



**GOVERNMENT OF
SOLOMON ISLANDS**

THE 2012 BUDGET SPEECH

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TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	SOLOMON ISLANDS SOCIAL AND ECONOMIC CHALLENGES	4
	The Global Economy and Solomon Islands Economic Outlook	6
	International Reserves and Exchange Rate	8
	Towards New Growth Path	8
3.	THE 2012 BUDGET FRAMEWORK	10
4.	MAIN PRIORITIES FOR THE 2012 BUDGET	11
	Rural and General Economic Development	12
	General Public Services	13
	Recreation, Culture and Religion	13
	Education	14
	Public Order and Safety	14
	Health	14
	Environment Protection	15
	Housing and Community Amenities	15
	Social Protection	16
5.	THE REFORM AGENDA	16
6.	CONCLUSION	18

The 2012 Budget Speech
*(Delivered by Hon Rick Houenipwela,
Minister of Finance and Treasury)*

1. Introduction

Mr Speaker,

I rise to beg that the 2012 Appropriation Bill 2012 now be put to the second reading.

Mr Speaker, I am most humbled and very privileged as Minister for Finance and Treasury to present to this Honourable House the 2012 Budget on behalf of the Government and the nation of Solomon Islands as required under Section 102 of our National Constitution.

Sir, this is the second Budget of this Government and the first that I have had the honour of presenting to this Honourable House.

Sir, the Government has articulated an overarching theme for the 2012 Budget. The theme is *“strengthening the capacity to provide infrastructure and to deliver better quality services for all Solomon Islanders, particularly in the Provinces”*.

Mr Speaker, the Government is seeking to deliver against this theme through three main objectives being established for the 2012 Budget. These are:

- i. Diversification of the economy
- ii. Supporting alternative sources of growth, and
- iii. Investing in rural infrastructure.

Mr Speaker, I will explain these objectives for the Budget in a little more detail.

Firstly, on the diversification of the economy, there are significant risks associated with having “*all our eggs in one basket*”. Encouraging new industries and businesses should ensure that if we do not do well with one commodity or product, we have the chance that some other commodities or products could sustain the economy, especially in terms of foreign exchange, employment and government revenue. Diversification of the economy also helps to smooth out the peaks and troughs to generate steady employment and government revenues necessary to fund services. This Budget will be seeking substantial increases in investments in the rural sector and in the productive sectors.

Secondly, in regards to alternative sources of growth, we know that some of our natural resources are being harvested at an unsustainable rate, and that once depleted, will leave a big hole in foreign exchange earnings, employment and government revenues. In particular, Sir, the economy is currently benefiting significantly from logging. However, at the same time we know that our forestry resources are being depleted. Encouraging the growth and development of new industries and business means that as logging activity falls, there will be new sources of growth that would enable the domestic economy to maintain a reasonable or even better growth path. To that end, this Budget is investing increased resources in the sectors that have the greatest prospects for economic expansion, namely, agriculture, tourism, fisheries, and minerals.

Thirdly, Sir, on investing in rural infrastructure, the Government understands that a significant proportion of the country’s population lives outside Honiara and they do not enjoy the same level of services and infrastructure. Addressing these gaps is difficult for Governments. Populations are dispersed and infrastructure is expensive to deliver in remote areas. Nevertheless, this Government understands that without better infrastructure, the quality of life for the vast number of Solomon Islanders will continue to be depressing. Sir, this Budget therefore is seeking significant resources to invest in physical infrastructure development in rural Solomon Islands. While this is a cross-cutting need for the development of the economy, this Government recognizes that in so doing, we will not only meet the first two objectives, but equally

important, we will enhance the economic opportunities for all Solomon Islanders. It is the most direct way to improve the enabling environment to achieve private sector-led growth and for our citizens to build a better life for themselves. We will be seeking to address this by investing in improved services like access to water and sanitation, investing in better transport infrastructure such as roads, wharves and bridges, and in telecommunications.

