

## MONDAY 27<sup>th</sup> SEPTEMBER 2010

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

Prayers.

### ATTENDANCE

At prayers all were present with the exception of the Minister for Foreign Affairs and Trade Relations; Mines, Energy & Rural Electrification.

### QUESTIONS AND ANSWERS

#### **Kiu/Masupa Road Project**

5. **Mr MANENIARU** to the Minister for Infrastructure Development: Can the Honourable Minister inform Parliament why the Government stopped funding the Kiu to Masupa Road Project in 2009 and 2010?

**Hon. FIULAUA:** The answer to that question is that surveys were completed but no funds were made available to implement it. As it is not only for Masupa, but the cost estimate for survey is already done by the previous government for roads that include Kiu/Masupa and also the East Malaita and East Makira road. We will try to put it in the budget for 2011 because I do not know what previous government have done about it. I will only prepare for 2011. That is my answer to that question.

**Mr. HANARIA:** Supplementary question, but before I do that I would like to make a comment. This road is very important because it connects three constituencies in the southern region of Malaita with an estimated population of about 40,000 people. There is a saying that goes like this: you can kill three birds with one stone, and I think this is an opportunity. My questions reads: Can the Minister inform this House as to where the Kiu to Masupa road project appeared in the order of priority by the present government in the national plan for road improvement construction?

**Hon. ETE:** In regards to the Kiu to Masupa road, the government will look at including this in the 2011 budget. Survey work has already been done on the road but the intention is to also include the East Makira road and the East Malaita road. The MID will negotiate this when the budget is done for next year in the 2011 supplementary appropriation act for an inclusive of \$20million. This is the position of the government now.

**Hon. SOGAVARE:** The assurance given by the Minister is welcomed by this side, and that is quite a serious assurance and I hope they will be committed to it. This \$20million stated by the Minister of Public Service, which source will it come from?

**Hon. Ete:** As I have alluded to earlier on, it will be negotiated, it will come from various sources whether it be from the EC government component but it will be negotiated.

**Hon. ABANA:** Maybe the Prime Minister would like to clarify whether it would be probably from the consolidated fund or from donor partners? I think that clarification is what is needed.

**Hon. LILO:** As we all know, the national transport trust fund is funded by the ADB, the EU and the SIG. What the Minister is saying here is that because of the exclusion in 2009 and 2010, we will try to negotiate. There will be, in the preparation of the 2011 budget, a series of negotiations with other donor partners, including the SIG for us to make available \$20million in the 2011 budget so that we can implement all other prioritised programs under the National Transport Plan. It will be a combination of contribution from the EU, the ADB and the SIG for that particular year.

One thing that we have to realize is that there needs to be prioritization so that we can target roads where work has already been completed so that we can effectively implement those projects. I think the Minister has alluded to not unnecessarily inflate the budget with just figures, and that is because of a problem in the past where provisions are made in the budget but there is no preparatory work done on some of these projects and therefore there has been delay in implementation, but it just unnecessarily inflate the budget. I think that is what the Minister referred to earlier on today.

**Mr. Sogavare:** The Minister talked about prioritization and that is important. What criteria does the government use in prioritizing those roads?

**Hon. Lilo:** I am sure there are various priorities as to how they are going to look at the projects. Obviously, overall construction throughout the country is a priority for obvious reasons that we want areas that should be linked to open up for production purposes in terms of agricultural development and things like that must be given priority. But in terms of which area we are going to put priority on really depends on information that have been gathered by our technical people so that design work is readily available for people in the Ministry of Infrastructure Development to make the decision that we are ready to implement projects like that. But in terms of priority, every area is a priority but it really depends on how the ministries gather information

including even talk with people too in regards to land access. We must not forget that access to land, even though under the Roads Transport Act any road that is declared a public road can be constructed but people still come asking for compensation for those roads. That is also one difficulty. You will see that in most cases where roads may have been identified in areas like that, but negotiations with landowners too sometimes slow down the work of the officials in getting the right information in terms of the design of the projects.

**Mr Maneniaru:** This word 'priority' sort of makes me a bit worried because this road project from Kiu to Masupa was already surveyed and was already provided for in the 2009 Budget, as I know it. I would like to believe that it has been put out maybe because it is not a priority any more. I also heard that East Makira and East Malaita are also coming up to become one project with the West Are Are road project and so it would seem that we are going out. Can I hear where the priority of this road is otherwise the others take priority over West Are Are because it was already in the budget but it was just dropped?

**Hon. MAELANGA:** I would like to assure my good Member for West Are Are that this government will look closely into projects that have been there already and to work on them.

**Mr SANDAKABATU:** Listening to the response of the honourable Minister of Infrastructure and also listening to the response of the Minister for Public Service and the good honourable Minister for Finance, coming back again to this word 'priority' and also referring back to my question last week, I seem not to hear Choiseul a priority when it comes to roads. Also the two names that were mentioned this morning in response to the same question, I can hear East Makira and East Malaita but not Choiseul. My question is, based on your priorities will Choiseul also be a priority?

**Hon. Ete:** What we were saying last week was that with the scarcity of resources in regards to wharves and other infrastructures, we put Choiseul as a priority for Choiseul and other places in Solomon Islands. With roads we want to have it inclusively with other roads in Malaita because its proximity is there. If machines go down they can be there in Malaita for construction of one or two roads and survey has already been done inclusive of \$20million estimated for this work. However, there were no funds available for this in the 2009 budget. But the government is going to look at national infrastructures in this country holistically and look at strategic areas to be done and we are going to look at this. Thank you.

**Mr Abana:** On the \$20m figure. We know that road construction nowadays is very, very expensive. Roughly, how many roads would you be able to do with this \$20million? Just an estimate and not an accurate one.

**Hon. Lilo:** I think when we say estimate it is estimate. The Minister referred to \$20million as an estimated figure or provision. For the 2011 he did refer to the fact that costing work is still going on and that costing can only emanate from the design being made. When design of the roads is done then proper costing would be done as well.

The provision of \$20m is basically a provision to be there. Each road will have its own different nature of costs associated with it and when the time comes that there is a need for us to further supplement it because of the obvious cost realities then that can be done.

**Mr Hanaria:** I have heard that survey work on this road has been done. Can the Minister confirm that the design and the costing of the road is not yet done?

**Hon. Ete:** It is not yet done because under the 2009 budget there are no funds made available there. What this government will be doing is to look at this in the 2011 budget.

**Mr Maneniaru:** Before I thank the Minister for Infrastructure Development, I would like to make a comment. First, the piece of road that the question is about has already been put for funding, it was already in the 2008 budget and therefore it means it is all ready to be kick-start. I would understand that the necessary requirements must have already been done.

As my colleague MP for East Are Are stated, those of us from the southern region of Malaita do not contribute very much to the economic development of our country in terms of our productivity. I think we understand that our islands have their own comparative advantage, and we too wish to contribute to our economic growth and infrastructure is important and the key to that. I think it is high time that we look at the southern region rather than just focusing attention on one area in the country and this is why, I think, we had problems. And may I also add that in Malaita, I think the labor force is already there. Good land to contribute to Malaita, we in Are' Are have that.

On that note, I want to take the Honourable Minister for Infrastructure Development. I really want his answer because it gives me the courage that he will be looking at putting this project back in the 2011 budget as he stated on the floor of Parliament. I also would like to thank the Minister of Finance, the Minister for Public Service and the Deputy Prime Minister for their favourable comments this question in

support of the answer by the Minister. I also thank my colleague Members of Parliament on the opposition side for their supplementary questions. Thank you.

### **Waisisi Oil Palm Project**

**6. Mr MANENIARU** to the Minister for Agriculture and Livestock: Can the Honourable Minister inform Parliament about the development status of Waisisi Oil Palm Project?

**Hon. RIUMANA:** I wish to thank the hard working Member for West Are Are for his question, and also to thank you for his concern because this project will have tangible impact on his people.

