

TUESDAY 5TH APRIL 2011

The Speaker, Sir Allan Kemakeza took the chair at 9.47 am.

Prayers.

ATTENDANCE

At prayers, all were present with the exception of the Prime Minister and the Ministers for Foreign Affairs & External Trade, Public Service; Fisheries & Marine Resources; Forestry; Environment, Conservation, Disaster Management & Meteorology; Culture & Tourism; Lands and Housing; and the Members for West New Georgia/Vona Vona, West Kwara'ae; Temotu Pele; Fataleka; North New Georgia; West Kwaio; West Honiara, and Malaita Outer Islands.

ADMINISTRATION OF OATH

(Hon Chris Laore, MP for Shortlands took his oath of allegiance)

Mr Speaker: Honourable Members, on behalf of the National Parliament of Solomon Islands, I welcome you, the newly elected member for Shortlands constituency. Having taken your oath, you are now permitted to participate in the proceedings of this honourable House. I wish well as you start your very important duties to this House and your constituency.

PRESENTATION OF PAPERS AND OF REPORTS

- Annual Report 2010 – Telecommunications Commission of the Solomon Islands
- Ministry of Justice & Legal Affairs – Corporate Plan 2011 – 2013
- National Judiciary Solomon Islands – Corporate Plan 2011 – 2013

Mr Speaker: Honourable Members, I have received a letter from the Member of Parliament for East Choiseul to discuss a bit of ambiguity on the estimates. I therefore would suspend the sitting until 11am in order to allow the Minister for Finance and the Member for East Choiseul sort out the ambiguity in figures before we proceed with the committee of supply.

Sitting suspended at 9.51 am

Sitting resumed at 11.06am

Mr Speaker: In order to allow the Ministry of Finance to sort out the figures in the Appropriation Bill, I will further suspend sitting until 1pm this afternoon.

Sitting further suspended at 11.06 am

Sitting resumed at 1.17 pm

BILLS

Bills - Committee of Supply

The 2011 Appropriation Bill 2011

Mr Speaker: Honourable Members, we are now in the Committee of Supply to consider the 2011 Appropriation Bill 2011. As usual, we will first consider the First Schedule head by head before we consider each clause of the Bill.

According to Standing Order 63, there is a maximum of four days to complete our business in the Committee of Supply, however, according to Standing Order 63, this period may be extended into question on the second reading of the Bill is carried on a day earlier than the last day of the debate on the second reading as the day or the days thus said maybe added to the days alluded under this paragraph.

Honourable Members are aware that the question on the second reading of the Bill was carried out yesterday, a day earlier, which means we have an extra day added to the four days of the committee of supply if we need it. However, it is not mandatory to use up all the allotted days, if even as early as today we complete our consideration and we will conclude the proceedings and go straight into the Third Reading.

Again, may I remind all Members that when we consider each head, Standing Order 64(3) requires that we adhere to a few rules, and that is to say:

- Any debate on a head must be confined to the policy of service for which the money is to be provided.
- the debate must not deal with the details of any item or subhead.
- Reference, however, maybe made during the debate to the details of revenues or funds for which that service is responsible. Such detail is available at the back of the objects and reasons of the Bill, which is after page 10 of the Bill. We will begin on page 6.

The Schedule

Head 270 – Ministry of Agriculture and Livestock and Development -

Mr Sogavare: Point of order. Before we go through the Budget, I think it is important that I bring this issue now so that the Minister can explain how the Government will deal with the issue I raised with them. With your permission, I want to get the Minister to explain that because the nature of the problem is across the board. With your indulgence I want to raise that issue.

Mr Chairman: In fact that is what I am about to ask the Minister of Finance for him to clarify the points regarding the NPF contributions as raised in your letter which is affecting the ministries. Thank you, Member for East Choiseul, and I do now ask the Minister of Finance to clarify these points.

Hon Lilo: Earlier this morning, the Member for East Choiseul had written you a letter raising some concerns about the understatement of NPF employer's contribution in the overall provisioning of the payroll in the recurrent budget.

There is some relevance to that particular concern in which we have made consultations with the Honourable Member himself and have come to a resolution on that. The issue of payroll is a long outstanding issue in which successive years of the Appropriation Act, we have faced difficulty in trying to reflect what the true cost of the payroll is. The understatement to the NPF contribution is one of it. In fact, some three years ago, we have ended up regularizing some of the unofficial contributions from the Treasury pertaining to the NPF contributions of members of our public service.

In 2009, we have adopted a new financial accounting system, which is an automated one, a computerized system as opposed to previous systems we have had in the past that are partly and manually handled; partly kept and generated by the software we have in our computer systems at the Treasury. That system, which is Aurion was commissioned in 2009, and the first year we have been able to capture the true cost of the payroll was in 2010.

What you will see throughout the recurrent bricks, which is this document here, in particular that relates to the payroll, you will find that the revised budget which is, in effect, the actuals for the 2010 payroll is the same in the estimates for 2011, you will have that. If you compare the figures within the revised budget for 2010, you will find that in respect of the payroll, you would see the same amounts, the same amount in some figures or almost the same. What is reflected in the Bill is the actual in the payroll, which pertains to the sub-item budgets in there.

The argument by the MP for East Choiseul is that even with that, it needs to be reflected in the budget so that it is contained as a line item in the budget, and that the competition of the NPF contribution must be same. We agreed to that and we believe that there is a way we can treat any understatement of the estimate.

You would note that when we come to Head 273 – Ministry of Finance, somewhere there is a provision of \$15million for vacant positions and other regularizations of the payroll, which we believe that even with the understatement of the NPF contribution, we can issue a departmental warrant to go to other ministries to meet those costs.

Also, as you know, this budget operates on a surplus budget. I think the Member for East Choiseul as raised a very good point that if we had operate on a deficit budget, what would be the implications, which means we have to borrow somewhere to meet that shortfall. Or even if we operate on a balance budget, we have to re-do the whole budget again. But this is the beauty of this because it is a surplus budget, and so supplementary appropriation can always come in to meet for that.

We can take the option of amending the bill in itself and reduce the surplus, but I seek his understanding that I think we need to stick to the principle of asking ministries and accounting officers to stick to the theme of the budget, and that is the need to weed out wastages in the budget and ask them to make decisions on what are quality spending within the payroll itself.

This year you will find that for the first time we are giving a payroll warrant to every accounting officer to take charge of the payroll in each ministry. For instance, you will find in the payroll some allowances and provisions, which over the years have always been abused by ministries. Like as you can see in the baseline there items like 'other allowances', 'overtime allowances' and so forth. I submit to the Committee now that our officers have been abusing this for too long.

There are ministries that are using this as a money earning scheme for themselves. Instead of really doing overtime, they are just using it for purposes of vying money into people, and that is where they distribute and use the money and so we are asking ministries through the departmental warrant to cut back on overtime and other allowances, and this will also reduce the implication of NPF contribution. Or we can use the provisions there to supplement any shortfall in NPF contributions. So it is within the payroll and I think this budget has the flexibility to fix any shortfall that it has within the payroll budget itself.

That is the understanding we have reached, but I think the point he has made about the ultimate jurisdiction of Parliament to make provisions to the Budget, I think, is well noted. We are basically asking him that the rectification of these figures can be done within the provisions of a departmental warrant. We also have a surplus there that we can bring in a supplementary or virement within the payroll subheads.

Mr Chairman: Thank you Honourable Minister for making that clarification. Will this not disturb the figures that the committee has?

Hon. Lilo: No, it will not affect the estimates, but there are mechanisms there that can meet either the shortfall or even create savings within the payroll to address it.

Head 270 – Ministry of Agriculture and Livestock Development -\$27,297,353

Mr Sogavare: I want the Minister to confirm page 20 sub item 2001 on the upkeep and repair of official buildings. Can you confirm whether this work has been completed, what sort of work has been done on this and whether that work has been completed because only \$67,000 is being provided for this year, a big reduction of \$529,000, and so whether work has been completed?

Hon Riumana: I think this provision is to cater for minor repairs of the headquarters.

Mr Wale: Can the Minister clarify housing rental on page 21, item 3100, which has gone down substantially, down by almost half but the establishment register seems not to indicate any substantial reduction or halving of the human resource of the Ministry. I am just asking where the saving is coming from.

Hon Riumana: The total manpower for the Ministry of Agriculture is 353. But this time we would only have 319, which mean 34 vacancies have been frozen and 29 posts are vacant. That is the reason for decrease in rental.

