



National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

Report on the 2018 Appropriation Bill 2018



NP-Paper No. 9/2018

Presented on 28th March 2018

National Parliament Office

COMMITTEE MEMBERSHIP

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

Hon. Douglas Ete, MP (Chairman)

Hon. Manasseh Maelanga, MP

Hon. Dr Derek Sikua, MP

Hon. Matthew C. Wale, MP

Hon. Snyder Rini, MP

Hon. Alfred Ghire, MP

Hon. Christopher Laore, MP

Hon. Peter Tom, MP

Hon. Steve Abana, MP

Hon. Samson Maneka, MP

Secretary: Mr. Peter Lokay, Auditor General

Secretariat

Mr. Marson Lilopeza - Committee Secretariat
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TABLE OF CONTENTS

COMMITTEE MEMBERSHIP	i
COMMITTEE FUNCTIONS	iv
CHAIR'S FOREWORD	v
EXECUTIVE SUMMARY	vi
1.0 BACKGROUND TO REPORT	1
1.1 Introduction	1
1.2 Scope of this Report.....	1
1.3 Methodology	2
2.0 BUDGET OVERVIEW.....	3
2.1 Economic Outlook Summary for 2018.....	3
3.0 COMMITTEE DELIBERATIONS	8
3.1 Overview of 2018 Budget	8
3.3 Issues of concerns from Ministries & Statutory Bodies.....	8
70 Ministry of Agriculture and Livestock Development.....	8
71 Office of the Auditor General	12
72 Ministry of Education and Human Resources Development...	14
73 Ministry of Finance and Treasury	18
74 Ministry of Foreign Affairs and External Trade.....	24
75 Office of the Governor General.....	27
76 Ministry of Health and Medical Services.....	28
77 Ministry of Infrastructure Development.....	33
79 National Parliament Office.....	36
80 Ministry of Forestry and Research	38
81 Office of the Prime Minister and Cabinet.....	42
83 Ministry of Police, National Security and Correctional Services	
.....	44
84 Ministry of Provincial Government and Institutional	
Strengthening.....	47
85 Ministry of Lands, Housing and Survey.....	49
86 Ministry of Development Planning & Aid Coordination.....	53
87 Ministry of Culture and Tourism	56
88 Ministry of Commerce, Industries, labour and Immigration ...	59
89 Ministry of Communication and Aviation	65
90 Ministry of Fisheries and Marine Resources	69
91 Ministry of Public Service	72
92 & 96 Ministry of Justice and Legal Affairs & National Judiciary	
.....	75

93	Ministry of Home Affairs.....	78
94	Ministry of National Unity, Reconciliation and Peace.....	80
95	Ministry of Mines, Energy and Rural Electrification.....	82
97	Ministry of Women, Youth and Children's Affairs.....	85
98	Ministry of Rural Development.....	87
99	Ministry of Environment, Climate Change, Disaster Management and Meteorology.....	88
4.0	APPENDICES	92
	Minutes of Proceedings	92
	List of Submissions	107

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,

- (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.

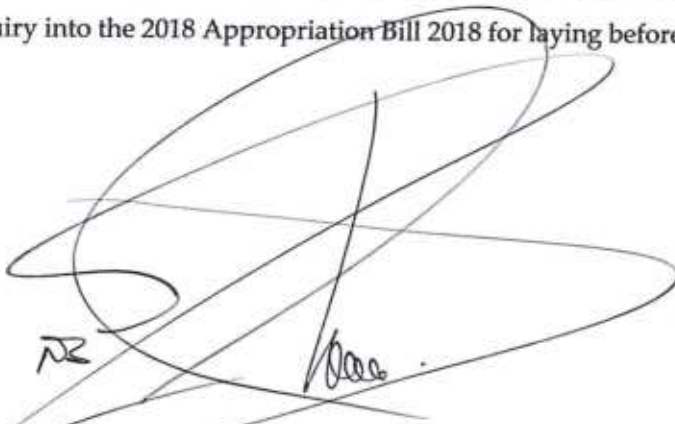
CHAIR'S FOREWORD

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Mr. Speaker,

Pursuant to Standing Orders No. 69 (1) [e] and [g] 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 2018 Appropriation Bill 2018 for laying before Parliament.

A large, stylized handwritten signature in black ink, likely belonging to Honourable Douglas Ete, MP.

Honourable Douglas Ete, MP

Chairman

Public Accounts Committee

March 28, 2018

EXECUTIVE SUMMARY

The Budget for 2018 come in the context of cash flow crisis the country is faced with. As a result the government has taken measures to address and control the deteriorating cash flow situation to stabilize the country's economy. These measures have resulted in significant cuts in development budget across all ministries.

The Committee heard evidences from all line ministries over a period of seven days and came up with the following recommendations.

Recommendation 1

- (a) The Committee recommends that the National Statistics Office review its Consumer Price Index to accurately measure changes in the price level of market basket of consumer goods and services purchased by households.
- (b) The Committee recommends that the Ministry of Commerce, Industries, labour and Immigration, through coordination with other government authorities, ensure price control.

Recommendation 2

The Committee recommends that the Ministry of Forestry and Research takes into consideration the findings and recommendations of the independent study by the Central Bank of Solomon Islands when reviewing the "Forest Resources and Timber Utilization Act" and brought to Parliament. This is to ensure that the country maximises its revenue collection and avoid revenue leakage from our forestry resources.

Recommendation 3

The independence of the Auditor-General is important for better governance in the Solomon Islands. This includes financial independence. A ring fenced budget allocation to allow the Auditor-General to perform both financial and performance audits to the extent required is important, and options on how to achieve this can be gained by looking at other jurisdictions.

The Committee recommends that the Government include this in their work on financial accountability reform this year (2018).

Recommendation 4

PAC informs Parliament of the low transition rates. The Committee recommends that the Minister for Education provide a clear statement to Parliament on how these transition rates are to be improved in future years.

Recommendation 5

The Committee recommends that the Ministry of Foreign Affairs and External Trade (MFAET) collaborates with Ministry of Finance and Treasury (MoFT), Ministry of Development Planning and Aid Coordination (MDPAC), Ministry of Agriculture and Livestock Development (MALD) and Ministry of Commerce, Industry, Labour and Immigration (MCILI) to develop proper infrastructures including a Phytosanitary Laboratory for inspecting and certifying products for export.

Recommendation 6

The Committee recommends that legal advice is sought in order to terminate the arrangement at Ranadi and Solomon Islands Ports Authority takes charge of this arrangement.

Recommendation 7

The Committee recommends that all feeder roads be registered as public roads. Further, this approach is also made to all bridges to be registered as public land.

Recommendation 8

The Committee recommends that budget for maintenance of roads are protected from arbitrary cuts.

Recommendation 9

The Committee recommends that the National Parliament Office (NPO) devises a system to restrict the public from accessing the Paul Tovua Complex building.

Recommendation 10

The Committee recommends that the Ministry of Forestry and Research fast track its drafting process on the Forestry Bill and bring the legislation to Parliament as soon as possible in 2018.



Recommendation 11

The Committee recommends that the world market price is used to determine the price of logs and that a proper review is done on the formula.

Recommendation 12

The Committee recommends that the Government allow for increase in the Budget for Leadership Code Commission and the Ombudsman's Office to recruit more staff in the future.

Recommendation 13

The Committee recommends that the Prime Minister's Office assist SIBC with funding to support in designing programs that will incorporate lessons on Math and Sciences broadcasted for all schools in the country. This will assist to standardize subject contents to all students.

Recommendation 14

The Committee recommends that the Government reconsider its commitment to fully fund the agencies responsible for maintaining law and order after RAMSI left.

Recommendation 15

The Committee recommends that the Ministry of Police, National Security and Correctional Services ensures that full funding requirements for Royal Solomon Islands Police and Correctional Services of Solomon Islands are included in future budgets.

Recommendation 16

The Committee recommends that as a potential revenue source for the country and the Solomon Islands Government, the Government must support the Ministry of Culture and Tourism in its development endeavours not solely for the purposes of tourism benefits but also for the purposes of maintaining the heritage and cultural identity of the people of Solomon Islands.

Recommendation 17

The Committee recommends that the Ministry of Commerce, Industries, Labour and Immigration:

- (a) review and update all its Acts it operates under to protect indigenous Solomon Islanders.
- (b) supports indigenous Solomon Islands to actively participate in economic activities by creating a supportive environment and providing resources.

Recommendation 18

The Committee recommends that the Ministry of Commerce, Industry, Labour and Immigration review the regulations and put in mechanisms to empower citizens to invest in the reserved business activities.

Recommendation 19

The Committee recommends that the Ministry of Communication and Aviation, in collaboration with Ministry of Finance, put in place a revenue management system that will ensure effective revenues and arrears collection.

Recommendation 20

The Committee recommends that the government prioritizes the payment of Long Dedicated Service Benefit so that this long outstanding arrear is cleared and the retirees are accorded the recognition they deserve.

Recommendation 21

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification fast track the review of the Mines and Minerals Act and bring it to Parliament as soon as possible. If this process will take long then amend the Act to address the issues at hand.

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. The Parliament is also the only institution vested with the power to authorize the allocation of public monies through the annual appropriation or Supplementary 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 2018 Budget and the Draft Estimates that comprise the Recurrent and Development Estimates, the proposed recurrent Establishments 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 Members of Parliament 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 senior public officers.

The Committee wishes to put on record its appreciation to the Permanent Secretaries (PSs), Under-Secretaries (USs) and other Senior Officials of various Ministries who came before the Committee and provided valuable information to assist the Committee in undertaking its important oversight role, including ensuring that public funds are allocated and expended appropriately and for the public good.

The Committee also wishes to acknowledge the representatives of the Central Bank of Solomon Islands and the International Financial Institutions (World Bank) who appeared before the Committee.

1.2 Scope of this Report

Under Standing Order 69, the Committee is responsible inter-alia to:

- (i) 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;

- (ii) 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
- (iii) 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:

- the draft estimates have been drawn up within the prevailing legal framework;
- 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 2018 Appropriation Bill 2018 was received by the Speaker on Monday 12th March 2018 and certified on the same day. The Committee began their deliberations after that, and held public hearings from Thursday 15th March through to Friday 23rd March 2018. During this time, all Ministries were interviewed, and the Committee relied heavily on the good work of staff of the Audit Office for analysis and technical support.

The Committee interviewed and sought views from Permanent Secretaries (PSs), Under-Secretaries (USs), Financial Controllers (FCs) and other Senior Officials who are responsible for the development and implementation of the expenditure requested.

2.0 BUDGET OVERVIEW

2.1 Economic Outlook Summary for 2018

This chapter summarises the presentations of Financial Institutions² to the Committee during the inquiry.

Review of 2017 Economic Performance

- **Global growth** was by 3.7% in 2017. This was due to firm demand from advanced economies (particularly the US and the EU) along with emerging Asia. Oil prices also recovered and non-fuel commodity prices experienced modest growth.
- **Solomon Islands Economy** grew by 3.7% in 2017 up from 3.4% in 2016. Despite the fiscal pressures, other sectors in the economy remained resilient during the year. Growth was recorded in the forestry, fisheries, manufacturing, wholesale and retail, and financial sectors.
- **Production** increased in 2017 with production index improved by 2% on the back of gains in fishing, copra and coconut oil. This outweighed the weak performance in palm oil and cocoa. Log production levels despite the relatively flat growth is still quite high compared to the elevated output witnessed in 2016.
- **Inflation** has trended upwards, with the inflation rate reaching 1.8% in December 2017 compared to minus 2.8% at the end of 2016. This increase came from both the imported and domestic components of inflation. Driving the outcome was the small increase in food, drinks and tobacco, housing and utilities, fuel and transport prices.
- **Fiscal Performance** in 2017 proved challenging for the Government. While the fiscal balance had comparatively improved to a deficit of 3% of GDP (-\$218m) from a deficit of 5% of GDP (-\$463m), the Government has also drawn down on its savings in the banking system. Using the Government Finance Statistics (GFS) 2014 methodology³.
- **Government revenues** grew by 11% to \$3.6 billion on the back of a strong collection in tax and non-tax revenue. Tax receipts rose by 10% to \$2.9 billion, and other revenue jumped by 32% to \$489 million.

² Central Bank of Solomon Islands and World Bank. PAC evidence on Thursday 15th March 2018.

³ This is highlighted to clarify the discrepancy between CBSI and MOFT reporting. MOFT is still using a modified version of the GFS 1986. CBSI is using the GFS 2014 to ensure consistency across all macroeconomic statistics.

- **Expenditure** rose by 3% to \$3.8 billion in 2017. Driving growth in expenditure was compensation of employees that increased by 15% to \$1.2 billion and consumption spending by 11% to \$1.3 billion.
- **Government debt** grew by 30% to \$950 million in 2017. This was due to spike in domestic debt from \$44 million in 2016 to \$193 million in 2017 and the 9% rise in external debt to \$757 million. As a share of GDP, debt remains at a manageable level of about 11% of GDP, up slightly from 10% in the previous year.
- **Balance of Payments** surged to \$218 million surplus, following a \$77 million surplus in 2016. This outcome came from the improvement of the current account deficit despite reduced surplus in the capital and financial accounts. As a result, the gross foreign reserves increased by 8% to \$4,535 million at the end of December and is equivalent to cover 11.3 months of imports.
- **External trade in goods** recorded a surplus of \$50 million in 2017 compared to a surplus of \$102 million in the 2016. This was due to a (%) growth in imports to \$3,644 million against an 8% increase in exports to \$3,694 million. Exports rose from the improvement in the value of log, fisheries, copra and palm oil exports. While imports is due to the increase in imports of machinery, fuel and basic manufactured goods.
- **Exchange rate** developments showed the trade0weighed basket appreciated in 2017 by 1% against 2016. At the bilateral level, the Solomon Islands dollar (SBD) appreciated against the United States dollar (USD) by 0.8% to \$7.89 per USD. In contrast, the SBD depreciated against Australia and New Zealand dollars b 2.3% to \$6.04 per AUD and 1.2% to \$5.61 respectively.
- **Money supply** increased by 3% in 2017 to \$4,908 million. The outcome was driven mainly by the growth in the country's gross foreign reserve, increase in the private sector credit and improvements in the capital position of financial institutions (including CBSI).
- **Net credit to Government** stood at minus \$1,228 million in December 2017 compared to minus \$1,048 million for the same period a year ago. This reflected government's tightening measures to improve its finances during the year.
- **Credit to private sector** grew by 6% in 2017 to \$2,372 million. The key sectors driving growth in private sector lending were construction, distribution, tourism, transport and manufacturing. However, liquidity levels in the banking system remains high with excess liquidity rising by 6% to \$1.392 million.

Economic Projection for 2018

- **Global growth** is expected to reach 3.9% in 2018. This builds up from the strong growth in 2017 amidst favourable financial and demand conditions and the expected positive impact of US tax

policy changes. While oil prices are likely to pick up this year, there is an anticipation for a slowdown in non-fuel commodity prices.

- **GDP growth** preliminary forecasts is expected at 3.4% in 2018 due to expected lower levels of logging and an assumption for the dampening effects of an assumed restrained fiscal policy. Sectors expected to drive growth in 2018 are fishing, construction, manufacturing, wholesale and retail, and transport.
- **Inflation** is expected to pick up in 2018. The latest figures for January 2018 showed a 2.5% rise due to the growth in foods prices emanating from the adverse weather conditions and the rise in fuel and energy prices.
- **External sector** outlook for 2018 is for a reduced surplus of \$117 million in the balance of payments. While, the surplus in the capital and financial accounts is expected to slow down as some major donor capital projects are nearing completion, the current account deficit is projected to improve. This is billed on the anticipated growth in logs, fish and agricultural exports, inflows of fishing licenses and donor budget support. Accordingly, the country is expected to have sufficient foreign reserves to cover more than 11.5 months of imports this year.
- **Monetary projections** in the private sector credit is expected to grow at 6% to \$2,434 million this year in line with the current economic conditions. While broad money is forecasted to expand by 5% to \$4,797 million in 2018 in line with credit growth. It is anticipated to remain robust over the medium term to mark anticipated start of key projects in the pipeline.

Policy Challenges

Despite the positive outlook for the SI economy in 2018, there are downside risks and challenges emerging in the economy.

Potential Threats

- Renewed inflationary pressures driven by oil and food prices. On the other hand, there is a prospect for weaker commodity prices that could affect some of our export commodities.
- Nature of fiscal spending if directed into consumption and less in productive activities could have an inflationary and distortionary effect.
- Old and poor quality infrastructure could stifle growth and productivity.
- Any shock to major industries such as forestry could have an adverse impact on many sectors in the economy. Diversifying our economic base is critical to drive other sources of growth and the need for reform in our key sectors.

- Future developments in the mining sector hinge on the development of a legal and regulatory framework conducive to mining and on clearer procedures for the acquisition of land for the exploration and exploitation of natural resources.
- The concentration of formal employment opportunities in Honiara and its immediate surroundings might increase challenges associated with rapid population growth, rural to urban migration, and the growth of urban squatter settlements.
- Spill overs from any global volatility due to tighter monetary policy in advanced economies and the potential for a global trade war.

Policy Challenges and Opportunities

- Inclusive growth and ensuring the benefits are received by most of the populace.
- Fiscal discipline to ensure effective and quality spending.
- Harnessing donor partnerships to boost growth and development especially on major infrastructure projects such as improving domestic airports, Tina Hydro and the submarine cable.
- Rebuilding of buffers and resilience capacities for natural and man-made disasters.
- Payment of domestic expenditure arrears are expected to instil confidence and reduce delays in capital expenditures. However, the ongoing expenditures associated with the 2019 national general election, tertiary education scholarships program, and the hosting of the 2023 South Pacific Games pose a continued risk in the medium-term fiscal consolidation and need to be managed well.

Committee Comments

Macroeconomic outlook

Inflation – Despite the economy's position during the deflationary period in the previous years there were still a lot of economic activities occurring throughout the country. Whether the mechanisms to accurately measure inflation in the country needs revising? The Committee heard that inflationary data is concentrated in Honiara's basket of goods (CPI) for consumption and is not inclusive of other areas outside Honiara. Therein lies the weakness in the accuracy of inflationary data obtained by the CBSI from the National Statistics Office who is still using CPI from 2005 as a baseline. However, there are efforts in place to create a national CPI by the National Statistics Office to close the gaps in the data to accurately reflect CPI nationwide. Additionally, CBSI can use monetary policy to control inflation rates in the country. However, there are other agents that controls prices through setting of their own prices that affects inflation rate and the Ministry of Commerce and other authorities are responsible to ensure that such agents do not set prices way too high.

Recommendation 1

- (a) The Committee recommends that the National Statistics Office review its Consumer Price Index to accurately measure changes in the price level of market basket of consumer goods and services purchased by households.
- (b) The Committee recommends that the Ministry of Commerce, Industries, labour and Immigration, through coordination with other government authorities, ensure price control.

Credit to private sector – Although the global market sets the lending rates of commercial banks in the country it continues to be an ongoing issue. Whether this high lending rates are viable in order to keep the banks operating in the country as it is deemed too high in the country? The Committee heard that in the past CBSI regulated lending rates up to the 1990s but began to liberalise rates by allowing the market to set the rates after the 1990s. The other issue in setting the rates is usually the price of lending and borrowing are linked to the risk premium and profile attached to Solomon Islands. This means that if lenders perceive Solomon Islands as a risky place to do business then they tend to increase lending rates. Should there be an intent to review the regulatory practice of interest rate by the CBSI then it will need a holistic review by the Government.

Price of logs – The Committee noted that there is a variance with determined prices of logs published by the CBSI and the determined market prices. It occurred to the Committee that the market prices is lower than CBSI's published prices. CBSI informed the Committee that the determining prices of logs are determined by the logging industry to the Ministry of Forestry and Research and not from the world market. The Committee also heard that CBSI conducted a study on the logging sector in the country in 2017 and found that Solomon Islands is losing billions of dollars from this sector. That study was forwarded to SIG to pursue on with the findings of the report to prevent revenue leakage.

Recommendation 2

The Committee recommends that the Ministry of Forestry and Research takes into consideration the findings and recommendations of the independent study by the Central Bank of Solomon Islands when reviewing the "Forest Resources and Timber Utilization Act" and brought to Parliament. This is to ensure that the country maximises its revenue collection and avoid revenue leakage from our forestry resources.

3.0 COMMITTEE DELIBERATIONS

3.1 Overview of 2018 Budget

The 2018 Appropriation Bill 2018 is required to appropriate monies for the services of the Government in 2018.

The amounts to be appropriated are as follows:

EXPENDITURES	AMOUNT (\$)
RECURRENT EXPENDITURE	2,809,309,040
BUDGET SUPPORT EXPENDITURE	224,825,632
SIG FUNDED DEVELOPMENT EXPENDITURE	700,979,332
TOTAL APPROPRIATED EXPENDITURES	3,735,114,004

NOTE: In addition to the amount authorised by the 2018 Appropriation Bill 2018, a further \$88,628,655 is forecast to be expended through statutory charges on the Consolidated Fund, including \$77,843,361 to be expended on National Debt Repayments. These Statutory Appropriations are explained in the Budget Strategy and Outlook (Budget Paper 1) and the Recurrent Estimates Document (Budget Paper 2) and are appropriated by existing legislation or the Constitution.

