



## **DCGA POLICY REDIRECTION**

### **STATEMENT BY HON.PRIME MINISTER**

#### **Introduction**

Hon. Speaker Sir, thank you for giving me the floor. I make this statement in accordance with Standing Orders 13(1)(g), as read with Standing Orders 24, and yes I have obtained your consent.

The policy redirection is setting the general direction or emphasis to allow Ministries to prioritise projects, programs and reforms that contribute to the achievement of the national objectives of this exercise. As a matter of fact, that part of the redirection exercise is continuing and will be finalized after the adjournment of Parliament.

We all know that 2020 has been a challenging and trying year for not just the Solomon Islands but the international community as a whole. The COVID-19 global pandemic has changed the way we do things. It has affected and drastically reshaped our economic, social and political landscape.

As a country, we must adapt and move forward with the changes to our society and the impacts this pandemic is having on our domestic economy. The two main policy objectives of the government since the outbreak has been:

1. to safeguard our population from the COVID19 Pandemic;
2. secondly to keep the domestic economy afloat by maintaining economic turnover; and

.....thirdly while ensuring that the economy is floating we have a duty

3. to set the foundation of sustainable development through the establishment of appropriate structural and institutional arrangements to facilitate and sustain a growth path for the economy in partnership with the private sector.

Despite the fact that the virus has managed to breach our borders our primary aim remains to prevent any spread into the community by containing and eliminating the virus within our quarantine stations.

We are also doing all we can to sustain our economy while at the same time trying to reposition our country so that we can counter the impacts of negative growth and God willing, emerge from this pandemic with minimal damage.

For Solomon Islands, the policy redirection being undertaken by the government is aimed at cushioning the negative economic impact of COVID-19 by focusing our efforts to maintain fiscal prudence combined with strategic utilisation of resources while simultaneously adjusting to the changing dynamics of our domestic economy.

It is an improvised policy pathway to redirect scarce financial and budget resources towards the most urgent and critical pillars of the economy capable of countering the short terms impact of negative growth while contributing to sustainable financial recovery over the medium to long term.

More specifically, the policy redirection is focused on targeted investments within the major sectors for growth, the productive and resource sectors, without diminishing the importance of maintaining and developing our essential services.

The government believes that the changing global landscape stemming from the impact of COVID-19 requires a redirection of our current policies that advocates for economic and structural changes to address the following objectives:

- Immediately address the health pandemic by preventing the spread to protect the vulnerable within our society;
- Mitigate and counter the negative impacts of the COVID19 pandemic on our local economy
- Strengthening institutional foundations and delivery mechanisms to bolster our economic resilience

Mr Speaker Sir, in light of this the Government has been working on redirecting its policies to ensure more efficient and cost effective delivery of services and development objectives by taking into consideration the new normal that COVID-19 has created which requires a more innovative and pragmatic approach to policy implementation.

As such, the Government has redirected the focus of existing policies to reflect the changing dynamics of the world around us and the effect these changes are having on the functionality of our institutions which are now required to adapt and evolve to become more practical and results orientated if we are to realise our development aspirations and achieve sustainable progress.

The policy redirection is focused on streamlining administrative functions to support achieving targeted objectives in four sectors; The Fundamental sector, Productive sector, Social sector; and the Resource sector.

Core priorities have been identified under the existing DCGA Policy Statement which the government will be committing available resources towards ensuring fundamental reforms are implemented and fiscal stability is maintained while making strategic investments into key sectors of development with guaranteed potential to produce beneficial returns over the shorter term to cushion the impacts of negative economic growth.

## **FUNDAMENTAL SECTOR**

Growing and strengthening our economic resilience is critical to counter the financial downturn caused by the COVID-19 pandemic. Our policies must be realigned to become relevant to the changing dynamics of our economy while protecting the vulnerable within our population and setting the stage for sustainable recovery.

The following policies underpins our drive to achieve our paramount objective to achieve economic sustenance.

- Invest aggressively in growth sectors
- Increase support to local farmers, small businesses and entrepreneurs
- Provide new financing mechanism for ease of access such as DBSI and Guarantee Schemes through CBSI
- Establish appropriate institutional and administrative mechanism to attract quality investments.

- Support Infrastructure Development
- Expand External Trade and Development
- Tax Reform and Prudent Financial Management
- Promotion and protection indigenous rights
- Good Governance and Streamlining of Government bureaucracy

The impact of COVID-19 on the economy has significantly affected the economy and threatens to overwhelm our already over-stretched financial and budget resources to support our people and economy. Therefore, the economic structural change is critical to address the precarious economic situation and steer us off trouble.