Mr. Speaker, the Budget that I present today will deliver a record level of financial resources to help diversify the economy, support alternative sources of growth and invest in rural infrastructure. It is both a responsible and fair budget. It ensures that all Solomon Islanders benefit from our strong economic performance of the past few years. Forty nine per cent (almost half) of the total new measures is directed towards rural and general economic development. This commitment is supported by additional funding to education, public order and safety, and health. Significant investment in the capacity of the public sector is also part of this Budget in order to improve the implementation of budget measures. The Government has also demonstrated its commitment to the promotion and preservation of the culture of the Solomon Islands with strong support for the Festival of Pacific Arts.

Sir, this Budget, is also a forward looking and sustainable Budget in that it will allocate additional \$100 million in debt repayment. This is to free up resources for future budgets and allow the Government to further build its cash reserves. Furthermore, the Budget is also responsible in that it provides \$45 million to cover the potential for unforeseen and unexpected needs.

Sir, this Budget is funded entirely from domestically sourced revenue and donor budget support.

Mr Speaker, this Government remains committed to the program of public financial management reforms that are both contributing to improved growth and services. These reforms are building public and donor confidence in the government's financial systems and processes. The

overarching reform goals, Sir, are to *achieve quality expenditure, shifting more resources to building the foundations for economic growth and improving services delivery*. I will say more about this important work shortly.

Mr Speaker, before I provide further details on the 2012 Budget, I would like to outline the context in which the Budget was framed.

2. Solomon Islands Social and Economic Challenges

Mr Speaker, the Solomon Islands is an independent and sovereign nation. As such, we must always first look to ourselves to solve our own problems.

Mr Speaker, we have achieved strong growth over the last few years, but our population is also growing at a fast rate. Therefore, this Government and future Governments must focus on building the economy to provide economic opportunities and improve services to benefit all Solomon Islanders. We must build the productive capabilities of our human resources, in particular, our young people as well as investing in key social infrastructure that improves the delivery of basic services.

Sir, despite our experiencing high growth in recent years, unemployment continues to rise, social inequalities are widening, and environmental challenges like climate change and rising sea levels pose a threat to the livelihood of our people. We need to address these, as they are key factors that can lead to dissatisfaction and social disharmony in our communities.

Mr Speaker, the Government exists to serve the people of Solomon Islands. You will agree with me that given our limited resources, we must invest every taxpayer's dollar wisely. This means reducing public waste, avoid duplication of service delivery and ensuring that our resources are aimed at building a better country not just for today, but for our children and for their children. That is the overarching objective for any government.

That in mind, Sir, every Budget represents an opportunity to allocate new resources or to reallocate existing resources in ways that will meet that

objective. Governments should be judged on how well they use the opportunities they are presented.

Sir, this Government recognizes the awesome responsibility that comes with governing and that cannot be more pronounced than the annual Budget. As I said in moving the motion for the Resolution last month, the Annual Appropriation is one single legislation that has a direct impact on Solomon Islands as a nation, but more importantly on the daily lives of our people. Therefore the Budget provides the best opportunity for any Government to forge the path it wants the country to follow and become.

Mr Speaker, as a matter of fact, the outcome from any Budget can have an impact on the country and the lives of the citizens of this country in some important respects. For example, in the pursuit of our development objectives it is very easy to lose sight of the need for sustainable development. While it is important to advance economic growth and lift our people out of poverty, this can be achieved at the expense of long term sustainability. Sir, we must be mindful of other issues such as scarcity of natural resources, climate change, water scarcity, energy shortages, health, food security and gender balance. We need to take appropriate reforms on the current land tenure system, invest in the productive sectors, especially in infrastructure development. We need to invest in our human resources in ways that will ensure development is equitable and makes the greatest impact. Sir, as already noted, this Budget is a responsible Budget, which has taken these important considerations into account. This is a Budget that looks beyond 2012. It is a Budget that embarks on an investment program for the next 3 years to lay the foundation for the next 10 years and beyond.

