

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

DAILY HANSARD

THIRD MEETING – EIGHTH SESSION

TUESDAY 20TH 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 Ministers for Justice & Legal Affairs, Public Service, Mines & Energy, Provincial Government & Constituency Development, West Guadalcanal, Ranogga/Simbo, North West Choiseul, Temotu Pele, Marovo, North New Georgia and West Kwaio.

QUESTIONS AND ANSWERS

Question No.24 deferred

Question No.36 deferred

Question No.40 withdrawn

Question No.42 deferred

SALE OF CEMA SHIPS

43. **Mr DAUSABEA** to the Minister for Commerce, Industries and Employment: In relation to the sale of the MV Garanga, MV Yandina and MV Graciosa, how much did the Commodities Export Marketing Authority (CEMA) sell each ship for?

Hon AGOVAKA: Mr Speaker, the Commodities Export Marketing Authority sold its three ships on a disposal price of \$100,000 each, totaling \$300,000 for the three ships. The price was based on a consultancy valuation

report on the condition and the situation of the ships at that time.

Mr HUNIEHU: Was the sale of these boats put on a competitive tender?

Hon Agovaka: The honorable Member should know because it was during their time - the Kemakeza Government that the three ships were sold.

Mr Huniehu: Mr Speaker, I think my question is very important. The Minister knows the amount of money the ships were sold for but did not understand whether they were put on competitive tender, which I think is the most important issue.

Hon Agovaka: Mr Speaker, the three ships were put on tender.

Mr ZAMA: Mr Speaker, the Minister did make a remark on a consultancy report, will it be possible to have a copy of that report?

Hon Agovaka: Mr Speaker, the answer is yes.

Mr TORA: Mr Speaker, could the Minister inform this House what was the initial price the ships were bought for by the Commodities Export Marketing Authority?

Hon Agovaka: Mr Speaker, the valuation at that time was over \$1 million.

Mr Dausabea: Mr Speaker, I know there is a group that also submitted its bid to buy one of those ships. The bid was \$250,000 per ship. Why did the tender board not consider this group but only considered the bid of \$100,000 per ship for only one person?

Hon Agovaka: Mr Speaker, I do not have the information on that with me at the moment. That is noted, and I will provide that information to the honorable Member of Parliament.

Mr Dausabea: Before thanking the Minister, I would just like to raise a point here. I keep hearing complaints from CEMA about the high freight charges on copra and cocoa brought to Honiara by the local farmers. I think that is not right because these ships were bought by the SIAC Government to solve this problem of high freight charges on copra from the provinces to Honiara. CEMA should not continue because it should look at itself because the ships were bought for that purpose. I thank the Minister for answering my question.

REASONS FOR BAIL – SUSPECT ASSASIN

46. **Mr TORA** to the Minister for Police and National Security: What are the reasons for the release on bail of the person charged in relation to a suspected plot to assassinate the Prime Minister?

Hon TOSIKA: Mr Speaker, the person accused in relation to the suspected plot to assassinate the Prime Minister was released on bail due to inconsistency in statements from witnesses. The person was released pending further investigations. Mr Speaker, the case is before the court and I thought that further discussion on this might not be appropriate.

Mr DAUSABEA: Mr Speaker, can the Minister confirm to this House whether there are two sets of bail conditions imposed in Solomon Islands or just one?

Hon Tosika: Mr Speaker, I understand that this person is on bail pending further investigations. I do not understand whether there are two sets of bails, but I understand that he is on bail.

Sir KEMAKEZA: Mr Speaker, is the Minister aware whether this person has been checked by medical authorities or not yet?

Hon Tosika: Mr Speaker, I think there is no history of this person in relation to him being insane. We are yet to confirm that and therefore at this point in time we may not be able to say whether he is insane or not. He is yet to be tested of his mental condition. But we do not have any information or report from medical authorities on his mental.

Mr Speaker: I would remind the honorable House that the Minister reminded us that the case is before the court, and I simply allow it because of the reasons on the bail and nothing more.

Sir Kemakeza: Mr Speaker, I think it is good to medically check this suspect because according to reliable sources he is mentally disturbed, and that is why I asked the Minister to tell the Police to take this person for check up with the medical authorities to confirm whether or not he is mentally disturbed to further avoid such an incident. This is only a comment.

Mr Tora: I would just like to thank my good honorable Minister for Police and National Security for his response to the question I asked this morning.

BILLS

Bills – Committee of Supply

The 2007 Appropriation Bill 2007

(Committee of Supply to continue and conclude)

Development Budget

Head 470 – Ministry of Agriculture and Livestock

Mr Fono: Mr Chairman, I just want to know what strategy or criteria will be used in distributing this support for the rehabilitation of copra and cocoa? Can the Minister for Agriculture inform the House what criteria will be used? Is it for air dryers or cocoa nurseries or how are you going to use it? Does he have any information on that so that he can inform the House?

Hon Kaua: Thank you distinguished Leader of the Opposition for asking this question. As we already know about cocoa and copra when it is time for the cocoa tree to bear fruit the basic thing we are going to do is to go into seedling before giving the seeds to farmers to do replanting. But there is the other part where people already have the seeds and they need to be assisted and so that is another way of helping the farmers.

Mr Fono: Mr Chairman, a further question on provincial slaughter houses. Who is going to own these slaughter houses with this project of \$1.5 million? Government policy is there, which I really support being a farmer myself slaughtering cows and pigs, but who is going to own the slaughter houses. Are we looking at private sector ownership, provincial ownership or who will own these slaughter houses?

Hon Kaua: Mr Chairman, however we might see this we want to see how it will work and operate. If it is private and owned by only one person then it will not happen because it has to be a cooperative approach. If the province is to own it and if it is viable, then it can go ahead with it. But we are not looking at one person owning it so that he builds up his own empire.

Mr Boyers: Mr Chairman, I go back to copra and cocoa again. In light of the bottom up approach by the government, and also in the light of this head always been in the budget, reflecting the 50 constituencies, and a lot of constituencies have copra and cocoa and some don't, how is the government going to disburse these funds in an equitable manner reflecting assistance to copra and cocoa farmers? For the last three to four years the only assistance I can see was from the Community Sector Program, the EU, Japanese Grassroots, but I have not seen any funding from the government to go down to the people. I am not surprised if this is carried forward in the next budget. Not necessarily this government but previous governments too. I want to hear how this bottom up approach in the disbursement of this \$3 million will go to copra and cocoa farmers?

Hon Kaua: Mr Chairman, if the Member cares to look at page 48, he would be able to see how this money is going to be distributed to provinces.

Mr Boyers: Mr Chairman, yes I know that, but for the sake of the people in our country who are listening to us now, it is good for them to know too. I want the Minister to explain this so that our people can hear it.

Hon Kaua: Mr Chairman, if you had listened to my speech there is provision for training and radio talks about these things. Before we will embark on these things, certainly there will be a mass communication in the media so that our people know how to access the money and what they are supposed to before they are given the money.

Mr Riimana: Mr Chairman, my question is on coffee production. I want to know what kind of coffee we are going to plant here. Is it Arabica or Robusta? Because in the case of Arabica it needs high altitude, where in the case of Isabel, it is in the highlands and you have to walk and there are no roads. If the roads are constructed and we plant coffee in the high altitude it would be good. But as the case is now where people have to walk six hours they will one day give up and the project will stop. I want to know the access to these trees and roads must be constructed.

Hon Kaua: Mr Chairman, I would like to thank the most distinguished agriculturalist and the shadow Minister for Agriculture for asking this question. We want to help people who are coffee farmers and are growing coffee. We are going to help them.

Mr Rini: Mr Chairman, national copra and cocoa rehabilitation. Page 48 specifies that this assistance will only go to specific provinces. Why select only these provinces? Will this funding not applicable to other provinces? For example, Western Province and Temotu Province have no allocations as well as Renbell and Central Province. Why is it allocated to only certain provinces and not all the provinces? Are other provinces not qualified?

Hon Kaua: Mr Chairman, as you may have heard from the Minister of Finance's budget speech, we are going to target potential areas that impacted more on the people so that we do not unnecessarily go to every province.

Certainly, we understand and acknowledge that every province have potentials but we want to target provinces that would have more impact and that is why certain provinces are earmarked for this so that we try as much as possible to spread out development to cover areas in every province and not only one province.

Mr Rini: Mr Chairman, I can understand that rationale. But to miss out Western Province, which is a very big province, with a big copra production and big cocoa production province is not right. Why is Western Province missed out?

Hon Abana: Mr Chairman, as you would see in the budget this project funding will continue in the next five years with this \$15 million and so other provinces will be taken on board next year.

Hon Darcy: Mr Chairman, in addition to that what we are trying to do is to look at the potentials of each province based on the principle of comparative advantage. Where a province has comparative advantage in a particular productive sector that is where the resources are put to. If you look at Western Province, although we may miss out on copra and cocoa, a lot of commercial operators in the Western Province also have access to other financial resources, for instance in our domestic financial institutions. But we also have comparative advantage on forestry. We are concentrating on forestry related developments.

This budget, in a way, is the first budget that looks at, instead of us throwing money into all the provinces and in the end when we try to assess their impact and there is nothing, that is what this budget is trying to address at this time. Of course, we know there are well managed coconut and cocoa plantations in other provinces, but those plantations have more advantage in terms of gaining financial resources in our domestic financial markets whilst others do not. So it is trying to look at the

comparative advantage of each province and region and build on them so that over time we can see the real impact on what are the benefits that come out of these sectors.

Mr Gukuna: I would like to know who made the decision to decide which province should get this assistance. Were there any feasibility studies done to determine which province?

Hon Kaua: It does not need feasibility studies. Only commonsense can tell us. You do not need anyone coming to tell you on this. You yourself should know what is needed. Commonsense prevails.

Mr Hilly: There is no such thing as common sense.

Mr Haomae: Item code 5799 – national coffee production. I wonder whether this funding will go towards buying and distribution of coffee seedlings to farmers and whether it is subsumed into this particular item.

Hon Kaua: We know that farmers have so many needs. Some may need machines, some coffee seeds, and getting these things need money. That is why I cannot say this amount is for this farmer or this farmer. It has to be determined by the needs of the farmers. If a farmer needs machine to process the coffee because he has already grown the coffee, then certainly we will assist in buying the machine. If a farmer wants coffee seeds then he is going to be given seeds.

But let us start off and see the progress and how we go. If there is need for more assistance at least we can base it on what is already there. If we just give the assistance and we do not know what is happening we will just be talking in the air nothing. But let us see what will happen.