3.3 Issues of concerns from Ministries & Statutory Bodies

70 Ministry of Agriculture and 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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	12,623,739	11,279,157	10,123,460	8,311,744	7,233,676
Expenditure					
Payroll	11,522,310	14,752,446	13,442,640	13,331,496	12,830,199
Other Charges	14,757,765	16,333,522	16,660,445	15,969,307	16,549,194
Total	26,280,075	31,085,968	30,103,085	29,300,803	29,379,393
Budget Support					
Income	0	0	0	0	26,112
Expenditure					
Payroll	0	0	0	0	112,869
Other Charges	0	0	0	0	95,494
Total	0	0	0	0	208,363

Development Budget

Appropriated

SIG	12,400,000	38,992,889	34,517,924	39,184,893	27,921,126
Donor	0	0	0	0	0
Total	12,400,000	38,992,889	34,517,924	39,184,893	27,921,126
Non-Appropriated					
	0	0			
Grand total	38,680,075	70,078,857	64,621,010	68,485,696	57,508,882

Issues of Concern

Matters raised by the Committee include the following:

Giant Snail and Coconut Rhinoceros Beetle Infestations - The Ministry advised that it's beyond its control and capability to eradicate these pests. The Ministry in collaboration with other stakeholders are working on strategies to manage the population of the two pests. Stakeholders and farmers were advised and encouraged to clean their surroundings and infected areas to reduce breeding sites. The Ministry is putting in place control measures to prevent it from migrating to other provinces. The Ministry is using chemical baits as well as working on biological agent to distribute to the affected areas. The challenge is to contain the pests and overtime might reduce the pests through biological

means. Research is ongoing on biocontrol agents.

The Ministry does not have any data on the impact of the pests on the agriculture sector in Solomon Islands. GPPOL might have data on the damage done to the palm oil sector. The national agriculture survey project might capture some data on the impact of the pests on the sector.

National Cattle development - The Committee inquired into the status of the cattle project and why there was a shift from importation of cattle from Vanuatu to Fiji. The Ministry stated that the cattle program is still ongoing with breeding programs at Tenavatu and West Kwaio. With regards to import of cattle, Solomon Islands is importing from Fiji at the moment due to Vanuatu implementing a domestic policy to revive its own cattle industry. The Ministry already bought the required animals from Fiji. Health checks and other regulatory requirements are currently been done on the animals in order to comply with Solomon Islands protocols. Shipment is expected by September 2018 to Ilolo farm in Western Province. Meanwhile distribution to Malaita and Guadalcanal farmers are ongoing.

Kava farming – The Ministry is assisting farmers using the Livelihood program through its Extension Division. Planting materials and equipment are provided to various farmers to enable them to produce kava for export. This is a high value cash crop worth about US\$200 per kg for first grade kava. The export market is the USA.

Rice farming – This is an ongoing project and the Ministry is assisting institutions such as Tenaru School, Don Bosco and some genuine farmers in Guadalcanal and Isabel. The aim is to grow more rice to replace imported rice which is costing the country lots of money.

Oil Palm Projects - The Ministry advised that the program is ongoing but they were not able to implement the supplementary budget that was passed towards the end of 2017 due to cash flow difficulties experienced by SIG. They are planning to transplant the nursery at Waisisi and support GPPOL with the out grower scheme. The other project sites activities will be undertaken as and when funding is available.

Food Security – The Committee is concerned on the vulnerability of people in certain parts of the country to climate change. Some will not have access to food, water and other means of survival. Food preservation is one way to mitigate this but the country lacks facilities to preserve food. The Ministry agreed that this is a major issue for the country. It is developing a food processing training facility to

assist stakeholders to preserve food. The facility is currently under construction. Some communities already have practices in place for the preservation of food especially fruits and root crops. Some techniques that can be used are solar drying and direct sun drying.

Cocoa farming - The Committee noted that cocoa chocolate festival week will be held for farmers in the country. The Ministry confirms that the festival is to encourage the cocoa industry to develop innovative ideas to improve the processing of cocoa beans to improve quality. High quality cocoa beans are valued at US\$200 per kg at niche markets. The winner of the cocoa chocolate week will definitely sign a contract with overseas buyers to supply cocoa beans for chocolate making. The Ministry is working with the Rural Development Program to develop a hybrid system for the drying of cocoa beans. The solar driers will be supplied to cocoa farmers during the year.

Honey development - The Committee enquired into the status of honey development in the country. The Ministry advises that this program is ongoing and farmers are provided with materials, bees and equipment. Honey bees keepers are continuously advised to undertake best practice in their place of operations.

Pacer plus – The Committee enquired into the programs undertaken by the ministry to strengthen biosecurity in order to comply with the requirements to export under Pacer plus. The Ministry is collaborating with the MFAT to prepare for the fulfillment of the conditions in the agreement. PHARMA is providing support to the Biosecurity division on these matters. The Ministry is yet to identify the commodities that exporters intend to export under the agreement. Once this is done then the Ministry will provide the necessary support in order to comply with the conditions in the agreement.

Women in agriculture – The Ministry advised that this program started some years ago and is still ongoing. A unit in the Ministry is dealing with and assisting women farmers and women agriculturalists. Funding continues to be a challenge for the ministry in this area of development.

Slaughter Houses - The Ministry informed the Committee that the slaughter houses planned for Auki and Honiara are for food security. The processing of livestock for human consumption must comply with the Food Safety Act which is not the case at the moment. Construction of slaughter houses will go a long way in addressing this health issue. The Ministry is having difficulties to locate land for the facilities and will continue the search. This program will not be possible in 2018 due to funding

constraints.

71 Office of the Auditor General

Mission Statement

To be an independent, competent national audit office with qualified professionals to ensure accountability and transparency in the public sector for the people of Solomon Islands.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	3,463,902	3,094,954	1,013,488	1,679,828	1,660,958
<i>Expenditure</i>					
Payroll	1,858,611	2,488,277	1,930,072	1,569,343	1,632,500
Other Charges	5,253,511	4,777,505	5,727,250	4,363,838	4,887,227
Total	7,112,122	7,265,782	7,657,322	5,933,181	6,519,727
Budget Support					
<i>Income</i>		0	0	0	
<i>Expenditure</i>					
Payroll		0	0	0	
Other Charges		0	0	0	
Total		0	0	0	

Development Budget

Appropriated

SIG	0	908,897	0	0	0
Donor	0	0	0	0	0
	0	908,897	0	0	0

Non-Appropriated

Grand total	7,112,122	8,174,679	7,657,322	5,933,181	6,519,727

Issues of Concern

Matters raised by the Committee include the following:

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 MOFT for financial resources need to be addressed in the medium term. New legislation has been drafted to codify its independence within the statutory landscape in Solomon Islands. Stakeholder meetings on the legislation are planned to be held during 2017.

Recommendation 3

The independence of the Auditor-General is important for better governance in the Solomon Islands. This includes financial independence. A ring fenced budget allocation to allow the Auditor-General to perform both financial and performance audits to the extent required is important, and options on how to achieve this can be gained by looking at other jurisdictions.

The Committee recommends that the Government include this in their work on financial accountability reform this year (2018).

Audit Bill - The Committee also enquired on the consultations on the Audit bill. Auditor General responded that the consultation is planned to be done both in Honiara and in the provinces in first half of 2017 but given that the bid is not approved the office might look at the development partners for assistance.

The Committee laments the fact that funding has been declined for the continuation of work on the Audit Bill.

Staff turnover and Scheme of Service for the Office - The Committee also enquired on the staff turnover in the office and the need for a separate scheme of service. The Auditor General responded that turnover of staff at senior level is a major issue. The office is undertaking ongoing discussions with stakeholders in developing a scheme of service. However first task is to work on the Audit bill and then try addressing conditions of service in collaboration with the Public Service.

72 Ministry of Education and Human Resources Development

Mission Statement

The Ministry of Education and Human Resources Development (MEHRD) has developed a new education sector strategy. The overarching strategic goal is to provide universal access to quality secondary education for all children by 2030 and improve access to technical and vocational education and training and higher education. Government will place priority on refocusing education sector expenditure on providing services at primary and junior secondary schools to achieve the target of achieving universal completion of quality junior secondary by 2030.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	3,733,564	3,403,500	2,190,127	2,744,655	2,299,369
Expenditure					
Payroll	398,387,214	458,626,532	433,006,758	398,989,504	368,017,618
Other Charges	591,121,639	621,073,926	450,316,107	359,864,321	332,935,825
Total	989,508,853	1,079,700,459	883,322,864	758,853,825	700,953,443
Budget Support					
Income	76,117,890	57,930,125	51,812,625	84,499,950	60,993,700
Expenditure					
Payroll	0	1,475,158	1,124,274	0	0
Other Charges	76,117,890	28,425,321	56,933,476	94,576,102	99,412,813
Total	76,117,890	29,900,480	58,057,749	94,576,102	99,412,813

Development Budget

Appropriated

SIG	18,000,000	61,325,652	73,657,232	59,368,647	38,665,493
Donor	0	0	0	15,092,039	0
Total	18,000,000	61,325,652	73,657,232	74,460,686	38,665,493
Non-Appropriated					
		0			
		0			
Grand total	1,083,626,743	1,170,926,590	1,015,037,845	927,890,613	839,031,748

Issues of Concern

Matters raised by the Committee include the following:

Strategic allocation of budget – The Committee is concerned that almost half of the budget is allocated to scholarship funding while basic education and rural training centres are neglected. The country needs good basic education and skills in the trade sector. The Ministry agrees with the Committee but the decision on allocation of funding is a government policy. It is hoped that the concern will be addressed through the SITESA Act in 2018 as MPS has approved the submission for the implementation of SITESA. The Ministry will put more effort into developing a realistic budget for RTCs in 2019. There were no applications for RTC scholarships in 2018 but it is cheaper for people in the RTCs. DFAT is supporting RTCs through the programs that is currently being implemented by SINU including assistance on infrastructures.

Fee free education – The Committee is concerned that this policy is not effective. Schools continue to charge high fees that are not affordable by most parents. Some schools even went as far as introducing innovative fee names to support the running of the schools. The Ministry agrees with this concern and is conducting a study on fees structures of schools across the nation. The data from the survey will assist in the review of the fee free policy. The Committee requests that the Ministry undertakes a costing of education per child for each category to assist in the review of the fee free education. The Ministry has taken note of this and will implement such an activity in future.

Read SI literacy – The Committee noted that Taiwan has provided \$2m for this program and questioned why the Ministry has outsourced this activity. The Ministry claimed that they are still managing this program but it needs to be coordinated properly. The Ministry is encouraging stakeholders including NGO, CSO and others to take part in this very important program.

Form 7 education – The Committee once again raised its concern over the continuing provision of Form 7 in various schools in the country. This is an USP requirement therefore should be provided in USP facilities. The abolition of F7 from the school system will enable most schools to free up more spaces and facilities for F6. The Ministry agrees with the concern and is hoping that the new USP Campus will soon address this.

Teachers' scheme of service – The Committee is concerned that the government is not taking a holistic approach to address schemes of services across the public sector. The schemes are too fragmented and

not based on an overarching framework. The Ministry admits that this is an issue and that it will collaborate with other government agencies to develop proper schemes of service for the public sector.

Scholarships Management – The Ministry clarified that the third component of the scholarship scheme (Cost Sharing) requires the applicant to foot part of the scholarship cost. For in country studies applicants are required to meet all costs while SIG will meet tuition fees and book fees. For overseas course SIG will meet all fees while the applicant will meet return airfares. Constituencies are allocated 8 scholarships in 2018, 4 to study in country and 4 overseas. However, the final list is yet to be finalised. There is also concern that Honiara based students also apply to be included in constituencies outside Honiara. The Ministry is working on improving the application process so that this issue is addressed.

Education Progression Rate - The link between school infrastructure and education progress is an important one. The Committee enquired into the enrolment rate for F1. The Ministry stated that some years the rate is 100% while some years the record is less than 100%. It depends on enrolment for each year but the Ministry is working on mapping out the enrolment rate to develop the structure for F1 so that F1 entrance exam is done away with.

Recommendation 4

PAC informs Parliament of the low transition rates. The Committee recommends that the Minister for Education provide a clear statement to Parliament on how these transition rates are to be improved in future years.

Vernacular project – The Ministry informed the Committee that the pilot project currently piloted in Arosi and Saa will end soon. The Ministry is planning to add some more locations for the study but will base that decision on the exit report for the current study.

Technical colleges - The Ministry informed the Committee that the skills for economic growth program has identified two locations, one in Malaita and one in Western province to deliver certificate courses. SITESA will implement this program.

Access to education – The Committee is concerned with the level of education and access to education in the rural areas. In the Shortlands the Don Bosco RTC is providing technical skills in the trades sector. Not enough Teachers are posted to schools and the Teacher in Training (TIT) scheme is no longer entertained. The Ministry confirmed that TIT is already abolished. Trained teachers for each region are

not the same and teachers are reluctant to be posted to remote locations. The following Education Authorities have built new schools: Guadalcanal 8, Isabel 1, HCC 1 and Temotu 1. TIT was completed in Temotu and the program has moved on to Makira. The rest of the provinces will be addressed after Makira.

PNG grant - The Ministry indicated that according to the MOU between PNG and SI the 200 scholarships were supposed to be funded by PNG grant. However, only 40 were funded in 2016 and only 5 are approved in 2018.

School management of grant – The Committee is concerned that no disciplinary actions are taken against those who abuse and misuse grants to schools. The Ministry admits that non retirement of school grants by school leaders is a major issue. The Ministry will not be able to take action if misuse of grants is not reported to them. The Ministry takes note of the concern and will take follow up action.

School Infrastructure budget - The Committee noted with concern cuts to the following budget lines: school infrastructure budget, SINU development budget and payroll budget. The Committee wonders if the Ministry has done regular consultations with MOFT and MDPAC. The Ministry is concerned with the drastic cut in the budget but not much can be done since the cut is across all ministries. SINU has to strategize with the funds that are available. It will affect the infrastructure program of the university but the operational budget of \$22m is still available. The payroll budgets are reduced because MOFT uses the actual for 2017.

Inspectorate unit – The Committee is concerned with the high failure rate in most schools and if regular inspections are done by the Inspectorate unit. The Committee wanted to know if there is a policy on inspection. The Ministry confirmed that inspection is an area they need to work improve on. When quality of education is questioned then the unit has to address those issues. Inspection has to be done once a year but funding constrains inhibits regular inspections.

Teacher absenteeism – Teacher absenteeism is still a major issue for the education sector even though reports have been published on this issue including a report by a Parliamentary Select Committee.

Leak of exam papers – The Committee is concerned that no one is accountable for the leakage of exam papers in the recent years. This has become an issue when the printing was outsourced. One way of addressing this is to centralise printing within MEHRD. This is a big issue for the Ministry and they

will look at options on how to address this.

Independent boards for KGVI and Waimapuru - PAC noted that the Ministry is still directly managing KGVI and Waimapuru rather than allowing an EA to run the schools. This will allow the Ministry to provide oversight role. The Ministry stated that there are stakeholders who want the schools to have independent boards while others oppose the idea. The Ministry will develop a strategy to address the best option on how to provide governance to the two schools.

National Library - This important area of the education sector has been neglected for so long by the government. Access to library services enables citizens to improve their literacy skills and knowledge. The Ministry has taken note of this and will address this in future budgets.

Demand and supply of teachers - The Ministry informed the Committee that they do not have data on the demand and supply of teachers. The required teachers in primary schools can be easily ascertained as one teacher per class is the norm. The required teachers in secondary schools are not easily identifiable due to teachers being allocated to subject areas. A study is required to develop the data for this.

73 Ministry of Finance and 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 task 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 role to the Solomon Islands Community in financial matters and deliver high quality, professional financial and economic services to the Ministry of Finance and Treasury, the Government, and other Ministries and the wider community.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	3,021,917,065	2,962,003,630	2,653,936,028	2,691,052,266	2,544,742,652
Expenditure					
Payroll	24,325,311	27,792,484	25,906,174	24,688,716	22,328,380
Other Charges	90,191,302	80,213,185	76,862,719	76,641,837	60,870,358
Total	114,516,613	108,005,668	102,768,893	101,330,553	83,198,738
Budget Support					
Income	0	0	45,048,124	87,037,736	18,283,411
	0	0	45,048,124	87,037,736	18,283,411
Expenditure					
Payroll		1,499,243	387,910	3,258,443	171,881
Other Charges		4,978,516	15,096,190	11,972,344	14,370,750
Total	0	6,477,759	15,484,100	15,230,787	14,542,631

Development Budget

Appropriated

SIG	160,000,000	48,955,016	41,443,365	81,684,433	61,933,905
Donor	0	0	0	0	0
	160,000,000	48,955,016	41,443,365	81,684,433	61,933,905
Non-Appropriated					
	0	0			
Grand total	274,516,613	0			

National Debt Servicing

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	150,000,000	111,512,654	109,389,039	93,715,817	109,763,687
Expenditure					
Payroll	0	0	0	0	
Other Charges	72,931,908	168,504,959	185,280,915	179,896,385	100,545,961
Total	72,931,908	168,504,959	185,280,915	179,896,385	100,545,961

Issues of Concern

Matters raised during the public inquiry include the following:

Credibility of the Budget - The Committee noted that the Ministry was not managing government finances in the previous years. The issue of expansionary policy could still continue in 2018. The credibility of the budget is still questionable. There are no new revenue measures in the budget. The CBSI indicated that a report they commissioned a few years ago revealed that the country lost at least \$1billion a year on logging revenue. The determined prices on logs seemed to be lower than the world market prices that were published by CBSI monthly. The Ministry indicated that there was no fiscal mismanagement of finances and that they were trying their very best. The decisions on government finances involved a number of government agencies but they managed to sustain cash flow pressures by the end of 2017. There were lots of spending policies in 2017 – driven by government policy. This year the budget is framed to fix the uncontrollable spending in previous years and rebuild cash reserves so that spending is within budget and affordability.

Revenue measures – The Ministry informed the Committee that two new revenue measures are already in place and are captured in the budget: increase in import duty on fuel and withholding tax on lease payments for non-resident and resident professional services. This will provide additional revenue of \$86m. Work is ongoing on tax reforms since 2017. This aims at encouraging investment in the economy.

Determined prices on logs – The PAC is concerned that there are loopholes in the formula used for the determination of the prices for logs. The Committee requires information on the analysis made by MoFT and MFR on the determined price. The Ministry confirmed that the determining price was based on world market price since 2013. The prices are based on sources at par with world market prices. Economic Reform Unit with MFR provides advice to the two ministers on a consultative approach.

Log exports - Logging contributes about 19% of SIG revenue. Log export continues to increase but value decreases. Mix white and mix red were used to mislabel the species being exported. 500,000 cubic metres of discrepancies were recorded annually recently. Misquoting of species and grades is a challenge that requires the enforcement of compliance by Customs and forestry officers. Export duty schedule on the species is open to abuse. The main issue is the capacity in Customs so they rely on forestry officers to detect any misrepresentations by logging companies. Surveillance and monitoring in all log ponds is required.

Bauxite export duty - The Committee is concerned with the zero tax on bauxite and requests that amendments is made to the current laws to address this as the mineral resources of the country is being

exploited with no benefit to this country. The Ministry confirmed that no export tax is charged on bauxite. The price quoted by the miner is very low. The Ministry is collaborating with Ministry of Mines under a World Bank program to develop a new mining bill to address the minerals sector.

Customs revenue - The Committee enquired into whether Customs has collected the expected revenue for imported goods. Customs indicated that the aim is to at least collect revenue based on monthly targets. The system that Customs operate is based on a traffic light system so physical checking depends on the type of light (green, yellow and red). Red will require 100% physical check. Customs is encouraging the public to report on exporters and importers who may evade paying duties.

SIDCCG policy - The Committee is very concerned that the SIDCCG policy is not included in the budget. Various ongoing projects are excluded from the budget. The productive sectors are neglected and some priority programs such as pacific games, Solomon games, elections, and tourism developments are either omitted or provided with token amounts. The Ministry stated that the budget is based on expected revenue. Only \$481m is available for development projects. The cuts are across all ministries for both recurrent and development estimates. The government will review the budget during the year.

Impact of tourism on the economy - The sector is part of the services sector which will contribute 2.4% to the economy. Baseline data for tourism is not available. An overseas remittance is a new sector in the economy so the impact is still minor at this stage.

Inflation policy – Zero inflation was experienced in 2015 to 2017 therefore had a negative impact on SIG revenue. The anticipated rate 2018 is 2% and the inflation rate for January 2018 was 1.7%. CBSI is responsible for monitoring and managing inflation. Government fiscal policy also contributes to inflation.

Container discharge at Ranadi - The Comptroller of Customs confirmed that all containers are examined at the international wharf before being discharged at Ranadi, a declared port area. Heavy machineries are examined on board the vessel before they are allowed to be discharged at Ranadi. All taxes are paid before discharge is permitted.

Collection of taxes on shops - The Committee noted with concern the number of retail shops selling similar types of goods increasing around Honiara City and whether these shops are properly taxed.

The Commission of Inland Revenue is committed to collect all taxes as per 2018 budget. The new revenue measures imposed by IRD include collecting withholding taxes at source for professional and management services and non-resident withholding tax on lease payments. IRD is collaborating with Customs, CBSI, Fisheries and commercial banks to assess assets and wealth of tax payers. Tax reform is continuing including the strengthening of the investigation section. The challenge is the poor record keeping by tax payers especially the stores in Honiara and the provinces. Electronic payments of taxes were recently introduced to make it convenient for tax payers to pay their taxes on time.

Tax exemption – Ministerial exemptions are administered by a committee therefore tax exemptions have reduced significantly. The committee receives applications for exemptions mainly for national projects and constituency projects that are administered by Members of Parliament.

