

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

DAILY HANSARD

THIRD MEETING – EIGHTH SESSION

WEDNESDAY 14TH 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 National Reform & Aid Coordination, Lands and Survey, Home Affairs, Finance and Treasury, Justice & Legal Affairs, Public Service, Infrastructure and Development, Mines and Energy, Communication, Aviation and Meteorology, Provincial government and Constituency Development and the Members for West New Georgia/Vona Vona, West Guadalcanal, East Honiara, Central Kwara'ae, Small Malaita, East Are Are, Temotu Pele and Central Honiara.

QUESTIONS AND ANSWERS

Question No.24 deferred

DRAFT TOBACCO BILL

32. **Mr KOLI** to the Minister for Health and Medical Services: Can the Minister inform Parliament of the reason for the delay in tabling the draft Tobacco Bill

Hon SOALAIIO: Mr Speaker, I rise to respond to the question asked by honorable Member for East Guadalcanal.

Mr Speaker, as far as the current government is concerned there is no significant delay in tabling of the draft Tobacco Bill.

Mr Speaker, within six months of this government coming into power, it has endorsed the draft Tobacco Bill. It has gone through Cabinet and passed, and after passing the draft Tobacco Bill, preparation has already started on the technical work of the Bill regarding the formulation of the final draft which will be coming to Cabinet just before the next sitting of Parliament. We are looking forward to tabling it in the next Parliament sitting. As far as we are concerned we have started work on it and there is no significant delay on the bill. That is all I can say now, Mr Speaker.

Mr Koli: Mr Speaker, we are a party to the United Nations Framework Convention on Tobacco Control. What is your position so far in ratifying this convention?

Hon Soalaio: Mr Speaker, Solomon Islands ratified the (FCTC) or the Framework Convention on Tobacco Control in 2005. As far as WHO is concerned this is an overdue legislation that should have passed through Parliament. That is the reason why we are moving towards finalizing of the draft Tobacco Bill to be tabled in the coming Parliament session.

Mr Koli: The Minister said that he has ratified the convention. If the convention has been ratified what are the compliances?

Hon Soalaoi: Mr Speaker, we are trying to comply. As I said it is an overdue legislation, and so it is in our effort to comply with the regulations. In ratifying the FCTC, I as Minister responsible is pushing this and wants to see this approved as soon as possible.

Mr Koli: Mr Speaker, I would like to thank the Honorable Minister for his answers.

NATIONAL PEACE COUNCIL

33. Mr KWANAIRARA to the Minister for National Reconciliation and Peace: Healing, peace and reconciliation are essential posts for creating a conducive, social and economic climate for developing people and economy. The National Peace Council (NPC) has now been laid to rest, and another organization is established for much the same purpose. The question is, what are the Ministry's action plans for ensuring the long awaited healing and reconciliation between Malaita and Guadalcanal take place soon?

Hon IDURI: Mr Speaker, at the outset I noted that the honorable Member had already asked the same question on the 6th of October 2006; during the last Parliament session.

I am happy to update the honorable Member and the honorable House on the actions taken so far and my ministry's forward action plan as government works through the reconciliation process towards a proposed public reconciliation ceremony in a manner or form and at a time to be also agreed on between all parties. This is part of the Ministry's provincial and national level reconciliation programs.

Furthermore, as I previously informed this House, the Government recognizes that the peace process would be complete without meaningful reconciliation between the two provinces directly involved. Importantly, it is encouraging to note that both provinces do see and share the understanding of the importance of inter-provincial reconciliation.

However, it is equally important, which I reiterated here, that as I have previously informed the House; there are a number of critical issues, and some related to approaches to reconciliation that would need to be agreed on first before any meaningful inter provincial reconciliation can take place.

Sir, in this regard as to my Ministry's action plan, my Ministry is pleased to inform that it is currently working through on the desk assessments of these critical issues and to restart the process of dialogue, particularly at this time with the respective newly elected Premiers of Malaita and Guadalcanal and their Provincial Executives.

Mr Speaker, as things stand now, the Guadalcanal Province has recommended that a national level SIG with GPG Reconciliation be undertaken as a first step, before the inter provincial level reconciliation.

Consequently, Mr Speaker, part of my Ministry's action plan was already outlined during my statement on the Guadalcanal Bona Fide Demands to this House, which included the report of the SIG/GPG Task Force Review on Reconciliation and Rehabilitation 2006. That is, a high level government committee will do an assessment of the recommendation starting at the end of February 2007 to March 14 to produce a Government Position Paper which will form the basis of further SIG/GPG Reconciliation talks tentatively scheduled for August 2007 or earlier.

Mr Speaker, on the other side, similar assessments are currently being made with and for the Malaita Province at the Ministry level and consultations with the Premier and Provincial Executives will be conducted by the end of February 2007 to early March 2007.

Mr Speaker, furthermore as part of the dialogue process, the Ministry will be arranging and facilitating further dialogue and talks at the Premier level, between both provinces. The Ministry envisages that the Premier's Consultation Meeting takes place by April 2007, however, the actual dates will be set with the agreement of both provincial governments.

Finally, the Ministry of National Unity, Reconciliation and Peace Strategy is to promote and facilitate continual dialogue and talking through issues between the national government and the respective provinces.

The above process involves a series of high level consultation talks of which the outcomes of these talks will determine the next steps that the Ministry would take towards the Inter-Provincial Reconciliation. Thank you.

Sir KEMAKEZA: Mr Speaker, in view of the answers given by the Minister, is there any provision for this very important work in the 2007 estimates both in the recurrent and development? Is there any provision for this in the budget?

Hon Iduri: Yes, there are limited provisions in the 2007 budget for national dialogue and consultation part of the process. The reconciliation and other related costs when agreed to will be sought by way of supplementary appropriation by my Ministry since other aspects are related to long term rehabilitation and development issues will be discussed through the normal government process to be taken up by other relevant ministries.

Sir Kemakeza: It appears that there is no provision in 2007 for those activities. That is how it appears. This task is very important. In the previous estimates it was allocated \$ 1.5 million. In this estimate, when we come to the committee of supply, I will ask the same question because it seems that there is no provision for this, apart from the reform commission and others. There is also nothing in the development estimates for this. This is quite important because if it is not in the Minister's Department then it must be somewhere else. Is there any provision for this somewhere in the estimates?

Hon Iduri: Mr Speaker, in the recurrent budget this TRC has \$2million in the recurrent and in the development budget there us \$1 million.

Mr GUKUNA: What is wrong with the National Peace Council? Is there anything wrong with it that you do not continue with it?

Hon Iduri: There is nothing wrong with the National Peace Council. As we all know when a new government comes into power, it will have its own processes and so it is part of the Government's policy to establish the PIC after the NPC winds up last year.

Mr NE'E: Do we have any reports on the achievements of the National Peace Council during the four years it operates as the National Peace Council?

Hon Iduri: Mr Speaker, that question is not part of the original question apart from a nationwide review being made on the NPC by the Ministry in 2006, of which the reports are available. I wish not to dwell further in detail on the achievements and failures of the NPC.

Sir Kemakeza: Mr Speaker, the TRC belongs to the commission - this \$2.1 million. That is a commission the government is going to set up and is not for reconciliation. It is for the setting up of a commission. The reconciliation of inter provinces or between two provinces is what I am asking for whether there is any provision for it in the budget estimates. We must not confuse Parliament with this because the TRC - \$2.1 million belongs to the commission. Is there any provision somewhere for this important task?

Hon Iduri: Mr Speaker, as I said earlier on, our budget only has provision for dialogue and consultation with the provinces. What is happening now is that the minds of people are fixed on the big ceremonial thing on reconciliation. That will come later.

The TRC will work towards facilitating reconciliation, and that is why there is provision of \$2.1 million for it. This is a very important mechanism within the Ministry which we will be working on to facilitate reconciliation.

Mr Gukuna: Mr Speaker, the Minister said that NPC was not part of the question. I think the original question referred to NPC and that this new body is formed for the same purpose, which the Minister did not dispute, meaning he accepted it, and so my question still stands. Why doesn't the government continue with the NPC instead of repeating everything as it is wasting a lot of time and funds establishing another unit?

Hon Iduri: As I said earlier on this government puts in place a new mechanism or a new institution, which is the PIC. And a steering committee of this PIC is already in place, and it will work towards looking at sustainable peace as a whole in our nation.

Mr RIUMANA: What is the difference between the NPC and this new unit? Otherwise we will be repeating the same things. What is the assurance that this new unit will perform better than the NPC?

Hon Iduri: The PIC is a bit forward looking on long term sustainability of peace. With the NPC, as we know the situation has changed a bit. Before it used to be the MPC and then the NPC and now the PIC. A review on the status of the NPC was made between the Ministry of National Unity and Reconciliation and the decision to rule out the NPC arose there. And as I have said earlier on, when a new government comes into power, it must follow its own process.

Mr Kemakeza: Mr Speaker, I am still on this \$2.1 million. That money is purposely for the Commission, which is for members' allowance, their touring allowance, consultation and so forth. The question is on the other body, which the MP for South Guadalcanal was very vocal about. That is the provision. You cannot touch the allocation under TRC because it is a project and this allocation is for members of the commission. But outside of the commission, like the MP for South Guadalcanal raised, is there any other provision?

Hon SOGAVARE: Mr Speaker, reconciliation is one very important program this government wanted to undertake to sustain peace. It is very important, and this side of the House shares the concern as that side on this matter.

Mr Speaker, we want to do it properly. As the Minister rightly pointed out, the reconciliation commission, as its title suggests is to look at the issues that eventually we would need to address for everlasting reconciliation. We have gone through some reconciliation in this country, which do not hold because we reconcile without addressing the underlying issues.

A long term approach to this is, to establish issues that need to be established, so that when there is reconciliation people truly reconcile.

If the question is that there no budgetary provisions for it, I think the Minister has gone through pains now trying to explain that the provision in the TRC is for that purpose. There has to be serious consultations and dialogue with the people concerned. If there are not enough funds there is \$25 million for contingency warrant in the recurrent and development, so there are enough funds. If the issue here is not enough funds for addressing that important issue, I can give assurance that there is enough provision to address this very, very important program that both sides of the House and this country as well are rightly concerned about.

Mr Gukuna: It is a bit insulting to the people who used to work in the NPC to say that NPC was backward looking and not working towards sustainable peace. It is a bit insulting to do that. Didn't the NPC do it properly when it was formed? Can the Minister confirm that they got rid of the NPC just because it was established by the last government?

Hon Iduri: Mr Speaker, as I have said earlier on, there is nothing wrong with the NPC. The first time the NPC was established, a review pointed that the role of the NPC is the same role that the RSIP is doing. Since the situation has changed things have changed too. We have put in place the steering committee of the PIC and wound up the NPC with its old members, and some of them are absorbed in the PIC. The PIC's activities will be more of field based kind of body. The steering committee of the PIC will determine the terms of reference, the mandate and the structure, the details of which will be outlined later. These two bodies will work towards pointing the direction of going towards reconciliation.

Mr KENGAVA: Mr Speaker, the Honiara City Council is currently planning to have meetings with certain areas of Guadalcanal pertaining to reconciliation. I just want to know whether the Ministry will be playing any part in these meetings.

Hon Iduri: Mr Speaker, I am not aware of the Honiara City Council's plan to meet with Guadalcanal leaders. We have our programs. Letters will be sent to the elected government of Guadalcanal Province and soon after this Parliament Meeting we are going to meet with them.

Mr KOLI: Mr Speaker, I understand that the Guadalcanal Province does have a reconciliation and rehabilitation task force, and so is Malaita - the Malaita Peace Council chaired by one of the former premiers. Do you ever take on board some of their recommendations?

Hon Iduri: My Ministry is aware and is looking into the recommendations. A Cabinet paper that was taken to the Cabinet last year has already looked into some of the recommendations and that is why we are open for dialogue with provinces.

Mr LONAMEI: In the past provinces have members in the NCP. Under this new PIC I wonder whether provinces have representatives in that body or will the same people be represented in that body?

Hon Iduri: It will work the same. We are thinking of absorbing some of those working in the NCP in this new unit.

Mr Kwanairara: Before I thank the Minister for his answers and his plans for the Ministry to look at this very important issue, I would like to say that reconciliation is very important as the Prime Minister said. It is very, very important as it is something that would help us go forward. If this is delayed it is like a fish that is frozen in the fridge, and for how long are we going to keep it there? The quicker we look into this issue, address it properly, I think it would advantage for this government and all of us in Solomon Islands to move forward in this era.

