

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

DAILY HANSARD

THIRD MEETING – EIGHTH SESSION

WEDNESDAY 7TH FEBRUARY 2007

The Deputy Speaker, Sir Allan Kemakeza took the Chair at 9.30am.

Prayers.

ATTENDANCE

At prayers all were present with the exception of the Ministers for Department of Home Affairs, Agriculture & Livestock, Finance & Treasury, Justice & Legal Affairs, Mines & Energy, Communication, Aviation & Meteorology, Provincial Government & Constituency Development and the members for West New Georgia/Vona Vona, West Guadalcanal, East Honiara, Small Malaita, Central Honiara, West Are Are, South Vella La Vella & West Kwaio.

15. **Hon KENGAVA** to the Minister for Provincial Government and Constituency Development: Can the Minister update this House what stage the development of the Choiseul Bay Township is at present?

Hon SANGA (*Supervising Minister*): Mr Speaker, I would like to thank the Member for Northwest Choiseul for asking this very important question.

The SIG funded Choiseul Township Project No. 7170 under the Provincial Government's Development Budget head is currently at the early stages of its implementation.

The project initially approved in 2005 for funding by PNG rolled over into 2006 and was appropriated in the 2006 Development Budget Estimates under SIG funding to the amount of \$1.5million.

An initial work program was drawn up in August 2006 but was later abandoned after consultation with the Ministry of National Planning on the grounds that too much emphasis was placed on capital equipment and committee establishment and lacking in technical and planning issues.

A revised work program which covered a planning phase and a pre-feasibility study period was resubmitted in November 2006 and was given approval by the National Planning in December 2006.

The cost under the revised work program had been reduced to \$761,880 and was seen to be more realistic in achieving the initial stages of work to be carried out within the first six months.

This first work program will include the establishment of a project coordination office, sorting out of land issues and a pre-feasibility study. The Rural Development Division of the Ministry together with the technical advisor approved by the Choiseul Provincial Government has begun work on this project in January 2007. To date a two member team comprising of a surveyor and a valuer have just completed the pre-feasibility study last week and are yet to present their report.

There is a project steering committee that will be responsible for determining the contracts of project officers working on the project. On another development, the project planning officer within the Ministry of Provincial Government is presently in the process of procuring office equipment in setting up the coordination office in Taro.

It should be noted that of the total amount of \$1.5million there should be a rollover of \$750,000 in the 2007 budget estimates which is already reflected. At the completion of the first work program, it will further require a

second work program to be drawn up before new funds can be utilized.

Mr Kengava: Mr Speaker, thank you for the answer on the update of the Choiseul Bay Township. I just want to get assurance from the Government that projects that directly come under the responsibility of the National Government usually get very quick and constructive positions to be developed but projects that are usually driven by Provincial Governments sometimes get very slow response.

Mr Speaker, I would like to know whether the Choiseul Bay Township Project is a national project or a provincial project to be assisted by the National Government.

Hon. Sanga: Mr Speaker, this project is a big project and so it is a national project.

Mr Kengava: Mr Speaker, if that is so, then I am relieved because I know that the Auluta Basin is a national project as well as the Guadalcanal Palm Oil, the Gold Ridge Mine. Those are examples of projects that come under the scrutiny of the national government. I think it is very important that Choiseul Bay Township must also be a national project.

The question I am going to ask next is, who is accounting for all the funds allocated for this project? Is it the provincial government or the national government?

Hon Sanga: Mr Speaker, for every national project, the executing authority remains the mother ministry, and so in this case the Ministry of Provincial Government is the executing authority.

Mr ZAMA: Mr Speaker, the original amount allocated in 2006 was \$1.5million and what the Minister stated as allocated in this year's budget is \$750,000.

Can the Minister confirm what sort of work is involved in the planning stage or the first phase, and why is this big drop from \$1.5million to \$750,000?

Hon Sanga: Mr Speaker, this is a new township that is to be established and so it will relate to a number of things that is very important for an

urban centre. Land use is very important such as civic, residential, commercial and industrial considerations, which need very major studies on them and their effects on the socio-economic environment including environmental aspects that are very important for an urban township.

Mr HILLY: Mr Speaker, just a clarification. Is this project going to be on Taro Island or the mainland on Choiseul?

Hon. Sanga: Mr Speaker, the project will be sited on the mainland.

Mr FONO: Mr Speaker, what is the status of the land? Is it customary or perpetual?

Hon Sanga: Mr Speaker, the said land will be acquired and so obviously the acquisition means that it is still in the customary land.

Mr TOZAKA: Mr Speaker, is the land perpetual or customary?

Mr Speaker: I think the Minister has said that it is customary and it will be acquired for the purpose.

Mr Kengava: Point of order. When I became the first Premier of Choiseul Province I started dealing with this land where the Choiseul Township would be located. I think the government is not aware that the land in question is alienated land and is owned by an Association under perpetual ownership. That is why it is very important for the government to take quick action on this before the landowners change their minds.

The land is under perpetual ownership by the Choiseul Bay Association, and they are only willing to sell part of the land for the Choiseul Bay Township about three square kilometers.

The question is, is the government ready or will be able to purchase that land because the landowners are thinking to offer the piece of land to the Government to buy off? If the government pays off the land will it give the title to the Choiseul Provincial Government or not?

Hon Sanga: Mr Speaker, the issue of purchase is part of the package subject to the demarcation the Lands people will tell us. Once the area is identified then certainly the Government would be in a position to consider issues of purchase.

Hon BOSETO: Mr Speaker, just to clarify my understanding in relation to land. Although the Association might have signed an agreement with the Province, the Association is represented by the landowners themselves. So if the landowners collectively and consensually agree to that then everything should be just okay.

Mr Kengava: Mr Speaker, before I thank the Minister and also the Minister for Lands for clarifying the land position, I would like just to make a comment that the Choiseul Bay Township project is a very, very long outstanding project for Choiseul Province. This project is seen by many people in Choiseul as one project that would alleviate them from situation at the border with the country, and therefore I would like to urge the Government to take it very seriously and note it in the budget for this year.

The importance of Choiseul Bay Township is so much so because Taro where the headquarters is at present is now full and cannot be expanded any further. And as you all know Choiseul people are very aggressive business people, industrious, and so they would like to have their township on the mainland.

I would like to encourage the Government to go ahead with this project so that our township can be relocated to the mainland. With that I am sure the National Transport Plan will also include road networks going into the township so it will come across to my area at Sirovanga so that markets can be easily transported to the town.

Mr Speaker, finally, included in the plan of the province also is when the township is finally developed, the government should look at the idea of declaring it a transit port - an international seaport for this country because being at the border we are in a golden position to enhance transshipment into this country.

With those few comments I would like to thank the supervising Minister for answering the question.

REGISTERED FOREIGN INVESTORS

16. **Mr KENGAVA** to the Minister for Commerce, Industries and Employment: The new Foreign Investment Act 2005 came into effect in May 2006. Can the Minister inform this House on: (a) How many foreign investors are now registered in the country? (b) Of those registered, how many to each province and Honiara?

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

I would like to correct one thing here, Mr Speaker. Just a correction to Parliament, the new Foreign Investment Act 2005 date of commencement is 26th June 2006. The document itself is in the process of being gazetted to make it legally effective.

The fact that the Governor General consented to it, I can answer the question if the Parliament so wishes.

The total number of investors registered since the Act came into commencement to 31st December 2006 is 78 new investors. Of these, 12 are registered in 2007.

On the second part of your question, Mr Speaker, the number of investors by Province and Honiara are as follows:-

In Honiara there 39 new investors, Guadalcanal Province 10, Isabel Province 4, Makira Province 6, Western Province 13, Choiseul Province 2, Central Islands 2, Malaita Province 5. The total is 95.

Let me note to you Mr Speaker, that a number of investors have registered to operate in more than one Province and hence that number.

Mr HUNIEHU: Can the Minister inform the House of the values of these investments?

Hon Agovaka: Mr Speaker, the total value of these investments is \$436,604,164.

Mr SITAI: Can the Minister indicate the sectors which these new investments have been approved to take place?

Hon Agovaka: The investors by sectors according to our data are as follows:-

On forestry (logging, milling and downstream processing) - 25 new investors, transport and communication - 6, wholesale and retail 17, tourism (lodge, hotels, cruising etc - 24, construction architectural engineering services - 4, fisheries - 14, Agriculture - 7, consultancy and other services - 10, mining and minerals - 5.

Mr ZAMA: Following on from the question by the MP for East Are Are, of the \$436million registered as the value of the applications, how much of that is actually invested in this country?

Hon Agovaka: The question by the honorable Member is taken note. I will get back to you when I have the answer.

Mr Deputy Speaker: Are you satisfied with that answer MP for Rendova?

Mr Zama: Not quite satisfied, Mr Speaker, because I would really like to know how much is invested in the country. It is very easy to apply indicating the amount of money that one would want to invest in the country but it could be just a number, and so it is important for us, the public and this country to know the actual amount that is going to be invested in this country.

I am raising this question, Mr Speaker, stemming from the fact that a lot of these foreign investors who have been incorporated and operating in this country are not bringing in foreign capital, which is really the intention of foreign investment in the country. And therefore, I think it is important and appropriate for the Department to clearly state how much is the foreign capital that has been invested in this country.

Hon Agovaka: On the question how much investors spent in the country only the business sector can determine the answer to that. The total value of \$436,604,164 is the total amount of investment that investors will spend in the country, and it is only up to the business sector that can determine how much these investors spend in the country.

Mr Huniehu: Of those registered investors, how many have actually started implementing their projects?

Hon Agovaka: All of them have already started investing in the country.

Mr Riumana: There are some investors who fail to comply with the investment condition. What measures has the Ministry put in place to monitor and ensure that investors act according to conditions?

Hon Agovaka: I think you would know that if you are not complying with the regulations of this country there are certain measures that we can take. I have already cancelled certain business licenses that have not complied with the business activities that they applied for.

Mr TOZAKA: I noted that there are more investors in Honiara than in the provinces. How can the Ministry change this situation?

Hon Agovaka: This is where the bottom up approach comes in where we would like to decentralize all business activities and create job opportunities and investment in the provinces.

Mr FONO: I understand this new Act no longer caters for the Foreign Investment Board. What mechanisms are in place to make sure investors are not operating on reserved areas of Solomon Islanders?

Hon Agovaka: There are certain industries that are reserved to Solomon Islanders. There are certain businesses that we have banned, for example marine trochus shells and etc. If any investor applies for this business we would automatically reject the business proposal application. Other businesses that they can apply for can be accepted but not businesses that are reserved for Solomon Islanders and business that are banned according to the various ministries.

Mr Fono: Based on my previous question, can the Minister confirm whether internal shipping is reserved for Solomon Islanders. There are

now some foreign investors operating in the shipping business. Can the Minister confirm to the House if that is correct?

Hon Agovaka: Shipping is an open investment.

Mr Fono: Road transport – for example taxis and buses is a reserved area for Solomon Islanders. Can the Minister confirm that there are some foreigners who are now involved in the transport industry in Honiara? Can the Minister confirm this to the House?

Hon Agovaka: Taxis and buses are reserved for Solomon Islanders. We are not aware of any foreigners operating taxis and buses.

Mr Zama: Review work on the Foreign Investment Act started when you were the Prime Minister, Mr Speaker, when the last government was in power. What I would like to know is that 78 applications is a big number and with the proposed capital investment that would be flowing into this country, is there provision in this new legislation for the government to do a bit of follow up action or summon investors to be serious with their applications. What action will the government take to follow up on investors in terms of getting the investment operations going?

Hon Agovaka: There is a registry system in place that registers all investors. Investors are given 12 months to establish. An annual survey will be carried out after 12 months and should any investor who does not establish after that time will automatically be deregistered. That is the system in place.

Mr KWANAIRARA: Out of those 78 approved investment in Solomon Islands, can you inform Parliament the number of people or what percentage of our people have not been employed because of these investments.

Hon Agovaka: The total number of Solomon Islanders employed is 1,606 and foreigners 819.

Mr Speaker: The question has been well covered by the Minister. Can the MP for North West Choiseul thank the Minister.

Mr Kengava: I would like to thank the Minister for Commerce for answers to my question.

BILLS

Bills – Second Reading

The 2007 Appropriation Bill 2007 (debate commences)

Mr Deputy Speaker: The Chair has been approached by the MP for East Are Are, the Opposition Shadow Minister of Finance and Treasury to speak first to the debate on this budget. Permission has been granted and I now call on the MP for East Are Are to deliver his speech.

Hon Oti: Point of Order, Mr Speaker. He is taking the floor as the Opposition Spokesman on Finance, and that is why he has to take precedence over the rest of the Members of Parliament.

Mr Deputy Speaker: He has written to the Speaker on the first week of January 2007 and permission has been granted by the Chair for the MP for East Are Are to be the first to take the floor.

Mr HUNIEHU: Mr, in summary I wish to describe this budget as fiscally irresponsible and public sector expansionary. It offers no real growth, incentives to the private sector and offers no real initiatives for the implementation of the much talked about Bottom Up Approach. There is a massive loss of donor funds in the development budget and the confrontational government foreign policies and our recalcitrant attitudes and behavior will affect the outcome of this budget. As I navigate through I will try to justify what I mean.

Mr Speaker, I wish to take this opportunity to contribute to the general debate of the 2007 Appropriation Bill 2007 moved by the Minister for Finance and Treasury, the MP for Gizo Kolombangara. This budget is seeking Parliament to approve a total of \$970million of which \$790million will be spent on re-current expenditures and \$187million on development

projects. This is the component that will be expended out from the consolidated fund.

