

WEDNESDAY 29TH SEPTEMBER 2010

The Speaker, Sir Allan Kemakeza took the Chair at 9.44 am.

Prayers.

ATTENDANCE

At prayers, all were present with the exception of the Ministers for Foreign Affairs & Indigenous Affairs, Communication & Civil Aviation, Culture & Tourism, Lands and Housing and the Members for Rennell/Bellona, West Kwara'ae, Temotu Vattu, East Kwaio, North New Georgia and Fataleka.

PRESENTATION OF PAPERS AND OF REPORTS

QUESTIONS AND ANSWERS

Overseas trips: 2010

18. **Mr SOGAVARE** to the Prime Minister: What is the government's policy on overseas trip for the remaining part of the year?

Hon. PHILIP: The government is yet to come up with such a policy but going by common sense and in view of the current financial difficulties, we will consider overseas trips for the remainder part of this year on the basis of their merits, whether the trip is absolutely necessary and if/or funded by an external organization or financing source.

We also need to keep in mind that as a member of the international community and a party to various international conventions, we have an obligation to fulfill by attending to various meetings that are called for by the international community under international conventions that we are party to.

Mr Sogavare: Can the Prime Minister inform the House on the projections of any more trips that Ministers are likely to take based on the criteria the Prime Minister has been telling us. What trips are likely to be taken in the few months left for this year; October, November, December; those three months left that the government envisages taking any other trips before the end of the year. How many more trips are Ministers likely to take?

Hon. Philips: As we would all know, the General Assembly in New York is meeting at this time, and the Minister of Foreign Affairs has already left last week to attend that meeting. That particular trip is, of course, 100% funded by the United Nations. The

Minister for Provincial Government will also leave very shortly to Africa to attend a conference there, and that is totally funded by the UNDP. The details of that particular trip can be obtained from the Minister of Provincial Government. The Minister for Environment, Climate Change & Meteorology is going to have a pre climate COP 10 Meeting in the city of Nagoya leading up to the Cancun World Summit on climate change. That is coming up in November and there is another one leading up to that in Malaysia; I am confused a bit on this, that the Minister is going to travel to attend and our traditional trips to Taiwan. Of course, the Prime Minister is leaving shortly to visit the ROC, Taiwan in the next few weeks. Soon after that the DPM is traveling to ROC for a workshop there, a workshop that Taiwan would like us to attend, and that is also 100% funded by the ROC. The Prime Minister's trip to Taiwan is also funded by the Taiwanese Government and one or two officials travelling with the PM are going to be under SIG funding.

Mr SIKUA: With the up coming trip of the honorable Prime Minister to the Republic of China on Taiwan, I would like which ministers or backbenchers are going to travel with the Prime Minister?

Hon. Philips: Yes, that is myself and my good lady, the Minister for Planning and Aid Coordination, the Minister for Fisheries with the Deputy Chairman of Caucus and the Minister for Rural Development & Livelihood. Most probably there will be a little change somewhere or we might maintain the same number but the change will be arranged sometimes very soon and then we also have the SPM traveling with the group, one security officer, and one lady. I think that is the group.

Mr Sikua: Further supplementary question. I would like to know whether you are going to take the honorable Minister for Mines, Energy and Rural Electrification and my good uncle the Member for Ngella.

Hon. Philips: My greatest apology, yes, he is very much part of the delegation.

Mr Sogavare: It is good to hear the Prime Minister said that 100% of the costs will be taken up by people outside. Does that include the per diems and other costs normally paid by the SIG? Is that 100% includes those costs as well?

Hon. Philips: There is a standing rule, I think, in the General Orders, as we are aware, in Chapter C Section 202 of the General Orders that any officers leaving the country, he/she must obtain leave of absence approval from the responsible Permanent Secretary. This includes absence from work to travel overseas. There is currently a policy by the Public Service that officers traveling overseas are disqualified to claim per diem allowance of US \$150 a day, if the overseas trip is fully or partially funded by donors or outside funding. That is an existing rule already. However, public officers are only entitled to claim per diem allowances of \$150 a day if the trip is fully funded by the SIG.

In the budget, you will see in every ministry an item that caters for public officers travelling overseas. On trips that are fully funded by overseas governments, some sources provide per diems and allowances for the delegation and everything and there are others that give per diem or allowances for some, like the Ministers and officials, but if the trip includes one or two others in the Public Service then, of course, the SIG must provide for them.

Mr Sogavare: I thank the honorable Prime Minister for his answers. We just hope the costs that the Solomon Islands Government will pick up are within the budget provisions that we have and we will not expect another supplementary appropriation coming in next year to sort it out. I thank the Prime Minister for answering the questions.

Refinancing of Soltai Fishing

19. Mr. SOGAVARE to the Minister for Finance and Treasury: Concerning the refinancing of Soltai Fishing and Processing Limited under the new shareholding arrangements, can the Minister brief Parliament as follows:

- (a) The level of company debt on the day of restructure and how were they accounted for under the new arrangement?
- (b) How is the \$36million capital injection by the Solomon Islands National Provident Fund utilized under the new arrangement?
- (c) How was the capital injection by Tri Marine is utilized?

Hon LILO: I thank the Member for East Choiseul for the question. With regards to the level of company debt on the date of restructure, as I have stated earlier in a question asked by the Member for Small Malaita, before the restructuring of this company which became effective on the 10th September, Soltai had a total debt of \$126.3million. Of this, \$53.3million was owed to the Australia and New Zealand Bank, \$47.9million is to TRI Marine; I will come to how that TRI Marine debt will be sorted out, \$25.1million is to a range of other creditors like fuel suppliers, suppliers of materials used for the cannery including the SIG tax liability of about \$9.6million, the National Provident Fund contribution and other interest repayment on the housing loan at Noro of \$7.8million, rental to the houses owned by the Western Province that have been rented by the Company about \$3.9million and that the existing debts were paid off on the date of restructuring and a new debt of \$50million was incurred to the Solomon Islands National Provident Fund in a form of a ten-year loan. That is the whole company debt on the date of the restructuring.

With regards to the \$36million injection by the Solomon Islands National Provident Fund, under the new arrangements that the Board have agreed on, the fund that was paid for by the National Provident Fund is equity funding in return for the \$68.4million shares which then brings the NPF shares up to 29% of the total shares

issued. Soltai has used that National Provident Fund equity funding together with funds that have been used by TRI Marine to repay the debt and make provision for increase working capital and other future planned capital expenditures.

On the question on how the capital injection by TRI Marine was utilized, as I have stated earlier on that the company had owed TRI Marine about \$47.9million which is for improvement to the cannery and the funding of a loining processing line inside the cannery. TRI Marine has converted that \$47.9million existing debt into equity and they have topped up an additional \$15.0 plus million as cash so that brings the total injection of TRI Marine to \$63.75million which earns them a total shares issued to TRI Marine of \$120.3million shares, which amounts to 51% of the total shares issued to TRI Marine. Soltai has used the cash together with the funds received from the National Provident Fund to repay the debt and again the balance is being used to increase the working capital and future capital spending.

Obviously, Soltai during the course of this year after the restructuring, the Board will have to sit and make decision on any future capital financing for improvement to any additional infrastructure. That will be a matter that will have to be examined by the new shareholders for them to make any new capital injection into the company.

Mr Sogavare: I thank the Minister for his response. The problem of Solomon Taiyo, as I understand, is to be able to fully utilize its capacity. If the figures the Minister is reading to us is what were eventually used to clear those debts and also address working capital, it leaves very, very little room. If the original debt is \$156million and we account for all the adjustments the Minister is telling us, which eventually a new debt of \$50million and that is taken over by the NPF, as we understand it, can the Minister inform us what is basically left in terms of working capital to bring the capacity of the Solomon Taiyo up to what it really needs to get that company working again?

Hon. Lilo: If you put all these items together, I do not have a calculator here to really work out the balance, and that is why I told you to have a pen so that you could write these figures. With a total debt of \$126million, \$53million goes to the ANZ Bank, but then that \$53million that will go to the ANZ will also be replaced by another \$50million debt financing from the NPF, so there would be another fresh one remaining with the company. Then there is the \$47million that goes to Tri-Marine and Tri-Marine will basically use that same money in its accounts because it equitizes the \$47million. Right now, you would most likely be looking at the company sitting at a total cash capital that cashes up to almost about \$100million. If you look at all the figures there that is exactly what the company has to play around with. If there is additional capital required, that is a matter for the new shareholders to decide on to put to the company. But the bottom line is that right now we have shareholders that will be requiring the company to, at least, make a return on the investment. That is seriously what we are having right now. We have new shareholders that have, at the bottom line, profit must be made and you have good shareholders that can actually parent the company to do that or at least to set the vision to make the profit, unlike before where only two governments owning the

shares and maybe even though our interest is to create profit, but most of the time we too are also making decisions that compromise the position of the company to work towards earning profit. I mean you would not expect the National Provident Fund to invest into this investment without having any guarantee of a safe return on investment on the equity invested into the company, and so is also Tri-Marine. These are companies that their existence is base on profit making, and that is always paramount to the interest of shareholders.

What I am saying here is that we have shareholders that will have that good responsibility to parent the company to move towards changing the working culture, behaviour and practices within the company itself so that they can work towards the objectives of any private company undertaking, and that is to make good profit, pay good dividends but ultimately on our side it provides good employment creation for this country and good and increased earnings in regards to foreign exchange coming inside, which is the real income of the country.

Mr. Wale: I just want to know the current production capacity of Soltai. I assume that immediately after the restructure, the production capacity does not really change as yet because there will probably be need for some infrastructure improvements or expansion.

Secondly, what is their breakeven point in production capacity and therefore what time with the new capital injection do they think they might reach that, and what is the maximum production capacity with the existing facilities and the new resources? What time do they think they will reach that?

Hon. Lilo: Information that has been given to me and with the briefing that has been provided to me, currently the company is producing a production capacity of about 60metric tonnes a day. Their plan is to increase the production to about 80metric tonnes a day after the initial injection. They, I suppose, would be able to achieve that in 2011, or working towards achieving it 2010 with the plan to increase production to about 150metric tones a day by 2012.

On the breakeven point, I do not have the figures on that, but I can work on the other factors of interest to all us, which is employment creation which currently is about 800 labour force for one shift in one day to two shifts a day which is increasing to about 1,600 labour force. That would be a big boost, not only in the creation of employment around that area but also other linkaging effects it will have on other businesses within Noro itself, on the Western economy and also the whole economy of Solomon Islands. I am sure it should increase other business activities as well. With that kind of production project let us hope that for now with all the figures given to us are just projections. We will always do what Thomas has always done and that is cross our fingers and hope that things will happen next year in 2011.

Mr. HOUENIPWELA: I want to commend the government and especially the Minister for Finance for this great work he continues to do. I believe he was instrumental in this

work in previous governments so he must make sure he continue this good work that he is being part of it, so I want to commend and congratulate him for this very good work.

In regards to the figures that I have been trying to follow is what I wanted to know about. In the explanation the Minister gave in regards to the ANZ loan with the new loan taken over by the NPF, which I understand it to be a refinancing of that loan by the NPF to ANZ. In reality, it is really a transfer of the loan to the NPF. Then the use of capital injection by Tri-Marine to the company, with a loan of almost \$48million from Tri Marine to the company, I want to know the Minister's assurance on what is happening to the other creditors including the Solomon Island's Governments outstanding payments, plus the Western Provinces rentals whether these have been repaid already through those transactions.

As he was just saying, it is important that the company get the debts are liquidated but it is important that the company must also have a working capital. I want to ask whether all these injections would just go towards the debts only and there is nothing left to work with and so we will go back to where we started.

I would like to say that what the Minister was saying sounds very good to my ears because we need people with deep pockets in a company like Soltai Fishing and Processing. But I am a bit concern if those debts are still there and there is no adequate working capital in the company, we might fallback into a situation where the company might incur further debts. I just want to get the Minister's assurance on this.

Hon. Lilo: I think that is one of the biggest problems that Soltai has right from the beginning, not only this particular company Soltai but even the previous Solomon Taiyo, and that is their ability to manage their debts.

Obviously, given the current economic climate in Solomon Islands, debt financing is a very expensive exercise and it is really killing a lot of our business. Soltai maybe is a bit lucky now that we are able to have a better business case for other shareholders to come inside, especially the National Provident Fund to buy into this particular case. But I think one of the priorities that has been sounded to me by the board, was for them to fully settle the outstanding debts they have with all the creditors, including the Solomon Islands Government. I can confirm that payments have been made to the tax office for the \$9.6million, which I think has already disappeared for obvious reasons that you all know; the government's cash flow goes up a little bit and then slides backwards again.

In terms of the National Provident Fund, I think outstanding contributions with penalties have also been regularized so the company is now on a stable situation. I think Western Province, I do not know whether they have issued a check to it because of that little hiccup they have experienced with the Province, but I think sooner or later they will accept the cheque for payment of outstanding rentals of houses in Noro.

As I have said that the NPF has paid a new capital of \$36million to buy off the shares of \$29million or share allotment of about \$68.4million, and that one still remains in cash, the \$36million. Then you have the conversion of the existing debts of Tri Marine of almost about \$48million, I am told that there has been a draw down from Tri Marine

of \$50million that goes into the company and that is why I said to you that the Company now has at least an available of almost to the magnitude of \$100million or could be less probably about \$70million to \$80million to start its actual production. It could enter into an arrangement with its creditors for some kind of settlement arrangement; that is a matter for the board to decide on. For us here, we will basically express our concern that the board must not fall into the same situation like what has happened in the past. But I think the assurance that all of us should have is that the company should now have a much more qualified credible people who will serve in the board, people who are commercial practitioners and not free riders just being put in the board which sometimes see the company's assets being used for singing in the mangroves at Noro. At least those kinds of situations are avoided.

I can assure you that the implementation of the new SOE Act and regulation on the selection of board members is very, very clear and explicit that we must find real credible people, commercial practitioners to serve in the boards so that the interest of the investment that we do have state interest in it is that of the nation's interest is well run and well governed and achieve the objectives wanted from those investments.

Mr. TOZAKA: Supplementary question to the Honorable Minister. I think this is now water under the bridge because it has already been dealt with.

My interest here is this loan from the bank that attracted high interest. I am not sure whether we are paying that loan and we will still continue paying until we cannot assist in the restructure. But where is the upper hand of the government here? Where is the wisdom here of getting this \$23million loan from the bank and then we again get another \$36million injection from the NPF? One would have thought that we have a shareholder in this company and so the Government would have stepped in and say this is not right. It is water under the bridge now, a new government has come into place, so what is your view on this, how are you going to control this so that it does not occur again?

Hon. Lilo: I am not sure whether I get your question correctly, but if you are asking about why that \$53million loan was incurred, why it was conceived in the first place, that is a question that you and I cannot answer. We are left with the liability of \$53million loan for a decision that may have been well conceived by the board at that time for a purpose that maybe fitting at that point in time. The board at that time may have the decision to get that loan. I do not think this is a one off loan, I think it was several tranches of loans taken, maybe some in a form of advance, or short term loans or overdraft and then it builds up to the extent that Soltai cannot repay and so it was decided to be converted into a long term loan. That is why we came up with this \$53million loan to the extent the ANZ saw the company cannot repay the loan and the bank almost called on the company. That is the reality of it. If the ANZ Bank had called on the mortgage we would have lost Soltai because where else will the Government get the \$53million to bail Soltai out of this \$53million loan.

A lot of people question are questioning the decision of this restructuring exercise that is happening right now, even like, for instance, where is the control of the government in its shares. We can go on and debate about this whole exercise, but I think the simple thing is, do we want to have a company that has 51% shares at that time with no value at all or now with a share of 10% that has more value to it? Or it could be even more value than the 51% shares. I think when we come to control of this company we should understand that part.

