

**NATIONAL PARLIAMENT OF SOLOMON ISLANDS**  
**8TH PARLIAMENT – 1ST SESSION – 4TH MEETING**  
**DAILY HANSARD**

**MONDAY 13<sup>TH</sup> AUGUST 2007**

The Speaker, Rt Hon Sir Peter Kenilorea took the Chair at 2.00 p.m.

**ATTENDANCE**

At prayers all were present with the exception of the Minister for Provincial Government & Rural Development and Members for West Guadalcanal, Small Malaita, North Malaita, North New Georgia and South New Georgia/Rendova

**QUESTIONS AND ANSWERS**

*Questions 1 & 2 deferred*

**STATEMENT OF GOVERNMENT BUSINESS**

*(Further statement)*

**Mr Speaker:** I understand that the Honorable Minister for Foreign Affairs wants to raise a matter of privilege.

**MATTER OF PRIVILEGE**

**Hon OTI:** Thank you Mr Speaker, for giving me this opportunity to raise a matter of privilege under Standing Order 25 using Standing Order 81 to suspend the Standing Orders so that I could raise this matter as allowed in the Standing Orders.

Mr Speaker, the matter of privilege I wish to raise flows from your ruling last Friday on the existence of certain privileges, immunities and powers of Parliament of undefined scope and questionable heritage in our opinion.

Mr Speaker, we could well understand that your predetermined ruling prepared on the basis of legal advice sourced from elsewhere, in our view, did not acknowledge or respond to the

practical suggestions offered by the government through the legal counsel of the Attorney General who presented opinion on the constitutionally available mechanisms in resolving the issue we raised last Friday.

I could well understand and share having sat on the Chair also as Deputy Speaker, with also the current Leader of the Opposition and the current Deputy Speaker, the same difficulty sometimes in presiding over Parliament when there is absence of explicit rules, procedures and processes of Parliament.

I could therefore well understand why at that point in time the Attorney General's proposed solution was ignored despite, Mr Speaker, we have noted as we have related to you in your letter of 22<sup>nd</sup> December 2002 where the practice has been the Speaker's habitual heeding to the former Attorney General's advice.

Mr Speaker, as a result of your ruling last Friday, Parliament is today confronted with a situation where Members on the Government side remain puzzled about our privileges and immunities to speak freely without risking action for contempt of court in relation to matters currently pending before the judicial branch of Government.

Of course, there is very limited scope in our Standing Orders. Under Standing Orders 22 and 27 there are restrictions on what Members of Parliament can or cannot say. Because of the absence of any privileges and immunities prescribed by Parliament under Section 69 of the Constitution, the least we can resort to is those provisions of the Standing Orders. Therefore, it is my proposal, Mr Speaker, that a substantive motion be put to the House to resolve to invoke Section 69 of the Constitution so that a properly legislated privileges and immunities of Parliament can be set in place.

For the last 29 years, Mr Speaker, although there is the presence of that particular section, parliaments and this is now the Eighth

Parliament, have not seen it fit or important that Section 69, like Section 62 which has been prescribed in the Standing Orders, be invoked.

Mr Speaker, I raise this with the intention that a substantive motion will be brought to Parliament to invoke Section 69 of the Constitution.

With your indulgence, Mr Speaker, I thank you for the opportunity and the privilege accorded to me to raise this matter under Order 25, Mr Speaker.

**Mr Speaker:** Thank you Honorable Minister for Foreign Affairs. I think it is important this issue is clarified in that way so that we are not under any illusion as to whether our privileges and immunities can be questioned. I accept that point of privilege and look forward to the substantive motion that might help resolve this particular issue. Thank you very much indeed.

## **BILLS**

### Bills – First Reading

#### **The Magistrates' Courts (Amendment) Bill 2007**

#### **The Correctional Services Bill 2007**

### Bills – Committee of Supply

#### **The 2007 Supplementary Appropriation Bill 2007**

*The House resolves into the Committee of Supply to consider the 2007 Supplementary Appropriation Bill 2007*

**Mr Chairman:** Honorable Members are asked to take note of the corrections mentioned in the corrigenda that have been handed out, and I think it is in that process. Please make the required corrections accordingly in your copies.

### The Schedule

*Head 273 - Ministry of Finance and Treasury  
\$6,300,000 agreed to*

### Head 277 – Ministry of Infrastructure and Development

**Mr Tozaka:** Just a question to the Minister. Are these motor vehicles referred to here for all ministries or are some ministries allowed to buy their own vehicles?

**Hon Lilo:** Yes, the bulk of government vehicles are met under this particular provision but there are also certain ministries that have been allowed to procure vehicles under their appropriate heads. This is quite specific to certain activities of those ministries, in most cases related to a specific project but where it is for the overall activities of the government all procurements are done under this particular vote.

*Head 277 – \$3,055,644.00 agreed to.*

### Head 281 – Office of the Prime Minister & Cabinet

**Mr Gukuna:** The provision for official entertainment has a big increase from the original amount of \$150,000.00 to half a million dollars. Is there any clarification for this massive increase?

**Hon Sogavare:** It is straightforward. We supplement this head because it has run out of funds.

**Mr Gukuna:** The Prime Minister had, in the last few weeks, told this country that we have been losing some three billion dollars in the tuna industry. I did not see any provision here by the government in trying to recoup some losses. Even the Ministry of Fisheries is not asking for any funds for that purpose. Can I just ask the honorable Prime Minister to clarify whether the government is intending to introduce some measures to address the losses?

**Hon Sogavare:** Mr Chairman, I think that question is out of order. We are dealing with head 281 and he is putting in a specific question.

**Mr Chairman:** Could you raise your question when we come to the head that deals with fisheries?

**Mr Gukuna:** There is no Fisheries head in this supplementation and that is why I take it as appropriate to ask it now.

**Mr Chairman:** We are still dealing with head 281 so that we do it orderly by going head by head.

**Mr Fono:** Subhead 2091 – overseas travel. This year has not yet ended but this office has incurred quite a substantial amount already on overseas travel and it is asking for an additional \$1.5 million. This means \$4.6 million is the total for overseas travel this year. We also understand that other ministries also have their own votes for overseas travel.

Can the Finance Minister inform the House the total funds that will be spent on overseas trips taking into account the Prime Minister's allocation and the respective ministries' allocations that we are looking at spending this year?

**Hon Lilo:** Mr Chairman, we are trying to centralize funding of overseas trips, and it is for that reason you will find that funds are now being pooled under this particular head or subhead in the Office of the Prime Minister. In the past there have been various heads or ministries that have budgeted for overseas travel under their respective heads.

As part of the move to streamline expenditure on overseas travel, we have moved along this direction by pooling resources into the Office of the Prime Minister to decide on which visits are absolutely necessary and which ones are not so that expenditure on overseas travel is prioritized. That is why you see us asking for this additional supplementation.

Sir, as you can see, the figure there is quite reasonable. We are asking for \$1.5million to the end of the year. We have been conserving and very selective on the prioritization of overseas travel so far. Between now until the end of the year, we are only asking \$1.5million for overseas travel.

**Mr Rini:** Mr Chairman, on the same head on MP's travel, my understanding here is that the original amount was \$3.1 million and this has

run out and so they are asking for contingencies warrants for another \$1.5million which has already been used up as well. To me, this would not cover overseas travel until the end of the year.

The original amount was \$3.1million, which has been used up and they asked for contingency warrants, which was also used up. To me this does not look like it would be sufficient until the end of the year. Can the Minister further explain?

