



**SOLOMON ISLANDS  
NATIONAL PARLIAMENT**

**REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE ON ITS**

**CONSIDERATION OF THE YEAR  
2007 DRAFT ESTIMATES**

**National Parliament Paper No 19 of 2007**



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## REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

Mr. Speaker,

Pursuant to Standing Orders No. 69 (1) [a] 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 into the 2006 Supplementary Appropriations Bill 2006 for laying before Parliament.



Honourable Francis Zama

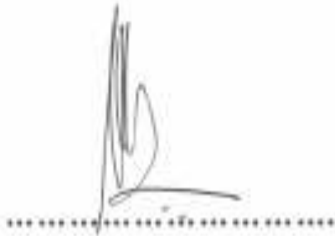
Chairman

Public Accounts Committee

January 05, 2007



**The Members of the Public Accounts Committee are:**



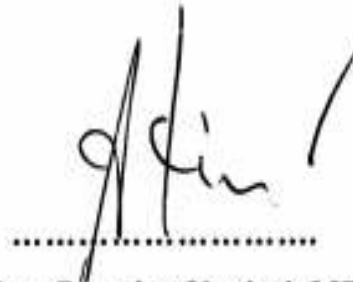
**Hon. Francis Zama, MP**  
Chairman



**Hon. Fred Fono, MP**  
Member



**Hon. Johnson Koli, MP**  
Member



**Hon. Severino Nuaiasi, MP**  
Member



**Hon. Selwyn Riumana, MP**  
Member



**Mr Floyd Augustine Fatai, Auditor General**  
Secretary

## PAC Terms of Reference

The Public Accounts Committee is appointed under Standing Order 69 (1).

69. PUBLIC ACCOUNTS COMMITTEE

- (1) There shall be a Standing Select Committee designated the Public Accounts Committee whose functions shall be -
  - (a) to examine the accounts prescribed by Section 33 of the Public Finance and Audit Act 1978, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
  - (b) to 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) to 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) to 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) to consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
  - (f) to 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) to 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) to make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.
- (2) The Auditor General or his nominee shall be the Secretary to the Committee and shall make available to the Committee the services of his staff and other facilities of his Office.

## **BACKGROUND TO REPORT**

### **1.0 INTRODUCTION**

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

This Report outlines the findings of our examination of the 2007 Draft Estimates that comprise the Recurrent and Development Estimates and the related documents supporting the formulation of the Estimates.

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

The Committee wishes to put on record its appreciation for those officials from central agencies which appeared before the Committee and provided valuable information to assist the Committee in undertaking its important oversight role of ensuring that public funds are allocated and expended appropriately.

The Committee particularly wished to thank those officials from central agencies who have attended all hearings and provided important advice to members of the Committee.

#### **1.1 Scope of this Report**

Under Standing Order 69, the Committee is vested with the responsibility to:

- (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 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
- (h) 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;
- whether 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
- whether the draft estimates are feasible, practical and would ensure the achievement of those policies.

## **1.2 Methodology**

We interviewed and sought views from Permanent Secretaries, Accounting Officers and other senior officials who are responsible for the development and implementation of the draft estimates. In particular, we met with:

- The Accounting Officers and their staff of all Government Ministries as re named;
- The Permanent Secretaries of the Ministries of Finance and Treasury, senior officials of that Ministry and staff of the Budget Unit; and
- The Under Secretary to the Prime Minister and senior officials of the Prime Minister's Office including the Public Service Department.

In addition, we also obtained and reviewed relevant documents submitted by officials of the Ministries which pertain to the development of the draft 2006 Draft Estimates.

### 1.3 Limitations

- The PAC was able to convene to undertake its inquiry into the 2007 draft estimates according to the provisions of Standing Order 69 (e), (f) and (g) namely:
  - to consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
  - to 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; and
  - to 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.

The committee acknowledges this major improvement in preparing and scheduling the budget for presentation to Parliament and commends the government for this. However, the time frame provided still required the Committee to schedule 8 consecutive days of intensive hearings to meet its reporting requirements under the Standing Orders. As a result of the time constraints the Committee proposes to hold further hearings under its general powers later in the year to follow up on matters raised with Ministries during these hearings.

- The Budget Papers were not delivered to the Committee until the day before it was due to start its deliberations. It is the Committee's expectation in future that the Budget Papers will be provided at least one week before its hearings begin. Also some Permanent Secretaries had not been provided with copies of the Budget Papers before their appearance before the Committee. This had the potential to hinder the Committee's work.
- The Committee also notes that the public and the media attended throughout its hearings and segments were televised on the One News channel every night. The Committee believes that this is an important initiative in promoting accountability and transparency in the use of public funds and informing the public.

## **2007 BUDGET STRATEGY AND OUTLOOK**

### **2.0 2007 BUDGET OVERVIEW**

#### **2.1 Overview**

The 2007 Budget continues to build on the stabilization of the fiscal position of the country and continues to focus on steady economic growth and a balanced environment. In keeping with the Government's pledge there is an emphasis on developing a bottom up approach to funding emphasizing the importance of the rural sector in the Government's strategic direction.

Solomon Islands continues to rebuild the public sector and recognizes that despite some marginal successes that there is still a long way to go before the public sector is in a position to function in an efficient and effective manner.

The country continues to have a significant dependency on donor funding particularly in the areas of education, health and law and justice.

#### **2.2 Economic Situation**

2006 saw continued unrest in the country culminating in the April riots which caused significant disruption following the elections and the eventual installation of the new Government. The forecast is for real growth of almost 5% during 2007. The country's dependence upon traditional exports of timber and fisheries continues. Renewed support for private sector ventures including the Gold Ridge Mine, the cannery of Nora and other initiatives should lead to more opportunities for growth in the Solomon Islands.

#### **2.3 The 2007 Budget**

The 2007 Budget is premised on continued revenue growth from the main areas of customs and taxation with 20% increase in expenditure resulting in a minor surplus. Recurrent expenditure budgeted for 2007 is \$944 million compared to \$785 million in 2006.

## **2.4 Revenue Position**

The estimate for the 2007 Revenue is \$877,316,469 which is \$189,197,409 or 27.5% higher than the previous years estimate and reflects the significant growth in traditional revenues as systems and collection processes improve. Strong actual performance in 2006 support the projected revenue growth.

## **2.5 New Spending Decisions**

Through the 2007 Budget the Government has funded a series of major packages that have been allocated to benefit Solomon Islanders particularly in the rural sector are summarized below:

- support for provinces:
- support for productive sector:
- support for community services:
- support for justice and law:
- a stronger public sector; and
- a stronger economy debt.

## **2.6 Budget Reform**

The 2007 Budget demonstrates a continued improvement as the Government strives to prepare realistic estimates that enable specific funding to be set and monitored for performance. Changes made during 2006 enabled the budget to be reviewed for the first time by the Public Accounts Committee to enable a Report to be considered by Parliament prior to the second reading of the Budget in Parliament.

This year all former Departments were created as Ministries to enable a greater level of scrutiny at Head level and this was achieved by Gazettal of the legal notices number 6 to 26 of 2007 dated 15 January 2007.

Whilst setting a good benchmark it is imperative that the process continues to improve to allow a more appropriate time for the Budget deliberations prior to the commencement of the financial year as recommended in previous PAC Reports.

## COMMITTEE DELIBERATIONS

### 3.0 SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Committee heard evidence from Accounting Officers and senior staff within Government Ministries in relation to the Draft 2007 Recurrent and 2007 Development Estimates, the 2007 Establishments Register as well as briefing notes, planning documentation and explanatory material. A detailed report on the main issues which emerged during examination of each Ministry is contained in Part 4 of this Report but the following key findings, common themes and recommendations are summarised below:

#### 3.1 Budget Process

Committee noted that the 2007 Budget process was delayed resulting in the Parliament passing a resolution under section 103 of *The Constitution* to authorize expenditure in advance of the 2007 Appropriation. The Committee also noted considerable improvement in the timetable available to the Committee to complete its inquiry. The Committee was able to review Ministries' budgets prior to the second reading of the 2007 Budget according to Standing Order 69. However, the quality of the documentation provided to the Committee was unsatisfactory as there were numerous errors and omissions in critical information contained in the various budget papers. In particular the omission of the overall Budget Strategy and details of major movements and initiatives for the new year were a concern. Further, the Committee noted that the Ministries were often ill prepared for the presentation to the Committee and the quality of such overviews from Permanent Secretaries varied from most professional detailed submissions to brief opening comments.

The Committee also noted that there were many omissions and errors in the initial draft estimates necessitating the production of a second reprint of the Draft Current Estimates. The Committee noted that unlike previous years the summary tables in the final version provided for the Committee's examination were incomplete and contained misleading line items which required further clarification and resulted in incorrect projections of the Recurrent budget surplus of \$4.99M whereas the true position was a projected significant deficit. Such items should have appropriate explanatory notes to enable the reader to have a clear understanding of the projected outcomes.

**Recommendation 1**

The Committee recommends that the 2008 Budget process be better coordinated and more consultative to ensure that the Committee has time for due consideration of all Ministry estimates. The Committee also expects that the 2008 Budget will be brought before Parliament on time in late 2007. Furthermore all summary tables in the Draft Estimates should be accurate, clear and complete.

**Recommendation 2**

The Committee recommends that in future the Ministry of Finance and Treasury provide the Committee with the detailed Budget Framework and appropriate explanations for major changes proposed in the Budget prior to its deliberations on the Budget.

**Recommendation 3**

The Committee recommends that all Ministries provide a written presentation reflecting the strategic directions of the Ministry as outlined in the Corporate Plan and details of all major fluctuations or new initiatives included in the proposed budget prior to or at their appearance before the Committee.

**3.2 Special Funds**

The Committee was concerned that the management and accounting for Special Funds appears not to be transparent and accountable. The Committee referred to the Civil Aviation Special Fund as a case in point. The Committee noted that whilst anticipated revenue of \$11 million does appear in the recurrent budget of the Ministry, the disbursement of the revenue to the Special Fund has been shown in the Development budget as a lump sum payment of \$11 million. However, there appears to be no detailed dissection of this amount so as to make more transparent and accountable.

In essence the Committee is concerned that Special Funds do not meet the same Parliamentary control rigor and accountability provided under the Consolidated Fund and therefore opens the way for possible abuse and mismanagement. Like the Annual Appropriation, which is subject to PAC scrutiny and later examined by the Committee in the form of the Annual Accounts, budgets of the Special Funds should also be subjected to the Committee's scrutiny.

The Committee further noted that the process may appear to be contrary to section 100 (1) of the Constitution which does not require revenue due to Special Funds (\$11 million referred above) to be recorded in the Consolidated Fund and hence its expenditure not requiring the authorization of Parliament under section 101 of the Constitution.

**Recommendation 4**

The Committee recommends that disbursements under Special Funds be made more transparent and accountable and that future budgets of all special funds be subject to the Public Accounts Committee review and assessment. In addition the Committee considered that budgets of the Special Funds should also be subjected to the Committee's scrutiny.

**3.3 Grant Allocation and Acquittals**

The Committee noted that many Ministries distributed funds to persons and organizations in the provinces by way of grants and other initiatives to encourage growth and support in rural communities. Given the Government's 'bottom up approach' policy the Committee was concerned that such allocations achieved the greatest possible impact. The need for a more coordinated approach in which the Office of the Prime Minister, and the Ministries of Development Planning and Aid Coordination and Provincial Government were an integral part of the assessment and decision making process to ensure that such allocations were consistent with Government priorities and provided on an equitable basis among the provinces.. In addition the funding formulae used to distribute funds between Provinces for the various schemes indicate further inequity and a revised approach should be developed.

**Recommendation 5**

The Committee recommends that the Ministry for Provincial Government, Ministry of Finance and Ministry of National Planning and Aid Coordination, establish an Action Plan on the allocation of provincial grants and other initiatives. The plan should outline the coordination of funds to the Provincial communities and review the basis for allocations to provinces to ensure both equity and priority considerations are achieved. This Action Plan should be provided to the PAC and made public by 30 April 2007.

### **3.4 Development Funds Administered by Donors and Ministries**

The Committee noted that the Development Budget included details of donor funds available to Ministries that was outside the consolidated accounts and therefore not an integral part of the Committee's expenditure review process. The Committee was concerned about the level of such funding and the assurance that such funding was in line with Government priorities.

#### **Recommendation 6**

The Committee recommends that all donor funds included in the Development Estimates but outside the consolidated fund should be coordinated by Ministries in consultation with the Office of the Prime Minister and the Ministries of Development Planning and Aid Coordination and Provincial Government and that they be in keeping with Government priorities. A master plan document should be completed which identifies donor funded projects with implementation and coordination plans which should be made available to the Committee and also made publicly available by 30 April 2007.

### **3.5 Under-spending of Development Funds**

The Committee noted with concern numerous cases where Ministries had not been able to expend funds on allocated projects during 2006. This had resulted in a significant under-spend on the budget and vital infrastructure and rural support initiatives not being achieved. The Committee considered that the under-spend was largely attributed to the lack of coordination and capacity at the various Ministerial level to prepare necessary documentation (e.g. work plans) to implement the projects.

#### **Recommendation 7**

In line with recommendation 6, the Committee further recommends that:

- (a) the Public Service Department, through IPAM and the necessary technical support, design, develop and implement training to build the capacity within the Ministries and provinces to further enhance knowledge and skill in project implementation; and
- (b) Ministries develop implementation plans for major initiatives and critical projects which are scheduled to be implemented in 2007 and submit copies of these plans to the Committee by 30<sup>th</sup> April.

**Recommendation 8**

The Committee further recommends that regional staff be provided with the necessary training and technical support to enable proposals and implementation plans at Provincial level to be developed.

**3.6 Rural Community Development Fund (RCDF)**

The Committee noted the considerable support provided by the Republic of China (Taiwan) to constituencies under the RCDF managed by Members of Parliament. The Committee was concerned that these funds, without appropriate guidance and accountability may not be used for the benefit of individual constituencies in line with Government priorities.

**Recommendation 9**

The Committee considered that funds made available under the RCDF program should be accountable in a similar manner to other funds provided through the budgetary process and that the Ministry of Provincial Government take appropriate action to ensure that full accounting for funds disbursed by each Member and associated records are made publicly available by an appropriate date each year.

**3.7 Staffing and Recruitment**

The Committee noted that most Ministries reflected major staffing shortfalls in terms of current staffing compared to the revised Establishment. The ability to recruit suitable staff particularly in the Provinces was a major challenge which a number of Ministries indicated was exacerbated by the lack of timely support from the Ministry of Public Service. Those Ministries requiring staff with professional or technical skills experienced additional difficulties as the shortage of such skilled staff in Solomon Islands was a real challenge. A number of in-house initiatives were noted by the Committee to have been successful in growing internally staff to gain the requisite skills.

In particular the Committee noted that in the areas of Provincial Health and Education sectors there were major shortfalls in expertise and skills and these Ministries need to urgently address the skills deficiency in the Regions in consultation with the Public Service Office.

**Recommendation 10**

The Committee recommends that the Ministry of Public Service coordinate and undertake a skills needs assessment for the whole of the Public Service. It is recommended the Ministry progress the full devolution of recruitment to line Ministries to enable the Permanent Secretaries to appoint to vacancies within the establishment approved by Parliament.

**Recommendation 11**

The recruitment of staff in the Provinces should be progressed in a similar manner. The Committee specifically recommended a review of the community High School system and the Health Ministry senior staffing in the Provinces to ensure that appropriate skills are available to discharge responsibilities. Such reviews should take into account the incentives available to provincial staff under current General Orders. In addition the Committee requested an audit be undertaken to ensure funds in Community High Schools are properly controlled.

**3.8 Reconciliation**

The Committee noted that the processes employed to achieve peace and reconciliation had not been finalized and the process itself remained unfinished.. It is vital for the national interest that these issues receive urgent attention to enable the Country to move on.

**Recommendation 12**

The Committee recommends:

- (a) That the Ministry for National Reconciliation and Peace establish an action plan outlining the Ministry's strategies to deal with reconciliation issues; and
- (b) That the government provide sufficient allocation in terms of finance and human resources for the Ministry to implement its plans for reconciliation.

### **3.9 Statutory Body Funding**

The Committee noted that the Government had decided that all Statutory Bodies and government business operations were to be budget neutral. Many have traditionally been budget dependent and not operating on a commercial basis. The Committee noted that funding for these bodies is still required under current allocations, but these are not clearly provided for in the budget papers. The Committee was concerned that such practices did not recognize the proper status of these entities. The Committee noted that statutory bodies fall within its purview as bodies expending public funds.