The other component is categorized as Funds Jointly Administered by the SIG and the Aid Donors, which accounts for the major part of the development budget for \$1.7billion but is not fully controlled by the government. These programs were negotiated by previous governments therefore, I would like to take this opportunity to thank those governments for negotiation these programs on behalf of the people of Solomon Islands. In particular the costs related to the RAMSI arrangements and EU funding programs under stabex.

I would like first of all to take this opportunity to commend the staff of the Ministry of Finance and everyone else within the government ministries who have contributed one way or another in the production of this budget for debate at this very timely hour. Now that this budget is in the hands of Members of Parliament, it is up to us to make sense out of it. I urge Members of Parliament to critically analyze the contents of this budget before casting your vote at the end of the debate.

Mr Speaker, it is very crucial for Members of Parliament from both sides of the House to critically assess the budget as our people in the rural area see it and in the best interest of our people.

I intend to make some general observations about this budget before commenting on the budget details. But in general I feel very upset that the much talked about “Bottom Up Approach” rural policy is not reflected in this budget in any measurable way and it goes to say that this rural policy has been used by the Government for mere politicking.

On the perspective of the Opposition Group, it has developed our four (4) previous budgets on the foundation of developing better relationship with our development partners focusing on the need to provide security and maintaining law and order as an important prerequisite to attracting investment into the country, and creating confidence with all stakeholders. Mr. Speaker, this budget speech has virtually sidelined these issues and the need for security. I can understand why. It is because may be the Minister for Finance would like to be

different. He wants to present a different Speech.

The Speech yesterday is just full of sugary stuff. It offers no real substance and meaning. It is a Frangipani ice cream speech.

(laughter)

Many budget speeches written by the Minister of Finance when he was Permanent Secretary in the Ministry of Finance, he always like to use the word fiscal stability, fiscal prudent, fiscal imbalance – what a total opposite to the budget speech yesterday. I will tell you why later on as I discuss the budget.

The Minister of Finance and Treasury knows very well that the expectations of the people of this country are very high. They are expecting too much from this government because that is what they said when they took over the government in April 2006. They offered to bring about socio-economic changes to our country and improve the standard of living of our people in the rural areas. They offered to provide a sense of security to our people and to enhance and ensure investor confidence throughout the country, as these actions will lead towards a greater degree of economic recovery.

This government has assured the people of this country that it will continue to uphold the rule of law and work towards the complete eradication of lawlessness and illegal activities. Moreover, this government has committed itself in addressing the underlying causes of the social ethnic tension, to deal effectively with the 1988 bona-fide-demands of the Guadalcanal people and the continuous grievances of the Malaitan people in terms of development for that populous Province. These are some of the expectations our people have.

If the Government is genuine about these policy statements and its commitment to our people, then unfortunately, as I see it, its actions and behavior over the last year did not reflect these noble objectives. It is my strong conviction that these actions have placed this budget in an awkward position and therefore would not achieve its targeted goals. Against its policy to maintain and uphold the rule of law, justice and security for our people, this

government had decided to engage itself in a tug of war with the very institutions responsible under our Constitution to protect the justice system in this country.

The Government's poor relationships with the legal fraternity, its interference with the court systems and the work of the Police had scared our people, and worst still many potential investors were reported to have rolled back their investment proposals.

The continued diplomatic stand off with Australia as a result of the Julian Moti's case, the expulsion of both the Australian High Commissioner and the Commissioner of Police had seriously damaged our international image as a viable investment destination and the likelihood that some aid donors will seriously reconsider their aid assistance to us.

The regionalization of the Julian Moti affair had caused much disrepute to our country and the loss of integrity over this issue will continue to have wider negative impact on our people. The Julian Moti case has no direct bearing whatsoever on improving the livelihood of our people, but it was allowed by this very government to take center stage in its overall policy framework.

The Government's policy and attitude towards RAMSI is mysterious to all peace loving Solomon Islanders. Whilst most of our people accept the very fact that only good security and lawful society can bring sustainable peace and encourage the flow of investment to this country, it is very sad to see this government thinking otherwise. The Finance Minister must fully understand that their actions and policies towards RAMSI is not accepted by the masses of the people, and one which will seriously affect the outcome of the budget.

Mr. Speaker, the traditional practice of conducting a donor's consultative meeting before drawing of the budget is very crucial for our interests. This is because our development budget is donor-driven and the need to develop cordial relationship with our development partners is a very important aspect in maintaining good understanding with both our bilateral and multilateral partners.

Negotiation for existing projects and new programs are conducted with mutual understanding, respect and benefit. In fact we as

recipients need our aid donors more than they need us and therefore we need to develop a spirit of partnership and cooperation that puts the interest of our people first.

Unfortunately, this did not happen this year because the government had chosen instead to create roadblocks with some of our major development partners and to engage in issues that are not in the best interest of our people. This indeed has a negative bearing on the status of the development budget, and as you all know there were no new programs taken up and the loss of more than \$100million of development aid to our people, and no amount of explanations will convince me.

Mr Speaker, the budget is an important document that defines the government of the day monitory and fiscal policies, and it also spells out the development policies and strategies of the government. All the stakeholders await the announcement of the government policy delivered through the budget, and in particular those in the private sector that are planning expansion or initiating new investment proposals.

The 2007 Appropriation Bill 2007 is not offering new hopes for the future of the people of Solomon Islands. Instead its estimates and forecasts are based on shaky foundations and unsound economic rationale. The behavior and actions of the government through out the year 2006 did little to cement an atmosphere of trust and confidence with our people, development partners and investors. When one compares this year's budget with the last two fiscal years in 2005 and 2006, you will see the level of development aid from our development partners being scaled down from a level of \$300million to now \$188million.

The loss of development aid to our people must be explained by the Minister because this is a serious slap on the very people we represent. The fiscal behavior of this government is seriously questioned here when comparing expenditures of the last fiscal year 2006 with this year 2007.

The total expenditure budget has increased from \$723million in 2006 to now \$950million including statutory expenditures and budget support funds. This only means less financial resources to kick start the Bottom Up Approach.

Are we not throwing the bones of this budget to people in the rural areas?

The budget must be realistic and must address the question of indigenous resource exploitation because this is where the potentials of this country lie. Unfortunately, I failed to see this budget addressed in this budget.

Whilst the budget framework is focusing on provincial led growth, the fiscal behavior and actions are incompatible with the statement. In order to implement some of these projects we must save from our national budget. Whilst the government is expecting a budget and revenue growth to \$888million there are no savings

The fact that donor support to this budget had reached \$2billion only suggests to me that we have a donor driven development budget - Australia providing more than 64% of the total development budget. That is the reason why this Parliament and this Government must maintain good relationship with those who are injecting their taxpayers' money into this country. I could not see any reasons why we should wage a war of words with a country like Australia.

Somebody once said that you can decide who your friends will be but you cannot decide who your neighbors will be. We will always be a neighbor with Australia, PNG and Vanuatu or the rest of the world. Therefore, it is in order for us to develop understanding a policy that is based on mutual respect, mutual understanding and mutual benefit. And this mutual respect must start from here.

Sir, on pages 2 and 3 of the budget speech yesterday, the Minister of Finance stated three components of the budget. The first component is consultation with the rural people and addressing the needs of the rural people. The second component of the budget is developing infrastructure, and you can name the sorts of infrastructure he meant. And the third component is about capacity building. Where are we going to get funds to develop these three components when we continue to create roadblocks?

Revenues can only be raised through three options. The first is revenue derived internally. The second is from development partners coming in, and third through loans from the NPF, ANZ, NBSI, Westpac, or the World

Bank, the Asian Development Bank and the EDF.

If we are to address the three components of the budget, then I submit here in Parliament that first and foremost we must have respect and we must consider establishing workable relationship with our development partners based on mutual understanding and benefit. Otherwise the good speech yesterday will mean nothing.

We have started wrongly this year with only \$188million worth of development budget. We were not doing that during our time. I can show as an example that the 2004 and 2005 appropriation bill passed in this Parliament, the development budget was about \$292million, almost \$300million and the expenditure was \$531million. In the year 2005-2006, the total government expenditure was \$666million and development aid was around \$300million. But now this appropriation bill, the total recurrent and development expenditure is \$970million, of which \$790million will be recurrent, which is more than \$130million over expenditure from last year and the development budget is \$188million. We need better clarity and explanation as to why things have gone haywire.

We are depriving the people of Solomon Islands, the rural people of financial resources they need for these development projects. My good Minister of Finance, I hope, who is a person I respect very much, he writes beautiful speeches and now he reads his own speech. But I am sad to say that I have not seen any substance in his speech yesterday. It is all full of good words but there will be no deliverance because it is not reflected in the budget. The policies we are entertaining now are just leading us away from any realities.

Mr Speaker, the overall economic performance as reported by the Central Bank is positive. In fact during the fiscal year 2005 the economy rebounded with a growth rate of 5%, and this was largely because of improvement to law and order and security provided which gave much confidence to the private sector to continue expand their operational activities and a reasonable flow of investment to the country which followed these positive actions in law and order. Thanks to RAMSI for its total input in restoring law and order to this country.

Whilst the economy had shown a positive growth rate of 5% this is not sustainable as logging income comprised a substantial portion of both our export sales volume and revenue collection. As predicted, the current rate of harvesting round log stocks will be depleted within the next 10 years. This will leave a permanent income gap in our budgetary process which needs to be seriously addressed by this government and future governments.

I must again re-emphasize here that future ongoing growth depends very largely on our ability to provide adequate security measures to our investors or the private sector of Solomon Islands. For example, the three major companies in Solomon Islands - Gold Ridge, SIPL, and Solomon Taiyo wouldn't be able to start operating now without adequate security, law and order enforcement. This is a true fact, and I am surprised that security was not well addressed in the budget speech. No, it was not well addressed. May be it is because they would like to get rid of RAMSI tomorrow, and that is why they did not want to talk about security. I am very sorry.

Sir, then we look at the supporting industry that would enable further economic growth. The Ministry of Agriculture, what can it do? What can this Ministry do in order to deliver some of the development aspirations of our people? The Ministry of Agriculture if it is well funded can do a lot.

I do not have to wait, Mr Speaker. The Ministry of Agriculture and the Minister himself can confirm that they have been given a skeletal budget to drive cocoa, to drive the coconut industry. This \$3million is not enough. Is this what we meant by the Bottom Up Approach? How can you deliver the expectations of our people when you have been given a skeletal budget?

According to the Central Bank reports, it has noted the need to revamp capital into this sector because it is one of the two sectors that injects hard cash into the pockets of the people in the rural areas. Rather than talking about intensifying the activities in the rural areas to get more local farmers into production, we are addressing issues that are totally outside of the interest of the people in the rural area.

Why can we not start a program right now? If the Minister is talking about it, I have not seen it in the budget. No. I am only talking about what I see in the budget. And mark my words, Mr Speaker, that you cannot continue to disregard these important sectors.

The SIPL will be in full production in the next one to three years, and that should be a credit to Solomon Islands. That should be a credit to this government or the side of this House because we initiated those investment proposals and you reap it. But that is okay. We made it happen and you destroy it.

We make things happen and we have been making things happen in the right direction and you continue to systematically discard and disregard and dismantle the very structures that we have created and developed with no positive options. The Solomon Taiyo – we initiated these things and everything else happening positively.

On commerce, I am surprised that the Minister is not complaining about the way the government is treating his ministry. He is only given \$4million. Just look at the recurrent budget, this Ministry is allocated with about \$20 to \$30million. That means the budget is only paying for staff and not paying for outcomes, not paying for actual projects. Mr Minister, you better make all your workers redundant.

The Minister for Agriculture as well has \$27million for emoluments or wages. What sort of projects are you running for the people when you only have \$3million for agriculture? It means they are earning public money for doing nothing. It is all for operational activities and not for development. That is what I am saying. The same goes to the Fisheries Ministry, the Tourism Ministry and the Ministry of Mines and Energy.

The Minister of Commerce must be doing more than what it is doing right now. This is the heart of the nation.

I am belittled when I hear a total investment of only \$400million. This is peanuts. This is only about US\$50million. That means people are scared in investing in Solomon Islands. And I can tell you, you do not know my Minister that a total of about \$2.5billion worth of investment has been held up because of the ongoing instability situation in this country.

I want people to feel confident. I want investors to see Solomon Islands as an investment destination that they can make profit and repatriate their profits to their own countries as an incentive. However, instead of that happening people are scared like snakes from investing in Solomon Islands. If snake is not enough then people are afraid like sharks from investing in Solomon Islands. That is what I make out of this budget, and yet we talk about the bottom up approach.

The Ministry of Agriculture, Commerce, Fisheries, Energy, Tourism and Forestry are the ministries that are supposed to be driving the bottom up approach policy of the Government. They are the ministries but now the Minister of Finance is saying that the provinces will be doing it in a new collaborative arrangement with the government. But what about these ministries created here? Can they do it? I think we can do it.

On fisheries, Mr Speaker, the revenue we are receiving from fisheries is small but an abundant resource that we have. It was claimed that in our regional waters the total value of fish in these waters is worth more than \$2billion. What can we do in order that we can get maximum benefit out of our resources? Otherwise, Mr Speaker, the corporate cowboys coming in, meeting us in Suva in these multilateral talks would continue to marginalize our interest in this resource. They get the best out of it, and we get the peanuts out of it. That is what has been happening over the last 30 to 100 years. We need to be properly assisted to negotiate fair deals on behalf of our people so that we can create budget surplus in future budgets.

The Minister did not indicate what sort of budget is this. I wonder whether it is a deficit budget, a balance budget or a surplus budget. I saw a little figure there for \$5million but I am questioning where that is true or not. That's my view.