**Hon Lilo:** Pulling resources out of contingencies warrants does not mean they are already used up. Pulling resources out of contingencies warrants and locking them into the provision to be part of the appropriation is a normal fiscal tool that can be used to pull resources from where you are lawfully able to pull resources into where they are supposed to go.

We are coming to Parliament now to ask for its blessing because with those resources now made available to the appropriation means that we will use it between now until the end of the year.

Yes, you might want to interpret it that way but it is a wrong interpretation of the way the tools are applied because we are basically pulling resources from one subhead to the other and making them available but then you have to report to Parliament to approve the pulling of resources from the contingencies warrants.

**Mr Rini:** Mr Chairman, subhead 3100 – house rentals, what is the big increase here. The original estimate is \$200,000 but the supplement here is \$3million. What is the reason for this big increase?

**Hon Sogavare:** Mr Chairman, as the narration on the bottom explanatory note says, that amount is for increased house rental. The Government needs additional resources to address the increase in house rentals.

*Head 281 - \$5,194,251 agreed to*

Head 288 – Ministry of Commerce, Industries and Employment

**Sir Kemakeza:** A general question to the Minister. There was no original estimate for this conference or seminar but it appears here in the supplementary because of a recent seminar attended by the Minister and the Minister for Foreign Affairs attended a conference in Lata. Was it already spent for that purpose or are you yet to attend any seminars?

**Hon Agovaka:** This supplementary is for the seminar that was held in Geneva, Switzerland mainly on ILO standards. If I may explain, the ILO standards are important to us. In so far as the country is concerned we have only ratified one convention and the purpose of this seminar is to give notice for the ratification of seven other conventions.

**Mr Gukuna:** I realize that the figures we are going through right now are actually money being spent out of the contingencies warrants. In my opinion those funds have already been appropriated by this House. I wonder whether our purpose here is to appropriate the funds or seek explanation.

I just want some clarification on this because the actual appropriation contained in this Bill starts at page 14 and so whether we are re-appropriating this money or are we simply seeking some explanations as to the use of these expenditures.

**Hon Lilo:** Section 103 of the Constitution is very clear in that if money is used out of the contingencies warrants, you have to come back to Parliament to authorize it. That is basically what we are doing here. It has been lawfully taken out of the contingencies warrant into this appropriate vote, and therefore we come to Parliament and bless it. That is what section 103 of the Constitution says, and that is basically what we are doing here.

*Head 288 - \$200,000 agreed to.*

#### Head 293 – Ministry of Home Affairs

**Mr Fono:** Mr Chairman, I fail to see any provisions for bye-elections for the two seats that are vacant this time. Can the Minister or the Prime Minister inform the House and the nation

whether the bye-elections for the two vacant seats will be held this year so that provisions are catered for here?

**Hon Ghio:** I need to register here that my Ministry's budget submission to cover the bye-elections for the two vacant seats following the untimely passing away of two former honorable colleagues is not included in this supplementary appropriation budget.

Sir, in view of legal requirements we have to wait for the 2008 budget. The likely date of the elections to fill the two vacant seats would be around May 2008, which of course means denial of the people of the two constituencies' rights to be represented in this Parliament which is now in progress to kick start the process of having the bye-elections in early 2008. However, available funds are inadequate in having the bye-elections in early 2008. Unfortunately, attempts to make an amendment to this Bill for this House have not been successful.

I raise this only to record that my Ministry puts in a submission to the Budget Unit for consideration following an assurance from my honorable colleague, the Minister of Finance that funds are available for us to hold the bye-elections as soon as possible.

**Hon Lilo:** Mr Chairman, in addition to the answer given by the Minister of Home Affairs, there will be provision in the contingencies warrants of this Bill to cater for funding of the elections. It is purposely being put under the contingencies warrant because there are preparatory works required to be carried out before formalization of the dates for the elections are made. The provisions are locked into the contingencies warrants provision of this particular Bill. Thank you.

**Sir Kemakeza:** The explanation of the Minister for Finance is not convincing. Contingencies warrants are for unforeseen issues. Anyway this might be a new procedure of the Minister for Finance.

My question is on regional disaster. The supplementary is \$36.6million, which is well-spent and has the respect and approval of the MP for Savo/Russells. However, Mr Chairman, in

view of the confirmation by the Premier of the Western Province that less than \$3 million has been spent so far, which \$6.6 million is part of this very, very important relief program, can the Minister inform Parliament how much of this fund is actually spent in the Western and Choiseul Provinces if the statement by the Premier of Western Province holds some water?

**Hon Ghiro:** The figure that appears here is only for the first phase of the general disaster relief program.

**Mr Tozaka:** Mr Chairman, still on the same subhead 0300- Regional Disaster Relief, can the honorable Minister confirm that apart from this there is also a separate account under the National Disaster Council Act?

**Hon Lilo:** Mr Chairman, no. There is no separate account being operated by the National Disaster Council. A special fund has been established and approved by Cabinet as required under the Public Finance and Audits Act for the establishment of a special fund. Funds that have been provided for through contingencies warrants that we are now seeking to be approved under this Bill, have appropriately been transferred into that particular special fund for use by the National Disaster Council under the first phase emergency relief program. That is the situation on this particular case.

Mr Chairman, in relation to the total expenditure of the disaster relief program, an audited report of that particular phase has been carried out and once it is appropriately formalized by the Auditor General, the document will be made public and we will be able to see the extent and the full amount of the spending that has gone into the disaster relief program.

**Mr Boyers:** In the light of the expenditure reflected here is based on the first phase, is the Minister satisfied that the amount justifies the need in view of the fact that most people who are victims are still in the same condition as they were two weeks after the tsunami hit?

It would seem as though a huge amount of money is required for rehabilitation alone, which the agencies are now taking care of and in

light of the spending of the Disaster Council, the irregularities according to the need, is the Minister satisfied that this amount will carry forward to the end of this year?

**Hon Lilo:** Mr Chairman, the honorable Member is asking for some kind of judgment on whether or not we are satisfied with the operations under the first phase. I cannot say much on that because it is asking for a valid judgment.

In terms of the expenditure, the expenditures have been appropriately expended on appropriate expenses identified by the National Disaster Council as expenditures that are required to ensure relief assistance flows into those that have been affected.

As I have stated, the audit report will feature whether or not we have carried out expenditures lawfully and whether it is targeting those people who have been affected, and it is value for money.

But in terms of the next phase which is going forward from the recovery phase, it is not part of this but it is part of an aid program that Cabinet has already agreed to, to endorse the leadership of the Asian Development Bank to lead in the recovery process. Once that is put together and we see good works out of that, then obviously Parliament will be informed accordingly at the appropriate time.

**Sir Kemakeza:** Mr Chairman, on the South Pacific Games. The South Pacific Games carries my full support but the figures are rather confusing. I want the Minister to clarify if this additional \$200,000 to the \$76,490 in the original estimates totals up to \$276,490 if the Minister is with me on the figures. I think that has already been spent. It is shown in this record as already spent, and if that was already spent, for what purpose and who spent it? The \$5 million carries my support on the next head. Is this \$5 million part of this or will the \$5 million go towards our team or what has the South Pacific Games spent this \$276,490 on?

**Hon Ghiro:** Mr Chairman, this \$5 million is for the South Pacific Games and the \$200,000 for the South Pacific Games you can see there is for the Boxing Federation. It has been paid to the

Boxing Federation. The \$5 million is for the South Pacific Games which is allocated to the team that will be going to the South Pacific Games, and so it totals to \$7 million.

**Mr Gukuna:** Mr Chairman, I am coming back to you on this bye election question. Apart from the concerns raised by the Member for Savo, the Minister of Finance has assured the Minister for Home Affairs that there is money to conduct the bye elections. Considering there is money and that a lot of people out there are not represented in this House right now, can the Minister assure us that he will do things a little faster so that the elections can be held the sooner?