Mr Speaker, the Government recognizes that given the challenges of the recent past this will not be an easy task. But these are extraordinary challenges that will require extraordinary actions to respond to. But above all else, we need solidarity. Today I urge Members of this Honourable House to think even bigger and beyond the 2020 deadline. Let us agree on the means to achieve them and we must proactively prepare for the future today.

Sir, line ministries cannot do the job alone. To deliver for those in need, we must broaden our base and extend our reach. We must harness the full potentials of partnership across the government, both within this House and across the public service. In fact, to achieve the goals set out in this Budget will require a public/private partnership, and all of Solomon Islands cooperating.

The Global Economy and Solomon Islands Economic Outlook

Mr Speaker, we are a country operating in a global village where our fortunes are unavoidably linked to those of the rest of the world.

Sir, over the past few years we experienced the deepest trough the world economy has gone through in over 70 years. Brought about by a crisis in the financial sector in developed countries, initially the United States, 34 million people have lost their jobs. After a brief rebound, the global economy is back on its heels again.

Sir, persistent stagnation in Europe and renewed weakness in the United States means that the developed world's global output in the medium term will at best be slow and the risk of another downturn is real.

Mr Speaker, let me briefly run through the domestic economy. The Solomon Islands economy recovered from the negative growth in 2009 and continued to gather momentum through 2010 and into 2011. In real terms, the economy is estimated to have grown by around 6.75 per cent compared to a 4.75 per cent contraction in 2009. The sharp rebound was led by strong logging output and an improvement in commodity demand and prices, aided by a recovery in the world economy. Logging production turned out to be higher than expected, with around 30 per cent above the previous year in terms of volume and about 42 per cent higher in export value, as logging companies capitalised on strong prices and demand. Improvements in telecommunication, construction led by Gold Ridge and Bemobile, trade and increased donor inflows, have also contributed to economic growth in 2011.

Sir, in 2012, GDP growth is forecast to accelerate to around 10 per cent in real terms, driven by expansion in the mining sector following the commencement of production of the Gold Ridge Mine in March 2011 and further increased logging output. Strong global demand for other major export commodities such as palm oil, cocoa and fish and general improvements across all the other sectors are also expected to bolster growth.

Mr Speaker, throughout 2010, inflation slowed and remained low. However, since early 2011 it has started picking up and accelerated to 10.1 per cent in December 2011, reflecting the increasing trend rise in global fuel and food prices which started during the second half of 2010. These external pressures create greater risks to the outlook of the domestic economy should global food and fuel prices remain higher.

Sir, despite the recovery of the Solomon Islands economy in 2010 and the buoyant outlook for 2012, the medium term risks to economic growth and prosperity in Solomon Islands remain extremely high. The logging sector currently accounts for the largest single part of the formal economy. Without significant continued growth in non-logging sectors, the decline in forestry activity will place further pressures on the Solomon Islands economy.

Mr Speaker, the reopening of the Gold Ridge Mine is an important bolster to the expansion of the local economy. Adding around 4 percentage points to GDP in both 2011 and 2012, this comes at an important time as log production declines. However, from 2013, production each year will be steady, so the Mine will be a negligible addition of around 0.3 per cent to real GDP growth on average. Given the nation's population growth, GDP per capita growth is expected to be only slightly positive as from 2013.

Sir, a central focus of the Government's current economic reform program is identifying appropriate strategies to support economic growth. The Government has set out the parameters it will operate under in its Medium

Term Fiscal Strategy. Also central to the Government's policies are its commitment to support and improve rural infrastructure development to advance its concept of establishing economic growth centres and private sector-led growth.

Sir, the Government is also committed to work directly with donors to ensure that their programs focus on employment and key economic infrastructure over the medium term.

International Reserves and Exchange Rate

Mr Speaker, monetary and exchange rate considerations are also important elements both in adapting to global developments and in creating an environment that supports growth and employment creation.