I would like to thank the Minister for his hard work. All I want is for you to assure our people that this is in our hands and that we will do something about it.

GUARANTEE OF ASSISTANCE SECURED

34. Mr KWANAIRARA to the Prime Minister: As seen in the 2007 Development Estimates by donors, Australia provides 64% of total development estimates. Given the current political 'stand-off' with Canberra, what guarantee do we have that this level of assistance is secured and forthcoming if the situation further deteriorates and Australia pulls out of the country and RAMSI is asked to go?

Hon SOGAVARE: Mr Speaker, as much as I fully appreciate the concerns raised in this question by the MP for North Malaita, just looking at the question a lot of facts there are not correct, and the question itself may be in breach of some Standing Orders. For example, the Government has no political standoff

with Australia, and that would be totally out of order because neither Solomon Islands nor Australia have any right to interfere in each country's politics. That would be clearly out of order.

Sir, as well as raising that matter about the question may be not conforming to Standing Orders 22(1)(c) – 'A question shall not contain arguments, inferences, expressions of opinion' and (h) "A questions shall not be asked for the purpose of obtaining an expression of opinion, the solution of an abstract legal question, or the answer to a hypothetical proposition'.

Solomon Islands is not aware that Australia is taking that line suggested by the honorable Member at this point in time, so the question is just assumption, and the government is not obliged to answer such questions.

Mr Speaker: For the information of Parliament, the Parliament Office allows this question on the perception real or unreal that is presently there between Australia and Solomon Islands. I simply want to clarify that point for purposes of standing orders.

Mr Fono: Mr Speaker, I am very surprised with the Prime Minister's answer. He is very defensive. It is public knowledge that there is a diplomatic standoff between Canberra and Honiara Governments.

The question is just asking, if this diplomatic standoff is not sorted out and Australia pulls out its assistance including RAMSI, what guarantee is there, can the Government inform this House and the nation, that we will continue to receive other assistance from other donors the government has apart from Australia. That is a simple question Mr Speaker, and the answers given by the Prime Minister is not accepted by this side of the House nor me personally as a national leader. I do not accept that.

Is he denying the current diplomatic standoff which has almost taken six months or so now or almost a year? Why is the government not addressing this issue? That is my supplementary question?

Hon Sogavare: Point of order Mr Speaker. I have already answered the question. I am not trying to be defensive. If the question is being properly worded, there is no political standoff. Just read the question, it says diplomatic, but that is normal. Those are issues the two countries feel very strongly about. It is normal in any diplomatic relations. There is no political standoff. If the Member is talking about political standoff, I explained that neither Australia nor Solomon Islands have any right to interfere politically in any of these two countries.

I have admitted there is a political standoff, it is common knowledge. At this point in time it is simply assumption and speculating. If Australia thinks along that line, this government is yet to be told. Unless you had consultations with them, which you have denied talking with them so that you can say that they want to withdraw their aid assistance. I have already answered this question. We will answer it when we cross the line.

At this point in time the government has no knowledge. because of this diplomatic standoff on the issues that the two countries feel very strongly about that Australia is thinking of pulling out its aid. We have yet to be told. At this point in time I do not have the answer for the other side of the House.

We would like to draw some serious lines on this. Diplomatic relations are issues of diplomatic relations and address these issues. If you mix this with aid assistance then we are becoming totally unreasonable. We do not want to address these issues by jumping and use them as reasons to pull out aid. But that has gone beyond any knowledge that we have that Australia is taking that line of action.

As I said I have no answer for you. At this point in time we are enjoying relations with Australia. It is a very healthy relationship, although there are hiccups here and there but that is normal in any relationships, and we are taking steps toward normalizing it, and serious steps they are.

Mr Fono: Is the Prime Minister or the Minister of Infrastructure aware that Australia has now withdrawn its assistance for rehabilitations of roads on Malaita under CSP program under this year's budget?

Hon Sogavare: Mr Speaker, that is news to us. As I have said unless the parallel government of Australia as well of Solomon Islands is having talks with the Opposition, we are not aware of that.

Mr Gukuna: I believe the question still stands, it has not been answered. But never mind I will come on to another part. The Prime Minister said that they are not being told whether the aid money will come or not. Supposing that you are told, what is your position? Are you going to back down or what?

Mr Speaker: I think that is the point the Prime Minister was referring to. That is a hypothetical question asking the Prime Minister for his opinion.

Hon Sogavare: Yes, Mr Speaker, I think that is what I have emphasized right in the beginning. This Government is not in a position of answering questions that are speculating and assumption until we cross that line before we will have the answer for you.

Mr Kwanairara: Mr Speaker, before I thank the Prime Minister I would like to say that this question is simply asking for any guarantee that we might have in the case of Australia withdrawing its assistance.

I am very surprised that the leader of the country is trying to deny these things. It does not look proper. We must tell our people the truth. If the Prime Minister has anything against this question why did Parliament allow it to be asked? These questions were submitted three weeks ago. Anyway, I thank the Prime Minister for his good answers.

Mr Speaker: Before we go on to the next item on our paper today, I am given notice by the honorable Minister of Foreign Affairs that he has a statement to make.

STATEMENT BY THE MINISTER FOR FOREIGN AFFAIRS

Hon OTI: Thank you Mr Speaker, for permission under Standing Order 24 for me to issue on behalf of the Government a statement on Australia/Solomon Islands relations.

Mr Speaker, during the second meeting of this session of Parliament last October, I delivered the statement on the seeming diplomatic standoff between Solomon Islands and Australia as well as other related issues.

Sir, I wish again on behalf of the Government to inform our people through this Parliament about developments since that time as far as our bilateral relations or/and diplomatic relations between these two countries are concerned.

Mr Speaker, since the declaration of persona non grata of the Australian principle representative to Solomon Islands on 12th October 2006, Australia has since appointed, to which the Government has given its concurrence to this new High Commissioner to Solomon Islands. In the same token, about the same time too we appointed a new High Commissioner to Canberra after the former High Commissioner sought elected office to this Parliament in early 2006.

Also, Mr Speaker, through a MSG Broker Dialogue, Canberra has conditionally accepted the Government's offer to delete from the Commission of Inquiry into the April riots reference to the role of the two Honiara MPs in 2006.

Mr Speaker, these two matters represented the major sticking points, which at that time was of grave concern to Canberra. The action taken by the Government in relation to the Commission of Inquiry terms of reference and the expulsion of the former Australian High Commissioner were however decisions taken by a democratically elected Government of Solomon Islands.

Mr Speaker, since then the following issues have taken centre stage and added to the seeming dispute between Australia and Solomon Islands: Firstly, the arrest in Port Moresby and the request for the extradition to Australia of the now suspended Attorney General.

Mr Speaker, also Canberra's shuttle interference in domestic affairs by opposing decisions by this government in the national interest, the most recent example being on the rearming and capacity building of the Solomon Islands Police Force Close Protection Unit. Although Canberra has denied influencing

Taiwan's decision to exclude weapons firing as part of the recent police training program in Taiwan, we have sufficient information and evidence to prove otherwise.

Additional evidence also has Canberra predicting that the Sogavare Government will not last long. This is further to a warning received by our Prime Minister in September last year from his Australian counterpart which stated:

“There will be consequences for you and your government as a result of this action”.

The action referred to being the expulsion of the Australian principal representative to Solomon Islands then.

Mr Speaker, such statements have implication on the intentions of Canberra towards this government and is seen by this Government as counter productive to maintaining the long standing cordial relationship between our two nations and their people. Of course, Mr Speaker, even RAMSI was attempted to be dragged into the bilateral standoff, as if it was a bilateral arrangement between the two countries. This was quite notable in the Nadi Summit of the Forum Leaders in October 2006.

Might I say here, Mr Speaker, the prerogative of any democratically elected government is to make decisions for and on behalf of its people. But employing strategies to create controversy and spark debate as a method of gaining public support is viewed by this government as provocative, disturbing and not in our mutual interest. Decisions which have invoked such interferences and public condemnation from the Australian Government in the last 10 months, as I alluded to earlier, were the establishment of a Commission of Inquiry into the 2006 April riots, expulsion, as I mentioned, of the former Australian High Commissioner, the appointment of the now suspended Attorney General, and lastly but not the least and recently the training of the Close Protection Unit with arms training in Taiwan.

Mr Speaker, controversial these decisions may be, but these are necessary in the interest of progress as an independent self governing democracy. What is democracy if aspects of this country's decision making process are constantly subjected to foreign interference?

Sir, it must be clearly understood that without having taken such immediate and direct action, it would be nearly impossible for the Government to effectively assert its mandate to govern this country.

A trend has been observed to be slowly developing whereby external elements however genuine their intentions may be, are slowly encroaching on matters of national sovereignty thereby undermining the very principles of accountability, good governance and the rule of law as fundamental elements and principles in a democratic society.

Sir, despite what appears to be a very negative situation, the Government remains committed to reestablishing dialogue and realigning our relationship with Australia on the understanding that due respect be afforded to executive decisions made by this government as a matter of principle and with respect to our sovereignty.

National sovereignty is defined as freedom from foreign domination and self determination of peoples. Sir, the Solomon Islands Government will always be prepared to accept advice and criticisms from its friends and neighbors through established diplomatic and official government communication channels, as opposed to being engaged by Canberra in media speculation and public ridicule as recently demonstrated by the Australian Foreign Minister by attempting to communicate directly with the people of Solomon Islands public without regard and respect for their democratically elected representatives of this House including the other side.

Furthermore, Mr Speaker, on Australian's request to extradite the now suspended Attorney General, the Government has agreed and is proposing to send the Acting Attorney General to travel to Australia to shortly discuss the matter of extraditions between her counterparts in Canberra.

Sir, the Government is fully cognizant of the importance of improving the strained bilateral relations between Solomon Islands and Australia. We are at present considering all possibilities including the proposal of a one-to-one dialogue between the two Prime Ministers in an effort to establish a degree of resolve for purposes of improving our diplomatic relations.

On this note, I am pleased to inform Parliament that as of yesterday I have authorized and sent through the Australian High Commission in Honiara communication to Canberra the details of this initiative. Furthermore, Mr Speaker, I will be exploring with the Secretary General of the Commonwealth Secretariat the possibility of involving them in brokering the dialogue process. I have signed a letter to Don McKinnon this morning.

Mr Speaker, what we need to understand, however, is that importantly Canberra must demonstrate a great sense of respect and understanding towards the situation in Solomon Islands and other Pacific countries for that matter. It must display and accept the integration of culture and tradition into the modern society that we are part of. Therefore, maintaining a productive international relation requires external authorities not dictate the terms or conditions that impinge on the sovereign rights vested on a democratically elected government.

To conclude, the Government, as I have said is striving towards normalizing the relation with our neighbor, the biggest and most important neighbor, as has been brought out in the last question before I made this statement. The Government is therefore, looking forward to enhancing the relationship with a government that respects the sovereign equality of states and recognizes the importance of treating each other as equals. We anticipate mending this relationship on the basis of mutual understanding and respect for each others sovereignty.

The Government is also determined to fully utilize all opportunities available to it to maximize the benefits from its diplomatic relationship with Australia at various regional and international organizations while ensuring that our country's sovereignty, territorial integrity, security and interest are maintained and safeguarded for the benefit of the people of Solomon Islands. Thank you.

Mr Fono: Mr Speaker, with your indulgence can I ask a question to the Minister of Foreign Affairs under section 24(2).

Mr Speaker, can the Minister inform the House and the nation why it has taken so long for the Australian High Commission designate to Solomon Islands to present his introduction or credentials to the government? Has that been done already or not, and what are the reasons for the delay? Our High Commissioner to Australia has already given his introduction to the Government or the Prime Minister of Australia.

Hon Sogavare: Mr Speaker, that question directly concerns me. As explained by the Minister of Foreign Affairs in his statement, the issue here in regards to representatives of foreign governments in the country, and more specifically now we are talking about Australia, the issue really is not these people.

The former High Commissioner, His Excellency Patrick Cole and now the designate are faithful international public servants. They come here to serve their governments and say exactly what their governments want them to say. Of course, we are given also under the appropriate conventions to deal with them if the thinking of their government relayed to us undermines our business.

The issue here boils down really to the Prime Minister of Australia and the Foreign Affairs Minister of Australia. As explained by the Minister of Foreign Affairs we are now taking steps to arrange a one-to-one consultation between the Prime Minister of Solomon Islands and the Prime Minister of Australia at that level to discuss these issues.