**Hon Ghio:** Mr Chairman, I think the Minister of Finance is responsible for money and if the Minister has given the assurance, my Ministry will facilitate everything according to the Minister of Finance. Thank you.

**Hon Fono:** Mr Chairman, what is the overall position of the government? Is it intending to hold the bye elections next year? According to the Minister of Home Affairs who is responsible for election and the Minister for Finance they are giving conflicting answers to the House. What is the overall position of the government? Is it intending to give justice to our people so that they are represented at the budget session this year or is it going to be delayed until next year?

**Hon Sogavare:** Mr Chairman, I want to assure our people of those two constituencies that the government will make sure the bye elections will be held this year so that they have their representatives in Parliament.

**Mr Boyers:** Mr Chairman, in relation to the South Pacific Games funding, I have been personally involved in helping to fundraise for our junior golfers to attend the SP Games in Samoa, and over the last eight to 12 months we have raised 50 percent of the required amount on the basis the government would provide the other 50 percent.

Can the Minister confirm that funding allocated here includes the position of the government's assurance that our junior golfers

would be able to get the necessary 50 percent balance of funding so that they can attend the games and the funding required here will assist the charters and the allocated seats for those junior golfers, young golfers of our country to participate in this regional competition?

**Hon Ghio:** Mr Chairman, the answer is yes. I would also like to say that I would not be able to answer anything outside of government funding because my Ministry is only responsible for government allocation.

**Hon Fono:** Mr Chairman, Head 4119 – Anniversary Preparations with an additional \$1.5million. I also understand that ROC also tipped in \$1.6, which gives us a total of more than \$3 million for the anniversary celebrations at Auki. Can the Minister inform the House the breakdown on the usage of the \$3 million, which is \$1.5 allocated under Home Affairs and \$1.6, I understand given by ROC.

**Hon Ghio:** Mr Chairman, \$1.5 was used to cover the cost of the Independence Day celebrations at Auki last month. Anything apart from the allocation of my Ministry, as I have alluded to earlier, I am not responsible for because my Ministry is only responsible for government accounts. Anything apart from that, Mr Chairman, I am not responsible. This is the allocation that Ministry spent for the Auki celebrations. Thank you.

*Head 293- \$8,350,000 agreed to.*

*Head 297 - Ministry of Women, Youth and Children's Affairs - \$1,724,343 agreed to*

*The sum of \$24,824,238 being the subtotal of the Recurrent Expenditure agreed to.*

### **Development Expenditure**

#### **Head 481 – Office of the Prime Minister and Cabinet**

**Sir Kemakeza:** Mr Chairman, I am a great supporter of good governance. Can the Prime Minister explain what area in the Prime

Minister's Office on good governance was this money spent on?

**Hon Sogavare:** Mr Chairman, as the explanatory note states this is for the Media Unit of the Prime Minister's Office.

*Head 481 – \$496,822 agreed to*

**Mr Speaker:** *The sum of \$25,321,060 being the total of the Recurrent and Development Expenditure by contingencies warrant agreed to.*

### **Supplementary Recurrent Expenditure**

#### **Head 274 – Ministry of Foreign Affairs, External Immigration and Trade**

**Mr Tozaka:** Subhead 0131 - Trade Mission, can the Minister advice the Honorable House if this is for current paid missions or new missions that the Government is proposing to establish or establishing now?

**Hon Oti:** This \$75,000 top up is to supplement the provision under the same expenditure item on Trade Missions where in the recurrent estimates for this year is \$400,000. This \$75,000.000 is to top up that provision.

This is for officials engaged in trade negotiation and also trade facilitation arrangements which are transferred from what was then the Ministry of Commerce and Employment under the previous government. Trade facilitation now comes under the External Trade Division of Foreign Affairs. That \$75,000 is for additional work involving that division with the recruitment of two additional personnel in the second half of this year. .

**Sir Kemakeza:** I would just like the Minister to confirm whether this \$2.3million is the cost of the machine for printing passport under this head. If not, then what is this expenditure for?

**Hon Oti:** This new machine is an electronic machine that is a requirement now for the border control administration world-over to avoid forgery of passports. This is electronic equipment and is a modern one.

We were supposed to have this at the beginning of this year under the Appropriation but provisions were not adequate. But it is becoming urgent now because of security issues that there is need for this machine to be purchased. In fact, the allocation under this head, which is \$5.4million, \$2.349 of that is for this machine alone in the Immigration.

**Mr Tozaka:** On the same head and item, this sum of money looks a little bit substantial and it also comes from our source. Are there no other sources of funds available to be able to assist us with this particular machine?

**Hon Oti:** As required by our process of submitting quotations to the Budget Unit, there are more than three quotations given. We do not only get quotation from this supplier but we have to get different quotations and this is the supplier that we chose. There were a number of suppliers and this is the one we chose. Yes, indeed we took the liberty to ensure that we had other quotations and this is the one that was selected. Thank you.

**Mr Tozaka:** May be I speak in English and that is why my questions not very clear. What I am getting at here is that for expenses like this, capital cost projects, we would like to save a little bit of money ourselves and since we have established a lot of friends, are there no friends wanting to pick up this bill for us, on our behalf like we used to do with other capital projects.

**Hon Oti:** Can I also reconsider that perhaps we can buy it ourselves because this machine is cost recovery, and so it is not something that we spent money on and we do not get revenue from. All passport fees will go towards cost recovery of this equipment. Donor giving it, we will continue to maintain it but the advantage of this is that we will further put it through our normal budgetary process because of the cost recovery element in it. So it is not going to be a one-way traffic of spending money and not getting back money for it. We will receive money back through payment of passport processing fees.

**Sir Kemakeza:** This MSG Secretariat subhead 0120-6205. The original estimates is \$330,000

and the Ministry needs another half a million dollars. What is the purpose of this? Is it to pay for our fees or what is the possibility?

I am asking because when I was the Chairman of the MSG it was the Peoples Republic of China that offered to fill that Secretariat Headquarters at Port Vila, Vanuatu. What is this provision for?

**Hon Oti:** If the questionnaire could recall, in 2005 we carried the cheque to Goroka during the MSG Summit there. Last year that was not paid and this year there was no allocation. The amount shown there is actually arrears for last year and this year's contribution. It is for last year's arrears and this year's current.

This expenditure is not for the capital works of the MSG building headquarters constructed in Vanuatu but it is for the operation of the Office under which by the end of mid next month, the Summit would then appoint the Secretary General of the MSG, in which case the Office will start to operate. This is our contribution towards the operation of that office.

**Mr Gukuna:** Estimates for the UNDP and SPC payment are huge amounts. One is \$900,000 and the other one is almost half a million. The original amount is very small. If it asks for an additional \$60,000 or \$70,000 then it is understandable. These are outstanding costs and therefore why do they not appear in the original budget early this year.

**Hon Oti:** The figures referred to by the Honorable MP for Renbel are for 2003, 2004 and 2005 arrears. A lot of those international organizations' allocations you can see there even date as far back as 1997. Now we are trying to honor our commitments which were not honored in the past. Thank you.

*Head 274 – \$5,424,000 agreed to*

Head 277 – Ministry of Infrastructure Development

**Mr Rini:** Mr Chairman, can the Minister explain the National Transport Fund?

**Hon Sofu:** The National Transport Fund is an initiative by the government showing the Government's commitment. Right now I am here to bring a regulation to Parliament and so we are still using the recurrent.