Let will start small where people can manage, our farmers need to start small. If they are given big assistance and they are not ready for it you will not expect things to happen. Let us start from where they can accommodate and we build up from there and expand on the things that every one of you have been telling to us.

Mr Fono: I am surprised with the Minister's answer on 'commonsense'. I think feasibility study or reports that are with CEMA should give us an indication of which province has the highest production in those commodities, so that emphasis is given there because of comparative advantage. That is the answer I expected but not a commonsense answer. I want to express my disappointment on such an answer.

The Deputy Prime Minister should give the straight answer. I expect him to base his answer on information that is available now in terms of CEMA and in terms of the private sectors. I expect an answer that is based on facts, figures, and data. What is the statistics for? Statistics should give us such information and not to say commonsense. That is the second time I heard him using the word commonsense.

Apart from that my question is on National Cattle Development Project, a carried forward project. Last year we expect this because there is a report now with agriculture of a survey carried out in Central Kwara'ae of the number of hectares already repaired and farmers are waiting for cattle. What is the time frame for the import of cattle herds and its distribution to farmers?

Hon Kaua: Why I say commonsense is because if you had listened to my speech feasibility after feasibility studies have been done on agriculture or on whatever ministries, if you go to other ministries you will find files after files of feasibility studies, even cockroaches and rats are eating the files. So why ask for another feasibility study. It is enough! It is enough of feasibility studies. This time we should look at the information available and work from there. That is why I said if commonsense prevails we should know.

You have been in the government for three or five times or whatever and you know it. This is where we say it is enough of feasibility studies. There is already enough information in CEMA, as you said. There is already information in Agriculture on many things, so let us look at these information and work, but do not ask for another feasibility study where millions and millions of dollars are coming in but just go for TAs and the reports are just shelved away and nothing happens.

Year after year these things have been happening in Solomon Islands. Why want feasibility study? Why can't you think for yourself as a Solomon Islander and see what are your needs rather than telling other people to come and tell you. No need! That is why I say commonsense prevails. But to answer your question on cattle, cattle will come, but not only for you in Central Kwara'ae.

Mr Fono: (*Interjected*)

Hon Kaua: We do not have enough ground but for purposes of distribution it must spread out to cover other areas too, and not always Central Kwara'ae.

Mr Haomae: Item code 5799. The Deputy Prime Minister has been inconsistent because for Vangunu there is a review on Vangunu as he mentioned earlier on, may be last week. Review every time and so feasibility every time. So he is being inconsistent in that regard and so he is contradicting himself on that score. If you are living in glass house do not throw stones.

Hon Kaua: If you had listened properly we are not going to do feasibility study but we are going to review. Review is different from feasibility study. We are going to make review from the feasibility study reports that are available. Just for the interest of Members, review work on Auluta is not done by foreigners now but by Solomon Islanders. It is enough of foreigners. Let us use our own brains, people who know our cultures, our environment, our own people and make them do the work. That is the difference with feasibility study that you are talking about where hundreds of TAs coming and the review work that is now taking place.

Mr Haomae: The Minister has not answered my question.

Mr Rini: On oil palm projects. There are two questions I would like to ask here. Is this allocation for landowners? That is the first question. The second question is, is this amount only for the Auluta Basin and Vangunu and not other proposed oil palm project sites?

Hon Kaua: I would like to thank my friend, the MP for Marovo for organizing the landowners. That is what is needed - the landowners.

Sir Kemakeza: A ship without a compass is going to wreck. My question is just a general one for my hard working Minister of Agriculture. Some of us who live on atolls like Malaita Outer Islands, Rennell & Bellona, Savo/Russells, cannot grow cocoa, copra and things like that, what would be alternative activities for these constituencies in relation to this important assistance?

Hon Kaua: Both of us will not benefit because we live on atolls and so we would resort to other areas. We might look at fishing because we are surrounded with fish. The Ministry of Fisheries might look at areas that we may benefit from. Let us not compare ourselves with what those from the land can do. Your need is different from the needs of those on the mainland. What you are good at is what we want to develop. May be what we are good at is on the area of fishing. Certainly this is where the Ministry of Fisheries will accommodate our needs. The needs of those in the bush are different from us on the coastal. And those from the bush are those who talk very much because they come from the bush.

Mr Huniehu: Mr Chairman I just want clarification as to whether we can ask questions on the other component of this budget, and that is funding administered by the Government and development partners. I am asking this because this is not part of the consolidated fund.

Mr Chairman: It would be much more systematic if we go along, and if you can ask questions that are related to the heads under discussion. There is no problem with that but we do not want to jump here and there otherwise it will confuse our consideration on the development budget. We are still on Head 270.

Mr Haomae: I want to be helpful to the Minister for Agriculture. I also live on the coast close to the atolls and he still has not answered my question of earlier on today. Pawpaw can grow on atolls and on artificial islands and not

only on mainland. Coconut too can grow anywhere, and that is why I want to be helpful to him so that he understand that pawpaw can grow on artificial islands, on atolls and everywhere. Therefore, my question is on item code 1619. The Minister wanted to lecture today and he did not answer my question on the development of exotic and indigenous crops whether there is any allocation or any plans to research into pawpaw latex for export as an alternative crop that adds to diversification of agriculture export.

Hon Kaua: Yes, we are going to look at pawpaw but to answer your question on what you say that pawpaw can grow on artificial islands, only one pawpaw tree can grow unlike the mainland where it is more pawpaw trees. This is the same with cocoa because there is no space. Therefore, are we going to give money for just one pawpaw tree or one coconut tree? No way! We have to go where we can plant more pawpaw so that you have more. But in your case of pawpaw because you already told me that there is a move to have a pawpaw plantation in South Malaita, certainly we will support you if you come up with the project.

Mr Haomae: I would like to comment on what the DPM and Minister for Agriculture said. It depends on how many papaw you would like to grow whether on land or on an artificial island or on an atoll. Latex can be produced even with one pawpaw. In terms of export one ton is about \$35 million. In terms of export one tin family taiyo if pressed down is S\$1,000. So even one pawpaw can benefit an old woman, old man or pikinini can get latex from to sell and can pay for their school fee and his educational needs. I dispute what the Deputy Prime Minister said on that score.

My question is on accounting code 1615 on support to the rehabilitation of the copra and cocoa industry.

Hon Darcy: Point of order. Do not lecture to us but just ask your question.

Mr Haomae: You do not lecture me too.

Hon Darcy: That is what I am asking you.

Mr Haomae: I am asking the question now. You have all the rights under the Standing Orders to answer questions and I have all the rights under Standing Orders to ask the questions. So just wait to answer the question.

On support to the rehabilitation of the copra and cocoa industries, the allocation here is only for rehabilitation. If a farmer wants a new cocoa farm, where is he going to get assistance? That is the question.

Hon Kaua: I thought I have already explained cocoa and coconut. Farmers have different needs. Some farmers need to rehabilitate their plantations to plant new seeds and some might want to plant new plantations. As we would appreciate the coconut trees we are harvesting now were not planted by us but were planted by our forefathers. So I believe this is the time now for us to replant new coconut trees ourselves so that we own them. That is the reason why we need to rehabilitate cocoa and coconut.

Definitely it is going to take time. If you want to plant a breed of coconut that bears much fruit then research has to be done, and this will take time. Farmers are going to be helped in many ways. But their needs do vary from one farmer to another. This is where I said that experts, people who know about agriculture and all that will decide when they go to see the farmers and assess their needs and they can help that way.

Mr Gukuna: The government made some payments over the weekend relating to oil palm project. I just want to ask whether that money comes out from this allocation or comes from somewhere else.

Hon Kaua: The money that we are seeing here is not yet approved, so how can you expend money that is not yet approved by Parliament. No! The money that was spent over the weekend was allocated for the project from last year.

Mr Taneko: Accounting code 0686 – ROC Funding National Cattle Development Project. We have been talking a lot about rehabilitation of copra and cocoa, and cattle is also another

area that can boost our economy if every people in our nation Solomon Islands can produce.

There are tons of cattle in my constituency. This is the provision that can assist cattle farmers. When we import meat from Australia, New Zealand, Vanuatu, I think Solomon Islands can produce cattle.

Is the Ministry in a position to have a national abattoir where every farmer can take their cattle to for slaughter and production of meat?

Mr Chairman: I think I should remind the House that the time for general debate is over. Ask your questions, make your points straight and honourable Ministers must also answer your questions to the point so that we can progress smoothly.

Hon Kaua: If you had listened to what I said during the general debate, I mentioned that there is going to be three slaughter houses in our country. One slaughter house will be in Malaita, another one on Guadalcanal, and the last one on Temotu. If those slaughter houses are ready the need to bring all these cattle to one place for impact will be there. As I said this is just a beginning but if there is need to have one more in the Shortlands, certainly we can look into it. But let us start and as we go along and we see the need for another slaughter house then we can put it there. It is good too if we have slaughter houses everywhere throughout the country. If a slaughter house is placed in a certain location it must be fully utilized. It is not good if the same thing that happened to the fisheries centres happens with the slaughter houses. For example, a fisheries centre was established at Afio but because the people in that area are not fishermen, everything rusted away and nothing became of it. That is why it is very important to identify where the need is before something is put so that it can be fully utilized by our people. I think that should be the last answer to general questions.

Mr Rini: Accounting code 1619-5799 – Development of Exotic and Indigenous crops. Can the Minister explain what type of crops are these?

Hon Kaua: Exotic and other crops are chilies, onion, English potato, and all these come under the word exotic products as well as other things that we might want - the small things.

Mr Lonamei: National Cattle Development Project, and I understand this \$9.7 million is only for Malaita and Guadalcanal. Is the Minister thinking of putting aside funds somewhere may be centrally to meet the cattle need of other provinces as and when the need arises? I understand a former MP of Isabel made everything ready like planting of grass and fencing around his area but up until today there are no cattle to go into the fence.

Hon Kaua: As I mentioned already some of the criteria to be provided with cattle this time is that you need to have enough land and good pasture for the cattle. These are the criteria anyone must have. As I said this is just a start and so do not worry. If you secure some good land on Isabel, cattle will be given to you.

At the moment only some areas have cattle but the rest do not have it. What we are trying to do here is to make sure we contain our needs at this time. The land owned by the government at Black Post will be used to start with. Certainly as time goes on every province must have cattle farms because it is everyone's need. But we have to start off first in two provinces. If we spread all over the place, and with the number of personnel we have this time, it will not cover everywhere.

Mr Rini: On funds administered jointly by aid donors and the government, if I can ask the question under World Bank Rural Development Program, can the Minister explain what this program is?