I feel there a number of issues that need to be sorted out with Australia for their understanding because I do not want to repeat the same things. If they continue to maintain the same position which resulted in the same way on the declaration of the PNG former High Commissioner then we are going nowhere on this.

How this government wants to take this forward, this government is now putting this suggestion to the Australia authority and I would like to wait on them to come back and I would like to have that talk so that these issues are sorted out that are really the underlying issues affecting our relations. It is not their representatives in here because, as I have said are just international faithful public servants and credit should be given to them for standing for their government. And it is those positions that are the issues which I feel need sorting out

Having said that, Mr Speaker, it took almost two months for Australia to accept our High Commissioner's credentials while the Australia's designate High Commissioner to Solomon only took a couple of weeks, and we are still holding talks and make ways of how to go about facilitating his accreditation to Solomon Islands.

Mr Tozaka: Mr Speaker, communication and coordination of the relationship between two countries lies on the heads of mission in our country. At the moment that communication is not on basically because the Head of Mission of Australia has not yet been formally given the mandate by the government of the day. I see that as very important, and I hope the government would take that into serious consideration so that the government indicates the timing as to when that presentation is going to take place.

Hon Sogavare: As I have said we are suggesting the strategy the Minister has just stated. A diplomatic note has been sent to Canberra to organize this meeting between myself and the Prime Minister of Australia on neutral grounds to address the underlying issues. So we are waiting upon their response at this time.

Mr Gukuna: Mr Speaker, most of the things the Minister of Foreign Affairs talked about are in my opinion consistent with the principles of mutual diplomacy, and so I am not going to talk about this. Last night I heard the Minister of Foreign Affairs of Australia being interviewed and one of the questions that was asked to him is why he refused to talk with the delegation sent by Solomon Islands to Canberra to talk about the situation that exist between these two countries. I remember sometimes back in December there were some news media about the Ministry of Affairs sending three people to Canberra, and the Foreign Minister said that he never saw them in Canberra, he did not even know whether they were there or not. The other question that was thrown to him was why he decided to send a letter directly to the people of Solomon Islands. The answer of the Minister of Foreign Affairs of Australia was because he cannot talk to the Prime Minister, he could not talk to the government. He said his High Commissioner was blocked and so there was no formal channel to communicate and that is why he was sending this concern letter to the people of Solomon Islands directly.

Hon Oti: Just to explain. First a lot of misinformation was given by the Honorable Member saying about who went to Canberra and who sent them. My statement made reference to the MSG brokered arrangement, and they were the people who went and these are not small people. They are secretaries of Foreign Affairs of Fiji, Papua New Guinea and Vanuatu. It was to do with trying to broker the stand-off then about the terms of reference on the involvement of the two Members of Central and East Honiara. I think I have explained that after that Canberra has conditionally accepted the removal of those two terms of reference. Of course, as you rightly said if you go to Canberra you will never even see a Minister, but when they come here they want to go straight to the top. That is their protocol arrangement and so this group did not even meet the Secretary, but they met with the Permanent Secretary of Foreign Affairs. But that is the line of communication they employed but still we got what we wanted. They agreed to the proposal that we put to Canberra.

On the second point, we have not closed the Australian Commission. That is the channel of communication and we have been communicating. As I just alluded to earlier, as of yesterday the communication channel is still there. We did not go to the media. In any case, I am not accountable to Canberra neither to Downer.

Mr Gukuna: Another point. I understand that one project, and whether the Minister of Foreign Affairs is working on it this time is to try and secure funding from the Millennium Challenge Fund that the US Government has set up. In fact I understand that he is trying to make his way to the States to try and secure this fund. Do you think Australia will not influence the decision of those people on this funding?

Hon Oti: Mr Speaker, I did not make any reference to the intention of the Government to put its application to the MCC, which is a US funding. But any influence that Australia would be influential in ensuring that Solomon Islands does not its share, it has to be, I do not know may be they have to be smart. But the criteria for MCC qualifications are very objective based on hard data. If you do not get it, even if you satisfy all the data then of course, we must start to read between the lines, and then of course you would know too that it would have to be them. So anything that you want as long as you are not in good terms with them they make sure, like they have done to other donors. But we hope that they would not stoop that low, they would not stoop that low to expose their real skin color. Thank you Mr Speaker.

Mr Gukuna: I am asking this question because it is very good money. I think we desperately need this money and so I think we should try and make every effort to get it. I understand Vanuatu has already taken this money. I think it has met the criteria. I just wonder whether the Minister believes whether we are almost near Vanuatu. Can we expect this any time soon? We need this money Minister.

Hon Oti: The application process is a bit long. Vanuatu applied a long time ago, about two or three years back. Solomon Islands is an eligible country. Solomon Islands is eligible already, and we have to go through another three processes. So it is going to take between now and September before we will reach that stage. But this is a matter that is between Solomon Islands and the USA and has nothing to do with my statement. So I think you should rule this question off.

BILLS

Bills – Committee of Supply

The 2007 Appropriation Bill 2007

Recurrent Estimates

Head 270 – Ministry of Agriculture and Livestock Development

Hilly: Just a matter of format perhaps. We do not seem to have 2007 on page 6. Are they being located elsewhere under the same head?

Hon Kaua: If we look at page 8 that is where those costs are provided for. For your information the present government has changed the ministries. Before we used to be with the Ministry of Lands but now it is the Ministry of Agriculture itself and that is why you will see why this page has zero provisions because it has been transferred to the Ministry of Lands and Survey.

Mr Fono: Mr Chairman, before proceeding with the head just a general question. The Minister of Finance in his winding up speech said that \$70million surplus from last year will be shown here under summary of the recurrent and development. Why is the budget not reflecting that \$70million surplus from last year?

Hon Darcy: That is a very general question. I don't quite understand what the honorable Leader Opposition is referring to. But if he recalled what I said yesterday, I said that these two documents have to be treated the same as one document.

The strength of the development budget does not depend on the strength of the recurrent budget; they depend on the strength of the consolidated fund. So the surplus is taking into account the revenue expected this year together with the cash reserves, which is not reflected in the budget, because cash reserves cannot be reflected in the budget, as it is not a budgetary matter. Cash reserves are accounts matter. That is how the surplus is put together to give strength to the total budget.

Mr Fono: That is why the report of the PAC assumes or thinks that this is a deficit budget because the cash surplus conventionally is supposed to appear in the summary to indicate that the government is going to use this surplus in the development budget. Under Roman numeral (viii), that is not shown and that is why I am raising as to why that is not shown in here. If it is a new conventional practice of budgeting then it must appear here. That is the belief of some of us who are involved in government budgeting and we know. It is not shown in here on page 8 under Roman numeral reflecting the cash surplus of \$70million that the Minister referred to.

Mr Chairman: Can we finish page 6 before we go on to page 8?

Mr Fono: It is Roman numeral page 8 before actually going on to Head 270. It is a question that was raised even during the general debate that if you consider this \$89million of the development budget it is a deficit budget.

Hon Darcy: Mr Chairman, that is totally incorrect and wrong. If you look at the surplus in the recurrent, we do not expect to transfer that surplus to the development budget. What we did mention is a note for the transfer of cash reserves to finance the development budget, and that cash reserve comes out from the consolidated fund. However the budget is presented to this House really depends on the format the Minister of Finance wants to bring to Parliament. That is exactly how this 2007 budget format is being presented to this House.

If you look through the whole structure of the budget, you will never be alarmed about the possibility of this budget running into deficit. You have seen the strength of the recurrent with the surplus of about \$5million and you have seen the funding composition of the development budget. That should show to you the strength of the consolidated fund in funding both the recurrent and development budgets as one document.

Sir Kemakeza: Mr Chairman, page 6. Where are all these items moved to? Are they defunct or transferred to some other heads.

Hon Kaua: Mr Chairman, the MP for Savo/Russells came in late because I have already explained why they are not on page 6 but are on page 8.

Mr Chairman: They are on page 8.

Mr Hilly: Since there are no provisions on pages 6 and 7 this year, can we start on page 8?

Hon Sogavare: Mr Chairman, you may have heard that since there are no provisions on pages 6 & 7 we should start on page 8.

Mr Rini: Mr Chairman, Accounting Code 27000022191 – Capital Expenditure Equipment. What are these? What is the headquarter trying to purchase out of this \$160,000?

Hon Kaua: Mr Chairman, this is equipment for the Ministry where we are starting to establish the IT on how to make things easy. This head caters for equipment for the IT.

Mr Rini: Mr Chairman, IT is the next item, IT replacement of hardware and also software. What sort of IT is under this office equipment?

Hon Kaua: Mr Chairman, it is a normal thing in offices for furniture and all that. But as I have said this is a new idea to make work much easier with the introduction of the IT. Technicians would know about

this IT but it is part of the computer programs just to make work easier, and so it comes under general equipment.

Mr Rini: Mr Chairman, on accounting code 270-0002-3008 – Plant Replacement comes to \$123,600. What kind of plants are they going to replace in the Ministry?

Hon Kaua: Mr Chairman, this is agriculture and it is to do with replacement of plants. The Ministry of Agriculture deals with plants and so that head caters for replacement of plants in the laboratories.

Mr Rini: Mr Chairman, accounting code 270-0002-3100 – House Rents. Which houses is the Ministry going to rent? Is it going to rent houses for staff at the headquarters here or renting of houses for workers in the provinces?

Hon Kaua: Mr Chairman, it is for both the provinces and the headquarters. Previous governments have sold all government houses and so this time public servants do not have houses to reside in and therefore the government has to rent houses for them. That is the provision for that.

Mr Fono: Mr Chairman, on page 9, I noticed Auluta Oil Palm Project has zero allocation and the Vangunu Palm Oil Project has \$1 million. Then again I look at the development estimates and Vangunu appears there again with Auluta for \$3.5million. Why is Vangunu provided for both in the recurrent with \$1 million and also sharing this \$3.5 million in the development estimate and Auluta only appears in the development but zero allocation in the recurrent?

Hon Kaua: Vangunu appears only in the recurrent and not in the development because New Georgia will get the other part. That is the difference between these two oil palms.

Mr Fono: Mr Chairman, I think the Deputy Prime Minister does not look at the development estimates. Vangunu is there too with Auluta for \$3.5 million. My question is, why is Vangunu provided for under both the recurrent and development estimates and Auluta is only in the development and not in the recurrent? If you look at the development you will see Vangunu there too.

Hon Kaua: Mr Chairman, work has already started in Vangunu and that is why it is reflected in the recurrent estimates whereas for Auluta, work is still in progress and therefore it is only in the development budget. That is the difference why they are in the recurrent and the development estimates.

Sir Kemakeza: Mr Speaker, when you look at civil service salaries under accounting code 270-0002-1010 and you compare that with the establishment register there is an increase of just 10 new people who have been transferred from the Department of Lands, Housing and Survey. What makes this increase significant because they have just been transferred from the other Department to here? You read that figure in comparison with the establishment on the vacant posts.

Hon Kaua: If you listened to my speech you would have heard me saying that we are going to need more people to make things happen in the ministry. As a result of that we are anticipating an increase in salaries. So far we are short staffed and so that provision will reflect an increase in the number of staff we are going to employ this year that will be implementing projects in the ministry.

Mr Tozaka: Mr Chairman, page 8 house rent. House rent also appears in the Ministry of Lands and Housing. The policy of the government I gather is that this is centralized in the Ministry of Lands and Housing. Can the Minister explain whether other ministries will also have house rents under their heads?

Hon Kaua: Mr Chairman, the two ministries will now be separated - the Ministry of Agriculture and Livestock and the Ministry of Lands and Survey. Therefore, agriculture will now have its own house rentals for its officers and Lands will have its own. In the past these two come under one Ministry but are the Department of Lands and Survey and the Department of Agriculture. This time the two are now separate. They are ministries of their own and therefore house rents for Agriculture is for Ministry of Agriculture and for Lands is for Lands now. That is the difference.

Mr Rini: Mr Chairman, accounting head 2700-0002-3300 – Rural Rice Production with an allocation of \$2.6 million. What is this? Is this fund to help rural farmers? And if so, how will farmers access this fund?

Hon Kaua: Mr Chairman, as I have said before, this provision is for farmers who are already engaged in rice production. For any new projects they have to come in with the partnership policy before they can attract this funding.

Mr Rini: Mr Chairman, accounting head 270-0002-6502 – Vangunu Oil Palm Project with the allocation of \$1million, and also the allocation in the development budget is \$3.5 million for Vangunu and Auluta. What is this allocation for? Is it for the company in Vangunu or is it for landowners who are trying to establish their smallholding farms alongside the development at the oil palm. If this is for landowners, how will they have access to this fund?

