

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

DAILY HANSARD

THIRD MEETING – EIGHTH SESSION

MONDAY 12TH FEBRUARY 2007

The Deputy Speaker, Sir Kemakeza took the chair at 9.45 am.

Prayers.

ATTENDANCE

At prayers all were present with the exception of the Prime Minister, and Minister for Lands & Survey, Home Affairs, Foreign Affairs, Culture & Tourism, Education & Human Resources, Mines & Energy and the members for West New Georgia/Vona Vona, West Guadalcanal, East Honiara, Temotu Pele, West Are Are and Hograno/Kia/Havulei.

PRESENTATION OF REPORT

QUESTIONS AND ANSWERS

Mr Speaker: It was discussed and agreed by the two questioners of Questions No. 19 and 27 in consultation with the Minister for Public Service that the two questions be asked at the same time for the Minister to give the answers because they complement each other on a similar matter.

RECRUITMENT OF 50 CONSTITUENCY DEVELOPMENT OFFICERS

19. Mr KENGAVA to the Minister for Public Service: The Government is in the process of employing 50 constituency development officers. Can the Minister inform the House whether:

- (a) the constituency officers will be based in provincial headquarters or in selected villages?
- (b) the constituency officers will be answerable to their Members of Parliament?

Mr Speaker: Before the Minister for Public Service gives his answer, I will ask the MP for North Vella La Vella to also ask his question.

27. Mr TOZAKA to the Minister for Public Service: Can the Minister inform the Parliament whether or not, prior consultation on the recruitment of civil servants for the constituencies had been made with Members of Parliament, and the provincial assembly authorities respectively, and if not why?

Hon SANGA: Mr Speaker, I have the following answers: The Government currently advertised the 50 posts which will assist the 50 constituencies in the country. The closing date for the vacancy notice is Friday 16th February and thereafter interviews will take place and selections will be made.

These posts are established posts under the 2007 Establishment within the Office of the Prime Minister and Cabinet. Their personal emoluments will be met out of the consolidated fund and therefore they are public offices within the definition of that term under the Constitution.

Appointees will be subject to the normal rules governing public officers under the Public Service Commission Regulations, the General Orders, the Financial Instructions, the Stores Instructions and the standards of ethics or ethical conducts defined for leaders under section 94 of the Constitution.

In relation to the first question as to whether the officers will be stationed in

provincial headquarters or in the villages, the officers will be based in Honiara as well as are required to be in constituencies on tour of assignments. They are expected a reasonable time within the constituencies subject to the nature of their assignments and their call of duty.

On the second part of the question whether the officers will be answerable to the MPs, they are expected to work closely with their MPs, but they are answerable to the Secretary to the Prime Minister as he is their Accounting Officer and also their Responsible Officer under the 2007 Establishment or the Office of the Prime Minister.

In relation to the second question, the positions were established after extensive consultations within the government structures especially between the Ministry of Planning, the Ministry of Provincial Government & Constituency Development and the Ministry of Public Service. After this extensive consultation we eventually decided to locate the posts under the Office of the Prime Minister & Cabinet and they will work closely within the National Planning Division under that office.

In terms of consultation with MPs, not all MPs were consulted. But some Members did approach my Minister in person to suggest that the vacancy notices closing date be extended. As a result, the closing date for the notices has been extended to Friday 16th February. Some MPs have actually written to suggest that the posts be given direct to the constituencies in order for MPs to fill them in with their existing constituency workers. My Ministry takes note of this and may soon consider the suggestions.

My Ministry has been advised that the selection for the positions will be done in close consultation with MPs because MPs will need to have a say in identifying the officers as after all they are expected to work closely with all MPs.

Mr HAOMAE: The constitutional function of constituency development officers has been gazetted and signed by the Minister for Provincial Government. Why are the 50 constituency development officers not based in the Ministry of Provincial Government and not answerable to the Permanent Secretary of Provincial Government rather than the Secretary to the Prime Minister?

Hon Sanga: Mr Speaker, you are correct in that development in constituencies is within the Ministry of Provincial Government & Constituency Development. But this is a new initiative taken on by the government and we have decided to have it attach to the Prime Minister's Office, especially with the National Planning Division within that Ministry and that we need to really have a close link with the centre and the periphery.

Mr Haomae: Does that imply the Government does not have confidence on the Minister of Provincial Government?

Hon Sanga: My colleague Minister will help out, but I think it is very important to note that the concerns of the constituency are heard by the centre. That linkage is very important that when there are issues raised by MPs or by constituencies, it is very important that the issues or concerns are quickly attended to and therefore the location of these posts in the Office of the Prime Minister is very important. By doing so it does not mean we are going to ignore the role of the Ministry of Provincial Government. Certainly, we are conscious of the role of the Provincial Government, but the point I want to stress is that it is very important for the constituencies to have accessibility to the centre.

Mr Haomae: The Prime Minister's Office is only doing coordinating roles under the Constitution. If it takes over the function of Provincial Government how would the Prime Minister's Office coordinate itself? What else will the Ministry coordinate pertaining to this particular subject?

Hon WAIPORA: Just a small point that may be missed out on this question. The recent rearrangement of the present government which made departments back to ministries, my Ministry is no longer the Ministry of Provincial Government and Constituency Development but it is the Ministry of Provincial Government and Rural Development. That is the reason why this function is more or less taken away from me.

Mr KENGAVA: Following the explanation given by the Minister for Provincial Government and the Prime Minister's Office taking over the role of constituency development, does that mean the 50 constituency development officers are additional political appointees?

Hon Sanga: If the questioner can recall my earlier answers, these positions are part of the 2007 Establishment and so I have made it clear that they are subject to the rules of the Public Service. They are public officers within the definition of that term under the constitution. So they are not political appointees strictly, although I expect MPs will have their say in how the selections will be made and that I expect that they will be working closely with all MPs.

Mr Hilly: On the same view that was expressed by the Member for Small Malaita, in his answer to an earlier question, the Minister did refer to the officers as having to work very closely with Planning. If that is so, why are these officers not accountable to the PS of Planning? That is my first question.

My second question is, now that these officers are established, is the government going to allocate funds to these officers to work with or do we expect these officers to use the RCDF and the Millennium Fund in doing their work because sending them down to the provinces or to our constituencies means that we have to pay for their fares, give them allowance, pay their travel expenses. Is there provision given under the budget for such expenses or are we going to use the money that is to be allocated to us to meet their expenses?

Hon Sanga: On the issue of its location within the Office of the Prime Minister, the Government has established the National Planning Division within that Ministry and therefore we thought it should closely link with that office in order for that office to be well informed about what is going on our constituencies.

With regards to the second component of the question that relates to the cost for the operation of this group, it will just be like an academic exercise. When the government creates that position then certainly it must

allocate funds to make sure that it works. But if MPs think that they should also help out by apportioning some of their RCDF to meet the cost of the operation, it is a suggestion that we would also want. But I do not think any of us would want to apportion part of the RCDF for the operation of this new group.

Mr ZAMA: Mr Speaker, supplementary question just to clear my mind. Firstly, can the Minister clarify whether filling up of these positions is really mandatory? Secondly, it looks like we are creating many layers of officers within our system. Listening to the explanations made by the Minister, I can tell that three departments would be involved here - the Office of the Prime Minister, Provincial Government and the Department of Planning.

Is there any plan by the Department to organize any workshop for these officers, the Members of Parliament and the departments sitting down together to thrash out these issues?

Hon Sanga: Mr Speaker, we are in the process of filling the positions because these positions have been advertised. The closing date will be Friday 16th February.

This is a new initiative - an initiative that we think would strengthen work in constituencies. But I would also like to say that we are open to suggestions. If in the course of the process MPs would like to make suggestions then please do come back to us before Friday so that we can consider your suggestions.

In terms of training, we have already given instructions to the Institute of Public Administration and Management (IPAM) within my Ministry to come up with a training program for these new officers. They are working on the content of the program which will include normal courses offered under IPAM for public servants and also extra course that will help them to acquire skills in project writing and planning. Thank you.

Mr TANEKO: Mr Speaker, this question is inline with the bottom up approach policy where some of us have already implemented this bottom up approach.

Mr Speaker, I have appointed executive bodies or committees in the villages to implement this bottom up approach. So there are officers that already exist.

Mr Speaker, I do not want to duplicate duties at the national level, provincial level, and constituency level because this is an administrative job. To implement, distribute and to man and rule the desire of the constituency is what we are asking for. I really support the implementation of the bottom up approach.

My suggestion is that we want service to be delivered to our people. We are now going to appoint 50 constituency officers who will represent the constituencies. These officers will be appointed directly by the Public Service, which is good. I support these appointments as the officers are going to be selected based on their academic level, experience and so forth. However, there is one thing that we must not forget and that is the desire or the mandate made by the people on someone they trust, which is the Honorable Member of the constituency. He must have a say within the office.

Mr Speaker, in selecting the officers, can the Member of Parliament have a say on the appointment of the officers?

Hon Sanga: Mr Speaker, I think I have adequately answered that question already. But for the sake of information to the MPs we are quite open for you to come and talk with us because we understand that it is Members that know the informal structures in the constituencies. I think already some Members already have arrangements on the ground so it is very important that you consult us.

At the same time one that is also important to MPs is that I think MPs would like to be cautious too in case the development officers come 2010 takes over the MPs. It is very important that the MPs know who is going to take up these positions so that they can work with them in a good way in developing the constituencies.

Mr FONONO: Mr Speaker, some of us currently have informal structures that we are already working with in our constituencies. By putting this in place, is the government looking at formalizing constituencies as the third tier

system of government that there will be legislation for this so that it empowers the government to undertake such recruitments for constituencies?

Is the government looking at formalizing a structure to be brought into Parliament for us to debate of pass legislation to that effect? Is this inline with the bottom up approach?

Hon Sanga: Mr Speaker, I also thank the Leader of Opposition for raising that important issue. The Government is aware that a third level of governance within the country is not in existence, which used to be the area councils. This initiative is an administrative initiative to strengthen our constituencies. The constituencies as we know are established by the Constituency Boundaries Commission but at same time over the years Members of Parliament now seem to play very active role in overseeing developments that are taking place within the constituencies.

The initiative is really administrative where we are trying to strengthen the work that is currently taking place in the constituencies. But I think at some stage the government will sit down to seriously consider the third level of governance within the country.

At this point in time I am not able to tell you when but I think it is an important consideration that we will have to make at some stage.

Mr FONO: Is the direction we are now taking in your policy as you have just outlined?

Hon Waipora: Mr Speaker, right now we are a focusing on the federal constitution. If Parliament passes the federal constitution or discusses the Constitution, it would then be up to state governments to decide another layer of government. But we must first pass the federal constitution so that we can see what needs to be created within a state government. At this time it is only an administrative convenience for the 50 constituencies to do proper work with transparency and accountability. Mr Speaker, I would like to ask you to be the first to talk today on the budget so that I will explain the RCDF.

Mr LONAMEI: Mr Speaker, some of the constituencies already have secretaries who are doing constituency work. Is it possible for us to just give the names of these secretaries to the Minister to appoint as the constituency development officers?

I am asking because some of them live faraway at home and therefore cannot apply for these posts because the closing date is this coming Friday.

Hon Sanga: Mr Speaker, I think I have also adequately covered that point. But it is also important to realize the high expectation of the government of the outputs of the constituency development officers in that we expect people who would have the skill of writing small projects, even to the extent of helping out with mapping out of constituency profiles. I understand some Members already have constituency profiles but not all constituencies have profiles.

Whilst we are ready to consider such suggestions we also bear in mind the high expectations of the government on these new officers. But I would like to say once again that certainly we are prepared to consider that kind of suggestion. Thank you.

Mr Tozaka: Mr Speaker, on the question of uniformity. I can see that these posts have been fixed at Level 10/11. There must be good reasons for this. In the event of the closure of the advertisement on 16th February and the Ministry finds that there are not enough people with the right qualification in the market. What do we do?

Hon Sanga: Mr Speaker, may be I will just make a run down of what is in place up to this morning. As of this morning, we have already received 31 applications for 31 constituencies, which means 19 constituencies are still vacant. I am expecting that hopefully by Friday this week we should have some more applications. But in the event that no one applies for posts in some of the constituencies we will again re-advertise the posts.

Mr Huniehu: Mr Speaker, I would like to ask the Minister whether he can seriously consider

making these appointments to be political appointments because these posts should be kept within the four years term of the current Members of Parliament. If they are permanent posts I don't think it will work. That is what I would like to ask my good Minister to consider looking into this suggestion.

Hon Sanga: Mr Speaker, I would like to take note of the suggestion, but for the information of Members of Parliament these positions are established positions within government structures. Initially they will be on FTA appointments.

Mr Kwanairara: My question goes along with the question by the MP for Rendova/Tetepare. Since all 50 Members of Parliament are now in Honiara, is it possible for the government to organize a meeting this time so that you can get the views of all Members of Parliament.

Hon Sanga: Mr Speaker, I would like to say that the advertisements are still open and they will close on Friday. I am not quite sure with the objective of that meeting but I would like to say that if Members would like to talk to my Department of Public Service they are free to do so. Otherwise by advertising them we comply with the law too. Because if we short circuit it anyone who thinks had legitimate expectation from the fact that these positions are still on offer and we quickly close them we might get into trouble.

Mr Kengava: Mr Speaker, before I thank the Minister of Public Service, I just want to raise a point for noting. Whilst the motive of appointing constituency development officers is right from the government's point of view, my fear is that if we do not clearly set out the duties of what these officers should be doing they could easily be in conflict with the Member of Parliament. For that reason I would like to raise a point that may be in due course as you go about implementing this program rather than these officers becoming constituency development officers they become constituency secretaries so that they can also be accountable to the Member of Parliament whilst they are answerable to the Prime Minister.

With that point, Mr Speaker, I thank the Minister for answering the question.

20. **Mr KENGAVA** to the Minister for National Reconciliation and Peace: (a) Is the Government aware of the outstanding compensation claims by the people of North West Choiseul over the Bougainville Spillover Effects? (b) What action is the government taking to address the issue?

Hon IDURI: Mr Speaker, I thank the Honorable Member for Choiseul for his question. (a) Yes, the Government is aware of the outstanding claims by the people of Northwest Choiseul over the Bougainville spillover effects. (b) Firstly, it is within the government's policy to address the "effects of the Bougainville spill-over effects". Thus, Northwest Choiseul people's claims, is included as one of the outstanding issues. .

In addressing this issue my Ministry will firstly revisit the outstanding claims that were submitted by the Province. We will also do an independent assessment of the claims. Part of the assessment is to ensure that wards that were directly affected by the Crisis are clearly identified and verified.

The assessment will also involve meeting with the Provincial Government and the people of the constituency to ascertain and get agreement on what form or type of compensation will be made. It is after the assessment that the Ministry will plan the next steps it will take in addressing the claims hopefully once and for all.

Mr Kengava: Mr Speaker, if the government is planning to work closely with the province to come up with a report, what is the time frame in starting that process?

Hon Iduri: Mr Speaker, desk assessment will start straight away. The provincial government can follow up with the Ministry. The Member is welcomed to make suggestions and can see us at the Ministry.

Mr Kengava: Mr Speaker, a motion moved by myself was passed in Parliament on behalf of the people requesting a special task force to be set

up to look into the matter. I wonder whether the Ministry considers that idea so that it works closely with the province and the national government.

Hon Iduri: Mr Speaker, we will be doing the assessment.

Mr Kengava: Mr Speaker, since there is no specific indication in the budget on this concern, can the Minister assure people of North West Choiseul that there are funds to go ahead deal with this outstanding issue, which is well over 10 years now?

Hon Iduri: Mr Speaker, we will bring this up in the supplementary act.

Mr SITAI: Mr Speaker, this is a very long outstanding issue. If the problem is to do with funding what is the possibility of the Government utilizing some of the funds that Papua New Guinea provides for Solomon Islands under our bilateral arrangement, where I believe those funds are being used to meet the expenses of Solomon Islands students studying there and also may be for other purposes. I am asking if that money can be used to settle this very long and outstanding issue. As we have heard it is already 10 years. Would it be possible for the government to consider this other avenue to settle this matter once and for all?

Hon LILO: Mr Speaker, the two Members who have been asking supplementary questions on this question have noted that this issue has been outstanding for almost 10 years. Governments during those periods unfortunately have not been able to address the issue of compensation claim by the people of North West Choiseul.

This Government will try its best to look into what has been paid by the Papua New Guinea Government in the past and try to reconcile what is it that has been earmarked for the people of Choiseul, and we will try to see how best we can address this issue. But as you well aware issues that are outstanding for that long period will also take time too for us to get the information right before we can make well informed decision on the matter.

What we can assure the House is that we will look into all these issues and try to talk it through the bilateral arrangement with PNG and we can come to some kind of understanding as to how we can settle this issue of the people of Choiseul. I think that much we can assure this House.

Mr TOZAKA: Mr Speaker, I gather that compensation of this nature normally does not go down very well with donors. My question is, the government of the day will now be able since 10 years has passed and no action has been done whether any contribution could be considered to be allocated to claims of this nature.

Hon Lilo: Mr Speaker as I have said we will look at all avenues as to how we will address this issue including donors as well. Again as what I have said 10 years is a long time. If governments in the past have not been able to address then we will find it quite difficult too to try and trace where the problem lies. So give us time. We are only 10 months since we are in the government so give us time to revisit the facts behind this issue and then we will publicly make it known to the people of Choiseul as to how we will deal with the outstanding claims raised by the Honorable Member for North West Choiseul.

Mr Kengava: Mr Speaker, before I thank the Minister of Finance and the Minister of Reconciliation I just want to reiterate again that this claim of over 10 years is very much like the bona fide demands of the people of Northwest Choiseul, Choiseul Province for that matter. I just want to ask the government not to ignore this issue. Time makes no difference when people believe in something. I am a bit more relieved that the government is going to revisit this issue seriously. The idea of revisiting PNG to assist is encouraging. I think when the Constituency development Officer for North West Choiseul is appointed I would like the government to give him this as his/her priority job.

With that comment, I would like to thank both Ministers for answering the questions.

Question No. 24 deferred

25. **Mr HAOMAE** to the Minister for Police and National Security: What is the present Government's policy on rearming the Solomon Islands Police Force?

Hon TOSIKA: Mr Speaker, as you aware, on Friday under the motion raised by the Leader of Opposition we have discussed this issue at length, and I suppose the Member should gather his answers from that discussion. But if he wants me to answer this question I do have answers related to this question.

Sir, as I have alluded in my statement made on Friday, it is the government's policy to review and strengthen the Police Force, and one of the activities under that policy statement that is rearming of the CPP, and here are the line of actions the government is taking now. Not only on that but also reemphasizing that Police will train with batons and shields. This is to take care of any riots happening in the future.

We are not arming people with heavy guns but we are arming people with batons and shields. That is the first line of action under this Policy we will undertake. The Commissioner of Police is now in the process of acquiring these equipments for the Solomon Islands Police Force.

We will train local police officers with the assistance of RAMSI and these equipments will be sourced from Australia, the batons and shields. These things are ready to be imported to Solomon Islands and therefore officers will be identified and trained in those areas.

One thing we must realize is, until such time we train these officers to have confidence in themselves, have the structure, have the energy and have the strength, we will realize what we expect from these officers in the future. So we are taking steps in training these people in this area.

Mr Haomae: Mr Speaker, has the government in place an implementation work plan on the ground, and if so what is the plan?

Hon Tosika: Mr Speaker, as I said it is an immediate thing. The officers have been

identified and equipments are being ordered and are on their way to Solomon Islands.

Mr Taneko: Mr Speaker, as the Minister for Police, is the recommendation to rearm coming from your office?

Hon Tosika: Certainly, it is a government policy under my portfolio and so I have to implement those policies to fulfill the Government's intention to see its citizens protected as well as their properties and lives.

Mr Haomae: Mr Speaker, if I can reframe the question from the Member for Shortlands. This question of rearming the Police Force, did it come from the Minister as the Minister for National Security or did it come from somewhere else?