The Waisisi Oil palm project was initiated through personal contact and actually started in 2007. The project is private sector driven, however, since the project is in line with government policy objectives, the Solomon Islands Government merged with resource owners to facilitate the logistics to be ready for the investor to carry out from thereon.

In 2007, the project manager was recruited to oversee the project implemented with a feasibility study carried out internally, which estimated an area of about 4,000 hectare suitable for oil palm development.

Currently the following activities are continuing on site, as this is the most important and urgent task before the actual work can start with the investor. One is the land mobilization program which involves chiefs and resource owners and surrounding villages even as far as the East Are Are constituency. Under the mobilization program, there were nine tribal lands that have been completed. The nine tribal lands were estimated to be around 4,000 hectares. Land acquisition was completed with the tribal land and the next stage is to undertake cadastral survey. The cadastral survey is contracted to a private surveyor and currently should be on site by 1<sup>st</sup> of October 2010. The delay in engaging a surveyor was due to limited funds allocated under the project for the 2010 budget. However, the surveyor has received the first instalment of 30% of the amount funded. This was possible due to internal virement.

I wish to inform and I am pleased to inform the House that the Waisisi Oil Palm Project has an investor who has visited the site in July 2010. During his visit, he met with government officials including the acting Prime Minister then and other government ministries. Mr Valayatuan Khan, a Malaysian multimillion dollar investor who is a well recognized person in oil palm industries in Malaysia was handpicked by the resource owners themselves.

As alluded to, the proposed area for developing oil palm under Waisisi is 4,000 hectares with an additional area of 3,000 hectares. However, other catchment areas are around 7,000 hectares. This extends to West Kwaio and East Are'Are.

I also wish to inform the House that the West Are Are project resource owners are very helpful. They are very cooperative with the Government and as such the Ministry is proposing to initiate a budget of \$3 million for the 2011 budget. Thank you.

**Mr HANARIA:** Can the Minister inform this House as to when he is releasing the \$1 million to cater for the survey of the 820.7 hectares, and when is the additional to the 4,000 hectares he is talking about?

**Hon. Riumana:** As I have said in my answer, the cadastral surveyor will be on site on the 1<sup>st</sup> of October 2010. He will be there on that date and work will start.

**Mr Hanaria:** In fact, is this money going to be released or not? I know about the work program, but will the money be released before that?

**Hon. Riumana:** The contractor was engaged through the normal process, and that is through the tender process, and all funds released for this kind of work must be done on work performance and work done. Thank you.

**Mr Hanaria:** Does the investor have any conditions? I heard the investor is a multimillionaire so does he have any conditions as to what the government must fulfil before he comes in?

**Hon Riumana:** The only condition the investor puts is for us to grow oil palm.

**Hon. SOALAOI:** Just to ask the Minister because during his answer he mentioned that the project is mostly private sector driven. If the Minister can inform parliament in what ways is the project private sector driven.

**Hon. Riumana:** As I have said in my answers earlier on, this project was initiated by the resource owners. The resource owners came to the Government and we work with the landowners to formulate this project.

**Mr GUKUNA:** The Minister said that this investor has a lot of money. Has this investor put any money in the project already or not yet?

**Hon. Riumana:** It is a normal thing for an investor that he has to feel secure when investing his money and this is why the cadastral survey has to be there before the investment starts. Thank you.

**Mr HOU:** Supplementary question to the question by the Leader of the Independent Group. The Minister said that this investment is investor driven. I just want to know what is the government's plan on things like infrastructures such as roads, water, power etc, is the investor going to put in place those things or not?

**Hon. Riumana:** All the detailed surveys will be done after the cadastral survey.

**Mr FOLOTALU:** Supplementary question. What about the 4,000 hectares of this land, I did not get it properly but has it been legally acquired or not?

**Hon. Riumana:** This is why the surveyor will be there on the 1<sup>st</sup> of October 2010 to do the cadastral survey and then register the land.

**Mr Sikua:** Supplementary question and this is linked to the question asked by the Member for Small Malaita. With the investor that we have, are there any indications that he will put in infrastructures such as roads as well as the factory for milling of the oil palm or is he going to barge in all the palm oil to GPPOL 3, to us in the Plains?

**Hon Riumana:** I think the investor is a very genuine investor. He has been on site two times and the development concept is to establish this project in clusters and each cluster will have a mill. This investor has an oil palm plantation much bigger than the GPPOL Oil Palm Plantation.

**Mr Hou:** I feel my question has not been answered by the Minister. I want to know the Government's plan on the infrastructures. The Minister said it is investor driven, so I want to know whether the investor is going to put in place all the infrastructures or is it the Government's plan to provide all those important infrastructures.

**Hon Riumana:** I wish to thank the Member for Small Malaita for his question. This is oil palm on land and no product can be move without infrastructures. There has to be infrastructures built before production starts so this is the plan between the government and the investor.

**Mr Maneniaru:** Before I thank my hard working Minister for Agriculture and Livestock, an investor has been secured as the Minister confirmed on the floor today. When that person is ready the Government has to move fast in making sure our conditions are seriously considered. Otherwise our way of delaying things is upon us, you know the kind of attitude we have and then we lost important projects for the country.

The Waisisi Oil Palm project, as the Minister rightly stated on the floor is going to be a very big investment. We know the history of the SIPL before and now a new investor has taken over. We need those sort of projects for us to kick start it.

Here, I go back to recall what was stated by the Member for East Choiseul when he spoke on the appreciation motion to Sir Peter that 10 years right after independence what those people did for the country is what is sustaining us up until today. If this Ninth Parliament is to make a difference, we must be serious about having two or three projects where we put our names on.

It has been a long time now and nothing has happened, no big projects have taken off the ground. Investments have been approved here and there, but nothing eventuated. On that note, I know my Honourable Minister for Agriculture is a hard working Minister. I say this because my chiefs have asked me about the Minister for Agriculture when I went home for my campaign. They really talked highly of the hard working Minister of Agriculture. I think he must be really outstanding in terms of Are Are to follow up on Parliament and so they really talked highly of the Minister of Agriculture for what he has done in the last term to his people, as I heard.

I want to thank the Honourable Minister for Agriculture and Livestock, thank you for the assurance you made. Thank you for those encouraging words given on the floor. This project is on and he is serious about the funding. I just want to urge him to move fast my Honorable Minister so that we can start this project, so that the Ninth Parliament also has one project. With that, I thank the Minister.

### **Economic growth centres**

**8. Mr HOUENIPWELA** to the Minister for Rural Development and indigenous affairs: Can the Honourable Minister inform this House of the Government's plans to establish economic growth centres around the country and in particular what steps are being taken to turn Afio into one of these centres?

**Hon LIONEL:** I thank the Honourable Member for Small Malaita for asking this question as appeared in today's Order Paper.

The current government's policy is in its final stages, however, I can assure this House that establishing economic growth centres throughout the country is a priority for the current government, although finance is always a hindrance to all development plans.

I would also like to acknowledge successive governments' foresight and initiative in trying to address this very important issue as these centres should be the foundation to all government activities taking place in our rural areas. I can assure Honourable Members in this House that my Ministry will continue to strive in



achieving this goal during our term in office according to the government's policy direction.

In the case of Afio in Small Malaita, as long as Afio is identified to be the growth centre for Small Malaita, certainly this will be considered when funds are made available. Thank you.

**Mr Houenipwela:** I thank the Minister for his assurances, but I want to ask again specifically what priority is Afio taking in the Minister's plans.

**Hon MANETOALI:** This question by the Member for Small Malaita on the economic growth centres, first of all I want to say that I am a party leader of the Rural Urban Political Party and it is a policy of our party and it is still in the negotiation stage as yet whether this would be accepted by everyone in the government. It is not yet a part of the policy of the government. It is in the negotiation stage. As a party Leader of the Party involving the economic growth centres, we have to push that into the policy of the government. The economic growth centre is a very important policy of the government. And

The question is to turn Afio into one these centres. It would not only be Afio but the whole country that these growth economic centres will be established. Whether it will be on registered land or customary land, it depends on which constituency or which growth centre that open their lands, the growth centre will go there. If there are no lands opening up then there would be no economic growth centre.