#### **Recommendation 13**

The Committee recommends that financial support for all Government operations should be fully and clearly described in the Budget Estimates.

### **3.10 Rural Credit and Banking Scheme**

The Committee expressed serious concern over this project and enquired as to whether or not the government has any guidelines on the scheme. The Permanent Secretary (PS) of Finance indicated that no guidelines had yet been established and that the Ministry was currently in the process of producing them. The Committee believed it was important to establish guidelines as the Committee was concerned that the public might think that it will be a form of handout from the Government.

#### **Recommendation 14**

The Committee recommends that comprehensive guidelines be prepared by the Ministry and that they be made available to the Committee and also be made publicly available to ensure expectations and limitations of the scheme are fully understood.

### **3.11 Review of the Audit Act**

The Committee enquired as to what the progress of the review of the Public Finance and Audit Act was and noted that significant work had been done in this area some years ago but was not completed. The Committee acknowledged that the current legislation was inadequate and needed to be amended to strengthen the powers and responsibilities of the Auditor General.

**Recommendation 15**

The Committee recommends that the processes for amending the Audit Act be made a priority so that adequate powers can be given to the office of the Auditor General to perform his constitutional duties.

**3.12 Public Service Housing**

The Committee raised its concerns about the acute shortage of housing for public servants and noted the impact of RAMSI on the housing market and rental places. The Committee considered that the current allowances were out of step with the marketplace. The Committee noted that the housing budgets in various Ministries that have acute housing shortages were minimal and would not facilitate a proper maintenance and building program. Ministry of Public Service and Housing Ministries acknowledged the diverse issues involved in the housing of public servants and advised the Committee that a series of audits commissioned by the Housing Task Force under the RAMSI Machinery of Government program were at an advanced stage and the results of these should assist SIG in finding a way forward with this issue.

**Recommendation 16**

The Committee recommends that the audit of public housing be completed as soon as practicable and its findings and recommendations be submitted to Cabinet for consideration

The Committee further recommends that Ministries involved in the provision of housing for public servants, be proactive in developing strategies to address this shortage and the quality of housing available for public servants based on the results of the audit and the decisions of Cabinet.

**3.13 Security Services**

The Committee noted that the allocation for security at Government headquarters was provided across two co-located Ministries. The Committee heard that this had resulted in two separate contracts for such services. As both of the facilities provided for in the estimates exceed the threshold requiring an open tender arrangement the Committee considered that a combined tender should be arranged for the whole complex.

**Recommendation 17**

The Committee recommends that the security services required at all government complexes should be arranged through appropriate tender processes.

### **3.14 Utility Costs**

The Committee noted with concern the significant increases in utility costs in most Ministries. When Accounting Officers were questioned about this there was no clear explanation across all Ministries. In many cases the costs of telephones, electricity etc were reflected in changed central budgets whereby comparisons by the Committee were unable to be achieved or variances explained.

#### **Recommendation 18**

The Committee recommends that all Ministries should perform an analysis of these costs and be in a position to effectively monitor these and ensure that costs are minimised.

### **3.15 User Pay Principle**

The Committee was concerned that in most Ministries where revenue was being raised at the local level there was no regular process to ensure that the fees charged for services were regularly reviewed to ensure that the recovery of associated costs and maximize the revenue potential for the Ministries. In most cases the relevant PS was unaware of the last review and in cases where such information was known the review was done many years ago.

#### **Recommendation 19**

The Committee recommends that the Ministries put in place appropriate steps to ensure all revenue raising policies and associated fees and charges are regularly reviewed to reflect the user pay principle.

### **3.16 Provincial Accounts**

The Committee noted that the majority of Provinces had not prepared audited financial reports and as a result there was no mechanism for the Ministry or the Committee to ascertain whether the expenditure within Provinces had been in accordance with approved budgets. The Committee was advised that no financial reporting occurs at present and welcomed a recent initiative whereby the Ministry in conjunction with AusAid is undertaking a comprehensive stocktake and skills analysis in Provinces to identify the current position of financial reporting and capacity to undertake the reporting responsibilities.

**Recommendation 20**

The Committee recommends that the Ministry work closely with the Auditor General to regularize the reporting framework for the Provincial Government sector and to seek approval to waive the requirements for the preparation of retrospective accounts for periods where information does not exist or is insufficient for the preparation of proper accounts.

**3.17 Reforestation**

The Committee is concerned that conservation of the forests is an important matter and sought assurance that the Ministry was addressing these issues. The Ministry advised that they need political guidance on the matter. The budget allocated for the growing or reforestation of trees is very small and the Committee expressed concerns over the Ministry's ability to adhere to its conservation objectives.

**Recommendation 21**

The Committee recommends that the Ministry formulate a master plan to ensure a robust regeneration policy is put in place and that strategies are in place for increased funding for the Small Holders Reforestation Program to ensure that the future of the timber industry in Solomon Islands is afforded the greatest protection.

## DETAILED EXAMINATIONS

### 4.0 BACKGROUND

Standing Order 69 (1) (e) and (f) requires the Public Accounts Committee to examine in detail Draft Estimates prepared by Government in support of the Annual Appropriation Bill. For this purpose, the Committee shall summon the Accounting Officer and technical staff of the Ministries to provide background information and explanations to the Draft Estimates.

Further, provisions of the said Standing Order 69 (g) and (h) requires that the Committee shall report to Parliament in a manner that would fully inform the members prior to the Parliamentary debate on the Annual Appropriation Bill and shall draw attention to those matters which the Committee feels should be the subject of such Parliamentary debate.

Furthermore, the Public Accounts Committee shall make such recommendations as it thinks fit and receive comments and reports on such recommendations from the Government, particularly action that may be necessary to impose on those concerned.

The Public Accounts Committee members are:

<b>Name</b>	<b>Position</b>	<b>Date of Attendance</b>
Hon. Francis Zama	Chairman	
Hon. Fred Fono	Member	
Hon. Johnson Koli	Member	
Hon. Selwyn Riumana	Member	
Hon. Severino Nuaiasi	Member	

#### 4.1 **Head 270: Ministry of Agriculture and Livestock**

Date: Monday 22<sup>nd</sup> January 2007

Time: 2:00 pm

<b>Name</b>	<b>Position</b>
Israel Wore	Permanent Secretary

#### **Overview**

The total revenue, recurrent expenditure and development expenditure for Head 270 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.1.1 below:

**Table 4.1.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	709,599	1,070,689	361,090
Recurrent Expenditure	15,062,940	16,514,064	1,451,124
Development Expenditure	5,018,405	20,091,966	15,073,561

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. Furthermore, the PS outlined the more significant changes between 2007 and the previous budget.

The following major issues were raised and discussed by the Committee and the Ministry.

#### ***Agriculture Initiatives***

The Committee recognised the importance of the Ministry of Agriculture to the Solomon Islands future and noted many of the initiatives included in the current budget. The Committee however expressed some concern that some carry over projects indicate that insufficient attention was given to these initiatives in 2006.

### ***Co-ordination of Grants***

The Committee noted the many grants that have been provided to farmers both in the traditional areas of cocoa and coconuts and also the many new crops that are being encouraged by the Ministry. The Committee saw a need to ensure that a policy was developed that encouraged the Ministry to coordinate with communities through Provincial Governments.

### ***Vangunu Oil Palm Project***

The Committee noted that the Vangunu oil palm project had been provided with funding from both the Recurrent and Development budgets and was concerned that this venture was getting significant support from the Government and had access to other revenue streams in addition to palm oil.

### ***Rice Production Project***

The Committee noted that included in the Recurrent budget was \$2.6m for the rural rice production project which had been carried over from the previous year. The Committee sought clarification from the Ministry that this project would be given appropriate priority in 2007. The Ministry acknowledged that there had been little progress in the prior year and was currently introducing a monitoring program to enable staff to promote the project in the regions and provide timely feed back to the Ministry.

### ***National Cattle Development Project***

The Committee noted that the National Cattle Development Project had been significantly delayed despite the funds from the donor being available. The Committee felt the Ministry should take a leadership role and drive the initiatives forward to benefit the rural communities.

### ***New Initiatives***

The Committee noted a number of new initiatives including coffee, vanilla and honey production which were enabling Solomon Islands to expand its traditional agricultural base. There were some reservations as to whether it was appropriate to provide funding for coffee in locations where infrastructure did not enable the commodity to be easily accessed. The Committee was concerned that public funds would be expended on projects which on the face of it were bound to be unsuccessful. The Ministry acknowledged some of these issues but explained that they needed to balance growth potential in the various communities and seek learnings from experiences gained on individual projects.

***Training***

The Committee sought details of what training was available to staff and farmers to assist in the sharing of knowledge and the Ministry confirmed that training had been planned to be undertaken within the Provinces for farmers and Ministry staff where learnings from early projects would be shared.

***Budget Estimates***

The Committee asked the Ministry whether they were satisfied that the budget was sufficient to enable its new initiatives to be pursued. The Ministry indicated whilst generally comfortable with its allocations the honey budget had been significantly cut and would not enable the full potential growth expected by the Ministry.

**4.2 Head 271: Auditor General**

Date: Tuesday 16<sup>th</sup> January 2007

Time: 9:30 am

<b>Name</b>	<b>Position</b>
Floyd Augustine Fatai	Auditor General

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 271 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.2.1 below:

**Table 4.2.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	900,000	900,000
Recurrent Expenditure	3,677,156	4,638,126	960,970
Statutory Expenditure	111,800	166,477	54,677
Development Expenditure	-	-	-

The Auditor General briefed the Public Accounts Committee (the Committee) on the current operations of the Office. The Auditor General provided a briefing paper to the Committee.

The Auditor General discussed the huge backlog of audit work and effort involved in rebuilding a completely defunct office as the major challenges of the Office. Staff numbers had fallen to three after the ethnic tension but currently staff numbers are up to 19 as at the end of 2006 and OAG will continue with its capacity building program.

The Auditor General identified two major reasons as to why the office seems to fail to perform as efficiently and effectively as other institutions in the region.

1. Independence: The International Organization of Supreme Audit Institution (INTOSAI) strongly advocates the independence of the Office of the Auditor General both in substance and in principle. It is also provided for this in the Solomon Islands Constitution under s108 but has been circumvented in many ways.
2. Resource Allocation: Refers to both financial and human resources. The Office since independence is still subject to normal resource allocation through the budgetary process. The Office is reliant upon the Ministry of Finance for systems and its budget support.

The following major issues were raised and discussed by the PAC and the Ministry.

#### ***Establishment Estimates***

The Committee sought clarification of the increase of the number of posts within the office and whether the vacant posts in 2006 were filled. The Auditor General indicated that the slowness in recruiting rested with PSD and was also attributed to the non-recruitment of the Senior Administration Officer which has remained vacant since 2004.

The Permanent Secretary of the Public Service Department indicated that the slowness of the recruitment is due to the extra requirements of having police clearance certificates and medical certificates.

The Committee recommended that the recruitment be done quickly given the huge task and the responsibility and the professionalism of the Office. The Committee also highlighted the importance of staff retention.

***Acknowledgement from the PAC***

The committee has acknowledged the Office of the Auditor General in its effort to continue to promote and strengthen accountability and transparency in the Public Sector.

***Contracting Audits***

The Committee noted that the contracting out of audits should be reviewed to determine whether or not it is still in the best interest of the Office to do so. In making the decision the Committee recommended that the cost and competency issues should be taken into consideration when making the decision of whether or not to contract out audits. The Auditor General indicated that once full capacity was achieved by the Office, many of the audits currently contracted out would be brought back in house.

***Review of the Audit Act***

The Committee enquired as to what the progress of the review of the Audit Act was and recommended that it be made a priority so that adequate powers can be given to the Office of the Auditor General to perform their duties.

**4.3 Head 272: Ministry of Education and Human Resources Development**

Date: Thursday 18<sup>th</sup> January 2007

Time: 11:00 am

<b>Name</b>	<b>Position</b>
Barnabas Anga	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 272 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.3.1 below:

**Table 4.3.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	1,635,306	1,853,845	218,539
Recurrent Expenditure	235,520,286	267,966,672*	32,446,386
Development Expenditure	13,300,000	17,450,000	4,150,000

- \* Recurrent expenditure includes \$40 million in budget support from NZAid in 2007 (2006 : \$61,282,296).

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The Permanent Secretary addressed the Committee on the following issues:

1. Importance of the Ministry of Education and Human Resource Development.
2. Consultation process of stakeholders and beneficiaries.
3. The Budgets main aim was to promote and develop the education needs of the country.
4. National Education Plan 2007 to 2009.
5. Education Strategic Plan which drove the budget proposals for 2007 which recognised the significant contributions made by New Zealand and the European Union.

The following major issues were raised and discussed by the Committee and the Ministry.

#### ***Error in Estimates***

The Ministry advised the Committee of an error in the current estimates regarding Medical Fees and Trade Testing Certificates income which have been incorrectly allocated to the Ministry of Education. Trade Testing Certificates income should be in the estimates of the Ministry of Commerce, Industry and Employment whilst Medical Fees income should have been in the estimates of the Ministry of Health and Medical Services.

#### ***Scholarships***

The Committee noted the funds available for scholarships and expressed concerns about the Ministry's procedures for allocation of scholarships given the significant number of form seven students now applying for scholarships that are measured against existing scholarship holders who continue to study beyond the planned duration of their degrees. The Ministry indicated that they have reviewed the allocation process for scholarships and advised the Committee that they have revised the GPA from 3 to 3.5 for eligibility for scholarships. The GPA has not changed however for areas which students have chosen a field critical to the needs of the Solomon Islands.

### ***Nominations for Scholarships***

The Committee enquired to as what processes and procedures were in place to ensure decisions regarding student nominations for scholarships are not being improperly influenced. The Ministry advised that the procedures have been strengthened to ensure the National Training Committee's (NTC) conclusions are given due regard and signed off by the PS of Education after endorsement by NTC. No changes will be made to the list of accepted scholarship holders without endorsement from the NTC.

### ***Community Schools***

The Committee expressed its concern that many of the community schools are considered as second tier institutions compared to state schools. Lack of adequate facilities as well as the lack of allocation of qualified teachers have created an impression of a two tiered system. The Ministry advised that teacher allocations are based on a model which takes into consideration the number of students that attend the school so as to ensure teachers are provided to schools on a sound and equitable basis.

### ***Untrained Teachers***

The Committee expressed concern about the number of untrained teachers and the level of training and skill sets of principals and teachers who are in the relevant schools in the provinces. The Ministry shared the concerns of the Committee and advised that they are introducing distance education with appropriate accreditation to raise the skills of teachers in the provinces. The Ministry further advised that the Teachers in Training Program will commence in 2007 but acknowledged that it will take some years to be fully effective.

### ***Distribution of Funds to Schools***

The Committee noted a significant amount of funds had been provided for distribution to schools in the provinces and sought clarification as to what controls were in place to ensure those funds were being spent correctly. The Ministry advised that guidelines had been established and provided to the various schools. Furthermore the Ministry informed the Committee that the funds were released on a quarterly basis and were required to be acquitted. The Committee asked what was the penalty for those schools that did not acquit their funds. The Ministry advised that the school would not receive their subsequent quarterly payment.

***Teachers Annual Leave Fare***

The Committee noted recent public concern about teachers not being provided with funds to travel back to their villages and provinces during their annual leave. The Committee sought clarification on the Ministry's position in regards to this matter. The Ministry advised that it was a difficult area and that it was covered under the Teachers Service Handbook. Under the existing arrangements the Education Authorities and not the Ministry of Education are required to provide teachers with annual leave fares. Some extra funds have been allocated to the Education Authorities via grants to try and alleviate some of their financial pressures so that payment of teachers annual leave fares can be made.

**4.4 Head 273: Ministry of Finance and Treasury**

Date: Monday 15<sup>th</sup> January 2007

Time: 2:30 pm

<b>Name</b>	<b>Position</b>
Luma Darcy	Permanent Secretary
Shadrack Fanega	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 273 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.4.1 below:

**Table 4.4.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	613,722,043	787,487,562	173,765,519
Recurrent Expenditure	40,361,937	32,588,272	-7,773,665
Statutory Expenditure	1,604,411	1,647,079	-42,668
Development Expenditure	2,563,600	20,292,379	17,728,779

The Permanent Secretary's (PS) from the Ministry of Finance and Treasury briefed the Public Accounts Committee (PAC) on the current operations of the Ministry.

The following major issues were raised and discussed by the PAC and the Ministry.