### **Tax Reform and Prudent Financial Management**

As part of the overall strategy to mitigate and dampen the impact of COVID-19 on our economy and particularly our public finance, reform in our tax administration is paramount to improve tax collection and reduce tax leakages.

We are faced with the tough decision to make on tax payers that have not been complying with the tax laws all these years, but are equally affected by the economic down turn due to the global pandemic.

Therefore, in the policy re-direction my government will be looking at new measures to improve tax compliance. Tough though it may sound to be, those that do not comply all these years will face the consequences and those that comply will be assisted to weather the negative effects of the challenging investment environment created in the country by the pandemic. Fiscal incentives will be properly managed to achieve desired outcome.

The government will also be looking at bringing into the tax net revenue bases that have escaped the tax net all these years; there are a few areas in which new taxes do need to be applied. These will be carefully crafted, and aimed at promoting positive investments, and creating a level playing field.

As part of the broader prudent financial management, the government is also looking at cutting recurrent costs. The size of the public service is huge, more than we need and it is like running a welfare system. We therefore need to immediately reduce the public service and maintain only key handful of positions that supports the machinery of government.

The government is going to cut costs on training and workshops and divert resources to key sectors that promote growth. The government will increase capital spending from the savings.

## **Invest in Growth Sectors**

To strengthen our economy, the government is re-directing limited resources to invest in growth sector. We need robust industries to provide jobs and create wealth for our country and people. In this regard, DCGA firmly supports all industries to prosper and grow and is looking at boosting funding to targeted primary industries (agriculture, forestry and fisheries) to become more competitive in the global market that includes increased both direct and indirect support to local farmers, small businesses and entrepreneurs.

Micro, small and medium enterprises, all are critical players for lifting our people out of poverty. Small businesses drive our economy and they generate growth by creating jobs and generating income for our country and people.

## **Establish appropriate institutional and administrative mechanisms to attract quality investments**

One of the inhibiting factor for attracting quality investment is the absence of appropriate institutional and administrative mechanism. Therefore, the Government is looking at formalising a platform to promote investment through the following mechanisms and arrangements;

- Special Economic Zones (SEZ)

- FPAS as a filtering mechanism for credibility of investors
- Establish Growth Centres and Tax free zones
- Implementation of PPP arrangements

### **Support Legal and physical Infrastructure Development**

Solomon Island cannot be truly a modern state if its legal and physical infrastructure is outdated. As we invest in education, health and national security, we must also invest in and improve our laws and infrastructure.

As such, the government is looking at reviewing our laws that are critical to supporting good governance and growth. A number of legislation will be up for review as from next years. This includes our tax law, electoral law, etc.

Supporting infrastructure development means new roads, bridges and wharves, and expanded internet. In this regards, a number of ticket projects are either planned or already started. These projects includes, the upgrading of the international airport, roads from Kukum to Henderson, the tarsealing of domestic airports, and the construction of wharves and bridges in the provinces.

### **Promote and Expand External Trade and Development**

External Trade is critical in the functioning of our economy and we need to understand the composition of output and trade. The government is doing all it can to ensure implementation of trade agreements and pursue new opportunities/markets with diplomatic partners both international and regional to expand trade and investment.

As a small developing country, Solomon Islands needs all the assistance it can get from our development partners old and new. In this regard, the Government through the Ministry of Foreign Affairs will extend the country's diplomatic relations with other countries. We cannot lock ourselves in our little corner.

## **PRODUCTIVE SECTOR**

Productive sector will largely focus on developing the export sector by heavily investing on the primary industries and downstream processing.

This include providing price and support subsidies to our main agricultural export crops such as copra and cocoa, promote kava export and embark on a national expansion program for noni production.

DCGA will also in partnership with our development partners invest on economic infrastructures such as Biosecurity facilities to

strengthen our capacity to export our agricultural raw products abroad.

Economic infrastructures will include construction of wharves, roads and bridges in major agricultural production areas. DCGA is fully committed to meet its financial obligations on major infrastructure development projects co-funded with donor partners.

Developing our economic infrastructures will also focus on facilities needed for downstream processing to export value added products.

DCGA will aggressively invest on export of value added coconut products including oil, coconut flour and coconut vinegar to name a few. To show its seriousness, DCGA aim to cut copra export by half in 5 years' time and increase the export of value added coconut products instead.

On this note, I am pleased to inform the house that some of our honorable colleagues have already ventured into coconut value adding, by assisting their constituencies to establish processing centers for their coconut rather than copra, which is very labor intensive. Thanks largely to the introduction of the much-criticized ESP rollout.