**Mr Rini:** Mr Chairman, is this a special fund that will be established under the Constitution?

**Hon Lilo:** Mr Chairman, as you know, the Public Finance and Audits Act does provide for the establishment of a special fund. I think there is an appropriate provision in the Public Finance and Audits Act and so it will be established under that particular provision and the schedule will have to be brought to Parliament because it will form part of the schedule of special fund established under the Public Finance & Audits Act.

*Head 277 - \$10 million agreed to*

Head 281 – Office of the Prime Minister & Cabinet

**Mr Rini:** Mr Chairman, subhead 6005 Constitution Reform. I understand that there was also an allocation of \$2.8million in the Development Budget this year and only about \$260,000 has been expended. There is a balance that is not yet spent of about \$2.6million.

Why is the government asking for another \$5million when the \$2.6million in the original budget under the Development Budget is not yet spent?

**Hon Sogavare:** Mr Chairman, we are guided by the officials in requesting additional resources here. In fact this is to cater for constitutional congress and things like that. The Unit has its own work program. We are guided by the Unit that it needs additional resources to do its work. I take it that may be what the MP is referring to is probably committed already but I need to check that out but I am guided by the officials on this.

**Sir Kemakeza:** Mr Chairman, almost a million dollars for entertainment comes under the development estimate. There is also entertainment under recurrent estimates, which



the MP for Renbel has questioned earlier on. Why is entertainment under the development estimates? If it is so, what purpose is this additional \$350,000 on top of the \$644,251 in the original estimate?

**Hon Lilo:** May be the MP for Savo/Russells needs some guidance that it is not development but it is recurrent. That particular head we are referring to is a recurrent vote, it is a recurrent head and we are just asking for a further \$350,000 to bring us from this point in time to the end of the year. It is not development but it is recurrent.

**Mr Gukuna:** The treatment of the Commissioner of Police now appears under the Prime Minister's Office. One of the concerns we have is that the Prime Minister has handpicked the Police Commissioner and now it appears he is under the Office of the Prime Minister.

I understand that the Public Service employee's expatriates should have an existing code in the Ministry of Public Service to cater for them. Why is it that this new code appears against the Commissioner of Police?

**Hon Sogavare:** Mr Chairman, it is a head there that we can use and so we are just using it. We have nothing to hide. This is just to supplement the salary of the Commissioner of Police.

**Mr Boyers:** Mr Chairman, can the Prime Minister advise whether this is a supplementary payment of the Commissioner of Police or his salary package?

**Hon Sogavare:** Mr Chairman, it is to supplement his package. It is not uncommon to pay people this amount. The legal draftsman was also paid at \$750,000, almost 1million.

**Mr Gukuna:** Mr Chairman, I had no illusion at all in saying that the Government is trying to hide something. I was simply asking why there is need for a new code here. I was not saying that they are trying to hide something.

**Hon Sogavare:** Mr Chairman, I can assure the MP for Renbel that this is proper and there is nothing wrong with this.

**Mr Boyers:** This new code for the special envoy to RAMSI, is this also a salary package?

**Hon Sogavare:** Mr Chairman, the Special Envoy is doing a big task. This is a task that we see as very important. He is a person who represents the government in the day to day consultations and meetings with the Regional Assistance Mission especially the Head of the Mission. This is for costs related to his work. This is not only for his salary but he is going to be supported by prominent people as well when it comes to discussing in-depth certain issues that the government would like to address in regards to RAMSI and he uses those costs. He also travels to provinces and he might also travel overseas if need be.

**Mr Tozaka:** Mr Chairman, the Prime Minister's explanation is quite clear. Is this a one off code and therefore it is not going to appear in next year's estimate? Is it just to cater for expenditures of enquiries that the Prime Minister's Office is initiating here and next year this particular code will not appear under the Prime Minister's Office?

**Hon Sogavare:** Mr Chairman, it is a code that will be there permanently. This request here is for addressing of costs up to December and then next year there will be further provisions under normal budgetary allocations to continue its work.

**Mr Gukuna:** Mr Chairman, the amount that appears against riots inquiry and the constitutional reform task force for \$1m and \$5m respectively, I wonder whether those amounts include some goodwill payment at the end of their service because I understand the NPC is being paid some goodwill payment. Is that being considered in these amounts so as to avoid the government coming back to this House asking for additional funds?

**Hon Sogavare:** Mr Chairman, it addresses all costs related to that section enabling it to do its work.

*Head 281 -- \$7,290,000 agreed to*

*Head 283 – Ministry of Police, National Security - \$8,227,935 agreed to,*

Head 284 – Ministry of Provincial Government and Rural Development

**Mr Tozaka:** Head 284 - subhead 003 on tours and travel. This particular subhead in comparison to the Office of the Prime Minister, which we have already gone through, seems as though the Office of the Prime Minister is doing a lot of tours under this particular ministry. This amount is very high, and what the Office of the Prime Minister is receiving is low.

Can the Minister explain how does he reconcile these tours? The Prime Minister's Office is also touring the Provinces as well as the Provincial Government, and therefore asking for supplementary funds to tour the provinces. How do these two offices work? Is there any coordination between the two ministries on matters in regards to the provinces?

**Hon Waipora:** This provision for tours and travels of officers in my Ministry. At this time I am emphasizing a lot of tours to be made to the provinces by my officers. I always tell my staff that we have no work here at the headquarters but our work is down in the provinces and that is why this amount comes up.

I want this amount to be increased to encourage my officers to tour the provinces. You will see us requesting additional funds as I direct my staff to make sure they visit the provinces, at least every month whenever possible.

**Mr Rini:** On special supplementary grant. What is this for? Is it to supplement loss of revenue to the provinces or is it for additional grants?

**Hon Waipora:** Mr Chairman, this is normal grant that we used to pay to the provinces. We are trying to increase normal service grant to the

provincial governments. That is what this special grant means.

**Mr Gukuna:** Mr Chairman, I would like clarification here based on information given to me as Chairman of the Public Accounts Committee. The new code that appears against the Premiers' conference on Rennell and Bellona is actually not a new code. What happens is when they put down the new code it appears as if this is totally a new activity, which is not. The actual code that should appear there is 214-443-4030. It is not a new code but it is actually against a code that has been used by the province to undertake this activity over the past months.

**Hon Waipora:** Mr Chairman, I do not quite get my honorable colleague but Premiers' Conference is an annual event and this year the conference is going to be held in Renbel and that is why the \$1million is there. This year it changed a bit to include seminars and conferences and so you will see a little bit of change to the supplementary here. Under seminars and conference, there is more than \$1m but that \$1m is especially for Rennel. That is why I come to Parliament right now to seek Parliament's approval to get this \$1m especially for Renbel. Thank you.

**Sir Kemakeza:** Can the Minister tell us which provinces are entitled for terminal grants, which were not anticipated in the original estimates and therefore you are requesting Parliament for another \$1.9million?

**Hon Waipora:** Mr Chairman, grant is given according to the same old formula of the past. We have not come up with any new formula as yet. Therefore, it is not giving grants according to which province makes a lot of revenue.

A criteria we are working on now is to look at the population of a province. There is no criteria that says because this province gives big revenue to the government it will get a much higher grant than the others. This \$1m for Renbel is for hosting of the premiers conference and therefore inevitably this \$1m has to be given for the conference.

**Sir Kemakeza:** I think the Minister has misquoted me. This allocation is for Members who have completed their terms as MPAs and therefore they are entitled to be paid their terminal grants. The Minister knows which provinces go for the elections this year resulting in some MPAs not retaining their seats and therefore because of their entitlement this allocation is supposed to meet their grants.