Mr Sikua: I want to go back to page 20, subhead 2024 - entertainment. Whose entertainment is this for?

Hon Riumana: That is for official functions hosted by the Ministry for its overseas guests.

Mr Sogavare: Page 21, sub item 4001 - training in general is not specific, and the estimate there is \$594,000. Can the Minister outline what sort of training will be happening there?

Hon Riumana: Training in general is basically for agriculture certificate and diploma students studying at the Solomon Islands College of Higher Education, and that is why it is general because both certificate and diploma will be catered for under this fund. It will cater for both pre-service and in service students.

Mr Wale: The National Agriculture Council, item 6503, can the Minister clarify as to how often it meets and whether this allocation is adequate to cover all its activities?

Hon Riumana: This provision is to do with the Agriculture Commission, used to be the council but has been changed to commission. This body is to advise the Ministry on its policy matters. With the establishment of this division, it is anticipated to complete the Ministry's policy framework up to 2015.

Dr Sikua: This afternoon I am a bit slower than my other two colleagues and so I am still on page 20 on subheads 2091 & 2092 on overseas travel for MPs and officials. Where will the Minister and his officials travel to this year?

Hon Riumana: We are supposed to go to Cook Islands last week, but because of this meeting we have cancelled the trip. But there is one meeting coming up in June for a trip to Rome for the FAO meeting. This head is here to supplement the travel expense of the Minister and the officials.

Hon Sikua: Subhead 2198 - repatriation. Are you repatriating some staff this year, and if so how many of them?

Hon Riumana: This provision is basically to cater for redundancies and officers who are eligible for retirement. That's what this repatriation means.

Mr Gukuna: Item 6505, the last item on page 21 - pesticide registrations. This appears to be an important one because some pesticides can be very harmful. Last year, SBD\$128,000.00 has been provided for but it appears the Ministry did not use any of them because only \$113 000.00

appeared this year. I just want the Minister to assure us that they are going to use it because as I said it is very important that we keep track of the kind of pesticides being used by our agricultural officials.

Hon Riumana: As we know, climatic uncertainties are posing threat to food security and chemicals and therefore drugs will become necessary for usage. The provision here is to cater for the committee that screens chemicals coming into the country.

Hon Sikua: Subhead 4030 on page 21 on workshops and seminars. Is the Ministry not planning any workshops and seminars this year?

Hon Riumana: Yes, I think workshops, seminars and conferences have been moved to relevant departments and not under the headquarters anymore.

Mr Sogavare: Just a follow up question on training in general that I have asked earlier and the Minister said that it is for in-service and pre-service too. Just the process, if the Minister can explain to us, if high school dropouts wanted to go for this training, are they going to apply to the Ministry or how so that people know and can apply for this training under this allocation?

Hon. Riumana: I think there is a training division within the Ministry where all interested people who want to train in agriculture can apply.

Mr. Wale: On income, fees and charges, there is a drastic reduction and maybe that is being taken up elsewhere. Can the Minister clarify if that is the case or whether there has been a shift in the provision of services that used to bring in that revenue?

Hon. Riumana: Fees and charges depend on the situation and the environment because sometimes people import many dogs and other times not so many. Even if we estimate high revenue but when there is no dog coming in then there is nothing, and that is we put that figure as an estimate.

Mr. Hou: Item 1120 - contract staff (PS's consultants). I just want to know what this is and whether the amount is sufficient for this activity.

Hon. Riumana: This provision of \$4,680 for contract staff is basically for small contract jobs and allowances to pay those who do such jobs in the ministry.

Mr. Wale: Just two short questions; one is purchase of livestock for breeding herd on page 23 for \$12,000, and I am sure there is something in the development budget for that, and I am sure that is linked. And the other is the census of national livestock listed as \$97,000. There was an allocation last year as well, revised, for \$86,000. I am just wondering whether a census was actually held last year, and if so, is it an annual activity for to conduct census on livestock

because obviously many of the livestock were slaughtered and many more are giving birth to calves and all the rest of it and so we need to know? The Minister for Justice is really interested in this question and that is why I am asking.

Hon. Riumana: The purchase of livestock for breeding is basically for logistics involved in preparation of livestock breeding. The actual fund for livestock breeding is in the development budget, this is just for the logistics.

On national livestock census, it should be actually termed as national livestock survey. It is a survey being carried out and there is a report on this.

Dr Sikua: Page 22 – subhead 2001 – upkeep and repair of official buildings. I take it that your veterinary and livestock division are not under headquarters. Is that the case?

Hon. Riumana: Yes, that is to cater for the maintenance cost of two livestock staff houses in Honiara and possibly one in the provinces.

Mr Hou: Page 24 – office rent - item code 3104. There was no budget for this in the previous year, but this year there is an amount of \$336,000, so obviously this is a new activity that I would like to know; what is this for.

Hon. Riumana: That is to meet annual rental charges for the Research Headquarter office.

Mr Hou: Supplementary question, I want to know what has happened in the past.

Hon. Riumana: The head office does not have enough space and so this division is relocating this year to Town Ground, and that is what this rental is for.

Mr Sogavare: The very last one on page 24 - item 61578 – Export Potential Commodities Support. Can the Minister inform Parliament which commodities have been support under this allocation last year for \$67,500 and what is the Minister thinking of supporting this year? Maybe the Minister should brief us on the success of that allocation.

Hon. Riumana: The Ministry is trying to create import and export protocols for our agriculture commodities. So far we are trying to export taro and its protocols are finished, and so it is opened for export to Australia.

Mr Sikua: Page 24 – item 3505, for the last two years, the Minister as my very good hard working Minister for Agriculture explained this item, but I seem to forget about it now. This is on the establishment of a meteorology station. Should this come under the Ministry of Environment or somewhere? I think he has a good explanation that I want him to remind me about.

Hon. Riumana: I wish to thank the Leader of Opposition for that very good question. Climatically, we have different situations. There are some places that rainfall is high and other places where rainfall is very low, and what type of commodities are suitable for what type of rainfall and therefore the type of soil composition in a rainy condition like that. This is why such a station is set up to record rainfalls and wind directions.

Mr Hou: Still on the same item. I noticed that funds for this were allocated last year, but they did not use it. Is this the same project that you are not going to use again this year?

Hon. Riumana: Solomon Islands consists of scattered islands geographically by Mother Nature, and for us to establish such a station, there are some equipments that are very expensive and so this is going to be used on a yearly basis.

Mr Sogavare: I would like to follow up on my question I asked earlier, and it is very encouraging on the export of taro. If we want to export taro, how can we go about this and get assistance under this allocation.

Hon Riumana: Interested farmers who are exporting taro they know how to go about this. They will call in at the office seeking information as on how to export taro. We have extension field staff throughout the provinces to explain the procedure as to how to go about the export of taro.

Mr Sogavare: The point I just want to raise is that it is quite a very important activity, and this allocation of only \$90,000 to carry out a very, very important function that sort of question; is it enough for you to help maybe the extension officers throughout the country to help people who want to export taro.

Hon Riumana: I think this allocation is for agriculture research, the extension division has its own budget. This is for research into the protocol of taro export and maybe we will go into cassava research as the next one. And if I say this is not enough then we need to prioritize our activities too because there are 24 ministries. So although as much as we would like to increase this allocation, we also feel sorry for the other ministries that we are sharing costs with, and so we are working within our means.

Mr Wale: Page 25 on farm and on station research, and this is just a question for clarification. Dodo Creek has been closed down and are there any plans by the Ministry to have a permanent research station like the one at Dodo Creek? What is the plan of the Ministry regarding this?

Mr Riumana: In fact, the Ministry would like to establish a replacement for Dodo Creek. We have been trying every avenue available but we were hindered by other things. The effort here is a temporary measure where we have done an on the farm research station and on farm farmer research. That is what we are currently doing.

Mr Wale: Just a general question. In Australia, when we disembark from a plane, its immigration and quarantine officers virtually go through every bag and just about everything and they seem to be very strict on quarantine, and this raises a question in my mind in regards to here in Solomon Islands. Here, when passengers disembark from a plane, it seems as though they just allow things to go through. I think I do remember the Minister stated last year that protocols were being developed to broaden the base of quarantine and also to tighten up and put stricter controls, and I am wondering to what extent is that being done already and whether we would be able to see that at ports of entry into the country.

Hon Riumana: Indeed, checking of passengers at the airport is very important as that is the first buffer zone to prevent exotic pests and diseases. I think the check there at the Henderson is continuing as from before. I think it was those of us going through the VIP that did not go through the checks, but those that go through the normal arrivals are checked.

