



**SOLOMON ISLANDS
NATIONAL PARLIAMENT**

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

**CONSIDERATION OF THE YEAR
2008 DRAFT ESTIMATES 2008**

National Parliament Paper No 4 of 2008

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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 2008 Appropriations Bill 2008 for laying before Parliament.



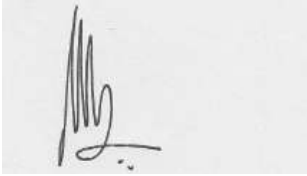
Honourable Francis Zama

Chairman

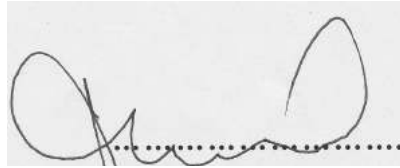
Public Accounts Committee

March 21, 2008

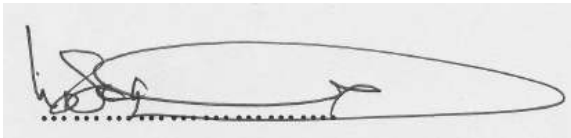
The Members of the Public Accounts Committee are:



Hon. Francis Zama, MP
Chair



Hon. Trevor Olavae, MP
Member



Hon. Manasseh Sogavare, MP
Member

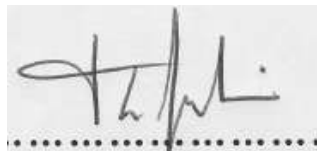


Hon. Clay Soaloi, MP
Member



Hon. Mark Kemakeza, MP
Member

Hon. Charles Dausabea, MP
Member



Hon. Peter Boyers, MP
Member

Mr. Floyd Augustin 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 authorized 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. The Parliament is also the only institution 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 and has given the power to examine the annual Draft Estimates prior to its tabling before Parliament.

This Report outlines the findings of the Committee's examination of the 2008 Draft Estimates that comprise the Recurrent and Development Estimates, the proposed recurrent Establishments Register and the related documents supporting the formulation of the Estimates.

In compliance with the Standing Orders this Report has been prepared for the information of members to assist them in their debate on 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 to those public officials who appeared before the Committee and provided valuable information to assist the Committee in undertaking its important oversight role including ensuring that public funds are allocated and expended appropriately and for the public good.

The Committee particularly wishes to thank those officials from the Ministries of Public Service and Finance and Treasury who have attended almost all hearings and provided important advice to members of the Committee. The Committee wishes to also acknowledge the Honorable Minister for Public Service who attended the hearing into his Ministry and provided valuable insights into that Ministry.

1.1 Scope of this Report

Under Standing Order 69, the Committee is responsible 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

The Committee interviewed and sought views from Permanent Secretaries, Chief Accounting Officers, Administrative Officers and other senior officials who are responsible for the development and implementation of the draft estimates.

In addition, we also obtained and reviewed relevant documents submitted by officials of the Ministries which pertain to the development of the draft 2008 Draft Estimates.

1.3 Limitations

- The PAC was able to convene to undertake its inquiry into the 2008 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 there has been a progressive improvement in recent years in preparing and scheduling the budget for presentation to Parliament. However there were inadequacies noted in the timeframe of only five working days being allocated to the Committee to consider the Estimates. The time frame provided to the committee required the Committee to schedule 5 consecutive days of intensive hearings as well as reducing the time that each Ministry appeared before the Committee to one hour so that it could 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 it was due to start its deliberations. It is the Committee's expectation in future that the Budget Papers be provided at least one week before its hearings begin. Also some Permanent Secretaries had not received feedback from the Ministry of Finance and Treasury in relation to their budget allocation. 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 mechanism in promoting accountability and transparency in the use of public funds and informing the public.

2008 BUDGET STRATEGY AND OUTLOOK

2.0 2008 BUDGET OVERVIEW

2.1 Overview

The 2008 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 budget. In keeping with the Government's pledge there is an emphasis on developing and promoting growth in rural areas as part of its commitment to the rural sector in the CNURA Government's strategic direction. The Budget is fully funded from revenues and accumulated cash reserves.

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

2007 witnessed very strong growth of more than 10% which placed the economy on a sound footing. Much of that growth was attributed to the increased duties received from logging sector and the internal revenue. It is predicted that 2008 may well see a decline in economic growth to some 6% with the reduction in logging exports but it is expected that there will be continued increases in internal revenue. The Government recognizes the ongoing need to have less reliance on the logging industry and is actively seeking other opportunities for growth. Renewed support for private sector ventures including the Gold Ridge Mine, the cannery at Noro and other initiatives should lead to more opportunities for growth in the Solomon Islands. The long term sustainability is dependent upon government stability and peace and new initiatives including tourism and private sector growth.

2.3 The 2008 Budget

The 2008 Budget is premised on continued revenue growth from the main areas of customs and taxation with 20% increase in expenditure resulting in a projected minor cash balance at year end. Recurrent domestic sourced revenues are expected to rise by some 18 % to \$1,293 million plus externally funded revenues of \$224 million resulting in total revenues of \$1,517 million (2007 Estimated Actual \$1,209 million). Expenditure budgeted for 2008 is \$1,669 million compared to \$1,246 million in 2007 (Estimated Actual). The

projected deficit of \$152 million will be offset by injections from cash reserves of \$173.5 million.

2.4 New Spending Decisions

Through the 2008 Budget the Government is funding a series of major packages particularly focused on the rural sector which include:

- support for reconciliation and rehabilitation;
- building national security and rehabilitation;
- maintenance and development of infrastructure developments;
- support for social services sector;
- development of the economic and productive sector; and
- assistance for civic affairs.

2.5 Budget Reform

The 2008 Budget demonstrates a continued improvement as the Government strives to prepare realistic estimates that enable specific funding to be set and monitored for performance. This is the second year where the Committee was able to perform its review of the Draft Budget prior to its consideration by Parliament. This is an important improvement in the scrutiny by Parliament of the Budget.

The creation of some 24 Ministries in 2007 and continuance of this in 2008 following the change of Government resulted in more work for the Committee. The standard of the Budget estimates presented to the Committee was reasonable compared to previous years but still many issues emerged during the deliberations indicating continuing problems in the communication to Ministries the outcomes of Cabinet deliberations. The relevant Minister has a responsibility to brief the Permanent Secretary in relation to Budget Outcomes following Cabinet discussions.

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.

Previous PAC reports have set a more appropriate timetable for the Budget process which is consistent with the requirements of the Constitution. Accordingly the Committee's Reports since 2002 have strongly recommended adherence to that recommendation.

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 2008 Recurrent and 2008 Development Estimates, the 2008 Establishments Registers as well as briefing notes, planning documentation and explanatory material. The full transcripts of these proceedings are contained in the Hansard transcriptions which are available on the Parliamentary website at www.parliament.gov.sb. 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 summarized below:

3.1 Budget Process

The Committee did not receive the draft Budget Documents until Monday 10th March 2008 which was the date of commencement of the scheduled hearings (See Appendix 1). The timetable provided for the Committee hearings in order to accommodate the proposed Budget deliberations in the Parliament was not sufficient and did not allow the Committee adequate time to consider fully the many matters brought to the Committee's attention.

The 24 Ministries which appeared before the Committee provided excellent briefings and the Committee considered that the hearings process worked well despite the limited time available. The Committee appreciated the efforts made by the Ministries given the compressed timeframe.

Almost all Ministries advised that their initial bids for new initiatives were either drastically reduced or not funded and in many cases these were considered imperative for the Ministry core functions. Whilst this is a matter for Government the need for better communication between the Budget Unit of the Ministry of Finance and Treasury and Ministry officials during the final stages was a matter that the Committee felt could be improved.

The Committee also noted that several ministries were not adequately informed of the budget process. Whether this is due to a lack of understanding of the budget process or lack of proper coordination needs to be addressed by each individual Ministry to avoid it occurring again next year. The Committee believes that there should be an officer from the Ministry of Finance or Budget Unit who is allocated as a contact person with each government ministry prior to and throughout the budget process. This will enable each ministry to follow their bids and base line estimates through

the budget process including Cabinet approval, PAC scrutiny and then final approval of Parliament.

The ministries also identified many errors in their Budget papers often resulting from the reallocation of items following the creation of the ministries from former Department's Administrative transfers which were not reflecting the correct position at Ministry level. These resulted in budget distortions which if time permitted, should have been fixed to ensure the Budget reflected the true position.

