

WEDNESDAY 6TH AUGUST 2008

The Speaker, Rt Hon. Sir Peter Kenilorea took the chair at 9.30 am.

Prayers.

ATTENDANCE

At prayers, all were present with the exception of the Ministers for Culture & Tourism, Energy, Mines & Rural Electrification, Environment, Conservation & Meteorology, Police, National Security & Correctional Services, Agriculture & Livestock Development, Infrastructure Development, Education & Human Resources Development and the Members for West New Georgia/Vona Vona, West Guadalcanal, Central Makira, Ngella, Central Honiara, West Are Are, North Guadalcanal, North West Guadalcanal and Aoke/Langa Langa.

QUESTIONS AND ANSWERS

Issues by the Choiseul Provincial Delegation

4. **Mr SOGAVARE** to the Prime Minister: Can the Prime Minister inform Parliament of the government's position on each of the 17 issues submitted to the Prime Minister by the Choiseul Provincial delegation?

Hon SIKUA: Mr Speaker, because the question requires me to inform Parliament of the government's position on each of the 17 issues submitted to me by the Choiseul Provincial government, I would like to briefly respond to each of the 17 issues, and so bear with me for a little while as I try to respond and convey the Government's position on each of the 17 issues.

The first one is on the Wagina land issue. The Ministry of Lands, Housing and Survey is currently dealing with this issue. The Ministry has held consultations with the Choiseul Provincial Government, landowning groups and the settlers on this. There are a number of other issues raised by these groups which are quite complex in nature, hence, my government, through the Ministry decided to thoroughly conduct consultations with respective groups before bringing a paper to Cabinet.

The second issue is on development of communication. Sir, Our Telekom's exclusive license is expected to be reviewed in November 2008 Parliament Sitting,

which should open the avenue for further development of communication to the provinces including Choiseul Province.

The third issue is the Choiseul Bay Mainland Township development. My Government through the Ministry of Provincial Government established a national steering committee to deal with the Choiseul Bay Mainland Township development. It composed of technical expertise from Lands Department, infrastructure engineers, representatives from Choiseul Provincial Assembly and representatives from landowning groups. My Government earmarked a budget of SBD\$1 million for this project under the development budget.

The fourth issue is on the tsunami rehabilitation program. Mr. Speaker, my Government is committed to the tsunami rehabilitation program of which each line ministry is currently working to implement its longer term tsunami rehabilitation program to both the Western and Choiseul Provinces.

Sir, as part of the agreement signed between the SIG and the Choiseul Province for tsunami rehabilitation, the amount of \$4.7 million is allocated for the province, for which \$2.7 million have been paid and \$15 million was given to respective Members of Parliament as approved by the former GCC Government for shelter rehabilitation.

The fifth issue is CNURA Rural Development Policy and Budget. The Ministry of Rural Development approved 2008 Budget is only 11% of its SBD\$30 million submission to the Budget Unit of the Ministry of Finance. This is due to limited budget shared amongst all Ministries. The Constituency Development officers are answerable to the Ministry of Rural Development because their contracts are reviewed and they are to be appointed under line posts level 8/9 within the Public Service. The budget is catered for under this Ministry. The CDOs are required to work closely with the provincial governments on issues affecting their respective constituencies rather than working in isolation. This means working along with provincial ward members, extension officers with agriculture, forestry, etc. - however their focus on rural development is on.

Constituency Development Officers work closely with their Members of Parliament where they are expected to establish a constituency development plan and how to achieve this plan through various funding that comes to the constituency. It is true that the provinces are closer to the rural populace than the national government, however, this system of working through the Provincial Government has been there long with not much progress, hence, this alternative approach to reach the rural people.

The sixth issue is on state government. My government has adopted the policy for state government by the previous governments on pursuing the introduction of state government system in the provinces when the Federal Constitution is enacted by the National Parliament of Solomon Islands.

My Government has allocated \$10 million in this year's budget to complete the task. The time-line set for the completion of the Draft Federal Constitution is July 2009. The process to complete the task is well underway and is progressing well.

The Constitutional Congress and Eminent Persons Advisory Council will begin their conference in September/November 2008 in Honiara to finalise the review of the Draft Federal Constitution. The final copy will be submitted to Cabinet by July 2009. The Cabinet through its own process will go through the Draft Federal Constitution. The Cabinet will then submit the final Draft Federal Constitution in the form of a Federal Constitution Bill for debate and ratification by Parliament. It is important to note that provinces will only be able to work and produce their respective state constitutions when the Federal Constitution is ratified by Parliament and brought into force. The reason is that the Federal Constitution will be the benchmark for the state constitutions. Mr Speaker, my Government is committed with its policy to see the Federal Constitution done within its terms in office to enable the introduction of State Government system in the country.

The seventh issue raised by the Choiseul Provincial delegation to me, Mr Speaker, is agriculture divisional functions to be devolved. Mr Speaker, this is a matter that the Ministry of Provincial Government will pursue with the relevant ministry, being the ministry of Agriculture and Livestock.

The eight issue, Mr Speaker, is exploitation of resources. On this, I have outlined to the Choiseul Provincial delegation when they met with me, the intention of the CNURA Government to impose a logging moratorium on new applications for logging and to review existing licenses. The other issues Mr Speaker, relating to the matter will involve legislative changes that the relevant ministry will have to pursue.

The ninth issue, Mr Speaker, is on the PNG-SI Border issue and the tenth one is on the PNG-SI compensation issue on Choiseul, and these are two related issues. Mr Speaker, issues nine and ten are matters for bilateral discussions and dialogue between Solomon Islands and Papua New Guinea. My government will dialogue with Papua New Guinea again on these issues when we have the Joint Border Consultations, as well as bilateral consultations with Papua New Guinea.

Mr Speaker, I have already raised with the Grand Chief, Sir Michael, the Prime Minister of Papua New Guinea, the possibility for the current Development Cooperation Memorandum of Understanding to be reviewed to include projects in our border Provinces of Choiseul and Western Provinces. The officials will follow this up in their meeting in September, which is next month.

The eleventh issue, Mr Speaker is on the voting system. Mr Speaker, the Cabinet has already approved what is called the Electoral System Strengthening Program which will look at the whole electoral system in the country with the intention of reviewing and improving the Electoral Act. Mr Speaker, on the issue of the Ward Boundaries Review Report, the Electoral Commission Office currently awaits the appointment of

members to the Commission and as soon as this is done the review will start later this year. My government fully acknowledges that Choiseul Province with the same or similar population as Isabel Province should now have 16 wards instead of the current 14. Isabel as you might have been aware, Mr Speaker, has 16 wards.

The twelfth issue raised, Mr Speaker, is the development of sports, sporting facilities and games selection etc. Honorable Speaker, the Ministry of Home Affairs through its Sports Division is working on the development of sports, sporting facilities and games selection for each provinces including Choiseul Province. The Sports Division plans to visit all provinces to acquire statistics for sports facilities available and/or needed in the Province of Choiseul later this year.

Mr Speaker, the thirteenth issue is the MPA's Entitlement Review. This is the Members of Provincial Assemblies' entitlement review. The Parliamentary Entitlements Commission took note of the submissions received, including the concern from Choiseul Province and it should meet later this year to review the terms and conditions of Members of Provincial Assemblies.

The fourteenth issue, Mr Speaker, is on fisheries projects. Mr Speaker, the issue of marketing and transport are not confined to our Choiseul Province only, but one that is experienced throughout other provinces of Solomon Islands. Sir, my government through the Ministry of Fisheries and Marine Resources is working on a long term answer for the past three months to tackle this problem with commercial and community strategies that will see greater participation of rural Solomon Islanders in fisheries development. The Solomon Star was incorrect. Five Fisheries projects for Choiseul were paid from the 2007 *Rural Fisheries fund totaling two hundred and fifty one thousand dollars (\$251,000)*.

The fifteenth issue is on development of education in Choiseul Province. Mr. Speaker, my government through the Ministry of Education and Human Resources Development has developed what is called the 'Choiseul Provincial Education Action Plan' which is a three (3) year plan commencing from 2007 to 2009. This Action Plan complies with the National Education Plan and it encompasses the development of education in Choiseul.

The sixteenth issue is on taro electrification. Mr. Speaker, my government through the Ministry of Mines, Energy and Rural Electrification is currently working on Taro Electrification. My government along with the World Bank is currently assessing power option for all the provincial centres including Taro.

The last and seventeenth issue is on transportation or second ship for Choiseul Province. Mr. Speaker, the Government is in the process of considering a submission for SIG's assistance in funding the acquisition of an additional ship (Lauru 2) for the Province.

Mr Speaker, I thank you for your indulgence. Those are the responses to each of the 17 issues that have been raised. Thank you.

Mr OTI: Mr Speaker, I thank the Prime Minister for his comprehensive response to the 17 issues raised by Choiseul Province. There was one in particular, I forgot which number it was, but it has to do with the boundaries submission by Choiseul Province. I probably did not hear the Hon Prime Minister clearly and therefore perhaps he could repeat the reference to the Electoral Commission Membership being reconstituted. This is on the membership of the Commission to be reconstituted.

I just want to seek the clarification on the other commission, the Boundaries Commission. Are the two Commissions the same or are you making reference to the re-composition of the Boundaries Commission, which is responsible for submission of boundaries by the Provincial Governments and others, in the reconstitution of boundaries? Was it the Electoral Commission or Boundaries Commission? This is just for purposes of clarification. Thank you.

Hon Sikua: Mr Speaker, I thank the MP for Temotu Nende for the supplementary question. The issue raised by Choiseul Province, which is issue No. 11 is on the voting system and the response I gave was that Cabinet has already approved the Electoral Systems Strengthening Program which will look at the whole electoral system in the country with the intention of reviewing and improving the Electoral Act.

Now on the issue of Ward Boundaries Review Report, the Electoral Commission is currently awaiting the appointment of members to that Commission. Once this is done the review of the Electoral System will start later this year. What we are talking about here is just the Electoral Commission Office and not the Boundaries Commission.

Mr Sogavare: Mr Speaker, I thank the Prime Minister for his elaborate answers. Supplementary questions, Mr Speaker on two areas. On exploitation of resources, the Prime Minister said that the government is considering logging moratorium for new applications. I want to know whether that moratorium is on now. This is because we are greatly affected by logging activities in the province.

Secondly, a second ship for Choiseul, Mr Speaker. We understand that promises to Isabel Province and Choiseul were done about the same time. We see \$3.5 million appearing for Isabel Province in this Supplementary Appropriation but nothing for Choiseul Province. Mr Speaker, I would like to know when the government is going to fund the assurance made to Choiseul Province for a second ship.

Hon Sikua: Mr Speaker, the moratorium that is in place at the moment is on the already logged areas and also the imposition of a logging moratorium on new applications for logging and to review the existing licenses. As I have said on the second boat for Choiseul Province, Mr Speaker, the Government is considering allocation of funds for the second boat for Choiseul Province. .

Mr Sogavare: Mr Speaker, 'considering' is not a satisfactory answer but I take it from the Prime Minister that the Province has been assured and we would like to see that happen.

With your permission, Mr Speaker, I would like to express that the Choiseul Provincial Ship, since funds were allocated for it long ago in 1997 is probably one of the best run ship in the shipping operations and I think it deserves to be recognized.