Dr. Sikua: Page 26, item 3017 – chemicals. I guess this is an allocation for purchase of chemicals, but sometimes the chemicals not used; I would like to ask a general question as to how the chemicals that are not used are disposed?

Hon. Riumana: I think most of the time the chemicals are used up because there are lots of items that passengers take overseas, such as carvings, mats, and chemicals are used to fumigate these items. There is not time that we have an excess of chemical because even what is budgeted for here is not enough.

Mr. Wale: This is an important question. It just came to mind the cost structure of fees charged on the government to do fumigation. There seems to be a difference between private operators doing fumigation work and the Ministry doing it, which seems to be very cheap. I am not sure whether the Ministry is recovering costs or is doing subsidized service or is it the government's aim to actually raise revenue on this activity. Just for the Minister to clarify this.

Hon. Riumana: I think the charges have been reviewed in 2008 and the rates increased, and today they are quite expensive. Except for commodities exported that rates were reduced.

Mr Gukuna: Sub items – 6139 on page 27 talks about pests survey and \$300,000 appeared against that item. The pest control and response to pest have a combined total of \$41,000. I guess that is where the action should come, but I feel that those amounts are inadequate to respond to and control of the event that the pest goes through.

I just want the Minister to assure this House that there is sufficient fund, this provision is adequate or will enable his Ministry to control pests. Some have already spread, like the snails and big rats, which loggers have already taken to Renbell, and so all the coconuts will be badly damaged. I just want the Minister to assure us that he has been given enough funds to control pests.

Hon. Riumana: As I have said earlier on, our islands are scattered geographically apart by Mother Nature, and moving staff to do control in the provinces is very, very expensive. This fund is indeed not enough, but we have to work within our means, as I said earlier.

Surveillance of the Giant African snail has been done throughout the provinces and it is found in some provinces, but there is no back up budget to control it. Although there is a cabinet paper being approved but the actual budget is missing.

Mr. Wale: I think this is an important activity, and I supposed the African Giant Snail is symptomatic - I think it is like an example of what the Ministry would like to do, but what the Ministry of Finance says it can do it in terms of the ceiling set by the Ministry of Finance. And so, it is of some concern because the credible growth we have been talking about has agriculture as its backbone, but we have not really put money as we have alluded to is of some concern.

When officials of the Ministry came before the PAC, they stated that the Ministry made a much higher bid for this particular aspect of exotic pest control, including the Giant Snail. But again that bid has not been taken onboard. They also confirmed that there is practically no work now because of lack of funds; it is only voluntary work that is going on at the rubbish dump on this African Giant Snails. I wonder if there is any other way that funds could be made available to the Ministry to tackle, in particular this African Giant Snail. Perhaps the Minister of Finance might be of some help on this, start off the CW for this.

Hon Riumana: As I have already said, there is a cabinet paper that has been approved for \$1million for the African Giant Snail, but for whatever reasons, maybe an oversight and so it did not appear in the budget. We are negotiating with the Minister of Finance for possible contingency warrant for this control. The African Giant snail is affecting many areas in the provinces, especially here in Honiara, there are many of them; it has already reached about 25 places in Honiara and about three areas on the outskirts of Honiara. In the provinces, it is found in Noro and Marou Bay in Makira. Those are areas the African Giant Snail has already affected.

Hon Lilo: The Cabinet has already approved it, and so what else are we going to argue about in here. Whatever Cabinet has approved, obviously we will have to, and it is not something for us to argue about.

Mr Wale: We are not arguing, we just want to know the right information better. If Cabinet has already approved it, why is it not in the Budget? These are valid questions being asked and should not be trivialised.

I want to know from the Minister whether people...

Hon Lilo: Point of order.

Mr Chairman: Minister for Finance please?

Hon Lilo: I raised that in the manner in which the Member for Aoke/Langalanga raised his voice on this particular issue. And he has answered himself already that Cabinet has already approved this and so Cabinet will give the priority.

Mr Chairman: Your question has been clarified MP for Aoke/Langalanga that the government is taking serious consideration of this issue.

Mr Wale: Since this pest came in, some people are starting to eat it. That is what officials that came before the PAC alluded to. I want the Minister to clarify; obviously our people are listening in because the snails really look good, almost resemble the coconut crab in Rennell. And so it would be good for the Minister to clarify whether the snails are edible?

Mr Chairman: I think I will not allow that question because there are no sufficient facts, we would find out later on, unless there is any question on the budget? I do not allow that question to continue, any other questions?

Mr Wale: Point of order. This was presented before the Public Accounts Committee by officials from the Ministry and so perhaps as a member of the PAC, I am entitled to ask the Minister for a response, if you can allow it please?

Hon Riumana: I think the Ministry does not encourage people to eat this snail. It does not encourage it because we need to properly check the health status of the snail.

Mr Sogavare: Pages 28 and 29. This unit – the Agriculture Information unit, the funds for use are there but there seems to be no one there, although in the staff establishment there are four officers there, but where will their salary come from?

Hon Riumana: This group has been transferred to headquarters.

Dr Sikua: A question along the same line. It would seem the task of this division in the ministry is declining. It was not as active as I had known it to be the case before. Can the Minister explain this?

Hon Riumana: There is not enough staff in this division and that is why it is not as effective as before. However, all of our staff there are hard working and will produce ongoing radio programs.

Mr Hou: On page 30 there are two line items there - tools – 3018 and animal feed – 3025 where a similar amount of \$653.00 is allocated for each of these two items. I want to know what kind of tools are these? Are these tools very cheap that you only need \$653 to purchase them? And what kind of animal feed could be very cheap like this?

Hon Riumana: I thank the hardworking Member for Small Malaita for his question. I think these two items, animal feed and tools are for certain provincial centers looked after by the

Ministry and for very small items such as buckets and feeding items. The feed is feed formulation for small ingredients.

Mr Sogavare: The item – staff travel and transport, item 2070 does not show an apparent reduction in staff level, looking at the allocation for civil service salary and allowances at the top there. If we take it that those allocations are for staff travel for the purpose of holiday travelling, there is a big reduction there, with no apparent reduction in the staff level. What is happening there?

Hon Riumana: I think the reduction is because of implementation of the Rural Development Program. The provinces are covered by the RDP. The RDP subsidizes our officers' travelling costs.

Dr. Sikua: Page 30 - item 32333 - purchase of OBM canoes and boats. We do have the description on page 18 on the number of canoes and engines, but I am just concerned about the one for Guadalcanal. Where in particular would this be for?

Hon Riumana: In Guadalcanal, there are various extension stations and also the province's headquarter where the chief field officer is located, which means the ministry will liaise with the chief field officer to recommend to the Ministry where those OBMs will go to.

Mr Hou: Page 31, item 6142 - provincial farm. It seems the provisions or estimates for this year is quite a big one, and so I assume it is a new and a bigger one too. Can the Minister confirm that, and I also want to know the location of these farms?

Hon Riumana: Provincial farms basically are located in sub-stations throughout the country where farmers come and "look and learn" in those provincial farms. I think provincial farms are in Buala, Auki, and Gizo.

Mr Pacha: Page 31 on government projects support. I can see the same item on page 23 as well. What is this, and can I apply for it?

Hon Riumana: This provision is for small assistance to our small farmers, and for genuine farmers and not for politicians. We must know that this is for farmers who are really serious with the business of farming.

Mr Hanaria: This is just a general question. The establishment for 2011 has increased, but the civil service salary in all the ministerial budgets remain the same. What is happening here?

Hon Riumana: As I have stated earlier on, there is no increase, it has decreased to 319 from 353. Thirty four vacancies were frozen and only 39 vacancies are budgeted for, including the 290 field posts.

Mr Wale: What is the basis for the reduction in the Ministry's human resource? Because, obviously, the Ministry should be growing, we are looking forward to more agricultural production, which means more extension officers, more research, almost more of everything so the natural expectation is that you will have more rather than less. But here the status quo is not maintained but reduced. Is there any reason for that or was it just a budgetary consideration?

Hon Riumana: I think the major factor here is finance, the affordability of paying the salaries of our staff members that matters.

Dr Sikua: On overtime allowances, item 1013. In the light of what the Minister of Finance has stated today about overtime, the Ministry of Agriculture is a ministry that has staff members who have to work overtime often, and especially in the case of extension staff. How does the Minister propose to control and properly monitor his staffs' overtime in order to avoid them having to abuse this item?

