

MONDAY 4TH APRIL 2011

The Speaker, Sir Allan Kemakeza took the Chair at 9:37 a.m.

Prayers.

ATTENDANCE

At prayers, all were present with the exception of the Ministers for Foreign Affairs & External Trade; Education & Human Resources; Forestry; Mines, Energy & Rural Electrification; Finance & Treasury; Communications & Civil Aviation; Culture & Tourism; Lands, Housing & Survey; Police, National Security & Correctional Services; Planning & Aid Coordination; Agriculture & Livestock Development; Provincial Government & Institutional Strengthening and the Members for West New Georgia/Vona Vona; West Guadalcanal; East Are Are; West Kwara'ae; Temotu Pele; Savo/Russells; North West Guadalcanal; Temotu Vattu; East Honiara; North Vella La Vella; Aoke/Langalanga; Malaita Outer Islands and Shortlands.

BILLS**Bills - Second Reading**

The 2011 Appropriation Bill, 2011 (*Debate continues*)

Mr Speaker: Honourable Members, debate on the 2011 Appropriation Bill, 2011 will continue today. I would like to remind honourable Members that in accordance with Standing Orders 61(2), a maximum of four days is allowed for the second reading debate. When no further Member rises to speak on the Bill, the Chair will call on the honourable Minister of Finance and Treasury to wind up the debate and the question will be put. The floor is now open for debate.

Hon GHIRO: Thank you for recognizing the Member for East Makira to debate the Appropriation Bill 2011. I feel humble as I stand on this floor of Parliament to deliver my maiden contribution to the first ever budget submission by the NCRA Government to the Ninth Parliament. As a new comer to Parliament, my contribution may neither be comprehensive nor constructive enough. But I feel proud to share my own thoughts about the 2011 Appropriation Bill with honourable colleague parliamentarians on behalf of my people of East Makira.

Before I proceed with my brief contribution, let me acknowledge the efforts of various institutions that have worked tirelessly in putting together the draft version of the 2011 Appropriation Bill for deliberation in this honourable chamber, in particular the Minister for Finance and his officials for tabling a historical, credible and responsible budget estimate.

I also thank your office, Mr Speaker, for the timely arrangement of this meeting and I thank the Chairman and members of the Public Accounts Committee for scrutinizing the Budget Estimates.

A budget carrying the theme “improving the quality of public expenditure to invest in better services for the people of Solomon Islands and to lay the foundation of sustainable growth”, already signals something responsible and credible to listeners nationally and internationally. The theme launches confidence in the ears of donor partners and brings hope to all ordinary citizens of our beloved country. Personally, it drives me to believe that it is the right beginning for the Ninth Parliament and the NCRA Government.

It is true this country needs logical spending; spending that focuses on the livelihood of the people of this country, especially voters in the villages. This country needs to provide better services, sustainable services to the people of this country. To lay the foundation of growth needs strong reforms. The sustainable growth of this country needs very, very strong reforms; reforms that do not only need money but it needs our sacrifices, patience, political will, understanding and lastly a change of attitude. This country, in my belief, is caught up in an attitude problem.

I will not read within the budget lines of each ministry in my contribution. I will briefly touch on my personal political reasoning on the wisdom employed for the 2011 budget priority sectors by the Government. The five priorities are reconciliation and social reform; national security and foreign relations; restoring and developing infrastructure; development of our economic base, and public sector reforms.

On reconciliation and social reform, let me thank NCRA for recognising that this is important that this happens. And the sooner this happens the better, as further delays will not get our nation forward. We have learned what not addressing national, provincial, racial and other basic mechanisms for keeping us and driving this country forward means. It is very timely, therefore, that NCRA recognizes this and puts it as its number one priority. I believe we will ensure that reconciliation and social reform will be addressed as the priority as it is. Without the cooperation and support from all of our provinces in thinking and working as a team, Solomon Islands will continue to move backwards or move around in a vicious unchanging circle.

National security and foreign relations are equally important to keep our nation as a sovereign state. We will do a disservice to Solomon Islands if we pay lip service to national security. It is Solomon Islands that must assess, investigate and find out security issues and develop plans and strategies to fix them. It is high time that we, as a sovereign people value ourselves and do things the way we think are best. We cannot afford to depend on different people to develop measures for our own security. It is sad that we do value ourselves as equally smart and turn to value others and their ideals as better. The more we do this, the more I am afraid we will downgrade ourselves and elevate others and their ideas. The NCRA is asking us to rethink about who we are as the people of a sovereign independent country. However, no country can live on its own. We are part of the world in which we live in. This is why I strongly feel that our foreign relations must be maintained and where possible strengthened. However, I suggest, as a sovereign country we must not allow such relations to drag us away from what we are as very special people of Solomon Islands.

But we do need good relations with other governments to support and mentor us as we are still a young and growing country.

The \$5.8 million allocation for the Provincial Capacity Building Fund, to me, is a crucial tool for enhancing the provinces. This allocation, I believe, will lift the standard of our provinces. For a long time, many of our people who drive the provinces lack strong skills and deep knowledge on what they are doing. I hope this allocation will help to improve the gap. At this juncture, I wish to thank the Ministry of Provincial Government through the UNDP supports the Provincial Governments Strengthening Program (PGSP) in doing a good work in this area. Following the election of new provincial governments late last year, the PGSP project has early this year travelled around the province to conduct induction workshops for new members of the provincial assemblies. These workshops gave new MPAs basic knowledge about their roles and responsibilities and the boundaries between them and the administrative staffs, among other things. I feel that the \$5.8m allocation in 2011 Appropriation Bill will help to strengthen the good work the PGSP is doing. And I thank NCRA and donor partners for providing this allocation.

The \$44.5m allocation for tertiary scholarships is also a very important contribution that will allow this country to have more educated and well trained youths. Education is a key to development and we have seen how big investments in the field of education by some other countries have excelled their development advancement. Singapore, for example, is a country whose leaders in the early years of its independence heavily invest in the education of its human resource. Today it is one of the leading economies in Asia and the world. Although it is a very small island with no resources, it managed to be competitive in the world. Buying the latest high-tech piece of equipment and expect it to perform as designed will not happen unless a person is well-trained to make it perform as expected. However, I should add though that job creation must also run parallel to such intentions. But on the other hand, I think that if our young people are well trained, I believe that our tertiary graduates will not depend on government to create jobs for them but start their own jobs as is already happening in a few other sectors in this country. But more is what we need in order to have products we can export to sustain and strengthen our still struggling economy.

I would also like to acknowledge the foresight of NCRA in recognizing the importance of upgrading SICHE with the \$3million allocation. SICHE is a home grower of human resources and needs to be supported.

Restoring and developing infrastructure is equally important and I salute the government for also recognizing it. There are many important infrastructures already in existence that need restoration. In my constituency, for example, the Styvenburg Rural Training Centre airstrip is lying idle because it has not been properly maintained. East Makira also for your information is the remotest part of Makira/Ulawa province as there is no regular shipping service. The airstrip is a very important air link for my people and of East Makira. It is on this line that I praise NCRA for considering Rural Transport Infrastructure, especially the construction and rehabilitation of provincial airports in the 2011 Appropriation Bill. I hope my airstrip will be included in the \$17.6m allocation in the Bill.

The remoteness of East Makira does not mean there are no products. There are, in fact, many cocoa farms, marine products and garden products that are wasting away because of poor infrastructure and poor shipping service. East Makira, like other constituencies also needs new infrastructures such as road links to other parts of the province.

As the representative of the people of East Makira, I pledge my support to NCRA in its desires to develop new approaches in the advancement of Solomon Islands. East Makira, for your information has been untapped for the last 33 years of independence. This means the government has been missing out millions by not providing the necessary infrastructures. I hope NCRA will not make the same mistake.

East Makira has a number of potential sectors for the development of an economic base. It has a high potential for tourism development. There are a lot of attractions there. There are cultural activities, good skiing spots, fishing spots with friendly people just like other parts of Solomon Islands that are enjoying and are already benefiting from tourism. As such, we need an economic base that can help Solomon Islands tap the millions of dollars I have mentioned earlier. I hope the \$6million allocation for the development of growth centres is geared towards progress and not for political progress, but economic progress. If this happens it will ensure that centres will encourage and support our long forgotten hard working farmers to come forward and support the economy of Solomon Islands.

It is true that the biggest contributor to our economy, logging is on its way out. I strongly feel that the scenario demands that we as responsible leaders will not sit down with bowed heads and waste time feeling sorry. Rather, I think the scenario demands creative and innovative ways of thinking. East Makira being untapped, as I have already said, is one area that can help, just like other remote and untapped parts of Solomon Islands in the last 32 years. I hope and trust that one thing that will go along with the development of growth centres is proper analysis of such untapped areas to discover what resources and potential benefits are there as I am sure there are many.

The 8million allocation for the development of downstream processing of timber is, in my opinion, a good incentive for timber owners. Because of the decline in the logging industry, NCRA's desire to develop timber downstream processing is admired. This, unfortunately, is somewhat late as a lot of timber has been exported in round long forms. I am surprised successive governments have not taken what the NCRA is now taking. It is ironic to me that our round logs are coming back as imports in the form of chairs, tables and such other goods for which we have to pay very high prices. However, I hope that the \$8million allocation in the 2011 Appropriation Bill will make our people realize their past mistakes, and more importantly the money is spent as intended and not otherwise.

The \$7million for Cattle Development Rehabilitation Project is equally important. NCRA must, again, ensure it goes to where it is intended for. We have heard of what happened to such an allocation in the recent past government. I am sure NCRA will not go that road. Let me give an example of our neighbor country Vanuatu, which I think has a good example of sustaining a cattle industry. There, the government encourages each family to own two heads of cattle, a male and a female. In other words, the entire population owns a cow. This means every village has a cattle farm and families in the village own and take care of the farms and their animals and when the government needs meat, it buys from the local people.

I think one of the biggest reasons why community projects die in Solomon Islands is that no one feels responsible for a community owned property or project. Each member will expect that another person would take care of any problem, and when you have everyone thinking like this, the problem will be left to get worse and eventually the project dies because there is no sense of ownership. However, when each member in a community knows he or she has a stake in the community project, they ensure they care for their share. How many heads of cattle would be the more than 600,000 people of Solomon Islands have if we take the approach of the Vanuatu Government? How would our cattle industry go?

I am also thankful for the foresight of NCRA in also allocating \$4million for cocoa support. This allocation will support our efforts in finding strong alternatives to the declining logging industry. I am sure the more cocoa products we produce, the more money we will generate, as the industry is currently doing. But we need more, and I am sure this allocation will help achieve that. I also hope that this support project will not only encourage new farmers but also help current farmers to improve any problem they currently have. And I am proud to tell you that there are many cocoa farmers in East Makira, however, those products will only help our economy if good shipping services are available.

The \$53million for the constituency livelihood program is what will support our efforts as MPs to make sure our voters work to support our economy. However, as I have said earlier the money should not be given voters for the sake of getting votes. For the past years this is the only Solomon Islands Government funding source that directly reached people in the rural areas. It is therefore a very beautiful farm for us.

I should also add the support of my people for the Pacific Arts Festival in Solomon Islands next year. As this will be the first time for Solomon Islands to host this highly attractive and entertaining regional event, we are ready to share our original, abundant traditional and cultural heritage with the rest of Solomon Islands and the region. Wogasia, maraufu, traditional canoes, traditional dancing are just a few that come to mind that we are ready to show case. NCRA contribution of \$5million in the Budget is deeply acknowledged. However, there may be additional in order for us to host a very memorable festival.

Like other coastal communities of our country, East Makira too is currently experiencing the effect of climate change as a challenge and a big worry. As most of the communities live along the coast, these effects are already affecting communities. East Makira is also a disaster prone area to cyclone, sea level rise, tsunami, floods, landslides and others. It is in this way that I salute NCRA for working together with the European Union to commit important fund for disaster risk reduction, not only in my constituency but throughout our country. Reducing risk is very important because that is making sure loses will be less when major disaster strikes. East Makira considers climate change adaption as most important and we pledge to work together with those who are tasked to address these issues. It is along with this that I salute the \$8.5million allocated for reforestation activities across the Solomon Islands. The forest, for those communities who live close to them, is similar to those who live by the sea and consider the ocean as their source of daily sustenance. Developing a hydro project for Honiara should just be a start if we are to seriously address climate change. Other provinces too need hydro just like any others, and I hope this will eventually be the case after the completion of the Tina River hydro station in the next few years.

The development of hydro is but only one way of cutting down the effects of gas emissions that are impacting on global warming. It is therefore, very heartening that NCRA is setting aside \$6million for the installation of renewable energy system throughout Solomon Islands. We look forward to supporting and benefiting from this most welcomed initiative. As a disaster prone region of Solomon Islands, East Makira also acknowledge the \$2million earmarked for the establishment of an early warning alert system for natural disasters. I think our communities are very lucky in that most of the devastating disasters that hit the country occurred during the hours, which the SIBC was working. Imagine the consequences of a major disaster happening between 11 at night and 6 am in the morning when the station is closed. What a disaster that would be! It is along this line that I thank the NCRA for acting on this very important lifesaving early warning system. It is also along this vein that I salute the \$3.8million earmarked for the enhancement of meteorology and climate measurement capacity for the enhancement of warning capacity. I am sure this money will enable the responsible ministry to return to Makira in the not too distant future.

Whilst I approve the 2011 Appropriation Bill, perhaps an area that was not adequately addressed is provision for the Government to acquire the land that host important infrastructures such as clinics, health centres and high schools. I feel that such mechanism will enable the government to carry out what it needs to be in such locations. When land is not acquired legally, it is quite hard to do what the government needs to do. In cases where there are disputes, there will be nothing the government can do but wait, sometimes for very unnecessary long periods because public properties are in customary land. But I am sure that our government will address this issue in future discussions.

To conclude, there are but a few comments I have to make about the 2011 Appropriation Bill. Personally, the decline in our logging industry, our number one revenue is worrying. But like I have said earlier, rather than sitting down in despair, we should be wrecking our God-given, creative and innovative talents to develop new sources. Many of the good things identified in the NCRA's 2011 Appropriation Bill is a good example of being creative and maybe innovative and provide a strong basis for us to go forward.

As the honourable Minister of Finance has said when delivering the Budget, NCRA as a government, is not afraid to take the hard decisions. And indeed as I have alluded to in my short contribution, it is time for us, the leaders of the God given nation now to be brave, get onboard and push forward together on the new approaches to achieve new things for our people. The time to dwell on petty and political differences is gone. We need to move forward. That is the driving force for a positive future for our God given country.

At least for me, as the voice of East Makira, I can assure you of our commitment and support for NCRA. We want to help the Government to push its vision to ensure we realize the result of this bold roadmap. There is no better time for us, the leaders of Solomon Islands to come together and push forward for a better future for our people than now. With these few remarks, I support the Bill.

Mr TAUSINGA: I thought that I should be the first to speak, but unfortunately that has been taken away from me, but I do respect my colleague who has just sat down.

There is not much that I would have to speak about on this budget. There are no major challenges; there are no major shifts in the development trend, and so it does not really attract me to give an in-depth analysis of what there is in the budget. But before I go on, I want to formally thank you for the opportunity to contribute to the debate of the 2011 Appropriation Bill 2011 introduced by my good colleague, the Minister for Finance and Treasury, some five days ago today.

This Budget is long time coming and every honourable gentlemen of this House have been looking forward to its introduction and debate. On this understanding, I would like to thank the Minister of Finance for the well kept pledge by the Parliamentary Resolution of 2010, a pledge in line with the National Constitution to have the budget before the House within the first three months of the year. The honourable Minister not only kept what is stipulated in our Constitution but also provided the country with a budget that in his own words is “credible and responsible”.

Before I get on to the identified issues that I want to talk about, I would also like to thank the Ministry of Finance and Treasury, in particular the Permanent Secretary and the Budget Unit of the Ministry for their hard work, dedication also in seeing the timely completion of the Budget or the 2011 Appropriation Bill 2011 for parliamentary scrutiny. I would like also to extend my sincere gratitude to the various ministries that have tirelessly worked over the past months to put together the various allocations that will see both the delivery of goods and services and the implementing of capital expenditure for development or priorities of the ruling government.

As I alluded to earlier, there are no major challenges or major shifts in the 2011 Appropriation Bill 2011, compared to other budgets in previous years. Honourable colleagues who can read budgets, past appropriation bills since independence will agree with me that there is no unique beauty or contrasting importance or extra ordinary fundamentals of the budget. The budget is just like other budgets that I have seen for the past 24 years. Firstly, this Budget, the 2011 Appropriation Bill 2011, is to assist the government perform its functions. Secondly, this Budget, the 2011 Appropriation Bill 2011 is to maintain the various social services for the people of the country. Thirdly, this Budget, the 2011 Appropriation Bill 2011, is to build infrastructures the government deem necessary for economic activities, thus increase revenue for the country. Fourthly, this Budget is servicing debts that the government obtained previously, internally and externally to help servicing the country and its people. That is the prime work upon which the budget is designed, no more, no less. Therefore, it can be safely suggested that the 2011 Appropriation Bill 2011 is a continuity of development trend from independence. And so if one cares to look at past budgets, the same budgetary format or the same line expenditures are evident in this budget.

The income revenue source, of course, expanded because of increased logging, increased fishing, increased manufacturing industries and as well as budgetary supports from donor partners. But the budgetary format and the ministerial expenditure, except the figures which increase because of increased population demands, remain the same, and of course we cannot change the way we construct the budget because our need has not changed and will never change because human needs remain unchanged generations after generations.

What I am saying here is that this 2011 Appropriation Bill 2011 is a derivation from the inherent circumstance of the country and from increased demands for reasonable services by increased population. The fact that the Budget is thematically does not tell us anything other than the intention of the government. And it can safely be said that all budgets past and present always work towards improving the quality of public expenditure to invest in better services for the people of Solomon Islands, and to lay the foundation for sustainable growth. It is not new! However, if on the other hand past budgets and governments fail to provide quality expenditures than the present workforce in the Ministry's Budgetary Unit who now wish to impress the country, must be blamed for non-sensitivity to the need to maximise benefits for the people and as well being wasteful in respect of government financial resources. These observations are also true to the attempt to lure us to believe that this budget is credible and a responsible budget.

Mr Speaker, who in their right minds would want to demean all budgets and government regimes in the past and to imply that their budget were all not credible and responsible? Who is to be blamed for the implausible, incredible and irresponsible budgets in previous government regimes? The officers who work on this budget under debate have been in the Ministry for some good number of years, are they now saying that this is a credible and responsible budget and others that they have helped to construct previously are not credible and responsible? Can the Minister tell this House what is the qualification for a budget to be credible or put in another way, what makes a budget credible, may I ask?

All budgets reflect the policies of government in power and thus cannot be absurd or implausible. So in this context, the budget is not unique or if there is any uniqueness then perhaps it does not reflect the policies of the government. This is demonstrated in the various ongoing projects, projects that have been there for years and are continued to be funded under the present budget. Other Members have spoken on these ongoing projects. Similarly, the surplus nature of the budget does not tell us any significant things except the reservation placed on the overall expenditure, and this is the result of the spending caps placed on all ministries when submitting their bids to the Ministry of Finance and Treasury.

It is, in my view, inconceivable to budget for surplus when all ministries fail together level of expenditure sufficient to adequately provide for the various ministerial programs planned for the year and for the people of the country. This posed the important question, how can the government provide quality services when ministries do not have sufficient financial resources, financial resources to the level and to the amount sought by the ministries in the first instance? It would make great sense to me if the level of expenditures sought by the ministries were given and on that basis should the revenue forecast find a likely surplus that might be available, then it would be plausible to have a budget surplus. However, to make arbitrary cut on bids from ministries and at the same time trying to make people believe that the budget process is based on full consultation with line ministries is none other but window dressing. You got to be kidding!

You know the measure of a budget is not quality spending, neither is it budget surplus, but rather the adequacy and the quality service that people access from the service provider, and in this case, the government. It is not enough to provide a budget surplus and victimize or penalize people by providing substandard services.

Many schools lack basic textbooks or teaching resources that can help them in the dissemination of knowledge and the development of skills of the children. Many clinics lack basic medicines, panadol, aspirins and the list goes on that are essential for the basic help of people in the rural areas. Therefore, the belief and the contrasting nature of the budget is that this is a surplus budget unlike other budgets in previous years and as such bear importance to the budget before the House to my mind is misleading and speaks poorly of the leadership, and I expect better from the government.

As I have already alluded to earlier, the measure of the budget is not in it being a surplus budget, but rather the benefits, abundances and quality of the services provided for the populace. But let me console us here to say that not all what the government is trying to do are all wrong, neither are all good. There are things that are good and there are things that need improvement or reprioritizing. And you might have identified this from other speakers who have contributed in the debate of the Budget before the House, and it would be time wasting should I repeat these issues. Instead I would like to touch very briefly on some general observations on some of the inadequacies of the Budget and perhaps of the government.

The first one that comes to my mind is the tourism industry. There is great potential in this industry if we have to develop it to its fullest potential. Abundant natural attractions, rich sandy beaches, rivers and a host of other attractions that spreads far and wide in our small country. I have no doubt the Government appreciates our unique and contrasting natural habitats that can be developed to be saleable products. And at a time when logging is now declining, tourism holds the hope of the country in terms of recouping the money that is dwindling, as a result of decrease logging.

Of course, I noted the allocation for the development of tourism in the country, some \$29million, of which \$3million are earmarked for direct grant to viable tourism propositions, and as well some \$15million for the Arts Festival Camp in 2012. Of course, all know that in order for us to make tourism a viable proposition, we need to put more in this sector, and others who have spoken, and in particular the Member of Parliament for Aoke/Langalanga have suggested that the allocation is insufficient. But the government in future budgets can perhaps put in an increased allocation for the development of tourism. That is not a bad proposition if we can recognize the potentials of tourism is indeed great in this country.

Whilst I concur to all that were said for the improvement and support of the industry, I would like also to know and perhaps identify existing issues that might impede the development or that can hinder or make us uncompetitive in the tourism market in the Pacific. In 24 months time, we are taking thousands of participants into this coming Festival of Arts and we will be showcasing our uniqueness that we hope contrast us from others in the Pacific. These expatriate visitors will tell the story of our beauty, our hospitality, cleanliness, etc. etc, and so tourists will be lured by interesting stories of our country and will obviously visit our small country. But there are things that are associated with the tourist industry that are amiss in our country and that will discourage tourists wanting to visit our country.

The first that comes to mind is water. The provincial centres of Gizo, Noro, Auki and the capital Honiara and other centres need adequate and consistent water supply. Honiara alone, the capital of our beautiful country, does not have adequate and consistent water supply.

Every day you find people looking for creeks, looking for natural pools, looking for running surface streams to collect water for their households. In the tourism industry, this is an embarrassing manifestation and as a country that wish to develop tourism as a revenue source, the government must find ways to help in providing a consistent water supply. We cannot go on.