This economic growth centre is a very important thing in that we have to broaden the economic base of this country through these economic growth centres. What I want to say, especially to the Member for Small Malaita is that the economic growth centre is still in negotiation stage before the policy of the government comes to its final touch. That is how I can answer that question.

**Hon. GUKUNA:** The counterpart of the Minister for Culture of Tourism. Mr. Speaker, if you can remember in the last House, one member who always talked about the growth centre is the Member for North Vella who has been voted out. One of the hallmarks of his speeches is always on growth centres. He always said that he has created one already, so obviously the people of South Vella are not interested in a growth centre. I just want to ask the Minister responsible for the growth centre whether he has carried out any public awareness on this because the people of South Vella clearly do not want this.

**Hon. Lionel:** I am part of this Government and I am aware our government is talking about this and through its policy, growth centre is promoted. I support the idea of a growth centre.

**Mr. ABANA:** I think the question is specific to Afio growth centre. Listening to the Minister's answer I think he has made an assurance certainly which is almost to surety that they will look at it. But I am confused with the answer by the Minister of Culture and Tourism because he said it is still on negotiation and consultation. My question is who I should believe here.

**Hon. PHILIP:** The growth centre policy of the Government is pretty much established after very long negotiations of parties of things putting together, like what the Minister for Tourism has said but he went to New Caledonia and so he missed a week. But at the moment this policy is well taken on board and supported by other political parties in government.

It is one of the signatory policies of the government to try and bring a robust and rural based economy in Solomon Islands. The principle of participating in development has become a reality in terms of putting necessary infrastructures. There is really no confusion, Leader of Opposition. It is just the framework and the policy thing that is coming into shape now. The questions relating to the growth centre are quite well placed.

In regards to the particular question by the Member for Small Malaita about Afio, we will not have a say on where the location is going to be. If the people of South Malaita agree that it would be in Afio because land is available and the process of getting land for that particular growth centre is okay, and the Member of Parliament consults with people in his constituency or the province then that bottom up process will come up. It would not be an evolutionary process. We are not going to build 20 or 30 growth centres one go in these four years. We know it is going to be difficult but at least the policy is being put now so that consecutive governments, future governments and the present one will start this policy so that we can help our people. The policy is in place, but the planning process of where the locations will be located will need the assistance of every one of us; the province, landowners, constituencies, members of parliament and everybody and only in that way can this project be implemented properly.

**Mr. SOGAVARE:** Just the approach. First, the Prime Minister said that this is a signature policy of government indicating that it is very important. The passive approach he later told us about looks like he is not really serious about it. But before I ask my supplementary question, I thought that there should be a deliberate government driven approach in the sense of identifying how many that you want to establish in one year. Does that cross the mind of the government or is it going to be left like that? For the purpose of budgeting is the reason why I am asking this? We need to establish how many we want to establish, so that it goes in line with our budget. What is the approach we are going to take? Are you going to leave it until you are told before you

put it as a supplementary appropriation or are you making a deliberate to establish a number of growth centres per year so that you drive at it.

**Hon. Philip:** We are thinking of about 20 growth centres spread over a period of five years or maybe even 10 years. In constituencies that have common terrestrial land boundary would be easier so that two or three constituencies can share one or something like that. But where constituencies are scattered islands, unfortunately we have to put growth centres in strategic locations where as many people would receive the service of that particular growth centre. In general, we are thinking of putting in forecast about 20 growth centres.

**Mr. MANENIARU:** Before I ask my supplementary question, going in line with the question by the Member for East Choiseul, priority is important here, and the Minister for Finance said earlier on that infrastructure development is important. Infrastructure development for the whole country is a priority, but when it comes to implementation, which one to start with or the number that we can achieve is very important for us to know. Now that land is normally our problem, I understand Afio land is ready, and it is now in the name of the Province, and in that regard, would that enable our government to actually consider Afio as one of the projects that will be in the budget for them to look at.

**Hon. Philip:** Like I have said, some of these things are pre-empting our policy, but me to be fair I am not going to tell those of you on the other side what our priorities are as it is our program, and we are not going to give you an easy ride on this. It is our program and we will know where our priorities are. I want to make that very clear, and we know where the priorities of this country are, what the needs assessment that need to be done. So when the time comes we will let you know but not this time.

**MR SANDAKABATU:** For the sake of those of us who may not know about this so called 'growth centres' and also it is a pity that we have not been able to sight government policy at the moment, I would like to ask the honourable Minister, if he can, maybe in a sentence or two, brief the House what a growth centre is.

**Hon. Philip:** The definition of a growth centre is a place where people bring in their produce where there are basic infrastructures like a wharf, a road connects it and in the long run if there is a need for a fisheries livelihood thing comes in, then there must be some kind of ice making facility will be developed into a major place for those in the rural areas. If we can bring in simple and appropriate technologies where tomatoes from Choiseul cannot be brought to the market here can be turned into a tomato sauce or peanut or things like that. This is the beginning of us trying to do import

substitution. I think we need the political will to get into things like juicing, which can be a small thing but it is putting our produce into something that the farmer in Lata cannot bring it to Honiara in its raw form.

This is the beginning of a philosophy, a philosophy for people to participate in the development, a philosophy to enable more people participate and to make sure that we start, it is mind boggling how many water has been imported from overseas, bottled water and many other products when they are very easy for us to do them here. But we cannot start doing this if it is centred only in the urban areas. We must go to people in the communities where land is available and the resources are there. I think it is a good policy for us to start with.

The definition of a growth centre is that it will be evolutionary. It will start off with a simple thing and as we go along it will develop into a much more developed form for our people. There will be some warehouses if necessary. We need to put growth centres near some places where we can tap environmentally friendly energy, small mini-hydros to be available in those places.

I cannot give you a definition of a growth centre in just one or two sentence because it will be evolutionary, it will be something owned by people in those particular areas and it will be something that we hope as a government will boost the production of the economy and broaden the base of the economy so that we start getting a little bit more money for the state and also for the people, more than what we are having now.

Yes, it is a wonderful idea, a policy that we all must come to develop the provinces and everyone else. So where will priority start? It will start when the Government puts its priorities in line with this policy.

**Mr FOLOTALU:** I am quite disturbed with the points raised by the Prime Minister. The point was quite ambiguous which means the present government is politicizing its priorities with the projects. Is that what the Prime Minister meant because it is quite ambiguous and so I am not clear with it? Can he assure the nation again?

**Hon. Philip:** Like I have said, you are trying to find out too much what we have but it will come. When the program comes you will read it and you will know who gets what. It will come.

The programs as you know, all governments in the past did their program of action within 100 days, but we will try to do ours within 30 days, the framework. We should be able to launch our policy framework on Monday next week. We are still on target, maybe a little bit more than 30 days but we are still on target. And we will refine it and before the budget comes in you will have a very good document that every one of us can look at and throw in suggestions to improve it a bit. It is not the Bible. It is like the Bible but it is our guidebook, both the Government and the Opposition. I do not

believe in two houses, I believe in one house, so it is going to be a big cooperation, a serious work of cooperation in the next four years if we can do that.

**Mr Speaker:** I will ask the Member for Small Malaita to thank the Minister. I made my ruling and the question was well covered.

**Mr Wale:** Point of order. Thank you very much. My question is on one very important aspect of that policy that if given by the PM will be a good rounded answer. Is it alright if I ask it?

**Mr Speaker:** Go ahead because it is a point of order.

**Mr Wale:** Thank you, Mr Speaker. This is obviously a signature policy of the government and the Prime Minister has made that abundantly clear. What I want to be clear about that particular aspect of the policy is whether those growth centres, to qualify they must be registered land or whether the centres could be of strategic importance and are on customary land can also qualify and therefore the process whereby it requires to reach where it is ready and then accede on to the list of strategic locations. Thank you.

