



National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

**Report on the 2024 Appropriation Bill
2023 (No. 15 of 2023)**



Presented on 16 November 2023

National Parliament Office

Committee Membership

The members of the **Public Accounts Committee** (11th Parliament) are:

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Chair's Foreword

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Mr Speaker,

Pursuant to Standing Orders No. 69 (1) [e], [f], [g], and [h] and Standing Orders No.69 (2) of the National Parliament of Solomon Islands, we humbly submit our report of the Public Accounts Inquiry conducted from 2nd of November through to the 10th November 2023. This year's report has a total of thirty four recommendations for Parliaments consideration. During the course of this year's inquiry a number of key budget documents requested by the Committee were not provided by the Ministries. **Specifically the annual work plans 2024 only 41% of the expected thirty two were submitted and the procurement plans 2024 only 19% of the expected thirty two provided the evidence requested.**

Honourable Speaker, these budget deliverables are specifically requested in the 2024 budget strategy and operational rules dated 30th August 2023.

The Committee is also concerned that the budget creditability remains at risk given the recent experience of Ministries appropriated budgets being blocked and the recurrent budget payroll actuals for 2022 being shown as zero.

With these few remarks it is an honour and pleasure for me Sir, to present the Report of the Public Accounts Committee of the Inquiry into the 2024 Appropriation Bill 2023 (No. 15 of 2023) for laying before Parliament.



Honourable Douglas Ete, MP

Chairperson
Public Accounts Committee
16 November 2023

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Executive Summary

The Public Accounts Committee (PAC) had completed its examination of the 2024 Appropriation Bill 2023 (No. 15 of 2023) from the 2nd to the 10th November and 120 witnesses appeared before the Committee with 78 written submissions.

The Bill seeks to appropriate an expenditure of \$4,209,918,158 from the Consolidated Fund for the service of the financial year ending 31 December 2024.

The Bill also seeks to regularise the following:

□ **Government borrowing limits** – (1) this section applies for the purposes of section 66 (2) of the Public Financial Management Act 2013 for the financial year ending 31 December 2024.

(2) The Government may borrow or agree to borrow amounts not exceeding in total the borrowing limits specified in Schedule 2, column 1, for the purposes specified opposite in column 2, from the sources specified opposite in column 3.

□ **Debt service account** – For section 69(2) of the *Public Financial Management Act 2013*, the Minister must set aside 6.14 percent of the Government's domestically sourced revenue earned in the financial year ending 31 December 2024, to be transferred in to the debt service account for the purpose of discharging statutory debt.

□ **Advance warrants** – For section 60(2) of the *Public Financial Management Act 2013*, the total amount authorised by advance warrants issued by the Minister for the financial year ending 31 December 2024 must not at any one time, after deducting repayments and monies on deposit, exceed \$150,000,000.

□ **Contingency warrants** – The total sums authorised by contingency warrants issued by the Minister under section 58 of the *Public Financial Management Act 2013* for the financial year ending 31 December 2024 must not exceed \$20,000,000 and may only be used for the recurrent and development heads of expenditure specified in Schedule 1, Parts 1 and 3.

The Committee in its findings makes thirty four (34) recommendations to the Government.

Recommendation 1

01 - Solomon Islands Electoral Office

The Committee noted the Commission's planned legislative reforms and were concerned that these reforms were left to the last minute. The Committee recommends that SIEC complete all proposed reforms as one package and send these through to Parliament for their processing before 1st December 2023.

Recommendation 2

01 - Solomon Islands Electoral Office

The Committee is concerned that given the simultaneous elections is a new system there will be a need for clear, simple instructions and orderly arrangements to minimise voter confusion. The Committee recommends that a process be designed to ensure that the national election voting and the provincial election voting is clearly separated to avoid voter confusion.

Recommendation 3

03 - Ministry of Agriculture and Livestock Development

The Committee recommends that in the next budget the Ministry of Agriculture and Livestock Development put forward a bid for significant increase in the levels of investment in targeted crops with growth potential to strengthen the economy.

Recommendation 4

03 - Ministry of Agriculture and Livestock Development

The Committee were concerned about the removal of all market stalls for the upcoming games and recommends that licenced market stalls supplying food (except for betelnut) should not be removed as this is essential to provide local food sources to communities and visitors.

Recommendation 5

05- Ministry of Education and Human Resources Development

The Committee notes the absence of sufficient school inspections and recommends that the Ministry of Education and Human Resources Development implement policies and procedures for the regular inspection of schools and education authorities.

Recommendation 6

05- Ministry of Education and Human Resources Development

The Committee noted that online scholarship applications were not possible due to technical issues and recommends that the Ministry of Education and Human Resources Development should be more flexible and allow students to submit manually if the online portal was not functioning correctly.

Recommendation 7

05- Ministry of Education and Human Resources Development

The Committee notes the absence of suitable data to properly inform the country human development needs. The Committee recommends that the Ministry work with Ministry of Planning and the Ministry of Commerce to develop a suitable evidence-based study that supports the National Human Resource Development Strategy.

Recommendation 8

05- Ministry of Education and Human Resources Development

The Committee notes the practice of students changing courses part way through scholarships and were concerned that this may undermine delivery of country's identified human resource needs. The

Committee recommends the Ministry of Education and Human Resources Development ensure students continued on the courses identified in the opportunity list and any approved change must be limited to targeted areas only.

Recommendation 9

06 - Ministry of Finance and Treasury

Given the reliance on mining to future government revenue, the Committee recommends that the regulatory framework be updated to ensure mining revenue and landowner royalties on all minerals is properly codified and governance including independent sampling procedures is strengthened to ensure lessons from Rennell bauxite mining are not repeated.

Recommendation 10

06 - Ministry of Finance and Treasury

The Committee sees the importance to both security, public safety and government revenue in properly managing the sufferance wharves and recommends that the Comptroller of Customs urgently complete the review of all sufferance wharves in Solomon Islands and implements stricter governance in the usage of these wharves including ensuring that any remaining sufferance wharves must report to the main wharf and be properly screened and taxed before any unloading is permitted.

Recommendation 11

06 - Ministry of Finance and Treasury

The Committee recommends that all sufferance wharves in the designated Honiara Ports area be cancelled.

Recommendation 12

06 - Ministry of Finance and Treasury

The Committee noted with concern the lack of complete data in the payroll budget for all Ministries and the Ministry's confirmation that they have reconciliation issues dating back to at least 2022 due to the change in Government systems to the new D365. The Committee recommends that the Ministry of Finance and Treasury allocate resources to ensure the reconciliations are properly completed in a timely manner so as to not compromise the integrity of government annual financial reporting and the credibility of budget processes. The Committee further recommends that the D365 system be reviewed to ensure all Ministries have reliable financial reporting and training necessary to properly use the system.

Recommendation 13

06 - Ministry of Finance and Treasury

The Committee notes that a number of financial circulars issued in 2023 did not disclose the relevant sections of the Act by which the proposed changes were implemented. The Committee recommends that the Ministry review and implements internal checks to ensure any warrant issued, amended or any restrictions in appropriated Ministry budgets are done in accordance with the PFM Act.

Recommendation 14

07 - Ministry of Foreign Affairs and External Trade

The Committee recommends that the Ministry continue to find ways to improve efficiency and reduce costs of the Labour Mobility Scheme (LMS) with Australia. The Committee further recommends the Ministry consider a permanent office of suitable size to centralise, manage and grow the LMS.

Recommendation 15

07 - Ministry of Foreign Affairs and External Trade

The Committee recommends that the Ministry negotiate with Australia to allow private sector agencies engagement to support the Ministry in growing the LMS.

Recommendation 16

09 - Ministry of Health and Medical Service

The Committee notes that some development projects do not have the requisite operating costs budgeted for. The Committee recommends that when a development project implements a new facility, the ongoing running costs should also be secured at the time of proceeding with the development project.

Recommendation 17

09 - Ministry of Health and Medical Service

The Committee recommends that the Ministry of Health and Medical Services 2024 budget be increased by \$40mio to address the significant level of outstanding bills dating back to 2015. The Committee notes that this will increase the overall budget deficit.

Recommendation 18

10 - Ministry of Infrastructure Development

The Committee recommends that the Ministry of Infrastructure Development ensure that all maintenance contract specifications required for roadworks are of appropriate quality. Contracts should be monitored and ceased where performance or quality is seen to be substandard and these suppliers should not be eligible for future work.

Recommendation 19

10 - Ministry of Infrastructure Development

The Committee recommends that the Ministry of Infrastructure Development take a zero-tolerance approach to corruption and seek advice and assistance from experts such as the Independent Commission against Corruption to tackle the practices within the Ministry.

Recommendation 20

12 - National Parliament

The Committee notes the concern raised by Parliament in terms of both infrastructure and operational plans. The Committee recommends separating the Parliament budget and the members of parliament entitlements into separate budget heads. In addition, the office of the Leader of Opposition and the Leader of Independent should also have their own budget heads.

Recommendation 21

13 - Ministry of Forestry and Research

The Committee were concerned that the lack of a clear and appropriate legislative framework results in poor management of the country's resources and recommends the new Forestry bill and regulations be prioritised.

Recommendation 22

14 - Office of the Prime Minister and Cabinet

The Committee notes the planned transition of Mustard Seed International (MSI) to a new entity which is intended to be under Parliament control. The Committee recommends that MSI produce compliant audited financial statements for the duration of its operations.

Recommendation 23

14 - Office of the Prime Minister and Cabinet

The Committee noted public concerns about procurement practices of the National Hosting Authority and recommends maximum transparency in all practices including procurement.

Recommendation 24

16 - Ministry of Police, National Security and Correctional Services

The Committee noted a modest cost of living adjustment for the Ministry of Police, National Security and Correctional Services. The Committee recommends further submissions be considered to review the adequacy of both the proposed adjustment and the overall package to raise working morale.

Recommendation 25

17 - Ministry of Provincial Government and Institutional Strengthening

The Committee noted the ongoing challenge for the National Government to support significant development costs in the Provinces. The Committee recommends that the Ministry and the PCDF program consider investing more in the Provincial revenue generating capability and systems to reduce the burden on National Government and build resilience in both the governance and development needs for all provinces.

21 - Ministry of Commerce, Industries, Labour and Immigration

The Committee notes the importance of having accurate employment and job creation data for both the formal and informal sectors for Government policy settings. The Committee recommends the Ministry consider establishing a unit focused on job creation to support key Government policy and properly inform human resource development strategy.

22 - Ministry of Communication and Aviation

The Committee remains concerned that the tower project is not commercially viable and that the Government has already committed to loan funding. The Committee recommends that the Ministry continue to seek a commercially viable and sustainable outcome for this Project.

24 - Ministry of Public Service

The Committee expressed their concern with different cost of living adjustments awarded by different commissions. The Committee recommends that the cost of living adjustment should be the same for all public servants including teachers.

25 - Ministry of Justice and Legal Affairs and National Judiciary

The Committee recommends that the Ministry of Justice and Legal Affairs develop suitable legislation for a retirement scheme for Judges and Magistrates.

26 - Ministry of Home Affairs

The Committee was concerned to hear that the Chief Executive of National Sports Council (NSC) contract was due to end next year. The Committee recommends that the NSC provide to the Government next year a clear strategy on the ongoing management of assets transferred following the Pacific Games.

28 - Ministry of Mines, Energy and Rural Electrification

The Committee expressed their concern with the fast tracked award of licences to high risk applicants. The Committee recommends that if the due diligence to award mining licence raises any concerns, the application should not be fast tracked.

28 - Ministry of Mines, Energy and Rural Electrification

The Committee notes that the Mining Act has been under review for an extended period. The Committee recommended that the mining legislation including review of government revenue owed, landowner royalties and proper governance as noted in recommendation number nine (9) should be progressed as a matter of urgency.

28 - Ministry of Mines, Energy and Rural Electrification

The Committee notes that the continued storage of petroleum in the Central Business District (CBD) is a significant risk. The Committee recommends that an alternative location for the storage of petroleum outside the CBD be identified.

31 - Ministry of Rural Development

The Committee notes the new governance framework being proposed for the new CDF Act. The Committee recommends that this framework also consider funding modalities from external parties which must be through a transparent public framework and in line with the requirements of the PFM Act 2013.

Chapter 1: Introduction

This Chapter introduces the Inquiry including information on the Public Accounts Committee (PAC) and the inquiry process.

Overview

- 1.1 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 performs many of its oversight functions through its Standing Select Committees. The Public Accounts Committee ('the Committee') is one of the committees and is given the power to examine the annual Draft Estimates budgets prior to its tabling before Parliament.
- 1.2 The 2024 Appropriation Bill 2023 (No.37 of 2023) was received by the Speaker and certified on 20 October 2023. The Committee considered the bill on 23 October and held public hearings on 2 – 10 November to examine the draft estimates for each government ministries and statutory bodies, together with the bill that seeks to appropriate \$4,209,918,158 for the service of the year ending 31 December 2024.
- 1.3 The Committee duly thanked the Permanent Secretaries (PSs), Deputy-Secretaries (DSs) and Senior Government Officials of various ministries whom appeared before the Committee and provided evidences. To add on, the Committee acknowledges the CBSI and the Ministry of Finance and Treasury for providing insights and projections of the economic performance for 2023 and 2024.
- 1.4 The Committee, with great appreciation, acknowledges the immense support from the Auditor General and the services of his staff and other facilities of his Office and for providing independent advices, briefing papers, and recommendations
- 1.5 This Report outlines the findings of the Committee's examination of 2024 budget bill, draft estimates, and other related documents, and the evidences gathered by the Committee.

Inquiry Process

- 1.6 In accordance with its mandate under Standing Orders 69 of the National Parliament, the Committee resolved on its meeting on 23 October, 2023 to commence the examination of the Bill and the Draft Estimates from 2 to 10 November, 2023. The Committee further planned to have a deliberative meeting on 27 October to deliberate AG's briefings however it was unsuccessful due to Bills Committee Hearings. A final deliberation on the Bill was done on the 2nd November 2023, before the hearings proceeds for the day.
- 1.7 The inquiry process includes inviting government ministries to make oral and written submissions on the Draft Estimates.
- 1.8 The Committee examined 24 government ministries, Debt Servicing Unit, 6 statutory bodies and 80 written submissions.
- 1.9 The full terms of reference and a list of written submissions is located at the Appendices of this report.
- 1.10 Transcripts of the hearings are available at Hansard.
- 1.11 Minutes of the public hearings can be found in the Appendices of this report.

Chapter 2 - Budget Overview

2.0 Background

Budget Objectives and outcome

Budget Estimates	Amounts
Recurrent	3,417,867,342
Budget Support	135,300,816
Development	656,750,000
Total	4,209,918,158

Figure 1: 2024 Appropriation Bill 2023

2.1 In Parliament's oversight view of the budget, the focus is on ensuring transparency, accountability, and responsible fiscal management. The national budget for 2024, with the theme "Restoring Fiscal Stability to Sustain Growth," is under scrutiny to guarantee that public funds are used wisely and for the benefit of the nation.

2.2 The **2024 Appropriation Bill 2023** offers a comprehensive financial blueprint for the year, allocating funds across several critical areas. The largest chunk, amounting to a substantial \$3,417,867,342, is designated for recurrent expenses, covering the day-to-day operational costs of the government, including salaries and maintenance.

2.3 An additional \$135,300,816 is reserved for budget support, providing financial aid to various sectors and projects. Significantly, \$656,750,000 is earmarked for development initiatives, aiming to spur growth, enhance infrastructure, and drive progress. In total, the bill allocates \$4,209,918,158, which is aimed at rebuilding fiscal buffers whilst continuing to invest in longer term growth and development within the country

2.4 Since 2021, budgeting approach has adhered to a top-down strategy. This means, expenditure limits based on revenue projections, prioritizing essential initiatives for 2024.

2.5 Parliament's role in this process is to examine the proposed budget, ensuring it aligns with national priorities and financial sustainability.

2.6 Parliament's oversight includes a thorough review of the budget's expenditure and revenue breakdown for 2024, examining how public funds are allocated across different categories. This scrutiny is vital to safeguarding the interests of the people and upholding responsible financial management in our country.

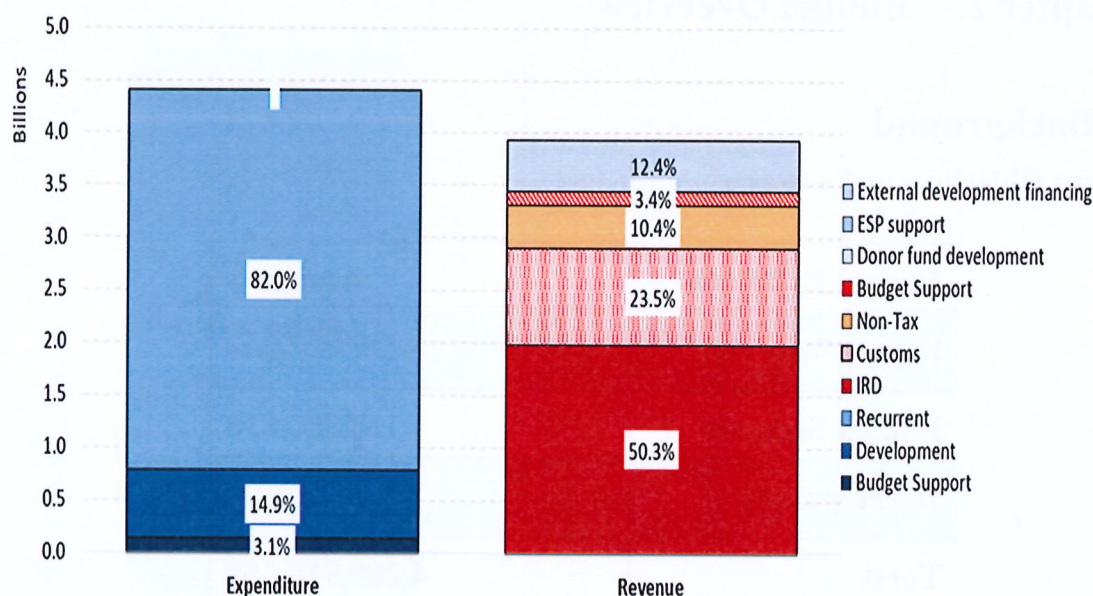


Figure 2: Budget Expenditure and Revenue by Category (2024)

- 2.7 As shown on the graph above, in 2024, the Solomon Islands' budget priorities are clear: 82% of the budget goes toward day-to-day expenses (Recurrent), 15% is dedicated to long-term development projects (Development), and 3% is allocated for additional support (Budget Support).
- 2.8 On the revenue side, the government relies primarily on taxes collected domestically (50%), followed by revenue from imports and exports (24%). Non-tax income contributes 10%, while economic stimulus receives 3%, and external financing makes up 12% of the total revenue. This budget reflects the government's focus on maintaining essential services, fostering development, and managing external financial support.
- 2.9 As illustrated below in the 2024 Fiscal Table (Figure 3), the Solomon Islands' 2024 budget presents a mixed financial picture. Total SIG Revenue has steadily increased from the 2023 original estimate of \$3,202.6 million to a 2024 estimate of \$3,312.0 million, with the change between the 2024 original and revised estimates being negligible at 0%.
- 2.10 This suggests that the government's internal revenue projections have remained relatively stable during the budgeting process. However, there is a noteworthy -3% decrease in the IRD Customs Non-Tax revenue category, indicating potential changes in trade dynamics or a reduction in non-tax-related income sources.

Budget Estimates (\$ millions)	2023 Original Estimates	2023 Revised Budget Estimates	2024 Budget Estimates	% Change btwn 2023 Original and 2024 Estimates
Total SIG Revenue	3,202.6	3,251.7	3,326.3	4%
IRD	1,783.7	1,921.6	1,979.3	11%
Customs	992.9	904.1	924.5	-7%
Non-Tax	426.0	426.0	422.5	-1%
Budget Support Revenue	177.4	177.4	144.4	-19%
Budget support	177.4	177.4	144.4	-19%
Donor funded Development	0.0	0.0	-	0%
ESP Support	0.0	0.0	-	0%
Covid 19 Support	0.0	0.0	-	0%
Total Revenue	3,380.0	3,429.1	3,470.7	3%
Total Expenditure	4,884.3	4,781.1	4,047.4	-17%
Total SIG Expenditure	4,631.9	4,223.3	3,903.0	-16%
Total Recurrent Expenditure	3,461.0	3,052.4	3,403.0	-2%
Payroll	1,474.4	1,321.1	1,474.0	0
Other Charges	1,966.6	1,716.8	1,909.0	-3%
Contingency Warrant Provision	20.0	14.5	20.0	0%
Development Budget	1,170.9	1,170.9	500.0	-57%
SIG Development Expenditure	1,170.9	1,170.9	500.0	-57%
Donor Development Expenditure	0.0	0.0	-	0%
Budget Support	252.4	557.8	144.4	-43%
Sector Budget	177.4	457.8	144.4	-19%
ESP Support/Reconst. and rehab. of business buildings	75.0	100.0	-	-100%
Covid 19 Support	0.0	0.0	-	0%
Budget Balance	-1,504.3	-1,352.0	576.7	-62%
External Development Financing	320.2	880.7	407.0	27%
Fiscal Balance	-1,184.1	-471.3	169.7	-86%

Figure 3: 2024 Fiscal Table

- 2.11 **Budget Support Revenue:** shows a 6% reduction in the 2024 estimates compared to both the original and revised 2023 figures. This decrease could be indicative of changes in foreign aid or support received by the Solomon Islands, which might impact the government's budget plans.
- 2.12 **The total revenue for 2024:** is estimated at \$3,447.3 million, a slight decline of -1% compared to the revised 2023 figure. This suggests that while the government's own revenue sources have remained relatively stable, other sources of revenue have either declined or remained unchanged.
- 2.13 In contrast to the revenue side, the expenditure side of the budget shows a significant increase. Total expenditure for 2024 is budgeted at \$4,403.7 million, marking a 9% increase from the revised 2023 budget. This growth indicates that the government intends to spend more in 2024, which could encompass both recurrent and development expenses.
- 2.14 The development budget, in particular, has seen a substantial 31% increase in 2024 compared to the revised 2023 budget estimate, reflecting a strong focus on infrastructure

and economic development. This suggests that the government is keen on investing in long-term growth and development projects.

- 2.15 Moreover, the budget balance has improved, with a positive balance of \$956.4 million in 2024 compared to negative balances in the preceding years. This positive balance indicates that the government's revenue and expenditures are more aligned in 2024, signifying a potential improvement in fiscal management.
- 2.16 Development financing has also increased by 20% in 2024 compared to the revised 2023 budget. This suggests a heightened effort to secure external funding for development projects.
- 2.17 In summary, the Solomon Islands' 2024 budget reflects stable internal revenue, a reduction in budget support income, increased total expenditure with a strong emphasis on development, and an improved budget and marginal improvement in the fiscal balance compared to previous year. These changes indicate evolving economic priorities and efforts to achieve a more balanced budget in 2024, potentially driven by a focus on long-term growth and development initiatives.

Budget Priorities

- 2.18 The Budget 2024 strives to achieve two important objectives; to strengthen our resilience to achieve sustainable and economic growth and further strengthen delivery of service to our people in the rural areas. The budget also focus for 2024 will prioritize:
- Delivery of social and essential services to people. This includes the 2024 National General Election.
 - Focus resources to the existing government's developmental commitments and contractual obligations in 2024.
 - Prioritise resources towards all Ministry fixed costs.
- 2.19 On the oversight perspective, the fiscal table data indicates that the Solomon Islands Government is taking steps to restore fiscal disciplines in line with its stated goals of strengthening economic resilience, promoting sustainable growth, and improving service delivery in rural areas.
- 2.20 **Development Budget Emphasis:** The notable 31% increase in the development budget signifies a strong commitment to infrastructure and development projects.
- 2.21 **Smaller deficit Budget Balance:** The small improvement in overall budget deficit aligns with the Governments goal to rebuild fiscal buffers over time. This financial prudence is vital for the government to invest in essential services, support development projects, and prepare for economic contingencies. A stable fiscal foundation is fundamental to economic resilience.
- 2.22 **Increased Development Financing:** The 20% rise in development financing indicates an active effort to secure external funding for projects.
- 2.23 **Improved Fiscal Balance:** The significantly improved fiscal balance demonstrates effective financial management.

- 2.24 ***Sustainable Revenue Strategies:*** Despite a minor decrease in IRD Customs Non-Tax revenue, the government's efforts to maintain stable SIG revenue show a commitment to sustainable revenue generation.
- 2.25 ***Rural Service Delivery:*** The government's emphasis on rural service delivery reflects a commitment to reducing regional disparities. By reinvesting in rural areas, the government aims to improve access to quality services, boost economic activity, and enhance the livelihoods of rural communities. This approach supports inclusive growth and social development.

Potential Budget Gaps

The potential gaps and considerations within the context of the Solomon Islands Government's budget priorities:

- 2.26 ***Measuring Impact:*** A key aspect of prudent budget management is establishing clear and measurable indicators to gauge the success of development initiatives. Without well-defined metrics and monitoring systems, it can be challenging to determine whether allocated resources are achieving the intended economic growth and resilience outcomes. The government should consider creating a framework for regular evaluation and reporting to ensure that taxpayer funds are being effectively utilized.
- 2.27 ***Risk Management:*** Economic resilience requires robust risk management. While the budget shows planned improved fiscal outcome, unforeseen challenges can still arise. The government should develop contingency plans and financial buffers to mitigate the impact of economic shocks, natural disasters, or unexpected events that may disrupt budget projections.
- 2.28 ***Sustainability:*** As the government invests in development projects, it's essential to consider their long-term sustainability. Economic growth and development should not come at the expense of the environment. Incorporating eco-friendly practices and conducting environmental impact assessments can help ensure that development initiatives align with the principles of sustainability.
- 2.29 ***Public Engagement:*** Engaging with local communities, especially in rural areas, is critical for the success of development projects and service delivery. Involving these communities in project planning and decision-making ensures that their specific needs are addressed. It also helps build trust and ownership among the population, making projects more likely to succeed.
- 2.30 ***Private Sector Engagement:*** Economic growth is often closely linked to private sector development. The government should consider implementing policies that encourage private investment, entrepreneurship, and job creation. A thriving private sector can significantly contribute to economic resilience and long-term growth.
- 2.31 ***Transparency:*** Budget transparency is fundamental for building trust among citizens and ensuring the effective use of public funds. The government should prioritize transparent financial reporting, making budget information accessible to the public. This transparency can help reduce corruption risks and foster public confidence in budgetary decision-making.

- 2.32 **Capacity Building:** Government agencies responsible for implementing development projects and managing budgets need the necessary skills and expertise. The government should invest in training and capacity-building programs to equip its workforce with the knowledge and capabilities required for successful project implementation, financial management, and strategic planning.

a) Real GDP Growth

- 2.33 Solomon Island's real GDP growth in 2020 to 2022 experienced a decline as a result of:

- a. The global COVID-19 pandemic;
- b. Political riots in November 2021 and widespread looting of businesses and properties;
- c. The community's transmission of COVID-19 in 2022; and
- d. The economic impact of the Russian-Ukraine War.

- 2.34 It's important to understand how each of these disruptions impacted the Solomon Islands' economy. An overview of how these factors affected various sectors of the Solomon Islands economy:

i) The Global COVID-19 Pandemic (2020-2021):

- 2.35 **Tourism Sector:** The pandemic severely impacted the tourism industry, which is a significant contributor to the Solomon Islands' economy. Travel restrictions and lockdowns led to a sharp decline in international tourist arrivals, resulting in reduced revenue from tourism-related activities.

- 2.36 **Trade:** Global supply chain disruptions and decreased demand for exports also affected the country's trade balance. Export-oriented industries, such as fisheries, faced challenges due to disruptions in transportation and reduced demand.

ii) Political Riots in November 2021 and Widespread Looting:

- 2.37 **Economic Disruption:** The political riots and subsequent widespread looting had a devastating impact on the economy. Businesses and properties were damaged or destroyed, leading to substantial financial losses. This event led to a loss of investor confidence, which is critical for economic growth.

iii) Community Transmission of COVID-19 (2022):

- 2.38 **Health and Productivity:** Community transmission of COVID-19 can have a direct impact on the labour force. Infected workers may need to be quarantined, leading to reduced productivity. Additionally, fear of infection can lead to decreased economic activity as people avoid public spaces, affecting sectors like retail, services, and hospitality.

- 2.39 **Healthcare Costs:** The government likely had to allocate resources to combat the spread of the virus, which can strain the budget and divert funds from other essential services and development projects.

iv) The Economic Impact of the Russian-Ukraine War (2022):

- 2.40 **Global Commodity Prices:** The conflict between Russia and Ukraine, being major players in the global commodities market, can affect prices of key commodities like oil and metals. This, in turn, can impact the Solomon Islands' import costs and overall cost of living.
- 2.41 **Global Economic Uncertainty:** International geopolitical conflicts can lead to economic uncertainty and a decrease in investor confidence. As a result, foreign direct investment and trade can be affected negatively.
- 2.42 Addressing these disruptions and their consequences is crucial for the government and policymakers. Strategies to mitigate such impacts might include diversifying the economy, strengthening the healthcare system, improving disaster resilience, and addressing security and political stability concerns. Additionally, communication and coordination with relevant stakeholders are vital for effective response and recovery in the face of these



Figure 4: Solomon Islands Real GDP Growth

challenges.

The provided data shows the real and projected GDP Growth for the Solomon Islands from 2019 to 2027. One notable grey area in this data is the lack of information for the year 2028 and beyond. Economic projections and forecasts for future years are typically essential for understanding and planning economic policies and strategies. Without information about the country's expected GDP growth beyond 2027, it becomes challenging to make informed decisions or develop long-term economic plans.

- 2.43 To maintain a comprehensive understanding of the country's economic performance and outlook, it is important to have data and projections that extend into the future.
- 2.44 With lower construction and other reasons balancing robust service activities, sectoral growth in the industry sector are likely to provide less of an impetus in 2024. The completion of the Pacific Game projects and the anticipated decrease in investment in infrastructure and other private sector projects in 2024 are reflected in this decline in national infrastructure project activities. In contrast to the decline in construction activities, mining and manufacturing activities are predicted to grow somewhat by 0.01 percent and 0.3 percent, respectively, in 2024.

b) The Productive Sector

2.45 The productive sector is made up of the following ministries:

- The Ministry of Agriculture and Livestock
- The Ministry of Infrastructure and Development
- Ministry of Lands, Housing and Survey
- Ministry of Culture and Tourism
- Ministry of Commerce, Industries, Labour and Immigration
- Ministry of Communication and Aviation
- Ministry of Fisheries and Marine Resources.

Productive Sector Expenditure (Development Budget) (2020 – 2024)	
Years	Amounts (\$)
2020 Actuals	80.5
2021 Actual	175.6
2022 Actuals	98.1
2023 Revised Estimates	273.6
2024 Estimates	\$ 244.4m
Total	\$872.2m

Figure 5: Productive Sector Expenditure (Development) 2020-2024

2.46 The allocation of funds to the Productive Sector by the government is a matter of concern, given its importance as a key priority area. In the 2024 financial year, the sector has been allotted a budget of \$244.4 million. However, this figure reflects a noticeable reduction of \$29.2 million or a 10.67% decrease when compared to the revised budget for 2023. The fluctuating trends in budget allocation over the past few years raise questions about the government's commitment to the sector's growth. In 2021, the productive sector saw a substantial increase of 118%, demonstrating a strong focus on its development. Nevertheless, in 2022, there was a drastic decrease of about 79%, which may have had adverse consequences. Fortunately, in the 2023 fiscal year, there was an increased allocation of 64%, but the subsequent reduction in 2024 leaves room for discrepancies. The decline in funding for this sector raises questions about the government's long-term strategy for economic growth and development.