The second one that comes to mind that is also associated, not only in the development of tourism but also the hygienic living of the population of the country is rubbish. Our provincial centres, our capital, our shores and sandy beaches are now full of litters from the plastic civilization that has now reached our shores. Honiara alone, when you walk the Mendana Avenue, you will find that plastic litters all around. Honiara is slowly becoming a slum town in the Pacific. The Government with responsible provincial governments must make it a priority and a duty to find ways to help clean up the country. I must also say that the beauty and cleanliness of the town and our country is everyone's business. We must all oblige ourselves to help keep our town, thus our country clean. Of course, betel nut husks are everywhere because every corner of the streets is not spared by betel nut sales. I mean there is nothing wrong with selling betel nuts, but those that buy, those that chew must do so hygienically so that we all help to keep our environment clean, thus attract visitors to visit us.

Let me make a very brief comment on the Giant African snails. This is not a good importation to our country. This is a bad importation to our country because our gardens, our root crops, our everything that we plant are obviously threatened by the presence of this demonic animal. It is a threat that kills our plants that eventually will affect the food security of the people. But I seem not to see any allocation in the Budget and this animal is now abundant in the country. The cost of eradicating it is now increasing and soon will be astronomical. I know that the government is obliged to help eradicate the African Snail but money is needed for this exercise. The Budget has none for the problem.

On forestry, I am glad that the Ministry of Forestry has noted that in less than six years time, the logging industry will decline and phased out because of logged out forests. We will no longer have merchantable trees to harvest and to export. The people of Solomon Islands have seen this and some parts of the country from the east to west, from north to south have engaged in replanting or forest plantations.

I am glad that the Government is keen to assist the local populace who are engaging in replanting. I am glad to also see that North New Georgia forest replanting is in the Budget. I have been informed by the ministry responsible that this allocation is not part of the ministry's bid to the Ministry of Finance and Treasury. This is from Cabinet directive which the Ministry cannot question and the amount is \$2.5million. I do not question the right and the power of the Cabinet in its intention and the eventual allocation of money for the constituents, but rather I put to you the wisdom of the allocation over all other areas of the country. I know that my people of North New Georgia are unique in their development attitude, but so is everybody else in the country. All people of Solomon Islands are special for they are all the citizens of our land.

I remember in the 1970s, the people of North New Georgia engaged in coconut plantations and my people through the leadership of my late father planted coconut plantations.

The government then in pre-independence time put up a scheme called the coconut subsidy scheme. They also have coconut, cocoa and cattle subsidy schemes. The idea was to encourage people to plant coconut, to plant cocoa or to raise cattle. The government has these agricultural extension officers who toured and enumerated acres that would attract the subsidy. And so if you have more acres you will receive more. I used to watch agricultural officers brightened up when they left after meeting with my men's folk because the number of acres increased from their last visit.

What I am trying to say here is that the people of Solomon Island must have equal access to resources of the state, and it would have been wise for the government to put an allocation for all; allocation that is accessed by all. To give others an allocation and others separate, to my mind, is not wise. I am not against the idea of helping my people, but as well I am all for equal access. The subsidy scheme that I talked about is the fairest of administering assistance to all the country. How much hectares are we talking about in respect of the \$2.5million? How will we administer the funds?

I was engaged in the planting exercise over a good number of years when I used to be the chairman of the North New Georgia way back in 1989 to 1994. Over the period, we managed to plant under 80 hectares. After I left there was no continuity on that program. And so I am trying to evaluate the \$2.5million in terms of how many hectares because what I am quoting you on under 80 hectares from 1989 to 1994, the cost per hectare then was some \$50,000. Now it would be more than that. But as I said, this has to be administered properly. But in future times, I only hope that all will have equal access to government financial resources.

Another thing that attracts my attention, and I think this is the beauty of the budget is the economic growth centre. This has been the thinking of some of the late prominent people in the country. Some called the concept economic centres, some called it rural centres and some called it associate infrastructures. I think SIPRA called it associate infrastructures to be built on identified areas throughout the country. The idea here is to try and take an overview all over the country and try to identify opportunity areas that will be the basis of economic centres or economic growth centres. For example, those who have lands will obviously be interested in land based activities. Those who have the lagoons would be interested in other aqua related activities including tourism. Because the role that we can do if we do not take an overview and to associate infrastructure on opportunities on areas identified will be putting wrong infrastructures in the wrong place. For example, our outer islands do not have land and so you cannot propose any replanting of trees in their place, they have no land. But you can also find that they have the sea, they have the reefs, they have their bechedemers, they have sea resources! So what are the associated infrastructures that would help them to develop their resources?

I take it that this is similar to what the proposed economic centre is all about. I think this is the only uniqueness of the budget. For whatever you call it, I think it is important because fundamentally the intention would be to engage people in economic activities and development. We have never tried this direction before, and I think I must commend the government for taking the initiative to try to map out the development trend of the country. I think if we can work on it, help out, we may be able to decentralize developments that are so much concentrated in the capital of Solomon Islands.

But, then it appears that on day one we were already misguided. This is because the ministries that should have direct responsibility have been given a smaller role to play; the Ministry of Rural Development. The Minister will explain later, but let me just suggest what I think is the misguided nature of the policy. The ministry that should have direct responsibility is the Ministry of Rural Development and Indigenous Affairs. This is the technical ministry that should be able to oversee the conceptualisation of the thinking and the groundwork of these centres. But to put implementation to the Economic Bureau in the Prime Minister's Office is asking for mis-direction. And thus I would strongly suggest that this important flagship of the government be reprioritized in the Ministry of Rural Development and Indigenous Affairs. I am attracted to this new direction, but as appeared in the Budget there needs to be a reposting of the subject matter to the appropriate ministry.

Because others have spoken on other areas of development that are budgeted for, I am reluctant to repeat what have already been said. As you can appreciate I lost count on the many occasions that I have spoken on similar budgets in the past. Because human needs remain unchanged very much since time immemorial and Solomon Islands is no exception from independence day, I must not repeat the many budget speeches I have made to the Parliament. It would still be relevant to recite one of my speeches in the past years. But a brief contribution on an identified issue is more appropriate, and this is the choice I have made today.

I wish to warn all of you and all honourable gentlemen in this House not to be too excited or over excited or thrilled about the budget. I must ask that you have an open mind. This is just a normal budget despite it being trying to be thematic. In fact the speech is an update on the various speeches since we introduce budgets after independence. We need to be warned not to be over excited, not to be excited, and not to be thrilled as it is just an ordinary budget.

Having made that caution, Mr Speaker, I wish to conclude and to thank you once again for allowing me to contribute in the budget debate. In fact, I am glad that I speak after the first one to try to dispel the notion of the uniqueness of the budget. And so perhaps those who will speak will speak ordinarily on the budget being like any other budgets.

I wish also to thank the honourable Minister of Finance and Treasury who is a very good colleague of mine for the budget. In fact he is a member of SIPRA and I am the president. I am glad that he is on the other side because that will enable me to give him the ideas of SIPRA to be put in the government. But I thank him all the same and to suggest that he did the budget and the budget is not his own but for our people. The budget belongs to the people; the budget belongs to the country. And whilst the budget theme is 'improving the quality of public expenditure to invest in better services for the people of Solomon Islands and to lay the foundation for sustainable growth', I beg to differ. My theme would be 'enhancing the participation of the populace of Solomon Islands in economic development for a new Solomon Islands'. That theme will speak well indeed of the economic centres which is the flagship of the NCRA Government. I beg to support.

Mr LUSIBAEA: Thank you very much for this opportunity to contribute to the debate of the 2011 Budget. First, I commend the Minister of Finance and his hard working staff for their dedication and commitment in preparing the 2011 Budget.

This Budget belongs to our people and I am pleased to note that it is one of the first to strike an appropriate balance between providing funding to deliver services to all Solomon Islanders, while at the same time ensuring the country's ongoing financial stability.

My personal analysis of the 2011 Budget Strategy and outlook, I wish to state that this Budget is credible and has the potential to create opportunities and improve the well being of our people. This is because it contains the necessary ingredients for decentralized economic development and sustainability to occur. For example, the new and creative idea of economic growth centres, which is the hallmark of the NCRA Government, is one of the many initiatives promoted in the 2011 Budget. I am very grateful that some of these economic growth centres will be established in selected locations starting this year.

I must thank the honourable Prime Minister and the NCRA Government for the vision and commitment to translate policies into real actions on the ground. In my view, I see this as the missing link why past successive governments fail to deliver.

I fully support the idea of setting up economic growth centres in ideal locations throughout the country because I see it as a cost cutting measure for people in our rural communities, and it will encourage people to be self-reliant and be active participants in our economy. In addition, economic growth centres are essential for our rural people so that they do not have to travel far to their provincial headquarters to access such needed services. The proposed growth centres will make life easier for our rural people, and at the same time serve as a hub for rural economic development.

I hope that the NCRA Government will turn Malu'u in North Malaita to be one of the economic growth centres in the near future, as an engine room for economic growth in that region of my constituency where local market centres can be established to cater for farmers to sell their products and fishermen to sell their fish. I wish to assure the NCRA Government that my good people of North Malaita are willing to offer their land for development purposes. It is up to the government to utilize such opportunities. For example, recently my people have allowed their land and resources for free to be used to construct our new wharf at Malu'u, which is currently financed by the constituency's wallet. Apart from that, my people have also allowed their land and resources for other infrastructure development initiatives, and are keen to work with the Israeli government under the proposed economic stimulus package for Malaita. With that I must commend my good people of North Malaita, especially the landowners, the chiefs, the church leaders, and the communities of my constituency for moving in a positive direction towards development for the benefit of all.

I also note that plans are being made to construct an airfield in one of the places in North Malaita. Suava Bay is 100 percent ready and I welcome this as an important infrastructure development in our region. The Suava Bay, as we all know, was in the pipeline of becoming an economic growth centre. Despite all the negative comments made over the past few days on NCRA's policy and Budget, I am glad to say that NCRA is doing its best to serve this nation. We have encountered massive challenges in the past few months, but still we are determined to perform and fulfil our national duty and responsibility.

I take this opportunity to thank our generous aid donors and development agencies for assisting us by allocating some of their funds to support the 2011 Budget.

This is a clear indication that through mutual partnership we can conquer mountains in our effort to serve our people. On a personal note, I also wish to sincerely thank my good people of North Malaita and others who have provided moral and spiritual support towards me over the last four months in my strive towards freedom. I as the honourable Member for North Malaita and my people fully support the 2011 Budget as well as the NCRA Government and its policies. With these few remarks and Members of the House, I thank you once again and I support the Bill.

Mr GUKUNA (Rennell/Bellona): Thank you, Mr Speaker, for giving me this opportunity to contribute to the debate over the important Bill that is now before this House, the 2011 Appropriation Bill 2011, which will authorize the Minister of Finance and Treasury to expend the economic resources that are also being provided to us in the budget estimates that accompany this Bill.

First of all, I join my colleagues who have spoken to sincerely thank and congratulate the honourable Minister of Finance, the Member of Parliament for Gizo/Kolombangara for this Bill; his first as Minister of Finance and Treasury for this Government. The public officers and advisors in your ministries who have worked hard to enable the Minister of Finance bring to this House this Bill just in time, deserve our appreciation. I would like to take this opportunity to thank very much our officials. I acknowledge the work of the Public Accounts Committee. The comprehensive analysis report that was presented to us shows the Committee's very high powered consideration over the estimates that form the basis of this Bill; thank you Public Accounts Committee.

To set the context to my contribution and for the sake of those who are listening in and those who will not have the opportunity to view the 2011 Appropriation Bill 2011, allow me to briefly go through the main figures in this Bill. Our Budget Estimates for this year projected a total consolidated revenue collection of \$2,256billion. This is \$339million more than the revenues we budgeted for last year in 2010. This same budget estimates has also set the recurrent, development, statutory and debt services that the government intends to deliver this year at a total cost of \$2.178billion. Out of this total cost of \$2.178 billion, relevant standing legislation has already authorized this government to take out \$146million from the projected \$2.2billion in consolidated revenues for this year and use it to pay in full the statutory obligations and debt servicing that makes up part of this total cost.

This Appropriation Bill that is now before this House seeks to permit the Minister of Finance and Treasury to draw \$2.032billion from the same consolidated revenues so that this Government could use these moneys to also pay in full the remaining costs due to the recurrent and development services that this government will deliver this year as specified in Schedule 1 to this Bill. These authorizations, will together, allow the Government to pay in full all the services it wants to deliver this year, including paying off all statutory obligations, paying off national debts that are due this year, again at a combined total cost of \$2.178 billion.

This Bill also seeks to authorize the Minister of Finance & Treasury to use \$53 million in the form of contingency warrants. The Budget Estimate also provides \$53 million for these warrants, making these financing options fully funded as well.

Plus these warrants, the Bill brought to this House a total funding request of \$2.232 billion against revenue projection of \$2.256 billion. Take this request of \$2.232 billion out of the estimated revenues of \$2.256 billion leaves \$24 million extra money. This Government will not need to spend this extra \$24 million instead the government has decided to put this \$24 million aside as surplus. Despite not being able to use this \$24 million, the Minister of Finance and Treasury has also asked through this Appropriation Bill for other financing facilities in the form of \$100 million in overdrafts and advances, \$100 million in development & rehabilitation loans and \$60 million in the form of advances and warrants, a total extra financing request of \$260 million.

As I studied the documents that come with this Bill, I realize that this particular Minister of Finance and Treasury is very lucky. He has to be the luckiest of all the ministers of finance and treasury that this country has ever had in the past 20 or so years. I said this Minister is the luckiest because never before has a minister of finance delivered to this House an appropriation that is supported by the kinds of estimates and economic forecasting that are being presented with this Bill. The domestic revenue collection system that has just been proven to be very capable; a country that is set for real growth this year at 5.5% on top of 6.6% growth last year; an actual cash reserve of more than \$260.0 million inherited from last year and is ready to be used by the Minister as we speak; a set of brand new ministers, new ideas that are keen to work and, of course, a lovely Opposition group that is ready to make meaningful contribution to the implementation of this Budget. Likewise, this Appropriation Bill makes this Government the only government in the history of this country to have been given a budget that comes with everything: a huge cash reserves; a fully funded budget; a projected surplus; fully funded contingency warrants, the first time ever for this to happen in a national budget, and the last but more significant is provisions for loans, more warrants and borrowings to meet the cost of any wrong ideas, development or recurrent that may come up during the course of this budget.

On the face of it, this Budget is a perfect one, a perfect budget as it appears. And because this is a big one, I guess we can afford to describe it as credible and responsible budgeting. I guess we can afford to talk about this budget as record breaking; it is a record breaking budget. I guess we can afford to talk about quality spending, and I guess we can afford to talk about surpluses.

What is clear is that this budget has laid the golden egg, as they say for us, more so for this Government which is being presented with the golden opportunities to implement its development ideas and equip, as there is now nothing in terms of finance and budgeting stands on the way to stop this government from going all the way starting from day one. Given these opportunities and the intensity at which this government has been talking about reforms, I expected this budget to be keen, robust and exciting. I would be expecting this Government to take this budget to the last wire.

What I observed is a budget that is fundamentally reserved, apart from rearrangements, redistribution and reallocation of spending, I find budgeted contingency warrants and surpluses a combined provision of \$77 million and a budget that is not taking any risk in any form. As we all know tying up \$77 million and surpluses in contingency warrants and surpluses, amounts to denying this post-conflict country the benefits of such huge economic resources.

The economics of reinvesting this \$77million, as has been alluded to by some of my colleagues are far better than saving and reserving. This is especially so when it appears that we had deliberately cut the submission of our ministries just to create unusual budget surpluses and fully funded contingency warrants for the first time.

Other speakers in their contribution to this debate had alluded to the fact that this House has for the first time being presented with budget estimates that made actual provisions to cover the contingency warrants requested in this bill; warrants that will be used, we are told, for unexpected expenses. Whatever these unexpected expenses might turn out to be, I sincerely hope that these provisions are not being used to cover some more questionable and discretionary payments. On the other hand, I hope too that these provisions will be used to facilitate some more funds for our rural development.

The Budget Speech presented to us an economy that is doing fine. The budget estimates projected cash situations that are strong and can be trusted, yet you will also realize that the 2011 budget stands, as the most cautioned budget ever to be presented in this House over the past 20 or so years, and is being cautioned with \$260million in loans, warrants and advances and an additional \$53million in Contingency Warrant and \$24million in surpluses, not to mention the \$216million cash reserves from 2010.

Is this mere risk averting? Or are there fears and threats to this budget that are being deliberately kept out of our readings, may I ask? What is very clear is that on one hand the budget estimates that support this appropriation bill will enable the government to fully pay for the services it will deliver this year, while making a surplus of \$24million. On the other hand, the radical finance schemes requested in the Appropriation Bill itself could potentially wipe these savings and take the 2011 national budget into the red by some \$260million. For this reason, perhaps the Minister could explain to us again why budget estimates and the budget speech told us that there will be no borrowing in this budget, while the Bill itself makes provision for borrowings.

That said, supposing that the revenues expected in this 2011 Budget are the same as the revenues that were budgeted for in the 2010 budget. I mean supposing there were no foreseen increases in revenues for this year, and this government has to spend \$1.919billion, the same as last year, the same revenues provided for in the 2010 national budget. If this were to be the case, this means that the most this government could do in order to achieve the development thinking and deliver on its promises would be limited to merely rearranging and redistributing the same resources that were available to us in the 2010 Budget. But the 2011 Budget provides extra money that this Government could use to move its much talked about growth centres. I see no flagship in this Budget, apart from the Bureau in the Prime Minister's Office. This extra \$339million that is produced in this Budget is money that the government can use to make a very big difference.

This is how the government will spend this windfall of \$339 million: \$58.2 million will be used to increase recurrent spending over last year; \$122.7million the government will use to increase development spending over last year; \$24million has been decided to be put away as surplus, and \$53million is being reserved to take care of CWs as appeared in the bill.

After going through the budget figures covering statutory expenditures and debt servicing, I could not find where the other \$80 million in extra revenues ended up. Maybe the Minister could help me locate this extra \$80million.

But I did not see desperation in this spending! Is this spending going to make the government any different from past governments? Are these spending going to make the government any different from past governments? Are these spending going to enable this government make important impressions? I do not see these too. That said, there is one inclusion in this Bill that is admirable, and I say this despite what I said earlier about it, and that is the request by the Minister in the 2011 Appropriation Bill 2011 for debt financing facilities. This is a good step forward and while the Minister may merely want these finance options to remain open, I encourage the Minister to go ahead and use them. Use them Minister and maybe you can arrange them on short terms so that we can immediately accumulate in our capital so that we can use to speed up implementation of development programs in this budget, instead of having to spread them out, as we have been doing to measure our recurrent revenue collections and slow incoming donations.

Again, and as always, I am indeed grateful that this budget, the 2011 national Budget is making available another lot of RCDF, Millennium, Micro and Livelihood Funding for the people I represent in this House. I thank the Government for this. These funds are meant for our rural people and they have been very useful in helping us to meet some of the critical development needs of our rural people. But let me say to the government that there is nothing wrong with these funds and their intended use. And for this reason allow me to remind this government, and in particular the Minister of Rural Development that the amounts that appear in the development budget of your ministry was put in there by the last government. I want to remind you too that you add nothing to these funds, which means you have made no meaningful contribution to these development funds. I also want to remind the Minister that he needs to control his CDOs because some of them are acting like members of parliament now. They are getting more powerful than members of parliament themselves and so you need to regulate your CDOs.

Other colleagues have highlighted some of the shortfalls of this Budget. Concerns have been raised that this Budget is not making adequate provisions to strengthen alternate revenue sources to logging. Concerns have been raised that the spending do not match the government's stated policies and objectives. Some colleagues have expressed concern that this budget is short of meeting the stated theme of this budget. Concerns have also being expressed that the provision for tourism, fisheries and agriculture are significantly not enough. As if that is not enough, complaints have already come from our provinces that this Budget has ignored major projects that they want pursue.

As for the Ministry of Culture & Tourism, if it were not for the Pacific Arts Festival that is due here next year, and the Tourism School at the SICHE, this Government's direct commitment to this important ministry would net a reduction of \$2million over what was provided in last year's budgets. If I were the minister to this ministry, this situation would be absolutely unacceptable. But these concerns are not new. We live through most of them in past budgets.

The hard working Minister of Finance and Treasury, the Minister of Planning, the Prime Minister and his deputy are well aware of these concerns and because of this, I was expecting this Government, given that budget comes with extra-ordinary abundance, I thought that this Government would be a little more explicit in dealing with these concerns above normal for the sake of making this Government different from past governments in this area, at least.

In closing, allow me to kindly remind our ministers that starting now you must take control of this Budget because from here, this budget, which is four months late, will move straight to the implementation phase. You will not take control of this budget if you stay out of your office all the time. You will not catch the officers in your ministries who will divert budgeted funds to unbudgeted use, and so sabotage your budget plans if you travel overseas too much. This Budget, and this is the beauty of this Budget, gives each one of you excellent opportunity to impress this country. And when you leave your ministries at the end of your tenure, this country can remember you as the "action minister" who moves his ministry forward. At the very least, you must take control of this Budget because passing this budget which we will do later this week, is the easiest part.

I will close now by saying that yes, we can start with this budget, and despite of reservations that I may have I am quite clear that at the end of the day it is us together that will make the dreams and the aspirations of this budget real for our people. I, therefore, wish the Government, the Ministers in particular, all the best as they work to implement this important bill for all of us. Thank you for bearing with me, and yes I support this Bill.

Sitting suspended for 15 minutes at 11.17 am

Sitting resumed at 12.02pm

Hon. MUALA: Mr Speaker, thank you for giving me this opportunity to contribute to the debate of this 2011 Appropriation Bill 2011. As this is my first official statement in this honourable House, allow me to firstly congratulate you to your appointment as the Speaker of this Parliament given your experience and able leadership in similar offices in the past. Secondly, I wish to thank the constituents of South Choiseul Constituency for their confidence in me as their representative to this honourable House as evident in the outcome of the 2010 national election results. To my good people of South Choiseul Constituency, let us put any of our differences aside and work hand in hand as we map out the programs and priorities of our constituency, Choiseul Province as well as our beautiful country, Solomon Islands.

I also wish to add my voice to those of my colleague MPs in recognition of the collective efforts and outstanding performances of the Minister of Finance & Treasury and our officials in the formulation of the 2011 Draft Recurrent and Development Estimates. The Ministry of Commerce Industry, Labour and Immigration as you are aware, is oriented towards providing commercial, employment and immigration related services to our people, investors, business houses as well as our friends with reasonable fees.

The aims of our programs amongst others are to encourage participation of our people in economical activities with the intent of broadening our economic base as well as enhancing our business environment to signal to investors that Solomon Islands is an investment destination in this era. In that connection, I wish to reflect on a few of our programs that we believe will also contribute to the welfare and livelihoods of our people and ultimately to the growth of the economy of this beautiful country we called Solomon Islands.

Since 2009 many of our constituents benefited from the Rural Financial Literacy Training Program. This Program aims at assisting our rural people who owns business or those who have business/concepts that they wish to develop into businesses. This program also assists participants that require financial support from our commercial banks or financial institutions. This year, officials from my Ministry along with their training providers will follow up with our participants to check on how far our participants have progressed in the formulation of their business ideas and improved on their existing businesses.

We hope that at the conclusion of these consultations or follow up sessions we will be able to establish associations of Small and Medium Enterprises at our constituency levels and in the not too distant future at provincial levels. These associations will then be the government's agents or avenues for promotion and development of Small and Medium Enterprises in Solomon Islands. We also believe that at that stage, national governments will be able to put in place catalysts or design schemes as a whole of government support towards our key sectors for sources of growth.

