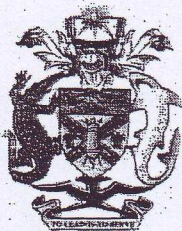


# Report into the 2011 Budget Estimates

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NP- Paper No. 2/2011

Presented on: 3/29/2011



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



PAPER NO 2 OF 2011



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## **1. Introduction**

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The National Parliament is the independent law making arm of government to which the Executive is accountable. As part of this role, the Parliament is vested with the power to authorize the allocation of public monies through the Annual Appropriation Act. The Parliament also performs many of its oversight functions through its Standing Committees. The Public Accounts Committee (“**the Committee**”) is one of these committees vested with the mandate to examine the annual Draft Estimates prior to its tabling before Parliament.

This Report outlines the findings of our examination of the 2011 Draft Estimates that comprise the Recurrent and Development Estimates and the related documents supporting the formulation of the Estimates and the *2011 Appropriation Bill 2011*.

The Report has been prepared for the information of Members of the Parliament to assist them in their debate of the Draft Estimates. It aims to draw to the attention of the members of Parliament those matters, which the Committee has identified through its inquiry and particularly through the questioning of senior public officers.

## **2. Acknowledgement**

The Committee wishes acknowledge and appreciation Permanent Secretaries and all their officials of the Ministries and other government agencies that responded to the Committee invitation and presented themselves at the Committee hearing. This Report would not have been possible without the valuable information provided to assist the Committee to undertake its important oversight role of ensuring that public funds are allocated and expended appropriately.

The Committee would like to acknowledge the Auditor General in his role as the Secretary to the Committee. Particular mention, recognising and appreciation of the David Kusilifu, Director of Parliament Committees, Alice Willy, the Clerk to the

Committee and staff of the Parliament Secretariat for the sound logistic arrangements that enable the professional conduct and smooth flow of the Hearing. The Committee would also like to thank the Clerk to Parliament and her staff for their oversight of the Committee's Hearing arrangements.

Many thanks to all the members of the Committee who were present and provided probing questions to bring out better understanding of the 2011 Budget.

### **3. Terms of Reference**

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Pursuant to its mandate under the *Standing Orders* the terms of reference of the Committee in this instance is to:

- (a) consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
- (b) 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;
- (c) 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
- (d) make recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

#### **4. Functions of the Committee**

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

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

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<sup>1</sup>Section 62, *Constitution of Solomon Islands 1978*.  
*PAC – 2011 Budget Estimates Report*

## **5. Membership**

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

- Hon. Job D. Tausinga (Chair) MP
- Hon. Steve Abana, MP
- Hon. Moses Garu, MP
- Hon. Rick Houenipwela, MP
- Hon. Andrew H Keniasina, MP
- Hon. John Maneniaru, MP
- Hon. Namson Tran, MP
- Hon. Matthew C. Wale, MP
- Mr. Edward Ronia, Auditor General (Secretary)

The Committee would like to acknowledge and appreciate the participation of the Committee members and wish to encourage attendance by all members in future Committee meetings.



## **6 Review**

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In exercising its functions the Committee seeks to establish:

- (a) whether the draft estimates have been drawn up within the prevailing legal framework;
- (b) past budget performances were taken into consideration in developing the draft estimates;
- (c) whether the draft estimates encompass the stated Government policies and have been designed and/or formulated based on relevant and appropriate information; and
- (d) whether the draft estimates are feasible, practical and would ensure the achievement of those policies.

### ***Committee Process***

The Committee interviewed and sought views from Accounting Officers and other senior officials who are responsible for the development and implementation of the draft estimates. In particular, the Committee met with the Accounting Officers and their staff of all Government Ministries.

Briefing notes and explanatory material were also tabled with the Committee. The full transcripts of the Committees proceedings (contained in Hansard), Hearing Schedule and the Minutes of proceedings are available on the Parliamentary website at [www.parliament.gov.sb](http://www.parliament.gov.sb).

## 7 Budget Overview<sup>2</sup>

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### 7.1: Recurrent Revenue

Total domestically sourced revenue estimated in 2011 is \$1,968.8 million, an increase of \$301.6 million or 18.3 per cent on the original budgeted estimates for 2010.

Of this total amount Inland Revenue is to contribute \$1280.1 million (65%), Custom and Excise to contribute \$502.5 million (25.5%) and other agencies to contribute \$186.2 (9.5%) million.

Donor budget support revenue is estimated at \$287 million. Of this amount \$92 million, \$115 million and \$80 million is provided under Ledger 2, Ledger 3 and Ledger 4 budget supports respectively.

Total domestic and donor support revenue for 2011 is estimated at \$2,255.6 million.

### 7.2: Recurrent Expenditure

Total 2011 Recurrent Expenditure estimates have been set at \$1,680.7 million, an increase of \$58.2 million, or 3.6 per cent on the original 2010 Budget estimates. The total amount is more closely aligned with the 2010 revised expenditure estimates of \$1,661.1 million. The Government adopted ninety percent of the 2010 as baseline and as a responsible policy of containing the recurrent expenditures. This percentage is adjusted to cater for the real level of expenditure requirements for planned activities and services in 2011.

Between the two main components of the recurrent expenditure estimates, Payroll takes up \$587.5 million, an increase of \$93.1 million or 5.7 per cent over the payroll original budget estimates for 2010 and Other Charges accounts for \$1,093.2, a reduction of \$4.4 million or 3 per cent from the 2010 original budget of \$1,128.1. Even with this decline in the Other Charges estimates Government still believes it will deliver on its policy commitments.

The main increases in the Payroll are in the Office of Auditor General ("**OAG**"), Ministry of Finance and Treasury ("**MOFT**"), Office of the Prime Minister and Cabinet

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<sup>2</sup> Draft Budget Strategy and Outlook, Solomon Islands Budget 2011, p21-35  
*PAC – 2011 Budget Estimates Report*

("OPM&C") and Ministry of Provincial Government and Institutional Strengthening ("MPG&IS"). While this represents a significant increase in the payroll budget.

The 2011 payroll budget includes funding for a number of new positions in IRD, Customs and Treasury.

#### **7.4: Development Budget**

Development expenditure in 2011 is estimated at \$497.7 million, a rise of 32.7 per cent or \$122.7 million compared with the 2010 original budget estimates. Of the total amount the Solomon Islands Government will contribute \$417.7 million and ROC is to contribute \$80 million.

Non appropriated Development Budget is estimated at \$1,296.9 million, an increase of \$153 million or 13.4 per cent of the 2010 actual budget estimate of \$1,143.5 million.

#### **7.5: Consolidated Budget**

The Government has allocated an additional \$233.9 million or 11.7% of the 2011 Consolidated Budget expenditure, \$58.2 million for the recurrent budget and \$122.7 million for Development Budget. In total the consolidated expenditure is estimated at \$2,231.4 million.

In total the consolidated revenue is estimated at \$2,255.6 million. Total consolidated revenue of \$2,255.6 million compared to the total consolidated expenditure of \$2,231.4 million, the government projects a budget surplus of \$24.2 million.