Resource Sector

2.47 The DCGA priority in the Resources Sector allocates significant amount of \$48.6m for the 2024 fiscal year. However, there is an inconsistency in the trend data for the resource sector when comparing the 2023 Revised Estimates and the 2024 Estimates.

Years	Amounts (\$)
2020 Actuals	113.9m
2021 Actual	17m
2022 Actuals	27.1m
2023 Revised Estimates	68.5m
2024 Estimates	\$ 48.6m
Total	275.1m

Figure 6: Resource Sector Estimates

2.48 In 2023, the Revised Estimates show a significant increase from the 2022 actuals, with a budget of \$68.5 million. However, in 2024, the budget for the resource sector drops to

\$48.6 million, which is a notable decrease of \$19.9 million or 29% compared to the previous year. This abrupt decrease in funding for the resource sector raises questions about the government's commitment to this critical area, and it may impact the sector's ability to meet its objectives and contribute to the nation's development.

Budget Trend

a) Historical Budget comparison

2.49 Since late 2019, a number of factors, including government priorities, economic conditions, and outside aid, have affected the Solomon Islands government's budget. These factors include the COVID-19 pandemic, political unrest, community COVID-19 transmission, and the Ukraine-Russia war.

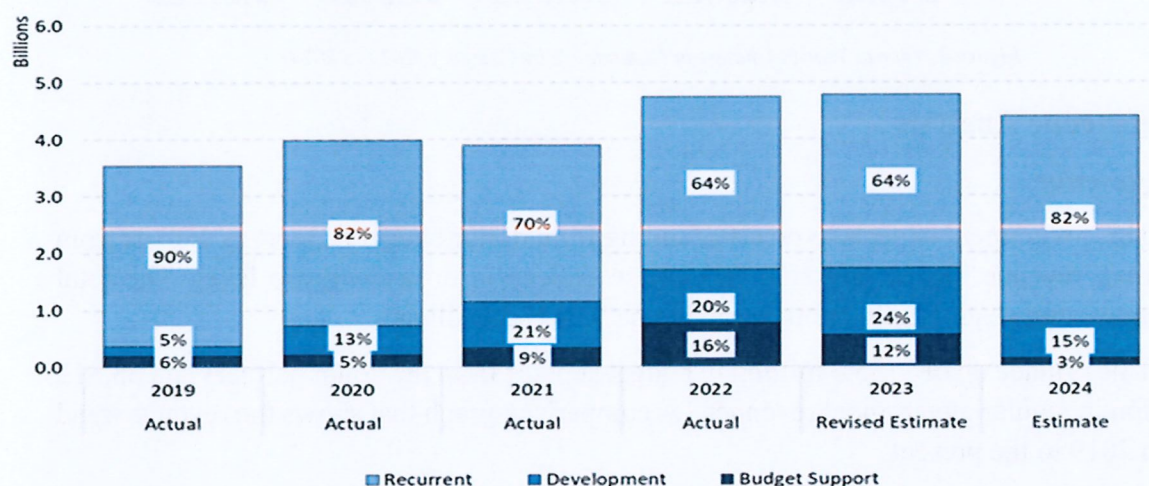


Figure 7: Budget Expenditure by Category (2019 to 2024)

2.50 The important historical comparisons of the Solomon Islands government budget from 2019 to the present are shown in the graphs below that illustrate budget expenditure by category (2019 to 2024). However, the provided data on the Solomon Islands government's budget allocations from 2019 to 2023 highlights the importance of a nuanced and informed view of financial analysis within the Parliament.

2.51 The fluctuating percentages in budget allocation for different categories can serve as a reflection of the dynamic nature of government finances, influenced by various external factors such as the COVID-19 pandemic, political unrest, and international conflicts. It underscores the need for Parliament to conduct thorough and context-aware financial analysis, recognizing that a simplistic focus on percentage changes might not capture the underlying complexities and priorities at play. To make well-informed decisions and recommendations, the Parliament must delve deeper into the reasons behind these fluctuations, assessing how they align with the nation's changing needs and long-term development goals. This data emphasizes that financial analysis in Parliament should be more than just numbers; it should also incorporate a comprehensive understanding of the

socioeconomic and geopolitical landscape to make sound fiscal policies and budget decisions.

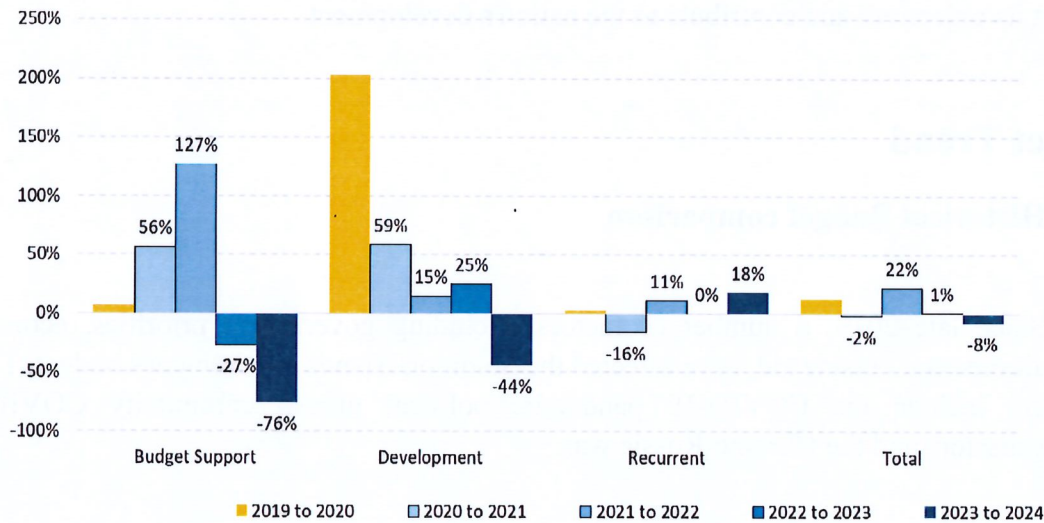


Figure 8: Year to Year % Change in Expenditure by Category (2019 to 2024)

b) Revenue Analysis

Budget Revenue

2.52 The government expects to receive funding from donor budget support as well as from non-tax revenue, taxes, customs, and excise collection on a domestic level. The total revenue estimates for 2024 are projected to be \$3,447.3 million.

2.53 This is made up of \$135.3 million in budget support from the donor partners and \$3,312 million in regular government revenues. A comparison graph that shows the revenue trend from 2019 to the present.

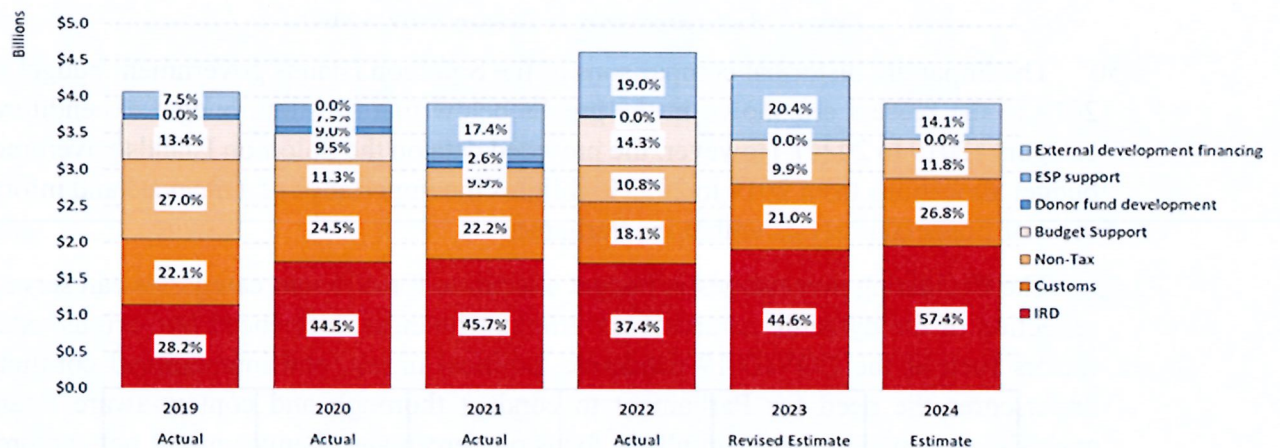


Figure 9: Year to Year % Change in Revenue (2020-2024)

2.54 A critical component of any democratic system, serving as a crucial check and balance on the government's actions, especially when it comes to budgetary matters. The government's revenue sources and projections for the year 2024, includes:

2.55 **Revenue Sources:** The government's revenue sources for the fiscal year 2024 comprise donor budget support, non-tax revenue, taxes, customs, and excise collection. These sources are vital for financing the country's operations, public services, and development projects. The 2024 budget estimates total revenue at \$3,447.3 million, with donor budget support contributing \$135.3 million and regular government revenues providing \$3,312 million.

2.56 **Comparative Analysis of Revenue Trends:** To provide a comprehensive overview of the government's financial management, a comparison of revenue trends from 2019 to the

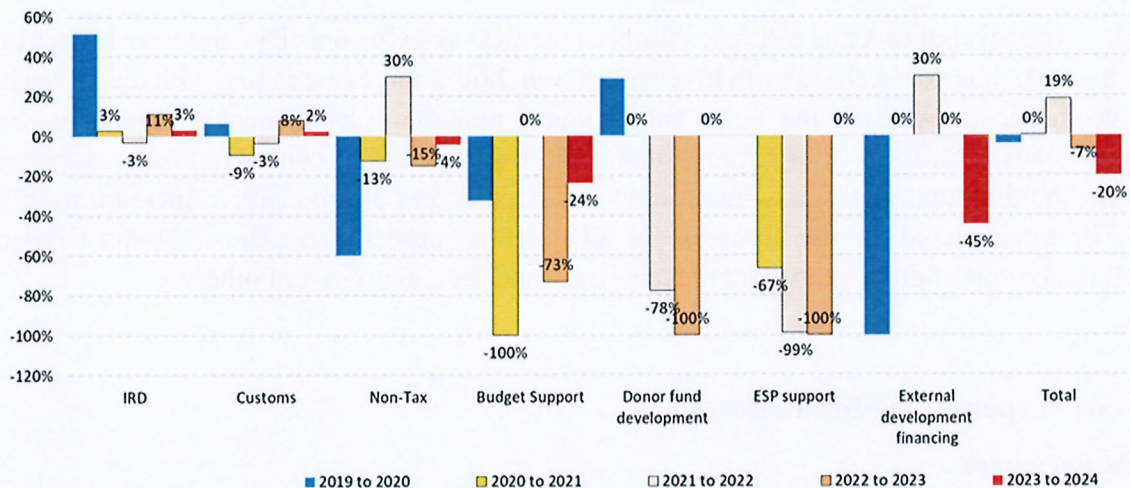


Figure 10: Year to Year % Change in Revenue by Category (2019 to 2024)

present is a valuable tool. The graph depicting these trends highlight areas of concern and potential improvements. A detailed analysis of this data to track the trajectory of revenue sources and evaluate the government's ability to meet its fiscal targets.

2.57 Over the course of the specified years, there have been notable fluctuations in revenue estimates for various categories. The revenue derived from the Inland Revenue Department (IRD) exhibited a substantial increase of 52% from 2019 to 2020, followed by modest fluctuations in subsequent years, including a notable 11% increase from 2022 to 2023.

2.58 In contrast, Customs revenue increased by 6% in 2019 to 2020 but experienced a 9% decline in the following year. However, it rebounded with an 8% increase in 2022 to 2023. Non-Tax revenue saw a significant drop of 60% in 2019 to 2020 but then gradually recovered, with a 30% increase in 2021 to 2022. Budget Support revenue exhibited a declining trend, with a 33% drop in 2019 to 2020 and a 100% decrease in 2020 to 2021, with subsequent reductions in the following years.

2.59 Donor fund development revenue increased by 29% in 2019 to 2020 but declined sharply by 78% in 2021 to 2022. ESP support revenue witnessed substantial decreases, particularly in 2020 to 2021 and 2021 to 2022, with a 99% and 100% reduction, respectively.

2.60 External development financing revenue faced a complete elimination in 2019 to 2020, followed by a 30% increase in 2021 to 2022, a steady 0% change in 2022 to 2023, and a subsequent 45% decrease in 2023 to 2024. Overall, the total revenue estimates experienced a 4% decrease from 2019 to 2020, followed by a 19% increase in 2021 to 2022, but then declined by 7% in 2022 to 2023 and a significant 20% reduction in 2023 to 2024. These

fluctuations reflect the changing fiscal landscape and economic conditions affecting different revenue sources during this time period.

2.61 Funding sources, the total domestic revenues for 2024 are expected to be sourced from the followings;

- a) Inland Revenue Division (IRD) \$1,979.3 million
- b) Customs and Excise Division \$924.5 million
- c) Other Ministries \$408.2 million

2.62 The level of revenue estimates for both the IRD and Customs Divisions are higher than in 2023. It is noted, the growth in revenues from both sources are in line with the forecasted economic growth for the year, and ongoing revenue enhancement measures in both divisions. All sources of revenue under the IRD, including company tax, personal tax, withholding tax, goods tax, stamp duty and license fees are forecast to increase in 2024. The same picture is also foreseen for all revenue sources under the Customs Division, namely import duty, export duty, excise duty and fees, charges and others.

d) Expenditure Break down

2024 Recurrent

Budget Estimates	Amounts
Recurrent	3,417,867,342

2.63 The total recurrent budget is projected to be \$3,611.7 million, with \$4,403.7 million in anticipated recurring expenditures for 2024. The ongoing projections include a \$1,568.2 million payroll budget, \$2,023.5 million for other charges, and \$20 million for contingency warrants. The budget for 2024 is expected to be extremely tight, so all government ministries will need to plan and prioritize their efforts realistically in order to achieve measurable results within the 2024 fiscal year and avoid making any commitments that could worsen the government's financial position during the year.

2.64 However, the provided budget breakdown contains several notable inconsistencies and shortcomings. Firstly, there is a fundamental exact inconsistency between the projected total recurrent budget of \$3,611.7 million and the anticipated recurring expenditures for 2024, which stand at \$4,403.7 million, resulting in a substantial budget deficit of \$792 million. This discrepancy raises concerns about the financial sustainability of the proposed budget. Moreover, the breakdown lacks clarity when it comes to the category of "**other charges**," with no detailed explanation provided. To enhance transparency, it is essential to specify the nature of these charges. Additionally, while the breakdown acknowledges the tight budget for 2024 and advises government ministries to prioritize realistically, it fails to offer concrete strategies or measures for achieving this.

2.65 It is vital to provide guidance and actionable steps for ministries to navigate the challenging financial landscape effectively. Furthermore, the purpose of the \$20 million allocated for contingency warrants remains unexplained. A clear rationale for these funds and the circumstances in which they would be used is needed to justify their inclusion. Lastly, the breakdown lacks accountability mechanisms, as it does not outline how

performance will be monitored or what consequences ministries may face for fiscal mismanagement. A well-rounded budget breakdown should include provisions for oversight and consequences to ensure responsible financial management.

The graph below shows the major trend for 2019 thus far. However, the graph compares two sets of numbers related to government spending over the years 2019 to 2024. The first set, labeled "Recurrent Expenditure (Actual/Revised Estimate)," shows the actual or revised amounts of money spent by the government during this period. The second set, labeled "Recurrent Expenditure (Original Estimate/Estimate)," represents the initial budgeted estimates for government spending. The "\$ Difference" column indicates the difference between these two sets of numbers, while the "% Difference" column shows this difference as a percentage of the initial budgeted estimate.

2.66 In 2019, the government spent 3.2 units of currency, which was 0.3 units (9%) more than initially estimated. In 2023, however, the government spent 3.3 units, which was 0.2 units (5%) less than the initial estimate. In 2024, the government is projected to spend 3.6 units, which is a substantial 3.6 units (100%) more than initially estimated. These illustration details acknowledges how the actual spending compares to the budgeted estimates over this period.



Figure 11: Estimates vs Revised Estimates - Recurrent (2019 to 2024)

2024 Development

Budget Estimates	Amounts
Development	656,750,000

2.67 The suggested initiatives in the productive sector will be financed by the government's top development priority areas for 2024.

2.68 In order to adjust to evolving circumstances and demands, the development of 2024 projected a total development expenditure of \$656.75 million. It should be mentioned that the "National

Development Strategy (2016–2035)" continues to be the main policy directive for development funding allocation.

2.69 Should inconsistencies arise in the progress of the suggested initiatives within the productive sector, it is imperative to underscore that these initiatives play a pivotal role in the government's top development priorities for 2024. With a total development expenditure of \$656.75 million projected for 2024, it is crucial to ensure alignment with the overarching framework of the "National Development Strategy (2016–2035)," which remains the primary policy guideline dictating the allocation of development funds.

2.70 To gauge the evolution of development efforts, the accompanying graph below offers a visual representation of key trends from 2019 to 2024, aiding in tracking progress and making informed adjustments as needed.

2.71 The graph below shows the key trends from 2019 to 2024.

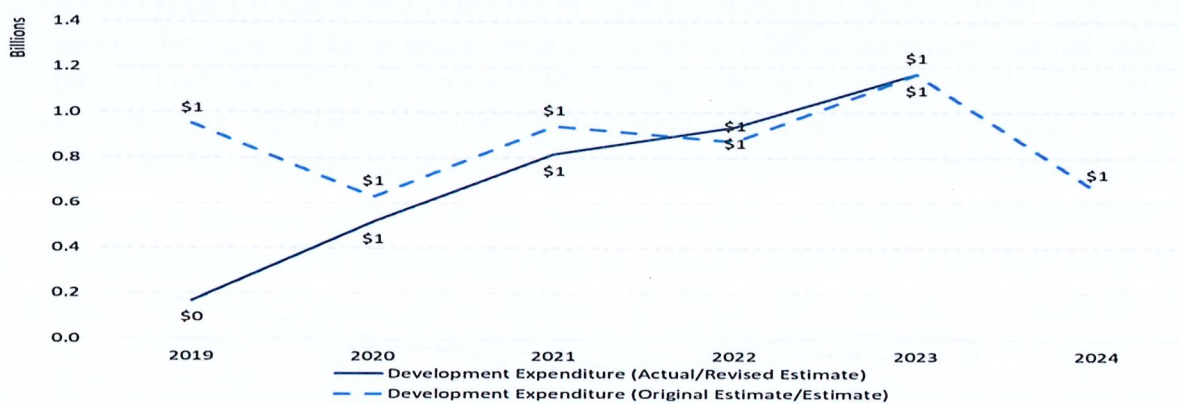


Figure 12: Estimates vs Revised Estimates - Development (2019 to 2024)

2024 Budget Support

Budget Estimates	Amounts
Budget Support	135,300,816

2.72 Budget Support is fully funded through a combination of both domestic and external budget support revenues that government will realistically secure in 2024. However, based analysis period from 2019 to 2024 shows some differences.

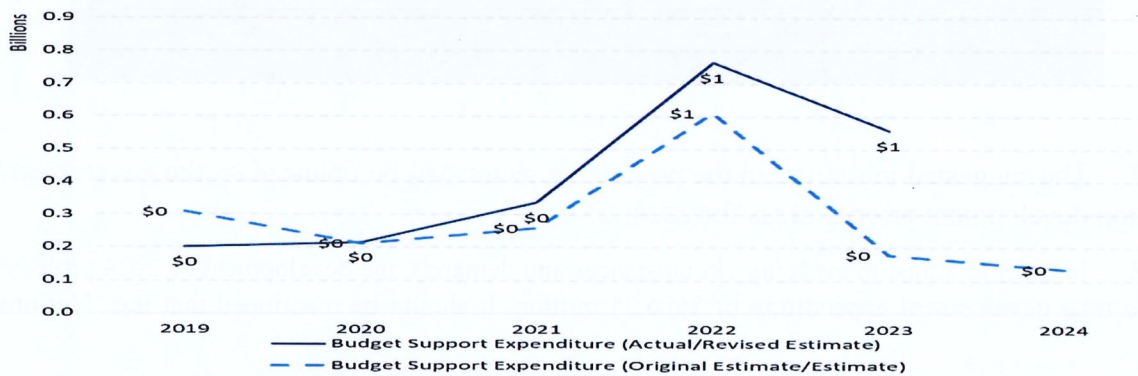


Figure 13: Estimates vs Revised Estimates -Budget Support (2019 to 2024)

- 2.73 The data on Budget Support Expenditure for the years 2019 to 2024 provides valuable insights into the budgetary changes and revisions during this period. In 2019, the Original Estimate for Budget Support Expenditure stood at \$0.3, but the Actual/Revised Estimate turned out to be \$0.2, resulting in a \$0.1 difference or a 35% decrease. The following year, in 2020, both the Original Estimate and the Actual/Revised Estimate were \$0.2, resulting in no difference, indicating that the initial estimate was accurate. 2021 saw both estimates at \$0.3, with no variation from the original projection.
- 2.74 The year 2022 witnessed a notable change. The Original Estimate was \$0.6, while the Actual/Revised Estimate turned out to be \$0.8, resulting in a \$0.2 difference or a 30% increase. The most significant budget adjustment occurred in 2023, as the Original Estimate was \$0.2, but the Actual/Revised Estimate surged to \$0.6, creating a substantial \$0.4 difference, indicating a remarkable 214% increase.
- 2.75 In summary, this data underscores the dynamics of budgeting and financial adjustments, with 2023 being a pivotal year in terms of Budget Support Expenditure, while 2024 remains uncertain due to the absence of the Actual/Revised Estimate.

Budget Risks and Contingencies

- 2.76 The economic outlook's domestic risks are a reflection of external buffers, muted investor enthusiasm, and decreased fiscal revenue as a result of the pandemic and other global shocks. Currently, unsustainable logging practices and an expansionary fiscal policy are disproportionately more important to lower economic growth. Even though COVID-19's effects on the logging industry and other service sectors appear to be temporary, they have raised the possibility that the virus will spread faster and cause more economic disruption than expected.
- 2.77 Because logging accounts for a growing portion of exports, it will therefore present a serious risk to the macroeconomic outlook of the economy over the medium term. If logging were to decline in the future, it would have a negative impact on government finances and force it to find new ways to fund expenditures, like tightening taxes on the mining industry. After the tax review is finished and put into effect, the tax system will be better suited in the medium run to encourage foreign investment and economic growth.
- 2.78 While logging is anticipated to reduce growth, other industries are anticipated to expand in the near future. In 2024, a number of initiatives, including changes to the goods tax and measures to improve public health and lower the prevalence of non-communicable diseases (like sugar taxation), will be put into effect. These initiatives are anticipated to slightly increase revenue collections. Additional 23 compliance work will also be undertaken.
- 2.79 The economic risk associated with the pandemic and the conflict between Russia and Ukraine stems from the uncertainty surrounding commodity prices. Exporters of commodities like cocoa and copra may experience a decline in revenue and exports. This might cause further slowdown in activity and push certain economies into debt crises. More generally, country- or region-specific shocks to global growth may be amplified by cross-border spill overs from tighter financial conditions and weaker external demand.

2024 Elections

- 2.80 Note that 2024 is election year, and certain government priorities will shift, potentially impeding reform efforts. Due to a little longer caretaker period, there will likely be less activity at the beginning of 2024, which could have a negative impact on growth.

Natural disasters and other extreme events

- 2.81 The Solomon Islands, like all Small Island Developing States, is highly exposed to long-term hazards associated with climate change and natural disasters. Earthquakes and other unfavorable natural weather events are a common occurrence in Pacific Island nations, and they have the potential to have a substantial impact on infrastructure and means of subsistence, as well as severely affect government finances and economic growth and development. This ongoing risk emphasizes how crucial it is to have enough cash reserves to help the nation deal with such catastrophes.

2023 Pacific Games Outstanding Arrears

- 2.82 Inadequate contract administration and planning could result in service providers submitting demands for unpaid invoices in 2024. As a result, NHA is expected to make all of its payments by 2023, with any overdue amounts to be covered by the special fund. There is also a concern that ongoing maintenance costs for the Pacific Games facilities will exceed Governments capacity to fund without additional support.

Review of 2023 Economic Performance and Forecast for 2024 by the Central Bank of Solomon Islands

State of the economy in 2023

- 2.83 Recovery in the global economy remains slow, with mixed performance seen across the different regions. Despite the growth momentum seen earlier this year, the impact of monetary policy tightening to curb inflation across the globe, the war on Ukraine, and increasing geopolitical fragmentation have in fact subjected the global economy to go into recession. As a result, growth in the global economy has been revised down 3.0% in 2023 and 2.9% in 2024. Policy makers will have to be decisive in ensuring inflation is brought down to within the required range, with fiscal consolidation expected to contain the increasing debts.
- 2.84 Domestic economy is poised for a recovery this year following three consecutive years of contraction caused by the COVID-19 pandemic. Earlier this year, the economy was showing signs of gaining stronger momentum following the recessions, which led the Bank to project the economy to grow by 2.7%. This momentum did not eventuate as expected, resulting in the Bank downgrading its growth projection to 2.4% in 2023. This downward revision considered weaker than-expected outturns in agriculture (mainly palm oil and cocoa), fishing sector (reflecting lower fish catch and considering downtime in fishing boats). The disruptions to business activities following the power rationing in the recent months also weighed on economic activities.
- 2.85 During the first three quarters of this year, domestic economic activities recorded mixed outcomes. On the commodity front, the production index rose by 11% to an index of 119. This was largely driven by the increase in round logs, copra, and exceptional growth in mining output. This outweighed the declines in fish catch, palm oil and cocoa.

- 2.86 However, growth outturns in other sectors including construction, manufacturing, energy and transportation all posted a decline over this period. Labour market conditions remained soft during the year to September with the SINPF's number of contributors showing only a minimal uptick.
- 2.87 Headline inflation eased to 3.7% in July 2023 from 9.5% recorded in December 2022. This reflected the fall in imported food and fuel prices, and the pass-through effect of fuel on the energy and transport prices during this period. As a result, core inflation eased to 4.8% in July from 8.1% in December 2022.
- 2.88 On the fiscal front, the government's fiscal deficit widened to \$386 million during the year to September 2023 compared to \$86 million deficit in the same period last year. This reflects lower revenue collection across all categories.
- 2.89 Total revenue to September was \$2,313 million, 12% below that corresponding period in 2022. This was driven by the declines in tax receipts, donor grants and non-tax revenue. Meanwhile, total government expenditure was around \$2,704 million, 1% lower than the same period last year.
- 2.90 In terms of government debt, the total central government's debt stock stood at \$2,478 million at the end September 2023, an increase of 19% from the end of December 2022. This was equivalent to 20% of GDP compared to 16% of GDP at the end of last year. This outcome reflected the increase in both external and domestic debts.
- 2.91 External debt balance surged by 33% to \$1,533 million from \$1,149 million at the end of 2022 reflecting additional debt disbursement during the year to September. Domestic debt increased by 15% to \$944 million over the period. This reflects the issuance of development bonds (worth \$80 million) and government securities (worth \$59 million) to assist the government in mitigating the lingering effects of COVID-19 on the economy.
- 2.92 Government Debt servicing during the year to September was \$197 million (\$163m for principle and \$34m for interest) compared to \$195 million during the same period in 2022 (of which \$162 million was in principal and \$33 million in interest)
- 2.93 Turning to the external sector, the country's external position improved over the first six months to June 2023, with an overall BOP surplus of \$126 million (1.9% of GDP). The favourable outcome reflected a sizeable reduction in the current account deficit which outweighed the reduced surplus in the capital and financial account. The Current Account deficit narrowed significantly to minus \$335 million (5% of GDP) from minus \$1,178 million (19% of GDP) in the preceding six months on the back of favourable outcomes in exports of goods and services.
- 2.94 Export surged during the year to September by 34% to \$2,758 million against the same period in 2022 mainly attributed to gains in mineral, logs and fish exports. Meanwhile, imports grew by 5% to \$3,276 million owing to the increase in imports of food, fuel and machineries.
- 2.95 The country's gross foreign reserves stood at \$5.6 billion at the end of September 2023. This was an increase of 3% against December 2022. This is sufficient to cover 11.4 months of imports of goods and services.
- 2.96 Monetary conditions varied during the year to September 2023 with key indicators showing mixed outcomes. Money supply fell by 5% to \$5,516 million at the end of September 2023 driven by a reduction in both narrow money (M1) and other deposits over the period.
- 2.97 On the upside, credit to private sector edged higher by 1% to \$2,655 million reflecting the pickup in lending activities in line with the recovery in economic activities. Key sectors driving the growth in lending include personal, distribution, manufacturing, agriculture and fisheries.
- 2.98 The interest rate margin narrowed to 8.51% at the end of September 2023 from 9.13% at end of 2022. This mirrored a downward movement in the average weighted lending rates to 8.91% from

9.60% at the end of December 2022. Key sectors driving this downward movement include agriculture, fisheries, manufacturing, distribution, private financial institutions and personal.

Economic outlook for 2023 prospects for 2024 and risks

- 2.99 Despite the downward revision in growth for 2023, strong pick up in the mining sector expected, higher-than-expected gains in forestry combined with positive outturns in the services sector reflecting the spill-over benefits from the preparations for the Pacific Games are anticipated to drive economic recovery.
- 2.100 \$165 million from World Bank and ADB for water and sanitation, road, and sewage projects in preparation for the Pacific Games, and a \$120 million loan from PRC (Exim Loan) towards the communication sector.
- 2.101 Latest BOP data were up to June 2023, except for trade in goods which was up to September.
- 2.102 In 2024, growth is projected to moderate at around 2.1% as the economy is expected to gradually return to its pre-pandemic levels and recuperate to its potential capacity. However, downside risks to these forecasts remain, as uncertainties remain high.
- 2.103 Turning to inflation, CBSI expects inflation to decline further in 2023 following the fall in food and fuel prices from the peak levels in the second half of 2022. Headline inflation is projected to fall to 1.3% in December 2023, lower than the 3% initially projected in March. Core inflation is forecasted to decline to 2.6% at the end of the year.
- 2.104 In 2024, inflation is projected to be normalized between 2% and 3%, however, the medium-term outlook is highly uncertain considering the external risks and domestic supply-side factors associated with the impacts of climate change.
- 2.105 On the external sector, the outlook is favourable with the current account deficit anticipating to narrow in 2023 with the expected expansion in mining and forestry sectors, and the growth in trade in services. However, the capital and financial account surplus is projected to diminish due to the decline in capital and construction related FDI inflows as majority of the infrastructure related to PGs have completed. Consequently, the gross foreign reserves are forecasted to moderately decline though remaining at sufficient levels to cover imports. In 2024, the Current Account deficit is projected to reduce further reflecting improvements in the trade in goods and services.
- 2.106 On the fiscal front, based on the numbers provided by the Budget Unit, total government revenue estimate for 2024 budget is \$3,447 million. This includes SIG revenue estimate of \$3,312 million and \$135 million from donor budget support. The total consolidated expenditure estimate is \$4,403 million comprising of SIG funded expenditure of \$4,268 million. The total recurrent expenditure budget is \$3,611 million, of which \$1,568 million is budgeted for payroll and \$2,023 is for other charges, including a Contingency warrant provision of \$20 million.
- 2.107 The Development budget envelop is \$792 million, of which \$657 million would be funded by SIG and \$135 million is donor funded development budget. Based on the current revenue and expenditure estimates and without any fiscal consolidation, an annual financing gap of \$956 million will need financing.
- 2.108 The government has a planned budget deficit of \$956 million (4% of GDP) in 2024. A total of \$487 million is expected to be secured from development financing from external and domestic borrowings to finance the SIG development budget shortfall whilst donor support will be needed to

fill an expected financing gap of \$469 million (around 2% of GDP). This underscores the need for important policy trade-offs to keep fiscal sustainability in place.

