



National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

Report on the 2015 Appropriation Bill 2015



NP-Paper No. 5/2015

Presented on 8th April 2015

National Parliament Office

COMMITTEE MEMBERSHIP

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

Hon. Rick Houenipwela, MP (Chairman)

Hon. Jeremiah Manele, MP

Hon. Matthew C. Wale, MP

Hon. Connelly Sandakabatu, MP

Hon. Derrick Manu'ari, MP

Hon. Nestor Giro, MP

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COMMITTEE FUNCTIONS

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

- (a) examine the accounts prescribed by Section 77 of the Public Financial Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) examine such other accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon and to report the results of such examination to Parliament;
- (d) summon any public officer to give information on any explanation, or to produce any records or documents which the Committee may require in the performance of its duties;
- (e) consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
- (f) summon and examine the Accounting Officers and Technical staff of Ministries and Departments and require the production of background information and explanation in relation to Draft Estimates;
- (g) report to Parliament in such a way that the report may inform Members prior to the Parliamentary debate thereon of the background to the Draft Estimates draw attention to those matters which the Committee feels should be the subject for such Parliamentary debate; and
- (h) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.


¹ Section 62, *Constitution of Solomon Islands* 1978.

CHAIR'S FOREWORD

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

Mr. Speaker,

Pursuant to Standing Orders No. 69 (1) [e] of the National Parliament of Solomon Islands, it is an honour and pleasure for me Sir, to present the Report of the Public Accounts Committee of the Inquiry into the 2015 Appropriation Bill 2015 for laying before Parliament.

A handwritten signature in black ink, appearing to read "R. S. Houenipwela". The signature is written in a cursive style with a horizontal line underneath the name.

Honourable Rick Houenipwela, MP

Chairman

Public Accounts Committee

April 8th, 2015

1.0 BACKGROUND TO REPORT

1.1 Introduction

The National Parliament is the independent law making arm of government to which the Executive is accountable to. The Parliament is also the only institution vested with the power to authorize the allocation of public monies through the annual appropriation Acts. The Parliament also performs many of its oversight functions through its Standing Committees. The Public Accounts Committee (the "Committee") is one of these Committees and is given the power to examine the annual Draft Estimates budgets prior to their tabling before Parliament.

This Report outlines the findings of the Committee's examination of the 2015 Appropriation Bill 2015 that comprise the Recurrent and Development Estimates, the proposed recurrent Establishment Register and the related documents supporting the formulation of the Estimates.

In compliance with the Standing Orders, this Report has been prepared for the information of Parliament Members to assist them in their debate on the Bill. It aims to draw to the attention of the Members of Parliament those matters, which the Public Accounts Committee has identified through questioning of the representatives of the Financial Institutions and senior public officers.

The Committee wishes to put on record its appreciation to the representatives of Central Bank of Solomon Islands (CBSI), the World Bank (WB), Asian Development Bank (ABD), the State Owned Enterprises (SOEs) – Solomon Airlines, and Commodity Export Marketing Authority (CEMA) and the Permanent Secretaries (PS) of various Ministries who came before the Committee. Accounting officers of the Office of the Governor General and the Office of the Auditor General were requested to make a submission on their appropriation.

The Committee also wishes to put on record its disappointment on the following Ministries for not supplying the relevant documents requested as of the time of printing of this Report: the Accounting Officers for the Ministry of Civil Aviation (Generic Template 2015), the Ministry of Culture & Tourism (Generic Template) and the Ministry of Forests & Research (Documents on trees data for KFPL and Eagon Company as promised). Furthermore, the Committee is disappointed with the

Solomon Islands Ports Authority representatives for failing to appear before the Committee when requested.

1.2 Scope of this Report

Under Standing Order 69, the Committee is responsible to:

- (f) summon and examine the Accounting Officers and technical staff of Ministries and Departments and require the production of background information and explanation in relation to draft estimates;
- (g) report to Parliament in such a way that the report may inform Members prior to Parliamentary debate thereon of the background to the Draft Estimates and draw attention to those matters which the Committee feels should be the subject of such Parliamentary debate; and
- (i) make recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

In exercising these functions the Committee seeks to establish whether:

- past budget performances were taken into consideration in developing the draft estimates;
- the draft estimates encompass the stated Government policies and that these policies are sound and have been designed and/or formulated based on relevant and appropriate information; and
- the draft estimates are feasible, practical and would ensure the achievement of those policies.

1.3 Methodology

The 2015 Appropriation Bill 2015 was received by the Speaker of Parliament on Sunday 22nd of March 2015 and certified it on the same day.

The Committee interviewed and sought views from PSs, Undersecretaries (USs), Chief Accounting Officers (CAOs) and other senior officials who are responsible for the development and implementation of the draft estimates. The Committee also obtained reviewed and relevant documents submitted by officials of the Ministries which pertain to the development of the 2015 Draft Estimates.

2.0 REVIEW OF 2015 BUDGET

Introduction

Firstly, the Committee would like to congratulate the Democratic Coalition for Change Government for handing down a Budget which focuses on all Solomon Islanders – both in urban and rural constituencies – and aims to provide an enabling environment for more people to participate in the economic growth of the country that has been the case in the past.

The \$4 billion 2015 Budget is the largest ever to be handed down by a Solomon Islands Government and the Committee was concerned over the proposed access to saved reserves of almost half a billion dollars and the decision not to put any reserve funds aside during the year as is normal practice for debt servicing - particularly as the Ministry of Finance and Treasury (MFT) had identified a number of risks to revenue such as closure of the Gold Ridge Mine and the ever impending exhaustion of timber exports.

Nevertheless, in analysing the Budget to see how many reforms would be funded, the Committee found that there was very little that goes to the reforms per se – it is in fact a very big budget to fund the same projects again.

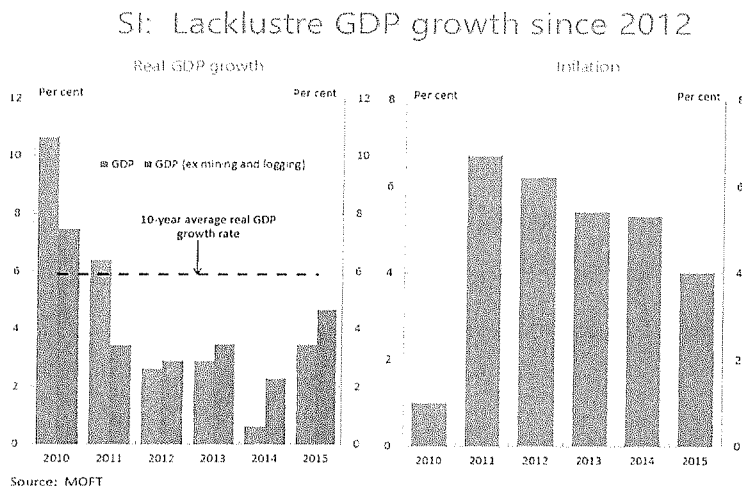
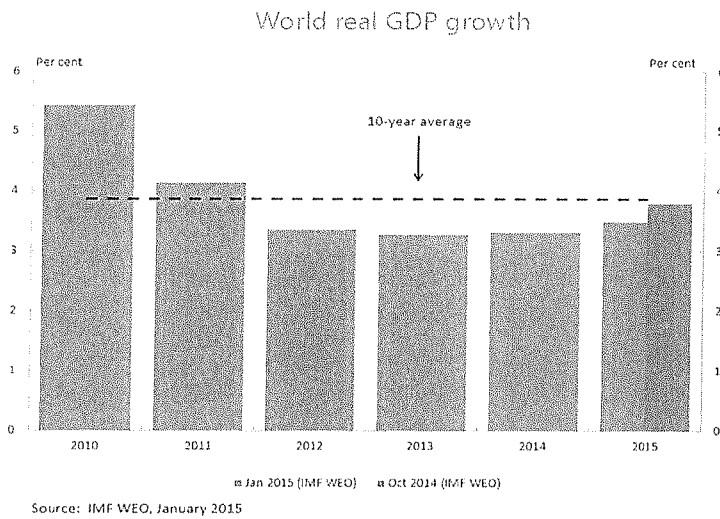
Another feature of the Budget concerning the Committee is that it will not be able to fund capital works until very late in April or beginning of May 2015 and a lot of these capital works are yet in conceptual stage. This means that there are still some six months of planning, designing, identifying suitable locations and acquiring land, before contracting any works out to contractors which will bring us to the end of the fiscal year. The full force of the Budget is most likely not to be felt until the 2016 fiscal year which will be the subject of a subsequent Budget.

The real risk identified by the Committee is not so much in whether or not there will be sufficient funding to implement the Budget, but that there will be a scramble to spend capital works monies without following due process or undertaking proper planning to ensure that the funded programs and activities will be value for money and work effectively to generate the outcomes intended by the Budget.

Risks to Revenue - lack of economic growth prospects

The Government has identified a number of factors which helped shape the Budget. A key factor is that the Solomon Islands has an investment environment that is not conducive to new entrants required to grow the economy.

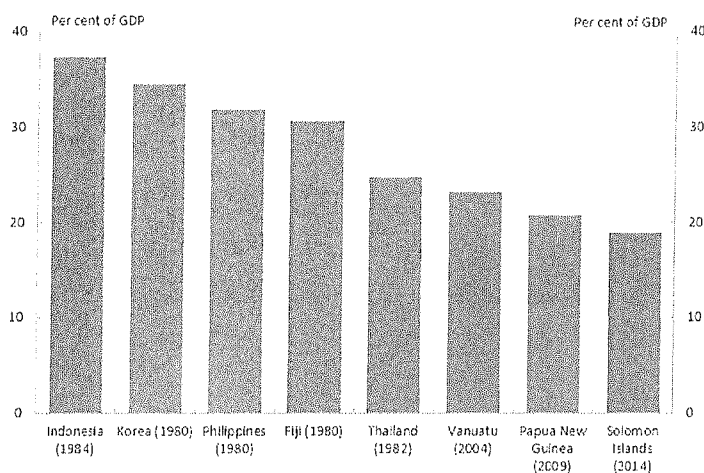
Data received from MFT shows that compared to world real GDP growth the Solomon Islands is not performing so well and is barely keeping pace with domestic inflation.



When rates of investment in Solomon Islands is compared to its neighbouring countries Solomon Islands comes off the poorest at less than 20% of GDP as shown in the following graph (source: MFT)

Investment is too low to drive the economy

Investment – per cent of GDP
(comparable stage of economic development – GDP/capita)

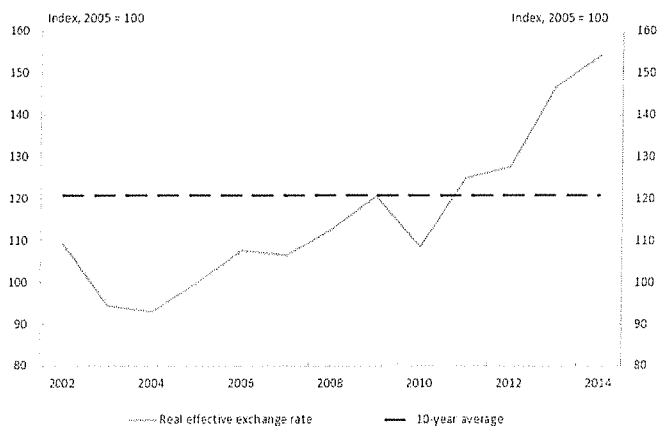


Source: IMF WEO January 2015

The MFT has undertaken an analysis of the investment environment in the Solomon Islands and identified a number of factors that discourage potential investors from entering the economy.

The Ministry has identified that Solomon Islands has a very high and overvalued exchange rate which reduces the competitiveness of its exports. The Committee heard submissions from the Central Bank of Solomon Islands which acknowledged that this was the case. However, the Bank did not have in-house procedures to better track fluctuating exchange rates or to fine tune the basket of currencies against which the exchange rate is based.

The exchange rate is substantially overvalued, reducing competitiveness

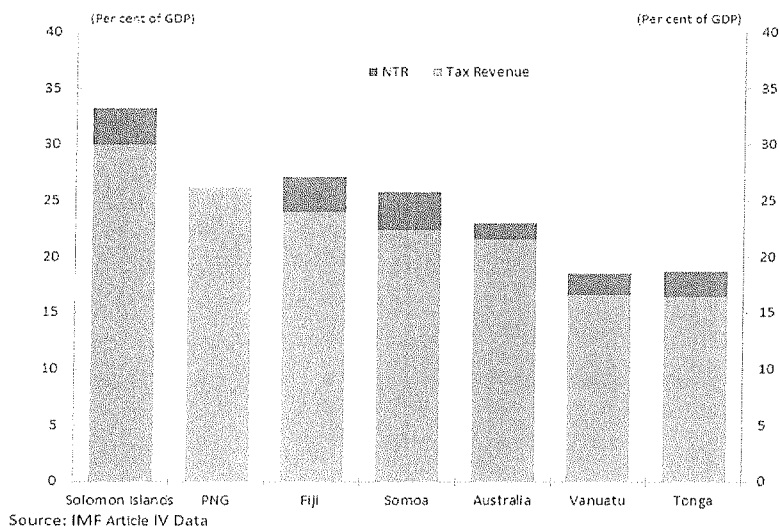


Source: IMF (2013 Article IV) and MOFT estimates

Another discouraging feature is the very high tax rates that apply in the Solomon Islands.

High Tax Burden in Solomon Islands

Domestic Source Revenue (average 2010-13)

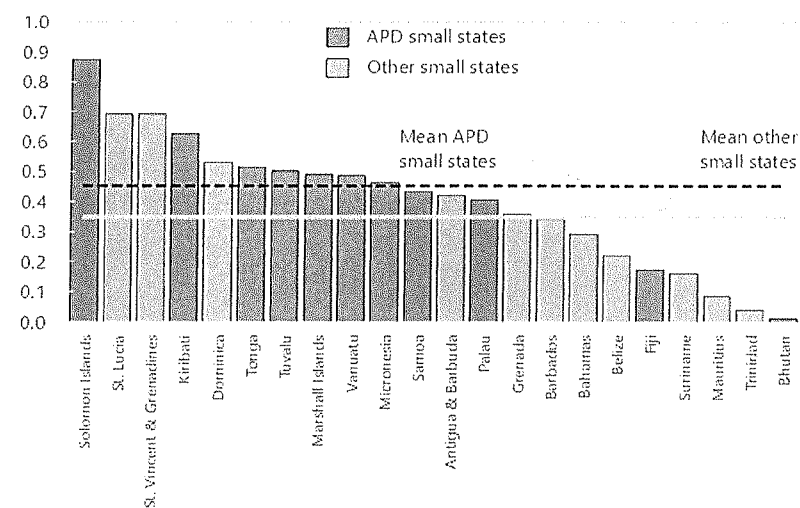


Also electricity prices are higher than any comparative neighbour.

Electricity prices are too high

Industry Electricity Tariffs

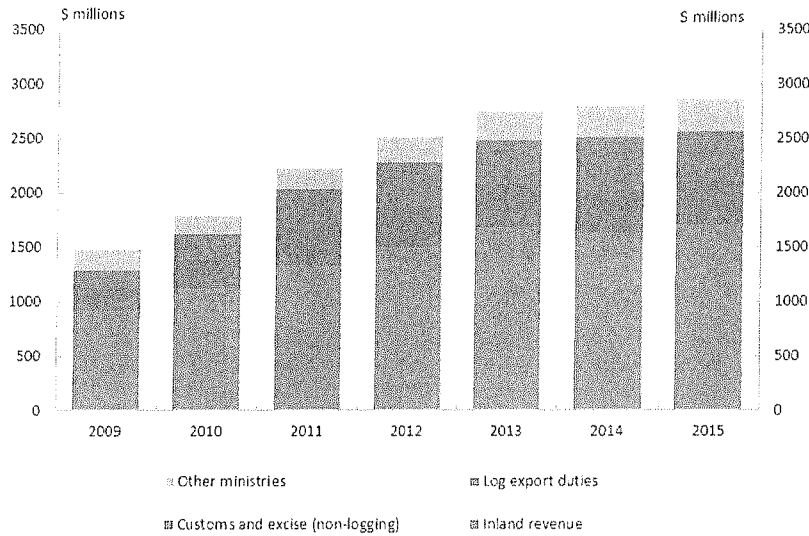
(In U.S. dollars per kWh; 2011-2013)



The outcome of these barriers to new investors is that it is difficult to grow the domestic economy. This in turn impacts on the revenue that the Government can collect, particularly in the face of an expected decline in traditional log exports and an uncertain future in replacement exports such as bauxite and nickel mining and tourism.

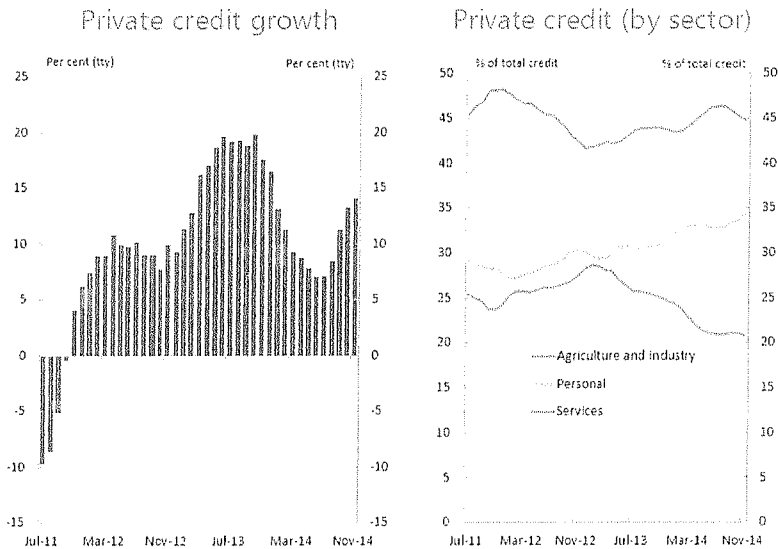
This scenario will result in a very moderate economic growth and Government revenue.

Moderate revenue growth reflects modest economic growth



Source: MOFT

Offsetting this picture is the expected revenue raised by Goods Tax in the Budget to slightly increase from SBD660 million to SBD667.2 million. The Budget expects business investment including plant and equipment to increase in 2015 due to major donor funded projects which would be expected to contribute to this.



Source: CBSI

Risks to Revenue – long term donor support

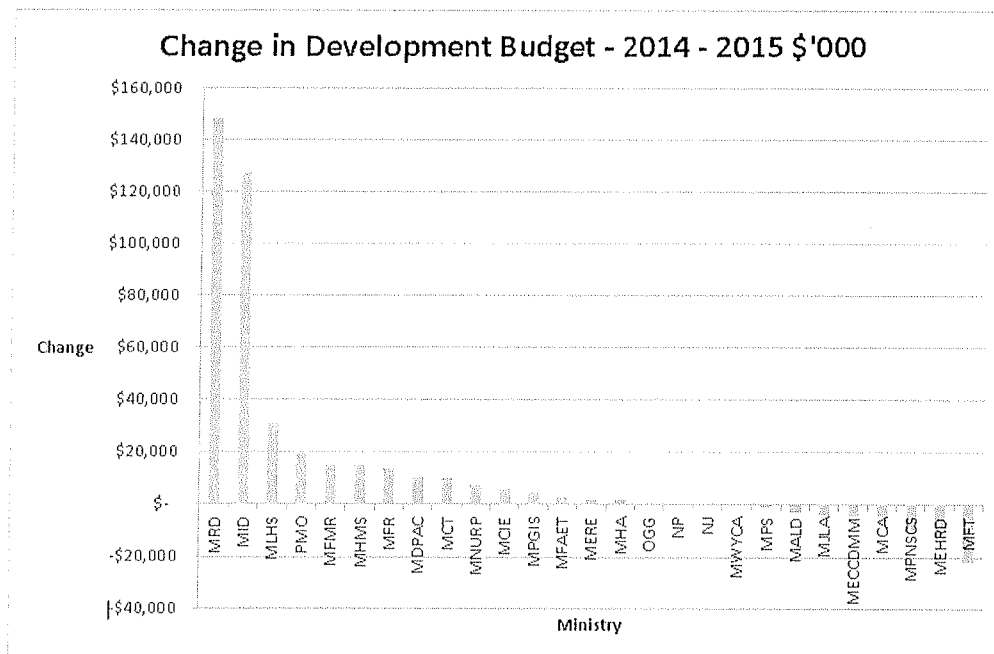
The Committee is aware that the Australian Government has been making public statements about its intention to reduce its aid program as well as investigate ways of making it more effective for the

FY2015-16. This is expected to impact less in Solomon Islands but still have an effect in the longer term.

Expenditure risks

The Committee has taken note of the constraints that are being imposed on the Recurrent Budget to ensure that overall costs are contained. However, this has come at a price where some of the key ministries do not have the resources to be able to properly oversight and manage their programs.

The Committee notes that the 'big ticket items' of expenditure are contained in the Development Budget with the Ministries of Rural Development and Infrastructure Development allocated significant increases in funding as part of the Government's focus on developing enabling infrastructure for investment at both urban and rural locations.



2015 BUDGET - CHANGE IN DEVELOPMENT BUDGET

HEAD	MINISTRY	2015	2014	DIFF	DIFF%
98	MRD	\$ 335,000	\$ 186,378	\$ 148,622	80%
77	MID	\$ 242,679	\$ 115,000	\$ 127,679	111%
85	MLHS	\$ 44,987	\$ 14,000	\$ 30,987	221%
81	PMO	\$ 25,600	\$ 6,000	\$ 19,600	327%
90	MFMR	\$ 24,990	\$ 9,740	\$ 15,250	157%
76	MHMS	\$ 41,191	\$ 26,000	\$ 15,191	58%
80	MFR	\$ 25,116	\$ 11,370	\$ 13,746	121%
86	MDPAC	\$ 12,550	\$ 2,000	\$ 10,550	528%
87	MCT	\$ 25,000	\$ 15,000	\$ 10,000	67%
94	MNURP	\$ 10,740	\$ 3,000	\$ 7,740	258%
88	MCE	\$ 12,130	\$ 6,000	\$ 6,130	102%
84	MPGIS	\$ 48,750	\$ 44,000	\$ 4,750	11%
74	MFA&ET	\$ 9,332	\$ 6,376	\$ 2,956	46%
95	MERE	\$ 24,261	\$ 22,020	\$ 2,241	10%
93	MHA	\$ 3,524	\$ 1,500	\$ 2,024	135%
75	OGG	\$ 1,000	\$ 1,000	\$ -	0%
79	NP	\$ 5,000	\$ 5,000	\$ -	0%
96	NJ	\$ 3,000	\$ 3,000	\$ -	0%
97	MWYCA	\$ 4,000	\$ 4,000	\$ -	0%
91	MPS	\$ 3,000	\$ 4,000	-\$ 1,000	-25%
70	MALD	\$ 34,245	\$ 37,043	-\$ 2,798	-8%
92	MJLA	\$ 5,100	\$ 9,000	-\$ 3,900	-43%
99	MECCDMM	\$ 14,500	\$ 18,920	-\$ 4,420	-23%
89	MCA	\$ 15,360	\$ 20,000	-\$ 4,640	-23%
83	MPNSCS	\$ 17,300	\$ 28,000	-\$ 10,700	-38%
72	MEHRD	\$ 82,000	\$ 94,000	-\$ 12,000	-13%
73	MFT	\$ 70,925	\$ 92,793	-\$ 21,868	-24%
71	OAG				
78	DEBT				
82	PENSIONS				
		\$ 1,141,280	\$ 785,140	\$ 356,140	45%

This significant increase in infrastructure funding gives rise to the Committee's concern that the impetus to spend the moneys before the end of the year will override prudent and due diligence controls to ensure that the money is well spent.

An alternative budget framework

The Committee in its hearings with the private sector also considered the alternative option of reducing taxes and barriers to private investment so that investors would drive the development of the economy rather than a much larger Government hand as described in this 2015 Budget. By lowering taxes and reducing Government involvement in infrastructure and investment planning, a similar result may occur without the need for such large budgets.