\$138m arrears committed in 2017 - The Government has settled part of this liability since the beginning of the year and is left with \$64m. About \$8m was paid in 2016 for the Bloody Ridge national park. The arrears do not include the court order payment of \$50m for Hells Point. There's an agreement relating to the Hells Point claim but the claim is not budgeted for by MOFT.

Borrowing for priority projects - The Committee queried the borrowing level for 2017 and the reduction in the authorised borrowing level in 2018. The Ministry revealed that only \$150m was borrowed from SINPF in 2017 but was not utilised. It is reappropriated in the 2018 budget. The borrowing limit for 2017 was \$900m - \$600m for Tina Hydro and \$300m for others. These amounts were not utilised. The borrowing limit for 2018 is reduced to \$310m for Tina hydro and \$150m for others. The reduction reflects the changing financing structure for the projects.

Cable Company – The Committee is informed that Australia has agreed to co-finance the cable project with PNG and SI. A due diligence process is underway on the project. About 66% of the project cost will be met by Australia while 34% will be met by PNG and SI. The 34% will be further split into $\frac{2}{3}$ for SI and $\frac{1}{3}$ for PNG. The cost of the project within SI will be $\frac{2}{3}$ for SI and $\frac{1}{3}$ for the donor. The details of the project are yet to be finalised. The \$150m loan from SINPF is the contribution from ICSI to the project. The other shareholder in the company SINPF will also contribute to the financing of the cable project.

Tina hydro – PAC enquired into the share structure for the company that will operate the hydro and the linkage with the reduction in the tariff.

Tina River Hydro Project (TRHP) has been designed to be a 15MW plant that is expected to generate 78.3 MWh of electricity per year on average (based on historical hydrology data). Honiara is projected to use around 83 MWh of electricity in 2017.

It is proposed that the TRHP be developed as a Public-Private Partnership (PPP), with Korea-Water (KW) acting as an Independent Power Producer (IPP), who was identified as a suitable private investor during an international competitive bidding process conducted in 2014/15.

The USD \$240 million, comprise of around:

- USD \$192 million for development of the dam wall, tunnel and power station;
- USD \$25 million for the access road; and
- USD \$23 million for the transmission line.

The total amount of SIG borrowing will be on-lend to the Project Company which means that the Project Company will repay debt to SIG and SIG will repay the lenders. Therefore in terms of gross debt SIG is obligated to repay the total amount of debt. The net debt to SIG is zero, since every dollar amount on-lend will be repaid by the Project Company to SIG to repay its lenders.

The shareholding of the Project Company will be between KW with 91% and Hyundai Engineering Corporation (HEC) 9%. The financing structure will be debt 89% and equity 11%. Therefore it is being proposed and agreed that there will be consolidation of the Project Company and Operation & Maintenance (O&M).

If SIG is to participate as a shareholder of the Project Company, there will be two separate contracts, namely the Project Company which will be owned by SIG, KW and Hyundai Engineering Corp (HEC) and the O&M contract. As such the management cost of the Project Company will be around US \$1.4m per year. This is an on-going cost for 30 year period of the Power Purchase Agreement. In terms of financial modelling and sensitivity with the tariff, every US\$1m reduction in the on-going costs impacts on the tariff of around US 1.7 cents. In order to get maximum benefit from lower tariff, SIG decided not to participate as shareholder in the Project Company. As a result of SIG's non participation as shareholder there will be synergies between the Project Company and O&M Contract. Therefore the total management cost (on-going cost) of consolidating the Project Company and O&M was reduced to

US \$0.81m per year. At this level of management cost reduction of around US \$0.58m per year is equivalent to US 1.1 cents in tariff reduction and a saving of around SBD \$6m.

74 Ministry of Foreign Affairs and External Trade

Mission Statement

The Ministry of Foreign Affairs and External Trade envisions a sovereign, independent and peaceful Solomon Islands that enhances economic prosperity and security for its citizen through cultivating diplomatic relationships with other nations and international organizations.

Recurrent Budget

	Budget	Actuals			
SIG	2017	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	162,987
<i>Expenditure</i>					
Payroll	5,085,443	5,956,922	5,257,244	4,584,612	4,140,322
Other Charges	29,390,628	39,119,931	41,248,255	41,079,129	35,149,338
Total	34,476,071	45,076,854	46,505,499	45,663,741	39,289,660
Budget Support					
<i>Income</i>	2,371,538	558,580	2,528,581		0
UNFPA		0	0	1,209,677	0
UNDP		0	0	579,152	0
Total	2,371,538	558,580	2,528,581	1,788,829	0
<i>Expenditure</i>					
Payroll	217,340	290,167	199,865	146,869	0
Other Charges	2,154,197	2,315,187	3,329,607	1,239,783	0
Total	2,371,537	2,605,353	3,529,472	1,386,652	0

Development Budget

Appropriated

SIG	0	0	246,287	1,337,626	3,388,139
Donor	0	0	0	1,990,446	0
	0	0	246,287	3,328,072	3,388,139

Non-Appropriated

	0	0			
Grand total	36,847,608	47,682,207	50,281,258	50,378,465	42,677,799

Issues of Concern

Matters raised by the Committee include the following:

Subscription fees – The Committee is informed that the Ministry submitted a bid of \$12m to top up its baseline budget of \$4m in order to settle \$20.8m for arrears and current obligations to various international organizations. The bid was unsuccessful so the Ministry will use the \$4m to settle priority organizations.

Seasonal Workers Scheme with Australia and New Zealand – The Committee is concerned that the schemes with the two countries are underutilized by the country due to difficulties encountered by stakeholders in their dealings with the Ministry. It is also noted that MFAET is not proactive enough in its dealings with local people and the prospective employers in the two countries.

The Ministry admits that capacity is an issue in the Labour Mobility Unit – request was submitted for 4 posts but was declined by MPS. The unit is supported by Australia for the recruitment process while NZ is assisting with the development of a policy.

The scheme has attracted an increased number of participation. For the years 2016 and 2017, New Zealand has recorded 648 participants from Solomon Islands while Australia recruited 86 seasonal workers, bringing the total to 738. In the 2017 and 2018 season, the estimate is 860, whereby New Zealand will be recruiting another 710 seasonal workers while Australia is anticipating 150 seasonal workers.

Fiji Chancery - The Committee questioned the progress on the project in Suva, particularly as Fiji is just next door. The Ministry advised that they are ready to proceed but there is no allocation for this project in 2018. They will discuss with MDPAC so that the project is included in a future budget.

PACER Plus - With regards to PACER Plus, SI is the lead delegation for the negotiations on the agreement. The agreement was signed by SIG in 2017. The Ministry confirmed that the agreement does not remove sovereign obligations of the country regarding infant industries and indigenous businesses. 30 lines of tariffs will be eliminated under the agreement. The country needs to manufacture more products for export to take advantage of the trade agreement. Rules of origin is an issue that needs to be ironed out. The country will benefit from investments – for example PNG is the second highest

investor in the country. Trade agreement is only a framework. SIG needs to develop the right mix of policy.

The Ministry is working on priority areas to take advantage of PACER Plus. A pilot project is being developed with NZ and Australia to allow certain skill workers to work in those countries over a set period of time. Workers in the construction and other trade areas could benefit from this arrangement. SI is benefiting from investments and services agreements but yet to utilize the provisions for export of goods to Australia and NZ. NZ will assist with the development of a new trade regulation. SI is entitled to 100% duty free to export but must meet the regulatory requirements of the two countries.

Recommendation 5

The Committee recommends that the Ministry of Foreign Affairs and External Trade (MFAET) collaborates with Ministry of Finance and Treasury (MoFT), Ministry of Development Planning and Aid Coordination (MDPAC), Ministry of Agriculture and Livestock Development (MALD) and Ministry of Commerce, Industry, Labour and Immigration (MCIL) to develop proper infrastructures including a Phytosanitary Laboratory for inspecting and certifying products for export.

EU office closure - The Committee inquired into the closure of the European Union office in the Solomon Islands. The Ministry confirmed that the EU office's closure is based on a decision made by Brussels as part of cost cutting measures. The Ministry has made representations with EU regarding this matter. All program assistance provided by EU to SI will not be affected by this move.

Bilateral arrangements opportunities - The Committee noted that several ongoing bilateral agreements are not being fully utilized by the government. The Ministry outlined them as follows:

- The bilateral agreement with Papua New Guinea allows for educational support of 200 scholarships per year. Papua New Guinea later realized their inability to fully fund the agreed number of scholarships so it was reduced to 40 per year. K20m a year was supposed to be provided to SI on an annual basis for 5 years. PNG requested acquittal for the first tranche of K20m but SIG failed to provide the acquittals so no further funding is forth coming.
- The bilateral agreement with Japan (JICA) is targeted at support towards public infrastructures such as roads and Airport. The country also requested for the training of engineers in Japan but the Ministry is unable to provide details. The Kukum road project is constructed and the next major

project is the Honiara international airport development. The government is dialoging with Japan on other priority projects.

- The bilateral agreement with Morocco is for the training of engineers. Since the inception of the arrangement no one has benefited from this arrangement. Information on the selection processes and awarding of scholarships has been passed on to the Ministry of Education and Human Resources Development for consideration. SIG is required to meet the cost of airfares for successful candidates but the cost is very high. MFAET is going to negotiate with Morocco on the possibility of them meeting the airfares.
- The bilateral agreement with India is to enable Indian companies to invest in health and pharmaceutical products in Solomon Islands. The Ministry has submitted all the details on this proposal to the MHMS to deal with.

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

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	2,137,915	2,178,410	1,973,657	1,909,288	2,526,392
Other Charges	6,073,835	5,886,462	6,327,754	5,680,040	6,232,345
Total	8,211,750	8,064,871	8,301,411	7,589,328	8,758,737
Budget Support					
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total		0	0		

Development Budget

Appropriated

SIG	0	0	767,482	906,808	850,245
Donor	0	0	0	0	0
Total	0	0	767,482	906,808	850,245
Grand total	8,211,750	8,064,871	9,068,893	8,496,136	9,608,982

Issues of Concern

Matters raised by the Committee include the following:

HE Governor General's trip to farewell Her Majesty – The Private Secretary informed the Committee that the Governor General (GG) is expected to travel to London in November to pay a farewell courtesy call on Her Majesty since this is the last term for the current GG. A Governor General normally makes two courtesy calls on the Queen during the first term and one courtesy call during second term.

GG's visit around the country – The Committee is concerned that the allocation for His Excellency to visit around the country is very small. The GG visits to officiate in various parts of the country is very important as part of unifying the country. Office of the GG (OGG) admits that this is part of the community services role of the GG. Since the budget has been reduced, the office will try to utilize what is available.

Development Budget – The Committee noted that the development budget allocation for a new 2 story office building has been eliminated. OGG confirmed that the project will be deferred to 2019 or whenever government finances is regularized.

76 Ministry of Health and 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 effort via active community empowerment and development;

- Building partnerships with communities, other sectors (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.

Recurrent Budget

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	606,842	542,205	397,461	313,765	269,962
<i>Expenditure</i>					
Payroll	200,501,073	207,530,939	200,310,635	179,992,040	156,830,231
Other Charges	151,310,044	139,836,496	150,431,857	140,050,038	134,408,172
Total	351,811,117	347,367,435	350,742,492	320,042,078	291,238,404
Budget Support					
<i>Income</i>	132,070,954	89,363,990	79,757,488	115,307,912	108,964,651
<i>Expenditure</i>					
Payroll	1,065,000	65,920	1,058,666	375,330	422,924
Other Charges	131,005,954	80,910,176	77,184,079	91,503,262	148,010,612
Total	132,070,954	80,976,096	78,242,745	91,878,592	148,433,536

Development Budget

Appropriated

SIG	9,000,000	8,541,880	4,546,871	14,079,625	1,444,347
Donor	0	0	0	0	0
Total	9,000,000	8,541,880	4,546,871	14,079,625	1,444,347
<i>Non-Appropriated</i>	0	0	0	0	
Grand total	492,882,071	436,885,410	433,532,108	426,000,295	441,116,286

Issues of Concern

Matters raised by the Committee include the following:

Reduction in budget – PAC noted that the MHMS budget is reduced by \$33m and is concerned about the services that the Ministry is going to forego in 2018. The Ministry indicated that it will not be able

to implement its infrastructure plan, especially the building of the following clinics: Manuopo, Wagina and Afio. It may be possible to develop the plan for Waisisi clinic and concept plans for other clinics.

Clinic constructions – The Committee is informed that due to the termination of 6 employees in 2013, the Ministry was not able to undertake any construction in 2013 and 2014. Construction only started in 2015 after recruitments were finalised. Even then most activities were done in NRH due to the earthquake of 2016. Work on Tingoa clinic is almost complete and some minor repairs were also done in Isabel.

Budget support - The Committee noted that this allocation has increased to \$132m and enquired what programs this support will target. The Ministry confirmed that the major funding is from DFAT \$76.6m: \$1m is for payroll and the rest is for allowable expenses, including 44% to fund operational budgets of provincial health services. \$10m is for repair and maintenance of houses. The following donors also provide funding to MHMS: UN, WHO, Global Fund, Korea, UNICEF, Family Planning Australia, GAVI. Some of the areas targeted are child health, malaria and HIV, reproductive health, supply of drugs and equipment.

Availability of drugs – The Committee is very concerned with the continuous shortage of drugs in clinics countrywide. The Ministry confirmed that this is a major issue for them. They are investigating the issue and are reviewing the procurement process, drug supply process, medical stores management, the recording process and the level of restocking to each level store. A computer software has been installed “Msupply” to track the supply chain. These measures will address why drugs never reach the intended destinations.

PAC noted that almost \$20m of donor funding was used for procurement of drugs. This has reduced to \$14m. The Ministry informed PAC that the objective is to reduce donor funding for drugs and to be fully SIG funded by 2020.

Role delineation policy – The Ministry confirmed that a cabinet paper on the policy is ready for submission for approval. A committee is already formed to implement the policy once it is approved. This will address the roles and responsibilities of the various levels of the health service in the country. Posting of officers to remote locations is a problem therefore the Ministry is developing establishment tied to the locations of the health facilities.

The 27 Cuban graduates are now registered and posted to the provinces. The next activity is to address the human resource requirements of the area health centres.

The costing for the policy will be assessed by World Bank. It is a phased approach and a focus for discussion later in the year. Cost analysis will be done on the following service levels: Tertiary, Area Health Centre (1), Area Health Centre (2) and Rural Clinics. Aid posts are now phased out. The objective is to define the role of each level in terms of human and facilities required and then design the framework for each facility. Policy on primary health care will form part of this program.

Non-communicable diseases (NCD) – The Committee noted with concern the increase in NCD due to increase consumption of processed food, junk food, sugary products and fizzy drinks. The Ministry needs to collaborate with other stakeholders to address these life style diseases. The Ministry expressed that despite of financial constraints, they will continue to address this issue in collaboration with other stakeholders. The operational cost for this is financed by the Tobacco Fund. The Treasury has to transfer the health promotion fund of about \$12m for this activity (only \$2m already transferred). A committee comprising of various stakeholders, including Agriculture and the churches, are collaborating. A proposal is being prepared for submission to Economic Reform Unit on tax on sugary drinks at 30% or above. The Ministry is working on a timeline, around June 2018.

SIMSA scheme of service – The Committee is informed that the scheme will cost \$8m and is included in the 2018 budget. The scheme contains many allowances; however, the increase is only applicable to two allowances that are specific to SIMSA.

Nursing strike notice – A meeting was held with nurses' executive on 16/03/2018 to discuss the grievances of the association. PAC was informed that it is very difficult to implement the scheme of service due to the inability of the SIG payroll system to automatically adjust the salary of nurses when they are promoted. There is a need to reform the structure. It costs \$30m to house 800 nurses, while 2,000 nurses cannot join the Public Service Rental Scheme (PSRS) as they are based in the rural areas. Most are residing in unregistered land. An MOU is signed between the parties to negotiate further on the issues in the strike notice.

RWASH program – The Committee noted that SIG is not providing its contribution to this program in 2018. This might have an impact on the implementation of the projects under this program. The \$20m tranche for 2018 is already made available but can only be accessed if all criteria in the funding

arrangement are met. SIG contribution would have helped in procuring assistance during emergencies. The total funding for the current arrangement is \$30m and is funded solely by EU under EDF 8.

Posting of doctors – PAC was informed that Taiwan and Cuba trained doctors need to complete a bridging course before they are registered and posted to the relevant hospitals. In contrary, Fiji trained doctors are posted direct to residence after the completion of their program of study.

Medical school – The Committee was informed that a lot of SINU medical courses are supported by MHMS. WHO is going to support the introduction of a new course in the second semester. The Ministry confirmed that they will support SINU if it develops a medical school in future.

Strategy to address Dengue Outbreak - The Ministry inform PAC that they have a division (Surveillance and Disaster) that continuously monitors and responds to any outbreak. After the last outbreak the mosquito is now endemic to the country so a dedicated team is monitoring the situation.

Status of NRH relocation - The Ministry advised that the land title of the proposed relocation site is now under the Commissioner of Lands. However, three groups are disputing the arrangement and are taking the matter to court. The fencing is half done. Survey, geo-tech and other related work were already completed.

Morgue project and embalming service – PAC is informed that a temporary morgue to cater for 10 bodies has been in the planning stage for a number of years. A donated storage facility has a mechanical or electrical issue with its cooling system therefore is not in use. The Ministry has requested the Auditor General to audit the embalming service. However, this is on hold due to lack of capacity in the OAG. The Ministry is also liaising with MoFT Internal Audit on this matter.

The PAC is very concerned with the lack of morgue facilities in other provincial centres such as Auki and Kirakira. These facilities will also preserve bodies for post-mortem purposes.

Medical stores - The Ministry confirmed that they support the supplying of drugs to private clinics in order to maintain quality of drugs circulating in the country. This is to ensure that SIG is not subsidising operations of those private clinics.

Mammogram machine - The Committee is concerned that the machine has been donated some years ago but it is yet to be used for the benefit of women. The Ministry advised that training will be done to enable doctors to interpret the data from the machine. Female technicians will be trained to operate the machine.

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 sustains equality, unity and prosperity for the nation.

Recurrent Budget

	Budget	Actuals			
Recurrent Budget	2018	2017	2016	2015	2014
Income	15,126,999	13,533,382	16,772,748	14,906,506	13,509,940
Expenditure					
Payroll	7,374,275	9,186,308	8,529,104	7,938,915	7,672,114
Other Charges	51,082,810	51,694,199	56,043,490	60,737,174	52,949,390
Total	58,457,085	60,880,506	64,572,594	68,676,089	60,621,504
Budget Support					
Income	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated					
SIG	78,000,000	296,995,736	280,021,611	138,079,004	99,039,544
Donor	0	0	0	0	0
Total	78,000,000	296,995,736	280,021,611	138,079,004	99,039,544
	0	0			0
Grand total	136,457,085	357,876,243	344,594,205	206,755,093	159,661,049

Issues of Concern

Matters raised by the Committee include the following:

Contract obligations 2017 and 2018 - PAC is concerned that due to the cut in the development budget, the Ministry may not be able to settle all contract arrears for 2017 and commitment for 2018. The Ministry confirmed that \$101m worth of contracts were awarded in 2017 and services were already delivered by the contractors. The Ministry is planning to award contracts worth \$40m in 2018. They are not in a position to settle the arrears to the contractors.

Shipping grant and transport initiative - The Ministry confirmed that the budget for 2018 will not be for new applications but to meet requests already approved in 2017. The policy requires all recipients to account for the grants they received. The Ministry will request the OAG to undertake another audit for the years 2016 and 2017. It is a requirement for those who intend to purchase ships to discuss their requirements with SIMSA in order to comply with SI standards for ships.

SIG vehicles - PAC was informed that this is a major challenge for the Ministry. There are two instances where vehicles were sold without the Ministry's knowledge. These incidents are done by the Ministry of Agriculture in Auki and Lata. The Ministry is collaborating with the police to retrieve vehicles from those who are not authorised to possess government vehicles. MID is developing a vehicle policy to manage SIG vehicles including the type and standard of vehicles to be allocated to ministers, constitutional officer holders and contracted officers. The policy will also address hiring of vehicles, procurement of vehicles and disposal of vehicles.

Profitability of SIPA - PAC was informed that SIPA made losses for the years 2012 to 2015. It made profits of \$110m and \$82m in 2016 and 2017 respectively. SIPA infrastructures were not maintained over the years. This resulted in 60 metres of the international wharf being downgraded. The new JICA built international wharf has improved the vessel turn around for SIPA. The domestic wharf jetties are about to collapse due to non-maintenance for a number of years. There is no domestic wharf in Noro.

SIPA is using the profits to invest in equipment, upgrading of four domestic wharves in Honiara, installation of lights and surveillance system, perimeter fencing, installation of new systems and processes to rectify revenue leakages and to comply with ISP for both Honiara and Noro. Economy of scale is an issue for SIPA which makes operations expensive.

Port tariff is not competitive in some areas; however, are better than Fiji and PNG in other areas. Cost of power is a major cost for the Authority. Mobile crane is not an option for SIPA and is relying on ship operated cranes.

Discharge of goods at Ranadi - PAC is concerned with the discharging of goods and equipment at Ranadi. SIPA is also concerned with this arrangement as Ranadi is not ISP compliant. The MID will collaborate with SIPA, SIMSA and Customs to resolve this issue. This arrangement poses security and biosecurity risks to the country, as well as the circumventing of SIPA fees and charges.