Hon Kaua: Mr Chairman, currently the Ministry is negotiating with landowners to plant oil palm, not with the company but with the government until such time there is agreement on how this will go about before they will have access to this money. This is not for the company but it is for landowners themselves who will go into small scale growing of oil palms.

Mr Hilly: Mr Chairman, just going back to rural rice production. My question is that in 2006 there is \$2.6 million for this and then in 2007 there is again \$2.6 million. Can the Minister tell us what is going on in the field this time or last year and this year? What is happening because I do not hear very much about rice these days?

Initially everybody talks about rice planting here and there but this time I have not heard very much about but it seems that we are still putting a big provision last year and also this year. What is going on in rice production?

Hon Kaua: Mr Chairman, if the Member had listened to my statement rice planting is going ahead now. This is a joint project between the Solomon Islands Government and ROC who have already developed rice areas. They are working on rice already and one or two places have already been harvested.

This is an ongoing project and we are hoping that with this allocation on rice this time it will build it up. Those in the rural areas have already started in major areas like Makira, Western and other provinces, and this is the money they use to cover those places.

If the Member wants to taste this rice he can look for them in some of the Chinese shops.

Sir Kemakeza: Mr Chairman, same head page 9 accounting code 6501 - Solomon Islands Plantations Limited. Work there has been taken over now but there is a slight increase in this provision. What will this \$103,000 go towards?

Hon Kaua: Mr Chairman, this is standby money that if people want to go into the outgrowing process this is the money they are going to use.

Mr Hilly: Mr Chairman, I go back to the question about rice. The Minister said that they are going ahead now, that is very good. What I actually wanted to hear from him is that because we have spent \$2.6

million on rice last year, this so and so number of hectares of rice are being planted in Malaita or in Makira or the Western Province. That is the kind of information I want to hear so that I can be happy that at least we have spent money and something is happening out in the fields. It is not very good saying you are going ahead now and we do not know anything. That is what I wanted to know.

Hon Kaua: Mr Chairman, as I said work is going ahead now. And if you see me wearing a hat in one of the pictures in the Solomon Star, that was when rice was harvested in one of the farms that this money was spent on. Rice is starting to come up. It is growing and if this Member is so concerned about rice, allow your land for us to grow more rice so that we can subsidize the import of rice. As I always said in all my speeches, this country spent about \$70 million on import of rice. We must work hard to substitute this. If all of us work together and allow your lands for rice we can achieve this during these four years when we are here.

Mr Boyers: Mr Speaker, on rice production. It seems that obviously this is for administration purposes. I noted in the development budget the expenditure there for Vangunu Oil Palm Project and Auluta are the same but in the development budget there is no funding for rice. Can the Minister confirm that the \$3.6 million is for administration costs and not for actual project development funding?

Hon Kaua: Mr Chairman, as I said in my speech, technical advisers or assistance will be given to local people before rice is grown. It is important that any money we have goes towards technical assistance before the real planting of rice. That is part and parcel of the money that is now in the budget. I also want that MP to encourage us to grow more rice in Solomon Islands so that there is less dependency on imported rice.

Mr Rini: Mr Chairman, accounting code 6503 National Agriculture Council. What is this Council? Who are the members in this Council, and what is the role of this Council?

Hon Kaua: Mr Chairman, this Council advises the Ministry on areas that the Ministry wants to develop. The Ministry needs the expertise of these people so that information wise the Ministry can get the right information before it can promote whatever areas in agriculture.

Mr Chairman, it is a usual group that every ministry has to advise the ministry that instead of one man giving advice or making decision there is a collective decision from this council.

Sir Kemakeza: Mr Chairman, accounting code 10131 and 1023. From 2006 and backwards I did not encourage overtime. Now there is a new provision of \$21,000 and also \$4,000 for overtime. Is it the policy of this government to introduce overtime?

Hon Kaua: Mr Chairman, if you look at overtime it is a general policy of the government. But the nature of work in agriculture is a bit different. Their work certainly will not only be sitting in offices but they have to go out. If that is necessary it would need a little bit of money for overtime purposes. We have not moved from the general policy where overtime is not encouraged but at the same time there is need in agriculture to do extra work. That is a provision for those people who will be taking on extra activities to promote the projects that you want.

Mr Tozaka: Mr Chairman, same head 270002-6501 – Solomon Islands Plantations Limited. I know that we have replaced that company with GPPOL (Guadalcanal Plains Oil Ltd). Are we still paying the SIPL yet or is this supposed to be changed?

Hon Kaua: Mr Chairman, I think I have already answered that. Do not repeat the same questions that I have already given the answers to.

Mr Chairman, that provision is for the purpose of monitoring the out-growers. In the event that this thing happens you need to have money because if Parliament does not appropriate money for it we cannot spend it.

Mr Riumana: Mr Chairman, my question is on page 9 on the same accounting code 3300 – Rural Rice Production. The allocation in 2006 is \$2.6 million and the allocation in 2007 is \$2.6 million. How many hectares have been planted in 2006 and what is the target for 2007? It looks as if the same amount has rolled over into 2007. It looks like there has not been any rice production.

Hon Kaua: Mr Chairman, I want to thank the most prominent agriculturalist in Solomon Islands for asking this question. Quantitatively, yes, but qualitatively the answer shows that there are progresses made on rice production. What is in here and what is also in the development budget will increase the work on rice production that was already started last year and this year.

Mr Kengava: Mr Chairman, this is on rice production again. I just wonder whether this provision will also assist farmers in buying rice. There is one main problem that I know in the rural area is that there is no one to buy rice from the farmers, and as a result some farmers have stopped planting rice. Copra is very successful because there are copra buyers. The little money they have they pay copra. Now will this amount of money of \$2.6 million be allowed to be used also for farmers who would want to pay rice from other farmers to sell?

Hon Kaua: Mr Chairman, that is an area the commodity market will help to strengthen. But if you look at the picture, Mr Chairman, we have handed out seeds already to farmers to plant rice. This will take time because it has to go through a lot of processes because they must know how to prepare the land to plant rice and all that before they get this money to help the farmers.

Hon Fono: Mr Chairman, National Livestock Census, second to the last item. Was there any census carried out on livestock last year and that is why we have this revised estimate of \$140,000 and an allocation this year for \$144,000? Is the Government through the Ministry of Agriculture trying to do any national census on the livestock?

Hon Kaua: Yes, Mr Chairman. That is an area we are going to carry out this year. Like the Leader has said, he has a lot of herds already, and so we need to know that so that we do not give you some more on those that we will be bringing in from Australia. Definitely we will do that first before we go into strengthening this area.

Mr Fono: Mr Chairman, the other part of the question. Has there any change done last year under the same head that we have already spent \$140,000?

Hon Kaua: Mr Chairman, yes certainly work was done on this. Last year in 2005 in Honiara, 2006 in Rennell and Bellona and 2007 this year we hope to do it in the Western Province.

Mr Hilly: Mr Chairman, just very briefly on livestock. We are aware of our bad history on livestock development in the country. We set up our own livestock authority which is not working now. Now we still have some interest in this division to continue with this. What level of priority is this? Is there a big interest within the Department to revive this livestock part of the division?

Hon Kaua: Mr Chairman, like I said in my speech, we are going to revive this sector once again and we would like to start off with smallholders. Definitely, in terms of preparation of the herds before given to farmers because they have to be quarantined. As I said the herds will be brought here by another person. When they get here they would be quarantined they are given to the smallholders.

Mr Rini: Mr Chairman, on page 13 accounting code 6079 – Purchase of livestock breeding herd. The allocation for this year is only \$12,000. If the Ministry is thinking to purchase livestock for breeding, then this is not enough because it is only \$12,000, which means may be for one or two cows only. Why only \$12,000 and not \$300,000 or \$400,000 or even \$1million?

Hon Kaua: Mr Chairman, if you look at the development estimates you will see another allocation that would go towards that purpose. This provision is just for preparatory work but the actual money for the purchase of livestock is catered for in the development budget.

Mr Boyers: Mr Chairman, on the same accounting code. I note that this \$12,000 is roughly the same as last year. But the development budget should be allocated for the purchase of livestock and this year it is \$9 million. Can the Minister explain whether any livestock was purchased last year? Or is this just a carry on of under spent money of last year?

Hon Kaua: Mr Chairman, we placed an order towards the end of last year for livestock. Because the order was placed in December we are hoping they would arrive next month. We are anticipating that if they are to be quarantined it would take about three months before they are ready to be given out to farmers. The process is going on for the first shipment to come. Money has already been allocated for this and once the process of how to bring them over and arrangements for that to happen takes place then certainly we might look at some people who have barges to bring them from there to Solomon Islands.

Mr Fono: Mr Chairman, on government livestock support. Can the Minister inform the House as to which livestock projects has the Government assisted last year attracting this \$200,000 and this year it will be \$206,000? What is the Government's plan in spending this money? Is it going to individual livestock projects? When you talk about livestock it means piggeries, chicken, goats, nanny goats, cattle etc. Livestock in general is not clear. Last year it was \$200,000 and this year \$206,000. Which projects so far has the government assisted and which ones will the government assist this year?

Hon Kaua: Mr Chairman, as the Honourable Leader rightly said, it is not only cattle but pigs as well. Last year we had about 10 pig fences given to farmers and this year we anticipate assisting another 11 more pig farmers.

Mr Fono: Mr Chairman, who owns these piggery projects that the Government has assisted? Is it the farmers themselves? You mentioned assisting 10 last year. Where are those projects located? Are they not concentrated only in one province but shared among other provinces?

Hon Kaua: Mr Chairman, of course, every one of us can farm pigs but there has to be some criteria of giving out assistance. If you have heard in my speech on the policy of partnership approach, that was the criteria applied. Every one wants to farm pigs but things such as land, market accessibility have to be taken into account before we can determine who will get the assistance. I take it that that is the criteria the Ministry applied when giving pigs to the local farmers.

Mr Riumana: Mr Chairman, page 14 on agriculture research. This is a research section and does the Ministry any plans to revitalize the research centres since the burning down of the Dodo Creek Research Centre?

Hon Kaua: Mr Chairman, like I said in my speech we are going to change the approach on research. It will not be the kind in Dodo Creek where expatriates come and do their research and then go back and get their PhDs. This time the approach is going to change. The farmers are going to be involved so that it is more realistic. Anything that is for research must also be put into practice. That is the approach we are

going to take. We may not activate what has already been done in the past where research was done in isolation of farmers.

Mr Fono: Mr Chairman, is the Deputy Prime Minister and Minister saying that Government research this time is to do with book research in offices and not field experiments like we have been doing in the past which contributes towards the success of some of the new crops that we have. Research is going to be done in the office, is that the emphasis he is trying to tell the nation and this Chamber?

Hon Kaua: Mr Chairman, I hope the honourable Leader understands what I meant in being more practical than just book research. Certainly, it would be research like what is happening in Dodo Creek where some research are put into practice, but that is done in isolation of farmers. I say in isolation of farmers because Dodo Creek is here on Guadalcanal and your farmers are there in Malaita and they can only get here through extension. This time the major shift is from the conventional type of research to on-the-farm research. That is what I am saying. These are two different areas that should differentiate what had happened in the past and what is intended to be done this time.

Sir Kemakeza: Is what the Minister saying that research officers will be located in Niui, Fote and King George according to the establishment? Where will the directors that used to be at Dodo Creek and are planning to go back to Fote will come in?

I think the point raised by the Member for Kia/Hograno is valid. Where would be the headquarters of this research station? The point raised by the Minister is taken into account. That is fine because officers will now be deployed to the various areas of research. But since the headquarters has been destroyed where will be the others go to?

Hon Kaua: Mr Chairman, those places still belongs to the government and so we will look into those things. I will just explain why I am saying that. What we think is going to happen is that research will be a joint effort by the researcher, the extension staff and farmers. It will no longer be sitting down in the offices but going out into the field and doing research with farmers.

The new people who are going to be deployed will be oriented in the farmers, and not in air conditioned rooms. Certainly, there will be the need to go back into the office or laboratory but we would like to see more impact taking place in the field, tangible impact on the fields so that farmers benefit. It is not good being in the laboratories every time and nothing happens. It will be from the conventional practice to on-the-farm research with farmers. That is the difference.

