr Speaker, this project is an outstanding project since last year, and according to the answers given it would seem that the failure here is on the logging company.

Are there any other plans the government can do besides this logging company? Are there any arrangements beside this company? If we continue to rely on this logging company, this project will be further delayed. Has the government any alternative plans?

Hon Sofu: Mr Speaker, my Ministry's ministerial tender board and the central tender board are on stand by. They are waiting to hear anything from the Isabel Provincial Government on what to do. This is an agreement made by the Isabel Provincial Government. The Ministry can contract this work out to any private contractor for this \$1million for this road.

Mr Lonamei: Mr Speaker, the Honorable Premier of Isabel Province and his Minister of Finance were here last week wanting to meet with the Ministry of Infrastructure and Planning for this same purpose, but the Ministry did not attend to them until they went back. Had the Permanent Secretaries of the two Ministries attend to them they should have discussed this issue.

Mr Speaker, the logging company had already started the road work but the Province ran short of money. Can the Minister release the funds as soon as possible so that the work continues to enable the road reach Buala?

Mr Speaker: What is your question or do you want to thank the honorable Minister for his answers or you are just making a statement?

Mr Lonamei: Work on this road had already started but the Province is short of money in order for the company to continue the work. Can the Ministry release the money now so that it is given to the Province?

Hon Sofu: Mr Speaker, I have made my answer very clear earlier on today. There was no

appointment made by the Premier of Isabel this year to meet with me. I was aware of the former premier of Isabel coming to see me in December 2006 with his Provincial Secretary to discuss this matter, and I explained everything to them.

Mr Lonamei: Mr Speaker, I would like to thank the Minister for Infrastructure for his answers. I hope the administrators in Isabel, the Premier and others, are listening in and heard the explanation by the Minister. Next time you make a proper appointment to come and see the Minister.

POLICE OFFICERS – JAJAO POLICE STATION

31. Mr LONAMEI to the Minister for Police and National Security: Can the Minister confirm to Parliament if the Ministry is going to post Police Officers to Jajao Police Station in Isabel?

Hon TOSIKA: Mr Speaker, the Jajao Police Station is a privately built police station by a company. It has an office and four residential quarters. It was the initiative of the people to build the station, and there was no prior consultation with the Solomon Islands Police or the Ministry in this case.

The understanding is the company will hand the Police Station to the Solomon Islands Police Force through the Provincial Government. The Solomon Islands Police will certainly takeover the station when the formal handing over is done. When that is going to be is the question. When will the Province handover the police station to the Solomon Islands Police Force, is the question. If the police station is not handed over to the Solomon Islands Police Force then there will be no police officers manning the station.

The location has been planned for a few developments and it is likely the manpower at Kia Police Station would be transferred to Jajao. It will be when the Solomon Islands Police Force formally takes possession of the station from the Isabel Provincial Government. Presently, there are no Police Officers in Jajao and that will not be done until the formal handing over takes place.

Mr TOZAKA: Situations of this nature is quite general facing all of us on the shortage of manpower. One of the things mentioned by the Ministry is Community Policing to massage this problem of shortage of police personnel. What is the progress of this in relation to this question?

Hon Tosika: Community policing is a policy of the government, which comes under my Ministry. Under the Police Capability Plan people in the villages will be identified to become police constables. These constables will be gazetted so that they can take responsibility in the villages where they see fit and where they indicate their interest to work in to look after the affairs in the village.

Mr Riumana: The actual manning of Jajao Police Station is subject to the handing over of the Police Station. Has that message been relayed to the Provincial Government?

Hon Tosika: Certainly, the message has been relayed to them already. When that will be done is the question.

Mr Lonamei: Before I thank the Minister of Police for his answers I would just make the following statements: We in Isabel have already excised the bottom up approach. We really need people like Police Officers to man the police stations. We just want the government to give us the officers because we have already built the police station ourselves. I hope the government will enforce through its bottom up approach by providing police officers.

I thank the Minister for assuring us that as soon as we handover the police station to the Police Force, Police Officers will be posted there.

BILLS

Bills – Second Reading

The 2007 Appropriation Bill 2007

Debate to continue and conclude

Mr Deputy Speaker: I must remind all MPs that the debate will conclude today before 4.30pm, including the reply from the Minister of Finance and Treasury. We cannot go beyond 4.30pm like yesterday. Therefore, those of you who have not yet spoken can do so provided that you are short and brief. That is the ruling I am going to put. About 32 MPs have not yet spoken but it is not necessary for you to talk because you can ask questions to the Ministers during the Committee of Supply. So you have a lot to say during the Committee of Supply. The MP for Marovo will take the floor first this morning.

Mr RINI: Mr Speaker, thank you for your ruling and thank you for giving me this chance to speak on this 2007 Appropriation Bill 2007. Mr Speaker, I will be very brief so that other MPs can have the chance to speak.

First of all, Mr Speaker, I would like to thank the government for producing this very, very important document, its first budget since taking over the government in May 2006. I would also like to thank the good Minister of Finance, the Minister of Planning, officials of both departments of the Ministry of Finance and Planning and also officials of the various Ministries in preparing this very, very important document - the budget.

Mr Speaker, the now Minister of Finance when he was Minister of Planning answered a question in Parliament when he was questioned about the delay of the budget. The answer given by the current Minister of Finance when he was Minister of Planning is that he wants extra time so that he can look into the budget and to change how the budget is drafted both the recurrent and development budgets. I failed to see that statement happen in this budget.

Mr Speaker, when I compare the 2006 budget with this 2007 budget there is no difference at all. They are just the same. The only difference is, Mr Speaker, if you look at the 2006, which your government formulated in 2005, there is surplus in that budget whereas in the 2007 recurrent budget, you will see a big deficit. I will come on to this later but I am touching on the budget.

Mr Speaker, when I look into these documents, one that is presented in May 2006 called the Policy Framework Document by the government and the one produced in August 2006 called the 'Policy Translation and Implementation Documentation' and when looking at the budget speech and the budget itself - the recurrent and the development budgets they do not reconcile.

The two policy statements of the government which the government based its policies on are not reflected in the recurrent budget or even the development budget. It is these two very important documents that the government should follow.

The Speech of the Throne last year mentioned these two documents – these two documents will guide the operations of this government. But when one looks at the actual budget, the recurrent budget it is not there.

The question in my mind is whether this budget went through Caucus or the Cabinet because if it had gone through Caucus or Cabinet, Ministers of the government would have picked up these issues. They would have seen their policies in these two documents and so would cost them out and put in the budget. But this is not the case. If you look at this budget it shows that the Prime Minister's Office is doing a different thing and the Ministry of Finance is doing a different thing. There was no coordination because had there been coordination, the policies from the Prime Minister's Office should have been put for costing in the Ministry of Finance and should have been included in the budget to be implemented. But it is not in this case.

Mr Speaker, the Minister of Finance delivered his Budget Speech a week ago, last Tuesday. He said that this budget is focused on provinces and rural development, but when you look at the budget there is nothing there for the provinces. I will come back to this when I talk on the recurrent budget. How much is allocated to the provinces, how much is allocated to the rural areas? You will see very minimal or even nothing.

Even in the budget speech, Mr Speaker, the Minister of Finance mentioned the three components of the development strategies, which are community consultation and

grassroots policy development. The second is to improve access economic opportunities for the rural areas, and the third one is to build the capacity of provincial governments.

Let us take the first point. When I look at the first point there is nothing there for grassroots policy development, only \$1million is there, which is not new. It is just an increase of \$400,000. The \$600,000 is already put there during your government's time, Sir. Is that all we allocate for the rural areas? Is that the bottom up approach we are talking about? No, it should be more than that.

The second point is to improve and access economic opportunities for rural people. But when you look at both the development budget and the recurrent budget you will never find any money there for the rural people. Nothing.

Mr Speaker, we should stop telling people in the rural areas that this and that are in the budget when they are not in the budget. People in the rural areas are waiting and expecting this budget. Even the Secretary to the Prime Minister said in the newspaper that this budget will produce a fuel to the state engine. Where is the fuel? There is no fuel to drive the budget. There is nothing in the budget. I will come on to this later and I show you where most of the money in this budget is going to be spent. There is nothing in the budget for the rural areas.

The third point talks about the building capacity of provincial governments. If you look in the budget there is nothing in there for that. Only \$3 million is in the budget for debt servicing. But the debts of the provinces are more than that amount. This \$3 million is not enough.

We keep on telling our people that when the budget is passed this is what you will do, when the budget is passed you will receive this money. There is nothing in the budget for the things the government has been telling you. I must tell you people in the rural areas that there is nothing in the budget for you.

The Minister of Finance even talked about the long term vision for Solomon Islands, and then he quoted these two books. I must congratulate the government for these two very important documents. They are very good documents, very good policies but there is

nothing in this budget to implement these two documents. Nothing. Even what you are saying in here did not happen. I will give you some examples, Mr Speaker. Under Financial Services you said that you are going to revitalize the Development Bank of Solomon Islands and then put in funds. But in the last Minister of Finance's speech he said the DBSI will be sold. The policy says the government is going to revitalize it because it is the peoples' bank, and yet the Minister stood up and said the DBSI will be sold. What is this? What they said in their policy is very clear but when they come here they did a different thing.

Another example, Mr Speaker, is that this book talks about setting up of levy in the Ministry of Forestry. It says here that a lot of people in the rural areas want to go into reforestation but the problem is no funding. In here it says that by 2006 the Government will set aside levy to give to people in the rural areas who allowed their resources to be harvested and the Government collects the revenue and then gives it to the people to use. Look into this budget under Forestry, there is nothing there for levy, nothing. Only \$4million is put in the development budget. Only \$4million. But do you know how much is in the budget that would be collected as revenue from export of logs - \$163million. That is an increase of \$72 million.

Sir, \$163 million will be collected from logs that resource owners of this country allowed to be harvested, the government collects \$163million from it and only \$4million will be given back to resource owners. What is \$4million? \$4million is nothing. If the government is serious about rural development and bottom up approach it should put at least \$50 million for reforestation.

Mr Speaker, in the Speech the Minister of Finance talks about the challenges facing the national economy. He says that global oil price is falling and inflation is around 8 to 10 percent. But I fail to see in the budget speech what the government will do to solve this problem. He just mentioned this problem in the speech but what are the measures the government is putting in place to tackle this problem. Nothing. You see, Mr Speaker, the global oil price is falling but why is the price of our fuel still increasing. And to make matters worse

kerosene is the highest. But kerosene is one of the basic commodities for the rural areas. What is the government doing to address this?

The government has reduced the duty of other essential goods like noodle, rice, biscuit, and flour. These are consumables but he has not mentioned how he is going to reduce the price of fuel. It is fuel that companies as well as you and I use for that commodity to create economic activities. But there is no reduction on fuel in the budget speech. Nothing. Instead they increase the GST, and that is the problem. The price of fuel has already reduced but the reason why our fuel price is still expensive is because of the GST (Goods and Services Tax). I fail to see in the Minister's speech telling the nation that the government is going to reduce GST in fuel. There is nothing there.

The Minister also talks about economic development as centred on Honiara. This is true, Mr Speaker, because there is nothing in the budget that provides for our people in the rural areas to participate in the development of their resources in the provinces.

The policy of the government is that it will help resources owners. In the logging industry the government says it will assist resources owners by supplying equipments for resource owners to harvest their own logs. If you look in the development budget there is nothing there for resource owners to purchase machineries in order to harvest their own resources. Nothing at all.

The Minister even talks about barriers to growth in the budget. He talks about the barriers to growth and yet fails to say how the government will tackle the barriers. Nothing. He says one of the barriers to growth is distance. It is impossible for us to change this. Since this world is created our islands have always been there, but I fail to see like the Leader of Opposition said yesterday, any assistance to ship owners. Nothing.

Sir, during your time there was assistance to ship owners, but in this budget there is nothing for ship owners, and yet they talk about barriers to growth as distance. But the only way to move around in this country is by boat or ship, and yet there is no government assistance in that sector.

The Minister talks about the high tax rate. He says our tax rate is very high, which is one of the barriers to growth. Like I said earlier I fail to see any reduction in tax in the budget. If you look carefully there is an increase. The personal tax increases, other taxes also increase, why, because government is doing this to get revenue. The government wants to cover up revenue in its very big expenditure under the recurrent budget, which I will come to it later.

The Minister continues to talk about the capacity of Solomon Islanders to setup businesses and says there are inadequate business skills and entrepreneurs. I totally reject this statement. Solomon Islanders, naturally, are business people. Just look at those people at the market, no one tells them how to put mark-up price on their goods. The people know the cost of bringing their goods to the market, they know the cost of their truck fares, and so they work out themselves what the price of their market produce would be. No one taught those people about such costing, but naturally it is within Solomon Islanders.

I am surprised, Mr Speaker, this \$3million in this budget is just to train Solomon Islanders to make business. Why is this money not given to Solomon Islanders to start business, instead we just want to use this money for training.

Mr Speaker, you will see in the development budget under the Ministry of Commerce that the \$3.7million that used to be there to help Solomon Islanders get into business is no longer there. There is nothing on that in this year's budget, it is nil.

In 2006 it is \$3.7 million. We put this in our budget discussions in 2005 and so in 2006 we put \$3.7 million towards that. This year it is nil. The government gets this money and puts it for business training. My goodness, Solomon Islanders do not need to be trained on business skills.

Mr Speaker, the Minister goes on to talk about the financial services. He talks about the credit guarantee scheme. Sir, the credit guarantee scheme is giving false hope to our people of this country. This \$15million will not go to the rural areas to start businesses. No. Look carefully at the budget speech of the Minister of Finance and you will see that this

fund will not go to the rural areas but this fund will be administered by the Central Bank. Applicants must apply to the commercial banks and the commercial banks will choose the projects. When the commercial banks approve the projects, they will not automatically give you the money. The money will only be released if the Central Bank calls for a guarantee. I think it is when a business fails that they will call for this guarantee.

This is not automatic like a lot of people in the rural would like to understand. I can tell you straightaway that this \$15million is not for you to start any business. Applications will not be selected by the Central Bank or the Government but applications for loan against this scheme, the selection will be done by the commercial banks. This is giving another false hope to our people in this country.

The Minister talks about interest rates but what is the government doing about interest rates? Every time the Central Bank says it is the market that will cause interest rates to go down or up. That is not working in Solomon Islands.

Sir, at the moment the weighted average rate on deposit is 0.94 percent, not even one per cent, if you deposit your money in the bank. But if you get a loan or get an OD facility from the banks you will be charged 13.74 percent interest. That is the waited average. The margin received by the banks is 12.8 percent. This is a very big margin. What is the government doing about this?

I am asking my good Minister for Finance to discuss this issue with the Central Bank to come in somewhere to make the interest rate in this country attractive because at the moment it is not.

Mr Speaker, the Minister talks about the main priorities for the 2007 budget and says he is encouraging rural development to enhance the productive sector in the provinces and to stabilize the national economy. He goes on to say that on tourist sector he is focusing on Temotu, Central and Renbel. Sir, if you look into the budget there is only \$2million for tourism, and this is under SIG funding. I am very doubtful that these projects will take off the ground or will be implemented this year.

Mr Speaker, I am very sad that Marovo was not mentioned in the tourism account of the

government. The biggest lagoon in the world, the largest lagoon in the world, which has very good potential for tourism and yet there is no mention of it in the budget under government policies on tourism.

Even to encourage rural development, as I have said earlier, there is nothing on that in the budget.

Mr Speaker, in the budget speech again the Minister talks about ministries spending as disappointing. He says projects are not progressing or implemented. Why? Why are projects not implemented? It is the failure of the government for not implementing the projects. Do not blame the ministries or the officials. They were not given directives.

Since this government came into power it spent a lot of money on petty things, and these petty things derail the policy of the government to implement this document. That is why the projects are not implemented.

Another reason why projects are not implemented is that in the 2006 development budget, your administration, Mr Speaker, puts in \$4.8 million in cash to the development budget. When this administration came into power, within five months it used up all these funds. You can see this in the supplementary appropriation bill that we discussed. About \$42.8 million that was supposed to go to the projects was used by the government to increase salaries. \$26 million goes to salary increase in the supplementary last year, and another \$22 million goes for other charges like paying of vehicles, overseas trips and so on. These projects are not implemented because the government shifted funds from the development project to the recurrent. It happens and that is why these projects are not implemented.

Mr Speaker, I want to raise another issue the Minister of Finance talks about in his budget, which is very, very serious. He talks about tithes. I think the Minister did not properly look at the verse he quoted because the verse he mentioned in his speech - Malachi 3:8, 9 talks about you will be cursed. You will be cursed if you do not bring your tithes and offerings. This is a very serious statement. It is verse 10 that talks about bringing all the tithes and offerings into the storehouse. Verse 10 says that one. In verse 8 God says you are robbing

me, in what, in tithes and offerings. Then verse 9 says if you do not do this I will curse you, and this is very, very serious. It is very, very serious because if this government does not put tithe from its revenue, you know what the consequences will be.

Sir, this government must be very serious on this because it says in the budget speech that they are committed to doing this. If you look in the budget the total revenue of the government is \$887.1 million, this is excluding assistance from Australia and New Zealand. Now 10 percent of that should be \$88.71 million, which is the tithe, and which should go to the churches. But there is nothing in the budget to reflect that. There is nothing in this budget to show \$88.7 million for the churches. No.