3.0 COMMITTEE DELIBERATIONS

70 MINISTRY OF AGRICULTURE & LIVESTOCK DEVELOPMENT

Mission statement

To promote, improve and lead agriculture development in the Solomon Islands to a profitable and environmentally sustainable future, being the premier provider of information, research, extension, education, regulatory, and other services to improve the agriculture sector.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 5,982,476	\$ 7,234,176	-\$ 1,251,700
<i>Expenditure</i>			
Payroll	\$ 14,888,794	\$ 12,830,199	\$ 2,058,595
Other Charges	\$ 15,408,493	\$ 16,574,371	-\$ 1,165,878
	<u>\$ 30,297,287</u>	<u>\$ 29,404,570</u>	<u>\$ 892,717</u>

Budget Support			
<i>Income</i>	\$ -	\$ 26,119	-\$ 26,119
<i>Expenditure</i>			
Payroll	\$ -	\$ 112,869	-\$ 112,869
Other Charges	\$ -	\$ 95,494	-\$ 95,494
	<u>\$ -</u>	<u>\$ 208,363</u>	<u>-\$ 208,363</u>

* Unaudited actuals

Development Budget

Appropriated

SIG	\$ 34,244,829
Donor	\$ -
	<u>\$ 34,244,829</u>

Non-Appropriated

Australia	\$ 14,797,664	Livelihood Improvement & Export \$4,420,000; Support \$1,370,400
UNDP	\$ 630,000	Strongem Waka to Community for Kaikai
	<u>\$ 15,427,664</u>	

SIG Programs

Agriculture Livelihood Improvement & Export	\$ 3,060,800
Field Experimental Station	\$ 1,036,984
Livestock	\$ 8,420,000
Biosecurity Strengthening	\$ 2,150,000
Cocoa Industry Dev	\$ 3,870,000
Cocoa Planting/Genetic Material	\$ 550,000
Food Security	\$ 2,375,800
Honey	\$ 3,776,245
Oil Palm Security	\$ 4,005,000
Coconut Industry	\$ 5,000,000
	<u>\$ 34,244,829</u>

Program Descriptions

Program Name	Projects/Activity	Allocation
National Bio-security Strengthening Programme	<p>Improve border security from biological threats</p> <ol style="list-style-type: none"> 1. Border control 2. Quarantine Treatment 3. Quarantine Trade Facilitations and Infrastructure 4. Pest and Disease Surveillance and Control 5. Develop a Market Access and Trade Facilitation Strategy 	2,150,000
Solomon Islands Coconut Industry Support Programme	<p>Rehabilitation and development of rural coconut plantations</p> <ol style="list-style-type: none"> 1. Seed gardens in the provinces rehabilitated 2. Rehabilitation and establishment of coconut based farming system 3. Processing and value adding activities established 4. Improved surveillance for possible introduction of Borgia Disease 5. Coconut Secretariat is fully resourced and operational within MAL 	5,000,000
Honey in Rural Households Programme	<p>Promote and revitalize the honey sector by promoting small scale and commercial scale honey development</p> <ol style="list-style-type: none"> 1. Selection, profiling, registration and mapping of apiaries in first three provinces Malaita, Central and Rennel 2. Formation of 5 associations of honey producers 3. Purchase and distribution of Apiary inputs (tools, equipment and stock) 4. Assessment of local manufacturers of materials, tools and equipment 5. Purchase and distribution of equipment and tools to aid manufacturers 	3,776,245
Program Name	Projects/Activity	Allocation
National Bio-security Strengthening Programme	<p>Improve border security from biological threats</p> <ol style="list-style-type: none"> 1. Border control 2. Quarantine Treatment 3. Quarantine Trade Facilitations and Infrastructure 4. Pest and Disease Surveillance and Control 5. Develop a Market Access and Trade Facilitation Strategy 	2,150,000
Solomon Islands Coconut Industry Support Programme	<p>Rehabilitation and development of rural coconut plantations</p> <ol style="list-style-type: none"> 1. Seed gardens in the provinces rehabilitated 2. Rehabilitation and establishment of coconut based farming system 3. Processing and value adding activities established 4. Improved surveillance for possible introduction of Borgia Disease 5. Coconut Secretariat is fully resourced and operational within MAL 	5,000,000
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Program Name	Projects/Activity	Allocation
National Cocoa Industry Development Programme	Cocoa production, employment and income benefits for the rural population increased 1. A National Cocoa Participatory Action Research (PAR) – Integrated Pest & Disease Management (IPDM) conducted for cocoa farmers 2. Improved genetic planting material and new technologies made available to farmers 3. Cocoa industry is protected from exotic pests and diseases 4. Cocoa Secretariat fully established & operational	3,870,000
Agriculture Livelihoods Improvement and Export Based Expansion Programme	Improved Livelihoods for urban and rural communities through equal participation in development. Increase of Foreign Reserves through Export of Agricultural Products 1. Livelihoods Improvement 2. Support to Highland crop farmers. 3. Support to women and youth farmers 4. Support to Urban Farmers 5. Agriculture Export Base Expansion 6. Coffee expansion 7. Kava expansion 8. Research and development	3,060,800
National Oil Palm Development Programme	The National oil Palm programme is to establish 40,000 hectares of oil palm plantations in both large scale plantations and smallholders' plantations in Solomon Islands. 1. Auluta Oil Palm Project - Priority for 2015 2. Waisisi Oil Palm (include West Kiwaio) 3. GPPOL- Out growers - Ongoing 2015	4,005,000
		<u>34,244,830</u>

Issues of concern

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

- **High priority Budget bids not accepted** - only 30% of the Ministry's high priority activity budget bids were accepted which does not align with the priorities spelt out by the government for generating development and employment in the rural communities.
- **Diversion of staff during disasters and elections** - the Ministry's staff are diverted from their workstations during any disaster as well as during the election period in the country, resulting in incomplete projects. The Committee suggests that all ministries should contribute staff during these times.
- **Tenavatu Cattle Project** - the Ministry advised that it was unable to distribute the cattle last year due to the effect of the 2014 flash flood. This year the Ministry is preparing to distribute the cattle to the five supported small holders within Guadalcanal as part of the expansion, provided that those facilities are ready to yard cattle and funding is available to facilitate transportation.

- **Honey Project** - The Committee also queried the status of diseases within the honey industry. The Ministry advised that it was unable to conduct any disease survey for bee or other livestock subsectors due to lack of funds. The last survey on honey diseases found Asian bee and varroa mite had almost destroyed the honey industry but farmers were being trained in practices to withstand these diseases.

The 2015 allocation of \$3.78 million to revitalise rural honey industry, was based upon a number of criteria including existing activity such as Malaita and the presence of pests such as the Asian bee which need to be overcome.

- **Food Security** - the Ministry advised that food security enhancement is targeting women in the provinces with root crops and livestock. There are small projects funded by the Ministry to provide planting materials and tools. Other supported projects comprise SWOCK and PACC.
- **Coffee, Cocoa & Kava** - \$3million allocation in the Budget is to provide assistance in the form of tools and processing equipment to coffee farmers through the coffee associations, pest and disease control assistance to cocoa farmers, and processing equipment to kava farmers. The Ministry was also working closely with Ministry of Commerce to address marketing of these products.

The Committee also heard the Commodity Exports Marketing Authority (CEMA) which has been identified by the government for review and strengthening in its policy document. However, the Authority has not been involved as yet in determining the intentions of the government and the Committee looks forward to a revitalisation of the agricultural sector through the strength and operations of CEMA.

- **Oil Palm** - the Ministry advised that \$4 million allocated in the Budget is to address Waisisi, Auluta, Vagunu, East Choiseul and GPPOL out growers. The main constraint is the lack of infrastructure which is required by investors. The Waisisi nursery project is still to distribute seedlings for field planting this year and is waiting for a Malaysian advisor on oil palm who will be arriving next month for further advice. Choiseul is still under land acquisition, while GPPOL is assisting out growers through their association.

The committee also queried whether it was possible for land owners to plant with the ministry's support and sell to the central mill at GPPOL. The Ministry advised that oil palm has to land at the mill within 24 hour of harvest thus time factor is a concern hence the need for infrastructure for new plantings.

- **Ministry Office Building** - the Ministry has been offered a building owned by the SI Postal Corporation. A valuation has already been done and will cost the ministry \$5.5 million for the land and building. A centralised building is necessary to save rental costs and bring all the scattered departments into a single location thus improving coordination.
- **Slaughter houses** - the Committee also queried the status of the slaughter houses in Auki and Honiara which do not seem to be progressing. The ministry advised that despite 2013 funds being made available to complete the buildings they were still incomplete due to the issues with the contractor who is the landowner himself. The Ministry has found it too difficult to resolve and is looking at other existing facilities which may prove suitable.
- **Coconut Rhinoceros beetle** - the Ministry has only found the infestation in Honiara and is liaising with SPC for chemicals necessary to eradicate them.
- **Giant Snail** - the Ministry advises that it has the capacity but lacks the necessary funding. The ministry requires \$5 million for a continuous program for 10-15 years but instead has only been allocated \$1 million. Since 2006 the Ministry has been making submissions for the eradication program but has not received the necessary full funding to successfully complete it.
- **Agricultural Research Unit** - the Ministry needs a research unit with a proper laboratory to do soil analysis and other research but has not obtained funding for one to date.

Recommendations

The Committee recommends that:

- the Ministry review its project management arrangements to better manage its projects so that the failures such as the slaughter houses project are not repeated with the new cattle projects

- MFT improve its vetting of budget bids so that ministries which can demonstrate that they are ready to start such as this Ministry will not be penalised by being treated the same as ministries without such preparations

71 OFFICE OF THE AUDITOR GENERAL

Mission statement

To support the protection of public monies by driving continuous improvement in accountability, effectiveness, efficiency, probity, legislative compliance and accurate reporting of public sector revenue and expenditure across the Solomon Islands Public Sector, through providing a full range of professional independent audit services to the parliament, as our primary client, and to our various auditees.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 1,553,653	\$ 1,660,958	-\$ 107,305
<i>Expenditure</i>			
Payroll	\$ 2,338,542	\$ 1,632,500	\$ 706,042
Other Charges	\$ 4,554,001	\$ 4,888,347	-\$ 334,346
	<u>\$ 6,892,543</u>	<u>\$ 6,520,847</u>	<u>\$ 371,696</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
			\$ -
<i>Expenditure</i>			\$ -
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited actuals

Development Budget

Appropriated

SIG	\$ -
Donor	\$ -
	<u>\$ -</u>

Non-Appropriated

Australia	\$ -
	<u>\$ -</u>

SIG Programs

	\$ -
	<u>\$ -</u>

Program Descriptions

NIL

Issues of concern

The Committee did not interview the Office of the Auditor General due to lack of time. Matters raised by the Office of concern through their submissions included the following issues:

- **Independence of the Auditor General** - the OAG is required to meet international auditing standards including safeguarding its independence as the external auditor of the government reporting to the Parliament. The OAG's continued dependence upon the MPS for staffing decisions and the MFT for financial resources and occupancy of a building separate from the Ministry need to be addressed in the medium term. New legislation is also being drafted to codify its independence within the statutory landscape in Solomon Islands.
- **Retention of staff** - the OAG has developed its existing staff to a high level of competence and is now starting to experience staff being attracted to higher paying positions in the private sector and elsewhere. The OAG needs to restructure its establishment to ensure that it is remunerating staff to an appropriate level to retain them for longer periods and a submission will be made to the government for such a re-establishment. The recruitment of a new Auditor General is ongoing and a 2nd round of advertisements are about to be published due to lack of applications during the 1st round.

The Office also needs to upgrade its corporate services function to include an HRM and Training Officer to more efficiently manage its personnel and to institute an ongoing in – house training program for new recruits to replace the exiting staff. These positions will be included in the restructure proposal to be submitted to Government.

- **2015 Budget allocation for electricity costs** - the current budget allocation for electricity was based on faulty SIEA meter readings that commenced mid 2014 and, following an audit of its account, has resulted in arrears of some \$250,000 from 2014 plus an under-budgeting for 2015 of a further \$250,000. The Office will need to request a further \$500,000 in the 2015 Supplementary Budget to meet the full costs.

Recommendations

It is recommended that the Parliament note the developments within the Office of the Auditor General and its foreshadowed request for a further \$500,000 in the 2015 Supplementary Appropriation Bill 2015 for electricity costs.

72 MINISTRY OF EDUCATION & HUMAN RESOURCES DEVELOPMENT

Mission Statement

To promote, develop and facilitate Education and Human Resources needs of the country within the framework of the government policies and priorities, as reflected in the Policy Statement (October 2010) of the National Coalition for Reform and Advancement (NCRA) Government, the National Development Strategy, 2011-2020, the National Education Action Plan (NEAP), 2013-2015 as well as in the longer term Education Strategic Framework (ESF), 2007 - 2015.

Key Goals

Strategic Goal 1: to provide equitable access to education for all people in the Solomon Islands;

Strategic Goal 2: to improve the quality of education in the Solomon Islands;

Strategic Goal 3: to manage and monitor resources efficiently and cost-effectively.

Recurrent Budget

	2015	2014*	Change
SIG			
<i>Income</i>	\$ 2,281,505	\$ 2,267,969	\$ 13,536
<i>Expenditure</i>			
Payroll	\$ 361,695,270	\$ 368,017,618	-\$ 6,322,348
Other Charges	\$ 391,027,828	\$ 335,625,247	\$ 55,402,581
	\$ 752,723,098	\$ 703,642,865	\$ 49,080,233
			\$ -
Budget Support			
<i>Income</i>	\$ 122,266,716	\$ 60,993,700	\$ 61,273,016
			\$ -
<i>Expenditure</i>			\$ -
Payroll	\$ -	\$ 5,276,771	-\$ 5,276,771
Other Charges	\$ 122,266,716	\$ 98,019,825	\$ 24,246,891
	\$ 122,266,716	\$ 103,296,596	\$ 18,970,120

Development Budget

Appropriated

SIG	\$ 20,191,145	See below
Donor	\$ 21,000,000	EU EDF Water Supply & Sanitation
	<u>\$ 41,191,145</u>	

Non-Appropriated

		Water Supply West Choiseul \$1,107,507; Aoro Clinic \$3,360,165; Malaria Control Family Planning \$1,560,231;
Japan	\$ 11,844,000	
UNICEF	\$ 13,047,946	Family Planning \$7,389,066
UNDP	\$ 7,389,066	
Australia	\$ 29,814,700	Support
WHO	\$ 7,525,022	Support
ROC	\$ 3,375,000	Support
SPC	\$ 1,891,102	Support
	<u>\$ 74,886,836</u>	

Programs - Appropriated

Water Supply & Sanitation	\$ 21,000,000	EU
Medical Supplies & Logistics	\$ 727,271	SIG
Primary Health Care	\$ 4,504,600	SIG
Health Program Development Plan	\$ 480,000	SIG
Secondary Care Services	\$ 4,317,000	SIG
Tertiary Care Services	\$ 10,162,274	SIG
	<u>\$ 41,191,145</u>	

Development Activities

Program Name	Projects/Activity	Allocation
SICHE Transition To University Programme	<p>Transitioning SICHE into the Solomon Islands National University (SINU), so that more Solomon Islanders have easier access to the university education.</p> <ol style="list-style-type: none"> 1. Building of Standard and quality classrooms/lecture theaters 2. Developing Quality courses and programmes 3. Developing Quality teaching and learning resources and standards 4. Building Quality office and accommodation facilities 5. Beautify and Landscape physical campus environment 	60,000,000
Education infrastructure	<p>Rehabilitate, reconstruct and build new educational infrastructures</p> <ol style="list-style-type: none"> (1). Specialised Classrooms (2). Development of ICT in Schools (3). Establishment of Provincial Technical colleges (4). USP 4th Campus- Development (5). Isabel, Urususu, Rohinari Classrooms 	<p>22,000,000</p> <p><u>62,000,000</u></p>

Issues of concern

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

- **USP Campus at Doma** - the 2015 budget includes funding for the Doma campus to clear World War II ordnance from the site and conduct a topographic survey through MLHS. The budget does not include site works for SINU.
- **Teachers' employment conditions** - the Ministry has received demands from SINTA for teacher accommodation and leave fares. However, the Ministry is guided by the existing service handbook which spells out the terms and conditions which are managed by Education Authorities and who are in turn funded by the Ministry. The Ministry is working on a new approach with SINU which is intended to remove the current discrepancies and ensure that the Education Authorities will be able to pay teachers entitlements. The Ministry is also reforming the Teaching Service Division to improve teacher management. In addition, the Ministry is creating a new Education Authority Service Division to address the various issues which are under the responsibility of education authorities.
- **Tertiary scholarships management** - the Ministry advises that the current level of scholarships is unsustainable due to a Budget provision which allows Honourable Members award up to 200 scholarships outside of the National Training Unit program. The Ministry pointed out that compared to Solomon Islands neighbours, the participation rate of tertiary students is only 2% compared to other countries such as PNG with 8% and Fiji with 12% which provides great pressure for students to be provided with a tertiary education.

The Ministry also does not have legislation to manage tertiary education and is looking to update the legislation to establish a Tertiary Education Commission which will enforce minimum standards by educational institutions.

The Committee was concerned to learn that the UPNG Honiara Campus had developed a reputation for not grading its students due to management dysfunction in the local campus which does not appear to be being addressed by the UPNG.

- **Vocational skills** - the Ministry has to date followed a supply approach to its training policy but the labour market is increasingly demanding skills which in turn determine the types of training scholarships to be offered. The Ministry is redirecting the purpose of TIVET to build on what has

already been developed by donors and is becoming increasingly focused on rural, vocational and technical skills but for which the country does not have skilled instructors.

The Ministry is liaising with the Australian Government and also with SINU to look at a previous government proposal to build provincial technical colleges in some of the provinces. Studies have already been completed to select a couple of Senior High Schools for gradually transforming into such institutions.

In addition, the Ministry liaises with other line ministries and employer groups to develop an "Opportunity List" which describes the types of degrees and training in demand that will attract scholarship awards.

Recommendations

The Committee recommends that:

- the Ministry makes the establishment of the Tertiary Education Commission a high priority to ensure minimum standards of quality teaching given the number of institutions being established and the experience with the UPNG local campus
- the Ministry widen its consultations over its "Opportunity List" to ensure full views are known by employers of the types of professional, trade and other skills that are urgently required at Certificate and Diploma level

73 MINISTRY OF FINANCE & TREASURY

The Ministry of Finance and Treasury is responsible for facilitating the provision of sound advice on monetary, budget and fiscal policy to the Solomon Islands Government (SIG). Ministry services include statistics and economic management to support Government decision making processes and the implementation of good governance practice. The core tasks of the Ministry include financial reporting, revenue collection, border protection, government payments, preparing and managing the Annual Solomon Islands recurrent budget and advising the Government on a range of financial policies and economic reforms.

Mission Statement

The mission of the Ministry of Finance and Treasury is to provide leadership to the Solomon Islands Community in financial matters and deliver high quality, professional financial and economic

services to the Minister for Finance and Treasury, the Government, and other Ministries and the wider community.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 2,596,574,063	\$ 2,543,586,494	\$ 52,987,569
<i>Expenditure</i>			
Payroll	\$ 25,920,016	\$ 22,328,380	\$ 3,591,636
Other Charges	\$ 73,373,757	\$ 60,063,591	\$ 13,310,166
	<u>\$ 99,293,773</u>	<u>\$ 82,391,971</u>	<u>\$ 16,901,802</u>

Budget Support

<i>Income</i>			
Australia	\$ 53,236,325	\$ 18,283,411	\$ 34,952,914
ROC	\$ 17,000,000	\$ -	\$ 17,000,000
ADB	\$ 38,352,438	\$ -	\$ 38,352,438
World Bank	\$ 36,343,612	\$ -	\$ 36,343,612
	<u>\$ 144,932,375</u>	<u>\$ 18,283,411</u>	<u>\$ 126,648,964</u>
<i>Expenditure</i>			
Payroll	\$ -	\$ 171,881	-\$ 171,881
Equipment	\$ 39,967,049		\$ 39,967,049
Community Service Obligations	\$ 10,094,213		\$ 10,094,213
Conferences, Seminars & Workshops	\$ -		\$ -
Other**	\$ 3,175,065	\$ 4,356,538	-\$ 1,181,473
	<u>\$ 53,236,327</u>	<u>\$ 4,528,419</u>	<u>\$ 48,707,908</u>

* Unaudited Actuals

** Individual 2014 'Other' expenses not split

Development Budget

Development Budget

Appropriated

SIG	\$ 40,000,000	
Donor	\$ 30,925,060	
	<u>\$ 70,925,060</u>	
Non-Appropriated		
Australia	\$ 23,327,310	SIGOV ITD \$6.12M; SIGOV HQ \$6.80M; SIGOV Tech & Internal Unit \$1.836M; SIGOV Budget \$3.74M; SIGOV Debt Management
UNICEF	\$ 721,000	Demographic & Health Survey Proj
	<u>\$ 24,048,310</u>	

Programs - Appropriated

MOFT Development Program	\$ 70,925,060	Equipment \$37,515,420; Consultancy Fees \$8.7M; Community Service Obligations \$10.0M; Office Building
	<u>\$ 70,925,060</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
MoFT Development Programme	<p>Improved quality of PFM and budget execution, service delivery and revenue supply to Solomon Islands Government and citizens</p> <p>1. Customs & Excise/ICT Acquisition -ASYCUDA</p> <p>2. Financial Management information enhancements & human resources capacity</p> <p>3. Development and implementation of e-government Framework.</p> <p>4. Transport Management System (TMS)</p> <p>5. New Treasury Building</p> <p>6. new ICTSU building</p> <p>7. National Statistical Development strategy (NSDS)</p> <p>8. 2015 Demographic and health survey (DHS)</p> <p>9. Household income and Expenditure Survey (HIES)</p> <p>10. Support to SOEs</p>	<p>70,825,080</p> <hr/> <p>70,825,080</p>

Issues of concern

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

- Credibility of the budget** - the Committee pointed out that there was only an effective seven months left in the year to try to implement a very big budget with a lot of ambitious activities and projects, many of which have yet to be planned, designed and contracted out before any expenditure can occur; as well as the Constituency Development Fund program which has yet to be issued operational guidelines which will control how those funds will be spent. Some of the additional staff foreshadowed in the government's policy document and budget are yet to be recruited and employed.

The Ministry is relying upon line ministries having effective work plans already in place or about to be finalised if they are to implement the planned activities for the year. Line ministries that do not have such work plans will be expected to implement their programs in following years. The Ministry understands that the CDF operational guidelines have now been issued and believes that the requirements of the Public Financial Management Act provide enough rules to ensure that CDF funds are spent in accordance with its requirements.

The Committee is most concerned that the pressure to spend funds during the balance of this year will result in a scramble with the result that a lot of opportunities could be lost and money wasted through ill-conceived or poorly controlled or managed expenditures.

- **Failure to put aside funds for debt servicing** – the Committee was concerned to see that the Appropriation Bill was not in accordance with the understanding that the Government would always show its commitment to servicing its debts as agreed under the Honiara Club Agreement. Although this is a deficit funded expansionary budget, the Committee would expect the intentions of the agreement to be honoured by putting in at least a nominal amount under clause 6 of the Bill.
- **Fiscal operations to date** - the Ministry advised that revenue was on track so far at 21% due to carry over from prior year and expenditure has amounted to 12% of the full Budget so far. It is too early to see if the revenue will be sustained given the risks facing the Solomon Islands economy in 2015 but the big challenge will be on expenditure.
- **Central Tender Board decisions** - the Committee expressed its concern that the CTB decision-making was not reliable and cited the example of the renovation of the SIMTRI building given to the CTB by the Health Ministry. The Ministry confirmed that it also was concerned about the CTB's operations and is currently undertaking some investigations as this is affecting some of the projects and reducing procurement credibility. Part of the problem also lies with the Health Ministry which does not have a good reputation following the recent large-scale fraud uncovered in 2013.
- **Institutional reforms of ICSI, DBSI and CEMA** - the Government has referred to the institutional strengthening of these central investment institutions in the Budget but there does not appear to be any funding allocated for them. The Ministry advised that its teams will be looking at these initiatives and with respect to DBSI consider whether it would be viable or whether some other vehicle will be required.
- **Quality of budget bids** - the Committee was concerned to see the extent of budget bid cuts without consultation with line ministries and had thought that the ministries were making proper business cases in support of their bids – but this does not appear to be the case and could be the underlying reason why many projects are too slow to commence. The Committee also believes that this contributed to the practice of using Contingency Warrants and virements during the course of each year. The Committee looks to ministries providing higher quality bids in the 2016 Budget which is not far away.