Hon Tosika: Under the broad policy you can see the policy of reviewing and strengthening of the Police Force, and under the work programs you can see the itemized activities that will happen under that broad policy.

Mr Taneko: Mr Speaker, can the Minister confirm whether they have identified suitable, qualified and ethical police officers that would be armed if the rearming exercise by the government is to go on? Can the Minister identify the officers?

Hon Tosika: Under the capacity building and training program of the Police Force, there is in place very strict recruitment procedures where fair representation of people throughout the country is made. This is one of the criteria that will set the integrity and the fairness that we would like to see in the Police Force. Those who are recruited are competent. Most of them attain education levels up to Form 5, Form 6 and Form 7. The standard of recruitment has improved and we have confidence that if these new officers are built they will certainly have the integrity and confidence to look after this country in the future.

Mr GUKUNA: Mr Speaker, I understand there are lots of ex-militants guarding the Prime

Minister in the Office of the Prime Minister. Are these people going to carry guns too?

Hon Tosika: Mr Speaker, that question has no foundation. That is a mere hearsay allegation against police officers who are with the Prime Minister's Office. All police officers working in the Close Protection Unit are not militants but are police officers duly recruited and approved by authorities, the Police and Prison Services Commission.

Mr Haomae: Is the Minister aware that the police officers who would be given guns have already been identified?

Hon Tosika: All I am aware of is that we have sent 12 officers for training in Taiwan for this very purpose and they are back in the country, and they are now with the CPP Unit.

Mr Haomae: Mr Speaker, could the Minister ensure that officers identified for rearming must not be from one province?

Hon Tosika: As I have said earlier, recruitment is done on equitable basis based on provinces and the population. When police officers are trained and capable of carrying out their duties we cannot say only officers from this province will be selected. It will depend on the capability and performance of duties and how they adapt to the environment they are being deployed. As I said we recruit people based on equitable basis and to allocate people to whatever area comes directly under the responsibility of the Commissioner of Police under the operational order.

Mr Taneko: Did the Minister have consultation with the Commissioner of Police Operations before recommending rearmament of the Police?

Hon DARCY: Point of order, Mr Speaker. This issue has been discussed in a motion on Friday last week, and I thought the Prime Minister has made an assurance to this House that there will be wider consultation with all stakeholders including the Opposition, and every other people who have expressed their reservations and critics on this particular issue.

They will all be invited to a meeting. And this is the very reason why the Prime Minister is absent from Parliament today to organize that consultation. I feel all the questions that have been asked can be adequately raised during this consultation. For the time being we can only be raising very hypothetical questions which will not be beneficial to the House and the public too.

Hon Tosika: Mr Speaker, it is a policy aspect, which under the Constitution gives me right to direct the Commissioner of Police to implement, and therefore even if I do not have any discussion with him I can direct him on policy aspects, except for operational matter that he has the right to implement. But according to the Constitution this is only a policy matter and therefore he must carry out what I direct him to do.

Mr Taneko: What percentage of risk is there when he recommended the Police to be rearmed?

Hon Tosika: Mr Speaker, I think we have discussed this issue at length on Friday. The percentage of anything depends very much on how one looks at it. As far as we are concerned we are trying to protect rights, individual rights and properties.

I have made in my statements very clear that our Police Officers were not armed during April 18, which gives rise to the question when properties were destroyed. We have also experienced in the past that when riots happen in Honiara our police officer are capable of containing the riots. That in itself proves that we are able to contain any riots in future if our officers are properly trained and armed. So the percentage you are asking depends very much on how one looks at it.

Mr Taneko: Have diagnostic tests been given to the officers before the recommendation and how many of them have passed?

Hon Tosika: Mr Speaker, I do not know that question and so I will answer it later.

Mr Gukuna: Are you going to instruct the Police to shoot to kill or will they just be holding the guns?

Hon Tosika: Mr Speaker, this is the misunderstanding that most people and MPs here in Parliament have. Police officers are disciplined officers and therefore cannot just use their weapons recklessly to kill people according to their own taste or feeling. They have to be given an operational order before they can act and that order must come from the Commissioner of Police. So I deny such a statement that if we arm these officers they can kill anybody on the streets according to their wish or their liking. This is not true.

We have seen in the past that police officers do not arm themselves. The arms were in the armory until such time orders are given before the arms will be taken from the armory, recorded and those officers must put back the guns when the order has been completed.

To say that when officers are arm they will go around the street with arms and start killing people is untrue and is uncivilized thinking.

Mr Haomae: Mr Speaker, the Minister is on record that he will reactive the Rapid Response Unit (RRU) and the Police Field Force (PFF). Mr Speaker, in terms of timeframe when is he going to rearm these units?

Hon Tosika: Mr Speaker, I think I am going to repeat myself here. I mentioned earlier that police officers of these units will be trained with arms and batons and implementation of this is now underway. To rearm these people with guns is not the priority of this government. It is only batons and shields except the CCP officers who will be armed with pistols, batons and handcuffs.

Mr Taneko: Under the Police capability plan, is the Minister, under this plan, going to train Police Officers on such for the future of Solomon Islands?

Hon Tosika: Mr Speaker, the capability plan as I said earlier on is that they will be trained. These officers will be trained to handle batons

and shields. Under the capability plan they will be trained on that area, but they will not be trained to hold big guns. We will train them to combat any uprising with batons, shields and even using the fire trucks to disburse crowds.

Mr Haomae: Before I thank the hard working Minister for Police and National Security, my friend, when you establish the RRU and the PFF, if the assessed risk goes beyond the batons that the Minister mentioned it will be open for the big guns. That is why the question has been asked.

In any case, I must assure the Minister that he must investigate the fact that the lists of officers who will be issued with the guns have already been identified and he must identify them because I think they only come from one province.

I thank you for answering the question, Mr Speaker.

26. **Mr GUKUNA** to the Minister for Finance and Treasury: The Solomon Islands National Provident Fund has just taken over Shell Company; this in effect is an investment decision to enter an industry that is fundamental to our economy.

- (a) What is the government's position on this specific acquisition taking into account security of supply, pricing and future storage capacity?; and
- (b) What are the criteria used for selecting GRP as partner and manager of this new Oil Entity, South Pacific Oil?

Hon LILO: Mr Speaker, I would like to thank the Member for Rennell/Bellona for asking this question.

Mr Speaker, as you are aware, in early 2006, Shell indicated its decision to sell its investment in Solomon Islands. We believe that this is a very important area the government must ensure that a reliable investor takes over that investment and so the government supported that investment because of the importance of the oil industry in this country.

Mr Speaker, as you are aware, this country heavily depends on imported oil for its

energy needs. Nearly all of the investments that we do in the country depends on oil and for a long time this country will continue to depend on imported oil as a source of energy.

Mr Speaker, at the time when the intention of this joint venture between the National Provident Fund and the GRP associates was put forward to the government, we put a point to the joint venture that certain issues will have to be secured. And one of that is that the joint venture would acquire the business and securing also the sources of overseas supplies of fuel to the country. Mr Speaker, because of that condition, the joint venture has been able to secure several technical agreements and supports from the Shell Oil in ensuring that the supply of fuel into the country is not disrupted and that we maintain constant supply of fuel to Solomon Islands. That is the first condition imposed on that joint venture that the security of fuel supply to the country and the agreements that have been previously operated by Shell will also be maintained by the South Pacific Oil Limited.

To date, Mr Speaker, I can assure this House that the frequency or the reliability of fuel shipment into the country has been increased as oppose to previous arrangement under Shell. There is fuel shipment into the country every three weeks now as oppose to the frequency of five to six weeks during Shell's time.

Mr Speaker, in terms of pricing, as the Member asking this question is fully aware, the pricing arrangement that is currently in operation is the price template that was prepared by the Energy Department of the South Pacific Forum, and that is the same price template that is currently being used by all the fuel suppliers in the country including Markwarth Oil which took over business from Mobil Oil during your time, Mr Speaker.

With this price template arrangement, Mr Speaker, the major components that are normally being considered by the Price Control Division is the overseas price of fuel or freight and foreign currency movement. As can be seen, these are very volatile components in any fixing of prices in any country, and the same also applies here.

In terms of the future of fuel storage or relocation of the fuel storage in Honiara, we will revisit this and we have required this new joint

venture - the South Pacific Oil to revisit the feasibility report that was funded by the European Investment Bank some 20 years ago to look at the feasibility of relocating the fuel storage from where they are currently located to a site somewhere in Lungga.

The only unfortunate thing is that when the site was visited lately a settlement is already there. So we have to find another site for the relocation of the fuel storage, but these are some of the issues we will be considering.

But the South Pacific Oil and also Markwarth Oil are required to revisit the fuel relocation study that was prepared some 20 years ago to ensure that the land that is so important for other port development and township development in town can be released for those developments and that the fuel storage facility can be relocated to some areas that can be looked at the expansion of the fuel storage in the country. That is on fuel storage.

In terms of the choice of GRP and Associates, Mr Speaker, in fact it is GRP and Associates that have invited the National Provident Fund. The bid by this joint venture now is attractive to Shell because of the inclusion of GRP and Associates. GRP and Associates has been a fuel supplier in this country for almost 20 years. They been operating the fuel facility in Gizo, which the second largest fuel facility in the country for almost 20 years, and it is that experience that Shell is attracted to in offering the sale of that business and the assets of Shell company to this new venture. So it is not really the National Provident Fund that has selected the GRP but it is the GRP Associates that has invited Shell to be part of this venture.

The choice of NPF or the National Provident Fund to be part of this venture is based on commercial assessment of the profitability of this investment and based on the investment assessment that has been conducted. We firmly believe that this venture can net after tax profit of \$10million which will give some four years down the track to recover the initial capital that has been invested in this venture.

That is the situation of this particular joint venture. Thank you Mr Speaker.

Mr Fono: What is the composition of percentage in terms of shareholder ship? What percentage does the NPF own and what percentage is the GRP Associates, and what is the investment cost to the National Provident Fund?

Hon Lilo: Mr Speaker, the venture is put together in such a way that it has a total share value of about \$42million, and out of this shareholding arrangement the NPF holds about \$40million worth of shares which equates to about 95% and the GRP Associates hold 5%.

Mr RINI: Mr Speaker, what is the rate of return expected on that investment by the NPF?

Hon Lili: Mr Speaker, we are expecting a rate of return well above the current interest on lending in the country by the commercial banks, in fact it is above 18 percent.

If you look at the projection of about \$10million after tax profit from this investment on yearly basis and it will slowly accumulate to about \$10 to \$15million over the next two to three years, we believe that the rate of return will be above the current commercial rate that is applied in the country of 18%.

Mr TANEKO: What is the authorized capital on these two partners?

Hon Lilo: Mr Speaker, I have just told you that the authorized capital is about \$42million, and the allotted capital to the National Provident is \$40million and to the GRP Associates is \$2.1million.

Mr Taneko: The NPF is owned by Solomon Islanders, can the share certificate be given to individual members?

Hon Lilo: Mr Speaker, that is not possible under the National Provident Fund Act. As you know the NPF is a separate entity from the members. The members are members of the National Provident Fund in terms of the contribution by individual members and in addition the contribution by the employers. But as it is right now, it cannot be. The Fund, as an entity, is a separate entity from members.

What members can benefit from are dividends from investments made by the National Provident Fund. It is that dividend that will be declared as interests that is apportioned to member's contributions.

It is quite different from the case of the Insurance where individual policies are issued to each individual member where they have shown the evidences of paying up the premium over the policies. But in the case of a corporate entity like this, that is not possible because of the separation of the status of the company, the legal status of the company to that of the members.

Mr Taneko: What is the paid up capital?

Hon Lilo: Mr Speaker, the current paid up capital is \$21million by the National Provident Fund and \$2.1million by GRP Associates.

Mr Taneko: Is my good friend, the Minister of Finance aware that the National Provident Fund is owned by the poor Solomon Islanders?

Hon Lilo: Mr Speaker, that is not correct. The ordinary rural people in Solomon Islands do not own the National Provident Fund. It is those of us, the working class that owns the National Provident Fund. So it is wrong to say that the poor Solomon Islanders in the rural areas that own the National Provident Fund.

But we do. It is through our contribution to the National Provident Fund that we contribute to the development of the poor, our rural in terms of the various investments that the National Provident Fund carries out and out of those investments, the government gets tax from those investments, channels it through the budget and then deliver to the rural poor. In that way, we help to benefit the rural poor. But the National Provident Fund is owned by the working class.

Mr Rini: Apart from the Gizo Depot, are there any other operations or depots bigger than Gizo in the Pacific or in the region that the GRP is managing or operating?

Hon Lilo: Mr Speaker, the only investment the GRP is operating is in Gizo in the Western Province. This is a local company incorporated

from Solomon Islands, and has had 20 years of fuel supply experience in Solomon Islands.

It has also attained various certification and accreditation to the kind of standards of the fuel industry and it is on that basis that Shell was attracted to the proposition that is put forward by the GRP and Associates.

Mr Gukuna: Mr Speaker, before I thank the hard working Minister of Finance, I would just like to make a comment about this particular question.

The actual price according to the information I have is that the NPF and GRP have paid Shell is \$20million. The NPF puts in \$18million and the GRP \$2million. If one looks at the valuation of the assets the cash flow projection can only be optimistic, one can realize that this is a give away price, \$20million is a give away price.

My concern is that the GRP is owned by two individuals and they stand to take a lot of benefits from this undertaking. The NPF has the money and the ability to pay off \$20million and could have just contracted out the management and that would have been very fair. But the arrangement where 5% is owned by two individuals and the rest of the shareholding is owned by more than 20,000 Solomon Islanders would appear very unfair to me.

But having said these comments, I would like to thank the Minister for answering the question which is well comprehensively covered.

Both of us worked together in the same Ministry before when we were dealing with the same industry. When he referred to the report of sometime back I can understand that report which was a very important report that we tried our best to pursue but did not work. With that, I thank the Minister.

28. **Mr LONAMEI** to the Minister for Health and Medical Services: Can the Minister confirm to this Parliament if the Ministry has plans to upgrade the Buala Hospital with at least three doctors plus other specialized officers?

Hon SOALAOI: Mr Speaker, the Ministry's current plan is to renovate and upgrade Buala Hospital in order to consolidate existing services with the provision of two doctors (a provincial

health director and a medical registrar). The posting of doctors is done according to the Role Delineation Policy Guide 2001, which determines the level of services at the hospital.

My good Member for Maringe/Kokota can be assured that the posting of doctors to Buala is done according to a policy. Doctors are not only posted depending on the number requested or wanted by any particular province. It is done according to a policy.

On other specialized services, there are practical problems facing the Buala Hospital. There is shortage of housing or accommodation in the Province, which is the reason why the Hospital is without other specialized services.

Mr Lonamei: Mr Speaker, since there is shortage of houses in Buala, are there plans by the Ministry to build some more houses?

Hon Soalaoi: Mr Speaker, the recently approved budget of the Ministry, which also includes other provinces, new staff houses will be built for medical officers in Buala. There are also plans to renovate existing medical houses in Buala.

We recently had a visit from the Provincial Premier who assured us that there is land available for medical houses. Yes, there are plans to build accommodation for medical staff at Buala. This should enable us send additional staff especially with specialized services.

Mr FONO: Mr Speaker, I do understand that the medical or government is renting houses for doctors in Auki. Can you rent any private houses at Buala to accommodate medical officers in line with current government policy of renting houses for doctors at provincial centres? Or is that policy only applies to Malaita and not other provincial centres like Buala?

Hon Soalaoi: Mr Speaker, the policy applies to all provinces. Practically, there is a problem in Buala because there are not even houses available for rent. In Auki, there are houses available for rent. But there are no private houses available for rent in Buala and so we cannot even rent houses for our medical staff.

Mr HAOMAE: Mr Speaker, in view of the practical problem stated by the Minister as non availability of houses to rent, is this going to be within the Ministry's budget to make sure the doctors live in the rest house in Buala.

Hon Soalaoi: Mr Speaker, I cannot still hear you but I think you mentioned rest houses. The problem is that we can only put single staff in rest houses, Mr Speaker. If there is a rest house available we can consider that.

Mr KWANAIRARA: Mr Speaker, seeing that housing is a problem, how do you service the hospitals that really need the services of a doctor?

Hon Soalaoi: Mr Speaker, due to shortage of houses in Buala as well as in other provinces, the Ministry has allocations for all provincial hospitals in the budget. This government will continue to provide service grants to provincial hospitals. They will decide on what they need to do in order to improve housing. There are also projects earmarked for some of the provinces and we support them by providing service grants through the budget.

Mr Kwanairara: Mr Speaker, I think the Minister has not answered my question. I want to know how you service such hospitals that do not have the services of a doctor because of shortage in houses and even no rest houses to accommodate the doctors and staff. How do you serve the hospitals that are really in need of a doctor? Do you make annual visits, weekly visits or monthly visits to the provincial hospitals?

Hon Soalaoi: Mr Speaker, in terms of supporting hospitals that do not have doctors, some of our doctors are being rotated to serve such hospitals. Whenever a medical team from the National Referral Hospital is sent to the provinces, I think all of us would know it because the team goes specifically to areas where there may be only one doctor or even without a doctor. There is a mechanism in place where we rotate specialized doctors to provincial hospitals based on their needs.

Mr Lonamei: Mr Speaker, the Minister mentioned that he is going to build two or three buildings at Buala. Can he confirm whether those houses are going to be completed within this financial year?

Hon Soalaoi: Mr Speaker, in regards to medical staff houses at Buala, I do not want to put false hopes on the Member, but it will take time. After the budget is passed there are other things to do like planning and so forth. But work will certainly start this year.

Mr Lonamei: Mr Speaker, before I thank the Minister for Health, I would just like to say a few comments here. The Buala Hospital is supposed to be the referral hospital of the Province of Isabel, but on many occasions the hospital services is just like the services of other clinics around Isabel. That is the concern here, Mr Speaker.

Now that we know the Ministry can rent houses for medical people, we at Buala village have many houses available, and so if they are listening in I am sure they will begin to clear their houses so that doctors can be posted to the hospital as soon as possible.

29. **Mr LONAMEI** to Minister for Police and National Security: Can the Minister confirm to Parliament if the government is going to compensate those whose guns were taken away from them during the tension?

Hon TOSIKA: Mr Speaker, I thank the Member for Maringe/Kokota Constituency for asking this question. Mr Speaker, the government is not in a position to compensate the arms that were taken out from the armory on June 5th because those arms were taken illegally from the armory, and so the government is not in a position to compensate those arms.

Mr HAOMAE: Mr Speaker, I think what the Member for Maringe/Kokota is referring to are the licensed guns, like the point 22 which were handed in, in pursuant to the past government's policy of gun free, and not the ones taken out from the armory. He is referring to the licensed guns that our people pay license from the Police

before the tension and which were taken away from them during and after the tension. I think that is the essence of the question by the Member for Maringe/Kokota:

Hon Tosika: Mr Speaker, if that is the question then that should be asked separately from this question. This question is too general and I take it guns that were taken away during the tension, as it does not specifically mention licensed fire arms. These are two different things. One is the arms taken out from the armory, which is illegal and the other one is the arms that were licensed under the Firearms and Ammunition Act. Therefore, it must be specifically put to Parliament so that it is clear to every one of us.

Mr Haomae: Mr Speaker, whether it is licensed guns or not licensed they are just guns. The supplementary question now is whether the Minister can inform Parliament whether he will compensate whose licensed guns were taken away from them during the tension?

Hon Tosika: Mr Speaker, if that is the case then the public must know that we are only talking about licensed firearms and not arms taken illegally from the armory.

Mr Speaker, section 8 of the Constitution gives people the right to protection of properties and under that same section it gives the Parliament the authority to retrieve arms from them if there is a defense for public safety or public order.

The Facilitation Act which came into force in 2003 goes in line with section 8(1) of the Constitution to retrieve these arms on the basis of public safety and public order. In this case, when this was considered subsection 8(1)(c)(i) which says that if you retrieve arms you must compensate them.

