

THURSDAY 10TH APRIL 2014

The Speaker, Sir Allan Kemakeza took the Chair at 9.52 am.

Prayers.

ATTENDANCE

All were present with the exception of the Ministers for Fisheries & Marine Resources; Infrastructure Development; Education & Human Resources Development; Commerce, Industries and Labour; Development Planning & Aid Coordination; Health & Medical Services; Provincial Government & Rural Development and the Members for Fataleka; North Guadalcanal and North West Guadalcanal.

SPEAKER'S MESSAGES AND ANNOUNCEMENTS

Mr Speaker: Honourable Members, I believe you have received an amendment from the Chair of the Parliamentary House Committee advising you of the launching of the Kwaio New Testament Bible. I therefore remind all Members that this would take place immediately after Parliament suspends for lunch or if Parliament adjourns earlier before lunch.

The other matter I wish to relay to the House is a message from the President of the Legislative Council of the New South Wales Parliament and I quote:

"I am writing to express my sympathies and condolences of myself and the Members of the Legislative Council of New South Wales to the people of Solomon Islands who have been affected by the recent flooding. We are mindful of direct impact the disaster has on the people of Solomon Islands and the destruction to the normal cost by damage of these properties and homes. Please be assured that our thoughts are with your people in their efforts to rebuild new communities following this natural disaster. Yours sincerely, Honourable President of the New South Wales Parliament."

PRESENTATION OF PAPERS AND REPORTS

- Report on the '2013 Supplementary Appropriation Bill 2014'

BILLS

Bills - Second Reading

The 2013 Supplementary Appropriation Bill 2014

Hon RICK HOUENIPWELA (*Minister for Finance and Treasury*): I move that the ‘2013 Supplementary Appropriation 2014’ be now read the second time. This Bill is in keeping with section 102(3) of the Constitution and section 51 of the Public Financial Management Act 2013. These sections stipulate that the Minister of Finance and Treasury with the prior approval of Cabinet may seek supplementary appropriations from Parliament in addition to the Annual Appropriation Act for expenditures in excess of the sum appropriated for a purpose by an Appropriation Act or a purpose for which no sum has been appropriated if the Minister is satisfied that an urgent and unforeseen need has arisen, and that issues must be authorised from the consolidated fund to meet that need.

Apart from the two provisions noted above, this Bill is necessitated by the following legal requirements. It is in keeping with section 58 of the Public Financial Management Act 2013. That section stipulates that the Minister of Finance may in accordance with section 103(2) of the Constitution issue a Contingency Warrant (CW) for an urgent and unforeseen need **9.57** and which cannot be delayed without detrimental effects to public interest.

Secondly, this Bill is also in keeping with section 60 of the Public Financial Management Act 2013. This section stipulates that the Minister of Finance may by warrant under his hand make disbursements of money forming part of the Consolidated Fund or other public funds for the purpose of making advances on behalf of and recoverable from other governments and agencies. The main purpose for this provision is to make donor funding available where it has been agreed too late for the regular budget process.

Thirdly and more particularly, the Bill is necessitated by Section 58(4) of the Public Financial Management Act 2013, which requires the Minister to table the warrants issued in the next sitting of National Parliament. Given the legal requirements listed above, this Bill seeks to legalize the following expenditures spent under Contingencies Warrant:

- \$900,000.00 to the National Parliament to cover 2013 MPs Discretionary Funds approved by the Parliamentary Entitlement Commission early in that year
- \$2million additional expenditure to meet the cost for hosting the 2013 South Pacific Beauty Pageant Show
- \$850,000.00 additional expenditure to monitor and regulate mining and tailing storage facility at Gold Ridge
- \$10million for a new shipping grant initiative in 2013

This Bill also seeks to legalize the following expenditures spent under Advanced Warrant:

- \$155,697.00 additional expenditure for health support service program funded by the World Health Organisation
- \$2million expenditure provided by the Republic of China Taiwan (ROC) towards Kasukuru Land Trust Board for the Munda Airport Upgrading Project.

You will note that this Bill is not asking for any new money. As the House will appreciate, this 2013 Supplementary Appropriation Bill 2014 is merely aimed to regularise expenditures, which had been incurred by the government.

Honourable colleagues would also recall that these amounts have already been sanctioned by parliament in 2013 in terms of Contingencies Warrant and Advance Warrants. With these few remarks, I commend this Bill to the House and I beg to move.

Mr Speaker: Honourable Members, it is proposed that the '2013 Supplementary Appropriation Bill 2014' be read a second time. Normally, under Standing Order 61 (2) at this point in any appropriation bill, the debate is to be adjourned and not resumed until the next sitting day or another day following that. However I understand that the government wishes to proceed with this debate today.

I now call on the Honourable Minister of Finance and Treasury to take the necessary steps.

Hon Rick Houenipwela: Mr Speaker, I seek your consent to move a suspension of Standing Order 61(2) in accordance with Standing Order 81.

Mr Speaker: Leave is granted to the Honourable Minister.

MOTION

Motion of suspension

Hon RICK HOUENIPWELA (Minister for Finance): I move that Standing Order 61(2) be suspended in accordance with Standing Order 81 to permit the debate on the second reading of the '2013 Supplementary Appropriation Bill 2014' to resume today.

10.02

Mr MATTHEW WALE (Aoke/Langalanga): Mr Speaker, the Minister for Finance and Treasury did not fully state the reasons for suspending Standing Order 61(2). We do have time; the report of the PAC still needs to be circulated in order for Members to have a good digest of. The reasons for rushing this Bill is what I want him to inform the House about. Principle-wise, I do not object this idea in that it is not asking for

new money. But it would be good to give Members sufficient time to look through the report of the PAC and reflect on it.

Mr Speaker: I believe the Committee's report is now before Members of Parliament as we speak but I will leave it to the Honourable Minister to explain the reason. But according to the Chair, the report is now with Members of Parliament.

Mr Milner Tozaka: The Committee's report has just been distributed and I am yet to read through it. But because you have ruled to continue with the debate, perhaps we have to comment on this supplementary appropriation.

Mr Speaker, thank you for allowing me the floor to contribute quickly to the debate. Are we debating now, sir?

Mr Speaker: No, we are debating on the motion to suspend the relevant standing order before the actual debate of the Bill.

Hon Rick Houenipwela: I want to thank the Member for Aoke/Langalanga for the important point he raised. I only see this Bill as very simple and straightforward one and so I want to give the House enough time to debate it **10.07** today. This is also to give ample time to important bills that would come later, for example, the Political Parties Integrity Bill which will need a lot of debate, time and deliberation. On that note, I still wish to ask for suspension of Standing Order 61(2).

Question agreed to and Standing Order 61(2) suspended

Debate on the 2013 Supplementary Appropriation Bill 2014 commences

Mr PETER SHANEL ANGOVAKA (Central Guadalcanal): I would like to thank the Minister for Finance & Treasury for bringing this short bill, the 2013 Supplementary Bill 2014 to the House.

The Bill is asking us to bless what the Government has spent on advance warrant and contingency warrant (CW). Over the years, you would recall, being a former member of parliament and prime minister, Parliament being asked to bless money that has been spent by the government through contingency warrants as well as advance warrants. Whilst we appreciate the work the government is doing in providing goods and service to the country, it is also important that we abide with the acts or laws that govern this country on how we should use money that is allocated to the country through the budget.

The Minister for Finance, in his speech on the 2014 Budget last year said that the 2014 Budget is a responsible budget. In my view, it falls short of that responsibility today because we now have a supplementary in Parliament. There will be another supplementary coming to Parliament next week which we are going

to debate and there will be another supplementary coming to Parliament in the months of May and June for the natural disaster that has just happened. Contingency warrants, as we know, are for unforeseen expenditures; money that we have not planned to use but because of circumstances that arisen, we have to use money and that warrants the contingency warrant. apolitical

When I debate the 2014 Budget last year, I said that the 2014 Budget falls short of being responsible, and today the result is seen. What I said is true in that we will continue to receive supplementary appropriation bills to cater for goods and services by the government. It just shows that the 2014 Budget is not properly planned hence Parliament **10.12** is once again subjected in trying to legalize money spent by the government through contingency warrants and advance warrant.

What I am saying is that Parliament is always being subjected by the government's continuous use of contingency warrants. That has always been the practice over the years. When are we going to stop from such practice? When are we going to make proper planning so that budgets for unforeseen expenditures are budgeted for appropriately? We know that natural disasters always happen but there is no CW for it. But I hope the Minister will bring a contingency warrant as a supplementary appropriation bill to allow us appropriate funds for the natural disaster that has just happened.

My findings revealed to me that there is no proper policy in regards to shipping grants in the 2013 Appropriation Bill 2014. There is no proper policy as to how the grants are going to be distributed. Whether the grants are to be distributed to the private sector to support private sector shipping industry or are they only to support Members of Parliament who are part of the government.

One would also realize that there are no regulations in place to govern the ownership of the ships. Who registers the ships? Who are those ships registered under? Are they registered under the constituency, the Member of Parliament, a private organisation or a public organisation? There are no policies or guidelines as to how the shipping grants are distributed. I would like to ask the Minister for Finance to make proper allocation of shipping grants rather than satisfying political affiliations of the government by providing grants to Members of Parliament on the government side. That is one of the issues raised during the Public Accounts Committee hearing.

As you know, we continue to allow the government to bring advance warrants to Parliament for us to bless. In my view, that is reasonable because funding from Treasury is usually very slow because work has to continue. Thus, in my view the advance warrant for the Ministry of Health and Medical Services and the Ministry of Communication and Civil Aviations are justified to allow goods and services to be provided by the government.

In the Committee's report we made some recommendations highlighting some of the things we noted during our interview with the Ministry of Finance and Treasury, particularly the Permanent Secretary of the Ministry. We have decided due to the recent natural disaster to only interview the Ministry of Finance and

Treasury through the Permanent Secretary to speak for the other ministries on their 2013 Appropriation Bill 2014.

The Committee also found out a shortfall on a difference of \$2.4million on the shipping grant. **10.17** I want the Minister may be in the third reading or the committee stage to explain that shortfall of a total of \$24million appropriated for the shipping grant initiative. The Committee also noted that the Ministry of Finance and Treasury needs to strengthen its capacity so that it is able to enforce the normal requirements of the Public Financial Management Act we just passed in 2013.

We all know this is money already spent and therefore there is no need to spend time debating it, but there are two things I would like to say. The government needs to come up with policies as guidelines for things it wants to do and in this case, the shipping grant, and secondly, the government needs to properly control how Contingencies Warrants are used. With these remarks I have nothing further to say except to say that blessing is upon this Bill because the money has already been spent.

Mr MANASSEH SOGAVARE (East Choiseul): I would like to join the Member of Parliament for Central Guadalcanal to contribute to the debate of the '2013 Supplementary Appropriation Bill 2014' moved by the responsible minister.

As the Minister has informed the House and also commented on by the colleague Member who has just spoken, this Bill seeks to regularize spending that government has already made and therefore there are only two issues coming out of this Bill. First, it seeks to regularize whether the 2013 Appropriation Act has provisions in that Act to cater for the expenditures. That is the first because it seeks to regularize spending, and there are two possible avenues available which is through a contingency warrant and secondly through the use of advance warrants. The issue is whether the 2013 Budget has adequate provisions for the government to be able to do that. It is now 2014 and so the government just brought this supplementary bill to Parliament to regularize its spending.

The other issue, of course, is the proper management of the budget and the Member for Central Guadalcanal has already raised other issues which we may probably visit those issues again.

The government under this Bill, requests Parliament under the appropriate laws to regularize \$15million; \$2million under the advance warrants and \$13.7million under the provisions of contingencies warrants. As rightly pointed out by the Minister, this is a constitutional and legal requirement and the government is obliged to do that as a process to finalize the 2013 annual accounts that they are probably still working on.

This Bill, if I am right is the second supplementary appropriation bill for the 2013 fiscal year that government is introducing in Parliament **10:22** because it is part of the debates that this Parliament has heard on the discussions of the 2013 Supplementary Appropriation Bill are still relevant. I do not intend to go through

them, and I hope the Ministry takes note of the debates made in Parliament when the Minister brought the first supplementary appropriation bill for 2013.

The first Bill the Minister brought seeks the approval of Parliament for an additional \$242.9million from the consolidated fund to be applied to the services of the year ending 31st December 2013. I want to raise the point again just as my first point of discussion to support what the Minister said that there is adequate provisions in the 2013 Budget to cater for regularization of payments because I thought that is the most important issue that Parliament must be satisfied with. In other words, on top of the \$3.4billion that Parliament has approved at the request of the government by way of the 2013 Appropriation Act 2012, the government sought at that time \$242.9million which brings the total of the 2013 Appropriations at that point in time to \$3.7billion.

With the introduction of this second Supplementary Appropriation Bill, Parliament is now being informed that the total of the 2013 Appropriation from the consolidated fund will now stand at \$3,716,319,727.00, an additional of \$15million. When the Minister for Finance introduced the first Supplementary Appropriation Bill, he touched on the state of the economy by highlighting a number of macroeconomic policy issues in trying to justify the need for Parliament to approve the request for further drawings from the consolidated fund, and more specifically the need to reprioritize certain budget allocations. I am raising these points again because this is just part of the regularization of 2013 spending.

The following economic issues were featured in the Minister's speech, and I do not think I need to bore Parliament again but the two that came up very powerfully and probably relevant again when the 2015 Budget will come before Parliament. This is continued to be raised many times. In terms of export earnings, now with the St Barbara Mining going down, we really need to think seriously. Maybe during the discussions on the motion by the Member for Central Honiara tomorrow, some of these issues will be raised. Parliament must have the opportunity to discuss widely the impacts of what has happened recently in the context of implementing the 2014 Budget, and looking beyond 2014 Budget.

