

MONDAY 15TH DECEMBER 2008

The Speaker, Hon. Kengava took the Chair at 10.10 am.

Prayers.

ATTENDANCE

At prayers all were present with the exception of the Ministers for Planning & Aid Coordination, Mines, Energy, Mines & Rural Electrification, Ministry of Environment & Conservation, Ministry of Civil Aviation, Ministry of Infrastructure & Development, Ministry of Public Service and South Choiseul, North Malaita, East Makira, Temotu Vattu, North East Guadalcanal, West Honiara, North West Guadalcanal and Malaita Outer Islands.

PRESENTATION OF PAPERS AND OF REPORTS

By the Chairman of the Public Accounts Committee:

Report on the Public Accounts Committee on its consideration of 'The 2008 Supplementary Appropriation (No. 2) Bill 2008.

QUESTIONS AND ANSWERS

Engagement of former Australian Labour Party Parliamentary

18. **Mr SOGAVARE** to the Prime Minister: Can the Prime Minister inform Parliament on the government's achievement from its engagement of the former Australian Labour Party Parliamentary Secretary for Pacific Affairs in the Prime Minister's office on:-

- (a) The coordination and promotion of investment in Solomon Islands? and
- (b) The promotion and coordination of labour mobility?

Hon. Sikua: Mr Speaker, firstly I would like to thank the Honorable Leader of Opposition and Member of Parliament for East Choiseul for his question.

Mr Speaker, I would like to respond to the first part of the question this way. First of all, I would like to say that my visit to Brisbane in June this year at the invitation of the Australia Pacific Islands Business Council was very successful to the extent that there has been significant interest from Australia and beyond of business opportunities in Solomon Islands.

Mr Speaker, during my trip to Brisbane to talk at the business level with interested investors, and because of that there has been increased interest. I can say that going to that business luncheon, I kept an open mind and even if only one out of the 12 did successfully managed to come and set up business in Solomon Islands I would have been very happy with that.

So far the three of the groups that we have spoken with have business interest in Solomon Islands underway and one of the groups we met in Brisbane at that time has now got Foreign Investment Board approval. Of course, the other one as we know is the interest by Sky Air World to develop Anuha Resort. I think we are at a stage where the land issues are being finalized and that we should see that development underway.

The other one is the commencement of flights by Virgin Blue. As you know in our discussions at that time they had wanted to commence flights to Honiara in October. There have been some delays, but it has managed to fly into Honiara from Brisbane on the 2nd of December, this month.

Also the Memorandum of Understanding with the University of Queensland has already been signed, giving opportunity for two of our students to study at the Masters level at the University of Queensland at the expense of the University of Queensland.

So there have been 4 out of the 12 that have come through. But I am happy to also say that I have had a very warm and successful meeting with the Premier of Queensland in which I invited her to lead a delegation of trade and investment people from Queensland and I hope that the Premier Queensland will be able to lead that trade and investment delegation to Solomon Islands in the first quarter of 2009. So there has been quite some successes following that trip to Queensland I made in June of this year.

On labor mobility, Mr Speaker, one of the issues I discussed with the Honorable Premier of Queensland is to consider a possible memorandum of understanding similar to the one negotiated between Western Australia and the Government of East Timor for very specific to just Solomon Islands and the State of Queensland. That is one of the things our officials are currently working on, that MOU. I hope we can have that specific arrangement between ourselves and the State of Queensland because it is closer to our home and much the same climate as here, and so that is something that we are working on.

On the larger labor mobility scheme with Australia, Mr Speaker, as you know a pilot program is underway involving PNG, Vanuatu, Tonga and Samoa. We have been assured that once the pilot program is completed Solomon Islands can be included in the labor mobility scheme in Australia. If everything goes well after 12 months or maybe 18 months after the pilot program has been done.

Just to add, Mr Speaker, that the government no longer engages the former Australian Labor Party Parliamentary Secretary for Pacific Affairs; his engagement with the government has already been terminated. But he may on specific requests for any particular work that we want can be engaged on a case by case basis depending on what the issue is. Thank you very much.

Hon. Sogavare: Mr Speaker, before I ask a supplementary question I just want to clarify something.

In regards to this MOU with the University of Queensland, I actually signed that MOU with the Vice Chancellor of that University. This is just for the information of the Prime Minister.

What the Prime Minister is going through at length to explain to the House is what he is doing during his trips. We appreciate the information that that person is no longer employed in the Prime Minister's Office, but following on from the Prime Minister's respond he is briefing parliament of what now he is doing during his trips and of his efforts.

What I am interested in and probably for the information of the House is what that person has been doing to facilitate investors.

Hon Sikua: Mr Speaker, thank you for the supplementary question. The specific role of the former Australian Labour Party Parliamentary Secretary is basically to coordinate the appointments of my delegation and interested investors, especially those who are members of the Australian Pacific Islands Business Council. His specific role, if you like, for that particular occasion because of his knowledge and links with the Australian Business Council and investors he links us up with those people to enable us have discussions and informing investors in Australia that Solomon Islands is open to welcome investors and is open for business. It is mainly a coordinating role to get us linked up with investors and interested business people who have an interest to come and invest in Solomon Islands. So it is mainly a coordinating role in this particular instance and I think he has done that very successfully following up on any genuine interested parties. It is through that follow up that we have seen some success in people that are coming through.

Mr Speaker, in regards to the MOU with the University of Queensland, the MOU, I think, is only valid for two years, and it is not something that once

signed is valid throughout for many years. When the MOU signed by the Honorable Leader of Opposition who was Prime Minister then expired, and so we need to negotiate a new partnership with the University of Queensland, this time being very specific on areas that we wanted people to do postgraduate studies in, and that is why we had to sign a new one. And that is the MOU we have signed following our negotiations. Thank you, Mr Speaker.

Mr OTI: Mr Speaker, can the Prime Minister further elaborate on the role of the officer whom he said has already terminated his contract with the government in relation to the second part of that question - the role he was made to play in the promotion and coordination of labour mobility. The Prime Minister has said that there is the possibility of looking at a case by case state of Queensland and Solomon Islands and specific arrangement, but since this person, as it were a former Federal Australian Labour Party Parliamentary Secretary, what is the scope of that labor mobility in so far as the federal new government in Australia is concerned; nationwide and not only for Queensland? Can the Prime Minister brief Parliament on that aspect of labor mobility and that is to do with the entire policy of the new government of Australia.

I am satisfied with the specific situation he brought up in terms of the State of Queensland and Solomon Islands. I want if the Prime Minister can also brief Parliament on the work this person has done in so far as the wider Australia labour mobility scheme.

Hon. Sikua: Mr Speaker, I would like to thank my good friend, the Member for Temotu Nende for his supplementary question. The person in question has tried his level best to have us included in the labor mobility pilot program of Australia. But we were a little bit of a disadvantage when we tried to get in, because Australia's criteria of choosing countries that are included in their pilot program is for countries that have experience already on labor mobility schemes, especially those that have experience in the New Zealand labor mobility scheme. By the end of last year, we have 238 Solomon Islanders who went through the unofficial one of New Zealand. It was only this year that New Zealand announced that we are now formally in the New Zealand labor mobility scheme, which will allow Solomon Islands to send Solomon Islanders in number, bigger number to go to New Zealand. Whilst countries like Vanuatu compared to 238 from Solomon Islands has already sent 1,700. Tonga and Samoa have been at it for quite a while and PNG has also been able to send people in numbers to the New Zealand scheme. It is those people who are already experienced in the New Zealand scheme that Australia would like to be included in its 2,500 pilot scheme. They have already had experience in the New Zealand and that is why

it wanted to take them in. We only had 238. What Australia is saying is that because you are now formally in the New Zealand scheme, you will have bigger numbers who are experienced in the scheme already and so when the pilot scheme is over we can take you in, in bigger number.

What I am saying is although the former Australian Labour Party Parliamentary Secretary has tried his best, has done his level best, our experience is what has caused us not to be able to come up. It is something I have expressed my disappointment to the Honorable Prime of Australia about for not being included, but we have been assured that after 12 or 18 months we will come onboard. That is how far the person in question has worked, and I do not think he can do much given our experience on this scheme, and so it was left at that. Thank you, Mr Speaker.

Mr Oti: Mr Speaker, supplementary question. Is there such a thing as seasonal labor in such a scheme that people are going to Australia for? Perhaps what the Prime Minister is also talking about Australia here is seasonal labor. We need to distinguish between the seasonal labor mobility and the wider labor mobility, particularly as defined under Clause 2, in fact in 2011 when Article 6 of PACER that governs regional trade including labor mobility, how are those schemes – not seasonal because what the Prime Minister is talking about is seasonal labor, I am talking about how these two governments are taking on board in preparation for the coming into force of the trade agreement between Pacific Island countries and Australia and New Zealand, which is the PACER. These two countries are pursuing this arrangement within the framework of PACER or are they doing it outside of that arrangement particularly because seasonal labor is not part of the PACER to be arrangement, Mr Speaker.

Mr Speaker, I want the Prime Minister or my colleague Minister for Foreign Affairs if he can help the Prime Minister on that aspect, whether this part that the Prime Minister is talking about fits in within the wider PACER Pacific Islands, Australian, New Zealand relations in terms of Labor mobility. That labour mobility is beyond just going there to pick fruits and something like that, Mr Speaker. Thank you.

Hon Haomae: Thank you, Mr Speaker, if I can respond to the supplementary question asked by the Honorable colleague and friend, the Member for Temotu Nende.

The wider part of the labor mobility forms part and partial of the negotiations of the PACER plus negotiations, which is going on at this time, Mr Speaker.

The recognized seasonal employment is voluntary on the part of New Zealand and Australia. That is what is happening now. Under PACER it is wider but it means it recognizes other skills – semi skilled and skilled and it will formalized into the agreement, the PACER plus agreement.

At the moment it is voluntary on the part of countries like New Zealand. The pilot project being undertaken by Australia now is also on voluntary basis. But when the PACER plus is formalized then the wider labor mobility will be formalized now through the agreement. Thank you, Mr Speaker.

Mr Waipora: Supplementary question, Mr Speaker. Labor mobility from what I heard from the Honorable Prime Minister said it is an unofficial arrangement being made with New Zealand and I agree that now it is unofficial arrangement.

From us in Makira, I think about 20 or 40 people were brought here by one man to go to New Zealand and they had to pay a fee, but since that time until now they are still here. What kind of official arrangement is the government doing now so that our people can go and we stop confusing them? Mr Speaker, how is the Government of Solomon Islands and New Zealand are going to do it? Why did we not apply our experience with Nauru because that is labor mobility with Nauru? I think we can make it so that the arrangement is formally established but at the moment there is pressure on this issue.

What process is the Solomon Islands Government, New Zealand and Australia are taking and how long are we going to wait before the arrangement becomes official?

Hon. Sikua: Mr Speaker, I would like to thank my good friend, the MP for West Makira for his supplementary question.

With your indulgence, Mr Speaker, I will ask my Minister for Foreign Affairs because the External Trade Division within his Ministry is dealing with the criteria and things like that for people to be agents in recruitment of people and all that sort of thing. But what I want to say for a start is that Cabinet has already approved the criteria and guidelines of recruiting people, and we have left it up to the External Trade Division of the Ministry of Foreign Affairs to take it forward with the various departments of government.

With your indulgence, Mr Speaker, I will ask the Foreign Affairs Minister to talk on the specifics of the criteria and guidelines. Thank you, Mr Speaker.

Hon Haomae: Thank you, Mr Speaker, and I would like to thank the Prime Minister for asking me to respond to the supplementary question asked by my friend, Honorable Member for West Makira.

As referred to by the Prime Minister the group that went to New Zealand previously went unofficially, which means they have their own agents and they went. This time New Zealand has agreed, the former Prime Minister of New Zealand has agreed to include Solomon Islands on the list. This means it is a government to government agreement on the voluntary seasonal workers arrangement. Therefore, Mr Speaker, the government has set up a facilitation committee within the department of External Trade to issue licenses to agents that will do recruitment of seasonal workers to go to New Zealand at this time. It is a government to government understanding. And so if anyone from West Makira would like to go, I advise my colleague, the MP for West Makira to advise his people that if they want to go there are two agents appointed by the External Trade now, which the government has given them license to recruit people to go to New Zealand at this point in time.