**Hon. Philip:** That is a very, very good question. I think without that particular security it would be very difficult to make those centres. There are two signature policy of the government, and one is the customary land reform or institutionalization bill which will run parallel, hopefully, to try and provide that kind of palatable situation to afford that type of security and ownership that growth centres will need.

Yes, the criteria is land. We will have to look at land, help landowners to help solve their problem of land too. If it is a very nice area for a growth centre because it is central and has a good harbour and water is available, of course, the government must try to help those people to acquire that land. If it is done under the Lands and Titles Act, of course, it has to be acquired. But we believe that there should be a separate law in regulating the usage of customary land and at the same time giving that customary land the security, the reaffirmation for ownership so that development can become more inclusive and it must be robust as well as it must be productive. So

Yes, the question of land is important as it will influence our priorities as to where the centres will be located. Money is something that we will have to work out. We are doing a lot of lead up consultation work. We are having discussions with donor bodies and partners and we hope that we will take them on board so that we will start to spread development to our rural areas.

**Mr Hou:** I want to thank the honourable Minister and others in the government for responding to my question. But before I go on I want to say three things in relation to the responses. As mentioned by the Prime Minister, policy intentions are very good and I am very happy about it. In terms of priority, it is also good and I just hope that Afio is within the 20 centres the government has in its plan for the next five years. And I really want to know that.

When it comes to the question of whether it is government policy, I am quite disturbed by the differing comments and suggestions, especially by the honourable Minister for Culture and Tourism who said that he is still going on to negotiate, and so I am a bit concerned with that statement.

On the issue of land, Afio has not land issue. It is the Province's land and my people of Small Malaita, especially Small Malaita are ready, they are very industrious and they want to be part of the economic activities in Solomon Islands. As my other colleague Members for East Are Are and West Are Are have said, we want to be part of the economic development of this country. Afio has to be a priority for this country because our people are ready and we want to work, we want to be part of this economic turnaround that we really need.

In terms of the Province, the provincial government has come out very clear that it wants Afio to be a priority so it is just the government that is slowing down. Land is ready, the people to work are ready, Malaita Province is ready, but it is the government that I am not sure about. That is what I want to say about this.

With these remarks, I want to thank again the honourable Minister, the honourable Prime Minister and other Ministers that have responded to this question, and also my colleague Members on this side of the House I want to thank them for their participation on this question. .

**Mr Speaker:** Just a reminder to honourable Members of parliament, the speaker to conclude any question can stop the time of questioning at the time he wishes. And I want to refer Members of Parliament to Standing Order 23 that you observe that.

### **Soltai Fishing and Processing Limited**

**9. Mr HOUENIPWELA** to the Minister for Finance and Treasury: Can the Honourable Minister inform the House of the new share holding structure of Soltai Fishing and Processing Limited?

**Hon. LILO:** I would like to thank the Member for Small Malaita for asking this question. After the restructuring of Soltai, the new shareholding structure or arrangements of Soltai are as follows: Trimarine now own 51 percent shares, the Solomon Islands National Provident Fund owns 29 percent shares, the Western Province owns 9.8 percent and ICSI 10.2 percent.

**Mr Hou:** I want to know a little bit more about this share holding structure. I want to know the capital structure of the company of the different shareholders such as Trimarine, the NPF, the Western Province and ICSI. What kind of contribution did they put into this company, may be in terms of debt and equity?

**Hon. Lilo:** Up to the restructuring I have been advised that the authorized capital of Soltai has been increased giving rise to the shares now being allotted to the shareholders as follows:-

For TMI on that 51 percent share, that equates to an allotment of \$120,283,019 shares. That translates to an equity investment paid up by Trimarine to a total amount of \$63,750,000. The share allotted to the Solomon Islands National Provident Fund is \$68,396,226 shares and that translate to a total equity investment of \$36,250,000. Also, in this restructuring which the boys on the other side know, there is also a requirement for a restructuring of the debt that Soltai had with an existing commercial bank at a very high commercial rate, which has contributed to a very high cost of repayment to Soltai. Through this restricting that debt settlement was made in which that particular debt has been transferred to the National Provident Fund with a total settlement of the debt with the commercial bank, I think it is the ANZ Bank of \$50 million. Now Soltai would have a lesser debt exposurer with the National Provident Fund of a \$50 million loan which would be at a more comfortable interest payment requirement.

At the same time, there has been an obligatory part on the company to issue respective shares to both the ICSI and the Western Province for the shares issued to them. I have not been advised whether or not those shares can be regarded as paid up shares, but for the time being they may be considered as issued shares to both the ICSI and the Western Province for the 9.8 percent shares and the 10.2 percent shares respectively to Western Province and the Investment Corporation of Solomon Islands. Thank you.

**Mr GUKUNA:** I would like to question the wisdom of putting NPF money to Soltai. As you know, Soltai failed to pay any dividend over the last how many years, and I am just wondering about the wisdom of investing shareholders money, the money of those people who own the NPF into Soltai.

In my opinion, the Soltai investment is of very high risk if you look at the proceeds or how it has operated over the last 10 to 12 years. I just wonder whether the NPF is making a deliberate policy to take on this high risk investment, and if there is such a policy what are the expected returns that members of the NPF will expect from having invest or taking out a 29% shareholding in Soltai.

**Hon LILO:** This is factual information that the approval granted for the Solomon Islands National Provident to acquire shares in Soltai was not made by this Minister of Finance or this Government but it was made by the previous Minister of Finance and that government. So it is a question most appropriate to be asked to that government. But I am sure that when approvals like this are accorded in accordance with the National Provident Fund Act, prudent assessment would have been made taking into consideration the risks involved for the NPF to invest in that particular investment and what are the returns on the investment.

The information that has been shown to me shows that there is guarantee of about 12% return on the investment that is going to be invested by the Solomon Islands National Provident Fund into that particular investment.

In terms of assessment on the risk, risks assessments are made based on certain assumptions and we all know the assumptions used by any particular investor that would want to make any investment would base their investment decision on those risks. In this particular case, the risk is considered to be well within the affordability of the National Provident Fund to assume, given the fact, as you know, there is a long standing interest by the National Provident Fund in the investment at Noro, which is one of the oldest growth centres in Solomon Islands.

Noro is established as a growth centre that all of you must understand. There is the fishing industry there, there is the copra mill there which no longer exists, and there is also the fisheries there, the Ports Authority is there, there is a road network there, unfortunately I think everyone of us have not fully utilized that growth centre in Noro. But if you want to see the risks associated with any particular investment in Noro, you would, at least, deduct any higher risks taking into consideration that the road infrastructure is there, and to link to that said area is already there, a power supply is there, the Ports Authority is there and so I think there is going to be a high prospect for that particular investment to earn a good return. All that is required is appropriate capital to boost that particular investment. With the information given to me, with the capital injection now going inside, the production per day should rise at about 60 metric tonnes per day and this will expand to about 80 metric tonnes per day in 2011 and in 2012 it would be 150 metric tonnes per day.

In terms of employment, currently there is a shift of around 800 people working at Soltai. But with this increased production that is going to take place, we would expect two shifts instead of just one shift a day, which means it will double to about 1,600 employees that will be created there. That in itself would be a good investment to the National Provident Fund, not only in terms of return on investment but also in terms of the continuous contribution of new employees that are now going to be brought into the new labour market which is really what we should be gearing up our economic growth centres throughout the country to achieve; increased production and creation of employment so that the growth of the economy continues.



These are the considerations; firstly return on investment of 12%, and the risks are the things I have just explained to you that are lessening the risks associated with the Soltai investment. Thank you.

**Mr SOGAVARE:** I have noticed some questions too but it looks like if the Minister agrees we could deal with the questions I have noticed because they deal with the same thing, and I would like to ask the Minister to confirm some of the points he stated earlier on.

Thank you and that is to do with maybe how we account for the debts and the level of debts of Soltai. I guess the question is, focused what is the level of debt and how do we account for it in the restructure? Maybe you have answered it but I did not hear it properly and so I would like to pursue it again.

