

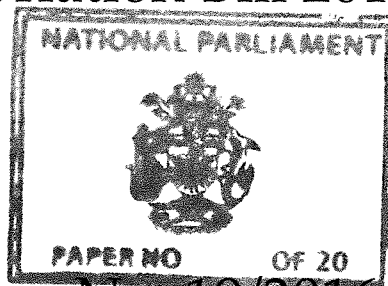


National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

Report on the 2016 Supplementary
Appropriation Bill 2016



NP-Paper No. 19/2016

Presented on 24th May 2016

National Parliament Office

COMMITTEE MEMBERSHIP

The current members of the Public Accounts Committee (10th Parliament) are;

Hon. Rick Houenipwela, MP Chairman
Hon. Mathew Cooper Wale, MP Member
Hon. Dr Derek Sikua, MP Member
Hon. Jeremiah Manele, MP Member
Hon. Connelly Sandakabatu, MP Member
Hon. Nestor Giro, MP Member
Hon. Derrick Manuari, MP Member
Hon. Steve Abana, MP Member

Secretary: Mr Peter Lokay, Auditor General

Secretariat:

Mr Gregory Fineanganofa
Miss Salome Pilumate
Miss Vanessa Rodie
Mr Wilson Orisi

Contacts

Public Accounts Committee
National Parliament of Solomon Islands
P O Box G19
HONIARA

Website: www.parliament.gov.sb
Telephone: (677) 24323
Facsimile: (677) 24272

Contents

COMMITTEE MEMBERSHIP	i
COMMITTEE FUNCTIONS.....	iii
CHAIR'S FOREWORD.....	iv
1.0 INTRODUCTION.....	1
Expanded Scope of the Inquiry	1
Conduct of the Inquiry	1
2.0 COMMITTEE DELIBERATIONS	2
BACKGROUND	2
CONTINGENCY WARRANTS	2
ADVANCE WARRANTS	2
VARIATIONS IN APPROPRIATIONS.....	3
SUPPLEMENTARY EXPENDITURES	3
3.0 ISSUES OF CONCERN TO THE COMMITTEE.....	4
MINISTRY OF HOME AFFAIRS	4
MINISTRY OF ENVIRONMENT, CLIMATE CHANGE DISASTER MANAGEMENT AND METEOROLOGY.....	5
MINISTRY OF HEALTH & MEDICAL SERVICES.....	6
MINISTRY OF PUBLIC SERVICE	7
OFFICE OF THE PRIME MINISTER AND CABINET.....	8
MINISTRY OF FINANCE AND TREASURY.....	9
MINISTRY OF FOREIGN AFFAIRS AND EXTERNAL TRADE.....	10
MINISTRY OF CULTURE & TOURISM.....	12
MINISTRY OF EDUCATION & HUMAN RESOURCES DEVELOPMENT.....	13
THE NATIONAL PARLIAMENT OF SOLOMON ISLANDS	15
MINISTRY OF POLICE, NATIONAL SECURITY AND CORRECTIONAL SERVICE.....	16
MINISTRY OF INFRASTRUCTURE DEVELOPMENT.....	19
MINISTRY OF JUSTICE AND LEGAL AFFAIRS.....	22
4.0 RECOMMENDATIONS	23
Recommendation 1	23
Recommendation 2	23
5.0 APPENDIX.....	24

COMMITTEE FUNCTIONS

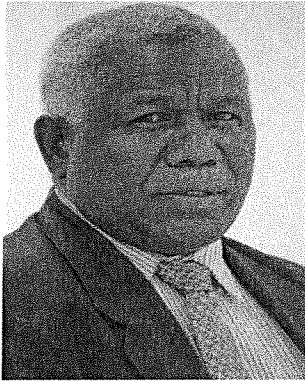
The Committee is established under *Standing Order 69*; an order made pursuant to the *Constitution*¹ and has the functions, together with the necessary powers to discharge such, to;

- a) examine the accounts prescribed by Section 77 of the Public Financial Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- b) establish the causes of any excesses over authorized 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 auditor's report thereon and to report the results of such examination to Parliament;
- d) summon any public officers to give information or 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 debates; and
- h) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

¹ Section 62, *Constitution of Solomon Islands 1978*

CHAIR'S FOREWORD

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Hon. Rick Houenipwela, MP

Mr. Speaker,

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

A handwritten signature in black ink, appearing to read 'R. S. Houenipwela', with a stylized flourish underneath.

Honourable Rick Houenipwela, MP

Chairman

Public Accounts Committee

May 24th, 2016

1.0 INTRODUCTION

On May 19th – 20th, 2016, the Public Accounts Committee conducted a hearing into the 2016 Supplementary Appropriation Bill 2016 to determine and establish the validity of line ministries usage of Contingency Warrants (CW) and Advance Warrants (AW).