However, in saying this, the Committee was advised that only 30% of the MALD project bids were approved even though the Ministry had prepared fully detailed work plans for these projects. The Committee looks to the Ministry to improve its vetting of budget bids so that ministries which can demonstrate that they are ready to start will not be penalised by being treated equally as other ministries without such preparations.

- **Lack of Police Operational Standing Imprest Account** - the Ministry explained that the problem was with the Police Ministry failing to equip its standing imprest in a timely manner which is a standard control for all line ministries. However the Ministry has released funds as part of the Mbike Island shooting investigation.
- **Publication of tax exemptions** - the Committee queried whether tax exemptions should be published in the general media rather than just the Gazette and was informed that there were no barriers to this but that currently such exemptions are published each quarter in the Gazette.
- **Bauxite shipments** - the Committee advised the Ministry that the Mines Ministry was unable to provide the Committee with any details on recent bauxite shipments from Rennell Bellona. The Comptroller of Excise and Duties advised that 3 shipments had been made with the last shipment caught by a just imposed 20% export duty on top of the royalties normally paid. The value of the shipments cannot be determined until processed and the Division holds a bank guarantee from the shipper for payment of the duty once its value has been determined.

Recommendations

The Committee recommends that:

- monitoring of the 2015 Budget needs to be even more rigorous than normal because of the expected tremendous pressure to expend in a compressed amount of time of only 7 months – including reference to guidelines yet to be issued for the CDF funds and the shipping grants for instance.
- the Ministry provide training to line ministries on preparing properly based business cases supporting their budget bids for the 2016 Budget and scrutiny of budget bids be more refined so that ministries with workable programs are favoured over those who have yet to produce them.
- the Ministry undertake a review of the Central Tenders Board and strengthen its procedures to ensure utmost transparency and accountability for its decision-making.

74 MINISTRY OF FOREIGN AFFAIRS & EXTERNAL TRADE

Mission Statement

MFAET envisions a sovereign, independent, and peaceful Solomon Islands that enhances economic prosperity and security for its citizens through cultivating diplomatic relationships with other nations and international organisations.

Key Goals

1. To provide policy advice to Government and implement Solomon Islands' foreign policy and strategies.
2. To maintain and expand diplomatic relations with foreign countries and international organisations.
3. To ensure Solomon Islands meets its obligations under bilateral and multilateral treaties and conventions.
4. To promote and facilitate Solomon Islands' economic interests internationally.
5. To facilitate the presence of foreign missions in Honiara and provide protocol services to visiting foreign envoys and dignitaries.
6. To negotiate and implement international trade agreements and support a trade-enabling environment.
7. To contribute to global governance and international solidarity through active participation in international fora.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 33,811	\$ 167,377	-\$ 133,566
Expenditure			
Payroll	\$ 5,316,833	\$ 4,140,322	\$ 1,176,511
Other Charges	\$ 38,966,140	\$ 35,165,251	\$ 3,800,889
	\$ 44,282,973	\$ 39,305,573	\$ 4,977,400

Budget Support			
Income	\$ 1,198,490	\$ 3,034,472	-\$ 1,835,982
	\$ 1,198,490	\$ 3,034,472	
Expenditure			
Payroll	\$ -	\$ 635,582	-\$ 635,582
Equipment	\$ 39,967,049		\$ 39,967,049
Community Service Obligations	\$ 10,094,213		\$ 10,094,213
Conferences, Seminars & Workshops	\$ -		\$ -
Other**	\$ 3,175,065	\$ 584,287	\$ 2,590,778
	\$ 53,236,327	\$ 1,219,869	\$ 52,016,458

* Unaudited Actuals

** Individual 2014 'Other' expenses not split

Development Budget

Appropriated

SIG	\$ 1,500,000	
Donor	\$ 7,832,252	
	\$ 9,332,252	

Non-Appropriated

WTO	\$ 3,070,773	Enhancing SI Trade Related
	<u>\$ 3,070,773</u>	

Programs - Appropriated

MFAET Infrastructure	\$ 1,500,000	SIG
SI Tourism Inclusive Development	\$ 7,832,252	WTO
	<u>\$ 7,832,252</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Tourism For Inclusive Development	Tourism Projects that works are initiated and operated sustainably	7,832,252
SIG Chancellery Program - Suva	Plans for the new SI High Commission Completed	1,500,000
		<u>9,332,252</u>

Issues of concern

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

- Tourism Inclusive Development Project** - the Ministry advised that this project came under WTO and under its Tier 1 phase provided facilitation of trade programs and development of trade policy. The next phase is more focused on training in tourism and the Ministry was establishing programs to work with the local tourism operators. The Committee expressed its concern over the fact that all the expenditure was on consultation fees, workshops and conferences and that there were no actual projects to be implemented. The Ministry advised that the first phase was very much based on capacity building which was important before it could move to the second phase in terms of implementing actual projects.
- PNG student visas** - the Committee was very concerned that many of Solomon Islands students were being prevented in enrolling in their programs in PNG due to difficulties in obtaining visas notwithstanding Solomon Islands and PNG are both part of MSG. The Ministry advised that students needed to apply for visas other than visitor visas through the normal diplomatic route and that the students need to be properly informed of the requirements.

- **Fiji Chancellery** - the Committee queried the construction of the chancellery given that although the project is highlighted in the government policy there is no budget for capital works. The Ministry advised that the Development Budget of \$1.5 million was for design and consultation and other expenses before construction could commence
- **Overseas missions** - the Committee queried the current status of the proposed Geneva mission as well as any other missions that were intended to be set up within the next year or so. The Ministry advised that the Geneva mission was expected to be fully commissioned either late this year or early next year and that a survey for a London mission was being conducted to see whether it would be cost-effective.
- **Selection criteria for Heads of Mission** - the Ministry advised that the Prime Minister and Cabinet makes the decisions on who to appoint to missions while the Ministry recruits secretariat staff. The Ministry also advised the Committee that there is a Parliamentary Standing Committee on Foreign Relations that should be consulted for its views on the matter..
- **VIP Airport Lounge** - the Ministry advised that there were no funds allocated for this project in the 2015 Budget but that plans already in place and initial consultation started for it to be included in the 2016 Development Budget along with the Fiji Chancellery project.

Recommendations

The Committee recommended that the matter of issuing student visas to scholarship holders studying in PNG be better managed through increased consultation with the National Training Unit and relevant line ministries and better communications with the students intending to study in PNG.

The Committee further recommends that easier access be negotiated through MSG with PNG so that the administrative hurdles can be reduced or removed altogether.

75 OFFICE OF THE GOVERNOR GENERAL

Mission statement

The Office of the Governor-General supports the Governor-General in his role as Her Majesty's Representative in the Solomon Islands as stipulated under Section 30 of the Solomon Islands National Constitution.

Recurrent Budget

SIG	2015	2014	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 2,691,304	\$ 2,526,392	\$ 164,912
Other Charges	\$ 6,576,519	\$ 6,282,345	\$ 294,174
	<u>\$ 9,267,823</u>	<u>\$ 8,808,737</u>	<u>\$ 459,086</u>

Budget Support			
<i>Income</i>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Expenditure</i>			
Payroll			
Equipment			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Development Budget

Appropriated

SIG	\$ 1,000,000	
Donor	\$ -	
	<u>\$ 1,000,000</u>	

Non-Appropriated

	\$ -	
	<u>\$ -</u>	

Programs - Appropriated

Fence	\$ 1,000,000	SIG
	<u>\$ 1,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Government House Improvement Program	Improving Government House	
		<u>1,000,000</u>
		<u>1,000,000</u>

Issues of concern

The Committee did not interview the Office of the Governor General due to lack of time. However, matters raised by the Office of concern through its submission included the following issues:

- **Lack of application for local fares** - the Governor General has raised to concern that no financial allocation has been provided for local fares which are required to transport the members of the

Committee on the Prerogative of Mercy to attend meetings of the Committee. There are currently two cases pending the Committee's deliberation.

Recommendations

The Committee recommends that funding for this particular item be reinstated.

76 MINISTRY OF HEALTH & MEDICAL SERVICES

Mission Statement

The health sector's mission is to play its part in improving the public's health status. This will be done through:

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

Key Goal:

- The Solomon Islands' population's overall health status will improve by between one and two (1-2%) percentage by 2015. This will be assessed by analysing the average changes in key population health indicators.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 293,891	\$ 269,962	\$ 23,929
Expenditure			
Payroll	\$ 166,888,253	\$ 156,830,231	\$ 10,058,022
Other Charges	\$ 139,568,492	\$ 134,842,026	\$ 4,726,466
	<u>\$ 306,456,745</u>	<u>\$ 291,672,257</u>	<u>\$ 14,784,488</u>

Budget Support			
Income	\$ 123,407,930	\$ 108,964,651	\$ 14,443,279
Expenditure			
Payroll	\$ 1,831,655	\$ 422,924	\$ 1,408,731
Other Charges	\$ 121,576,270	\$ 147,840,200	-\$ 26,263,930
	<u>\$ 123,407,925</u>	<u>\$ 148,263,124</u>	<u>-\$ 24,855,199</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 20,191,145	
Donor	\$ 21,000,000	EU EDF Water Supply & Sanitation
	<u>\$ 41,191,145</u>	

Non-Appropriated

Japan	\$ 11,844,000	Water Supply West Choiseul \$1,107,507;
UNICEF	\$ 13,047,946	Family Planning \$1,560,231; Public
UNDP	\$ 7,389,066	Family Planning \$7,389,066
Australia	\$ 29,814,700	Support
WHO	\$ 7,525,022	Support
ROC	\$ 3,375,000	Support
SPC	\$ 1,891,102	Support
	<u>\$ 74,886,836</u>	

Programs - Appropriated

Water Supply & Sanitation	\$ 21,000,000	EU
Medical Supplies & Logistics	\$ 727,271	SIG
Primary Health Care	\$ 4,504,600	SIG
Health Program Development Plan	\$ 480,000	SIG
Secondary Care Services	\$ 4,317,000	SIG
Tertiary Care Services	\$ 10,162,274	SIG
	<u>\$ 41,191,145</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Public Health Program	The people of Solomon Islands will be healthy, happy and productive. 1. Communities triggered and fully aware the importance and utilise WASH facilities 2. Communities fully triggered and aware to utilise WASH facilities 3. Vulnerable groups (Mothers, Children and the disable) have access to safe drinking water, improved sanitation and hygiene 4. Schools now have improve sanitation and access to safe drinking water and hygiene practices	480,000
Secondary Care Services Programme	Quality Secondary Care accessible to all people of Solomon Islands. 1. Kiluufi, Kirakira Hospital	-
		4,317,000
Tertiary Care Services Programme	Quality Tertiary care accessible to all people of Solomon Islands. 1. Relocation of National Referral Hospital	-
		10,162,274

Program Name	Projects/Activity	Allocation
Medical Supplies and Logistics Development Programme	System development enhanced to support delivery of quality health services 1. NMS Infrastructure upgraded. 2. Provincial Second level medical Stores Infrastructure and capacity upgraded. 3. National Distribution Plan for PHC established 4. MHMS Head Office upgraded	727,271
Primary Health Care Programme	Improved health status of population especially in rural areas Identified Rural Area Health Centers and Constituency Health Centers	4,504,600
WASH - Constituency Water & Sanitation Program	Improve water and sanitation systems in all 50 constituencies	21,000,000
		<u>41,181,145</u>

Issues of concern

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

- Fraud in the Ministry's procurement** - the Ministry informed the Committee that it had undertaken a lot of work to bring under control procurement procedures following the high-value fraud that occurred in 2013. Internal controls have been strengthened and the Internal Audit Unit within the Ministry now undertakes investigations whenever a suspicious transaction is identified including at provincial level. The Ministry advised that these frauds have also impacted on the Ministry's senior staffing as a number of staff have been suspended without the Ministry being able to fill their positions in order to maintain the services.
- Cuban trained doctors** - the Ministry advised that the level of training of these doctors were not to clinical level but focused upon public health; and was intended to bridge the gap between the secondary and tertiary services provided by the national system and preventative measures within the public health program. Half of the cadre have completed their studies with the remaining to return in 2016.

The original plan was to post those doctors to rural area health clinics but the Ministry has strongly argued against it and hence the need for training and up skilling of these Cuban doctors when they return because they are not qualified to administer any medical procedures in the Solomon Islands medical system.

- Doctors Scheme of Service** - the Ministry advised that the scheme covered all doctors, including consultants and residential, and last year a new contract was approved for specialists. It was too

early to tell whether or not the retention rate of skilled personnel had improved as the between the contract and the scheme of service was still large. The scheme was very expensive.

- **Transfer of National Referral Hospital** - the Committee noted that \$10 million had been allocated for the transfer of the hospital to a new site but there did not appear to be any site identified or any preparations undertaken. The Ministry was also looking at what functions would be transferred with the NRH and it was carrying out a role delineation exercise to determine this.

Currently the hospital is dealing with a lot of primary level care which normally would be handled by general practitioners so that it could focus on secondary and tertiary level care which requires more specialisation.

The Committee queried whether it would be possible to build additional hospitals using the Public Private Partnership funding arrangements being promoted elsewhere. However, the Committee was told that studies undertaken to date showed that the demand is too low to make such a funding option attractive to investors.

- **Provincial hospitals** - the Committee was concerned over the level of hospital care within the provinces where some had good quality infrastructure while others were very poor – not only in terms of buildings and equipment but also in staff skills. The Ministry agreed this was the case and was looking to see which centres could be qualified to provide which levels of service. This also involved identifying appropriate locations because in many cases rural communities found it easier to access Honiara than some of the provincial centres.
- **Slow emergency care** – the Committee was most concerned at the very slow and often poor service in emergency which sometimes lead to unnecessary death. The Ministry advised that it was very difficult to retain staff in emergency care due to a limited career path and it was looking to provide specialist training in emergencies as part of improving career prospects. The Ministry was also revitalising the Medical Board to closer scrutinise medical practitioners and discipline them if required.
- **Lack of testing equipment** - the Committee was also concerned at the lack of basic testing equipment. The Ministry informed the Committee that it did not have appropriate testing equipment to conduct the most basic and essential tests such as pap smears, urea electrolytes, and

blood counts essential for diagnosing diseases. All such tests are carried out in Australia resulting in long turn around times and high costs.

The Ministry has suggested that a ball park figure of \$100 million would be required to provide basic testing in all existing provincial hospitals and advanced testing equipment suitable for tertiary level of care in the National Referral Hospital, including training. The problem with equipment purchases are that they are 'lumpy' and cannot be acquired with small parcels of cash such as the 2015 allocation of \$7.7 million.

- **Central Tender Board decision-making** - during the hearings the Ministry informed the Committee that it did not progress the rehabilitation of the SIMTRI building because a recommended bidder from the Ministerial Tender Board for \$60 million that was funded in the relevant budget became changed after it went through the Central Tenders Board and the funding donor did not accept this decision. The Ministry subsequently lost the building to SINU. The Committee was most concerned about the CTB decision-making and would be taking it up with MFT.
- **Fred Hollows Eye Hospital** - the Committee queried why this building was located within the hospital car park and what consultations had taken place before this was all established. The Ministry advised that there had not been consultation and a number of issues still remain and resolved such as who pays for the utility costs and the repair of the sewerage system which was still not working properly. The Committee was concerned that donors need to ensure that their plans contributed to the increased efficiency of government systems through proper consultation before their projects are implemented.
- **Blood Bank supplies** - the Ministry advised that the public are very reluctant to provide blood and the only means that stocks are maintained is by requiring relatives of patients to provide an equivalent amount of blood. The Ministry has access to GBR stocks for shortfalls but this is not sustainable in the longer term.

Recommendations

The Committee recommended that the issue of inadequate medical testing equipment be raised as an urgent project within the 2015 Supplementary Appropriation Bill 2015 as there is an unacceptable level of deaths at both the National Referral Hospital as well as all the provincial hospitals –

particularly given that it is unlikely that all the 2015 Budget appropriations will be spent due to long lead times required before many of the intended projects can be mobilised.

77 MINISTRY OF INFRASTRUCTURE DEVELOPMENT

Mission Statement

The Ministry strives to provide, regulate and maintain services that support an integrated, efficient, safe and affordable transport system to enable all Solomon Islanders to participate and benefit in economic and social activities that sustain equality, unity and prosperity for the nation.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$12,356,457	\$ 13,501,889	-\$ 1,145,432
Expenditure			
Payroll	\$8,512,963	\$ 7,672,114	\$ 840,849
Other Charges	\$71,156,678	\$ 53,033,662	\$ 18,123,016
	\$ 79,669,641	\$ 60,705,776	\$ 18,963,865

Budget Support			
Income	\$ -	\$ 1,461,988	-\$ 1,461,988
Expenditure			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

* Unaudited Actuals

Development Budget

Appropriated		
SIG	\$ 242,679,297	
Donor	\$ -	
	\$ 242,679,297	

Non-Appropriated		
Australia	\$ 3,780,000	Support
	\$ 3,780,000	

Programs - Appropriated

Development Infrastructure	\$ 38,100,000	SIG
Disaster Housing	\$ 6,200,000	SIG
Green Terrace Development	\$ 10,000,000	SIG
Hydrographic Strengthening	\$ 879,297	SIG
National Transport Fund	\$ 60,000,000	SIG
Navigation Aids Installation	\$ 2,000,000	SIG
Rural Transport Infrastructure	\$ 65,500,000	SIG
Shipping Grants Initiative	\$ 30,000,000	SIG
SIG Obligation to Donor Transport	\$ 30,000,000	SIG
	\$ 242,679,297	

Program Descriptions

Program Name	Projects/Activity	Allocation
SIG Obligation to Transport Donor funded projects	Meet Donor Obligation towards key infrastructure projects; (1) Meet the obligation to TSDP in terms of payment of office, utility cost and under-taking contracts supervision and monitoring donor and government road transport programmes. (2) Meeting SIG Obligation to DMSP; in terms of meeting the obligation of reconstruction of 5 wharves and 1 ramp at allocated or selected region (3) Meeting the obligation of the NZAid towards 2nd Phase of Munda airport (4) Meeting the governments obligation towards the relief effort towards Rapid Employment Programme. (5) Meeting the governments obligation in meeting some cost towards the building and supervision of the JICA funded programme of International Ports Wharf, Ports to Kukum Highway and the New Bridges of Mataniko	30,000,000
Disaster Housing program	Develop and maintain measures to support communities in reducing their risks and managing consequences of disasters. 1. Damaged Houses for Temotu repaired and reconstructed. 2. Damaged Houses for Guadalcanal Province repaired and reconstructed. 3. Damaged Houses for Honiara repaired and reconstructed.	6,200,000
Program Name	Projects/Activity	Allocation
SIMSA Hydrographic Strengthening Programme	Efficient and safe maritime transport 1. Mapping out reefs and the shorelines of Solomon Water 2. Take control of mapping mandates from the British Company 3. Earn income for the country on the sale of maps to various users on updated routes and reefs by various ship operators both international and domestic.	879,297
Office and Green Terrace Redevelopment Programme	MID provides Construction and planned Maintenance to government owned buildings whether residential or non-residential to ensure safety of the property and the officers occupying the premises or accommodation in the long term, 1. Carryout Feasibility studies on identified infrastructure such as Ministry of Fisheries and Marine Resources Complex, Honiara Referral Hospital and other government assets. 2. Carryout Feasibility studies and carry out tender process and implementation on Prime Minister's Residence, Speakers Residence and Prime Minister's Office/ Cabinet/Caucus/ Foreign Affairs Complex 3. Carryout rehabilitation on the Green and Red House Terraces for Public Servants accommodation. 4. Carryout and design building codes, designs and surveys for government infrastructure and assets.	10,000,000

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Program Name	Projects/Activity	Allocation
Rural Transport Infrastructure Programme	<p>Rehabilitated and new rural road infrastructure provides rural population to improved access to social facilities (health care center and schools), markets, rural economic centers and other transport infrastructure such as wharves and airfields.</p> <p>1. Rehabilitation and new construction of rural roads and bridges infrastructures. 2. Feasibility studies of selected existing and new rural roads 3. Gravel Lease arrangements 4. Maintain and improve all roads and feeder roads throughout the country, creating cost-effective cargo transport and people travel.</p> <p>5. Honiara and Rural population can enjoy roads of adequate quality, facilitating efficient and safe traffic to economic and social services, which improves livelihoods and quality of life.</p>	65,500,000
National Transport Fund Programme	<p>population can enjoy roads of adequate quality, facilitating efficient and safe traffic to economic and social services, which improves livelihoods and quality of life.</p> <p>population can enjoy roads of adequate quality, facilitating efficient and safe traffic to economic and social services, which improves livelihoods and quality of life.</p> <p>1. Maintain and improve all roads and feeder roads throughout the country 2. Cost-effective cargo transport and people travel. 3. Honiara and Rural population can enjoy roads of adequate quality, facilitating efficient and safe traffic to economic and social services, which improves livelihoods and quality of life.</p> <p>4. Regular Shipping Services between Honiara and Provinces and in provinces are facilitated by a functioning, adequate and safe wharves network. [Franchise Shipping scheme also contributing] 5. Interisland shipping services are frequent, reliable and safe.</p>	60,000,000
Navigational Aids Installation Programme	<p>Construction of the Nav aids</p> <p>1. Construction of 18 light houses (duration 2015 – 2016)</p>	2,000,000
Shipping Initiatives	Purchase of Constituency Ships	30,000,000
Development Infrastructure Program	Key Infrastructure & Maintenance are efficiently done	
		<u>38,100,000</u>
		<u>242,673,297</u>

Issues of concern

- **Limited time to implement Budget** - the Ministry was of the view that given that procurement normally takes around 6 months before projects can be implemented and that there were only 7 to 8 months remaining for 2015, timing would be very tight to try to deliver the outcomes planned

for in the Budget. The Ministry is responsible for 75% of procurement by the government and has constrained manpower to supervise the planned level of works – assuming that the private sector can even absorb such a large number of new works.

The Committee questioned the Ministry on how it planned to overcome its workforce limitations to implement such a large budget and was advised that the Ministry still had some vacancies to fill and would be reallocating its payroll budget towards senior positions in exchange for relinquishing low level positions. The Ministry will also be linking with its cluster ministries to increase the workforce applied to the project implementation. The Committee also raised its concerns with the Ministry on the operations of the CTB meetings given its history and also the time it takes to process tenders.

- **Shipping grants** - the Ministry advised that the \$30 million in shipping grants is allocated by Cabinet and it is still awaiting advice on how many ships will be required. The Ministry is currently drafting a shipping grants policy to guide procurement decisions given problems in the past with ships aged beyond their economic life and very expensive remedial works required to meet international standards.
- **Roads and bridges** - the Committee noted that money had been allocated for roads and bridges and reiterated its previous request for a listing of the locations of those projects. The Ministry undertook to provide those details to the Committee.

The Committee sought clarification on how the National Transport Fund linked into the National Transport Plan and Provincial Infrastructure Project and how much of the \$120 million would actually be implemented this year. The Ministry advised that the National Transport Fund is a jointly funded Australian Government/SIG fund is only used for maintenance of existing infrastructure; while the National Transport Plan links the National Development Strategy to the construction of transport infrastructure for the whole country.

The Committee noted that consulting fees amounted to \$22 million and was advised that these are architectural consultancy fees for all public works including multistorey buildings such as the relocation of the National Referral Hospital project.

- **Poor condition of urban roads** - the Committee queried why the Honiara roads were in such poor condition and thought that either its staff was incapable of properly supervising repair works or that there were no standards applying to such repairs in Solomon Islands. The Ministry advised the Committee that these roads had been built in 1985 and were now beyond their economic life and needed to be completely reconstructed – the current repairs are just plastering the top as temporary measures.

