



**NATIONAL PARLIAMENT OF SOLOMON ISLANDS  
PUBLIC ACCOUNTS COMMITTEE**

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**Report on the 2010  
Supplementary Appropriation  
Bill 2010**

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**NP-Paper No. 14/2010**

Presented on 28 September 2010

National Parliament Office

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# 1 Introduction

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The Public Accounts Committee (Committee) has concluded its review and report on the 2010 Supplementary Appropriation Bill 2010 (Bill), introduced in the House by the Minister of Finance and Treasury. The Bill was submitted to the Speaker through the Clerk to Parliament as required under the *Standing Orders*<sup>1</sup>. The Speaker examined the Bill,<sup>2</sup> endorsed it and the Bill was duly deemed to have been presented to Parliament according to Standing Order 46.

According to government business for the current (1<sup>st</sup>) meeting of Parliament, the Bill was read the first time on 27 September 2010. The Ministers second reading speech will occur on Wednesday 29 September 2010.

The Committee considered the Bill and heard evidence from relevant government ministries on Friday 24, Saturday 25 and Monday 27 of September 2010. Following its review, the Committee makes this report to Parliament, with recommendations, for the information of Members and for Parliament's consideration.

## Terms of Reference

Pursuant to its mandate under the *Standing Orders* the terms of reference of the Committee in this instance is to examine the **Supplementary Appropriation Bill 2009** and to report its observations and recommendations on the Bill to Parliament.

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<sup>1</sup> *Standing Order 44 (1)*.

<sup>2</sup> As required by *Standing Order 45 (1)*.

## Functions of the Committee

The Public Accounts Committee is established under *Standing Order 69*, an Order made pursuant to the *Constitution*<sup>3</sup> and has the functions, together with the necessary powers to discharge such, to:

- (a) examine the accounts prescribed by Section 33 of the Public Finance and Audit Act 1978, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) examine such other accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon and to report the results of such examination to Parliament;
- (d) summon any public officer to give information on any explanation, or to produce any records or documents which the Committee may require in the performance of its duties;
- (e) consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
- (f) summon and examine the Accounting Officers and Technical staff of Ministries and Departments and require the production of background information and explanation in relation to Draft Estimates;
- (g) report to Parliament in such a way that the report may inform Members prior to the Parliamentary debate thereon of the background to the Draft Estimates draw attention to those matters which the Committee feels should be the subject for such Parliamentary debate; and
- (h) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

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<sup>3</sup> Section 62, *Constitution of Solomon Islands 1978*

## Membership

The current members of the Public Accounts Committee (9<sup>th</sup> Parliament) are:

Hon. Job D. Tausinga (Chair) MP

Hon. Steve Abana, MP

Hon. Walter Folotalu, MP

Hon. Moses Garu, MP

Hon. Rick Houenipwela, MP

Hon. John Maneniaru, MP

Hon. Namson Tran, MP

Hon. Matthew C. Wale, MP

Mr. Edward Ronia, Auditor General (Secretary)

## 2 Background

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Section 101 of the Constitution defines the process and conditions in which funds may be withdrawn from the Consolidated Fund. Issuance of funds under a Supplementary Appropriation Bill (SAB) is provided for under section 101 (2) [b] of the Constitution; and also the provisions of sections 103 or 104 are satisfied.

The process is further detailed under section 15 (Contingency Warrants) of the Public Finance and Audit Act [Cap. 120], the provisions of Financial Instructions (FI) 182 to 186 and section 102 (3) of the Constitution. Intrinsicly, this is designed to be a transparent process to ensure that public resources are safeguarded in the interest of those who own them – i.e. the people of Solomon Islands.

The Public Accounts Committee (Committee) is responsible for the examination of draft estimates that support Appropriation Bills. The Committee subsequently reports on its findings to Parliament for the purpose of properly informing Members of Parliament and raising matters that will assist them in their deliberations.

### Objective

Aside from the parliamentary oversight responsibility that is often exercised by the Committee, the object of this report is to inform the Members of Parliament (MPs) on significant issues pertaining to the 2010 Supplementary Appropriation Bill 2010, which were examined by the Committee.

The Committee undertakes its reviews and examinations on the Supplementary Appropriation Bill within the parameters of the laws underpinning government finances. Furthermore, the Committee believes that its assessment must also be underpinned on sound economic strategies that are essential to achieving the common objective for which Parliament has allocated resources.

## 3 Review

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### Committee Process

In carrying out our examination of the Supplementary Appropriation Bill 2010, the Committee undertook the following:

- Review of the Supplementary Appropriation Bill, and
- Heard evidence from the Permanent Secretary for Finance and the Permanent Secretaries of the eleven Ministries which had obtained funding under Contingency Warrant since the hearings on the 2010 Appropriations Bill 2009. This evidence related to the contents and specific appropriations relevant to their portfolio and the details of expenditure provided through contingency warrant.

The Parliament adjourned early on Monday 27 September in order that the Committee could undertake its inquiry into the Bill prior to the second reading debate in the House.

Briefing notes and explanatory material were also tabled with the Committee. A list of Ministries and the schedule of hearings is attached to the report (**Appendix 2**).

## 4 Summary Report

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The Committee commenced its deliberation into the Supplementary Appropriation Bill on Friday 24 September 2010. The Bill seeks to authorise the legal authorization on supplementary expenditure of **\$177,788,400**, of which \$38,750,000 is issued under Contingency Warrants and \$139,038,400 to supplement recurrent and development expenditures. The following is a summary of key findings and common themes discussed during the Committee hearings:

### Budget Process

The Committee noted that some items included in the Supplementary Appropriation Bill were for items which had been under funded in the original 2010 Appropriation Bill or were not budgeted for. In particular, it was found that funds issued as supplement expenditure were expended prior to Parliament's approval. In evidence, Dr. Lester Ross, Permanent Secretary, Ministry of Health and Medical Services explained to the Committee that:

There was an instance where we requested for CW [Contingency Warrant], but we were advised against it. I don't know the technical reasons for it but we were advised against a CW so we didn't attempt that again.<sup>4</sup>

The Committee is concerned that expenditure had been paid in excess of the annual Appropriation amount for the respective items before supplementary appropriation has been approved by Parliament. This is illegal expenditure which cannot be tolerated by this Committee or Parliament. While the Committee notes that this occurs as a result of a combination of factors including poor budgeting and expenditure being processed by the Ministry of Finance and Treasury without the express authorisation of the relevant Ministry's Permanent Secretary who is the Accounting Officer for each head of expenditure, the Committee calls on the Government to urgently take action to address the issue of illegal expenditure of public funds.

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<sup>4</sup> Dr. Lester Ross, Permanent Secretary, Ministry of Health and Medical Services, Evidence, 25 September 2010, p. 11



This also indicates either a lack of rigour or undue optimism in the budget process and the Committee again reminds all Ministries to be diligent in the development of their annual budget, taking due note of historical levels of expenditure and expected activity.

### **Contingency Warrants**

The Committee notes that the issue of Contingency Warrants has been a common theme whenever supplementary appropriations are examined by the Public Accounts Committee. The Committee has for several years called on Ministries to seek funding for necessary expenditure during the annual budget process rather than seeking Contingency Warrant approval to permit expenditure which was able to be foreseen.

The Committee is of the view that the unnecessary use of Contingency Warrants is due to a weak budget process. This the Committee believes leads to certain key Ministries being hampered in delivering their key services due to constraints such as the budget ceiling as well as a lack of set criteria's to which additional funding can be sorted, this the Committee believes causes Ministries to use Contingency Warrants as a remedy.

The Committee also observed during its examination of the Bill, a gradual increase in the amount of Contingency Warrants over the past years.

In his evidence, Mr Shadrack Fanega, Permanent Secretary, Ministry of Finance indicated that the increases are partly due to the increasing government activities since the ethnic tension. He states that the government must meet its needs and provide the services required and therefore Contingency Warrants are a mechanism that allow for this.

The Committee is concerned and would like to see the Ministry of Finance have some degree of control in terms of quality budgeting. Although Mr. Fanega admits that there needs to be better control on the use of Contingency warrants he also

indicated that external factors have also contributed to the increase in the amount of Contingency Warrants. He explains that:

..... We need to be conscious of the amounts that we must now be able to put as a ceiling for CWs. At the same time, you would also realize that the nature of the global phenomena's seem to be quite more frequent this time like the food crisis, global economic crisis, things like that and fuel crisis, for example; these things can actually cause inconvenience to an economy or to the government, and it is quite important then that we provide in the CW sufficient funds to be able to provide for those kinds of phenomena's like cyclones, tsunamis and flooding and things like that.<sup>5</sup>

As previously noted *section 103* of the Constitution stipulates that the Minister needs to be satisfied that there is an urgent and unforeseen need before authorising expenditure by contingency warrant. The Committee believes that such situations highlighted during its examination of the Bill could be addressed through a thoroughly coordinated budget and also that caution be given to the use of Contingency Warrants.

### **Statutory Expenditure**

Another issue that arose during the Committees deliberations was the issue of Statutory Expenditure.

In her evidence to the Committee, Ms. Taeasi Sanga, Clerk to Parliament, informed the Committee that the original amount (\$11 Million) requested by the National Parliament was more than the amount (\$6 Million) approved. This she states, causes a short fall which needs to be rectified in order to meet parliament requirements.

When asked if the expenditure could be categorized as statutory expenditure, Ms. Sanga explained that;

We went through this with the Attorney General and they are not statutory expenditures..... there is a section there that makes reference to who the

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<sup>5</sup> Mr. Shadrack Fanega, Permanent Secretary, Ministry of Finance, Evidence, 24 September 2010, p.6

statutory positions are. It specifically names them like the Ombudsman but Members of Parliament are not mentioned in the section.<sup>6</sup>

The Committee notes that the Clerk was referring to section **107 (5)** of the Constitution and however recommends that for purposes of clarity, the Attorney General brief the house as to what items constitute as Statutory Expenditure during the Committee of Supply.

### **Errors in the Bill**

During hearing evidence from the Ministries the Committee noted that two errors occurred in the preparation of the Bill which the Committee consider require correction. On page 6 of the Bill, the Committee notes that the amount for the Total Supplementary Recurrent Expenditure should read **119,038,400** and not as it appears on the Bill. Further, in the case of the Ministry of Forestry on *page 10* of the Bill, the description for ***Subhead/item 0002:6061*** should read **Timber negotiations** as set down in the 2010 Approved Recurrent Estimates.

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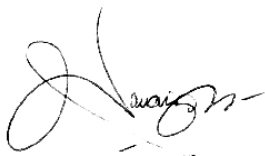
<sup>6</sup> Mrs. Tasei Sanga, Clerk, National Parliament, Evidence, 27 September 2010, pp 5-6

## 5. Recommendations

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Upon completion of the hearing on the 2010 Supplementary Appropriation Bill 2010, the Committee recommends that:

- The Ministry of Finance and Treasury in consultation with each line ministry develop budgets based on realistic expectations of accurate costs required to operate the Ministry's portfolio;
- The Ministry of Finance and Treasury strengthens the budget process to ensure that ministries' bids are not arbitrarily cut by the Budget Unit which forces ministries to seek funding under Contingency Warrants and Supplementary Appropriation.
- That Ministries use more care in undertaking annual planning so that items which are foreseeable and can be estimated in that planning process are identified at that time and are not required to be funded by Contingency Warrant;
- For purposes of clarity, during the Committee of Supply the Attorney General brief the house as to what items constitute as Statutory Expenditure, and;
- The appropriated amendments be made to the Bill to rectify the errors identified in the bill.



**Hon. Job D. Tausinga**

Chairman

Public Accounts Committee

28 September 2010

# Appendix 1: Minutes

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## PUBLIC ACCOUNTS COMMITTEE

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### NATIONAL PARLIAMENT OF SOLOMON ISLANDS

#### Minutes of Deliberative Meeting

##### Meeting No. 1

Friday 24 September 2010, Parliament House, 2:00 pm

##### 1. Members Present

Hon. Job D. Tausinga (Chair) MP  
Hon. Steve Abana, MP  
Hon. Walter Folotalu, MP  
Hon. Moses Garu, MP  
Hon. Rick Houenipwela, MP  
Hon. John Maneniaru, MP  
Hon. Matthew Wale, MP

##### Secretariat

Mr. Peter Johnson, (Secretary) Acting Auditor General  
Mr. David Kusilifu, (Assistant Secretary) Director Committees

##### In-Attendance

Mr. Liam Sau, Hansard Reporter, National Parliament Office

##### 2. Welcome and Prayers

The Chair welcomed the Committee members and officials, Hon. Houenipwela then said the opening prayers

##### 3. 2010 Supplementary Appropriation Bill 2010

The chair reminded the committee members of purpose of the hearings.

The Secretariat then briefed the committee on tentative PAC hearing schedule and the Committee resolved to commence with its review of the Bill by hearing from the Permanent Secretary of the Ministry of Finance and Treasury.

The Chair then asked Secretariat to call upon the Permanent Secretary of Finance as its first witness.

4. **Close**  
Committee suspend at 2:15am

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### **Minutes of Proceedings**

Friday 24 September 2010, Parliament House, 2:20 pm

#### **Members Present**

Hon. Job D. Tausinga (Chair) MP  
Hon. Steve Abana, MP  
Hon. Walter Folotalu, MP  
Hon. Moses Garu, MP  
Hon. Rick Houenipwela, MP  
Hon. John Maneniaru, MP  
Hon. Matthew Wale, MP

#### **Witness**

Mr. Sharach Fanega, Permanent Secretary – Ministry of Finance & Treasury

#### **Secretariat**

Mr. Peter Johnson, (Secretary) Acting Auditor General  
Mr. David Kusilifu, (Assistant Secretary) Director Committees

#### **In-Attendance**

Mr. Liam Sau, Hansard Reporter, National Parliament Office

2. **Inquiry into the 2010 Supplementary Appropriation Bill 2010**

The Witnesses appeared before the Committee.

The Chair welcomed the Permanent Secretaries (PS) and invited the PS to brief the committee on the Ministry's Budget.

The Committee questioned the witnesses.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 4:00pm
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## Minutes of Proceedings

### Meeting No. 2

Saturday 25 September 2010, Parliament House, 10:00 am

#### 1. Members Present

Hon. Job D. Tausinga (Chair) MP  
Hon. Steve Abana, MP  
Hon. Walter Folotalu, MP  
Hon. Moses Garu, MP  
Hon. Rick Houenipwela, MP  
Hon. John Maneniaru, MP  
Hon. Matthew Wale, MP

#### Witnesses

Mr. Jeremiah Manele, Secretary to the Prime Minister & Cabinet  
Mr. Lionel Menima, Financial Controller, Ministry of Communication & Aviation  
Mr. Fred Fakarii, Permanent Secretary, Ministry of Home Affairs  
Mr. John Tuhaika, Permanent Secretary, Ministry of Provincial Government  
Dr. Lester Ross, Permanent Secretary, Ministry of Health & Medical Services  
Mr. Clergy Rore, Permanent Secretary, Ministry of Rural Development

#### Secretariat

Mr. Peter Johnson, (Secretary) Acting Auditor General  
Mr. David Kusilifu, (Assistant Secretary) Director Committees

#### In-Attendance

Mr. Liam Sau, Hansard Reporter, National Parliament Office

#### 2. Welcome and Prayers

The Chair welcomed the Committee members and officials and then invited Hon. Maneniaru to say opening prayer.

#### 3. Inquiry into the 2010 Supplementary Appropriation Bill 2010

The Chair welcomed the Permanent Secretaries (PS) and officials and invited the witnesses to brief the committee on their Ministry's Budget.

The Committee questioned the witnesses.

Committee suspended for lunch at 12:00pm

The Committee resumed at 1:30pm

The Chair then invited the witnesses to brief the Committee

The Committee questioned the PS and Officials.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 3:00pm

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**Minutes of Proceedings**

**Meeting No. 3**

Monday 27 September 2010, Parliament House, 3:55pm

**1. Members Present**

Hon. Job D. Tausigna (Chair) MP

Hon. Steve Abana, MP

Hon. Walter Folotalu, MP

Hon. Rick Houenipwela, MP

Hon. Mathew Wale, MP

**Witnesses**

Mrs. Taeasi Sanga, Clerk, National Parliament

Mrs. Myline Kuve, Permanent Secretary, Ministry of Education

Mr. Sendah Fifi, Under Secretary, Ministry of Foreign Affairs

Mr. Francis Orodani, Permanent Secretary, Ministry of Forestry

Mr. Patteson Devi, Financial Controller, Ministry of Forestry

Mr. Henry Pika, Permanent Secretary, Ministry of Police & national Security

**Secretariat**

Mr. David Kusilifu, (Assistant Secretary) Director Committees

**In-Attendance**

Mr. Liam Sau, Hansard Reporter, National Parliament Office

**2. Welcome and Prayers**

The Chair welcomed the Committee members and officials and then invited Hon. Hou to say opening prayer.



### **3. Inquiry into the 2010 Supplementary Appropriation Bill 2010**

The Chair welcomed the Permanent Secretaries (PS) and officials and invited the witnesses to brief the committee on their Ministry's Budget.

The Committee questioned the witnesses.

Evidence concluded.

The Committee deliberated.

### **3. Close**

The chair thanked the witnesses and invited Hon. Folotalu to close with a word of prayer.

Committee adjourned at 5:00pm

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## Appendix 2: Witness List

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- Mr. Shadrach Fanega, Permanent Secretary, Ministry of Finance
- Jeremiah Manele, Permanent Secretary, Office of the Prime Minister
- Mr. Lionel Menima, Financial Controller, Ministry of Communication & Aviation
- Mr. Fred Fakarii, Permanent Secretary, Ministry of Home Affairs
- Mr. John Tuhaika, Permanent Secretary, Ministry of Provincial Government
- Dr. Lester Ross, Permanent Secretary, Ministry of Health & Medical Services
- Mr. Clergy Rose, Permanent Secretary (Ag), Ministry of Rural Development
  
- Mrs. Taeasi Sanga, Clerk to National Parliament, National Parliament
  - Mr. Lloyed Bera, Financial Controller, National Parliament
  - Mr. Henry Baeoro, Chief Accountant, National Parliament
  
- Mrs. Myline Kuve, Permanent Secretary, Ministry of Education
  - Mr. Thomas Misibini, Financial Controller, Ministry of Education
  
- Mr. Sender Fifii, Under Secretary, Ministry of Foreign Affairs
  - Samuel Tarevasa, Financial Controller, Ministry of Foreign Affairs
  
- Mr. Francis Orodani, Permanent Secretary, Ministry of Forestry
  - Mr. Patteson Devi, Financial Controller, Ministry of Forestry
  
- Mr. Henry Pika, Permanent Secretary, Ministry of Police & National Security
  - Jeffery Kauha, Under Secretary, Ministry of Police & National Security
  - Paul Kapakeni, Chief Accountant, Ministry of Police & National Security

## Appendix 3: Hansard Transcripts

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### PAC HEARING

24<sup>TH</sup> SEPTEMBER 2010

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**Chairman (Tausinga):** Ministry of Finance and Treasury \$81,463, Head 276 – Ministry of Health and Medical Services, \$900,000 Head 279 – National Parliament \$6,038,400, The Office of the Prime Minister and Cabinet \$2m, Ministry Provincial Government and Institutional Strengthening \$10,637,000, The total Supplementary Recurrent Expenditure stands at \$119,38,400. I think there is a typing error there if you look at it of another \$4,000, when the figure there should be \$400. Look at it on page 6, Supplementary Current Expenditure \$118,038,400 but \$4,000 was put in there, if you can note that discrepancy which needs correcting, so ladies and gentlemen.