I am not politicizing this, and so I take it that the government does that and if it is prepared to give Isabel Province, (because they were promised at the same time this \$3.5 million now), Mr Speaker, you should also do the same for Choiseul Province.

Mr Speaker, before I take my seat, could we ask the Prime Minister to circulate the elaborate answers that he has read out today so that we have it on records, Mr Speaker. I thank the Prime Minister for answering the question.

Project Requests by Temotu Provincial Premier

5. **Mr SOGAVARE** to the Prime Minister: Can the Prime Minister inform Parliament of the Government's position on a number of project requests submitted to the Prime Minister by the Temotu Provincial Premier?

Hon SIKUA: Mr Speaker, I thank the Leader of the Opposition and Member for East Choiseul once again for his question.

Sir, the submissions have been forwarded to the ministries responsible, to the line ministries and each ministry concerned are currently working on addressing the issues.

The requests are, firstly, on vehicles for the Premiers' Conference later on this year, and specifically they have requested one four-wheel drive hilux and one-three ton truck. The Ministry of Infrastructure Development will send both vehicles (one hilux and on three ton truck) from its current pool of vehicles for the forthcoming Premiers' Conference.

The other requests concern the need to complete the Luelta Rest House. This project has been sent to the Ministry of Provincial Government for funding support under the \$1million allocation in the 2008 Budget to that ministry for the hosting of the Premiers' Conference in Lata, Temotu Province later on this year. Thank you.

Mr Sogavare: I thank the Prime Minister for answering the question.

Naturalized Citizens and their Countries of Origin

68. **Mr WAIPORA** to the Minister for Home Affairs: What is the latest number of naturalized citizens in the country and their countries of origin?

Hon TORA: Mr Speaker, I thank the MP for West Makira for his question.

Sir, the latest number of naturalized citizens in the country as of to date is 2,016. Their countries of origin are as follows:

• Kiribati	-	1,261
• USA	-	8
• Chinese	-	361
• British	-	41
• Taiwanese	-	4
• Australia	-	34
• New Zealand	-	19
• Pilipino	-	21
• Malaysia	-	11
• Indonesia	-	4
• Papua New Guinea	-	71
• Tuvalu	-	21
• Vanuatu	-	12
• Tonga	-	2
• Fiji	-	91
• Germany	-	9
• Japan	-	3
• Western Samoa	-	2
• Canada	-	2
• Korea	-	6
• Vietnam	-	2
• Sri Lanka	-	2
• Others	-	26

Thank you, Mr Speaker.

Mr Waipora: Supplementary question. I just want clarification as to when somebody from another country comes in here and decides to be a citizen of this country, what is the position of the Minister in regards to giving citizenship to such people? How long does one have to reside in the country before he/she is granted citizenship?

Hon Tora: The criteria for granting of citizenship are provided for under subsection 2 of section 7 of the Citizenship Act CAP 57. Thank you.

Mr Waipora: Mr Speaker, I must thank the Minister for answering my questions.

Government's Position on Whaling

69. **Mr WAIPORA** to the Minister for Fisheries and Marine Resources: What is the CNURA Government's position on the whaling in light of the contradictory statements issued on the matter by the Prime Minister and the Minister for Fisheries and Marine Resources?

Hon LENI: Mr Speaker, the CNURA Government's position on whaling remains the same as previous governments. Since we became a member of the International Whaling Commission we continue to be a member of this international body until such time there is need for us to sign ourselves as Member of the IWC.

On the second half of the question, Mr Speaker, at the time the issue appeared in the media there were two meetings, the first one and the one the Member is referring to is a scientific inter-sessional meeting in London that we were not able to attend. The Prime Minister was referring to the meeting that will take place after in Santiago/Chile, which at the conclusion of that particular meeting it gives rise to our attendance of the meeting in Chile. In that meeting the new Chairman of the IWC decided that we do not need to put issues into vote because we are going into streamlining the convention of the IWC so that we try to avoid the involvement of politics in the IWC Convention.

That is the answer to the Honorable Member's question, Mr Speaker.

Mr ZAMA: Mr Speaker, I really want the Minister to clarify the position because the CNURA Government's position on whaling is quite different from the GCC Government's position. What really is the position? Is it that the CNURA Government supports the continuous killing of whales or do they support those who are calling to put an end to the killing of whales?

Hon Leni: Mr Speaker, I have already mentioned the CNURA Government's position. I said that we are following the convention of the International Whaling Commission. What the convention says is what we as a member have to abide by in discussing issues like that.

The convention on Whaling does not stop us from killing the whales. What the Convention is saying is sustainable management in the killing of the whales. That is the position of every country that are members of the IWC, and that is what we will continue to look at.

Our interest on the IWC membership is that member countries have shifted from the original convention of only considering whales to now include sharks, dolphins and very soon tuna would also be included. This is where it is important for us to come in and contribute on issues like that when they are raised.

The other bigger countries have the opportunity to make choices because they have much bigger landmasses and are able to grow many crops they can substitute for the whaling. For an island country like ours because of our small landmass depended entirely on marine resources. And so our membership in this kind of international body is important for our survival. That is the position and that is we will continue as usual and if there are any changes may be governments that would come later will change their positions. As of today we remain a member of the IWC, Mr Speaker.

Mr Zama: Mr Speaker, I thank the Minister for his clarification on the CNURA Government's position. I understand that Solomon Islands is also a member to a lot of international conventions. What direct benefit does the country gain for being a member to these international conventions?

Hon Leni: Mr Speaker, I think may be this is how we will understand it. Some of us think that if we are member to an institution it must run independently. No, that is not how it is. In most of the international organizations that we are a member of, there are some relationships in between, especially on creatures we are dealing with. We have some commonalities in regards to the CITES as well as the IWC. It is the same as other institutions that we are a member of. That is where the link benefits us. If we deal with creatures that are under CITES then we are surely going to benefit on things under CITES as well.

We also have institutions in the region that take care of our interests in the South Pacific region just as well in other parts of the world too. We might not directly benefit from them but indirectly through other international organizations we have benefits from them.

Mr AGOVAKA: Mr Speaker, in view of what the Minister said earlier on the sustainable harvesting of whaling, which will in due time include other marine species, is that statement saying that the CNURA Government supports Japan's continual harvesting of whale for scientific research?

Hon Leni: Mr Speaker, the CNURA Government does not support harvesting of whale but naturally there are communities in the world that have been living on whale meat for a long time. This is what the International Whaling Commission recognizes. Aborigines in some parts of Greenland, Canada, Denmark, Russia and Japan eat whale meat for food. This is the same with us Solomon Islanders who eat pig meat as our food

whether domesticated ones or wild ones we still eat them. During meetings there is consideration of communities like that who eat whale meat and the Convention has to take into account sustainable management in whale harvesting.

In some parts of the world there is strong conservation of whale harvesting because of tourism. But the real truth of the matter is that most countries that have aborigines that eat whale meat they too are main importer of beef and sheep meat from countries that are complaining a lot now, and therefore are protecting their market. Such information is what many of us are not aware of.

Mr Zama: Mr Speaker, I find it quite hard to understand the Minister's statement. The Minister said that Solomon Islands being a member to this UN Convention supports it. But he just said quite recently that the CNURA Government does not support the killing of whales. Where in between is the real position of the ruling government?

Mr Leni: Mr Speaker, sustainable management is the principle of the Solomon Islands Government. Sustainable management means to kill to an extent that is only enough to eat for survival and not more than that. Where I said we are not in support of the killing of whales, it means killing in excess of that. That is the stand of the IWC Convention, which we also support. It is killing enough for you to eat and not in excess of that. Otherwise it is excess and whales will become extinct in the country.

And not only that, Sir, but there are species of best whales that are not in our seas in Solomon Islands. We only have two common species in our seas, and what we are trying to do is to ask the assistance of our two neighbors, Australia and New Zealand for their support to come and carry out assessment and survey to ascertain the number of whale population we have in our country. That is the answer.

Mr Waipora: Thank you very much honorable Minister for answering our questions. I brought this question because at one stage I heard the Prime Minister saying that Japan had paid for the Minister's expenses to go, which the Minister said is not true, and that is why I am asking the question. But honorable Minister, I thank you very much for your answers.

BILLS

Bills – First Reading

The 2008 Supplementary Appropriation Bill 2008

Bills – Second Reading

'The Secured Transactions Bill 2008'

Hon RINI: Mr Speaker, I rise to beg that the Secured Transactions Bill 2008 be now put to the Second Reading.

Mr Speaker, Members of this honorable House will recall that when this Government came into office in late 2007, we committed ourselves to an ambitious economic reform agenda. We made this commitment because we recognize and acknowledge a very serious challenge ahead of us in Solomon Islands. We recognize and acknowledge that if we do not establish a sound base for economic growth today, our ability to sustain our current income levels will decline tomorrow.

Mr Speaker, the Secured Transactions Bill 2008 that I present today is one of the most important bills aimed ensuring that we can meet these challenges. The Bill will help make it easier for Solomon Islanders and others doing business here to get access to finance from the Commercial Banks so that they can set up new businesses or expand existing businesses and to be more productive. Mr Speaker, the Bill will be a key part of the foundation for growth this Government is building for Solomon Islanders.

Mr Speaker, the Bill will greatly improve access to financial services for Solomon Islanders. Members of this honorable House are well aware that there are significant constraints on the use of movable property as security against a loan.

Sir, honorable Members know fully well that the current system for using movable property as security is very expensive. The current Bills of Sale Act relies on lawyers to prepare and register bill of sale documents and costs much money and time to see through to its conclusions.

Mr Speaker, the current system also excludes rural borrowers. This is because security interests are only valid if witnessed under oath in front of the Registrar of the High Court. It is very costly and almost impossible for our people from provinces and rural areas to make it to the Registrar to register their properties. This means they simply cannot unlock the hidden capitals in their assets.

In addition to all of that, sir the current system is uncertain. Registration under the Bills of Sale of Act is difficult and ineffective. A lender, for instance, cannot see if an item or property has been pledged to another lender. Lenders simply do not have any confidence in this environment, which makes them very unwilling to provide loans. Consequently, this creates a massive hindrance to the dispersal of finance through our economy and constrains growth in employment and income.

Mr Speaker, the current system does not allow companies to divide their assets. While companies can register security interest under the Companies Act, lenders insist on taking a charge of all the assets of the company. Companies cannot pledge part of their assets to one bank and another part to the other. Sir, this means that company loans are greatly over collateralized. This limits access to loans for our companies and unnecessarily increases their risk.

Mr Speaker, what I have just outlined are some of the significant problems inherent in the current system. These problems limit access to finance in our country and consequently constrain growth in employment and income. Our current system is simply outdated.

The Bills of Sales Act was enacted over hundred years ago and can be described as an 'antique'. Today our current system only serves to make Solomon Islands a difficult and costly place to do business compared with our neighbors and countries around the globe.

Sir, this is the very reason why this government has prepared the Secured Transactions Bill 2008.

Mr Speaker, the purpose of this Bill is to improve access to capital for businesses and individuals in Solomon Islands. The Bill will do this by permitting a more effective use of movable property as collateral for lending and other forms of financing.