- 2.109 Fiscal risks have increased amid current low cash reserves, weak revenue collections and heightened expenditure leading to erosion of fiscal buffers, widening fiscal deficit and a rapid increase in government borrowing. It is therefore imperative that the government have in place counter-cyclical policies and expenditure reducing and expenditure switching policies to target the new growth areas and put in place fiscal sustainability policies to rebuild its buffers.

Committee Discussions

- 2.110 The Committee¹ queried whether country's debt burden and sustainability were within accepted thresholds and at what point would the Governor be concerned. The Governor responded by saying the government debt sustainability threshold is 35% of GDP as per IMF² and as was calculated by CBSI. If the Government continues to have more debt closer to the threshold than it would create a serious situation, however in the case where the debt level goes over the threshold mark, the economy will be considered at distressed levels. It was advisable to use debt on productive activities which generate income.
- 2.111 The Committee queried whether CBSI could undertake an analysis on impact of debt on the economy. The CBSI in response to the Committee query has provided an analysis on the Government's debt noting that the total government debt at the end of October 2023 was \$2,620.4 million (20% of GDP). Adding the CBSI bond of \$140 million, the total government debt now stands at \$2,760.3 million (21% of GDP).
- 2.112 To gauge the country's debt sustainability over the short-to-medium term, the CBSI considered an alternate scenario (scenario 1) where the loan amount for ten (10) government projects which have been partly disbursed are assumed to be fully disbursed. This would increase the total debt level to \$4,289.9 million, equivalent to 32.7% of GDP. Under this scenario, the debt-to-GDP ratio would nearly reach the threshold of 35%.
- 2.113 Scenario 1 does not consider the projected loans for Tina Hydro. However, if we consider the proposed loan of US\$155 million for Tina Hydro (scenario 2), the debt-to-GDP ratio is expected to exceed the 35% of GDP threshold to 42.7% of GDP.
- 2.114 The Committee noted the Governor's comments in his opening remarks regarding the need for further investment in the agriculture sector and more specifically in the coconut and cocoa sectors which directly affect household incomes however the current budget does not cater for this.
- 2.115 The Committee queried whether the CBSI can calculate the capacity for growth in coconut and cocoa and the level of investment needed in the agriculture sector including for cocoa and copra to achieve this growth.
- 2.116 The Governor affirmed this can be done and subsequently provided the data requested.

¹ The Committee referred to as the Public Accounts Committee

² IMF referred to as the International Monetary Fund

- 2.117 Cocoa and coconut remain the two most important cash crops that majority of the rural population rely on for household income and their livelihood. The exports of cocoa and coconut during the year to September 2023 was \$102 million, lower than the \$111 million in the same period in 2022. This accounts for around 1.3% of GDP. The value of subsistence production and consumption of cocoa and coconut as a share of GDP is estimated at 6%.
- 2.118 The Governor further referred to the Ministry of Agriculture who should have analysts in their offices who could do the calculations on the two crops and the impacts on the economy can be done via the Economic Reform Unit³ on the Ministry of Finance.
- 2.119 The Governor stated that as long as the demand globally for chocolate is there, cocoa will always be a commodity to be exported. Currently five to six thousand tons of cocoa are exported per annum, he suggested to double or triple the amount and it will have an impact in the growth of our economy which will contribute to the livelihood of our people.
- 2.120 The Committee queried what the impact of the power shedding was on the economy and expected period to recover. The Committee further queried if any impact on employment following the significant amount of construction activity in country. The Committee is concerned that the continued practice of using the NPF data as a proxy for employment is flawed as casuals or anyone who does not register as an NPF member will not be captured.
- 2.121 The Governor agreed with the Committee stating that the National Statistics Office or Ministry of Commerce should develop proper data for employment as this is also an important indicator for demand analysis.
- 2.122 The Committee would like to know the impact of power load shedding of Solomon Power on GDP and whether the economy has recovered?
- 2.123 The CBSI on accepting this question on notice has subsequently provided an analysis noting the impact of power loading occurs mostly in Q3 2023. On average, the quarterly sales of electricity hovered around 20,100 KWH mark prior to the power supply disruptions. In Q3 2023, total electricity sold was 17,968 KWH, 10% below the quarterly average, and the lowest record seen in the past three years. CBSI estimated a preliminary real GDP loss of \$22 million which is reflected in the downward revision of the projected growth in 2023 to 2.4% from its initial forecast of 2.7%
- 2.124 The power load shedding impacted Honiara only and has minimal or no impact on other sectors of the economy such as tuna, round logs, copra, and cocoa where activities dominate outside Honiara. The manufacturing activities which cantered in Honiara has shown slower outturns in Q3 2023, however, it combined the impact of power load shedding and other factors such as domestic demand.

³ Economic Reform Unit(ERU) is a unit under the Ministry of Finance and Treasury (MOFT)

- 2.125 The Committee wanted to know how much the exceptional growth in mining is in terms of GDP and potential revenue to the government.
- 2.126 The Governor noted that the Mining industry in the past did have a huge impact to the economy back in 1999. The current mining company had started minimal exports in 2022 for Gold only which has picked up in 2023. CBSI estimate that in 2024 or 2025 the mining exports should reached the same level as the logs in terms of foreign exchange. The main issue in that sector is that its governance needs to be strong. The Governor, also suggest that the government should consider a sovereign wealth fund using proceeds from mining and fishing to build buffers and avoid what is happening to the forestry sector.
- 2.127 The Committee queried if the increase of gold to the level of GDP in 2023 can be quantified. The CBSI has subsequently provided the analysis on gold exports noting that the minerals exports YTD September in 2023 was \$771 million which is equivalent to 53,854 ounces in production. CBSI forecasted total production in 2023 at 70,000 ounces with exports estimated at \$980 million. Considering the higher intermediate input costs in the mining sector, the real value added to GDP in 2023 is forecasted at \$151 million, a notable increase from the estimate of \$25 million in 2022.
- 2.128 The Committee raised a concern on the Nickel mining, where the price set for nickel locally is much lower than the prices that are published on the indices overseas. The Committee queried who is responsible for setting the prices for nickel?
- 2.129 The Governor, says that there is not an export of nickel since, only prospecting, perhaps next year or the following there will be exports on nickel. The Committee is worried that nickel transfer prices and no duty charged to the minerals shipped overseas will be lost again. The governor, says the ministry of finance is coming up with some regulations to charge duty on nickel exports.
- 2.130 The Committee would also like to know the case about round logs, whether it is still increasing or decreasing in 2023 and projections in 2024. CBSI⁴ says that logging is a sunset industry and it will reduce over time, however exports on round logs started to pick up in 2023, which raises questions about the sustainable logging harvesting policy.
- 2.131 The Committee comments on huge revenue that is being forfeited by the Ministry of Finance through the exemptions of materials for constructions sector and other areas. The country is in dire need to pay its debts but the continuation of allowing exemptions to companies makes this difficult.
- 2.132 The Committee queried if CBSI is noticing any impact on the revitalizing of Commodities Export Markets Authority (CEMA). The Governor says that the revitalization on CEMA with the program from the government has stopped at some point with some provinces still waiting for their buying centres to be built. Currently household are themselves struggling to take their products from the provinces to town to be sold.

⁴ CBSI is referred to as the Central Bank of Solomon Islands

- 2.133 The Committee is concerned that the country's economy is always affected by the wars globally, the committee suggested that we should start planting this crops in preparations for the calamities that will have an impact in the economy in the future.
- 2.134 The Governor in his reply said that the world is interdependent and we are always affected by the shocks of what is happening outside us because we depend on the outside, he agrees with the Committee and suggest it is high time that we look after ourselves and the government should come up with some import substitution policies so that we can come up with our own products and create a market that is sustainable for us. This would be part of food security when we are facing climate change.
- 2.135 The Committee is concerned on the borrowing plans for government which are seen in 2023 budget for SIG, with the development bonds in the domestic market the appetite for government stock does not match the appetite for borrowing. At what capacity the borrowing plans for SIG in 2024, and the market would meet the borrowing plans for SIG
- 2.136 The Governor in his reply says, that domestic securities market with the support from WB⁵ or IMF, have done studies on how to make market work. How to attract more participant in the market. In terms of domestic market, we all know that our market is too shallow, there are only limited players around and limits based on their risk appetite.
- 2.137 The Committee noted that during the recent CBSI Act amendment a recommendation was made to ensure that CBSI policy advices must be considered.

⁵ WB referred to as the World Bank

Chapter 3 - Committee Deliberations

The Committee deliberations covers the 2024 Appropriation Bill 2023 (No.15 of 2023) and other relevant accompanying documents.

Overview of 2024 Budget

3.1 The 2024 Appropriation Bill 2023 (No.15 of 2023) is required to appropriate monies for the services of the Government in 2023.

3.2 The amounts to be appropriated are as follows:

EXPENDITURES	AMOUNT (\$)
RECURRENT EXPENDITURE	3,417,867,342
BUDGET SUPPORT EXPENDITURE	135,300,816
DEVELOPMENT EXPENDITURE	656,750,000
TOTAL APPROPRIATED EXPENDITURES	4,209,918,158

TOTAL APPROPRIATION FUNDING \$4,209,918,158

NOTE: In addition to the amount authorised by this Act, a further \$173,790,351 is forecast to be expended through statutory charges on the Consolidated Fund, including \$138,097,517 to be expended on National Debt Repayments. These Statutory Appropriations are explained in the Financial Policy Objective and Strategies Statement (Budget Paper 1) and the Recurrent Estimates Document (Budget Paper 2) and are appropriated by existing legislation or the Constitution.

GOVERNMENT BORROWING LIMITS

Column 1 Total borrowing limits	Column 2 Permitted purposes	Column 3 Sources
Face value of Treasury Bills on issues at the end of 2024 must not exceed the face value of Treasury Bills on issues at the beginning of 2024 by more than \$200,000,000	Purposes specified in section 71(4) of the <i>Public Financial Management Act 2013</i> (exceptional circumstances such as a major economic shock or natural disaster)	Treasury Bills issued under <i>Government Loans and Securities Act</i> (Cap. 119)

\$558,000,000	Purpose specified in section 71(3) <i>Public Financial Management Act 2013</i> (specifically \$558,000,000 for higher priority infrastructure and development initiatives)	Multilateral or bilateral development partners, domestic financial institutions
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SCHEDULE 1

(Section 3 & 7)

PART 1 – RECURRENT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
01	Solomon Islands Electoral Commission	77,599,113
02	Office of the Ombudsman	4,807,927
03	Ministry of Agriculture and Livestock Development	31,626,521
04	Office of the Auditor-General	9,910,818
05	Ministry of Education and Human Resources Development	1,113,310,256
06	Ministry of Finance and Treasury	261,590,622
07	Ministry of Foreign Affairs and External Trade	57,757,697
08	Office of the Governor-General	10,554,141
09	Ministry of Health and Medical Services	530,529,342
10	Ministry of Infrastructure Development	55,778,237
12	National Parliament of Solomon Islands	125,584,615
13	Ministry of Forestry and Research	24,431,446
14	Office of the Prime Minister and Cabinet	91,802,367
16	Ministry of Police, National Security and Correctional Services	346,682,431
17	Ministry of Provincial Government and Institutional Strengthening	148,612,162
18	Ministry of Lands, Housing and Survey	19,674,381
19	Ministry of National Planning and Development Coordination	6,659,857
20	Ministry of Culture and Tourism	26,499,802
21	Ministry of Commerce, Industries, Labour and Immigration	50,322,135
22	Ministry of Communication and Aviation	37,134,052
23	Ministry of Fisheries and Marine Resources	26,566,213
24	Ministry of Public Service	29,761,326
25	Ministry of Justice and Legal Affairs	54,658,805
26	Ministry of Home Affairs	57,104,312
27	Ministry of Traditional Governance, Peace and Ecclesiastical Affairs	28,885,047
28	Ministry of Mines, Energy and Rural Electrification	16,675,987
29	National Judiciary	30,986,345
30	Ministry of Women, Youth, Children and Family Affairs	12,501,745
31	Ministry of Rural Development	92,862,613
32	Ministry of Environment, Climate Change, Disaster Management and Meteorology	36,987,027

TOTAL RECURRENT ESTIMATES

3,417,867,342

PART 2 – BUDGET SUPPORT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
01	Solomon Islands Electoral Office	27,047,887
03	Ministry of Agriculture and Livestock Development	1,727,000
05	Ministry of Education and Human Resources Development	36,834,852
06	Ministry of Finance and Treasury	40,597,286
09	Ministry of Health and Medical Services	15,302,362
20	Ministry of Culture and Tourism	5,774,586
23	Ministry of Fisheries and Marine Resources	7,641,943
26	Ministry of Home Affairs	374,900
TOTAL BUDGET SUPPORT ESTIMATES		135,300,816

PART 3 - DEVELOPMENT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
03	Ministry of Agriculture and Livestock Development	30,000,000
05	Ministry of Education and Human Resources Development	66,900,000
06	Ministry of Finance and Treasury	39,000,000
09	Ministry of Health and Medical Services	40,000,000
10	Ministry of Infrastructure Development	100,200,000
12	National Parliament of Solomon Islands	2,150,000
13	Ministry of Forestry and Research	10,636,000
14	Office of the Prime Minister and Cabinet	9,450,000
16	Ministry of Police, National Security and Correctional Services	21,630,000
17	Ministry of Provincial Government and Institutional Strengthening	30,000,000
18	Ministry of Lands, Housing and Survey	10,000,000
19	Ministry of National Planning and Development Coordination	8,983,230
20	Ministry of Culture and Tourism	10,000,000
21	Ministry of Commerce, Industries, Labour and Immigration	48,963,770
22	Ministry of Communication and Aviation	30,357,000
23	Ministry of Fisheries and Marine Resources	15,000,000
25	Ministry of Justice and Legal Affairs	3,000,000
26	Ministry of Home Affairs	12,000,000
27	Ministry of Traditional Governance, Peace and Ecclesiastical Affairs	2,500,000
28	Ministry of Mines, Energy and Rural Electrification	28,160,000
29	National Judiciary	5,000,000
30	Ministry of Women, Youth and Family Affairs	3,000,000
31	Ministry of Rural Development	120,000,000
32	Ministry of Environment, Climate Change, Disaster Management and Meteorology	9,820,000
TOTAL DEVELOPMENT ESTIMATES		656,750,000

Chapter 4 - Issues of Concern

01 Solomon Islands Electoral Office

Mission Statement

4.1 To provide Solomon Islands citizens with high quality, accessible, professional electoral services through the conduct of impartial and independent elections.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	4,519,459	204,508,860	60,464,662	77,991,853
Payroll Charges	0	2,155,879	2,155,879	2,907,538
Salaries	0	2,155,879	2,155,879	2,907,538
Other Charges	4,519,459	202,352,981	58,308,783	75,084,315
NETT TOTAL	(4,519,459)	(204,508,860)	(60,464,662)	(77,991,853)

Budget support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	109,829,764	27,047,887
EXPENDITURE TOTAL	0	0	109,829,764	27,047,887
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	0	0	109,829,764	27,047,887
NETT TOTAL	0	0	0	0

Issues of Concern

Matters raised by the Committee includes the following:

- 3.1 The Commission provided an update of the 2024 budget paying particular attention to major movements in the 2024 budget as follows:
- 3.2 There were significant increases under head 21302, Overtime – from \$26,182.00 in 2023 to \$850,429. The increase is to cater for the Electoral Office staff overtime and other seconded staff from other Ministries (remuneration) who will be engaged to strengthen the electoral office manpower in the preparation for the conduct of the simultaneous National general elections in 2024 and any other by elections, the increase is a one-off cost purposely for Election year only.
- 3.3 Another significant increase is for head 22105 – Consultancy fees - from \$410,000 in the 2023 recurrent budget to \$3,545,532. These relate to firstly, the implementation of the Electoral Reform Strategy Framework (2019-2023), which for the most part, describes the Electoral Reforms. Work is continuing with respect to legislative reforms. The second area where consultancy costs are expected to be incurred relate to the need to institutionalise financial management tools by designing and developing an Election Financial Management System (Computerised system) that will help to address identified weaknesses in the internal control system as well address several compliance issues in imprest retirements and ensure transparency and accountability in expenditures.
- 3.4 The Commission noted that ninety-five percent (95%) of Other Charges budget were provided for the two major events (Voter Registration and Elections). The office also focuses on building staff and systems capacity with focus on internal controls and systems as well as securing the integrity of the office through effective and efficient delivery of its functions and duties. To accommodate this strategy, the Voter Registration head 22809 was reduced by fourteen percent (14% - \$ 3,854,190), to cater for the necessary increases to various heads in the baseline.
- 3.5 The allocation of \$27,724,468 to Registration of Voters head 22809 is sufficient for the establishment of provincial offices in the 9 provinces for the continuous registration of voters in all the provinces, and other related activities.
- 3.6 **2024 National General elections** - Election head 22806 was allocated with the total sum of \$40 million. This was the government component for the conduct of the simultaneous national general elections. The total cost for the simultaneous national general elections was revised to \$130 million which is an increase of 34% from the original budget estimate of \$96.5m. The revised amount is necessary to cater for the unexpected increase in the number of data collected during the recent voter registration update and other factors such as price increase of goods and services globally.
- 3.7 **Budgetary support** - In relation to budget support the Commission set out the assistance received from donor partners. These include an allocation of AUD5million which is equivalent to SBD\$27,047,887 to be funded by the Australian government under its budgetary support for elections in 2024. In the 2023 budgetary support for elections Australian government also allocated \$54,858,290 for election preparatory activities in 2023.
- 3.8 That brings the total budget support provided by the Australian government for the conduct of elections to \$81,906,177. Australian Government also supported national biometric voter

registration (BVR) update under the 2023 budget support which is currently underway with the total amount of \$54,971,474.00. In summary the total support provided by the Australian government for the BVR update and the conduct of simultaneous elections to \$136,877,651.00 which is equivalent to AUD\$25m.

- 3.9 There is also budgetary support from the New Zealand government direct to Electoral office for the national elections which total up to NZ\$7m which is equivalent to SBD\$35 million.
- 3.10 Other donor partners also indicated budget support but are yet to formalise arrangements with SIEC. The SIG component is \$40million so total budget of \$102,047,887.00.
- 3.11 The Commission indicated that with the budget 2024 it is confident it will deliver a successful 2024 simultaneous elections.
- 3.12 The Committee queried whether the cross-border voters and recent voter registration process was under control? The Commission noted that their original estimates was for 60,000 cross border registration however the actual figure was closer to 140,000 people. The final list however is subject to the objection process which will commence now.
- 3.13 The Committee then queried if the Commission is looking at updating its policy of requiring voters to travel back to their home island to register given the significant costs. The Commission agreed stating that it is their intention to put a SIEC office in each province and to allow registration as a continuous process so voters can update their records at any time prior to the next elections and reduce overall cost burden. S41 and S42 of the Act still need to be complied with and will always have some costs incurred. For 2024 elections there will not be any out of constituency voting. The focus is on this simultaneous election in 2024 subject to relevant legislation reform.
- 3.14 The Committee further queried what legislative reforms are planned? The Commission stated that the Provincial Government and HCC electoral bill to give powers to SIEC for Provincial and HCC elections too is coming as well as changes to nine sections of the Electoral Act also expected. These bills with Attorney General's Chambers and the electoral act changes are almost complete and will need to go to Cabinet first. These amendments together are critical for 2023.

Recommendation:

The Committee noted the Commission's planned legislative reforms were left to the last minute. The Committee recommends that SIEC complete all proposed reforms as one package and send these through to Parliament for their processing before 1st December 2023.

- 3.15 The Committee then queried how SIEC intends to conduct the simultaneous elections. Committee members stressed the need for simplicity and clarity in voting processes to avoid confusion. They also noted that Western and Choiseul provinces will not be included in the simultaneous elections so interested in understanding the commissions planned approach.
- 3.16 The Commission agreed with the Committee's observations stating that the new bill will extend period for Western and Choiseul provinces to 2028. In terms of the voting process all other provinces will have two ballot boxes in all polling stations, one for provincial and one for national elections. Each will have two different coloured boxes. Plans are to have a total of 192 ballot papers also printed which will also be colour coded to align with the boxes. As the boxes are out in the open the staff can also assist.

Recommendation:

The Committee is concerned that given the simultaneous elections is a new system there will be a need for clear, simple instructions and orderly arrangements to minimise voter confusion. The Committee recommends that a process be designed to ensure that the national election voting and the provincial election voting is clearly separated to avoid voter confusion.

- 3.17 The Committee suggested that a possible solution is to ensure national votes are done first before the provincial voting is undertaken. The Commission pointed out that colour coding out in the open will allow their staff to assist also.
- 3.18 The Committee queried the objection process. The Commission stated that on 5th December public hearings will open. All electoral lists currently going around to provincial registration centres now. Only two outer islands (Tikopia and MOI) will have their lists and objection process run concurrently due to transport difficulties. Ideally any objections should be defended in person back in the relevant constituency however there is provisions for a representative if certain conditions are met. Lists will go back to same places as where registration took place around the country. These will likely also be the polling stations. The locations are based on number of people with a maximum of 600 persons per station. Some areas can have less than 600 is ok but aim is to not have more.
- 3.19 The Committee noted an example in one constituency where over 1000 voters with three polling stations allocated however the polling booths are set up based on surnames which means in some cases same families are being split up and travel separately. This is a concern as older people in some cases will be having to travel too far means that voters who want to vote cannot vote due to this process.
- 3.20 The Committee noted the Commissions polling strategy and raised concerns of some voters not being able to vote in past elections. The Committee recommended that polling stations be set up based on voter numbers from surrounding vicinity of each polling station and permit voters from same area to vote at the nearest polling station.
- 3.21 The Commission stated they depend on provincial feedback from returning officers but will take note of this. The selection of officers will commence soon including polling officials with no automatic selection even if you have previous experience.
- 3.22 The Committee queried what happens if an objection is successful, is the voter no longer able to vote. The Commission responded that if an objection is successful then it implies that an illegal choice was made and the voter will be excluded from the upcoming election. The voter however can reapply for the following election.
- 3.23 The Committee asked again for the Commission to confirm that they have sufficient budget to which the Commission affirmed stating further that their goal is to get between 6000 to 9000 staff including seconded public servants. In relation to counting stations these need to be at provincial centres or areas where security can be confirmed with Police.
- 3.24 The Committee enquired if counting can be faster and whether serial numbers are included on the ballot papers.
- 3.25 The Commission pointed out that generally votes are counted within three days and for smaller stations within a day. Whilst counters are just for the counting period, some officers like the

electoral officer's work throughout the whole elections. In relation to serial numbers the Commission stated that this is not on the ballot paper however it is on the foil. This is in line with the legislation as there is no need to prove if person voted rather charges relate to bribery or inducement. These foils then allow accounting checks for completeness which will prevent any possibility for additional papers coming into the polling station. Printing of these ballot papers is also expected to take place out of country, likely in Australia. The Commission also encourages candidates to have their own agents in the counting system who are paid for by each of the candidates. Security measures means fixed number of ballot paper to each station.

Update on submissions requested by PAC

3.26 The SIEO did not provide their annual work plan 2024 or their procurement plan 2024.

02 Office of the Ombudsman

Vision Statement

To promote fair, transparent, and accountable public administration that benefits the people of the Solomon Islands.

Mission Statement

3.27 The Office of the Ombudsman's mission is to protect the interest of the Solomon Islands community by: assisting people to resolve complaints about government bodies; independently investigating and reporting on the actions and practices of government bodies; and fostering accountable, lawful, transparent and responsive administration in public offices.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	1,881,446	5,262,408	5,262,408	5,356,151
Payroll Charges	0	2,349,304	2,349,304	2,443,047
Salaries	0	2,349,304	2,349,304	2,443,047
Other Charges	1,881,446	2,913,104	2,913,104	2,913,104
NETT TOTAL	(1,881,446)	(5,262,408)	(5,262,408)	(5,356,151)

Issues of Concern

Matters raised by the Committee includes the following:

3.28 The Office of the Ombudsman provided a written report to the Committee.

Update on submissions requested by PAC

The Office did not provide their annual work plan 2024 or their procurement plan 2024.

Ministry of Agriculture and Livestock Development

3.29 The Office did not provide their annual work plan 2024 or their procurement plan 2024.

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.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	5,813,222	13,968,515	13,968,515	13,290,465
EXPENDITURE TOTAL	13,335,864	33,294,294	33,294,294	34,137,233
Payroll Charges	0	15,886,388	15,886,388	16,732,326
Salaries	0	15,886,388	15,886,388	16,732,326
Other Charges	13,335,864	17,407,906	17,407,906	17,404,907
NETT TOTAL	(7,522,642)	(19,325,779)	(19,325,779)	(20,846,768)

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF THE REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
<u>MINISTRY SUMMARY</u>				
INCOME TOTAL	0	3,258,500	3,258,500	1,727,000
EXPENDITURE TOTAL	1,292,391	3,258,500	3,258,500	1,727,000
Payroll Charges	0	617,000	617,000	500,000
Salaries	0	617,000	617,000	500,000
Other Charges	1,292,391	2,641,500	2,641,500	1,227,000
NETT TOTAL	(1,292,391)	0	0	0

Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	9,606,297	30,000,000	33,050,000	30,000,000
SIG FUNDING COMPONENT	9,606,297	30,000,000	33,050,000	30,000,000

Issues of Concern

Matters raised by the Committee includes the following:

3.30 The Ministry noted that the appropriation bill stated that recurrent budget was \$32 million, not the actual \$34 million. The difference is statutory expenses.

3.31 **Sufficiency of investment** - The Committee has been worried for some time that the Ministry has not been receiving the level of investment required. The Committee were concerned to hear that productivity of the country has decreased but pleased to hear that the Ministry is working on strategies to slowly but robustly change this.

Recommendation:

The Committee recommended that in the next budget the Ministry of Agriculture and Livestock Development put forward a bid for significant increase in the levels of investment in targeted crops with growth potential to strengthen the economy.

3.32 The Ministry noted that its approach to the new Farmer Profile would help the country shift to exponential growth. The Ministry then explained what it meant by that: as people see the success of an activity, others will join them. The Ministry was however cautious that having lots of funds can sometimes be a challenge as it can hide areas of inefficiency and non-production. The Ministry noted that the profile of farmers in the country was now older with the average age of 53 and this needed to be brought down.

3.33 At the same time the Ministry wants to ensure that the country is focusing on the right products for export. They explained that the world market is low price and competitive. So there is a need to re-educate markets and this may require going beyond our traditional three Cs (cattle, coconut and cocoa) and expand into other incomes whilst still working on food security.

3.34 The Ministry noted that they have been liaising with the Ministry of Finance and Treasury to draw on funding whilst some of the infrastructure projects for the country are in design stage to then return the funds when the construction commences.

3.35 The Committee asked the Ministry to further explain the new plan they mentioned given one had only been developed last year. The Ministry noted that the plan is intended to draw links together from plans in a complementary manner. The Committee recommended that they consult widely and then develop a long-term plan for the country.

3.36 The Committee asked how the Ministry was engaging with others who are operating in the same space for example CEMA and DBSI. The Ministry acknowledged the benefits of this along with

CBSI who also have a small loans scheme. The Ministry also noted they work with the Ministry of Forestry and Research to research common themes for example fruit tree planning.

- 3.37 **Food security** - The Committee asked how the Ministry was progressing food security. The Committee recommended working with communities to provide guidance on how you plant in different conditions and improve food security. The Ministry noted however that a lot of training is delivered and this isn't always leading to any production. They noted the importance of investing in those who are producing and are called to the industry. The Ministry are also balancing the need for families to secure food for living and the need to grow food for export and trade.
- 3.38 The Committee noted the Ministry's approach to focus on low productivity but also enquired about large scale production. They noted for example practices where legislation supported the requirement for activity to occur and if it didn't, they would forfeit their right to the land.
- 3.39 **Farms** - The Committee asked for an update on a plan for a farm in Malaita. The Ministry noted that they have research stations and training centres but the annual budget allocation made it difficult to maintain more. The new strategy is to build these things through private public partnership.
- 3.40 **Biosecurity** - The Committee asked about biosecurity risks. The Ministry noted that these beetles were here now and that it was important to continue maintenance against them to keep the population of the beetles low. It required regular effort to remove affected and old trees and with the existing farmer profile this was difficult.
- 3.41 **Large-scale farming options** - The Committee asked the Ministry to comment on the approach to large scale farming versus small scale. The Ministry noted that at the moment there was very few large-scale farmers. The Ministry was more focused on building the mid-level private sector. They felt that it was important to enable smaller operators to work collectively. They noted schemes such as credit unions, savings club, public private partnerships, to enable private sector support. The Ministry noted that large scale activity had a number of challenges, particularly land disputes which could get in the way.
- 3.42 The Committee asked about plans for a slaughter house in Malaita. The Ministry noted that it was working to build the industry starting with breeding units. The Ministry's focus initially is on the domestic market from which it would then look to build for the export market.
- 3.43 **Pacific Games** – the Committee asked whether the Ministry was confident it would be able to deliver on its responsibilities in relation to the Games. The Ministry noted that they were well prepared but like the Committee they were concerned that all market stalls were being removed.

Recommendation:

The Committee were concerned about the removal of all market stalls for the upcoming games and recommended that licenced market stalls supplying food (except for betelnut) should not be removed as this is essential to provide local food sources to communities and visitors.

Update on Committee recommendations

- 3.44 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

04 Office of the Auditor General

Mission Statement

As a centre of excellence, we enhance the strengthening of public sector accountability, transparency and integrity to the people of Solomon Islands through professional independent audit services and reports to our elected legislatures.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	2,587,663	10,284,073	10,284,073	10,768,818
Payroll Charges	0	3,695,467	3,695,467	4,180,212
Salaries	0	3,695,467	3,695,467	4,180,212
Other Charges	2,587,663	6,588,606	6,588,606	6,588,606
NETT TOTAL	(2,587,663)	(10,284,073)	(10,284,073)	(10,768,818)

Issues of Concern

Matters raised by the Committee includes the following:

3.45 The Office of the Auditor General provided a written report to the Committee. The Auditor General advised that in August 2023 he has submitted a cabinet paper through the Ministry of Finance and Treasury on the proposed Auditor General Bill. To date there has not been any further development. The new legislation remains a critical step for the independence and sustainability of the Office of the Auditor General.