## 8. 2011 New Spending Measures - Overview

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As outlined in the NCRA Government Policy Statements, under the 2011 Consolidated Budget, the Government intends to implement a number of its priority areas, including :

- Reconciliation and rehabilitation
- National security and foreign relations
- Infrastructure development
- Social services development
- Economic and productive sector development
- Assistance for Civic Affairs
- Machinery of Government expenditure

### 8.1: Reconciliation and Rehabilitation

Reconciliation and rehabilitation includes expenditure to achieve broad reconciliation across the community and rehabilitation of social dislocations.

The following Ministries have been allocated with funding for projects on Reconciliation and Rehabilitation:

#### Recurrent Expenditure

Ministry	Additional Allocation (\$)
Ministry of National Unity, Peace and Reconciliation	100,000
<b>TOTAL</b>	<b>100,000</b>

#### Development Expenditure

Ministry	Additional Allocation (\$)
Ministry of National Unity, Peace and Reconciliation	3,500,000
Office of the Prime Minister and Cabinet	1,000,000
<b>TOTAL</b>	<b>4,500,000</b>
<b>GRAND TOTAL</b>	<b>4,600,000</b>

The largest projects under Development in the Consolidated Budget for reconciliation and rehabilitation is:

- \$2,000,000 for National Reconciliation Programme

- \$1,000,000 for the Commission of Enquiry into Land Dealings on Guadalcanal.

## 8.2: National Security and Foreign Relations

The primary aim of National Security and Foreign Relations is to strengthening law and order in the country, ensure border security and to build and maintain beneficial relationships with foreign countries.

The following Ministries have been appropriated additional funding from the Consolidated Budget for projects on National Security and Foreign Relations:

<b>Recurrent Expenditure</b>	
<b>Ministry</b>	<b>Additional Allocation (\$)</b>
National Judiciary	1,526,780
Ministry of Justice and Legal Affairs	1,112,000
Ministry of Police and National Security	6,200,140
<b>TOTAL</b>	<b>8,838,920</b>
<b>Development Expenditure</b>	
<b>Ministry</b>	<b>Additional Allocation (\$)</b>
Ministry of Police and National Security	13,300,000
National Judiciary	1,700,000
Ministry of Justice and Legal Affairs	1,440,000
<b>TOTAL</b>	<b>16,440,000</b>
<b>GRAND TOTAL</b>	<b>25,278,920</b>

Some of the large projects which are on-going are:

- \$11,800,000 for Canberra Chancery
- \$13,300,000 for New Police Housing and Upgrades to Police Stations throughout the Solomon Islands.
- \$1,500,000 for the Reinvigoration of the Parole Board.

### 8.3: Infrastructure Development

Infrastructure development includes expenditure on the construction and rehabilitation of infrastructure which is essential to stimulate economic growth, enhance rural advancement and foster national unity.

The following Ministries have been appropriated additional funding from the Consolidated Budget for projects on Infrastructure Development:

#### Recurrent Expenditure

Ministry	Additional Allocation (\$)
Ministry of Infrastructure Development	4,850,000
Ministry of Communication and Aviation	2,782,000
Ministry of Land, Housing and Survey	500,000
<b>TOTAL</b>	<b>8,132,000</b>

#### Development Expenditure

Ministry	Additional Allocation (\$)
Ministry of Communication and Aviation	37,100,000
Ministry of Infrastructure Development	38,100,000
Ministry of Lands, Housing and Survey	9,150,000
<b>TOTAL</b>	<b>84,350,000</b>
<b>GRAND TOTAL</b>	<b>92,482,000</b>

Some of the large projects being undertaken are:

- \$14,500,000 for the Rural Transport Infrastructure Fund.
- \$6,000,000 for Malaita Infrastructure Contract Support Unit.
- \$3,500,000 for SIG Obligation to Domestic Maritime Infrastructure.
- \$3,000,000 for the MID Engineering Complex.
- \$17,600,000 for the Construction and Rehabilitation of Provincial Airports.
- \$11,000,000 for Henderson Navigation Equipment and Fire Truck.
- \$3,000,000 for the Auki Jetty Project.

### 8.4: Social Services Development



Social Services Development includes expenditure on education and human resources and health and medical services.

The following Ministries have been appropriated additional funding from the Consolidated Budget for projects on Social Services:

#### Recurrent Expenditure

Ministry	Additional Allocation (\$)
Ministry of Education and Human Resource Development	25,500,000
Ministry of Health and Medical Services	11,400,000
Ministry of Women, Youth and Children's Affairs	1,131,600
<b>TOTAL</b>	<b>38,031,600</b>

#### Development Expenditure

Ministry	Additional Allocation (\$)
Ministry of Education and Human Resource Development	33,150,000
Ministry of Health and Medical Services	21,000,000
Ministry of Women, Youth and Children's Affairs	2,000,000
<b>TOTAL</b>	<b>56,150,000</b>
<b>GRAND TOTAL</b>	<b>94,181,600</b>

Some of the large projects being undertaken are:

- \$14,500,000 for Tertiary Scholarships.
- \$7,000,000 for Publishing Teaching Materials.
- \$4,000,000 for the Running Costs of Gizo hospital.
- \$3,000,000 for the Refurbishment of SIMTRI.
- \$3,000,000 to Upgrade SICHE.
- \$5,250,000 for Medical Equipment.

#### 8.5: Economic and Productive Sector Development

Economic and Productive Sector Development includes expenditure in agriculture, forestry, tourism, commerce and industries, fisheries, lands, mines and energy, rural, and finance and banking. The following Ministries have been appropriated additional funding from the Consolidated Budget for projects on Economic and Productive Sector Development:

## Recurrent Expenditure

Ministry	Additional Allocation (\$)
Ministry of Agriculture and Livestock	2,602,215
Ministry of Commerce, Industry and Employment	1,600,000
Ministry of Culture and Tourism	5,705,520
Ministry of Fisheries and Marine Resources	1,500,000
Ministry of Mines, Energy and Rural Electrification	330,000
Ministry of Rural Development	900,000
Ministry of Environment, Conservation and Meteorology	413,000
<b>TOTAL</b>	<b>13,050,735</b>

## Development Expenditure

Ministry	Additional Allocation (\$)
Ministry of Agriculture and Livestock Development	35,250,000
Ministry of Culture and Tourism	29,200,000
Ministry of Commerce Industry and Employment	15,500,000
Ministry of Environment, Conservation and Meteorology	10,100,000
Ministry of Fisheries and Marine Resources	3,750,000
Ministry of Forestry and Research	16,500,000
Ministry of Rural Development	53,000,000
Ministry of Mines, Energy and Rural Electrification	19,400,000
Ministry of Prime Minister and Cabinet	11,000,000
Ministry of Provincial Government	3,500,000
<b>TOTAL</b>	<b>197,200,000</b>
<b>GRAND TOTAL</b>	<b>210,250,735</b>

Some of the large projects being undertaken are:

- \$9,150,000 for the National Rice Development Project.
- \$7,000,000 for the Cattle Development Rehabilitation Project.
- \$4,000,000 for the Cocoa Support Scheme.
- \$6,000,000 for Suava Bay Economic Growth Centre.
- \$6,000,000 for Noro Industrial Estate.
- \$5,000,000 for the 2012 Pacific Arts Festival.
- \$5,000,000 for the School of Tourism and Hospitality Building.
- \$2,000,000 for the Establishment of the Early Warning Alert System for Natural Disasters.
- \$8,000,000 for the Downstream Processing of Timber.