Sir, movable property is basically anything a person or a business owns that can be moved. This includes, for instance, cars, equipment or machineries, livestock, or fixtures in the house or office.

Mr Speaker, the Bill will significantly assist to provide a lender confidence that it can register its interest against the debtor's movable assets. The Bill will also give lender the necessary confidence that they can recover their money by easily repossessing the movable assets if the debtor defaults on its obligation to repay the borrowed money.

Mr Speaker, the Bill provides three essential elements to establish this confidence. Firstly, the Bill provides transparency of all interests in the property that is used as collateral. Secondly, the Bill provides a clear and certain priority ranking of interests in collateral. Thirdly, the Bill provides a simplified and expedited enforcement process. Sir, these three elements will allow investors, lenders and borrowers to have much greater confidence in the financial services they use.

Mr Speaker, I should make it clear that the Bill will not regulate the actual transaction, but rather the Bill will regulate the registration of security interest. Moreover it will provide the order of priority to the proceeds if the borrower defaulted.

Mr Speaker, let me, however, caution all Solomon Islanders that the Bill will not mean they can immediately go out and get loans or money from lenders. Loans will still only be provided to those people who can demonstrate an ability to repay the loans and who have a sound financial history. Nonetheless, sir, the Bill provides a foundation for people to transparently and easily demonstrate that they own property and secure loans on that property.

Indeed, Mr Speaker, the most common business transaction under the Bill occurs when an owner of moveable property pledges that property as collateral to secure a loan. The lender, in this instance, will be able to use a public registry to be established under the Bill to record evidence of this loan.

Under the Bill, a 'filing office; will be established by the Minister of Finance to provide electronic means of filing notices of security interests and liens and for the searching of notices. These measures will give lenders the easiest possible access to information upon which the lending decisions are based. It also allows for the filing of notices via the internet into an electronic database.

Mr Speaker, this is a very significant advancement on the outdated system we have today.

Mr Speaker, by making a public record of the security interest against movable property, two main goals are achieved: Firstly, the Secure Transactions Act clearly grants priority in the collateral to the first lender against all other lenders with claims in that same collateral. This gives confidence to the first lender that they will have access to the collateral if the borrower fails to pay back their loan. Secondly, sir, the public record serves a warning to other lenders not to rely on this collateral when determining whether to extend credit to the same lender. By achieving these two goals the Bill serves to increase access to credit in the market place. Consequently, this means the Bill will increase overall economic activity, which will help to stimulate growth in our country.

Mr Speaker, I should note that the intimate details of the loan transaction are not made part of this public record. The Bill seeks to provide for a 'notice' filing system. This means all that is required to be filed in the public registry is the identification of the data and secured party, and a simple notice of existence of some debts that is secured by collateral. The other details of the business transaction such as the amount of the debt, the interest rate payable need not to be made part of the public record.

Mr Speaker, Members of this honorable House should note that I am also commending to the House the Explanatory Memorandum, which is attached to the Bill. This sets out in lay person's language the scheme of the Bill and detailed explanation on its clause. I invite honorable Members to make use of that Memorandum to fully understand the Bill for the purposes of its debate.

Mr Speaker, the Secured Transactions Bill 2008 will repeal and replace the Bills of Sale Act and the provisions for company charges in the existing Companies Act. Those laws have failed to meet the needs for financing of Solomon Islands businesses. Those laws do not provide clear priority rules for competing interest in movable property nor do they provide enforcement procedures for movable property. Moreover, those laws require costly legal services to draw up often complicated agreements.

Mr Speaker, let me again repeat that the current system does not work. That is the very reason why this government has prepared the Secured Transactions Bill 2008. This is the first step in a reform process that seeks to untangle the difficulties around getting access to loans and financial services in Solomon Islands. With the enactment and implementation of this bill, Solomon Islanders will be able to use their assets as security in a system that is simpler and far more certain than ever before.

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

(The Bill is open for debate)

Mr SOGAVARE: Mr Speaker, I would like to contribute to the opening debate of this Bill moved by the Minister for Finance awhile ago.

Sir, the CNURA Government came to power premised on two very important principles or foundations, which are national unity and rural advancement. In fact, this side of the house at the end of the day is going to support this Bill because it is a bill initiated by the GCC Government. In fact this government is yet to come up with any new thing. Nothing at all!

Its policy, as I said is national unity and rural advancement. And I am expecting to see, and in fact this is the second meeting of parliament since it came into power, to talk about the policies of the CNURA Government and how those policies are going to be advanced. We are expecting bills to come into this house that are facilitating rural advancement. This Bill is going to touch the rural areas a little in that it also covers their movable properties. It is going to touch them only on that aspect, and no more no less. And so we are expecting more from the group in terms of views and this goes to Ministers of the Crown in their respective portfolios, to look at areas they can bring a law to Parliament to advance the rural advancement. So far we are yet to see this.

The only thing that came to Parliament talking about rural development is the 2008 Appropriation Bill. That is the only law that came in here that touched the rural areas a bit and we are yet to effectively deliver it. That is the concern of this side.

In fact, this Bill is still doing the same thing. It repeals the Bills of Sales Act that has been around with us for a long time which we need to improve, and so it repeals and improves it. It continues to strengthen the already well-offs in the urban sector. These are people that have been around for ages. We are just improving their situation in this Bill. That is what this Bill is doing. It is not doing anything except adding just a little bit by taking into consideration the movable properties of people in the rural areas who request for advance credit. That is all we are continuing to do.

We continue to focus our attention on the wealthy that have been around for ages and yet after 30 years or so after independence, the country could only manage about \$1.4/\$1.5 billion GDP. I am talking about the efforts of those people who have been around with us for the last 30 years, and we continue to improve the way they work and protect them. This \$1.4/\$1.5 billion GDP is not reflective of the resource endowment of this country and that is why we are saying that the real strength of this country lies in the rural areas and not on people living in Honiara. It is on those out in the rural areas, and that is why when we came we talked about the bottom-up and the new government talked about rural advancement. We are talking about the right thing

and mentioning the right people. But yet the policies that come to Parliament are not advancing those.

We were going to bring this bill supported by other bills that should come first before this bill to see it really work and make sense. By itself this Bill continues to strengthen people in the urban sectors.

Mr Speaker, I will dwell on this theme, and that is we continue to advance the well-offs but more than 80% of our country's population just cannot improve their household income. A recent survey found out that some people are earning only about \$50 a month. That is in the rural area where the bulk of the country's population lives, and ironically resources as well. More than one hundred percent of our resources are in the rural areas. The position in Honiara is not even better. I think it is even worse because more than 80 percent of the population are earning less than \$750 a month and are struggling to cope with the rising cost of goods and services and, of course, the demands of the cash economy.

So, Sir, we continue to address the well-offs but only less than 20 percent of the people in Honiara, mostly foreigners and naturalized citizens account for more than 90 percent of the country's income. We continue to address the well-offs and yet debt continues to rise and we are struggling to bring it down.

We continue to focus our attention on these people but money supply to the country is averaged at about \$300 million only. In fact from 1982 to 2004, it is \$251.4 million credited to the work of people in the urban sector only. That is money supply. The average from 1982 to 1987 is in fact even worse, as it is only \$67 million. The reason for this, and we are continuing to advance in this country, is because the movement of money supply in the domestic scene is dictated mainly by domestic credit activity, which is very much dominated by a very few capitalists in the formal sector. Those are the only people. Because we only confine our efforts on these people we cannot grow. This policy is a driven-credit policy rather than the need to drive economic development.

We are making this point, Mr. Speaker, because there is no shortage of Solomon Islanders who would like to enter into business. There are many of them. Their problem is that they cannot meet the demands or qualifications under the present monetary system. They find it very difficult.

Sir, I would have thought that this Bill should be improved a little bit more. Although I understand it is just to repeal the Bills of Sales Act, it improves the objective of that particular Act and continues to focus only on people in the formal sector. How can we continue to favor the well-offs when the cost of utilizing the financial resources that banks create, in fact out of nothing, continue to rise when the banks at this very point in time are very well equipped to the point that it almost defies the law of supply and demand. There is plenty; we should give them out.

Sir, the interest rate of the various categories of loans too needs to be dealt with as well if this Bill is to work. We are talking about extending credit to people who might not be that strong, and so we really need to look at the interest rates as well and what determines them. I do not see any reasons why they cannot be fixed. There is no economic reason why you cannot.

Sir, still on this matter, the rising cost of money is putting businesses out of range, even businesses we are saying we will get to them in the rural areas. It is going to be difficult; they are going to struggle because banks are independent, and so you are facilitating and making them stronger because if people do not repay their loans, the banks go and hold their movable assets. That is all this bill is doing. It does not improve the ability of the rural people to actually come and get money at a cost that is affordable.

The problem of this country, as we all know, is that the restriction of credit is the number one cause of the sluggish nature of development in this country because we do not reach out to people in the villages who actually should be able to participate because as we always say in here that department has become the domain of foreign investors and powerful naturalized Solomon Islanders. It is something we need to worry about.

Sir, I need to clarify some points here that we agree that foreign investors must be attracted into the country to make up for deficiencies in the country in terms of capital formation, technical know-how and other benefits, but we must not pursue that policy at the expense of peace, and harmonious co-existence because when we do not look at the needs of our people, it will give rise to revolt against the system. And we do not want that to happen.

I think this is a problem that we all are well aware of, and I do not want to bore Members of Parliament anymore than is necessary. We continue to favor this very small group in the formal sector, and as a result we continue to see the rise in the cost of things sold. From way back as 1980s until now, the average increase in price is well over 200 to 300 percent, and this is triggered by the people that we continue to favor.

Sir, this adverse situation is further aggravated by the country's exchange rate policy, which under the present economic system is pegged against powerful currencies in the world. The policy is designed on the basis that the country is inherently weak in terms of its exporting capability and therefore it must continue to be a price taker. That is all. We cannot stand flexing our muscles and say we can do it because this country is blessed with bountiful natural resource.

We need to appreciate that Solomon Islands is predominantly an importing country for the consumption of goods and developing goods from matches to bulldozers. We virtually import everything, and so it is predominantly an importing country and the adverse effect of the exchange rate which puts us in this adverse

position feeds directly into the cost of running business in Solomon Islands. This is an added factor to rising costs and inflation in Solomon Islands.

Sir, what I am trying to point out here is our response to people that we continue to favor. If we are saying the right thing, let us move out to the rural areas, strengthen the people, get those resources developed, get more people to participate in economic development and we will be doing right.

The Bill itself cannot do that because it has to be supported by other strategies. We are waiting for the Land Reform Bill, and the Tribal Lands and Titles Act should come. But these are yet to come. We are waiting for the special economic zone legislation. These are bills addressing development right in the rural areas. When the State Government eventually will come the special levy bill to address the special arrangements for rent of alienated lands but cannot be returned to original landowners because of strategic reasons, there has to be some mechanisms to recognize people who have given their alienated lands but cannot get it back under the standing policies of returning alienated land to people of Solomon Islands.

These are serious concerns that we have in that we continue to have this narrow focus. Up until today, only about more than 40,000 or 45,000 people have full time employment in this country, representing about 10 to 12 percent of the country's population. Those are the only people in real fulltime employment, and more than 70 percent of the country's population may not be earning any income at all or earning income less than USD\$1.00 which is below the UN Convention when we should help people to earn income or live on something that is above USD\$1.00 a day.