But the Minister rightly made the point when he introduced this first supplementary appropriation on the heavy dependence of the country on the export of round logs. He made rightly the point and continues to make the point in Parliament that we are probably running out of time to design a more sustainable strategy to maximize the revenue generated from that sector. The Minister also informed the House that our economic growth rate will fall **10.27** at 3percent annualized. This side of the House expressed our disappointment on this and maybe indecisiveness, not necessarily this government but governments over our intentions of bringing the new Forestry Bill as stated clearly in all governments statements of policy. We are not seeing that and now we are faced with a big problem with Barbara Mining Company leaving the country. We still have to assess the extent of the loss as well of the palm oil plantations. We are facing a lot here. The Minister at that time has well assured Parliament that revenue generation was

on target. The Minister is yet to be proven correct on this point because the annual accounts of government are yet to come before Parliament to look at.

We also made the point at that time that it is doubtful that what the government was asking is fully reflective of the total budget shortfalls under the various heads because this will only be clear when the 2013 accounts are finalized. We also noted that it takes the government a little bit of time to come up with the first Supplementary Appropriation.

In terms of financing the first Supplementary Appropriation Act, the Minister also talked about the remaining portion of the Contingency Warrants. This implies that what is available to government by way of this provision is the new level of \$35million plus what he claimed as 'unused portions' at that time. When we raised that issue in Parliament at that time, it was not explained clearly by the Attorney General and so probably it was left suspended there. But if we are to take that to be the situation, probably there is adequate provision to cater for these Contingency Warrants and maybe what the Minister said in Parliament is true.

We made the point at that time that that cannot be right; the view that the Supplementary Appropriation Act amends the Appropriation Act because in doing so, it sets a new level of provisions. But that depends on some legal clarifications.

The question that Parliament would be interested to know now before approving this belated request for Supplementary Appropriation is whether the 2013 Appropriation Act made adequate provisions to cater for the additional request, especially the request under Contingency Warrants. The Minister tried to assure Parliament that that is so.

I just want to give statistics to prove that whether what the Minister said is correct. Parliament would be comforted to note that under the 2013 Appropriation, the following provisions have been approved by Parliament:

- Appropriation under Section 2 of the Act is \$3.4billion
- Overdrafts and Advances under section 4 is \$100million
- Advanced Warrants is \$100million
- Contingency Warrants under Section 7 of recurrent is \$28million
- Development Expenditure is \$10million
- Development Borrowing under Section 5 for Rehabilitation and Recovery Cost including regularizing outstanding financial obligations carried forward into 2013 is \$160million. Development Projects and Natural Resources, Economic Infrastructures and Human Resources are also included in that \$160million. And so the total provision for 2013 is \$3.8billion.

In summary, in addition to the appropriation based on revenue forecast of \$3.5billion under the 2013 Budget, which also includes estimates of Contingency Warrants, Parliament also approved \$360million provisions under overdrafts and advance warrants **10.32** and borrowings. It is \$3.8billion. If you compare that to what the Minister is asking for of the total expenditures, drawings or requests for

spending money from the consolidated fund of \$3.7billion, the government is still within the provisions of \$3.8billion.

Parliament was informed during the presentation of the first supplementary appropriation bill that the government would only at that time utilize \$18million of contingency warrant provisions and advance warrant provisions leaving the government with \$19million. When the Minister was talking about unused portion of money, he was probably referring to that \$19million of contingency warrant provisions. But we also appreciate the act of topping it up by \$35million and so in terms of provisions, there are heaps of them. Advanced warrant used at that time was \$26million out of \$100million and so you are left with \$80 or \$70million still available for use.

The Minister is correct in saying that there are adequate provisions for Parliament to be comfortable with in approving this supplementary appropriation bill, as there are still adequate provisions left. Therefore, Parliament, in that light would only be concerned about the contingency warrants. As I have said already, o analysis, there is enough there already. In terms of provisions, the 2013 Appropriation Act 2012 adequately provides for the Government's need.

Talking more broadly about the utilization of the 2013 budget provisions and any other budgets for that matter, the problem is they are locked up in instruments that are not really convenient for the government in that they are subject to other commitments. We raised that point in our debate of the 2014 Appropriation bill. As you have heard, in terms of the \$3.8billion the government only draws \$3.7billion. I think that is enough. But the only legal provision the government considers is the contingency warrant and advanced warrants while the other provisions are still there. For instance, the facilities under section 4 and 5 are subject to the restrictions paused the government's Honiara club commitment, a commitment that is probably outdated by the progress that the country was purportedly claimed to be made over the last 10 years.

But we note and perhaps the Minister will later confirm that there has been some relaxation on commitment. If that is the case then let us use those provisions. What are they there for in the budget? Apart from the Honiara Club commitment, this Parliament is perfectly entitled to question the fiscal reasons for the Government not to resort to the facilities under sections 4 and 5 of the 2013 Appropriation Act 2012. We cannot continue to hold the country down because the Government and its host of financial advisors want to achieve their development objectives maybe of implementing a balanced budget in the fiscal year 2013 and looks good on paper when services suffer. What good is that objective to the country when the sectors that are intended to be financed under the provisions are deteriorating in front of our very eyes maybe on a daily basis? **10.37**

In 2013, the Government was requested to approve a development loan ceiling of \$160million as I mentioned earlier on from multilateral donors, bilateral and other financial institutions for very specific reasons including development projects in natural resources, economic infrastructures, human resources and so on.

And this appears again in the 2014 Budget. Maybe the discussions will be relevant when the 2014 Budget is discussed when we are faced with huge costs now of repairing important infrastructures destroyed by the recent bad weather.

Yes, we must be thankful to the kind assistance of our development partners that are beginning to flow in. But that should not be an excuse for us not to resort to our own resources approved by this Parliament to take the first line of actions.

The second point I want to touch briefly on before I sit down is to endorse some of the comments of my colleague Member for Central Guadalcanal. And this is to do with proper management of the budget. We are still struggling with this; the government more specifically, in using the Budget as approved by law. Members of Parliament are now being criticized because \$300,000 has been released to all Members of Parliament. I think that is a decision made by Cabinet. If that is a decision we have taken, what are we afraid of? In my view, a budget should address needs as they arise.

We draw criticisms to ourselves because of the way we have been managing the budget, and when the real need arises and we wanted to facilitate it, we cope the same criticisms from the public. Even the drawdown of the CDF, the Taiwan money is wrong under the laws that we passed in this Parliament and the regulations you have been coming up with, and the instructions that we have been receiving from the Minister of Rural Development. We make these rules, we make these laws, we make these instruments and yet we do not follow them ourselves. Not one cent should go to every constituency yet, especially constituencies that are yet to submit their work plans. That is the instruction we get very clearly from the Ministry of Rural Development. We were instructed to come up with our profiles, and for East Choiseul, it took us four months to come up with a profile for East Choiseul way back in 2000. And it also costs us \$6,000 to do it. Data were being collected from all the villages throughout East Choiseul, and so we have that ready and so when the government asked for it, we just present that information because we have been following that development plan since 2000 until today; we are yet to go out from it. Probably, we are the first to submit a work plan and we had the approval of the ministry for funds to be released based on applications we put forward to them; not based on Cabinet's decision. That decision, if it is to help us in times of disaster then it must be only for disaster time and it should be not on account of RCDF because the RCDF is subjective to the rules you have already circulated to all constituencies, and we are trying to follow the rules.

The argument that only some constituencies are affected, especially here in Honiara, and we sympathize with West Honiara, Central Honiara, East Honiara and other constituencies around Guadalcanal who are mostly affected and they probably need much bigger allocations to help them. **10.42** We totally agree with that.

Times have changed, circumstances have changed, situations happen and the government cannot stuck with a budget like this and so we just remain there, and then when people criticize us we buckled up. No, stand up! People are lining up in my house; they are lining up. People who are living with other people are lining up

because their home have been destroyed and are living in care centres, we are making arrangements for them to go home and so we are also affected.

What I am saying is that the money you have given is for its intended purpose to assist our people who have been left homeless. Do not buckle up but stand up and explain it to our people. Do not blame our people for criticizing us because they see for themselves how we are managing the budget and so when real problem happens and we want to help, they labeled all of us as similar in the way we manage the budget and therefore all of us are trapped.

The government is the custodian of the budget so please do the right thing so that we do not coup unnecessary criticisms when we need to use those moneys to address situations. That is the point I want to make about that advance you are making. What I am saying here is that the 50 constituencies are still entitled to the first tranche of Taiwan funds for development. This money is to address this situation.

The issue here is not whether the government should spend or not but rather proper accountability and use of funds because we are reporting to donors. No one should question how the government spends money. The government is a sovereign government and when needs arise, it must spend and account for it properly.

The other point was already raised by the Member for Central Guadalcanal and this was also raised in our debate last time and I thank the Public Accounts Committee for raising it again here on the need for a proper national shipping policy to be place before we look at addressing our shipping needs. People are reading this loud and clear when the Government is selective in the way it draws money from the consolidated funds and only assists people who are on its side. **10.45** We are not blind and do not need to have degrees to read that. It is loud and clear. If you want to address shipping needs and every constituency has shipping needs, then address it. There has to be a clear policy such as some constituencies get it first and the others late on. . Allocate grants to constituencies based on policies – some constituencies first and others later. There is none of that at the moment. There is total absence of any policy and so people will still criticize it and rightfully so, because we placed ourselves clearly under that situation; we invite criticisms. My appeal to the government is that since it is the custodian of the government system, do the right thing so that this Parliament and Members of Parliament are not unduly criticized.

I will stop here. This Parliament should not have any problem with this Bill. I just want to encourage my Prime Minister to stand up and explain to the people. I support the Bill.

Hon GORDON DARCY LILO (Prime Minister): The Bill before us is the 2013 Supplementary Appropriation Bill which is now appropriated or enacted by Parliament in 2014. The issue the **10.47** Bill is seeking Parliament to legalize or approve is the use of contingency warrant that was applied in 2013. I think the

intent of the Bill in that regard is well supported by the Public Accounts Committee and that is exactly what should have been done in the treatment of contingencies warrant every year.

The issue I want to raise here is the trend and the nature in which supplementary appropriations are brought to Parliament every year. I would like to reflect on supplementaries that have been brought to this House since the beginning of last year up to the present time because that is the context in which this Bill is brought to the House.

I am sure the Minister for Finance will expound a bit on the context in which the 2013 Appropriation Act was formulated. Obviously, during the course of the 2013 fiscal year, it is inevitable that a supplementary has to be brought in to supplement certain budget heads. In fact, in mid last year a very big supplementary was brought in. I would like to say here that if you look at the content of the supplementary appropriation, you would find that some of the items that continue to be expenditure pressures on the government are as a result of some years of poor government control. And one, of course, is the education sector on the scholarship award. You would see that in last year's supplementary, a big bulk of the supplementary was just on education alone. When we budgeted for the education award, just in the first quarter alone we found ourselves in a situation where the budget was actually busted by almost about \$60million. For us to understand the context of that kind of pressure, we cannot look at just one particular year but we have to look at history as to how that pressure is building up. We cannot come into this Chamber, beat ourselves up saying, 'oh, it is because of that and this' or 'it is because of your government now that is why we ended up with that kind of pressure'. No! We have to look at history in which as to how this is building up and ended up with that kind of exposure. That is the fact we have to face with this situation last year.

Of course, there were other pressures as well as a result of the construction in the Aviation Sector in the upgrading of the Munda International Airport. We have been faced with the demand for compensation and goodwill. I think every one of us in here is talking about goodwill as an industry. And some of the goodwill have become bad-wills for many years but yet we continue treating them as goodwill. These are the things that have given rise to that situation 10.52 at that time.

On scholarship, and I wanted to dwell on this. Over the years we have been negligent. Honestly, we have been very negligent in the way the regulations are enforced, the criteria of selection of eligible students taking up scholarships, so much so we ended up without realizing that it is costing the country so dearly. We just take for granted that we should continue educating our people as it is good for the country. When it comes to considering the essence of financing education, there are more issues that should have been considered in that context, rather than just generalizing it as good for the country. Issues of equity to all our tax payers in the country, for instance, and I would like to give you an example of this. There is no point to continue educate those that should be educated for three years, for instance,

given a scholarship for three years and then we ended up educating them for five or six years. The Leader of Opposition knows about this very well because we have discussed this. Those are the things that have given rise to the situation that we are now facing. When we budget, we say this is the number we budget for, but the excess numbers that should have been appropriately dealt with in terms of suspension or discipline are still funded and so when we commence the beginning of the year ending up in that situation. That was the situation we faced last year. And when we reached the middle of the year we were already wondering at that time what to do with that kind of exposure. We therefore said no, we should not rush ourselves as yet but at the same time as you are aware it was quite unprecedented last year when we also started our own National University and we have to give some regards to the students studying there at SINU. We said that since this is the maiden year for our SINU we wanted to give them a chance and then after that students will be considered on who really is eligible and warrants tax payers' money to continue be educated through the SINU. That is the reason why we ended up with that exposure last year. Towards the end of the year, we finally eased out some of the pressures and the ones we are still faced with are what we have now brought to Parliament to be regularized.

What we are beginning to see here is trying to ensure we must enforce sound fiscal management so that whatever we know we can operate within a particular year through our ability to raise internal revenue out of our own sources is what we are going to budget for. This year you would find that what the Government has brought in is basically contingency, a contingency that is locked within available funding and is within our ability to raise in terms of our internal revenue. So if you turn around and tell me to find other ways to lock it in a safe way of using it inside the budget, what other ways do you think we can lock such an available resource? It has to be only through contingency. We have tried as much as possible to work within the projected ability to raise revenue that was locked inside the contingency. That is the attitude this government is trying to employ to ensure sound, credible financial management within the system. **10.57**

The Member for East Choiseul has pointed out another source of raising revenue - borrowing. Of course, borrowing is another source of raising revenue. But there is a flipside to that, and that is what we need to manage and assess. We need to assess the risk it could potentially bring to our country. It is an avenue we could raise revenue at this time but what are the risks that could become a liability to our country in the future if we cannot repay it. That is the risk. So we have to balance it.