- \$6,000,000 for Reforestation.
- \$8,000,000 for the Improvement of Water Supply System for Auki/Honiara.
- \$5,000,000 for Renewable Rural Electrification.
- \$4,000,000 for the Tina River Hydro Power Development Scheme.
- \$53,000,000 for the Rural Constituency Livelihood Project Grant Scheme.
- \$6,000,000 for the Development of Economic Growth Centres.
- \$5,000,000 for the Rehabilitation of RIPEL.
- \$3,500,000 for the Choiseul Township Development.

### 8.6: Assistance for Civic Affairs

Assistance for Civic Affairs includes recurrent expenditures to include the participation and engagement of women and youths in decision making, ensuring the rights of children are protected and assisting the Solomon Islands to become a popular and competitive sporting nation in the region. This policy also improved sport and participation in Solomon Islands.

The following Ministries have been appropriated additional funding from the Consolidated Budget for Assistance for Civic Affairs:

#### Recurrent Expenditure

Ministry	Additional Allocation (\$)
Ministry of Home Affairs	2,000,000
Ministry of Provincial Government and Institutional Strengthening	4,411,767
Office of the Governor General	250,000
<b>TOTAL</b>	<b>6,661,767</b>

#### Development Expenditure

Ministry	Additional Allocation (\$)
Ministry of Home Affairs	5,000,000
Ministry of Provincial Government and Institutional Strengthening	10,300,000
National Parliament	3,982,000
Office of the Governor General	2,000,000
<b>TOTAL</b>	<b>21,282,000</b>
<b>GRAND TOTAL</b>	<b>27,943,767</b>

Some of the larger projects being undertaken are:

- \$3,500,000 for Electoral Reform.
- \$5,800,000 for the Provincial Capacity Development Fund.

### 8.7: Machinery of Government Expenditure

To enable the Government to deliver on its policy priorities, it is necessary that the entire machinery of Government is functioning effectively. To that end, the Government has identified a number of areas where it intends to undertake reforms to ensure Government systems operate efficiently and to ensure revenue collection is maximized.

The following Ministries have been appropriated additional funding from the Consolidated Budget for projects related to the Machinery of Government Expenditure:

<b>Recurrent Expenditure</b>	
<b>Ministry</b>	<b>Additional Allocation (\$)</b>
Ministry of Development Planning and Aid Coordination	150,000
Ministry of Finance and Treasury	28,795,124
Ministry of Public Service	5,515,000
Office of the Prime Minister	9,250,000
Office of the Auditor General	2,358,500
<b>TOTAL</b>	<b>46,068,624</b>
<b>Development Expenditure</b>	
<b>Ministry</b>	<b>Additional Allocation (\$)</b>
Ministry of Development Planning and Aid Coordination	1,550,000
Ministry of Finance and Treasury	10,628,000
Ministry of Public Service	10,000,000
Office of the Prime Minister	4,300,000
<b>TOTAL</b>	<b>26,478,000</b>
<b>GRAND TOTAL</b>	<b>72,546,624</b>

The largest additional expenditure items under the Development Budget for Machinery of Government in 2011 are:

- \$16,500,000 for new Government Office Buildings.
- \$1,200,000 for the Relocation of the Office of Auditor General.
- \$10,000,000 for Assistance to State Owned Enterprises including the establishment of Community Service Obligations.
- \$15,000,000 Contingency for Potential Additional Payroll Expenses.
- \$2,316,893 for Strengthening the Revenue Collection Capacity of IRD, Customs and Treasury.
- \$7,500,000 for the Bureau of Economic and Social Reform.

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## 9. Summary Report

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From its preliminary research and evidence gathering on the 2011 Budget, including at the ministry hearings, the Committee identified a number of issues from the Budget Estimates. These issues are discussed in the following Chapter and are outlined as follows:

### 9.1: Budget Process

*The budget process leaves much room for improvement.*

- **Surplus and Credible Budget**

During the hearing the Permanent Secretary to the MOFT stressed that for the first time the 2011 Budget was prepared and guided under a theme, namely, 'To improving the quality of public expenditure to invest in better services for the people of Solomon Islands and to lay the foundations for sustainable growth'. He said it is a

budget that would encourage 'doing things differently'. He further stressed that this is the first time in 20 years that Solomon Islands would have a surplus Budget. He said that with a budget surplus of \$24.2 million it would further strengthen the Government's savings and improve cash flow management. He also reiterated that the 2011 Budget is a credible one.

The Committee noted the significant contributions by Donors in terms of budget support. In 2011, Donor budget support is estimated at \$287 million. It is noted that without this revenue source, the 2011 Recurrent Budget would end up in a substantial deficit of \$262.8 million.

- ***Unjustifiable bids that lack quality***

The Permanent Secretary to MOFT assured the Committee that the 2011 Budget would meet an important requirement under the International Monetary Fund ("IMF") Program previously agreed with the Solomon Islands, to ensure that Governments' projected cash flow would provide for at least two months cover for expected expenditures. He is confident that this buffer will be sufficient to cushion economic shocks throughout the year.

MOFT assured the Committee that the Budget went through a very rigorous consultation with line ministries. He stressed that all ministry bids had been considered on two important grounds:

- (a) The quality of the bid; and
- (b) How convincing Officials were able to justify and defend their submissions.

### **Recommendation**

It is recommended that Permanent Secretaries and Accounting Officers ensure their bids for annual budgets are well prepared and that they are able to argue and defend their submissions before the Planning Unit of Ministry of Development Planning and Aid Co-ordination ("MDP&AC") and Budgetary Unit of MOFT.

- ***2010 Estimates copied to 2011***

Despite the assurance of improved dialogue and consultation with all stakeholders in the budgetary process, evidence received from the Permanent Secretaries and from the draft recurrent budget strongly suggests that the consultation process may have



been hijacked by the MOFT. In many incidences, it would appear that allocations to Ministries had been set arbitrarily by MOFT as they do not reflect programs to implement government policies. This raises further questions on the credibility of the consultation process itself.

The annual budget estimates should reflect planned activities for each Ministry for the year rather than simply copying the same figures of the previous year.

The Committee noted that despite the increases in the establishment for a number of Ministries in 2011 the salary figures and other associate allowances remain the same in 2011 as it was in 2010.

**Examples (a few of many):**

<b>Ministry</b>	<b>Acct Code</b>	<b>2010</b>	<b>2011</b>
MEHRD	272-0360-1010	\$1,002,039	\$1,002,039
MFAET	274-0131-1010	\$274,293	\$274,293
OGG	275-0000-1000	\$145,843	\$145,843
OPM&C	281-0071-1010	\$1,143,252	\$1,143,252

These examples would demonstrate a disregard to Ministries' input or their planned annual programs. How could the Ministries be expected to perform when their programs are not reflected on the Budget?

- ***Unrealistic Budget Estimates***

There are many budget line estimates that appear unrealistic throughout the 2011 Budget in different Ministries.