***Establishment Estimates***

The Committee noted that the current Establishments Estimates were incomplete. Furthermore the Committee noted that there was no representation at the Public Accounts Committee meeting from the Public Service Division. The Committee indicated to the public officials that in the future a member from the Public Service Division should be present to answer any queries of the Committee.

***Actual Expenditure and Income 2006***

It was noted by the Committee that actual expenditure and revenue figures for 2006 had not been provided to the Committee. The Permanent Secretary for Finance indicated that they will provide the Committee with a copy of actual expenditure and revenue for 2006 to assist the Committee in its deliberations. These were subsequently provided.

***Budget Framework and Guidelines***

It was noted that the budget Framework and guidelines were not provided for review by the Committee. The PS of Finance indicated that the budget guidelines had not yet been prepared. The Committee enquired as to what factors influenced the current year estimates. The PS of Finance informed the Committee that this year's Budget had a greater emphasis on those Ministries that generated revenue.

***Overtime Payments***

The Committee raised concerns over the following issues raised by the Central Payroll Audit report issued by the Office of the Auditor General (OAG):

- For the period from 2001 to 2005 the total of overtime paid to employees not entitled to receive overtime amounted to \$6.7m.
- In certain cases overtime payments made to some employees were greater than 100% of their basic salary.
- Allowances were being processed by Treasury Division Payroll staff without adequate supporting documentation.

The Committee questioned public officials as to what measures would be taken by the Ministry to address these issues raised by OAG. The PS of Finance responded by saying that they were currently in the process of producing reports to help the Ministries better manage their overtime.

### ***Goods Tax***

It was noted that Goods Tax Customs estimates for 2007 shows a large decrease of \$88,211,695. Goods Tax- IRD showed an increase of \$106,979,879. The reasons for the increase and decreases were sought by the Committee. A satisfactory answer was not received and the Ministry will provide additional information to the Committee.

### ***Excise Duty Timbers / Logs***

The Committee noted the significant increase of \$72,460,192 in the estimated excise duty revenue particularly in relation to Timber/Logs and enquired as to why there was expected to be such an increase. The Permanent Secretary of Finance indicated that the increase was the result of using up to date world timber market prices whilst in the prior year they were using old world market price for the value of the Timber. In 2007 the Excise duty charge on Timber will be based on the current value of Timber in the world market.

The Committee then enquired as to what measures have been put in place to ensure that the world market value placed on timber is monitored so as to ensure that this doesn't happen again. The Permanent Secretary of Finance responded by saying that they would wait for advice from the Ministry of Forestry.

In subsequent discussions the Ministry advised that the Minister had delayed the increase in the duty rate.

### ***Presentation of Development Estimates***

The Committee raised concerns over the presentation of the Development Estimates, in particular the exclusion of totals that could easily be traced back to the total bid for funding. Furthermore the Committee questioned the need for having Estimates for 2008 and 2009. It was agreed by the Committee and public officials that totals would be included in the draft Development Estimates to enable reconciliation to the amount shown in the Bill.

### ***Rural Credit and Banking***

The Committee raised some serious concerns over this project and enquired as to whether or not the government has any guidelines on this. The PS of Finance responded by saying that no guidelines had yet been established and that they were currently in the process of producing them. The Committee believed it was important to establish guidelines as they did not want the public to think that it will be a form of handouts from the Government.

***Funds Administered Jointly by Donors and Government***

The Committee made enquires as to whether or not this funding from donors goes through the Consolidated Fund. Public officials advised the Committee that this funding did not go through the Consolidated Fund.

The Committee then questioned the level of influence the government had over this funding and the direction it took. The Committee raised concerns over making sure that the funding was in line with direction of the current government's policies. Public officials indicated that the funding was controlled by donors with consultation with SIG working groups.

***FOLLOW UP HEARING WITH MINISTRY OF FINANCE AND TREASURY***

Date: Wednesday 24<sup>th</sup> January 2007  
Time: 9:30 am

<b>Name</b>	<b>Position</b>
Luma Darcy	Permanent Secretary
Shadrack Fanega	Permanent Secretary

The Committee held a further meeting with the Permanent Secretaries of the Ministry of Finance and Treasury to clarify matters that emerged during the Committee's deliberations of the Budget with other Ministries and to obtain additional material requested by the Committee during the process. The following key points emerged during the follow up hearing:

***Roll Over of 2006 Development Projects***

The Committee re-raised their serious concerns over the roll over of many 2006 projects in the Development budget that had not been implemented. The Committee recommended that a better system needed to be developed to ensure that these projects in the Development Budget were implemented in their respective years. The Permanent Secretaries agreed with the Committee and indicated that the Ministry had the funds, however, they could not be released unless the line Ministries supplied the appropriate supporting documentation such as plans and work programs. The Permanent Secretaries believed that they were not receiving these documents as the Accounting Officers within the line Ministries were unsure of the process required to release the funds that are held under the Development Budget.

The Committee recommended that the Ministry of Planning coordinate training for Accounting Offices and Directors on how to write up work programs and inform them of the procedures involved in implementing government programs. Furthermore, the Committee indicated that both the Ministry of Finance and the Ministry of Planning must coordinate training with regard to the disbursements of project funds that relate to the Development Budget.

The Chairman of the Committee put the Ministry of Finance on notice that the Committee would be far more involved than it had been in the past in the monitoring of the progress of development budget expenditure. The Chairman furthermore indicated that the Committee would act like a watchdog to ensure clear transparency and accountability of these projects.

### ***Lack of Coordination***

The Committee informed the Ministry of Finance and Treasury that it expects greater uniformity of the Corporate Plans prepared by line Ministries as the Committee raised serious concerns over the lack of coordination between Ministries and Provincial Governments. The Permanent Secretaries agreed that the ad hoc approach with Provinces was not appropriate and that better coordination needed to be implemented particularly on the big issues for Government.

### ***Rural Credit Banking Scheme***

The Committee made enquiries as whether or not guidelines and criteria had been established in regards to the disbursement of the Rural Credit Banking Scheme funds of which \$15 million had been allocated in the budget. The Ministry informed the Committee that these funds were currently in draft and that consultation with a commercial bank was still taking place. The Committee requested that the guidelines be circulated to Members of Parliament to facilitate a proper understanding of how the Scheme will function so it can be properly endorsed. The Committee indicated that Schemes had been approved in the past without Parliamentarians knowing how the Schemes function. The Ministry advised the Committee that they would be able to present the guidelines on the Scheme by the end of the month.

### ***Export Duty on logs***

The Committee raised concerns over how realistic the increase in Export Duty revenue from logs was and enquired as to what assumptions had been made to estimate the increase by approximately \$72 million dollars. The Ministry advised the Committee that in the previous year the export duty was based on the market value of logs as at December 2003, whilst the 2007 estimates have been based on the new world market value for logs as at December 2006. There has been a substantial increase the world market value of logs between 2003 and 2006, hence the substantial increase in export duty revenue for logs estimate.

The Committee raised serious concern over the undermining of a Cabinet decision by the Minister of Finance to effectively delay the increase in export duty from December 2006 to March 2007. The Committee sought clarification as to whether or not the decision by the Minister to delay the increase on the export duty tax would affect the substantial increase in revenue they expected to collect in this area. The Ministry indicated that it would not affect their estimated increase of \$70 million dollars in export duty revenue.

### ***Import Duty Revenue***

The Committee made enquiries as to why there was going to be a significant increase in Import Duty revenue. The Ministry responded by saying that although there has been a reduction in the import duty tariff from 20% to 10% the number of exemptions to be granted on import duty is expected to significantly reduce. A committee is now responsible for granting exemptions and will focus exemptions only on community development projects that will help the people of the Solomon Islands and many of the unnecessary exemptions will be removed. Furthermore, the Ministry informed the Committee that a review of all of the Memorandum of Understandings regarding import duty exemptions will be reviewed. The Committee enquired as to what was the penalty for persons not complying with provisions of their exemptions. The Ministry advised that the failure to comply would allow any future applications for exemptions to be automatically denied and the import duty that was previously exempted could be recovered.

## **4.5 Head 274: Ministry of Foreign Affairs, External Trade and Immigration**

Date: Wednesday 17<sup>th</sup> January 2007  
Time: 11:30 am

<b>Name</b>	<b>Position</b>
Jermiah Manele	Permanent Secretary

### **Overview**

The total revenue, recurrent expenditure and development expenditure for Head 274 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.5.1 below:

**Table 4.5.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	3,604,806	5,069,844	1,465,038
Recurrent Expenditure	14,420,396	15,215,841	795,445
Development Expenditure	-	6,010,500	6,010,500

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Ambassadors Allowances***

In response to the Committee's question in relation to allowances payable in the various locations to ambassadors, the Ministry advised that the allowances (terms and conditions) had not been reviewed since 1993. Thus a current review of the allowances is being undertaken to align allowances to various locations.

***Membership Fees***

The Committee noted that significant contributions are paid to international organizations. Whilst acknowledging the importance of these associations, the Committee felt that a study could be undertaken of the benefits derived from such contributions.

***Immigration Audit Report***

The Committee noted that a previous report of the Auditor General has disclosed a number of concerns including:

- losses of revenue;
- problems with issues of work permits; and
- citizenship applications.

The Ministry assured the Committee that they are taking responsible actions to not repeat the same mistakes. The Committee noted that at this stage it has not reviewed in detail this audit report.

***Recruitment Issues***

The Committee noted that there were currently 26 vacancies from 79 posts and sought clarification as to whether the Ministry was able to recruit suitable staff. The Permanent Secretary advised that recruitment is an issue because of specific skills required within the Ministry and different strategies were employed to develop junior staff for high level positions.

**4.6 Head 275: Governor General**

Date: Tuesday 16<sup>th</sup> January 2007  
 Time: 3:30 pm

<b>Name</b>	<b>Position</b>
Nigel Maezama	Private Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 275 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.6.1 below:

**Table 4.6.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	1,995,592	2,118,565	122,973
Statutory Expenditure	191,754	197,508	5,754
Development Expenditure	-	-	-

The Chief of Staff briefed the Public Accounts Committee (the Committee) on the current operations of the Governor Generals Office and gave an explanation for the key variation each year including telephone expenses and provisional visits.

The following issue was raised and discussed by the Committee and the Governor Generals Office.

***Prerogative of Mercy***

The Committee noted that \$7,957 was allocated to the Committee of Prerogative of Mercy which has not met in recent times and concerns were expressed that the Constitution requires the committee to meet on a regular basis rather than the Minister for Police exercising this discretion.

**4.7 Head 276: Ministry of Health and Medical Services**

Date: Tuesday 23<sup>rd</sup> January 2007

Time: 2:00 pm

<b>Name</b>	<b>Position</b>
Dr. George Malefoa'asi	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 276 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.7.1 below:

**Table 4.7.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	13,355	55,554	42,199
Recurrent Expenditure	97,229,810	136,895,983*	39,666,173
Development Expenditure	9,857,678	6,654,322	-3,203,356

\* Includes budget support of \$22,606,046 (2006 : \$0).

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. Furthermore, the PS provided a very extensive briefing paper to the Committee which totaled 112 pages.

The following major issues were raised and discussed by the Committee and the Ministry.

### ***Audit Report Recommendations***

In response to a request from the Committee as to whether appropriate action had been taken in relation to findings noted in the two audit reports regarding the Ministry of Health and Medical Services the PS advised that action had been taken in relation to both reports and these have become a blue print to assist the Ministry going forward.

### ***Establishment***

Given the significant establishment within the Ministry the Committee sought information on the Ministry's progress in filling its key posts. The Ministry advised that there are currently 224 vacant posts but they have strategies in place to fill both Provincial and head office positions. The Ministry recognised that the training and retention of professional staff is an ongoing issue for the Ministry and was looking at ways to help retain staff in consultation with the World Health Organization. The Ministry indicated that the Director positions were still being filled and acknowledged that some Directors did not have the requisite skills required by the position and the Ministry was looking at other options to ensure local team management would be effective.

### ***Funding From Donors***

The Committee noted the significant funding provided by donors which was being used by the Ministry in order to provide its services. The Ministry acknowledged that at present external support of approximately \$100 million per annum was required in order for the Ministry to meet its objectives and that strategies have been put in place to reduce the dependency on donors. In addition the Ministry was utilizing the assistance of foreign trained medical specialists who are assisting Solomon Islands under an MOU. The Committee noted this position and was concerned that appropriate recruitment checks were not put in place to ensure that the doctors were appropriately qualified. The Ministry advised they used professional international consultants to minimise and manage this risk when recruiting these doctors.

### ***Fees for Service***

The Committee sought clarification as to whether they had a fee for service arrangement to enable the Ministry to become less reliant on donor support. The Ministry acknowledged that there was potential for revenue to be obtained but this would require a constitutional change as basic health services are to be provided free of charge.

### ***Equipment Allocations for Housing***

In relation to the Development budget the Committee sought clarification as to how equipment allocations for housing and rural supplies were being distributed amongst the provinces to ensure equity in this process. The Ministry was unable to advise the locations at this stage as there was significant demand throughout the Provinces but undertook to provide it to the Committee once it was available.

### ***Public Health Issues***

The Committee sought information in relation to the Ministry's role in ensuring the quality of food imports for the Solomon Islands was fit for human consumption. The Ministry indicated that although it has legislative powers to perform these duties it does not have the capacity with existing staffing levels. It does however provide testing facilities for certain areas including nicotine.

### ***HSTA and Health Sector Wide***

The Committee noted that the support from AusAid in relation to the HSTA and health sector wide in the Development budget totalled \$56 million. The Ministry indicated that donor funding for these areas were in negotiation and undertook to talk to the Ministry of Finance in relation to these funding arrangements.

## **4.8 Head 277: Ministry of Infrastructure Development**

Date: Thursday 18<sup>th</sup> January 2007  
Time: 9:00 am

<b>Name</b>	<b>Position</b>
Peter Hania	Permanent Secretary

### **Overview**

The total revenue, recurrent expenditure and development expenditure for Head 277 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.8.1 below:

**Table 4.8.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	789,282	1,235,057	445,775
Recurrent Expenditure	23,202,824	30,507,204	7,304,380
Development Expenditure	47,170,342	16,900,000	-30,270,342

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The Permanent Secretary for Infrastructure addressed the Committee on the following issues:

- Corporate Plan;
- Realignment of Units within the Ministry; and
- Explanation of major variances.

The PS explained to the Committee that this year's estimates were based on the Corporate Plan. Furthermore, the PS explained to the Committee about the realignment of some of the units within the Ministry so that government services could be improved.

The following major issues were raised and discussed by the Committee and the Ministry.

***Corporate Plan***

The Committee had concerns that despite the Ministry's admission of having a Corporate Plan, that political directive could have an impact on the execution of the Corporate Plan. The Ministry did not see this as a problem and advised that the Plan spells out the current priorities and the rollover of the current projects and any new projects would need to be consistent with the Plan. The Ministry acknowledged that the Corporate Plan was flexible however they had limited resources.

***Vacancies***

Given the Corporate Plan, the Committee sought clarification of how the Ministry expected to address the technical vacancies. The Ministry advised the Committee that recent recruitment has been encouraging. The Ministry also indicated that the creation of the National Transport Fund would assist them in the engagement of these professionals.

### ***Sea Transport***

Given the geographical location of the Solomon Islands and the importance placed on sea transport the Committee was concerned as to what the Ministry was doing to address the issue of transportation between islands. The Ministry advised that they were arranging a tender service for non economical routes which would provide some level of subsidies however safety standards required by Government is a matter that would need to be considered.

### ***Ministry Projects***

The Committee was concerned that Ministry projects were not getting sufficient attention to ensure development projects were being completed and referred to the Lofang Police Station project which has rolled over for two years and needed to be addressed with urgency. The Ministry advised that the project had been through architect design stage and was ready to be contracted out.

### ***Private Contractors Tendering Processes***

The Committee raised concerns about the use of private contractors where proper tender processes were not being employed. The Ministry responded by indicating a tender process was being developed that was consistent with the Financial Instructions and workshops had been run to raise staff awareness to address this issue.

### ***Telephones and Faxes***

The Committee raised concerns about the level of expenditure estimated for telephones and faxes which increased from \$300,000 to \$1,500,000 and sought clarification for the reason for the increase. Ministry of Finance officials were unable to provide an answer.

### ***Wharfs and Jetties***

The Committee noted that there was no allocation of funds for wharfs or jetties and as the government has numerous wharfs requiring attention it was concerned about this position. The Ministry agreed that an allocation of funds for the maintenance of wharfs should be made and recommended that discussions be held with Finance to address the matter.