Good Afternoon Ladies and Gentlemen, as the Chair of the Public Accounts Committee, I would like to welcome everyone to the start of the Public Accounts Committee's inquiry into the 2010 Supplementary Appropriation Bill 2010.

The Public Accounts Committee continues to be the Parliament and the People of Solomon Islands primary mechanism for financial scrutiny of the Executive. Financial scrutiny of the Executive is the most fundamental, and most important, function of the parliament.

It is worth noting that the Committee will only be taking evidence from Government Ministries which are listed in the Bill. Because of constraints on the time available to the Committee, the Committee has decided to only call upon certain key ministries. Having said this, the Committee will continue to hold hearings with other ministries during Parliament recess as part of its oversight role on public expenditure.

At this juncture, I would like to thank committee members for availing themselves to review this important Bill and I would also like to thank the senior officials of the Department of Finance and Treasury and other government ministries who will appear before the Committee for availing themselves for this hearing despite short notice.

Like past PACs, this Committee will hold its hearings in public and therefore today's hearing is open to both the public and media representatives.

Before the Committee commences its questioning of the Permanent Secretary, I would like to invite the Permanent Secretary of the Ministry of Finance and Treasury to make an opening statement to the Committee and to also brief the Committee about the key matters relating to this year's Supplementary Budget. I now invite the PS/MOF to guide us with his remarks. Thank you

**Mr Fanega (PS):** Thank you very much Chairman of the Public Accounts Committee. I do very much welcome this opportunity to appear before the Committee to be able to explain to the Committee as to what the 2010 Supplementary Appropriation Bill entails and, of course, since this is the first meeting of the Ninth Parliament, I hope that we would be able to work very much together and closely in the course of the deliberations of this parliament as well as subsequent parliaments.

The Supplementary Appropriation Bill is something that is provided for under the Constitution; it is something normal. Each year there is the Appropriation Act and, of course, in the event there is need for the Parliament to appropriate further funds to be approved by Parliament, the Government needs to bring to Parliament a Supplementary Appropriation Bill. This particular Bill 2010 Appropriation Bill 2010 is the first of this year. As you would recall, early this year just before the dissolution of the 8<sup>th</sup> Parliament, it was also the intention of the Ministry to be able to produce or table before Parliament a Supplementary Appropriation Bill. Unfortunately, time did not warrant the tabling of this Bill hence we have been working on the contingencies warrant provided under the Appropriation Act 2010. It has come to a stage that we could no longer use the provisions under this contingencies warrant, more so, the constitution also provides is that whenever there are contingencies warrant provisions issued, they must be brought before the first available Parliament or it must be brought to the next parliament at its first meeting. As you could see, the 2010 Supplementary Appropriation Bill is made of two main parts: The first is the contingencies warrant, which amounts to \$38.75million and the other part is the additional expenditures that the government wish to seek Parliament to authorize. These are what we normally call the additional Supplementary Expenditure and that itself amounts to

\$139,038,400. All in all, the Supplementary Appropriation Bill seeks the Parliament's authorization of \$177,788,400.

A third but a minor part of the Bill also requires Parliament to authorize contingencies warrant limits of \$60million comprising of \$30million under the Head of Recurrent as well as \$30million under the Head of Development. That is basically the brief outline of the 2010 Supplementary Appropriation Bill.

**Mr Chairman:** Thank you very much Permanent Secretary. Thank you for the remarks. I now invite colleagues here to ask any questions they have in relation to the comments.

**Hon. Folotalu:** The Committee notes that the contingency warrants or CW is for expenses that are urgent and not reasonably foreseeable, would the Permanent Secretary inform the Committee as to how the additional costs require \$3,900,000 for national population and housing census are unexpected expenses rather than known and expected expenditures. See page 13 of the Bill.

**Mr Fanega (PS):** Yes, indeed Chairman, the contingencies warrant provides for unforeseen expenditures; that is the norm. Of course, there are times when if it is a project that is very, very important and vital that the projects are not distorted just because of shortage of funds. In the course of the implementation of the 2009 population census, there was the pressure or the need for a lot more people to be engaged in the carrying out of the national population census, hence there is no need for more supervisors, more enumerators at that time, and as a result the budget that was provided for last year was not sufficient and also the budget that was provided for this year was not sufficient. It is as a result of demand and pressure put to the Ministry and to the government at that time where we have enumerators, supervisors as well as providers of services provided to these people that are putting upon, placed on the government to provide this additional \$3.9million.

In addition there was also delay by some other donors that are providing funds to the project, namely the EU, the population fund as well as AusAID and since the pressure put on the government was so enormous, we simply have to provide for this amount to be paid as soon as possible. But the important part of the question is that yes, it was as a result of enormous pressures as well as additional

need at that time that we had to engage more supervisors and more enumerators and the same time there were some shortfalls in the amounts because of rising costs in the course of the implementation of the project.

**Hon Abana:** PS in the last part of your statement you mentioned there is \$30m in the Development Budget and \$30m in the Recurrent on the CW. The Committee has seen a gradual increase in the amounts of CW from 20, 25, to 30 from the Development Budget and the Recurrent. PS, what actually forces this increase and at the same time do you think that you would have some control on that in terms of quality budgeting.

**Mr Fanega (PS):** Yes, I think I must make it quite clear here that at this part of the year where we had the 2010 Appropriation Bill, we had a limit of \$60m in the CW, and that is \$30m for the Recurrent as well as \$30m for the Development. Yes, most of you would recall that in the early 2000, the CWs only had limits of \$2m and since we had the intervention by RAMSI and since the growth of the Budget where you would recall that in early 2000, the total budget was only about \$250m and when the intervention came, we have been able to expand or to open up and to increase on a lot of more activities in the budget, hence the budget has been growing, and so in that process we have been able to identify more activities and the need to be able to ensure that the services are provided continuously, and it requires that we must provide in the CW some token of funds or some funds that should be able to cater for things not provided for in the budget say for example, because of the tension we had to shut a lot of activities too, so when we open up we have to make sure there are funds provided to be able to cater for those that we are slowly opening, slowly catering for.

But this year, as you would appreciate there are two governments. I think you know very well what does now the impact of such in some cases you will have to make additional funds for. What I would like to also make it clear is that the supplementary here only provides for commitments made by the previous government. This government does not have any as yet and hence the need to have at least this new contingencies warrant provided towards the end of the year which has the limit of again \$60m and that is again just to be sure that we are able to cater not for only unforeseen circumstances but also for things that the government may

see us being very, very important and very vital to be able to provide in the course of this year.

But yes, to answer your question briefly, we have seen that growing and I must say that we need to be conscious of the amounts that we must now be able to put as a ceiling for CWs. At the same time, you would also realize that the nature of the global phenomena's seem to be quite more frequent this time like the food crisis, global economic crisis, things like that and fuel crisis, for example; these things can actually cause inconvenience to an economy or to the government, and it is quite important then that we provide in the CW sufficient funds to be able to provide for those kinds of phenomena's like cyclones, tsunamis and flooding and things like that.

**Hon Abana.:** PS, on Head 273 under your Ministry, that Supplementary Estimate on \$81m, the Committee understands is for COLA, the cost of living adjustment. Maybe just a brief explanation PS on the expenditure itself, whether it has been used already or you are continuing to spend that money.

**PS:** Yes, in the supplementary recurrent expenditure, the two signatories, the Ministry of Finance, there is a significant amount of money there, \$81.4m, and this is for the payroll. Last year when we prepared the 2010 Budget we had to bring down the level of the payroll from \$560m at that time to about \$485m, and that was also in accordance with the government policy of freeze in recruitment, and the \$487m as you would realize in this 2010 Appropriation was meant for actual bodies.

At the end of 2010 there was the award to public servants by the TDP, was the government prepared only 5% the TDP awarded 7.5% and hence 2.5% was not included in the 2010 Budget. We have also, as part of the finance and economic priority matrix and also as part of the IMF program that we signed up to early this year, we embarked on cleaning the payroll as well as making sure that employees that are not in the payroll are also included formally into the payroll and not just paid as casual workers. This mainly happens in the Ministry of Education.

We have been able to adhere to the freeze in recruitment but then again there were a few recruitments being made as well as mis-postings of the NPF contributions at that time, that was in other charges but that has now been put into the payroll. In addition, there were also some people that have been paid as other charges as part of

projects. We have been able to put them now in the payroll. The other thing we must admit is that we have overlooked some people that we have made some mistakes in the payroll itself and so that require this amount. This is something that is of concern, not only to the government but also to the IMF in its recent review. The \$81m is real, it is for bodies.

As we now engage in this new orient payroll system, we have been able to identify and to pick up things that we have not been able to pick up before. Our data now is becoming more accurate and this is the figure that has inflated or expanded the budget in this case. This is outside, it is not part of shifting from other charges to the payroll, and I must say it is real. But that is the main reason for this big boost in the payroll and we are doing it much for the Ministry of Finance, but this is all of the government now being put in the Ministry of Finance just to address the payroll. Currently, as you would imagine, we are running off track ahead of the pro-rata in terms of the payroll. Thank you Chairman.

**Hon. Wale:** PS, pardon my ignorance but I would like to understand, first you have the substantive appropriation act and now you are coming for a supplementary and within the substantive appropriation act you have been placing 25% reservation. I am not sure whether you have lifted some of it or there has been de-reservation whether the government has made that policy but a few months ago your Minister made a announcement that de-reservation happens around this time so that the final quarter Ministries do not use up allocations prorated throughout the various quarters, which means that are around September/October de-reservation comes in for some of that.

Now what I am ignorant about is this. You have a \$1.6b, \$1.7b budget, roughly and you have reserved most of it in the recurrent expenditure if development is excluded. Of course, development is what is actually affected but what you are reserving, should you not first de-reserve and then in that do some virements to cover some of the charges that you are now coming to supplement or whether these are heads that you are using up and therefore supplementary to legalize it so that it is fully legal.

There is no point adding another \$177m onto a budget where you cannot raise the funds to cover it anyway and quite a bit of which are reserved is the first



question. If I understand that one then I think it will place all the other things into perspective. Thank you.

**Mr Fanega (PS):** On May this year we had to place a reservation of 35% across most ministries except for the Ministry of Health and the Ministry of Education. That is part of financial management. We also, as a result, of this IMF program had to revise the 2010 Budget and revising it down because the IMF then was not very confident about our forecast in revenue, but at the same time very much concerned about how we have been implementing the Recurrent Expenditure. We placed a reservation of 35% on the total budget. In this case also we placed 35% on the revised budget, 10% would be permanent; if we have to de-reserve only 25%.

This supplementary is additional even if we have to de-reserve the 25% this is additional to that one. To be able to provide for this Supplementary Appropriation and also to be able to make that the 2010 budget is in balance, we also have to make offsets from Recurrent, we have to make offsets from the Development. So for some projects we have to defer this year, and that is of course, to be consistent with the cash flow that is coming in.

But to answer your question briefly, this is additional, we will continue to make de-reservations. The amounts that we will de-reserve at the end of next week will be finalized as soon as we make further consultations with the ministries. As you know, the IMF mission comes to review the Budget and of course our situation starting last Monday, and they have concluded their findings this morning and are off today. The decision is to how much would be de-reserved would be determined by the government before the end of next week.

But again, to answer your question, this supplementary is not just because we have made the reservations. The reservations are there and some of it will be de-reserved but this is additional and to be able to meet this one we will have to make a lot more offsets as well as having to identify areas of revenue where we can collect additional revenue more to be able to narrow the gap or to fill the gap.

**Hon. Wale:** That is very helpful, so we are talking an extra \$177m, half of which or almost half of which \$81m goes to emoluments. Do you expect this to be fully funded? Do you expect projection in the revenue collected is the substantive budget

plus this \$177m perhaps with your offsets that is internal within the overall budget framework but you are expected to still be fully funded by the end of the year?

**Mr Fanega (PS):** Well, that is something that we are working hard at and we are hopeful, we are confident that we will be able to fully fund this one by the end of the year so there should be more a lot more things, like I was saying, some extra measures that we must take to be able to raise additional revenue as well as I was saying make some offsets in the budget especially, in development. Yes, certainly, we are confident of meeting this by the close of this year's physical budget.

**Hon. Wale:** PS, I know that payments have been stockpiling at the Treasury and that perhaps has been either part of the cash flow being tight a bit because collections are not as good or both, a part also of your financial management and u of course, prorated plus what is here but in terms of actual cash collected whether you expect your creditors at the end of this year are of a quantum that is a bit above perhaps the last two years or what is your projection on this one?

**Mr Fanega (PS):** We are always confident, we are always hopeful. Yes, that has been not a result so much of cash flow, I think this month for example, would be a big month. For your information the Inland Revenue as well as Customs have been doing very well this year; they are actually collecting above the pro-rata and should be able to exceed those amounts. The only weaknesses are in some areas in other ministries, especially lands and fisheries. But with the revised budget and also with a lot more measures that we will be able to undertake in the course of the next few months, we should be able to be confident about getting most of these PVs out before the end of the year. But, of course, that is something we have not been able to achieve in the previous years and some of the measures that we have undertaken in the past have been to stop payments at the end of November and then use December just to make out all the payments. But the other point is that we are really committed now to making sure that the IMF programme continues and they are really pushing us to be able to achieve some milestones especially in the area of the budget having to achieve some figures that would make our budget comfortable, and the area they are pushing us mostly is in the Recurrent. They do not believe the use of under spends in development to offset pressures or in the Recurrent is the most appropriate

but in terms of the cash management we believe that we should be able to achieve. But you cannot avoid the fact that some will be brought forward into 2011. But that is something that we want to make as small as possible. That is almost normal but we don't want to because that in fact is only kind of deferring of expenditure and also something you merely eat into the 2010 next budget in this case.

**Mr Chairman:** PS, virement is one part of the management of finance. Can you tell us a bit of the process of virement and whether you are satisfied that the process is being used properly, and if not why not, and how many of those virement requests to the MOF have been refused by the PS or were refused by officials and whether or not you can provide the information on virements on the budget that is current in the government?

**Mr Fanega (PS):** Yes, virement is provided for in the provision of the Public Finance and Audit Act as well as in the Financial Instructions. It is something that is provided for in the event that the Minister and, of course, the government in this case feels that there is need to shift funds or to transfer funds from one sub item to the other of one head. Of course, if you want to shift from one head to the other that is something for the Parliament to be able to approve but virement is something that is provided for under regulations and instructions as well as the Act.

There are very, very few that have been refused, to be honest. We, of course, provide the judgment to accounting officers, I mean accounting officers or ministries have been expressing that they know what is good for the ministry. They do not want to be told that this is what is good for them so if they think that this particular expenditure is more important than another one, like for example, a workshop maybe is more important than staff travel or overseas travel then that is where they think is best to be able to achieve their work programme at the end of the year. But like I was saying it is something provided for under the Act, the Public Finance and Audit as well as the Financial Instructions, and these are provisions to make sure services are delivered without having to come to Parliament or some kind of red taping attached so that things cannot move as ministries feel is important.

But in terms of numbers, yes, I think very few have been rejected but in accordance also to priority list of payments that the Cabinet has approved at the

beginning of the year as well as last year but that was confirmed again at the beginning of this year as to what kind of payments should be priority.

One thing that we still need to improve upon more is the quality of expenditure. There have been occasions where substantial funds have been requested to be able to implement a particular activity but, of course, if you look deeper into these kinds of activities, a lot more savings could be done and a lot more things could be avoided. But virement as an instrument is something to make sure services are delivered continually and nothing legal should stop services and expenditures being disbursed.

**Hon. Abana:** Maybe just a last question from me, which could be a bit outside of the Supplementary, but one of the fiscal measures that maybe the Ministry needs to look at in terms of the serious cash flow problem, and this is a measure on the exemption, how are we handling that?

**Mr Fanega (PS):** Yes, on exemptions, as you know there has been a guideline put in place as to what could be exempted and what should not be and, of course, there are some agreements also that have been made with some companies, but otherwise in terms of exemptions one of course is, there are two different committees that have been established, one in Customs is mostly for import and export duties, one in the Ministry of Finance in the Inland Revenue division is also being established. These two committees at the moment are operating separately. The Customs exemption is made up of members outside of Customs, which means there are also people coming from other ministries as well as from the private sector whereas the Exemption's committee in the Inland Revenue division is made up mostly of staff of the of the Inland Revenue division. Whilst the Minister does has the power to grant exemptions, the procedure is that applications are screened by the various committees before any recommendations are made to the Minister to make his financial decisions. Whilst the Minister like, I was saying has power, it does not necessarily mean that he can grant approval just like that, it has to be well justified and in most cases whenever there are appeals these are often redirected again to the committee to look at. But as far as the operations of these exemptions committees are concerned, they work according to guidelines and the Minister has to make sure the guidelines are adhered to

**Hon Hou:** PS, I wonder if I can make this basic question whilst the microphone is with. This is in relation to, I think, an explanation you gave regarding the \$3.9m on census, the National Population Housing Census. I think in your explanation you said that one of the reasons is that because some of the donors that have made commitments to help out in this exercise did not come forward with their commitments. If my understanding is right, are we still expecting them to come or how?

**Mr Fanega (PS):** Yes, the donors actually provide funds whenever you provide report of their first tranches, and this has happened to donors such as the EU. So in this case since they have not come on time, the government in this case has to advance but still if you have to advise you have to make appropriation for so whenever donor funding comes at a later stage, it can be used in the consolidated fund, simply put in the consolidated fund or again be used also to some of the activities that are still to be implemented.

**Hon. Hou:** Thank you. I suppose in a situation where we really run short of funds, my interest is to find out what we are doing, the ministry is doing to ensure that people made good their commitments, the donors that did not come forward with their commitments. I am just wondering whether it is only the national population and housing census project or whether there are other projects that donors have committed funds but because the project is going ahead, the government goes ahead to pay. I want to know whether we are still owed money by people like that.

**Mr Fanega (PS):** This has happened not only to this particular population census but also to other projects as far as I know. But I do not really think there are a lot of funds out there to be collected. We do have in place a system as well as making sure the accountants that are assigned to these projects are good, making sure they provide all these reports so that they can be submitted to the donors to be able to release additional funds to them. But to answer your question, yes, this is something that is quite normal in the government.