**Examples (a few of many)**

<b>Accounting Code</b>	<b>Budget item</b>	<b>Budget Estimate</b>
272-0005-1120	Contract Staff (PS's Consultants)	\$720
272-0376-1013	Overtime	\$224
272-0377-1011	Housing Allowance	\$54
288-0199-1011	Civil Service Salaries	\$520
292-0155-1000	Statutory Salaries	\$78

It should be very obvious that these insignificant amounts against the respective budget line items are unrealistic. This clearly demonstrates that no proper assessment or consultation was done on the 2011 budget estimates.

### **Recommendation**

It is recommended that annual budget estimates are thoroughly assessed and agreed to with the responsible Ministries to reflect accurately their planned programs for the year.

- ***Original Bids arbitrary cut***

The Committee is also concerned that most Ministries initial bids for new initiatives were either significantly reduced or omitted. Such arbitrary cut would render insufficient funds to carry out Ministries' planned programs for the year. The Committee noted that some Ministries were not informed about the restrictions and cut to their bids. Such arbitrary cut will adversely impact their work plan for this year.

Below is a table showing some of the Ministries who have submitted their original bids under the Development Budget but were reduced by the MOFT without their knowledge.

<b>Ministries</b>	<b>Original Submission</b>	<b>Accepted Amounts</b>
<b>Home Affairs – Development</b>	\$44,500,000	\$4,315,014.
<b>National Unity reconciliation and Peace Development</b>	\$2,172,901	\$1,500,000
<b>Justice &amp; Legal Affairs</b> 1.Re-current 2.Development	\$2,851,084 \$2,940,000	\$1,112,000 \$1,440,000
<b>Rural Development - Development</b>	\$165,000,000	\$103,000,000

## Recommendation

It is recommended that the budget process must involve active feedback from MOFT to line Ministries to ensure any adjustments to their planned programs and activities for each budget item are effectively executed with responsibility.

- **Two scenario presentation**

It is a policy of the NCRA government that NDMO has become part of the MECCDMM. The PS and his officials were presenting two budget scenarios to PAC, one on the inclusion of the NDMO and one on the draft budget which did not include the NDMO. The total budgeted appropriation for the two budget scenario would appear as follows:

### **MECCDMM without NDMO Scenario**

Total Income Budget	\$250,000
Total Recurrent Expenditure	\$13,538,748
Total Development	\$17,341,264

This is the scenario reflected on the draft Budget

### **MECCDMM including NDMO Scenario**

Total Income Budget	\$250,000
Total Recurrent Expenditure	\$18,452,076
Total Development	\$17,341,264

The difference between the two scenarios in the recurrent budget is \$4,913,328. With the two scenarios presentation the message is that the policy to include National Disaster Management Office (“**NDMO**”) as part of MECCDMM portfolio is not adequately provided for. Two scenarios presentation at the Committee is unacceptable as it demonstrates incompleteness of the budget. The important question which the PS did not answer is which one he would be asking Parliamentary approval on. It is correct to say it is NCRA policy to remove NDMO from the Ministry of Home Affairs (“**MHA**”) to MECCDMM, but why it was never included in his Ministry’s budget was not answered by the PS. It is an important policy intention by

NCRA but obviously the Ministry did not have budget for it – that is a serious oversight.

## **9.2: Inadequate Allocation**

***All the Ministries are allocated inadequate budget appropriations that will restrain them from successful completion of their planned action programs for 2011.***

- ***Inadequate Funding***

The Committee heard that a lot of Ministries did not get their full budget submission bids. Many receive arbitrary cuts to submissions which are critical to departmental programs in pursuit of government policies. In response, Ministries were advised by MOFT to try to operate within the funds allocated to them.

The **MALD** for example submitted a bid for \$1 million for a program to contain the spread and to eradicate the large African snails. This is not included in their 2011 Budget.

The Committee noted with some concern that many ministries have already indicated they would seek additional funding through supplementary appropriation, virements or contingency warrants to meet their shortfalls in funding. These facilities should be reserved for exceptional situations and especially contingency warrants are only for urgent unforeseen circumstances and events.

- ***Inadequate capacity***

The Committee noted with concern the inadequate capacity in Ministries to undertake planned programs to implement policies of the NCRA Government. As an example, Ministry of Foreign Affairs & External Trade (“**MFAET**”) does not have the capacity to administer the NCRA ‘Look North’ policy, to manage diplomatic missions it plans to establish in Asia. The Committee noted intentions that the PNG High Commission Office will be accredited the functions to look after some South East Asian countries.

### 9.3: Mis-posting of Budget Items

*There are numerous mis-postings of line items that demonstrate the 2011 Budget lacks proper consultation and completeness.*

- ***Mis-posted budget line items***

Many budget line items were not accurately posted to their appropriate accounting codes.

Other Allowances under the Prime Minister and Cabinet such as the accounting code 281-0061-1054 of \$2.1M was wrongly posted to Administration when it should be posted to Prime Minister's Private Office. The Permanent Secretary to Ministry of Police, National Security and Correctional Services ("**MPNS &CS**") confirmed that budget estimate of \$1,141,844 has been misappropriated to accounting code 283-0146-2004. There are many mis-posted items in other Ministries.

Budget estimates wrongly appropriated to the budget items would distort the programs and activities planned to execute under the respective budget line items.

#### **Recommendation**

It is recommended that budget line items should be thoroughly checked to ensure proper budget estimates are appropriated to them not to distort their respective planned programs and activities.

### 9.4: Budget Dependency on Limited Revenue Sources

*Revitalisation measures are required to improve and to spread the recurrent revenue budget sources which, besides donor budget support, are very limited and confined to very few Ministries.*

- ***Two Ministries recurrent revenue exceed recurrent expenditure***

Total budgeted recurrent revenue for 2011 is estimated at \$2,255.6 million. Of all the government ministries only two Ministries, MOFT and MFMR have their recurrent revenue exceed their recurrent expenditures.

#### **MOFT**

Recurrent Revenue	1792.7 m
Recurrent Expenditure	94.0 m

#### **MFMR**

Recurrent Revenue	120.5 m
Recurrent Expenditure	13.5 m

MOFT contributes 90.54% of the recurrent revenue while other government agencies contribute 9.46%.

- ***Need to revitalise revenue sources***

There are ministries with immense potentials to increase their revenue collections but are currently underdeveloped. Vigorous planning and coordination policies are required to activate all line Ministries to harness their revenue potentials.

With improved capacity the OAG should improve their audit fees for increased audit of donor projects and SOEs. MFR has the potential to improve their revenue base with increase forest plantation, greater reforestation and harvesting. The Committee noted that the current stock of natural forest within Solomon Islands will for two to three more years after which this major revenue stream will cease.

The Ministry of Communication and Aviation (“**MCA**”) has the potential to improve their revenue base with improvement of their control over the airspace over Solomon Islands. MLHS has the potential to improve their revenue base with up-to-date and effective collection procedures for the collection of land rent.

#### **Recommendation**

It is recommended that vigorous actions be taken to increase the government revenue resources and to improve the existing ones.

### **9.5: Internal Audit**

***Maladministration in accountability in the Ministries has strong correlation to the absence of internal audit function.***

- ***Enhancement of public accountability***



The Committee noted that only Ministry of Health and Medical Services (“MHMS”) and MOFT provide for an internal audit unit in their functions and budget. It was further noted that MOFT has only four officers, whilst there is a small internal audit unit of 3 officers within the Ministry of Health and Medical Services.