The facilitating committee consists of the Department of External Affairs, the Labour Department and also the Immigration Department. This is meant to cover the whole country, even people in the rural areas should be recruited to go and work using this facility of seasonal employment. That is on that. This has become official now and so the government has established, if I can repeat it for the understanding of the MP for West Makira, Mr Speaker, a facilitation committee within the External Trade of the Ministry of Foreign Affairs has given license to two agents and these two agents will do the recruiting. I think now they are recruitment up to 300 to 400 people who will go under this scheme using the official arrangement. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, supplementary question and thank you very much for those explanations. It would appear from the answers given to us that the issue here is experience, Australia. In fact, we are talking about labor mobility in Australia, I am not talking about New Zealand. We need to be clear about this question, and the issue seems to be that Australia wants people who are experienced. So can the Prime Minister confirm that we are using New Zealand as a place for these people to get experience before they go to Australia? Is that the understanding now? And what are we doing in addition to what the Minister for Foreign Affairs has said that efforts by the government to enhance this experience, putting more resources into getting more people to have experience so that they can have access to Australia because it looks like Australia wants experienced people. Maybe the Prime Minister to confirm to us that the arrangement now is to get experience in New Zealand first before they can have access to Australia. Thank you.

Hon. Sikua: Mr Speaker, I thank the Honorable Leader of Opposition and MP for East Choiseul for that supplementary question.

I think what is going to happen in the end, Mr Speaker, is going to be a mixture of the two. A good number with a bit of experience mixed with new ones. I think that is what will happen in the end.

Once we got a critical mass coming out of New Zealand that group plus new ones can go together, help the others who are new to show the example, show the way, show how to do things and that sort of thing. That is what I think will happen in the end. It will be mixture of those that are experienced having gone to New Zealand to be on to the Australia scheme plus new ones, maybe half or maybe more experienced and new ones, the mixture will be there.

I think that is all I can say about that supplementary question. Thank you, Mr Speaker.

Mr Waipora: Mr Speaker, supplementary question. When we talk about this Labor mobility and I understand that the External Trade Division of the Ministry of Foreign Affairs is coordinating this. My question is, where Labor Department comes in on this case.

I am sure the Labor Department should come in because through the experience of Nauru, the coordination of workers there, it was the Labor Department that I know were very much involved. In this case I want to know where Labour comes in.

Hon. Sikua: Mr Speaker, what happened is that you might recall sometime in the month of September this year or may be even earlier than that, a team from New Zealand consisting of people from Immigration, Labor, Foreign Affairs and so forth came to meet with our officials from Labor, Immigration, Police and Foreign Affairs here in Solomon Islands to work out the guidelines, procedures and criteria that are mentioned by the Minister for Foreign Affairs. So it is not just Foreign Affairs that is involved in this seasonal worker in New Zealand but the committee is made up of people from all relevant government ministries from our end liaising closely with their colleagues and counterparts of New Zealand, Mr Speaker.

I think people from the Labor, Immigration division and in the Ministry of Commerce, Labour and Industries are not excluded from the exercise. Thank you.

Hon. Haomae: Mr Speaker, just to add to what the Honorable Prime Minister has said. The Labour Department is a member of the facilitation committee.

The labor mobility provision of services is when Solomon Islanders are overseas, and as such it falls under the purview of External Trade. It is a service offered overseas and so you are under External Trade. When you are providing labor service in the country then you are directly under the Labor Department. The Labour Department, of course Mr Speaker, is an important member of the Facilitation Committee established for purposes of the labor mobility.

Mr Speaker, if I may also add to the previous answer given by the Prime Minister in terms of experience. Experience does not only include people going overseas, but it also includes the establishment of offices within the government machinery. Hence the labor mobility unit has just been established within the External Trade of the Ministry of Foreign Affairs. It also includes people going overseas to gain experience and also the mechanisms within the country on how we go about recruiting our people so that involves church leaders, it involves traditional leaders because our people especially on skilled labor would have to be recruited also from the villages and so those mechanisms will have to be in place and those form part and partial of the experience the Prime Minister was referring to. Thank you, Mr Speaker.

Mr Oti: Mr Speaker, this is a very important subject because the ideology behind labor mobility being built into trade arrangement is basically as you know, in the past too much foreign aid has been flowing through the ODA and ODA comes to developing countries including Solomon Islands but we have not seen its impact. The issue behind this is so that people go and earn foreign exchange, bring it back for the development of their countries hence the importance of this policy.

For consistency and transparency, Mr Speaker, what has been aired and explained to us on the floor of Parliament, unfortunately is not properly captured in any government documents including the recently published Medium Term Strategy.

For our purposes, after talking like this, the stakeholders who want to further pursue where the government is moving in this direction unfortunately is not captured in any of the documents. Can the Prime Minister and the Minister inform Parliament they will ensure there is some kind of policy development for every stakeholder including outsiders and foreign countries that we are dealing with? The case of Taiwan is an important one because it is already an advanced arrangement whereas what we are talking about - Australia and New Zealand, especially those two countries are still on seasonal labor yet, not even at the front of the proper labor mobility concept as defined under the WTO arrangement with member countries.

Mr Speaker, I want to read some of the statements that the Prime Minister and Minister are giving out in the government documents unfortunately are

absent. Can they assure the House that they will ensure there is some kind of policy framework where everybody has access to and get an interpretation of the intentions of government on it.

Hon. Sikua: Thank you, Mr Speaker, and thank you once again to my good friend, the Member for Temotu Nende for that very important point he raised.

As we would all appreciate, Mr Speaker, all these things are, what I could term, in their very embryonic stage. But the point is taken. He has alluded to the Taiwan labor mobility scheme, that is just awaiting and signatures for us to go into, and of course we also have the Canadian caregivers' scheme. All these things are at an embryonic stage and we really have to get our heads around how we could really move in a concerted effort into all these very important schemes for our people and our country.

I would like to assure the Honorable Member for Temotu Nende that government would bring all these things together and have a clear way forward as to how we can benefit on both sides in all these, I think we have four coming in this regard, which are the Australian one, New Zealand is rolling now, the Taiwan one and the Canadian caregivers' scheme. I want to assure my good friend, the MP for Temotu Nende that what he has expressed will be undertaken by government. Thank you.

Mr Waipora: Mr Speaker, on the question of experience, can both the Prime Minister and the Minister of Foreign Affairs explain what experience are they talking about? What experience because if they are talking about working on the ground like picking of apple, I think that does not need much experience very much because those who are going to be recruited are people who are experienced in harvesting palm oil with the use of knives.

I would like to ask the Honorable Prime Minister and the Foreign Affairs Minister ask what kind of experience does Australia really require since we are going to gain experience from New Zealand before Australia may consider us. That is my supplementary question.

Mr Speaker: I think that question has been well answered by the Prime Minister earlier on and the Minister of Foreign Affairs.

Hon. Sogavare: Thank you very much, Mr Speaker, in fact the core of the question has been answered. And I thank the Minister of Foreign Affairs and the Prime Minister for answering our questions.

April 2006 Riot

19. **Hon. SOGAVARE** to the Honorable Prime Minister: In relation to the Report of the Commission of Inquiry into the April 2006 riot, can the Prime Minister inform Parliament as follows:-

- (a) Has the committee assigned to advise the government on the content of the report as regards which areas to be made available to the public submitted its advice? and
- (b) If the Committee has tendered its advice, what is the content of this advice?

Hon. SIKUA: Mr Speaker, I would like to thank the Honorable Leader of Opposition, and Member for East Choiseul once again for his very important question.

Mr Speaker, the Committee has advised that government can release the recommendations part of the Commission of Inquiry's report into the April 2006 riot. Mr Speaker, advice from the committee is that in the interest of national security full details of the report would not be released.

Mr Speaker, there has been precedence on this, I think especially with the other report of the commission of inquiry into the 10 Kwaio men who went to the Weather Coast. And so only the recommendations part would be released by the committee. But accompanying the recommendations will be the report on what the government has done in terms of those 11 recommendations of the report. It will be accompanied by the recommendations and what government has done, is doing or will be doing in relation to those recommendations.

And that part that consists of government actions so far and in the future the Paper is now before Cabinet this time. Once Cabinet looks into the recommendations and the actions being taken by government, Mr Speaker, I hope that the recommendations would be made available to Parliament. Unfortunately, Mr Speaker, we cannot make it now, but I am sure the next year we come together we will have that report tabled before parliament to show parliament what progress government has done in terms of addressing the recommendations in the report under its current policies.

I hope Cabinet will be able to discuss that Paper before it goes into recess this week so that it allows us to make that report available to parliament the next time we convene. Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, we will leave the question there that Cabinet is yet to deliberate on the matters, and so I would like to thank the Prime Minister for briefing parliament on the progress of getting that report or at least the

recommendations part of it available to the public as soon as Cabinet gives its endorsement. Thank you very much, Mr Speaker.

Fisheries: Loan scheme for fishermen

62. **Mr WAIPORA** to the Minister for Fisheries and Marine Resources: Can the Minister inform Parliament the progress made by the Ministry to create a loan scheme for fishermen with commercial banks intended to be established by December 2008?

Hon. Leni: Mr Speaker, I thank my Honorable colleague MP for West Makira.

Mr Speaker, the Ministry of Fisheries has the ongoing annual rural fisheries project where if you look inside the budget, you will see a sum of \$6million allocation every year for that purpose. But the need for government reaching a wider cross section of our rural people is not well satisfied. And so the Ministry is looking at ways to try expanding the level of funding but also extending the coverage of this assistance to our rural people in the country. Because of this need, the Ministry is liaising with stakeholders, especially private people who are engaged and have interest in developing rural fisheries.

In our discussions, the Ministry is liaising with the New Zealand Government under NZAID, and it has shown interest in helping the Solomon Islands Government by giving us financial assistance in addition to the current level of funding we have been receiving. NZAID recognizes this thinking and is willing to support it. But NZAID would like to see a system that is transparent and accountable so that this financial assistance can come.

There are also plans that if the systems and guidelines put in place by the Ministry through discussions are agreeable to NZAID then we are going to put together conditions and guidelines to help get the assistance. If this thinking comes true what will happen is that the other package given to us by NZAID will be put through the commercial banks and people will be able to get loans or borrowings to access the funding deposited by NZAID to the commercial banks.

The reason why we want to do this is because we are also having problems with the present arrangement of giving projects to the rural population. The reason is that funds disbursed were not used for the purpose they are intended for. And so perhaps by going through loans we might see people getting serious in using money properly rather than what is now happening.

The other reason, of course, is some of the funding and level of funding that rural fishermen and women might need are higher than what the Ministry normally allocates to be able to satisfy a number of applicants coming to the

Ministry at this time. This is where the Ministry has reached at this stage and progress still under discussion. As soon as discussions are completed and we settled on the guidelines as to how funds will be disbursed, how much funding the Solomon Islands Government will give and how much NZAID will give so that we can proceed in helping our rural fishermen and women in the provinces. At this stage, Mr Speaker, that is where we are but consultations are still in progress. Thank you.

Hon. Sogavare: Supplementary question because maybe the Minister did not hear it properly. The Minister was saying that credit scheme is conditional upon us achieving certain benchmarks. Can the Minister confirm that the benchmark relates to the way we implement the annual \$6million direct budgetary support to rural fishermen? Only when that system is working before the New Zealand Government can give us funds to start that credit scheme. Can the Minister confirm that? Thank you.

Hon. Leni: Mr Speaker, the answer is yes and no. Yes, in the sense that it is true there are some complications with the present arrangement in the way we are disbursing funds and funds are not used as intended by the project in the Ministry.

The no part is not entirely no because of the conditions we must properly fulfill before assistance is given. They see the need there and that is why they come in. What we need to do now is to establish proper criteria of transparency and accountability. It is not exactly that they have to wait until things are properly fixed and they are satisfied with how we are doing it at the moment before they give us. No, it does not work that way. That is why consultations, negotiations are still ongoing this time. As soon as the guidelines are in place and they are satisfied with it, additional funding from the New Zealand Government will come in.