Sir Kemakeza: Mr Chairman, I think we must not joke about this. What the Deputy Prime Minister is saying makes no sense. His explanation makes no sense to me. There has to be a headquarters for this because this is a technical area. Last time it was at Dodo bearing in mind officers attached to other places. That is not disputed. But they are applying very technical things.

Mr Chairman, what this side of the House is asking is where will be the headquarters? Will the Director go to the field too and the others that are not in here? That answer is not straight. What will be the headquarters? Are the policemen going to be just in the streets without the headquarters at Rove?

Hon Kaua: Mr Chairman, that is what I am trying to explain. The location of the research place will no longer be like what we had before. If Fote is definitely going to be the place where this process can be applied then certainly the research centre will be at Fote. Those are the areas we are going to look at and see how it is going to work to address this thing. We do not want to repeat what has happened in the past. Is that clear?

Mr Kengava: Mr Chairman, I understand the Minister said that the approach to research will change from the traditional approach. I understand also that research cannot be done only in Honiara but it must go down to the provinces where the provincial farmers are.

Provinces have small demonstration centres. I know there is one in Choiseul Province at Choiseul Bay. Under research, what ways are you going to assist the provinces to revive their demonstration centres?

Hon Kaua: Mr Chairman, as I have already said in order to do this thing there is need of personnel. The places that already have the facilities will be utilized so that it reaches the right person there. That is how it will happen. In order to make these things there has to be a compound effort by every one of us to make it happen.

Mr Hilly: Mr Chairman, still on research, it is a very good thought that the Department will go direct to farmers especially in the trial of new crops, new seeds and so on. When it comes to having problems with plants, like now in some parts of the country the slippery cabbage is not growing well because a worm is eating them. We think that there should be a centre where research can be made on the problems of agriculture, and not only research to find out about a few seeds or whether things are growing very well or not because there is going to be problems with plants. A center to find out the causes of the problems and how to address the problems of agriculture and livestock is necessary.

Hon Kaua: I think if you are studying science there are two things with science. One is applied science and the other one is theory science. Research is going to be applied the same way. The Ministry can provide research officers and extension officers and the farmers on crop and livestock. The type of research we are asking is applied research and not theory research. Applied means it has to be applied with the farmers, the farmers in the field. The farmers are the ones who would be involved and that is why it is termed applied research. The same results can still be achieved at the end of the day but it is not necessarily sitting in the laboratory with so many computers and building an animal. That is an area the Ministry has to look into to see how best that can be applied so that we get what we want.

Sir Kemakeza: Mr Chairman, I am still not satisfied with the answers given by the Deputy Prime Minister, and this is still on the same point raised by the MP for Ranogga/Simbo, which he still gave the same answer.

The Deputy Prime Minister was the SPM of the last government for four years and he knows very well that the previous administration earmarked the area adjacent to the King George farm to be the research centre replacing Dodo Creek. Our questions are based on whether this government is still going to establish that centre for purposes of doing research work. That is the question we want an answer to.

Hon Kaua: Mr Chairman, what the people at the Dodo Creek are doing will supplement the work the Ministry is doing. To say that the area at the King George farm will be the research centre is not true. That farm will only look at different crops to help the Ministry and so we have to play our part to complement what is going on in that farm in order to fulfill what we wanted. The role of that farm is purposely to supplement the role of agriculture on what it is doing now so that agriculture can happen. There are certain areas the Ministry would have a shortfall, and that is when this farm will come up with the shortfall. That is the difference.

Mr Rini: Page 16, items 1012, 1013 and 1014. Mr Chairman, if you look at the actuals in 2005, housing allowance is only \$10,000 but it increased to \$30,000, Special Duty Allowance is \$29,000 but it increased to \$89,000 an increase of \$37,000, overtime \$62,000 and it increased to \$302,000, an increase of \$302,000. Last year there was no overtime.

What is making these increases to be very high? The actual salaries of those working in the Quarantine Division is only \$439,000 but overtime is \$302,000 which is almost the same as the amount of actual salaries. What is this very big increase in overtime?

Hon Darcy: Mr Chairman, in fact there are similar figures like this elsewhere and throughout the recurrent budget that you will see. The problem here is that there are some salaries that have been paid which have not been posted to the actual salaries accounting code - they are yet to be posted to those codes. Therefore, you will find that emoluments where salaries are supposed to be paid to the appropriate accounting codes are actually being placed temporarily in items like overtime or housing allowances and other allowances, and so forth. That is what you are seeing here. These are the discrepancies that we are yet to sort out. It is more of an accounting problem rather than a budgeting issue. But as we go through to clean up the payroll, these items will be slowly posted to the salary heads and you will see the reduction in other allowances and overtime. You will find this throughout the recurrent estimates.

Mr Speaker: But it does not affect the overall figure.

Hon Darcy: It does not affect the overall figure because they will still be within the emolument provisions or the salaries. Technically it is just the postings of the actual figures to the salary votes and so forth. In terms of whether or not they equate to the actual figure of the establishment, it justifies the increases and the decreases in the number of staff as shown in the register.

Mr Fono: The first item under income - quarantine fumigation fees. What is the basis for the increase, a substantial increase of \$360,720 income projected at over a million dollars? What is the basis for that?

Hon Kaua: This is the fee we get from fumigating imported items or goods that come into the country. We anticipate an increase in the number of goods or items that need quarantine, and that is the reason for this increase.

Mr Riumana: Mr Chairman additional question on income quarantine- fumigation fees. I would like to know the last time these fees were updated and whether they were updated or not?

Hon Kaua: Yes, there has been an increase made on the quarantine fumigation fee. Certainly we have worked on it. As I said in my reply to your question last time, work has been done to make this thing happen.

Mr Kwanairara: Page 20, how many people do you expect to train under this budget?

Hon Kaua: In my report I informed you of the need to train our officers in order for them to be knowledgeable of what they are supposed to be doing. In 2006 there is diploma program training for nine (9) years. This provision here is to increase funding for this training so as to train more of our officers who would be undertaking training for diploma at SICHE.

Mr Rini: Accounting code 6141 - demonstration and project support. Can the Minister briefly explain what this support project is because there is a very big increase here? Last year only \$780,000 was budgeted for but this year it is more than \$1million. Can the Minister explain what are the demonstrations and project supports that attract a very big increase this year?

Hon Kaua: Mr Chairman, as I informed you, this year we are going to make a big move on agriculture involving farmers and because of that our officers need training. They must be equipped with the basic knowledge of knowing what they are required to do before they can go out to work. Because of the volume of work involved this year and onwards, it certainly needs money to enable the trainings to happen. It is not going to be training just in Honiara but it is going to be further into the field with other people and therefore we need money to move from point one to point 2. That is the reason for the increase on this item.

Mr Fono: Mr Chairman, demonstration and project support, my thinking is that it is government support to actual projects, like demonstration farms. What criteria does the government have in place to support projects that rural farmers might apply for? Is this for any agriculture project in general or is it specifically for identified areas of agriculture?

Hon Kaua: The approach we are taking for rural extension and farmers is for every crop. Land must be prepared in order for demonstration of certain crops to take place. It is across the board on areas that we would like to make in agriculture to help farmers.

Mr Kwanairara: Is this demonstration the same as what used to be done in farms before where something is being demonstrated.

Hon Kaua: Demonstration can be done in many ways. It can be done to a group of people and so there is need to bring people to a central place in order for that demonstration to take place. The other way is demonstrate to an individual on a particular area that needs to be demonstrated. Whatever it is called, demonstration can be in different ways of approach and application.

Certainly there are times when demonstration is done to a group of people, which means bringing the farmers together at one central location. We are talking about the bottom up approach here which would involve people in the rural areas. And these people need to know and therefore it has to be demonstrated to them. That is why we are asking for more staff to at this time so that we can implement our work programs which will benefit the people. We hope that is the approach that would be taken in regards to demonstration.

Mr Kwanairara: Further question on demonstration. If I am a landowner who has 100 hectares of land and I go to the department and request the department to come and demonstrate something on my land, is that the intention here?

Hon Kaua: This is something that must be looked into. That is what we want so that you can have money but not you yourself because you have to consider other people as well. We want to balance how people get things so that wealth is spread out to everybody and not just building only one person and forget about the small people in the rural areas.

The idea here is to make sure people are brought up to a stage where they too have money so that they can generate income and contribute to the economy. Touching the lives of everyone in the rural areas is the idea here. Not that they will live like those of us Honiara but just to make ends meet because they are also Solomon Islanders and they must own a bit of money. That is the approach we should be looking at this time. This is part and partial of the whole process of planning and making things happen so that the bottom up approach can be a reality.

Mr Lonamei: Mr Chairman, item 6142 - provincial farms. Is this provision for provinces to start farms?

Hon Kaua: This is for every province but it would specifically be for areas or provinces that have problems. There are some projects that are specifically for certain provinces and there are some projects that are for every province. As and when money is needed this is the money we can use to help them.

Mr Koli: Mr Chairman, just a general question in regards to demonstration and project support that was explained earlier and as well as agriculture extension and training. How effective are you in implementing this knowing very well there are no agriculture officers in the provinces.

Hon Kaua: Just like every thing else you cannot count the eggs before they hatch. Similarly we cannot preempt what sort of problems we are going to face when it is not yet carried out. Until it is implemented

and you see it then you can identify the problems and then you build on from there to improve it. At this stage it is still on papers and until the problems are identified we cannot improve on them.

Mr Tozaka: Item code 6144 - government project support. Is this going to be for government projects? What about projects that farmers get from government but are privately owned?

Hon Kaua: I take it that the government is for everybody. It is for everybody and therefore anything the government is doing must also help other people. We are not selfish but we must be opened up to enable other people have the same privilege that others have.

Head 270 - \$16,514,064 agreed to

Committee of Supply suspended until 2.00pm

Committee of Supply resumes and continues

Head 271 - Office of the Auditor General

Sir Kemakeza: Page 25 – Since the Office of the Auditor General has been doing a lot of work, is there any opportunity to increase audit fees?

Hon Darcy: This audit fee relates to charges that have to be received from other statutory organizations for the audit work carried out on all these organizations. You will also note that that same amount has been provisioned as expenditure, and that is because auditing of all those statutory bodies will be contracted out. It will be paid to the Audit Department and then paid out to all other contracted auditors.

Mr Hilly: Items 2001 and 2002 – Repair of Official Buildings and repair of Government Housing. This allocation is for repair of what sort of government housing? Is it for repair of the Auditor General's house and his staff? The repair of official building – is it for the repair of the Auditor's office?

Hon Darcy: That is quite right. That repair of office building relates to the repair and maintenance of the Office of the Auditor General. Repair of government housing is the repair work that needs to be carried in the official residence of the Auditor General, and I think there are two other houses that have been allocated to the Audit Department that require some repair work. That is the justification for those provisions.

Mr Hilly: Item 6417 - Contract Audit Fee. Does the department still have a lot of work to be given out and that is why we have that provision?

Hon Darcy: Yes, that relates to all the auditing of statutory organizations. As you would be aware, under the Public Finance & Audit Act, the Auditor General is required to audit statutory bodies. Like in the past where statutory organizations would normally call for the audit of their own accounts. That is not the proper way to do auditing of statutory bodies.

What we are doing here is to bring in line with what the law says and that is for the Office of the Auditor General to conduct the audit and in the process of conducting that audit, we will require the statutory bodies to pay certain fees to the Audit Office, and that will in turn be used as fees to be paid to those that are contracted to carry out those work on behalf of the Auditor General.

Head 271 - \$4,638,126.00 agreed to.

Mr Hilly: Just a point of order. The head which we have just voted on for this \$4million, does it also include the statutory pay of the Auditor General? I thought it should be less that statutory payment.

Hon Darcy: That is quite true. In the budget you will find that statutory expenditures will be shown but in the actual bill they are not included. They are not included in the actual bill. It is only in the brick that you will find them included. It is true that it is a statutory expenditure.

Head 272 - Ministry of Education and Human Resources Development

Mr Hilly: The National Education Board does not seem to have any allocation this year. Is there any special reason for this?

Hon Sikua: Allocation to the National Education Board in 2007 has been posted to the Planning, Coordination and Research Unit within the Ministry and it does appear on page 48.

Mr Fono: Examination fees on page 31 as income. Can the Minister explain this?

Hon Sikua: Our national examinations attract payment of fees from schools for every candidate that sits the national examinations. That is why it is attracting government revenue as income to help pay for papers and other costs incurred when administering national examinations.

Mr Hilly: Page 39 – just a general question. There seems to be no provision in last year’s budget but there is provision in this year’s budget. Is this a question of reorganization or is this a new department?