The other issue facing the Ministry is the need to recalibrate all of its instruments by the National Australian Testing Authority so that its testing is accurate and the quality of the works improved. The Ministry also pointed out that at present engineers have to be flown into the provinces which is also very expensive exercise. The Ministry is looking to increasing its number of local supervisors to reduce the need for engineers.

- **Poor quality buildings** - the Committee queried whether there was a standard code for buildings and who administers them as some of the buildings being constructed have either not been passed or have been passed but are substandard. The Ministry advised that there was a National Building Code but it had never been adopted by the government and builders were following it on a voluntary basis. The Ministry advised that it has been preparing a National Infrastructure Management Bill to prescribe standards for roads and buildings but the legislation will only apply to public buildings and not the private sector which is outside of the authority of the Ministry.

The Ministry needed the legislation to extend to the private sector as it was encountering construction that was now being built over drains and other easements and it currently has no authority to remove such structure.

- **Lack of training facilities for skilled staff** - the Ministry advised that the post – colonial manpower planning arrangements were no longer operational and the training of top-class engineers is taking precedence over supervisors. This problem also exists in Fiji and Vanuatu. The Ministry advised that there needs to be a lot more places given for diploma/certificated professionals instead of only just graduands.
- **SIPA performance** - the Ministry regarded the performance of SIPA to be poor and comparable to other SOEs before they were reformed under the State Owned Enterprises Act. The Ministry is

aware that a new CEO has been employed and who has taken direct action to improve the productivity of staff. The Ministry supports the reforms and is being kept fully informed by the Board and management.

Recommendations

The Committee reiterated its recommendation that the implementation of the 2015 Budget be carefully monitored to ensure that all project expenditures are carried out following due process and agreed guidelines and standards.

The Committee also recommended that:

- the Ministry finalise a National Infrastructure Management Bill to prescribe standards for roads and buildings that will apply to both public buildings and the private sector as a matter of urgency, and that the Ministry be given the authority to remove structures that do not comply with those standards; and
- MEHRD and MDPAC be tasked to review the “opportunity list” in consultation with all line ministries who employed skilled staff that levels other than just degree level.

79 NATIONAL PARLIAMENT

Mission Statement

As a democratically elected national legislature of Solomon Islands, our mission is to ensure that Parliament exercises its legislative, oversight, representation and outreach duties effectively and that Parliament remains the main forum for national political debate.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 26,756,766	\$ 38,258,481	-\$ 11,501,715
Other Charges	\$ 49,136,790	\$ 33,980,686	\$ 15,156,104
	<u>\$ 75,893,556</u>	<u>\$ 72,239,167</u>	<u>\$ 3,654,389</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 5,000,000	
Donor	\$ -	
	<u>\$ 5,000,000</u>	

Non-Appropriated

	<u>\$ -</u>	

Programs - Appropriated

National Parliament Development	\$ 5,000,000	SIG
	<u>\$ 5,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
National Parliament Development Program	National Parliament staff and members of parliament work more efficiently and effectively.	
		<u>5,000,000</u>
		<u>5,000,000</u>

Issues of concern

- **Impending closure of UNDP Strengthening Project** - the National Parliament Office is aware of the impending end of the UNDP project and was looking into ways for sustaining the program activities. The Committee was also concerned that the push for the independence of the Parliament in terms of finances and staff will be lost once the UNDP project finishes.
- **Quality of support services to Members** - the Committee expressed concern over the need to ensure a supply of well qualified and well trained staff providing quality support.

Recommendations

The Committee recommends that the National Parliament Office explore alternative means for ensuring the continuation of the UNDP strengthening project so that the current gains in terms of quality of staff and the push for independence is not lost.

80 MINISTRY OF FORESTRY & RESEARCH

Mission Statement

To promote, conserve, investigate and manage the nation's forest resources for the optimal of all stakeholders and the environment.

Policy Strategy

Harvesting of forest resources at a sustainable rate with fair returns to landowners and the government by maximizing revenue through export duty and sustaining the GDP growth particularly in the rural areas. Promotion of a reforestation program for customary smallholders and diversification program which encourages the implementation of a comprehensive downstream processing strategy to try minimize the likely adverse impacts on the economy once commercial logging wood flow export revenue falls.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 2,767,653	\$ 2,859,750	-\$ 92,097
Expenditure			
Payroll	\$ 8,753,340	\$ 8,432,487	\$ 320,853
Other Charges	\$ 16,853,831	\$ 13,829,292	\$ 3,024,539
	\$ 25,607,171	\$ 22,261,779	\$ 3,345,392
Budget Support			
Income	\$ -	\$ -	\$ -
Expenditure			
Payroll			\$ -
Other Charges	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 25,115,767	See below
Donor	\$ -	
	\$ 25,115,767	

Non-Appropriated

Korea	\$ 140,000	Plant Inventory
	\$ 140,000	

Programs - Appropriated

Downstream Processing	\$ 10,465,000	SIG
National Forest Resources	\$ 7,610,000	SIG
National Herbarium & Botanical Garden	\$ 4,000,000	SIG
Herbarium Research Lab	3040767	SIG
	\$ 25,115,767	

Program Descriptions

Program Name	Projects/Activity	Allocation
Downstream Processing Programme	Smallholder incomes from timber increased	10,465,000
National Forest Resources Development Programme	Sustained and improved contribution of the forestry sector to the National Economy.	7,610,000
National Herbarium & Botanical Garden Fencing & Landscaping	Safe, secure and attractive facility for research, amenity and indigenous pharmacological uses	4,000,000
National Herbarium Research Laboratory Project	Quality Plant research Services with increased ownership of local data Rural Development Projects	-
National Herbarium Research Lab Project	Herbarium Lab established 1. Quality Plant research Services with increased ownership of local data 2. Improve Research facilities 3. Decrease cost of expenditure of finances in sending plants to be researched at Fiji and Australia.	-
		<u>3,040,767</u>
		<u>25,115,767</u>

Issues of concern

Matters raised by the Committee during the hearing with the ministry included the following:

- **Encouragement of reforestation projects** – the Ministry advised that it is targeting family-based small holders, and that the number of hectares under reforestation is being aggregated each year under an Australian Government initiated project that commenced in 2000 and taken over by the Ministry in 2009 – for the period 2009 to 2014 a total of 1,282 hectares had been planted at a cost of \$61 million for the last 5 years.

The Committee expressed its concern over the lack of provision for loggers to be mandated to undertake replanting and downstream processing and strongly recommends that the current forest Resources Timber Utilisation Act be reviewed to include such requirements. The Ministry is collaborating with the Asia Australia Centre for International Agricultural Research to develop market strategies for smallholders but it is very difficult because the smallholders are so scattered. The Ministry is encouraging farmers to plant alternative trees to attract a domestic market and the Committee suggested that agricultural extension services be extended to include that information.

The Committee also expressed its concern that investors were clearing trees without a licence by conducting the operation as part of the establishment of cash crop plantations.

- **Forestry inventory** - the Ministry advised that it was constrained on how effectively it could conduct surveys to verify loggable trees. Last year the survey was conducted in Makira but the equipment needs to be updated to better capture the data quickly and efficiently. The Committee queried whether the Ministry had data from logging companies KFPL and Eagon and the Ministry undertook to provide same.
- **Downstream processing** - the 2015 Budget allocates \$10 million for specialised equipment and the Ministry advised that this equipment includes chainsaws and portable mills which are allocated to groups based upon submissions to the Ministry. The Committee questioned the Ministry on how it monitored and evaluated the equipment projects that have been paid for – particularly as they were spread across 60 from provinces. The Ministry advised that there were two groups – one to provide training and the other to do the monitoring; however resources determined how frequently this was carried out.
- **Log prices** - the Ministry advised that the value of logs used to determine the export duty payable was determined from factors developed by its marketing section and the MFT. The ERU uses a six monthly average of prices to determine the strike price which is then approved by a Cabinet and gazetted.
- **Medicinal plants** – the Ministry advised that this project was now housed under the National Herbarium/Botanical project under an agreement with the Korean Institute of Research. The project agreement between the two governments covers intellectual property rights and safeguards them from third parties.
- **Tubi species** - the Ministry advised that Tubi is a protected species but there appears to be a breakdown between itself and the Ministry of Environment whereby the latter is authorised to give consent for the felling of the species. The Ministry noted that mineral prospecting is being used as an avenue for felling this timber and has commenced consulting with relevant ministries to more closely monitor such sites so that it is controlled and managed.

Recommendations

The Committee recommends that:

- more be done to require loggers to replant areas that have been logged and to undertake a minimum level of downstream processing as a matter of urgency given that the current rate of logging is unsustainable; and
- the Ministry become more proactive in surveying loggable forest to better determine the extent of loss of timber, and the rates of replanting required to ensure the sustained inventory of timber into the future.

81 OFFICE OF THE PRIME MINISTER & CABINET

Mission Statement

The overall Goal of the Office is to provide leadership for and coordination of all government Ministries and Agencies and to facilitate the delivery of adequate, appropriate and quality services to the people of the Solomon Islands through an efficient and effective system of government.

The Office of the Prime Minister & Cabinet's roles and functions form the apex of the Public Service, coordinating, managing, and monitoring the implementation of government policies and programs and carrying out the Central Agency role of leading the Service.

The OPMC has to effectively lead the coordination of the Government Machinery; it has to provide timely interventions, options, advice and relevant information to Cabinet for their deliberation for policy changes or improvement and clear directives; it is the focus for where all policies of the government and the progress on their implementation converge for final assessments of progress; it therefore has the responsibilities of drawing up guidelines, checklists and other instruments for analysis, monitoring and measuring the performance against all government initiatives.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 43,119	\$ 332,026	-\$ 288,907
<i>Expenditure</i>			
Payroll	\$ 36,033,845	\$ 24,545,233	\$ 11,488,612
Other Charges	\$ 71,851,705	\$ 55,951,356	\$ 15,900,349
	<u>\$ 107,885,550</u>	<u>\$ 80,496,589</u>	<u>\$ 27,388,961</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated		
SIG	\$	22,599,999
Donor	\$	3,000,000
	\$	<u>25,599,999</u>

Non-Appropriated		
Australia	\$	680,000
	\$	<u>680,000</u>

Ombudsman \$340,000; Leadership Code Commission \$340,000

Programs - Appropriated

OPMC Infrastructure	\$	4,000,000	ROC \$3,000,000; SIG \$1,000,000
PMO Reform	\$	24,599,999	SIG
	\$	<u>28,599,999</u>	

Projects Description

Program Name	Projects/Activity	Allocation
PMO Reform Programme	Political, administrative and community Government machinery work more efficiently and effectively 1. Anti-corruption Bill 2. Customary Land and other land reforms 3. TRC Report 4. Ombudsmans Reform Work 5. Leadership Code Commission Reform Work	24,599,999
OPMC Infrastructure Programme	Cabinet Ministers and staffs work more efficient and effectively 1. PM's Residence 2. OPMC Office Complex 3. Deputy Prime Minister's Residence 4. Speaker's residence 5. Opposition Leader residence	-
		<u>1,000,000</u>
		<u>25,599,999</u>

Issues of concern

- **Truth and Reconciliation Commission Report** - the Committee expressed its concern over the implementation of the recommendations in the Report as it was submitted at the final day of Parliament. The Office confirmed that the intention was to recruit someone to fully implement the recommendations.
- **Political appointees** - the Committee raised questions and comments on the processes that were followed to recruit political appointees and whether or not they will be sent to the provinces. The Office stated that it took into account applicants' technical ability, experience and understanding of the Government's policies when selecting the appointees.

- **2015 Budget implementation** - the Office is aware of the challenge of spending the budget within 7 months; but would start on implementing the work plan and programs. The Office conceded that there was a challenge in having enough experts to carry out certain programs in the short-term.
- **Anticorruption Commission** - the Office advised that this will be done in 2016.
- **Auditor General's report on accounts** - the Office is aware of the problem of unretired imprest and assured the Committee that it has put in place some measures to rectify the problem. The Committee is concerned that the political appointees should have training in regards to retiring of imprests.
- **Amendment of the Constituent Assembly** - the Committee inquired the timeframe when the Constituent Assembly will be brought to Parliament. Ministry informed the Committee that the current Act will be reviewed once the Budget is passed and also will take into account the amendments of Parliament in 2015.
- **Constitutional Reform Program Report** - the Office confirmed to the Committee that this report should be completed by the end of 2015 subject to extension if there were further issues raised.
- **Customary Land Reforms** - the Office stated that in 2015 it will be targeting customary land reforms specifically Malaita and Guadalcanal with the criteria of economic interest.
- **Parliamentary Entitlement Commission** - the Committee expressed concern over the independence of the PEC where the members included the Chairman of PAC and the Minister of Finance. The Office stated that the Chairman is purposely for the scrutiny of the budget while the government member is looking at the affordability.
- **RAMSI phasing out** - the Committee expressed its concerns over the RAMSI Committee that will be established and commented that in the past the Government had not been proactive in deciding timeframes and deciding designs of programs in draw down. The Office advised that the scale down of RAMSI did not mean that its importance would also scale down. However, the Government was mindful of the gap that will exist thus the RAMSI committee would be

established and headed by a politician to look at that particular aspect so that the Government does not lose the impetus established under RAMSI.

83 MINISTRY OF POLICE, NATIONAL SECURITY & CORRECTIONAL SERVICES

Mission Statement

The overall objective of this Ministry is to contribute to a safer and secure environment through the provision of high quality policing service, humane containment and the rehabilitation of prisoners.

“Professional, effective and ethical Police and Correctional Services for the maintenance of Law and Order, Good Governance and Human Rights”

Recurrent Budget

SIG	2015	2014*	Change
Income	\$480,251	\$458,785	\$21,466
Expenditure			
Payroll	\$109,971,555	\$85,864,283	\$24,107,272
Other Charges	\$104,909,310	\$108,890,514	-\$ 3,981,204
	<u>\$ 214,880,865</u>	<u>\$ 194,754,797</u>	<u>\$ 20,126,068</u>

Budget Support			
Income	\$14,721,464	\$10,166,522	\$4,554,942
Expenditure			
Payroll	\$ -	\$30,677	-\$ 30,677.00
Other Charges	\$ 25,342,929	\$5,861,653	\$19,481,276
	<u>\$ 25,342,929</u>	<u>\$ 5,892,330</u>	<u>\$ 19,450,599</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$17,300,000	Infrastructure Project
Donor	\$ -	
	<u>\$ 17,300,000</u>	

Non-Appropriated		
Australia	\$ 34,695,830	Prison \$14,999,998; Police \$7,999,996; Correctional Services \$11,695,836
	<u>\$ 34,695,830</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Police and Correctional Service Infrastructure	<p>Build the capacity of the RSIPF staff to be able to deliver accessible, efficient and effective policing services to the government and people of the Solomon Islands.</p> <p>Component 1: Land Acquisition</p> <p>1.1 Negotiation and MOU agreement of land transaction by end of 2016</p> <p>1.2 Purchase and transfer of title by end of 2018</p> <p>Component 2: Non Residential Building 2.1 Construction & completion of 6 Non-residential buildings by end of 2015 for both CSSI & RSIPF</p>	
		<u>17,300,000</u>
		<u>17,300,000</u>

Issues of concern

- **No Operational Standing Imprest Account** - the Ministry complained that it did not have access to an Operational Standing Imprest Account which is essential for it to be able to mobilise quickly in emergency situations. However, the Committee subsequently learned that the problem arose because the Ministry was not acquitting expenditure from that account in accordance with requirements of the Public Financial Management Act.

The issue of mobility was also raised in terms of equipment and vehicles and the Committee was informed that the vehicle fleet were sufficient and both patrol boats would be serviceable again following their current maintenance plus the provision of an additional nine motor launches to cover borders. As part of this exercise the Ministry is also conducting a "real cost" assessment of undertaking its police work to ensure that future budgets are realistically based.

- **Inadequate prison facilities for special groups** - the Ministry advised the Committee that it does not have proper facilities for women, youth, mentally ill or immigrant detainees. Currently they are all housed in normal prisons which is not in accordance with United Nations requirements. The facilities are inspected regularly each year by the UN.
- **Community policing** - the Committee queried the current state of affairs in terms of community policing and the Ministry advised that it was working out a best practice model which it has been trialling in conjunction with RAMSI using the old colonial Area Constabulary Program. The aim of the program is to obtain engagement by community leaders and the general population.

- **Preparation for transition after RAMSI** - the Committee expressed its concerns that the budget did not appear to be adequate to fully prepare for the exit of PPF/RAMSI but the Ministry was of the opinion that current arrangements were sufficient for a smooth transition.

The Ministry further advised that there were currently 15 police posts being constructed within the provinces including some very remote locations such as the Outer Islands and Shortland Islands. No new posts will be built until the current ones are completed, properly staffed and supplied with vehicles where there is a road network.

In terms of organisational matters, the Ministry is establishing a committee and liaising with core stakeholders to ensure that all outstanding issues are taken into account during the transfer of authority and operations. Currently there is no senior officer in the Prime Minister's Office representing RAMSI and the Ministry will need to liaise with the Pacific Islands Forum.

- **Public perception of professional standards** - the Committee was concerned about the public perception that police officers were not conducting themselves impartially and professionally – a concern which was acknowledged by the Ministry. The Ministry is working with donors to train senior executive officers to be good leaders including by way of learning how to undertake strength and weakness diagnostics and prepare individual work plans – this also forms part of the Ministry's general anticorruption strategy.
- **Outstanding Bougainville border police payments** - the Ministry advised that there were a total of 447 former and current police officers with outstanding claims.
- **Policing at logger camps** - the Committee was concerned that the people were of the belief that the police were siding with the loggers whenever there was conflict and thereby losing public confidence in the police force. The Ministry advised that it is very difficult to arbitrate between loggers and rural communities when it is confronted with three levels of government and various line ministries, on top of varying and contradictory legal orders. It is current policy that the police will not be used to arbitrate but just to maintain law and order and facilitate communication between affected parties. The Ministry stated that these resource disputes are more frequent than is found in other places.

- **Destruction of a police post in South Guadalcanal** - the Ministry advised that it was building a replacement post at an alternative site, and that it was arranging to conduct a ceremony with the local community to ensure that there was no further misunderstandings in the region.
- **Removal of World War II ordnance** - the Ministry has a very capable team which has won competitions against advanced countries' teams. The team is not responsible for general clearance and Solomon Islands utilises private contractors with those skills to do systematic land clearance. In due course it is intended that the team will have the authority and standards to be able to expand its operations.

Recommendations

The Committee recommends that:

- the Ministry improve its management of its operational standing imprest account so that it complies with the relevant legislation and allows funds to become accessible for its operations
- the Ministry start preparing budget bids which are properly planned for the construction of special facilities for women, youth and immigrant detainees; and work with the Ministry of Health in planning proper facilities to care for mentally ill persons
- the Ministry prepare for the Committee a brief which clearly shows how it proposes to take over full policing of the Solomon Islands once the PPF and RAMSI withdraw in 2016.

84 MINISTRY OF PROVINCIAL GOVERNMENT & INSTITUTIONAL STRENGTHENING

Mission Statement

To strengthen the Provincial Government system, MPGIS will;

- work towards an appropriate balance between the responsibilities of Provincial Governments, the resources available to Provincial Governments, and the capacity of Provincial Governments.
- support the decentralization process through a systemic and feasible delegation and devolution of functions, mandates and budget thus bringing decision-making and services closer to its citizen
- ensure the necessary accountability, transparency and participation mechanisms, and
- work towards free and fair elections.

Expected Outcomes

- Provincial Governments become recognized as 'governments' and not simply as agents, and their work is backed-up and facilitated by the Ministry of Provincial Government so that their operations are not held up or delayed.
- Provincial planning, decision-making and management processes are of a high standard and providing services to the people.
- Provincial Governments are able to look after their own finances and apply these to service delivery, gaining respect from their communities.
- Good governance and high ethical leadership in the administration of Provincial Governments.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 20,188,273	\$ 18,949,705	\$ 1,238,568
Other Charges	\$ 84,163,473	\$ 71,556,137	\$ 12,607,336
	<u>\$ 104,351,746</u>	<u>\$ 90,505,842</u>	<u>\$ 13,845,904</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 48,750,000	
Donor	\$ -	
	<u>\$ 48,750,000</u>	

Non-Appropriated		
	<u>\$ -</u>	

Programs - Appropriated

Institutional Infrastructure	\$ 5,000,000	Western, Makira and ?
Provincial Governance Strengthening	\$ 40,000,000	
Provincial Township Development	\$ 3,750,000	Choiseul, Ndoma & Huro
	<u>\$ 48,750,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Provincial Township Development Programme - Choiseul, Guadalcanal, Makira	Increased participation in economic and social activities by rural populace in Choiseul, Guadalcanal and Makira Provinces. 1. Choiseul Township 2. N. doma Township, 3. Huro Township	3,750,000
Provincial Institutional Infrastructure Development Programme	Provincial staffs enjoy proper residential houses and office facilities and are able to carry out their functions more effectively. 1.0 New Provincial staff Houses completed 2.0 Provincial & National Office complex completed.	5,000,000
Provincial Governance Strengthening Programme (PGSP)	Improved services delivery as a result of effective implementation of PGSP programs in the provinces Office and Housing 17 Health Infrastructure 7. Women resource centers completed 5 Fishery centers completed 2 Roads 1 Communication equipment 6 Business Infrastructure 2 Museums 4 Solar systems 14 Water and Sanitation 3 Sea wall 1 Jetty and wharfs School Infrastructures Waste disposal vehicles	40,000,000
		<u>48,750,000</u>

Issues of concern

- Dissolution of Provincial Government Act** - the Committee expressed concerns over the impending dissolution of Provincial Government Act. The Committee was of the view that a review of the Act should include mechanisms to leave the Premiers and members room for training and bring about reforms to improve the system. The Ministry advised that it is aware of the issues and has performed training using reports such as the OAG audit reports. Also the Ministry has funded work programs and has advised the provinces to spend on developments which will benefit the whole province.
- Township Developments** - the Committee also expressed concern over the budget on township development that should be increased. The Ministry commented that a lot of reports had been done but no tangible results have shown up on the ground and it needs to look for other alternatives.

- **Constituency Profiles** - the Ministry stated that local consultants have been engaged to embark on preparing constituency profiles and 6 provinces have been covered to date with the help of MDPAC.
- **Premier Conference** - the Committee questioned whether Premiers' conferences were still held annually but the Ministry stated that these were now held biennially to allow time for implementation of recommendations arising from the conferences.
- **MPA Entitlements at Timber Rights hearings** - the Ministry stated that MPA allowances are limited to sitting allowances, travel & medical expenses and allowances for education. The Ministry does not have any information regarding timber right hearings.
- **Continuation of Provincial Governance Strengthening Project** - the Ministry advised that so far as it was aware donor funding was going to be made available for the next phase of the project.
- **Budget on Disaster Relief** - the Committee also questioned the Ministry about the allocation in the Budget for disaster relief which might duplicate the roles undertaken by the NDMO. The Ministry explained that it is a member of the National Disaster Council and part of the Ministry's role is to fund such activities in the provinces using their provincial staff.
- **Federal State Government** - the Committee raised concerns on the proposed Federal State Government that it will be an expensive exercise. Also the Committee was concerned over the occupation of government accommodation by politicians then taking over administrative roles. The Ministry explained that dealing with 172 members will have implications for future budgets, and the provincial governments will need to be well prepared for any proposed transitional arrangements.
- **Supply of Provincial Legal Advisers** - the Committee inquired the status of legal advisers in the provinces as some provinces do not have one. The Ministry stated that the provincial governments are informed that AG Chambers is always there to provide assistance but some of them are in a process of recruiting legal advisers. Also the Ministry has one VSA from New Zealand who is supporting the Ministry and is available to help with the PG Ordinances.