**Hon. Hou:** I have just one last one question, and this is again on the issue of looking for money everywhere you can. You mentioned about the IMF program, I understand one of the benchmarks is the automatic determined price. If I understand it correctly it is one of the benchmarks which I think if we can achieve it, apart from the potential for the EU and the others to provide budget support, I think it is an avenue where we can raise more revenue through export. I do not know whether we are almost there or do you think we can achieve this benchmark?

**Mr Fanega (PS):** Yes, I could assure the committee that the government is very much committed to the IMF programme to ensure that it achieves all the requirements that prior actions have been achieved, the structural benchmarks need to be achieved also by the end of the year as well as early next year and by the end of June. As of June that is also being progressed.

What I can inform the committee is that the government is very much committed to the program and will do its best to be able to make sure that these things are complied with. And for your information according to program we should be able to raise the determined value to about 85% of the determined value so it should be gradual to be able to make sure that the private sector prepares itself to be able to adapt to these different changes so 85% as of end of September, 90% at the end of December, and hopefully 100% by June. But all I could say is that the government is committed to making sure the program does not default.

.....: .....*inaudible*.....

**Mr Fanega (PS):** It is mostly on compliance and enforcement. The auditors are in fact working very hard. I am sure they are going to come around to some of you but those are areas mostly on administration, compliance and enforcement. It is not that there will be new taxes but mostly by doing the right thing making sure that everyone who should be paying taxes becomes good corporate citizens.

**Hon. Abana:** If I can ask two more question. PS, you mentioned that the IMF team is here in the country to review and again to look at some of the indicators that we have already met through this IMF program. PS, how do you foresee that funding from the European Union within the next couple of months?

**Mr Fanega (PS):** I wish I have the crystal ball. Just for your information, we have concluded the discussions and the final report would be put to the board sometime, but we will continue to have dialogue and, of course, the IMF as you know wants to see action, not just commitment or assurances, it wants to see assurances turned into actions so that is something we will continue to do to be able to convince them, so that they are confident themselves to be able to put a final report to the Board. But for your information we would be able to finalize this when the Minister goes to Washington for the World Bank/IMF meeting.

**Hon. Abana:** PS, maybe one last question more from me. Last time in government we continue to carry out inspection at the wharf by opening containers, and that has been one of the fiscal measures that had assisted the ministry in terms of revenue collection. Is the Ministry gone back into this exercise again or what?

**Mr Fanega (PS):** Yes, that is still continuing Chairman, that exercise. But what we are going to do is much more than this ad hoc thing, it is something much more broader, making sure that things are more succinct and things like that. I mean that exercise is still ongoing but we need to look beyond this. That is the kind of thinking the government is doing. We have to put in more revenue measures in making sure legislation provides for these things. There are many more work, like in the area of lands for example, I am sure you may have the opportunity to speak to the lands people, but the potential or the arrears in lands is very, very significant. I think there is something like \$20 million or so dollars that needs to be collected but so far the collection is well below \$10 million. This may not be easy but we are looking at strengthening these areas. The government itself is looking at resource, tax and so the IMF itself will be providing TA next month to be able to guide us to help us in developing some kind of legislation as well as a framework to be able to collect revenue from this area. Like I was saying it is something more broader, much more comprehensive so it is having to really look at the whole revenue system and broadening the base also.

**Questioner inaudible:.....**

**Mr Fanega (PS):** That is for the election that was just done. Something like \$12m is there, and that came under CW. That is for the election that is just completed. What happens is that because registration is supposed to be done last year but then that could not be done because of cash flow problem so we had to use this year's budget, initial budget for registration and then later on have to output additional funds for the election proper and that is why we have these additional funds.

**Questioner inaudible: ....**

**Mr Fanega:** That is government decision, and I don't know. I mean that has to be made, we do not work on assumptions.

**Mr Chairman:** Maybe we can leave that question to the PS responsible.

*Questioner inaudible.....*

**Mr Fanega (PS):** I would not be able to confirm whether or not it is a mismanagement or not. What I have actually done is to request an audit to be made on the census project, and what has happened on this blow out is that a budget has been provided for but the number of enumerators and supervisors are much more than what was provided for in the budget. That was what happened whereas we were budgeting for something like 1,400 people but 3,000 were employed. The project itself was managed by the census project, of course, with the census commissioner. But like I have said I would not be able to confirm whether or not it was mismanaged but that one is point that resulted in this blow out in the budget.

But like I was saying also we have now requested an audit to be conducted on the census project itself for purposes of making sure that the next census is managed properly. I think the experience of the census is what the electoral commission has provided where they have employed public officers to be able to manage what happens in the provinces rather than employing people outside who are not really obliged to the government like, for example, if they are public officers they can be disciplined, or if there is any mismanagement or something it can be deducted from their salaries and things like that. So that is one lesson we've learnt from that particular project



**Hon Wale (inaudible)** ....*not speaking on the microphone*

**Mr Fanega:** Yes, but of course, it's a project provided by SPC. It is a project, and in this case we were anticipating that a project managed by locals will be the first of its kind and would be managed properly but it ends up that we may not be prepared as yet to be able to manage a project of such magnitude. But the blow out here, I mean donor funds is fixed, the pressures coming to it and that's where the government has to put it in, and that is for this year, the \$3.9m. I mean what is provided for this year in the budget is not sufficient so \$3.9m has to be added on to be able to address the demands of the enumerators and the supervisors as well as the service providers.

**Questioner** *inaudible*.....

**Mr Fanega (PS):** \$3.9, yes, is for this year.

.....: *inaudible*.....

**Mr Fanega (PS):** Allocation for the census project is about \$30m.

**Questioner** *inaudible*.....

**Mr Fanega:** As far as I am concerned, they are performing very well. The committee in the revenue, like I was saying is in house and the other committee is under Customs. But if they are performing it means less exemptions is granted. I think, of course, that is why less exemption is granted this year and more on revenue side. I would say on that front, they are working well. Of course, like everything else, things can be better, there is always room for improvement, and not being complacent with whatever level of efficiency you have. There is always room to do better.

**Hon. Wale:** I would like to know, I know you touched briefly on it first time when you said that a percentage of the payroll cost has come down it's a bit healthy when we try to budget for a wage free policy in the last government and you also budget for actual bodies. Now with this \$81m go in for the 2.5% COLA, it's heading the other direction as well and so after that COLA what is the percentage of payroll cost to the total recurrent budget?

**Mr Fanega:** Yes, this year's appropriation, the portion of payroll is about \$32m, to \$33m but less than 40%, it was about 33% to 34%. With that increase and, of course, the budget itself has expanded out because of this supplementary now, so again it's \$81m as part of \$177m, so it is still maintained but at that level. But it should not be a very significant increase or decrease because it's \$81 out of \$177 so it could be a lesser portion in its increase.

**Mr Chairman:** Any more questions or if you do not have any other questions then....

**Hon. Wale:** We have seen that in terms of overall economic management, the Central Bank is fairly tight in its monetary policy. Of course, a bit of liquidity is starting to build up so that too has started to relax a bit and, of course, in terms of government, the government too from fiscal management, the government is trying to do reservations, like tightening down of government expenditure and so forth and perhaps at the peak of the global economic crisis it really affected our revenue and so it makes sense and perhaps to an extent it still makes sense but there is the other side of the argument that a lot of the payments that pile up at Treasury are payments that are due to the private sector, and so it also has an impact on the private sector where they are not making investment decisions or have cut back on their staff numbers and so it also has that impact too on the economy, and so you have a monetary policy standpoint that is a bit tight and interest rates, although it starts to come down but for all of last year a bit of the end of year before and early this year, the interest rate is really high and so it puts the private sector in a very difficult situation in that they cannot borrow too much to reinvest and when payments are held up too long at the Treasury it sort of makes it really difficult. Of course, in light of all the information that you are aware of, you are privy to, what you are seeing as prognosis

from the Ministry of Finance going into, well at least to the end of this year but into next year.

**Mr Fanega:** Yes, what you've said, I don't disagree with, only a very few times I can agree but if I don't disagree that doesn't mean I agree. But what you've said is very, very true. But I think whilst you are there I would like to commend that we have been able to use the treasury bills market to be able to relieve that pressure in the Ministry of Finance, especially when we experience troughs in the collection. I am happy to say that we have been able to open that one and being able to release, not so much but at least \$10million more to be able to assist and as a result it has been able to clear most of the outstanding payments which has been there. Last time it was more than \$40million but that has now been dropped to less than \$20million so we want to maintain that way or maintain it as low as possible and that's the way we want to go and that is also as part of the IMF program that we want to make sure that we have a situation where things come, and in this case even though they are rubbish but they go out too. That's the kind of management that we would like, if we continue to pursue the kind of program that the IMF has with us, and of course, we as a government being responsible try to be physically responsible and making sure that things continue.

I can say that things are still very tight, and will continue to be tight. We will make sure to embark more on quality expenditure in the remaining part of the year, like I was saying earlier on we will de-reserve maybe part and not all, but a decision has to be made soon. But to be able to make sure that finances keep flowing. I think there is no time for us to relax or be complacent. We will closely monitor and closely make sure things flow, service is provided, especially the basic and essential services and making sure there is quality spending and making sure that there is funding for growth for investment so that the things we are doing can be sustainable.

For the last point and of course, no more questions would be that I am very optimistic, I am always very optimistic anyway, so despite of some thinking that organizations may not be able to achieve, we will always achieve it, it is just how we want to forecast it in the first place that is a bit difficult to put it on paper, but informally we know how to do this.

Yeah, we are very optimistic and making sure that things flow and I hope you would be able to help the government to be able to contain any blow out or any

more unnecessary inflation and expansion to the budget to the end of the year. Of course, with the 2010 budget we will await the production of the new policy statements and then we will go from there and see how best we would be able to. Maybe the 2011 budget will be even more credible than previous budgets.

**Hon Wale:** Just one question because his answer raised another question in my mind. Can I ask it please? Just a supplementary question on what the PS has just said.

You said \$20million on creditors and is still going down, and I wonder roughly the age of that \$20million, how of that is more than 30 days, whether most of it is 30 days in which case you are becoming a little bit more solvent, and how much are you actually collecting each week and how much is going out? I know a couple of months ago, you were collecting barely enough to meet payroll costs. Where that one stand would give us an overview point of view a bit of clear handle on whether you are still hand to mouth, you're always going to be hand to mouth for a while yet, but whether you are coming out of that really hard situation.

**Mr Fanega:** I won't be able to tell you how old are their ages but I think the ages are coming down a bit now. I mean just an example is that last year's rural livelihood are all now gone, so that's an improvement, but all I can say is that we have been trying and we have been improving, and I am sure we will continue to improve and do much better. But this hand to mouth situation is not much this time. In fact what we are trying to achieve is its targets, and not so much cash; it's the targets that we want to achieve, and we are confident that we will be able achieve them. It's like going inside an engine where you want to be involved in the operation but the way that we would like to go, of course, with the IMF program, it's like you are managing from a comfort zone; you are making sure that things just work but you are comfortable back in here, but whereas before what we have been experiencing up to now is that you are also inside, you are also inside to pull or push. But I mean that's the way we are heading making sure that things are happening in a way that is efficient, making sure that funds are being able to cater for requests made at that time.

I think to answer that question briefly, I don't know very well about the age, but we are improving. the age is coming down

**Mr Chairman:** I think there are no further questions and so I'd like to thank very much the PS of Finance for your time and explanation. I think the committee is satisfied with your explanation. Thank you very much indeed.

### PAC HEARING ON 25<sup>TH</sup> SEPTEMBER 2010

**Mr Chairman:** Yesterday we only completed the Ministry of Finance and Treasury so today we will start again with other Ministries, and what I have in front of me here is the list of the remaining ministries, which is the Office of the Prime Minister, the Ministry of Communications and Aviation, the Ministry of Home Affairs, the Ministry of Provincial Government, the Ministry of Health and Medical Services, the Ministry of Education and Human Resources, the Ministry of Rural Development, the Ministry of Foreign Affairs, the Ministry of Forestry, the Ministry of Police and National Security and the National Parliament.

I have received one apology from one Ministry, and that is the Ministry of Education which cannot turn up today. But we might find time for them in the next two days, which means I am going to go by the list here, the list that I have already read out to you, and the first Ministry that we are going to consider is the Office of the Prime Minister.

I think all of us just needs to be inside this room so that we avoid going out calling ministries to come inside or going out calling Ministry to come inside and so I just invite all of us to be in this room and then proceed with the questioning of ministries by members of the Public Accounts Committee. Shall we start with the Office of the Prime Minister. I think the members are ready to ask questions so the Office of the Prime Minister is the next one and is open to members of the Public Accounts Committee to seek information from the ministry. Thank you.

Perhaps for purposes of giving members to hear the particulars of the sub head perhaps, I will start off by getting you to talk about your particular ministry perhaps it's good that you explain the particulars of the sub head and the relevant policy that brought about the need for the allocation and the allocations would be administered and expended and to inform the Committee of the work progress of the Commission thus far. Thank you.

**Mr Manele:** Thank you Chairman of the Public Accounts Committee and Honorable Members of the Committee and of course the Acting Auditor General who is the secretariat of the Public Accounts Committee.

The sub head that you see in the supplementary budget is for the Commission of Land dealings on Guadalcanal and of course the abandoned properties on Guadalcanal. As you know we have two commissions of inquiry that come under the Office of the Prime Minister and Cabinet and these started from the last government, policy initiatives taken by the last government to address the land issues on Guadalcanal as well as to look at the issues surrounding RIPEL. Both Commissions, for the land dealings on Guadalcanal that is still going, on RIPEL, the terms of reference for the Commission on RIPEL has expired on July 27<sup>th</sup> and the last

government did not give a clear directive on extending of the terms of reference for RIPEL so RIPEL for the time being is currently suspended. A paper will come to Cabinet on that on how RIPEL will be approached. Therefore, the only Commission that is effectively operating now is the Commission on Land Dealings on Guadalcanal. Both Commissions use the services of the same secretariat, so the same secretariat has been servicing both Commissions.

The biggest challenge, as we all know, with regards to the commissions is the issue of resources. It's not cheap, it is a very expensive exercise to have Commissions of Inquiry. That needs to be taken into account.

The request that we have in the supplementary is to enable the Commission on Land Dealings on Guadalcanal to continue and complete its work up until the end of this year. The current terms of reference will expire on the 31<sup>st</sup> October next month. It is the intention of the government to extend the terms of reference up until 31<sup>st</sup> December, hence the request for this allocation to cater for salaries for the Commissioners as well as rental, field work and report writing. That's the break down we have for the \$2million you see in the supplementary appropriation bill for 2010 which will cover salaries, allowances, office rental, fuel and transport, consultation and tours, accommodation for the Commissioners as well as hearings and other administrative and operational costs. Salaries alone, for example, will be around \$600,000 and then rental will be around \$231,000, field trips, accommodation about \$321,000 and the list goes on. We will approximately need the amount of \$2million to enable the Commission carry on its work until December 31<sup>st</sup>.

In terms of consultations on Guadalcanal, the consultations have been completed for all the four regions. On customary hearings, I think two more hearings are left. They will also do trips to Western and Malaita Province because lost properties is not only on Guadalcanal, as we all know but there are also people on Malaita, Western and other parts of the country that also have claims to lodge. That sort of field trips and hearings will be conducted between October and November and also in November and December the report writing will take place. Actually the Chairman has already begun the process of writing up the report of the Commission leaving the two other commissioners to conduct investigations as well as public hearings.

Chairman and Members of the Committee, that's a brief overview of what is happening on land dealings on Guadalcanal. There have been delays, as you know, on the progress of this work earlier on. They started late, there were delays in getting the commissioners to come on board; that we all know, but be that as it may, work has progress quite well on land dealings on Guadalcanal.

On RIPEL, RIPEL is a very complex issue hence the government feels that given the current resource constraints, it would be logical to suspend RIPEL and let the land dealings complete its hearings and its report submitted to the Prime Minister hopefully by the end of the year before we will look at how RIPEL could be approached.

Of course, some preliminary work has been taken on RIPEL in terms of evidence gathering but a lot more needs to be done. One of the problems facing the RIPEL Commission is that of the chairman, it has been difficult to get a chairman on board. We have appointed a chairperson and when he was just about to come over he changed his mind. This, as you would know from what has been happening in the last government, a number of attempts have been made to appoint a chair and just about when he was about to come onboard he either decline to take up other

offers and coupled with, of course, the issue of funding. Thank you chairman and members of the committee.

**Mr Chairman:** I will now put the matter of questioning to members of the Committee. Any question colleagues?

**Hon. Abana:** Thank you SPM for that brief introduction to head 281 under the Prime Minister's Office. You mentioned very clearly about the suspension of the RIPEL Commission of Inquiry, understandably the issue of resources in terms of finance. But given the importance of that investment in the country and the fact that it has been there for quite sometimes and with the complexity of issues surrounding this importance investment, I just want to pose that I think it's important for the government to think seriously about it rather than leaving it too late, but to have some serious thoughts as to finding some way forward as to how we could settle on this RIPEL issue. I am just flagging that point because I feel it is important to have a second thought on RIPEL by the government.

**Mr Manele:** If I may just reflect on the comment by the Hon. Member. As I have said that is the intention, it's yet to come Cabinet in terms of the suspension, but the government is also seriously thinking that while RIPEL would be suspended, it will set up a task force or a ministerial group recognizing the point that you have raised in terms of finding the most appropriate business plan on getting RIPEL. I think earlier on, on this process, one of the commissioners did indicate that RIPEL could be approached, the Commission on RIPEL, it's work could proceed but at the same time simultaneously it could take a business approach in terms of dealing with RIPEL. That is what is currently in the mind of the government. Of course, as I have said, a paper will come to Cabinet on what sort of specific approach to be taken in that regard, but certainly a business plan taking into account the need to look at RIPEL to get it going.

**Hon Hou:** I just have an elementary point of clarification for myself. Under head 71.6.032, there is an item - commissioner of inquiry into lands deals, this is for the recurrent estimates of this year. There is another item - 71.6.303 of the same name. I would like to know how these two items are distinguished, which land deals? Are these the same items or are they different land deals?

**Mr Manele:** We only have one commission on land dealings. I think in terms of the heads, there are two heads, one appears under recurrent and there is another head under development in terms of this year's budget, but they are for the same commission.

**Hon Hou:** I have another follow up question and this is in regards to head 716.303, this is the item which I think the SPM is requesting a further supplementary for it \$2.6million, approximately \$2.73million was the original estimate. I'd like to know which is the correct figure here; I am looking at the recurrent expenditure for 2010, which is \$3.673 for this year. I would like to know which one it is. Is this the development bit of it or is this the recurrent?