The Constitution is very clear on this issue that if arms are retrieved because for safety and law and order, subsection (c)(i) must be taken into account to compensate the owners of the arms.

Under Cabinet C15/2006 dated 16/11/06 Cabinet deliberated on this issue. I understand the previous government did not deliberate on this issue but deferred it, but this government is making a decision on that and we have come to

a conclusion that the AG's Chamber would have to look into the legality of the claims and who is going to pay the compensation in this case. The AG's Chamber is now in the process of finalizing who is to be paid on this matter.

Mr Fono: Mr Speaker, just a correction. The last government did not defer payment. The paper was returned for more information on who actually gave in their firearms when there was a general call by government and how much the firearms cost. Had responsible officers been doing their job by now they would have given that information to the new government.

Can the Minister inform this House whether that information is available to the government so that it makes a decision to compensate our people who surrendered their firearms?

Hon Tosika: Mr Speaker, I am not talking about payment but deferment of the Cabinet Paper on this issue. Up to now there are no records to show anyone working on this issue. I am coming up with a list of those who have licensed firearms under the Firearms and Ammunition Act.

The government is concern about this issue and so my Ministry is tasking this issue to relevant authorities as well as the Attorney General's Chambers for legal clarification surrounding the compensation payment on the licensed firearms.

We take it that it is the right of those who legally own the firearms must be compensated. Their rights were not properly taken into account during the course of retrieving the arms from both ex-militants and also those with licensed firearms.

The Ministry is asking for the list of those who handed in their guns and also ask the public to identify themselves and show their legitimate papers concerning the firearms they were licensed to have.

Mr Kwanairara: Under the new policy of rearming certain units within the Police Force, do you think those with firearm licenses can be given back their license as well?

Hon Tosika: Mr Speaker, I think that is a concern. If we are to rearm citizens under that act then we are posing threats to the community. Your son might hold a gun and when he is drunk he can shoot another man. The government has no intention and policy to rearm civilians in the community. But the government only has intention and policy to arm the disciplined force. There is no policy at this point in time to rearm the general public.

Mr Lonamei: Mr Speaker, when the licensed firearms were collected from the people, they were told that if they did not hand the firearms back in time they will be fined \$25,000. Is the government going to compensate them within that range?

Hon Tosika: Mr Speaker, this is why this issue is being put to the Attorney General's Chambers to analyze the pros and cons and also the cost of compensation on this issue. At this point in time I have yet to see any report on this issue.

Mr Lonamei: Mr Speaker, I want to thank the Minister for Police and Justice for his answers. The concern here is that people who handed in their licensed firearms are still very much concern that the government must compensate them. I am happy that the Minister has assured that they are in the process of paying these people.

BILLS

Bills – Second Reading

The 2007 Appropriation Bill 29007

(Debate continues)

Hon ABANA: Mr Speaker, I thank you for affording me this opportunity to address this honorable chamber. But first Mr Speaker, may I take this opportunity to accord your good self and members of this House, my warmest greetings and best wishes for 2007.

Mr Speaker, this is a new year and it is my firm belief that it will be a special year: a year of transition and tangible progress for the people of the Solomon Islands; a year which will

see the implementation of the bottom-up approach.

I thus say with confidence, Mr Speaker, that 2007 will be different. The Grand Coalition for Change Government has developed a development budget focused on making a difference – that is, to make the lives of rural people better and also giving them opportunities to participate meaningfully in rural economic development. Sir, I believe, God's hand is upon this nation and through the faithful prayers of believing Christians we will make a difference.

Mr Speaker, I will highlight important and relevant issues in support of, by far, the largest Development Estimates to date. I will also attempt to bring clarity to how the development budget will support rural development in view of some of the confused and negative statements made on the floor in relation to the bottom-up approach. Sir, it seems the misunderstandings around the bottom-up approach are a hang-over from the ages of the top-down governance.

Implementation of 2006 Development Estimates. Mr Speaker, before I speak on new development spending proposals for 2007, I believe it is important that we reflect on last year, and the progress this government has made since May 2006. In this regard, Mr Speaker, it is far to say that for the first time since 2003, the government has implemented its own development projects. This government is delivering results, results that have been lacking since 2003.

Let me put facts behind this claim, Mr Speaker. In 2005, just two percent (2 %) of government money in the development estimates was spent. Yet in 2006, this government managed to spend thirty-three percent (33%) of the development estimates. These are the figures, Mr Speaker, and they mark real progress in delivering results to our people. I am thus confident, Mr Speaker, that in 2007 we will continue to improve project implementation and deliver more to our people. Significant challenges however remain, but we will work hard to improve people's lives through the bottom-up approach to development.

Improvements in the 2007 Development Estimates. Mr Speaker, building on the lessons of last year, my Ministry has striven to improve

the 2007 Development Estimates. This development budget was the result of hard work, and I offer my sincere thanks to officials from the Ministry of Finance and the Ministry of Development Planning and Aid Coordination. Their diligence and commitment have enabled this government to deliver a fully-funded budget that is far larger than that of previous governments.

Mr Speaker, you will note that the development estimates document has changed, and now contains funding estimates until 2009. It also contains estimates of consolidated funds by sector and province, and many other technical modifications.

Mr Speaker, these changes demonstrate the forward looking nature of this government, the transparency it is trying to introduce, and ultimately better illustrates what the government is trying to achieve.

Also importantly, Mr Speaker, improvements have been made in compliance with budget processes. This has resulted in much better quality projects in the 2007 Development Estimates. And better quality projects mean better results.

I am thus confident to say that real results will be delivered in the coming months. So confident, in fact, this Government has allocated eighty eight point four million dollars (\$88.4 million) of revenue towards development. This is twice the previous government's commitment to development.

The 'Big-Picture' of the 2007 Development Estimates. Mr Speaker, before we discuss the particulars of these new development initiatives, allow me to briefly bring into perspective the 'big picture' of national development funding.

Mr Speaker, total funding for the 2007 Development Estimates is over two billion dollars (\$2billion). Just the assistance channeled directly through the government is over one billion, nine hundred and eighty five million dollars (\$1,985,000,000) respectively.

The 2007 Development Budget is thus much larger than last year, increasing two hundred and twenty four million dollars (\$224 million) or twenty two percent (22%). This dramatic increase illustrates donor's continuing support for this government's development

policies. And indeed, Mr Speaker, there is no better way that the donors can illustrate their support for this government than to increase their funding.

Mr Speaker, whilst on this subject, I also wish to put in perspective some statements made by some honorable colleagues during our debate on this bill especially, my honorable colleague for East Are Are. Sir, although he rightfully pointed out a reduction in the development part of the Appropriation Bill, I think he is a little bit confused. Mr Speaker, it is the consolidated funds in the development estimates that are appropriated, and this reduction is in fact due to improvements in budget preparations.

Mr Speaker, previous development estimates of consolidated funds were not appropriately defined because they included assistance from donors that should have been part of 'Jointly Administered Funds' in the budget estimates. In fixing this problem, the 2007 Appropriation appears to be reduced. In actual fact, it now reflects reality, meaning that past estimates were inflated.

Mr Speaker, technicalities aside, the development budget represents a huge sum of money. It is over twice as large as the recurrent estimates. This government recognizes that such large amounts of assistance are very important in helping us deliver results to our people.

Whilst some may point to a donor driven budget, may I remind this House that donor projects are only ever implemented once they have been scrutinized, modified, and approved by the government. Mr Speaker, just because donor funds do not go through the government's financial system, be assured that the donors are answerable to the government under the various implementation agreements.

Mr Speaker, this government recognizes that improvements in security, the delivery of health and education services, and improvements to transport infrastructure will depend on continued donor support. I thus take this opportunity to say how much this government welcomes and values such support.

Indeed, Mr Speaker, in allocating our financial resources, we have carefully considered where donor funds are flowing, and have used domestic resources to plug any gaps. This will ensure the government's policies are

delivered. Mr Speaker, in this regard, I am pleased to say that donors are looking more towards the productive sector, and that this trend is set to continue in 2008 and 2009.

Mr Speaker, a large increase in funding is for transport and infrastructure, which with the completion of the National Transport Strategy has given donors a framework to follow. Funding will increase by 35% from one hundred and fifty million dollars (\$150million) to over two hundred and ten million dollars (\$210million) respectively. This massive investment in rural roads, bridges and wharves will link people to markets and services, and support a revival in economic activity.

Sir, increases for agriculture in 2007 are even greater in percentage terms, nearly doubling from twenty-six million dollars (\$26 million) to fifty-two million dollars (\$52 million). Mr Speaker, I cannot understand why the Opposition claims that we are not investing sufficiently.

Double the investment in a single year plus donor support to agriculture is expected to rise even more considerably in 2008 and 2009 following the completion of our Agriculture and Rural Development Strategy. Coupled to improved infrastructure, this will deliver real change to people's lives over the next five years.

Mr Speaker, the fisheries and forestry sectors are also receiving more development assistance, from what historically has been a very low base. Funding for forestry will increase thirty-six percent (36%). Given the predicted decline in revenue from logging, and the great importance this sector plays in the economy, this spending will be targeted towards supporting smallholder plantation forestry. Sir, similar efforts are in place for larger forestry plantations.

Mr Speaker, Rural Energy spending is also expected to increase over the coming years. Indeed, 2007 marks the modest start of a very significant program of investment by the World Bank. Investments that will make the lives of our rural people better.

Mr Speaker, in support of all these spending on economic development, let us not forget the central role provided by improvement in security. Mr Speaker, this government is absolutely committed to a safe and peaceful

Solomon Islands. This is why in 2007 over 42 % of all development spending will be for RAMSI Police. If we include support for the courts and prisons, over half of all our development spending is to ensure this country remains secure and peaceful.

Mr Speaker, the Government supports such massive investment in law and justice in recognition that improvements in security have underpinned this country's recovery since 2003. Mr Speaker, without the rule of law, people will not invest, and the country cannot function effectively. And most importantly, people must be able to live their normal lives, free from fear and intimidation.

The 2007 development projects. Central to the bottom-up approach is government investment to generate economic development. Economic development focused in rural areas, where our people live. Allow me to now elaborate on the details of our spending.

Mr Speaker, over thirty-two million dollars (\$32 million) of consolidated funds will support development projects in agriculture, forestry and fisheries. Major investments will be made in cattle, cocoa, and oil palm; investments that will span a number of years.

In addition, there is significant support to the production of traditional and niche crops, which can generate large amounts of income for many people. Indeed, Mr Speaker, 2007 marks the largest investment in agriculture for many years. And furthermore it represents the start of an investment package which will continue to grow. Plus it also marks a significant year for investment in tourism, which will receive over \$10 million.

Mr Speaker, agriculture, forestry, fisheries and tourism are only part of the equation. If we are to deliver the services our people deserve, we need increased revenue, revenue generated by a thriving economy. We need economic growth.

Finance and commerce are busy with reforms Mr Speaker, reforms that will enable businesses to flourish. This includes donor funded technical support from specialists in business-licensing and tax reform. Donors are also helping businesses by building roads, bridges and wharves – the necessary infrastructure for economic growth.

Mr Speaker, to capitalize on these investments and legal reforms, credit is needed. Access to credit will help unlock this country's potential. As my honorable colleague the Minister of Finance has already stated, this is exactly what the government is doing.

Firstly, Mr Speaker, ten million dollars (\$10 million) will be invested in a credit guarantee scheme. Operated through commercial banks, people with feasible business plans will be able to borrow without collateral.

Secondly, Mr Speaker, five million dollars (\$5 million) is being made available for the extension of banking services to our rural areas. This will give our rural people more opportunities to participate in economic development in the rural areas.

Thirdly Mr Speaker, three million dollars (\$3 million) will be invested in business training. This will equip people with the skills to build and grow their businesses.

Mr Speaker, together these three schemes will provide people with opportunities to save, invest and grow businesses. It will enable people to improve their own lives, whether they be farmers, foresters, fishermen, or even tourism operators.

Mr Speaker, by my honorable colleague for East Are Are raised many issues, including support to forest industries and the establishment of credit institutions.

Mr Speaker, the government is not targeting any single sector but giving all people an opportunity to improve their own lives. We are offering access to credit, access to banking services, and access to business training.

So, what if someone wants to invest in forest machinery and grow a timber business? With this support he can develop a realistic business plan, get credit to grow his business, and get banking support to manage his finances. The \$10 million credit guarantee scheme is central to this, to allow him to borrow from banks with minimal collateral.

Mr Speaker, this is a big difference from the past, and simply we are providing cash to businesses. Businesses that were never viable in the first place - businesses whose owners had friends in high places. Mr Speaker, we will not waste money like in the past, but give people the

access to opportunities. We will give them a chance.

Yet Mr Speaker, as part of the bottom-up approach, this government will also invest heavily in the provision of services to the rural areas. For example, I am sure every one in this honorable House recognize government housing as a major constraint to the delivery of rural services. That is why nearly \$13 million of government revenue will be spent on housing for government officers in the provinces.

The very location of these houses Mr Speaker, well illustrates the government's commitment to development outside Honiara – we will build in Auki, Tetere, Taro, Gizo, Kirakira, Kilu'ufi, Lata, Buala, Tulagi, Malu'u, Aola and the Shortland Islands.

This is just in the coming months. More houses are planned over the coming years. Honorable Members will note that the development estimates also has funding for a strategic housing and office assessment across the provinces. This will enable government to invest in provinces based fairly upon need and on viability. For too long politics has driven this process. We intend to make sure things are done properly.

Challenges for the future Mr Speaker. You will recall at the start of my speech I mentioned the great progress this government has made in implementing development projects. Yet despite a real push over recent months, significant challenges remain. And we have all heard excuses.

As many will be aware, one of the problems is coordination across the government. Indeed, it was highlighted by the Public Accounts Committee Report, and I thank them for the excellent work in making sure this budget is of highest quality.

In addressing this coordination issue, Mr Speaker, this government will continue to strengthen and improve efforts towards integration of the recurrent and development estimates. This will not only improve the understanding and coherence of the budget process, but make it simpler and easier for all concerned. This result will be a more efficient budget process and the better use of our scarce resources.

Secondly Mr Speaker, a major problem is project preparation and implementation. All must concede implementation remains a weakness across the government. My Ministry will thus introduce a project planning guide shortly after this budget is passed. Coupled to extensive training in how to use this guide, and ongoing support, this will enable officers to plan and deliver projects.

Thirdly Mr Speaker, I will lead from my Ministry, a coordinating Taskforce that will ensure the effective and timely implementation of the 2007 Development Estimates.

Mr Speaker, in conclusion, may I remind this honorable House that this 2007 Development Estimates is rurally focused and premised on the bottom-up approach. It reflects this government's commitment to the rural people, and we are confident these investments will contribute to improve the lives of our fellow Solomon Islanders.

Mr Speaker, as mentioned earlier, this budget represents a big improvement from past development budgets. The substantial increase of (99.5%) in government commitment to new investments particularly in infrastructure and agriculture is indeed a demonstration of how serious the government is, in implementing the bottom-up approach to development.

The government is grateful of the continuing support of our development partners as reflected in the overall increase in their funding. Sir, I believe we are in the right direction to not only deliver quality services to our people, but providing opportunities for them to be part of development and allowing them to participate in it.

Mr Speaker, as this Bill is now before the house, Mr Speaker, I invite constructive deliberations from the floor of Parliament.

Mr Speaker, I thank you and may God bless Solomon Islands. Thank you very much.

Sitting suspended for lunch break

Hon SANGA: Mr Speaker, thank you for the opportunity to contribute to the debate of the 2007 Appropriation Bill 2007.

Sir, let me first thank all the officials within the Public Service who had worked so

hard to put the documents and all other supporting documents together.

Mr Speaker, I will be brief in my contribution. This budget is Government's plan of expenditures on the policies which it regards as its priorities in the 2007 fiscal year. They are either foundational or are building blocks on which important medium to longer term programs will be referenced. The Government therefore hopes that in this fiscal year it will raise the projected revenue in order to finance the expected services or government programs also indicated in the budget.

Obviously, the budget will be supported by the donor community, but it is clear that this budget signals a strong message. That it is time Solomon Islanders must learn to finance their own budget. It is time for Solomon Islanders to work hard to earn their living and not to remain heavily dependent on donors as seemed to have been case in the past. It is time that Solomon Islanders must be given the opportunity to be innovative as to how they must create wealth from their own resources. Mr Speaker that type of message underpins the budget and this House must learn to accept it first.

Mr Speaker, the budget comes up with a lot of expectations. Go through the development estimates sector by sector and this document will tell you that something is expected. You reference this with a province, and it will tell you that certain sector is tied specifically to that province. If you care to make a small analogy, you will realize that this is based on comparative advantage unique to a particular province. This approach does make sense to me.

Mr Speaker, the budget may speak volumes of good intentions. It may come up with good estimates based on government performance for the last fiscal year. But, if the Public Service does not make any commitment or makes half-hearted commitment to government policies, if officers do not change their work attitudes; if officers are not innovative; if they do not have feelings for the people they are serving; if they do not see their work as an important ingredient for nation building; if public officers do not learn new skills or are not equipped to the capacity to deliver services; and if the services are not

delivered in a timely manner, then all the good intentions in this budget will be a futile exercise. Mr Speaker, the point is the Public Service is a very important player in how the budget will be implemented this year.

Mr Speaker, I will confine my debate on the Government Work Force – the entire Public Service – teachers and police inclusive.

Mr Speaker, in this current fiscal year we will have 4,036 positions in the Civil Service component of Government recurrent Establishment. This represents an increase of 14.23% over last year's establishment. Mr Speaker, for teachers, Government will pay for 6,430 teachers inclusive of secondary and primary school teachers. Sir, this again is an increase of 14% over the 2006 establishment for teachers. For Police, Mr. Speaker, we will have a Force of 1,433, an increase of 2% over Police Force establishment for 2006. Mr Speaker, this is discounting the RAMSI component of the Force, to put the picture into context.

These general increases impact on this year's budget by further \$103.3 million SBD in personal emoluments; that is salary and wages. Mr Speaker, this is a significant increase which represents – 46.1% in budgetary allocation for personal emoluments. One would argue - and I think the Member for East Are Are made the point that the budget is increasing the Public Service, and on that score is going against the trend to trim the size of the Public Service world over. I think he is right. But I should point out that contrary to the views that others hold, this Government believes that given the spread of this country and the demographic features of our population, which are unique to us, the Government is not obliged to follow the conventional trend. Instead, the government believes having a right size of the Service is the way to go, given the difficulties that are unique to us. The Government would like to ensure that it provides for the right level of manpower required in all ministries. By doing so, ministries outputs may be maximized.

Mr Speaker, because we have done so, Accounting Officers must ensure that they carry out recruitment exercises immediately after the budget is cleared by this Parliament in order to get the workers at post and implement Government policies straightaway.

Mr Speaker important to implementing Government budget is the issue of efficiency of the Government workforce – the Public Service. How can we convert the current Public Service into a professional and efficient Public Service? One that is creative and innovative? One that is visionary, proactive and responsive; one that sees its role as being responsible for creating the right environment for private sector growth, and one that is focus on delivery of less costly but quality service to citizens in a timely manner. Mr Speaker, this country is looking for that kind of Public Service.

Sir, if we are to find that Public Service the Government must be prepared to address key issues.

First, the Government or any Government for that matter must revisit the relationship between the structures that make up the whole Government machinery. At the moment we have structures that are quite independent of each other yet we expect outcomes of government programs to meet our expectations.

Mr Speaker, let me give an example. Governments after governments came up with good policy intentions. These are prescribed and documented. They expect the Public Service to implement and work miracles on their policies. But there is no way of follow-up or discussions with the policy makers and the implementers. What the policy makers usually do is to wait for reports to be made to Cabinet. By the time Cabinet gets the information about the progress of programs, their tenure of office has lapsed. So the government has no real control over the implementation process of their policies.

At the other end of the spectrum, the Public Service Commission who legally is the employer of the Government work force has no role to play in ensuring that government policies for which that body appoints officers to implement are empowered with the role to monitor and report on government programs to the executive government.