Sir, for the first half of 2011 the gross international reserves rose by 20 per cent on 2010. The increase in the reserves reflects the surge in logging, an increase in donor inflows, reinvested earnings and revaluation gains, reflecting movements in foreign exchange rates during the year. The external reserves are expected to remain high due to strong international commodity prices, increased investment and expected continued donor inflows in the coming year.

Mr Speaker, over the course of 2011, the Solomon Islands dollar has slightly appreciated against the US dollar mainly due to the weaker US dollar to which it is closely aligned. The CBSI has continuously reviewed the Solomon Islands dollar against the weighted basket of currencies to enable the flexibility of the local currency.

Towards New Growth Path

Mr. Speaker, it is time we put aside our differences and develop a shared vision for a new, united and vibrant Solomon Islands and a stronger economy. We all share the desire to raise income and increase employment opportunities for our people over the period ahead. We have a shared appreciation for the role of investment and enterprise in

underpinning growth and we share a common commitment to lay the foundations for growth into the future.

To this end, Mr Speaker, the Government has adopted a National Development Strategy (NDS) for the period 2011 to 2020. The National Development Strategy sets out our vision for the country's growth and development. The two main areas of focus in the National Development Strategy include *'taking better care of all the people of the Solomon Islands'* and *'improving the livelihood of all the people of the Solomon Islands'*. These two areas of focus involve fulfilling the social needs of the people such as better access to education and health care as well as improving the economic benefits to the people through higher growth, a diversified economy and the equitable distribution of the benefits of development. We must intensify our efforts to achieve our goals in the National Development Strategy.

Sir, in that connection, the Government has continued to build on the strong partnership that it has forged with development partners. This has been demonstrated by the development partners' continued willingness to provide budget support for our annual budgets and our wider economic reform programmes. We will continue to work closely with our development partners to strengthen these relationships and to secure support for achieving our vision.

Mr Speaker, this Budget, outlines key aspects of a new path for our nation.

Mr Speaker, central to the policy priority of this Budget, is the focus of the Government's current economic reform program in identifying appropriate responses to encourage sustainable economic growth into the future. The Government has set out the parameters it will operate under in its Medium Term Fiscal Strategy. This offers a framework outlining the Government's commitment to sound financial management and measures to create a sustainable base for economic development.

Sir, as I have already discussed before, central to the Government's policies are its commitment to promote private sector-led growth, improve rural

infrastructure development, establish and connect growth centres, and provide development opportunities and benefits for all Solomon Islanders

Mr Speaker, the Government understands that it is critical that Solomon Islanders receive a fair and full return when the resources of this country are exploited and developed. There are several resource projects that are likely to commence in the Solomon Islands in the near future. These projects offer the potential to deliver significant economic growth and government revenue. However, the Government needs to have in place a comprehensive and consistent policy on how it will tax future projects, what concessions will be available and what rates of royalty will be expected.

Mr Speaker, by taxing these projects appropriately, the Government will be able to fund improved services across the country, and ensure that all Solomon Islanders benefit from these projects, no matter where they are. The Government is continuing to work closely with donor partners such as the International Monetary Fund to develop and implement a resource tax framework to meet these needs.

3. The 2012 Budget Framework

Mr Speaker, let me now outline for this Honourable House the fundamentals of the 2012 Budget.

Sir, the 2012 Budget will deliver a record \$3.1 billion in spending to provide services to all Solomon Islanders, a \$2.2 million surplus and will require no additional borrowing by the Government. For the second year in a row, the 2012 Budget will be fully funded, ensuring all commitments and contingencies are funded through a combination of domestic revenue and external budget support.

Mr Speaker, domestic revenue growth in 2011 was revised to \$2,478.1 million, 10 per cent higher than the original estimates. This comes as a result of the excellent work done by the Internal Revenue and Customs and Excise Divisions of the Ministry of Finance and Treasury. The strong

revenue growth is expected to continue in 2012. Total revenue is expected to grow by a further 22 per cent to \$3,172.2 million, consisting of \$2,625.2 million in domestically sourced funding and \$515 million in donor budget support. The growth in domestically sourced revenue from the 2011 Budget reflects growth in the national economy, ongoing improvement in revenue administration and compliance efforts, and specific policy changes including an increase in a range of fees and charges.