Progress is slow because of the consultations that are ongoing at this time. But the agreement is that they are going to help, and so it is only the documents and guidelines that we need to put in place, Mr Speaker Sir.

Mr Oti: Mr Speaker, supplementary question. As a policy yes, Mr Speaker, the Minister has confirmed the processes the government and the Ministry are taking in preparation to achieve that policy objective, which has now missed December 2008 and perhaps in the next financial year we will achieve that. Unfortunately, I have not seen that program being captured in the 2009 Budget, and also, Mr Speaker, perhaps one important idea that will also be taken on board under the arrangements is the idea of pump boats, which is towards

commercial fisheries, particularly where the Minister has been very actively promoting in the last 12, if not more than 12 months.

I would like the Minister to confirm that the pump boat project has gone off the estimates of next year, 2009? When it has gone out and the policy mentioned by the Minister is probably a substitute for where that kind of commercial fisheries activity can be undertaken, I think that automatically in 2009 we will capture this pump boat through that arrangement. Unfortunately it is not even in the budget neither is it appropriately reflected anywhere apart from what the Minister is informing us.

I just want to get confirmation from the Minister that it would not affect this much publicized pump boats he was talking about where experimentally they have certain boats that were trialed out in Solomon Islands at this time. Thank you, Mr Speaker.

Hon. Leni: Mr Speaker, I thank the Honorable Member for the question. It really hits the idea of the Ministry and the Government. This thing is linked through the pump boats and we are watching the result of the trial of pump boats.

Another thing is that it also linked with the onshore establishments because as soon as the rural fishermen come in with their catches, they will be engaged in buying those pump boats, and this is where the additional fund from NZAID is trying to catch. It also links with the arrangement that the government has passed a bill in parliament, the Secured Transactions Bill where our communities can source money from the commercial banks. All these things go together.

The honorable colleague is right because the pump boat is not in the budget because we are watching the trial scheme that is going on at the moment. As soon as report comes back and proven successful and profitable for our rural fishermen, then it will be included in the supplementary appropriation bill of next year, as I have said earlier on last week or sometime ago.

But by that time we expect consultations with NZAID should be completed and the progress of making available the guidelines and we should see things moving by early or mid next year, Mr Speaker.

Mr Waipora: Mr Speaker, supplementary question. My reading of this sentence, 'creation of loan scheme for fishermen with commercial banks by December 2008', made me to ask this question. I want to know from the Minister the reaction of the commercial banks to this idea during your discussions, because my reading of this tells me that fisheries involve the use of very high technology. When I read that sentence the first time, I said to myself that the commercial

banks are going to raise their eyebrows because to their thinking this might not be possible.

What is the reaction of the commercial banks in regards to this issue in your discussions with them? Thank you.

Hon. Leni: Mr Speaker, the commercial banks are showing interest on this undertaking because it involves outside funding coming inside.

Before NZAID came in to suggest this idea it has already done its own discussions with the commercial banks. But again in the absence of that, there is also acceptance by commercial banks on the Secured Transactions Bill in this arrangement. The reason it was included in our program is because of the acceptance of the commercial banks of the arrangement because it is their business to help businesses to grow. If they do this, I believe our economy will grow and will benefit from the commercial banks too.

But generally there is a general acceptance of the government's stand on this issue. We think that with the introduction of this scheme, the commercial banks as they have already indicated are accepting the arrangement.

Mr Waipora: Mr Speaker, I want to thank the Honorable Minister for answering the questions.

Fisheries: bilateral and multilateral fishing agreements

63. **Mr WAIPORA** to the Minister for Fisheries and Marine Resources: In reference to the review that was to be concluded by September 2008 on the conditions to accompany bilateral and multilateral fishing agreements, can the Minister inform Parliament what new conditions will now be included in the new access agreements?

Hon LENI: Mr Speaker, I again thank the Honorable MP for West Makira for that question. Fishing license and conditions of agreement are important to Solomon Islands at this time because we get our revenue from the fishing industry.

The connection of Solomon Islands in regards to fisheries is linked with regional agreements or conditions of fishing that we have with other regional countries under the FFA. But there is also a new group coming up, the PNA, the Partnership to the Nauru Agreement for which only eight countries in the North Pacific are members of.

There are four specific conditions to the new one we are trying to discuss in the coming consultations is where PNA groups must come up with conclusions to the third implementing arrangement which was agreed upon by

the eight Ministers in the last meeting at Palau. The four conditions are as follows: The first one is catch retention. This is the idea of holding a certain percentage of the catches of vessels that are licensed to fish in our waters that a nation should be receiving.

The second one is FAD closure - foreign aid devices. This relates to things like raft, where rafts are thrown into the sea and fishes come round it and net is dropped around it and so the fish are caught or the use of logs where fish shelter underneath the floating logs and purseiner boats throw their nets and catch the fish. Or in the absence of logs and floating rafts, vessels can use floating buoys where the yellow pole was dropped into the sea attached to the floating device and a machine attached to it that when dropped by a vessel it would float for a couple of days which can be easily detected by a fishing vessel so that when it goes to the machine, fishes come around and so the net is thrown down and the fish is caught.

The danger of the FAD is that we are not struggling to catch fish and so in terms of sustainable harvesting it is dangerous and we want to put a stop to that method. That method is being discouraged by us because we should only catch fish by chasing them. By doing that fish is preserved and only fish that is recognized by the vessel as big is caught and not small school of tuna. But using the FAD system is indiscriminate catching of fish because when the net is thrown down it catches big and also small fish, and so it is not a sustainable way of harvesting our fish resource.

The third condition is closure of high seas area. If you look at the fishing map, our EEZ is to a certain extent between two countries and we are falling short of one space. Now in between those two countries there is a sea pocket that these two countries fall short of the 200mile EEZ. There is a space there that becomes the international water which is the sea pocket.

The danger about this is that in our bilateral conditions, we can only fish within our EEZ and sometimes the vessels are doing illegal fishing where they float inside international waters and when our machine is put off within four hours, they sneaked into our waters, catch and go back to the international waters and so we cannot detect that.

We will close those international sea pockets so that vessels do not leave the international waters now. So whichever seas they fish inside they are breaking the law. If PNG and Solomon Islands have a sea pocket the vessels would be either inside Solomon Islands or PNG or they are either inside Tuvalu or Kiribati or they are either inside Kiribati or Solomon Islands. There would be no international sea pockets; that is going to be closed so that there is no poaching business.

The fourth condition is monitoring that will involve 100% observer coverage. I answered a question in here last week, and I said that next year we are going to have observers, which means one observer to every vessel that fish inside our waters. This time we are short of observers.

When I answered a question last week I said that we are increasing the budgetary allocation for the observer program because our observer number will increase, and this is going to be shared with other PNA countries so that every vessel must have an observer onboard to watch for any illegal fishing within our regions either in Kiribati, Solomon Islands or PNG or whatever country the vessels are inside.

These are the four main improvements under the agreement between the PNA countries and also the FFA that we come to understand. We hope that by doing this we will get a bit of revenue coming to us.

But there is another important area that we are also trying to do. Right now we are charging the vessels on the number of ton against a dollar. If we say US\$1 per ton then for every ton it is multiplied by the number of US dollar per ton. This way we are losing too much revenue.

What we hope to do now is calculate on the catch value, the total catch value over vessel and then get a percentage out of the total catch value. So if a vessel catches say 900 tons per year, when that is sold in Bangkok price, which is the price we always take, how many millions of dollar out of that total value, we will get a percentage, maybe 10 % or 6% out of that total value. This is gaining more than the current arrangement of charging a dollar per ton.

These are the new improvements the Ministry is working on and which the FFA also supports, not only Solomon Islands but also our other PA partners after negotiations and the approach is to go as a team to talk with our bilateral partners.

Mr Speaker, it is not always easy to do this because countries have their own interests and how they negotiate is different, but as a region and a member of PNA and FFA we need to strike some sort of common understanding so that it benefits all of us.

Thank you, Mr Speaker.

Hon. Sogavare: Mr Speaker, this side of the House welcomes any arrangement to improve the value of our fish resources retained in the country. I have two supplementary questions.

Can the Minister confirm that those arrangements are subject to us working together with the PNA countries? We cannot implement these arrangements alone but we must implement them with them. That is one question.

The second supplementary question is on condition No. 1 on the catch retention, how much percent are we talking about here and what preparations are we making in the country to cope with if say every fishermen off loading 20% of their catch. I mean if foreign license vessels offload 20% of their fishing catch, how prepared are we to cope with the extra amount of fish that is offloaded on our shores. Thank you.

Hon. Leni: Mr Speaker, that is a very good question and I will answer the question on catch retention.

We have problem with catch retention at this stage, to be honest, because the thinking of the government is that whatever catch we get hold of must go inside the cannery. Right now Soltai's operation is not very good and so it has difficulty with cold storage and so we cannot do this as yet. Beside Soltai there are no other cannery and so it will take some time for any onshore facility, any investor investing here and has the capacity before we can start doing that. This is going to be a long term issue.

Because Solomon Islands is a member to the other countries, they too must agree before these conditions we want can be achieved. And so the answer is a yes and no. Yes, because the policy guidelines are still the same, the principle part is still the same. The no part is the application of those principles differs from country to country. We can under that blanket negotiate only what is practical to us and applicable to our bilateral partners. For example, we have bilateral agreement with the European Union, when that is compared with us here in Solomon Islands it is a big contrast. Now, we also have bilateral agreements with Korea, Japan, Taiwan and New Zealand. The size of vessels from Korea, Taiwan, New Zealand and Japan are much smaller than the size of boats from the European Union, and so we have an independent way of dealing with differences between the values that is charged on European Union vessels because they are much bigger than those from the other countries.

There are also other issues where prices, and we always use Bangkok prices, those things can be done independently but under the blanket principle that we have agreed on. In regards to consultations we also have to consult with them because we use the same markets. There are other countries like PNG that has its own onshore base like canneries at Wewak and Madang, and so their application of this principle might be quite different from us and as soon as we have onshore facilities established here in Solomon Islands or if Soltai processing is up and running again, then some countries will negotiate on the same level, same questions and understanding and others would be different. But to answer the question we are not tied up with the principles, but we have our own way of resolving our needs appropriate to our level in Solomon Islands. Thank you.

Mr Oti: Supplementary Question. On the retention question, in terms of that issue being addressed because this is between us, the PNA and other non PNA countries, in particular PNA member states with other distant water fishing nations whether the framework of the Western Pacific Tuna Commission where distant water fishing nations are also members and their licensed boats can fish in our waters and also those that we are very concerned about in the pockets of high seas between the states, whether that mechanism, although the Minister said it is a bit difficult, but what is the scope of negotiating that understanding under this Commission.

Hon. Leni: Mr Speaker, that is also a good question and I thank the honorable Member for asking this question. The closure of high seas is really a pain but the PNA group have stood firm on this area because that is the only resource we have in our seas. It was agreed in Palau that this is the way forward. The Western and Central Pacific Tuna Commission know that this might not be acceptable to some groups but this is the only way. We want to be seen as people owning the fish resource, just like the oil producing countries are not as many as this group, we are eight (8) members and we want to go in that direction.

Yes, it does not go down well with the WCPFC but already an agreement is set there and the understanding is there already that this is the only way forward for PNA countries. The only important thing now is for the PNA group countries to work together in helping one another. That is not to say we are selfish, not at all because under the US Multilateral Treaty we have been very good and very kind. We share the value of our resources to other regional countries that do not have fish in their waters. That is a good gesture from the PNA grouping. That understanding is already there. Although we might have come very sharply on this issue, on the left hand side they also understand that we have been so kind to our other partners. Thank you, Mr Speaker.

Mr Soalaoi: Mr Speaker, supplementary question. In terms of the same agreements, Mr Speaker, can the Minister inform Parliament of how many fishing agreement are there? How many of the agreements are bilateral and how many are multilateral fishing agreements?