Expanded Scope of the Inquiry

- 1.1 The initial scope of the Inquiry was to inquire into the contents of the 2016 Supplementary Appropriation Bill 2016.
- 1.2 The above scopes are captured in the terms of reference of this Inquiry under Section 69 of the *Standing Orders*.

Conduct of the Inquiry

- 1.3 The inquiry process involves a hearing for line ministries appearing in the 2016 Supplementary Appropriation Bill 2016 in which written submissions were submitted to the Committee as well as production of necessary documents as requested by the Committee.

2.0 COMMITTEE DELIBERATIONS

BACKGROUND

The 2016 Supplementary Appropriation Bill 2016 is required to appropriate monies that have been spent during the year but without appropriation – through Contingencies Warrant Section 58 and Advance Warrants Section 60 of the *Public Financial Management Act 2013*. Additional funds are requested through Variation in Appropriations and Supplementary Appropriations Section 50 of the Act.

The amounts being appropriated were as follows:

CONTINGENCY WARRANTS

RECURRENT EXPENDITURE		AMOUNT	ITEMS
281	PRIME MINISTER AND CABINET	1,900,000	Funeral costs for late Sir Peter Kenilorea and voluntary contribution to MSG Secretariat.
293	HOME AFFAIRS	823,045	Bid bond for 2023 Pacific Games
299	ENVIRONMENT, CLIMATE CHANGE, DISASTER MANAGEMENT AND METEOROLOGY	5,000,000	Disaster fund for victims of Tropical Cyclone Winston in Fiji Islands.
TOTAL RECURRENT EXPENDITURE		7,723,045	

ADVANCE WARRANTS

DONOR SUPPORT		AMOUNT	ITEMS
381	PRIME MINISTER AND CABINET	2,976,038	ROC grant for Fakalolomo Sanitation Project, Lau Mbae-lelea Constituency.
373	FINANCE AND TREASURY	4,665,473	NZ support for Inland Revenue Division and Australian grant for Demographic Health Survey.
383	POLICE NATIONAL SECURITY AND CORRECTIONAL SERVICES	10,683,222	Australian grant for asset maintenance and Correctional Services housing construction.

	TOTAL ADVANCE WARRANTS	18,324,733	
--	-------------------------------	-------------------	--

VARIATIONS IN APPROPRIATIONS

DEVELOPMENT BUDGET		AMOUNT	ITEMS
477	INFRASTRUCTURE DEVELOPMENT	0	Various items.
493	HOME AFFAIRS	-2,500,000	Various items.
	TOTAL VARIATIONS	-2,500,000	

SUPPLEMENTARY EXPENDITURES

RECURRENT		AMOUNT	ITEMS
272	EDUCATION AND HUMAN RESOURCES DEVELOPMENT	104,221,808	Scholarships.
274	FOREIGN AFFAIRS AND EXTERNAL TRADE	1,501,458	Subscription fees.
281	PRIME MINISTER AND CABINET	1,330,050	Hosting of PIDF Leaders Conference.
287	CULTURE AND TOURISM	5,000,000	Western Province Tourism Project
291	PUBLIC SERVICE	5,268,600	Aurion license and maintenance fee
292	JUSTICE AND LEGAL AFFAIRS	1,732,320	Rent AG Office Panatina
293	HOME AFFAIRS	2,500,000	2023 Pacific Games bid costs

	TOTAL RECURRENT SUPPLEMENTARY	121,554,236	
DEVELOPMENT			
476	HEALTH AND MEDICAL SERVICES	9,500,000	Relocation of NRH
	TOTAL SUPPLEMENTARY	130,554,236	

3.0 ISSUES OF CONCERN TO THE COMMITTEE

MINISTRY OF HOME AFFAIRS

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

Pacific Games

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

The Ministry stated that a CW was approved to meet US\$100,000 for bid bond as required by the Games Charter. This will be refunded after the conclusion of the games in 2023. The variation as contained in the supplementary was used to meet the cost of the bid for the games since the Ministry was unsuccessful when it submitted budget bids during the 2016 budget process.

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

Recommendation 1**Pacific Games 2023**

The Committee recommends that the Ministry puts in place proper governance mechanism to manage the planning, construction of facilities, the running of the games and the ownership of the games facilities. This is to avoid the waste of public funds experienced in the Festival of Pacific Arts.

Honiara City Council

The Committee noted that the HCC is yet to update its accounts since 2011 for audit.

The Ministry informed the Committee that the Treasurer has recently retired and consultation with MPS is ongoing for a replacement.

**MINISTRY OF ENVIRONMENT, CLIMATE CHANGE DISASTER
MANAGEMENT AND METEOROLOGY**

Disaster relief for Fiji

The Committee queried whether the CW for \$5m was the only assistance provided by the Government to Fiji.