Update on submissions requested by PAC

All submissions requested were provided.

05 Ministry of Education and Human Resources Development

Mission Statement

To promote, develop and facilitate Education and Human Resources needs of the country within the framework of the government policies and priorities, as reflected in the Policy Statement (2019) of the Democratic Coalition Government for Change (DCGA), the National Development Strategy, 2016 - 2035, the National Education Action Plan (NEAP) 2021 - 2025 (finalised by June 2021) as well as the longer term Education Strategic Framework (ESF), 2016 – 2030.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	68,240	11,760,858	11,760,858	201,819
EXPENDITURE TOTAL	409,961,424	1,085,074,003	1,108,646,424	1,113,310,256
Payroll Charges	887,682	575,572,412	576,460,094	602,188,271
Salaries	887,682	575,572,412	576,460,094	602,188,271
Other Charges	409,073,742	509,501,591	532,186,330	511,121,985
NETT TOTAL	(409,893,184)	(1,073,313,145)	(1,096,885,566)	(1,113,108,437)

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	96,370,825	0	97,788,686	36,834,852
EXPENDITURE TOTAL	96,110,825	0	115,086,021	36,834,852
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	96,370,825	0	115,346,021	36,834,852
NETT TOTAL	260,000	0	(17,297,335)	0

Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES

EXPENDITURE TOTAL	22,479,510	66,900,000	74,900,000	66,900,000
SIG FUNDING COMPONENT	22,479,510	66,900,000	74,900,000	66,900,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.46 Performance and Execution rate of the budget** - The Committee noted the execution of the development budget in 2023 and asked what would happen to those projects from 2023 which weren't completed or adequately progressed in 2023. The Ministry noted that 17 schools had been supported through donor support of which 6 were completed but the SIG component, due to the reprioritisation of funds, hadn't been completed. These payments were currently on hold. The Ministry noted that any projects not completed, would roll into 2024 and therefore continue as a priority.
- 3.47 School Grants** - The Committee asked whether all school grants were now up to date. The Ministry noted in 2022 there had been some outstanding payments to schools, but these were resolved in 2023 and all grants had been paid. Therefore, there was no carry over to 2024 and the budget for 2024 included only 2024 grants.
- 3.48 Cost of Living Adjustment** - The Committee asked about the increases noted within the salaries and allowances budgets. The Ministry noted that teachers had secured a 5% increase in salaries for cost of living adjustment (COLA) which equated to \$34 million. This did not apply to public servants engaged by the Ministry for Public Service. The Teachers increase will apply from 1 January 2024. The Ministry also noted that together a package which would simplify allowances and a new structure for teachers. This was likely to come in the future though.
- 3.49** The Committee were pleased to hear that the new Education Bill had passed and that an increase in pay was being applied. They were nevertheless concerned that a 5% increase was still low given the increase in costs since the last review.
- 3.50 School Grants** - The Committee asked whether the school grants provided for infrastructure or supplies/stationeries as well. The Ministry noted that the grant is determined by a formula. 60% of the grant is provided for infrastructure development, 40% is for teaching and learning, which includes materials, stationery and other things to aide teaching and learning.
- 3.51** The Committee asked how they ensure the grants are appropriately used. The Ministry noted that they have policies and procedures to investigate and reprimand school leaders if necessary. The new Act has administrative instructions with explicit guidance and rules to enable this. The Committee noted that in the past chief education officers visited schools and asked whether this practice was continuing. The Ministry noted that moving forward they would strengthen policies for the inspection of schools. Education authorities would in future be provided with resources to visit and check on teachers.

Recommendation:

The Committee notes the absence of sufficient school inspections and recommends that the Ministry of Education and Human Resources Development implement policies and procedures for the regular inspection of schools and education authorities.

- 3.52 **Teacher confirmations** - The Committee asked whether teacher confirmations were occurring in a timely manner. The Ministry noted that in the past there was a backlog but they had altered the process and had now caught up to date. The outstanding now, are those waiting to be confirmed.
- 3.53 The Ministry noted that the Minister had raised the need to consider changes in the qualification requirements. They had raised the need for a minimum qualification such as a graduate degree in teaching or education. The possibility of this has been discussed with SINU. This would see a phasing out of the certificate and diploma. This would likely lead to a fairer salary scale for teachers as at the moment, the workload might be similar but a teacher could be paid quite differently based on the seniority of their qualification.
- 3.54 **Scholarships** - The Ministry noted that they had spent 66% of their scholarship budget in 2023 with 34% remaining although they expect this to change by year end. The Committee sought to clarify whether any student categories were in arrears. The Ministry noted that for the new intake of students there were no arrears and it was just the second semester that was outstanding and in the process of payment.
- 3.55 The Committee noted concern around the technical issues that had occurred this year resulting in students applying for courses which were available but overseas not being able to submit using the online application. It appears that as a result they had missed the opportunity. The Ministry noted that they had a lot of applications and students who were unsuccessful in one year were encouraged to reapply the next year.

Recommendation:

The Committee noted that online scholarship applications were not possible due to technical issues and recommends that the Ministry of Education and Human Resources Development should be more flexible and allow students to submit manually if the online portal was not functioning correctly.

- 3.56 The Committee also requested information on the opportunity list/training plan.
- 3.57 The Committee raised a concern that the opportunity list wasn't well targeted as young people still seemed to be ending up working in Australian farms not in employment in Solomon Islands. The Committee encouraged the Ministry to take the lead in reviewing the list. The Ministry note that they undertake labour market and industry consultation. If they aren't achieving any change, then they can't be getting the right responses from industry through this consultation. They acknowledge the need for wider economic analysis to determine future needs. They did however point out that it is not their role to develop the list, rather simply to fill it.

Recommendation:

The Committee notes the absence of suitable data to properly inform the country human development needs. The Committee recommends that the Ministry work with Ministry of Planning and the Ministry of Commerce to develop a suitable evidence-based study that supports the National Human Resource Development Strategy.

- 3.58 **SINU build** - The Committee were concerned that there had been problems with the new SINU building. The Ministry was not aware of any details of issues arising but would generally expect the building company to fix any issues if within the specified timeframe.

3.59 **Policy on self-sponsored students** - The Committee asked about the policy for self-sponsored students. The Ministry noted that as long as they were Solomon Island citizens, and had been self-funded to meet the minimum requirements (8 units), they were eligible to apply next year. The Committee also asked about cost sharing but the Ministry confirmed this practice had now ceased.

3.60 The Committee noted they had heard of instances of students changing courses part way through the scholarship and were concerned this undermined the concept of the opportunity list and scholarship assessment process.

Recommendation:

The Committee notes the practice of students changing courses part way through scholarships and were concerned that this may undermine delivery of country's identified human resource needs. The Committee recommends the Ministry of Education and Human Resources Development ensure students continued on the courses identified in the opportunity list and any approved change must be limited to targeted areas only.

3.61 The committee said that there is a lack of emphasis on TVET Scholarships and a concern that these skills seem to be forgotten. Some of these are currently provided at the likes of SINU and Don Bosco.

3.62 The Committee noted that there was \$50m planned for additional facilities at SINU. The Ministry highlighted these in the Budget information. This included 14 projects including the Faculty of Health and Nursing Infrastructure which had already started.

3.63 The Ministry also highlighted the Education infrastructure projects. The Committee observed that with the change in the Act and introduction of education providers it would be good to report this information in future by education provider. The Ministry noted that they have also a range of projects supported through DFAT and MFAT and can provide this list. The Ministry noted that that there was a review underway at the moment of the ESSSP program. Once completed, donors would be able to inject more money for class rooms.

3.64 The Committee asked what the process was for selection of the schools. The Ministry noted that they usually receive requests from schools and also conduct their own assessment. The main criteria used is around population density of children.

3.65 The Ministry also referred to the future ADB project which aims to improve senior school curriculum and infrastructure.

3.66 The Committee raised again their concerns at the security situation at SINU Panatina and Kukum both from a Games and ongoing perspective. The Ministry is aware of the situation but reversing the previous decision would now be challenging. During the Games there will be two firms providing security for the athletes. The Committee suggested that reinstating road access for the community should be considered after the Games.

3.67 The Committee asked what the process was for constituency scholarships given they are normally asked to approve a list when they will no longer be in their electoral seats. The Ministry noted that they hope to be making their decisions in the next two weeks and therefore could look to publish their list before MPs end their term.

Update on Committee recommendations

3.68 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

06 Ministry of Finance and Treasury/ 11 National Debt Servicing

Mission Statement

Our mission is to provide leadership and good governance when advising and influencing Government policy choices relating to economic stability and growth, sound financial management that improves the lives of our people.

2024 Budget Summary

Ministry of Finance and Treasury – Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	1,141,651,821	2,799,522,260	2,799,522,260	2,941,152,039
EXPENDITURE TOTAL	109,634,130	160,703,333	265,703,333	261,484,606
Payroll Charges	0	45,728,496	45,728,496	54,159,046
Salaries	0	45,728,496	45,728,496	54,159,046
Other Charges	109,634,130	114,974,837	219,974,837	207,325,560
NETT TOTAL	1,032,017,691	2,638,818,927	2,533,818,927	2,679,667,433

Ministry of Finance and Treasury – Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	10,599,946	40,597,286
EXPENDITURE TOTAL	0	0	10,599,946	40,597,286
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	0	0	10,599,946	40,597,286
NETT TOTAL	0	0	0	0

Ministry of Finance and Treasury – Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	7,790,055	34,000,000	34,000,000	39,000,000
SIG FUNDING COMPONENT	7,790,055	34,000,000	34,000,000	39,000,000

National Debt Servicing – Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	51,170,786	141,584,206	141,584,206	138,097,517
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	51,170,786	141,584,206	141,584,206	138,097,517
NETT TOTAL	(51,170,786)	(141,584,206)	(141,584,206)	(138,097,517)

Issues of Concern

Matters raised by the Committee includes the following:

- 3.69 The Committee queried whether the 2024 budget would be considered a balanced budget or a deficit budget and further to confirm if the recent bond issue is this for the Pacific games?
- 3.70 The Ministry responded that 2024 is a deficit budget of \$956.4 million of which \$487 million funding from donors has been secured which leaves a remaining deficit of \$469 million. The goal is to ensure that we reduce the deficit by the end of 2024.
- 3.71 As far as expenditure controls this will continue. There are other new revenue measures that will also be implemented to secure additional revenue to finance the deficit as well as continuing to discuss with our partners to secure additional budget support. In relation to funding needs for the remainder of this year as you look at the 2023 budget, it is the entire development budget that is financed outside Government revenue sources. It is either borrowing or budget support. The entire \$1.2 billion in the 2023 budget. In the September actuals we only had a deficit of about \$322 million. That looks remarkable on paper, but that was just the result of us holding off on the development budget, and executing those mitigating measures from July to September. That helped keep our heads above the water; and even with that we managed to spend about \$390 million development budget from savings of about \$180 million from last year, which were rolled over into 2022. For the end of this year, the key priorities we still have to spend on the development side of the budget now are; the balance

for the Games, Games support or critical development budget expenditure scattered across the Ministries and CDF.

- 3.72 We are looking at a deficit of about \$700 million to \$900 million at the end of the year, out of the original budget of about 1.4 billion. But that depends very much on sticking to the mitigating measures as well as the prioritization that Cabinet had just approved last week, for which I just mentioned Games, Games support, CDF and then the policy priorities.
- 3.73 The Committee asked for further assurance that the funding gap will be secured and that the planned Pacific Games commitments will be met.
- 3.74 The Ministry acknowledged the concerns citing past experiences with the Festival of Pacific Arts (FOPA) which was done through the normal Ministry budget and managed through the current capacity and structures of the Ministry like any other program in the budget. There were a lot of difficulties and challenges given that the Ministry of Culture and Tourism is one of the smallest ministries, but faced a lot of challenges with demands made long after FOPA was finished.
- 3.75 Now for the Games, with the structure put in place for the National Hosting Authority (NHA) and the capacity that they have been given or supported with and the resourcing in terms of managing the preparation of the Games and all the activities around it, the Ministry believes that they are in a much better position. They have been given a lot of autonomy to handle procurement, contracting and so forth. That is an extension of the normal Government machinery and is expected to be compliant with the requirements of the Act and relevant instructions and regulations.
- 3.76 I think you would have heard from the Secretary to the Prime Minister, we were quite encouraged that he is talking to the contractors and managing their expectations. But realistically, we expect some commitments, perhaps through ministries. That is something that we are trying to manage as well with the Ministries. We have put restrictions in place to ensure Ministries do not make commitments to suppliers and expect Government to pay especially if this is beyond what they were supposed to have spent on all these activities. We have a lot of leakages when there are loose arrangements. The NHA is managing their own procurements.
- 3.77 The Committee raised concerns about a number of procurements which have been in the media. The Committee is interested in the level of oversight given the dubious nature of some of the people involved.
- 3.78 The Committee also queried the China Exim loan of USD66 million and when the loan will be fully drawdown.
- 3.79 The Ministry responded that only one draw down has been made but will need to confirm the amount with the debt management unit. We expect full drawdown probably next year or following year in line with the project plan. Currently towers are being constructed in Guadalcanal, Central, and Isabel provinces.
- 3.80 The Committee queried what the expected debt levels will likely be at the end of the year. The Ministry confirmed that it is now around 19.6 percent debt to GDP. Including the recently drawn down \$144 million on domestic bonds, we expect around 20% by the end of the year. If Tina hydro and towers are fully drawn down we expect debt to GDP around 30%. Tina alone is around 17% of GDP. With the expected growth in GDP and uplift in economic activity we expect that we will have some headspace.

- 3.81 The Ministry confirmed that with the expected economic growth there should be sufficient headspace for more debt.
- 3.82 The Committee queried what the rates were on the external debt. The Ministry noted around 1% to 1.5% for all external debt.
- 3.83 The Committee also queried whether the ADB economic stimulus report (ESP) will be released. The Ministry confirmed that the ADB ESP report will be delivered today.
- 3.84 The Committee referred to the CBSI presentation and the focus on agriculture in particular coconut and cocoa and the possibility for significant growth. The Committee was interested to hear if any area deals with strategic investments and likely growth expected?
- 3.85 The Ministry confirmed that the investment policy unit works closely with the Ministry of Planning dealing with strategic investments which support growth.
- 3.86 The Ministry agrees with the Governors views that copra and cocoa are areas which can support growth however need more resources to achieve this. In terms of the budget, there is support to CEMA to increase trading in cocoa and copra. We are also securing other programs with our partners like World Bank which target that sector also and another from E-funds expected next week.
- 3.87 The Committee queried what the contribution of the construction industry and infrastructure was to economic growth. The Committee also queried how the Ukraine war and other external shocks are affecting the country and how the high cost of doing business especially telecommunications and power is affecting growth. The Committee noted that from a moral standpoint having utility companies making big profits during difficult times with the community paying for this, is not appropriate and should be addressed.
- 3.88 The Ministry observed that whilst infrastructure and construction did provide a boost to the economy, as most of the large infrastructure was completed last year and early this year, the impact this year was around 0.1 % and next year is projected to be negative growth. Agriculture and fisheries remain positive with an estimate contribution of around 0.6 percent to growth and the service sector likely 1.7 percent in 2024.
- 3.89 In relation to external shocks, impact especially on fuel prices has a flow on effect in the country. If there is any escalation like from the Middle East then the shocks could worsen and spread to other commodities too. In relation to both the cost of and disruption in power we are aware of the negative impacts in the country. Hopefully, with the new amendment to the law and working closely with the Electricity Authority in setting right level of tariffs we hope this will help the recovery of the economy. Especially for businesses in Honiara. This work is being led by our economic reform unit, Ministry of Mines, Energy and Rural Electrification. In relation to the telecommunications sector, our main provider is still behaving like a monopoly with very little effective competition in the country which means costs remain high. Until there is real competition in the market this area will likely remain high cost.
- 3.90 The Committee then queried the declining trend noted in the customs revenue.
- 3.91 The Ministry responded that figures for both logging and tobacco are the key areas where duty collections has decreased the most. In recent months we are starting to see some recovery. Moving forward, the logging is not going to increase again, but there is a need to plug any leaks in the system and having a look at all the programs, including compliance programs.

There is investment in capacity and working more efficiently to improve compliance and enforcement regimes. It is likely we will have a look at the companies involved and the excise charged. There are also some new local products that are being produced which are quite popular, but attract lower exercise rates which results in lower revenue. If the economy improves there is also an expectation that revenue will also improve. Exemptions are also granted on activities related to the Games including import duties for concrete, steel and other construction related activities.

- 3.92 The Committee requested further details on the amount of exemption granted which the Ministry provided in a written response noting that total GST being exempted by the Customs and Excise for year 2023 was \$18,802,063.40.
- 3.93 The Committee then turned their attention to mining and queried what the expected contribution gold, nickel and bauxite will have in the country. They were also interested in whether the schedule to deal with minerals now also includes all other mined goods not just gold?
- 3.94 The Ministry responded that they are closely monitoring the impact of mining especially with the big mining operation at Gold Ridge. The current operation at Gold Ridge is different from the previous gold operations which is now a gold concentrate operation which means exports include soil too. In the past gold was processed onshore and produced gold bars. Focus has been on gold only with other minerals not yet modelled in our revenue expectations. At this stage only gold is being monitored. In relation to the calculation of duty on concentrate this follows a set formula which is similar to a lot of mining like bauxite which is included in the ground dug up and a formula calculates how much product is in there. This is then tested in overseas labs and confirmed.
- 3.95 The Committee expressed concern that this process may lead to governance issue. The country lost revenue when bauxite as concentrate in Rennell was mined and no duty was collected. At the moment mining is not contributing to growing our country with this kind of policy. Landowners are losing too. The Committee further noted that the Mining Act has long overdue for amendment.
- 3.96 The Ministry further clarified that whilst exemptions are being granted to the current Gold Ridge operations as was previously done for the previous operator, these exemptions will cease once proper commercial operations commence. This includes exemptions on PAYE for expat contractors and overseas contractors coming in.
- 3.97 The Committee pointed out that as minerals is a non-renewable resource the government needs to look at new policies like the creation of a sovereign wealth fund to ring fence the revenue that comes from minerals so that it is available for future generations. Mineral resources should be considered a strategic resource for the country and as such mining in country is critical. Duty should be on the gold bars even if not processed in country. In this way it doesn't matter what form the minerals are taken but the duty is still applicable on the gold bar. To take out concentrate and say the purity is not good means the country misses out. In a recent case Win Win company tried to smuggle out gold bars and was caught. The bars were tested at 99% purity. Unfortunately, the bars were eventually released by the Comptroller. The recent awarding of the nickel mining licence to Win Win would need to be carefully scrutinised.
- 3.98 The Ministry stated that their involvement with Nickel mine was the development of a new formula which was recently gazetted. There are current consignments in country however this

remains under the Ministry of Mines who we depend on for the testing of purity levels so we can calculate revenue owed. We have recommended to the Ministry that the sample are sent to Australia for independent verification. The pricing formula though is at international standards with inputs from IMF and World Bank so its now in terms of the sampling that requires more work. This only applies to nickel so other minerals like bauxite has not yet been looked at.

Recommendation:

Given the reliance on mining to future government revenue, the Committee recommends that the regulatory framework be updated to ensure that mining revenue and landowner royalties on all minerals is properly codified and governance including independent sampling procedures is strengthened to ensure lessons from Rennell bauxite mining are not repeated.

- 3.99 The Committee queried the recent shipment of 72 containers in town ground plaza and whether these goods are exempted from tax and duty?
- 3.100 The Ministry confirmed that this was currently under investigation. The containers are full of equipment to renovate and repair the Town ground building by a Chinese company who plan to repair and rebuild the building. There is apparently an exemption from the exemption committee but this matter will be further investigated.
- 3.101 The Committee further queried how the sufferance wharves are being used and whether this also impacts the revenue collection in country.
- 3.102 The Comptroller of Customs confirmed that there is currently a review of all sufferance wharves now including in the provinces and in the East side of Honiara. A number of those wharves were set up while the current Comptroller was away. Five years ago, there were no sufferance wharves in Solomon Islands so current review is looking at how these came about. Some of these appear to be related to the restrictions placed on the Ports Authority main port and the size as well as the ability to unload some of these smaller vessels. But there are conditions attached to the sufferance wharves which the Ministry is looking into. In all cases ships were supposed to report to the main wharf first to pay their fees before proceeding to the sufferance wharf. Then the ships can go down to the sufferance wharf and unload their own equipment. But it appears it is not just their own equipment at the moment. After the review if any of them stay there will be a set of conditions. So the main wharf, SIPA, is not losing revenue. Because we cannot use the other wharves and bypass SIPA. Even though it is small and restricted and people have got problems with their fee structure, but those sufferance wharves are just for that – they come and report first, pay their fees, report their cargoes, all the agencies search the goods if they want to search them or screen their goods. Then they can take them to those ports and unload it.
- 3.103 The Committee noted the Ministries comments highlighting that the previous Comptroller's relationship with SIPA CEO was not good and even refused to use the shipping container x-ray machines.

Recommendation:

The Committee sees the importance to both security, public safety and government revenue in properly managing the sufferance wharves and recommends that the Comptroller of Customs urgently complete the review of all sufferance wharves in

Solomon Islands and implements stricter governance in the usage of these wharves including ensuring that any remaining sufferance wharves must report to the main wharf and be properly screened and taxed before any unloading is permitted.

Recommendation:

The Committee recommends that all sufferance wharves in the designated Honiara Ports area be cancelled.

- 3.104 The Committee made mention of the need to ensure that the countries state owned enterprises are supported and where they do not operate in the public's interest a change of policy may be required to increase control in their activities. The Committee then raised concerns over the lack of payroll data in the budget.
- 3.105 The Ministry confirmed that 2022 and 2023 payroll had reconciliation issues but remain confident that 2024 should be ok. There remains a fair bit of work still being done to properly align the Aurion payroll system with the new D365. When D365 was rolled out, it resulted in some misalignment in some of the payroll codes, so that is now being worked on, and we hope to have that fully reconciled by the end of this year.

Recommendation:

The Committee notes with concern the lack of complete data in the payroll budgets for all Ministries and the Ministry's confirmation that they have reconciliation issues dating back to at least 2022 due to the new government D365 system. The Committee recommends that the Ministry of Finance and Treasury allocate resources to ensure the reconciliations are properly completed in a timely manner so as to not compromise the integrity of government annual financial reporting and the credibility of budget processes. The Committee further recommends that the D365 system be reviewed to ensure all Ministries have reliable financial reporting and training necessary to properly use the system.

- 3.106 The Committee then queried the recent financial circulars which were used as tools to control expenditure and hopefully priorities and perhaps look at where money should be spent which in turn raised questions about budget credibility. Each year, the committee has noted that half way through the year, due to cash flow or any other issue, a budget is passed and then ministries are unable to implement. This is because the Ministry of Finance shuts the Ministry budgets down through these circulars and then forces the Ministries into difficult situations where they have budgeted for items, the Ministry has raised the payment down to Treasury and then Treasury is placed in an awkward position of rationing payments. However, the Permanent Secretary can authorise the payment and so it appears to make a mockery of the budget itself which Parliament has already approved.
- 3.107 The Ministry responded that there are situations where there is a need to implement some controls because of what we expect to achieve and which has not eventuated especially in relation to revenue or financing of development budgets.
- 3.108 The Committee then queried if the circulars are legal in that they would appear to be changing an Act of Parliament. It is important we don't bankrupt the country and put controls in place but it seems that these tools are used to frustrate an Act of Parliament and in doing so undermine the credibility of the budget.

- 3.109 The Ministry confirmed that it is a credibility issue however largely attributable to a lot of factors beyond the Ministry's control. In relation to whether it is legal, in the past, circulars would cite the relevant parts of the Act where the Minister has the powers to reserve expenditures for the type of situations the country is faced with. But reservations being reservations, the standard practice for the wording in the circulars were such that it allowed for those reservations to be lifted as and when the situation improved, if they did improve. That was the usual authority we use and is exactly what we are using to come before this circular.
- 3.110 The Committee noted the Ministry's comments and requested that a written response be provided.

Recommendation:

The Committee noted that a number of financial circulars issued in 2023 did not disclose the relevant sections of the Act by which the proposed changes were implemented. The Committee recommends that the Ministry review and implements internal checks to ensure any warrant issued, amended or any restrictions in appropriated Ministry budgets are done in accordance with law.

- 3.111 The Committee then asked for an update on how discretionary expenditure is controlled and whether VAT is still on the Governments reform agenda?
- 3.112 The Ministry responded that planned reforms would be undertaken in line with the Government's priorities. In relation to discretionary spend the Ministry limits these through the budget setting process to instead focus more on the actual activities they are carrying out in line with their annual plans.
- 3.113 The Committee pointed out that the recent expenditure on disaster preparedness has caused issues as highlighted in recent audit reports on some ministries, like the Ministry of Health, the Ministry of Environment, and so on.
- 3.114 In relation to development budget expenditure the Committee sought an update.
- 3.115 The Ministry responded that the development budget will be prioritised according to Government four main priorities being the National Housing Authority, Games supporting the development budget project, the CDF, and any policy priorities.
- 3.116 Likely another \$500 million on top of the \$390 million spent on development activities is likely compared to plan of \$1.2million which translates to about 80% execution rate. The Games takes up about \$370 million, CDF which is \$240 million, which together is about 70% of total planned development spend. The remaining is just other normal development projects.

Update on Committee recommendations

- 3.117 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

07 Ministry of Foreign Affairs and External Trade

Mission Statement

The mission of the MFAET is to promote and protect values, interest and well-being of Solomon Islands and its citizen through international diplomacy and cooperation.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	38,650,110	58,300,420	58,300,420	57,757,697
Payroll Charges	0	6,857,539	6,857,539	6,814,816
Salaries	0	6,857,539	6,857,539	6,814,816
Other Charges	38,650,110	51,442,881	51,442,881	50,942,881
NETT TOTAL	(38,650,110)	(58,300,420)	(58,300,420)	(57,757,697)

Issues of Concern

Matters raised by the Committee includes the following:

- 3.118 **Previous PAC recommendation** - The Ministry noted the Committee's previous recommendation to reduce costs for the seasonal workers scheme and was pleased to report some good progress in reduction of medial fees which has reduced from 1400 to 1040. The Ministry is talking to medical centres to reduce further given the volume. Police clearance and passport costs however are still the same.
- 3.119 **Status of the Peace Corps program in Solomon Islands** - The Committee is sought an update from the Ministry about the status of the Peace Corps program. The last time the Minister updated the Parliament was that the program has been approved and nothing has been said from there until now.
- 3.120 The Ministry responded that the Peace agreement is now with the Cabinet for its endorsement. The issue of granting the volunteers diplomatic status was one point under discussion and we hope cabinet can endorse it soon so it is just a matter of waiting for endorsement at the moment.
- 3.121 **Closure of the Cuba Mission** - The Committee is curious to know if the bilateral agreement with Cuba to send our medical students to study there is still ongoing and if so, what the recent updates are.
- 3.122 The Ministry stated that the agreement has stopped and there were only six remaining students who are completing their studies. The Permanent Secretary further stated, that this also meant that the Mission in Cuba has closed and they have opened a new one in the United Arab Emirates (UAE). This new mission is more like a trade-driven one. Our canned tuna has started to enter their markets.

- 3.123 **Labour Mobility Schemes (LMS)** - The Committee is aware that there are more opportunities for seasonal workers in Australia as the demand continues to go up. The Committee is of the view that we are not proactive enough in our approach under the current schemes to tap those markets. The target for each year should be around 8,000 to 9,000 seasonal workers to address the problem of unemployment.
- 3.124 The Committee further stated that maybe it is time that such schemes be delegated to the Private Sector agents to do the recruitment to complement the Government's effort.
- 3.125 The Ministry responded that those are shared visions. The Ministry stated that they will review the labour mobility strategy next year and probably when the worker's number hits 10,000 will consider engaging with the private sector. Hence, for this scheme, there are two things that the Ministry will work on next year, first is to review the LMU Strategy, and second to find a home for this scheme so that it can manage its affairs.

Recommendation: The Committee recommends that the Ministry continue to find ways to improve efficiency and reduce costs of the Labour Mobility Scheme (LMS) with Australia. The Committee further recommends the Ministry consider a permanent office of suitable size to centralise, manage and grow the LMS.

Recommendation:

The Committee recommends that the Ministry negotiate with Australia to allow private sector agencies to support the Ministry in growing the LMS.

- 3.126 **Remittance from the LMS** - The Committee is curious to know the latest update on remittances from these labour mobility schemes. The Ministry stated that according to the latest figure from the Central Bank of Solomon Islands for the first half of the year, it stands at \$113 million and by the end of this year it is projected to exceed \$200 million.
- 3.127 **Absconding Seasonal Workers** - The Committee is aware that some of the seasonal workers have absconded in the recent past and so were curious to know the reasons for such actions taken by the workers.
- 3.128 The Ministry stated that it is a growing problem and because of that issue, the Ministry has recruited Liaison Officers to do the pastoral care beside the Counsellor General that is based in Brisbane. The problem with those who decided to abscond is likely due to influence from fellow Solomon Islanders who have been there longer.
- 3.129 The Committee was further informed that for a review of the LMU strategy next year, they are going to insert a specific section on how to address absconding. Further to that, we have fewer absconders compared to other Pacific Countries and so the recruitment from Solomon Islands continues to increase.

Update on Committee recommendations

- 3.130 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

08 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.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	4,656,146	8,905,823	8,905,823	10,982,965
Payroll Charges	0	2,376,491	2,376,491	2,328,633
Salaries	0	2,376,491	2,376,491	2,328,633
Other Charges	4,656,146	6,529,332	6,529,332	8,654,332
NETT TOTAL	(4,656,146)	(8,905,823)	(8,905,823)	(10,982,965)

Issues of Concern

Matters raised by the Committee include the following:

3.131 The Office of the Governor General provided written submission to the Committee.

Update on submissions requested by PAC

The office did not provide their procurement plan 2024.

09 Ministry of Health and Medical Service

Mission Statement

3.132 To lead and shape the Solomon Islands health system in service to the government and the people to deliver quality health service, reduce sickness, prevent the loss of young lives and relieve suffering; its part in improving every citizen's health status.

3.133 This will be done through:

- (a) Proactive stewardship of the sector with a focus on Primary Health Care (PHC) and Healthy Islands efforts via active community empowerment and development;
- (b) Building partnerships with communities, churches and other sectors (like agriculture, education, labour, transport, infrastructure, etc.);
- (c) The sector will also plan and manage health improvements with a focus on reducing the determinants of disease and illness including improving disease management and provision of quality healthcare service;

- (d) Workforce management, training and improved primary, secondary and tertiary infrastructure developments aligning itself to the Role Delineation Policy Framework of the ministry.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	7,681,905	0	0	2,776,413
EXPENDITURE TOTAL	163,725,298	472,684,917	472,684,917	530,529,342
Payroll Charges	0	286,964,866	286,964,866	324,809,290
Salaries	0	286,964,866	286,964,866	324,809,290
Other Charges	163,725,298	185,720,051	185,720,051	205,720,052
NETT TOTAL	(156,043,393)	(472,684,917)	(472,684,917)	(527,752,929)

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	416,571	64,568,206	110,044,157	15,302,362
EXPENDITURE TOTAL	76,001,820	64,568,206	110,044,157	15,302,362
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	76,001,820	64,568,206	110,044,157	15,302,362
NETT TOTAL	(75,585,249)	0	0	0

Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	22,501,222	44,500,000	44,500,000	40,000,000
SIG FUNDING COMPONENT	22,501,222	44,500,000	44,500,000	40,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.134 **Healthcare Indicators** - The Committee noted the report which the Ministry has provided in its submission and was particularly concerned with two core indicators, diabetes and malaria, both challenging areas which showed no improvement but also didn't seem to be receiving additional budget input.