Hon Kaua: I believe you might have noticed that there is a group going around this time, which is a joint effort by this group going around the provinces to identify what things you can do, apart from what you already have in order to further develop the rural program. This is jointly done by the World Bank and the government.

This group has already gone to Malaita and it will be going to Choiseul towards the end

of this week. This is a joint venture which also helps to complement our efforts in the rural program.

Head 470 - \$20,091,966 agreed to

Head 472 - Ministry of Education and Human Resources Development

Mr Rini: On ROC funding project USP Campus - initial development of \$750,000.00. Can the Minister explain what these initial developments are?

Hon Sikua: Mr Chairman, the allocation of \$750,000 for the initial development of the USP Campus, is mainly to do the initial detailed drawings of the buildings that we are going to build on the site.

Mr Gukuna: Distance education development program is very important for us. Why did the Government not commit its own funding to help develop education instead of relying on ROC?

Hon Sikua: At the moment ground work and drawings and all that kind of things is going to be done in partnership with the USP and the Republic of China.

A substantial input into the actual establishment of the Campus will be done by the Government when the detailed costing is ready after the initial development and drawings become clearer.

Mr Rini: On the funds administered jointly by donors and government. Project 0680 under EU for education global work program 99/018 and work programs 1, 2, 5 & 7, the operating cost is \$24million and equipment is \$36million.

Can the Minister explain what this project involves under this work program of 1, 2, 5 & 7? What kind of work is involved with this very big amount of money, almost \$76million?

Hon Sikua: These are ongoing projects with the EU. The first main activity is to provide grants to 173 secondary schools, which is day students \$500 and boarding \$750. The other one is the significant infrastructure provision and

improvements in 100 secondary schools. The other one is improvement of learning through the provision of text books in major subjects provided in the 173 secondary schools to support our education sector investment and reform programs through capacity building. It is our continuing support to vocational technical education and Vanga Teachers College. The establishment of a distance and flexible learning project, and just the overall management of our education sectors through the sector wide approach.

It encompasses activities that are quite varied in the education sector, basically in secondary education, technical vocational education and training as well as distance and flexible learning.

Mr Rini: Is this different from the other two projects also funding by EU under STABEX for Project 472-2224-0683, which is supply of text books, distance learning, IT and all these, and also the next project on secondary school grants. Is this work program different from those two?

Hon Sikua: I think the change has been made through EU regulations that all these programs should all come under one global work program rather than having separate work programs. But because of the way the budget is set out, that is why they come out as different ones, but they should all be under one common global work program.

Mr Rini: Mr Chairman, Project 0620 AusAID funded projects for Solomon Islands training scholarships. What about this amount, is it for the ongoing students or new students? The same is with the NZAID and further down is another scholarship training award. Are these amounts new ones or ongoing ones?

Hon Sikua: Both of these scholarships programs are on going programs.

Head 472 - \$17,450,000.00 agreed to

Head 473 – Ministry of Finance and Treasury

Mr Riimana: Mr Chairman, my question is on rural credit and banking extension scheme. Can

the Minister explain if there is any policy put in place for the disbursement of this fund? How would the rural people access this fund?

Hon Darcy: Mr Chairman, this is not for disbursement. It is for credit guarantee, and that is that the criteria as to how possible applicants to the banks can use it will be designed and will be put out to the public for the information of the public.

This credit guarantee scheme is basically to cover the risk that banks would normally face in lending funds to applicants. It is basically just to cover the risks of banks.

Mr Gukuna: This business of credit guarantee is not a new thing. It is something that started a long time ago. The problem with it is that it never appears to work. It is very hard and this is not good enough to convince the banks. In the past we have problems with the banks not accepting government guarantees.

I would just like to ask the Minister whether he can guarantee that this is going to work because a lot of people are listening to these figures and are very excited. What guarantee is there that the banking system will accept government guarantee this time around?

Hon Darcy: Mr Chairman, this does not work in the same way that guarantee is provided for under the Loans and Guarantees Act. This is a guarantee that a lump sum of money will be placed with the Central Bank, and applicants who wish to apply for loan with the banks they will have to first prove that their project is viable, secondly they have sufficient security to enable the banks consider their proposals, and that where the bank feels there is still some risks involved in them lending that money, this is what that money covers.

It is not a guarantee arrangement under the Loans and Guarantees Act, it is a guarantee that will be provided through the Central Bank. The seed money will be put to the Central Bank, the government will have no say in it, it will be developed based on commercial and credit arrangements that will be determined by the banks and the Central Bank. It is going to be applied that way.

Mr Haomae: Whether this scheme will be similar to the scheme run before by the Central Bank. That scheme has not benefited anyone in the rural areas but it only benefits every one in Honiara?

Hon Darcy: Yes, it will operate in the similar way the Central Bank operated. In fact the scheme operated by the Central Bank is quite successful. If one looks at reports that were produced in relation to this particular credit guarantee provided by the Central Bank in the past, it has been a very successful scheme. This one will operate in the similar way except that it is more expanded in terms of the amount that will be guaranteed through that arrangement.

Mr Gukuna: The scheme that was operated by the Central Bank in the past is totally for business expansion. There was no provision to cater for startup business, and that exactly is the problem. The problem with our business people is that they do not have the money to start the business. The facility was only provided for the startup. The problem here is that the banks are not prepared to take any risks.

I think what our people need is a bit of money set aside by the government or even prepare to absorb some of the risks. That has been our problem.

I am just wondering whether the government, considering what has happened in the past with the scheme at the Central Bank, is prepared to put a bit of risk capital or venture capital because I think that is what is needed. We know that the banking system is going to be hard because they will have to go through the same appraisal process that they have been following. I think what will convince them to lend is to have some assurance from the government that this money is a venture capital fund to make it much easier. Even I can see it is going to be still very hard.

Hon Darcy: That is exactly what this scheme is all about. It is to provide for the risk - the risk that banks would normally be exposed to. Even though a project is viable they would still need security to access the loan but still the bank feels that there is risk associated with lending. That is

what this scheme is all about. It is to provide for that risk.

In terms of startup capital, if the proposal is viable and there is sufficient security submitted by the applicant, the money is there in the financial institution. It is that little bit of risk that banks are normally so concerned about is what this money is there for.

Mr Zama: National village resources survey. In my view this is an important project and I just want the Minister to explain how all 50 constituencies are going to be pooled into this survey?

Hon Darcy: The way the survey designed is that it should cover the whole country looking at both demographic and population in the whole country. May be because of limitation of resources in the past, only one or two communities in the provinces have been sampled. What we are trying to do here is that we are trying to target more communities as part of this survey so that the results can be more realistic in that way.

The additional resource here is to expand the existing survey that has already been carried out last year so that we are able to cover areas that have not been included in the original samples that were done in previous surveys. That is what this provision is for.

Mr Riumana: My question is still on Rural Credit Banking Scheme. The terminology here is 'rural'. Now that the Minister explained it is a guarantee, my question is that it will end up again here in Honiara. Is there are mechanism put in place that this fund will equitably distributed to our provinces or our constituencies?

Hon Darcy: It is a very good question. That is why the later part of the title refers to that one, and that is banking extension. The banking extension is really to encourage financial institutions to extend their outreach program into the rural areas. We have heard about mobile banking, we have heard about postal services banking where banks are operating through Postal Agencies so that people can do savings and deposits through Postal Services.

There will be a new arrangement that the Banks will officially open, and that is using the Postal Services and the banking facilities like the ATM (automated teller machines) in one of our rural areas where the whole system will be powered by solar and therefore there will be no need to depend on diesel fuel to provide power which should become more efficient and less costly to the banks to provide these services in the rural people.

These two components must go together, and that is encouraging the financial institutions to extend their services right down to the rural areas and at the same through those rural banking services provided, information on the credit guarantee scheme will be provided through those rural extension services for people to apply for loan. Go and get information how to apply for a loan, obtain advice on how to start a business and put up a proposal that can be viable for the banks to consider. So this project is in one package.

Mr Kwanairara: Under funds jointly administered by donors, I see ADB component in there, is that a loan?

Hon Darcy: There are two ADB funded programs here. They are all grants because it is to facilitate technical assistance in the areas of secured transactions reform and state owned enterprise reform, so it is a grant.

Mr Haomae: Rural Banking Extension Scheme as regarding credit is rural banking extension scheme which will operate in the rural areas. Who is going to meet the insurance of this banking scheme? Will it defray from this provision or will it be met by someone else? Who will meet the insurance for the banking extension services? Will it be taken out from this provision or will it be met by the Central Bank or who?

Hon Darcy: It is in two components. The \$10million is for the rural credit guarantee scheme and that \$10million has already been deposited in the Central Bank. That \$5million is for the banking extension scheme and that is for the government to subsidize the cost of financial institutions extending their services to the rural

areas. That is the second part which is \$5million.

We will be inviting the banks to apply to the government through certain criteria that we will establish to determine whether or not they can qualify for this funding in ways that they see how they can extend banking services to our people in the rural areas. So \$10million is for the rural credit and \$5million is kind of an incentive to the financial institutions to extend their services to the rural areas.

Mr Haomae: He has not included the factor of insurance, which is my question.

Hon Darcy: Insurance is a matter for the banks to deal with. This is basically the cost that is taken for them to establish their services in the rural areas. Insurance is a matter for the banks because they are in the business of banking and so insurance cover is rightly for the banks. We can only subsidize certain costs they face.

Mr Haomae: That is the gist of the matter. If the insurance factor rests with the banks they will not prepare for it.

I was involved in Small Malaita in setting up a bank extension like this but the bank is asking for who is going to provide insurance for the distance. If a truck is hijacked or the person carrying the money on the road or in the ship is hijacked, the insurance factor becomes important in this area.

In the past the Central Bank subsumed this by virtue of its currency trading overseas when it traded Solomon Islands Dollars from one currency to the other and it makes money and it meets insurance out of that. But if the Minister is saying that it will be up to the banks then I can tell you that the banks will not accept that factor of insurance.

Hon Darcy: The banks have assessed the risk of providing services inside the county. They have assessed it, and with discussions we have had with them, they are quite comfortable in providing the service to our rural people. Risk in providing services is faced by business people. Even here in Honiara no one can stop anyone to walk inside the banks and rob the banks. There are ways of operating a system

that will not expose them to a higher risk. For instance, the ATM system, there is a lesser risk associated with that because you do not just hold the machine in the cash box, it is a well protected system and therefore to break the machine will be difficult.

The risk of operating business in the country is there and that is why insurance must be provided. But in terms of the banks that are operating in the country, they have already conducted their assessments on the risks faced they face in operating throughout our country. But there is a strong indication from the banks to support this program.