Sir, this Bill will be eventually passed, but we just want to raise the concern that this is now going into nine months into the life of this government, and we have yet to see bills, laws, amendments that really matters and that advance rural advancement, and also there is nothing really clear on the government's policy on national unity.

We are saying one thing in our policies and doing different things altogether. That is the concern of this side of the House but we have no problem with this Bill. Although there will be problems that some are going to raise, and which we will comment on during the Committee Stage when specific questions will be asked on the sections.

But the objective of the Bill is clear in that it amends the Bill of Sales Act to come up with a new one, improves on it and extends the reach to our people in the rural areas to the extent that they can put their movable assets in lien for loans they will get. But then they are still hindered by the continuing rising cost of money, Mr Speaker. Unless the government addresses those areas, this whole idea of reaching out to the rural areas for credit will remain a wishful thinking, as it will not work. This is because people will find it very, very difficult to cope with the rising cost of money.

With that, we are arousing some very interesting listeners who will speak in response to the very constructive intervention by this side of the House. Mr Speaker, I support the Bill.

Hon KEMAKEZA: Mr Speaker. I too would like to contribute very briefly and strictly in your accordance with your ruling, Sir. Mr Speaker, first of all I would like to congratulate the Minister of Finance. Congratulations Minister, for bringing the Bill which emphasizes rural advancement. This Bill is real rural advancement, no more no less. I congratulate the government for seeing it fit and I endorse the contradictory comments made by the Leader of Opposition. I'll tell him why.

Mr Speaker, lest the Leader of Opposition forgets this side of the House consists of three quarters of the GCC members who used to be in his government. Only seven are on the other side, only seven, Mr Speaker, and so there is no use crying over spilled milk.

The officers of the GCCG policy statements and framework, Mr Speaker, are all here. He was even the Prime Minister himself. So why is the Leader of Opposition jumping up and down saying nothing is being provided. I think they both shared it, as they are both from the GCCG. One was in power for two years and another for two years. And Mr Speaker, it is the people in this country who will judge who has done good deeds in their two years at the end of the day. It was the two people from the GCCG, and not from the Opposition then. I want this point to go down well with the MP for Rendova/Tetepare, and that is why I congratulate the Minister of Finance.

Who is the Leader of Opposition to say that this bill is not for rural advancement? Mr Speaker, it would seem to me the Leader of Opposition is not reading the Bill himself because he is contradicting himself. This bill only repeals the old Sales Bill, which is outdated, quite cumbersome and expensive. It is as simple as that. We are replacing the old Sales Bill with this new one we are now debating. It is simply like that.

The reason why I am saying that the Leader of Opposition is not reading the Bill is because the Minister will after this formulate the regulations. That is mentioned in the Bill. Is this true, Minister? You are going to make regulations to identify the areas that will give security to business people in Solomon Islands, for both companies and individuals. That is mentioned in the Bill.

Why is the Leader of Opposition saying that it is only for a few people only at the corner of the House, like himself? Mr Speaker, that is why I said that the Leader of Opposition did not read this Bill. I ask him to read before he asks any questions later on when we go into the Committee of Supply. This bill is a blessing. I say it is a blessing because rural advancements is already put in place by the banks. Where are you 49 Members, to not see what is going on in the country today, Mr Speaker?

The small man in the village through the ANZ system has already loaned money. A man from the village, through the Rural Banking system and this Bill is strengthening that to allow individuals have more strength to secure his property. Otherwise, whatever you say, this can be proven. I can attest to this. My fishermen, my farmers can now acquire loans through the Rural Banking in the ANZ Bank to purchase petrol, engine, canoe and everything. Let your RCDF go to hell, Mr Speaker.

This is a mechanism and avenue whereby we can help our people to improve. That is my reading of this Bill. So for you to politicize it and say that this government has done nothing within its nine months in office is not right. What about the two years you spent in rowing and doing nothing? Why do you come here to say that? You too have done nothing to improve this country. Nothing, literally nothing! And here you are jumping up and down accusing this side of the House without realizing some of your lieutenants are also on this side.

What are you going to say, Mr Speaker? This is one of their Bills, if at all it is their Bill because it is the officers and people who make policies, and not the Prime Minister. He is just like me, not able to make anything happen at all. At least for me, I am operating a resort. He is still to do that. That is what it is, Mr Speaker. That is rural advancement, and that is allowing investors like the Leader of Opposition himself.

I withdraw my previous statement as he is my friend, and a very big businessman in East Choiseul, and so this Bill will help him, Mr Speaker, the Leader of Opposition. The idea to zone the country for investment is our idea we discussed in the past. In fact, it is an idea of the late leader who ran the PAP in the past. When I was the Minister for Housing and Government Services he was responsible for Customs, Inland Revenue, and the Leader of Opposition was my Commissioner then. It was us who came up with the idea of zoning the country into trade zones. Since then, he has led the government twice but has failed to implement that idea. I led the government once, but also failed to implement that idea. So, why are you blaming this government? Is it because you think that when the people of this country hear about this Bill they will think that it is a new idea? Not at all, Mr Speaker. Even you yourself have done it too, Sir, when you led two governments in the past.

The Bill has been there, but why didn't you bring it before Parliament during your time? It was because you continue to have conflict with other people and spending time defending your cronies and not bringing in the Bill to Parliament. Or perhaps he may have no number at that time?

However, Mr Speaker, back to the Bill. This is a very good Bill for this nation, for the business people and not the cronies of this government or the cronies of the Opposition that have only seven members. Mr Speaker, as I have said this Bill is good for the country. Without taking the time of the House, I was just trying to clarify this point the Leader of Opposition was very vocal about to clarify it for the benefit of the public and not to score points.

With that, Mr Speaker, I support the Bill.

Hon MAGGA: Thank you, Mr Speaker, I will contribute very briefly. First of all, I would like to thank the Minister of Finance, especially the CNURA Government for seeing it important in bringing this Bill to Parliament.

This is a very important Bill for our people as it will really enhance our people in the rural areas as they will now have the opportunity to get loans in the bank by guaranteeing their pigs, cows or chicken. I therefore think this is a very good bill for our people. It is a bill that will help our people, especially business people to diversify their business by using their movable assets as security to get loan from the bank. And so I see this Bill as very, very important and as I have said, I would like to thank the Minister of Finance for bringing this Bill.

This is the sort of bill that Parliament must pass because it will help our people to obtain loan from the bank by guaranteeing their movable assets to obtain loan from the banks. Those who own ships would also be able to get loan from the banks to advance their business interest and those in the rural areas can use their cattle, chicken and pigs as security to obtain loans.

I really want to thank the government for bringing this Bill, as it is a very, very important Bill for us to support. Those are my brief comments and I really support this Bill. Thank you.

Mr BOSETO: Mr Speaker, thank you for the opportunity given to me to share my brief contribution on the debate of the Secured Transactions Bill 2008.

Mr Speaker, first of all I thank the Minister of Finance for presenting this Bill to us in this Honorable Chamber and to our nation on behalf of the CNURA Government.

Mr Speaker, this Bill to secured transactions is very important not only for businesses, individuals and people in Solomon Islands but also for the Pacific and the global market. I noted, Mr Speaker, that this Bill will replace the outdated and excessively complex Bill of the Sales Act and the provisions for company charges under the existing Companies Act. Those two laws failed to meet the needs of financing our Solomon Islanders businesses because:-

- (1) They failed to provide clear priority rule for competing interest in movable property.
- (2) Because they require a lawyer to draw up complicated agreements.
- (3) Because they provide adequate enforcement procedures for movable property.

Mr Speaker, because of the failures of those two Acts, this new Secured Transactions Act will address those needs and correct the shortcoming and will thereby increase access to credit for businesses of all sizes or individuals.

Mr Speaker, as a layperson in the area and context of this Bill, I cannot go into debating where this new Act is simpler and better than the other two laws that this new Act is repealing them. However, Mr Speaker, I will give a few personal comments and two concerns I have about this Bill.

On a few personal comments or remarks, Mr Speaker, to me this Bill is not simply to simplify, correct and replace the Sales Act and Companies Act but to modernize it by creating a new system for accumulating more money and to accumulate it much faster in terms of transacting business information through electronic means from and to the central filing office.

Mr Speaker, this marketing money to make more money or we can say marketing money to grow more money in the context of global economic growth, in my opinion, is a hidden motive or the spirit of this Bill. In the context of marketing money three parties or players are identified in this new system. First the lender of the money, the borrower of the money, the recorder of the money, and therefore, in my personal view, money is not just a means of providing services for holistic human development and for caring of our people and our environment but the goal for economic growth of our economic globalization of our one global village, which our CNURA Government's policy is committing to advance in the rural areas.

Mr Speaker, my brief reading of the Bill has given impression that the lender of money is provided with more legal rights and legal security than the debtor or the borrower. What I am saying here, Mr Speaker, is indicated under Part 3, first paragraph of the explanatory memorandum, and I quote, "Since the notice may be filed before the secured party completes its agreement with the debtor or advances any funds to the debtor, the secured party may be certain of its priority in the collateral before it is at risk". End of quote.

Again, Mr Speaker, a provision in Section 30 of Part 3 in the explanatory memorandum says that "the landholder may file a notice without the permission of the debtor simply by virtue of holding a lien that grants in the debtors property that are recognized under law".

Again, Mr Speaker, the first paragraph on the first page of the explanatory memorandum says, "the purpose of the proposed Secured Transactions Act is to improve access to capital for businesses and individuals in Solomon Islands".

The Act will do that by permitting a more effective view of movable property as collaterals for lending and other forms of financing. It will help give the financier confidence that it can recover its money if the debtor fails or defaults on its obligation to repay.

Mr Speaker, this is a new bill but Solomon Islands has become a permanent debtor as you know. We are not able to repay all the debts we accumulated already. Those are my few personal comments.

I have two concerns, Mr Speaker, and I am going to express those two concerns and then resume my seat. Mr Speaker, the first concern I have is in relation to the term *“movable property”*. I need to know more in detail the definition of those two words. Mr Speaker, the definition given in the Act does not give me much. It only gives the following: *“movable property means movable thing of any nature or intangible of any nature and any pictures”*.

Mr Speaker, this is again what the explanatory memorandum says, and I quote, *“the types of movable property subjected to the Act are defined broadly and can include such diverse items as physical goods, various types of intangible property, property acquired in the future and right streams of income”*.

Mr Speaker, my concern here is when the debtor uses land as collateral and he/she cannot repay or fail to repay the loan in time, this is where the lender can seize the land, which is an immovable property. Therefore, Mr Speaker, this Bill especially in relation to mortgaging customary land as payment of incurred outstanding debts of the debtor in the name of economic growth must not be enacted if the Bill is passed until the Tribes and the Customary Land and Titles Act is in place through this Parliament.

For the information of this House, Mr Speaker, the Lauru Land Conference is now working in our *‘popoloto’* for the recognition, security and environmentally sustainable development of all our customary or tribal lands in Lauru. This year we are trying to make a contribution in implementing the message of the Commonwealth Day namely, *“Environment - Our Future”*.