Mr Speaker, this Government will address these problems in the course of this year. Result orientation will be the driver for change in this regard, and the Government has taken a

decision to form a Cabinet Development Committee to work with key ministries in monitoring the budget performances throughout the course of the year. Mr. Speaker my Ministry is looking into the issue of the Public Service moving away from being a mechanistic to a more flexible organization.

Mr Speaker, the second key issue that the government or any governments must address has to do with putting the right people with the relevant skill and the capacity to perform at post – that is the ability to deliver quality and timely service, the ability to provide sound policy advice when required.

Mr Speaker, we inherit a Public Service that has declined over the years in performance. When a Minister asks for advice or for certain actions, he expects the best advice – one that informed decision can be based on or action done in a timely manner.

Mr Speaker, that response is usually difficult to find in many quarters of the Public Service now. People are absorbed in routine work and very few possess the ability to do critical analysis of specialized tasks. Mr Speaker I do not expect this budget will solve all the problems relating to skill and capacity in the current fiscal year. Neither do I expect the problem of capacity to be solved in the medium term. This is an area which must be addressed every time and all the time, and it is important that it is recognized now.

Mr Speaker, I wish to point out that on this score, the Government has accepted in principle a report that was done by RAMSI in collaboration with the different stakeholders within the Public Service during the last Government's tenure of office. This is mainly to do with capacity building for both the Central and Provincial Governments. But I think this Government has still to do more.

Mr Speaker in this regard, my Ministry will further look into taking the Public Service beyond RAMSI especially in the area of capacity building. This is to ensure that our Public Service is modernized taking into account the recent technological changes and adaptive to best work practices taking place globally.

Mr Speaker, in this regard, my Ministry is looking seriously into the introduction of e-governance. This will streamline inter-agencies

and customer relations with the Government in fast-tracking enquiries from government. For best work practices and skills development, the Government is in the process of consulting with and linking our Institute of Public Administration and Management [IPAM] with Singapore Civil Service College and the School of Government at the Victoria University of Wellington – New Zealand. These two institutions will hopefully help Solomon Islands Government in capacity building. The actual trainings may not take place this year but the preparatory work should conclude in the current fiscal year.

Mr Speaker, the third key issue that Government must address is the conduct of industrial relationship with the unions. Industrial relations mishandled can result in unintended consequences on the budget. Mr Speaker, on this issue the Government is unprotected and the laws are not in its favor. At any point in time, for example, when a union wants to get off work when it is not happy – as long as it serves a 28 days notice it can withdraw its labor as if it owns the own employment.

Mr Speaker, this is not going to be the case with this government. Strikes, as I alluded to earlier, are costly to the economy and in the case of Public Service a days strike by teachers, for example, means millions of dollars worth in man-hour losses. The Government will tighten its industrial relation laws so that when a union announces that it will go on strike on a particular day, the Treasury should immediately effect a stop - pay exercise of all striking union members of that particular union and only restore their pay when the union advice of the time its members return to work.

Mr Speaker, the Government expects responsible unionism within the Public Service. The Government expects to conduct industrial relations with unions or associations that are lawful. In that regard, the Government is concerned that some unions within the Government work force either have fallen outside of their recognition agreements or have never been registered at all and are pressing Government to sign agreements with them.

Mr Speaker, when Government deals with a union there will eventually be financial and budgetary implications. Therefore, in order

for every one to competently deal with each other, the Government insists that unions within the Public Service must ensure that their existence and operations meet the minimum requirements of law. Some unions must work hard to comply with these requirements.

Mr Speaker, also critical to industrial relation is a salary and wages policy. My Ministry is looking into this. The policy is yet to be defined but it will provide a framework which should set out the principles that will guide the Government in dealing with all Government workers salaries. Right now the practice seems to point to have these principles clearly defined.

Sir, on salaries per se, I wish to state that this Government did resolve the issue of re-leveling of public officers and teachers salaries last year but the government does not expect to review salaries this year nor in the coming years.

Mr Speaker, the fourth key issue for Public Service efficiency is security for all public officers whilst working and after they retire. Mr Speaker, public officers' social security was taken over by the Solomon Islands National Provident Fund when it was established. Despite their substantial contribution to that Fund, public officers' social security has not been adequately provided for. When a public officer knocks off his/her job early to attend a side employment, it is because his or her salary perhaps is not sufficient to meet other domestic needs – therefore the officer has to find some other ways to make money. Mr Speaker, when an officer nearing retirement, for example, no longer concentrates on work but is doing something else during the hours for which he is paid by the Government, then it is possible that the officer knows that in a few years he will be out of work and must therefore prepare himself for his retirement.

Mr Speaker, the sense of insecurity whilst working and after retirement has a lot of bearing on the level of commitment of public officers and the use of their time. Since the introduction of the Solomon Islands National Provident Fund, successive governments were inadvertently negligent about the social security of its workers.

This Government believes that if its workers feel secure whilst working and know

that they will be looked after on retirement they will work faithfully – they will commit all their time and energy to the service of this nation. They will not be bothered about doing something else that will compromise or compete for their time.

This Government will introduce a new Foundation which provides for Welfare Enhancement for public officers whilst working and a Pension Scheme for public officers to look after their family on retirement. This Government will see those who serve the country during the prime years of their life not pushed back into poverty when they retire.

Mr Speaker, I am happy to inform this House that Cabinet has given the green light for the drafting of the new law to establish this Foundation, and it will be introduced hopefully in the next sitting of Parliament.

The effect of this new law however, is not be reflected under the current budget but for purposes of commitment and work efficiency, I am hopeful that by announcing this development, public officers should now move away from compromising their time and give all their best to implementing Government programs under the budget.

Mr Speaker, the fifth key issue is work attitude of officers. The Public Service is made up of individuals. Rules are there for officers to be guided by. But, if officers do not have the right attitude towards their work – if they turn up at nine instead of eight in the morning all the time – if officers go to the markets all the time during working hours or knock off at three o'clock instead of 4.30 pm every day, then the losses in man-hours will be very substantial. Work that is expected to be done in a day will take a week to complete. This type of work attitude is costing the government in budgetary terms and Accounting Officers should not tolerate such attitude.

The Government expects Accounting Officers to discipline officers with bad work attitudes or show them the exit door if there is no improvement demonstrated by those with bad work attitudes. Lateness to work or knocking off early is a big concern to this Government because of the inefficiency it creates. Responsible officers are asked to lead by example and come hard on bad work attitudes.

At the same time, if there has to be a change in work attitudes it is the officer that must do his best to change his ways.

Mr Speaker, let me underline the sixth key issue. This has to do with innovation of the Public Service. Mr Speaker, we inherit a very cultured Public Service from Britain. We are thankful for this, but I wish to state that the environment within which our Public Service now operates has changed a lot and expectations from different stakeholders now are different than in the pre-independence and immediate post-independence periods.

Mr Speaker, the demand for service by citizens has changed so much – they expect better service and quality service; they look for friendly and easily accessible service. Mr Speaker, in order to meet these demands, the Public Service must be innovative. It must not continue to live in the past. Officials must be futuristic in their views and be visionaries. They must come up with new ideas to improve service delivery and efficiency. My Ministry is working on a conference on Innovative Service Delivery in post-conflict Solomon Islands. This conference will allow for ministries and departments to get involve and come up with new ideas on how they can improve service delivery during this time of rebuilding our country.

Mr Speaker, when we look at the bigger picture of the Public Service and ask ourselves how we should get this huge organization improved on its efficiency, I believe these key issues that I have just outlined are very important.

Sir let me briefly make a couple of points on my Ministry. Mr Speaker, the projected number of vacancies that are yet to be filled under the 2007 Establishment is 2,093. If we were to budget for these vacancies the Government will require an additional \$60.7 million for personal emoluments in this fiscal year. Mr Speaker, although with good intentions one would have liked to fill all these positions immediately, experience has taught us that recruitment processes take a while. Therefore, in order to avoid un-necessarily tying funds on these vacancies, the Government will not find that extra \$60.7 million. Instead, my Ministry is given \$10 million to administer towards

recruitment for vacant posts in this fiscal year. As soon as the budget is passed, my Ministry will come up with a quota for each ministry to deal with recruitments straightaway.

Mr Speaker, I mentioned earlier that there will be links with the Singapore Civil Service and the School of Government at the Victoria University in New Zealand. Initial funds for preparatory work will come under the Training Vote for local in-service training.

Mr Speaker, I wish to also underline that the Institute of Public Administration and Management attach great importance to its outreach programs. Last year it has run courses for public officers in Gizo, Tulagi, Auki and Kirakira. It must expand its outreach program, and although funding has only slightly increased, this outreach program is our priority, in view of the bottom up approach development strategy.

Mr Speaker, it will also be appropriate to note that IPAM is putting together an induction course for the 50 new officers who will be assisting the 50 constituencies as soon as they are recruited.

Mr Speaker, three important positions are introduced under the Ministry's establishment for 2007. First, there will be a post for Expatriate Affairs. Mr Speaker, my ministry has just reported on a counter-part arrangement with RAMSI personal filling in-line and supernumerary positions, and it is my Government's policy that there should be local counter-parts identified to understudy the expatriates with clear timeframes for the locals to take over. Mr Speaker, the Expatriate Affairs officer will manage the counterpart arrangement.

The second position has to do with Gender Officer at the Director's level. With expectations under international labour conventions on equal employment opportunity, it is necessary to create this post in an employing agency such as the Public Service Ministry. The office will be responsible for policy advice on gender related issues affecting the Public Service as an organization.

Third, Mr Speaker, is the public social security and welfare officer also at the Director's level. Mr Speaker, the officer will be responsible for policy research and initial administration of the new Foundation law.

Mr Speaker, I need to point out that the condition of service for government workers has also lagged behind and despite the allocations under last year's supplementary appropriation bill, a lot of areas are yet to be addressed. Mr Speaker, my Ministry has set aside \$1.5 million for the review and publication of the General Orders. Once the review is made, a lot of the expenditures will be absorbed in the ministries.

In conclusion Mr Speaker, I wish to say that this is a challenging budget. In the case of my Ministry, it is balancing Government priorities with making workers happy and making the Public Service more efficient. The 2007 budget is my Government's first budget and I trust we will do our utmost best to implement it within the bounds of the document.

Mr Speaker, thank you for giving me for the opportunity and I support the Bill.

Mr FONO: Mr Speaker, thank you for allowing me the floor of this Chamber to contribute briefly to the 2007 Appropriation Bill 2007 moved by the respected Minister of Finance and Treasury on Tuesday 6th February in his 2007 Budget Speech.

Mr Speaker, from the outset let me thank the Minister of Finance for his foresight and vision in moving this Appropriation Bill this year 2007, and not last year in December 2006, as has always been the conventional practice of delivering annual budget.

Also, I wish to thank the staff of the Budget Unit, the Department of National Planning and all Accounting Officers within the government for putting together a budget for this year within 10 months since the Grand Coalition for Change Government came into power.

Sir, it has also reflected seriousness and commitment of the Government for Change to put together a credible budget for 2007.

Mr Speaker, let me also, at the outset, congratulate the Government through the hardworking Minister of Finance for delivering his first budget speech in the House for the present Government as has been alluded to by a lot of speakers.

Mr Speaker, it is also pleasing to note that the current government's aim is to create a society that is equitable, trustworthy and forward looking. And in his own words I quote: 'we are

committed to strengthening the country's democratic constitutional and community institutions and structures as well as its economy'.

This is well said, however, how actions over the recent past are quite different. We continue to undermine the very democratic institutions that are provided for under the Constitution to promote democratic values and principles. Undermining institutions like the Solomon Islands Police Force who carries out investigations into our doings. Other institutions, like the Judiciary are being tampered with, bringing into question their impartiality and integrity.

Sir, a case in point is the withdrawal of the charges against the suspended Attorney General by the Acting Attorney General who was also acting DPP when the substantive DPP was on annual leave. Again, the withdrawal or the legal term "*nolle prosqui*", discontinuing of cases in the Magistrates against one of the Ministers, and again against one of the political cronies of the ruling party. Just look at the front page of Solomon Star today. If that is true it really implies a serious foul in the judiciary system of this nation. Therefore, it is very important that investigations should continue to take place by responsible authorities to look at whether perjury or what is known as interfering into the judicial system of our nation is taking place so that justice is done. Because, Mr Speaker, as we all know no one is above the law; whoever contravenes our laws must be brought to justice.

Mr Speaker, whilst the Minister's speech outlines the three components to the government's rural development strategy such as (1) community consultation and grassroots policy development, (2) the effective sectoral strategies to improve access to economic opportunities for our rural people, (3) building the capacity of the provincial governments to deliver services to rural communities and promote business development.

Sir, these three components are very good. I strongly support these components. Honestly, I have not seen any large budgetary estimates that correlate to this broad policy statement that the government should implement or would implement in order to achieve these

policy objectives. The budgetary allocations under both the recurrent and development estimates are insignificant to create any change and stimulate real economic growth in the country.

Sir, I will touch on the financial and economic situation of the country. Whilst there is a lot of potential for economic growth and economic prosperity in the country, the political and investment climate is not conducive enough for investor confidence. After the recent ethnic tension and upon the arrival of RAMSI in July 2003, there were a lot of efforts by the government, the private sector and donors or our development partners to build both investor confidence and donor confidence. Of course, this was achieved in 2004 and 2005, however, the recent events of rioting and looting in Honiara in April 2006 certainly puts us back on the high risk analysis path, as a nation with very high risk to carry on business or investment for that matter.

Furthermore, Mr Speaker, the recent actions and statements by our Prime Minister and our Foreign Minister can also be seen as causing a lot of uncertainty amongst foreign investors especially, the current diplomatic standoff between Canberra and Honiara. The statement by the honorable Prime Minister to review RAMSI or remove Australian troops or soldiers from RAMSI is a case in point.

Mr Speaker, furthermore the rearming of the Solomon Islands Police Force or even the Close Protection Unit added more fear and uncertainty to the situation. Whilst these statements be of a sovereign government, it creates a lot of fear and uncertainty amongst foreign investors and our development partners as to its long term implication.

Therefore, Mr Speaker, whilst the Minister of Finance outlines other issues as challenges facing our national economy, his speech fails short of the most important challenge facing our nation and the national economy, and that is the law and order situation. The rule of law in this country should be of paramount consideration by the government.

Mr Speaker, the law and order situation in our country is very fragile and history might repeat itself if, and I said 'if' our situation is not stabilized or improved. Mr Speaker, if the

Australian component of RAMSI is withdrawn, I am afraid to say here that the law and order situation will be in doubt and the rule of law will see an increase in lawlessness and a state of anarchy as has been experienced during the height of the ethnic tension.

Mr Speaker, such a situation will have negative implications to our national economy as our business sector will shrink or force to withdraw or businesses will force to withdraw their operations or their business activities. Therefore, Mr Speaker, our economic climate is very dependent on the law and order situation of our country and the investor confidence attributed to the socio-economic and political situation of our country.

Mr Speaker, on Financial Services - I have noted or I have notice a considerable improvement in the financial institutions lending policies. With the arrival of the credit corporation and its competitiveness, there seems to be some flexibility in their lease financing and other financial institutions like our three commercial banks are beginning to open up and adapt flexible lending policies.

Mr Speaker, this is a welcome move in the right direction. However, sir, they need to bring down their lending rates from 16 or 18 per cent to even around 10 per cent, as well as increase interest on term deposits from 0.5 per cent to say 5 or 6 per cent. At the moment it does not create any incentives for our people to invest or put savings into the bank because interest rate is very low, some even less than 1 per cent. Interest rates play a very important role in any economic development of a county.

Mr Speaker, whilst I understand there is surplus supply of money or excess liquidity in our financial system, such a move by our country's financial institutions to increase their interest rates on bank deposits and reduce their lending rates will create added incentives for our private sector to use the banks for savings and borrow from banks for productive investment and business expansion, especially when there is no significant support to our private sector in the budget.

Mr Speaker, the other area of concern is for the present financial institutions to look at decentralizing some of their services throughout the country. This is to allow banking services to

be provided even in the rural areas so as to allow our rural people participate in economic activities in the rural areas. This is over and above smaller financial institutions like the rural based credit unions now currently operating in some of our rural areas.

Mr Speaker, I will now touch on my overview of the 2007 Budget. I will now turn to the 2007 budget as was presented in this House. As I have said it is the first budget of this current Government and I congratulate them for bringing this budget to be debated in the first quarter of this year. Because of constitutional requirements this side of the House may need to support this budget otherwise comes end of March we will face constitutional crisis because the government will not have the support or have the power to continue to spend or if the Parliament does not pass this budget authorizing the government to incur expenditure for the government services.

However, Mr Speaker, I wish to register here my concerns and disappointment that this much awaited budget of the Grand Coalition for Change will not fulfill our people's expectations.

Mr Speaker, there is a lot of perception out there. Ministers, if you go down the streets you will hear people saying they are waiting for the budget to pass and they will get it. This sort of expectation needs to be explained thoroughly to our people because their perception is that there is a lot in this budget that the government will deliver in line with poverty policy or the policy of some of the parties of the Coalition that was promoted during the last election that we will have a dole system like in Australia and New Zealand for those people without jobs. Mr Speaker, these are people's perception on this budget and what the government is going to deliver.

I congratulate the Minister of Finance for his explanation during one of the talk-back shows for rightly telling the people that the government has no funds to give out as grants like the system that was done by the Ministry of Commerce. That needs to go out so that our people change their perceptions that after this budget is passed we have tons of money to give to our people. Mr Speaker, this perception by our people needs to be explained thoroughly to them so that they do not have the perception that

there is free money to be given out after the budget is passed.

As I have said there are certain areas that I have concern on in the budget that I will touch on. Firstly, I agree with my colleague MP for East Are Are that the budget is Public Service driven, and I describe it as top heavy public sector budget and not much for the productive sector. For example, in the new spending measures, I can only see \$1.1 million for support for the productive sector at the national level, apart from the \$16 million for provincial level support, whilst \$92.5 million is allocated for a stronger public sector. This top heavy public sector budget is not in line with the bottom up approach the government continues to advocate as a policy.

Mr Speaker, if we look at the payroll costs for 2007 it stands at \$327.4 million, an increase from \$224 million in 2006 or an increase of \$103.4 million in payroll cost alone. This amounts to 37 percent of the total government revenue of \$886.7 million. This strategy really puts into question all the reforms, the downsizing, the rightsizing, or whatever sizing successive governments have been putting in place or implementing in their reform programs in the Public Service. One would only conclude that successive government' efforts to downsize or right size the public service is a waste of time and resources. Mr Speaker, if we are not careful we are feeding a 21 headed monster in the public sector.

Sir, after independence some years back one of the then Ministers of Finance described the budget as a 15 headed monster. Now it is 21 including the Prime Minister's Office, there are 21 Ministries now that is taking up much of the share of this budget and nothing is left for the private sector. The Private sector is very important because it should create employment so that they pay tax to the government, and not so much on the government. When the government increases employment they do not pay tax, only book value is what we are seeing, we are not paying any revenue to the government. Sustainability of our economic growth is in the private sector or the productive sector. That is is very important.

Secondly, Mr Speaker, the allocation in the budget for the productive sector is significant

to make any positive impact in the private sector of this country. Just look at support for agriculture, tourism, mining - the productive sectors areas, it is very small. Another one is the allocation of \$3 million support to the rehabilitation of copra and cocoa industries. This allocation is in significant, even one constituency can use that amount and the not the whole nation.

Mr Speaker, there are some private initiatives by the private sector that they have been doing over the last four years or three years - cocoa seedlings. Cocoa is one of the commodities that brings revenue into the country. Last year should be more than the previous year of \$60 million of foreign revenue into the economic. The government has not taken that up seriously.

A private initiative by one of our private companies produce seedlings for rural farmers, they have been investing over a US\$100,000 per year over the last four years, and it contributes very well towards that sector. Just look at the allocation for industry or manufacturing sector, I cannot see it in the budget too. The primary sector is important but the secondary sector of manufacturing and processing is very important to any economic development.