**Hon. Lilo:** There is a total debt of about \$50million to the ANZ Bank, which is a direct loan from the ANZ Bank. There are also realizable debts owing to the tax office. There are tax liabilities of Soltai that have not been paid up, and I am not too sure about the amount. And, of course, there are outstanding contributions to the National Provident that have not been paid up too, and other suppliers too, fuel suppliers in particular. But all of that will be taken care of under the increased capital injection in the company. The only one that is a bit shaky right now that is giving multiple liability because of the high interest repayment is the one at the ANZ Bank so once it is moved down from about 18% debt with the ANZ to about 13%, that is about 5% savings to the repayment interest in the company right now.

**MR. SIKUA:** Supplementary question, recently one of the shareholders, namely the Western Province through the Honourable Premier spoke out very strongly against the restructuring of Soltai. He said that the restructuring will not work and has threatened to evict Soltai workers who are residing in houses owned by the Province in Noro and he mentioned a whole of other things as well, which I would like to ask the Minister about. How is the Minister handling the issues of the Western Province in regards to this restructuring of Soltai?

**Hon. Lilo:** I am sure the Member for North East is fully aware of the issues raised by the Western Province. I would say that these are very real issues and obviously lively because just last week another article from the Western Province came out on the paper. But I think we have now reached an understanding, which we agreed to disagree but we just go ahead, and they have come up very calm in their reaction so far to just proceed with this restructuring.

We have asked them to come up with evidences on the allegations they have made against particular deals and arrangements that they were concerned about where

it is more so to deal with the way that we perceive the total value of this company, especially with the agreements given to Tri-marine under the memorandum of agreement signed by those of us in the previous government in 2008 for fish to be supplied to the factory and giving the right also to that particular person to also go and market the fish to the company. All these things have raised all the concerns and suspicions.

I think the House needs to know in the nutshell the complaint of the Western Province. The MOU that we, in the previous government signed where we agreed to giving the right to Tri-marine to go fish in the sea, sell it to the cannery, process it in our cannery or in our kitchen, and then giving it back to Tri-marine for export to the European market, and when it was exported to Europe we said that under the preferential arrangement with the European Union, they also make use too with this preferential rights that our government has to market to the Europe Union. In the end, the value that came back did not reflect the kind of value that should come back to us. That is the complaint of the Western Province

I have asked them to come up with evidence to show the actual transactions that come that way are wrong, what goes here is different and what goes there is different so that we can establish a good case to review this relationship so that we can get back to that MOU we signed in 2008. Up until now they have not shown any evidence but they continued to say it is still wrong. And as you know the rule of law, if evidence is not provided everything still continues. I think we have all agreed to disagree, but sooner or later, maybe, I am not too sure whether something will surface to really cement the concerns of the Western Province. But that is, in a nutshell, the concern of the Western Province. So far they have been cooperative, they have not yet received the shares issued to them. Maybe if they are given the shares they will put it in front of their office in Gizo, maybe they will refuse to accept it but that is the situation right now.

**Mr. Wale:** I have two things for the Minister to clarify, and one is this \$63million that Tri-marine puts in for the 51% controlling stake in that company whether all of that is cash injection. I am aware that there were some debts that came from the initial lending made to Taiyo when they managed it with the cold storage repair and a few other things.

Secondly, with the restructuring to the shareholding, how does it reflect on the board representation now whether that has now also taken effect and the controlling stake on the board and chairmanship have already gone to Tri-marine or whether the incumbent during the restructuring when it was under ICSI is still the chair. Is it chaired under ICSI or under Tri-marine? I want that to be clarified to us.

**Hon. Lilo:** Obviously some of the new capital injection by Tri-marine, something of about \$13million over is in the form of cash injection being made previously for

improvement on loining and things like that. There is a fresh injection of \$50million in cash, a draw down made to the company so that gives rise to the total amount paid in by Tri-marine.

On board representation, obviously with the new memorandum now being signed, both ICSI and the Western Province will hold one voice each on the board, the National Provident Fund, I think, is going to have two, I am not too sure, and the chairmanship will still be the nominee of Tri-marine. The current incumbent chair is still there until the whole restructuring is done. It will become the shareholders' decision to decide on who will make up the chairmanship of the board.

**Mr. Sogavare:** I was going to raise the same issue raised by the Member for Aoke/Langalanga, but maybe an additional question is in regards to the \$50million debt with the ANZ Bank. Just for the interest of Parliament, what is the term of that loan?

**Hon. Lilo:** In the current lending market in the country it would be a very concessional rate down from the commercial rate of about 18% to now 13% is what the National Provident Fund is now charging on that particular loan that has been off loaded from the ANZ Bank to the National Provident Fund. That is my understanding. If you compare the return on investment of 12% to that loan interest of 13%, there is a slightly 1% lesser on it in straight calculations. But the 12% return could be a bigger turnover in profit as compared to the 13% of the \$50million.

**Hon. Houenipwela:** I would like to thank the Honourable Minister for his answers to my questions, which I am fully satisfied. I just want to reiterate that now that we have a new restructured company, I am just hoping that I get my Solomon Blue as soon as possible because I really want Solomon Blue. I do not want Waioka. I also want to thank my other colleagues on this side of the House and others who have contributed to the question. Thank you.

### **Government policy on the RCDF**

11. **Mr. ABANA** to the Prime Minister: Can the Honourable Prime Minister explain to Parliament the Government's policy on the RCDF and the mechanism put in place for the disbursement of the fund?

The intention of the question is in anticipation of the policy which will be ready at the right time, but it has overlapped a bit and I am sure the Prime Minister will understand.

**Hon. PHILIP:** A lot of people are anticipating a policy on this too. I think government policy has been influenced by many, many things over the years this programme has

been in place, and much more, I think, in the recent visit by His Excellency the President of Taipei to this House when he said something in regards to the possible review of the RCDF, which means it is on their part that will review it. In the most recent days they came to us again to say that we need to look at this thing again because they have been injured by it. They said that they have been exposed to criticisms by the international community and so they said that they would like us to help them look a bit better. I think that is the thing there. So we are still looking at the thing. We think it is not yet a policy of the government. We think to be able to get this going we would like to nominate the Ministry of Rural Development so that everything goes to that ministry and then is allocated to us, the constituencies and then we will try to get it through application so that our dealing with the RCDF is a bit transparent and that people who are supposed to get it will get it. That is only a start. I think it can still be accessible to Members of Parliament because you just apply to the Ministry and it will be given to you on application. I think if we start off like that it would be fine. We are not going to put any restrictions, the money is still there, and this time we still have some left over and next year we will have to get money on application by Members of Parliament.

**Mr Abana:** On the review, Prime Minister, knowing that the policy on the RCDF is not yet ready, our people's expectations has always been very high. I think this is the same with those on the other side of the House where people come knocking on our doors and coming to our houses and so on. The time frame for the review, and because this is an ongoing bilateral programme with Taiwan, now that the Government would like to review the whole process, this is something I want the Parliament to make it clear to our people for them to understand. How long will it take to be reviewed?

The other thing, Prime Minister, is if the applications go direct to the Ministry of Rural Development, whether it will still require the endorsement of MPs to go there or is it just open to the public so that they go with their applications and get them through the Ministry of Rural Development? Probably some directions is what is needed here, Prime Minister.

**Hon. Philips:** Yes, we think that if everyone applies to the Ministry it will be chaotic. I think it will become very, very uncontrollable. We think that applications should still come to you as the Member of Parliament, so that it is you that will ask for the money to assist your people.

We will consult with the people but for the moment we would like to get what is left out of the way first. So we get a simple thing is to send everything to the Ministry of Rural development and then MPs apply and get the funds into your accounts. But I think a more comprehensive review or something that is more like it maybe will be dealt with next year. But for the moment they want this thing to get out of the way as

soon as possible and so request has been made already and so it should stop there. Therefore, I think the other question has been answered.