Insufficient funding

It is apparent from the hearings that most of the Ministries have raised the same concern that the allocations given to them under this year's budget are not sufficient. The committee is of the view that whilst there may be credible arguments from the ministries in relation to this, it is a matter for Cabinet not the Committee. The Committee should not be distracted from its fundamental role to ensure that funds allocated to ministries are spent efficiently and according to the financial instructions.

Under the Westminster model of parliamentary government, the Government alone is entitled to initiate public expenditure; the role of Parliament is to consider expenditures recommended by the Government, and either authorize them or withhold authorization. Parliament's primary mechanism for financial scrutiny of the Executive is through the Public Accounts Committee. Conventionally, the Public Accounts Committee inquiries into estimates are restricted to the ways in which the funds appropriated by Parliament are actually expended rather than the reasons for that expenditure. The Committee is a forum for relatively informal discussion and debate intended to enhance the detailed scrutiny of estimates. It aims to ensure that whatever public fund(s) allocated to the ministries in the budget are spent effectively, efficiently and economically in the public good.

The Committee has a responsibility to have an ongoing interest in the expenditure by ministries throughout the year and in that context should seek financial reports from ministries at six monthly intervals to allow progressive monitoring of expenditure performance under the Budget.

Recommendation 1

The Committee recommends that the 2009 Budget process be better coordinated and consultative to enable a more fulsome and accurate process and allow the Committee time for due consideration of all Ministry estimates. The Committee expects that the Appropriation for 2009 be approved by the end of 2008 as is prescribed in the Constitution.

Recommendation 2

That the Ministry of Finance and Treasury in future provide the Committee with the detailed Budget Framework and documentation three weeks prior to the proposed Budget deliberations in Parliament.

Recommendation 3

Therefore the Committee's view is that ministries rather than complaining to the Committee about insufficient funding allocations in their budgets, should concentrate their focus on providing information about the plans and priorities reflected in the estimates and explanations about the ministerial performance achieved through the expenditures authorized by Parliament in the previous year

3.2 Adequacy of Allocations

Most Ministries who attended the hearings indicated that their current bids were inadequate for key functional areas but identified that they would either seek additional funding through the Supplementary Estimate process in June, or use virements or contingency warrants to meet such shortfalls in funding.

The Committee was most concerned that this is becoming a practice which defeats the purpose of forward planning. These facilities are intended as exceptions and wholesale use of the virements and contingency warrants circumvents the parliamentary appropriation process. Contingency warrants are only for cases of unforeseen circumstances such as natural disasters. The assurance that funds are used for the purpose that they were appropriated is the fundamental control of the Budget process.

Further, the Ministries confirmed their general agreement with the Establishment Registers collated by the Ministry of Public Service but the resultant salaries were often not reflected in their Budget allocation for staffing costs.

Of particular concern to the Committee were the many examples where Ministries identified Divisions where staff 'at post' were not accommodated in the current budget bids for salaries in the respective Divisions.

Recommendation 4

The Committee recommends that the Ministry of Finance and Treasury provide a list of all virements each year to the Committee as part of the Budget Estimates Inquiry. Further, the Committee requested that future Budgets should reflect the correct position following detailed consultation before the draft Budget is provided to the Committee.

Recommendation 5

The Ministry of Finance and Treasury during its deliberations with Ministries should ensure the funding for salaries and wages reconciles to the draft Establishments Register. All staff at Post must be included in the funding.

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. The Committee noted from previous Reports from the Auditor General that many of these schemes were influenced by political intervention and many approved and worthy recipients were denied access to vital funding. The Committee further noted that there was no credible evidence given by the ministries on the criteria that the ministries will be using to expend the grants as well as monitoring mechanisms to ensure the funds are delivered as appropriated by Parliament. The Committee sought confirmation from all Ministries that adequate controls and checks would be put in place to ensure a transparent process in 2008.

Recommendation 6

The Committee recommends that all Ministries administering grants ensure appropriate processes are put in place and take account of grant guidelines provided by the Office of Auditor General. A copy of the Grant procedures should be provided to the Committee once approved by Cabinet.

3.4 Funds Used for Inappropriate Purposes

The Committee discussed with the Ministry of Forestry the unusual expenditure pattern in 2007 wherein funds were initially funded by a donor for reforestation but the funding was replaced by SIG funding. When questioned about the actual outlays of \$6.1 million the Ministry could only account for \$2.1 million and the Ministry advised that the balance represented

transactions processed by the Ministry of Finance and Treasury without consent of the Ministry. This type of activity is not acceptable to the Committee. Due to the time constraint the Committee was not able to investigate this matter sufficiently but intend to follow it up in its next round of hearings.

Recommendation 7

The Committee recommends that all transactions affecting a Ministry's Budget must be approved and processed by that Ministry. The Ministry for Finance and Treasury is required to account for the transaction in question.

3.5 Budget Risk Analysis

The Committee discussed potential risk factors associated with the implementation of programs outlined in the Budget. An example of a risk that was identified was in the area of peace and reconciliation, whereby ongoing peace processes requires prioritization and careful handling of sensitive issues to minimize impacts on the budget. Overall the Committee noted that there were not any risk analyses undertaken in the preparation of the 2008 Budget.

Recommendation 8

The Committee recommends that the future Budget process include a risk analysis to acknowledge potential risks that could impact the implementation of programs outlined in the Budget.

3.6 Budget Dependency on Logging

The Committee noted the current estimates for logging reserves within Solomon Islands indicate approximately five years supply after which time this major revenue stream will cease. The Committee fully supported the sustained replanting endeavors proposed by the Ministry but was concerned that much of the funding included in the Budget related to administration of the schemes rather than the actual replanting.

Comment [p1]: INCONSISTENT WITH 3.4 i.e. 4 MILLION BUDGET DISCREPANCY IN REFORESTATION

Recommendation 9

The Committee recommends that funding initiatives relating to replanting in rural areas should maximize expenditure on reforestation, be monitored carefully and fully reported on.

3.7 State Owned Enterprises

In considering the issue with SOEs, the Committee noted its concern over the finance provided to the SOEs. It particularly expressed concerns for Government funding provided to Solomon Airlines and urged the Government to pursue viable strategies that would minimize SOE dependency on the Budget. The Committee also suggested that the Solomon Airlines focus on domestic services so as to capitalize on the Tourism market.

Recommendation 10

The Committee recommends that the Ministry for Finance and Treasury pursue alternate strategies in relation to Solomon Airlines that involve the Private Sector to achieve a position of minimum budget support.

3.8 Progress on Audit Reports

The Committee followed up with all Ministries subject to audit reports by the Auditor General. The Committee previously received Action Plans from all Ministries except the Ministry of Immigration. The Committee has requested updates of all action plans and recommends strategic follow up audits be undertaken by the Auditor General.

Recommendation 11

The Committee recommends that all Ministries, which have been the subject of an audit report tabled in Parliament, should provide an updated Action Plan to the Committee and Auditor General every 6 months.

3.9 Auluta Project

The Committee raised its concerns about the slow rate of progress on the Auluta project and noted that although considerable funding had been provided in previous years the project appeared to be bogged down with most funding relating to administration costs. The Committee requested a detailed plan to be provided on the expected \$9 million spending for 2008. The Permanent Secretary indicated that some of the previous funding had been spent in relation to the Waisisi and Choiseul oil palm projects. The Committee was dissatisfied with this explanation as funds were not being spent in accordance with the purpose of the appropriation.

Recommendation 12

The Committee recommends that the Ministry ensure significant progress is achieved on this important project and the Ministry provide a copy of the approved Plan to the Committee.

3.10 Staffing

The Committee noted from several Ministries that difficulties were being experienced in recruiting and retaining skilled staff particularly in those Ministries which had professional expertise like medical staff, engineers, lawyers and accountants. The Ministry of Public Service (MPS) recently advised Ministries that there was a moratorium on filling vacancies and each Ministry would need to present their case to the MPS. Whilst accepting the need to keep a close watch on the staffing numbers the Committee was concerned with this ad hoc approach with regards to the training and development of staff and professionals, MPS informed the Committee that it faced two major problems. Firstly, Ministries and departments which were primarily responsible for submitting their projective plans on human resources development and training seldom did so. Secondly the Ministry of Education and Human Resources responsible for issuing scholarship did not always give awards according to the present and projected needs of the Public Service. It was clear that a lack of consultation between the relevant ministries was the cause of this issue. The Committee proposes to hear further from the Ministry of Public Service on these issues and the Ministry's plans for public sector reform.