Hon. Riumana: I think the only essential service in the Ministry that overtime is allowed is quarantine. For extension services, overtime will be based on approval from the head office.

Head 270 agreed to.

Head 271: Office of the Auditor General - \$6,970,531

Mr. Sogavare: The explanatory note in the beginning on the summary, I just want to follow through on this relocation of the Office of the Auditor General for \$1.2million. Where is this actually reflected in this budget?

Hon. Lilo: I think it is on page 36, line item 3104 - office rent, which is for \$900,000.

Mr. Sogavare: Where would the balance go? This \$1,200,00million is a one off payment, and it is actually for relocation. That is the explanation given there. What the Minister explained is for office rent. Is it that one?

Hon. Lilo: The explanatory notes there would be the total annualised provision. This budget will pass but they might only have less than 8 or 10months to occupy the office and that is why it is reduced to about \$900,000. The office is yet to relocate. I think they are still negotiating to secure a space and asking the landlord to put up furnitures. Initially, they asked for the \$1.2million and so that \$1.2million would be the total annual provision.

Mr. Gukuna: If you look at the Auditor General's Office, we are spending a lot of money for the upkeep and payment of staff salaries, and this is for them to do audit work. But if you look at the last item, 6132 – the office is also paying audit fees. Are they paying others to do the audit work, and if that is so, what are the staffs doing?

Hon. Lilo: If you want to understand the capacity of the Auditor General's Office, you will see that it still has a total vacant post of 20 in this blue book. They now have a total capacity of 45, and these are all spread out in the various audit centres where the Auditor General will concentrate on, mostly on government audit, provincial government and so forth. But you will know also that under the various acts of the State Owned Enterprises (SOEs), the Auditor General has power to audit those SOEs or the Auditor General can engage the services of external Auditors to do it on behalf of the office of the Auditor General, and so that is what that fee is for. And

It will balance out also with the fees it will charge on the SOEs, and so you will see that on page 35 – on income, it is deemed to be an income earned for the services rendered by the Auditor General to audit the SOEs and at the same time pay out to the SOEs that have been audited. That is how it is contra in the way this budget is set out.

Mr Maneniaru: Page 36, and my question relates to sub-item 2150. I learned that the Auditor General does not have a vehicle of his own despite of the fact that it is a constitutional post. The amount provided for here is just for maintenance. Is there any particular head to cater for the need of the Auditor General in regards to a vehicle for him?

Hon. Lilo: Yes, we do understand that. In fact, previously the Auditor General has been allocated with a vehicle, which I think that vehicle somehow has been allocated to someone else; I am not really sure where that official vehicle of the Auditor General was allocated to. I think maybe here to Parliament or I am not really sure. The Auditor General is currently using the office vehicle. We are still working on that after the passage of this Budget, there will be certain constitutional post holders by virtue of their appointment will have to be given their appointment, including, I think, the Leader of Opposition too this time who is entitled to a vehicle as well. But, yes, we will look into that.

Mr Sadakabatu: As the name suggests 'audit' and so this department is an auditing department. My question is, they audit and then can they prosecute as well? And if they do so, is there any way in these provisions that they are able to pay for legal fees in order to bring up a case?

Hon Lilo: As you know, the function of audit is a managerial tool; it is a tool that helps improve management. And out of that then comes the recommendations on how to deal with issues that are raised out of the audit.

The practice is always that when the Auditor General does the audit, he puts the recommendation to the Secretary to Finance and the Secretary to Finance refers the matter to the DPP. That is the practice we all understand in the past under the Financial Instruction. When matters required to be audited are audited by the Office of the Auditor General, it is either because they were already prescribed under the law to do the audit, and secondly, the Minister of Finance puts forward to the Auditor General to do auditing on it, and then recommendations come to the management, which is the government team that will look at it to either correct it or

where the findings are quite excessive that would require disciplinary action, then the Permanent Secretary of Finance will raise that issue with the DPP. That is the process involved here.

If that system is followed, the financing of how that system works is already provided for there. Nowadays, a lot of influences are affecting the system and so from there everything seems to fly there and here. That is what is happening now, and so we would have to look carefully into situations like that. If we properly follow the Financial Instructions and the Public Finance & Audit Act, then that is the process or the way of going about it. Nowadays, a lot of things do emerge, and so it would seem the road is being brushed much wider and so it is going differently.

Dr. Sikua: Page 36 -item 6132 - audit fees. The amount there of \$1.6million, does it include fees of the Audit Division when it audits the accounts of our 50 constituencies, starting with Gizo/Kolombangara?

Hon. Lilo: Unfortunately or quite fortunately, that particular audit fee is not for that. This is for state owned enterprises; for our constituencies, not yet. This is a normal thing for the Audit Office to do it. I think it is within its capacity to audit it, somewhere there inside the budget.

Mr. Hou: Page 36, item 3100 - house rent. I assume this is to rent a house for the Auditor General and so I want to know two things. First, it seems that compared to the 2010 revised budget, this allocation this year is reduced by almost \$170,000 and so I want to know the reason for that. Secondly, I understand that the position has its own house and so I want to know whether that person has his own house or is renting somewhere. What has happened to the residence of this position?

Hon. Lilo: You can read it together with page 35 on upkeep and repair of government housing. I do not know where of these two is currently the rental of the Auditor General's house comes in. But the Member for Small Malaita was quite right that the Auditor General's position is supposed to have a residence, and it is this residence that I think is still under repair and that is why he is staying in a rented house. They are still repairing his residence, but the Government has allocated a residence for him.

Mr Sogavare: I want the Minister to explain to us again the audit fees and how it relates to these measure descriptions on page 33. I take it that \$571,000 is reflected in item 6132. However, there is no increase on that, it is the same amount as in 2010 of \$1.6 million. If this is a new additional increase activity then we expect that \$571,000 should be added to this \$1.6million, because as it is now, there is no new allocation to it.

Hon. Lilo: Just bear with me because I have not had any briefing with them on this, but it might be that the Office of the Auditor General has to require me extra audits on some of the SOEs, and that is why it is one and off. And then from there it should continue on an annual basis. I think the Office is working on some backlog audits. I think that was it because it is one

and off whereby the Office has to audit some SOEs that have not been audited for almost 10 years and some 15 years, which is a really worrying concern and definitely it is a growing concern for us in the way we manage our state owned enterprises. For instance, the audit of Sasape Marina was done until all the audit techniques came to a full stop, they cannot go any further and so they came back and say they cannot go any further. I told them if that is the case, then sell all the assets instead of selling the business. These are the kinds of problems we are faced with the SOEs. Others like the printery, its audit was also stuck and it was revealed that it should have been sold a long time ago or should be liquidated.

When you look at the measures description here, it would relate to a one and off audit. So these are the fees required by the office to do further auditing on unaudited annual years of the SOEs and that is why we have it specifically there as reflected in this budget.

Mr Maneniaru: Just on the audit fee before I ask a question relating to that. My view is that it will continue because of the staff shortage in that department, which is quite critical as I understand it. But now to my question on training, head 4001 – training in general, does this covers the training needs of qualified technical staff of the audit department or is it just for internal training.

Secondly, how does it recruit? Does it just wait for whoever comes along, whilst it has the urgent need to have staff to perform the audit function? Or does the department have its own training program which should be reflected in any of the heads here or budgeted for?

Hon Lilo: As you know the task of auditing and the responsibility of auditing by the office of the Auditor General has been long neglected for some time and so the office is now recruiting new people. The whole process of re-skilling new recruits coming into the office must continue, it is ongoing. The training general there is to make sure the Office has sufficient resources to continue the program of training and re-skilling of staff within the audit office.

Then comes the question of how recruitment is conducted by the Office. As you know this is the Auditor General's Office and if the Auditor General is told to just pick anybody on the streets, everyone will be angry. I mean he has to follow a more transparent process. So you will see adverts coming out on the paper inviting applications for positions for the Office of the Auditor General. There are 20 vacancies in the office, and some of these vacancies have to be prioritized as they are very important positions. I mean we are talking about audit managers, chief auditors and principal auditors here. Right now there are auditors there whose task is just to basically collect information. But when actually exercising the process of auditing, it needs much more senior ones.

I am sure that once the capacity of the office of the Auditor General is beefed up, maybe the audit fees will be reduced because the Office does have the capacity to audit. But this is after 30 years of independence and we are yet to see the importance of this Office, and so now we will start to look into it.