Of course, we have those provisions in the Appropriation Act. But we have to assess the viability of the country. And when I say the country it is not only the government but it will also include our SOEs and other private sectors that we may agree to be able to deliver a particular public investment or service in the country. But the risk is there and we might end up with the risk if it is not considered properly.

You were quite right that there is no reason whatsoever right now to suggest that it should not be used. No! That is not our argument. We did not say we should not borrow money. Honestly! We have recognized that we have reached a good level of eligibility to use it. A LDC for instance, under the OACD Guideline that in order for a country to be able to sustain a good level of financing, it should be something like 30 percent of the total GDP. Our debt level a few years ago was about 14percent of the GDP and now it has gone down to about 11percent. That, of course, suggests that the Government should go out and borrow. Of course! But at the same time that same message is not only for the government but also for the benefit of the private sector. Any private sector that wants to come inside has that space. What sort of space is that? The space is that if you want to borrow from the bank, if you have a good proposal to borrow from the banks, the banks do not factor in risks whereby the government could potentially push you out or crowd you out. That we know.

The point we all must understand and I think is well taken by all of us including the Member for East Choiseul who really appreciates it is that we can use that facility. But the point I would like to raise is that there is also a flipside to that and that is we need to really assess what sort of public investment or private investment would be viable and credible for us to use that particular facility.

If you look at the trend of supplementaries brought into this House, last year was the biggest for this government. It was around \$120million.

Mr Manasseh Sogavare (*interjecting*): About \$240million!

Hon Gordon Darcy Lilo: About \$200million, of course, we would expect that with the SINU scholarships and also its infrastructures. These are very good sectors in terms of their value and their potential. It is also a very good investment and justifies additional funding to be brought to this House to consider. **11.02** But looking at the trend so far, we have locked ourselves to a discipline that is featured in the Public Finance Management Act of 2013 and that is additional funding must only feature available resources that can be raised within internal revenue. That is the kind of fiscal responsibility featured inside the Public Finance Management Act, and so far we are doing it. The only unfortunate situation is that we began the year facing a devastating natural disaster. And you will find that the 2014 supplementary bill that will be coming later is not for additional funding but it is basically to regularize contingency warrant, which is basically working within available resources that we are able to park in a safe arrangement or facility under the Appropriation Act that government can resort to, to be able to deliver services to our people. I would like to make that point.

There is marked improvement in the way that supplementary bills are brought into this House. And we are going to show discipline; we are going to move away from making both contingency to additional spending to just continuing with contingency warrant and regularizing it. Of course, the intent of CW, like what

the Member for Central Guadalcanal and the Member for East Choiseul stated is an important point. But like you have said, that is the role of the government and that is to decide on what is essential to allocate public resources to, and whether or not we can do it within the frame of the Appropriation Act.

It is on that note that I want to raise another point which has been raised about a recent spending that was made, and in particular, the first tranche of the RCDF. I have already made clarification on Monday that the first tranche is what would have been due as an entitlement that should be rightly made available to all constituencies throughout the country. Now the process that we have to follow is what the Ministry of Rural Development has instructed us. Members have to acquit first before applying. And, of course, each constituency has to have profiles submitted.

The thing here is that the requirement for the constituency profile was a requirement under the Constituency Development Fund Act. You would recall that mid-last year when we passed that legislation, I asked for a bipartisan committee to draft the regulations. And I would like to inform this Chamber that by the end of last year that process was frustrated simply because of non-attendance of committee members.

Hon Derek Sikua (*Interjecting*): No! No! We have done our job!

Hon Gordon Darcy Lilo: Of course, I have been told by the Chairman of that bipartisan committee.

Mr Manasseh Sogavare (*interjecting*): The government should come up with the regulations, there is no need for a bipartisan.

Hon Gordon Darcy Lilo: I asked for a bipartisan committee and I agreed for a bipartisan committee. What happened to that bipartisan committee?

Hon Derek Sikua: We have finished our job!

Hon Gordon Darcy Lilo: No, you have not finished your job. The job that was produced to me was a job done by officials of the Ministry of Rural Development and not from the bipartisan committee.

Mr Speaker: Order! Mr Prime Minister! Members, your time for debate will come and you can have the whole day to say anything you want to say. Please allow your colleague to speak and do not interrupt the person speaking and also address the chair. **11.07**

Hon Gordon Darcy Lilo: I am someone whom those people always interject but I am not going to lose any concentration on what I wanted to say. I am not like some

of you when there is an interjection almost had a heart attack and runaway through those doors. Goodness me!!

Let me say to all of you that I want that bipartisan committee to come in so that we can have those regulations in place. Goodness gracious me, I have been waiting since the beginning of 2014 but there are still no regulation coming and that is why I said to the Minister for Rural Development and the Minister of Finance 'how are the regulations' because we all envisage the need to produce a development plan for all the constituencies. The regulations that were given to me, I could not have as the one that represents the bipartisan committee's input or at least an output from the bipartisan committee. And so I am going to have to put it to every one of us in this House; not to you on the other side, not to those of us on this side but to all of us in this House. Or do you still want me to enforce it? Do you want me to enforce it?

Hon Derek Sikua (*interjecting*): Go ahead with it.

Hon Gordon Darcy Lilo: For you to become accounting officers to the financial management but you still come and argue about it with me.

Mr Manasseh Sogavare (*interjecting*): No, it is amended already.

Hon Gordon Darcy Lilo: No, those are the things that you have to consider. That could have been a better accountability provision if you had wanted it. That is if you agree with the proposal in the Public Financial Management Act that all Members of Parliament are supposed to be accountable officers. That could have been a lot better but yet all of you still did not want it.

Mr Matthew Wale (*interjecting*): You tell those on your side.

Mr Gordon Darcy Lilo: Anyway, Mr Speaker, enough of that. What I am saying is I want this bipartisan committee so that we can have the regulations. Therefore, do not blame the Ministry of Rural Development that we have not followed the requirement for the constituency profile. I think the situation we face last week is warranted that what has been constitutionally provided for under the constitution to all the constituencies should be delivered. And you are the ones who are going to use it and not Gizo/Kolombangara. It should remain in rural development and they will await for submissions submitted before they will be released.

Mr Matthew Wale (*interjecting*): Let me borrow it.

Hon Gordon Darcy Lilo: Aoke/Langalang is making an interjection that you should rule off.

I think the explanation we can make, and I am sure a lot of people do understand is that the \$15million that was released last week is the first tranche and it is being released given the circumstances we are faced with during that time and those of you who have used it for our constituencies, well and good. Those of us who are yet to use it would still submit our projects to the Ministry of Rural Development for funding. I do not think there is any other issue at all for us to debate in the context of the supplementary. What is the issue? There is nothing. I am very surprised that it has become an issue.

Let me come to the shipping grant.

Hon Derek Sikua (*interjecting*): It is unforeseen.

Hon Gordon Darcy Lilo: Exactly, the Leader of Opposition, yes it is unforeseen. Here in Honiara we are still under the declaration that Honiara and Guadalcanal where this Parliament is situated on is still under this disaster. It is declared a disaster zone. So do you have a justifiable, legitimate reason to be able to in some ways bend it **11.12** or make some considerations for the use of those funds. Of course, it is there and I can use the Minister of Environment & Climate Change declaration to justify that. I want the people of Solomon Islands to please understand this in that context. But why is it an issue in this supplementary? I cannot see any issue there.

Let me come to the shipping grant. I think that is quite relevant to this context. Sir, purchasing a ship is a government policy since your time, Mr Speaker, right up to all the others time and up to me this time. This happened during your time as Prime Ministers and it continues on with every Prime Ministers after your time including those two in the Opposition front bench. That disease still exists in my reign as the Prime Minister. I think it is a good investment.

Hon Derek Sikua (*interjecting*): *Road lelbet!*

Hon Gordon Darcy Lilo: Hey, it is just the same as roads. If we invest in roads, those that can make good connection out of shipping – it is the shipping service.

Mr Manasseh Sogavare (*interjecting*): For the government side!

Hon Dr Derek Sikua: Where is the \$10million for road?

Hon Gordon Darcy Lilo: Well, previously, all of us used to be on the government side too and only those of us on the government side received those grants last time.

(*laughter*)

Mr Speaker: Address the Chair.

Hon Gordon Darcy Lilo: I am addressing you, Mr Speaker and that is why I said it begins from you. I mean somewhere there.

Investment in shipping services in the context of this country which is geographically scattered is a very risky way of connecting this country. The risk of moving our people from one island to the other is very high. Is that true? No one in here can say the risk is not high. Is that true? Of course! We have just experienced a disaster last week and actually the effect of climate change is a real phenomenon that can inflict damage and a risk to the lives of our people.

Is shipping service an essential service that public spending should go into? Yes! Yes, I would say. The question that everyone is asking is why the policy is not fair to all of us in here. I am exploring that. Just as you Mr Speaker and those two on the opposite side there were exploring as to how it can be fair, instead it ended up not being fair too. That same dilemma is also hitting me and so it ended up not being fair too this time. But I think it is still fair because those that received grants in previous years still have their ships running although some have already wrecked on the beach.

Hon Derek Sikua (*interjecting*): Small Malaita constituency has two ships now.

Hon Gordon Darcy Lilo: Mr Speaker, can you please stop the opposite side of the House from making interjections.

What I am saying is that if a choice is made about transportation that can connect people or open up opportunities for other investments and development potential, can shipping services do it to certain locations within the country and to our people? I think so, yes! The Member for Aoke/Langalanga should know that.

I cannot give you any other reasons for the choice and decision made by the government. You did it, everyone else did it, and we did it for the good of our people. There are roads now being invested in other constituencies including North East Guadalcanal. We are assisting in road construction and it will still be coming. Yes, it is coming! **11.17**. We will be investing in some roads here in Honiara. There are also other constituencies that require shipping services and so we have to give it them, and I am sure they can connect well with it. They can create good opportunity and make good investments that will create opportunities for our people.

I will not talk about other quantitative figures that have been featured about the differences and the direction of our economy moving forward. Let me just say that the situation we are facing now can become a little bit more critical at this point in time, given the recent disaster. I am sure all of us have heard about the situation with our goldmine. This is the only goldmine the country has and it is well within the economic projection of the country as well. We have to do something to at least stabilize the situation there and we are working in the next three to four weeks to find a corporate solution to it. It is one that is not going to be easy but this is exactly why we are doing what we are doing right now to be able to stabilize the situation

there so that if we have to find an alternative corporate solution to it, it will be easy coming than to completely allow that place to be free, vandalized, destroyed before we want to invite an investor to come in because that would be so difficult and so we have to take the action that we are taking at this time.

We hope that palm oil will still stabilize. I flew over and, of course, I have schedule a time over the weekend with the Leader of Opposition where we will drive up to that site and have a look at the palm oil plantations so that we can inject some resources into rehabilitating the palm oil plantations. We are going to see the plantations for ourselves. Even if I bring in the Forestry Bill now, that bill is saying we are not logging any more.

Mr Manasseh Sogavare (*interjecting*): It is already late now.

Hon Gordon Darcy Lilo: Well, even if we have to bring it now there will be nothing happening. And why is it late? Because those of us in the past were causing it to be late until now, so let us not argue about it here in this Chamber.

Yes, we all have had the chance in the past of bringing it here but all of us were saying 'let us shelve it first' and so it has been left there until now, and situations change. Of course, the Chairman of the Bills Committee is laughing to me over there because he was there but he was also the one telling me to shelve it first during his time. But I think what we always called and qualified as fundamental every time in this Chamber that that thing must be addressed, I am trying as much as we are doing right now and the Minister for Forest is also trying very hard and that is why he is not in here to see how we are going to get ourselves out of that situation.

But I quite agree with the Member for East Choiseul that it should have come here a long time ago. If only we could find another sector that can help support it; we are trying to have a look at fish, we are trying to give Doma but there is another person already lying down in front there. **11.22** There is a difference between Doma and Toba. Toba is different, Toba is this side and Doma is the other side. So another person is already lying down in front there. Quite unfortunately he has already foreseen the fact that fisheries will come in and so he got it for that investment but he got it instead for himself. So we are back in court again. Let us hope that the court will resolve that issue.

We are trying to sort out nickel but we have been pushed to the courts again. I asked the Chief Justice as to how this is going to be speeded it up and was told there is need for an additional judge and so I brought in that judge but instead for six months, I think we are going to wait for another two years. We do not want to say something about the judiciary, but normally judges should be able to deliver decisions within three months but now it is taking three years for some of the outstanding decisions to be made. I only hope the judiciary improves on the delivery of justice. But such is the situation we are going through right now.

Sir, you would find that we are trying to look at where we can promote or encourage the registration of customary lands. Others want us to go through the route of having another set of laws or understanding codification before coming up with a registration process. If we are going to do that, it will take us another 20 to 30 years. But we are working very hard right now to find a way of coming up with a customary land registration bill. So keep your fingers crossed. If we can do it in July, let us do it in July. If we can do it at the end of this month, let us do it at the end of this month.

Mr Matthew Wale (*interjecting*): Sack him, sack him.

Hon Gordon Darcy Lilo: No, he is working very hard; the Minister for Lands is working very hard sorting out the registration of land below the high water mark level. He is still sorting out that issue. He is working very hard and that is why he is sitting here.

Let me just say that the way I have assessed situations so far, and this is just my personal view, I speak as the Member for Gizo/Kolombangara, I think the application of supplementary and the use of supplementary appropriation has improved. If we are to strictly follow certain requirements under the Public Financial Management Act 2013, I am sure we will not go out of the mark. But, of course, we have to consider the case and situation as we go along, so as not to disturb the ability of the government to make decision on the delivery of services to our people. With those remarks, I support the motion.

Mr Speaker: Honourable Members it is the right time for us to suspend the House. Remember the earlier warning I have given you that do not cry to the pastor and mama when you are in disaster. Today is the launching of the Kwaio Bible where there is a program during the break on this.