Recommendation 6

The Committee recommends that legal advice is sought in order to terminate the arrangement at Ranadi and Solomon Islands Ports Authority takes charge of this arrangement.

Franchise shipping - PAC was informed that the scheme is open to shipowners and ship charters. The objective is to service uneconomical routes in the remote parts of the country. The current 8 routes are serviced by the scheme. The scheme has stimulated economic growth in some of the routes. Operators of the scheme are required to comply with safety standards relating to passenger and cargo services.

Kirakira airport upgrade - PAC raised concern over the state of Kirakira airport, especially during wet weather, which poses safety risk to the air travelling public to Makira. The airport needs to be tarsealed. The Ministry informed the Committee that they will raise the issue with MCA. Kirakira airport is still under customary land ownership. The landowners have to sell the land to the government so that the airport can be upgraded.

Road maintenance grant- Five constituencies have signed MOUs with MID in 2017 for \$500,000 for the maintenance of constituency roads. Since then, no funding has been made available by MID. The Ministry indicates that this will be included in the NTI program budget of \$15.5m in 2018.

Registration of feeder roads and old logging roads - The MID asset management team is working on collecting data on all feeders roads, including the collection of GPS coordinates of the roads. Once this is done they will forward necessary documents to the Attorney General's Chamber to legalise the registration.

Recommendation 7

The Committee recommends that all feeder roads be registered as public roads. Further, this approach is also made to all bridges to be registered as public land.

Bad state of Honiara roads - PAC is concerned with the very bad state of all roads in Honiara. MID confirmed that the contribution to the NTF will address all main roads and feeder roads in Honiara. Three emergency contractors were already appointed to undertake work on the main road. However, the weather is delaying the maintenance program.

Quality road work is an issue. MID Laboratory needs to be accredited to ensure contractors are using quality materials for construction.

There are contractors for feeder roads but the budget cut has stalled the maintenance program. The Ministry will put forward a proposal to the NTF for funding. If it is approved then a new tender process will have to be made.

Recommendation 8

The Committee recommends that budget for maintenance of roads are protected from arbitrary cuts.

79 National Parliament Office

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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	22,630,768	39,980,829	32,098,156	31,245,676	38,258,481
Other Charges	42,819,946	53,704,062	50,838,846	50,418,430	33,608,038
Total	65,450,714	93,684,891	82,937,002	81,664,106	71,866,519
Budget Support					
<i>Income</i>	0	0	0		
<i>Expenditure</i>					
Payroll	0	0	0		
Total	0	0	0		

Development Budget

Appropriated

SIG	1,000,000	1,985,863	6,125,925	4,617,030	3,400,777
Donor	0	0	0	0	0
Total	1,000,000	1,985,863	6,125,925	4,617,030	3,400,777
Non-Appropriated					
	0				
Grand total	66,450,714	95,670,754	89,062,928	86,281,136	75,267,296

Issues of Concern

Matters raised by the Committee include the following:

Big reduction in budget – The Committee enquired into the reasons for the large reduction in the payroll and other charges for 2018. The NPO stated that MPS has withdrawn vacant positions and MOFT is using the 2017 actuals as the baseline.

NPO access road – The Committee was informed that the contractor for the access road was terminated due to non-performance. MID was requested to assist with funding and replacement of contractor to complete the road. So far no response is received from MID.

Timely payment of payment requests – The NPO is collaborating closely with the Deputy Accountant General to ensure that payments from Parliament are processed on a timely basis.

Access to PTC complex – The Committee is concerned with the uncontrollable access to the Paul Tovua Complex (PTC) building by members of the public. A card system should be procured to restrict access. The Clerk informed PAC that the priority is to complete the perimeter fencing. Restrictions on access are in place after 4.30pm; however, some MPs are abusing the system. A small hut will be built at the bottom of the uncomplete road to provide shade for the security officers.

Recommendation 9

The Committee recommends that the National Parliament Office (NPO) devises a system to restrict the public from accessing the Paul Tovua Complex building.

80 Ministry of Forestry and Research

Mission Statement

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

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	<i>3,523,440</i>	<i>3,148,150</i>	<i>5,483,195</i>	<i>16,705,820</i>	<i>2,859,750</i>
<i>Expenditure</i>					
Payroll	8,336,379	9,645,332	9,004,731	9,146,756	8,432,487
Other Charges	12,368,861	11,164,475	12,717,661	22,679,567	13,606,614
Total	20,705,240	20,809,808	21,722,391	31,826,323	22,039,101
Budget Support					
<i>Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	3,600,000	12,146,914	22,489,209	23,980,391	6,245,772
Donor	0	0	0	0	0
Total	3,600,000	12,146,914	22,489,209	23,980,391	6,245,772

Non-Appropriated

	0	0			
Grand total	24,305,240	32,956,722	44,211,601	55,806,714	28,284,873

Issues of Concern

Matters of concern raised by the Committee include the following:

Forestry Bill - The Ministry advised PAC that consultations on the bill were completed for all provinces and Honiara stakeholders. They are compiling the report for submission to AG Chambers for drafting. Matters that are not currently accommodated in the current Act will be addressed in the new bill. These matters include Red+, timber rights hearing issues (could include chiefs rather than provincial executives), matters relating to national forest policy, environment protection, ecosystems, social and economic issues and other current and future issues. The drafting is expected to be finalized by May 2018 and the bill will be submitted to Parliament during its second sitting.

Recommendation 10

The Committee recommends that the Ministry of Forestry and Research fast track its drafting process on the Forestry Bill and bring the legislation to Parliament as soon as possible in 2018.

Log production estimate - The Committee raised concerns over the issue of sustainability of logging and the credibility of the estimates for 2018. The Ministry informed PAC that volume of production for export is dependent on the licensees and the landowners. A licensee is permitted to harvest 50,000 m³ per annum. Therefore the volume could be 2m cubic metres or less. The Ministry did not have direct consultation with the Budget Unit of MOFT regarding the level of production for 2018. They only liaise with ERU. The Ministry is trying to reduce the level of logging. 85 felling licenses are valid for 2018 and most are operating in secondary forests. There is the risk of logging smaller logs. The Ministry had consultations with SFA to reduce the level of logging. At the moment it is 6 times unsustainable level. There will be negative impact if log extraction continues at 2.6m cubic metres per year. The current

regulation only allows logging from 0 metres to 400 metres. A logger can apply to the Commissioner of Forests if he wants to log above 400 metres.

Timber utilization unit – The role of the timber utilization unit is to promote downstream processing. The plan was to purchase land in Noro to facilitate the marketing of sawn timbers. This was not done. The other function of the unit is monitoring and training of resource owners. Rural training centres are provided assistance with downstream processing.

Reforestation unit – This unit is responsible for training farmers in the planting of trees including civic actions and trials. This program was not implemented in 2017. 120 Ha were planted in the Western province in 2016. The target was 200Ha.

Determined Price of Logs - The Ministry informed the Committee that the determined price of logs is determined by the Economic Reform Unit (ERU) of the Ministry of Finance and through collaboration with the Ministry of Forestry. ERU has access to the world market prices of logs and timber markets. Once the price is determined it is forwarded to the SFA to work with the determined price as set out on a quarterly basis. It is worth noting that most of our logs go to markets in China and South Korea, of which the latter offers a slightly higher price than the former.

The Committee views that the ERU must accurately determine log prices and not succumb to the pressures from loggers to lower the determined price.

Recommendation 11

The Committee recommends that the world market price is used to determine the price of logs and that a proper review is done on the formula.

Logging Operations

Komaridi Reserve - The Ministry informed the Committee that the Government acquired the Komaridi Reserve for the Lungga Hydro Project. The Ministry was aware that the Ministry of Mines was not going to carry out any development within the area and therefore the land was returned to the landowners in 2013, as the holders of the Perpetual Estate (PE) title. The Commissioner of Lands issued the "Grant of Profit" to conduct logging in the said area. The Ministry was only responsible to issue felling license once they have observed that landownership issues have been cleared and land titles, together with the consent from the Ministry of Environment, were submitted to the Ministry.

Kakabona Logging – PAC was informed that the submission for the logging activity was done by the landowners who have completed the process of timber rights. The required processes and requirements were met before the Ministry issued the felling license. The Ministry highlighted that the issuing of licenses will only happen if development consent is signed by the Ministry of Environment which has to be submitted together with the application from landowners. This consent gives the 'go-ahead' for the operation to take place because it would have meant that an Environmental Impact Assessment (EIA) was carried out by the Ministry of Environment on the area.

Regulations on Log Species Harvested for Exports - The Ministry told the Committee that it has the ability to carry out monitoring and assessment on harvested logs in all logs points/ponds prior to the arrival of any log shipment and also during on board loading. The only occurring difficulty is logistics to support officers when checking on log export points. The reprioritization of ministerial budget affects logistics of the Ministry on this important work.

The Committee is concerned that the weaknesses in implementing regulations through proper control, assessment and monitoring are being used as a loophole for loggers to exploit when exporting the different types of forest species that are restricted from export.

Carbon Mapping Project - The Committee was informed that the road map for REDD+ was endorsed by Cabinet. The Ministry collaborates with Donors, Ministry of Environment and Ministry of Land in order to fulfil the requirements of REDD+. SIG still has to fulfill certain obligations before it can participate in the program. The Ministry is still in stage one and has set up a REDD+ implementation unit through donor support. Studies are conducted throughout the country. FAO is assisting with a survey to determine carbon content. Local NGOs are also interest to take part. Pilot projects are located in Vanikoro, Nende, Shortlands and Choiseul.

Medicinal Plants Project - The Committee noted that collaboration between SIG and Taiwan ended in July 2017 and a proposal is submitted to Taiwan to fund the project for some more years. The next phase is from 2017 to 2022, a 5 year project. A book on the completed project was published in December 2017. The project is collaboration amongst researchers. There is no funding from SIG.

81 Office of the Prime Minister and Cabinet

Mission Statement

The overall goal of the Office of the Prime Minister and Cabinet (OPMC) 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 Solomon Islands through an efficient and effective system of government.

The OPMC's role and functions form the apex of the Public Service, coordination, 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 coverage for the 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

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	57,361	51,250	41,888	43,119	332,026
<i>Expenditure</i>					
Payroll	26,894,933	39,212,597	36,969,045	36,033,845	24,545,233
Other Charges	61,727,841	74,129,544	85,601,447	71,851,705	54,187,893
Total	88,622,774	113,342,141	122,570,492	107,885,550	78,733,126
Budget Support					
<i>Income</i>	0	0	0	11,472,211	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	16,278,350	14,891,903	0	0
Total	0	16,278,350	14,891,903	0	0

Development Budget

Appropriated

SIG	2,500,000	8,490,939	14,620,517	9,766,323	5,238,563
Donor	0	0	0	0	0
Total	2,500,000	8,490,939	14,620,517	9,766,323	5,238,563
<i>Non-Appropriated</i>					
	0	0			
Grand total	91,122,774	138,111,431	152,082,912	117,651,873	83,971,689

Issues of Concern

Matters raised by the Committee include the following:

SIG policy on Media – Concern was raised on lower funding support to SIBC and a question on SIG media policy by PMO. PMO responded that they increased subventions and development budgets (\$2m) in 2018 to address lower budget support to SIBC.

Establishment for OO & LCC staffing – Committee is concerned with the lower budgets allocated for the two Offices and how they will address the limited staffing issue. Responses from two Offices revealed that due to freeze in recruitment by MPS there will still be challenges to fulfill their mandates in 2018.

Recommendation 12

The Committee recommends that the Government allow for increase in the Budget for Leadership Code Commission and the Ombudsman's Office to recruit more staff in the future.

PMO Infrastructure Program – Committee is concerned with lack of implementation of projects under PMO. PM residence development has been going through piece meal approaches and needs to be built at one phase. Piece meal approach will further delay the process. Committee was informed that PM's residence is at the architectural design stage and is now with CTB. The proposed location for the PM's residence will be on land above Lawson Tama. The current Red House area will be designated for the Speaker.

Cabinet Sub-Committee – Committee enquired whether the Cabinet Subcommittees are still operating due to very short time left before the House dissolves. PMO responded that the committees are still in operation. A new Subcommittee responsible for 2023 Pacific Games was recently established.

PAs – Committee enquired whether there's reduction in number of PAs due to lower operation budget in 2018 Budget. PMO revealed that currently there are 36 PAs on record; however, there could be increase in number in future depending on the political government.

SIBC Program on school broadcasts for F3 to F5 targeted subjects – Question was raised if the SIBC school program is still being conducted. The current program is on questions and answers only. The Committee was informed that SIBC currently employed a former teacher to coordinate the program. However, future plan requires an institution to design a future program that is targeted on broadcasting lessons on selected technical subjects. This will be broadcasted via TV and radio to all schools in the country. The challenge is the low quality of radio receivers currently being sold in the country.

Recommendation 13

The Committee recommends that the Prime Minister's Office assist SIBC with funding to support in designing programs that will incorporate lessons on Math and Sciences broadcasted for all schools in the country. This will assist to standardize subject contents to all students.

Background of LCC investigators – Concern was raised on capabilities of officers doing investigations on leaders on their management of funds allocated for MPs to manage. The LCC Office admitted the need to equip with personnel with accounting forensic background for thorough reports. The LCC will also rely on other agencies such as the OAG and Ministry of Lands to assist with such investigations.

83 Ministry of Police, National Security and Correctional Services

Mission Statement

The overall objective of the Ministry is to contribute to 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

	Budget	Actuals			
<i>SIG</i>	2018	2017	2016	2015	2014
Income	649,300	581,130	453,360	557,489	459,145
Expenditure					
Payroll	89,541,346	114,315,875	101,893,815	162,161,228	84,997,503
Other Charges	140,435,120	139,812,040	129,852,612	100,955,113	104,221,661
Total	229,976,466	254,127,915	231,746,428	263,116,341	189,219,164
<i>Budget Support</i>					
Income	5,865,251	0	1,257,876	7,736,381	10,166,522
Expenditure					
Payroll					30,677
Other Charges	5,865,251	402,903	4,438,198	14,721,465	5,861,653
Total	5,865,251	402,903	4,438,198	14,721,465	5,892,330

Development Budget

Appropriated

<i>SIG</i>	15,000,000	13,030,071	16,058,591	16,372,272	24,643,737
Donor	0	0	0	0	0
Total	15,000,000	13,030,071	16,058,591	16,372,272	24,643,737
<i>Non-Appropriated</i>	0	0	0	0	0
Grand total	250,841,717	267,560,890	252,243,217	294,210,078	219,755,231

The Ministry advised that bids were made purposely to maintain the gains made by RAMSI in National Security, Policing and Correctional Services when RAMSI exits in 2017.

Recommendation 14

The Committee recommends that the Government reconsider its commitment to fully fund the agencies responsible for maintaining law and order after RAMSI left.

Issues of Concern

Matters raised by the Committee include the following:

Cost of policing bench mark - The Committee raised concern with the level of funding provided to the police and if it is at the correct level. The Ministry indicated that the minimum or lower cost for police service is \$165m. The current budget is pitched at \$158m. The medium cost for the service is \$215m. Bids were submitted to address various cost pressures in the police service but were unsuccessful. The

police will prioritize the resources at its disposal to fulfill its mandate. The Ministry expressed that capability of the police service is not yet eroded. However, this can become a risk if they are not funded properly in the future.

Priority of RSIP post RAMSI - The priority of the police force is frontline policing and national security. The Police Response Team (PRT) will be stationed at the border but not permanently. There is a need to centralise the PRT so that they can be deployed at short notice during emergencies.

Infrastructure Program - The Committee raised concern over the reduction in the development budget, especially when the border infrastructure is only allocated \$2m. The Ministry explained that the \$2m is for national security and will only cover consultations to develop a policy. Issues at the border will be factored into the policy. Different layers of activities are being done: border patrol, conducting of exercises (one will be done at the border, funded by donors), finalising the process to locate an armoury in Gizo. RSIP is also collaborating with PNG police in Bougainville and other stakeholders in the border area.

Former police officers claims - The Ministry informed PAC that they will assess the claims and submit to Cabinet for approval. A provision is provided in the budget for this. This is a grey area so the Ministry will review the regulations to ensure that such claims are provided for in the relevant conditions of service. The ongoing claims have to be assessed since precedent has already been set.

CSSI bakery building - PAC was informed that the CSSI bakery building is to enable the prisoners to learn and bake their own bread. The other part of the building will be used for tailoring.

Namuga police post - The project was incomplete since 2013. The Ministry is developing a program of action to complete the project.

Border security - The Committee is concerned with the ongoing security and illegal activities in the border area. Kulitanai was identified as the border station but the relevant government agencies are not stationed there. The Ministry is aware of the need for a solution. The long term plan for the Ministry is to identify a new site and collaborate with Shortland constituency to develop it. Traditional ties at the border area will be respected. The cross border treaty is misunderstood by the public. The special zone is only restricted to Shortland. The concept of multiservice at the border is already there but SIG is not funding it.

CSSI compound at Kirakira - The Committee is concerned with the location of the Kirakira prison. It is surrounded by residences and could pose a security risk for these people. The CSSI agrees to the concern and is searching for land to relocate the prison.

Impact of budget cut - The Committee was informed that the Ministry will do its best to ensure that there is minimal impact from the budget cut. The Ministry will prioritize its programs so that frontline policing is maintained at the correct level. The following activities will be under pressure from the cuts: housing costs, preparations for the national elections, sustainability of PRT, close protection and EOD, etc. The US support to EOD will expire in early 2018. The current 4 years donor support to RSIP is for capacity development and not designed to replace RAMSI.

Recommendation 15

The Committee recommends that the Ministry of Police, National Security and Correctional Services ensures that full funding requirements for Royal Solomon Islands Police and Correctional Services of Solomon Islands are included in future budgets.

84 Ministry of Provincial Government and 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 systematic and feasible delegation and devolution of functions, mandates and budget thus bringing decision-making and services closer to its citizens; and
- Ensure the necessary accountability, transparency and participation mechanisms, and work towards free and fair elections.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	2,687	2,400	0	0	0
<i>Expenditure</i>					
Payroll	22,456,899	20,550,223	20,410,605	22,627,404	18,949,705
Other Charges	65,173,719	84,333,810	82,166,288	80,708,215	71,500,467
Total	87,630,618	104,884,033	102,576,893	103,335,619	90,450,172
Budget Support					
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	10,000,000	57,500,000	47,812,220	62,703,850	42,631,104
Donor	0	0	0	12,296,150	0
Total	10,000,000	57,500,000	47,812,220	75,000,000	42,631,104
Non-Appropriated					
Grand total	97,630,618	162,384,033	150,389,113	178,335,619	133,081,276

Issues of Concern

Matters of concern raised by the Committee include the following:

Cut in salary budget – The Committee enquired into the \$5m cut in payroll and the impact it will have on the payroll budget for the Ministry. In response the Ministry feels that the impact will be minimal as all vacant positions are taken by MPS. If the need arises then they will consult with MOFT.

Township Developments - The Committee expressed concern over the cut in the budget for township development. The Ministry confirmed that the cut will definitely affect the program. The province is managing the Choiseul township project with \$2m but the land subdivision project is going to be affected. The provincial assembly chamber project at Tingoa costs \$5m. \$4m is already secured for the project. There will be a short fall of \$1m. Construction will proceed as soon as tender is finalized and the mechanism for the disbursement of funding is fixed.

The development at Huro in Makira is going to be differed due to non-availability of funding. The proposed assembly chamber for Makira will cost \$1.7m. The proposed assembly chamber for Malaita (\$15m) and Western (\$15m) Provinces are also differed for future budgets.

PCDF - The Committee was informed that the first phase of this program commenced in 2008 and concluded in 2013. It was co-financed by EU, RAMSI and SIG. The second phase started in 2014 and was fully funded by SIG (2014 - \$24m, 2015 \$40m, 2016 \$50, 2017 \$50). The budget for 2018 is \$10m. \$15m is provided in the recurrent budget. The fund provides capacity and infrastructure development across all provinces. The cut will have a negative impact on the provinces infrastructure programs. The Ministry confirms that the \$40m that was not paid in 2017 is going to be paid under the arrears program for 2018. This will support the programs already identified by the provinces.

Revenue sharing proposal – The Committee enquired into the status of this important policy. The Ministry confirmed that this is one of the resolutions of the Premiers during the Premiers conference in 2017. The Ministry is preparing a concept paper for a consultant to work on. It is a priority for the Ministry and the provinces and it is in the Ministry's work plan for 2018. It will be part of the review of the Provincial Government Act and part of the revenue mobilization capacity of the provinces.

Provincial Elections – The Ministry confirmed that the provincial elections for Choiseul and Western Provinces will take place around June since the registration for the two provinces has been completed by the Electoral Commission. The election for the other 6 provinces will be done later in the year, after the electoral roll is updated. The total budget for the elections is \$12m.

Review of the Provincial Government Act - The Ministry indicated that this review will start as soon as the Cabinet paper is approved. The Government policy on this is now clear.