The question is not hard to find and therefore you cannot generalize it. I want the Minister to inform us of this. If he does not know then I can tell him.

**Hon Waipora:** Mr Chairman, I am sorry for not rightly answering my colleague's question. On terminal grants, there are six provinces that have already done their elections for which the MPAs are entitled to have terminal grants. We have paid them but their allocation has been underestimated and that is why we are asking for supplementary funds here.

Members of the Provincial Assembly are entitled to get terminal grants if they have been in office for over 12 months. Unfortunately there are no provisions for the six provinces that have done their elections and are entitled to get terminal grants, and so this provision is to cater for that.

**Mr Boyers:** Can the Minister clarify those two supplementary grants at the top. One is for \$1.032m and another one is \$3.267m. Please explain which one is for increased entitlements for provincial assembly members and which one is for budget allocation to Western and Choiseul Provinces following the tsunami?

**Hon Waipora:** We do not earmark service grants to any special province. We pay service grants as they come. It is a monthly grant and therefore grant is paid to every province monthly. If there is any increase to the grants then it is an increase to everyone.

**Sir Kemakeza:** In the explanatory notes, and I think this is what the MP for Vona Vona is referring to, it says supplementary allocation for Western and Choiseul Provinces affected by the tsunami and the other grant is for increased entitlement to provincial assembly members.

The Minister is yet to give the answer to the question. ]

Which of these two grants are for the Western and Choiseul Provinces and which one is for the general one on increased entitlement to provincial assembly members according to the explanatory note at the bottom?

**Hon Lilo:** The top one is for Choiseul Province and the second one is for Western Province.

*Head 284 - \$9,624,250 agreed to.*

#### Head 288 – Ministry of Commerce, Industries and Employment

**Mr Rini:** Mr Chairman, here it says that the expenditure will be up to 1<sup>st</sup> December. The independence celebration was already over but why are we asking for this money? Are there any outstanding payments still to be paid?

**Hon Agovaka:** The \$500,000 you see there is for the Provincial Trade show in Auki and the Malaita National Trade and Cultural show. We have an over expenditure of that vote hence we are asking for a supplementary. We are also going to hold a mini-trade show in Rennell and Bellona to coincide with the Premiers' Conference, and therefore it adds up to that \$500,000.

We are asking for \$285,000 for the Rennell and Bellona mini trade show and \$175,000 for over expenditure of the trade show vote and \$40,000 for outstanding bills for the national trade show in Malaita, which adds up to the amount of \$500,000.

*Head 288 – \$500,000 agreed to.*

#### Head 292 – Ministry of Justice and Legal Affairs

**Sir Kemakeza:** The new code for the Legal Draftsman. I guess this is the salary of a new legal draftsman. The Minister will tell us. And if it is so, has this post been advertised and someone appointed so that we are now seeking provision for this very, very important post. Otherwise it is another handpicking.

**Hon Tosika:** As you are aware the Legal Draftsman had been terminated and therefore he is eligible for certain contractual payments. Part of this \$1.2m goes towards this obligation when he was terminated and part of it would be for the person the government is yet to appoint as the Legal Draftsman.

**Mr Manetoali:** Subhead 0157 – Legal Draftsman Costs for \$1.2million, and this is for the appointment and recruitment of a new Legal Draftsman. My question to the Minister goes like this - is there any possibility to appoint and recruit a new legal draftsman? This provision is for the appointment and recruitment of a legal draftsman which has always been a male. Is there any chance for the appointment and recruitment of a woman too as legal draftsman?

**Hon Tosika:** The post is there, and if there is any qualified woman she can be appointed. It depends very much on the Legal and Judicial Services Commission that appoints anybody qualified to hold the post. Therefore, we cannot pre-determine whether a woman or a man will hold the post.

**Mr Gukuna:** The last legal draftsman has been under the Prime Minister's Office for the last 23 years working for this country. He was actually part of the recruitment process in the Public Service, and so I wonder why you are shifting this new Legal Draftsman to this Ministry. The new Police Commissioner is still under the Public Service. Is this an indication of terminating some locals or not?

**Hon Sogavare:** The reason is simple. The Commissioner of Police is a constitutional post and so appropriately all constitutional matters come under the Prime Minister's Office. The Legal Draftsman is not a constitutional post and so it comes under the Ministry of Justice and Legal Service.

**Mr Boyers:** Can the Minister explain these two subheads on motor vehicles. One is for \$80,000 and the other is for \$250,000. Are these for two vehicles or one? What does it mean?

**Hon Tosika:** It is a matter of accounting that money was sourced out from these heads.

**Mr Tozaka:** I did not catch what the Minister said but they both come under the same head 292 but different subheads. Can they be combined together to one subhead or even still since it relates to motor vehicles then the Ministry of Infrastructure is responsible for motor vehicles.

**Hon Lilo:** These are for two separate divisions. One is the Attorney General's Office and the other one is for the Director of Public Prosecution and therefore it has to have separate subheads. They cannot be put together. But as I said these two very important divisions as part of our judiciary, have a very special case for provision of motor vehicle expenditures and that is why these votes are quite different.

**Mr Gukuna:** The explanation given by the Prime Minister and his Attorney General that this post is not a constitutional post and therefore it is under Legal Services, I am not happy about because the Public Service is the recruiting body. They should be recruited by the Public Service and not the Ministry of Justice.

I think moving that post there since it is not constitutional has nothing to do with this. It is a simple recruitment and I believe it is the Public Service that should be responsible for this, after all the agreement of employment is between the person and the Public Service.

**Hon Lilo:** Mr Chairman, the post of the Commissioner of Police is a constitutional post where the Prime Minister makes recommendation to the Police and Prison Services Commission. Therefore, rightly it should fall under the Office of the Prime Minister. The post of the Legal Draftsman is an ordinary post in the Public Service, and just like all other budgetary mechanisms that we have, all posts that fall under the recurrent budget must come under the respective heads. That is exactly what we are doing here.

**Mr Gukuna:** The danger in doing this is that we are shifting this important position to the discretion of the Attorney General. I believe this

is a public service post and when it is moved to this Ministry, the Attorney General really has control over this post.

**Hon Lilo:** Mr Chairman, this is just like the ordinary posts in the Public Service that falls under the various heads. The position of the Public Solicitor, for instance, comes under the head of the Ministry of Justice and Legal Affairs. The position of the Director of Public Prosecution comes under the Ministry of Justice and Legal Affairs. What is very important about this Legal Draftsman? Are you sorry for this man from Sri Lanka? This is the head it should come under.

**Mr Chairman:** Let us not confuse posting and recruitment. Recruitment is done by the Public Service but the officer is posted to certain ministries and it happens to be that this one is posted to the Ministry of Justice and Legal Affairs and so it is quite in order.

*Head 292- \$2,193,193.00 – agreed to.*

Head 293 – Ministry of Home Affairs

**Mr Fono:** Can the Minister inform the House whether this amount is based on every one dollar the Sports Associations raised or is it totally funded by the Government? There is a policy in place where the government gives one dollar to every one dollar raised by the Sports Associations. Is that policy still in place or is the whole trip fully funded?

**Hon Ghio:** The amount that appears here is funded by the government as well as the \$200,000 and \$5,000,000. These are all funded by the government. Like I said earlier I do not talk about anything to do with fundraisings. I can only account for funds that the government provides.

**Mr Boyers:** Can the Minister answer the question raised by the Leader of Opposition. It is true that this is government's money but Sporting Associations that are going to the Games are supposed to raise funds themselves on the basis that the Government has already committed to giving one dollar to every one

dollar raised by the Associations. Can he confirm whether the amount represents that partnership of 50/50? For instance, if a Sporting Association raises \$250,000 the government will provide another 250,000 for the trip to the South Pacific Games, and that is what this money represents. Is this government policy still in place?