Mr Wale: I am just following on from the last comment by the Minister that now they will start looking at the Office of the Auditor General. Because it would seem that this Office, to attract the right people, is not a difficulty. It is the retention bit that is very hard. Highly specialised

auditors out in the market would be getting possibly 4, 5 or maybe 6 times more than the salary they are getting from the public service. And I supposed it is no different from other professions as well. So it is an overall government situation. But now that government will look at this, what steps is the Government going to take to ensure that the capacity of this important office as with other offices are retained and strengthened, as opposed to training these people and when they are well experienced, they escape to the private sector and then the Office is back to square one and starts all over again.

Hon Lilo: These are policy question that we will be still looking into it. Options are there. I think the options and the various models that everyone is looking at need to be considered within our capacity to be able to sustain such organisations. For instance, if we want to raise the package of the people working in audit so that it attracts people from outside, obviously there will also be an outcry from other parts of the public service that "if you do that to them, why not do the same to us too".

I think one way is to raise the status of that office to a different status, may be a commission or an independent autonomous body that would become more independent to even raise its own income and then meet the costs of how it is going to provide the services it is supposed to provide.

I know what the Member for Aoke/Langalanga has in mind; he wants to remind me to go back to what I was talking about in the past, which is to create an audit office. But I would say "hang on a bit, let us look at it carefully". But surely we have to raise the independency of the Auditor General's Office so that it will not in any way be impeded by other issues that normally creep up in the public service that when it comes to this question of how we are going to raise the capacity and attract the right people to come in will into be in conflict with some of the other issue we face in the other public services. It is a policy question we will be looking into it. That is why I say we must commence looking into it.

Head 271 agreed to

Head 272: Ministry of Education & Human Resources Development - \$441,520,627

Mr Wale: I just want to know under income on research fees. I know that there was a review happening, but it seems that the projected revenue does not reflect any increase in fee for research permits.

Hon Ha'amori: Yes, it is true that it does not reflect any increase as yet, but work is in progress to renew the Research Act so that the intention of the Ministry is to increase research fees. For now it still is like this because work is not completed yet. But be rest assured that as soon as the Research Act is completed, research fee will increase.

Mr. Sandakabatu: On item 0063 - trade testing and certification fees, this year has no budget for it. Does it mean there will not be any such for this year?

Hon. Ha'amori: That line item has been moved out from the Ministry to where it is supposed to be, which is the Labour department.

Mr. Hou: I am looking at pages 42 and 43. There are a couple of items on other charges and it seems the Ministry is making very, very significant savings compared to the 2010 revised budget.

First one is in 2011: Electricity and Gas where the 2011 budget estimates for this year the amount of \$761,480 compared to 1.5million in the previous year. There are also some savings in terms of water. On page 43: 2013 - telephone charges; 2070 - staff travel; 3104 - office rent. These are big savings and I just want to know what is happening here because we are making big savings here.

Hon. Ha'amori: At the end of the last financial year the Ministry found out that the money actually spent on those items are much less and so it reflects now. The actual cost is less so there is no need to add the costs where the costs are decreasing, being mindful of fall in prices such as fuel costs – diesel is now \$12.10 per litre.

Mr. Ete: Head 272-0191-1120 - contracted staff and PS's consultancy. I want to ask, what is that and why is it not included in the establishment of line ministries other than having it contracted? I just want a bit of explanation on that.

Hon. Ha'amori: This line item is given to us by the Ministry of Finance and it is fine with us because from time to time we would need technical assistance to do certain work for the Ministry. This provision is here and we accepted it for that reason so that when we engage any technical officer, whether it be local or outside, we will not come asking for any supplements but we just take care of it under this line.

Mr Abana: If the Minister can still confirm item 1120, whether this \$720.00 is adequate for that purpose?

Hon. Ha'amori: It is quite hard to say it is adequate because no one has been earmarked for it as yet so that we would know what are the compensation packages demanded of it. But for the time being the Ministry thinks this is enough for that particular purpose. If any need arises, this common activity that we often resort to –virement should be able to take care of it.

Mr Sogavare: For the Minister to confirm or to brief Parliament on page 42, Item 2001, upkeep and repair of Official building it looks like it is ongoing, which building is it?, it is on Headquarter, Admin, which building did we repair in 2010 and the work still continues in 2011?

Hon. Ha'amori: KGVI Secondary School obviously comes under the care of the headquarter. Everyone knows that there are two schools that have come directly under Ministry of Education. We normally call them government schools. One is KGVI Secondary school and the other one is Waimapuru National Secondary school. So both schools come under the Headquarters and Admin. so this line is for that repair.

KGVI probably needs more than this amount that is allocated now. Our school, most of us went through it, definitely need repair on its buildings, work is continuing and is now going ahead, especially, the classrooms. The other ones that will go on now the special classrooms inside this school, for those of us who are familiar with KGVI, some facilities at KGVI we do not find them in other schools. Take for example, the science laboratories in that school, not very many schools in the Solomon Islands enjoy this kind of facilities. So when it is time to repair it has its own challenge, but we are still not talking about staff houses yet. And so Chairman, this amount is definitely to support ongoing repairs/renovations on KGVI Secondary school.

Mr Hanaria: Other charges on Training Provincial. We need to know because it will appear as you go along, the other one also appears on the other page. If you put them together they are million dollars. What is that for?

Hon. Ha'amori: Sorry, I miss the referencing. Can the honourable Member for East Are'Are just put me back on his reference, is it on training provincial - 4003 or which one?

Mr. Hanaria: Training provincial because it does appear under 272 Accounts and so I want to know. As we go along there is another similar subhead which also attracts another \$200,000, and so that is a million dollars. I just want to know what is purposely for that.

Hon. Ha'amori: Training provincial under accounts, the Ministry has conducted a lot of training in schools, especially schools where a lot of money they have received, in case we are not so sure about it. Grants that go into those schools, certain officers were assigned to look after that money, retire it properly in order for the next grant to be given to the schools, especially the grants and so training needs to be done. We will notice that it is reduced compared to last year which means to show that the work of training officers is going down as well.

Mr. Wale: Just to follow up along the same line. One of the critical issues in terms of accounts was internal audit function, which has not been in existence for some time. The Ministry, I know, is struggling with it. But this year going forward, whether the Ministry is now recruiting or about to recruit internal auditors, and if so, how many of them and where will they be located?

Hon. Ha'amori: They will be in the Accounts Division, the internal auditors post and there will be two of them. They will be funded by New Zealand aid this year and next year.

Mr. Maneniaru: I am going back to training – 4003, the Minister alluded that training of teachers in schools in terms of accountability for funds. Since a lot of money is allocated for and spent on this, the assessment of success of this training with regards to accountability and reporting of the schools, what is the estimated success in terms of percentage? Some good things may have happened during the training but there has been no report or accountability is sort of picked up.

Hon. Ha'amori: At least one thing this house should know is that facilities in those schools have improved. Also, resources in those schools are much more improved than in the past. The academic performance of the schools can be ascertained by looking at the result of the exams. But at least in our schools, resource-wise, where all these grants were provided to them, they have definitely improved.

The function of close monitoring of those things, most of the schools are alright, one or two still have to improve. But the Ministry has also asked the Education Authorities to keep a close eye on the schools since they are within the areas the schools are situated, like provincial authorities, church authorities and all that and the Ministry works through these authorities to deal with issues that might still arise.

Mr. Sandakabatu: The item on office rent, on page 46, there is \$2million there. Also, if you look back on page 43, - office rental, can you explain whether these two offices are in the same building or in two different buildings.

Hon. Ha'amori: On page 43, office rental is rent for the office where the Ministry of Education is currently housed, which is the Tongs Building. It depends on which floor you want to count on, but if it is from the ground floor then it is on the third floor, if it is on the first floor above the ground then it is second floor. But definitely the office is in the Tongs Building.

The other one is that we should all be aware that the USP function here in terms of facilities, the Solomon Islands Government is responsible for that, and so a building the USP is using just along the road outside of Chinatown is the responsibility of the Solomon Islands Government to rent and that allocation for \$2million is for that.

Mr Ete: Item 4008 on page 46 - tertiary scholarships – a vast increase here of an inclusive of \$17million. I would like an explanation on that from the Minister.

Hon. Ha'amori: The last increase change of \$17million is the result, of the fact that this year, we have to be responsible for the cost of tertiary education for Solomon Islands students in Papua New Guinea, that is why the increase. It costs us about \$19 million to take care of Solomon Island students in Papua New Guinea. In the past there is no increase because PNG usually take care of that, but for reasons that we will not dwell on, at this time we have to shoulder this responsibility. We hope to correct this in the not too distant future.

