



## PUBLIC ACCOUNTS COMMITTEE

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### NATIONAL PARLIAMENT OF SOLOMON ISLANDS

#### COMMITTEE TRANSCRIPT

#### Ministry of Culture and Tourism

13 March 2008, 3:00pm

**Chairman:** I give you the opportunity to brief the Committee on your estimates. Thank you.

**PS:** Thank you Mr Chairman before we go through some of the details we have for you copies of the Tourism Sector Strategy Plan, some talking points, which the Permanent Secretary/Tourism is just going through with you and (2) copies of recent result of the survey that we had conducted during the last twelve months. This reflects some of the revenues that come to the country through tourism.

First of all Mr Chairman thank you very much for your attempt to come and go through the Ministry of Culture and Tourism Budget for 2008; as I have indicated with the Chairman I will be just taking the committee through with the talking points that we have circulated for you.

Before we go into some of the issues of the 2008 Budget Mr Chairman, I think it would be proper for the Ministry to just to give you a brief on some of the programs that was actually supposed to have been carried out in 2007, of course, last year under the development budget there were three programs and if we just take you through this: (1) was the Heritage Centre - \$8.2m allocated for new Art Gallery. Unfortunately, that was actually delayed simply because of a very slow process (2) the Provincial Tourism Grant to \$2m, we had expended half of that which was the general allocation of \$500,500 for Renbel province. And fortunately \$1m for Temotu and Central was delayed because of the provincial plans that we have supposed to have produced was delayed and then of course, the third program was supposed to be the \$750,000 allocated for the Feasibility study for the hospitality training at the College of Higher Education. Again the delay was basically due to the confusion between the ministry, the Central Tender Board and all ROC processes.

In terms of the indicated Budget for this year we are very pleased Mr Chairman that the Anuha Program I think is very much on track, also indicated in the proposed to eighth development budget Mr Chairman, the second fifty rather than the feasibility study, the allocation has now been for the establishment of the school and very briefly we have talked with the SICHE and they are now working on the proposed curriculum.

On the Heritage Centre we are pleased again with planning that the 8.2m is again slotted in and we are really hopeful that program on that will commence as and when the budget is considered and, of course approved.

Tourism Grants we have sighted in the post 208 program Mr Chairman, the Tourism division is very pleased on that, and of course all programs was supposed to come in last year was the allocation for this Pacific Arts Festival in August this year, we have sighted on some allocation on that and we are very pleased.

In terms of the recurrent budget Mr Chairman, given the scarce resources in terms of finance, I think whilst we would like to join other ministries and actually expressing some disappointments in some of the requested bids, there is very little probably at this stage we can say, although we would just like to raise a few cost items and that is probably if we go through the actual recurrent allocations for Headquarters. Again this probably was expressed in the last few years, means last year and that is the exclusion of the payroll for headquarters.

We had reason in the past Mr Chairman because of the ministerial arrangements where the ministry was actually department of tourism sorry was actually under the ministry of Foreign Affairs, Commerce and Tourism. And the reason given at that time probably was logical that it was under headquarters to the ministry. Now we have become a separate ministry that has been excluded which is we are very disappointed and I think there needs to be some rearrangement on the cost.

Office rent on the Head quarter's budget Mr Chairman, there is zero there, and we have again expressed our concern with budget very recently.

Thirdly, for headquarters, overseas travel, that has been drastically reduced and I think we are concerned because there are workshops and seminars that ministers, public officers need to attend and I think that has been drastically reduced from 67,000 to 80,000 respectively to just 30 - 40,000 probably is raising some concern by us.

In Archives I just want to raise some very grave concerns on some submissions that we have given to budget. Fencing \$750,000 our submission but again has been excluded.

I just want to further express here Mr Chairman that the Archives actually archive government records and as it is, it is very unsecured. And the post that we try to put across in all the budget for the last three years and I think we are very concerned that now there are a lot of government records that needs to be transferred to the archives we are very concerned of the condition of the security surrounding the property.

