



National Parliament of Solomon Islands

Public Accounts Committee

# Committee Report

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Report on the 2017 Appropriation Bill 2016

NP-Paper No. 31/2016

Presented on 5<sup>th</sup> December 2016

National Parliament Office







## COMMITTEE MEMBERSHIP

The current members of the **Public Accounts Committee** (10<sup>th</sup> Parliament) are:

**Hon. Rick Houenipwela, MP (Chairman)**

**Hon. Jeremiah Manele, MP**

**Hon. Dr Derek Sikua**

**Hon. Steve Abana, MP**

**Hon. Matthew C. Wale, MP**

**Hon. Connelly Sandakabatu, MP**

**Hon. Derrick Manu'ari, MP**

**Hon. Nestor Giro, MP**

**Secretary:** Mr. Peter Lokay, Auditor General

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## COMMITTEE FUNCTIONS

The Committee is established under *Standing Order 69*; an Order made pursuant to the *Constitution*<sup>1</sup> and has the functions, together with the necessary powers to discharge such,

- (a) examine the accounts prescribed by Section 77 of the Public Financial Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) examine such other accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon and to report the results of such examination to Parliament;
- (d) summon any public officer to give information on any explanation, or to produce any records or documents which the Committee may require in the performance of its duties;
- (e) consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
- (f) summon and examine the Accounting Officers and Technical staff of Ministries and Departments and require the production of background information and explanation in relation to Draft Estimates;
- (g) report to Parliament in such a way that the report may inform Members prior to the Parliamentary debate thereon of the background to the Draft Estimates draw attention to those matters which the Committee feels should be the subject for such Parliamentary debate; and
- (h) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

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<sup>1</sup> Section 62, *Constitution of Solomon Islands* 1978.



# CHAIR'S FOREWORD

## REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Mr. Speaker,

Pursuant to Standing Orders No. 69 (1) [e] and [g] of the National Parliament of Solomon Islands, it is an honour and pleasure for me Sir, to present the Report of the Public Accounts Committee of the Inquiry into the 2017 Appropriation Bill 2016 for laying before Parliament.

A handwritten signature in blue ink, appearing to read 'R. S. Houenipwela'.

**Honourable Rick Houenipwela, MP**

Chairman

Public Accounts Committee

December 5, 2016



## EXECUTIVE SUMMARY

The Budget for 2017 lacks integrity and credibility on both revenue and expenditure. This is disappointing as the Solomon Islands has come a long way in adapting to reform through the *Public Financial Management Act 2013*. Many officials in many Ministries are working very hard to meet the standard we are all asking of each other. Accountability and transparency are vitally important and the Committee encourages the Government to continue reforms to enhance these.

After ten days of consultations with all Ministries in the SIG, it is clear that there is lack of robustness in the budget consultation process. Some Permanent Secretaries were disappointed with budget figures within their own Ministries. They were not consulted about cuts in their own budget. The consultation process must improve.

Political leadership and direction appears lacking within the 2017 Budget. It appears Ministries will be applying for supplementary bids. There appears to be a general drifting from one project to the next, without any clear direction. Many Ministries indicated a capacity issue due to the lack of staff, or expert staff, in key areas within divisions. This may be part of the problem, but not the entire problem.

The Committee supports the Government's plans to borrow \$600 million for Tina hydro project.

However, the Committee has not been furnished with sufficient detail about Government borrowing plans for the \$300 million.

The Committee is concerned that any Government plans to borrow from domestic financial institutions may increase their exposure risks. Further, the Committee is of the view that all Government borrowing ought to be similar or better than the terms normally offered by multilateral financial institutions (World Bank and ADB).

The recommendations are in the following section.





## RECOMMENDATIONS SUMMARY

Below are the recommendations from the PAC report on 2017 Budget;

### Recommendation 1

The Committee recommends that the Ministry of Finance and Treasury:

- a. provide an urgent update to Parliament on the current state of donor support in 2017 Budget;
- b. clarify the issues of inconsistency and confusion identified by the PAC inquiry process;
- c. ascertain the state of donor support and bring to Parliament for approval at the earliest.

### Recommendation 2

The Committee recommends that:

- a. the Ministry of Finance and Treasury present as many of the key indicators as possible as 10-year trendline graphs to assist Parliament with clarity and understanding in future budget submissions;
- b. a trendline presentation on each key economic indicator from 2010-2020 be also included for 2018 Budget.

### Recommendation 3

The Committee recommends that the Government pursue reforms to modernise the mining sector by instituting reforms that ensure greater transparency and accountability in decision making and a more efficient land acquisition process.

### Recommendation 4

The Committee recommends that the Minister for Finance and Treasury, and the Prime Minister make statements to the House to confirm the integrity of the revenue collection figures for 2016 and 2017.

### Recommendation 5

- a. The Committee recommends that for future Budgets preceding year actuals and forward estimates are provided for government priorities.
- b. The Committee recommends that government's future borrowing for infrastructure are sourced through normal procurement procedures.
- c. The Committee recommends that any future government borrowing is sourced from IFI's at the





cheapest interest rates. For any alternative funding source to be justified, it has to be cheaper and be on better terms than IFIs.

### **Recommendation 6**

The Committee advises against borrowing for cash flow purposes.

### **Recommendation 7**

The Committee recommends that the Ministry of Finance and Treasury pursue reforms that will strengthen planning and budgeting processes to ensure realistic budgets. Further, the Ministry should not resort to arbitrary reservations but seek Parliament for re-appropriation.

### **Recommendation 8**

The Committee recommends that the Government conducts a study on a scheme of service for technical and professional personnel.

### **Recommendation 9**

The Committee recommends that the Ministry of Finance and Treasury prioritize the implementation of the Public Sector Financial Management Roadmap, particularly in areas where it applies to the annual budget cycle.

### **Recommendation 10**

The Committee recommends that the MOFT improve its current practices for delivering the annual budget papers so that all the documents can be properly analysed and the Committee's report be prepared to the highest standard most helpful to Members.

### **Recommendation 11**

The Committee recommends that all Ministries respect the formal budget cycle and minimize the use of Virements, Contingencies Warrants and Supplementary Appropriations.





**Recommendation 12**

The Committee recommends that any review of the PFM Act should strengthen transparency and accountability. The review should enhance service delivery but not at the expense of transparency and accountability in the use of public resources.

**Recommendation 13**

The Committee recommends the immediate appointment of a substantive Accountant-General.

**Recommendation 14**

PAC alerts Parliament to the lack of office facilities for the Ministry of Agriculture and Livestock, the cuts to recurrent headquarters funding, the promise by Government to upgrade the SI Postal Office for the Ministry, and the lack of any funding line item in the budget to support this promise. The Committee recommends that the Minister for Agriculture make a statement to the House during the budget debate to clarify exactly what is happening with the head office problems of the Ministry, and how funding is going to be allocated to address it.

**Recommendation 15**

PAC recommends that the Ministry of Agriculture and Livestock Development fast track the review of the LDA Act to address the cattle development policy of the country.

**Recommendation 16**

The Committee recommends the establishment of a slaughter house in Auki to support livestock development in Malaita.

**Recommendation 17**

The independence of the Auditor-General is important for better governance in the Solomon Islands. This includes financial independence. A ring fenced budget allocation to allow the Auditor-General to perform both financial and performance audits to the extent required is important, and options on how to achieve this can be gained by looking at other jurisdictions.

The Committee recommends that the Government include this in their work on financial accountability reform in the coming year (2017).





**Recommendation 18**

PAC alerts Parliament to the 26.7% reduction in donor support in the Ministry of Education in 2017, and the threat of a reduction in teacher professional development, school infrastructure projects, and the school literacy program. The Committee recommends that the Minister of Education and Human Resources Development clarify to Parliament what programs will be cut due to this reduction.

**Recommendation 19**

PAC alerts Parliament to the importance of the development of specialized classrooms, and to the backlog of works. The Committee recommends that the Minister for Education explain to Parliament on why only \$27 million is allocated to school infrastructure, and why a full costing of the specialized classroom program, and the school asset maintenance and upgrade schedule, has not been submitted to MOFT, as is their stated preference.

**Recommendation 20**

PAC informs Parliament of the low transition rates beyond Form Five. The Committee recommends that the Minister for Education provide a clear statement to Parliament on how these transition rates are to be improved in future years.

**Recommendation 21**

PAC made recommendations on the importance of data collection for future decision-making. The Committee recommends that the Statistics Office and other agencies support these views being expressed by many agencies, such as Education, that are in need of good data for good decision-making.

**Recommendation 22**

PAC alerts Parliament to the undue influence of Cabinet on the management of the scholarship program, making the program ad hoc and unsustainable. The Committee recommends that Parliament should assert authority over Cabinet to protect the scholarship program, and to hold the Minister and Cabinet to account for their undue influence in this important program.





**Recommendation 23**

The Committee recommends that the Minister for Finance and Treasury account to Parliament on the \$16.7 million for tertiary training from the Republic of China (ROC), and a further \$5 million support from ROC to fee free education policy on where these funds have been allocated to, and why they have been removed from the budget of the Ministry of Education without consultations with them.

**Recommendation 24**

The Committee alerts Parliament to the problems of revenue slippage, and recommends that the Ministry of Finance and Treasury correct this problem internally, and across all agencies, as a matter of great urgency.

**Recommendation 25**

PAC alerts Parliament that procurement regulations are not in place, despite MOFT promising completion earlier this year. The Committee recommends that urgent action be carried out by the Ministry of Finance and Treasury (MOFT) on the completion of this important integrity tool for Government.

**Recommendation 26**

PAC alerts Parliament that preferred supplier arrangements are not in place, despite MOFT promising completion of this earlier this year. The Committee recommends that the Ministry of Finance and Treasury (MOFT) take urgent action on the completion of this important integrity tool for Government.

**Recommendation 27**

The Public Accounts Committee is aware labour market data is very difficult to collect in the Solomon Islands. However, good public policy is dependent on good data. PAC alerts Parliament to decisions on jobs and growth within 2017 Budget based on highly questionable data. The Committee recommends that the Minister for Finance, and Executive Government pursue a program of works with the Statistics Office to find a way to collect the best possible employment data possible, so better policy decisions can be made in future Budgets, particularly in regards jobs for Solomon Islanders.





**Recommendation 28**

The PAC alerts Parliament to the lack of a nationwide Consumer Price Index (CPI) to assist Budget planning. The Committee recommends that the Ministry for Finance to progress to completion any work with the Statistics Office to establish a national CPI for future Budgets. The PAC shares the view of the Governor of the Central Bank that without such an indicator, policies that work in the interests of all households is more difficult to frame than necessary.

**Recommendation 29**

The Committee recommends that the Budget Unit of the Ministry of Finance and Treasury reinstate the \$3 million for the 2017 Development Budget to allow for the earthworks to be completed for the Office of the Governor General.

**Recommendation 30**

The Committee recommends that the National Parliament Office (NPO) complies with procurement rules and Parliamentary House Committee requirements when implementing NPO infrastructure projects.

**Recommendation 31**

The Committee recommends that the Ministry of Forestry and Research fast track its consultation process on the Forestry Bill and bring the legislation to Parliament as soon as possible in 2017.

**Recommendation 32**

The Committee recommends that robust guidelines be established for the ROC's National Development Fund (NDF) by the Office of the Prime Minister and Cabinet. The Committee also recommends that the budget for the fund is included in the budget process so that it is transparent and reflected in the annual budget.

**Recommendation 33**

The Committee recommends that the Government informs Parliament on the status of work done on the recommendations by the Truth and Reconciliation Report.





**Recommendation 34**

The Committee recommends to the Government that an entirely independent panel is engaged to explain the advantages, disadvantages and costs of a Federal System of government to the people.

**Recommendation 35**

The Committee recommends that the Government reconsider its commitment to fully fund the agencies responsible for maintaining law and order when RAMSI leaves.

**Recommendation 36**

The Committee recommends that the \$22M already allocated to the Ministry of Police, National Security and Correctional Services law and order budget to meet the following costs that will no longer be subsidized by RAMSI: crime prevention strategies, infrastructure replacements and police and CSSI operational expenses.

**Recommendation 37**

The Committee recommends that the Government ensure that it provides budget for its statutory obligations.

**Recommendation 38**

The Committee recommends that the Ministry of Provincial Government and Institutional Strengthening amend the *Provincial Government Act 1997* to also include punitive measures on criminal offences with regards to illegal borrowing practices by provincial leaders.

**Recommendation 39**

The Committee also recommends that the Permanent Secretary of the Ministry of Provincial Government and Institutional Strengthening refer provincial leaders engaged in the illegal borrowing practice to relevant authorities (LCC, Police, and MOFT) to account for their actions.

**Recommendation 40**

The Committee recommends that the Ministry of Provincial Government and Institutional Strengthening in collaboration with the National Statistics Office review current population baseline used to ensure that data used is current and up to date.





**Recommendation 41**

The Committee recommends that ward grants are regulated by PEC and administered centrally by the Ministry of Provincial Government and Institutional Strengthening to avoid the MPAs awarding themselves unsustainable levels of ward grants which consumes a large portion of each provinces fixed grant.

**Recommendation 42**

The Committee recommends that the government develops a relocation and resettlement policy and strategy to address the needs of those affected by climate change and manmade issues on land.

**Recommendation 43**

The Committee recommends that the Ministry of Planning and Aid Coordination in collaboration with other stakeholders put in place a governance mechanism that will regularise the management of scholarships.

**Recommendations 44**

The Committee recommends that Parliament seek assurance and clarification from the Minister of Finance and Treasury on the following:

- a. the integrity of the revenue collection figures for 2017 to confirm the integrity of the Development Budget expenditure for 2017;
- b. the \$300 million expenditure gap between Budget 2017 and the Mid-Term Development Plan (MTDP) for 2017;
- c. where funding for Pacific Games 2023 will fit into the MDTP, and at the expense of what other development projects, if any;
- d. further details on the Aid Management Coordination Strategy, and ask for detailed documents to be tabled in Parliament that demonstrate the strategy is being implemented; and
- e. further details on the Scholarship Opportunity List, so as to ensure a sustainable and transparent program is delivered fairly for the people of the Solomon Islands.

**Recommendation 45**

The Committee recommends that Parliament support the recommendations made by Ministry of Development Planning and Aid Coordination to the Committee in their submission to the public inquiry. These recommendations were "...it is paramount that the annual budgets are consistent with Government Policy Statement Strategy and Translation, NDS and MTDP. The Government





needs to ensure coordinated planning and project implementation by development partners, private sector, NGO's, NSA and CDF programs. The Solomon Islands Government also is to ensure a balanced, credible and sustainable Budget. The Solomon Islands Government is to ensure financial stability. The Government needs to ensure compliance with the Public Financial Management Act 2013 and Financial Instructions in procurement of goods and services. The Government need to ensure quality spending and value for money in budget execution." (MDPAC submission to PAC inquiry).

#### **Recommendation 46**

The Committee recommends that Ministry of Development Planning and Aid Coordination (MDPAC) starts consultation with Ministry of Rural Development (MRD) and other relevant ministries to develop a mechanism for the relocation of Rural Development Programme to the Ministry of Rural Development. Proper governance systems are developed to link the program with other rural funding entities to avoid duplication and to clearly define the role of each funding agency.

#### **Recommendation 47**

PAC alerts Parliament to the underperformance in revenue collection from both Culture and Tourism. Both should be high income generating sectors for the Solomon Islands. Strategic planning and strategic capital expenditure continues to be slow or non-existent. Whether through cruise ships strategy, eco-resort strategy, World War II history tourism, or surf and dive industry development, the Parliament should express disappointment at the continued underperformance of this portfolio. The Committee recommends that the Minister of Culture and Tourism explain to Parliament and Executive Government generally, on why this continues to occur and what steps the Government proposes to take.

#### **Recommendation 48**

PAC alerts Parliament to the removal of all funding from the e-Passport program, currently underway. This is a \$9 million cut, and may have contractual implications. The Committee recommends that the Ministry of Finance and Treasury reconsider this arbitrary cut to an existing and agreed program as e-passports are income generating investment for the Solomon Islands.





**Recommendation 49**

PAC alerts Parliament to the concerns expressed by the Ministry for Commerce, Industry, Labour and Immigration that they lack a substantive Permanent Secretary. The Committee recommends that a substantive Permanent Secretary be appointed as soon as possible.

**Recommendation 50**

The Committee recommends that the Ministry for Commerce, Industry, Labour and Immigration investigates and prosecutes those who violate the laws of this country and be more vigilant in enforcing the relevant laws in this area.

**Recommendation 51**

The Committee recommends that the Government provides incentives to encourage businesses develop new products and add value to raw materials for export.

**Recommendation 52**

The Committee recommends that the Ministry of Communication and Aviation in collaboration with Ministry of Finance put in place a revenue management system that will ensure effective revenues and arrears collection.

**Recommendation 53**

The Committee recommends that the government prioritizes the payment of Long Dedicated Service Benefit so that this long outstanding arrear is cleared and the retirees are accorded the recognition they deserve.

**Recommendation 54**

- (a) In relation to the budget, the Committee alerts Parliament to uncollected revenue and recommends the Minister to explain why they allow such unregulated activity to continue.
- (b) The Committee recommends that the Ministry of Home Affairs enforce the relevant legal requirements for one license-one location and prosecute those who breach these regulations.





**Recommendation 55**

The Committee recommends that the Government prioritise funding for the updating of the electoral roll for the 2018/19 elections.

**Recommendation 56**

Data is increasingly important to Government planning, decision-making, and efficiency. Allowing the development of a Civil Register system that can link all Government Ministries is an important investment. PAC alerts Parliament to this failed bid for two years running. The Committee recommends that the Minister of Home Affairs explain to Parliament this failure, and how and when Executive Government is going to allow the completion of this task.

**Recommendation 57**

The Committee recommends that the government quickly pass the 2023 Pacific Game Bill so that preparations for the games can start immediately.

**Recommendation 58**

PAC alerts Parliament to confusion between a Cabinet directive from 2015 and a Budget cut in 2016 on the church grants. The Committee recommends that the Minister for Finance and Treasury to provide clarity on this matter to Parliament.

**Recommendation 59**

a. The Committee recommends that the Ministry of National Unity, Reconciliation and Peace develop a compensation policy to guide demands for compensation.

b. The Committee advises against the practice of cash payments to ex-combatants.

**Recommendation 60**

The Committee recommends that the Ministry of National Unity, Reconciliation and Peace immediately consult with MOFT to address the debt incurred from reconciliation ceremony.





**Recommendation 61**

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification provide to Parliament a report on the mineral content of the purported precious metals held at CBSI.

**Recommendation 62**

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification fast track the review of the Mines and Minerals Act and bring it to Parliament as soon as possible.

**Recommendation 63**

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification pursue the most efficient and transparent process in getting Gold Ridge mining back into operation and production.

**Recommendation 64**

The Committee recommends that the National Statistics Office undertake gender mapping of the Establishments Register, to address any gender imbalance in the Solomon Islands public service.

**Recommendation 65**

The Committee urges the Ministry of Rural Development to quickly finalise the reviews of the CDF Act 2013 and relevant regulations and table them in Parliament.



## 1.0 BACKGROUND TO REPORT

### 1.1 Introduction

The National Parliament is the independent law making arm of government to which the Executive is accountable. The Parliament is also the only institution vested with the power to authorize the allocation of public monies through the annual appropriation or Supplementary Appropriation Acts. The Parliament also performs many of its oversight functions through its Standing Committees. The Public Accounts Committee (the "Committee") is one of these Committees and is given the power to examine the annual Draft Estimates budgets prior to their tabling before Parliament.

This Report outlines the findings of the Committee's examination of 2017 Budget and the Draft Estimates that comprise the Recurrent and Development Estimates, the proposed recurrent Establishments Register and the related documents supporting the formulation of the Estimates.

In compliance with the Standing Orders, this Report has been prepared for the information of Parliament Members to assist them in their debate on the Bill. It aims to draw to the attention of the Members of Parliament those matters, which the Public Accounts Committee has identified through questioning of senior public officers.

The Committee wishes to put on record its appreciation to the Permanent Secretaries (PSs), Under-Secretaries (USs) and other Senior Officials of various Ministries who came before the Committee and provided valuable information to assist the Committee in undertaking its important oversight role, including ensuring that public funds are allocated and expended appropriately and for the public good.

The Committee also wishes to acknowledge the representatives of the Central Bank of Solomon Islands, the International Financial Institutions (Asian Development Bank and World Bank) who appeared before the Committee.



## 1.2 Scope of this Report

Under Standing Order 69, the Committee is responsible inter-alia to:

- (i) summon and examine the Accounting Officers and technical staff of Ministries and Departments and require the production of background information and explanation in relation to draft estimates;
- (ii) report to Parliament in such a way that the report may inform Members prior to Parliamentary debate thereon of the background to the Draft Estimates and draw attention to those matters which the Committee feels should be the subject of such Parliamentary debate; and
- (iii) make recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

In exercising these functions the Committee seeks to establish whether:

- the draft estimates have been drawn up within the prevailing legal framework;
- past budget performances were taken into consideration in developing the draft estimates;
- the draft estimates encompass the stated Government policies and that these policies are sound and have been designed and/or formulated based on relevant and appropriate information; and
- the draft estimates are feasible, practical and would ensure the achievement of those policies.

## 1.3 Methodology

The 2017 Appropriation Bill 2016 was received by the Speaker on Tuesday 16th November 2016 and certified on the same day. The Committee began their deliberations on Tuesday 16th November 2016, and held public hearings from Monday 21st November through to Tuesday 29th November 2016. During this time, all Ministries were interviewed, and the Committee relied heavily on the good work of staff of the Audit Office for analysis and technical support.

The Committee interviewed and sought views from Permanent Secretaries (PSs), Under-Secretaries (USs), Financial Controllers (FCs) and other Senior Officials who are responsible for the development and implementation of the expenditure requested.

## 2.0 BUDGET OVERVIEW

### 2.1 Economic Outlook Summary for 2017

#### a. Global vs. Domestic Economic Growth

The global economy is projected to grow by about 3.1% in 2016. This is a slightly downward revision as a result of increased economic uncertainty in the global environment from Brexit, the election of US President-elect Donald Trump, and other geo-political tensions around the world.

Of this 3.1%, advanced economies are projected to grow by about 1.8%, Euro area is expected to grow by about 1.6%, USA and Japan by about 1.9%. China is expected to grow by about 6.6%, while Australia and New Zealand are growing moderately at about 2.5% and 3% respectively.

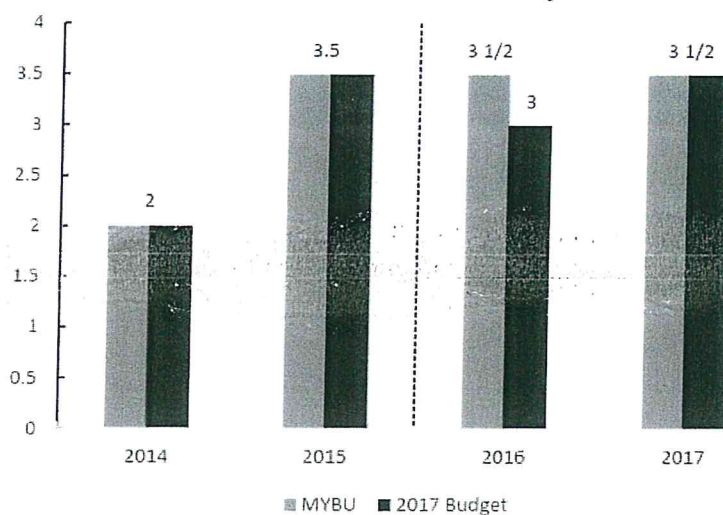
Domestically, in terms of fiscal policy, the **performance against the budget has been weak. There are short falls or drops in revenue collection against the budget.** But at the same time expenditure is relatively on track. From evidence provided, the fiscal deficit was \$216 million as of the end of June 2016. This was being financed by drawdown of cash reserves. The Government needs to stem the growth in public expenditure and ensure quality spending.

The Committee is concerned that the Government is funding the deficit in 2016 Budget through unsustainable raids on cash reserves. Such raids highlight the importance of accuracy in the Budget revenue and expenditure projections, particularly in relation to revenue.

#### b. Expected Real Economic Growth

The outlook for real GDP growth in 2016 has been revised down from the forecasts in the 2016 Mid-year Budget Update (MYBU) of around 3 percent. It reflects **weaker than expected** output in the formal fishing and agriculture sectors, and a slowdown of activity in the retail/wholesale trade sector. The economy is forecast to grow by 3.5 per cent in 2017 (chart 1). In 2018, the Asian Development Bank (ADB) forecasts growth to slow to 2.5% in the Solomon Islands.

Chart 1: Real GDP growth



This 3.5% forecast growth in 2017 is expected to be driven by strong growth in the services, construction and manufacturing sectors. As well, lower petrol and diesel prices provided valuable support for consumption and business investment in 2016.

The contributions to growth have changed in the Solomon Islands, with forestry downgraded, as it has **stabilized at a high level and is forecast to subtract slightly** from real GDP growth in 2017. The sector will only contribute 0.6 percent of real GDP growth in 2017 compared to around 1.5 percent in previous years. Meanwhile, manufacturing, construction and the utilities sectors are expected to contribute 0.5 percent to real GDP growth in 2017. The big, emerging contributor to growth is the services sector, which is expected to contribute 2.3 percent to growth in 2017 due to expected strong growth in retail/wholesale, communication, transport/storage and financial intermediation. While the agriculture sector is projected to contribute to growth in 2017, it is at a moderate level. Lower commodity prices will partly offset the impact of lower oil prices on rural income and household consumption.

PAC is concerned the budget strategy for 2017 is built on a premise of continued moderate to strong growth. On the contrary, evidence of precedence and projections indicate patchy and unstable growth in the Solomon Islands, and globally, for the coming period. This reality of unrealistic growth projections increases the risks on revenue and expenditure contained in Budget 2017.

### c. Global risks to Economic Growth

Key risks to the economic and fiscal outlook include uncertainty around the stronger than expected slowdown in the Chinese economy and the global financial market volatility. Locally, weaker than



expected growth in China could contribute to lower logging sector activity (export volumes and prices) and export duty receipts.

#### d. Inflation

The Consumer Price Index (CPI) is expected to grow by 2 ¾ percent in 2016. The decline in prices is mainly due to a sharp fall in domestic food prices and sharp declines in global fuel and energy prices. Inflation is forecast for 3 percent in 2017 due to depreciation of SBD and modest increase in imported food. The CPI is Honiara-based only.

#### e. Nominal Economy

In 2016 nominal GDP is forecasted to grow to around 5.6% - well below average annual growth of around 8% in previous years. This is due to large falls in prices in first half of 2016. Nominal growth for 2017 is forecast to be 6%.

The overall trend from 2012 to 2017 is a decline in GDP growth according to IMF estimates and projections.

	2012	2013	2014	2015 Est.	2016 Proj.	2017 Proj.
Real GDP (Percentage change)	4.7	3.0	2.0	3.3	3.0	3.3

#### f. Donor Budget Support

Donor budget support is expected to decline by 60% in 2017. However, coordination of donor budgets is complicated as donors' budget cycles do not match the budget cycle of the Solomon Islands Government. As well, implementing this expenditure typically requires approval from donors and significant levels of reporting, which often contributes to under spending.

The integrity of the donor budget in 2017 Budget is highly questionable. PS of MDPAC stated that it is likely that the **total 2016 budget for donor support is overstated** due to donors often providing expenditure estimates for a full grant to the SIG that can cover many years, while budget estimates (and appropriations) should only reflect those amounts due to be spent in the budget year. The extent of multiple year grants by donors included in the 2017 budget is unclear. If the estimates for budget support include a full grant to the SIG for more than a year, the budget would be overstated by the amount of the grants to be expended beyond 2017.



At the same time, evidence was received during the PAC public hearings indicating **donor support for the total 2017 budget may be understated**. Both the World Bank and the Asian Development Bank are re-negotiating their three year funding agreements to begin from June 2017, and these are not reflected in the budget papers. The lack of clarity on this issue is unhelpful.

### **Recommendation1**

The Committee recommends that the Ministry of Finance and Treasury:

- d. provide an urgent update to Parliament on the current state of donor support in 2017 Budget;
- e. clarify the issues of inconsistency and confusion identified by the PAC inquiry process;
- f. ascertain the state of donor support and bring to Parliament for approval at the earliest.

A request was put to the Ministry of Finance and Treasury for key economic indicators to be presented to the PAC in the form of 10-year trend graphs, from 2009-2019. This would assist the Parliament, and the people of Solomon Islands, in more clearly understanding the challenges and opportunities faced. Unfortunately, at the time of submitting the report, these trend lines were not available.

### **Recommendation 2**

The Committee recommends that:

- c. the Ministry of Finance and Treasury present as many of the key indicators as possible as 10-year trendline graphs to assist Parliament with clarity and understanding in future budget submissions;
- d. a trendline presentation on each key economic indicator from 2010-2020 be also included for 2018 Budget.

### **g. Other Issues raised by Financial Institutions (CBSI, ADB, World Bank)**

Revenue collection is seen as a concern by the three Banks. While actual revenue collected in 2016 was higher than revenue collected in 2015, it is underperforming against the budget for 2016. The Committee is concerned that this will also be the case for revenue projections for 2016.

ADB, in their submission, indicated that international prices for Solomon Islands' key export commodities (logs, cocoa, coconut products, palm oil, fish) are expected to decline slightly overall. As

a result, ADB expects the Terms of Trade to fall modestly in 2017, placing a slight downward effect on national income and economic growth.

ADB had a slightly lower growth projection than both the CBSI, and the World Bank. In their submissions, they indicated a forecast growth of 2.7% for 2016, down from 2.9% in 2015, and also expecting the economy to slow further to 2.5% in 2018. This is a slowing growth trend for the Solomon Islands. Government fiscal policy must be crafted with these mid to long term growth projections.

Positive indicators exist in several areas, including private sector credit growth of 12% in the first 11 months of 2016. The main sectors involved are construction, distribution, forestry, tourism and transportation. Labour market indicators have also been showing a slight improvement; however, labour conditions in the manufacturing sector have declined.

The Governor of the CBSI summarized the public policy challenges for the Solomon Islands in his concluding remarks;

*"The first is inclusive growth. We may have growth of 3% but this growth has to benefit our entire population and especially our remote regions of the country. Also important is what we spend our incomes generated from this growth on, so quality spending is very important and the challenge is for us to spend our income on things that generate income or income generating assets that generate further income and also in areas that benefit everybody. Another policy challenge is the need to build resilience and buffers especially in terms of our vulnerability to natural disasters as well as manmade disasters."*<sup>2</sup>

The Committee is concerned that the Government does not seem to have a clear and cohesive strategy to ensure more inclusive economic growth, beyond the rhetoric.

The Committee is also concerned that the 2017 Budget provides little room, if any, for either a natural or manmade disaster within Solomon Islands. The Government has been draining the cash reserves to fund deficit budgets. The Committee is concerned that the Government is now planning to increase borrowing to keep the expenditure levels high. This strategy leaves the budget position exposed to disaster shock.

The World Bank made specific mention of the importance of mining to the medium term growth

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<sup>2</sup> Governor - CBSI, Evidence, 21<sup>st</sup> November 2016

outlook for the Solomon Islands. They stated;

*"The Solomon Islands economy is projected to grow on average by 3.1 per cent over the medium term. This is based on the assumption of resumed gold-mining activity, the exploitation of large nickel deposits, increased investments in key transport infrastructure, energy and telecommunications projects, and sustained foreign direct investment...This outlook is subject to considerable downside risks, especially in relation to mining, in that future developments hinge on the development of a legal and regulatory framework conducive to mining, and on clear procedures for the acquisition of land for the exploration and exploitation of natural resources."*<sup>3</sup>

PAC draws the attention of Parliament to this advice and recommends urgent work be undertaken by Executive Government on the establishment of proper legal and social frameworks for extractive industries and natural resources, in particular the mining sector.

### **Recommendation 3**

The Committee recommends that the Government pursue reforms to modernise the mining sector by instituting reforms that ensure greater transparency and accountability in decision making and a more efficient land acquisition process.

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<sup>3</sup> World Bank, Evidence, 21<sup>st</sup> November, 2016



## 3.0 COMMITTEE DELIBERATIONS

### 3.1 Overview of 2017 Budget

The 2017 Appropriation Bill 2016 is required to appropriate monies for the services of the Government in 2017.