Recommendation 13

The Committee recommends that the Ministry of Education and Human Resources and the Ministry of Public Service liaise to develop alternate strategies and options to facilitate the recruitment and retention of skilled officers.

3.11 Rural Credits Extension Scheme

The Committee enquired why there was no allocation in the current budget for the Rural Credits Extension Scheme. In the 2007 funds were paid to CBSI to cover three years of operation. The Permanent Secretary indicated that the Ministry was considering venturing into schemes similar to the Development Bank of Solomon Islands (DBSI) setup as conduit to the rural sector. The Committee however, expressed caution on this approach given the failure of DBSI, and advised the Permanent Secretary to look at alternatives that are practiced, workable and will not be like the experiences of DBSI.

Recommendation 14

The Committee expressed its concerns about revisiting the failed DBSI and recommended that the Government look at other options to augment the rural sector via subsidies.

3.12 Community Policing

Comment [p2]: STRONGLY RECOMMEND DELETING NOT CLEAR

The Committee was concerned that the level of policing in the Solomon Islands communities was adequate as the emphasis of the government on placing funding decisions and other activities presupposes a level of stability in these communities. The funding for the previous year of \$3 million had not been rolled over to 2008. The necessity for a correlation between community policing and rural development was a real challenge for the Government. The Permanent Secretary confirmed that this was a priority area and that funding would be achieved through other means. The Permanent Secretary agreed to provide the Committee with the results of a recent survey undertaken into community policing.

Recommendation 15

The Committee recommends that the Ministry ensures that adequate police support is provided in communities.

3.13 Provincial Accounts

The Committee sought the current position in relation to the Provincial Accounts and was pleased to note that as a result of the AusAID funded Provincial Financial Management Improvement Program all Provincial Governments had their accounts prepared and signed off by the Auditor General for years up to and including 2007. This was a significant achievement, however, the Committee notes that there is a long way to go before adequate record keeping and revenue controls will be achieved at the Provincial level.

Recommendation 16

The Committee requested the Ministry to keep the Committee informed as the new Provincial Strengthening Project is implemented and Governments are assessed on their performance.

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.

4.1 Head 270 Ministry of Agriculture and Livestock Development

Date: Thursday 6th March 2008
Time: 9.30 am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 270 disclosed in the 2009 Draft Recurrent Estimates is produced below in the Table 4-1 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	1,070,689	1,092,534	21,845
Recurrent Expenditure	16,514,064	15,561,584	(954,480)
Development Budget	22,667,666	28,403,527	5,735,861

Issues Raised and Discussed

The Permanent Secretary (PS) briefed the committee on the operations within the Ministry and outlined the overview of the Ministry's budgets and its operations.

The PS tabled the Partnership Policy to assist to the Committee and suggested that this is part of the Rural Advancement Approach. This is more likely to involve research for farmers and mobilization of staff to reach the provincial farmers. In addition the PS suggested the re-establishment and extension of cocoa and coconut development.

The PS further informed the Committee that the Ministry's work program for 2008 includes establishment of commercial rice farms and oil palm plantations in Aluta, Vangunu, Waisisi and Choiseul. In addition to these, other programs include National Cattle Rehabilitation, Provincial Abattoir, Kava Development, National Coffee Development and eradication of African giant snail.

The PS advised the Ministry is satisfied with the level of Budget even though it is not sufficient for the Ministry and suggested they will seek virements and contingency warrant/ supplementary budget if funds are needed. The PS further commented that if there is a need for another program in the near future the Ministry will request funding in the Supplementary Appropriation Bill.

The following major issues were raised and discussed by the Committee:

Vacancies

The committee sought clarification on the vacancies of the Ministry. The PS advised that there are a total of 304 vacant posts of which 259 have been filled, leaving a total of 45 vacant posts.

Progress of Aluta Project

The Committee sought clarification as to why the allocation for Aluta has appeared again in 2008 and requested an update of progress. The Committee expressed concern that progress to date included only administration and paper work and nothing is on the ground as yet. In response to the question, the PS confirmed that the delay was due to the need to develop project profiles, which they are working on and a team of experts is already available. In addition, the PS confirmed that 8 out of the 23 lands still needed GPS survey. In terms of progress the PS advised the Committee that there is more to be done and there are 5 stages of which the current stage is the second.

The Committee sought the break down and work plans in relation to the funds spent to date as there was proposed to be \$9 million spent by the end of 2008. The PS suggested that his Ministry has submitted the estimate figures to the Cabinet and assured the Committee that the requested documents will be submitted to the Committee. The PS advised that the Ministry was still waiting for a full report to substantiate the figures.

The PS advised that some of the expenditure to date had been on Waisi and Choiseul Oil Palm projects. The Committee sought clarification as to why this had occurred. The PS advised that the funds for the two projects were not forthcoming. The Committee

expressed dissatisfaction with such action as funds must be utilized for the purpose for which they were appropriated. The PS accepted the fact that project funding is for each project and is not to be pooled.

Cocoa and Coconut Grants

The Committee sought clarification as to why the \$3 million budgeted in 2007 was overspent by \$3.1 million and further asked the Ministry how they administer the \$5 million allocation for 2008 in light of the history of misusing public funds. The PS confirmed to the Committee that the Ministry has come to realize the need for proper management public funds and has taken initiatives to introduce selection criteria and a new form. All applications will be reviewed for validity and must be supported by letters from the Provincial Secretary and the Constituency Development Officer. The Under Secretary added that the payment of further grants was suspended to provide time to facilitate the control mechanisms and form a technical screening committee.

The Committee requested the criteria and asked the Ministry to be firm, fair and equitable in distributing the funds as the public expects. The Committee commented on problems experienced with grant expenditure in previous years and asked whether the Auditor General would review these 2008 grants. The Deputy Auditor General confirmed that OAG will conduct a follow up audit this year and referred to the Auditor General's previous report on Grants Administration which included suggested guidelines for grant administration. The Chair indicated that the Committee will place great emphasis on the reports of the Auditor General in 2008 and will be very busy in its oversight function.

Other Issues

The Ministry expressed concern that one of its existing divisions which is functioning and has staff in posts has not been included in the budget. The Committee assured the PS that this will be conveyed to the Ministry of Finance and Treasury.

In addition the PS highlighted the project which will be funded by the World Bank (WB) and has forwarded the programs to the Ministry of Planning specifically for the first four provinces of Choiseul, Western, Makira and Temotu as the start of this program which will last for 5 years and move on to other provinces.

4.2 Head 271 Auditor General

Date: Monday 10th March 2008
Time: 3.00 pm
Witnesses: Refer Minutes at Section 5.

Overview

The total revenue, recurrent expenditure and development expenditure for Head 271 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-2 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	900,000	900,000	0
Recurrent Expenditure	4,804,573	5,581,411	776,838
Development Expenditure	0	0	0
Statutory Expenditure	166,447	169,000	2,553

Issues Raised and Discussed

The Auditor General briefed the Committee on the current operations of the Office.

The Auditor General advised that the main problem within his Office currently, which is a problem across the whole of SIG, is not being able to recruit professionally qualified staff. Consistent with a Supreme Audit Institution is the need for qualified staff at senior management levels. The current staff consists of 28 local staff and OAG will continue with its capacity building program.

The following major issues were raised and discussed by the Committee:

SIG National Accounts Status

The Committee sought clarification on the status of the SIG National Accounts. The Auditor General and his officials advised that the audit reports on the accounts from 1998 to 2003 were tabled in Parliament in July 2007. The 2004 to 2005 national accounts were submitted to the Auditor General late in 2007 and are still being audited and the 2006 accounts are yet to be presented.

Acknowledgement from the PAC

The Committee acknowledged the Office of the Auditor General in its effort to bring the SIG National Accounts up to date and its effort to continue to promote and strengthen accountability and transparency in the Public Sector.

Establishment Estimates

The Committee sought clarification on the vacancies in 2007 and 2008. The Auditor General explained the main reasons as to why the office was not able to fill these vacancies and proposed actions being taken to address this situation. However, the recent

moratorium imposed by the Ministry of Public Service has caused great concern for the Auditor General.