Sitting suspended at 11.27am for lunch break

Sitting resumed at 2.10 pm

Debate on the 2013 Appropriation Bill 2014 continues

Mr Matthew Wale: I just wanted to raise a question of quorum.

The House waited 15minutes for quorum to be gained.

Quorum gained after the House waited for 15 minutes and debate on the 2013 Appropriation Bill 2014 continued. 2.21

Mr JOHN MANENIARU (*Leader of Independent/West Are Are*): Thank you for giving me the opportunity to add my voice and the voice of my people to this very important Bill, the 2013 Appropriation Bill 2014 Bill.

On that note, I would like to thank the Minister for Finance & Treasury and his Permanent Secretary and staff for bringing this Bill for deliberation on the floor of Parliament. I also want to thank the acting chairman of the Public Accounts Committee and the secretariat for securitizing the Bill ready for our debate. I will be very brief and just to make some comments along the lines of what other colleagues including the acting Chairman of the Public Accounts Committee and the Member for East Choiseul have said this morning.

The 2013 Supplementary Appropriation 2014 Bill, as the responsible Minister clearly explained to the House, it is a bill that has to come to Parliament so that Parliament regularizes expenditures authorized under the Appropriation Act 2013. The Minister for Finance has clearly explained expenditures under the Contingency Warrant and Advance Warrant. He made the point very clear.

I would like to again highlight and agree with the Minister for Finance that if CW expenditures are supposed to be for urgent and unforeseeable things. I want to join my colleagues and Chairman of the Public Accounts Committee (PAC) to register our concern of how CWs are used. When blanket approval is given as required under the Appropriation Bill, it is giving the government responsibility to do what is right under the CW. But if you look at the current Bill if it comes to Parliament under the budget, it would have been right with me. What I know about CWS is for urgent things so is the government not foreseeing these things and that is why it has to wait for CWs under this supplementary? I fail to see any truth in that.

Since joining the PAC, I always raise the same concern that this must be made right. At this juncture, I want to congratulate the Ministry of Finance and Treasury because during consultations, the Permanent Secretary was saying that they are improving, and I **2.26** agree with him that we are improving but not yet to the point we want. When are we going to stop abusing contingency warrants as approved under the Appropriation Act? I say this because it is very clear in the Constitution that CW is only for urgent and unforeseen expenditures. However, that is not the case when looking at this Bill.

I do not have much to comment on the advance warrant but rather it is the contingency warrant that I am concerned about because it seems to be coming every year. I think we are improving in that it remains the same. During the Public Accounts Committee hearings we continue to ask permanent secretaries as to why they did not budget for these expenditures because in our right mind of thinking these expenditures do not fall under the nature of Contingency Warrant but continue to appear year in year out since. Again, I would like to register my concern that we need to put a stop to this.

But I can see the point made by the Prime Minister that it is the government's responsibility to decide which is urgent and which is not, which is unforeseen and which is not. The government has the power to do that as blanket approval is

provided for in the Appropriation Act. But what I seem to notice is that the blanket approval we are giving is not right in my mind and that is why I would like to continue register this concern as long as CWs continue to appear.

On the question as to whether these expenditures under CWs are truly urgent and unforeseeable in nature, I must say they are not so in this case. A good example of this is the shipping grants. Are these really urgent and unforeseen? We should have planned for them by putting them in the Appropriation Bill. As rightly stated by the Prime Minister, no one should question the need for shipping because it is something we need to connect our islands and our provinces to continue support our economy in terms of transportation of goods from Honiara, our capital city to our various provinces and vice versa. We really need shipping services but should we continue to made expenditures for it under CWs?

Again, I would like to reiterate what has been stated earlier by the hard working Chairman of the Public Accounts Committee (acting) that we need a shipping policy to be in place. Are we going to continue make excuses that there is no policy so that we continue with this action? I think it is high time we put a stop to this.

Furthermore, it is of quite a concern to me when the Prime Minister stood up and said these things should have happened in the 7th Parliament but they did not and so they were carried onto the Eighth Parliament and now onto this 9th Parliament. And so it continues to be passed on. Those of you on the other side have been doing it, those of us on this side have also done it and we continue to do it until this Ninth Parliament. This is of great concern to me as a member of the Ninth Parliament. When are we going to take a bold decision to actually put a stop to practices that are not in accordance with our laws, in terms of contingency warrants? Unfortunately, you are now injecting this disease to us the new ones in this Ninth Parliament. Yes, it has affected the new ones already, but not me.

(laughter)

It is now being injected into new members of this Ninth Parliament and members of this Ninth Parliament will continue to inject this in the Tenth Parliament. **2.31** I am saying this because we will continue with this same practice. When we are in government we will go ahead and do it because the others have done it as well. Is this good for our country? That is my concern as a member of the Ninth Parliament. Let us put stop to actions and decisions not guided by policy.

I fully understand that there must be policies in the ministries in regards to shipping in the country. But maybe we have not allowed officials and permanent secretaries to do their work. Ministries may have policies but because we politicians tell them to shelve their policies and plans and instead tell them to action and implement ours. That could be the case. I want to highlight this so that all of us take heed so that we act responsibly in our decisions.

I just want to flag this here but again I will continue to contribute in that light if these things continue to come before the House because I agree that we should do something about it positively and take action because it is within our responsibility and authority as we are the ones making laws and also approve supplementaries that come before this House.

I ascribe to the observations made by the acting Chairman of the Public Accounts Committee and MP for East Choiseul in his debate. The points made continue to point to the same issue. I fully support the call for a policy in shipping because we will continue to give shipping grants to Members of Parliament that do not deserve it.

Which routes in the country are not profitable? In terms of comparative advantage, are all the constituencies the same? No, definitely not in shipping! As you would see, a lot of boats that were bought only ended up in West Are Are and East Are Are. But those two constituencies do not own any ship. It is those boats that are bought by other constituencies that serve our constituencies, and I appreciate that. Our constituencies have not received any support for shipping but our routes deserve it because they can make money and that is why the other ships come to our constituencies. If there is policy it will address this so that shipping grants are given to those constituencies that deserve to own ships and those that require support for other alternative activities relating to enhancement of the shipping industry must be also given to them so that it is clear.

The other issue I want to register here is if you look at the list it is fine. I support it because it is a tick for the constituencies on this list who belong to the government side. I support it because may be next year West Are Are's turn will come. Yes, it will come and that is why I support it. Some constituencies are receiving it now and then our turn will come may be next year. However, the attitude I have been observing as a former public service employee for almost 20 years, only those at the government side are receiving these grants. If you are not in the government your constituency would not receive these grants because there is no policy for that and so only those on the government side are getting this grant. We need a clear policy to direct the distribution of these grants for our constituencies because we represent the people of this country, the 50 constituencies. I want to flag it this way as a concern because we are going to operate like the 7th Parliament, the 8th Parliament and now in the 9th Parliament. I totally disagree with that attitude; it has to be stopped so that right policies are put in place as to who should be receiving it. That is why they are blaming us; when they blame the government our people in the rural village do not know who the government is because they only know parliament and so we are all being blamed for the decisions we made. **2.36** I have to register this so that our people are clear because it is a concern to all of us.

I also failed to see three sectors or ministries that I am expecting to see CWs from which are the Ministry of Health and Medical Services, the Ministry of Education and the Ministry of Police and National Security. I am expecting CW from the Ministry of Health and Medical Service because I always provide medical

assistance to my constituents. I help assisted people who go to the Kilu'ufi hospital in Auki because only patients are provided with food and not those who accompany sick patients and so MPs have to assist in this regard.

Some patients from Atoifi have to go to Kilu'ufi because sick patients have to pay for their own food. Those are the needs that I think a CW should be accorded to. Those are the things we should be appropriating CWs for. Our hospitals in the provinces are providing minimal services to our people - very minimal so I would like to see CWs to serve our people, especially the needy and the sick people but at the moment I am not seeing that.

I would like to commend the Government for education in that a supplementary brought in last year is adequate for education. Since it is our policy and an undertaking we are taking so let us budget for it. However, later on when we come to review it, it affects us. But I thank the Government through the Ministry of Education for continuing to help with grants for tertiary education through Members of Parliament but that is still not enough when you look at educating and developing the human resources of this country.

In regards to award letters given to students at the University (SINU), 2013/2014 is not honored because we came up again with a new policy. However, those are award letters were given to students from our constituencies who are also Solomon Islanders and these resulted in us Members of Parliament to use other funding to help our constituents. My concern is we have given them award letters and we should honour that for the sake of our children.

I would also like to raise an issue which has also been touched on by our Prime Minister that some of the scholarships awarded to our people are becoming very costly because it can take up to six years before they graduate, more than the normal four years. Why is it like that? It is because the students that were sent scored very low marks and they were fortunately awarded with scholarships to go to universities overseas. However, students who worked very hard and scored high GPAs were not even awarded any scholarship and end up walking along the streets. This is a policy issue for us now. And if we cannot put these policies right, it will continue to cost us. Students that scored GPAs even lower than aggregate 3 GPA were selected and they would eventually fail their studies and so it will continue to cost us.

Our 2014 Budget cannot even cater for this. Students that have scored high have to go back to the USP. I have to sponsor some students from my constituency; those who scored more than 3.5, this is because those who scored less than 3 were awarded scholarships. I thank the government for providing additional scholarship to enable our students to go. And I have just found out recently that Members of Parliament have another list that can be submitted to the National Training Unit. West Are Are missed out because I am not aware of such policy change. [2.41](#) When we push those students, and if it is political, and their scores do not meet the requirements but because it comes from honourables, they will just displace the hard working students who earn better grades and deserve a scholarship. What I wanted

to pose here is that these students are going to continue costing the government extra money because we do not want to follow policies and what is right. Our decisions will certainly cost us, the consequences. Those are policy choices and policy prioritization, and it is really up to us to consider whether they are good and important and if that is the way we should go.

In conclusion, I just want to touch on the bipartisan committee under the CDF Act as was debated this morning. I as a member of the bipartisan committee would like to make records right. Some members resigned for good reasons and that is because they are also members of the Bills and Legislation and Public Accounts Committees. I am also in the Public Accounts Committee but I still hang on because the bipartisan committee no longer has the number. And when the bipartisan committee was divided for us to tour all the provinces, I did mine. My two provinces were Western and Choiseul Provinces which was alluded to in the sine die motion that I failed but I have already completed those two provinces. When members were given provinces to cover, some members did not do theirs maybe because they are ministers. But I have done Gizo and Taro. It is not difficult because that is the task I was given to me to do. So to put a report to the Prime Minister saying that the bipartisan committee has failed and not doing its work is not right because we have done our work. This is the truth, nothing but the truth is what I am saying here as a member of the Committee. We have carried out our work. Maybe one or two members have not done theirs and it is holding up the work. I just want to put record straight because there were comments made about it that were not right and so I just want to put records right.

I do not have any problem with the '2013 Supplementary Appropriation Bill 2014' because it is just for us to regularize expenditures. The only question is whether we are regularizing legal expenditures or not. I have no problem with this because it is a requirement for us to pass this Bill. I am just putting my concerns across as a contribution to this debate, and I support this Bill and resume my seat.

Hon DEREK SIKUA (*Leader of Opposition*): I also want to join the debate of the 2013 Supplementary Appropriation 2014. In doing so, I want to thank the Minister for Finance and Treasury for bringing this Bill to the House seeking to **2.46** regularize supplemented expenditures incurred by the issue of Contingency Warrants and Advance Warrants by the government last year. As such, these monies have already been expended on services that are provided by the government to our people and so it is correct by law that we do justice to the Bill by approving it.

I also want to thank members of the Public Accounts Committee for scrutinising the Bill and as a result have given Parliament a report that will assist us in our debate of the Bill. And so I would like to thank the interim chair as well as members of the Public Accounts Committee for the report after its scrutiny of the Bill.

Some colleagues who have already contributed to the Bill earlier on, especially the Member for East Choiseul and Chair of the Bills and Legislation

Committee, have dwelt in great detail on the figures and numbers concerning this Bill and so I will not go into those. But first of all, I would like to reiterate the sentiments expressed by other colleagues who have spoken before me on the misuse of the Contingency Warrants. That is the point I would also like to express when we continue to use Contingency Warrants to expend appropriated monies when the purpose for those expenditures are foreseeable and are definitely not urgent.

This becomes very pertinent at this point in time when disaster is affecting us because this is when funds that are allocated under Contingency Warrants should kick in. But because not enough money was allocated to the Contingency Warrants in the recurrent expenditure as well as in the development budget, we are experiencing a big problem as we face this situation and we really need the money. And this is the kind of situation that Contingency Warrants are meant for. Since not enough funds have been allocated, we find ourselves wanting and have to use other funds that are not relevant or appropriate to use in times of disaster. That is the first point I would like to make. But as the Permanent Secretary of the Ministry of Finance and Treasury said, I hope that the management of Contingency Warrants is actually being strengthened under the new Public Financial Management Act 2013.

Ultimately, as the report of the Public Accounts revealed, 2.51 even though we might hope that this practice will be strengthened under the new Public Financial Management Act 2013, ultimately, the practice still lies towards the Cabinet's responsibility. And if Cabinet so decides after consultation with stakeholders that some funds are needed in order to provide services to our people to come under contingency then, of course, even though it is foreseen or can be predictable, the Cabinet has the final answer. And I hope Cabinet also takes into consideration the requirements of the new Public Financial Management Act 2013. This complaint is something that we always do again and again and so I hope the new Financial Management Act can lessen this bad practice that we tend to be doing over and over again.

Shipping grant has also been touched, well argued and debated by colleagues that spoke before me. Of course, there is definitely the need for a shipping policy as one of the recommendations by the PAC. This is important because there is the tendency for these shipping grants to be politicized. Some governments are more than others but during the CNURA Government, such funds were not only given to those on the government side but we also helped members on the opposition side. . I hope as we go along that the needs of shipping for West and East Are Are are also afforded to their Members of Parliament who are on this side of the House.