As you know, the contributions of small and medium enterprises (SMEs) to an economy are enormous when properly supported and adequately resourced. Many SMEs do play an important role in exporting in some economies and industries. They also play an important role in the global production value chain, so that even when they do not export directly, their products can be important inputs into large enterprises that are exporting.

Major factors that constrain the growth of SMEs are weak access to finance, new technologies and dynamic markets. Weakness in infrastructure (particularly transportation and electricity supply) and government regulations also restrict growth of firms. Most damaging are policies that weaken the incentives for SMEs to grow, such as reserving production or certain products for small enterprises.

One of our challenges in Solomon Islands is in designing policies to foster dynamism among SMEs. In other words, our SME policies need to recognize the different features of the different types of enterprises. In this regard, my Ministry will address this concern after the conclusion of the SME during this fiscal year, which we believe will pave the way for successive governments to work more closely with commercial forces inter alia to correct market failures.

One of the most important roles for successive government is to improve the institutional underpinnings of financial transactions by strengthening creditor rights, defining property rights so property can be used as collateral for credit, and enhancing credit registries and systems to screen borrowers. This notion has been featured in the Policy Translation and Implementation Document of the NCRA Government. In addition, governments have an important role to play in improving the information infrastructure that underlies the working of financial markets. If smaller firms are to raise their levels of productivity and employment, they must innovate, which includes adopting new technology and diversifying into new markets.

Governments should assist SMEs and larger firms by providing information services on technology and markets, vocational training and technology support services and by fostering linkages between SMEs and large enterprises.

The Government also can encourage cluster-based development where enterprises that make and sell related or complementary products are grouped in close proximity, often with their suppliers, buyers and government support facilities. These clusters usually facilitate innovation among other benefits.

The Government must work together with the private sector to identify obstacles to restructuring and determine the policy intervention that would best remove them. Some important elements of design include providing incentives only for activities that are new to enterprises in our country, adopting clear benchmarks for judging success and failures, and building in systems to evaluate the effectiveness of these programs. More broadly, governments and donor agencies must rigorously monitor existing and new incentives to assist SMEs.

The success and failure of these SMEs and larger firms, to some extent, depends on how productive and stable are the environments which they operate in. In that regard, my Ministry has improved the registry system for registration of companies and business names with the assistance and cooperation from the Asian Development Bank (ADB). It is a compulsory requirement from commercial banks for all existing local and new companies to be registered with the company haus and a bank account to access their facilities.

I am happy to inform this honourable House that company and business names can now be registered on line through the company haus at the Ministry of Commerce. This implies that it takes shorter periods to register your companies and business names. I can assure you that registering on line is not new at this technology era. Make no mistake that there are check points to verify the registration of your companies and business names. Having said this, it is important for the government to resource the office of the Registrar of Companies for sustainability of these efforts and to enable the ADB to further support this office through its budget support allocation.

Another program is the review of the immigration legislation and related reforms, which will be concluded soon to enable the government to embark on structuring of relevant legislation to respond to contemporary immigration and border strengthening related issues and concerns by our people, development partners and relevant international organizations, including the International Organization for Migration. That is the regional ministerial conference on people smuggling, trafficking on person and related transnational crime which I have just attended. This review will also pave our part for execution of a visa system to better categorize and monitor our immigrants. In the course of time, we will also consider application from our citizens for dual citizenship.

We have been forecasting our economic growth and translating many policies on incomplete data or database. For instance, we talk about unemployment or employment rate, but nobody is certain of this rate in our case. When enacted, this bill will provide an opportunity for our officials from the Labor Division of my Ministry and their colleagues to undertake trainings that will sharpen their skills in determining these rates and other related issues through experts from the International Labour Organization.

Other colleague members of Parliament have registered concerns about pricing in Solomon Islands. This concern is better addressed when we collectively pool our resources together. The government should work together with the private sector and its stakeholders if we are determined to progress this front. Our people have spoken enough on many occasions and it is time that we listen to their voices and respond in a timely manner.

On our part, my Ministry will liaise with relevant institutions and our overseas missions to engage an expert to lead a review of our pricing system. We hope that in the course of this fiscal year, options to improve our pricing system as well as resources to review our legislation will become obvious to the Government and its development partners and stakeholders. We believe that we will make those initial steps and create an environment for consultation to firm up the relevant legislation and the options that are available to us to address pricing in Solomon Islands.

The National Coalition for Reform and Advancement Government (NCRA) is determined to create employment opportunities for our people where income will be generated to enhance and sustain their respective livelihoods and economic growth in their respective locations. As you already know, the opportunities will emanate from the economic growth centres, which is a flagship policy of the NCRA Government and needs no discussion at this stage as this has been eloquently outlined by the honourable Minister for Finance and Treasury at the second reading of this Bill on 29th March 2011.

I wish to assure the honourable Chamber that officials of my Ministry will work hand in hand with their colleagues in other government agencies and private sector, as we advance this concept and establish the priority economic growth centres in their respective strategic locations.

After 16 years, the NCRA Government will host the Asian and Pacific Coconut Community (APCC) Ministerial Session meeting at the end of November, 2011. This is a golden opportunity for Solomon Islands to showcase the progress and potential in the coconut industry to our stakeholders and fellow citizens and farmers. On that note, I urge our partners and stakeholders to support the local organizing committee as we contemplate on this successful event.

In conclusion, allow me to reiterate that this is indeed a credible and a responsible budget. For instance, in 2010, the government implemented at least 70 percent of the 2010 Appropriation 2010 Act, in light of the reservations imposed by the Ministry of Finance to encourage current quality spending and make accounting officers more responsible.

My analysis of the 2011 baseline of this budget points to me the credibility of this Budget compared to the 2010 Budget. As I understand it, this Budget has no room for reservation and there are contingency provisions and a surplus in the recurrent estimate.

You will note from the 2011 baseline that there are more funds available to the Government compared to the 2010 Budget. With these few remarks, I support this responsible and credible Bill.

Hon. FOLOTALU: I rise to contribute to the debate of the 2011 Appropriation Bill presented to this honourable House by the Minister for Finance and Treasury on the 29th March 2011.

When I left the Opposition camp to NCRA Government about a month ago, the passage of the 2011 Budget was my very reason to join the government. At the outset, I would like to take this opportunity to thank the permanent secretaries, chief accountants and officers of the ministries for putting this budget structure together. Also, I would like to extend my thanks and appreciation to the Chairman and members of the Public Accounts Committee for scrutinizing of the 2011 Budget and also stakeholders.

I shall stick to the general rules of debate and will speak around the two fundamental concepts of invest in better services for the people of Solomon Islands, and to lay the foundations for sustainable growth. I will respond as the Minister of Provincial Government and Institutional Strengthening. Today I represent the nine provincial governments in Solomon Islands and therefore I will speak on the provincial government's perspective.

First, I would like register my appreciation to past governments and to NCRA Government for the financial support given to my Ministry to enable it perform its functions in implementing the policy of the government. Furthermore, I also register my appreciation to the following donor partners for funding the Provincial Governance Strengthening Program (PGSP): The European Union, the Regional Assistance Mission to Solomon Islands (RAMSI), the United Nations Development Program (UNDP), and the United Nations Capital Development Fund (UNCDF). Donor funding for the program over the five years from 2008 to 2012 amounts to approximately USD\$14.6million. The Solomon Islands Government will also contribute an estimated USD\$4.2 million to the program over this period. Thanks to the government for its support to this program, especially the annual increase on the contribution.

The Provincial Government Strengthening Program (PGSP) aims to strengthen the provincial government system through achieving an appropriate balance between the responsibilities of provincial governments, the resources available to provincial governments and the capacity of provincial governments and the Ministry of Provincial Government and Institutional Strengthening. The initial focus of the program is on strengthening public expenditure management (PEM), while in later years attention will be given to a full range of local government functions, including service delivery, local economic development and resources management.

I am pleased to inform this honourable House that the program's assistance through the Ministry of Provincial Government has seen for the first, the development of work plans that link to their budgets. This is indeed an achievement for my Ministry and the provincial governments. My Ministry, as you are fully aware, is mandated to ensure that the provincial governments are performing effectively in implementing the policy of the government. And for this, I am pleased to see the Government's continuous support in the implementation of one of our national projects, the Choiseul Bay township project for the establishment of the provincial capital with an intention to create a new site as the administrative capital of the province as well as an economic and industrial growth centre for Choiseul Province. This would relief Taro Island, which may be considered, for other economic land use, especially tourism activities. Our focus is to advance the idea for the new site to be the main arena to accommodate the government's rural policy framework, which is to develop economic growth centres throughout the country. My Ministry will continue to work hand in hand with other partner ministries in promoting and developing the provincial governments.

I am also very pleased to inform this honourable House that my Ministry through the hard work of my staff have revised our corporate plan from 2010 to 2013. In this corporate plan we have included our three-year action plan and from these we have also formulated our 2011 work plan, linking it to the budget for 2011. That is, all activities are being costed according to the allocated budgets.

I would like to thank the Leader of Opposition and MP for North East Guadalcanal for raising his concern on the necessity to pay special attention to remote provinces such as Temotu and Choiseul. My Ministry is aware of this situation and will continue to strive for the identification of investment opportunities for all provinces including the most remote ones.

In terms of improving communication in our provinces, may I also mention here that my Ministry is a party to the Solomon Islands Government (Patrick's) or Pacific Rural Internet connectivity system project whereby five provinces will be recipients, namely Choiseul, Isabel, Central Islands, Makira and Renbel. Temotu Province would be served by a unit already in place under the Ministry of Health. The provincial offices in Lata, Temotu province will hook up to this existing unit on four sharing bases. We are making progress in our attempts to link our rural areas with the region and the rest of the world in terms of modern communication. We are gradually moving into the e-governance era through the establishment of this service.

It is also heartening to hear the honourable Member for North East Choiseul expressing concern on what seems to be an ongoing trend of lack of seriousness in dealing with matters in provinces by successful governments. My ministry, as alluded to earlier, is currently seriously engaged in developing the capacity of provincial government staff and their executive governments to enable them better handle issues of legislation, administration, governance, finance and subsequent social and economic development programs. It is my firm belief that the provincial governments are seriously under resourced in terms of finance, manpower and infrastructure, especially staff housing. Therefore, I will be presenting to Cabinet in the near future a paper to address this particular issue.

It must be stressed at this point that my Ministry is the focal point for the success of any national government projects in the provinces, and unless they are adequately resourced to lay the appropriate development oriented foundation to influence the mentality of our population in provinces, disputes, compensations claims; recently a new item has emerged – good will payment, demands and delays will wreck havoc to our plans and programs. Therefore, as agents of the national government, provinces should be well equipped to deliver what is required of them to its subjects. My ministry is mandated to do just that.

Allow me to farther enlighten this honourable House regarding the operations of the Provincial Governance Strengthening Program (PGSP) of my ministry. My ministry through the PGSP has undertaken a reform in the way provincial services are being allocated to the provinces. Before 2009, there was no formula in the allocation of the service grants. As a consequence, provincial governments raised a lot of complaints to the Ministry of Provincial Government and Institutional Strengthening. Based on these complaints, the MPGIS (Ministry of Provincial Government and Institutional strengthening) undertook a study on the fiscal allocation system and designed a formula that is both equitable and transparent. The new formula, which came into use in 2010, has allocated 80 percent of the funds to each province based on its population. Provinces with smaller population receive smaller amounts.

Like we used to say in Mbaegu “throw a small stone at a small person and throw a big stone at a bigger person!”

In designing the formula, the 2009 figures were used as the baseline for the computation. This baseline allocation reflects special circumstances of provincial governance in Solomon Islands including remoteness, dispersion of islands, land and sea areas, economic contributions etc., etc., which affects each province in different ways but warrant recognition in a base level of service grant for each provincial government.

In 2010, my Ministry through the technical and financial support of the PGSP conducted a series of training on planning and budgeting which was positively reflected on the quality of provincial government budget of 2011 to 2012. The trainings were organized in October 2010 just before the planning season began, and this was followed by a review workshop that brought all provincial secretaries, planning officers and treasurers together to review the budget before they were submitted to the provincial assemblies for approval. This technical support that the MPGIS and PGSP rendered to the provincial government staff has led to the formulation of a more realistic budget in 2011 to 2012. I am really impressed with the quality of budgets I have been signing or assenting to last week.

As mentioned by the honourable Prime Minister during his trip to Gizo, “the provincial governments have been trained through the PGSP to formulate annual work plans for the first time. The provincial budgets are being gradually aligned to the annual work plans of the individual provincial governments”. This is a big step for my ministry as the continuous capacity building on provincial staff positively reflects on the quality of work the ministry is receiving from provincial governments in planning and budgeting.

I wish to inform you and this House that the Ministry, according to its corporate plan, shall intensify capacity building in public expenditure management system so that the provincial governments will be in a position to deliver services more efficiently to the rural communities and at the same time ensure accountability at the local level.

The Provincial Capacity Development Fund (PCDF) was designed as a pavement space grant to provide capital development budget to provincial governments is making a lot of impact on the lives of rural communities and improving infrastructures in provincial governments. Annually, the Solomon Islands contributes SBD\$5.4million plus three percent towards the PCDF funds, whilst donors like UNDP, UNCDF, the European Union and RAMSI contributes SBD\$5.4million towards the fund. The provincial governments also contribute 10percent towards this fund in order to take ownership of the fund and ensure sustainability.

I can tell you that the following amounts have so far been disbursed from the PCDF funds or PDSP project to provincial governments. In 2008-2009, 53 projects amounted to \$10,773,000. In 2009-2010, 78 projects amounted to \$12,971,438.00. In 2010-2011, 83 projects amounted to \$12, 944,000. My Ministry made a submission of SBD\$5,871,000 to the Ministry of Development Planning and Aid Coordination as Solomon Islands Government contribution to PCDF funds in 2011/2012. The total expected budget for the PCDF in 2011 to 2012 is SBD\$11,871,000, including the donor funds of SBD\$5,400,000.

One of the constraints faced by the provincial government is lack of access to the Solomon Islands Government Development Budget. This was re-echoed by the Honourable Prime Minister in his speech in Gizo and it was raised several times in premiers' conferences, but not much has been done about it. The method of accessing development budget by provincial governments is so complicated and difficult that the provincial governments are easily marginalized. They are asked by the Ministry of Development Planning and Aid Coordination to submit their applications to the five line ministries knowing so well that those ministries treat provincial priorities as secondary. Provincial governments have now given up applying for development grants because on the difficulties they faced.

This situation needs to be addressed. I must also inform this Honourable House that my Ministry is working on a possible Cabinet paper, which shall ask for an allocation of a fixed amount of money from the development budget annually as an allocation to provincial governments' capital development budget through my ministry. The allocation of funds, if approved, shall follow the same allocation formula as the recurrent service grants.

I wish to remind Members of the fact that provincial governments are expected to deliver services for which they have no resources to pay for. The National Government is providing less than 3 percent of its total budget for delivery of service in provinces by provincial governments. These resources are not commensurate with those expenditure responsibilities. I would like this Honourable House to recognise the fact that 85 percent of the population lives in the rural areas and thus we should consider improving the percentage allocation to provincial governments to meet their recurrent expenditure needs.

Finally, before I resume my seat, I wish to assure this Honourable House that all our nine provincial governments have submitted their 2011 to 2012 appropriation ordinances and are looking forward expectedly to the passage of the 2011 Appropriation Bill. With these comments I support the Bill.

Sitting suspended at 12.31pm for lunch break

Sitting resumed at 2.08 pm

Mr Speaker: I have granted leave to the Member of Parliament for North West Choiseul to first take the floor.

Mr SANDAKABATU: Thank you indeed for giving me this opportunity to contribute to this very important Bill, the 2011 Appropriation Bill 2011, submitted to the floor of the 9th Parliament at its second meeting by the honourable Minister of Finance and Treasury and Member for Gizo/Kolombangara on 29th March 2011.

It is a great honour for me to represent my people of North West Choiseul Constituency in the scrutiny and approval of this most important bill. This Bill will affect the lives of the people of my constituency and the whole of Solomon Islands. Therefore, it truly deserves a careful and stringent scrutiny.

In this regard, I wholeheartedly commend those who have meticulously gone through both estimates, and that is the 2011 draft development estimates and the recurrent draft estimates together with the Minister of Finance and Treasury's budget speech submitted to this honourable House last week. To my honourable colleague members of Parliament, your comments, observations, suggestions, questions and, of course, doubts over this bill so far are healthy, wise and most illuminating for me as a new Member of Parliament in this honourable House.

Before I proceed any further, Mr Speaker, I would like to thank the honourable Minister of Finance and Treasury and Member for Gizo/Kolombangara for adhering to the laws and procedures governing the national budgetary processes to be able to table on the floor of Parliament, perhaps a most comprehensive and expensive budget of all times for Solomon Islands. This is an excellent work. On the same note, I extend my appreciation to the Permanent Secretary of the Ministry of Finance and Treasury and, of course, all other permanent secretaries, together with the Public Accounts Committee for a job well done. Your cumulative efforts will hopefully provide the means to respond positively, timely and adequately for the common good of every ordinary citizen of our beloved nation, Solomon Islands.

I further extend my gratitude on behalf of my people of North West Choiseul constituency to the honourable Prime Minister and the NCRA Government for your envisioned policies and strategies and now the 2011 Appropriation Bill 2011. My people are hopeful for a best outcome of this bill currently in debate. Every ordinary Solomon Islander is anxiously waiting for this Bill to be passed. It is the responsibility of this honourable House to ensure that this Budget is passed so that the changes we are anticipating become a reality.

In supporting this Bill, I have a few observations to make. Firstly, the budget theme 'improving the quality of public expenditure to invest in better services for the people of the Solomon Islands and to lay the foundation for sustainable growth', is setting the right tune for developing this resource filled country. I welcome the proposed changes in the management of the public purse by the appropriate ministries that will bring about greater scrutiny, transparency and accountability, as stipulated in Section 2 of the Financial Management and Budget Reform documentation in the Budget Strategy and Outlook, delivered by the Minister of Finance and Treasury last week.

My question is, how much of this Budget will be allocated to the productive sectors to ensure that a realistic foundation for sustainable growth is laid? To be realistic, I would like to see 25 to 35 per cent of the 2011 budget directed to the productive and productive related sectors like agriculture, tourism, forestry, fisheries, infrastructure, commerce and communications. This country needs a vibrant economy that is founded in the ordinary citizens, producing goods and services to either consume or trade for money. This Budget, in order to be fair to its theme, must concentrate on empowering its citizens and groups to produce goods and services to trade. I am humbly calling on the NCRA Government to re-think its priorities and look favourably to the productive sectors.

Secondly, my question is, is the 2011 Appropriation Bill 2011, addressing the problem of unemployment in Solomon Islands? Unemployment is a real problem for this nation. I do not have to go into great lengths to try and convince this Parliament that this is a problem.

This is a national issue. You can simply walk the streets of Honiara or any urban centre and see healthy and fit looking youths, men and women sitting down doing nothing but “*boborokua* (telling stories) and *bilinate nomoa* (chewing betelnut)”. What else is there for them to do? Tell them to go home? The village is even worse! Their only buffer is their food gardens.

In the urban centres, some have the liberty of creating their own employment by selling betel-nuts, tobacco, coconuts etc. Though some of these activities may be illegal to the eyes of the relevant authorities, they are preventing our ordinary people from being outright beggars in order to survive.

I earnestly call on the NCRA Government to create the means through which the prospects for paid and self-employment opportunities are opened up for ordinary Solomon Islanders. Only then, I believe you will be laying the real foundation for sustainable growth. Sustainable growth must be founded on the people and their resources. If the NCRA Government pours money into the productive sectors I have earlier pointed out, especially my area of expertise, and that is agriculture through subsidy programs, I can assure this honourable House that 95 percent or more of our people living in the rural areas will be heavily engaged in planting, planting for what? Planting for the future starting tomorrow!

Thirdly, on behalf of the Premier of the Choiseul Province Assemble, the Poroporo People’s Association, members of the Choiseul Provincial Assembly, the Choiseul Provincial Township Steering Committee, the people of my Constituency and all the people of Lauru, I humble thank the Minister of Finance and Treasury and the NCRA Government for the \$3.5million allocated for the process of transferring the Choiseul Provincial Township to the mainland. Thank you indeed! This project is particularly very dear to my heart and so also the people of Lauru. This project is our only hope for greater economic activity that will entice, create, generate and maintain economic growth, social stability and enhance improved standard of living and the well being of my people. This project needs to be fast tracked so that we can curtail the fast emerging negative effects of logging and the lack of economic activities due to remoteness and lack of opportunity for the people of Choiseul.

I stand here to seek the solidarity of my honourable colleagues for East and South Choiseul Constituency on the same plea. The \$3.5million is not enough. I humbly beg the Minister of Finance and Treasury to feel sorry for us. We need this amount to be doubled to \$7million, so that the proposed site is first purchased, mapped, cleared and ready for building. I can assure this House that meaningful dialogue is continuing between the landowners and the province towards the final relocation plan. The discussions between the landowners and the province have been positive and supportive, and this funding allotment is timely and greatly appreciated.

Fourthly is the question of compensation for the lives loss during the ethnic tension and the spill over effects of the Bougainville crisis on the people of Western and Choiseul Provinces. This is a matter all governments would like to avoid talking about, but sad to say that we cannot afford to do so. A wrong must be put right hence I do not see such being budgeted for in the relevant ministries in the 2011 Appropriation Bill 2011. People affected are still asking for, when the government will put right their claim, especially my innocent people of North West Choiseul who were innocent victims of the Bougainville crisis, some of whom have sadly passed away through natural causes.

I further humbly beg the Minister of Finance and Treasury to use parts of the 53 Contingency Warrants in the 2011 Budget to settle my people's long term claim and appease their minds and hearts once and for all.

Lastly, growth centres as stated by the Minister of Finance and Treasury in his Budget Speech is for me the fulcrum of the NCRA Government towards achieving economic growth and social stability in the rural communities of Solomon Islands. I am tempted to take these words for it. However, firstly, I would like to know where this model has proven to have worked. On your next visit as head of the country, I beg you to take me with you to witness where this model or strategy has worked. Is it in Vanuatu, Fiji, Papua New Guinea or England or where? It is certainly an excellent idea, but are we not giving ourselves not to know what this monster may look like.

I am a little apprehensive of the fact that a few such centres have been tried in the past but failed miserably. For instance, the so called rural training and trading centres of the Rural Services Project of the Ministry of Agriculture and Lands of the 1980s and 1990s and the Commodities Export Marketing Authority (CEMA) buying centres in the same period. These were examples of glossy ideas strapped with huge sums of money that bore little return to the people of the country, let alone sustainability. I hope the NCRA Government will use our past, not so successful experiences to learn from in order to design, create, implement, monitor and sustain a growth economic centre model that will bring about a firm foundation for sustainable growth in all sectors of humanity in this country.

Before I take my seat, this Budget must not overlook but must address the plight of the sick, the old, the lame, the dumb, the blind and the cripple, the mentally retarded, single parents, drug addicts, the unemployed and those at the very bottom of our social status. We must appreciate and tackle their plights and difficulties through their appropriate ministries with generous budget allocation. The state has the duty to look after these people. I strongly believe that a healthy and prosperous nation is one that takes excellent care of its disadvantaged and marginalised citizens. A country's budget like ours, now being debated on the floor of Parliament should be for the common good of every citizens of this nation. This should be the hallmark of a good national budget.