Internal audit is an important management function of accountability that is needed in any organisation. The absence of this important accountability function in Ministries allows greater opportunities for corrupt practices to remain undetected, non-compliance to financial procedures unreported and unreconciled accounts left unattended as prevalent in many government Ministries.

To establish an internal audit function, especially in the major Ministries, would greatly enhance the state of accountability in the government and the Country.

The Committee believes that in order for the government to strengthen accountability and governance institutions as outlined in its policy<sup>3</sup> it needs to provide for internal Audits functions within the budget estimates.

### **Recommendation**

It is recommended that major Ministries plan to add internal audit functions to their administrative portfolios.

### **9.6: Bureau of Social Economic Reform Unit (“BSERU”)**

*The BSERU, as a new line item on the 2011 budget with the highest recurrent budget has no plans.*

- **BSERU**

The Bureau of Social Economic Reform is one of the two flagship policies<sup>4</sup> of the NCRA Government. With such an important policy of the government the Committee expected well documented objectives, strategies and program of activities to be presented for a convincing case to justify its budget support. It is one of the new budget items with the highest budget estimate of \$9.3 million in the recurrent

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<sup>3</sup> NCRA policy 4.3.4.1 (d) –provide internal audit services, training and advisory support to Ministry of finance and other ministries, SOE’s and Provincial Governments.

budget. Without the justification this huge budget estimate is not meaningful and may need to be revised downwards.

- ***Initial Set Up Costs only***

Without the detail planned programs and activities to justify the huge recurrent and development appropriations the Committee is of the understanding that the budgeted appropriation is mainly for the set up the BSER which includes pre-feasibility studies, concept designs and consultation to support infrastructure. For this initial set up Payroll, Other charges and Development projects would share the budgeted provisions as follows:

Payroll Charges	\$4.7 million
Other Charges	\$4.5 million

The Committee questions the credibility and the quality of expected outcome of the huge budget allocation anticipated mainly for the early establishment stages of the BSER.

The Committee is disappointed with the appalling presentation the responsible Accounting Officer made on flagship policy of the BSEU.

### **Recommendation**

It is recommended that the Committee be provided detailed plans and programs of the Bureau of Social Economic Reform to justify and support the huge financial budget allocation for the two flagship policies of the government.

## **9.7 Economic Growth Centre**

***The Economic Growth Centre as a new line item on the 2011 budget with the highest recurrent budget has no plans.***

- ***Economic Growth Centre***

The Economic Growth Centre is one of the two flagship policies<sup>4</sup> of the NCRA Government. With such an important policy of the government the Committee expected well documented objectives, strategies and program of activities to be

presented for a convincing case to justify its budget support. It is one of the new budget items with the highest budget estimate.

▪ Recurrent	\$200,000*
▪ Development	\$12.0 million^
▪ <b>Total Budget Estimates</b>	<b>\$12.2 million</b>

\*Ministry of Rural Development budget \$200,000

^Office of Prime Minister & Cabinet \$6.0 million

^Min of Commerce, Industry, Lab & Imm \$6.0 million

Without the justification this huge budget estimate is not reasonable and may need to be revised downwards.

The Committee is disappointed with the appalling presentation the responsible Accounting Officer made on the Economic Growth Centre.

- ***Land Reforms in doubt***

In trying to explain the activities involved in establishing of EGCs in the Provinces the responsible accounting officer confused land acquisition to land reforms as part of the process. Land reforms would be a daunting task that may not be easily achieve within the present term of Parliament. The responsible PS could not respond positively whether land for acquisition for the planned EGC in the provinces has been identified. In his best estimate only one EGC would be established in 2011 despite the huge development budget allocation for EGC.

The outcome of the anticipated activities in 2011 will be to produce 'bankable document' to sell to prospective investors.

The Committee has its doubts about the marketability of the 'bankable document' given the history and current economic situation of the country.

- ***Inappropriately accommodated***

The Committee learned that two Ministries were prepared and ready to accommodate the EGC. By function and operations they would be the appropriately placed Ministries to house the EGC units. They have skilled and

technical staff with extensive experience in communities and rural development programs. The Committee heard they were preparing to take up EGC functions only to be relocated to the OPM&C at the last minute. It is questionable how the bulk of the budget support is in OPM&C when the line Ministries that would be expected to operate and implement the EGC policies are not given the budget supported.

With the doubt in the available personnel in OPM&C with professionalism, skills and experience to run and EGC, the Committee is concerned that this policy would cost the government's financial resources dearly.

### **Recommendation**

It is recommended that serious consideration be taken to accommodate the EGC units in Ministries where personnel with the adequate experiences and professional skills exist.

- ***No planned programs of activities***

With such a huge recurrent and development appropriation, it was shameful that the PS responsible for the Bureau of Social Economic Reform (BSER) and Economic Growth Centre (EGC) was not able to respond accurately to questions raised. He did not provide the detail plans and programs and could not deliberate accurately on them. The PAC is the accountability committee of the Parliament and therefore has Parliamentary prerogative to hear details of planned programs and activities that support policies the government wish to implement on the budget.

### **Recommendation**

It is recommended that the Committee be provided detailed plans and programs of the Bureau of Social Economic Reform and Economic Growth Centre to justify and support the huge financial budget allocation for the two flagship policies of the government.

## **9.8: Land Acquisition**

### ***Land for development projects is a concern***

Another area of concern the Committee noted is land acquisition for development projects. It was apparent to the Committee during the hearings that most of the development projects within the Development Budget allocations did not adequately reflect land acquisition essentially required before any form of development.

At this stage land for the planned Economic Growth Centres are yet to be identified let alone acquired.

Similarly, land for development projects of new office buildings for Prime Minister Officer and Public Service were also brought to the attention of the Committee. The Committee strongly support the initiatives by the Ministries and would like to see tangible progress on the programs for new offices. The Committee is also of the view that careful consideration; planning and proper documentation is required on acquiring land and the intricacies of the process.

### **9.9: Shortage of Essential Manpower Establishment**

***All Ministries lack qualified, skilled and experienced staff capacity needed to deliver an effective and efficient public service.***

- ***Inadequate Capacity***

The Committee noted that there is shortage of the needed manpower in the Public Service establishments. The Permanent Secretary to the MOFT informed the Committee that there will be no significant increases to the payroll which means that most Ministries will not increase their staffing this year. Ministries have to justify their submissions for increase staffing before recruitment can be approved.

The Auditor General explained to the Committee during the Hearings that his office is limited in the area of recruiting qualified staff. He stressed that his office has 14 active staff members with only one of them holds a degree qualification. A lot of top positions are held by Technical advisors under the RAMSI program but this will soon

come to an end under the current program and his office will be left with very low qualified officers to continue the work expected. He tried to push for recruitment of officers with the public service last year but was hindered by the freeze on recruitment and so was unable to get the staff required.

The MDP&AC has also raised the same issue of lack of staffing to carry out the work of the Ministries. They needed to create a new division in the Ministry and to recruit the necessary staff to help monitor the implementation of the development budget.