### ***Licenses Income***

The Committee noted that the level of income from motor vehicles (\$615,000) and driving licenses (\$10,045) had been fairly static and sought information on when the fees were last updated. The Ministry was unsure of when the last time they were updated and informed the Committee that they would look into it. The Committee recommended that the fees be reviewed to ensure that the fees are based on the user pays principle.

### ***Road Improvement Program***

The Committee noted the monies set aside in the road improvement program. The Ministry informed the Committee that the allocation of the estimate was done to ensure the priorities of the government were being addressed. The Ministry advised that the projects were across the whole of the country. The Committee recommended that when the donor project team arrives, the road projects will need to be prioritized and the donor and the Ministry should coordinate with National Planning to ensure consistency.

### ***Kyoto Agreement***

The committee noted that, as a signatory to the Kyoto agreement, the pollution from vehicles and other sources within Honiara raised serious issues about compliance with the agreement and asked what the government's policies are on exhausts emissions. The Ministry agreed with the issue and indicated that there were no policies currently in place on exhaust emissions.

## **4.9 Head 278: National Debt Servicing**

Date: Monday 15<sup>th</sup> January 2007  
Time: 3:30 pm

<b>Name</b>	<b>Position</b>
Luma Darcy	Permanent Secretary
Shadrack Fanega	Permanent Secretary

### **Overview**

The total revenue, recurrent expenditure and development expenditure for Head 278 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.9.1 below:

**Table 4.9.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	713,597	713,597
Recurrent Expenditure	-	-	-
Statutory Expenditure	101,700,000	135,653,745	33,953,745
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following issue was raised and discussed by the Committee and the Ministry.

***EXIM Loan Interest***

The Committee raised the issue of why interest on the EXIM loan does not show up in the Estimates. The response to this was that ROC is meeting all the repayments on interest in relation to the loan. This interest is currently being shown in the Development Estimates.

**4.10 Head 279: National Parliament**

Date: Thursday 18<sup>th</sup> January 2007

Time: 3:30 pm

<b>Name</b>	<b>Position</b>
Taeasi Sanga	Clerk to National Parliament

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 279 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.10.1 below:

**Table 4.10.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	14,413,848	20,485,130	6,071,282
Statutory Expenditure	162,325	167,195	4,870
Development Expenditure	-	1,800,000	1,800,000

The Clerk briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***UNDP Programs***

The Committee noted that the UNDP program has been successful and will be phased out in February 2007 and asked what strategies are in place for transition. The Clerk advised that the new positions had been created in the Establishment and funding will be provided by National Parliament at that time. The existing trained staff will be transferred from the UNDP program to the National Parliament positions.

***Technical Officer***

The Committee noted that a proposal from the Leader of the Opposition for a technical officer as a support position for Members of Parliament was not included in the Budget despite getting support. It is understood that the submission was delayed and did not meet the process in time. The Committee supported the provision of funding for this position.

***Upgrading of Parliament and Rest House***

The Committee noted that \$900,000 is provided to upgrade the Parliament House and noted that this is well below earlier estimates of the total refurbishments required for both Parliament House and the Rest House.

***Draft Budget Errors***

The Committee noted that there were three errors in the National Parliament draft budgets and are stated below:

- The amount provided for accommodations for Member of Parliament which should have related to staff travel and transport reflecting the increase in per diem allowance of \$120 to \$1000;
- The Development Budget did not disclose the figure for external funding and the Clerk will provide the details of relevant amounts; and
- The allocation for civil service salaries for the office of the Leader of Opposition were shown as nil and should reflect the correct allocation.

**4.11 Head 280: Ministry of Forestry, Environment and Conservation**

Date: Monday 22<sup>nd</sup> January 2007  
 Time: 9:30 am

Name	Position
Fred Iro Ganate	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 280 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.11.1 below:

**Table 4.11.1**

Details	2006 Budget	2007 Budget	Variance
Revenue	1,714,341	2,182,534	468,193
Recurrent Expenditure	6,345,674	7,927,919	1,582,245
Development Expenditure	-	4,000,000	4,000,000

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

### ***Tourism***

The Committee was particularly concerned with the impact logging has on Tourism within the Solomon Islands. The Committee expressed concern that tourism should work hand in hand with the environment section. The Ministry advised that they are working with the provinces (Isabel and Renbel) to address these Province's environmental issues.

### ***Issues Faced in Provinces***

The Ministry has conducted a survey of the Provinces and has received reports from Provinces that Ministry workers have faced a number of concerns. The accommodation for workers in the provinces and the equipment used in the plantations are not of a high standard. The Ministry is carefully looking into the issues raised by the Provinces.

### ***Project Funding***

The Committee is concerned about the unspent STABEX funding for last year which is also budgeted for this year. The Committee considered that the Ministry should be working with rural land owners to assist them in the Marketing Strategy, to have a look at the policy on logging and a review of the Financial Management Plan. The Ministry advised that they are developing a strategy to distribute the funds equitably for the resource owners and the plantation workers and will submit a proposal for endorsement by Cabinet. The Ministry also agreed with the Committee's concern and suggested that only the government can address many of these matters.

### ***Reforestation***

The Committee is concerned that conservation of the forest is an important matter and sought assurance that the Ministry was addressing the issue. The Ministry advised that they need political guidance on the matter. The budget allocated for the growing or reforestation of trees is very small and the Committee expressed concerns over the Ministry's ability to adhere to its conservation objectives.

***Increase of Revenue***

The Committee is concerned about the revenue from the logging and how it could be increased. The Ministry advised that they originally based their estimates on the new determined price for logs approved by Cabinet but the Ministry of Finance are still using the 2006 rate. Price of logs in Solomon Islands is the lowest in the region so Solomon Islands need to increase the price of the log so that the resource owners can benefit from it as well. The Committee was very concerned that the Minister for Finance overturned the Cabinet decision on increasing the determined price by retaining the previous historic rates thereby reducing revenue opportunity. The current level of revenue was no longer considered sustainable by the Ministry. It is noted that the Ministry of Finance and Treasury confirmed their satisfaction with the projected revenue.

**4.12 Head 281: Office of the Prime Minister**

Date: Wednesday 17<sup>th</sup> January 2007  
 Time: 9:00 am

<b>Name</b>	<b>Position</b>
Rence Sore	Deputy Secretary to the Prime Minister and Cabinet.

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 281 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.12.1 below:

**Table 4.12.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	8,984	24,136	15,152
Recurrent Expenditure	17,441,395	23,799,131	6,357,736
Statutory Expenditure	437,825	450,959	13,134
Development Expenditure	580,176	2,862,981	2,282,805

The Deputy Secretary to the Office of Prime Minister and Cabinet briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

### ***National Planning***

The Committee sought clarification on the whether or not National Planning was a duplication of the work conducted by the Ministry of Planning and Co-ordination. The Deputy Secretary informed the PAC that it was not duplication as the National Planning Unit will be transferred to the Prime Ministers Office.

### ***Establishment***

The Committee noted that there were no levels provided on the establishments register to enable the Committee to get a comparison and Public Service Department (PSD) agreed to provide additional documentation. The Committee expressed their concern that the Committee has not been given a copy of the levels. The Committee was not satisfied with information given as the Prime Ministers Office seems to be hiding what level the political appointees were being paid. Such salaries amount to \$1M for 17 posts.

Serious concern was expressed by the Committee over the Estimate of salaries and wages being \$2.3M whilst the PSD records show actual payroll costing \$2.8M for the year. The Committee noted that the budget is not consistent with what is being paid out.

### ***Ministerial Travel***

The Committee noted that many of the Ministries cater for their own travel in the Estimates. The Committee sought clarification on whether or not the Estimate in relation to travel included travel for other Ministries. The Deputy informed the PAC that this Estimate catered for Members of Parliament such as backbenchers and for delegations that are not catered for under the individual Ministries.

The Committee expressed concern over the accuracy of the Revised 2006 estimate for Ministerial travel of \$3m as it would appear that \$2m supplementary funding requested in 2006 has not been included.

***Security Services***

The Committee noted that the contracted out security services for the Prime Ministers Office amounted to \$127,000 and a separate contract exists for security at the Ministry of Finance for an additional \$141,000. As these Ministries are collocated the Committee considers, given the amount of money involved that there is a need for a transparent process to ensure that it is fair and equitable. The Committee recommended that a proper tender should be conducted for the combined security services for the Prime Ministers Office and The Ministry of Finance and Treasury.

**4.13 Head 282: Pensions and Gratuities**

Date: Monday 15<sup>th</sup> January 2007  
 Time: 4:00 pm

Name	Position
Luma Darcy	Permanent Secretary
Shadrack Fanega	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 282 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.13.1 below:

**Table 4.13.1**

Details	2006 Budget	2007 Budget	Variance
Revenue	-	-	-
Recurrent Expenditure	259,045	1,266,816	1,007,771
Statutory Expenditure	3,282,249	3,380,718	98,469
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following issue was raised and discussed by the Committee and the Ministry.

***Provision for Pensions***

The Committee enquired as to why there was an estimate for Provision for Pensions for \$1,000,000. The PS of Finance indicated that the provision was established for a number of provisions that have not yet been allocated to their respective estimates. The Chairman formally requested a list of all pensioners and the PS agreed to provide the Committee with the information requested.

**4.14 Head 283: Ministry of Police and National Security**

Date: Wednesday 17<sup>th</sup> January 2007  
 Time: 2:00 pm

Name	Position
George Hiele	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 283 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.14.1 below:

**Table 4.14.1**

Details	2006 Budget	2007 Budget	Variance
Revenue	330,701	336,323	5,622
Recurrent Expenditure	66,925,674	84,409,613	17,483,939
Statutory Expenditure	0	482,762	482,762
Development Expenditure	774,020	10,677,980	9,903,960

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. The PS provided the Committee with a briefing paper outlining some of the reasons for the large variances during the year.

The following major issues were raised and discussed by the Committee and the Ministry.

***Problem with Accommodation***

The Committee raised its concern in relation to the major problem facing the Ministry in the provision of housing for the police and noted that only \$2 million dollars is allocated to police houses.

***Delay of Funded Projects***

The Committee noted a funded project of \$3.5 million dollars which was a carry over project from previous years. Also the Committee noted that these delays are in part due to the coordination between the Ministry and the Department of Works and better skills are required in the development of plans.

***Borderline Claims and Firearms***

The Committee noted that the \$2.4 million dollars in emoluments which related to border claims. The Committee encouraged the Ministry to address this matter quickly in order to settle the claims.

The Committee also noted that the compensation for firearms has also been delayed and funds have not been provided in this budget. The Ministry agree with the Committee that the issue should be finalized.

The Committee expressed its concern following the April riot that adequate provision has been made to ensure the police are better equipped for future uprisings. The Ministry indicated that funds have been provided under this capacity plan and a specific allocation of \$60,000.

**4.15 Head 284: Ministry of Provincial Government and Rural Development**

Date: Friday 19<sup>th</sup> January 2007  
Time: 9:00 am

Name	Position
Tione Bugotu	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 284 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.15.1 below:

**Table 4.15.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	35,682,545	35,802,747	120,202
Development Expenditure	20,000,000	23,500,000	3,500,000

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Priorities for 2007***

The Committee noted the budgeted support for the rural areas and accepted that there would never be enough funds to meet all the needs of the provinces and sought clarification on the main areas of emphasis for 2007. The Ministry advised that at present there is no monitoring of financial expenditure and it is regarded as a “bottomless pit” and that the Ministry needed to monitor financial activities and implement financial systems in all provinces. The necessity for provincial accounts and the capacity to prepare financial information were seen as the main area of attention. The Ministry advised that a project has been commenced with the support of AusAid to do a financial stocktake of the current reporting position in each province.

***Financial Reporting***

The Committee noted the unfortunate financial reporting position that currently exists and acknowledged that this will take some years to address. The Committee confirmed that the Auditor General had previously discussed his similar reservations about the accountability that exists within the provinces. The Ministry advised that there were two components to address this problem, the first being a stock take referred to in previous discussions and the second the proposal to build capacity within the provinces with appropriate financial systems which will take significantly longer. In addition it was essential that provincial budgets would need to be provided together with quarterly reports and financial statements to provide for a proper reporting regime. The Ministry advised that historically funds were provided to provinces based on formulas which take into account a number of factors. No real accountability has been provided back to the Ministry.

The Committee was concerned that, in the absence of any reporting, there was no assurance that monies were being expended for the purposes they were provided. The Auditor General advised that there were two levels of control, the first being the provision of budgets by the provincial government to the Ministry for approval and that greater attention should be given to that process to ensure that funds budgeted were in accordance with the grants provided by the Ministry. The second level of control is the financial reporting which at present does not exist.

The Committee expressed its concerns about the whole financial accountability and was keen to get an indication of when these issues could be resolved. The Auditor General indicated that the initial stock take exercise and identification of resource capacity would take up to six months however; the preparation of a suitable standard of financial reports for submission to the Auditor General would take significantly longer and would depend on each province's capacity. To enable this process to be streamlined it may be appropriate for Parliament to waive the financial necessity to prepare accounts for the periods prior to 2006. This would enable 2006 to be the base line for financial accountability in all provinces and a goal for the preparation of all provincial accounts for 2006 within the next two years.

### ***Recruitment***

The Committee noted that recruitment in the provinces was often impacted by political influence which resulted in inappropriate practices which lead to morale problems and uncertainty. The Ministry agreed that recruitment in provinces has been a challenge and the PS indicated that revised procedures will be introduced to ensure that normal recruitment practices are employed using clear criteria for the positions. In future it was proposed that there would be regular visits to provinces in conjunction with PSD to carry out assessments on staff performance and any deficiencies in performance in regions would need to be advised through the proper process.

### ***Delay in Completion of Projects***

The Committee noted that funds have been allocated under the development budget for projects which had been budgeted for in previous periods and expressed its concern that these projects were not receiving timely attention. The Ministry confirmed there were difficulties in 2006 and was confident that the proposals could be undertaken in 2007. The Committee noted the UNDP provincial support program had not been included in the budget. The Ministry informed the committee that the donor had subsequently indicated that a grant of \$1.4 million would be provided for this project.

***Provincial Budgets***

The Committee expressed its concern that budgets from provinces were not indicative of the needs across the rural constituencies and considered that a process needs to be employed where all wards have input into the preparation of a composite budget before submission to the Minister. Concerns were also expressed in relation to the basis of allocation of the RCDF funds of \$20 million and noted that better control needs to be exercised over the allocation and accountability of these funds.

**4.16 Head 285: Ministry of Lands, Housing and Survey**

Date: Tuesday 23<sup>rd</sup> January 2007

Time: 9:00 am

<b>Name</b>	<b>Position</b>
Charles Viva	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 285 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.16.1 below:

**Table 4.16.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	5,037,781	4,760,115	-277,666
Recurrent Expenditure	12,364,846	12,088,977	-275,869
Development Expenditure	-	2,795,940	2,795,940

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. Furthermore, the PS provided a briefing paper to the Committee.

The following major issues were raised and discussed by the Committee and the Ministry.

### ***Shortages of Housing - Honiara***

The Committee expressed its concern in relation to the housing shortage in Honiara and asked how the Housing Task Force was addressing this issue. The Committee specifically sought information in relation to the Lungga land allocation which was the subject of recent media attention and Committee sought the latest position in relation to these issues. The Ministry advised that the terms of reference for the Commission of inquiry had been developed and a submission provided to the Prime Minister's Officer to appoint a Commissioner. The Committee was concerned that this matter needed to be given priority.

### ***Land speculation and reissue of Undeveloped Land***

The Committee expressed concerns over the issue of land speculation and foreign owned companies taking ownership of land parcels without any development activities occurring and the Ministry advised that a new policy has been prepared whereby land is to be reissued by the Commissioner should the requirements under such arrangements not be met. The new policy enables land to be resumed by the Commissioner for reissue.

### ***Land Rent Income***

The Committee noted that there is a significant reduction in the budget for land rent in several places in the current budget proposal and the Ministry was unable to advise why the level of income had reduced and was requested to liaise with the Ministry of Finance to clarify this matter.

### ***Houses for Public Officers***

The Committee asked the Ministry how it was addressing the shortage of housing for public officers and the Ministry advised that it acknowledges the cost associated with providing housing for public officers. Also the Ministry advised that it is looking at alternatives to give priority to the allocation of land to public officers and there is a current commitment for a proposal to develop infrastructure in the current budget for \$500,000 for the planning and design phase.

