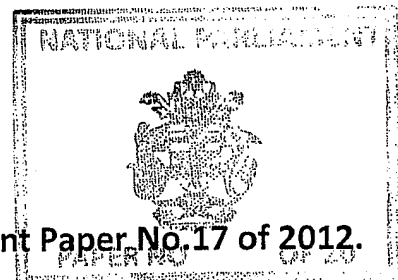




NATIONAL PARLIAMENT OF SOLOMON ISLANDS
BILLS AND LEGISLATION COMMITTEE

**Report on the *Central Bank of
Solomon Islands Bill 2012 (No.17 of
2012)***



National Parliament Paper No.17 of 2012.

Presented on 13th November 2012

National Parliament Office

How to contact the Committee

Members of the Bills and Legislation Committee can be contacted through the Committee Secretariat. Written correspondences and enquiries should be directed to:

The Director of Committees

National Parliament of Solomon Islands

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Terms of reference

That the Bills and Legislation Committee –

- (a) review and examines the Central Bank of Solomon Islands Bill 2012, No.7 of 2012; and*
- (b) report its observation and recommendations on the Bill to Parliament.*

Committee membership

Hon. Manasseh Sogavare	Chairperson
Hon. Dr. Derek Sikua	Member
Hon. John Maneniaru	Member
Hon. Milner Tozaka	Member
Hon. James Tora	Member
Hon. Matthew Cooper Wale	Member
Hon. Sam Induri	Member
Hon. Douglas Ete	Member

Secretariat

Mr. Wilson Ani'i, Committee Secretary
Mr. Jefferson Hallu, Committee Secretary
Mr. Wilson Orisi, Committee Secretary
Mrs. Emily Kupenga, Admin Officer

Hansard

Mr. Liam Sau, Assistant Editor.

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Chair's Foreword

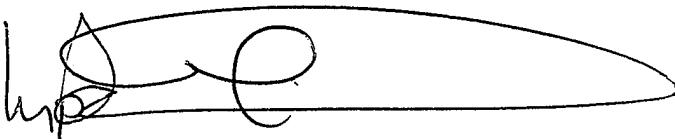
I am pleased to present the Report on the *Central Bank of Solomon Islands Bill 2012* (No.7 of 2012).

The Central Bank of Solomon Islands has to play a much wider role. Besides performing the traditional functions, the Central Bank has to undertake responsibility of economic growth with stability in our economy. Moreover, as a developing country, we do not have well-organised money and capital markets, the Central Bank has a crucial function to develop the banking and financial system of the country.

In order to fully realise the developmental role of the Central Bank, governmental economic and fiscal policies must establish and maintain mechanisms that will enable and foster economic developmental role in the country. Without complementary support of these two elements, the developmental aspiration of the Central Bank will remain stagnant.

The passage of this Bill brings hope to the economic aspiration of the people of Solomon Islands, particularly in rural communities. This Bill provides a platform to accommodate governmental economic and fiscal policies in fostering and enhancing the economic aspirations of this country.

I thank all of you who have participated in one form or another in making this report possible.



Hon. Manasseh Sogavare
Committee Chair

Summary of recommendations

Recommendation 1: That the Ministry of Commerce, Industries, & Labour, and the Ministry of Finance & Treasury develop, maintain and effectively implement mechanisms to facilitate access to credit and credit facilities throughout the country in accordance to governmental economic policies.

Recommendation 2: That the Clauses 60(1), (3) and (4) of the Bill is amended to comply with section 108(3) of the Constitution.

Recommendation 3: That the government through the responsible Ministries effectively implement its economic and fiscal policies in partnership with the Central Bank of Solomon Islands.

Recommendation 4: Except for the above recommendations, the Bill is commended to Parliament for consideration.

Chapter 1 Introduction

This Chapter provides a background on the inquiry, an overview of the Committee's terms of reference, and a description of the inquiry process.

Background to the inquiry

1.1 On Friday 2nd November 2012, the Minister of Finance, through the Attorney Generals Chambers, submitted to Parliament notice of presentation of the Bill in accordance to Standing Orders 45 and 46.