The restructuring that is happening now was done because it is necessary that it has to done that way given the situation that the company faced at that time, even 49% of the Western Province and 51% to ICSI, we see that we have control of that company but there is no value on that company. Why, because the creditors really have control over the company.

If we had stalled this restructuring we would end up like RIPEL and it would be a real disaster to the country. It is true that at the same time this is not a total bailout of ourselves out of our debts, but at least we have an important business case this time that has a value to it, and liabilities that would have been dead liabilities in the past are now realizable liabilities that can converted into the company's assets in future. I think that is the situation this company is going through at the moment, and again we can only cross our fingers as to what is going to happen to Soltai in future, but the restructuring has been achieved, it relieves the government from certain pressure and we have put ourselves in good prospects for Soltai to begin its production, creation of employment and business activity is going to take place in the country.

Mr MANENIARU: I want to join my colleague Member for Small Malaita to commend the Finance Minister and also the former Finance Minister for the stand taken in continuing to support this big company. I think this is one company that continues to give employment, especially to people in the Western Province. The beauty of this restructure, and that is why it was supported by the Minister is because it self finances the debts. In the past, the government used to pour in money into this company when the government was shareholder. But it normally ran short of money hence it affected the operations of the company. When the private sector came in it came in with money and so the government is not forced to reach into its pocket to look for money to put into the company.

I also thank the Minister for recognizing the clear guidelines and regulations of the SOE Act that will harness the environment for our SOEs if fully implemented. I thank you Minister for your appreciation of that piece of legislation to facilitate and create that conducive environment for our SOE companies.

My supplementary question is in regards to our workers' living quarters. If you go to Noro those houses are not really good sights. The people there are really working hard but their sleeping places are not really good, even in ships, the sailors' sleeping bunks are not really good. A second shift is coming up as alluded to by the Minister, and so the Minister will have to look at building another hostel or maybe another two.

Is there any indicated plan to actually look at that important company infrastructure for the employees of the company?

Hon. Lilo: I think that is one of the immediate indications indicated by the Board that one of the immediate capital developments they will have to embark on is to provide housing infrastructure in Noro, in view of the projected increase in employment, it will double in the next two years. Construction of new housing must happen in Noro. That is why I said that at least this restructuring will give rise to some good business opportunity to happen there in terms of construction. The people in the rural villages nearby will be able to mill timber and sell those timbers and earn income as the growth in construction at Noro will happen. Yes, that is one of the biggest priorities indicated.

Dr. Sikua: Supplementary question. I have been very quite concerned by a statement made by the Premier of Western Province over the SIBC on the program, "World Blo Umi", around mid last week. The statement he made is to the effect that, and as you know that Western Province is one of the shareholders, the restructuring of the Soltai under the new arrangements being made will not work. And then we are hearing from the Minister of Finance and Treasury saying that we just cross our fingers and hope for the best that all these things we have been talking about will work.

My question is, Mr Minister do you really believe that with all the efforts and the arrangements that have been put in and with everybody working together, this restructuring of Soltai under the new arrangements is going to refloat the company and its operations function efficiently?

The other question I have is with that kind of statement made by the Premier of Western Province as a shareholder, it implies any possible sabotage by that particular shareholder as we continue to work on these new arrangements. I am just concerned that one of the shareholders might not be happy with the whole thing and therefore that kind of implication of sabotage is still there, so what will the Minister or the Government do about that kind of thing?

Hon. Lilo: Those kinds of statements made by people, you would know where they come from, the background as to where they come from, and so I will not comment on.

In terms of the business case of Soltai, for any business to have the kind of features it now has this time, it is a saleable case and it is a case worth investing in it. There are people that have the right expertise to manage the business that have the right connection to markets, they have the confidence of both domestic financial institutions and have a very good business plan to make sure the business must operate in terms of the sourcing of the raw materials to be channeled inside the processing plant and go out to the markets.

I can only comment on the business case of this company and so are all of you who have very good knowledge in terms of business. I mean by looking at the company itself, every one of you, as what it is right now would see that it has a very good prospect and if a prospectus is to be developed for Soltai and then put into, say for

instance we have a stock market here in Solomon Islands, I am sure that in the evening today everyone will start to buy shares, floating shares in the market. I have a lot of confidence that it will happen like that. The share price of Soltai is going to shoot up. Just like the announcement of the Solomon Gold just last week. When it was announced that copper is in the seabed at Fauro, the stock market in the UK shot right up on the price of Solomon Gold and then later when it was announced a little bit work needs to be still done, the stock market went down.

If we are trying to gauge the prospects or the potential for growth in this company, I would say that I myself will invest in it if I have the money, but I do not have money to invest in shares in this company. But for everything that happens to us in terms of politics, I think we will leave it to the political scientists to judge whatever statements we are making.

Mr Wale: I join the others to encourage everyone of us. I think the case as laid out by the Minister of Finance is a very viable case and obviously the Minister trusts his chairman and board, and I think we need to take our cue from him as well. Just a final question for the Minister to clarify to us; what is the share value at the restructure date because ICSI and Western Province the remaining shares allotted to them are 10% each when 80% goes between the NPF and Tri-Marine because they are new shareholders they are obviously putting in capital injection. The value of the net tangible assets as at restructure obviously would be tied to the value of the shares, and therefore whether any additional funding is required from the two minority shareholders to subscribe fully to the 10% shares or is it the value of the company at that time and therefore worth 20% in total and therefore is split 10, 10 between those two.

Hon Lilo: The technicalities of that I do not have with me at this time. But I would imagine that it would be the value of the company at the time of the restructure, and then you will have all the shareholders to meet again to work out a new perceived value of that company moving forward taking into consideration the market potentials and so forth. In fact that is one of the intriguing issues the Western Province continues to raise; the perceived value of the company at the time of the restructure. They thought that what was allotted to them was less than what it used to be before. I think they got it all wrong, and that is why I continue to invite them to come to the table and sit down with them so that this must be worked out together with all the shareholders, a part of it, but if one is out then it cannot be completed, but at least the majority is there to work it out. But I do not have the technicalities of that with me now. Thank you.

Mr Sogavare: I rise to thank the Minister of Finance and also thank the other colleagues who were asking questions and allowing the Minister to fully explain how this restructure is going on. We continue to encourage the government to support this company because it is the only set up that is there to fully utilize the tuna resources that we have in abundance in this country, and it is a shame that we are the first to establish a downstream processing set up way back in the 1970s but we are backwards when

PNG which started later on has six (6) already and are working very fine. I thank the Minister for briefing Parliament on what he is doing to bring this company back on its feet so that it provides the benefit that this country very much needs. Thank you.

STATEMENT OF GOVERNMENT BUSINESS

BILLS

Bills – Second Reading

The 2010 Supplementary Appropriation Bill 2010

Hon LILO: I rise to beg that the 2010 Supplementary Appropriation 2010 be now put to the second reading. I am delighted to present to this Honorable House the 2010 Supplementary Appropriation Bill 2010 on behalf of the government and people of this nation. Today, I am not presenting a supplementary appropriation to this honorable chamber that is cause for satisfaction or a measure of how well the current government is serving this great nation. But rather I am presenting a supplementary appropriation that reflects the commitment of the previous CNURA Government.

This Bill is in keeping with section 103(2) of the Constitution and section 15 of the Public Finance and Audit Act, which stipulates that the Minister of Finance may, at his discretion, authorize expenditure arising from an urgent and unforeseen need under a contingencies warrant where the amount required exceeds that available under an existing appropriation and subject to the financial limits set by Parliament not being exceeded.

The 2010 Supplementary Appropriation Bill 2010 seeks an appropriation to cover expenditure already authorized by contingency warrants in the first part of 2010. Additionally, the Bill seeks the authority of Parliament to appropriate additional funds that have not yet been provisionally approved by the Minister by way of contingencies warrant. These are to cover unforeseen expenditure pressures, which we now know will require additional funding in 2010.

The total supplementary appropriation expenditure authorized by this Bill totals \$177.8million. As a prudent measure, the Bill also seeks \$30million on contingency warrant under recurrent heads of expenditures as well as 30million under development heads of expenditure that can be issued by the Minister for Finance for urgent and unforeseen expenditure between now and the end of this year.

The 2010 Supplementary Appropriation Bill consists of a number of expenditure measures. Contingency warrants amounting to \$38.8million have been signed and submitted to Parliament for approval along with a number of other expenditure measures. These are detailed in the Bill and amount to a further \$139million. These measures aim to approve public sector performances, revenue collection and undertake activities that will bring sustainable benefits to our people and nation.

As I have stated earlier, the government has taken a firm decision to commit \$177.8million and it is for the benefit of the honorable House that I would like to set these in details. By way of authorized expenditures by contingency warrants, \$38.8million has been expended to date as follows:

- \$12million to the Ministry of Home Affairs to facilitate the 2010 Solomon Islands national election, otherwise all of us would not have been here.
- \$10.1million to the National Parliament to meet the cost of terminal and ex-gratia payments for Members of Parliament, which some of us who came back have used for our campaign and we won and we come back at this House
- \$5million to the Ministry of Communication and Aviation to fund the maintenance of Henderson and provincial airports. As you know when you go to the airports the public toilets at the airport stinks.
- \$5million to the Ministry of Rural Development by way of the Solomon Islands contribution to the much talked about rural constituency development fund.
- \$3.9million to the Ministry of Finance and Treasury to complete the 2010 national census.
- \$1.8million to the Ministry of Forestry and Research to fund the Sylvania Plantations Limited and Vangunu Oil Palm project at Merusu. Ask those on the other side as they would know about this.
- \$1million to the Ministry of Police & National Security to fund the additional security measures necessary to ensure a safe and secure electoral process. The Minister of Police will agree with this.

There are also additional expenditures and the Bill seeks the authority of this House to appropriate additional funds totally \$139million which have not yet been provisionally approved by the Minister by way of contingency warrants. These include:

- \$81.5million to the Ministry of Finance & Treasury to fund the whole government payroll expenses.
- \$20million to the Ministry of Foreign Affairs and External Trade for the construction of the Solomon Islands Chancery in Canberra, Australia.
- \$18million to the Ministry of Education and Human Resources Development for overseas tertiary scholarship to develop the skills of our people.
- \$10.6 to the Ministry of Provincial Government to cover amendments to provincial members' salaries and entitlement. I am sure you have met all provincial members hanging around in town waiting for this money.
- \$6million to the National Parliament to fund Members' salaries and entitlements to fund micro-project grants.
- \$2million to the Office of the Prime Minister to fund the Commission of Inquiry into Lands; and
- \$.9million to the Ministry of Health to fund an ex-gratia payment to employees of the Gizo Hospital following the 2007 tsunami

There are also other development expenditures featured in this supplementary appropriation and essentially the government acknowledges the fact that delivering all programs and commitments this year will remain a significant challenge, given the fact that only three months remain, but the overall aim of this Bill is to seek the authority of Parliament to appropriate additional funds to ensure that we continue to deliver basic and essential services to our people and honor the legal commitment the previous government has bear.

The least we want is lack of appropriation by Parliament, and I am sure that all of you will rise and make that contribution. We must not forget that we must come back to this Parliament to get the authority of Parliament, and East Choiseul will remind us again on that so that the delivery of our basic and essential services and legal commitments must be authorized by the House. This government is fully confident that this Bill is both fiscally responsible and caters for delivery of services and that legal commitment to our people. We do recognize as a government that has just taken over the office that we will continue to face a number of significant challenges and the government will continue to implement significant financial and economic reforms aimed at ensuring that economic growth continues through the difficult times ahead of us.

I do not wish to debate this 2010 Supplementary in fine detail, as I am not in a good position to defend what had happened. I cannot guarantee that this fully reflects what public funds were spent in the first part of 2010, but I can assure the Chamber that this reflects our best estimates of going forward.

I believe if all Honorable Members stay true to the cause of finance and economic reforms, we will fulfill our responsibility to serve our people and make this nation a better and more prosperous place for all of us to live in. With these remarks, I commend this Bill to the House and I beg to move.

Mr. Speaker: Hon Members, the second reading of the Bill has been moved and the Hon Minister has made an opening speech. Normally under Standing Order 61(2) at this point in any appropriation bill, the debate be adjourned and not resumed until the next day or another day following that. Today, however, I understand that the government wishes to proceed with this debate as we have already heard from the Prime Minister as we are running against time. I now would like to ask the Minister of Finance & Treasury to make the necessary steps to facilitate this arrangement.

Hon. Lilo: I seek your consent to move suspension of Standing Order 61(2) in accordance with Standing Order 81 to permit debate on this second reading of the 2010 Supplementary Appropriation Bill 2010 to resume today.

Mr. Speaker: Hon Members, it is proposed standing order 61.2 be suspended for the purposes of today's sitting to

allow Parliament continue with the second reading and debate of the bill. Does any Member wishes to speak or comment on this motion?

Mr. Sogavare: Just a comment to acknowledge the reason that is probably hinted by the Prime Minister and that is the Government is thinking of ending this Parliament Meeting this week. That seems to be the reason. I would have thought this is the first meeting and normally in the motion of Sine Die, Members of Parliament would like to present their maiden speeches to the people and it would be really nice if we have more days to do that. But we appreciate the fact that the government will need to put its policies together quickly and get the budget preparation going so that we can come early next year to debate it, and maybe during that time we will have more time to sit down and look at government's policies and the new direction that the government wants to put in more detail.

We probably have no difficulty supporting the motion moved by the Minister, so that we complete this business. Normally a number of days were given because it is a supply bill, so we do not have any problem accepting it.

Hon. Lilo: I would like to thank the Member for East Choiseul for the brief comment he made. I think the purpose is that we should continue to debate and complete this supplementary. It is a well understandable bill for expenditures that have been incurred already and I think we should give time to make preparation for the 2011 budget. I thank the Honorable Member for his comment, and I beg to move.

Standing Order 61(2) suspended in accordance with Standing Order 81 to permit the debate on the second reading of the 2010 Supplementary Appropriation Bill 2010.

Mr. SOGAVARE: Thank you, I am going to be very brief. The Leader of Opposition is not here, and normally under convention he should be given the opportunity to be the first to speak on any supply bills but he is not here.

We acknowledge the Bill that is before the house now in pursuant to section 103(2) of the National Constitution and also section 15 of the Public Finance and Audit Act. So in terms of its legality we do not have any problem on that and, of course, we have the Attorney General here to vouch on that.

We acknowledge that the Bill is seeking additional resources from the consolidated fund to the tune of \$177,788,400 as new expenditures incurred under two categories. Later on we may need some clarifications on some of the figures that appear here. But as it is presented in the bill right now, we have \$38,750,000 incurred under the contingencies warrants and under the law it needs Parliament's blessings. There is also an additional request by the government to incur new expenditures totaling up to \$139,038,400.

Some questions that we may briefly touch on later in the details of this bill is this \$20million for the Ministry of Foreign Affairs and External Trade. The question is whether that figure amount has been incurred already because from what the Minister

has presented, it comes under new requests that the Government wants to make to the Parliament to authorize the Ministry to incur additional \$20million for the completion of the chancery in Canberra. We need some clarification on that later on. I will raise a point on that matter later on.

We also acknowledge that the Bill seeks to reinstate the amount that the Minister can use under the contingencies warrants under his powers to \$30million up to the 31st of December, the fiscal year 2010. As rightly pointed out by the Minister, Parliament has the duty to ensure that the government continues to move and work. That is the paramount duty of Parliament, of course, within the bounds of law, processes and procedures outlined under the Public Finance and Audit Act, the Constitution itself and, of course, the Financial Instructions that governs the way the government operates and implements the budget.