**Mr Manele:** Both sources of funding under each of those heads, what we have in the recurrent and I think what we have also in the development side of it have all been exhausted, near sort of exhaustion hence the request for the supplementary of

\$2million. Taking into account reservations have been placed on these budgetary provisions.

**Hon Abana:** With the supplementary of \$2million, plus this \$2.6million, so the total would be \$4.6million. Is that what you need for the whole?

**Mr Manele:** The allocations that were given in this year's budget for both commissions and especially for the land dealings on Guadalcanal have exhausted, hence this \$2million is additional to get us until the end of the year. A large part of the funds that were allocated in this year's budget, I think went to rentals. There was quite a big period time when the April Riot's Commission finished its work and the office was still sort of on rent to the government, so there was a big period when the April riots was finished and when the land dealings started, but the government still has to pay for that rental so we spent more than \$1million basically for rentals, not necessarily for the work of the Commission. These were some of the expenses that sort of took up the budgetary provisions.

**Hon Mane:** Just looking at the original estimates for this subhead, there was a figure of \$2,673,541, just looking at the recurrent estimates, it appears that it was not budgeted for. Was there sort of a virement that stands to this head?

**Mr Manele:** Could the Member repeat the question?

**Hon Mane:** It could be a typing error on the information sheets that we have before us. What I'd like to be clear about is on the original estimates, there is \$2,673,000 on which a supplementary estimate of \$2million has been asked. What I am asking is, since in the recurrent estimates there was no budget for it or it has zero provision, where does this \$2.6million actually came from as an original estimate?

**Mr Manele:** We did not vire any funds. We did have funds and so we do have funds in the current estimates and that's the amount you made reference to.

**Mr Chairman:** I think we do have \$2.673million in the original estimates and I think that which is on request in the supplementary is the additional that the ministry is requesting for continuity of the project. I think we have that in the original estimates.

**Hon Wale:** When the original estimates were being done, and the Commission came to you with its plans and so forth, I am sure at that point in time, you knew the rentals for office space that you were holding on to was going to be about a million dollars and so in your planning you must have known how much it was going to cost all up until the issue of the report. Whether this is a case of 'putting like this first and then a supplementary later or something went wrong in the planning and therefore now you require additional or was there genuinely a case of you didn't foresee some of the issues that drag on a bit or additional TOR components and things like that? What is the cause of this?

**Mr Manele:** I think it's the same for all ministries that what we always ask for is higher than what is given to us by the ministry of finance. The initial amount we did ask for was usually higher and our asking is often based on what we think is going to



cover certain programs, but at the end of the day when Finance shares the piece of the cake, that is what it gave us.

**Hon Wale:** So once this \$2million goes in, is it going to reach the original amount that you asked for or is it still below what you originally asked for?

**Mr Manele:** It should but there are things that we also have to take into account that may not be sort of movements of the commissioners, for example, we may not be in a position to actually budget for how many times they are going to take a break, for example, a small break, although that should be covered in their contract. And there could be the need for additional field trips by the commission in carrying out its work which were not envisaged in the original submission. So there could be these differences.

**Hon Wale:** I think question could be an interest to the committee because it seems to be the way that the process is run in this country for obviously many, many years now. But the way the Budget Unit works at Finance is that you guys made your submissions or bids, the Finance comes back often with not understanding how and why but they say you can only have this and then you come back with a supplementary and you probably end up where you started. They are now saying, the Finance Secretary said yesterday that for the \$117million additional it will be fully funded if most of the reservations deserved. It points to a fairly glaring weakness in the budget process so the committee is very interested in this because we are going to call the Finance Secretary back at the end of the day and then put it to him. We are interested in all of you guys giving us a fairly rough handle on whether the things you are asking for is going to put your overall budget back to where you asked for in the beginning, and then it will help the committee in its reporting to Parliament to say that perhaps the budgeting process needs to be substantively looked at for addressing and it seems to me a fairly key weakness in the process.

**Hon Folotalu:** PS, earlier on in your introductory remarks today, you were saying the salary was about \$600,000. I just want to know how many commissioners are in that office and how many staff are engaged in this?

**Mr Manele:** We have three (3) commissioners on land dealings, the chairman who is from PNG and two commissioners, one from Vanuatu and one from Fiji. In terms of their salaries as per their contracts, on a fortnight basis for example, it's \$25,000 for one commissioner. A similar salary level was given to the commissioners in the April riots Commission. So we sort of took the lead from there.

In terms of the secretariat, roughly we paid the secretariat who employed on casual basis the people who type and whatever, we roughly pay about \$20,000 per fortnight hence, as I've said earlier, October/November/December, you are looking at \$600,000 plus for the three commissioners alone.

**Hon Mane:** I am just interested on recruitment PS; our commissioners seem to be coming from abroad. Is the criteria like that or are we picking local commissioners from amongst us to do that sort work. That is what I would like to know PS.

**Mr Manele:** I thank the Member for his important question. In terms of the land dealings, given the sensitivity in the nature of the work that land dealings is taking, that was one of the factors that the previous government took on board in terms of identifying who should be a member of the commission. Of course, they also look at the relevant experiences for that area. For RIPEL, we do have a local commissioner on the land dealings, as I have said are from PNG, two from Fiji and Vanuatu. Also one of the factors is that we engage people from countries that we think have a similar situation to our situation in terms of land matters.

**Hon. Abana:** With your experience as the SPM looking after commissions of inquiry, what do you foresee that may prolong the work of this commission because you said that hopefully it would be at the end of the year; that is what you are asking for, in case it might show up again.

**Mr Manele:** Thank you Chairman and I thank the honorable for his question. I think the annual leaves of the commissioners are also due between now and December and so a couple of them could take their leaves as well. It's quite a stressful job and so they have indicated that they will probably be requesting two to three weeks leaves. But they are fully aware of the need to complete the work by the end of the year, of course, completing means submitting the report to the honorable Prime Minister. We hope that that time frame will be in place, but there are other factors that may affect that and one of them is the fact that they would request their leaves. Thank you.

**Hon. Hou:** Just a small query. I think we have already covered this PS, but in this supplementary estimate you are asking for \$2 million. Is this not including RIPEL?

**Mr Manele:** No, Chair, this is only for the land dealings on Guadalcanal.

**Hon. Garu:** I am interested on inquiries or investigations. The Commission on land dealings on Guadalcanal, what process is it doing? Does it actually go out or does it just sit in Honiara and invites people to come.

**Mr Manele:** Thank you Chair and I thank the honorable Member for his question. The commissioners and investigators were employed by the commission. They actually go out and undertake consultations, as I have said. They either go out or they invite people from the various regions to come, but definitely they also go out on the fields to undertake consultations, which as I have said earlier, have already been completed for the four regions on Guadalcanal. And the customs hearing, I think two more customs hearings are left. But if the Committee would like to have details of this, the secretary is here and he can elaborate on the process of consultations and the hearings that have been undertaken by the Commission to date. Thank you Chairman.

**Mr Chairman:** Are there any other question colleagues? If you don't have any other questions then we can excuse the SPM. I think he has adequately answered questions and he has adequately given us explanation on the request under the supplementary estimates. I think the Committee is satisfied with your responses and I would like to thank you very much indeed for attending to our request. Thank you very much SPM indeed, and you may excuse yourself.

## MINISTRY OF HEALTH

**Mr Chairman:** There is a request here which I consider to be very important. I think the Ministry of Health and Medical Services has to go for another engagement outside Honiara and so I will have to call them first to give us the explanation on its request for a supplementary that is before us to consider. I will ask the Ministry of Health and Medical Services to again explain to us the reasons for the request in the supplementary estimates.

**Dr Ross:** Thank you Chairman for the opportunity to be present at this point in time, and I would also like to thank the honorable members of the Public Accounts Committee for the opportunity to make my Ministry's presentation this morning.

I understand that down in the appropriation bill that is before us, the Ministry of Health and Medical Services has proposed \$900,000 there, and as the brief notes explain, this amount was paid towards the direct wage employees of Western Province, especially in Gizo following the loss of properties during the tsunami in 2007. Just a bit of background that following the tsunami there was a lot of assessment that happened, a lot of corporate bodies were compensated one way another, but all of our workers that were in Gizo and the nearby stations were not compensated at all for their belongings that were lost during the tsunami. They were promised, I think, of compensation to some extent of the properties they have lost, but nothing happened until 2009 last year that the unions decided to take up the issue, and it went to the stage where we were asked by the Prime Minister's Office to make a joint submission; the Ministry of Public Service and the Ministry of Health because the bulk of the officers that were involved are from the Ministry of Health and I think the Ministry of Education as well. There was a submission made to cabinet, a cabinet paper was drawn up jointly by the Ministry of Health and the Ministry of Public Service with the Ministry of Finance being involved as well, seeking funding to compensate them. I think the amount asked for was an estimate of \$15,000 per officer. It went before Cabinet, was approved but when the payment was done, only the seconded officers who were under the normal establishment of the government were paid and the direct wage employees, the direct employees of the Province were left out. As far as the Ministry of Health is concerned most of our workers that work out there in the provinces looking after the rural clinics, area health centers, and in even some of our provincial hospitals, are the direct wage employees, and it was slowly building up. I might also say that the SIPEU and the Solomon Islands Medical Association, the Solomon Islands Nursing Association were very active and were directly related to those seconded officers so they were paid up front. But the direct wage employees, most of whom are members of the Solomon Islands National Union of Workers were not paid, so they started to ask how come they were forgotten. I think for a short period nobody was really answering them and eventually the direct wage employees of Gizo hospital and also some of the clinics took up the case with the National Union of Workers.

The reason why the Public Service didn't pay them is that they are not direct employees of the government, and so it fell on us, between the Provincial Government and the Ministry of Health because the normal salaries of these direct wage employees come out of the grants normally paid out to all the provinces. What it means is that we are responsible for them. This particular issue, and I just want to inform the Public Accounts Committee is one of the issues that we are still trying to

sort out because the hiring and employment of these direct workers is done by the Provincial Government. However, the Ministry of Health is responsible for paying them so we are working on this particular issue to sort it out with both the Ministry of Provincial Government, the Provincial Government itself, the Public Service and the Ministry of Health so that we can have some control over this.

But to cut the story short, the National Union of Workers gave a 28 days notice and we just have no choice but to request money for these 60 direct wage employees to be paid the money they requested. We sent the requisition down to the Ministry of Finance and the Ministry of Finance said there is the cash flow problem, there is no money so just look at your other heads and see where you get the money from. We just have no choice but to use our HSP funds, which is the AusAID fund that provides budget support to health services in the country and we paid them to avoid the strike that has started already. That is why the \$900,000 is before the appropriation bill to pay back what that money was initially intended to go to, which is the provision health services in the provinces. I think that's a brief background to this particular head that comes under us for the supplementary appropriation bill. Thank you.

**Mr Chairman:** Thank you Permanent Secretary of Health and Medical Services. I will now give time to Members of the Committee to ask questions.

**Hon Wale:** Permanent Secretary, you were saying that you have spent the money, you spent all \$900,000 from the AusAIA support facility and now you're coming for authorization for it but you have spent it?

**Dr Ross:** We have spent the money.

**Hon Wale:** And there was no way at that time for this to be drawn from the contingencies warrant?

**Dr Ross:** There was an instance where we requested for CW, but we were advised against it. I don't know the technical reasons for it but we were advised against a CW so we didn't attempt that again.

**Hon Wale:** I have to admit that I don't know the technical of whatever either, but what I do know is that you need parliamentary authorization to expend public funds, and if you are spending and then coming to Parliament, the CW provides you the cover, at least the limit is authorized and this is not in your CW list. I mean it's not included in the list of CW's that come with its detail to be authorized. It comes as a clear supplementary but you have spent it without parliamentary authority. Obviously, you have spent it from out of budget resources and then now you are seeking authorization for replenishing of those resources. I am just flagging, it's a bit of a worry but health services are an important one. I think we will just leave it here because I do not think you would be able to answer for that question.

**Dr Ross:** I think we were actually requested by Finance to go and do virement from our other heads. But the workers were already on strike which going to go through the process and then going back to Finance again so when they said look for money under whichever heads that have available resources, we just went straight ahead where I made the decision to just get money from this HSSP, which is also under a

section in the recurrent budget and then pay off. If you would like to look at it at another angle, its virement from the recurrent budget and we solved the problem.

**Hon Wale:** Without moving the discussions from the topic at hand, this \$900,000, I am going to flag it with you but I am going to come back to it later when the Committee finishes with this topic. What hits me from your request is what is not in it. I was expecting you to come for more money for medicine because I went home but there was no panadol at the clinics. That hits me more. The omission from additional resources that you're seeking for, for a glaring need in our rural clinics which is somewhat the basic drugs are not there. I am not sure whether that's because there has been a six months or twelve months order lagging, lag in ordering and so forth and so when it arrives you will have no problem for the rest of this year, but I'll come back to that. But I will leave the Committee members to ask on this question first. Thank you.

**Mr Hou:** PS, from your explanation this is a one off situation. So we expect this wouldn't happen again.

**Dr Ross:** I hope not because I just saw in my fax coming in that there's a 28 strike notice too in Malaita Province by the direct wage employees. The printer was not very clear so I didn't read it in detail but I hope nothing serious comes from the Unions.

**Mr Hou:** Which leads to my other question, and this, I think, is in relation to what you were explaining in regards to hire and fire between the province and the central government. I think you have explained that this is how you get in and you have a bit of problem with this issue that the province is going ahead to hire and then they are asking you to pay. Is this an isolated issue only for Western Province because this is only for Gizo. I want to know.

**Dr Ross:** No, it's a national issue. The background towards this is that health being a centralized function hasn't been devolved to the provinces; all the budget and control is up here. Somehow the provincial governments have the right to employ direct wage employee as well to provide services in the provinces as well, and they also would like to participate in health not only in recruiting nurses and nurse aides but also malaria workers, environmental health workers and so forth so they go ahead and employed direct employees under the province, but because health is a centralized function, they go ahead and hire but they give to us the responsibility. That's an issue we are working on; our people in the ministry are working on it, we have been trying to sort this out for more than a year now, but we are trying to sort it out so that eventually we have more control on the workers. Because when it comes to improvement to their contract and their salaries, we do not have much control over that because the provinces go ahead and do it. I think their salaries are not standard right throughout the provinces as well. Some of them even though they are on the same level are paid them more the other provinces, especially if we still have to foot all the bills and be responsible for the provision of health services, we would like to have some standard control over that, so our ministry is working on that with all the relevant ministries to sort out this direct employee issue.

**Hon Hou:** Just another follow up query from that explanation. PS, you have explained that steps are being taken to put this under control, and I am sure that is something up in front your mind to mitigate the risk of more strike notices. But I am interested on what exactly are the steps being taken. Maybe you can assure the Committee of what steps are being taken.

**Dr Ross:** We work with the Ministry of Provincial Government and also with the Public Service and the Ministry of Finance to try and sort this out so things are working out. Our human resources and the under secretary (admin and finance) is leading that. We actually have a task group working for human resources but specifically on this particular direct wage employee issue.

**Mr Maneniaru:** I am just sort of looking at the situation that is sort of growing in our country where our workers when trying to ask their dues in terms of the services rendered to our people, especially in health, I am just wondering why is it that our authorities usually does not recognize them. This is just a statement. But it seems that this is an ongoing problem and it's growing. When strike notices go out is when we kick around and here the PS you are exactly telling the Committee that you have done something that you were not supposed to do, and that is holding into another basket. To me, that is an concern and it's good that you also confirm that you are really working hard to rectify the situation, and I hope in your Ministry we will not continue to entertain strike notice because these are human beings, our people working, regardless of who is recruiting them. That is my personal opinion. Just for interest sake, roughly how many families or officers were actually affected here?

**Dr Ross:** About 60 are direct wage employees and the seconded officers are almost 100, and that is not only health workers but the other workers as well. But direct employees are 60, and the bulk of them are health workers, and I think one or two from other ministries. Most of the houses around the Gizo hospital that were hit by the tsunami were occupied by health workers. That's how all the direct employees were affected hence leading to this particular issue.

But coming back to the first point that you've made, It's quiet true that we always realize that human resources are important and because of that, and the issue that has been raised, our next draft strategic plan that we are working on has about 14 organizational policies that we would want to address, and human resource is number one. I think we have this unique situation where direct wage employees play a very important role in the provision of health services, especially in the rural areas but their employment comes under provincial hiring and firing and their conditions of services are under the provincial government but because of the fact that health is not a devolved function, it is the Ministry that foots the bill. We cannot really plan and organize ourselves properly if part of the process that looks after the workers is at a different end, so that's the whole point of trying to address this particular situation so that we can have more control.

I think it's also good to raise at this point in time that I think more and more we are seeing natural disasters that are occurring and we don't really budget for any loss of properties and things like that regarding our workers, so you are quite right that we are sort of reacting on issues that come. I think we should be more proactive by working closely with the appropriate sectors and ministries to see how best to manage this kind of situation. That's a very good point that you have raised.

**Hon Maneniaru:** Just going back to the point that the MP for Aoke/Langalanga has raised about medicines for our people, especially those in the rural areas through their provincial centres. I too want to register that concern as I also came across that when you go to the rural areas. I assume here that this area is well taken care of, as you have not sort of submitted any request for medicine. If there is any problem, that is my assumption PS.

**Dr Ross:** Maybe what I can respond to for this particular issue is that, first of all, as far as drugs are concerned, it is one of the biggest responsibilities and also challenges that we have in the Ministry of Health. We have a national medical store here in Honiara and previously we only have provincial hospitals that are the next level down that distribute drugs to the provinces, but we've learned from experience that even getting drugs from some of our provincial centres to the remote clinic is much easier to come to Honiara than to go some of these clinics. A very good example is like Afio in South Malaita and so because of that the Ministry of Health has developed 22 or what we called a second level medical stores, and on Malaita you have one in Afio, the other one is Atoifi, another one in Malu'u and then Auki. We do not send drugs to the provincial centres because it is difficult for them to even transport it there and today as we know, in the good old days those who carry the box medicines are doing it free because they know it's life to the people and it will help people. Today that is not the case, it is a big charge to get medicines to the rural areas. So we send drugs directly to the second level medical stores and from there, hopefully it is easier to send it down. We have strategically located the second level, a total of 22 altogether in the country that we are sending drugs to. With that plan and strategy in place it's much easier for the drugs, the medical supplies to go to the clinics. From those places to the clinics is another challenge and that means we really need to update the network of transport in all the clinics that we have if each of the area health centres and even the rural health clinics should have a canoe, an outboard motor and even fuel so that they can collect their drugs from there. So it's a challenge but that is what we are doing at the moment, and I think from now to December we should have enough funds there. The HSSP through AusAID and also all our development partners and stakeholders assist us a lot in this area so we can survive to reach December. That is the reason why this particular item did not come up in this supplementary appropriation. Thank you.