The MHMS on the other hand has informed the Committee that all their establishments has been filled but there is still shortage of manpower within the Ministry and this was noted in the Report on the Review of Services and conditions in the National Referral Hospital. Inadequate manpower is negatively impacting the delivery of quality services at the Hospital.

The Committee is concern that despite the availability of many qualified nurses the limited establishment positions could not allow the employment of nurses causing delay in implementing work priorities and also the delivery of essential services to the people of this country. It is a concern that the 2011 Budget does not seem flexible for recruitment within the Public Service for these essential manpower establishments.

### **Recommendation**

In view of the surplus budget and the available supply of qualified nurses it is recommended that establishment for essential services like nurses should not be too restrictive at the expense of losing quality services and lives.

### **9.10: Capacity Building**

***Capacity building to equip all Ministries and other public agencies with technical, skilled manpower is essential to the effective implementation of government policies and budget programs.***

- **Capacity Training Need**

The Committee noted that one of the biggest problems currently experienced in most Ministries is the issue of capacity building which requires the employment of technical expertise and right qualified officers to effectively implement government policies and budget programs.

Ministry of Infrastructure Development (“**MID**”), Auditor General, the Ministry of Environment, Climate Change, Disaster Management, and Meteorology (“**MCCDM&M**”), The Ministry of Culture and Tourism (“**MOC&T**”), MFA&ET and the MPD&AC all expressed similar concerns.

The acting Permanent Secretary to the MID when presenting to the Committee pointed out that there is technical capacity constraints within his Ministry. The Asian Development Bank (ADB) is assisting the Ministry in this area within the next five years to increase the capacity of engineers, technician level, supervisors and people who can be on site to measure and report back on projects to the office.

The Auditor General informed the Committee that the audit capacity of his office was strengthened with the involvement of RAMSI. Since RAMSI came in operation in 2003, with their accountability program, the Office has been doing very well in terms of producing reports. With the imminent expiry of the RAMSI/SIG Agreement in 2012 the Auditor General is concerned his Office may not be well prepared for the exit of T/As provided under RAMSI. Vigorous training to equip the local staff to undertake auditing at professional level is needed.

The Permanent Secretary to the MOPS informed the Committee that Institute of Public Administration Management (“**IPAM**”) will be offering an executive leadership training to build the capacity of the public service. The program is currently under design and will be targeting under secretaries and heads of departments. The Ministry has funded two officers to undergo masters in business administration in 2011 to resource IPAM with adequate manpower for its operation.

## **Recommendation**

It is recommended that capacity development for qualified professional staff for the Public Service must always take priority in the various Ministries budgetary programs.

### **9.11: Public Service Disciplinary Process**

***The disciplinary process in the Public Service needs strengthening.***

- ***Current Disciplinary Process***

The Committee during the Hearings raised concerns regarding the process for disciplining public officers. In giving evidence before the Committee, the Permanent Secretary to the MPS stated that the disciplinary of public officers falls into two categories. Discipline of officers holding post 1 to 6 rests the Permanent Secretaries of other line Ministries. Disciplinary actions against officers holding post 7 to super-scale is the responsibility of the Permanent Secretary to MPS.

The Committee heard that in 2010, 30 public servants were terminated, 10 public officers were given final warnings, 1 public officer was issued with a letter of caution, 4 officers were charged and pending investigations. He further stressed that when Permanent Secretaries don't take steps to discipline officers, it can be brought up to the Permanent Secretary of the Ministry of Public Service.

- ***Need to enforce discipline***

The Committee is concerned that the many line Ministries are not effectively enforcing disciplinary measures against offenders. Permanent Secretaries of line Ministries and the MPS must strengthen and actually implement the appropriate measures to discipline public officers who breach public services regulations and damage government properties quick enough.

#### **Recommendation**

It is recommended that line Ministries enforce disciplinary measure against public officers who breach public services regulations and damage government properties expeditiously.



## **9.12: Government Housing**

***Housing for public servants is critical.***

- ***Current Staff Housing Plans***

The Committee noted budget allocations for the construction of Houses for their officials in the Development Budget for the MPNS&CS, the MPS and the OPM&C.

The MPNS&CS is in the process of constructing houses at Naha, Gizo, Buala, Marau and Auki.

The MPS has provided for \$5.0 million in their Development Budget to purchase houses for their senior officials in the Ministry.

The OPM&C also has budget for the construction of houses for their staff on the explanation that the current on-going rental scheme is very expensive.

The Committee is concerned that there are no policies in place to regulate the purchase and the sale of the government houses. There is now a great need to acquire more houses for public servants.

The Committee required relevant Ministries such as the Ministry of Lands, Housing and Survey ("**MLH&S**") the MID and the MOFT to work on policies regarding purchase and sale of government houses.

- ***Expensive Rental Scheme***

Despite the its huge cost on the recurrent budget the Committee also noted that that most Ministries have increased allocations for staff housing rentals to meet the current staffing need of accommodation under the public service rental scheme.

### **Recommendation**

It is recommended that sound policies are established to effectively administer acquisition and sale of government houses and to do away with the current expensive staff housing rental scheme.

## **9.13: New Office Buildings**

***Own offices to accommodate Ministries are needed.***

- ***Current Plans for office buildings***

The committee noted in the development budgets and during the hearings that a number of the Ministries have plans to build new office other buildings to support their operations. The MDPAC, MPS, OPM&C, MOFT, Ministry of Women Youth and Family Affairs (“**MWYFA**”) all provided for new office buildings under their development expenditure heads.

The Ministry of Agriculture & Livestock Development (“**MALD**”) has also expressed before the Committee that the need to have its own permanent office building after many years of renting. The Committee is aware of the ever-increasing rental cost in Honiara that needs to be addressed now by Ministries acquiring their own permanent office buildings. Some government old buildings may need substantial repairs to provide improved working conditions.

The Committee noted some new office buildings projects have been ongoing on for a long time without completion.

The Committee is concern that funding for new government offices might be stalled or diverted elsewhere if the projects remain uncompleted too.

#### **Recommendation**

It is recommended that the Government invests in own office buildings to save cost from the ever increasing office rents.

### **9.14: Government Vehicles**

***Government vehicles need sound management policies and system to operate.***

- **Vehicle hiring**

The Committee noted that a number of offices and Ministries have raised their concerns regarding the hiring of vehicles for official use.

The shortage of vehicles in some Ministries has led to the issue of hiring of vehicles for months. The cost of continuous hiring of vehicle is very expensive.

The Committee noted that the MID, the Ministry responsible for hiring of vehicles has an allocated amount but is not sufficient to cater for hiring for all ministries. The Committee also noted that there are no proper policies or guideline to regulate this practice.

### **Recommendation**

It is recommended that workable effective procedures must be established for the proper administration of government vehicles and to reduce the very expensive vehicle hiring scheme.

- ***Vehicle accidents***

The acting Permanent Secretary of the MID during the Hearings stressed that during the colonial days they only use simple rules and everybody follows. Members of Parliament were allocated any available vehicle and they accepted what was given to them. After the ethnic crisis, things changed as a lot of officers refused to follow simple directives.