This bill is a type of bill that this House will see more of; every year we will continue to see it and so, I guess, we would have exhausted every debate on such a bill and all the instructions that we are telling ourselves. It depends on where you are, on which side of the house you are on. If we are on this side of the house we will fire every bullet to that other side telling them to be more responsible in the way they use the facilities under law to incur resources from the consolidated fund. And, of course, that is the duty of this side of the house to continue to remind the government of how we should conduct ourselves fiscally. Thus, the same kind of reports will be coming from the Public Accounts Committee and I thank the great work done by the Committee in short time possible by continuing to remind Parliament and Government of sound management principles as to how the budget is managed in every fiscal. And we note the recommendations put to us by the Committee, it puts to us five recommendations and we would ask the Government to take serious notes of this as always. The Ministry of Finance and Treasury in consultation with its line ministries develop budgets based on realistic expectations of accurate costs required to operate the Ministry's portfolio. It boils down to realistic prioritization and the more supplementary appropriations come to Parliament basically reflects the way the whole budgetary process has been operating from the beginning. If we do not set our priorities right or we have a lot of priorities that we do not know where to really put our fingers on. If that is the case then this is what we will get, we will continue to come here, we reprioritize and then come back here seeking additional funds. In fact, I will raise some questions later on whether these additional funds we are requesting are real or are we just re-prioritizing. That is a question that we need to also ask ourselves. Maybe the Minister when he winds up the debate will tell us about that.

The second is to do with realistic prioritization again. The Ministry of Finance and Treasury strengthens the budgetary process to ensure that ministries' bids are not arbitrarily cut by the Budget Unit. We hear that every time when officials appear before the committee. They told us that the Ministry of Finance cut their budget and so they cannot put in what they want. The instruction from the Ministry is that later on they can come to a supplementary appropriation. Maybe that is a way of managing cash flow and relying on facilities like that because Parliament must always pass it. Parliament

will be irresponsible defeating supplementary appropriations. It will basically be irresponsible to do that. But because that door is always open it leads to the preparation of budget right at the ministry level when they come we do not act responsibly.

The three remaining recommendations that I would like to refer to the government is ministries to use more care in undertaking annual planning so that items that are foreseeable can be estimated in the planning process and identified at that time so that they not required to be funded by contingencies warrants. That is a sound advice too because the contingencies warrants is for serious emergency problems. Nothing should hold down the government if a cyclone strikes today and some people die. The government must move, supplies must go, people must be rescued, the government must not be held down so the way we manage the budget, as much as possible if it is foreseeable to be put in the budget.

I also note the recommendation by the Committee that the Attorney General needs to clear some of these statutory expenditures so that we are really clear on the definition of that. The nature of statutory expenditures, even though not budgeted for, if it is there, you draw funds from the consolidated fund and pay even though there are no funds. That is the nature of it.

If you may remember, Mr Speaker, when we debated the 2010 Budget, I did raise some points that there is \$13million in NPF contributions to the Ministry of Education which basically are not provided for. The calculation of NPF contribution is less than the 7.5% or whatever percentage so there is \$13million that the government has a duty to pay because it is part of the salaries; a part of it goes to NPF, a part to PAYE and so on, so the government must pay and so there is already that burden. The nature of statutory expenditure and in fact the Public Accounts Committee wanted the Attorney General to explain it as well and then the appropriated amendments be made to the Bill. Probably I will raise one or two on that for the attention of the Minister.

In regards to supplementary appropriation, I think what this side of the House or Parliament in general wants to be really satisfied that the government must explain fully is how to finance this supplementary appropriation or how it has financed already the contingencies warrants, expenditures incurred under contingencies warrants and how is it planning to address new expenditures. Why I say this is because, and I will come to a few examples here: Parliament has approved \$1.622billion for us to incur this year on the various heads; \$1.622 billion, and out of that \$375million goes for the development budget, \$1.3million or \$1.4million round up is for recovery. Are we literally saying here that come the end of this fiscal year 31st December 2010 with the 2010 budget which has increased to \$1.8billion; we add \$1.622billion plus \$178million new ones we are asking here, the total provision is \$1.8billion. The question is, how has the government financed the \$38million under the contingencies warrant?

That is a question the Minister may want to answer and maybe the Minister of Planning may also help out here. How many projects of this \$375million have been already implemented this year? If not, then what it really means is that we are merely shifting priorities here. We have not implemented the projects approved under the 2010 budget but instead implement new priorities. Is that the case?

I am raising this as well because the revenue earning capacity, and maybe the Minister in his round up as well needs to tell us how we are performing on revenue. Where are we under this 2010 budget? What is assumed there or implied is that we will collect \$1.622million minus, of course, the \$80million that comes from Taiwan. The \$161,622,000,000 minus \$80million from Taiwan is the amount that we should be collecting this year, but how much of that have we collected? If we fall below then what it really means here is that we are just moving around within the budget. We have put a halt to approved projects and are funding new priorities. Nothing is wrong with that but we just want the Minister to clarify to us because priorities change every time and are not fixed. That is in terms of financing for the Minister to brief us.

I just want to go through some of the main heads here. In regards to the Public Service what we are effectively saying now is that the payroll would increase to \$568,157,367. I have been trying to understand that, and the narration given at the bottom there if you read the reason or the explanation given was that it is because of the 2.5% COLA, the cost of living adjustment, and if that is calculated that, and we assume that it is across the board then that accounts for \$12,167,359 for COLA.

The balance of \$69,295,640 needs to be seriously explained to us by the Ministry. Increase in payroll can only be for three reasons as follows; additional recruitment, underestimation of provisions and, thirdly, increase in salary during the year. Those are the only three reasons why there will be changes in emolument figures here, so what is it? If you talk about additional recruitment then the Ministry really needs to seriously explain to us how the budget was structured during the time it was passed in here because we actually budgeted for these. All that are brought before the House now are about additional provisions, cash additional provision. If that is the case then the way the 2010 budget was structured would already have adequate provisions. Let us take the Ministry of Agriculture where the total cost required is \$353million; that is what is costed, and the cost to employ 353 people in that ministry is \$13,352,315. There are 51 vacant posts and this is budgeted for already and filled posts is 310, which means the cost of filled posts is \$11,472,332, and there is already provisions for that.

What I am saying is that vacant posts are already budgeted for so that rules out additional recruitment. If you recruit for vacant posts there is no need to bring a supplementary appropriation because there is already provision for that. Is it underestimation or increase in salary? Well, that is accounted for already. What the Ministry of Public Service would need to really explain to us and the committee of supply is to explain why do you require an additional \$69,295,640. COLA accounts for \$12million so where is that \$69million? Why do you need that additional \$69million? I am talking about things like that, so we will have some very interesting times.

The other point I would like to raise before I sit down is what is what, I mean what has been already spent on contingencies warrants and what is not yet. I made reference a bit about this \$20million for the Ministry of Foreign Affairs and External Trade. This is for the additional \$20million to complete the Canberra chancery. If you look at the narration there on top it says, "Amount authorized by contingency warrant required in the year ending 31st December 2010 for the services of the head". When the

Minister says this but that is not the case. This \$20million is actually an ask for a new. So whether it is the narration that is wrong or we are putting this figure in the wrong place. But if it is in the wrong place then it changes the whole scenario of this Bill and would probably need some corrections. If it is really a figure that is already expended under contingency warrants then it brought up the amounts incurred under that facility to \$58,750,000 for both the total recurrent and development budgets. The Minister will need to explain that to us. That is quite important because it ties in very straight with the bill in section 2 of the Bill making specific reference to figures appearing in the schedule. That is what it is, and also the duty obligation of the government is to comply with rules. If it is not under the contingency warrant then the government does not have the right to incur that unless he comes and gets permission from Parliament. If it is incurred under contingency warrants then it needs to be appropriately placed in the Schedule because the main body of the Bill makes reference to the figures appearing in the Schedule.

The other issues will be raised when we come to the committee of supply to look at these figures more in detail. For the purpose of the debate at the second reading, that is probably what I want to say on behalf of the Leader of the Opposition who is not here because he has gone to the hospital. But apart from that, the Parliament has the duty for pass this bill because services must continue. We must be mindful of our duty to ensure that while we deliver services, while we receive authorization from parliament, and it is easy to come and get that kind of authorization, the duty to comply with rules, procedures, laws in the way we manage government funds and the funds that we are getting from our taxpayers is something that is vested entirely on the shoulder of the party that has custody over the government, and that is the governing party.

This side of the House as well as those who will speak later on do not have problem assisting the government to pass this Bill and accordingly we support it.

Mr HOUENIPWELA: I thank the Honorable Minister for bringing this bill for our discussion. The supplementary bill that is now before us has become necessary and absolutely appropriate, I suppose because the government has to continue to function therefore Parliament has to pass expenditures in order for the government to continue until the end of the year. This is good and I think Parliament should consider this very seriously so that the government is not left in a situation where it cannot function.

The Bill is in order as far as I am concerned and I have no problem with the Bill. But I just want to comment on one or two policy issues perhaps for the government and any government for that matter has to consider, and these issues relate to the budget process itself. One thing that does not seem right to me is the tradition or practice that not only this government but successive governments have lend themselves or have practiced this tradition of taking budgets to parliament to be passed and then wait for supplementary because that has been the practice. In my view, this kind of practice is not right. In fact when the Minister was making his statement about the prerogative he has under the Audit and Finance Act, which is true, but that law or that legislation is very specific on the kind of expenditure that the Minister can use CWs for and also if

any new expenditure is necessary. It is absolutely for urgent and unforeseen expenditures.

The practice is that all the expenditure, most, if not all of these expenditures are expenditures that people have already seen. In fact the line ministries when making their submissions to the Budget Unit they have already done it. For me, it is this process that is not right. I am not a lawyer but I think when you take an appropriation bill to parliament with the knowledge that in due time before the end of year you will bring another supplementary. In my view, this is deceiving parliament so it is not right to me.

I think the budget process to me is not robust enough, robust in the sense that when line ministries, when permanent secretaries make submissions, it should not be the kind of submissions made by others and people do not know how to explain the contents in the submissions. They have to make bids and they have to substantiate these bids to the Budget Unit. They have to substantiate what they are planning for the year. Some of the submissions made, the amounts do not go along with their programs. I think the budget process has to be robust so that line ministries when making bids must compete to get funds for their departments or ministries. And, of course, when they earn or win their bids they have to be held accountable. Permanent Secretaries are accountable officers, but in my view some of them are just not accountable.

When line ministries make their submissions to the Budget Unit, there seems to be another problem there, and this is because the Budget Unit makes arbitrary ruling, put a ceiling on everything so that ministries can only bid for so much. This seems to make line ministries incapable to make robust bids so the budget process, in my point of view, is not good enough to represent what exactly is happening in line ministries. Programs in line ministries should really account for in terms of moneys. I just want to raise that issue as I think it is an anomaly or a weakness that unfortunately makes the budget process has very little, if any at all, integrity. I think we should work hard, all of us including this side of the house, we must work very hard to put some integrity and some respect on the budget process so that when the budget is actually brought to this floor, it is a budget that not only us believes in, but also the employees and more so the public of Solomon Islands. At the moment the public of Solomon Islands when they see the budget come to parliament, the perception they have is that it is just a document that MPs talk about. And we also see comments by the newspapers like, 'another \$177million and what will they ask us to spend that money on'. As the honorable colleague for East Choiseul said some of these funds were already spent before we come here to ask for approval. That kind of practice must be stopped as it is not good.

Having said that, I do not want to say anything more about what is before us now because the funds we are considering now, most if not all of it has been spent in terms of contingency warrants, so in a way I am left with no option but to give my approval. I would like the Minister to take note of the concern that we must look carefully at, and with these few remarks, I support the Bill.

Hon. SOALAOI: I thank my colleague for North Guadalcanal for allowing me to take the floor. I stand to express my support for this supplementary appropriation. What I

was planning to say have already been said as it would be the same concern I want to stress as well. But I agree that this supplementary is constitutional as provided for in section 101(2)(b) of the constitution and also sections 103 and 104.

I have already said that I will support this bill, but I just want express again what have been said, maybe using different words for the Minister to answer in the way he answers questions that we might have in mind. Some of those on the other side have many questions too but I know they are not going to ask the Minister otherwise he would get angry with them.

I want to know how much of these funds we are going to approve have been spent already and how much is new money. Basically, the interest of the Government and all of us is for new money as that will take us right up to the end of this year. If the Minister when he replies can inform Parliament as to how much of this money has already been spent and how much are we going to use to take us to the end of this year. As I said, one of the concerns that all of us here, I guess, have is concerning the budget processes as already been said by our two colleagues who have already spoken.

Some of my experiences I have during my time as a minister, ministries, in fact, have become demoralized after learning their bids have been cut or not approved by the Budget Unit. This brings into question the credibility of the budget as always promoted by the Ministry of Finance, especially the Permanent Secretary during the PAC meetings because I was once a member of the PAC. The first thing that the PAC usually tells us is that this is a credible budget only to learn after that there is no credibility in that budget.

I just want the Minister of Finance to maybe pass on to his officials that one thing that is not good that can affect the line ministries is that after putting all their corporate plans with the activities they have and already costed out and when it is forwarded to the Budget Unit for funding of those activities, they are not given the money required to carry out those activities. This always makes them feel like I said, if the word I use is proper but I would like to refer as, demoralizing to officers in the ministries who are responsible in implementing government policies.

I guess that is something the Ministry of Finance has to look into. I know the current Minister is well capable of directing the ministry now so that instead of putting a ceiling on top of line ministries, I think the role of the Ministry of Finance is to look for funds and not to cut bids submitted to it. I guess what I am talking about is we want an activity based budget which is what we think is proper for us to have because it will help us not to come up with supplementary appropriations like this.

To me, we are calling this supplementary and like I said at the beginning it is provided for under the Constitution, but it looks too big already. This \$177.8million supplementary is almost like another appropriation bill of its own. I think it is good for us to give some support to our line ministries in terms of resources so that they implement government policies by giving them what they want so that they are not blamed after for non performance. What normally happens is that when we say a ministry does not perform it means the activities are not being carried out because of no funds. All the ministries have qualified people to carry out qualified people to carry out their plans but the only problem they have is resources to implement those activities.

That is one of the concerns I want to reemphasize again. This has already been raised by my two colleagues who have already spoken.

One other thing, just for the information of Parliament is that if this 35% reservation is still there, does it have any influence on this supplementary appropriation bill or not? Or do we just need to lift it and use the money so that we can reduce the amount we are now asking. But the bill is already here so it should not be reduced, but maybe it is good for us to know that one of the reasons why this supplementary appropriation bill is tabled is because of the current 35% reservation that currently exists. But if it is lifted then we might have some new money to use until the end of this year.

Having said that, the Independent Group, maybe my other colleagues would like to talk, but we fully support this supplementary appropriation budget, as we would like to be responsible and we want to see the Government continue to function. Thank you very much for the opportunity and I support this Bill.

Mr. SIKUA: Thank you for giving me this opportunity to speak on this 2010 Supplementary Appropriation bill 2010. Firstly, I would like to thank the Honorable Minister for Finance and Treasury for bringing this very important bill to Parliament. As leader of the former government, the CNURA Government, I do recognize a lot of the submissions made under the different heads. If we are still in government we would have brought the same supplementary appropriation to the House. Thank you very much Minister of Finance for this appropriation bill you brought to this House.

The broader issues that exist with this kind of bill have been touched upon by my colleagues who have already spoken, so without going too much into the specifics, I would like to, as others have done, question the allocations under some of these heads.

I am happy to see the additional amount given to the Ministry of Education and Human Resources Development appears in this supplementary appropriation bill. But I would have thought that the amount should have been more than \$18million because of the doubling of the numbers of students sent to the University of Papua New Guinea and other tertiary institutions in Papua New Guinea at the beginning of this year.

I would have thought that the \$18million that appears under the Ministry of Education and Human Resources Development would have increased or doubled the amount that appears there. But I am sure there are reasons why the \$18million that appears there has been brought to Parliament by the Government, and I hope that that will be enough to make sure that our students studying overseas, and especially those that are studying at various tertiary institutions in Papua New Guinea are well catered for under this provision.