Mr Wale: Sorry to drag us a bit backward but with the teacher training development. Page 45, there was a teacher demand supply study that was done and I want to have clarification from

the Minister whether the result of the study shows, whether we have an over or an under supply of teachers. And therefore the allocation for national teachers' development, how many more years is projected to cover our untrained teachers to qualify to man the teaching positions going into the next foreseeable future.

Hon. Ha'amori: I think the issue is not so much of oversupply or under supply. These are ability to pay, a lot of our schools do not have any trained teachers. And the truth is, the positions which have been identified that should be filled with teachers, we cannot fill them up-there is a shortage. If you allow us to fill it up according to the identified needs, I think the budget will go through the ceiling, it would a lot more.

Yes, as much as we would like, we have not quite filled up the schools. So supply of teachers is not so much an issue, it is whether we can actually provide enough money to fill them up at this point in time.

Mr Wale: Just a follow on question on this. Obviously, the intake of student teachers at the School of Education at SICHE is determined on the basis of the results of this study. And that intake is much smaller than previous years because I think it maybe is because of the outcome of that study. If that is the case it would indicate that it is almost reaching saturation point or it reaches the number. That is why I raised the question, what is the result of that study?

I know the Minister has express his opinion but what is the result of the study and because that is what determined the number of students but many of our students still want to go in, but the Ministry has limited it's funding because of this policy advice that has come from the study. Perhaps the Minister could care to clarify that?

Hon Ha'amori: I think the details of the study the Minister will not be able to provide at this point in time, other than to say that limitations on SOE - SICHE is due mostly on the ability of the Ministry or SIG to pay. Because of the cost is increasing, I think we are aware that the ministry has introduced the cost sharing policy where students who go there must also put in a little bit, it's almost up to 25 percent of the cost. So it is not so much that we approach the saturation point. When we give birth to about one classroom a day saturation point cannot be reached quickly. The reduction of the number is based on funds.

Mr Sandakabatu: Item on page 47 in regards to grant to SICHE. Since last year, 2010 and also this year there is no provision for this line budget. Can the Minister explain this?

Hon Ha'amori: It is the format of the budget that keeps it there. But what should go in there in that zero places can be found on page 64. It has been moved onto page 64.

Mr Chairman: When we come to page 64 the grant for SICHE will appear.

Mr Abana: Page 49, under other charges, there are two items on early childhood education grants. The other is early childhood education. If you put the two together, it is \$1.2million. Can the Minister explain these two items?

Hon Ha'amori: What appears there on the first line for the ECE or early childhood education is just grants. It is just like all the other grants usually given to primary and secondary schools. It is a newly established sector also for education in our country and so it also enjoys grants. It is also grant for field based training. I beg your pardon it is for field based training. This sector of education trains people and more and more the Ministry is considering perhaps that is the way to go where training begins out in the field before they come into the College. This field based training, for your information, the ECE training is designed in that way so to speak. The other one is just for general monitoring of the activities of that sector in education.

Dr Sikua: I want to go back to page 47, under other charges, item 4041 - organisational administration for the national commission for UNESCO. This is a new division within the Ministry. I want to know what this allocation of more than \$600,000 on organisational administration under the national commission for UNESCO.

Hon Ha'amori: That allocation is for the activities of UNESCO to take care of a certain membership fees for other international organisations which we are obligated pay fees to. And a part of that will be used also for the Minister of Education to go to Paris (France) to attend a conference.

Mr Sandakabatu: I have noticed in the previous Ministries that we have looked at, rental is provided and here I only notice housing allowances. But teachers living in Honiara and also other urban centres, this provision (house rental) is totally omitted in their regard or it just an oversight?

Hon Ha'amori: I think they are under a rental scheme, and that is why it appears like that.

Mr Chairman: In other words it is paid into their salaries but they pay rent themselves in town.

Mr Hanaria: If you look at item 1010 on page 51, maybe similarly the civil service salaries there looks like is inadequate, how many staff are employed there?

Hon Ha'amori: There are about six secondment officers taken care of under this head above and that amount.

Dr Sikua: Just to assist the minister on housing allowances for those under the Honiara City councils on page 52, I think their rental came from the budget of their education Authority which is Honiara City Councils s their Housing rentals are allocated with their budget. Just to clarify that one for him. My question is on page 51 on the national education board, item 6097; how many times minister, will the national education board meet this year? Which I guess is the cost for the board' meeting.

Hon Ha'amori: That NEB (National Education board) is required to meet at least three times in one year.

Mr Chairman: Three meetings a year.

Mr Wale: Library, on pages 55, 56, just a general policy question, I would want the minister to clarify if the government have some plans to strengthen the national library. Obviously, in this age of information and so forth and a knowledge society, library is at the heart of that and whether there are plans in the ministry to build a better national library and to fully resource it.

Hon Ha'amori: For your information as well, there are two libraries - Honiara Library and the National Library which exist. The ministry at the moment is working to develop a policy to take care of how we can deal with these two current libraries. Should we deal with them separately or we return the other to the Honiara city council and we take care of the national library only, such kind of arrangement is still underway. There is a policy in progress to settle this matter, but definitely it did not escape the Ministry's attention that the library services are very important.

Mr Mane: My question is on page 55, head 6747 - national library board. A question earlier on page 51 regarding the national education board was asked by the Leader of Opposition earlier on how many times the board meets and the answer given by the Minister was more than three times and that more than \$400,000 has been budgeted for those meetings or the function of the board.

I just want to know with this budget of \$6,300 now for the national board, how many times will the board meet, what makes this big difference between these two important boards; this is in regards to the budget difference?

Hon. Ha'amori: This board has been defunct for some time and so this amount of money is just to revive and restart the board again.

Dr. Sikua: Item 4003 on page 55, National Library, and my question is how many provincial libraries will be included in the training for this year.

Hon. Ha'amori: Definitely training will take place, but it will depend mostly on requests from Education Authorities and schools for the kind of training for their librarians. So we cannot really tell the exact number at this point in time.

Mr. Wale: I tried to find whether there is any provision in the recurrent estimates at all for special needs education. I have been trying to look for it anywhere it might come under in this budget, but do not seem to find it. Special needs, as you know, is very important, which Red Cross and Brother George in Aruligo have been working very hard on and the Government has a strong desire to help the least in our society. The Government also mentioned in its policy

statement that that is an important thing it wants to do. I am not sure if there is any allocation for that and so if the Minister can clarify whether there is any allocation for special needs?

Hon. Ha'amori: Unfortunately, the Ministry did not make any allocation at this point in time.

Mr. Wale: Just a follow up question. The Minister said there is no allocation in the budget, but as you know the budget is dynamic and so whether the Minister has any thought to assist the special needs program of Red Cross in particular, but also the centre in Aruligo which Brother George is running under the Catholic Church and perhaps any others who specialise in special need education.

Hon. Ha'amori: Directly it did not appear as allocation specifically mentioned for anyone, but the Ministry's support is done through grants and in teachers' salaries.

Dr. Sikua: Item 2012, the water bill for King VI usually costs more than a million dollars. The reason being the pipes at the school are metal ones and are rusty and therefore are leaking so much. I just ask if the Ministry has done anything with SIWA to replace the old pipes to cut down on the bills.

Hon. Ha'amori: I think the Ministry of Works will take care of this particular matter.

Mr. Sogavare: Page 61 – rations for Waimapuru National Secondary school. Is this allocation based on submissions from the schools or is it just what the Ministry thinks and submits? There is a substantial decrease there.

Hon. Ha'amori: I think this is just a result of budget cuts that happens all the time.

Dr Sikua: Item 2052 - fuel and other charges for Waimapuru. How many trucks does the school now own?

Hon. Ha'amori: The school has only one truck, and the fuel there is not only for the truck but is also for the generator as well.

Dr. Sikua: Usually the school has two trucks, one big one and another one for light runs – a four wheel drive. Is the Ministry thinking of sending another hilux for the school?

Hon. Ha'amori: If the Minister of Education has enough money he will buy them an extra vehicle. Our budget constraint might not enable us to buy the school another vehicle. The budget is okay then we can do that. But if the budget looks like we can afford it, then we can buy another vehicle for the school.

Mr Sikua: As we know, our school at Waimapuru is situated a little distance away from Kirakira and a four wheel drive Toyota hilux would help the school to run urgent runs,

especially when students get sick, and to use the big truck is not very good. So I urge the Ministry, through the Ministry of Finance to make sure that the school has one new Toyota hilux, maybe it comes out of surplus or some unforeseen under the contingency warrant. I just want to urge that one to help Waimapuru. Thank you.

