



**GOVERNMENT OF
SOLOMON ISLANDS**

THE 2014 BUDGET SPEECH

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The 2014 Budget Speech

*(Delivered by Hon Rick Houenipwela,
Minister of Finance and Treasury)*

1. Introduction

Mr Speaker,

I rise to beg that the 2014 Appropriation Bill 2013 be now put to the second reading.

Mr Speaker, I am honoured and most humbled as Minister for Finance and Treasury to present to this Honourable House the 2014 Budget on behalf of the Government and the nation of Solomon Islands.

Sir, the Government has articulated an overarching theme for the 2014 Budget. The theme is *“Making a difference in the lives of our people and striving to do better with existing resources.”*

Mr Speaker, the Budget that I present today will deliver \$3.5 billion in spending to provide services to all Solomon Islanders. This Budget also provides \$34.6 million to cover the potential for unforeseen and unexpected needs.

Sir, this Budget is a sound and responsible Budget which will ensure economic stability and is fiscally sound. In keeping with the Government’s development priority focus, almost half of all new measures are directed towards Rural Development and other Economic Affairs. This investment is met despite a slowing rate of revenue growth and a decrease in funding from donors. The Government will continue its policy to invest in rural economic development in the pursuance to spread the nation’s wealth equally across the country.

In addition, Mr Speaker, this Budget takes forward a process of implementing the Government’s public financial management reform agenda which is designed to increase public and donor confidence in the government’s public finance systems and processes. A key change in 2014 will be the implementation of the Public Financial Management Act

2013 which was passed by the Parliament on the 12th September this year.

Sir, before I provide further details on the 2014 Budget, I would like to provide an overview of the economic outlook of the country.

2. Global Economy and Economic Outlook

Mr. Speaker, growth in 2012 was supported by improvements in telecommunications, construction, manufacturing and the trade and services sector aided by increased donor inflows. Exports of all major agricultural commodities (palm oil, copra, and cocoa) recorded a decrease in volume and value during the year due to softening global demand and declining commodity prices

Mr Speaker, the outlook for the Solomon Islands' economy provides the reference point for the 2014 Budget envelope. Sir, this outlook is becoming increasingly challenging because most of the key contributors to growth have been slowing down over recent years. This was largely driven by a number of factors including a sharp contraction in agriculture output, a levelling-off in log production and lacklustre results in gold production.

Sir, real economic growth however, is forecasted to increase slightly from 2.6 percent in 2012 to around 2.9 percent in 2013 as a result of solid growth in the construction, manufacturing and the services sectors. Growth from these sectors is expected to offset weaker production in the mining and primary production sectors.

Mr Speaker, growth in the forestry sector in 2013 is forecasted to retract slightly emanating from log production having reached a plateau of around 1.8 million cubic metres, which in fact represents a fall from the previous year's production level.

In terms of gold output, it is expected to moderate to around 60,000 ounces in 2013, before recovering to remain steady at around 65,000 ounces from 2014 onwards.

Mr Speaker, in 2014, real GDP growth is expected to accelerate to around 4 percent. This reflects increased contributions from the agriculture, fisheries and services sectors. Growth in the agriculture sector is forecast to accelerate in 2014 due to an expected firming up in prices of major export commodities. The contribution of the industry sector is forecast to increase in 2014, which will support real GDP growth over the medium term, reflecting the impact from strong investment activities in the manufacturing and construction sectors.

Mr Speaker, inflation is the key driver for the cost base for the recurrent budget, including payroll and other costs related to delivering government services. It also has an important impact on development budget costs. Sir, in 2013, overall headline inflation is forecasted to average around 6 per cent as international fuel and commodity prices moderate. In 2014, core inflation is forecast to moderate slightly to around 5.5 per cent.

Sir, let me now take us into the fiscal outlook of the economy.

3. Fiscal Outlook

Mr Speaker, in conjunction with the tabling of the Budget in Parliament today, I am also releasing the 2014 Medium Term Fiscal Strategy (MTFS). The Medium Term Fiscal Strategy is the Government's framework for presenting the state of the economy. It also identifies the challenges which Solomon Islands faces, and articulates the Government's plan for meeting those challenges.

Sir, the 2014 Budget is consistent with the MTFS and importantly, it includes forward estimates for both the recurrent and development budgets. This allows for forward planning and prioritising of expenditure in the knowledge of the level of financial resources that are likely to be available in the medium term. However, funding for spending will continue to be tabled before the Parliament for appropriation on an annual basis.