Sir, if the government does not give this money to the churches then it should give it to SICA and then SICA will distribute it to the churches. But there is nothing in here. Even before this budget was presented, the Secretary to SICA met me and said that the Minister of Finance promised to give money for SICA. But every time he went down to the Ministry, the Minister is not available. So he just said he is tired so forget it.

But even in the budget speech the Minister boldly told this House that the Government is committed to tithes, the government is committed to what the Holy Scripture says and so they are going to put tithes. But there is nothing in here to reflect that statement.

I must warn this government, and it is not me who is giving this warning but God Himself gives the warning in verse 9. When you go out read Malachi 3:9 in the King James Version. Verse 9 says that you will be cursed if you do not give the tithe. I want the government to take this very seriously because it is a very serious issue.

Mr Speaker, I want to go into the recurrent budget. Mr Speaker, in the recurrent budget the total expenditure of the government excluding that \$62 million on assistance from NZ and Australia, comes to \$881,709,964. Income is \$886,703,779 and there is a surplus of \$9.9 million. That is what is in the budget.

Mr Speaker, I cannot even reconcile that with this budget. Out of that one, Mr Speaker, it says \$89.6million is transferred to the development budget. Where does the government get funding for that? That is why I said it is a deficit budget. Only \$4.9million is surplus and out of that surplus only \$4.9million should be transferred to the development budget. So where do you get that \$85million? That is nothing in the budget to show that, and even in the report of the Public Accounts Committee it states very, very clear in there. If you look at the summary of the Public Counts Committee Report on 3.1 it says there is a big deficit in this budget, a very big deficit.

Sir, for example, during your time when we prepared the 2006 budget we put in \$80million, and this \$80million was taken out from cash surplus, in reserves, the actual cash and we put back \$35.2million in the recurrent budget and we get a balance of \$44.8million which goes to the development budget. That was how the 2006 budget was set up.

I fail to see that in the 2007 budget. There is nothing in here. If it is in cash reserve then put it here and say cash reserve like in 2006. If you say it is appropriated from cash reserves then put it here. But as it is now, Mr Speaker, the budget has a deficit of \$85million.

Mr Speaker, if you look at the recurrent budget you will see salaries and wages which amounts to \$318million - a very, very big increase. This is an increase of \$103million from 2006, an increase of 46%.

Mr Speaker, as what I said earlier there is nothing in this budget for the rural people. This \$318million in salaries and wages is only for you and me, just to pay for 13,000 people - 4,036 in the public service, 6420 for teachers, 1433 for police and 1730 for medical staff. That is all those who make up the \$318million. Only 13,000 people will benefit from this \$318million and nothing for the rural areas. Where is the funding for this bottom up approach?

During your time, Mr Speaker, if you look back at the 2005 budget we reduced salaries by \$3million, because we think it is not very important. But only 13,000 people eating up this \$318million and nothing for the rural people is not right.

Look at this \$544.8million in other charges. What amount of these charges will go to the provinces or the rural areas? This \$544million is for upkeep of offices in Honiara, offices in Auki, Kirakira and Gizo. As you can see only 13,000 people will be eating up this \$886million.

Sir, where is the much talked about bottom up approach? There is nothing in the budget for that. Only \$188million goes to the development budget, but I will come to that later on how much of that will go to the rural people.

Sir, as you can see the bulk of the budget, 95% of the budget only 13,000 people will eat it up. It will go towards our wages, electricity bills of offices, water bills of offices, gas, traveling and that is all. Only about \$22million goes to education, but \$10.8million of this comes under New Zealand aid, \$22million goes to primary schools, which will benefit about 9,500 students. About \$26million is for scholarships which will benefit about 700 students. So in total this budget only belongs to 25,000 people.

These 25,000 people includes 13,000 public servants including national and provincial politicians, including the students which about 500 of them will go to SICHE funded under NZAID for this \$10.8million, then about \$25.7million will fund 9,500 primary students and about \$2.6million for 700 students under scholarships. You add those two up and you will come to about 10,000 students and then add all those together we come to 24,329, which is only about 5% of the population eating up this whole budget and there is nothing for the provinces, nothing for the rural areas.

Mr Speaker, unless the Minister explains where that \$85million comes from, I will not be satisfied that this budget is not a deficit budget. But as it is presented to the Parliament now with all the documents it is \$85million deficit.

Mr Speaker, I would like to talk on special funds. Under section 100(2)&(3) of the Constitution specifies very clearly the special funds that they are not part of the consolidated fund, not even the revenue. These funds are established under an act of Parliament and are state alone funds - they are not part of the

consolidated fund. Not even their receipts or accruals. That is what it says in here. I would like the Minister of Finance to take this very, very seriously and may be the Attorney General can assist on this. Mr Speaker, you will find in this bill \$11million of special fund is included in this Bill. Under Civil Aviation you will see a total of \$21million in this bill under expenditure and that includes \$11million of special funds. Sir, I would like the Minister of Finance and the officials of Finance, including the Attorney General's Chamber to explain why this fund is included in this bill.

Because my understanding, Mr Speaker this amount, this special fund should not be part of the consolidated fund, just like the public debts. Public debts are shown in the expenditure summary in the budget but when it comes to the bill it is not there. That is what I am expecting on this special fund. But that is not the case in this budget. But if you look at the summary of the expenditure \$21,136,956 is under civil aviation and meteorology and if you look at the bill the same amount appears there. I am asking the Minister of Finance to make an amendment or corrigenda on this one because it is against the Constitution.

There are two types of special funds Mr Speaker. The first one is under section 5 of the Financial and Instructions and Auditing Act. These special funds, the Minister, upon the approval of Cabinet establish them. These funds are for projects and they are part of the consolidated fund. After a project is completed paid out of every liability what is left should go back to the consolidated fund. These special funds, established under section 5 of the Financial Instructions and Audit Act, are part of the consolidated fund.

But in this case, the civil aviation special fund is an act of Parliament and therefore it is not part of the consolidated fund. I hope my good Minister will take note of this and see his officials and even the Attorney General's Chamber to sort out this transaction.

Mr Speaker, the government allocated \$188million for the development budget. If you carefully look through this budget only \$57million will go to our rural people. The rest will go for infrastructures, which I don't think will be implemented this year as well, because

as experienced, Sir, and you know it very well, every project under SIG funding are just printed in the books but there is no money for them, they are mere tokens. Therefore, I am very, very doubtful that these funds will be paid out for these projects.

The only area I can see that will benefit the rural people is the \$3million support for cocoa and copra, and that is if the government has this money. There is also \$4million for reforestation under SIG, that again, if the Government has the money and \$20million under provincial government for the RCDF.

I am sad, Mr Speaker, whether this year we are going to get the RCDF or not because in the past the Republic of China used to pay us and that is why we get it on time. That is why, Sir, in your time we used to put RCDF under SIG funding, even during the time of us the present Prime Minister it is under SIG funding, and there are no pay outs because there is no money.

During your time, Sir, in 2001 we asked the ROC to assist us and it is willing, and that is why Members of Parliament have been receiving their RCDF in time. But now that it is under government allocation, I doubt whether we can get it on time because it depends on government revenue.

Even news spreads amongst us Members of Parliament that the Minister of Finance and others said that as soon as the budget is passed just pay out the whole thing. Where would we get \$20million at one go? If we are going to pay \$20million each month, what about the salaries and wages of other people? What about other services? I would like the Minister to consider this.

On development planning, Mr Speaker, only \$10million is in micro funding under the Republic of China and \$20million in the Millennium Fund. If you add all these together, only \$57million will go to the rural areas.

Finally, Mr Speaker, I like to say like this government has very good policies. You must keep up with your policies. Do not distract your policies by petty issues that are currently having over Solomon Islands. Put all these issues behind you and please implement your policy and please in next year's budget I would like to see you costing out the very good policies

in here and put them in the budget so that it will be implementing and then your promises to the rural areas will be fulfilled.

With those few remarks, Mr Speaker, I resume my seat.

Hon BOSETO: Mr Speaker, thank you for the opportunity. I rise to join honorable colleagues who have spoken in contribution to our deliberation on the 2007 Appropriation Bill 2007.

Mr Speaker, I thank the honorable Minister of Finance and Treasury for his visionary, challenging, empowering 2007 budget speech in the Chamber.

Mr Speaker, before I proceed I acknowledge the hard work of the Public Accounts Committee I thank the Chairman, the honorable MP for Rendova/Tetepari and all his members and advisors.

Sir, I fully endorse what the honorable Minister of Finance said that this is the first time in many years the Public Accounts Committee has been able to review and scrutinize the budget before the commencement of the current Parliament Meeting.

Mr Speaker, although the 2006 report of my department and the whole Ministry of Lands, Survey and Housing being prepared by my staff hopefully will be presented at the next meeting of Parliament. However, Mr Speaker, I want to just mention a few activities of 2007 as follows:

First, is customary land recording. Customary land record process, customary land was implemented and the Auluta Basin Project included the following components:

- Documenting existing procedure for recording of the customary land and the current registration practice
- Investigating, developing and testing an improved set tool including a digital system for recording of genealogies for landowning tribes in the Auluta Basin.
- Investigating, developing and testing standard procedures for the production of working maps in customary lands and boundaries
- Identification and definition of the Auluta Basin

- Investigating, developing and testing procedures of efficient demarcation of the Auluta Basin customary land boundary to meet legislative and technical requirements, outputs and activities to date using Auluta Basin as a test for the tribal land recording process.
- Declaration of areas within the Auluta Basin supported by map showing tribal areas, lawyers undertaking review of the Customary Land Recording Act.
- Budgetary preparation for the proposed Land Reform Unit in the second half of 2006

The Second Activity:

- Temporary Occupation License and unauthorized occupation of land;

Mr Speaker, successive governments have taken serious consideration to address increased authorized occupation on government land. The Ministry of Lands, Housing and Survey places priority on the issue and has moved forward in formalizing the process.

- The Minister envisaged the following actions:
 - Completion of the physical inventory;
 - Analysis of unauthorized settlement on government land in Honiara; and
 - Setting up of the initial Honiara Land Development Task Force with direct participation with the Honiara City Council Planners.
- The conducting of pilotdesignating special planning area and the nearby lesser densely populated area including sub-divisional plans and surveys.
- Valuation of the pilot and report of the liability and feasibility.
- Constraint and resources required to increase tenure security to other informal settlers on government land.

Output and activities to date

- Identification of the pilot project is completed at the Kofiloko area.
- Awareness program undertaking in the pilot area,

- Data information from all settlements collected and collated
- Subdivision plan completed
- Survey pegs have been made by the field staff and survey work completed.
- Strategic planning framework has been formulated.
- Parcel and allotment preparation still to be completed

Third activities:

- Redevelopment of the Chinatown. The riot of April in 2006 has given the government the opportunity of assuring Solomon Islanders that they must feel to own the economic benefits of economic prosperity in their own country.
- Distraction also provides an unique opportunity to implement new and innovative design and guideline for Chinatown.
- The creation of a task force comprising the Town and Country Planning Board in dealing with the redevelopment of Chinatown. I will come up with several concepts which takes into account the optimum utilization of these potential sites.
- Outputs and activities to date
- Adoption of the term of reference for the purpose of repairing Chinatown redevelopment plan;
- Advertising expression of ideas into the China redevelopment, a total of 18 submissions was received.
- Policy options were finalized and presented to the board at the public forum. The board accepted the draft policy for Chinatown. The report of the final plan to the Minister of Lands, Housing and Survey in October 22, 2006.

Mr Speaker, as I have alluded to earlier the report of the year 2006 is being prepared and this will be ready in this year's Parliament meeting.

In relation to Chinatown redevelopment, I am now tabling to the Cabinet to maybe look at it next week.

Mr Speaker, may I now proceed and try to briefly share my understanding, observation, conviction and expectation which the government budget 2007 is directing and pointing us towards. For me, those two words are very important. I am not a man of figures, but I can see this budget directing and pointing us to begin in our action and reflection for our long term vision for Solomon Islands sustainable peace with justice and prosperity for our growing population.

Mr Speaker, let me say here that primarily development is people, and therefore, I believe this budget is people centred, people empowering, people participation and people collaboration and so on.

Mr Speaker, the last paragraph of page 15 of the Honorable Minister of Finance Budget Speech emphasizes the importance of the budget is people centred and I quote: *"The provinces and the rural areas where 85% of the country's population reside is paramount and close to the heart of the government. In this vein, our primary focus will be to allocate and equip resources to the provincial governments and to build their capacity."*

Therefore Mr Speaker, it is true what he further said in his introduction to the budget and I quote again: *"The budget is a fundamental instrument for government policy in action and its development is a task which the government has taken very seriously."*

I see this is as very important because we begin this year together but we look ahead to the next 10 or 20 or 50 years. It is my vision and my hope on this budget.

Mr Speaker, if the Government for Change continues to take seriously its policy inaction for people centred then let me make my contribution by sharing with you the following:

Mr Speaker, on Monday 2nd October 2006 at the opening of our last Parliament, His Excellency Sir Nathaniel Waena, our Governor General in his Speech from the Throne mentioned three important things. **We must learn from our past mistakes** and failures, and I quote: *"Briefly these three important lessons are fundamental if we are to gain anything positive from our past failures. They are: first, the centralized top heavy system which we have adopted has not delivered well as has been*

expected by our rural people. Second, colonization and modernization seem to have eroded our worthy cultures and traditions. They have instead been perceived to be a threat to our rights to freedom and to equal participation in national development. The third, Mr Speaker, is the trickle down economic development that exploited and extracted our natural resources and the deceitful and adverse accessing of funds in the name of our communities has not only deprived our people of necessary services, but resultantly created serious grievances and disparities. Such improper practices also contributed to the ethnic tension which sadly brought the nation to its knees in 2000”.

Mr Speaker, in order to take seriously the people centred policy of rural development of bottom, up approach, of broader base of our participation of our economic development. We must seriously consider the following, which I term empowering conversion of change:

1. Leadership conversion for change. From love of power to power of love. From more overseas trips to more rural visits. Speak their languages and interpret their original feelings and voices.
2. Centralisation conversion for change. From centralized democracy to decentralized democracy. From too heavy top down institutionalized democracy to responsive indigenization of democracy. That is what we want to have in relation to state government.
3. Trickle down conversion for change. From trickle down economic development to bottom up economic development. From over-consuming and over-wasting to enough is enough for every one's needs and every one's basic necessity.
4. Legal system conversion for change. From centralized legal system to decentralized legal system.

Mr Speaker, I noted the Minister of Justice mentioned some plans for action to follow up his concern. Communication conversion for change from conceptualization on papers to more action reflection with the people

in their rural situation to bottom flows of more information.

Mr Speaker, there are many more areas we can consider in regard to what I term empowering conversion for change because the people centred policy of the Grand Coalition for Change Government demands responsibly ideological, institutional, theological and structural conversion for change.

Mr Speaker, let me highlight a couple of what I term empowering conversion. First is the concept of domination of trickle down. The trickled down continues to perpetuate our dependency on donor funding development partners.

From the comments made by the Public Accounts Committee, our country continues to have a significant dependency on donor funding particularly in the areas of education, health and law and justice.

Mr Speaker, this country which has riches of natural resources cannot continue to depend on outside funding sources. I believe so, Mr Speaker. I have been observing thousands of cubic meters of round logs leaving our shores after a little bit of royalty monies trickle to resource owners and a bit more than royal monies to our national budget every year. And perhaps most of the monies going out of our country supporting the industrialize countries for their sustainable economic growth, for their sustainable and growing income for industrialize money lenders, for sustainable affordability of the reach minority of the industrialized world who are able to buy new furniture, new dresses, new cars etc.. every month, every year and dumping second hands to our people who cannot afford the new ones.

Mr Speaker, the Honorable Minister of Finance on page 8 of his budget speech indicated that the life time of un-logged forest resource is now very limited and can finish or exhausted possibly within the life of the current Parliament.

Mr Speaker, while our forest resource is almost depleting, as donor partners to the development of this nation and assume our share to the international community, we have already begun to technologically ex-ray and mining our treasures underneath of our 6feet customary land.

Mr Speaker, Solomon Islands is very rich in gold, copper, nickel, perhaps cobalt and diamond. Are we going to remain poor materially while we have these hidden treasures God has given us? Mr Speaker, will we continue to depend on overseas donor funding while we ourselves have already been a major donor partner sharing more land with our resource owners and our Solomon Islands Government receive from our natural resources of fish, log, gold, palm oil plantation and soon or later from nickels, cobalt etc. as our shares for our national budget and more to the international community for their sustainable economic growth and to trickle down handouts sustainable centralized economic affordability and luxuries, sustainable economic power, security and survival.

Mr Speaker, if we have known that we ourselves have been already a major donor partner with other overseas donor partners, then we must take seriously to protect, secure and legalize our ownership and marketability of our customary land underneath which treasurers of gold, silver, diamond for the mining industry are stored by our good Lord for us.

These costly and very expensive hidden treasures for the world market must be transparent and accountably reported, not only to our government but also to the landlords of this country.

May I suggest that the Solomon Islands Transparency with its International Transparent Global Network work the mining companies to ex-ray with them for us in the Solomon Islands the values of the hidden treasures underneath the 6feet of our customary land?