The acting Permanent Secretary also informed the Committee on the process followed when a government vehicle is involved in an accident. He stressed that as soon as an accident occurs, the police must be the first people on the scene. The findings of the Police must then be submitted to the Ministry and if a public officer was involved, deduction must be made from his salary and proper public service disciplinary action taken against that officer depending on nature of the accident. However, there is no set disciplinary procedure set for non public officers who were drivers of government vehicle at the time of the accident. The Permanent Secretary of the MPS also re-iterated that Officers who damage government vehicles should be responsible to pay the damages of the vehicle and also a demotion can also take place, a demotion of 2 levels to re-capture the cost of the damaged vehicle. He also further added that it is the collective responsibility of everyone as leaders to care for government properties. If vehicles are damaged they have to pay for the damages. A past experience was that Members of Parliament's terminal grants were deducted to meet the cost of damaged vehicles.

### **Recommendation**

It is recommended that effective procedures are established and actually executed against offenders who are responsible for damage caused to government vehicles.

- ***Vehicle need for public service***

The Committee is concerned that Ministries should be adequately equipped with vehicles to ensure efficient and effective delivery of service. Proper policies and regulation should be developed by the MID for hiring and the operation of all government vehicles.

- ***Auditor General Vehicle***

The Auditor General shared his disappointment with the Committee during the Hearings that under his terms of condition as a Constitutional post holder he is entitled to a vehicle. Since he took up the position as Auditor General he has been making request for a vehicle without success. He included in his budget original bids for a vehicle but was rejected.

### **Recommendation**

It is recommended that the Auditor General as a constitution post holder responsible to the Parliament and as part of the PAC with accountability oversight role over the government be provided a vehicle to enable him to carry out his functions effectively.

### **9.15: Allocation for Televising Parliamentary Sessions**

***Information shared and revealed before the PAC is expected to be of the highest respect and with utmost good faith and truth.***

- ***Untrue assertion***

The Committee found it hard to believe that before such a Parliamentary committee the Accounting Officer for OPM&C was able to give strong assertion that the televising of Parliamentary debate is a function of the OPM&C funded under head/sub-head 281-0071-2018 - Publicity and Promotion of budget estimate of \$1,180,000.

When the Committee heard the Clerk to National Parliament the televising of Parliamentary debate is covered under 279-0001-3077 – Filming and televising for a budget estimate of \$327,351. This amount is provided under the UNDP budget support program under the Parliamentary Strengthening Project. She is not aware of any other ministry budget line item covering the televising of Parliamentary debate. It is a serious matter which may amount to contempt of Parliament for Accounting Officers and ministry officials to give false information before the Committee.

### **Recommendation**

It is recommended that Accounting Officers note seriously that all information provided before the Committee is true and accurate.

## **9.16: Cabinet and Minister Arbitrary Discretion**

***Cabinet and Ministerial discretion that works in opposition to established policies and procedures are harmful to the image of the country and to effective administration of government systems.***

- ***Contravention of established policies***

Ministries have over many years worked hard to establish sound policies, procedures and systems to administer their functions and services effectively. It is harmful to the public image and against fair and effective administration when the Cabinet or the respective Minister uses his discretion to decide matters in contravention to established policies.

- ***Hallmark of nepotism and favouritism***

The revelation by the Ministry of Education and Human Resources Development (“MEHRD”) that the Minister, on the advice of Cabinet, used personal discretion to award 42 scholarships at the rejection of 40 duly processed scholarship applications displays the hallmark of nepotism and favouritism. It was revealed that some

students, who received scholarship awards on Ministerial discretion, did not attain the required GP level to be awarded such scholarship.

Such a decision disregards the healthy trait of competition among students, the merits of reward for performance and the inevitable high failure rates in tertiary studies. It amounts to gambling with the future expectation of students' performance and the manpower need of the country. High failure rate among SI students has evidenced the evitable outcome of such a discretionary.

### **Recommendation**

It is recommended that the Committee be provided details of the 42 students who were awarded scholarship on ministerial discretion for assessment.

- ***Unrequested Bid of \$2.5 million***

In the Development Budget of the Ministry of Forestry and Research (“**MF&R**”), \$2.5 million was allocated as appropriated funds to North New Georgia Forestry Plantation.

Revelation from the Ministry officials denied the inclusion of the project in their original submission bids. They were not able to explain when asked about how they intend to administer the North New Georgia Forestry Plantation project. They confirmed the project was included latter as a cabinet resolution without their consultation.

- ***Arbitrary budgeting unacceptable***

Such an arbitrary decision of approving budget appropriation without consultation with line Ministries is inconsistent with sound policies of proper accountability and responsibility for the budget estimate and its respective program implementation.

The other two development projects in the MFR are:

- Down Stream Processing Project           \$8.0 million
- Support Reafforestation                   \$6.0 million

The Accounting Officer and his officials were able to explain the administration of sound policies and procedures to enable citizens throughout the country equal opportunity to access funds has been put in place for the other two projects. The same could not be applied for the North New Georgia Forestry Plantation \$2.5 million project.

### **Recommendation**

It is recommended that no development project or recurrent budget estimate should be allowed on the government budget without proper consultation with the responsible line Ministries.

- ***Implementation of Approved Projects***

It was revealed that many ministries have not being able to implement their approved projects. This is a grave concern. This type project, without the due process of consultation and clear understanding by the Ministry officials contributes strongly to the project implementation difficulties currently experienced in many Ministries.

### **9.17: Food security and sustainability**

***Solomon Islands is highly dependent on agriculture for its survival that it should consider the large African snails and climate changes as threats to its food security and sustainability.***

- ***African giant snails***

The Giant African snail is currently present on Guadalcanal and Makira. The Committee noted the potential devastating effects the giant African snail can cause to garden and agricultural crops in Guadalcanal and Makira and other parts the country if its spread is not contained. The fact that no budget allocation was made for the eradication of this pest is a serious concern. According to the Permanent Secretary to the MALD, he included the Eradication program for the African giant in his original bid for \$1 million. This head does not show in the 2011 Budget.

The committee commended the Permanent Secretary and his Staff for their efforts in having the snail actually exterminated in Noro and urges the team to continue to work to eradicate the pest in the country.

The Committee is concerned that one of the government's policies<sup>4</sup> and an important programme of the Ministry is not reflected in the 2011 Budget Estimates.

### **Recommendation**

It is recommended that the 2011 Budget estimates provides for the Eradication of the African giant snail program.

- ***Climate Change***

The Committee is concern for the level of vulnerability on food security for Solomon Islands due to climate change effects. Vulnerability of food security has now become a real issue for coastal Lagoon settlements and low lying coral Islands of the country as a direct result of climate change & sea level rise.

The Permanent Secretary to MALD told the Committee there are certain areas in the country that are highly vulnerable in terms of food security. Traditional basic food crops no longer grow in these areas because of increase salinity in the soil. The Permanent Secretary admitted the current level of funding cannot sustain food security for communities affected. Currently, the Ministry can only assist with food issues in disaster areas and areas where new land is identified for cultivation.

There were bids submitted for work programs to manage food security; however these were not catered for in the 2011 Budget. The Committee is concerned that such an important area has been overlooked and as a result has not been factored into the 2011 Budget Estimates. The Committee emphasizes that there is a need for funding to the Ministries to ease the level of threat and vulnerability to food security and to keep that reduced level of threat at a sustainable level.