Hon. Leni: Mr Speaker, I thank the honorable colleague from Vattu. We have bilateral fishing agreements with New Zealand, the European Union, Taiwan, Korea and Japan. Those are the countries we have bilateral agreements with. Referring to an earlier supplementary question that we are not tied up to the

conditions set because of bilateral talks with our partners. Those are the five bilateral. There is one US Treaty that is multilateral, which means we cannot go ourselves but we have to group up as a team with other member countries of the FFA. So there is one multilateral for the US Treaty and we have five bilateral agreements, which is a one to one negotiation.

Mr Waipora: Mr Speaker, I would like to thank the honorable Minister for his answers, and I hope that fishermen throughout this country would have heard what the Minister has said.

Question No. 110 – deferred.

STATEMENT OF GOVERNMENT BUSINESS

Bills

Bills – Second Reading

The 2008 Supplementary Appropriation (No.2) Bill 2008

Mr Speaker: Honorable Members, following the Minister's second reading speech last Thursday, debate on the 2008 Supplementary Appropriation (No.2) Bill 2008 will now continue. When no further Member rises to speak on the Bill, the Chair will call on the Honorable Minister of Finance and Treasury to wind the debate before the question is put.

Traditionally the Leader of Opposition speaks first, and so I now call on the Leader of the Opposition to speak to the 2008 Supplementary Appropriation (No.2) Bill 2008. Thank you Leader of the Opposition".

Hon. SOGAVARE: Mr Speaker, thank you very much for giving me this opportunity to talk briefly on this Supplementary Appropriation Bill. Mr Speaker, this is not a new thing, a bill that is featured very actively in this House every year regardless of which government is in place.

Sir, this side of the House appreciates, we acknowledge the fact that nothing and nothing should hold the government down when it comes to budgetary provisions to address the needs of our people. The government is in place to do that. If government fails to do that then it has no reason to exist. We fully appreciate and acknowledge that and so nothing should hold the government down when it comes to government maneuvering within the budget to assist or to address the needs of our people.

But in saying that as well, Mr Speaker, we also acknowledge that whatever we do should be done within rules, the laws and procedures that allow us to do it, especially in relation to the management of the budget every year.

As I have said already, supplementary appropriation bills are not new things, and in fact, they come to Parliament for two reasons. The first reason is to bless the use of funds by the government drawn from the consolidated fund to the authority of the contingency warrant. It is a facility that the laws governing the way we implement budgets in the country allow the government to incur expenditure before it has the blessing of parliament. It reports to Parliament, it is brought to parliament and reports on the use of contingency warrant. That is one use of the supplementary appropriation bills that come before the House.

The second reason is for any new programs the government wants to undertake, like as I said nothing and nothing should stop the government when it comes to implementing projects to assist our people, nothing should hold the government down.

Secondly, when a new program comes up needing additional funds, the government needs additional funds it comes to parliament asking parliament's blessing to authorize the government incur that expenditure. And that approach, the government goes not have any right whatsoever to incur expenditure first before it comes to parliament for its blessing. They must come and ask the blessings or the permission of parliament first to incur expenditure.

That comes to, I guess, the use of the contingency warrants. In fact there is a very big ceiling here and the government has used up \$27million in this Bill that comes before the house. In fact, from what we learn from the offices that come before the Public Accounts Committee every single expenditure in here were issued through the contingency warrants. In terms of government staying within its limits is not a problem, it used \$27.3million of that allowance given by parliament to the government to maneuver whenever there is a need to resort to facilities that are available under our budgetary system. The government has not used \$22.6million, it is still there and it actually asks for another \$5million, which brings the total available resources of government to \$27million for the next three weeks until 31st December. This side of the House has no problem with that too, Mr Speaker. As I have said nothing should hold the government if for some reasons one very big, big problem arises in the country within these three weeks before the 31st December, the government must be able to move and respond quickly, and so we have no problem with that.

The problem we have, Mr Speaker, is a problem that is not unique to this government, and I think I have raised that comment when the Appropriation Bill was discussed on the various clauses on the contingency warrants, a clause in that particular Bill, is the use of this facility.

From what we have heard all the time and in fact as also raised by the Auditor General and also we ourselves have raised here in parliament is that this facility is for something very urgent and something that cannot be foreseen to have happened, and as I said nothing should hold the government, government resorts to the contingency warrants to address this one. If a cyclone breaks out tomorrow and the government needs to resort to assisting people to the budget, it must still have the allowance within the law, within the budget to respond to needs like that.

Because of that, the concern of this side of the House is that most of the items that appear here are something that can be reasonably foreseen, and I think this something we will continue to raise in here until it is addressed.

We talked with the Permanent Secretary of the Ministry of Finance and we have been told that just because there is \$50million allocation is there, it should not be touched if that expenditure item is not something that is urgent but something that is foreseen. Just that it is an important thing that the government must incur additional expenditure on that you resort to the contingency warrant which is preserved there for emergency situations. And I am talking about real emergency situations. If there is a cyclone or an earthquake and the government needs to move quickly but you have used up the facility, Mr Speaker, you have to call parliament to come and bless the additional resources you are going to use to address a cyclone or an emergency situation. That is what it should be. We did express our views to the Ministry that when you have additional needs to incur additional government expenditures, if it is not urgent in nature then do not resort to contingency warrants, but call parliament, call parliament so that we come and give it the blessing it needs. In fact it is a checking mechanism here because once you ask for supplementary appropriation parliament has to be sure that there is revenue available to fund that additional request. And so it is important that you come to parliament so that we come and discuss it. We do not come here to put the government to task. No, it is to see how we can go around to assisting the government to respond to a new need that has arisen and the government comes to Parliament to ask for additional resources.

Mr Speaker, I think some of the things I am seeing here is that we are putting ourselves to task too, like we are carried away with this issue of a balance budget. This side of the House has no problem with balance budget. Balance budget is a non issue and we should not continue to bring to this House and say this is a balance budget. No, the government by nature, a government budget by the way it operates must be at the end of the year balanced because it is not accrual accounting. The government is pursuing cash accounting, and so in other words what you earn is what you pay, what you earn is what you should dish out, so that by the end of December what you earn by way of

revenue should be spent. A balance budget is an automatic operation. It achieves this by itself by 31st December, and so no matter how much we might try to structure the budget to look like it is a balance budget you can destroy it. So a balance budget to us is a non-issue. And that boils down to some of the views that were even expressed by some Ministers that what are we so scared about a deficit budget, a reasonable deficit budget, especially when it comes to contingency warrant, Mr Speaker, nothing should tie the government down. When a cyclone happens, the Ministry was saying we must have some revenue there to show that we can finance contingency warrants. No, that is not the idea of a contingency warrant. The idea of CW is for the government to be able to address a situation when it arises, and nothing should stop the government from going to the bank and raise funds through credit financing.

Some of the things that we are putting around our ourselves, Mr Speaker, are tying us down to this question of using contingency warrants only for emergency situations, something that is unforeseen and it happens and we resort to that facility, Mr Speaker.

In fact, the easy way out of using contingency warrants is basically it encourages more poor budgeting, we do not take very seriously to properly cost out services, like for example, there are overseas visits here, which is something that happens every year in some of the ministries, especially in the Prime Minister's Office. The Prime Minister's delegation traveling to New York is an annual trip.

I do not want to bore the house any longer than that because that is the only concern this side of the house has, and we have no other concerns. We agree, Mr Speaker, that the government must be able to move and assist our people when the need arises. The other things that I would like to say would be more appropriately left until we come to the committee stage when we question each ministry's more closely so that we can find out their thinking in some of the requests that have made under this Supplementary Appropriation Bill.

As I said, this side of the House has no problem in passing this Bill. In fact, we must because if we do not pass it we are going to have other serious problems. I guess we are obliged, there is obligation on this House to actually pass this Bill so that the government legalizes the spending that have already been done.

With that, Mr Speaker, I support this Bill.

Hon. FONNO: Thank you, Mr Speaker, for allowing me to briefly contribute to this 2008 Supplementary Appropriation No. 2 Bill, 2008.

Mr Speaker, I will contribute briefly since I did not have the opportunity of talking on the Appropriation Budget when it was debated because I was out attending on behalf of the government a UN Conference in Qatar.

At the outset, Mr Speaker, I would like to thank my colleague Minister of Finance for introducing the Bill and getting parliament to authorize or approve or bless the Bill because the government has already used the funds.

Mr Speaker, when I look through the report of the Public Accounts Committee on this Supplementary Appropriation Bill, whilst I agree with some of the sentiments made by the Committee including the comments made by her Majesty's Official Leader of Opposition, I also know that this Supplementary Appropriation Bill brought by the government for parliament to bless is also a reflection of the seriousness and commitment the government has in providing services to our people. By this I mean that when the budget the parliament approved and was implemented has been spent and there arises other areas of importance to the government that are not provided for in the budget, there is a provision allowing the Minister of Finance to authorize contingency warrants so that the government can continue to spend and then brought to parliament for its blessing.

This is not new, Mr Speaker, it has been the trend now and because of that constitutional provision the government has power to spend in order to facilitate the continuation of services so that the government is not faced with a problem that it cannot meet some unbudgeted expenditures.

As we are going to see in the detailed information to the budget, there have been unforeseen spending because we are not even aware of some of the events that came. An example was the invitation given to his Excellency, the Governor General to attend the Bundaberg Celebrations. That was not budgeted for but because there was a request to her Majesty's representative here in Solomon Islands, the government is obliged to provide funds to enable him attend that occasion on behalf of our nation.

Similarly, the spending that was incurred for an overseas visits under PM's office, two of which I attended on behalf of the Prime Minister and the government were just an invitation that came in during the course of this year and the government has to be represented, and so I stepped in to represent government on these two international conferences, one being the African/Caribbean/Pacific Heads of State and Heads of Government Meeting in Ghana and the second one was the meeting on development financing for developing countries or what is known as the G77 which I also attended when parliament was in session two weeks ago. We were not informed about these meetings so that they could have been included in the Budget of this year hence can be seen as an unforeseen budgeted item.

Mr Speaker, the global economic situation our nation is facing now is very uncertain in a way its effects will be felt sooner or later in Solomon Islands and therefore it calls for belt tightening, not only by the government but the whole nation, the private sector, including individuals. As we know, the global financial crisis hitting most industrialized countries will certainly be affecting developing countries too. Mr Speaker, a case in point is the Asian Crisis that hit the Asian countries, especially China which we suffered from in 1997. When that crisis hit those countries at that time, it had implications on our country, for example, most of our logs are exported to China and so when China was hit by that financial crisis, log prices would certainly reduce hence affecting Solomon Islands as a price taker because our exporters will certainly feel the pinch on the reduction in prices therefore government revenue through logging is also reduced hence government budget will be affected. This is an example of how the economic situation right now is going to affect us. Therefore, it is important that the government should also be tightening its belt in terms of spending for the delivery of services to our people. Therefore, it calls for understanding amongst our people, especially the demands put on MPs or the government in the provision of services to our people.

Sir, the perception that a lot of people have is that the government is not doing anything, the government is not providing services that people need. I made that point during the Malaita Day when I stepped in to the invitation for the Prime Minister during that occasion. Sometimes the perception of our people is that the government is not doing anything for them.

Mr Speaker, Solomon Islands is the only country that is providing free health services to its people. When you go to the hospital you do not pay any fee for receiving treatment. Do you pay admission fee when you go to the hospital, Mr Speaker? That is the service the government is providing. More than that, when you go to the clinics there are drugs and medicines available. That is the service provided by the government. Over the last 30 years since independence the government, successive governments including the present one have not come up with any policy of charging fees on our people receiving medical services from the hospitals, even for a family to be admitted otherwise a lot of lives would have been lost if government had imposed fees. Other neighbouring countries are charging fees to people receiving treatment in the hospitals. Successive Solomon Islands governments since independence have not charged any fee on its people. That is the sort of services the government still continues to provide. In fact, the health budget is the biggest component including education of our budget.

Sir, a lot of the criticisms being leveled against the government for not doing enough or not doing anything for its people needs to be looked at in its

totality or context in regards to services that government continues to provide at the moment, Mr Speaker.

Mr Speaker, apart from health, one of our biggest budget allocation, which continues to increase every year reflecting government commitment is educating our population, our young people so that we can have well trained and well qualified human resource in our nation.