The Honorable Member for East Choiseul has already raised some questions on what appears under the Ministry of Finance and Treasury and I hope the Minister is going to inform Parliament on the more than \$69million that appears there and for what reason in terms of the expected increase on payroll for 2010 in the Public Service.

I note that the allocations that appear under the Ministry of Forestry where the amount provides for the liabilities that the government has on Sylvania Plantations Ltd

and the Vangunu Oil Palm Project in Merusu, I want the Minister of Finance who has just walked out to inform Parliament whether this has already been spent. The decision has been made by the former Cabinet and between the Ministry of Forestry and the Ministry of Finance I have a feeling that this particular amount of \$1.8million has already been spent. I request the Minister of Finance to inform Parliament on this particular amount of \$1.8million under the Ministry of Forestry.

I am happy to see that the Office of the Prime Minister and Cabinet has made further allocation of \$2million for the Commission of Inquiry into Land Dealings and Lost Property on Guadalcanal. My question is why is there no further allocation made to the Truth and Reconciliation Commission (TRC). In the recent past, the TRC has been requesting \$5million, which appeared in the 2010 Development Budget, but it is earmarked for funding under ROC, Taiwan funding but there have been some difficulties in getting that funding from that donor, and I would have hoped that government has made provision for this in the 2010 Supplementary Appropriation to allocate some more funds to the TRC to enable it continue with its work until the end of the year. I say this because if this funding is not forthcoming, the TRC will run out of funds before the end of the year, and that is not a good thing to happen. So I would have expected the Office of the Prime Minister and Cabinet to put in some provisions for the work of the TRC if the \$5million from ROC on Taiwan earmarked under the 2010 Development Estimates is not forthcoming. If that is indeed not forthcoming, how would the government ensure the TRC continues to do its work until the end of the year? I want the Minister of Finance for explain this to the House.

I note with great pleasure that the Ministry of Police, National Security and Correctional Services has been given provision for the work associated with security costs for the national general elections. The RSIPF has done an excellent job in providing necessary security for the national elections, and I am very glad there is additional provision for them. If it is already spent or not, but I am happy that it does appear in that provision under the Ministry of Police and National Security.

The continuing appearance of maintenance and other additional provisions for the Henderson Airport is very worrying, especially when I heard the Minister of Finance mentioned the rest rooms at the airport. More than 30 years ago when I was a student at the USP and I used to go through that airport, the restrooms there have not been working since. And over the last 30 years we still continue to allocate funds for repair of toilets at the airport. If this is indeed the allocation that would ensure restrooms at the airport will improve, then I support it. Bbut something really has to be done to ensure that restrooms at the domestic terminal at the airport are working and work properly for a very, very long time. I am concerned that these ongoing allocations for operating costs and maintenance at the domestic terminal restrooms still continue to appear.

The money that is there under Finance and Treasury, I would like to say that the census report, according to plan should have already come out in April. I continue to get worried because a lot of our planning and a lot of things that we do rest on the availability of the census report. I hope that the census report with the provision that is

made available under Head 473 would speed up the availability of this report to the public.

On the Ministry of Foreign Affairs and External Trade, the question there is how much of that \$20million has already been spent. Nonetheless, I am really happy that this amount appears there and thank the government for continuing to support the completion of our chancery office in Canberra, as it is a project that government itself shoulders the financial responsibility for it and I am very happy to see that the current government continues to support and give it the necessary funding so that it is completed and hopefully by the end of this year it will be opened to ensure that our very significant presence in Canberra is there. I would like to thank the government for continuing to support this project. But the question remains as already asked by my colleagues who have previously spoken is how much of this has been spent and how much is yet to be spent.

In regards to provisions under the Ministry of Rural Development and Indigenous Affairs, I thank the government for putting in that \$5million as its contribution to rural development. I hope that when we pass this supplementary appropriation bill this afternoon, tomorrow the Minister starts to ring the bell because this fund will be made available as quickly as possible with the \$16million provision under Parliament, and Parliament has to start ringing the bell too so that we can start breathing normally again. The Minister of Finance and the Minister of Rural Development can make this available as soon as this supplementary appropriation is passed this afternoon so that tomorrow we can start hear the bell ringing.

Like the other colleagues have mentioned, the Public Accounts Committee has made some recommendations there, and I want to ask the government to seriously take into account, especially the Ministry of Finance and Treasury to take serious action on Recommendations 1, 2 and 3 so that we devise budgets that not only appear on paper but what appears on paper is exactly what we want to spend for service to our people and good governance in our country. With these few remarks, I support the motion. Thank you very much.

Mr. HANARIA: First of all I want to thank the Minister of Finance, wherever he is, for this appropriation that is now in front of us. Because of limited information I have in front of me, I will not be too analytical on figures. Maybe during the Committee of Supply I might look at figures. But I would like to raise six (6) points here for the government to consider and then I will sit down.

I hope we will not be having any supplementary appropriation bills sooner than later. What I observe from this bill is that we need to have better management of cash flow within the ministries. I see this as lacking in many cases. I am not sure about government, but in business, asking for \$8million is a very significant amount which cannot go through your eye easily. But the government maybe is different, and I am learning, so there must be better management of cash flow within the ministries; how money is spent during the day and how we budget for releasing of money.

Secondly, the so called accounting officers or authorizing officers should improve in their process of budgeting; they must have a better budget process. I think when we draw up the budget we must look at history or base it on history as to what we have done last year or the other year and then history should tell us important information to do a new budget. Expected activities for the year can be visualized too so that our new budget only focuses on expected happenings. Fourthly, some of the things that we do not expect as disasters must be also considered; something that will happen that we do not foresee or visualize. We must allow for unforeseen activities.

Thirdly, the use of CWs has been used now by us as a fallback position, as I can see it from here. We are no longer very much concerned about how we spend money because we know that CW is there and we can use it, that \$30million in development and \$30million in the recurrent budget. I think that mindset should be changed. We must use CW as the last resort and not as a fallback and therefore we just spend unnecessarily.

Fourthly, our budget must be based on real expectations because history will tell us that our costing must be accurate. In private business, if you overspent by \$8million, you will surely have a headache. But the government maybe is pinning its hope on the CW. If we need to get officers to give us accurate information in the ministries then let it. Create a post maybe say a research officer so that he/she gets information we need to draw up the budget. Let it be because it will help us.

Fifthly, the Ministers are we involved in any budgeting at all. If not, we must see our officers because we must also be involved in the formation of the budget so that we too know that the funds appropriated for are to pay for the policies we are creating in Parliament. Do not just wait for the PS to come to you and say, 'boss, this is the budget' and you sign it and that is it. I think we need to get involved as well, maybe in our capacity as leaders to see that allocation of funds are spent on the right place and that we control spending.

Finally, because I have limited information I do not know how much money we have spent and how much we are asking for here and how much money is left to be spent. May be the Minister of Finance will explain that to us. But I think we need to support this supplementary appropriation bill because we need funds to work. With this very brief contribution, I support the bill. Thank you very much.

Mr SOFU: Thank you for giving me this opportunity to participate in the general debate of the 2010 Supplementary Appropriation Bill 2010.

In the opening statement of the Minister of Finance he stated that some of the commitments were made by the last government and so obviously, it will continue. Past governments and any new incoming government have to bear it. It is our government, Mr Minister of Finance.

There were positive sentiments expressed by those who have already contributed on this very important supplementary appropriation bill. As a former minister, I can understand very well that each ministry has its policies which will be translated into workable programs for the ministry, and the budget has to be drawn

according to the policies of a ministry. Do you know why supplementary appropriations always come to the floor of Parliament? It is because of our financial strength, we are weak in terms of money. Although ministries submit their work programs, certainly those programs would be cut by the Budget Unit. Sometimes the Budget Unit cuts it down to a certain size that it wants. You know this yourself, Mr Speaker. What I am saying is well known to you, Mr Speaker, and I know you are starting to laugh because you know what I mean. It is very difficult for any government because money is our problem.

I understand the hardworking Permanent Secretaries and officials of their ministries are working really hard and I would like to thank them. In my experience as a minister, ministers and permanent secretaries work hand in hand. The Minister would always want to ensure the work programs are implemented and whether they meet the policy objective of the ministry. When bids are submitted to the Budget Unit, it normally would reject the bids or reduce them, and that is why some of the priorities of the ministries are not carried out. Anyway, this is a government mini budget which the government needs to continue to operate until the 31st of December this year.

Personally, I look through this supplementary appropriation bill and I do not have any problem with it. When we come to the committee of supply there are a few questions I might ask to get clarification. But I want to thank the Government for the Ministry of Provincial Government under Head 284 for additional funding to provincial assembly members. As I am talking now, I know provincial members are listening in and they would be happy to hear this. As a former provincial member I can understand what is going on here. Under the entitlement of MPAs, additional funding is provided for in here for the MPAs, so I want to thank the Minister for Finance and the Government for that matter for recognizing our provincial members in the nine provinces in this country for making allocation in this supplementary for them to cover some of their entitlements. The touring allowance for provincial assembly members is very small and this provision, I believe, will cater for this, so that when Members of Parliament are busy and cannot tour the provinces, the MPAs can assist by touring the wards.

Also, under Head 473, Ministry of Finance and Treasury, I am happy to see a provision there for the national population and house census because some of their employees always come and ask some of us Members about their money. I think what my colleague Member of Parliament for North East Guadalcanal has said today is true. The report on the national census is not yet released because they are waiting for funds to be able to do that. I believe if this supplementary appropriation bill is passed today and implemented by the Ministry of Finance, certainly the report will come out. I wish to thank the hard working Minister for Finance for recognising this very important head.

My third comment is on Head 289 - Ministry of Communications and Aviation, and this is regarding provincial airfields. Although I am not very happy with it, but this is a mini budget just to take us towards the end of the year. I believe the Minister for Aviation, if he is here so that he hears this, maybe in the next budget, provision for provincial airfields must be increased to a much bigger amount so that if it is cut it is cut

by the Budget Unit. I want it increased because many airstrips in our provinces have deteriorated and in very bad state. For some airstrips, grass has overgrown the airstrips, some have holes that need patching up and so forth. This 2million is only enough for the three months left. Some questions will be raised later on today as to which airstrips will be maintained with funds in this supplementary. But I really agree with the provision here.

When we bring supplementary appropriation bills like this, our constituents are listening and they will say that we are now talking about money. I want to inform our constituents and our listeners that this is a government mini budget. The government must operate and continue to provide services until the 31st of December. The main budget will be brought in at the beginning of next year for which the Minister of Finance will move a resolution later on this week.

Before I resume my seat, I want to take this opportunity to thank the Public Accounts Committee, the hard working chairman and his committee members. I also thank the stakeholders that appear before the Committee, the members of the Committee for their time and effort put in to scrutinizing this very important supplementary appropriation bill.

Before I sit down I want to thank my colleague Members of Parliament for speaking today. Their positive and important comments made today, I know the government is listening and the Minister of Finance will certainly take note of them when they implement this supplementary appropriation budget. With these few remarks I support this supplementary appropriation bill 2010 and I resume my seat.

Sitting suspended at 12.10pm for lunch break

Sitting resumed at 1.42pm

Mr Speaker: Debate on the 2010 Supplementary Appropriation Bill 2010 continues.

MR MANENIARU: Thank you for giving me this opportunity to contribute very briefly to the 2010 Supplementary Appropriation Bill 2010 moved by the Honorable Minister for Finance and Treasury. Before I do so, I also want to take this opportunity to also thank the Public Accounts Committee and the hardworking chairman where within a few days and even during the weekend have worked hard in scrutinizing this Supplementary Appropriation Bill ready to be brought into this House for us to debate. I also want to thank the ministries, the PSs and the technical staff for appearing before the PAC to look at this Bill.

As already stated on the floor of Parliament, the Minister for Finance and Treasury is fulfilling his legal obligation by bringing this bill before the House for our deliberations as we have the authority to approve such a bill. I do not see anything wrong with it. A supplementary budget is needed by the government to continue with

its planned programs, and this is very clear and the House needs to support the Minister to fulfill these important programs.

I want to comment very brief on the government budgetary process. As I understand it, the ministries are asked by the government to come up with a budget for their ministries. And based on expertise, they will come up with a budget that they believe reflects the policy of the government. As we know, a policy is a promise of the government to the people of this country. The budget that normally comes out from the ministries is actually a reflection of government policy, and more importantly, its implementation.

What normally happens, as I understand it the Budget Unit within the Ministry of Finance and Treasury is sort of quite powerful in that it has the axe that when it decides to use this axe it will cut the budget of the ministries. As already stated this morning this does not speak well of the hard work and the expertise of the ministries because they know what they need and they have been asked by the government to put in their budget according to government policy. That brings us to what we are now debating that when ministries put in their budgets which they think is adequate for them to implement the policy, the Budget Unit cuts the submissions. That could happen maybe because they have other intentions that are not clear to us in the process of budgeting, and this concern is being repeated every year. Ministries put in their budgets and then the Budget Unit cuts it or reduces it. This has resulted in poor performance by ministries, as I understand it. Sometimes it also results in ministries not implementing government policy. But who suffers, our people might ask because the budget is important to implement the plans and policies of the government in order for services to be provided to our people. This action is what I am concerned about as it seems that this has been going on every year when government budget is drawn up. How we are going to improve this is my question. How are we going to improve this? Does this mean people in the ministries do not have the expertise to be able to make the right judgment when submitting a budget that go along with the programs? That is my question as well as concern. If the decision is there, why not delegate it to the ministries so that when we come up budgets it is for the whole year so that we do not have to come back here and resort to other avenues, one of which is now before us as a tool to continue to support government programs when the need arises.

I also would like to comment in that regards that when there is cut to a budget, the promise of the government through its policy to our people is also denied. Its implementation is also denied and that is why even essential services throughout the country to our people promised by the policy are not implemented and delivered to them because the budget is cut because programs and activities can only be implemented with money. This is making the budgetary process quite weak and it is important that we look at this seriously rather than continue relying on CWs and supplementary appropriations.

I just want to say that if we are going to resort to cutting the budget unnecessarily, it would be good to review our policies first before cutting it so that only policies provided for in the budget are put to our people rather than putting forward all

sorts of policies promising our people all sorts of plans to be implemented only to be found in the end that those plans will not be implemented because there is no money to implement them.

I would like to briefly comment on the contingencies warrants. I know that the Minister of Finance can use CWs when the need arises but if our budgetary process is precise and is fully accommodative of government policy as assessed and valued by the ministries' technical people, I believe we would not have resorted to these legal tools and avenues that are available to the Minister of Finance. I think we need to relook again at the budget process because it seems that we come here every year to discuss supplementary appropriation bills.

I would like to make an observation here which seems to me that it is something every government are coming up with and so we need to look at it once again so that we either slow down or cut it off so that only true and real things are put to the House for us to consider and approve.

A supplementary appropriation bill that is usually brought to this House is a tool that I see can enable us to achieve the original budget. In the beginning of the year when the budget is drawn up by the ministries and technical people, it is cut, the contingency warrant is employed as well as what is before us now as a bill. This means we are just going back to square one from which we started and that can be avoided if the process is scrutinized and looked at carefully.

As I said earlier, I do not have any problem with the bill before us brought by the Minister of Finance. The money that is required as supplementary provisions from the ministries are straightforward and very clear to continue help the government achieve its ongoing programs.

Once again before I take my seat, I would like to once again thank the Public Accounts Committee, the Ministry's technical people that prepared this Bill and assisted the Minister in bringing this Bill at this right time for us to consider. With these few remarks, I do not have any problem with this Bill and I support it.

Hon. Lilo: I would like to take this opportunity to thank Members on both sides of the House for their contribution on the debate of this 2010 Supplementary Appropriation Bill. I would like to thank them in particular for their words of encouragement expressed, for their good advices and words of wisdom as to how we can move forward in finding a better way for us to manage public finances of this country.