**Hon Abana:** This will be my last question. We have different funds under this funding. We have the RCDF, we have the micro and then we have the millennium. Part of the RCDF of about \$200,000 has been paid already at the beginning of this year with the expectation that another \$200,000 will be paid now that we have this Ninth Parliament. But still we have an outstanding of the millennium and micro funds. Are we going to continue using those titles under those funding? And again there are already projects submitted at the beginning of the year, which would already be inside the system, and some of the projects belong to former MPs who have already gone out too. Where will the government place its hands as to how it is going to approach the outgoing MPs? Are new MPs going to have right over the fund so that there is no confusion here? That is my final question to you, PM.

**Hon. Philip:** At the moment those funds are still under those labels and I think we still have another \$30million to go. I think the same system still applies where we still go to the Ministry of Rural Development on application. There are other projects that you got last time, by previous Members of Parliament and those will be still considered. I think people are still waiting for them to be cleared. The thin king that just because applications were made by previous MPs and therefore should not be implemented is wrong. I think we should also look at them properly and also regardless of whether a person votes for us or not we should just continue and give them. I think that is what the people at home want. But then it depends on each Member of Parliament that if you want to help people who did not vote for you, you just go ahead and help them and if you do not want to then it is up to you too. But for me, I think, it is wrong for us to prefer other communities over others or where you do not get many votes you bypass them and so on. I think that way is not good. Those applications, you alone will answer. But money would be made available and you get it on application.

**Mr HOUENIPWELA:** I am very interested on this question because as the Leader of Opposition has mentioned, people in Solomon Islands have very high expectations for that money too. I just want a small issue that maybe the Prime Minister clarifies to me. I told my people that I am not going to manage that money and they said that is very good. So right now my people do not come looking for me, but they really want that money.

The way I am trying to organize this is how I will work with the Rural Development Ministry. The Prime Minister has told us to submit applications to the Ministry of Rural Development, and I am planning to go and see my honourable colleague so that my application can come too. But the capability of the Ministry is

what I want to get the assurance of the Minister on in regards to processing of the applications on time because I want to put in my applications and that they will be approved.

**Hon. MAELANGA:** I want to answer the question raised by the Leader of Opposition in addition to the comment by Prime Minister's. The RCDF, there are procedures that we are still considering. As the Prime Minister has said we will also get ideas from those of you on the other side so that we can come up with how we are to go about disbursement of the RCDF which people always complained about Members of Parliament on.

But for now for the new ones, there are forms in the Ministry of Rural Development for you to apply for the RCDF funds, there are forms there. There are also forms for the livelihood funds, as well as for the millennium and the micro funding too.

The RCDF, as the Prime Minister has said, will be put through the Ministry of Rural Development. There are forms there for you to apply. If your people want to apply they must come through their Member of Parliament for signing. They cannot just fill up the forms and go straight to the Ministry, the applications must go through their Member of Parliament for which constituency they represent. If the applications are approved they will be paid direct to the supplier. That would be very transparent, which is something that we all want. Money will not go into Members' account where you are responsible for disbursement of the funds.

To clarify what the Leader of Opposition is asking, I think that is the way to go about this. I think this will also answer what the Member for Small Malaita wants since he will not hold the funds. It will go straight to suppliers indicated in your applications. I think that is a bit of clarification for MPs to know how we are to go about this RCDF fund.

**Hon. ALEX:** In addition to answering of this question, I will make further explanations on this. In regards to the livelihood fund, MPs can put in their application now because half of the money for every MP is still available. In regards to the RCDF, the micro and the millennium funds, those are still to be given by ROC, and so we are still waiting for those. And as my colleague Minister and Deputy Prime Minister said, forms are available. If you are thinking of coming around to my Ministry, come and collect the forms. The forms are in different colours and so if you want the RCDF, I think it might be in red color, and there are different colours for the different funds.

I encourage you all to come but to let you all know the ROC funds are not yet available. We have already submitted a letter for them to put in the funds, and we are still waiting. So to inform this House, as soon they come in I will ring the bell so that you all know that it is coming. I think those are some information from my Ministry.

**Dr Sikua:** A supplementary question but before I put the supplementary question I want to thank the government and the honourable Prime Minister for grasping well the sentiments expressed by the Government of the Republic of China on Taiwan on the sensitivity and their thinking on these funding they are giving to us that we treat as the RCDF, the micro and the millennium development funds. I think the approach you are intending to take is the right one. We need to talk together and come up with a mechanism that will protect them a bit on the kind of criticisms they are getting from our other bilateral donors.

My question is on our CDO officers who have also helped us in the kind of work we are doing in our constituencies. What is the Government's view in recruiting again the CDOs because I think most of them have been already terminated?

**Hon. Alex:** In regards to the CDOs, my Ministry has already put up vacancy notice, which should lapse at the end of this month. If you have any new CDOs and their applications are already in my Ministry, they should look at the applications at the end of this month.

**Hon. Abana:** Thank you Honourable Prime Minister, the Deputy Prime Minister for answering my question and the Minister for Rural Development for answering the supplementary questions. That assurance will really help our people to fully understand where we are on the RCDF so that if a Member tells you there is no money he is true because Taiwan has not given us any money yet. That we must understand so thank you once again Prime Minister for that assurance and thank you.

### **Fisheries resource through self employment**

**12. Mr HANARIA** to the Minister for Fisheries and Marine Resources: An important policy objective of the Ministry of Fisheries and Marine Resources is to improve cash income to the fisheries sector by way of assisting Solomon Islanders in developing their resources through self employment. Can the Minister inform Parliament:

- a) How far has the Ministry gone in achieving that objective; and
- b) When will the Ministry give Solomon Islanders tools to start harvesting their fisheries resources?

**Hon. LUSIBAEA:** Thank you Member for East Are Are for asking that very important question. This project was implemented in 2007. Under that project successful applicants applied for outboard motors, canoes and eskies. However, that project has been transferred to the Ministry of Rural Development and therefore is no longer under my Ministry.

In answering the second part of the question, since 2007 when that project was transferred to the Ministry of Rural Development, my Ministry still gives advice to

fishermen in regards to their fishing projects and things like that. At the moment there is a course held for about 40 of our local fishermen under my Ministry at the CYP centre now.

**Mr SOGAVARE:** Just a supplementary question. Following the question raised by the questioner and the fact that this project is very important. The amount is what concerns me because this year it is only \$50,000 for each constituency. What is the government's plan on this program? If this program is very important what is the government's plan on the level of funding? Does that go in line with the priority the government is placing on the importance of assisting our people to help themselves through developing their resources because \$50,000 is just nothing?

**Hon Lusibaea:** Thank you Honourable Member of Parliament for East Choiseul for asking that question. We are looking into that in the government's budget for this year. Thank you.

**Mr MANENIARU:** When this project was under the Ministry of Fisheries, there were a lot of projects that were approved and facilitated. Some applicants were following up on their project application and they learned from the Ministry that their projects have been approved and paid but they did not receive any money for their projects. There was this confusion where some were saying that former Members were receiving the funds on behalf of their constituents that did apply. Is that the case?

**Hon MAELANGA:** I would like to thank the Member for West Are Are for that question. I think in previous governments, Members of Parliament endorse the applications and send them to the Ministry. To be honest here there are some people who applied that are living in town. I mean that is something this government will look seriously into as to how it will deal with issues like that. This government will look again into how we will handle this.

Some of those who applied for this fisheries project are not people from the constituency. To be honest, I myself too applied for people in my constituency, the saltwater people, but I know that different people instead got the project. I mean those are the things we will be looking into. The Ministry is going to look into the screening process, to look at how to screen those who apply for this fisheries project. And as we now know funding for this fisheries project will now be transferred to the Rural Development Ministry. To answer the question by the Member for East Choiseul, it is very important that funding for this is increased.

Looking at the budget of 2011, we might increase the amount for this fisheries project for our constituencies. Thank you.