The Ministry advised that OPMC organized funding raising activities outside the NDMO formal arrangement

Flood victims' resettlement at April Hill

The Committee was informed that the resettlement of flood victims in April Hill is yet to be fully resolved. There are instances where non victims are occupying plots earmarked for victims while some victims are still waiting for their allocation letters. The Ministry of Lands is dealing with the land issue.

Settlers moving back into flash flood zones

The Committee expressed concern settlers are moving back to flash flood zones but the authorities are not addressing it.

The Ministry advised that they are collaborating with Ministry of Lands to resolve this. The Ministry can only provide support but does not have the power to evict people from those flood prone areas.

MINISTRY OF HEALTH & MEDICAL SERVICES

Relocation of National Referral Hospital

The Committee was informed that supplementary was purposely to meet the costs associated with the relocation of the NRH. The 2016 budget is used to address some of the funding requirements in the provincial hospitals.

The NRH Relocation Committee was endorsed by Cabinet. The committee is mandated to develop a strategic plan to relocate the NRH due to climate change induced sea level rise and the limited land that is available for expansion. The Ministry is still developing the functional responsibilities of NRH once it is relocated.

An expression of interest was put out in 2015 inviting landowners to offer their land for the hospital development. 128 hectares of land located behind Gilbert Camp was selected as the preferred site. The Commissioner of Lands has acquired the land but this is being challenged by three competing parties. The Ministry is negotiating with the parties to sign an agreement to allow work to continue while the ownership issue is resolved through legal means.

Civil works at NRH

The Committee enquired into the civil works currently under way at the NRH.

The Ministry advised that the civil works is undertaken by MID to reclaim 50 metres of land that is now under sea. This is to protect the NRH from further erosion.

Provincial hospitals

The Committee is informed that a WHO consultant is currently reviewing the infrastructure and service requirements for Kilufii hospital. \$10m is available for the

redevelopment of Kilufii. Amongst the matters to be included in the review are whether to relocate, refurbish or built a new hospital in the current site.

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

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

MINISTRY OF PUBLIC SERVICE

Aurion Payroll/HRMS

The Committee was advised that the MPS is undertaking a major reform in e-governance through the staged implementation of the human resource management system module of Aurion. Support for the software has been provided by the Australian Government and will lapse by end of June 2016. SIG will take funding responsibility as from July 2016 mainly for maintenance and licenses.

Vacancies in the Public Service

The Committee raised concern that many graduates from abroad and SINU were not able to find employment in the public service.

The PS advised that the Ministry is taking a conservative approach to recruitments in the public service. Ministries providing essential services and productive sector ministries are excluded from this approach. Currently \$10m is tied up in vacant positions.

Recruitments are not always successful due to people not have the right skills. There are instances where the condition of service is not attractive to the people with the right skills.

Public Service Perception Survey

The Committee noted that a recent survey on the public service have rated some Ministries performing below expectation.

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

Training and workforce needs

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

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

OFFICE OF THE PRIME MINISTER AND CABINET

National Development Fund

The OPMC advised that the fund is provided by ROC and is administered by OPMC. Communities submit project proposals to OPMC for funding. OPMC vetted the proposals and submit to Caucus for approval. Project recipients are required to provide project acquittals when the projects are implemented.

SIG voluntary contribution to MSG Secretariat

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

Policy on state funerals

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

Political appointees

The Committee enquired into the current number of political appointees.

The STC stated that there were a number of recent terminations of political appointees. Most of the National consultants contracts have expired and the office are waiting for directions from the political government on whose contracts to renew and who's to discard.

MINISTRY OF FINANCE AND TREASURY**Revenue and expenditure performance**

The Ministry advised the deficit for the period to April 2016 was \$128m. There was a high rate of spending than revenue collection. Spending was quite high in contrast to the same period in previous years. This has an effect on cash flow. There is a need to prioritize expenditure across whole of government and ministries are advised to prioritize their spending. The current spending pattern also reflects the continuing efficiency of operations in Treasury due to the opening of the new building and the restriction of access by the public. The Ministry is focusing on promoting quality spending and improving compliance on procurement.

Revenue peaked in March and is expected to surge again in June. Development Budget spending is driven by big budget ministries such as MID and MRD and the increase in grants and subventions payments.

Effect of SIPA reforms on import and export

The Committee raised concern over reports that the SIPA reforms have the effect of restricting imports and exports resulting in the diversion of container ships to other ports.

The Ministry stated that customs revenue collection is not affected. Movement of cargoes and containers are affected and delays are experienced by importers and exporters. Port charges also affect the clients of SIPA.

The ADB is undertaking a comparative study of similar size ports in the Pacific. The report will be available by June 2016.