Hon Sikua: I did not quite get the question, can the question be repeated?

Mr Hilly: Secondary School Services – there does not seem to be any provision for this last year 2006 but there seems to be a provision this year. Is this an organizational restructuring matter or is it a new department where last year there was no provision for it and this year we have a provision on this.

Hon Sikua: That general increase in the payroll of Secondary Scholl services is due to posting of salaries from our officers in this division to the headquarter division. Their salaries will now be under headquarters and so it is like a new head.

Sir Kemakeza: Page 48 – Primary Education Salaries is the same level as last year? Is there any increase of manpower in primary education?

Hon Sikua: Mr Chairman, the staffing of primary division remains at the same level as of last year.

Sir Kemakeza: At what level would the new graduates from SICHE come in?

Hon Sikua: If you are talking about teachers salaries then that appears under salaries for teachers. This is salaries for staff at the headquarters.

Mr Huniehu: Page 41 and 42 – can the Minister explain why these particular subheads were withdrawn from budgetary allocation?

Hon Sikua: The allocations have been posted elsewhere in the Ministry’s budget.

Sir Kemakeza: I just want to come back to my same question because the heading of what the Minister explained, headquarter appears under headquarter but this is primary education. I want the Minister to

clarify the new enrolments in primary that graduated last year and now join the service. Where is the provision that will cater for their salaries?

Hon Sikua: What we have done is we have taken out staff salaries from headquarter and the salaries of staff at the Primary Education Division to this head. We have separated them, and this is the same with secondary.

Mr Fono: Can the Minister inform the House whether there are any provisions to cater for maintenance? I do not see that under the two government owned schools at KG VI and Waimapuru. Where is maintenance cost because quite a lot of buildings are running down? I fail to see it even in the development estimates whether there is allocation to these schools for maintenance of buildings.

Hon Sikua: It should appear under headquarters' budget.

Mr Fono: Page 44 – there seems to be very considerable increase on water under subhead 2012 from \$170,000 last year to \$1.1million this year. What is the justification for this big increase?

Hon Sikua: Mr Chairman, as you know KGVI is almost 50 years old and so are their water pipes that have serious leaks and so the water bill at KGVI is very high because of leaks from these old pipes. This provision is for the repair of old iron pipes into PVC pipes as well as to pay for their water bills. This is based on actual expenses from last year.

Mr Fono: Page 48 – National School Infrastructure of \$10 million – budgetary support. What is this going towards? Is it actual building or classrooms, and which schools has the government identified to support in terms of the National School Infrastructure Project?

Hon Sikua: This allocation of \$10 million for National School Infrastructure is budget support from NZAID towards school storage and infrastructure for primary schools. This storage facility, as you know, we supply equipment through NZAID and so we are building a storage facility with a library and the office of the Primary School headmaster. This project is ongoing and is national, and so we are taking some primary schools first, say 80 primary schools first and then go for another 100 schools depending on implementation capacity. So it is going to be a nationwide project, which has already started last year.

Mr Boyers: Accounting code 4017 – National Teachers Development. I notice there is a considerable increase of \$3.2 million versus the revised estimates in 2006 to \$200,000 from \$450,000 in 2006. Can the Minister explain what National Teacher's Development is?

Hon Sikua: This allocation again is budget support from NZAID and is targeted at In-service Training Program for our untrained teachers, where currently, we have quite a number of them serving in our schools. This support is to train the untrained teachers who are serving in the system.

Mr Rini: This is still on the same Head, which the Minister said it is for training of untrained teachers. Is this program for untrained teachers to go to SICHE or is there a special program for them outside SICHE?

Hon Sikua: At the moment the School of Education at the College of Higher Education has signed a contract with the University of Waikato in New Zealand. The program designed for the untrained teachers will be run by both the University of Waikato and the Education of the College.

Mr Huniehu: Mr Chairman, I just want to know the allocation for local technical assistance? What is the work assigned to these people, and have they been already engaged in the work program?

Hon. Sikua: Mr Chairman, this fund was established to cater for unforeseen actions to complement the work of the Ministry's annual work program so that we can move forward quickly if there are any delays due to capacity shortage in the Ministry.

As you will appreciate, the Ministry's budget is very big whilst just this year that I am lucky to have staff recruited to the Ministry. If in any situation I see work to be slow and that particular division implementing the program needs help, then the assistance is there for the Ministry to tap relevant local expertise to help this particular division to move its work program forward. It is a local TA facility, and so we do not envisage getting people from outside. If a person with relevant skills is locally available then we can take him or her on board to assist with the implementation of this program. These people are not yet engaged. We are yet to tap them as and when we need them in the course of this year.

Mr Rini: Page 50 - counting code 5631 – SICHE Scholarships and this comes under NZAID Funding. For this \$10.8million, how many students are entitled to this amount?

Hon Sikua: I think at the current level it is about an intake of 200 students a year.

Mr Rini: Mr Chairman, will this cover every school or only School of Education?

Hon Sikua: Mr Chairman, this is only for School of Education.

Mr Hilly: USP Distance Flexible Learning. We are spending \$1 million. What is this one? I understand that USP contribution is our contribution to USP? But this one is USP Distance Flexible Learning. Are we contributing to the system of USP or are we handling some of that system?

Hon. Sikua: Mr Chairman, Distance and Flexible Learning is just a trendy phrase used this time for extension study - I think commonly known as extension studies. This allocation is for paying of students studying at the USP Centre here in Honiara. You would probably be aware that if a student gets a GPA of 2.5 to 2.9 he/she has to start at the USP Centre first. If they get a GPA of 3.0 and above they will go overseas. So those students within the bracket of 2.5 to 2.9 GPA is what we use this allocation to pay for their tuition and other costs for the students that study through extension at the Solomon Islands Centre of USP here. That is what we use to pay for the costs for our students that study through DFL and sponsored by the Solomon Islands Government (SIG).

Mr Huniehu: Tertiary Scholarship Overseas – we are going to spend \$26,680,000 million. Can the Minister inform the House how many students will go under this program?

Hon Sikua: Mr Chairman, that amount of funding will be used to sponsor our students and for ongoing it will be 421. The total would be around 560.

Mr Riumana: Mr Chairman, page 52 – Accounting Code 4067 – Provincial Grants, allocation of \$2.1 million. What is this provincial grant for? Is this for provincial schools or what is it for?

Hon Sikua: Mr Chairman, this allocation is for provincial education officers to enable seconded officers in the provinces carry out their work in the respective provinces. It is not for schools but it is for provincial education officers.

Mr Fono: Accounting code 4065 – Church Education Authorities will only get \$318,270. How many Church Education Authorities will benefit from this? Is this part of the one tenth that is in the Budget Speech?

Hon. Sikua: Mr Chairman, this allocation is one that was introduced in 2005 to help Church Education Officers to enable them run their education offices may be stationeries or equipment and so obviously it is not part of the one tenth because it was started by the last government. It is just to assist Church Education Officers to help pay expenses towards office equipment and stationeries.

Mr Huniehu: Page 54 – Vocational Training School Grants. Can the Minister explain to the House what actually are these grants are for and how do the Vocational Training Schools can qualify to get these grants?

Hon Sikua: Mr Chairman, the allocation on Vocational Training Grants is to complement the budget of Rural Training Centres for effective teaching and learning at the Centres. This allocation to Community Education is to assist the community training programs that are managed by TIVÉC Division of my Ministry and these are direct support to any community based programs run by communities or any organizations.

Mr Rini: Page 55 – Civil Salaries - there is a big increase there of \$16 million. What is this increase for? Can you explain it?

Hon Sikua: Mr Chairman, this is for the Primary Division. That is a general increase in Civil Service salaries due to the posting of the salaries of primary school teachers, teaching in private schools in accordance to the Teacher's Register. This increase is due to the posting of salaries of primary school teachers teaching in primary schools in this year's register.

Mr Huniehu: Is this cost related to the unified pay structure?

Hon Sikua: After the re-leveling exercise carried out between the Public Service and my Ministry, the teachers are now paid under the unified pay structure of the Public Service.

Mr Rini: Accounting Code 4061 – Grants. This year \$25.7 million is allocated for Grants to Primary schools. How many students in primary schools will be entitled to this \$25.7million and how much per student? For example, last year I think the last government based it on \$220 per student. How much will be this year, and how many students will be covered under this total grant?

Hon Sikua: Mr Chairman, the level is still the same as last year at \$220 per child at all primary schools. If that is added with supplementation from New Zealand Budget Support, it is quite a substantial amount which will cater for something about 80,000 school children in primary schools.

Mr Huniehu: Mr Chairman, supplies can ...the Minister explain to us whether this particular aid item has been withdrawn by the New Zealand Government and why?

Hon Sikua: Budget Support from New Zealand for school supplies is already completed. The first lot that came is for standards 1 – 4 and we have already purchased standards 5 to 6 Mathematics and English and we have already supplied these to every school. The program to replenish supplies for schools is already completed and that is why we are following up with the storage facility in this budget.

Mr Huniehu: Item code 1010 – Civil Service Salaries – Budgetary Allocation. Can the Minister clarify?

Hon Sikua: Mr Chairman, the general increase on payroll is due to the posting of salaries of secondary school teachers teaching at provincial secondary schools or the PSS in accordance to the Teachers Register of 2007. It is the same thing with the primary teachers.

Sir Kemakeza: Page 58 - Grant - boarding and grant –day. Which schools are these for?

Hon Sikua: These grants are for Community High Schools on boarding. It is paid directly to school accounts because boarding is \$750 per child in secondary schools or community high schools, we called them. For day students it is different because it is only \$500 per child for Community High schools. Some Community High Schools also have boarding facilities and that is why we separate the day from the boarding schools.

Mr Riumana: Page 58 accounting code 4064 and 4066 – grant boarding and grant day. Does the Ministry have any mechanism to monitor the use of these funds in the Community High Schools?

Hon Sikua: Before the payment of grants directly to the school accounts was introduced we have held a lot of workshops and training courses for school management i.e. the principals, bursar, school committee chairman and treasurers, to take them through how they should be using these funds. They have a check list of the things qualified under grants, either from the SIG or the European Union.

Mr Chairman, we do train people and we also monitor them. The grants are paid on a quarterly basis and because we work on a retirement basis they cannot get their next grants if they do not satisfy us as to how they expend the last quarter's grant. In that sense it is a good way of us monitoring how effectively they have been using the grants.

Mr Tozaka: Mr Chairman, page 58 – still on grant - boarding and grant Day, the provisions seems to be quite adequate. How do we control the school fees in the Community High Schools because they seem to be out of control? School fees in some of the Community High Schools are very high?

Hon Sikua: Mr Chairman, if you had listened to my contribution to the Budget, I did mention about something about the need for us to reflect school fees at some stage and also the level of school fees charged. My Ministry will take a paper to Cabinet through the National Education Board to try and introduce some form of uniformed level of fees that are charged at various levels say in our secondary schools. I hope we can think about that this year and by next year we should have an uniformed level in school fees in upper and lower secondary fees.

Sir Kemakeza: There seems to be an increase in the salaries of education authorities or education officers in the provinces. When you correspond that with the establishment there is no increase in manpower in the provincial headquarters. What is making the salary to increase?

Hon Sikua: Mr Chairman, the general increase in the payroll of the provinces is again due to the posting of salaries from the headquarters budget to the provinces. Although this does not correspond with the establishment, the posting was done to make the salaries appear in these separate heads for the provincial education authorities.

Head 272- \$267,966,672 agreed to

Head 273 – Ministry of Finance and Treasury

Mr Rini: Mr Chairman, page 75 accounting code 1013 - overtime allowance. There seems to be a big increase on overtime allowance of \$269,000. Compare that with salaries they are almost the same. What is the administration doing to justify this big increase in overtime?

Hon Darcy: Mr Chairman, I did explain this to the PAC in relation to one of the questions asked earlier this morning. This is in relation to some of the posts that have actually been paid and not posted to the appropriate expenditure code on salaries. I did say this morning that we are still going through the process of tidying up the payroll and putting all expenditures to the right expenditure item. That is why we have wrong postings of expenditures to items that are not supposed to be. But it will take time because there are some over the last five years that we are going through the process of cleaning up the payroll. Some salaries instead of being paid on appropriate salary are posted overtime codes and special duty codes and so forth. That is the problem. You will find it recurring in some of the heads as we go through the heads.