The amounts to be appropriated are as follows:

EXPENDITURES	AMOUNT (\$)
RECURRENT EXPENDITURE	2,540,868,794
BUDGET SUPPORT EXPENDITURE	203,924,396
SIG FUNDED DEVELOPMENT EXPENDITURE	1,180,853,702
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<b>3,925,646,892</b>
<b>TO BE FUNDED FROM:</b>	
DOMESTIC REVENUE	3909.2M
DONOR BUDGET SUPPORT	203.9M
CASH RESERVES	16.6M

The Committee notes that the \$80 million in general budget support from the multilateral financial institutions is not included for appropriation in the Bill.

**NOTE:** In addition to the amount authorised by the 2017 Appropriation Bill 2016, a further \$82,162,311 is forecast to be expended through statutory charges on the Consolidated Fund, including \$71,054,267 to be expended on National Debt Repayments. These Statutory Appropriations are explained in the Budget Strategy and Outlook (Budget Paper 1) and the Recurrent Estimates Document (Budget Paper 2) and are appropriated by existing legislation or the Constitution.

#### a. Revenue

The fall in prices over the first half of 2016 has contributed to a downward pressure on revenue collections, particularly goods tax on oil imports. Total IRD/CED revenue is forecast for around \$2,664.7 million in 2016 and \$2,987.5 million in 2017. Revenue is expected to grow by \$577 million or 19% over 2016 levels. Total revenue in 2017 is projected to be \$3,909 million with domestic revenue accounting for \$3,555 million.



The Government stated that this expected revenue increase reflects a strong expected increase in tax and non-tax revenue, particularly from fisheries licensing.

The Budget also states that the fall in oil prices is supporting real economic activity and tax receipts. It states reduced government expenditure on fuel and electricity will offset the impact of lower oil related tax receipts on the overall budget balance.

### **Revenue collection evidence does not support Estimates**

PAC has identified several inconsistencies in the Budget papers which question the integrity of the revenue figures in 2017 Budget. This includes a record high of a 19% increase expected in revenue collection for 2017, which is not in line with the GDP scenario presented in the same papers. This is further challenged by the expected failure to meet revenue targets for 2016.

The Budget is inconsistent in forecasting, stating both an expected decline and rise in revenue collection from key commodities. Forestry is the leading example of this inconsistency. Non-tax revenue is projected to ambitiously grow by \$250 million in the fisheries sector in 2017.

The Budget Outlook<sup>4</sup> foreshadows a decline in agricultural exports if low prices continue in 2017, which would impact revenue. It also projects weak manufacturing and services outputs, impacting revenue.

Furthermore, several witnesses provided doubt about the integrity of the proposed revenue figures during the hearing. For example, a senior tax official stated the following;

*"I am not confident in achieving that goal (revenue for 2016) this year but I believe that some measures which the PS has outlined in the past is increasing revenue next year. The total for next year is really challenging."*<sup>5</sup>

Likewise, evidence provided by the Ministry for Finance and Treasury (MOFT) also raised doubts about the budget integrity of revenue figures;

*"Total revenue for 2016 is not as we have expected to perform based on prorated, but month by month if we allocate each revenue collection by month then it has not performed well... overall, the collection target which is expected is not met....we think that revenue performance is uncertain at this stage, especially on IRD."*<sup>6</sup>

<sup>4</sup> Solomon Islands Budget 2017 – Budget Strategy and Outlook, Budget Paper Vol. 1

<sup>5</sup>MOFT, Evidence, 21<sup>st</sup> November 2016.

<sup>6</sup> MOFT, Evidence, 21<sup>st</sup> November 2016

Many line Ministries also identified revenue collection as a weakness. For example, the Ministry of Communication and Aviation stated in their public evidence that they were not very good in revenue collection, and often did not collect what they knew they should.

Based on concerns above, the Committee informs Parliament that it is their best estimate that revenue collection for 2016, and 2017, are both unlikely to be met. This challenges the integrity of 2017 Budget, as it exposes expenditure plans and the deficit figure provided.

#### **Recommendation 4**

**The Committee recommends that the Minister for Finance and Treasury, and the Prime Minister make statements to the House to confirm the integrity of the revenue collection figures for 2016 and 2017.**

### **b. Expenditure**

The consolidated **expenditure budget for 2017 is \$4,088 million** with donor funding amounting to \$283.9 million. \$2,623 million is for recurrent expenditure while \$1,180.1 million is for development.

The Committee notes that there is an inconsistency in Budget Support figures in the Bill and the Budget Strategy and Outlook (Budget Paper Volume 1) of \$80 million

The Budget will be funded by domestic revenue, donor funds, cash reserves and issuance of Government bonds. The Committee was not furnished with any information on Government projects intended to be financed by the issue of Government bonds. As stated in the Outlook the Government is budgeting for a \$179 million deficit to be funded by cash reserves.

Total recurrent expenditure includes: payroll is set at \$1,028.5 million (\$999.4 million in 2016) and other charges is set at \$1,594.5 million (\$1,678.7 million in 2016). Beyond the imposition of a moratorium on new recruitment in 2017, Government has not outlined clearly its strategy of controlling the payroll budget whilst not depriving ministries of technical expertise required for budget implementation.

Total development expenditure includes: \$1,180.85 million (\$1,186.44 million in 2016). Donor budget support is expected to decline by 60% in 2017.

### **DCCG Priorities expenditure promises**

Contained in the 2017 Budget are the following items committed to be delivered;

- A new Independent Commission Against Corruption (ICAC)
- Customary Lands Reforms
- 3 Oil Palm Projects
- Tourism development
- Peace and State Building
- Relocation of the National Referral Hospital
- Rural transport infrastructure
- Shipping Initiatives
- Provincial Infrastructure Development
- Development and Economic Growth Centers
- Land Development
- Community Fisheries Livelihood
- Tina Hydro Project

The PAC was not furnished with sufficient detailed information on most of these identified DCCG. While several items are emerging as vitally important for the Solomon Islands, like the Tina Hydro Project and a new ICAC, little detail and direction has been provided on other projects in the DCCG priority list for 2017. PAC is very concerned that the Executive is seeking authorization of expenditure with respect to priority projects without furnishing adequate information to justify meaningful authorization. This is unacceptable PAC also notes the Government has not included the Undersea Cable in their priority list for 2017. This is a significant exclusion.

#### **Recommendation 5**

- d. The Committee recommends that for future Budgets preceding year actuals and forward estimates are provided for government priorities.
- e. The Committee recommends that government's future borrowing for infrastructure are sourced through normal procurement procedures.
- f. The Committee recommends that any future government borrowing is sourced from IFI's at the cheapest interest rates. For any alternative funding source to be justified, it has to be



cheaper and be on better terms than IFIs.

### **Borrowing expected to increase rapidly in 2017**

The Debt to GDP ratio is currently very low. However, based on submissions and evidence, PAC alerts Parliament to the expected rapid increase in borrowing in the coming year. Pipeline projects, such as the Tina Hydro Project and the Undersea Cable Project, will rely on borrowing as funding strategies, and this will lead to a rise in the debt to GDP ratio. GDP debt ratio is about 8% at the moment. However, it is likely to rise significantly with the proposed borrowings in the Bill.

PS of MoFT informed PAC that the Central Bank and the Government had discussions regarding domestic borrowing to fund the Undersea Cable Project, although this project is not in the Government's priority list for 2017. PAC reports to Parliament that it is left to assume that this project will be funded through the issue of Development bonds. When the Government borrows by way of Development bonds, the Committee assumes that the National Provident Fund will be involved, and the Central Bank is expected to facilitate this process in terms of the administration of the issuing of bonds.

PAC is concerned by the potential exposure risks to domestic financial institutions under the *Financial Institutions Act 1998* from a significant domestic Government borrowing.

The Bill seeks the authorization of \$1 billion; \$100 million short term borrowing with respect to exceptional circumstances; and \$900 million for high priority infrastructure and development initiatives.

The Committee is concerned with the proposed \$100 million short term borrowing and sees it as excessive in light of the provisions already made in the Bill for Contingencies Warrants for the same purpose. Further, this proposal betrays the Ministry's expectation of lower than projected revenue and hence the need to bolster its cash position.

### **Recommendation 6**

The Committee advises against borrowing for cash flow purposes.

### **Expenditures within the Donor Budget not reflected in 2017 Budget**

Evidence received indicated that the figures for donor support in 2017 and 2018 are not reflected



accurately in the budget papers. Although budget support is projected to decrease by 60% in 2017 in the Budget Strategy and Outlook document, when questioned on this projected decline both the World Bank and ADB indicated that they will be increasing donor support over the coming three year cycle.

Likewise, when questioned about this same issue, the Ministry for Finance and Treasury stated the following;

*"In terms of donor budget support, I can speak about the Asian Development Bank and the World Bank only, which the Ministry is a conduit to their support. You are right that their support is not yet reflected in the budget because we are still yet to confirm where exactly the support will come through."*<sup>7</sup>

PAC alerts Parliament to the fact that donor budget support in 2017 appears to be incomplete. The Ministry of Finance and Treasury, the World Bank, and ADB all confirmed that donor support from these organizations will be increasing for the coming three years.

### **Reservations policy delaying inevitable costs**

PAC received several comments and views on the continued practice of using reservations to control expenditure within line Ministries. As expressed by line Ministries and those interested in broader economic policy the use of reservations is a reflection of weak planning and poor budgeting.. For example, the Governor of CBSI stated the following;

*"...it is just delaying expenditure that will come. It is not really deleting or doing away with expenditure - it will come another time. In a way it is like a stop gap kind of a measure. If you really want to turn the situation around, you will either reduce your expenditure or increase your revenues."*<sup>8</sup>

PAC alerts the Parliament to the continued practice from the Ministry of Finance and Treasury to place reservations on line Ministries. PAC shares the view of the Central Bank Governor that this is "a stop gap" measure, and is a practice that should be minimized.

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<sup>7</sup>MOFT, Evidence, 21<sup>st</sup> November 2016

<sup>8</sup> Governor - CBSI, Evidence, 21<sup>st</sup> November 2016

### Recommendation 7

The Committee recommends that the Ministry of Finance and Treasury pursue reforms that will strengthen planning and budgeting processes to ensure realistic budgets. Further, the Ministry should not resort to arbitrary reservations but seek Parliament for re-appropriation.

### The larger number of Ministries expecting to use supplementary budget, or contingencies warrants

Evidence received indicates that Ministries which failed in development bids, or had cuts to recurrent funding, were expecting to use supplementary budgeting, or contingency warrants. Most Ministries were open in their evidence to the PAC inquiry that they will be bidding for supplementary expenditures. Of particular note is the Ministry of Public Service, which stated three years backlog of term long service benefits will not be met without a supplementary;

*"I would like to reiterate the fact our budget is slightly reduced by 2.6%. In dollar value, that is around \$600,000, which is a huge amount... I am hoping that in order for us to fulfil a couple of statutory roles of the Ministry, we still need the balance that we bid for but was not given to us through a Supplementary Budget."*<sup>9</sup>

The Committee is concerned that Strategic planning, and having a 'bird's eye view' of the budget cycle over a four year forward plan is proving to be weak. Cuts in bids are proving to be ad hoc, and managing the expenditure of individual Ministries is through the overuse of supplementary budgeting and contingencies warrants. This further challenge the integrity of the overall budget figures.

### c. Lack of Human Resource Capacity in Ministries

It became very evident to PAC that there is an issue of capacity within Ministries. At times this was due to a high number of vacant posts, recruitment freeze, and or the limited technical skills within key divisions. This appeared as a challenge for all of Government Ministries and needs a lot of work alongside management of payroll. The implication of this capacity deficit was evident in the slow and inefficient delivery of many development projects, directly impacting growth in Solomon Islands.

<sup>9</sup> Ministry of Public Service, Evidence, 27<sup>th</sup> November 2016

### Recommendation 8

The Committee recommends that the Government conducts a study on a scheme of service for technical and professional personnel.

## 3.2 Breach of the *Public Financial Management Act 2013*

### a. Disregard for the Budget Cycle

Evidence to the PAC public hearing stated;

*"...you would probably know that the budget went through Cabinet sometime in August as part of the budget strategy, which the Cabinet also approved the numbers of the budget with respect to the major component of revenue and major component of expenditure as well..."<sup>10</sup>*

As a reminder to Parliament, at Part 6 – Preparation of the Annual Budget, the *Financial Management Act 2013* clearly states the following timeframes;

*Section 45(1): The Minister shall, with the approval of Cabinet, table in the National Parliament and officially publish at the following times the following information -*

- a) At least five months before the start of the financial year, the prescribed information outlining the Government's budget strategy; and*
- b) At least three months before the start of the financial year, such information relating to its fiscal and debt management strategies, and as may be prescribed for each of these documents.*

*Section 48: Subject to section 102(1) of the Constitution, the Minister shall cause the national budget for a financial year to be laid before the National Parliament at least two months before the commencement of each financial year*

*(2) At least 3 months before the start of the financial year, the Minister for development planning and aid coordination shall table in the national parliament and officially publish the prescribed details with respect to the Government's medium term plan.<sup>11</sup>*

In the 2016 Budget cycle, the Minister has failed to meet each of these required timeframes, and by so doing, is in breach of the *Public Financial Management Act 2013*.

<sup>10</sup> MOFT, Evidence, 21<sup>st</sup> November 2016

<sup>11</sup> Part 6, *Public Financial Management Act 2013*



It is a concern to the Committee, that the Ministry of Finance and Treasury has, once again, been late in their delivery of the budget papers to Parliament. This shows disregard for parliamentary processes, and a disregard for the primary legislation governing public financial management.

This practice demonstrates weak political leadership and direction by Government, and a failure of public sector financial management by Ministries. Both of these are unacceptable.

It is acknowledged that the Ministry of Finance and Treasury recognizes the priority of the budget cycle process to good governance. In their submission to PAC this year, the Department indicated their top priority for the coming year will be the implementation of the Public Sector Financial Management Roadmap. In light of their repeated failure to adhere to the budget cycle, the PAC strongly endorses this priority work. .

PAC alerts Parliament to the repeated disregard for Parliament, and for the people of the Solomon Islands, being shown by the continued failure of the Ministry of Finance and Treasury to follow the annual budget cycle as required in legislation.

#### **Recommendation 9**

The Committee recommends that the Ministry of Finance and Treasury prioritize the implementation of the Public Sector Financial Management Roadmap, particularly in areas where it applies to the annual budget cycle.

### **b. Budget delivery processes**

The Committee's inquiry into the 2017 Budget was delayed by the late submissions of the necessary documents.

#### **Recommendation 10**

The Committee recommends that the MOFT improve its current practices for delivering the annual budget papers so that all the documents can be properly analysed and the Committee's report be prepared to the highest standard most helpful to Members.



### c. Virements, Contingencies Warrants, Inter-Departmental Warrants and Supplementary Appropriation.

Virements, Contingencies Warrants (CWs), inter-departmental virements are legal mechanisms that have tended to be abused over the years to undermine the credibility of Budgets.

Many of the Ministries interviewed were concerned with the decisions to partly or not fund bids vital to their operations. In 2016, examples include the Ministry of Agriculture and Livestock (MAL) expressing concern about “additional problems in accommodation for staff and families” in over 280 filled posts, or the Ministry of Development Planning and Aid Coordination (MDPAC) who indicated they will not be able to meet Rural Development Programme (RDP) office rentals for 2017. Issues of concerns to each Ministry are outlined in later sections of this report.

Despite these concerns it was equally noted that, like in 2015 and 2016, most Ministries were unconcerned by bid failure because they were confident of recourse to virements, CWs and Supplementary Appropriation.

This practise has undermined the integrity of the budget cycle and therefore the credibility of the 2017 Budget.

#### **Recommendation 11**

The Committee recommends that all Ministries respect the formal budget cycle and minimize the use of Virements, Contingencies Warrants and Supplementary Appropriations.

### d. Integrity of the PFM Act 2013

PAC is concerned to hear Government’s intention to review the PFM Act to accommodate MPs’ discretionary programs, like the CDF. The Ministry for Rural Development (MRD) was very open about Government’s intention to review the PFM Act;

*“The CDF legislations is one of the outstanding tasks for the Ministry to complete. At the moment we still have draft regulations in place. The Cabinet subcommittee has already met on these two documents; the CDF Act and the draft regulation. I think the work on the PFM Act also needs to be done so that it can also see how the CDF Act can be taken into account in terms of the*

*areas that the PFM needs to...*<sup>12</sup>

PAC cautions the government that such a review should strengthen the transparency and accountability of the use of public resources.

PAC reminds Parliament the PFM Act is to ensure accountability, transparency, value for money and efficiency in the use of public money. It would be a major step backwards for the SI if the PFM Act is weakened.

#### **Recommendation 12**

The Committee recommends that any review of the PFM Act should strengthen transparency and accountability. The review should enhance service delivery but not at the expense of transparency and accountability in the use of public resources.

#### **e. Accountant-General appointment**

PAC is concerned that a substantive Accountant General is yet to be appointed. In evidence, MOFT indicated they are aware of the problem and are working on it.

#### **Recommendation 13**

The Committee recommends the immediate appointment of a substantive Accountant-General.

### **3.3 Issues of concerns from Ministries & Statutory Bodies**

#### **70 Ministry of Agriculture and Livestock Development**

##### **Mission Statement**

To promote, improve and lead agriculture development in the Solomon Islands to a profitable and environmentally sustainable future, being the premier provider of information, research, extension, education, regulatory, and other services to improve the agriculture sector.

<sup>12</sup> MRD, Evidence, 27<sup>th</sup> November 2016

## Recurrent Budget

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ 12,438,989	\$ 6,102,126	\$ 8,311,744	\$ 7,233,676	\$ 7,125,917
<b>Expenditure</b>					
Payroll	\$ 14,303,610	\$ 15,047,332	\$ 13,331,496	\$ 12,830,199	13,018,741
Other Charges	\$ 17,293,319	\$ 17,548,214	\$ 15,969,307	\$ 16,549,194	15,747,093
<b>Total</b>	\$ 31,596,929	\$ 32,595,546	\$ 29,300,803	\$ 29,379,393	28,765,834
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ 26,112	\$ 638,271
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ 112,869	
Other Charges	\$ -	\$ -	\$ -	\$ 95,494	\$ 35,612,594
<b>Total</b>	\$ -	\$ -	\$ -	\$ 208,363	\$ 35,612,594

## Development Budget

SIG	\$ 54,221,000	\$ 39,356,945	\$ 39,184,893		
Donor	\$ -	\$ -	\$ -		
<b>Total</b>	\$ 54,221,000	\$ 39,356,945	\$ 39,184,893		
<b>Non-Appropriated</b>					
Australia	\$ -	\$ -			
<b>Total</b>	\$ -	\$ -			
	\$ -	\$ -			

## Issues of Concern

Matters raised by the Committee included the following issues:

**Payroll Reduction** - From 2016 to 2017, recurrent baseline payroll reductions occurred in Headquarters and Administration (\$137,833), research and development (\$110,364), planning and land use (\$110,502), and extension services (\$574,647). There is currently 338 staff on the Ministry books; however, only 280 are filled posts with 58 vacancies, 37 of which are in extension services. This is an overall payroll reduction in the recurrent baseline for the Ministry of \$743,722.

**Other Charges Reduction** - From 2016 to 2017, other recurrent baseline charges were reduced in Headquarters and Administration (\$83,761), livestock and veterinary services (\$3,125), research and development (\$6,306), quarantine services (\$79,740), information unit (\$39,573), planning and land use (\$2,982), extension services (\$39,408). This is an overall reduction in other recurrent baseline charges for the Ministry of \$1,509,568.



**Increase in Development Budget** - Only the twelve (12) ongoing programs were accepted for development funding, with other bids rolled into these twelve programs. **From 2016 to 2017, this has led to a \$14.8 million increase in the development budget.**

As in 2015, PAC remains concerned about the underfunding of the Ministry. The Committee continues to raise its concern over this continued underfunding which does not align with the priorities spelt out by the government for generating development and employment in the rural communities.

PAC alerts the Parliament to the reductions in the recurrent baseline figures for the Ministry of Agriculture and Livestock. While the ministry has received more program support through the development budget, delivery of these programs will be increasingly difficult with the parallel reductions to staffing and resource support in the recurrent budget.

### **Other Issues**

**Honey Bee Diseases** - the Committee also queried status of diseases within the honey industry. The Ministry advised that it has been gaining more control over the diseases in the honey industry and is no longer a major issue as was the case 5 years ago. Honey bees keepers are continuously advised to undertake best practice in their place of operations.

**Oil Palm Projects** - the Ministry advised that the main constraint is the lack of infrastructure required by investors is a continuing problem and not much progress in this area. A Malaysian advisor who will assist the industry will arrive to provide advice on the way forward. SI High Commission in Malaysia is facilitating the arrangement.

**Cocoa Award** - the Committee noted that a cocoa farmer has been awarded an international award recently. The Ministry confirmed that award was for cocoa beans being dried using solar driers. The Ministry is advising farmers to use this method to dry their beans so that the quality is high. Pilot facilities are installed in various locations to test out the reliability and durability of the drying facility.

**Cassava and other Root Crops** – the Ministry advised that the Ministry is researching into markets and types of root crops for export. It is working with an exporter to improve quality and standard of cassava tubers for export. Varivao Holding has exported one container of cassava to Melbourne. The Ministry is liaising with another exporter to work on exporting taro from Temotu Province and possibly from other provinces. Ginger might be exported to Canada.

**Food Security** – the Committee informed the Ministry of the vulnerability of people of certain parts of the country to climate change. Some will not have access to food, water and other means of survival. The Ministry agreed that this is a major issue for the country. It is working with other stakeholders and ministries to address this crosscutting issue. The ministry will address this issue across all of its programs in the 2017 budget.

**Research Crops and Cultures** – the Committee enquired into the status of the research crops and cultures that used to be located at the Dodo Creed research station. The Ministry advised that all those facilities were destroyed especially the root crops. The cocoa collections are at Black Post under the control of another entity. About 2000 high breed collections from PNG are located at St. Martin. These will be replicated and tested in all Provinces. Collection of improved types from local cocoa plants are also located at St. Martin. Cloning is the way forward for cocoa plants.

**Ministry Office Building** - the Committee understands that the Ministry is still without a headquarters building and the one in Auki was burnt down. The Ministry told the Committee that various divisions of the Ministry are located in 5 different places in Honiara. This has created logistical issues for clients and stakeholders when doing business with the Ministry. Negotiations are ongoing with the Solomon Islands Postal Corporation and Ministry of Lands to acquire the SIPC building behind the General Post Office. The Ministry is waiting for a decision from the board of SIPC. There is no budget for this project in 2017. The Committee suggested that the Ministry should enquire into the possibility of redeveloping Dodo Creek to be the Ministry HQ as well as the research station. The Ministry is currently renting an office in Auki for \$30,000 a month and is in the process of building a new one.

#### **Recommendation 14**

**PAC alerts Parliament to the lack of office facilities for the Ministry of Agriculture and Livestock, the cuts to recurrent headquarters funding, the promise by Government to upgrade the SI Postal Office for the Ministry, and the lack of any funding line item in the budget to support this**



promise. The Committee recommends that the Minister for Agriculture make a statement to the House during the budget debate to clarify exactly what is happening with the head office problems of the Ministry, and how funding is going to be allocated to address it.

**Coffee, Cocoa, Kava, Coconut and Cattle Projects** - the Ministry advised that some of these projects came under the Livelihood Project. The ministry has sent all registered application forms to Chief Field Officers in the provinces for farmers to collect. Funding should roll out once applications are screened and approved later this year. The ministry is negotiating with suppliers in Vanuatu to acquire more cattle for the breeding program. Some cattle from the Tenavatu farm are being sent to Western Province farmers. The breeding program in West Kwaio is progressing well with 10 heads been given to selected farmers during the year.

**Review of LDA Act** – the Committee enquired into the status of the review of the LDA Act. The Ministry informed that the Act is still there. It was part of the Ministry's work plan for 2016 but has since been deferred to 2017.

#### **Recommendation 15**

**PAC recommends that the Ministry of Agriculture and Livestock Development fast track the review of the LDA Act to address the cattle development policy of the country.**

**Policy on Cattle Industry Development-** The Ministry stated that the current government's policy is to revive or resurrect Livestock Development Authority. The Ministry is reviewing the LDA Act. Meanwhile the Ministry is encouraging farmers to do ranching and tethering. Land is the issue for large scale farming so the Ministry is providing support to smallholders.

**Slaughter Houses** - the Ministry informed the Committee that the slaughter houses planned for Auki and Honiara are for food security. The processing of livestock for human consumption must comply with the Food Safety Act which is not the case at the moment. Construction of slaughter houses will go a long way in addressing this health issue. The Ministry is having difficulties in locate land for the facilities and will continue the search and construction in 2017 and beyond.

#### **Recommendation 16**

**The Committee recommends the establishment of a slaughter house in Auki to support livestock development in Malaita.**



**Strategic and Business Plan for the Agriculture Sector** – the Committee is very concerned that even though Agriculture is the backbone of Solomon Islands economy the Government does not provide strategic direction on this sector. There is no overall strategic plan on agriculture in terms of identifying strategic crops and Solomon Island advantages in the region. There is no one combined policy document on such crops as pineapple, cocoa, root crops, livestock and so on. The resources allocated to the sector are thinly spread and has no effect on both the short term and the long term.

The Ministry will endeavour to develop a consolidated strategic policy for the agriculture sector. Currently it has policy on each subsector such as livestock, honey, coconut and cocoa. It admits that resources are thinly spread thereby providing minimal impact.

**Giant Snail and Coconut Rhinoceros Beetle Infestations** - the Ministry advised that it has in place some strategies to address these two pests. Two scientists are assisting the Ministry on biological control measures and tests are showing positive results which will be rolled out in 2017. Stakeholders and farmers are also advised and encouraged to clean their surroundings and infected areas to reduce breeding sites. The Ministry is putting in place control measures to prevent it migrating to other provinces. The Ministry is using chemical baits as well as working on biological agent to distribute to the affected areas. The pests are not yet found in other provinces but they are widespread in Guadalcanal.

**Bio Security Legislation** - the Committee raised the issue of lax bio security controls at the border where people from Bougainville bring in agriculture products/plants and other prohibited products to the country. The ministry is informed that it needs to be vigilant in other parts of the country including the Honiara international airport especially the VIP Lounge.

The Ministry advised that the regulations are now in place. Officers are being trained by an Australian TA to better understand and implement the new legislation and regulations. One officer will be stationed in Shortland Islands to monitor movement of people. The normal process is that all plants that are brought into the country are detained for a period of time for assessment by the biosecurity officers.

**Commodity Exports Marketing Authority** - the Ministry advised that the government has appointed a subcommittee to review and revitalize CEMA. Currently CEMA only undertakes a

regulatory role. The Ministry collaborates with CEMA to promote quality control for prescribed commodities. CEMA does not come under direct control of the Ministry.

**Poultry Industry** – the Committee has previously expressed concern that the price of poultry had fallen due to imports of chicken from overseas to the point that local farmers were no longer able to compete. The Ministry advised that it was researching appropriate local livestock feed as imported feed was reducing profitability, in order to assist farmers better compete against imports.

**Grants to Farmers** - the Committee noted that the Ministry has been giving out grants in cash and materials to farmers but this was not translated into any real growth in the agriculture sector. The Committee was of the opinion that the extension services inefficiency, lack of capacity and underfunding might be the issues that affected the service delivery of the Ministry.

The Ministry informed the Committee that lack of technical capacity was the major issue for the Ministry. The Rural Development Project used to provide assistance in capacity development but the program has ended and SIG has taken over the funding.

## 71 Office of the Auditor General

### Mission Statement

To be an independent, competent national audit office with qualified professionals to ensure accountability and transparency in the public sector for the people of Solomon Islands.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Income</b>	<b>\$ 3,230,413</b>	<b>\$ 1,584,726</b>	<b>\$ 1,679,828</b>	1,660,958	<b>\$ 637,736</b>
<b>Expenditure</b>					
Payroll	\$ 2,164,899	\$ 2,296,096	\$ 1,569,343	1,632,500	\$ 1,566,197
Other Charges	\$ 5,667,863	\$ 5,250,232	\$ 4,363,838	4,887,227	\$ 4,310,954
<b>Total</b>	<b>\$ 7,832,762</b>	<b>\$ 7,546,328</b>	<b>\$ 5,933,181</b>	<b>6,519,727</b>	<b>\$ 5,877,151</b>
<b>Budget Support</b>					
<b>Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Development Budget

### Appropriated

SIG	\$ 1,226,455	\$ 2,230,000	\$ -	NA	NA
Donor					
<b>Total</b>	<b>\$ 1,226,455</b>	<b>\$ 2,230,000</b>	<b>\$ -</b>		

### Non-Appropriated

Australia					
UNDP					

## Issues of Concern

Matters raised by the Committee included the following issues.

**Independence of the Auditor General** - the OAG is required to meet international auditing standards including safeguarding its independence as the external auditor of the government reporting to the Parliament. The OAG's continued dependence upon the MPS for staffing decisions and the MOFT for financial resources need to be addressed in the medium term. New legislation has been drafted to codify its independence within the statutory landscape in Solomon Islands. Stakeholder meetings on the legislation are planned to be held during 2017.

### Recommendation 17

The independence of the Auditor-General is important for better governance in the Solomon Islands. This includes financial independence. A ring fenced budget allocation to allow the Auditor-General to perform both financial and performance audits to the extent required is important, and options on how to achieve this can be gained by looking at other jurisdictions.

The Committee recommends that the Government include this in their work on financial accountability reform in the coming year (2017).

**Audit Bill** - the Committee also enquire on the consultations on the Audit bill. Auditor General responded that the consultation is planned to be done both in Honiara and in the provinces in first half of 2017 but given that the bill is not approved the office might look at the development partners for assistance.

The Committee laments the fact that funding has been declined for the continuation of work on the



Audit Bill.

**Staff turnover and Scheme of Service for the Office** - the Committee also enquire on the staff turnover in the office and the need for a separate scheme of service. The Auditor General responded that turnover of staff at senior level is a major issue. The office is undertaking ongoing discussions with stakeholders in developing a scheme of service. However first task is to work on the Audit bill and then try addressing conditions of service in collaboration with the Public Service.

## 72 Ministry of Education and Human Resources Development

### Mission Statement

The Ministry of Education and Human Resources Development (MEHRD) has developed a new education sector strategy. The overarching strategic goal is to provide universal access to quality secondary education for all children by 2030 and improve access to technical and vocational education and training and higher education. Government will place priority on refocusing education sector expenditure on providing services at primary and junior secondary schools to achieve the target of achieving universal completion of quality junior secondary by 2030.

### Recurrent Budget

SIG	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Income</b>	\$ 4,743,792.00	\$ 2,327,136	\$ 2,744,655	\$ 2,299,369	\$ 3,228,272
<b>Expenditure</b>					
Payroll	\$ 453,987,870.00	\$ 431,473,795	\$ 398,989,504	\$ 368,017,618	\$ 326,589,049
Other Charges	\$ 544,300,583.00	\$ 440,078,775	\$ 359,864,321	\$ 332,935,825	\$ 340,718,612
	\$ 998,288,453.00	\$ 871,552,570	\$ 758,853,825	\$ 700,953,443	\$ 667,307,661
<b>Budget Support</b>					
<b>Income</b>	\$ 66,600,000	\$ 90,000,000	\$ 84,499,950	\$ 60,993,700	\$ 116,293,886
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -		\$ 24,661,701
Other Charges	\$ 66,600,000	\$ 90,000,000	\$ 94,576,102	\$ 99,412,813	\$ 69,872,310
	\$ 66,600,000	\$ 90,000,000	\$ 94,576,102	\$ 99,412,813	\$ 94,534,011

## Development Budget

### Appropriated

SIG	\$ 77,000,000	\$ 77,000,000	\$ 59,368,647		\$ 19,939,409
Donor			\$ 15,092,039		
	\$ 77,000,000	\$ 77,000,000	\$ 74,460,686		

### Non-Appropriated

Australia		\$ -			
UNDP		\$ -			
		\$ -			

## Issues of Concern

**Budget support** - during the public hearings, it became clear the total donor budget support for 2017 will decrease by 26.7%. This will see a reduction from \$90 million to \$66 million for 2017. The income for the 2017 budget is comprised of \$52 million of donor support, along with \$14.2 million re-appropriated from 2016. Representatives from the Ministry indicated what this donor support is used for, when they stated;

*"...we use this to support reform programs...we pay the cost for continuous teacher professional development, school infrastructure projects and other activities and programs like the school literacy program."*<sup>13</sup>

### Recommendation 18

PAC alerts Parliament to the 26.7% reduction in donor support in the Ministry of Education in 2017, and the threat of a reduction in teacher professional development, school infrastructure projects, and the school literacy program. The Committee recommends that the Minister of Education and Human Resources Development clarify to Parliament what programs will be cut due to this reduction.