At this stage, Mr Speaker, may I just talk a little bit on the Land Reform Division? Mr Speaker, the Grand Coalition for Change Government has to make it clear the interrelation between landownership and land use.

In his speech, Mr Speaker, at the opening of our last Parliament Meeting in October last year, His Excellency the Governor General said that out of the 27,000 square kilometer of land mass in our country, 85% of this is customary owned.

Being mindful of this the government has established a Land Reform Unit in the Ministry of Lands tasked with responsibility of

determining how best we can deal with customary alienated and crown land.

Mr Speaker, in his speech the Honorable Minister of Finance again, has acknowledged the essential importance of this and said this Government is committed to pursuing a land reform process that provides due recognition to customary land being tribally owned, not individually owned or held in trust by a group of trustees. This process, he said, will entail the restoration of tribally owned customary lands and then trusting the group's right to deliberate on the optimal use of the lands including utilization of the land for economic development.

Mr Speaker, the Ministry of Lands and Survey has been very slow convincing itself for the urgency and for the holistic approach of the Land Reform Unit. However, I am very happy to share with you my colleagues in this Chamber and those who are listening outside what has been done so far by the Director with the support of some of my staff.

Mr Speaker, the Unit has produced an operational program which outlines the many activities involved in the reform. This includes legislation matters, administrative matters, as well as staff and personal welfare matters.

Mr Speaker, the Cabinet has approved this operational program and it is now ready for implementation pending approval of funding by Parliament. The programs are strongly rural based as reflective of the intention of the bottom up approach.

Mr Speaker, generally speaking this consists of a series of localized activities and many provincial programs which will be organized and supervised by each provincial government with the Land Reform Unit doing the coordinating role. That is only minimal. Staff will be located in Honiara including the Director and all the rest will be working in the provinces.

Mr Speaker, it is envisaged of the estimated staff required to work on customary land, only four will be working in Honiara, the rest which is about 36 will be stationed in provinces. That is, all the provinces will have their own teams and working directly under the supervision of provincial assemblies.

Mr Speaker, draft legislation has been prepared and it is now with the Attorney General's Chamber for legal presentation before it is brought to Parliament for its consideration. Mr Speaker, this enabling legislation will be supplemented by the work that will be undertaken by the provincially based teams before it is completed. This will be in the form of a series of schedule to the principal legislation.

Mr Speaker, there is therefore greater flexibility as provincial assemblies can consult their own schedules in form which best suits their own situation. For example, Mr Speaker, where the principle definition is considered to be generally applicable throughout the country, certain provinces may find this does not really cover their own particular situations. In such event, the provincial assembly may find it necessary to have its own definition provided in its schedules, and such definition is only limited to a particular province in its application.

Mr Speaker, other work is both important and urgent. The Director has performed the following specific tasks while waiting for Cabinet's approval for operational programs:

1. Held a meeting with the Lord Mayor of the Honiara City Council and his executive.
2. Conduct a seminar in the Western Province with the executive and also members of the general public.
3. Conduct a workshop for Premiers in Honiara.
4. Conduct a seminar in Malaita Province for Members of the Executive and other prominent leaders in the province.

Mr Speaker, the meeting with the Lord Mayor of Honiara City Council and his Executive was held in September 2006. The meeting was purposely held to discuss with the Authority of the City Council the Grand Coalition for Change Government's policy of the bottom up approach regarding the subject matter of land.

In the specific case of Honiara, this is in relation to the Physical Planning of the township. The Council was impressed upon that

the Physical Planning must be done such that the city is owned by Solomon Islanders. There are obviously major weaknesses observed in the present City plan which needs to be addressed. That is, the need of the local population must be included in all plans and allow them to be active players rather than mere spectators.

Mr Speaker, the resolutions of the Premiers Conference in Honiara are:

- ❖ Immediately establish the office of the Land Reform Unit and to strengthen its capacity to undertake the reform program.
- ❖ The Land Reform Unit to continue with wider consultations with provincial governments, chiefs and elders on the concept of the land reform program
- ❖ Provincial authorities to incorporate a land reform policy in their programs of action.

Mr Speaker, our holistic approach and team leadership of our Land Reform Unit for our whole country needs more than \$10million for 2007 and 2008. I hope this will be presented during the next meeting of the Parliament as supplementary appropriation bill. I hope so. Mr Speaker, before I resume my seat I want to conclude by saying that the Land Reform Unit within the whole operation of the Ministry of Lands is to address both alienated and customary land and will take seriously the action reflection or in other words research action based on the education of the totality of life in villages, tribes, provinces and our nation and how to be more responsively responsible to our diverse cultural contextual situation. The wisdom and worthy customs of our ancestors and the gospel value of the kingdom of the Prince of Peace will take their prominent part in this holistic and collaboration approach.

Mr Speaker, Jesus Himself said the thief comes on to see to steal, kill and destroy. I have come in order that you might have life, life in all its totality, life in all its fullness. Therefore, both theological education and secular education under the theocracy of God must address the wholeness of a person, whole community and the whole nation. To answer education for what,

is to take the whole being of a person, the whole community.

Mr Speaker, I come to observe and experience that we have been caught up with fast technologically driven culture of further fragmentation, disintegration, compartmentalization, scattering and disconnecting the foundational base of our sustained community living in the name of economic growth and individual human rights. Hence, we need to have a clear understanding of our God's affirmation of our living spirit of diversity and our responsive structural relationship.

In my view, Mr Speaker, there would be no living unity unless we affirm our living vertical relationship with the one living God, of our community creative God under one National Parliament. We have to come into terms with God of our living and reconciled diversity as experienced by believers on the day of Pentecost.

It is to provide responsive structure and amendment of our diversity in our Melanesian contact that our education for individual achievements may not easily relate us back to our belonging into the community of living and reconcile diversity of the people in one eternal fellowship of love, which must permeate with sweetness and saltiness within our sustained community living in our country of our one Solomon Islands national community.

Mr Speaker, when this whole planet earth is increasingly full of fear and insecurity, let us think simple, think small and continue to listen to the small voice of God in the midst of our earthquakes, tsunamis, land slides, cyclones, global warming and political propaganda under the leadership of the Prince of Peace.

Prophet Isaiah says, "He will rule his people with justice and integrity. Wolves and sheep will live together in peace and leopards will lie down with young goats, cows and lion cubs will feed together and the little children in the humble mind of Christ will take care of them".

Mr Speaker, it is from that prophetic good news of God announced by Prophet Isaiah that I conclude in my last Christmas message for 2006 as follows: From the above biblical understanding of our meditation, Solomon

Islands can be converted into human zoo park of the Prince of Peace with justice where leaders with different ideologies in the world, black and white, women and men of different races and nationalities live and eat together with each other with joy and peace under the sovereignty of the Throne of Grace and truth of God the Father, the Son and the Holy Spirit.

Mr Speaker, with those few contribution and remarks from my Ministry and from my understanding on the expectations of the government policy on rural development and bottom up approach, I beg to support the 2007 Appropriation Bill 2007.

Thank you very much.

Mr NE'E: Mr Speaker, thank you for giving me this opportunity to briefly contribute to this important Bill, the 2007 Appropriation Bill or the national budget.

Mr Speaker, I will be contributing in my capacity as the current Chairman of Government Caucus as well as the Member of Parliament for Central Honiara Constituency.

Mr Speaker, before I proceed with my contribution, let me first on behalf of the Government Caucus and the people of the Central Honiara Constituency congratulate the Honorable Minister for Finance and Treasury for presenting the 2007 budget speech, which in opinion was of high quality and high standard.

Mr Speaker, I must say this because when I listened to the speech, you can tell that the Honorable Minister, if I may say, knows what he is talking about. The terms used in the speech reflect the level of discussion and debate we need in this honorable House, as we are now in the 21st century.

Mr Speaker, let me also extend my deepest appreciation to all officers, Members of the Government Caucus who assist either indirectly or directly in producing the 2007 budget. Every time we ask, 'did the budget go through Caucus?' Definitely the budget has gone through the Caucus.

Mr Speaker, I must not forget the hardworking chairman and members of the Public Accounts Committee for a final check on the budget before it is tabled in this honorable House. Mr Speaker, I would also like to thank

previous speakers who have all contributed to the budget debate last week and today.

Mr Speaker, I have said I will be brief as I do not want to repeat what other speakers have said about the budget. However, I wish to make some few general observations on this important budget.

Firstly, as a Member representing people of our capital, I want this budget to benefit some of my people for even they live in Honiara or town the services they receive in the capital is most similar to the rural areas on problems like lack of water, electricity, poor infrastructure and so on.

The recent establishment of the Honiara Land Development Project will give hope to my people throughout the settlements in and around Honiara. Mr Speaker, listening to previous speakers I think we have heard good views, opinions and ideas from both sides of the House.

Mr Speaker, in my capacity as the Chairman of the National Government Caucus, I wish to inform this honorable House that most views expressed by the Opposition have been discussed at the Caucus and Cabinet levels. Mr Speaker, however, it is healthy that we must hear from the Opposition group, especially the Opposition Leader.

Mr Speaker, in my humble view, this budget is not an irresponsible budget because every budget is a responsible one because all budgets attempt to improve the standard of living of our people so that we could actually meet the government's policy in regards to the bottom up approach. Therefore this budget is a responsible one. I have heard some speakers say it is irresponsible but this is a responsible budget.

Mr Speaker, there is one point I wish to raise in terms of donor support. Mr Speaker, we have been living with donors and will continue to live with donors as long as Solomon Islands is a developing nation.

Mr Speaker, the honorable Member for East Are Are on Wednesday claimed to have more aid money in their budget while this budget has less aid money. Mr Speaker, the honorable Member however fails to tell as how much percentage of their aid money actually makes a difference in our rural areas. That is what we fail to hear from him. Mr Speaker, in

my humble view, we must move in time, we must reduce our dependency on aid donors, and that is what this budget is trying to tell us.

Mr Speaker, my good people of Central Honiara Constituency, let us obey our government and help in making sure the budget turns out into real development.

Finally Mr Speaker, in order for this budget to achieve its bottom up approach goals, we must first of all believe in it. We must remain focused to this budget in its implementing stage. Mr Speaker, in my opinion, this is the secret to success. Starting from honorable Members of this House we must believe, focused and be proud of our budget. Mr Speaker, if we all do that I can assure you that we will see some light at the end of the tunnel.

Mr Speaker, as I have said earlier on I will be brief because I believe and trust in this budget. Mr Speaker, I therefore support this budget.

Mr SITAI: Thank you very much, Mr Speaker, for giving me this opportunity to contribute very briefly, and I mean it Mr Speaker. It has been my trademark on the floor of Parliament to be short, precise and straight to the point.

I would like to begin, Sir, by thanking my good friend, the Minister of Finance and Treasury for his presentation of the 2007 Appropriation Bill 2007 through his budget speech delivered to the floor of Parliament last Tuesday.

In addition, I would like to thank all Permanent Secretaries, staff of the various ministries, especially the Ministry of Government Planning and Aid Coordination and staff for putting this budget document together, the Caucus for its scrutiny and the Cabinet for its endorsement. I begin first with those compliments.

Sir, much has been said about this budget. Some colleagues have made very critical analysis and comments on the budget. I will not dispute their views. No, sir, they are entitled to those views as it is their right to present them to Parliament. But at the same time I believe the government through the Minister of Finance and Treasury have taken heed of those comments and leave it to the Minister to respond.

As for me, sir, I just want to make a very, very general observation on this budget. I say general because I do not want to go into all sorts of debate. But in making this very general observation, I would like to present it in a way of question and answer approach. Therefore, let me begin by asking this question. Is this budget visionary? Sir, I believe it is. It is a start in developing new paths for this country. I thank the government for making that bold decision. You cannot achieve everything through this budget, but through that vision a base has been set.

The second question, Mr Speaker, is this budget promoting the much talked about government policy of the bottom up approach? The answer is, I believe it is so. Again it is a beginning, policies are very clear, the government through the budget is demonstrating the beginning of this process. That is how I see it.

The third question, Mr Speaker, as alluded to by my colleagues who have already spoken, has this budget raised expectations from our people? I would like to say yes, it has, but at the same time I would like to say Rome was not built in a day, we need time within the process. In so far as the constituencies are concern, we can start with the constituency allocation. I am sure \$1million for each constituency, if we implement our plans, small in a way to begin with, I am sure we will reach out to our people.

At the same time too, sir, I believe that our people are good thinking people. We explain to them the difficulties, doing everything for them at one time through this budget, I believe they will understand.

The fourth question is, is this budget going to promote economic growth. I believe so. With the restoration of law and order, with new investment policies coming into place, I am sure economic growth would take place. The prediction of 5 percent growth alluded to by the Minister in the budget for 2007 is achievable. I am sure the government can do better than that.

The fifth question is, is this budget self reliant, self reliant in the sense that revenues are collected by the government. I would like to say 'yes' in terms of finance. The proper reforms that are taking place with the hard work that revenue generating Ministries will undertake

during this fiscal year, I am sure revenue collections will improve and the budget will be self supportive.

And on that score, may I add what has already been alluded to, especially by my colleague the Chairman of Caucus, the Minister for Public Service that we cannot go on turning depending on aid forever. If we can collect our own revenue, let us finance our own budget with what we have. We have a big potential because this country is very resourceful. It is just a matter of putting the right policies and I believe that can be done.

Those are some of my observations to cover the main areas that I see. There are other areas to be addressed by the budget to be brought to the Government for attention. One has been an area put to Parliament through a question, raised in Parliament this morning and this is in relation to unemployment. Yes, I believe through these policies, economic growth would happen, employment opportunities will come up, investors will still be attracted to invest here.

And on that score, in terms of tourism since this issue was raised by my colleague the MP for Marovo, let us encourage a lot of tourist boats to come in. The difficulty is high airfares. I am sure the Minister of Tourism would look at this. Tourist boats come in and spread out through the country, I am sure that will assist prop this sector.

In terms of investors being scared to come into the country, I only wish to raise this question. If that is the case why hasn't Gold Ridge pulled out, why hasn't GPPOL pulled out, why are mining companies so interested in nickel mines? And that resource would be present in Isabel. These are just observations about that point.

Solomon Islands is part of an area known as the last frontier. With globalization, the need for resources by other countries is ever increasing at this time, investment will come to our shores. It is only us that must be prepared. I am sure the government policies on what is reflected in the budget will start the progression process to take on investments in the future.

On another point, yes, I agree with colleagues who pointed this out. This is in relation to the allocation to be provided to meet

emoluments which amounts to over \$300 million. This is a concern, but I am sure the government will look at this. I am sure as we progress that area would be addressed so that it can become sustainable. I believe it can be done.

Sir, on the development budget, as I have said, from the Minister's budget speech self reliance would be promoted. It is time we have to contribute to finance the country's development budget. Lest I be mistaken, Mr Speaker, I am not against aid at all. In fact I must thank the NZ Government, the Australian Government, the Japanese Government and the various other governments including ROC for their continuing support, especially in the education sector, as alluded to by the Minister of Finance in his presentation yesterday. I am not saying that that is wrong, no. Gradually we must move to develop strategies to become self reliant, if not a combination of these resources would do and take us a long way to achieve government's policies and objectives.

Those are just my short comments, Mr Speaker. Our people are looking forward, as has been alluded to by the passage of the 2007 Appropriation Bill 2007. The bottom line is up to us individual Members of Parliament in our various constituencies to strategize how best we can work with whatever is available to us.

I must ask our Ministers, the Government Ministers in particular, service Ministries to give time to MPs through their submissions in terms of projects, I think a combination of what can be achieved from those sources together with the \$1million allocated for each constituency we can make a start.

Finally, let me say something on the implementation of this budget. This relates mainly to areas that are continuously being raised in Parliament especially by our learned colleague, the MP for Aoke/Langa Langa. There are two issues I wish to raise. The first one is compliance – compliance to the rules and procedures in order to achieve the outcomes legally in order that we can measure progress taking place.

The second one is practice of laxity within the Public Service. I think that area needs to be strengthened. People arriving at the

ministries need to be attended to. Problems need to be taken up and dealt with swiftly and properly within the laws. I think we have to stop being complacent. If this budget is to be successfully implemented, may I remind this House and my good government that these areas will have to be looked into.

Sir, I come to the end of my observations. Solomon Islands has come along way, 28 or 29 years up to this year. We have now come to the crossroads. From this year onwards, to use words of again my learned colleague the MP for Aoke/Langa Langa constituency, 'we make it or we break it'. The decisions are in our hands. I hope and believe this budget will enable us to make it.

We have come this far and the only way to go is to go forward having reached the crossroads. I ask us all to join hands and walk that way to achieve prosperity for our people and our nation.

With those comments, I support the budget.

Hon WAIPORA: Mr Speaker, thank you for allowing me to contribute to the debate of the 2007 budget estimates handed down by the honorable Minister of Finance eight days ago.

Mr Speaker, at the outset, I would like to thank the honorable Minister for Finance for his budget speech and the hard work that was done to the budget as a result of which the budget was able to be presented to Parliament through the 2007 Appropriation Bill 2007, and it is being debated today.

Mr Speaker, whatever critics may say about the estimates that is before the honorable House, estimates is estimates. In fact that is the reason for the estimates being brought before the legislature for deliberation today. It is now the duty of Parliament to closely and critically scrutinize and approve to enable the government carry out its plans and policies during this financial year.

