



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

COMMITTEE TRANSCRIPT

Ministry of Foreign Affairs, External Trade & Immigration

11 March 2008, 4:10pm

Mr Chairman: Thank you very much PS of the Ministry of Foreign Affairs. You were formally with the Ministry of Education but now you have been elevated to Foreign Affairs, and so I give you the floor now.

Mr Barnabas Anga (*Permanent Secretary*): Thank you Chairman of the Public Accounts Committee. I have with me my Acting Chief Accountant who will be supporting me in some of the responses in relation to head 274 and 474 in the development estimates. But as an introductory, may I say that the Ministry of Foreign Affairs and External Trade is the eyes and ears of this ruling government at regional and international forums in ensuring the sovereignty and welfare of our country and its citizens respectively are safeguarded.

In the light of globalization and other related issues and development of a global village, this ministry is obliged to conduct the government's foreign relations in a mature and pragmatic manner guided by the philosophy of 'friends to all and enemy to none'.

In doing so, we will ensure that we benefit from functional operations, cooperation, and we are also committed to be instrumental in deriving benefits from our multilateral and bilateral cooperation with other countries and organizations.

In this context, Mr Chairman and committee members, we will attempt to make improvement at our internal and external capacities and expertise to realize the foreign policy objectives and functions of this government at this global arena.

As all of us may be aware the policy statement of this government also appreciates alternative measures given the fast depletion of our forestry resource such as adopting a foreign policy that focuses on the construction of a strong alliance via treaty between the seven richest fishing grounds of the Central Pacific. Such an alliance would set conditions for access to the combined exclusive economic zones of member countries and strengthen the position of individual countries when dealing with distant water fishing nations.

As stated by my colleague of the Ministry of Finance and Treasury in his introductory remarks yesterday, these estimates before us are premised on the policy statement, the translation and implementation framework and the forthcoming medium term fiscal strategy or policy which is being formulated by the Ministry of Finance and Treasury.

On that note, as a ministry we also trust that a similar reflection of objectives of the foreign policy and outcome or results will be captured in these broad estimates.

With your permission, I would like to draw some of the observations that we made in terms of the budget that is before us, the 2008 Budget. We noted that in the estimates the Division of Immigration is also included in our estimates under head 274 and also head 474 in the development estimates. But according to the extraordinary gazette No. 1 to 7 of Saturday 22 December 2007 and more specifically legal notice No. 202, Immigration is listed under the schedule of Commerce, Industry and Employment.

I guess on that premise I would not be in a position to respond to any Immigration related activities or estimates that are included under heads 274 and 474 in the recurrent and development estimates respectively. Thank you

I draw your attention to page 115 in the recurrent estimates for 2008. On expenditure, the reduction generally on expenditures for civil salaries are housing allowances and other allowances. We understand that the reduction is due to the separation of the respective ministries - the Ministry of Foreign Affairs, the Ministry of Culture and Tourism and Ministry Commerce as these were previously under a single head.

For wages, the increase on wages we are led to understand also includes the 3% base increase for that.

For repair of official buildings, the decrease is explained by the separation of estimates from the different ministries, like the Ministry of Commerce, Tourism and Foreign Affairs which used to merge together but now they are separated according to the this budget. At this stage I would like to say that the Ministry of Finance will give further clarification on those reductions.

For other charges including printing and entertainment, entertainment as we know has a reduction but this is basically to cater for visits by Ambassadors who will be giving their credentials to our Governor General and also High Commissioners and also Heads of Regional Institutions who will be visiting our shores in terms of enhancing our cooperation and exploring great opportunities in those areas.

On some of the other charges for headquarters and administration, our experience is that we usually vire other budget lines and we also apply for contingency warrants to bring us to the real estimate of some of these other charges.

On page 116, the only clarification I wish to make is the change over of ambassadors. That is a provision basically to anticipate any recall or any posting of our officers in the event that we establish new missions overseas or there are necessary actions we need to undertake that there is a provision of \$36,050 under the heading of Change of Ambassadors.

On page 117 - Civil Service Salaries - that reduction should also be a reflection of our establishment but that reduction itself I understand that Finance will enlighten us on that because we understand there is an issue of posting of the estimates, and that is why that reduction from \$439,000 to \$394,000 even though the establishment reflects that people which we have will still be paid. I think it is an issue which the Ministry of Finance will discuss at our own level.

On payment to overseas bodies, we listed some of those organizations but we also have payment to overseas bodies, which also includes others. We have a list with us including what we mean by other organizations that will need to be paid in terms of that provision of \$1.1million.