To conclude, my sincere thanks to the honourable Minister of Finance and Treasury and the honourable Prime Minister, all ministers of the crown, honourable members of the Opposition and your god leader and my colleagues in the independent group for your meaningful debate on this very Bill. With these few remarks, I support the Bill.

Mr HOU: Thank you for giving me this opportunity to speak on this very important motion. Allow me also to congratulate my very good friend, the honourable Minister of Finance on the occasion of his presenting of the NCRA Government's inaugural budget. I would also like to join other colleagues who have spoken before me to thank his ministerial staff, especially his very hard working Permanent Secretary and the advisors and also those permanent secretaries from other ministries too who have tirelessly worked to put together the budget and plans for us to discuss. I also wish to acknowledge their work that is before this House.

My statement will revolve mainly around a number of observations that I have observed looking at the 2011 Budget Estimates as they relate to NCRA's policy intentions. The 2011 Budget is, indeed, a milestone. It has attained the mark of being the first in a number of respects. It is the first to reach the \$2 billion mark in spending money for Solomon Islands. It is the first to have a theme and a symbolic one at that. It is the first to provide adequate contingency warrants of \$53 million. It is the first to be fully funded. It is the first to have a surplus, and this year it is estimated to be \$24 million; and the first to attract significant donor support of \$287 million and, of course the first for NCRA Government, and the first in the Minister's own words as "a very credible and responsible budget".

I commend the honourable Minister on these milestone achievements. I welcome the overarching reform goals stipulated in the Minister's Speech that this Budget is geared to reduce public waste and increase efficiency in public expenditure, ensure ministries are properly and adequately resourced to deliver services and to build infrastructure and lay the foundation for growth. Furthermore, it is encouraging to note that this Budget will provide the enabling environment that is as safe and conducive to enhance private sector investment. I applaud the Government's intentions in the budget to invest in socio-economic infrastructure and pave the way for reforms in the land tenure system.

The Minister stressed that this Budget is forward looking; indeed there is every reason to believe the prospects for economic growth are very good in the medium term. As a matter of fact, the current economic and monetary environment already provides a firm basis for a responsible fiscal policy. And let me at this juncture highlight a point, and that is on the ground we already have very good, as it were, fertile ground for a very responsible fiscal policy in the coming years ahead of us. For example, in the 2010 economic forecasts and estimates, the growth rate was 6.75 percent.

Our foreign reserves represent nine months of import cover; we have a strong foreign exchange earning potentials; the inflation rate is running below 1 percent - the lowest in the country's economic history; there is a sound domestic financial system; a good domestic investment climate; the banking system is liquid and law and order situation is under check. All these came about as a result of the good work of previous administrations, and I think at this point I would like to acknowledge the work of the CNURA Government, which the Honorable Minister was a part of. In fact, he was one of the architects of all these good policies in the previous government that has cultivated a base for this new budget he has given us. So I would like to make this point that I think we should give credit where credit is due.

I would like to make this comment because I think there have been some comments and remarks about the fact that NCRA Government claimed to be responsible for bringing up these good prospects. These things have happened in previous years, and so it is not yet for NCRA because there are six months yet to go. I am sure with the implementation of this Budget you can have something to be proud of. I want to say that the good work of the CNURA Government, and I am sure previous governments have made this possible for this Budget to have a very firm basis. All these point to a very buoyant medium term outlook. That being the case, I think even the Minister's forecast of 5.5 percent growth is still a bit little too conservative.

He wants to make a conservative estimate to his budget; I think we should be looking for more.

I join the Minister in calling for a united and bipartisan effort to pull the economy and this country out of the past which impedes growth and better economic opportunities for our people. Let us give Solomon Islands entrepreneurs, our women and children and our young people a chance. I think we should rally behind the Minister's call to combine our efforts to work on the National Development Strategy 2011/2015. I believe this strategy is right to focus on, taking better care of all people of Solomon Islands, (that is in the Minister's own words) and improving the livelihood of the people of Solomon Islands, in particular I like the refocus on prioritizing social needs and economic benefits of our rural population. This is much appreciated.

The Minister has informed that this Budget lays a new path, a new roadmap as it were for the country's economic development. I would like to believe that this new fiscal strategy will form the foundation for sound financial management and create sustainable economic growth. I see the establishment of economic growth centre as an important building block in this strategy. I look forward to the day when we will have these centres dotted around our country. I look forward to that day because through these centre we would effectively devolve services out to the rural sector widen participation in economic activities and enhance private sector led growth and increase economic opportunities for our people.

Upon reviewing the 2011 Budget against these very good objectives, however, I am profoundly disappointed that much of the Minister's assertions in his Speech may appear to be merely sweet talks. The recurrent budget, for example, barely represents ongoing programs and activities. I find some allocations for departmental programs a little amusing even apprehensive. For example, in the Ministry of Women, Youth and Children's Affairs, I found an amount of \$567.00 for publicity and awareness. In the Ministry of Agriculture, I found an amount of \$84.00 for overtime in research. The point is this. What do you expect the Ministry of Women, Youth & Children's Affairs to do for women, boys and girls in Solomon Islands with \$567.00? Or what do we do with \$84.00 in a whole year for the Department of Research under the Ministry of Agriculture? This is not some side street betel nut stall affair; it is the government, we are talking about an entire government department. It is the annual budget for the country. I hope that this is not a joke. That resembles another issue I will raise later, but the practice of making arbitrary cuts to departmental submissions make a joke of an overarching reform goal of the 2011 Budget, and that is to ensure ministries are adequately resourced to deliver on their planned programs. But more to the point, I am concerned that the Recurrent Budget may not reflect the policy intentions of the NCRA Government.

I also searched the Development Appropriation and to my amazement many priorities of the government were not adequately provided for. Infrastructure development is critical to our development aspirations. However, a number of crucial infrastructure projects such as the Rural Transport Infrastructure Fund, Malaita Infrastructure Contract Support Unit, the Domestic Maritime and Infrastructure, the Construction and Rehabilitation of Provincial Airports, Upgrading of Henderson Navigation Equipment and the Auki Jetty Project have been grossly under-funded.

Under national security and foreign relations, only a few projects have been allocated funding, not to mention those projects having very little or no direct bearing on the government's policy intentions in this area. Similarly, in the social services sector only some token amounts were allocated to only a few projects, such as tertiary scholarships, Gizo Hospital construction, refurbishment of SIMTRI and the upgrading of SICHE.

Having said that, it is encouraging to note that the Budget has placed some emphasis on the economic and productive sector with budgeted allocations of nearly \$90million net of the rural livelihood fund that you have been using without any good results. Already, we have a number of ongoing projects that are critical to our food security, economic growth sustainability, employment opportunities, increased foreign exchange earnings, mitigate our dependence on fossil fuel, reducing ports and enhance the living standards of our rural population. Again, it is sad to say that allocations for these projects are far too inadequate.

In terms of strengthening the machinery of government, I note that the Budget has allocated nearly \$55million for development programs under this area. Undoubtedly, the Government recognizes that in order to deliver on its policies, it is essential that government machinery is functioning effectively, however, it is again another disappointment to find that all allocations to be used for this are for office building projects, support to SOEs, contingency for additional payroll and establishment costs for the Bureau of Economic and Social Reform Unit. There is nothing in the Budget to actually address strengthening of the government machinery.

I note with great interest the establishment of the Bureau for Social Economic Reform Unit in the Prime Minister's Office. Of even more interest is that it has been allocated an overall budget of more than \$15million, which is \$9.3million in recurrent and \$6million in development programs. Comparatively speaking, this is more than the total budget for some entire line ministries. Sir, I have no doubt the Bureau is an important part of the delivery mechanism of the NCRA Government. However, it is not very clear to me what exactly the Bureau will deliver on that other line ministries are not capable of producing. At the PAC hearings, the Unit was unable to articulate its role or what it hopes to accomplish this year from the huge budget allocation. It would seem to me that in spite of the Government's good intentions, we may be investing in an enterprise we know may not produce any dividend.

I have to stress again that the establishment of economic growth centres is an important policy goal that I must applaud NCRA Government for. I am aware that this is a carry on from previous governments' efforts to devolve economic activities away from Honiara and to enhance wider participation and spur overall growth. In fact, some ministries have developed firm programs to develop this initiative. However, it would appear that this investment and the associate experience would be lost given that the Bureau will now take the lead role in the creation of economic growth centres. While I can appreciate there may be some merits to retain an overseeing role in the Prime Minister's Office, I doubt if the Bureau would apply itself to the activities envisaged in this very important policy aspiration of the NCRA Government.

I am saying this because apart from the Bureau, there is very little budget elsewhere towards this important activity. I am sure the Minister of Finance and other colleague Ministers for Rural Development and the Minister for Planning & Aid Coordination are as eager as I am on this policy initiative. We must achieve tangible progress with economic growth centres this year.

I would be very disappointed if the NCRA Government does not deliver on this flagship policy. To assist the government in this process, I recently proposed (which I will do again) that locations like Afio in the southern region of Malaita should be priority targets under this policy. I say again that Afio is ready. There is no issue with land, in fact, we have more land than we can use. The basic infrastructure is on the ground and all that is required is for the Minister to allocate more funding to rehabilitate and upgrade the infrastructure.

The Minister would like us to believe that the 2011 Budget has gone through a robust budget process. In fact, his officials informed that no ministry bids were accepted without making a convincing case in terms of the quality of the bids and strong justifications for submissions. This Budget would have been a very different budget if that was the case. However, the opposite is true in many instances. It would appear that allocations to ministries had been set arbitrarily due to the random cuts by the Ministry. I found in many cases that the recurrent budget no longer reflect programs that would have ensured implementation of government policies. Apart from the example cited earlier on, there are many incidences where budget amounts do not really mean anything practical. It is to be said that this Budget does not really reflect NCRA Government policy intentions.

At the Public Accounts Committee hearings, some ministries have already indicated they will seek additional funding through a supplementary appropriation, make virements and Contingency Warrants just to implement ongoing programs. One CEO even said that he did not think the budget is any different from previous ones. That to me says a lot about the amount of consultation between line ministries and the Ministry of Finance and Treasury on the 2011 Budget.

Obviously, this raises questions on the integrity of the consultation process but also on the credibility of the 2011 Budget itself. This Budget is sold as the most credible budget in the history of this country. This may be taken to mean previous budgets by previous governments were not credible. But to the point, I ask who says, this is a credible budget? On whose judgment is it credible? How is credibility of the budget measured? I think the credibility of this budget or any budget for that matter will depend on those who will be implementing it and its intended beneficiaries.

For line ministries, the credibility of the budget depends on the adequacy of resources available at their disposal to implement government policies. But I suggest, it is the rest of Solomon Islands, the 85 percent of our population, the men and women, the boys and girls and the thousands of children throughout this country, it is them that should pass this judgment. For them the credibility of the 2011 Budget would be measured by the impact it would have on their daily lives. The fundamental question is, will this Budget enhance service delivery, improve their livelihood? Therein lies the answer to the credibility question. The budget does not have any credibility whatsoever without better services. When the budget meets these objectives, we can say this is truly a credible budget then we can say, truly this the peoples' budget. Quite frankly, I am not sure if this Budget will live up to the credibility and the integrity song sung by the Minister in his Budget Speech. It is, however, gratifying to note that this Budget has taken into account some benchmarks of international practice. As a fully funded budget, the government will not borrow money to finance its operations either from local or overseas lenders, neither for its recurrent nor for the development budget.

And on that matter of borrowing, this budget ensures will remain on track with our obligations to all our creditors. This is an important practice because every repayment that we default on shuts one door to our borrowing sources. So it is critical that we maintain our repayment schedules.

On the matter of keeping with international practice, it is worth mentioning that the 2011 Budget would meet an important requirement under an IMF program agreed to with the Solomon Islands by the previous government. This is worth mentioning because it is under this program that we have the confidence of our donor partners to provide substantial budget support of \$287million. Without this support my back of the envelope calculations showed that the 2011 consolidated budget would have derived a huge budget deficit of \$263million. But this is important in another respect. If we demonstrate that we can maintain resolve and apply these standards to the public finance management, not only will we retain international confidence but also strengthen potentials for improved revenue sources.

Also, in line with another benchmark under the IMF program, the Minister informed this House that despite unexpected decline in logging export volumes, he expects a rise in export receipts. To achieve that, he will be raising duty rates on exports of round logs as the determined value will move to 100 percent of international prices this year.

Considering that the growing price for round log is now about more than SD\$280 per cubic metre, this is going to be an exceptional source of revenue. I am confident the Minister meant what he said, and that he will do it. My only regret is why did we not do this five, 10, 15, 20 years ago? Why do we have to wait for an IMF program? As is already public knowledge, our resource owners, our economy and this country have lost a huge revenue opportunity. Apart from losing our forests we have lost forever millions of dollars of revenue and foreign exchange. Now, as the forests are almost gone we realize this huge loss. I encourage the Minister to stand by his word to ensure our people and this country is not deprived any further.

An important outcome of this Budget is that in achieving the so called surplus, it would provide the cushion for the Ministry of Finance & Treasury to effectively manage government cash flow. In other words, as long as ministerial requests for payment are in the budget, line ministries can be assured of payment. It means the old excuse of passing the blame on government cash flow for delays in payments is history, a thing of the past. In fact the situation has improved so significantly now that Treasury is operating on a buffer of two months of expenditures. This budget surplus would further enhance this already improved position. That is, indeed, very remarkable and I would like to congratulate the Minister, the hard working Minister and his staff for this. I am looking forward to the outcome of this Budget.

Having said that, I do not see the wisdom in a policy that pursues a budget surplus at the expense of better services to the Solomon Islands population. Why should we aim for a budget surplus while we starve line ministries of needed resources for their programs? I am not sure how line ministries are expected to deliver on their programs after substantial cuts to their submissions in the interest of achieving a budget surplus. Perhaps the Ministry of Finance might explain this to line ministries at a later date when program targets are not met.

I note that the bulk of the revenue is derived from the Ministry of Finance, especially in the Inland Revenue which accounts for more than 60 percent of our recurrent domestic revenue and customs, which account for about 25 percent.

I know that the Ministry is hard at work; it has not stopped making these improvements on collection from these sources. I have no doubt the hard working Minister of Finance has a lot to do with this surge in staff performance.

While this is most appreciated, it is rather frustrating that very little effort, if at all, is being done in other ministries. There are several ministries with immense potentials to increase their revenue collections which continue to under collect. For example, in the Ministry of Lands & Housing, from what I understand, the entire 2011 Budget could have been financed solely from land rentals alone. In the Ministry of Fisheries, the potential to collect from fishing license and other activities remains untapped. In the Civil Aviation collections related to the use of our skies by other airlines is seriously undervalued. I was looking forward to see this budget providing the necessary investment in these departments because they can surely pay for themselves. It is disappointing that once again we lose the opportunity and more revenue by simply neglecting these areas.

I note that a number of ministries were successful in receiving allocations in their development budget for the construction of houses for their staffs. Accommodation is critical to a stable working environment and productivity so this is to be encouraged. The Government must now take decisive action to design a workable housing scheme for the public service; one that will ensure availability of land, access to necessary finances and at an affordable cost. Needless to say, this will not only alleviate the housing problem for public servants but also reduce the cost to government rental accommodation.

Mr Speaker, I would like to stress a point in regards to the Public Accounts Committee work, and I would like to thank you for appointing me as one of the members to work in preparation for this budget. But allow me to comment on one important issue, and I would like to have the Minister consider this for future purposes, and this is on late submission of budget procurements to the PAC. This cannot be tolerated. The work of the PAC is critical to Parliament's oversight role of the budget and general financial management of public finances. In order for it to do its work properly, it is essential that the budget and all other relevant documents are received in good time. This work involves the study of budget documents, summoning of ministry officials, writing of the report, amongst other works. These are no menial tasks, they need goodly time. I urge the Minister to give serious consideration to this request in his next budget.

Overall, the 2011 Budget is no exception, and like my other colleague MP for North New Georgia, I would like to also say that there is nothing to be excited about, nothing to be thrilled about in this budget – it is just a budget! But it is not a bad one. It is a very good effort.

There are some important fiscal infrastructures that I have mentioned earlier have been provided for, although not adequately. But I note some infrastructures that are very important to the southern region of Malaita, and I especially thank the Minister for including the reconstruction and rehabilitation of the Parasi Airfield and its access road. If there is only one reason for me to support the budget, then it would have to be this one!

In closing, let me thank you for giving me the opportunity to speak. I am aware you are as keen as the honourable Minister of Finance to now wind this debate, and indeed there is no reason to continue the debate because I worked hard for you Minister, this side of the House must support it, and so you must also support me.

With these few remarks, I resume my seat.

Hon. TAREMAE: Firstly, I also join other speakers to commend the Honourable Minister and officials of the Ministry of Finance & Treasury for presenting the budget to Parliament. I also thank the Minister for Development Planning & Aid Coordination and officials, the Minister for Public Service and officials for their respective roles in the preparation of this budget; all ministries for translating government priority policies and sectoral programs that are reflected in the budget; the Public Accounts Committee for the thorough scrutiny of the budget and for producing the PAC report on its findings, we also commend the good work.

A budget preparation is difficult process in the face of competing priorities for our limited financial resources. The Government has done well in putting together this 2011 Budget of \$2.2 billion for the delivery of services to our people hence it is the people's budget. I also applaud the facilitation of the Public Financial Reform agenda aimed at strengthening government public finance systems and processes that not only looks at internal revenue collections but also addresses controlling public expenditures and avoid wastage of scarce resources.

The 2011 Budget shows an increase in SIG support towards development programs, which reflects government's commitment. Also Overseas Development Assistance (ODA) remains a major source of funds in support of Solomon Islands' development goals. Our donor partners, both bilateral and multilateral and also those who are providing sector budget supports must be acknowledge for their continual support. With increased ODA, the onus lies on the government to make aid work effectively in enhancing socio-economic development for our citizens. To this end, the completion of the National Development Strategy 2011-2015 will further articulate government development priorities and strategies.

In terms of the budget priorities, I support the sentiments already raised that the budget is set in the context that our country is a small island developing state that is very vulnerable to climate change and also external shocks. Solomon Islands is overly dependent on logging while contributing to economic growth has had major negative impacts as well. Recently, we are now expanding into development of extractive resources. Today Solomon Islands is still a least developing country and categorised as one of the poorest countries of the Pacific. Solomon Islands is also a fragile post-conflict state that is yet to fully recover, including rebuilding of our relationships and seeing ourselves as one people of one nation. Central to the challenges of nation building is that over 70 percent of our population are our children and youths who have the right to a better future yet today so many of our young people lack basic opportunities to realize their dreams. This reality, therefore, demands of us not to lose focus of the causes of Solomon Islands recent problems that had resulted in violent conflict.

The Budget highlights reconciliation and social reform as one of the five main priorities besides national security and foreign relations, restoring and developing infrastructure, development of our economic base and public sector reform. These five priority areas are targeted at addressing some of the root causes of the social crisis that affected Solomon Islands, not so long ago.

Reconciliation and peace building, therefore, are not stand alone programs but are an integral part of all our development goals. While the focus is on enhancing economic growth, some of the lessons learnt were that over the years economic growth had not translated into real rural developments and failed to improve the lives of the far majority of our people. For such reason, the Government will embark on addressing issues of land reform and economic reform that ultimately puts resource owners and people at the centre of land and resource development and management.

The Commission of Inquiry into Land Dealings on Guadalcanal and abandoned property is also a related priority and its work will continue this year, and hope some of its findings will unlock protected issues regarding land acquisition on Guadalcanal. Similarly, the work of the Constitutional Reform is also integral to addressing structural causes of Solomon Islands' past problems and remains a challenge today. Some of the major infrastructure projects and growth centres concept include those that have been in the pipeline and ongoing over a number of years.

This Budget prioritizes enabling Solomon Islands to progress on these major development projects, beyond feasibility studies and ground breaking ceremonies but to embark on actual construction and operation.

Allow me to briefly inform Parliament on my Ministry's work programs and budget for 2011. As you all know, my Ministry is one of the smallest ministries, but it plays an important role because in any development if there is no peace, there is no development. Therefore, the Ministry's key priority activities in line with its mandate of fostering national unity and sustainable peace through reconciliation, reintegration and healing are catered for under two programs in the Development Budget. The first is national reconciliation programs, and second is the Truth and Reconciliation Commission Programs.

The NCRA Government policy directions are to consolidate reconciliation and peace building activities; facilitate extension and completion of the work of the TRC, and to facilitate peace building policy development. The Government has provided \$2million of appropriated funds for the national reconciliation programs administered by the Ministry and \$1.5million for the TRC program activities. A further \$11.264million comes under International Support Facility for Solomon Islands TRC under Development Budget non-appropriated funds.

Briefly, the national reconciliation program key strategies are translated under four program objectives. The first key objective is to advance national reconciliation, reintegration and forgiveness and healing. The Ministry has allocated a budget of \$980,000 for this component. The key activity includes the Solomon Islands Government and Guadalcanal Provincial Government dialogues based on the taskforce report and high level government committee report 2007 and 2010. These talks are planned for the 27th to 29th April, which is this month. The expected outcome is to reach a mutual understanding on the status of the "Bona Fide Demands" and also agree on a way forward on a symbolic reconciliation.

The Guadalcanal Provincial Government and the Malaita Provincial Government first consultative talks were successfully held in 2010. It was resolved that the Solomon Islands Government and the Guadalcanal Provincial Government talks to be convened prior to establishment of the taskforce to facilitate the Malaita Provincial Government and the Guadalcanal Provincial Government reconciliations.

This activity is planned for June this year. The Guadalcanal intra province level dialogue is ongoing. Talks between Marau and Guadalcanal Provincial Government commenced since last year. Consultation talks are continuing this week between the Marau Community leaders and the Government.

On the Royal Solomon Islands Police and Guadalcanal Provincial Government community reconciliations, the Ministry of National Unity and Reconciliation is supporting activities relating to the reforms of the Royal Solomon Islands Police. This year a historic reconciliation was held at Gold Ridge between members of the Royal Solomon Islands Police and the community, in which I witnessed a month ago. There are about 20 more similar cases to be convened this year.

In Malaita, the phase 3 community reconciliations have been completed. One of the remaining case concerns the Seagull issue with the Malaita Provincial Government and the combined reconciliation in Malaita Province which the Peace Building Committee is pursuing to be included this year. One of the key activities is policy formulations pertaining to the national policy on peace building. In view of some of the field work to date and also to translate into peace building programs, the Commission of Inquiry on land dealings and TRC recommendations. Consultation workshops with peace stakeholders will take place.

Similar policy mainstreaming work with government and other stakeholders will include mainstreaming resolutions from various important dialogue consultations, such as the High Level Government Committee recommendations and update on the Bona Fide Demands of the Guadalcanal people, the Solomon Islands Government and Guadalcanal dialogue. A further process on Bougainville crisis spill over effects on Western and Choiseul provinces; peace building and reconciliation dialogue between Western and Choiseul chiefs and Bougainville chiefs will also be undertaken.