Mr Sandakabatu: Coming again to the question I asked earlier on, and thank you it is here, and that is grant to SICHE. Also bear in mind the policy of this government - the NCRA Government to upgrade SICHE to university status. And here we have \$20million basically and three I think, correct me if I am wrong, was allocated a stage in the policy we have alluded too.

My question is, on page 64, is this enough or is this just to allow SICHE to run as it usually does and not take into account this upgrading that the government is talking about?

Hon Ha'amori: The Ministry intends to advance the NCRA policy to upgrade SICHE, and that is true. This is an increase going back to the previous year of 2010 it is an increase of \$5millions here, so I think it is enough for the recurrent.

There is also some money in the development budget. So considering that the Ministry of Education, it is offered a large chunk, we are a bit mindful of the cost, we placed on the national budget. And I am very certain that the Ministry of Finance is helping us and to remind us about that very fact. This amount here should be alright for now.

Mr Wale: I would like a little bit of clarification from the Minister with regards to the work under the National exams service. Work on qualifications standard framework, I did not see any particular allocation for it there, and whether it is provided for elsewhere in the recurrent estimates.

Just a clarification on that one or whether that work has been completed already, so that's why there is no allocation for it now.

Hon Ha'amori: This work is catered for under the TVET review where the qualification framework, every other sectors of Education is important but more so on TVET sector. So it is taken care of under that sector of TVET. Thank you.

Mr Sikua: Are we still on page 63?

Mr Wale: We are on page 66.

Dr Sikua: Can I go back to page 63?

Mr Chairman: We are now on page 68.

Dr Sikua: Sorry, I went out for a little while.

Mr Chairman: Alright, I give you my discretion...

giggling

Dr Sikua: Planning Unit on item number 2001 – Upkeep and repair of official building there's a very big amount of money there, close to \$2.3million. I understand the Planning Unit is inside the Tongs building, and what is this amount for, this amount of almost \$2.3million?

Hon. Ha'amori: I think \$2.2 is for the school infrastructure which normally taken care of under the planning unit to build the schools.

Mr Sogavare: Page 70, Item 101 - for other allowance takes special consideration to what the Minister of Finance have mentioned, that \$3.5 million for Education Service division. Can the minister give an example to some of the other allowances normally paid under that allocation?

Hon. Ha'amori: The other allowances for the schools they have extra allowances; the reason is when we zone this country. Some teachers don't want to go out to some areas that are tough, so we put in some additional inducement to encourage them to go out. There are two zones; actually three. One is zone zero (0). Zone zero there is no allowance for them. Zone (1) there was about \$80 added to their salaries. Then that is consideration allowance, zone two which is furtherest out is about \$120, all of these come up in these other allowances.

Mr Wale: The long service benefit is just about a million dollar and I wonder if the Minister can clarify how many of those who were entitled were expected to meet out of that amount this year.

Hon. Ha'amori: The actual number will depend on those that applied, so at this point in time I cannot tell you the exact number. It will depend on their applications because when somebody wants to do it, then he/she will apply and it will be screened.

Mr Wale: I wonder if it will be possible because all our teachers are in the data base in the teaching service division, and if it is possible we will know is already qualified because of long dedicated years in teaching and on that basis we make up the budget each year to meet those that become qualified or do you just up an amount and then wait for people to apply whether they are eligible but do not apply then they cannot get it. So only those who are eligible and apply is, what you are saying, will be considered; only if they apply they will be considered.

But whether the Ministry can consider it the other way that they will qualify by operation of those dedicated years of service, and on that basis a letter from the Minister to say, "we thank you very much for your service, you are qualified to enter into this scheme", something like that. Whether the Minister could say that is something the Ministry could perhaps look into. Thank you.

Hon Ha'amori: The point is noted.

Hon Maelanga: Just an additional comment that not everybody will retire at the same time.

Hon Lilo: Let us get this long service benefit into the right perspective. The compulsory retirement age is 55 years old so once you reach the age of 55 you are retired, and you do not qualify for this long service benefit.

The long service benefit comes with conditions that if somebody applies for it, say for instance those who voluntarily decide to retire; before they reach the age of 55 they decide to retire, then they are in this group or those who are sick and are obliged to retire, do come under this. For us to say thank you to them would be through this scheme. It is not something that comes every year, it is not even an automatic qualification. There are grounds for eligibility.

The same thing applies to those in the public service, not only in the teaching service but also in the public service where currently the formula is that 10 years and \$15,000 added on, and that is it. That is what this is about.

Both unions of the Public Service and the SINTA are now currently negotiating with the government to come up with a much better one where they want an increase to \$10,000 plus 36 pay periods to add on top of the long service benefit. That is what this provision is about. That is how I understand it from those who bring up this idea.

Dr Sikua: Item 2084, teachers' travel and teachers' service. The normal practise is the Ministry or Government pays half. so I assumed that this is half of the travel cost of teachers. In other words we pay them to go to their homes and it is the responsibility of the education authority to pay for their return to schools that they are posted to the beginning of every year.

This practise is always causing a lot of problems for teachers. And my question is, are there any government plan to assume the whole travel cost of teachers at the end of every year. My question is whether this allocation has the capacity to be doubled so that we pay for teacher's departure and return? Because education authorities do not have the capacity to raise this amount of money for teachers' return at the beginning of the year because that is causing a lot of problems in starting of schools every beginning of the year when teachers are slow in returning to their schools because of lack of funds to pay for their fare. Are there any plans by the government to assume the full cost of teachers' travel every year?

Hon Ha'amori: This figure which appears here is to still take care of the 50 percent. The Minister for Education can only say that the matter is being looked into at the moment to see what will be the best approach for us to take to address this tendency to commence late each academic year.

Mr Ete: One of the NCRA's policies is to strengthen the education inspectorate department. I just can't see it in these recurrent estimates. It is important for assessment of teacher in their various schools. I want the minister of education to explain my inquiry and should there be no provision for it, what will the government?

Mr Chairman: It is a policy issue, Minister of Education

Hon Ha'amori: I think the Ministry does not overlook the inspectorate division on page 67, as you can see that it has increased its budget by about \$25 000.00 and more. We can also see under conferences/seminar as line has also catered an increase to acknowledge the importance of this particular service.

Head 272 agreed to.

Head 273 – Ministry of Finance & Treasury \$84,952,596

Mr. Wale: On insurance general, can the Minister explain the increase on this particular item.

Hon. Lilo: There are assets within the Ministry that require insurance cover for those equipments including some government assets which are spread across the government service which are so essential for the government to deliver its services and so we need insurance cover on those equipments where appropriate replacement is needed for those equipments in the event something happens to these equipments.

Mr. Wale: Just a follow up question. Which government assets is the government taking up insurance policy on and which ones are not as the government can traditionally self-insure them? Obviously, one of those assets that we know needs replacement all the time because of accidents are the vehicles. Whether these are insured or whether are selective assets or just particular type of assets are insured. I am just thinking \$2.7million roughly for insurable assets of government seems to be an under insurance so there must be some process or some policy guiding the selectivity on which assets are insured. I need a bit of clarification on this.

Hon. Lilo: For moveable assets like vehicles, surely there is no insurance cover over those kinds of assets. But there are specialised assets like what are used in Aviation such as the lights, navigational aids, and so on. There is a central location held by the Government and so it is the Ministry of Finance that holds the insurance cover over those assets.

Those lights are placed on top of the bush up there at Henderson. I am sure most of you have visited some of those equipments, which are very specialized equipments. I do not know its full name but the acronym normally used is DME or something like that, which is a very specialized equipment. Those assets are wholly covered that in the event they mechanically are not working, we can call for specialists to come and fix them.

As we are aware, in the past a former Member of Parliament when he was still an officer working in the Aviation, got drunk and switched off the lights and a plane could not land. Those are the equipments I am talking about, which are very specialized equipments. I am not too sure whether some of the equipments in the hospital are included here, but we will try and look at things like that. These are the equipments and assets referred to here.

Mr. Sandakabatu: This is an item on page 102. I just want an explanation on the last item on that upper paragraph which says ‘unallocated expenditures’ worth about \$3million.

Hon. Lilo: This is a provision we would normally use to supplement provisions of other ministries where there might be under allocation on expenditure provisions. This is where the Ministry of Finance would normally, based on requests given by ministries, a departmental warrant would be issued from the Ministry of Finance to cater for such things. That is what this unallocated expenditure is for. Obviously, it will not take the title there, 'unallocated' which is a very bad name to it, but there is a very stringent process to decide on whether to give such an allocation to the requests. Normally, it would come through the Budget Unit and after the Budget Unit considers it, then from there it has to satisfy certain requirements before it can be supplemented.