**Hon Lilo:** Mr Chairman, the provision here is the total commitment of the government. Whatever formula you would like to enter into to establish the partnership between the Government and the various sporting bodies, the total contribution of the government is \$5million. It is simple as that.

**Mr Gukuna:** I stand to ask why the Minister did not ask for additional funds for the victims of tsunami in the Western and Choiseul Provinces. Are they all right now?

**Hon Ghio:** Let us not confuse ourselves here. As I have said already we are talking about something that is already accounted for. This is the first phase and the second phase will come. Do not confuse ourselves with the amounts in here.

**Mr Gukuna:** The Premier of Western Province is asking for his money. He is desperate for help and you do not even bother to ask for additional money here. What is happening?

**Hon Ghio:** I have already stated very clearly that this is phase one and phase two will come. Cabinet has to give its approval before funds can be expended. It is very clear.

**Mr Gukuna:** So where is phase two, Mr Chairman? There is no money here for phase two. You are not treating this as something urgent. There should be some money in here.

**Hon Ghio:** You should know the Act. I can only carry out anything directed by the Act. The National Disaster Council is the body that looks after disasters. I am not here to talk about something in my mind. I am governed by the National Disaster Council.

**Mr Boyers:** Mr Chairman, does that mean the National Disaster Council did not request any additional money from the government and that is why there is no funding for it in here?

**Hon Lilo:** Mr Chairman, we are talking about sports in here. We have already surpassed sports, and the schedule say sub item – Sports - South Pacific Games. I have already stated something about the second phase where Cabinet has already appointed the Asian Development Bank, and the ADB has already agreed and in fact approved a grant to commence the second phase of the rehabilitation. That is part of the rehabilitation program.

**Mr Boyers:** Under the South Pacific Games grant, my question is still not answered. The policy of the government as I understand it is that organizations that raise money will receive priority in terms of getting funds to go to the Games. The organizations that have no money will be fully funded by the government.

I just want to ask a question in relation to this funding – that those organizations that raised half of the requested amount to go to the Samoa South Pacific Games received priority funding from the government because they saved the government from spending money out of the consolidated fund.

Can anyone in the government or the Finance Minister reconfirm this to us? People would like to know because there are some disputes coming up now. We just want to know whether the government is prioritizing the organizations that raised 50 per cent of the costs to save the government's money.

**Hon Lilo:** The detailed distribution formula is up to the officials and the National Sports Council or the sporting bodies to decide on. But in as far as the government is concern, whether we contribute 50/50 or a dollar to dollar, the ceiling is \$5million.

I do not know about your policy in the past because you granted exemption to them. We are giving the tidiest and healthiest funding for the South Pacific Games through the budget. That is what we are doing here. For details, you

have to negotiate with the statutory body, which is the National Sports Council.

**Mr Gukuna:** There is a bit of complaint because I think this amount is very big for this contingent when there are a lot of pressing things that money needs to be given to and here we are giving \$5million to these people. They had the last four years to raise some money. I have a feeling and I know where this pressure to pay this money is coming from.

**Mr Dausabea:** Mr Chairman, I stand to talk as the head of the sporting delegation of Solomon Islands and not as a minister.

I now take this opportunity to thank this government that this is the first government since I looked after fundraisings since 1991 until to date, for coming in a big way by respecting the youths and facilitate for their aspirations.

We always talk about youths in this Parliament saying we are concern about the youths but this is the first government that comes in a big way and help. It did not ask us for 50/50 but it gives this as contribution from the government.

I as the head of the Sporting family of this country, am very happy because it is not after every four years that we participate in sports but it is every year. If we miss the South Pacific Games we will go to the Mini Games, if we miss the Mini Games we will go to the Commonwealth Games, if we miss the Commonwealth Games we will go to the Olympic Games. So we participate every year.

I want to express this in here because we are leaders and if we talk about the value of the youths I would like to thank the honorable Prime Minister, the Minister of Finance, the Minister of Home Affairs and this Parliament for supporting youths towards the Games in Samoa. I feel hurt when I hear you saying that money is being wasted. If you compare the number of youths with this money it is just nothing. Thank you honorable Prime Minister and Minister of Finance.

**Mr Boyers:** I just want to make a clarification on funding. In 2005 when submission for funding was made we found out there was a double amount put in that doubled the charter

amount which we found out later and extra funding was used for lobbying. We just want to make sure there is prioritizing of funds to save the country's money.

I know that the policy of the government is already there. I just want to ask about it but I already knew but the government cannot answer. That is all right we just leave it as it is, but the accountability of this money stops here. I too thank the government for looking after our youths. We all have concern for them and that is why we are questioning this head, it is the accountability process.

**Mr Dausabea:** Mr Chairman, if I can clarify what the honorable Member has just said. In 2003 we have to loan to enable the team attend the Games before the government came in to help us. I have to make a personal loan by putting up some of my properties to borrow money to charter the plane that took the contingent to Fiji. If that is your concern then you must think again because the price of fuel and the price of everything went up since 2005 and 2006 which you are talking about.

*Head 293- \$5,000,000 agreed to.*

*Head 294 - Ministry of National Unity, Reconciliation and Peace - \$3,927,200.00 agreed to.*

*Head 296 - National Judiciary - \$274,000.00 – agreed to.*

*The sum of \$52,460,578.00 being the sub total of the Recurrent Expenditure agreed to.*

### **Development Expenditure**

#### **Head 473 - Ministry of Finance and Treasury**

**Mr Fono:** Can the Minister inform the House about this Rural Credit Scheme whether the three commercial banks cater for it and was this scheme put in place? Is there any information on the operation because information had it that when Solomon Islanders approach the Banks, the Banks are reserved in applying this Rural Credit Scheme?

I want the Minister to inform the House whether this Rural Credit Scheme is already in place, because of the original \$15,000 that was provided for under the main Bill. This additional \$5million is the guarantee scheme. The other question is whether interest subsidy also applies under this scheme.

**Hon Lilo:** I would like to thank the honorable Leader of Opposition for asking this question. Mr Chairman, there will be now three parts to this project. The first two parts deal with the extension of banking to the rural areas and the second one is the rural guarantee scheme.

The Rural Guarantee Scheme is really to provide for cushion to the bank - the risk the banks are facing in lending money to our rural people. You would have heard when the launching was done some two months ago that any guarantee the government guarantees under this particular scheme, 80 percent of the total liability of that particular loan, would be paid out of this guarantee. There is also a limit in terms of the maximum and the minimum amount to be applied under this scheme and it covers all sectors from agriculture to fisheries, tourism and so forth. That is the first scheme; it is \$10million for the rural guarantee.

The second scheme is extension of banking to the rural areas, which the MP for Savo/Russell confused himself that it was not funded under the European Union but it was funded by the SIG. A tender was put out, three banks applied to use that money. We went for the lowest bidder and the most effective bidder, which is the ANZ. The ANZ Bank was awarded the contract to provide banking right down in the rural areas.

There are three parts to the services that the ANZ will provide. The ATM solar powered which is one of the first kind of banking in the world powered by solar renewable energy, very clean type of energy that will power the ATM banking right down in the rural areas. There are six locations in our provinces that have been selected. There is going to be three mobile banking - two at Malaita and one in Guadalcanal. There will also be 17 postal banks done through our postal agencies.

All these are with the intention of putting bank right down to the rural areas. With

this scheme, we will ensure that about 280,000 to almost about 300,000 of our population will be exposed to banking now, which they have not previously. That is the good thing about it.