I am glad the Minister made some comments in the Speech yesterday in trying to get more local Solomon Islanders involved in the harvesting of our fish. I hope this will be implemented.

I have seen in Madagascar and the Maldives the World Bank assisting local

fishermen in providing small loans for them to buy fishing boats and the people do the fishing themselves to sell to the tuna markets, the tuna factory there.

We have a ready market for their catches and yet Solomon Islanders are not benefiting. But unless we clear our backyard we cannot negotiate with the World Bank, the ADB on this kind of quick proposals. We have to clear our backyards before we can because our total national debt service is now \$130million we owe everybody about \$2billion and so we have to critically look at this.

Mr Speaker, on tourism I wish to say to the Minister for Tourism to critically look at the Anuha Proposal and Mayo Tasifarongo as conduits to expand tourism and encourage more investment in the tourism sector in this country. Anuha is government owned land and the Mamara Tasifarongo can be redesigned so that the interest of original landowners, the provincial government and stakeholders, the investors taken into account and restart.

If we have to return the land to the Guadalcanal people, the original landowners for them to develop it, let it be so. Let us not dwell on issues that can be solved. If we have to re acquire the land then let us do it in the interest of tourism in this country. If we have to redevelop Anuha as it is government land now, let us do it in spite of the roadblocks.

I come to forestry. The Forestry industry in this country is one that breeds too many corporate cowboys and these are people who benefit from this resource than anyone else. But the resource is owned by the people, by Solomon Islanders but why can't we initiate schemes whereby Solomon Islanders can buy their own machines and harvest their own timber resource. Why can't we do that as an important measure to Solomonize this resource in the best interest of our people. Why can't we do that? I think the time is now right for this government to start addressing that. Otherwise in the next 10 years there will be nothing else left in our forestry sector.

Whilst I am saying this, Mr Speaker, I am helping a Solomon Islander to register about 4,000 hectares of customary land so that he can do logging inside, and it happen. Why can't we start this important process? If we fail to do that

then this 40% to local people and 60% to foreigners will continue to be the case in the next 10 years until all the logs are gone. But yet the logs are worth billion and billions of dollars. Why can't the Ministry initiate a corporate plan to start this process? A local Solomon Islander had done this himself and he made good use of it.

Forestry as an important resource of this country must be assisted by the government. The machines that are used in doing the logging here are imported from Malaysia, and are second hand machines that were only borrowed from some Malaysian businessmen who collect rents from the use of their machines. Why can't we set up a finance company so that Solomon Islanders can own machines to log their forests themselves so that it is 100 percent return to them?

The logging industry is the only industry that Solomon Islanders know how to manage. About 90 percent of the workforce in all the logging companies in the country is Solomon Islanders and only half percent are foreigners. In terms of labor and in terms of skills we have it already. It is only money that we do not have.

On renewable energy and mines, Mr Speaker, since I came into this Parliament 13 to 14 years ago I have been drum beating this issue of renewable energy when I first entered Parliament in 1993. At that time the price of crude oil was about US\$25 per barrel in the World Market but now the price of crude oil has reached its peak, some months back to \$80 per barrel and now it has slide downwards. Although it is reducing it is predicted by oil experts that by 2020 the price of crude oil will reach US\$150 per barrel. This to me is the single most worrying factor and an unsustainable scenario will cripple our economic base beyond repair. At the moment oil represents about 22 to 25% of our total imports, therefore, the need to develop and create an energy efficient economy as an urgent priority.

Of notable interest and importance to us is the production of bio-fuel out of coconut oil. Coconut oil driven motor should be encouraged and also growing of more coconut plantations to provide sufficient raw materials for this industry. This will mean a double benefit to the economy as we add value to our coconut product and offer

a steadier and higher price to farmers in the rural areas. No wonder, Mr Speaker, I am always drum beating in this House of the need to plant more coconut to enrich this country.

We should provide more incentives to our people to equip their homes with solar power and the development of hydropower throughout our country. This may seem impossible to many but the whole world is now shifting towards renewable energy. The developed world at the moment is deploying a lot of financial resources to address renewable energy.

The two recent converts on renewable energy are none other than John Howard, the Prime Minister of Australia and George Bush, the President of the United States of America. They have just recently realized the importance of saving little countries like Solomon Islands. I hope that their positive statements will result in providing more financial resources together with all the countries in Europe who are masterminding the plan to assist many developing countries.

At the moment we do not even have a corporate plan to tap into these renewable markets. At the moment although there is a feasibility study report on the potentials of hydro power in the Ministry of Energy, there are no follow ups as to a proper feasibility study and assessment on likely projects that can receive financial assistance. We must see this as an urgent priority for us.

With more mines coming up within the energy sector, I hope that the investment climate and investment atmosphere is conducive. This is very important because these people will be investing, not a million dollar, some of them will be investing \$400 to \$500million. But if they see their funds being threatened they would not come forward although the resources here are abundant. If they do not come forward the end result is that no development and landowners cannot benefit anywhere with the resources they own.

I come now to the Ministry of Education. I just want to make a comment on this Ministry, not only because it is a ministry with a highest budgetary allocation but it is a very important one as well.

Actually a total of \$235million is allocated for the recurrent budget and \$17million for the development budget. Because of the rising cost of our education system Solomon Islands needs to seriously look at reforming the education sector inline with global trends, technology, information and transformation.

We must now venture into cost saving methods but with quality outcomes of our education system. In this connection may I suggest again as I did once before in this Parliament that we pursue the option of developing a full fledge On Line University Campus for Solomon Islands as the best option to achieving our aims to develop a University Campus in Solomon Islands. This method will be the cheapest and will offer the best alternative for more Solomon Islanders to earn their certificates, diplomas, degrees, and masters through hard work.

Mr Speaker, this concept is not new, but one that is popular throughout the world and likewise is now in use here in the Solomon Islands. It offers opportunity to countless number of students who may not be able to get university entrance through the normal conventional offerings. This proposal offers to commercialize the concept with the ultimate view of achieving a wide range of objectives.

- (a) To provide equal opportunities to all Solomon Islanders to pursue an education qualification which will help them find employment or become more productive in their various communities,
- (b) To increase the number of Solomon Islanders' access to tertiary education in pursuant of higher educational achievements,
- (c) To provide an alternative which is proven to be more cost effective yet providing improved learning through use of satellite facilities and;
- (d) Proactively shifting towards developing a full fledge Online University Campus in Solomon Islands.

At this juncture, Mr Speaker, I just wish to draw the attention of this House to the importance of these proposals.

Studies were undertaken on the cost of educating of our people at university levels at the USP, Papua New Guinea and elsewhere. It found that the cost of getting them to Papua New Guinea, USP represents 80% of the total expenditures and it does not help with their education and only less than 20% goes to books and all that.

Mr Speaker, when you talk about 80% of the total university tertiary budget, it is an enormous amount of budgetary allocation. The way forward, as I can see is corporatization of our education system so as to bring in a full fledge online education.

The USP will not accept this because it is against its economic interest. It wants our student going to Fiji so that it can get revenue out of us. But now we must think faster, think ahead, now we must economize and now we must think the best for our country. I think if we have a full fledge online university here we can enroll more than a thousand students in any calendar year because most of them will be doing it by themselves. All they need are facilities to enable them to study.

On the public sector, Mr Speaker, the economy is made up of two important sectors. One is the public sector and one is the private sector. Both sectors play a complementary role with each other.

I wish to comment first of all on the public sector. Whilst the public sector is involved mostly on service delivery and regulatory practices, it plays an important role in stimulating the economy and therefore its efficiency is crucial in economic management and in ensuring that it sets the right policies and creating the right atmosphere for growth of the private sector.

To achieve these objectives the public sector must be equipped with qualified and properly trained staff to develop appropriate policies and applied proper management tools. Unqualified public servants must be phased out and replaced with new graduates and the process of public sector reform must continue.

All the outdated governing laws must be completely reviewed to avert continued practices

of corruption within the public service and to ensure that the practice of good governance and accountability.

Whilst RAMSI is involved in these endeavors more needs to be done. All the government ministries must be seen as the entrance gates to the government public sector and therefore they must be service oriented.

With the reform exercise, the issue of degovernization must form the core of these exercises. The popular shift in expanding the public sector must cease. This is reflected in increase expenditure in the recurrent budget. Savings made in these reforms should be diverted to the private sector and in particular the rural base bottom approach.

If the public sector is allowed to overgrow the private sector then the ability of the private sector to compete with the market house will be seriously undermined and weakening its base, and it is happening right now.

Mr Speaker, the private sector is described as the engine for growth, and this is only true if the government develops conducive policies to encourage private sector growth. I am disappointed that this budget did not spell out in any clear terms how government policy will create a breeding ground for active private sector participation.

On the other hand as I alluded to earlier the actions of this government since taking office have deterred massive investments in tourism, mining, manufacturing, transport and other key industries. According to reliable sources, more than \$2billion worth of investments has been held up as a result of uncertainties created by the government through our confrontational policies and threats to some of our investment partners.

Solomon Islands must raise its level of competitiveness to reflect the global trend and must not pretend that it can survive in its own and ignore the roles that other countries can play to provide socio-political stability in this country.

I have been in contact with many business friends in the private sector, and have identified areas that needed urgent attention such as taxation, the public sector red tape system, security, law and order, good investment laws,

policies and a complete deregulation of all the outdated regulatory practices.

As well as these, financial resources available from the banks must be affordable to encourage borrowings and a good return on investment. Utility supplies such as electricity and water to the private sector is appalling, very unreliable and expensive. Furthermore, obtaining of land for investment is difficult both in Honiara and the urban areas in the provinces.

I must point out that the Ranandi Industrial site could no longer accommodate new investments and has become a bottle neck issue for the government. New industrial sites have to be identified and developed.

On this issue I can only see one possible alternative, and that is the Lungga/Tenaru land. Proper arrangements should be negotiated with the Guadalcanal Province and the current title holders of this land and the original landowners to allow more development activities to take place, and for the long term security and sustainability of this new industrial estate, the Guadalcanal Province, the original landowners must be given the option to hold the perpetual title of these lands.

On monetary policy, Mr Speaker, the monetary policy administered by the Central Bank is helping to keep our foreign reserves at a healthy level. I do not know may be six months worth of import. Whilst the policy is helping to control the rapid depletion of our foreign reserves, this tool of economic management needs to be reviewed now in particular with other aspects in the monetary practices. For example interest rate payable on deposits is too low with only .5%. That is only what the banks are paying to the deposits. That does not encourage savings. This is very serious because we are simply doing injustice to the small people of Solomon Islands who may be forced to hide their money in their homes or spend them on consumables. At the same time lending rates are as high as 14%-18% percent depending on the type of loans applied for. This means the banks are making more money out of our people savings and this is reflected in huge profits made by the Westpac, ANZ, NBSI, NPF over the last few in spite of our struggling economy. I am urging the government to intervene on these issues immediately. Borrowing rates and

interest rates should be used as instruments to stimulate investments.

Mr Speaker, on fiscal policy I quite agree with the Minister of Finance that we must exercise fiscal discipline and we must address our fiscal imbalance. We must control our habit of over expending public funds, we must be more careful how we approve our expenditure costs in all our ministries so that we can make savings.

I would like to touch on another important issue, Mr Speaker, taxation. One of the tools that can destroy or stimulate an economy is taxation. I believe that our taxation regime needs to be thoroughly reviewed to improve our revenue collection. The taxation policy at the moment is targeted at over taxing entities and individuals who are involved in revenue generation, so much so that these entities are so soaked up with the tax burden and could not breathe properly. This affects and restricts their growth plans and a dynamic disincentive for these people and entities to expand their operational activity.

Solomon Islands therefore needs a better taxation system and one which addresses the fundamental weaknesses with this regime. These changes must be applied in the sensible manner so as not to disrupt the regime into chaos. Most importantly is the need to work towards broadening the tax payers and to reduce taxes at reasonable levels.

Our comparative tax rates are higher because businesses have to pay numerous taxes which impacted negatively on the final cost of goods to the consumers. In fact when you assess the final cost of goods to the consumers, when businesses have to pay custom duties, surcharges, GST, and other related costs, the average tax burden that consumers have to pay is around 25-50% depending on commodity taxes.

Our tax system is based on a discriminatory framework, and not premised on the principles of a level playing field. We must encourage without fail a just tax system as a fair return for all those hardworking citizens, investors and business houses. There is no need to have exemptions for a privileged few which are normally abused and creates breeding ground for corruption. In fact revenues forgone

with exemptions are worth more than \$200million annually, and most of these exemptions are provided on requests to the wealthy people in the country, when the poorer people and in particular those living in the rural areas and the less fortunate are subjected to the normal tax rates. I do not see the logic and justification in these practices.

Mr Speaker, may I further submit that the current tax system is too complicated to understand and therefore is often abused, and very costly to administer. If we are to improve revenue collection within the tax regime then we have no choice but to begin the process of review right now.

Moreover, the changes advocated must take into account the need to be, efficient, fair, simple, transparent and revenue stimulant. I am a strong believer of tax reform as I think this will only result in a drastic improvement of the overall economic performance. As I browsed through this budget I failed to see any emphasis and commitment for tax reform by this government, and this will be regrettable if this is reflective of their priorities. But I thank the Minister for Finance for briefly expressing the need for tax reform in the country.

The PAYE in Solomon Islands is believed to be the highest in the region and the need to review this tax policy is urgent. We have to increase the threshold bracket to reduce taxes, to release lower paid workers from the tax bracket and to encourage savings. At the moment Solomon Islanders cannot save because their net take home pay cannot sustain their livelihood.