Mr Speaker, I now will turn to the provincial governments. Six provinces had held their elections recently. The newly formed administrations of those six provinces have been advised to start working on their budgets as well as their new financial year begins on 1st April. There were advised that their budgets must be

focused more on the rural development bottom up approach in line with the Central Government's policy on rural development than anything else.

Mr Speaker, one province, and that is Makira will hold its elections this year 2007. In order that provincial governments are encouraged to improve and strengthen the running of their provinces, the staff of my Ministry will make regular visits to all provinces to hold consultation meetings with provincial authorities. This new redirection is reflected in the Ministry's 2007 Budget.

Mr Speaker, it will be a bonus for my Ministry with its policy in that the Government will appoint one public officer for each of the 50 constituencies because they will help in the monitoring of how the RCDF money is utilized in the constituencies. This is very important and necessary.

Mr Speaker, why is it important and necessary? Mr Speaker let me tell you. Just after the Christmas holidays last year the Ambassador of the Republic of China, Taiwan asked me to have a meeting with him. The meeting was about the RCDF. He told me that he did not have a good Christmas break because he had a lot of pressure from Australia and other aid donors to Solomon Islands about the RCDF. They wanted the Government of the Republic of China, Taiwan to stop paying RCDF to Members of Parliament. They were accusing the Republic of China that Taiwan is encouraging corruption in Solomon Islands with the RCDF Scheme.

Mr Speaker, having heard that, I told his Excellency not to worry but go to the feast and be merry because the accusation of corruption on leaders of Solomon Islands is not a new song sung by Howard and Downer. Those accusations must be substantiated. Such sweeping comment of corruption on everybody is not only irresponsible but a demonstration of those who do not have respect on the people of other sovereign countries, to say the least Mr Speaker. Those concerned should not poke their nose into the policies of other governments who have friendly relations with Solomon Islands.

Mr Speaker, in that meeting with the Ambassador of the Republic of China, Taiwan, the Ambassador promised that he will host a

dinner where I would meet the Australian High Commissioner, the New Zealand High Commissioner and the Resident of the European Union Commission to answer questions from them regarding the RCDF. That meeting has not yet materialize, however, Mr Speaker, if at all the dinner is going to be held, I want all the media to attend.

Mr Speaker I was absent from attending the Parliament meeting during the last two weeks. As you may be aware, I led a delegation to Wellington, New Zealand to receive the report of the Draft Federal Constitution of Solomon Islands from the Constitutional Lawyers at the Victoria University. I have already dwelt with this in the question this morning.

Mr Speaker, I want to inform Parliament on behalf of the honorable Prime Minister and the Government that the Constitutional Reform Program is on schedule. The audit exercise by Victoria University of Wellington is the next stage to finalization of the exercise, and is in fact not questioning the constitution ambitions to adopt a federal system in Solomon Islands.

Further more Mr Speaker, the purpose of the audit exercise is to undertake an external expert assessment of the wordings and clauses of the Draft Federal Constitution to ensure the aspirations of Solomon Islanders can be realized. The audit process is designed to produce a final draft this year 2007. All in all, Mr Speaker the auditing of the Draft Federal Constitution of Solomon Islands is part of the process that will lead into eventual adoption of the state government system in the country.

Mr Speaker, these comments on our Constitutional Reform Program have been made this morning, and I do not want to dwell on them.

Mr Speaker, may I say, that I cannot agree anymore with the comments made by the Honorable Leader of Opposition and the Honorable Member for North Vella about shipping difficulties in the country. Sir, we are a nation of islands and so sea transport and air transport are the most essential services that we have available in this country because it will help our rural development bottom up approach, and that is what this government is aiming to do.

Mr Speaker, we must encourage our people that the only way our development bottom up approach can be realized is through transport and when we have transport we must also encourage our people to be honest in utilizing the available transport.

Mr Speaker, especially in my own constituency transport is a very, very, severe problem just like in other places. Shipping and air transport is partly experienced in my West Makira Constituency, and that is why the people of West Makira in their Constituency Plan of 2006 to 2010, only have three things, and that is to acquire a ship, to properly establish and strengthen the RCDF Committee in the main areas of the Constituency and to build an airport at Rumahahi where the former Member of Parliament, the late Solomon Mamaloni is resting. Therefore, we hope the Government will support and assist people of West Makira through this infrastructure Program to build a new airport in 2008 or in 2009. This is very important as we see others who have already had this infrastructure are very lucky.

Mr Speaker, West Makira Constituency is very remote and disadvantaged and we are trying our best at the moment to make sure that these infrastructures are in place so that we too can fully participate in rural development according to the policy of my government.

Mr Speaker, as I have said I will keep within my 10 minutes, I will not dwell on anything although I want to talk on the budget but I am conscious of your ruling and so I will stop here. With those few remarks, Mr Speaker, I support the motion under the 2007 Appropriation Bill 2007. Parliament resumes

Mr TANeko: Mr Speaker, thank you so much for allowing me the floor of Parliament to make a small contribution on the 2007 Appropriation Bill 2007 Budget Speech.

Mr Speaker, I will be very brief on this budget speech to allow others as well. First I would like to thank the hard working Honorable Minister of Finance, and his staff for their untiring efforts in preparing the budget in time before the Parliament commences.

Mr Speaker, I also want to thank the Minister of Finance that in his introduction he

mentioned that the 2007 Appropriation Bill 2007: “is aiming to create a society that is equitable, trustworthy and forward-looking” end of quote.

Mr Speaker, every government of the day has to understand and take serious consideration in fulfilling and meeting the basic needs of the people of Solomon Islands when drawing up the national budget.

Sir, this is my second term in Parliament and I have a lot of experiences that in every budget speech much has been said but less action being done. I am glad the government will take a serious step to make this budget more effective in real practical ways in economical development.

Sir, our nation Solomon Islands is rich in resources yet poverty level is getting higher. We do not have to look far on this. When we look around Honiara City this time there are lots of unemployed people around. Many companies that we know about are no longer here. Take the logging companies, as an example. When they leave us there is a scar – scar to the nation, Solomon Islands. Yes, we get the tax, revenue is collected but at the end of the day we want the nation, Solomon Islands to see some changes.

Mr Speaker, if truly this Budget’s primary aim is to achieve development through the bottom up approach, the Rural Constituency Offices should be established in every 50 constituencies to implement the government’s programs.

Mr Speaker, community consultation will be more effective in addressing the government’s policy on development. Sir, I truly believe the community development is the only way out for this nation. Again I am glad that the previous government and this government are fully aware by empowering the rural sector development to increase the economy of this nation, Solomon Islands.

Sad to see in the recurrent budget that out of \$792.3 million it really does not reflect the budget because when you see a very important Ministry like Culture and Tourism the budget allocated was only \$3.0 million.

Mr Speaker, community participating by having a sense of ownership in partnership with the national government together with the

Provincial Government, the Rural Sectors Development will change.

Mr Speaker, in strengthening community all the people will continually improve their standard of living. More concentration to each individual will be higher.

Mr Speaker, our people throughout the entire nation totally depend on the National Government, the Provincial Government and their Members of Parliament whether national or provincial to deliver the services.

Mr Speaker, setting up a new mind set for our people, and that is to participate and not a spectator. Our people will have the spirit of ownership in every development.

Sir, creating the new adventures to our people to be responsible in their own development, they will demonstrate their full commitment of their responsibility, because they will have in their mind that their labor is not in vain. The ration of the benefits will be 70% to 30%.

Mr Speaker, unless the rural people are strengthened nothing will happen on the bottom up approach that is mentioned in the budget speech. Sir, the rural people in their entire life are giving us their power they waited all their lives where their help will come from. The new mind set in which the government is trying to introduce to our people. I want the seriousness to be given to enhance the rural development.

Honourable Minister, indeed I am privileged to have taken part in this budget speech specially in the development budget.

Mr Speaker, the government policy on bottom up approach is a good policy; it needs the support of every body especially in terms of infrastructure, economically, socially and spiritually.

Mr Speaker, I would like to make some observations on the Ministry that will enhance rural development, and these are:

1. Agriculture and Livestock
2. Finance Treasury
3. Infrastructure Development
4. Forestry Environment and Conservation
5. Provincial Development and Rural Development
6. Development Planning
7. Culture and Tourism

8. Commerce, Industry and Employment
9. Fisheries and Marine Resources.

These are the agents of rural development.

The government must further strengthen each constituency in terms of capacity to assist Members lead developments in the constituencies.

Mr Speaker, my constituency had already implemented the Bottom-up approach and is really working well, in line with what the government is trying to preach now. Sir, as I have mentioned earlier in my speech, people in the village are keen to do their own things. All they want is more government support to take part in the development of our nation. It is 28 years now since independence; therefore the seriousness of the government in implementing the policy must be demonstrated in real practical ways.

Mr Speaker, the Minister of National Planning stated in his speech, "this year is a year of transition". In other words, implementing a new vision in development plan so that the bottom up approach being mentioned in the budget speech will be well cemented in rural development plans to suit our rural people.

Mr Speaker, I have no doubt that if the coordinating arm of the Ministry is not in line with the constituency plan, I am afraid there will be a lot of gap between constituency and appointed officers from the Prime Minister's Office and the Members of Parliament of that constituency and his executive arms. There are a lot of opportunities for small business houses, but without proper planning together with rural executive bodies to participate, I am afraid nothing will work.

Mr Speaker, the bottom up approach is well vested in my constituency and there is a lot to be done in capability plan in demonstrating the whole process. Currently the message is well passed on to my rural dwellers. Only when we have the spirit of ownership we will not be able to participate in our constituency development plan in the years to come.

Mr Speaker, having this in mind, the government should properly open up agent offices in each constituency to work closely with national constituency officers when implementing the government's programs. Sir,

currently I have executive bodies appointed in each village to demonstrate the Shortlands Constituency Plan.

Mr Speaker, the new revenue for domestic will increase to \$887 million and that is 13.5% well above 2006, but failed to spell out the particulars of development that will benefit the 85% of the rural population.

Mr Speaker, I failed to see under the Ministry of Infrastructure, the Inter Island Shipping support to local ship owners who are providing shipping services to all areas. Sir, this is one of the biggest problems that previous governments of some 10 years ago have caused. This should be totally left to the National Government to run, so that the reliable services to be given to each province in the national interest.

Mr Speaker, the assurance given by the Minister of Finance during his budget speech, will be implemented so that effective services can be provided throughout the provinces.

Lastly, let me thank the Honorable Minister of Finance for mentioning the rural credit scheme in strengthening our small business houses to secure loans with our commercial banks. This will help our local businesses throughout the country.

Sir, before I resume my seat let me support God's word in confession of the truth. Mr Speaker, the Holy Scriptures that have been quoted in Deuteronomy 14:22 and Malachi 3:8-9 is God's supreme promise to us and our nation as a whole. But Mr Speaker, before this let us be reminded, as leaders of this nation that 2 Chronicles 7:14 says: *"If you pray to me and repent and turn away from the evil they have been doing, then I will hear them in Heaven, forgive their sins, and make their land prosperous again."*

Mr Speaker, allow me again to repeat in closing my speech made in last year's Parliament Meeting. The Scripture I quoted is Deuteronomy 28:11-13.

Mr Speaker, let me also thank donor partners for giving their great support towards the 2007 budget for our nation, Solomon Islands, and to my colleague Members of Parliament let us all work together, put aside our differences in politics, so that we may be able to

lead our people into the fertile land that our God promised us when we first entered this House.

To lead is to serve. May God bless our nation, Solomon Islands!

Hon VAHOE: Mr Speaker, I would also like to contribute towards the 2007 Budget Speech delivered on the floor of Parliament by the Minister of Finance.

Mr Speaker, I will contribute to the important 2007 Budget, as Minister responsible for Communications, Aviation and Meteorology and the MP for Malaita Outer Islands.

(hear, hear)

Mr Speaker, as Minister responsible for Communication, Aviation and Meteorology, I am obliged to elaborate on the role that my Ministry also plays an important role towards enhancing private sector development via specific developments in the attempt to ensure that our people throughout the archipelago enjoy improved and quality services in the long term. This is the vision that we have and will remain our driving force.

Mr Speaker, telecommunication is too important to the security and economic development of this country, to allow it to be dictated by a single company. In partnership with the World Bank, there is a Technical Assistance Program that aims to reform the telecommunication sector by liberalizing the market and allow other reputable and potential telecommunication service providers to provide similar services that Telekom is providing with cheaper and new technologies. To this end, the Grand Coalition for Change Government has adopted a detailed Telecommunication Sector Policy that will drive the inevitable telecommunication reform program forward.

Telecommunication is a very important means of connecting people in Solomon Islands. This public telecommunication service is being monopolized by Solomon Telekom under a 15 years exclusive license, in spite of the obligation on the part of the Solomon Islands Government to open up the sector for competition as a signatory to the World Trade Organization's Agreement on basic telecommunication service and the fact that our neighboring Pacific Island

Nations are already entertaining competition per se.

Mr Speaker, I am confident that Solomon Islands can support more than one service provider for by comparison, if countries like Tonga and Western Samoa with populations that are lot less than ours can support multiple mobile and internet services providers and prices are around a third cheaper than in Solomon Islands as a result, why support and pamper a monopoly?

A potential investor has knocked at our door as of last year with a serious intention to invest in mobile services with affordable prices, but is withholding that intention until they are informed of the market being opened. The granting of the 15 years exclusive license to Telekom, I must say, was a step in the wrong direction for it denies the people of this country of their fundamental rights to choose which service provider provides affordable rate given the range and introduction of new technologies at this day and age. Competition will not only bring prices down but it would also result in the creation of new employment opportunities in this particular sector for our youths.

Mr Speaker, to turn the situation around, the Government is aggressively working on a new telecommunications bill to be presented to Parliament this year that would incorporate international best practices and comply with our commitments under the World Trade Organization's Agreement in trade, in services and leave no room for monopoly in the future.

In the air services sector, Mr Speaker, the establishment of the Aviation Special Fund through an Act of Parliament last year has generated a great deal of interest as to how the fund is to be used in this financial year. At this juncture, I would like to acknowledge the effort of the previous political regime in seeing it fit to agree to the establishment of this Special Fund in recognition of the fact that existing aviation infrastructures and facilities have been neglected over the years and pose risks to the safety and security of the traveling public.

It is important therefore that the people of Solomon Islands be made aware of the government's policy to upgrade existing provincial airfields, and this is a commitment that will be implemented in the next consuming

nine years to be financed under the Aviation Special Fund, besides the gradual upgrading of the international airport's infrastructure and facilities and other commitments that are prescribed under the Civil Aviation Amendment Act 2005.

Mr Speaker, the 2007 priority projects to be financed out of the Aviation Special fund also takes on board the Government's policy to establish and upgrade to international standards entry points, East and West of the archipelago, taking into account security and surveillance factors of the two borders.

Mr Speaker, the 2007 priority projects to be financed out of the Aviation Special Fund are as follows:

- The construction of a new domestic terminal at Henderson.
- Upgrading of the Ballalae airfield as the western entry point.
- Construction of an airport at Vanikoro being the eastern entry point, and to serve as an alternative landing, besides Lata for the safety and security of the traveling public given its distance and is a requirement.
- The upgrading of two provincial airports in which engineering survey reports have confirmed the urgency to carry out refurbishment of the runways.
- Operational maintenance of the Honiara International Airport.
- Facelift of the international terminal and improvement of the security facilities for passenger flows.
- Engineering assessment of the remaining provincial airfields to enable civil aviation to prioritize the upgrading of two provincial airfields on a yearly basis.

The Aviation 10 Year Master Plan is specifically developed to set the overall direction of how the fund is to be used in the ten years, a plan that will be tabled as soon as the binding work is completed for all Members of Parliament. Details on the actual cost of the priority projects and activities for the next eight years, however, can only be clearly determined

when we get to the details of the projects and activities.

Mr Speaker, while I have dwelt on the importance of liberalizing the telecommunication market and the impact it will have on the lives of all citizens, in as much as aviation infrastructures and facilities are important for the safety and security of the traveling public at all times, the services provided by Meteorology are critical to all aspects of development that we seek to achieve.

Climate change as a result of global warming is making its impact and must be of serious concern to us for it is a looming threat to the survival of our future generation, and the reverse to improving the livelihoods of every citizen may be the case instead.

Modernizing and upgrading the services of Meteorology through infrastructure development to enhance the observation and monitoring network of the weather in strategic locations is critical and is an essential area that must be given genuine support by the government. We must not ignore the fact that the services of Meteorology are important not only to the productive sector, but the transportation sector as well.

All in all Mr Speaker, my Ministry supports the 2007 Budget.

Mr Speaker, as the Member for Malaita Outer Islands, on behalf of my people, we fully support the bottom up development approach advocated by the government with emphasis on rural development because for obvious reasons that you are all aware of.

Finally Mr Speaker, being a Christian country, the government's pledge, announced in the 2007 Budget Speech to assist churches with the various programs that they conduct and promote for good cause is warmly welcomed by all in my constituency.

With those few remarks Mr Speaker, I support the bill.

Mr PACHA: Thank you Mr Speaker, for allowing me the floor of this Honorable Chamber to briefly contribute to the 2007 Appropriation Bill 2007.

Sir, I browsed through the 2007 Budget and I would like to make the following remarks.