The officer from the Ministry of Public Service advised that there are 656 vacancies carried forward from 2007 which still have not been filled. In the establishment estimates there is an additional 240 vacancies for 2008 which will cost SIG \$47million. The moratorium is a temporary measure to ask Permanent Secretaries to recruit only critical positions.

The Committee noted that the Office of the Auditor General is an important institution and to catch up on the backlog of audits is a priority for SIG. This is an oversight of the Ministry of Public Service and the moratorium should be lifted for the OAG.

Contracting Audits

The Committee sought clarification regarding audits which have been contracted to a private firm, who owns the audit report when it is completed by the contracted private firm. The Auditor General advised that all audits, whether outsourced to a private firm on behalf of the Auditor General, reported by the Auditor General.

Audit Reports and Action Plan for the Office

The Committee requested that the PAC scrutinize the audit reports compiled by the OAG before they are tabled in Parliament. The Committee also sought clarification as to whether the Office has an action plan for the 2008 and is this reflected in the Budget.

The Auditor General and his officials advised that the 2008 budget is based on a strategic audit plan and this can be made available to the Committee. The performance to date is in line with budget.

Sustainability of the Office of the Auditor General

The Chairman of the Committee sought clarification on a non-appropriated amount of \$9.5 million stated in the budget estimate.

The Auditor General advised that this increase is mainly due to the OAG requested assistance from the Machinery of Government arm of RAMSI for technical assistance over a period of 5 years. Some areas of assistance have not been completed and technical assistance from advisers was further sought due to the lack of experience and qualified auditors at the senior management level.

The Committee advised that there should be a plan or program in place to make the Office a sustainable one. If there is no counterpart agreement in place, then this is a serious matter which undermines the sustainability of this important office. The Auditor General replied that there is a succession plan in place and this is available to the PAC.

4.3 Head 272 Ministry of Education & Human Resources Development

Date: 12th March 2008
Time: 2.50pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 272 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-3 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	1,853,845	1,745,126	364,992
Recurrent Expenditure	227,996,672	268,231,671	19,669,935
Development Expenditure	21,874,300	51,335,000	29,460,700
Budget Support Revenue	40,000,000	45,290,106	17,026,492
Budget Support Expenditure	40,000,000	45,290,106	12,823,522

Issues Raised and Discussed

The PS briefed the Committee on the functions and roles of the Ministry and formally presented a number of Ministry documents including the Annual Work Plan, Tsunami Rehabilitation Project plan and the 2007 Annual Report.

The following major issues were raised and discussed by the Committee:

Reform and Progress on Policy Matters

The PS advised that the Ministry is implementing a number of initiatives, including:

- Teachers in Training School Education Program for 250 teachers;
- Develop school based assessment to replace the Grade 6 exam
- Improved communication with Education Authorities through the Sector Wide Approach Program (SWAP)

The PS stated that although this progress has been made this does not mean there are no issues and challenges.

Challenges & Issues

The PS advised that the challenges of the Ministry include:

- Increasing enrolments through population growth means a need for increased grants to schools, more teachers and infrastructure;
- To reduce the number of untrained teachers;
- Large sums of money being received from SIG and donors and the need for people who can monitor and manage that;
- Cash grants to schools need to be managed and monitored, and the Ministry will be reviewing the cash grants system;
- Rehabilitation program for the disaster affected areas.

Recurrent & Development Budget Estimates

The PS advised that they sought \$60 million for rehabilitation projects in the development budget. The Ministry needs a total of \$104 million to undertake all of the work needed. \$45 million has been promised by donor partners. \$10 million has been allocated for 2008, so the Ministry will undertake the work they are able to in 2008, and seek further funding in 2009.

Salaries and Establishment

The Committee asked the Ministry to discuss their Establishment Budget. The Director advised that teachers' salary increases are due to the increase in teacher numbers in 2008. The increase is determined by student enrolment and also the number of schools. The vacant posts in the Ministry also increased from 275 posts in 2007 to 316 in 2008, an increase of 41 posts. This includes the seconded officers. This increase in manpower is needed to create and implement the Ministry's work plans.

The Committee asked the Ministry what action if any did the Ministry take to implement the recommendations of the Auditor General's Special Audit report on Tertiary Scholarships. The officials replied that measures are in place to implement the recommendations. The Committee requested the Ministry submit an Action Plan to the Committee through the Auditor General.

The Committee noted that Teachers have gone on strike occasionally in the past regarding teachers' salaries and enquired whether the salary estimate in 2008 had taken into account this issue. The PS replied that these are administrative matters that are well noted and the increase in salary generally reflects the new Scheme of Service.

The Committee noted that "ghost" teachers is an issue that has been reported in the past and enquired as to what the Ministry has done to avoid ghost teachers. The PS replied that it is difficult to have total control of ghost teachers. The Ministry depends on the Education Authorities as an employer to provide data to the Ministry regarding the number of teachers employed and terminated and those teachers currently at post. Obtaining data from the Ministry of Finance and Treasury to reconcile with the Ministry

data has proven difficult. The PS advised that the Ministry is hopeful the teacher validation exercise that is to be carried out in 2008 to verify teacher's qualification will also eliminate ghost teachers.

The Committee further questioned whether the Ministry liaises with Education Authorities to improve and effectively administer and communicate lines of responsibility. The PS replied that they have increased support to the Provinces. Currently the donors together with the Solomon Islands government are funding the provinces, but by 2010 it will be 100% funded by the Solomon Islands Government. A Ministry official expanded upon this by explaining that the Ministry and donors are being tougher on the Education Authorities, but are also giving support in terms of finances and increased staff. For the first time the Ministry has requested Provincial Action Plans and Provincial Work Plans.

Scholarships

The Committee asked how many new scholarships were awarded in 2008. The PS replied that a total of 200 new awards were granted - 50 are in-service and 150 pre-service. The total number of students studying under scholarships is 881 - 44 in PNG, 70 through extension studies in the Solomon Island Campus and 667 in other institutions such as USP, Fiji, Australian and other countries.

The Committee further enquired as to what is the long term strategy for replacing donor assistance for tertiary education. The PS replied that the Ministry is developing a Tertiary Education Policy which includes:

- Cost sharing with the parents of students;
- Establishing a USP Campus in Honiara;
- Upgrading SICHE; and
- Creating a Manpower Development Plan.

The Committee also questioned whether the Ministry considered assisting the SDA Church and the Anglican Church initiative in building their own university campuses. The PS replied that a budget request was submitted to the Ministry of Finance but was not taken up in this year's budget.

Disaster Relief Assistance

The Committee noted that the Government had announced school fee assistance for families affected by the tsunami and enquired whether this assistance had been implemented. The Committee further enquired as to the progress of tsunami rehabilitation.

The PS replied that one of the documents tabled at the beginning of the session was the Tsunami Rehabilitation Project plan. The PS advised that \$60 million in assistance had been requested in this budget and that \$10 million had been allocated in 2008. The PS

advised that they would seek more funding in future budgets in order to eventually complete the work required. The PS further advised that a Cabinet paper has been submitted regarding school fee exemptions. It is proposed to require each family to obtain certification from the village leader and church leader to certify that they are affected and can no longer earn an income. His Ministry hopes to be able to commence this program this quarter.

The Committee enquired as to how parents will access this information. The PS replied that they will be advertising this through a radio program.

The Committee also enquired as to whether there would be any supplement to the operational costs of the schools. The PS replied that they have some school fees left over from last year and that these would be used.

Scholarship Policy

The Committee noted that there was a moratorium on scholarships for lawyers. The PS advised that this was put in place a number of years ago as there were a large number of students studying law. The National Training Unit advised that most of these students will graduate this year.

The Committee also noted that it had been reported that a large number of students are swapping courses. The PS advised that many students went to Laucala this year and found that the subjects they had done in the Solomon Islands were not relevant to the course they are studying. The Ministry is reviewing the list of students and some have had their scholarship awards withdrawn. The PS advised that it is hoped the new SCHOLAR system will help the Ministry monitor courses and students.

4.4 Head 273 Ministry of Finance and Treasury

Date: 6th March 2008

Time: 9.30 am

Witnesses: Refer minutes at Section 5.