Company tax should also be reduced to attract investments and discourage tax evasion and tax avoidance. People are forced to evade, and avoid taxes because of strict tax laws which make it difficult for them to comply. When people make their money in the country they should find it easy to pay their tax, in particular company taxation where companies pay tax after profits are declared to their shareholders.

Mr Speaker, the government should seriously consider doing away with the GST and Value added tax because of the unnecessary burdens placed on people. These taxes make up between 25% and 50% of the cost of goods in shops which cannot be justified in Solomon

Islands. As an import oriented economy that depends largely on imported goods we should control the price of goods by tax efficient methods.

Mr Speaker, on import and export custom excise, one of the major revenue collections is through customs and excise tax, and this brings in a total of about \$300million in revenue earnings, which represents big increase to government revenue earnings.

The concern I wish to raise here is that with the introduction of containerization worldwide, this system is more open to abuse, let alone its effectiveness in cargo deliveries. Under invoicing and other abuses such as hiding of goods, deliberate wrong codifications and classifications of goods are often practiced by business people so as to pay a minimum duty levy on the deflated value of goods. This is costing millions of dollars worth of revenue yearly and a way must be found to bring a stop to this kind of unscrupulous and illegal practices.

There is a need for better cooperation between the Ports Authority and the Customs Excise Division to avoid continued abuse of the system. It has been a common practice the collusion between Ports workers, Customs Officials and importers of goods to avoid and evade paying the rightful assessed tax to the government, and unless we improve control and surveillance these practices will continue.

It has also been a common practice that goods are entering the country through other ports of entry in the country in the absence of proper customs clearance. This normally happens with log ships that are entering our ports to load export logs.

Mr Speaker, not only we are cheated with import taxes, the same also are applied with export shipments in particular logs. The undervaluation of the real export value of logs is causing a massive drain on government revenue.

I have mentioned exemptions, but I further submit that if fair taxes are applied on the principle of a level playing field, more people will be paying taxes to the government and hence the need for tax exemption will no longer exist. I am requesting my Minister of Finance to investigate the way exemptions are given. It is a discriminatory practice and is a colonial way of

providing favors to people in the hierarchy and not the rural people. It is discriminatory, unfair and we lost millions of dollars. I estimate we are losing more than \$200million annually. That added to your recurrent revenue budget should increase it to \$1billion in total revenue. Why give it away in tax exemptions?

Whilst the government expects to collect a total of \$888 worth of revenue for this fiscal year, I must warn the government that some of these estimates were not based on sound economic rationale. For example, its revenue estimates on the forestry sector is questioned by this sector, and hence the increased revenue forecast of \$48million may be difficult to realize. The same may also apply to the estimated revenue collectable on fisheries sector, as this depends largely on the el-Niño weather conditions.

However I must congratulate the government for the marked improvement on revenue collection this year over the same period last year. You must continue on with the good work. I believe that further liberalization of the tax regime could widen the scope for improving revenue collections and this must be encouraged.

I would also like to thank the previous government for making it possible for this increased revenue collection possible. The technical assistance provided by RAMSI in the Ministry of Finance and everywhere else is helping the government to realize this increase in revenue collection. And this is where I would also like to thank the previous government for its contribution.

Mr Speaker, the total public expenditure for this year had increase from a level of \$666million last year to now \$950million including statutory costs. This represents a real increase. As alluded to earlier, this signals a dangerous course on the management of public policies and resources.

Of course, we must continue to provide services to our people, but at affordable cost to the little people of this nation in the rural areas who are paying for this public service through their taxes, through their sweats. They are the ones who are paying these costs and yet we throw them peanuts when delivering a budget of this nature.

There are some expenditure items which can be reduced, controlled or phased out if proper corporatization, and privation arrangements are made. For example, the government is spending may be \$30m annually on house rentals. This is draining of public resources. The next 10 years I am predicting that \$400million of taxpayers' money will have been spent on rentals, for the expensive public servants, for expensive government offices.

Whilst it is argued this is one way of helping the private sector this is misleading. I say this because we are denying the rural populace of this country of the social development that they need.

I think the interest of our people in the rural areas must come first. They are the bedrock of our democratic system, bedrock of our constitution, so why disregard them in this Parliament. This is not fair.

Mr Speaker, another important aspect of the public sector economy is the statutory institutions in the country. I am glad the Minister of Finance has already start exercising some prudent fiscal policies in cutting back the subventions.

What is most disastrous about these institutions, to me, is the benefits they are receiving under legislation. Free taxes, concessionary loans and exemptions are given to them left and right because the law says so. Yet they are ones that contribute most to our public debt. We need to know how much the Ports Authority owes the World Bank or the NPF and the rest of the statutory institutions that owe funds guaranteed by the government.

Prime Minister Lee once said in Singapore that "*The only way the Singaporean economy can grow is to cut the hands of if the hands are causing the problem. You chop off the tongue if the tongue is causing problem. You cut off the ears from the body if the ear is the problem*". Every public institution that is not helping to restore fiscal prudent policies must be systematically weeded out. This is the only way we will save, and I hope the Finance Minister should continue with the exercise of degovernisation. But that is not enough. I believe the degovernisation process squarely must be seen within the government departments. That is what we need.

Investment Corporation, Mr Speaker. I believe the Investment Corporation must be redressed with a new suit. The purpose of establishing the Investment Corporation of Solomon Islands is to engage in developing investment partnership with foreign investors to invest in key resource areas in Solomon Islands. We talk about joint venture agreements. And ICSI rather than helping to create a better economy is helping to destroy it.

I am sorry my good Chairman of ICSI is here, but if you look at the bottom line of all your portfolio companies, no one is making money, so what are you there for. You are in business to make money. If you are not making money cut it off. People in the rural areas need that money. My suggestion today is to refocus and redesign the Investment Act of Solomon Islands to engage in more investment development with the rural base resources. That is the only way forward. That is where we should be implementing the bottom-up approach.

If I have 500 hectares of cocoa land which I cannot raise the capital then I should be coming to the Investment Corporation and say look here I have the land, no land dispute so you can develop 500 hectares, can you find the capital, and the government should pump in the money through the budget and look for collateral finances with development partners. This is how we cause production in the rural areas. But at the moment what is happening, Mr Speaker? The Prime Minister wants to export all our laborers to Australia, New Zealand and Taiwan. No, Mr Speaker, we should be creating employment for our people in this country.

(hear, hear)

We should be utilizing our total labor force in planting more cocoa and more coconut in the rural areas. If we can find employment for 20 to 30,000 farmers you can see how the economy will grow, you can see the level of work generation that we will make.

It worked during the colonial era when subsidies were provided to our people they developed all the cocoa and coconut plantations. Now there is nothing happening. So what is wrong? We should be going back to the old

way. If the new way is not leading us to prosperity, I am recommending that we go back to the old way. Or are we too proud to take the shoes of our colonial people, Mr Speaker? I am not. I am willing to take on their shoes. This is a development pattern. This should be emphasized more in this budget.

Mr Speaker, this is how I want to see the Investment Corporation of Solomon Islands redesigned. The Act needs to be redesigned to establish credibility.

I wish to say here that even now the Central Government does not need to engage in partnership with the rural people of Solomon Islands. The Government has, according to my information, more than 20,000 hectares of developmental land at its own. Why can't we use the Investment Corporation Act to develop this land?

This 20,000 hectares of cocoa would yield a net profit to this country of more than \$2billion worth of cocoa. We should be talking about how to enhance and increase export in traditional crops like cocoa and coconut where our people already have the skills. Every time we talk in Parliament we want a new crop. Now skills in business development are important Mr Speaker. We already have the skills. The Deputy Prime Minister should just find the money and we go ahead.

A motion was passed in this Parliament to restart the subsidy scheme in particular cocoa and coconut. You find \$200million tomorrow, give that inducement to our people and you will have 50,000 hectares planted by the end of next year. That is how Solomon Islanders respond to government policies. This is true, Mr Speaker, so let us try it. The time for experimenting is finished.

On development aid, the changing political behavior in Solomon Islands is of very serious concern to many of us, because it affects the flow of aid assistance to our country. Our development budgets since independence, as I have alluded to earlier, had always been aid driven where a sizable component of the development budget was funded by our development partners.

In the post conflict budget 100% of our development budget were funded by aid donors because our revenue base could no longer

sustain our demands. This only goes to show how dependant we are with our development partners. Past leaders have established cordial relationship with our development partners so that they can continue to maintain their support to us.

As a nation we owe a debt of gratitude to our development partners for their positive contribution to the economy of this country. I wish to salute and congratulate the taxpayers in these donor countries for their continued assistances to our people, in particular to those who have committed themselves in funding our development budget throughout the post conflict period.

As a nation we have an obligation to reciprocate these friendly gestures, and the most expected from our leaders is developing good understanding, mutual respect and a meaningful partnership. Unfortunately the leadership of the Grand Coalition Government had decided to take us into a storm of words and create poor relationship with one of our biggest development partners. In whose interest is that? The result and effect is clear already. This is where we as national leaders must exercise caution and flexibility when passing our judgments.

The non cash grants, basic equipments, logistics and others that were initially negotiated by the previous government stood at \$17million. How many of us stand here to appreciate this aid assistance? And how many of us in this Parliament continue to disregard this assistance from our development partners? And how many people in Solomon Islands will be affected if these aid assistances are not there? It is our voters who will be affected.

On banking and credit union, Mr Speaker, the availability of credit to the rural people is the only way to develop the abundant rural resources available to our resource owners. And I thank the Minister for Finance for amplifying this message in his speech yesterday.

Whilst most of these resources are owned through the customary ownership, the financial mechanism must be developed to recognize customary ownerships. Failure to do so will only mean that more foreigners will interfere and make use of the ignorance of our people. The informal sector resource is worth

billions of dollars and therefore our banking and credit system must be designed to accommodate these realities.

Rural based resources can be properly developed to provide capital for rural credit and banking. A classical example is the timber resource worth billions of dollars. In the absence of these, we are simply allowing the unscrupulous logging practices in our country and they will continue to affect our good intended policies.

Mr Speaker, the government's plan to reopen the DBSI is welcome news. But this Bank will be operated as a commercial bank therefore restricting our people to borrow because of their stringent requirement in collaterals, mortgage facilities, and other compliances. The present banking system is based on discriminatory practices where the have nots are simply ignored and only the well offs are assisted.

A classic example, Mr Speaker, is we have a population of 500,000 people and how many of these people have loans. I think it is only less than 5,000 that have loans from the commercial banks. Is this fair? Is this what we call equitable distribution, Mr Speaker? No. This is what our present banking system is meant to be. It is based on the assumption that only when you have sufficient security, never mind how educated you are, never mind how good you are, you are not welcome. It is a sacred power Mr Speaker.

The micro finance scheme as advocated in the budget is an option but we have yet to see the government's total commitment and redefine the scheme, but the allocation is not reflective of any major policy shift in the banking industry. Whilst most countries in the world are reporting on the success of established micro credit schemes, in our country we are only witnessing the declining status of rural credit finance. Sad to see the rural credit organization in the country no longer functioning. As a consequence of this, many credit unions in Solomon Islands have also stopped. We need to know why these ideas did not serve the interest of our people in the past. Will they serve the interest of our people now that it is introduced by this government, is the big question. But I hope that a balance will be struck somewhere on

the line when it is introduced. I only hope that it works.

I am also interested in the Women's Bank advocated by some members of the public. I have not heard of it nor is it reflected in the budget. We have been told that it will but never to be.

I wish to take this opportunity to commend the Public Accounts Committee for its industrious work in scrutinizing the government budget. I hope they continue from there.

I wish to commend the Public Accounts Committee for its hard and industrious work in scrutinizing the government budget, so that the budget complies with the parliamentary processes. However, the committee must not stop here but continue to scrutinize and audit the budget to fulfill the requirements of parliament. Periodical and progressive reports must be tabled in parliament so that we are able to monitor the actions of the public servants implementing the budget.

It has been common knowledge that some public servants are making use of some of the development projects in this budget to benefit themselves and their cronies through the practice of nepotism very rampant in our society and system. Moreover, Parliament needs to know the effectiveness of project implementations. Donor partners that use delaying tactics to implement their projects must be warned and asked to comply with the rules of engagement.

It is one scrutinizing the budget but the most important aspect is know whether the funds have been expended on the right projects, have been hijacked by other projects or were spent in accordance with prudent and fiscal management policy.

I am requesting the Prime Minister to give my good friend a big office so that he works full time with the Auditor General to continue audit public accounts. Every audit exercise done in the pigeonholes shows very serious reports. This committee must be properly facilitated. But that is not the purpose of accountability. The purpose of accountability is that every fiscal year there must be a report. I hope that my good chairman takes on this very important process of public accountability for Parliament.

The Chairman of the Bills and Legislation Committee should be given an office too. These

two things work hand in hand together. If you have outdated laws then public servants will make use of those laws to benefit themselves. That is the reason why many reports tabled here we see that is what has been happening.

Fisheries laws, immigration laws, citizenship laws, police laws needs proper legislation. Otherwise the continuation of maladministration because public officers have been given power to exercise certain decisions that may not be in the interest of the government.

Thank you for agreeing to my submission. I hope that we move to a new office next week.

I wish to comment on the work of RAMSI as it relates to the budget. The Minister of Finance did not mention the work of RAMSI in his budget speech. I can see why he had carefully chosen to eliminate the mention of RAMSI because maybe he would have liked to amplify AMSI not RAMSI in his budget speech.

Sir, the work of RAMSI in the overall economic development of the country is very huge. I must first of all thank this Parliament for its wisdom in enacting the Facilitation Act 2003 which cleared the way for the arrival of RAMSI.