The first one is on disaster. There is allocation for assistance in the Ministry of Home Affairs in the event of an emergency such as cyclone, famine or earthquake strikes a particular area. Mr Speaker, disasters like cyclone, tidal waves or tsunami or earthquakes are acts of God and are unpredictable and unavoidable.

Mr Speaker, my constituency is situated in a disastrous area of Guadalcanal known as the Weather Coast. A characteristic of the Weather Coast is the extreme rainfall. On the Weather Coast where I come from, there are two wet periods within 12 months or one year. It records a rainfall of 5,000 to 8,000 millimeters per annum with up to 13,400 millimeters in the hinterland, making the Weather Coast among the wettest places in the world. Gardens are situated on unstable hillsides or the flats of river deltas. When farmers want help there is no one to turn to. There are no government personnel or none that are equipped to provide the kind of advice needed. Mr Speaker, when problems occur, people suffer the consequences.

May to July and sometimes longer is the annual time of hunger in the Weather Coast. Taro and yam are no longer grown in most villages due to pests and diseases and sweet potatoes failed in wet logged soil. Mr Speaker, furthermore, the isolation, heavy rain, rough seas, and strong winds combined to make the Weather Coast a least developed part of the country. Transport is problematic. There is lack of roads and reliable shipping services. These are some of the limitations being experienced in the Weather Coast.

Mr Speaker, I mention these limitations for the government to take note and start thinking about giving special attention to the people of South Guadalcanal.

(hear, hear)

Mr Speaker, I want to encourage my good Minister of Home Affairs, who is not here at the moment but I hope he is listening to me somewhere in his vehicle or in his house or in his ship, to visit a book entitled "People on the Edge". This is a report by the Custom Garden Association Assessment on the Food Security

Livelihood Potential and Energy Resources of Guadalcanal, Weather Coast.

May I now move to my second point, and this is on tithing. Mr Speaker, in the budget speech the Minister rightly stated the Holy Bible's teaching about tithing. Although there was an error in the text that he quoted but there was correction made earlier this morning. The passage that the Minister quoted is in verse 10, if he can check the Bible again when he goes home later today. It says: "*Bring the full amount of your tithes to the temple*". Mr Speaker, please take note of these two very important points:

1. The size of your giving. God requires a full amount of your tithes.
2. The place to give. It mentions temple. That is the place to give the tithes. It does not mention a bank here or a strong room, but it mentions the temple.

To me it means there is no better place to keep God's money but only in the temple. That is the only recommended place here. Mr Speaker, I want to say it is important to know the work of the churches.

Mr Speaker, the call of the churches is to preach the Gospel of Jesus Christ. This Gospel must be preached to all the nations for a witness and then shall the end come. Many signs and wonders of Christ's return to earth are unveiling. As you may know nations will rise against nations, betraying one another and hatred of one another, the spread of evil, countries will fight against each other, noises of battles, kingdoms will attack another, famines and earthquakes everywhere. All these are just the beginning of sorrows.

Mr Speaker, it is not the end of the world yet. No, it is just the beginning of sorrows. Until and I want to repeat, until this Gospel of Jesus Christ is preached through the entire world for a witness unto all people and then the end shall come. Mr Speaker, therefore, if the government is serious about assisting the churches then I think it must be in the area of what the churches are called to do.

Mr Speaker, if we are not careful enough the government will be duplicating to assist the programs that are already supported by other donors and paid agencies. You know Mr

Speaker? The donors only want to fund projects like HIV and Malaria. That is the donors' interest. As you are aware aid agencies support programs that are non faith based.

Mr Speaker, let me clarify what I mean here. If a church building project or an evangelistic program project or a theological training proposal is submitted to any donor these types of projects are unlikely to be supported. They will throw such proposals in the waste paper bin, and in a diplomatic reply you will be told that they are processing your proposal. Mr Speaker, I still fail to see a clear budgetary support to the churches, although we talk about tithe. It is still not clear to me at this stage.

Mr Speaker, my third point is on the federal system, and I wish not to dwell too long on this. Mr Speaker, inside the bona fide demands of Guadalcanal, federal system is one of the important points. May be one or two demands in the package have already been met but the important one is the federal system. The remaining ones I think cannot be isolated because they have connections with the federal system.

What I am trying to explain here, Mr Speaker, is if we move onto the federal system I think it will solve other demands of Guadalcanal because they come in a package. Mr Speaker, because of that I want to ask the government to move quickly into that system without any unnecessary delays.

I am happy to hear from the Minister of Provincial Government and Rural Development who has just come back from an overseas trip in New Zealand. He talked about he has some updates when they went to proof reading on the wordings of that system. And I want to update him too in here that when he just returned, I failed too to see any budgetary support for this federal system.

My fourth point here Mr Speaker, as you may know already as I always talk about reconciliation and peace. Mr Speaker, we have an outstanding problem at hand and we must solve it and not allow this problem for the next generation. I was hoping to see a significant allocation for reconciliation but there is none, except for the establishment of the TRC (Truth and Reconciliation Commission) and to

facilitate the establishment of the Peace and Integrity Council (PIC) .

All these funds will be spent quickly in Honiara so I begin to ask this budget the following questions:: Where is the budget for family reconciliation? Where is the allocation for constituency reconciliation? Where is the allocation for conflicting parties' reconciliation? Where is the budget for chiefs at home to talk together? Where is the budget for consultation meetings for reconciliation in the provinces? I have not seen these and that is why I am asking where?

Mr Speaker, as I said I do not want to take others' time so I want to close here now by once again thanking you for giving me the opportunity to contribute very briefly to this budget, and I resume my seat.

(applause)

Mr LONAMEI: Thank you very much Speaker, for giving me this opportunity to briefly contribute to the 2007 Budget Speech delivered by the Honorable Minister of Finance and Treasury, Honorable Gordon Darcy.

Mr Speaker, on behalf of my people of Maringe/Kokota and Isabel as a whole, I have the following on how we in Isabel read this speech.

First, the bottom-up approach. We are so happy with this policy and I think this is a policy that is heading in the right direction. For those of us in the rural areas, especially in Isabel, we are looking forward to the government to deliver the services that the rural people want. We think that the Government will deliver to all the 50 constituencies some good things and that is what those of us in the rural areas are looking forward to the policy of the bottom-up approach.

Mr Speaker, in the budget speech the Minister delivered, he emphasized expanding of infrastructures in the provinces. And he specifically mentioned roads, road infrastructures, water supplies and rural banking. We, in Isabel do not have all the things that he mentioned. We do not have roads. We do not have court houses. We do not have water supplies in the highlands and places like that. Rural banking - we also do not have any banks

in Isabel. It is the "bank against" that is around there. Mr Speaker, with that we are really looking forward to this because the government is going to deliver such services to us.

Mr Speaker, this morning I asked the Minister for Infrastructure about the money for the road in Isabel. That money has been there since last year and up until now it is still in the Ministry. In the next budget \$1 million allocation was put there. Isabel is the largest island in the whole of Solomon Islands but has the shortest road. Mr Speaker, we want the Minister to give that money now so that we can start constructing our roads so that we can move on. We, in Isabel have been expecting to receive that service so that we improve our roads.

Mr Speaker, in the building capacity of the provinces, the provincial governments as the Minister has also alluded to will be given \$3 million for provincial government debts. We, in the province thought that at least the government equally or fairly distributes that money to all the provinces. All the provinces must at least receive their equal share for servicing their debts and if they do not have any debts give it to the provinces for their money.

Mr Speaker, on transport and communications in the Minister's speech and I will quote: "*Provide effective transport infrastructure and reliable privately operated shipping services*" end of quote.

We, in Isabel have only one privately run shipping service and that is the IDC. The IDC Group of Companies is expecting assistance in shipping now that the government will help us because this is the only shipping service that runs the whole of Isabel Province. The IDC expects the government to deliver shipping service to us. The cost of fuel is very expensive. We in the rural areas use petrol a lot for outboard motor and things like kerosene, and we expect the government to deliver by reducing tax on these commodities so that fuel is cheap or the government to subsidize the costs.

On investment and development, Mr Speaker, \$15 million will be given to the Central Bank for loan guarantee or whatever. We expect the government to distribute it fairly to every constituency because it is not good if only one or two constituencies, especially those in Honiara have access to loans and are given guarantee

whilst those in the provinces are not. At least if we divide that into 50 constituencies, about \$300,000 will be able to guarantee business people in the constituencies and we would be very happy with that.

Mr Speaker, on the Ministry of Justice, my people specifically want to have a court house or a magistrate house. I want to say here that Isabel does not have a court house nor do we have a magistrate. I want to ask the Minister for Justice during his time, a Minister from Isabel holding that post, to put one court house and one magistrate in Isabel.

Mr Speaker, there are a lot of cases there that need to be heard. I am very serious about this and the Minister must take action on this during his time.

On the Ministry of Police, Mr Speaker, we only have one police station operating in Isabel this time, and that is the Buala Police Station. The year is almost finished. That is why I asked this morning about police officers for Jajao station, which is on the other side of the island because the island is very long. They cannot administer police services from Buala alone or run the whole island. Since Isabel is a very long island it takes two to three days before police attend to cases that are on the other side of the island. Mr Speaker, I think it is high time too that they must put two or three police stations around Isabel Province.

On health and medical Services, Mr Speaker, I am happy to hear the Minister for Health saying that he is going to give two or three doctors for Isabel Province and also other specialized personnel. Isabel Province has land available at the provincial headquarters to build houses for medical staff. If the Minister of Health wants to go and build houses there he can go and build now. The land is already there.

Also water supplies Mr Speaker, there are a lot of people in our highlands who do not have water supply. When I see this budget as going to help the rural areas, I am so happy with that and I hope that there will be one project for water supply on my highlands. I want the Minister to consider this.

On the Ministry of Commerce, Mr Speaker, as I have said earlier on, we do not have a bank. I do not know why. I think the banks think that we in Isabel do not have money

but wait until our nickel mines operate and they must watch out. If they go and dig around the bushes in that place, Mr Speaker, they will dig a lot of money because there is no bank. I would like the government to facilitate this so that one can be put there to offer full banking services like we enjoy here in Honiara.

Mr Speaker, on fisheries, there are lots of fish in Isabel. The Buala Fisheries, Tatamba Fisheries and Kia Fisheries are now idle. They are not working. I hope the Minister for Fisheries will reactivate these centres or otherwise give the Buala Fisheries to Maringe/Kokota so that I can run it.

(hear, hear)

Tatamba fisheries should be given to the Member for Gao/Bugotu to run, and the Kia fisheries should be given to Hograno/Kia/Havulei Constituency to run. If the Fisheries cannot run these fisheries centres then give it to the constituencies to run like privately run companies. But I think the Minister is waiting for money to assist these centres and will reactivate them.

On agriculture, Mr Speaker, coconut and cocoa rehabilitation have been started by a lot of people in Isabel. They want driers and drums. And with this bottom up approach that the government is going to assist, we the farmers are expecting assistance like this to come.

There is also a growing demand for kava. It was claimed that the best kava in Solomon Islands is from Isabel. If the Minister of Agriculture can assist Isabel to expand and grow more kava, we will be very willing to expand in that industry because we have one of the best groups who export kava now.

Mr Speaker, at least I am happy that the Minister for Tourism said that the provinces at least may be one or two tourism projects will come. I am happy with that. We, in Isabel are very peace loving people and tourists want to come to us in Isabel, so at least the Minister if you can help us in Isabel because we are expecting two or three resorts or upgrading of existing rest houses is needed. We need two to three coins from the Ministry to help us on this.

In regards to this one tenth, Mr Speaker, one tenth of tithing for the churches, I

am glad the government comes up with this idea. If at least one tenth is to help people then it should be shared equally to all constituencies for their church houses. I would be very happy with this. But if it goes to SICA to deal with it then it is good too. But one thing I would like to put across here is that when we talk about churches, every one would like to qualify for this money and therefore anyone can come up with new churches this time. They can form up new churches and new faiths just to qualify for this money. How is this money going to be distributed? I am saying this so that when the government implements this tithing issue, it must consider issues like this.

Overall Mr Speaker, I think we in Isabel are happy with this budget but our expectation is too much. The budget speech was very sweet and it looks as if everything will be delivered, and we have this high expectation from the government to deliver.

The total budget for the whole of Isabel Province is \$3 million. There are 20,000 people in Isabel and with this \$3 million in the budget for the whole Province, it means one person will get \$150. If we compare this budget with the 17 political appointees, Mr Speaker, who are getting \$2.9 million it is not fair. The amount they are getting is just the same with the budget for the whole Isabel Province. But with that 17 it is \$150,000 for one person. At the end of the day Mr Speaker, we in Isabel too through this rural bottom up approach want \$150,000 for one person in Isabel. I think that is what we want at the end of the day when implementing this budget.

Overall Mr Speaker, I am happy with this budget and if that budget really goes down to the people and help them I think that is what we want.

With these few remarks, Mr Speaker, I thank you.

Mr MAGGA: Mr Speaker, thank you for giving this opportunity to contribute briefly to this very important bill, the 2007 Appropriation Bill 2007.

Mr Speaker, first of all I would like to thank the Minister of Finance and Treasury and his Permanent Secretary and all the economic

advisors and staff of the Ministry for compiling a very comprehensive and balance budget.

Mr Speaker, it is known to all of us as it was raised several times in this Chamber that 85% of the total population of Solomon Islands resides in the rural areas. Hence this bottom up approach policy of the government is indeed in line with the United Nations Charter on the eradication of poverty. Therefore, Mr Speaker, I would like to encourage the government to continue pursue at all costs this rural development policy, as this is the only way forward the government can improve the livelihood and living standards of people in the rural areas.

Mr Speaker I have nothing much to comment on the budget as both the development and recurrent estimates are perfect in their current settings. The only remarks that I would like to comment on for the hard working Minister of Finance and Treasury to take note of and possibly in his deliberate judgment improve on is the \$15million that appears in the development estimate for the credit guarantee scheme and support to rural banking.

Mr Speaker, as explained by the Finance Minister and further reiterated by the Minister of Planning and Aid Coordination that out of this \$15million, \$5million is allocated for support of rural banking and \$10million is allocated for the bank guarantee scheme.

Mr Speaker, honorable colleagues from this side and I know from other side of the House would agree with me that the \$10million Bank guarantee is far too small for our commercial banks to fairly accommodate our indigenous Solomon Islands businessmen and women who may want to improve and expand the business undertakings.

I would like to ask the Minister of Finance to examine and improve further on this figure. Mr Speaker, in this connection I would like to reiterate here that in the absence of the development bank where most of the business people in this country normally go to take loan.

I would recommend that \$50million would be appropriate figure and I would recommend the Minister of Finance and Treasury to settle, on and if this is possible for him to request the cabinet to increase on this

figure because the 10million is far too small for every business people to apply for loan. Mr Speaker, I would now like to comment briefly on the continuous depreciation of the rate of our currency against other foreign currencies. Because it is of a great concern to all our business community they are one who has contributed a lot to the economy of this nation. I did not mean for that hard work in paying custom duty and other multiple taxes imposed on them by the government. The Ministers of the crown and even the chairman of various government entities would not be able to drive flashy vehicles and receive very high salaries.

Therefore Mr Speaker sir, their concern must be address in this honorable House for the government to take note often and possibly approve them.

Mr Speaker, the concern raised on the continuous depreciation of our currency must not be taken for granted by the Minister of Finance and Treasury. Mr Speaker, if the value of our dollar cannot be improved or raised to favorable conditions then our rural dwellers will continue to pay the heavy price. Take for example, Mr Speaker, two years ago petrol prices in Temotu Province was \$30.00 per gallon. Now the price has gone rocket high to \$70 per gallon. Similarly two years ago the price of one 20kg bag rice was \$120 but now the price has gone up to \$160 per bag in both Temotu Nende and Pele constituencies and \$180 per bag in Vattu constituency. This high price is attributed to the weakening of our Solomon Dollar and therefore it is in the policy to review the rate of our dollar therefore I am asking the Minister of Finance strongly to review this because all this is attributed to the weakened Solomon Islands Dollar.

Therefore Mr Speaker, I would like also to state here that economic formulas and grant calculation do not always work as an economist may tend to think. Take for example the tiny Kingdom of Tonga. Tonga has nothing to export yet the value of the Tongan dollar is quite strong as compared to other foreign currencies in the Pacific. Accordingly, Mr Speaker, it is now highly appropriate for the Finance Minister in collaboration with the economic advisor of the Central Bank to raise the value of our dollar. I ask him please to do this as this is also in

connection to rural development. If our dollar is weak even rural areas cannot be improved because all these are, as I said attributed to the weak Solomon Islands dollar. When I come across the price of petrol and the price of rice as very high in my constituency, I wonder why they were high. It is because the freight is very, very high and why is the freight high for taking the rice and petrol to Temotu Province it is because fuel is very, very high.

I would like also to comment briefly for the Minister to note that when we are reducing duty percentage because in duty normally few people are involved in it. What I would like the Minister to reduce is the Goods Tax. The Goods Tax is very, very expensive and the Goods Tax involves a majority of Solomon Islanders. When you buy goods in the hardware you are buying the goods in store, and the goods tax is very, very, expensive. Therefore, I would like the Minister of Finance to look at this carefully that the Goods Tax must also be reduced because that is taking up the income of most Solomon Islanders.