Mr Speaker, the government also continues to provide services through education by subsidizing school fees. More than that the government continues to pay for teachers salaries, not only primary school teachers but now pre-school teachers, secondary teachers, tertiary teachers and even vocational training teachers or church run schools. The government continues to foot the bills, the wages and salaries of teachers in those levels of education. That is government commitment it continues to provide for in our budget. Our people must know that government continue to pay for teachers salaries. If government stops paying teachers' salaries, education would be very, very expensive and would be unaffordable to our people. That is one of the services the government continues to provide.

Mr Speaker, I need to clarify why the government provided an additional contribution of \$7.5million towards the Rural Constituency Development Fund because it is a biggest component of this Supplementary Budget under the Development Estimates. Mr Speaker, as we are currently implementing the rural livelihood scheme there have been a lot of requests coming from people to meet the cost of freights and hiring of ships so that approved projects under rural livelihood could be freighted or materials sent to respective constituencies. The government has therefore seen the importance of instead of that \$1million under Rural Livelihood being spent on logistics or freights or costs related to implementing of projects, the government has used additional funds under the Rural Constituency Development Fund to help meet logistic costs and costs related to the implementation of the rural livelihood funds.

Mr Speaker, I must inform the house that the government is committed to implementing its rural advancement program. Under this year's budget, the Rural Livelihood Funds of \$50million is shared equally amongst constituencies. I believe when projects are funded they will help improve the livelihoods of our people.

And here I must make an example of the Central Kwara'ae Constituency that I represent because it is easy for me to make an example on it. The rural livelihood funds for my constituency were approved by my Constituency Congress to be used on rural water supplies for at least 10 communities with a population of almost 5,000 people. Once this rural water supply projects are implemented, it will improve the livelihood of those villages so that instead of

them walking for one or two kilometers to fetch drinking water in bamboos and containers every day, day in, day out, running taps would certainly be provided as of next year in their villages. Based on surveys done by the RWSS engineers, my Constituency Congress has approved 10 water supply projects for 10 communities. Those communities will benefit from the Rural Livelihood Project under this year's funding.

I believe that all Members of Parliament are implementing similar projects that would benefit our constituencies regardless of what the media or critics might be saying. The media in Honiara and a lot of critics in Honiara are not traveling to the constituencies to see for themselves what is going on there.

Mr Speaker, I am one of the four MPs who have stalls here during the Parliament Open Day and I fail to see the media coming around so that I could explain to them how I have used the RCDF and the projects that have been implemented over the last 10 years being a Member of Parliament. As you know, Mr Speaker, criticisms are always generalized saying that the RCDF helps Members to be corrupt. No, Mr Speaker, they need to go down to our constituencies and see for themselves and assess how we have used the Rural Constituency Funds to improve the livelihoods of our people. I can again relate my experience. In my constituency we have built five aid posts and staffing them with nurse aides using RCDF funds to provide services to our people. That is improving their livelihood because they will not travel far. Otherwise to get a transport to either go down to Auki or Kilu'ufi for just an injection or a tablet would cost them money. Now they will be getting those services closer at home, and that is improving the livelihood of my people. There is general criticism always leveled against Members of Parliament. The media in Honiara never had the opportunity to go to rural constituencies to see for themselves what is happening down there.

Mr Speaker, also in my constituency, feeder roads were repaired using RCDF, and this is because the province cannot repair those roads even when there are allocations for maintenance of provincial roads. People need to have access to markets hence the importance of feeder roads linking communities to the markets so that they can get money from what they sell.

Mr Speaker, this current government sees the importance of rural advancement and rural development and that is why there is allocation for it. That \$150,000 contributed by the government towards the Rural Constituency Funds helps to facilitate logistic support for the implementation of the Rural Livelihood Funds.

As I have said in answering one of the questions raised in this meeting, Mr Speaker, at the end of the year after the implementation of the Rural Livelihood

Funds, my Ministry will be publishing in the media the various projects funded under the Rural Livelihood Funds.

Mr Speaker, the wisdom that the late Member of Parliament for West Makira then had for establishing this fund to assist constituencies by successive governments has allowed even remote constituencies to access funds, otherwise if funds are just budgeted for in the main ministries, you know what will happen, Mr Speaker, it will be spent only in Honiara and the urban centres, and nothing would reach the remote constituencies like in Temotu or Choiseul. That is the fear why such funding is disbursed that way.

The same applies to church allocation that is also in this Supplementary Budget. When the public heard this allocation being given to MPs they jump up and down in the media. Go to our constituencies and you will see that over the last 10 years some of us have provided roofing irons to our churches and most of our churches are permanent buildings. This is something that would have been not possible if such funding do not come through MPs. Like in my area, I provided roofing irons over the last 10 years to churches and those that have completed their churches are moving on to community stranger houses. These are common houses that bishops and pastors visiting the villages would normally retire in. That is an improvement, Mr Speaker.

I am raising these, Mr Speaker, to try and clarify why the government is committing in channeling funds through Members of Parliament so that funds d are equally shared and reach even the remotest part of the islands, and so assistance is reaching the communities.

Mr Speaker, I think may be the reason why some constituencies are not seeing any services or feeling the impact of services provided to them from RCDF is because of the attitude of our people coming all the time to Honiara asking for sea fares or asking for money from their Member of Parliament. And when a Member of Parliament continues to give money for sea fares and things like that he is not able to do any development projects in his constituency. And who is to be blamed? It is not Members of Parliament but people in the constituencies that need to change their mindset and their attitude towards MPs.

That is why the mechanism this current government has put in place to try and divert rural livelihood funds from Members of Parliament is targeting constituency projects that must be in line with constituency plans. My Ministry is working on that, and I hope next year some of these plans will be tabled in Parliament so that MPs can see them.

The CDOs of the Ministry are working on their constituency plans with their MPs so that funds are tied to projects identified in the plans so that money is not left for you to just come to Honiara asking for sea fares or a bag of rice.

You plant cocoa or cut copra so that you can have money to buy a bag of rice, and using the RCDF to buy things like that.

Those are areas that as a government we are looking at improving so that funds really touch the lives of our people in rural areas.

Mr Speaker, as I mentioned there is also assistance in the supplementary that goes to churches and why I want to defend government's policies. Sir, the government has also given assistance to SICA. You might hear every morning a radio program on Bible readings and the launch of the pidgin Bible. That is government assistance to SICA.

The support to churches here and the reason why the government has decided to give this assistance through Members of Parliament is so that this assistance goes right down to even churches in the rural villages through whatever support they are receiving. If funds are give through organizations like SIFGA or SICA, do you know where it will end, Mr Speaker? It will end up in the Head Office here in Honiara and nothing will trickle down to the rural people. That is why I am defending the support that is given to Churches. I have records to prove, all of us have records to prove that the support given last year was actually given to churches within the constituencies. That is the reason why the government approved the support we are giving to churches goes through Members of Parliament so that it reaches the churches or support given to churches in the rural areas. As I have said if these funds are given through the main churches in Honiara, they will end up in Honiara and would not go down to the rural areas.

Mr Speaker, in defending the government's policy, we believe that it is a right decision that the government must help to support the churches, hence the inclusion of this \$6.1m in this supplementary budget.

Sir, this current government has been very supportive of church groups traveling overseas, but we have now designed a policy, and I must inform churches about it that any request for assistance must not be given directly to the Prime Minister's Office or me as Deputy Prime Minister, but your link is through the Ministry of Home Affairs.

There have been a lot of requests flooding the government and government being very mindful of the limited resources it has, it approved some and turned down others as well. But our records show that the government has supported some church groups traveling overseas on mission trips. As a government we are committed to supporting churches because churches are very important in servicing our people, not only in the spiritual world but also supporting us to implement government programs through health or education. The government continues to support churches in areas like health and education as reflected in the budget that parliament has already passed.

Mr Speaker, with these few comments, remarks and explanations, I support this Bill.

Sitting suspended for lunch break

Mr SOALAOI: Thank you, Mr Speaker, for allowing me to contribute very briefly to this Supplementary Appropriation Bill 2008.

Mr Speaker, I will be very brief, and at the outset may I take this opportunity to also thank the Minister of Finance for seeing it fit and necessary in bringing this Bill before Parliament for us to debate today.

Mr Speaker, whilst we appreciate the fact that contingency warrants are for emergency situations, I believe this Supplementary Appropriation Bill is a reflection of the government's seriousness to continue provide or find resources to provide for the needs of our country. And to do that, the government has seen it fit to incur expenditures under contingency warrants.

Mr Speaker, the way I see contingency warrants is another way of capturing public resources from the consolidated funds in order for us to be able to use funds for items not budgeted for in any budgets of any years. We also see the fact that CWs are not funded and in order for us to be able to use resources to fund our programs, we are able to use contingency warrants in a more flexible manner rather than to allow government continue to operate.

Whilst I am in support of the supplementary Bill, Mr Speaker, the only genuine concern I would like to raise is the area of budget preparation. This is the second supplementary appropriation Bill for 2008, and I tend to believe that the fact this year we have two supplementary bills is because of under allocation to programs forwarded by certain ministries of the government. As a member of the Public Accounts Committee, I believe this second supplementary speaks a lot in the way we prepare our budgets and the way we respond to programs of actions forwarded to the Ministry of Finance by different ministries or departments of the government.

Mr Speaker, I believe if our budget proper caters for programs planned by certain ministries or departments in our government, we would not have come up with more than one supplementary appropriation bills and we should also not be funding items under contingency warrants that should have been funded under normal heads in the budget proper.

Sir, the reason why I raise this is if the way we prepare budgets is not sensitive or responsive to the different plans of actions prepared by different government departments, I believe we will continue to incur expenses under CW for expenditures that are also in our programs of actions, which mean these items are not urgent in nature.

The reason why I said this, Mr Speaker, is that, I think we need to improve the way we prepare our budget. This concern is not only for this government; Mr Speaker, we continue to see this since independence and some of these budgets I have not seen because at that time I was still a kid, but I believe this continues to be the trend. If we continue to budget in such a way that we are not really taking into account the different activities designed or planned by different departments then we will always be placing ourselves in a position where we want to make use of the CW to fund items that are not qualified to be funded under CW for that matter, Mr Speaker.

We raised this issue a number of times since last year as recommendations from the Public Accounts Committee that the Budget Unit needs to take into account activities being planned for by different ministries so that funds allocated to different ministries are enough to fund government programs. What I am saying Mr Speaker, is I believe our budgets need to be sensitive and responsive to the different activities planned by our ministries, Mr Speaker.

I am not saying this is not the right thing to do, but I am raising this as a genuine concern for us to take into account for future preparations.

Like I said that if we continue to do this, we are not giving enough freedom for our ministries to start work at the beginning of every financial year, Mr Speaker. I guess the reason why some of our ministries do not really implement plans they devised is because allocation for their activities are not enough or they are not being allocated adequate resources for them to fund specific activities.

I believe, and Ministers will also agree with me that your ministries have been doing a lot of planning and a lot of prioritizing before submitting your corporate plans to the Ministry of Finance to look at during the course of budget preparation has not been an easy time. I believe we will all want our programs to be fully funded and to be told that your request will not be given you is not really motivating, if I can say that, Mr Speaker.

However, Mr Speaker, I do appreciate the fact that as Members of Parliament and I must also thank the Minister of Finance for seeing it fit to regularize government spending by way of this supplementary appropriation bill. I guess we all desire to do things in the right and proper way and set the precedence for people who may come after us to be doing things that is not really hundred percent but at least estimate in a more accurate manner.

Sir, I believe the reason why we are supplementing is because of needs that have arisen and need to be funded as they are not catered for in the budget and therefore the government is given the freedom to do this by way of contingency warrants.

This is the only concern, Mr Speaker, I wish to raise as a friendly reminder or advice to the Ministry of Finance. With due respect, I believe we do not want to continue supplement items that are not qualified to be funded under CW.

Like I have said, Mr Speaker, the fact that contingency warrants now as mentioned by officers is quite as high as compared to previous years. It does not mean we should not be telling our officers in other ministries not to worry or do not get this because this can be obtained under contingency warrants. We are living in a world that is evolving all the time and we want to make use of the necessary training. I believe our officers are trained during their course of training to work in different areas of our ministries, especially the Ministry of Finance for that matter.