Still on value addition, DCGA will ensure that the Kirakira Cocoa Oil factory is completed in 2021, Bonale pineapple factory is constructed in 2021 and a cassava flourmill is established on Guadalcanal for export of cassava flour and livestock feed.

While pursuing downstream processing, the government will continue to ensure that export of raw agricultural materials such as taro, cassava and copra are not impeded.

Some of these development initiatives will require partnership with the private sector hence, the government is formalizing the public private partnership (PPP) approach as one of the many approaches that DCGA will utilize to implement its policy redirection.

Engaging our youths in all these major development initiatives is also a priority for the DCGA under the policy redirection.

On tourism, DCGA will focus mainly on the domestic market (during the pandemic) and have already taken initiatives to promote a Domestic Tourism Travel Bubble where senior public servants and constitutional post holders are encouraged to visit other holiday destinations aside from their designated homes.

DCGA will continue to pursue both large and small to medium scale tourism development commencing with the minimum standard rollout and providing guarantee scheme for both local and genuine foreign investors.

The ministry responsible has in fact signed numerous MOUs with some provinces to roll out tourism development, a new pathway the DCGA is pursuing. The government is also looking beyond the pandemic in developing the industry.

The proposed special economic zone legislation will be used to encourage tourism development in strategic locations in the country.

While DCGA is aware of the great need to bring in genuine investors, it also remains committed to protect its citizens with special attention to our indigenous communities and resource owners.

On those grounds, DCGA is proposing an amendment to our constitution to protect the ownership of our resources. These will include a temporary restriction on the sale of land to foreigners by individuals, protection of indigenous peoples ownership over their traditional lands, relook at the customary land tenure system, introduction of the customary lands trust board, enacting

provisions for free, prior and informed consent (FPIC) by ratifying and implementing the United Nations Declarations on the Rights of Indigenous People [UNDRIP (2007)].

Our country is richly blessed with marine resources, which continues to contribute hugely to our economic sustenance through the fisheries industries.

Our government will continue to bolster the development of offshore and inshore fisheries with active involvement of our indigenous resource owners. Special attention will be rendered to our low-lying atoll communities who are heavily reliant on the fisheries sector and highly vulnerable to sea level rise.

The flagship policy of the DCGA is to pursue a holistic economic development with no one left behind.

## **Social Sector**

DCGA in advancing its policies ensures that the delivery of essential services is paramount. The effect of this Covid19 pandemic has provided challenges that impinges on the Government policies to provide for its people. DCGA Government policy direction policy points out several key areas that will be addressed under the social Sector;

Health services programs and activities will be geared towards the prevention and curbing the spread of Covid-19 pandemic in the country while also focusing available resources towards ongoing priorities within the health sector.

In addition DCGA policy redirection will ensure that basic Health services and programs are strengthened since the covid-19 pandemic has emphasized critical areas that are of paramount importance to public health which have been reflected in the policy redirection agenda.

Education services have also been severely affected by the covid19 pandemic. Major restructuring and strategic adjustments are required, particularly in areas that address relevant human resources which the country urgently needs.

Intention of the DCGA policy redirection ensures that skills and knowledge attained through the education system stays relevant. Therefore the policy redirection focuses on investments into developing technical and industry skills rather than the traditional form of education that focuses more on developing just ‘academic or institutional knowledge’.

The policy redirection will also endeavor to effect a structural and institutional arrangements in our education system to address

the undesired “students drop out’, which is considered as a wastage of human resources, due to the rigid structure of the selection process, deliberately incorporated into our education system through the mechanism of entrance examination to create ‘school drop outs’.

The government is concern about this development over the years which resulted in many Solomon Islanders not equipped to be effective asset for development. The undesired outcome of this policy is seen in many Solomon Islanders becoming easy targets of criminal activities and social disorder.

DCGA policy redirection will support the education system (through the appropriate curriculum) develop to ensure all students have the skills and ability to be economically productive citizens of the country.

Objectives of the policy redirection for the Education sector will focus on developing our human resource capacity to be innovative in utilizing available opportunities across all sectors to have the relevant skills and knowledge capable of making constructive contributions that add value and productivity to the existing industries and institutions.

The COVID-19 pandemic has taught a valuable lesson that our socio-economic security lies within our natural and human resources. The DCGA policy redirection will ensure that public service will be restructured, streamlined and reorganized to ensure relevant human resource capacity is redistributed to the provinces and rural areas.