Mr Speaker, as I am also the current chairman of the Solomon Airlines one of the portfolio company of ICSI, which is 100% owned by the Solomon Islands Government, it is more befitting that I present to this honorable Chamber the performance and initiative of the Solomon Airlines for a new direction.

Mr Speaker, the Solomon Airlines suffered an economic downturn cause by the social unrest in 2000. Despite losing its air operator's certificate, it continues to provide both international and domestic air services to this country and its people.

Having lost an aircraft as well as equipments valued at billions of dollars it was enough to push the company to total collapse. I did not been in for the will and determination of the management and staff who had taken upon themselves to give their comforts and security and that of their families, so that an important organ of government service delivery maintain its role in uniting the country divided in the ethnic unrest.

The first unsocial unrest was the more difficult time for the company as it has to deal with the redundancy exercise which involved

releasing from the employment of the company, staff ranging from managers to cleaners.

There were others who have chosen to terminate their employment at the height of the acute cash flow problem of the company. This was the first management intervention in addressing the company due to acute cash flow situation. Others include cutting salaries and entitlements of managers, etc. backed by an active cost control management program quickly so positive response and give management the confidence to plan reducing and redirecting the company to pre-ethnic conflict positions.

Mr Speaker, the Solomon Airlines was an insolvent organization that under privatized commercial environment should have windup. The Management was fully aware of this fact and exerted time and a lot of man hours in updating the company's financial accounts.

The last audited account of the company was in 1977. The 2005 accounts is being finalized and would be soon ready for external auditors, while the Management is working on the 2006 account. This was the first priority of the current board and management to bring to current the financial accounts of the company.

The company's audited accounts shows a profit in 2000 and a small loss in 2003. Management report shows a strong profit margin for 2004 and 2005. At the beginning of 2006 the Board and Management reorganize their efforts undertaken over the previous years since 2002 had proved unsuccessful to substantially change the direction of the Solomon Airlines. At that stage the company was operating international services using a charter arrangement with Qantas and Air Vanuatu, remaining under the virtual airline concept that does not have the scope to be a catalyst for long term development, commitment and would not be ideal under the prevailing policy of the government. It must be understood that the Solomon Airlines had ever since been a virtual airline, a position which commutes the airline to a continuing strategic maneuvering to find an ideal model that suits the country's economic level of activities and developmental objectives.

Mr Speaker, the Board and Management had decided to alter the direction, to move away from the virtual airline concept by recruiting key staff and advisors who had direct experience in

working with Pacific Islands Airlines. With transforming virtual airlines into stand alone operation, the Management knew from past experiences that there would be many challenges in achieving the objectives of stand alone operation and realized it would take time and the right people to achieve the desired outcome.

By March 2006 two key people to the requirement of an air operating certificate were recruited to fill the position of Director of Flight Operation and Director of Maintenance both are experienced in operating and transforming virtual airline operators to stand alone airline.

Mr Speaker, by infusing key people with the right past experience into the executive management team of the Solomon Airlines, the Board of Directors had embarked on bringing a new approach and leadership to Solomon Airlines. By April the team had recognized the importance of expanding Solomon Airlines operations to deliver better quality, more frequent and more affordable air services to the people of Solomon Islands for both international as well as domestic.

Mr Speaker, to assist in the transformation of the Solomon Airlines, the team again showed foresight in recognizing the need to source external advice from professional advisors who would bring the skills and experience in airline planning which was needed. The team knew their strengths in the areas of airline operation but equally knew their weaknesses in the area of airline planning, commercial and system.

In June 2006, the Board of Directors of Solomon Airlines approved the appointment of consultancy who are experienced specialists in airline economics, planning, investment and system as Solomon Airlines professional advisors.

Before the end of June the team had developed a strategic plan to expand Solomon Airlines international operations to seven (7) flights a week on the Brisbane/Honiara route including two weekly flights operating Brisbane/Santo, two (2) flights a week on Honiara/Nadi flying non stop.

The strategic plan outlined is remarkable for several reasons. First, it is the first time that Solomon Islands would have daily services between Honiara/Brisbane. For the first time

Brisbane/Santo would have nonstop air services opening up new tourism markets because it was a new market without any non stop air service, the Vanuatu Government welcomes the opportunity for Solomon Airlines to have freedom rights to pick up and set down traffic in Santo.

By opening up this new market, Solomon Airlines would be expanding tourism and trade for the Solomon Islands. In addition to increase trade between the two countries, every cent earned by the Solomon Airlines in the Vanuatu market would be added to the gross domestic product of Solomon Islands. If achieved, the value of this initiative to the Solomon Islands economy would approach SBD\$30million annually.

For the first time air service between the Solomon Islands and Fiji would be nonstop increasing the opportunity for passengers and freight transfer in Nadi to the USA, Japan, New Zealand and the rest of the world.

Mr Speaker, it should also be noted that normally the airline planning cycle has a long term focus, even the lead times with acquiring aircraft and publishing schedule lead times usually range from 12 to 24 months or more, before strategic initiative like what Solomon Airlines has taken can be implemented. In this case the leadership team realizes it could not wait 12 to 24 months to implement change.

There were two imperatives which draw the timeline for the plan:

1. The leadership team understood the desire and will of government to improve the quality of air services to Solomon Islands.
2. The existing lease terms on the aircraft lease with Qantas and Air Vanuatu were up for renewal and due to expire in November.

The team knew it had to act quickly in order to address the concern of government and to comply with the terms of each aircraft lease which both had periods of notification which require advice on whether the lease would be continued by July or August 2007. If the virtual airline lease with Air Vanuatu and Qantas were not going to be continued, the team knew it had

to source and committed to replace the aircraft by July 2007.

The team also believes it was prudent not to publicize its strategic plans until it was certain they could be implemented. The team is actually aware of Solomon Islands history and did not want to promise something to the government which would not be delivered. The team also had to manage competitive and commercial implications on Air Pacific and Air Vanuatu.

I have more to read but I will just close now. I think it is well understood by Members of this Parliament that we are trying our very best to ensure that Solomon Airlines has reputation in the world.

Mr Speaker, in conclusion I would like to reiterate to this House that the Solomon Airlines Board of Directors remains fully committed to embrace change at the Solomon Airlines. Whilst much has been achieved over the past 12 months, there is still much work to do.

The Board fully recognizes the importance of a new strategic direction for Solomon Airlines. The Board will continue with the initiative outlined above as well as identifying and pursuing a new initiative which will ensure the long term sustainability of Solomon Airlines.

Finally, Mr Speaker, the Board is supportive of the active and determined management team as a result to the task ahead of them. On the same note, the Board seeks the understanding of the Government to come as participants and join the board and management in charting new direction and horizon for the Solomon Airlines.

We are confident that with the young and experienced management team we now have, we can expect better and exciting changes that will come until the Solomon Airlines is positioned in the best place to serve the people of Solomon Islands.

Mr Speaker, I want to thank you for this opportunity, and I support the Bill.

Hon SOFU: Mr Speaker, thank you for giving me this opportunity to join other Members of Parliament to briefly contribute to the 2007 Appropriation Bill 2007 presented to this floor

of Parliament by the honorable Minister of Finance on behalf of the Grand Coalition for Change Government and the people of Solomon Islands.

In so doing, Mr Speaker, first of all I would like to thank the Minister of Finance for his time in presenting the 2007 on behalf of the Solomon Islands Government since coming into power.

Mr Speaker, I wish to also register my word of thanks to the Prime Minister, colleague Ministers of the Cabinet, Permanent Secretaries, responsible officers for their hard work and effort in contributing towards this national budget.

Mr Speaker, I would also like to thank successive governments for such appropriation bills moved in this House that carry this nation one step forward. Sir, may I also wish to thank honorable colleagues from both sides of this House for their valuable contribution towards the 2007 Appropriation Bill.

Before going on, Mr Speaker, could you please allow me to air a few observations to contributions made by colleague Members of Parliament from the other side of the House?

Mr Speaker, everything we are saying in this House reflects who we are. I think what most of us echoed on this floor of Parliament is a very clear message that we were mandated by the rural populace of this country, Solomon Islands. When we talk in here our people are listening and they know who is talking.

After this country attained independence in the last 28 years, every government has been trying its very best to come up with policies and strategies to address the economical problems of this country. They have been trying their best and I would like to thank them. I thank them for their hard work in taking this country up to where we are today.

I am very happy and agree with the suggestion made by the MP for North Vella that the Public Works Department which used to be under the Ministry of Works was very effective in the past. We are talking about roads today but there are no new roads being constructed. Those road infrastructures we are talking about today have been there since the colonial days. Every time a new government comes into power it

comes up with its own policies, and so we were affected.

You talk about shipping, you talk about infrastructure but it is the policy of the government of the day. When this Grand Coalition for Change Government came into power it also tried to address the situations we are in today. Some comments made by my honorable colleague for Maringe/Kokota sounds as if this government had been in power for three years already. He was complaining. We are yet to pass the budget and we are yet to see how it is going to be implemented. I would like to assure this nation on this floor of Parliament that this government has a heart for this nation.

There were comments made by some Members on the floor of Parliament during the debate last week that this budget is a wishful thinking budget. Some said it is full of sugar. I am not sure how many times sweet.

Mr Speaker, like the words of the Leader of Opposition that it comes from the heart, this budget too comes from the bottom of our heart, and that is what we are showing to you. We are trying our very best to address long standing issues in this country. That is the position of the present government.

The Grand Coalition for Change Government since coming into power feels there is need to find ways and means to address economical problems. The bottom up approach policy will help us find solution to the situations we are facing. That is what this government feels. But we will try our best.

Mr Speaker, you cannot find solution to the country's economical problems unless you identify the problems and come up with policies and strategies to rectify the problems. Mr Speaker, I believe the 2007 budget acts as a yardstick for the government to try and find solution to the country's economical problems. Solomon Islands, needs its own economical model to achieve sustainable growth of the economy.

Mr Speaker, as a Member of Parliament who comes from the rural area, I want to see 85% of the rural population participate fully in economical development. Sir, I do not see any discrepancies in the 2007 Budget whilst all components of this budget are geared towards promoting and enhancing economic growth.

Sir, I see this 2007 budget as financially responsible which reflects the present government's forward looking strategies in economical growth at a level responsible to improve the living standards of all Solomon Islanders. Sir, the participation of 85% of the rural population in economic development is very crucial if we want to feel real economic growth in the Solomon Islands economy. However, effective participation of the rural population in economic development cannot be possible without improved infrastructure in the rural areas.

Sir, the establishment of the National Transport Plan within the Ministry of Infrastructure is one of the policy initiatives of the Grand Coalition to address infrastructure problems nation wide, which is a problem that continues to hinder the progress of economic development in the rural areas.

Mr Speaker, the government's program of action focuses on rural development and for this to be realized, infrastructure must lead and is so crucial to achieving such rural focus. Rehabilitation of infrastructures and building of new ones are essential to revitalizing the economy.

The Ministry in line with government policy is therefore committed to rehabilitate social and economic infrastructure and building priority infrastructures you need to facilitate halting of the current economical decline to stabilize and ultimately strengthen it to become the foundation for economic recovery and excellence.

Mr Speaker, the corporate plan of the Ministry is intended to capture the made attempts policy development and implementation of the remaining two years in the context of overall government policy. It describes the functions and activities that the Ministry of Infrastructure will deliver.

Sir, the Ministry strongly supports partnership with other agencies and donors particularly exciting development from my Ministry is a commitment by the Asian Development Bank and European Union to strengthen our institutional capacity thereby enabling us implement the National Transport Plan and a National Transport Special Fund and

promote private sector involvement in infrastructure development.

Sir, I wish to inform this Chamber that as far as infrastructure is concerned, we will still heavily rely on our donor partners to carry out 92% of our responsibilities.

Mr Speaker, the participation of the rural population in economic development cannot be effective unless there is improved capital mobility, which the Member for Maringe/Kokota talks about. When the Budget is passed he will be able to see it.

Mr Speaker, the present government recognizes the certificates of the country's diverse land a new system and as such the government is committed and willing to pursue customary land reform programs to foster economic development at the rural level where the mass of the country's resources lies.

Sir, it is interesting to note that the 2007 Budget has provided for the facilitation and implementation of the Customary Land Reform Program.

Mr Speaker, the present government also recognizes the important roles that 36 in Solomon Islands have played in promoting socio-economic and spiritual development as such the government takes to assist the Churches in 2007 Budget.

Mr Speaker, I wish to thank past successive governments for support to private hospitals that play an important role in the area of health.

Mr Speaker, on behalf of people of East Kwaio I wish to thank the present government for the increase support to Atoifi Hospital and the nursing training school in the 2007 Budget.

Mr Speaker, given the positive contributions that 2007 Budget will have in the economy I do not see any reason why we should not support this budget. Sir, this Budget is an instrument to assist and direct the government in implementing its rural development policy program, which I see as you do develop a model for Solomon Island's economy which is the bottom up approach model that aims at encouraging full participation of the rural populace.

Mr Speaker sir, for any economic reform to be effective and meaningful in the context of the Solomon Islands economy, the

bottom of the economy is where 85% of the rural population is and where the country's economic strength lies must be well established.

In conclusion, Mr Speaker, the 2007 Budget reflects the Government's aspiration in dealing with the nationwide economic problems of transportation and employment and most importantly the full participation of 85% of the population that we represent on this floor of Parliament.

Mr Speaker, once again I thank you for giving me the opportunity to contribute to the 2007 Appropriation Bill 2007. I support the Bill.

Mr Speaker: Honorable Members I will only allow three speakers for 10 minutes each and then the Minister of Finance will wind up.

Mr HAOMAE: Mr Speaker, first and foremost I wish to thank the honorable Minister for Finance and Treasury for bringing the Appropriation Bill to Parliament at this point in time. The budget was supposed to be presented in November but it is better late than never and so I wish to commend him for bringing in the budget in Parliament and also the first budget of the Grand Coalition for Change Government.

Whilst still on the floor of Parliament, Mr Speaker I also wish to take this opportunity to thank the staff of the Ministry of Finance especially the Budget Unit and all Permanent Secretaries of the Ministries, not forgetting the Ministers as well for their hard work and efforts expended towards the result of the budget that has been presented to Parliament.

Mr Speaker, let me at the outset make my observations on this Budget, and I intended to make improvements hence if I may sound critical, Mr Speaker, that is not my intention. My intention is to make improvements and I wish to ask the Government to understand these sentiments. Before dealing with the Budget I wish to first of all make some general observations.

First, Mr Speaker, I am amused by comments made in this House that some Members of Parliament are trying to prove they are more Solomon Islander than their neighbor, hence Mr Speaker the Prime Minister is trying to prove that he is more Solomon Islander than the

Leader of the Opposition. Also the Minister of Finance is trying to prove that he is more Solomon Islander than the Shadow Minister for Finance.

Also Mr Speaker, the Minister of Foreign Affairs & External Trade is trying to prove that he is more Solomon Islander than the Shadow Minister for Justice, Police and National Security who handled that particular portfolio in the darkest hour of this nation. Who is trying to say it is true? I am very amused by such nonsense.

We are all Solomon Islanders. My genealogy goes back five thousand to ten thousand years to Small Malaita, so who are you Minister of Foreign Affairs to question my Solomon Islands blood. We must forget this kind and just run the government. Do not try to spoil other Solomon Islanders. Every one of us is a Solomon Islander. This is our country. We are born here and we will die here. I want to make that point and that observation first.

The second observation is, I am tired of hearing nonsense in Parliament that any one criticizing the government is un-procedural. I am really tired of such attitude. What are the benefits of making those assertions? Those assertions have even reached the border on a claim that the government has possessed. What is it for? The people in this country elected us to Parliament not to spoil each other. No! You should question your Solomoness, not that I criticize the government then I act politic now? No! Mr Speaker. I'm tired of criticizing each other. It is not a right way for us to do that.

As I have said at the outset, Mr Speaker, if my comments seem to be critical, that is not my intention. I am trying to make improvements. I do not exclude myself Mr Speaker. I remember fully hereditary high chiefs of Small Malaita Constituency.

The third observation - I am amused by the fact and also insulted at the same time by the fact that if you criticize the government you join the conspiracy of trying to make the down fall of the government. No! The Opposition is doing its constitutional responsibility. This is to make checks and balances provided for within the Constitution to ensure that the Government is doing its work.

Sir, it appears to me that we are trying to practice what the Americans called “cafeteria politics”. This means when you go into a cafeteria you pick and choose. In terms of RAMSI, not all Members of the government but some do. They will soon pick up some of the things that are negative to RAMSI and then tell them out in the open. And the better ones will be left behind. This is what the United States called “cafeteria politics” – you pick and choose which one suits you. Or if you go for dinner you pick what is good for you and leave out what is not good to you. So it is a choose and pick situation. We must have a balance view on what is going on in our country. It is not just choosing it will spoil our country.

This will be the shortest speech I have made in Parliament because of the time limit imposed by you, Mr Speaker, and I so respect your ruling.

Mr Speaker, the observation in the budget is the vehicle for the implementation of government policy and programs. If there is none inside the Budget they will not be able to implement any work plan this year despite of the many things you are saying in Parliament. Even the Minister of Lands he also applies the whole policy, the Minister of Agriculture and the Minister of Infrastructure. If there is none in the Budget then it will not be implemented. We must be very clear on this. These are commitments or financial provisions. Otherwise we are misleading our people by saying this is for this and that is for that when it is not. So the commitment that is reflected in the Budget or the figures attached with items. This is very important.