- 3.135 The Ministry noted that there is a pool of funds for Non-Communicable Diseases (NCD) for diabetes. The Ministry used to have access to support through the Global Fund for malaria but this was declining. However, there are other areas where additional top up funding was going to provincial health services (\$20 million) and \$37million on other pressures.
- 3.136 **Internal Audit** - The Committee was concerned that the funding going towards the Ministry's Internal Audit had not increased despite some recent audit reports highlighting areas requiring Internal Audit focus. The Ministry confirmed that they have two staff within Internal Audit, however, some of the other costs to support the function are covered through other sources. The Ministry noted that donors provide audit services over their funds for example Baoro Associates has been undertaking the audit of funding provided through provincial health offices. The Ministry reflected that with a static baseline, they have to make decisions where to prioritise funding between equally important activities.
- 3.137 **2024 Budget Bid** - The Committee asked the Ministry to confirm whether the budget requested of the Ministry of Finance was approved. The Ministry confirmed that the guidelines were stated no budget bids in 2024 and therefore they have worked within the same baseline. However, within the development budget they did submit a budget of \$50-60 million which included ongoing and new projects. However, the new have not been funded and the development is therefore just in relation to the existing projects.
- 3.138 **Other Projects** - The Committee asked about the projects. The Ministry clarified that outside the development budget, the funding is for the infrastructure requirement, not to supply the operating facility. It does not therefore include equipment, ongoing staff costs or operating costs.

Recommendation:

The Committee notes that some development projects do not have the requisite operating costs budgeted for. The Committee recommends that when a development project implements a new facility, the ongoing running costs should also be secured at the time of proceeding with the development project.

- 3.139 **COVID 19 facilities** - The Committee noted that some of the facilities used by the Ministry were now in full Pacific Games use and that COVID appeared to be a thing of the past. They asked if this observation was accurate and whether the Ministry was prepared should another similar event occur. The Ministry confirmed that there had not been any cases admitted to hospital and in the last few weeks, only a few cases were testing positive. There was no evidence of any flare ups. They noted that there has been a lot of lessons learnt through COVID.
- 3.140 **Medical Supplies** - The Committee noted that the Ministry had commented in their presentation that they were just receiving the 2022 medical supplies orders and the concern that rural clinics were struggling for medicine. The Ministry noted that the medicine had stated arriving over the last two to four months due to late payment of shipping agents and shipping costs. The Ministry has been working with the Ministry of Finance to improve the process to ensure quick removal of goods from the Port. They now work with the Ministry of Finance to provide a list of outstanding invoices on a Monday for quick clearance. This process is working well. The Ministry noted that to date consumables were at 89% and medicines at 83%. There are at the moment a number of containers awaiting clearance. To assist in managing this process, the Ministry has also increased their standing imprest from \$50,000 to

- \$200,000 as it can cost \$50,000 to \$200,000 per container to achieve clearance. To assist, the Ministry has also implemented additional storage at a facility in Henderson and are working with shipping agents and where necessary the airline to facilitate distribution.
- 3.141 **Healthcare worker uniforms** - The Committee noted some concern raised that nurses are not always in uniform and sought clarification on the Ministry's expectations. The Ministry confirmed that it was mandatory for nurses to be in uniform.
- 3.142 **Cost of living adjustment** - The Committee also asked whether nurses had received a cost of living adjustment in the same way as Teachers and Police. The Ministry noted that their staff are engaged by the Ministry of Public Service and any cost of living adjustment would be applied through the Ministry of Public Service. The Committee
- 3.143 **CT scan** - The Committee asked the Ministry to provide an update on a couple of projects. The Ministry noted that the CT scan was now in full operation after its launch in October 2022. This was saving the Ministry a significant amount of money as at-risk patients were not needing to be sent to Fiji for assessment.
- 3.144 They Ministry also noted the plans for the site now cleared at the eastern end of NRH. This was intended as a comprehensive medical centre supported by PRC. At the eastern end of the Ministry of Health this site had been cleared for use during the pacific games but in the long term they hope to establish a new Ministry of Health facility. The Ministry also noted a future focus on women's health with equipment to assist with mammograms soon to arrive.
- 3.145 **Microscopic fees** - The Committee noted that there was a concern that people were having to pay for \$10 microscopic tests for malaria. The Ministry noted that health services at clinics are free. If people use the Ministry health clinics there should be no charge. Other options to microscopic tests were Rapid Diagnostic Tests (RDTs).
- 3.146 The Ministry did note that as the population grows, there may be a need to review the free access to health services.
- 3.147 **Sale of medicine** - The Ministry further clarified that it is illegal to sell medicines without the appropriate business licence. The Ministry welcomes feedback from the public with specific details so that action could be taken and officers held accountable.
- 3.148 **Union** - The Committee asked for an update on the reinstatement of the union. The Ministry stated that they have corresponded with the trade union but the reinstatement was pending on the provision of the union's audited financial statements.
- 3.149 **Medical supplies** - The Committee then asked about the age of the containers on the wharf. The Ministry confirmed that they are all recent arrivals. There were some containers deemed as non-urgent containing PPE but medicines have been prioritised for clearance. The Ministry was not aware of any loss or damage as a result of containers remaining on the wharf.
- 3.150 The Committee asked whether the Ministry had given any thought to how procurement could be improved to speed up the process whilst maintaining appropriate controls. The Ministry noted that they had not had these discussions with the Ministry of Finance. They also agreed to provide information to the Committee on how long it takes to process a Request for Quote.
- 3.151 The Ministry further went on to explain that that they were only receiving \$46 million in the recurrent budget compared to a much higher need as there were no budget bids. The

Committee probed to enquire if there were any outstanding debts and the Ministry confirmed that they had bills outstanding dating back to 2015. There was an accumulation of outstanding bills in the region of \$60-80 million.

Recommendation:

The Committee recommends that the Ministry of Health and Medical Services 2024 budget be increased by \$40 million to address the significant level of outstanding bills dating back to 2015. The Committee notes that this will increase the overall budget deficit.

- 3.152 The Ministry agreed to provide a detailed listing of all outstanding bills to the Committee.
- 3.153 The Committee asked about how the funding for Rwash was included in the budget. The Ministry noted that Rwash was now funded through the recurrent budget but there remained some funding in the EU's budget support that the Ministry was starting discussions with the EU to access. If successful, this could be implemented as a development project to ensure oversight and this would be discussed with the Ministry of national planning and aid coordination.

Update on Committee recommendations

- 3.154 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

10 Ministry of Infrastructure Development

Mission Statement

- 3.155 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.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	3,720,206	0	0	9,105,180
EXPENDITURE TOTAL	38,506,169	54,718,573	64,134,426	55,778,237
Payroll Charges	0	9,706,457	9,706,457	10,766,121
Salaries	0	9,706,457	9,706,457	10,766,121
Other Charges	38,506,169	45,012,116	54,427,969	45,012,116
NETT TOTAL	(34,785,963)	(54,718,573)	(64,134,426)	(46,673,057)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	45,377,503	112,200,000	139,200,000	100,200,000
SIG FUNDING COMPONENT	45,377,503	112,200,000	139,200,000	100,200,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.156 The Committee asked the Ministry to provide the list of projects such as road, bridge and wharf under MID development budget for the FY 2022 and 2023. The Ministry confirmed that the list of the projects and costs will be provided.
- 3.157 The Committee raised the concern that some of the transport projects appeared smaller than anticipated. The Ministry responded that the budgets were for the 2024 component only. This related to rehabilitation and mobilisation of teams to do the assessment and that the costs would be incurred over a number of years to 2025.
- 3.158 The Committee asked how the list of projects is compiled. The Ministry confirmed that some projects came from the medium-term transport action plan and others came from their analysis and others from the provinces.
- 3.159 The committees asked if the Ministry holds data on new roads built over the last few years. The Ministry confirmed they do and agreed to provide this to the Committee.
- 3.160 The Committee asked about the status of the project for the new road from the Town Council to White River. The Ministry confirmed that land from Town Council to White 01 is under the Land Maritime and Community Project through the Asia Development Bank. The contract has been awarded to CCCEC. To minimise disruption to the Pacific Games, work has been on the storm water initially, and will move to the pavement after the Games.
- 3.161 The Ministry confirms that there were two contractors awarded to do the road maintenance from White River to Doma and from Doma to Comibo.
- 3.162 The Committee expressed concerns in relation to the south road in Malaita Province. The Ministry confirmed that due to funding constraints the project is set for next year 2024.
- 3.163 The Committee raised concern the bad road condition from White River to Mamara. The Ministry noted that it was in poor condition at the moment. It had been particularly impacted as limited contractors were available due to pressures from the Games.
- 3.164 One of the Members raised concern on an application he had submitted through the Transport Initiative Program. The Ministry confirmed that the Members name was on the list and would likely be paid once cash flow issues were resolved.
- 3.165 Members of the Committee raised their concern that their applications for projects are not accepted yet those of Government members are, to the extent that they've stopped submitting applications. The Ministry stated that if they want to access the funds, they had to apply.

- 3.166 The Committee reiterated their concern in relation to the South Road in Malaita Province and its impact on people and livelihoods. The Ministry confirmed that they are engaging engineers to do an assessment to direct what support is required. They have commenced discussions with the Australian Government and hope to provide an assessment report to assist with options for funding. The Ministry also confirmed that under the economic infrastructure program there was a budget allocated for South Road in 2024.
- 3.167 The Committee raised similar concerns over the bad situation of roads in Honiara and asked who is responsible for their maintenance. The Ministry confirmed that they are directly responsible for Honiara City. The Committee noted their frustration that plenty of work is done but has to be repeated as the quality of work is inadequate and is leading to a waste of government resources and public money.

Recommendation:

The Committee recommends that the Ministry of Infrastructure Development ensure that all maintenance contracts specifications required for roadworks are of appropriate high quality. Contracts should be monitored and ceased where performance or quality is seen to be substandard and these suppliers should not be eligible for future work.

- 3.168 The Committee noted their discussion with the Ministry of National Planning and Development Coordination and noted their planning process to determine projects and asked how the two ministries liaise. The Ministry confirmed that their process was to pull together their list of projects and submit them to the Ministry of Planning for further prioritisation and selection.
- 3.169 The Committee noted their serious concern in the Ministry's procurement operations and that they had discussed at previous hearings concerns raised around payments to secure contracts.

Recommendation:

The committee recommends that the Ministry of Infrastructure Development take a zero-tolerance approach to corruption and seek advice and assistance from experts such as the Independent Commission against Corruption to tackle the practices within the Ministry.

Update on Committee recommendations

- 3.170 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry submitted all requested documents.

12 National Parliament/ 15 Pensions and Gratuities

Mission Statement

To ensure that Parliament exercises its legislative, oversight, representation and outreach duties effectively and that Parliament remains the main forum for national political debate and democracy.

2024 Budget Summary

National Parliament – Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	44,975,114	106,105,404	106,105,404	126,344,615
Payroll Charges	0	58,501,356	58,501,356	78,742,250
Salaries	0	58,501,356	58,501,356	78,742,250
Other Charges	44,975,114	47,604,048	47,604,048	47,602,365
NETT TOTAL	(44,975,114)	(106,105,404)	(106,105,404)	(126,344,615)

National Parliament – Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	443,845	2,150,000	2,950,000	2,150,000
SIG FUNDING COMPONENT	443,845	2,150,000	2,950,000	2,150,000

Pensions and Gratuities - Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF THE REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
MINISTRY SUMMARY				
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	0	15,907,824	15,907,824	16,454,493
Payroll Charges	0	15,907,824	15,907,824	16,454,493
Salaries	0	15,907,824	15,907,824	16,454,493
Other Charges	0	0	0	0
NETT TOTAL	0	(15,907,824)	(15,907,824)	(16,454,493)

Issues of Concern

Matters raised by the Committee includes the following:

- 3.171 The Committee sought an update on Parliament operations and budget. The National Parliament noted that the budget was pretty much the same for the past two years since Covid-19 in 2021. The only increase was the Members of Parliament Entitlements as stipulated in the PER.
- 3.172 Parliament has been put in a dire state as is evident in its poor infrastructure.
- 3.173 For 2024 one of the big upcoming events is the MPs Induction for the twelfth (12th) Parliament.
- 3.174 The Committee was told that most of the activities post-COVID have been funded by UNDP and Australian Aid. Additionally, contingency warrants (CW) are other options the office uses to get additional funding.

Recommendation:

The Committee notes the concern raised by Parliament in terms of both infrastructure and operational plans. The Committee recommends separating the Parliament budget and the members of parliament entitlements into separate budget heads. In addition, the office of the Leader of Opposition and the Leader of Independent should also have their own budget heads.

- 3.175 The Committee wanted to know the budget bid for National Parliament. In their response National Parliament confirmed that they did not bid for 2024, instead where given the same baseline as in 2023.

Update on Committee recommendations

- 3.176 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Office did not provide their procurement plan 2024.

13 Ministry of Forestry and Research**Mission Statement**

To promote, utilize, conserve, and manage the forest resources for the continuing benefit to the people of Solomon Islands, stakeholders and the environment.

2024 Budget Summary**Recurrent**

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	2,127,000	0	0	6,341,188
EXPENDITURE TOTAL	7,223,179	24,027,501	24,027,501	24,431,446
Payroll Charges	0	11,738,754	11,738,754	12,144,399
Salaries	0	11,738,754	11,738,754	12,144,399
Other Charges	7,223,179	12,288,747	12,288,747	12,287,047
NETT TOTAL	(5,096,179)	(24,027,501)	(24,027,501)	(18,090,258)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET *	ESTIMATES

EXPENDITURE TOTAL	2,117,552	10,636,000	10,636,000	10,636,000
SIG FUNDING COMPONENT	2,117,552	10,636,000	10,636,000	10,636,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.177 **National REDD (Reducing emissions from deforestation and forest degradation)** - The Committee asked for elaboration on the Paris Agreement and what was in the article 5 & 6 and the government's policy in relation to this. The Ministry clarified that article 5 is a mechanism or initiative implemented to reduce the emissions from degraded and deforested land, this includes activities like agroforestry, reforestation and activities that put back green vegetation on the degraded land.
- 3.178 There are three phases: preparation, preparing safeguards and then qualified to apply for ecosystem payment.
- 3.179 Article 6, especially on 6.2 and 6.4 is the payment for ecosystem services and it covers compliance carbon market and voluntary carbon market.
- 3.180 **Reforestation program** - The Committee also enquired on the Solomon Islands reforestation program and whether funding given to KFPL went to others too. The Ministry responded that there are two issues. The first relates to the overall reforestation program of the country and the second KLTF reforestation as included within the budget.
- 3.181 The Ministry noted there are 3 main areas they are promoting in relation to reforestation across country 1) in every provinces reforestation and forest development 2) capacity build for growers across country 3) research. The Ministry noted that progress was slow. In the last 5 years they target 100 hectares a year but in the period 2019 to 2024 this has reduced to 35-40 hectares a year. This was noted as resulting from a range of factors including COVID19 and reprioritisation to the Games. So far, the total hectares where small holders had replanted was 12,500 hectares. This figure was a reduction from 16500 in 2018 as some trees had already been harvested. It was noted that if the trees mature, in 20-30 years' time they would generate a good revenue in the future for small holders. Therefore, although the average planting per year dropped, the Ministry continues to encourage small growers into planting commercial and local tree species. This is a potential future revenue for the country.
- 3.182 **Commercial opportunities** - There are opportunities to expand plantations in Solomon Islands and already there are two commercial plantations and three domain areas, Alu in Shortland, Allardyce in Isabel, Lata and Gizo. In addition, there is interest in establishing two more plantations with Western Province also pushing for two.
- 3.183 The Ministry described some of the challenges experienced by Kolombangara Forest Products Limited (KFPL) which has predominantly a mono-culture species and is competing with much larger plantations. There are different tree species that the resource owners are now planting and the Ministry is assisting them to sell them. The other challenge the country faces is how plantations affect the country's natural ecosystem. This is leading the Ministry to consider how many hectares should be allotted to plantations versus forest. Only 22% is currently accessible and production forest, almost 1-2% is plantation and the rest its rainforest which can have around 32 commercial species of interest to the timber market.

- 3.184 **Legislation** - The Committee were concerned that in the absence of strong legislation there would be poor management of the country's resources and landowners would not benefit. The Ministry noted that plantation development is one of best ways to increase the value of degraded land.
- 3.185 The Ministry explained that the bill was still with the Attorney General's Chambers for review. The Ministry is relying on these drafters to move the bill to its final stage. The Ministry noted that version five of the bill was just sent back to the Chambers for further review. The Ministry also understands that most of the regulations are out of date and will need to be reviewed.

Recommendation:

The Committee were concerned that the lack of a clear and appropriate legislative framework results in poor management of the country's resources and recommends the new Forestry bill and regulations be prioritised.

- 3.186 **Kolombangara Land Trust Foundation (KLTF)** - The Ministry provided further elaboration on KLTF as follow up for the Committee's recommendation in 2022. The Ministry clarified that their budget this year was impact by the reprioritisation to the Games and was unable to complete some of their activities but they have \$1million for KLTF reforestation in 2024.
- 3.187 The Ministry then explained the Permanent Secretary's (PS) role in relation to KLTF. KLTF nominated the PS as the Chair of the KLTF Board. KFPL is a joint venture between the Nien family of Taiwan (60%) and the Solomon Islands Government (through the Investment Corporation Solomon Islands (ICSI)) (40%). There has been consideration as to whether KLTF should take 20% shares on the KFPL. As at last week, Taiwan's share reduced from 85% to 76% with ICSI holding the remaining 24%.
- 3.188 The Committee was concerned that the people also benefited from their resources on any development on the Island. The Ministry highlighted an advisory committee operating within the PMO was established to harmonise the relationship between KFPL and the government and also work to allocate shares to give it to the Kolombangara people. The Committee was concerned how long this process was taking. The Ministry eluded that this should be resolved before Christmas or after, however, they continued to hope it would be resolved within the Government's term in line with their policy.
- 3.189 The Ministry clarified KLTF doesn't own the land but was established to facilitate the share ownership. It's an association that deals with registered land in Kolombangara and not customary land. The benefits of planting trees should go to everybody who has land available and this must be the submission from the PMO that the Ministry is also not aware of.
- 3.190 The committee also asked about the FAMOA land association in Shortland as it was government land and Lata, whether these people get a share of the profits from the activities. The Ministry explained that in FAMOA Shortlands they hold the registered land where the government has been planting trees. For Lata, the Provincial Government hold on to it. In both instances any negotiations for benefits and decisions on forestry will involve these stakeholders. This is the same position for others under consideration like, Allardyce in Isabel. Going forward plantation forestry is a promising sector to bring in revenues, provide employment and provide services to neighbouring communities and catchment areas.

- 3.191 The Committee continues to recommend that the budget allocated to KLTF Reforestation be redirected to reforestation activities included in the Ministry of Forestry and Research's submission and be increased to include support to other indigenous landowner groups.
- 3.192 The Committee also enquire on the down streaming processing activities and any decisions on tax rates being applied.
- 3.193 The Ministry responded that they want to move downstream processing activities and they are happy that two company are investing in veneers, the Ministry stated that they are almost there to produce plywood and the Ministry had gone down to the Eagon company to see the veneer factory that Eagon has invested almost \$20.6M. It produces core veneer but following investment they now also produce quality veneer. During a visit to Korea they saw the end veneer products produced. The Ministry noted they had raised with Eagon the possibility of further investment which the company agreed to consider but noted the in the future, provided the business environment was conducive.
- 3.194 The Committee asked what was meant by a conducive environment to attract investment. The Ministry noted that they had addressed this in a cabinet paper which had delayed and addressed how such companies are taxed on the products produced. The Ministry argued that the products were from plantations and these companies invest in the production of the materials and shouldn't therefore be taxed. The Ministry was hoping to resubmit the Cabinet paper on the approach to tax to enable discussion on the topic and more effectively support the two companies.
- 3.195 The Committee were concerned that it shouldn't be about supporting just the two companies but developing an approach at a policy level on processing, considering broader incentives and reflecting production capacity and employment.
- 3.196 The Ministry noted that they do have a policy on downstream/upstream processing that segregates the market between small holders, medium and large producers. The Ministry noted challenges in the market and desire of buyers for protected species.
- 3.197 The committee asked the Ministry to consult with relevant Ministries to address part of this fail sector and relook at scale and quality in processing.
- 3.198 The Committee recommended that the Ministry consider the failings in the operations of the downstream processing of logs and consider whether this could be vested in an independent State-Owned Enterprise who could ensure a viable commercial operation.

Update on Committee recommendations

- 3.199 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

14 Office of the Prime Minister and Cabinet Vision Statement

To be an effective office providing exemplary Leadership and Coordination in the administration of Government affairs and deliver high quality advice to the Prime Minister and Cabinet.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF THE REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
MINISTRY SUMMARY				
INCOME TOTAL	0	0	0	37,961
EXPENDITURE TOTAL	32,574,640	98,017,884	100,017,884	92,539,389
Payroll Charges	0	40,492,671	40,492,671	35,015,676
Salaries	0	40,492,671	40,492,671	35,015,676
Other Charges	32,574,640	57,525,213	59,525,213	57,523,713
NETT TOTAL	(32,574,640)	(98,017,884)	(100,017,884)	(92,501,428)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	101,850,803	374,000,000	374,000,000	9,450,000
SIG FUNDING COMPONENT	101,850,803	374,000,000	374,000,000	9,450,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.200 **Pacific Games update** - The Committee sought an update of the Pacific Games preparations from Office of Prime Minister and Cabinet (OPMC).
- 3.201 OPMC responded that the key priorities now are the final preparation and conduct of the simultaneous 2024 National General Elections, including the Provincial, Ward and HCC Elections (excepting Western and Choiseul provinces) and the imminent Pacific Games.
- 3.202 In terms of brief update today chefs for games food preparation will arrive, 200 vehicles for the games. Heads of governments are coming in for opening ceremony. PNG, Australia, China, Cook Islands are coming. The biggest challenges are quality accommodation especially for high level delegations.
- 3.203 Going forward the greatest challenges will likely be legacy and maintenance. Right now, we have the best sports infrastructure in the Pacific but need to ensure it is sustained going forward.
- 3.204 First arrivals next Tuesday and Thursday. Opening ceremony Sunday. Closing on 2nd Dec. First medal is 11.35am Monday and we hope Solomons will be there.

- 3.205 All Members of Parliament will be invited to present medals. All MP's will have tickets and will have opportunity to watch the Games.
- 3.206 **OPMC staffing** - Staffing numbers are 151 with 66 vacancies. They aim to fully staff SIICAC and some strategic positions. Cabinet needs a legal department to ensure all legislative changes are carried through to link cabinet through to Parliament.
- 3.207 Commissioners' roles are also being updated. Some are new and some frozen due to financial issues.
- 3.208 On legislation there are some changes in the legal unit for cabinet.
- 3.209 On policy, infrastructure and accountability remain key focus areas: improving Political Parties Commission, consider Truth and Reconciliation programs. Citizenship investment is aimed for next year along with transformation of CBD and eastern end of town. On infrastructure, we are initiating work on the Office of the Prime Minister and residence of the Prime Minister plus undertaking surveys of sites for the Chief Justice, Leader of the Opposition amongst others.
- 3.210 **Budget control and reducing expenditures in 2024.** In 2024, focus is on the simultaneous national general and provincial elections (excluding Western and Choiseul province). Also note that a new TV station via SIBC is moving forward with \$16 million support from Saudia Arabia.
- 3.211 We hand over facilities at the end of this year. Assets will be distributed e.g. beds to all schools, and vehicles. No debt must be left behind. June 30th 2024 next year is final date for audit reports.
- 3.212 Digital transformation strategy is being developed. A secure government network for Cabinet and permanent secretaries is also being developed. This network has restrictions on printing and access. A new online portal for Leadership Code Commission and a new corporate plan for OPMC is expected.
- 3.213 Following up on previous Public Accounts Committee recommendations, the Mustard Seed International (MSI) will be audited. A management review is underway looking at cheaper reliable services for Members of Parliament. In the future another entity under the control of Parliament is likely.
- 3.214 MSI has secured an agreement in Philippines where most costs are covered. A new agreement to Australia underway. Quality of care between Philippines and Australia is similar. Each referral to Australia is approximately \$500,000 per person compared to Philippines which costs about \$200,000. MPs and spouses are included in the cover provided.
- 3.215 Also, now any doctor can be used by MP's in 2023. Whatever receipts can be submitted now. For future medical cases including medivacs selection will be via NRH specialists and longer term be under Parliament.

Recommendation:

The Committee notes the planned transition of Mustard Seed International (MSI) to a new entity which is intended to be under Parliament control. The Committee recommends that MSI produce compliant audited financial statements for the duration of its operations. .

- 3.216 In relation to the second recommendation from PAC concerning insufficient accommodation for the Games, all officials are staying in renovated schools. The private sector does not have sufficient capacity. Pacific Hotel has allocated some spaces, Happy Day Inn near Honiara Hotel and some rented apartments in Capital Park for media. The Government will need to setup accommodation for future events.
- 3.217 **Pacific Games** - The Committee noted the comprehensive update and queried some recent concerns around procurement practices in relation the Games.
- 3.218 The OPMC responded that it is their intention to implement in accordance with the laws. The toilet paper procurement for example followed a process which if urgent is fast tracked. Quotes are received with vendors who must be able to supply the goods requested. There are compliance checks which has in the past picked up errors for example when 3000 volunteers replicated across all sites when it should have been 3000 volunteers shared across all sites.
- 3.219 OPMC noted that public concerns are valid. The goal is for less corrupt practices. For some people games is a money-making exercise and some corrupt practices may get through. The Auditor General audit is also coming.
- 3.220 The Committee noted the SPM comments and requested if OPMC can provide a listing of all procurements undertaken by NHA. OPMC responded that confidentiality may be an issue and so will require a Board decision.

Recommendation:

The Committee noted public concerns about procurement practices of the National Hosting Authority and recommends maximum transparency in all practices including procurement.

- 3.221 The OPMC noted the Committees request stating that transparency is good for the Pacific Games and for the public and agreed to provide a list of all services and procurements including those who won.
- 3.222 The Committee noted that some of the country's top athletes are withdrawing most likely due to non-selection for the recent China training. This could jeopardise the countries goal of 40 gold medal targets.
- 3.223 The OPMC confirmed that the target remains 40 gold medals. Most athletes are in camp now. In Saipan, Solomon Islands received 33 medals 22 silver, 6 gold. In relation to the training in China the athletes have returned along with seven Chinese coaches one for each team to help our games preparation. Some swimmers have really improved as well as table tennis.
- 3.224 The Committee queried what preparations are in place to manage doping at the upcoming games. OPMC advised that doping management will be through the Oceania Doping Agency who are Olympic certified. All sports medallists will be tested for drug use. These games will be qualifying for Olympics.
- 3.225 **Integrity institutions** - The Committee queried if any further plans for the integrity institutions. OPMC is looking to have one building for all integrity institutions.

Commissioner of Lands will not renew all CBD lease renewals if site is identified for Government needs.

- 3.226 **Federal Constitution** - The Committee queried if the Constitutional amendment expected for the Federal Constitution is expected soon. The OPMC stated that this would be managed by the constituency reform unit with further details expected next year.
- 3.227 **Games payments**- The Committee in winding up sought the assurance from the OPMC that they have sufficient funds for the Games and that there will be no unpaid debts.
- 3.228 The OPMC responded that this was difficult to confirm. The Government has provided assurance that the current gaps of \$160 million will be forthcoming. Should this eventuate the office is confident that there will be enough for all debts and possibly additional for maintenance too.

Update on Committee recommendations

- 3.229 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Office did not provide their annual work plan 2024 or their procurement plan 2024.

16 Ministry of Police, National Security and Correctional Services

Mission Statement

As an agency of the Executive Government, the ministry's mission is to ensure that trusted policy advice is rendered to the Executive; and that the ministry exercises its duties of policy implementation, coordination and monitoring by effective management and fiscal administration.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	2,517,588
EXPENDITURE TOTAL	327,205,679	329,205,679	329,205,679	346,682,431
Payroll Charges	162,462,059	162,462,059	162,462,059	171,403,294
Salaries	162,462,059	162,462,059	162,462,059	171,403,294
Other Charges	164,743,620	166,743,620	166,743,620	175,279,137
NETT TOTAL	(327,205,679)	(329,205,679)	(329,205,679)	(344,164,843)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	7,607,861	21,630,000	21,630,000	21,630,000
SIG FUNDING COMPONENT	7,607,861	21,630,000	21,630,000	21,630,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.230 **Cost of Living Adjustment** - The Committee asked if the 3% increase in staff costs was across the board cost of living adjustment (COLA) or just for the Ministry. The Ministry replied that it was not just for the Ministry. The Committee noted that 3% wasn't enough given the cost of living increases experienced since that last adjustment. They also noted that other Ministries appear to have secured higher increases and wanted to understand whether that meant there were any negative impacts for the Ministry. The Ministry noted that 3% was nevertheless a good start and acknowledged the potential impact that different rates may have.
- 3.231 The Ministry had prepared a holistic approach so that next year they will make specialised allowance for officers. This may not so equal but it will address the issue on special duties performance.

Recommendation:

The Committee noted a modest cost of living adjustment for the Ministry of Police, National Security and Correctional Services. The Committee recommends further submissions be considered to review the adequacy of both the proposed adjustment and the overall package to raise working morale.

- 3.232 The Committee noted an increase in allowances but also for election allowances and asked what they were for. The Ministry responded that the increase in allowances was in relation to the increase in manpower. The Ministry had secured approval for an additional 230 officers for the national response division following a Government decision. It is this which is leading to the increase in duty and other allowances.
- 3.233 The Ministry queried whether this 230 increase was in addition or part of the increase in the Police National Strategy. The Ministry stated that it was in addition to that increase.
- 3.234 The Committee asked how the National Security Strategy was now included within the Budget. The Ministry noted that previously this was included within the Development Budget. However, in 2024, it is now within the Recurrent Budget.
- 3.235 **Development of national security** - The Committee also enquired on the status of the development of the National Security Bill. The Ministry responded that they have come up with a policy paper on national security which has now been delivered to Cabinet for approval. The next stage is to go through this with the stakeholders.
- 3.236 **Pacific Games** - The Committee requested an overview on the security of the Games. The Ministry noted they are on top of the plan. This afternoon, the Ministry had officers who were participating in an operation. They expect partners to arrive by 6 November. From then, they

will be in a better position for the security of games. The Ministry noted that the security of the Games will also be a test for the election next year.