Mr Gukuna: It is now clear that \$5million out of this \$15million is to help the commercial banks to extend their services to the rural areas. In my understanding the banks are always happy to extend their services to the rural areas. They have money and they are keen to do it. Their problem is the operation. The commercial banks are saying that banking operation in the rural areas is under viable. I think this money is targeting the wrong area, this \$5million because the banks are willing to extend their services but the operation part is the problem. I think this \$5million could be better used if it is targeted to subsidize the operations of the banks. That is the problem of the banks. It is not extended; the banks can take care of that. I think this \$5million should be allowed or given to the banks to subsidize their operations so that it will be attractive to the banks.

Hon Darcy: That is exactly what this scheme is all about. Banks that have shown their willingness to extend their services to the rural areas can apply to the government and there will be criteria as to how they can apply to access this funding. It is to help them where there is a risk involve to establish the services in the rural areas and where cost is high, this is what this funding is there for to assist them. That is exactly what this funding is for.

Mr Haomae: I'll give the Minister the benefit of doubt on the score that I have tried it already and it is not assumption. If there is no insurance the bank will not accept it for the purpose of risk factor.

On national village resource survey, accounting code 473-2235-5799 funded jointly by the ROC and the SIG, who is going to participate in this survey? Is it the SIG or the Secretary to the Prime Minister or NGRNGOs or who?

Hon Darcy: Under the Statistics Act of Solomon Islands, only the Statistics Division can carry out survey. In fact the law is very clear as to who has the authority to conduct survey and census in Solomon Islands, and that is the Government Statistics Division.

Where we may need to get other organizations as part of the survey, we will do that. But it will be done through the proper authorization under the law and that is the Statistics Act. That is on this village survey.

On the comment the honorable Member said about the difficulty in banking services in Solomon Islands, there is always the problem of banking in Solomon Islands. We will take note of the concerns and comments raised, but for the time being we have no reason to disbelieve that the banks will participate in this program.

Mr Haomae: I thank the Minister for his question under the Statistics Act which is straight forward. I just want to make that point that the process of doing the national village resource survey that we could include others especially our University Students that come home for holiday during their leave overseas from PNG, USP and other universities throughout the region and elsewhere in the world. The survey is very important and I do not dispute it. I do not want just someone to do the survey but according to this Statistics Act because sometimes in my experience they do not tender it out. I just want to impress that point to the Minister.

Hon Darcy: Under the Statistics Act, anyone conducting survey has to be authorized under law. This is something that has been ignored for sometime. We are starting to do that, that all those who are assigned or engaged as enumerators have to be assigned to do those tasks under the law, and that is exactly what we are going to do.

In fact last year, on this village resource survey, we have used students from the College at SICHE during holidays to conduct survey and some of them are still doing it right now here in town visiting the settlements. The concern the honorable Member is raising is noted. The whole purpose of survey is to use people who understand the task of doing survey and to relate to people the purpose of the survey.

Head 473 - \$20,292,379 agreed to

Head 474: Ministry of Foreign Affairs, External Trade and Immigration

Mr Haomae: On the Port Moresby Chancery – whether this \$6million should go towards meeting the spill-over effects of Choiseul Province, which the MP for North Choiseul has questioned this earlier on. Otherwise we build this Chancery and another person will hide inside.

Hon Oti: This is a commitment being made by two previous governments and we are just honoring it.

Mr Gukuna: There is no provision for trade and immigration development. Are these areas all right?

Hon Oti: That is why there are no figures appear on the development budget.

Mr Rini: The note at the bottom there says that this amount of \$6million have been transferred to the SI Government Is this money already in the consolidated fund?

Hon Oti: As the footnote indicates this money was already paid in last year and it is in the Central Bank.

Head 472 - \$6,010,500 agreed to

Head 476 Ministry Of Health And Medical Services

Mr Kwanairara: It seems that the above items are all materials. My question would be on the funds administered jointly by donors and the

government. Can the Minister explain what he meant by Health Sector Wide Approach?

Hon Soalaoi: The Health Sector Wide Approach is a new mechanism that will pull together resources from our aid donors, and which will start on October this year. The Health Sector wide approach simply means other sectors can assist in ensuring health services are well provided. The Health Sector Wide Approach has the initials (SWAP) which simply means sector wide approach. It is not in place yet. At the moment the operation and development initiatives of the Ministry are funded under the current fund, which is referred to as HSTA.

Mr Rini: Under funds administered jointly by donors and the government on the same head - 0620 AusAID Health Sector Wide Approach. If you look at the note at the bottom page, it says Sector Wide Approach (SWAP). Is this the same swap in the recurrent budget? This amount of \$22.6million is for swap in the recurrent budget and in here again this \$22million is also in the development budget. Can the Ministry clarify these two swaps funding? One is in the development budget and the other one is in the recurrent budget.

Hon Soalaoi: It is the same swap. Why it appears in both the recurrent and development estimates is because I have said the swap mention because it is ready to takeover the HSTA or Health Sector Trust Account.

Mr Haomae: Rural water supply and sanitation for the Provinces. How many water supply project is the Ministry planning to construct this year using that very little money.

Hon Soalaoi: To answer the question from the MP for Small Malaita, I want to refer him to page 49 of the explanatory notes of the development estimates.

Mr Rini: Mr Chairman, health sector trust account. Can the Minister explain what areas do they use this funding under this trust account? Is it similar to SWAP or different? I just want the

Minister to explain what areas do they disburse this \$26million on.

Hon Soalaoi: This fund is to assist the Ministry in its operation and development initiatives.

Mr Haomae: Mr Chairman, the Minister referred me to page 49 on the implementation of the rural water supply projects in rural areas and it is only for Guadalcanal and Malaita Provinces. What about the other provinces?

I know that Tinggoa is specifically provided for in Rennell and Bellona, Tulagi and Gizo, but what about the other provinces. Temotu is provided for but some other provinces are not provided for.

Hon Soalaoi: Mr Chairman, in fact these projects come under phases, and I have a list of all the provinces here with me, which I can make available to Members of Parliament.

Mr Kwanairara: Accounting code 0911 - Global Fund Malaria, Tb, HIV programs. I think the disease HIV/AIDS is increasing. I think this allocation is not enough. This is a very dangerous disease that we should not be taking lightly. We must put more money into this to educate our people now.

Hon Soalaoi: Mr Chairman, I agree with the MP for North Malaita that it is becoming dangerous. There are preparedness plans prepared by the Ministry. The programs are spelt out in our 2006 – 2010 Strategic Plan. I take note of the concerns made by the MP.

Mr Haomae: I think the Minister's problem can be found in the explanatory notes down there, which says Lata Water Supply project is yet to be formally approved for implementation. The World Health Organization (WHO), UNFPA and UNIFEM are known to provide modest support to this Ministry but have not provided financial information. That is the problem of the Minister.

The organizations that are providing the provision for rural water supply and sanitation in the rural areas have not given any indication, commitment whether they are going to provide funding for the Ministry. This is a very serious

matter and that is why it can be seen under SIG. I do not believe the SIG is going to implement these projects because it does not have money. In Malaita, the policy is one third contribution. We already paid one third contribution for every water supply in Small Malaita, but they are yet to be constructed because the government has no money because these funding agencies did not provide money for the materials.

That is why I was saying it is the problem of the Minister. The Minister must work hard on this. Answer my question properly plus the Minister of Foreign Affairs, his role is the International Organizations and not chasing them around as what you have been doing. You must have good relationship with the international organizations because the one at Lata is yet to be approved for implementation too. And the water supply for

Hon Oti: Point of order. We are taking up time talking about figures that are not in the appropriation. We should concentrate on what is contained in the appropriation bill. Those projects that are mentioned here are irrelevant to the appropriation.

Mr Haomae: Mr Chairman, I am raising a point because the allocation is too small to cover the whole country. I am beginning to wonder whether the Minister Foreign Affairs is worried about the rural people of this country.

Hon Oti: Mr Chairman, I am worried about the procedures in Parliament. Let us stick with the Standing Orders.

Hon Darcy: Just to answer that comment. We are supposed to answer questions but I am going to answer that comment.

For the Lata water supply, Mr Chairman for the information of the House, a proposal has been submitted and has been approved. At the time when this budget was put together that indication has not come from the donor. In terms of support from donors on the health sector, there is no question of donor support on the health sector. However, we might want to politicize the way we talk about these issues, donors' commitment towards the health sector is firm. In fact the word used there as 'modest' is

just to show that we do not want to boost about the kind of support that donors are putting in. These are respectable kind of terminologies being used so as not to raise people's expectations.

For the information of this House, it is the first historic trip undertaken by the Board of Directors of the ADB to this country. He is inside the country this time, and they are in full support of this government's programs. Also for the information of the House, the President of the Asian Development Bank will be here on the 12th April just to show the kind of donor support that you are trying to rave out and sensationalize in this House. That is just nothing.

For the President of the Asian Development to come to Solomon Islands on the 12th April, what do you think of that? That is confidence building. It would be the first time ever for the President of the Asian Development Bank to come to Solomon Islands.

Mr Rini: Accounting code 0683, funding source is EU/STABEX, Competent Authority for Fish. This one I understand is for export to meet requirements at the EU markets. Does this authority also look into the quality of local fish at the markets?

Hon Soalaoui: Yes.

Head 476 - \$6,654,322 agreed to

Head 477 - Ministry of Infrastructure Development

Mr Haomae: I would like to ask the Minister to explain the difference between and road improvement whether rehabilitation is for existing roads and improvement is for new roads.

On the top there it says post-conflict road rehabilitation under ADB funding and if you read it with the other ADB down there it say road improvement program.

I know what a program is but I want the Minister to explain the difference between improvement and rehabilitation. I wonder whether the word improvement means new roads because rehabilitation means rehabilitating existing or old roads. There is need to build

roads in Small Malaita and that is why I am asking this question.

Hon Sofu: The post conflict road rehabilitation is one of the programs that focus mainly on roads that have not been carried out under the present project. The road improvement project is a five year project that will end in 2011.

Mr Rini: This road improvement project under ADB, is it going to cover the main roads of Honiara or will it also covers the feeder roads of Honiara.

Hon Sofu: This one will cover one hundred kilometers of road in the rural areas in the provinces.

Mr Tozaka: Mr Chairman, on completion of the Gizo road with \$800,000 from the Republic of China is specifically granted to the Western Province for tar sealing of the Gizo road. It doesn't appear in the 2007 budget. I gather from information that this is particularly for tar sealing of the Gizo road. Can the Minister explain whether that tar sealing has been done?

