

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

WEDNESDAY 8TH AUGUST 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 National Reform & Aid Coordination, Home Affairs, Foreign Affairs, Health and Medical Services, Infrastructure & Development, Mines & Energy, Communication, Aviation & Meteorology, Provincial Government & Rural Development and Members for West New Georgia/Vona Vona, West Guadalcanal, East Honiara, Small Malaita, Ranogga/Simbo, East Are Are, North West Choiseul, North Malaita, Central Honiara, North Guadalcanal, West Kwaio and South New Georgia/Rendova.

PRESENTATION OF PAPERS AND OF REPORTS

- Status of Audits of Solomon Islands Government Entities as at 30th June 2007
(National Parliament Paper No.34 of 2007)
- Report on the Implementation of Government Programs and Projects
(National Parliament Paper No.35 of 2007)

BILLS

Bills – Second Reading

The 2007 Supplementary Appropriation Bill 2007

Hon LILO (*Minister for Finance*): Mr. Speaker, I rise to beg that the 2007 Supplementary Appropriation Bill 2007 be now put to the Second Reading.

Mr Speaker, this Bill demonstrates the Government's continued vision, will and resolves to deliver improved access to social and economic opportunities for all our people. Sir, I am, therefore, delighted to present to this Honorable House the 2007 Supplementary Appropriation Bill 2007 on behalf of the Government and the people of this nation.

Mr Speaker, this Bill aims to satisfy section 103(2) of the Constitution and section 15 of the Public Finance and Audit Act (Cap 120). These sections stipulate that the Minister of Finance may, at his discretion, authorize expenditure arising from an urgent and unforeseen need under a contingencies warrant where the amount required exceeds that available under an existing appropriation and subject to the financial limits set by Parliament not being exceeded.

Sir, contingencies warrants, as the House will appreciate, allow for urgent and unforeseen spending where it is not practical to provide funding through a Supplementary Appropriation beforehand. As such, Sir, contingencies warrants provide Governments with flexibility to adjust spending when the use of a Supplementary Appropriation for urgent unforeseen spending is impractical. For instance, the tsunami of April 2nd this year that hit Western and Choiseul Provinces is a case in point.

Mr Speaker, while the Solomon Islands economy and revenue base continue to improve, the Government acknowledges that

the delivery of services to the people still needs a great deal of improvement.

Mr Speaker, the Honourable House will recall that last year the Government announced the policy vision and framework it intends to adopt in order to improve access to social and economic opportunities for all Solomon Islanders. As such, it will take a focused strategy over the medium term to ensure the Government and its people get the best value from every additional dollar of government expenditure. It is for this reason, the Government's bottom-up strategy represents the need to ensure this actually materialise. The people themselves will also be in a position to define and lead the improvements they most require.

More recently, the formal launch of the Bottom-Up Approach focused on this particular subject matter of viability, both personal and organisational. Sir, I can assure the House that the Government's pursuance of such new policy initiatives has become very rigorous indeed- both for fiscal responsibility and for consistency with the Policy Framework. Ministries are required to attend regular meetings at which they are held accountable by the Expenditure Review sub-committee of Cabinet (ERC) on their achievements or misfortunes.

2007 Supplementary Appropriation 2007

Mr Speaker, the 2007 Supplementary Appropriation Bill 2007 provides an appropriation to cover expenditures already authorized by contingencies warrants in 2007. In addition, Sir, the Bill also seeks the authority of Parliament to appropriate additional funds which have not been provisionally approved by the Minister by way of contingencies warrant. These are to cover foreseen expenditure pressures, which we now know will require additional funding in 2007. Sir, the total supplementary expenditure we are seeking to authorize in this Bill totals \$82.8 million.

Sir, as a prudent measure the Bill also seeks \$25 million on contingencies warrants under Recurrent Heads of Expenditure as well as \$25 million under Development Heads of Expenditure that can be issued by the Minister of Finance for urgent and unforeseen expenditures between now and the end of this year.