Let me tell the government that I think we have to move away from the primary sector to the secondary sector and manufacturing because it adds value to exports, it creates further employment for our people. But I do not see any substantive contribution to the manufacturing or the secondary sector - the manufacturing and processing industries of our nation.

A very good case in point is how Malaysia develops. They had an oil palm industry similar to Ghana, a country in the African continent. Ghana continues to involve in primary production whilst Malaysia moves on to secondary processing. Malaysia's GDP increases far exceeding Ghana. That is a very good example.

Our industries should now be looking at further downstream processing. The government's policy should be addressing and geared towards creating incentives for our private sector industries. Whilst there is some rural financial support channeled through the

Central Bank, direct assistance or support towards this industry is very important.

I have yet to see any government programs targeting innovation within the private sector. Give awards to the private sector people. I encourage the Minister of Finance to consider that. Give annual awards to businesses that perform and produce up to excellence - innovation, inventions. Incentives should be provided for our industries so that we move on from the primary level to the secondary level or even the tertiary level. The allocation of \$462,337 for Bina Industrial Deep Seaport development is a laughing stock.

Sir, is this the budget allocation the people of Malaita have been waiting for, may I ask? In the 2006 budget there was \$2 million allocation for this under Commerce and \$5 million under Lands for land acquisition. It is only this government that failed to implement this project over the last 10 months since it came into office. The funds were available but they did not implement it.

Sir, with this allocation of \$462,000 this year, I am very surprised as to our seriousness in developing this project. This development comes under the West Kwaio Constituency and my good friend, the Member for West Kwaio is a strong government backbencher so why not push for an increase in the allocation.

I understand this project should get off the ground this year with acquiring of the land, compensation for relocation of residential houses at the seafront, a further land survey and designing of the physical planning and site development of this area. Yet this allocation of just over \$400,000 does not speak well of the policy we are trying to decentralize developments to the provinces and not so much in Honiara. Is that the rural development policy this government promoted? I hope it is.

Mr Speaker, if we want to address the root cause of this ethnic tension and social unrest, our government and development partners need to create this major project on Malaita to allow for economic activities to take place and create job opportunities for our people who are currently looking for employment here in Honiara and in other provinces. This is the cracks of the matter.

This allocation of only \$462,000 for Bina Industrial centre of Malaita does not show the serious commitment by this government to decentralize development projects to other provinces from Honiara. I was anticipating a budget provision of some \$5 million to cater for the importance of this project's implementation. Telling me that it will come on the supplementary budget is not good enough because I expect that supplementary budget to come in during the later part of the year, and by that time we would all go for Christmas.

Thirdly, Mr Speaker, I have not seen any budgetary allocation for provincial shipping grants. Sir, our country is an island nation with vast oceans and will always depend on shipping services to move people, goods and services from one island to another.

Mr Speaker, if successive governments have given funds to provinces like Choiseul, Isabel, Western, Temotu, Malaita and Renbell to fund their provincial shipping or constituency shipping, why can't this government assist other provinces like Guadalcanal, Makira or other constituencies for shipping services for our people. Is it because of lack of that this year and last year as well? Some have taken loans to get their own shipping services like my good friend, the Minister for Home Affairs, the MP for Central Makira who shows us the rural development approach.

Sir, rural shipping services is of paramount importance for our transportation needs of our rural farmers in line with the present government's policy on rural development. Our different islands make it necessary that government must allocate funds to provide support to even private sector shipping.

Mr Speaker, although there is a national transport policy, the legislation to establish this national transport fund has not come to Parliament yet. I call on my good Minister for Transport to bring this piece of legislation for approval so that it is in line with section 100(2) of our national constitution. Don't just establish it in the budget when there is no approval for establishing of special funds.

Sir, it is important that the government allocates funds for provincial shipping. I do not see this in the budget and that is why I am

raising it as a concern for our people. If successive governments can provide funds and establish shipping services, why not this government.

Hon Lilo (*interjecting*): They are lying at Ranandi.

Hon Fono: Failure is not the end; even if we fail we still must go forward because we are a developing nation.

Fourthly, Mr Speaker, the state owned enterprises (SOEs) - government owned organizations set up under acts of Parliament. If the government is to withdraw annual subventions, government needs to bring their respective acts to Parliament or legislation for amendment so that we do not provide annual subventions. I believe some of these state owned enterprises have legal provisions that government must provide annual subventions to subsidize their operations.

Sir, SOEs like SIBC and CEMA provide a very vital link with rural people in the rural areas, hence, the withdrawal of their annual subventions does not go in line with the bottom up approach policy of the government. For example, the SIBC plays a vital role in informing our rural populace of government policies, national issues, church services. With the government's withdrawal of its annual subvention, the cost of SIBC charges now has increased. There may be no longer live broadcast services for our rural people on Sundays because of this cut on subvention.

Similarly, as far as CEMA is concern, CEMA plays a very important regulatory function for our exporters. At the moment it is no longer exporting commodities. Its revenue is depended on rents of houses or properties that it has, and with this recent government policy initiative, do you know what, they will be laying off their staff or they will be closing down hence determining the quality for export will be compromised. And if that is compromised export earnings of the nation will also go down because we will not be able to meet international standards on commodities that for export. Export is important to our nation building, and if we do not do that our currency will really go down. Therefore, I urge the government to re-

look into this policy and assist the state owned enterprises that desperately need the government's support.

Fifthly, Mr Speaker, the implementation of government funded projects or SIG projects in the development estimates. This process needs a very big improvement or overhaul. There needs to be some improvements in the implementation process.

Whilst there are surplus funds at Finance and Treasury, the SIG funded projects are not implemented by line ministries. May be coordination at National Planning is weak and needs strengthening or the procedures and steps to follow by line ministries are not understood by Accounting Officers or directors of divisions.

Mr Speaker, the government needs to overhaul this process and get these officers from line ministries some training or capacity building on procedures and capacity building on implementation of projects so that projects that are in the development budget and funded by the government must be implemented this year so that they do not reappear next year as has been the case.

Sir, the implementation process needs to be improved, and I believe the Minister of National Planning is taking note of this suggestion so that improvement is done to the implementation process.

Mr Speaker, my sixth point is that while there is considerable increase in the education budget, it failed to address the real issues affecting our education sector. The Education sector is very important to a developing nation like ours. Whilst I see there will be additional 1,000 teachers to be recruited, I failed to see any provision for increases in their salaries, terms and conditions.

Sir, teachers are the lowest paid public officers in our country. I understand the previous government mandated a task force to review teachers' salaries, terms and conditions to harmonize it with other public sector unions' terms and conditions.

Sir, at the moment even domestic servants, the Ministers' drivers are getting a much higher pay than the certificate holders – the teachers. Are you aware of that, Mr Minister? Drivers and orderlies are paid at Level 3 of the Public Service scale. This is more

than teachers who are certificate holders. This is very surprising.

Teachers go through training to become a teacher. After secondary they go to the SICHE and get the qualification to become a teacher. This is a demoralizing factor. It is a disincentive to them. I have a lot of wantok teachers who are complaining to me about their pay. The government needs to harmonize their structure so that all public employees unions are getting the same salaries even at whatever level or whatever structure but it is their profession. Such areas might be different but their salary structures need to be harmonized so that it is an incentive to our teachers who are very hardworking. Some of them spent even their own time at night preparing for lessons. They need to be compensated fairly. As I said sometimes these things are a disincentive to our teachers. Their salaries need to be harmonized with the Public Service, Police and Nurses so that they are paid at the same level.

Mr Speaker, the last government's policy is that all primary school fees are subsidized by the government. It is your policy, sir, under your leadership and parents of this nation are enjoying this subsidy to primary schools. I hope the government paid that subsidy last year or does the government do away with it? If the government continues it is a good policy that helps parents.

Mr Speaker, I would have thought that the government should look at subsidizing secondary school fees to help our parents. There is a disparity in school fees in church schools. For example, in Su'u and Betikama, the fees of Form 5, 6, 7 is almost \$5,000 whilst in government run schools it is just \$1,000 plus. Why the difference? I fail to see in the budget any government assistance to subsidize school fees in secondary schools. I think the government should even take over Form 6 and 7. Take the burden from parents. It is now becoming very very expensive at that highest level.

A review was commissioned by the last government to find out how much it costs the education system. I hope the current Minister who was the PS under the last government continues to follow that up and implement it.

Bring it to Cabinet so that the government policy is changed to help our parents.

Education continues to remain a priority sector of this nation. I believe whatever government comes in education is very important so that we subsidize costs and allow church run schools reduce their school fees like government run schools KGVII or Waimapuru. There is a big disparity.

The education sector is very important and I am calling on my good Minister to take that review and make a policy change in government so that secondary school is subsidized.

The seventh point and my final point, the Minister of Finance told this House in his budget speech that this current government has allocated its tithes or one tenth of its revenue for the churches. Sir, I fail to see any budget allocation both in the recurrent and development budget for this. Where is it? I cannot see it? Do not create false hopes to our people especially our churches. Lying or telling lie is a sin. The Bible talks against sin. Mr Minister of Finance, do not tell lies to our people.

Mr Speaker: Order, order, withdraw the word lie.

Hon Fono: I withdraw that, Mr Speaker, but we must tell the truth. That is my point. We must tell nothing but the truth in this House. If government revenue is \$800million where is the \$80million for tithes to churches? Where in the budget is that reflected?

Sir, if the Minister is referring to government support to churches as grant allocation to church run schools, clinics, hospitals like Atoifi, Goldie hospital, church-run rural training centres, these assistances have been going on for the past years. Successive governments also meet those costs too. It is not new. Let this nation know that successive governments also support churches through that allocation. If it is tithes then it must appear under the development budget or the recurrent budget and the tithes must go to the churches to pay the bishops, the clergies and others. That is the proper way of paying tithes. The missions that churches send overseas to spread the good news, that is the way tithes are being used.

The statement of the Minister of Finance is not true. Successive governments have been allocating funds to churches to help church-run schools and church-run hospitals. It is not new so that we boast about it. I look at the recurrent budget and the development estimates but I fail to see any classification on the word 'tithes'. May be in the Committee of Supply the Minister might tell the House where that allocation is so that it reflects his statement. Otherwise I still maintain that he is not telling the truth in this chamber.

Finally, Mr Speaker, I have raised very important national issues and concerns which I believe the Grand Coalition Government will take on board to consider in its next budget or in future supplementary budgets. The budget document should reflect the government's policies. This is my contribution to this very important Appropriation Bill.

As I said from the outset, I fully support the bottom up approach advocated by the present government because it is not new. In my humble view, bottom up approach means wider consultation on public policies, budgeting process must be from the rural areas, consultation with provinces on budgeting, planning and its implementation. For example, even the recruitment of 50 development officers is top down. It is top down because it is still the Cabinet that decides on it and then it pushes it down to us. There was never any consultation with MPs neither the provinces over these recruitments. I doubt it very much.

I am raising this because even some government backbenchers are also asking questions. This only shows there was no consultation at the Caucus level. There needs to be wider consultation on such public policies so that our people are aware of it, and it is not the top down approach that we are seeing. There needs to be wider consultations with the provinces on this policy issue so that it is in line with what the government advocate as the bottom up approach.

Mr Speaker, I believe the points I have raised are not that critical of the government but they are positive contribution towards the budget.

With these comments, I resume my seat.

(applause)

Hon KAUA: Mr Speaker, thank you for allowing me to contribute on the general debate of the 2007 Appropriation Bill.

Mr Speaker, at the outset may I thank my colleague Minister of Finance and his hardworking staff for their efforts in preparing the 2007 Appropriation Bill well on time before the commencement of Parliament. Other officers from the line ministries also need to be thank for their efforts and invaluable contributions accorded towards the preparation of the national budget.

Mr Speaker, before I continue with my contribution, may I mention why is it that the distinguished Leader of Opposition continues to contemplate on the competency of the courts. This is contempt of court because already decisions on the cases of the suspended Attorney General and the Minister of Commerce have already been made.

Secondly, Mr Speaker, more questions were raised on the issue of arming a segment of the Police Force. May I ask at this stage what part or page of the Facilitation Act stipulates that RAMSI provides security for this nation? This is more than the reason why this particular government is taking the initiative to try and provide that because security has not been an issue for RAMSI. All they were mandated to do is to disarm the nation, and that was all.

Mr Speaker, may I now continue with my contribution on the budget. As one who is closely participated in the preparation of annual budgets for a considerable number of years, I am heartened to note that this Budget is the first ever that was thoroughly discussed and critically analyzed at all levels within the government realm before formally scrutinized by the Public Accounts Committee. Hence the report of the PAC was tabled in Parliament before the second reading of the 2007 Appropriation Bill by the Minister of Finance.

Mr Speaker, my second observation of this Budget Speech is that the Development Budget was first introduced before the Recurrent, and this was something more than extra ordinary than what has been done in the past.

The third observation, Mr Speaker is the reduction of projects promised to be funded by aid donors. In other words, projects appear with funds already allocated or definite to be funded and not merely on speculation and presumptuous promises not justifiable, which happens to be the case with development budgets over the years.

Mr Speaker, no wonder the shadow Minister of Finance strongly argued why was there less projects funded by aid donors which differs from past development budgets where nearly or almost the entire development budget was fully funded by aid funding. That is a good question.

Mr Speaker, is it not a good thing that an independent country like Solomon Islands that nearly attain its 30 years of nationhood still has its budget entirely funded on aid money in spite of its abundant wealth and richly blessed with natural resources but still its people are dependant on handouts?

Mr Speaker, I must congratulate successive governments since this country attained its independence in 1978 for the efforts taken thus far in the development of our country. Those were difficult times and their tough decisions made for the good of our nation deserves our highest commendation.

Mr Speaker, the policies adopted were for those times in history and the notable intention of those governments were made to be for their time in development. We cannot repeat what was considered best for our country then and continue to maintain the status quo. Hence we must learn from past mistakes, experiences and build on for a better future.

Mr Speaker, the Hon. Member for Aoke/Langa Langa constantly repeated year after year in this honorable house the notion of colonization and the need to divulge from being dependent to interdependence growth to address unity in diversity. How can this be achieved if we continue to depend on aid money and not empowered with the economic power necessary for development?

Mr Speaker, I am not an economist nor would I pretend to be one, but commonsense prevails that economic power is a strong tool if you wish to attain full control of your destiny than anything else in development. You need to have that power before you can be heard or

make drastic changes to your own life, your people and your country. Isn't this what this current government is vigorously attempting to pursue in order to achieve the ultimate objectives through its Policies and Programs of Action?

Mr Speaker, as long as economic power is in the hands of different people, our hands are tied, and we cannot speak openly against those who have the economic power. You cannot say, **NO** to them although in essence what they say or do is totally contrary to what Solomon Islanders perceive to be not in the best interest of our people and nation.

Mr Speaker, because we are fearing the threat of withdrawing assistance, the country continues to suffer because of our inability to say **NO!** Why, because we do not have the economics power, it is in the hands of those who continue to threaten the country of all sorts of excuses that are not in the best interest of our nation. But we have to support them in fear of withdrawing of their assistance.

Mr Speaker, one can only learn from past experiences on how projects were designed year after year in almost every instance that three quarter of the projects were spent on TAs and huge volumes of reports of feasibility study one after the other and very little allocated to real development. Why, because economic power is in their hands and they decide where their money should be spent regardless of what come may.

Mr Speaker, one can only look at shelves in the Ministries/Departments to witness the huge volumes of reports been filed up attracting dust and vulnerable to cockroaches and rat nests. That is a clear indication of millions of dollars having to be spent, not on real development but spent on TAs and volume of papers but very little spent on actual developments. No wonder there is little impact felt by the recipient country, in this case the people of Solomon Islands. Mr Speaker, if this is how aid assistance is determined then God helps Solomon Islands!

Another scenario of the same is, Mr Speaker, when a major project is negotiated you can only ascertain who gets a majority share. Isn't that the resource owners or the investor? Nearly in every instance resource owners get

less than the investor. Why? Because he has the economic power and hence he has the final say on what he should earn. The beggars have no choice. Isn't that what the country is continually facing up to now in our quest to develop this nation? This is why you can have so many good promises during the negotiation processes, agreements sealed that the investor will do this or do that and provide this but at the end of the day, he cannot leave up with the promises because both partners are not in equal terms of the economic share of the business that both will respect one another in their dealings.

Mr Speaker, I am in no way trying to dispute that we should at any time disregard aid assistance provided by our development partners. Far from it. All I am trying to illustrate here is that it is now time that we should have a say on how our aid money is distributed and implemented for the benefit of the recipient, in this case Solomon Islands, in order to have a tangible impact on the livelihood of our people and the country at large, and not necessarily the contrary.

Mr Speaker, this has been the trend over the years and if this continues we are not far from what the Leader of the New Zealand Democratic Party described in his article in the Star last month January 2007 when he says, and I quote:

"I am becoming increasingly concerned by the intent of the manipulative hands that operate behind the scene in Solomon Islands. Unfortunately the people of Solomon Islands are always the pawns in the games of these underhanded people, and of course, through the employment of these tactics, it is the people that lose a little more with each passing move. I believe this is the first time that Solomon Islands has a government that is focused on actually making a difference and bringing about a better and more comfortable quality of life for its people. I believe this because of the policies that your government has adopted and set to implement. There will be of course, those that say, for one reason or another, those policies will not work, yet I challenge those people to prove their claims based on

factual evidence; and not the usual assumption, character assassination and conjecture. I believe there exists, a concerted effort to destabilize Solomon Islands to the point where it has to be "managed" by foreign interests. The current government wishes to break the chains of economic bondage suffered by the people of Solomon Islands, and have undertaken a serious and focused direction in order to achieve this aim. Why would people try to halt this progress, if not for self gain? Whose vested interests are they protecting? I seriously believe these questions need to be asked of those people and answers demanded. As you know the natural resources of Solomon Islands belongs to the people of Solomon Islands and cared for by the Government to ensure they benefit the nation. Has anyone asked themselves why a nation that is worth billions and billions of dollars so broke? Could it be because foreign interests have designs on controlling it all? Could it be that the new 'Asian-Pacific Union' trade block that will effectively remove the sovereignty of Solomon Islands people and therefore your ability to utilize your own resources is behind the manipulation? Ultimately you the people will become slaves in your own nation - it has for the most part already happened in Europe and moves are now being made for the US, Mexico and Canada to form the hub of 'Western Union'.

May I suggest that we all take a very serious look at what is happening, how it is being reported and then ask yourselves, who benefits by us, believing them and why would some try to change the direction of a government that is trying to protect your interests and increase your quality of life? I believe therein lays the answer. I thank you for your time and look forward to seeing the Solomon Islands become the economic and prosperous jewel of the Pacific that we all know it to be. I urge you, one and all to support the current Prime Minister, Cabinet and those in Government

determined to hold your interest at heart". end of quote!

Mr Speaker, isn't it interesting for someone, who is non-Solomon Islander has already professed to those who claim to be indigenous Solomon Islanders, blooded by right, bred to live in this beloved country Solomon Islands opted to stand for others on the name of politics and forget about the essence and the very existence of its people his land and the future of his children.

Here, Mr Speaker, I wish to challenge all the 50 Members of Parliament, the civil society, the women groups, the Trade Unions and all Solomon Islanders alike. Where do you stand and whose interests are you propagating? Have no fear, if God is in control of our destiny who can be against us. **NO** one in his/her right mind would wish to go through those dreadful and ordeal experiences in the past. Let us leave what is in the past and draw on what is good to build a better future for our people, country and future generations, none-other but our children.

Mr Speaker, what is it? What is in the dark cannot be brought to light. Is that what all who profess to be Christians should do? You cannot hold on to the past and at the same time trying to do things in the light. You cannot be in two environments at the same time. We should now forget the past and look to the future.