Leaders and Members of Parliament who criticize RAMSI and the Facilitation Act as irrelevant are simply questioning the intelligence of this Parliament, and for these leaders I seem to think are questioning themselves on their decisions.

The improvement in security, law and order and hence the upward swing in the economy soon after the arrival of RAMSI must be rightly acknowledged by this Parliament for without their arrival and active participation, this positive achievement of this budget is questioned. We must appreciate the outcome of the work they did for our country.

The argument that only 20% of their aid remains in the country is totally irrelevant under current circumstances. Their work as stipulated in the MOU signed by all the Forum Countries Leaders are to engage in providing security and enforcing the rule of law. We must look at the outcomes and don't criticize. We look at the outcomes of their work. I think they have done very well in achieving the objectives that they are here for.

The process of good governance and accountability has become an important aspect of their work responsibilities. We just cannot totally ignore the massive Australian aid into this country, which are helping our people build new schools, clinics, water supplies, roads, and bridges. Of course, all development aid donors to our country should have the right to negotiate the areas of developing partnership with our country.

As one of those who supported the Facilitation Act when it was introduced in 2004, I will remain with this arrangement as long as it is justified. Of course, Parliament has the right to review this Act on a yearly basis so I have no complaints but I am fully satisfied with the outcomes of this arrangement in our country.

On development strategies, I am calling on this government to return us into the post colonial era wherein the economy was properly planned and launched through Development Plans Strategies, where government budget and resources are managed within the scopes of these development plans.

Mr Speaker, you will note that during those years proper development were debated in this Parliament, and the last one was the Sixth Development Plan which contained the short, medium and long term development goals of the government and where the government implements the program contained in these development plans.

What we are doing here is simply what they called "programs of actions." Sometimes this can be much distorted. What sort of programs are these? What sort of actions? Is it missing in action? We need to develop these important development strategies so that we can manage the economy within the description of this national development objective.

At the moment we can easily change mind. Today and tomorrow we can continue changing our decision. That is not helping anybody at all but it is only confusing people when we continue change positions at the Cabinet level, ministerial level and at the PS level, the Under Secretary level. I am too sick and tired of this kind.

Mr Speaker, my favorite issue is political stability. May I once again raise the need to create the mechanisms and legislative

framework to create a politically stable environment. Sir, without political stability our efforts to provide the desired national leadership will be in vain. Because of politically changing circumstances we cannot pretend that we can lead in these socially, economically, and politically polarized periods when the forces within society are loose and especially controlled by Members of Parliament and politicians. We must now establish a politically. I am saying this because I see political instability as the greatest danger to good economic management and accountability.

I wish finally to conclude by saying that I stand on the statements that this budget is physically an insufficient budget, it is public sector expansionary and offers no real incentives to private sector growth, and I hope that as we see fit reform the capacity in which we make decisions so that we can make financial prudent decisions on behalf of our people in Solomon Islands.

First and foremost we must provide a sense of security for this nation so that our visitors, our investors can enjoy the process of development.

I am asking the government to weed out the issues that is causing roadblocks in our relationship with development partners.

I only hope that he will find the money to exercise the implementation of these projects.

With those, Mr Speaker, I resume my seat.

Sitting suspended for lunch break

Mr ULUFA'ALU: (*the first part was not recorded*)

There is already a significant difference in the way we are doing things. Resources do not matter in this instance because the resources are available for the top down and the same resources are also available for the bottom up and so resources is not the problem. The problem is the understanding of bottom up and top down. If we do not understand the difference between those two things, if we do not understand what bottom up means or what

downward means then we will be wasting our time trying to advocate the terms.

It is not the question of resources because the resources were always there. It is the question of the system that we are asked upon to deliberate. What does top down means and what does bottom up means? Top down Mr Speaker, assumes that life is already there, and so from that life you take what you want from it, whereas bottom up assumes that life starts at the bottom and whereas top down assumes life starts at the top. So they are two quite distinctive things.

The methodology required to understand and to do them is quite different, they are the opposites. One way is you come from top downwards and the other is that you come from bottom upwards. You need to understand the difference because if you do not understand the difference you would not make any impact.

Resource wise, resources are available and so resources is not the problem. It is understanding how the two systems will operate. Which of these two systems gives you an independent situation?

Mr Speaker, the top down is associated with colonialism. Therefore, everything that we have been doing from top to down assume life exists somewhere and that life must be the one imposed by colonialism. Hence, we want to change from a colonial imposed system to our own system, and that is why we think the bottom up will probably give us that.

Bottom up means we start from ourselves, in ourselves and doing things ourselves. That is the bottom up. We start from ourselves, being ourselves and we do things for ourselves.

The two quite distinct differences are colonialism and decolonization. Bottom up is decolonization of our thinking, our thoughts, our thinking abilities, our actions, our words, and the way we do things. That has to be changed. Our thoughts, words and deeds must change from top down to bottom up. We must change in that context. If we merely argue that it is the resources then we are mistaken because resources will remain the same but the way we develop the system that is the one that we should be arguing about. We should not be talking about resources. Resources are allocated every

year. It is the way resources are employed, it is the manner they are used that is of primary importance. That is important and that is what we should be looking for.

What does the top down approach mean? The top down approach means the base is somewhere for which life is coming from. Because it is colonialism, Mr Speaker, the base is the colonial system itself and that is why it is top down as far as we are concerned.

Once we say it is bottom up it means we are putting back the owner on ourselves as leaders, as workers, as doers of things, placing the owner on ourselves to be the doer of the thing, to say the things, to think about the things, and to do them. That is what it is shifting. It is shifting the burden of the owner from being recipient of the authority somewhere else to ourselves as the authority. The authority to do things, to think, to talk is ourselves, and that is what the bottom up gives me. Whereas top down, it is not. You are receiving authority given to you by somebody else and that somebody else carries the benefit of the doubt at the end of the day. That is what this bottom up calls for. It calls for us, for our thoughts, our words and our deeds to be ourselves none other than ourselves.

The onus is placed squarely on us. If it cannot be us, then who else? Man is different. Man does things for himself. That is why the saying goes like this, ‘the goodness of things is in you, the bad things is also you’. So we are the carrier, we are the responsible people and that responsibility becomes much clearer when we pursue the bottom up perspective. That responsibility of we ourselves can make us good and we ourselves can make us bad. No one can make us bad and no one can make us good. It is only ourselves that can make us good and it is ourselves that can make us bad. That is what the bottom up perspective gives. It gives the owner of you yourself a destiny of yourself. You yourself are the destiny. It is the good, the glory or the evil and the bad. It does not give you any lesser degree. In fact it gives you the full impact of being just unto yourself.

We usually complain about things as not working out for us. But that is primarily because of our own faults and that is why things did not work out for us. Things do not happen

by themselves but it is us that make it happen to us in a good way or in a bad way. That is why the bottom up approach gives us the best opportunity to put our thoughts, words and deeds into action.

Having said, Mr Speaker, I now come to resources. Resources are available in how many quantities we want. But it is action that we need to put these resources into better productivity and better production. That is missing.

Sometimes we are self possessed with some thinking that that way will give us the optimal, only to realize later it does give us the optimal.

Sir, in terms of resource allocation - resources are not the problem, the problem is us. It is us that is the problem. In that context we are looking at ourselves in the mirror, looking at what had happened to ourselves, what we can do ourselves and how we would do it ourselves. That is what we are looking at, and it is in this context of diversity in unity that is missing.

Mr Speaker, unity comes about because of the needs of each other. We ourselves are so diverse that we need each other for survival, hence we have to respect the bounds of our individual and collective survival. It is in this area that when we misjudge we find it difficult to survive because we are trying to survive in the opposite areas of survival, not in a complementary way. Hence unity in diversity becomes a very important factor. In fact it is unity that is essential for working together and cooperation.

Where there is no unity there is no existence. Unity is the only way forward and the only way of survival because we need each other. Unless we realize that, all our languages will be different. So unity in diversity is the key to our actions, our cooperate actions, our individual actions should be guided by unity in diversity.

Mr Speaker, this is what it calls for in terms of resources. What does it mean? It means the system must be in place first. If the system is not in place first but resources are in place then you will find abuse to happen. The resources will be abused because there is no system in place. An adherent system is the most important consideration. Having agreed that this is the system in which we will administer our activities we should comply with those, because

non compliance, Mr Speaker, will mean problem. So compliance becomes an important factor.

The system itself is most important before the resources, because the system will dictate the rules upon which we play by. And these rules are normally not to our all liking. Some of the rules are to our liking and some are not but we have to have them because it is important to live by the rules that we agreed to live by.

It is in this context that the resources are open to abuse by us leaders. Hence we can allocate all the resources but if there is no system in place to handle the resources, they will be open to abuse like some of us are now finding.

Last year we had at our disposal as MPs \$1million dollar each, Mr Speaker. How much development has that achieved in our respective constituencies? That is what is called accountability - resource allocation but are we accountable as leaders? As leaders are we accountable? Is the system we put in place the best to ensure accountability, transparency, responsibility or is not?

Last year, Mr Speaker, we had consumed in each constituency \$1million allocation and so the question of resources is not a problem. The problem is the system in place that will give us the best results. Have we got the system in place or are we too obsessed with the resources that we are more concerned with resources than the system itself. We can have all the resources in the world but if there is no system it will fail. Hence it is important to have a system in place.

The bottom up means the system, Mr Speaker. What is the system? Is it just counting the number of bottoms? No, it is a system, and what is the system. Can any Member of Parliament answer this? No! Mr Speaker, we do not have a system in place because we are using the old system to implement new thinking. What does that mean Mr Speaker? It means we want more resources but we do not care where it goes. That is what it means. The system that is required to be in place is not in place. That is what we are seeing now happening.

And in order to put the system in place what do you need? You need yourself as politicians and you need your workers - public

service and the people because that is what the system is. The system is the people, the public service, the workers, and you as leaders.

Since when have we been working together Mr Speaker? Politicians are working closely with public service and both politicians and public service are working closely with the people. Since when was that? We see each other as enemies or we see each other how best we can steal from each other. That is what we are seeing.

Who has the upper hand to manipulate things Mr Speaker? The bottom up talks about the people, it is really the people and a company in the people is the public service - the workers and we the politicians coming in as businessman, coming in as politicians, coming in as trade unionists and all that. But we are still essentially the people. So it is nice to have all the money in the world listed but if you do not have a system in place to use those monies in the best way productively, you are better off without it. We are best of without it because abusing it is worse than living without it.

It places the onus back on us politicians. Are we prepared ourselves to take the lead our people need? Are we prepared to talk with our people with organizations, and various stakeholders, Mr Speaker? Because the base, the home grown is actually us.

The new roadmap is what we are talking about. It is us being able to live as a politician, being able to live as a follower, being able to live as a specialist being able to live as that in whatever capacities we are called upon to perform our jobs. It is us and unless we learn to talk rightly with each other about our problems and talk frankly about our own problems, we will not do it.

If all that is full in us is to get this and that for ourselves when that somebody is not watching then it is full of nothing but conspiracy implementation. Are we 50 Members of Parliament prepared to take this road and go? We are the ones to take the lead and let our people follow us. Are we prepared to do that? Or are we using this only as way to get allocations.

Mr Speaker, it is us politicians should be the first ones to champion this. We should be the leaders. We should be the workers to teach

our people, and it is not difficult to do that. Once we do this resources are already there anyway. We found out last year that we got one million dollars allocated for each constituency and it will be the same this year.

Mr Speaker: Point of order. The Chair simply wanted to know whether the Honourable Minister for Health is working on a laptop on a matter directly on the issue of discussions or are you doing something else? It might be in breach of Standing Order 37. Please continue honourable Member.

Mr Ulufa’alu: Thank you, Mr Speaker, maybe the honourable Member is getting my speech computerized. Sir, we as leaders must take this move. We must not push it to another man. No! It is us. Each member takes his own burden from his constituency and does his job as required and we are made accountable.

There should be an organization in place that will make each constituency accountable and that should be provided by the Office of the Prime Minister or the Provincial Government. That office is important to ensure all of us Members of Parliament and our constituencies are accountable in a transparent and responsible way for these public funds. That office is important to be in place.

If we do it this way, Mr Speaker, surely we do not need to worry about other donors as other donors will follow suit. We will then do the budgeting from a constituency centred base rather than a provincial centred base because a provincial centred base is still too big. The constituency is a more appropriate one.

Our 50 constituencies are small enough to be effective. That is what we should do. But we have to create very credible arrangements. Accountability, transparency, and responsibility by constituency - they must be made accountable. And their accounts must be subject to audit because they are public funds so that the same test applies. If we can do it this way it will have an impact on the lives of our small people.

Credit can be easily organized through constituencies - 50 credit unions. You have already one in the country Mr Speaker. In fact the DBSI should be owned by the 50 constituency credit unions joined together to

own the DBSI - private sector ownership. Isn't that the way to go? Instead of selling the DBSI to a different person, then what are we doing, Mr Speaker? If we sell it to others but not ourselves then what are we?

Mr Speaker there is a good base with the ANZ drive for rural banking and such a move like this by the constituencies to form a credit union. You already have it and it is going to be owned by the people and not the government. Isn't that the way to go?

Sir, these are options the government needs to look at. We need to look seriously at this. There is no point operating like what we are doing at the moment where it undermines any credit arrangements that it may be operated where grant money to constituencies and to businesses are directly competing with those lending institutions, hence undermines the viability of credit financing. I think if we bring everyone into one common fold of credit financing through such an arrangement of this nature, it will improve the viability of the properties and yet owned by the people and not the government. That is what we should be looking at Mr Speaker.

We should be looking at placing the burden on our shoulders. We do not have those burdens on us and that is why we are giving excuses left and right. But if you put us into doing those things, Members of Parliament and their constituencies and their wards to do those things surely we will do them. That is what we need. We need to act decisively.