Mr Speaker, I shall be speaking on the Ministry which I am the Shadow Minister of, and that is the Ministry for Justice and Legal Affairs, and Police and National Security.

Mr Speaker, the Ministry of Police, National Security and Justice has already breached its constitutional responsibilities of the government for it is a very important Ministry. But the private sectors can take over your other responsibilities since the Ministry is a very important one. But those responsibilities of the Prime Minister, Ministry of Finance, Ministry of Foreign Affairs and Ministry of Police, National Security, Justice and Judicial System and those

who are in prison. One of the Members talked about the prison but it is a constitutional responsibility of the government. I am happy that the Government reflected this in the budget, in the Development and Recurrent Estimates.

Mr Speaker, I was the Minister of Justice under the present Prime Minister so I do not have any personal attacks or have anything against him on any issues. We made the Judiciary such that it has its own budget at that particular point in time. We were under pressure during the ethnic tension and were not able to do it and now that he is the Prime Minister I want to congratulate the government for purposes of ensuring that the Judiciary it has its own budget. I wish to commend the Minister for Justice for that and also the honorable Prime Minister. But there is one thing that worries me about this government. It has dismissed some judicial officers like the former Attorney General, constitutional post holders, like the Commissioner of Police. My friend, the Minister of Foreign Affairs declared him a prohibited immigrant. I am not too sure who will be the next Police Commissioner. The Chairman of the Public Service Commission, the Chief Justice, that is my concern as a national leader. I am worried and I am concerned who will be the next?

I would like to ask the government, my good government not to move but to stay there now because that impinges on the sovereign risk of this nation in terms of foreign investment and how we look at the world because during the ethnic tension that is the only branch of the government that was not tampered with. The other one is the Executive Government when the situation at that time was not right and also the National Parliament at that time when the situation was not right. They were under pressure at that particular point in time Mr Speaker. It is from that I want to give impression on the government. This judicial strengthening capacity building in the Ministry of Justice and Legal Affairs and the Ministry of Police and National Security are alright but the government must continue with the capability planning strategy to strengthen the Police.

Mr Speaker, the Prime Minister will tell you that we were the ones at that time who restructure the Police Force. It is restructured so

that the conditions of services and salaries have a higher structure or the hierarchy of the Police so I want the government to continue with the capability plan.

It is reflected in the Budget but you must put in more money to improve their conditions of service like housing and other things attached to the Police Force. If we look after security and police much better they will not join those men in the street to hijack the government. But if you do not look after them they will think somewhere, somehow or something like that.

Mr Speaker, investor confidence in the country must be the number one priority of the government. We must ensure that we rebuild Chinatown. If it is there for grass to grow then we will be in trouble to the international community. The sovereign investment risk inside the country is with the grass that grows there sir so I wish to impress on the government Mr Speaker to take immediate steps to alleviate the situation. I am sure development will start.

When we talk about helping our people Solomon Islanders, the indigenous people I have seen nothing on that. If the government had established a ministry or department of indigenous business in the Ministry of Commerce I would say the government is starting to help our people, our business men. But there is nothing inside the Budget. That is a matter for my friend, the Minister for Foreign Affairs using for this kind of prohibition or is transferred to the Foreign Affairs! This is against it but it affects Foreign Investment because the Foreign Investment Act said it is a one stop shop so that they invest only on one place. To transfer it to Foreign Affairs will be different. I think for Foreign Affairs is to often go overseas but Mr Speaker I never know.

The Ministry of Infrastructure Development needs \$1 billion and not \$4.8 million to complete the national transport project but it will soon expire within five to ten years. But the point I come through is this if we want a Reform Program there are three preliminary visits like I said once in this Parliament. 1. Political will. I know the government has it. 2. Technical know-how. We can have it and with a wider public support. 3. It is the wider public support that I start to worry about now. This is

from our very people where we invite policies that they start to complain about so we need wider public support from our people in the rural areas. For example the women, national council of women those NGOs, Churches, Mr Speaker and our Development Partners for this project to complete it will need \$1 million. The government must not play around with our aid donors otherwise the project will not complete. The other one I just wish to mention to the Minister for Infrastructure Development is to reactivate the Road Board Mr Speaker. That Road Board is only looking after roads in Honiara so that the user pay principle is applied because I find it very unfair for my people in Small Malaita to pay tax to repair the roads in Honiara. They do not come over here in Honiara. Therefore, the Minister of Infrastructure and Development must reactivate the road board so that they will be able to collect tolls and the road in Honiara can be repaired so that the user pay principle can be applied and that is parity to everyone.

Lastly Mr Speaker, we in Small Malaita support the bottom up approach policy. In fact we have already made preparatory work for this policy that will be implemented. I was looking for it to become part of the government's decentralization policy but I do not see it in here so that there is consistency.

We, in Small Malaita, the hereditary high chiefs and their people follow order and follow structures. Therefore, when I fail to see a structure that is consistent with the decentralization policy, I am worried. I am not worried about the mechanics and the small things. Perhaps the government will come out and develop a policy later on but I think if we put the cart before the horse or take the shortcut it could backfire on us. This will be like bananas put in biscuit tins forced to ripe when it is not the time for the bananas to ripe. Otherwise it is like that. Otherwise the investment loans the Minister of Finance is talking about could be like those bananas forced to ripe. That is my concern on that.

Mr Speaker, in terms of wider public support, I heard Vanuatu already collected \$70 million under the Millennium Fund of the United States. I am not really sure but that is what I heard. The Minister of Foreign Affairs

wants this funding too but because of his conflict with RAMSI, it will not make us qualify for that funding.

I know that he is going next month to the United States in order to ask for that money. When he was in Port Moresby he enquired about it too, but he was told in no uncertain terms that you must change your behavior, Minister of Foreign Affairs, before you can have access to that money. Because about US\$80million is about SI\$800million and would be enough for the bottom up approach. Why do you have to hold up that money which belongs to the rural people and you always have a row with RAMSI and Australia every time. What is that for?

Mr Speaker, seeing my time is up I have no choice but support the motion.

Hon OTI: Mr Speaker, thank you for the opportunity to contribute to the debate to the motion moved by the Minister of Finance last week on the 2007 Appropriation Bill 2007. At the very start too let me add my voice to the compliments that have been endowed on the Ministry of Finance for the hard work of the officials, not only in the Ministry of Finance but all officers who are responsible in preparing the 2007 budget as is usually the case.

Mr Speaker, before I dwell on specific aspects of the budget, as it reflects on the functions under the portfolio which I am responsible for, I would like to first of all make some clarifications, which I am sure the Minister of Finance will also follow suit during the summing up of this debate. This is in reference to some statements or contributions made in the House on the seeming reduction over the last four years of the budget because of the lack of support.

Mr Speaker, the figures for 2004, 2005, 2006 and the one before us now has shown a trend of constant increases over the last four years. Contrary to, in particular to what the MP for East Are Are said on the floor of Parliament last week was not true.

What has been the difference, as you would recall, Mr Speaker, is that since 2005 under your leadership, the Parliament has only appropriated for funds or revenues, the expenditure for which falls within the scope of section 100 of the National Constitution. This

has been repeated in 2006 and this year is the third year in running for the trend set in 2005.

Sir, I feel this needs to be mentioned because the reduction in the development expenditure in particular in the bill as the Minister would later on explain, the reduction in the development expenditure head in the 2007 Appropriation Bill does not necessarily mean a reduction in our commitment to increase our own funding inputs into the development head of the Appropriation Bill 2007.

Mr Speaker, in essence the total development package as reflected in the estimates is slightly above \$1.9 billion of which only \$188 million is appropriated for through this Bill - \$11million through special funds and just about \$1.7 billion is either jointly administered by the government and donors or by donors themselves, and these are not reflected in the appropriation.

With this understanding, Mr Speaker, I wish to pay particular tribute to the Government of the Republic of China in Taiwan for its confidence in the constitutional processes of this country, hence contributing directly into monies appropriated for by the sovereign state of Solomon Islands. The \$188million on development expenditures under this appropriation bill comes only from two countries - the Solomon Islands Government (our own revenues) and the Republic of China in its contributions. In the estimates you do not see funds from Taiwan fall outside of the Appropriation. Also within that \$188million in the appropriation bill, about \$1.8million which is basically also Solomon Islands own contribution but it comes out from the Multilateral Tuna Treaty with the United States.

Therefore, Mr Speaker, the present Government firmly believes that it is committed to ensuring that with prudent fiscal management of government finances and the economy we can over time increase our revenue allocation to the development heads of future appropriations, hence reducing over time dependence on donors to finance the development budget.

Mr Speaker, let me now come to the budget and other aspects of it. I think this is the first budget that is closely linked to the government of the day's policies and strategies,

especially in working towards realizing the objectives of the bottom up approach.

I am pleased that the budget focus is on developing our rural areas where 85 percent of our population resides. The various components of the government rural development strategies that have been highlighted particularly by the implementing ministries or sectoral ministries, we believe are interlinked. This means the rural development policy does not only depend on one ministry to drive it or to make it work. But every one must play its part.

Even the capacity of provincial governments in essence to deliver services to our rural communities and promote business development is very vital that the government has accordingly taken this into account in the 2007 budget.

Mr Speaker, the road to our country's sustainable economic development including in particular rural development demands the collective contribution of every stakeholder both in government and other state actors or non state actors as it is now commonly coined.

In this regard, the Ministry of Foreign Affairs & External Trade and Immigration which is charged with managing and overseeing the conduct of Solomon Islands interest in both bilateral and multilateral relations, including ensuring that the country's sovereignty, territory integrity, security and interest are maintained and safeguarded will continue to do its best to contribute to our country's development and progress.

Sir, it is often difficult for our people to see or understand or come to terms with the tangible benefits that the Ministry in particular, the Foreign Affairs Division obtains for the country. However, the Division's role including those of our overseas missions is maintaining, advocating and defending Solomon Islands interest in the international community is imperative.

Sir, I also understand that there is never enough money but in view of the Government's efforts for the development to take a proactive role in its exploring opportunities for Solomon Islands including better and effective promotion of trade and investment of opportunities as well as marketing of Solomon Islands products overseas. The current estimates for our overseas

mission although not truly reflecting the cost or that these missions are being funded, we always try to live within what the country can afford.

Sir, the Department of Foreign Affairs including its overseas mission does not only set the stage ready for negotiations or consultations but plays a direct role in such negotiations including the conclusion of technical framework cooperation agreements and sectoral agreements.

Sir, the Ministry is fully cognizant of the need to implement the current government's 'look north' foreign policy while maintaining ties with our traditional partners. The Department is equally aware of the need to derive tangible benefits from our existing relations and to explore new and additional opportunities. The signing of the technical framework cooperation agreement as well as dispatch of volunteers agreement with the Republic of China two weeks ago attests to this, and is done in line with the Ministry's current corporate plan.

Mr Speaker, we will be exploring the same arrangements with other countries particularly in "south-south" cooperation or cooperation between developing countries as current explorations have been made with India and other similar countries. These arrangements contribute to the overall success of our sectoral programs.

Mr Speaker, Solomon Islands continues to benefit from being a member of various regional and international organizations hence the need for us to comply with our obligations including financial obligations to these organizations. In this regard, I note that the 2007 budget does have provisions on this, as has always been the case.

Mr Speaker, you would also find that about \$6million has been allocated in my Ministry's development budget in 2007 for the construction of the Solomon Islands High Commission Chancery in Port Moresby, PNG. This funding is, of course, from the PNG Government. The site for the Chancery as alluded to in other presentations has been identified and my Ministry would be working towards finalizing arrangements to enable the construction start this year.

With regards to External Trade Division faced with increase new challenges of

globalization, Solomon Islands must acknowledge its limitations and the capacity to counter these challenges in order to be prepared for any eventuality. At present the country lacks the required manpower and resources to assist the government to proactively participate in trade negotiations, meetings and conferences that shape the trade rules and agreements affecting the frontiers of our trade. Hence, this year, the Ministry as reflected in the 2007 development estimates has again received technical assistance under the Overseas Development Institute for a trade analyst.

Sir, the 2007 Appropriation Bill underscores the importance of the private sector development. In this regard, trade and marketing information are vital to the positive development of the private sector. With increasing bilateral, regional and multilateral trade and economic arrangements emerging and are currently being negotiated, there is an urgent need to source, data, compile, store and disseminate trade and marketing information including trade statistics and trade facilitation issues.

Our people must be informed of the opportunities available and any risks that may be present. They must also be informed of the overall policies of the government on trade and private sector development through other ministries such as the Ministry of Commerce.

Mr Speaker, my Ministry is embarking on a comprehensive promotional and awareness program targeting all stakeholders. Under this program the Ministry of Foreign Affairs External and Trade and Immigration is focusing at increasing the current level of publication on trade and marketing information including trade opportunities both locally and overseas.

Furthermore, Mr Speaker, during the last decade there was hardly any effective publicity and promotion programs organized nationally as well as overseas on Solomon Islands primary and semi made products including services, except at the national trade fair due to lack of funds and facilities. Also late last year the Ministry through the Embassy in Taiwan launched the promotional program on the website both in English and in Chinese.

Mr Speaker, it is important that business - interested and potential individuals and the

public are informed of the threat, competitions and opportunities posed by globalization. In an effort to well inform all stakeholders as part of the government's efforts to assist private sector development activities to source, gather, compile, store and disseminate trade and marketing it requires, this has included the establishment of mini-trade information centre or library and organization of training awareness workshops. These are reflected in the allocations of the Trade Division in the Ministry.

Sir, you would recall that in early 2005, the Cabinet approved the establishment of the National Trade Facilitation Committee, a body established, which I was privileged to be Chairman of under your government to assist the Trade Division to advise the Government on trade and trade related matters including advisory trade negotiations and trade and economic arrangements with other countries, which Solomon Islands sees crucial and beneficial.

Sir, my Ministry is conducting trade facilitation in such areas as quarantine, customs, standards and performance as part of our efforts to implement the Regional Trade Facilitation Program under the Pacific Agreement on Closer Economic Relations (PECAR), and that is between the Island States and Australia and New Zealand at the national level.

The Committee is heavily involved in negotiations on the European Union and Pacific ACP Economic Partnership Agreement, which is currently ongoing and should be concluded in December 31st 2007. Sir, additional financial resources will be required to equip the Department to effectively prepare the country's negotiating position and actively participate at the trade negotiations meeting including other trade agreement meetings. The government must increase the trade mission subhead as we are currently being allocated enough money just to kick us off of this year.

Mr Speaker, as a LDC or Least Developed member of the World Trade Organization Solomon Islands enjoys flexibility and special and differential treatment in so far as its exports are concerned.

Mr Speaker, Solomon Islands currently has neither binding obligations nor commitments to reduce our top rate with such drastic

measures. For example, on agriculture products, at the moment our trade in agriculture is not as strong as it should but certain requirements of the WTO Ministerial Declaration in Hong Kong in December 2005 restated that the provision under Articles 15 of the WTO Legal Text on special and differential treatments in agriculture exempts countries that have LDC status such as Solomon Islands.

Mr Speaker, I will now turn to Immigration which has also come under my portfolio since October 2006. Sir, you will find that the Recurrent Estimates that the Immigration Division is focusing an increase in income from \$3.6 million in 2006 to \$5.069 million in 2007 - an increase of \$1.46 million this year.

Sir, this increase is attributed to strong enforcement and compliance initiatives that we are now putting in place and that various units within your division and now embarking on Mr Speaker.

For example, the enforcement unit of the division has been working very hard over and within the last four weeks we have sent outside we have the deported four foreign nationals illegally residing in the country. It is important to know that foreigners who have been residing illegally in this country had not been paying relevant immigration fees. From now and on Mr Speaker foreigners entering and residing in this country must pay the relevant fees and legalize their residence status Mr Speaker.

Similarly, Mr Speaker, the permit unit of the Immigration Division are also been enforcing relevant guidelines on how relevant sections of the Immigration Act apply in respect of residence permit. This is to determine and enable clear demarcation on whom or which foreign person or persons entering Solomon Islands is or are entitled or not entitled to blanket exemptions Mr Speaker. Thus more permit fees will be collected by our Immigration division from the many foreigners who have been get ...under our authority for exemptions. This means more revenue for the government.

Furthermore, Mr Speaker under residence permit the fact that the Minister responsible is exercising relevant strategy powers in relation to strict guidelines especially as to the wave of conversion fees will also result

in the increase in revenue for the government so unless and until absolutely justified there will be very strict considerations for the Minister responsible for the Immigration to waive our conversion fees Mr Speaker.

Apart from this the fact that the passport unit continues to issue various types of passports at a faster rate due to the rise of the country's population increase in travel needs also contribute to the estimated increase in revenue for this year under our Immigration Division.

Mr Speaker the point here is that we are not necessarily penalizing foreigners because we want to increase our revenue No. Mr Speaker, but more so, we want them to respect our laws and reside in this country within the confines of these laws.

Finally, but not the least Mr Speaker, this Budget certainly represent a serious effort by this government to implement its policies and strategies especially its strive towards meeting the development aspirations of our people, particularly those in the rural communities. My Ministry is determined to play its part in assisting the government to fulfill that development goal and objective.