Revenue

Mr Speaker, the state of the economy is the key driver of Government revenue and subsequently the overall funding capacity over the medium term.

Mr Speaker, funding in the Consolidated Budget has grown strongly over the last few years. Between 2006 and 2012 total consolidated funding increased by an annual average of around 22 per cent. Domestic sourced revenue grew by an annual average of 24 per cent during the same period. This growth was driven by strong economic performance in that period.

Mr. Speaker, in 2012, the Government's fiscal position was strong, resulting in a recurrent fiscal surplus. Domestic revenue increased by around 12.8 per cent, driven by general economic activity and through improved tax collections reflecting improvements in revenue administration. The Government continued to build up its deposits in the banking system to meet its policy objective of maintaining cash reserves equivalent to at least two months of recurrent expenditure.

Mr Speaker, in 2013, revenue is forecasted to grow at a slower rate of around 5 per cent, compared to the annual average of the 22 per cent growth rate achieved between 2006 and 2012. The slower growth in 2013 largely reflects a decline in the level of export duties due mainly from logs and a modest fall in non-tax revenue. The revenue outlook is expected to remain subdued over the medium term, reflecting slower economic growth and the projected decline in the level of export duties especially from round logs.

Important still, Mr Speaker, revenue growth is not expected to keep up with nominal economic growth. This is the result of the expected slowdown in export duties from round logs and on-going challenges in non-tax revenue collection where further reform effort is required from collecting Ministries. Generating sufficient revenue to fund goods and services to all Solomon Islanders is largely dependent on pursuing the economic growth agenda.

Other Government Revenue

Sir, with the decline in the logging industry in the coming years and the consequential fall in revenue, coupled with the ongoing need to increase public spending, it is important that Government invests in other sectors of the economy besides agriculture and mining to expand the revenue base.

Mr. Speaker, to that end, the Government must improve, strengthen and grow sectors such as the fisheries sector, with a significant potential to bring in more revenue for the country. This will however, require stronger coordination within government across line ministries and with the private sector to identify areas of growth, identify and remove impediments and ultimately raise the level of government revenue.

Sir, these actions, however swift they may be, are not expected to improve government revenue overnight. However, given the severity of this issue, not only that appropriate policy action be taken, but that necessary action be taken swiftly. This will need substantial and unabated investment in infrastructure, capacity building and development in technical knowledge throughout the Government.

Expenditure

Mr Speaker, given the subdued revenue growth expected over the medium term, it is even more critical that the Government continues with measures that better prioritise expenditure and manage the risks around the revenue outlook.

4. The 2014 Budget Framework

Mr. Speaker, let me now outline to this Honourable House the fundamentals of the 2014 Budget.

Sir, the 2014 Consolidated Budget will continue the Government's focus on responsible and balanced budgeting. The Budget is fully funded including debt servicing costs. This means that the growth in expenditure is affordable and will help to provide services for all Solomon Islanders without jeopardising our future. The Government will fund this growth through domestically sourced revenue. The cash

reserves established since 2010 have been maintained to allow proper cash management through the course of the year.

Sir, the Government is budgeting for a cash balance of zero in 2014 (not including any balance from previous years). In 2014 total revenue is expected to reach \$3,503.0 million. Total domestically sourced revenue is expected to be \$2,838.6 million, an increase of \$170.3 million (or 6.4 per cent) over the 2013 revised estimates.

Sir, to maintain fully funded budgets, average nominal expenditure growth will need to slow from around 23 per cent per annum for the period 2006 to 2012 to an average annual growth rate of around 7 per cent from 2013 to 2018. The projections include a cash reserve of 2 months recurrent budget expenditure.

Mr Speaker, the Government is budgeting to spend \$3,503 million in 2014, including donor funding of \$664 million and total contingency provisions of \$34.6 million. The Government plans to spend \$2,861 million in recurrent expenditure and \$641 million towards development projects.

Sir, the '2014 Fiscal Table' provides an overview of the 2014 Budget. This is set in the context of the 2013 revised estimates and the estimates for the three out-years. I commend Honourable Members to review the fiscal table which is found in Budget Paper 1.