Whilst I do appreciate the hard work put together by the Budget Unit to get this bill ready in time for us to debate in Parliament, I think the process of budgeting and budget preparation needs to be improved. If that cannot be taken probably we can even say that our budgets need to take into account the different activities. Because we ourselves too told them to plan and when plans are forwarded to us they are not given adequate allocation for these activities to be funded, we resort to contingency warrants. But I must thank the government for seeing it fit that we continue to function thus making use of the contingency warrants. I think we still have money enough through contingency warrants that we can still use but that does not take away my concern that we need to budget properly because some of the items funded in this supplementary are also in government programs of some of our ministries.

With this very brief contribution, Mr Speaker, I wish to thank the Minister of Finance once again for this Supplementary Appropriation Bill 2008 and also thank you for this opportunity to briefly contribute. Thank you, Mr Speaker, I support the Bill.

Hon. ZAMA: Thank you, Mr Speaker. I would be very brief and to the point in contributing to this Supplementary Appropriation No.2 Bill for this year. First of all, I would like to thank the Minister for Finance and the government for seeing it fit in bringing these expenditures before parliament so that they are legitimized. This is a second supplementary and we are expecting another supplementary appropriation bill No.3 that will probably come before parliament maybe in the first sitting in February because there is still three more weeks to go.

Sir, I just want to continue echo the sentiments raised by colleagues who have already said their bit. As Chairman of the Public Accounts Committee, I would continue to raise issues that are raised in the report, and of which I want the government to take serious note of and do the right thing.

Sir, the 2008 appropriation bill was passed on the floor of parliament in March/April for \$1.4billion. The first supplementary appropriation bill was passed in August/September for \$201million and now this second supplementary appropriation, which is before us for debate is for \$27million. And if we care to look at the bill itself there is a provision of \$5million for contingencies warrants for the remaining three weeks until the 31st December 2008.

Now, summarizing all those, Mr Speaker, one would see that this government would spend by 31st of December \$2.1billion. In all, Mr Speaker, this can be summed up as laxity by officers in the Ministry of Finance for not doing a good job; they are simply not doing a good job in making estimates.

Sir, as can be seen by this continued provision of the supplementary appropriation, it is very obvious that all the line items, as we continue to raise on the floor, were under supplied and most budget items were either omitted or that there could be a lot of political projects, political expenditures creeping in throughout the year, which have obviously contributed to continued supplementary appropriation bills. But as we can all see, Mr Speaker, the Constitution is very clear that we cannot hold the government at ransom, the government must continue to spend. There is no doubt about that, but spend in the way your policies are pointing to. I think that is the issue I would like to point out here. We spend money on where policies are geared towards, and not just spend money just because there are provisions in the contingency warrants. I think that is one of the biggest weaknesses in these bills. We continue to put a lot of big provisions, big, big provisions in bills and in supplementary appropriation bills inducing the government to continue to spend and thereby also inducing officers to be laxity in making proper estimates and forecasts. But we are expecting a third supplementary appropriation bill, hopefully in the February sitting of Parliament. If this trend continues, Mr Speaker, our 2009 Appropriation Bill comes 31st December 2009, we would almost be spending \$3 billion. That is by next year, because this is the trend at which we are going, the expenditure trend. So by 31st of December next year, our 2009 Appropriation Bill would obviously be under forecasted. I am raising this, Mr Speaker, for the government to take note so that it prepares itself for more supplementary appropriation bills next year.

This is almost a new characteristic of this CNURA Government. It continues to bring supplementary appropriation bills after supplementary appropriation bills. This simply shows that officers of the Budget Unit are careless about making proper forecasts, and in terms of the government they are not really serious about costing of government operations, coupled with the fact that there continues to be deliberate omissions and under supplied line items.

But whatever the case may be, the government must continue to spend and I fully applaud the government for continuing to spend money because there is money and that is why it continues to spend. But that said, it would be interesting to know what items in the 2008 Appropriation Bill proper were not yet spent or may be if we look at the 2008 development budget proper in, how much of that has not been spent, and on whose expenditures do we continue to incur some of these recurrent expenditures. Those are important points that need to be looked into seriously.

Mr Speaker, as I said that I will be very brief, I would like to congratulate the government for regularizing expenditures as and when they fall due because that is what the Constitution says.

What is left as I have said will be the subject of a third supplementary appropriation for next year. That said, Mr Speaker, thank you again Honorable Minister of Finance and your officials for bringing before Parliament these expenditures to be regularize and I would like to thank the government for continuing to spend money. With those remarks, I support the Bill.

Mr Speaker: Are there any other speakers? If not I shall call on the Minister of Finance to make a speech of reply.

Hon. Rini: Mr Speaker, first of all I would like to thank Members who have spoken in favor of the Bill, especially the Leader of the Opposition who raised a lot of very, very good points, which the government, especially the Ministry of Finance will take note of and try to improve the budgeting process next year.

Mr Speaker, this Supplementary Appropriation Bill comes into parliament for us to regularize or authorize spending that have already been approved by this parliament under the last contingency warrants. In August this year, I brought to this house the supplementary bill and in that supplementary appropriation bill, this parliament approved \$55million on contingencies warrants of which \$35million is recurrent budget and \$25million is development budget.

Out of the \$55million approved by parliament in the last supplementary appropriation bill, only \$27million of that comes in this supplementary. These contingency warrants were already approved at the last sitting. To say that the government incurred expenditures without authority, Mr Speaker, is misleading. These contingency warrants have already been approved, and now they are brought to parliament for us to approve them under their heads and sub-heads. That is what we are doing at the moment. So the government did not go out of the legal framework of the budget. All these things were done according to the

legal framework set up under Section 102 of our Constitution and also as stipulated under the Public Finance and Audit Act.

Mr Speaker, if you look at section 15 of the Public Finance and Audit Act, you would find in there how contingencies should be used. It is not necessarily to be used for urgent issues but it says in here that contingency warrants can be used in situations where provisions do not exist for them in the main appropriation bill. That is the first thing.

Secondly, Mr Speaker, it says that contingency warrants can be used on heads where provision is there but are not sufficient. That is what we did with these contingency warrants. The heads are there in the main appropriation but as we go along the heads are running short and so contingency warrants have to be used because another part of the section says that contingency warrants can be used under section 18, and section 18 says that virement can be done. And so if virement is done but all the heads are exhausted you can resort to contingency warrants. And that is what the government has been doing. That is what we did to these contingency warrants. We resort to contingency warrants because virement cannot be used because all the heads for vying are exhausted and also urgent requirements that have come in to fund government operations. Mr Speaker, I totally agree with the Member for Rendova/Tetepare that we have incurred a very big supplementary this year. That is because of unforeseen situations we came across, especially the increase on price of fuel, and so the cost of traveling both domestic and international is high. The cost of telephone, electricity and water have drastically increased, and that is why you would see us putting forward a very big supplementary this year to enable the government meet its operational costs.

Mr Speaker, what I would like to say here is that this supplementary appropriation bill is within the legal framework set out in the Constitution and also in the Public Finance and Audit Act. I can assure this House that in the past we normally spend first before we come to Parliament for blessing. With this situation there is none of that. We did not do that. I can assure you that this government did not spend first before coming to Parliament. All the spending here was already covered in the contingency warrants and now we come here to parliament to do the voting on their heads and sub-head.

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

The 2008 Supplementary Appropriation No.2 Bill 2008 agreed to.

Mr Speaker: Honorable Members, the House will now resolve into a committee of supply to commence its consideration of the 2008 Supplementary Appropriation No.2 Bill 2008.

BILLS

Bills – Committee of Supply

The 2008 Supplementary Appropriation No.2 Bill 2008

Mr Chairman: Honorable Members we are now in a committee of supply to consider the 2008 Supplementary appropriation No. 2, Bill 2008. As usual we will first consider schedules head by head we consider each clause of the bill. We will begin with the first schedule.

According to the Standing Orders there is a maximum of 4 days to complete our business in the committee of supply. However, it is not mandatory to use up all four days. If, even as early as today, we complete our consideration we will conclude this proceeding and go straight into Third Reading.

As a reminder once again Honorable Members that when we consider each Head, Standing Order 64(3) requires that we adhere to a few rules, that is to say:

- any debate on a Head must be confined to the policy of the service for which the money is to be provided;
- the debate must not deal with the details of any item or subhead;
- reference however may be made during the debate to the details of revenues or funds for which that service is responsible.

Honorable Members, we will now proceed to consider the First Schedule”.

Head 273 – Ministry of Finance and Treasury

Hon. Sogavare: Mr Chairman, can the Minister confirm that you have already paid this \$1,800,000? Can the Minister confirm that the debt in respect of the Sasape Marina Limited has already been paid?

Hon. Rini: Mr Chairman, yes we have already paid the various creditors of the Marina Sasape.

Hon. Sogavare: Mr Chairman, can the Minister inform parliament whether this is a general policy or something specific to Sasape Marina?

Hon. Rini: Mr Chairman, this allocation of \$1.8million is for Marina Sasape’s outstanding bills that was paid to the various supplies.

Hon. Sogavare: I need to clarify my question. This is a state owned enterprise of the government, and the government has now actually picked up the debts of a state owned enterprise, which under normal circumstances should be met by the enterprise itself. My question is, is it a general policy now for the government to pick up debts of state owned enterprises or is it because of some special circumstances that the government has picked up this debt.

Hon. Rini: Mr Chairman, the government is in a process of selling that entity. Therefore, to clear outstanding debts, we have to do this. It is not a general policy of the government but is specific for this entity because the government is trying to sell this entity and we have to clear its outstanding debts on behalf of this entity before the government can proceed with the sale.

Head 273 - \$1,800,000 agreed to

Head 275 – Office of the Governor General agreed to

Head 279 – National Parliament

Hon. Sogavare: Mr Chairman, I did not question the Governor General's Head because we should not question that because he is the head of state.

Mr Chairman, this committee is actually ongoing and in fact it will do more work in 2009. Only \$316,800 was actually provided under this particular item in the 2009 Budget. Mr Chairman, can this side of the House be informed that the way they are going they probably would be incurring about \$2million or \$3million and so definitely we will need more allocation on this particular item. Can the Minister just confirm to us or whoever where are we going to meet the cost of this Committee that is still in full swing because only \$316,000 was allocated for it in 2009?

Hon. Sikua: Mr Chairman, as we are aware this Committee should have reported back to parliament in November this year, but because of the task yet to be completed by the Committee, the committee will be performing its tasks and has asked for an extension to mid 2009 to enable it produce its report and to give to parliament this report in our midyear sitting of parliament.

The amount that is left is, of course, not sufficient for the work of this Committee but there is a remaining balance of \$1.1million under the accounting code or head on parliamentary sessions and committee expenses. We still have that balance of \$1.1million under the recurrent estimates under the committee

sub-head, and any further supplementation of this head can be done in 2009. Thank you, Mr Chairman.

Hon. Sogavare: Mr Chairman, that touches directly on the issues that we have raised on this supplementary. This is a foreseeable activity. It is something that is already ongoing, something that we know exactly that it will cost more than \$316,000 and even that \$1.1million the Prime Minister has been telling us will also cater for the various sub committees, the standing committees of parliament, like the allowances of chairmen, allowances of members and so forth.

I just want to put to the government that definitely there is going to be another supplementary appropriation coming in. There is nothing wrong with that if we need more money, but do not resort to contingency warrants. In fact, we still argue that point. This is something foreseeable and you should properly budget for it in 2008. There is nothing wrong putting in \$3million on that item, and if you do not use all of them, at least there is allocation there to be used so that we do not resort to contingency warrant because this is a reasonably foreseeable expenditure.

Mr Chan: Mr Chairman, I agree with that comment as well. Our budget originally was much higher than this but our committee has accepted the amount that is given to us and we will try to work within that, but if there is a shortfall next year in the course of doing our work, we would certainly come back to this house and ask for more. But at this stage we believe that this is enough and our committee has accepted that amount of money to keep us working and we will come back when we need more.

Hon. Sogavare: In fact we can go on and argue about these things until kingdom come. But I think we will leave it there, and that is exactly the point we have raised. We just want to emphasize that point. But the fact is that you will resort to contingency warrants, you will resort to that.