In particular, I would like to take the opportunity also to thank the Public Accounts Committee, the chairman and the members themselves. Not quite often in the past do you see a full bench of the Public Accounts Committee sitting down to meet. In fact, in the past they barely meet the quorum number to enable the committee to meet. But this time round I was so encouraged to see the full bench sitting down. Have you read the Committee's report? Maybe you have not read the report so try reading the report and you will see that it is a full bench that actually sat down to meet. I think they deserve to be commended for the work they have done over the weekend in spite of the time constraint given to them to sit down to examine this supplementary appropriation

bill and the estimates itself that has been presented along with the bill. They have taken time and care in ensuring that the report that comes to Parliament is constructive and informative as much as possible that it generates a lot of interest that we all share in this House on issues that are so relevant in the way the government prepares the budget.

I had listened with very close attention even though I missed three or four speakers when I went outside, my apology for talking to my empty chair. But the comments that have been made about the budget process itself, how we need to put seriousness in ensuring that the whole process of developing the budget, construction of the budget has to be sound based on certain practices so that we can avoid the loopholes that we would normally experience.

As you would know, five of this country's budgets were written by this present Minister of Finance. That is my job in the past, writing government's budget. At that time the Member for East Choiseul was there throwing in revenue figures to me to be put in the budget. It is a very difficult process to try to get the system tuned up properly in the way we want to get good results out of the appropriation budget. In fact, in every year the budget process should start immediately three months after the financial year starts, preparation on the guidelines for the next budget should start around March or April of any year. But not quite often these rules are followed, the time schedules prescribed by the financial instruction.

One thing that we must also understand is that a budget is just as good as the environment that gives rise to it, the enabling environment that gives rise to that particular budget. It is just like any business if you look at anyone who operates a business that if the market is not there for that particular business, the business no matter how best it is budgeted if anything goes wrong you will end up, instead of you sticking to that discipline you yourself will pinch into the budget until the business collapses. So the credibility of a budget really depends on the environment that is made out of it. When the investment climate in the country is not conducive, the private sector is not growing well, the bottom line that we base the budget on, which is revenue is not strong, then the interim control measures or internal control measures that we normally apply should also not apply.

When we talk about things like, how do we cap the budget estimates? It basically shows that we have constraints as to what is available to us to be allocated. Therefore, the best measure we can do or action that we normally do is to go around and say because the situation is bad how about capping that expenditure on this one or on that one so that throughout the year you find the way to manage it whether you are going to meet it or you exceed it or we create a way that if throughout the year the revenue is healthy then maybe you can be pushed up a bit to supplement you. That is why we normally face things like a supplementary budget. That is one factor.

The other factor is that for how many years we have gone through independence, still we have not yet come up with the true cost of all our government services. We still have this problem every year as to the true cost of running our services so that when the time comes for us to determine the budget for next year, we still put the requirements to the accounting officers saying 'how do you go about your budget'. You

give it to them and sometimes the figure given back is beyond, sometimes less, and sometimes they are not too sure. That is still a problem until today, to determine the true cost of running our services. Therefore, when it comes to us to determine what would be the appropriate level of provision that should be featured in our budget, it is quite true that sometimes it is so arbitrary, the figures are so arbitrarily put and even the measures we take to try to set the safeguards, the safety net for us to say whether or not we can be able to succeed with that kind of a figure or not, we put in some measures too, which is capping sometimes and some other controls that we impose.

Other factors that normally influence the way that a budget is made up is external to us, and you will find and quite unfortunate too that we, at this time, in the Eight and Ninth Parliament are faced with the residuals of the GFC or the global financial crisis that we are facing so much so that it affected us too. The external factors affecting our economy are also affecting costs which also affect the performance of our private sector, and so the potential of the government to grow revenue is also affected and because of that we ended up with measures like having to reserve some of the provisions in the budget to the extent that how can we manage a budget given the fact that the economy is uncertain or the private sector that we normally tax, their profitability is uncertain and therefore our budget estimates is also uncertain. That is how measures like capping and control measures like reservation normally happen. But if all things being equal, everything is really good and bright for Solomon Islands, all the tools that we are always talking about that we bid and we compete, we submit something that is best, it will work out very well for us.

Unfortunately what we need to do to the budget now is not only to manage a budget in the way that a budget is drawn up but also make a consideration like, are those figures and the estimations we are making quality enough so that it does another thing and that is help to stimulate growth in the private sector within the economy. How best does the budget enables the private sector or the economy to grow? That too we have to consider amidst all the difficulties that we have. We have to think of the budget in that way; the difficulties that we have to face. Because all of us must know that in a small economy like Solomon Islands, the government is a major determinant on the demand side of the economy.

The government budget represents government consumption, the spending the government is doing inside the economy. For a small country like Solomon Islands, if government spending stops the economy will be on halt too because every business sector in the country depends too on what is demanded by the government in the way that the government delivers its expenditures. That is also another difficult thing we have to read in through the budget, not only just budget preparation and how we do it transparently, equitably that we come up with a budget, but also the quality of the budget. How quality in terms of not in itself as to how it operates but also how it stimulates the whole economy for it to operate in the various real sectors that enabled growth inside the economy.

All these things put together are the major issues we are facing today. It will not only be just for this supplementary budget but even in our future budgets too. And like

for this government that is now talking about having this supplementary in a very, very tight situation. I think there is one thing I would like to commend this government for, and that is we did not come up with any extravagant demand for spending between now until the end of the year.

This government is very responsible in that it understands the current situation of the country and the current situation of public finance in this country. We have made a commitment that we will stick to very strict discipline in government finances. Therefore, you will find that we basically brought in a supplementary that belongs to the previous government.

The only thing that we have allowed ourselves to operate within is the contingency provision, and we are not going to use contingency in a careless way but we are going to use it in a very strict way. And it will be the first time that we will do that. The MP for Aoke/Langa Langa is looking at me and I am encouraged by his smiles because I think he totally agrees with what we are saying. We will stick with all the disciplines that are required to ensure that the kind of discipline that is needed now for us to bring back confidence to our economy must be done. That is the good about this whole budget. And I would like to commend this side of the bench for showing that kind of commitment. (I have forgotten something I would like to say about the Leader of Independent but it is alright).

We have not come up with any new provision in this budget. We are basically saying that we are going to live with the provisions that are there and allow ourselves time to complete the policy of the government and then spend some time translating the policies into good workable programs to be reflected in the translation document of the government, and it is going to be done in close consultations with all stakeholders including donor partners that have very keen interest in the way in the development of this country. Even the private sector too, we are going to consult them so that we can come up with a sound work program for next year's budget. Therefore, you will not find us putting or inserting any new things in this supplementary appropriation bill. We will basically operate within the contingency warrants. There is a rule that we have agreed on in Cabinet to do and it will come out. Unfortunately, maybe the officials have forgotten to brief the Public Accounts Committee about it. You should have asked them. I think you have forgotten to ask whether or not there are some measures that are going to be put in place by the government to ensure that the use of contingency warrant is done in the most prudent way.

It is not like what we normally practiced in the past where a minister thinks that there should be a contingency, writes a cabinet paper and puts it to cabinet, we approve it and the next moment you see the Minister of Finance saying what is this CW for but when he sees the Cabinet already giving its approval he remains quiet. We are not going to do that. We have agreed that if any ministry wants to request for a CW provision, the accounting officer must write, the Minister must sign, it comes to the Ministry of Finance, the Budget Unit scrutinizes it and then a cabinet paper will be taken to cabinet. Everyone has to jointly agree on it. That is the process we have agreed to apply.

The report of the PAC, unfortunate, has fallen short in examining. You should have enquired and scrutinized our officials whether or not measures have been put in place because I know that they would have immediately told you that yes, this government has done something already. They would have immediately told you that so that this particular bullet point 2 could have been reworded much better.

These are some of the measures that we have taken up and it is a good sign of a responsible government. This is a government that is trying to make sure that, firstly, it understands the difficult realities we are facing. Secondly, it puts in place obvious basic measures to ensure that those responsibilities are started to be practiced. That is what we are doing.

In the nutshell, fundamentally as to how we look into this, not only this particular supplementary but overall as to how do we actually manage a situation from a budget preparation perspective to what environment we are considering is what I am trying to say here.

There are some specific questions asked about the financing of the supplementary expenditures. Theoretically, supplementaries must be financed out of new revenue. But we do not do that all the time and I must admit that our revenue up to now has hit right at 50% -60% performances. But that is up to August. The figure, please do not ask for it at the committee because we are not talking about revenue. But you will find it when the next bulletin of the Ministry is launched and you will read it. But it is about 50%-60% out of the \$1.8billion of the total appropriation for 2010. But not everything in the budget is blissful so that we will always say, 'here we are, lo and behold we have a very good budget, it is good for the whole country'. No, it is not like that. The good thing about this is that, and like all of us, at times when we come up with budgets for small projects that we are doing, we make it and in the end we would say 'contingency', we say contingency and sometimes we put a 10% contingency. I do not know whether it is just by lack or whatever but this particular supplementary this year is just made up to almost 10% of the total 2010 Appropriation. I think it represents about 9.6%. That previous government and those of us who are now responsible to bring this in, I think we have not done very badly for bringing in a budget that is well within the conventional figure of 10% contingency, about 9.6%.

The total supplementary over the total appropriation is about 9.6%. I think we need to congratulate everyone of us, whether consciously or unconsciously we just hit that figure of about 9.6%. But overall, revenue performance will always be difficult. Like what I have said, we have just come through a period of that very intense GFC which really affected us.

You might be aware that right now we are under some strong medication from the IMF. It is the same as the sick people who go to the hospital and are put on medication. We are under that kind of situation right now where the IMF is telling us to try and bring down our expenditure to a certain level. And so every one of us is trying to do that, and that is one of the reasons why this government understands that underlying factor and so we said we are not going to bring in any new additional pressures but we will stick to the rule or that medication in the meantime. Otherwise we

might take another medication and we are ruined and that is why we are still following that. We believe that we will hit the condition targeted by the IMF until the end of the year.

Revenue is still down at that level and that is the very reason why we still have the 25% reservation around. We will have to consider how strict we exercise the release of that reservation, but it will be on some very prioritized areas. That is on the financing of this supplementary budget.

There are some specific items there that have been questioned, like for instance the Canberra chancery. According to what has been put in here it is by way of contingency. But in the actual bill it is included as an additional supplementary to be appropriated. Either way it goes, you know that the estimates do not form part of the Bill, and so the Bill still remains. The Bill still has what parliament wants us to do and that is for us to authorize the things to be paid. In my view, for the time being, that money has not been paid so after the passage of this supplementary it will be paid.

There is an oversight maybe that has been made on the estimates but that did not change the actual bill in itself because whatever is in the estimates, if it substantially affects this bill then it will change. But the good thing is that we have come to Parliament to ask for its approval. It is not in the CW so you can deduct that part and stick to the principle that the MP for East Choiseul always talks about, and that is that everything must come back to Parliament. In the nutshell, I think that is still being protected.

Some questions have also been raised about the payment that goes to Sylvania. I am sure the Minister of Forests is very concerned that we have no control over that particular item. It should rightly go to the Ministry of Agriculture as it is nothing to do with forestry. The Minister of Forestry in the last government is not here, the Minister for Agriculture is here and they should tell us. But I think the main thing is that that money has been expended out of the contingency warrants because of the urgency of the demands of the employees of the now abandoned Sylvania Company at Vangunu that they have to pay up the NPF contribution of the employees, tax liabilities have not been paid and so they have to have this money to pay those things. But we have to find a better provision in the budget to deal with it. I think it can be tidied up so that it is to the benefit of everyone so that it does not misrepresent the responsibility of the ministries.

I think what can actually happen here is that in the book it can be treated by some kind of warrant for it to transfer from forestry to agriculture so that people in agriculture can account for the way this fund is expended and the reasons for it when the time comes for them to report to the Auditor General. That is on that.

There is also the question as to why the TRC has not been included in this supplementary appropriation. I think it is to do with timing in that the request from the TRC came in just at the time when there is a change of government and this new government came in. There will be ways that we will treat this, and the same process of utilizing the CW will apply, and that is the Ministry of Peace and Reconciliation will put up a program, a proper costing out of the budget, put it to the budget, both the PS and

the Minister will signify and then it goes to Cabinet and then that process will be catered for.

The census report, I think I am hearing that there is some delay in the release of the census report. The advice that was given is that the census report is almost coming out and we will know whether we produced a lot or not. I think the Member for Renbel is very interested in the census report because he wants to know what our population is like.

I think a lot has been said about the responsibilities of accounting officers to be active in the whole budgetary process, and that is very true. It is a culture that we need to really develop within the public sector and it is a culture that the chief executives must understand how to read it too, not only just policy and work programs but even right up to financial reporting. We have to gear up the performance of all ministries and departments to result based performance. If it is targeted towards departments and ministries, players within the departments must be given that responsibility. They must become a target of it. Chief executives must be appointed and given tasks to do so that their career in the public service is based on result based performance. It is one of the responsibilities that we must continue to find ways to improve, and the Public Accounts Committee has alluded to some of these responsibilities in the main body of its report. It is something that every one of us has to take the responsibility to instill the spirit of performance based criteria in our public service.

This is a constitutional bill and it is a bill that cannot be avoided. I mean there are things that must happen every year. We cannot say why supplementary or supplementary is a wrong thing. I do not think it is a wrong thing, it is not. I think it is the use of the supplementary that is important. What do we use it for and what it is for. I think that is what is important.

With the current circumstances we now have at this time, I think we all agree that it is warranted, and the makeup of it, the construction of it must be agreed to by everyone of us that it is sound. On our capacity to deliver on this particular supplementary, we will stagger through, it is still unstable but I think these are the difficult realities that we have to live with. This government knows, is aware and is conscious of the difficulties and the constraints that we have to operate within to deliver what is intended under the supplementary. And we have shown all the signs as to how we think it would be safe for us to deliver on the basis of this Supplementary.

With those remarks I again think that this Bill is acceptable to all of us. I really thank all the contributions that have been made around and with those remarks, I beg to move.

The Bill is passed

BILLS

Committee of Supply

Mr Chairman: Honourable Members, we are now in a Committee of Supply to consider the 2010 Supplementary Appropriation Bill 2010. As usual, we will first consider the Schedule Head by Head before we consider each clause of the Bill.

According to the Standing orders there is a maximum of four days to complete our business in Committee of Supply and since this is our first day, I will not impose any time restrictions but will watch our progress closely. If we do not make good progress today or on another allotted day, I might have to exercise my discretion under Standing Order 63 (3) and limit the discussion on each Head to a fixed time so that we do not end up rushing proceedings towards the end.

Lastly, please be reminded that when we consider each Head, under Standing Order 64 (3), there are a few rules we must adhere to, that is to say:

- when the Chairman proposes that a particular Head stand part of the Bill, the debate, if any, 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 Schedule, starting with “**Recurrent Expenditure**” on page 5 of the Bill.

Head 279: National Parliament - \$10,100,000

Mr Wale: One question raised by the Public Accounts Committee is on the nature of statutory expenditures. Perhaps with the benefit of the presence of the Attorney General here, it would be good for him to clarify as to why these entitlements do not qualify as statutory expenditures?

Attorney General: Statutory Expenditure is defined under section 109 of the Constitution, and it says that this is expenditure charged on the consolidated fund or on general revenues and assets of Solomon Islands by virtue of any of the provisions of this Constitution or by virtue of any provision of any other law for the time being in force in Solomon Islands. It is expenditure that is authorized either by a provision of the Constitution to be paid out from the Consolidated Fund or by any other law for the time being in force. An example of a statutory expenditure specifically catered for in the Constitution can be found in section 107(2) of the Constitution. That particular section reads, “The remuneration and allowances payable to the holders of those offices are hereby charged on and shall be paid out of the Consolidated Fund”. Those particular persons are described in section 107(5) as the offices of the Governor General, any judge of the High Court or the Court of Appeal, the Speaker, the Ombudsman, the Director of Public Prosecutions, the Public Solicitor, the Auditor General, the Commissioner of

Police and any member of any commission established by the Constitution. It, interestingly, does not include the salaries and entitlements of Members of Parliament.