Just recently the Ministry of Police and Justice wanted to transfer some documents they have to make do with a container and very shortly I think they are going to place one container in front of the archives. So that is grave concern that we have and that is only one ministry but we have come to a stage Mr Chairman where a lot of the old records from ministries need to be transferred to the archives.

Now either the other request was part of the cases that was supposed to form an expansion of the records area again we have a lot of concern in that Mr Chairman.

In the Museum also a similar concern that we have Mr Chairman, there was a request for fencing and improvement of the cultural hats. Again that has been excluded same concern Mr Chairman in that these were posts that had been submitted previously, but had not been considered and taken on the budgets. Whilst we have actually expressed this we are not too sure how far we can actually include this into this year's budget.

In tourism Mr Chairman, two submission bids that we had submitted \$2m for industry training that had been excluded again, probably now too late to have actually considered those.

Marketing Promotion, we know Mr Chairman of the shift in government statutory bodies. And again given the need to actually encourage the industry, I think there is a need for a lot of our promotions and marketing and the submission was actually based on that.

Our general concern Mr Chairman is on staff costs. In most of the divisions there is a problem not actually getting the right figures. We made the submissions where we actually give details of the actual cost, salaries, wages, and allowances. Unfortunately those are the figures that are not built into the actual recurrent budget for some of the divisions that we have.

And of course the budget process Mr Chairman, it is not a criticism or comment on the budget allocations it is really a comment on the process. I think there is a need for a lot of improvement, and of course, we feel that there is a lot of requirements probably capacity building in finance budget and probably not too much in planning. So I think those are general comments.

On the Estimates Mr Chairman, the only other cost that we would like to touch on would be the salaries for Archives. I think that is after Headquarters, Archives, Civil Salaries, \$540,000 i.e. unrealistic but is better for us. That is probably where the adjustment for headquarters salaries would come from.

Salaries for Archives would be half that so probably there will be a new probably there is a need for some adjustment on that. The rest whiles there is a concern on probably the figures that we have received, probably there is very little comment on what to get through at this point.

Apart from that I just want to touch on Culture and that is for the cost \$2m for the Arts Festival in Pago Pago. Cabinet had approved that and I hope that it will still be in the recurrent allocation under Culture for the Festival in Pago Pago in July/August this year.

So apart from the main items that probably we have concern Mr Chairman, the budget looks okay given the financial position that they are all in and apart from the other areas in the development allocations. I think we care to be okay.

Now one of the papers that we have circulated Mr Chairman is basically to give you some information on the tourism sector and that probably will provide a background information why every dollar invested in tourism sector can pay in terms of the impact of the industry: (1) is the sector strategy and the other is the list of expense pattern for every visitor that have come to Solomon Islands.

If you look at the schedule, Mr Chairman, based on 13,000 visitors last year, they have injected roughly \$115m. The actual figures should be \$130m into the economy. So I think that is the impact that tourism can have if we invest in the industry. So that is the other schedule that we have circulated for you Mr Chairman. And it means if we can increase the number of visitors spending in the country will really increase and that is the picture that we want to give you.

So basically that is probably the overall observation that the ministry has on the proposed budget so far and yes one would wish to probably get a little bit more in terms of the programs.

I think there is also that question of okay lets make do with what we have been allocated. These are the general comments from the ministry. Thank you.

**Chairman:** Thank you Permanent Secretary, sorry, have you introduced your officials, for the sake of members?

**PS:** On the left is James Osiramo, the Chief Accountant, Charles Roni is the Chief Admin officer, and Banisivuru is the Director of Tourism. Unfortunately, we could not get two other Directors.

**Chairman:** Thank you Permanent Secretary. Yes, thank you for that brief on the recurrent and development estimates. Now the new Heritage Centre under the development estimates appeared in 2007. Yes, in 2007 you haven't spent any of that and it reappeared again in 2008. Now what is really involved in, in this new Heritage Centre?