Mr Speaker, Inland Revenue will continue to be the largest source of domestic revenue, representing around 65 per cent of collections in 2012. Customs and Excise collections will make up around 27 per cent, with the remainder being collected by various other ministries in the form of licences, fees and charges.

Sir, this strong growth in revenue will allow the Government to spend \$3.1 billion to provide services in 2012, with an additional contingency provision of \$45 million (\$25 million for Recurrent and \$20 million for Development Estimates). This Budget will deliver spending of \$2.2 billion through the Recurrent Estimates and \$867.4 million through the Development Estimates.

Mr Speaker, the spending includes an additional \$100 million on top of our debt servicing requirements. This will see a significant reduction in our debt obligations in the 2012 Budget which will produce ongoing savings that can be used to provide better services over the coming years.

4. Main Priorities for the 2012 Budget

Sir, this Budget will continue to deliver on the Government's policy priorities of providing services to the people of Solomon Island with a focus on rural economic development, strengthening the capacity to provide infrastructure and helping to building better lives for all Solomon Islanders. Almost half of all planned new funding is allocated to rural and general economic development. This Government is committed to funding the following areas in order to meet its key policy priorities:

- Rural Development and Other Economic Affairs
- General Public Services
- Recreation, Culture and Religion
- Education
- Public Order and Safety
- Health
- Environment Protection
- Housing , Community Amenities and
- Social Protection

Mr Speaker, allow me to outline the major initiatives in these critical areas of Government Policy.

Rural and General Economic Development

Mr Speaker, the Government is committed to the course of increasing the economic base by providing the necessary infrastructure to sustain its priority work areas. Rural and general economic development involves investment in the productive sectors of the Solomon Islands, including agriculture, forestry, tourism, commerce and industries, fisheries, lands, mines and energy, and finance and banking. One of the major projects in relation to rural and economic development is decentralization of growth centers to the rural areas. Additional funding of \$547.8 million is allocated to projects designed to develop our rural economic base. The major areas of investment are:

- \$54.9 million for agricultural development
- \$32.0 million for projects funded through the National Transport Fund
- \$30.0 million in Ecotourism grants
- \$29.0 million for reforestation and downstream timber processing

- \$25.0 million for the Provincial Capacity Development Fund
- \$25.0 million for improvements to Provincial Airfields
- \$20.0 million for rural transport infrastructure, and
- \$10.0 million for Constituency Renewable Rural Electrification.

General Public Services

Mr Speaker, in order for the Government to deliver on its policy priorities and provide better services to the people of Solomon Islands, it is necessary for the public sector to be as efficient and effective as possible. The Public Service must also ensure that sufficient revenue is collected to allow the Government to continue to provide services to the people of the Solomon Islands and strengthening the capacity to provide infrastructure. In line with that mission, the Government is committing more resources into strengthening of the provincial government machinery to complement the assistance that is currently provided by our development partners.

Sir, apart from that, the key projects for general and public services and reforms include:

- \$61.0 million for new Government Office buildings,
- \$10.0 million for Electoral Field Operations in Provinces and
- \$4.8 million for establishment of an Embassy in Geneva, Switzerland.

Recreation, Culture and Religion

Mr Speaker, the Government aims to continue to develop the Solomon Islands as an independent and democratic nation. Support for cultural development is critical in achieving this aim. The Ministries of Culture and Tourism and Home Affairs have been appropriated additional funding of \$123.1 million for initiatives related to recreation, culture and religion.

Sir, the primary expenditure under this category includes:

- \$99.6 million for 2012 Festival of Pacific Arts and
- \$10.0 million for assistance to churches spread across each constituency.

Education

Mr Speaker, Education for Solomon Islanders is vital for continuing development. The Government, within its framework will promote, develop and facilitate education and human resources needs of the country to improve on the current status of education in our nation. Eight per cent of new spending in 2012 is devoted to improving education services.