Under section 102(5) of the Constitution it says, "Statutory expenditures shall not be voted on by Parliament but without further authority of Parliament shall be paid out of the consolidated fund by a warrant under the hand of the Minister of Finance." Therefore, any entitlements that are not statutory expenditure have to come back to Parliament for approval. That means any entitlements of parliamentarians including their allowances must be included in a supplementary appropriation bill to be authorized for payment out of the consolidated fund.

You can see that provision also in section 102(2) of the constitution which says, "The heads of expenditure contained in the estimates other than statutory expenditures shall be included in the bill to be known as an appropriation bill". Anything that is statutory expenditure like in the case of the salaries and terms and conditions of the persons I have referred to, excluding Members of Parliament can be paid out of the consolidated fund because those expenditures have been specifically charged for on a consolidated fund by a provision of the constitution.

The parliamentary entitlements for Members' salaries may, pursuant to section 69 of the Constitution, be by way of a commission. There is no similar provision there in the regulations which specifically charges the consolidated fund for the payment of Members' salaries; that needs not to come to Parliament so it has to come to Parliament for approval either by way of a supplementary bill or through the proper budget.

Mr Sogavare: I just want to follow up on the explanation by the Attorney General. If that is so, where would the NPF contribution deducted from the salary of public officers fit in? Is it also a statutory expenditure or not? As I know, it is expenditure clearly deductible under the authority of the NPF Act.

Attorney General: That is a expenditure that is already catered for by force of law, the NPF Act, whereas for example, the Parliamentary Entitlement's Commission there needs to be a specific provision in there which specifically says that this amount needs to be taken out from the consolidated fund. Currently, there is none inside but that is not in conflict with the NPF because it is the only provision provided for under the NPF Act. It is the law that provides it has to be deducted and so it is already provided for.

Mr Sogavare: With that explanation the way the budget is presented will have to be different. If the Attorney General confirms that they are statutory expenditures then they must be listed as such under the budget when they are presented to us because they are not yet.

Hon. Lilo: The effect of the advice of the Attorney General, how I understand it is that the NPF Act authorizes that NPF contribution of government employees must be deducted by the employer as it is paid by the employer which is the Solomon Islands

Government. That is the effect of it. Therefore, where else should the Solomon Islands Government charge it to? It must charge it to the consolidated fund.

I think the catch phrase here is the charging of that expenditure. In the case of the PER, the PEC fell short to say that it will be charged to the consolidated fund and so the only enabling act that stipulates it will be charged to the consolidated fund is the appropriation act or the supplementary appropriation act which says that estimate and that provision when it comes here is charged to the consolidated fund.

Mr Sogavare: I understand the Minister of Finance. I am raising this point because for two years, under the Ministry of Education, we have underprovided for the NPF contribution of some workers to the tune of, and for this year it is \$13million. Since there are no provisions there, what I am saying is that because if it is statutory expenditure the Government has to pay this, even though it is not provided for in the budget, it is charged to the consolidated fund. That is the effect of it and this will undermine the credibility of the budget to be implemented the way it is passed by Parliament.

Hon. Lilo: I think technically that can be sorted out when the books are done at the end of the year, the accounts for statutory expenditures will be done like this and the accounts under discretionary spending in the Appropriation Act will be like this as well. I think the point raised by the MP for East Choiseul is a valid one and you will see some changes on that in the 2011 Budget; there will be some improvements.

Mr Wale: Just going back to my original question and further clarification from the Attorney General. What section 109 of the Constitution says is right but what about the reading of the last part of that sentence which says "or by virtue of any provision of any other law for the time being in force in Solomon Islands". Obviously, the NPF Act is one of such other law for the time being in force. Are regulations enacted by a commission that is established by the constitution does not have the force of law? .

Attorney General: If the particular legislation says that the contributions on behalf of the government workers is charged on the consolidated fund then that is statutory expenditure. What section 109 is saying is that those expenditures must be charged on the consolidated fund so they take priority in payment. You have to pay the salaries, for example, in persons referred to under section 107 before any other expenditures are paid. You have to pay for, an example would be those under section 105, which includes the interest or sinking funds, the repayment or in the case of death or all expenditures in connection with the raising of loans, are expenditures that are specifically charged on top of the consolidated fund and they must be paid out first.

Head 279 agreed to.

Head 280: Ministry of Agriculture and Livestock - \$1,800,000

Mr Sogavare: I want the Minister to confirm whether this money has been paid out already.

Hon Lilo: Yes, this money has been paid out already and that is why it appears in the contingency warrants.

Mr Wale: Perhaps for the Minister of Agriculture or Forestry to confirm whether there are adequate provisions for security in the area and over the assets after the government pays for these liabilities otherwise that place becomes vacant and some people can go and steal the assets. Are there adequate steps being taken to secure those assets?

Hon Riumana: I would like to thank the Member for Aoke/Langa Langa for his question on security over the assets in Merusu camp. I think the assets are still there. Most of the workers there are employed under Sylvania Products, which is the logging entity. There are two companies operating in Merusu which are the Sylvania Plantation Products Limited and Sylvania Products Limited. The Sylvania Products Limited is the logging entity and the Sylvania Plantation Products Limited is the Oil Palm Project.

Head 280 agreed to

Head 283: Ministry of Police, National Security and Correctional Services - \$950,000

Mr Wale: When this matter came before the Public Accounts Committee, the explanation that was given by the Permanent Secretary of the Ministry of Police was that normally this expenditure is budgeted for under Electoral Commission in previous general elections, but the last one was a last minute instruction from the Commission to the Police that it did not have money and so that is obviously why the Police requires this amount.

Going forward, obviously, there will be a bye election soon but going forward as a matter of policy where would this item be, whether it will be under the police or under the Electoral Commission. That needs to be made clear so that this situation is not repeated in a fairly reasonable foreseeable expenditure that should have been catered for somewhere.

Hon Tora: I would like to thank my colleague Member for Aoke/Langa Langa. This amount of money has already been paid under contingency warrant for allowances for police officers who have been deployed to do special operations during the election.

Mr Wale: I appreciate the answer by the Minister Police but it did not answer my question. Perhaps, the Minister of Finance might be better able to give an answer. Just going forward, where would this item be budgeted for? Whether it will be under Home Affairs under Electoral Commission or it will be under the Police now going forward so

that they are not last minute to say 'I do not have budget for it' when the next election comes or something like that. It has to be put somewhere and it is better that it goes into a substantive appropriation act as oppose to it coming under the contingency warrant.

Hon Lilo: Going forward, I think the right place for it to be put would be the Ministry of Police. It is really in its right place now. If you consider who are receiving these allowances, they are employees of the Ministry of Police and therefore their allowances have to come out from under the police ministry. If it is under Home Affairs, which is the Electoral Commission, the Electoral Commission does not employ police officers not does it have a police force except the one common police force. So the appropriate place it should be stationed is the Ministry of Police. I think when the Minister made reference to that answer he was trying to say to you that it must be under there. Thank you.

Head 283 agreed to

Head 289: Ministry of Communication and Aviation - \$5million

Mr Sogavare: The details made up of a number of items. I just want to ask the Minister which item is used to maintain the areas around the Henderson Airport. Is it this \$2million? Can the Minister confirm that first?

Hon Lonamei: Yes, I confirm that this \$2million is used for cleaning and maintaining of the Henderson Airport.

Mr Sogavare: The question I have is in terms of how this provision is managed, like who are the people doing the work there and so forth. How is the work there given out? We can see people working around that place, so how is the contract awarded and who is doing this contract now?

Hon Lonamei: Yes, contractors are working there, however, I do not have the list of names with me but if the questioner wants to have it, I can provide him with the contractors' list later on.

Hon. Abana: Can the Minister explain here that we have the original estimate at \$1.62million, but what is the reason for this \$2million supplementary.

Hon. Lonamei: I think there is still a lot of work that needs to be done for upgrade to the airfields to make them reach the ICAO standard, and that is the reason for this extra supplementary.

Mr. Houenipwela: I am interested on this item under subhead 511-2159 on the maintenance of provincial airfields. This supplementary is for maintenance of which airfields. Can the Minister tell us which airfields?

Hon. Lonamei: This is for all provincial airfields that we are responsible for, and this provision is for maintaining them like brushing the airfields and so on. That is the purpose of that money.

Mr. Sogavare: The minister now is the same minister in the last government. There were some serious allegations of misuse of funds that, I know, have happened. It would look like expenditures around those areas, especially budgetary provisions relating to the upkeep of Henderson Airport and the facilities around there. Has that investigation completed and a report submitted? Where are we on that particular investigation?

Hon. Lonamei: I think this investigation has not yet been completed and that is why I do not even see the report as yet. When it is ready we might circulate the report.

Hon. Sogavare: I would urge him to relook into it, get the investigation completed and submit the report to the appropriate authorities. I will keep on checking on this.

Head 289 agreed to

Head 293: Ministry of Home Affairs - \$12million

Hon. Abana: Just a question to the Minister to explain to us subhead 0308-6069 on elections and bye-election. I wonder whether this provision will also be adequate to cover the Shortlands bye-election.

Hon. Maelanga: This provision will also cover that bye-election.

Mr. Sogavare: Point of order. This does not look right because this amount was incurred under contingency warrant and was already spent in the 2010 general election that has already taken place. The Minister should clarify to us again the question by the Leader of Opposition as we are up for a bye-election, and it is coming and how will we cater for that as this \$12million has been already spent.

Hon. Maelanga: This \$12million is for additional spending in the last election. This is to cater for payment of a few things that are yet to be paid incurred during the election.

Mr. Abana: The Deputy Prime Minister's answer is consistent with the answer of his Permanent Secretary at the PAC. But what the Deputy Prime Minister needs to explain clearly is whether this \$12million available in the Contingency Warrant can cater for the bye-election in Shortlands.

Hon. Maelanga: I think that is why we have to pass this supplementary so that we can cater for bye-elections.

Mr. Sogavare: The nature of this expenditure maybe the Minister for Finance can come in and that is probably where the contingency warrant will come more because the nature of this expenditure is that it has already been spent, and that is why it is brought here to be blessed. We are concerned about the bye-election that will be happening in Shortlands.

Hon. Lilo: The nature of contingency warrant is that it has been spent already; authority has been given to spend the money so by virtue of the warrant that is issued in the contingency warrant, in the absence of any monitoring document here to see exactly how much has been spent, why do you not ask this question in the committee and now you are asking us here. This is where you have to ask the details of this on the officials when they come before the Public Accounts Committee.

Obviously, most part of it would have been spent. You all know very well that the election is a very expensive exercise. We even got ourselves into a more modernized election process so obviously there will be spending.

In the case of the bye-election that will be coming up, the legal processes are there to follow to facilitate this bye election, and we will fall right into the whole framework of this supplementary and so it is fine. What the Deputy Prime Minister was saying is that it is within the framework of this supplementary. But I am asking the committee members to ask the officials about this. I have talked nicely with them already and they did a very good job but they did not ask the officials.

Hon. Maelanga: Just to explain things further. I think \$13million was actually budgeted for the national general elections which brought all of you here in this House. Actually the money was not catered for and that is why the other \$12million has to be spent again for the operations during the election, awareness and information during the time of the election, finances used and human resources. Also including information technologies, all these totaled up to \$29million and other costs that also come with it. Actually, \$37million was paid and that is why you see the additional \$12million being spent.

Mr Abana: Can the Deputy Prime Minister and Minister of Home Affairs assure us as to when the election of the Shortlands Constituency will be?

Hon. Maelanga: We will finalize things after the Supplementary Appropriation Bill is passed.

Mr Wale: For completeness sake in terms of information that should be on the floor for Members to be aware of. When the Permanent Secretary appeared in front of the Public

Accounts Committee, did he confirm what the Deputy Prime Minister said and that within that overall \$44million he said that \$2million remained for the last quarter. If a bye-election is to be held the \$2million would be adequate to cater for it. Of course, the Minister has the Contingency Warrant that he can resort to, and so it confirmed what the Deputy Prime Minister said. I suppose the question by the Leader of Opposition is the only outstanding one but that is a matter for the Government.

Head 293 agreed to.

The Schedule

Mr Wale: Just pardon my ignorance, but for the Minister to clarify. When the \$29.8million is regularized, does that mean the \$30million limit for that particular recurrent has been cleared so the full amount of \$30million becomes available again for the final quarter?

Hon. Lilo: Yes, and that is what the bill will say later. We haven't come to the bill yet so once this is regularized, the Bill says so.

The Schedule agreed to

Development Expenditure

Head 473: Ministry of Finance and Treasury - \$3,900,000

Mr Soalaoi: Earlier on today the Minister said that the census report is almost out. What is the cause of delay in this report? Are they waiting for this money before it is released? This report is quite an important report that we could have used in the last election. I just want to know the things that delayed this report from coming out.

Hon. Lilo: Yes, we are waiting for this money and money for it is provided for under this contingency warrant. They are now working towards finalizing the report, the actual print of this document and then we will know much we have given birth to throughout those many years, and it is a very good report.

Mr Wale: I assume therefore from what the Minister said that this \$3.9million is for non-emolument type and not for the allowances of enumerators and people that were contracted to do census work. It is for other costs and suppliers and printing of the census report. Is that the case?

Hon. Lilo: As you know the enumerators and some short term laborers who are working for the census, are not permanent employees and so they cannot be catered for in the Recurrent but they are part of the project.

I will not rule out the possibility that some of the emoluments are still in here but maybe not 100% of it, definitely it is not 100%, maybe I think 10 - 15% would be accounted for emoluments in here, and not totally 100%. But most part of it is basically for printing of papers because in the process of census a lot papers have to be printed, questionnaires going out, and that is what this provision is going to cater for. But I would say maybe 15% - 20% are emoluments.

Mr Wale: I am asking this question because there is a long queue of people waiting outside the Ministry of Finance waiting for payment in relation to the census work. This, I would assume that part of the delay is because enumerators were not submitting the papers they were working on until they are paid, and so it is important they are paid their full entitlements under the census project itself.

The other point is that the initial planning of the project was that it was going to be 1400 enumerators or people involved in it, however, it grew to slightly over 3000 and so it was a project that obviously was not well planned, and because of government cash flow as well, the incurring of expenditure was probably loosely delegated under the project so some of the costs associated with this could have been avoided. But I suppose my main concern really is on those who are still waiting for their payment should be fully resolved so that they are free and the report is produced and released.

Hon. Lilo: Yes, that is exactly what is happening right now. The provision for them to be paid is there already but cash flow slows it a bit because of the prioritization that is going on there. But the line, I am told, is a bit short now. And those that are holding onto the papers, most of them have been front loaded to be paid out. Those that come later are those not holding the papers. I think work towards printing the report is going to happen.

Head 473 agreed to.

Head 498: Ministry of Rural Development and Indigenous Affairs - \$5million

Hon. Lilo: Just a small part here; every one of you in here have already taken this money.

Head 498 agreed to

The Development Expenditure by Contingency Warrant - \$8,900,000

Mr Wale: This is probably a matter when it comes to the bill the Minister will further explain but when we regularize spending under the Contingency Warrant, most of the \$30million in the Contingency Warrant is almost used up, the \$30 million and \$29.8million, but that \$30million will become free and then the contingency warrant

under development it will also come free yet. The question of the total amount of the Contingency Warrant becomes free for the last quarter just seems a little excessive, but that is a point the Minister could address later on. I am raising this for the Minister to consider it.

Hon Lilo: As what I have said already that with the regularization of whether it be fully utilized or partially utilized, the new provision for contingency warrant comes into effect upon passage of this supplementary appropriation. It does not provide for the utilization of the balance of this provision, this provision that gives rise to this particular Contingency Warrant. But I think the main thing is that we have put in place measures to control the use of contingency warrants in that we expect to exercise strident control, unlike this way where if a ministry wants it, it goes direct to Cabinet. No, that is not going to be the case.