Recommendations

The Committee recommends that:

- any transition from the current provincial government arrangements to a Federal State system will need to be carefully orchestrated to minimise disruption of services to the provincial communities as well as optimising the delivery of services for the costs involved;
- the momentum from the Provincial Governance Strengthening Project needs to be maintained and the Ministry should be ensuring ongoing dialogue with donors that is conducive to their continued engagement in the project;
- more be done to plan and implement the orderly development of provincial townships to ensure that they function effectively and cost efficiently – particularly larger townships such as provincial government centres and industrial towns such as Noro; and
- the provincial governments strengthen links with the national level of constituency development to ensure that the benefits of constituency profiles are maximised and guide all developmental activity at all levels of government.

85 MINISTRY OF LANDS, HOUSING & SURVEY

Mission Statement

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

The Ministry of Lands, Housing and Survey is responsible for providing land and survey policy directives including planning and advisory services in land matters throughout the country. These professional services include management, planning, surveying, valuation, mapping, regulations and legislation, compilation and dissemination of information relating to land usage and development.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 8,898,529	\$ 8,481,249	\$ 417,280
<i>Expenditure</i>			
Payroll	\$ 5,966,063	\$ 5,800,350	\$ 165,713
Other Charges	\$ 12,652,788	\$ 17,562,577	-\$ 4,909,789
	<u>\$ 18,618,851</u>	<u>\$ 23,362,927</u>	<u>-\$ 4,744,076</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 44,987,000	See below
Donor	\$ -	
	<u>\$ 44,987,000</u>	

Non-Appropriated		
WTO	\$ 800,000	Participatory Settlement Pilot project
	<u>\$ 800,000</u>	

Programs - Appropriated

Institutional Strengthening	\$ 502,000
Land Development, Prep & Const	\$ 42,835,000
Urban Management [SUMPS]	\$ 1,650,000
	<u>\$ 44,987,000</u>

Program Descriptions

Program Name	Projects/Activity	Allocation
Solomon Islands Urban Management Programme (SUMPS)	Urban Land Management and Governance in Solomon Islands is efficient, effective and improved. 1.Land Reform TOL 2.Upgrading Project Profiling 3.Building Assessment & valuation project 4.National Development/Resettlement Project 5.National Land Auditing Project 6.National Urbanization	1,660,000
Land Development, Preparation and Construction Programme (LDPCP)	Government better served by professional site & Construction development services. 1.Lands office Housing project 2.Site Development 3.Doma USP land project 4.Land Resource Owners Partnership in development 5.Urban expansion project 6.Tina Hydro Project	42,835,000
Institutional and Capacity Building Strengthening Programme (ICBSP)	Stakeholders better served through an improved & strengthened MLHS service delivery. 1.ICT Systems procured and developed.	502,000
		<u>44,997,000</u>

Issues of concern

- **Land Resource Owners Partnership project** - the 2015 Budget allocates \$42.84 million to a number of projects including a Land Resource Owners Partnership. The Ministry advised that these related to growth centres in the provinces and a pilot project will be conducted in a selected area once a legal framework has been put in place. This will cost \$1 million initially but over the balance of the year \$7 million has been allocated.
- **Urban Expansion project** - the Ministry advised that the project was designed in particular for urban expansion in Honiara as well as extended to Auki and Gizo depending on the pace of rollout of the program. There is an initial \$1 million funding allocated but this will be revised after receiving the approved budget.
- **Land ownership along the seafront between Rove and Lunga** - the Committee was concerned that traditional land owners were blocking off the seafront which would impede further commercial and industrial development as well as impact on the development of the ports infrastructure. The Ministry advised that one out of the three claimed land owners has sold 20 parcels of shoreline and the Ministry is seeking legal advice on the matter. The Lands and Title

Act allows the Commissioner to apply on behalf of the government but the previous Commissioner had not done so. Action is currently being taken to seek advice from AG Chambers as to next steps.

- **Resettlement of the Mataniko River banks** - following the April 2014 flash flood the Committee was concerned to note that people were once again resettling along the riverbank. The Ministry advised that they had already undertaken a subdivision of 300 lots at April Valley and the survey has been completed and titles will soon be issued to applicants.
- **Prevalence of counterfeit title documents** – the Ministry advised that the procedures for land registration had been severely undermined and compromised by certain groups and individuals. The Ministry advised that counterfeit lands and registry stamps and forged signatures were at large. The Ministry appealed to the public to take extra care to ensure their land registrations were done by legitimate authorised officers in the Ministry.
- **Tina Hydro project** - the Ministry advised that they were assisting with the project in terms of negotiating land acquisition for those areas that will be impacted by the dam in order to ensure that there is no conflict.

Recommendations

The Committee recommends that resettlement of the April Valley subdivision is of utmost importance to ensure that history does not repeat itself with a possible much greater loss of life.

The Committee also recommends that the Ministry quickly address the issue of forged land documents that is undermining the land registration system.

86 MINISTRY OF DEVELOPMENT PLANNING & AID COORDINATION

Mission Statement

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

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ -	\$ -	\$ -
Expenditure			
Payroll	\$ 2,783,188	\$ 2,235,075	\$ 548,113
Other Charges	\$ 5,131,000	\$ 5,282,446	-\$ 151,446
	<u>\$ 7,914,188</u>	<u>\$ 7,517,521</u>	<u>\$ 396,667</u>

Budget Support			
Income	\$ -	\$ 43,297	-\$ 43,297
Expenditure			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ 42,386	-\$ 42,386
	<u>\$ -</u>	<u>\$ 42,386</u>	<u>-\$ 42,386</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 12,550,000	See below
Donor	\$ -	
	<u>\$ 12,550,000</u>	

Non-Appropriated

ADB	\$ 4,668,000	Strengthening NDS
World Bank	\$ 3,500,000	RDP Phase II
EU EDF	\$ 51,988,000	Technical Cooperation \$3,333,000; NAO Support
Australia	\$ 16,800,000	RDP Phase II
	<u>\$ 76,956,000</u>	

Programs - Appropriated

Institutional Development Program	\$ 2,550,000	SIG
Rural Development Program	\$ 10,000,000	SIG
	<u>\$ 12,550,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Institutional Development Program	More effective planning, coordination processes in MDPAC 1.NDS 20 year Plan Technical Advisor 2.Planning / Budget technical workshops 3.NIIP Software 4.M & E Activities 5.Population Profiling 6.Development Database	2,550,000
Rural Development Programme	SIG Contribution to PHASE 2 of RDP	10,000,000
		<u>12,550,000</u>

Issues of concern

- **Review of the National Development Strategy (NDS)** - the Ministry informed the Committee that they have engaged ADB for technical assistance in the review of NDS and the successor for the 20 year plan. The Committee suggested that nationwide consultations especially with stakeholders to have a good coverage would be an advantage. However the Ministry said that this will be not be possible due to timing. The Committee was most concerned that the Ministry intends to develop a 20 year NDS without consulting the widest possible range of stakeholders whose futures are going to depend upon this plan and strongly recommends that the Ministry review its decision.
- **Commercial commodities within the provinces** - the Committee suggested that the Ministry should initiate national developments in the provinces in order to balance developments. The Ministry stated that during the Independence period back in the 70s, studies of so called "resource inventory" had been carried out regarding developments in the provinces. However, these have never been implemented. The Ministry has used 3-5 years plans and is now moving into 10 or 20 years planning and agrees that such an approach would be beneficial.
- **Evaluation of proposals submitted by line ministries** - the Committee expressed concerns over the evaluations performed by the Ministry where the line ministries submit their planning and queried how the Ministry came up with number of jobs and income level. The Committee raised this because in its hearings of the MFT, that Ministry was unable to demonstrate what number of jobs would be generated by any of the proposals. The Ministry agreed with concern raised and advised that it wanted to build such a system and generate the data, and will start off small and gradually build up its capacity.
- **Unrealistic timing in spending budget** - the Committee raised concerns over the issue of "trying to do too much" where there is a significant growth in the Development Budget that has only 7 months to implement and whether it would be more productive to target fewer programs which are most likely to be implemented within the short time frame. The Committee is concerned that the Ministry defended its development program by referring to accumulated reserves which is a different issue to the capacity to actually plan, design and implement projects which are still at conceptual stage four months into the year.

The Ministry stated that its budgets are multiyear budgets and can be continued into the following year unlike budgets for grants which involve cash. However, the Committee feels that the Ministry does not appreciate that the Development Budget is a piece of legislation which expires at the end of the fiscal year, and that all appropriations for developing the projects within 2015 will need to be appropriated afresh in the 2016 Budget with a high likelihood that a lot of the intended projects and activities will have barely commenced.

The Committee expressed concerns over this approach when looking at the Ministry's intention to expand infrastructure within the provinces to provide support for economic development. The Committee felt that this trickle-down approach of providing infrastructure would only boost the economy for urban centers and not for rural areas. The Ministry deferred by stating that the budget was fully funded and had been decided by the government of the day.

- **Scholarship Opportunity List** - the Committee expressed its concern that there should be a proper mechanism in place for consultation with other line ministries prior to finalizing the scholarship opportunity list. The Ministry confirmed that they continued to build the list, ensuring consultation with all relevant ministries, but that the Ministry of Education has the final say on the number of scholarship to be provided. The Committee remains concerned that the issue is not the number of scholarships but the types of training being offered through them.
- **Office Location** - the Ministry is currently located in a remote position in relation to other key line ministries and it will be moving into the MFT building once construction of the new MFT complex is completed.
- **Alignment of donor agenda with national strategic plans** - the Committee stated that Minister of Finance publicly stated that assistance from donors will not be accepted unless their priorities are aligned with those of the government. The Ministry gave an assurance that it continued to engage with its development partners to ensure that projects can be better coordinated.
- **Continuation of Australian Government support** - the Committee asked whether there will be an impact on the government when there is a reduction of Australian Government support. The Ministry advised that it was not the size of the assistance that was the answer but to be more strategic as to where the assistances should be. The Ministry was of the view that some of the

technical assistance currently given were not priority areas and the government needed to be strategic regarding the value of the assistance.

- **Flash Flood Plan** - the Ministry advised that the plan has been finalized and submitted to Ministry of Environment, Climate Change, Disaster Management & Meteorology but that it had yet to go to Cabinet.

87 MINISTRY OF CULTURE & TOURISM

Mission Statement

The Mission of the Ministry is to increase the impact of tourism on economic growth in the Solomon Islands by developing a dynamic, sustainable and private sector driven industry. The ministry is aware of the fact that sustainable tourism development must be sensitive to the unique cultural and environmental legacy of the nation. It must also empower local communities and bring economic benefits to rural populations by creating jobs and reducing poverty. The ministry is also responsible for the protection, nurturing and promotion of the Solomon Islands' unique and diverse cultural heritage.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 65,994	\$ 197,983	-\$ 131,989
<i>Expenditure</i>			
Payroll	\$ 3,051,655	\$ 2,371,006	\$ 680,649
Other Charges	\$ 22,224,249	\$ 16,937,577	\$ 5,286,672
	\$ 25,275,904	\$ 19,308,583	\$ 5,967,321

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 25,000,000	
Donor	\$ -	
	\$ 25,000,000	

Non-Appropriated

	\$ -	
	\$ -	

Programs - Appropriated

National Museum & Archives	\$ 5,500,000	SIG
Tourism Development & Institutional Strengthening	\$ 19,500,000	SIG
	<u>\$ 25,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Tourism Development and Institutional Strengthening Program	<p>Increased tourism in Solomon Islands with more even distribution between destinations throughout the provinces</p> <ol style="list-style-type: none"> 1. Develop minimum standards & accommodation grading system & Trek 2. MCT Office building, Provincial tourism Information centre and conference facility 3. Cruise shipping Development 4. Eco-Tourism Grant 5. Heritage attraction Development in Tulagi. 6. Guadalcanal Trek 7. Forest Lake eco-tourism development 8. Development of Poha and the Maruyama Trail 9. Rehabilitation of WWII battlefield sites 10. Development of Lee's Lake Trail 11. Profiling of Birding sites 12. Surf sites profiling 13. Panatina Festival village 14. Papatara Island Resort Development 	19,500,000
Reinvigorating Solomon Islands National Museum & National Archives	<p>The culture, arts and heritage including important historical and documentary records of Solomon Islands are appropriately protected, safeguarded, developed and promoted.</p> <ol style="list-style-type: none"> 1. Provision for new infrastructure for SI national Museum 2. Review of the protection of wreck and war relics Act 1990 (CAP 150) 3. develop a SI national museum Act 4. Establishment of Digital recording system 	5,500,000
		<u>25,000,000</u>

Issues of concern

- **Panatina Cultural Village** - the Committee was concerned about the state of the village given that it has been identified as a site for the Melanesia Arts Festival to be held in 2018 and that it is within the grounds of SINU. The Ministry agreed that the lease agreement did not provide access to the property but consultations are ongoing to try to upgrade the facility for future public use.

- **Customer service training of hotel staff** – the Ministry advised that this was a large challenge and that short courses in tourism would soon be offered at SINU and APTC. The Tourism Centre was handed over to SINU in 2014 and the short courses have been adopted from those provided at Auckland University. The Committee wondered whether the focus of such training should be towards graduates rather than unskilled people and the Ministry agreed that it was a challenge.
- **Growth in tourism 2010 – 2014** – the Ministry advised that the average annual growth of visitors was 3% – 4% up until 2013 but slowed to 2% in 2014. 23,000 visitors arrived in 2013 and 20,000 in 2014 (which is actually a decline in numbers). The SIVB commented that issues such as disputes impacted on visitor numbers and that the Solomon Islands position in the tourism industry is very low due to safety and security concerns, less demand for the products on offer, limited resources to support the industry and lack of awareness by Solomon Islanders about their country. Much of the accommodation is limited in terms of numbers and size of rooms.

The Ministry advised that there was limited and out of date data on visitor statistics and it was important that the Tourism Division improves its data collection to make sure that it is updated, timely and accurate.

The Ministry regarded SIPA as a partner in the tourism industry with its infrastructure. Currently small ships are the main carriers of visitors but once the international wharf is completed larger tourist vessels will be able to dock. The main ports of entry are Gizo, Honiara and Santa Anna.

- **Anuha tourist development** – the Ministry advised that the development had been bought by the government under a framework established through the Ministry of Lands, and that a committee had been established to work on it and revive it.
- **Provincial tourism offices** – the Ministry advised that the building of tourism offices within provinces depended on what the province had to offer in terms of attractive sites or cultural activities etc. The types of attractions that the Solomon Islands offers includes our culture, World War II battlefields, diving and surfing though it was felt that the artefacts were too large.
- **Melanesia Arts Festival preparations** – the Committee was concerned to find out that plans for holding the 2018 Festival and steps taken to ensure that some of the poor practices that occurred in FOPA would not be repeated were yet to be established and no funds had yet been provided.

Recommendations

The Committee recommended that:

- negotiations be entered into with SINU over access to and refurbishment of the Panatina Cultural Village, and plans be developed for a successful Melanesian Arts Festival to be held in 2018 so that there is not the same last-minute dash as was experienced with FOPA which resulted in a lot of wasted funds and incomplete projects
- the Ministry upgrade its statistics collection on visitors so that the industry has a better understanding of how many visitors arrive and what sorts of things they would like to see or do while they are here in order that tourist operators can better match their needs and grow the industry.

88 MINISTRY OF COMMERCE, INDUSTRIES, LABOUR & IMMIGRATION

Mission Statement

The primary purpose and objectives of the Ministry of Commerce, Industry, Labour and Immigration is to provide an effective and efficient in the delivery of services that will enhance, promote and generate growth within the private sector thus create a vibrant and progressive economy. It is the business of the Ministry to provide Business Services where they are needed and access to financing Solomon Islanders to actively participate and engage in Small and Medium Enterprises. To continuously review its institutional arrangement with a view to building a better, flexible labour market that favours private sector growth ensuring real growth is achieved through the creation of increased business opportunities, creation of employment opportunity, improved product development, equitable participation by both foreign and local investments, efficient legal and administrative process and the acceleration of technology and industry.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 17,802,200	\$ 20,470,579	-\$ 2,668,379
<i>Expenditure</i>			
Payroll	\$ 8,269,967	\$ 9,224,570	-\$ 954,603
Other Charges	\$ 26,085,981	\$ 26,336,119	-\$ 250,138
	<u>\$ 34,355,948</u>	<u>\$ 35,560,689</u>	<u>-\$ 1,204,741</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 12,130,000	See below
Donor	\$ -	
	<u>\$ 12,130,000</u>	

Non-Appropriated

	\$ -	
	<u>\$ -</u>	

Programs - Appropriated

Economic Growth Centre Development	\$ 4,000,000	SIG
Industrial & Commercial Estate Development	\$ 4,500,000	SIG
Private Sector & MSME Development	\$ 3,630,000	SIG
	<u>\$ 12,130,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Industrial and Commercial Estate Development	Increase economic activities 1. Noro Industrial Estate 2. Suava Bay Commercial/Industrial Estate 3. Bina Harbour Economic Infrastructure 4. Wairakai Industrial Estate 5. Provincial Industrial/Commercial Estate	4,500,000
Private Sector and MSME Development Program	Investors enjoy conducive environment to establish and operate business activities in all 1. appropriate institutional framework for SME development in place 2. culture of entrepreneurship among Solomon Islanders promoted 3. SME access to business development services Facilitated 4. mechanisms for SMEs to access appropriate business financing Put in place 5. Promote innovation and technological capacity of SMEs for competitiveness 6. SME access to local, regional and international markets and market information Facilitated	3,630,000
Development and Economic Growth Centres	Increase participation of the rural populace in the socio-economic development 1. Noro Industrial Estate 2. Suava Bay Commercial/Industrial Estate 3. Bina Harbour Economic Infrastructure 4. Wairakai Industrial Estate 5. Provincial Industrial/Commercial Estate	4,000,000
		<u>12,130,000</u>

Issues of concern

The Committee raised the following issues of concern:

- **Reserve list for indigenous operators** – the Ministry advised that the list will be very much dependent upon the outcome of consultations and is expected to take about half the year to develop. The ADB is currently drafting a policy on competition and the Ministry is working with a consultant who has prepared a draft for consideration.
- **Ineffectiveness of price control** – the Committee expressed its concern over the ever increasing cost of living in both urban and rural areas. The Ministry advised that it was handicapped in how much it could control prices. Firstly, the price list does not capture all the products on the market, some areas were not included in the list for assessment of prices of goods for example in Tingoa, the Ministry does not have the staff to fully audit shop prices, the Ministry is unable to attract professional experts to undertake the role such as accountants, lawyers etc., to analyse appropriate pricing taking into account factors such as import costs.

- **Development of economic centres** – the Committee was not clear how the Ministry would be capable of developing up all the centres with only seven months left to implement the program for 2015. The Ministry acknowledged that this was not possible and that it would be focusing on Noro in the first instance as it is an ongoing centre. The construction of all the economic centres will require \$20 million or more and this will take time.
- **Predicted economic growth of 3-4% achievable** – the Ministry supports the view of MFT and ERU that such a growth in GDP is achievable once a third of the population can be engaged in productive activities. The committee is concerned that such growth is predicated on the successful implementation of the Development Budget which is not likely to be greatly implemented during the balance of 2015.
- **Poor logging company employment practices** – the Ministry advised that there is a high non-compliance by logging companies with Solomon Islands labour laws. The Ministry conducts spot checks and charges fines when these breaches are observed. The Ministry also has the power to withhold work permits and entry visas upon reports from its Enforcement Unit about any particular logging company.
- **Opportunities for rural business owners as SMEs** – the Ministry advised that the number of SMEs are liquidating and there is an alternative avenue of individuals or communities establishing limited liability entities. When pressed by the Committee whether any funds had been allocated for a funding vehicle such as DBSI, the Ministry advised that it only had funds for SME related projects giving rise to the view of the Committee that the Ministry had no planned activities in respect of the DBSI..
- **Illegal goods trafficking between borders** – the Ministry confirmed that there was a considerable amount of goods trafficking occurring between PNG and Solomon Islands which is a challenge for quarantine, customs and immigration enforcement. This is not helped by the station at Korovou not being manned. There is a MOU between PNG and Solomon Islands which has not been enforced and it is necessary to put in an effective border management system. However the Ministry does not have the funds to do this.
- **Budget allocation for industrial/commercial activities and economic growth** – the Ministry advised that the focus initially will be on Suava Bay, Bina Harbour and Noro, but there are a number of obstacles to moving forward including:

- additional funds required for infrastructure such as acquiring land, road construction etc.,
 - consultations yet to be conducted with MID, Ministry of Lands and Ministry of Agriculture,
 - the result of a decision from a current High Court case,
 - the relocation of people and rebuilding accommodation, and
 - competing purpose projects such as the Ministry of Fisheries' proposed canning project.
- **Survey of unemployed youth** – the Ministry acknowledged that it does not have employment data and relies on the Statistics Office and the Chamber of Commerce for such information. The Ministry plans to obtain an information system this year to capture employment data.
 - **Restrictions on visitors from Kiribati and Tuvalu** – the Committee was concerned that visitors from these countries found it difficult to gain entry which was affecting operations of the Fisheries Forum Association personnel whose headquarters are based in Honiara. The Ministry advised that this problem needed to be resolved at a political level and the restrictions were imposed due to past violations of Solomon Islands laws.
 - **Low minimum wages** – the Ministry advised that there was no national wages policy in place and it was undertaking a review in 2015. The agricultural sector minimum wage is currently \$3/hour and fisheries is \$4/hour, while skilled labour is negotiable with employers. Although the Ministry agreed that there was a need to increase the minimum wage it was unable to suggest an amount. The Committee recommended that awareness programs for rural communities conducted by representatives from all line ministries similar to the one undertaken in Makira in 2011/12 should be reinstated.
 - **Engagement with NGOs** – the Committee was concerned with the costs of conferences and workshops and suggested that the Ministry utilise NGOs who do similar work but at no cost. The Ministry advised that some training activities were subcontracted to other institutions.

Recommendations

The Committee recommended that

- the Ministry review its 2015 program and identify which activities would be implementable during the balance of the year and focus on those given that many of its projects have a long way

to go in terms of funding, planning, designing in consultation with other line ministries and organisations and the outcome of court cases,

- the border management between Solomon Islands and PNG be reviewed by related line ministries to determine how to regain control over the illegal trafficking of goods as eventually this could lead to other forms of illegal trafficking of concern to enforcement agencies,
- the Ministry review all of its data needs and consult with the National Statistics Office to ensure that it is aware of the Ministry's needs when finalising its current information needs survey.

89 MINISTRY OF COMMUNICATION & AVIATION

Mission Statement

The Ministry aims to rehabilitate and upgrade all Civil Aviation infrastructures and facilities throughout the country and provide efficient, effective and reliable Communication and Civil Aviation Services that are timely, accurate, safe and secure while meeting all regulatory requirements.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 10,164,068	\$ 4,313,919	\$ 5,850,149
<i>Expenditure</i>			
Payroll	\$ 10,607,675	\$ 10,590,796	\$ 16,879
Other Charges	\$ 31,758,855	\$ 35,734,353	-\$ 3,975,498
	<u>\$ 42,366,530</u>	<u>\$ 46,325,149</u>	<u>-\$ 3,958,619</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 15,360,000	See below
Donor	\$ -	
	<u>\$ 15,360,000</u>	

Non-Appropriated

ADB	\$ 98,418,750	Broad band Development (SOCC) \$41,107,500; MHA Office Building
World Bank	\$ 21,750,000	Telecom & ICT Development
New Zealand	\$ 72,500,000	Munda Runway Noro Munda
	<u>\$ 192,668,750</u>	

Programs - Appropriated

International Airports	\$ 15,360,000	
Provincial Airfields	\$ -	
	<u>\$ 15,360,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Provincial Airport Programs	Economic and Social activities Improved 1. Sasamunga Airport 2. Carry out Feasibility Studies out in other potential provincial sites	
International Airports (Henderson & Munda)program	Safe and secure environment for the traveling. 1.MUNDA INTERNATIONAL AIRPORT UPGRADE- Carry out 2nd Phase of NZAid/SIG Munda Airport. . 2. Carryout rehabilitation on Navigational Aids at Henderson 3. Carry out work on runway and apron at Henderson	
		<u>15,360,000</u>
		<u>15,360,000</u>

Issues of concern

- **Maintenance of airfields** – the Committee expressed its concern about mismanagement of maintenance of airfields. The Ministry advised that the reasons were due to mismanagement of project funds and land issues and that it was exploring ways to ensure that projects were completed.