1.2 According to the statement of government business for the week ending 9th November 2012, the First Reading of the Bill is set down for Tuesday 6th November 2012, and the Second Reading was set down for Thursday 8th November 2012. The Committee anticipates that debate on the Bill will ensue the following week.

1.3 The Committee sent out invitations to identified stakeholders to give evidence at a hearing held from 7th-8th and 12th November 2012. Given the time constraints, some of the stakeholders were not able to appear at the hearing nor were able to provide written submissions.

Terms of reference

1.4 The inquiry's terms of reference are set out in page 3. The Committee may report to Parliament on matters referred to it either by the Parliament or the Government.¹ It also has the power to initiate inquiry to consider other matters relating to legislation.² Other functions of the Committee are contained in **Appendix 1**.

1.5 The Committee presents its observations and recommendations on the Bill to Parliament on Tuesday 13th November 2012.

¹ Standing Order 68(5), *Standing Orders of the national parliament of Solomon Islands*, Paper No. 41 of 81, National Parliament of Solomon Islands.

² Standing Order 71(f), *Ibid*.

Conduct of the inquiry

- 1.6** The inquiry process included seeking written submissions and a public hearing at Parliament House. A total of fifteen (15) stakeholders were identified and invited to make written submissions or to appear in person at the hearing, or both.
- 1.7** The Committee would like to thank all individuals and organisations who made submissions to the Inquiry and those who appeared before the Committee as a witness at the hearing. Thank you for responding positively to the Committee's invitation and for attending the Committee hearing. This Report would not have been possible without the valuable information provided to assist the Committee to undertake its important oversight role of ensuring accountability to the people of Solomon Islands.
- 1.8** A list of individuals and organisations who responded to the Committee's invitation to respond to the inquiry is contained in **Appendix 2**.
- 1.9** The Committee would also like to acknowledge the commitment of the Clerk to National Parliament, the Committee Secretariat, and staff of the National Parliament for the sound secretariat support that enable the professional conduct and smooth flow of the Hearing.
- 1.10** Sincere thanks to all the members of the Committee who were present and provided probing questions to bring out better understanding of the subject matter.

Submission

- 1.11** The Committee received a total of three written submissions.
- 1.12** A list of submissions is contained in **Appendix 3**.

Hearing

- 1.13** A public hearing was held for three days (Wednesday 7th 2012, Thursday 8th 2012, and Monday 12th 2012) at the Parliament House. A list of participants is contained in page 26.

Chapter 2 Objectives of the Bill

This Chapter provides background information on the Bill, in particular what the Bill intends to achieve, and the issues that emanates from the discussions.

Background

2.1 Currently the Central Bank of Solomon Islands (hereinafter 'CBSI') is established and regulated by the *Central Bank of Solomon Islands Act* [Cap.49].³ This Bill seeks to repeal the current Act.

2.2 In his opening statement appearing before the Committee, the Governor for the CBSI outlined the reasons for the proposed enactment.

*The policy reasons why we need to have a new bill are because of the changing nature of the bank. When the current bill was enacted in 1983, we had a small bank with fewer responsibilities and functions. But now the institution has grown with more responsibilities and functions and it is becoming necessary to have a new legislation and at the same time, international best practices are adopted into the new law to enable the Central Bank to be more autonomous...at the same time more accountable to the government, to the public and other stakeholders as well. That is the policy reasons why we need a new Central Bank Bill.*⁴

2.3 Whilst the Bill retains most of the provisions in the current Act, it introduces new provisions. These are outlined in the next chapter.

Consultation

2.4 The Bill is a product of six years of consultation with relevant stakeholders. Furthermore, the Bill has been presented to the International Monetary Fund and the Reserve Bank of Australia for peer review, whose comments are part and parcel of the final draft Bill.⁵

³ http://www.paclii.org/sb/legis/consol_act/cbosia297/

⁴ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.5.