### **Recommendation**

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<sup>4</sup> NO 5.1.2 of the NCRA government is to: Manage and contain exotic pests and diseases through legislation and in collaboration with the private sector, neighbouring countries and international organizations.



It is recommended that Government seriously consider the immediate effects of climate change on food security in the country and to administer relocation and adaptation programs to the affected communities.

### **9.18: Allowance for Students**

***Solomon Islands Students are not provided adequate preparation and atmosphere conducive to perform well at their studies.***

- ***Late Arrivals***

The Committee raised complaints from the public that Solomon Islands students usually arrive at Universities well after the commencement of semester studies. Late commencement of studies has adverse consequences of getting behind with studies, assignment, not getting into the desired units of studies, late acquisition of materials at the cost of running out especially with units of studies with many students enrolment and filing due to inadequate preparedness.

#### **Recommendation**

It is recommended that all logistical arrangements are prepared and completed in good time to enable SI students to settle down well before commencement of their tertiary studies.

- ***Overdue Allowance payment***

The MHMS confirmed that the students have just received their allowances. The Permanent Secretary of the MEHRD advised the Committee that according to the Memorandum of Understanding, her Ministry is only responsible for the student's travel. The MHMS is responsible for their allowances, and the Cuban Government is responsible for their other needs.

Although the allowances have now been paid the seven months of waiting for allowances to be paid to SI students in Cuba is unbearably too long. The Foreign Affairs is now facilitating an office in Cuba to look after the Students welfares.

#### **Recommendation**

It is recommended that student allowances be processed in ample time to be paid and received on due dates.

- ***Accommodation Difficulties***

Especially for the students at USP, Fiji, the chances of finding reasonable accommodation within easy reach of the University campus is very slim. SI students have set very poor record in terms of caring for their rented accommodations. While poor accommodation has adverse consequences on students' performance, the country's reputation is marred by such a record of our students' behaviour.

- ***Submissions to the Committee***

The Committee received the 2011 Draft Budget less than a week before the Committee hearing. This is unacceptable given the need to satisfy the Committee's expected role in a short time frame. The Committee would expect to receive the annual budget one month in advance of Parliament meeting. This period would allow the Committee to receive Ministry submissions two to three weeks in advance of ministry hearings.

The Committee would like to commend some Ministries, especially MHMS, for well documented presentations. However, it was obvious that some ministries were unprepared when they appeared before the Committee. All Ministries submitted documents for their hearing on the day of their attendance.

It is unreasonable to expect Committee Members undertake a proper assessment of submissions when they are received on the date of hearing. Similarly it would be unfair to expect a well research PAC report on the annual budget to Parliament. Without an adequate time frame, the Committee would be unable to perform its oversight role.

### **Recommendation**

It is recommended that annual draft budgets are submitted and received by the Committee at least one month in advance to enable Ministries to make submissions to the Committee two to three weeks before its hearing.

## **10. Recommendations**

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Upon completion of the hearings, the Committee made the following recommendations:

### **Budget Process Recommendations**

1. It is recommended that Accounting Officers prepare and resent quality submissions on bids on annual budgets and to strongly justify and defend their submission before the Planning Unit of MDP&AC and the Budgetary Unit of MOFT.
2. It is recommended that annual budget estimates are thoroughly assessed and agreed to with the responsible Ministries to reflect accurately their planned programs for the year.
3. It is recommended that the budget process must involve strong consultation link with line Ministries to ensure the planned program and activities for each budget item are effectively executed with responsibility.

#### **Mis-posting of Budget Items Recommendation**

4. It is recommended that budget line items should be thoroughly checked to ensure proper budget estimates are appropriate to them not to distort their respective planned programs and activities.

#### **Budget Dependency on Limited Revenue Sources Recommendation**

5. It is recommended that vigorous actions be taken to increase the government revenue resources and to improve the existing ones.

#### **Internal Audit Recommendation**

6. It is recommended that major Ministries plan to add internal audit functions to their administrative portfolios.

#### **Bureau of Social Economic Reform Unit (“BSERU”) Recommendation**

7. It is recommended that the Committee be provided detailed plans and programs of the Bureau of Social Economic Reform to justify and support the huge financial budget allocation for the two flagship policies of the government.

#### **Economic Growth Centre Recommendation**

8. It is recommended that serious consideration be taken to accommodate the EGC units in Ministries where personnel with the adequate experiences and professional skills exist.
9. It is recommended that the Committee be provided detailed plans and programs of the Bureau of Social Economic Reform and Economic Growth Centre to justify and support the huge financial budget allocation for the two flagship policies of the government.

#### **Shortage of Essential Manpower Establishment Recommendation**

10. In view of the surplus budget and the available supply of qualified nurses it is recommended that the establishment for essential services like nurses should not be too restrictive at the expense of losing quality services and lives.

### **Capacity Building Recommendation**

11. It is recommended that capacity development for qualified professional staff for the Public Service must always take priority in the various Ministries budgetary programs.

### **Public Service Disciplinary Process Recommendation**

12. It is recommended that line Ministries enforce disciplinary measure against public officers who breach public services regulations and damage government properties expeditiously.

### **Government Housing Recommendation**

13. It is recommended that sound policies are established to effectively administer acquisition and sale of government houses and to do away with the current expensive staff housing rental scheme.

### **New Office Buildings Recommendation**

14. It is recommended that the Government invests in own office buildings to save cost from the ever increasing office rents.

### **Government Vehicles Recommendation**

15. It is recommended that workable effective procedures must be established for the proper administration of government vehicles and to reduce the very expensive vehicle hiring scheme.
16. It is recommended that effective procedures are established and actually executed against offenders who are responsible for damage caused to government vehicles.
17. It is recommended that the Auditor General as a constitution post holder responsible to the Parliament and as part of the Committee with accountability oversight role over the government be provided a vehicle to enable him to carry out his functions effectively.

### **Allocation for Televising Parliamentary Sessions Recommendation**

18. It is recommended that Accounting Officers note seriously that all information provided before the Committee is true and accurate.

### **Cabinet and Minister Arbitrary Discretion Recommendation**

19. It is recommended that the Committee be provided details of the 42 students who were awarded scholarship on ministerial discretion for assessment.

20. It is recommended that no development project or recurrent budget estimates should be allowed on the government budget without proper consultation with the responsible line Ministries.

### **Food security and sustainability Recommendation**

21. It is recommended that the 2011 Budget estimates provides for the Eradication of the African giant snail program.

22. It is recommended that Government seriously consider the immediate effects of climate change on food security in the country and to administer relocation and adaptation programs to the affected communities.

### **Allowance for Students Recommendation**

23. It is recommended that all logistical arrangements are prepared and completed in good time to enable SI students to settle down well before commencement of their tertiary studies.

24. It is recommended that student allowances be processed in ample time to be paid and received on due dates.

### **Submission to Committee**

25. It is recommended that annual draft budgets are submitted and received by the Committee one month in advance to enable Ministries to make submissions to the Committee two to three weeks before its hearing.



**Hon. Job D. Tausinga**

Chairman

Public Accounts Committee

29 March 2011