Sir, allow me to take this moment to read some parts of what the Queen, our Governor General and our Prime Minister have said during the Commonwealth Day celebrations. This is what our Prime Minister, the Honorable Dr Derrick Sikua said. He said that his government created the Ministry of Environment, Conservation and Meteorology to urgently address the environment threats facing Solomon Islands. He said that Solomon Islands could not underestimate the very strong and important message behind the theme, **“the Environment - Our Future”**.

Our Governor General also said that the environment is God’s creation recorded in the biblical records of the book of Genesis by which God created human beings to manage His entire environment on earth and that male and female must take good care of the entire environment in and around them on earth, and so on.

Lastly this is what Queen Elizabeth II said: *“The competition of fresh water is becoming a potential conflict. Our own attitude to the environment and the use we put to it may have consequences for people on every continent and for every sea and ocean. Pollution has also unequally impacted on the world’s least developed nations. The least developed countries that pollute the least are mostly affected by the impact of climate change and are least equipped to cope with it. That is what the Queen said. Therefore, the Queen urges governments, businesses, communities and individuals in the*

Commonwealth to contribute to defend the environment and environment and our future.

Mr Speaker, I read this in particular because I think this theme: "Environment – our Future" is very important why I consider the implication of this particular bill because its transactions is not just confined within the national economy but is also open to the global level.

Mr Speaker, my second concern is that this Secured Transactions Bill appears to me to enforce or even to impose centralization and integration of trans-national economy, and therefore it is contradictory and incompatible to the federal system of multinational and multi-state system of government.

The centralized 'filing office' of the registration to electronic transactions based in one place is not convenient to our ordinary rural people of the nine provinces. It will continue to be very expensive to come to Honiara. Therefore, to shorten my speech Mr Speaker, the Bill for the Federal System of Government must be soon enacted or established so that important information regarding registration of lands, business and so forth can be opened to all of our nine state governments.

With those few personal comments and concerns, I resume my seat. Thank you.

Mr ZAMA: Thank you, Mr Speaker, for giving me the floor. Firstly, I would like to congratulate the Hon. Minister of Finance for seeing it fit, may be to introduce this Bill to Parliament. I would like to also acknowledge the comments made by the Leader of Opposition and the quite irrelevant comments made by the MP for Savo/Russell.

Mr Speaker, I read through the Bill but could not find any particular clause where South New Georgia/Rendova was mentioned. I just find it difficult to accept why the issue has to be raised here. But anyway I thank the speakers that have raised their concerns and issues on this bill.

Mr Speaker, this Bill is quite clear that according to the Minister of Finance the objects and reasons of this bill is to make it easier for Solomon Islanders, businesses and individuals. At the back of the Bill on page 33, it clearly states the objects and reasons which says "to regulate security priority in collateral against all other persons in satisfaction of the security interest obligations".

Mr Speaker, it also says that there is going to be an electronic office to register this interest. But moving on from where the Honorable Leader of Opposition left, I would wish to touch briefly on two fundamental areas for which the CNURA Government came into office, and these are national unity and rural advancement. All the good intentions of this Bill are there. However, I can see this Bill moving in the opposite direction in terms of advancing rural development. I say this because what this Bill is trying to do is trying to centralize; reverse the direction that we would want to advance development in the rural areas.

Mr Speaker, while the intention of the Bill is good, and that is to help businesses and individuals to access finance, in my view, firstly, there is going to be an office created under this Bill. And I am not sure if the Minister of Finance has cost out this Bill. The first thing is that before this Bill is going to be implemented or enforced, the government through the creation of this office would have to incur recurrent expenditure. That is the first obstacle I can see.

Secondly, Mr Speaker, the definition of movable assets would vary. It would differ from people, persons and businesses. They would have different definitions of movable assets. Mr Speaker, there is a lot of ambiguity in the Bill on the definition of movable assets, and whether that would be rectified under regulation is another issue that needs to be clearly spelt out.

The definition of movable asset, especially if this Bill is intended to advance life or development in the rural areas, really misses the point. I am saying this because the definition in itself is ambiguous and unclear from the start. For people in the rural areas, that definition or what they would regard as movable assets would be totally different from what people living in the urban centres regard as movable assets. The Minister of Finance has made a very clear and precise example of what a movable asset is. He made mention of vehicle and other things but for people living in the rural areas, especially when this Bill is intended to target them, it will miss the point. People in the rural areas will have different definitions of what movable assets are. How many of our people, 90 percent of them living in the rural areas would have movable assets that can be easily recognized or registered so as to be accepted by lending institutions.

In this case, Mr Speaker, what the government is trying to do is to pass the law to allow people register their movable assets, and those movable assets would vary. For people living in towns or centres it would mean vehicles, furniture, and tangible things but for people living in the rural areas and the villages, how is this going to be defined? What are they going to take?

Hon Sikua: Point of order, Mr Speaker. I would like to ask the Member for Rendova/Tetepare to look at the definition of goods and read Sections 22 and 24. Thank you, Mr Speaker.

Mr Zama: Yes, Mr Speaker, I am coming to those things but the Prime Minister should not be jumping up and down as well as the Deputy Prime Minister. They should just sit quietly and listen to what I am saying.

Sir, we should not be jumping up and down just because what I am saying is not really clear. What I am raising here is from the view points of people living in the rural areas, and that is why I am raising them. It is not because only those of us here in Parliament are going to pass the Bill. This Bill is going to become a law, and I do not want us to make laws that push our people in the rural areas to the brink.

I wonder, Mr Speaker, if the 39 or how many members on the government side understand and even read this bill before putting it to Parliament. I can testify that this Bill will have no effect in the next 5 to 10 years. That is what it is. Although we might pass this bill three things are going to happen. First, the Ministry of Finance is trying to establish an office so that people in the rural areas or people who have movable assets can register their assets. And people that want to borrow money from the bank will go and register with this central office.

What they are intending to do is that the Ministry of Finance or the government is trying to help encourage people to register their movable assets with the central office, but it is another different ball game altogether for you to use the asset registry to convince the lender. This is a kind of a tripartite arrangement where the government and people working on one side trying to convince the lender to give money to the people. Mr Speaker, this will not work. Sir, whilst this Bill has the noble intention of helping people to register their movable assets, the end result will never come. I think the Minister for hydro will give clear this but it will never work.

Mr Speaker, I am raising this concern because we are unnecessarily raising the stakes and expectations of our people, especially those living in the rural areas. We are unnecessarily raising and giving people wishful thinking or hope that once this Bill is passed and becomes law, they can immediately have access after registering their movable assets. Mr Speaker, this Bill will have no effect in the next 5 to 10 years. And I hope the Prime Minister and the Deputy Prime Minister take note of this. They must move it so that we can see the results of this Bill. They must do it. But the MP for South New Georgia/Rendova has no hope and belief in this Bill.

Mr Speaker, different people, businesses and individuals will have different definitions of what a movable asset means. The Prime Minister has already explained this. For people in the rural areas it would mean pigs, chickens, dogs, cats, and the list goes on, Mr Speaker. That is what they would regard as movable assets. To them an asset is different in the village as oppose to people living in the urban centres. Now whether the lending institutions would readily accept these movable assets once registered in the registry office is a different thing altogether.

Sir, let us therefore not unnecessarily raise the expectation of our people just because it look good on the outside but its real woodwork will miss its target.

Mr Speaker, whilst I would support this Bill later not now, I still do not believe this is the right approach and the right time for pushing this Bill to Parliament. There are already alternative arrangements the government could have seriously pursued. You don't have to introduce a bill to try and advance rural borrowing. No. For instance, the last GGC Government has already introduced a scheme of \$10 to \$15million to help people in the rural areas. And I want the Minister of Finance to tell the Parliament how many rural people have benefited from that scheme. This is another scheme. We are trying to legalize a scheme to help people in the rural areas.

This is what we are trying to do, but unless we explain to them how many of have benefited from the previous scheme, this bill will be of no effect? And \$10 to \$15million is money that is readily available, readily accepted by the banks, as opposed to the movable assets.

It is going to be hard, Mr Speaker. I am raising these issues so that we are mindful of them. We must be mindful so that we do not raise our people's hope for nothing otherwise the people register their assets just for nothing. I mean that would be the real effect. To go and register their furniture, pigs, chickens in the registry office and then the next day it was found out that somebody stole the pig. That is what I am talking about.

This is rural advancement. This policy is targeting people in the rural areas. Even your vehicles, these days people can steal a vehicle. You may go and register your vehicle in the Ministry of Finance as collateral and the next day you would be looking for your vehicle. Much worse would be pigs if you want to register them, or cows or chickens because the next day somebody poisons them and they are all dead.

I am talking about real issues or the practical issues this Bill will have. I would like to suggest to the Prime Minister with the Attorney General's advice, the Deputy Prime Minister and especially the Member for Savo/Russells to come up with much more creative things that would help people.

In fact, Mr Speaker, the debate on this bill started yesterday under the mango trees with the two former Finance Ministers all from the West and me. The debate started and they said that now people in the rural areas will have easy access to finance. I just stood there and said "you two need to reason a little bit deeper and try to understand people in the rural areas". You must understand them first before introducing this Bill because their understanding of movable assets, and its definition and meaning is different to those of us sitting on the floor of Parliament.

Sir, even those of us sitting in here, how many of us have movable assets? That is another thing. There is no point of trying to raise those things. Let us be more realistic. Let us address issues. You do not have to make people in the rural areas borrow to make a living. No, Mr Speaker, they already have copra, they already have cocoa, they already have other resources. They do not need to borrow to develop or to utilize these resources because they are sitting on a wealth of resources that can be easily tapped and developed. They do not have to borrow. Why do you want to make our people borrow to make a living? This is exactly what this Bill is trying to do. If we want to advance rural livelihood and sustain life in the rural areas there are better options, there are readily available options the government can do, for example, the Credit Union which is now with the Central Bank.

Mr Speaker, I am very proud that one community in my constituency initiated this thinking because the community has seen it fit that people in the villages, especially the women continue to borrow money. They sell goods and earn good money in one

week but they continue to borrow and so somebody in the community initiated this thinking. I think an alternative to this thinking is what the government should be doing. The government should work with the Central Bank to try and encourage people in the rural areas to join credit unions rather than registering their movable assets for nothing because at the end of the day it will not work.

Whilst the Minister of Finance may have the good intention of helping our people in the rural areas, the commercial banks have different rules, different regulations and different standards and conditions that people need to satisfy or qualify before they can lend the money. So let us talk about real things instead of just unnecessarily raising things that will mean nothing at the end of the day.

Mr Speaker, whilst I have a lot of reservations about this Bill, I will just go along with the tide because it will make no difference even if I oppose the bill because the government has the number. I will just go with the tide but raising my concerns at the outset so that people know, especially those in the rural areas that this is just another wishful thinking Bill. This is another Bill that will unnecessarily raise the expectations of our people and will not deliver the good and noble intentions in this Bill. I only hope, believe, trust and pray that the Minister of Finance and the two former Finance Ministers will help with the Prime Minister, the Deputy Prime Minister, the Attorney General and the MP for Savo/Russell to come up with something more creative that will help our people. You are already nine months in office and you still have not delivered. I will speak more on that when we come to the supplementary appropriation. Mr Speaker, for the time being and for the purpose of this Bill I reluctantly, quite reluctantly support the bill.