I also thank the Public Accounts Committee for supplying us with a copy of the recipients of the shipping grants. I am happy that the list has been provided and I just want to say that I hope these funds are spent for the purposes intended. The first two and the last two recipients on the list are very interesting to me. The first one is Small Malaita constituency, the Small Mala ship is there already and again there is an allocation of \$3million for another vessel for Small Malaita. I am sure this reflects the real need of our people of Small Malaita but I would have hoped that this

grant should have gone to another constituency travelling the same route, and that is either East Are Are or West Are Are then it would still be serving our people of Small Malaita because they have one already. But we cannot help it because the Minister for Finance and Treasury is the boss of Small Malaita Shipping and so he has to help himself first.

The second one is Rennell/Bellona Constituency and again it has a ship already which got entangled in a lawsuit and I hope 2.56 when he gets this ship all the legal issues surrounding the management and ownership of MV Renbell are cleared so that this ship really serves our people of the Rennell and Bellona Province because they really need a shipping service. I hope this one goes straight and managed better than the first boat which I think is no longer in use. The others on the list really deserve a ship, they really needed it but I was also looking for Temotu Vattu which also needs a boat. I was thinking that some allocation should go to Vattu but maybe the allocation that went to East Makira can also serve Temotu Province as well.

The last two are quite interesting because the funds are going to East Guadalcanal Constituency and East Central Guadalcanal Constituency but 'Solomone 1' belongs to Guadalcanal Province. Unless there is an agreement between the Member for East Guadalcanal and the province for this boat to operate only on East Guadalcanal, I would have hoped that these allocations should have gone to Guadalcanal Province to repair Solomone 1. I do not know who owns the boat MV Kangava at the moment. Does the member for East Central buys it off from Guadalcanal Province or what? But I noticed that the Member for East Central Guadalcanal has just acquired himself a twin 60 speed boat. I think that is where the funds have gone rather than repairing the Kangava. I just want to know whether the MP has used the money to repair Kangava or to buy the twin 60 speed boat.

Hon Joseph Onika: Point of Order. Thank you Mr Speaker. The issue is not personal but it deals with people from our constituencies. What you are seeing here shows some of us who are concerned for our people. You, the MP talking now can drive from here to your constituency but not for us. We have a lot of things to help our people with to benefit but it is very difficult. Your comment about the twin 60 speed boat, are you going to give me any speed boat if there is any emergency in my constituency?

Mr Speaker: Address the chair! Thank you Minister, next time you have address the chair so that the meeting is in order.

Hon Derek Sikua: I want to thank my good brother, the Member for East Central Guadalcanal for his intervention. I think his intervention is a bit out of order but it is good that he sheds some light about it and I am sure he will want to say something about it if he wants to join the debate.

But in responding to my good colleague, the Member for East Central Guadalcanal, I want to say that there is no reason why roads cannot reach East Central Guadalcanal or indeed East Guadalcanal. I would like to say that just as we have done in providing shipping grants to other constituencies and provinces, I would dearly love to see allocation of grants for building of roads 3.01 to East Guadalcanal. Now that the bad weather has gone past, the main road has reached its worse state as flooding digs up the road so much so that vehicles travelling now have to travel with spades in them so that when they get to the pot holes they get to fix the holes first before driving through. Yesterday when I went to supervise the loading of relief supplies to my constituency, I can see a lot of spades in the vehicles and when I asked the people what those spades are for, they told me that it is for burying of pot holes when travelling on the road. And so I want to tell you that the government must allocate a similar amount for roads, not only for Guadalcanal province but other provinces as well.

I realize that East Malaita road often appears on the newspapers where we could see vehicles almost hiding inside large potholes. I am not talking about grants or roads in Guadalcanal only but also other provinces, and especially East Malaita. I do not see it in the 2014 Supplementary Appropriation that will come before Parliament next week, but I am comforted by the Prime Minister's assurance in his debate earlier on this morning that there will also be allocations for rehabilitation and construction of roads and so I am looking forward to that.

The Prime Minister in his debate earlier on this morning has dwelt at length on the issue of scholarships when he referred to a supplementary appropriation that was brought before Parliament late last year, in which scholarships had taken up a bulk of that particular supplementary appropriation. I just wanted to share a thought on scholarship and especially on overseas awards. As you know, overseas awards that are given to our students who pass through our secondary education system every year will continue to go up. About 10 years ago the issue is not as big as it is now and this is simply because our population continues to grow and every year we would expect a one to two percent increase in the number of students that are coming out of our education system. And that would affect the awarding of our scholarships. If we do not have an organisational structure that supports proper management of our scholarship awards or indeed the development of tertiary education in this country, we are going to be in trouble. The Ministry of Education and Human Resources as it is, is already a very big ministry that looks after early childhood education, primary education, secondary education, non formal education and so forth. If tertiary education is added to it, it will be overloaded. I have mentioned in my debates in the past that we need 3.06 if you like, either a department or a ministry for higher education to carefully look at issues of handling scholarships and how to develop tertiary education in this country. It is good that we have already established our own university, and that needs a ministry of its own to focus on the development our Solomon Islands National University. It needs

more attention because the ministry is busy with other things and I think there is real need to establish a ministry for higher education.

When that responsibility is shoved on to the current Minister of Education who cannot even sleep at night now because of all the other levels of education, as it is really beyond his capability and may be that is why we hardly see him in here and he might have had stroke because he is always worrying. I think there is need to lighten the load of our Minister for Education by creating another ministry or a department which I would like to call a department for higher education that deals with SINU, deals with post-secondary level education and indeed overseas awards.

It is an issue that we sometimes do politicize this as well. Sometimes the Minister for Education has his own list, the Minister for Finance has his own list, the Minister for Mines also gives in his list and I also gave them my own list. And I am happy that about three of them were accepted by the government and are now in universities in Papua New Guinea. And so I am happy. I know the Minister for Aviation has his own list too that was sent to the Minister for Education. I think 10 of them were given scholarships which is more than me, but the issue is we should not be doing that. We should leave scholarship awards to the National Training Committee to award scholarships. But every year it is being politicized and that is why we find ourselves not having the funds to pay for an increasing number of our students.

The issue our Prime Minister also mentioned this morning is the first tranche of 2014 ROC funding that we have received of about \$300,000, which I am happy about and I have used it for disaster immediate response to my people. I think what the Prime Minister has mentioned does not sound good to my ears because some of my colleagues will use it for their actual work program for 2014, whereas mine will be left unfunded because I am spending it to pay for rice. I have paid for 58 tons of rice and that is more than \$300,000; in fact, it is more than \$460,000. I hope the government will refund my constituency funds that I have used for disaster. There is no way the government cannot do that because otherwise I would be really affected in terms of my work programs this year because these are funding to my people this year to assist them in their projects. I am really hoping that Cabinet, the Government and the Prime Minister are going to approve some funds to refund the money that I have spent on disaster.

In joining my good colleague, the Leader of the Independent group, I also would like to say something regarding the bipartisan committee that is tasked to work on the regulations of the CDF Act. Like my good friend, the Leader of the Independent Group has said, I have also made consultations with provinces that I am responsible for. I was responsible for three provinces namely Temotu province, the Honiara City Council and Rennell/Bellona province and I have completed my tasks. **3:11** And the report of the consultations is now with the staff of the Ministry of Rural Development. This year I have not been informed of any meeting called by the secretariat of this bipartisan Committee for us to look at any draft of the regulations before it is finally submitted to the Minister to take to Cabinet. So to say

that we are the ones who failed is not right; I totally disagree with that because as far as I know I have done my part and I am waiting for the Committee to be called to look at the draft regulations. And indeed the draft regulations point to the fact of the need to amend the Act and so we need to amend the Act first so that it is in line with the regulations before the Act can be operational.

Realistically, there is also the need to do awareness with our people about the Act and regulations. So to me, to make the Act come into operations this year is quite unrealistic. It needs time to do some things to the Act before it comes into operation, I hope in the beginning of 2015. That is how I see it. Therefore, for the people in the Ministry of Rural Development to say that members must have constituency profiles is not right because who is going to do that? Definitely not me, because it is supposed to be the work of the Ministry of Rural Development sending its staff to go and do the profiles of my constituency so that I can use the profile to develop my constituency development plan. For them to start imposing that on Members before funding comes is wrong. I really think that a lot of things need to be in place. And if the regulations talk about establishment of a constituency development committee which is also in the Act, then there is the need to elect that committee as well and that will take time.

I just want to put the record right when the Prime Minister said that it is the Committee that has failed, that is not true. We have done our part and we are waiting for the staffs of the Ministry of Rural Development to call us to go through the draft regulations before it is given to the Minister to take to Cabinet and then, of course, the government has to bring in amendments to the CDF Act of 2013.

I will have questions in the Committee of Supply and so I will stop here and I thank you for your patience and I support the Bill.

Mr. JOHNLEY HATIMOANA (Ngella): Thank you Mr Speaker for allowing me to also contribute to this '2013 Supplementary Appropriation Bill 2014. It is good that this Supplementary Appropriation Bill is brought into this honourable House for our deliberation and scrutiny as to how we can appropriate it. But in doing so I would like to first of all thank the Minister for Finance and Treasury and his staff for the work they have done in bringing this before us. I would also like to thank the Chairman **3.16** and members of the Public Accounts Committee for scrutinising and pointing out certain areas in this Bill for us to discuss.

I think much have been said by previous speakers, especially those on this side of the House. I will be very brief and to say that the way we administer budgets has been a problem in the past right up until now. Sometimes we do not appropriate funds that are in our budget maybe because of oversight and that is why we have to come up with supplementary appropriation bills to regularise our spending.

What I found out in the report by the Public Accounts Committee is quite interesting. The sum of money that is appropriated here, in my view, is not really fair as to how we, the 50 Members of Parliament are elected and come into this House and represent our people in the various different constituencies.

I would like to comment on funds that are spent on the education sector in the country. The Prime Minister and some speakers pointed out that we have problems with scholarship awards, which is one of the reasons why the Ministry of Education has the highest budget every year. What is happening here, in my view, is that some of the people in the ministry are not doing their work in a proper manner in regards to the awards that the Ministry of Education, especially the National Training Unit is giving out. The Leader of the Independent Group raised a point about the GPAs of students. I find it very interesting in the beginning of this year that some of our students who go to USP and other universities have GPAs that are below average. One of the reasons why, I suppose, is because we politicize very much the list of students going to universities. I would like to say here that we should leave that responsibility to the NTU to do. We should not come up with additional lists just because someone is part of our extended family that we make preference for them to go to university without them meeting the criteria and ended up not performing to expectations at the university level. You would note that in 2012/2013, many of our students have to return because of low academic performance at universities. And that is a very sad situation that we should have avoided in the first place. I think we should leave this to the Ministry of Education so it budgets for it properly to meet the need of sending our best students to universities for further studies.

The other point I would like to contribute on is the shipping grant. My people of Ngella really need a ship. Many ships are using the passage through Siota and I feel very sorry for my people because they wish that they are given a ship. **3.21** Most of the market produce at the Honiara Central Market come from the island I represent. That is why I want to say that the shipping grant given only to certain Members of Parliament was not properly done; if I may say this and I would like the Government and every one of us in this House to look into this seriously. People may come up with all sorts of argument saying that is how funds are appropriated. But if one looks carefully at this, it looks like those most of you on that side of the House are owning ships.

The other thing I would like to say is in regards to ownership of those ships. Are those ships privately owned by you or are they owned by your constituencies or your province? If those ships are purchased from provincial grants shipping services, then I think they should be owned by provincial shipping services. I think we should look into this shipping grant allocation carefully. A shipping policy as well, as other colleagues have also alluded to, needs to be established. This nation is a scattered island nation that is in need of shipping services. I would like to agree with what the Leader of Opposition has said that Guadalcanal does not really need ships but needs more roads; construct a road around the island of Guadalcanal and give shipping grants to some of us that are in real need of shipping. That is something we should look into more carefully.

Another factor worth noting as well is that the way we handle current situations in Honiara is not pleasing or not according to how we should have dealt with those issues. We are facing a very serious disaster here at Honiara and some

parts of Guadalcanal and the way we appropriate funds towards the disaster through constituencies, I feel, was not done in a proper way. If the government is facing problem in terms of finance, it should come out clear and inform people how it can assist in disaster.

I do not have much to say as everything has been said by others who have spoken before me. I just want to say that I support this Bill.

Mr MATTHEW WALE (*Aoke/Langalanga*): I want to thank the Minister for Finance for giving me few minutes to talk. **3.26** Most of the things I wanted to say have been already mentioned by others but I just want to add on the voice of the people of Aoke/ Langalanga to the observations made about this supplementary appropriation bill.

Every night before I sleep I read this book (the Constitution) and section 103(2) says "Where in respect of any financial year the Minister is satisfied that an urgent and unforeseen need has arisen". I always wonder whether the Minister for Finance ever satisfies himself with these two things; one, that it is urgent and two that it is unforeseen, because the Constitution says "urgent and unforeseen". It does not say "urgent or unforeseen". In terms of urgent, we can make anything to be urgent.

Just look at the \$10million from CW raised for the shipping grants, is that urgent and unforeseen under section 103(2) in the Constitution, Mr Minister? Were you satisfied Minister that section 103(2) is fulfilled? Or were you compromise by the fact that you are one of the beneficiaries too? Or the Minister for MID is also a beneficiary and so this is conflict of interest and so you are not in a position to make a decision that is objective to this matter? These questions are accountability questions and are very serious questions. These are the sort of questions that people are questioning us about. When we are making these decisions we are not satisfying ourselves that they are in accordance with the law.