Mr Chairman, they can come back and ask for additional funds here, but you do it under supplementary appropriation where you come asking parliament to first endorse that money, it blesses it first before you use it, and do not resort to contingency warrant. We will continue to argue that point and if there is need to debate the contingency warrant we can do it.

Mr Chan: Thank you very much, I take note of your point.

Hon. Sikua: Mr Chairman, I think to accurately estimate the amounts to give the Foreign Relations Committee for its work on RAMSI is that the Committee has

given us its overall costing lately on how much they think they would need to cover all the provinces, and what they would like to do. Mr Chairman, there are areas that we would like to sit down and talk with the Committee on its costing, and ones we have that sorted out, we will be clear in the beginning of 2009 to enable us to be more accurate about the total amount the Committee needs to be able to complete its work. Thank you, Mr Chairman.

Mr Zama: If you look at that sub- item, it says parliamentary committees and not the Foreign Relations Committee. The PAC is also very vibrant in its approach to try and widen its scope of parliamentary strengthening and accountability and check and balance, what I would like to know is whether this allocation is only for Foreign Relations or for the other committees as well because if you look at that head it says 'parliamentary committees'?

Hon. Sikua: Mr Chairman, the accounting code head is for parliamentary sessions and committee expenses. What I am saying here is that until, like I have mentioned we agree on the costing put to us by the Foreign Relations Committee to complete its work, the work of the Committee will not be disturbed because some funds are still available there under the recurrent estimates under this sub-head I mentioned earlier on. Mr Chairman, once we are clear on that we can come through another supplementary appropriation because we will come back in February or March and probably it is timely for us to get the blessing of Parliament at that time for additional funds for our committees, especially the Foreign Relations Committee.

Head 279 - \$1,500,000 agreed to

Head 281 – Office of the Prime Minister and Cabinet

Hon. Sogavare: Mr Chairman, just on this Commission of Inquiry on RIPEL, has that Committee started its work?

Hon. Sikua: Mr Chairman, the members have been appointed and we hope the committee will start off its work. There are three members and any two can go ahead with the work of the commission. We have set up the office and they are beginning to gather information, the support staff is going ahead to do that. All the members have replied and agree to be members of this commission, and so preparatory work is going on at this time.

Mr Zama: Mr Chairman, capital expenditure specialized item – for \$786,200. The explanatory note does not reconcile with that. In here it says “purchase of a standby generator” and if you look at that head it says a different thing, there are two different explanations there. What is the difference between those two?

Hon. Sikua: The standby generator is for the office of the Prime Minister. The existing one is too small to cater for the needs of the office of the Prime Minister because every time the power is off it cannot start because it is weak. We are getting a much bigger one to cater for the needs of the new equipments and all those kind of things in the Prime Minister’s Office.

The setting up of the commissioner of inquiry is the sub-item we have already dealt with and the standby generator is for the Prime Minister’s Office.

Hon. Sogavare: Mr Chairman, just a follow up from the answer of the Prime Minister on the Commission of Inquiry. It looks like the commission has not actually started its work, and we are allocating \$450,000 for it. If it is still to finish its work then the assumption is that it will be carried forward to 2009, work will continue in 2009 because it has not done its work yet. The problem we have now is that that item is not provided for in the 2009 Budget unless the Minister will want to direct us somewhere that particular activity is taken up in 2009 both in the recurrent and development budget.

The question is that if that work is not done yet, it looks like from the Prime Minister’s explanation work has not really taken off from the ground, and the assumption is that if that does not happen then you would normally carry that forward and do it in 2009, but there is no allocation in 2009.

Hon. Sikua: Mr Chairman, I am insisting that this commission starts now. I do not want this commission to wait until 2009. And so the preparatory work I mentioned is ongoing, but I am insisting on the members that they must start now. The issue of whether it is in the 2009 budget or not is because I want this commission of inquiry to work for only 6 months, and this is the costing that we will need to finish the work of this commission in 6 months. Hopefully, Mr Chairman, we can do it in less than 6 months, but the urgency of this commission is here now and I would want it to start so that it finishes quickly. Even if the work is not reflected in the amount here, I am insisting on all the members that they have to start right now. Thank you Mr Chairman.

Hon. Sogavare: Mr Chairman, that is good but it is just for the Ministry of Finance and may be the Prime Minister’s Office to accommodate the Prime Minister’s wish here. What should normally happen here is that if there is no

provision for it in the 2009 budget, what you should do now is to lock up \$180,000 from that amount of \$450,000 in a special account. If the arrangement is not possible then the Prime Minister's wish will not be realized in 2009. If the work is for 6 months then obviously it will go across to 2009. I am just raising this to the government now. The Prime Minister has made his intention clear that he wants this work to be finished within 6 months, and it looks like it will overlap, and so what needs to happen is now to lock up \$450,000 or what is not yet used in a special account to accommodate the wish of the Prime Minister.

Hon. Sikua: Mr Chairman, at the moment we are exploring with Finance how we could lock in this \$450,000 to a special account or any other legal avenues where we could secure this money now so that the committee can go ahead and work. Our officials are looking at the possibility of where this money can be safely secured so that we can continue utilizing it anytime from now. Thank you, Mr Chairman.

Hon. Sogavare: Mr Chairman, the other thing is the special equipment. We assume now that the running costs of that machine are taken up elsewhere, because this item is actually zero rated in 2009 and so we assume it is for buying of this machine and the operating costs will be taken up in some other items.

Hon. Sikua: Mr Chairman, yes its running costs comes under the Prime Minister's Office and the recurrent estimates of 2009. This is new equipment and therefore it appears as such. Thank you.

Head 281 – \$1,758,949 agreed to

Head 285 – Ministry of Lands, Housing and Survey

Hon. Sogavare: Mr Chairman, I just want the government to clarify to us what sort of payment is this. We understand it is in respect of rental arrears. The correct accounting treatment of any payment that goes from the government to provincial governments, why is it from the Ministry of Lands instead of an additional grant to cover arrears of rent? Because we understand that this payment is made by the provincial governments themselves paid to whoever it is that they are renting office from. I just want to understand the rationale in getting the Ministry of Lands coming up with this payment.

Hon. Magga: Mr Chairman, what I am saying is that the Guadalcanal Provincial Government does not have an office rental vote, but the Ministry of Lands has it,

and so we have allocated that amount to settle the Guadalcanal Province's arrears.

Hon. Sogavare: Mr Chairman, all the government is doing is resourcing provincial governments. That is what you are doing; you do not pay from your rental head. Whatever appears in ministries' heads and sub-items are for the services of the government, the Solomon Islands government and not the service of provincial governments.

The correct accounting treatment here is for you to resource the provincial governments. That is what I am saying, and the appropriate Ministry to further resource provincial governments is the Provincial Government Ministry as it is the parent ministry by way of grants. That is how government relates to provincial governments; it gives grants to provinces for them to use on whatever services. Just for the government to take note of.

Hon. Sikua: I think the basic reason why it is under the Ministry of Lands is because it was Lands that signed the agreements with the landlords. If I remember correctly in this particular instance, Mr Chairman, that particular agreement was signed by the Ministry of Lands, and therefore it comes under its budget allocation.

Hon. Sogavare: Mr Chairman, in that case it is the government's obligation if you tie up government to any agreement. In fact the whole idea of the government to treat provincial governments as separate governments, governments of their own is that they should be able to enter into agreements in their own rights. This is a contingent liability on the government every time if the situation is what as pointed out by the Prime Minister; you have a contingency liability here. It is the government that signs the agreement and so we can be careless and next time the government will come to our rescue us. I would suggest if that is the situation, you get these agreements to be signed by provincial governments with whoever it is they are renting the houses from.

Hon. Sikua: Mr Chairman, I think this particular agreement was done sometimes back when the office of the G. Province was burnt down and it moved to the Hyundai building. To date the Guadalcanal Province has moved out from there to its new premise at Ritaleven, and so this is for payment of rental arrears. G. Province has moved out and so once this outstanding amount has been dealt with it will not appear again.

We take note of the Hon. Leader of Opposition's point that further rental agreement by any province should come under the right government ministry,

which is the Ministry of Provincial Government. This is a case that will not be there once these arrears are cleared, Mr. Chairman. Thank you.

Head 285 - \$536,000 agreed to

Head 288 – Ministry of Commerce, Industries & Employment

Hon. Sogavare: Mr Chairman, this is quite a very big supplement. This \$1.6million is an amount that can be possibly overlooked when it comes to foreseeable expenses, in fact additional bills. Can the Minister may be put our mind at ease on how is that this cannot be foreseeable at that right time when the budget was made. In fact, the first supplementary appropriation also included trade fair and here is another \$1.6 for this year. Can the Minister just put our minds at ease on how you cannot foresee this one? What are these bills, and from who?

Hon. Hilly: Mr. Chairman, we would all agree that hosting the annual trade show is a very expensive exercise. There are a lot of costs involved that one cannot foresee at the beginning. But the great news about this is that although this much money was spent if managed to recover almost a million from the sale of materials after the show. So the actual amount of money spend by the government is a lot less than what was spent initially.

Head 288 - \$1,600,000 agreed to

Head 293 – Ministry of Home Affairs

Hon. Sogavare: Mr. Chairman, this Ministry exists to assist sporting federations. Mr. Chairman, if you look at the 2009 budget, the first item it is actually reduced to \$294,323.00. What is reason for this reduction? Will the Ministry no longer support sporting federations in 2009?

Faulty in tape recording

Hon. Sikua: This goes for assistance to churches and as a government policy it will continue in 2009. In fact the actual amount will be reflected when the government calculates it at that time according to its revenue. Mr. Chairman, it will continue in 2009 and an amount would appear there when we come to know the government's total revenue, some percentage of it in 2009. Thank you.

Hon. Sogavare: The second part of the question was touched by the Prime Minister a bit. The question is very specific; how is this level of assistance of \$6.1 million determined for this purpose? How is that level determined?

Hon. Rini: Mr Chairman, this is determined on the surplus of 2007, which is about \$61million and 10% of that is \$6.1million.

Mr. Waipora: Sports development. This is a very specific question to the Minister. Honorable Minister, our province has submitted its refunds or claims when it held the Solomon Cup in Kirakira. Have you already paid those claims and that is why this allocation is here to cover those claims plus others?

Hon. Tora: Mr Chairman, I want to thank the Member for West Makira, my good colleague. Outstanding claims of \$500,000 were budgeted for in 2008, and I understand my Ministry has already made the payment. The only thing they are still waiting for is the method of making the payments either through the province or through the committee, and that committee no longer exists, and so I directed them to go through the province and they will follow the list.

Mr. Tosika: Mr Chairman, I want to raise concern on this item on subvention and grants to churches. I welcome the idea taken by the government but the only difficulty I have here is that this payment was made in segments of 1 to 3. I think if this fund is going to be paid again in future it should be paid at the same time to every Member of Parliament so that it does not cause hiccup to other members. Because what is happening now is that some of us have been accused of telling lies saying funds have already been paid to us, but those of us in the last group are yet to be paid the money, because even the second group is yet to receive theirs because maybe it is paid in alphabetical order and so forth.

My concern is that I think it would be best if in future every Member of Parliament is paid at the same time for distribution to their churches so that when the payment is made we all can go out and pay the churches so that there are no complaints. Thank you.

Hon. Rini: We take note of that concern. We are doing this because of cash management. Because in last two weeks there have been two very big payments made of \$6.1 and \$7.5million and therefore we decide to pay the \$7.5m first on the RCDF before we pay this one out. These two payments were made in the same week and therefore for cash management purposes we decide on paying the first group of 15, and then the second group of 15 and the last group of 18, and I think everyone should have received their payments by today because

instruction for the last 18, was already sent to the various banks by the Central Bank that you have accounts in and so if you check in your accounts payment for the last 18 should be in your banks by today. Thank you, Mr Chairman.

Mr. Oti: I do not have problem, in fact, I appreciate the spirit of the intention of such assistance, however, for two consecutive years we have been using constituencies or Members of Parliament. Can the Minister of Home Affairs, the Minister for Finance and the Prime Minister work out a mechanism so that next year this is not paid to Members of Parliament but is paid directly to the churches, so work out the mechanism that this will be administered. We are trying to get out of it and here we are getting some more on to ourselves. Thank you, Mr. Chairman.