This is to ensure that our resources are effectively utilized and essential services are provided in the rural areas. In this regard, the Constituencies will play a vital role in ensuring the program of structural adjustment and capacity building in the rural areas becomes a reality.

In addition, the policy redirection will focus on ensuring that Provincial governments fully maximize their mandate as agents of the national government. Provincial governments will be required to support harnessing of socio-economic change throughout the country.

National security and rule of Law is now paramount as a result of the Covid19 pandemic. DCGA policy redirection will ensure that our Disciplinary offices are equipped with the necessary skills and resources maintain social order, protection of individual and sovereign rights while safeguarding industry, resources and the public as a whole.

In addition, regardless of the financial constraints the Government is faced with due to the pandemic's impact on the economy, the government will ensure that its commitment to remunerate its loyal and hardworking officers remains a priority;

DCGA policy redirection will ensure that preparation for the Pacific Games 2023 takes place. The Prime Minister's Office together with the Ministry of Home Affairs to facilitate necessary preparations in terms of developing our sporting capacity and procuring resources to ensure our sports women and men are ready for this historic event.

In addition institutions, sporting organizations and various agencies will be required to actively promote peace, harmony and unity. Importantly amendment to the HCC Act will be implemented to ensure Honiara City is a clean and beautiful city that Solomon Islands can be proud of.

The policy redirection will pursue implementation of relevant legislation to ensure that institutions and NGOs that provide services in the country are relevant to key policy objectives and the fundamental principles of a democratic society by promoting sovereign interests over foreign interests which undermine progressive development of the people and country as a whole.

Peace and traditions of the people of Solomon Islands is paramount, the DCGA policy redirection will make sure that people fully benefit from their resources and that peace and harmony is a pivotal goal that must be realised as the core aspiration of DCGA's policy redirection.

Issues relating to families, youth, women and children are critical to the social wellbeing of our society which the policy redirection will focus on addressing by promoting fundamental values and principles as the cornerstone of social harmony. DCGA acknowledges the issues caused by high unemployment in youth, domestic violence and breakdown in families.

The policy redirection will ensure that the government works closely to support institutions that support the empowerment and development of Youth and women while protecting and nurturing the welfare of our children.

## **RESOURCE SECTOR**

DCGA government aims to ensure that natural resources and environment are utilized and managed productively in support of equitable and sustained national development with maximum economic benefits.

Our policy redirection aim is to sustain and grow an inclusive broad based economy through efficient management, utilization and protection of our natural resources. This will be realized in five specific objectives:

1. Update legislative framework that governs the utilization of our resources for maximum economic benefit. The Government is committed to bring the new Forestry Bill and Mines and Minerals Bill to Parliament.
2. To increase value added products from the natural resources and sustainably manage the ecosystem to optimize their economic as well as ecological functions;
3. To put in place and operationalize an efficient legal framework of services delivery to rural resources owners, promoting secure investment for socio-economic development and poverty reduction;
4. To ensure that development in Solomon Islands is undertaken in a manner that inflicts minimal damage to the environment and building resilience to threats posed by global pandemic, climate change and natural disasters.
5. To improve tax regime that contributes optimally and sustainably to the national income and to the social economic welfare of the community through efficient legal framework.

Solomon Islands has enough natural resources in our ocean, land and sky. DCGA recognises that economic sustenance and the efficacy of government services delivery remain adamant to the immediate, medium and long-term survival of our economy.

The sustainable utilization and management of our resources in strategic production by investing into key economic infrastructure, such as efficient transport by road and sea, EEZ, manufacturing and processing industries, are significant to the outcome we expect.

## **Conclusion**

The policy redirection intends to reprioritize existing policies to focus on specific areas only, so that, allocation of limited resources is stream lined rather than being spread thinly across broad policy areas which has over successive years, provided more of a trickledown effect on implementation and delivery of government policies, rather than yielding tangible results upon which long term transformational developments can be established.

A holistic cross sectoral approach to service delivery and implementation of our medium to long term development goals underpins the rationale supporting the government's policy redirection with emphasis on performance based activities that are results orientated and aimed at achieving tangible outcomes capable of guaranteeing positive economic returns.

To move our country forward it is imperative that we stand united in our efforts to build a stable democratic society that is based on the fundamental values of our culture and traditions and supported by economic pillars which reflect our natural diversity and resource rich environment.

The potential and opportunity to emerge from this global crisis caused by the COVID19 pandemic with a stronger, more resilient and robust economy is a reality that we can only achieve if all government institutions and agencies work together to deliver redirected policies that represent the overarching priorities of our development goals.