The second key objective is to encourage and promote a strengthened sense of national unity and identity. A modest budget of \$370,000 is allocated to advocate and promotional activities on national Unity and peace, and also developing national unity and peace building policy in consultation with government ministries and stakeholders. Some of the peace promotional activities, includes organizing celebration of memorable events such as the United Nations International Peace Day and signing of the Townville Peace Agreement and peace promotion through support for youth sports and rallies and awareness through news media.

Our third key objective is to improve capacity for conflict management resolution and prevention. About \$300,000 is being allocated for program activities this year towards achieving this objective. The key activities include providing minimal support to strengthening of traditional leadership by assisting training workshop for leaders, involving more leaders in conflict management and mediation at community level through community justice program, and conduct of leadership empowerment workshop. Currently, this is being implemented through ongoing national reconciliation process.

The Ministry has established an Eminent Persons Group (EPG) in national reconciliation on different levels of dialogue and reconciliation processes. This Eminent Persons Group will be supported and engaged in some of the activities this year. Limited support is allocated to in-country consultation training and workshops, and also for engagement of faith based entities in peace building reconciliation and healing activities.

This year the Ministry will continue to facilitate youth peace building activities in collaboration with the Ministry of Youth. Some of these activities will include minimal support towards conduct of youth forums on peace and development, life-skills capacity building workshops, and youth and women policy mainstreaming exercise on related areas of peace building and security.

The fourth key objective is to promote partnership with stakeholders in reconciliation process for which \$350,000 is being allocated under the Ministry's budget. Key activities planned to this year towards this goal are to conduct consultation workshops, to establish a framework for strengthened partnership with stakeholders and promote partnerships to cooperate and consolidate peace building activities. From the outcome of the consultations, a peace stakeholder's network focal group will be established for purposes of sharing resources and expertise.

The second program is in support of the Truth and Reconciliation Commission. In line with NCRA policy statement, the TRC has been extended for a further 12 months. The Commission is now in its second and final year of operation as provided for under the TRC Act 2008. Some of the major activities, in particular staff training and public hearings were concluded in 2010. This year, apart from the exhumation and statement taking program, which started in March, the rest of the activities will further consolidate ongoing activities. The government has allocated 1.5million under the development budget. This is being supplemented by the International Support Facility of \$11.264 million under a 2011 TRC integrated work plan.

Program key activities are to continue with public and closed hearings, which entail three sub programs: the thematic hearings for the two former combatants group, the regional hearings in the eastern and central region, and the counselling program as part of the public and closed hearings.

Statement taking is an important activity. A total of 24 to 27 statement takers have been trained and deployed to provinces to continue field work. Ongoing research activities that entail data entry of information from statement takers and transcribing work, case studies on women, youth, children, former militant groups, state and non state actors during the tensions are also ongoing.

Exhumation and victims program is also an important activity. This entails conduct of workshops of which one has been concluded. A committee has been established and one exhumation case is ready this month. Reconciliation program requires mapping exercise that is in progress on key reconciliation cases between victims and perpetrators. Ongoing information and communication program involving providing of promotional information, media awareness, printing of pamphlets and flyers, TV and radio programs, sports and public promotions. An important outcome of the work of the TRC is its final report on its finding and recommendation. This is an important process and professional support is required in the completion of the report.

The International Support Facility to the Solomon Islands TRC is managed by the UNDP. It funds two key programs. The first was to operationalize the International Support Facility. Costs cover the project manager and support staff for logistic and operation support for the TRC. Budget funding allocation for this program is \$2.389million.

The second key program activity is administrative, operational and logistic support for TRC mandate activities. This includes funding of the two international commissioners. The support includes strengthening TRCs capacity of communication and community outreach, facilitation of the truth seeking process, support for implementation of the exhumation and victim program and provision of facilitation services for reconciliation. The budget funding allocation for this program is \$8.875million. The TRC is also required under the Act to submit an audited report on the finances and assets of the TRC when it is dissolved by March 2012.

Finally, in support of these sentiments raised by colleagues, despite of our policy differences there may be, we all have a shared vision of a new united and vibrant Solomon Islands as a new economy. This Budget is a means to enhance our efforts towards achieving that goal. With these remarks, I support the Bill.

Hon MEWA: Mr Speaker, I thank you for recognizing the Minister for Justice and MP for Temotu Nende to contribute to this very important motion. I will be very brief because it seems that everything has been said and so I will take less than five minutes.

First, at the outset, I wish to congratulate the Minister for Finance & Treasury for introducing this very important bill to this honourable House. At last this is what everyone in the country is waiting to see, know and hear. Since the NCRA Government came into office after the August 2010 general elections, this is the first time for the people of this to see and know the beginning of what and which direction the NCRA Government intends to take Solomon Islands to in its tenure in office. I also thank the Minister of Finance for taking the initiative to carry out consultation with ministry officials and ministers on the 2011 Recurrent and Development Budget early this year. This initiative has been very consultative, constructive and is very much appreciated. It has given ministers and ministry officials the opportunity to discuss with the Minister of Finance and his officials, the basis and justifications for their bids, and for the Minister and his officials to suggest alternative ways and means of using existing funding to achieve similar outcomes.

Let me also congratulate the NCRA Government for coming up with the 2011 Budget, which has been presented to this honourable House by the Minister of Finance & Treasury. It is the first budget of the NCRA Government. Budget, as stated by the Minister of Finance is targeted at implementing NCRA policies as contained in NCRA policy document. I must congratulate the NCRA Government for targeting to address five key priority areas of reconciliation and social reform, national security and foreign relations, restoring and developing infrastructure, development of our economic base, and public sector reform under this 2011 Budget.

Third, I must congratulate the NCRA Government for coming up with an overarching theme for this budget. This theme is very important. It reminds us all honourable Members, bureaucrats, public officers and everyone else in this country that improving the way of expending public funds and quality spending are important ingredients to providing better services to the people of Solomon Islands. Further, the quality of public expenditure can provide the basis for sustainable growth in our country.

This theme reminds us that throughout this year when we implement this budget and in the years to come, we need to ask ourselves every time we are about to expend public funds, if what we are about to spend public funds on is quality spending. We must avoid wastage and unnecessary expenditure. I think this is a very important thought to consider as a people who are going to spend funds indicated in this budget. Every time we must ask the question whether what we are going to spend the money on will bring about better outcomes. Or we must see that it is not a wastage and unnecessary expenditure.

I believe that like other budgets, this is a good budget. What I have observed in the past as the problem is those actually implementing the budget, and that should start from us, the politicians down to our officers and others who are responsible in one way or another in using money that is indicated in the budget. I believe that if we see implementers are sometimes tempted, maybe not to appropriate funds accordingly, we have to question, we have to ask ourselves whether we are actually rewarding these people accordingly.

My long time concern, as a citizen of this nation, is the working class, people who are actually working for the government. I am not an economist by profession but I believe there are things we can do for our people to improve their livelihoods. I believe workers in this country are not rewarded accordingly and that is why sometimes they do not use money appropriately. Sometimes they are tempted, maybe to move aside from what is expected of them because they also need bread and butter. I want this Government and even future governments to address this. It is my long time concern that I want workers in this nation to be rewarded accordingly. Because if not, we will experience things like that, and we cannot blame them, we cannot blame them as to why they will hold on to what they are supposed not to hold on to. It means something is wrong. Like I said, I am not an economist but I think we can do something for our people. I think that is what I want to contribute on in regards to our workforce in this nation. Those of you who are economists and are a member of this House today, please try and help the government, this government or maybe future governments to see that our workforce is rewarded accordingly so that when we pass budgets that we spend a lot of time debating in this House, it can also benefit them too. That is what I want to comment on at this time.

I will now comment on what this budget has for my Ministry and also for my people in Temotu Nende Constituency. I think I have to thank the Minister for Finance for including in this Budget the upgrading of Lata provincial airport which successive governments have promised to do but up until today I have now become a member of this House, the airport is still in the same condition. I believe the NCRA Government is a caring government and it will make sure that what it stated in its development budget will come to pass that my provincial airport will be tar sealed or upgraded too in some areas that needed upgrading. I want to thank the Minister for Finance for including that. That is in regards to my provincial airport.

I will now go on to inform you of what this Budget has for my Ministry, the Ministry of Justice Legal Affairs and National Judiciary. The Minister for Finance has outlined in his Speech the five key priority areas for the 2011 Budget, which I have alluded to earlier. The Minister of Finance has highlighted that the Government has committed \$37.6million additional funding under the key priority area of national security and foreign relations.

While the Minister has highlighted three of those projects or activities that will be funded totalling \$26.6million, I also wish to announce that my Ministry is also benefiting from the \$37.6million announced by the Minister. My Ministry and the National Judiciary will benefit from this allocation in the tune of \$3.140million to address our infrastructural needs both in Honiara and the provinces under the development budget. My Ministry and the National Judiciary have also been allocated an additional expenditure of \$2,638,780 under the recurrent budget to meet ongoing recurrent cost and one-off cost. Whilst these increases are modest in comparison to additional funding provided elsewhere in the budget, they are nonetheless much appreciated as they will go a long way in assisting us to continue to provide the legal and judicial services required by the Government and the people of this country.

My Ministry will undertake a number of activities and continue to implement ongoing activities with the resources given to us in this budget. For instance, the Magistrate Courts through the Local Courts will address the backlog in land dispute cases throughout the country. Concerns have been expressed on the irregular and non-sitting of Local Courts in most parts of the country. Irregular and non-sitting of Local Courts have greatly impacted on developments in our rural communities where disputes over land ownership have slowed down development plans and activities in the communities and provinces.

We have about 86 recorded cases pending in our Customary Land Appeal Courts throughout the country. In the Local Courts, we have about 545 cases that have been reported and are pending hearing by the Local Courts throughout the country. These two courts deal with customary land dispute cases in this country. The main reason for these two courts not sitting regularly as we would expect are easy access of funding and inadequate funding.

Developments cannot take place on customary land that is in dispute. So I must thank the NCRA Government and the Minister of Finance for recognizing the need to give more resources to the Local Courts to adjudicate land dispute cases. A total of \$626,780 is provided under the National Judiciary Budget this year to address Local Court cases backlogs. An additional \$150,000 on top of current provisions is given under this year's Budget to allow Local Courts to sit and deal with, not only land dispute cases, but deal with minor criminal and civil matters in our communities.

The National Judiciary is working on a proper cost to enable speedy access to those funds to allow schedule of local court hearings to take place without delay. This includes conduct of training for local court clerks by April and early May this year. There will also be three days refresher training for old and new members of the Local Courts Justices and the Local Court Hand Book, attributes for customs and methods of ownership and user rights on customary land. The training will coincide with the first sittings of each of the Local Courts.

This Budget will enable my ministry to undertake a number of small infrastructure developments in Honiara and the Provinces. These activities will be undertaken in Lata, my town, in Auki and Gizo. We will start to address staff accommodation for officers of our Public Solicitors Office and the Office of the Director of Public Prosecutions in Auki and Gizo this year. We want to start this year and continue with this program in the years to come. We will start to address the housing problems facing our officers in Honiara by starting on our housing program in a small way this year through the Development Budget.

The National Judiciary will be embarking on infrastructure projects in Lata and Honiara for refurbishment of the Court House and the construction of a magistrate residence at Lata and repairs to the High Court building. This year's Budget will enable us to continue with our normal on-going operations in providing the much needed legal and judicial services to the government and the people of Solomon Islands. This should enable us to take care of the remuneration and welfare of our more than 200 officers, provide more accommodation for our officers through the Public Service Rental Scheme, allow us to recruit two more critical positions to enhance and build our capacity to deliver our court services, allow our courts to deliver and dispense justice to the people and the nation, maintain the conditions of our infrastructures so that they continue to facilitate the delivery of our court services and allow us to continue to deliver and provide our services to the community, including engaging with the community on important Justice Law Reform initiatives.

This year, in line with the NCRA Government policy, my Ministry will undertake a number of public consultations on proposed reforms. These consultations include consultations on the tribal land dispute resolution penal bill, consultations on the review of the penal code and the criminal procedure code, consultations on the law relating to land below the high water and low water mark, and consultations on the roles of chiefs and traditional leaders in local and community justice.

The NCRA Government policy statement under 8.3(a) states, "The NCRA Government intention to revive the native courts with the view of integrating the traditional chiefs within the judicial system in ensuring their decisions are enforced". In this regard, my Ministry is embarking on a study and stock take of our chiefs and community elders' involvement in the delivery of justice at the local level in the collaboration with the World Bank Justice for the Poor Program.

Consultations in other provinces will be done throughout this year. The result of the study will provide the Ministry and the Government information on the way forward on how the government should deal with the traditional chiefs and similar setups throughout our country in enhancing their role in the delivery of justice at the village or community level.

Inadequate capacity has been an ongoing challenge in my Ministry in terms of manpower and infrastructure to deliver the services. We are continuously working on addressing our infrastructure needs and requirements initially through this Budget and will address this challenge in the coming budget. Building the manpower capacity continues to be a challenge. We are working on a number of initiatives to address the challenge. We recognize the importance of these and have put it as a key issue to be addressed in our recently completed corporate plan 2011 to 2013. To provide the legal and judicial services expected of us by the people of Solomon Islands, we need to work on a number of key areas in our ministry. We need to develop individual capacity of our officers. We also need to improve our institutional capacity to meet the outcomes expected of us. We need also to improve the overall governance, leadership management, direction and decision making across the justice sector. And finally, we recognize that we need to develop and ensure we deliver our services effectively.

In line with the theme of this Budget, which is 'quality expenditure as the foundation of sustainable growth', my Ministry intends to utilize the funds in the budget within the spirit of this theme. With those few remarks, I support the Bill and the motion moved by the Minister of Finance and Treasury. Thank you.

Hon LIONEL: Thank you for giving me this opportunity to briefly contribute to the 2011 Appropriation Bill 2011. With a grateful heart, first and foremost, I wish to acknowledge the eternal presence of the Almighty God. It is only fitting to thank God for his provisions through His many blessings to all of us and our nation Solomon Islands. I would like also to congratulate all of us elected leaders, men, women, youths and children of Solomon Islands for having come this far made possible only through the grace and love of the Almighty God.

In particular, congratulations NCRA that since its inception in August 25th 2010, despite of the many challenges it faced in the past six months, through its solidarity and commitment to truly serve its people, the 2011 Budget is set forth in order that goods and services to our people, of which the majority resides in rural locations continues. In saying so, I speak well of the tremendous work and leadership of the honourable Minister of Finance and Treasury in laying the platform of the 2011 Budget. I also would like to thank the hard working public officers in the internal revenue division and other contributing ministries who have worked hard to collect government revenues for services to the government and our people. Also, I acknowledge and thank development stakeholders such as donor partner agencies, NGOs and the private sector for their support in past budgets and now the 2011 Budget. No government or anyone is perfect, however, a continuous strive for betterment by all must take place, so that even if not in our time, the future generation of this country will be enriched with the good deeds put in place by those of us today.

In passing the 2011 Budget, I stand in support of it, as the Minister for Rural Development as well as to represent the voice of my good people of South Vella La Vella Constituency in the Western Province. We cannot deny the fact that our country is continuing to face challenges of which are largely cross cutting socio-economic, political issues in nature posing difficulties or hardships in terms of development. Unfortunately but very true is that those who continue to feel the negative impacts are our very people who reside in the rural areas. That is the country's majority population of more than 85 percent.

In recognition, the 2011 Budget is deemed adequate given the timeframe of this year to prepare government and implementers of government policies to progress into a much more positive way of doing things that is result driven.

The call by the Minister for Finance and Treasury for ministries to start planning for the 2012 budget is a good call, as proper planning will result in good decisions made for the future. I do strongly believe that proper planning to maximize full use of resources, especially financial resources can only come about with responsible leadership at all levels. The 2011 Budget spending of ministries, as we have heard, will be closely monitored so that money spend on goods and services for our people do reach them, but importantly make a lasting impact on improving the lives of our people. The fact that our country is intertwined into the global economy contributed to a lot of challenges faced by our people and the nation as a whole.

Economic crisis, environmental challenges and many more factors, some unforeseeable circumstances are prone to Solomon Islands. It is pleasing for our people to note that the 2011 Budget has indeed provided for the provision of ensuring that an extra \$53million is available should there be need for it in unforeseeable circumstances.

NCRA policy reform program measures and the development strategy that builds on private sector led-growth, infrastructure development of economic growth centres is indeed to promote economic and rural development, thus the emphasis more towards broadening the economic base of the rural economy by creation of rural economic communities or people through the various development project funds from the government as well as other development stakeholders.

I wish to thank the member of North New Georgia for his concern regarding growth centres even though the Bureau has taken over the implementation of this growth centre, my Ministry is fully prepared to support and to be involved in the implementation of these growth centres. The 2011 Budget framework is well supported by domestic revenue and donor support. With the support from public officers in the internal revenue divisions and other contributing ministries and donor support, the government is optimistic to deliver whether it be initial preparatory work or for ongoing key activities towards NCRA policy implementation this year, 2011. The Government's key priority areas point to the end product of achieving rural development.

Generally, the allocation of funding to boost key priority areas noted in the Budget when implemented should see the way forth further for our country and the people. It is my true desire as the Minister for Rural Development and a leader of my constituency and people that these resources for priority areas are put into full use in this year and the future. The benefits to our people and the end product are crucial for achieving rural development for all.

I would like to make special mention in the key area of development of the economic base whereby \$53million is allocated for the Rural Constituency Livelihood Program specifically under the Ministry of Rural Development. Since year 2008, the Rural Constituency Livelihood Program was established with funding support of \$50million, a \$1million per constituency budget under the Solomon Islands Government. A total of \$3million per constituency was so far expended for the last three years from 2008 to 2010. Since this funding came in, MPs have already taken \$3million.

Through this program, as you yourself is aware and most of us here in this House would agree this funding administered through my Ministry, has over the years assisted communities, families and individuals in the various sector areas throughout the 50 constituencies. It is no mistake that this is one of the funding for rural development that has touched the lives of rural people in different ways in the past three years and will continue to do so under the Solomon Islands Government budget support to rural development.

The 2011 Budget has recorded an increase to the livelihood funding from \$50million to \$53million. This is an increase of \$3million from previous years, and I want to thank my honourable colleague for Renbell for his concern in wanting an increase to the livelihood funds. My Ministry always has the desire for this funding to be increased, and it is also the desire of my Ministry to see tangible developments taking place in each of the 50 constituencies.

The Ministry also applied for an increase to this e livelihood fund, but as we know there are other 23 ministries also out there, their bids are there and so only \$3million came in for the increase.

Also, the ROC budget support to rural development totals to \$50million each year with \$1million per constituency budget of which comprises ROC support to constituency development. This was previously called the RCDF and now is called ROC support to constituency development. ROC Micro Project fund and ROC Millennium Development fund; these three funds were long time being administered through various ministries in the past. Since 2009, the three ROC funds are now administered through the Ministry for development of communities and people of the 50 constituencies throughout the country. As the Minister for Rural Development, I call on us leaders and the people of Solomon Islands to fully appreciate this development assistance and put them to good use in developing our people and this nation.

In line with improving of public expenditure management, control measures are being strengthened in terms of monitoring of development projects administered by the Ministry. Also, the commitment of the government in its reform measures to ensure that there are more effective mechanisms in place for the administration of rural development funds under my Ministry.

To support the service delivery of the government in the rural areas, 44 constituency development officers (CDOs) have been recruited whilst another six await submissions to the Ministry. As I speak, CDOs are starting to receive budget support of \$20,000 to tour their respective constituencies and conduct much needed work the Ministry requires of them. Updating of constituency profiles, continued monitoring of 2009 livelihood projects and the identification of potential economic growth centre sites is a role that the Ministry through the CDOs can contribute to in terms of the EGC policy. And so I would like to make a friendly reminder here to you colleagues that ensure your CDOs visit your constituencies, otherwise they reside here in Honiara doing your constituency profiles; they must visit the constituencies! Also, another friendly reminder, make sure all Members of Parliament have a good relationship with your CDOs so that the concern raised by the MP for Renbell does not happen where the CDOs are acting like a Member of Parliament too. There must be a good working relationship between the MP and the CDO so that things go well within our constituency. A 2009 monitoring report of development projects administered through the Ministry should be made available to Parliament in June this year.

Having said much, I support the call for strong partnership across all sectors both public and private, donors, NGOs and individuals for a successful Solomon Islands. Also this 2011 Budget calls for responsible leadership at all levels so that in the end, the quality of life of our people is improved.

Lastly, thank you once again for allowing me as the Minister of Rural Development and leader for the South East Vella la Vella Constituency and people for their voice in Parliament that I can contribute positively to the debate of this important Bill. I beg to support the Bill and thank you.

Mr MUA: Thank you for allowing me to contribute to this Appropriation Bill, 2011. From the outset, I wish to thank the honourable Minister of Finance and his hard working staff for putting together a budget base on the reform and advancement policies of the National Coalition for Reform and Advancement (NCRA) Government. The budget is the people's budget and it belongs to the rural population. To increase public and donor confidence in the government's public finance system and processes is of utmost importance to NCRA. This is reflected in the Budget.

I now would like to make some remarks of gratitude to the NCRA Government and highlight the following main points, which concerns my constituency. First, the rehabilitation of RIPEL at Yandina with a sum of \$5million is included in the Budget. The NCRA Government is serious and is determined to solve the RIPEL issue. I applaud the NCRA Government for seeing it fit to address it. RIPEL is reported to be one of the largest coconut plantations in the Pacific, and the government and people have lost a lot of much needed revenue within the past seven years. Let us hope that the RIPEL issue will be sorted soon.

Secondly, I support the idea of downstream processing, and hopefully the Savo/Russell constituency will benefit from this so that decent housing can be provided to those that mostly need of it. Thirdly, I thank the present government for the allocation of \$1million in the budget for the office complex at Central Islands provincial headquarters in Tulagi. This is a positive move to ensure a good working environment for our provincial leaders.

Fourthly, one of the flagships of the NCRA Government is the concept of the economic growth centres. About four provinces will benefit from this new initiative this fiscal year where the growth centres will provide an avenue and opportunity for the rural people to participate in economic and rural development. This is good so that we are all seen to be working together to broaden our economic base and it is my wish and hope that Savo/Russells constituency will host one growth centre in the next fiscal year or sooner.

Fifthly, I would like to stress that the Central Islands province or may I say our constituency of Savo/Russells has some of the most beautiful beaches and scenic areas in the country. In terms of eco-tourism, I hope that the Ministry of Culture and Tourism under the eco-tourism grant scheme will fund some projects in my constituency. In addition, the fact that there is going to be a slight increase in support to the rural constituency livelihood fund, a slight increase of \$3million, as alluded to by the Minister, is a positive step in the right direction.

Lastly, in view of increasing threats caused by global warming and the fact that we are vulnerable to natural disasters such as tsunamis, cyclones and earthquakes, I hope the NCRA Government is now in the process of establishing an early warning system so that people are prepared in ample time. Tsunamis were very rare in the past but now it is a threat that occurs several times a year, especially in our country and region, so we have to be well prepared.

Finally, I do not intend to take up anymore time, but let me thank our donor partners and external funding agencies, including RAMSI for their contribution to our nation building. Mr Speaker, once again I would like to thank the hardworking Minister of Finance and his dedicated staff for producing a sustainable, credible and responsible budget. It is a good and positive start and I wish to pledge my support. I support the Bill.