Hon Darcy: Mr Chairman, this fund is being held in a reserve account at the Central Bank. We are still waiting for the Western Provincial Government to sign an agency agreement with the Ministry of Infrastructure and Development so that the fund can go directly to a special fund to be establish under that agency agreement so that it does not go directly into the provincial coffers. That is the situation on the Gizo road.

Mr Taneko: I want the Minister to confirm this post conflict road rehabilitation because there is an allocation there for Guadalcanal and Malaita and the Minister answered that it is for every province. Can you confirm that this assistance is not only for Guadalcanal and Malaita?

Hon Sofu: The specific program is meant purposely for Malaita and Guadalcanal roads that were affected by the ethnic crisis.

Mr Rini: Mr Chairman, under funds administered jointly by donors and government, accounting code 0683, funding sources

EU/STABEX - wharf construction and this is the second phase. I have the following questions. Has this project already tendered and a contractor identified? How many wharves are going to be built under this second phase? Where are the wharves situated?

Hon Sofu: For the information of the Honorable MP, the project for the seven wharves has already started. These seven wharves are distributed as follows: 2 in Temotu, 2 in Makira and 3 in Malaita Province.

Mr Haomae: Item 3114-0851 – post conflict road rehabilitation. Is the road in Small Malaita inside in here from Afio to Olosu'u as this is rehabilitation? I support him but I want him to confirm to me whether it is included in here or not.

Hon Sofu: This program only covers main road of these two provinces - Malaita and Guadalcanal and does not include Small Malaita.

Mr Gukuna: I would just like to advise the Minister that Mbaegu/Asifola has a very important wharf in Sulufou. Every time a boat berths at the wharf we always argue because it is a private wharf. Can the Minister put a good wharf there so that ships can berth at the wharf?

Hon Sofu: It that a question or comment?

Mr Gukuna: Advice, I think.

Mr Taneko: I want the Minister to take note of this as well. And it is for our information. In my constituency there is a best wharf there in Mono in the Treasury Islands. It is a best wharf that ships can use.

I want the Minister to be aware of the distribution of these very important infrastructures. We must assess whether production is happening before building of wharves. I am happy the Outer Island has this good wharf but it should be put at the right place. I think the Ministry should consult with MPs and people before deciding where a wharf is to be constructed.

Hon Sofu: Mr Chairman, thank you for the comment or statement made by the Honorable MP for Shortlands.

I wish to inform this Honorable House that this present government has come up with a concept of identifying priority area in our provinces to fit in well with the national transport plan.

Mr Haomae: If Small Malaita road is not included under the post conflict road rehabilitation then where in here is it included. Is it under the road improvement program sponsored by RAMSI and NZ?

The Minister is referring to feeder roads but many feeder roads in Malaita were just rehabilitated. Is it under this road improvement program?

Hon Sofu: My Ministry has put in the 2007 budget manpower to go out and identify roads that can be constructed in the rural areas.

Mr Kwanairara: I am not asking any question here but I just want to ask a general question on the basis of selecting which places a wharf is to be constructed. Some say it is based on production, population and etc. North Malaita Constituency is producing the highest copra in Solomon Islands compared with Noro. So far we have heard a wharf is going to be built in the constituency or a wharf will be constructed in Bitu'ama or in Malu'u. I would like the Minister to assure us when would be the right time to build a wharf in my constituency?

Hon Sofu: For the information of the Honorable MP a wharf is going to be constructed in Bitu'ama under the second phase EU infrastructure project.

Mr Koli: Just to seek assurance for both of us, the MP for South Guadalcanal and MP for East Guadalcanal concerning a survey that has taken place late last year by AusAID on the Marau to Kuma road. What is the outcome so far? Has a report been produced and handed to you?

These two constituencies always have bad weather, as my honorable colleague expressed in his debate last week and we really need the road from Marau to Kuma to be

constructed. When seas are rough these two constituencies are really handicapped.

Hon Sofu: That important concern is well taken. The present government is basing its assessment on priority areas that each of the provinces come up with.

Mr Haomae: Mr Chairman, I think the Minister still has not answered my question on accounting code 0851 funding from ADB. Every costing and survey work on the Small Malaita road was hand delivered to the Minister by myself. This road is approved by the old Malaita Executive Committee, and a report on that road has already been sent to the Ministry of Infrastructure. This road was surveyed by engineer of the Ministry of my colleague, the hard working Minister for Infrastructure. So there is no need for me to go back. If it is not included in this project, which is it included under? Or do we really miss out from this budget? That is what I would like to know so that we can look for funding somewhere else.

Hon Sofu: Mr Chairman, the honorable Member did not make it clear to me today and that is why I did not answer him properly. But now I am going to answer him. The road that was surveyed by an engineer of the Ministry last year and was endorsed by the Malaita executive is now with my Ministry.

Mr Fono: Mr Chairman, on post-conflict road rehabilitation. Can the Minister confirm that this funding has also helped to improve the Honiara Main Roads when initially it is intended for Malaita and Guadalcanal?

Can the Minister assure the House that this money is not only spent in Honiara? I understand bridges that are supposed to be constructed in Malaita and Guadalcanal are on hold because money has run out. I understand that in Malaita only the south roads are building bridges this time but not yet in the north.

Can assurance be made to the House that we did not overspend the money because it is US \$10 million initially under the previous government? Can you assure the House that we spent this money on Honiara Road Improvement and Guadalcanal and Malaita are missed out?

Hon Sofu: Mr Chairman, this project was purposely meant for Guadalcanal and Malaita Provinces. What happened is that since Honiara is inside Guadalcanal it is also part of this program.

Mr Fono: Mr Chairman, what guarantee do we have that we do not overspend this money on the Honiara Road Improvements which made Malaita and Guadalcanal bridge rehabilitation not possible? Or is there any other funding that can take over to contribute towards completion of the roads? As far as Malaita is concerned the road from Malu'u to Fouia is not yet opened because Fouia will connect Mbaegu/Asifola where the Deputy Prime Minister comes from.

(hear, hear)

What guarantee is there that these funds will cater for that road until it gets to Fouia?

Hon Sofu: Mr Chairman, the project is still continuing and may be it will be completed by October this year 2007.

Mr Zama: Mr Chairman, the information I have is that some hard woods such as vasa were used on the bridges that were rehabilitated under this program. This is very important. The question is, have we run out of cement, steel or reinforcements and that is why they are using these things on the bridges? It is important to use something that will last long.

Hon Sofu: Mr Chairman, that is a very important concern and my Ministry has taken note of it. That is why under the program work has started to replace the vasa logs that have been used to build those bridges.

Mr Rini: Mr Chairman, there are three sources of funding on the roads. One is from ADB, one from AusAID through RAMSI and one from NZAID through RAMSI. I just want to know which roads are funded under ADB, and which roads are funded under AusAID through RAMSI and which roads are funded under NZAID through RAMSI?

Hon Sofu: Mr Chairman, under the program there are three - Australia, New Zealand and the ADB. Australia and New Zealand will be focusing on the repair maintenance in other provinces while the ADB will concentrate on rehabilitation projects. I think I have answered your question.

Mr Pacha: Mr Chairman, I still refer to the question raised by the MP for East Guadalcanal. A survey was carried out last year by RAMSI or NZAID on this Kuma-Marau Road. Have you received a report of the outcome of the survey? If so, the two of us would like to have your assurance that this road is going to be constructed. We would like to hear that.

Hon Sofu: Mr Chairman, I take note of your concern and I will take it with my Ministry.

Mr Gukuna: Mr Chairman, this post conflict road rehabilitation in Malaita is funded using a loan? I can remember the Minister's Budget Speech that he does not anticipate any borrowing this year. Is this loan a new one or an existing loan carried on from last year?

Hon Darcy: Mr Chairman, this is an existing loan, which was actually disbursed some three years ago. It is not a new loan. It is a loan that comes as part of the ADB's program to assist the country after the post conflict era.

Mr Haomae: Mr Chairman, item code 0683 – Transport Fund and Transport Fund Review. I support the Minister in terms of the trust fund. What component of this allocated amount will go towards the trust fund review?

Hon Sofu: Mr Chairman, I want the questioner to repeat the question.

Hon Darcy: Mr Chairman, transport trust fund is established under the provisions of the Public Finance and Audits Act for the purpose of holding Stabex funds that come in to look at the overall transportation development in Solomon Islands.

The review component there is basically to look at the review of the use of that fund in future. It is a requirement of the donor, Stabex

that there is proper auditing of the trust fund. As you know the European Union is very much concerned about good governance and good practices in financial management and therefore at the end of all programs or at the end of any reporting period, they would normally require that some sort of review or audit of the use of funds will have to be carried out. That is why you see specific emphasis on review because of the donor's requirement.

Mr Tozaka: Mr Chairman, code 5799 – Gizo Water Supply - \$4 million. I am pleased the Government has allocated \$4million to Gizo Water Supply. Is this substantial sum of money going to be reinvested to the existing source of water which is giving problem to the township of Gizo or is it going to be invested for a new source?

Hon Sofu: Mr Chairman, this \$4million is meant for the new program.

Mr Haomae: Mr Chairman, I think the Minister of Finance has not answered my question. My question was not directed on the justification of the review. That I know. I did not ask for justification of the review. What I am asking for is how much of that allocation is going to be spent on the review. That is the question.

Hon Sofu: Mr Chairman, the transport fund and the trust fund are just one, and the input of the Solomon Islands Government is \$4.6 million that you can see there. That is to answer your question.

Mr Fono: Mr Chairman, when did Parliament pass a bill to establish this trust fund? Is the Government operating an illegal trust fund according to section 100 of our constitution?

Hon Darcy: Mr Chairman, the trust fund is a matter for the Minister of Finance to authorize under the Public Finance and Audit Act. The provisioning of funds to that trust fund is what we are appropriating now. Approval for establishment of the trust fund has already been granted. The provisioning is what we are doing now. This whole process and the exercise complement what the law requires us to

establish the trust fund. The government did not act outside of the constitution or the law in establishing this trust fund.

Mr Gukuna: Mr Chairman, I have not seen any money here for the national transport plan. What I see is for study and review. Can the Minister confirm that that plan is not coming into effect this year?

Hon Darcy: Mr Chairman, as soon as the budget is passed any appropriation that is done based on that plan will commence. It is for over a long period of time, a period of five years or something like that. That plan has rolled over a period of time and what we are appropriating this year is basically what we see can be afforded by both donors and the government in expending towards meeting some of the priority areas featured in those plans.