My view on this shipping grant is you have already put \$14 million in the budget of 2013, and I did not know when did you approve the Contingency Warrant and put in another \$10 million to it, which totaled up to \$24 million for the whole year of 2013. The Minister's statement when moving this Bill said that it is important not to impede effective delivery of services to people, even if this \$10 million Contingency Warrant for shipping grant is postponed to this year so that it is factored in properly in this year's budget, there is nothing that would have been impeded; none of these ships have arrived yet. There is nothing unforeseen, nothing urgent about this \$10million CW given for shipping.

In terms of shipping, promises have been made to these people some years ago and not something we are taken by surprise with as to raise contingency warrants for. This just flies in the face of the Constitution. If you want to do it that way then bring an amendment to the Constitution; amend section 103(2). Remove the words 'urgent and unforeseen' and use any other criteria for the minister to be satisfied with and then go to Cabinet for Contingency Warrant. I say this because

year in and year out we come here to abuse the Contingency Warrant and then Parliament authorizes and regularizes it. Even the regularizing by Parliament could be ultra vires the Constitution. This is like going through the back door when payments and the use of contingency warrants do not satisfy contingency warrants. It is very clearly not satisfying CW, my dear brothers and sister and we continue to be like this many times. Some of the expenditures in the CW, I do not think satisfy section 103 of the Constitution, for example, the Beauty Pageant. Beauty Pageant is an event that was planned some years back before the actual date and so are we shocked by it and opt to raise CW for it? [3.31](#)

In any case, the point I am making is we always offend the Constitution with the use of contingency warrant. We must no longer stand behind the excuse, and I am saying it is an excuse, to say the government must not be impeded. Of course, the government must not be impeded but the government must plan properly. The government must do what it is supposed to be doing but it must plan for those things. Any project or expenditure that comes later on along the way can be catered for in the next year. If it is priority it can be catered for in the following year. Events like disaster are what section 103(2) is supposed to be used for. In Kwara'ae language we used to say *kul akul*, meaning 'we can continue on'. We can continue on but we should be thinking carefully about this and we should not repeat it. The supplementary that the Minister is going to bring before we dissolve must not repeat this abuse. Any Contingency Warrant that may come in the next supplementary must be only for disaster and do not abuse CWs. We only expect allocation for disaster relief to be in the next Contingency Warrant. Please, we must start somewhere and those of you who are going to come back in the next House must continue with that good practice. Do not use contingency warrants in a manner that breaches the Constitution. Merely going to Cabinet and coming here for a supplementary to have it regularize here in Parliament, in my view, does not really regularize it in terms of 103(2) because the basic criteria in 103(2) was not fulfilled in the first place. One could say that the Minister is negligent in taking payments that do not meet the criteria. One could make that argument. Anyway, it is not something that we should be pressing so much about but in light of the spirit of the new Public Finance Management Act, it forces a lot of disciplines on us, especially those in government as to how you are managing our resources that you must pay attention to section 103(2). In the next supplementary I am going to watch out for this section 103(2) to remind you again.

I have been thinking very seriously about taking this matter to the court so that it is clarified once and for all, however, since I do not have money to pay for court fees and lawyers that eventually made this view of mine watered down. Otherwise this is a matter that should go before the courts. Perhaps even the Attorney General acting in public interest can seek declaration in court on what 'urgent and unforeseen' means that gives rise to the need for CW.

We also touched on scholarships and the blow out of the education budget last year and I appreciate the decision taken by the government in view of resource constraints and that apparent blow out. But the basic reason for the blow out is just mismanagement and incompetence. There are no other words to describe it but only these two words, 'mismanagement and incompetence'. I am not even sure at what level does mismanagement and incompetence comes in, whether it is at the level of the Minister or officials? But it is definitely mismanagement and incompetence.

The budget is there but political selection goes ahead. Mismanaging of resources and so the Minister of Finance and Treasury had no option but to cut back everywhere else to meet that. We cannot continue managing this country like this. Every year and every six months 3:36 we come here to rectify issues that arise out of incompetence and mismanagement. And so we okay it as it is water under the bridge because the money has been spent and so we just regularize or approve it. We cannot use the excuse that government has to be government and has to do the things it does and therefore we just approve it. Yes, government has to be government and do the things it has to do, but managed prudently, responsibly and sustainably. The people of Aoke/Langalanga are thinking very strongly along that line.

The question of education financing is one very, very fundamental question for this country. The number one resource of this country is its human resource. We are yet to honestly grapple with the question of how to finance education for the future. What is that education for the future? We are still waiting for the review to the Education Act. But that review, I hope, is driven by a future vision; a vision of a future Solomon Islands society. What kind of society do we want to see in 50 years time and therefore what kind of an education system is going to deliver that kind of society and therefore what are the building blocks within that education system and therefore what kind of law is needed to be set up to uphold the building blocks so that we have the framework, the regime to deliver to enable government and stakeholders to deliver, and it must include the question of financing. For the government to continue financing scholarship 100 percent is unsustainable going into the future. There must be other options explored.

On the question of financing SINU scholarships last year, again is good because we are setting up our university and so funding everyone going to SINU is fine. But I would like to say here that mismanagement and incompetence is also involved in that decision. It is very, very clear, and no beating around the bush, my dear brothers and sister. Were you walking along the road and suddenly it comes to your minds that you were going to set up a university? Setting up a university is something that must have been in our plans for a long time. Are you going to manage our budgets like that where you are suddenly shocked by something and then we blow out in that area again? It is bad luck that the Minister for Education is not here, but there is an oversupply of teachers at the moment. There are many teachers that graduate from the School of Education at SINU but have no placement. The same is with agriculture. Where is the planning going into all of these? It is our

politics that is the problem to all these and we should not blame officials in the ministries. It is our politics that is ruining all these. Something that should be straightforward is bended because two or three votes is from there or we would like to pull someone from there to here and things like that. If everything is going to be done that way, we are certainly going to destroy this country. We are managing the country by a short term ism. I feel very sad about this.

The CDF Act, which you have rushed with to Parliament and where we tried telling you to withdraw it at that time for us to carefully consider it, is one useless act that has ever come before this House, I want to tell you. That is the reason why the regulations are a waste of time to pull and pull and pull. How can you come up with regulations for an act that is deficient and defective? It is a problem. The real reason why the bipartisan committee struggled with the regulations is because the act is defective and deficient. That is the reason. I withdrew from the bipartisan committee for two reasons; first, I just do not have the time and second, the CDF Act itself, in my view, is the big problem. The Act should be fixed first before we can look at the regulations. Coming up with regulations with no empowering provision in the substantive act itself is going to be a problem.

Finally, before I take my seat, the people of Aoke/Langalanga are very sad about the shipping grant. This part of my heart is very painful and the pain is moving to this side of my heart. The pain is going down and coming up again over the shipping grant. This is because the Shipbuilders and Owners Association of Aoke/Langalanga submitted a proposal to the MID. I was not involved in that submission; there was no politics involved in that submission. The association has its own executive which made the proposal that was submitted to MID. The proposal was just slightly over \$3million for a number of boats that are still nearing completion. These are wooden haul vessels constructed by our own people.

The Permanent Secretary for the MID and his technical committee assessed the proposal and were really happy about it. In fact, it was only one of two or maybe three proposals that MID received. And the amount that each project is supposed to get is \$200,000 and \$300,000 so that people can do something productive and meaningful with the funds. They received a bit of support and I would like to thank the Prime Minister for that because I have heard the Prime Minister mentioned that some people within the government wanted to totally remove this group not to get any funding because their Member talks too much. But the Prime Minister since he is our in-law was able to stand up for us and gave us some funds. Projects that should have obtained funding for \$300,000 only received \$40,000 or \$30,000. Goodness me, you can only buy a few copper rod nails with that amount and it is gone.

I am glad that some of you people are going to buy iron boats from Japan, Korea or China. I would have thought that the government of the people, for the people, by the people will help build the skills of our people so that this expertise can be strengthened or this technology is strengthened. The shipping sector is a sector that our own people have the capacity to do but we are just stepping on it

without encouraging our people. We are treating them as if they are afraid of us because we are neglecting them. Or is it being politicized and that is why it ended up like that?

Some people even campaign on cheques from the shipping fund that was given to my people for Aoke/Langalanga. But those projects were designed according to specifications and costing was done and work is to be done to them. If the amount is reduced, it is good if it is reduced to a much reasonable amount. That is why my heart is very painful because we always talk about strengthening our indigenous business people who have already out of their own sweat have been in this industry. The support of the government over the years has been negligible and almost nonexistent. This is a sad thing.

In this day and age of environmental awareness and climate change, we are just seeing the effects of climate change. To build an iron ship, let us say Belama or Kengava or Baruku; that class of ship, in constructing that kind of ship, you would produce 12 times more CO₂ in building that ship than **3.46** you would building a wooden hull vessel. Our people are not using anything in burning carbon. Of course, they cut down trees but the trees grow again. Carbon footprint in building wooden hull vessels here makes for very good environmental policy. The Minister for Environment is not here now but it makes a very good environment policy.

Employment makes very good economic policy to encourage our people to build ships right here. We encourage them perhaps to improve the technology but it makes very good economic policy as it creates employment that we wanted so much. It is also import substitution because we build ships and use them here and keep our economy strong. Our balance of payment will look good when we do this.

These are the things that I am very concerned about and makes my heart very painful. And that is why you have to come with a shipping policy that embraces all these aspects so that we do not politicize it every time to avoid its detrimental effect in the long term. The role of the private over and against the role of the government, the provinces and constituencies in terms of shipping must be covered in that policy.

The history of shipping shows us that apart from Chinese traders, Mari Stellas and M-Class, our colonial governments also operated a few ships, which worked really well. Those shipping services were really up to standard because the ships were clean and marine officers at that time looked really smart in their uniforms and hats.

There was a ship stationed in Auki at that time to go around Malaita every week. It went around Malaita with doctors, nurses, dentists and DOs. It also happened in other islands. However, this is not happening nowadays in Malaita. But going around the islands is an important function of government because when people see those ships they know that their government has arrived. This is because it brought doctors, magistrate, police and other important people in government to deliver government services. It worked well at that time.

As the country progresses and privatization started to take hold of our thinking, the National Shipping Services Ltd came under ICSI and every

government ship were under ICSI only to their demise. We then started to see provinces asking government to buy ships for them, like the Western Queen, Ramos I, II & III and Ramos IV we are still waiting for it. Again, provinces did come into operate shipping for the last two terms and then I noticed that constituencies started to own their own ships. Initially, those ships were intended for outer islands or remote areas but now it seems most constituencies are owning ships. Again, we do not know whether this is rational policy 3.51 because there is no policy in place and so we do not know the criteria or basis of those decisions and so we cannot form an opinion or judgment on whether this is best use of our resources or not hence the urgent need for a rational policy on this area. What the Prime Minister said is true in that this problem may have started during your time Mr Speaker or even before your time and going forward now but it can no longer be an excuse. We must have a policy to guide the government when it deals with the allocations of buying a ship.

Moreover, I am happy with the discipline mentioned by the Prime Minister that the government is trying to discipline itself in what it is asking Parliament in supplementary appropriation bills. That is that it is not asking for new money, and that is good thing in that regard. The 2014 supplementary will be brought here for us to look at. Its constitutional aspect is good for it to also enter into the disciplinary thinking of the government to guide the government on what it wants to use in the CW. With those few thoughts, I support this Bill.

Mr MOFFAT FUGUI (*Central Honiara*): I stand to contribute briefly to this important Bill, the 2013 Supplementary Appropriation Bill 2014. This Bill simply asks Parliament to regularize or legalise or bless or allow moneys already spent or used by the government through CWs AWs. The total amount already spent is \$15,905,697.

What is obvious in the Bill is what it does not stand for or what it does not clearly states. If we look at the allocations given and the ministries or departments or the government institutions the allocations are made, they would not qualify for CWs and AWs in the normal course of events. Of course, of the total of six heads, in my opinion, only the Ministry of Environment and the Ministry of Health and Medical Services should have been allowed the use of CWs or AWs.

The Ministry of Environment for the monitoring and regulating of tailings from the Gold Ridge mine tailings storage facility and the other is the Ministry of Health and Medical Services to assist in the WHO health support service program. The rest of the heads should have been taken care of in the 2013 Budget.

This would have been the case if proper budgeting and planning had been carried out. For a ministry that is foremost in financial matters, I would say that the Ministry of Finance and Treasury is performing way below the mark.

It is a serious indictment when the PAC reported that it was concerned about the use of CWs for expenses which were either foreseen or not urgent. The Committee rightly stated that such moneys could have been used for political expediency. In other words, to keep what I would loosely called "political house

niggers and cronies satisfied". I must say here that the use of political expediency in most governments is not new, but this government has taken this practice to a new slippery and dangerous height. Worst, this government appears to enjoy it; it thrives on it.

The justification for this is that we continue to see that even with the passage of the Public Finance and Management Act last year, this practice^{3.56} that one would term that this appropriation of public finance seems not to be curtailed. On this point also, the Permanent Secretary made a 'strong-man case' by saying that at times the government needs to use CWs and AWs for the purpose of service delivery. The purpose and the content of service delivery is often not questioned or scrutinized and so we must do it carefully next time.

Last year, \$10million were given for shipping grants under CWs. Five of these shipping grants were in the range of \$1million to \$3million and 17 others were allotted \$100,000 or less. I started to question what sort of ship costs \$100,000 or less. All of these are given to constituencies with government MPs. That is expected. This is election year and so the need to campaign a bit.

About \$24million was given in total for shipping grants last year but when this was given \$2.4million was not accounted for as reported in the PAC report. My rendering of this would be \$2.4million was missing. If \$2.4million is there on your desk, Mr Speaker, it would be quite obvious, you can see it, it would not be missing, especially when your light is on. In other words, we are operating in the dark when the light is on. Even the PS responsible did not know off the cuff where the \$2.4million went because it was reported that he had undertaken the duty to quote/unquote 'find out'. To find out \$2.4million is a serious matter, it is a criminal matter almost, indictable matter, in other words.