Dr Sikua: Page 101 – Item 2091 – I want to know how many overseas trips is the Minister of Finance going to take this year and where?

Hon. Lilo: Normally, in one calendar year there are only three meetings that the Minister of Finance normally attends. Board of Governors' meeting in both the Asian Development Bank, the World Bank, the Commonwealth Finance Ministers' meeting and the Forum Economic Minister's meeting, only four meetings- Only those trips and no any other, but these are the only ones catered for in this provision here. But since this government came into the office, the Minister of Finance has only travelled once, and that was just last week where he only travelled for three days - he left on Friday and came back on Monday.

Mr Hanaria: I believe the Minister of Finance because his Ministry, just by looking at this, has already saved \$3million. My question is on housing rent on item number 3100, where there is a substantial amount of reduction there of \$1million. I would like to ask whether the Ministry of Finance has new houses being built because there is a reduction in rent.

Hon Lilo: Yes, the Ministry of Finance has entered into an agreement with the Home Finance Corporation to build nine houses at Koloale valley, and those nine houses were occupied by nine of our senior staff. As a result of that, there is a reduction on rent and I think there will also be additional four or five houses to be built by the Home Finance Corporation for my staff to occupy. That is the reason for the reduction there.

Mr Wale: Page 104, statistical services - if the Minister could clarify whether some of the enumerators in the recent census still have some outstanding claims, and whether there is any provision here to cater for those outstanding claims.

Hon Lilo: That is exactly the same question you have asked earlier on, on unallocated expenditure which can cater for such a claim.

Of course, after the conclusion of the census project that has just been completed and officially launched last year, there are claims outstanding from not only the enumerators but even from other service providers contracted by the Census project, which some of them would have to go through court cases to verify the legitimacy of the claims. But the claims are quite substantial, and you might ask the question why is that there is no provision in here. Well, the

Census project is complete so it would have to go through proper treatment in other expenditure items, which is the first item that you have already asked me.

Mr Sogavare: I am on page 106 on the last item on SOE debt assistance - item 6804. Which SOEs will benefit from this assistance this year? What is the current level of SOE debts?

Hon Lilo: The level of SOE debt as it stands right now is quite substantial. I would say that it takes almost about 70 per cent of the total debts both in terms of the actual debt financing and also contingency liabilities that goes with it.

The question we have to ask is how to properly treat this. In spite of the fact that you will see that there is a provision in Clause 6 of the Bill dealing with advance warrant. The thinking now is that instead of what we normally done in the past where we just pay money to the SOEs to help them survive or improve their services or even build their asset base that was never did, want to do it a bit differently this time. And the difference is that it needs to be treated as some kind of income earning mechanism for the government where it is given to them as an advance which they have to repay.

There are two ways that assistance to SOEs would be treated. One is just to give to them and they spend it as an outlet expenditure and then go. Or another way is to give to them as advances which they will have to repay it back and therefore will be recorded in the balance sheet of assets and liabilities so that it is repaid by the SOEs. Most assistance given to them in the past did not have that sort of treatment, and so we have to start doing it properly. That is the whole idea we are trying to do here, and that is exactly what this provision is all about.

That would also cover, as you would see in the measures description on page 99, a last measures description put there is that the assistance/support to SOEs is to deliver on community services obligation. That is also another way where incentive is given to SOEs for them to deliver services to uneconomical service area or regions. For instance, if Solomon Airlines continues to operate services to Renbell, then it has to be given some kind of incentive, which is give it a little bit of support for it to provide that service to the community so that it creates demand for that service. If we just keep on giving Solomon Airlines money and not creating the demand or the market then we need to look at something else, and that is why we need to backup the economic growth centres to create that demand within the economy.

Mr Sogavare: Just a follow up question on what the Minister has answered. I thought the objective is to reduce the debts of the SOEs. How would that arrangement help them reduce their debts?

Hon. Lilo: Investment in debt is not a bad idea, and that is why I explained the whole thinking behind it that instead of giving it as an assistance, it is treated as a debt that goes but is repayable, and so it will become an income. If it is put as SOE expenditure assistance, it will only perpetuate what we now have, which is continuing to spend money on SOEs, SOEs spend it and nothing comes back. Now we need to treat it properly to them.

Yes, the whole idea is to try and reduce debts to SOEs, but I think there is a prospect for us to make it more productive, the debt can become more productive, and one way to look at it

is the community services obligation which we talked about earlier when we passed the Stated Owned Enterprise Act here, which is how to make SOEs deliver on areas that would normally be uneconomical for SOEs to deliver. But because of the obligations that services have to be provided to those communities, it has to be done in ways that will not only help them to deliver but at the same time to make them more commercially sustainable thereby creating demand for services in places that needs to be delivered to.

In a way, the indebtedness we do not want the SOEs to do is what they normally do, which is continue to give them money but there is no discipline behind them in ensuring that the resources that are given to them are used in the right way. We will make sure that whatever assistance given to them is according to proper plan to do it, they have a good board that will look after it. Otherwise it is given to them, but the board that receives it, the first thing is when the money arrives, it is the board that finishes the money, and so the SOE, instead of delivering fails to deliver. That is the kind of arrangement that we think we should deal with.

Mr Wale: Just a follow up on the question on what the Minister has said. What will be the process for SOEs that obviously have been identified that there are some community services obligations they need to do that ought to come under this to access these resources?

What is the process of identifying and therefore I suppose the Ministry is working or has worked on some guidelines to ensure that it does not fall to a first-come-first-serve basis and so we end up with SOEs that are important community service obligations that are unable to access the funds, so therefore are unable to deliver or if they deliver to their own detriment.

Hon. Lilo: As you know we are guided by the provisions of the State Owned Enterprises Act, the SOE Act which requires the process in which SOEs would submit their intent on what are the areas or plans they have to extend services to regions that would qualify for CSO. One of the first requirements they would do is to submit what is called the corporate statement of their objective, which has to be delivered just before the end of a one calendar year. We started to do it last year, but up to the end of December, only two SOE's submit on time, and many of them not yet, and they have written to us asking for extension in time.

We have a serious problem with SOEs at this time. In spite of the fact that we are trying to enforce the requirements of the Act, but maybe because of the lack of capacity they have or they might not have the right qualified people to manage them or it could be because of problems with their boards, maybe the board did not take serious responsibility in their roles. So we still continue to have this problem, we have not escaped yet from the SOEs. But they would have to submit their statements, the corporate main objective, and based on that we will assess and find out what their intents are, their business plans basically as to how they will extend their services in the country both in areas that could be considered as economical or commercially sustainable areas or region to regions that would qualify for the CSOs. Once they go past that, we can say to them 'look, there are provisions here that we can help you to extend your services to those places. This is generally the process, but to get started now, as you know, is still very difficult. It is not only difficult in the sense that we start off with a process. But I think we really need to get the right people with the expertise to be at the boards of our SOEs. I am sure that all of us will appreciate that. Or we need to have some good mentoring directors,

directors that have good qualifications that can come and sit down with the boards so that the boards can operate properly.

Most of the time, it is we ourselves too that create difficulties in not making the boards to operate properly and so the SOEs do not operate properly. (Do not stare at me, it is all of us that sometimes disturb the boards making the SOEs not able to operate properly).

That is the whole thing, it is a very difficult one, it is again the beginning of reform in the SOEs that we want to do. It will be difficult and that is the reason for our travel to Fiji. We went to share ideas with the groups of five other countries in the Pacific that are involved. We learned a lot from what they are doing. Some of them are moving forward while others backwards; we wanted to start but then we stop.

We also learned from the experience of SOEs in New Zealand, for instance, one former MP from New Zealand who is our in-law championed the reform of SOEs in New Zealand, Richard Premble said 'you do it, there will be a lot of resistance, they will throw eggs at your face', like they have done to him. I turned around and say to him, 'for us here in Solomon Islands it is not eggs but stones will be thrown at us if we do not listen'. That is the reality of reform in the SOEs. Sorry for taking this long to stress that but it is because of this item here.

Mr Chairman: Sorry honourable Members, I am going to interrupt Parliament in this committee of supply to the next sitting day.

Parliament resumes

Hon Philip: I would like to move that Parliament do now adjourn.

The House adjourned at 4.19pm