⁵ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.5

2.5 The Committee notes that the Bill is drafted in a way that it makes the Bill more readable than the current Act.

Priorities

2.6 The Bill clarifies CBSI's objectives and priority areas. Unlike the Current Act, the Bill clearly states CBSI's objectives and clearly demarcates the CBSI's priority areas. The Bill also clearly distinguishes CBSI's functions from its objectives.⁶

Primary objective

2.7 The primary objective of CBSI is to achieve and to maintain domestic price stability.⁷

...this means that the bank will focus on price stability, which means inflation, exchange rates, interest rates, which are all price indicators and the stability of these are critical. It makes monetary policy more focused in terms of the primary objective of the Bill.⁸

Secondary objective

2.8 The secondary objective of CBSI is to foster and maintain a stable financial system.⁹ A stable financial system is essential for a country to function economically.¹⁰ In its written submission to the inquiry, the Economic Association Solomon Islands (hereinafter 'EASI') submitted that –

The bill would allow CBSI to clearly implement its core roles in the economy that being monetary policy and financial stability. To ordinary people, it translates to ensuring that severe price fluctuations are minimized, and assures people that their money in the banks and the financial system is safe. EASI believes that the specific mandate in the bill to ensure price stability provides CBSI a great responsibility to act in the interest of the economy and people of this country.¹¹

⁶ Section 9, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

⁷ Section 8(1), *Ibid*.

⁸ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.7.

⁹ Section 8(2), *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

¹⁰ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.7.

¹¹ Submission No.3.

Tertiary objective

2.9 The third priority area of CBSI is to support the general economic policies of the Government.¹² This –

...ensures that the government and the Central Bank will have to work together so that all the general economic policies of the government will be supported by the Central Bank.¹³

2.10 When asked what the CBSI envisages as supporting governmental economic policies, the Governor of CBSI responded –

I believe as a Central Bank of a developing economy of a developing country we have a role to play in promoting but also regulating. It is a balancing act on which side you focus more on. It is a balancing act. But the new bill accommodates that conversation, for example, I mentioned the financial inclusion area and the Deputy Governor mentioned the payment system. The new bill allows the Central Bank to be involved in the developmental role in ensuring, for example, mobile banking access to finance is facilitated.¹⁴

2.11 The Committee notes the declining role of the developmental role of CBSI and the government in facilitating credit facilities and schemes that is accessible to ordinary citizens. The Committee is of the view that instead of opting for foreign investors to take advantage of available excess liquidity¹⁵, excess liquidity should be made available to ordinary citizens through credit facilities and schemes.

2.12 The Permanent Secretary (hereinafter 'PS') for the Ministry of Commerce, Industries, and Labour (hereinafter 'MoCIL') was asked what mechanisms the government has in place to facilitate ordinary Solomon Islanders access schemes such as credit facilities. In his response the PS explained to the

¹² Section 8(3), *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

¹³ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.7.

¹⁴ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.16.

¹⁵ Cash held by a bank above the usual requirement for that bank
http://www.investorwords.com/9620/excess_liquidity.html

Committee that at the moment there is no mechanism in place to facilitate access to credit.¹⁶ What the Ministry has in place is only training facilities to assist Small and Medium Enterprises (hereinafter 'SME') set up small to medium enterprises.¹⁷

2.13 In addition, the Director for Business, MoCIL, stated to the Committee that since 2009 MoCIL have been undergoing research and training programs in all fifty constituencies on how to start and manage small scale enterprises. Reports pertaining to that research are now near completion and will be made available to the public upon completion.¹⁸

2.14 The Committee noted that one of the main obstacles in accessing credit or credit facilities is the notion of 'bankable project'¹⁹. Because of the heavy requirements by financial institution lender to secure credit schemes, ordinary citizens find it difficult to obtain credit from the banks especially. This leads to more excess liquidity.

2.15 The MoCIL was asked what measures it adopts to assist ordinary citizens obtain bankable projects. The Director for Business stated that it is the intention of MoCIL to establish a SME hub in each constituency. In fact, in 2011 a SME hub was established in Honiara to assist the private sectors in obtaining bankable projects. So far progress looks promising as more loan proposals have been endorsed through the assistance with the SME hub. However, the SME hub was suspended due to misunderstanding with the Ministry of Finance and Treasury.²⁰

2.16 In addition, the Director of Business elaborated that thirty-four SME hubs have been established in some of the constituencies. It is the intention of the MoCIL to establish SME hubs in all fifty constituencies.²¹

¹⁶ Hence Vaekesa, *Hansard Audio Recording*, 8th November 2012.