Hon. Tora: Mr. Chairman, I thank the Honorable Member for Temotu Nende for that very important suggestion he came up with. We will bring a paper to Cabinet to look into the areas that you have mentioned. Mr. Chairman, we take note of that point so that it is a guide for us in the future. Thank you.

Mr. Tosika: I would like to just raise another concern that may be we can look at in the future. Our Futsal Club is one in the region that participated in the World Cup giving pride to Solomon Islands for reaching that standard. In most cases, government policy in sports is geared towards improving or encouraging our young people, especially youths to engage in worthwhile activities such as soccer, rugby, athletics and futsal. However, although there is a policy on sporting activities, minimal funding is given to sports, it does not seem to me that we are encouraging people to get to higher level.

Mr. Chairman, as a matter of fact, sports unite people and sports bring about peace and sports even can bring health to people in the country. Therefore, I think that next time when funding allocation is to be given to this Ministry, we must be realistic in allocating funds for sporting activities and also for teams such as the Futsal Soccer team, which is ready to participate in international events. Thank you.

Hon. Tora: Mr. Chairman, I would like to thank the good Member for West Honiara. Mr. Chairman if the Honorable Member could remember that when the Futsal team was ready to take part in the Futsal World Cup tournament, I think it was the first time in history for a government to fully support the team. Yes, I know that past successive governments supported sporting teams in terms of finance, but this government, the CNURA Government fully supported the Futsal team in its participation at this event.

I would like to also thank the Leader of Opposition for supporting the government in sending out the team both orally and financially although they fail to achieve what was expected but to enter the World Cup is a very big achievement for our country, Solomon Islands. We take note of the points raised by the Member for West Honiara. Thank you Chairman.

Head 293 - \$7,040,137 agreed to

Head 295 – Ministry of Mines, Energy and Rural Electrification

Hon. Sogavare: Mr Chairman, two questions, one to the Finance Minister and another one to the Minister of Mines. To the Minister of Mines, have we already bought this equipment? That is the question to the Minister of Mines. To the Minister of Finance, maybe for accounting purposes in that particular item 027-2191 -capital expenditures specialized equipment, the 2000 revised budget should be \$2,400,000. This is for us to properly follow up when it comes to next year, when this budget comes back again for the purpose of properly scrutinizing the budget that we actually reflect the proper revised figure on that particular item, as presented in the 2009 recurrent estimates is actually zero in the revised budget, but this was actually given allocation for \$2,400,000. Thank you.

Hon. Huniehu: Mr. Chairman, the amount provides for the purchase of a specialized geological equipment. This equipment will enable the Ministry determine the mineral content of rock structures on shore as well as offshore. It is expected that this will especially benefit to help us determine information on our continental shelf survey program. Yes, the machine has been purchased as it is equipment the Ministry really needs. As technology catches up on us, the Ministry in particular has to update itself in obtaining the best technology we can find. This specialized equipment is helping staff in my Ministry in their research work in providing information to attend the continent shelf meeting.

Hon. Rini: Mr Chairman, in regards to that question, the allocation in 2009 is for the operational cost of that machine. The machine was paid already and so there is no need to buy another machine next year because the machine is already here. The allocation there is for operating cost of the machine. Thank you.

Hon. Sogavare: We appreciate that, and in fact goes back to the question I asked earlier on to the Prime Minister. My concern is for accounting purposes and for proper reading of the budget in 2009 when the budget for 2010 comes, it should

reflect on a revised allocation on that particular head of \$2,400,000, but it is zero there, it is zero in the 2008 revised budget. I checked all the other supplementary estimates that were brought here and that was properly reflected in the revised 2008 budget. It is just for proper reading of the budget, so that if this is put next time round and if the Minister comes up with another \$2million, I would have to ask him next year, what is this for? It is for purchase of the same machine because what is wrong with the machine.

It is just for the Ministry to take note of, it is not something to ruin the budget, but it is just for proper reading of the 2009 budget because when the 2010 budget is present, we normally look at the trends. In 2008, the Ministry actually bought a machine worth \$2,400,000, but the way it is reflected in the 2009 budget is zero, which shows the Ministry has not incurred anything on that particular head.

Hon. Rini: Mr Chairman, that is a very good comment, which we will take note of.

Head 295 - \$2,400,000 agreed to

Head 299 – Ministry of Environment, Conservation & Meteorology

Hon. Sogavare: Can the Minister inform the House when did he come to know that he must attend this international convention?

Hon. Darcy: Mr. Chairman, as you know this is a new Minister and so when the 2008 budget was conceived we were expecting most overseas trips by the Minister and the officials would be met by international foundations, however, it did not happen as we have expected. In fact there are two important conferences this year that we have to meet ourselves. They are the SPREP meeting and the one currently being convened in Holland. I did not attend the Holland one because of my doctor's advice for me not to travel. But these were the two meetings that somehow we have raised expenditure requirement of the Ministry up to this amount.

In the 2008 budget, the advice given to us was that most of the conferences attended on climate change and environment are all funded by international commissions and one or two we have to meet ourselves.

Next year we will fully realize the conferences that will be funded and which ones are not, and so our estimates next year will possibly show some reasonable estimation of what we could foresee.

Mr. Oti: Mr Chairman, last year was zero in that provision and this year it is there, and in fact next year there is none. So you can only perhaps come back and request parliament through supplementary.

The only way you can get funding for your trip is through normal supplementary. For example, there is \$60,000 this year for that particular item and in next year's budget it should show as \$500,000 plus, as a revised 2008 budget it is \$560,000 and then there is an allocation for 2009 but currently you do not have and so you can only look forward to another supplementary for your trips next year because the issues on climate change are not going down but going up. In fact you would be required to do a lot more of what you have been doing this year than previously. This is just for the Minister of Environment to note and the Minister of Finance to help the boss next year.

Hon. Darcy: Mr. Chairman, I do not know what particular vote is the Member for Nende referring to, but if I can assist him he should turn to page 598 in the recurrent and you will find there that there are some allocations made on page 598 and that was the same question the Leader of Opposition asked me and I did answer him, that yes we predict some trips next year and that is on page 598. I would like to ask you to read the book again, it is in there. Thank you, Chairman.

Hon. Oti: I cannot be blamed for not misreading the Ministry.

Hon. Darcy: Maybe we come have to this house with different books and so let us not blame ourselves for that. But I think one thing we should be comforted with is that the Appropriation Bill has actually provided for the provisions. I deeply regretted the fact that the Member for Temotu Nende has come to parliament with an empty space, but it is there, Mr. Chairman. Thank you.

Head 299 - \$500,000 agreed to

The sum of \$18,490,702 being the total recurrent estimates agreed to

Development Estimates

Head 477 – Ministry of Infrastructure Development

Hon. Sogavare: We note the general narration there. Can the Minister elaborate on what exactly is this amount of \$400,000 used for?

Hon. Rini: Mr. Chairman, this \$400,000 was paid to the Marina Sasape for the MV Kangava for Guadalcanal Province. Thank you.

Head 477 - \$400,000 agreed to

Head 495 – Ministry of Mines, Energy and Rural Electrification

Hon. Sogavare: Mr. Chairman, can the Minister brief the Parliament whether this rural electrification phase 1 was completed or not?

Hon. Huniehu: Mr. Chairman, negotiation is still ongoing. I wish to assure the Leader of Opposition that it is progressing very well. The amount of money stated there is to cater for the purchase of vehicles that will expedite negotiation process and consultation with landowners and also the group from Tasmania who are doing feasibility studies of the Tina Hydro project. Thank you.

Head 495 - \$1million agreed to

Head 498 – Ministry of Rural Development

Hon. Sogavare: Just to follow up on the statement made by the responsible Minister or the Deputy Prime Minister on the floor of parliament today that this amount is to assist people in paying of freights to ship home materials and whatever people received from the rural livelihood fund.

I just want to bring to the notice of the Minister that this fund continues next year and so it is the case that we are all going to be paid again \$150,000 to freight materials and whatever we buy from the rural livelihood funds.

Hon. Fono: Mr Chairman, I mentioned that that is part use of the fund. It can also be used on incomplete projects. It is basically to facilitate the implementation of livelihood projects that are funded by government so that projects can be completed this year. In terms of whether or not the government would continue with this next year depends on circumstances and the decision of the government next year. Thank you Chairman.

Mr. Waipora: If we are to ship water tanks, canoes and OBMs after this supplementary is approved, would the Ministry of Rural Development used part of West Makira's fund to freight materials I got under the livelihood project. I purchase materials out of the livelihood program but there is no provision for

freight. My question is, whether officers of the Rural Development Ministry are going to get money for freight out of the amount we are going to approve now.

Hon. Fono: If the MP understands it rightly this is not going to be used by the Ministry of Rural Development. The RCDF is paid into constituency accounts and so it depends on each Member of Parliament with their CDO's to utilize the funds to expedite the implementation of their projects. However, your case in Makira might be different to Temotu Vattu, Vona Vona or other constituencies. It depends on each Member of Parliament and their constituency development officers. Thank you.

Hon. Sogavare: Thank you for those explanations. What accountability process do you expect Members of Parliament to adhere to, not only on this one but there is another payment too in the first appropriation of \$100,000, in fact, the total additional contribution from government amounts to \$250,000. What accounting ability process do you require from Members of Parliament on the use of this additional allocation to every constituency?

Hon. Fono: Mr. Chairman, in terms of accountability there are approved criteria that we should retire through my Ministry at the end of this year so that further release of next year's RCDF would be payable to MPs. Without retirement, there would be no RCDF payment next year. That is the agreed criteria used by this government and even the GCCG government. That policy of accountability is still in place. Thank you.

Hon. Sogavare: Can you confirm in no uncertain terms that you will require retirement from every constituency before the 2009 allocation is released? Can you confirm that?

Hon. Fono: Mr. Chairman, once MPs and their constituency committees and whoever retires their funds, the next funds would be released to them. We cannot penalize those who are accountable and transparent at the expense of others. Thank you.

Hon. Sikua: Just an additional comment on retirement, Mr. Chairman, and this goes to all of us. I think our very kind donor, the Republic of China, Taiwan would also be grateful if we could inform them through the retirement about our accounts. I would like to stress that probably with the Ministry of Rural Development can compile a report at the end of any financial year to go to the

donor to inform them how we have been spending their contributions to rural development.

I just want to inform Parliament that we would be very keen to do that, say for the year of 2008 and we can go as far back as we like, but I would want to see the Ministry of Rural Development compile a report and inform the donor where the funds have been spent in terms of each constituency.

Hon. Sogavare: Mr. Chairman, just a follow up on the statement made by the Deputy Prime Minister today when he mentioned something about constituency plans. I am aware that the Ministry is actually encouraging constituencies to come up with plans. Mr. Chairman, if I can read it correctly from what the Deputy Prime Minister said today that release of funds in 2009 would be subject to constituencies submitting constituency plans. Is that correct?

Hon. Fono: That is the general understanding, as much as we would want funds to be subjected to constituency plans, however, we are giving more time to constituency development officers to produce constituency plans in close consultation with MPs so that constituency plans can be used as a basis of future funding so that rural livelihood can continue next year and probably 2010. Some of us are currently doing that and we are encouraging others to follow that system. Thank you.

Head 498 - \$7,500,000 agreed to

The sum of \$8,900,000 being the total of the development expenditures agreed to

The sum of \$27,390,702 being the total recurrent and development expenditure by contingencies warrants agreed to

The first schedule agreed to

Clauses of the Bill

Clauses 1, 2 & 3 agreed to

Parliament resumes

Hon. Rini: Mr. Speaker, I beg to report that the 2008 Supplementary Appropriation No.2 Bill 2008 has passed through the Committee of Supply without amendments.

Bills – Third Reading

The 2008 Supplementary Appropriation Bill 2008

Hon. Rini: Mr. Speaker, I beg to move that the 2008 Supplementary No. 2 Bill 2008 be now read the third time and do pass.

The Bill passed its third reading

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

The House adjourned at 4.15pm