This provision we are asking for is for rural equity. As you know our rural people lack equity. When they come to the bank to apply for loan, the bank might see it as a very good viable proposal but when our people lack equity they cannot obtain credit. So that is for this one.

What we are saying is that that the 20 percent equity requirement that the banks would normally call for in any good proposal project that the bank receives, our people do not have the equity (money) and therefore that is what will be funded out of this scheme. That is why it will be called Rural Equity Supplementation Scheme.

The Minister of Trade has announced this at Auki as well as other Ministers. The honorable Prime Minister has already formally announced it and so this is the scheme. We are now making provision for this scheme and it will be administered through the Government bank, which is the Central Bank to ensure banks do not favor a particular sector or favor a particular client because some clients are urban but they claim to be from the rural areas and so we have to put it to the Central Bank.

We will not subsidize interest, why? If we subsidize interest we will not get out of this whole idea of subsidization. But we will cover the cost of making banking right down to the rural areas, and that is what we are doing. Instead of us subsidizing the banks we are saying to them we will reimburse whatever cost that takes them to provide banking to the rural areas. That is what we are doing and we have done it in a very low cost basis, because out of the \$5 million we have made available under this Scheme the best bidder only bid for \$3.4 million. This is a saving of about \$1.6 million which can be extended to other rural people for some other schemes like coffee or copra.

**Sir Kemakeza:** Mr Chairman, first of all I want to congratulate the government for this, and also what I said last time was a slip of the tongue. I thank you also for encouraging part of my policy.

The first rural bank and the first mobile bank were launched by me (the person who is speaking right now) and so I thank you for encouraging it. I thank the Minister for Finance for taking the idea forward and helping the ANZ. My question is like this. I am a tourism operator,

*(hear, hear)*

operating on customary land. For sure, there is no doubt that banks in Solomon Islands will give me.

I have been approached by the small Solomon Islands business people and I thank the Prime Minister for leading out on this because he is also an operator - the Prime Minister. He discussed this idea with me last time, and so thank you for making it possible by putting in money.

But what guarantee do we small operators have in order for the banks to accept us in relation to the question by the Leader of the Opposition who is also operating on customary land but was not recognized by the banks in terms of security? We will see how this goes but my question is for the rural people whom we preach to them all the time. What guarantee is there for them?

**Hon Lilo:** Mr Chairman, I have partly explained that earlier on today. We are working towards making some amendments to the Lands and Titles Act so that the Customary Land Recognition Bill is brought in to try and negotiate on them the various stakeholders inside our country to accept recognition of customary ownership as one form of collateral.

The scheme we are facing this time is just like this. Where banks might be attracted to a particular proposal that is sitting on customary land, if the bank is convinced that it should fund the proposal because of its viability, what we are saying here is that this guarantee in the event that you, for instance, running tourism in Savo is running a loss and you go into bankruptcy, which I hope you do not end up in that situation MP for Savo/Russells, but if you end up in that situation you are guaranteed that 80% of your liability will be paid out of this guarantee



scheme. We can give that much given the current mechanism we have in the country.

Where you do not have any form of security but the equity the bank requires is this new scheme we are putting forward in here - the \$5 million will provide for the normally 20 percent equity contribution or 20 percent of the total cost of the project. That equity contribution will be met under this \$5 million. That is the scheme we are putting forward in here.

All of these are for the rural people too Mr Chairman. They are all for the rural people. We are making these available but provided the bank says it is a viable project.

We are not going to push the banks into saying 'fund this man or fund this group' because otherwise the banks are forced to do the funding but in the end things do not work out right. This is what we have for the rural people, and this is what we are saying here. What we have for the rural people is where there is no rural equity it will be met under this equity.

Another one that we have for the rural people is where they fall into default in their loan 80 percent of it will be met under this guarantee.

The third one is that we are bringing bank right down to them. There is the ATM solar powered mobile bank in Malaita Province, an additional one in Guadalcanal, and 17 throughout the provinces including one additional one for Renbel - a new one.

**Sir Kemakeza:** Mr Chairman, the General Manager of the ANZ Bank spent the last weekend at my resort. We talked about nothing but this scheme the Minister of Finance is talking about. I congratulated him in our conversation. The information given by the Minister of Finance is true, and he is doing that. I congratulate ANZ Bank for doing this excellent job. But the question is, are you going to wait for me to fail before you come in or should you help me start off so that it would be convincing for those living in the rural areas. Are you going to wait until I fail before you come in or are you going to help me start off or improve?

**Hon Lilo:** Mr Chairman, if you look at it, it is those two sides we are helping. If you fail there is the guarantee scheme. For you to enter the bank and start, there is the rural equity. This is the rural equity supplementation scheme. To supplement the equity contribution given the viability of your project and yet you do not have equity then that is this \$5 million.

You enter into accessing credit and if you fail, which is very unfortunate for the country and for the bank if you fail, then that is what the bank guarantee is for. Now the vehicle to bring the money or the credit facility right down to the rural people is what we are giving to the ANZ. You congratulate the ANZ but you should congratulate the Government too because it is the government that is putting the ANZ to the rural areas. But that is what it is. There will also be a new bank for Renbel.

**Mr Gukuna:** Mr Chairman, before I ask my short question I would also like to thank the Government for introducing this scheme. I find the presentation very, very impressive. It is an impressive presentation but I find these two things totally unrelated - the banking expansion program and the equity or bank guarantee program.

Why did the government not separate them because these are two separate things? When you talk about the same things it makes it more convincing and may be if you separate them we will start to see a few things not right. In fact what you have done is that you are actually interfering with the banking system here. You are not providing a playing field for the banks.

I can tell you that financial institutions are very important part of the economy, and when you selected the ANZ do not forget that a third of this country bank with the NBSI, a third of this country bank with the Westpac and you are only talking about a third of the ANZ customers.

I would also like to say that the ANZ bank has a lot of money than us. It is an internationally established bank. It has a lot of assets than us. It has the capability to expand its program into the rural areas. What we need to do is provide the right incentives.

When we ask for tender we are interfering with institutions that are very important to this country. The banking institutions or the financial institutions have the money to do it.

I was reading the ANZ Bank statement and we are seen as the first country in the world to provide an ATM by the government to support banking services expand into the rural areas. We better be ready for it because we will remain the only country in the world that is crazy to do this. Solomon Islands will remain as the only country that is crazy of doing this. The banks cannot do it because it is uneconomical.

As I said the bank has the money to do it until we pour all our money and give our money, and the winner in the end is the bank itself – the ANZ Bank is the winner, it is going to win.

This ATM machine you are talking about that we want to extend to the rural areas is a banking system that lacks any human face to it. These are machines. Mr Chairman, do you know what ATM is? ATM is Automatic Teller Machine. That is all. It is a machine. The rural people do not know anything about this machine. They will be scared of this machine. What we are doing is extending to the rural areas a banking system, a banking service without a human face. The importance of banking is that there must be a human attachment to it. But that is what we have funded to extend services to others.

Needless to say to the government, it is a good incentive but I would have thought that the government should try and legislate to bring banking participation through legislation rather than creating an unlevelled playing field for the banks.

I wonder what the NBSI and Westpac Banks are saying about this. Is that why the National Bank of Solomon Islands (NBSI) is sold?

Anyway my question is, you said that the tender to expand banking services to the rural areas was \$2.6 million, can you confirm whether \$3.4 million is still there for the rural credit guarantee scheme? And if the money is still there, why is it very slow in getting it off the ground?