### ***Reclaim of Lands by Landowner***

The Committee sought information from the Ministry about the process used by the Commissioner to step in and reclaim land that has not been developed within a suitable time frame. The Ministry advised that land allocated is required to be developed within 18 months otherwise the land will be resumed but they would need to take each individual case into account. The Committee encouraged the Ministry to be more active in using these powers.

***Tribal/ Customary Land Recording***

The Committee sought information from the Ministry on the progress of the tribal/customary land recording. The Committee noted that this is a very important issue which needs to be addressed as lack of proper land recording would always hinder development initiatives. The Ministry advised that the process has been implemented with a pilot project now underway at Auluta Basin.

***Policy of Alienated Land***

The Committee sought clarification from the Ministry of the policy in relation to alienated land being returned to be reissued and the Ministry advised that there are several such types of lands and different policies applied for each type. In addition, the Committee noted that unauthorized use of land was not being controlled by the Ministry which led to losses of revenue and aesthetic issues for the Government. The Committee considered that the Ministry should be more proactive in taking action to address these important issues and suggested the current budgetary provisions for converting such unauthorized land to be “authorized” may not be the best solution.

**4.17 Head 286: Ministry of Development Planning and Aid Coordination**

Date: Tuesday 16<sup>th</sup> January 2007

Time: 11:30 am

<b>Name</b>	<b>Position</b>
Jane Waitara	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 286 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.17.1 below:

**Table 4.17.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	3,263,151	1,682,637	-1,580,514
Development Expenditure	13,422,842	31,096,051	17,673,209

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The Permanent Secretary made reference to two major activities completed in 2006 being the coordination of the Economic Minister's Meeting and the Implementation and Monitoring of the Development Budget 2006 especially the coordination with respective Ministries.

The PS further indicated that her Ministry is currently embarking on strengthening and improving its capacity to be able to deliver the expected output of the Ministry as reflected in the 2007 budget.

The PS also indicated that they have made some progress in strengthening the capacity as reflected in the establishment estimate especially in the areas of aid coordination and management.

The following major issues were raised and discussed by the Committee and the Ministry.

#### ***Establishment Estimates***

The Chair noted that the increase in the Establishment estimates reflects the need to strengthen the capacity of staff in the provinces as well as the important task of coordinating and implementing the macro-fund and the millennium fund.

The Committee enquired what would be the set back of not recruiting qualified personnel. The PS of Planning indicated that the Ministry would be mentoring and grooming the current capacity of the Ministry staff to overcome any shortfall in recruitment from the market place.

#### ***Capability to Coordinate and Implement Development Projects***

The Committee enquired in terms of how the Ministry would effectively coordinate and harmonize the government policy and programs. The PS indicated that there are steering committees established that provide the overall guidelines of the programs ensuring that they are consistent with the government programs.

The PS also indicated that at the Policy level a quarterly meeting is conducted with resident donors and an annual donor meeting with the rest of the donors which represents the overall coordination.

The Chair enquired about the capacity of the Department to coordinate and implement government programs. The PS indicated that the Department is working on building the capacity within the Department.

The Chair also enquired about the effectiveness of the coordination between Ministry of Finance and Department of National Planning. The PS indicated that in terms of SIG funded projects the provinces must submit project proposals before the Ministry of Finance could commit funds.

***Development Projects Rolling Over The Years***

The Chair enquired as to why some of the development estimates had not been delivered and the Committee was concerned a number of these had not been implemented, for instance, Gizo Water Supply, Buala & Gounaruhu road, cattle projects for farmers and the Forestry reforestation program. The PS indicated that the delays were attributed to the responsible provinces and the responsible officers not submitting and finalizing their project proposals.

The Committee is concerned whether the Ministry is able to recruit suitable persons. The PS indicated that in the event where capacity required is not forthcoming the Ministry will have to build that capacity internally.

The Committee indicated that there is enormous expectation of the rural communities in regard to the new government 'bottom up' policy and asked how would the Ministry drive this policy. The PS indicated that it is the responsibility of the Ministry of the Provincial Government to recruit the 50 provincial officers however the planning capacity is still this Ministry's responsibility.

***Micro Project and Millennium Funds***

The Committee enquired about how the Ministry would coordinate and reconcile the two development funds Micro Project and Millennium Fund. The PS indicated that the Ministry of the Provincial Government is responsible for the officers at this stage and had worked closely with the Provincial Government on how to implement and coordinate these development estimates in the Ministry.

The Committee raised the need for bottom up approach to ensure the \$30m will have appropriate impact and stressed the need for proper plans to be in place. The Committee stressed the need for guidelines to ensure proposals put forward are justified. The Committee felt that planners should be seconded to assist the provinces to develop their plans. At the moment there is no clear guideline how to implement the Millennium Fund.

The PS acknowledged the need for the better processes and stated that a framework was being developed in 2006 but was disrupted by the election intervention.

Questions were raised of the Ministry and its ability to recruit its professional staff and the PS advised that rather than recruiting, the preferred option was to capacity build within the Ministry.

***NERRDP Successor Plan***

The Committee sought clarification on the status of the successor to the NERRDP to ensure donor commitments were properly controlled. The Committee considered that a plan needed to be developed for the submission to the Committee as part of its budgetary review process. The Committee was seeking a clear policy direction from government. It was noted by the Committee that no donor consultancy meeting was held during 2006.

***Rural Development Strategy***

The Committee expressed concern that as 80% of the populace is in the rural areas there was a need to balance proposal funding between social welfare imperatives verses economic outcome. The PS indicated that in the Development estimate (pages 32 & 46) there is a breakdown by provinces and by sectors. There are existing micro projects currently implemented.

***Coordination between the Development Planning and other Relevant Ministries***

The Committee queried the effectiveness of the coordination between the Ministry of the Development Planning and the Ministry of Agriculture. PS indicated that in terms of sector wide coordination the PS of Finance, PS of Infrastructure, Ministry of Provincial Government form the steering committee and teams who coordinate at the national and provincial level ensure consultants educate the provinces about their needs.

**Other Matters Discussed with the Committee**

Funds provided for Customs Technical Advisor referred to in Media.

**4.18 Head 287: Ministry of Culture and Tourism**

Date: Friday 19<sup>th</sup> January 2007

Time: 3:30 pm

<b>Name</b>	<b>Position</b>
Luke Eta	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 287 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.18.1 below:

**Table 4.18.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	11,600	7,366	-4,234
Recurrent Expenditure	2,461,303	3,046,975	585,672
Development Expenditure	2,361,927	11,810,000	9,448,073

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Productive Sector Grants***

Committee enquired about how the provision for \$1,500,000 productive sector grants in the development budget for 2006 was spent. The Ministry advised that \$1,000,000 was granted to approximately twenty different projects whilst the remaining \$500,000 was not spent. The Ministry advised that the scheme was suspended following an audit investigation in relation to a number of the payments being made to officials commenced late in 2006. The Committee requested the Permanent Secretary to provide a listing of these twenty projects.

***ROC Funding***

The Committee enquired about the \$2,000,000 grant from ROC allocated in the Development budget. The Ministry advised three amounts of \$500,000 have been allocated to developing tourism plans to three specific provinces. The remaining \$500,000 has not yet been allocated and it hasn't been decided whether or not the funds will be used in Honiara or in another province.

***New Heritage Centre***

The Committee requested details about the new heritage centre for which \$8.2 million dollars has been provided for in the Development Budget. The Permanent Secretary advised that a taskforce had been set up to look at the revitalisation of the cultural centre and art gallery and the taskforce has come up with a conceptual plan. The Committee noted that the budget for the new centre is exactly the same as the selling price for the State House. The PS advised that this figure was merely a starting point as at this stage as they only had a conceptual plan. The Committee expressed concern as to whether or not the new heritage centre was a high priority in the context of the Solomon Islands.

***Tourism Plan***

The Committee expressed concern that there was no coherent tourism plan and that without that tourism development would be ad hoc. The Director advised that a tourism policy had been presented to Cabinet and that tourism plans for each province are yet to be developed.

***Monitoring of Grants***

The Committee enquired as to how the Ministry was monitoring results of grant monies expended. The Ministry advised that they will be recruiting two officers that will be responsible for visiting each project once they have been completed to ensure grant monies have been properly expended.

***SIVB***

The Committee noted that there was no funding for the Solomon Islands Visitors Bureau (SIVB). The PS advised that there had been a government decision not to support such bodies; however he indicated that \$540,000 had been provided under subventions to fund SIVB.

**4.19 Head 288: Ministry of Commerce, Industry and Employment**

Date: Tuesday 23<sup>rd</sup> January 2007

Time: 11:00 am

<b>Name</b>	<b>Position</b>
Jeffrey Wickham	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 288 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.19.1 below:

**Table 4.19.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	1,663,222	2,046,901	383,679
Recurrent Expenditure	13,347,826	10,852,705	-2,495,121
Development Expenditure	2,077,163	4,492,250	2,415,087

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. Furthermore, the PS provided a briefing paper to the Committee.

The following major issues were raised and discussed by the Committee and the Ministry.

***Foreign Investments***

The Permanent Secretary provided a detailed overview of the significant changes in the 2007 budget and tabled a summary document for the Committee. The Committee sought information in relation to the Foreign Investments Act and the Ministry advised that new procedures have been put in place to streamline the application registration process and to date has received a good response from investors. In the last five months, 70 new investors have been registered compared to thirty 30 in the previous year.

***Grants to Small Businesses***

The Committee noted that there is a significant reduction in the Business and Cooperative area as a result of the Grants Scheme to Small Businesses being suspended following adverse comments from the Auditor General's review in late 2006. The Committee will review the outcome of the Auditor General's report as part of its normal audit report oversight process.

***Consumer Affairs***

The Committee expressed its concern about the quality of products and prices for goods in the Solomon Islands in terms of the consumer affairs responsibilities of the Ministry. The Ministry indicated that it had insufficient staff to enforce proper consumer protection and felt that a Consumer Council should be established. The Committee endorsed the need to strengthen the function and acknowledged the need for legislative changes to provide an appropriate oversight regime.

***Rates***

The Committee noticed the various income streams for the Ministry and sought confirmation that the rates are based on cost recovery to ensure the Ministry is maximizing its revenue opportunity. The Permanent Secretary was unsure as to when the last review of rates have been carried out.

***Land Purchase***

The Committee noted the issues which arise from Cooperatives whose business activities have become idle due to the lack of legislative support to enable owners to best operate the business ventures. The Ministry acknowledged that this was an issue that needs to be addressed and the Ministry would reactivate a previous study into the land purchase cooperative failure to find solutions.

***Credit Facility Scheme***

The Committee sought information in relation to the Credit Facility Scheme provided by the Ministry and noted that the Ministry provided endorsement to SME which arrange loans via a facility with the ANZ bank.

***Work Permits***

The Committee enquired as to what steps are being taken by the Ministry to address the issue of illegal and overstayed workers, and whether the Ministry has in place any monitoring mechanisms to control illegal and overstay workers especially in the logging industry. The Ministry indicated that it lacks the human resource to do monitoring but is looking at other ways of addressing the issue such as imposing higher fees for semi-skilled foreign workers who would like to enter the country to work.

***Bina Harbor Project***

The Committee noted that only \$400,000 had been provided under the Development budget for the Bina Harbor Project and considered that the amount described as equipment in the Budget documentation, was not adequate or indicative of the current proposal intended. The Ministry acknowledged that the funding arrangements for this project were not complete and did not represent the full proposal intended.

**4.20 Head 289: Ministry of Communication, Aviation and Meteorology**

Date: Wednesday 18<sup>th</sup> January 2007

Time: 1:30 pm

<b>Name</b>	<b>Position</b>
Nairie Alamu	Permanent Secretary

## Overview

The total revenue, recurrent expenditure and development expenditure for Head 289 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.20.1 below:

**Table 4.20.1**

Details	2006 Budget	2007 Budget	Variance
Revenue	19,418,719	21,522,906	2,104,187
Recurrent Expenditure	18,299,924	21,136,956	2,837,032
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

### *Special Fund*

The Committee was concerned with the services that were provided by AirService Australia and whether the transactions were subject to audit. The Ministry advised that a new process was implemented in 2005 with the creation of the Civil Aviation Special Fund. This fund is accounted for as a Special Fund and not through the Consolidated Fund. The transactions are administered by the Ministry through the Central Finance System.

### *Communication*

The Committee sought information in relation to the current policy for the liberalization of telecommunications in Solomon Islands and the position with Solomon Telekom. The Ministry advised that a consultant has been arranged to look into options to provide a way forward with the current arrangements under exclusive licenses.

### *Training*

The Committee sought information in relation to the technical skills within the Ministry to meet the requirements in civil aviation. The Ministry advised that the officers attend set courses run in Singapore and elsewhere overseas to upskill in these areas.

***Maintenance on Terminals***

Given the current standard of the international and domestic airports in Honiara, the Committee sought details of what refurbishments are intended to address urgent problems in these facilities. The Ministry advised that \$1m had been provided for each of these and arrangements were continuing with suitable contractors.

***Revenue / Fees***

The Committee noted the revenue streams within the Ministry and sought information about the current rates that have been billed and other opportunities to increase license fee revenue. The Ministry acknowledged that there were opportunities to raise the level of income but these require processes including approval by Cabinet.

***National Adaptation Program***

The Committee sought detail in relation to the funding of the National Adaptation Program which did not appear to be in the estimates but was an ongoing commitment by the Ministry and detail in relation to these would be advised to the Committee.

**4.21 Head 290: Ministry of Fisheries and Marine Resources**

Date: 22nd January 2007

Time: 11.30am

<b>Name</b>	<b>Position</b>
Sylvester Diake	Under Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 290 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.21.1 below:

**Table 4.21.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	35,957,504	53,133,913	17,176,409
Recurrent Expenditure	7,489,206	6,629,961	-859,245
Development Expenditure	1,187,310	4,187,310	3,000,000

The Under Secretary briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Protection of Fisheries***

The Committee indicated their concern that the problems currently associated with logging are not replicated in Fisheries and to ensure that the fishing is properly regulated and controlled for the future Solomon Islands people. Given the bottom up approach the Committee expressed the importance of the need to encourage participation at the village level.

***Market and Business Development***

The Committee noted the new division Market and Business Development within the Ministry. The Under Secretary informed the Committee that the new division was established to promote and look into the sale of Solomon Island fish into international markets. The Committee expressed concern that there was no budget estimate for research and development (R&D). The Committee emphasized the importance of R&D in this field.

***Fishery Centers***

The Committee made enquiries regarding fish storage facilities donated by Japan as to whether or not they were still in operation. The Under Secretary indicated that they were still in operation and that the Ministry was responsible for the maintenance of these storage facilities. Furthermore, the Under Secretary indicated that these storage facilities were located at the Fishery Centers. The Ministry indicated that a number of Fishery Centers were built in inappropriate places often as the result of political intervention.

***Establishments***

The Committee made enquiries as to why the Payroll had reduced from \$2.3m to \$1.8m when the establishment register indicated an increase of staff numbers. The Ministry was unable to explain the difference and the Committee recommended that the Ministry follow this up with the Ministry of Finance.

### ***Grants***

The Committee expressed its concerns about the manner in which grants were provided to the rural sector and the way in which donor grants are coordinated through the Ministry's Provincial Government and National Planning. The Committee expressed the importance of past practices being stopped. The Ministry acknowledged the need for good systems to be put in place and to work closely with other Ministries. The Ministry indicated they were setting up a committee to help oversight the coordination of the grants. The Committee considered that the government needed a policy in relation to the future of the industry to ensure that the Solomon Island resources are used to their full potential, whilst still protecting the future sustainability of the industry.

### ***Development Funds***

The Committee in reviewing licenses revenue for the Ministry sought clarification as to how the income and expenses relative to the area reflected in the recurrent estimates. The Ministry was unsure where these funds were reflected the Recurrent Estimates. The Committee expressed that it was important that the revenue and expenditures associated Development funds are correctly reflected through the budget process. The Ministry agreed to discuss this with Ministry of Finance to ensure the transactions were properly reflected in the budget estimates.

## **4.22 Head 291: Ministry of Public Service**

Date: Tuesday 16<sup>th</sup> January 2007  
Time: 2:00 pm

<b>Name</b>	<b>Position</b>
Ishmael Avui	Permanent Secretary

### **Overview**

The total revenue, recurrent expenditure and development expenditure for Head 291 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.22.1:

**Table 4.22.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	109,160	956,425	847,265
Recurrent Expenditure	9,980,193	22,824,553	12,844,360
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The PS described the role of the Public Service Division.