85 Ministry of Lands, Housing and Survey

Mission Statement

The Ministry will ensure land dealings are fair, transparent, impartial and according to appropriate and relevant laws and that the services provided by the Ministry is customer-focused, effective and efficient.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	<i>9,714,345</i>	<i>8,682,779</i>	<i>9,401,222</i>	<i>8,039,135</i>	<i>9,732,826</i>
<i>Expenditure</i>					
Payroll	5,235,649	6,016,756	5,267,957	5,460,781	4,708,264
Other Charges	11,404,907	11,174,196	10,653,447	10,778,682	10,605,085
Total	16,640,556	17,190,952	15,921,403	16,239,463	15,313,349
Budget Support					
<i>Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	4,000,000	18,184,206	10,404,797	39,215,369	10,605,085
Donor	0	0	0	0	0
Total	4,000,000	18,184,206	10,404,797	39,215,369	10,605,085
Non-Appropriated					
	0	0	0	0	0
Grand total	20,640,556	35,375,158	26,326,200	55,454,832	25,918,433

Issues of Concern

Matters of concern raised by the Committee include the following:

Land Revenue – Concern was raised on the Ministry's lower estimates for rent collection, valuation fees and other income projected for 2018. The Ministry admits that one of the major reasons of lower rent collection is due to lack of land rent database within the Ministry. DFAT will assist the Ministry through a program under the MJLA to rebuild the land database.

April hill and valley land allocation – Concern is raised again on tensions between flood victims and others who acquire lands in April Hill. Committee is aware that those not affected by the flooding own more plots of land than the victims. The Ministry had issued allocation letters to the flood victims but

most were not able to pay the required land fees so they could not be issued with titles to those plots. The other issue is that some people have already allocated plots to themselves and already settled in the area. The cost of the plots range from \$2,000 to \$10,000.

TOL – The Committee raised concern over the increasing unregulated settlements on the outskirts of Honiara. The Rapid Employment Project (REP) is also encouraging the boom in urban drift and the settlement in high risk areas. The Committee enquired into the current number of TOL upgraded to FTE. The Ministry stated that they are facing challenges with the conversion process. They have dealt with more than 300 cases of around 3000 TOLs and admitted that those with the TOL are not volunteering to come forward to sort the matter out. Currently there are around 37 TOL settlements around Honiara. The Ministry is working on regularising the TOL by subdivisions and developing infrastructures for various areas around Honiara. Various infrastructure developments undertaken under the REP did encourage informal settlements. In most cases this is beyond the control and capability of the Ministry. Ministry staff are often threaten when they try to regularise the allocation of land.

National Development Resettlement Scheme Program – The Committee enquired whether there is any work by the Ministry on resettling of those affected by Climate Change. The Ministry admits that they have developed a draft policy. However, they currently do not have specific program in 2018 due to lack of sufficient budget, as a result of limited allocations each year.

Bina Harbour Project – PAC enquired into the progress on the development in securing the land for the project. It was raised that there is lack of Government support and commitment in this project. Despite significant projects under their program of work, the Ministry expressed that currently they are only allocated \$1m. This might only be used on settlement of land issues.

MDPAC revealed to PAC that there have been consultations on development projects between relevant Ministries. However, the issue is availability of funds to drive such projects.

Bonale land purchase for pineapple factory – The Committee enquired on the status and registration of the Bonale land and the proposed pineapple factory raised by the Ministry of Commerce. The Ministry revealed that this is under the Ministry of Agriculture and Ministry of Commerce and therefore they could not comment further.

Betilonga/Lunga Area – The Committee is concerned that a lot of activities are currently going on in the concerned area. The Ministry expressed that the matter is complicated and they need factual information on the government land. These can only be provided by the Commissioner of Lands. However, the Ministry is working with the Office of the Attorney General to address the issue.

FTE Extinguished on Betilonga – The Committee is concerned that a lot of activities are currently going on in the concerned area. The Committee noted that there could be some form of scheme in extinguishing FTE on Betilonga. Furthermore, the scheme in extinguishing the FTE on concerned land may imply misconduct in office. The Ministry stated that they are not aware of any Cabinet decisions on the matter. They also expressed that the matter is complicated and they need factual information from the Commissioner of Lands. The Ministry is working with the Office of the Attorney General to address the issue.

Auki foreshore – PAC is concerned that the Auki foreshore project has been previously raised and should have already been settled. The Ministry indicated that they are looking at developing a project for the foreshore. Some of the plans are to create projects such as walkways along the shorelines that will attract tourists. A team has been sent to assess the area for such developments.

Hells Point – The Committee enquired whether the Ministry will settle the matter due in view of decrease in budget for 2018. The Ministry revealed that there is no fund in 2018 for such settlement.

Settlement of Peter Boyers and Hatanga lands – The Committee is concerned why the government is funding to remove illegal settlers in the concerned private lands when there's a process in place with High Court to remove such settlers. The Ministry responded that these are special cases which happened during the exit of RAMSI due to social tensions and fear of social unrest. They also admit that the cases may set a bad precedence.

Process in acquiring land for public facilities in constituencies – Enquiry was made on how land can be acquired for public facilities in Constituencies. The Ministry explained that budget starts in March so project proposals need to be submitted to them for acquisition of land. Interested groups can also work with relevant ministries if projects relate to their mandate (e.g. MHMS on clinics).

86 Ministry of Development Planning & Aid Coordination

Mission Statement

The Ministry of Development Planning and Aid Coordination (MDPAC) vision is that all Solomon Islanders participate meaningfully and effectively in national planning and development in the spirit of partnership and nation building. The Ministry has 42 staff.

Priority areas for 2018 include:

- Ongoing implementation of the 20 year National Development Strategy (NDS) 2016-2035
- Preparation and development of the Solomon Islands Development Planning Bill and its associated Regulations
- Ongoing implementation of the Development Cooperation and Aid Management Policy, and the Development Cooperation Policy, and the Partnership Framework for Effective Development with Donors, private sector and Non-State Actors, to coordinate development programs in the country.
- Establish Frameworks for ensuring tangible results of development programs in the annual Development Budget Estimates are achieved as articulated in the long-term goals of the NDS;
- Produce the 2016 Development Budget Performance Report;
- Implementation of the rolling Medium Term Development Plan 2017-2021;
- Preparation of the 2019 Development Budget;
- Preparation of the 2019 Scholarship Opportunity List;
- Implementation of the National Population Policy;
- Review of the National Infrastructure and Investment Plan;
- Manage and coordinate the implementation of the Rural Development Program – Phase 2;
- Finalize and implement the MDPAC Restructuring Exercise.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	2,235,433	2,636,777	2,376,242	2,346,454	2,235,075
Other Charges	3,567,506	3,581,464	4,157,266	4,724,868	375,450
Total	5,802,939	6,218,241	6,533,507	7,071,322	2,610,525
Budget Support					
<i>Income</i>	0	0	0	0	
<i>Expenditure</i>					
Payroll	0	0	0	0	
Other Charges	0	0	0	0	
Total	0	0	0	0	

Development Budget

Appropriated

SIG	4,000,000	14,686,408	1,881,582	10,356,488	375,450
Donor	0	0	0	0	0
Total	4,000,000	14,686,408	1,881,582	10,356,488	375,450
Non-Appropriated					
	0	0	0	0	0
Grand total	9,802,939	20,904,649	8,415,090	17,427,810	2,985,975

Issues of concern

Matters of concern raised by the Committee include the following:

Development budget allocations - The Committee enquired into which productive sectors are allocated with funds. Health is grossly underfunded and the reductions are not justifiable. MRD funding is ring fenced. The Ministry indicated the budget should be dictated by the NDS and MTDP since planning depends on finance. The Ministry made recommendations on the priority areas but MoFT and the government decided to reduce development budget by 60% across all ministries. The budget was then presented to Cabinet and Caucus where reallocations were made again. The Ministry has done its part but higher authority has the final decision.

RWASH - The Committee is very concerned with the high number of deferred projects and the reduction on the budget for ongoing projects. This indicates that projects are not properly scoped, designed and costed. The Committee notes that the SIG component of the RWASH program is not in the budget. This could have implications for the implementation of the program. The Ministry admitted that the RWASH program implementation is very slow. EU has just approved 2.2m Euro for the project. SIG co-funding is a concern but this will not affect the implantation of the program.

The funding gap in the development budget is a concern but it is okay across whole of government. The Ministry will continue to advocate for funding in future. The recurrent budget remains the major concern. The development budget used to be fully funded by donors in the 90's.

Health budget - PAC is concerned with the reduction on the health budget and how this is linked to the SDG. The Ministry is aware that funding is also provided through budget support and NGOs. There are other players in the health sector that can fill in the funding gaps.

Development budget implantation report - The Committee was informed that the development budget implementation report for 2016 is the first of its kind. The 2017 report is still being developed. 2016 rate of spending is 82% while 2017 rate is 91%. The challenge is to verify where the money has been spent. In some instances the ministries fail to provide reports on their projects. In terms of the NDS a performance report has been done covering the period up to 2017.

Rural development program - The program is managed by MDPAC and collaborates with MPs to address rural development. Projects costing up to \$200,000 are implemented at the Ward level. The communities decide on the projects to be funded. RDP is unable to meet all expectations due to size of projects so project owners are encouraged to seek additional funding for RWAH, and from other ministries. Collaboration with MPAs and MPs is still at *ad hoc* basis. 214 projects in 160 wards excluding Honiara were funded. Implementation is not always smooth.

Scholarship management - The opportunity list is based on collaborative work between MEHRD, Commerce and other stakeholders. The increase in awards is still a challenge. The policy on awards is not managed well. Economic growth will provide the enabling environment to create employment opportunities for school leavers.

Malaita projects - The Committee noted with concern that Malaita projects are not included in the budget for 2018. The Ministry indicated that national projects are reflected in the ministries budgets. The Ministry will work with other ministries to support Malaita projects.

87 Ministry of Culture and 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 2017 Budget

	Budget		Actuals		
SIG	2018	2017	2016	2015	2014
Income	232,182	207,450	145,299	180,775	0
Expenditure					
Payroll	2,935,269	3,271,788	2,892,269	2,699,675	2,970,211
Other Charges	18,283,666	14,394,681	24,379,085	20,049,433	17,570,197
Total	21,218,935	17,666,468	27,271,354	22,749,108	20,540,408
Budget Support					
Income	0	0	0	0	0
Expenditure					
Payroll	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	8,929,332	14,934,146	21,822,563	23,269,280	11,999,405
Donor	0	0	0	0	0
Total	8,929,332	14,934,146	21,822,563	23,269,280	11,999,405
Non-Appropriated					
		0			
Grand total	30,148,267	32,600,614	49,093,918	46,018,388	32,539,813

Issues of Concern

Matters of concern raised by the Committee include the following:

Sustainable Cruise Ship Tourism - The Committee noted that tourists arriving by cruise ships would require proper facilities and services to accommodate their needs. The Committee is concerned that the cruise ships tourism can also have environmental impacts through refuse and waste disposal. However, the Committee is more concerned that proper facilities such as the passenger terminal and proper toilet facilities are not yet made available. The Ministry responded that they are currently promoting in order to convince tourists to come for long term holidays. The Ministry is also encouraging in country cruise ships. The number of cruise ships arrivals per year are: 2016 - 8, 2017 - 1 and, 2018 - 12 confirmed.

Melanesian Arts Festival - The Committee is concerned over the Ministry's ability to host the Melanesian Arts Festival this year given the budget cuts. The Ministry revealed that it will have to raise \$7 million within its own budget to host the festival which will result in reprioritizing the Ministry's activities. It will seek further assistance from the business community and also with our development partners.

National tourism strategic plan - The Committee noted that the Ministry is planning to enhance tourism in the country so that tourism becomes one of the main revenue generating sectors of the country. However, the success of the plan will need the support and recognition of the government and its development partners. Additionally, the Ministry is developing a new five year strategic plan that is aimed at enhancing tourism to be a major revenue earner for the country. The Ministry is doing an audit of the progress on the current plan which will expire in 2019.

Support to Local Tourism Operators - All support programs for local tourism business operators in 2018 will be focused on priority areas viable to the Ministry as the budget dictates what the Ministry

can and cannot do⁴. One of the focuses is on the roll out of the “*Tourism Accommodation Minimum Standards and Classifications Program*”. This program is focused on improving tourism standards and services offered by operators in the industry to make it more marketable and attract more investment in the tourism sector. Therefore, the Ministry will be employing a targeted approach on supporting local tourist operators based on the demand for tourism services in their area.

Progress of Major Tourism Projects - The Committee heard that there are many programs that the Ministry was planning on implementing and some include:

- *Honiara Urban Revitalization Plan* – A joint submission program planned together with the Ministry of Lands and the Honiara City Council (HCC) to improve an area in Point Cruz. An initial concept design was developed by the Ministry of Lands in collaboration with the Coast Watchers Group. The Ministry, on its part, allocated some funds for the program in 2016 to start off the program but there was no further response on the matter by the Ministry of Lands and HCC, and therefore, the plan never eventuate.
- *Tulagi heritage project*– The plan to rebuild a replica of the former Resident Commissioners residence in Tulagi and convert it into a museum. The Budget is also the main factor why this program never started.
- *Maruyama Trail* – The program started some years ago where six communities were engaged to clean up the trail. A GPS mapping was also carried out by the Ministry. The plan now is to link the trail to Bloody Ridge as they are historically connected during World War II.
- *Florida Island Kayaking* – The program was planned to kick off in 2017 but due to Budget reprioritization the program was put on hold.

National Archives - The Committee gathered from the inquiry that Budget reprioritization and cuts are affecting the National Archives plan to fully complete a new building extension to its main building which is affecting the transfer of files from government ministries into the Archives. However, the National Archives is currently working on digitalising archived files since 2017.

National Museum - The Committee heard that during the commemoration of the 75th Anniversary of World War II in 2017, the National Museum initiated a project with the British High Commission to build a Solomon Islands Scout and Coast Watchers Museum. The High Commission has allocated some funds for the project and a London company (Fraser Randall) was engaged to work on an inception plan and the concept plan which will be used to design the architectural plan.

⁴ Permanent Secretary, Ministry of Culture and Tourism.

The Museum is also currently drafting a new Bill called the *"National Heritage Bill"* that covers various aspects of our heritage.

Cruise Ship Passenger Terminal - The Cruise Ships Terminal planned to be built in the main Port in Point Cruz has been put off as discussions between the Ministry and the Solomon Islands Ports Authority (SIPA) revealed that SIPA is planning to build a fully-fledged terminal at the proposed site.

Recommendation 16

The Committee recommends that as a potential revenue source for the country and the Solomon Islands Government, the Government must support the Ministry of Culture and Tourism in its development endeavours not solely for the purposes of tourism benefits but also for the purposes of maintaining the heritage and cultural identity of the people of Solomon Islands.

88 Ministry of Commerce, Industries, labour and Immigration

Mission Statement

The Primary purpose and objectives of the Ministry of Commerce, industries, Labour and immigration is to provide an effective and efficient delivery of services that will enhance, promote and generate growth within the private sector thus creating 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 build 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 foreigners and local investments, efficient legal and administrative process and the acceleration of technology and industry.

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	<i>37,923,578</i>	<i>33,883,565</i>	<i>22,903,804</i>	<i>25,506,612</i>	<i>20,475,484</i>
<i>Expenditure</i>					
Payroll	7,603,011	12,119,330	10,289,720	9,401,335	9,224,570
Other Charges	24,300,180	24,907,611	22,899,160	21,571,848	25,728,975
Total	31,903,191	37,026,940	33,188,879	30,973,183	34,953,545
Budget Support					
<i>Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	10,000,000	5,058,025	9,901,285	5,268,631	2,699,774
Donor	0	0	0	0	0
Total	10,000,000	5,058,025	9,901,285	5,268,631	2,699,774
Non-Appropriated					
Grand total	41,903,191	42,084,965	43,090,164	36,241,814	37,653,318

Issues of Concern

The Committee raised the following issues:

Reserved List of Indigenous Businesses - One of the thirteen key activities the Ministry aims to achieve in 2018 is to finalise the Report on the review of the Reserved List of businesses for indigenous Solomon Islanders. The review of the Reserve List was carried out by the Ministry in 2015 and the final Report is expected to be completed shortly in 2018⁵.

⁵ Mr Riley Mesepitu. Permanent Secretary. Ministry of Commerce, Industries, Labour and Immigration (MCILI). Evidence on 21st March, 2018.

The Committee heard that the main purpose of the Reserved List is to guide the Registry of Companies in registering of businesses and not directly to protect the interest of indigenous people on certain business activities. However, indirectly it gives locals the chance to get involved in these businesses. But historically, it is often difficult for locals to actively engage in these businesses. Therefore, it is important to note that should there be a need to expand the Reserved List we must ensure that locals actively participate in these businesses so that economic activity does not remain stagnant⁶.

The Committee views the current practice of foreigners operating businesses reserved for locals is marginalising indigenous Solomon Islanders from meaningful participation in the economy and it is an issue that the Ministry seriously needs to correct. This concern also extends to other businesses not listed in the Reserved List but should be as well. The Ministry must encourage meaningful participation of locals in domestic investment entrepreneurship by ensuring indigenous people have access to the necessary resources and skills through the Small and Medium Enterprise (SME) scheme.

Recommendation 17

The Committee recommends that the Ministry of Commerce, Industries, Labour and Immigration:

- (a) review and update all its Acts it operates under to protect indigenous Solomon Islanders.**
- (b) supports indigenous Solomon Islands to actively participate in economic activities by creating a supportive environment and providing resources.**

Demand for Urban Land and Office Spaces - The Committee is concerned that the rising demand for urban land by foreigners is driving land prices to a ceiling that is unsustainable for locals because it weakens their purchasing power. This disparity may have negative social consequences if it is not dealt with sooner.

Economic Growth Centre's (EGCs) - The Committee heard that the biggest challenges to the EGC scheme are land issues and finances. In light of land issues the Ministry will focus on carrying out scoping work and designing of EGC in rural locations that has opened up land for the scheme to avoid wastage of public funds.

⁶ Mr. Derick Aihari, Director of Foreign Investment Division. MCILI. *Evidence* on 21st March, 2018.

The Committee views that EGCs are crucial to the decentralisation of economic activities to rural areas to advance economic growth in areas where most of Solomon Islands' natural resources and populace are located.

e-Passports - The Committee heard that the shortage of passports was due to the government's lack of budget allocation for passports when it signed a MOU with the Malaysian company on November of 2016 to supply the country with E-Passports⁷. Since the signing of the MOU, the SIG has not allocated enough budget for the E-Passports. Thus, there were difficulties in implementing the MOU in 2016 and 2017. The Ministry was only able to issue passports in 2017, since the readable passport system was still in use up until November 2017. Under the MOU, the SIG is obligated to purchase 10,000 new passports per year at US\$110 per passport. 2018's bid was also rejected; however, due to *virements* the Immigration Division was able to secure a baseline of \$3.7 million for 2018. This amount will only cater for 4,000 E-Passports. In 2017 there were 6,294 passports issued. Therefore, the allocation for 2018 is not likely to meet the expected demand. This also reflects a breach on the MOU which requires a purchase of 10,000 E-Passport per year. The Ministry is seeking to review the current Build-Operate-Transfer (BOT) contract to reconsider the agreed amount of 10,000 passports per year.

Public Bus Services - The issue of foreigners owning and operating public bus service, which is listed in the Reserved List for indigenous businesses, is a cause for concern to the Committee. The Committee notes that under the *Foreign Investment Act 2005*, and the *Foreign Investment Regulation 2006*, there is a Reserved List of businesses for indigenous Solomon Islanders. The public bus service and taxi service are listed in the Reserved List. This means that foreigners are not allowed to invest in these businesses. However, the Ministry does not have any records or reports of foreigners investing in these businesses⁸. The Committee is informed that this is probably because foreigners are influencing or using locals as a means of disguise to operate in this business illegally, by having locals to register and operate the business under their name.

Foreign Investment Regulation - The Committee feels that the Foreign Investment Regulation 2006 needs to be reviewed due to issue of ambiguity. This ambiguity is viewed to be one of the causes to the exploitation of reserved businesses by foreigners in the country. The Ministry confirms that the regulation is currently under review to improve and increase the number of businesses to be included

⁷ Mr. Mason Fugui, Director of Immigrations. MCIL. Evidence on 21st March, 2018.

⁸ Mr. Derick Aihari, Director of Foreign Investment Division. Ministry of Commerce, Industries, Labour and Immigration (MCIL). Evidence on 21st March, 2018.

in the reserve list. Prior to 2004 the reserve list contained 60 business activities but no much economic activities were undertaken.

The Committee is very concerned that foreigners are taking over the reserved business activities from the citizens but the Ministry is not addressing this issue. People from Bangladesh and other Asian countries are taking over businesses that are reserved. This is becoming an issue in Honiara and the government has to empower its citizens otherwise it will become a social issue in the future. The retail and wholesale sector is now flooded with foreigners.

The Ministry through its submission⁹ responded that there are challenges faced regarding regulating foreign investment. Under current legislation, foreigners applying for businesses have met criteria under our laws. Further, these foreigners have applied under specialty business to operate restaurants or shops (retail or wholesale). The challenge is monitoring these operations to verify whether they comply with what they have applied for. Also there is need to review the current laws to specify restrictions and quotas.

Recommendation 18

The Committee recommends that the Ministry of Commerce, Industry, Labour and Immigration review the regulations and put in mechanisms to empower citizens to invest in the reserved business activities.

Consumer protection - The Committee is informed by the Consumer Affairs and Price Control Division¹⁰ that the Division is only monitoring and controlling the prices of goods specified in the Price Control Act (No. 6 of 1982). This includes mostly food items and petroleum products. However, the lack of manpower affects the effectiveness of monitoring and controlling by the division. Last year the Division identified a 60% rate of compliance.

The absence of cash registers in commercial shops is undermining consumer protection. Consumers must be able to identify the right prices of goods and the tax associated to them through cash register receipts. This helps consumers by maintaining the same level of competitive pricing for similar goods.