The Ministry has to put a request to the Budget Unit and the Budget Unit assesses the request and sees whether or not we have funds available to fund the provisions of any expenditure by way of contingency warrant and then it goes to Cabinet and so it might be a long process, maybe some two or three weeks before it can happen. But this is where we are calling on all accounting officers and departments to be on alert and maybe raise their antennae so that anything that is unforeseen must be quickly detected. That is the thinking here.

Mr Wale: I appreciate the answer given by the Minister and I applaud the government for those control measures put in place by the Minister. But the point being really the best control is to actually limit the Contingency Warrant that will become available for the last quarter. If the substantive appropriation act sets \$60million in Contingency Warrant for both of them and it was pro-rated four quarters, then the limit set for the last quarter out of that should have been reflected by the bill and it would have been a much better control on accounting officers seeking expenditures by way of Contingency Warrants where really it should have been under the appropriation bill proper.

But I say that also in light of the fact that there seems to be adequate provision going forward also, but it is a mute point because we are dealing with the bill in a minute or so, so I am raising what is now an academic question. But perhaps next time so that officials of the Ministry can think about that when a supplementary comes to regularize the expenditures that have been incurred under the Contingency Warrant, perhaps a pro-rated, the rest of the year pro-rated Contingency Warrant limit is set so that it does not open the door so much that Permanent Secretaries think they can just come in and have more access to more funds.

Hon. Lilo: I appreciate the comments made by the MP for Aoke/Langa Langa. Yes, in fact that would have been the case if we had run a fully pledged yearly budget, so that when it comes like this you would have come up with a realistic analyzed figure as to what should be for the remaining part of the year. But as you know that we have just taken over the government so whilst there may be a strong desire for breathing space for

anything the Government thinks is really a priority, this is the best mechanism that we can resort to rather than inflating the budget figures. This is only a provision for contingency. Until it is realized then it will not form part of the appropriation. It is the surface avenue that we should utilize.

Total Development Expenditure by Contingency Warrants of \$8,900,000 agreed to

The total Recurrent and Development Expenditure by Contingency Warrant - \$38,750,000

Mr Sogavare: Maybe it is appropriate at this point in time for me to raise the point I raised during the debate on the second reading of this Bill, and that is to reconcile the narration of the details within the schedule on this \$20million on the chancery under the head 474. If you read at the top there it says, 'Amount authorized by contingency warrant required in the year ended 31st September 2010 for the services of this head'. And then as the Minister acknowledged, in the bill proper it is under the section that still needs the authority of Parliament before it can be expended. Can the Minister confirm now where this really should be put reconciling these two because if it is authorized under the contingency warrant then it should really be listed under this head which will make the total to \$58million instead of \$38million?

Hon Lilo: I will stick strictly to the bill, and that is what is in the schedule is in the schedule and that is what is reflected. Expenditure by way of contingency warrant is basically what is being presented. With that, for the time being, I would say that no expenditure has been made to the chancery in Australia until after the passage this bill and so it stands as a new supplementary estimate.

Mr Sogavare: We will accept that as from the Ministry of Finance. Unfortunately we do not have the Minister of Foreign Affairs to crosscheck what the Minister of Finance is telling us and so we will take that as the authority.

Hon Lilo: The place to make payment is the Ministry of Finance, and so it has confirmed to you.

The total Recurrent and Development Expenditure by contingency warrant of \$38,750,000 agreed to

Supplementary Recurrent Expenditure

Head 272 - Ministry of Education and Human Resources Development - \$80million

Mr Sogavare: We are not privy to the Cabinet and so I am going to ask questions. How was the original estimate cost out because under the explanation note it says this

amount is for additional funds to cover the cost of grants to students who are studying overseas? I would have thought that we would have already known the number of students studying overseas at the beginning of the year and we would have properly estimated their grants. This does not look like it is so. How does this come about?

Hon Ha'amori: This additional comes about as a result of my Ministry wanting to put up some students first in PNG and if those students were taken up by PNG, some of the costs will be borne by the PNG Government arrangement with Solomon Islands. Somehow the decision to have our students going to PNG were not done in time and as a result those students that should have gone to PNG ended up going to USP and as a result of that change from that institution to the other one created this additional cost to be come up.

Mr Wale: I will help my colleague the Minister of Education on this one since it happened in my tenure when I am in the Ministry, and I am going to pose a question after. But the background was that there were discussions that were held between our Prime Minister then, the Member for North East Guadalcanal, the current one and the PNG Prime Minister for a one-off grant to cover, which is a total of \$18million to cover additional increase of students. When those verbal discussions were taken and a verbal decision was made, paper work did not catch up, come the end of year and student placements were being made and then universities require money, it ran into this situation and therefore those who did not get placements had to be relocated elsewhere.

The question to ask the Foreign Minister and the Prime Minister but both of them are not here and so maybe the Finance Minister may raise it later with the Prime Minister is whether the government will continue those discussions with the Office of the Prime Minister of PNG to ensure that this understanding is fulfilled so that our students are covered under the bilateral arrangement between Solomon Islands and Papua New Guinea.

Mr Lilo: Our bilateral relations are so important and up until now we would still have to review our long standing relationship with those countries. It is a matter the government will be looking into.

Mr Soaloi: How many students are we talking about here, Minister?

Hon Ha'amori: It seems like the number is a bit big. The number that is available here is somewhat a big number which warrants the cost to increase to where it is now.

Head 272 agreed to

Head 273: Ministry of Finance and Treasury- \$81,463,000

Mr. Sogavare: I just want to follow up on the points I raised during the debate on the second reading for the Ministers of Finance and maybe Public Service to enlighten us on what is really happening here. The narration in the explanation is clear in that this amount provides additional funds to meet expected payroll of 2010 as well as the cost of 2.5% COLA.

The series of question is this 2.5% COLA is across the board so would it be reasonable to say that it is 2.5% of the original estimate? If that is the case then the COLA with this amount of \$12.1million, this excess of more than \$69million if we are to account for this COLA at \$12.1million, what is this request for \$69million additional provision? Is it for additional recruitment or what is it for?

Hon. Lilo: This is basically some kind of regularization of underestimation of the figures used in the 2010 Budget.

The first factor here is that the 2010 figure that was used to calculate the total salary of public officers was underestimated in 2009, so the figures used to set the basis for the 2010 budget is a bit underestimated based on the 2009 figures, which gives rise to a very huge amount of about \$53.4million. Why the inaccuracy of the 2009 figures is something that we have to clean up but that is what gave rise to that figure. At the time when the 2010 figures were put together, the figures that were used to put up the 2010 figures, I think, were underestimated based on 2009 with some new awards given by the Government in 2009 to our public officers, so it is a total of about \$53.4million.

Also, in 2009 there is an omission of NPF allocation; unallocated NPF contribution to public officers of about \$36million. This was based on the particular error done in the 2009 financial report; it is that error that was found. Because of the underestimation of figures used in 2009, it is identified that there still needs to be some \$36million to be paid to the NPF based on that underestimation of 2009.

Then comes the Government's decision to allocate the award. Based on the negotiations between the government and the public service, there was an award given for 2.5% additional COLA, the original COLA is 2.5%, and that is this \$6million, and an additional cost of COLA decision is \$4.6million. The total COLA if applied to allowances backdated to the 1st of January 2009 was around \$7.5million. This also includes some awards to Members of Parliament from the PER of about \$1.2million and also provincial members increase of salary of about \$10.6million. Those are the things that gave rise to that total amount. For the whole of government, some are shortfalls from underestimations of figures in 2009, an additional award of 2.5% gives rise to about \$81.5million. Really, it is a very big figure. I myself too when I saw this figure I was shocked with it because normally like what we used to know in the past is that payroll was always capped at somewhere around the \$300million level but now it shoots up to \$580million, almost about \$600million. This is the total payroll of the public service and all of us, including MPs.

We can all go on with all the arguments about how justifiable this is, how is the strength of the negotiations between the government and the union, and things like that, we can talk about these for a whole day but the reality of that decision plus an oversight

in the figures that we used to prepare the 2010 figures is this. It is a very big oversight. If this does not come we might not have had the problem with the savings that the IMF wanted us to do. The IMF is asking us to cut back by some \$92million in our expenditures. But this one alone is already \$81million. If this figure does not come, I think we would be safe in regards to the sustainability of this budget moving forward to next year.

But that is it, it is very painful for us to hear this, it would be to some people's happiness, our public officers so let us not complain about it. Let us give it to our public officers by just swallowing our spit and give it to them, because a little portion for you MPs is also in this figure, I mean every one of us is also in this figure.

Mr. Sogavare: The Minister included us with the provincial members, so maybe when we reach the details under National Parliament and Provincial Government the Minister would need to explain to us if us and the provincial members are also included inside here, then what is the \$1.2million on salary of MPs under Head 279 and the salary of members of the provincial government for \$2.4million. The Minister also includes us in this amount, so when we come to those heads, he would need to explain those two figures of \$1.2million under Head 279 and \$2.4million. I guess what I am saying is that we are indicated under a different head and we are not included under this one here. Maybe that is on that. But this \$568million if pegged there is quite serious as more than half a billion dollars goes to salary alone. Also the Minister needs to explain to us whether that also includes arrears and if we take care of that arrears, at what level does the Minister expect emoluments to be sitting at in 2011.

Hon. Lilo: As a result of government's decision, in particular on emoluments, we have an exposure of some \$30million, which about \$11.8million belongs to Members of Parliament and provincial members, but there is an outstanding payment due to public officers of some \$17million in the form of COLA, backdated COLA that is still outstanding so that would be almost about \$18million. When that \$18million is put together with the error that has been made in the computation of the 2010 salary figure, which is about \$5.4million, and this is a real thing, a true factor because there was an underestimation of the 2009 budget in the 2010 projection of what should be the right level of emoluments for public officers in 2010. Wrong figures in the 2009 budget have been used. That is the fact of the matter here. Now when we adjusted it, when the Budget Unit adjusted it, it gave rise to about \$53.4million. You put that together with this figure of about \$18million with the NPF contribution on this error that has been made to the 2010 budget it gave rise to about \$81million.

If what belongs to provincial governments and Members of Parliament is included it will be a very big increase. That is the explanation of that huge increase. It is quite a huge jump and it shows the concern that every one of us has been talking about in regards to the preparation of the budget that when the time comes for us to prepare the budget, we Ministers too must be responsible by taking action to involve our public officers to come up with a good budget. Sometimes we leave the public officers to do

the budget themselves and when we come in here we scratch our heads and look back at them for explanation to the items in our ministry. The fault could be ours too for not involving ourselves in doing the budget. That is quite apart from the fact that if officials give the wrong figures and so we can be wrong too.

What I am saying here is now that the true figures of emoluments in the payroll have come out right, we now know how alarming it is that the total budget just on payroll is more than half a billion; \$580 million just on payroll. In the past we used to cut it at \$300million or 30% of the total budget, but this time it is climbing to almost over 40%; 40% of the total budget is payroll.

Mr Sogavare: I just want to join the Minister that what he expressed is quite serious, and maybe some serious cost benefit analysis needs to happen now as to whether we get something out of more than half a billion dollars purely on emoluments. Since the government is talking about many reforms now, maybe public service reform is one of them. It would be very interesting to see when the government's policy document comes out on Monday that we would like to see public service reform in the document.

Hon. Ete: I would like to add on to what the Minister of Finance said. When the 2009 Appropriation Bill 2010 was negotiated last year, one of the rules was that ministries have to come up with a realistic budget, but as we all know all the figures are just estimates where there are variances at the end when the book is balanced at the end of 2010. At that time the establishment of the government workforce accounted for persons, all the personal emoluments were done on real persons and not ghost persons. Vacant positions were put on reservation and it is up to individual ministries to justify their establishment to the public service. One priority area that was allowed to do recruitment is the Ministry of Health. I think the last parliament did an inquiry on services provided by the National Referral Hospital and this is one of the reasons why the Ministry of Health was given priority depending on increase in revenue in the government.

A few things were accounted for here, and I will put figures to my colleague the Minister for Finance that this year there was 29 new recruitments and this accounts for a few new doctors and nurses, 19 promotions on transfer and 283 promotions, because when a position is created for someone to perform in, he/she will not be on that same level for 15 years but has to be promoted or else he/she turns into cocoon with no muscles. Also, the estimates that were made, as mentioned by the Minister of Finance, were all underestimations in that it did not include allowances under GO F501 which are responsibility, charge allowance, risk allowance, SDA, dirty and so forth. Coupled with those, this year there was an award made of 40% on the basic for convenience allowance for lawyers and that is why it compounded the increase there.

Probably the 8th Parliament may have discussed this already, but there are three different commissions doing recruitment for the government, disposing the threat of control and management of government finances in terms of appointments. Section 116(b) of the constitution allows the Teaching Service Commission to recruit. When

there was an embargo in the Public Service on recruitment, the Teaching Service Commission continues to recruit people. The same thing also happens to the Police and Prison Services Commission under CAP 110 Section 7 gives power to the Commissioner of Police to command power subject to the provisions of that Act in making appointments and promotions, and so the Police and Prison Services commission continues to recruit even with the embargo in place. This all comes down to the system of government that we have.

The Judicial and Legal Services Commission is the only Commission that always abides with all embargoes made by the public service. Also on top of that are recruitments done by faith-based organizations. As we are aware, the salaries of faith based organizations were also footed by the government and it is uncontrollable. This government is pledging to sort this thing out.

In regards to COLA, what I can say here is that it is inclusive of \$2million. The last Cabinet approved in October last year to award employees of the Government who are employees of the crown about 4.5% of basic salary to be backdated to 1st of January 2009. And then there is also another 5% of basic salary to be effective as of 1st January 2010 under the 2010 budget. It is 9.5% and at that time the budget cycle was already from April to September and papers have been sorted out, so when it is paid, a portion of the employees of the crown when to the Trade Disputes Panel, the government took them to court and there was an award of 12% made the Trade Disputes Panel. It is the 2.5% that was not included in the 2010 Appropriation Act and that is why we come here to ask for that amount.

Head 273 agreed to

Head 276: Ministry of Health and Medical Services -\$900,000

Mr Sogavare: I wonder if the Minister can inform Parliament whether this is a one-off payment or something that will continue. Is it a one-off payment or something that will continue?

Hon. Sigoto: First of all, I just want to thank the previous government for authorizing this payment. This provision was already paid to the 60 direct wage employees of Gizo hospital sometimes in May this year.

Mr Sogavare: Maybe we need some legal clarifications here. There are two sets of expenditures that we are coming here to ask Parliament to bless. One is expenditures incurred under Contingency Warrant where the accounting officer is authorized to start incurring expenditure. If it is a new expenditure, which this particular expenditure is listed under, the accounting officer of that Ministry or whoever does not have any right to incur that expenditure until Parliament gives its blessing before the Minister of Finance directs his Permanent Secretary to issue the warrant. From what the Minister of Health has stated to us, this is already paid, this \$900,000 is already paid. If that is the

case, how does this go in line with the procedures and laws that we follow in managing government finance?

Hon. Lilo: The provision here might appear to be a very new one, but if you look at the budget for that particular subhead, perhaps there is sufficient provision there that was utilized, and this one here would top up that particular provision.

The Cabinet has already authorized this to be spent within the authorized big amount for which provision for it is already catered for in the 2010 Appropriation Act. This one is to top up that provision. This is expenditure that will be required to be used between now until the end of the year. Obviously, there are avenues that can be used to work through Contingency Warrants but there is no need for Contingency Warrants because the provision for it is already there that can be used, and then basically topping it up.

Operating within the law, yes, the previous Cabinet has authorized to be used and to operate within the total amount appropriated by Parliament.