At the moment we are having close collaboration with other organizations and institutions to basically help us appreciate the benefits and opportunities that we will get from these institutions. We are willing to respond to any queries that may arise on the benefits we receive from some of these institutions. At the moment our information is not as firm as we would want to but there is an audit being undertaken to help us get that information.

For protocol, all of us know that usually we give gifts to our visitors and that is that small amount of \$5,680.00.

Going on to the Mission to the United Nations, I think all of us should appreciate the fact that one of the important factors of this provision is the exchange rate. How the inflation of our own currency compares with other currencies. That is one important factor that we should be mindful of. Even though we have a substantial amount in terms of the exchange rate and the value itself, it might not be adequate to help us undertake the objectives of our missions abroad. But generally what we listed here are basically conventional budget lines, and the increase is basically the normal 3% increase of the usual estimates designed or architect by the Ministry of Finance.

The same principle also applies to estimates for our Embassy to Brussels. At this stage I wish to point out that the salaries of Personal Secretaries of all the Missions are in accordance to the normal contracts of that particular country, like our mission in Canberra all the provisions there are inline with the ACT regulations and the same thing applies to Brussels. For our UN Mission the Third Secretary is being supplemented by support from one of our development partners. Therefore, if there is discrepancy in that figure the reason is because it is inline with the local contracts of respective countries.

The same principles for our Mission to UN, Embassy to Brussels and also Canberra High Commission, our Mission to ROC and PNG High Commission, all of these as you would notice are basically an increase of the conventional 3% in the budgetary process.

On External Trade - on page 129, trade is one of the important areas that we see as having a lot of potential to promote our products and also our resources. We have a program in the Ministry called Integrated Framework, of which one of its core objectives is to make diagnostic analysis of the situation in the country to help us appreciate what would be priority areas for us to venture into and promote. We have at least two provisions there - one is 4095 - Trade Facilitation and the other one is 6011- Trade Mission. These will help us in undertaking workshops and also help our participation at Economic Partnership Agreement consultation, PICTA and also help us foster greater cooperation with our partners in the implementation of integrated framework and probably raising this to a higher level called Enhanced Integrated Framework - a framework very common among many of the least developed countries in the world.

That is briefly our observations and remarks on head 274 under the recurrent estimates.

Mr Chairman: Do you want to make comments on your development estimates?

Mr Anga: As I refer to our head 474 - Ministry of Foreign Affairs and Trade. In fact according to this estimate only four projects are relevant to our Ministry. First is the Port Moresby Chancery which we already had a ground breaking ceremony for it. This

is basically \$5million Kina assistance from the development corporation agreement with the Government of PNG.

Another one is Suva Chancery, and this is a figure to help us establish an office in Fiji. As all of us know we have a lot of students there, and regional institutions are also based in Suva, and so it is imperative and appropriate for us to have an office there to help us coordinate better some of the activities being encouraged by the corporations. All of us are very familiar with the active role that some of these institutions have. It is important that we have proper coordination of these activities.

Canberra Chancery is something all of us know of already as ongoing in the past and is still the case. We still keep paying rental for the piece of land that we have.

To avoid paying rental we thought it is better that we make a step in advancing the building and not just paying rentals so that we do not lose money in that regard. But we provide some design to the ACT appropriate institutions to help us in coordinating the design phase. That is basically the phase we would like to undertake, and as indicated in the budget we are hoping that in the 2009 period of budget process we would have before us a design that we could flag with other appropriate authorities.

The VIP Lounge is an ongoing project of the Ministry. We have an understanding with ROC to help us with this lounge. It is a lounge, we believe, will reflect our situation to properly accommodate our dignitaries including our head of states, heads of governments and even heads of regional institutions, and a separate part for normal arrivals and departures. So it will be a building on its own.

At this stage the Department of Infrastructure supported us. From last year's estimate, as I understand it has been very slow and so we would like to quickly speed up the design aspect of it and then try to get into the construction phase of it as soon as possible with this provision now before us.

As I mentioned earlier in my opening remarks the other projects do not relate to the Ministry of Foreign Affairs and External Trade as appeared in the schedule.

Hon Sogavare: Thank you for the presentation by the Ministry. You have 16 vacancies in the establishment and you are looking at filling them up this year. Have you been talking with the Ministry of Public Service on what appears to be shortfalls in the budget? You seem to be quite happy with the shortfalls. Have you been talking with the Ministry of Finance and apparently you have accepted the explanation of the Ministry of Finance? Not like the others who came here and complain about their budgetary allocations. I guess we need to be clear about the understanding that you have with the Ministry of Finance because you are quite with what is allocated.