Mr. GARU: Thank you for giving me this opportunity to contribute to this very important Bill, the 2011 Appropriation Bill 2011. In so doing, let me firstly thank and congratulate the Prime Minister and the Government for finally delivering the much awaited 2011 Budget to our people and nation.

This Budget belongs to the people of this country and all the money we are talking about here is their money. This \$2.2 billion is their money, money is supposed to be put to good use to improve services to them, as well as create economic wealth and opportunities. In particular, I congratulate the Minister of Finance and staff of the Ministry of Finance & Treasury. Also, in the same manner I would also like to thank line ministries, the permanent secretaries and officials for helping out in the final completion of the Budget which resulted in the final tabling of this Bill in Parliament.

My contribution will be short and brief just to highlight some key features and observations to and on the Budget, which I believe need to be noted. In saying so, the intention is just to seek any new dimension to the relationship between financial planning, budgeting and management. In other words, the planning and management of cash expenditure to that of the resource development based context; planning for a sustainable economic utilization and development of our natural resources, in other words, planning for the sustainable generation of income or revenue of our country.

All governments both past and present failed miserably to set a clear direction on where it wants its future to be in the medium to long term. And so what do we see? What we see each year on our annual budgets is a shopping list for the year. It is simply a spending plan for the year. This has become customary each year and I am not hesitant to include this Budget as a shopping list too.

Colleague MPs on the government side will or might have doubted my support for the Budget, but let me assure us all that I have little or no problem with this Budget as presented. Rather my concern is for us to look at new dimensions to think, act and do things differently. For the past 30 years, we have been thinking and doing the same things with very little progress made. This year's budget theme is "To improve the quality of expenditure to improve the quality of service to our people". I personally would like to join my other colleagues in thanking the Minister for Finance and Treasury for this year's theme. As alluded to earlier by other speakers, this budget is the first to come up with a theme. This only testifies NCRA's intention and vision to do things differently.

The theme itself is significant in that it highlights the government serious commitment to exercise discipline and control in all expenditures, and in accordance to approve budget lines and heads in both the recurrent and development provisions. In other words, we do not want to spend our money unnecessarily. And I only wish that the practice of virement should be restricted and controlled.

I shall now share my reservations with regards to the budget process. The budget process follows a series of consultations by way of bids by line ministries through which officials submit their recurrent and developments bids in accordance to their priority programs and development activities for the year. And accordingly, I believe these officials were given the time and opportunity to defend and to justify their respective bids.

However, my observation from what the ministries are saying seem to suggest that whatever amount of justification given, the final share of the cake has always been at the mercy of the Ministry of Finance and Treasury through its Budget Unit, as well as the Ministry of Planning and Aid Coordination based on agreed formulas and preferences.

I guess the Ministry of Finance is only managing finance and I presume the priority has always been on how we can plan to manage and survive until tomorrow through to December each year. Rather, our national development budget is not premised on serious investment drives to seriously build investment to the economy and to give more priority to selected key productive sector ministries. So how long are we going maintain this process?

Of course we have allocated provisions to all ministries as all of them are equally important. But where should we invest so that we have or make the greatest impact in the shortest possible time? Our choices and priorities need to be strategically premised based on sound economic sense. If we look through this 2011 Appropriation Bill, much of the revenue collection forecast comes from the Ministry of Finance and Treasury and the Ministry of Fisheries, and the other ministries, we are all consumers.

As the Member for East Choiseul has alluded to in his contribution, we should be re-investing much more in sectors that can sustain our revenue base, re-invest in renewable resources such as fisheries, tourism, agriculture, forestry so forth and so on, and of course in education and health. We cannot address all these priorities at one time; we cannot do it.

What we used to do as I have observed is that we spread our resources so thinly that in the end, they only become piecemeal assistances. The result is that very little or no achievement has been made and so we will continue to see funds allocated each year. Each year under the same heads millions of dollars are allocated to the same heads. This is evident in this Budget because if you look at this Budget, some of the major projects in this budget are as old as 5-10 years and have yet to take off the ground; and for the next 5-10 years they will continue to require further funding.

The credibility of any budget can only be measured by its ability to deliver goods and services to its people and nation. And the objectives output is to seek socio-economic growth, create income and wealth, generate employment, provide peace security and stability to every citizen, society and sectors of the economy.

I believe and trust that this Budget has the capacity to deliver what it states to achieve. The objectives are clear, it seeks to improve the responsibility and efficiency in the delivery of goods and services. It seeks to provide better resource support and to ensure better public expenditure. It seeks to provide better information and communication.

Finally in conclusion, let me once again thank you for the opportunity to contribute. And on those notes, may I thank the Honourable Minister of Finance again for bringing this bill to the floor for debate. This is important to allow the government continues to implement our national development priorities, and most importantly to continue to provide service to our people. I also thank my colleague members who have already spoken in support of this motion, and most importantly for their valuable contributions and advice to the government, to ensure that we improve our accountability and transparency.

I can only share these same sentiments, not only to ensure an improved budgetary process, but seek that all line ministries and the government for that matter, works within its budget limit. All budgets as we know are our plans; they are merely plans as to how we want to spend our money over a year. We must not have the tendency to seek quick exhaustion of our budgetary provisions just to qualify and justify a request for additional funding through contingency warrants or supplementary provisions and so forth.

I have no problem with the government bill. The government must continue to operate and function to serve the nation and people. And at this juncture may I also register on behalf of my good chiefs, the men, women, children of West Guadalcanal Constituency, to all the donor partners working in support of this budget through the consolidated funds and unconsolidated funds.

To all donor friends of Solomon Islands, thank you very much for your continued confidence and support to our people and government. With this contribution, I support the Bill and I resume my seat.

Hon. ONIKA: Thank you for giving me this opportunity to respond to the 2011 Budget.

As the Minister responsible for the Ministry of Women Youth, Children & Family Affairs, I wish to congratulate the honourable Minister for Finance and Treasury for his wisdom and tireless efforts in making the 2011 Budget ready on time for this meeting of parliament and for his presentations of the 2011 Budget. I also want to commend the honourable Minister too for taking charge of the record \$2.2 billion budget that is focussed on the NCRA Government's key priority in its policy platform. On this note, I also wish to thank the staff of the Ministry of Finance and Treasury, the Office of the Prime Minister and Cabinet, the Leader of Opposition and his group, aid donors, RAMSI Machinery of Government, every hard working public officers in the government ministries, private sectors, leaders of our provincial governments, NGOs locally and internationally and finally the good people of Solomon Islands. This is our country and we need to support each other to make Solomon Islands a prosperous nation. Truly, we are a blessed nation of Solomon Islands ruled by a democratic system of government, have a well defined constitution, have a strong judiciary and legislative system, full of natural resources, and we also have a loving and kind population known for as the Happy Isles. We have different races and cultures, yet we are united in diversity. Formerly we were declared as a failed state and yet we are still a strong democratic country in the region.

I am saying this because we have a specific ministry in the government in Solomon Islands that promotes women development, gender equity and elimination of violence against women. We also exercise justice and equality and we also promote the national youth policy and the national children policy. We have set a framework for family development; for the first time a government to include family development as its policy. This is a flagship policy of the NCRA Government and I thank you for this.

These are the foundations of a good country and a good government and also a sign of maturity (politically, socially and economically). A common saying in the Western countries is that if you want to see where the country is heading and what the country is like, just look at its budget and how it allocates its resources to women, youth, children and family affairs which represents 71 percent of our national population and at the age between 0 to 30 years old.

That is why I am very happy and wish to thank the Minister of Finance and Treasury for accepting our Ministry's budget and ask Members of Parliament to support the 2011 Budget. I wish every Member of Parliament and your families, the diplomats, my good people of East Central Guadalcanal and the good people of Solomon Islands a very happy Easter. With these remarks, I support the Bill.

Mr Speaker: It is now 4.30 and I will ask the Prime Minister to move a suspension.

Hon PHILIP: I seek your consent to move a suspension of standing order 10 in accordance with standing order 81.

Mr Speaker: Leave is granted, you can now move it.

Hon Philip: I move that Standing Order 10 be suspended in accordance with Standing Order 81 to permit the continuation of the business of the House until adjourned by the Speaker in accordance with Standing Order 10(5).

Standing Order 10 is suspended after 4.30pm to enable the proceedings of the House to continue.

Hon SOPAGE: Thank you for allowing me the floor to join my other honourable colleagues who have spoken before me in contributing to the debate of the 2011 Appropriation bill, 2011. I do, however, hope to be brief, whilst attempting to reflect on my Ministry's work program in relation to the spirit of the 2011 National Budget.

At the outset, I would firstly like to congratulate my hard working colleague Minister for Finance and ministerial officials for putting together and tabling this "credible and responsible" National Budget for 2011 in this honourable House. I also take this opportunity to congratulate my colleague Member for North East Guadalcanal constituency for his new appointment as the Leader of Opposition.

To begin with on a general note, I would like to first say that following the delivery of the National Budget Speech, it brings with it a sense of hope and encouragement on the one hand, as well as exciting and riveting challenges and adversities on the other, particularly for us as national leaders; our government ministries as policy implementers and service deliveries, and the private sector who actually help drive the economy forward. With this surplus budget, which in effect can be comfortably regarded as our own funded budget, we have now before us an opportunity to forge forward in an effort to achieve our desired overall national policy goals.

The Ministry of Lands, Housing and Survey to which I have political responsibility for, is one of such government department that hopes to fully utilize this opportunity to address and undertake a broad range of tasks in tune to the spirit of the budget theme, in an effort to achieving the Government's major policy objectives.

Honourable colleague Members and the public at large will recall during the first sitting of this House, my revelation of a huge disparity in revenue due to the government through uncollected land rental arrears.

In line with public sector reforms on the strengthening of revenue collection, my ministerial management team has already started addressing this problem through the setting up of a special internal task force, to look into possible reasons as to how and why this has happened, and ultimately come up with a strategy and mechanism to start collection recovery. It has actually been discovered that other factors have also contributed to this situation, including the expiry of about a third of the total number of Fixed Term Estates, plus the knowledge that property owners have not received their debit notes due to change in their addresses. Whilst to a large extent, the blame has to rest on the Ministry for its negligence and complacency. The failure also rests on the part of the property owner to come forward and fulfil their obligations under the grant instrument. Already as I speak, debit notes are being re-issued to all those concerned as the first step.

As national leaders, we must lead by example, and looking around I note quite a good number of us in this Honourable House who are also contributing to this predicament. I shall not point out anyone in particular, however, we are no exception and therefore, I would kindly request you to check your respective pigeonholes at the end of this meeting and respond accordingly.

In addressing public finance reform processes, particularly in reducing public finance wastage and in improving the quality of public expenditure, my Ministry will be embarking on certain drastic moves, which we anticipate may attract certain legal challenges for which we are maintaining close consultations with the Attorney General's Chambers. This includes the termination of the lease agreement and MOU in respect of the Lungga Dam and Komarindi Hydro projects. It stands to reason that the Government cannot afford to allow anymore unnecessary strain to be placed on its budget in continuing to pay annual land rentals for projects that do not exist.

A further strain on government budget expenditure is the practice of the so called 'goodwill payment'. My Ministry's experience with the Noro/Ziata water source has, according to our records, revealed a total payout since 1998 to date of approximately \$6million in the absence of a formal lease agreement, \$5million of which has been in the name of goodwill. The question posed here is the legal justification for goodwill payments, in the absence of appropriated provision for this in both the recurrent and development budget estimates. My Ministry, however, is now determined to formalize and conclude a lease agreement this year in respect of the Ziata water source.

On the housing rental scheme, my Ministry is seriously looking at a possible mechanism through which expenditure towards housing rental can be reduced to an affordable and sustainable level. One such strategy proposed is to conduct a nationwide (Honiara and provinces) inspection and valuation of all properties, so as to try, regulate and standardize rental charges across the board, particularly on the open market. We have been trying to recruit one or two building inspectors for this task, through possible deployment from MID. This is considered necessary in view of the fact that a good portion of government expenditure is due to uncontrolled rental accommodation on the open market.

On the same token, my Ministry in collaboration with the Ministry of Public Service at the senior executive level are pursuing the possibility of establishing a public service housing scheme, as ministerial estates or tied houses, which should help in the long term.

To-date, land has already been identified and once funds can be secured for the land purchase, and actual construction may be able to proceed.

I wish to make reference to the Minister of Finance's sentiment echoed in his budget speech in which he quite clearly pointed out the impact our land tenure system has on impairing business opportunities and infrastructure development. This may be true when it comes to the acquisition of customary land, and also to some extent, public land as well. This will be a major task for the Land Reform Commission to address. But in terms of my Ministry's contribution to the growth of the economy, I wish to firstly clarify that the primary function of my Ministry in relation to land is that which concerns merely the management and disposal of public lands - registered or alienated land. Effectively our pivotal role is confined to that of a facilitator in respect of other sectors, in simply preparing land for development, be it economic, infrastructural, social security, educational or recreational etc.

My Ministry in implementing government's focal policy of establishing rural economic growth centres has already taken the lead in immediately responding to the honourable Prime Minister's commitment in the Russells Islands. Sub-division of 136 parcels on Pavuvu and Louna were done previously, simply awaiting the confirmation of transfer of the perpetual title to original settlers. A team comprising surveyors, valuers and physical planners will travel to Yandina to carry out work in preparation for the resumption of the land by the Commissioner of Lands, specifically for commercial and social infrastructure development. This will be the beginning of the first rural economic growth centre. It is viewed by my Ministry that land is already held by the Commissioner of Lands, as well as other alienated registered land for which the perpetual title is held by others, such as certain provinces whilst the perpetual estate is held by the Premier, it will be far easier to acquire for the purpose of establishing rural economic growth centres. Customary land may take far longer given the negotiations and the acquisition process.

The widely publicized forfeiture exercise is now expected to be effected and commence in two to three weeks time. This will initially involve just over 300 parcels of land both within Honiara and Auki, for which the Fixed Term Title holders have failed to honour their obligations under the grant instrument to develop the land within the agreed period (a good number for as much as 10 or more years). The implications of this are new premiums and rentals payable by lucky applicants. The actual number of parcels qualifying under that forfeiture is expected to hit the 700 mark, however, they will be dealt with in batches and not all at once.

To name a few projects that my Ministry has already started working on includes:

- The Tina River Hydropower Dam Project. The Ministry is in the process of advertising for expressions of interest to carry out land acquisition, and the Commissioner shall exercise his statutory power requirement in approving the appointment. This acquisition process will initially cover the road and transmission line access to the dam site.
- The JICA/SIWA Borehole project – resumption and acquisition process has already been completed and the project should be ready to go.

- Hells Point Police Project – The Commissioner of Lands has reacquired this land through resumption and re-entry in the national interest.

I would like to thank on behalf of my people of North Guadalcanal, the chiefs, church leaders, women and children, the GCCG and CNURA for their support and assistance by putting in the development budget the out grower scheme, which my colleague Leader of Opposition has mentioned earlier. I thank them for their support and assistance. The oil palm out grower is now in production and is providing foreign exchange revenue to our country. However, in this year's budget it is not provided for but they will have their access in providing for them. I thank you and I also thank the government. I would also like to thank them too for their commitment and respect to this funding and now they are enjoying the funding. I thank you for their respect.

Before I resume my seat, I would like to make mention here that my Ministry has always been under the spotlight and has continually attracted negative publicity. In spite of the negative image the public has of my Ministry, I have the confidence that some credibility will be restored, in particular as I have a strong and committed ministerial management team now, led by a zealous and very determined and unyielding Permanent Secretary. We hope to reform the Ministry and put things right this time round. I support the motion and I resume my seat.

Hon. FUGUI: Mr Speaker, it seems that you and I in terms of our telegraphs are always coinciding at the right time. I thank you for your patience and your perseverance for holding for so long, because the afternoon has drawn too far.

Sir, I also on behalf of my constituency and the Ministry would like to join other speakers to contribute, but specifically on the credibility and the responsible nature of the 2011 Budget, as the first budget of the NCRA Government. If you have listened to most speakers, what they do is they compare, but you turn the formula to the other side, if you contrast it, you will see why this budget is credible and responsible. If we recall the Minister of Finance has said and I quote, "in the last two years the global economy has gone through its deepest recession over 70 years"; 70 years and not 7 years, brought about by a crisis in the financial sector in particular in the developed countries, mostly in America of the subprime mortgage crisis. And that we have seen an estimated 34 million people who have gone out of job. That, in itself, makes a huge contrast so that our budget stands in a background which is not only promiscuous, but clear and patent in terms of comparison and contrasting in terms of what a budget is. Because unlike what many people have said, budgets are not a 'fit for all entity', it comes according to the policies of the government in terms of the philosophy that underpins it, in terms of the values, in terms of the money that we have, and in that case it is a very unique animal in itself as it is presented whether it is presented 20 years ago or today. It is very important that we make the contrast so that we can be clear when we explain it because everybody is listening and the nation at large is listening. I thank you for your patience.

Allow me also to thank the Minister of Finance for the work and effort he and his staff have put in drawing up and finalizing the budget. It is a fine job that needs to be accorded special accolades, and I congratulate the Minister responsible.

I would also like to thank all members of Parliament who have seen it fit that despite of differences, and you and I know very well the deep differences between us in terms of the politics that has caused scavenges amongst members, amongst the divisions in Parliament itself, members in their wisdom today must make sure the Budget has to see its passage in Parliament. I thank you all for that. Finally I would like to thank people of Central Honiara constituency, particularly my constituency committee and zone members who have helped to cushion pressure at a time when demands and request for assistance, especially for school fees. And that the Budget speaks loud and clear on it; can be quite burdensome. I thank you for that.

Now, I turn a corner to move on to the budget proper, specifically on the contents of my Ministry's budget. This is subsumed under different divisions in the Ministry of Environment, Climate Change, Disaster Management and Meteorology. First, the Environment and Conservation division has a total budget of \$2.3 million, 34 percent of which is for sustainable environment management.

I would like members of Parliament to take special note of this because the Ministry of Environment, as I have alluded to ones, is a ministry within our government, but the crosscutting issues it has to deal with is global and worldwide. Therefore, the parts it is engaged in is beyond the national boundaries, and so it needs a little bit of fine tuning so that we can appreciate and understand it fully. This is broken down as follows: \$90,403.00 for awareness materials and equipment; \$49,896, for general training; \$129,000 for certificate in environmental studies in SICHE, we have to train people now so that they can take care of us in the future; \$170,745. 00 for SPREP and IUC and partnership, this is a membership in these international organizations; \$128,804 for research, RND research and development are very important part in terms of any nation for its development now and in the future, and \$240 660.00 for conservation, conservation is very important.

The 2011 Budget, therefore, does not only satisfy our needs of today, but more importantly it imputes intergenerational equity. It makes sure we are on a balance, not only now but especially for the future. It protects the needs of the children of tomorrow and it safeguards the future of our grandchildren. Some of us have a lot of grandchildren and we must take care of that, and you can appreciate this.

The second division in the Ministry's meteorological service division has a total budget of \$5,310,582, 35 percent is for weather preparedness and weather preparedness are radio communication, publicity and awareness, specialized equipment, consumable upper air, consumable service, protective clothing, safety equipment, automatic weather station, which so far we have none. So we are trying to buy an automatic weather station because the weather itself which is symbolic of God, the heavens are calling, we must be prepared for this. Automatic weather station, weather watching and warning, satellite system and defence, forecasting, general training, material aid for training and a library, a library for books as well as a digital library. We have to be prepared. This shows that the 2011 Budget is too tailored for readiness and alertness in weather preparedness. This tool is necessary to protect the lives and properties of our people from weather related events.

The third division in my Ministry is Climate Change division, which has a total budget of \$1.4million. I thought that is a minuscule amount; we could have elevated that to \$10million, but as you know so well, Mr Speaker, that is up to your discretion.

About 60 percent of this Budget is climate change preparedness, which includes publicity, promotion, vulnerability and adaptation assessment, climate change mitigation assessment, general training, climate change partnership, research and clean development mechanism. When we are dealing with the economy or when we are dealing with politics we need to be clean, not only physically but also environment-wise. These actions put an emphasis on the fact that the 2011 Budget has taken into account the need to prepare us to tackle the adverse effects of climate change. With this budget we are not only to adapt, but we are also to mitigate our contributions of green house gas emissions; so you see we have a handful.

The fourth division in the Ministry is the National Disaster Management Office. This is a very important office. Many of these things when we deal with it, when our efforts end, it is the Divine Providence that we invoke. Just yesterday, one of our buses ran off, fortunately the driver was safe; we can only attribute that to divine intervention. So here we are, we are dealing both with the weather and also the supernatural in terms of God himself.

The National Disaster Management office has a total budget of \$5.1million. I think that is small, that is an under estimation, instead of an over estimation. Disaster preparedness will take up 34 percent of this budget. This includes publicity and promotion, Disaster Council expenses, protective clothing and safety equipment, conferences, seminars, workshops and grants for Provincial Disaster Council. The 2011 Budget in this regard is not about disaster relief and responses only but it is about preparing our people for natural disasters that may come tomorrow; mostly unexpectedly. Disaster preparedness, on the other hand, has proven to minimize the effects of natural disasters globally. Locally, this budget will build our readiness and preparedness for natural disasters.

I agree therefore with the 2011 Budget Speech by the hard working Minister for Finance and Treasury. Many people said that we repeated this time and time again, but I think he deserves this to be repeated. It is the BBC style of reminding it through repetition that this is important, not the ABC style.

This Budget is both credible and responsible and in terms of Environment, Climate Change and Disaster Management and Meteorology, this Budget is also very much a responsive one! It is a credible and responsible one, but in terms of environment, it is also a very responsive one too. It is almost a missile budget. It shoots up into the sky where we have never been.

In concurring, I will show how the Budget is credible, responsible and responsive in terms of sustainable environmental management, weather preparedness, climate change preparedness and disaster preparedness.

Allow me to move on to the subject of national development strategy. The Minister of Finance and Treasury has said that the Government is developing a national development strategy. The Leader of Opposition stated that the national development strategy had begun this time last year. Allow me to say in support of the mover of this Budget that every government that comes into power brings with it its own raft of policies. These policies determine the direction of the national development strategy. It is right therefore to say that the NCRA Government is redirecting and realigning the development of a national development strategy with its policy. In terms of environment, this is tough.

Allow me to say also that for the first time in this process of redirecting and realigning of the development of the national development strategy, the NCRA Government is able to mainstream. Mainstream is a key word in terms of environment – climate change into our budget, disaster risk reduction in our budget and environmental issues into the national development planning and also in our budget. There is a lot of work and it is not easy when you are dealing with international negotiators whose job is done with finesse when they are negotiating.

If that is not good enough, is not ground enough, NCRA Government has taken up a step ahead of all previous governments. The NCRA Government has extrapolated the national development strategy into long term planning. Something that you, Mr Speaker, and I have known during the Mamaloni era, but in the wisdom of those who came after the Mamaloni era have decided for the program of action instead of the national development plans. You can appreciate that!