Mr Speaker, development budget projections are notional and actual development project funding will vary according to the life-cycle of the projects. The development planning cycle requires regular progress reports and annual funding rounds for projects, effectively 'zero-basing' the development budget each year. The Ministry of Development Planning and Aid Coordination (MDPAC) has made strong efforts for the 2014 Budget to improve forward estimates for ongoing development projects. This process is ongoing and will improve the quality of forward estimates over time and in support of the Government's medium-term expenditure framework.

Mr Speaker, a further improvement is that this year's Development Budget has been published at the economic account code level. This means, that for the first time, Parliament can be fully informed on how development projects are to be implemented.

Mr. Speaker, I am delighted to note that the Government is well-advanced in its partnership negotiations with the World Bank and SIEA to upgrade the Honiara Electricity Network. Together with the planned undersea optic cable, these two projects anticipate additional –'below-the-line' development financing of \$240 million in 2014. When completed these two projects would contribute significantly to business efficiency and general private sector growth.

Sir, in addition to expenditure growth, inefficient budget implementation remains an issue for the integrity of the budget. A five per cent variation between budget and actual expenditure is considered to be an appropriate benchmark. The majority of ministries do not meet this benchmark. The tendency is for ministries to underspend their budgets. It is anticipated that effectively functioning Budget Implementation Committees in Ministries will improve budget implementation.

5. Key Challenges and Opportunities for 2014

Mr Speaker, let me now introduce to this Honourable House, some of the key challenges and opportunities for 2014.

Sir, in that connection, a number of significant expenditure pressures continue to pose fiscal risks for the Government.

i) Tertiary Scholarships

Mr Speaker, the decision to provide free tertiary education in 2013 has proven to be a challenging objective for the Government to meet. The fiscal implications of this decision are quite significant. Estimated costs for tertiary scholarships and funding for the Solomon Islands National University (previously the Solomon Islands College of Higher Education) are five times greater in 2014 than they were in 2009.

Mr Speaker, in this connection, may I take this opportunity to inform the Parliament that this increase in scholarships at SINU was a one-off measure, meaning all scholarships awarded for SINU students in 2013 will not continue. As of next year, all SIG scholarship awards will have to be reintroduced through a more stringent screening process and only those students who have re-applied for usual SIG scholarships will be considered by the National Training Committee for 2014. Sir, as you will note from the fiscal outlook I have outlined for 2013, you can be certain that as a responsible Government we are obliged to stick to this commitment. This action is expected to reduce tertiary scholarship costs by around \$50 million in 2014, but this estimate will depend on an ongoing drop in overall scholarship numbers from 2014 and onwards.

Mr Speaker, the market for tertiary studies in the Solomon Islands was in response to the upsurge in Government support with a range of increased opportunities, mainly at the Solomon Islands National University but also with local expansion of UPNG and USP campuses.

To address this situation therefore, Mr Speaker, in 2014 the NCRA Government will target scholarships to those disciplines and to those candidates who are likely to make the biggest difference in the future of the Solomon Islands, meaning that not everyone who wants to go to university, or who has the capacity to succeed at university, will receive scholarship in 2014. This is a necessary measure to ensure the long-term sustainability of investments in this important area and overall education policy.

Sir, to ensure this is delivered in 2014 the Government will implement more rigorous and stringent mechanisms for managing the allocation of scholarship awards. The Ministry of Education will continue to lead this work, but they will do so by working closely with the Ministry of Finance and also with assistance from the World Bank. Key elements for this work in 2014 will include:

- Implementing new student management systems;
- Reviewing and tightening eligibility criteria; and

- Developing labour market policies that will address future skills demands of the Solomon Islands.

ii) The General Elections

Mr Speaker and esteemed Members of this Honourable House, you would be well aware that 2014 will see the nation once again return to the polls to elect a National Parliament through a General Election. Open and fair elections are critical to ensuring a prosperous democracy to achieve peace and stability for our young country, and to enhance Solomon Islands position as an influential member of the Pacific Community.

Sir, preparations for next year's general elections began in 2012. In 2013 the Government committed \$40.9 million to implement, along with our development partners, this event, with the use of the latest technology in voter registration.

Mr Speaker, national elections are expensive, but I think this is a small price compared to the goal of achieving a peaceful and functioning democracy. To that end, in 2014 we have made some substantial commitments to holding the national elections. These will be one-off costs of around \$76 million. This is to cover the costs of registration of voters, the cost of running the elections themselves, the costs of termination payments to MPs and also the costs of ensuring public security is maintained.