Mr Zama: May be a bit of clarification on the presentation of some of the terminologies used. Section 100(2) of the Constitution talks about the establishment of special funds, and I think the Minister raised the issue of trust fund under the Public Finance and Audit Act.

During the presentation of the budget we talked about a lot of these funds at the back on page 49 which talks about these special funds. I am just wondering if that is the right terminology because I think it is very clear under section 100(2) of the constitution that Parliament must make a provision.

What I want to raise here is, if that is a wrong use of terminology that instead of it being a special fund it should be a trust fund that the Minister under the Public Finance and Audit Act requires it to be established.

This is just a point for the Minister to take note and may be the Minister for Development Planning for future preparation of the development budget to rephrase those wordings. The Leader of the Opposition has raised a point about special funds that only Parliament can make provisions for. But the other funds that are currently being applied by the Department of Health and others, they directly come under the Public Finance and Audit Act.

For preparation of the budget, if the Minister can assist the Ministry of Development Planning in the future to use proper terminology or wording?

Hon Darcy: Mr Chairman, I see no problem at all with the terminologies used in the way we treat the various funds mentioned in this budget.

Under the Public Finance and Audit Act there are provisions there for the establishment of trust funds and special funds. Section 100(2) of the Constitution only talks about the provisioning and that is what we are doing right now in this budget. Where the law does not provide for the provisioning, then the budget has to provide for the provisioning. That is what we are doing here.

If you look at all other references in here you will find that the various provisioning that have been made there. Provisioning does not mean enacting regulations for the special funds. It means you have to provide for in the appropriation act. That is what we are doing here.

The power to establish special funds and trust accounts is under the Public Finance and Audit Act. The Parliament has already authorized the Minister to establish it. I see no difficulty at all in the way the funds have been treated and provided for in these estimates.

Mr Haomae: Mr Chairman, my concern about these trust funds on the two components has not been answered by the Minister for Infrastructure.

I agree with my good friend, the Minister of Finance on the trust fund. We cannot pass two acts at the same time. Section 100(2) of the Constitution provides for that and when Parliament passes an act like the Civil Aviation fund, which is provided for under that one. For flexibility and purposes of policy is what is under the Public Finance and Audit Act, and that is this one. So it is straight.

My question is on the review part of it. My concern is that if we are not careful the review part of the trust fund might explode and eats up a good component of the allocation. That is why I am asking for the actual allocation of the trust fund and the allocation of the review. That is the question the Minister of Finance did not answer as well as the Minister for

Infrastructure, and that is why I am asking it again.

Hon Sofu: Mr Chairman, the concern of the honourable colleague is very important. I take note of it and will provide the answer later.

Mr Tozaka: Mr Chairman, 5799 – Buala-Gozoruru Road. I notice that there is provision for Gizo Water Supply on 2008 but there is none for Gozoruru. Is Gozoruru a one off payment and nothing for next year and the following years? Will that project be completed in 2007?

Hon Sofu: Mr Chairman, the Buala-Gozoruru Road is supposed to be completed in 2006. But as I have answered a question in Parliament last time, it has been carried forward to 2007, and we will do that.

Mr Taneko: Mr Chairman, the inter island transportation diagnostic. This is very important for the Ministry. During the colonial days up until now there is enough information on inter island transportation. And here we have \$2.9million to be spent. Does the Minister any plans to improving the equipments on transportation? I have not seen it in the allocation here because that is very important for us today because we have the problem of transporting passengers and not enough equipment. Can the Ministry have such equipments to improve this facility?

Hon Sofu: Mr Chairman, the honourable Member's concern on this program was completed in December 2006. There were trainings conducted by the Ministry of Infrastructure for private ship owners and marine officers understand what is safety and other related things on marine.

Mr Zama: Mr Chairman, I wish to assist the Minister, and may be caution him on this provision under the Public Finance and Audit Act. In my view, the provision in the Public Finance and Audit Act cannot override the provision in the Constitution because there is really a purpose for that provision. The provision in the Public Finance and Audit Act comes under this section.

I believe there are limitations on the power of the Minister to continue opening up trust funds and special funds because what will happen at the end of the day, if the Minister goes ahead to open special trust funds or special funds is that the consolidated funds will have no money inside. That is the limiting provision in there.

Mr Chairman, I just want to suggest to the Minister, and I know he is very well aware of the issue, therefore to help him and guide him in may be future preparations.

Head 477 agreed to

Proceedings of the committee of supply suspended until 2.00 p.m.

(The Deputy Speaker, Sir Allan Kemakeza took the chair)

(The first half of the afternoon sitting was not recorded)

Head 479 – National Parliament Office - \$1,800,000 agreed to

Head 480: Ministry of Forestry, Environment and Conservation

Hon Kemakeza: This is a joint administered project under the Forestry Division with SIG.

Mr Rini: I understand it is a joint funded project by the SIG and donors. What is the project for? Is it to give equipments to people in the rural areas to utilize their resources or what is this allocation for?

Hon Kemakeza: If the honorable colleague cares to study the budget carefully part of that is going to be administered by TA and the other portion of that will go for reforestation.

Mr Rini: Accounting code 0683 – Funding still under STABEX – European Union project title KFPL. I understand KFPL is doing reforestation. Why did STABEX only fund KFPL but not Eagon because Eagon is also doing reforestation? Can the Minister explain why this funding only applies to KFPL and not Eagon?

Hon Kemakeza: It is according to the statement policy of the GCCG government which prioritises which comes first, and according to the priority KFPL has been inserted as is shown in the Development Estimates.

Mr Kwanairara: Still on the same head. I want to know how many percentage in forest plantations is owned by the KFPL?

Hon Kemakeza: The allocation here for the information of the House is to replant 3,750 hectares of the KFPL plantations.

Mr Kwanairara: Yes, this 3,750 hectares you are talking about, is it owned by KFPL alone or is it a joint-venture?

Hon. Kemakeza: It is owned by the KFPL.

Head 480 - \$4,000,000 agreed to

Head 481: Office of the Prime Minister and Cabinet

Mr Fono: AusAID, RAMSI funding for strengthened assistance: machinery of government. I note here \$80million is for TA. I think government policy is not in favor of TA. Why continue to entertain this kind of program, which a big component of it is on TAs?

Hon Sogavare: I am happy the Leader of Opposition raised that one. That is an ongoing concern the government also has. To be honest we do not have full control over the program that RAMSI and AusAID are implementing here. It is a concern that we also have.

Head 481 - \$2,862,981 agreed to

Head 483: Police and National Security

Mr Haomae: Item code 06686 – Police Housing, is this for Honiara alone or rural areas as well? If rural areas which Police Stations of what Province?

Hon Tosika: My Ministry actually asked for a much bigger amount than this because this \$2

million under ROC funding is not enough. This money is for renovating of Police housing here in Honiara.

If you look at the Police houses they are not up to standard where a human being is fit to live in. Basically improvement to Police housing is still a major problem the Ministry of Police and Prison Service is encountering. But as time goes on we will put a project seeking assistance from government to look at provinces. ROC has allocated \$2 million for Police housing here in Honiara.

Mr Taneko: Still on Police Housing. This \$2 million is part payment of a \$4 million project. The understanding is that this money must be quickly spent so that we can receive more support from ROC. When are you going to spend this money?

Hon Tosika: As soon as this Budget is passed spending will start.

Mr Taneko: The total funding from ROC is \$4 million. Money has been approved and spent already and is carried forward and my concern is that money should be spent now.

Mr Chairman: The Minister said already that the program is going ahead now.

Mr Haomae: The Minister had already stated that Police Housing is only for Honiara. The other item code 5799 is specific for a certain Police Station in Lofung and the other one is specific for Kira Kira and Lata. What about Maka'a Police Station? Where is Maka'a included? The houses at Maka'a also need rehabilitation including West Makira and West Are Are. In fact Maka'a is in West Are Are.

Hon Tosika: I also would like Maka'a to be upgraded. In fact I put an amount against Maka'a Police Station rehabilitation but because of shortage of funds, the government decided to leave it for the next budget when Maka'a Police Station rehabilitation will be considered.

Mr Fono: Information has it that some of our Police Officers are doing training in Taipei under ROC funding. Under what budget did

they undertake that training recently in Taipei or Taiwan? It is not in the Budget.

Hon Tosika: That arrangement was done through a bilateral agreement between Solomon Islands and ROC last year, and funding comes direct from the ROC Embassy and has nothing to do with the amounts under this head. Funds are directly from ROC to assist Police Officers here to train on new areas of protection.

Mr Haomae: Item code 0686 – Community Policing - \$3 million cash also from ROC. Is this for salary or for building of Police Community Posts?

Hon Tosika: If you refer back to a similar question that you asked during question time, you will understand that Community Policing is to do with people we are going to identify, appoint and gazetted to remain in the villages so that they help Police to report cases and also do policing in their communities.

Mr Boyers: In relation to Community Policing and Police Housing, in the light of the brief eruption of criminal activities in Burns Creek last year, I was informed that ROC will fund a Police Station at KG Market. Under which head will that come under?

Hon Tosika: Yes, this Police station that is proposed to be built at the site of the KGVI Market is a joint effort with the business people in Ranandi and ROC and so it is not shown here. It is their initiative because to encourage investors to invest and for the security of their properties they have to take part in this proposal. Some of the prominent business people in Ranandi will give a hand with this money from ROC to build this Police Station.

Mr Haomae: The Minister has answered my question on community policing when he said this money is for the salaries and wages of community police living in the villages. If it is so, then it should be in the recurrent budget.

The question I want to pose is that since the Minister said that it is not for building of houses, then what is it for? Is it for OBM and outboard motors?

Hon Tosika: I think commonsense will tell us that when people are put at a police station they will need logistic support and therefore part of this assistance includes logistics and equipment to support police officers to work effectively and efficiently in carrying out their duties. The Government will identify villages along with my Ministry to set up a similar thing like we have in the colonial days where there are constables in the villages to reinforce law and order.

Hon Darcy: Just to add on to what the Minister has said, you cannot pay salary from the development budget. Development budget is for capital items. Any capital requirement for community policing is this allocation. That is the answer.

Mr Haomae: I am following commonsense and the commonsense is that the Minister says it is not for salary. But I thank the Minister for Finance for saying that it is for equipment and housing, because we in Small Malaita, the rural areas on this bottom up would like to apply for a police post for two areas, and that is why I am questioning this very much. When I heard it is for salary I was a bit sad. But I thank the Minister of Finance for making that correction.

Mr Gukuna: The Minister told us that funding for training of the Close Protection Unit in Taipei is funded outside this Budget. Can the Minister confirm that the guns that they are going to use will not be funded outside this budget?