**School Infrastructure** - the 2017 development budget for school infrastructure is fixed at \$27 million, with this amount remaining the same as 2016.

PAC alerts the Parliament to evidence received from the Ministry for Education that stated;

*"I can say to the committee that there is a need for school infrastructure but there are two things that are hindering our vision and dream for seeking more money and that is capacity; the manpower that is required to be able to prepare the paperwork as well as the finance that is*

<sup>13</sup> MEHRD, Evidence, 23<sup>rd</sup> November, 2016



*required so that we can pay for the materials that are required by our schools.”<sup>14</sup>*

This was followed by evidence provided by the Budget Unit of Finance and Treasury;

*“The original bid for 2017 stands at \$27 million so there is no additional bid from the Ministry for Education. However, we would prefer costing for a full package...at the moment what we’ve received from MDPAC still stands at \$27 million and there is no additional bid from the Ministry of Education submitted...since we have this MTDP process, I think Ministries will meet with the Ministry in early April, and it is during this time that they should submit all these bids. But what we received is the original amount of \$27 million.”<sup>15</sup>*

PAC enquired further on exactly where the development budget for school infrastructure was spent. The Ministry advised that the focus was on specialized classrooms, which is an activity that was planned many years ago, but was never implemented. The backlog of schools waiting for their specialized classroom are in the Ministry’s submission.

The Ministry also indicated the World Bank recently undertook work on the true cost of education in the Solomon Islands.

### **Recommendation 19**

PAC alerts Parliament to the importance of the development of specialized classrooms, and to the backlog of works. The Committee recommends that the Minister for Education explain to Parliament on why only \$27 million is allocated to school infrastructure, and why a full costing of the specialized classroom program, and the school asset maintenance and upgrade schedule, has not been submitted to MOFT, as is their stated preference.

**Education Progression Rate** - the link between school infrastructure and education progress is an important one. This was stated by the MEHRD and during their evidence, when they stated;

*“The challenge is to satisfy every province and you might be aware of the need for classrooms. You would remember at some stage in the past I mentioned about the need to build school infrastructure for the senior secondary schools because our progress rate between form five and six for example is only 30 per cent.”<sup>16</sup>*

<sup>14</sup> Ibid.

<sup>15</sup> Budget Unit - MOFT, Evidence, 23<sup>rd</sup> November, 2016

<sup>16</sup> MEHRD, Evidence, 23<sup>rd</sup> November 2016



This progress rate was received with alarm from the PAC, and follow-up questioning on the exact details received the following response:

*"I can give you the exact information. For Year Nine, which is Form Three to Form Four is about 52%, and Form Five to Form Six is about 38%, and Form Six to Form Seven is about 17%. That is based on the examination statistical information that has been collected last year....it is due to the lack of places in existing senior secondary schools and so we need to expand on that."*<sup>17</sup>

#### **Recommendation 20**

PAC informs Parliament of the low transition rates beyond Form Five. The Committee recommends that the Minister for Education provide a clear statement to Parliament on how these transition rates are to be improved in future years.

Student Data - data on student's numbers removing themselves from the formal education path was explored by the PAC. This drew out the following evidence on the lack of data –

*"...we do not have any data on that....one of the major developments that is occurring at the moment in my ministry is to improve the EMIS or the education information and management system. We used to have an application called "pineapple" which was not a very good application. Now we are being supported by the SPC, so there's improvement in the collection of data as well as the accuracy of the data. That is an important question and data is what we need. We need a lot of data on various aspects so that we can make informed decisions."*<sup>18</sup>

#### **Recommendation 21**

PAC made recommendations on the importance of data collection for future decision-making. The Committee recommends that the Statistics Office and other agencies support these views being expressed by many agencies, such as Education, that are in need of good data for good decision-making.

SINU - a series of questions about a number of matters with regards to Solomon Islands National University (SINU) were raised, including the status of the Vice Chancellor (VC), squatter settlements, and the failure of funding bids. PAC respects the importance of SINU; however, accepted the following evidence from the Ministry for Education;

<sup>17</sup> Ibid

<sup>18</sup> Ibid

*"One of the issues we had with SINU, even though we notified them well in advance, the payment process we wanted them to adhere to, and they did not retire their expenditures. And when that happens Finance and Treasury would not be able to pay them the cheques....what they have given to MDPAC is just a summary of their expenditures which is not satisfactory....usually Finance and Treasury paid the development funds in the fourth quarter of the year, which is not satisfactory. We therefore have an issue with the disbursement of development funds to SINU."*<sup>19</sup>

PAC encourages SINU, the Ministry for Education, and the Ministry for Finance and Treasury to resolve these issues of payment and reporting. Until there is a stability of reporting and funding, all other matters are secondary.

**Research fees** - PAC received evidence from the Ministry regarding research fees, where the Ministry stated;

*"In terms of research fees, the Research Act is quite ancient; it is very old and needs to be reviewed. The current rates remain as they were years ago which is \$500 for any research."*<sup>20</sup>

PAC encourages the Ministry to progress with a modern Research Act as an important income generating asset for the Solomon Islands.

**Scholarships Management** - during evidence, as was the case with evidence received from MDPAC, the issue of scholarships arose. PAC received the following evidence from the Ministry;

*"I would like to clarify some misconception in terms of the management of scholarship. We have mechanisms for managing the scholarship program, however, when external influences then it will ruin the process...if you ask me, I mean you raised a concern about mismanagement, we are following procedures and regulations. We make sure that we adhere to the rules, but when external factors are influencing, what do you do? I write cabinet papers to satisfy those additional scholarships that cabinet wants....I followed the guidance by my Minister and that is how the additional scholarships came about. I think the question is, we have to manage it properly. All along I have been saying that we have scholarship procedures and policies so leave it to us."*<sup>21</sup>

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<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> Ibid



When questioned on where the exact external pressures were coming from, the Ministry confirmed with two words;

*"Through Cabinet."*<sup>22</sup>

### **Recommendation 22**

PAC alerts Parliament to the undue influence of Cabinet on the management of the scholarship program, making the program ad hoc and unsustainable. The Committee recommends that Parliament should assert authority over Cabinet to protect the scholarship program, and to hold the Minister and Cabinet to account for their undue influence in this important program.

ROC Training Program - the following evidence was provided over the \$16 million allocated for training from the Republic of China (ROC);

*"The \$16 million that is supplied by the ROC is gone. It was gone this year. And who made this decision? It was the Ministry of Finance. So we no longer enjoy the use of that fund. If you ask me for whatever reason, I don't have the answer to this question."*<sup>23</sup>

Later, under questioning, the following evidence was also provided by MEHRD;

*"...it was news to me when I heard the Minister for Finance saying that the \$16.7 million was transferred somewhere...probably my colleague from the Ministry of Finance might have an answer to that question as to why that decision was made and some justifications for that."*

The Budget Unit (MOFT) also confirmed this evidence during the hearing;

*"I think I am not aware of that funding too. I mean I am not sure where it goes to."*<sup>24</sup>

### **Recommendation 23**

The Committee recommends that the Minister for Finance and Treasury account to Parliament on the \$16.7 million for tertiary training from the Republic of China (ROC), and a further \$5 million support from ROC to fee free education policy on where these funds have been allocated to, and why they have been removed from the budget of the Ministry of Education without consultations with them.

<sup>22</sup>*Ibid*

<sup>23</sup>*Ibid*

<sup>24</sup> Budget Unit – MOFT, Evidence, 23<sup>rd</sup> November 2016



**Payroll Budget** - PAC identified confusion in the system regarding payroll and how different roles or vacancies are being recorded. The evidence provided seem to suggest that this was based on transition issues such as merging different computer systems, and on-going restructuring. While PAC did not feel it necessary to make a recommendation on this matter, it did consider it worth recording in the report, as this is an issue that must be clarified before approvals of budgets on the floor of Parliament. The following evidences captured the issues involved;

*"...the first one is for 2017 payroll method is I think we did not budget for the vacant post. I think that is what is in the budget strategy. There will be no vacant posts next year...the other one is the issue with the restructure from last year to this year. I think we moved money, budget to this division in the bricks but then the payroll Aurion (Education payroll system) does not reflect that movement. This is the issue that I think to advise the Human Resources Manager about this but it has not been reflected. Because we base on the Aurion data to reflect the budget....it will help if these officers are corrected next year.... I think it was a decision made by the government that there will be no vacant posts next year and that is why the government is trying to make recruitments for those posts this year. What is in the budget is all officers currently in the workforce."*<sup>25</sup>

When asked to clarify if this was outside the recruitment freeze, the Budget Unit indicated the following;

*"No! That is why you will notice many advertisements going on in the newspapers. Next year it will be on a case by case basis. The Ministry will have to apply and the Cabinet has to approve which ones to approve....that could be in the Supplementary."*<sup>26</sup>

The PAC has made recommendations on the use of supplementary budgets in other areas of this report, and invites the Ministry of Finance and Treasury to reflect on those recommendations.

## 73 Ministry of Finance and Treasury

The Ministry of Finance and Treasury is responsible for facilitating the provision of sound advice on monetary, budget and fiscal policy to the Solomon Islands Government (SIG). Ministry services include statistics and economic management to support Government decision making processes and

<sup>25</sup> Budget Unit – MOFT, Evidence, 23<sup>rd</sup> November 2016

<sup>26</sup> Budget Unit – MOFT, Evidence, 23<sup>rd</sup> November 2016

the implementation of good governance practice. The core task of the Ministry include financial reporting, revenue collection, border protection, government payments, preparing and managing the Annual Solomon Islands recurrent budget and advising the Government on a range of financial policies and economic reforms.

### Mission Statement

The mission of the Ministry of Finance and Treasury is to provide leadership role to the Solomon Islands Community in financial matters and deliver high quality, professional financial and economic services to the Ministry of Finance and Treasury, the Government, and other Ministries and the wider community.

### Recurrent Budget

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ 3,023,092,990	\$ 2,765,170,903	\$ 2,691,052,266	2,544,742,652	\$ 2,642,852,238
<b>Expenditure</b>					
Payroll	\$ 25,670,491	\$ 27,994,938	\$ 24,688,716	22,328,380	\$ 20,029,605
Other Charges	\$ 101,578,715	\$ 74,296,491	\$ 76,641,837	60,870,358	\$ 92,544,951
<b>Total</b>	\$ 127,249,206	\$ 102,291,429	\$ 101,330,553	83,198,738	\$ 112,574,556
<b>Budget Support</b>					
<b>Income</b>			\$ 87,037,736	\$ 18,283,411	\$ 70,786,560
Australia		\$ 20,466,162			
ROC		\$ -			
ADB	\$ 40,000,000	\$ 40,000,000			
World Bank	\$ 40,000,000	\$ -			
<b>Total</b>	\$ 80,000,000	\$ 60,466,162	\$ 87,037,736	\$ 18,283,411	\$ 70,786,560
<b>Expenditure</b>					
Payroll		\$ 914,269	\$ 3,258,443	171,881	\$ 5,203,680
Other Charges		\$ 19,551,895	\$ 11,972,344	14,370,750	\$ 21,313,381
<b>Total</b>		\$ 20,466,164	\$ 15,230,787	\$ 14,542,631	\$ 26,517,062

## National Debt Servicing

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ 93,715,817	\$ 109,763,687	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -		
Other Charges	\$ 71,054,267	\$ 98,122,870	\$ 179,896,385	\$ 223,864,790	\$ 209,087,753
	\$ 71,054,267	\$ 98,122,870	\$ 179,896,385	\$ 223,864,790	\$ 209,087,753
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ 1,141,979	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -				

## Pensions And Gratuities

	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 8,383,040	\$ 8,326,651	\$ 12,265,980	\$ 6,086,688	\$ 6,231,560
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 8,383,040	\$ 8,326,651	\$ 12,265,980	\$ 6,086,688	\$ 6,231,560

## Development Budget

### Appropriated

SIG	\$ 48,581,502	\$ 50,000,000	\$ 81,684,433	\$ 61,933,905	\$ 17,637,597
Donor	\$ -	\$ -			\$ 62,036,550
Total	\$ 48,581,502	\$ 50,000,000	\$ 81,684,433	\$ 61,933,905	\$ 79,674,147

### Non-Appropriated

Australia	\$ -	\$ -			
UNICEF	\$ -	\$ -			
	\$ -	\$ -			

## Issues of Concern

Matters raised during the public inquiry by the PAC included the following:

**Credibility of the Budget** - the Committee noted that based on the budget information provided expenses were on track, however revenue for 2016 and 2017 was a problem. It is unclear which



spending is not quality spending, or 'value for money' spending, as claimed by MOFT in its various circulars and Ministerial announcements. Of concern to PAC is that MOFT may not be disclosing unbudgeted expenses in the budget review report that is provided to the Committee. In public hearings, for example, the MOFT revealed that in 2016 there were six contingency warrants of around \$35 million approved, and 283 virements with the value of \$213 million. There were also some Advance Warrants linked to development donors, and also some department warrants. These are examples where the PAC is having trouble getting a true picture of the budget position, as so much funding is happening outside of the normal budget cycle.

It is noted in the outlook report that revenue is projected to grow by 19% on 2016 level for 2017 on the assumption that oil prices will increase, consumption boom, and the increase in tariff for alcohol and tobacco. Non-tax revenue is projected to increase by 81% mainly through an increase in fishing licences in 2017. No detailed revenue measures are provided to support the 2017 budget except on the assumption that the economy will perform as expected.

PAC's recommendations on the integrity of revenue and expenditure figures in 2017 Budget are in Section 2 of this report.

**Revenue 'slippage'** – PAC is concerned that several agencies confirmed revenue 'slippage' existed within their internal computer systems called AX. Aviation was one agency that confirmed an awareness of high revenue 'slippage' due to poor internal systems. MOFT also confirmed it had a problem, when it stated;

*"There are small administrative improvements, which we think we should continue to do and quickly get it into ministerial order so that it also assists in our revenue collection. One important one is the interface between systems of Government and especially revenue management systems with the financial management system of the Treasury, AX....we think that by completing these which is still a work in process at the moment, it will assist us very much in capturing some of the payments of contractors that go through Government without us capturing the payment"*<sup>27</sup>

The Public Accounts Committee is alarmed at the level of revenue 'slippage' due to internal systems within Government Ministries lacking compatibility, and therefore not "talking to each other".

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<sup>27</sup> MOFT, Evidence, 21<sup>st</sup> November 2016

### Recommendation 24

The Committee alerts Parliament to the problems of revenue slippage, and recommends that the Ministry of Finance and Treasury correct this problem internally, and across all agencies, as a matter of great urgency.

**Strategic Alignment of the National Development Plan, the Midterm Development Plan, and 2017 Budget** – the Midterm Development Plan is the four year forward plan that captures the longer term ideas in the National Development Plan. Both should inform the budget cycle, and projects and funding should align with the budget cycle. The MTDP was only released mid-year 2016. However, already, several Departments are reporting frustration that their budget bids were in line with the MTDP, yet were rejected. This is in danger of making a mockery of the MTDP and the NDP process. One example, the Ministry for the Environment, demonstrated a \$300 million gap between their line Ministry budget and the MTDP. This indicates a weakness in the strategic planning of the MOFT, and is of concern to the Committee.

**Quality of Budget Bids** - the Committee was concerned to see the extent of budget bid cuts without consultation with line ministries and had thought that the ministries were making proper business cases in support of their bids. In some cases, this is true, but is not true in all cases. PAC is of a view this is why many projects are too slow to commence. The Committee also believe that this contributed to the practice of using Contingency Warrants and virements during the course of each year, which is a practice that PAC is urging the Parliament to minimise in the future, so as to protect the integrity of the budget cycle.

**Cash Management** - the Committee has requested MOFT on a number of previous hearings to provide an accurate report of the Government's cash reserve so that it could make a proper analysis of the liquidity requirements of the whole of Government. The Ministry claimed that there were no legal requirements for the non-disclosure of cash reserves of the Government yet it continued to refuse the requested information. The Committee believes that the Ministry is using the various budget control measures as a cash management tool rather than managing cash through proper procurement plans and encouraging Ministries to spread their spending evenly throughout the year. The Committee request that MOFT provide a cash flow forecast statement so that the Committee will be able to analyse the spending pattern of the government throughout the year. This, at the time of reporting, had not been provided.



**Reservation** - the Committee is very concerned that the MOFT imposed reservations on all Ministries without consulting them first. The arbitrary imposition of reservations across the board has severely affected the operations of the Ministries. Some Ministries budget lines have already been committed for future contracts and for emergency purposes. Some of these are for rations for hospital patients, medical emergencies and law and order issues. Imposition of reservations on budgets for project already in the implementation stages created disruptions and financial costs to contractors, suppliers and the implementing agencies. It is also confirmed by MOFT that the reservations are done purely to save additional cash reserve for the 2017 budget and future years. This kind of administrative policy has placed an unnecessary burden on Ministries that are providing services to the general public.

**Misuse of Contingency Warrants** - the Committee expressed once again its concern over the continued use of Contingency Warrants to expend unappropriated monies when the purposes for those expenditures were foreseeable or not urgent. The Committee was of the view that such practices lent themselves to political expediency, and showed low regard for the integrity of the budget cycle. The Committee's concerns were heightened in the light of assurances by the Ministry of Finance during previous hearings that the new arrangements under the new *Public Financial Management Act 2013* would lead to improved budgeting practices but that this appeared not to be the case. The Committee noted that this was used as a cash management tool by the Ministry. There is a need for the Ministry to develop robust budgeting tools so that the requirements of the PFM Act are adhered to. PAC has made a recommendation on this matter in a previous section of the report.

**Timely Delivery of Budget Review Reports** - the Committee is very concerned that the Minister of Finance failed to deliver the budget review reports on the specified timeline as required by Part 6 of the PFM Act 2013. This not only breaches the requirements of the PFMA 2013 but also undermines the functions of the Committee to scrutinize the performance of the executive government on the budget as part of the oversight role of Parliament. The Committee also noted that Ministries were not consulted on the preparation of the Mid-Year Budget Review report. The MOFT stated that the reports were delayed to enable the Ministry to properly prepare a quality report to Parliament. The Committee is of the view that enough resources and priority should be given to the preparation of such reports and that it is not proper for the Minister and officials to breach the Act that they are enforcing across the whole of government. PAC has made recommendations on this matter in previous sections of this report.



**Accounting for Donor Funds** - the Committee noted that donor funds were not accounted for when received and only later did it get into the system. Rollover donor funds should be provided for in the budget in the following year. The Ministry stated that it was a system problem as well as a policy issue. The Act is adequate but more needs to be done at an operational level to address reporting and transparency issues. PAC has made recommendations on this matter in previous sections of the report.

**Central Tender Board (CTB) Operations** - the Ministry informed the Committee that the CTB is continuing to review its processes and operations. The membership of the board has increased. The composition of the board includes; PS MOFT, PS MDPAC, PS MCA, PS MEHRD, PS MID, AGC. The CTB meets regularly and uses the Procurement Section of Treasury to scrutinize procurements. There are still some questionable procurements in the line Ministries. The procurement regulations were supposed to be finalized in July 2016 however, these have been delayed. The MOFT gave the following evidence to the PAC inquiry:

*"...our aim at the first place was to get the regulations gazetted in June but we have fallen short....and so the procurement regulations is not yet signed off and gazetted and so we are operating on interim financial instructions on which the draft is based on."*<sup>28</sup>

#### **Recommendation 25**

PAC alerts Parliament that procurement regulations are not in place, despite MOFT promising completion earlier this year. The Committee recommends that urgent action be carried out by the Ministry of Finance and Treasury (MOFT) on the completion of this important integrity tool for Government.

**Preferred Supplier Arrangement** - The delay in the finalization of the preferred supplier arrangement has severely impacted the timely implementation of the budget by various Ministries in particular MRD. The preferred supplier arrangement (PSA) should have been done in the early part of the year and proper procurement plans put in place so that projects are smoothly and evenly implemented throughout the year. This will also relieve pressure on the government cash flow as requests for payments will be planned and managed throughout the year.

<sup>28</sup> MOFT, Evidence, 21<sup>st</sup> November 2016

### Recommendation 26

PAC alerts Parliament that preferred supplier arrangements are not in place, despite MOFT promising completion of this earlier this year. The Committee recommends that the Ministry of Finance and Treasury (MOFT) take urgent action on the completion of this important integrity tool for Government.

**Institutional reforms of ICSI, DBSI and CEMA** - the Government has referred to the institutional strengthening of these central investment institutions in the budget and has allocated \$10M for them. The Ministry advised that its teams will be looking on these initiatives and with respect to DBSI whether it would be viable or whether some other vehicle will be required. Two new portfolio companies are being created to come under ICSI (Cable Company & Airport Company).

**Publication of Tax Exemptions** - the Committee queried whether tax exemptions should be published in the general media rather than just the Gazette and was informed that there were no barriers to this but that currently such exemptions are published each quarter in the Gazette.

**Poor data collection impacting Public Policy** – the Committee received evidence from several Ministries in regard their frustration at the lack of quality data to support policy decisions. The importance of this has led to the PAC making several recommendations into data collection for the coming year, as the basis of good policy into the future.

### Recommendation 27

The Public Accounts Committee is aware labour market data is very difficult to collect in the Solomon Islands. However, good public policy is dependent on good data. PAC alerts Parliament to decisions on jobs and growth within 2017 Budget based on highly questionable data. The Committee recommends that the Minister for Finance, and Executive Government pursue a program of works with the Statistics Office to find a way to collect the best possible employment data possible, so better policy decisions can be made in future Budgets, particularly in regards jobs for Solomon Islanders.

### Recommendation 28

The PAC alerts Parliament to the lack of a nationwide Consumer Price Index (CPI) to assist Budget planning. The Committee recommends that the Ministry for Finance to progress to completion



any work with the Statistics Office to establish a national CPI for future Budgets. The PAC shares the view of the Governor of the Central Bank that without such an indicator, policies that work in the interests of all households is more difficult to frame than necessary.

## 74 Ministry of Foreign Affairs and External Trade

### Mission Statement

The Ministry of Foreign Affairs and External Trade envisions a sovereign, independent and peaceful Solomon Islands that enhances economic prosperity and security for its citizen through cultivating diplomatic relationships with other nations and international organizations.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Income</b>	\$ 70,301	\$ 34,487	\$ -	162,987	\$ 11,076
<b>Expenditure</b>					
Payroll	\$ 4,901,589	\$ 5,772,119	\$ 4,584,612	4,140,322	\$ 3,802,291
Other Charges	\$ 39,683,223	\$ 40,059,746	\$ 41,079,129	35,149,338	\$ 39,088,195
	\$ 44,584,812	\$ 45,831,865	\$ 45,663,741	39,289,660	\$ 42,890,486
<b>Budget Support</b>					
<b>Income</b>					\$ 2,173,553
UNOPS	\$ 3,941,853	\$ 5,133,876			
UNFPA			\$ 1,209,677		
UNDP			\$ 579,152		
	\$ 3,941,853	\$ 5,133,876	\$ 1,788,829		\$ 2,173,553
<b>Expenditure</b>					
Payroll	\$ 860,820	\$ 2,983,067	\$ 146,869		\$ 1,073,835
Other Charges	\$ 3,081,031	\$ 2,150,809	\$ 1,239,783		\$ 801,121
	\$ 3,941,851	\$ 5,133,876	\$ 1,386,652		\$ 1,874,956



## Development Budget

### Appropriated

SIG	\$ 1,649,938	\$ 3,000,000	\$ 1,337,626		\$ 97,526
Donor	\$ -	\$ -	\$ 1,990,446		
	<b>\$ 1,649,938</b>	<b>\$ 3,000,000</b>	<b>\$ 3,328,072</b>		
<b>Non-Appropriated</b>					
WTO	\$ -	\$ -			
	<b>\$ -</b>	<b>\$ -</b>			

### Issues of Concern

Matters raised by the Committee included the following issues:

**MFA Head Office** – the Committee noted that the head office of the ministry is not suitable for a diplomatic office that receives VIPs from other countries on behalf of the country. The ministry stated that office needs to be located in a dignified site and an office that is tailored for a ministry of foreign affairs. It is government policy that MFA is collocated in an office complex housing OPMC and MDPAC. The ownership of the current premises has changed so there are major improvements being made to the office building.

**Seasonal Workers Scheme with Australia and New Zealand** – the committee is concerned that the schemes with the two countries are underutilized by the country due to difficulties encountered by stakeholders in their dealings with the ministry. It is also noted that MFA is not proactive enough in its dealings with local people and the prospective employers in the two countries.

The seasonal workers program with Australia is operated under a memorandum of understanding between SI and Australia. SWP has no cap and includes a number of sectors but is not well utilized as it is demand driven from Australian employers. Only 60 workers went during 2015/2016. Some workers misbehaved and breached the conditions of their VISAs so created bad impression on SI workers. MFA plans to strengthen the Labour Mobility Unit to address problems identified.

New Zealand scheme is working very well as the workers are behaving. The scheme is linked to PACER Plus and is not for the farming sector with a cap of 10,000 per year for Pacific Islands. SI send 600 workers in 2016 and might increase in 2017. They might pilot other sectors in future such as fisheries and construction.

**MSG Trade and PACER Plus** - the ministry informed that the 3<sup>rd</sup> review of the MSG free trade was concluded in mid-2016. The MSG free trade agreement developed from free trade in goods and extended to services, labour mobility and investment. SI Prime Minister signed the agreement during November 2016 in his capacity as the Chair of MSG.

With regards to PACER Plus SI is the lead delegation for the negotiations on the agreement. The legal text is 99% complete and it is expected to be completed by end of 2016 or early 2017. The ministry confirmed that the agreement does not remove sovereign obligations of the country regarding infant industries and indigenous businesses. 30 lines of tariffs will be eliminated under the agreement. The country needs to manufacture more products for export to take advantage of the trade agreement. Rules of origin is an issue that needs to be ironed out. The country will benefit from investments – for example PNG is the second highest investor in the country. Trade agreement is only a framework. SIG needs to develop the right mix of policy.

The Committee insists that the country is yet to benefit from the various trade agreements that it is a part to.

**Economic Partnership Agreement with EU** - the committee urges the ministry to quickly conclude and sign the agreement with EU. It is missing out on benefits from this while Fiji and PNG have benefited after signing it. The ministry indicated that SI is more vulnerable to trade agreements therefore it is more careful in its negotiations with EU.

**Special Envoy to West Papua** - the ministry stated that the envoy is directly accountable to the Prime Minister in his capacity as the Chair of MSG. The Ministry consults and provides advice as and when appropriate.

**Fiji Chancellery** - the Committee questioned the progress on the project in Suva particularly as Fiji is just next door. The Ministry is waiting for a concept design from MID before it can proceed. The design will take into account culture features of Solomon Islands.

**Overseas Missions** - the Committee queried the current status of a number of overseas missions. The ministry will review the staffing in Taiwan so that it has the capacity to promote Solomon Islands for investment and trade. The Ministry has no plans to close the Cuban embassy. MHMS plans to firm up

the MOU it has with Cuba regarding medical training. SIG has plans to expand its TA arrangement with Cuba to include other sectors such as sports.

**VIP Airport Lounge** - the VIP lounge has been allocated funding in the 2016 Development Budget but the Ministry advised that work could not progress as MCA was planning to upgrade the whole terminal building. Progress on this project will go in line with terminal improvement plan of MCA in 2017.

## 75 Office of the Governor General

### Mission Statement

The Office of the Governor-General supports the Governor-General in his role as Her Majesty's Representative in the Solomon Islands as stipulated under Section 30 of the Solomon Islands National Constitution.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 2,605,860	\$ 2,807,437	\$ 1,909,288	2,526,392	\$ 1,857,677
Other Charges	\$ 6,621,701	\$ 6,786,903	\$ 5,680,040	6,232,345	\$ 5,393,609
<b>Total</b>	<b>\$ 9,227,561</b>	<b>\$ 9,594,340</b>	<b>\$ 7,589,328</b>	<b>8,758,737</b>	<b>\$ 7,251,286</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>					



## Development Budget

### *Appropriated*

SIG	\$ 549,979	\$ 1,000,000	\$ 906,808	NA	NA
Donor					
<b>Total</b>	<b>\$ 549,979</b>	<b>\$ 1,000,000</b>	<b>\$ 906,808</b>		
<b>Non-Appropriated</b>					
		\$ -			

## Issues of Concern

Matters raised by the Committee included the following issues:

**Development Budget** - \$13 million was submitted as a development bid for a new 2 story Office building. The MDPAC Project Steering Committee allocated \$3 million and to be phased out over a 5 year period. However, this was later slashed to \$549,979.00. In the submission from the Office of the Governor General, the following was stated: "this allocation is very inadequate considering the costs involved in establishing the ground work for the project. In actual fact, the site where the building will be constructed is on a slope and will require a lot of filling, leveling and compacting to bring it up to the existing ground level before the actual foundation is laid. We see this as the most costly part of the project.

### **Recommendation 29**

The Committee recommends that the Budget Unit of the Ministry of Finance and Treasury reinstate the \$3 million for the 2017 Development Budget to allow for the earthworks to be completed for the Office of the Governor General.

## 76 Ministry of Health and Medical Services

### **Mission Statement**

The health sector's mission is to play its part in improving the public's health status. This will be done through:

- Proactive stewardship of the sector with a focus on Primary Health Care (PHC) and Healthy Islands effort via active community empowerment and development;
- Building partnerships with communities, other sectors (agriculture, education, labour, transport, infrastructure, etc.);

- The sector will also plan and manage health improvements with a focus on reducing the determinants of disease and illness including improving disease management.

## Recurrent Budget

	Budget Estimates		Actuals		
Recurrent Budget - SIG	2017	2016	2015	2014	2013
<b>Income</b>	<b>\$ 611,068</b>	<b>\$ 299,768</b>	<b>\$ 313,765</b>	<b>269,962</b>	<b>\$ 339,807</b>
<b>Expenditure</b>					
Payroll	\$ 172,059,778	\$ 168,634,298	\$ 179,992,040	156,830,231	\$ 138,409,882
Other Charges	\$ 165,948,991	\$ 165,948,991	\$ 140,050,038	134,408,172	\$ 123,041,051
	\$ 338,008,769	\$ 334,583,289	\$ 320,042,078	291,238,404	\$ 261,450,933
<b>Budget Support</b>					
<b>Income</b>	<b>\$ 120,034,274</b>	<b>\$ 130,606,674</b>	<b>\$ 115,307,912</b>	<b>108,964,651</b>	<b>\$ 113,067,253</b>
<b>Expenditure</b>					
Payroll	\$ 1,104,000	\$ 4,079,000	\$ 375,330	422,924	\$ 246,932
Other Charges	\$ 118,930,274	\$ 126,527,674	\$ 91,503,262	148,010,612	\$ 139,653,142
	\$ 120,034,274	\$ 130,606,674	\$ 91,878,592	148,433,536	\$ 139,900,074

## Development Budget

### Development Budget

<b>Appropriated</b>					
SIG	\$ 29,000,000	\$ 31,478,992	\$ 29,000,000		\$ 10,000,000
Donor		\$ -			
	\$ 29,000,000	\$ 31,478,992	\$ 29,000,000		
<b>Non-Appropriated</b>			\$ 9,300,000		
		\$ -	\$ 9,300,000		

## Issues of Concern

Matters raised by the Committee of concern included the following issues:

**Unappropriated Donor Funding not in the Development Budget** – PAC was concerned to hear the evidence from officials that a number of Budget accounting issues did not appear in order. The first was stated as the following;

*“...unappropriated money that comes from our donor partners is around \$53 million, but it is not reflected in 476. We usually use this money and we appropriate for it in the supplementary. But at the moment it is not being reflected yet.”<sup>29</sup>*

<sup>29</sup> MHMS, Evidence, 23<sup>rd</sup> November 2016

**Error in Budget Subhead allocations** – the Committee heard evidence that another department that is not in the Ministry's bid appears in the 2017 Budget;

*"Maybe the budget team can explain that to us, because one of the new divisions we submit is public health surveillance and disaster management was put into this division. The figures there do not make much sense to me now because of that. I hope it is a mistake from the Budget Unit than an intentional one."*<sup>30</sup>

**Payroll budget under internal audit** - the ministry raised concern over the payroll budget for internal audit section as below.