¹⁷ *Ibid.*

¹⁸ Joseph Heroau, *Hansard Audio Recording*, 8th November 2012.

¹⁹ Project or proposal that has sufficient collateral, future cashflow, and high probability of success, to be acceptable to institutional lenders for financing.

<http://www.businessdictionary.com/definition/bankable.html>

²⁰ Joseph Heroau, *Hansard Audio Recording*, 8th November 2012.

²¹ *Ibid.*

Recommendation: That the Ministry of Commerce, Industries, & Labour, and the Ministry of Finance & Treasury develop, maintain and effectively implement mechanisms to facilitate access to credit and credit facilities throughout the country in accordance to governmental economic policies.

Autonomy

2.17 The Bill further provides for functional and institutional duties and powers, in particular giving the CBSI certain extent of autonomy and accountability in its operation. In his opening statement, the representative from the Ministry of Finance and Treasury (hereinafter 'MoFT') stated that –

...the revised CBSI Act increases the level of autonomy across the wide array of CBSI functions and creatures that includes institutional, functional, financial and personal as well. For example, on institutional autonomy, the reform of the CBSI Act will remove the Minister of Finance's discretionary powers - the Minister will have little influence or no engagement in its affairs, in particular the decision making process of the CBSI in relation to its own roles and responsibilities.²²

2.18 The CBSI, both as a legal entity and a public body, prohibits seeking or taking instructions from any persons including government entities.²³ Furthermore, this provision obliges those persons and entities to refrain from influencing the CBSI, members of the decision making bodies and staff.

Appointment

2.19 In addition, under the current Act, the Governor-General appoints the Governor on the recommendation of the Minister of Finance after consulting the Cabinet. The Minister of Finance, in consultation with the Governor, appoints the Deputy Governor and other Directors of the Board.²⁴

²² Selwyn Takana, *Hansard Transcript*, 7th November 2012, p.13-14.

²³ Section 7, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

²⁴ Section 7, *Central Bank of Solomon Islands Act* [Cap.49].

2.20 Under the Bill, the Governor is appointed by the Governor-General on the recommendation of the Cabinet after consultation with the Minister of Finance who is expected to consult the Board prior to making such recommendations.²⁵

2.21 The Deputy Governor is appointed by the Minister with the approval of the Cabinet. The Governor recommends such appointment after consulting the Board of Directors.²⁶

2.22 When asked why the Cabinet is involved in the appointment and consultation process, the Governor of the CBSI maintains that a decision by the Cabinet should reflect a collective decision rather than entrusting it all on the Minister of Finance.²⁷

Accountability to Parliament

2.23 The Bill requires the Governor of the CBSI, at the request of the Parliament or at his or her own initiative, be heard by the Parliament or its committees concerning monetary policy, financial systems and the state of the economy.²⁸

2.24 The Committee notes the intention to achieve a certain degree of autonomy and accountability in the appointment and consultation processes. This has been obscure in the current Act.

²⁵ Section 41, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

²⁶ *Ibid.*

²⁷ Denton Rarawa, *Hansard Audio Recording*, 7th November 2012.

²⁸ Section 32, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*.

Chapter 3 Other features of the Bill

Lender of last resort

3.1 The Bill makes provision for emergency liquidity assistance and the main terms and conditions of the lender of last resort operations. It provides that the emergency liquidity assistance may be granted by CBSI to improve bank's liquidity periods not exceeding ninety calendar days that may be renewed based on a program of specific measures for the bank in question. Such assistance is only given to solvent banks and based on adequate collateral and is determined with regard to the necessity to preserve the stability of the financial system.²⁹

3.2 The Governor of the CBSI stated that –

In the current Act this is not fully catered for, so luckily for example the global financial crisis that we went through, luckily none of our financial institutions got into problem otherwise the current bill would not have been able to sort a major problem if that ever happens. This new bill now accommodates that and introduces a scheme or a facility to deal with financial institutions so that we continue to preserve the financial system, which is the second objective of this bill. This is a major change or a new feature of the bill as it allows the bank to have this scheme or lender of last resort, which is the traditional role of the Central Bank, but in the current act, had we had major problems we would not used the current Act to address that and so now it is being accommodated.³⁰

3.3 The Committee noted that this provision is an essential function of the CBSI. Hence, by devoting a clause to it under the Bill, it clearly and expressly provides for this function, leaving no room for doubt.