**Mr Chairman:** Any other questions from members of the Committee? If there are no any other questions then we can excuse the Permanent Secretary of the Ministry of Health and Medical Services, as he has another engagement elsewhere. We do not have any more question for you so you can excuse yourself, but before you do so, we would like to thank you very much indeed for your response to our questions and wish you a very pleasant weekend for the other engagement that you have. Thank you very much indeed.

**Dr Ross (MHM):** Thank you so much Chairman and honorable Members of the Public Accounts Committee for this very good opportunity to appear before the Committee this morning. Thank you so much.

**MINISTRY OF COMMUNICATIONS AND AVIATION**

**Mr Chairman:** I will invite you to lead us on the Supplementary that you have. You have subhead 0511- 6133 for the minor works installation and 0511-2159 on maintenance of the airfields in the provinces and then you have 20511-6121 for the Henderson Operating Costs.

PS, you seem to have a very big increase in your estimates here, and perhaps in your guiding us in your presentation, you can explain to us why is there such a gross difference between your reasonable estimates and the supplementary that you are seeking Parliament to approve and perhaps explain too why the Ministry failed to account for this amount in its original estimates as well as perhaps explain to us the plan of your maintenance of the airfield because that is what you have under your subhead, which airfields in the provinces do you wish to maintain and which ones do you not wish to maintain and as well as the increase in the budget estimate of the maintenance of airfields in the provinces. Also minor works installation under subhead 0511-6133 on how the funds were used, and also the operating costs of the Henderson airport. Mr PS, thank you very much, I am just giving you those notes to guide you and explain to us your subhead. Thank you very much indeed.

**Mr Lionel Minima:** Thank you Chairman. Unfortunately, the Permanent Secretary of the Ministry is not available, he is very sick and so he has asked me to come to represent him at the committee. My name is Lionel Minima and I am the Financial Controller of the Ministry.

Just to briefly explain the overview of the ministry, the Ministry of Civil Aviation has undergone some major changes in recent years. This is the Civil Aviation Act 2008 and the Communications Act, which have also caused the Ministry to come up with some changes, some structural changes in the Ministry and also some financial restructuring in the Ministry.

As you know, the Ministry of Civil Aviation looks after airports in the country and the sovereign airspace of Solomon Islands, and important to this is the safety and security of aircrafts, air travelers and crown navigational equipments used by the ministry to operate, and this includes the airport lightings which have not been maintained for the past years. Maintaining the provincial airports is also one of the roles that the Ministry must perform in order to keep the ministry and the services going.

The Ministry of Aviation as you know must comply with international safety standards from international civil aviation organization and the Pacific Aviation Safety Standards which must be met by the government. This includes as well an up to date ground navigational equipments on the ground and good infrastructures that can ensure services are performed. Chairman, as you can see, this is not cheap for the country. These obligations are imposed on the government of Solomon Islands, and against foreign currencies, against foreign money that we have to, and also the technical expertise, these organizations have to provide to Solomon Islands.

Chairman, as you might know, with the installation of this DVOR at the end of the western end of the international airport, there is an old one behind Betikama that we must decommission, and that is one reason we are asking for this. That navigational equipment is intended for dismantling to be put in the container with plans to upgrade Munda airport in the coming years, I am not sure but that is a plan, that equipment will be shipped down to Munda and the cost involved is also in this supplementary.

On top of that, the runway lights at the international airport must meet the standards and most of these are already burnt out. And not only that but the



lighting, the apron lightings, which is called the flat lights are already burnt out and never been maintained, and that is why we put in this supplementary in the first place and we intend to work on this. It comes under our work plan for 2010, but due to financial constraints, we cannot meet the expenses.

The budget, I should say, was initially under estimated, not taking into account the current cost of equipments that need to be installed. Also on top of that, now with the completion of the domestic renovations, the Ministry is building up security booms at the international and the domestic airports as an ongoing work for this year up to December. That is in light with the recent Civil Aviation Act that was passed that we should charge revenue or charges for people who enter the airport compound. Basically that is what the ministry is doing and the problems the ministry is going through at the moment. I can see that it is a quite expensive business, a very expensive business. It is an obligation that is imposed on the government of Solomon Islands that all airports must be cleaned to get them in line with safety standards, and the safety of aircrafts. Also on top of this, we are planning to upgrade the Gizo terminal, and perhaps the Auki airport, upgrade the terminals by providing toilet facilities, tank and so forth. Some of these expenditures we are requesting relate to ongoing projects now and is continuing and so we are requesting additional funding for the ongoing projects. That is all I can say and thank you very much.

**Mr Chairman:** Thank you very much Ministry of Communications and aviation. Before I ask members of the committee to ask their questions, I just want to point out an error in calculation on the supplementary budget. If you look at the various sub heads and items, those three if added up should be more than the total you have there in this supplementary. So it would be \$1 million plus but what you have here is \$307,000 only. I would like to ask if that can be corrected. Thank you. I will now ask members of committee if anyone has questions to ask the Ministry of Aviation and Communications.

**Hon. Wale:** First of all before I ask my question I would like to applaud the Ministry of Aviation and Communication for what are great strides, great leaps forward. Now we have a domestic terminal where the toilets are working, although water is a problem, so please fix the water, for goodness sake, but it's looking good and is a big stride. So many years that terminal is a total embarrassment to this country but the ministry has done great wonders with it, and so it is greatly appreciated.

Secondly, the fact that the Ministry is coming for supplementary is also a good sign that there is now control on the aviation fund. Previously, of course, we've had too many problems with the management and the use of resources in that fund, and sometimes therefore those in control of the fund do not see the necessary to as for supplementary resources because they can hold on it and therefore Parliament is not fully in control in terms of authorizing expenditure on its. That too, I would like to applaud the ministry because it means the controls that are now in place are beginning to work, of course, the office of the Auditor General will tell us in a few months whether that is the case, but it's good to see that.

I have a number of questions, and I'm just going to ask you the questions that I have all up, and hopefully you'll remember them and you will answer them. First, whether you have totally exhausted your original revisions? Do not answer me yet, just take note and answer later because I have a few more questions to ask. And if you have whether you have also exhausted virements between heads that you did

not use or exhaust, and whether you have applied for de-reservation of heads that are reserved, because this is coming under recurrent estimates in the supplementary.

I say that because this is a question we put to the Finance Secretary yesterday, asking for additional resources when you have some allocations there that are reserved. It does not make sense if you are not going to use them you should first have them de-reserved and used and then ask for additional resources if you need them, that is why I'm asking that question.

My second question is whether there was a crack on the tarmac at the apron whether that has been fixed and if it has been fixed how much did it cost to fix that. I know you didn't mention that but because you ask for Henderson operating costs and so I am asking that as a question. You mentioned a little bit control of the airspace as the money coming for the aviation fund. There has been talk of, I think, by your Minister in the previous government and he is still the same Minister of returning the control of the airspace back here. If we were to do that, assuming we have the capacity now to be able to do that, how much more revenue do we expect to raise from it and what would be the costs of taking back control and managing it here, and whether there will be net gain or net loss in bringing back that capacity directly back to the Ministry here.

My final question for now is sealing of the main provincial strips like Munda, Gizo, Auki, perhaps Kira Kira and Lata and so forth. It just seems to me that domestic travel is really expensive too much. I'm a former Chairman of the Solomon Airlines Board, and I tried to force the price of fares to go down but it was difficult because insurance on the engine of twin otters, especially are very expensive because a little of dust that goes into the engine means the engine has to be sent off to Canada or some place to be redone and it is very, very expensive really driving up very much the cost of domestic travel, and it is an impediment. The airlines only uplift 30 to 40 thousand people a year. We have half a million people, and so it ought to be uplifting more people and so its domestic operations ought to be far more profitable, but it is not profitable at the moment. But its major costs are on the provincial strips because when debris goes into the engine it ruins the engine, just an overpass, the plane flies pass because it's really wet and so it cannot land, that's cost associated with passengers and so forth, and whether the Ministry has any plans to, at least, seal some of the main strips. For now these are my questions. Thank you.

**Mr Lionel:** In relation to your first question, the Ministry has totally exhausted all its allocation for the year 2010. The de-reservation applied because it was been negative, its head has been negative over the original allocation. The reservation cannot be applied on it and so that reservation does not have an effect on that. We applied for reservation but only for the heads that are still under spent, and not yet negative. There are some calculations that need to be applied there, whether you are still entitled for some extra, the de-reservation if topped up, which should be some extra money available. But because it has been over used when it is applied it is not applied to all the heads and so it did not work unless you are still under. But when it's beyond the limits the net effect will be still negative, and there will be still no money in that head. Every possible virement cannot work and my PS has applied for de-reservation last month but only for the heads that are still under the original allocation. We applied for it and so de-reservation has been exhausted and also virement has also been exhausted.

In relation to the third question where you talked about the provincial airstrips, yes, we are working on a development budget for 2011, which we will put

to the budget unit in the coming weeks on tar sealing of airports and also some new airports may be. If the government wants to build some more airports, we will be talking with the Ministry of Infrastructure to see how we can work together to implement that, I mean the proposed ones.

In relation to the upper airspace, yes, it is one of the future plans of the Ministry to take up full control of the sovereign airspace of Solomon Islands. The Ministry is now working on upgrading of all the navigational equipments, which is under the current development budget. We have a project manger. The equipments are on the way ordered from Australia and they will arrive in the country hopefully in the next month, and that is for the DME for the provincial airports and it's a navigational equipment and upgrading of navigational equipments at the International Airport.

Right now the upper airspace fund, the country is getting about 49% and Air Service Australia is getting 51% on revenue. That is the revenue sharing basis on the airspace. The plan to get it back would cost the country some money to train the air controllers to become air traffic controllers and also a licensed air traffic controller. I think New Zealand is offering training for that, it has offered it but it hasn't provided for the training as yet. Training would be one part of it and the other part would be to get much modern equipments which we don't have at the moment in Solomon Islands. At the moment Air Services Australia is doing that for us, and that's why we pay them 51% of the revenue.

I think we would be putting a development budget on this area, but we don't know yet the government's policy on this area. But it's good that the airspace management should be a priority for the country. It would cost us some money initially but it depends on the government.

**Hon Wale:** What about the crack on the apron?

**Mr Lionel:** Because of the pressure we have from the airlines, the operators, we have repaired the crack last month, the month of August. It was repaired by one local company here and was tested using concrete with reinforcement inside, so it was good. The Pacific Aviation Safety came in and inspected it and it was really good. For you information, the repair of that crack costs the special fund just over \$300,000.

**Mr Wale:** Financial Controller, this word you have used concerns me a bit; 'because of pressure from the airlines'. If there is no pressure, I think, the crack will be still there maybe until next year or what. It's an international airstrip and it's the same as the fire trucks and every other things. If we have some way of regularly knowing we're falling behind standard or we are about to, and we've made provision for it and we are foreseeing these things two to three years ahead and planning for them will be much better. But I am very concerned about this one.

**Mr Lionel:** Actually what happened is that the Civil Aviation Authority is in control of the upper air space fund, and so they were pressurizing the ministry and we had discussions that rather than just telling us to repair that place, while you have the money they can assist to repair the cracks. That's how we go around the problem.

**Mr Abana:** PS, thank you very much for your presentation, and I would like to join the Member for Aoke/Langa Langa as well in applauding the Ministry for its good work at the domestic airport.

Yes, I have two questions about airstrips. In the original estimates it was \$1.6million and now you're seeking an additional \$2million. Of the \$1.6million, how many airports have you already maintained and with this additional \$2million, how many more airports are you envisaging to maintain. So it would be a total of how many altogether before the end of this year?

I understand from the previous government that we have had a bit of discussions with New Zealand to help upgrade the the Munda airport to international standard. The progress of work and planning for this infrastructure to take off the ground, how far are we going on this at the moment?

**Mr Lionel:** In terms of that allocation of \$1.6million, when I joined the ministry in March this year, the Permanent Secretary has signed contracts with landowning groups and some business firms throughout the provinces to maintain the airport. When I calculated the contracts that agree, it was beyond the \$1.6 that was originally allocated. Some of these contracts when added up is over \$1.6million. I am not sure what process and basis is the cost of each contract for each province decided. The cost of contract for each province varies or is different, for instance Gizo, Munda, the cost is different from smaller airports so that's what inflates the original allocation.

With this money we also intend to renovate the terminal at Gizo. The plan for it has been completed; we've already paid for the architect plan and is ready, and so we just want to get the work off the ground and move forward. That's what we are asking for.

Some of the money because of the different variations, some airports get big share over another airport and so on, and so when I calculated it, it's more than the original amount budgeted for. I don't know how they arrived at that \$1.6 in the first place so when they processed the tenders for the contracts they should have a reserved price or unless you accept what we give.

**Hon Abana:** What about the one for the Munda upgrade to international. How far have we go on that?

**Mr Lionel:** For Munda, New Zealand has indicated its willingness to come forward and renovate that. We have visited that place but there are some issues that still need to be sorted out, like maybe the issue of some land matters, just talk with the community regarding small thins, just to talk with them. But at the moment the New Zealand Government is willing to upgrade that airport.

**Hon Abana:** Just an additional question and this is to do with contractors for those airstrips. Are the contractors based in those provinces or are they based in Honiara and then are sub contracted to the provincial.

**Mr Lionel:** Some of these contractors are based in Honiara, they are businesses here but they employ people to do the work in the provinces.

**Hon Folutalu:** In your introductory remarks you mentioned a lot of things here, like the nav aids, the DVOR, lightings at the apron, the runway, security booms, the Gizo terminal, the Auki terminal and all these. Which one of these are you going to

prioritize with these funds because you mentioned some of these provincial aerodromes, which aerodromes or which airports are you going to prioritize, a lot of things? And then the 49% of the funds that we normally receive from the over flights, why do you not use some funds from this when we are waiting to train the air controllers? Those are the questions I want to put forward to you the financial controller.

**Mr Lionel:** The ongoing projects are the number one priority, which include the Henderson upgrading and also the Gizo terminal where the plan has been completed and the apron lightings. These lights almost cost \$90,000 to \$100,000 for just one bulb. This bulb is very important for aircrafts because it gives out signals to aircrafts because it tells aircrafts where to land the aircrafts by just the color of the lighting at the runway. Lighting is one of our priorities right now on both the apron and the runway, and also the post lights that you see standing up right now, all its lightings are burnt out and have not been repaired for the past five years. That place is always dark. Every time planes land at night only one bulb is on, but it is a requirement under safety and security regulation, one of the requirements of the ICAO that all the lights must work 24 hours, and the control tower officer that is on duty 24 hours must make sure that all the lights are on, especially the big ones.

**Hon Hou:** Just on this airspace issue. I mean training appears to be an issue for us now. What I would like to know is whether the Ministry has ever trained anyone at all since day one to do this kind of work at the airspace. Another question relating to Munda, and my colleague Member for Aoke/Langalanga mentioned the condition of the provincial airstrips has been a major source of repairs and maintenance cost to the airlines. But the other heavy cost to the airlines is the fact that aero planes flying from overseas, especially from Brisbane coming to Honiara don't have a alternative landing place and because they come with dead load it's loaded on to passengers in terms of the price of Solomon Airlines tickets, and this is one of the explanations to the very high price in ticket by the airlines. That's as far as I understand it.

I think my question is that you mentioned there are issues relating to the Munda upgrading to international landing airport. I want to know whether you can assure the committee as to whether these issues are being handled and what time are they going to be concluded.

I have another question relating to the Henderson terminal facilities both domestic and international terminals. I want to know the arrangements at the transit lounge including the VIP. Those lounges, who looks after those things because sometimes when you are on that lounge but it seems like you are under the sun. I think one of my colleagues has mentioned that when people come in this is the first image of the country. In fact that is the first thing they see. So I want to know who looks after those things and what is being done to address those things.

**Mr Lionel:** In relation to the departure and arrival lounges, we have decided to put air conditioning inside the lounges but no air condition fits that place. The one that we can source is the use of gas because of the openness of that place and so it is not possible for normal air conditioning to be put in it. One possibility is the use of gas which the Origin gas energy is trying to promote to us. We are still talking but it should give us the costs involved inside that. The plan is for Origin itself to install it but again because of this problem of no money, it just seemed that everyone just give up and say 'for what ia', sort of thinking. But it's not really good as far as people

coming in there because they have the first impression of the country, which is not good, but yes, we have noted the problem and we will be putting something in the development budget. Just for a few note on this one, I think the Japanese Government has just come in, we've talked with them last month that they want to renovate that terminal again. We are still talking with them but they said that we must give them the budget allocation of that head for maintaining of that terminal. We've just sent over some details last week to the Japanese Government and they said approval has been granted from Japan but they just need us to answer some of the questions they have for us. So we are still talking with the Japanese government if they can include that into that area.

**Hon Mane:** I also would like to join my other colleagues to commend the ministry on upgrading of our facilities, especially at the international airport. That place, as we understand it, is the gateway to our country and for a long time it has been an eyesore. I think the Solomon Airlines and the Ministry of Tourism also have very high interest in that area, and for many years they have a problem. And it actually sort of come back to us that in our attempt to promote tourism there is lack of facilities or the low standard of facilities and so tourists are hesitant in coming because there are no facilities that would cause an interest in to come. On that note I also congratulate you for what the ministry has achieved so far.

In regards to the water problem in that place, as we all know water is a problem and we are talking about huge money here, if tanks are provided, I believe a good number of tanks would actually take care of what has been a real problem in terms of the facility. Even if the terminal is maintained and upgraded but if you go to that small area and it's very dirty, it just makes that place to be bad. I just want to put that across whether you are thinking of an alternative water source and here it would be tanks, about 10 tanks put there normally can provide the water that is needed for those facilities to continue enhance the environment over there, especially for our interest and in particular the tourism industry.

**Mr Lionel:** Thank you Chairman. The water used at the Henderson Airport is being drilled out of the ground. There are two terro water pumps, but one has broken down and that is why part of our submission here, we intend to repair that terro water pump, and one is working but it cannot cater for the whole place. Once the other one that is working now breaks down then that will be the end of everything, the services will be just bad. There is a water terro pump there.

In regard to the issue of tank, I am not sure because when I came in there are no tanks in that place to supply the toilets. So it's a good suggestion. Everything we are trying to plan is good but it all boils down to the issue of money. We can do many things if there is money but our problem is money.

**Hon Maneniaru:** Another point of interest I have is that it's good that you are now asking for additional funds for upkeep of the airfields because the other side to it is that operators, like the Solomon Airlines, the information that I understand a bit from the requirements of upkeep of those places, some of our operations should have been closed because we are not up to international standards, for example, even your fence around the international airport, if there is a hole to the fence, if those people come and see it, they should close down that place because it is risky. And I do not know whether the ministry is seriously looking at the costs that we would come across if small things like that happen. If an accident happens for instance a dog

goes in through the fence and goes across the runway because there is a hole in the fence and then the plane actually crashes because of that, this means the airlines would close down or the Solomon Airlines is liquidated because it would be very costly. What I seem to notice is that it normally takes a very long time for things like that to be repaired, but whether the ministry takes this into consideration or it understands the other side of it, the consequences that the country could face if we don't consider small things like that.