- 3.237 The Committee asked how much support the Ministry was receiving from the Games Organising Committee (GOC). The Ministry noted that they have been liaising closely with GOC and the National Hosting Authority (NHA) for the level of support to be provided. The Ministry will be receiving support on fuel and rations (for those on shift rotation in games village) and accommodation for front line officers. All other costs would be covered by the Ministry. The Committee recommended that the Ministry continue to engage with NHA and GOC to ensure the support is sufficient for a strong security response.
- 3.238 **Zebra crossings** - The Committee noted concern on how the new zebra crossings were working and whether there was a plan for the RSIPF to manage the new crossings. The Ministry had raised concern about the crossings with the Road Transport Board. In addition, the Ministry plans to ensure that the Games crossings are manned.
- 3.239 Procedure for dealing with Unreliable officers - The Committee sought clarification on the procedure for the public in dealing with unreliable officers who are not doing their work. The Ministry confirmed that they have a Professional Standards Office which is accessed off Hibiscus Avenue opposite King Solomon. Matters can be reported there. The Commissioner also noted that concerns can be put in writing to him.

Update on Committee recommendations

- 3.240 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

17 Ministry of Provincial Government and Institutional Strengthening Mission Statement

- 3.241 To strengthen the Provincial Government system, MPGIS will;
- (a) work towards an appropriate balance between the responsibilities of Provincial Government, the resources available to Provincial Governments, and the capacity of provincial Governments,
 - (b) support the decentralization process through a systemic and feasible delegation/devolution of functions, mandates and budget thus bringing decision-making and services closer to its citizens,
 - (c) ensure the necessary accountability, transparency and participation mechanisms, and
 - (d) Resettlement Planning and Management Schemes.

2024 Budget Summary

Recurrent Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	60,934,968	146,530,991	146,530,991	148,612,162
Payroll Charges	0	73,685,585	73,685,585	74,705,353
Salaries	0	73,685,585	73,685,585	74,705,353
Other Charges	60,934,968	71,584,501	71,584,501	72,584,501
NETT TOTAL	(60,934,968)	(146,530,991)	(146,530,991)	(148,612,162)

Development Budget

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	0	30,000,000	30,000,000	30,000,000
SIG FUNDING COMPONENT	0	30,000,000	30,000,000	30,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.242 The Committee sought an update on the Ministry's budget and any bids for 2024.
- 3.243 The Ministry confirmed it had made bids but no change from the baseline was given. The Ministry also noted that it only has one international consultant remaining with all other consultants being local. Payroll increases were due to some previous charges in recurrent now moved to payroll.
- 3.244 In practice payments made under other charges if money not available then likely amounts roll into next year. For example, the review on Provincial Government Act was not done due to financial restrictions. Money from UNDP for consultation has helped. The main focus however is on synchronising the Provincial Act with National General Elections (NGE). It is expected that MPAs will dissolve at the same time as NGE so work is underway on the status of budgets which will require the Minister to make orders to ensure caretaker governments can function properly.
- 3.245 Revenue sharing should be a separate bill. Governance and operational aspects should be under Provincial Government Act. Provincial elections direction to SIEC has been given. Logistics and elections work will be supported by MPGIS staff.
- 3.246 Ordinance passed by Provincial Governments needs to be assented. Attorney General Chambers has advised that timing needs to align with National Government acts. Normal programs with capacity building and core work have continued.
- 3.247 On PCDF work, we have closed the old project. With EU Provincial Government Strengthening Program is coming which will focus on governance and climate resilience.

- 3.248 2023 development budget is being negotiated with MoFT to pay out in 2023 but it is unlikely the Government can pay anything this year. Only donors are responsive.
- 3.249 Capacity absorption will be a challenge and some provinces have concerns on complying with the law in relation to PCDF. Provincial Governments are finding challenges with governance.
- 3.250 The Ministry has made a Cabinet submission for \$100million towards PCDF however now the Government is not engaging. Only donors have engaged. \$30 million development budget is not enough for MPGIS but it is only what SIG could potentially support.
- 3.251 Previous projects were mainly focused on health and education. Now the focus is on economic growth with infrastructure. For example, storage for commodities, bridges, women in small entrepreneurial projects. Maintenance does remain a challenge.
- 3.252 PCDF program is impacting positively in some places. But in some places, it is not working well. In south Malaita the program is not working well. Delivery of small projects can work but ward committees in South Malaita are not working.
- 3.253 The Committee noted the update and queried how the ward committees are performing especially in Malaita.
- 3.254 The Ministry stated that MPAs decide on ward committee recommendations which are then endorsed by the executive. Decisions are based on community needs for service, not on political direction. However, sometimes projects are not working due to involvement of MPAs, for example engaging contractors which are on the black list.
- 3.255 Malaita did not qualify for PCDF funding for the past two years and so missed out on the funds despite having capacity in place. The Province should be contributing funds for the ward committees. In Malaita however funds were not transferred from Provincial government so this has impacted the 72 support officers including three for Malaita to support ward development committees.
- 3.256 Committees must fight hard for their wards so it may not happen in one year but may be available next year. In other provinces there are similar views that no projects are occurring in their wards. In Malaita, delays in projects lost \$26million in PCDF over three years which was directed to other provinces. When Provinces do not meet the minimum conditions, the Ministry does assist with capacity building to help for future. But the Ministry is aware that Provinces are questioning the distribution. Where MPAs intervene in procurements it will delay projects. Also compliance issues and politics affects individual provinces.
- 3.257 The Committee noted that Temotu province was also disqualified and sought an update. The Ministry confirmed that in 2023 only Central and Guadalcanal qualified but Temotu was included on appeal.
- 3.258 The Committee stated that ward development contributions by Provinces is too small and in need of update. The current amounts are absorbed with shipping costs alone.
- 3.259 The Ministry noted that some parts of Malaita are doing well however the burning of a school in East Fataleka which cost \$1.6million should be condemned. On ward contributions and freight costs there are cases where transport from Bonegi to Lunga was \$70,000. This means

that all bills of quantities must be scrutinised as funds are being exhausted. PCDF is not perfect but ongoing reviews will help to adapt to any changes needed.

- 3.260 The Committee questioned whether the Ministry has considered resettlement planning and other impacts of sea level rise as well as building the Provinces own revenue generating capability?
- 3.261 The Ministry noted that revenue generating capability is the next frontier so that there is less dependence on the national government. Currently there are very few investment arms in Provinces. The issue is that Provinces are required under the PFM Act to liaise with MoFT and the Ministry. In the past, there has been a lot of governance issues and investment arms were often run at a loss. Only Isabel and Choiseul were able to mobilise revenue and put excess cash back to the province at the year end.
- 3.262 In relation to resettlement plans there is no policy directive from the current government other than in relation to disasters. There has been a relocation and resettlement guideline recently launched. Continued education and community awareness was needed on the effects of climate change on sea levels and other community impacts.

Recommendation:

The Committee noted the ongoing challenge for the National Government to support significant development costs in the Provinces. The Committee recommends that the Ministry and the PCDF program consider investing more in the Provincial revenue generating capability and systems to reduce the burden on National Government and build resilience in both the governance and development needs for all provinces.

- 3.263 The Committee noted the need to build capability for each Province to generate their own revenue. Western Province Investment Corporation could be considered as a model for other provinces and considered similar approach across all Provinces which must ensure independence from political influence and focus on delivering clean audit outcomes.

Update on Committee recommendations

- 3.264 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

18 Ministry of Lands, Housing and Survey

Mission Statement

To ensure that the Solomon Islands Government is supported by a Professional team and efficient land management system that contributes to social stability, economic growth and sustainable environment.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	10,909,704	19,775,428	19,775,428	14,601,032
EXPENDITURE TOTAL	7,482,542	19,597,072	19,597,072	19,674,381
Payroll Charges	0	8,464,536	8,464,536	8,541,845
Salaries	0	8,464,536	8,464,536	8,541,845
Other Charges	7,482,542	11,132,536	11,132,536	11,132,536
NETT TOTAL	3,427,161	178,356	178,356	(5,073,349)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	7,903,950	10,000,000	10,000,000	10,000,000
SIG FUNDING COMPONENT	7,903,950	10,000,000	10,000,000	10,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.265 The Committee requested an update on the planned reforms to legislation and what amendments were they intended to bring to Parliament.
- 3.266 The Ministry noted that the land reform program would be a game changer for the Solomon Islands but so far they had not been able to bring it to Parliament. The intention is to make customary land in Solomons secure and may include changing the Constitution to register all customary land under tribes not trustees and make it hard to sell by only being able to lease customary land. This will be a focus of the Ministry next year.
- 3.267 The Committee noted the large portion of the Government's budget which is allocated to the Government rental scheme. The Committee had heard from the Ministry of Public Service that land might be allotted to public servants and asked if the Ministry was being consulted on the policy. Rental big here. The Ministry noted the solutions in the past had hoped to see the private sector engage well in the market but this had also led to price increases. The Ministry of Public Service did conduct a survey and discovered that generally public servants would prefer land so they could build their own homes, rather than the concept offered under Mamara.
- 3.268 The Ministry noted that in the past there was a moratorium on sale of government housing and that this policy is ongoing. It does cover all government housing including those under the control of the Prime Minister's Office. In relation to those properties which were with former Prime Ministers, this was subject to a Cabinet decision.
- 3.269 The Committee asked for an update on the South Honiara subdivision and whether plots were now allocated. The Ministry confirmed that a public tender process was run on the subdivision in South Honiara. The landlord agreed to allocate most lots if payment was received within 3

months. Each proposal was also subject to analysis to ensure they would be able to complete the development. Nearly all have paid and they expect to go through the process to prepare grants, parcel numbers shortly. It was noted that there were a few lots nobody applied for.

- 3.270 The Ministry noted that for some which have not been allocated they are yet to decided what to do with these, and are considering whether they could be held back for public servants. This will be a decision of the landlord and is expected soon.
- 3.271 The Committee were concerned that there was a directive to allocate some lots to a list. The Ministry denied receiving such a directive.
- 3.272 The Committee also asked what the law said in relation to sea front property. The Ministry noted there are a series of amendments to the land and titles Act that they are working on. The first relates to land reform. Through this they are trying to encourage development of customary land but not its loss. This will likely move to having perpetual estates for customary land which would be held by a land holding group (not individuals or trustees). It would not be able to be sold. It would also include restitution and a share of benefits where land cannot be given back. The second area is in relation to foreshore. They propose to amend the Act so that land title cannot be held over water, particularly in Honiara. Land is only land above the high-water mark and free passage should be allowed to all over water. The third area relates to house-keeping amendments to provide clarification and close loopholes. Cabinet has approved the first two but the administrative changes are yet to be consulted on across the country. Once funds are provided, this will be undertaken.
- 3.273 The Committee observed there were some properties extending their land by backfilling into the sea and asked how this was managed by the Ministry. The Ministry noted that there is a common misconception that anything below high water mark in Honiara is under Guadalcanal Province. In fact, the official plans show this to be within the Honiara boundary. Anything therefore built along foreshore is under the jurisdiction of Honiara City Council. Any development along the foreshore would be a matter for the Ministry of Environment and Honiara City Council.
- 3.274 The Committee asked about the new site for the cemetery and whether land had been identified. The Ministry noted that land had been secured and that there was a master plan. The Australian government was providing assistance with technical assessment and UXO.
- 3.275 In relation the landfill the Ministry confirmed a 45 hectares site had been secured. There were however some access issues that they were working through. The landfill was also expected to be used by Guadalcanal Province and therefore they were also involved in discussions.

Update on Committee recommendations

- 3.276 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

19 Ministry of National Planning and Development Coordination

Mission Statement

3.277 Enhance economic and social well-being of the people of Solomon Islands through maximum participation in economic development and by fostering co-operation between National, Provincial Government and Communities and between development partners in order to maximize utilization of development resources to the benefit of the people of Solomon Islands.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	2,144,818	6,834,932	6,834,932	6,659,857
Payroll Charges	0	3,472,706	3,472,706	3,297,631
Salaries	0	3,472,706	3,472,706	3,297,631
Other Charges	2,144,818	3,362,226	3,362,226	3,362,226
NETT TOTAL	(2,144,818)	(6,834,932)	(6,834,932)	(6,659,857)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
DEVELOPMENT PROJECT TOTAL	183,097	1,500,000	1,500,000	8,983,230
SIG FUNDING COMPONENT	183,097	1,500,000	1,500,000	8,983,230

Issues of Concern

Matters raised by the Committee includes the following:

- 3.278 **National Infrastructure Investment Pipeline** - The Committee asked the Ministry to explain the approach behind the Solomon Islands National Infrastructure Investment Pipeline. The Ministry explained that it was intended to provide a more strategic approach to infrastructure planning, maintenance and asset management.
- 3.279 The process is for the Ministry to put out a call for submissions from line ministries that will form a list of priorities. The Ministry then uses a multiple criteria assessment approach that uses quantitative analysis relevant to the national development strategy. This leads to an initial pipeline but is still hard to evaluate between two options which are both a priority. The Ministry then develops a place-based approach which considers a more holistic ecosystem prioritisation. This place-based approach considers infrastructure development and overall connectivity and how they relate to places. This takes into account, infrastructure as a core

enabler. This process included consulting with the 9 provinces and their provincial plans and has led to an informed prioritisation of pipeline which includes sequencing.

- 3.280 The Committee sought to clarify whether this would be the process for all development projects going forward. The Ministry confirmed that this process is for large infrastructure projects, greater than \$40 million. The Ministry noted there are a lot of small projects, some of these can be clustered and fall within the threshold for this pipeline but other are funded through other means (Donors and Constituency Development Fund).
- 3.281 The Ministry provide Bina as an example of a place-based project. The place-based approach considers the port, the processing plant and also the wider economic and social drivers connected with Bina as a hub which might include transport connectivity.
- 3.282 **Census data** - The Committee asked when the last census was and what their role is in relation to the census. The Ministry confirmed that the last census was in 2019 and that they are important users of census data but they are not responsible for undertaking it. The Ministry noted that the results of the 2019 census was recently released.
- 3.283 **Planning Bill** - The Committee asked about the progress of the National Infrastructure Pipeline. The Ministry updated the Committee noting that the Bill has been a long time coming. The Ministry now has a finalised policy paper ready for Cabinet and related to this, a National Planning Manual. The Ministry acknowledged that they recently participated in the consultation with the Ministry of Finance in relation to the Budget Regulations which seemed to be addressing the same deficiencies in planning processes.
- 3.284 **Solomon Island Infrastructure program** - The Committee asked for details of the non-appropriated funds through the Solomon Island Infrastructure program (SIIP) and what this related to. The Ministry explained that SIIP is a major infrastructure program provided by the Australian Government. Following announcement in 2019, it is expected to provide over \$1.2 billion and is now being implemented. A few of the projects include: Bina harbour development, water and sanitation study, provincial markets rehabilitation, Buala wharf redevelopment, Fiu bridge, Gizo water supply feasibility study, Naha birthing centre and Noro ports redevelopment. The Taro airfield upgrade project is completed and Seghe just held a ground breaking ceremony for the airfield upgrade as well.
- 3.285 **SCALE** - The Committee asked if the SCALE project was going ahead which the Ministry confirmed although they did not have any direct oversight. They further confirmed that the Millennium Challenge Corporation implementation is underway. A number of sites has been identified for forestry and tourism. In terms of forestry, the Ministry has identified two carbon trading sites (that have large forests). One is Viru harbour in Western Province and the other is in Makira Province. For tourism, work is ongoing to support facilitation of tourism investment. Land is a major constraint for tourism investment and they are looking at ways to support small scale tourism operators.
- 3.286 The Ministry noted that the Threshold Funding Program has also been running for three years with \$20million. It is possible to access the compact program depending on how Solomon Islands performs in the 'scorecard'. The Ministry explained that the scorecard has a number of criteria relating to social and economic development as well as good governance. A country has to score a minimum of ten out of twenty and the country assessment is reviewed annually by an independent body. The Solomon Islands did meet the threshold initially but in 2023 scored nine. This is because in 2023 they introduce a new indicator that requires the Ministry

to work with other agencies such as education to ensure that data is regularly reported so that up to date information is available in the scorecard assessment. In 2023 assessment other agencies data or report were not updated.

- 3.287 **Scholarships** - The Committee raised their concern in relation to the opportunity list for scholarships that it didn't generally vary and many former students were not ending up in the Solomon Islands but instead in Australia.
- 3.288 The Ministry noted that there is a process by which the opportunity list is formed which includes seeking submissions from agencies, industry and stakeholders. The Ministry noted that the lack of change could be as the labour mark remains the same. The Ministry also highlighted that they had hoped to develop the National HR development training plan this year which would undertake deeper analysis into the country's needs. However due to the freezes in the development budget this has not been able to progress in 2023 and would be taken up in 2024 again.
- 3.289 The Committee explored this a bit further with examples in the mining sector where there are twelve mining engineers but only one mine but only three geologists. The Committee were concerned that the strategic need was not clear and therefore we are not training the manpower for the economy we need over the next 30-40 years.
- 3.290 The Ministry noted three areas which areas which should contribute to clearer strategic need: the national development strategy review, which initially had been planned for September but was also delayed until 2024; an expenditure analysis which is intended to inform how effective expenditure has been across sectors; and ongoing efforts to build a monitoring and evaluation culture. With better evidence and data the Ministry expects that they can slowly shift to being more strategic, and support more strategic decision making.

Update on Committee recommendations

- 3.291 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

20 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.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	133,662	0	0	808,484
EXPENDITURE TOTAL	16,631,507	25,894,692	25,894,692	26,499,802
Payroll Charges	0	3,683,058	3,683,058	4,288,168
Salaries	0	3,683,058	3,683,058	4,288,168
Other Charges	16,631,507	22,211,634	22,211,634	22,211,634
NETT TOTAL	(16,497,845)	(25,894,692)	(25,894,692)	(25,691,318)

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	557,049	5,774,586
EXPENDITURE TOTAL	0	0	557,049	5,774,586
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	0	0	557,049	5,774,586
NETT TOTAL	0	0	0	0

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	6,198,799	10,000,000	10,000,000	10,000,000
SIG FUNDING COMPONENT	6,198,799	10,000,000	10,000,000	10,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.292 The Ministry pointed out that the amount noted in development budget for non-appropriated budget support for the New Zealand government was not correct. This figure should be \$450,000 NZD or SBD2.21million over 3 years. The Ministry stated that they would notify the Ministry of Finance.

- 3.293 The Committee asked the Ministry's approach to conservation tourism. The Ministry noted that tourism and conservation go together. The Ministry has been supporting a number of communities already operating in this space, particularly around marine and forestry activities. These communities need to ensure the sites are registered with the Ministry of Fisheries and Marine Resources so that they can then be promoted.

Update on Committee recommendations

- 3.294 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry submitted all requested documents

21 Ministry of Commerce, Industries, Labour and Immigration

Mission Statement

- 3.295 To become a model ministry that is exceptional, professional and efficient in the delivery of public services under its mandate in support of increased investment, private sector growth, improved border security, better labour and employment practices, protection of consumer rights, promotion of fair trade and competition, and protection of indigenous reserved business opportunities. This is to ensure Solomon Islands attain sustainable economic development and durable prosperity for all.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	31,863,859	48,719,784	48,719,784	123,709,153
EXPENDITURE TOTAL	21,813,841	42,206,551	46,770,551	50,332,135
Payroll Charges	0	12,761,580	12,761,580	15,175,364
Salaries	0	12,761,580	12,761,580	15,175,364
Other Charges	21,813,841	29,444,971	34,008,971	35,156,771
NETT TOTAL	10,050,018	6,513,233	1,949,233	73,377,018

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	16,679,083	33,663,770	49,726,390	48,963,770
SIG FUNDED COMPONENT	16,679,083	33,663,770	49,726,390	48,963,770

Issues of Concern

Matters raised by the Committee includes the following:

- 3.296 The Committee queried if the 2024 budget was sufficient specifically to bolster future economic growth. The Ministry responded that 2024 has no new projects just a rollover of 2023. CEMA program is a seven-year strategy delivered in three phases. The first to 2021 for assessment of buying centres however advent of COVID did impact in 2022 causing delays. In 2023 funding has been a challenge with only two out of six planned buying centres so far. So only Makira and Honiara buying centres currently operating however, as there are no funds there is no trading.
- 3.297 The \$16million allocated to CEMA is looking to deliver the best service. So instead of operating centres the Ministry can look to buying points to reduce costs. The Ministry is working through agents who provide the facilities and pay agents commission for use of their facilities.
- 3.298 The Committee queried the development budget particularly the economic growth centre program which has \$10.3 million allocated over nine projects. The Ministry stated that most of these are for study only. Suava and Kira Kira Cocoa factory are at construction phase. Gozouru Industry on study stage only
- 3.299 The Ministry noted that the Kira Kira Cocoa factory was supposed to be completed in 2023 but due to cashflows has been pushed into 2024. Currently trading activities at the western border are more informal. There is a need to consider more formal agreements and include Eastern border too.
- 3.300 In marketing and export division the goal is to build export bubbles with support from Ministry of Foreign Affairs and External Trade under trade and export program using recurrent budget.
- 3.301 The Committee noted that the Ministry plans appear to be the same every year with changes in policy sometimes also impacting landowners.
- 3.302 The Committee sought an update on the Ministry's policy regarding foreign labelling. These products have no English or pidgin on the labels which should not be permitted in the country.
- 3.303 The Ministry advised that they are working on a new policy on foreign labelling. There are other agencies who administer different technical standards like the Ministry of Health and Medical Service who is responsible for labelling for food products. The Ministry noted they remove products with foreign labelling off the shelves.
- 3.304 The Committee pointed out again the need for the Ministry to provide better job creation data. Current use of the National Provident Fund as a proxy is inaccurate and needs to be updated.
- 3.305 The labour market survey was not done this year but will be done in 2024. Once the report is completed the hope is to launch next year 2024. From this we can develop a national employment data policy.

Recommendation:

The Committee notes the importance of having accurate employment and job creation data for both the formal and informal sectors for Government policy settings. The Committee recommends the Ministry consider establishing a unit focused on job creation to support key Government policy and properly inform human resource development strategy.

- 3.306 The Committee commented of the need to build the right skills to support economic growth for next 30 years from which education strategy then can be properly developed.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

22 Ministry of Communication and Aviation

Mission Statement

- 3.307 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.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	12,250,608	39,955,069	40,885,069	37,941,145
Payroll Charges	0	12,658,939	12,658,939	5,447,365
Salaries	0	12,658,939	12,658,939	5,447,365
Other Charges	12,250,608	27,296,130	28,226,130	32,493,780
NETT TOTAL	(12,250,608)	(39,955,069)	(40,885,069)	(37,941,145)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL		412,3830	2,500,000	2,500,000
SIG FUNDING COMPONENT		412,3830	2,500,000	2,500,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.308 **Budget sustainability** - The Committee expressed concern that the budget must be spent in that particular year and noted that if the allocated amount is not spent, then the credibility of the budget is undermined, and the Ministry may not be able to deliver its expected output.

- 3.309 The Ministry expressed their frustration with a budgeting system that budgets for a year and must be spent within that year. They mentioned the credibility of budgeting due to COVID and the need to overcome multi-cycles in aviation.
- 3.310 The Ministry discussed budget processes and the need for transparency and accountability. Donors are engaging effectively with the Ministry however the Ministry of Finance continues to withhold payments and undermine their plans despite having an approved budget.
- 3.311 **Status Airport Corporation** - The committee would like to know the status of the airport corporation.
- 3.312 The airport corporation was transferred back in October, the airport cooperation team has transferred officers to ten government airports. The Ministry will provide funding support to maintain these airports, but the team will not do any more maintenance. The other 13 will be given money to maintain including Parasi airport and others.
- 3.313 **Program and Development** - The Committee enquired about the amount requested for each development program. The Ministry discussed the importance of using donor funds for projects, stating that they can't guarantee the success of any project without time and effort. The Ministry argued that donors have more competence and trust than SIG, and they have used donor funds for projects like immigration since SIG process took 4 months and the project was dropped. The Ministry mentioned that they have faced issues with contractors' trust and so rely more on donor funds. The Ministry emphasises their ability to build anything, including airports, roads, and bridges, as long as they have the confidence and trust in the budgets through donors and SIG.
- 3.314 **Private Airfield buying policy** - The Committee asked about the private airfield buying policy.
- 3.315 The Ministry noted that the Government has implemented a policy to increase the ownership of 23 airports from 10 to 23 due to issues with ownership. The Ministry has already valued two of these airports, Kirakira and Balalai, and is waiting for other airports, including Parasi. The Ministry is targeting high-level, high-volume airports for buying, with the goal of earning 10 years' worth of revenue. The Ministry is willing to pay commission for these airports, but the process of leasing them is still not complete. The Ministry is aiming to increase ownership of another 13 airports. Seventh Day Adventist (SDA) private owned airfields are being decommissioned to save cost to SDA and old state used airfields are also being returned to landowners such as Kuala Bessi, Afutara East, and even Atoifi. The Ministry is working to improve the ownership process and ensure that the airports are owned by the government rather than private landowners as donors will only engage on government owned land.
- 3.316 **Tower upgrade** - The Committee sought an update on the Huawei tower project. The Ministry responded that the first tower has been completed, but the project faced issues due to a poor partnership with Telekom, which has limited capacity and engineers. The company needs more power, solar, and generators and has been dragging the project for 1.5 years. The team is reconsidering the current partnership and may need to obtain a loan to cover the cost of the project. The company has spent a lot of money on the project, but the division is responsible for directing the loan and paying for site visits and telecom engineers. The team

is considering reconsidering the partnership and whether the contractor will complete the project.

Recommendation:

The Committee remains concerned that the tower project is not commercially viable and that the Government has already committed to loan funding. The Committee recommends that the Ministry continue to seek a commercially viable and sustainable outcome for this Project

3.317 Post- Code - The Committee is interested in knowing if there has been any resolution to use of postcodes and the national addresses project.

3.318 The Ministry noted these come under the national digital and e-commerce strategy which are advanced, with a focus on national addresses and post-code. A pilot project is underway in Honiara, with a launch expected next week. The post-code and national addresses projects are led by the Ministry and Solomon Post. The system will allow parcel delivery using mobile numbers and address systems, with the City Council and MID leading the address system. The system will be linked to all utilities, combining GIS systems, SIWA, telecom, and power systems. This will make it easier to authorise and locate homes. The system will be strong and allow for online trading once it is implemented.

3.319 **SIM Card** - The committee inquired on SIM card registration. The SIM card registration order has been received from the AG Chambers and is ready for gazetting. The delay is due to the recent passing of the National Payments Act and the database required for number storage, which should be prepared by the end of this year.

Update on Committee recommendations

3.320 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide a completed annual work plan 2024 or procurement plan 2024.

**23 Ministry of Fisheries and Marine Resources
Mission Statement**

3.321 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.

3.322 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.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	195,642,574	305,515,006	305,515,006	171,439,661
EXPENDITURE TOTAL	8,082,769	25,091,400	25,091,400	26,566,213
Payroll Charges	0	11,403,892	11,403,892	11,820,734
Salaries	0	11,403,892	11,403,892	11,820,734
Other Charges	8,082,769	13,687,508	13,687,508	14,745,479
NETT TOTAL	187,559,805	280,423,606	280,423,606	144,873,448

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	9,078,112	8,160,064	10,438,839	7,641,943
EXPENDITURE TOTAL	5,197,972	8,160,064	10,438,839	7,641,943
Payroll Charges	0	721,567	721,567	858,053
Salaries	0	721,567	721,567	858,053
Other Charges	5,197,972	7,438,497	9,717,272	6,783,890
NETT TOTAL	3,880,140	0	0	0

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	6,612,273	15,000,000	21,000,000	15,000,000
SIG FUNDED COMPONENT	6,612,273	15,000,000	21,000,000	15,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.323 The Ministry noted that their budget did not include income and had noted this oversight to the Ministry of Finance and Treasury. They confirmed they expected to receive income in the region of \$311 million.
- 3.324 The Ministry noted that progress was being made to the large-scale project of similar size to the Tina Hydro project. The project is expecting to let the concession to invest in the operation and commence early works towards the end of the first quarter in 2024.
- 3.325 The International Financial Corporation has been advising the Ministry. Their analysis shows that the overall economic benefit of the project over the life of the concession of 15 years is

expected to be \$USD400million. About \$USD100m should be paid to the Government through PAYE and company taxes, other shares to the fishing operator and staff. A robust business case is being developed to look at the possible options which include an international shipping port for large vessels, a tuna processing plant and supporting infrastructure. The business case in considering the wider impacts on the area a development of this scale might have and is therefore also considering the cost benefit analysis for wider infrastructure.

- 3.326 The Committee asked how the Ministry would go about selecting the right investor. The Ministry noted that it was challenging to attract suitable investors and that there were probably only three in the world, 1 European and 2 Asian. They were pleased to note that at this stage, all were expressing what appeared to be genuine interest but had their own concerns on the cost disadvantages they'd face. The Ministry was therefore looking at options to address this which could include fishermen paying full price to access the fish stocks but received a rebate when the fish were landed for processing at Bina.
- 3.327 Another concern of potential investors, is the sovereign risk. Recently a delegation visited Kiribati to discuss their interest in collaboration. This appeared to offer mutual benefits to the two countries as fish stocks were migrating east at present and this was likely to increase with climate change. Also Kiribati fish stocks are four times that of Solomons but in both instances, they don't have the land for processing. So, by collaborating both countries could offset their respective advantages and disadvantages.
- 3.328 The Committee were keen to understand more about the infrastructure. The Ministry noted that the investment was in the thousands of millions of USD. Elements of the project included an International wharf for cargo vessels which currently come to Noro and fishing wharfs for purse seine vessel. The project also needed water, power, roading and potentially upgrade of Auki south road.
- 3.329 The New Zealand Government have been supportive of project and funded the engagement of the project management firm from Australia. They have been working hard on what the options are and a design development brief. Geotech will be commencing soon, as with UXO and surveying. The site is 172 hectares of registered land. The project management firms are developing a master lease of whole area. Quantity surveying to determine a final cost is underway and this is expected at the end of this year. The firm is also engaging a macro economist to also assess if an infrastructure project of this size the right economic decision for Solomons Islands.
- 3.330 The Ministry noted that engagement with land owners was a key priority and for the settlement to be sustainable, all had to be satisfied they were getting benefit from the project. This could include employment, government services, shops, industries, and other leases. This would be a constant area of focus to ensure that land owners provide fully informed consent.
- 3.331 The Committee asked for an update on the project to bring in Tilapia. The Ministry stated that the aqua hatchery now had 10 completed ponds and the office and indoor ponds. They have completed solar walks for electricity and nearing completion of water supply. They are now working on the build of 2 staff houses. Progress has been slow due to government cash challenges with an additional 4 houses for staff required. The New Zealand Government has also supported the Ministry with renovation work at the quarantine site. The Ministry would soon start to work on plans to bring the Tilapia gift into the country. The Ministry noted that the development budget had however, not been spent since late May due to the Government

reprioritisation, so the Ministry was unable to complete any works funded by SIG, only what had been funded by New Zealand.