⁹ MCILI, Submission No. 47.

¹⁰ Mr. Geoffrey Hou'ua, Director of Consumer Affairs and Price Control, MCILI. *Evidence* on 21st March, 2018.

Work Permits - The Committee notes from the inquiry with the Ministry that 4,500 to 5,000 work permits were granted per year over the recent years, which includes both new and renewal of permits. The Ministry admits that it does not have the manpower capacity and qualification to monitor all applications.

Furthermore, the Ministry prefers that the Tertiary Scholarship Programs and human resources data of the Ministry of Education and Human Resources Development be linked to them to determine the number of professional people we have for different professions.

The Committee is concerned that foreign business owners are employing their relatives and associates who entered the country under a Visitor's Permit. The observation of foreigners working as cashiers, drivers, supervisors, and delivery person, among others, is not right as these jobs can be done by our own labour force. What is more concerning is how they acquire their work permits.

Moreover, the issue of bigger foreign companies employing other foreigners to perform mid-management jobs (such as accounting, supervisor, etc.) and semi-technical and technical jobs employed by the logging industry (chainsaw operators, drivers, etc.) is a concern to the Committee. The Committee views this current practice as one that impedes on employment opportunities of locals by depriving locals from these jobs. Industrial relations laws require modernisation and a quota system for certain professions is required so that foreigners are not displacing local professional.

CEMA - The principal idea behind the establishment of CEMA is to maximise the returns of resource owners, particularly farmers. Since 2002, the country has moved into the liberalisation policy (due to globalisation) to reduce government's running of commercial entities which brought CEMA to its current *status quo*. However, CEMA has since been more involved in a regulatory role but needs equipping to handle Quality Assurance work for exporting of local products. The graduation of Solomon Islands from the Less Developing Country (LDC) index will require Solomon Islands to realign its compliance standards when trying to export our products to the European Union by ensuring that our Quality Assurance mechanism are in place and operational.

Mamara Tasiparongo land - This is a long term project that is regulated by an Act of Parliament. A developer is tied to the project. Other investors are interested but restricted by the provisions of the Act. The Ministry informed the Committee that they will convene a council meeting with the developer

to resolve this. The Ministry will collaborate with landowners and other stakeholders on the way forward.

89 Ministry of Communication and 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

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	8,279,361	7,575,518	5,571,431	6,278,986	4,313,919
<i>Expenditure</i>					
Payroll	9,384,759	11,409,184	11,046,157	11,000,046	10,590,796
Other Charges	35,453,616	29,587,641	33,080,422	29,717,057	35,678,285
<i>Total</i>	44,838,375	40,996,825	44,126,579	40,717,103	46,269,081
Budget Support					
<i>Income</i>	0	0	0	0	
<i>Expenditure</i>					
Payroll	0	0	0	0	
Other Charges	0	0	0	0	
<i>Total</i>	0	0	0	0	

Development Budget

<i>Appropriated</i>					
SIG	14,000,000	22,193,809	19,276,576	9,428,730	14,809,503
Donor	0	0	0	0	0
<i>Total</i>	14,000,000	22,193,809	19,276,576	9,428,730	14,809,503
<i>Non-Appropriated</i>					
	0	0			
<i>Grand total</i>	58,838,375	63,190,634	63,403,155	50,145,833	61,078,584

Issues of Concern

The Committee raised the following issues:

Provincial Airports - The Committee enquired about the status of the provincial airports as to which ones will be upgraded in 2018. This is due to concerns in navigation and communication aides in domestic airports around the country. According to the Ministry, there are two programs

- *Airport runway conditioning* - This program is going to strengthen Parasi Airport, Gwaunaru'u Airport, Lata Airport and Kirakira Airport.
- *Provincial upgrade with NZaid* - The Ministry is going to upgrade Seghe Airport, Taro and Suavana Airport under this program. The following airports will be tar sealed and lighted: Seghe, Auki, Lata, Taro and Suavanao. Parasi will only cater for twin Otter due to the length of the field.

The Ministry has signed an MOU with landowners for Manaoba airport but unable to open the airport due to security threats. Landowners for Lomlom airport have signed an MOU with the Ministry. The Ministry is negotiating with landowners for access to the airport. Once access land is acquired the airport will open.

Submarine Cable Project - The Ministry assured the Committee that the project will be co-funded by Australian Government, PNG and Solomon Islands. The cable will be drawn from Sydney and while it is still in Australian waters it will be distributed to PNG and Solomon Islands. Hence, the cable separation will be done in Australian waters. A concern was raised on government's contribution towards the undersea cable. In response the Ministry also assured the Committee that the government is going to meet a third of the cost depending on the length of the cable. This is also the same for PNG. The estimated cost is approximately about \$30million for each.

The Ministry informed the Committee that the company to look after the project is still on negotiation process as the ownership of the cable will be shared between the Governments of Solomon Islands and PNG. Further, the Australian company, acting on behalf of the Australian gov't, will be responsible for laying the cable. The Ministry's concern now is to try to get it to cabinet for approval before Australia meet in June for their budget. Because this is a joint initiative, arrangements on our side need to be addressed before the end of April. If not, we risk waiting another year before the project can start.

The structure of the company is 50% for MOFT and 50% for MCA. A special purpose vehicle or company will manage the cable for 25 years (a virtual company). There is ongoing discussion amongst the three countries which has to be resolved by April 2018.

The cable will be landed in Honiara and then connected to Auki, Noro and Taro.

Upper Airspace Management - The Committee was informed that currently Australia is doing the management for us. They give us 60% revenue at the end of every month. The amount depends on the flights. This is roughly about \$8million (SBD) a year. The Ministry assures the Committee that the money collected goes into the Aviation Special Fund and the board and the Ministry is using it for operation cost for CASI, compliance, fire services, and security. Sometimes it is used to fund other necessary Ministry expenses when the budget is not ready on time.

The Committee also enquired on the status of the lower space – if there is any charge for those that use our lower air space. The Ministry responded that currently there is no revenue collection from it. The Ministry is yet still to install the equipment; however, it is an opportunity they can explore. The new company will look into this revenue avenue as currently the Ministry is not collecting any revenue from it.

Honiara international airport and Munda airport - The Committee is very concerned about the \$8million for development budget of the Ministry. This is not enough for Honiara and Munda activities. The Ministry informed the Committee that there are things needed to be done for Munda in order for it to be opened. The fire station and recruitments for fire officers are yet to be done. Also the government is responsible to fund the terminal while NZaid will meet the lightings and the fire station.

The Committee also raised concern about the delay with Munda; it is termed as a low hanging fruit by the previous government. It seems to the Committee that projects funded by donors will be implemented while SIG contributions will always drag on. The Committee is very concerned about the government's obligation towards the cost sharing that we have with New Zealand for Munda airport. The development allocation is questionable as to whether the government is serious about this project or not.

Solomon Islands Airport Corporation - The Ministry informed the Committee that this SOE will not be launched in 2018. This is due to the issue of parking fees that will be addressed by the airport company.

JICA Project for Honiara International Airport - The Ministry informed the Committee that JICA project will have to wait for Cabinet decision before the Ministry will work on it by October 2018. The project will involve the buying back of plots of land around the airport, extension of the runway on the Western end, relocation of the departure terminal and the domestic terminal.

Review of the Telecommunication Act - The Committee raised concern on the need to review the Telecommunication Act. The Act seems to tie up the Government. The phone bill charges seems that Telekom is overcharging its customers.

The Committee also raised that any anti - competitive behavior must be penalized as Telekom is doing it to Bmobile. The Ministry agreed and stated that they are now in the process of reviewing the three Acts under their jurisdiction – Postal Act, Civil Aviation Act and Telecommunication Act. This process should address issues raised.

Lands surrounding Henderson Airport - The Committee urge the Ministry that they should use the Civil Aviation Act to resume all lands around the airport and only pay token compensation to the title holders. The Ministry in response stated that they are looking into resuming the lands using the powers of the Minister to cater for the new proposed airport upgrade. They were mismanaged by the previous administrations. They will work with the WB on a master plan.

Failed Equipment at Henderson Airport - The Committee highlighted that air space should be under CASI as discussed before, and questioned why it cannot we run it ourselves. The Ministry informed the Committee that a \$17million project funded the installment of the equipment. However, until today those equipment to monitor upper space are not working. It was a failed project and the auditors will audit it. The same problem also applied to those at the Provinces. The government is giving Australia three more years to manage it while we are learn from PNG on how to manage it.

The Committee raised that all the airport equipment needs to be improved in general, especially Doppler VHF Omnidirectional Radio Range (DVOR). NZ is currently providing six monthly services

to the various equipment of MCA. It is still safe to fly to the provinces and pilots are also relying on onboard instruments.

Revenue – The Committee was informed that the Ministry is doing their very best to collect revenue and undertake debt recovery. The formation of SIAC will bolster revenue collection.

Recommendation 19

The Committee recommends that the Ministry of Communication and Aviation, in collaboration with Ministry of Finance, put in place a revenue management system that will ensure effective revenues and arrears collection.

SIPC debt with Japan post – Solomon Islands Postal Corporation (SIPC) is highly indebted due to a \$70m debt with Japan Post. The Ministry is negotiating with the Government of Japan to resolve this matter. SIPC is unable to secure loan financing due to the effect of the debt on its balance sheet.

90 Ministry of Fisheries and Marine Resources

Mission Statement

The Ministry of Fisheries and Marine Resources (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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	413,230,299	356,707,763	275,159,328	317,993,424	217,208,517
Expenditure					
Payroll	4,753,949	6,115,476	5,138,909	5,058,671	4,710,779
Other Charges	10,043,078	15,164,008	10,397,080	9,698,854	11,401,203
Total	14,797,027	21,279,484	15,535,989	14,757,525	16,111,982
Budget Support					
Income					
New Zealand	8,400,000	5,977,682	6,118,578	12,188,520	3,009,405
Total	8,400,000	5,977,682	6,118,578	12,188,520	3,009,405
Expenditure					
Payroll	816,308	801,551	831,206	678,372	483,782
Other Charges	7,583,692	4,984,296	5,130,351	6,285,315	3,421,226
Total	8,400,000	5,785,847	5,961,558	6,963,687	3,905,008

Development Budget

Appropriated

SIG	4,000,000	16,762,824	24,675,682	26,124,896	1,208,290
Donor	0	0	0	0	0
Total	4,000,000	16,762,824	24,675,682	26,124,896	1,208,290
Non-Appropriated				0	
	0	0			
Grand total	27,197,027	43,828,155	46,173,229	47,846,108	21,225,280

Issues of Concern

The Committee identified the following matters of concern:

Revenue forecast - The Committee is very concerned with revenue forecast of \$413m for the Ministry. This has very negative impact on the 2018 budget. The Ministry indicated that they are confident with collecting \$350m.

Constituency Fisheries Centres (CFC) – The Committee raised concern that some of the facilities in the CFC are not working properly. These include freezers and unavailability of lighting materials. The Ministry informed the Committee that their priority is to handover the completed CFC in 2018, with minimal support for the users of the centres to operate. An OBM and ice box will be supplied to each centre. The Ministry mentioned that they do not receive any report regarding the malfunction of the

freezers. The freezers can develop problems if fish are not loaded properly into the freezer. The way fish is loaded into the freezer can affect the quality of the fish. An MOU will be developed to guide the operations of the CFC. The lighting materials will be shipped to the CFCs this year. The Ministry will deploy a FAD for each CFC and will assess the type of FAD to deploy in heavy traffic areas. The Ministry will provide technical training on the FAD to all provincial offices. The Ministry will deal with illegal fishing if it is reported to them.

With regards to home canning – the Ministry is still developing the technology to be trialled in the CFCs. The facility can produce 70 cans every 45 minutes. The Ministry is collaborating with MHMS and other stakeholders to produce a regulation and provide training on this.

Sea cucumber – The Ministry is maintaining a hatchery to undertake trials on sea cucumber farming. It is still being researched so currently there is no support to the constituencies on this. A research location has been identified in Ngella.

The Committee is concerned that Ontong Java people are not supported to undertake sea cucumber farming. The Ministry informed the Committee that those who want to undertake commercial farming must first obtain a license from the Ministry. The licence to operate aquaculture is \$15,000. Those who want to do research must obtain a research permit also.

Suava Bay project – A land mobilisation study was undertaken 2 years ago on this site. The recommendation from the study was to implement project on one site first, therefore Bina was chosen. The focus is on canary at Bina since the operations in Bina will double the capacity at Noro. Also there was security issue at Suava during that time.

Blue boats – The Ministry informed the Committee that the three blue boats were destroyed under their supervision. The blue boats are still a threat to fisheries in the whole region. The Ministry is collaborating with FFA on this issue.

Tilapia initiative – This is a new and sustainable industry that the Ministry is pursuing after many studies. The species in the country is not commercially viable. The Ministry is importing a hybrid species that can grow into marketable size after 4 months. Cabinet has approved the importation and farming of this species. An MOU is signed with the Ministry of Agriculture. A location has already been identified for a hatchery and construction of the facility is going to be done in 2018.

Bina project – Only \$1m is allocated for this project and it is to meet the cost for matters relating to land. Land matters are yet to be fully settled and it is the aim of the Ministry to resolve this in 2018.

Doma project – A reputable investor has indicated its interest to develop this project. However, land is still an issue. The identified plots of land have already been allocated to other people.

EEZ – The current capacity of catch in the EEZ is low due to the migratory nature of tuna. Noro has experienced low catches recently. The maximum number of canaries for SI is three. PNG is experiencing over capacity.

91 Ministry of Public Service

Mission Statement

The Ministry of Public Service 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 oversees the regulation of condition of service for public officers, deals with 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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	22,553	20,150	19,050	4,550	24,070
<i>Expenditure</i>					
Payroll	12,348,218	15,984,625	14,435,624	15,547,068	13,328,719
Other Charges	12,479,051	11,412,258	15,605,810	14,873,920	12,047,097
Total	24,827,269	27,396,882	30,041,433	30,420,988	25,375,817
Budget Support					
<i>Income</i>	0	0	0	0	
<i>Expenditure</i>					
Payroll	0	0	0	0	
Other Charges	0	0	0	0	
Total	0	0	0	0	

Development Budget

Appropriated

SIG	1,000,000	2,981,940	606,480	2,281,023	3,766,255
Donor	0	0	0	0	0
Total	1,000,000	2,981,940	606,480	2,281,023	3,766,255

Non-Appropriated

		0			
Grand total	25,827,269	30,378,822	30,647,913	32,702,011	29,142,072

Issues of Concern

The Committee identified the following matters of concern:

Public Service Bill - The Committee is concerned that the Public Service bill has taken so long to be brought to Parliament. The Committee was assured during the PAC hearing that the Public Service Bill is now in its eight draft. Further consultation on the Bill will be carried out in particular to compare it with the PNG and Samoa models before it is finalised.

Professional cadre - The Committee noted that the Restructure of terms and conditions in the Public Service is one of the key priority areas of the Ministry. The work around examining job classification is still on-going. The Committee was informed that the Ministry has recently engaged a technical advisor

in September 2017 to work on the scheme. After the report is presented, the Ministry will then look at the salary structure for these professionals. The current structure ignores the unique nature of some of the professions

Issue of Housing - The Committee is concerned that the Ministry should consider public servants housing rents to be treated as part of the salary package for public servants. The Ministry indicated that it only deals with housing allowances and the only policy in place is the PSRS. Nothing has been done on the inclusion of rental allowance into salary. Construction of new houses requires the joint efforts of MPS, MID and MLHS.

Long and Dedicated Service Benefit – The Committee is concerned that the Ministry has huge arrears outstanding for the payment of the Long service benefits of the retired public servants. The Committee strongly warns the Ministry that the government has to keep its commitment to ensure retired public servants get their benefits. The Committee was informed that the Ministry needs \$30 million for these outstanding arrears for the Long Service Benefits to be fully cleared for 300 officers. 105 officers were paid theirs in 2017 for \$7m. The strategy is for ministries to budget for their retiring officers on an annual basis.

Recommendation 20

The Committee recommends that the government prioritizes the payment of Long Dedicated Service Benefit so that this long outstanding arrear is cleared and the retirees are accorded the recognition they deserve.

Recruitment freeze – The Committee is concerned that the Ministry has frozen the creation of new vacancies due to financial situations that the country faces. The Committee notes that the replacement of retirees and those who resign are also affected.

Slow processing of disciplinary cases – The Committee reiterated its concerns over the length of time it takes to deal with disciplinary cases, particular those that result in separation from the service which allows the incumbents position to be filled by a replacement. The Ministry advises that the disciplinary process is too cumbersome with officers being put on full or half pay. MPS and PSC could not fast track due to legal impediments. Disciplinary process is guided by legal process therefore regulations need to change in order to fast track the process to be in line with business practices in the private sector. The Ministry has increased the number of officers in the disciplinary unit to fast track these cases.

Training is ongoing to develop the skills of officers to decrease misconduct in offices. Induction courses are required for all newly appointed officers.

92 & 96 Ministry of Justice and Legal Affairs & National Judiciary

Mission Statement

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

Recurrent Budget

Justice and Legal Affairs

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	1,006,203	844,586	936,850	939,590	884,914
Expenditure					
Payroll	8,800,239	12,703,864	11,795,347	11,516,976	9,330,142
Other Charges	17,419,294	18,148,512	19,066,742	17,496,572	15,153,492
Total	26,219,533	30,852,375	30,862,089	29,013,548	24,483,634
Budget Support					
Income	0	311,528	0	0	0
Expenditure					
Payroll	0	166,448	410,619	355,297	151,760
Other Charges	0	2,970,080	139,657	61,097	0
Total	0	3,136,528	550,276	416,394	151,760

National Judiciary

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
Income	1,797,859	2,008,634	1,431,663	966,043	935,106
Expenditure					
Payroll	12,962,883	12,545,363	11,364,436	16,305,061	7,668,263
Other Charges	11,663,388	11,441,309	12,871,938	12,652,788	12,939,410
Total	24,626,271	23,986,672	24,236,374	28,957,849	20,607,673
Budget Support					
Income	0	0	0	0	0
Expenditure					
Payroll	0	132,338	388,780	550,422	759,419
Other Charges	0	904,151	283,650	244,710	0
Total	0	1,036,489	672,430	795,132	759,419

Development Budget

Justice and Legal Affairs

Appropriated

SIG	1,000,000	4,670,951	6,119,788	4,993,517	2,258,802
Donor	0	0	0	0	0
Total	1,000,000	4,670,951	6,119,788	4,993,517	2,258,802

National Judiciary

Appropriated

SIG	1,000,000	104,224	1,992,357	2,282,538	184,665
Donor	0	0	0	0	0
Total	1,000,000	104,224	1,992,357	2,282,538	184,665

Issues of Concern

The Committee identified the following matters of concern:

Delay in High Court Decision - The Committee is concerned that the decisions of high court seemed to take too long before they were released. The Committee strongly reminds the Ministry to properly resource the Judiciary so that justice is not compromised. Court circuits, are not done regularly and cases are filing up. The Ministry is working hard to ensure that the Ministry functions as expected. A

Justice from PNG has been brought in to assist with the backlog of cases. Discussion is going on with PNG to supplement the Court of Appeal with judges.

Judges - The Committee is concerned that the Ministry is not recruiting the maximum number of judges required to work in the justice system. There is a growing concern that cases are not disposed off quickly in Court due to under funding and under resources. The Committee is assured that the Justice system still has one more post to be filled and 7 others are already filled.

Magistrate - The Committee is concerned that there are no court and office facilities in the Provinces. This is affecting the performance of the Magistrate in the country. The Committee was informed that 16 Magistrate is the ideal number of Magistrate required to be recruited for offices of the Magistrates in the country, however, currently, 8 are active and most others are not active due to sickness.

Case Management - The Committee is concerned that although there is case management in place to identify outstanding cases. However, with limited fund and budget allocation for the Magistrate to undergo Provincial circuit tours, the Ministry confirmed that they can't do much.

Improve Access to justice by Shortlands - The Committee is concerned that there was no magistrate court circuits for more than 11 years in the Shortland's Islands. Their cases are still outstanding and parties to some cases are now deceased. The Committee is concerned as to how long it will take for a pending case to be wiped out off the system. The Committee was informed by the Ministry that due to the cost cutting measures taken to dispose-off cases, the Shortland Island cases are heard either at Gizo in the Western province or at Taro in the Choiseul Province.

Infrastructure Project - The Committee is concerned that the budget allocation for development project under the Ministry is reduced from \$7 million to \$1 million. Given the need for the improvement of facilities to accommodate justice system in the province, the budget of \$1 million allocated for the development project is unreasonable. The Committee is informed that the budget allocation of \$1 million will go towards the land acquisition at Kirakira, and the remaining budget will be for the improvement of the PSO and DPP office at Kirakira and Lata.

Funding funded by PNG - The Committee noted that the Ministry has received funding of 2.4 million from PNG, under the MOU signed between the Chief Justice of Solomon Islands and PNG, to assist the

justice sector. The Funds are in the budget support to develop an alternative dispute resolution program to address the backlog of the cases.

Excessive Court fees - The Committee is concerned that the excessive court fees imposed on high court cases is unaffordable by indigenous Solomon Islanders, especially the land owners. The Committee further mentioned as to what legal instrument is used as measures to increase the court fees. The Committee is concerned that it is obvious that wealthy people often take advantage of local people due to the excessive fees imposed by High Court, making it difficult for locals to afford.

The Committee is informed by the Ministry that the Public Solicitors Office offers free legal advice and the LALSU provides legal advice on land issues to citizens. However, they don't have the capacity to litigate for clients regarding land issues. Their role is limited to providing legal advices only.