CTB operations

The Ministry informed the Committee that the CTB is continuing to review its processes and operations. The membership of the board has increase. The composition of the board: PS MOFT, PS MDPAC, PS MCA, PS MEHRD, PS MID, AGC.

THE CTB meets regularly and uses the Procurement Section of Treasury to scrutinize procurements. There are still some questionable procurement in the line ministries. The procurement regulations will be finalized in July 2016.

Recommendation 2

Budget consultations

.The Committee recommends that

- the Ministry of Finance & Treasury put in place a robust budget process so that all Ministries are informed at all times on due dates for submission of bids for supplementary appropriation bills; and
- Ministries submit bids for unforeseen expenses for supplementary budgets.

MINISTRY OF FOREIGN AFFAIRS AND EXTERNAL TRADE

Additional funding of subscription fees for overseas bodies

The Ministry advised that their baseline submission was reduced by \$1M and that is why they have increased their new estimate by approximately the same amount.

House rent for staff

The committee queried whether the additional funding would be for new staff. The Ministry explained that it is for the existing staff, the amount was reduced in their bids in 2016 Budget and this additional will cater for the shortfall arising from the reduced amount.

Fiji Chancellery

The committee questioned progress on the project in Suva; particularly as Fiji is just next door. Maybe the creation of a simpler “local office” should be considered? The Ministry advised that we must build on the ground as we had in PNG and Canberra; this would send a strong message. MoFT has given the go-ahead for agreed work on the program including tenders for designs and funding in next year’s budget.

Overseas missions

The Committee queried the current status of a number of overseas missions and was advised that process was under way for an officer to be deployed to Taiwan. The Ministry also advised that \$1M has been allocated to establish a mission in London; this will be done by using the resources of the Brussels office and the ground work will be done by mid-year. The decision to close the Geneva mission has been reversed as much of the UN work takes place in Geneva rather than New York. The committee queried what the plans of the Geneva mission would be. The ministry advised that it should be a fully operational mission, though this was challenged through lack of capacity – particularly UNESCO input. They will work with other ministries to increase capacity though dispatching officials to Geneva.

New Missions/Offices

The committee questioned whether there were any plans for new missions overseas. The Ministry advised that this was premature as they were currently trying to strengthen the existing missions and to improve financial reporting in accordance to standards.

MINISTRY OF CULTURE & TOURISM

Subventions and Grants

The Committee was concerned over the amount in the supplementary estimates as the \$5 million requested will be insufficient. Surely this will not be enough – the Ministry should have asked for \$100-\$200M if it means business to promote and develop tourism? The committee was also concerned that whilst previously, cruise ships used to berth at Langalanga lagoon, they no longer do – nor are there any proper facilities there, like WCs.

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

Public funding of eco-tourism ventures

The Committee enquired on the ongoing projects – in particular how many beneficiaries were successful in their ventures given that there appears to be a high level of failure and no tangible benefits resulting.

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

Cruise ship passenger terminal

The Committee queried the status of the cruise boat terminal and the Ministry advised that a MOU with SIPA to continue discussions in particular concerning the scale of the facility.

Cruise boat visits

The Ministry advised that there were 8 confirmed cruise ships visiting S.I. in 2016. However there is additional interest from smaller scale craft which will be coming. The

committee asked for details of which locations the cruise ships would visit. The Ministry advised that this would depend upon navigation and “the circle” – Gizo, Anavon, Honiara, Santa Catalina. The committee asked about any possibility of Makira and Temotu provinces being included – what help could be given. The ministry replied that assessment was being carried out on a number of projects to determine practicability, flights and if the area can provide any tourism related activities.

2023 Pacific Games

The Ministry is fully aware of the games. The Pacific games are one of a series of sporting events that S.I. will be hosting. The country will also host the 2018 Melanesian Games. These will not only see sports competitions but also cultural events. The Ministry’s planning for PG will commence in 2017.

MINISTRY OF EDUCATION & HUMAN RESOURCES DEVELOPMENT

Members of Parliament scholarships

The committee question the Ministry on the number of scholarships allocated for each MPs and the Policy that should be in place for the MPs allocation of Scholarship. Also if there is a gender balance policy.

The Ministry responded that a cabinet paper recommended 4 to 10 per MP; however the Caucus members too are influential over the decision making of the NTU. The Ministry also stated that Gender balance is one part of the criteria. It is merit base but numbers cannot be indicated until the Scholarship Management system is implemented

Policy on country based study

The committee enquired if a policy is in place that indicates a time frame for all students to study in country rather than studying overseas.

The Ministry responded that there is a policy in which this new scholarship procedure will be included in the Education Bill. The ministry is not able to take it to cabinet as they are working on tertiary strategy to identify the need in the labour market to focus on. If Ministry can provide training in country it will reduce cost. In the strategy it outlines link

in the labour market in country/overseas training. Ministry will provide quality education institution and provide the area we need to train on.