- 3.332 The Committee asked for an update on the sea cucumber experimental project. The Ministry noted that the recent sea cucumber experiment had had mixed results. Some had grown healthy, but other not. The Ministry was therefore looking at ways to improve and increase the survival of small sea cucumbers. Independently there was outside interest for commercial cultivation of sea cucumbers. The Ministry is seriously considering this and will continue the research.
- 3.333 The Committee asked how participants are selected to be part of the hatchery program. The Ministry noted that there are currently local tilapia farmers who work with local species. The intention after import is to give new tilapia to the current farmers before other interested farmers. The Committee noted that this was consistent with the approach used by the Ministry of Agriculture which also was building from local expertise.
- 3.334 In relation to seaweed farming, the Committee asked similarly how farmers were selected. The Ministry noted that they expected any who export to also be involved in growth of the seaweed industry but a farmer doesn't have to necessarily also be an exporter. The Ministry received more than 30 applications and is working through the procurement in compliance with the Public Financial Management Act.
- 3.335 The Committee returned to the question of the Bina project and asked what the state of fish stocks was in the country. The Ministry noted that all stocks are in a healthy state and that it was the last and most well managed stock in world. There is an abundance of yellow fin in stock. For example, on average there is 100,000 fish per year caught in Solomons. Approximately, one third goes to Soltuna, Bina would expect to take a further third and the final third would be exported for processing elsewhere.

Update on Committee recommendations

- 3.336 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

24 Ministry of Public Service

Mission Statement

- 3.337 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.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	6,601,230	29,711,114	29,711,114	30,124,850
Payroll Charges	0	18,098,806	18,098,806	18,513,562
Salaries	0	18,098,806	18,098,806	18,513,562
Other Charges	6,601,230	11,612,308	11,612,308	11,611,288
NETT TOTAL	(6,601,230)	(29,711,114)	(29,711,114)	(30,124,850)

Issues of Concern

Matters raised by the Committee includes the following:

- 3.338 The Committee noted from some Ministries attending that cost of living allowances was being applied and asked the Ministry to confirm the approach for the public service. The Ministry confirmed that it is budgeted to apply 3% across the whole public service.
- 3.339 The Committee sought to clarify how the 3% increase was determined given the significant increases in prices in recent years. The Ministry confirmed that they had applied for 5% but had only managed to achieve 3% due to financial constraints.
- 3.340 The Committee asked why teachers were being paid a different level to other public servants. The Ministry confirmed that there were two commissions, one for public servants and one for teaching service. The Ministry of Education and Human Resource Development was responsible for the teachers' service. The Ministry had consulted with the Ministry of Education and Human Resource Development in setting the cost of living adjustment. So, until the laws establishing two commissions was changed, the Ministry noted that this type of scenario could occur.

Recommendation:

The Committee expressed their concern with different cost of living adjustments awarded by different commissions. The Committee recommends that the cost of living adjustment should be the same for all public servants including teachers.

- 3.341 The Committee asked for an update on the graduate program. The Ministry noted that it was nearing two years of the program now. They observed that for this year, the graduates had been placed across the public services. Many had now managed to secure jobs which the Ministry encouraged.

- 3.342 The Committee was concerned that some Bills had not been gazetted and it was therefore confusing to know what legislation should be applied by Ministries. The Committee suggested that the Ministry of Public Service undertake a role to ensure that all Ministries understand what laws they are operating under and are applying laws correctly and kept updated in a timely manner.
- 3.343 The Committee appreciated the desire to develop the public service housing policy but was keen to see it completed. The Committee asked how many of the 50 houses at Mamara were occupied by public servants. The Ministry responded that the allocation for Mamara housing would be done based on the policy, however since the policy was yet to be approved, the allocations were still pending. Therefore, once the policy was approved they would start to allocate people houses.
- 3.344 The Committee also enquired about the land project. The Ministry responded that the land project is one of the components within the Housing Scheme and is based on a survey that was carried out in 2022. It found that most public servants were interest in purchasing land and building their own houses. Therefore, under this policy they have asked the government to consider land and design for public servant homes. The design would be of a standard design for public servants to finish and own it.
- 3.345 The Committee welcomed the approach to travel policy described by the Ministry and agreed that it should be the officer's choice to manage how they travel for holidays.
- 3.346 The Committee asked how much long service benefit (LSB) payments were outstanding. The Ministry noted that all payment had been paid. The Ministry was in fact making payments for some ministries who did not have a budget allocation for LSB.
- 3.347 The Committee asked whether the policy for housing loans considered situations where death occurred in service. The Ministry confirmed that this type of situation was considered.
- 3.348 The Committee observed that the practice of having a separate non-established workforce was old thinking and shouldn't be the case anymore. The Ministry agreed and noted that the new Bill would address this with all staff coming within the public service.
- 3.349 The Committee noted the development of the IPAM project and encouraged the Ministry to ensure that a budget was included in future to ensure there is a good facility for the important activity of training.

Update on Committee recommendations

- 3.350 The Ministry provided a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

25 Ministry of Justice and Legal Affairs and National Judiciary Mission Statement

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

2024 Budget Summary

Ministry of Justice and Legal Affairs

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	58,980	1,300,000	1,300,000	4,417,383
EXPENDITURE TOTAL	17,134,212	46,573,724	48,109,124	55,931,853
Payroll Charges	0	22,775,362	22,775,362	24,374,876
Salaries	0	22,775,362	22,775,362	24,374,876
Other Charges	17,134,212	23,798,362	25,333,762	31,556,977
NETT TOTAL	(17,075,232)	(45,273,724)	(46,809,124)	(98,323,594)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	302,120	3,000,000	3,000,000	3,000,000
SIG FUNDING COMPONENT	302,120	3,000,000	3,000,000	3,000,000

National Judiciary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	1,314,936	2,041,622	2,041,622	2,693,570
EXPENDITURE TOTAL	9,492,083	33,931,949	35,285,355	41,545,499
Payroll Charges	0	20,585,499	20,585,499	21,765,316
Salaries	0	20,585,499	20,585,499	21,765,316
Other Charges	9,492,083	13,346,450	14,699,856	19,780,183
NETT TOTAL	(8,177,147)	(31,890,327)	(33,243,733)	(38,851,929)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES

EXPENDITURE TOTAL	3,382,662	5,000,000	5,000,000	5,000,000
SIG FUNDING COMPONENT	3,382,662	5,000,000	5,000,000	5,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.351 The Committee sought an update on court functions in 2023. The Ministry noted that circuits have faced cash flow challenges and continue to struggle with getting out of town witnesses due to aged and unsuitable vehicles. In terms of Provincial staff, the rental waiver is now at 100% to attract staff.
- 3.352 The National Judiciary (NJ) confirmed that funding has impacted their core business which is court circuits with only Rennell and Bellona, Guadalcanal and Central Province visited.
- 3.353 The Ministry still needs further development budget for Maluu court house, renovation of Gizo magistrate and residence for judges in Lengkiki. Two court houses in Seghe and Atoiri are still not opened. In relation to the Justice Precinct \$1.5million has been paid for the design of the Justice Precinct however the account was closed this year. Next year we have \$1.5 million put aside in the development budget for 2024.
- 3.354 The Committee queried if Judges have a retirement scheme in Solomon Islands? NJ noted that judges retire at 70 years with their benefits being regulated however they were not clear if a retirement scheme has been approved.

Recommendation:

The Committee recommends that the Ministry of Justice and Legal Affairs develop suitable legislation for a retirement scheme for Judges and Magistrates.

- 3.355 The Committee also suggested that more work be done on fully understanding what the courts operational costs and needs are given the Chief Justices raising of these issues.
- 3.356 The Ministry responded noting that the proposed autonomy bill will address this.

Update on submissions requested by PAC

The Ministry submitted all requested documents.

26 Ministry of Home Affairs

Mission Statement

- 3.357 Empower people to shape stable political future for our country, this builds on ethical leadership, decent governance and professionalism, hence to recognise our diverse traditional cultures, values and pride of our people and Government with robust relationships with stakeholders equally.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	5,279,443	0	0	9,714,773
EXPENDITURE TOTAL	8,564,082	17,025,612	17,025,612	57,104,312
Payroll Charges	0	2,727,968	2,727,968	2,757,668
Salaries	0	2,727,968	2,727,968	2,757,668
Other Charges	8,564,082	14,297,644	14,297,644	54,346,644
NETT TOTAL	(3,284,639)	(17,025,612)	(17,025,612)	(47,389,539)

Budget Support

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	1,047,385	0	1,047,385	374,900
EXPENDITURE TOTAL	1,047,385	0	1,047,385	374,900
Payroll Charges	0	0	0	0
Salaries	0	0	0	0
Other Charges	1,047,385	0	1,047,385	374,900
NETT TOTAL	0	0	0	0

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	3,304,922	12,000,000	15,300,000	12,000,000
SIG FUNDING COMPONENT	3,304,922	12,000,000	15,300,000	12,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.358 The Committee asked the Ministry what activities the Ministry was intending to showcase during the Pacific Games. The Ministry responded that tourism and culture would be the main focus. HCC in coloration with the Ministry of Culture and Tourism and the National Hosting Authority have a range of activities planned including a national dress show and other activities to showcase the city.

- 3.359 The Committee asked the Ministry what is the strategy to deal with the street dogs in Honiara. The Ministry confirmed that as per the Dog Ordinance that was passed two weeks ago, all unregistered dogs would be killed. The Policy will be implemented as soon as possible and the Ministry is engaging local and existing and voluntary manpower to assist.
- 3.360 The Committee emphasised that the approach taken some years ago was that all the dogs were kept in the cage/fence until the dog was claimed by the rightful owner. But the Honiara City Council has to feed and keep these dogs. The Ministry made a call for all dog owners to register their dog which costs \$50 per dog in line with the ordinance. On registration, the owner will receive a tag for their dog. If the dog has no tag, it can be taken by the Council.
- 3.361 The Committee asked how the city clean-up was progressing particularly with respect to rubbish disposal, betel nut and markets. The Ministry noted that the HCC amendment number two this year had the prime objective to ensure cleanliness of the town and support issuing of fines for enforcement to deal with litter. After passing, the Ministry then looked at the administrative processes to ensure enforcement officers could enforce the law.
- 3.362 The Committee asked if the law was already gazetted. The Ministry confirmed that yes, the law was already gazetted. The Ministry further confirms that, city council pass 4 amendment ordinance tools Building ordinance, spot ordinance, Betel nut and market ordinance.
- 3.363 The Ministry stated that the law enforcement will implement the policy by demolishing the illegal market stalls beside roads within the town boundary as of tomorrow 8th of November 2023. In addition, there will be fines for littering. The maximum fine around \$1,000, for business premises \$5,000 and in the private area \$500. The Council will issue warnings and if the litter is not addressed within a specified timeline, they will issue fines. Awaiting AG vetting on regulation for enforcement.
- 3.364 The Committee asked how do the Ministry address the issues of illegal selling betel nut and alcohol within the town boundary. The Ministry, confirmed that both the HCC and RSIPF have different roles to play here. RSIPF have powers to arrest those illegally selling substances and HCC is responsible where illegal selling is not in line with a business licence.
- 3.365 The Committee asked for an update on the waste management and plan for the new waste disposal site. The Ministry confirmed that the new site should be in operation in a few years time. At the moment ADB was doing a scoping exercise. The Ministry noted that it would be a landfill in future and address environmental issues. Ranandi would then become a waste transfer site where rubbish would be collected and transported to the new landfill. It was expected to be open by 2024/2025.
- 3.366 The Committee asked the Ministry to explain how the handover of Pacific Games facilities would occur. The Ministry noted that there were two existing Acts that governed how facilities would be distributed. The first was the National Sports Council Act which automatically vest national facilities to the National Sports Council (NSC), and the Pacific Games Act section 35 which stipulates that all non-financial assets go to NSC or the National Olympic Committee of Solomon Islands. There are 10-11 facilities at present which are under the management of the National Hosting Authority (NHA) /Games Organising Committee (GOC). This is supported by a Memorandum of Understanding with NHA to set out the facilities coming to NSC.

- 3.367 The Ministry noted instances in the past which had been more problematic where the lines were not as clear. In similar instances the NSC has started to work with the affected organisations. One example is SI Football Federation (SIFF) academy. This was handed to NHA last week. The NSC is working with NHA to deliver a Cabinet paper in line with the government intent to transfer the assets to SIFF. This was shared with the Commissioner of Lands as part of the consultation.
- 3.368 For community fields used for training which have received some upgrade, these are owned by others and there is no intention to change this. For the Friendship Hall, NSC are hoping to meet with SINU this week to discuss arrangements. This is likely to consider how both parties can benefit for the joint working. Similarly, NSC is meeting with the King George VI school Board next week to look for creative solutions for the access and management of the facilities.

Recommendation:

The Committee was concerned to hear that the Chief Executive of the National Sports Council (NSC) contract was due to end next year. The Committee recommends that the NSC provide to the Government next year a clear strategy on the ongoing management of assets transferred following the Pacific Games.

- 3.369 The Committee expressed their concern in relation to casinos and lotteries. The level of control and influence in the sector by a Member of Parliament was considered unhealthy. The Committee asked what reforms were being considered. The Ministry noted that they were currently reviewing the Games Lottery Act.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

27 Ministry of Traditional Governance, Peace and Ecclesiastical Affairs

Mission Statement

- 3.370 Promote and foster national unity and sustainable peace through reconciliation, healing and reintegration of individuals, communities, and sector through strengthened multi-stakeholder partnership in peacebuilding throughout Solomon Islands.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	18,204,037	28,719,600	28,719,600	28,885,047
Payroll Charges	0	4,221,245	4,221,245	4,386,692
Salaries	0	4,221,245	4,221,245	4,386,692
Other Charges	18,204,037	24,498,355	24,498,355	24,498,355
NETT TOTAL	(18,204,037)	(28,719,600)	(28,719,600)	(28,885,047)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	412,3830	2,500,000	2,500,000	2,500,000
SIG FUNDING COMPONENT	412,3830	2,500,000	2,500,000	2,500,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.371 The Committee was concerned about the Bill and asked the Ministry for an update on progress. The Ministry responded that progress had slowed due to a lack of funds to progress the work. Once the Ministry was provided with the budget for the Bill, they will complete the remaining work. The main action still to complete was related to use of evidence from research. This was supposed to be done at the end of last year/early this year, however, due to financial constraints, the Ministry was unable to go back to the provinces for consultation. The Ministry anticipating bringing the bill to this sitting of the Parliament, however, it now looked more likely for next year. The Ministry stated that a total of \$77,000 was allocated to complete the remaining part of the Bill.
- 3.372 The Committee was also concerned about the issue of people demanding compensation/payment from border, security or tensions. The Ministry responded that their responsibilities focused purely on transitional justice programs and the Truth and Reconciliation Commission (TRC). The Ministry also received claims from companies who suffered during the tensions and border events. These claims need to be separated between the tension and border security claims. The Ministry noted that claims arising from the border are the responsibility of the employer and not part of the TRC recommendation. Therefore, claims should be made to the right Ministries.
- 3.373 The Committee also asked about funding for Chief Houses in villages. These houses perform a role of looking after peace, reconciliation and traditional land affairs and tribes. Members receive requests for assistance with Chief Houses in their constituency. The Committee asked if increased support for such Houses or churches was within the budget. The Ministry noted the issue and that they have provided support in facilitating leadership system in the communities. In other places, upon request through traditional leaders, they have assisted those who are doing peace building initiatives.
- 3.374 The Committee also asked about the status of the Customs Recognition Act. The Ministry responded that it was being reviewed and sits with the Ministry of Justice and it was not yet gazetted.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

28 Ministry of Mines, Energy and Rural Electrification Mission Statement

3.375 That we will strive for service excellence ensuring it abides by high ethical standards, is proficient in its service delivery and promotes professionalism throughout the ministry to ensure sustainable use of our resources for the improved social and economic wellbeing of our people and to create an ability to address natural geo-hazards. It will also continually strive to be an exemplary public service institution respected for its adherence to principles of good governance, impartiality and fairness in its public conduct at all times.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	1,040,217	0	0	9,294,825
EXPENDITURE TOTAL	6,665,246	15,590,314	15,590,314	16,675,987
Payroll Charges	0	6,345,101	6,345,101	7,430,774
Salaries	0	6,345,101	6,345,101	7,430,774
Other Charges	6,665,246	9,245,213	9,245,213	9,245,213
NETT TOTAL	(15,590,314)	(15,590,314)	(15,590,314)	(7,381,162)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	22,062,407	48,060,000	48,060,000	28,160,000
SIG FUNDING COMPONENT	22,062,407	48,060,000	48,060,000	28,160,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.376 **Fast track licences** - The Committee asked the Ministry to explain what licences had been issued through the fast track approach. The Ministry noted 3 licences. These were Solomon Island Resource Company Ltd in Isabel; Pacific Nickel, also in Isabel; and a third company whose application is still in process for mining in Choiseul.
- 3.377 The Committee asked which licence was associated with Win Win. The Ministry confirmed that it was Solomon Island Resource Company Ltd. The Committee expressed their concern with the award of a licence under a fast track system to a company associated with Win Win who had an alleged dubious track record. The Ministry noted that although fast track, they nevertheless undertook due diligence and have been working to implement the Government's policy to sustain the economy.

Recommendation:

The Committee expressed their concern with the fast tracked award of licences to high risk applicants. The Committee recommends that if the due diligence to award mining licence raises any concerns, the application should not be fast tracked.

- 3.378 The Ministry noted that they use an Australian firm to assist with reviewing feasibility studies. Any gaps identified through the review are addressed by the developer before being recommended to the Minister. The Ministry assured the Committee that the feasibility review was done for the mines.
- 3.379 The Committee asked whether it is necessary to have the land registered when applying for a licence. The Ministry noted the point and clarified that the proper administration of royalties requires registration of land. The Ministry noted that the recording of customary land would be an important step needed before full scale prospecting can occur.
- 3.380 The Committee asked how much of the royalties goes to the land owners. The Ministry noted that at present it was 1.5% but increases are being considered under the new bill. They noted that interest in the operation would come down to the viability of the project.
- 3.381 **Legislation** - The Committee observed that the absence of legislation meant that the rights of Solomon Islanders were not protected. The Ministry noted these concerns. The National Minerals Policy was launched in 2017/2018. The Ministry noted they have been working to progress a Bill since then but following consultation and a number of drafts they were concerned that the drafting did not reflect their expectations.

Recommendation:

The Committee notes that the Mining Act has been under review for an extended period. The Committee recommended that the mining legislation including review of government revenue owed, landowner royalties and proper governance as noted in recommendation nine (9) should be progressed as a matter of urgency.

- 3.382 **Tina Hydro** - The Committee reflected on the increasing power and water costs the country was experiencing and the urgency this put the Tina Hydro project under. The Ministry noted that the project construction was now underway. They also noted a sub-project, Community Benefits. This will see almost 140 houses through the bush accessing electricity and drinking from bore holes just as people do in Honiara. The challenge is to set an appropriate tariff. The Ministry has submitted a Cabinet paper to establish an advisory committee.
- 3.383 **Rural electrification** – The Committee were happy to hear that the UNDP is supporting the pilot project for rural electrification. The Ministry noted a rural renewable energy site had now been commissioned and is looking at doing two other sites, particularly with a tourism sector lens. However, budget cuts were meaning that they were looking to work closely with donors to supplement the budget for next year.
- 3.384 **Petroleum** – The Committee noted that new forms of gas were starting to be used and requested that the Ministry provide their position. The Ministry noted that there is a Petroleum Handling and Storage Act but that it was outdated. Whilst existing regulations cover storage and permit requirements, the latest advice is that a new Act is now required to ensure all new

forms of gas and storage are adequately covered. It is the Ministry's intention that the new act address this with the Ministry controlling and regulating the sector. The draft amendments address 80% of what need to cover, for the remaining 200%, a new bill is needed and this is a draft state. The Ministry is awaiting the Attorney General Chambers to allocate resources to the bill.

- 3.385 The Committee asked about exploration for refinery activities. The Ministry noted that there is a company who has undertaken exploration. Any consideration of a refinery would require a review of the Act.
- 3.386 The Committee cautioned the Ministry that there appeared to be operators looking to take advantage of the Ministry not being fully ready to enter an activity. The Committee recommended that such new activities are paused until relevant legislation is put in place.
- 3.387 **Geothermal policy** – The Committee asked about the program of activities in the development budget for the geothermal policy and whether there was likely potential in this form of energy. The Ministry noted again that there was a potential investor looking to revive the geodynamics in Savo. Any such activities would become part of the contribution to reducing greenhouse gasses. The Ministry has been consulting with the New Zealand government to seek support to draft policy.
- 3.388 **Fuel storage tanks** – The Committee noted their concern that petroleum storage remains in the CBD and no apparent projects to relocate this. The Ministry noted that in 2015/2016 there was a clear policy for relocation however with the Government's reprioritisation this has got lost. The land is now becoming an issue to resolve this.

Recommendation:

The Committee notes that the continued storage of petroleum in the Central Business District (CBD) is a significant risk. The Committee recommended that an alternative location for the storage of petroleum outside the CBD be identified.

- 3.389 The Committee noted that the budget for next year included \$20 million support for SIWA for Pacific Games and asked whether this work was not yet finished. The Ministry noted that there are outstanding matters that the Ministry will continue to assist with. Some work for example has had to stop during the Games but will continue after.

Update on Committee recommendations

- 3.390 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

30 Ministry of Women, Youth, Children and Family Affairs Mission Statement

- 3.391 MWYCFA is committed to uphold and promote, protect and fulfil the rights of women, young people, children and families through effective partnerships, inclusiveness, fairness and creating equal opportunities to advance the wellbeing of the nation.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	5,184,007	10,973,937	10,973,937	12,501,745
Payroll Charges	0	3,130,068	3,130,068	3,519,916
Salaries	0	3,130,068	3,130,068	3,519,916
Other Charges	5,184,007	7,843,869	7,843,869	8,981,829
NETT TOTAL	(5,184,007)	(10,973,937)	(10,973,937)	(12,501,745)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	0	3,000,000	3,000,000	3,000,000
SIG FUNDING COMPONENT	0	3,000,000	3,000,000	3,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 3.392 The Committee thanked the Ministry's presentation of their budget and asked about the progress of the Lata site. The Ministry noted that it was progressing and expected to be tendered soon. They also remarked that Isabel and Western Province were also progressing. The Ministry was encouraging Western and Malaita to approach their provincial governments for additional funding through PCDF.

Update on submissions requested by PAC

The Ministry did not provide their procurement plan 2024.

31 Ministry of Rural Development Mission Statement

- 3.393 The mission of the ministry is three folded:

- (a) Building our Human Resources Capacities to effectively deliver a Sustainable Rural Development Results.

- (b) Transform our Institutional structures, Processes and legal environment that enables sustainable rural development.
- (c) Building Effective Partnership with key stakeholders in Development Programming.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	81,243,528	102,472,973	102,472,973	92,862,613
Payroll Charges	0	16,680,871	16,680,871	7,070,511
Salaries	0	16,680,871	16,680,871	7,070,511
Other Charges	81,243,528	85,792,102	85,792,102	85,792,102
NETT TOTAL	(81,243,528)	(102,472,973)	(102,472,973)	(92,862,613)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	238,493,699	261,000,000	261,000,000	120,000,000
SIG FUNDED COMPONENT	238,493,699	261,000,000	261,000,000	120,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

- 3.394 The Committee requested an update on the Constituency Development Fund (CDF) Act noting that the previous Act did not have a governance structure embedded. The Committee noted that when previously passed there had been an intention to make amendments and the regulations were never done. They also noted that they haven't been consulted with for the development of the new Act. The Committee asked whether funds would be transferred when needed for example when it is coconut season funds are need, not four months later.
- 3.395 The Ministry noted these comments stating that their execution rate of their development budget is around 80 to 90%. Delays in payment is usually due to the Ministry of Finance and Treasury restrictions such as a cap of \$500,000 maximum payment to suppliers. So, for 2023 all payments were dependent on cash flow. With those constituencies which are still unpaid these are with Ministry of Finance and Treasury. Only \$8 million is delayed due to payment restrictions. Where payment is not done the Ministry can work with the MPs to discuss with suppliers to supply now but pay later. The new Act should also set out the framework for this too.

- 3.396 Also given next year members will be in caretaker mode until new members are sworn in the Ministry can action payments on behalf of outgoing members for approved expenditure in 2023 budget.
- 3.397 The Committee is wondering if other established Provincial Governance structures, like ward committees, can be used in CDF administration.
- 3.398 The Ministry stated that some MPs do not like the ward committee structures and comment on the high costs of the PCDF program. The Ministry is looking to deliver with much lower costs and be within a strict framework with 40% allocated to productive sector, 20% essential services, 20% provincial costs, 20% to social sector and cultural obligations. The Ministry noted that the Act did not involve any foreigner in the drafting so it incorporates our local traditions.
- 3.399 Allocation of CDF budget will be determined by the new Act and strict sectors only. Allocation of funds is equal across all MPs with clear guidance on what is acceptable. Compensation, for example, is not permissible but other cultural related costs are still in. Ownership of assets must remain with Ministry with new severe penalties being proposed. Appointments of public roles must be determined by the Ministry of Public Service (MPS). MPs will not be allowed to appoint their own people but MPS will consult with MPs. Every year, each constituency must present an annual report. The Committee must be gender sensitive too with members not needed to be from the constituency.
- 3.400 One decentralisation goal is to complement existing initiatives using national statistics office data. This baseline data should be used to support constituency planning and look for synergies with other projects.
- 3.401 The Committee queried what the funding from China is for?
- 3.402 The Ministry confirmed that a new joint bank account with PRC signed with China and the Ministry for the account. Reforms through the Act may help attract funds from other donors.

Recommendation:

The Committee notes the new governance framework being proposed for new CDF Act. The Committee recommends that this framework also consider funding modalities from external parties which must be through a transparent public framework and in line with the requirements of the PFM Act 2013.

- 3.403 The Committee also challenged the Ministry to ensure that the Act and practices in the Ministry builds confidence with the broader donor community.
- 3.404 The Ministry noted some limited funding from UNDP for awareness.
- 3.405 The Committee pointed to PNG and other countries like Kenya, Pakistan and so on who have constituency funds. Constituency should be for elections not management of resources. In the future CFD act should be repealed and absorbed into other governance legislation.

Update on submissions requested by PAC

The Ministry provided all requested documents.

32 Ministry of Environment, Climate Change, Disaster Management and Meteorology

Mission Statement

To provide an enabling environment for the socio-economic development of the Solomon Islands through the application of necessary safeguards with regard to: Sustainable use of natural resources; the provision of meteorological services; reducing the risk and impact of climate change and other hazards to communities; leading and managing disaster preparedness and their consequences.

2024 Budget Summary

Recurrent

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
	ACTUALS	BUDGET	BUDGET	ESTIMATES
INCOME TOTAL	0	0	0	0
EXPENDITURE TOTAL	19,530,642	35,638,554	38,248,554	36,987,027
Payroll Charges	0	11,188,719	11,188,719	12,537,192
Salaries	0	11,188,719	11,188,719	12,537,192
Other Charges	19,530,642	24,449,835	27,059,835	24,449,835
NETT TOTAL	(19,530,642)	(35,638,554)	(38,248,554)	(36,987,027)

Development

	2022	2023 ORIGINAL	2023 REVISED	2024 BUDGET
DETAILS OF REVENUE AND EXPENDITURE	ACTUALS	BUDGET	BUDGET	ESTIMATES
EXPENDITURE TOTAL	2,936,966	9,820,000	9,820,000	9,820,000
SIG FUNDING COMPONENT	2,936,966	9,820,000	9,820,000	9,820,000

Issues of Concern

- 3.406 The Committee sought an update on the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27).
- 3.407 The Ministry noted that the COP 27 under climate convention held in Egypt last year is aiming to set up a loss and damage fund to assist countries in dealing with loss due to extreme weather. There is a transitional committee who during the fifth extra sessional meeting held in Abu Dhabi were able to agree a way forward. COP will likely adopt the decision of the loss and damage fund.
- 3.408 In relation to the COP convention under biodiversity a new fund to deal with biodiversity and environmental issues is also being established. In 2020 the biodiversity focus has been to build capacity at national level. This work will continue with the Ministry of Foreign Affairs and External Trade. In Solomon Islands we have launched oceans diversity policy. Other policies are yet to be developed.

- 3.409 The Committee queried if the Ministry had developed any policy for sea bed mining? The Ministry noted that as this relates to mining the Ministry of Mines should take the lead with Environment contributing when it relates to their area. Only a broad policy on sector areas, such as strategy, is in place for the particular sectors taking into consideration for biodiversity and environment issues. There are also safe guards like environment assessment studies required under the Environment Act.
- 3.410 The Committee noted however, that with mining and logging, despite assessments being done, the activity still continues. Given mining has a commercial focus environment should ensure that necessary protections are in place.
- 3.411 The Ministry acknowledged this statement however further noted that their enforcement is weak and the Ministry does not monitor all developments.
- 3.412 The Committee sought an update on adaption and mitigation of environment damage activities in our communities and early warning systems currently used?
- 3.413 The Ministry responded that on relocation activities, this is covered under the COP27 work however at the local level very little is done. There is an adaption budget of \$1.5million in 2024 plus \$2.5million for baseline activities relating to relocation of communities which includes identifying suitable safe sites. There is also a national adaptation plan for the medium to long term, to build resilience in our communities. There are a number of funding support including SPC, green climate fund, global environment and adaption fund, least developed country fund and green climate fund who have been approached for support.
- 3.414 On early warning systems these costs relate to office, infrastructure, training, and so forth. The system is to provide information to take action to safeguard communities. So, before cyclone season we begin community awareness especially in vulnerable areas. Ministry staff also need to know what to do so these systems train our people to provide the right information and processes. This system is in place for natural disasters like cyclone, earthquake, and tsunami and so on.
- 3.415 Equipment and information form part of the system. Some disasters we can forecast like bad weather others like earthquakes are very difficult. We must continue to provide awareness through radio, website, and social media and met service page.
- 3.416 In the recent past the Ministry established flag information in Tulagi which signals the severity of winds for canoes who wish to travel to Honiara. If flag is red then don't travel as sea rough.
- 3.417 There are also recently some community funding support including from Australia for small community grants
- 3.418 The Committee queried if there are any National Parks remaining in the country?
- 3.419 The Ministry noted that previously there was the Queen Elizabeth Park near Mt Austin however now there is nothing. Protected Areas Act does exist. There are five forest sites protected with a recent one in East Are Are recently declared so now there are six protected sites.
- 3.420 The Committee queried if the Ministry has any plans for the National Referral Hospital during a natural disaster?

- 3.421 The Ministry responded that under the current disaster plan health sector is a target sector and there is an existing plan for tsunami with FFA area identified as an alternative site. Plans to relocate the hospital are managed by the Ministry of Health.
- 3.422 The Committee sought an update on the waste management in the country.
- 3.423 The Ministry advised they are currently implementing a waste management project with ADB. Alternative sites for the Honiara waste include Tenaru owned by Catholic Church, or more likely a site up at Mount Austin. Engineering teams including from SIWA are checking if the Mount Austin site is safe. A third site for Honiara may be at Black Post. Also, options are being considered for both Gizo and Auki waste management areas.

Update on Committee recommendations

- 3.424 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Update on submissions requested by PAC

The Ministry did not provide their annual work plan 2024 or their procurement plan 2024.