Hon Darcy: Let me just make this clear. There is nothing in here that relate to arms. There is no need for us and it is totally unnecessary for us to make comments and try to imply that any budgetary item in here has something to do with arms. No!

CPP is a recurrent cost, it is an operational part of Police and so it must be covered under the recurrent budget. If the Member for Rennell and Bellona can tell us where in here has any relative to arms, I cannot see anything here so that we should come up with unnecessary comments.

That comment is totally unnecessary, nothing is here, not even any terminology here has is closely related to arms. I think you need to overrule anything that is meant to frustrate and exaggerate any questions inside here.

Hon Tosika: Mr Chairman, I made myself clear earlier on that this allocation is only for training and not for arms. It is only for training to train those police to understand new techniques on how to look after dignitaries and our very important people.

Mr Boyers: I am a bit confused because everything comes under equipment. When we go to the explanatory notes on page 36 it says that community policing is assistance to support community based policing including officer training in Taiwan. It says equipment but then it goes for training and so on and that is why there is misunderstanding here. We want to know because the Minister said that the training in Taiwan is outside of this budget. That needs to be clarified. Is it inside the budget or not?

Hon Tosika: I think I have alluded to earlier on that training of officers in Taiwan is not part of this budget.

Mr Gukuna: That is exactly why I asked the question because the Minister mentioned that training is outside this budget. My question follows his answer, where will the guns come from? Is it going to be outside of this budget too? You intend to arm the unit and so where is the provision for the guns that you are going to purchase? Is it going to be Taiwan?

Hon Tosika: As I said earlier on, the training is just training and it is not arming of the CPP. Arming will come under a different program of the government.

Mr Fono: At the bottom column there we see funds administered jointly by donors and government. Why is training in Taipei not under this allocation because it does not come under the consolidated fund. Why? It must be made clear to Parliament. Jointly funded by donors and government is at the bottom, and so where is the training. The training just happens this year

and so it must be reflected in here. That is the point? Is it a private arrangement and so there is no need to enter it in the budget?

Hon Sogavare: This training to Taiwan is fully administered by Taiwan, not jointly. It comes under the Palau Declaration and its funding is fully administered by Taiwan, and not jointly.

Head 483: \$10,677,980 agreed to

Head 484 – Ministry of Provincial Government and Rural Development

Mr Pacha: Project titled Guadalcanal and Rennell/Bellona Government Offices. Can the Minister explain what this allocation is? Because I heard the Guadalcanal Provincial Executive saying this \$2million is for our headquarters. In here it is for two provinces, so where is the separate \$2million for the Guadalcanal Provincial Headquarters.

Hon Waipora: Mr Chairman, previously we had intended to fulfill the question asked by the Honorable Member for South Guadalcanal but due to tight budgetary constraints it was not enough and so this \$2million that you now see is for both Renbell and Guadalcanal Provinces for the construction of their provincial headquarters as they do not have any headquarters at this time especially Guadalcanal which is yet to identify a site or the location of their headquarters. This allocation here in this budget will be shared amongst the two provinces - \$1million each to start off work for their provincial headquarters.

Mr Haomae: Accounting code 0686 and I am asking this on behalf of the 50 Members of Parliament. It is under SIG budget this time and so I would like to know whether this is true or not? It is put here as SIG funded but funds for it will come somewhere. I am in support of the Minister for Provincial Government on this. It is only a concern because some constituencies never receive their share when it is under SIG last time and so it is a bit of concern. Can the Minister clarify this?

Hon Darcy: Mr Chairman, I do not know what your concern is because if it is under SIG are we

not going to pay it. Who told you it is not going to be paid if it is under SIG? It will be paid.

Mr Haomae: Mr Chairman, I thank the Minister of Finance for answering my question. As I said this is not the question of the MP for Small Malaita himself. The question belongs to the 50 Members of Parliament including the Minister for Finance Mr Chairman.

Last time when it was under SIG, some components of the Fund were not fully paid. This is a very true concern. I am surprised at how the Minister wants to get angry. He should just answer me properly.

Hon Darcy: Mr Chairman, I would just like to ask him what indication is here for him to think that the SIG would not be paying this \$20million. Can you tell me? What are the indications to you that you think the SIG is not going to pay the \$20million?

Mr Haomae: I am a member of the Opposition Bench and not required by Standing Orders to answer any questions. Only Ministers can answer questions on the floor of Parliament according to Standing Orders. I decline to answer the question posed by the Minister of Finance.

Hon Darcy: Mr Chairman, if that is the case then as Member for Gizo/Kolombangara and Minister of Finance, I feel that, that question is totally unnecessary, and I will not answer that question.

Mr Tozaka: Mr Chairman, still on the RCDF. I think what we are questioning here is revenue otherwise when it is under the SIG it will be subject to the cash flow of the SIG and so there is the problem for not paying it on time. I think that is the question here.

Hon Darcy: Mr Chairman, I do not see any reason why. I mean if both the MP for Small Malaita and MP for North Vella can tell me where in the recurrent or in the budget are they so concerned about the revenue of government, then I can answer them. But just to say that because it is under SIG it is not going to be paid, to me that is a none issue unless you two point

out the budget and say because of this we believe the government will not pay this \$20million.

The MP for West New Georgia and Vona Vona knows that when we remove all exemptions last year we earn revenue of about \$70million, which is good cash reserve to start off the budget and yet you are saying it is an irresponsible budget. I just cannot understand it, but it will be paid.

Mr Rini: I think the concern here is this. Through experience we know that all SIG funded projects did not eventuate. When ministries forward their requests to the Ministry of Finance they will be told there is no money. I think that is the concern here.

You know it yourself, Sir, that in the past this Fund used to be under SIG funding and funds were not forthcoming. That is why I think in your time, Sir, that we put this to ROC and ROC made the commitment by paying the RCDF on time.

The concern here is what guarantee does the government have to assure Members of Parliament that under SIG it is going to pay RCDF on time. Because of the experience as I have said earlier that a lot of SIG funding projects were not funded because there are no funds available.

Hon Darcy: Mr Chairman, we will take note of that small concern the MP for Marovo has said. But as you know, as we move on in time things have improved, situations are improving and so four years ago or five years ago is different from this time. Things are starting to improve and activities are starting to come alive. If you go to your constituencies and start some more developments we will still earn more revenue because I have completed the whole Gizo/Kolombangara, every investment is there and it is still going ahead. We are absolutely certain that revenue measures are what we said in here that it is certain, there is no question about it.

In fact this particular expenditure item is normally under government before. It was only after the coup that it was transferred to ROC because revenue drops. But now that revenue picks up again, and you can see too that

budgetary support from Australia has also dropped. Budgetary support from Australia dropped which normally supported the budget in 2003 and after two years it dropped. Why, is because our revenue is starting to grow.

It is good that you are expressing your concern but we are absolutely confident that the budget is well protected with the strength of the revenue this time.

Head 483 - \$23,500,000 agreed to

Ministry of Lands of Housing and Survey

Mr Haomae: Mr Chairman, if I can digress to thank the Minister of Finance for answering our earlier questions.

Item code 5799 on registration of unauthorized public land in Honiara. Is this for the TOL lands Mr Chairman?

Hon Boseto: Mr Chairman, thank you for the question. This one is for registration of the unauthorized settlers in town. This is a commitment of the Grand Coalition for Change Government because it is not just registration of the unauthorized settlers but also we would need money to plan ahead for this site development fund which used to be established in the Ministry but was taken out during the ethnic tension. We are going to reestablish that fund in order to plan ahead.

Tomorrow I am going to meet with the Town and Country Planning Board to look at the interim plan of the whole Honiara City. Personally, I would like to see a plan on land because it is very important to handle the people. It is not good to just build houses here and there, without getting the right permission to do so. And I do not even know how they obtain permission to build those houses too. This area is very important.

Mr Haomae: Is this item for purposes of converting the licensed land to registered land.

Hon Boseto: At the moment it is called the temporary occupation license (TOL).

Head 485 \$2,795,940 agreed to

Head 486 – Ministry of Development Planning and Aid Coordination

Mr Haomae: I would like to thank the Minister for Development Planning for putting these items here under ROC funding, the Micro Project Constituency Fund. Mr Chairman, only these funds can reach some of the constituencies in the rural areas.

I would like to ask a question on accounting code 5799 - Institutional and Capacity Building Planning at the National and Provincial levels. At the provincial level, to what extent can it go whether it is finished at the provincial level or it goes down to the constituency level because we plan at the constituency level and that is why I would like to ask my good Minister.

To what extent can this go down to? Is it going to finish at the provincial level, for example, in Malaita only in Auki or is it going to go down to the constituencies.

Hon Abana: This institutional and capacity building for planning the national and provincial levels is a national project. This project entirely deals with provincial governments where we work hand in hand with them in collaboration with this assistance in bringing up the capacity and institutional strengthening in the provincial governments.

Mr Zama: Mr Chairman, first of all before asking the question, of behalf of my people of South New Georgia/Rendova and Tetepare thank the government and people of the Republic of China through their Ambassador here for contributing a lot to rural constituencies in Solomon Islands.

Mr Chairman, does the government have any plans to increase funding to our rural constituencies?

Hon Abana: I do not like to indulge on a very good and important question about the 50 Members of Parliament. I am working on that now and I think when things are in black and white I will report back to Parliament.

Head 486 - \$31,096,051 agreed to

Head 487 - Ministry of Culture and Tourism

Mr Fono: Mr Chairman, Construction of the New Heritage center for \$8.2million. Where is this new centre going to be built? Will it be here in Honiara or in the province?

Hon Rogosomani: The location for this new development will take place at the Cultural village.

Mr Fono: Who will own the centre? Is it going to be owned by the government or private sector?

Hon Rogosomani: It will be owned by the government.

Mr Zama: On page 21 item 5799 – there is zero provision in 2007, but if you look back in 2006 there is an allocation of \$1.5million. In the previous years there has been a lot of support given to our people in the rural areas through this assistance, and this year there is no allocation for it. Can the government confirm any reasons as to why this has been withdrawn?

Hon Rogosomani: It used to come under the productive sector of the Ministry of Commerce and now it will come under my Department.

Mr Riumana: Accounting code 1184-5799 - ROC funding Provincial Tourism Development. Does the Ministry have any mechanism in place to share this fund equitably amongst the provinces?

I just want to know whether the Ministry has any mechanisms for equitable distribution of this fund within the Provinces.

Hon Darcy: This allocation is for three provinces. If you look at page 48, it is to develop tourism potentials in Temotu, Central Province and Renbell, and it is based on the same principle that I was explaining to the House this morning that we tried to tap the potential areas of each region, and where regions have that comparative advantage, that is where we invest to boost the economic potentials out of that particular sector in the regions.