**Mr Lionel:** That is a very good concern. That is an issue that we must never, never allow to happen. Whatever happens there, everybody will meet the consequences. It is a point of life and death. I mean accidents in ship can allow us to swim a bit but an accident in a plane is a point of life and death and no nothing else. This is a case where those of us sitting down inside the office do not want to commit corporate manslaughter for failing to meet the standards in making sure that what is required is attended to because our life is also in danger so we must make sure that we attend to these things. That is a very good concern. There are people that cut the fence and tried to steal the lightings inside the airport. Some of the lights are stolen, some are burnt out and so we have to make sure that they are replaced almost every month, and some of the contractors go around the fence every time checking the fence, making sure no animals go inside the fence and making sure the grass is not tall otherwise grasshoppers fly around and go inside the turban of an aircraft which can cause a problem. These are very small things which sometimes we think are small but can cause big problems.

**Hon. Hou:** One very basic question but is of importance to me. In the original estimates is \$2 million less than the supplementary. In other words, your supplementary of \$5 million, I mean I see this as normal in terms of your budgeting. How could you not estimate for a big sum like this? How can you not understand what to estimate for when you come up with your budget? This is a big amount of money. Now, it's listed down here as minor works installation, maintenance of airfields and operating costs at Henderson. As we were saying earlier on, does the Ministry not foresee these things and that is why you did not estimate for it in the original estimate?

**Mr Lionel:** When I put in this supplementary, work at the domestic terminal has already started. Originally, funding for the domestic terminal comes from the special fund. Not until June and the board of the Civil Aviation Authority decided that the special fund should go back and be administered by the Civil Aviation Authority, and therefore the Ministry is struggling to pay the contractors that did the renovations.

When I applied for this supplementary, there were already payments of commitment lying down in Treasury not paid to the contractor. When this \$5 million came in, it just absolved, it was approved and every payment there just went out so the contractors were waiting and waiting for their payment but the special fund has been held out from the Ministry. That's why we were not aware. We were anticipating that the special fund is going to meet the completion of that work. But up to June the payment was held back and so the Ministry struggled as to how it would complete the domestic terminal renovations, and that is how we ended up like this.

**Hon. Folotalu:** I understand before where some contracts did not go through proper tender. I would assume that now the tender for contracts are proper and better.

**Mr Lionel:** Yes, there was a contractor engaged to do the domestic terminal, but he was not performing well so we wrote to him and told him that if he is not performing then we have the obligation to terminate and him and hire another one. That is what we did; we terminated him and then get another new contract to finish off the job.

**Hon. Abana:** Thank you Chair for giving me the opportunity for the last question. This question came out because you said that as soon as we passed that bill the fund has to go back to the civil authority. Whether that fund was transferred because it is finished or because it has to go there and what is going to be used for that fund because important works are what you are doing with that fund. If a bit of money is still there why don't you use it or is it because there is no money there and that's why it is transferred?

**Mr Lionel:** When I came in, I submitted a budget to the board of KASI, and because the Act itself that governs itself that since that it should be for development and maintenance of aviation facilities, whether KASI is the rightful custodian of this fund or not is my question. Should it be the Ministry or who? That's a legal matter for the legal people to clarify to us because we are trying our best to build facilities while they give the fund to KASI who is doing nothing, it does not have any sort of plan. So I submitted a budget to them, I told the board that whatever budget it prepares must be in line with the spirit of that Act. If the Act says funds must be used this way then the budget must be in line with that. That's what I proposed to them but they never come back to me. They approved a small budget for operations and I told them that we are still talking about whether they are the rightful custodian of this fund or should it be the Ministry or the Ministry of Finance. But I think it's a question that the Attorney General should sort out.

**Hon Abana:** *inaudible*

**PS:** Yes, I think it's an issue that we must put before the board and see how it responds to it.

**Mr Chairman:** Thank you very much indeed communication and aviation. I think the committee is quite happy with your responses that no issue other than those that have been raised would be taken note of by the committee and the committee would be in a position to make further recommendation on operational matters. Thank you very much indeed.

*Meeting suspended for lunch break at 12.27*

**Mr Chairman:** Gentlemen we resume our meeting again for this afternoon and we will begin with the Ministry of Home Affairs. The Ministry of Home Affairs you will lead us again, yours is sub head 0308 6069 and the name is bye elections. Perhaps you lead us this afternoon to inform the committee as to the reason of the unforeseen expense, and how much of this item has been expended and what do you expect or



have to use for the remaining months of this year and since it is to do with bye election you might as well inform us whether or not you have adequate funds for the bye-election for Shortlands. Please Permanent Secretary, lead us in the discussions.

**Mr Fakari:** First of all, I'd like to briefly outline what the ministry is doing. Ministry of Home Affairs is often seen as one of the smaller ministries but in reality we administer at least nine legislations, and one of them is the Electoral Act. In the Budget as you see there are, as you rightly said, was meant for the last National General Elections Parliament elections and possible bye-elections that we thought might result from the elections. They put the picture in what we understand in the first place, our initial budget to the Ministry of Finance was about \$42million. This was from rough calculations that 2006 it was around \$26million in total, that's including voters' registration. We anticipated that for this year it would cost us around \$42million and that was our initial submission to the Ministry of Finance. Because the submission was made last year we had a cut in the application that we made to \$32million, and we understand that it wasn't going to be enough but we accept that because of the circumstances we've experienced last year in terms of economic difficulties that we went through. And so we started with \$32million.

The voter registration actually cost us \$13,300,000. RAMSI gave \$3million and that took it up to about \$16million. RAMSI's contribution was purposely to cover awareness program in the community, the public awareness program that went on. The voter's registration cost the government about \$13,300,000. The actual elections as of actuals to date cost the government about \$24,405,000 so in total costs us about \$37.7million. That was the actual cost of election. We anticipate that there may be few outstanding bills that are still coming, but much of our expenses have been acquitted and acquittals have been sent by most provinces except for the remote ones and we hope finalize accounts mostly by the end of this month.

Now that's about what we have actually spent so in total we over spent the amount that we were given by around \$4.9million and so the \$12million that was given to us covers that extra expenses that we have incurred above that initial \$32million. And whatever is left we anticipate that would be used for the by-elections and that's why the provision was for elections and bye elections as well.

So we were not too far from our initial estimate and with what we have expended and plus the \$3million that RAMSI assisted us in to cover the public awareness program. We have expended \$40million just \$2million less than what we anticipated in a first place. So yeah that is all I can say about what the cost of elections. Thank you.

**Mr Wale:** PS, that's quite a bit of money that's obviously been expended on the electoral process and the amount is over and above the money AusAID donated to the support; this one is just SIG resource.

**Mr Fakari:** I think the last election was fully funded by the Solomon Islands Government. The only assistance that we received was recorded as \$3million from RAMSI project. Funds serve under the 10 years Electoral Reform Program that we are undertaking at the moment. It has not yet fully started but funds that were meant for last year that bit of money that was given to us was saved from last year and so that was the only amount of money that we receive from outside. The EU promised us to cover the other expenses during the elections with the cost, I think we have received that by the time we complete the exercise. Also \$37million was funds

actually came out from Treasury and they pay it to us in patches \$4million, \$7million. After we retired the patches that they gave us, they give us additional funding and that's the way we did it, and it worked very well.

**Hon. Wale:** In terms of the registration process, I know a lot of funds were obviously addressed towards the aspect of running the elections, and still we ended up with a register that its integrity is really not good at all. I think overall, and it's a generalization but I think overall that seems to be the impression we get. There's a big problem in West Honiara, especially Honiara but it's not just limited to West Honiara, it is also similar in certain parts on Malaita, and I am just at a bit of a loss. The Electoral Commission has had the advisors there for a number of years now, it has attracted a lot of AusAID support and yet we end up with an electoral role that its integrity is not assured. The way it appeared is that it is not for want of money. AusAID resources and RAMSI resources are there and SIG resources, although they come in difference batches but they are there. I do not know what else is the missing link to assure the integrity of the register?

**Mr Fakarii:** I think it's good for me to try and put things straight here concerning the voters' register. Our problem in the past up until the recent elections is that we have not really done anything to really correct the voters register. I am honest to say that. What we do every time when elections come around is that we add more problems to it because we go out and we ask people to register and we do that within 109 days. That's all the time we have to sort out this mess and we really have not cleaned up the register since independence, I would say. Now we wanted to do a new voters register as early as June last year but our bill didn't go through, it was delayed until April this year, and the election was already arriving and so the Electoral Commission decided to use the old problematic voters register. When we started the voters' registration process, we expect only people who want to move from constituency to advise us that they want to deregister themselves from one constituency and moving in to do their registration and, of course, those who for the first time want to vote, have now turned 18 and wanted to vote. Those are the people that we were expecting to participate. But what had actually happened every time we go out to do voters registration or review is that the same people who filled in forms in previous elections continue to fill in more forms. Now

One of the problems that we also found out is because of the kind of a passive society that we have, the general public do not participate with the electoral officers. The process requires individuals who think that somebody's name should not be on the list to make claims. After that when the voters list, the draft came out we should go and look at the list to see if the name is still there and then we have another stage where everybody who made claims and people whom claims were made against them are expected to arrive at a public hearing, and it's always at the public hearing that nobody turns up. Even if one makes a claim and does not turn up on the public hearing day, the officers do not have power under law to erase anybody's name. That is why we continue to do that since independence and everyone contributed towards making the voters' registration difficult to be corrected. But I can assure the committee now that as early as next year because the legislation that has just been passed in April this year, the Commission can now do its own voters register and it will be done in incremental stages annually until 2014. We have interested donors who want to help us in this particular area and we hope to do it well.

I want to guarantee the committee that by 2014 we will have a totally new register with the assistance of our donors and we intend to look at the best possible ways that we can adopt, maybe use of ID cards with citizen numbers and we will try to build that in parallel with the national civil register, one of the another areas that we have not touched since independence. So it's going to be a huge task.

**Hon. Wale:** thank you PS that gives us great encouragement. The committee will be following up with you when the budget comes in early next year to ask us about that what you going to be putting in budget. It's a very important one. One of my elder sisters from Ambu has been been voting for the last I do not know how many elections, never filled in a form to get off the register, she was not on the register. so even if people were filling in forms it appears some people who did not fill in forms fell of the register. There is a tampering with it somewhere. I suppose that prompted me to make that point. I do not think it's an isolated case but what you said in pointing the way forward is good I am sure the government, certainly the former government and I am sure this government as well is considering other aspects to really strengthen it because it is the core to ensuring the legitimacy of the results that come and people's confidence will be with it, so it's very important that we get it right.

Yes My next question with regards to Shortlands bye-elections, obviously they will do it on the current register so there is no need to revise that register and you said that you come in 2million under budget, so you still got sufficient funds there in that 2million to run the bye-election and whether of course you cannot preempt what the electoral commission will be considering but the 2million you have until December whether it is in your opinion that it is likely that the Shortlands bye-election could be held before the end of December.

**Mr Fakarii:** A few things right now and the money goes, ... we have just conducted a workshop for the accountants there is a lessons learn now for the ..... election itself so bit of money would be used. But I think there is funds there where we can used immediately once the electoral commission decide on the date for us to run election

**Hon. Mane:** Before I ask my question I want to congratulate you and your hardworking staff and your ministry for what you have achieved on that very challenging preparation for the general election as that is not easy, a lot of work is involved. I can understand the amount of resources needed to be expended in order for us to improve or achieve the objectives of our elections. On that note, PS, I would like to congratulate you.

I am quite encouraged by your plans now and I understand there are sponsors from our donor partner's that wanted to come on board to really enhance and improve our election process. An expense that our voters come across is those in Honiara and our provincial centres. I do not know, for whatever reason everyone wants to go back to the constituency to go and vote in their constituency and its quite expensive for families, it also costs us a lot of money in loss, sort of, maybe revenue because sometimes they back after one week, especially they are not on duty. That will also be considered in this process where maybe the people in Honiara will vote in Honiara rather than having to take the trouble going back to their constituencies as, I think this interest will continue PS.

**Fakari:** Two important areas that is already in our radar to deal with immediately is, one that I have already touched on voters' register, and the other is the voting system. Under the previous government they wanted us to look at the possibility of adopting limited preferential voting that is one. But the other area is the method by which voters can cast their votes from home or wherever they want to vote if they are legally allowed to do that. The Last election we were able to start with was to open an office here for those who want to go and vote in the villages, and so we started that here. But that is still not enough. We will be looking into the possibilities of providing equal opportunities for our students studying overseas to be able to vote. People to be able to vote from Honiara, if they want to vote for their constituencies back home, because we know that it is one area may also come back to you candidates because if you are associated with getting a boat ready for the voters to go down that might come back on you and implicate you in terms of the funds allowed for you to expend for elections and so I think what one of the community people have raised was a valid point and we will certainly be looking into those possibilities. Another lot of people who usually do not participate at all in our election, are the election workers. We estimate to be about two thousand people we engaged in the last election more than that, and those people did not participate. Yes, we want to ensure that every citizen of this country are given the opportunity to vote their leaders and so we certainly be looking into those areas as well. Thank you.

**Hon. Rick Hou:** Thank you Chairman. Again I want to join my other colleagues who have given their recommendation to you PS and your officials for his successful administration of the elections. I am interested too on that area where you discussed and I am encouraged by the plans and ideas that are already being put in place to strengthen the registration process but are also equally important the electoral process itself the voting system I think it needs a lot of work. And just on that I am referring to your development estimates for this year where we have an estimate of 12m which I am looking at its donor which is Australia. I want to know how much of that had been used and what did we use it on? Thank you.

**Mr Fakari:** Yes, that is a provision that even our donors were not too sure as to where it comes from really but it was a figure that was given to us by planning.

The projects starts last year and we had five technical advisors who came in last year, and this year the only money that we have expended from the project, electoral reform project is \$3m and that was from funds saved from last year. We have not expended much on the project in this particular one except that also covers the five graduate salaries. We have recruited five graduates who are working with the electoral commissions as our new staff but because public service could not take them on we have requested the project or the programme to look after them. As of next year we have asked public service to again incrementally transfer two every year to the establishment so that we can then start taking over the responsibility of looking after their salaries so that when the project finishes we are sure of being capable to look after it. It is a tendency if we depended very much on the programmes and then all of a sudden at the end of the programmes we transfer all the costs to Solomon Islands Government most likely thing to do is to start deduction again and so you go backwards from day one. So if we do not start filling the sense of meeting the costs of those changes ourselves.

**Mr Chairman:** If there are no other questions or any members want to ask any more questions or not?

Okay, I think there are no questions from members, Permanent Secretary of Home Affairs, so I thank you for your explanations and thank you for answering our questions. I think the committee is satisfied that you have adequately responded to our questions. Thank you very much indeed.

## **MINISTRY OF PROVINCIAL GOVERNMENT**

**Mr Chairman:** The next on the list is the Ministry of Provincial Government & Institutional Strengthening. You have two sub head items out there 0032115 - Provincial members salary, 0034127 - Provincial assembly members ward allowances. And I will again ask the permanent secretary responsible perhaps to lead us on this one, why was it not part of the annual appropriation and to also perhaps covers what sort of increases it made to salaries and entitlements of provincial assembly members. Permanent Secretary, it's over to you!

**Mr Tuhaika:** The situation that we are looking at is a situation that I would like to feel was imposed on us by other institutions within our system. What happens here was that the PEC, the Parliamentary Entitlements Commission meet annually and it meets in April - every April it meets to determine the salary of Members of Parliament as well as the salaries of Members of the Provincial Assemblies, and that's what happens. It awarded Members of the Provincial Government ward grants that were extremely higher than what was estimated for in the 2010 estimates. As you can see on the records there, it was a huge amount that we did not estimate for in our 2010 estimates. It's the same thing with the salaries; the PEC increased the salaries of members of the provinces and that's what attracted the increase, as you can see here, which we did not estimate for and therefore this request under this supplementary to make up for the difference to be able to pay them, and it's a commitment that has that to be met before the end of December. As we all know, our financial year is December and that we need money to meet these additional costs before the end of December. Thank you.

**Mr Chairman:** Thank you permanent secretary, I will now hand it over to members of the committee for questioning.

**Hon. Abana:** Thank you PS for the brief introduction. Those heads are just straight forward but at the same time I would like to ask something which the PS has was forced on his ministry. But the process whereby those awards were made, whether they came through the ministry for it to look at first and then it came up to the PEC or how did it work, the process. I came back to that statement you made, because it would seem as though you did not see it first and that is why you have to come and ask for another \$8 million. Can you explain a bit there?

**Mr Tuhaika:** The usual practice is that before the PEC meets, provinces submit their proposals through the ministry. For some reasons this year they didn't do that. I think because we impose a lot more control when they sent their submissions to us that they choose to make submissions direct to the Commission, and that's what happened so when the increases came we were taken by surprise ourselves because we didn't see the applications that entail all these, what turned out to be the awards

that were made. But the usual practice is the provinces submitting their proposals through the ministry and that used to happen until this year, I don't know why it didn't happen this year. But that's what happened; it bypassed the system and went direct to the PEC.

**Hon. Abana:** PS, so what are you going to do to make sure this does not happen again. I mean at least it goes through the ministry as the process so that it does not happen again in the future so that you are not taken by surprise again in the future.

**Mr Tuhaika:** Yes, they have already been warned not to do that again. Legally they have to come through us but they didn't. But they have been warned that future submissions have got to come through the ministry.

**Hon. Wale:** Yes, the increases in terms of percentage, what percentage is the increase and therefore an ordinary provincial assembly member is on what kind of salary and the premier is on what kind of salary, the executive member and so forth. And then the ward allowances, – sorry this is probably information that is available in the PER, but I did not see it, and so I am interested to know it, in light of your earlier statement or comment in your introduction where you said was imposed by you and by other institutions on your ministry, which I infer from that statement that may be in your thinking the original salary levels were adequate. If this imposition had not been brought on you, do you think it's adequate? Is that right?

**Mr Tuhaika:** I cannot say in terms of percentage but the usual thing like any other sector in the government is that there are increases every year, but there is control in how their salaries attract increases. But again the increases come by way of submission to the PEC, we do not determine that, the awards come from the PEC, and like I have said, submissions are made and the usual practice is they come through the ministry but for this year for some reasons they went direct to the PEC and that's how it was awarded. But they, like any other sector in the government, in this case they have awards given by the PEC based on submission made by them through the ministry to the PEC. And I'd like to say that we managed to control that until this year for some reasons it just bypassed us and went direct to the PEC and that's how we got this huge amount of money here.

**Hon. Wale:** PS, at least the first one on the salary component, if that comes under the PEC, presumably it is under the PER. Would that not make it a statutory expenditure?