The PS indicated that PSD is currently responsible for approximately 11000 public servants. Vacancies in the public service total approximately 266. PSD has also engaged a committee to review the general orders which govern the working conditions of public service employees.

The following major issues were raised and discussed by the Committee and the Ministry.

***Public Attitudes towards Public Service Employees***

The Committee enquired as to comments and perceptions about public service employee attitudes and lack of attendance at work and what PSD was going to do about it. The PS informed the Committee that it was important to increase the utilisation of IPAM within the public service to help tackle work attitudes and poor work attendance. Furthermore, the PS indicated to the Committee that a Technical Adviser was to be appointed shortly to help with the tracking of the performance of government employees.

***Employment Beyond Retirement Age***

It was noted by the Committee that a number of employees within the public service who had reached the retirement age of 55 had not yet retired. The Committee wanted to know what the Public Service Commission was doing about this. The PS informed the Committee that there were approximately 400 officers currently within the public sector whom have reached retirement age. These officers are in technical positions including doctors and nurses whose exit from the public service could lead to a cut in services.

### ***Staff Retention***

The Committee noted that there are approximately 11,000 privileged public servants employed by the government out of a total population of 600,000. With the increasing population and apparent brain drain from the country the Committee sought advice of how best to address this issue. The PS did not agree with the comments regarding the privileges of those employed by the government. In fact PS indicated that the public servants are paid less than in private sector. To address the issue the PS informed the Committee that he hoped that the Public Service Improvement Program (PSIP) will address the issue.

### ***Effectiveness of Disciplinary Proceedings***

The Committee made enquiries regarding the effectiveness of disciplinary proceedings against officers with unsatisfactory performance by the Public Service Division. The PS informed the Committee that the Permanent Secretaries for each of the Ministries are now responsible for addressing unsatisfactory work performances.

### ***Qualified Officers to be moved to Rural Areas***

The Committee asked the PS how it intended on linking in with the government policy on sending manpower out into the provinces. The Committee stressed the importance of sending qualified officers out to the provinces in order to ensure adequate services are delivered to the rural areas. Importantly, these areas require qualified officers such as planners and engineers to help the government deliver its bottom up approach. The PS responded by indicating that the review of General Orders will try to cater for incentives for officers to go out to rural areas and this issue will be reviewed under the Public Service Improvement Program.

### ***IPAM***

Enquires were made by the Committee as to the physical location of IPAM. The Director of IPAM indicated that they will be in the new building next door to the Finance compound. The Committee expressed its views on the importance of the IPAM institution is to the development of public service employees and considered it should have significant physical presence within the public service.

The Director of IPAM informed the Committee that it ran courses for 800 public servants last year and was hoping to run courses for 1000 public servants this year. The Committee enquired as to how many workshops were being run out in the provinces. The Director of IPAM indicated that only one workshop was run out in each of the provinces in the prior year however IPAM has planned to have three workshops in each of the provinces in the current year.

***Terminated Officers***

The Committee expressed its concern following audit reports revealing incidents of officers continuing to be paid once they have left the Ministry and asked the PS what is currently being done to address the issue. The Committee was also aware that this issue was predominantly a problem with teachers. The PS informed the Committee that a technical adviser has been engaged to develop a database which will help to link the payroll with PSD records.

***Ghost Teachers***

It was noted by the Committee from a recent audit report that there was a number of ghost teachers on the payroll. The Committee was informed by the PS that a significant number of these ghost employees had already been removed from the payroll. It was further noted that the responsibility of removing terminated officers from the payroll still rests with the Ministries.

***Teachers Award***

The Committee expressed its concerns over the Teachers Award and the PS agreed that it was at crisis levels and that the PS of Finance and Education are currently having discussions to resolve the issue.

***Public Service Housing***

The Committee raised serious concern over the shortage of housing for public servants. RAMSI personnel have put pressure on the rental market and therefore have pushed up the rental market. Furthermore, the Committee believes that the current housing allowances for public service employees are inadequate.

The Committee expressed serious concern over the housing shortage and believed that the government should look at building more public service housing. The Committee further expressed that donors may be able to aid in the building of public service housing. The Committee also recommended a feasibility study should be conducted into government housing.

The Deputy Auditor General informed the Committee that OAG was in the process of delivering a report to the Housing Taskforce who are actively addressing the issue.

**4.23 Head 292: Ministry of Justice and Legal Affairs**

Date: Wednesday 17<sup>th</sup> January 2007

Time: 3:30 pm

<b>Name</b>	<b>Position</b>
James Remobatu	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 292 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.23.1 below:

**Table 4.23.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	3,935,445	9,807,061	5,871,616
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Law Reform Commission***

It was noted by the Committee that there was little progress in relation to the Law Reform Commission in 2006. The Ministry advised that there were difficulties in filling positions within the Commission and was required to seek expatriate assistance. The Committee stressed the importance of proceeding with the legislation in relation to the penal and criminal procedure code. The Ministry agreed there were problems in 2006 and that the Chair of the Commission went to Fiji to get ideas of how the Law Reform Commission should be functioning. The Ministry indicated that significant progress should be seen in 2007.

***Shortfall in Skilled Solicitors***

The Committee sought information from the Ministry as to how it was addressing the shortfall in the availability of skilled solicitors within the Solomon Islands. The Ministry advised that they were developing a Scheme of Services with PSD and have introduced a graduate lawyer program and attachments to suitable legal offices to encourage people to pursue a legal career within the Solomon Islands Government.

***Capacity***

The Committee expressed concerns about the Ministry's ability to train up the capacity of the lawyers within the Solomon Islands Law and Justice Sector Institutional Strengthening Project and to be able to carry on with an eventual reduction in expatriate assistance. The Ministry advised that they were actively training up staff to obtain the necessary skills to carry on the duties of these positions.

**4.24 Head 293: Ministry of Home Affairs**

Date: Friday 19<sup>th</sup> January 2007  
 Time: 1:30 pm

<b>Name</b>	<b>Position</b>
Fred Fakarii	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 293 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.24.1 below:

**Table 4.24.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	1,276,468	1,171,687	-104,781
Recurrent Expenditure	21,485,333	8,518,563	-12,966,770
Development Expenditure	-	-	-

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The Permanent Secretary provided the overview of the responsibilities of the Ministry and a briefing of the major variations proposed for 2007. The Permanent Secretary indicated that the budget was based on the corporate plan but much of the activities proposed have been reduced in the current budget allocation.

The following major issues were raised and discussed by the Committee and the Ministry.

### ***South Pacific Games Budget***

The Committee noted that despite the government agreeing to support Solomon Islands commitment to attend the South Pacific Games (SPG) in 2007 with \$5 million budget; this has not been included in the current budget allocation. As the commitment has been made the Committee feels that this amount should be included. The Committee was subsequently advised by the Ministry of Finance that private sponsorship was being sought for this event.

### ***Staffing***

The Committee expressed its concern with the current staffing levels within the Ministry given the important issues needing to be addressed in the Ministry in relation to young people in the Solomon Islands and the affairs of women. In particular the Committee sought details of the current position with the children's policy, child rights and violence against women policy. The Ministry advised that there had been little progress in relation to these important issues and agreed that these would be addressed with assistance from Non Government Organizations (NGO) and Churches to enable community awareness consultation to occur.

### ***Community Grants***

The Committee noted several areas where grants were provided to community groups through the various programs and expressed its concern whether the funding was being provided in an equitable manner. The Ministry acknowledged the need for a better process and proposed to use the Churches and NGOs to identify coordinators to better distribute these grants.

### ***Funds Allocated for the National Unity Day Celebration***

The Committee noted \$175,000 has been allocated for the National Unity Day celebration which was to cover the appointment of the working committee. Given that there is another Ministry looking after National Unity issues the budget in this Ministry was not understood. The Ministry advised that the documentation had already been prepared indicating Home Affairs as the responsible Ministry.

***Road Maintenance Grant***

The Committee noted that \$467,000 had been allocated to the Honiara City Council (HCC) for Road Maintenance grants and sought confirmation that this amount would be expended on the purposes intended. The Ministry was requested to ensure there is a close scrutiny of funds used for road maintenance in Honiara.

***Youth Projects***

The Committee acknowledge the significant problems with youth in Honiara and was concerned that a previous project sponsored by the UK (Rainbow Project) has lost its impetus and learnings may be lost if this project is abandoned. The Ministry agreed to follow up this project and also consider the implications and issues for youth in provinces.

***Citizenship Fees***

The Committee raised its concern about level of Revenue resulting from Citizenship applications and given previous issues known to exist in the issuing of citizenships, the completeness of the revenue was in question. The Ministry indicated that they were not provided with information from the Citizenship Committee as the legislation does not provide for such access.

***Payroll***

The Permanent Secretary advised that the budget for salaries within the Ministry was grossly understated in the budget submission and agreed to negotiate with the Ministry of Finance for a more realistic budget.

**4.25 Head 294: Ministry of National Unity, Reconciliation and Peace**

Date: Friday 19<sup>th</sup> January 2007

Time: 11:00 am

<b>Name</b>	<b>Position</b>
Joy Kere	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 294 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.25.1 below:

**Table 4.25.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	-	-	-
Recurrent Expenditure	2,532,277	4,617,765	2,085,488
Development Expenditure	-	1,000,000	1,000,000

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The Permanent Secretary gave a briefing to the Committee on developments in her Ministry. She explained the main reason as to why there is an increase in the recurrent budget was due to \$2.1 million needed to establish the Truth and Reconciliation Commission. A steering committee has been set up to establish the terms of reference of the Commission. The development budget includes \$1million to establish the Peace and Integrity Council.

The following major issues were raised and discussed by the Committee and the Ministry.

***Budget for Reconciliation Process and Rehabilitation***

The Committee was concerned that there appeared to be no budget for reconciliation processes and rehabilitation. The Permanent Secretary advised that this process takes:

- Time;
- Mediation; and
- Consultation.

The main item for funding for this is capital expenditure discretionary funds and the Committee enquired how this fund is administered. The Chief Accountant advised the Committee that this would be the same as normal expenditure with the Permanent Secretary authorizing payment and the Ministry of Finance processing it.

***Time for Reconciliation Process***

The Committee was concerned with the timing and priorities for the reconciliation process and encouraged the Ministry for these issues to be addressed quickly.

**4.26 Head 295: Ministry of Mines and Energy**

Date: Monday 22<sup>nd</sup> January 2007

Time: 3:30 pm

Name	Position
Don Tolia	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 295 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.26.1 below:

**Table 4.26.1**

Details	2006 Budget	2007 Budget	Variance
Revenue	1,413,559	1,564,027	150,468
Recurrent Expenditure	4,282,374	4,918,036	635,662
Development Expenditure	229,411	1,770,589	1,541,178

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry. Furthermore, the PS provided a briefing paper to the Committee.

The following major issues were raised and discussed by the Committee and the Ministry.

***Vacant Positions***

The Committee noted that the Ministry has a number of vacant positions and enquired when these would be filled. The PS advised that the positions were advertised last year but the Ministry continues to lose staff. The PS also advised that the Ministry did not receive the budget requested.

***Renewable Energy Project***

The Committee enquired about the renewable energy project \$1.77m that appeared in the Development Estimate and asked how the fund will be distributed. The Permanent Secretary advised that the Ministry has set up criteria by which villages will be assessed and selected.

***Rural Development and Bottom up approach Policy***

The Committee enquired whether the Ministry's budget included any changes of emphasis to effect the Government's rural development and bottom up approach policies. The Permanent Secretary advised the Committee that the budget was structured along normal lines because his Ministry has always been rural based.

***Community Hydro Project***

The Committee requested information regarding the Community Hydro Project and other renewable energy projects. The Ministry provided the Committee with details about development of several projects. The Ministry pointed out that Ngalibiu has been identified by World Bank as a potential site for hydro project and that feasibility study on the site will begin soon.

***Research Fund***

The Committee enquired whether there were any research funds in the Recurrent budget. The Ministry advised there were none and the Committee suggested that such funding should be provided for in the future budget.

***Progress in Mining***

The Committee requested information about progress on Gold Mine Project and the Ministry advised that the Bugotu Nickel Mine had applied for the renewal of its license in 2005 and is pending a decision from the High Court. The Mineral Boards meet in February and it would take one to two years to evaluate data. The Ministry also advised the Committee that Gold Ridge mine is proceeding reasonably well and the development and reconstruction of the mine site is expected to begin in March of 2007 and that proper operations may begin in 2008.

**4.27 Head 296: National Judiciary**

Date: Thursday 17<sup>th</sup> January 2007  
Time: 4:30 pm

<b>Name</b>	<b>Position</b>
James Remobatu	Permanent Secretary

**Overview**

The total revenue, recurrent expenditure and development expenditure for Head 296 disclosed in the 2007 Draft Recurrent Estimates is produced below in the Table 4.27.1 below:

**Table 4.27.1**

<b>Details</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>Variance</b>
Revenue	702,630	611,298	-91,332
Recurrent Expenditure	4,235,594	6,118,969	1,883,378
Statutory Expenditure	894,400	403,044	-491,356
Development Expenditure	-	1,400,000	1,400,000

The Permanent Secretary (PS) briefed the Public Accounts Committee (the Committee) on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee and the Ministry.

***Local Courts***

The Committee noted the significant increases in expenditure proposed in the local courts and in that context felt that better use could be made of the House of Chiefs to provide a liaison point for the communities. The Ministry advised that they are developing a whole strategy for the establishment of local magistrate courts but this was a significant challenge given there was some 360 locations and accepted that there was role for the local Chiefs when these are further progressed.

***Fees***

The Committee expressed its concern to the Ministry regarding court fees indicating the need to consider user pay principles and that they may not be high enough to act as a deterrent.

## APPENDICES

### 5.0 MINUTES OF PAC MEETINGS



## PUBLIC ACCOUNTS COMMITTEE

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### NATIONAL PARLIAMENT OF SOLOMON ISLANDS

#### Minutes of Proceedings No. 1

**Inquiry into the 2007 Budget Estimates, Day 1, Monday 15 January, 2007,  
Parliament House**

**Hearing No. 1 - Head 273 Ministry of Finance and Treasury, Head 278 National  
Debt Financing and Head 282 Pensions and Gratuities, 2:00 pm**

#### 1. **Members Present**

Hon. Francis Zama, MP (Chair)

Hon. Fred Fono, MP

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Luma Darcy, Permanent Secretary, Ministry of Finance and Treasury

Mr. Shadrack Fanega, Permanent Secretary, Ministry of Finance and  
Treasury

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Mr. Ronnie Piva, Commissioner of Inland Revenue, Ministry of Finance and  
Treasury

Mr. Daniel Rofeta, Controller of Customs, Ministry of Finance and Treasury

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mrs. Taeasi Sanga, Clerk to National Parliament

Mrs. Florence Naesol, Deputy Clerk to National Parliament

2. The Permanent Secretaries and officials from the Ministry of Finance and Treasury appeared before the Committee.

The Chair welcomed the Permanent Secretaries and officials and opened the hearing by inviting the Permanent Secretary to address the committee.

The Permanent Secretary (Luma Darcy) briefed the Committee on the operations of the Ministry and the major issues relating to the 2007 Budget Estimates. The Permanent Secretary (Luma Darcy) tabled the 2007 Appropriation Bill 2007.

The Committee questioned the Permanent Secretary and officers of the Ministry.

The following documents were also tabled;

- 2007 Draft Recurrent Estimates,
- 2007 Draft Development Estimates,
- 2007 Proposed Recurrent Established and Non-Established Establishment and Manpower Budgeting,
- 2007 Ministry of Police and National Security (Discipline Force) Proposed Recurrent Establishment Register, and
- The Ministry of Education, Teaching Service, 2007 Proposed Recurrent Establishment Register.

The Chair noted that certain relevant documents which relate to the governments spending measures, budget strategy and outlook were not tabled before the committee.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 4:30 pm until 9:30 am Tuesday 16 January 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 2**

#### **Inquiry into the 2007 Budget Estimates, Day 2, Tuesday 16 January, 2007, Parliament House**

#### **Hearing No. 2 - Head 271 Office of the Auditor General, 9:30 am**

##### **1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

##### **Witnesses**

Mr. Floyd Augustine Fatai, Auditor General  
Mr. Eric Muir, Deputy Auditor General  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Robert Cohen, Advisor, Office of the Auditor General

##### **Secretariat**

Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC  
Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

##### **In-Attendance**

Mr. Ishmael Avui, Permanent Secretary, Ministry of Public Service  
Mr. Harry Kuma, Under-Secretary, Ministry of Finance and Treasury  
Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service  
Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury  
Mr. Ronnie Piva, Commissioner of Inland Revenue, Ministry of Finance and Treasury

Mr. Andrew Idute'e, Senior Finance Officer, Ministry of Finance and Treasury

Mr. Tony Scriva, Advisor, Office of the Auditor General

2. The Auditor General and officers of the Audit Office appeared before the Committee.

The Chair welcomed the Auditor General and officials of the Office of the Auditor General. The Chair invited the Auditor General to address the Committee.