Mr Speaker, I do not want to talk very long but I would be very brief and will stop here. I want to see us 50 Members of Parliament to stop politicking, join forces together, put or heads together in unity and diversity and let us think about these things through and let us do them. Let us do them.

With those few comments, Mr Speaker, I support the Bill.

Hon KWANAIRARA, Mr Speaker, thank you for giving me this opportunity to make several comments, observations and reflections on the 2007 Appropriation Bill 2007 on behalf of the chiefs, elders and the people of North Malaita Constituency.

In so doing, I shall also be making a few remarks relating to the budget speech so elegantly delivered by the Honourable Minister for Finance and Treasury.

Before I do so, Mr Speaker, let me first thank and congratulate the Honourable Minister for Finance and Treasury for his leadership and hard work that has resulted in the tabling of the 2007 Appropriation Bill 2007. Without his leadership this Honourable House would not be able to debate the 2007 Appropriation Bill 2007 at this point in time.

Mr Speaker, I also wish to thank all the hardworking staff of the Ministry of Finance, all the Permanent Secretaries and their staff for their dedication and endurance in ensuring that the budget is ready in time for this Parliament Meeting.

Finally, Mr Speaker, it would be remiss of me if I forget to thank the hard working Chairman and members of the Public Accounts Committee for their meticulous and diligent checking and questioning of Permanent Secretaries and their accounting staff to ensure the budget estimates not only reflect the government's development aspirations but also within the prevailing legal framework.

Mr Speaker, the people and the nation awaits the handing down of the 2007 estimates with the right expectations.

Since the Grand Coalition for Change Government (GCCG) came into power, it promised to challenge and change status quo by seriously taking economic development to the doorsteps of our rural people. Mr Speaker, as MP representing the people of North Malaita Constituency, I also waited eagerly to see how the budget might provide a framework for enhancing and achieving the social and economic aspirations of my constituency.

Mr Speaker, if there is anything that worries me most, it is the heightened expectations of the people especially those whose perceptions are clouded by false political promises and indoctrination. The way our people perceive and translate the rural development message maybe quite different from what we anticipate or envisage.

Mr Speaker, I pray that I am wrong and mistaken that the majority of the rural people are

anticipating the manifestation of the rural development of bottom-up approach dollar.

At this juncture let me warn Solomon Islands people that the 2007 estimates will not be like manna falling from heaven. As in the days of Moses, the documents we have before us today contain mere budget estimates and although they are realistic their implementation outcome is another matter.

My concern here, Mr Speaker, is that any public pronouncements should be matched by action that is fair and just. Mr Speaker, I will support any government that truly serves its people well and consistently.

Mr Speaker, the national government is the largest spender in the economy. The budget estimates, especially our revenue targets can only be realized in a stable and improving socio political environment. Given our outstanding political stand off with Canberra and uncertainties surrounding the RAMSI's future in Solomon Islands, are but few of the concerns I have regarding achieving our development objectives in the long term.

Mr Speaker, these are my serious concerns and the Government needs to be proactive and positive in addressing the current political cloud, especially those that relate to our international relations with Australia, RAMSI and Papua New Guinea, investigation regarding the Moti saga. Public concerns have been raised regarding these matters but have gone unheeded, Mr Speaker.

Mr Speaker, the nation needs to know why an Australian now in custody and other Solomon Islanders plotted to kill the Prime Minister. The people of Solomon Islands need to know the reason for such serious plots. It should not just die out quietly like the illegal entry of the Papua New Guinea Defense plane in the Western Province. The conclusion must be brought to light.

The government's policy and plan to rearm the Close Protection Police Unit is yet another destabilizing factor in the minds of many who were seriously traumatized during the recent crisis.

Mr Speaker, these are matters of national security and it does have direct and indirect impact on the implementation of the national budget programs. Mr Speaker, in the

systems thinking everything connects to everything else and nothing under the sun stands alone.

Mr Speaker, finally as far as I can remember there has never been any official SIG-donor partners official meeting held prior to the finalization of the 2007 Development Estimates. This is a sign to what I alluded to earlier that the current socio political climate is not very conducive to donor partners' dialogue and open communication.

Mr Speaker, the budget overview. In looking at the 2007 SIG budget under summary of revenue and expenditure, one finds that the current budget will have an estimate minus surplus of round about \$4.9million. Revenue estimates for 2007 is \$877million, an increase of 27.5% higher than the 2006 budget estimates.

The payroll has increased by 46%, and I hope this is to cater for a new pay structure of teachers and not merely funding an ever expanding public sector employment scheme. The salaries, benefit levels of political personnel as highlighted in the Solomon Star this week speaks volumes of an attitude of empire creation and self service by a political government that speaks so much of serving the people.

Finally, the 2007 recurrent budget was drastically reduced due basically to lack of donor partner support in the current estimates.

Much of the government revenue, Mr Speaker, estimates for 2007 is generated from Customs and Excise, Inland Revenue and others. It is my hope that Customs and Excise and Inland Revenue Departments are strengthened in terms of more training, institutional strengthening to enhance the quality and effectiveness of their work. They are doing marvelously and I urge them to continue to be diligent in stumping out those who corrupt the system for their own gain, especially the merchandize importers.

Mr Speaker, the major package funding includes those that will benefit from rural development such as:

- (i) Support to governance.
- (ii) Productive sector
- (iii) Community services
- (iv) Law and justice
- (v) Public sector strengthening, and

(vi) National debt servicing

The total development estimate is about \$1.9billion. The development estimates continued to be dominated by donor funding of round about \$1.7billion. While consolidated fund remains at \$188million of \$1.8billion donor funded. Over 70% goes back in terms of salaries and benefits to technical experts or TA's.

Mr Speaker, the nation continues its dependency on aid assistance. This is a sign of political and economic weakness. We have just thrown out a supported Police Commissioner and just recently the Minister for Foreign Affairs begs our Melanesian brothers in Port Moresby to foot the bill if one of their citizens takes the post of the commander of police for Solomon Islands.

Mr Speaker, we should be more mindful in seeking aid otherwise it becomes an embedded culture that leaves us vulnerable to external exploitation because of our tit-for-tat foreign relations attitude.

Mr Speaker, at the outset let me state that it would be difficult for those who are not well versed with the reading and understanding of the budget to see where the rural development bottom-up approach funding will come from. The budget shows rural development support under the development estimates from the following sources:

- European Union - \$1.1million
- AusAID or RAMSI \$2.6 million
- World Bank - \$7.3 million

Mr Speaker, the Minister of Finance in presenting the budget speech stated clearly that our donor partners supported the budget. I have an opposing view and that is because I failed to see this support in the recurrent and development estimates. The above support by donors reflects fully on the government's effort to gather support for its rural development programs as envisaged by the government.

Mr Speaker, what you can see is a drastic reduction in donor support towards the recurrent estimates with New Zealand giving \$40million to the education sector. Mr Speaker, this speaks clearly of our donor partners continued

insistence for the Solomon Islands Government to practice good governance, accountability and transparency.

Mr Speaker, in terms of assessing credit in rural areas, the Minister of Finance highlighted that government has tailored a business loan guarantee or scheme worth \$10million. Mr Speaker, this reminds me of a small loans guarantee scheme now operated by the Central Bank of Solomon Islands for the same purpose of promoting commercial and business activities in Solomon Islands.

Mr Speaker, my question is, how different will this scheme be compared to the one now operated and managed by the CBSI? How will ordinary rural people compete in the commercial banks to access this guarantee? Will it be easy for the rural people?

I am saying this because there will be many technical requirements and only those in Honiara or the urban areas will have access to these funds as they are well placed and have the technical know how to provide a well tailored business proposal. Mr Speaker, I see no saving grace for rural business owners in this scheme.

The need now is for the government to put an immediate halt to recruiting community development officers and carry out further assessment and consultation with the provincial governments, more especially the 50 constituencies. We should not rush and do things that should be done by the provinces and their respective constituencies.

The government is a legislature and a national policy formulator, hence it should leave much of the detail thinking and planning to people at the grassroots level together with their respective national leaders and the ward members.

The rural development approach, Mr Speaker, is indeed important but the government is trying to do too many things for everybody. When will we really practice the bottom up approach? This is a top down approach as far as I am concerned.

Mr Speaker, if the government is serious in improving rural production and raising their income levels, I believe the present bureaucrat arrangement will not assist in achieving such noble political and economic philosophy.

I propose that the government establishes a new ministry to be specifically concern and focused on all matters concerning rural improvement. I have on several occasions called for halt in creating further public service funded positions for the simple fact that we seem to be rushing with the implementation of this development approach.

In conclusion despite all the good ideas put forward in this budget, the only tangible assistance to the rural people is in the form of the RCDF, Poverty Fund and micro projects. The way forward is to allocate more funds to each constituency, and in terms of the principle of equity and equality.

The way forward is to fund each constituency on the basis of population. This is the best approach to rural economic development. Each constituency or region such as the North Malaita region consisting of Lau, Mbaelelea, Asifola should be allowed to plan their own rural strategic development policies and programs. These constituencies or growth centres look after rural credits, technical advice, business training, women development, leadership development, community policing and industrial development. A fair and just society means giving the constituencies with larger populations a bigger share of financial resources.

Mr Speaker, at present all the constituencies receive the same amount of money despite the fact that on one extreme some constituencies have less than 2,000 people while others like Central Kwara'ae have 22,000 people. It is not fair for them to be provided the same level of financial support to the constituencies. I believe it is very unfair and I believe this budget will further aggravate this unjust funding situation.

Rural infrastructure development is essential. I am talking about good roads, strong bridges and wharves that can withstand strong and rising seas. Communication and transport services need to be improved before economic life can grow in the remote areas. Otherwise we will continue to give false hopes to the people. Rural credit infrastructure development and consume credit and banking education are important for financial literacy and business success. I wish the government success in its

efforts of carrying out its rural development bottom up approach in 2007.

With these remarks I resume my seat.

Hon LENI: Mr Speaker, I rise to contribute to this budget that is set before this honorable House.

Mr Speaker, the Ministry of Fisheries and Marine Resources mission is to encourage and facilitate economic growth through the proper management and sustainable development of its fisheries and marine resources.

Our major objective is to ensure that the nation's realization of its maximum revenue objective captured and derived from these resources through its commercial fisheries activities both at the national scale and as well as at the provincial and rural scale.

Solomon Islands is blessed with one of the highest levels of marine biodiversity pearl and hence is rich in its marine resources. As such fisheries has been and will continue to play an important role in the economy of Solomon Islands. Over the years, numerous direct and in direct financial benefits have been derived by the country and its people from local sales and the export of country's rich fisheries resources.

Other associated fringing benefits have also been enjoyed by our people from fisheries during the past years. These include the many job opportunities provided by the domestic fishing industry and the rich nutritious amino protein often obtained from the daily consumption of fish and the various projects by our local people. Those who provide the various services to the fishing industry also benefit indirectly from these establishments locally.

For the information of this honorable House, Mr Speaker Sir, domestic fisheries in Solomon Islands are of two distinct types, namely the industrial tuna fisheries which is based on the country's rich tuna resources and the rural subsistence and semi commercial artisanal fisheries which mainly targets the use of fisheries resources, the deepwater snappers, the small tunas that frequent inshore areas of our numerous islands in search for food.

Mr Speaker, more than 80% of the Solomon Islands population live in rural areas, hence subsistence and semi-commercial

artisanal fishing activities are therefore widespread and are of great importance to these rural dwellers. The rural subsistence and the semi-commercial fisheries are concentrated mainly in the coastal and near shore reefs and lagoons and targets the reef associated finfish, beach-de-mer, trochus, green-snail, pearl oysters, giant clam, spiny rock lobsters and other shellfish. About 180 species of reef finfish from 30 families are also caught by the small-scale rural fisheries and their catch comprised mostly of snappers, groupers and rock cods, emperors, the mackerels and tunas and trevallies. In spite of its importance to the rural dwellers, Mr Speaker, foreign revenue earnings from the export of inshore fisheries resources however are relatively lower than the domestic commercial tuna industry.

This is an issue my Ministry will be addressing to see how best Solomon Islanders could get maximum benefit from our inshore resources.

Mr Speaker, the country's inshore fisheries resources have been harvested over the years by the rural coastal communities for their daily food requirements and for the export markets. The sustainability of the inshore fisheries for the long term benefit of our people however, continues to be a great, necessary step to properly manage these inshore resources through the introduction of appropriate specific resource management plans will be introduced by my department. The process towards having sound management plans however, will be dotted by the further full participation of resource owners, communities and stakeholders are like.

Mr Speaker, having said that a number of precautionary measures have been taken by my Ministry, bans to prevent the further decline in the status of certain inshore resources such as the beach-de-mer, pearl oysters, green snails to over-harvesting levels have been introduced whilst awaiting the completion of appropriate management plans. The current bans on these fisheries resources are temporary and we fully intend lifting them as quickly as we can. We are well advanced in developing new management plans and these management plans are expected to provide the blueprint which will guide the use and management of our fish resources.

Mr Speaker, the domestic commercial tuna fishing industry is the biggest and the most important fishery in Solomon Islands in terms of it being one of the country's big revenue earner. Our country's tuna industry is based on the four major tropical tunas namely skipjack, yellowfin, bigeye and albacore. The Soltai Fishing and Processing Company Limited and the National Fisheries Development Company Limited are presently the backbone of the domestic tuna industry playing a significant role in providing employment to many Solomon Islanders. Other local tuna companies subsequently established in recent years include the Global Investment Fishing Limited and Mako Fisheries Limited.