END OF REPORT

Appendices

Committee Functions

The Committee is established under *Standing Order* 69; an Order made pursuant to the *Constitution*⁶ 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.

⁶ Section 62, *Constitution of Solomon Islands* 1978.

Appendix 3: Minutes of Public Hearings



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

PUBLIC ACCOUNTS COMMITTEE

P.O. Box G19,
Honiara.
Tel: 28520/24164.
Fax: 24272

Minutes of Proceedings

Committee Inquiry into the 2024 Appropriation Bill 2022 (No.15 of 2023)

Day 1/2023

Thursday 2nd November 2023, CR11, Parliament Main Building, 10:52AM

1. Members Present

Hon. Douglas Ete, MP
Hon. Mathew Wale, MP
Hon. John Deane Kuku, MP
Hon. Rick Houenipwela, MP
Hon. John Maneniaru, MP
Hon. Ethel Vokia, MP

2. Apologies

Hon. Lily Maefai, MP
Hon. Alfred Efono, MP
Hon. Commins Mewa, MP
Hon. Silas Tausinga, MP
Hon. Claudius Tei'ifi, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee clerk
Ms. Salome Pilumate, Committee Secretary
Ms. Monica Sekonga, Senior Admin Officer – Committees
Mr. Pamentha Golo, IT Officer
Ms. Sherilyn Ragoso, Hansard Reporter
Mrs. Hazel Fafale, Hansard Officer
Mr. Richard Ngatulu, Hansard Officer
Mr. Lawrence Scott, Media Officer

5. Prayer

The Committee clerk, Mr. Heston Rence said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the Central Bank of Solomon Islands (CBSI), Secretariat staff and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Central Bank of Solomon Islands (CBSI) were admitted.

Hearing 1 Witnesses

- i. Dr Luke Forau, Governor
- ii. Ms. Sandy Iro, Manager/Economics

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearing suspends for lunch at 12:01pm

The Hearing proper resumed at 1:52pm and the following witnesses from the Ministry of Finance and Treasury (MOFT) were admitted:

Hearing 2 Witnesses

- i. Mr. McKinnie Dentana, Permanent Secretary
- ii. Mr. Paul Uluinaceva, Accountant General
- iii. Mr. Joseph Dokekana, IRD Commissioner, MOFT
- iv. Mr. Peter Hughes, Comptroller, Customs
- v. Mr. Coswal Nelson, Deputy Secretary Fiscal
- vi. Mr. Douglas Sade, Deputy Accountant General
- vii. Mrs Primula Mua , Director Economic Reform Unit
- viii. Mrs. Marcelina Iro, Director Budget, Budget Unit

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew

8. Adjournment

The hearing adjourned at 4:20pm

9. Table Document

- i. CBSI – State of the economy in 2023
- ii. MEHRD – An overview of MEHRD’s 2024 budget to the PAC, Thursday 3 November 2023
- iii. MEHRD – PAC Generic Template

Day 2/2023

Friday 3rd November 2023 CRII, Parliament Building, 10:00AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. Rick Houenipwela, MP
 Hon. Commings Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

2. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efono, MP
 Hon. Silas V Tausinga, MP
 Hon. John Maneniaru, MP

3. Secretary

Ms. Rachel, Deputy Auditor General
 Ms. Wendy Ngodoro, Chief Auditor
 Ms. Shannah Taniveke, Senior Auditor

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee clerk
 Ms. Theresa Nori, Hansard Officer
 Mr. Greg Kinimete, Hansard Officer
 Mr. Pamentha Golo, IT Officer

5. Prayer

Hon. Rick Hou said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Ministry of Education and Human Resources Development (MEHRD) were admitted.

Hearing 3 Witnesses

- i. Dr. Franco Rodie, Permanent Secretary
- ii. Mr. Coldrine Kolae, DS Corporate
- iii. Mrs. Merrylyn Kodoleke, Director Finance
- iv. Mr. John Iromea, Director Scholarship

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends for lunch at 12:09pm

The Hearing proper resumed at 2:16pm and the following witnesses from the Ministry of Police, National Security and Correctional Service (MPNSCS) were admitted:

Hearing 4 Witnesses

- i. Ms. Karen Galokale, Permanent Secretary
- ii. Mr. Mostyn Mangau, Commissioner RSIPF
- iii. Mr. Mactus Forau, Commissioner Correctional
- iv. Ms. Julia Twumasi, Deputy Secretary Corporate
- v. Mr. Anthony Kivolyn, Director
- vi. Mr. John Voeje, FC
- vii. Mrs. Martha. C. Alabae, Director Finance (Ag), CSSI
- viii. Mr. Yan Ratu, Principal Accountant Officer, CSSI
- ix. Mr. Jeff.A. Rave, Budget Officer, CSSI

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends for lunch at 2:55pm

8. Adjournment

The hearing adjourned at 2: 58 pm

9. Table Documents

None

Day 3/2023

Monday 6th November 2023 CRII, Parliament Building, 09:57AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. Rick Houenipwela, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

2. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efona, MP
 Hon. Silas V Tausinga, MP

Hon. John Maneniaru, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee clerk
 Ms. Cordney Wale, Committee clerk
 Ms. Monica Sekonga, Senior Admin Officer - Committees
 Ms. Sherilyn Ragoso, Hansard Officer
 Mrs. Hazel Fafale, Hansard Officer
 Mr. Richard Ngatulu, Hansard Officer
 Mr. Pamentha Golo, IT Officer

5. Prayer

Hon. Commins Mewa said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Ministry of Provincial Government Institutional Strengthening (MPGIS) were admitted.

Hearing 5 Witnesses

- i. Mr. Stanley.D.Pirione, Permanent Secretary
- ii. Mr. R. Kaua, DSG
- iii. Mr. Momodou Sawaneh, Advisor
- iv. Mr. J. Misite'e, DSO
- v. Mrs. L. Kopana, FC

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 11:14 am

The Hearing proper resumed at 11:19 am and the following witnesses from the Ministry of Rural Development (MRD) were admitted:

Hearing 6 Witnesses

- i. Dr. Samson Viulu, Permanent Secretary
- ii. Mr. Hugo Hebala, Deputy Secretary Technical
- iii. Mr. Milfred Delemani, Director RDD
- iv. Mr. Timothy Paoka, FC
- v. Ms. Olive Maezama, HRM
- vi. Ms. Diana Alasia, Legal Officer

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:22 pm

The Hearing proper resumed at 12:24 pm and the following witnesses from the National Parliament Office (NPO) were admitted:

Hearing 7 Witnesses

- i. Mr. David Kusilifu, Clerk
- ii. Mr. Lloyd Bera, FC
- iii. Ms. Alice Mahi, HRM (Ag)
- iv. Mrs. Rachel Qilavuvune, Principal Accounts Officers
- v. Mr. Selwyn Mane, Accounts Clerk

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:34 pm

The Hearing proper resumed at 2:32 pm and the following witnesses from the Solomon Islands Electoral Commission (SIEC) were admitted:

Hearing 8 Witnesses

- i. Mr. Jasper. H. Anisi, CEO SIEC
- ii. Mr. Ruben Rongomea, F/M, SIEC
- iii. Mr. Rex Tawian, Financial Advisor, SIEC
- iv. Mr. George Mali, Legal Advisor

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:33 pm

The Hearing proper resumed at 3: 33 pm and the following witnesses from the Ministry of Foreign Affairs and External Trade (MFAET) were admitted:

Hearing 9 Witnesses

- i. Mr. Collin Beck, Permanent Secretary
- ii. Mrs. Gladys Asitewa, HRM
- iii. Mrs. Jenny Barile, DDT
- iv. Mr Fred Dola, FC

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 4: 18 pm

8. Adjournment

The hearing adjourned at 4: 18 pm

9. Table Documents

- i. SIEC – 2024 Recurrent Budgets Estimates - Statement

Day 4/2023

Tuesday 7th November 2023 CRII, Parliament Building, 10:16AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. Rick Houenipwela, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

2. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efona, MP
 Hon. Silas V Tausinga, MP
 Hon. John Maneniaru, MP

3. Secretary

Mr. David Dennis, Auditor General
 Ms. Rachel, Deputy Auditor General
 Mr. Donald Becha, Senior Auditor

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee clerk
 Ms. Cordney Wale, Committee clerk
 Mr. Wilson Orisi, Committee clerk
 Ms. Monica Sekonga, Senior Admin Officer - Committees
 Mr. Greg Kinimete, Hansard Officer
 Ms. Sherilyn Ragoso, Hansard Officer
 Mrs. Hazel Fafale, Hansard Officer
 Mr. Pamentha Golo, IT Officer
 Mr. Lawrence Scott, Media Officer

5. Prayer

Hon. Commins Mewa said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Office of the Prime Minister and Cabinet (OPMC) were admitted.

Hearing 10 Witnesses

- i. Dr. Jimmie Rodgers, SPM
- ii. Mr. Leonard Ofainu'u, DSPM Corporate Service
- iii. Mr. Duffy Ako, FC

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 11:26 am

Hearing suspends for lunch at 1:30pm

The Hearing proper resumed at 2:02 pm and the following witnesses from the Ministry of Home Affairs (MHA) were admitted:

Hearing 11 Witnesses

- i. Mr. Jeffrey Sade, Permanent Secretary
- ii. Mr. Walter Diamana, DST
- iii. Mr. Jefferson P, Deputy City Clerk
- iv. Mr. Selison Faisi, Director Sports
- v. Ms. Alisson Burchell, CEO NSC
- vi. Ms. Catherine Tugumana, HRM
- vii. Ms. Iverlyn Diudi, FC (Ag)
- viii. Mr. Rodrick Kidoe, Registrar
- ix. Mr. William Misibini, Director CAD
- x. Mr. Paul Inifiri, Senior Legal Officer

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:10 pm

The Hearing proper resumed at 3:14 pm and the following witnesses from the Ministry of National Planning and Aid Coordination (MNPAC) were admitted:

Hearing 12 Witnesses

- i. Ms. Susan Sulu, Permanent Secretary
- ii. Mr. Travis Ziku, DS SPPQ,
- iii. Mr. Roy Mae, DS PDCM
- iv. Mr. Samuel Aruhu, Director SDGD
- v. Mr. Michael Parakeni, Director SPBA
- vi. Ms. Alice Kale, Director PQD
- vii. Mrs. Judith Vava, FC
- viii. Ms. Alexandria Hilly, HRM

- ix. Mr. Dan Lenny, CFO-Budget
- x. Mr. Samuel Wara, Director DCD
- xi. Mr. Mathew Walekoro, CPO EPD

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 4: 08 pm

8. Adjournment

The hearing adjourned at 4:14 pm

9. Table Documents

- i. MHMS – Core Indicator 2nd Quarter update: January to June 2023

Day 5/2023

Wednesday 8th November 2023 CRII, Parliament Building, 09:40 AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. John Maneniaru, MP
 Hon. Rick Houenipwela, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

2. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efona, MP
 Hon. Silas V Tausinga, MP

3. Secretary

Ms. Rachel, Deputy Auditor General
 Mr. Donald Becha, Senior Audit Officer

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee clerk
 Ms. Monica Sekonga, Senior Admin Officer – Committees
 Mr. Boniface Supa, Director Information Services
 Mr. Richard Ngatulu, Hansard Officer
 Ms. Theresa Nori, Hansard Officer
 Mr. Greg Kinimete, Hansard
 Mr. Pamentha Golo, IT Officer
 Mr. Lawrence Scott, Media Officer

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Ministry of Health and Medical Service (MHMS) were admitted.

Hearing 13 Witnesses

- i. Mrs. Pauline Mcneil, Permanent Secretary
- ii. Dr. George Malefoasi, CEO
- iii. Dr. Gregory Jilini, DSHC
- iv. Mr. Ivan Ghemu, DPP
- v. Mr. Michael Larui, NDoN
- vi. Mr. Jacob Akao, FC
- vii. Mr. Umata Ri'imana, CA
- viii. Ms. Judy Sipendi, PFMA
- ix. Mr. Frank Kade, PCO

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 11:02 am

The Hearing proper resumed at 11:11 am and the following witnesses from the Ministry of Infrastructure Development (MID) were admitted:

Hearing 14 Witnesses

- i. Mr. Allan Lilia, DST
- ii. Mr. Mike Qaqara, Director-TIMS
- iii. Mr. Paul Ne'e, FC

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:06 pm

Hearings suspends for lunch until 1:30 pm

The Hearing proper resumed at 1:45 pm and the following witnesses from the Ministry of Commerce, Industry, Labour and Immigration (MCILI) were admitted:

Hearing 15 Witnesses

- i. Mr. Hunter Masuguria, PS (S)/ DSAP
- ii. Mr. Patterson Siliota, GM, CEMA
- iii. Mrs. Irene Ruele, PA/ FC (Ag)
- iv. Mrs. Beverlyn Sulai, ROC
- v. Ms. Sially Turanga, DDFID
- vi. Ms. Valary Musuola, PMO
- vii. Mr. Chris Akosawa, Director
- viii. Mr. Jacob Gala, DIDD
- ix. Mr. Geoffrey. D. Hou'ua, D/CAPC
- x. Mr. Kennedy.Z. Jimmy, CEMA

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 2:43 pm

The Hearing proper resumed at 2:47 pm and the following witnesses from the Ministry of Justice and Legal Affairs (MJLA) and National Judiciary (NJ) were admitted:

Hearing 16 Witnesses

- i. Dr. Paul Mae, Permanent Secretary
- ii. Mr. Joseph Bibiasi, CEO, NJ
- iii. Mr. Malcom F. Soai, FC (Ag)
- iv. Mrs. Joy Tealiklava Mane, HRM
- v. Mr. John Moore, HRM

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:10 pm

The Hearing proper resumed at 3:26 pm and the following witnesses from the Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECCDMM) were admitted:

Hearing 17 Witnesses

- i. Mr. Chanel Iroi, PS (Sup)
- ii. Mr. Jonathan Tafiariiki, Director-NDMO
- iii. Mr. Noel Kinika, HRM
- iv. Mr. Joseph Hurutarau, DECD (Ag)
- v. Mr. Henry Tufah, CCD
- vi. Mrs. Rose Kulolo, FC (Ag)

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 4:21 pm

The Hearing proper resumed at 4:25 pm and the following witnesses from the Ministry of Communication and Aviation (MCA) were admitted:

Hearing 18 Witnesses

- i. Mr. Moses Virivolomo, Permanent Secretary
- ii. Mr. Luke Mua, DS
- iii. Mr. Chris Saul Koako, FC
- iv. Mr. Alwyn Danitofea, DC
- v. Ms. Betty Marigeni, Airport Engineer
- vi. Mr. Alfred Manele, HRM (Ag)

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew

Hearings suspends at 4:56 pm

8. Adjournment

The hearing adjourned at 5:00 pm

9. Table Documents

None

Day 6/2023

Thursday 9th November 2023 CRII, Parliament Building, 09:49 AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. John Maneniaru, MP
 Hon. Rick Houenipwela, MP
 Hon. Commings Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

2. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efona, MP
 Hon. Silas V Tausinga, MP

3. Secretary

Ms. Rachel, Deputy Auditor General
 Ms. Wendy Ngodoro, Senior Audit Officer

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee clerk
 Mr. Whitmon Tabiru, Committee clerk
 Ms. Monica Sekonga, Senior Admin Officer – Committees
 Mr. Richard Ngatulu, Hansard Officer
 Ms. Sherilyn Ragoso, Hansard Officer
 Mr. Greg Kinimete, Hansard Officer
 Mr. Pamentha Golo, IT Officer
 Mr. Lawrence Scott, Media Officer

5. Prayer

Hon. Rick Houenipwela said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Ministry of Agriculture and Livestock Development (MALD) were admitted.

Hearing 19 Witnesses

- i. Mr. Lottie Vaisekavea, PS, MALD
- ii. Mr. Paul Gregory, FC, MALD
- iii. Mrs. Maria Gharuka, CRO, MALD
- iv. Ms. Elda Wate, DSC, MALD
- v. Mr. Andrew Melanolu, DOE, MALD
- vi. Mr. Ricky Wate, DWS, MALD
- vii. Mr. Crispus Fanai, DDB, MALD
- viii. Mr. Jules Damutalau, DDAPLU

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 11:21 am

The Hearing proper resumed at 11:24 am and the following witnesses from the Ministry of Public Service (MPS) were admitted:

Hearing 20 Witnesses

- i. Mr. Luke Cheka, PS (Ag) MPS
- ii. Mr. David Suirara, DS, MPS
- iii. Mr. Paul Kapakeni, FC, MPS

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:04 pm

The Hearing proper resumed at 12:08 pm and the following witnesses from the Ministry of Traditional Governance, Peace and Ecclesiastical Affairs (MTGPEA) were admitted:

Hearing 21 Witnesses

- i. Mr. Paul Mae, PS, MTGPEA
- ii. Ms. Jacqueline Tangirongo, HRM, MTGPEA
- iii. Mrs. Emily Kupenga, DST, MTGPEA
- iv. Mr. Vincent Maesiki, P/ Acc. (Ag) FC, MTGPEA

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:33 pm

Hearings suspends for lunch until 2:00 pm

The Hearing proper resumed at 2:17 pm and the following witnesses from the Ministry of Fisheries and Marine Resources (MFMR) were admitted:

Hearing 22 Witnesses

- i. Dr. Ramofafia, PS, MFMR
- ii. Mrs. Michelle Lam, Project Coordinator, MFMR
- iii. Mr. Edward Honiwala, Director Fisheries, MFMR
- iv. Ms. Lisa Sugumanu, ASPM, MFMR
- v. Mr. Hubert Gua, HRM, MFMR
- vi. Mrs. Caroline Menigi, FC (Sup), MFMR
- vii. Mr. Gusack, Tuna Industry Advisor, MFMR
- viii. Mr. Patterson Lusi, DSC, MFMR

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:04 pm

The Hearing proper resumed at 3:11 pm and the following witnesses from the Ministry of Culture and Tourism (MCT) were admitted:

Hearing 23 Witnesses

- i. Mr. Bunyan Sivoro, PS, MCT
- ii. Mr. Hudson Kaefia, Director Tourism (Ag) MCT
- iii. Mr. Tony Heorake, Director Museum, MCT
- iv. Mr. Dagnal Deraveke, CEO (Ag)
- v. Mr. Philip Sukibuka, DS, MCT
- vi. Ms. Julie Fakaia, Assistant Director, MCT
- vii. Mr Eddie Aife, HRM, MCT
- viii. Mr Dennis Marita, Director of Culture.

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:30 pm

The Hearing proper resumed at 3:38 pm and the following witnesses from the Ministry of Forestry and Research (MFR) were admitted:

Hearing 24 Witnesses

- i. Mr. Jacob Kinai, Legal Officer, MOFR
- ii. Mr. Richard Raomae, Deputy Commissioner, MOFR
- iii. Mr. Terence Titiulu, Deputy Commissioner, MOFR
- iv. Mr. Vaeno Vigulu, PS, MOFR
- v. Mr. Joseph Tavuata, SFO, MOFR
- vi. Mrs. Shanellar Kafa, SAO, MOFR
- vii. Mr. Reeves Moveni, COFR, MOFR
- viii. Mr. A.sese, FC, MOFR
- ix. Mr. F.Pitisopa DSO, MOFR
- x. C. Vuke, SA, MOFR

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew

Hearings suspends at 4:33 pm

8. Adjournment

The hearing adjourned at xx pm

9. Table Documents

None

Day 7/2023

Friday 10th November 2023 CRII, Parliament Building, 09:37 AM

10. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Dean Kuku, MP
 Hon. Rick Houenipwela, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Claudius Tei'ifi, MP

11. Apologies

Hon. Lilly Maefai, MP
 Hon. Alfred Efona, MP
 Hon. Silas V Tausinga, MP
 Hon. John Maneniaru, MP

12. Secretary

Ms. Rachel, Deputy Auditor General
Ms. Wendy Ngodoro, Senior Audit Officer

13. Secretariat

Mr. Heston Rence, Committee clerk
Ms. Salome Pilumate, Committee clerk
Mr. Whitmon Tabiru, Committee clerk
Ms. Monica Sekonga, Senior Admin Officer – Committees
Mr. Richard Ngatulu, Hansard Officer
Ms. Sherilyn Ragoso, Hansard Officer
Mr. Greg Kinimete, Hansard Officer
Mr. Pamentha Golo, IT Officer
Mr. Lawrence Scott, Media Officer

14. Prayer

Hon. Rick Houenipwela said the opening prayer.

15. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, witnesses and then said his opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

16. Inquiry into the 2024 Appropriation Bill 2023 (No.15 of 2023)

The Hearing proper commenced and the following witnesses from the Ministry of Lands and Housing Survey (MLHS) were admitted.

Hearing 25 Witnesses

- i. Mrs. Margaret Qoloni, DSC, MLHS
- ii. Ms. Julian Sade HRM, MLHS
- iii. Mr. Stanley Waleanisia, PS, Lands, MLHS
- iv. Mr Alan McNail, Commissioner of Lands, MLHS
- v. Mr. Robert Misimaka, DST, MLHS
- vi. Mr. Jerold Musi, FC, MLHS

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 10:28 am

The Hearing proper resumed at 10:40 am and the following witnesses from the Ministry of Mines and Energy, Rural Electrification (MMERE) were admitted:

Hearing 26 Witnesses

- i. Mr. Chris. S. Vehe, PS, MMERE
- ii. Mr. Cunt Roga, Dept. Director Geo
- iii. Mr. Daniel Rove, Deputy Secretary
- iv. Mr. Richard Molea, Dep. Director Water
- v. Mr. Scravin Tongi, Chief Officer, Solomon Water
- vi. Mr. Carmine Piantedosi, CEO, Solomon Water
- vii. Mr. Fred Conning, Dep. Project Manager, Tina Hydro
- viii. Mr. John Korinihora, Director Energy, MMERE

- ix. Mr. Tibon. Billy Oge, FC, MMERE
- x. Mr. Gabriel Aimaë, DDE
- xi. Ms. Krista Tatapu, DM
- xii. Ms. Reynolds, PM, SPIRES, MMERE
- xiii. Mrs. Annie Kabui Diau, HRM, MMERE

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:01 pm

The Hearing proper resumed at 12:05 pm and the following witnesses from the Ministry of Women youth Children family Affairs (MWYCFA) were admitted:

Hearing 27 Witnesses

- i. Dr. Cedric Alependic, PS, MWYCFA
- ii. Ms. Vaela Ngai, WDD Director
- iii. Ms. Loretta Ta'ake CDD Director
- iv. Ms. Hazelyn Lange, Director RPPID
- v. Mr. Jackson Tasa, Director FAD
- vi. Mr. Malcom Mataifo, FC,

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12:19 pm

Hearings suspends for lunch until 12:20 pm

The Hearing proper resumed at 2:00 pm.

Adjournment

The hearing adjourned at 3:00 pm

Submission

Table Documents

No	Author
1.	CBSI - State of the Economy in 2023
2.	MEHRD - Overview of MEHRD's 2024 Budget to Public Accounts Committee SIEC - 2024 Recurrent Budget Estimates – Statement
3.	MTGPEA - Corporate Strategic Plan, 2020 - 2023

Other submissions

1.a	MMERE - Corporate Plan 2019-2022
1.b	MMERE - NEW MEDIUM TERM DEVELOPMENT PLAN (MTDP) 2023 – 2027. PROGRAMME TITLE: MINERAL DEVELOPMENT PROGRAM
1.c	MMERE - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2024-2028. PROGRAMME TITLE: RENEWABLE ENERGY DEVELOPMENT PROJECT
1.d	MMERE - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2023-2027. PROGRAMME TITLE: Petroleum Refining Institutional Strengthening Project
2.a	MRD – Solomon Islands Constituency Development Policy 2023 - 2032
2.b	MRD – Constituency Development Fund Bill 2023
3	MPS – Annual work plan 2023
4	OGG – Office of the Governor General work plan for 2024
5.	MALD – Sheet XL 1: Implementation Schedule. Title of Project: National Biosecurity Strengthening Program. Components and Activities.
6.a	OAG – Annual Plan and Procurement Plan 2024
6.b	OAG – Corporate Business Plan 2022 – 2027zx
7	MEHRD – Draft 2024 AWP with budget log frame 27092023

- 1. MCA – Annual work plan 2023
- 9.a SIEC – Corporate Plan 2019 to 2023
- 9.b SIEC – EFMS Business Idea. Business problem definition
- 9.c SIEC – Electoral Reform Strategy Framework (2019 – 2023)
- 9.d SIEC – 2024 Budget Estimates – other charges
- 10.a MRD - Template for Appraisal and Development Budget Submission for On-Going Programmes for the Medium Term Development Plan 2023-2027. PROGRAMME TITLE: SIG Support to Constituency Development_SSCD.
- 10.b MRD - ANNUAL WORKPLAN 2024/25 FINANCIAL YEAR
- 10.c MRD - Template for Appraisal and Development Budget Submission for Programmes for the Medium Term Development Plan 2023-2027. Program Title: Constituency Development Fund.
- 11 MRD – Annual Work Plan 2023
- 12.a NPO – 2024 DB Baseline
- 12.b NPO – Annual Procurement Plan 2024
- 12.c NPO – Head 12 – other charges baseline template 2024 revised
- 13 MHMS – 2024 MHMS budget template consolidated V4
- 14.a MPGIS - Head 17 - Other Charges Baseline Template 2024 revised 15092023
- 14.b MPGIS - AWP 2024 - Human Resource Division
- 14.c MPGIS - AWP 2024 Project Division
- 14.d MPGIS - AWP 2024Audit
- 14.e MPGIS - AWP 2024-Cooperate
- 14.f MPGIS - AWP 2024-Executive
- 14.g MPGIS - AWP 2024-Finance
- 14.h MPGIS - AWP 2024-Governance
- 14.i MPGIS - AWP-2024 (Monitoring Evaluation Division)
- 14.j MPGIS - AWP 2024-PGSP
- 15.a1 MID - Template for Appraisal of Ongoing Proposals for the Medium Term Development Plan 2024-2028. PROGRAMME TITLE: Economic Infrastructure Program.
- 15.a2

- MID - Economic Infrastructure –Excel
- 15.b1** MID - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2024-2028.
PROGRAMME TITLE: National Transport Fund 2024 – 2028
- 15.b2** MID - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2024-2028.
PROGRAMME TITLE: National Transport Fund 2024 – 2028- Excel
- 15.c1** MID - Template for Appraisal of Ongoing Proposals for the Medium Term Development Plan 2024-2028. PROGRAMME TITLE: Sea Infrastructure and Transport Services
- 15.c2** MID - Template for Appraisal of Ongoing Proposals for the Medium Term Development Plan 2024-2028. PROGRAMME TITLE: Sea Infrastructure and Transport Services – excel
- 15.d1** MID - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2024-2028.
PROGRAMME TITLE: SIG Obligation to Transport Infrastructure Programme 2024 – 2028
- 15.d2** MID - Template for Appraisal and Development Budget Bids for On-Going Programmes for the Medium Term Development Plan 2024-2028.
PROGRAMME TITLE: SIG Obligation to Transport Infrastructure Programme 2024 – 2028_ Excel
- 15.e1** MID - Template for Appraisal and Development Budget Submission for On-Going Programmes for the Medium Term Development Plan 2024-2029.
PROGRAMME TITLE: Social Infrastructure Development Program
- 15.e2** MID - Template for Appraisal and Development Budget Submission for On-Going Programmes for the Medium Term Development Plan 2024-2029.
PROGRAMME TITLE: Social Infrastructure Development Program
- 15.f**
16 MID - MID Justifications
MJLA – Annual Procurement Plan – 2024
- 17**
18 MRD – Opening Statement
- 19.a** MLHS - Corporate Strategic Plan 2022-2025 Final Draft 01.11.2023
- 19.b**

20	MEHRD - DB Funded Projects_2023_2024
21	MEHRD - Infrastructure Project Recommendation Requirements
22	OPMC - Explanation Noted for Budget OPMC
23	MWYCFA - 2024 Annual Workplan Draft- Updated 6-11-23
24.a	MCILI - 2024 Budget Brief
24.b	MEHRD - SIG Scholarship Opportunity List Quota 2024
25	MNPDC - 2024 Institutional Development Program
26.a	MNPDC - 2024 Institutional Development Program
26.b	MEHRD - SINU Infrastructure Projects List
27	MFAET - Solomon Islands Economic Reintegration Study_FINAL
28.a	MFAET - Signed FM_ Foreword
28.b	SIEC - Finance Brief
28.c	MFMR - 2024 Summary Work Plan
29	MFMR - Bina Project Update for PAC Nov 2023
30	MFMR - Design Delivery Brief - Draft for Review
31.a	OGG - Submission to PAC
31.b	MECCDMM - Corporate Plan 2022-2024
32	CBSI - responses to PAC questions
33	CBSI - Governors data for PAC Nov 23
34.a	MHMS - Core Indicator 2nd Quarter Report 2023_final
34.b	NJ - INFORMATION REQUESTED BY PAC FROM THE NATIONAL JUDICIARY
34.c	MCT - Annual Work Plan 2024 (Final Revised)
34.d	MCT - Master Procurement Plan 2024 Final
35.	MCT - Dev. Appraisal Template ONGOING_2023
36.a	MCT - Tourism Development Program
36.b	MFMR - PAC Brief on MFMR Budget Estimates 2024 final
37	MFR - ABMS Opinion Recommendations
	MFR - List of projects 2021-2023Rev1 for PAC
	MOFT - Response to PAC Question

List of PAC Generic Submissions

1. MMERE – PAC Generic Template 2024AB2023
2. MALD - PAC Generic Template 2024AB2023
3. OGG - PAC Generic Template 2024AB2023
4. MEHRD - PAC Generic Template 2024AB2023
5. MPS - PAC Generic Template 2024AB2023
6. MJLA - PAC Generic Template 2024AB2023
7. MRD - PAC Generic Template 2024AB2023
8. MCILI - PAC Generic Template 2024AB2023
9. OAG - PAC Generic Template 2024AB2023
10. MCA - PAC Generic Template 2024AB2023
11. SIEC - PAC Generic Template 2024AB2023
12. MTGPEA - PAC Generic Template 2024AB2023
13. NPSI - PAC Generic Template 2024AB2023
14. MCT - PAC Generic Template 2024AB2023
15. MHMS - PAC Generic Template 2024AB2023
16. MOFT - PAC Generic Template 2024AB2023
17. MPGIS - PAC Generic Template 2024AB2023
18. MPNSCS - PAC Generic Template 2024AB2023
19. MHA - PAC Generic Template 2024AB2023
20. MID - PAC Generic Template 2024AB2023
21. OOO - PAC Generic Template 2024AB2023
22. MLHS - PAC Generic Template 2024AB2023
23. MFAET - PAC Generic Template 2024AB2023
24. OPMC - PAC Generic Template 2024AB2023
25. MFMR - PAC Generic Template 2024AB2023
26. MECCDMM - PAC Generic Template 2024AB2023
27. NJ - PAC Generic Template 2024AB2023
28. MFR - PAC Generic Template 2024AB2023
29. MWYCFA - PAC Generic Template 2024AB2023
30. MNPDC - PAC Generic Template 2024AB2023