Mr Speaker, the 2007 Supplementary Appropriation Bill 2007, like in every succeeding year, contains a number of expenditure measures. Contingencies warrants amounting to \$25.3 million have been signed and are tabled for approval by Parliament. In addition a number of other expenditure initiatives, detailed in the Bill, total a further \$57.5 million. These measures aim to improve public sector performance and undertake activities that will bring sustainable benefits to our nation and people.

Sir, Members of this Honourable House may be worried that a supplementary appropriation of this level of commitment is simply not affordable and credible. I can assure this House that this is certainly not the case. Instead, through a combination of growth in revenue that exceeded our original estimates, and under-spends, particularly in the Development Budget, we will be able to fund all initiatives from current revenue. The good news is that the balanced budget outcome has been achieved in part by the inability to get the funds out to where they are really needed – on the ground, especially in executing programs and projects in the provinces and in the rural areas.

Mr Speaker, as I mentioned earlier, the Government has taken a decision to commit \$82.8 million. For the information of the Honorable House, I would like to set these out in detail. Before I do so, I would like to note that over 25% of this budget will be directly spent in or on the provinces, and other initiatives that will also benefit our people in the rural areas.

Authorized Expenditure by Contingencies Warrants

Mr. Speaker, \$25.3 million in Contingencies Warrants has been expended to date. These included:

- \$0.5 million for Good Governance Account funds paid by ROC Taiwan in 2006 but expended in 2007
- \$3.0 million for increased house rentals for the Prime Minister's Office
- \$5.0 million to Home Affairs for tsunami assistance
- A further \$1.7 million to Home Affairs for tsunami assistance.
- \$0.2 million to Home Affairs as South Pacific Games grant.

- \$3.1 million to Infrastructure Development for the replacement of all government vehicle fleets.
- \$6.0 million to Finance and Treasury to allow the refund of overpaid tax revenue.
- \$0.3 million to the Prime Minister's Office for official engagements and entertainments.
- \$0.2 million to Commerce, Industries and Employment for conference costs.
- \$1.9 million to the Prime Minister's Office for MPs' overseas travel, official entertainment and provincial tours.
- \$1.7 million to establish the Women, Youth and Children Ministry and fund grants to the National Youth Congress and the Child Rights Bill
- \$1.5 million to Home Affairs for the anniversary celebrations this year; and
- \$0.3 million to Finance and Treasury to upgrade the printing of all government printing requirements.

Additional Expenditure

Mr. Speaker, the Bill also seeks the authority of Parliament to appropriate additional funds of \$57.5 million which have not been provisionally approved by the Minister by way of contingencies warrant. These include:

- \$5.0 million to Finance and Treasury for additional funding for the Rural Credit Guarantee Scheme and the Rural Banking Expansion Project. In fact this Scheme is the Rural Equity Supplementation Scheme, which will be formally launched after the passage of this supplementary appropriation bill.

May I correct the information made to this House yesterday that the Rural Banking Expansion Project launched by the Government was funded by the European Union. In fact it is not. That project is fully funded by the Government of Solomon Islands under the 2007 Appropriation Bill.

- \$5.4 million to Foreign Affairs, External Trade and Immigration for arrears to international organisations and also for

funding of trade missions and a new passport printing machine.

- \$10.0 million to Infrastructure Development for the National Transport Fund and repair of all office buildings.
- \$7.3 million to the Prime Minister's Office and Cabinet for increased costs related to the Riots Inquiry and the various commissions of inquiries, costs associated with the engagement of the Special Envoy to RAMSI and funding for the Constitutional Reform SG task force.
- \$8.2 million will be made available to Police and National Security for a variety of increased costs, as well as upgrade of other facilities within the Royal Solomon Islands Police Force including the refurbishment of the Police Club and also back pay of civil service salary re-leveling of the Police Force.
- \$9.6 million to Provincial Government and Rural Development for assistance to Western and Choiseul Provinces following the tsunami, funding for new Provincial Members allowances and funding for the Premiers' Conference in Rennell & Bellona and increased provincial travel costs.
- \$0.5 million to Commerce, Industries and Employment for funding of the Trade Show at the Auki Independence Day celebrations.
- \$2.3 million to Justice and Legal Affairs for also a variety of increased costs, which will include replacement of vehicles in the Judiciary sector of the government and payment for a new legal draftsman.
- \$5.0 million to Home Affairs for grant to our contingents to participate in the forthcoming South Pacific Games. I would like to make particular note here that this is the first time we have made a very neat contribution to the SP Games. We have not abused the powers in

granting incentives to our SP Games Team. We have used government revenue in a very tidy and neat way to fund our contingents to participate in the forthcoming South Pacific Games.