Sir, as a responsible Government we have sought to offset the costs of these elections largely by reducing constituency funding by around one third in 2014. This saving of around \$66 million will make a substantial contribution to the costs of these elections, and is also appropriate given the term of this Government will end in August, 2014.

iii) Payroll

Mr Speaker, another pillar to a functioning democracy is a capable, reliable and efficient public service. The Solomon Islands can be proud

of the contribution that the Public Service has made in supporting the continued development of our young nation over the years.

Sir, while on the Public Service, I would like to make some remarks on the payroll, an issue that will require the full attention of Members of this House and particularly of this and future Governments. Payroll needs to be addressed comprehensively, so that while we must ensure all our public officers are remunerated at levels that commensurate with their duties and responsibilities, at the same time it does not get out of control. We must endeavour to achieve the goal where excellence and poor performance are rewarded accordingly.

Sir, to that end, it is useful to reflect on the efforts made this year to ensure that teachers' salaries are appropriate for the important work that they do. The process of re-levelling teachers' salaries dominated the news early in 2013. Together with other growth factors in the teachers' payroll, 2014 will see an increase to the budget of \$60 million.

Mr Speaker, we have responded to calls to ensure our most senior doctors are remunerated to a level that would keep them in the country. In 2014, we are investing around \$7.4 million in increasing the salary of our senior doctors. This important initiative will also ensure that returning health workers on training in Cuba can still aspire a career path to continue their professional development.

Sir, also in 2014, the Government will provide a cost of living allowance increase of 3.5 per cent from July to all public servants, police officers, teachers and politicians. This will assist in meeting the rising cost of living.

Mr Speaker, allow me to reiterate in this Honourable House that the persistent growth in the public service will need to be managed carefully. To this end, the Government expects to receive a report from a review of public service productivity and levels from the Ministry of Public Service early in 2014. This will be an important document because the cost of payroll, excluding housing allowance and other benefits, has

been growing on average by 10 per cent annually over the past decade. This growth rate is fiscally unsustainable. At the same time, productivity must be improved significantly in order to continue to deliver services over the coming years.

Implementation of the Development Budget

Mr Speaker, historically, the execution of the Development Budget has been poor. As I mentioned, previously in 2014, for the first time the Development Budget will be published at the account code level. Based on already agreed project plans, this is planned to speed up implementation while being more transparent in the cost elements of the projects.

Sir, Development budget projections are notional and actual development project funding will vary according to the life-cycle of the projects. The development planning cycle requires regular progress reports and annual funding rounds for projects, effectively 'zero-basing' the development budget each year.

Mr Speaker, the Ministry of Development Planning and Aid Coordination have made strong efforts for the 2014 budget to improve forward estimates for ongoing development projects. This process is ongoing and will improve the quality of forward estimates over time and in support of the Government's medium-term expenditure framework.

6. Main Priorities for the 2014 Budget

Sir, let me highlight a number of areas that will be pertinent to the implementation of the 2014 Budget.

i) State Owned Enterprises

Mr Speaker, it is important to note that the Government owns a number of enterprises that operate off-budget. However, these operations are in the public interest and have financial implications for the Government.

Sir, the Government wholly owns eight state owned enterprises (SOEs) which provide goods and services including electricity, water, transportation and communications. The eight SOEs are the Solomon

Islands Electricity Authority, Solomon Water, Solomon Airlines, the Solomon Islands Ports Authority, the Solomon Islands Broadcasting Corporation, Solomon Islands Postal Corporation, the Commodities Export Marketing Authority, and the Investment Corporation of Solomon Islands.

Sir, these SOEs operate under a separate legal framework, the *State Owned Enterprises Act 2007*, which requires that they operate commercially. Their Boards of Directors are responsible for the commercial decisions of the enterprises, but are accountable to relevant Ministers for performance. These Ministers are in turn accountable to the Parliament for the performance of their respective SOEs.

Sir, while SOEs operate on their own account and not on the Government's budget, they do have a fiscal relationship with the Government. Where SOEs are profitable, dividends may be payable to Government as shareholder. On the other hand, under the Community Services Obligation framework, Government purchases non-commercial services from SOEs, on behalf of the communities in areas that otherwise would not receive the services.

Mr Speaker, in addition, and because the Government is the sole shareholder, the Government may provide capital injections into SOEs, for example to allow SOEs to make necessary investments that may not be able to be funded from retained earnings. In the past, successive Governments have provided fiscal transfers to SOEs to address losses from poor financial and business performance.