Overview

The total revenue, recurrent expenditure and development expenditure for Head 273 disclosed in the 2009 Draft Recurrent Estimates is produced below in the Table 4-4 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	787,487,562	1,138,984,000	192,542,438
Recurrent Expenditure	34,235,351	78,223,271	30,584,466
Statutory Expenditure	1,647,079	10,000,000	8,352,921
Development Budget	25,292,379	4,500,000	(20,792,379)

Issues Raised and Discussed

The PS briefed the Committee regarding the budget for Ministry of Finance and Treasury. The PS advised that the key features were expenditure for the upgrade of the IT systems for Finance and Payroll and increasing staff to increase revenue collection.

The following major issues were raised and discussed by the Committee:

Overtime and Allowances

The Chairman noted that the subject of overtime and allowance was raised in the PAC hearings into the 2007 budget and that the lack of control over these payments had been raised in an Auditor General's report. The Chairman enquired as to why the budget for these items had been further increased for 2008.

The PS replied that the increase is mainly on the revenue collecting areas of Internal Revenue and Customs. The PS advised the Committee that overtime must be approved by a senior officer and it is closely monitored. The PS noted that the Financial Instructions provide for surcharge on Accounting Officers who exceed budget but suggested that the time is not right to impose this yet.

Exemptions

The Chairman enquired what action had been taken with regards to exemptions granted. The PS replied that all exemption applications are considered by an exemption committee. The PS further advised that the number and value of exemptions had reduced significantly.

Logging Revenue

The Committee noted that in 2007 the revenue from timber and log excise increased significantly and that the Committee was told last year that the estimates were based on world market prices. The Permanent Secretary replied that the increase in revenue was due to an increase in the volume of logs rather than the Determined Value. The PS advised that the Ministry had consulted with the Ministry of Forestry but they had not been able to increase the Determined Value of logs.

The Committee raised concerns with regard to environmental damage and lack of sustainability of the current rate of harvesting. The Committee noted that the Ministries of Finance and Forestry need to consult in order to balance environmental concern and the dependence on revenue raised.

Inflation and Exchange Rate

The Committee expressed concern regarding the effect of diminishing buying power on the budget. The Committee suggested that the Ministry also needs to address the strength of the Solomon Island dollar relative to the currencies of our trading partners.

Rural Credit Extension Scheme and DBSI

The Committee noted that there is no budget allocation for the Rural Credit Extension Scheme. The PS replied that all of the funds were paid in 2007 to CBSI to cover three years of operation. The PS also advised the Committee that the government is considering re-capitalizing DBSI. The Committee enquired how many people have access the scheme. The PS replied that the Ministry would need to consult with CBSI who are administering the scheme.

The Committee expressed concern with the suggestion of re-floating DBSI as that means of providing funding to the rural section has not worked before. The Committee recommended instead that the government should introduce a subsidy on goods produced.

Payments to Solomon Airlines

The Committee noted that it was claimed that \$20 million dollars of unbudgeted funds had been paid to Solomon Airlines to further support their operation. The Committee enquired as to what source the funds were paid from. The PS replied that this had been paid from the debt servicing accounts as well as from trade credits. The Committee enquired what other government entities have required financial support. The PS advised that the support was included in the SOE support line in the budget and that this was intended for Solomon Airlines and Soltai. The Committee expressed concern at the level of funding support needed by government enterprises such that government debt was increasing through propping up weak businesses. The Committee noted that SI needs the employment and services these entities provide, but with proper management. Payments to support these businesses are a threat to the budget. The Committee recommended that the government look at means of privatizing these operations in order to obtain the benefits without the increasing public debt.

Efficiency of Procurement and Payment Processing

The Committee noted that some Ministries had advised difficulties with the logistics of replacing supplies with regard to approval and payment processes within the Ministry of Finance. The PS replied that his Ministry is reviewing the Financial Instructions and

processes. They are also updating the payroll system. The PS further advised that as the capacity of Treasury staff is increased they are being taken by other Ministries. The Deputy Accountant General added that the Ministry is looking at increasing the use of standing imprests for low value, high volume purchases and implementing a strategic purchasing system for larger value items.

Legislation Review

The Committee noted that \$1.7 million has been allocated for Legislation Review and enquired what legislation was being reviewed. The Deputy Accountant General advised that this is for the Financial instructions, to continue the work already done. The Committee enquired as to why this was not being undertaken within the RAMSI improvement program. The Deputy Accountant General replied that the work will be undertaken by RAMSI advisors but will also involve Solomon Island officers to develop their capacity.

Other Matters

The Chairman thanked the PS and his officials and requested that officers of the Budget Unit be in attendance for the remainder of the hearings to assist other Ministries. The Ministry of Finance is required to attend another hearing at the conclusion of the sessions.

Second Hearing 4pm Friday 14 March 2008.

The following major issues were raised and discussed by the Committee:

Brief

The Committee acknowledged the huge responsibility shouldered by the Ministry to prepare the budget to implement the entire government responsibilities and policies in 2008. Thus the allocation of the budget is aimed at delivering the government policy framework despite the huge shortfalls as discussed by various line ministries. The PS accepted the huge shortfalls of the budget allocation to some Ministries and advised that further assistance and allocation through communication to Ministries will be done before the final budget is reached to the Parliament Sitting on the 17th March 2008.

Budget Shortfalls

The Committee noted the effects on the opening and closing balances of the fiscal balances, general budgetary shortfalls to other essential ministries and no allocation to some existing staff and expressed concern regarding the on-going effect on the government by the end of the year. The PS stated confidence that the government will remain in operation throughout the year. The PS emphasised that the budget is a balanced budget and that it allows for the provisions of carrying balances. The PS acknowledged the Committee's concerns and the need for further budget management to

meet the prevailing budget shortfalls. The budget was also allocations prepared in the mid of 2007 and hence the scrutiny of some figures in terms of opening balances are already over their usefulness.

The Committee further advised that the budget processes involve workable consultation and ground level of the public sector which include the Cabinet and that accountable officers have to convince the Cabinet of their allocations. The PS confirmed to the Committee that omitted allocations such that of the existing staff of the Ministry of Agriculture will be considered based on the nature of the omission. The PS also revealed that other budgetary assistance are available to address general shortfalls in other ministries.

Contingency Warrants

The Committee expressed concern as to whether the year to date expenditure under Contingency Warrants has been funded. There are twofold concerns over Contingency Warrants in that they are not supported by revenue base and their preplanning allocation. The PS revealed that the budget will be managed through increase from revenue and cost-effective controls.

Good Governance and Credible Budget

The Committee further concerned on good governance based on the budget scrutiny and that the budget was not credible and will subject to increase illegal spending. The PS revealed to the Committee the Ministry will employ other mechanisms such the upcoming Supplementary Appropriation Bill in June and reallocation of resources to meet a credible budget.

The Committee was not convinced that the budget is a credible one based on the preplanning stages and its subsequent presentation of the budget to the Committee and hence to the Parliament. The scrutiny so far had revealed that the Budget is susceptible to increase illegal spending. The budget in totality revealed serious shortcomings which among others include improper context to the allocation contingency warrants and posed serious threat to accountability and transparency. The budgetary base rate of 3% increase of the budget does not contain the prediction of the revenue effect in the Ministry of Fisheries and Marine Resources which decreased by more than \$11 million (\$99m to \$88m).

The Committee was further concerned about the unparallel allocation of the budget as measure as against policy and actions. An example in particular is a \$10 million allocation of the rural electricity under the Ministry Mines is excluded which is not aligned with government policy. The PS of Planning stateded that a 7th draft will address the issues of budget shortfalls encountered.

2008 Budgetary Lessons

The PS of Finance noted the comments and sentiments raised by the Committee. The PS will seriously ensure that effective communications are place in to address the shortfalls and the likely factors that will obscure/derail the operation of the budget. The Committee requested that the PS take forth the concerns to improve the preparation of the 2008 Supplementary budget and the 2009 budget and assist the Committee improve the effective scrutiny of any budget. The PS revealed that a time line will be designed to assist and guide the Committee for future budget presentation.

4.5 Head 274 Ministry of Foreign Affairs, External Trade & Immigration

Date: 11th March 2008
Time: 4.10pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 274 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-5 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	14,018,836	17,398,563	(1,546,894)
Development Expenditure	6,010,500	9,214,184	(3,203,684)

Issues Raised and Discussed

The PS briefed the Committee on the functions and objectives of the Ministry. The PS advised the Committee that the Ministry would not be able to response to any matters relating to the Department of Immigration as that is now part of the Ministry of Commerce.