The Committee subsequently interviewed the CEO of Solomon Airlines who pointed out that the Ministry and CAASI did not have what is known as an “exposition documents” which fully detail all the procedures for every stage of airstrip development, maintenance and management as required under international standards. The exposition documents allow the Ministry and CAASI to properly maintain all airstrips rather than following its current practice of repairing

faulty equipment or conditions after they have failed. Because of this, the airline itself has its own exposition documents to enable it to obtain the insurance it requires before it can land at any airstrip. The airline also makes the decision when it is no longer safe to land at an airstrip.

The Committee believes this to be unacceptable and strongly recommends that the Ministry and CAASI take all necessary steps to develop up the exposition documents required to properly maintain the airfield infrastructure as required under international standards.

- **Non-opening of Manova Airfield** - the Ministry advised that the airfield now met all requirements but Solomon Airlines was still not flying there. The CEO of Solomon Airlines advised that the airstrip was still not commissioned or entered into an international registry of airports which is required before the airline can obtain the insurance required to be able to land there. The airstrip was built without any consultation with the airline or in compliance with the Civil Aviation Act 2008.
- **Accident at Henderson Airport** – the Committee was disturbed to learn that because the Ministry and CAASI do not have these exposition documents, no proper procedures are in place in case of an accident. The CEO of Solomon Airlines described an incident involving a Toll freighter whereby the airline itself cleared the runway with assistance, no fire truck was mobilised, and no police were called even though under international standards it is considered a crime scene and the asset seized by the government pending an enquiry. This incident reinforces the Committee’s call that the Ministry and CAASI urgently prepare the necessary exposition documents required.
- **Surrounding land at Henderson airport** – the Committee was concerned that allegations of corruption continued to exist regarding access and ownership of land adjacent to the airfield perimeter in contravention with the legislation.
- **Air service between Fiji and Solomon Islands** – the Committee was concerned that the recent renewed agreement between Fiji and Solomon Islands was not advantageous to Solomon Islands and ought to be renegotiated. The Ministry blamed the Ministry of Foreign Affairs for not having trained negotiators.

The Committee subsequently interviewed Solomon Airlines who advised that the agreement now in place continues to penalise Solomon Islands and has given Fiji Airways an unfair competitive advantage – as is also enjoyed by Nauru, PNG and Australia.

- **Undersea cable project** – the Ministry advised that there were two alternative options for developing the cable link and a business case has now been prepared and taken to Cabinet for decision.

Recommendations

The Committee recommends that:

- the Ministry and CAASI take all necessary steps to develop up the exposition documents required to properly construct and maintain the airfield infrastructure as required under international standards
- the Government re – initiate its airline service agreements with its neighbours to try to balance the competition being faced by Solomon Airlines
- the Auditor General undertake an investigation into the land dealings around Henderson Airport to determine the legitimacy of current holdings

90 MINISTRY OF FISHERIES & MARINE RESOURCES

Mission Statement

The Ministry of Fisheries and Marine Resource (MFMR) leads the challenge to sustainably manage and develop the nation's offshore and coastal fisheries, is active in promoting Community Based Resource Management, and aims to contribute to the sustainable management of the region's offshore marine resources.

The MFMR strives to provide an effective and efficient service to all stakeholders, promote government inter-agency cooperation and act as the focal point for national capacity building, research and development within the sector.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 183,459,506	\$ 217,208,517	-\$ 33,749,011
Expenditure			
Payroll	\$ 5,834,579	\$ 4,713,899	\$ 1,120,680
Other Charges	\$ 10,622,437	\$ 11,977,879	-\$ 1,355,442
	<u>\$ 16,457,016</u>	<u>\$ 16,691,778</u>	<u>-\$ 234,762</u>

Budget Support			
Income - NZAid	\$ 7,150,250	\$ 3,009,405	\$ 4,140,845
Expenditure			
Payroll	\$ 775,000	\$ 483,782	\$ 291,218
Other Charges	\$ 6,375,250	\$ 3,421,226	\$ 2,954,024
	<u>\$ 7,150,250</u>	<u>\$ 3,905,008</u>	<u>\$ 3,245,242</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 24,990,000	See below
Donor	\$ -	
	<u>\$ 24,990,000</u>	

Non-Appropriated		
		Organisational Strengthening \$36,980; Mekem Strong Si
New Zealand	\$ 51,505,373	Fisheries \$14,525,373
	<u>\$ 51,505,373</u>	

Programs - Appropriated

Community Fisheries Livelihood	\$ 16,150,000	SIG
Infrastructures Supporting Livelihood	\$ 6,190,000	SIG
Tuna Onshore Development	\$ 2,650,000	SIG
	<u>\$ 24,990,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Community Fisheries Livelihoods	Lives of Solomon Islanders are improved A. Fish Agregation & maintenance & monitoring B. Sea weed Farming C. Farming of Milk Fish D. Farming of Sea cucumber E. Community based Resource Management	16,150,000
Infrastructure Supporting Livelihoods	Improved infrastructures to support livelihood programs A. Fisheries Center Rehabilitation B. Provincial Fisheries Housing C. Radio Awareness Program D. MFMR Seafront reclamation F. Building of new compliance office	6,190,000
Tuna Onshore Development	Increase in Export of processed Solomon Islands Tuna products. A. Land at Suava secured for tuna onshore development B. Tenaru Foreshore & sea bed survey & valued C. Doma Foreshore & sea bed survey and valued D. M&E of project activities	2,650,000
		<u>24,990,000</u>

Issues of concern

The Committee identified the following matters of concern:

- **offshore longline fishing data** – the Ministry was unable to provide any data but pointed out that it was moving from the issuing of licences for international fishing operators toward an auction system that will determine the market price for access to Solomon Islands fish stock. The demand varies from year to year.
- **Outdated legislation review** – the Ministry advised that a draft Bill is now ready to submit to Cabinet after many delays given the rapid changes in the industry each year. The Bill will capture all types of fishing both offshore and inshore.
- **Sustainability of fish stock** – the Ministry described how access to fish stock is managed through the PNA and that Solomon Islands harvest value is only 3% of global value. Of the four types of tuna fished, only the *Big Eye* species is under pressure.
- **“yellow” flag status with European Union** – the Ministry assured the Committee that the new legislation will provide for proper management and tracking of illegal fishing that is required by the European Union if Solomon Islands is to continue to export to EU. This would affect the

Soltuna operation should it happen and the Ministry is doing everything necessary to address the issues in this legislation. In terms of illegal fishing, the PNA is monitoring vessels including landing catchments and reconciling these against authorised allocations.

- **Onshore, inshore and small fishermen projects** – the Ministry is assisting in building small fishing centres with deep freezers powered by solar panels and have delivered six – 8 to date. Onshore facilities in addition to Noro are caught by the difficulties in acquiring land in the identified locations and is turning to Suava Bay and Bina Harbour as alternatives. For more isolated projects the Ministry relies on the Constituency Development programs to provide the necessary funding.
- **Extension of beche de mer harvesting** – the Ministry explained that an additional two months were required for export licences to enable the last of the catch to be dried. The Ministry advised that it was conducting trials for breeding of the animal but it's going to take some six – seven years to establish and needs further research.
- **Overstretched Ministry staffing resources** – the Ministry raised the concern that it needed 25 staff in order to properly manage its program.

Recommendations

The Committee recommends that the Ministry ensure that nothing prevents the passage of the legislation required to ensure that Solomon Islands can continue to export fish processed onshore to the EU.

91 MINISTRY OF PUBLIC SERVICE

Mission Statement

The Public Service Ministry is the employer body for Solomon Islands public officers. It is the Secretariat for the Public Service Commission, the Judicial and Legal Services Commission and the Police and Prison Service Commission. The Ministry of Public Service oversees the regulation of condition of service for public officers, deals with the manpower requirements of Ministries and has an important role in coordinating, training and development activities across the whole of the public service. Also the ministry is responsible for the Public Service reforms and quality management that foster and enhance a knowledge workforce that is effective and responsive to the needs of the State and the people of the Solomon Islands.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 1,244,169	\$ 24,070	\$ 1,220,099
<i>Expenditure</i>			
Payroll	\$ 14,591,811	\$ 13,328,719	\$ 1,263,092
Other Charges	\$ 16,007,534	\$ 12,275,696	\$ 3,731,838
	<u>\$ 30,599,345</u>	<u>\$ 25,604,415</u>	<u>\$ 4,994,930</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 3,000,000	See below
Donor	\$ -	
	<u>\$ 3,000,000</u>	

Non-Appropriated

Australia	\$ 21,216,000	HQ and Administration
	<u>\$ 21,216,000</u>	

Programs - Appropriated

PS Infrastructure	\$ 3,000,000	SIG
	<u>\$ 3,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Public Service Infrastructure Development Programme	MPS through the Institute of Public Administration and Management (IPAM) able to deliver trainings to contribute to the creation of a skilled, professional and ethical Public Service. 1. Variation works done to the new MPS Head Quarter Building 2. Design and build a learning and development complex to house the IPAM.	3,000,000
		<u>3,000,000</u>

Issues of concern

The Committee identified the following matters of concern:

- **Poor or absent attendance at work by public servants** - the Ministry advised that it had obtained Cabinet approval to conduct a pilot attendance management process and a circular will be distributed to all public servants shortly.
- **Slowness to complete disciplinary action** – the Ministry advised that the process involved in disciplining staff is lengthy because it is essential that officers are given an opportunity to present their case and this situation will remain until our Constitution is amended. The matter is also being considered as part of General Orders to be attached to a new Public Service Bill but, regardless, due process still needs to be observed. The Ministry is resourcing a Professional Standards Unit to address the issue of finalizing long outstanding filed cases. The Public Service Bill is being finalised.

The Committee suggested a review of the Code of Conduct and other guidelines to properly guide public officers. The Ministry advised that the Code was endorsed in 2010 and has been implemented with effects, but that there was no clear data across the public service in terms of compliance. Professional standards are used to measure or lay charges against officers who have not complied with the Code.

- **Recruitment freeze** – the Committee noted that only essential services would be allowed to recruit in 2015 and the Ministry advised that it was allocating approved vacancies according to the priority areas of the Government which are mainly located in the productive sector. Any vacant posts as at end of June 2015 will be re-centralised and only released to ministries in line with current Government policy.
- **De-centralisation of certain recruitment procedures** – the Ministry advised that the pilot ministries were selected on the basis of having sufficient internal HRM support and that all other ministries will continue through normal process. The Committee suggested that recruiting processes could be accelerated by requiring the Public Service Commission to meet twice a week instead of once a week and the Ministry advised that it was looking at inducements for Commission members to attend meetings including recently approved sitting allowances that are to be gazetted.
- **Remuneration policy** – the Ministry advised that with such a large workforce it was always concerned to ensure affordability. Variations within the workforce due to current schemes of service such as with doctors and nurses can create certain budget savings.

- **In-service training policy** – the committee queried what arrangements were in place to ensure that in-service training approvals and staff retention within the Ministry upon completion through bonding were effective. The Ministry advised that the 2013 Training Policy was approved last year by the Cabinet and it empowered the PS to approve study leave directly without going through the Public Service Commission.
- **New IPAM complex** – the Ministry advised that funding within the Development Budget was for the construction of a new building as the current site was faulty and unsafe. The Ministry is currently tendering out architectural design and looking for a land to acquire. The Ministry highlighted the fact that IPAM is an alternative institution to the academic institutions in Solomon Islands as it is practical oriented for the specific needs of public officers.

Recommendations

The Committee recommended that the Ministry explore other ways and means of expediting the handling of discipline cases. The fact that due process needs to be followed should not result in excessive delays and the Committee urges the Ministry to make the new Professional Standard Unit operational and effective without further delay.

92 MINISTRY OF JUSTICE & LEGAL AFFAIRS

Mission

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

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 406,200	\$ 884,914	-\$ 478,714
Expenditure			
Payroll	\$ 11,785,044	\$ 9,330,142	\$ 2,454,902
Other Charges	\$ 17,410,994	\$ 15,223,134	\$ 2,187,860
	\$ 29,196,038	\$ 24,553,276	\$ 4,642,762
Budget Support			
Income	\$ 2,021,682	\$ -	\$ 2,021,682
Expenditure			
Payroll	\$ 787,586	\$ 151,760	\$ 635,826
Other Charges	\$ 1,234,096	\$ 494,100	\$ 739,996
	\$ 2,021,682	\$ 645,860	\$ 1,375,822

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 5,100,000	See below
Donor	\$ -	
	<u>\$ 5,100,000</u>	

Non-Appropriated

Australia	\$ 25,900,010	Justice Program
	<u>\$ 25,900,010</u>	

Programs - Appropriated

Institutional Infrastructure	\$ 5,100,000	SIG
	<u>\$ 5,100,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
MJLA Institutional Infrastructure Programme - New office complex & Staff Housing	Capacity of the Courts, legal staff, and systems are better able to deliver accessible, efficient and effective justice services to the Government and people of the Solomon Islands 1. Justice Legal Complex completed and operational. 2. New housing for critical Justice staff increased.	<u>5,100,000</u> <u>5,100,000</u>

Issues of concern

- Lengthy land disputes within provinces – the Ministry advised that the Customary Land Appeal Court deals with land disputes in the provinces and the low number of magistrates contributed to excessive delays. A Tribal Land Dispute Resolution Panel Bill has been prepared which is intended to arbitrate land disputes in rural areas rather than waiting for local courts, and it is hoped that this will accelerate resolution of land disputes.

The Ministry advised that the Tribal Land Dispute Resolution Panel would involve chiefs, church elders, priests and big leaders from each area within the country. Once they are registered it will be up to the Provincial Coordinator to appoint certain chiefs and leaders to sit on the Panel and once they are appointed and approved by the two disputing parties, they will be paid by the government. It is intended that the panels commence operation by October 2015.

- **Local Courts** – the Ministry advised that the local Court did not go out on circuit in 2014 due to lack of funds and staff, but this has now been remedied for 2015 and, upon recruiting new staff, will resume this function to deal with minor, criminal and civil matters.
- **Drafting of legislation** – the Ministry advised that it has relied on expatriate support since Independence as the Ministry was finding difficulty in attracting lawyers to do drafting work.
- **Family Protection Bill** – the committee enquired as to when the Bill would be promulgated and was advised that the responsibilities under the Act will be between itself and the Ministry of Women and Youth. The Ministry advised that it intended to train local justices, magistrates, judges and local courts but had no funds to do so. These resources are required to be able to serve notices out to the rural areas and to resolve family violence, domestic violence and family issues.
- **Transition of support from RAMSI** – the Ministry advised that the Development Budget will take up the cost of staff houses and courthouses in the provinces which previously were funded by RAMSI. The biggest challenge is getting the land titles for parcels on which the current residences and courthouses are located. Discussions are ongoing with the Australian Government to maintain its bilateral programme going forward.
- **Sorceries legislation** – the Ministry advised that its Law Reform Unit was working on legislation to deal with sorcery matters and the Committee recommended that the Ministry consult the wider community and work out how to recognise customary medicine practitioners who still undertake important work in rural communities.

Recommendations

The Committee recommended that the Ministry properly address the manpower issues for effectively applying the land dispute and family protection legislation in light of the current freeze on recruitment – the case should be made to MPS that these are essential services requiring additional staff.

93 MINISTRY OF HOME AFFAIRS

Mission Statement

Empower people to shape political future upon ethical leadership, professionalism and a governance culture that recognizes diversity in traditional cultures, values and the dignity of our people-government-stakeholder relationship.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 2,065,840	\$ 3,013,620	-\$ 947,780
<i>Expenditure</i>			
Payroll	\$ 2,724,185	\$ 2,027,540	\$ 696,645
Other Charges	\$ 34,931,297	\$ 101,988,189	-\$ 67,056,892
	<u>\$ 37,655,482</u>	<u>\$ 104,015,729</u>	<u>-\$ 66,360,247</u>

Budget Support			
<i>Income</i>	\$ -	\$ 2,760,000	-\$ 2,760,000
<i>Expenditure</i>			
Payroll			\$ -
Other	\$ -	\$ 2,760,000	-\$ 2,760,000
	<u>\$ -</u>	<u>\$ 2,760,000</u>	<u>-\$ 2,760,000</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 3,524,000	See below
Donor	\$ -	
	<u>\$ 3,524,000</u>	

Non-Appropriated

Australia	\$ 6,800,000	Electoral Reform
	<u>\$ 6,800,000</u>	

Programs - Appropriated

Electoral Reform Commission	\$ 1,504,000	SIG
MHA Office Building	\$ 500,000	SIG
Provincial Sports Development	\$ 1,520,000	SIG
	<u>\$ 3,524,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Solomon Islands Electoral Commission IT Programme	Solomon Islanders Civil Rights better served by improved Electoral and Civil Registration Systems 1. Electoral Reform	1,504,000
Provincial Sports Development Programme	1. National Sports Stadium 2. Provincial Sports Stadium 3. Guadalcanal Sports Stadium	1,520,000
MHA Office Building Complex	1. New office Design and Initial Capex works	500,000
		<u>3,524,000</u>

Issues of concern

The Committee identified the following matters of concern:

- **Federal State System** – the Committee queried whether there will be an increase in the number of constituencies under the proposed new system. The Ministry advised that the matter was still with the PMO and the Ministry is monitoring the development of the proposed new arrangements.
- **General Election computers and generators** - the Committee noted that the MHA had purchased 300 laptops and some generators and enquired whether they would be tendered out or kept by the Ministry. The Ministry advised that would be holding onto them as fixed assets in preparation for the next program of registering all citizens. They will also be used for the next general election.
- **Sports stadium development** - the Ministry advised that there was funding for a sports stadium but it was encountering difficulties in the current location because the site was being occupied by squatters.
- **Solomon islands Football Federation** – the Committee queried the non-involvement of the government in the current situation with the Federation and was advised that it is intentional that politics not enter into sports, but that there was an interim committee helping to build up the Federation.

Recommendations

The Committee made no recommendations as result of its hearing.

94 MINISTRY OF NATIONAL UNITY, RECONCILIATION & PEACE

Mission

Protect and promote worthy culture, customs and values, and foster national Unity through appropriate Peace building Stakeholders' partnership

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 2,772,611	\$ 1,932,720	\$ 839,891
Other Charges	\$ 15,231,732	\$ 8,845,512	\$ 6,386,220
	<u>\$ 18,004,343</u>	<u>\$ 10,778,232</u>	<u>\$ 7,226,111</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 10,740,000	See below
Donor	\$ -	
	<u>\$ 10,740,000</u>	

Non-Appropriated

	<u>\$ -</u>	

Programs - Appropriated

National Peace Building & State Building Program	\$ 7,740,000	SIG
Sustainable Development Fund	\$ 3,000,000	SIG
	<u>\$ 10,740,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
National Peace Building & Statebuilding Program	Existing and emerging threats to peace and security are effectively dealt with to build peace in the community. 1.0. Research on Solomon Islands Worthy Culture/Kastom and Early Warning Systems /Resilience to Conflict (Peace and Conflict Assessment) (PCA) 2.0. Facilitate the process of developing enabling legislation for traditional governance systems and structures 3.0. Institutional Infrastructure – Staff Residential Development 4.0. Redesign Solomon Islands Coat of Arm	7,740,000
Post-Conflict Rehabilitation programme	1.0 Embark on post conflict rehabilitation program	3,000,000
		10,740,000

Issues of concern

The Committee identified the following matters of concern:

- Truth and Reconciliation Report** – the Committee raised concerns over the Bougainville spill over effects and the TRC report. The Committee enquired if there were any steps the Ministry was taking to ensure people were ready for the report when it is tabled in terms of education and public awareness. The Ministry stated that it was in dialogue processes between the Western and Choiseul Provinces leaders and Bougainville leaders regarding resolution of any outstanding issues. Furthermore in regards to TRC, the Ministry stated that the TRC report is a raw document and under the Act the Ministry cannot do anything about that and the matter rests with the PMO. However in terms of public awareness there should be a committee established by the Parliament to look through the report and report on its findings to the Parliament.
- Insufficient budget for the essential rehabilitation and reconciliation activities** – the Ministry advised that the activities were in line with the Government’s priorities and programs, and that some of the activities will be performed alongside other funding ministries. The Ministry confirmed that it did not have enough staff to undertake all the work envisaged in the budget which meant that the program would be rolled out phase by phase depending on manpower.
- Framework for conducting reconciliations** – the Ministry advised that it had developed a more rigorous framework for assessing appropriate reconciliation activities and this has already been used in South Guadalcanal. Some of the reconciliations are being made through churches and NGOs in consultation with the Ministry. The four big reconciliations still outstanding are

between Guadalcanal and the national government, between Malaita and Guadalcanal, between Guadalcanal and Marau islanders, as well as between communities within Guadalcanal.

Recommendations

The Committee made recommendations that the Ministry undertake its own review of the TRC report in order to commence planning an accelerated reconciliation program between the communities with grievances so that it can properly cost out the required activities in terms of the logistics and manpower necessary to manage the processes.

95 MINISTRY OF MINES, ENERGY & RURAL ELECTRIFICATION

Mission Statement

To develop and manage the natural non-living resources of Solomon Islands, for the social and economic benefit, advancement and well-being of the people of Solomon Islands, now and for the future.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ 2,181,884	\$ 4,316,783	-\$ 2,134,899
<i>Expenditure</i>			
Payroll	\$ 5,885,872	\$ 4,931,296	\$ 954,576
Other Charges	\$ 14,654,994	\$ 9,965,770	\$ 4,689,224
	<u>\$ 20,540,866</u>	<u>\$ 14,897,066</u>	<u>\$ 5,643,800</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ -	\$ -	\$ -
Other Charges	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 24,261,317	See below
Donor	\$ -	
	<u>\$ 24,261,317</u>	

Non-Appropriated		
		Non-revenue Water Reduction \$8,879,500; Solar Homes System Pilot \$28,400,000
Japan	\$ 37,279,178	Power Sector Development
ADB	\$ 79,966,860	Mining Sector Support Phase II
World Bank	\$ 58,000,000	Water Supply
Australia	\$ 38,912,876	Support
Certified Search [STFO]	\$ 12,070,000	
	<u>\$ 226,228,914</u>	

Programs - Appropriated

Constituency Renewable Rural Electrification	\$ 5,160,000	SIG
Gold Ridge Tailing Dam	\$ 4,000,000	SIG
Renewable Energy Development	10001317	SIG
Water Sector Development	\$ 3,100,000	SIG
Upgrade Geo Chem Lab	\$ 2,000,000	SIG
	<u>\$ 24,261,317</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Constituency Renewable Rural Electrification	<p>Electrification of rural communities and households</p> <ol style="list-style-type: none"> 1. Rural communities receive solar for lighting and other uses. 2. Recipient trained for basic operation of solar equipment 3. Increases in no. of solar users in rural areas 	5,160,000
Renewable Energy Development Programme	<p>Solomon Islanders receive improved levels of electricity services in terms of quality, quantity, affordability and sustainable electricity supply.</p> <ol style="list-style-type: none"> 1. Implementation of the Fiu River Hydro Project 2. Carry out feasibility studies on other potential or identified sites. 3. Implementation of the Tina Hydro Project. 4. Implementation and consultation with landowners and stakeholders on the implementation of the Savo Geothermal Project 5. Implementation of solar programmes at Schools and other provincial headquarters and communities. 6. Carry out Research in the areas of other potential renewable energy sources such as wind power, solar, geothermal and others 7. Carry out work and studies on other mini hydro power sites indicated by authorities or by communities. 	10,001,317
GEO-Lab and Petroleum Information Centre	<ol style="list-style-type: none"> 1. Energy Efficiency & Conservation <ol style="list-style-type: none"> 1.1 Appropriate energy efficient equipment and technologies are standardized and labelled 	

	2. Petroleum Storage & Handling 2.3 Regulation for disposal of petroleum related wastes is enforced 2.4 Contingency oil spill plan is developed and monitored.	2,000,000
SI Water Sector Development Programme	Urban and rural communities receive improved levels of water supply and sewerage services in terms of quality, quantity, coverage, reliability, and resilience. 1. Urban Water Supply Development. Done through Implementation of recommended remedial works at identified locations with SIG funding beginning in 2015 and until SWSA takes over the programme in 2016. 2. SI Urban Water Supply and Sewerage Improvement (AusAID) 3. Increased Resilience of Water Supplies and management of it with relevant communities, landowners and stakeholders	3,100,000
Tailings Dam - Gold Ridge	Tailings Dam at Gold Ridge monitored and take relevant actions	4,000,000
		<u>24,261,317</u>

Issues of concern

The Committee identified the following matters of concern:

- **Inappropriate installation of rural solar panels** – the Committee was concerned about certain aspects of various programmes to provide renewable energy to rural schools and residences. The committee cited instances of incorrect specifications, incorrect installations, lack of proper maintenance and most particularly the improper disposal of hazardous batteries. The Ministry stated that many of the problems arise from Constituency Development Fund programs where the CDOs have not been trained in teaching maintenance or to safely dispose of the batteries. The Committee feels that only certified reputable suppliers should be used who will issue reliable warranties and provide a battery recycling service.
- **Operations of the Minerals Board** – the Committee was concerned that the Ministry was unable to provide the Committee with any details on recent bauxite shipments from Rennell Bellona or how the two companies operating in there obtained their mining licences without following due process under the legislation. For instance Bintang obtained its mining licence within a couple of months of receiving its prospecting licence which is an unusually short period of time. The Ministry appeared to be caught flat-footed by the development of bauxite mining and the Committee urged the Ministry to strengthen the operations of the Board so that it could act independently.
- **Closure of the Gold Ridge mine** – the Ministry accepted but the current operators of the mine are not keen to resume operations given the current gold prices and the Government is exploring

with them how to move forward. This represents a risk to predicted revenue for the Solomon Islands in future years. The Ministry also confirmed that there were hundreds of gold poachers illegally extracting gold from the mine site including traditional land owners. The Ministry has advised them that it was illegal but this does not appear to be a deterrent. The Ministry also confirmed that the mine equipment was sustaining vandalism which is increasing the longer they are kept on site.