With these remarks, Mr Speaker I support the motion.

Hon Lilo: Mr Speaker I want to thank you for your opportunity to make some concluding remarks to Parliament on the debate on the 2007 Appropriation Bill 2007. Sir, I shall be brief because as you know at this time of the day sugar level drops and IQ drops and some noise will start to come out so I shall be brief but more importantly I shall be brief because noting the time limit that you have imposed we have to close by 4.30pm.

Sir, for the last four days Parliament has debated the 2007 Appropriation Bill on the floor of the Chamber and I also heard that along the corridors and balcony as well of this House Mr Speaker. But I also heard rumors too that as we've gone intensely in debating this budget in this Chamber there also some that are going on trying to lobby for a possible motion of no confidence outside.

Mr Speaker, I thank in particular those who have spoken in favor of indicating support for the Bill but I cannot thank those who are

lobbying outside where possible motion of no confidence. This country does not require political instability at this stage. We want a strong political situation in this country in order to instill confidence to our investors and our donors that are interested in developing this country.

May I say also that I am sincerely thankful to the many Members who have spoken for their comprehensive and objective contribution to the Bill.

I would like to also thank Ministers who have offered very useful contribution in clarifying misunderstandings in relation to their ministerial responsibilities and activities that is geared towards the objective of this Budget, and that is rural development.

Mr Speaker I wish to take this opportunity to comment on some of the issues and contributions raised and highlighted in the course of the debate on the Chamber. But before I do so, I would like to say that even before we started implementing this budget there are some in this Chamber who chose to declare that this Budget is a failure without us allowing this Budget to be implemented so that we can actually see whether it will fail or succeed.

Nevertheless Mr Speaker, those are situations that have given rise because of the constitutional responsibility for the freedom that we all have to express what we say about any issue that is discussed in this Chamber.

Mr Speaker, several of our colleagues have made some very sensible suggestions for future consideration by the Grand Coalition for Change in future budgets because we know that the Grand Coalition for Change will remain for the next four years. I thank those Members for making those very sensible suggestions. We can only promise you that we will carefully examine and we have possible and feasible we will try to implement some of those suggestions that have been aired in this Chamber.

Also Mr Speaker, few of our colleagues, however, have and I am great to hear that they have made or have clearly misread the papers or even my speech and that they have made some unsustainable unreasonable assessors or suggestions to this House. We have noted them and unfortunate given the fact that you know

they have been so unreasonable we will not accept them but we have taken note of them.

Some others have kindly proposed measures that are already part of the Grand Coalition for Change Government's policy platforms and program. Obviously, I need to explain our approach more clearly but let me say that this budget is not a frangipani ice cream budget as the MP for East Are Are alluded to. The honorable Member is obviously on the wrong side of the road. Certainly, because he is also on the wrong side of the House and therefore has made that comment. Far from that Member's suggestion - this budget is aimed at sustaining Solomon Islanders, it is aimed at sustaining Solomon Islanders, it is aimed at the rural people and it is aimed at small businesses in the rural areas of Solomon Islands.

Mr Speaker, if I have time let me just say that I am grateful of the Public Accounts Committee for the work it has done. But even with that achievement this government has made in terms of pushing the work of the Public Accounts Committee in ensuring that the report of the Public Accounts Committee is available prior to the sitting of Parliament, some of our friends on the other side of the House still could not see that as a good indication of transparent and sound management of the Government's administration commitment towards transparency and proper parliamentary processes.

But as we all have said this is the first time that the Public Accounts Committee has had to produce a report before the sitting of Parliament commences. I am sure we have all read the report and we are prepared to move to deliberate more in detail those reports together with the budget document when we discuss the budget at the Committee of Supply.

Of course, there are some differences between the Government and the Public Accounts committee on some aspects of the budget - that is to be expected. Hence the Committee's suggestion that we should provide all details of the budget in terms of the Committee's consideration of the Budget, that will be heeded too in future budgets because we believe that is the way for us to generate more responsible and more well informed discussion in the process of considering the budget.

Again, the Public Accounts Committee report, I must take it as an exception to its assertion that this recurrent budget is not fully funded and is a deficit budget. No, Mr Speaker, that is a wrong understanding of this Budget.

Mr Speaker, this Budget must be seen together as one. The recurrent must not be separated from the development budget. We do not run a budget that the strength of the development budget relies on the strength of the recurrent budget. No, it relies on the strength of the Consolidated Fund. That is what this budget is all about. It is the Recurrent and the Development Budget in total that depends on the strength of the Consolidated Fund.

Mr Speaker, as I have said it is a very responsible budget. We put this budget together by looking at all options of revenue in making this budget. We would have been totally irresponsible if we had not revoked all the exemptions, which if my good friend, the MP for Vona Vona/West New Georgia is here he would have confirmed that if we had not revoked those exemptions, we would not have made the cash reserve that we have made by the end of 2006. We would have never made those. I still could not understand why we are so irresponsible in the way we see this 2007 budget, noting very well that we have put all efforts in ensuring the credibility and integrity of this budget is maintained. We have done that, Mr Speaker.

We have removed all exemptions. We opened up all shelves and found out all revenues that we do not normally collect in the past. We opened up all the shelves, put them on the table and say that the 2007 Budget will earn this revenue strength. That is exactly what we have done, and so it will not be a deficit budget.

You must look at these two budgets together. It is not a development budget that relies on the strength of the recurrent budget so that you get surplus from the recurrent and finance the development budget. It is both the recurrent and the development budget relying on the strength of the consolidated fund. The consolidated fund means even the cash reserves that we hold in the banks. By the end of 2006, Mr Speaker, I am pleased to report that with the measures put in place in the last six months of 2006, we have raised an excess of

\$70million in revenue that has actually grown out of the measures, the fiscal measures, the revenue measures that were actually put in place. We have clamped down on exemptions and have invested funds in tax collections. Those are things we have done. And for that I still could not believe why others still do not believe it is a responsible budget.

Mr Speaker, I acknowledge a lot of comments being made about donor contribution to this budget. The Minister of Foreign Affairs has just mentioned the figures in terms of the growth in donor support to this budget, and so I do not want to dwell on that. In fact you will see that there is a 29% increase in donor contribution to the development budget. From internal revenue alone we have actually grown the revenue strength to \$188million to contribute to the development budget.

Mr Speaker, we will continue to entertain donors. I just could not believe some on the other side saying that this government is anti donor, it is not facilitating donors in terms of the way this budget is prepared. Mr Speaker, a government is a government. We have the constitutional mandate to govern this country, and it is our responsibility and the responsibility of any government to set the directions upon which all donors, all stakeholders that have interest to assist this country will come in and help us. That is basically what we have done.

Before we call on donors to come and talk to us, we have to present the budget to them showing them the part and the direction that have to be moved forward with in developing this country. That is exactly what we are saying.

Mr Speaker, having said that we all know that in the past donors have also had some bad experiences in this country too. Mr Speaker, we want to learn lessons from some of these failures in the past such as the Rural Services Project, the NFD – purseiners, which is one of the most intriguing case in the history of development assistance to this country which is basically just put under the cover. Mr Speaker, all reports on this assistance are there showing a serious conflict of interest and even possible criminal offences against those involved in that particular project, and yet that is just put under the carpet. The Auditor General's report is there pointing to the fact that serious action must be

taken against those involved in the NFD purseiner project. Mr Speaker, that is a lesson we do not want to repeat.

Mr Speaker, I was going to read you an article written by somebody who wrote a paper for the Overseas Development Institute in London on the subject of integrating aid into budget management. This article is written by somebody by the name of Mike Forsters. The paper discusses how traditional donor practices can cause problem for budget planning and management in aid dependent countries. It recommends ways that we can improve donor practices by actually recommending code of good practices for donors. This paper also highlighted some problems, and some of these problems if you look at carefully, actually apply here in Solomon Islands.

Problems like weakening of local institution capacity, inappropriate use of technical assistance, perversion of political privatization process, undermining of hard budget constraints, external determination of recurrent cost commitment, distortion of the capital budget. Mr Speaker, these are all problems mentioned in this paper. I would urge us to read this paper as it is talking about donors. We did not say we are going to chase donors out, but we have to learn from some lessons.

Hon Sogavare: Point of Order, Mr Speaker. With your permission I beg to move that Standing Order 61(2) be suspended in accordance with Order 81 to allow the proceedings to continue and to be adjourned by Order 10(5).

Mr Speaker: Leave is granted.

Hon Sogavare: Mr Speaker, to enable the Minister properly windup the debate on the budget. I feel the Minister should have time to reply to all the points that have been raised about the budget. I beg to move that Standing Order 61(2) be suspended in accordance with Order 81 to allow the proceedings to continue until adjourned by the Speaker under Standing Order 10(5). Thank you Mr Speaker.

(The motion is open for debate)

Mr Fono: Mr Speaker, this side of the House does not have any objection to that since it is a normal practice to allow time. I think national duty should be a priority to our own personal interest, so we have no objection to that.

Hon Sogavare: Mr Speaker, I beg to move that Standing Order 61 be suspended in accordance with Order 81 to allow the proceedings to continue until adjourned by you under Order 5. I beg to move.

Standing Order 61(2) suspended in accordance with Order 81 to allow the proceedings continue after 4.30 pm

Hon Darcy: Thank you, Mr Speaker. Mr Speaker, one of the intriguing problems being highlighted in this article, is undermining of local constitutional processes. That really intrigues me. And it says donor behavior can undermine consultations, legitimacy and accountability to local stakeholders through overambitious time schedules and inflexible donor policy positions.

Pressures on donors to commit and to disburse and pressures on the time of donor staff to plan missions to fit their own conveniences rather than the speed of government decision making or the annual budget cycle, leave to little time and too little flexibility to accommodate unpredictable the process of consensus building. Sir, this is exactly what is happening in Solomon Islands today.

I mention this, Mr Speaker, basically in relation to the points always raised in this House on donors, donors, donors. We need to be careful, we need to be careful of donors. What we are saying here is that we need to learn from lessons of the past, lessons that we have gone through in the past and then improve on them. That is what we are saying.

Mr Speaker, this government has no problem at all with donor assistance to this budget and this is demonstrated in the growth of donor assistance to the development budget. In fact donors, partners we can say that there is more tangible and implementable donor funded development projects in this budget than there has ever been before.

Mr Speaker, this government has also been accused of diminishing investor confidence. Several Members have produced extra ordinary figures of investments intended for Solomon Islands that have now gone elsewhere. Mr Speaker, this government views that in order to have peace and stability, we need to know the root causes of our trouble. We have therefore, as I have said in the budget speech, established and funded a Truth and Reconciliation Commission and an inquiry into the Honiara Riots. We have also continued to reduce national debts, increase support for national institutions, including this House, the Governor General and the Auditor General, and we have even provided financial independence for the national judiciary.

When we were asked what we are doing to curb corruption, don't you think separating the judiciary's head is a way forward? I think so, Mr Speaker, by giving the judiciary independence to manage their own resources, and not to be subjected to the executive's discretion in the way they manage the financial resources allocated to the judiciary. In that way, I think legally we can move in the right direction to build a strong corruption watch on the government in this country.

These are building measures, measures that strengthen the Solomon Islands stability and sovereignty. More fundamentally, we have focused attention on the provinces, on the majority of Solomon Islanders in building their capacity and providing commercial opportunities, not on handouts, as has been the practice by previous administrations, but is based on the voice in the development of the nation, and that is the bottom up approach.

Mr Speaker, this morning somebody mentioned there is no allocation on the three fundamental legs of our rural development approach, which are the constituency, grassroots policy approach, sectoral priorities and provincial capacity building. Mr Speaker, when I hear that I thought people do not read the budget because if you talk about constituency development, this budget provided \$50million for the 50 constituencies - \$1million for each constituency, which adds up to \$50million.

If you talk about sectoral priorities, Mr Speaker, there is allocation to the transport

sector, the financial sector, the agriculture sector and so forth. I want you to read page 48 of the development budget and you will see the total and the distribution that goes to the provinces. I do not want to waste your time reading through it because I know you will do it yourself. But just read through this book and get some understanding out of it. That is the distribution we are talking about - investing on the potentials that are there in each provinces.

We may not start with big money because we do not in that. We have to start small building up the capacity and then unleashing where the real financial resources are. That is the whole intention of this budget. We cannot continue with the handouts, we cannot continue with small business assistance, which in the end will end up with rural development that only buys a bus, car and betel nut vendors here in town. Is that the kind of rural development we are talking about? That is what we want to avoid. We want to avoid that.

We want to avoid the rural development that led to the failure of the DBSI. The MP for Marovo and the MP for East Are Are know all about this. We want to avoid that. We want to avoid rural development that ended up in the failure of the landing craft Ulusaghe and landing craft Kotu. These are all what we are trying to avoid. We want to avoid assistance to shipping that will end up in Ranandi with Western Queen and Ramos floating somewhere in Ranandi, with only a mast coming out from one of them. That is what we want to avoid. We want to avoid the situation where there is not even rural development for Rennell and Bellona. Mr Speaker, that is what we want to avoid.

Mr Speaker, this government is not saying this is the first rural development budget. We do recognize there are budgets in the past that focused on rural development. We do appreciate those. We want to build on those achievements achieved out of past rural development activities. We want to build on them. We want to look at the achievements made, consolidate on those achievements and then move forward. That is the whole attention of this budget. But we cannot be too over ambitious. We have to live within what we can afford to spend and also within the capacity that we can deliver on those selective sectors and the

regions that have been selected in this particular budget.

Mr Speaker, may I stress again here that the priorities for the 2007 budget are to encourage rural development, to enhance the productive sectors especially in the provinces and to maintain and stabilize the national economy.

Mr Speaker, as I have said rural development is not a new concept in this chamber. It has been advocated by successive governments in the last 28 years, and this budget therefore merely intends to build on those achievements. One thing we can be certain about is that this budget is fully focused on rural development.

I would like to mention the example of why we believe it is fully focused on rural development. Our emphasis is on the resource endowments of each regions, we want to develop those potentials, and on this basis we would strive to assist the provinces to develop these resources to realize their potentials. For instance, in the tourism sector, we will focus on Temotu and Central Provinces attributed to their strategic location to the tourist market, and Renbell Province for its unique setting and world heritage status. Obviously, we do recognize there are regions in the country that have very good potentials in tourism but we can all believe that tourism potentials in those regions have now been commercialized and that have moved up to a more commercial level of development at this stage. For those regions we can say that instead of just lumping one part of development in one provinces, it should be spread it out so that those certain areas with limited potentials can concentrate on those developments.

Mr Speaker, we will also be concentrating on forestry. This government is determined to devise and implement programs that would assist forest resource owners to reinvest in the forestry sector to better manage the utilization of forest resources and engage in alternative sustainable rural development activities.

We will also engage in fisheries. We will undertake feasibility studies into the construction of small and medium pole and line fishing vessels for local fishermen so that we

will be able to have households and communities throughout the country use vessels to do fishing and sell out to our fishing industries and earn income.

On agriculture, Mr Speaker, the Minister has outlined what will be done in the area of agriculture.

On transport, Mr Speaker, because of the distance we have and this is why more priority is put on the transport trust fund so that we will be able to move towards doing repair work on roads, bridges, jetties and putting more money to the shipping industry as well too.

The Aviation Special Fund, for the first time, will have to be designated towards rehabilitation, reconstruction of provincial airstrips as a move towards linking the importance of air transportation with the development of our tourism industry.

On the justice sector, Mr Speaker, this government for the first time has put in a good provision for the local courts and the chiefs courts to bring justice to the rural areas. I noted that the Member for Gao/Bugotu has mentioned that in particular for Isabel that there will be more funds made available for the construction of court houses and funds available for the local courts to carry out their activities.

Mr Speaker, with respect to the action by the Government to withdraw its annual subventions to the state owned enterprises, I must again clarify that the government may consider providing subvention to state owned enterprises that adopt good governance and credential principles. We did not say that we will never give subvention to state owned enterprises. What we require is for state owned enterprises to adopting good governance and to be accountable for the financial management of these entities. Based on that, we will also assist to provide subventions to areas that are absolutely necessary for them to sustain the delivery of their mandated responsibilities to the people.

Mr Speaker, I have noticed a degree of dissent about our decision to increase public sector salaries and to pay long overdue benefits. Sir, I cannot help but say that if you pay peanuts you get monkeys. We have to put a good part of our resources into improving the terms and conditions of our public service. We have to.

That is one way of building up the capacity of our public service. An increase is long overdue and we have to show that given the cost of living that has accumulated over those periods.

Sir, this budget reflects the priority of the government and the government is justifiably proud of its 2007 budget. I believe that they have set the course for this year and beyond and we believe it is the right budget for this country in the current circumstances.

Mr Speaker, I call on all Members of the House to be responsible and to act in the best interest of our nation. The country cannot afford to be misled and misdirected. This country needs to move forward and that it will a quantum lift to make a difference to the lives of our people.

Mr Speaker, I believe that with renewed hope we should be able to make our nation a vibrant and a prosperous one. With those remarks, I beg to move.

The 2007 Appropriation Bill 2007 passed the second reading

Mr Speaker: Under Standing Order 10(5) Parliament is now adjourned until Wednesday 14th February 2007.

The House adjourned at 4:55 a.m.