The following major issues were raised and discussed by the Committee:

Recurrent Estimates

The PS asked the Committee to note that Immigration had been included in this Head but it has been gazetted as part of Commerce, Industry and Employment, therefore the Ministry is not able to comment on that part of the budget.

The PS further noted that the budget for salaries in Foreign Affairs has been reduced and that needs to be discuss that with the Ministry of Finance.

Development Budget

The PS briefed the Committee on the rationale behind the development budget. The PS advised that there had been a ground breaking ceremony for the Port Moresby Chancellery. There is a need for a Chancellery at Suva as there are a large number of students as well as businesses there. The PS advised that the Ministry is paying rent on land in Canberra, so the government needs to start building there so as not to lose money on land rental. The PS advised the Committee that there is an understanding with ROC that they will assist funding VIP lounges.

The Committee asked the PS if the Port Moresby Chancellery will lead to an increase in recurrent funding in future years. The PS replied that there will be offsetting cost reductions in rent etc.

Bougainville/ Shortlands Border Negotiations

The Committee asked the PS to comment on how the Ministry is ensuring a peaceful resolution to the Bougainville/ Shortlands border matter. The PS advised the Committee that they are consulting and visiting the border areas. They will then convene a meeting to discuss the matter once all stakeholders are familiar with the places to be discussed.

Legal Framework of RAMSI

The Committee asked the PS to confirm that the resolution of Parliament's intention to review the legal framework of RAMSI is still in place. The PS replied that it was. The PS further elaborated that when the 5 foreign ministers have completed their review the outcome of their review will be tabled in Parliament. Parliament will then establish a Select Committee which will deliberate and report to Parliament. It will then be up to Parliament to determine what action if any needs to be taken.

Budget Process

The Committee emphasized their serious concerns with the budget will be noted in the report.

4.6 Head 275 Governor General

Date: 6th March 2008
Time: 3.00pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 275 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-6 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	2,316,073	3,509,222	711,156
Statutory Expenditure	197,508	203,433	5,925
Development Expenditure	0	0	0

Issues Raised and Discussed

The Private Secretary (PS) informed the Committee that the functions of the Office of the Governor General are to perform statutory, ceremonial and community services. Under statutory functions the GG is to assent bills of Parliament, appoint members to certain authorities and pardon of prisoners. Under Ceremonial Services the Governor – General attends celebrations of the Queen’s birthday and Independence anniversaries. With Community Service the Governor – General is the patron of some charitable organizations. The PS briefed the Committee on the recurrent budget and noted with staffing that the Office needs three more vacancies to be filled by April. The PS also expressed concern with administration of the former Governors General Pension and Benefits Act.

The following major issues were raised and discussed by the Committee:

Government House

The Committee noted the run down condition of the State House and that immediate renovation to the State House was needed to show respect and pride for the State House.

Former Governors General Pensions

The Committee noted the substantial cost involved in the Pension Act which was passed last year in Parliament. The current pension budget which stands at \$7.5 million will be used to fund pensions for former governors general and purchasing of new vehicles and continuous maintenance. The Committee revealed that the pensions costs involved were possibly greater than was envisaged during the Bills debate in Parliament last year and concluded that it is not cost effective. The Committee further requested the Auditor General to provide the cost breakdown of the Pension and gratuity concerned from the Ministry of Finance. The Auditor General subsequently confirmed that payments had

been made for the back adjustment in 2007 and there was appropriate provision for the ongoing pensions in the 2008 Budget.

Audit Action Plans

The Private Secretary concluded his presentation by providing an Audit Action Plan in matrix form in response to the Auditor General's reports on the Government House Audits.

4.7 Head 276 Ministry of Health and Medical Services

Date: 14th March 2008
Time: 9.30 am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 276 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-7 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	55,554	128,800	(29,408)
Recurrent Expenditure	114,289,937	132,952,175	18,662,238
Development Expenditure	6,654,322	20,844,068	14,189,746
Budget Support Revenue	22,606,046	80,000,000	57,393,954
Budget Support Expenditure	22,606,046	80,000,000	57,393,954

Issues Raised and Discussed

The Chairman outlined the Ministry's mission statement and key activities and invited the PS to commence with his Ministry's Recurrent Estimates.

The following major issues were raised and discussed by the Committee:

Brief Overview

The PS gave a brief overview on the operation and performance of the Ministry. The PS advised the Committee that the Ministry of Health and Medical Services is one of the biggest Ministries in the Solomon Islands Government. The Ministry's priorities are access to health education for all stakeholders (to primary health level), hospital

efficiency, reduction of infant mortality, STD e.g. HIV, reduction of psychological problems, standard treatments (drugs), malaria control, reduction of communicable disease, improvement of dental services and improve provincial health workers housing.

The PS outlined the new Sector Wide Approach Program (SWAP) funding arrangements.

OAG audit reports

The Committee enquired of the PS, in terms of budgetary policy, what actions the Ministry has taken in response to the matters raised in previous OAG reports and whether it has implemented the recommendations. The PS in response assured the Committee that the Ministry is responding to the recommendations and has put in place an action plan. The Ministry will update the action plan and when ready forward it to the Committee.

Development Budget

The Committee asked the PS to describe how the funds allocated under the non consolidated funding will be implemented and administered. The PS informed the Committee that external donors are channeling these non consolidated funds through various departments within the Ministry. The Ministry is talking of contracting internationally recognized accountants to look after the accounts of aid donors. The PS said that the existing internal accountants did not have the capacity to undertake all of this work. In the past provincial grants have not been monitored.

Malaria

The Committee asked the PS to update the Committee on the Malaria program. The PS informed the Committee that the Ministry has attracted substantial assistance from overseas countries like Australia, ROC and Japan. ROC will assist in the Malaria eradication program. It will start off with distributing special electric fans to children and pregnant mothers and distribute treated bed nets to provinces. By June this year, the malaria reference group will have a meeting on how the Ministry can eradicate malaria. The eradication of malaria program will start in Temotu Province.

The Committee enquired of the PS whether it is possible to eradicate malaria. The PS assured the Committee that in the Temotu Province it is possible. A US professor is heading the Malaria eradication program; it is different but a vision.

Vacancies

The Committee asked the PS about the vacant posts and whether the Ministry is going to recruit Cubans to some of these vacant posts. The PS informed the Committee that the Ministry has sent 25 students to study in Cuba with another 25 going later. The cost involved in sending a single student is quite expensive e.g. for fares alone is \$45,000 per student. 10 doctors from Cuba will arrive in the country soon with minimal SIG assistance. These doctors will fill in the vacant posts. Five of them (specialists) will be

posted in the National Referral Hospital and the other five will be sent out to various provinces. The posts of these Cuban doctors were not reflected in the budget. The Ministry hopes to find funds/provisions to assist in paying their salaries.

SIG has approved the Doctors Scheme of Service despite that other doctors have left SIG. The PS suggested to the Committee that the next 25 students to Cuba should be handled by the National Training Unit as the scheme was more appropriate for the Ministry as it is part of the SIG education process.

Health Institutional Strengthening Project

The Committee asked the PS why the HISP allocation was zero in 2008 under the development budget. This program ceased in August 2007. The PS informed the Committee that HISP has been transferred to the recurrent budget with \$18m for 2008 and will be used for both the recurrent and development budget.

Vacancies

The Committee asked the PS how many vacant posts the Ministry has for year 2008. The PS informed the Committee that the Ministry has 128 vacant posts for 2008, 20 of these to be filled by doctors and these include the Cuban doctors.

Nurses Scheme of Service

The Committee asked the PS whether the Nurses Scheme of Service is reflected in the 2008 budget to avoid strike actions due to dissatisfaction. The PS informed the Committee that the Nurses Scheme of Service is in the 2008 budget and will be implemented. In 2007, it cost the Ministry \$68m for both nurses and doctors.

Rural Clinics

The Committee noted that the Ministry needs to address the costs of scholarship and brain drain and asked whether the Ministry knows the location of all the clinics in the country and clinic buildings or health facilities. The PS informed the Committee that there are 218 clinics in Solomon Islands. Rural clinics are funded by provinces and this resulted in staff shortage and facilities. The Under Secretary said that there is a need to review for population needs. The World Bank funding will provide data for this review.