- **Gold Ridge tailings dam** – the Ministry acknowledged that the WHO tests of water in the tailings dam was suitable for discharging but it had not received a copy of the report. The Ministry is more concerned about long-term impacts and is reluctant to release the untreated water. The Ministry is aware of the risk of a breach of the dam and is working to try to resolve the impasse.
- **Sustainable electricity generation** – the Ministry is reviewing the national electrification production plan including impacts from the Tina River hydro. The Ministry confirmed that the Tina Hydro would generate sufficient supply during the wet season to meet the full requirements of Honiara, and the Fiu River hydro has a maximum capacity of three times current Auki demand. Although there has been some initial enquiry on geothermal electricity production, there is no current legislative framework for managing such exploration and a previous investigation relied on mining legislation to be able to assess a possible site.
- **Private water bores** – the Ministry advised that although there is public health legislation to control the commercial production of bottled water from boreholes, it has no authority over private bores nor the quality of water that they produce. Although the JICA boreholes used by SIWA are too deep to be contaminated, this is not the case for private boreholes.
- **Fuel storage tanks and lines in Honiara** – fuel storage is covered by an old 1939 Act which needs to be urgently updated so that the Ministry can properly regulate the companies responsible. At the moment the companies are self-regulating compliance with the standards applying to storage and discharge of fuel. All attempts to try to acquire land to re-establish the depots ceased during the tensions and these now need to be recommenced.

Recommendations

The Committee recommended that:

- the Ministry accelerate its efforts to bring the installation, maintenance and recycling of hazardous batteries in rural communities under control before toxic environments are created for

the people living in those communities; including requiring all suppliers to be registered and certified and undertake guarantees for their work and equipment

- the Ministry access the WHO report on the tailings dam water and, if it is satisfied that the water is dischargeable, that it conduct an urgent awareness program with downstream communities so that they will accept the discharge before the dam is breached and a disaster occurs
- the Minerals Board be strengthened and made more independent so that the issue of prospecting and mining licences can be brought under proper control, and the extraction and export of minerals is regulated and the appropriate taxes imposed
- the Ministry undertake an urgent review of existing legislation governing fuel installations and distribution so that it can impose proper controls over these hazardous installations which are a public risk to the Honiara population at their present locations.

97 MINISTRY OF WOMEN, YOUTH, CHILDREN & FAMILY AFFAIRS

Mission Statement

In partnership with the people of Solomon Islands to uphold and promote the rights of women, young people and children and families to advance the wellbeing of the nation.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 2,249,273	\$ 1,959,865	\$ 289,408
Other Charges	\$ 9,947,339	\$ 8,407,533	\$ 1,539,806
	<u>\$ 12,196,612</u>	<u>\$ 10,367,398</u>	<u>\$ 1,829,214</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll			\$ -
Other	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 4,000,000	See below
Donor	\$ -	
	<u>\$ 4,000,000</u>	

Non-Appropriated

UNICEF	\$ 3,366,226	Prevent HIV & STD for young people \$2,126,425; PCR 9: Resilience for children [?] \$837,375; PCR 10: Advocacy to promote care
Australia	\$ 13,600,000	Gender Equity TA \$10.2M; WDA Grant \$3.4M
	<u>\$ 16,966,226</u>	

Programs - Appropriated

National Centre for Women, Youth & Children	\$ 4,000,000	SIG
	<u>\$ 4,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
National Center For Women & Children	Institutional Capacity and Infrastructure Programme	
		<u>4,000,000</u>
		<u>4,000,000</u>

Issues of concern

The Committee raised the following matters of concern:

- **Current status of the Family Protection Act** – the Ministry advised that although the Act was tabled last year it has not been promulgated so that administration of the Act can not yet commence.
- **Female participation in the workforce and access to education** – the Ministry advised that it has been collaborating with the National Statistics Office to identify the sorts of statistics that will enable it to monitor trends of female participation - at present it only has statistics on the government workforce where it can see that most females are in the lower and middle levels of management.

- **Women's welfare in provincial areas** – the Ministry advised that the challenges were high and its budget limited so that it was unable to effectively monitor and evaluate the situation in the provinces. It has conducted training and workshops as part of its activities to empower women.
- **Availability of grants to women and youth** – the Ministry advised that there was a standard form available that can be collected at focal points within the provinces along with guidelines on the use of a such grants. However the Ministry is unable to properly monitor the receipt and usage of those grants.
- **Unemployment in urban centres** – the Ministry once again advised that it did not have sufficient data to gauge this but they are working with the Ministry of Commerce in addition to the Statistics Office to obtain more comprehensive data so that better programs can be developed to address the problems.
- **Youth at Work Program** – although the 2015 Budget has reduced the allocation, the Ministry advised that the program which commenced in Honiara has now been extended to Choiseul and in 2015 it will extend further into Malaita.

Recommendations

The Committee recommended that the Ministry pursue the commencement of the Family Protection Act so that the Ministry and authorities have the legal power to better safeguard the safety and welfare of families.

98 MINISTRY OF RURAL DEVELOPMENT

Mission Statement

The mission of the Ministry is to create and manage an effective information centre of all constituencies for planning and development purposes. More so, the Ministry's responsibility is to distribute and monitor resources allocated to the Ministry and other development stakeholders within Government, Donor agencies and non-government organizations to ensure fair and equitable development at the local level especially in the rural areas. Ultimately to ensure that Rural Solomon Islanders (80% of Solomon Island's population) actively participate in the social and economic development of Solomon Islands to improve standard of living and quality of life.

Recurrent Budget

SIG	2015	2014*	Change
<i>Income</i>	\$ -	\$ -	\$ -
<i>Expenditure</i>			
Payroll	\$ 7,384,816	\$ 6,846,136	\$ 538,680
Other Charges	\$ 9,491,391	\$ 4,704,655	\$ 4,786,736
	<u>\$ 16,876,207</u>	<u>\$ 11,550,791</u>	<u>\$ 5,325,416</u>

Budget Support			
<i>Income</i>	\$ -	\$ -	
<i>Expenditure</i>			
Payroll			
Other	\$ -	\$ -	
	<u>\$ -</u>	<u>\$ -</u>	

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 285,000,000	See below
Donor	\$ 50,000,000	ROC
	<u>\$ 335,000,000</u>	

Non-Appropriated

ADB	\$ 1,725,733	Low Carbon Emission
New Zealand	\$ 7,445,307	Sustainable Development Fund
	<u>\$ 9,171,040</u>	

Programs - Appropriated

Constituency Development	\$ 70,000,000	ROC
Constituency Development	\$ 260,000,000	SIG
MRD Information System	\$ 1,000,000	SIG
Rural Development Centres	\$ 4,000,000	SIG
	<u>\$ 335,000,000</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Constituency Development Program (SIG)	Improving the livelihood of all Solomon Islanders	
	1. Rural constituency livelihoods fund 2. SIG Support to constituency development & other constituency related projects	260,000,000
MRD Database	MRD Database established	1,000,000
ROC Support to Constituency Development (RSCD)	Improve lives of people from 60 constituencies in Solomon Islands	
	1. ROC Constituency Micro Project fund 2. ROC millenium development fund 3. ROC support to constituency development	70,000,000
Rural Development Centres Development	1. scoping and initial assesments of EGCs	
	2. EGC development	4,000,000
		<u>335,000,000</u>

Issues of concern

The Committee raised the following matters of concern:

- **Current status of Constituency Development Fund Act and Regulations** – the Ministry advised that a subcommittee was in place and had held its first meeting and reported back to Caucus. The Ministry needed more time to finalise the legislation but relied in the meantime upon the requirements of the Public Financial Management Act to control expenditure under the Fund. The Ministry also advised that operational guidelines and procedures to guide access to the Fund was currently before the Cabinet. These guidelines also provide for monitoring and evaluation to ensure that there was a framework for monitoring quality of projects. The Committee was concerned that the membership of the subcommittee on the Act and Regulations was restricted to government ministers which is not the bipartisan approach expected by the Committee.
- **Implementation of the constituency development program** – the Committee queried when all the 150 constituency offices would be recruited given the late start in the year for the program. The Ministry advised that recruitment had already been completed and suitable candidates shortlisted pending passage of the Budget so that contracts can be issued. The Committee observed that there was a discrepancy in the Development Budget in regard to ROC funds for the program where there appeared to be a shortfall of \$20 million between ROC grants and its contribution towards expenditure.

The Committee queried the funding arrangements for essential inputs for infrastructure development which often required cash payments to suppliers of timber and gravel in the constituencies. The Ministry advised that standard MFT acquittal forms will be used for cash payments up to an agreed percent of project costs

- **Constituency economic development centres** – the Ministry advised that the CDF must be flexible in terms of how to develop these centres which will be driven by the Constituency Development Plans that take into account the sorts of infrastructure that is required. Because of the early stage of the program the 2015 Budget has allocated \$4 million to deal with some land issues.
- **Synergy with donor funded constituency funding programs** – the Ministry acknowledged the usefulness of some of the processes developed with line ministries and donors but these should

feed through to the program through the Constituency Development Plans and governance structures established by those projects.

The Ministry advised that there were no standard formats for the constituency development plans which were produced to date through a profiling process developed by line ministries and the UNDP, but eventually it would be looking to standardise these plans. The Ministry advised that it did not have the manpower to negotiate with the villages directly and that participants must work with the MPGIS on this. The Ministry also advised that Constituency Development Committees needed to be in place to ensure that the consultations with constituents are more likely to identify high priority activities and projects.

Recommendations

The Committee recommended that

- the Ministry ensures that all Members are fully aware of the guidelines to be followed in expending the CDF funds in 2015 and that the Ministry resists any scramble to spend the monies before end of year without proper project appraisals and due processes
- the government adopt a bipartisan approach in finalising the Regulations and operational guidelines

99 MINISTRY OF ENVIRONMENT, CLIMATE CHANGE, DISASTER MANAGEMENT & METEOROLOGY

Policy Goals:

- i. To act as a focal point for all international, regional and sub-regional conventions, treaties and protocols relating to environment, conservation, climate change, disaster risk and management and meteorology integrating these issues into provincial, sectoral and national planning processes in a holistic way so as halt deterioration of ecosystems, restore damage to ecosystems, adapt to climate change, prepare for natural disasters and ensure the survival of Solomon Islanders and protection of their properties.
- ii. To enhance knowledge and awareness on principles of environment, conservation, climate change, disaster management and meteorology amongst Solomon Islanders, guided by a national policy platform and supported by the Government to contribute to increased capacity to adapt to the adverse effects of environmental problems, climate change and natural disaster.

Recurrent Budget

SIG	2015	2014*	Change
Income	\$ 436,103	\$ 940,055	-\$ 503,952
Expenditure			
Payroll	\$ 7,741,366	\$ 7,301,894	\$ 439,472
Other Charges	\$ 21,104,114	\$ 23,621,045	-\$ 2,516,931
	<u>\$ 28,845,480</u>	<u>\$ 30,922,939</u>	<u>-\$ 2,077,459</u>

Budget Support			
Income	\$ -	\$ 7,870,000	-\$ 7,870,000
Expenditure			
Payroll	\$ -	\$ 493,147	-\$ 493,147
Other Charges	\$ -	\$ 7,870,000	-\$ 7,870,000
	<u>\$ -</u>	<u>\$ 8,363,147</u>	<u>-\$ 8,363,147</u>

* Unaudited Actuals

Development Budget

Appropriated

SIG	\$ 14,500,056	See below
Donor	\$ -	
	<u>\$ 14,500,056</u>	

Non-Appropriated

Japan	\$ 5,009,693	Solid Waste Management
		Community Resilience to Climate Change \$30,450,000; Pacific Regional Oceanscope \$3,625,000;
World Bank	\$ 37,700,000	Community Officers \$3,625,000
EU EDF	\$ 5,850,000	Disaster facility
		Enhancing Resilience of Communities \$9,050,000; UN_REDD \$1,900,000
UNDP	\$ 10,950,000	
Global Environment Facility	\$ 7,460,000	Pacific Islands Green House Gas
	<u>\$ 66,969,693</u>	

Programs - Appropriated

Early Warning System	\$ 1,100,000	SIG
Environmental Conservation	\$ 2,200,000	SIG
Low Carbon Emission	\$ 500,000	SIG
MECDM Office Building	\$ 6,353,666	SIG
NDMO Infrastructure Strengthening	\$ 2,546,390	SIG
SI Climate Adaption [SICAP]	\$ 1,800,000	SIG
	<u>\$ 14,500,056</u>	

Program Descriptions

Program Name	Projects/Activity	Allocation
Low Carbon Emission Development Programme	<ol style="list-style-type: none"> 1. Policy on regulatory framework to facilitate transition to green growth, low carbon climate resilient paths and increased access to clean energy and low emission mitigation projects developed 2. Built capacities and awareness rising among relevant CC mitigation sectors including, energy, waste, transport, forestry, and agriculture on identification and development of projects in those sectors 3. Climate change mitigation considerations and activities mainstreamed and integrated into national policies, plans and decision making at all levels and across all relevant sectors 4. Formulated national action plan to abate Greenhouse Gas Emissions including information on cost analysis, assessment of technology options for different mitigation options in various sectors and carbon finance leveraged through standardisation of emission baselines of relevant sectors and sub-sectors. 	600,000
Environment Conservation Programme	<ol style="list-style-type: none"> 1. Mataniko Clean Up and Waste Management 2. CTI 4. Dolphin Management 3. World Heritage Site management 	2,200,000
National Climate Change and Disaster Risk Resilience Programme (continuity of SICAP)	<ol style="list-style-type: none"> 1. Expand and sustain adequate observation sites with the required quantity and quality for all meteorological services. 	1,800,000
MECDM Office Environment Haus	<p>Improved capacity to support integration of national environmental issues in a holistic way so as to adapt to impacts of climate change and variability, improved disaster preparedness and risk resilience, halt deterioration of the ecosystems, restore damaged ecosystems and ensure their survival in the long term to benefit Solomon Islanders.</p> <ol style="list-style-type: none"> 1. New and adequately furnished MECDM office building 	6,353,666
NDMO infrastructure strengthening programme	<p>National and Provincial Government able to manage risk and impacts of disasters</p> <ol style="list-style-type: none"> 1. Provincial Emergency Operation Centre Constructed in Provinces 2. Provincial NDMP Staff houses are constructed in 8 provinces 3. The National Emergency Operation Centre is upgraded. 	2,546,391
SIMS Early warning Systems	<ol style="list-style-type: none"> 1. Establish a multi-hazard early warning system that is workable for all hazards. 	1,100,000
		14,600,057

Issues of concern

The Committee identified the following matters of concern:

- **Environment conservation** - the Committee questioned the status of the environment conservation program and felt that there should be involvement with other stake holders like HCC. The Ministry stated that the Mataniko River was used in the program as a means to

convey the message to practise proper waste management, proper environment management and to involve communities living along the river. The Ministry confirmed to the Committee that the \$2 million allocation was not enough; however they are working with HCC and other private sectors.

- **Dolphin management** - the Ministry advised that its assessment was required and recommendations made before dolphins could be exported.
- **Risks to World Heritage site at Lake Tengano** - the ministry confirmed that the world heritage site was in danger as there are logging and mining activities in the area.
- **Disaster relief for victims of Cyclone Pam** –the Ministry stated that relief assistance for Temotu Province has been dispatched to the affected areas. There are other assessments for Malaita and Makira Provinces which were done through the Ministry of Agriculture.
- **Rising sea levels due to climate change** - the Committee raised concerns over the sea level rise which was increasingly affecting the low islands or atolls. The Ministry stated that there is a program going on called the Pacific Adaption on Climate Change which looks at food security at the affected atolls.

The Committee raised concern over the issue of no Budget allocation for relocation/ adaptation programs and thought that the Ministry was not making sufficient effort to present a case about the issue. The Ministry stated that with the limited budget of not even 1% of the total government budget it is unable to do more. However the Ministry agreed that it needed to be more proactive in making a case to government on a relocation program.

- **Global Funding** - the committee was also concerned that the Ministry seemed unable to access funding internationally. However the Ministry stated that there was an unit within the Ministry that is working closely with MDPAC.
- **Tailing Dam Storage Facility – Gold Ridge Mine site** - the Ministry was aware of this issue and anticipated that it would be a costly exercise. Discussion has been going on with GRML but the Ministry was of the view that the rights and obligations to the proper management of this issue remains with GRML

- **Rehabilitation - April 2014 Flash Flood** - the Ministry stated that assessment had been completed and victims of the flash flood have been sent home though some chose to remain in Honiara.

Recommendations

The Committee recommended that the Ministry become much more engaged in pursuing its responsibilities on such matters as protection of the World Heritage Lake Tengano site in Rennell Bellona, responses to rising sea levels due to climate change on low-lying atoll communities, and seeking funds from the international community to assist the Ministry in carrying out its mandate; as failure to do so would embarrass Solomon Islands in front of the international community as well as cause great difficulties to the affected communities.

4.0 RECOMMENDATIONS

Amongst other recommendations as expressed in each section throughout the report, the Committee wishes to highlight the following:

1. The Committee recommends that the Ministry of Finance and Treasury in the future provide the Committee with the detailed Budget and its documentations one month prior to the proposed Budget deliberations in Parliament.
2. The Committee recommends that Ministries with long term projects (in terms of funding, planning, designing in consultations with other line Ministries) to review their 2015 programs, identify and focus on implementable activities during the balance of the year.
3. The Committee recommends that the Ministry of Finance and Treasury to improve its vetting of budget bids so that Ministries which can demonstrate that they are ready to start their project implementations will not be penalised by being treated the same as Ministries without such preparations.
4. The Committee recommends that the Ministry of Finance and Treasury must ensure that vigorous monitoring of 2015 Budget needs be done due to expected tremendous pressure to expend in a very short time (7 months).
5. The Committee recommends that the Ministry of Finance and Treasury do provide training to line Ministries on preparing properly based business cases and a more refined scrutiny of budget bids in supporting their budget bids for the 2016 Budget to favour Ministries with workable programs.

5.0 APPENDIX

Minutes of Proceedings



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

PUBLIC ACCOUNTS COMMITTEE

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

Minutes of Proceedings

Committee Hearing into the 2015 Appropriation Bill 2015

Day 1/Friday 27th March 2015, CR II, Parliament House 10:33 am

1. Members Present

Hon. Rick Houenipwela, Chairman

Hon. Matthew Wale, MP

Hon. Jeremiah Manele, MP

Hon. Nestor Giro, MP

Hon. Derrick Manu'ari, MP

Hon. Connelly Sandakabatu, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Secretariat

Mr Marson Lilopeza, Director Committee Secretariat

Mrs Jasmine Waleafea, Committee Secretariat

Mr Wilson Anji, Committee Secretariat

Miss Salome Pilumate, Admin Committee Secretariat

Mr Davidson Kukuti, Hansard Reporter

Mr Moffett Maenao, ICT Officer

Mr Eric Wate, Camera

2. Welcome and Opening Remarks

Hon. Matthew Wale said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witness from the World Bank and the Asian Development Bank were admitted:

Hearing 1 Witnesses

- i. Ms Taiatu Ataata, Development Coordinator, ADB
- ii. Ms Anne Tully, Country Manager, World Bank
- iii. Mr Carlos O Romero, Economist, World Bank
- iv. Mr Evan Wasuka, Communications, World Bank

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 11.48am

The Hearing proper resumed at 12:03 pm and the following witnesses from the Central bank of Solomon Islands were admitted:

Hearing 2 Witnesses

- i. Mr Denton Rarawa, Governor, CBSI
- ii. Mr Michael Kikiolo, Chief Manager Economic Research and Statistic Department , CBSI

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

Hearing suspends at 1.02pm

The Hearing proper continued at 1:16 pm and the following witnesses from the Economic Reform Unit (ERU) were admitted:

Hearing 3 Witnesses

- i. Mr Selwyn Takana, Director, Economic Reform Unit, MOFT
- ii. Primula Kingmele, Economic Reform Unit, MOFT
- iii. Mckinnie Dentana, Under Secretary - ERU, MOFT
- iv. Mitch Pirie, Adviser, MOFT
- v. Ruth Moore, Senior Adviser, Economic Reform Unit, MOFT

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

Hearing suspends at 2.32pm

The Hearing proper resumed at 3.40pm and the following witnesses from the Ministry of Rural Development were admitted:

Hearing 4 Witnesses

- i. Ms Selina Boso, Permanent Secretary, MRD
- ii. Mr Evans Tuhagenga, Under Secretary, MRD
- iii. Mr Dick Anasimae, Financial Controller, MRD
- iv. Mr Simon U, Director RD, MRD
- v. Mr John T, National Consultant, MRD
- vi. Mr James Manebosa, Human Resources Manager(Ag), MRD

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

Hearing suspends at 5.10pm

The Hearing proper continued at 5:17 am and the following witnesses from the Ministry fisheries and Marine Resources were admitted:

Hearing 5 Witnesses

- i. Dr Christian Ramofafia, Permanent Secretary, MFMR
- ii. Mr James Teri, Director, MFMR
- iii. Mr Sylvester Diake, Under Secretary, MFMR
- iv. Mr Alick Misibini, Financial Controller, MFMR
- v. Mr Francis Tofuakalo, DDP, MFMR
- vi. Mr Edward Honiwala, DDO, MFMR
- vii. Ms Rosalie Masu, Deputy Director, MFMR
- viii. Ms Ronnelle Panda, Deputy Director, MFMR
- ix. Mr Tom Rarakani, Human Resources Manager, MFMR

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

4. Adjournment:

The committee adjourned hearing at 6:26 pm

Day 2 /Saturday 28th March 2015, CR II, Parliament House at 9:24 am

1. Members Present

Hon. Rick Houenipwela, Chairman	Hon. Nestor Giro, MP
Hon. Matthew Wale, MP	Hon. Derrick Manu'ari, MP
Hon. Jeremiah Manele, MP	Hon. Connelly Sandakabatu, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Secretariat