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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	4,946,975	4,420,061	4,132,434	3,014,305	3,013,840
<i>Expenditure</i>					
Payroll	2,184,150	2,412,449	2,435,712	2,653,318	2,027,540
Other Charges	43,870,639	24,569,105	36,977,381	34,991,859	101,694,134
	46,054,789	26,981,554	39,413,092	37,645,177	103,721,674
Budget Support					
<i>Income</i>	0	0	0		
<i>Expenditure</i>					
Payroll	0	0	0		
Other Charges	0	0	0		
Total	0	0	0		

Development Budget

Appropriated

SIG	9,000,000	17,023,366	387,340	1,027,945	0
Donor	0	0	0	0	0
Total	9,000,000	17,023,366	387,340	1,027,945	0
Non-Appropriated					
Grand total	55,054,789	44,004,920	39,800,432	38,673,122	103,721,674

Issues of Concern

The Committee identified the following matters of concern:

National election preparation – The Committee raised concern that the Ministry's current budget does not accommodate the electoral programs and activities in early 2019. The Committee was informed during the PAC hearing that the Ministry will need about \$40.4 million to carry out preparation for the national general election in 2019. The Ministry assured PAC that their contingency plan for the registration of voters and election is to engage more than 1000 volunteers to conduct registration in the provinces and more than 3000 volunteers to be engaged in the election process.

The Ministry is determined to have the registration completed before the due date as plan is already in place. There is sufficient time to have the electoral roll ready before December 2018. The issue is the preparations for the national elections as the Ministry requires about \$14.4m for the preparation as procurements can't wait for 2019. But the amount is not in the budget. The task is quite huge and hopefully some donors will assist.

Pre-polling - Under the new bill, pre-polling is possible for election officials and for other categories of voters such as patients in hospitals, those studying abroad such as PNG, Fiji, Vanuatu, NZ and Australia. The pre-polling mechanism process is possible but the likely cost is \$1.5m.

LPV – This is dropped from the bill. Lessons learnt from PNG indicate that the failures are not due to the electoral systems but other factors such as the under resourcing of the electoral office and the failure to enforce the law.

Registration of voters – The Ministry confirmed to the Committee that constituency voters can register in Honiara and voters from Western and Choiseul can still register but majority of them have already registered.

Pacific games 2023 – The Ministry confirmed that a consultant is working on a master plan for the Pacific games regarding venues and sports to be included. ROC indicates its willingness to fund the stadium but the land is yet to be secured. The KGVI land is still under consideration.

Solomon games – This is still allocated to Rennell and Bellona and is expected to be held in October/November 2018. A technical team will decide on the number of sports – minimum 7 and maximum 14.

94 Ministry of National Unity, Reconciliation and Peace

Mission Statement

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

Recurrent Budget

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	3,233,103	3,253,017	2,679,928	2,434,425	1,932,720
Other Charges	12,372,586	11,038,785	14,389,870	13,161,891	8,789,584
Total	15,605,689	14,291,803	17,069,798	15,596,316	10,722,304
Budget Support					
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	1,000,000	5,188,280	8,490,107	2,841,982	2,060,981
Donor	0	0	0	0	0
Total	1,000,000	5,188,280	8,490,107	2,841,982	2,060,981
Non-Appropriated					
Grand total	16,605,689	19,480,083	25,559,905	18,438,298	12,783,285

Issues of Concern

The Committee identified the following matters of concern:

Traditional Governance Bill – The Customs Recognition Act is yet to be gazetted and the Ministry will work with MJLA to resolve this. The aim of this bill is to institutionalize traditional norms and practices and to empower traditional leaders. The bill will include structures and governance and land rights. Drafting instructions are already approved and submitted to AGC for action. The Ministry will conduct nationwide consultations during the year. Network had already been established with provinces.

Reconciliation program – The Ministry organized a peace and reconciliation meeting in Gizo for chiefs from Bougainville, Western and Choiseul in November 2017. The resolution is to have a peace dialogue either in Shortlands or Taro to decide on a reconciliation program. This was an UNDP funded program that brought together community leaders. It does not deal with reparations. The concern of the Committee is that such programs never take into account the interests of victims and perpetrators of conflicts. The Ministry has taken note of this concern.

TRC report – The Committee noted that the report was already tabled in Parliament but yet to be debated. The Committee is disappointed with the report and disappointed with the peace process. It has been highly monetized and never addressed the core issues relating to the reconciliation process. There is a need to encourage all to move on with life. There have been lots of reconciliation ceremonies. The Ministry has taken note of the concerns of the Committee.

Change of coat of arms – The Committee is happy that there is no allocation for this as it is a low priority policy. There is no absolute impact on that, given the current situation with our economy. The Ministry has taken note of the Committee's concern.

Residence at Panatina Ridge – The Committee enquired about the Ministry's estate near the SIWA water catchment hence they are not offering water supply for that compound. The Ministry informed the Committee that they bought the land like others who build in the area. The Ministry is looking into installing borehole system for those housing estates instead.

Payments to Ex-combatants - The Ministry is determined that there will be no more cash payments to this group. They will partner them in peace building activities.

The Committee also expressed that Ex-combatants who moved on and successfully reintegrated back into society should be left alone. As re-engaging them, by way of peace building, may have unintended consequences.

Land acquisition for provincial infrastructure development – This program is put on hold due to funding constraints.

95 Ministry of Mines, Energy and 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

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	<i>3,427,929</i>	<i>3,062,811</i>	<i>1,628,552</i>	<i>2,245,619</i>	<i>4,316,783</i>
<i>Expenditure</i>					
Payroll	5,036,864	5,768,978	5,138,995	5,461,226	4,931,296
Other Charges	8,668,382	9,131,229	10,188,871	13,861,859	9,769,219
Total	13,705,246	14,900,207	15,327,866	19,323,085	14,700,515
Budget Support					
<i>Income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

SIG	9,000,000	24,481,131	28,582,093	33,630,995	18,040,819
Donor	0	0	0	0	0
Total	9,000,000	24,481,131	28,582,093	33,630,995	18,040,819
<i>Non-Appropriated</i>					
Grand total	22,705,246	39,381,339	43,909,960	52,954,080	32,741,334

Issues of Concern

The Committee identified the following matters of concern:

Mining & Mineral Act review - The Committee is very concerned that there is an urgent need to review and amend the current legislation. Investors have been extracting minerals and export them at zero % export duty. The Ministry confirmed that a mineral policy was launched in 2017. The next step is to hold consultations and develop a new mining legislation. The WB is assisting the Ministry with this. The Committee is concerned that while the Ministry is labouring with the legislation, the miners are depleting the country's mineral resources with minimal benefits to the resource owners and the government.

Recommendation 21

The Committee recommends that the Ministry of Mines, Energy and Rural Electrification fast track the review of the Mines and Minerals Act and bring it to Parliament as soon as possible. If this process will take long then amend the Act to address the issues at hand.

Volume of fuel import – The Ministry is unable to provide data on the volume of fuel imports to the country. This is a concern because MoFT is basing a large portion of revenue on import duties on this commodity.

Analysis of mineral s for export – The Ministry confirmed that they do not have the capacity to analyse the composition of minerals that are exported by mine operators. They rely on the data that the companies are providing to them. This is a grave concern to the Committee because the Ministry is at the mercy of these companies.

Betilonga land – The Committee is very concerned that the Commissioner of Forest is relying on a letter from the Director of Energy to issue a felling license to a logging company for the concerned land. The Committee believes that the FTE is held by the government. The Director indicates that he was not aware of the logging operations when he issued the letter. Further discussions on this has been previously covered in section under MLHS.

SIWA water capacity at Auki – SIWA confirmed that demand for water at Auki is above the current capacity. SIWA has replaced old pipes to address water leakage but there is the issue of water theft as well. SIWA is investing in new pumping stations to relieve the pressure on current water supply.

Honiara water treatment plant – SIWA has recently completed a 30 year strategic plan. The plan envisages that Honiara will have a water treatment plant before 2023. ADB is funding a study for the treatment plant. Demand for water in Honiara is very high but SIG is yet to allocate CSO funding to SIWA since 2015.

Water sector drilling – The Ministry has purchased a small drilling machine for ground water drilling. They are in the process of completing a workshop facility. Those who require boreholes can apply to the Ministry and pay a service fee to cover operations cost.

Gold ridge mine – The \$500k is to meet the cost of consultations with the two landowner associations and other related costs.

SIWA tank at east kola ridge – This is part of a project of \$30m to get water from west Honiara to east Honiara. The construction is behind schedule but the commissioning will be done in April 2018.

Fiu hydro project – This project is on hold. The ADB funding is now reallocated to a solar farm in Auki to supply 1.5 megawatts of power. The project is managed by SIEA and is located on a registered land.

Tina hydro – This project is going to be managed by Korea Water. The government is not going to be a shareholder in the company. SIEA will enter into a power purchase agreement and the tariff is expected to be less than US\$0.21. The estimated construction cost of the project is about US\$141m. Additional costs for access, etc., will bring the total cost to around US\$185m. The landowners and government will go for cooperative societies in order to derive benefits from the hydro company. The Tina Hydro project office is currently not operational as SIG funding is not available to keep the office open.

97 Ministry of Women, Youth and Children's 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

	Budget	Actuals			
SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	1,949,982	2,131,531	2,042,647	1,805,249	1,959,865
Other Charges	8,210,531	7,716,606	8,183,061	8,853,096	8,274,949
Total	10,160,513	9,848,138	10,225,708	10,658,345	10,234,814
Budget Support					
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

Appropriated

SIG	500,000	1,958,855	2,487,004	2,441,148	1,058,587
Donor	0	0	0	0	0
Total	500,000	1,958,855	2,487,004	2,441,148	1,058,587
Non-Appropriated					
Grand total	10,660,513	11,806,993	12,712,712	13,099,493	11,293,401

Issues of Concern

The Committee identified the following matters of concern:

Gender Based Violence – The awareness on gender based violence has not gone down to the village level. The Ministry will provide report to Parliament in order to inform the House about the issue. Referral network is in place particularly with Family Support Centre and Christian Care Centre. The Ministry believes that publicity will assist to address the issue of violence. The Ministry is working closely with RSIP, MHMS and NGOs. The legislation is guided by an advisory committee which meets four times a year. Family awareness has been done in Isabel and Western.

Empowering rural women and youths - The Ministry indicated that the direct link from Honiara to the rural areas is very expensive. The Ministry is trying to assist rural women through grant scheme but the mechanism is too cumbersome for the Ministry and the rural women groups to handle. The Ministry also provides youth grants and subventions to the national youth congress.

Youth unemployment - The Committee is very much concerned about the ever growing number of unemployed youth in urban centres. The Ministry admitted that this is a major issue. 18,000 youths are in the system each year. Only about 4,000 find employment each year. The Ministry is developing a youth policy for Cabinet consideration.

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

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	10,012,500	10,885,188	10,266,563	8,471,619	6,846,136
Other Charges	6,355,377	6,050,662	5,542,674	6,043,313	4,681,179
Total	16,367,877	16,935,851	15,809,237	14,514,932	11,527,315
Recurrent Budget - Budget Support					
<i>Income</i>	0	0	0	0	0
<i>Expenditure</i>					
Payroll	0	0	0	0	0
Other Charges	0	0	0	0	0
Total	0	0	0	0	0

Development Budget

<i>Appropriated</i>					
Appropriated	320,000,000	373,954,016	321,546,999	326,911,954	177,536,934
Total	320,000,000	373,954,016	321,546,999	326,911,954	177,536,934
<i>Non-Appropriated</i>					
Total	336,367,877	390,889,867	337,356,236	341,426,886	189,064,249

Issues of Concern

The Committee identified the following matters of concern:

Arrear on CDF – The Ministry has instructed all CDOs to make submissions on a timely basis so that payments are made on a timely basis to avoid arrears. For 2017, there are no arrears for ROC funded projects. There are \$2.9m arrears under SIG and it is mainly for NE Guadalcanal constituency. The CDC funding was not utilized in 2017.

Preferred Suppliers – A submission is made to Central Tender Board to continue with the current preferred suppliers until a new PSA arrangement is approved.

Deadline for acquittals – The Ministry has extended the deadline for acquittal to 27/03/2018.

99 Ministry of Environment, Climate Change, Disaster Management and Meteorology

Mission Statement

- To improve and strengthen the national institutional and administrative capacity of the division to be able to promote the protection, conservation and sustainable management of the use of the environment and natural resources of Solomon Islands.
- To provide an enabling environment for the socio-economic development of the Solomon Islands through application of necessary safeguards with regards to: sustainable use of natural resources; the provision of meteorological services; reducing the risk and impact of climate change and other hazards to communities; and leading and managing disaster preparedness and their consequences.

Recurrent Budget

	Budget	Actuals			
Recurrent Budget - SIG	2018	2017	2016	2015	2014
<i>Income</i>	690,106	616,600	389,900	436,103	941,401
<i>Expenditure</i>					
Payroll	7,695,795	9,171,320	8,896,349	7,741,366	6,924,343
Other Charges	15,556,362	18,872,337	30,480,421	21,104,114	21,092,443
Total	23,252,157	28,043,657	39,376,769	28,845,480	28,016,786
Recurrent Budget - Budget Support					
<i>Income</i>	0	0	6,660,638	348,972	7,870,000
<i>Expenditure</i>					
Payroll	0	246,077	49,715	64,625	493,147
Other Charges	0	485,901	33,000	0	7,863,652
Total	0	731,978	82,715	64,625	8,356,799

Development Budget

Appropriated

SIG	4,050,000	7,856,772	12,929,699	4,069,719	8,232,795
Donor	0	0	0	0	0
Total	4,050,000	7,856,772	12,929,699	4,069,719	8,232,795
Non-Appropriated					
	0	0			
Grand total	27,302,157	36,632,407	52,389,183	32,979,824	44,606,380

Issues of Concern

The Committee identified the following matters of concern:

Office building – The Ministry will work toward tendering of the design and supervision for the Office building. Construction will not take place until funding is available.

CTI initiatives - The Coral Triangle Initiative (CTI) covers environment and conservation. It is also supported by Fisheries. The activities are part of the national action plan. It helps communities with capacity to conserve their environments in Marau, Isabel, Malaita and Guadalcanal.

Kanabona logging operation – The Ministry indicates that the operation complies with the regulations that they administer. Director of Environment visited the site before operations started. The director discussed with Siriako Usa and directed that logs and machinery are not to be stored on the beach. The director admits that enforcement is a bit weak. The Committee is concerned that 50 metres from the

river bank rule as required by the code of logging practice is not enforced. The onus should be on the developer but the director seemed to be too flexible. As a result the river is contaminated.

Komarindi land – The Committee is very concerned that the government is losing revenue due to the inappropriate logging operations in that land. The responsible officers, including the Director, are not undertaking due diligence on this project before providing consents for operations to proceed.

The Ministry notes and agrees with the concerns raised by the Committee. They will further review the environment act to address due diligence process for all development projects.

Wrecks – The Ministry is finalizing a national waste and pollution management strategy to address wastes on imported goods. This will be factored into the environment regulations. There is no law or regulations on imported wastes.

Climate change adaptation - The Ministry is implanting 2 projects under this program. One is CRISP, which is funded by LDC fund and the Global disaster fund. The projects are located in the following places: Guadalcanal, Isabel, Malaita, Temotu and Central. The other is the SI water Sector adaptation project which is water related and administered by the Ministry of Mines. The funding for these projects is channeled through WB, ADB and UN to administer. The Tina hydro is partly funded by the Green Fund.

Resettlement policy - The Ministry admitted that it was really difficult to implement relocation of communities affected by sea level rise due to competing stakeholder demands. Studies have shown that conflicts arise between landowners and settlers; settlers found it difficult to adapt to new environment, new way of life, and the settled areas have become over populated.

The Ministry indicated that the resettlement policy will be led by the Ministry of Lands. Ministry of Environment will provide the technical support, including baseline studies undertaken on previous settlements. The policy needs to address many issues relating to the need for resettlement such as population pressure, manmade and natural disasters. Climate change is an additional issue. The policy will provide the mechanism to find a solution. It is a cross stakeholder policy.

Disaster Relief Fund – The funding for this is under the recurrent budget of the Disaster Management Office.

Flood victims resettlement at April Hill – This is administered by the Ministry of Lands.

END OF REPORT

4.0 APPENDICES

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 2018 Appropriation Bill 2018

Day 1 /2018

Thursday 15th March 2018, CR II, Parliament House 10:46 am

1. Members Present

Hon Douglas Ete, Chairman
Hon Matthew Wale, MP
Hon Dr. Derek Sikua, MP
Hon Manasseh Maelanga, MP
Hon Christopher Laore, MP
Hon. Peter Tom, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Gregory Fineanganofa, Committee Secretariat
Mrs Jasmine Waleafea, Committee Secretary
Mr Marlon Keni, Hansard Reporter
Ms Sherolyn Ragoso
Mr Lawrence Scott, Media Officer

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

The Hearing proper commenced and the following witnesses from these Financial Institutions and were admitted:

Hearing 1 Witnesses

- i. Mr Guido Rurangwa (Representative), World Bank
- ii. Mr Denton Rarawa (Governor), Central Bank of Solomon Islands
- iii. Mr Luke Forau (Advisor to Governor), Central Bank of Solomon Islands
- iv. Mr Donald Kiriau (Chief Manager, Economics (Ag)), Central Bank of Solomon Islands

Hearing suspends at 12:22 pm

Hearing 2 Witnesses

The Hearing proper resumed at 1:55pm and the following witnesses from the Ministry of Finance and Treasury (MoFT) were admitted:

- i. Ms Panita Sharma (Budget Advisor), MoFT
- ii. Mr Nathan Kama (Comptroller), Custom & Excise, MoFT
- iii. Ms Elizabeth Kausimae (Undersecretary), MoFT
- iv. Mr Bebeno Belo Mulesae (Financial Controller), MoFT
- v. Mr Coswal Nelson (Director Budget), MoFT
- vi. Mr Douglas Sade (Director (Ag)), MoFT
- vii. Mr Norman Hiropuhi (Undersecretary Finance), MoFT
- viii. Mr Harry Kuma (Permanent Secretary Finance), MoFT
- ix. Mr Rictor Luaboe (Chief Accountant), MoFT
- x. Mr Tobais Bule (Director, Debt Management Unit), MoFT
- xi. Mr Joseph Dokekana (Chief?? Inland Revenue), MoFT

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing concluded at 4:42pm

Minutes of Proceedings

Committee Inquiry into the 2018 Appropriation 2018

Day 2 /2018

Friday 16th March 2018, CR II, Parliament House 09.47 am

1. Members Present

Hon Douglas Ete - Chairman
 Hon. Matthew Wale, MP
 Hon. Christopher Laore, MP
 Hon. Dr. Derek Sikua, MP
 Hon. Peter Tom, MP
 Hon Manasseh Maelanga, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Whitmon Tabiru, Committee Secretariat
 Ms Theresa Nori, Hansard Reporter
 Mrs Arol Kimi, Hansard Reporter
 Mrs Esther Turanga, Hansard Reporter
 Mr Lawrence Scott, Media Officer

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

The Hearing proper commenced and the following witnesses from the Ministry of Development Planning and Aid Coordination (MDPAC) were admitted:

Hearing 3 Witnesses

- i. Mr Samuel Wara (Director- Development Cooperation), MDPAC
- ii. Mrs Julie Byers (Advisor), MDPAC
- iii. Mrs Gladys Asitewa (Human Resource Manager), MDPAC
- iv. Mr Samuel Aruhu (Director – SDGS), MDPAC
- v. Mr Lottie Vaisekarea (Project Manager – RDP), MDPAC
- vi. Mr Harry Kereseka (FCNAO – Program), MDPAC
- vii. Mr Coswal Nelson (Director Budget), MoFT
- viii. Mr Andrew Prakash (Director- Economics & Production), MDPAC
- ix. Mrs Lyn Sidi (Director – Planning & Budget), MDPAC
- x. Mr Shadrach Fanega (Permanent Secretary), MDPAC

The witness made his presentations before the committee.

The committee questioned the witness based on the evidences presented.

The examination concluded.

Hearing suspends at 11:46am

The Hearing proper resumed at 1:33pm and the following witnesses from the Ministry of Environment, Climate Change, & Disaster Management were admitted:

Hearing 4 Witnesses

- i. Mr Bobby Ramo (Financial Controller), MECCDM
- ii. Mr David Hiriasia (Director –SIMS), MECCDM
- iii. Mr Joe Horokou (Director- ECD),MECCDM
- iv. Dr Melchior Matakai (Permanent Secretary), MECCDM

The witnesses made their presentations before the committee.

The committee questioned the witnesses based on the evidences presented.

The examination concluded.

Hearing suspends at 2:40pm

The Hearing proper continued at 2:50 pm and the following witnesses from the Ministry of Provincial Government & Institutional Strengthening were admitted:

Hearing 5 Witnesses

- i. Mr Stanley D Pirione (Permanent Secretary),MPGIS
- ii. Mr Momodou Sawanehi (PME), MPGIS
- iii. Mr Peter Aronisaka (Deputy Premier) Guadalcanal Provincial Assembly
- iv. Mr Nid Satjipanon (Legal Advisor), MPGIS
- v. Mr Geoffrey Vakolevae (Financial Controller), MPGIS
- vi. Mr Eric George (Under Secretary), MPGIS

The witness made their presentations before the committee.

The committee questioned the witness based on the evidences presented.