List of scholarships by constituency

The committee requests clarification for the four scholarships per MP if it is per annum basis. The Committee also requests the ministry for the list of students under each constituency and any additional students.

The ministry clarifies that the opportunity list survey was conducted by MDPAC based on the gap that was identified. The ministry is also looking at ways to harmonies the additional number of students directed by cabinet after selection has been done. And the Ministry can provide list for number of students by institutions and for constituencies

The Ministry confirmed that those students who were given awards but got delayed would undertake their studies the following year.

Education Legislation

The committee enquired on the status of the Education Legislation.

The ministry advised that tertiary sector, strategy structure and entity reboots for education system. The draft legislation was on its 7th version at the end of 2015 and a task force was set up to provide quality control and how the ministry manages the sectors. There is a structure already and the Ministry needs to finalise the Education Act. They recommend two separate Bills: 1. Basic education component which was already done and 2. Tertiary Sector Bill which is in draft in structure. The Ministry is hoping to put forward the Bills in the next sitting this year. The caucus is very supportive of the legislation.

USP fourth campus

The Committee also enquires on the progress of the USP fourth campus in Honiara.

The Ministry advises that the work has been progressing including the fencing. They have met all the targets except for the building of 12 A/ staff houses which is expected to

complete by July. From recent consultation –the loan for the construction of the Campus will not be available until next year.

Student allowances

The committee questioned the Ministry as to why some students funded under MP did not receive their allowances.

The ministry responded that it is working on resolving two issues: travelling arrangements for students and student allowances. The ministry is trying to improve the process of raising payments for allowances and producing a proper travelling schedule for all students on normal selection list. It becomes difficult to administer when scholarships are awarded to students at the last minute through un-procedural means.

TVET and technical colleges

The committee also enquires on the status of upgrading/building technical colleges to provide technical training in the identified provinces.

The ministry advises that it will be a step above vocational training centres. A feasibility study has identified training centres in Western Province and Malaita that will be upgraded. That will include upgrading capacity and physical infrastructure. The National Education Plan 2020 has identified these two provinces only. Ministry would like to work on the technical skills provided by TVET.

The government is planning to speed up the program and then can move on to other provinces. The aim is to establish these colleges and empower them to deliver certificate programs currently being offered by SINU. SINU will concentrate on delivering Diploma and higher qualifications.

THE NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Supplementary bids not included in the Bill

National Parliament raised concern to the Committee that they were not officially informed that there would be a Supplementary Appropriation Bill during this sitting. Their submission was not included in the Bill. This has affected their budget for various items such as telephone bills, building maintenance. They were advised by the Minister to raise it through CW since the Bill has already been finalized.

The Committee has raised its concern the budget process should be well managed, well informed and be transparent to all Ministries.

MINISTRY OF POLICE, NATIONAL SECURITY AND CORRECTIONAL SERVICE

Police allowances

The Committee raised a question that was previously asked during the 2016 Budget hearing regarding the short fall in the Ministry's budget on the police allowances. There is no request on that on the 2016 Supplementary Bill.

The Ministry confirmed to the committee that currently the Ministry and Public service are working on the special duty allowances in collaboration with the police and correctional service to establish the outstanding SDA to be paid. The Ministry is sorting the matter out with their current budget and if there's any short fall on the budget then they might include it in the supplementary at the end of the year or in next year's budget.

Police housing

The Committee also questioned the Ministry that the supplementary bid for the Ministry budget is only for CS housing construction and nothing for police housing.

The Ministry responded that the Ministry still has funds under their Development Budget thus work allocated is still progressing under that project.

RAMSI drawdown

On the previous budget hearing, the committee has requested the Ministry to provide a brief on how the Ministry proposed to take on full policing if the PPF and RAMSI withdraw in June 2017.

The Ministry responded that the Ministry has been working with the RAMSI to determine the possible gap that the government must fund in order to maintain the same level of work that RAMSI is providing.

Cost of policing report

The Committee enquired if the appropriate cost of policing report has been released and available and if a copy can be provided to the Committee.

The Ministry responded that the Minister has already presented the appropriate cost of policing report to the Cabinet. They were not able to put it into their budget last year due to some issues that time in the country. The Cabinet has indicated to the Ministry to submit a bid to this supplementary. The Ministry will prepare a bid for the last sitting this year otherwise it will be included in the 2017 budget. Since it has gone through Cabinet the report is available and the Ministry will make an effort to give the report to the committee.

Capex residential building

The Committee enquired into the Capex residential building of \$2.3M for housing in Auki. Is the residential housing in Auki or other police stations outside of Auki?