Doctor – Patient Ratio

The Committee asked the PS to advise the ratio of doctors to patients. The PS informed the Committee that currently the ratio is 1:6000 and the Ministry is aiming at 1:500 which is the reason for the emphasis on Cuban doctors.

Ministry Management and Administration

The PS informed the Committee that administration and policy implementation is demanding therefore the Ministry needs 2 Permanent Secretaries. The Committee assured the PS that the idea was noted and this recommendation would be passed to government officials.

The PS provided an overview of the Ministry's bid and indicated a general 7% increase in funding. The cessation of the former funding arrangements under the HISP and HSTA schemes have now been reflected through the SWAP arrangements and now reflected through the Current Budgets providing better accountability and control by the Ministry.

4.8 Head 277 Ministry of Infrastructure Development

Date: 12th March 2008
Time: 1.50pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 277 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-8 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	1,235,057	1,353,800	(118,743)
Recurrent Expenditure	30,507,204	50,615,276	(20,108,072)
Development Expenditure	6,000,000	29,570,000	23,570,000

Issues Raised and Discussed

The Chairman outlined the Ministry's mission statement and key activities and invited the PS to commence with his Ministry's Recurrent Estimates.

The PS advised that his Ministry is seeking assistance from Ministry of Finance to assist in its Ministry's Program and noted that they are still working on the Program to reflect what is in the Estimates.

The following major issues were raised and discussed by the Committee:

Manpower

The Committee asked the PS to advise the Committee whether the Ministry has sufficient resources to provide the services required of them. The PS explained that his Ministry has been working with the private sector and has provided training to assist the private contractors perform to the standard required by the Ministry. The Ministry has completed this training in Honiara and they are about to commence in the provinces.

National Transport Trust Fund

The PS advised the Committee that the purpose of the National Transport Trust Fund was to provide ongoing funding for longer term projects. The PS stated that the Ministry would like to see the Fund established and will be putting this to Parliament if not in this session, then the next. The Committee enquired as to when the Fund would be implemented to which the PS replied as soon as the funds are available.

Progress of Projects

The Committee asked the PS to update the Committee on progress of works. The PS advised:

- One major Project has started in the West and Choiseul Provinces which was funded by the European Union. This is part of the Rehabilitation for Tsunami affected areas. The Project is for roads, bridges etc;
- The Ministry wants to commence another roads project for Guadalcanal and Temotu Provinces which will be funded by the AusAid;
- Shipping is the subject of an ADB funded project.

The PS advised the Committee that the Ministry has been granted a lot more funding in the past and so they should be able to achieve a lot in 2008.

Honiara Roads

The Chairman asked the PS to advise who is responsible for Honiara roads - the City Council or National Government. The PS advised that his Ministry is responsible for the main roads, but they will also take on the maintenance of the feeder roads as the Honiara City Council cannot. The PS further explained to the Committee that the feeder roads cause damage to the main roads. Therefore when the feeder roads are maintained, the main roads will require less maintenance.

Shipping for Remote Areas

The Committee noted that uneconomical routes can become economical if the infrastructure is in place. They further noted that \$4.5 million is allocated to Guadalcanal shipping. The Committee suggested that operators who are not from the area being serviced will only be concerned with profit. If operators from the area were used they

would look after the people they are servicing. The Committee asked the PS what support the Ministry is planning to support areas that do not have shipping.

The PS replied that Lord Howe, Malaita outer islands, Shortland islands and Temotu are areas that rely heavily on shipping. The PS informed the Committee that the government is planning to reintroduce government shipping services to be targeted at the areas mentioned, that are not economically feasible to private shipping service operators. The PS also advised the Committee that the Solomon Islands needs to have good road maintenance to prevent having to reconstruct roads. When this is achieved there will be money left over for building new roads.

4.9 Head 279 National Parliament

Date: Thursday 6th March 2008
Time: 2.00pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 279 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-9 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	20,652,325	22,293,525	1,614,200
Statutory Expenditure	167,195	172,211	5,016
Development Expenditure	1,800,000	5,000,000	3,200,000

Issues Raised and Discussed

The Acting Clerk briefed the Public Accounts Committee (the Committee) on the current operations and functions of the National Parliament Office (NPO).

The following issues were raised and discussed by the Committee and the NPO.

Recurrent Estimates

There are three new items added into this year's recurrent budget:

- 279-0001-3077 Filming and Televising
- 279-0001-6008 Parliamentary Sessions & Committee Expenses
- 279-0001-6418 Youth Parliament

These budget items are mainly to promote and enhance the National Parliament operations and functions. The Acting Clerk also highlighted the other main items in the recurrent budget that warrant explanation such as Personal Emoluments, Electricity & Gas, Telephone & Faxes , Radio Communication and Organizational Administration.

Development Estimates

The Acting Clerk also briefed the Committee on the proposed development projects for the National Parliament in 2008, including the construction of a new office complex for Members of Parliament and the continuation of the renovation and maintenance of the existing Parliament building.

Parliamentary Standing Orders

The Acting Clerk advised the Committee that the Standing Orders are currently under review and once completed will improve the overall conduct of parliamentary proceedings. The Committee noted that there is a proposal as part of this revision to increase the number of Parliamentary Standing Committees to eight. This will ensure that Members of Parliament are engaged in Parliamentary related duties and would assist them to better understanding their role as Parliamentarians.

Maintenance and Renovation of the Parliament Building

The Committee noted that there was a budgetary allocation of \$1.8m in 2007 for the renovation of the existing Parliament Building but only \$0.3m was expended under the allocation. The Office explained that although it did not expend the entire allocated amount, it committed \$1.3m in contractual arrangements for this project in 2007. The Committee noted that most of these contracts are still being implemented and due for completion in the first quarter of 2008.

Parliament Rest House

The Committee considered the issue of accommodation for Members of Parliament and noted that it is costly to accommodate Members of Parliament in hotels and enquired about the Ministry's plan for the Old Parliament Rest House. The Committee was informed that the Parliamentary House Committee had considered the matter in detail and found that in the past it had been a costly exercise to maintain and upkeep the Rest House, especially when it has been used a permanent accommodation by MPs and their families. As a result, the House Committee has considered other options such as lease arrangements for office space.

4.10 Head 280 Ministry of Forestry, Environment and Conservation

Date: 12th March 2008
Time: 9.30am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 280 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-10 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	2,167,823	3,010,714	842,891
Recurrent Expenditure	7,582,434	8,535,408	952,974
Development Expenditure	4,000,000	12,000,000	8,000,000

Issues Raised and Discussed

The Under Secretary (US) for the Ministry of Forestry asked the Committee to note that the Ministry of Forestry is now a Ministry of its own and briefed the Committee on the Ministry's budget.

The following major issues were raised and discussed by the Committee:

Recurrent Estimates

The Chief Accountant (CAO) advised that the estimates are not sufficient to carry out the Ministry's functions and highlighted the low budget for fuel. The CAO explained to the Committee that these funds are needed for fuel for canoes for the extension officers to carry out their work and other travel costs.

The Committee noted that this is a similar issue to other Ministries. The Committee noted that there is a need for better consultation between Ministers and officials to strengthen the link between government policy intentions and the budget needed to implement them.

Reforestation

The Committee queried the \$6 million expended in 2007 when there was no budget allocation, yet nil expended against the ROC funded project for which \$4 million was allocated. The Ministry replied that \$2.1 million was expended against the project funded by SIG by the Ministry and the balance was incurred by the Ministry of Finance and Treasury against the Forestry code.

The US explained the two 2008 reforestation projects to the Committee. The US advised that the \$4 million ROC funded project was for downstream processing and the \$8 million SIG funded project was for reforestation – establishing new plantations. The US referred to the work plans and manuals which had been tabled. In response to further questions from the Committee, the US explained that the Ministry will not be issuing cash grants in 2008, and that the project will fund extension officers under contract who will work in the provinces to train villagers and provide equipment, materials and seedlings to assist them establish and manage plantations.

The Committee noted that this should possibly be included in recurrent funding, not development as there will be ongoing costs each year and it is not for capital expenditure. The US agreed.

Unsustainable Level of Logging

The Committee expressed concern that the current rate of logging was unsustainable with only approximately 5 years supply of logs for export and asked what was the Ministry doing to reduce logging to sustainable levels. The US replied that the High Court had ruled that the Ministry can only refuse a licence if the area is already covered by another licence and that legislative changes are needed.