On the Chanceries in PNG, Australia and Fiji as reflected in the budget, of course the recurrent costs of these would come after their completion in future budgets, and so it is not an issue at the moment.

Hon Soalaoi: I must congratulate the Permanent Secretary for a well presented presentation. I think whilst the committee recognizes the importance of establishing chanceries in Port Moresby, Suva and Canberra, does the Ministry really looks into the sustainability of these chanceries in future. Can you inform the committee of the cost implications to us in future? What are the possible cost implications for us, if not in the two distant of 2008 and 2009?

Mr Anga: Firstly, the completion of our chancery in the Port Moresby will be historic because that would be the first building owned by the SI Government housing our own mission. The design itself will also accommodate our officers so that we can capitalize on the rentals we are paying. The current rentals we are paying can be absorbed when the Chanceries are completed. That cost can then be regarded as some costs into the chancery estimates. There is a window of opportunity there, and as we progress into the near future I am sure there will be other strategies to help us know the best approaches of making our missions cost effective in terms of other budget plans. But one that is very obvious is that rentals will be reduced because our officers will be accommodated as part of their chancery.

Hon Sogavare: Just a general comment on the policy that identified the peaceful resolution to Shortlands, Choiseul and Bougainville issue. How exactly are you addressing that? Are you doing it this year? What is your implication of that? Are you addressing that this year?

Mr Anga: No. We will be addressing that at the completion of the chancery. So we still have provision for rentals but only when the building is completed.

Hon Sogavare: What I was referring to was what came straight out of the government's policy statement on foreign affairs. It says "Peaceful resolution" to Shortlands, Choiseul and Bougainville border issue. How exactly are you addressing this? Are you doing that this year and what are the budget implications?

Mr Anga: We will soon have a Joint Border Committee meeting in May. That is being pursued at the usual consultation between the people of Bougainville, Choiseul and also Solomon Islands.

We have a meeting schedule for May and that is when the Joint Border Committee will meet. The plan at this stage is for the parties to go around the border as a single team and not one team to go and find the aspects of the boundary and then coming back and make a report and the other party doing vice versa. But the proposal at this stage for both parties to go as a team around the borders to have first hand experience of what the issues are when they consult the chiefs and committee leaders before convening of a meeting proper here in Honiara.

Hon Sogavare: I just want to get some clarification from the PS in allowing RAMSI's activities, functions and operations with Solomon Islands sovereign status and long term sustainability and consultation in the Pacific Forum

What comes to mind is the resolution made by Parliament on the intention to review the legal framework of RAMSI. What is the Ministry's position on that because that is with the Prime Minister's Office, and it is the leading role taken by the Ministry of Foreign Affairs?

Mr Anga: Our understanding on that issue is that we have outcomes from the Forum Ministerial Standing Committee which comprises the five Foreign Ministers as endorsed by their leaders. That outcome will be made to Cabinet before the Cabinet can then have a decision on the outcome.

On the review itself, I understand it to mean that a parliament select committee will be looking at the report and then making a report to Parliament. The review will be in the context of the FIAA Act.

Hon Sogavare: The only clause that makes reference to any review is one that says 'Parliament can review'. That is basically what it says. It does not set out any strategies. The process really comes from the Ministry of Foreign Affairs and the Prime Minister's Office setting out the procedures as to how you address the review. Because the Facilitation Act is quite very silent on how you go about doing the review. It just basically empowers Parliament to do it.

Mr Anga: I believe it is in that context they will provide opportunity for a select committee to kind of dish out more the issues highlighted in the report and then make a report to Parliament and then it would be up to Parliament to make the conclusion, as you rightly said.

Hon Sogavare: As you know there is only a resolution passed by Parliament and only Parliament can revoke that resolution. It is already a standing mandate by Parliament.

Mr Chairman: PS, do you have any final comments?

Mr Anga: I would like to thank you very much for having this brief session with you. I am looking forward to further information and also receiving your report to help us improve our approaches to some of our outlined activities and outlined policy objectives of this government. Thank you.

Mr Chairman: Thank you PS, Foreign Affairs the points are similar to other departments that have already presented their bits. There are serious concerns raised and we are sure the Ministry of Finance and the Budget have taken note of the concerns and will appear in the report. I would like to once again thank you.

Hon Sogavare: Mr Chairman, your action plans.

Mr Chairman: Your working papers – action plans if you can leave this year's action plan?

Hon Sogavare: You are still working on them. As soon as you complete them the committee will also need them.

Mr Chairman: But on that note I would like to thank you PS and your officials for coming over and for your presentation. Thank you.