The examination concluded.

Hearing suspended at 3:54 pm

The Hearing proper continued at 3:59pm and the following witnesses from the Ministry of Foreign Affairs and External Trade (MFAET) were admitted:

Hearing 6 Witnesses

- i. Mr William Soaki (Deputy PS), MFAET
- ii. Mr George Tufi (Director External Trade)
- iii. Ms Loise Doga (Financial Controller)

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

4. Adjournment:

The committee adjourned hearing at 5:16pm

5. Documents Tabled

Day 3/ 2018

Monday 19th March 2018, CR II, Parliament House 2.11pm

1. Members Present

Hon. Douglas Ete, Chairman
Hon. Matthew Wale, MP
Hon. Christopher Laore, MP
Hon. Manasseh Maelanga, MP
Hon. Dr. Derek Sikua, MP
Hon. Alfred Ghiro, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr. Marson Lilozeza, Director Committees
Mrs Jasmine Waleafea, Committee Secretary
Ms Salome Pilumate, Committee Admin
Mr Wilson Orisi, Committee Secretary
Mr Philemon Loe, Media Officer
Ms Theresa Nori, Hansard Reporter
Ms Sherolyn Ragoso, Hansard Reporter

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

The Hearing proper commenced and the following witnesses from the Ministry of Education, Human Resources and Development were admitted:

Hearing 7 Witnesses

- i. Mr. Chris Saul Koako- Principal Budget Officer
- ii. Mr. Umata Riimana- Principal Budget Officer
- iii. Mr. John Vaefa- Budget Officer
- iv. Mr. Clement Tito-Director NTU
- v. Mr. John Bosamata- Permanent Secretary (Ag)
- vi. Mrs. Merrylyn Kodoleko- Director Finance
- vii. Mr. Mathias Kutai-Director Teaching Service
- viii. Mr. McGregor Richard- Finance Advisor
- ix. Mr. Henson Makoani- Asset Manager
- x. Mr Brian Naho – President, USPSA, SI
- xi. Mr Reginald Ngati – President, SINUSA, SINU
- xii. Mr Robson Sisiata – Vice President, SINUSA, SINU
- xiii. Mrs Christina Tefekome – Human Resources Manager
- xiv. Mrs Rose Kudi – NTU
- xv. Mrs Christina Bakolo – NEB/ SSU
- xvi. Mrs Theresa Paikai – 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 4: 45 pm

The Hearing proper continued at 4:58 pm and the following witnesses from the Ministry of Justice and Legal Affairs (MJLA) were admitted:

Hearing 8 Witnesses

- i. Mrs Lynette H Tora- CEO-NJ
- ii. Mrs Ethel Sigimanu – Permanent Secretary
- iii. Mr Charles Koroni-CIO/MJLA
- iv. Mr Peter Nelson-FC/MJLA
- v. Mr Joseph Bibiasi- HRM/NJ
- vi. Mr Paul Kapakeni-FC/NJ
- vii. Mr Karl Kuper- US(MJLA)
- viii. Mr Leonard Ofainuia (HRM)
- ix. Mr Peter Thompson – Finance Adviser
- x. Theresa Paikai (Deputy Director)-Budget Unit MOFT

The witnesses made their presentation before the Committee.

The Committee questioned the witnesses based on the evidence presented.

The examination concluded.

4. Adjournment:

The committee adjourned hearing at 6:10 pm

5. Documents Tabled

Day 4/ 2018

Tuesday 20th March 2018, CR II, Parliament House 09:40pm

1. Members Present

Hon Douglas Ete, Chairman
 Hon Matthew Wale, MP
 Hon Manasseh Maelanga, MP
 Hon Alfred Ghiro, MP
 Hon Snyder Rini, MP
 Hon Christopher Laore, MP
 Hon Dr. Derek Sikua, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Marson Lilopeza, Director Committees
 Mrs Jasmine Waleafea, Committee Secretary
 Ms Salome Pilumate, Committee Admin
 Mr Whitmon Tabiru, Committee Secretary
 Mr Lawrence Scott, Media Officer
 Mr Richard Allen, ICT Officer
 Ms Hazel Fafale, Hansard Reporter
 Mr Ignatius Talifilu, Hansard Reporter
 Mrs Arol Kimi, Hansard Reporter

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

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

Hearing 9 Witnesses

- i. Dr Tenneth Dalipanda - Permanent Secretary
- ii. Mr George Pego – Human Resources Manager, MHMS
- iii. Mr Arnold Moveni – Under Secretary, MHMS
- iv. Mr Ivan Ghemu – DPP, MHMS

The witnesses made their presentation before the Committee.

The Committee questioned the witnesses based on the evidence presented.

The examination concluded.

Hearing Suspended at 11:26 am

The Hearing proper continued at 12:02 pm and the following witnesses from the Ministry of Police, National Security and Correctional Services (MPNSCS) were admitted:

Hearing 10 Witnesses

- i. Ms Karen Golokale – Permanent Secretary
- ii. Mr Mactus Forau – Under Secretary
- iii. Mr Matthew Varley – Police Commissioner
- iv. Mrs Juanita Matanga – deputy Commissioner

- v. Ms Julia Turumusi – Financial Controller
- vi. Mrs Alice Saeni – Finance/RSIPF
- vii. Mr Ivan Ghemu – DPP
- viii. Mr Dennis Efna – Director
- ix. Mr Simpson Pogeaua – RSIPF
- x. Mrs Sandra Adlam – Finance Advisor/SIPOP
- xi. Miles Humpmrey – Corporate Advisor
- xii. Mr Chris Bwekulyi – Director HR
- xiii. Mr Francis Haisoma – Commissioner CSSI
- xiv. Mr John W Ahuia – DCO

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

Hearing Suspended at 1:18 pm

The Hearing proper continued at 1:50 pm and the following witnesses from the Ministry of Women, Youth, Children and Family Affairs (MWYCFA) were admitted:

Hearing 11 Witnesses

- i. Mr Cedrick Alependa – Permanent Secretary
- ii. Mr Goldie Lusi – Director Children
- iii. Mrs Pauline Soaki, Director Women
- iv. Mr Aaron Pitaqae, Director Policy and Planning
- v. Mr Stephen Maesiola, Undersecretary
- vi. Mr A. Tipoki, Director, YDD
- vii. Mr H. Rua, FC

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

Hearing Suspended at 2:46 pm

The Hearing proper continued at 2:48 pm and the following witnesses from the Ministry of Public Service (MPS) were admitted:

Hearing 12 Witnesses

- i. Mr Nego Sisiolo, Permanent Secretary
- ii. Mr David Suirara, Undersecretary
- iii. Mr Jude Devesi, Undersecretary
- iv. Mr Andrew Koute'e, Financial Controller
- v. Mr Coldrine Kolae, Assistant Secretary

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

Hearing Concluded at 2:25 pm

The Hearing proper continued at 3:20 pm and the following witnesses from the Ministry of Home Affairs (MHA) were admitted:

Hearing 13 Witnesses

- i. Mr George Palua (PS)
- ii. Mr Clyde Funusui (FC)
- iii. Me Reuben Rongonu (M/f)
- iv. Mr Mose Saitala (CEO)
- v. Mr Frederick Bosoboe (PAO/OPS)

The witness made his presentation before the Committee.

The Committee questioned the witness based on the evidence presented.

The examination concluded.

Hearing Concluded at 3:57 pm

The Hearing proper continued at 4:01 pm and the following witnesses from the National Parliament Office (NPO) were admitted:

Hearing 14 Witnesses

- i. Mr Clezy Rore - Clerk
- ii. Mr Lloyd Bera - FC
- iii. Mr David Kusilifu - DC

The witness made his presentation before the Committee.

The Committee questioned the witness based on the evidence presented.

The examination concluded.

4. Adjournment:

The committee adjourned hearing at 4:16pm

5. Documents Tabled

Day 5/ 2018

Wednesday 21st March 2018, CR II, Parliament House 09:58pm

1. Members Present

Hon Douglas Ete, Chairman

Hon Matthew Wale, MP

Hon Dr. Derek Sikua, MP

Hon Peter Tom, MP

Hon Manasseh Maelanga, MP

Hon Christopher Laore, MP

Hon. Snyder Rini, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Gregory Fineanganofu, Committee Secretary

Mr Whitmon Tabiru, Committee Secretary

Mr Rolland Sikua, Library Research Officer
 Mr Lawrence Scott, Media Officer
 Ms Sherolyn Ragoso, Hansard Reporter
 Mrs Arol Kimi, Hansard Reporter

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

The Hearing proper commenced and the following witnesses from the Ministry of Forestry and Research (MFR) were admitted:

Hearing 15 Witnesses

- i. Mr Vaeno Vigulu – Permanent Secretary
- ii. Mr Reeves Moveri – Commissioner
- iii. Mr Terence Titiulu – Director (FRMTS)
- iv. Mr Jacob Kinai – Legal officer
- v. Mrs. Julia Aimaia – Chief Forestry
- vi. Mrs. Beverly Maezama – Financial Controller

The witnesses made their presentation before the Committee.

The Committee questioned the witnesses based on the evidence presented.

The examination concluded.

Hearing Suspended at 11:20 am

The Hearing proper continued at 11:30 am and the following witnesses from the Ministry of Commerce, Industry, Labour and Immigration (MCILI) were admitted:

Hearing 16 Witnesses

- i. Mr Derick Aihari-Director/FID
- ii. Mrs Natalie Tadiki Kesaka- Chairman/TDP
- iii. Mr Riley Mesepitu-PS
- iv. Mr Alfred Ramo-GM CEMA
- v. Mr Hansel Mamupio- HRM
- vi. Mr Hunter Masuguria-US Admin
- vii. Mr Patterson Siliota (CPI CEMA)
- viii. Mr Geoffery.D.Houúa- Director/CAPC
- ix. Mr Jacob Gala-Director IDD
- x. Mr Jerold Musi-Chief Accountant
- xi. Mr Morris Rapaii -USTCS
- xii. Mr David Kaumae-Director-COL
- xiii. Mr Bryan K Keniasina-Chief Marketing
- xiv. Mr Eric Hurutarau-Chief Commercial Officer
- xv. Mr Benjamin Imukeru-ROC
- xvi. Mr Mason Fugui-Director Immigration

The witnesses made their presentation before the Committee.

The Committee questioned the witnesses based on the evidence presented.

The examination concluded.

Hearing Suspended at 12:42 pm

The Hearing proper continued at 1:47 pm and the following witnesses from the Ministry of Communication and Aviation (MCA) were admitted:

Hearing 17 Witnesses

- i. Mr Moses Virivlomo (Permanent Secretary)
- ii. Mr Fred Dola (Financial Controller)
- iii. Mr Alfred Ghemu (DECO Optn.)
- iv. Mr Mesach Kerabule, Principal Tech officer
- v. Mr Allan Arafoa (CEO)
- vi. Mr Alwyn Danitofea, Director Communication
- vii. Mr Sylvester Kenates, COO
- viii. Mr Noel Ngira, DLEO (CS) SIPC
- ix. Ms Joyce Akwafasia, Chief Admin officer
- x. Mr Brian Halisanau, DCA Ag.
- xi. Ms Jennifer Kela, Manager Aviation – Ag.
- xii. Mr Jonathan Simata, Assistant Manager - ATS

The witness made his presentation before the Committee.

The Committee questioned the witness based on the evidence presented.

The examination concluded.

Hearing Suspended at 3:34 pm

The Hearing proper continued at 3:38 pm and the following witnesses from the Ministry of National Unity, Reconciliation and Peace were admitted:

Hearing 18 Witnesses

- i. Mr. Justus Denni- Permanent Secretary
- ii. Mr. Peter Mae- US(T)
- iii. Mr. Gregory Rofeta- US(A)
- iv. Mr. Vincent Maesiki- PA (Finance Dept)

The witness made his presentation before the Committee.

The Committee questioned the witness based on the evidence presented.

The examination concluded.

Hearing Concluded at 4:26 pm

The Hearing proper continued at 4:30 pm and the following witnesses from the Ministry of Culture and Tourism (MCT) were admitted:

Hearing 19 Witnesses

- i. Mr Andrew Nihopara Permanent Secretary MCT
- ii. Mr Moses T US MCT
- iii. Mr Josefa Tuamoto CEO, SIVB
- iv. Mr Dennis Marita DOC MCT
- v. Mr Barney Sivoro DOT MCT
- vi. Ms Margaret Inifiri DGA MCT

- vii. Mr Richard Pelomae HRM MCT
- viii. Mr Joseph Mamau CA MCT
- ix. Mr Tony Heorake Director, SI National Museum
- x. Ms Julie Fakaia Assistant Curator, Art Gallery

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

Adjournment:

The committee adjourned hearing at 5:41pm

5. Documents Tabled

Day 6/ 2018

Thursday 22nd March 2018, CR II, Parliament House 10: 06 am

1. Members Present

Hon Douglas Ete, Chairman
Hon Matthew Wale, MP
Hon Derek Sikua, MP
Hon Manasseh Maelanga, MP
Hon Christopher Laore, MP
Hon Peter Tom, MP
Hon Snyder Rini, MP
Hon. Alfred Ghiro, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mr Marson Lilopeza, Director Committees
Ms Ivory Iruha'a, Committee Secretary
Mr Philemon Loe, Media Officer
Mrs Arol Kimi, Hansard Reporter

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

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

Hearing 20 Witnesses

- i. Dr Fred Rohorua – SPM, OPMC
- ii. Mr Solomon Kalu, Chairman, LCC
- iii. Mr Pellion Buare, FC, OPMC
- iv. Mr Fred Fakarii, Ombudsman
- v. Mrs Ethel Travis, FMFR, OPMC
- vi. Mr Chris N, DSPM, OPMC

- vii. Mr Nelson O. Dhita, Director, Legal, OOSI
- viii. Mrs Judith Waleanisia, CAO, OOSI
- ix. Mr Philip Hagilia, Director, CRCL, OPMC
- x. Mrs Duima Regatula, Comsec, LCC
- xi. Mr Derek Vagi, Secretary, PEC, OPMC
- xii. Mr James Manetoru, Director of Investigation, Ombudsman-OPMC
- xiii. Mr Ashley Wickham, CEO, SIBC
- xiv. Mr Ronald B, MRO, SIBC

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

Hearing Suspended at 11:27 am

The Hearing proper continued at 11:30 am and the following witnesses from the Ministry of Lands, Housing & Survey (MLHS) were admitted:

Hearing 21 Witnesses

- i. Mr Stanley Wale – PS Lands
- ii. Mr Selesa Alepio - FC
- iii. Ms Joyce Galo - VG
- iv. Mr Leslie Volelia – A/SG
- v. Mr Cameron Willie – Physical planning
- vi. Mr Dalton Hane – Chief Cartographer

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

Hearing Suspended at 1:00 pm

The Hearing proper continued at 2:33 pm and the following witnesses from the Office of the Auditor General (OAG) were admitted:

Hearing 22 Witnesses

- i. Mr Peter Lokay – Auditor General

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

Hearing Suspended at 2:50 pm

The Hearing proper continued at 2:52 pm and the following witnesses from the Office of the Governor General (GG) were admitted:

Hearing 23 Witnesses

- i. Mr Rawcliffe Ziza – Deputy Personal Secretary
- ii. Mr Jack Kwia – Principal Accountant
- iii. Mr Samson Konarii - AO

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

Hearing Concluded at 3:12 pm

The Hearing proper continued at 3:15 pm and the following witnesses from the Ministry of Fisheries and Marine Resources (MFMR) were admitted:

Hearing 24 Witnesses

- i. Dr Christian Ramofafia – Permanent Secretary
- ii. Mr Ronelle Panda – Deputy Director, Policy
- iii. Mr James Teri – Deputy Director, Aqua
- iv. Mr Alick Misibini – FC
- v. Mr Edward Honiwala – Director
- vi. Mr Tom Rarakeni – HRM
- vii. Mr Francis Tofuakalo – Deputy Director, Offshore

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

Hearing Concluded at 4: 30pm

The Hearing proper continued at 4: 35 pm and the following witnesses from the Ministry of Agriculture and Livestock (MAL) were admitted

Hearing 25 Witnesses

- i. Mr Jimi Saelea – Permanent Secretary
- ii. Mr Michael Ho’ota – Director Extension
- iii. Mr Francis Tsatsia – Director Biosecurity
- iv. Mr Oswald Ramo – Under Secretary (Admin)
- v. Mr Paul Ne’e - FC

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

Adjournment:

The committee adjourned hearing at 5:35 pm

5. Documents Tabled

Day 7/ 2018

Friday 23rd March 2018, CR II, Parliament House 9: 29 am

1. **Members Present**
 Hon. Douglas Ete, Chairman

Hon. Matthew Wale, MP
 Hon. Christopher Laore, MP
 Hon. Snyder Rini, MP
 Hon. Alfred Ghio, MP
 Hon. Derek Sikua, MP

Secretary: Mr. Peter Lokay- Auditor General

Secretariat

Mrs Jasmine Waleafea, Committee Secretary
 Mr Lawrence Scott, Media Officer
 Ms Theresa Nori, Hansard Reporter

2. Welcome and Opening Remarks

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

3. Inquiry into the 2018 Appropriation Bill 2018

The Hearing proper commenced and the following witnesses from the Ministry of Infrastructure Development (MID) were admitted:

Hearing 26 Witnesses

- i. Mr. Jimmy Nuake- Permanent Secretary (Ag)
- ii. Mr. Brian Aonima- SIMSA
- iii. Mr. Dismus Orinaoa-FC
- iv. Mr. Leslie Nate-DME
- v. Mrs. Nicola Rupert-PAO
- vi. Mr. Harry Rini-DIR TMS
- vii. Mr. Eranda Kotelawala-CEO (SIPA)

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

Hearing Suspended at 11:02 am

The Hearing proper continued at 11:16 am and the following witnesses from the Ministry of Rural Development (MRD) were admitted:

Hearing 27 Witnesses

- i. Mr Allan Daonga - PS
- ii. Mrs Constance Wane - HRM
- iii. Mr Milfred Delemani - Dep Dir/ Ag
- iv. Mr Dick Anasimae - FC
- v. Mrs Melina Sese - Dr/RDD

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

Hearing Suspended at 11:54 pm

The Hearing proper continued at 12:13pm and the following witnesses from the Ministry Mines, were admitted:

Hearing 28 Witnesses

- i. Mr Samuel Susuta, PAO, MMERE
- ii. Mr David Michael, Director, Petroleum, MMERE
- iii. Mr John Korinihona, Director, Energy, MMERE
- iv. Mr Jeffery Sade, PS, MMERE
- v. Mr Daniel B. Rove, US, Admin, MMERE
- vi. Mr Douglas D, Director, Geology, MMERE
- vii. Mr Ian Gooden, General Manager, SIWA
- viii. Mr Charlie Bepapa, Director, Water, MMERE
- ix. Mr Joseph Ishmael, Deputy Director, Mines, MMERE
- x. Mr Fred Connings, Project Manager, TRHDP-MMERE
- xi. Mr Paul Roughan, Strategic Advisor, TRHDP-MMERE
- xii. Mr Pradip Verma, CEO, Solomon Power
- xiii. Me Aopollos Inasimae, CFO (Ag), Solomon Power

The witness made his presentation before the Committee.

The Committee questioned the witnesses based on the evidence presented.

The examination concluded.

Adjournment:

The committee adjourned hearing at 2:11 pm

5. Documents Tabled

List of Submissions

No	Author
1.	MPGIS - Generic Template
2.	MECCDM - Generic Template
3.	MEHRD - Generic Template
4.	MEHRD - Budget Overview
5.	MEHRD - Budget Presentation
6.	MNURP - Generic Template
7.	NJ - Generic Template
8.	MAL - Generic Template
9.	MPS - Generic Template
10.	MFMR - Generic Template
11.	NPO - Generic Template
12.	MHMS - Generic Template
13.	MHMS - SIDCCG Policy Translation & Strategy
14.	MCILI - Generic Template
15.	MFR - Generic Template
16.	MFR - Budget Analysis
17.	MFR - Budget Explanation
18.	MPNSCS - Generic Template
19.	MPNSCS - Ministry's Budget Brief
20.	MFAET - Generic Template
21.	MLHS - Generic Template
22.	MJLA - Generic Template
23.	MCT - Generic Template
24.	MCA - Generic Template
25.	OPMC - Generic Template
26.	OPMC - Budget Actuals
27.	MWYCFA - Generic Template
28.	MDPAC - Generic Template
29.	MCT - Form 1 - 2018 Bids
30.	MCT - 2018 Bids Summary
31.	MCT - 31 st December 2017 Expenditures

32. MCT – Financial Circular 2017
33. MID - Generic Template
34. MRD - Generic Template
35. World Bank – Statement to PAC
36. CBSI – Talking notes with PAC
37. CPG – Financial Budgetary allocations for Provincial Governments and Capital Development Budgets of the Solomon Islands National Budget for 2018 financial year
38. MoFT – Tina Hydro Briefing
39. MDPAC – National Development Strategy 2016-2035
40. MPNSCS – PAC Opening Statement, Talking Points
41. GG – Generic Template
42. MAL – 2018 Appropriation Bill 2018
43. MoFT – Solomon Islands Water Authority
44. MID – Rural Transport Initiative Program 2018 Commitments
45. MFAET – Labour Mobility Unit-updates, February 2018
46. MFAET – Contributions to Overseas Bodies as of January 2018
47. MCILI – Reserved Businesses, Report and data on annual work permits issued and recipient list of subvention & Grant under SME Program.