**Mr Tuhaika:** It is a statutory expenditure, it comes from the PEC, but we do not have enough money to cater for that and therefore this request here.

**Hon. Abana:** This \$8 million is across the board for the nine provinces. Is that right?

**Mr Fakarii:** Correct, it covers all the nine provinces.

**Hon. Wale:** So are the ward allowances a flat rate for all the provinces or are some provinces' ward allowance big and others small?

**Mr Tuhaika:** That is a good question. It's the same for everybody, all the provinces whether big or small, everyone receives the same amount.

**Hon Wale:** Which is how much?

**Mr Tuhaika:** What is before us, and the award given is \$50,000 for each member one year.

**Mr Hou:** Still on that sub head 0003-4127 - ward allowances. The original estimates of \$167,000 as opposed this supplementary estimate of more than \$8million, I am trying to work out that this must be really, really like thousand of percentage rise. You take this into percentage it's many, many thousands of percent because the original estimate was \$167,000 as opposed to this \$8.2million is a very big rise. I am just interested, maybe later on, I want to know whether I can get any information for the breakdown of this \$8.2million.

**Mr Tuhaika:** I mean even we, ourselves too were surprised with this. But like I've said, it was an award and there was nothing that we can do about it. It just landed on our table and we just have to comply because it is statutory. But you are right, I think it is a million over other payments too because the normal annual ward grant, up until this year, was only \$1,000. But when this one came, I mean there was nothing we could do because the PEC meets only once a year and there was no way we could propose any changes or something so we are stuck with it.

**Hon Hou:** Just another follow up question. How much of this has been expended?

**Mr Tuhaika:** Not at this point yet, because we do not have the money, not until the supplementary is through.

**Hon Wale:** PS, I suppose by a way of a general comment, we in Parliament are tired of this RCDF and the country is tired of it too. It distorts the elections, it causes too much problems and it just seems we're heading in the wrong direction from those down there in the provinces. It's a hole once dug is very difficult to get out of, and that's what we are finding here at Parliament. We are desperately trying to find ways to get out of it, some of us, not all of us so at some stage it would be good to actually rationalize this whole thing. And that the PEC has some respect for your legal role as the ministry responsible for all the Provincial Assemblies, and whether there is a formal administrative mechanism that is there or you are just working on the basis of some understanding that is not respected in this particular decision?

**Mr Tuhaika:** When we saw this I kind of initiate a process in the office that we are reviewing the Provincial Government Act, and this will impose some rules as to how things like this can be dealt with. Like I have said in this experience they went direct to the PEC rather than coming through us, as an administrative kind of arrangement. But we would like to see some sort of legal control there to comply with legal obligations. We are working on that to ensure it does not happen again.

**Hon Abana:** Just a follow up question. Would this \$8million like you said, if you don't have enough funds to finance it and then the year ends at say 25<sup>th</sup> December, can these things be carried forward or not?

What I was saying was, like if we just pay half depending on the availability of finance and the year ends, will you continue to pay it next year?

**Mr Tuhaika:** If the provision is given, this one is through it's supplementary to pay these commitments. If it is through we have to pay that amount before the end of the year because it is meant for this year.

**Hon Maneniaru:** What the PS was saying is going to happen because it's a payment that must be paid before the term of the Provincial Members are up, and I understand their term is almost up. Just on the monitoring of the projects implemented out of this grant, is it the Province that is responsible or is it the ministry or how are you actually doing that? In terms of the wards, if the grants were given and resulted in some projects or something, who is reporting to you because you are paying it, I understand it and so you would be interested in knowing what actually happens with those funds or the result of them?

**Mr Tuhaika:** It works similar to the RCDF where claims are submitted as to what sort of things they want to do in their wards and on that basis the money is paid and whether that eventuates or not is something that I cannot say here, but that's how it works. They submit their proposal with the cost and usually it covers the whole amount and we just make payments according to that submission from them.

**Hon Folotalu:** Yes, I understand that the Malaita Provincial Assembly is going to dissolve sometimes this year. What about their terminal grants, would it come under this Provincial Members salaries or ward allowances?

**Mr Tuhaika:** That one is catered for in our budget so it's not in this one here. I mean it's catered for in the budget and not in this one here.

**Mr Chairman:** Thank you Permanent Secretary any other questions colleague members. Permanent Secretary thank you very much indeed in deed I think the Members of my Committee are very satisfied with your explanations so we will have to relieve you and thank you much in deed.

## **MINISTRY OF RURAL DEVELOPMENT**

**Mr Chairman:** We will go straight to the Ministry of Rural Development. So Under Secretary of the Ministry can you help us on this one and explain the sub head for which you asked for the supplementary. Thank you Under Secretary.

**Mr Rore:** ROC is one of the major donors to the Development Budget of the Ministry with a sum of \$50million, and it usually gives it in five installments of \$10million every two months. The first tranche of ROC is expected in February, however, in January due to the various needs of the constituency arising the government decided to give \$100,000 each to every Member as SIG contribution for the rural constituency development fund. I think that's how that \$5million stands against my Ministry.

**Mr Chairman:** You don't seem to have a sub head or an item head in your supplementary, so how do you account for this?



**Mr Rore:** In fact, the Ministry for Finance catered for that on our behalf.

**Hon. Abana:** This one looks like the SIG's last contribution. Are you not foreseeing any other contribution so that this is the last one?

**Mr Rore:** I think this will be the last one.

**Mr Abana:** The committee is interested to know the programs of the RCDF and the millennium. Is anything cleared this time or not yet?

**Mr Rore:** About \$20million has been paid so far in two tranches of \$10million. The other one up to now is that ROC has decided to give another \$30million which will go towards livelihood and the usual funds like the RCDF and the millennium are very much controversial to the public and so they've decided to put it in as livelihood but will still be accessible by the MPs.

**Hon Wale:** So there is no policy to properly administer this; all you are saying is that ROC opted for a mechanism through livelihood so Members apply in the way they apply for livelihood funds, the ministry assesses it, it goes to Treasury, you go and monitor and evaluate hopefully and so forth as opposed to it discretionary go directly into constituency accounts where members presumably control it. Is that what you are saying?

**Mr Rore:** Yes

**Hon Wale:** For the rest of this year?

**Mr Rore:** Yes.

**Mr. Wale:** I think I asked about, and this might have been in the original estimates, but because it did not happen. But last time there was talk of establishing offices, cluster offices for a number of constituencies in different centres, but that hasn't happened. But, for example, like for us in Auki, it would cover Aoke/Langalanga, West Kwara'ae, West Kwaio, Central Kwara'ae, and maybe even Fataleka and so forth. Whether it's still in the books for you to do it because it will really help to carry through the real purpose of having these funds so that proper monitoring is done on what the funds are meant to achieve rather than it going out and people just misuse it. Whether these offices are still part of the Ministry's plan, I would like to know

**Mr Rore:** Yes, the Ministry is really keen to establish those offices, however, every time we put in bid, it was usually turned down and therefore, so far we have never been successful in achieving that.

**Mr. Abana:** The current status of the CDOs, I understand that their contracts have already lapsed and some are still hanging around in the ministry there. The committee wants to know the way forward for the CDOs and in relation with the government's policy, I think is subjected to that, but maybe generally as far as the ministry is concerned.

**Mr Rore:** The contracts of CDOs have expired at the end of July and currently they are out. We have advertised the posts, and I think the vacancy notice will be closed at the end of this month and what we will do is do a shortlist, interview the applicants and then come back to the various MPs to see whether they agree with the candidates that we pick.

**Hon. Wale:** This rural development, the village development is core to a lot of things we want to do in education, health and in all the sectors, rural development is the core to those. But the spine of an administrative mechanism and system to make sure that it works and delivers and delivers value for money and that money does not go on more of a consumption type of expenditures, but that it is meaningfully spent. That has been our struggle and it seems the risk is that the Ministry of Rural Development is only there to dispense with the RCDF, as opposed to really becoming that mechanism that actually makes sure those objectives are achieved. And so if we are talking beyond the RCDF, beyond the cash, beyond the money and the ministry making sure that the money really achieves the benchmarks that we want to see in the villages it is really critical that we address the cluster offices, the additional man power to make the work is actually happening in the constituencies, whether there is thinking along those lines and therefore what form it might take. I know there is nothing in the supplementary as for the main budget itself and that would be a key aspect of policy where the government might be looking at but within the ministry itself whether there is thinking along those lines.

**Mr Rore:** We are looking forward for the current government policy and it was highlighted that growth centre's will be one of its priorities and we are looking forward for when it comes in and what is the way forward and we will try to implement these centre's.

**Mr. Abana:** the process of evaluating the success of the livelihood fund where we believe that last year you have toured the constituencies to see the work that the Members of Parliament's have disbursed the funds through projects and that should give rise to the plans of any governments of the day and even the ministry whether to increase or decrease this fund and its effectiveness? Now in terms of the capacity in the ministry, whether you are well positioned to do that and come back with a report that will help the government to assess and evaluate the effect of the projects and the disbursement of the funds, we have a lot of complaints from the public and I think that creates the need for us to tighten things up a bit regarding the way funds are being used.

**Mr Rore:** Yes, the 2008 projects that we fund, the ministry's eminent team went out and we have a report on that. However for 2009 after reservations were introduced we do not have enough funds and we are expecting to carry out that towards the end of this year to seek all 2009 projects that are funded by the ministry.

**Hon. Mane:** I understand that when you have enough money some of your officers will go out and follow up on project implementation. What is the development regarding your monitoring to date and if there needs to be some action what sort of actions is the ministry contemplating in light of the exercise you are carrying out?

**Mr Rore:** Based on the 2008 report that we have carried out, there is a lot, say, about a third of projects that we funded that did not work. One area that we are really concerned about is cash grant that is normally given to applicants to do trading. We have come to a limit where any trading business that is asking for cash will not be given more than \$20,000. If an applicant needs more than \$20, it is usually \$20, he reports back, does acquittal and upon satisfactory further funds can be released. That is the measure we have taken on.

**Hon. Wale:** PS, what do you mean it did not work, a third did not work? You are talking, and this is \$15million, and so quite a bit of money is not working. Are you saying money is being wasted?

**Mr Rore:** It's not that, just a very few is not there, like we went and check the sites that applications indicated, for instance an application might say establishment of a fuel depot, we went there and there is nothing there. But not all of them, some of them are very good and we are very happy as to how people are using the funds.

**Hon. Wale:** Sorry, but you did say, a third.

**Mr Rore:** Well, I am just saying not very many but a little.

**Hon. Wale:** Not very many but a third. I mean I am asking in terms of value because a third of \$15million, my brother is a bit of big money.

**Mr Rore:** I think a third is too much but I would say it depends because some projects that apply are small and some are big and so I mean a third of the projects that we funded.

**Hon. Wale:** Okay, but by value you are not sure.

**Mr Rore:** No, because some of them are large and some of them are small, like \$10,000 and amounts like that.

**Hon. Mane:** So the check is basically an exercise to just go and see for yourselves, take first hand information on whether a project is actually implemented or not, and after you come back what is next if there is another step on this monitoring that the ministry should take up.

**Mr Rore:** Based on the report that we compiled we are looking at the 2009 one, which we have not yet carried out, the projects of 2009 that we funded. After we do that then we are going to compile it and see where are the areas that have gone wrong and try to address it.

**Hon. Hou:** Under Secretary, I'd like to follow up on, I think, the question raised by my colleague MP for Aoke/Langa Langa and this is in relation to the mechanism, if there is such a mechanism for delivery of assistance to the rural populace of this country is probably through your ministry. And so it is very important that the ministry's manpower requirements and institutional capability is there. That is what I'd like to get assurance on. I think you may have already answered it but I didn't get it. We need a mechanism for the delivery of assistance. We need a delivery

vehicle to deliver assistance, development to the rural populace. We do not seem to have that and everyone of us is thinking of the ministry that you are representing.

Also the reporting and appraisal mechanism, I think looks weak, as well as implementation is also weak. I just want to get further assurance from you as to what is the ministry doing to address all these weaknesses. It is an important thing for the committee to know that there is something in train for this one?

**Mr Rore:** Definitely, in regards to manpower, the ministry is really handicapped on that. We are trying our best to recruit additional staff for the rural development division but the freeze put on by the Public Service does not make it possible for us. In regards to delivery, we very much match the CDOs because they are also staff of the ministry of delivery of materials right down to the project sites or the recipients.

**Hon. Abana:** I know that the CDOs are assisted by the ministry to tour the constituencies. Are you giving them certain allowances for tours to the constituencies?

**Mr Rore:** When we asked them to do profiling they were given an imprest of \$20,000 each to carry out project profiling.

**Hon Mane:** Looking at projects managed by the ministry, I gathered a few information about rural fisheries that it was on halt or it was no longer functioning. Can you give information to those of us who are new US?

**Mr Rore:** The fisheries that appear in the Development Budget of the Ministry of Rural Development comes from the Ministry of Fisheries. When the reservations were made, this vote was totally removed from our development budget so there is nothing there. However, before Fisheries moved over here, I think there was a halt placed when it was under the Ministry of Fisheries and so the Ministry of Rural Development just finally dispersed a bit of funds that come to complete what is not completed in the other ministries. We actually bought canoes and OBM, and then we disbursed that to the successful applicants that were screened by the Ministry of Fisheries.

**Hon Garu:** I am just interested to find out whether it's mandatory for every constituency to have a CDO. I am asking this question because a lot of administrative management and weaknesses are contributed too by the CDOs. Also if you look at the past election, almost one third or a quarter also has interest in participating in things like that. I just wish to find out whether it's mandatory that all constituencies must have a CDO. Thank you.

**Mr Rore:** Yes, we would really want them to get one each, however, some have decided not to take up CDO and so it rests on a MP whether he himself can do the things that his CDO should be doing in assisting him.

**Mr Chairman:** I take it that there are no more questions from members of the committee. Yes, I can see that there are no members willing to ask further questions so thank you very much indeed. I think the committee members are satisfied with your comments and explanation.

*The meeting adjourned at 3.10pm*

### **PAC HEARING ON MONDAY 27<sup>TH</sup> SEPTEMBER 2010**

**Chairman:** There is a request here on the line up as to which one will be the first this afternoon. I think the Parliament, the Clerk has another engagement that she will attend at 4:30pm or 5:00pm. I think we start with the National Parliament followed by the Ministry of Education and others. Thank you very much indeed everybody and thank you very much indeed National Parliament. I think we will start straight away.

In the supplementary you have request for funds to be authorized by Parliament to the amount of \$16million. That consists of members Salaries and members allowances and micro project, and I think it would be proper that if you have any comments on the amount that appears in this supplementary by contingencies warrant that you tell us what this is about and perhaps inform the Committee for the reasons of the request as well as whether the amount here is sufficient for the services that appear under those particular heads. Clerk, I will now invite you to brief the Committee on the request that you have before us.

### **NATIONAL PARLIAMENT OFFICE**

**Clerk:** As we can see, on page 5 of the National Parliament, Head 279 is \$10,100,000.00 and this is used up for exgratia and terminal grant, and that is what comes under the contingencies warrant there. In fact we asked for \$11million, so that it would be on top or plus of the \$10million. And the reason for that \$11million is because on the 1<sup>st</sup> of April, all the allowances and salaries had that increase, and as we would see on page 6, we were given \$6million and not \$11million.

On page 10, on the notes there under head 279, the amount authorized by contingency warrants and estimates of the amount further required in the year ending 31<sup>st</sup> December for the services of this head and it is \$3million. Now this \$3million there are PV's already received by the Ministry of Finance; received and already paid and that is why it comes to \$3million. Some that are still to go down to Finance and are still here are not inside here, and it is the Ministry of Finance that would know where it is going to put it because we need just over \$5million to really meet the requirements of Parliament. As you can see under micro projects, what comes under micro projects is the charity grants and education and the MPs allowances, clothing, appointment grants, subsistence meals, and I can go on.

**Mr Chairman:** Thank you Clerk, I will ask the committee members if they have questions to ask.

**Hon. Abana:** I have two questions. From what you are asking for now, is it adequate enough to sustain Parliament the whole of this year. That is the first question. Is this amount consistent with the Parliamentary Entitlements Regulation that came into effect on the 1<sup>st</sup> of April this year?

**Clerk:** As I have said, it is short by over \$5million, and so we asked for \$11million but we were only given \$6,100,000.00 as shown there, and so we are short.

**Hon. Tausinga:** There seems to be a request of substantial increase in this sub head under Members Allowances from \$1.4million to \$10million. Has there been any change in Members' allowance comparing the 8<sup>th</sup> and 9<sup>th</sup> parliament? Increase or decreases?

**Clerk:** I will give an example of a big increase in the allowances. Like what used to be micro project and is now charity, it used to be \$80,000 and now it is being increased since 1<sup>st</sup> of April to \$150,000. Also, other allowances and salaries have also been increased. That is the reason for the increase in request for allowances.

**Hon. Hou:** Excuse my ignorance. So that head 942-106, Members allowances, why is that in the original estimates it was only \$1.4million as opposed to this substantial increase that you asked for. Is that to do with this new PER that was approved after the Appropriation Bill. I want to know whether I am correct in thinking this way.

**Clerk:** Yes, you are correct. This increase comes from there. I can give you some more examples. Under MPs allowances, we have clothing and appointment grant, and it is the appointment grant that is an issue there where former Members who have taken this for one year but if it so happens that they come back, they retained their seats, how that regulation is drafted makes it to look like they are entitled to receive it again. How it is drafted is not clear. The first time it states MPs can get it every year but towards the end of the sentence, it states when a member comes in, in his first term. So it is a bit ambiguous there. In the first instance it states MPs can take it in the first month of every year and towards the end of the regulation, it states as 'in his first term'. Therefore, if a different member wins that seat he would have got it. The former member who wins and returns that would also be considered as his first term too. The drafting of this regulation is causing this misunderstanding which really increases our submission for allowance.

**Hon. Abana:** So that also goes to just even within the same term where a member goes out for some reasons and wins back that same seat in the same term, comes back and receives again the same allowance.

**Clerk:** Yes, the same year, if he has already taken it in January and he wins in the General election which is still in the same year he can get another \$10,000. Therefore, it means some will get \$20,000 and those that do not retain their seat, the new members will get \$10,000, but some who have already got it and then they come back they are entitled to it because of the drafting, which says 'in the first term' they are entitled to this appointment grant.

**Hon. Wale:** For us to be clear about this because now a good number have been Parliament and then go to prison and then come back again. So if a man comes, he gets the appointment grant, and then he goes to prison and then he comes back, he is re-elected is he still entitled to it?

**Clerk:** Yes, according to drafting. We discussed this with the Attorney and the PEC and so we are waiting for their response. But as it is, they said that is how we are interpreting it at the moment until further clarification comes.

**Hon. Abana:** I think it also applies to ministerial appointments too where a Member has been appointed as a minister, three times in that same term he will receive the appointment allowance as it is for that appointment.