The Auditor General briefed the Committee on the operations of the Audit Office and major issues relating to the 2007 Draft Recurrent Estimates.

The Deputy Auditor General tabled a briefing note and a list of Audit Register for Statutory Bodies.

The Permanent Secretary of the Public Service was available to the Committee and responded to queries in relation to the Office of the Auditor General and its establishments Budget.

Evidence concluded.

The Committee deliberated.

3. **Close**  
The Committee adjourned at 11:00 am.

### **Hearing No. 3 - Head 286 Ministry of Development Planning and Aid Coordination, 11:30am**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Ms. Jane Waitara, Permanent Secretary, Ministry of Development Planning and Aid Coordination

Mr. Nigel Mazini, Director, Strategic Planning, Ministry of Development Planning and Aid Coordination

Mr. Peter Coventry, Advisor, Ministry of Development Planning and Aid Coordination

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC

Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Ishmael Avui, Permanent Secretary, Ministry of Public Service

Mr. Harry Kuma, Under-Secretary, Ministry of Finance and Treasury

Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Mr. Andrew Idute'e, Senior Finance Officer, Ministry of Finance and Treasury

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

2. The Permanent Secretary and senior Officers of the Ministry of Development Planning and Aid Coordination appeared before the Committee.

The Chair welcomed the PS and officials and opened the hearing by inviting the PS to address the Committee.

The Committee was briefed by the PS on the operations of the Ministry in 2006 and 2007 and the major issues relating to its 2007 Draft Recurrent Estimates.

The Committee commenced questioning the PS and officers of the Ministry.

The Hon. Fred Fono requested that the Committee's recommendations include that the Government further strengthen the Ministry to enable it to fulfill its important missions and strategic goals.

The Chair advised the PS that the Committee would be hearing from the Ministry of Finance and Treasury again at the conclusion of the hearings and that the Committee was of the view that it would be of assistance to have the PS (for Ministry of Development Planning and Aid Coordination) available at that hearing.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 12:30 pm until 2:00 pm.

**Hearing No. 4 - Head 291 Ministry of Public Service 2:00 pm**

**1. Members Present**

Hon. Francis Zama, MP (Chair)

Hon. Fred Fono, MP

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

**Witnesses**

Mr. Ishmael Avui, Permanent Secretary, Ministry of Public Service

Mr. Dick Anasimae, Chief Accountant, Ministry of Public Service

Mr. Walter Ramo, Director, Institute of Public Administration and Management

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC

Mr. Richard Alu, Committee Secretariat, Clerk to the PAC

Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

2. The Permanent Secretary and officials appeared before the Committee.

The Chair welcomed the PS and officials and opened the hearing by inviting the Permanent Secretary to address the Committee.

The PS addressed the Committee about the operations of the Ministry in 2006 and 2007 in terms of its 2007 Draft Recurrent Estimates.

The Committee questioned the PS and officers of the Ministry.

The Officials from the Ministry of Finance and Treasury also addressed the Committee in relation to issues with the Public Service payroll.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 3:15 pm.

#### **Hearing No. 5 - Head 275 Office of the Governor General 3:30 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Nigel Maezama, Private Secretary, Office of the Governor General  
Mr. Daniel Damilea, Deputy Private Secretary, Office of the Governor General  
Mr. Titus Ngelea, Accountant, Office of the Governor General

#### **Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. Richard Alu, Committee Secretariat, Clerk to the PAC  
Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

2. The Private Secretary and the officers of the Governor General appeared before the Committee.

The Chair welcomed the Private Secretary and officials and opened the hearing by inviting the Private Secretary to address the Committee.

The Committee heard evidence from the Private Secretary and officials from the Office of the Governor General.

The Private Secretary briefed the Committee on the duties and operations of the Governor General and major issues relating to the 2007 Draft Recurrent Estimates.

An official from the Ministry of Finance and Treasury also provided information in relation to statutory expenditure.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 3:55 pm until 9:00 am Wednesday 17 January 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 3**

**Inquiry into the 2007 Budget Estimates, Day 3, Wednesday 17 January, 2007,  
Parliament House**

**Hearing No. 6 - Head 281 Office of the Prime Minister and Cabinet, 9:30 am**

#### **1. Members Present**

Hon. Fred Fono, MP (Acting Chair)

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Rence Sore, Deputy Secretary to the Prime Minister

Mr. Ben Mendo, Chief Accounting Officer, Establishments, Ministry of Public Service

Mr. Billy Toate, Chief Accountant, Office of the Prime Minister and Cabinet

Dr. Judson Leafasia, Chief of Staff, Office of the Prime Minister and Cabinet

Mr. Robb Preston, Advisor, Ministry of Finance and Treasury

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

#### **In-Attendance**

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mrs. Florence Naesol, Deputy Clerk to National Parliament

2. The Deputy Secretary to the Prime Minister (DSPM), the Chief of Staff of the Prime Minister's Private Office and officers from the Office of the Prime Minister and Cabinet appeared before the Committee.

The Acting Chair welcomed officials and advised that the Committee had agreed that in the absence of the Chair, he would be the Chair.

The DSPM apologized for the absence of the Secretary to the Prime Minister due to illness.

The DSPM briefed the Committee on the operations of the Office of the Prime Minister and Cabinet and the major issues related to the 2007 Draft Recurrent Estimates.

The Committee questioned the DSPM and officers from the Office of the Prime Minister and Cabinet.

The Acting Chair noted and expressed concern at the absence of the officials from the Finance and Treasury who should be present at all hearings to advise the Committee when required.

Questioning continued.

The DSPM tabled a document with updated information on the draft Proposed Recurrent Establishment Register relating to the Prime Minister's Private Office.

The DSPM advised that further information would be provided to the Committee in relation to the budget for the Prime Minister's Private Office.

Questioning continued.

The Acting Chair advised the Committee that officers from the Finance and Treasury were now available. The officers were advised that they were required to be available to the Committee during the current inquiry into the 2007 Draft Budget Estimates.

The Committee questioned the officers on information required relating to the Prime Minister's Private Office.

The officers indicated that the requested information would need to be taken on notice and provided to the Committee prior to the conclusion of the hearings.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 10:40 am until 11:30 am.

**Hearing 7 - Head 274 Ministry of Foreign Affairs, External Trade and Immigration, 11:30 am**

**1. Members Present**

Hon. Fred Fono, MP (Acting Chair)

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

**Witnesses**

Mr. Jeremiah Manele, Permanent Secretary, Ministry of Foreign Affairs, External Trade and Immigration

Mr. Senda Fifii, Under Secretary, Ministry of Foreign Affairs, External Trade and Immigration

Mrs. Gwen Koke, Chief Accountant, Ministry of Commerce, Trade and Employment

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Mr. Ben Mendo, Chief Accounting Officer, Establishments, Ministry of Public Service

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mrs. Florence Naesol, Deputy Clerk to National Parliament

2. The Permanent Secretary (PS) and officers of the Ministry of Foreign Affairs, External Trade and Immigration appeared before the Committee.

The Acting Chair opened the hearing by welcoming the PS and officials from the Ministry and invited them to brief the Committee.

The PS briefed the Committee on the Ministry and issues relating to the 2007 Draft Budget Estimates.

The Committee questioned the PS and officers of the Ministry of Foreign Affairs, External Trade and Immigration.

Evidence concluded.

The Committee deliberated.

3. **Close**  
The Committee adjourned at 12:05 pm until 2:00 pm.

### **Hearing 8 - Head 483 Ministry of Police and National Security, 2:00 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. George Hiele, Permanent Secretary, Ministry of Police and National Security  
Ms. Emily Teaitala, Under Secretary, Prisons, Ministry of Police and National Security  
Mr. Fred Dola, Chief Accountant, Ministry of Police and National Security  
Mr. Peter Lokay, Finance Advisor, Ministry of Police and National Security

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC

Mr. Derick Manuari, Committee Secretariat, Clerk to the Inquiry  
Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury  
Mr. Ben Mendo, Chief Accounting Officer, Establishments, Ministry of Public Service  
Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mr. Peter Coventry, Advisor, Ministry of Development Planning and Aid Coordination  
Mr. Rob Preston, Budget Advisor, Ministry of Finance and Treasury

2. The PS and officers of the Ministry of Police and National Security appeared before the Committee.

The Chair welcomed the PS and officials from the Ministry of Police and National Security and opened the hearing by inviting the PS to address the Committee.

The PS tabled a briefing document which was circulated to members and briefed the Committee on the operations of the Ministry and the major issues relating to the 2007 Draft Budget Estimates.

The Committee questioned the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**  
The Committee adjourned at 3:00 pm.

**Hearing 9 - Head 292 Ministry of Justice and Legal Affairs, 3:30 pm**

**1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

**Witnesses**

Mr. James Remobatu, Permanent Secretary, Ministry of Justice and Legal Affairs  
Mr. Nilton Chite, Under Secretary, Ministry of Justice and Legal Affairs  
Mr. Bruce Kelly, Chief Executive Officer, High Court of Solomon Islands  
Mr. Fred Dola, Chief Accountant, Ministry of Police and National Security  
Mr. Peter Lokay, Finance Advisor, Ministry of Police and National Security  
Mr. Nelson Laurere, Registrar, High Court of Solomon Islands

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC  
Mr. Derick Manuari, Committee Secretariat, Clerk to the Inquiry  
Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury  
Mr. Ben Mendo, Chief Accounting Officer, Establishments, Ministry of Public Service  
Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mr. Peter Coventry, Advisor, Ministry of Development Planning and Aid Coordination  
Mr. Rob Preston, Budget Advisor, Ministry of Finance and Treasury  
Mr. Andrew Idute'e, Senior Finance Officer, Ministry of Finance and Treasury

- 2.** The PS and officers of the Ministry of Justice and Legal Affairs appeared before the Committee.

The Chair welcomed the PS and officers and opened the hearing by inviting the PS to address the Committee.

The PS tabled a briefing document which was circulated to members and briefed the Committee on the operations of the Ministry and the National Judiciary and the major issues relating to the 2007 Draft Budget Estimates.

The Committee questioned the PS and Officers of the Ministry and the National Judiciary.

Evidence concluded.

The Committee deliberated.

**3. Close**

The Committee adjourned at 5:00 pm until 9:00 am Thursday 18 January 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 4**

**Inquiry into the 2007 Budget Estimates, Day 4, Thursday 18 January, 2007,  
Parliament House**

**Hearing No.10 - Head 277 Ministry of Infrastructure Development, 9:12 am**

#### **1. Members Present**

Hon. Fred Fono, MP (Acting Chair)  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Peter Hauia, Permanent Secretary, Ministry of Infrastructure  
Development  
Ms. Grace Hebala, Chief Accountant, Ministry of Infrastructure  
Development  
Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

#### **Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. Richard Alu, Committee Secretariat, Clerk to the PAC  
Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

#### **In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mrs. Florence Naesol, Deputy Clerk to National Parliament

2. The Permanent Secretary and officers of the Ministry of Infrastructure Development appeared before the Committee.

The Acting Chair welcomed the PS and officers from the Ministry. As agreed by the committee he is the Chair in the absence of Hon. Francis Zama.

The PS briefed the Committee on the Ministry's Corporate Plan 2007/2009. The PS also made some amendments to the names given to various divisions in the Ministry.

The Chair questioned the development of the National Transport Fund and its relation to rural developments and queried the timeframe to its tabling before Parliament.

The Chair requested that a copy of the Corporate Plan be furnished to the Committee.

The Permanent Secretary advised the Committee that a copy will be supplied.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 10:30 am until 11:00 am.

### **Hearing 11: Head 272 Ministry of Education and Human Resources Development, 11:00 am**

1. **Members Present**  
Hon. Fred Fono, MP (Acting Chair)  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Barnabas Anga, Permanent Secretary, Ministry of Education and Human Resources Development  
Mr. Thomas Misibini, Chief Accountant, Ministry of Education and Human Resources Development

Mr. Bob Pollard, Advisor, Ministry of Education and Human Resources Development

Mr. Willie Marau, Chief Administration Officer, Ministry of Education and Human Resources

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC

Mr. Richard Alu, Committee Secretariat, Clerk to the PAC

Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mrs. Florence Naesol, Deputy Clerk to National Parliament

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service

2. The Permanent Secretary and the Chief Accountant of the Ministry of Infrastructure Development appeared before the Committee.

The Acting Chair welcomed the PS and officers from the. As agreed by the committee he is the Chair in the absence of Hon. Francis Zama.

The PS asked officials from the Ministry of Finance and Treasury for clarification on certain line items that were changed in their 2007 Draft Recurrent Estimates.

The Officials advised that the items had been moved to the respective Ministry's headquarters.

The Committee questioned the PS and officers of the Ministry of Education and Human Resources Development.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 12:12 pm until 1:00 pm.

**Hearing 12 - Head 289 Ministry of Communication, Aviation & Meteorology**  
**1:30 pm**

**1. Members Present**

Hon. Fred Fono, MP (Acting Chair)  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

**Witnesses**

Ms. Nairie Alamu, Permanent Secretary, Ministry of Communication, Aviation and Meteorology  
Mr. Patrick Tuita, Chief Accountant, Ministry of Communication, Aviation and Meteorology

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC  
Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Nigel Mazini, Director, Strategic Planning, Ministry of Development Planning and Aid Coordination  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mrs. Florence Naesol, Deputy Clerk to National Parliament  
Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury  
Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service  
Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General  
Ms. Gebra Maqiti, Audit officer, Office of the Auditor General

- 2.** The Acting Chair welcomed the Permanent Secretary and officers from the Ministry of Communication, Aviation & Meteorology. As agreed by the committee he is the Chair in the absence of Hon. Francis Zama.

The PS briefed the Committee on the operations of the Ministry and major issues relating to the 2007 Draft Budget Estimates. The PS tabled the Civil Aviation Division master plan before the committee.

The Committee commenced questioning of the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 3:00 pm until 3:30 pm.

**Hearing 13 - Head 279 National Parliament 3:30 pm**

**1. Members Present**

Hon. Fred Fono, MP (Acting Chair)

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

**Witnesses**

Mrs. Taeasi Sanga, Clerk to National Parliament

Mr. Henry Baeoro, Chief Accountant, National Parliament

Mrs. Florence Naesol, Deputy Clerk to National Parliament

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Nigel Mazini, Director, Strategic Planning, Ministry of Development Planning and Aid Coordination

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury

Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service

Ms. Georgina Kikolo, Audit Officer, Office of the Auditor General

Ms. Gebra Maqiti, Audit Officer, Office of the Auditor General

- 2.** The Clerk and officers from the National Parliament appeared before the Committee.

The Chair welcomed the Clerk and officers and opened the hearing by inviting the Clerk to address the Committee.

The Clerk tabled amendments to the National Parliament's 2007 Development Estimates before the Committee.

The Clerk briefed the Committee on the operations of the Office of the National Parliament and the major issues relating to the 2007 Draft Recurrent Estimates.

The Committee commenced questioning of the Clerk and officers of the National Parliament.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 4:30 pm until 9:30 am, Friday 19 January, 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 5**

**Inquiry into the 2007 Budget Estimates, Day 5, Friday 19 January, 2007,  
Parliament House**

**Hearing No 14 - Head 284 Ministry of Provincial Government and Rural  
Development, 9:10 am**

#### **1. Members Present**

Hon Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Witnesses**

Mr. Tione Bugotu, Permanent Secretary, Ministry of Provincial  
Government and Rural Development  
Ms. Lindina Kopana, Chief Accountant (Acting), Ministry of Provincial  
Government and Rural Development  
Ms. Selina Boso, Director, Rural Development, Ministry of Provincial  
Government and Rural Development  
Mr. Charles Rai, Chief Administration Officer, Ministry of Provincial  
Government and Rural Development

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Ms Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC  
Ms. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

#### **In-Attendance**

Mr. Eric Muir, Deputy Auditor General  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mr. Wilson Suhara, Audit Officer, Office of the Auditor General  
Mr. Randall Noda, Audit Officer, Office of the Auditor General

2. The Chair welcomed the Permanent Secretary and officials from the Ministry for Provincial Government and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's plan for the year 2007.