*"...the internal audit is completely opposite what has been written. We were increasing the number of internal auditors and recently we conducted interviews and put an additional staff which is the fourth in that division. I am sure they are receiving their salaries, so something is wrong with print here."*<sup>31</sup>

**Capacity to undertake Capital Projects** - the Committee was concerned that there was a considerable underspending of the Ministry's Development Budget. The Ministry advised that part of the problem was lack of technical staff and the inability of MID to provide the necessary technical support.

**Strategy to address Dengue Outbreak** - the Ministry has declared a dengue outbreak. There are about 240 positive cases. Health officials stated the following;

*"...we have some challenges now with staff tiring because we are now going into the 8th week of this response, so one of the challenges is staffing. Dengue fever cases is about 240 as of yesterday."*<sup>32</sup>

Measures have been taken by the Vector Department to address the outbreak including spraying to control vector, clean the environment, consult with aid donors, activating health emergency centres and the full manning and activating of the Emergency Department in the National Referral Hospital. The outbreak has been managed but emergency funds are required so the Ministry is trying to get a CW to be approved by Cabinet. There is no specific treatment for dengue.

**Status of NRH relocation** - the Ministry advised that the taskforce has confirmed a site at Gilbert Camp and paid for the land, done survey and geo-tech, will finalise land title transfer before fencing

<sup>30</sup> MHMS, Evidence, 23<sup>rd</sup> November 2016

<sup>31</sup> MHMS, Evidence, 23<sup>rd</sup> November 2016

<sup>32</sup> *Ibid*



can be done. A TA has been appointed to do a service plan and business plan. Cabinet has approved a phased approach to the project. The option taken will depend on funding such as whether to only relocate tertiary functions and cut down on number of beds or to relocate secondary and tertiary functions which will increase the cost. Officials stated the following on this matter;

*"...if I remember he was asking for another \$40 million or something like that. But if you look at the budget here, there is only a \$7 million increase for the NRH. There is a small increase."*<sup>33</sup>

**Status of Morgue Project** – the Ministry advised that the budget for the project has been with MID since 2010. The Ministry in consultation with MID has selected Kramer Ausenco (SI) Ltd to do the drawings. The drawings were completed and tender was put out in May 2016. NRH executive decided to relocate to another site, the Eastern end of the NRH as the current site is too small and too public. This necessitated a variation to the original plan to cater for a 10 storage facility with specialised equipment. A new tender will be put out as soon as the revised plan is completed.

**National Referral Hospital Operating Theatres** - the Ministry confirmed that the operating theatres became operational on 17/05/2016 after final inspection and clearance by the Labour Department. The Committee is concerned with the ongoing issues affecting the operating theatres in the NRH as was reported continuously in the media.

**Policy on Regional Hospitals** - the Committee enquired into government policy on converting Area Health Centres into regional hospitals.

The Ministry advised that policy on service delivery package was completed. The Ministry is now working on manpower plan policy which is expected to be completed by the end of the year. Reform is ongoing to clearly identify roles and responsibilities of the different levels of the health sector from HQ down to the rural clinics including the cost implications on the recurrent and development budget.

**Provincial Hospitals** - the Committee is informed that a WHO consultant is currently reviewing the infrastructure and service requirements for Kilufii hospital. \$10million is available for the redevelopment of Kilufii. Amongst options under the review are whether to relocate, refurbish or build a new hospital in the current site.

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<sup>33</sup> MHMS, Evidence, 23<sup>rd</sup> November 2016

Kirakira requires a new hospital building but land is yet to be allocated by the Province. A firm is engaged to develop a master plan for the hospital.

Relocation of Taro hospital may be done after the completing of the Kilufii and Kirakira hospitals. Relocation to the mainland will be done as part of the Choiseul Bay Township project.

**Fraud in the Ministry's Procurement** - the Ministry informed the Committee that they had undertaken a lot of work to bring the situation under control following the fraud case that occurred in 2013. Internal controls have been strengthened and the Internal Audit Unit within the Ministry now undertakes investigations whenever a suspicious transaction is identified including at provincial level. The Ministry advised that following suspensions of senior staff they were not able to fill their positions and maintain the services.

**Birthing and Population** - Health officials expressed concern on population growth and pressure on health services. While the demand for health centre services for birth increases, the facilities have remained the same for over the last 30 years. The Committee agrees with the Ministry that health facilities should be built in proportion with the population growth to relief pressure on the existing health centres and National Referral Hospital.

**Mental Health Support to the Community** - the Committee also enquire on the provision in the budget that will cater for any follow up in terms of officers from the Ministry's Psychiatric Division going back to the community from which the patient come from and do awareness on how community can take care of patients. The Ministry responded that there is a discussion paper with the under secretary of Health which was sent to the Ministry to reorganise Mental Health Division. This paper captured awareness program. However, there is lack of trained nurses to look after discharged patients at the community level. One of the Ministry's propose plan now is to give a special favour to send some nurses to do mental health in Papua New Guinea. 3 nurses are in the plan to go on this training for the three big provinces so that community health is further progressed.

## 77 Ministry of Infrastructure Development

### Mission Statement

The Ministry strives to provide, regulate and maintain services that support an integrated, efficient, safe, and affordable transport system to enable all Solomon Islanders to participate and benefit in economic and social activities that sustains equality, unity and prosperity for the nation.

### Recurrent Budget

	Budget Estimates		Actuals		
Recurrent Budget	2017	2016	2015	2014	2013
Income	\$ 25,692,007	\$12,603,586	\$14,906,506	13,509,940	\$ 11,896,540
Expenditure					
Payroll	\$ 8,168,939	\$9,847,535	\$7,938,915	\$ 7,672,114	\$ 7,183,929
Other Charges	\$ 59,320,562	\$60,295,876	\$60,737,174	\$ 52,949,390	\$ 52,159,885
	\$ 67,489,501	\$70,143,411	\$68,676,089	\$ 60,621,504	\$ 59,343,814
Budget Support					
Income	\$0	\$0	\$0	\$0	\$0
Other Charges	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0

### Development Budget

Appropriated					
SIG	\$ 244,040,000	\$288,917,000	\$138,079,004	99,039,544	\$ 20,000,000
Donor		\$0	\$0		\$ 71,263,731
	\$ 244,040,000	\$288,917,000	\$138,079,004	99,039,544	\$ 91,263,731
Non Appropriated	NA	NA	\$34,145,338	NA	NA
Australia	NA	NA		NA	NA
	NA	NA	\$34,145,338	NA	NA

### Issues of Concern

Matters raised by the Committee included the following issues:

**Reduction in Development Budget** - PAC was concerned by evidence to the inquiry indicating a 16% reduction in the 2017 Budget for development projects for MID. Officials provided evidence this



would have “a significant impact on the maintenance and rehabilitation of the entire transport infrastructure in the country”. In further evidence officials stated the following;

*“...adequate maintenance of transport infrastructure is critical for national development. Unfortunately, transport infrastructure maintenance has been chronically underfunded in Solomon Islands for well over a decade. This has caused very large and a continually increasing backlog of maintenance work not undertaken and has grown to such an extent that the neglected infrastructure now requires a very large capital expenditure to retain them to functional and maintainable condition.”<sup>34</sup>*

PAC was concerned that development bids for 2017 included \$50m for Office and Green Terrace, with \$40m cut from capex non-residential, and \$3m plant and machinery. As well, a bid for \$12.3m was put in for Disaster Housing Programme, and \$1.5m was allocated for consultancy fees. As well, \$11.9m was put in for DIP-capex non-residential; however, this was a mistake.

PAC concur with the statement in the submission received from MID, where they stated “...budget cuts can affect the progress of major development once it starts and project timelines are crucial.”

**Land Disputes delay project Implementations** - PAC heard of continued land disputes from landowners that often delay and stop projects from being implemented.

**SIG Procurement Process** - PAC heard of frustrations from MID regarding procurement processes, making it quite difficult for contractors to mobilise immediately after being awarded the contracts.

**Lack of Infrastructure Legal Framework** - PAC heard of frustrations from MID regarding the lack of a legal framework to guide MID in infrastructure development and maintenance. For example, PAC heard the current Roads Act is obsolete.

**Human Resources Capacity** - the DCCG priority projects has overstretched manpower and resources within MID, making it more difficult to actually implement projects.

**Strategic Shipping Policy** - PAC expressed the view of the need for a more substantial shipping policy, of which MID officials agreed. However, at this stage, work on such a policy has not been done.

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<sup>34</sup> MID Officials, Evidence, 25<sup>th</sup> November 2016

**Solomon Islands Maritime Safety Administration** - PAC raised concerns about political influence over the registration of certain vessels. Officials from MID acknowledged this issue, and outlined a strategy they were pursuing to prevent it occurring in the future;

*“What we are doing now to improve this is we are looking at reforming SIMSA to become a statutory body...at this time, there are powers under the Act but it comes under the PS and the Minister for MID. That is what is causing the conflict of interest.”<sup>35</sup>*

**Lack of Policy on Plant and Machines for Road Development**- Similar concerns about the lack of policy were raised by PAC regarding plant and machines. Likewise, officials from MID agreed with this problem, and stated the following;

*“The allocation of plant and machines has been done this year. Funds have been allocated to those that applied for machines and equipment like lands in constituencies where we have already allocated some funds this year. But there was no policy in place. That idea to allocate funds for that comes from the Cabinet...”<sup>36</sup>*

**Strategic Policy and Business Plan for Road Network and Land Transport**- PAC was concerned to hear from MID about its inability to build any new road at all in the Solomon Islands. Officials from MID explained the challenge;

*“...under the DCCG policy there are lengths of new roads that should be built in a year and in the National Transport Plan there is a policy as well for the new roads or new constructions that will come up. But the issue is on the existing infrastructure maintenance – this is because some of them are ongoing and we will pick them up again on the budget next year. We cannot just leave them because there are existing contracts there so when we want to go for new ones, it will be quite difficult...there is a policy there but it does not have enough funds for us to implement for new roads.”<sup>37</sup>*

**Disaster Housing Programs**- PAC was informed of an allocation of \$3.9 million for disaster housing programs. Alongside it was the comment “no progress yet after two years”, and PAC asked for further details. The program is an allocation for a program titled “build-back-better”, for communities that were affected by the 2013 earthquake and tsunami in Temotu province in Santa Cruz Islands.

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<sup>35</sup> MID officials, Evidence, 25<sup>th</sup> November 2016

<sup>36</sup> *Ibid*

<sup>37</sup> *Ibid*

**Lack of Staff at Hydrographic Strengthening Program-** PAC was concerned to learn the hydrographic strengthening program lacks staff to actually do anything. Officials from MID summarised the situation by stating;

*"The department has been moved from the Ministry of Lands to SIMSA under MID. We do not have enough people to do the work so we probably would need to recruit some more people to do the work. The other person who is doing this work is on retirement."*<sup>38</sup>

**Budget Process-** PAC was concerned about the lack of robust dialogue and consultation between MOFT, MID, and MDPAC throughout the budget cycle, particularly when substantial budget cuts are being made. This was confirmed by the Officials from MID who stated;

*"...in fact there was not any form of consultation made to reduce this (cut). We just saw it appear like this in the Budget without any explanation on why the bids were reduced....these are important investments for the country, if we want this country to have good roads and connectivity and our people to access the markets and to encourage economic activities to increase, then infrastructure is one of the important factors for the country in order to see the changes. Nevertheless, there are no consultations done."*<sup>39</sup>

**OPMC infrastructure program** - PAC enquired into the perceived overlap of funding and works proposed in both the Office of the Prime Minister and Cabinet (OPMC) and MID budgets for work to be done on the Prime Minister's residence. Evidence suggested the same figure of \$18.5 million was allocated for geo-tech and designs in both portfolios.

**Lack of funding for Hospital Morgue** - PAC was concerned about the lack of evidence, and funding, to support the construction of the morgue. The following evidence was provided by officials:

*"Initially the bid was also to include the morgue under MID, but the reduction will affect the construction of the morgue."*<sup>40</sup>

**Reduction in Budget for Roads & Bridges maintenance** - PAC was concerned by the \$7.5 million reduction in Code 242, 2503 – maintain roads and bridges. Evidence from the MID Officials

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<sup>38</sup>*Ibid*

<sup>39</sup>*Ibid*

<sup>40</sup>*Ibid*



confirmed “...the reductions here on maintenance of roads and bridges is not what we have asked for”<sup>41</sup>.

**National Transportation Initiative Program** - the Committee questioned the Ministry on the Capex Plant/Machineries, where there were no original estimates/provisions; however, under supplementary estimate there was \$16 million. The Committee further enquired about the Plant and Machineries if it is for the Ministry to purchase plants and machineries to beef up its Ministry’s plants and equipment.

The Ministry responded that this amount was not to beef up the Ministry’s machineries but it is the direct intervention by the Cabinet to allow some machinery to be used by the constituencies on both sides of the house for road constructions.

The Committee also appealed to the Ministry if it is possible for the Ministry to provide the list of constituencies who have benefited from the Funds. The Ministry advised they will provide the list to the Committee.

**Shipping grants** - the Committee also enquired on Capex-Ship: Original estimates \$45 million and \$19 million is on Supplementary estimates totalling \$64 million. The Committee also questioned the number of MPs that have received the funding and how many have reported back to the Ministry and government on the use of the fund.

The Ministry responded that lack of reporting by the recipients on the usage when moneys were given to constituencies was the major issue. Such information can help the Ministry with planning/compliance. Letters were sent out to Constituencies but there were no responses.

**Berande to Mbokokimbo Road Upgrade Project** - the Committee expressed concern that the project including feeder road work has stopped. The Ministry advised that contractor has not been paid so the work has stopped. The Ministry is negotiating with MOFT to lift the reservation so that the contractor can be paid. With regards to the feeder roads, the Ministry is waiting for clearance from MOFT before it puts out tender. The Ministry confirmed that the reservation has affected all contracts throughout the country.

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<sup>41</sup>*Ibid*

**National Transport Fund Projects** - the Committee wants to know the details of projects funded under NTF and the process for accessing the fund. The Ministry replied that maintenance of wharves and labour based road maintenance are continuing but some wharves maintenances in Isabel are under dispute. Only 3 new wharves are being constructed; one at Malaita, one at Western and one at Choiseul. During evidence, the Ministry offered to provide a list of projects funded under the NTF. At the time of reporting, this list had not yet arrived.

**Rural Transport Infrastructure** - the Ministry advised that MID does scoping and quantify the details of work and prepares tender for MTB and CTB for all rural transport infrastructure projects. MID does the technical evaluation and makes recommendation to MTB and CTB but they must first get clearance from Compliance Section of MOFT.

**Ministry Technical Capacity** - the Committee raised concern that the limited capacity in MID has affected infrastructure projects implementations in all government ministries. The Ministry admitted that it has severe human resource shortage in all of its technical divisions due to the freeze on recruitments by MPS over the years. It has 45 vacancies this year and has put out advertisements for 20 vacancies. It expects to fill these positions by the end of 2016.

**Housing for Public Officers** - the Committee also enquired about an issue been noted in the last hearing which is on housing for public officers. The Committee queried on what step are taken by the Ministry to progress the program to provide houses for public servants since the Skyline project has fallen through.

The Ministry advises that all government ministries had that issue. The Ministry can come up with the design; however, it will require land. The Commissioner of Lands owns the land and can work together with Ministries. Likewise there should be a push by the government and it will depend on the availability of land. However, dealing with land owner is another issue.

**Constituency Economic Development Centres** - the Committee questions the Ministry regarding working together with Ministry of Rural Development to set up 50 economic growth centres in the 50 constituencies.

The Ministry responded that this is not clear as building economic centres requires feasibility study, land, proper infrastructure, airfield and wharfs. If all these are met then plans can be processed. At

the moment there are no clear drivers for these growth centres. Once this is in place then the Ministry can input plans on such development.

MID is going to be responsible for working with MRD to develop the necessary infrastructure to support an Economic Development Centre in each of the 50 constituencies. This is going to be a large undertaking.

## 79 National Parliament Office

### Mission Statement

As a democratically elected national legislature of Solomon Islands, our mission is to ensure that parliament exercises its legislative, oversight, representation and outreach duties effectively and that parliament remains the main forum for national political debate.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 2,605,860	\$ 2,807,437	\$ 1,909,288	2,526,392	\$ 1,857,677
Other Charges	\$ 6,621,701	\$ 6,786,903	\$ 5,680,040	6,232,345	\$ 5,393,609
<b>Total</b>	<b>\$ 9,227,561</b>	<b>\$ 9,594,340</b>	<b>\$ 7,589,328</b>	<b>8,758,737</b>	<b>\$ 7,251,286</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>					



## Development Budget

### *Appropriated*

SIG	\$ 549,979	\$ 1,000,000	\$ 906,808	NA	NA
Donor					
<b>Total</b>	<b>\$ 549,979</b>	<b>\$ 1,000,000</b>	<b>\$ 906,808</b>		
<b>Non-Appropriated</b>					
		\$ -			

## Issues of Concern

Matters raised by the Committee included the following issues:

**PEC Approvals** – the Committee enquired into the status of entitlement approval being done by PEC. The NPO stated that all approvals have been submitted to Ministry of Finance for payment.

**NPO Infrastructure Projects** – the Committee requested an update on all infrastructure projects for National Parliament. The MID informed the Committee when they appeared on the 25/11/2016 that the road access construction tender was only opened on the 24/11/2016 by CTB but a contractor has already started the road works two weeks earlier. This not only breached SIG procurement rules but also the Parliamentary House Committee was not aware of the plan and commencement of the work.

NPO stated that a request was made to CTB to waive the requirement for tender but was not approved. The estimated cost of the road work as per MID assessment is \$3M. The contractor is Allied Trade Enterprises and it volunteered to commence construction pending the CTB assessment and award of tender. NPO subsequently allowed the contractor to commence work. The risks associated with the road construction are: design and engineering issues, cost escalation, non-compliance with procurement rules and Parliamentary House Committee requirements. NPO plans to build a security fencing and boom gate at the bottom of the hill to address security access to Parliament from the new access road.

The Committee was informed that the retention wall construction went past its planned completion date due to the wet season.

### Recommendation 30

The Committee recommends that the National Parliament Office (NPO) complies with procurement rules and Parliamentary House Committee requirements when implementing NPO infrastructure projects.

## 80 Ministry of Forestry and Research

### Mission Statement

To promote, conserve, investigate and manage the nation's forest resources for the optimal of all stakeholders and the environment.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 5,754,608	\$ 2,823,006	\$ 16,705,820	\$ 2,859,750	\$ 2,750,600
<b>Expenditure</b>					
Payroll	\$ 9,006,289	\$ 9,456,675	\$ 9,146,756	\$ 8,432,487	\$ 8,496,491
Other Charges	\$ 13,304,908	\$ 14,359,686	\$ 22,679,567	\$ 13,606,614	\$ 16,289,294
<b>Total</b>	<b>\$ 22,311,197</b>	<b>\$ 23,816,361</b>	<b>\$ 31,826,323</b>	<b>\$ 22,039,101</b>	<b>\$ 24,785,785</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

#### Appropriated

SIG	\$ 21,048,200	\$ 25,808,200	\$ 57,087,645	NA	NA
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 21,048,200</b>	<b>\$ 25,808,200</b>	<b>\$ 57,087,645</b>		

#### Non-Appropriated

Korea	\$ -	\$ -		NA	NA
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>			

## Issues of Concern

Matters of concern raised by the Committee include the following:

**Forestry Bill** - the Ministry advised that a committee chaired by the PS has reviewed the bill and issued drafting instructions to the AG Chambers. The Ministry has started consultation in Temotu with the assistance of the Ministry's legal adviser. The Ministry also started awareness activities in Western, Isabel and Makira provinces. Discussions within the Ministry are continuing and the plan is to bring to Parliament by second half of 2017.

### Recommendation 31

The Committee recommends that the Ministry of Forestry and Research fast track its consultation process on the Forestry Bill and bring the legislation to Parliament as soon as possible in 2017.

**Forestry Revenue** - The budget provides different projections for the future of revenue collection within the forestry sector. When questioned on whether there were exemptions or remissions in place, the Ministry for Finance and Treasury provided the following advice;

*"In terms of remission and exemptions for the logging sector, I can confirm that there is no remission, neither exemption was ever granted for any logging company in terms of machines or export duty for logs."*<sup>42</sup>

PAC alerts the Parliament to differing advice on Forestry revenue collection, and invites the Minister to clearly state the future direction of revenue collection, and how to develop a sustainable forestry industry in the Solomon Islands for the future.

The Committee noted that the amount in the Appropriation Bill is actually higher than the annual revenue of the Ministry.

The Ministry stated that the revenue was a one off payment for logs seized from an illegal logging operation. The proceeds of the sale were shared between landowners and the government.

**Status of Logging** - the Committee raised concerns over the issue of sustainability of logging. Logging was expected to begin decreasing in 2015. However, harvesting is still increasing, and the Solomon Islands economy will continue to depend upon logging for years into the future.

<sup>42</sup> MOFT, Evidence, 21<sup>st</sup> November 2016



The Ministry advised the Committee that 2015 was the peak year for logging and 2016 is expected to be at the same rate or it could decrease. The main factors contributing to this are: the number of logs being felled under the agro forestry scheme, the harvesting of new species of logs such as tubi in Choiseul and Isabel, availability of new markets for new species of logs, harvesting of logs in conservation or protected areas, and repeat logging of previously logged areas. The Ministry sees the need for better monitoring but cannot do much due to staff shortage. In evidence provided by the Ministry of Finance and Treasury, they stated;

*"...the volume of timber that was exported was really high. But what we are seeing is that, it is high but the value of the timbers is not that high. They are smaller in species and maybe the high grade species have all gone. So although the volume might be higher the value of these logs and therefore the revenue may not be as high as we might have expected. This survey they did many years ago indicates that logging should have already subsided but it is still going on so we are not sure at what time it should actually diminish."*<sup>43</sup>

**Carbon Mapping Project** - the Committee was informed the road map for REDD+ was endorsed by Cabinet. The Ministry collaborates with Donors, Ministry of Environment and Ministry of Land in order to fulfil the requirements of REDD+. Activities in Phase 1 are almost complete and the ministry is working toward getting into Phase 2. Fiji and PNG are now in Phase 2. Forests conserved after 1990 get benefit from REDD+.

**Herbarium** - the Ministry advised it is working toward building a new National Herbarium Building over a three year period due to budget constraints. Only \$3m is available in 2016 budget. Once the building is completed then 30,000 specimens will be relocated to Honiara from Suva.

**Medicinal Plants Project** - the Committee noted the Ministry has received a report on the collaboration with the Korean Institute for Research and similar activity with Taiwan in creating an inventory of medicinal plants including herbal cures. Some tests were done in Taiwan but the Ministry require capacity development for its staff to fully participate in the project. The collaboration will end in July 2017 and a proposal is submitted to Taiwan to fund the project for some more years.

**Downstream processing – timber yard** – the ministry has been supporting resource owners with equipment for processing and is now supporting millers with timber yards and containers to prepare

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<sup>43</sup> MOFT, Evidence, 21<sup>st</sup> November 2016

them for export. One timber yard has already been built in Henderson to support Guadalcanal, Central, Malaita and Makira provinces. The one planned for Noro is for Western, Choiseul and Isabel producers. Solomon Islands Timber Association is established to address the needs of small timber producers in the country to export their products. The ministry is also assessing the viability of milling mature coconut trees for timber.

**Native forest project** – the ministry stated that the policy will address three issues: reforestation, enrichment and agroforestry. Reforestation aims at regeneration of log out areas while enrichment requires developing nurseries for native species to be planted so that native forests are protected from extinction and so on. Agroforestry will involve using local forests and intercropping with other agricultural products. ACIAR and University of Queensland are collaborating with the ministry on this.

**Botanical garden** - the ministry informed that the land for the garden is held by Honiara City Council while the ministry only has user rights. To properly manage and protect the garden the ministry has undertaken a fencing exercise which is 50% complete and a 2 storey building is completed for forest plant specimens' storage/office. The threat is the continuous encroachment to the area by prominent residents of Honiara, unlawful residents, herbal medicine seekers and firewood users. The ministry is finding it difficult to evict these different types of tenants so is working on a strategy.

## 81 Office of the Prime Minister and Cabinet

### Mission Statement

The overall goal of the Office of the Prime Minister and Cabinet (OPMC) is to provide leadership for and coordination of all government Ministries and Agencies and to facilitate the delivery of adequate, appropriate and quality services to the people of Solomon Islands through an efficient and effective system of government.

The OPMC's role and functions form the apex of the Public Service, coordination, managing, and monitoring the implementation of government policies and programs and carrying out the Central Agency role of leading the Service.

The OPMC has to effectively lead the coordination of the Government Machinery; it has to provide timely interventions, options, advice and relevant information to Cabinet for their deliberation for policy changes or improvement and clear directives; it is the focus for where all policies of the government and the progress on their implementation coverage for the final assessments of progress; it therefore has the responsibilities of drawing up guidelines, checklists and other instruments for analysis, monitoring and measuring the performance against all government initiatives.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 89,654	\$ 43,981	\$ 43,119	\$ 332,026	\$ 22,300
<b>Expenditure</b>					
Payroll	\$ 33,358,517	\$ 34,470,062	\$ 36,033,845	\$ 24,545,233	\$ 21,376,932
Other Charges	\$ 71,254,965	\$ 75,678,787	\$ 71,851,705	\$ 54,187,893	\$ 65,503,600
<b>Total</b>	<b>\$ 104,613,482</b>	<b>\$ 110,148,849</b>	<b>\$ 107,885,550</b>	<b>\$ 78,733,126</b>	<b>\$ 86,880,532</b>
<b>Recurrent Budget - Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

#### Appropriated

SIG	\$ 18,500,000	\$ 20,500,000	\$ 9,766,323	NA	NA
Donor		\$ -		NA	NA
<b>Total</b>	<b>\$ 18,500,000</b>	<b>\$ 20,500,000</b>	<b>\$ 9,766,323</b>	<b>NA</b>	<b>NA</b>
<b>Non-Appropriated</b>					
Australia	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

### Issues of Concern

Matters of concern raised by the Committee:

CEMA, Gold Ridge, RIPEL, DBSI reviews – the Committee was informed that four Cabinet subcommittee are in existence to address issues relating to these four entities. Progress of the work of each committee is at a snail's phase but reports should be available soon possibly by the end of 2016.



**Commission of Inquiry report on SIPA** – the Committee is informed that the report is with Caucus and Cabinet for deliberation.

**National Development Fund** - the OPMC advised that the fund is provided by ROC and is administered by OPMC. Communities submit project proposals to OPMC for funding. OPMC vetted the proposals and submit to Caucus for approval. Project recipients are required to provide project acquittals when the projects are implemented. Monitoring of the projects funded under the fund is done by MRD. The allocation of funding is determined by Caucus with minimal input from officials of PMO. The officials indicated that ongoing dialogue with ROC is taking place to address transparency and accountable issues regarding funding assistance from ROC.

The Committee is concerned that there is no clear guideline on the governance and accountability for the fund. There is a risk that the fund could be used for political convenience by any ruling government. The Committee also raise concern over the \$16.7M from ROC that used to be allocated to MEHRD for training and \$5M for fee free education. OPMC is not in a position to explain where these funds have been reallocated to.

### **Recommendation 32**

The Committee recommends that robust guidelines be established for the ROC's National Development Fund (NDF) by the Office of the Prime Minister and Cabinet. The Committee also recommends that the budget for the fund is included in the budget process so that it is transparent and reflected in the annual budget.

**SIG voluntary contribution to MSG Secretariat** - the Committee was informed that there are various categories of contribution that a member country can pay. The main ones are assessed contribution and voluntary contribution. Solomon Islands had to make a voluntary contribution because of the urgent financial need of MSG Secretariat.

**Policy on state funerals** - the Committee is informed that the government is asking the PIMEU to work on a policy to address the costs borne by Government for state funerals. OPMC, Home Affairs, PEC and other stakeholders are working on the policy but yet to compile a report.

**Political appointees** - the Committee enquired into the current number of political appointees.

The STC stated that there were a number of recent terminations of political appointees. Most of the National consultants contracts have expired and the office is waiting for directions from the political government on whose contracts to renew and who's to discard. The Committee is aware that there are 39 political appointees in the PMO but on 10 are reflected in the establishment. The Committee urges PMO to review and rectify the situation including being transparent with the review process undertaken for each appointee. The Committee requests that a proper review and appraisal of political appointees is made so that appointments are consolidate and in line with the budget process.

**Secretary to Prime Minister** – the Committee enquires into the appointment of the SPM as it is taking too long. The OPMC indicates that it is in the process of concurrence but appointment is yet to be formalised.

**Government priorities as per 2016 budget** – the Committee is concerned about whether the government is on track regarding its priorities as articulated in the 2016 budget. OPMC stated that the government is on track in its fundamental reform programs including the federal constitution, anti-corruption program, electoral reforms and other legislations are in progress.

Federal reform program is on schedule and will be finalised and handed over to the Prime Minister by June 2017. Anti-corruption program is progressing with nationwide consultation on the national anti-corruption strategy which will be launched on 9/12/2016. The new Ombudsman bill is with Parliament and LCC bill is 90% complete to harmonise it with other anti-corruption legislations. Work on freedom of information policy and electoral reform is progressing.

The Committee is of the view that the Federal Constitution requires proper costing to be done on it including the provision on revenue sharing. On its current form the federal constitution will be a very heavy burden for the economy of the country to shoulder.

The Committee also noted that OPMC is neglecting its fundamental responsibility of being the coordinating agency for whole of government so it is not aware of the programs implementations that are going on in the line ministries. Ministry of Finance and Ministry of Development Planning and Aid Coordination are only monitoring the budget in terms of the amount of money spent on each budget line. The amount of cash spend does not necessarily indicate that the project or program is achieving its objectives or is value for money.



**Truth and Reconciliation Commission Report** - The Committee understands that a consultant has been appointed to implement the recommendations of the report. OPMC indicated that the consultant is working tirelessly on the recommendations.

### **Recommendation 33**

**The Committee recommends that the Government informs Parliament on the status of work done on the recommendations by the Truth and Reconciliation Report.**

**Anticorruption Commission** - the Committee understands that consultations on the anticorruption strategy is currently been done with various stakeholders. This may eventually lead to the passing of the anticorruption Bills. OPMC informs that a nationwide consultation on the anticorruption strategy is at an advanced state. The Committee is concerned that the approach is not bipartisan.

**Federal Constitution** - the Committee understands that a new version of the Federal Constitution has been done. The Committee as stated above is very concerned about the like cost of this system of government. There is not costing done to ascertain the likely cost that will be involved and the formula for the much promoted revenue sharing arrangement. It is of concern that citizens might not be fully well versed with the implications or risks associated with a federal system of government.

### **Recommendation 34**

**The Committee recommends to the Government that an entirely independent panel is engaged to explain the advantages, disadvantages and costs of a Federal System of government to the people.**

**Customary Land Reforms** - the Office stated that in 2015 it will be targeting specifically Malaita and Guadalcanal with the criteria of economic interest. The Committee is not aware of the status of the reforms during 2016. The government listed this as one of its big ticket items in the 2017 budget platform but the Committee is not able to identify how the government is going to achieve this.

## **83 Ministry of Police, National Security and Correctional Services**

### **Mission Statement**

The overall objective of the Ministry is to contribute to safer and secure environment through the provision of high quality policing service, humane containment and the rehabilitation of prisoners.



“Professional, effective and ethical Police and Correctional Services for the maintenance of Law and Order, Good Governance and Human Rights”.