The choice is yours for the future. No one will do it for you. Not even those who profess to be genuine in their cause of 'Helpem Fren'. It is you and you alone can make that choice. It is a tough choice and a one that requires the collaborative efforts of all of us regardless of creed or color or ethnicity but based on a common denominator as true Solomon Islanders, no more no less, if I may quote the expression frequently accorded by none other than my good friend, the honorable Member for Savo/Russells.

Mr Speaker, may I now turn on to what my Ministry intends to deliver under the 2007 Budget. Mr Speaker, the budget tabled before this honorable House is prepared to reflect the bottom-up approach to agriculture development in the rural areas.

Mr Speaker, our development budget will be implemented under the partnership

policy being put in place by my Ministry. Under this policy, resource owners will be given the opportunity to actively participate in development programs with the prime objective of ownership by the resource owners when fully operational. Mr Speaker, almost all these undertakings will have the active participation of resource owners from day one.

The Solomon Islands Government, through my Ministry will provide the technical advice and all necessary support services to kick-start the operations. This is people empowering. This is what our people want to see.

Mr Speaker, the implementation of this Partnership Policy is a major shift in government policy. It is totally opposite to previous policies where the government did all developments with **NO** active involvement by resource owners. Mr Speaker, a classic example of past experiences were the Tenavatu Livestock Breeding farm, the Dodo Creek Research Station; the Black Post Research station, all these were operated by the government on lease land. The traditional landowners were mere spectators of development.

Mr Speaker, another major shift in government policy is the move from Conventional Agriculture Research to a Participatory Research. Because of the situation on the ground (destruction of Dodo Creek Research Station) we will now be conducting most of our research activities as On-Farm research.

Mr Speaker, this major shift will allow the establishment of farm schools where farmers will be able to actively participate in all sorts of demonstrations. With this approach, it is anticipated that the rate of adoption will be quicker and our research staff will respond quickly to any emerging problems. Again, the participating resource owners will be trained and expected to take full control of these activities at a later stage. Mr Speaker, there will be need for staff mobility. We will provide the necessary support to enable our field staff to have close contacts and timely visits to our farmers.

Mr Speaker, given the above background to the implementation of the Partnership Policy, the following national

program shall be implemented under this policy in 2007 and onto 2010.

- Attention to National Food Security to keep pace with our growing population.
- National coffee development program,
- Traditional crops development program for export taro, pineapple,
- Food processing and value adding of food crops.
- National Fruits Tree crops development program (TSAP)
- National Cattle Rehabilitation program that will be on Guadalcanal, Malaita and later on the other provinces,
- Establishment of cocoa and coconut seed gardens,
- Establishing of copra crushing mills in the provinces. This will go hand-in-hand with the bio-fuel agenda,
- Active On-farm research activities for field crops and livestock enterprises,
- Active Land Use planning for farmers. This will streamline all land planning for agriculture, forestry, conservation and utilization of native plant/animal species,
- Establishment of certified slaughter facilities.
- Active training programs for staff and farmers,
- Establishment of registered Vanilla processing units,
- Active research and development (R&D) by research and extension staff in response to farmer problems.
- More rice development for domestic market
- Encourage active participation in palm oil development by resource owners, with investors plus downstream processing of crude oil,
- Establishment of pre-export facilities to facilitate crop exports.

Mr Speaker, the key to success implementation of our national programs in partnership with our resource owners will require our people to open-up their land for development. We will not force development on the people. They must show interest and the

initiative to allow development process to happen.

To facilitate the smooth operation of these national programs in partnership with the resource owners, all participating parties will sign an MOU. The content of this MOU will vary from each activity and enterprise.

Mr Speaker on a major development budget, we intend to address a national wide cocoa planting program in the next three years. This is to address the national need for replanting of all aging cocoa plantations. More than 70% of the current cocoa plantations now need replanting. We initially would be starting with four provinces (Malaita, Guadalcanal, Makira and Isabel). Interested farmers in other provinces will be taken on-board as well.

Mr Speaker, failure to address this problem now will only lead to a continual downfall in export revenue and therefore a fall in rural income. Mr Speaker, to do this we need to establish cocoa nurseries throughout the country. These will be operated by communities with government support.

Mr Speaker, another pressing issue now is the need to establish cocoa seed gardens in the provinces. Today we have only one cocoa seed garden at Black Post. We plan to have 4-6 of such cocoa seed gardens. Participating communities will be assisted to run the seed gardens with total ownership after four to five years of operation.

Mr Speaker, a similar scenario applies to coconut seed gardens. All our current coconut seed gardens are senile and need replacement. This is to allow the country to continue having hybrid nuts available. Mr Speaker, this is a potential production of bottled coconut water and it is good to have hybrid nuts available for this business.

Mr Speaker, the cocoa replanting program will take the form of a **subsidy scheme**. We all know too well the result of the subsidy schemes in the early seventies. Participating farmers will have to work and complete certain tasks before they can be compensated.

Mr Speaker, my Ministry is currently putting up monitoring mechanisms to ensure there is smooth implementation of this national program. It is hoped that a total of up to 700 hectares will be planted in 2007. This will build

up to 2008-2010 to a total of up to 700 – 10,000 hectares as momentum builds up.

Mr Speaker, we are aware of the good work of some groups who have taken initiative in the last two years to address cocoa planting. Under this subsidy scheme, we hope to encourage a lot of our rural youths to do the work. They will be trained from day one. They will establish nurseries for seedlings, transplanting, look after the trees up to processing and on to the marketing. At the end of the day, they will take ownership and contribute positively to economic recovery.

Mr Speaker, young farmer groups that establish cocoa nurseries will be able to run the nursery units as a business by selling seeds to other farmers. To be able to do this, they will have to use the recommended cocoa varieties. They cannot just plant any variety.

Smallholder rice development activities in the provinces, semi-commercial rice development in the provinces and above all two programs have been going for sometimes and were funded by the Republic of China (ROC/Taiwan) and jointly implemented by the Department of Agriculture and livestock. Currently, if I just quote a report that has been since 1999 we imported 22,788 tons and the money that was in Solomon Islands value is \$64.9 million. In 2000 we imported 23,000 tons and the money was \$64.2 million. In 2001 we imported 25,000 tons and money that was spent was \$52million. In 2002 we import 36,500 tons of rice and we spent \$55million. In 2003 we imported 42,000 tons of rice and this country spent \$60million. In 2004 we import 50,000 tons and we spent \$70million.

Mr Speaker, if we are going to change that scenario there is going to be a lot of hard work before these can be achieved. The overall project objective of this component is to further boost rice development in the provinces, but with more concentration on commercial type of operation in selected provinces of Malaita, Western, Guadalcanal and Makira.

Mr Speaker, discussions are underway with landowners and the Guadalcanal Province to revisit rice production at Metapona. There is a potential of 400-700 hectares of land for rice development at Metapona. Once land related issues are sorted out, my Ministry will work

closely with the landowners to develop rice at Metapona. Based on yields in rice grown at the Tetera by Don Bosco, the Metapona land is a highly priority area for rice development. Once completed, there is going to be a potential to produce between 4500-7500 metric tons of rice annually, which is valued between SI\$18million-SI\$25million a year. This will be a major undertaking in the next three to four years.

Mr Speaker, the National Cattle Rehabilitation Program between 700-1000 pregnant heifers will be imported for breeding purposes. These will be quarantined initially at the Guadalcanal Plains and later distributed to eight farm sites, four in Guadalcanal and four in Malaita.

Mr Speaker, a number of key factors are being used to identify the participating farmers:-

- 1] Access to market
- 2] Access to slaughter facilities
- 3] Existence of good pasture
- 4] Ease of rehabilitating the existing farm
- 5] Farm size of more than 100 hectares
- 6] Surrounding smaller cattle farms to benefit from the pregnancy of further breeding.

Mr Speaker, this priority will go to build up the national herd numbers. Participating farmers will concentrate on cattle breeding. A small number of cattle breeding will be dealt with first to enable our limited staff to concentrate efforts and a small number will make monitoring easier.

Mr Speaker, all participating farmers **MUST** sign an **MOU** with the Solomon Islands Government before they can participate. This will allow a smooth transition from a joint SIG-Resource Owners ownership to total farmer ownership. This may take up to five years.

Mr Speaker, all participating farmers will receive appropriate training to build them up to a level of technical competence before a total hand over is made. Mr Speaker, all smallholders with less than 5-10 Ha of land will have to wait to receive calves from those breeding units. Cattle tethering for fattening will also come later. Mr Speaker, it is the

intention of my Ministry to import up to 1000 cattle each year for the next five years.

Mr Speaker, if we can build up our national cattle breeding herd to 10,000 breeders, we should be able to reduce our beef imports. The current beef import is between 230-270 metric tons per annum. This is costing us between \$15million to \$18million per annum.

Mr Speaker, by building up the national breeding herd, we hope to have our farmers generate income in the rural areas. At the end of the day, this \$15million to \$18million should stay in the country.

Mr Speaker, my Ministry will put in place necessary support services (eg. pPara veterinary training, training of abattoir workers, training of meat inspectors, staff and farmers training, disease monitoring) to enable the cattle industry flourish.

Mr Speaker, slaughter facilities in the development budget is about \$1.5million and we anticipate to have in place or build three facilities to be put up under ROC funding in Auki, Temotu and Honiara.

The rationale almost is all livestock products locally sold to the public are not going through certified slaughtered units. Mr Speaker, to do this we need to be able to control some of the pests and diseases that currently affects our taro crops. We will be expanding this control program in the farmers' approach as they grow on to taro.

Mr Speaker, there is enough information available in PNG and Fiji to use to control these beetles. If we can successfully do this, we should be able to expand our taro exports.

Mr Speaker, a similar work will put on to look at all-year round production of pineapples both for domestic and export markets. Mr Speaker, the production to meet export markets will require dedication and careful farm management and a total change in mind-setting especially to meet required stands.

Mr Speaker, also under this program we will need to revisit production of the Irish potato, onions, carrot in the highlands through the country. These are crops that past research work have proven to be successful in parts of Malaita, Makira and Guadalcanal. And again we will be looking at assisting farmers generating income from growing these highland

crops. Mr Speaker, successful production of these crops will lead to import substitution and therefore conserve our foreign reserves.

Mr Speaker, we will continue to work with other regional institutions to import plants for site specific testing and further adoption by our farmers. To facilitate this exercise, we are building the Post Entry Quarantine facilities at Henderson airport. We hope to have this facility equipped and in operation by mid 2007.

Mr Speaker, under the program, assistance will go to expand and the growing of kava in Isabel Province and vanilla farmers in the country. This is a potential export crop, especially to neighboring countries like Fiji and New Caledonia. It is believed that we have the highest quality varieties grown in in Isabel Province. What is now needed is to assist our farmers to plant more for export market.

Mr Speaker, vanilla is a new crop. We will be developing appropriate regulations this year to ensure that we end up with higher quality products for the export market. A majority of the current planting are nearing flowering stage. What is now needed is to teach our farmers the proper processes/techniques so that we end up with high quality vanilla. Mr Speaker, we are very mindful of the happenings in the vanilla industry in Papua New Guinea in the last few years. We will ensure that those mistakes do not happen in Solomon Islands.

Mr Speaker, the current market prices are favorable at US\$50 – US\$75 per kilo. This is a potential in SI\$375 - \$560.50 per kilo. Each plant can produce up to 1.5kilo per year.

Mr Speaker, current figures indicated a total of 200,000 plants being planted over the last three years. These are nearing flowering in 2007. This is potential income of SI\$7.5million to our farmers. We will continue to encourage more expansion in this industry

Mr Speaker, rationale conditions of provincial offices and staff houses urgently needed attention. This problem has been a long standing issue which has contributed to deterioration of staff morale. The current allocation is not enough to adequately address all staff housing problem. We will start with some houses this year and hopefully continue next year. We hope to have this problem addressed under the implementation of the

national Agriculture Development Program (RDP).

Mr Speaker, the rationale in the agriculture sector now is in need of more trained agriculturalists. A good number of our field staff badly needs upgrading. Some sort of a good number of our field staff are also nearing retiring age.

We must start building our human resources to be able to move the rural development activities in the next 4-5 years. Obviously, we also urgently need training for specialized technical areas. At the national level, we can only contribute in the certificate and the diploma level. We urgently need to send more of our young graduates for specialization postgraduate training. We will be working closely with the Ministry of Education to ensure that the agricultural sector will have adequate trained agriculturalist up to the postgraduate level.

Mr Speaker, the growing of coffee has been in the country for the last 10 years in Isabel, Guadalcanal and more recently in South Malaita. There has been very little support from donors or SIG to the farmers. Today, farmers have been producing for the domestic market up to \$20 per kilo for Arabica coffee and \$12 per kilo for the Robusta coffee. Current hectarage is just over 20 hectares (Isabel, 8Ha, Guadalcanal 8Ha and South Malaita 4Ha).

Mr Speaker, there is great interest amongst farmers in the crop. Mr Speaker, under this program, nurseries will be setup. Training will be conducted for staff and farmers. Plantings will be addressed simultaneously to the national Cocoa fruit Rehabilitation program.

Mr Speaker, existing farmers will also be taught how to process the coffee beans before selling the beans to the market. Mr Speaker, we are well aware of hardships faced by existing growers. For example, transport difficulties experienced by farmers in Isabel. Given the interest shown in other areas in the crop, we will encourage more landholding groups to grow coffee.

Mr Speaker, such problems should not deter us from helping our other farmers who are determined to go into the business. The nature of these problems and how to address them varies in locations and locations differ. Mr

Speaker, all these will be implemented on the farmers' plots jointly by MAL staff and the participating farmers.

Mr Speaker, participatory research under the Partnership Policy is going to be a major shift in our research work. In the past most research work were conducted on government experimental stations. This major shift will see MAL staff conduct demonstration with farmers. Neighboring farmers will be encouraged to visit these demonstration sites. It is hoped that the rate of adoption will be increase as farmers actively participate.

Mr Speaker, at the completion of each demonstration, the participating farmers will be able to continue with the crop and further expand to crop production for market. Mr Speaker, we will be working very closely with the SICHE to ensure that the syllabus being taught at the Certificate and Diploma level prepares our agriculturalist students to get prepared for these changes. Times are changing and so we must prepare our graduates to tackle the challenges out in the field now.

Mr Speaker, it is the priority of this government to revive the Land Use Planning (LUP) Unit in MAL. The unit was active in past years during the Land Purchasing Co-operative days. The idea then was that landholding groups were assisted in how to manage plantations as they repossess plantations from colonial ownership.

Mr Speaker, with the level and the degree of farming and other man-made activities now taking place on land in this country, Solomon Islands is duty bound to ensure that sound farming and forest practices are followed.

Mr Speaker, we have seen the negative impact gardening and unsustainable logging practices had on our land and marine resources. As our population continues to grow, so will its impact on our land and marine resources. This impact is very serious in many parts of the country today. The expanding population is now leading to increased pressure on land and marine resources.

Mr Speaker, the problem of land degradation is evident throughout the country. Soil fertility problems are seen in many parts of the country. This is leading to declining crop yields. Mr Speaker, if we do not start address

these national problems now, our **Food Security** will be rocked in years to come, if not now. We will end up relying on imported processed food items.

We will lead our associated health problems and therefore add costs to our national health bills. It is the intention of this government to start addressing these problems now.

Mr Speaker, we will be recruiting graduates this year to revive the LUP Unit in MAL. This will work closely with the staff of other ministries to develop appropriate farming practices for use by our farmers.

Mr Speaker, at the internal level, Solomon Islands is a part of the United Nations Convention on Combating Land Degradation (UNCCD).

Mr Speaker, we will also be re-vitalizing the Agriculture Information Unit (AIU) in MAL in 2007. Our office has been frequented on a daily basis by students, farmers and other stakeholders looking for information. We are well aware of the role information played in the development process. To do this, we are recruiting two officers in 2007 to get the job off on the ground.

Mr Speaker, we will be utilizing the current network, by PF Net to disseminate information to our clients out in the provinces. We will also be utilizing the local media (SIBC), which our distinguish Leader of Opposition amplified as an important role for media and information gathering. We will also provide update market information to our farmers. Mr Speaker, it is the intention of this government to encourage value added by assisting farmers to go into downstream processing activities.

Mr Speaker, a food processing laboratory is currently being built in Honiara. After completion, we will be able to conduct training courses for our farmers, especially the women, on how they can add value to our agricultural crops. Some 36 women attended a workshop on food processing in 2005 and many more have shown interest. They will be shown preservation techniques. We hope to have the lab in operation by the 3rd quarter of 2007.

Mr Speaker, the other area to assist will be the copra crushing mills especially in the provinces. This is an area we were successful in doing before the ethnic tension.

Mr Speaker today, there is a national need to reduce food costs in poultry, pig feeding. Copra meal is currently being produced in Honiara and shipped to the provinces at very high freight costs. Mr Speaker, by producing more copra meals closer to areas of pig farming, the crop meal should be made available to pig farmers at a cheaper price.

Mr Speaker, the other national issue is the every increasing price in fossil fuel. We cannot just sit down and watch and complain on the problem of rising fuel prices.

Mr Speaker, for agriculture to develop from a subsistence sector to a more commercial sector, we will have to have sustainable cheaper fuel resources available to our farmers for rural electrification and rural transport. (I hope the shadow Minister of Finance will help in this particular area). Mr Speaker, I know this will take time to implement. We will take a case by case situation to assist in this area.

Mr Speaker there is already a number of copra crushing mills operating in the provinces. What we need to do is build up their capacity to produce more copra meal and coconut oil. Mr Speaker, these operators are currently buying copra from farmers at attractive prices. In so doing, the farmers do not have to face transport problem to Honiara or Noro.

Mr Speaker in the long run, we must be proactive in addressing our fuel problems now. All other developed countries are well into developing bio-fuel. Encouragement of the use of bio-fuel now will lead to conservation of foreign reserves, and more income circulation in the rural areas.

Sir, a draft bill is ready and is currently being reviewed in the light of the incursion of the Giant African Snail. It will be tabled in Parliament once this is finalized.

Contingency plans, especially for the Avian Influenza incursion into Solomon Islands are being prepared with assistance from AusAID through the SPC to develop these emergency response plans. My Ministry is working very closely with officials from the Ministry of Health to address this problem.

Mr Speaker, based on the work now carried out to eradicate the Giant African Snail from this country, we realize the need to involve a number of ministries and stakeholders. All

these will be incorporated in the new Bio Security Bill. Mr Speaker, this will involve the following ministries: Infrastructure, Development, Forestry, Police, the media, education, and the private sector.

Mr Speaker, to implement such contingency plans, we also need to establish a sound monitoring and surveillance mechanism in the country. Mr Speaker at the moment, my Ministry does not have the capacity (the manpower and training) to carry out such a national task adequately. We will start addressing these caps this year and budget for it in the recurrent budget. Mr Speaker, the issue of pest and disease surveillance and monitoring in our scattered islands will be difficult.

Mr Speaker, the National Oil Palm Development Projects. The oil palm industry has been proven to be an export earner for the country in the past. It is significant that my Ministry is aggressively pursuing palm oil development throughout the country. We have seen the successful reactivation of the former SIPL with GPPOL and the company has started producing oil for export and foreign earnings for the country.

Mr Speaker, the Vangunu Oil Palm Project, as you all know has been dormant for some time. However, my Ministry is placing a high priority on the project and program of actions are now put together by the Ministry to resolve outstanding issues and promote the project through partnership with the developer and the landowners of Vangunu. It is our hope with the budget allocation of \$1million this year the project will pick up from where it was for some years now.

Mr Speaker, a good example of this partnership and bottom up approach is the Auluta and the East Fataleka Oil Palm Project. The project model consists of three integrated systems of oil palm production. These are the Nucleus Oil Palm Estates, Small Scale Oil Palm Plantations and Village Oil Palm Out-Growers Schemes. The Nucleus Oil Palm Estate will be an investor driven system while Small Scale Oil Palm and Village Out-Growers Systems are reduced for families, communities and individuals.