**Hon. Lusibaea:** Just to add on to that information so that there is clear understanding. In 2009, about 53 applicants have been approved. The total application is 107 and those approved in 2009 was 53. This is just to clarify some misunderstanding there.

**Mr Houenipwela:** This is a very important sector for my people and so it is a good thing that the Minister has put this as one of his Ministry's priority. But on this matter of transferring this function from the Ministry of Fisheries to the Ministry of Rural Development and Indigenous Affairs, I want to know about the Government's plan in regards the buildings that are lying idle now in the provinces.

I have one such building in my constituency, which is not full of fish but it is actually full of rats and all sorts of things, and it is used by people for sleeping and things like that so there is no fish there. My people who are fishermen would want to fish very much, and so I want to get assurance from the two respective ministries as to which one of those two ministries is going to look after the Fisheries Centres because people will be fishing but there is no place to store their fish and this is not good.

**Hon Lusibaea:** The understanding to move this project to the Ministry of Rural Development is an understanding during the time of the CNURA Government. Just to answer that question, those rural centres are under the Japanese aid funding. For example, for the one in Afio, we do have plans to repair it. When the policy of the government is in place regarding the economic growth centres, Afio and other urban places will come into effect when the economic growth centres are introduced.

**Mr Hanaria:** Supplementary question. Can the Minister inform this House what incentive packages are given to investors in terms of the fisheries sector onshore development?

**Hon Philip:** Like I have mentioned earlier, programs will be coming. Basically the government's program of action will run on two parallel reform programs; the fundamental reforms and the sectoral reforms. Sectoral reforms are things to do with each ministerial subject. That question asked is about tax reform; what kind of incentives should be given to the fishermen or the growth centres. The Ministry of Finance will have to prepare that package in preparation to deliver and in preparation for the growth centres and any rural development incentive. It is on the way and it will be alright, everything will be ready.

**Mr Hanaria:** I thank the Minister of Fisheries for your very good answers to my question and thank you also for those who have contributed on the government side and this side as well. Thank you very much.

## **SI bilateral fisheries agreement and multilateral fisheries treaty**

**13. Mr HANARIA** to the Minister for Fisheries and Marine Resources: Solomon Islands have Bilateral Fisheries Agreement with Japan, Korea, Taiwan, New Zealand and partnership agreement with European Commission (EC) and Multilateral Fisheries Treaty with US to fish within Solomon Islands Exclusive Economic Zones (EEZ): Can the Minister inform Parliament:-

- (a) How effective are we collecting Permit Access Fees and Observer Fees?
- (b) Will the financial benefits realized from these agreements able to sustain our economy?
- (c) Are the Korean long line vessels covered under the Bilateral Agreement, and if not why?

**Hon LUSIBAEA:** The current arrangement as to how we are collecting these access fees and observer fees is such that we are currently collecting about SBD\$100million. This almost doubled what has happened in the last few years. In fact no boats will access our waters if they do not buy a license fee, and all the license fees will be paid to a government's account in the Central Bank. That is the arrangement there.

In regards to the second question, you will agree with me that it is no because all the sectors must contribute to the economy of this country and the government will ensure that development of the fisheries sector continues.

In regards to the third question, 13 Korean long liners are covered under that bilateral agreement, but currently those long line fishing boats are under a chartered agreement with Maco. Maco has an agreement with the Ministry.

**Hon. Houenipwela:** Recently we heard the Honourable Minister making a very good statement in the media regarding regulating of those ships fishing in our seas. I just want to ask whether the Minister is happen with the current legal framework, especially in terms of the regulating functions of the Ministry, the policing of our waters and the actions the government is intending to take. For instance one warning given by the Minister, he sounded out very clearly and so I want to follow up on what is the view of the Minister in regards to the current legal framework that established the regulatory functions of the Ministry.

**Hon. Lusibaea:** At the moment one of the legal advisors of my Ministry is in Fiji now to talk about the issue you are asking about in regards to those six ships.

**Mr. SANDAKABATU:** Thank you Minister for Fisheries. I have also heard from your presentation just now about accounts in which moneys were paid into and my question is, I wonder which ministry this account is a custodian of.

**Hon. Lusibaea:** It is under the Ministry of Finance.

**Mr. Sogavare:** I just want to get, maybe, the Minister's understanding following from the question raised by the Member for Small Malaita in reference to the six vessels. I just want to get the Minister's view because I may notice some question on that matter whether the Minister is prepared to answer them today so that they can be dealt with on this question but if not then I can ask the questions later on.

**Mr Speaker:** I think you should submit a different to give time to the Minister to give good answers for those questions. The MP for East Choiseul will submit a different in relation to his point.

**Dr. Sikua:** Thank you for recognizing the Honourable Member for North East Guadalcanal Constituency, and I have a supplementary question. Quite recently under the PNA we are talking about looking at options and other alternatives in dealing with access fees and things like that. Is the Ministry still pursuing those options to look at maximising the benefits that we get from our tuna resource in that we have moved away from access fees and try to come up with some options that will give us the maximum benefit on our tuna resources? I am asking if the Ministry is pursuing the options that are basically under PNA.

**Hon. PHILIP:** In relation to our membership to the PNA (Party to the Nauru Agreement) there is an exercise continuing at the moment for the eight member countries to try and find ways to maximize the benefits in technical assistance through the PNA, and not only that but the New Zealand Government too is still trying to domestically here in the system, strengthen fishermen to help us try to maximise our fisheries policies. This means they will help us try to maximise our fisheries to maximize benefits through some polices in the ministry. These will become the sectoral reforms that government is going to do. Those two entities are helping us through technical assistance from PNA as well as the New Zealand Government through this project to strengthen our fishermen.

**Hon. Hanaria:** Before I give my word of thanks, one of the reasons why this question was asked, especially part (b) is because this Ministry is a strategic ministry and if we are looking at maximizing the benefits to our fisheries resource which should offset the diminishing logging income that we would be experiencing now and in the future. Thank you very much for that and I would like to take this opportunity to thank the

Minister for Fisheries for your good answers and those who have contributed to this question.

### **Bugotu Nickel: international tender**

**15. Mr. PACHA** to the Minister for Mines, Energy and Rural Electrification: Can the Minister inform Parliament on the number of bids received at the close of the international tender of the Bugotu Nickel Tenements and what are the next stages in this process?

**Hon. KEMAKEZA:** I also wish to thank the MP for South Guadalcanal for asking this question in today's order paper.

The policy for putting the Bugotu/Isabel Nickel on international tender was one of the bold policies of the former government. As such, my good former Minister of Mines, Energy and Rural Electrification would have known better when asking this question to his newly appointed minister for the responsible Ministry. However, for the information of Parliament and for the interest of the nation, especially my good Member for South Guadalcanal, at the close of the Isabel Nickel International Tender Notice on 15<sup>th</sup> Sept 2010, only four tender submissions have been launched, received and accepted. However, because of the change of government, a cabinet paper has been prepared, and whether or not my government will endorse to proceed with the letter of intent to grant prospecting license by the Minister is still pending depending on the current government's blessing.

**Mr ABANA:** I thank the Minister for that answer. Can the Minister explain the pressing issue as to why there needs to be a Cabinet Paper on this? Is it for a change in policy or to look again at the investors or what?

**Hon. Kemakeza:** As the good honourable Leader of Opposition is aware, this is a new government and it would also have a new policy statement in regards to the mining sector in Solomon Islands.

**Mr WALE:** Just for the honourable Minister to clarify. This Cabinet Paper going to Cabinet, is it to seek directions to basically leave the international tender process to stop there and not to go any further? Is that the question the Minister wants Cabinet to give direction to, and that is to stop the tender?

**Hon. Kemakeza:** That is not the right answer. The answer is that the government has to come out with its policy in relation to that before an approval can be given.

**Mr Wale:** Just for it to be clear. So the tender process itself according to what the Minister has said will still proceed but a substantive policy backdrop behind the process is what the Minister is seeking directions to it in Cabinet, is that right?