The Ministry advised that the five houses are for Correctional Service Centre and it is only in Auki. The Ministry is working in other areas and the Premier has been consulted in terms of land issues.

Police housing

The committee also questioned the Ministry on police houses and whether their plans include other provinces.

The Ministry confirmed that work has been progressing and other 11 stations were built including housings and rebuilding of old buildings. Applications from Choiseul were received and they are working on their plans.

South Guadalcanal community police post

The committee also seeks update on the South Guadalcanal police post at Babanakira that was planned to be relocated to Kamati.

Ministry updated the committee that a police station and two houses were already built in Komate and police man has been posted to the station. The only thing is the land owner to confirm ownership of the land. While they were building, there were issues of landownership, thus waiting for the landowner to comeback with document before they can make land acquisition.

Naha police post

The committee also questioned the Ministry if the resources within Naha police post will be able to cater for both Naha Police Station and Borderline Area.

The Ministry responded that PPF is rebuilding Naha and work is soon to start to improve the Police Station in the absent of borderline police post. Land space in borderline is not big enough to accommodate a good station, thus they are still looking within the community.

Rearmament program

The Committee would like to know the current status of the rearmament program.

The Ministry confirmed that the Cabinet has already approved to purchase the weapons so at the moment they are still waiting for the suppliers. The arms will be stored in GBR-only administrative matter. The Police Officers are trained on the security management of those weapons and by the end of the year it should be ready, where the Ministry will come back to the Cabinet with names of the selected officers to be in charge for approval.

MINISTRY OF INFRASTRUCTURE DEVELOPMENT

National transportation initiative program

The committee questioned the Ministry on the Capex Plant/Machineries, there were no original estimates/provisions however under supplementary estimate there was \$16M.

The Committee further enquired about the Plant and Machineries if it is for the Ministry to purchase plants and machineries to beef up its Ministry's plants and equipment.

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

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

Shipping Grant

The Committee also enquired on Capex-Ship: Original estimates \$45M and \$19M is on Supplementary estimates totally \$64M. How many MPs have received the funding and how many have reported back to the ministry and government on the use of the fund?

The Ministry responded that, that was the major issue when moneys were given to constituencies recipients did not give back reports on the usage. It is easy to dish out money but having difficult in reporting back to the ministry. That information can help the ministry with planning/compliance. Letters were sent out to Constituencies but no responses.

Reduction in provision for buildings

The committee also inquired on the different subheads on- structures, airfield and wharfs that are reduced by \$10M. Does that mean the non-residential buildings are not going to be done this year?

The Ministry responded that with regards to the capex on non-residential buildings, structures and building those are budget items already been programed for implementation this year. The reduction in the capex and non-residential buildings will carry away some of the activities that was planned this year, to the extend number of houses planned for construction will be delayed.

List of recipients of shipping grants

The Committee requested the Ministry to provide the list of constituencies, ship owners and other who have been previously benefited from the funds under Capex-ships. The revised estimate has gone up to \$64M.

The Ministry has agreed to provide lists of recipients from 2013 to date to the Committee and other information regarding the recipients of the ships. The information will include those who paid for ships and who have given their reports.

PM/Speakers residence

The Committee also questioned the Ministry on one of the issue been raised last year: the construction of PM/Speakers Residence. What was the status of this project?

The Ministry responded that when the building was planned to be done this year, the government came up plans to build new ones thus it was now in a design stage and this would be jointly funded with PMO. That too explains the reason as to why the amount was moved, because by the time contract awarded this month it would still be around. That's why \$25M is taken out from Non-residential buildings. Moving funds around can also delay activities.

Housing for public officers

The committee also enquire about an issue been noted in the last hearing which is on housing for public officers. Since the skyline project has fallen through what steps are taken by ministry to progress the program to provide houses for public servants.

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

Economic growth centres

The committee also questions the Ministry regarding working together with Ministry of Rural Development to set up 50 economic growth centres in the 50 constituencies. Is there any discussion between the two ministries?

The ministry responded that this is not clear- building economic centres requires feasibility study, land, proper infrastructure, airfield and wharfs, if all this are met plans can be processed. At the moment there are no clear drivers for these growth centres. Once this is in place then the Ministry can input plans on such development.

Kukum highway rehabilitation project

The committee also would like to know the status of the Kukum highway rehabilitation project.

The Ministry responded that PS MID is now in Tokyo to open tender, joined the evaluations and sign off the contract with the contractor. And later will give them time to mobilise within two months and construction will commence in early August. The ministry also highlighted that they have signed off the Flood Recovery Rehabilitation Project of US\$50M.

Other infrastructures

The committee also questioned the Ministry about the name of the road rehabilitation project, the 40 wharfs to build around the country and the Ports issues.

The Ministry responded that the name should be entitled Kukum Highway (Tandai), the wharfs project will still continue and one was completed recently. Three wharfs awarded to contractors for construction.