These integrated systems will promote partnership among investors, government and

resource owners, and more importantly it will provide an opportunity for the participation of resource owners, villagers and communities in oil palm development. It is my Ministry's hope that this model will be relevant and can be replicated throughout the oil palm project sites throughout the country.

Mr Speaker, my Ministry has just formally endorsed two new oil palm development sites for this year. These are Waisisi Oil Palm Development and Choiseul Oil Palm Development. Although feasibility studies are yet to be carried out on these sites, the government is serious on oil palm development throughout the country and has committed funds under the budget for these two new oil palm development sites.

Mr Speaker, in essence, my Ministry is committed in developing oil palms throughout the country. However, as alluded to earlier, success will only be achieved, if oil palm development is approached by means of partnership with investors, resource owners, provincial governments and the National Government through my Ministry. This in turn ensures that resource owners would ultimately have a sense of ownership and are empowered to participate in the development of oil palm throughout the country. In the long run Solomon Islands will economically benefit from oil palm and it is an industry that is relevant to rural areas, and my Ministry believes that palm oil development could help resolve some of the pressing issues of unemployment, urban drift and other hosts of social and economic problems the country is facing.

In conclusion, Mr Speaker, this budget when implemented will greatly lead to active participation of our rural population. They will, at the end of the day become owners instead of mere spectators of the development process. This resembles the bottom up approach being advocated by this government.

Mr Speaker, my Ministry is prepared to deliver services to enable sound development activities take place at the rural areas for our people. Mr Speaker, as such, we are proud to make agriculture become attractive to our rural youth and therefore contribute to our economic recovery plans. The economic base will be

broadened instead of being narrowed to cocoa and copra.

With those remarks, Mr Speaker, I wish to thank you most sincerely for allowing me to speak on this very important Bill. With those, I support the Bill.

Mr TOZAKA: Mr Speaker, thank you for allowing me to join honorable colleagues to contribute to the debate on the Appropriation Bill 2007 moved by the Honorable Minister of Finance and Treasury, and Member of Parliament for Gizo/Kolombangara. Accordingly, I would like to thank the Honorable Minister for introducing this very important bill and his first appropriation bill to be introduced, which is supposed to have been dispensed off timely at the end of our financial year last year but was not ready.

Mr Speaker, in saying this I am not trying to get at the Minister and his Department knowing very well the magnitude of work required to put together this important budget. I feel it is worth mentioning, however, because time is not always on our side and we have lost considerable amount of time since the government came into power 10 months ago, and disappointingly instead of us going ahead with the job, we are still at the stage of passing the national budget. This, I feel, reflects quite badly on the performance as far as seriousness and commitment in implementing government policies and programs.

Mr Speaker, having said this, I would like to make a few observations on the budget. Firstly, I feel that the budget lacks proper thorough prior consultation with relevant authorities, not only donor partners, but institutions dealing with matters in the budget such as banking institutions, private sector and provincial government. I believe as other honorable colleagues have mentioned that Members of Parliament have not been consulted on matters affecting them in the budget. A good example, of course is one we raised this morning during question time.

Mr Speaker, secondly while the speech cautions us not to be complacent, which I appreciate the Honorable Minister stated that, I feel it is not strong enough from the money boss so to speak, to emphasize more on management

and controlling of spending, given our high vulnerable situation that could tip us back if we are not careful to learn from the past.

I notice the government has a lot of new vehicles brought in to meet its transport needs. May be in this area an urgent policy is required to address transport requirements to control expenditure on buying of new vehicles every time a new government comes into power.

Mr Speaker, thirdly, the message from the budget is a very straightforward message. It is a message of centralization of government, the big government and provinces to remain an agent of the government.

While I do not dispute this in principle because we need to have a very strong central government system, the approach is confusing because on one hand we are talking about the bottom up approach and on the other hand we are still maintaining the status quo. Surely, we can do both styles of approach at the same time, but the luxury of funds is not on our side, therefore, one style has to give way and therefore, a clear policy direction is required from the responsible Department for Provincial Government in this particular case.

Mr Speaker, as other honorable Members have alluded, whilst on the topic of the bottom up approach, I would like to remind us that this management development approach is not a new thing in our system of government. The current provincial government system is in fact a bottom up approach in itself where government functions and services are decentralized to provincial and area councils.

Sir, the objective of the government when introducing this idea back in 1981 was to achieve the same thing the GCC Government is trying to achieve. I do not need to tell you if the system has been successful or not, but in general it has failed to deliver the goods and services to the people. This is a very common sight to us in shipping services, for example, the failure of this concept and the total termination or removal of the area councils at the village level.

Mr Speaker, I understand the difficulties the Coalition Government is going through. It is not a very easy task to meet all the interests or the policies of the parties involved. So to be Mr Speaker, in general, this budget is a two step forward and one step back approach.

Mr Speaker, I am representing here my constituency of North Vella, and I will be speaking more on that. My people's basic needs are restoration of basic services such as transportation for their goods and services, clinics and adequate medical supplies, water supply, youth development, communication, regular visit by central and provincial governments, business development. In the nutshell, they want the government to provide reform programs that would empower and increase their ability to sustain themselves socially and economically in these particular areas.

Mr Speaker, I am aware that the budget has touched on these things for attention. To let you know, Mr Speaker, the only service that is going down to the provinces since I became a Member of Parliament is education. I would like to congratulate the Minister for Education for that. Apart from that Mr Speaker, I have not come across any services that go down to serve people at the grassroots or at the village level at this point in time.

There are difficulties Mr Speaker, it is common knowledge and that is lack of finance, lack of manpower, lack of infrastructure.

Mr Speaker, because of the ineffectiveness and unproductiveness of the government system at the provincial level, these services are being provided invariably by the private sector. It is the private sector, both our local and expatriate business people that are currently providing these services to our people.

In my constituency, it is the business people that are shipping goods and services to the people, providing materials for building houses, water supply and so on. These are supposed to be services provided by the government functions, but they have failed to do so for obvious reasons I have already mentioned.

Sir, my opinion here is that private sector driven economy should be emphasized in this bottom up approach of the government of the day. What if the bottom up approach is given to the private sector to lead instead of the bureaucracy? The private sector has the correct organizational structure, management culture, discipline and commitment to the job, so the government should identify in each of the constituencies successful business people who

are providing these services and give them the opportunity to carry out the services on behalf of the government through proper arrangements with them, similar arrangements that we enter into with the provincial governments in terms of agency agreement. If the Government does this approach then I have all the good reasons to go back to North Vella and tell my people that we have achieved something from this budget.

Mr Speaker, to further my point on private sector, it is that particular sector that establishes township of urban centres such as Gizo, Auki, Tulagi and even Honiara in the colonial days. The Government works very closely with certain business people to provide shipping services, coconut, cocoa and plantation developments, and even municipal responsibilities of towns are done by the private sector.

Hon Darcy: Point of Order. Mr Speaker, I notice that we are right on 4.30 pm and I am just wondering that under Standing Order 10 I could suspend Standing Orders.

Mr Speaker, with your consent I beg to move that Standing Order 10 be suspended in accordance with Standing Order 81 to permit the continuation of the business of the House until adjourn by you under Standing Order 10(5).

Mr Tozaka: Thank you Mr Speaker, for allowing me to continue my debate on the motion.

Therefore, Mr Speaker, I call upon the government to reconsider granting the responsibility of driving the bottom up policy by the private sector, instead of what has been suggested as being the policy of the government with bureaucracy as the status quo.

Mr Speaker, while we are creating infrastructural projects, we seem to be forgetting a very important government obligation, because perhaps we consider it as a very low level responsibility. This is concerning maintenance and repairs of existing government infrastructures. This is not only in urban centres but it is very visible in rural areas. For example, airstrip terminals, wharves, hospitals buildings, office buildings and so on, are in very hopeless state of repair and reflects very badly on any government policies for failing to attend to

them. I note in the budget there is some provision for these liabilities but as usual very inadequate.

Sir, I raise this point because tourists and investors comment very negatively on the image of our country from the pathetic situation of these infrastructures. Mr Speaker, this is a very important job that the PWD during the colonial days used to routinely do at very minimal cost. The responsible Department may wish to consider reestablishing the PWD system in certain areas to be directly responsible for the effective and efficient maintenance of government properties and equipments.

Mr Speaker, for nation rebuilding to be successful, people need to trust the government and those at its helm. People are aware that the reason RASMSI is here is because we totally mismanage our economy, and we did not govern ourselves properly, so we asked for this assistance to come and help us. So we undoubtedly are currently at the mercy of charity funding support from donors through this mission, and their personnel supporting staff in their capacity and strengthening units in various ministries and departments. There is nothing to be ashamed about this fact and accordingly we need to acknowledge the excellent work of these various reform programs including that of our National Parliament.

Mr Speaker, the enormous assistance that Australia is giving as a donor through RAMSI to Solomon Islands is making a huge impact on a lot of local communities in the country. In fact, Mr Speaker, if we look at the development budget 64% of the national development budget is from AUSAID. Therefore, our current deadlock approach in amending relationship with Australia does not represent Solomon Islands way of doing things. Our way is based on our cultures which is invariably common to islands is couched in Christian principles of appreciation, respect and harmonious relationship.

Mr Speaker, I know that the Ministry here is attending to this matter. But I would like to urge the Ministry to get on to rebuild a close and constructive relationship once again with Australia which a relationship that both countries have enjoyed through mutual understanding and respect.

Other speakers have said that it was public knowledge that the presentation of credentials by the Head of Mission of Australia in Solomon Islands is supposed to be presenting his credentials simultaneously. That was the information which is public knowledge. He is supposed to be presenting his credentials to the Office of the Prime Minister but I gather this is not happening.

Mr Speaker, I urge the government to get on with the business to conclude this, to make this happen, to make this relationship come back to normalcy.

I am pleased to note that the review of the good work of the Regional Assistance Mission to Solomon Islands is in the process of being attended to this week by a team led by the Pacific Islands Forum. The output from this exercise hopefully would continue to assist the government to enhance good working relationship with the Mission.

A little bit more I would like to say in the relationship between the Mission and Solomon Islands Government in the context of representing my constituency. The question that has been asked is the two very important organizations in the three pillars of moving this country forward are the Regional Assistance Mission to Solomon Islands, Solomon Islands and donors who are supposed to be working together as partners. Every one of us knows that these three partners should be working together.

The people's question here is, what is this childish attitude? What is this childish way of approaching this partnership? It is like two children scratching each others back. One child scratching my back and another one scratches his back too. This is the attitude. You do not give me a lollie so I will not accept you to come into my house. That is the sort of attitude displayed. This is a very childish attitude. A country that is reconstructing and is rebuilding after the ethnic tension cannot have that attitude.

Our people are urging the Government and RAMSI to come together and quickly address the issues that they have differences over. For RAMSI, my constituency is saying that you listen to the Solomon Islands Government and what the Solomon Islands Government wants, you take it on, you discuss, you accept it, and you come to an agreement

collectively. For the Solomon Islands Government, you listen to RAMSI. The different views that you have in relation to government policies, you discuss them. We need to come down to basics on our relationship with this Mission. We need to come down and we are fed up with this childish attitude, a child's way of doing things.

Mr Speaker, having said this I will urge the government if it could mean business in this relationship with this mission that has come to our land, and to also take its mission very seriously with its relationship with the government.

Going back to the budget, Mr Speaker, I agree with him in his speech, stated that our national priorities must not be lost through overdoing things in government machineries. That is very correct. For example, in our economic development, my interpretation of priority is that there are three main sectors that I consider to be very important sectors in our economy, and these sectors are agriculture, fisheries and tourism. These are the three sectors that I see Solomon Islands hope lies. I am convinced that these are three bearers for developing Solomon Islands, the rest are supporting services to them. The Minister responsible for Agriculture has spoken about agriculture which I appreciate most of the things he said in terms of development programs in carrying out government policies. Therefore, this budget in my view should give more attention to the requests of these three ministries. But I am aware that what has been recommended by these three Ministries have not been allocated to them in total.

In provincial fisheries, for example, the Minister has covered in his statement the provincial fisheries centres. In the report here I gathered that the Permanent Secretary said that all fisheries centres are functioning in the provinces. These fisheries centres were established way back in 1981, and I would like to confirm in this honorable house that for North Vella in Dovele village, this project is no longer there. Ten years, Mr Speaker, and the machine has ceased and the wharf itself is now like a submarine under the seas.

These are the things I am referring to, Mr Speaker, when I talk about provinces. Our people in the community want to feel the government going down to them. When I mention this Mr Speaker, I am sure you are not aware of these things because no one has gone down to them. When you talk about Western Province, Mr Speaker, it is not Munda and it is not Gizo and it is not Kolombangara, but it is inclusive of Ranogga, Simbo and Vella. We are very near to the border too.

Sir, invariably the places that I am talking about, our natural resources are invariable. You will be very surprised if you come down to North Vella and see for yourself what we have there that we can contribute. I am going to try my best to invite some of you Ministers to actually go down. It is a very natural place and we are trying our best to take part very actively in the economy of the country.

Mr Speaker, without prejudice, but it is quite hypocrisy and inconsistent to government policy that while we emphasize this bottom up approach, the respective ministries and departments responsible to drive this policy to the rural areas are not being properly equipped with manpower, finance and infrastructure.

Mr Speaker, this brings me to the point once again to directly question without any prejudice, as I said, the justification of establishing a unit in the Office of the Prime Minister and Cabinet with 17 political appointees attracting personnel emoluments of about \$2.6 million.

Mr Speaker, this is completely outrageous and a waste of public funds which should otherwise have been used wisely in line ministries and departments. How do these appointments justify themselves in the face of Ministries and Departments who are starving of manpower and financial support such as health, education, agriculture - the key Ministries including those in my opinion - agriculture, fisheries and tourism.

No wonder, Mr Speaker, it is very hard for us to implement government policies because priorities have gone wrong. Some of us are talking by experience. We have gone through these, and the things keep on repeating.

Mr Speaker, do not take me wrong that I am against political appointees, and employment

for Solomon Islanders. No. What I am against is extravagant or excessive use of funds; funds that we do not have in our banks. That is what I am very concerned about in this particular issue.

Mr Speaker, on the development budget, I see a very big failure too. A very big failure in that most development projects have been carried forward to this year because there are failures of implementation, failure of monitoring these projects making sure these projects are properly implemented.

Mr Speaker, I am happy that the Minister of Public Service is doing something to look at the Public Service system in making sure it is efficient and productive in terms of training in areas like this. This is because at the end of the financial year Mr Speaker, we expect all the money attached to these projects to be expended. They should be spent on where they are supposed to be spent. Not \$50,000 or \$500,000 still in the budget. In some Ministries some of the funds have not been utilized, have not been used up. They are supposed to be used up totally on where they are supposed to be going in the villages. This is not happening.

Mr Speaker, I expect that at the end of the financial year all projects should be fully implemented. The funds are not ours. They are monies supposed to be spent on projects they have been accounted for. This is total lack of coordination, communication, appraisal and those sorts of things on our projects. I think we should strengthen the arms of the government to address this weakness.

Mr Speaker, on the question of ownership of this budget, as far as my constituency of North Vella is concerned, I really do not feel I own this budget or my people. Because there is nothing in the development budget that has a specific project under the name of North Vella. The only two constituencies that may have some reasons to tell their people are those two projects for Vangunu and Bina Harbour. The rest of us do not have any projects and so we do not own this budget. No. We feel empty. I do not know what I am going to go and tell my people. The people in the village do not even know what we are talking about. They are still coming to me asking for RCDF. They do not know.

To further illustrate my point, if one travels to my constituency from one end to the other, one will find out the national flags of other countries that own those projects Mr Speaker. For example, a clinic funded by Australia, a water supply funded by New Zealand perhaps, and the rest of the projects funded by RCDF funding from the Republic of China. These are the countries that get support and appreciation from the people. These are the countries that they are very happy about. They appreciate them.

When you ask the people about any projects from the SIG or Provincial Government for that matter, the obvious response you will receive is 'mi no save.' They have not seen any projects from the SIG. They have no feeling or sense of pride in their own government simply because they have seen nothing directly from the SIG or Provincial Government for that matter.

Mr Speaker, I would like to recommend that with this bottom up approach, if the government could take this point onboard to consider changing the budget framework to include direct allocation of funds to constituencies. The activities should be central government – constituency on certain services the government considers they should be getting.

For example Mr Speaker, the Honorable Minister mentioned rehabilitation on cocoa and copra for \$3million. This money has been earmarked to go down to the provinces. Why not pay this money directly to the constituencies through an arrangement, not directly like the RCDF. But there should be some kind of arrangements where the money goes down to our constituencies. This will make the constituencies feel they own the projects, they own the budget, they will be looking forward when we come to debate the national budget because they will have some interests in it. At the moment sir, they don't. I looked through the development budget and there is nothing for North Vella, and that does not give me any tick at all.

This leaves me to say that the only funding source that keeps the people in my constituency still ticking are from aid donors, which I would like to thank them very much on behalf of my people of North Vella for their kind assistance to the funding that we receive.

Mr Speaker, the Rural Development Fund through the goodwill assistance from our friend, the Government of Republic of China assists our community tremendously, and for that I would like to thank ROC.

Mr Speaker, I would like to conclude by appreciating the action of the government. Like other honorable colleagues have mentioned, the separate budget of the Head of Judiciary and other departments as well as allocation to the National Parliament at large to attend to the long outstanding need of repairing or refurbishment of Members accommodation.

Mr Speaker, progress in the economy in 2007 lies squarely on continued improvement in the law and order situation, stable public finances, and structural reforms to promote governance and sustainable private sector led economic growth. This, I see Mr Speaker, as a benchmark upon which we should be developing the 2007 budget.

Mr Speaker, having said these let us not forget, and I would like to remind us again that when our country came down and asked for assistance, it was found by reports that our country was suffering from a classic vicious circle of various elements that forced us to do so. And these are weak institutions, corrupt governments, poor law and order, insufficient revenue, dislocated and alienated youth, a growing culture of violence, international neglect. Each of these elements reinforces the others to create traps to trap us from which there appears to be no escape on the development of forward movement of the country.

Mr Speaker, we are most grateful that this vicious circle had been broken through outside goodwill help, through deep reforms, big changes giving confidence and hope back to our people. My people of North Vella headed by the chiefs and elders would like me to convey to this honorable House for the attention of responsible Ministries that they do not want to go back to the same vicious circle of events in the past, and that this budget should be responsible in making sure that does not happen, and that we continue to work together cooperatively to rebuild our country, Solomon Islands.

With these remarks, I resume my seat.

Hon SIKUA: Thank you, Mr Speaker sir, for giving this opportunity to make a contribution on this very important bill. My contribution to the bill will mainly focus on the Ministry of Education on its 2007 Recurrent and Development Estimates and Programs.

Mr Speaker, education and the development of human resources plays a crucial role in the government's pursuit of creating a society that is equitable, trustworthy and forward-looking, as mentioned by the Honorable Minister for Finance and Treasury when tabling this Bill on 6th February 2007.

Mr Speaker, in the government's objective of achieving development through the bottom-up and regionally-focused approach, my Ministry has been consulting with officials of all Provincial Governments and Church Education Authorities as well as many school management teams, boards and committees in the development of their respective triennium Provincial Education Action Plans for 2007 – 2009. These Provincial Education Action Plans culminated in the formation of the National Education Action Plan 2007 – 2009 through a national workshop initiated by my Ministry under the auspices of NZAID in November last year.

That said, I now wish to speak on several government policies with regard to the Education Budget for 2007. As was the case with previous governments, I am pleased with the fact that the GCC Government has allocated the largest slice of the Recurrent Budget to education for this year. Mr Speaker, this currently stands at more than \$227 million or 26.1% of the total Recurrent Expenditure excluding budget support or more than \$267 million which is 28.7% of the total Recurrent Expenditure if the NZAID Budget Support of \$40 million is included.