**PS.:** Thank you Mr Chairman. The process was supposed to be this. There were tenders for the conceptional plans. We have actually got past that stage. There were five submissions for the general concept on the new Art Gallery. There was a ministry panel to actually select one or two of those plans. There was a final selection that actually went through the Central Tender Board; as I've indicated in the talk in points Mr Chairman, the process was actually getting a decision from a Tender Board to contribute to the delay. There were no meetings and by that time they had conducted a meeting Mr Chairman it was already going October/November during the political situation. So that was really the problem. So the plans have been produced.

At this point all we are trying to do now is to actually get the new Cabinet endorse the plan and then the next process will actually be to get the Central Tender Board to formerly approve it and then get on with the tender. So I think that is the indication that we are put forward. So that was really the reason for the delay last year.

**Chairman:** The response is to build another building.

**PS:** Exactly.

**Chairman:** Okay, look, we have the museum here, we have the national archives, all from the compound and we have some other nice buildings. The other day Civil Aviation came here and then was very supportive of the idea to develop tourism as an alternative supplement the forest sector in terms of the revenue that coming in. Now if the PS from their presentation and your presentation that they seem to be going in that direction they came and confirmed that the tar sealing of Seghe airfield is under way. Munda is going to be developed in terms of tourism development and it was seem to be going in the same line of thinking in terms of policies and development of industry. How do you reconcile these discrepancies?

**PS:** I do not think we can buy that Mr Chairman because we are just talking about the cost, a project (1) National Art Gallery. If you look at the allocation for tourism that is where the funds are going to the provinces and I think that is the answer so I do not

think that we are added ministry of tourism or tourism industry is really when the other way to the civil aviation programs.

If you look at the allocation for the tourism draft that is exactly the amount for the provinces and that is where the direction both the previous and current government is actually going through. So I do not think the ministry of tourism or industry is really going the other way. We are only talking about one project and that is the national art gallery. And if we talk about the national art gallery then I think there's a need to have that in Honiara.

Of course, if we have the funds or the ministry has the funds then slowly government should be really looking at the policies and there is a need for that. But this is an allocation that probably purposely allocated for the national gallery, which is built in Honiara unless of course that is changed. So I do not think we can compel just one project with some of the funds that civil aviation asks, Mr Chairman.

**Chairman:** How would you think the, I'm still on the heritage thing because this is quite a big project, big money. How would you see that in relation to the development of tourism in visitors numbers in relation to I'm trying to stress here is that we seem to be looking in Honiara whilst the other departments are looking outwardly, like looking at the developing Anuha, developing provincial centres and so taking the industry outwardly into the provinces and yet the main ministries still looking inwardly.

**PS:** Mr Chairman I think if you look at tourism broadly I think we can really grasp the picture. Let's forget about the art gallery that is just one project in Honiara. But if we look at tourism, tourism has many aspects and one is custom tourism.

Now one of the emphases in the ministry is to actually promote cultures, customs, heritage centres, in the provinces so I think those are some of the plans that really coordinate with some of the plans in civil aviation and actually building airstrips, getting people out to the provinces.

I know the results and I have actually reflected that. So I think it would be unfair Mr Chairman to say that the ministry is actually concentrating in Honiara.

One of the areas that the ministry actually addressed in the last year was the Provincial Plan. So some of the programs the Ministry is going to promote will be based on those provincial plans.

We have in fact Mr Chairman completed Temotu, Renbell, Central, now West so we are in the process of actually looking for all that so next probably is Guadalcanal. So I think the emphasis by the ministry is actually to get out. Let's not really take this as the example for some of the programs that the ministry is trying to do. This is just a national it is just one project so probably that should really be isolated and look at the program perspective of the industry.