MINISTRY OF JUSTICE AND LEGAL AFFAIRS

This Ministry has submitted a written statement to the Committee.

The Supplementary budget submitted is to cater for the rental of office space for the Attorney General Chambers at Panatina Plaza. The rental cost for 12 months is **\$1,732,320**. The calculation is as follows;

Head 292. Subhead 0157-0000-2409. - Office Rent

Rent per month = \$144,360.00

2016 - 12 months Rental = **\$1,732,320.00**

The MJLA made a budget bid for it in 2015 but was turned down by Budget Unit. This is why we have to submit this for Supplementary budget. The AGC has already occupied the office at Panatina Plaza.

4.0 RECOMMENDATIONS

Recommendation 1

Pacific Games 2023

The Committee recommends that the Ministry puts in place proper governance mechanism to manage the planning, construction of facilities, the running of the games and the ownership of the games facilities. This is to avoid the waste of public funds experienced in the Festival of Pacific Arts

Recommendation 2

Budget consultations

The Committee recommends that

- the Ministry of Finance & Treasury put in place a robust budget process so that all Ministries are informed at all times on due dates for submission of bids for supplementary appropriation bills; and
- Ministries submit bids for unforeseen expenses for supplementary budgets.

5.0 APPENDIX



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

PUBLIC ACCOUNTS COMMITTEE

P.O. Box G19,
Honiara.
Tel: 28520/23424.
Fax: 24272

MINUTE 1/2016

Minutes of Proceedings

Committee Hearing into the 2016 Supplementary Appropriation Bill 2016

Day 2 /2016

Thursday 19th May 2016, CR II, Parliament House 11:30 am

1. Members Present

Hon. Rick Houenipwela, Chairman

Hon. Matthew Wale, MP

Hon. Jeremiah Manele, MP

Hon. Dr Derek Sikua, MP

Hon. Connelly Sandakabatu, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Gregory Fineanganofa, Committee Secretariat

Miss Salome Pilumate, Admin Committee Secretariat

Mr Wilson Orisi, Committee Secretariat

Miss Vanessa Rodie, Committee Secretariat

Mr Fredrick Iro, Hansard Reporter

Mr Whitmon Tabiru, Hansard Reporter

Mr Sunjay Dhari, ICT Officer

Mr Philemon Loe, Media Officer

Mr Lawrence Scott, Media Officer

2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela made his opening remarks. The Chair informed the witnesses of the Parliamentary privileges.

3. Inquiry into the Supplementary 2016 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Ministry of Home Affairs were admitted:

Hearing 1 Witnesses

- i. Mr. George Palua (Permanent Secretary)
- ii. Mr. Clyde Funuso (Financial Controller)
- iii. Mr Freddie Ota’au, Under Secretary

The witnesses made their presentations before the committee.
The committee questioned the witnesses based on the evidences presented.
The examination concluded.

Hearing suspends at 11:58 am

The Hearing proper resumed at 12:17 pm and the following witnesses from the Ministry of Environment, Climate Change, Disaster Management and Meteorology were admitted:

Hearing 2 Witnesses

- i. Mr. Jonathan Tafiariki, Deputy Director of NDMO
- ii. Mr. Bobby Ramo – Financial Controller

The witnesses made their presentations before the committee.
The committee questioned the witnesses based on the evidences presented.
The examination concluded.

Hearing suspends at 12:30 pm

The Hearing proper continued at 2:20 pm and the following witnesses from the Ministry of Police, National Security and Correctional Services were admitted:

Hearing 3 Witnesses

- i. Mr Edmond Sikua, Permanent Secretary
- ii. Mr Donald Riropo, Director Finance (CSSI)
- iii. Patrick Dulekana, Senior Accountant (CSSI)
- iv. Mr Steven. J. Oto, Financial Controller (MPNSCS)

The witness made their presentations before the committee.
The committee questioned the witness based on the evidences presented.
The examination concluded.

Hearing Suspends at 3:15 pm

The Hearing proper continued at 3:20 pm and the following witnesses from the Ministry of Infrastructure Development were admitted:

Hearing 4 Witnesses

- i. Mr. Moses Virivolomo, Permanent Secretary (Supervising)
- ii. Mr. Jerold Musi, Principal Accountant
- iii. Mr. Dssmus Orihao, Financial Controller
- iv. Mr. Leslie Nate, DME
- v. Mr. Mike Qaqara, DDTPPU

The witnesses made their presentation before the Committee.
The Committee questioned the witness based on the evidence presented.
The examination concluded.