- \$3.9 million to National Unity, Reconciliation and Peace for the discretionary fund for Malaita/Guadalcanal reconciliation activities and increased funding for the Truth and Reconciliation Commission.
- \$0.3 million to National Judiciary for increased costs relating to repairs of office buildings, and also the construction of Magistrate court houses in the provinces, office equipments, and also to enable our judicial officers to attend overseas conferences.

Mr. Speaker, despite committing \$82.8 million, I would like to say to this House that improved revenue will more than cover this amount we are seeking to authorize in this Bill.

The 2008 Budget Preparations

Mr. Speaker, the Government is now preparing for the 2008 Budget. We have commenced a program designed to prepare us for the new budget format which I foreshadowed to Honourable Members when introducing the 2007 Budget.

Sir, our first move has been to ensure that Ministries understand their responsibilities that the receipt and disbursement of public money places upon them. The Expenditure Review sub-Committee of Cabinet (ERC) chaired by the Prime Minister, and which I have the honour to serve, has scheduled regular meetings with Permanent Secretaries, Chief Accountants and divisional heads to determine which ministries are delivering on their policies.

Sir, Ministries, in this regard, are required to report on progress and link their activities to their corporate plans, the Government's Policy Implementation Framework and their approved recurrent and development budgets. Mr Speaker, the existence of inefficient and unresponsive public service with ministries failing to deliver true benefits to the vast majority of Solomon Islanders should never be allowed. This

Government, in this respect, is demonstrating its leadership and its commitment to the Bottom-Up Approach.

Sir, you will recall that this was the assurance given to the House and to Honourable Members last year. I am sure both sides of this House will be very pleased indeed to hear the Government leading the process of improved administration and governance and stricter control of public policy.

Other developments

Mr Speaker, we are also expecting revenue to increase substantively by \$108 million over our original estimates, through increased compliance activities by Internal Revenue Division, increased training efforts in Customs and the education of the public which has seen a greater willingness to pay taxes as and when they fall due. To this, we can add the effects of the cancellation of a number of exemptions from tax, and increase in determined log prices which will take effect as from October this year.

Benefits for the average Solomon Islander have been immediate. The lowering of many import duties, especially on essential goods and services has insulated our citizens, to some extent, from the impact of currency fluctuations. In addition, the tax revenue burden is now properly being placed on those most able to bear it.

Conclusion

Mr Speaker, as always we have faced and will continue to face a number of significant challenges. We are demonstrating our determination to take action to increase transparency in accounts, by submitting early drafts of the 2007 Supplementary Appropriations Bill 2007 to the Public Accounts Committee. For this I sincerely thank the members of the committee for their work in making valuable suggestions to improve the presentation of this Bill.

Sir, I think it is fair to say that this Supplementary Appropriation Bill is the clearest and most transparent legislation of its type to date. You can disagree with me but that is what I think.

The Bill contains the authorization for previous expenditures (particularly in relation to emergency recovery work necessitated by the tsunami that devastated our country in

April) plus a set of measures that are intended to enable our administrative arms to fulfill their duty, all the time under the careful watch of this Government.

Mr. Speaker, this Bill demonstrates that we are making real progress in advancing administrative reform and in implementing the Government's Bottom-Up Approach. Sir, the process we are outlining presents us all with an important opportunity to make progress towards improving the lives of the people of our nation.

Mr. Speaker, I commend this Bill to the House and I beg to move.

Mr Speaker: According to Standing Order 61(2), debate on the Bill is adjourned until tomorrow.

MOTIONS

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

The House adjourned at 10am.