Exchange rate regime

3.4 Another new feature in the Bill is the exchange rate regime.

²⁹ Section 15, *Ibid.*

³⁰ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.8.

In the new bill, the Minister or the Government will set the exchange rate regime. Regime here, for example, would be if we want to float the Solomon Islands dollar then that would be the government's responsibility. Or if we want to peg it to a basket of currencies, then that is a regime issue. Or if we want to peg it to the USA dollar then that is a regime question and in the new bill it is the responsibility of the government.³¹

Statistics and information

3.5 The Bill empowers the CBSI to collect, compile, analyse and publish statistics and information relating to its functions as well as imposing administrative fines for failing to provide statistical information when required.³²

3.6 The Governor of CBSI explained that –

The new bill just gives additional powers to the Central Bank to request information from individual companies. At the moment, while we are doing this, people are responding or providing information maybe because of goodwill because they see the importance of providing this information to the bank so that it comes out in reports. But this new bill now gives the Central Bank more powers to request and if someone or an individual or an organization fails to comply to provide information, at least we have some powers where we can penalize those people or find them or whatever. In this way it helps our work so that people do not just depend on goodwill or we do not just depend on goodwill but at least we have some teeth that we can use to request information.³³

3.7 In addition, the EASI submits that –

The statistical requirements in clause 30 and 31 are important. This is because accurate, timely and comprehensive statistics are key ingredients in any policy and decision making capability of any organization, be it the Bank, government, and companies. That is why we believe that the statistical provisions will aid the Bank to better monitor the economy so that it could come up with the appropriate policy response measures.

³¹ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.8-9.

³² Sections 30 and 31, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*

³³ Denton Rarawa, *Hansard Transcript*, 7th November 2012, p.9-10.

Auditing

- 3.8** The Bill provides for both internal and external auditing of the CBSI's accounts, records and financial statements annually.³⁴ The Board, on the recommendation of the Governor of CBSI, is empowered to appoint an auditor whether internal or external. In the former, the Board also defines the scope and terms and conditions of the internal audit in accordance with the audit charter of CBSI. As for external auditing, the Auditor-General may audit CBSI's accounts, records and financial statements, or an external firm appointed by the Board in consultation with the Auditor-General.
- 3.9** The Auditor-General submitted that Clause 60(1), (3) and (4) of the Bill contradicts Section 108(3) of the Constitution.³⁵ In his view, the Constitution empowers the Auditor-General, or any person authorised by him in that behalf, to audit and report annually the accounts of the government and public entities.
- 3.10** The Auditor-General submitted that subclause (1) is unconstitutional to the extent that the Board is empowered to appoint an external auditor in consultation with the Auditor-General. The Auditor-General submits that by virtue of s.108 (3) of the Constitution, the power to appoint an external auditor is vested in the Auditor-General after consulting with the Board, and not the Board in consultation with the Auditor-General.
- 3.11** The Auditor-General also submitted that the power to dismiss the external auditor is vested in the Auditor-General in consultation with the Board, and not the other way around as captured in subclause (4).
- 3.12** The Auditor-General proposed that to comply with s.108 (3) of the Constitution, Clause 60(1), (3), and (4) must be amended.
- 3.13** The same view is shared by the representative of the Solomon Islands National Provident Fund.³⁶

³⁴ Section 59-60, *Central Bank of Solomon Islands (Amendment) Bill 2012 (No.7 of 2012)*

³⁵ Submission No.1.

³⁶ Michael Wate, *Hansard Audio*, 8th November 2012.

Recommendation: That the Clauses 60(1), (3) and (4) of the Bill is amended to comply with section 108(3) of the Constitution.

Chapter 4 Conclusion

- 4.2** The Committee is of the view that the Bill was drafted in a manner that it clarifies many of the aspects that is obscure in the current Act. The Bill is easy to read and convenient for the reader to navigate through the Bill.
- 4.3** The Committee noted that the new provisions under the Bill also seek to further clarify the objectives of the CBSI and the priority areas the Bill intends to achieve.
- 4.4** The Committee noted that the new provisions under the Bill also seek to further clarify the objectives of the CBSI and the priority areas the Bill intends to achieve.
- 4.5** The Committee also noted that essential institutional and functional powers are clearly provided for by the Bill.
- 4.6** The Committee also noted that the Bill seek to achieve certain degree of autonomy removing the likelihood of external interferences.