Mr Speaker, this large allocation to the Education Section is justified because our Mission Statement clearly spells out the need for the Ministry of Education and Human Resources Development to promote, develop and facilitate education and training needs of the country within the framework of the Government's policies and priorities, as reflected in the National Education Action Plan 2007 – 2009, as well as the Education Strategic Framework from

this year up to 2015. In doing so, the expected key activities in 2007 will focus on:

- The provision of effective planning, monitoring, coordination and management support with the assistance of the EU and NZAID under our Education Sector Investment and Reform Program (ESIRP) to deliver education services in Solomon Islands by the Ministry with the assistance of Provincial Education Offices.
- Aim to improve on the provision of tertiary education and training services by the College of Higher Education and support for tertiary education and training provided by regional and other overseas tertiary institutions.
- The provision of primary and secondary education, technical and vocational education and training.
- Aim to work very hard on our early childhood education programs, primary and secondary and non-formal education delivered by the Ministry with communities, education authorities and schools.
- Develop and improve on the provision of curriculum materials and textbooks and examination setting and maintenance of standards, teacher training; and as well as the establishment of the USP Campus in Honiara.

Mr Speaker, in fulfilling the primary objectives of development through the bottom-up and regional approach, the government via the European Union is providing resources to equip provincial education offices at the provincial headquarters in enabling them to deliver effective educational services to rural communities. This assistance is reflected in the Development Estimates and is estimated at \$14.3million. Additionally, the government will renovate education offices in the provinces or

build new offices for better working environment and to improve the productivity level of our seconded officers in the provinces, which is part and parcel of the Global Program Estimate estimated at \$36.2 million. In this regard, we have already embarked on providing aluminum boats and outboard motors to all education offices in the provinces.

Mr Speaker, in regards to primary school grants that the Leader of the Opposition is so concerned about; the government has increased the allocation from \$13.3million in 2006 to approximately \$20million in 2007. This is supplemented with \$6million from NZAID budget supplementation for primary school grants. Mr Speaker, these gives a total of \$26million for primary school grants in the 2007 budget.

Mr Speaker, these grants have been calculated on \$220 per child allocation for all primary schools throughout the country. Hence this allocation of \$220 per child should enable all children of primary school age in Solomon Islands to attend primary school.

Mr Speaker, the Government is investing \$14.1million in terms of secondary school grants for 2007. This sum will be complimented by \$7.7million from the European Union under the auspices of Stabex '99 as reflected in the 2007 Development Estimates. Therefore, the gross secondary grants amounts to \$21.8million, an increase from \$15.9 million in last year's budget.

Mr Speaker, calculation for secondary school grants are based on \$500 per student in day secondary schools and \$750 per student in boarding secondary schools.

Mr Speaker, in continuing with this initiative, two points must be clearly highlighted. The first is for us to realize that the allocation of about \$47.8million by the government in its 2007 Recurrent Budget for the Ministry in terms of grants to primary and secondary schools is not a "one-shot affair" but has to be an ongoing commitment by any government now and in the future.

Mr Speaker, the other point concerns the ongoing need to encourage community participation and partnership in education. This is the pillar upon which our education system is developed, and has to be promoted by the

Ministry of Education and education authorities with communities through ongoing public awareness campaigns.

Mr Speaker, I am aware of the arbitrary and very high level of school fees that have been charged by some education authorities in their secondary schools. In view of this, my Ministry through the National Education Board will be submitting recommendations to Cabinet soon for the introduction of uniform levels of school fees to be charged by all education authorities at lower and upper secondary school levels.

Furthermore, Mr Speaker, given that about \$22million are collected by schools as school fees each year, the Ministry will heed the call by the Public Accounts Committee and liaise with the Ministry of Finance and Treasury to see how these funds can be reflected in the budget as income because these are resources available to education. To date, school fees are not reflected in the budget which lends this very substantial amount of money to abuse.

Mr Speaker, I wish to highlight that a new and laudable feature of the 2007 Education Budget is the clear delineation of the budget's provincial spread. Hence, you will find separate accounting codes for all provincial education authorities making it easy for one to see how much we are investing in any given province in any given year. I therefore hope that once school fees can be factored into the recurrent budget, these can be reflected as income in the separate provincial allocations.

Mr Speaker, the Government is committed to the extension of basic education of nine years up to Form 3 by year 2015. My Ministry has already embarked on strategies to enable the government to implement this bold policy. Hence, in 2005, the Solomon Islands Secondary School Entrance Examinations, commonly known as the Standard 6 Exams is being used only as a basis for placement of students in secondary schools and is no longer used as a selection mechanism.

Mr Speaker, in 2006, 2007, the overall access or transition rate from Standard 6 into Form 1 in Secondary Schools was 95%, but this varies from province to province. Some provinces have already achieved a 100% access into Form 1 for their children while other provinces still lag behind, partly because of their

large population sizes. In view of this, I am very pleased to inform this honorable House that for the last two years, no standard 6 pupil has dropped out or has been pushed out at the end of class 6. All standard 6 pupils have either been placed in Form 1 at any of our 140+ secondary schools or are being asked to repeat class 6.

Mr Speaker, in order to achieve nine ((9)) years of basic education up to Form 3 by the year 2015, there must be proper planning so that there is quality control and assurance in the expansion process. Therefore, there is need to identify the number of additional Form 1 classes required in each constituency or provinces within the period 2007-2015. This will assist all Parliamentarians, Provincial Governments, Church Education Authorities and the National Government in the planning process, expansion and development of lower secondary education in each of the constituencies, provinces and the country as a whole. In view of the sparse population distribution in some provinces or wards, this expansion would also necessitate the construction of new boarding facilities.

Mr Speaker, the location of these new Community High Schools have already been determined in the various Provincial Education Action Plans that are already being developed. This is to rationalize the location of Community High Schools so that there is equitable distribution of these schools in the wards, constituencies and provinces.

Mr Speaker, you can see that the Government is committed to giving every boy and girl in Solomon Islands the type of education he or she rightly deserves. I hope that all 50 Parliamentarians will share this dream to ensure that the hopes and aspirations of the present and future generations and leaders of our Provinces, Churches and the country as a whole are fulfilled without further delay. Sir, I urge us all to work together so that we can all develop our education system that is geared towards the interests of our children rather than a system that imposes severe limitations to the future progress of our children.

Mr Speaker, I am cognizant of the wish of many people to have all our children attend secondary schooling up to Form 5. Given the current transition rate from Form 3 to Form 4 is about 70%, I am confident that this can be

achieved soon provided that additional resources are being made available for renovation and expansion of our secondary schools in line with our Technical Vocational Education and Training Policy.

Mr Speaker, the Grand Coalition for Change Government has continued to assist Rural Training Centres in the 2007 Budget through the payment of salaries of instructors at \$53.4million and grants at \$8.8million totaling \$62.2million for Rural Training Centres.

The overall objective, Mr Speaker, is to contribute to the development of Solomon Islands by transferring vocational skills to young people in order to create job opportunities. A further objective is to increase the opportunity for income generating activities in rural areas by improving the coordination and performance of the activities implemented by the Rural Training Centres.

Mr Speaker, there is a need to continue the development and improvement in vocational technical education and training to support the government's bottom up approach. The government must intervene as it is important that young people and adults are provided with the skills needed to have an acceptable livelihood by living productive lives and avoid urban drift and social disruption.

Mr Speaker, at the other end of the spectrum, I wish to highlight that more than \$6 2.1million has been factored into the Ministry's 2007 Recurrent Estimates for Tertiary Support, and more than \$52million in the Development Budget. The justifications for these are quite obvious as, out of more than 1000 students studying overseas, we will be having about 940 students sponsored by the SIG this year. This includes about 350 new SIG awards for 2007.

Mr Speaker, of the \$62.1million for the 2007 tertiary support budget, a total of \$10.8million is being provided by NZAID to go towards teacher training at the SICHE School of Education.

Mr Speaker, in terms of tertiary support funds for the Development Estimates, I would like to express my sincere gratitude to the Governments of the Republic of China, Taiwan, the Government of Papua New Guinea, the Government of Australia, the Government of New Zealand and the Government of Japan for

their continual support. A total of \$52 million appearing in the 2007 Development Estimates comprise of \$750,000 for initial development of the USP Campus and \$16.7million for training awards from the Republic of China, Taiwan.

Mr Speaker, the Government of Papua New Guinea has kindly provided \$12.5million for in-PNG training awards 2007. A cash estimate of more than \$15million has been kindly contributed by the Government of Australia for in-Australia training and NZAID will provide \$6.2million for short and long term training awards in New Zealand. The Government of Japan will provide more than \$1.1million towards its scholarship program to Solomon Islands.

Mr Speaker, the tertiary support allocation includes an increase grants to SICHE of \$12.6million for 2007 as opposed to \$11.2 million in 2006.

Mr Speaker, the Grand Coalition for Change Government is very serious and committed to pursue the establishment of the USP Campus in Solomon Islands. Next week a three man technical team from the University of the South Pacific will visit us for further consultation on establishing the USP Campus here with the objective of finalizing the Memorandum of Understanding with the Government and gauging the level of investment by concern parties.

Mr Speaker, the Solomon Islands Government and the University of the South Pacific have been planning the establishment of a new campus of the USP in the Solomon Islands for the last 22 years. Solomon Islands is the largest member country of the USP and our students form the second largest group attending the University of the South Pacific, yet only 1.1 % of our total population receive tertiary education. Currently, more than 400 SIG funded students attend USP in Honiara and other regional campuses of the USP, whilst the USP Centre here in Honiara is seriously overcrowded and there is no room for expansion on the current site.

Mr Speaker, agreement has been reached in principle for the use of an 11 hectares site on the lower part of the Panatina Campus of the Solomon Islands College of Higher Education Campus of the Solomon Islands College of

Higher Education. The Solomon Islands Government will be responsible for funding the new infrastructure and the USP for equipping, operating and staffing the new premises.

Mr Speaker, the SIG and the USP have a draft protocol agreement ready which determines the nature of our relationship with regard to establishing a new campus.

Investment such as staffing and ICT equipment in the new campus will also include the establishment of nine provincially based study centres linked by VSAT technology to the main campus which will allow much improved access to USP courses by remotely located students.

Mr Speaker, establishing a new USP campus in Solomon Islands will have several benefits such as:-

- Improved local access to higher education opportunities
- Wider range of USP courses available to Solomon Islands students
- Better study facilities
- Reduced costs of regional scholarships
- It will act as an economic driver to the local economy, and
- The USP Campus will work in complimentarily with the Solomon Islands College of Higher Education.

Mr Speaker, a comprehensive study was undertaken jointly by the SICHE/USP team in 2004 which, amongst other things, show that the demand for higher education in Solomon Islands is strong and will continue to grow.

Mr Speaker, I wish to assure this honorable House that we do not intend to build a traditional "Bricks and Mortar" Campus but rather an E-learning university campus such as the one advocated by the MP for East Are Are.

Establishing a new university campus in Solomon Islands will give the Government the opportunity to invest in electronic learning which can serve the learning needs of students from all over the country whilst potentially reducing costs and giving students access to world class learning materials and systems.

Mr Speaker, if the new USP campus is to truly serve the higher education needs of all Solomon Islanders then the new campus has to be able to offer learning opportunities to

students at provincial level study centres as well. This will mean delivering teaching and learning opportunities to provincially-based students using modern information and communications technology as is currently done at the USP centre here in Honiara.

Mr Speaker, investing in this technology will be vital if access to higher education level courses is to be made available to all Solomon Islanders. The Ministry's pilot Distance Learning Centre Project (DLCP) is establishing nine provincial centres all connected to the Internet through our solar powered satellite communications. This low cost model has the potential to provide study centres to even the most remotely located students, allowing the proposed new USP campus to serve a dispersed student population and thereby providing lower cost access for them. Mr Speaker, construction on the USP campus in Honiara should commence in early July this year.

Mr Speaker, in conclusion, the Government is very serious about its vision for education and training in Solomon Islands. This vision will be jeopardized if this Bill does not have the support of Parliament.

Mr Speaker, with these comments, I support the Bill.

Mr GUKUNA: Mr Speaker, I stand to also make some comments on this Bill that is before this Honorable House, a very important one. Thank you, Mr Speaker, for giving me this opportunity to be able to do so.

First, Mr Speaker, allow me to express my thanks, on behalf of the people I represent in this House, the individuals who worked so hard in putting this budget together. The Administration Officers of our Ministries, the Permanent Secretaries and the Technical Advisors must be thank for putting their time and efforts toward this budget. Of course, Mr Speaker, I must thank the Minister of Finance and Treasury, the Honorable Member for Gizo/Kolombangara for delivering to this House the 2007 Budget .

I am indeed impressed by the clarity of purpose in this Budget Document. I am also very impressed on the principle on which this Budget is founded. Like other past budgets we have been waited for this one. All of us have

been waiting for it. Our Ministries are waiting for it. This Parliament has been calling for it, the entire public machinery of this country has been waiting for it, and potential investors are keen to see, we all have been waiting for it.

Perhaps Mr Speaker the waiting that matters this year 2007 is that of the 85% of our rural people in Solomon Islands who have been told over and over again in the past 10 months that this Budget, the 2007 National Budget belongs to them.

Our rural people have been promised that the 2007 Budget will recognize them as true resource owners of this nation, this budget is tailor-made especially for them, that this budget will get them out of their poor life onto the basics of life.

Mr Speaker, containing in this Budget is the Government's attempt to deliver on its promises to our rural people, the center-piece of which is the Bottom-Up Approach to development that will allow our rural people to be directly responsible for creating their own futures, futures that they will truly own.

They will, from this year, Mr Speaker, not have to wait for these benefits to be created here in Honiara. Unlike Bottom-Up approaches practiced in many other countries where well-planned tangible development programs are strategically placed in rural areas, generating economic benefits and spin-offs for their rural people, the one put forward in this Budget pins its success on putting cash directly in the hands of our rural people.

It matters not to me, Mr Speaker, whether we are buying rural political support or not, it matters not whether we are diverting their attention so that we can continue with our dubious motives, what matters to me here is that at the end of this week we will pass on to our rural people a development concept that is going to cost this country dearly. Costly, it may be, this, it appears is our best way in delivering promises we made to our rural people, for they had been waiting for it, expect nothing less.

Mr Speaker, we must not underestimate the intensity of this rural expectation, it is huge and we, especially the Government cannot afford to fail.

Mr Speaker, at the heart of this Bottom-Up Approach is the belief that by giving

development money to our rural people, they will become well-off. If they fail to improve their standard of living, they have themselves only to blame.

As you know, Mr Speaker, when we share money, there is never going to be enough of it to go around, so we will next have to deal with the excuses that the money they receive this year is peanuts, hardly enough to get any development project done.

Mr Speaker, may I remind you that this is not the first time we give money to the rural areas. We have been doing this for many years. We have given millions of dollars, we have spent billions and billions of dollars in rural projects after projects, only to see these well-appraised projects failed and failed to generate economic benefits they meant to produce.

Mr Speaker, we are here to give them some more money, this time implement a development concept that is untested and will only be immediately compounded by the apparent lack of capacities and support materials in the rural areas.

Mr Speaker, there are a lot of figures in this Budget, but the figures that our rural people would want to see and hear appear as "consolidated funds" in the Development Part of this budget, the amount is \$188million. This is the amount of money that our rural people in our constituencies and provinces will get to implement this much talked-about Bottom up Approach of \$188million. So if you in the rural areas this is the amount that we are talking about.

Mr Speaker, this \$188million includes the same \$50million that all MPs received last year, less this \$50million and we are left with \$138million, which is the amount that the Government has budgeted for this Bottom-up Approach this year - \$138million. Mr Speaker, of this \$138million, the Government will spend \$70million here in Honiara and in Port Moresby and this leaves only \$68million for the bottom up approach.

Mr Speaker, this is the Government's real commitment to this Bottom-up Approach in this Budget, only \$68million, what I cannot accept is that this amount is largely unfunded.

In the recurrent estimates, the Government hopes to collect \$950million,

including \$200million increase on 2006 collections. According to this Budget, Mr Speaker, the Government intends to spend \$945million through the normal recurrent expending, and with this, after spending all these money in Honiara, we are left with a meager \$5million as surplus.

Mr Speaker, this is the true amount of money that is left available to finance this Bottom up approach, a mere \$5million according to this Budget. So much for talking about this bottom up approach.

Mr Speaker, \$5million hardly match the Government's professed commitment to emphasize rural development through this much talked-about bottom up approach. I would have expected the Government to appropriate \$200million projected on top of the 2006 collections instead of this meager amount of \$5million.

As we all know, Mr Speaker, the Government has decided to instead spend this \$200million here in Honiara increasing salaries, making political appointments and buying plenty flash cars.

Mr Speaker, what kind of commitment is this? It does not match the many promises of the Government. Mr Speaker, there is no need to over-emphasize the \$2billion in the 2007 Development Budget because these money will come from our close foreign donors, these are the same money that we have been complaining about as mostly spent overseas.

Mr Speaker, last Friday during the debate on the Rearming Motion, a prominent member of the Government said something like "why should we trust them to provide security for us, they are foreigners". Well, Mr Speaker, I hope that the Government is not pursuing such nonsense reservations in this Budget.

As you know well, Mr Speaker, this Budget is the property of the Sovereign State of Solomon Islands, it will soon be part of out part of the laws of this country. If we are to be consistent we should never allow these foreigners to tamper with it.

But putting aside what I have just said, I am pleased at the attempt to emphasize rural development in this Budget. I do hope also that our foreign aid donors will come in and support this budget.

Mr Speaker, when we talk about improving our rural people, we must first and foremost provide for the movement of goods and services, the movement of people and the fast transfer of information. We must talk about linking our people to export centers and markets here and abroad, we must therefore talk about radios and roads, and most importantly we must talk about shipping.

Mr Speaker, I came to appreciate the importance of shipping industry in this country over the past two years only after I involved directly in it. Mr Speaker, before this, I have no idea about shipping except to know people traveling in ships from islands to islands.

If you want to gain some idea on what an island economy is, and this is an island economy, go down to the wharf, new MPs spend some time at the wharf and you will come to appreciate in some way the nature of this very important sector of our economy.

Go there and appreciate the frustrations, the off-loadings, the movement of goods and services, the over-crowding of ships, the inter-island commercial cargoes and markets, the delays and shipping cancellations, the demand for ships, go there and see people sleeping at the wharf waiting for the next available transport to travel home.

Mr Speaker, during last December the Police put out three patrol boats at the wharf to specifically make sure there were no over-crowding of ships. During this time two ships were stoned by frustrated passengers who could not get on board, four ships went out of service due to serious break-downs and nearly all ships went on and off due to inadequate safety provisions on board.

Mr Speaker, in the middle of all these are second hand ships rusting away yet over-working against increasing cost hoping to make ends meet. Mr Speaker, this is a tough industry, yet it is an industry that we cannot afford to ignore, it is just simply vital for our rural people.

As I look through this budget, the best that this very important sector can look forward to is a plan, a plan that still hopes to attract some \$4.8million. Mr Speaker, they interviewed me for this plan in October 2005. Mr Speaker, the shipping sector does not need a plan, it needs

assistance now and I do hope that this assistance will come soon.

Mr Speaker, there is so much in this Budget that needs to be clarified, credit schemes, important land issues, intended reforms, taxation. Mr Speaker, we need to question why the Government has decided to get down hard on State-Owned Enterprises and there is nothing about the Open-Stealing in the Public Service Ministries. We need to question the Banking and Finance propositions in this budget.

What I can say here, Mr Speaker for conclusion is that the picture that is painted in this Budget is too good for comfort, especially when the numbers appear to be far from our words, our intentions and the plans put forward in this budget.

Mr Speaker, for conclusion allow me to me say as I studied this Budget, and as I think about how we continue to mistreat the very foreign donors who promised to pay for this Budget, when I read the concern letter by the Minister of Foreign Affairs which appeared in the Solomon Star last Friday, I cannot help but to come fully appreciate the intention of this Budget to pay tithes because our last hope could well be, that the Heavens will open its store upon this Budget.

With these comments Mr Speaker, I resume my seat. Thank you.

Mr Sogavare: I beg to move that this House do now adjourn.

The House adjourned at 5.20 pm