**Hon Sogavare:** Thank you very much. I think tourism, or own tourism in some area of strength the country has but we neglect it for too long but the country is so beautiful. We have more attractive sites. Other countries are well advanced in tourism so think about this. The only thing is that we neglect tourism for too long and to be clear as well Mr Chairman, is to get the players in. We don't think that it is the government that deals with this. I think that thinking is wrong. Government should not being the take the leading it should involve in developing concept because really, this one should be

driven by the province and private sector. Government should really be concentrating on policy and how to give incentives. But really the development of this sector should be driven by the private sector.

So I share the concern raised by the Permanent Secretary in an allocation of marketing and promotion, which really that should be the role for government and through the Visitors Bureau. If we don't give them that allocation it will be very wrong. Industry training that is where government comes in, development of tourism.

Priority to develop the infrastructure driven by the incentive that government gives the attractiveness of Solomon Islands; they will come suppose the right push is given by government. And the ministries probably are assisted in the areas that should involve in and that is marketing and promotion industries, etc. They exclude this. What more is left for the tourism department? We are doing nothing now, really.

So I really share the concern with the Permanent Secretary here when these things, this allocation is not quite excluded, so it raises the question what is the ministry is insisting to do? Okay, tourism grant to rural people that can deterred, you know rural people cannot go to the banks and ask for money to build simple infrastructures to attract tourism. It must be guided by the ministry. So may be grants and if we spread it too widely more we will come up with two shed huts, which is not right. We need to may be put in places in building infrastructures that are within the plan.

And I think for years Mr Chairman, we've been going through days where we sit down and hope that tourism will come. There was also the thinking that we build something and if they want to come and see they will come. Its wrong as I think there should be a marketing approach that is why you are marketing and promotion allocation. You need to go out and find out what exactly tourists want to see in Solomon Islands. We have the longest lagoon in the world. Some of the things that are not in other parts of the world that is in the Solomon Islands.

Maybe you know a more marketing approach to which we will go out there and said we have these things in the Solomon Islands. How do you want us to organize it that fits your mind to come and see? Target markets! So I think you are beginning to that stage and what it means now is put some more assistance. So I share the concern of the ministry Mr Chairman. If we really want this effective this is a sector in almost instantly respond to any development strategies that government put in place. This is the strength of the country to attract people to come and manufacture something that is asking too much. But to this sector Mr Chairman, is something we have, lagoon is here, beautiful sites are here, smiling faces are here, so what you are saying here is that why strategies and things will happen and I believe this sector can respond almost immediately to any strategies that government puts in place provided it is the right push and they have neglecting it too long. The country at this point of time Mr. Chairman, is sitting dark and I think we'll go down, in terms like the country's earning it earns money to spend and two, true earning comes from foreign exchange, is not earning money within the economy. There is nothing you just distributing funds.

The country really earns foreign exchange, foreign country, and the quick place to earn that is tourism. I know we are not, only log and fish on areas like it but are slow.

In fact the development of those areas some people question because of the environment. So I think Mr Chairman I must support the ministry. I feel that if we want to see some change, quick changes in this ministry we have to do something, we

have resources, the boats are arriving, and next Sunday the other one comes. Just to come and see so I think we better support the ministry. Thank you.

**Chairman:** Thank you Chairman. That is very true and Permanent Secretary like you have rightly stated Permanent Secretary, government may be budget officials does not see the way some of us see it. They just put it that way. And I'd rather suggest the officials; financial officials are now talking about a supplementary May/June so why not put some of these priorities, push some of these priorities to Finance and then get them to realize the potential of this industry. Any comments? Have you got any comments, Hon. Trevor.

**Hon Olavae:** Mr Chairman, I think we do not have to blame the ministries here because I mean under the recovery program of this economy we have to take a honest approach here from all the productive sectors and to work together, like infrastructures is one of the important areas, I mean colonial masters build airports, roads purposely to stimulate trade and tourism related activities if those two bring us a very important earning for foreign exchange earning, just look at the rural relics, airports, airports is meant to stimulate tourism industry, but over the last 29 years, successive government did not look on these conditions through those infrastructures deterioration stage at the moment.