### Recurrent Budget

SIG	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Income</b>	<b>\$2,290,494</b>	<b>\$1,123,635</b>	<b>\$557,489</b>	<b>\$ 459,145</b>	<b>\$ 505,280</b>
<b>Expenditure</b>					
Payroll	\$119,020,545	\$121,657,676	\$162,161,228	\$ 84,997,503	\$ 72,120,114
Other Charges	\$132,914,193	\$135,253,440	\$100,955,113	\$ 104,221,661	\$ 78,341,123
<b>Total Expenditure</b>	<b>\$251,934,738</b>	<b>\$256,911,116</b>	<b>\$263,116,341</b>	<b>\$ 189,219,164</b>	<b>\$150,461,237</b>
<b>Budget Support - DFAT Bilateral</b>					
<b>Income</b>	<b>\$4,333,481</b>	<b>\$0</b>	<b>\$7,736,381</b>	<b>NA</b>	<b>\$ 1,932,000</b>
<b>Expenditure</b>					
Payroll					\$ 75,663
Other Charges	\$4,333,481	\$0	\$14,721,465		\$ 5,202,478
<b>Total Expenditure</b>	<b>\$4,333,481</b>	<b>\$0</b>	<b>\$14,721,465</b>	<b>NA</b>	<b>\$5,278,141</b>

### Development Budget

#### Appropriated

<b>SIG</b>					
Infrastructure Project	\$ 26,588,000	\$16,500,000	\$16,372,272	NA	NA
Donor					
<b>Total</b>	<b>\$ 26,588,000</b>	<b>\$ 16,500,000</b>	<b>\$ 16,372,272</b>	<b>NA</b>	<b>NA</b>
<b>Non-Appropriated</b>					
<b>DFAT Bilateral</b>					
Justice Program - Prison	\$0	\$0	\$0	\$0	\$0
Justice Program - Police	\$0	\$0	\$0	\$0	\$0
Support to Correctional Services	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0

#### Risks identified by the Ministry due to underfunding of bids

The Ministry advised that bids were made purposely to maintain the gains made by RAMSI in National Security, Policing and Correctional Services when RAMSI exits in 2017

#### Recommendation 35

The Committee recommends that the Government reconsider its commitment to fully fund the agencies responsible for maintaining law and order when RAMSI leaves.

## Issues of Concern

Matters of concern raised by the Committee:

**Prisoner Population** - The committee raised questions on the growing number of prisoners and improve rehabilitation and reintegration activities. What is the number the Ministry looking at and the categories. The Ministry responded that the number of prisoners they are looking at is 390 for Honiara while there are some in the other provincial centres.

**Cost of Policing Report** - the Committee raised a question about the cost of the policing report that was circulated early in the year. The Ministry explained the report provided some good assumptions. The Ministry is working with MDPAC to develop various programs such as capability plan, national security, crime prevention and rehabilitation of CSSI. The programs are yet to be discussed with MOFT.

**Status of Allowances** - The Committee raised concern over the special duty allowances totalling to \$15M which were paid in 2016 and should not be happening again in 2017. The Ministry confirmed that the SDA allowance has been dealt with.

**Police Infrastructure Program** - The Committee raised questions on the status of Police Infrastructure program for the \$18M for the continuous of the program of police houses, police post and land acquisition. The Ministry confirmed that this is for the completion of the ongoing infrastructures in Kia, Seghe and Taheramo and Namuqa.

**CSSI Rehabilitation Program** - The Committee raised question on the rehabilitation program like setup of bakery. The Ministry confirmed that this is for inmates; it is part of their rehabilitation.

**CLAG** - The Committee raised questions on the status of the CLAG, in particular the plans for 2017 in establishing or reviving for the combine law enforcements and agencies. The Ministry confirmed that this is covered in development budget that there are 3 new programs, infrastructure program, rehabilitation and reintegration program and RISPF strengthening program. The challenge is for the Commissioner in getting all the agencies to come together.

**Status of recruitment and new police recruitment** - The committee raised concern over the recruitment. The Ministry has assured that recruitment to 250 over the last two years. The vacancy

numbers changes due to the retirement of police officers. The ministry also raised issue that they bid for more due to the RAMSI draw down which is not accepted.

**Subscriptions/Membership to Overseas Bodies** -the Committee requested clarification for the subscriptions and membership to overseas bodies. The Ministry explained that these are for membership fee for INTERPOL, Pacific Islands Chief Police Forum and MSG police commissioners' forum

**Claims by Gun Owners** - the Committee was informed the Ministry has completed a review of all firearms claims and the submission for payment has been endorsed by Cabinet. About 700 people will be paid for this and the refund for short gun owners per person will be less than those with .22 guns. A list has already been prepared but those who have genuine records but are not in the list will be considered by the Ministry.

**Impact of RAMSI Drawdown** -the Committee raised the issue of the impact of the RAMSI draw down on the operations of RSIPF. The Ministry confirmed that this will have an impact if SIG is not prepared to provide funds to replace the funds that are currently being provided by RAMSI. The ministry stated that a \$22M is allocated as workers compensation in its HQ budget even though it has never requested such a sum.

### **Recommendation 36**

The Committee recommends that the \$22M already allocated to the Ministry of Police, National Security and Correctional Services law and order budget to meet the following costs that will no longer be subsidized by RAMSI: crime prevention strategies, infrastructure replacements and police and CSSI operational expenses.

**Status of Rearmament** - the Committee raised concern over the status of the rearmament. The Ministry confirmed that the rearmament committee has monitored the project and had recommended that RISPF to be rearmed. Decisions were made base on infrastructure, internal governance and rules and procedures. These rules and procedures based on international standard. The Ministry also confirmed that the three units to be rearmed are the police response team, close protection team and airport police.



**Patrol Boat Program** - the Ministry confirmed to the committee that under the patrol boat program, they have been allocated 2 new patrols - one is due to be delivered in 2018 and the 2<sup>nd</sup> one will be delivered in 2023. It is part of the agreement that the old boats will be returned when the new ones are delivered. The Ministry confirmed that the patrol boats will be operated as the old patrol boats and will not be armed.

**Naha Police Post**- the Committee also questioned the Ministry if the resources within Naha police post will be able to cater for both Naha Police Station and Borderline Area.

The Ministry responded that PPF is rebuilding Naha and work is soon to start to improve the Police Station in the absent of borderline police post. Land space in borderline is not big enough to accommodate a good station, thus they are still looking within the community. The Ministry assured the Committee that the Naha police station is scheduled to be completed by middle of 2017, have issues on constructions due to delay in procurement of materials. The police station is funded by PPF RAMSI budget and the station will be significant and capable police station.

## **84 Ministry of Provincial Government and Institutional Strengthening**

### **Mission Statement**

To strengthen the Provincial Government system, MPGIS will:

- Work towards an appropriate balance between the responsibilities of Provincial Governments, the resources available to Provincial Governments, and the capacity of Provincial Governments.
- Support the decentralization process through a systematic and feasible delegation and devolution of functions, mandates and budget thus bringing decision-making and services closer to its citizens; and
- Ensure the necessary accountability, transparency and participation mechanisms, and work towards free and fair elections.

## Recurrent Budget

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 27,733,154	\$ 20,318,884	\$ 22,627,404	\$ 18,949,705	\$ 16,237,010
Other Charges	\$ 87,912,556	\$ 89,441,485	\$ 80,708,215	\$ 71,500,467	\$ 66,656,227
<b>Total</b>	<b>\$ 115,645,710</b>	<b>\$ 109,760,369</b>	<b>\$ 103,335,619</b>	<b>\$ 90,450,172</b>	<b>\$ 82,893,237</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Development Budget

### Appropriated

SIG	\$ 60,000,000	\$ 60,000,000	\$ 62,703,850	\$ 42,631,104	NA
Donor		\$ -	\$ 12,296,150		
<b>Total</b>	<b>\$ 60,000,000</b>	<b>\$ 60,000,000</b>	<b>\$ 75,000,000</b>	<b>\$ 42,631,104</b>	<b>NA</b>
<b>Non-Appropriated</b>					
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Issues of Concern

Matters of concern raised by the Committee include the following:

**Provincial Elections 2017** – the ministry stated that their \$12M bid for provincial elections in Choiseul and Western Provinces in 2017 was not considered. This is another example of the government being careless with the budget process.

### Recommendation 37

The Committee recommends that the Government ensure that it provides budget for its statutory obligations.

**Township Developments** - the Committee expressed concern over the budget on township development that should be increased. The Ministry commented that a lot of reports had to be done

but no tangible results have shown up on the ground and it needs to look for other alternatives. For 2017 the ministry is working on Choiseul Bay Township, Tingo and Huro. Doma is dormant due to land issues and Guadalcanal Province is yet to decide on where it wants to locate its HQ. With regards to Choiseul Bay, the land has already been acquired for \$10M. The survey has been done, the next step is to do the subdivision and to approve the local planning scheme. Ports feasibility study and water infrastructure, climate change safeguards will be done in the next stages. Development in Tingo is progressing and the plan is to build an administration and assembly building to enable the province to operate from within the province. The Huro land which is also known as SS Mamaloni Township is progressing as well. The land is also acquired and the title is with Makira province. Other provinces township developments are in the pipeline such as Bina which will be developed in collaboration with other ministries and stakeholders.

**Provincial Governance Strengthening Project** - the Committee understands that Provinces are benefiting from this project for capital projects. The PGSP is now fully funded by SIG in the 2016 Development Budget. Donors are redirecting their assistance to other areas so are not providing funds for this program. The total budget for this is \$50M in the development budget and \$15M in the recurrent budget. \$50M spent in 2016 for about 800 projects in the provinces. This is done in close consultation with MRD.

**Federal State Government** - the Committee raised concerns on the proposed Federal State Government that it will be an expensive exercise. Also the Committee was concerned over the occupation of government accommodation by politicians and taking over administrative roles. The Ministry explained that dealing with 172 members will have implications for future budgets and the provincial governments will need to be well prepared for any proposed transitional arrangements.

**Review of the Provincial Government Act** - the Ministry advised that this review will need to be done gradually in sections as the provincial governments come to grips with the new Federal arrangements and the Ministry predicts that this could take over a decade to complete. The policy is to go ahead with the federal system and recently the Prime Minister and Premiers have met on the way forward. Some provinces are hesitant with the federal system. Transition may require 15 to 20 years. The government also supports the review of the provincial government act. The review also includes revenue sharing and the amendment to the Provincial Government Act is expected to be done by 2018. MPG is in consultation with the World Bank to do a study on decentralization.



**Illegal Borrowing by Provinces** – the Committee raised concerns on the practice of illegal borrowing by provincial executives. The MPGIS Legal Advisor also supported PAC's concern and expressed that the borrowing were not from authorized lenders.

*"...I would say that those borrowings were therefore illegal because they were not from authorised lenders."<sup>44</sup>*

#### **Recommendation 38**

The Committee recommends that the Ministry of Provincial Government and Institutional Strengthening amend the *Provincial Government Act 1997* to also include punitive measures on criminal offences with regards to illegal borrowing practices by provincial leaders.

#### **Recommendation 39**

The Committee also recommends that the Permanent Secretary of the Ministry of Provincial Government and Institutional Strengthening refer provincial leaders engaged in the illegal borrowing practice to relevant authorities (LCC, Police, and MOFT) to account for their actions.

**Township Developments** - the Committee expressed concern over the budget on township development that should be increased. The Ministry commented that a lot of reports had to be done but no tangible results have shown up on the ground and it needs to look for other alternatives.

**Provincial Governance Strengthening Project** - the Committee understands that Provinces are benefiting from this project for capital projects. The PGSP is now fully funded by SIG in the 2016 Development Budget.

**Federal State Government** - the Committee raised concerns on the proposed Federal State Government that it will be an expensive exercise. Also the Committee was concerned over the occupation of government accommodation by politicians and taking over administrative roles. The Ministry explained that dealing with 172 members will have implications for future budgets and the provincial governments will need to be well prepared for any proposed transitional arrangements.

<sup>44</sup> Legal Advisor – MPGIS, Evidence, 28<sup>th</sup> November 2016

**Review of the Provincial Government Act** - the Ministry advised that this review will need to be done gradually in sections as the provincial governments come to grips with the new Federal arrangements and the Ministry predicts that this could take over a decade to complete.

**Allocation of Fixed Service Grants to Provincial Governments** -the Committee expressed some surprise over the varying amounts of funds provided under Fixed Service Grants to provincial governments and the Ministry advised that there was a formula which comprised a mix of population size, and 80/20 rule and a 60/40 ratio between recurrent and development expenditure. Although some of the smaller population provinces do not get as much funding, the formula actually provides them with greater per capita funding than the larger provinces.

#### **Recommendation 40**

The Committee recommends that the Ministry of Provincial Government and Institutional Strengthening in collaboration with the National Statistics Office review current population baseline used to ensure that data used is current and up to date.

#### **Recommendation 41**

The Committee recommends that ward grants are regulated by PEC and administered centrally by the Ministry of Provincial Government and Institutional Strengthening to avoid the MPAs awarding themselves unsustainable levels of ward grants which consumes a large portion of each provinces fixed grant.

**Ward profiling** -the Ministry advised that funding was being provided to develop ward profiles as part of the Provincial Governance Strengthening Project which incentivises provincial governments to increase infrastructure development within their provinces through improvements in their development planning and management of public monies.

The Ministry is working on getting a planning specialist especially to do monitoring and evaluation of the program as well as engage a local grant specialist and an expert to assist in provincial capacity development. The Ministry will engage locals to do the work. The performance assessments will continue to be engaged using specialists in auditing and financial management and the Ministry will continue to work with World Bank and UNDP.



Constituency Profiles - the Committee understands that local consultants have been engaged to embark on preparing constituency profiles for all provinces.

## 85 Ministry of Lands, Housing and Survey

### Mission Statement

The Ministry will ensure land dealings are fair, transparent, impartial and according to appropriate and relevant laws and that the services provided by the Ministry is customer-focused, effective and efficient.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 18,502,152	\$ 9,076,499	\$ 8,039,135	\$ 9,732,826	\$ 5,264,439
<b>Expenditure</b>					
Payroll	\$ 5,461,168	\$ 6,049,244	\$ 5,460,781	\$ 4,708,264	\$ 4,108,443
Other Charges	\$ 12,090,933	\$ 12,508,346	\$ 10,778,682	\$ 10,605,085	\$ 10,972,072
<b>Total</b>	<b>\$ 17,552,101</b>	<b>\$ 18,557,590</b>	<b>\$ 16,239,463</b>	<b>\$ 15,313,349</b>	<b>\$ 15,080,515</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

#### Appropriated

SIG	\$ 24,223,628	\$ 19,343,000	\$ 37,835,563	NA	NA
Donor		\$ -	\$ -		
	<b>\$ 24,223,628</b>	<b>\$ 19,343,000</b>	<b>\$ 37,835,563</b>		

#### Non-Appropriated

WTO	\$ -	\$ -		NA	NA
	\$ -	\$ -			

### Issues of Concern

Matters of concern raised by the Committee include the following:



**Budget Cut** - PAC was concerned to learn recurrent bids totalling \$1 million were cut from the original submission from the Ministry. The Ministry informed the PAC this will impact on salaries and stationary. In their submission, the Ministry requested these deductions from salary heads restored.

PAC also alerts Parliament to the Ministry concerns raised in their submission. These concerns included;

- Finance and Treasury need to understand the priorities and programs of the Ministry;
- Finance and Treasury need to respect Parliament approval and be not too strict;
- Finance and Treasury need to respect the Ministry of Lands Work plans
- Procurement processes across government need greater attention and understanding

**April hill and valley land allocation** – the ministry had issued allocation letters to the flood victims but most were not able to pay the require land fees so could not be issue titles to those plots. The other issue is that some people have already allocate plots to themselves by settling in the area already. The cost of the plots range from \$2,000 to \$10,000.

**TOL** – the Committee raised concern over the increasing unregulated settlements on the outskirts of Honiara. The REP is also encouraging the boom in urban drift and the settlement in high risk areas. The ministry is working on regularising the TOL by subdivisions and developing infrastructures for various area around Honiara: Leo Creek, Forest Valley, Feraladoa, Green Valley, Tuvaruhu, and so on. Various infrastructure developments undertaken under the Rapid Employment Project did encourage informal settlements. In most cases this is beyond the control and capability of the ministry. Ministry staff are often threaten when they try to regularise the allocation of land.

**Skyline Public Servants Housing Project** - the Committee asked if any budget had been set aside for the 5000 public servant homes under the Skyline housing project and the Ministry advised that it was still waiting for further instructions from Cabinet and had 80 – 100 hectares available which could bring in up to \$80 million per year in rentals.

**Urban Expansion Project** - the Ministry advised that the project was designed particularly for urban expansion in Honiara as well is been extended to Auki and Gizo depending on the pace of rollout of the program. There is an initial \$1 million funding allocated but this will be revised after receiving the approved budget.

**Resettlement of the Mataniko River banks** - following the April 2014 flash flood the Committee was concerned to note that people were once again resettling along the riverbank. The Ministry advised that they had already undertaken a subdivision of 300 lots at April Valley and survey has been completed and titles will soon be issued to applicants.

**Fraudulent Land Titles** – the Committee expressed its great concern over the proliferation of fraudulent and suspect land titles circulating within the community. The Ministry is alerting citizens to be on the lookout for such titles.

**Squatters on Land for sale** – the Committee previously queried the Ministry's ability to proceed with the forthcoming sale of sub-divided land when so many squatters were residing on it. The Ministry regretted the failure not to apply processes to evict them.

**Climate Change Impact on Low Lying Communities** - it is becoming apparent that the sea is starting to greatly impact on communities located on low lying atolls and coastlines. It has been reported that relocation of people from the Malaita Outer Islands is now being pursued. A committee comprising the Ministry of Environment, Ministry of Lands, OPMC and others meet regularly to develop a policy on resettlement.

#### **Recommendation 42**

**The Committee recommends that the government develops a relocation and resettlement policy and strategy to address the needs of those affected by climate change and manmade issues on land.**

**Release of traditional land in provinces** - the Government has foreshadowed a call to the traditional owners of non-alienated land to agree to its release for development of infrastructure and economic development generally and in the constituencies in particular. The Ministry plans to establish customary land offices in Guadalcanal, Malaita, Choiseul and Temotu to undertake customary land recording on lands that are not under dispute. The main driver will be the provinces, chiefs and landowners. A national recorder as required by the Act will be appointed to manage the process at the national level. Acquisition of land for development could then take place after the recording and registration process is finalised for a particular tribal land.

**Land Revenue** – the Ministry budgeted \$18m for land rent in 2017. This might not reflect the actual amount due to government.

## 86 Ministry of Development Planning & Aid Coordination

### Mission Statement

The Ministry of Development Planning and Aid Coordination (MDPAC) vision is that all Solomon Islanders participate meaningfully and effectively in national planning and development in the spirit of partnership and nation building. The Ministry has 42 staff.

Priority areas for 2017 include:

- Ongoing implementation of the 20 year National Development Strategy (NDS) 2016-2035
- Preparation and development of the Solomon Islands Development Planning Bill and its associated Regulations
- Ongoing implementation of the Development Cooperation and Aid Management Policy, and the Development Cooperation Policy, and the Partnership Framework for Effective Development with Donors, private sector and Non-State Actors, to coordinate development programs in the country.
- Establish Frameworks for ensuring tangible results of development programs in the annual Development Budget Estimates are achieved as articulated in the long-term goals of the NDS;
- Produce the 2016 Development Budget Performance Report;
- Implementation of the rolling Medium Term Development Plan 2017-2021;
- Preparation of the 2018 Development Budget;
- Preparation of the 2018 Scholarship Opportunity List;
- Implementation of the National Population Policy;
- Review of the National Infrastructure and Investment Plan;
- Manage and coordinate the implementation of the Rural Development Program – Phase 2;
- Finalize and implement the MDPAC Restructuring Exercise.



## Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 2,518,720	\$ 2,746,797	\$ 2,346,454	\$ 2,235,075	\$ 2,053,896
Other Charges	\$ 4,464,618	\$ 5,227,315	\$ 4,724,868	\$ 375,450	\$ 4,667,400
<b>Total</b>	<b>\$ 6,983,338</b>	<b>\$ 7,974,112</b>	<b>\$ 7,071,322</b>	<b>\$ 2,610,525</b>	<b>\$ 6,721,296</b>
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	
Other Charges	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	

## Development Budget

### Appropriated

SIG	\$ 15,950,000	\$ 2,550,000	\$ 10,356,488		\$ 20,000,000
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 15,950,000</b>	<b>\$ 2,550,000</b>	<b>\$ 10,356,488</b>		<b>\$ 20,000,000</b>
<b>Expenditure</b>					
Other					\$ 30,607,974
<b>Non-Appropriated</b>					
ADB	\$ -				
World Bank	\$ -				
EU EDF	\$ -				
Australia	\$ -				
	\$ -				

## Issues of concern

Matters of concern raised by the Committee include the following:

**2017 Office Rental Challenge** - Head 286:0480:2409 has had its full amount of \$446,960.00 cut. This means MDPAC will not be able to meet Rural Development Project office rental for 2017.

**Aid Management Coordination Strategy status** - the Committee remains concerned about the Aid Management Coordination Strategy. In 2015, the Committee queried the status of the Aid Management Coordination Strategy progress to deal effectively with aid partners. The Ministry advised that work had been done in 2015 on the arrangements and a proposal was about to go to Cabinet when the government changed after the General Election at the end of 2014. The DCC Government requested the Ministry to revisit the policy and also include a partnership framework

in that policy. In 2015, the Ministry indicated it would engage the services of a technical adviser and convene a workshop to review the policy. In 2016, the Committee remains unaware of the progress on this issue and draws the attention of the Parliament to these concerns.

**Scholarship Management** - the Committee is very concerned with the uncontrolled growth of the number of scholarships over the years and the inability of the responsible ministries to address this. The failure rate for those selected to undertake university studies has also increased dramatically. The failure rate in USP Suva campus is very high in contrast to those who attended PNG universities. The ministry is urged to address the unsustainability of the growth in scholarship numbers and the selection process with its collaborative partners. The Committee also noted that the list does not cover strategic areas needed to develop this country. The ministry admitted that the issue has gotten out of control but insisted that it is only mandated to come up with the opportunity list. It claimed that it consulted widely with MPS, MEHRD, Ministry of Commerce, private sector, NGOs, churches, provinces before producing the list. The number on the list is based on the budget provided by MEHRD. Each year only around 300 is budgeted for as the sustainable number that SIG can afford. For 2017 the list only allows for 298. Cuban medical scholarships are not in the list. The ministry informed the Committee that 1000 scholarships were awarded in 2016 which was way beyond the number agreed to on the list.

### **Recommendation 43**

**The Committee recommends that the Ministry of Planning and Aid Coordination in collaboration with other stakeholders put in place a governance mechanism that will regularise the management of scholarships.**

**Cuban Training Program** - PAC is concerned the Ministry was not aware of the Cuban program when announced, indicating to the Committee that *"...initially we were not informed of the Cuban training situation, but because the Government of the day made the decision in allocating scholarships for students to study in Cuba, as part of the whole government process in managing scholarships, we also came in to support the program..."*<sup>45</sup>

**2023 Pacific Game details** – the Committee is concerned about the lack of detail from Government on where the 2023 Pacific Games fits into the language of "income generating assets", as well as fitting into the expenditures for the development budget between now and 2023, and to the

<sup>45</sup>*Ibid*



detriment of what existing projects. This is not clear and needs further clarification from the Minister.

**Lack of expenditure allocations in 2017 Development Budget** - the Committee is concerned that the 2017 Development Budget will not have the expenditure allocations as expected with regards to the integrity of the 2017 Budget revenue collections. This over-estimate of revenue projections may force difficult decisions later in the year for the Ministry, and add to ad hoc, haphazard planning decisions that the Ministry, by their own language, are trying to avoid.

**Growth of Development Budget** - the Committee noted that the government is budgeting for so many projects and is spreading its resources so thinly that the impact on the economy and the services to the people will have a minimal impact. The growth of the budget does not match capacity in the line ministries. The ministry stated that it is advocating game changing and transformation projects but this will take years to achieve. The development budget expanded to \$1.18 billion since 2014. Capacity to implement is the major issue. There is no proper mechanism for monitoring project implementation. 63% implementation is based purely on the amount of money spent but there is not audit done on project sites to confirm if facilities were actually built. This is an area that needs improvement and the ministry is providing training on project management to ministries including preparation of work plans. As at end of October 2016 63% of the development has been spent and the ministry expects 70% of the budget to be expended by end of the year.

**Gaps in the Development Budget allocation and MTDP** - the Committee has identified a \$300 million gap between the development budget allocation for Budget 2017 (\$1.18 billion) and the recently released Medium Term Development Plan (MTDP) for 2017, which recommends spends of \$1.4 billion. This gap needs to be clarified to maintain the integrity of both the Budget process, and the recently released four year MTDP.

The PAC is concerned that the rate of implementation of development budget funds to date (end October 2016) is 63%, and expected to be approximately 70% by YE2016.

#### **Recommendations 44**

The Committee recommends that Parliament seek assurance and clarification from the Minister of Finance and Treasury on the following:

- f. the integrity of the revenue collection figures for 2017 to confirm the integrity of the



Development Budget expenditure for 2017;

- g. the \$300 million expenditure gap between Budget 2017 and the Mid-Term Development Plan (MTDP) for 2017;
- h. where funding for Pacific Games 2023 will fit into the MDTP, and at the expense of what other development projects, if any;
- i. further details on the Aid Management Coordination Strategy, and ask for detailed documents to be tabled in Parliament that demonstrate the strategy is being implemented; and
- j. further details on the Scholarship Opportunity List, so as to ensure a sustainable and transparent program is delivered fairly for the people of the Solomon Islands.

#### **Recommendation 45**

The Committee recommends that Parliament support the recommendations made by Ministry of Development Planning and Aid Coordination to the Committee in their submission to the public inquiry. These recommendations were "...it is paramount that the annual budgets are consistent with Government Policy Statement Strategy and Translation, NDS and MTDP. The Government needs to ensure coordinated planning and project implementation by development partners, private sector, NGO's, NSA and CDF programs. The Solomon Islands Government also is to ensure a balanced, credible and sustainable Budget. The Solomon Islands Government is to ensure financial stability. The Government needs to ensure compliance with the Public Financial Management Act 2013 and Financial Instructions in procurement of goods and services. The Government need to ensure quality spending and value for money in budget execution." (MDPAC submission to PAC inquiry).

**Rural Development Program** – the Committee requested the ministry to provide a status report on the RDP. It is noted that there is no SIG contribution in the budget for 2016. The RPD operates in most constituencies but there is no consultation and linkage between the project and the MPs. The project only consults the MP whenever there are shortfalls in finances to complete the various projects initiated through RDP. This has greatly affected the funding assistance available to the MPs for other purposes. The Committee highly recommends that the RDP is transferred to the Ministry of Rural Development so that proper coordination and linkage is made between the funding available in this program with the various constituency development funds. This is to avoid duplication and double dipping as well as the proper coordination of developments in the constituency and ward levels. The ministry is urged to immediately start the dialogue with MRD and others at the administrative and political level to develop an action plan to relocation the RDP functions to the MRD.

The ministry indicated their support for the relocation and noted that the idea was discussed with MRD during the term of the last government but could not proceed due to lack of political will. The ministry stated that RDP is an innovative project where communities identified and initiated projects for funding. There is a need to integrate it with other programs currently being implemented in the various wards in the country. A mechanism and process must be developed so that MPs are included in the implementation of the RDP. Currently RDP is implemented by MDPAC with funds provided by World Bank, European Union, Australia and SIG. SIG has allocated \$13.4M in 2017 development budget. The program is now in phase 2.

#### **Recommendation 46**

The Committee recommends that Ministry of Development Planning and Aid Coordination (MDPAC) starts consultation with Ministry of Rural Development (MRD) and other relevant ministries to develop a mechanism for the relocation of Rural Development Programme to the Ministry of Rural Development. Proper governance systems are developed to link the program with other rural funding entities to avoid duplication and to clearly define the role of each funding agency.

**Ineligible Expenses** – these occurred in past programs but have now been resolved between the ministry and EU.

**EU Processes** - the Committee raised concern over the slowness in implementing projects under EU. The ministry advised that the policies and processes of EU are very complicated so ongoing capacity development is required in the ministry and line agencies. EU is also organizing training for officers in Suva and they also move their program functions to Suva. Policy change also allows for deductions and payments in tranches rather than paying through reimbursements. Capacity in the Ministry has improved a lot than before. EU is also providing budget support than program support.

## **87 Ministry of Culture and Tourism**

### **Mission Statement**

The Mission of the Ministry is to increase the impact of tourism on economic growth in the Solomon Islands by developing a dynamic, sustainable and private sector driven industry. The Ministry is



aware of the fact that sustainable tourism development must be sensitive to the unique cultural and environmental legacy of the nation. It must also empower local communities and bring economic benefits to rural populations by creating jobs and reducing poverty. The Ministry is also responsible for the protection, nurturing and promotion of the Solomon Islands' unique and diverse cultural heritage.

### Recurrent 2017 Budget

	Budget Estimates		Actuals		
<b>SIG</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Income</b>	<b>\$ 137,217</b>	<b>\$ 67,314</b>	<b>\$ 180,775</b>	<b>\$ -</b>	<b>\$ 115,731</b>
<b>Expenditure</b>					
Payroll	\$ 3,359,369	\$ 3,588,686	\$ 2,699,675	\$ 2,970,211	\$ 2,338,820
Other Charges	\$ 18,926,263	\$ 20,423,150	\$ 20,049,433	\$ 17,570,197	\$ 15,179,399
<b>Total</b>	<b>\$ 22,285,632</b>	<b>\$ 24,011,836</b>	<b>\$ 22,749,108</b>	<b>\$ 20,540,408</b>	<b>\$ 17,518,219</b>
<b>Budget Support</b>					
<b>Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

#### Appropriated

SIG	\$ 29,800,000	\$ 28,800,000	\$ 38,414,236	\$ 15,000,000	NA
Donor		\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 29,800,000</b>	<b>\$ 28,800,000</b>	<b>\$ 38,414,236</b>	<b>\$ 15,000,000</b>	<b>NA</b>

#### Non-Appropriated

	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

#### Programs - Appropriated

National Museum & Archives	\$ 5,500,000	\$ 5,500,000	SIG		
Cruise Shipping and Yachting	\$ 5,000,000				
Tourism Development & Institutional Strengthening	\$ 19,300,000	\$ 19,500,000	SIG		
<b>Total</b>	<b>\$ 29,800,000</b>	<b>\$ 25,000,000</b>			

### Issues of Concern

Matters of concern raised by the Committee include the following:

**Government lack of Priority Investment** – the Committee is concerned that the tourism industry has been neglected in terms of funding and expressed that the Ministry should be one of ministries that the government needs to heavily invest on.



**Targeted Intervention Practice by the Ministry** – the Committee is concerned on the targeted intervention approach by the Ministry in addressing tourism in the country. The Committee feels that this needs not to be over-emphasized but to allow package/overall approach to boost tourism development in the country.

**Panatina Cultural Village** - the Committee was concerned about the state of the village given that it has been identified as a site for the Melanesia Arts Festival to be held in 2018 and that it is within the grounds of SINU. The Ministry advised that agreement had been reached with SINU in terms of jointly maintaining the village in future as well as allowing the site to be used as a tourist attraction for cruise ships. The Ministry advised that it was expecting eight cruise ships in 2016.

The Ministry will develop the site and the recently completed Arts Gallery as tourist attraction sites. The facilities will be used for the 2018 MSG Arts Festival as a testing ground in preparation for the 2023 Pacific Games.

**Public Funding of Eco-tourism Ventures** - the Committee enquired on the ongoing projects in particular how many beneficiaries were successful in their ventures given that there appears to be a high level of failure and no tangible benefits resulting.

The Ministry advised that it was introducing monitoring and evaluation procedures for all projects and will be employing youths to undertake the surveys. The lessons learnt out of the surveys will be made available to all stakeholders.

**Cruise Ship Passenger Terminal** - the Committee queried the status of the cruise boat terminal and the Ministry advised that a MOU with SIPA to continue discussions in particular concerning the scale of the facility. SIPA is yet to identify the location of the terminal since proposed site has been developed into a new container wharf. In the meantime the ministry is developing cruise related activities for tourists.