Mr NUIASI: Thank you, Mr Speaker, for allowing me to take this floor to briefly speak on this important bill the Minister of Finance brings before Parliament for us to consider. I would also like to thank the Minister of Finance for bringing up this important bill, the Secured Transactions Bill 2008.

Mr Speaker, I can see that this Bill is a replacement of the Bills of Sales, which has been with us for the last 30 years but has not stretched its arm down to the rural areas. This Secured Transactions Bill 2008, Mr Speaker, as far as I am concerned will cater for rural people in regards to borrowing and other business transactions within the Secured Transactions Bill 2008.

Mr Speaker, I think stretching arms to the rural people in order to secure loans through their movable assets is a step forward. Mr Speaker, the things we talked about in Parliament are very important things. This Secured Transactions Bill is also an important bill for us to consider how best we can apply it to reach the rural areas. In talking about its definition, it is quite clear because the Secured Transactions Bill 2008 has its own definition and that definition would highlight or clearly explain to whoever

would want to borrow or want to use it that it has its own explanation when implemented by our officials.

Mr Speaker, I can see this Bill coming in at the right time because when it comes to its implementation we should not expect it to be implemented tomorrow. It will take time for officials or even relevant authorities to sit together and see how best they will implement it for the benefit of our rural people who have been disadvantaged or do not have any security to borrow money from the banks.

Mr Speaker, this is a straightforward bill that I see will help people in the rural areas to get loans against their movable assets. I think all of us in here are leaders in our own context representing our people and we cannot just implement things that would be of no affect our people in the constituency.

Movable assets are assets that in the regulation would be defined very clearly. My only concern here, Mr Speaker, is that in the drawing up of the regulations, the relevant authorities that would implement this Secured Transactions Bill 2008 to sit down together and iron out their differences. And when the regulation comes into being it should be applicable for both the Government and the private sectors to enhance in carrying out this Secured Transactions Bill, Mr Speaker.

This is the only area I have concern on. Other comments that have come up, Mr Speaker, which I see that we need to take note of because this is an act of Parliament in order to be applicable or in order to be practically implemented, would need all of us to work together to enhance whatever legislation that comes into being so that it does not affect or jeopardize the population of Solomon Islands, but ensures that benefits from this Bill or legislation is of benefit our population in Solomon Islands.

Mr Speaker, since it is a replacement of the Bills of Sales Act, I see no problem with it. I see it as a step forward in the right direction for us to implement and see how best we will apply it with the relevant authorities.

With this brief comment, Mr Speaker, the area I am concerned about is when drawing up the regulations the relevant authorities must sit together to ensure the regulations to be attached to this Bill are regulations that would enhance the implementation of this Bill by the authorities concerned.

With this, I support the Bill.

Mr TANEKO: Thank you, Mr Speaker, for allowing me to contribute briefly on this very important Bill, which also is exciting for us. Mr Speaker, I for one supports this Bill and look forward for this vision of a baby born in the future in the House of the Legislature that someone with a vision has brought forward. I thank the Minister of Finance and the Committees for bringing in this very important Bill.

Mr Speaker, there is nothing that will give birth in our nation, Solomon Islands, unless we have a vision. And that vision is that we will have our children who will

crawl, walk-about and so on. Our vision now is for us to look forward to change the way we live. And that change is to look forward to build the wealth of our nation.

May I quote, Mr. Speaker this morning Deuteronomy 8:18. The Bible says, "But remember it is the Lord who gives you the ability to get wealth." Therefore, Mr Speaker, wealth is not free. Wealth is going to give birth from somebody's vision and here before us is a Bill seeking the approval of this honorable House that aims to change the livelihood of our rural people.

Mr Speaker, I am excited because I can see the vision that if this Bill is legislated out of government policy in the manner as we always approach and promote the bottom up approach. I can mention here the visions and the wisdom that Shortlands has that this is one of them that will allow me to cater for the strengthening of the rural livelihood in the terminology of their finance as to how they can be improved to make money.

Let me give you one example on copra. Today, the village man when he brings his copra he produces; he sells it to a buyer for Solomon dollar and gets very little in return for his copra produced resulting in sweat and hard work, including the labour of the mother and the children. If this Bill is passed and the regulations allowed it in the future, and I take CEMA, for example, that when the exporters export their copra, the little man who produced the copra gets very little money and the exporter gets big money based on added value. If this Bill is approved and becomes legislation of the nation, the little man will have an incentive after the export of his copra produce because he will get big money. In this way the little man in the village in his constituency will benefit from his sweat as the more copra he produces the more he will get and so he would be encouraged by incentives to produce more copra for the export market.

This Bill can do so in the future if the financial institution is regulated to build the collateral of any constituency that works hard and sweats to build that collateral. That can be done. Thank you, Minister of Finance for bringing this Bill. This is a vision and wisdom that I see that can open the door for people working in the future to work hard to export their copra, their logs, their marine resources to have access to increase the added value from their copra produce. This Bill when regulated will have an incentive that is included after the Bill is passed.

Mr Speaker, I will not debate further but the Bill itself with its purposes is very clear, and that is to improve access to capital for businesses and individuals in Solomon Islands.

We have no problems in the urban areas. Many of you have your own ice boxes, cars, buildings and are accessible to financial resources. But the poor people in the villages are required to register their collateral and how much assets they have. And if the modern technology of communication gets to the villages, I am sure the Bill will strengthen our rural people in the villages.

Sir, having that recovery to date; as other speakers have mentioned this Bill repeals the old Sales Bill. When we go we give our assets, our collateral and mortgage our properties and if we do not repay, the Sales Act requires us to sell everything to recover everything. So it is just repealing of the old law.

I do not want to mention that but I have confidence in this Bill in the future and later on when we are to legislate under the Act. The Act clearly states here that we are looking for better ways on how best we can access funds from the financial institutions. We have now one example, in the insurance coverage. We should have the insurers. The insurers will get the premiums and the elders and the small man will go for the mortgage of the coverage that we have. I am sure that later on the strengthening of this one will also help us. Even us the big ones can have our own trust. We do not have to look for money from outside but we can tell them to come into Solomon Islands to build collateral here so that the small man in Solomon Islands with half a million people can have access to government and not to go far away but remain here to build our nation. We do not have to go far to England, Australia or wherever to mortgage our resources, it is just the same.

Mr Speaker, as I said, I will be very brief. I haven't seen a bill brought here that is a door way for the vision that is coming as legislators in this House so that in future we can be able to strengthen the betterment of our livelihood that we always talk about-the 'Bottom up Approach', strengthening our financial monetary system for our small people and I see that it fit with this Secured Transactions Bill 2008 is for our future as an eye opener for us to be prepared and strengthened, especially the rural areas that produce copra, timber, and marine resources.

The above three areas, Mr. Speaker, are today not being taken in their added value. When are we going to bring that in so that this Bill in the future will protect our people? I have now began to see how we can strengthen this and when this bill is approved a regulation will come in the Ministry of Finance to provide an incentive so that when the 'small man' brings his copra to sell here out of his sweat and hard work, and when the buyer exports his copra after knowing his tonnage will give him incentive that can go straight to his collateral in any financial institutions that he is a member of. I know that definitely the 'small man' will benefit. But today, for example, when we bring our copra -MV. Bikoi 2 has four times brought in copra for sale, which is worth more than a million dollars but the small people, only got a small value. When the buyer exports the copra, he receives the real added value. This Bill in the future, if it is approved must make way to strengthen our finances, both in the rural and the urban areas.

With this contribution, Sir, I support the Bill.

Hon HUNIEHU: Thank you Mr Speaker, I shall be very brief because I think all the other speakers have already raised important issues.

Mr Speaker, this Bill repeals the Bills of Sales so many years ago, which was introduced by the colonial government in our country. And so I quite agree with the Minister of Finance that this is the beginning of a reform within the financial system and the Banking System. In our country and in any country in the world it is the banking system that must be set right with the development needs of the people of each countries in the world, and I believe this Bill has comes in too late.

I remember, Mr Speaker, when the Development Bank was still operational and the lending policies were quite flexible, there were many Solomon Islanders who benefited out of that Development Bank. I also remember, Mr Speaker, that there was once a scheme introduced by the Central Bank called the Guarantee Scheme and many Solomon Islanders who could not find the collateral benefited from those schemes. I only hope that those schemes remained up until now.

This Bill, Mr Speaker, is only giving and providing new openings to many Solomon Islanders who may wish to borrow money for development in their constituencies or in Honiara for that matter. And that is why those who want to resist change by not supporting this Bill will never change and they will never cause change to the development destiny of this country.

I believe that we this Parliament must be making legislation to change the development destiny, the development landscape of this country. The banking system of this country is one of the things that we must address. It does necessarily mean, Mr Speaker that things would change overnight or tomorrow by enacting this Bill. No! There is nothing in life that happens like that. The regulations have yet to come. The people of Solomon Islands have to win the confidence of the banking system to make the system work and it will take a lot of time.

I was listening to the MP for Shortlands who had just sat down and what he was saying was nothing but the total truth. As a politician there are many Solomon Islanders who buy cocoa and copra. They only have little cash may be a couple of hundred bags of copra, and their requirement is that if somebody could give us, you know, a couple hundred thousand of dollars to buy more we will be exporting a couple of containers of the product, cocoa, coconut or timber or whatever it is. But because there are so many restrictions in our financial system, these Solomon Islanders have had to sell their products to a middle man and you know who the middle men are. They are the ones who reap off Solomon Islanders at the wharf. They are the ones who get more from the resources that we own, Mr Speaker.

Do you know that somebody who bought 1,000 bags of copra, probably stored for shipment had run out of working capital to buy more. Why don't you think that the banks shouldn't help him? Why don't you think that the government shouldn't help him? And the same goes for cocoa. If somebody buys 500 bags of cocoa with the only cash he had borrowed from the bank, what makes you think that the banks should not

help him more by using those properties as collateral to get more financial assistance to buy more?

You know, in business you have to wait two or three times to get your money, and this is slowing down the economy, Mr Speaker. The same goes for timber, Mr Speaker. You know how many Solomon Islanders shading their timber? It costs them freights, it costs them so much. They may come with 50 cubic, and when they arrive at the wharf they pay for the freight only to sell to a middle man and not getting the full value of their resources. This is rural advancement that we are talking about Mr Speaker.

Who said that it is not rural advancement? In fact those that will be benefiting out of this Bill immediately are the Solomon Islanders who are buying products from the cocoa farmers, the copra farmers, from the timber operators, from the trochus shells, marine shells, Mr Speaker. And this is what government is all about. The Government must be looking at how to promote development. If it means changing the banking law, change it, Mr Speaker. If it means to change government policies and inject more financial assistance to the producers of this country then do so. This is the best thing that has ever happened in the history of Solomon Islands.

Those of us who have spoken only think about the movable assets in Honiara. I am not worried about Honiara, I am a rural dweller. People in Honiara have better access to lending facilities from the banks than people in the rural areas.

The little that we do in helping people in the rural areas must be supported by all of us and the whole country. This is how we develop this country. You can take it from now. If you go out now, there are 10 or 20 people waiting for you outside asking for money and for bus fare. This is what we are trying to prevent. We are trying to get them involved in production and not to be dependent on their Member of Parliament. This is what this Bill is all about.