Mr Boyers: Mr Chairman, accounting code 2142 – General Insurance. I note there is a marked reduction on general insurance of about \$80,000. I would have thought that there should be an increase. Can the Minister please explain the decrease in the allocation in this accounting code?

Hon Darcy: Just correct me if I do not answer your question properly. Yes, there is a general reduction in the provision for Insurance General. We don't believe that new vehicles will be attracting high insurance because they are brand new as opposed to second hand vehicles that are attracting higher insurance cover because they are second hand. We are doing away with the second hands and resorting to brand new vehicles. That could probably be the reason why we ended up a slight reduction in insurance cover.

Mr Rini: Accounting code 2013 - telephone and faxes. There is a big increase there. In the 2006 budget allocation it was \$402,000 and this year it went up to \$1million, an increase of \$652,000. Can the Minister explain that big jump? Will there be more faxes and telephone installed in the headquarters of the Ministry of Finance this year? What is making this big increase of more than 50%?

Hon Darcy: Mr Chairman, it is not really new installation of telephones. We have very long years of arrears on telephone and fax charges that have not been met. There are some telephone charges in arrears that have actually not been brought to the attention of previous administration and even right up to last year too. We have to clean up some of those accounts. That is the truth about telephone charges. I only hope that this would be the last time that we will clean up our bills with Telekom and not having to go back and find that there are still some arrears dated back even some four years ago. But that is the reality of some of our expenditure items especially telephones and other utilities.

Mr Huniehu: Code 3150 – Office Security. Why is it necessary to employ private securities when the Police is providing that service to government?

Hon Darcy: Mr Chairman, they do come out of that provision. It is never a new provision. In fact the Ministry of Finance for the last five to six years has engaged private securities to provide security to that Ministry. But as you can see there is a slight reduction. But yes it does cover the securities that have complained about not being paid.

Mr Tozaka: Mr Chairman, Page 76, accounting code 6112 - Refund of previous years' revenue. What is this?

Hon Darcy: Normally just like in any other business there are times when tax is charged in excess of what should be collected, and those affected would normally claim for reimbursement. That is that provision for. In cases where sometimes tax may have been overly charged on certain customers or clients, and therefore they have to pay beyond what they should be paying in those years and therefore they would claim for refund. That is that provision for.

Mr Boyers: Accounting code 4088 - payment to overseas – bodies. I note that there is no allocation for this, this year. I do know that we subscribe to international bodies. Can the Minister explain why there is no allocation this year?

Hon Darcy: Mr Chairman, I think they have been appropriately posted to the Ministry of Foreign Affairs. There is provision there that provides for affiliation to overseas or international bodies as well as other regional bodies that fall under the responsibility of ministries and they do pay directly their subscription fees and affiliation fees.

Mr Boyers: Accounting code 4530 - Trade Creditor Arrears. I note there is a considerable reduction in the allocation of trade creditors. Can the Minister explain this?

Hon Darcy: Mr Chairman, that reduction really reflects the fact that we have been paying either in full or partially some of the trade creditors during the course of 2006 and so the figures have actually reduced.

We have not failed our commitment in paying arrears to trade creditors. I think the most two recent ones that have been settled are arrears and in relation to SICHE NPF contributions. That substantially reduces our commitment this year.

Mr Huniehu: Sale of government properties. Can the Minister explain which properties are these?

Hon Darcy: Mr Chairman, this is in relation to the sale of the old State House. Approval has been given by the appropriate body charged with the responsibility to approve the physical plan of the hotel development. With that approval money is now due to the state because that is the final condition required for the release of the actual money for the sale of that property to the investor.

Mr Boyers: In the light of the answer where that funding is coming from, is that funding in relation to the expenditure policy of the government to go into the Arts Gallery and the Cultural Village?

Hon Darcy: Yes, we will live up to that commitment. This money will have to be used for expenditure to reconstruct the National Arts Gallery somewhere yet to be identified. But that money is going to be used for that. It will remain there as revenue but it will be expended through the development budget or somewhere to correspond to the commitment that has been made.

Mr Riumana: Mr Chairman, page 90 code 0463 – Goods Tax – Customs. Can the Minister explain that big reduction in income?

Hon Darcy: Mr Chairman, that reduction corresponds to the increase in the Goods Tax that is collected by the Inland Revenue Division. Because of the discrepancies in the collection of Goods Tax on imports, we have decided to put the responsibility in the collections of good tax directly to the Inland Revenue Division. You find that when you approach Customs you will be required to pay Goods Tax directly to the Inland Revenue Division and not necessarily to the Customs Division. That is why we have created this new vote for that particular revenue which is just below that line item.

Mr Boyers: Accounting code 0501 stevedoring withholding tax. Can the Minister explain this withholding tax on stevedoring?

Hon Darcy: Mr Chairman, for sometimes this particular tax has been lumped up in payments made to, say for instance, royalties to landowners or sometimes it is paid to some shipping companies and not paid to the government.

These are withholding taxes that should have been paid to the state by those responsible in loading vessels for overseas exports. In relation to the forest industries or copra industries or even at the

wharf in here the Ports Authority actually subcontracted the task of loading vessels and they are paid for those contracts, tax should have been withheld from those payments to be paid to the state. That is a new item we put there. This year because of the new emphasis that we have put in collecting this revenue, we hope to grow this particular tax revenue that has never been given emphasis in the past.

Mr Boyers: Mr Chairman, in the light of the Minister's explanation regarding stevedoring withholding tax, I note that there are two types of stevedoring in the country. One is stevedoring tax from export centers in Honiara and Noro and the other one is stevedoring from logging.

In the light of the bottom up approach of the government can I make recommendation that special consideration be given to stevedoring in the rural areas not covered by insurance or unions or any body that would be able to protect them in their conditions of employment.

I just like the Minister to take note that rural stevedoring is subject to enormous pressure and expense in the light of stevedoring in our commercial centers and export ports.

Hon Darcy: We will take note of that but the law applies and we have to apply the law equally to everybody.

Of course, we are aware of some of the very difficult situations that rural stevedoring companies have gone through and their obligations to the state may also be hampered by the status of their company. But we will respond to any cases put to us so that we can address some of the concerns that have been raised.

Mr Rini: Mr Chairman, accounting code 4418 - cigarettes and cigars. There is a considerable decrease in revenue of about \$3million. Can the Minister explain that decrease in revenue?

Hon Darcy: It is simply because there is increase in the consumption of locally produced cigarettes and therefore there is a reduction in imported cigarettes.

As you know over the last two years there has been a big increase in locally produced cigarettes and therefore it is the local excise on cigarette that increases. I think you will find it somewhere there the local excise on cigarette. Excise on tobacco has actually increased both tobacco and cigarettes. That correspondingly gives a reduction on imported cigarettes.

Mr Boyers: Accounting code 0409 – ID –Miscellaneous with expected revenue of \$1.2million. In the previous accounting codes there is also miscellaneous, one with zero revenue and the other one with \$8million. Can the Minister please explain these miscellaneous?

Hon Darcy: These are all miscellaneous items associated with any manufacturing, and on those items you will find that there is a steady increase in revenue. On other miscellaneous items which are not related to manufacturing in relation to certain direct schedules of the customs tariff, that is what we have actually divided and created separate revenue heads for. In that way we can avoid people lumping up things under manufacturing, when really they are not related to manufacturing, in terms of the way that you charge duty on the importation of the items.

So there are two things here. One is items that are previously being lumped up as manufacturing but are not related to the manufacturing items and the other one is the ones that are related to manufacturing items. That is why you will see the creation of two new votes in there.

Mr Boyers: Page 94 – Accounting Code 0444 – Export Duty Timber and Logs. There is a marked increase of \$72million. Obviously that has been explained under one consideration and in the Minister's speech, but in 2005 and 2006 there was a Cabinet paper on the cancellation of log export duty remission and in its place a levy is put in on every arrangement between the Ministry of Forestry and Finance. The amount of exported logs in 2006 in addition to 2005, the levy of 10 percent was to be put a side for regeneration and reforestation on customary land where the logs were harvested.

I note that there has been no allocation to that amount to about \$15 to \$20million allocated in this year's budget on reforestation. Can the Minister confirm whether the levy is within this amount?

Hon Darcy: No, there is no provision of timber levy expenditure out of this particular revenue. But we do provide a development budget provision of \$4million for reforestation. Initially \$4million and subject to the growth of interest and good proposals from the communities, we may look at increasing it during the course of the year. But we will have to start off with \$4million, which is basically an addition of \$2million from the 2006 allocation of \$2million that was provided for in the previous budget, which has never been used. Based on the fact that we need to create more education, information made known to the people, I think it is only proper that we start small and then as we generate good interest from our community we can slowly increase it. There is no provisioning of timber levy as expenditure out of this revenue.

Mr Huniehu: On timber log export, the government is expecting to collect \$163million, a difference of \$72million. What is the basis for assuming that you will collect an additional \$72million for this fiscal year?

Hon Darcy: I stated in the budget speech that we believe we would be able to collect about \$72million, and this is based on cessation of exemption on export duty on round log and secondly increase on the determined price of logs. There has been an increase in determined price, a reasonable increase of some 15 percent which was effected last month, and already it is bearing good return on the this particular revenue. Putting those two together, cleaning up on exemptions and the new determined price, we believe we should be able to collect that additional \$70million on this particular revenue.

Head 273 – \$32,588,272.00 agreed to

Head 274: Ministry of Foreign Affairs, External Trade & Immigration

Mr Haomae: Civil Salaries has an increase. If it is read with the establishment register on Administration and Support Services, does this mean the Administration and Support Services of the Prime Minister's Office has moved to Foreign Affairs?

Hon Oti: No, that is not the reason. The reason is that if you look at page 104, page 105 reflects the creation of independent Headquarters Administration for the department and that is why you will see zero provisions in previous years. The previous year's reflection is on page 103. So page 104 when transfer of Headquarter Administration in the Ministry is what appears on page 105.

Mr Haomae: Mr Chairman, does that mean the Ministry of Foreign Affairs becomes a full fledged ministry by its own and not with the Prime Minister's Office?

Hon Oti: That is correct, Mr Chairman.

Mr Fono: Just a general question. Is the Government looking at increasing the salaries of the Ambassadors?

Hon Oti: That is part of the work program of the Ministry this year, because it is governed by the Public Service Overseas Service Regulations the last time for which the review was in 1993. That is now down for a major review this year as part of the Ministry's work program. The current salaries of ambassadors and other allowances will be reflected under the various missions reflecting the last review which was done in 1993. We will be reviewing that again this year.

Sir Kemakeza: There is a slight reduction on Civil Service salaries for Brussels and the United Nation. Does that mean some staff have been made redundant?

Hon Oti: We were required to work within a baseline budget, advice from the Prime Minister, but at the same time they are at different levels this year, that is why it shows this reduction.

Mr Tozaka: The last government secured a property in Canberra for the Chancery Mission. Is the Ministry or Department going to follow this up or will it be the same as it is doing to the PNG Mission?

Hon Oti: That is a commitment which Canberra has made with Solomon Islands, and we will continue to offer it until such time we are able to afford. The construction of a chancery will not yet appear in the government's budget.

Mr Rini: Personal Secretaries. If you look at the Embassy in Brussels and the United Nations, the Personal Secretaries are at the same level about \$19,000 and the Ambassador's salaries stand at \$53,000. But when we come to Canberra the Personal Secretary's salary is about \$122,000 and the Ambassador is only \$53,000. Why is the Personal Secretary's salary in Canberra higher than the Ambassador's salary?

Hon Oti: First of all they are locally engaged, and secondly it is currency difference between Australian dollar and Solomon Islands dollar. The rate they are paid is in Australian dollar and when that is converted to Solomon Island dollar that is what is in the estimates.

Mr Rini: It is the same with New York and the US dollar is more but why is the Personal Secretary in the United Nation only \$19,000 and even in Brussels \$19,000?

Hon Oti: The post in New York Embassy is subsidized by the Republic of China/Taiwan, about three years back until this year. And so it is not fully reflected. What is in the estimates only reflects our contribution. The top up is met from extra budgetary outside of the Ministry's budget.

Mr Boyers: Coming back to the question asked by the MP for North Vella in regards to the overseas chancery. It was in 2005 that the Australian Government allowed us after waiting so long for a piece of land; we have a time limit before that is awarded to other High Commissions. Being in a corner block in such an important location in 2006 a supplementary was made for part payment of the piece of land which was clarified as a lease payment.

I noted that the Minister's answer was that until we have enough money before we can look at it. I believe they have a timeframe on it, commitment has been made. Is the Minister saying that because we have a budget biggest in our history we do not have the money to be able to allocate or is he saying that this might be taken care of under payment to overseas bodies allocation.