Mr Wilson Orisi, Committee Secretariat
Miss Vanessa Rodie, Committee Secretariat
Miss Salome Pilumate, Admin Committee Secretariat
Mr Marlon Keni, Hansard Reporter
Mr Ignatius Talifilu, Hansard Reporter
Mr Moffett Maenao, ICT Officer
Mr Philemon Loe, Media Officer
Mr Eric Wate, Camera

2. Welcome and Opening Remarks

Hon. Connelly Sandakabatu said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witnesses from the Solomon Islands Chamber of Commerce were admitted:

Hearing 6 Witnesses

- i. Mrs Rose Abana, Chief Executive Officer, SICCI
- ii. Mr Tony Koraua, Chairman, SICCI
- iii. Mr Bruce Saunders, Member, SICCI
- iv. Ms Lily Lomulo, Member, SICCI
- v. Mr Brenden Nerdal, Adviser, MOFT
- vi. Mr Harry Kuma, Under Secretary, MOFT

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

Hearing suspends at 10.51am

The Hearing proper resumed at 10:59 pm and the following witnesses from the Ministry of Finance and Treasury were admitted:

Hearing 7 Witnesses

- i. Mr Harry Kuma, Under Secretary, MOFT
- ii. Mr Selwyn Takana, director Economic reform Unit, MOFT
- iii. Mr Paula U, AG/Treasury, MOFT
- iv. Mr Nathan Kama, Comptroller Customs Excise, MOFT
- v. Mr Norman Hiropuli, Director Budget Unit, MOFT
- vi. Mr Tobias Bule, Deputy Director Debt Management, MOFT
- vii. Mr Donald Mamura, Senior Finance Officer
- viii. Ms Ruth Moore, Senior Adviser
- ix. Mr George A Tapo, Deputy Commissioner, IRD
- x. Mr Brendean Nerdal, Budget Adviser, Budget Unit
- xi. Bebeno Belo Muesae, Finance Controller, CSS
- xii. Colin Johnson, Executive Advisor, MOFT
- xiii. Dalcy Tozaka, Director Economic & Finance Unit
- xiv. Coserbz Nelson, Deputy Director Budget Unit

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

Hearing suspends at 12.15

The Hearing proper continued at 12:17 pm and the following witnesses from the Ministry of Police, National Security and Correctional Services were admitted:

Hearing 8 Witnesses

- i. Mr Frank Prendergast, Commissioner of Police, RSIFP
- ii. Mrs Junita Matanga, Deputy Commissioner, RSIFP
- iii. Ms Debbie Bax, Finance Adviser, CSSI
- iv. Ms Anika, Nausi, COS, RSIFP
- v. Ms April Winter, Finance Advisor, RSIFP
- vi. Mr Edmond Sikua, Permanent Secretary, MPNSCS
- vii. Mr Obed Sika, Human Resources Manager, MPNSCS
- viii. Mr Steven J Oto, Finance Controller, MPNSCS

- ix. Mr Morris Maitaki, CSPO, MPNSCS
- x. Mr Stephen Maesiola, Under Secretary, MPNSCS
- xi. Mr Bonzio Bako, CSSI – D/ Finance (Ag), MPNSCS

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

Hearing suspends at 2.32pm

The Hearing proper resumed 3.40pm and the following witnesses from the Ministry of Education and Human Resources Development were admitted:

Hearing 9 Witnesses

- i. Mr Franco Rodie, Permanent Secretary, MEHRD
- ii. Mr James Bosomata, DS, MEHRD
- iii. Mr Andrew Tahisihaka, Financial Controller, MEHRD
- iv. Mr Stephen Woolley, Technical Advisor Finance, MEHRD

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

Hearing suspends at 5.28pm

The Hearing proper continued at 5:36 pm and the following witnesses from the Ministry fisheries and Marine Resources were admitted:

Hearing 10 Witnesses

- i. Mr Moses Virivolomo, Permanent Secretary, MID
- ii. Mrs Modesta Namokari, CA, MID
- iii. Mr Kenneth Bo’o, Chief Architect (Ag), MID
- iv. Mr Mark Kamoia, Human Resources Manager, MID
- v. Mr Brain Aonima, Manager MAR, MID
- vi. Mr Harry Rini, Director Transport TIMs, MID
- vii. Mr Leslie Nate, Director MED

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

4. Adjournment:

The committee adjourned hearing at 6:54 pm

Day 3 /Sunday 29th March 2015, CR II, Parliament House at 2:08 am

1. Members Present

Hon. Rick Houenipwela, Chairman
Hon. Matthew Wale, MP
Hon. Jeremiah Manele, MP

Hon. Derrick Manu’ari, MP
Hon. Connelly Sandakabatu, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Secretariat

Mr Wilson Anii, Committee Secretariat
 Miss Jasmine Waleafea, Committee Secretariat
 Mr Jefferson Hallu, Committee Secretariat
 Mrs Arol Kimi, Hansard Reporter
 Mr Moffett Maenao, ICT
 Mr Philemon Loe, Media

2. Welcome and Opening Remarks

The Chairman said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witnesses from the Ministry of Health and Medical Services were admitted:

Hearing 11 Witnesses

- i. Dr Tenneth Dalipanda, Permanent Secretary
- ii. Mr Ivan Ghemu, Director Policy Planning
- iii. Miss Moude Ruest, PFM Specialist, World Bank

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

Hearing suspends at 4.00pm

The Hearing proper resumed at 4:16 pm and the following witnesses from the Ministry of Mines, Energy and Rural Electrification were admitted:

Hearing 12 Witnesses

- i. Mr Jeffery Kauha, Permanent Secretary
- ii. Mr Titus Ian Rosu, Human Resources manager
- iii. Mr Peter Auga, Director Mines
- iv. Mr Charlie Bepapa, Director Water
- v. Mr Michael, Director Petroleum
- vi. Mr John Korinihona, Director Energy
- vii. Mr Hendery Rex, Financial Controller
- viii. Mr Jeremiah Kisi, Senior Geo-chemist

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

4. Adjournment:

The committee adjourned hearing at 6:40 pm

Day 4 /Monday 30th March 2015, CR II, Parliament House at 9:58 am

1. Members Present

Hon. Rick Houenipwela, Chairman

Hon. Matthew Wale, MP

Hon. Jeremiah Manele, MP

Hon. Derrick Manu'ari, MP

Hon. Connelly Sandakabatu, MP

Hon. Nestor Giro, MP

Secretary: Ms Gerbra Maqiti (AG Nominee)

Secretariat

Mr Wilson Anii, Committee Secretariat

Miss Jasmine Waleafea, Committee Secretariat

Mrs Esther Turagaluvu, Hansard Officer

Fredrick Iro, Hansard Officer

Mr Philemon Loe, Media Officer

Mr Moffett Maena, ICT Officer

2. Welcome and Opening Remarks

The Hon. Jeremiah Manele said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witnesses from the Office of the Prime Minister were admitted:

Hearing 13 Witnesses

- i. Mr James Remobatu, Secretary to Cabinet , OPM
- ii. Mr Jack Kwai, Finance Controller (Ag), OPM
- iii. Mr. Rence Sore, Special Secretary to Prime Minister, OPM
- iv. Mr Derrick Vagi, Secretary, Parliament Entitlement Committee
- v. Mr Ronald Unusi, PS, Constitutional Reform Unit
- vi. Mr Luke Cheka, Human Resources Manager
- vii. Mr Chris Hunupauro, Dep. Secretary to Cabinet
- viii. Mr Joe Porowai ,Ombudsman
- ix. Miss Judith Waleanisia, CSO, Ombudsman Office
- x. Mr Francis C Luza , Chairman Leadership Code Commission
- xi. Miss Decima P Regatule, Sec. Acc
- xii. Mr Calvin Ziru ,Registrar, Political Party Commission
- xiii. Mr Mase Saitala
- xiv. Mr James Maneforu, DOSI

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 11.56am

The Hearing proper resumed at 12:09 pm and the following witnesses from the Ministry of Communication and Aviation were admitted:

Hearing 14 Witnesses

- i. Mr Francis Lomo, Permanent Secretary
- ii. Mr Sam Tarivasa, Financial Controller
- iii. Mr Chris Wakio, Chief Accountant
- iv. Mr Nicolas Leleu, Airport Manager
- v. Miss Michelle Maelaua , Human Resources Manager

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

Hearing suspends at 1.26pm

The Hearing proper resumed at 2:02 pm and the following witnesses from the Ministry of Communication and Aviation were admitted:

Hearing 15 Witnesses

- i. Dr Melchior Mataki, Permanent Secretary
- ii. Mr Douglas Yee, Director, Climate Change Division
- iii. Mr David Hiriasia, Director, Meteorology
- iv. Mr Bobby Ramo, Financial Controller
- v. Mr Barnabas Bago, National Disaster Council

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

Hearing suspends at 3.35pm

The Hearing proper resumed at 3:48 pm and the following witnesses from the Ministry of Development Planning and Aid Coordination were admitted:

Hearing 16 Witnesses

- i. Mr Shadrach Fanega, Permanent Secretary
- ii. Mr Jerry Oikwa, Director, M & E
- iii. Mr Roy Mae, US – Technical
- iv. Mr Jack Filiomea, RCC
- v. Mr Manasseh Taloafiri, Human Resource Manager
- vi. Mr Susan Sulu, Director – Aid Coordination
- vii. Mr Rose T. Kitua, US – NAO Projects
- viii. Mr Michael Pasikeni, PPO
- ix. Mr Judith Sisiolo Vava, Senior Admin Officer
- x. Mr Nichola Kaua, PPO

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

The examination concluded.

Hearing suspends at 4.57pm

The Hearing proper resumed at 5:08 pm and the following witnesses from the Ministry of Provincial Government and Institutional Strengthening were admitted

Hearing 17 Witnesses

- i. Mr Stanley Pirione, Permanent Secretary
- ii. Mr Solomon Palusi, Under Secretary Governance
- iii. Miss Nancy Legua, Under Secretary Operation
- iv. Mr Robert Kaua, Director Governance
- v. Mr Momoudou Sawaneh, Program Management Expert
- vi. Miss Linda Kopana, CA
- vii. Miss Melannie Philips, Legal Advisor

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

Hearing suspends at 6.40pm

The Hearing proper resumed at 6:46 pm and the following witnesses from the National Parliament Office were admitted:

Hearing 18 Witnesses

- i. Mr Clezy Rore, Clerk to Parliament
- ii. Mrs Florence Naesol, Deputy Clerk
- iii. Mr Lloyd Bera, Financial Controller
- iv. Miss Lynette Neleta, Principal Accounting Officer

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

4. Adjournment:

The committee adjourned hearing at 7:17 pm

Day 5 /Tuesday 31st March 2015, CR II, Parliament House at 8:50 am

1. Members Present

Hon. Rick Houenipwela, Chairman
Hon. Matthew Wale, MP
Hon. Jeremiah Manele, MP

Hon. Derrick Manu'ari, MP
Hon. Connelly Sandakabatu, MP
Hon. Nestor Giro, MP

Secretary: Wendy Ngodoro (AG Nominee)

Secretariat

Mr Wilson Anii, Committee Secretariat
Miss Jasmine Waleafea, Committee Secretariat

Miss Vanessa Rodie, Committee Secretariat
 Mr Jefferson Hallu, Committee Secretariat
 Mr Davidson Kukuti, Hansard Officer
 Mr Whitmon Tabiru, Hansard Officer
 Mr Moffet Maenao, ICT Officer

2. Welcome and Opening Remarks

The Hon. Rick Houenipwela said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witnesses from the Ministry of Agriculture and Livestock were admitted:

Hearing 19 Witnesses

- i. Mr Jimi Saelea, Permanent Secretary, MAL
- ii. Mr Oswald Ramo, Under Secretary (Admin), MAL
- iii. Mr Barney Keqa, Director, Livestock/Vet, MAL
- iv. Mr Michael Ho'ota, Director Extension, MAL
- v. Mr Francis Tsatsia, Director Bio-Security, MAL
- vi. Miss Helen Tsatsia, Director (Ag) Research, MAL
- vii. Mr Simon Iro, Planning Officer, MAL
- viii. Mr Gabriel Hiele, Manager RDP, MAL.

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

Hearing suspends at 10.20am

The Hearing proper resumed at 10:42 pm and the following witnesses from the Ministry Land, Survey and Housing were admitted:

Hearing 20 Witnesses

- i. Mr Stanley Wale, Permanent Secretary, Ministry of Lands, Housing & Survey (MLHS)
- ii. Miss Nester Maelanga, Commissioner of Lands (Ag), MLHS
- iii. Mr Gregory Rofeta, Under Secretary/Admin, MLHS
- iv. Mr Nelson Naoapu, Under Secretary/Technical, MLHS
- v. Mr Selesa Alepio, Financial Controller, MLHS
- vi. Miss Lynette H. Tora, Human Resource Manager, MLHS

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

Hearing suspends at 12.16pm

The Hearing resumed at 12:26 pm and the following witnesses from the Ministry of justice and Legal Affairs and National Judiciary were admitted:

Hearing 21 Witnesses

- i. Freddy Me'esa, Permanent Secretary
- ii. Miss Minnie Ora, Financial Controller
- iii. Mr William Walekwate, Human Resources Manager
- iv. Mr Hegstad Koga, Chief Strategic Planning Officer
- v. Mr Charles Afia, Human Resource Manager
- vi. Miss Myonnie Samani, Registrar
- vii. Miss Imelda Ta'aka, Senior Accountant
- viii. Mr Paul Ne'e , Chief Internal Auditor
- ix. Mr Charles Kovoni, Chief Infrastructure
- x. Mr Paul Kapakeni, Financial Controller

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 1.24pm

The Hearing resumed at 2:05 pm and the following witnesses from the Ministry of Public Service were admitted:

Hearing 22 Witnesses

- i. Mr Nego Sisiolo, Permanent Secretary
- ii. Mr Droumand Rupert, Secretary Public Service Commission
- iii. Mr Coldrine Kolae, Assistance Secretary/HRMis)
- iv. Mrs Janet Prakash, Human Resources Manager
- v. Mr Andrew Ldutee, Financial Controller

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 3.14pm

The Hearing resumed at 3:26 pm and the following witnesses from the Ministry of Foreign Affair and External trade were admitted:

Hearing 23 Witnesses

- i. Mr Beraki Jino, PS
- ii. Mr Henry Baeoro, Financial Controller
- iii. Mr Travis Ziku , AS Policy)
- iv. Mr William Soaki , DS Foreign Affairs

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 4.15pm

The Hearing resumed at 4:33 pm and the following witnesses from the Ministry of Forestry and Research were admitted:

Hearing 24 Witnesses

- i. Mr Barnabas Anga, Permanent Secretary
- ii. Mr Reeves Moveni, Commissioner of Forestry
- iii. Mr Richard Raomae, Director Reforestation
- iv. Mr Fred Pitisopa, Director NHBG
- v. Ms Salome Ramo, HRC
- vi. Ms Beverlyn Maezama, Financial Controller
- vii. Mr Stephanie Rikoi, Chief Forester
- viii. Ms Jaua Aimaia, Chief Forester

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

4. Adjournment:

The committee adjourned hearing at 5:42 pm

Day 6 /Wednesday 1st April 2015, CR II, Parliament House at 9:05 am

1. Members Present

Hon. Rick Houenipwela, Chairman	Hon. Derrick Manu'ari, MP
Hon. Matthew Wale, MP	Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP	Hon. Nestor Giro, MP

Secretary: Mercy Mavu (AG Nominee)

Secretariat

Mr Wilson Anii, Committee Secretariat
Miss Jasmine Waleafea, Committee Secretariat

2. Welcome and Opening Remarks

The opening prayer was said.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witnesses from the Ministry of Culture and Tourism were admitted:

Hearing 25 Witnesses

- i. Mr John Wasi, Permanent Secretary
- ii. Mr Moses Tepai, Under Secretary
- iii. Mr Barney Sivoro, Director- Tourism
- iv. Mr Tony Heorake, Director- National Museum
- v. Mr Dennis Marita, Director-(Ag)- Culture Division
- vi. Ms Julian Chonigolo, Director – National Archive

- vii. Mr Josefa Tuamoto, CEO- Solomon Islands Visitor Bureau
- viii. Mr Joseph Mamau, Financial Controller (Ag)

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

Hearing suspends at 11.05am

The Hearing proper resumed at 11:30 am and the following witnesses from the Ministry Commerce, Industry, Labour and Immigration were admitted:

Hearing 26 Witnesses

- i. Mr Hence Vaekesa, Permanent Secretary
- ii. Mr Cornelius Donga, Director
- iii. Mr Jeffrey Sade Dave, Director of Immigration.
- iv. Mr R. Albert, Director Business
- v. Mr A. Mamupiro, Human Resource Manager
- vi. Mr Riley Mesepitu, Director IDD
- vii. Mr Geoffrey.D. Hou'ua, Director- CA &PA
- viii. Mr David Kauaia, Deputy com of Labour
- ix. Mr Josiah Manehia, Commissioner of Labour
- x. Mr Derick Aihari, Director
- xi. Mr Hunter Masuguria, Undersecretary (Admin)
- xii. Mr Gwen Koke, Financial controller
- xiii. Mr James Apato, Under Secretary (Technical)

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

Hearing suspends at 1.06pm

The Hearing proper resumed at 1: 53 pm and the following witnesses from the Ministry Women, Youth, Children and Family Affairs were admitted:

Hearing 27 Witnesses

- i. Mrs Ethel Sigimanu, Permanent Secretary
- ii. Mr Hugo Hebala, Under Secretary-Acting
- iii. Mr Fred Dola, Financial Controller
- iv. Miss Esther Marisi, Director –Supervising
- v. Mr Andre Tipoki, Youth Development Division
- vi. Miss Vaela Ngai, Women Development Division

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

Hearing suspends at 3.11pm

The Hearing resumed at 3:19 pm and the following witnesses from the Ministry National Unity, Peace and Reconciliations were admitted:

Hearing 28 Witnesses

- i. Mr Lennis Rukale, Permanent Secretary
- ii. Mr Peter Mae, US Policy
- iii. Miss Margaret Etwa, Under Secretary Admin
- iv. Mr Sam Watson, Financial Controller
- v. Mr Reuben Lilo, Director

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

Hearing suspends at 4.18m

The Hearing resumed at 4:24 pm and the following witnesses from the Ministry of Home Affairs were admitted:

Hearing 29 Witnesses

- i. Mr Fred Fakarii, Permanent Secretary
- ii. Mr Clyde Funusui, Financial Controller
- iii. Mr Musu Keul, Registrar

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

4. Adjournment:

The committee adjourns hearing at 5:11 pm

Day 7 /2015 Thursday 2nd April 2015, CR II, Parliament House 2:30 pm

1. Members Present

Hon. Rick Houenipwela, Chairman
Hon. Matthew Wale, MP
Hon. Jeremiah Manele, MP

Hon. Nestor Giro, MP
Hon. Connelly Sandakabatu, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Secretariat

Mr Marson Lilopeza, Director Committee Secretariat
Mrs Jasmine Waleafea, Committee Secretariat
Miss Salome Pilumate, Admin Committee Secretariat
Miss Vanessa Rodie, Committee Secratariat
Mr Fredrick Iro, Hansard Officer
Mr Moffet Maenao, ICT Officer

2. Welcome and Opening Remarks

Hon. Jeremiah Manele said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witness from the Ministry of Finance and Treasury were admitted:

Hearing 30 Witnesses

- i. Mr Fred Fakari, Permanent Secretary
- ii. Mr Norman H, Director Budget Unit
- iii. Mr Harry Kuma, Under Secretary
- iv. Mr Paula Uluinaceva (Accountant. General)
- v. Mr Makini Dentana, USE – MOFT
- vi. Mr Nathan Kama , Comptroller of Customs
- vii. Mr Primula Kingmele, Economic Reform Unit
- viii. Mr Courtney Cleary, Economic Reform Unit
- ix. Mr Colin Johnson, Advisor –MOFT

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

4. Adjournment:

The committee adjourned hearing at 4:00 pm

Day 8 /2015 Saturday 4th 2015, CR II, Parliament House 9:24 am

1. Members Present

Hon. Rick Houenipwela, Chairman	Hon. Nestor Giro, MP
Hon. Matthew Wale, MP	Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP	Hon. Derrick Manu'ari, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Secretariat

Miss Salome Pilumate, Admin Committee Secretariat
Miss Vanessa Rodie, Committee Secretariat
Mr Wilson Orisi
Mr Moffat Maenao, ICT Officer
Mr Philemon Loe, Media
Mr Ignatius Talifilu, Hansard

2. Welcome and Opening Remarks

The Chairman said the opening prayer.

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

3. Inquiry into the 2015 Appropriation Bill 2015

The Hearing proper commenced and the following witness from the World Bank and the Asian Development Bank were admitted:

Hearing 31 Witnesses

- i. Mr Ron Sumsum, CEO, Solomon Airlines

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

Hearing suspends at 11.00am

The Hearing resumed at 11:10 am and the following witness from the Commodities Export and Marketing Authorities were admitted:

Hearing 32 Witnesses

- i. Mr Alfred Ramo, General Manager, CEMA
- ii. Mr Patterson Siliota, Chief Produce Inspector, CEMA

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

4. Adjournment:

The committee adjourned hearing at 11:50 am

List of Submissions

No	Author
1.	MRD – 2015 Budget Notes
2.	MRD – Generic Template 2015
3.	MFMR – Generic Template 2015
4.	MFMR – Explanatory Notes on Development Budget
5.	MFMR – 2015 Budget Allocation
6.	MPNSCS – Generic Template
7.	MPNSCS – MPNSCS Cooperate Plan 2014-2016
8.	MPNSCS – Correctional Services Cooperate Plan 2015 -29017
9.	MPNSCS – RSIPF Strategic Direction 2014 – 2016
10.	MEHRD – 2015 MEHRD Budget Summary
11.	MID – Generic Template 2015
12.	MHMS – Generic Template 2015
13.	MHMS – Briefing for Minister
14.	MMERE – Over View Summary
15.	OPMC – Submission
16.	OPMC – Generic Template 2015
17.	OPMC – Anti Corruption Revised Work Plan 2015
18.	OPMC – Work Plan Customary Land Reform and Restitution
19.	LCC – Generic Template
20.	LCC – Explanatory Note
21.	PPC – Generic Template
22.	OOO – Generic Template
23.	OOO – Summary Notes
24.	CRU – Explanatory Notes
25.	PEC – Summary Notes
26.	OPMC – Establishment Draft
27.	OPMC – Recurrent Budget Summary
28.	OPMC – Development Budget Summary
29.	MCA – 2015 Recurrent Budget Explanatory Notes
30.	MECCDMM – Generic Template 2015
31.	MDPAC – Generic Template 2015
32.	MDPAC – Recurrent & Development Budget Explanatory Notes
33.	MDPAC – Program Summary
34.	MPGIS – Submission
35.	NPSI – Generic Template 2015
36.	NPSI – Explanatory Notes
37.	NPSI – Payroll
38.	NPSI – Explanatory Notes for Development Budget
39.	NPSI – NPO 2015 Budget Analysis

40. MALD – Generic Template 2015
 41. MALD – Submission
 42. MALD – MTDPs Briefing Notes
 43. MALD – Budget Explanatory Notes
 44. MJLA – Generic Template 2015
 45. MJLA – Submission
 46. NJ – Submission
 47. MJLA – Agencies
 48. MPS – Generic Template 2015
 49. MCILI – Generic Template 2015
 50. MWYCFA - Generic Template 2015
 51. MNURP – Generic Template 2015
 52. MNURP – Establishment Draft
 53. MNURP – Budget Analysis
 54. MNURP – 2015 Work Plan – Recurrent & Development Budget
 55. MHA – Generic Template 2015
 56. OGG - Generic Template 2015
 57. OGG – Submission
 58. MEHRD – Generic Template 2015
 59. MMERE – Submission Statements
 60. MMERE – Recurrent Budget Overview
 61. MMERE – Additional Information Requested
 62. MFR – Generic Template 2015
 63. MPGIS – Generic Template 2015
 64. MFAET – Generic Template 2015
 65. MPS – Minister’s Brief
 66. MECCDMM – Budget Brief
 67. MMERE – Generic Template 2015
 68. SIPA - Clarification Sought by Committee
 69. MLHS – Generic Template 2015
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