Mr Speaker, in the 2012 Budget, the Government is committed to allocate funding for the following projects:

- \$20.0 million for transition of SICHE to a University;
- \$16.0 million in additional support for Tertiary Scholarships Overseas and;
- \$10.8 million for Secondary School Grants.

Public Order and Safety

Mr Speaker, the Government recognises that public order and safety is needed to support a stable economy. The Government acknowledges the critical roles of the Royal Solomon Islands Police Force (RSIP), RAMSI and other security firms and their continuous maintenance of law and order, good governance and support human rights in our nation.

Mr Speaker, seven per cent of new spending in 2012 is devoted to improve public order and safety and for the Solomon Islands to accept additional responsibilities as RAMSI is in transition to a revised support model.

Sir, the major projects for Public Order and Safety include:

- \$29.9 million for Police Stations and Housing,
- \$9.1 million for services under the Police Capability Plan and
- \$3.0 million for the National Reconciliation Programme.

Health

Mr Speaker, it is the right of every citizen to have access to health care. In 2012 Budget, the Government will continue to invest in improving health services with an additional allocation of \$38.8 million.

Sir, the key initiatives for health services in the 2012 budget include:

- \$5.8 million for a range of work at the National Referral Hospital;
- \$5.0 million for improvement to Rural Water Supplies and Sanitation;
- \$4.0 million to complete Gizo Hospital and,
- \$4.0 million for Rehabilitation of Rural Health Centres.

Environment Protection

Mr Speaker, Solomon Islands is vulnerable to natural disaster shocks. The Tsunami that hit Gizo and Rendova in the Western Province and parts of Choiseul and washed away hundreds of homes and taking away numerous lives is a lesson learned. This is a great concern for the current Government and therefore an additional \$14.7 million is being invested in protecting the environment of the Solomon Islands in 2012 Budget.

Sir, key projects in relation to Environment Protection include:

- \$3.0 million for a Provincial Emergency Centre;
- \$2.5 million for renovations to the Meteorological Office;
- \$2.0 million for Climate Change National Adaptation, and
- \$1.0 million for the Coral Triangle Initiative.

Housing and Community Amenities

An efficient land management system that contributes to social stability, economic growth and sustainable environment is needed. The Government is also providing new funding in the areas of Housing and Community Amenities.

Sir, the Ministry of Lands, Housing and Survey provide land and survey policy directives including planning and advisory services in land matters throughout the country. Through this Ministry the Government is

investing an additional \$9.7 million in a range of initiatives planned to improve services provided by the Ministry and community amenities.

Social Protection

Mr Speaker, the future of this nation lies in the hands of youths and children of today. They are our future community leaders, church leaders, leaders in public service, leaders in commerce and political leaders. It is our collective responsibility to mould and shape the behaviour and attitude of the people of this nation

Furthermore, Sir, we need to contribute to post-conflict nation building through the process of peace building by promoting national unity and the process of reconciliation, forgiveness and healing. That should ensure long term security and peace in Solomon Islands. The success of this endeavour will be determined by the Government making an undertaking to identify and ensure that the historical, structural, root causes of the past tensions and violent conflicts are addressed.

To this end, Mr Speaker, in the 2012 Budget, in addition to record investment in improving economic opportunity and quality of services for Solomon Islanders, an additional \$10.0 million is being provided for Social Protection initiatives to be delivered by the Ministry of Women, Youth and Children's Affairs.

- \$5.0 million of this spending is for Constituency Centres for Women, Youth and Children and,
- \$1.0 million is for additional policy advice to Government.

5. The Reform Agenda

Mr Speaker, the Government is the largest employer, and uses significant level of resources. Not only does our Public Service provide critical services, but it is also a significant driver of the local economy. It is therefore necessary that we have a well functioning Public Service. This Government is committed to improving the quality of our Public Service and has developed a comprehensive Public Financial Management Reform

Program. This Program will help to improve the quality of services for all Solomon Islanders by improving the quality of spending and reducing waste. This will increase public and donor confidence in the Government's public finance systems and processes.