For the first time, the Government is now talking about 20 to 50 years of planning, and this is true especially of environment and climate change issues. Developed countries such as Japan and the likes have progressed and progressed well too because of long term planning. Our picture on the contrary, after 33 years of independence is of a country that only now realizes, but with the support of NCRA leadership, business as usual is not improving the livelihoods of our people, we need long term planning and the NCRA Government is committed to pursue long term planning.

Specific to my Ministry, for the first time in the history of this country, we have receive budgetary support for climate change. This is testimony to and a result of our participation in climate negotiations. We have money not only in the country, but in many cases, huge sums of money are outside and therefore we need to negotiate for them. We must not go on trips for nothing, we go to negotiate, and on ministerial trips only, not on official trips, as attractive as overseas trips are.

Our international participation is bearing fruit. It is also evidence of the fact that our development partners and donor communities have placed confidence in us and trust us with the management of our public finances, and budget is a part of public finance or government finance for that matter. Our detractors have questioned the capacity of the government to deliver budgetary support for climate change. Presently, my Ministry is putting in place a program management unit to oversee the implementation of this budgetary support for climate change adaptation. We are going to work on that. But let us pass the budget first. We need the budget. Every time people come to ask us for school fees and for a bit of money, that is an indication of the trust and confidence the people have in us. Not because they come; no, no, no, but because they know that when they come they have answers, not only monetary but in friendship, in confidence, in trust, in supporting them and in talking to them, and not in escaping them. This is very important.

The program management unit is working on the program of work to implement the Solomon Islands Climate Change Adaptation Program. With endorsement from Cabinet, this program of work will set a pace, the implementation of the climate change adaptation work program. The Government knows that adaption needs are urgent and immediate.

The Government also knows that climate change financing should be a common feature of our changing climate. It is incumbent on us, therefore, that in order to convince our development partners and donor communities, we must timely and effectively implement the SBD\$28million EU general budgetary support for climate adaptation. And we do it well and do it properly because this is still tied aid and its conditionalities are very specific and fixed. Only then will the lock of climate change financing be undone to finance our urgent and immediate adaptation needs.

The Minister for Finance and Treasury has stated, in real terms the economy has grown by 6.75 percent in 2010. This is said, was largely attributed to the expansion on log exports and an improvement on commodity demands and prices aided by the recovery in the global economy.

The Minister further said, and this is very telling in terms of what is important in terms of environment, that logging volume, however, is expected to decline in 2011 due to reduced supply. To that end, I say in support of the Minister that budgetary support is a facility the country can depend on when revenue from log exports decline. (Underline the word decline because it is declining and it has been declining). This means for the Government and it is good environment, it is good. Instead of developing when we cut down trees we develop when we grow trees. This means for the government that when logging receipts decline, budgetary support will fill this gap in the short term.

In the medium to long term, the Government is embarking on growth centres to facilitate development of tourism, agriculture, fisheries and other commercial sectors - one of the flagship policies of the NCRA Government. Not a new idea, the only difference is that the NCRA Government is putting a budget to it, and that is what makes the difference. In terms of budgetary discourse you put money to it, it changes the whole world. And that is why this budget is both credible and is right for us to have it.

It is obvious that the environment disaster risk reduction and climate change sector is a major window of opportunity for budgetary support. Therefore, we can anticipate that with the success of EU general budgetary support, development partners and donor communities will be encouraged to provide further budgetary support on environment disaster risk reduction climate change related programs. It is becoming more evident that the environment disaster risk reduction and climate change are no longer minor subjects for exotic discussions. The world over is now talking about green dot, international fora are discussing ways to reduce natural disaster. The United Nations has engaged in complex negotiations on climate change. All these have made the Ministry of Environment, Climate Change, Disaster Management and Meteorology much of a media envy.

Indeed, the Ministry is made powerful by the day. With this recognition and added power, the Ministry under my leadership, it happens to be under my leadership at the moment, it could be other people's leadership tomorrow, next tomorrow when I am sacked or when I am changed by the Prime Minister himself. But at the moment it is under our leadership, and we will do our utmost to make the 2011 Budget a surplus budget.

Before I end, my son asked me, 'dad, when are you speaking?' Why do I have to speak? Because I do not know what a surplus budget is'. This is a simple question, but I think applies to many of our audience, members of our audience who are not only watching by TV but listening on the radio, as to what a surplus budget or a deficit budget is, so if you can excuse me, Mr Speaker, one more shot and I will be there; I will just explain it.

The concept of a balance budget is very much an economic and a public policy terminology. Balance budget is not a simple one dollar earned is one dollar spent. No, rather, a balance budget usually means that all government spending is paid for by money collected in taxes, mostly taxes, but in our case, with aid assistance in terms of budgetary assistance too. A balance budget can also mean that there is adequate money to cover all the government policies, programs and intentions. If the current tax receipts exceeds current spending, the budget is said to be surplus budget. On the other hand, if the government revenue does not cover all of its spending, then the budget is said to be a deficit budget. The accumulation of government deficits over time, add up to the government's debts of what is usually called the national debt. I hope it explains this because public budgeting can be a mystery even to professionals. With these few remarks, I beg to support the Budget.

Mr Speaker: I think this is the appropriate time now for the Minister of Finance to wind up the debate.

Hon. Lilo: Before I say so, I have three letters here asking me if I can request you to adjourn the debate to the next sitting day and the question be put to the next sitting day, but I will abide by your ruling, Mr Speaker, if it is permissible that I can move that question.

Mr Speaker: If anyone wants to speak, they can speak now.

Hon. TORA: Thank you for allowing me to contribute to the 2011 Appropriation Bill 2011. Before doing so, allow me time to take this opportunity to congratulate, on behalf of my people of Ulawa/Ugi constituency, the winning candidate for the Mbaegu/Asifola constituency. I believe his people have trust and confidence in him to represent them in this honourable Chamber.

I would now like to turn to the 2011 Appropriation Bill 2011. I am more than delighted to hear previous speakers, especially those from the Opposition Bench supporting this important bill. Because if they do not support this budget then something must be wrong because this budget belongs to the people of our country and it is all of us in here that represent our people.

I would also like to take this opportunity to thank the hardworking Minister for Finance and Treasury and his officials for putting together the 2011 Budget, and the manner in which it was presented. I highly appreciate the general intention to emphasize quality spending and the notion of promoting supporting infrastructures to boost economic activities. I also thank and acknowledge the chairman and members of the Public Accounts Committee for taking the time to thoroughly analyse this year's budget estimates. I would like also thank my Permanent Secretary and officials for their dedication in putting a very thorough budget proposal together.

Again, although we did not have what we initially asked for, we only have less than eight months remaining and I do hope that we can still work within the allocation given. It is a tight allocation but I hope that we commit ourselves to working within our means; review and improve our expenditure levels as much as possible; promote government's public management reform agenda by managing our limited resources properly. The government needs to show the public that we do care about public funds and how they are used to provide services for our people.

On the budget itself, I am so encouraged by the fact that government revenue collections has in 2010 recorded more than the \$1 billion mark from our domestic collections. This figure reflects the capability of the government to even collect more, and I am pleased and very encouraged indeed to hear from my colleague, the Minister for Finance and Treasury that it is expected to grow by a further 12.9 percent in 2011. I can only encourage our revenue making ministries to continue with the good work of improving our revenue collection. As a responsible and serious government we need to seriously improve revenue collection.

We desperately need this revenue to assist service delivery ministries like Police, Health and Education to operate. It appears that things have improved a lot more than we realize, but these goodies must also be realized by our good people in the rural areas. A good measure of our success is reflected by the quality of service delivery to our rural populace or the availability of government services in the rural areas.

People in the rural areas must know, feel and enjoy the goodness we are talking about. But, on the concerns raised that the government cannot continue to rely on our foreign friends forever, I have this to say. Any government, no matter whatever government is in power will never be able to work on its own. It is a fact that no country in the world will survive on its own. We need our friends to work alongside with; they need us and we need them. That is the global norm.

Yes, of course we need to show them that we are serious about improving ourselves and we are doing it now. Any government in any country would like to see a surplus budget. Even the Australian Prime Minister, Julian Gillard on Thursday 31st March 2011, last week talks about serious cuts in the Australian budget with the aim of creating a surplus budget. So what are we talking about? Yes, we need to be able to have something in stock for the rainy days, so I must thank my colleague Minister of Finance for this approach. The important point is that we, the government, development partners, external friends and non government organizations must continue to work together, supporting and complementing each other in our programs. They know that the government is serious on its part.

I must also thank our external friends for assisting the government through budgetary support provisions through our development budget. I am encouraging others who are yet to disclose their monetary assistance to come to our books to assist the government. By doing so, the government will know how much is in the appropriation and non appropriation expenditures. It gives the government a good indication of the budget support the country is getting from our friends. This will capably assist the government to realize and appreciate the true cost of running government ministries and the agencies. I believe this information will assist the government in its assessment, and planning of its budget year by year.

It has been unfortunate that governments over the years have been assuming too much when it comes to actual expenditures made, whilst donors and development partners assist in logistic support without realizing the actual cost needed to execute their programs. The only time we seem to realize the difficulty of sustaining these programs or projects is when the project or program has concluded.

On this too, I must commend the Minister for Finance for the transparent process in which this Budget has been formulated. It is a good approach which involves all key stakeholders on what each ministry gets. As a responsible government we will not fight over what slice we get, but work with the allocations given. Again, it comes to each responsible ministry to properly manage its spending as the theme of this year's budget entails. It is a commendable process, and I must thank the Minister for this approach. I also welcome the \$15 million contingency to meet potential additional payroll expenses. My two agencies are also those that were affected by the inaccuracies of payroll over the last two years, and it is a relief that there is allocation to rectify this outstanding error.

Let me turn to my Ministry. As you would realize, this year and as usual the Ministry has the third highest allocation of the annual budget to date. In fact the Ministry and its agencies have a total of \$123,373,391 to appropriate from the recurrent budget estimate and \$13.3million for the development budget estimate, 2011. That is 7.3 percent of the recurrent estimates, 2011 and 2.7 percent of the development budget estimate for 2011.

As you would know, in terms of operating cost, it is quite difficult to envisage the actual cost of policing in Solomon Islands. Any country in the world must know the cost of its police or its defence ministry. Unfortunately we are still struggling with our ability to sufficiently avail more money for law and order. But thank goodness, the country still has the support of RAMSI, the Participating Police Force (PPF) to assist in certain areas of logistics that the Royal Solomon Islands Police Force (RSIPF) is insufficiently budgeted for. In this regard, I must thank them indeed.

At the moment, a study has been conducted by the PPF in collaboration with my Ministry and the RSIPF on the true cost of policing in Solomon Islands, and we look forward to receiving the report on this study, which I hope will highlight the areas of concern in terms of the high expenditure area currently footed by RAMSI, which the government must acknowledge and start to plan ahead on how this cost will gradually be featured into the Solomon Islands budget in the years ahead. Like health and education, police and correctional services throughout the country is quite an expensive service to provide. This is something that we as leaders must understand when it comes to budget. We should not argue about allocations but be forward looking and further look for more ways to increase our revenue sources so that we can fund a substantial component of the budget complemented by our external friends.

In terms of the Corrections of Solomon Islands, the priority is development of effective leadership and management as part of capacity building to ensure that delivery of services is maintained and improved in years ahead. The focus of CSSI is on rehabilitation of inmates, assisting inmates and prepares them for positive engagement into the communities when they are released.

I must, at this juncture, inform the House that we are on track with compliance to the United Nations Standard Minimum Rules for Treatment of Prisoners. I will deliberate more on this during my session with you at the committee of supply stage.

I must also thank the Law and Justice program who also made available resources to enable and research a study to be made on the "true cost of operation for the corrections of Solomon Islands". This study once completed will enable my Ministry to closely look at our budget bids and the actual cost of running the organization. Moreover, I would like to inform the House that a new Gizo Correctional centre is also at the design stage and will be constructed soon at the Malakerava site at Gizo. This will also be funded by the Law and Justice program. It is at the design stage and should be under construction in the next two years.

On the issue of the Parole board, I thank the Minister for Finance to avail \$1.5million for the work of the Parole Board. This allocation would be mainly to assist the Ministry in securing and renting a decent office accommodation for the board, purchase office equipment and furniture, capacity building visits to understudy parole board settings in other relevant countries and other functional requirements of the board. I will deliberate more on this in the committee of supply stage.

With regards to the Royal Solomon Islands Police Force, we are at the experimental stage in that we have our Solomon Islands budget allocations on one hand and support from RAMSI and PPF and others on the other. Sometimes the SIG budget is good and sometimes it is not so good. The fluctuating SIG budget allocations really depend on the capacity of our revenue. As I have alluded to you earlier, my Ministry has only 7.3 percent of the 2011 cake compared to education and health who have been allocated about 29.63 percent and 16.8 percent respectively.

Coming back to my sector, to achieve the policy objective under police, national security and correctional services, I need a substantial amount of money. But I have always been very understanding, and I want all of you to understand that policing throughout the country will and has never been easy and a cheap exercise.

In terms of policing, the police operational cost is something that requires some degree of balancing between the Solomon Islands Government and our external friends to work on in the spirit of partnership for the next years ahead. I must also inform the House that from the initial findings of the study undertaken, as I have mentioned above, internal organizations have spent approximately twice as much on the provision of police and security services in Solomon Islands than the Solomon Islands government does. The question I would like us leaders of this country to start thinking about seriously now is how the Royal Solomon Islands Police Force would manage its functions and provide its obligatory service to the people of this country without the benefit of this support.

In terms of the Development Budget, I am satisfied with the \$13.3 million allocated to the Ministry for the new police housing and upgrade of police stations throughout Solomon Islands. It is a fact that without proper accommodation for our officers, their commitment and loyalty to the Force and the country will be greatly affected. I know that you too, Mr Speaker, and myself have been in the Police Force before and so we understand the situation I am discussing here.

Therefore, the NCRA Government through my Ministry will always prioritize and place more focus to ensure funds are always allocated for more police houses to complement the houses currently under construction under this New Zealand and AFP funding arrangement. In fact, the Ministry with its development estimates for 2011 of \$13.3million is intended to build at least 17 new houses at the following locations: 4 police house at Naha; 3 police houses at Gizo; 1 police house at Buala; 4 houses for correctional services at Naha; 2 houses at Tulagi; 2 houses at Seghe and one police station at Marau.

We are fortunate to have external assistance from New Zealand and Australia Federal Police for more police houses. The current houses under construction in phase one of the New Zealand and AFP funded houses are that New Zealand has funded 44 houses and AFP has funded another 50 houses, a total of 84 houses in phase one. These houses are spread across the provinces as follows. Rove 4, Henderson 16, Tetere 11, Lata 17, Noro 12, Munda 6 and Gizo 18. I believe the Minister for Finance is happy because his constituency gets the most houses. The first houses to be completed are the four Rove houses which I have the honor to commission them alongside the New Zealand High Commissioner last week.

Phase 2, which runs from June 2011 to 2012, Australia through AFP will be funding 50 more houses. These houses will be located as follows: Malaita will have a total of 26 houses with 20 to be built in Auki, Atori 3 and Atoifi another 3 houses. The Makira/Ulawa Province will have 14 houses to replace the current very old houses. For Choiseul, 10 houses will be built. I therefore would like to thank the Australian Federal Police sincerely for complementing the Solomon Islands Government's efforts to address the accommodation of police officers. In addition, in terms of housing for corrections, I must also thank the Law and Justice program for availing funds to build 25 houses for correction officers in Gizo, Western Province and 5 houses for officers at Lata. (My colleague here on the left is smiling).

My Ministry has the intention to review the current Police and Corrections housing pool, update its finding with the aim of developing an Infrastructure Development plan which will be later presented to Cabinet. This, Plan, once completed, will clearly spell out the development projects for the next five years, looking at the annual allocation of houses throughout the country based on practical and achievable number of houses each year. Demands from communities, statistics and crime rates and related maintenance cost of these houses will greatly assist the Ministry two and its two agencies - the RSIP and CSSI, when it comes to submitting of budget bids to the Ministry of Finance.

Before, I resume my seat, our police and correction officers have been through a lot and they want to see restoration of their reputation, respect and live in decent homes around the country. No working class in this world can work well living in a house that looks through its roof to the sky. I hope that this joint effort by the Ministry, the Government and our external friends to address the welfare of these officers whilst promoting capacity building will improve the work attitude and qualities of officers giving them morale boost and pride.

With these few remarks, once again thank you for giving me the last chance to speak and contribute to this very important motion. I support the Bill and I resume my seat.

Hon. TOVOSIA: Thank you for recognizing me to contribute to this annual event which effectively reflects democracy at its best; that decisions are finally made and done after hearing from everyone who will be affected by the subject in discussion.

I stand here and would like to also thank the Finance Minister for a well prepared speech and budget that sums up the combined work of all other colleague ministers, their permanent secretaries and officials of all government ministries and constitutional bodies. I would also like to thank members of the Public Accounts Committee for their tireless efforts in trying to scrutinize the Draft Budget before it is finalized. Budgets are not new to all of us, although most of us do it every day at a loss or what accountants term them as deficits. The budget, as we all know, is the highest means of check and balance the government enforces on its manpower services as to have control over how ministries operate and how they can achieve results within some reasonable expenditure.

The Ministry of Forestry and Research has been politically headed by three ministers and to-date it would be a difficult task for me to try and read the brains of my predecessors although what has been provided for it in this Budget will at least carry the Ministry through in the next eight months. The Ministry, as we all know, directly deals with the resources of the rural population, and one can only agree that logistics support must be provided to enable the Ministry reach out to these stakeholders.

As the Minister responsible, I wish I could be given what I wanted to run the ministry with during my term in office. My Ministry has been termed a corrupt ministry. This is a sad thing to know from the public and publicize in articles that the Ministry of Forestry has become a corrupt ministry. I stand up here to inform you that I will try my best. People working there in the ministry are decision makers in the Ministry of Forestry. It directly indicates that they are decision makers in the ministry. I would like to confidently say on this floor that I will try my best to see things do not happen the way everybody thinks. I am, however, very happy that with the limited resources available to us, we and I will be able to offer more than \$8million worth of projects to advance the interests of the rural populace.

I believe other speakers have mentioned in their speeches the \$8million project. I want to say here on this floor that I would like this project to be properly organized. It is not the stronger ones getting what they want and the weaker constituencies have nothing. I want it to be properly done, and I will make sure it is properly done, and as I say it will be done the way everybody thinks it will happen. I want you honourable colleagues to submit what you want so that things are properly done, and that is what I will make sure.

I am further blessed with a further \$8.5million for our people who wish to invest in reforestation. Only cutting logs, and not replanting them? The NCRA Government is serious in wanting to see replanting of trees. And that means I as the Minister responsible for this ministry will make sure it happens. It must happen anyway within the one year budget. About \$2.5million of this would be to assist the North New Georgia forest plantations. Is that what you want to hear?

As I have said earlier, I only wish I could have more but that would mean denying other important sectors as well. But I am encouraged that these are ongoing programs. I am sure that in the next decade or two, the country will enjoy the benefits of plantation forests when the natural forests are completely depleted.

You would note that one of the biggest weaknesses in my Ministry is the inability to effectively monitor certain aspects of the logging industry. As I said earlier, the Ministry has been publicly criticized. I am sorry to say this, honourable colleagues, that this must not be encouraged. I believe this is in our constituencies. I think my Ministry is having headaches every day in that our issue goes down to the Attorney General's Chambers and ends up at the High Court. This means we cannot control ourselves. Let us talk to our people strongly. If we have to stop logging then we have to talk about it. It just cannot be the Ministry alone that talks about it, but it includes everyone of us honourable colleagues sitting down in this House must seriously look into this. We cannot allow these things to happen if we do not want it.

I have no difficulty supporting the budget, not because I am a minister but rather I see economical project and programs in it which are realistic and affordable. Also, I see the Budget is going to make a difference to the rural peoples' life. And here I would like to thank the Minister of Finance and Treasury for funding two airstrips in my constituency included in this budget and the Marau/Avu Avu road. For the last 30 years this road was never talked about, but now it is in. I believe my people will benefit from this, and not only that but other provinces too and Solomon Islands as a whole. That is the reason why I support this budget, and it is not because I am a minister as I alluded to earlier.

Finally, I would like to thank donor partners and external funding sources for their input and support to this Budget. I applaud the Minister of Finance again and his staff for putting together this first NCRA Government Budget which is the peoples' budget. With these few remarks, I support the Budget.

Hon Lilo: Thank you for the opportunity to make some concluding remarks on the debate of the 2011 Appropriation Bill 2011.

It is now approaching 6pm, sugar level is dropping and it looks like our IQ too is also dropping. I am sure that everybody in this Chamber by this time have all wind down, and not because of anything but they need to be recharged a little bit more because our sugar level is dropping. Let me try to wind up, because when I look at the government business today it was indicated that the debate will still continue, but at your direction, Mr Speaker, for which I accept your ruling that I have to draw the debate on this Bill to a conclusion, I will do that.

First of all, let me thank colleagues who have contributed on the debate of this Bill. I am sure that you too, Mr Speaker, when you listen to the debates that have been made. I look around and think that if everyone of us put together all the ideas brought up during the debate, we will never be debating the budget. Very brilliant ideas have been brought about during the course of the debate, which I am sure calls for all of us to exercise responsibility. And that is exactly what NCRA is asking this chamber to do, and that is to debate this budget in a constructive way and not in a judgmental way.

Constructive in the sense that you look at the budget in its whole being and then link it together, rather than just picking an individual item in this budget and trying to pass a judgment on it. If you do that then you will surely miss the point because the budget must operate in its totality. It should not be looked at only one aspect of it. I will come to that point later when I look at other issues that I thought gives rise to the nature of debate in this chamber.

Let me just begin by saying something about the feature of this Budget. I am pleased to note that everybody has recognized the feature of this budget. It features a record spending envelope that will be ever made available by the government of Solomon Islands for the delivery of services to the people of this country - a record of \$2.2 billion. And I would like to join all those who have contributed in paying tribute to those that deserve to be commended for their contribution in ensuring we build up a resource that have gave rise to this kind of very huge record spending envelope. And it has to begin with the government that you led. And that is not to say that governments that happened before the tension should not be given credit too, they ought to be. But I think in a post, when talking about the post conflict situation, it begins with the government that you have led, Mr Speaker, when you made that bold decision to return law and order to this country. You need to be commended for that. But everyone contributing to the debate forgot the person sitting up there on that chair; he deserves that commendation. Without law and order, like the Member for Small Malaita said, we would not be enjoying the environment that we are enjoying today. We need to give commendation to the former GCCG Government, our GCCG which those on the other side and those of us here broke it and formed another government called the CNURA.

Mr Hou (*interjecting*): This attitude of jumping here and there.

Hon Lilo: Go ahead! We have all contributed to this whole thing by putting the right policies, the right fiscal policies, creating the kind of enabling environment for the private sector to grow, which ended up with that kind of increased economic activity that gave rise to government's revenue earning that we are enjoying today. So we need to give commendation to them.

Today we are faced with this new vision again, now led by the Prime Minister of this country sitting here that we need to do a bit more fundamental reforms. Why is it that benefits do not reach out to the people? I will come to that point later. But all these gave rise to the main feature of this budget, which is a record spending envelope of \$2.2 billion. I think we need to give credit to all who have contributed to that kind of situation.