**Hon. Kemakeza:** That is partly correct, but as I have said the policy is very important to my government to look at this issue. The issue of mineral is not an easy matter, especially when we look at the natural resources of Solomon Islands.

**Mr TOZAKA:** Having received four applicants in response to the tender, this project has been delayed for such a long time now. Continuation is very important to our economy as we understand it. What is your thinking on this matter that you would advise the Cabinet on? We should be moving forward. These four applicants as you can see are really fitting and therefore you have to go back to get a collective agreement from Cabinet on this. My question to you is, can we move forward with this project?

**Hon. Kemakeza:** I wish to thank the good honorable Member for South Vella La Vella. Let me assure the House that this is pending on Cabinet's approval. It is already on the pipeline and is coming.

**Mr Abana:** Further supplementary question. The Minister said that there are four investors listed which the Ministry accepted to look at. Can you inform Parliament the name of these four investors?

**Hon. Kemakeza:** I am not subscribed to inform this Honourable House the four successful bidders. However, for the information of Parliament, two are local bidders and the other two are overseas bidders.

**Mr Sikua:** Supplementary question, but a comment to precede the question. The process we have come through in the last government is one that protects government in terms of accountability and transparency. I hope that the government can see the need for us to proceed from where we stopped on the international tender process. But I would like some assurance from the Minister that the criteria they are going to use to select the winning bidder is one that is already spelt out and that he is not going to use any other criteria whereby he chooses somebody he is in favour of or someone in the present government are in favour of or are their friends. I just want some assurances here.

**Hon. Kemakeza:** Thank you for the MP for North East Guadalcanal. This is a responsible government and so if this is a responsible government it will take on board,

especially transparency and accountability and also the process that has been taken by the former government.

**Mr Abana:** A further supplementary question to the Minister. The submission from those investors comes with a non-refundable fee of US\$10,000, and I believe they paid for that fee. Now, if there is any decision otherwise due to that Cabinet Paper, and I am just flagging it like that because there is a lot of money here because it's a lot of money here that is non-refundable and they will expect the whole thing to go ahead. That concern is what I would like to ask about.

**Hon. Kemakeza:** In terms of whatever is the requirement of the investors and in terms of the deposits we are a responsible government who will account for that. As I have said, the four bidders would not be neglected in this arena.

**Mr Wale:** I would like to ask the Minister taking into consideration this process where it will go to Cabinet for further policy directions and it seems the international tender process is not quashed, the four bids will be looked at reasonably fairly. In terms of timing, how long does the Minister anticipate taking into consideration that Cabinet will look at it until the time he thinks that reasonably within his estimates that an award would be made on this important national project.

**Hon. Kemakeza:** Thank you MP for Aoke Langa Langa for that question. As we all know or are aware the Cabinet meets every week and so it is a matter of timing for the Cabinet to meet and to see this paper.

**Mr SANDAKABATU:** My question relates to participation in the decision making process towards awarding tenders, and this case as a case in point. Since the resources belongs to the people or the landowners, will they also be part of the decision making process in the selection of the final tender?

**Hon. PHILIP:** This is the whole dilemma on the ownership of resources in our country. It is constitutional but when it comes down to real rights whether the state has the right over or which right is first or which right is higher and which one is lower. The question whether the state has the right to tender out our natural resources which is in the hands of the landowners is quite contradictory, but because we have the constitution which provides for the vesting of resources on both people and the state, we cannot say anything.

Yes, tenders have gone out by the last government, of course. There are certain things that we need to settle down first to look at. Even after the tender was put out, landowners still have their preferences; they want to choose which company they want

because the companies too solicit the land acquisition processes through the landowners. That is one big problem and the Ministry knows it is not going to be an easy process. The tender rules have put a certain amount of fees, which you are already aware, and regrettably some of those moneys will be lost because it is part of the tender conditions. But the winner wins, and that is the way it is and the loser loses. There are some technical difficulties. I know that certain landowners are still, and solicited by not even the people who are part of the tender system. They solicit support on how to acquire land acquisition, money and things like that which is making the process a little bit more complicated.

The Ministry will take a little bit time to try and help the process to go faster but smoothly as anticipated for a long time now. During this time the government will try as much as possible to hasten the facilitation of mining in Bugotu, hopefully during the term of this government.

**Mr. Pacha:** I take this opportunity to thank the Minister for Mines & Energy for answering this question. Thank you Prime Minister and I also thank my colleague Members on this bench for asking supplementary questions.

*Question No. 39 deferred*

## BILLS

### Bills – First Reading

The Customs Valuation (Amendment) Bill 2010

The 2010 supplementary Appropriation Bill 2010

### Bills - Second Reading

The Customs Valuation (Amendment) 2010

**Hon. LILO:** Thank you for granting me leave to move the Customs Valuation amendment Bill 2010. Before I do so, as others have done, take this opportunity also to congratulate you, Mr Speaker, on your election to that highest office. I have no doubt in your ability to preside over this honourable House you look very good sitting up there.

I rise to beg that the Customs Valuation Amendment Bill 2010 be now put to second reading. One of the commitments of any good government is to ensure that businesses and individuals are fairly treated and that they pay the appropriate amount of taxes and duties, not any lower rates than their competitors. Moreover they should not be allowed to avoid or evade their obligations.

One of the important sources of government revenue is the collection of duties as goods cross our borders and funds from these sources form an important part of the government's funding, for instance, in health, education and other social services and investment in our communities.

I wish to inform the Honourable House that the Customs Valuation and Offence Act 2009 is yet to commence. And that is whilst preparing for the implementation of this Act, officials have noted a minor but crucial fault within the legislation which needs correction by this honourable House. This Amendment will allow correction to the Act and will enable it to fully operate and to achieve its policy objectives.

This Amendment before Parliament today will not increase duty rates or the level of taxation, but it merely seeks to ensure that the calculation of import duties is consistent with the existing Customs and Excise Act. It has been detected that the application of the CIF (Cost, insurance and freight) was omitted in the Customs Valuation and Offence Act. The Act mistakenly allows for Free on Board (FOB) determination which relates to only the domestic cost incurred by the importer. This would mean that import duties will be calculated based on domestic costs and do not take into account the additional costs incurred during getting the goods into the country.

Concurrently, this implies the country will lose millions in revenue not being collected. The amendment, therefore, will correct this error by determining the calculation of import duty using CIF values as has been currently used by officials under the existing Customs and Excise laws.

The Government would like to urgently commence this Act so that we can fully empower the customs officials through giving them greater powers in relation to appropriate valuation method on imported goods and also to introduce a range of offences and penalties that will operate as a significant deterrent to people breaching the customs law.

The present valuation provision of the Customs and Excise Act provide little scope for customs to challenge the values that are notified by the importer, and therefore has resulted in imported good being valued at less than they should be and consequently subject to less import duty than those good should really be. This contributed to the significant loss to government revenue obtained from import duties.

The level of penalties in respect of different offences within the Customs and Excise Act are also internally inconsistent and do not properly reflect the relative levels of criminality of these offences. The only solution to these offences is to commence the Customs Valuation and Offence Act 2009, and the commencement of the Act is significantly important, and this is why this Amendment is equally important to go through this Honourable House.

With these remarks I commend this Bill to this house and I beg to move.



**Mr Speaker:** The Minister may want to adjourn debate of the Bill until the next sitting day.

**Hon Lilo:** Mr Speaker, with your permission I would like to move a motion to adjourn debate on this Bill.

**Mr Speaker:** Permission is given.

**Hon Lilo:** Thank you for granting me leave. I move that the debate on the Customs Valuation Amendment Bill 2010 be adjourned to the next sitting day. The reason being that the Bills and Legislation is yet to deliberate on this particular and also consistent with the government business read by the Prime Minister that the second reading debate on this particular bill should commence on Tuesday, 25<sup>th</sup> September 2010. With that reason, I beg to move.

*Debate on the Bill adjourned to the next sitting day*

**Hon Philip:** I move that the House do now adjourn.

*The House adjourned at 12.02 pm*