Recommendation: That the government through the responsible Ministries effectively implement its economic and fiscal policies in partnership with the Central Bank of Solomon Islands.

Appendix 1 - Functions of the Bills and Legislation Committee

71. BILLS AND LEGISLATION COMMITTEE

LN 23/1995

There shall be a Standing Select Committee designated the Bills and Legislation Committee whose functions, in addition to the provisions of orders 50 and 55, shall be to –

- (a) examine such matters as may be referred to it by Parliament or the Government;
- (b) review all draft legislation prepared for introduction into Parliament;
- (c) examine all subsidiary legislation made under any Act so as to ensure compliance with the Acts under which they are made; (d) monitor all motions adopted by Parliament which require legislative action;
- (e) review current or proposed legislative measures to the extent it deems necessary;
- (f) examine such other matters in relation to legislation that, in the opinion of the Committee, require examination; and
- (g) make a written report to each meeting of Parliament containing the observations and recommendations arising from the Committee's deliberations.

Appendix 2 - List of participants

The Committee acknowledges and appreciates the attendance of the following witnesses who appeared before the Committee on the 7th, 8th, and 12th of November 2012.

NAME	ORGANISATION
1. Mr. Denton Rarawa, Governor 2. Mr. Gaine Simbe, Deputy Governor 3. Sonia Marahare, Legal Advisor	Central Bank of Solomon Islands
4. Mr. Ranjit Hewegama, Legal Draftsman 5. Mr. Anthony Makambo, Assistant Legal Draftsman	The Attorney-General Chambers
6. Mr. Selwyn Takana	Ministry of Finance and Treasury
7. Mr. Hence Vaekesa, Permanent Secretary 8. Mr. Joseph Heroau, Director of Business 9. John Kakadi, Director Industry 10. Cornelius Donga, Director Internal Trade 11. Derrick Aihari, Director FID	Ministry of Commerce, Industries, and Labour
12. Mr. Edward Ronia, Auditor General 13. Mr. Robert Cohen, Deputy Auditor General	Office of the Auditor-General
14. Mr. Michael Wate	Solomon Islands National Provident Fund Economic Association of Solomon Islands
15. Donald Kiriau	Economic Association of Solomon Islands
16. Mr. Mark Corcoran, Country Manager	Bank South Pacific

Appendix 3 List of submissions

Submission No.	Author
1	Edward Ronia, Auditor General, Office of the Auditor-General
2	Edward Ronia, Auditor General, Office of the Auditor-General
3	Michael Wate, Chairman, Economic Association of Solomon Islands

Appendix 4 Minute- Committee deliberation



BILLS AND LEGISLATION COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of the deliberative meeting into the 'Central Bank of Solomon Islands Bill 2012'

Meeting No 1: Deliberative Meeting

Monday 5th November 2012

Conference Room II, Parliament House, 10:00am.

1. Members Present

Hon. Manasseh D. Sogavare (Chairman)

Hon. Dr. Derek Sikua

Hon. Milner Tozaka

Hon. Sam Iduri

Hon. James Tora

Hon. John Maneniaru

Hon. Douglas Ete

Apologies

Hon. Mathew Cooper Wale

Secretariat

Mr Jefferson Hallu, Committee Secretariat

Mr Wilson Anii, Committee Secretariat

Ms Alice Willy, Committee Secretariat

2. Prayer and Chair's Opening Remarks

The Chairman invited Hon. Milner Tozaka to say the opening prayer.

The Chair made opening remarks and welcomed Members. He then invited the Committee Secretariat to brief members on the Bill.

3. 'Central Bank of Solomon Islands Bill 2012'

The Committee Secretariat provided a brief on the Bill and a proposed list of stake holders for the inquiry into the Bill. Committee members were asked to make

comments on what approach to take for the inquiry. The Chair then invited Committee members to comment on the proposed list of stake holders.