Hearing Suspends at 4:00 pm

The Hearing proper continued at 4:00 pm and the following witnesses from the Ministry of Education and Human Resources Development were admitted:

Hearing 5 Witnesses

- i. Dr Franco Rodie, Permanent Secretary
- ii. Mr Dagnal Dereveke, Under Secretary – Corporate
- iii. Mr Clement Tito, Director - NTU

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

Hearing Suspends at 5:30 pm

The Hearing proper continued at 5:30 pm and the following witnesses from the National Parliament Office were admitted:

Hearing 6 Witnesses

- i. Mr Clerzy Rore, Clerk to the National Parliament Office
- ii. Mr Lloyd Bera, Financial Controller

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

4. Adjournment:

The committee adjourned hearing at 5:30 pm

5. Documents Tabled

- a. MEHRD – Supplementary Budget for additional scholarships

Day 3/ 2016

Friday 20th May 2016, CR II, Parliament House 10.19 am

1. Members Present

Hon. Rick Houenipwela, Chairman
 Hon. Matthew Wale, MP
 Hon. Jeremiah Manele, MP
 Hon. Dr Derek Sikua, MP
 Hon. Connelly Sandakabatu, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Gregory Fineanganofu, Committee Secretariat
 Miss Salome Pilumate, Admin Committee Secretariat
 Mr Wilson Orisi, Committee Secretariat
 Miss Vanessa Rodie, Committee Secretariat
 Mr Marlon Keni, Hansard Reporter
 Mr Whitmon Tabiru, Hansard Reporter
 Mr Sunjay Dhari, ICT Officer
 Mr Philemon Loe, Media Officer
 Mr Lawrence Scott, Media Officer

2. Welcome and Opening Remarks

The Chairman of the Public Accounts Committee Hon. Rick Houenipwela made his opening remarks. The Chair informed the witnesses of the Parliamentary privileges.

3. Inquiry into the Supplementary 2015 Appropriation Bill 2016

The Hearing proper commenced and the following witnesses from the Ministry of Foreign Affairs and External Trade were admitted:

Hearing 7 Witnesses

- i. Mr Joseph Ma'ahanua, Permanent Secretary
- ii. Mr Henry Baeoro, Financial Controller

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 10:50 am

The Hearing proper continued at 11:02 am and the following witnesses from the Ministry of Culture and Tourism were admitted:

Hearing 8 Witnesses

- i. Mr Andrew Nihopara, Permanent Secretary
- ii. Mr Joseph Mamau, Chief Accountant
- iii. Mr Moses Tepai, Under Secretary

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

Hearing Suspends at 11:55 am

The Hearing proper continued at 2:19 pm and the following witnesses from the Ministry of Health and Medical Services were admitted:

Hearing 9 Witnesses

- i. Dr Tenneth Dalipanda, Permanent Secretary
- ii. Mr Arnold Moveni, Under Secretary
- iii. M Butafa Junior, Project Manager – NRH

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

Hearing Suspends at 2:45 pm

The Hearing proper continued at 3:08 pm and the following witnesses from the Ministry of Public Service were admitted:

Hearing 10 Witnesses

- i. Mr Nego Sisiolo, Permanent Secretary
- ii. Mr Andrew Idute'e, Financial Controller
- iii. Mr Luke Mua, Under Secretary
- iv. Mr Coldrine Kolae, Assistant Secretary – HRM

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

Hearing Suspends at 4: 00 pm

The Hearing proper continued at 4:01 pm and the following witnesses from the Office of the Prime Minister and Cabinet were admitted:

Hearing 11 witnesses

- i. Mr James Remobatu, Secretary to the Cabinet
- ii. Pellion Buare, Financial Controller
- iii. Christian Nieng, Human Resources Manager

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

Hearing Suspends at 4: 30 pm

The Hearing proper continued at 4:34 pm and the following witnesses from the Ministry of Finance and Treasury were admitted:

Hearing 12 witnesses

- i. Mr Harry Kuma, Permanent Secretary
- ii. Mr Nathan Kama, Comptroller
- iii. Paula Uluinaceva, Accountant General
- iv. Mr Alyton Jamieson, Commissioner

The witnesses made their presentation before the Committee.
The Committee questioned the witnesses based on the evidence presented.
The examination concluded.

4. Adjournment:

The committee adjourned hearing at 5:00 pm

5. Documents Tabled

MJLA – Explanation note to the 2016 Supplementary Appropriation Bill 201

List of Submissions

No	Authors
1	Ministry of Education and Human Resources Development – Explanation Note on the 2016 Supplementary Appropriation Bill 2016
2	Office of the Prime Minister and Cabinet – Submissions to the Public Accounts Committee on the 2016 Supplementary Appropriation Bill 2016
3	Ministry of Justice and Legal Affairs – Explanation to the Supplementary Budget 2016
4	Ministry of Police, National Security and Correctional Service – Appropriate Cost of Solomon Islands police Service: June 2015