I am quite surprised to hear from a learned man like the MP for Rendova/Tetepare who does not seem to understand the objects and the reasons for this Bill. He was talking as if he comes from Ethiopia but he is a member of a rural constituency. All of us should be supporting this Bill because this is the lifeblood of rural constituencies in Solomon Islands. This Bill will continue to be improved in order to give more incentives to the banks to assist borrowers from the rural areas.

Do you know how much informal wealth do our people in the rural areas have? It is trillions and trillions of informal property that they have. I am hoping that one of these days we can create another banking mechanism to recognize the enormity of wealth in the rural areas. This is the beginning of a long process. I have a pity for those good things that when they enact an act of Parliament today, they will achieve all that by tomorrow or by next week. This is not leadership. Do not mislead this Parliament because nothing is like that.

There are people who are afraid of their shadows. Why should you be afraid of your shadows when a bill like this is very precise? If you want to be afraid of your shadows, go back to the house, resign from being a Member of Parliament so that you have nothing to worry about. I am not afraid of my shadows because my shadows cannot kill me. It is not a human being.

This Bill raises, in my view, nothing to question, nothing to worry about. It is only proposing some ways to, at least, improve things for people in the rural areas.

I am making this contribution on behalf of the people in my constituency because so many people who have seen me told me that they wanted to engage in buying and only need this much and so they need assistance. Now I hope that the banks after having certified that our people having one hundred bags of copra in readiness for export, should give them more to buy more. This is the Bill that will facilitate that because banks do not recognize informal assets, as I have said. But now we have legislation in hand that recognizes the ownership of such properties by our people. And if it is recognized by an Act of Parliament, the banks must recognize these properties as collaterals for borrowing whatever the proposals are.

Another aspect of this Bill is that normal proposals will be submitted to the banks just like under the Bills of Sale Act – normal bankable propositions. The CNURA Government is not forcing the banks in Solomon Islands to accept every proposal they receive. We are only making a law to recognize this to induce them and encourage them to provide funding for projects by our own people.

I remember a Solomon Islander who told me that he had about four thousand cubic of logs in the long pond but he could not even get collateral for it. Now you can go and do your own logging because the banks will give it to you immediately if they see that the logs are worth a few hundred million dollars, may be two or three million dollars already on the log pond for export, and they will help you, Solomon Islanders.

This is a good bill and I would like to commend the Finance Minister for introducing it at this right moment. I think the CNURA is a government for change and we do propose change in the right direction. This Bill will not be taking us in the reverse gear, as mentioned by the MP for Rendova. Not at all! This Bill is not taking us into the reverse gear. It is taking us to a forward gear.

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

Hon MANETOALI: Mr Speaker, I rise to thank the Minister of Finance & Treasury for this Bill and the CNURA Government for the Secured Transactions Bill 2008. Mr Speaker, it is a Bill that will assist those who are interested in business. It will assist them in using their chattels to be security for loans.

Sir, when you go to a bank asking for a loan, the banks will need security. Who can benefit from this legislation, Mr. Speaker? My answer is both those from the rural areas and the urban areas. People in the rural areas are getting used to loan from

commercial banks. They would loan for small businesses such as copra and other small business activities. This Bill allows rural business people to be able to obtain loans.

A number of rural people have been involved in obtaining loans already from the commercial banks. Let me give an example, Mr. Speaker. A copra farmer from the rural area may register his/her pig to secure a loan for money to purchase copra or drums and net for his/her copra dryer. The farmer has to repay the loan, if not the pig will be sold to pay up the loan.

Mr Speaker, copra price is increasing and copra is one of the country's main export commodities. The more we export, the stronger our currency; and the price of goods will reduce to reasonable prices. I believe more copra farmers would have access to loan when the Bill is in place.

The main idea for the Secured Transactions Bill 2008 is to give access to people in the rural areas to secure a loan. And as I have said earlier on, loan is not a new thing to our people. It has been practiced by our people. It teaches people to be responsible, and that is to ensure that what is loaned must be paid back. The other important thing about loan is that money will always be there to help more people through loan.

There are speakers who said that the present Bill is not for people in rural areas. I argue that it is not only the commercial banks that people in rural areas can loan. People in rural areas have Credit Unions. Some credit unions still exist and some may have no longer existed or in operation. But I believe most credit unions still exist in rural areas. Credit unions are legally recognized by the Credit Union legislation, a legislation passed by an Act of Parliament.

Credit Union is the peoples' bank. It is a bank set up by rural people themselves. To those who emphasize on rural people like the MP for Rendova/Tetepare must support the peoples' bank. It is good to hear that the MP is supporting credit unions because that is the peoples' bank.

This Bill is opening up other difficult areas which may be of beneficial to our people. The CNURA Government does not close windows; it opens up opportunities for our people and passes laws to give opportunities to our people. If the Bill does not work out well, it can come back to Parliament again for amendment. Mr. Speaker, the current Bill as I have said, is to assist rural dwellers.

Finally, Mr Speaker, I support the Bill.

Mr KENGAVA: Thank you, Mr Speaker, for giving me this opportunity to briefly contribute to the debate of this Bill.

Sir, very briefly many things have been said but I want to make the point that credit must go to the CNURA Government by bringing this Bill within eight months in office. This is a point in proving the government's move to advancing the livelihood of our rural people. Also the purpose of this bill to improve access to financial assistance

to our people is something that we must look forward to as a positive move in the right direction.

Whilst the member for Rendova/Tetepare looks at this Bill very negatively or pessimistically, I for one look at it very positively because this is the second most important Bill introduced in this Parliament for this nation besides the New Foreign Investment Act of 2005. The passage of this Secured Transactions Bill in Parliament would also have an effect in the economic growth of this country. I for one really believe that as time goes on, implementing these two Bills hand-in-hand, will see a lot of big changes taking place in the rural sector.

Sir, this Bill is trying to address the difficulties faced by ordinary Solomon Islanders to borrow money from the banks because of lack of security acceptable by the banks. This Bill is one way of making it easier for our people to negotiate more on a strong footing by using movable items as collateral for loaning money from the banks and other financial institutions, Mr. Speaker.

Sir, the use of movable properties as collateral for security is much more reasonable and understandable to our people. This is one way of coming up with bills that our ordinary people can understand. The present Bill that is going to be repealed by this one is too complicated as many of us have noticed.

What I want to say here is that once this Bill is passed through this House, it would be up to the government and us as national leaders to make sure this Bill actually works for our people. We must advise our people in the constituency what it means. In other words, I think the aim is to get our people understand this Bill and once it is passed it is up to us leaders to tour our constituencies and explain to our people what this Bill is all about so that people can better understand what this Bills means and what they will have to do in order to access finance or it would be more easier for them to loan money from financial institutions.

Sir, I just want to raise three points. First of all, I fail to see one of the main banks in the country appear as a witness before the Legislation Committee. I just want to point out the fact whether this particular bank supports this particular Bill or otherwise because it is a leading bank in the country, spreading right throughout the provinces, and it is very important that it must also support the move the government is making.

Secondly, I think banks have their own procedures in granting loans, as many have raised, and it is very important that once this Bill is passed and the Registration Office or the Filing Offices in Honiara, there must be some mechanisms in place so that people in the provinces can have access to negotiation for loans where they do not have to come to Honiara. That is the most important thing otherwise it will be too costly for them to come to Honiara to negotiate for loans and going through the processes. I think that banks that establish themselves in the provinces should also allow people to negotiate for loans in the provinces instead of coming to Honiara.

The same should also apply to the Filing Office where some mechanisms should be in place so that provinces could also play a small part in assisting the Ministry of Finance on this.

We must advise our people that banks will still follow their own procedures, their methods, they have their own strict regulations and procedures to follow, but the most positive thing now is that once this Bill is approved the banks can consider movable items and perhaps everything that is possible for a rural man in negotiating for loans.

Sir, the Bill aims at improving access to loans, and this is very good for us.

In concluding my short contribution, I also want to encourage the government that once this Bill is approved, it must continue its work of reforming the financial institutions in the country such as improving the credit unions, cooperative societies, which also are accessible to our people in getting financial and productive activities.

Lastly, we have a very important financial scheme also in place here, and that is the Rural Development Fund under the Minister of Rural Development. May be a suggestion is whether we can look at the possibility of turning this fund into a special fund in the Ministry rather than it to be part of the consolidated fund, causing a lot of delays in approving funds for our rural farmers who are applying for this particular program.

Mr Speaker, I think we must not be pessimistic like the MP for Rendova/Tetepare but we must be positive and one step ahead. We must try and let it work. Allow the Ministry of Finance to come up with the regulations and it is up to us leaders to go out and explain to our people what this Bill means to them.

Sir, with these few comments, I support the Bill.

Mr MAELANGA: Mr Speaker, just a small contribution. Mr Speaker, first I would like to thank the Minister of Finance for this very important Bill he brings to Parliament. I would like to congratulate the Minister of Finance.

I would like to suggest to the Minister to make further explanations on this Bill for our rural people. I say this because this Bill is especially for our rural people and the group that I was thinking of, if the Minister could set up, to proceed to our rural people in our provinces so that our rural people can understand this Bill because many times, as we can see only people living in urban areas are utilizing such opportunities.

This suggestion come up in my mind, Mr Speaker, because I see it fit that our rural people, our village people need to understand how and what they must do in order to be entitled to get loans from our commercial banks under this Secured Transactions Bill. I would like to thank the CNURA government for this Bill because I can see that in reality our rural people will benefit from it.

My only suggestion is for the Minister to set up a group that would go out to our provinces and explain more this Secured Transactions Bill, so that they can understand

how they can get loans. As you know our people are living in the villages and we would like to ensure that our rural people benefit from this scheme.

That is my only small suggestion to my Minister. With these small ideas, I support the Bill. Thank you, Mr Speaker.

Hon FONONO: Thank you, Mr Speaker for allowing me to contribute briefly to this Bill. In so doing, I would like to thank the Minister of Finance for introducing this very important piece of legislation that the CNURA government sees as a tool in its rural advancement policy we are currently implementing, Mr Speaker.

Sir, as other speakers have said, although it has taken eight months for the government to introduce this Bill, it is better than what the previous government has done during its two years in office. This government has seen the importance of broadening the financial system within the country to allow our rural people have access to credit.

Mr Speaker, I disagree with certain comments that this Bill is only for urban dwellers and for a very few people. As we might see, there are certain sections in there that refer to using livestock or crops as movable items that one could use for providing security for loans.

Mr Speaker, this Bill is very timely in that the weakness of quite a number of our people to borrow from commercial banks is the security aspect. One has to provide security before banks can allow loans to borrower who seeks borrowing.

Mr Speaker, as we all know, all financial institutions have their policies in place. Security is only one aspect they usually ask ofr. The other area, of course, is equity contribution. They have to find out from the borrower what composition of the loan amount is to be provided as equity. But very often, Mr Speaker, many of our people do not realize that the equity can also be in the form of kind or good, and not necessarily cash. For example, Mr Speaker, if you want to build a house for rent or commercial property and you cut your own timber; the value of that timber can be used as equity. That is an area where a lot of Solomon islanders do not understand. The goods or the materials that you contribute can be used as a form of equity that the banks are looking for.