Mr Sogavare: I beg to differ with that view. This is not a matter of what the Cabinet says. This is a matter of law. The Cabinet is not above the law. If provisions are exhausted, you either resort to contingency warrant as a legal mechanism to allow the government to operate and then bring that matter for supplementary appropriation. If you run out of provisions there, you have to come to Parliament to ask for it. The Attorney General is sitting down there and so maybe it is a good opportunity for him to clarify the legality of this particular expenditure, this \$900,000, and it is a small amount but I think the principle remains.

Attorney General: Any amount that needs to be expended must be brought before Parliament for approval; that is the law. You can spend it before that but it must be brought to Parliament in a supplementary immediately after the spending is incurred.

Mr Sogavare: Maybe this is a matter that probably needs to be resorted to the court to do some rulings on it because it probably distorts the whole understanding of some of us who used to work at the Ministry of Finance in the past, and it is in the interest of control. No one is allowed to incur expenditure until it is authorized by Parliament in the case of new expenditures. If it is a new expenditure and there is room there under contingency warrant, and that is why we have contingency warrant because there is need to incur expenditures quickly in emergency situations and you resort to that, and that is why we have that facility. If this is an emergency, a tsunami, it is a cost related to wages or whatever on people affected by the tsunami so in a sense it seems to be urgent and therefore you should have used a contingency warrant for it.

What the Attorney General is saying now and which probably opens up a new, new, new area on how we will manage funds and manage the government budget. Ministries can just go ahead and spend and do not need to, I guess, live within the

benchmark of whatever the limits set by the laws and provisions that were brought here for approval.

How I understand what the Attorney General is saying now is that we can go head and spend, spend, and spend. Even if it is a new expenditure as long as it is brought to Parliament for approval it is alright. Is that what he is saying?

Attorney General: What I am saying is section 103(2) of the constitution says, *“Where in respect of any financial year the Minister is satisfied that an urgent and unforeseen need has arisen to authorize for any purpose issues from the consolidated fund for expenditure in excess of the sum appropriated for that purpose by an Appropriation Act or for a purpose for which no sum has been so appropriated, he may, subject to the provisions of any law or regulations for the time being in force in that regard, authorize, with the prior approval of Cabinet such issues by warrant and shall include such amount in a Supplementary Appropriation Bill for appropriation at the meeting of Parliament next following the date on which the warrant was issued”.*

Mr Sogavare: That is reference to contingency warrant, expenditures incurred under contingency warrant, and not new expenditures that needs the approval of Parliament under Supplementary Appropriation.

Hon Lilo: I think we need to understand the context of the question asked by the MP for East Choiseul. You come to Parliament to seek approval for an amount- a sum. You also come to Parliament to seek approval for a purpose. The purpose that is already there under that sub item is for Health Services grant. What do you pay for Health Services Grant? It is the salaries of direct employees employed by the provincial government for their allowances and any entitlements accorded to them. That is what was paid out of the Health Services Grant, and that is what Parliament has already approved, and the sum that was appropriated by Parliament this year is \$3million. When negotiations were done by the direct employees of the Western Province and the Ministry regarding that special allowance for the work they have done during that time, the question that will arise is, is that purpose within the purposes approved by Parliament for health services grant. I think so, it is. It is for wages, for salary and for allowances that every provincial government throughout the whole country would normally tap into to pay their direct employees. When the previous Cabinet agreed to pay them, of course, the original sum that has been appropriated is a bit distorted so we come here to appropriate for what should take them right up to the end of the year, and that is what this \$900,000 is for. They have not spent beyond the sum that was appropriated by Parliament early this year. The sum that was appropriated by Parliament is \$3million for health services grant to meet the wages of direct employees working in that Province. Where would you pay the wages of the direct employees from, and from what source? It has to be from this subhead. Also, if you link this to the actual accounts that are coming out from the provinces, you will find that health services grant is paid out of that. The direct employees of all provincial governments throughout the country are paid out of what? They are paid out of this subhead.

So what do we come to Parliament to get the authority of Parliament for? It is for the purpose and the sum. The Constitution says you must not exceed that sum, but if you beyond that sum and there is no amount for it where another law provides for it, which is the contingency warrant, you stop and then come back to Parliament. But in here they still have a bit of space, a small space and so your cabinet said you can go head and tap on it and we will come and top it up. That is actually what is happening here. It is a topping up, and it is not seeking a new expenditure purposes. Not so, that is not the case, it is for the same purpose, and that is the allowances of the workers. Would you say that the people who worked during the tsunami are not entitled to special duty allowances that should come out from this same source that has been approved by Parliament? Surely, it must come out from there.

Mr Sogavare: That argument must fall flat on its face right here. If that argument is taken then all the other items we come here and talk about here, their purpose and whatever you have just been telling us, there is no need to if that is the case but we just go ahead and spend. I do not care whether it is salary or what but once provision is not enough or it is not there, unless you use contingency warrant you cannot. You must come and get approval....

Hon. Lilo (*interjection*): Point of order!

Mr. Sogavare: Order that Minister of Finance to sit down Mr Speaker, I am still talking

Hon Lilo: You need to see the figure there. \$3million is the amount there.

Mr Sogavare: I am still talking. Why do you need a supplementary appropriation for \$900,000 if you say you still have provisions for it? Then do not come here, do not bring this matter to Parliament. Why you bring it here is because you do not have the provision for it. This bill is about provisions, making provisions; this is what this bill is about. You do not have provision or the provision is short, and that is why you come here to ask for more provision. Unless this is incurred under contingency warrant then you can bring it here. You cannot expend it under that. That rules stand no matter how much you want to argue here and no matter how many reasons you put forward here, this position still stands, it is a clear requirement of the law.

Hon Lilo: I must fail the argument of the Member for East Choiseul. The provision in the original budget approved for this year is about \$3million, which is for health services grant, and the definition of the purposes that are paid out of the health services grant are allowances, the wages of direct employees of the provinces, their special duty allowances, their dirty allowances, the responsibility allowances of direct employees, those are the things paid out of this \$3million.

What I am saying is that this \$3million should run for the full year from January to December, but during the middle of the year there is a demand for \$900,000. They still have that \$3million provision because the year is not yet ended, that whole \$3million is not fully committed. The \$3million is still there, they have not spent that whole full \$3million. That could be what the Minister of Health was saying that they are going to spend this provision first and now they are seeking for reimbursement in this budget. The narrative there, I think, could be wrong in that it says "this amount provides for payment to Gizo". It could have been better explained if it says it is there to reimburse what Cabinet has approved to pay to them within that total sum approved for the full year of \$3million.

Mr Abana: I think this will clarify where the argument is coming from. I think the context which the Member for East Choiseul and the Minister for Finance are coming from is clear. I agree with the Minister that the money was spent already; this is for sure, but the Minister needs to tell us where he got the money from to pay the workers and that is why they are asking for reimbursement now. The Minister should just tell us where he got the money from.

Head 276 agreed to

Head 279: National Parliament - \$6,038,400

Mr. Sogavare: We understand those details that 10.1 is not under contingency warrant, and so you are right that \$6million is what we are trying to appropriate now. But the question is on Members Salary where there is need for an additional \$1.2million. Whose salary is this? I thought it is foreseeable that we will have 50 Members of Parliament before the election. This additional \$1.2million to make a revised salary provision to \$2.8million is what I want the Minister to explain.

Hon. Maelanga: Can you repeat your question?

Mr. Sogavare: I am talking about item number 0094- 1030 - Members salary. The original estimate was \$1.6million, and we need an additional \$1.2million.

Hon. Maelanga: As from 1st April 2010, there is an increase by the PEC for Members salary.

Head 279 agreed to.

Head 281: Office of the Prime Minister & Cabinet - \$2million

Hon Maelanga: I think we need to some adjustments there.

Hon. Lilo: That is a typing error. It should be 281.

Mr. Sogavare: I think we all have different copies of the Bill. The one I have with me is Head 283 is the Ministry of Police, National Security & Correctional Services and Head 281 is Office of the Prime Minister. I think the Minister of Finance needs to sort out these heads for us with your permission, Mr Chairman, as to which one is the right head for the Prime Minister's Office.

Since we have the Attorney General here, he should tell us how to correct this error. We have a list of errors here that the Minister has circulated under Standing Orders 58(2) and that is to remove one zero from the total. How does the Attorney General sees this when a wrong head is put against a ministry? How are we going to correct it under the Standing Orders.

Mr Chairman: From the chair, when it comes to the right timing when the Speaker resumes and that has been spotted the Minister can correct it. Thank you for detecting the error.

Mr. Sogavare: This is a very important commission. When are we expecting the report of this Commission?

Hon. Maelanga: In regards to the Commission of Inquiry into Land Dealings, so far work is progressing well. For the information of the House they are still working and almost come to the end of dealing with land and abandoned properties on Guadalcanal. I think they are still working on about 300 property claims. The Commission's term of reference will expire on the 31st of October and the Government will extend its terms of reference until the 31st of December 2010, which means we might expect some outcomes at the end of the year.

Head 281 agreed to.

Head 284 - Ministry of Provincial Government and Institutional Strengthening - \$10,637,000

Mr. Sogavare: Item 0003-4127 on provincial assembly members ward allowance has increased from \$167,000 to \$8.3million, an additional \$8.1million. This is just a follow on disease from parliament to provincial governments where provincial ward members also have similar allowances, maybe ward allowances or something like that to assist their wards.

I want to find out from the Minister what sort of control measures has been put in place. We understand that instructions come from the Minister to the Provincial Government on how they should administer the grants because there is so much talk about the RCDF on us Members of Parliament, and if you look at the way provincial members are using their ward grants it is much worse. I can talk about my own constituency, the ward members there. What sort of instructions is given from the

Minister to the premiers and on to provincial members on how they should funds for the wards?

Hon. Tovusia: I thank the Member for East Choiseul for asking that question. First of all, I want to thank the PEC Committee for approving the \$50,000 ward grant for provincial members throughout Solomon Islands. That is a very good question, and I believe the Member for East Choiseul wants transparency and accountability of that money.

I have just come into the office but I believe this is something that every one of us wants to see that it is operational in the right way. Our plan in the Ministry is that if this supplementary is passed, the provincial members must have an obligation to apply for this fund and in their applications they must indicate in the program how the money is going to be used. And then there must be retirement made on how the money is spent according to whatever programs they have in place, and it has to be done by the end of December.

Mr. Wale: Just to elucidate a bit more the answer by the Minister. When he said that provincial members apply and when they apply does it mean payments go direct to suppliers or they apply and get cash or the cash goes straight to beneficiary accounts. I want to be clear on that.

Hon. Tovusia: I believe provincial members are leaders themselves and therefore whatever form as to how they want it, for us in the Ministry what we really want is to see that they get the money and use it properly otherwise people will criticize them too. Yes, we were thinking about the idea to go direct to suppliers but if they want cash because in the village they need money for their touring or whatever and so they are going to be given cash. But if it has to go direct to suppliers then that is priority and we would want it to be that way.

Mr. Abana: This is quite a substantial increase from \$167,000 to \$8.1million. The process that submissions were made is my concern here. From my understanding the submissions did not come through your Ministry but went direct straight to the PEC. If that is so, what sort of mechanisms does the Ministry have in place to ensure that submissions go directly to the Ministry of Provincial Government and Institutional Strengthening so that the ministry has control over the submissions from them to the PEC?

Hon. Tovusia: The Honorable Member was right in saying that the submission bypassed my Ministry and went direct to the PEC. However, since the submissions have been already approved, maybe the PEC only has the right to revoke them. But next time the Ministry responsible must make sure that submissions come through the Ministry for onward recommendation to the PEC.

Mr Chairman: Honorable Members, it is now 4.30pm and proceeding of the committee is therefore disrupted and Parliament is resumed.

Parliament resumes

Hon. Maelanga: I seek your consent to move suspension of Standing Order 10 in accordance with Standing Order 81. I move that Standing Order 10 be suspended in accordance with Standing Order 81 to permit the continuation of the business of the committee of supply until adjourned by the Speaker in accordance with Standing Order 10(5).

Suspension of Standing Orders agreed to

Committee of Supply resumed

Head 284 agreed to.

The total Supplementary Recurrent Expenditure of \$119,038,400.00 agreed to

Supplementary Development Expenditure

Head 474: Ministry of Foreign Affairs & External Trade - \$20million

Mr Sogavare: Maybe the Finance Minister or the Deputy Prime Minister to brief us as when would this project be completed.

Hon. Maelanga: I will find out on that and let my good Member know.

Mr Chairman: Thank you, maybe you could provide that information in the pigeonholes for the information of Members.

Mr Sogavare: We accept that and maybe for the information of Parliament as well, we need to know the total cost of this building because all we see is continuous provision of this, but maybe for the information of Parliament, we need to know the total cost.

Hon. Lilo: On the progress work of this project, we have been advised that it is progressing very well. The total payment that will be paid is in the tune of about SBD\$20million and this will take us right to the end of the completion of the project. That is what we have been informed. But should there be any contingency expenditures arising then obviously that will have to be known to us.

Head 474 agreed to

The total Supplementary Development expenditure agreed to

Total Warrants and Supplementary Expenditure -\$177,788,400 agreed to

Mr Chairman: Honorable Members, that concludes our deliberations on the Heads of the Schedule.

The Schedule agreed to

Clause 1 agreed to

Clause 2

Hon Abana: Clause 2 says “the issue from the Consolidated Fund is hereby authorized of an additional sum of one hundred and seventy seven million, seven hundred and ‘eight eight’ thousand. If the Minister can correct that error before we move on.

Hon. Lilo: The one I have in my possession has an ‘eighty’ and maybe the one in your possession could have the ‘eight’. So this is the problem of the people down at the printery. The one I have here is ‘eighty’

Mr Chairman: The Chairman’s copy too says ‘eight eight’. That is a typing error and so we should just sort it.

Hon. Lilo: If that is the case then I propose that it be regarded as a typographical error and that the appropriate process under Standing Order 58(2) be followed to correct it.

Mr Chairman: To give you time to correct that, I suspend the committee of supply for 5 minutes

Committee of Supply suspended for 5 minutes

Committee of Supply resumed

Mr Chairman: There is a correction to be made to this clause. Perhaps all Members of Parliament have a copy and so when we come to the third reading, under Standing Order 58(2) we will make the corrections accordingly.

Clause 2 agreed to

Clause 3 agreed to

Mr Chairman: Honorable Members, that concludes our deliberations on this particular Bill. This Committee of Supply therefore stands dissolved and the Minister in charge will report to the House when Parliament resumes.

Parliament resumes

Hon Lilo: I beg to report that the 2010 Supplementary Appropriation Bill 2010 has passed through the Committee of Supply without amendments.

Mr Speaker: The Honourable Minister reports due consideration of the Bill by the Committee of Supply without amendments. The 2010 Supplementary Appropriation Bill 2010 is now deemed to be set down for third reading.

Bills – Third Reading

The 2010 Supplementary Appropriation Bill 2010

Mr Speaker: Honorable Members, before we proceed with the third reading motion, I wish to draw the attention of the House to a number of errors in the Bill that I propose to deal with under Standing Order 58(2). Notice of these errors has been given to me and I have given my permission for the necessary correction to be made. I now call on the Honorable Minister for Finance and Treasury to formally inform the House of the corrections.

Hon Lilo: By now Members should have a list containing the error that was identified recently. The table identifies the errors and describes how this will be corrected. I am obliged to table that list for Parliament's record.

Mr Speaker: Honorable Members, the House has been duly informed of the corrections that will be made to the Bill under Standing Order 58(2). These corrections will be made to the Bill according to the table before it is sent to His Excellency, the Governor-General for his assent.

Hon Lilo: I move that the 2010 Supplementary Appropriation Bill 2010 be now read a third time and do pass.

The Bill is passed

Mr Speaker: Honorable Members, that concludes our business for today and in accordance with the earlier resolution of this House and pursuant to Standing Order 10(5), the House is now adjourned until 9:30am tomorrow morning.

The House adjourned at 5.09 p.m.