Sir, the SOE Borrowing Policy is an important recent development in the fiscal relationship between SOEs and the Government. Owing to the poor debt history of Solomon Islands SOEs, they come within the scope of the Government's Debt Management Framework.

ii) Solomon Islands Oceanic Cable Project

Mr. Speaker, the Solomon Islands Undersea Cable Project will allow Solomon Islands to access faster internet and general cost-effective

telecommunications services. This project will have an undersea fibre-optic cable connect Honiara to the rest of the world through an existing undersea cable, with subsidiary linkages to Auki and Noro. Implementation arrangements are still under development.

Sir, Solomon Oceanic Cable Company (SOCC), jointly owned by Solomon Islands National Provident Fund (SINPF) and Solomon Telekom Ltd (STL), will implement and operate the undersea cable project. To fund this project, the Government has entered into a financing arrangement with the Asian Development Bank to on-lend US\$18 million to SOCC which will be repaid to the Government with interest. This will fund the right to use the international cable and the two domestic spurs. A significant portion of the project cost will also be funded by equity and through a commercial loan.

iii) Honiara Electricity Network Upgrade Project

Mr Speaker, US\$13.0 million in World Bank funding, comprising of US\$2.0 million in grant and US\$11 million in loan, has been made available to the Solomon Islands Government. The Government has in turn agreed to pass on the grant and on-lend the US\$11 million to the Solomon Islands Electricity Authority to undertake a project to upgrade the Honiara electricity distribution network. The upgrade of the network will result in improved reliability and efficiency of the Honiara power supply.

Sir, in addition to these projects, the Republic of China (ROC) also provides \$15 million each year to service the debt to the Export Import Bank of ROC - Taiwan.

2014 New Spending Measures

Mr Speaker, I will now turn to the 2014 Budget proper. Sir, through the 2014 Consolidated Budget, the Government will continue to focus on Rural and General Economic Development, with 48 per cent of all new spending measures categorised in this area. In 2014 the Government has allocated an additional \$250.5 million for recurrent expenditure and

\$641.1 million for development project expenditure including support from donors.

Sir, this Government is committed to funding the following areas in order to meet its key policy priorities:

- Rural and General Economic development
- General Public Services and Reform
- Education
- Public Order and Safety
- Health Services
- Environment Protection
- Housing and Community Amenities
- Social Protection
- Recreation, Culture and Religion.

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

Rural and General Economic Development

Sir, 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.

Mr Speaker, some of the larger initiatives are:

- \$30.0 million for agricultural development
- \$84.0 million for transport infrastructure
- \$30.0 million for the Provincial Government Strengthening Program
- \$94.4 million for Constituency Development Projects
- \$40.0 million for improvements to airfields
- \$21.0 million for development of electricity and water supplies, and
- \$9.0 million for the Provincial Elections.

General Public Services and Reform

Mr Speaker, in order for the Government to deliver its policy priorities and provide 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 meet these bold and important national objectives.

Additional spending on the 2014 General Election is also included in this category as is spending on the Community Service Obligations of State-Owned Enterprises.

Sir, the key initiatives for general public services and reform are:

- \$57.6 million for the Solomon Islands Electoral Commission
- \$24.2 million for Community Service Obligations
- \$5.0 million for development of the National Parliament
- \$4.0 million for public service infrastructure development
- \$4.3 million for Overseas Missions, and
- \$1.0 million for SIG Connect or Metropolitan Area Network.

Education

Mr Speaker, education for Solomon Islanders is vital for continuing development. Sir, twelve per cent of new spending in 2014 is devoted to improving education services. This adds to \$88.8 million.

Sir, the larger measures are:

- \$50.0 million for SINU infrastructure
- \$27.0 million for junior secondary school infrastructure, and
- \$6.0 million for publishing and supplying of curriculum materials.

Public Order and Safety

Mr Speaker, the Government recognises that public order and safety is needed to support a stable economy. Six per cent of new spending in 2014 is devoted to improving public order and safety and to accept additional responsibilities as RAMSI is in transition.

Sir, some of the larger initiatives are:

- \$18.0 million for police infrastructure including housing at Lofang and Babanakira
- \$12.0 million for justice and judiciary infrastructure programs, and

- \$6.3 million for a range of initiatives in peace-building across the country.

Health

Mr Speaker, the Government is also continuing to invest in improving health services. For that, an additional \$38.3 million has been allocated to Health in 2014.