I am not against funding of ships for constituencies. Even Central Honiara Constituency needs a ship. I want to tell you, Mr Speaker, look at me; for we have the money and we have the passengers. All the rest of them depend on Honiara and I am in the heart of Honiara. We, Central Honiara included, are the heart of Solomon Islands if you want. What I am against is spending public funds where there is no government policy to support such spending. I hope you take this because that is not how to run a government. But one is not too raveled over this because in the Prime Minister's office today there is no guardian of policies there, for instance, a policy evaluation unit or a similar institution was gotten rid of and so we have a problem because in the normal course of the day, the PSs and all the other advisors are tied down with their normal duties. We need a specific institution that guards policies as we move on from day today.

In the Prime Minister's submission this morning which I want to refer to before I sit down, the leader said that all previous government did this. In other words, they helped themselves with government monies in terms of political expediency. Everybody is doing it, you Mr Speaker, them and everyone else. I hope you are listening. For a government that pontificates to be transparent and accountable, this is no golden rule to operate with.

Finally, today we have a state of emergency or we have a state of disaster. If there is anytime the country needs the use of CWs and AWs, quote and unquote; quote 'unforeseen circumstances', this is the time. This is the time that the Government declared Guadalcanal and Honiara disaster zones. This is the time when our people are begging for help. This is the time to put CWs and AWs to best use when we are on bended knees. Still we wait for our government to intervene expeditiously; we wait, we wait, and we wait. With those few remarks I resume my seat. **4.01**

Mr Speaker: I think this is the appropriate time for the Minister to windup the debate of the Bill.

Hon Rick Hounipwela: Firstly, I would like to thank the Chairman of the Public Accounts Committee for the report of the PAC and also honorable colleagues who have contributed to the debate of the 2013 Supplementary Appropriation 2014. I would like to acknowledge the contributions made.

Most of the points and comments raised are true and very important and I will not respond to all of them because I think most of the points raised have been responded to by the Prime Minister. But I would just like to comment briefly on the use of contingency warrants. I suppose the purported misuse or abuse of this facility was rightly mentioned by the Member for East Choiseul, the MP for Central Guadalcanal and the others who have spoken. I think they have raised concerns that are very pertinent to the issue of contingency warrant and advance warrant.

I think the other thing that I also recognize is that unfortunately this has been a practice over the past years and I think some people are blaming each other here. But today we have a new Act of Parliament, the Public Finance Management Act and this Act has put things right on what we should be doing, including the revised financial instructions the Ministry of Finance and Treasury is trying to follow at this time, especially in terms of enforcement of compliance.

As my Permanent Secretary has assured the Public Accounts Committee, I would like to assure the House again that we continue to re-enforce compliance and given that this has been a practice that many people are not used to and so it is a very difficult one but we are continuing to beef it up. In that I totally agree with the recommendations made by the Public Accounts Committee which had been reiterated during the debate by the Acting Chairman, especially on the point raised about beefing up the capacity at the Treasury to enforce compliance.

There were other very important points raised by other Members of Parliament including the Leader of Opposition and the Member for East Choiseul, in particular the point about us depriving ourselves on other provisions within the Appropriation Act, and I think an example was made on the provision for borrowing. I think the Prime Minister **4.06** has already explained in some details as to the administration, reasons and how this is being done at the moment. The Honiara Club was mentioned but there is no longer a Honiara Club but there is a new arrangement for debt management under the PFM Act in terms of the need for

borrowing and so forth. These arrangements are already enshrined in the Act which we are now trying to put together. You can see this under Part 8 of the Act that was passed recently.

There was a very important point raised by the Member for East Choiseul in regards to how the budget can be managed in the face of an economy which is shaky. He made some reflections on what our assessments were in previous years. He also mentioned that our economy might be slowing down. I can only repeat what the MP very eloquently stated in regards to the situation now at this time. He mentioned the closure of the Gold Ridge Mine and, of course, the effects from the recent flash floods.

The economic and financial impacts will be very huge for us. This is something that the government and all of us have to be very mindful of. I just want to assure the House that while some of these things have been slow in coming in terms of reforms to enhance economic growth, I think this government is taking steps and there are already steps afoot to address, for example, alternative sources of growth, the Forestry Act and there is also work now on the minerals legislations and other legislations as well.

In regards to comments about ROC Funds, I think the Leader of Opposition and the Member for East Choiseul have raised quite an important point. For example, in my case in Small Malaita, we have a budget approved by the development committee already at the beginning of the year and our budget does not have any CWs but it only has projects and so when funds are used for this disaster, it looks like we will be struggling. I think that is a very important point that I fully take note of. We will look at how that can be done.

As I understand it, funds that we will advance are for Members of Parliament to use through their constituencies or constituencies through their Members of Parliament to use for relief assistance for people of their constituencies. Most of the people affected are here in Honiara and probably North Guadalcanal and other parts of Guadalcanal but there are at our homes **4:11** many constituents too who have been affected by the recent floods.

There has been quite an extensive debate on shipping grants. I do not want to bore the House again on this, but the points are well taken. I think the Prime Minister has made some explanations in this regard. But I think the point about the need to have a policy cannot be overemphasised. There is need to have a policy in place to guide us in this very, very important sector. This is a sector which has been and will continue to be the essence and is critical for our economic development and generally our nation building and so we cannot afford to just ignore it. It is a fact of life for a country like Solomon Islands. The maritime sector is an important sector that we need to address.

I heard the lamentation by the Member for Aoke/Langalanga who may have thought his people have missed out. I do remember that many shipping operators have benefited before from this fund. This is, of course, an important policy issue. I very well agree with the point the MP was making in terms of whether we should

continue to import ships or build ships locally which are wooden made. This is an important policy point. But I just want to say that over the years some of these groups have received direct support from the government and also through what is now the defunct Development Bank of Solomon Islands (DBSI). Some of them are my friends and I know them that have received assistance through that source as well.

But let me return to the policy aspect which is important as far as I am concerned that came out in the debate. We need to work through it. There are some issues raised throughout the debate, which I think not only this government but the government that will come after the election must take on board, including the need to strengthen the regulatory environment in the shipping sector. This is because some of the ships only operate on temporary licenses, some do not even have life rafts, some have life rafts which are already expired but are still being used and so forth. I think this is going to be important in this sector.

I just want to quickly comment on the CDF Regulations and the Bipartisan Committee. I am the Chairman of this Committee and the point made by the Prime Minister is true in that we have had difficulty convening meetings. Some members of this Committee who have spoken admitted they have other commitments, some have resigned or they just did not want to attend. The Cabinet has given this Committee a very, very strict timeframe to complete its work. The Cabinet told this Committee to complete its work in November last year. We have not been able to complete our work because of the difficulty in convening committee meetings **4:16** because of issues with commitments by members of the Bipartisan Committee and therefore quorum could not be reached many times.

There are only two points I would like to make about this Committee. One is that this has come as a result of no fault of committee members as well as not the fault of the government too. Some allegations were made that the Prime Minister or the current government must have engineered the outcome so that the CDF Regulations are not enforced. As I have explained, nothing can be further from the truth.

There were also other issues that have been raised but which have already been responded to by the Prime Minister and I do not wish to bore the House in responding to them again. In conclusion, let me thank honourable colleagues on both sides of the House and the Public Accounts Committee, especially through the Acting Chairman for the scrutiny of the Bill. Thank you.

The Bill agreed to.

Suspension of Standing Order 10 in accordance with Standing Order 81

Question agreed to.

BILLS

Bills - Committee of Supply

The 2013 Supplementary Appropriation Bill 2014

4.21

Bills – Committee of Supply

Head 279 – National Parliament - \$900,000 agreed to.

Head 287 - Ministry of Culture and Tourism - \$2,000,000

Mr. Peter Shanel Agovaka: This \$2million for this head, I wonder whether the Minister responsible for the Ministry of Culture and Tourism can provide the necessary reports for this item because this money has already been used and the pageant is over.

Hon Samuel Manetoali: The answer is yes, we will provide the report for this item.

Mr Matthew Wale: I want to congratulate the Minister in that Solomon Islands hosted the pageant show but what I want to know is whether this \$2million was our only contribution towards the show or was it more in the original provision in hosting the event?

Hon Samuel Manetoali: The answer to this question is that we spent more than \$2million.

Mr Matthew Wale: Did it come under provincial culture? Item 4:26 6162 of the schedule narration says provincial culture. It is not really a big deal but have you taken funds from somewhere for this extra or are taking funds that should belong to other provinces or is everything here in Honiara?

Hon Samuel Manetoali: I think the name there is wrong.

Mr Chairman: I guess that is typing error or something otherwise we will stop here and allow the Minister to correct that error before we continue the next sitting day. This is very important for budgetary purposes.

Hon Gordon Darcy Lilo: I think the narration should be provincial and national culture. I think the space there is too small.

Mr Speaker: That will be corrected later.

Mr Matthew Wale: In the main budget, this narration is correct, 6162 is provincial culture and so you cannot say it is in the main budget, it is provincial and national. It would be good if this is corrected.

Hon Gordon Darcy Lilo: I think these will be all clustered in the new chart of accounts. But we will find out. I think it should be 'provincial and national cultural promotion'. This is a problem with space and when bills are printed in a small paper like this, it further reduces the narration.

Hon Derek Sikua: I do not think it is a problem of space. If there is a lot of writing it would just go wide as we can see with the other heads. If there is a lot of writing the space will widen as much as we like. It may have been the case that the ministry does not have any subhead for this particular event, the pacific beauty pageant show and so when the ministry requested for funds, it just put it under provincial culture. I think the Committee should note that it is for the pacific beauty pageant. I think that is alright because we know what it is for except the description does not clarify it is for the pacific beauty pageant show. **4.31**

Mr Chairman: I think the budget is correct. If it corresponds with the main budget it is still provincial culture.

Head 287 agreed to.

Head 299: Ministry of Environment, Climate Change, Disaster Management & Meteorology - \$850,000

Mr Peter Shanel Agovaka: This particular item is for monitoring and regulating of mining and tailing storage facilities at Gold Ridge as well as monitoring downstream rivers and the environment. I am aware that work is in progress so can the Minister inform the House on what the state of the tailings dam after the recent heavy rainfalls and flooding?

Mr Chairman: I think that question is not quite relevant to what is in discussion. However, I will ask the Minister if he has something to say.

Hon Bradley Tovosia: Thank you Member for Central Guadalcanal for that question. This \$850,000 is to purchase a vehicle for the ministry to closely monitor the tailings dam. Currently, with the huge rainfall the ministry is closely monitoring the level of water at the tailings dam. The ministry checks on the water level in just about every two days. The ministry has noticed that the company has not been loyal to what it is supposed to be doing in regards to the things happening up at the site.

But the government is to look after our people living downstream. The water level at the tailings dam has actually risen during the recent heavy rainfall. We have heard speculations that the dam is going to burst but that is not true. I think the dam is remains strong and safe for the time being although the water level has risen over the normal level.

Head 299 agreed to.

4:36

The total Recurrent Expenditure by Contingency Warrants of \$3,750,000 agreed to.

Development Expenditure

Head 477: Ministry of Infrastructure Development - \$10million

Mr Matthew Wale: Again, this narration, 'Capex Ships' seems to give the impression that this is government's capital expenditure, hence government ships. Can someone clarify if that is the correct code?

Hon Rick Houenipwela: As I understand it, this \$5,300.00 is for ship. There is also another \$5,305 for boats and canoes under that same head, which totaled up to \$24million. I think that may have been the source of confusion at the PAC. In the original budget, \$21.7million is for capex ships and \$2.3million for capex canoe and boats. But going back to the question raised, as I understand it that \$5,300 is for ships and there is another one for boats and canoe.

Mr Matthew Wale: Looking through the Development Estimates, it says, 'Shipping Grant Initiative' is \$5,600 and not \$5,300 and that is why it came to \$14million. I suppose this is totally a new one going direct to capex. I cannot see the \$5,300 mentioned by the Minister in the Development Estimates under Head 477.

Hon Rick Houenipwela: I think we need to consult the ministry concerned on this one because there might be a slight error on this accounting subhead. **4:41**

Mr Chairman: Members are informed that we will vote on this amount. Any discrepancy is a subject for further investigation or I will give the opportunity for the Attorney General to make any clarifications. This is because I am going to put a vote on this figure in the schedule. Any extra \$2 or \$3million not included in here will be subject to investigation to find out where part of the money went to if it looks suspicious.

Mr Manasseh Sogavare: We appreciate that we vote amounts to heads, but I guess the expressed wording of section 103(2) of the Constitution may probably need some

clarifications. If there is no head of that description or any subhead item of that description does not appear in the 2013 Budget, then it is a new one altogether. And as a matter of process, there is need to bring variations to the heads and subheads.

The wording of the Constitution in addition to unforeseen and urgent, if read further down, the sum appropriated for that purpose by an Appropriation Act excess of or for a purpose for which no sum has been so appropriated. If a subhead never exists then the proper processes of establishing that head or subhead must first happen. This is an addition to the question you have raised Mr Chairman for the Attorney General to clarify to us.

Mr Chairman: Thank you Honourable Member for East Choiseul. The position of the Chair, before the Prime Minister and the Attorney General made their clarifications, is that the Chair is going to vote for the schedule and not the details. This must be made very clear. Therefore, if there are any figures from outside included in here, which is going to make this figure not adding up, then it would be an issue that will be raised outside the House and possibly police investigations as to why half of that money is missing and not included here. But the Chair will respect the schedule.

Hon Gordon Darcy Lilo: Somehow I got the copy of the 2013 Development Estimate. If you go to Head 477.....

Mr Chairman: It is 2013.

Hon Gordon Darcy Lilo: Yes. What I am saying is that this warrant is recorded in 2014, it will be accounted for in 2014 **4.46.** It is an accrual from 2013 to 2014. Accrual is done either through proviso of an accounting something or the legal provision. This is exactly what is happening right now. Money that was spent last year has to be legalized this year and it has to be legalized to the appropriate head that is applicable in that particular fiscal year. It has to be accrued to that particular subhead, and that is exactly what Parliament is doing right now.