**Subventions and Grants** - the Committee was concerned over the amount in the supplementary estimates as the \$5 million requested will be insufficient. Surely this will not be enough the Ministry should have asked for \$100-\$200M if it means business to promote and develop tourism. The

committee was also concerned that whilst previously, cruise ships used to berth at Langalanga lagoon, they no longer do nor are there any proper facilities there, like WCs.

The Ministry advised that the main issue with boosting tourism through increasing cruise ship landings is one of hydrographic surveying, which is an expensive exercise, and navigation which the Ministry is working on with MlD. The Ministry will take in to account the issues concerning facilities.

**Cruise Boat Visits** - the Ministry advised that there were 8 confirmed cruise ships visiting S.I. in 2016. However there is additional interest from smaller scale craft which will be coming. The committee asked for details of which locations the cruise ships would visit. The Ministry advised that this would depend upon navigation and “the circle” – Gizo, Anavon, Honiara, Santa Catalina. The committee asked about any possibility of Makira and Temotu provinces being included. The ministry replied that assessment was being carried out on a number of projects to determine practicability, flights and if the area can provide any tourism related activities.

Profiling within areas of potential for tourism development, and access is being done by the ministry. Economic impact study is done by IFC so potential areas are Temotu and Marau Sound. The idea is to develop areas to a stage where it is a standalone and safer for exploration by tourists.

#### **Recommendation 47**

PAC alerts Parliament to the underperformance in revenue collection from both Culture and Tourism. Both should be high income generating sectors for the Solomon Islands. Strategic planning and strategic capital expenditure continues to be slow or non-existent. Whether through cruise ships strategy, eco-resort strategy, World War II history tourism, or surf and dive industry development, the Parliament should express disappointment at the continued underperformance of this portfolio. The Committee recommends that the Minister of Culture and Tourism explain to Parliament and Executive Government generally, on why this continues to occur and what steps the Government proposes to take.

**Strategic and Business Plan for Tourism Sector** – the Committee is concerned that the ministry does not put more effort into developing long term plan for the sector and the need for more funding from the government. This is the only way that will have any impact on the economy in terms of investment, revenue and employment.



The Ministry had very limited dialogue with the central agencies when developing its budget. The approach taken is while focusing on the long term it will undertake short term interventions such as attracting the right number of visitors, subsidy programs for the airline on certain routes e.g. Sydney/Honiara, upgrade of products, increase marketable rooms etc. Basic facilities are already available in Western Province so could tap in the cruise ship market. PPP framework is not in place yet. Hotels still need to be raised up to standard and there is the need to attract investor confidence.

**Honiara Urban Revitalization** – the ministry is collaborating with HCC to develop a tourist street in Honiara to host visitors. A Honiara Revitalization Committee is working on making Honiara a tourist friendly city.

**Tulagi Heritage** – the ministry is working on replicating the former British colonial high commission residence in Tulagi. This is being pursued with the British High Commission. This if constructed will be promoted as an historical site for tourists to visit.

**Maruyama trail** – this is a trail used by the Japanese during World War 2 and it will connect with Bloody Ridge World War 2 Park. The activities for tourist include adventure, bush walking, World War 2 sites, Poha caves and the proposed Part at Bloody Ridge.

## 88 Ministry of Commerce, Industries, labour and Immigration

### Mission Statement

The Primary purpose and objectives of the Ministry of Commerce, industries, Labour and immigration is to provide an effective and efficient delivery of services that will enhance, promote and generate growth within the private sector thus creating a vibrant and progressive economy. It is the business of the Ministry to provide Business Services where they are needed and access to financing Solomon Islanders to actively participate and engage in Small and Medium Enterprises. To continuously review its institutional arrangement with a view to build a better, flexible labour market that favours private sector growth ensuring real growth is achieved through the creation of increased business opportunities, creation of employment opportunity, improved product development, equitable participation by both foreigners and local investments, efficient legal and administrative process and the acceleration of technology and industry.



## Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 37,015,000	\$ 18,158,244	\$ 25,506,612	\$ 20,475,484	\$ 18,116,350
<b>Expenditure</b>					
Payroll	\$ 9,052,900	\$ 9,975,374	\$ 9,401,335	\$ 9,224,570	\$ 9,621,672
Other Charges	\$ 25,675,782	\$ 27,430,485	\$ 21,571,848	\$ 25,728,975	\$ 23,949,284
	\$ 34,728,682	\$ 37,405,859	\$ 30,973,183	\$ 34,953,545	\$ 33,570,956
<b>Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ 75,663
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ 5,202,478
	\$ -	\$ -	\$ -	\$ -	\$ 5,278,141

## Development Budget

### Appropriated

SIG	\$ 17,638,000	\$ 14,630,000	\$ 5,268,631	NA	NA
Donor		\$ -	\$ -		
	\$ 17,638,000	\$ 14,630,000	\$ 5,268,631		
<b>Non-Appropriated</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -

## Issues of Concern

The Committee raised the following issues of concern in 2017 budget hearing:

**e-Passports Project** - the Ministry signed a contract with a Malaysian company to develop e-passports. However, PAC alerts Parliament that the full 100% bid for an existing program of developing 10,000 e-Passports was cut by the Ministry for Finance and Treasury. This equaled \$9.293 million. This means the Ministry will not be able to meet the cost of producing 10,000 e-passports in 2017. The submission from MCILI identifies the e-passport program as an income generating program, when they state - *"...we are hopeful that once the e-passport bid is catered for in the 2017 recurrent budget, revenue collected by the ministry should increase by 100% (according to the 2017 budget estimate for Total Revenue)."*<sup>46</sup>

<sup>46</sup> MCILI, Evidence, 26<sup>th</sup> November 2016

**Recommendation 48**

PAC alerts Parliament to the removal of all funding from the e-Passport program, currently underway. This is a \$9 million cut, and may have contractual implications. The Committee recommends that the Ministry of Finance and Treasury reconsider this arbitrary cut to an existing and agreed program as e-passports are income generating investment for the Solomon Islands.

**PS Post Vacant** - the Committee is concerned that the Ministry lacks a substantive Permanent Secretary to coordinate implementation of the 2017 recurrent and development budgets.

**Recommendation 49**

PAC alerts Parliament to the concerns expressed by the Ministry for Commerce, Industry, Labour and Immigration that they lack a substantive Permanent Secretary. The Committee recommends that a substantive Permanent Secretary be appointed as soon as possible.

**Enforcement of labour laws** - the Ministry admitted that it is not resourced to be able to effectively monitor prices and other laws under its jurisdiction. The Committee is very concerned that foreigners are taking over jobs and businesses that are reserved for Solomon Islands nationals. This has a detrimental effect on the welfare of indigenous people.

**Recommendation 50**

The Committee recommends that the Ministry for Commerce, Industry, Labour and Immigration investigates and prosecutes those who violate the laws of this country and be more vigilant in enforcing the relevant laws in this area.

**Project Management** - the Committee expressed its concern that the Ministry did not appear to be very effective in prioritizing and implementing its projects and recommended that the Ministry take control of its project pipeline. The Ministry agreed that the new leadership in the Ministry needs to take stock and better manage its projects including through the development of policy and work plans.

**Economic growth centres** – the ministry has a budget of \$3M in 2017 for this project. The Ministry will focus on Suava in 2017. The ministry also collaborates with MRD and MFMR in other identified EGCs.



**Private Sector and SME Development Program** – under this program the Ministry is expected to spend \$5.8M in 2017. This is a new initiative to support SME. The ministry has put in place a loan guarantee scheme in collaboration with MOFT and CBSI. The scheme will be administered by CBSI with the commercial banks. The policy is to make it easier for SME to have access to loans from the commercial banks. The scheme will be launched by end of November 2016. The ministry will provide annual capital injection to the scheme.

### Recommendation 51

The Committee recommends that the Government provides incentives to encourage businesses develop new products and add value to raw materials for export.

## 89 Ministry of Communication and Aviation

### Mission Statement

The Ministry aims to rehabilitate and upgrade all Civil Aviation infrastructures and facilities throughout the country and provide efficient, effective and reliable Communication and Civil Aviation Services that are timely, accurate, safe and secure while meeting all regulatory requirements.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Income</b>	<b>\$ 21,133,509</b>	<b>\$ 10,367,348</b>	<b>\$ 6,278,986</b>	<b>4,313,919</b>	<b>\$ 3,971,645</b>
<b>Expenditure</b>					
Payroll	\$ 10,959,991	\$ 11,092,352	\$ 11,000,046	\$ 10,590,796	\$ 9,458,509
Other Charges	\$ 37,462,882	\$ 38,129,582	\$ 29,717,057	\$ 35,678,285	\$ 50,243,888
<b>Total</b>	<b>\$ 48,422,873</b>	<b>\$ 49,221,934</b>	<b>\$ 40,717,103</b>	<b>\$ 46,269,081</b>	<b>\$ 59,702,397</b>
<b>Recurrent Budget - Budget Support</b>					
<b>Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## Development Budget

### *Appropriated*

SIG	\$ 45,000,000	\$ 26,410,000	\$ 9,428,730	NA	\$ 12,146,410
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 45,000,000</b>	<b>\$ 26,410,000</b>	<b>\$ 9,428,730</b>		<b>\$ 12,146,410</b>
<b><i>Non-Appropriated</i></b>					
ADB	\$ -	\$ -	\$ -	\$ -	\$ -
World Bank	\$ -	\$ -	\$ -	\$ -	\$ -
New Zealand	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Issues of Concern

The Committee raised the following issues of concern in 2017 budget hearing:

**Munda and Henderson Airports** - the Committee raised concern over the long delay in the commissioning of Munda airport and the selling off of land plots around the Henderson airport which will affect the future expansion of the airport. The ministry advised that civil aviation reform is co-financed by SIG and New Zealand Government. Civil works in Munda was completed in phase one. Reform program was delayed due to change in government. The current government has created a new SOE to manage airports. The bomb disposal team is in Munda to survey and clear site for extension of airport. Civil works in phase 2 is ongoing. Terminal, fire station and fencing expected to be completed in 2017. Stakeholders and aid donor are consulting with the ministry on various investment options including PPP.

With regard to Henderson, management and CAASI is trying to resolve the land issue. It seemed titles of the land were given away on consent of former management of the ministry. The Ministry is trying to claw back the land. The ministry has ongoing consultation with Guadalcanal Province to realign development there with town and country planning rules. The ministry is discussing with JICA for the expansion of the airport including the apron, taxiway, relocation of the domestic terminal. The plan is to have the new developments completed before the 2023 pacific games.

**Provincial Airports** - the Committee enquired into the status of Manaoba airport and the six airports to be funded by New Zealand. The ministry created a taskforce comprising PMO, MCA, CAASI, MID MLHS and MALD to resolve issue surrounding provincial airports. The taskforce resolved Auki. Three Parasi landowners were consulted and yet to resolve issues with the final group. Manaoba is yet to be resolved as there is a caveat on the land and the ministry is waiting for audit report from the

Auditor General on procurements done for the airport. The approach is to separate compensation claims from the reopening process of the airport.

Munda airport is going to be upgraded to an international airport once construction is completed. New Zealand will co-finance the upgrading of the following airports: Taro, Seghe, Gizo, Suavanao, Marau and Rennell. These airports are selected because they are in government land and have no legal impediments. A New Zealand firm has already done a study on them. The cost of the upgrade is high due to provisions for climate change adaptations and other mitigating factors. Solomon Airlines is keen to upgrading high volume airports but the issue is land.

**Solomon Island Airport Corporation** - the Ministry confirmed to the Committee that SOE has been registered to manage the airports that the ministry is administering. A chief financial officer under NZ funding is already in post to do cost and revenue modelling for the new entity. It is expected that the company will be officially launched in June 2017. Performance of Solomon Airlines is an issue since it will be the major source of revenue for the SOE. The SOE will become a portfolio company of ICSI. It will assume the assets and facilities in the following airports: Henderson, Gizo, Taro, Seghe, Lata. It will acquire the assets in other airports as and when upgrading is completed including airport security and airport staff.

**Cable Project** - the Ministry assured the Committee that the SOE SI Submarine Cable Company is created to manage this very important project. The shareholders are ICSI 51% and NPF 49%. The SOCC will be liquidated in the New Year and ICSI will acquire the Solomon Telekom share and NPF will transfer its shares into the new entity. Solomon Telekom is also looking at investing in satellite technology to provide internet services to the rural areas. PNG will connect its undersea cable to Aropa so that is also an alternative.

A CEO has already been identified but the ministry requires someone to do the negotiation with the service provider before a contract is signed. This could be done before the end of 2016. The company has to place an order as soon as possible for the manufacture of the cable otherwise it will have to wait for a now slot in two to three years time. The estimate cost of the whole project is around US\$70M to US\$100M. The cable alone will cost USD40M.

**Airspace Management Fee** - the Committee enquired into the management and processes regarding airspace revenue. The ministry advised that the fees were collected through the Aviation Special Fund. The airspace is managed by Australia Civil Aviation Authority and fees collected are transferred

to the special fund bank account. Australia retained a portion of the fees. The amount receivable is about \$7M per annum and is managed by CAASI. The ministry is in the process of putting bids to the government in future years for operations of CAASI so that the special fund is used as required by the 2009 Civil Aviation (Amendment) Act.

**Revenue** – the Ministry informed that it does not have the capacity to collect the revenues that are due to it. This is a serious concern to the Committee.

### **Recommendation 52**

The Committee recommends that the Ministry of Communication and Aviation in collaboration with Ministry of Finance put in place a revenue management system that will ensure effective revenues and arrears collection.

## **90 Ministry of Fisheries and Marine Resources**

### **Mission Statement**

The Ministry of Fisheries and Marine Resources (MFMR) leads the challenge to sustainably manage and develop the nation's offshore and coastal fisheries, is active in promoting Community Based Resource Management, and aims to contribute to the sustainable management of the region's offshore marine resources.

The MFMR strives to provide an effective and efficient service to all stakeholders, promote government inter-agency cooperation and act as the focal point for national capacity building, research and development within the sector.



## Recurrent Budget

SIG	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Income</b>	\$ 385,299,999	\$ 187,128,696	\$ 317,993,424	\$ 217,208,517	\$ 171,117,262
<b>Expenditure</b>					
Payroll	\$ 5,367,461	\$ 5,925,254	\$ 5,058,671	\$ 4,710,779	\$ 4,075,946
Other Charges	\$ 11,191,663	\$ 11,360,434	\$ 9,698,854	\$ 11,401,203	\$ 12,728,443
<b>Total</b>	<b>\$ 16,559,124</b>	<b>\$ 17,285,688</b>	<b>\$ 14,757,525</b>	<b>\$ 16,111,982</b>	<b>\$ 16,804,389</b>
<b>Budget Support</b>					
<b>Income</b>					
New Zealand	\$ 7,616,000	\$ 8,888,945	\$ 12,188,520	NA	\$ 7,446,055
<b>Total</b>	<b>\$ 7,616,000</b>	<b>\$ 8,888,945</b>	<b>\$ 12,188,520</b>		
<b>Expenditure</b>					
Payroll	\$ 1,108,624	\$ 909,200	\$ 678,372		\$ 140,244
Other Charges	\$ 6,507,376	\$ 7,979,745	\$ 6,285,315		\$ 3,386,962
<b>Total</b>	<b>\$ 7,616,000</b>	<b>\$ 8,888,945</b>	<b>\$ 6,963,687</b>		<b>\$ 3,527,206</b>

## Development Budget

### Appropriated

SIG	\$ 26,700,000	\$ 31,090,000	\$ 26,124,896	NA	NA
Donor	\$ -	\$ -	\$ -		
	<b>\$ 26,700,000</b>	<b>\$ 31,090,000</b>	<b>\$ 26,124,896</b>		
<b>Non-Appropriated</b>					
New Zealand	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Issues of Concern

The Committee identified the following matters of concern:

**Onshore, Inshore and Small Fishermen Projects** – the Ministry's plan to assist in building small fishing centres has been caught by the difficulties in acquiring land in the identified locations and had planned to relocate at Suava Bay and Bina Harbour as alternatives with more isolated communities to rely on the Constituency Development programs to provide the necessary funding. The Ministry is re-looking at the whole approach and is considering providing other infrastructure and support through its livelihood for communities program in liaison with constituency stakeholders and for which it has received \$31 million in its development budget. Nevertheless, even infrastructure such as seawalls intended to protect communities from sea inundation comes up against landowner claims.

**Fish Farming Ventures** - the Ministry advised that fish farms are assessed for viability after the Ministry is approached by individuals or communities interested in establishing such a farm. The Ministry intends to review all the constituencies in due course and is working with the FAD program.

**Revenue Collection Forecast very Conservative** - the Committee queried why the Ministry was so conservative in its revenue collection given that it exceeds its annual target each year and the Ministry advised that there is uncertainty of fish movement due to the effects of El Nina/La Nina which could result in very low licence sales in that period. The fishing licences revenue for 2016 is very high and the ministry is expected collect 81% on top of the 2016 level in 2017. Revenue is dependent on fish movement during the year.

**Staff Housing in the Provinces** – the Ministry advised that its infrastructure budget is to provide for fish centres and staff housing with a target of establishing housing in one province each year. The Ministry advised that Central Province has been completed and that Western province was next in the schedule at Noro with Isabel Province to follow.

**Sustainability of Fish Stock** – the Committee followed up an earlier enquiry about pressure on the different species of tuna and the Ministry reaffirmed that only the Big Eye species is under pressure although the high exploitation of Albacore has commenced putting it under pressure as well leading to a decrease in the issue of licenses. The Ministry is tracking the mortality rate of fish.

**“Yellow” Flag Status with European Union** – the Ministry had assured the Committee at the 2015 budget hearings that the new legislation will provide for proper management and tracking of illegal fishing that is required by the European Union if Solomon Islands is to continue to export to EU. This would affect the Soltuna operation should it happen and the Ministry is doing everything necessary to address the issues in this legislation. In terms of illegal fishing, the PNA is monitoring vessels including in terms of landing catchments and reconciling against authorised allocations.

However, the Committee was concerned to learn that the “yellow” card still stands because Solomon Islands has to demonstrate that it is ensuring compliance with the rules of ‘proof of origin’ via documented transfers and receipts from when the fish is caught until when it is exported. The Ministry has fulfilled all the EU requirements and the last bit is the fisheries regulations which is currently being vetted by the Attorney Generals Chamber.

## 91 Ministry of Public Service

### Mission Statement

The Ministry of Public Service is the employer body for Solomon Islands public officers. It is the Secretariat for the Public Service Commission, the Judicial and Legal Services Commission and the Police and Prison Service Commission. The Ministry oversees the regulation of condition of service for public officers, deals with manpower requirements of Ministries and has an important role in coordinating training and development activities across the whole of the public service. Also the Ministry is responsible for the public service reforms and quality management that foster and enhance a knowledge workforce that is effective and responsive to the needs of the State and the people of the Solomon Islands.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Income</b>	<b>\$ 2,586,922</b>	<b>\$ 1,269,052</b>	<b>\$ 4,550</b>	<b>\$ 24,070</b>	<b>\$ 39,086</b>
<b>Expenditure</b>					
Payroll	\$ 13,548,661	\$ 14,631,015	\$ 15,547,068	\$ 13,328,719	\$ 13,074,492
Other Charges	\$ 13,496,858	\$ 15,269,936	\$ 14,873,920	\$ 12,047,097	\$ 14,872,621
<b>Total</b>	<b>\$ 27,045,519</b>	<b>\$ 29,900,951</b>	<b>\$ 30,420,988</b>	<b>\$ 25,375,817</b>	<b>\$ 27,947,113</b>
<b>Budget Support</b>					
<b>Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

#### Appropriated

SIG	\$ 4,000,000	\$ 3,200,000	\$ 2,281,023	NA	NA
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 4,000,000</b>	<b>\$ 3,200,000</b>	<b>\$ 2,281,023</b>		

#### Non-Appropriated

Australia	\$ -	\$ -			
<b>Total</b>					



## Issues of Concern

The Committee identified the following matters of concern:

**Long and Dedicated Service Benefit** – Every year public officers from MHMS, MPNSCS and other ministries retire from the service. Most of these officers are entitled to receive LDSB. According to the ministry these are statutory payments. The formula is 26pp x final basic plus \$1000 per year of service. The average amount due is \$60,000 to \$80,000 per person. The ministry is provided \$7.5 million on an annual basis for this. However the number of retirees increases each year which created backlog of payments amounting to around \$22 million. The Ministry submitted a bid for this but was not successful.

### Recommendation 53

The Committee recommends that the government prioritizes the payment of Long Dedicated Service Benefit so that this long outstanding arrear is cleared and the retirees are accorded the recognition they deserve.

**Recruitment freeze** – the Committee was informed by Ministries that the imposition of recruitment freeze by MPS has affected their ability to implement their programs of action. In particular the productive sector is severely affected. The Ministry informed the Committee that the freeze is a government wide issue at the administrative level where control is imposed based on advice from MOFT. There is still flexibility to recruit in the productive and technical sectors. Recruitments will be done in 2011 only to replace retirees, resignations etc. but not to create new positions. The productive and technical sectors will be dealt with on a case by case approach.

**Slow processing of disciplinary cases** – the Committee reiterated its concerns over the length of time it takes to deal with disciplinary cases, particular those that result in separation from the service which allows the incumbents position to be filled by a replacement. The Ministry advised that the disciplinary process is too cumbersome with officers being put on full or half pay. MPS and PSC could not fast track due to legal impediments. Disciplinary process is guided by legal process therefore regulations need to change in order to fast track the process to be in line with business practices in the private sector.

**Vacancies in technical areas** - the Ministry informed the Committee that vacancies in specialized areas could not be filled due to shortage of such persons in SI and those who are around do not accept

the conditions of service currently being offered by SIG. This has resulted in Ministries having to continue to renew contracts for those already retired or having people on FTA.

**Public Service Perception Survey** - the Committee noted that a recent survey on the public service have rated some Ministries performing below expectation.

The PS advised that the survey was done by the University of Queensland. The findings were brought to Cabinet. Cabinet directed that a public service wide functional review be done. A functional review is underway with support of a consultant funded by Australia.

**Training and workforce needs** - the Committee noted that graduates from SINU, USP etc are finding it hard to get employment. It seems the skills and qualifications required by the private and public sectors are not taken into account when scholarships are awarded.

The Ministry advised that they collaborated with the MDPAC in developing an opportunity list. This list will be available by July 2016. Some ministries through donors are still developing their staff training needs without consulting MPS. MPS is working closely with some ministries with specialized needs to address those needs e.g. Justice, MID. MPS is also reviewing the need to train people to become entrepreneurs.

**Media about 500 public servants** – PAC was aware of media reports about 5000 new Government houses being built. This was asked to be confirmed by the Ministry, and they stated;

*“...what we can inform the committee at this point in time is, at the Ministry level, I have not taken any instructions on this particular project yet...”<sup>47</sup>*

The Ministry has done consultation on the issue of public officers owning houses and receiving housing allowances while those without houses benefiting from the house rental scheme. The current work force is around 16,000 therefore affordability becomes an issue.

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<sup>47</sup>MPS, Evidence, 27<sup>th</sup> November 2016

## 92 & 96 Ministry of Justice and Legal Affairs & National Judiciary

### Mission Statement

We will deliver transparent, accountable and effective justice services which protect the fundamental rights and freedom of all people in the Solomon Islands.

### Recurrent Budget

#### Justice and Legal Affairs

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ 844,586	\$ 414,324	\$ 939,590	\$ 884,914	\$ 615,959
<b>Expenditure</b>					
Payroll	\$ 11,103,047	\$ 11,707,387	\$ 11,516,976	\$ 9,330,142	\$ 8,850,952
Other Charges	\$ 19,032,201	\$ 17,882,341	\$ 17,496,572	\$ 15,153,492	\$ 15,252,609
<b>Total</b>	<b>\$ 30,135,248</b>	<b>\$ 29,589,728</b>	<b>\$ 29,013,548</b>	<b>\$ 24,483,634</b>	<b>\$ 24,103,561</b>
<b>Budget Support</b>					
<b>Income</b>	\$ 311,528	\$ 1,676,047	\$ -		
<b>Expenditure</b>					
Payroll	\$ 166,448	\$ 261,152	\$ 355,297	\$ 151,760	
Other Charges	\$ 145,080	\$ 1,414,895	\$ 61,097		\$ 713,156
<b>Total</b>	<b>\$ 311,528</b>	<b>\$ 1,676,047</b>	<b>\$ 416,394</b>	<b>\$ 151,760</b>	<b>\$ 713,156</b>

#### National Judiciary

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ 2,008,634	\$ 985,364	\$ 966,043	\$ 935,106	\$ 3,794,459
<b>Expenditure</b>					
Payroll	\$ 17,682,156	\$ 15,527,374	\$ 16,305,061	\$ 7,668,263	\$ 6,394,181
Other Charges	\$ 13,342,874	\$ 14,493,072	\$ 12,652,788	\$ 12,939,410	\$ 12,188,471
<b>Total</b>	<b>\$ 31,025,030</b>	<b>\$ 30,020,446</b>	<b>\$ 28,957,849</b>	<b>\$ 20,607,673</b>	<b>\$ 18,582,652</b>
<b>Budget Support</b>					
<b>Income</b>	\$ 1,087,262	\$ 641,745	\$ -	\$ -	
<b>Expenditure</b>					
Payroll	\$ 157,648	\$ 417,884	\$ 550,422	\$ 759,419	\$ 174,226
Other Charges	\$ 929,614	\$ 223,861	\$ 244,710	\$ -	\$ 51,664
<b>Total</b>	<b>\$ 1,087,262</b>	<b>\$ 641,745</b>	<b>\$ 795,132</b>	<b>\$ 759,419</b>	<b>\$ 225,890</b>



## Development Budget

### *Justice and Legal Affairs*

#### **Appropriated**

SIG	\$ 22,332,000	\$ 6,500,000	\$ 4,993,517	NA	NA
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 22,332,000</b>	<b>\$ 6,500,000</b>	<b>\$ 4,993,517</b>		

#### **Non-Appropriated**

	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### *National Judiciary*

#### **Appropriated**

SIG	\$ 5,020,000	\$ 4,000,000	\$ 2,282,538		
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 5,020,000</b>	<b>\$ 4,000,000</b>	<b>\$ 2,282,538</b>		

#### **Non-Appropriated**

		\$ -	\$ -		
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>		

## Issues of Concern

The Committee identified the following matters of concern:

**\$5.4 million bid not approved** - PAC was concerned to learn that a recurrent bid of \$5.4 million was not approved. The implications of this are that the Town Ground case will not continue, Court circuits will be reduced, and a 3rd Court of Appeal session will not occur.

**Incorrect budget revenue figure** – PAC was informed the revenue figure contained in the budget for 2017 of \$2 million was wrong. The projected figure for 2017 was \$1 million, as identified by the Judiciary submission.

**Recurrent bid cuts to Justice and Legal Affairs** - PAC was concerned to learn \$2.7 million for payroll was fully cut from Justice and Legal Affairs, meaning service delivery will suffer in agencies like PSO, ODPP and AGC. \$7.4 million in other charges were also cut, meaning service delivery will suffer across the board, but especially in the same agencies mentioned above. PAC was also concerned this may encourage further problems with experienced staff shortages. Evidence given by the Ministry stated;

*“...our priorities for 2017 are personnel for the ODPP, PSO, Law Reform and the Attorney-*

*General Chambers. We have had experienced manpower shortages in those areas, especially with legal personals as we cannot retain lawyers we have who are working at either the ODPP, PSO, Law Reform Commission or the Attorney Generals Chambers".<sup>48</sup>*

**Development Bids Cuts to Justice and Legal Affairs** – PAC notes \$25 million was requested, and \$18.5 million received in the development budget for Justice and Legal Affairs. PAC alerts the Parliament to the submission comment made by the Ministry; *"MJLA understands the SIG is experiencing cash flow difficulties and this has seen the rejection of most bids. ... Note though that service delivery will be affected."*<sup>49</sup>

**Institutional housing cuts** – PAC was concerned to hear of a 55% decrease of the institutional housing budget. According to the Ministry, this means the institutional housing which should accommodate the heads of agencies, like the Law Reform Commission and the Chairman of the Registrar General's office might be halted next year.

**Bid failure for court circuits to the Provinces** – PAC notes the Ministry's disappointment at the failure of the bids to increase court circuits to the Provinces. Evidence provided by the Ministry stated;

*"For court circuits – the High Court, Magistrates Court, Customary Land Appeal Court and Local Courts, our bids to increase for more circuits to the provinces did not succeed...we also have cuts at the old DPP and the PSO. There is also cuts in the Court of Appeal sitting and as we know, all through these courts, when justice is delayed, justice is denied. That is a big consequence under human rights. We can have people remanded in prisons but we are the disposing agents and if we cannot have court cases heard, then we will have a long time people remanded in the cells".<sup>50</sup>*

**Statistics on family violence** - the Ministry advised that the Family Protection Act was passed last year. The Ministry is training 300 locals across every province and have completed this process for all provinces except for Malaita, Isabel and Central provinces. Police will train the police officers however this has not yet started. MWYCA is a participant and stakeholder in family violence issues but it has not yet started as well providing services pursuant to the Act.

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<sup>48</sup> MJLA, Evidence, 25<sup>th</sup> November 2016

<sup>49</sup> *Ibid*

<sup>50</sup> MJLA, Evidence, 25<sup>th</sup> November 2016

**Sorcerers Bill** – the Judiciary advised that the Sorcerers Bill was being discussed in Gizo as part of consultations with all stakeholders. The Committee queried whether retaliatory actions were covered in the Penal and was advised that this was covered in the Penal Code. The Ministry indicated, due to budget cuts, these consultations will be cut;

*“...all consultations will be halted or remain half done throughout the Provinces, especially the Sorcery Bill by the Law Reform Commission, the Tribal Land Dispute resolution by the Legal Policy Unit at the Ministry of Justice and Legal Affairs and the Land Advocacy Group at the Public Solicitors Office.”<sup>51</sup>*

**Ministry infrastructure projects** - the Ministry has \$27M for infrastructure projects in 2017.

**Provincial backlog of court cases** – PAC was informed there remains a backlog of cases in the provinces, especially local court cases. Evidence mentioned cases back to the 1990's remaining outstanding. Evidence given to the PAC stated;

*“...there are some provinces that have outstanding backlog of cases. I was informed that some cases even go back to the 1990's and there are a lot of factors that contributed to the backlog in some cases”.*<sup>52</sup>

## 93 Ministry of Home Affairs

### Mission Statement

Empower people to shape political future upon ethical leadership, professionalism and a governance culture that recognizes diversity in traditional cultures, values and the dignity of our people – government – stakeholder relationship.

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<sup>51</sup>*Ibid*

<sup>52</sup>*Ibid*



## Recurrent Budget

	Budget Estimates		Actuals		
SIG	2017	2016	2015	2014	2013
<b>Income</b>	\$ 4,295,373	\$ 2,107,157	\$ 3,014,305	\$ 3,013,840	\$ 2,416,277
<b>Expenditure</b>					
Payroll	\$ 2,451,725	\$ 2,594,029	\$ 2,653,318	\$ 2,027,540	\$ 1,806,830
Other Charges	\$ 21,337,813	\$ 38,498,282	\$ 34,991,859	\$ 101,694,134	\$ 45,641,563
<b>Total</b>	<b>\$ 23,789,538</b>	<b>\$ 41,092,311</b>	<b>\$ 37,645,177</b>	<b>\$ 103,721,674</b>	<b>\$ 47,448,393</b>
<b>Budget Support</b>					
<b>Income</b>		\$ -	\$ -		\$ 1,942,622
<b>Expenditure</b>					
Payroll					
Other Charges	\$ -	\$ -	\$ -		\$ 1,942,622
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 1,942,622</b>

## Development Budget

### Appropriated

SIG	\$ 18,000,000	\$ 3,331,000	\$ 1,027,945	NA	NA
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 18,000,000</b>	<b>\$ 3,331,000</b>	<b>\$ 1,027,945</b>		
<b>Non-Appropriated</b>					
Australia					

### Programs - Appropriated

Provincial Sports Development	\$ 4,000,000	SIG		
2013 Pacific Games	\$ 14,000,000	SIG		
<b>Total</b>	<b>\$ 18,000,000</b>			

## Issues of Concern

The Committee identified the following matters of concern:

**Unregulated Casino and Gaming denying Revenue Collection** – While two licenses for two locations exist for casino gaming in the Solomon Islands, PAC MP's raised questions about the unregulated nature of casino gaming in a number of locations. The Ministry for Home Affairs made the following statement to the committee on this matter;

*"...we are expecting to improve our regulation by capturing some of the gaming activities that are going on in the country, which are unregulated and therefore happen to be able to come into the ministry's control and therefore a regulatory control is anticipated. At the moment, the ministry is only collecting revenue from the two gaming establishments it has, but they are sprouting out*

*in the capital – bingo games and some computer games that actually attract gambling. The Ministry is working with a legal advisor to have regulatory control over them, so we are anticipating a slight increase in our revenue collection and actually our control over the two existing establishments.”<sup>53</sup>*

Further to this issue of revenue collection, Committee MP’s pursued legal and compliance issues of relevance to revenue collection. For example, PAC members queried how the Honiara Casino has two locations and one license under the gazette notice signed by the Minister. The Committee asked whether this was cleared by the Attorney-General as being legal. In response the Ministry stated that;

*“The legal advisor of the Gaming and Lotteries Board is actually an advisor in the Attorney-General’s office, and so I think it should have come through the AG’s purview as well...”<sup>54</sup>*

This was further questioned by PAC MPs on whether the process was managed at an administrative level or a political level. The following response was provided;

*“...what I had anticipated even though it did not require the Permanent Secretary’s yes or no to that, it was gazetted before I am aware of...”<sup>55</sup>*

Unregulated gaming activity is high in the Solomon Islands. This leads to lost revenue to Government, increased risk of criminality, and low consumer protections with gaming products.