I also say that this Budget is responsible. I submitted that when I delivered the Budget Speech and I maintained that in concluding the second reading. It is a responsible budget because it is for the first time that we have budgeted for a provision that is unforeseen. It is not part of the appropriation bill, but in the fiscal framework that we have, it is there. And so when the needs arise there is no uncertainty whatsoever, whether or not the government will be able to meet that unforeseen need. That is what we are saying.

The question that people will ask is, but it is very small. Yes, \$53 million is small, it may be. Others have gone to the extent of saying that this is another free money that has not been committed in the appropriation bill and the government is now very likely going to misuse this money. That is what some people have been saying. You cannot do that; there are rules that govern the use of contingency warrants. Therefore, for people just to come into this Chamber and speculate on that kind of free money will be opened to abuse by the government. That is nothing more than undermining the capacity of the people who are rightly given the trust and mandate to govern to exercise their responsibility. I do not think you will find people on this side of the bench who would be that careless. You cannot say that.

For the last six months we have done exactly the opposite of what people have been thinking about this group on this side. Over the last six to seven months people have underestimated this side of the house thinking that they will be doing the wrong thing. Instead this side did the opposite to all the people's thinking. I think you need to appreciate this team for making a very determined effort in making the kind of difference in what we produced; even to the extent of earning the recognition and confidence of donors too.

Leading up to what we used to have done before, starting with the CNURA Government, where we have been trying to get budgetary support because of the problem that countries in the world were facing that we have some generous donor partners that have been willing to provide budgetary support to help countries through the global financial crisis. We did that and we continued with the discipline, we continued with the kind of practices earning that respect that enables us to receive this kind of budgetary support. But nobody commended this government for doing that.

Mr Hou (*interjecting*): My goodness, did you not even hear me?

Hon Lilo: You must recognize that too!

The third feature of this budget, we said that we will bring about a net operating result which is a positive one, a surplus of \$24million. That is very small, it is very small. This is the question of what sort of budget form we are taking. In theory there are three types of budgeting. There is a balance budget, a surplus budget and a deficit budget. All these are very good methods of budgeting, but their relevance in time and the conditions of the economy makes the difference. That is all.

The government's opinion at this point of time is that it believes it is time for us to move into surplus budgeting. Why? It is dictated by the economic circumstances prevailing inside the country. We did not argue about which is the best one or which one is the realistic one that should fit us well at this time. No. We think that at the right time, at this time this is the best budget that will bring about the overarching theme we are trying to feature in this budget. And what is the overarching theme? It is instilling reform in the financial and economic management of this country. And this is what we are presenting to this House. In what way would this Budget contribute towards the whole reform of financial and economic management in Solomon Islands? We believe that this Budget has presented a good recipe towards that reform. That is what we are saying.

We are not saying that this Budget is credible; we are not as what the Minister of Environment said today. I think he was on the right track but he should continue. A lot of arguments have been put in by people that we may be presenting this budget in a comparative sense. No, we are not doing that; we are not presenting in a comparative sense. We are presenting it in the context that is relevant to this country. That is exactly what we are presenting to this House. We are not saying that this Budget is more credible than last year's budget. No, we did not say that. So, sorry I differ to the Chairman of the Public Accounts Committee and the Member for North New Georgia and Small Malaita on this point.

If you read the Budget Speech again, I did not say that this Budget is the only credible budget. I did not say that. I said it is very credible, and it is very credible in what sense? To meet the theme that will contribute towards reform of the financial and economical management of the Solomon Islands. That is what we say in the Speech. We did not say it is better nor did we say people in the past who prepared past budgets are not good and we are better off than them. No, we did not say that!

We are saying that we are presenting a tool here that is worthy to be considered as a tool that will contribute towards the reform of the financial and economic management of Solomon Islands, so that what can we have? So that it can contribute towards the economic stability of Solomon Islands. Why is that relevant? It is very relevant because one of the threatening factors or risk factors in Solomon Islands is that when the government's fiscal policy is blown out of shape, what can it do? It can affect the economic performance of our economy. Why? Because when the government is not disciplined and goes into deficit financing and borrows more, it crowds out the private sector, and what can happen to the private sector; it cannot go to the bank and borrow! Not at all!

These are the kinds of discipline this Budget is trying to present to this whole economy. We did not present this budget in a way that we claim it is better because it is prepared by a group of leaders in Solomon Islands on this side of the House who are much better than those who prepared budgets in the past. If you have that kind of thinking in mind, you have missed the point and you missed the point intended by the 2011 Budget. You really missed it!

The way this budget is designed and geared up where it produces a surplus; a surplus that is fitting for this time! Why? Just consider the fiscal year 2011. Resolution is taking up four months already and effectively we only have about six or seven months before the end of the year because by November we will bring in another budget for 2012. So we need to be very realistic in the way we run budgets. We cannot just simply say, "Oh because we want that thing to happen there, give that \$50million or \$60 million". You are just putting up that budget to be blown up that way and you will never implement it, what will happen? You will just have a blown up fiscal position. It is not real, it is artificial.

In current circumstances we are now in, that we are facing right now, I think it is realistic, the provisions that we have made. Then comes the comment about the economic growth centres. Some have argued about the name. Some of the debates I have heard are around the idea that it should not be called economic growth centres, but just go into zoning. This is stated by the Member for East Choiseul. But we will still come to the same thing. Because even if it is zoned, it is all about how to zone a particular geography, a human settlement that is around that area, and what are the resource endowments in that area? That is exactly what we are saying about the growth centre. It is an economic growth centre!

Some came up with the idea that it is just the same; my brother from North Vella la Vella said it is the same thing as substations of the past. Of course, but the substations that we have before are basically built by the government to accommodate meeting with governors or the DCs (district commissioner), DOs and the magistrates when they go there for court hearings. They go to those stations to meet those people and after that they all go home. The substation is dark, nobody is there because everybody has gone home; if we want something more than that. That is the whole idea behind the economic growth centre.

Let me come back to the Budget. Some people have said that this budget is not that exciting. Budgets are never meant for anybody to enjoy the excitement, the thrill of it or be excited about it or whatever. You take this word! That is not the value of budgets. Even if the budget is passed there is the real challenge of managing the budget too, in implementing the budget, to get everybody run behind the practices, the rules and the policies that you would want all accounting officers to run behind it. That is always the difficult part. So budgets are not meant for us to come and amuse ourselves with all the excitement and the thrills of it. No, that is not what it is for.

The budget is a tool, it is a fiscal tool; the most important fiscal tool in any fiscal policy, and this are two things. It is budget and taxation, only those two things. And the whole idea is whether not we get the right budget to run a sound and disciplined fiscal policy for the country to operate in. We said that the 2011 Budget has that ingredient in it, and we believe this House should buy it for the people of Solomon Islands. It is worth investing our votes in it, our trust in it for the people of Solomon Islands. Why? It adds to one thing; reform of our financial and economic management. It is not to compare ourselves with people in the past. No. And I have said that we have to give due credit to people in the past who have come before us; your government, Mr Speaker, in the post conflict situation, the CNURA, the GCCG, we all ought to be given credit. That is what we are saying in this Budget.

Throughout the whole debate, I listened out to anyone who would challenge the assumption of how we have arrived at a fiscal framework. But I did not hear anyone. I waited for the Public Accounts Committee, but I do not see it in its report. No wonder why the speech by the PAC Chairman is totally different. I did not hear it. (Or he has gone out. He is the head of SIPRA and the tail is here. We are still in the same house, but only its layout is different). That is what I was expecting. Nonetheless, I think there are some very good advices that have been given. And this is where I said that I urge all of us to be constructive and not judgmental in the way we debate. If you go judgemental you will miss the point. You must be more constructive, you see where the economic growth centres will be. Do you think the economic growth centres will not have transportation? They do have, they must have. So how is it that you do not see growth centre in the context of national transport or infrastructure development or investment in agriculture and things like that?

Let us give this year a time for us to really look at it and study how we will come with a conceptual plan for these growth centres. Where the locations will be, I am sure we all agree that it is what we have already said. How those growth centres will look like, give ourselves time in 2011 to do that so that we can come in 2012 and bring a better picture of what the growth centres will be like. There will be 2 in Malaita, 1 in Guadalcanal, 1 in Isabel, 1 in Makira and then in 2012 we might come up with other provinces. Is that not realistic? I think that is more realistic and practical in the way we should operate.

We must also understand that the capacity in the public service, we all complain about it, but I think it is wrong for us to complain about it openly this way. We must continue to appreciate them because they have done a good job. Like the MP for East Honiara always says, and by the way I have just met with them last week and there has been a very happy union. But these are the realities we are facing in this Budget.

Some have even gone to the extent of questioning the aspects of land reform, which is very much central to the whole idea of economic growth centres. If there is no land reform, our economic growth centres will not function. I am sure every one of us in here does appreciate that point. If anyone says no, it must run independent from this growth centre, then that is very wrong because the growth centres will not work. This has to be sorted out, and that is what I meant in the statement when I said that. The Prime Minister has already said that too that there needs a little bit of reform, so that we can find the right touch to what kind of tenure system still recognizes resources owners who have always been complaining that government comes in to ask and so the title is given to you; what is it there in return for us? Nothing!

In PNG, land reform operates a bit differently from us. It is the process of wanting to make it quickly so that the government acquires land and then the landowners just go into share. That is what is done in PNG. In Vanuatu, they have what is called the occupational license, which is almost similar to Cook Islands. That is what Vanuatu has. In Fiji, I think it is under what is called the Native Lands Trans Board. So we need to find the right mix.

Because right now we are putting in the budget what is due to the people in the current system that we have. The government takes it, budgets for it and then it goes down to the people. What the people want is that it must go directly to them, not giving it in the budget before doing down to them. That is why we complain about those at Kongulai asking about rental payment for their land, those at Ziata are also asking for that and so on. We, in Kolombangara are not getting anything, those at Viru are still waiting, those at Santa Cruz are still not getting anything and those at Central get nothing at all. I think only those from Guadalcanal are getting something. Is that right, Leader of Opposition?

Hon Sikua: Only those from Kongulai!

Hon Lilo: We must not underestimate the reality of why we need it. Reform realism in terms of our land reform must be tackled head on, and that is what this government is talking about. The reform realism in this whole land sector must be get going, and that is what we are saying. And it needs to come with something that is a bit more fundamental. Fundamental is not bought with a price, but it comes with a bit of small ideas. That is what we want to put it down to the Bureau, but all of you have rubbished the Bureau, and so I do not know.

I humbly ask this House and the understanding of this House to give the Bureau a chance and you will see a difference. If comes 2012 and the Bureau does not produce anything, you will be debating here and I will just wait outside. But I do not believe that that will be the case. I am sure the Bureau will do something better. And that even goes further too, to please, accept the fact that the NCRA Government has a policy. I listened to the first half of the debate on Thursday last week, and I am sad. Please, I do not want that kind of debate. Human beings too are producing this policy, and so for us to come and just useless the policy of NCRA here in this Chamber is not right.

Mr Speaker, not all the policies of every government I have served in were achieved. During the GCCG we wanted to start implementing our policies, but the full book was then thrown away. For the CNURA, we started implementing it, but only the free policy came out to the public and other things. But we did very well too in building fiscal reform and discipline to what we have today. Give a chance to this NCRA policy. Give the NCRA policy a chance. Leave out the hot air in the past two or three months when you have been saying NCRA is rubbish, NCRA is this and that. Put it back inside here, and give NCRA a chance for it to produce something. I think that is the most important thing.

And the first reflection of that is this 2011 Budget; NCRA is showing a good thing. We did not come and say, 'throw \$30million there, \$20million there, \$50million there', if we have done that, you would have come up here and say, 'you have not got any plans to develop this and yet you have that money'. Your argument would be in the opposite. You would be arguing in the opposite. You would say 'man, you do not have the time and yet you wanted to give all these resources'. But that is what we are saying; we are trying to be realistic. We want to show to you that it is realistic, we want to show to you that it is within the capacity, we want to show to you that it is with the time constraint that we have for this calendar year. But we want to show to this whole country that it is a responsible fiscal policy that does not frighten the private sector and will not frighten the donor communities. I am sure if you go and interview the private sector and the donor communities they will say to you, "no, I think we accept it". They will say that. They have been saying that, and so please say so too. Unfortunately all of you have fallen short of saying that, and that is why I am sad.

Let me come to the overall financing resources of this budget. This budget will be financed from domestic revenue and budgetary support, but we still have a build up reserve. When people commented by saying, 'make sure it is in responsible hands', I can assure you that we have very, very responsible people over here. That much I can say. To crown us, I do not know how to do it. To write 'responsible, responsible' in all of their shirts, I do not know, maybe it will not work. But I can say to you that this group has been baptized as a very responsible group of leaders of this country, and they have shown that. They have also shown their enthusiasm in leading this country too; they have shown that.

In the way, the financing of this budget is put I would have to correct the member for Rennell/Bellona when he said today that there is another contingent financing resource of this budget. He said overdraft contingency and advance. No, advance is not part of it, the borrowing, yes, in contingency and the overdraft but not the advance. Advance, under clause 6 of this Bill is when the government advances it to SOEs or any provincial governments to use that money and repay it back to the government so that it would appear like what the Member for Small Malaita, West Are Are and East Honiara would understand, it would be reflected in the assets and liabilities of the balanced sheet of the government. That is the advance in Clause 6, and so the effective financing provision is this overdraft and development. But what we are saying is that the recurrent and the development expenditures will not be financed out of that provision. That is what we are saying, it will not be. If the need arises for any other developments that are worth the government for public investment to go in, this is where we will tap. And it is not unusual; every appropriation bill of any country does have this, they do have it. And so we are no exceptional because others also have it.

Because it is standard government financial system and the strength of any fiscal position of the government is measured in that way. It is measured in the ability of the financing of the budget paid out of just a domestic revenue source or from borrowing.

It is also for the first time that I have had consultations with the Governor of our Central Bank on the use of both the overdraft and the development rehabilitation loan. Under the Central Bank Act, the Minister must consult the governor first on any budget brought to this House. I can assure this House that the Governor has issued his letter of comfort that this Budget will be free from any financing that will emanate from these two provisions but it is from the domestic source and also from external balance support that we have. With that, again, I think it is a realistic budget. I will not talk about a credible budget otherwise you might take me wrongly and so it is a realistic budget. In that sense, it is a realistic budget.

If you look at the Budget itself, it is a budget that is the first one for NCRA. That is what we say and the next budget of NCRA will be in 2012. There will be four more NCRA budgets still to come. In our debate here we seem to think that this is the final NCRA budget. I do not know whether the Member for Aoke/Langa Langa and Deputy Leader for Opposition really meant what he said, but I can still remember what he said when he said, "And this could be your last budget speech". He is the one who will be sitting there for good as Deputy Leader of Opposition. He will be sitting there for good. I will make sure that he will always be the Deputy Leader of Opposition.

Mr Gukuna (*interjecting*): No politics, talk about the budget.

Hon. Lilo: This is the first budget of NCRA, and many more budgets of NCRA are still coming. We have taken all the points that you have made including the very one that I thought is a very pertinent one to the Member for Rennell/Bellona. I have taken that very carefully, we will have to make sure that is reflected in 2012 - we will reflect that in 2012.

There are reflections on what about the sectoral priorities, there is not much emphasis put on sectoral priorities. That is exactly what we are trying to do.

Mr Sikua (*interjecting*): Out growers!

Hon Lilo: Out growers' source, yes coming to the agricultural sector, the out grower. I am sure if the member for East Choiseul is sitting down here, he will vouch me on that. In the first budget we brought in 2007, that was the first time we had the out grower scheme, in the 2007 budget. In the 2007 budget, the out grower scheme is included, in 2008 it is there, in 2009 and 2010 it is there. You know that they did very well; they are now standing on their own feet now.

Mr Hou: (*interjecting*): They do not need any support.

Hon. Lilo: Yes, that is right. The member for Small Malaita has said it very well; they do not need milk or mamamu (bait fish), but they are standing on their own feet now. This is a fine example of how a subsidy should work. You support them and as soon as they take off, they

take off and go and work, but if you continue to support and they are still sitting down then it means something must be wrong and then we will end up like CEMA – support, support, support, and when the support ended, CEMA tried to stand up but it fell down.

(laughter)

I might be joking here, but I am telling you that this is a real thing about a lot of our subsidies. We have to make sure that they are sustainable, and not only sustainable but they must be converted into real matured schemes. If the maturity is not attained, then we are not alright.

They are lucky to have the out growers scheme support. We, in Kolombangara started the KFPL in 1992, but we do not have any support scheme, we just continue planting and that is the saddest part. And I will leave it at that. But the KFPL is still going on today. The KFPL is employing people all over the country, it is employing everybody including those from the constituency of the member for East Choiseul who said he has a scheme in his constituency but the highest numbers of people working at the KFPL are from East Choiseul and are now living in Kolombangara this time. People from Kwaio are also there, and those from Guadalcanal too.

Mr Gukuna *(interjecting)*: Who else?

Hon Lilo: I think everyone of you inside here, your people are still there and we will continue to support them.

We have just found a new investor to come in who will take over this investment, and I hope in taking over this investment it will run with it and not walk and crawl with it. That is what I am expecting; I think it will run with it instead of crawling with it. But that is on that. And then came this \$2.5million for North New Georgia. It is a pity that their member does not, and it could be for two reasons. It is either my friend who is still my president of SIPPRA has not gone home because if he had gone home, I think he would have heard this request. When he comes in tomorrow we will put the story right; when he returns tomorrow. But they really need it, they need support. These are people who are replanting out of their own pockets.

This is community support, self help but we come here and tried to put it in a very sarcastic way, as well as suspicious too. But look at the amount of contribution these communities have done to this country; so huge. You have visited them, Mr Speaker, you are the first prime minister that went to visit this plantation. Am I right, Mr Speaker? You were the one who went to visit them and you also helped them in the past too. Even the Governor General went there and so why do we have to make such a statement in this House? But I take the word by the member for North New Georgia. I am sure his information will probably be reconciled very shortly when he sees all the documents about the official request that came from the community there, and this is handled very well by the Bureau too. There is nothing wrong with the office of the Prime Minister or the Bureau to see the needs of the whole country.

Sometimes ministries are so busy that there is need for a good coordinating mechanism, and that is what the role of the PMO is all about. It is also taking the initiative to handle RIPEL, for instance, right now. Is that no different from what it has been doing with RIPEL, and it is doing it very well? It is still negotiating right now as to how we will take over RIPEL again,

phase out current shareholders and then revive it again. It is done under the auspices of the Bureau too under the Office of the Prime Minister. Maybe it has not done it in a very noticeable way, but I would say it has done the right thing so far. It has done the right thing so far and eventually we would be able to see some good results coming out from there.

Some observations have been made that if logging is gone, tourism is the most preferred sector talked about. I quite agree with that proposition. We take also the criticism that we might have very limited resources for this year in terms of tourism, but I think we need to be realistic too. We have the Ministry to be engaged in very high budgetary spending exercise, which is the Pacific Festival of Arts, the School of Tourism, which we can all commend the former Minister of Culture & Tourism on, the Member for Renbell. I think those are the only two that I can give credit to him on. Because when I told him to list East Rennell as a heritage site he was hesitant to do it. He must start doing it now if he is serious. This theme must come out, we need to show it, we have to show our commitment towards these priorities. In case all of you find yourselves flying into my constituency right now because that is the only area rated as high market tourist destination for our country. The Leader of Opposition is our in-law and so he will occasionally come to our place; but very shortly he needs to limit his travel down there.

In my personal point of view, these are the kind of priorities that we need to give our attention to. And when we say those resources are inadequate, that is true to some extent. But these are areas that can be best led by the private sector. We need to encourage the private sector because they will come in, and we need to find better financing for them and that is why we have the IFC and the World Bank office here, so that we can see the growth potentials that we can access equity funding from those institutions for the private sector initiated incentives.

On a personal note, if people say that you have not done anything for tourism, the Leader of Opposition was prime minister in 2009, and at that time sent me to represent our country at Copenhagen. I took one product with me at that time, and I discussed this with the current Prime Minister because both of us are landowners there, but I am the trustee, he is not a trustee. I took that product to Copenhagen and I declared to the whole world that Tetepare will not be logged, because we only encourage eco-tourism and the conservation of Tetepare. These are things that some of us are doing. So some of you need to do some other things! I will leave it here.

The Member for North New Georgia talked about waste disposal. This is very important in the mitigation of climate change; waste disposal, as the Member for North Choiseul will agree. We have been working on various mitigation initiatives in the past, including the School of Environment at SICHE, we have established that. But waste management is very important.

If you can recall last year or the year before, I brought here to Parliament, the Waste Management Disposal plan, which is a document of Parliament. If had abide to the Plan, we would not be having such problems with all these tourism concerns that we have in promoting tourism. It is there, we have already done it, thanks to the CNURA Government! That is what we did. It is in place already.

Having said all these, there are only two points I want to make in conclusion because it is approaching 7 o'clock and all of you need to be sitting at the table now, I am sure our sugar

level is really dropping low at this and so we need to wind up. But there are two things I want to rest on. This is NCRA's first budget so please give NCRA a chance for us to prove the realistic status of the 2011 budget. It is as simple as that. Also, read this budget in its totality. Construct your ideas around all other line budget items, the themes that go around with it, and I am sure we will arrive there.

Some comments have been made about very little money allocated towards the reform of the machinery of government. I have alluded to the point about public expenditure review. That public expenditure review is geared up at improving the efficiency of the government's machinery so that we can instil the practices and capacity within ministries to manage the budget well; make the budget and develop a good budget. That is the whole intention of this public expenditure review.

On the National Development strategy, sometimes ago there was a contribution in this chamber where a lot of people think and argue and I can pinpoint some people who said in this House that a national development plan is a panacea for growth in this country. And they said it should not be like that necessarily. But in this debate they said no, we need it. I was really happy when I hear that. Now we need it because why? We started it off in 2007 and we threw the book outside. We should already have this national development strategy in 2006/2007, but we decided to throw it out. That is why I said, the argument that people said it is a panacea for economic growth for the country. But come 2011, the same person, and I will not name him, again in this Honorable House said now we need it. I am so pleased to hear it. We are doing it as the Minister for Development Planning will say. But we are not doing it here in Honiara alone, we have extended it to the nine provinces and they are now beginning the consultations.

NCRA is doing a good thing. We brought the development and the design of the national development strategy, not only to the ministries here, but we have taken it down to the provinces, and that is what we are committed on. I rest the case of national development here, and I am sure that as soon as this is completed in June/July, we will bring it to this House and it will be reflected in a form of legislation that will guide this country to move forward.

Mr Speaker, I have said so much, but let me say this in conclusion. I have enjoyed listening and I learn a lot from all the contributions. I am sure that all my colleagues on this side of the House have learned a lot and are very much alert about the advices that that side of the House have given us. My only sadness is that you have a lot of gaps in there. Just make sure those gaps do not contribute to your weaknesses and missing links and things like that. But we are very pleased with all the contribution that you have all made.

Let me just say in conclusion that I have enjoyed all the wisdoms you have all contributed in the debate to this Bill in this House, and I think I owe those wisdoms to all of you. But if there are any mistakes that you think in the course of your debate in this budget that you feel still persists now in the current shape of this Budget, leave those mistakes to me. With those remarks, I beg to move.

(applause)

The Bill is passed

The House adjourned at 6.38 pm