**Hon Lilo:** Mr Chairman, I do not really understand what the Member for Renbel is trying to say. But let me get back to the figures. This \$3.4 million has been awarded to the ANZ Bank to provide banking right down to areas that do not have access to banking. The NBSI has an existing rural banking inside Solomon Islands. There are certain banks that are yet to decide on extending banking services right down to the rural areas. That is their choice.

What we are saying to the banks is that if they are willing to extend their services right down to the rural areas, we are willing to meet the cost of them extending the services because people right down in the rural areas need them.

I do not quite understand the issue of rural equity and the risk we will be facing here because these are two separate and different loan schemes, and schemes that can only be operated under the present conventional banking practices that we have worldwide and even here in the country where a guarantee is different from equity.

If there is a default the liabilities are met under the guarantee. If there is a very viable project accepted by the bank but it does not meet the requirement and the bank requires it to access credit then the equity is there. It all complements in that way. I believe if it is made available to our rural people, in fact a lot of our rural people are now starting to have access to this facility right now and are beginning to say something about this particular policy. So let us give it time and I am sure we will have good give reports from the Banks about it. But I remain confident that this scheme will work out very well.

In terms of the provisioning of money that is in the budget, this \$5million will be made available now and anyone who is ready to approach the Bank to access the credit facility but lacks the equity, the provision for supplementing the equity, the shortfall is in this budget. But provided the Bank has a strong interest and confidence that someone is a good borrower and that he/she puts into good use the money they have in expanding the private sector, providing good income to the people out there in the rural areas and contribute towards growing the economy. I thank the Honorable MP for asking the question.

**Hon Fono:** Mr Chairman, is the Minister saying that the scheme is already in operation? Just last week somebody approached the ANZ but he was turned away because the scheme has not yet started although the Minister of Foreign Affairs announced it in Auki during the Trade Show and the Prime Minister made a public statement to that effect. What time will it start, is the question. Is it going to start this year or next year?

**Hon Lilo:** Mr Chairman, this supplementary budget is almost passed in the next 15 minutes. As soon as it is passed money will be transferred to the Central Bank to start the scheme. It is just like that.

**Hon Fono:** Mr Chairman, this supplementary budget is only asking for \$5million, what about the \$15million that was already passed in February in the main appropriation? Since February up until just last week somebody approached the ANZ but he was told it is not yet ready. We are talking about a real situation here as to what time it will be in operation. Is it going to be this year or next year?

**Hon Lilo:** Mr Chairman, the rural credit guarantee has already started. It was already launched in June - \$10 million, and it is all in the Central Bank. The scheme is now operating.

The other \$5million for extension of banking to the rural areas is what is awarded to the ANZ following the tendering process which the three Banks participated in, and we were able to get the lowest bid from the ANZ Bank for \$3.4million and so there is an excess of \$1.6million which we will have to decide where it will go, may be to support other rural producers.

This \$5million will be made available as soon as the passage of this supplementary and it will go and sit down in the Central Bank again with no involvement from the government. The government is only providing it to the Central Bank to deal with the Banks as to the best way in delivering this particular facility right down to our people in the rural areas. Thank you, Mr Chairman.

**Sir Kemakeza:** A final question to the Minister. Is this not connected with the Family Charity Fund because the Minister is still promising to pay them? I would like to know that it does not involve the Family Charity Fund. And if it is involved then there are no funds for it in any banks or in this supplement.

**Hon Lilo:** This government has nothing to do with the Family Charity Fund. Maybe the previous one could be but this government has nothing to do with the Family Charity Fund and we will never ever deal with anything to do with the Charity Fund - nothing whatsoever.

**Mr Manetoali:** Just a short question to the Minister. Where will the Rural Credit Guarantee Scheme start and which province will first start.

**Hon Lilo:** Mr Chairman, it will be in all the three Banks. The three Banks have signed a partnership with the Government and the Central Bank provides this facility of the Rural Credit Guarantee and very shortly there will also be partnership agreement to provide this rural equity supplementation scheme.

But the good news is that we will have big players coming in. In fact the World Bank has made its indication to also provide fund through these two schemes. In fact it has shown a very strong commitment to join this country by deciding that the first office of the World Bank in the South Pacific is going to be based here in Solomon Islands.

**Mr Fono:** Mr Chairman, I thank the Government and the ANZ for moving into this Rural Credit Scheme including mobile banking, which I believe will be done in Malaita and because Central Kwara'ae has a good road network it will be available in my constituency.

Mr Chairman, on solar powered ATMs, the ATMs as we all know is only for withdrawals. Can it also do deposits because deposits or savings is very important for any investment and any economic growth that this nation needs so that excess or surplus funds do not float around. People need to invest or to save in order to lead to investment. Will the

ATMs also encourage savings or always withdrawals?

**Hon Lilo:** Mr Chairman, I hope we are not asking questions that will make people from outside laugh at us. You can also do deposits at the ATM machines. Both deposits and withdrawals can be done. You can actually do deposits through the ATM machines and also withdrawals too. But our attitude is such that we always enjoy doing withdrawals.

Deposit is a bit hard for us. Mr Chairman, these are the sort of thing we would try. But that raises a very good point because even the surplus of this rural banking extension can be used to educate our people. In fact we have the financial literacy program at the Ministry of Commerce we are running right now to educate people on the use of money that money is an important commodity that we should now start to think about using it effectively as part of our growth. But if we continue on with this idea about the Charity, we will only go for withdrawal and there will be no deposit.

That is my biggest fear all of us will face it this time, but I hope this financial literacy program will help minimize some of the risks we face this time and so that people can start to use this technology by improving access to banking.

Thank you Mr Chairman.

**Sir Kemakeza:** Mr Chairman, this is a very good thing especially for our teachers living in the rural areas. Since this is my policy and program I am going to assist the Minister. This is good for teachers living in the rural areas as it will enable them withdraw their money. Even those living in Tulagi come by boats to Honiara to get their money. There are also two people the ANZ has to employ in Lata, Tulagi, Noro, you name the list, the Minister of Finance knows it.

But you must deposit before you withdraw money and so I do not agree with the Minister of Finance when he told us that we can do withdrawing. What are you going to withdraw when you have not deposited any money? What is it? Is it stone! Mr Chairman, you are the boss and I agree with the Minister.

*Head 473 – \$5,000,000 agreed to.*

*The sum of \$5million for the Development Expenditure agreed to*

*The total Recurrent & Development Expenditure authorized of \$57,460,570 agreed to.*

*The total warrant under expenditure authorized - \$82,781,638 agreed to.*

*Schedules 1 & 2 agreed to.*

*Clauses 1, 2, 3, 4 & 5 agreed to.*

*The Preamble agreed to.*

*(Parliament resumes)*

**Hon Lilo:** Mr Speaker, I beg to report that the 2007 Supplementary Appropriation 2007 has passed through the committee of supply without amendments.

**Mr Speaker:** I think the Honourable Prime Minister in his statement today is made for tomorrow and I understand he wants to amend that statement now.

**Hon Sogavare:** Mr Speaker, I request that the Statement of Government Business I had just announced this afternoon be further amended in order for the 2007 Supplementary Appropriation Bill 2007 to go for third reading today.

#### Bills – Third Reading

The 2007 Supplementary Appropriation Bill 2007

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

*The Bill is passed*

#### **MOTIONS**

##### **Motion for adjournment**

**Hon Sogavare:** Mr Speaker, for the motion of adjournment, with your permission, Sir, I would like to announce that the Right Honourable Sir

Michael Somare has been elected as Prime Minister of Papua New Guinea.

*(applause)*

With that, Mr Speaker, I beg to move that this House do now adjourn.

*The House adjourned at 4.30 p.m.*