This year we believe we should be able to put in a kind of a product development

program for the three provinces, so it is aimed at these three provinces. The other provinces that have the potentials in tourism, like Western Province has potentials in tourism but it is now at the commercial stage and so those tourist operators in the Western Province can access capital from financial institutions. But we are concentrating on other provinces that have the potential but they may not have the ability to access finance from the financial institutions. That is the whole purpose of this project.

Head 487 - \$11,810,000 agreed to.

Head 488 Ministry of Commerce, Industry and Employment

Mr Fono: Bina Industrial Deep Sea Port Development. In last year's budget the allocation was \$2million and this year the allocation reduced to \$462,837. Can the Minister inform the House as to the purpose of this money? Is it for feasibility study? Why is the allocation very small when it is a national project?

Hon Agovaka: The amount allocated to the Bina Harbour Deep Sea Port is merely to complete the initial phase of the project, land acquisition, mobilization of landowners for renegotiation and finalization of the MOU with landowning groups. It is also for landowners' further acquisition and registration of land.

Mr Gukuna: Is this \$3million allocated to Business Skills Training going to be administered by your Ministry or the sponsors? Is it going to be in the form of scholarships or will it go through some private schools? I understand there are some private business schools in town or will the government conduct these trainings?

Hon Agovaka: The business skills training will be run in consultation with the Ministry of Education. The provision is to assist small business holders in providing training for them.

Head 488 - \$4,492,25 agreed to

Head 490 - Ministry of Fisheries and Marine Resources

Mr Haomae: Page 24, item code 1911 FFA Project Development Fund. How can anyone access this fund?

Hon Leni: This is an ongoing project. Some fishermen have applied for outboard motor, fishing gears and so on through this fund. The fund is administered by the FFA. This year we have screened many applications and after this budget is passed we will look at helping fishermen in the rural areas.

Mr Haomae: I thank the Minister for answering that question. Are there any criteria of this project?

Hon Leni: Yes, the Ministry has application forms to fill up just similar to the standard format of the European Union application form. Just anything that is reasonable.

Mr Gukuna: On page 48 there is the breakdown of the fisheries fund. Is that the same fund you are talking about and is that how you intend to use that money, to be spread out equally amongst the provinces?

Hon Darcy: That is the intention. We are allocating to each province and we would be expecting application from each province to be up to that ceiling.

Mr Boyers: Accounting code 0686 ROC funding to support rural tuna fisheries. The explanatory notes on page 48 talks about that fund broken down to Isabel \$800,000, Western \$100,000, National \$2.1million. If this is for rural tuna fisheries why the majority of that money is in Honiara?

Hon Leni: This project is under grant scheme of the government to the rural fishermen. The government is thinking through this project to advance rural satellite facilities to upgrade the rural fishing centres, something similar to that one so that it allows us to get the rural people to develop fisheries in the respective constituencies that have access to marine resources. This

allocation will start them off and we hope to continue this in future years. In fact it is another step in front of project 1911.

Mr Boyers: My question is why \$2.1million is for national. If it is a rural tuna fisheries why is the maximum amount of money is under national in Honiara? Is it for administrative costs because I do not see any equipment it is operating cost? Is it operating cost for rural tuna fisheries in Honiara or is it for equipment? There is only \$900,000 for the rural areas but \$1million is in Honiara and this is not under equipment it is for the operating cost. Can the Minister clarify?

Hon Darcy: This particular allocation on support to rural tuna fisheries, what the government intends to do with that \$2.1million is to carry out a feasibility study into a small pole and line kind of scheme, a small pole and line that can be put out to the rural communities and they go around doing fishing and sell to our tuna industry. That is the purpose of this \$2.1million. That \$800,000 to Isabel, we think there is a possibility to look at a loin factory in Isabel. The one for Western Province is for improvement of the tuna smoked facility in there. That is the support to rural tuna fisheries.

I think the exciting part of it is the small pole and line concept, which if done properly, and through that feasibility report, and it is found to be profitable, we should be able to get a sizeable financial support to start to go into that, and put out the vessels to the small communities that they can manage, go out, do fishing and then sell to the tuna industry.

Mr Kwanairara: When we talk about the rural areas, we think of the people, whom some of them are living in the bush, some of them living along the coastal villages, some living in artificial islands, and their resources are in the sea. I failed to see any development in bechedemer where people living along the sea can have access to it. Can the Minister tell us what the management's plan is?

Hon Leni: At the moment the Ministry is carrying out a study on bechedemer which is now banned for a short time because it is being

over-harvested. This is temporary and as soon as report comes back and the Ministry will go into project of trying to look at the sustainable harvesting of bechdermer.

Commercial farming of bechdermer is one idea too but we must understand that bechdermer has 28 species living in the sea. Which one of these we are going to cultivate or culture to farming. There are technical areas that the experts can help us. To do a proper work in culturing the marine resources of this type needs a good feasibility study so that it allows us to get good costs and to make proper farming of bechdermer in Solomon Islands. It is coming slowly because of the scientific areas that we are unable to get information quickly at this time.

Head 493 - \$4,187,310 agreed to

Head 494 – Ministry of National Unity, Reconciliation and Peace

Mr Haomae: Mr Chairman, head 494 on support to the National Peace Council. I am asking whether the review that the Minister talked about that was done in 2006 is already completed? That is the question.

Hon Iduri: The review is already completed.

Mr Zama: Mr Chairman, the NPC is already dead and buried and the work of Parliament is to read the reports. Is the Department going to produce any report about the NPC because even our Speaker is a former chairman of it? I just want to know if they are going to produce any report through the Department of Reconciliation.

Hon Iduri: Mr Chairman, there is a report available produced last year, and that report is on the review of the NPC and the Ministry of National Unity, Reconciliation and Peace.

Mr Haomae: Mr Chairman, I think there is only one Minister of this Ministry but there is another Minister, who is the Member for Rendova.

Is this \$1million allocated in the development budget enough for reconciliation purposes in the country? This is just a point. If

the Minister thinks it is enough then that is fine but I think it needs some more money.

Hon Iduri: Mr Chairman, this is the government's commitment for the PIC. We have talked with some aid donors and they have shown some interest in funding the PIC.

Head 494 - \$1,000,000 agreed to.

Head 495 – Ministry of Mines and Energy

Mr Huniehu: Can the Minister explain what sorts of projects are qualified under this budgetary allocation head?

Hon Usa: Which subhead are you referring to honourable colleague?

Mr Huniehu: Mr Chairman, there is only one subhead there and only one allocation of \$1,770,589.

Hon Usa: Mr Chairman, I think the whole rural populace is qualified under this project.

Mr Huniehu: Can the Minister explain as to why this fund was not fully utilized last year when the same amount of budgetary allocation was made for this Ministry?

Hon Usa: If we look at the establishment we now have enough staff to deal with this issue. The Department has had shortage of staff in the last government and so they could not utilize the allocation.

Mr Gukuna: Mr Chairman, can I just refer the Minister and his officials again to page 48? There seems to be a distribution of that money contradicting what the Minister has said that every rural area is qualified. If you look at page 48 it seems to be saying that Central, Honiara, Isabel and Western Province are not qualified for this fund. I just want to point out this distribution whether it is consistent with what you said?

Hon Usa: Mr Chairman, I think it is consistent. I think only one or two provinces are not listed here, but that does not mean they will not be

looked after. This is an ongoing program and later on the provinces that were left out will come in.

Mr Zama: Mr Chairman, on the same page 48, Central, Isabel and Western Province are left out in the allocation. I just want to ask the government if it can allocate \$20,000 under national for these three constituencies so that they can get at least some portion of that money instead of it sitting under national.

Hon Usa: Mr Chairman, thank you for that concern. As I have said earlier on, this is a nationwide project. I think we cannot take everyone on board at one time, but as we go along we can push in the provinces that need this scheme.

Mr Huniehu: Mr Chairman, with your indulgence, I just want to register a genuine concern on this allocation. For example, last year we have been applying for funds to do feasibility studies on three hydro projects in East Kwaio Constituency, some in Small Malaita Constituency, West Are Are and East Are Are. Whilst the Ministry approved the project submissions, it was difficult to access the money from the Ministry of National Development and the Ministry of Finance. My concern is that if this applies again this year it will be very regrettable especially to those of us who have been promoting renewable energy development of hydro in this country for the last 20 years. Why are these Ministries holding this fund up?

Hon Usa: Mr Chairman, thank you for the concern that you raised. This is a new budget and as you can see we are having a lot of support from our donors, hopefully we will be able to implement all submissions that come to the Department.

Mr Haomae: Mr Chairman, when I scrutinized the rural renewable energy, I did not see solar included. Is that deliberately left out or is it just an omission? Solar is not there

Hon Usa: Mr Chairman, solar is part and parcel of renewable energy and so it is there.

Head 495 - \$1,770,589 agreed to

Head 496 – National Judiciary - \$1,400,000

Head 496 agreed to

The sum of \$188,792,268 as the subtotal of the Development Expenditures agreed to.

The sum of \$970,171,511 as the whole total of both the Recurrent and Development Expenditures agreed to

The Schedule agreed to

Clauses 1,2,3 and 4 agreed to

Clause 5

Mr Haomae: Mr Chairman, clause 5 read with Schedule 2. This is giving the Minister for purposes of overdraft loan up to \$100 million. I want to ask the Minister whether he envisage utilizing this provision. This is just a general question.

Hon Darcy: Mr Chairman, as we go through the implementation of the budget we will see that there will be growing demand for the government to expand its development budget. This is just a standby provision that in case during the course of the fiscal year, we may come up with the possibility of securing loan financing from our traditional financial institutions, this would be the provision the government can rely on. But obviously as stated in the bill itself as and when that decision is made, the government will have to come back to Parliament to seek further approval on those borrowings.

Clause 5 agreed to.

Clauses 6 & 7 agreed to

The Preamble

The Preamble as amended agreed to

(Parliament resumes)

Hon DARCY: Mr Speaker, I beg to report that the 2007 Appropriation Bill 2007 has passed through the Committee of Supply with an amendment.

Bills - Third Reading

The 2007 Appropriation Bill 2007

Hon DARCY: Mr Speaker, I beg to move that the 2007 Appropriation Bill 2007 as amended be now read the third time and do pass.

The 2007 Appropriation Bill 2007 is carried

MOTIONS

Hon SOGAVARE: Mr Speaker, I beg to move that this House do now adjourn.

The House adjourned at 3.40 p.m.