#### **Recommendation 54**

- (a) In relation to the budget, the Committee alerts Parliament to uncollected revenue and recommends the Minister to explain why they allow such unregulated activity to continue.**
- (b) The Committee recommends that the Ministry of Home Affairs enforce the relevant legal requirements for one license-one location and prosecute those who breach these regulations.**

**No Funding for Electoral reform** – PAC was concerned to hear there was no funding allocation for 2017 for either the electoral reform work. PAC was particularly concerned about the following evidence from the Ministry for Home Affairs on voter registration for the next election;

*“...we did submit a bid on both the recurrent and development budgets. In the development, it was appropriation for preparation for the 2018/19 elections. That was not accepted but it was for*

<sup>53</sup> MHA, Evidence, 24<sup>th</sup> November 2016

<sup>54</sup> *Ibid*

<sup>55</sup> *Ibid*



*another round of the BVR to update the roll and take in new ones. That was not accepted and the recurrent given ...was totally out as well. Yes there are plans to have the BVR in 2017 if we could because to have it in an election year or close to an election year, we will be hard pressed with time so we would like to have this activity in 2017, but it now not going to be in 2017 but hopefully in 2018.”<sup>56</sup>*

#### **Recommendation 55**

The Committee recommends that the Government prioritise funding for the updating of the electoral roll for the 2018/19 elections.

**Civil Register** - the Committee was alarmed that the ongoing upgrade and improvement to civil registration was not approved for funding for the second year running. The details of this were explained by the Ministry in their evidence to the Committee;

*“...we are aware of two registration processes. One is the 0 to 5, and this is done at the hospital level. Then there is the biometric voter registration (BVR)...There is still that gap and we have a long way to go. There was a bid for it but that was not given the approval. But that project was to see how we can improve this CRVS record to a level that we can start joining the two....it was for \$8 million. This is the second year running it was rejected. So we have to just continue with what we are doing, even though the numbers are getting bigger because of births happening every day.”<sup>57</sup>*

#### **Recommendation 56**

Data is increasingly important to Government planning, decision-making, and efficiency. Allowing the development of a Civil Register system that can link all Government Ministries is an important investment. PAC alerts Parliament to this failed bid for two years running. The Committee recommends that the Minister of Home Affairs explain to Parliament this failure, and how and when Executive Government is going to allow the completion of this task.

**Pacific Games** - the Committee enquired into the Ministry’s plan for the preparations for the Pacific Games 2023 now that the country has been awarded the right to host the games. There is a risk that delays and shortage of funds could be encountered.

<sup>56</sup> MHA, Evidence, 24<sup>th</sup> November 2016

<sup>57</sup> MHA, Evidence, 24<sup>th</sup> November, 2016



The interim bid committee has been reappointed and becomes the interim organizing committee. The Pacific Games Charter requires legislation is passed by Parliament within 6 months after the games is awarded. This will govern the administration and management of the games through an incorporated body.

PAC also sought further details from the Ministry on funding for the Pacific Games 2023. The Ministry provided the following advice;

*"...with the money that is announced by the Prime Minister that is really between the Prime Minister and the Government of ROC...if that comes its more to do with infrastructure if that is whatever of that amount will come it will go towards projects which we submitted to Taiwan of around that amount (\$14 million) for infrastructure development in the country in preparation for the 2023 Pacific Games."*<sup>58</sup>

#### **Recommendation 57**

The Committee recommends that the government quickly pass the 2023 Pacific Game Bill so that preparations for the games can start immediately.

**Halving of Provisions for Independence Celebrations** - PAC noted the independence anniversary celebrations and entertainment have been reduced by almost half, to almost half a million dollars. The Ministry confirms this will see a cut back in activities and celebrations next year.

**Church grants** – PAC was concerned at the confusion between the Budget Unit of MOFT and the Ministry for Home Affairs on the actual baseline figure for church grants. The Budget Unit believed it to be \$10 million, whereas the Ministry viewed this as a cut of \$5 million to the program.

#### **Recommendation 58**

PAC alerts Parliament to confusion between a Cabinet directive from 2015 and a Budget cut in 2016 on the church grants. The Committee recommends that the Minister for Finance and Treasury to provide clarity on this matter to Parliament.

<sup>58</sup> MHA, Evidence, 24<sup>th</sup> November, 2016

## 94 Ministry of National Unity, Reconciliation and Peace

### Mission Statement

Protect and promote worthy culture, customs and values, and foster national Unity through appropriate Peace building Stakeholders' partnership.

### Recurrent Budget

SIG	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 2,987,395	\$ 3,230,803	\$ 2,434,425	\$ 1,932,720	\$ 1,690,023
Other Charges	\$ 10,621,297	\$ 11,615,150	\$ 13,161,891	\$ 8,789,584	\$ 7,554,628
	<b>\$ 13,608,692</b>	<b>\$ 14,845,953</b>	<b>\$ 15,596,316</b>	<b>\$ 10,722,304</b>	<b>\$ 9,244,651</b>
<b>Budget Support</b>					
<b>Income</b>		\$ -	\$ -		
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -		
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

### Development Budget

#### Appropriated

SIG	\$ 7,000,000	\$ 8,640,000	\$ 2,841,982	NA	NA
Donor		\$ -	\$ -		
	<b>\$ 7,000,000</b>	<b>\$ 8,640,000</b>	<b>\$ 2,841,982</b>		
<b>Non-Appropriated</b>					
	<b>\$ -</b>	<b>\$ -</b>			

#### Programs - Appropriated

National Peace Building & State Building Program	\$ 7,000,000	SIG			
<b>Total</b>	<b>\$ 7,000,000</b>				

### Issues of Concern

The Committee identified the following matters of concern:

**Traditional Governance Bill** - the 2017 Development Budget includes under its National Peace Building and State Building Program of \$7.0 million an activity to develop a Traditional Governance Bill.

**Land acquisition for provincial infrastructure development** - the 2017 Development Budget includes under its National Peace Building and State Building Program of \$7.0 million an activity to acquire land for provincial infrastructure development.

### **Other issues**

**Payments to Ex-combatants** - the Committee raised the issue of where the payment to ex-combatants was charged in 2015 and if the Government will make further payments during the year.

The Ministry of Finance informed the committee that the payment came out of the Ministry of Peace and Reconciliation budget and it was in line with the program of the Ministry of Peace. It was fully accounted for. Any future payments will depend on SIG policy.

The Committee is alarmed at way the Ministry is dealing with demands for compensation and other related payments from individuals and groups. It is the view of the Committee that the ministry must develop a proper policy on compensation payments.

### **Recommendation 59**

- a. The Committee recommends that the Ministry of National Unity, Reconciliation and Peace develop a compensation policy to guide demands for compensation.
- b. The Committee advises against the practice of cash payments to ex-combatants.

**Reconciliation Program** – the government undertook a very big reconciliation ceremony in Honiara during the middle of the year. The Ministry incurred a huge debt for this reconciliation event. To date the debt is not yet settle. The Committee is concerned that a provision is not provided for in the 2017 budget to address this matter.

### **Recommendation 60**



The Committee recommends that the Ministry of National Unity, Reconciliation and Peace immediately consult with MOFT to address the debt incurred from reconciliation ceremony.

**Housing development** – the Committee is concern that the ministry is undertaking housing development for its staff in Honiara rather than concentrating on its core functions.

## 95 Ministry of Mines, Energy and Rural Electrification

### Mission Statement

To develop and manage the natural non-living resources of Solomon Islands, for the social and economic benefit, advancement and well-being of the people of Solomon Islands, now and for the future.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 4,536,655	\$ 2,225,522	\$ 2,245,619	\$ 4,316,783	\$ 3,435,287
<b>Expenditure</b>					
Payroll	\$ 5,789,302	\$ 5,935,936	\$ 5,461,226	\$ 4,931,296	\$ 4,660,782
Other Charges	\$ 9,952,737	\$ 10,749,850	\$ 13,861,859	\$ 9,769,219	\$ 13,209,977
<b>Total</b>	<b>\$ 15,742,039</b>	<b>\$ 16,685,786</b>	<b>\$ 19,323,085</b>	<b>\$ 14,700,515</b>	<b>\$ 17,870,759</b>
<b>Recurrent Budget - Budget Support</b>					
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Development Budget

**Appropriated**

SIG	\$ 31,990,000	\$ 32,277,000	\$ 33,630,995	NA	NA
Donor	\$ -	\$ -	\$ -		
<b>Total</b>	<b>\$ 31,990,000</b>	<b>\$ 32,277,000</b>	<b>\$ 33,630,995</b>		
<b>Non-Appropriated</b>					
Japan					
ADB					
World Bank					
Australia					
Certified Search [STFO]					

**Issues of Concern**

The Committee identified the following matters of concern:

**Scaling down of the Development Budget** – PAC heard from officials that the development budget was scaling down;

*“This scaling down of the development budget is maybe due to a number of factors: a) maybe the reduction of \$1.53 million to \$1 million under the energy management program. The reduction of \$2 million to \$1 million under the geo-lab and petroleum information centre program. The reduction of the \$1.227 million to \$500,000 under the petroleum sector institutional program.”<sup>59</sup>*

**Bars held by the CBSI - Are they gold or iron?** - PAC heard they were more iron than gold, when the officials stated;

*“Regarding the metal privacy test. The test is done using the XRF giving us quick information on what is present in those samples. The information I give you is there is a mineral content on those samples. But in terms of our interest, there is very limited amount of gold present in those bars.”<sup>60</sup>*

During evidence, the Ministry indicated they could provide a report on the exact details of the bars held at CBSI. Unfortunately, at the time of reporting, this had not been received

**Recommendation 61**

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification provide to Parliament a report on the mineral content of the purported precious metals held at CBSI.

<sup>59</sup> MMERE, Evidence, 25<sup>th</sup> November 2016

<sup>60</sup>*Ibid*

**Gold Ridge Tailings Dam** – PAC was very concerned to hear of the risk to residents from the tailings dam. This was confirmed in evidence provided to the Committee;

*“...currently, we continue to monitor the tailings dam, and this includes the Ministry of Environment, the Ministry of Health from the headquarters as well as the province. The current location of the tailings dam will always remain a risk for the people. But looking at the water level, it is currently at a manageable level.”<sup>61</sup>*

Projects related to Gold Ridge also received budget cuts from \$3.9 million to \$1 million. On this, the officials stated;

*“The difference is really going to affect our program. The budget can only cater for inspection and monitoring. But to do anything else is not possible because the budget has been slashed down.”<sup>62</sup>*

**Mining & Mineral Act review** - the Committee commented that the current situation in respect of mineral & mining was of great concern and asked whether there is currently a Mining Act or one need updating or does a Mining Act needs to be established. The Ministry said such a review of the current Mining and Mineral Act was a priority as set out in the Priority Policy Objective to provide comprehensive provisions for the mining and mineral industry.

### **Recommendation 62**

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification fast track the review of the Mines and Minerals Act and bring it to Parliament as soon as possible.

**Rural Electrification** - the Committee congratulated SIEA on its plans to branch out and provide small generating stations in rural areas and questioned what the position is and what consultation has been done with SIEA on this program. The Ministry confirmed that SIEA is mandated to build 37 mini grids around the country and the first three are at Seghe, Afio and Taro. Also the Ministry confirmed that it will install solar system through ADB & World Bank.

The Committee commented that as the consumers in these rural areas often have no means of income, the pricing of the service is very critical. The Ministry advised that SIEA carried out a three months study to confirm the cost of electricity tariff and in 2016 after SIEA's consultation with government ministries, the Minister for Mines and Energy will gazette the new tariff.

<sup>61</sup> MMERE, Evidence, 25<sup>th</sup> November 2016

<sup>62</sup>*Ibid*



**Tina River and Fiu River Hydro Projects** - the Committee requested the status update on Fiu and Tina River Hydro projects. The Ministry confirmed that Tina River is progressing well and land acquisition has been carried out with the land owners ready to be paid and the land developer identified – Korean Water and discussion are in place between government and SIEA. The transmission is to be owned by SIEA and the Australian Government will fund the access road. In regards to the Fiu River Hydro the Ministry confirmed that SIEA has tendered for the survey but not yet acquired the land and a Korean consultant has been identified.

**Gold Ridge Mining** - the Committee understands that local land owners have formed a consortium and taken over the assets of Gold Ridge. The Ministry confirmed that an arrangement was made before the operator left but that this did not come through the Ministry. In respect of the status nothing much is happening. Following previous comments regarding mining reforms Mineral Sector Institutional Strengthening Program was further cut to \$970,000 which will restrict the Ministry to just carrying out the National Mineral Policy. The Committee asked if there is any other investor interested in the Gold ridge. The Ministry said it was premature to consider this as many administrative details and obligations had yet to be confirmed.

The Committee understands that the cancellation of the mining licence at Gold ridge is legal; however, its impact on the commercial side and landowners percentage share is still of great concern to the Committee. Further, it will also affect the condition of the licence once a new mining company wants to operate at Gold Ridge.

### **Recommendation 63**

**The Committee recommends that the Ministry of Mines, Energy and Rural Electrification pursue the most efficient and transparent process in getting Gold Ridge mining back into operation and production.**

**Bauxite Export & Nickel Operation** - the Committee questioned the current status of bauxite exports and the exploration of nickel and the locations. The Ministry confirmed that there was court case on 26th of November 2015 in regards to Bauxite mining in Rennell resulting in all operations being put on hold.

In regards to Nickel Mining on Isabel, the Ministry confirmed that there is plan to tender the project to capable mining company.

**Relocation of Fuel Storage** - the Committee stated that in the 2016 budget there is an allocation in the development budget called "Honiara fuel terminal relocation", and queried what are the Ministry's plans and timeframe and corporation received through the companies' concerned. The ministry confirmed that there was \$1.9 million allocated for 2016 to conduct feasibility studies in order to provide roadmap. This will be done in the first and second quarter in 2016.

## 97 Ministry of Women, Youth and Children's Affairs

### Mission Statement

In Partnership with the people of Solomon Islands to uphold and promote the rights of women, young people and children and families to advance the wellbeing of the nation.

### Recurrent Budget

	Budget Estimates		Actuals		
<b>SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure</b>					
Payroll	\$ 2,513,608	\$ 2,309,892	\$ 1,805,249	\$ 1,959,865	\$ 1,524,243
Other Charges	\$ 8,695,657	\$ 9,280,311	\$ 8,853,096	\$ 8,274,949	\$ 8,788,985
<b>Total</b>	<b>\$ 11,209,265</b>	<b>\$ 11,590,203</b>	<b>\$ 10,658,345</b>	<b>\$ 10,234,814</b>	<b>\$ 10,313,228</b>
<b>Budget Support</b>					
<b>Income</b>		\$ -	\$ -		
<b>Expenditure</b>					
Payroll		\$ -	\$ -		
<b>Total</b>		\$ -	\$ -		

### Development Budget

**Appropriated**

SIG	\$ 4,000,000	\$ 4,510,000	\$ 2,441,148	NA	NA
Donor		\$ -	\$ -		
<b>Total</b>	<b>\$ 4,000,000</b>	<b>\$ 4,510,000</b>	<b>\$ 2,441,148</b>		

**Non-Appropriated**

UNICEF					
Australia					

**Programs - Appropriated**

Investing, Empowering & Enhancing Women, Youth & Children's Development in Solomon Islands	\$ 4,000,000	SIG	
<b>Total</b>	<b>\$ 4,000,000</b>		

**Issues of Concern**

The Committee identified the following matters of concern:

**Cuts to Recurrent and Development Budgets** - PAC was concerned to hear the Ministry made their submissions on recurrent bids based on the baseline given by MOFT; however, these seem to be ignored and big reductions were made to some line items which "could severely affect the operations of ministry". Examples include cuts to HQ stationary and rent of \$350k, Youth Development of \$290k, and Women's Development Assistance Grants of \$278k.

Likewise, the development bid of \$5 million was made, with \$4 million received. As a consequence, decisions about where to make cuts will come across the three divisions, and have yet to be made.

PAC alerts the Parliament to budget cuts to both the recurrent and development budgets for Women, Youth and Families, which is expected to affect the operations of the Ministry in 2017.

**Gender Based Violence** - There has been much recent publicity about the issue of gender based violence in Solomon Islands and recent legislation has been passed intended to empower authorities to address the problem. However, PAC was concerned about budget cuts and the impacts of these on awareness and prevention campaigns like the 15 days of activism and White Ribbon campaigns.



**Gender inclusion in Employment** - There is evidence that males dominate the workforce in terms of senior positions and pay scales. The international community emphasises the need to include more women into higher positions and have access to education and training opportunities.

#### **Recommendation 64**

**The Committee recommends that the National Statistics Office undertake gender mapping of the Establishments Register, to address any gender imbalance in the Solomon Islands public service.**

**Unemployed youth** - the Committee is becoming increasingly concerned about the ever growing numbers of unemployed youth in urban centres. PAC has made recommendations on data collection on employment and unemployment in separate parts of the report. Several comments by officials showed the importance of the issue of youth policy for the future of the Solomon Islands;

*"...our youth are around 96,000 of our total population. By 2050 when our population hits around 1.3 million, our youths will be equivalent to our current population – just below 600,000. That is certainly going to put a great burden on the country, but at the same time it is great news, as we have human capital...reports have shown that there is around 80% unemployment amongst young people."*<sup>63</sup>

**Amusement park** – the Committee notes that the Ministry is still working on identifying a proper site for the amusement park in Honiara.

## **98 Ministry of Rural Development**

### **Mission Statement**

The mission of the Ministry is to create and manage an effective information centre of all constituencies for planning and development purposes. More so, the Ministry's responsibility is to distribute and monitor resources allocated to the Ministry and other development stakeholders within Government, Donor agencies and non-government organizations to ensure fair and equitable development at the local level especially in the rural areas. Ultimately to ensure that Rural Solomon Islanders (80% of Solomon Island's population) actively participate in the social and economic development of Solomon Islands to improve standard of living and quality of life.

<sup>63</sup> MWYCA, Evidence, 25<sup>th</sup> November 2016

## Recurrent Budget

	Budget Estimates		Actuals		
	2017	2016	2015	2014	2013
<b>Recurrent Budget - SIG</b>					
<i>Income</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Expenditure</i>					
Payroll	\$ 11,085,789	\$ 9,307,249	\$ 8,471,619	\$ 6,846,136	\$ 5,269,224
Other Charges	\$ 6,444,071	\$ 6,678,527	\$ 6,043,313	\$ 4,681,179	\$ 7,915,285
<b>Total</b>	<b>\$ 17,529,860</b>	<b>\$ 15,985,776</b>	<b>\$ 14,514,932</b>	<b>\$ 11,527,315</b>	<b>\$ 13,184,509</b>
<b>Recurrent Budget - Budget Support</b>					
<i>Income</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Expenditure</i>					
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Development Budget

<b>Appropriated</b>					
SIG	\$ 255,000,000	\$ 280,000,000	\$ 373,267,080	NA	\$ 63,454,542
Donor	\$ 70,000,000	\$ 70,000,000	\$ 48,221,090		
<b>Total</b>	<b>\$ 325,000,000</b>	<b>\$ 350,000,000</b>	<b>\$ 421,488,170</b>	<b>\$ -</b>	<b>\$ 63,454,542</b>
<b>Non-Appropriated</b>					
Australia					
New Zealand					
ROC					
<b>Total</b>					

## Issues of Concern

The Committee identified the following matters of concern:

**CDF Act** – the Committee is concern over the delay in the coming into force of the CDF Act and its regulations. There is a need for proper governance of CDF funds from the ministry down to the constituency level. The ministry confirms that this is one of its outstanding tasks. A subcommittee is reviewing the Act to harmonize it with the PFM Act. The regulations is already been reviewed by the subcommittee.

### Recommendation 65

The Committee urges the Ministry of Rural Development to quickly finalise the reviews of the CDF Act 2013 and relevant regulations and table them in Parliament.

**Status of Constituency Funding drawdowns** – the Committee is concerned that the reservations will affect some constituencies who are yet to have access to their full share of the constituency funds. The Ministry stated that 5 constituencies have fully committed their share before the reservation. Only \$4.4m is available to each constituency after the reservation. Therefore only those who are yet to commit to the \$4.4m will be allowed to put in any requests for funding. Only 2 constituencies are yet to fully commit to the \$4.4m limit. Only \$22m is available after the reservation. Those constituencies that submitted their acquittals earlier have fully utilised their shares. Ministry of Finance has indicated that the reservation for this budget line will be lifted. MRD will present a case to MOFT to exempt it from the reservations.

**Preferred Suppliers** – Central Tender Board has endorsed the report of preferred suppliers submitted by MRD. A total of 55 preferred suppliers are in place for 2017. The committee is concerned that the lateness in resolving the preferred suppliers' arrangement has affected the ability of constituencies to access funding and supplies on a timely basis. The recently approved PSA will be in force for the whole of 2017. The next review will be done in September 2017 so that the next approved PSA is in place by the beginning of 2018.

**Allocation of Budget to Constituencies** – the Committee raised the issue of how allocations of funds are decided for each constituency in view of the size, distance, population, stage of development etc. of each constituency. The Ministry stated that it is mandate as a matter of policy to allocate funds equally to each constituency. The budget for economic growth centres are allocated based on the progress each constituency has made on its centre.

**Staff for Constituencies** – The Ministry informed the Committee that the total establishment for the Ministry is 190. There are 21 vacancies and 8 are for headquarters and 13 are for constituencies.

## **99 Ministry of Environment, Climate Change, Disaster Management and Meteorology**

### **Mission Statement**

- To improve and strengthen the national institutional and administrative capacity of the division to be able to promote the protection, conservation and sustainable management of the use of the environment and natural resources of Solomon Islands.



- To provide an enabling environment for the socio-economic development of the Solomon Islands through application of necessary safeguards with regards to: sustainable use of natural resources; the provision of meteorological services; reducing the risk and impact of climate change and other hazards to communities; and leading and managing disaster preparedness and their consequences.

## Recurrent Budget

	Budget Estimates		Actuals		
<b>Recurrent Budget - SIG</b>	2017	2016	2015	2014	2013
<b>Income</b>	\$ 906,762	\$ 444,825	\$ 436,103	\$ 941,401	\$ 362,400
<b>Expenditure</b>					
Payroll	\$ 8,016,363	\$ 8,678,403	\$ 7,741,366	\$ 6,924,343	\$ 6,836,954
Other Charges	\$ 18,342,075	\$ 26,670,283	\$ 21,104,114	\$ 21,092,443	\$ 23,838,130
<b>Total</b>	<b>\$ 26,358,438</b>	<b>\$ 35,348,686</b>	<b>\$ 28,845,480</b>	<b>\$ 28,016,786</b>	<b>\$ 30,675,084</b>
<b>Recurrent Budget - Budget Support</b>					
<b>Income</b>		\$ -	\$ -	\$ -	\$ 1,086,957
<b>Expenditure</b>					
Payroll		\$ -	\$ -	\$ -	\$ 37,934
Other Charges		\$ -	\$ -	\$ -	
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,934</b>

## Development Budget

### Appropriated

SIG	\$ 16,795,000	\$ 16,795,000	\$ 4,069,719	NA	NA
Donor	\$ -	\$ -	\$ -		
<b>Total</b>	<b>\$ 16,795,000</b>	<b>\$ 16,795,000</b>	<b>\$ 4,069,719</b>		

### Non-Appropriated

Japan	\$ -	\$ -	\$ -	\$ -	\$ -
World Bank	\$ -	\$ -	\$ -	\$ -	\$ -
EU EDF	\$ -	\$ -	\$ -	\$ -	\$ -
UNDP	\$ -	\$ -	\$ -	\$ -	\$ -
Global Environment Facility	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Issues of Concern

The Committee identified the following matters of concern:

**Development Budget Cuts** - PAC was concerned to learn all development budget bids for 2017 were cut to 2016 levels. Two new bids that were identified well in advance through the Mid Term Development Plan were not considered in the development budget at all.

The PAC notes that the Ministry's 2017 Development Budget is inconsistent with the Medium Term Development Plan and the National Development Strategy.

PAC heard the construction phase of the Ministry's office building and the National Disaster Management Office Infrastructure Program provide guidance to the development budget bids for these two programs in 2017.

PAC was told the construction plan was done with consideration of inflationary effects on the BOQ, and allocating any annual funding that deviates from the construction plan runs that risk of getting the BOQ invalid because of increased prices on building materials over the years.

PAC was also concerned to hear the Ministry state: *"it is our hope we will be able to access further resources next year through supplementary appropriation"*<sup>64</sup>. PAC has made a separate recommendation on this cross-government reliance on supplementary budget support for activities.

PAC would encourage the Ministry of Environment, Climate Change and Disaster Management, and the Ministry of Finance and Treasury to reflect on this recommendation made regarding the integrity of the budget cycle.

PAC identified \$14.4 million as appearing for 2016 under NDC. However, the submission of the Ministry indicates;

*"The appearance of NDC's anomalous expenditure is due to costs relating to disaster relief in the wake of cyclones here and in Fiji. In other words, this spending does not reflect the baseline adopted in the approved recurrent budget for 2015, with additional funding for the disaster relief sourced primarily from the Contingency Warrant provisions"*.<sup>65</sup>

**Policy on disaster relief** - the Committee enquired if there is a policy on disaster relief. The Ministry stated that the National Disaster Council has a process when dealing with disaster relief. The first stage is to do a disaster assessment. The victims and communities are encouraged to assist where possible. Community resilience and self-support is promoted by the Ministry. Victims of disasters are assisted by communities as well as government and donors. It was only recently that Cabinet

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<sup>64</sup> MECDM, Evidence, 26<sup>th</sup> November 2016

<sup>65</sup> *Ibid*

approved funding to be channeled through MPs because of the perception that NDMO were very slow in responding to disaster.

**Disaster Relief Fund** - the Committee expressed concern that the Ministry relied too much on CWs to address disaster relief when there's already a mechanism in place. The Disaster Relief Fund should be used to provide funds to support victims on an annual basis. This Fund needs to be replenished on an annual basis by the Government.

The Ministry advised that their annual bids for disaster relief were always reduced by the Government so the need for CWs every time a disaster strikes.

**Resettlement policy** - the Ministry admitted that it was really difficult to implement relocation of communities affected by sea level rise due to competing stakeholder demands. Studies have shown that conflicts arise between landowners and settlers, settlers found it difficult to adapt to new environment, new way of life, and the settled areas have become over populated.

The ministry indicated that the resettlement policy will be led by the Ministry of Lands. Ministry of Environment will provide the technical support including baseline studies undertaken on previous settlements. The policy needs to address many issues relating to the need for resettlement such as population pressure, manmade and natural disasters. Climate change is an additional issue. The policy will provide the mechanism to find a solution. It is a cross stakeholder policy.

**Flood victims resettlement at April Hill** - the Committee was informed that the resettlement of flood victims in April Hill is yet to be fully resolved. There are instances where non victims are occupying plots earmarked for victims while some victims are still waiting for their allocation letters. The Ministry of Lands is dealing with the land issue. Some victims are not able to pay for the land so Ministry of Lands is unable to transfer the title to them.

**Mataniko River Project** – the ministry informed that the water ways is not directly under the ministry. The ministry is developing an approach to waste management to clean up the river in collaboration with HCC and other stakeholders.

**Automatic Weather Stations** – stations in the following located were successfully completed with funding assistance from donors: Tikopia, Shortlands, Fera, Santa Anna, Afio and a manned station in Tigoa. The plan is to build a radar station in Guadalcanal to make advance prediction of floods. This



will service Guadalcanal, Malaita, Makira, Central and Isabel. The ministry is also working on a project to do ocean observations.

**Wrecks** – the Ministry is finalizing a national waste and pollution management strategy to address wastes on imported goods. This will be factored into the environment regulations. There is no law or regulations on imported wastes.

**Low Carbon Emission Development Program-** the ministry is reviewing different options for different combinations of coconut oil with diesel fuel. This is done in collaboration with a private entity to develop a different blend of fuel. It will be tested on small diesel generators. Pure coconut oil may be tested on OBM. The aim is to come up with a fuel blend that emits low level of carbon into the air.

END OF REPORT

## 4.0 APPENDIX

### Minutes of Proceedings



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

PUBLIC ACCOUNTS COMMITTEE

P.O. Box G19,  
Honiara.  
Tel: 28520/23424.  
Fax: 24272

Minutes of Proceedings  
Committee Hearing into the 2017 Appropriation Bill 2016

Day 1 /2016

Monday 21<sup>st</sup> November 2016, CR II, Parliament House 09:42 am

1. **Members Present**  
Hon Rick Houenipwela, Chairman  
Hon Derek Sikua, Member  
Hon Jeremiah Manele, Member  
Hon Connelly Sandakabatu, Member  
Hon Mathew Wale, Member

Secretary: Mr Peter Lokay, Auditor General

#### Secretariat

Mr Marson Lilopeza, Director Committees  
Mrs Jasmine Waleafea, Committee Secretary  
Miss Salome Pilumate, Senior Admin Officer (Committee Secretariat)  
Mr Robert Oakeshott, UNDP PAC Adviser  
Mr Whitmon Tabiru, Hansard Reporter  
Mrs Arol Kimi, Hansard Reporter

#### 2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes the Governor of the Central Bank of Solomon Islands and his Team. The Chair invites the Governor to inform the Committee on the Domestic Economy outlook for Solomon Islands and informs the witnesses of the Parliamentary privileges.

#### 3. Inquiry into the 2017 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Central Bank of Solomon Islands were admitted:

##### Hearing 1 Witnesses

- i. Mr Denton Rarawa, Governor-CBSI
- ii. Mr Donald Kiriau, Manager Economic-CBSI
- iii. Dr Luke Forau, Policy Advisor-CBSI

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded.

*Hearing suspends at 11:08 am*

The Hearing proper resumed at 11:14 am and the following witnesses from the Asian Development Bank and the World Bank Group were admitted:

#### Hearing 2 Witnesses

- i. Mr Guido Rurangwa, (Representative, World Bank)
- ii. Mr AmilSalgad, (Unit Head, Asian Development Bank)
- iii. Mrs DalcyTozaka, (Senior Coordinator, Asian Development Bank)

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded.

*Hearing suspends at 12:08 pm for lunch*

The Hearing proper continued at 1:42 pm and the following witnesses from the Ministry of Finance and Treasury were admitted:

#### Hearing 3 Witnesses

- i. Mr Harry Kama, Permanent Secretary
- ii. Mr Norman Hiropuhi, Undersecretary Finance
- iii. Mr Bebeno Belo Mulesae, Financial Controller
- iv. Mr Coswal Nelson, Director Budget Unit (Acting)
- v. Ms Pranita Sharma, Budget Advisor
- vi. Mr Nathan Kama, Comptroller, Customs and Excise
- vii. Mrs MerrylynKodoleke, Deputy Accountant General
- viii. Mr Aylton Jamieson Commissioner, Inland Revenue
- ix. Mr Joseph Dokefana Deputy Commissioner, Inland Revenue
- x. Mr TobaisBule, Director, DMU
- xi. Mr DrimulaKingmele, Economic Reform Unit

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded.