Sir, Key initiatives include:

- \$5.0 million for the Primary Health Care Development Program
- \$3.0 million for the Secondary Health Care Development Program
- \$15.0 million for the Tertiary Health Care Development Program
- \$2.0 million for the Public Health Development Program, and
- \$7.4 million for additional staff and retention packages for specialist doctors.

Environment Protection

Mr Speaker, an additional \$21.5 million is being invested in protecting the environment of the Solomon Islands in 2014.

Sir, Key initiatives include:

- \$6.0 million for Environment Haus
- \$5.0 million for National Disaster Management Office Strengthening Program
- \$1.9 million for renovation of Lata and Afio Meteorological Stations,
- \$2.5 million for the Solomon Islands Climate Adaptation Program
- \$2.0 million for Ecosystem and Biodiversity Conservation Management, and
- \$2.1 million for increased Office Rental costs.

Housing and Community Amenities

Mr Speaker, through the Ministry of Lands, Housing and Survey, the Government is investing an additional \$14.7 million in the following programs:

- \$10.0 million for the Land Development, Preparation and Construction Program

- \$3.0 million for the Solomon Islands Urban Management Program
- \$1.0 million for the Institutional and Capacity Building Strengthening Program, and
- \$0.7 million for additional running costs.

Social Protection

Sir, in 2014, an additional \$4.2 million is being provided for Social Protection initiatives to be delivered by the Ministry of Women, Youth and Children's Affairs. This spending is for investing, empowering and enhancing opportunities for women.

Recreation, Culture and Religion

Mr Speaker, the Government has provided \$4.0 million towards the Solomon Islands participation in the 2014 Melanesian Festival of Pacific Arts.

8. Ongoing Reforms

Mr Speaker and Honourable Colleagues, I do not intend to bore you any further but let me just highlight some of the reform activities being undertaken in the context of the 2014 Budget Process.

Sir, the reform work introduces a series of changes aimed at greater involvement of Cabinet Ministers and their ministries in the development of the Budget. This includes;

(i) The Implementation of the Public Financial Management Act 2013 from 1 January 2014.

Mr Speaker, the changes in the legislation will improve the transparency of public finances, and clarifies the accountability of public officials as to how funds are used and on what purpose public finances are used on behalf of the people of the Solomon Islands. The implementation of the Public Finance Management Act will be supported by Regulations and updated Financial Instructions which are being updated.

(ii) The Creation of Budget Implementation Committees in line ministries

Sir, these committees are to ensure that the policies and priorities of their respective Ministries are integrated in their respective corporate plans, then into the adjustments to their baseline budget priorities and finally into any new budget bids that the Minister agrees to put to Cabinet. These committees are also responsible for monitoring the timely implementation of their respective budgets.

(iii) The expansion of consultations and feedback to include provincial centres

Mr Speaker, as part of the process to collect feedback for the 2014 Budget preparations all provinces were visited by the Budget Unit in 2013. MDPAC and MPS also participated in the consultations in provincial centres. A range of volunteer organisations and churches responded with feedback on their views and priorities for budget allocations. The feedback from NGOs, churches and the Provincial Governments was provided to the Ministries of Health and Medical Services, and Education and Human Resources Development. The consultation reports could be used by these ministries to inform allocations and policy proposals. A report on these consultations has been considered by the Government and is published in Budget Paper Number 1.

9. Conclusion

Mr Speaker, in concluding let me restate to this Honourable House again, 2014 will be a very tight fiscal year and given that the economic outlook is becoming more challenging, it requires hard and sound decisions. As a Government we have not been afraid to take those hard decisions and it is because of this that we have been able to ensure financial stability.

Sir, with the ongoing reforms I outlined before, we will continue our efforts to improve the budget process.

Mr Speaker, I have tabled today a balanced Budget for 2014, which lays a firm foundation and provides an environment that leads to sustained growth and further enhances the development of our nation. With the strong partnership that the Government has forged with our development partners there is greater scope and capacity to succeed in our endeavours.

Sir, finally, as the ruling Government, we are humbled by the trust bestowed upon us by our people and by this Honourable House to lead in this pursuit. I assure this Honourable House that such trust is not taken lightly which could only be repaid by continuing to work tirelessly to transform Solomon Islands into a vibrant nation, and one that would indeed bring joy, peace and prosperity for all our fellow citizens and for all our children in the years ahead.

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