Sir, the 2012 Budget sees several enhancements that are aimed at improving quality and transparency of the budget process. For the first time, the Government has invited civil society organisations, including the churches, to make submissions to the Government on their priorities for improved services. We have expanded the budget documentation to make more transparent the performance of the Government and the Public Service. We have also established a more accurate way of determining ministries funding needs that is aimed at reducing waste. Mr. Speaker, we have also tightened controls on spending by placing spending limits on ministries' payroll budgets. All these measures will be enhanced over the coming year with further reforms that will see the development and establishment of multi-year budgeting and stronger linkages to the National Development Strategy.

Mr Speaker, we will also continue our work in 2013 to further improve the level of consultation with the community and within government in the development of budget priorities. This will support improved analysis of spending proposals to improve the quality of funded initiatives.

Sir, my Ministry is working on a reform implementation plan that I will be taking to Cabinet at the start of each calendar year, setting out our priorities and progress. The Ministry of Finance and Treasury, in collaboration with central ministries will establish a Budget Reform Steering Committee to oversee the implementation of the reforms. The Committee will report to the Minister of Finance and Treasury.

Sir, improving the use of the public's money is not a one-off effort. It will require vigilance and on-going commitment to drive for improvement. Just as over the last two budgets, there have been improvements. Each budget will see further improvements. This Government is intent on

setting a new benchmark in standards of probity and sound financial management.

Mr Speaker, a Public Expenditure Review exercise is planned for 2012. This will be a rolling program in which two or more ministries will be asked each year to participate in the reviews. The objective is to assist ministries analyse their own spending in relation to Government policies they are responsible for implementing. This activity will provide clearer information about where expenditure has been directed and help improve planning and implementation of ministry budgets. This information will be provided in the revised Budget Strategy and Outlook, as introduced for this Budget, and help improve budget implementation.

6. Conclusion

Mr Speaker, I have tabled today a Budget for 2012. It delivers against our theme of “strengthening the capacity to provide infrastructure and to deliver better services for all Solomon Islanders, particularly in the provinces”, which was announced by the now Prime Minister in mid-2011. It lays the foundations necessary to create an environment for sustained growth and development of our nation through our three objectives of:

- i. Diversifying the economy;
- ii. Supporting alternative sources of growth; and
- iii. Investing in rural infrastructure.

However, Mr Speaker, let me again stress to this Honourable House that while our economic performance relative to the rest of the world has been strong there are still many challenges that lie ahead for the Solomon Islands. As a Government we have not been afraid to take the hard decisions that are aimed at building our economic strength and resilience for 2012 and beyond.

Sir, to build on the progress made to date, we must continue our efforts to improve the budget process through ongoing program of reforms. Should we stop now, the gains of the past few years will be quickly eaten up and lost.

Sir, I believe we have a greater chance today than perhaps at any time in our recent history to build a strong and prosperous future for the Solomon Islands. As stated before, we have made progress, but we need to go further. We can do more and we must do better. Sir, given the stronger partnerships both within Government and with our development partners, there is great capacity to succeed in our development endeavours.

Mr Speaker, it is this Government's overarching goal that our people, the men and women, boys and girls, all the children across this country, should be the principal beneficiaries of the 2012 Budget. Sir, it is the desire of this Government, that this Budget will help alleviate their pressing needs, and that it will be a stepping stone to help us move forward together in the pursuit of success and prosperity of this lovely country.

Mr. Speaker, as the Government of the day, we are very proud to be able to bring a Budget with that core objective. Sir, we are humbled by the trust bestowed upon us by our people and by this Honourable House to lead and to serve. Such trust could only be repaid by continuing to work tirelessly to make our nation vibrant and to bring the much-expected joy, peace and prosperity for all our fellow citizens and for all our children in the years ahead.

May God bless Solomon Islands and may God bless our people.

Mr Speaker, I commend this Bill to the House. And I beg to move.