Having said that Mr Speaker, it is important to note that the Tuna Industry is global. Our domestic companies are competing globally in one of the most fiercely competitive business there is. There is not a level playing field in this business and we need to support our companies in the bid to strengthen their presence in the national markets.

Tariff and non tariff barriers to create an investment are changing the environment based by both industries and the government.

New technology has the potential to place stocks under pressure. Major fishing nations are expanding their fleet in the processes environment is changing with new challengers to maintain boat supply and price stability. These are some of the challenges our local Tuna Industry is already facing. We must ensure that we keep the interest of these companies and the wellbeing of their hundreds of employees at the forefront of our consideration.

Mr Speaker, total revenue collected last year by the ministry from fishing licenses, fees, export permits and transshipment levies amounted to SI\$46million versus a budgeted amount of SI\$35million. Preferential treatment which includes lower fishing license fees and more access to waters within the main group archipelago (MGA) up to 12 nautical miles territorial waters have been given to licensed local fishing vessels of the domestic tuna companies as an inducement for investment in Solomon Islands fisheries sector. This is in contrast to license fees that are given to foreign fishing vessels under the existing fisheries bilateral access agreements.

As for licensed fishing vessels under the regional FSM arrangement and the U.S. Multilateral Fisheries Treaty, they are permitted to fish up to 60 nautical miles around the MGA. License fees for both these arrangements are paid directly through the FFA being the administrator of this specific arrangement.

Mr Speaker, my Ministry anticipates that this year we will well above \$50million. This is due mainly to the recent increase in the license fee negotiated last year under the various bilateral access agreements and a new agreement with the European Union for the purse seine and long line vessels. In addition, as the current El Niño weather pattern weakens down this year and the tuna moves westward, we will likely see upsurge in fishing operations in our waters. There will also be more transshipment in our official designated transshipment ports of Honiara, Tulagi and Noro. The resultant high fishing operations in our waters is most likely to earn more revenue for the government.

Mr Speaker, the export of raw and processed tuna products such as canned tunas, arabushi and tuna loins to overseas markets by the domestic tuna companies has resulted in substantial foreign revenue earnings to the companies and the country as a whole over the past years.

With the recent signing of a collaborative transshipment agreement between Soltai and Trimarine International at the end of last month, all processed tuna products are likely to be exported in the coming years from Solomon Islands.

Mr Speaker, the total allowable catch for the Solomon Islands EEZ from the most recent EU funded regional SPC Tuna Tagging program is estimated at 120,000 metric tones per annum, which skipjack accounting for 90,000 metric tones and 30,000 metric tones of mainly yellowfin and other tunas making up the total.

Under our current National Tuna Management Plan, this Total Allowable Catch (TAC) has been converted into license limitations by gear-type and by zone. This TAC, however, has not been fully utilized over our financial benefit. Much to the unused TAC and the new licenses have been given to foreign fishing vessels covered under our bilateral fishing access agreements. Solomon Islands

currently has fisheries bilateral agreements with the Tuna Associations of Korea, Japan, New Zealand, Taiwan and recently with the European Union.

Mr Speaker, for the information of Honorable Members of this House, our bilateral access agreement with the Tuna Associations of Korea and New Zealand are for purse seine vessels only, whilst that with the Tuna Association of Japan are for long-line, purse seine and pole-and-line vessels. The bilateral access agreement with the Tuna Association of Taiwan and the EU are for both purse seine and long-line vessels.

In addition to fishing vessels under these bilateral access arrangements, licensed purse seine vessels under the Multilateral Fisheries Treaty with the United States and the sub-regional FSM Arrangement of the Partnership to the Nauru Agreement (PNA) member countries of FFA also fish in our waters for tunas.

Mr Speaker, having alluded to the above, it is worth informing this honorable House that there is a collective move by Forum member countries to enter into a multilateral economic partnership agreement with the European Union. This agreement is a general trade and marketing agreement which covers fishery products as well. We are excited by the opportunity this presents as the European market pose considerable promise for our country.

The fact that we did not quote our total allowable catch indicates that our tuna resources are still in a very healthy state. This certainly is true for skipjack, a fast growing tuna which dominates the tuna species catch composition for the waters of Solomon Islands and can withstand the current high levels of fishing effort. On the other hand, this may not be true for yellowfin due to its moderate growth.

Mr Speaker, very high harvesting levels of yellowfin and bigeye tuna has been a cause for concern hence management measures have been enforced by the Western and Central Pacific Commission by placing a cap on the fishing effort levels in 2005 to remain at the 2001-2004 levels and a catch level of 2,000metric tones per member country's fishing fleets for both yellowfin and bigeye tuna.

With the exception of yellowfin tuna where its catches are exceptionally high for the

waters of Solomon Islands, we do not have any difficulties with other management measures of the Commission including the catch quota for bigeye tuna.

As a member of the Tuna Commission, Mr, Solomon Islands is obliged to work closely with other member states and to take the necessary steps to address the current unsustainable catches which are likely to lead to an over exploitation of yellowfin and bigeye tuna stocks.

At the sub-regional level, Solomon Islands as a party to the Nauru Group Agreement of FFA member countries with substantive tuna resources will continue to work with other parties and to control the purse seine fishing efforts within their EEZs to the newly introduced Vessel Day Scheme (VDS) which is now on trial basis and will come into force in December 2007.

Mr Speaker, at the regional level the Forum Fisheries Agency continues to play a very supportive and active role in assisting Solomon Islands and the Agency's member countries to meet their obligations and challenges in tuna fishery. Some of the key long term issues affecting every member including a worldwide increase and scrutiny with the respect to sustainability and an increasing focus on brochures environmental issues. These are issues which my Ministry will need to take in its stride and come up with appropriate strategies that help to enhance these issues.

The globalization of fishing fleets and the inter relationship between different tuna stocks means our management must extend beyond the region. For Solomon Islands this means that each membership in the Western and Central Fisheries Commission is crucial and must continue to be given the necessary support by the government.

Mr Speaker, also at the regional and international front Solomon Islands has legal obligations and responsibilities to fulfill under a number of conventions and treaties which directly and indirectly related to fishery. These include the Western and Central Pacific Fisheries Commission, the United Nations Convention of the Law of the Sea, the UN Peace Talks Agreement, the Convention of Biological Diversity, Drift net Convention, the international

Convention to Regulate Whaling, the Food and Agricultural Organization Code of Conduct, the FAU Compliance Agreement, the FAU International Plans of Action, the WSST Fisheries Targets, the South Pacific Forum Fisheries Agency Convention and its minimum terms and conditions, the Lome Convention 1979 and the Multilateral Treaty with the USA.

Mr Speaker, having the significant capacity to shoulder our legal obligations and responsibilities has continued to plague our active participation as a state party to these conventions and treaties. Let alone our ability to capitalize on the many benefits we can derive from these legal instruments as members.

Mr Speaker, the Solomon Islands position on Whaling continues to be an area of interest, especially to anti Whaling nation. Solomon Islands as a signatory to the IWC Convention on Whaling has continued to comply with the provision of the current convention and supports the sustainable use of the whale resource.

The principle of conserving our fisheries resource through sustainable utilization is also advocated under our present 1998 Fisheries Act, hence our support to the sustainable use of whale resource.

Mr Speaker, the long delay taken to complete the IWC Revised Management Scheme which is a useful regulatory management tool to guide the Commission and member nations on the sustainable harvesting of its whale resources, continues to be an area of major concern in my Ministry. As a nation that believes in the sustainable use of its natural resources, the continual delay in the completion of the revised management scheme does not support the spirit of the convention.

Mr Speaker, my Ministry will continue to be proactive in its quest to seek opportunities from which we can all benefit. In this respect, my Ministry in collaboration with the Ministry of Conservation and Environment will be submitting a paper to Cabinet seeking approval for accession of the Convention on the International Trade of Endangered Species of wild fauna and flora. Being a signatory to this convention will enable Solomon Islands to fully participate in debates and decisions that affect our international trade in renewable natural

resources. We must participate in the decision making process. We cannot allow others to make such decisions on our behalf. We are not bystanders and we wish to participate fully in these processes.

Mr Speaker, having alluded to the above, at the home front our government's policy on fisheries is geared towards the further development of our domestic tuna industry and the involvement of our local people in both the catching and processing of tuna.

My Ministry's corporate plan has been developed and designed to adequately capture the essence of these policies for the fisheries sector as well as that of the Fisheries Act which stipulates that the objective of fisheries management development in Solomon Islands shall be to ensure the long term conservation and the sustainable utilization of the fishery resources of Solomon Islands for the benefit of the people of Solomon Islands.

Mr Speaker, a number of key outcomes have been identified through the corporate plan as priority areas that my Ministry has to deliver results if it is to fulfill its purpose and achieve its vision. Through the corporate plan, the Ministry of Fisheries and Marine Resources is working towards ensuring the following:

- (i) that there is increased opportunity and increased livelihood for rural fishers.
- (ii) that there is increased potential value of the fishery, meaning improved quality, more products, more volume, more profit, more local processing, more investment and more Solomon Islands' involvement.
- (iii) that there is improved Solomon Islands Government earnings from the realization of the international value of fisheries as a resource and effective licensing procedures.
- (iv) that management plans and appropriate legislations are in place for key species such as tunas, beach-de-mer, trochus and coral and increase community management of these resources.
- (v) That monitoring systems are in place which should provide accurate and timely information of commercial and subsistence fisheries for all stakeholders including regional agencies and that the

organizational capacity of my Ministry is enhanced.

Mr Speaker, the new corporate intent has forced my Ministry to adjust its organizational structure. In the new structure we will be having the following divisions:-

1. Offshore Fisheries management
2. Aquaculture
3. Inshore Fisheries management
4. Provincial Fisheries Development and Extension
5. Fisheries Management policy
6. Market and Business Development, Statistics and information

Mr Speaker, you will note from the recurrent estimates that budgetary attempts are now arranged based on these new structures.

Mr Speaker, the various line items and projects seen in both the recurrent and development budgets are attempts by my Ministry to see that the various outcomes of the corporate plan, which I had just gone through are adequately addressed.

For the current fiscal year, eight (8) fisheries development projects have been included in the budget for the consideration and approval of Parliament. Out of these projects, four are primarily focused towards rural fisherman in the provinces. This, as you would agree is the prime focus of the present government's fisheries development policy.

Mr Speaker, projects focused towards the needs of the rural fisherman in the development estimates includes the following:-

- (1) support to rural tuna fisheries, which basically is to support the rural production of tunas, skipjack for local sales and the export market and provides stocks to the local fisherman to catch tuna and sell them to the domestic Soltaif company for processing.
- (2) The seaweed commercialization project under EU/STABEX funding which provides local fishermen in the provinces with seeds of the seaweed to be grown by these fishermen as alternate source of income and a new export commodity from the country to overseas markets as dried seaweed.

(3) The rural pearl farming project which will carry out further research work to provide a better understanding of the seasonal recruitment of pearl spats, best area for the collection of their spats and their eventual farming plus other information that is required to make pearl farming a success in Solomon Islands. The outcomes of this survey will be compiled invite there would be investors, and

(4) The Institutional Strengthening Program which seeks to increase the capacity of my Ministry to effectively and efficiently manage the Solomon Islands Marine Resources in a sustainable manner.

Mr Speaker, the rationale is that over the past decade there had been huge changes across the globe in the way people value and use natural resources. Where in the past emphasis in fisheries was often placed on developing ways of exploiting new stocks or increasing the efficiency of fishing old ones. There is now a realization that the resources are limited and will require effective management if they are to be used sustainably.

This shift in thinking is an apparent policy of the government in its legislation and in international agreement which the country is a party, hence the direction my Ministry is taking through this program. Under the program, various technical assistance and training will be provided to start in my Ministry and stakeholders alike in order to help them perform their duties more effectively in managing the country's fisheries resource in the future.

Mr Speaker, it is also expected that the following outcomes will be achieved under the project and this includes:

- (1) the strengthening of the Ministry of Fisheries and Marine Resources' capacity and the need to acquire new knowledge and skills necessary for an effective, efficient and sustainable management of the country's fisheries resources.
- (2) the facilitation of the development and implementation of the marine sector

- management plan and appropriate legislation.
- (3) enhancing the capacity of the Ministry to identify and facilitate greater opportunities and improve livelihoods for the rural fishermen.
- (4) the improvement of the Solomon Islands Government revenue from licensing through the introduction and the management of a resource license system that is based on appropriate management plans and legislation that is supported by an effective compliance system, and
- (5) delivering project inputs that are responsive to the needs of the Ministry and NZAID, and to promote, monitor and evaluate the impact on achievement of the project goal and purpose.

Mr Speaker, the funding arrangement for the program is now in the development budget and the implementation of the institutional strengthening program has now commenced.

Mr Speaker, the recurrent budget and the development budgets estimates for my Ministry for this fiscal year have been tailored to accommodate all the planned work programs and projects that will be carried out by my Ministry during this financial year. It is my sincere hope and request that both budgets for my Ministry will get the favorable blessing of this honorable House.

Mr Speaker, I would like to summarize our position that the Ministry is a revenue earner for Solomon Islands. It earns \$45million in access fees last year, and I can predict more than \$50million this year. In addition, the support arrangement that resulted in \$70million worth of sea food exports last year and the direct employment of more than 900 people at Noro, injecting more than \$50million into the Western Provincial economy.

Mr Speaker, this is just the beginning. My ministry is now heavily involved in a substantial reorganization. This will ensure we can better manage considerable responsibilities. We have to ensure optimal conservation, economic and social outcomes for our fishery and our people. We have bigger and developing

community based management plans to better manage and ensure returns from our inshore resources. We have linked the management of our major tuna fishery for development in our inshore fisheries. These developments alone will open new and valuable markets to our inshore fisheries that they previously had no access to. Mr Speaker, we are committed to making our fishery one of the largest, if not the largest source of economic benefits for Solomon Islands. I implore you to support us.