Hon Oti: No, that is not what I am saying. Can the honorable Member point out what item in the estimates is he referring to so that I can be able to make sense of it? What item?

Mr Boyers: The item I am referring to is Accounting Code 3103 - Apartment Rental Overseas – Canberra.

Hon Oti: Apartment Rental Overseas is apartment rental for the present residence and office. It has nothing to do with the Chancery. That particular item is for the rental for office and apartments and not for the Chancery as yet. That is why I said, as and when we have resources then it would appear as a separate budget item under Foreign Affairs like you will find when we come to the PNG Chancery you will see it appear separate. Although the rental is still there when you come to PNG mission you will see it in the development budget. It will be treated the same way.

Mr Boyers: That is why I am asking the question because if we have our own area we do not need to pay rental. That is the question. If we have our area and build our own High Commission residence and may be an office then we do not need to pay overseas rental. If this commitment has been made already then let us fulfill it.

Hon Oti: In fact we have been paying rentals since these offices have been opened, and it is a question really that we must start asking ourselves, and that is why we have taken the first step in PNG because of the cost rentals if added up how much has been paid in rentals it could have paid for a fully fledged Chancery facilities.

Fortunately because of the PNG grant that was agreed to between the Prime Ministers of 1997, 1998, part of that ongoing grant is committed to building the Chancery. If and when we start to talk mutually again with Australia we will be exploring those options may be as part of the package to be used based on their agreement.

Mr Kengava: Page 115 – Honorary Consulates Grant. I just want to know what this is for.

Hon Oti: This is for the Sydney Honorary Consul.

Mr Gukuna: Would the Personal Secretary for the Embassy in Taipei a local one or from here?

Hon Oti: At the moment she is recruited from Taipei. I think that is the current standing arrangement.

Mr Gukuna: It is just a small amount and NPF is not paid. How would you deal with this?

Hon Oti: As you will note, apart from the support ROC has given to us for the New York facilities, the facilities within which our Embassy is located is also given to us as subsidized cost. This too is part of the support that the ROC is giving and is not reflected in here to meet the level of the Personal Secretary salaries as could have been applied in a situation where those level of officers would have attracted in Taipei. Yes, this is our contribution to top it up, I am sure it is part of the package with the rental of the premises which our office and the residence of the Ambassador is located in Taipei.

Mr Rini: Page 116 – Location Allowance – this also applies to all Embassies? I just want to know how they cost out the locations in regards to this amount here. Are they based on distance or cost of living?

Hon Oti: I was referring right from the beginning that these rates have been set since 1993 by the Overseas Service Regulations under the Public Service. Indeed as they are currently reflected in the budget they are no longer reflected in the current cost of living and the cost of allowances in those countries. That is why it has become imperative for us to review the overseas regulations so that its mission in future would have to reflect the actual cost of those kinds of allowances in the regulations. This is sort of being dictated and so you cannot go beyond the dictates of the regulations as it is now more than 10 years. Unfortunately, that has not been re-looked at and we are making it a priority to look at reviewing it this year.

Mr Gukuna: Mr Chairman, just further clarification. As I look through the accounting heads, I can see that every possible cost at the Embassy in Taipei has been taken up. There is a big provision at the bottom on accounting code 3400, a big amount of running costs. What are these left over costs that such a big amount has been allocated to?

Hon Oti: Mr Chairman, as I have said we have stepped up activities for this Mission including the provision for establishing of a website. Some of these costs include costs in publications and so on. But

basically it is also to do with the exchange rate between the N.T. dollar and the Solomon dollar after transacting it through the US currency.

Sir Kemakeza: Mr Chairman, the explanation by the Minister earlier on today is that Taipei's costs are subsidized and for UN and Canberra it is to do with currency. What would be PNG's cost? The salary of the personal secretary is much higher than the salary of the ambassador?

Hon Oti: Mr Chairman, exchange rate.

Mr Haomae: Mr Chairman, civil salaries as read with the establishment register. The Director of Immigration is paid at SS1 but the Director of Trade is paid at Level 12/13. Would the Minister reconcile those two directors, whether trade is less important than Immigration or?

Hon Oti: Mr Chairman, the director of immigration is paid at SS1. The director of trade is one level below SS1. The Director of Immigration has always been an SS1 post. The fact that they are directors does not mean they have to be equal. The director of immigration may be because he holds statutory powers and so has more responsibilities.

Mr Haomae: Mr Chairman, I understand that but we should be encouraging more trade. To reflect the importance of the External Trade Division within the Ministry, the Minister has influencing powers to recommend to the Public Service to upgrade that post. It is demoralizing for one director to be at SS1, although he has statutory powers and another director at just Level 12/13 only. Can I ask the Minister to reconcile why these two officers are in his Ministry but they are different?

Hon Oti: Mr Chairman, I also inherited these two. I have just come in. Thank you for your support and we will certainly do something about it.

Mr Fono: Mr Chairman, visa fees on immigration under income. What is the policy of the government? Are we looking at charging fees? I heard quite a lot of visa applications especially under RAMSI where the Minister has the power to either say yes or no. What is the policy this time?

Hon Oti: The Minister does not have the power to say yes or no. The Minister has power for any appeal against the decision of no from the director. The Minister's power is only to exempt any appeals. That is what the Minister has power over.

Sir Kemakeza: Mr Chairman, under income, there is quite a lot of increase on permit reside fee and renewal fee. Is the Ministry or Division anticipate giving more permits to people to reside temporarily in Solomon Islands or what is the focus of this projected increase in revenue?

Hon Oti: Mr Chairman, this does not mean that more people will be coming in. It could be one reason but the reason immediately within the scope of immigration this time is enforcement. It is stepping up enforcement and reducing waiver exemption. In fact for the whole of last year I only accepted one to be waived from the fee, but the rest paid.

Mr Haomae: Mr Chairman, I just want to know item code 6011 – Trade Mission. What country does the Ministry envisage sending trade missions to this year?

Hon Oti: Mr Chairman, part of the stepped up on trade promotion activities is trade missions. This is to assist especially the private sector. It is sharing the cost of trade missions that private sector bodies or individuals can be assisted for promotion overseas of their products and the services that they provide.

Mr Gukuna: Mr Chairman, just clarification on the last subhead 6134. Last year there was some thinking that some technical assistance will go to the provinces. With this bottom up approach emphasis, do we not expect any assistance from them and that is why there is no provision for it this year?

Hon Oti: The items that disappear from here have now come under Commerce in the business section. Before trade and business were under Commerce and therefore since that responsibility is now within the scope of the Business Division in Commerce, it has been taken out of trade's sub head.

Mr Haomae: Mr Chairman, the Minister did not fully answer my earlier question. He did not answer what countries does the Ministry envisage sending trade missions from the government and private sector?

Hon Oti: Mr Chairman, it is for input and export promotion missions of Solomon Islands with the assistance of the Trade Division.

Mr Haomae: Mr Chairman, but to which countries? Is it north so that it is in line with the foreign policy shift, a shift in emphasis on foreign policy looking north? That is what I am asking, and the Minister has not answered my question.

Hon Oti: In fact we do not have any trade mission anywhere. The only trade mission that exists is in Port Moresby but it is self financing. This is not for establishing of trade missions but it is for promotion.

Sir Kemakeza: Mr Chairman, accounting code 2198 - repatriation. In the revised estimates it is \$16,000 but the budget focus this time is \$87,000, and increase of \$70,000. Who else is the government thinking of repatriating?

Hon Oti: Mr Chairman, repatriation caters for deportation which we are obliged to. As much as possible some have to be voluntary and some have taken it voluntary. This is just to assist them otherwise they will be unable to pay their fares to go so this is to help to meet the cost of repatriating them on airfares.

Mr Tozaka: Mr Chairman, accounting code 2198. Do such people not pay any sort of deposit before permits or passports are given to them so that they can meet such expenses themselves?

Hon Oti: Mr Chairman, if the questioner is making reference to repatriation, repatriation as I have said is basically to send people out who are unable to pay or are voluntarily leaving because they have breached certain sections or have overstayed their permits or refused to pay as I mentioned in my statement yesterday, if I can make reference to that, in the last four weeks we deported about six people illegally living in the country. Illegal in terms of overstaying or have breached their conditions of their permit to stay. We did not meet any of those people's repatriation costs.

Because of the stepped up enforcement envisaged this year, we think that a lot more people will be brought under scrutiny by the Enforcement Unit of Immigration, and very likely a lot of these would have not been in a position to afford the cost of voluntary repatriation. This is only a provision. As I said if we can ask deportees to voluntarily leave the country at their own cost then of course we will be still saving this provision.

Furthermore, Mr Chairman, particularly for foreign investment, there is a bond that is placed with the banks, and that is surety of them living in the country, and they can only call on that if they are required to leave the country. Most times that is the money used to meet the costs of their voluntary repatriation. This is just a provision because we have to cater for all circumstances. Those that can afford it because of cases in respect of foreign investors or workers who come in under foreign investment approved companies, they can as a matter of condition under the Investment Act must deposit a certain percentage or a certain amount of money with the banks for purposes of this should they be required to

leave. The money can only be released if requested by the Investment, Labor and Immigration. The three units of the government are working together on this situation.

Sir Kemakeza: Mr Chairman, if that is the situation then the rule has changed because anyone coming in, in order for them to work or visit or whatever in the country must have open return tickets. Has the rule changed now with the Immigration so that the government has to meet all these obligations?

Hon Oti: Mr Chairman, the rules have not changed. This is a statutory obligation on the part of the government too. If you enforce this law you have to back it up financially, and so you cannot depend on situations. It is a statutory power under the Deportation Act. This is to give the government or Immigration to make sure they enforce the law should money be required. That is the provision for.

Mr Chairman, as I said the trend has been that in cases that I have mentioned, not one of them repatriation were met from public funds.

Mr Taneko: Mr Chairman, may be the Minister is talking about extradition order because normally when people come here they must have a return ticket unless they commit a crime then they have to be sent back home.

Hon Oti: Mr Chairman, it is both deportation and extradition. Extradition is when another one asks for you and deportation is when you are enforcing your law to tell that someone to leave the country. No one is telling you to do so. But just for purposes of this item, you just ask for it whether it is enough or not. Why the increase and decrease, I have already answered those questions.

Mr Gukuna: Mr Chairman, while we are on repatriation, supposing that we come to the pleasant situation that we have to repatriate our suspended Attorney General, who will pay for it? Is it the Immigration or the Prime Minister's Office?

Hon. Oti: That one is extradition. Repatriation is under the Deportation Act. Because they ask for it they will have to pay for it.

Head 274 - \$15,215,841 agreed to

Head 275 – Governor General

Mr Rini: Accounting Code 2074. – Provincial Visits. The Governor-General's visit to the provinces is very, very important. The Governor General is the symbol of peace, a symbol of sovereignty and so his visit to the provinces is very, very important. Why is there a big reduction on provincial visits by the Governor-General? It was reduced by \$107,000?

Hon Sogavare: I also appreciate the importance of His Excellency's visits to the Provinces. In fact the Government has always been sympathetic to the requests of provinces. There is provision there that he can start to use and we can always top it up if there are more visits by His Excellency to the provinces.

Mr Kengava: Mr Chairman, just a general comment. I just want to know the government's policy on the state house.

Hon Sogavare: Mr Chairman, the government has no plan this year to look into that particular project.

Mr Haomae: Mr Chairman, item code 2022 - Medical Expenses Overseas for His Excellency has been reduced by \$18,000. Will the Governor-General not go overseas for medical check up?

Hon Sogavare: Mr Chairman, it is only a budget estimate. His Excellency is not yet sick but if he needs more resources to get him for overseas treatment, then as I said the government is always sympathetic to requests from the Government House.

Mr Haomae: Mr Chairman, if you look at the 2005 actuals, it is \$66,000 and so if His Excellency is expected to go overseas for medical treatment or in any unlikely situation that he thinks of going overseas this is not a reality, although it is an estimate I understand, but it has been drastically reduced.

Hon Sogavare: Mr Chairman, there are ways of going around. There are enough mechanisms within the budgetary system to top up any urgent need for funds.

Head 275 - \$2,118,565 agreed to

Mr Darcy: Mr Chairman, I beg to move that further proceedings of the Committee of Supply be now adjourned until tomorrow.

Committee of Supply adjourned for the next day

Parliament resumes

MOTIONS

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

The House adjourned at 4pm.