During discussions Committee members resolved that;

Policy of the Bill

- 1) The Central Bank of Solomon Islands, the Ministry of Finance & Treasury and the Attorney Generals Legal Drafting Dept to make first appearance before the Committee to explain the terms used and the policy behind the drafting of the Bill.

Written Submissions

- 2) Stake holders be asked to make written submissions before appearing before the Committee so that relevant questions can be formulated.

Other Financial Institutions (Non-bank)

- 3) Other non- bank financial Institutions be invited to make appearance to present their view on the Bill.

Explanatory notes on the Bill

- 4) The explanatory note with the Bill is not adequate and there is need for a Brief from CBSI to explain the current Act and the Bill.

Need for Legislative programme of the Gov't

- 5) There is great need for the Government to formulate a Legislative programme in submitting its' Bills to the Committee. A Legislative Calender be drawn up to avoid last minute submissions of Bills to the Committee for scrutiny. Committee members feel that adequate time should be given to the Committee to carry out its' oversight role properly.

Panel presentations

- 6) Stake holders with similar nature of business be grouped to appear and express their view on the Bill before the Committee.

4. Resolutions

The Committee resolved that;

- 1) The Stake holders involved in the formulation of the Bill be invited to make first appearance before the Committee to present the policy behind the Bill.
- 2) Written submissions be sought from relevant stake holders before appearance before the Committee.
- 3) A brief be sought from CBSI to clarify the current Act and the Bill.
- 4) The Committee be given adequate time to scrutinize Bills and to perform its' oversight role properly.
- 5) The Executive Government must formulate its' legislative programme and come up with a Legislative Calender.

5. Close

Closing prayer by Hon. John Maneniaru

Meeting closed at 10:39am.

Appendix 5 – Minutes-Hearing-Day 1



BILLS AND LEGISLATION COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTES OF PROCEEDINGS INTO THE 'CENTRAL BANK OF SOLOMON ISLANDS BILL 2012'

Meeting No 2: Public Hearing

Wednesday 7th November 2012

Conference Room 2, Parliament House 10:00am

Members Present

Hon. Manasseh Sogavare, MP (Chair)

Hon. James Tora, MP

Hon. Milner Tozaka, MP

Hon. John Maneniaru, MP

Members Absent

Hon. Sam Iduri, MP

Hon. Douglas Ete, MP

Hon. Mathew Wale, MP

Hon. Derek Sikua, MP

Stakeholders (Witnesses)

Mr Denton Rarawa- Governor, Central Bank of Solomon Islands

Mr Gaine Simbe- Deputy Governor, Central bank of Solomon Islands

Mrs Sonia Marahare- Legal, Central Bank of Solomon Islands

Mr Selwyn Takana- Director, Economic Reform Unit, Ministry of Finance & Treasury

Mr David Cavanaugh- Advisor, Ministry of Finance & Treasury

Ms Sandy Iro- Analyst, Economic reform Unit, Ministry of Finance & Treasury

Mr Ranjit Hewagama- Legal Draftsman, Attorney General Chamber

Mr Anthony Makabo- Legal Draftsman, Attorney Generals Chamber

Secretariat

Mr Jefferson Hallu, Committee Secretary

Mr Wilson Anii, Committee Secretary

In-attendance

Liam Sau- Hansard Dept

1. Welcome & Opening Statement

Chairman acknowledges and thanked the stakeholders for their commitment to appear before the committee for the first public hearing into the 'Central Bank of Solomon Islands Bill 2012'.

2. Hearing into the 'Central Bank of Solomon Islands Bill 2012'

The Chairman made a brief opening statement and invited the stakeholders to make opening statements to the Committee on the Bill.

Stakeholders (witnesses) made opening statements to their position on the Bill as follows;

1. Governor of Central Bank
2. Director Economic Reform Unit-Ministry of Finance & Treasury
3. Legal Draftsman-Attorney Generals Chamber

The Committee questioned, made comments and seek clarification from the stakeholders on the different issues covered in the Bill.

The evidence concluded and the Chair thanked the stakeholders for their attendance.

3. Closing

The hearing closed at 1:00pm.