The Committee questioned the PS and Officials of the Ministry over the 2007 Draft Recurrent and Draft Development, Estimates.

Evidence concluded.

3. **Close**  
Committee adjourned at 10:30 am for 11:00 am.

**Hearing No 15 - Head 294 Ministry of National Unity, Reconciliation and Peace, 11:00 am**

1. **Members Present**  
Hon Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

**Witnesses**

Ms. Joy Kere, Permanent Secretary, Ministry of National Unity, Reconciliation and Peace  
Mr. Bobby Ramo, Chief Accountant, Ministry of National Unity, Reconciliation and Peace

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Ms Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC  
Ms. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Bob Quiggin, Advisor, Ministry of Finance and Treasury  
Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General  
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mr. Wilson Suhara, Audit Officer, Office of the Auditor General  
Mr. Randall Noda, Audit Officer, Office of the Auditor General

2. The Chair welcomed the Permanent Secretary and officers from the Ministry for National Unity, Reconciliation and Peace and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's plan for 2007 and how it relates to the proposed budget.

The Committee questioned of the PS and officers of the Ministry over the 2007 Draft Recurrent Estimates and the 2007 Draft Development Estimates.

Evidence concluded.

3. **Close**  
Committee adjourned at 12:30 pm for 2:00 pm.

**Hearing 16 - Head 293 Ministry of Home Affairs 1:30 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP

**Witnesses**

Mr. Fred Fakarii, Permanent Secretary, Ministry of Home Affairs and Ecclesiastical Affairs

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. Richard Alu, Committee Secretariat, Clerk to the PAC

Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Tony Scriva, Advisor, Office of the Auditor General  
Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury

2. The Chairman welcomed the Permanent Secretary and officers from the Ministry and thanked them for appearing before the Committee.

The PS briefed the Committee on the Ministry's budget and gave an overview of the Ministry's objectives, outputs and budget issues.

The Committee questioned the Permanent Secretary and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 3:10 pm until 3:30 pm

**Hearing No 17 - Head 287 Ministry of Culture and Tourism 3:30 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP

**Witnesses**

Mr. Luke Eta, Permanent Secretary, Ministry of Culture and Tourism  
Mr. Moses Tepai, Under Secretary, Ministry of Culture and Tourism  
Ms. Gwen Koke, Chief Accountant, Ministry of Commerce, Industry and Employment

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. Richard Alu, Committee Secretariat, Clerk to the PAC  
Mr. Celsus Talifilu, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General

Ms. Mercy Magu, Audit Officer, Office of the Auditor General

2. The Chairman welcomed the Permanent Secretary and officers from the Ministry. The Chair thanked the officials for appearing before the Committee.

The PS briefed the Committee on the Ministry's 2007 Draft Recurrent and Development Estimates and gave an overview of the Ministry's objectives, outputs and other issues.

The Committee questioned the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**

Committee adjourned at 4:45 pm for 9:30 am Monday 22 January, 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 6**

**Inquiry into the 2007 Budget Estimates, Day 6, Monday 22 January, 2007,  
Parliament House**

**Hearing No 18 - Head 280 Ministry of Forests, Environment and Conservation,  
9:35 am**

#### **1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP

#### **Witnesses**

Mr. Fred Iro Ganate, Permanent Secretary, Ministry of Forests,  
Environment and Conservation  
Mr. Jeffery Scott Kauha, Under Secretary, Ministry of Forests, Environment  
and Conservation  
Mr. Joe Honokou, Director, Conservation, Ministry of Forests,  
Environment and Conservation

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC  
Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

#### **In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Harry Kuma, Under Secretary, Ministry of Finance & Treasury  
Mr. Eric Haro, Chief Finance Officer, Budget, Ministry of Finance and  
Treasury  
Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General

Ms. Mercy Magu, Audit Officer, Office of the Auditor General

2. The Chair welcomed the Permanent Secretary and officers from the Ministry of Forests, Environment & Conservation and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's 2007 Corporate Plan and gave an overview of the Ministry's objectives, outputs and budget issues.

The Committee questioned the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**

Committee adjourned at 11:00 am for 11:30 am.

### **Hearing 19 - Head 290 Ministry of Fisheries and Marine Resources, 11:30 am**

1. **Members Present**

Hon. Francis Zama, MP (Chair)

Hon. Fred Fono, MP (Acting Chair)

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

#### **Witnesses**

Mr. Sylvester Diake, Under Secretary, Ministry of Fisheries and Marine Resources

Mr. James Osiranoa, Senior Accountant, Ministry of Fisheries and Marine Resources

Mr. Alex Carlos, Chief Fisheries Officer, Ministry of Fisheries and Marine Resources

Mr. Simon Alewera, Chief Fisheries Officer, Ministry of Fisheries and Marine Resources

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mr. Harry Kuma, Under Secretary, Ministry of Finance and Treasury

Mr. Eric Haro, Chief Finance Officer, Budget, Ministry of Finance and Treasury

Mr. Peter Coventry, Advisor, Ministry of Development Planning and Aid Coordination

2. The Chair welcomed the Under Secretary and officials from the Ministry of Fisheries and Marine Resources for appearing before the Committee and thanked the officials for appearing before the Committee.

The Chair opened the hearing by inviting the Under Secretary to give an opening statement.

The Under Secretary apologised for the absence of the Permanent Secretary. The Under Secretary then briefed the Committee on the Ministry's budget and gave an overview of the Ministry's objectives, outputs and budget issues.

The Committee questioned the Under Secretary and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 12:40 pm until 2:00 pm

**Hearing No 20 - Head 270 Ministry of Agriculture and Livestock, 2.00 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

**Witnesses**

Dr. Israel Wore, Permanent Secretary, Ministry of Agriculture and Livestock

Mr. Francis Lomo, Permanent Secretary (Special Duties), Ministry of Agriculture and Livestock

Mr. Clement Wale, Chief Accountant, Ministry of Agriculture and Livestock

Ms. Nancy Pita, Chief Administration Officer, Ministry of Agriculture and Livestock

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC

Mr. Derrick Manuari, Committee Secretariat, Clerk to the Inquiry

Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Harry Kuma, Under Secretary, Ministry of Finance and Treasury

Mr. Eric Haro, Chief Finance Officer, Budget, Ministry of Finance and Treasury

Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General

Ms. Mercy Magu, Audit Officer, Office of the Auditor General

2. The Chair welcomed the Permanent Secretary and officers from the Ministry of Agriculture and Livestock and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's departmental strategies and proposed and current activities for 2007.

The Committee commenced questioning of the officials.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 3.00 pm until 3.30 pm.

**Hearing 21 - Head 295 Ministry of Mines and Energy, 3.30 pm**

**1. Members Present**

Hon. Francis Zama, MP (Chair)

Hon. Fred Fono, MP

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

Hon. Severino Nuaiasi, MP

**Witnesses**

Mr. Don Tolia, Permanent Secretary, Ministry of Mines and Energy

Mr. Charlie Bepapa, Director, Water Resources, Ministry of Mines and Energy

Mr. John Korinihona, Director, Energy, Ministry of Mines and Energy

Mr. Patteson Sionge, Assistant Accountant, Ministry of Mines and Energy

Mr. Francis Hou, Administration Officer, Ministry of Mines and Energy

**Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC

Mr Derrick Manuari, Committee Secretariat, Clerk to the Inquiry

Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC

Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mr. Ben Mendo, Chief Administration Officer, Establishments, Ministry of Public Service

Mr. Harry Kuma, Under Secretary, Ministry of Finance and Treasury

Mr. Eric Haro, Chief Finance Officer, Budget, Ministry of Finance and Treasury

Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General

Ms. Mercy Magu, Audit Officer, Office of the Auditor General

- 2.** The Chair welcomed the Permanent Secretary and officers from the Ministry of Mines and Energy and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The Committee questioned the PS and officers regarding the Ministry's 2007 Draft Recurrent and Development Estimates.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 4.30 pm, until 9:30 am Tuesday 23 January, 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 7**

**Inquiry into the 2007 Budget Estimates, Day 7, Monday 23 January, 2007,  
Parliament House**

#### **Hearing No 22 - Head 285 Ministry of Lands, Housing and Survey 9:30 am**

##### **1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP

##### **Witnesses**

Mr. Charles Viva, Permanent Secretary, Ministry of Lands, Housing and Survey  
Ms. Jessie Kualu, Chief Accountant, Ministry of Lands, Housing and Survey

##### **Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC  
Mr. Richard Alu, Committee Secretariat, Clerk to the PAC  
Mr. Derick Manuari, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

##### **In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General  
Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury  
Ms. Georgina Kikiolo, Audit Officer, Office of the Auditor General  
Ms. Mercy Magu, Audit Officer, Office of the Auditor General

- 2.** The Chairman welcomed the Permanent Secretary and officers from the Ministry of Lands, Housing and Survey. The Chair thanked the officials for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's 2007 Draft Recurrent and Development Estimates and gave an overview of the Ministry's objectives, outputs and other issues.

The Committee questioned the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

**3. Close**

Committee adjourned at 11:00 am until 11:30 am.

**Hearing 23 - Head 288 Ministry of Commerce, Industries and Employment 11:30 am**

**1. Members Present**

Hon. Francis Zama, MP (Chair)

Hon. Fred Fono, MP

Hon. Johnson Koli, MP

Hon. Selwyn Riumana, MP

**Witnesses**

Mr. Jeffrey Wickham, Permanent Secretary, Ministry of Commerce, Industries and Employment

Ms. Gwen Koke, Chief Accountant, Ministry of Commerce, Industries and Employment

**Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC

Mr. Richard Alu, Committee Secretariat, Clerk to the PAC

Mr. Derick Manuari, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury

2. The Chair welcomed the Permanent Secretary and officers from the Ministry and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to give an opening statement.

The PS briefed the Committee on the Ministry's 2007 Draft Recurrent and Development Estimates and gave an overview of the Ministry's objectives, outputs and budget issues.

The Committee questioned the PS and officers.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 12:40 pm until 2:00 pm.

#### **Hearing 24 - Head 276 Ministry of Health and Medical Services 2:00 pm**

1. **Members Present**  
Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP

#### **Witnesses**

Dr. George Malefoa'asi, Permanent Secretary (Special Duties), Ministry of Health and Medical Services

Mr. Divi Ogaoga, Under Secretary, Ministry of Health and Medical Services

Mr. Peter Tamana, Chief Accountant, Ministry of Health and Medical Services

Mr. Geoff Millar, Advisor, Ministry of Health and Medical Services

#### **Secretariat**

Mr. Eric Muir, Deputy Auditor General, Secretary to the PAC

Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC

Ms. Alice Piko, Committee Secretariat, Clerk to the Inquiry

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury

2. The Chair welcomed the Permanent Secretary and officers and thanked them for appearing before the Committee.

The Chair opened the hearing by inviting the PS to address the Committee.

The PS briefed the Committee on the operations of the Ministry and major issues relating to the 2007 Draft Recurrent and Development Budget Estimates.

The PS tabled the Ministry's 2007 Draft Recurrent Estimates Explanatory Notes.

The Committee questioned the PS and officers of the Ministry.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 3:30 pm until 9:30 am, Wednesday 24 January, 2007.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 8**

**Inquiry into the 2007 Budget Estimates, Day 8, Wednesday 24 January, 2007,  
Parliament House**

#### **Hearing No 25 - Head 273 Finance and Treasury, 9.45 am**

##### **1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

##### **Witnesses**

Mr. Shadrack Fanega, Permanent Secretary, Ministry of Finance and Treasury  
Mr. Luma Darcy, Permanent Secretary, Ministry of Finance and Treasury  
Mr. Jeff Byrne, Under Secretary, Ministry of Finance and Treasury  
Mr. Daniel Rofeta, Comptroller, Customs and Excise, Ministry of Finance and Treasury  
Ms. Merylyn Kodoleke, Director, Budget, Ministry of Finance and Treasury  
Mr. Bob Quiggin, Senior Budget Advisor, Ministry of Finance and Treasury  
Mr. Alex Nicholson, Senior Budget Advisor, Ministry of Finance and Treasury

##### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Ms. Atenasi Ata Wasuka, Committee Secretariat, Clerk to the PAC  
Mr. Jude Devesi, Committee Secretariat, Clerk to the Inquiry  
Mr. Derick Manuari, Committee Secretariat, Clerk to the Inquiry  
Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

**In-Attendance**

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

Mr. Tony Scriva, Advisor, Office of the Auditor General

Mr. Andrew Idute'e, Finance Officer, Ministry of Finance and Treasury

Mr. Peter Coventry, Advisor, Ministry of Development Planning and Aid Coordination

Mr. Nigel Mazini, Director, Strategic Planning, Development Planning and Aid Coordination

Ms. Tamara Hartwich, Advisor, Ministry of Finance and Treasury

Mr. Rob Preston, Advisor, Ministry of Finance and Treasury

Mr. Harry Kuma, Ministry of Finance and Treasury

2. The Chairman welcomed the Permanent Secretary and officers of the Ministry of Finance and Treasury and thanked the officials for appearing before the Committee.

The Chair opened the hearing by inviting the PS to address the Committee.

The PS and officers of the Ministry were then questioned on several issues that had been identified during the past seven days of hearings into the 2007 Draft Recurrent Estimates and the 2007 Draft Development Estimates.

Evidence concluded.

The Committee deliberated.

3. **Close**  
Committee adjourned at 11.15 am.



## **PUBLIC ACCOUNTS COMMITTEE**

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### **NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

#### **Minutes of Proceedings No. 8**

**Committee meeting 1, Wednesday 24 January, 2007, 11:30 am**

#### **1. Members Present**

Hon. Francis Zama, MP (Chair)  
Hon. Fred Fono, MP  
Hon. Johnson Koli, MP  
Hon. Selwyn Riumana, MP  
Hon. Severino Nuaiasi, MP

#### **Secretariat**

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC  
Mr. Eric Muir, Deputy Auditor General  
Ms. Atenasi Ata Wasuka, Committee Secretariat  
Mr. David Kusilifu, Committee Secretariat  
Mr. Richard Alu, Committee Secretariat

#### **In attendance**

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project  
Mr. Jude Devesi, Committee Secretariat  
Mr. Celsus Talifilu, Committee Secretariat  
Ms. Alice Piko, Committee Secretariat

- 2.** The Chair opened the meeting and explained that the meeting was to:
- i) Consider and adopt the PAC report into the Health and Medical Services.
  - ii) Consider a meeting calendar for the Committee on the remaining tabled Special Audit Reports.
  - iii) Identify a calendar of activities around the release of the deliberations of the PAC into the 2007 Budget Estimates.

The Chair also requested that members identify any issues that might have been apparent during the 2 weeks of hearings.

**3. The Committee's report into the Special Audit Report of the Ministry of Health and Medical Services**

Mr. Fono requested the timeframe for the Health Report at which point the Deputy Auditor General briefed the Committee on its status and handed out final copies for the members' examination.

The Committee deliberated.

**4. Draft report of the PAC into the 2007 Budget Estimates**

It was resolved that the Committee receive the draft copy of the Report into the 2007 Budget Estimates on Wednesday (31 January) morning.

**5. Televising of Committee hearings**

The issue of televising the Committee's deliberations into the departmental Budget Estimates was also raised, in relation to the Parliamentary Standing Orders and the issue of publicizing Budget figures before the Minister of Finance and Treasury makes his Budget Speech.

The Committee deliberated.

**6. Calendar of meetings on Special Audit Reports**

It was resolved that a calendar of meetings on the Special Audit Reports will be finalized after the upcoming Parliament meeting. The Committee's reports on its deliberations on these Special Audit Reports will be tabled in the next meeting of the House

**7. Tabling of PAC report into the 2007 Budget Estimates by Minister of Finance and Treasury**

The Auditor General brought to the Committee's attention that it had been proposed that the Minister of Finance and Treasury table the Committee's report into the 2007 Budget Estimates, in Parliament.

The Committee deliberated.

It was resolved that the Chair of the (Public Accounts) Committee will table the report of the Committee into the 2007 Budget Estimates.

**8. Misrepresentation of the Committee by the media**

The Auditor General raised the issue of the Committee being misrepresented in the media on subventions of statutory bodies – namely, the Solomon Islands Broadcasting Corporation.

The Committee deliberated.

It was resolved that the Committee issue a press release to clarify the Committee's stand on the statement made regarding the cessation of subventions to the SIBC.

**9. Close**

The meeting closed at 12:30 pm.