**Clerk:** That one too is what causes a big increase that when a member takes his appointment grant and then is appointed as minister he then takes the appointment grant of a minister. And then if a motion of no confidence is moved and a new government comes, and he becomes a minister, he takes it again.

**Hon. Hou:** I want to be clear more on this, and again, excuse my ignorance. When the Clerk made her presentation earlier on today, the amount that appeared here is \$10.7million but you said that you've asked for \$11million. Are you saying that \$11million is on top of this \$10.7million and that is the amount you should be asking for, the \$11million?

**Clerk:** The \$10million is already used up in ex-gratia and the terminal grants by the last house. This \$11.4million is the total supplementary request by Parliament. It is a new one, on top of this \$10million.

**Hon. Wale:** These are statutory expenditures and it doesn't need to be in the budget for them to be met out of the consolidated fund? Sorry, pardon me for my ignorance.

**Clerk:** Sorry I don't have my constitution with me at the moment. We went through this with the Attorney General and they are not statutory expenditures. They are not.

**Hon. Wale:** The Attorney General's interpretation is that all expenditures incurred under regulations prescribed by the Parliamentary Entitlements Commission are not statutory, so they are not regulations in the same way that the law would impose a statutory expenditure?

**Clerk:** My apologies for not bringing my constitution with me now. But there is a section there that makes reference to who the statutory positions are. It specifically names them like the Ombudsman but Members of Parliament are not mentioned in the section.

**Mr Chairman:** If members don't have any further questions, then I will ask the Clerk to Parliament to excuse herself. Thank you very much indeed Clerk to Parliament and the Accounts Department for your presence and explanation. I think the Committee is satisfied with your explanations.

## **MINISTRY OF EDUCATION AND HUMAN RESOURCES**

**Chairman:** We would go to the Ministry of Education and the Permanent Secretary can explain the situation that brought about the need to increase the grants or provide the funds to students studying overseas and guide us on why you request the increase that appears in the supplementary before us.

**Ms.Kuve (PS):** The Ministry of Education is one of the ministries that requests for a supplementary, with the amount of \$18million. The supplementary is purposely to

cater for the increase in the new scholarship award for 2010. We have an increase of 265 awards for 2010 and the supplementary is requested for allowances, accommodation, tuitions and travel costs for students throughout the region including Laucala, Emalus and Alafua Campuses, the Fiji Institute of Technology and the Fiji School of Medicine, and for travel costs including PNG students. We should also note that request was made with the expectation that PNG government would provide for the additional awards. The additional awards were intended for the PNG institutions. But that did not come true.

**Chairman:** Thank you Permanent Secretary. Can I ask members of the Committee if they have questions to ask?

**Hon Hou:** So PS, are you saying these 265 awards are all for PNG institutions?

**PS:** Every year we offer scholarship according to the opportunity list. The opportunity list for 2010 was 154 pre-service and the normal award for in service is 50. This year there is an increase of 265, and yes it was intended for the PNG institutions but because of the late decision, the placement of students for PNG institutions was late, so at the end some of them had to be put to the USP and other institutions.

**Hon Hou:** I have another follow up question and pardon me for my ignorance in this. I would like to know how much of this \$18m that you are asking is in CWs, how much of it was already spent and how much of this would be new as it were, new resources that you would be needing to take you to the end of the year.

**PS:** The CW was approved by the former Cabinet, the \$18m and taking the average cost of seventy thousand students that is just about to cover the extra students. When we were revising our costs and allocating the \$18m to our revised costing, we were left with the \$6.7m, and that is we do not pay for the tuitions of students in the PNG institutions this year. The PNG Education Grant was able to cater for the current enrolment in the PNG institutions. Did I answer your question?

**Hon Hou:** I was just wondering. So in this supplementary estimate you are actually not requesting new money? When I hear your explanations most of this would have been money that has been spent.

**PS:** Yes, if the PNG Education Grant did not meet the tuitions for our students this year, we would have fully utilized the \$18m.

**Hon Abana:** One question following up early this year in the beginning some media reports on the suspension and termination of the scholarships of some students studying overseas and at the same time some of them have already graduated around June. How is this allocation going to affect those students?

**PS:** Like I have explained the actual funding that we would need, considering the PNG grant is paying for tuitions of our students in PNG, the actual amount we need would be about \$12m. Even though there are termination of students and students graduating at the end of semester one, the tertiary sector has always been over spent and has been requesting for supplementary in past years, so we have other areas



where we can utilize the \$18m, for example, the SIG contribution to the USP, and that is part of tertiary as well, so this supplementary budget can be utilized for that. Thank you.

**Hon Abana:** Further question PS in regards to our students studying overseas, the ministry continues to maintain a timely payment of the allowances so that the students can continue to study and it is not affecting their studies. The other question is whether this amount is adequate for you to complete this year now and that you are not going to ask for any further supplementary or CW?. Just those two questions!

**PS:** This is will bring us to the end of the year. It is adequate. In terms of allowances for students, we have the support of the ROC as well for tertiary so we are able to pay the allowances of the students including their semester two allowance. We have changed the schedule payments differently for our students at Fiji institutions. We have scheduled the payment of allowances on monthly basis so that students can still have allowances at the end of the semester. Paying a full lump sum at the beginning of the year is problematic because students just use the allowances almost at the beginning of the semester and they ended up with nothing at the end so that has been changed to a monthly basis.

**Hon Folotalu:** Is it possible for the Ministry to identify other heads of expenditure to offset or make virements to meet this increase that you are applying for here so that the whole budget is used. Are there any other subheads that are just there, not being used so that you can make virements to offset those subheads? That is what the committee would like to know.

**PS:** We have other subheads but to make virement for this particular subsector is not possible. We would like to reserve other subheads that are unutilized for other important areas.

**Hon Wale:** This \$18million, as rightly pointed out by the Permanent Secretary, are they all CWs and all relate to PNG students? And because there were some discussions bilaterally between our two governments for PNG to meet all of that, the question that naturally arises is whether the Ministry through the Office of the Prime Minister is going to continue that discussions with the Office of the Prime Minister of PNG to make sure that there was a commitment by the PNG government to reimburse the \$18million that was then met out of the CW, but whether the PS is aware of that the PMO since it is a new government needs to be made aware of this. Thank you.

**Chairman:** Do you have any comments on that or not. I think there's no comment on that. Thank you. Are there any other any questions? I think there are no more questions from the Committee so I would like to thank the Ministry of Education, thank you Permanent Secretary and your Accountant for coming out to explain the money that you require for authorization by Parliament. Thank you very much indeed.

**MINISTRY OF FOREIGN AFFAIRS**

**Chairman:** The next one is the Ministry of Foreign Affairs and I can see Foreign Affairs with us here today. You have on this appropriation supplementary a total of \$20million, and you are asking Parliament to approve for the Canberra chancery. Foreign Affairs, perhaps you can help us explain that which you are asking from us. There is a significant increase of \$20million from the original and it's almost the same in the original that you have this year. Perhaps you can explain to us the gross difference between the original estimates and the supplementary estimates as well as why you failed to account for this amount in the original estimates. Thank you very much indeed Ministry of Foreign Affairs.

**Mr Senda Fifi (US):** Thank you Chair for this opportunity to come before you. As you aware that we have an existing project in Canberra and that is the construction of the Solomon Islands chancery building in Canberra.

Just for a brief background to this, the total estimates given to us by the architect firm, the firm that won the tender for the architectural drawing of the chancery was AUD\$5.5million which is roughly about SBD\$43million. In the 2010 budget, \$23million was approved. Because we have the total amount for the construction which is \$40million, we applied for contingency funding of \$20million and that's why it appears for this supplementary this year, the \$20million to complete the project. And for your information, the project is well on target, construction is going ahead well and now I think it is on the roof stage, they are doing the roofing for the building, and if things go well we are expecting the chancery to open in January or February next year. Actually, we have expended about AUD\$3.3million already, about 60% of the construction work has been completed by this time. The \$20million is contingencies funding additional to the budget proper of \$23.3million which was approved by Parliament for 2010. Thank you Chairman.

**Chairman:** Thank you Ministry of Foreign Affairs. I will ask any members if they want to put any question to Foreign Affairs.

**Hon Abana:** Just a question on the total costing which now comes to about SBD \$43million, equivalent to AUD\$5.5million. I was involved in the development budget from 2010 and the bid I actually received was a little more than \$39million. Just a question on where the other \$4million or \$3million something plus comes from? Is it to do with probably the exchange rate or other changes involved? But I can vividly remember and we cannot agree because there are also pressures from other ministries too and so we have to start with about \$23million and anticipating along the way a supplementary will come. But that bit of portion is what I would like to ask you about Chair. Thank you.

**Mr Fifi:** This architectural firm approved by our tender and which is doing the drawings were also appointed as the project manager and they are supervising the construction of the building. They, of course, incur fees when they supervise the building and that's why there is a bit of increase from the actual amount of the construction itself. Thank you.

**Hon. Abana:** There are no further questions from me, but I just want to commend the Ministry for the job well done. Continue to do the good work and complete the chancery in the time expected. Thank you very much.

**Chairman:** I think the colleague here has rounded up the question and has commended you. I think the committee does not have any other questions so we can excuse the Ministry of Foreign Affairs. Thank you very much indeed.

### **MINISTRY OF FORESTRY**

**Mr Chairman:** The Ministry of Forestry has before us a request for supplementary of \$1.8million, and this subhead has no original budget estimates. At the same time if you look at the description or the nature of this particular project it is timber hearings. Perhaps the Ministry can explain why it needs this amount as well as how the timber rights hearings relate to the explanatory note, Mr Permanent Secretary. Can you lead us on the supplementary before us? Thank you.

**Mr Orodani (PS):** Thank you Chairman and thank you Committee. There are two changes, and the first is sub head 0002 will be deleted and insert instead 0270; timber rights hearing is deleted and put instead 'timber negotiations.'

A brief history of this supplementary chairman goes back sometimes to the Merusu Kembe issue that was brought before Cabinet in 2010. A taskforce was set up in March and the Ministry was sort of brought in to salvage this issue from the Sylvania Group of Companies that put in investment to the oil palm plantations in the West. The investor actually withdrew its interest and went for overseas leaving the entire work force stranded; the salaries, NPF, government taxes and all those things. I think the Ministry sought government's assistance, there were some guarantee bonds that this company has with the banks and we were trying to seek the release of the bonds at that time. The bank was consulted but unfortunately the banks could not release the bonds because the bonds were purposely for different things and not for agricultural projects. Somehow we have to get this money anyway to sort out the problem of the workforce and other ancillary expenses of the workforce. That brought about this supplementary of \$1.8million. Briefly that is the back ground story to this \$1.8million supplementary.

**Mr Chairman:** Thank you PS, thank you for the changes and thank you for your explanation. I will ask the committee members if they have questions on this supplementary request you have before us.

**Hon. Hou:** I want to thank the PS for his explanation. I just want to know this new change from timber rights hearing to timber negotiations. I want to know the difference of these two and whether this problem at Vangunu is to do with timber rights hearing or timber negotiations or what exactly was happening.

**Mr. Orodani:** I think I will give my financial controller to help me out on this issue because he knows this issue quite well.

**Financial Controller:** I think timber right is a sub head established in the 2009 budget, and was also supplementary at that time. This issue of Merusu is really on humanitarian grounds that the Cabinet mandated the Ministry and the Ministry decided that there is no other related expenditure heads in the budget on this issue and so we put it to timber negotiation so that we can implement the Cabinet conclusion.

**Hon. Abana:** I wonder whether the PS or the Financial Controller can help the committee to understand the present status of timber negotiations in the country so far, where do we actually hold many of the negotiations or hearings. The second question is, normally the Ministry passes it to the provinces to do this in the past, I wonder whether this practice still continues or the ministry has absolved it back into the system that it is the Ministry that does this work directly, and if so, the third question is, how much of this money will go towards assisting that work.

**Mr. Orodani:** I am new in the Ministry and so we begin to learn what is going on in the Ministry. But my belief is that the practice normally is that timber hearings are done in the provinces administered by the provincial authorities together with recognized leaders of the particular area that the license is happening.

This supplementary, in fact, has already been spent to settle issues concerning the Merusu camp, which is the workforce including Customs & Excise and inland revenue division and all these monies which were owing to the government and the workers as a result of Mr. Wong's sudden disappearance overseas and never came back.

**Hon. Wale:** It's correct that all these monies have been used. My question is with regards to all the assets on the ground and arrangements for the security of the assets and the people who are now looking after them, whose payroll do they come under? Now that the government is footing this bill, the responsibility for that place has been passed on to whom. I am concerned about the assets on the ground otherwise they are stolen and taken to their homes and then claim for some unpaid dues. You can just imagine what I am talking about here.

**Mr. Orodani:** This is very interesting, and being new to the Ministry and having the information I am sure the Ministry will work tirelessly in making sure that whatever is on the ground are secured and put in good hands whilst the government seeks for another interested investor that could be of helpful in this area. So far the investor who has actually shown interest has gone. We are all interested and certainly I can assure the committee that the Ministry will work to secure a new investor who will be coming in to see the place so that the investment can be progressed with.

**Hon. Wale:** So who is on the ground at the moment to look after those things?

**Mr. Orodani:** I think no one is there.

**Financial Controller:** If I can help out here. The previous arrangement was that the supervision of the camp was supposed to be jointly taken care of by the Ministry of Commerce, Forestry Agriculture and Police, so my ministry is basically waiting on the request when police would be involved to take care of the camp, especially in terms of supervision in trying to vacate the workers from there and of course secure the equipments.

**Hon Abana:** After this investor left the country, a lot of assets and some are in Merusu, some ships are still going around at this time. But I think these are government assets because most of those assets were 100% fully exempted. Is there any way you can recover those assets and sell them for a bit of money to come back

to the government. Who is actually going to take the responsibility over this? Is it the Ministry of Agriculture, Forestry or Commerce?

**PS:** I think for the Ministry of Forestry, this is the only area we would actually come in and that is to remedy the situation, but otherwise if I can understand the project properly, it is an agricultural project for palm oil development, so perhaps the right ministry would be the Ministry of Agriculture.

**Mr Chairman:** I think the members of the committee don't have any more questions so that is the end of the Ministry of Forestry and I would like to thank them very much indeed for their explanation and hope that you would continue liaise with other ministries to look after Merusu.

### **MINISTRY OF POLICE AND NATIONAL SECURITY**

**Mr Chairman:** Our final one today is the Ministry of Police and National Security. I can see the Under Secretary here with us today. In your particular appropriation request, your original was \$262,500, you have \$950,000 on this supplementary estimate and there is an increase here that you are requesting. Perhaps you can explain to the committee the reasons for your increase that is before us today. Thank you PS.

**Mr PS:** Thank you Chairman and members of the committee. Basically, the supplementary is seeking Parliament to approve AS a consequence of a contingencies warrant which was sought for use of Police for the national general elections. As you are rightly aware of, the matters of the national general elections are a subject issue for the Electoral Commission. Therefore, my Ministry was drawn in, in the last minute after we sought request from the electoral commission if they could assist in paying for the allowances and other costs for the services that police would render. The response we received was unfortunate, therefore, we requested the Ministry of Finance to assist in providing us for the ancillary services that will be provided for by the Ministry of Police. In actual fact, this fund has already been used up and therefore what we are requesting is for Parliament to approve by way of legalizing the expenditures that were used by the Ministry. So

I think the areas that the funds were used for are covered under the document that we issued. I am yet to receive reports of acquittal from the Department of Police, and as soon as that is made available it will be given to you on how we utilize the fund. But that is the reason why we sought the \$950 because we did not budget for this, as our thinking was that other services such as this would have been properly budgeted for by the Electoral Commission. Thank you.

**Chairman:** Thank you Permanent Secretary and thank you Ministry of Police and National Security. I now ask members of the committee to ask you any questions.

**Mr Abana:** Thank you Chair and thank you very much PS of the Police for your brief to the committee. I don't have any questions but I'd like to thank you, the PS and the Under Secretary as well as the Police Force for a very good work you have done during the general elections, and I fully support this estimates to go towards the allowances of our policemen. I would like to commend you for an excellent job. That is my comment.

**Hon. Wale:** The PS said that he didn't budget for this because you expected this to come under the Electoral Commission, but there is in the original estimates \$262,500 budgeted for, and if that is so, what is that \$262,500 you are thinking of at that time?

**PS:** In actual fact, the cost that we thought of, we started off very early and then everybody in trying to prepare our set up for security around the country. Deploying more than 800 officers or so throughout the provinces will certainly be an expensive exercise so we've had other areas that we thought we would utilize, but because of additional requests based on our assessment, the \$950 or the request for \$950 necessitates the need for us to deploy other officers for careful monitoring of such based on analysis we had. Thank you.

**Hon Wale:** This obviously was not the first time we hold elections. I'd like to know what was the practice before in terms of budgeting for the elections whether the Electoral Commission always provided funds to pay for policing costs associated specifically with the election or whether that was provided for under the head of police in previous elections.

**Mr Kauha:** Thank you honorable Mathew Wale for your question. Historically, the allocation for security duties during elections are budgeted for by the electoral commission and it was unfortunate that come July 2010, we were informed that there is no allocation for police allowances or security related costs. But prior to that we have \$262,000, which is allocated for any other operations that Police would want to undertake during this year. Because of no allocation from the electoral commission we called the Chairman of the Electoral Commission and the Ministry of Finance so we could discuss this issue, and we confirmed that it was not included in the budget by the Electoral Commission so we came up with this budget by formulating a tentative cost as to what it would look like, and that is what we are circulating to Members and it's purposely to look at the touring allowances of officers who were deployed from Honiara to the provinces where we had 306 Provincial Officers and also to look at officers who were on duty at the polling stations on the polling day and the counting days and also to cater for OBM hires in the villages where want the presence of the police and also for the vehicles that the police are going to use for transport and provision of security during the election. In that, we always believe that the allocation for the election for security duties should come under the Electoral Commission, but unfortunately for this year that was not the case, and that's why we are seeking this CW from Finance and hopefully you are going to legitimize it this coming Parliament. Thank you.

**Chairman:** Any other questions members. I think members of the Committee have no further questions on the sub head of the Police that is before us for authorization by Parliament. So we come to the end of our deliberation on the Ministry of Police and National Security supplementary appropriation.

I'd like to thank you very much the Permanent Secretary, the Under Secretary and the officers as well as the entire Ministry of Police and National Security for their presence with us here today. I would like also to extend the Committee's thanks to the Secretariat, the assistants from the Parliament, and everybody including the media thank you for your presence and thank you for relaying us to the general public. I think we need that most so that the people can understand what is

happening inside here in Parliament. Thank you very much indeed. To the Committee Members, thank you for your support and thank you for your presence. Thank you very much indeed and that comes to the end of our meeting.

*End of the Meeting*