Appendix 6 – Minute – Hearing- Day 2



BILLS AND LEGISLATION COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTES OF PROCEEDINGS INTO THE 'CENTRAL BANK OF SOLOMON ISLANDS BILL 2012'

Meeting No 3: Public Hearing

Thursday 8th November 2012

Conference Room 2, Parliament House 2:00pm

Members Present

Hon. Manasseh Sogavare, MP (Chair)

Hon. James Tora, MP

Hon. Milner Tozaka, MP

Hon. John Maneniaru, MP

Hon. Douglas Ete, MP

Hon. Derek Sikua, MP

Members Absent

Hon. Sam Iduri, MP

Hon. Mathew Wale, MP

Stakeholders (Witnesses)

Mr Hence Vaekesa- Permanent Secretary, Ministry of Commerce, Industries Labour & Immigration (MCILI)

Mr Joseph Heroau- Director, Business, MCILI

Mr Derick Aihari- Director, Foreign Investment Division, MCILI

Mr Cornelius Donga- Director, Internal Trade, MCILI

Mr John Kakadi- Director, Industries, MCILI

Mr Edward Ronia- Auditor General, Office of the Auditor General (OAG)

Mr Robert Cohen- Deputy Auditor General, OAG

Mr Mike Wate- Chief Executive Officer, National Provident Fund (NPF)

-Chairman, Economic Association of Solomon Islands (EASI)

Mr Donald Kiriau- Secretary, EASI

Secretariat

Mr Jefferson Hallu, Committee Secretary

Mr Wilson Anii, Committee Secretary

In-attendance

Liam Sau- Hansard Dept

Lawrence Scott- Media Dept

4. Welcome & Opening Statement

Chairman acknowledges and thanked the stakeholders for their commitment to appear before the committee for the second public hearing into the 'Central Bank of Solomon Islands Bill 2012'.

5. Hearing into the 'Central Bank of Solomon Islands Bill 2012'

The Chairman made a brief opening statement and invited the stakeholders to make opening statements to the Committee on the Bill.

The Chair acknowledged and thanked the Auditor General for submitting a written submission before the hearing.

Stakeholders (witnesses) made opening statements to their position on the Bill as follows;

4. Auditor General- Office of the Auditor General
5. Permanent Secretary- Ministry of Commerce
6. CEO- NPF & Chairman- EASI

The Committee questioned, made comments and seek clarification from the stakeholders on the different issues covered in the Bill.

The evidence concluded and the Chair thanked the stakeholders for their attendance.

6. Closing

The hearing closed at 4:00pm.

Appendix 7 – Minute – Hearing – Day 3



BILLS AND LEGISLATION COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTES OF PROCEEDINGS INTO THE 'CENTRAL BANK OF SOLOMON ISLANDS BILL 2012'

Meeting No 4 : Public Hearing
Monday 12th November 2012
Conference Room 2, Parliament House, 10:07am

Members Present

Hon. Manasseh Sogavare, MP (Chair)
Hon. Milner Tozaka, MP
Hon. John Maneniaru, MP
Hon. Douglas Ete, MP

Members Absent

Hon. Sam Iduri, MP
Hon. Mathew Wale, MP
Hon. James Tora, MP
Hon. Dr Derek Sikua, MP

Stakeholder (Witness)

Mr Mark Corcoran- Country Manager, Bank of the South Pacific (BSP)

Secretariat

Mr Jefferson Hallu, Committee Secretary
Mr Wilson Anii, Committee Secretary

In-attendance

Liam Sau- Hansard Dept
Lawrence Scott- Media Dept

7. Welcome & Opening Statement

Chairman acknowledges and thanked the BSP Country Manager for responding to the invitation to appear before the committee for the third public hearing into the 'Central Bank of Solomon Islands Bill 2012'.

8. Hearing into the 'Central Bank of Solomon Islands Bill 2012'

The Chairman made a brief opening statement and invited the BSP Country Manager to make an opening statement to the Committee on the Bill.

BSP Country Manager presented his opening statement.

The Committee questioned, made comments and seek clarification from the BSP Country Manager on the different issues covered in the Bill.

The evidence concluded and the Chair thanked the BSP Country Manager for his attendance.

9. Closing

The hearing closed at 10:49am.