#### **4. Adjournment:**

The committee adjourned hearing at 3:41 pm

#### **5. Documents Tabled**

- a. Generic Template, Ministry of Culture and Tourism (Submission No.4)
- b. Explanatory Notes on the 2017 Recurrent Budget, Ministry of Culture and Tourism (Submission No.5)
- c. Generic Template, Office of the Prime Minister and Cabinet (Submission No.6)
- d. Explanatory Notes, Office of the Governor General (Submission No.7)
- e. Generic Template, Office of the Governor General (Submission No.8)
- f. Explanatory Notes, World Bank Group (Submission No.9)
- g. Explanatory Notes, Office of the Prime Minister and Cabinet (Submission No.10)



h. Generic Template, Ministry of Finance and Treasury (Submission No.11)

**Day 2 /2016**

**Tuesday 22<sup>nd</sup> November 2016, CR II, Parliament House 02:12 pm**

**1. Members Present**

**Hon Rick Houenipwela, Chairman**

**Hon Jeremiah Manele, Member**

**Hon Connelly Sandakabatu, Member**

**Hon Mathew Wale, Member**

**Hon. Nestor Giro, Member**

**Secretary: Mr Peter Lokay, Auditor General**

**Secretariat**

Mr Marson Lilopeza, Director Committees

Mr Gregory Fineanganofu, Committee Secretary

Mrs Jasmine Waleafea, Committee Secretary

Mr Robert Oakeshott, UNDP PAC Adviser

Mr Ignatius Talifilu, Hansard Reporter

**2. Welcome and Opening Remarks**

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Second Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

**3. Inquiry into the 2017 Appropriation Bill 2016**

The Hearing proper commenced and the following witnesses from the Ministry of Development Planning and Aid Coordination were admitted:

**Hearing 4 Witnesses**

- i. Mr Shadrach Fanega, Permanent Secretary
- ii. Mr Jerry Oikwao, Director M/E
- iii. Mr Gabriel Hiele, Manager RDP C2
- iv. Mr Mark Johnson, Advisor RDP
- v. Mr Daniel Rove, Director SS
- vi. Ms Freda Siwainao, Assistant Coordinator RDP C1
- vii. Mr Alan Donga, Undersecretary Cooperate
- viii. Ms Susan Sulu, Director ALD
- ix. Ms Tammie Joshua, NAO Deputy Program Manager
- x. Ms Adelina Osifelo, Human Resources Manager
- xi. Mr Michael Pasikeni, CPO Planning Division

**In attendance**

- i. Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharma, Budget Advisor

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

#### 4. Adjournment:

The committee adjourned hearing at 4:34 pm

#### 5. Documents Tabled

- a. Generic Template, Ministry of Development Planning and Aid Coordination (Submission No.12)
- b. Explanatory Notes 1, Ministry of National Unity, Peace and Reconciliation (Submission No.13)
- c. Generic Template, Ministry of Police, National Security and Correctional Services (Submission No.14)
- d. Explanatory Notes, Ministry of Police, National Security and Correctional Services (Submission No.15)
- e. Budget Heads, Ministry of Police, National Security and Correctional Services (Submission No.16)
- f. Explanatory Notes NAO, Ministry of Development Planning and Aid Coordination (Submission No.17)
- g. Budget Heads, Ministry of Development Planning and Aid Coordination (Submission No.18)
- h. 2017 Development Strategy, Ministry of Planning and Aid Coordination (Submission No.19)
- i. Explanatory Notes, Ministry of Planning and Aid Coordination (Submission No.20)
- j. Generic Template, Ministry of Communication and Aviation (Submission No. 21)
- k. Generic Template, Ministry of Home Affairs (Submission No.22)

Day 3 /2016

Wednesday 23<sup>rd</sup> November 2016, CR II, Parliament House 09:45 am

#### 1. Members Present

Hon Rick Houenipwela, Chairman

Hon Jeremiah Manele, Member

Hon Connelly Sandakabatu, Member

Hon Mathew Wale, Member

Hon. Nestor Giro, Member

Hon. Derek Sikua, Member

Secretary: Mr Peter Lokay, Auditor General

#### Secretariat

Mr Marson Lilopeza, Director Committees

Mr Gregory Fineanganofu, Committee Secretary

Mrs Emily Kupenga, Committee Secretary

Mrs Jasmine Waleafea, Committee Secretary

Mr Robert Oakeshott, UNDP PAC Adviser

Mr Marlon Keni, Hansard Reporter

Ms Theresa Nori, Hansard Reporter

Mr Philemon Loe, Media

#### 2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Third Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

#### 3. Inquiry into the 2017 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Ministry of Education and Human Resources Development were admitted:

**Hearing 5 Witnesses**

- i. Dr Franco Rodie, Permanent Secretary
- ii. Mr Mathew Prowse, Finance Technical Advisor
- iii. Mr Mathias Kutai, Director Teaching Service Division

**In attendance**

- i. Coswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

*Hearing suspends at 12:55 pm*

The Hearing proper resumed at 02:27 pm and the following witnesses from the Ministry of Health and Medical Services were admitted:

**Hearing 6 Witnesses**

- i. DrTennethDalipanda, Permanent Secretary
- ii. Mr Arnold Moveni, Under Secretary Admin & Finance Controller
- iii. Mr George Pego, Human Resources Manager
- iv. Dr Steve Aumanu, Chief Executive Officer, National Referral Hospital
- v. Dr Aaron Orita'ema, Chairman NRH Relocation Committee

**In attendance**

- vi. MrCoswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 4:50 pm

**5. Documents Tabled**

- a. Response from the Office of the Prime Minister, (Submission No.23)
- b. Explanatory Notes, Ministry of Fisheries and Marine Resources (Submission No.24)
- c. Budget Head, Ministry of Fisheries and Marine Resources (Submission No.25)
- d. List of Virements, Ministry of Fisheries and Marine Resources (Submission No.26)
- e. Generic Template, Ministry of Health and Medical Services (Submission No.27)
- f. Generic Template, Ministry of Forestry and Research (Submission No.28)

Day 4 /2016

Thursday 24<sup>th</sup> November 2016, CR II, Parliament House 09:27 am

**1. Members Present**

Hon Rick Houenipwela, Chairman

Hon Jeremiah Manele, Member

Hon Connelly Sandakabatu, Member



**Hon Mathew Wale, Member**  
**Hon. Nestor Giro, Member**

**Secretary:** Mr Peter Lokay, Auditor General  
 Ms Wendy Ngodoro, Office of the Auditor General

**Secretariat**

Mr Marson Lilozeza, Director Committees  
 Ms Vanessa Rodie, Committee Secretary  
 Mr Robert Oakeshott, UNDP PAC Adviser  
 Ms Esther Turagalavu, Hansard Reporter  
 Mr Whitmon Tabiru, Hansard Reporter  
 Mr Philemon Loe, Media

**2. Welcome and Opening Remarks**

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Fourth Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

**3. Inquiry into the 2017 Appropriation Bill 2016**

The Hearing proper commenced and the following witnesses from the Office of the Prime Minister and Cabinet were admitted:

**Hearing 7 Witnesses**

- i. Mr James Remobatu, Secretary to Cabinet
- ii. Mr PellionBuare, Financial Controller
- iii. Mr Robson Tana, Chief of Staff
- iv. Mr Rence Sore, Secretary to MSG
- v. Mr Christian Nieng, Human Resources Manager
- vi. Mr Solomon Kalu, Leadership Code Commissioner
- vii. Ms DecimaRegatule, Secretary Leadership Code Commission
- viii. Mr Joe Porowai, Ombudsman
- ix. Mr Nick Osifelo, Principle Administration Officer, Office of the Ombudsman
- x. Mr Reginald H Teotai, Consultant Lawyer OPMC
- xi. Mr Warren A Paia, Policy Sector for Fundamental Reforms, OPMC

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.  
 The committee questioned the witnesses based on the evidences presented.  
 The examination concluded.

*Hearing suspends at 12:00 pm*

The Hearing proper resumed at 02:15 pm and the following witnesses from the Ministry of Fisheries and Marine Resources were admitted:

**Hearing 8 Witnesses**

- i. Dr Christian Ramofafia, Permanent Secretary

- ii. Mr Ferral Lasi, Under Secretary Technical
- iii. Ms Rosalie Masu, DD Inshore
- iv. Mr Bennie Buga, DD Pro Dev
- v. Ms Anne Maree Schwarz, Mekem Strong Solomon Islands Fishing Team Leader
- vi. Ms Ronnelle Panda, DD Policy & Projects
- vii. Mr Francis Tofuakalo, DD Offshore
- viii. Mr Tom Rarakeni, Human Resources Manager
- ix. Mr Alick Misibini, Financial Controller
- x. Mr Edward Honiwale, Director

#### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Peter Oiuru, Senior Budget Officer

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 04:09 pm*

The Hearing proper resumed at 04:26 pm and the following witnesses from the Ministry of Home Affairs were admitted:

#### **Hearing 9 Witnesses**

- i. Mr George Palua, Permanent Secretary
- ii. Mr Freddie Ota'aulofiaua, Undersecretary Cooperate
- iii. Mr Joseph Sua, Human Resources Manager
- iv. Mr John Foteliwale, Undersecretary Technical

#### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Peter Oiuru, Senior Budget Officer

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

#### **4. Adjournment:**

The committee adjourned hearing at 05:46 pm

#### **5. Documents Tabled**

- a. Revenue and Expenditure Statement, Ministry of Education and Human Resources Development (Submission No.29)
- b. Summary of Virements, Ministry of Education and Human Resources Development (Submission No.30)
- c. MEHRD Virement Tracker, Ministry of Education and Human Resources Development (Submission No.31)
- d. Explanatory Notes, Ministry of Education and Human Resources Development (Submission No.32)
- e. Generic Template, Ministry of Infrastructure Development (Submission No.33)
- f. Explanatory Notes NAO Revised, Ministry of Development Planning and Aid Coordination (Submission No.34)
- g. Generic Template, Ministry of Women, Youth, Children and Family Affairs (Submission No.35)
- h. Explanatory Notes, Ministry of Women, Youth, Children and Family Affairs (Submission No.36)

- i. Generic Template, Ministry of Justice and Legal Affairs (Submission No.37)
- j. Generic Template, National Judiciary (Submission No.38)
- k. Summary of Virements, National Judiciary (Submission No.39)
- l. Summary of Virements, Ministry of Justice and Legal Affairs (Submission No.40)
- m. Explanatory Notes, Asian Development Bank (Submission No.41)

**Day 5 /2016**

**Friday 25<sup>th</sup> November 2016, CR II, Parliament House 09:30 am**

**1. Members Present**

**Hon Rick Houenipwela, Chairman**

**Hon Jeremiah Manele, Member**

**Hon Connelly Sandakabatu, Member**

**Hon Mathew Wale, Member**

**Hon. Nestor Giro, Member**

**Secretary:** Mr Peter Lokay, Auditor General

Ms Jenny Tura, Office of the Auditor General

**Secretariat**

Mr Marson Lilopeza, Director Committees

Ms Ivory Iruha'a, Committee Secretary

Ms Salome Pilumate, Senior Admin Officer-Committee Secretariat

Mr Robert Oakeshott, UNDP PAC Adviser

Mr Ignatius Talifilu, Hansard Reporter

Ms Arol Kimi, Hansard Reporter

Mr Philemon Loe, Media

Mr Lawrence Scott, Media

**2. Welcome and Opening Remarks**

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Fifth Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

**3. Inquiry into the 2017 Appropriation Bill 2016**

The Hearing proper commenced and the following witnesses from the Office of the Ministry of Infrastructure Development were admitted:

**Hearing 10 Witnesses**

- i. Mr Henry Murray, Permanent Secretary
- ii. Mr Dismus Orihao, Financial Controller
- iii. Mr Jimmy Nuake, Undersecretary Technical
- iv. Mr Brain Aonima, Manager Marine Department
- v. Mr Patteson Fakavai, Director ABMSD

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris SaolKoaka, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser



The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded.

*Hearing suspends at 11:24 am*

The Hearing proper resumed at 11:38 am and the following witnesses from the Ministry of Justice and Legal Affairs were admitted:

**Hearing 11 Witnesses**

- i. Mr Freddy Me'esa, Permanent Secretary
- ii. Mr Leonard Ofainu'u, Chief Administration Officer
- iii. Mr William Walekwate, Human Resources Manager
- iv. Mr Peter Wataiparu, Financial Controller
- v. Mr Karl Kuper, Undersecretary
- vi. Mr Maurice Mae, PA
- vii. Mr Charles Afia, Human Resources Manager (NJ)
- viii. Mr Paul Kapakeni, Financial Controller (NJ)

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)
- ii. MsPranita Sharma, Budget Adviser
- iii. Mr Chris Kaoke, Principal Budget Officer
- iv. Mr Michael Pasikeni, CPO, MDPAC

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded

*Hearing suspends at 12:50 pm*

The Hearing proper resumed at 01:43 pm and the following witnesses from the Ministry of Mines, Energy and Rural Electrification were admitted:

**Hearing 12 Witnesses**

- i. Mr Jeffery Sade Deve, Permanent Secretary
- ii. Mr Thomas Toba, Director Mines
- iii. Mr Duffy Ako, Financial Controller
- iv. Mr Charlie Bepapa, Director Water
- v. Mr Samuel Kekou, Senior Energy Officer
- vi. Mr Titus Ian Rosu, Human Resources Manager
- vii. Mr John Korinihona, Director Energy
- viii. Mr Gabriel Aimaea, Deputy Director Energy
- ix. Jeremiah Kisi, Senior Geologist

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 03:27 pm*

The Hearing proper resumed at 03:49 pm and the following witnesses from the Ministry Women, Children and Family Affairs were admitted:

**Hearing 13 Witnesses**

- i. Mr Hugo Hebala, Undersecretary
- ii. Mr Andre Tipoki, Director Youth
- iii. Mr Aaron Pitaqae, Director Research
- iv. Ms Vaela Devesi, Deputy Director Women
- v. Ms Loretta Ta'ake, Deputy Director Children

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 05:00 pm

**5. Documents Tabled**

- a. Explanatory Notes, Ministry of Environment, Climate Change, Disaster Management and Meteorology (Submission No.42)
- b. Generic Template, Ministry of Environment, Climate Change, Disaster Management and Meteorology (Submission No.43)
- c. Generic Template, Ministry of Lands, Housing and Survey (Submission No.44)

**Day 6 /2016**

**Saturday 26<sup>th</sup> November 2016, CR II, Parliament House 09:51 am**

**1. Members Present**

**Hon Rick Houenipwela, Chairman**

**Hon Jeremiah Manele, Member**

**Hon Connelly Sandakabatu, Member**

**Hon Mathew Wale, Member**

**Hon. Nestor Giro, Member**

**Secretary: Mr Peter Lokay, Auditor General**

**Secretariat**

**Mr Wilson Orisi, Committee Secretary**

**Ms Salome Pilumate, Senior Admin Officer - Committee Secretariat**

**Mr Robert Oakeshott, UNDP PAC Adviser**

**Mr Marlon Keni, Hansard Reporter**

**Ms Theresa Nori, Hansard Reporter**

Mr Philemon Loe, Media  
Mr Lawrence Scott, Media

## 2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Fourth Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

## 3. Inquiry into the 2017 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Office of the Ministry of Agriculture and Livestock Development were admitted:

### Hearing 14 Witnesses

- i. Mr Jimi Saelea, Permanent Secretary
- ii. Mr Barney Keqa, Director Livestock
- iii. Mr Paul Nee, Financial Controller
- iv. Mr Francis Tsatsia, Director Biosecurity
- v. Mr Noel Roposi, Director Planning
- vi. Ms Mere Levo, Human Resources Manager
- vii. Mr Michael Ho'ota, Director Manger Extension
- viii. Mr Oswald Ramo, Undersecretary Admin

### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded.

*Hearing suspends at 11:52 am*

The Hearing proper resumed at 01:03 pm and the following witnesses from the Ministry of Land, Housing and Survey were admitted:

### Hearing 15 Witnesses

- i. Mr Stanley Wale, Permanent Secretary
- ii. Mr Selesa Alepio, Financial Controller

### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded

*Hearing suspends at 02:42 pm*

The Hearing proper resumed at 02:43 pm and the following witnesses from the Ministry of Commerce, Industries, Labour and Immigration were admitted:



**Hearing 16 Witnesses**

- i. Mr Hunter Masuguru, Permanent Secretary (Acting)
- ii. Mr Riley Mesepitu, Undersecretary Technical (Acting)
- iii. Mr Hansel Mamupio, Human Resources Manager
- iv. Mr Jerol Musi, Chief Accountant
- v. Mr Moffat Ramofafia, Chief Immigration Officer
- vi. Mr David Kaumae, Director Commerce and Labor
- vii. Mr Lionel Menimer, Financial Controller
- viii. Mr Derick Aihari, Director Foreign Investment Division

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 04:11 pm*

The Hearing proper resumed at 04:19 pm and the following witnesses from the Ministry of Environment, Climate Change, Disaster Management and Meteorology were admitted:

**Hearing 17 Witnesses**

- i. Dr Melchior Mataka, Permanent Secretary
- ii. Mr Joe Horokou, Director Environment and Conservations
- iii. Mr Bobby Ramo, Financial Controller
- iv. Mr Barnabas Bago, National Program Coordinator

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Ms Pranita Sharman, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 05:22 pm

**5. Documents Tabled**

- a. Explanatory Notes, Ministry of Agriculture and Livestock (Submission No. 45)
- b. Generic Template, Ministry of Commerce, Industry, Labour and Immigration (Submission No.46)

Day 7 /2016

Sunday 27<sup>th</sup> November 2016, CR II, Parliament House 01:05 pm

**1. Members Present**

Hon Rick Houenipwela, Chairman

Hon Jeremiah Manele, Member  
 Hon Connelly Sandakabatu, Member  
 Hon Mathew Wale, Member  
 Hon. Nestor Giro, Member

Secretary: Mr Peter Lokay, Auditor General

#### Secretariat

Mr Marson Lilopeza, Director Committees  
 Ms Jasmine Waleafea, Committee Secretary  
 Ms Ivory Iruha'a, Committee Secretary  
 Mr Wilson Orisi, Committee Secretary  
 Mr Robert Oakeshott, UNDP PAC Adviser  
 Mr Whitmon Tabiru, Hansard Reporter  
 Mr Ignatius Talifilu, Hansard Reporter  
 Mr Philemon Loe, Media  
 Mr Lawrence Scott, Media

## 2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Seventh Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

## 3. Inquiry into the 2017 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Office of the Ministry of Rural Development were admitted:

### Hearing 18 Witnesses

- i. Ms Selina BosoKipili, Permanent Secretary
- ii. Mr Dick Anasimae, Financial Controller
- iii. Ms Melina Sese, Deputy Director
- iv. Mr Evans Tuhagenaga, Undersecretary

### In attendance

- i. Mr Coswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

*Hearing suspends at 02:48 pm*

The Hearing proper resumed at 03:01 pm and the following witnesses from the Ministry of Public Service were admitted:

### Hearing 19 Witnesses

- i. MrNegoSisiolo, Permanent Secretary
- ii. Mr Andrew Idue'te, Financial Controller
- iii. Ms Doris Sukaria, Human Resources Manager
- iv. MrColdrineKolae, Assistance Human Resources Manager

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 03:59 pm*

The Hearing proper resumed at 04:10 pm and the following witnesses from the Ministry of Communication and Aviation were admitted:

**Hearing 20 Witnesses**

- i. Mr Moses Virivolomo, Permanent Secretary
- ii. Mr Fred Dolah, Financial Controller
- iii. Mr Alfred Pita'a, Manager ATS
- iv. Mr George Satu, Director Civil Aviation
- v. MrAlsonNavo, Manager Aviation Security
- vi. MrAlwaynDanitofea, Director Communication
- vii. Mr Alfred Manele, Chief Administration Officer
- viii. Mr Rex Alata, Airport Manager (Acting)
- ix. Ms Joyce Akwafa'asia, Chief Accountant (Acting)

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 05:22 pm

**5. Documents Tabled**

- a. Generic Template, Ministry of Public Service (Submission No. 47)
- b. Generic Template, Ministry of Rural Development (Submission No.48)
- c. Feasibility Study of Proposed Mereusu Palm Oil Mill (Submission No. 49)
- d. Solomon Islands Selected Economic Indicators, IMF Article IV 2016 (Submission No.50)

**Day 8 /2016**

**Monday 28<sup>th</sup> November 2016, CR II, Parliament House 09:30 am**

**1. Members Present**

**Hon Rick Houenipwela, Chairman**

**Hon. Derek Sikua, Member**

**Hon Jeremiah Manele, Member**

**Hon Connelly Sandakabatu, Member**

**Hon Mathew Wale, Member**

**Hon. Nestor Giro, Member**



**Secretary:** Mr Peter Lokay, Auditor General  
Ms Wendy Ngodoro, Office for the Auditor General

#### **Secretariat**

Mr Marson Lillopeza, Director Committees  
Ms Jasmine Waleafea, Committee Secretary  
Mr Gregory Fineanganofa, Committee Secretary  
Ms Salome Pilumate, Committee Secretary  
Mr Robert Oakeshott, UNDP PAC Adviser  
Ms Esther Turagalavu, Hansard Reporter  
Ms Arol Kimi, Hansard Reporter  
Mr Philemon Loe, Media  
Mr Lawrence Scott, Media

## **2. Welcome and Opening Remarks**

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Eighth Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Permanent Secretary to make his remarks.

## **3. Inquiry into the 2017 Appropriation Bill 2016**

The Hearing proper commenced and the following witnesses from the Office of the Ministry of Provincial Government and Institutional Strengthening were admitted:

#### **Hearing 21 Witnesses**

- i. Mr Stanley Pirione, Permanent Secretary
- ii. Ms Gabrielle Chin, Legal Adviser
- iii. Mr Marx Tova, Director Project
- iv. Mr Geoffery Vakolevae, Financial Controller
- v. Mr Eric George, Undersecretary Governance

#### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

*Hearing suspends at 11:40 pm*

The Hearing proper resumed at 11:40 pm and the following witnesses from the Ministry of Foreign Affairs and External Trade were admitted:

#### **Hearing 22 Witnesses**

- i. Mr Joseph Maahanua, Permanent Secretary
- ii. Mr Honda Pako, Financial Controller
- iii. Mr George Tuti, Head of Trade and External
- iv. Mr Francis Hou, Manager Cooperate Services

#### **In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)

- ii. Mr Chris Saul Koako, Principal Budget Officer

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 01:30 pm for lunch*

The Hearing proper resumed at 02:05 pm and the following witnesses from the Ministry of Culture and Tourism were admitted:

**Hearing 23 Witnesses**

- i. Mr Andrew Nihopara, Permanent Secretary
- ii. Mr Moses Tepai, Undersecretary
- iii. Mr Dennis Marita, Director Culture
- iv. Mr Lawrence Kiko, Director Museum (Acting)
- v. Mr Bunyan Sivoro, Director Tourism
- vi. Mr Josefa Tuamoto, Chief Executive Officer
- vii. Mr Joseph Mamau, Chief Accountant

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 03:34 pm*

The Hearing proper resumed at 03:39 pm and the following witnesses from the Ministry of Culture and Tourism were admitted:

**Hearing 24 Witnesses**

- i. Mr Vaeno Vigulu, Permanent Secretary
- ii. Mr Reeves Moveni, Commissioner Forestry
- iii. Mr Felix Koraimae, Undersecretary Administration
- iv. Ms Salome Ramo, Human Resources Manager
- v. Ms Beverly Maezama, Financial Controller
- vi. Ms Stephanie Rikoi, Chief Forestry Officer
- vii. Ms Julia Aimaea, Chief Forestry Officer

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 04:45 pm*

The Hearing proper resumed at 04:52 pm and the following witnesses from Office of the Auditor General were admitted:

**Hearing 25 Witnesses**

- i. Mr Peter Lokay, Auditor General
- ii. Ms Joyce Mesepitu, Audit Manager
- iii. Ms Matilda Dani, Manager Cooperate Service
- iv. Ms Rita Samani, Accountant
- v. Ms Jenny Tura, Audit Manager

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

*Hearing suspends at 05:20 pm*

The Hearing proper resumed at 05:22 pm and the following witnesses from National Parliament Office were admitted:

**Hearing 26 Witnesses**

- i. Mr Clezy Rore, Clerk to the National Parliament
- ii. Mr David Kusilifu, Deputy Clerk
- iii. Mr Ian Rakafia, Human Resources Manager
- iv. Ms Lineth Neleta, Chief Accountant Officer
- v. Mr Wilson Orisi, Committee Secretary

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. MsPranita Sharma, Budget Adviser
- iv.

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 05:53 pm

**5. Documents Tabled**

- a. Introductory Notes, Office of the Auditor General (Submission No.51)
- b. Explanatory Notes, Office of the Auditor General (Submission No.52)
- c. Key Point Briefing Notes, Budget Unit MOFT (Submission No. 53)
- d. MOFT Introductory Notes on the 2017 Budget PAC Hearing, Budget Unit M



Day 9 /2016

Tuesday 29<sup>th</sup> November 2016, CR II, Parliament House 09:09 am

**1. Members Present**

Hon Rick Houenipwela, Chairman

Hon. Derek Sikua, Member

Hon Jeremiah Manele, Member

Hon Connelly Sandakabatu, Member

Hon Mathew Wale, Member

Hon. Nestor Giro, Member

Secretary: Mr Peter Lokay, Auditor General

Ms Gerbera Maqiti, Office of the Auditor General

**Secretariat**

Mr Marson Lilozeza, Director Committees

Ms Jasmine Waleafea, Committee Secretary

Mr Gregory Fineanganofu, Committee Secretary

Ms Salome Pilumate, Committee Secretary

Mr Robert Oakeshott, UNDP PAC Adviser

Mr Marlon Keni, Hansard Reporter

Mr Whitmon Tabiru, Hansard Reporter

Mr Philemon Loe, Media

Mr Lawrence Scott, Media

**2. Welcome and Opening Remarks**

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela welcomes all to the Ninth Day of Hearings and informs the witnesses of the Parliamentary privileges and invites the Private Secretary to make his remarks.

**3. Inquiry into the 2017 Appropriation Bill 2016**

The Hearing proper commenced and the following witnesses from the Office of Governor General were admitted:

**Hearing 27 Witnesses**

- i. Mr Nigel Maezama, Private Secretary
- ii. Mr Rawcliffe Ziza, Deputy Private Secretary
- iii. Mr Samson Konarii, A/ A

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

*Hearing suspends at 09:36 am*

The Hearing proper resumed at 10:34 am and the following witnesses from the Ministry of National Unity, Peace and Reconciliation were admitted:

**Hearing 28 Witnesses**

- i. Mr Justus Denni, Permanent Secretary
- ii. MsMagretteQoloni, Undersecretary
- iii. MrPattsonNgalihesi, National Peace Advisor
- iv. MrKemuelLaeta, Director Policy

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. MsPranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded

*Hearing suspends at 12:03 pm for lunch*

The Hearing proper resumed at 01:18 pm and the following witnesses from the Ministry of Police, National Security and Correctional Services were admitted:

**Hearing 29 Witnesses**

- i. Mr Edmund Sikua, Permanent Secretary
- ii. Mr Frank Prendergast, Commissioner of Police
- iii. Mr Ian Bara, Chief of Staff
- iv. Mr Simpson Pogeaua, AC Corporate Service
- v. Mr Miles Humphrey, Participating Police Force Advisor Corporate
- vi. Mr Gabriel Manelusi – Deputy Commissioner of Police
- vii. Mr Stephen Grubb – Participating Police Force Advisor Finance
- viii. Ms Alice Saeni - Chief Accountant (Acting)
- ix. Ms Julia Twumasi, Financial Controller
- x. Mr Donald Riopo, Director Finance

**In attendance**

- i. MrCoswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. MsPranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.  
The committee questioned the witnesses based on the evidences presented.  
The examination concluded

*Hearing suspends at 02:26 pm*

The Hearing proper resumed at 02:48 pm and the following witnesses from the Ministry of Finance and Treasury were admitted:

**Hearing 30 Witnesses**

- i. Mr Harry Kuma, Permanent Secretary
- ii. Mr Bebeno B. Mulesae, Financial Controller
- iii. Mr Douglass Kimi, GS
- iv. Mr Patrick Colmer, Advisor
- v. Mr Selwyn Takana, Director

**In attendance**

- i. Mr Coswal Nelson, Director Budget Unit (Acting)
- ii. Mr Chris Saul Koako, Principal Budget Officer
- iii. Ms Pranita Sharma, Budget Adviser

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded

**4. Adjournment:**

The committee adjourned hearing at 04:22 pm

**5. Documents Tabled**

- a. Biannual Progress Report, Ministry of National Unity, Reconciliation and Peace (Submission No. 55)
- b. Explanatory Notes, Ministry of National Unity, Reconciliation and Peace (Submission No.56)
- c. 2015 Transition Rates Across Levels of Education in SI, Ministry of Education and Human Resources Development (Submission No. 57)
- d. Generic Template, Ministry of Education and Human Resources Development (Submission No.58)
- e. 2016 Infrastructure Projects Status, Ministry of Education and Human Resources Development (Submission No.59)
- f. Examination Enrolment and Transition data, Ministry of Education and Human Resources Development (Submission No. 60)
- g. Asset Management Division 2016 Report, Ministry of Education and Human Resources Development (Submission No. 61)



## List of Submissions

No	Author
1.	MPGIS - Generic Template
2.	MAL – Generic Template
3.	MNURP–Generic Template
4.	MCT – Generic Template
5.	MCT – Explanatory Notes
6.	OPM&C – Generic Template
7.	OGG – Explanatory Notes
8.	OGG – Generic Template
9.	World Bank Group – Explanatory Notes
10.	OPM&C – Explanatory Notes
11.	MOFT – Generic Template
12.	MDPAC – Generic Template
13.	MNURP – Explanatory Notes 1
14.	MPNSCS - Generic Template
15.	MPNSCS – Explanatory Notes
16.	MPNSCS – Budget Heads
17.	MDPAC – Explanatory Notes NAO
18.	MDPAC – Budget Heads
19.	MDPAC – 2017 Development Strategy
20.	MCA – Explanatory Notes
21.	MCA – Generic Template
22.	MHA – Generic Template
23.	OPM&C – Response from the Secretary to Cabinet
24.	MFMR – Explanatory Notes
25.	MFMR – Budget Head
26.	MFMR – List of Virements
27.	MHMS – Generic Template
28.	MFR – Generic Template
29.	MEHRD – Revenue and Expenditure Statement
30.	MEHRD – Summary of Virements
31.	MEHRD – MEHRD Virement Tracker
32.	MEHRD - Explanatory Notes
33.	MID – Generic Template
34.	MDPAC – Explanatory Notes NAO Revised
35.	MWYCA – Generic Template
36.	MWYCA – Explanatory Notes
37.	MJLA – Generic Template
38.	National Judiciary – Generic Template
39.	National Judiciary – Summary of Virements

40. MJLA – Summary of Virements
41. ADB - Explanatory Notes
42. MECDM - Explanatory Notes
43. MECDM - Generic Template
44. MLHS - Generic Template
45. MAL - Explanatory Notes
46. MCILI - Generic Template
47. MPS - Generic Template
48. MRD - Generic Template
49. MAL - Feasibility Study of Proposed Mereusu Palm Oil Mill
50. IMF Report for 2016 - Solomon Islands Selected Economic Indicators, IMF Article IV 2016
51. OAG - Introductory Notes
52. OAG - Explanatory Notes
53. Budget Unit (MOFT) - Key Point Briefing Notes
54. Budget Unit (MOFT) - MOFT Introductory Notes on the 2017 Budget PAC Hearing
55. MNURP - Biannual Progress Report
56. MNURP - Explanatory Notes
57. MEHRD - 2015 Transition Rates Across Levels of Education in SI
58. MEHRD - Generic Template
59. MEHRD - 2016 Infrastructure Projects Status
60. MEHRD - Examination Enrolment and Transition data
61. MEHRD - Asset Management Division 2016 Report