So what products are we going to sell at the moment when all these infrastructures are not in place as you know, are still in a deteriorate stage at this moment, that is why under this new road map we have to create a conducive environment for those islands where colonial masters build airports. Before we can talk about marketing, because what are we going to sell?

Now they are criticizing our town and even the capital but is not straight. So government has to come up with the strategic plan so that it take a holistic approach to all the ingredients that need to stimulate those products to sectors in those islands.

At once upon a time during our colonial times contributed to the foreign exchange earning for this country and those pillars that we have been talking about have been lying in the rural areas that we need to improve. So this means they cannot go in isolation. And so the government has to take a lead so that all the line ministries that were being discussed, I mean they have to use those money so that all improvement of the infrastructures through other countries. The country is not one land mass. It is scattered islands so those potentials are in those islands.

The only thing is because productive ministries make sure you are allocate the right amount of money to improve those already deteriorated infrastructures so that at the same time we start to privatize on the state-own entity, so that private airlines who know their wantoks from overseas, they have their connection to come and visit us.

One thing we have to realize we are competing with the rest of the world. You know the same sectors that we are talking about. So if we do not privatize those infrastructures and those islands that contributed for the economy during the colonial times. That is the reason why our dollar is still going down, going down, devalue, devalue because the centrally located infrastructures why it is not creating foreign exchange are those we privatize them last week. So I am happy the ministry you cannot work in isolation. All the ministries should tune up, we should sing a same chorus in every level so that every development we talk about we may not realize maybe in next

ten years because it is not easy but those ingredients could be put in place and government has to take a very big step and strategic plan and we have to demarcated where the donors will come, where the rural farmers will come, where the private sector will come, all of us have to alleviate the situation through our participation in every province. Tourism industry, it is a condition to government. If the government is serious about the alleviating of all these industries then it must put the right amount of money. Thank you.

**Chairman:** Any further comments we are running behind time. Members? Permanent Secretary you are going to respond to or just before you respond, is your Minister aware of these short falls?

**PS:** Yes.

**Chairman:** And how confident or you and the Minister in terms of persuading or convincing the Minister of Finance or officials in Finance to give you more money should there be a supplementary appropriation?

**PS:** The indication I have got from the Minister before he actually left for home was that, "if we cannot get anything lets hope for the supplementary" so there is word that urged by him to actually get something to the supplementary so while the ministry appreciate Honorable Manasseh Sogavare's comments we really believe, really need to happen. We do recognize the problem with the budget now and if there is an opportunity mid year probably through the supplementary.

I just want to add one comment Mr Chairman and that is the experience in Fiji. Before donors really look at tourism in Fiji. It took the government to actually break that through and if you read the strategy we have Mr Chairman there is one Clause there and that is a commitment by the government to actually move these things so I think this is where honorable Manasseh Sogavare's comments stands.

At this point I think there is really need for government commitment to actually get these things. So, yes, we certainly need more money but if we cannot get some probably through supplementary Mr Chairman.

**Chairman:** Thank you Permanent Secretary but that commitment must start from the ministry, it should be here not going outside and we must show the commitment in Cabinet in government but Permanent Secretary the Committee is behind you the shortfalls that you have expressed here this evening they must be in terms of how we should be advancing this industry should be what the government must be convinced, the political government must that political will and vision to really drive the industry in terms of its development.

Well, members unless you have comments, because we are really running behind time. I can see your satisfaction in you and the pity on the ministry for these short falls but Permanent Secretary and officials on behalf of the members and committee we would like to thank you very much for coming this afternoon and for the brief your presentation this afternoon with thanks. Thank you very much.

**PS:** Thank you Mr Chairman.