Last year we had the Contingency Warrant for the 2013 proviso but then the operation of another appropriation act comes into effect, and that is the 2014 Appropriation Act. I think that is the treatment that is being done to that at this time.

The zero provision in 2014 in the column on 2013 is zero. It is zero there. In numerical accounting it has to start at zero and go up. If there is a dash there then we know that there is no numerical accounting to it. There is treatment of accrual here, in my view and that will still be subject to audit for proper sorting out. This is approved this year, 2014 and that is why it is called the '2013 Supplementary Appropriation Bill 2014.' The appropriate subheads where the Contingency Warrants are posted to are on page 58. That is what it really is.

I am sorry Mr Chairman that you have to go to the extent of saying what you have said. But I can give you this for your information, which you may also have.

Mr Chairman: I have 2013 and not 2014.

Hon Gordon Darcy Lilo: We have done away with 2013. You know that very well. We are now in 2014 and we cannot reverse.

Mr Chairman: No, my schedule is correct but the question is on the details.

Hon Gordon Darcy Lilo: This is something to do with the new chart of accounts when it came into operation where the Contingency Warrants have to be posted to an applicable Appropriation Act, which means it has to be treated as an accrual for 2014.

Mr Manasseh Sogavare: Mr Chairman, eventually we have to go by your ruling and I think you are correct that we vote for the amounts to the heads and so you are correct in your ruling. This is just to respond to the point raised by the Prime Minister.

I am not sure whether the government operates an accrual budget. The question arises as to when we actually paid for this. Is it this year or last year? That is one point. If that is the case, then it must appropriately appear in the 2013 accounts so that when the 2013 accounts are finalized, I assume these spending will be reflected in the 2013 annual accounts and not the 2014 accounts. This is just for the Prime Minister to clarify to us. I am not sure whether we are operating an accrual budget. I thought it is cash budgeting so may be the Prime Minister can clarify that point.

I know that we are venturing into something that is totally unnecessary now. **4.51** We must go by your ruling and vote this amount to this head. I think that is your point Mr Chairman and can we have the Prime Minister clarify that point to us?

Hon Gordon Darcy Lilo: I totally agree with what you have said that we are voting it to that particular head, which is really the power of Parliament to vote it to that head. But I think it will still have the same effect that last year's expenditures are now voted to this head.

The other thing I am not too sure about is whether this occurred when government accounts were actually closed. I think it was closed sometimes earlier and that is why it is treated like this. But I think it would be much easier with the new chart of accounts and that is why we ended up like this. There is a new chart of accounts and that could be why we ended up this way. It could have fallen into two categories here; one is 4832 and the other one is 5015. But I think the point you made Mr Chairman is important and that is for Parliament to vote it to that head.

Mr Matthew Wale: I think these payments were done on or about 31st December so they will be in the 2013 accounts. Anyway, the substantive point is that you rule Mr Chairman and we continue on.

The other issue I want to raise is in regards to section 103(2) of the Constitution in regards to CWs, since this is part of CWs, if the Attorney General can clarify that part. The criteria for CWs are urgent, unforeseen, excess of sum appropriated and so on. This CW under Head 477 is used as an example but in my own view, it does not meet the urgent, unforeseen and excess of sum appropriated criteria of CW. If there is excess, whether there is evidence of excess and so on. Can the Attorney General clarify to make this point much clearer?

Attorney General: Thank you Honourable Member for requesting clarification from me. The provision you are referring to, which is section 103(2) is a provision that refers to appropriation of funds in advance of the actual appropriation by Parliament. The authority for the CW can be found under section 103(2) as you have rightly mentioned.

The way the Constitution is structured in terms of contingency warrant, the Minister must be satisfied first of two things. First, the need is urgent and is unforeseen and there is no alternative. The need must both be urgent and also unforeseen. Secondly, these two wordings must be used against as the contingency says, "where in respect of any financial year, the Minister is satisfied that an urgent and unforeseen need has arisen to authorize for any purpose 4:56 issues from the consolidated fund for expenditure in excess of the sum appropriated". First, the need must be urgent and it must be unforeseen and it must be in excess of a sum already appropriated by a prior appropriation act, for example, the main Appropriation Act for 2013. In my view, the Minister must satisfy himself first that this particular need is both unforeseen and urgent and there are no funds now available under the head that we have approved under the previous main budget so we are going to cater for the excess. There has to be a previous amount already allocated under a head but now cannot be utilized because there were funds and so we are using the CW to spend funds in excess of an amount that Parliament has already appropriated previously.

The second situation is that if there is an unforeseen circumstance and an urgent need for a purpose where there is no allocation; where there is a head but the allocation is zero. In such instance where there is a head with no funds available under it, you can use the CW to appropriate funds and then like we are doing now come to Parliament to have it properly appropriated. There are actually four requirements. First, it has to be unforeseen and second it has to be urgent. Third, the CW is only for an amount that is in excess of an appropriation that has already been appropriated for in a prior act. Or if there is ahead that is included in the previous one but there is no funds allocated for it. Those are the four criteria, and the Minister is required to be satisfied of all those four. That is the test before he can

process the cabinet paper for cabinet's approval. If there are further questions relating to the advice I have given, I can happily answer them.

Mr Matthew Wale: In view of the clarification given by the Attorney General, I want to ask the Minister for Finance whether consistent with section 103(2), he was satisfied with those conditions existing for this particular item.

Hon Rick Houenipwela: In terms of explanations by the Attorney General, I find the situation at that time that I can only agree to what Cabinet has taken. It was a cabinet decision that I have to go along with.

Mr Matthew Wale: Yes, but in here the Constitution states that it is the Minister that must be satisfied before it goes to cabinet. It does not say the Minister to go along with cabinet. The Minister must first of all be satisfied before taking the paper to cabinet.

My concern is we could be voting on something that is in breach of section 103(2) when those conditions do not exist and the Minister was not satisfied procedurally, following the process of being satisfied before bringing to Cabinet that there were some negligence in the handling of this particular matter. That is why I asked the Minister whether he was satisfied that the conditions required by section 103(2) of the Constitution did exist before he **5.01** brought it to Cabinet for its blessing.

I still want the Minister to answer the question and not to hide behind Cabinet. But first I would like the Attorney General to clarify if in the situation that Cabinet gives its blessing but those conditions did not exist, would that situation be in direct breach of section 103(2)? If so, what would be the legal status of the moneys that have already been spent and how are we going to regularize them?

Attorney General: What Parliament is being asked now is to regularize amounts that have already been expended and that the expenditures should be in accordance with the provisions I have just explained to the House.

Again, in my view, Parliament can exercise two things; first since it will come for voting at the third reading, Members of Parliament can exercise their right if they saw fit the manner in which the funds were expended were not expended in accordance with section 103(2), in which case they do not lend their support to the passage of this supplementary appropriation. That would be the course of action available on the floor of Parliament for Members to exercise. The other one is using declaration or going to court for declaration that certain provisions or expenditures approved by Parliament are in breach of section 103(2). But again whether the expenditure has been properly expended, the process is there. Section 103(2) must be read with section 101(2)(b), basically where it is like a caveat on the exercise of powers by the Minister for Finance. First, the Minister for Finance is the only person

authorised by warrant to expend funds in accordance with an Appropriation Act. Second, it places guidance there where the exercising of the Minister's powers with respect to Contingency Warrants must be done in accordance with the provisions of section 103(2). That is very important. That test is actually in the Constitution itself. It is for any person with the authority now and in the future to have these tests complied with as much as possible. Otherwise, we are left in a situation where the expenditure is now being questioned by certain members of the committee or the House.

What I can say is that this expenditure has already taken place and we are into the second phase of the process where we are required as members of the House to exercise our rights to actually pass the supplementary or regularize it. You have two choices now where either you exercise your right when it comes to the third reading to either vote for or vote against. It offers you an opportunity to vote against the expenditure which you think is not in accordance with section 103(2).

The other option is to have this patched and then you can exercise your rights and come back and challenge the expenditure that it was made in breach of section 103(2) **5.06**

Mr Matthew Wale: When we pass this supplementary, it is going to become law. Any law that is passed in this House that is in breach of the Constitution is going to be problematic for us. The answer of the Minister earlier today shows he is hiding behind Cabinet and it is very clear the Minister is not satisfied with the conditions when he brought the paper. He probably did not even think about it, which has been the problem ever since. In that situation, I am speculating but it is reasonable speculation to say that this CW does not meet the requirements of 103(2) which therefore means 101(2)(b) kicks in, and so the constitutionality of this CW is a major issue already.

If we go by the proposed route stated by the Attorney General, anyone can vote for or against. I would like to vote for this bill to be passed but in principle I am not someone who votes for something that is in breach of the Constitution. I want my mind to be totally clarified first of all. I do not want to vote this bill down on the basis of its unconstitutional aspects. Right now on a balance of probabilities, my mind is leading towards this CW as unconstitutional and in breach of relevant sections in the constitution.

If this situation could perhaps be clarified, maybe the Attorney General needs some time to think about it properly and then clarify before we vote on it, which could be the next sitting day so that when we vote for it, it helps us to know the procedure to deal with it the next time. It is an important issue but it is useful to bring it to a head so that we can see clearly how we deal with it. Even if we pass it now and it is in breach of the Constitution we have not regularized anything. I think it is only reasonable to give the Attorney General time for him to reflect on this and come back with some advice as to how we go forward on something like this. This is only a proposal.

Mr Speaker: Thank you Member for Aoke/Langalanga. The view of the Chair is to go with the opinion of the Attorney General, even if there are no members wishing to vote and would like to abstain but I will continue to take the vote for the remaining schedules. Thank you.

Hon Gordon Lilo Darcy: Point of Order Mr Chairman. I am not a lawyer but as the head of this government, the collective responsibility of Cabinet is under section 35 of the Constitution. The executive role of this country is exercised collectively by Cabinet. We are here in Parliament now in a collective spirit as provided for under the Constitution to come and be accountable to Parliament, and that is what we are doing right now.

My reading of section 103(2) of the Constitution; the definition of the needs is another matter in which everybody is at liberty to go to court to find an appropriate declaration for in terms of what that needs means.

If you look through the Public Finance Audit Act, it spells out the consultation that the Minister of Finance has to do in Cabinet and this very Parliament is also telling him to consult Cabinet; this very Parliament that enacted the Public Finance and Audit Act. I do not think the Minister was wrong. He did exactly what Parliament told him to do that if he is in doubt he must consult Cabinet. Every former ministers of finance know this very provision that before the Minister exercises that role **5:11** to be satisfied, what the section of the Constitution says, Parliament also says that he must consult Cabinet, and that is exactly what the Minister has done.

But like the Attorney General had said, and I think you have alluded to, we are here to vote for it. This side of the government and the Cabinet has the responsibility to collectively come and bring it to Parliament and so we are doing it, and that is all. You are at liberty to go to the courts after we pass this for questioning. That is up to all individual Members of Parliament or even if you do not want to vote for it. Mr Speaker, consistent with your ruling, those are the points I want to raise and this side of the House asks that we proceed.

Mr Matthew Wale: I accede with your ruling Mr Chairman to put this to the vote because the Prime Minister raised section 35 that it is Parliament that makes the consultation, but the Constitution is supreme, not Parliament. He even said that the definition of section 103(2) is arguable, but that is a matter that could be explored further. But I do not really want to go to the court because I do not have money to do that. But I am hammering this point everywhere so as to register it with the Minister for Finance, the Prime Minister and Cabinet to exercise greater restraint and discipline in the use of contingency warrants (CWs) going forward. I think it is a point going forward for us to look at so that it helps us in our fiscal discipline.

Hon Gordon Darcy Lilo: I also want to make the point as well that the Constitution also says that Parliament can also prescribe by an Act of Parliament the operation of the provisions of the Constitution. The Constitution says that. We might be wrong or right taking the route done by Parliament through the Public Finance Audits Act last year; the Public Finance and Management Act just came into operation this year. I think the good thing about it is what the Minister of Finance and I said earlier today that this supplementary that we are bringing in is not new spending but it is just legalizing the contingency warrant (CW). It is all about reducing the risk through this supplementary mechanism. That is what I want to say.

Head 477 agreed to.

Total Development Expenditure of \$10million agreed to.

Total Recurrent & Development Estimate Expenditure by Contingency Warrants of \$13,750,000 agreed to.

5.16

ADVANCE WARRANTS EXPENDITURE

Head 376: Ministry of Health & Medical Services - \$155,697 agreed to

Head 489: Ministry of Aviation & Communication - \$2million

Mr Matthew Wale: I just want some clarifications on the issue regarding Munda Airport Land. Is it outright purchase by the government or is it leased? What is the arrangement?

Hon Gordon Darcy Lilo: The Munda Airport was gifted to the people of Solomon Islands by the trustees of Kazokuru. I might be wrong but I think it was sometimes around 1950s. I think it is only proper that when you asked that question now, that was the vision those people had for this country at that time. It is people nowadays that try to claim money for that land. But we continue to tell them that when it was gifted at that time, they might now raised some issues but that was the choice that those people at that time have made.

There was not any issue of outright purchase of that airport. This was basically to try and establish better working partnership arrangement with the Kazokuru landowners. Thank you.

Head 489 agreed to.

Total Advance Warrant of \$2,155,697 agreed to. 5.21

Total Expenditure by Contingencies & Advance Warrants of \$15,905,697 agreed to.

The Schedule agreed to.

Clause 1 agreed to.

Clause 2 agreed to.

Parliament resumed

Hon Rick Houenipwela: I wish to report that the 2013 Supplementary Appropriation Bill 2014 has gone through the Committee of Supply without amendments.

Bills – Third Reading

The 2013 Supplementary Appropriation Bill 2014

Hon Rick Houenipwela: I beg to move the 2013 Supplementary Appropriation Bill 2014 be now read a third time and do pass.

ADJOURNMENT

The House adjourned at 5:27pm.