The other area, of course, Mr Speaker, is management capability, especially for business proposals. The bank can see or may ask whether you are providing management that is capable enough for managing business and that the bank is secured of you repaying their loan. And, Mr Speaker, they always ask for cash flow projection as to the viability of proposals. Mr Speaker, let us not forget that the banks are lending out people's money and so they are very concern that a borrower when borrowing must make repayments.

Mr Speaker, I totally rule out the perception that the banks cannot assist Solomon Islanders totally. This is because there are certain Solomon Islanders or some Solomon

Islanders that meet bank requirements and they are now successful businesses contributing to the development of our nation since Independence.

Mr Speaker, whilst the Government is trying to provide an enabling environment that can allow our people to borrow, I think it is important that the attitude and the mindset of our people needs to be changed. Over the years we have seen the failure of the Development Bank and a lot of arrears of borrowers were not repaid and this has contributed to the failure of the Bank. This is similar to a lot of our credit unions in the rural areas where borrowers have not been able to make repayments and so credit unions fail. Therefore, it is the mindset or attitude of our people that needs to be changed.

We are now in the 21st century and borrowing money requires a person to be honest. Honesty is required, and that is why I am calling on Solomon Islanders that whilst the government is prepared to assist, we ourselves must change our mindset in any business undertakings that we would like to do so that we can be successful in our business undertakings.

As I have said, Mr Speaker, we need to educate our people on change of attitude towards borrowings if we are to run successful businesses. Whilst at the same time, Mr Speaker, there is also the need for the government through the Central Bank to continue to liaise with financial institutions to make certain reforms to their current policies.

I am raising this, Mr Speaker, because quite a number of small Solomon Islands businesses are being hard-hit with high charges the banks are charging. If one is to look at a bank statement, you will find many types of fees like account keeping fees, transaction fees, handling fees, and for a small business to pay up \$400 to \$500 a month on those different fees is quite high.

Similarly, Mr Speaker, when we consider the lending rates that banks are giving to borrowers at this moment, there is a very big margin between the savings and investment bank interest that our financial institutions are giving to us investors or savers compared to the lending rates. There needs to be reform in that particular area in order to give incentive to encourage people to save. Interest rates play a very important role in the economic development of our nation.

However, Mr Speaker, I also wish to commend banks that are now operating in the rural areas like what my colleague Minister for Forests has raised. The ANZ Rural Banking service is providing mobile banking services in the rural areas, especially here on Guadalcanal and Malaita. It must be commended. Mr Speaker, I got reports from my constituency that the ANZ Bank is providing mobile banking to people in the rural areas within my electorate thus enabling them to save.

Mr Speaker, Solomon Islanders need to learn how to save. And here again is the mindset that we need to encourage our people in terms of borrowing and savings. Because when you save a small amount of money you can borrow. And borrowing Mr Speaker, enables one to establish business or to expand his business. And I am

surprised that whilst the MP for Rendova/Tetepare said there is no need to borrow, my goodness, Mr Speaker. I think we need to continue to move away from this handout mentality that successive governments and even this government is advocating through the RCDF.

I think we need to move away from that mentality so that the RCDF is for social services and community social services for the whole population or the whole community to benefit from.

I did that, Mr Speaker, during my first term. I contribute to education by building class rooms, clinics, water supplies. I don't want to give money to individuals who come to me asking for money. I did that and yet I still won my seat. So much so that sometimes we are afraid that when our people come to ask for individual assistance and if we do not provide that assistance to them we might not be re-elected into parliament. But you will tend to see, Mr Speaker, that it is the same people who would come to seek assistance month after month. That mentality needs to be given to our people that we need to change the mindset so that we move out from the handout mentality. We need to encourage our people to involve in borrowing for commercial or income generating projects.

Mr Speaker, it is very important that when our farmers in the rural areas need money this piece of legislation, my good farmers, will enable you to borrow from the banks. I believe that the comments by the MP for Rendova/Tetepare that one is required to register with the Ministry of Finance before acquiring a loan is contradictory. I think that is the opposite.

You can see your bank with your proposal identifying the movable assets that you will need to pledge as security before the bank may register it with the office of the Ministry of Finance. This is so, so that it is secured to avoid borrowers using the same assets in different financial institutions for the purposes of acquiring loans. These are areas I believe that in the implementation of this piece of legislation will become clearer. I believe our people will be able to benefit using their movable items or the goods they own.

I believe, Mr Speaker, that this Bill is timely as items like livestock under Section 22, 23 and 24 including crops our farmers are growing can be used as security. Therefore, one does not raise livestock in urban centers or grow crops in urban centers. It is in the rural areas that one is able to raise livestock and grow garden crops that can be used as security.

Mr Speaker, this Bill is timely and I support the Bill. Thank you very much.

Mr AGOVAKA: Mr Speaker, I too would like to contribute briefly to this Secured Transactions Bill 2008.

First of all, I would like to thank the Minister of Finance for bringing the Bill into Parliament to be debated and passed. But more so, Mr Speaker, I would like to thank

the former Minister of Finance in the first government for bringing the bill. He is now the Minister of Environment and Conservation. There were a number of bills that we were trying to reform during our time, Mr. Speaker, and one of them is the Secured Transactions Bill.

I can remember a MP for West or East Makira, one of the late Members of Parliament, in a debate in Parliament, described how he went to the bank to try and get a loan from one of the commercial banks. He went into the interview room and was interviewed for five minutes. He came out and said, "Man, inside the interview room, questions after questions came and when I came out after five minutes, my head was dizzy". He could not answer the question because he could not secure his farm, logs and movable assets as collaterals for the loan.

Mr Speaker, during the ethnic tension as you know, most if not all private sectors closed down. Some eventually went back to their country of origin, and it was the informal sector that kept the economy going. These are people in the rural areas.

I think when our economy was down; they kept the economy going through their hard work, their sweat and their blood. Mr. Speaker, this Bill will give them an opportunity to extend their business by way of using their movable assets as collateral to secure or access funds and capital from financial institutions.

Mr Speaker, in considering this Bill, we have to also look at how we can strengthen the institutions. In this Bill, there will be a creation of an office, the Registry Office. In my mind, it is important for the Minister of Finance to perhaps re-look at the Registrar Generals' Office, perhaps strengthen that rather than creating another office and making a lot of work for the government. Rather than centralizing one-stop short of registration, not only for collaterals, business companies as well as other registrations.

Sir, how confident are lenders going to look at this Bill? How confident are the finances regarding funds? This Bill may bring locals and rural people to use their movable assets as collateral. Is this Bill binding the lenders? These are some of the questions we need to ask ourselves. We need to prepare proper procedures and regulations to be clearly defined and simplified for the sake of our people who will be using this to access funds and capital for their business.

The other questions I have when I was looking at the Bill is the question of when a borrower dies, he leaves a will, what happens to the collateral? Who will take the collateral? Will it be the banks or those that have the will? These are some of the questions that need to be clearly defined so that those who are going to borrow, those who are borrowing and have a will, their assets and collaterals will be able to - and the banks will be able to collect or recover the money that they lend.

I am also happy that this Bill is now in Parliament because not only my farmers but the mineral resource owners will be able to use their minerals, gold and those kinds

of things as collateral to go to the banks for loan. With this brief comment, Mr. Speaker, I support the Bill.

Mr Speaker: Honorable Members, since the Bill appears to have support across the floor, I wonder whether we should continue the debate or simply ask the Minister of Finance to make his response. I do not want to interfere with the debate.

Hon Rini: Mr. Speaker, in winding up the Bill, I would like to congratulate those who have spoken both on this side of the House and also on the Opposition side. Sir, there are a lot of good comments and unnecessary comments, especially the comments made by the Member for Rendova/Tetepare. I do not think he lives in the village and that is why he does not know the needs of the people who live in his constituency. He said that they do not need loans; they have money from copra, cocoa and timber. I think he does not live in his constituency and that is why he does not know the needs of the people.

Mr. Speaker, this Bill is a very simple Bill. It just replaces the current Bills of Sales Act, which covers chattels or movable assets. At the moment, it is very hard and expensive to use these as security. Lawyers are needed to draw up the agreements. That is why when people went to the banks to ask for security, the banks cannot accept movable items because of the nature of those assets.

Mr. Speaker, this Bill replaces those problems. At the moment, when we go to the banks to ask for loans, the banks will only accept fixed assets and not chattels. This Bill is trying to change that. The banks will recognize your movable assets provided for consideration of a loan application.

But, Mr Speaker, as I have said when introducing this Bill, it does not mean that the banks are going to accept every proposal submitted to the banks. No, and we must make this very clear. The banks have their own screening processes. If you have a good record with the banks it will be easy for you to acquire a loan, but if you have a bad record they will not grant you any loan.

Mr Speaker there has been wide consultations before this Bill was brought to Parliament. We consulted the banks and they have given their full support. Even some of these banks are already experiencing this. Also after passing of this legislation, this Bill, we will consult them again when the regulations are formulated and they are quite prepared to assist us on that.

So please don't take it that we are forcing this Bill. We have consulted the Chamber of Commerce, the Civil Society, and they have given their full support for this Bill.

Mr Speaker, other speakers have stated that this Bill is only for Honiara residents and not for rural areas. This Bill is intended for the rural areas. People in the rural areas now will be able to provide their movable assets, for example, cattle, crops even

canoes or outboard motors as collateral for their loan. This Bill is not meant for urban areas but it is meant for and really targets our people in the rural areas.

Mr Speaker, other speakers talked about that there should also be other legislations coming to this Parliament. I can assure this Honorable House that there are some more bills that this government will put before this Parliament before the end of this year. A new Companies Act will be coming in to replace the existing one; a new Receivership Bill will be coming during the November sitting. We are trying to bring these bills before parliament to make it easier for our investors and our people to go into business. These are the Bills that will be coming to Parliament in the November, Mr Speaker.

Mr Speaker, I would like to thank everyone who has contributed to this Bill. Once it is implemented we will see that it helps our people in rural areas.

With these few remarks, Mr Speaker, I beg to move.

The Bill is passed

Sitting suspended until 2pm.

Sitting resumed at 2.00 pm

Mr Speaker: Honorable Members according to the Order Paper it is proposed that the House would now resolve into the committee of the whole House this afternoon. However, I have been advised by the Honourable Minister of Finance and Treasury for a change to today's business. Perhaps the Honourable Minister might like to explain this to the House.

Hon Rini: Mr Speaker, following the first reading of the Secured Transactions Bill 2008, errors were identified by the Attorney General's Chamber. In order for appropriate amendments to be put on notice for Honourable Members information, I propose that the committee stage be dealt with tomorrow. For that reason, Sir, I move that the committee stage of the Secured Transactions Bill 2008 be adjourned until tomorrow.

Mr Speaker: Thank you for your explanation Honourable Minister. The question is that committee stage of Secured Transactions for 2008 be adjourned until tomorrow.

The question agreed to

Mr Speaker: Honorable Members that disposes off our last two items of the Order Paper for today. I now call on the Honourable Prime Minister to move the adjournment motion.

Hon Sikua: Mr Speaker, I move that Parliament do now adjourn.

The House adjourned at 2.45pm