In conclusion, Mr Speaker, let me once again assure this honorable House that my Ministry under its new corporate plan will work more effectively to fulfill its obligations to the government and the needs of the people of Solomon Islands.

Mr Speaker, I support the Bill.

Hon MANETOALI: Mr Speaker, thank you for allowing me to contribute towards the debate on the 2007 Budget Speech.

Mr Speaker, this is the first budget that provides for separate heads to the National Judiciary and separation of the Ministry of Justice headquarters with its own allocation.

The aim of my Ministry in 2007 is making legal and judicial services more accessible to the people of Solomon Islands. Allocations in 2007 will allow more touring by the Office of the Public Solicitor throughout the country to provide legal aid. As a first step, officers will be posted to Gizo and Auki to serve those two big provinces while the rest of the other provinces will, for the time being, be served by officers from the Honiara office. In this connection, my Ministry is now renting an office space in Auki for the office of the Public Solicitor to use.

In relation to the Attorney General's Chamber, we are working to recruit the vacant position of Solicitor General to strengthen the office. There will also be as from this year contribution by way of grant to the Financial Intelligence Unit, a unit established by the Anti-money Laundering and Proceeds of Crime Act, which is currently located at the CBSI.

The Office of the Director of Public Prosecutions, although does not get any increase in this year's budget will continue with its work of prosecuting offenders.

We have now invigorated the Law Reform Commission and are slowly trying to have it staffed. One of the references given some years back and which it will pursue now is the review of the country's Penal Code and the Criminal Procedure Code. We anticipate that the review process will look into the policy intentions of this government, like developing alternative sentencing options in the penalty provisions of the Penal Code and include humane traditional justice and cultural values as part of the Penal Code.

The Ministry will utilize existing funds within its budget and some of its share of funds for vacant posts to meet improved terms and conditions of service of its Lawyers and Magistrates recently agreed to, to ensure we retain our local Lawyers and Magistrates to enable the continuation of the capacity building program that the Ministry has been undertaking after the arrival of RAMSI.

In the course of this year, my Ministry intends to bring to this House legislations to provide for a body to deal with disputes over customary or tribal land; a new Evidence Act, amendment to the Magistrate Court Act to provide for a unitary Magistrates Court set up and increase civil jurisdictions of magistrates, a Bail Act, new civil procedure rules for the High Court and the Magistrates Courts. These proposed legislations are intended to allow for the involvement of chiefs, tribal and village elders to play a major role in the resolution of land disputes and to use our traditional ways of resolving land disputes; codify existing evidential rules, incorporate use of evidence obtained as a result of new advancement in technology into rules of evidence for use by the courts; have the magistrate courts bring judicial services closer to the majority of our people than is presently the case today; provide statutory procedures for the application for and the granting of bail to make it more transparent how and when bails can be granted by the courts, and make rules of courts are made to reduce delay in the hearing and disposal of cases before the courts and also allow for assisted dispute resolution mechanism in the rules to allow for settlement of disputes and only leave those that cannot be settled to go before the courts.

Also as I speak, Mr Speaker, we are doing preliminary work in looking at possible legislative framework to provide for the autonomy of the national judiciary as envisaged in this government's policy framework document.

The Ministry is also working to develop a graduate lawyers' program and has been working with the RAMSI Law and Justice Program to carry out a student placement program during last Christmas holiday. This student placement program is targeting Solomon Islands Law students at the regional universities. These students are placed in our division to gain some insights in the work of those offices so that they get first hand experience and feel of the work carried out in those various offices. We hope that that connection will eventually entice them to come back and work in those offices when they graduate.

The law graduate program is intended to address the need for law graduates to gain experience to enable them to get themselves admitted to the High Court of Solomon Islands. The program is expected to place law graduates in any of our legal offices or with private law firms to give them work experience before they can get admitted to the High Court of Solomon Islands. We intend to work closely with members of the private law firms and the Solomon Islands Bar Association to develop this program, and eventually implement this graduate lawyers program.

Mr Speaker, for the first time, we have a separate head for Judiciary in our budget. This is intended to allow the Judiciary have more say and control over the use of its budget. The flow on effect of this is that the courts will be in a position to plan and carry out their work programs without much interference. The separate head for the Judiciary is a first step in implementing this government's policy statement.

My Ministry and the Judiciary intends to work closely with the Ministry of Finance, the Attorney General's Chamber and the Office of the Prime Minister to work towards the next step of fulfilling this government's policy of ensuring the constitutional intentions in regard to the autonomy of the legislature and the judiciary is carried out.

Mr Speaker, the National Judiciary has been allocated funds both in the recurrent and development budgets to carry out the followings in 2007 –

- More High Court sitting sin 2007.
- More Local Court sittings throughout the country including provisions for chief's hearings in relation to land disputes as a first step under the provisions of the Local Courts Act. We hope to put in place regulatory and necessary mechanisms prior to any disbursement of funds to ensure there is transparency and accountability for funds utilized.
- More customary land court sittings.
- An additional Court of Appeal sitting or two Courts of Appeal sittings with longer time per sitting.
- Setting up of systems in the Judiciary to ensure accountability in funds allocated to the Judiciary. This will see the recruitment of a Chief Accountant and Accountant position and administrative support staff. This is intended as a stage by stage development towards achieving this government's policy objective of the constitutional intentions in regards to the autonomy of the judiciary is carried out.
- More Magistrates court tours and circuits throughout the country. The government has allocated separately funds to facilitate more magistrates' court tours. This should enable the magistrates' courts to carry out frequent tours and sittings and quickly dispose off pending criminal and civil cases throughout the country. The Magistrate's Court will be posted on a rotational basis - a Principal Magistrate at Auki, Malaita, Province this year. The Judiciary intends to recruit additional Principal Magistrates this year if funds permit.
- There will be more training in-country of Judicial Officers and their support staff to ensure judicial services are carried out more effectively and efficiently and addresse issues of delay

in court processes and proceedings and training of local justices.

Mr Speaker, in the development budget, funding will be made available through the Solomon Islands Government to fund the construction of the Principal Magistrate's residences in Auki and Gizo, and the full refurbishment of the Chief Justice's Official residence in Honiara. This is intended to complement infrastructure development in those two Provincial Centres, which will be funded under the RAMSI Law and Justice Program.

The infrastructure development funded under RAMSI Law and Justice Program will see the construction of a new Magistrates Court Building and Office in Auki this year to be followed later by the construction of new Magistrates Office in Gizo.

Mr Speaker, our plan is to also construct new Magistrates Court Offices in Kirakira and Lata in the near future. We will continue to seek and request funding from donors and the government to assist us in this plan. We intend to carry out a survey in the later part of this year on existing court buildings throughout the country and assess their conditions. We know there are court buildings throughout the country. Once this survey is carried out, we intend to seek funding assistance to renovate these court buildings in stages. Once renovated, they should enhance Magistrate Court sittings in the rural areas of our country, allow more local courts to sit and bring judicial services closer to our people.

Mr Speaker, the National Judiciary and my Ministry are receiving donor assistance through the RAMSI Law and Justice program. Donor assistance comes from NZAID through RAMSI which funds two Puisne Judges of the High Court and other associated costs connected with their engagement.

The bulk of donor assistance to my Ministry and the National Judiciary comes from AusAID through RAMSI through its strengthened Assistance – Criminal Justice program.

For 2007, as shown on page 29 of the 2007development estimates booklet, about \$12,427,800 will be spent on operating costs which covers things like procurement of

stationery, security to buildings, rentals, vehicle costs, IT Support and Training, lease of boat for witness transport and court circuits, salary of Solomon Islanders engaged under the Law and Justice program and support to Police Prosecution.

About \$22,596,000 under the heading ‘equipment’ will be spent on infrastructure like the refurbishment of the Kalala House.

Extensive work at the High Court like the current Court Room 6, a holding cell, a Sheriff’s Office and a new Court Registry; a New Auki Court House precinct, a new Gizo Court House precinct and large capital purchases like vehicles and computers. About \$64,963,500 under the heading TA/non cash will be spent on cost of expatriate advisors, lawyers, Magistrates and Judges and all associated costs in supporting them and the governance arrangements of managing contract for the RAMSI Law and Justice Program.

Mr Speaker, with those brief remarks I support the Bill and beg to take my seat.

Hon GHIRO: I rise to join my colleagues in contributing to this very important Bill. My Ministry is mandated to promote and provide reliable services to a wide range of civil responsibilities. This includes the National Disaster Management Office, the National Council of Women, the National Sports Council, the Honiara City Council, Ecumenical Affairs, Electoral Commission or Civil Registration, Youth Development, Child Protection and Sports Development, Citizenship matters, Gaming Lotteries, film censorship, liquor and marriage celebrants licensing, protocol and ceremonies.

The Ministry is also mandated to promote the interest of specific sections of the population, including women, children, young people including the coordination of sport development in Solomon Islands.

Thirdly, the Ministry is also responsible for the establishment and management of a development partnership relationship between the government and non government organizations, the Civil Society Organization such as Churches and other faith organizations.

We also provide limited assistance in capacity building to equip them to carry out their

roles as traditional leaders within our communities.

As the Ministry responsible for Local Government, my Ministry considers restoration of better working relationship with portfolio NGOs and the Honiara City Council as vitally important for the efficient and effective service delivery of these organizations. There is no substitution for good consultation and coordination of these things, which in my view, are relationship virtues that keep the machinery working and producing expected results.

Our expected key outputs are:-

- Strengthen the Disaster Management services;
- Active and strengthen women, youth and children participation;
- Strengthen child right development program;
- Strengthen youth network, and mechanism for promotion of youth development;
- Effective electoral and civil registration system;
- Establish development Partnership MOUs with NGOs;
- Healthy population with well developed sports programs for all gender and ages;
- National Identity,
- National Unity where people of different faiths live harmoniously together.

Against that background, just like other sectoral ministries, my Ministry’s 2007 budget estimates initial submission was meant to reflect our plans to achieve the outcomes listed above. Much has been said in the past about building the capacity of the resource owner or the rural dwellers, thus empowering them to be self reliance.

I wish to congratulate the honorable Minister for Finance for ensuring this budget adequately provides for that very purpose.

Mr Speaker, as I previously stated in my speech during the last sitting of Parliament, it is now time for us leaders, as decision makers to start trusting our people to help us produce and deliver the services our people have long been expecting from the government.

The Central Government cannot and will not be able to recruit and sustain a huge work force capable of effectively and efficiently

producing and delivering the services our people have long been expecting from the government.

However, there is a huge potential out there that we as government could immediately use to achieve what the government plans to provide. There is abundance of available manpower resource and other resources, so let us use them for the benefit of our people. We must begin now to build the capacity to take on this responsibility to do so.

Community participation and the so-called ‘bottom up approach’ is about trusting our people in the community to do what they can do to do their best. The way they know best is the financial backing of the government be it national or provincial. My Ministry’s tireless efforts to make this known seemed to have not been received by every one, and this is reflected in our budget estimates for 2007.

Nevertheless Mr Speaker, while we would like to be given more financial resources as we have asked for to ensure that our plans are successfully implemented, we are also very much aware that we are still in the recovery stage of our economy even seven years after the ethnic crisis. My Ministry fully supports the initiative of the government in directing the focus of the development budget to the productive sector. We must put more money into the productive sector to guarantee us more input into the social service sector as desired by every Solomon Islanders.

Until the economy is recovered, the non productive sector will continue to see mismatch between the need for more social services and our inability to deliver the services our people have always longed for in the rural areas.

However, Mr Speaker, this I believe is a temporary situation. When the barriers to economic growth are overcome, I am fully confident that we shall be seeing new heights in the level of service delivery to our people.

The important issue in my view, Mr Speaker, is to start now to utilize the potential of the private sector by developing new approaches to development by which the private sector can draw financial resources from the government through direct funding. By doing so, our chances of full recovery within a very short time can be achieved within a very short time.

Finally, before I resume my seat, Mr Speaker, in order to fulfill the objective in making the civil society to become an effective development partner, I take this opportunity to call on all sectoral ministries to ensure that our 2008 budget program should also include the cost of programs that are specifically tailored for community participation.

We must begin to trust our community to take on the implementation role of government funded programs, not only in the traditional sectors such as education and health, but also in the productive sector such as fisheries, agriculture and tourism and other non productive areas as well.

Peace building and Disaster risk management or civil registration could be ideal areas for community or NGO participation. I say this because it does not make sense to me for us to just highlight the importance of establishing development partners with the civil society and NGOs and then turn the blind to their enquiries on what the government could do to them or even what they can do to help us achieve objectives rather than just telling them that we do not have the financial resources.

Mr Speaker, before I resume my seat I will touch on the Treasury Division. I wish to turn on to the issue of the Treasury Division’s inefficiency in delivering payments on time. Unnecessary payment delays have always been because to everyone. Delays will permit price of goods go up thus reducing the chance of project implementation as project costs will go up against limited secure financial resources. I say this because too often the Treasury Staff are unnecessarily delaying payments for no good reasons at all.

The ministries are fully aware of the budgetary provisions they have and the time they need to act to be able to contain project costs such unnecessary delay would deny them of their expected results.

Mr Speaker, with these few remarks, I support the Bill.

Hon Darcy: I am sure other Members would like additional time to prepare the debate on this bill, and so I suggest that we defer the debate till tomorrow.

Hon Prime Minister: I beg to move that this House do now adjourn.

The House adjourned at 4.00 pm