Jointly Managed Projects

The Committee was advised that the EU Stabex Forestry project was to assist transport and shipping for small logging ventures. The major expenditure planned for 2008 is to purchase a ship. The ministry advised the Committee that EU monitors the expenditure and will not release further funds unless accounts and reports are submitted.

The Committee expressed concern that KFPL is being supported by donor funds, but no other forestry companies such as Egon. The Ministry replied that Egon needs to justify and demonstrate that they can operate in an environmentally sustainable manner.

4.11 Head 281 Prime Minister's Office & Cabinet

Date: 11th March 2008
Time: 2.35pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 281 disclosed in the 2009 Draft Recurrent Estimates is produced below in the Table 4-11 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	24,136	83,000	58,864
Recurrent Expenditure	23,532,838	40,883,760	17,350,922
Statutory Expenditure	450,959	310,526	(140,433)
Development Expenditure	2,862,981	5,318,000	2,455,019

Issues Raised and Discussed

The Secretary to the Cabinet (the 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.

Recurrent Budget

The Committee raised serious concerns expressed in relation to recurrent budget which highlighted a zero budget for various line items such as overseas travel and rents which is not consistent with what is being paid out or required. The Secretary replied that they will revise their position for the mid-year supplementary budget.

Development Budget

The Committee sought clarification on the Constitutional Reform. The Secretary clarified that \$30m has been budgeted for 2008 and a further \$10m in 2009. Currently a meeting is being held but not sure of the update of this reform. The Secretary will provide a report to PAC when it is available.

Establishment

The PS advised that there are 7 additional political appointees who are not in the budget. The PS also suggested that the establishment of the Parliamentary Entitlement Commission (PEC) should be under Parliament and be independent of the Prime Ministers Office.

Acknowledgement by Committee

The Chair was very pleased with the integrity and honesty of the Secretary to brief the Committee on the budget however raised concerns that there are discrepancies between what has been submitted to the Ministry of Finance and what has been finalised in the budget.

A representative from the Budget Unit clarified for the Committee that the current government is trying to direct expenditure into policies set out and has directed that the

budget to carry out the day to day business of government be reduced in some areas which includes decreasing all overseas travel by Member's of Parliament and Public Servants by 50% and increase in house rental for all Ministries.

4.12 Head 283 Ministry of Police and National Security

Date: 13th March 2008

Time: 4.10pm

Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 283 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-12 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	336,323	450,000	113,677
Recurrent Expenditure	84,542,269	92,753,921	8,211,652
Development Expenditure	10,677,980	20,077,016	9,399,036

Issues Raised and Discussed

The PS tabled several documents and briefed the Committee on the budget for his Ministry.

The following major issues were raised and discussed by the Committee:

Recurrent Budget

The PS provided an overview of the Budget bids and indicated important areas within this major Ministry that were not adequately funded including anomalies in SIPS, SIFP and DPP.

The Committee noted the significant level of un-appropriated funds provided to this Ministry by Donors and the relative immateriality of the short funding areas identified by the PS. The Committee expressed concern that the Ministry may not be able to fund essential expenditure even until the Supplementary Appropriation expected in June or July. It emphasized the need for this Ministry to be given adequate funds to meet its essential obligations given the nature of its services and increases in SIG funding was imperative to meet shortfalls as it gradually strives for more independence. Whilst accepting the use of virements to achieve temporary shortfalls in funding, the Committee

stressed that this process was seen as an exigency only and such processes circumvented the whole purpose of the Parliamentary Appropriation process.

Development Budget

The Committee noted that there are a number of Development projects planned for the Ministry and enquired as to whether these would be able to be undertaken in 2008. The PS briefed the Committee on the progress of each project and assured the Committee that substantial work would be undertaken in 2008.

Community Policing

The Committee was concerned that adequate facilities through the Community Policing Policy were being provided to Rural Communities given that the current Development Budget shows that \$3M provided in 2007 has not been renewed or rolled over. The correlation between Community Policing and Rural Development to ensure adequate safety at community level was challenged by the Committee. The PS agreed to provide the Committee with the results of a survey in this area. Whilst no new funding provided the PS indicated that some funds were set aside in the Recurrent Budget.

4.13 Head 284 Ministry of Provincial Government

Date: 13th March 2008
Time: 10.40am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 284 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-13 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	35,459,177	48,375,188	12,916,011
Development Expenditure	23,500,000	6,400,000	(17,100,000)

Issues Raised and Discussed

The Under Secretary (US) outlined the key outputs of the Ministry and gave a brief explanation of the current operations of the Ministry and proposed plans. The following major issues were raised and discussed by the Committee and the Ministry.

Budget Bids Not Accepted

The Under Secretary expressed disappointment that only 5 of the 11 bids submitted by his Ministry were taken up in the budget.

The PS provided a list of particular issues that were not included in the Recurrent Budget which would need to be addressed by either virement or Supplementary Estimates.

The Committee noted with concern the shortfall in funding for people currently in posts amounting to \$899,271 which are essential for the ongoing Ministry's management of its affairs. There was a shortfall between the Salaries allocated and the Ministry of Public Service Establishment costing which needs further attention and negotiation from the Ministry with the Ministry of Finance in the Supplementary Estimates.

The PS advised the Committee that \$8 million for Provincial Housing Grants was not included in the budget. The PS explained that in 2007 Parliament had awarded Members of Provincial Assemblies \$1000 per annum to allow them to be housed near the Provincial Assembly Headquarters while in the Provincial centre on Provincial Government business.

The PS further expressed concern that his Ministry had submitted a bid for \$10 million for Doma township, but that no funds had been included in the 2008 budget and the Ministry of Finance had refused to accept any further submissions from his Ministry on this matter.

Revenue Data Collection

The Committee expressed concern over revenue collected by the Provinces on whether data has been maintained over the past years so that can cater for the Ministry and not only to depend on the Central Government funding. The Ministry fully agreed that the exercise of collecting data on revenue has not been done, but advised the Committee that the matter would be addressed under the Provincial Government Strengthen Program.

Provincial Government Grants

The Committee noted that there was an increase in the budget for the revenue sharing grants for 2008 and asked the PS to explain how this amount was calculated and distributed. The Ministry advised that the amount distributed to each Province was simply the previous year's amount increased by 3% and divided into 12 monthly payments. The Committee expressed concern that the formula of 20% fixed amount and 80% based on population was not used and advised the Ministry that this formula must be applied.

Provincial Government Audits

In response to concerns about the current level of financial accountability in the nine Provincial Governments the PS indicated that there has been improvement in this area

under the PGSP which requires greater accountability from PGs. The Auditor General advised that all 145 outstanding financial accounts for all PGs had been certified by the Auditor General and Reports issued to PGs outlining issues needing to be addressed which have been discussed in all PGs. This is a significant achievement with all accounts up to 2007 signed off.

Provincial Government Strengthening Program (PGSP)

The Committee noted the significant new proposal to set up a Provincial Government Development Fund with seeding from SIG plus donors matched funds which will need to be operational in nature as these are payable quarterly to Provinces.

4.14 Head 285 Ministry of Lands, Housing and Survey

Date: 14th March 2008
Time: 1.50 pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 285 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-14 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	4,004,848	14,340,326	10,335,478
Recurrent Expenditure	11,656,996	19,300,385	7,643,389
Development Expenditure	2,795,940	4,454,940	1,659,000

Issues Raised and Discussed

The PS thanked the Committee and briefed the PAC on the current operations of the Ministry.

The following major issues were raised and discussed by the Committee:

Budget Shortfalls

The PS indicated his general satisfaction with the current budget and provided a briefing which outlined new initiatives including the setting up of Land Offices in each of the nine Provinces to enable the staff to address the local issues. However the PS indicated that although the Establishments Register reflects the correct position the Recurrent Budget incorrectly shows two Provinces combined which should be corrected.

The Committee noted that although the PS was reasonably happy with the budget bids the expectation that the important Rural Land Offices decentralization proposal would require additional funding in the Supplementary Estimates is not satisfactory. Where the costs are known these should be included in the current Budget. The Committee also noted that the Budget incorrectly described the allocation of \$2M in the Development Budget.

Reclamation of Undeveloped Land

The Committee asked the PS what action the Ministry has taken with undeveloped crown lands, and what criteria are in place. The Commissioner of Lands and the Auditor General in earlier audit reports had noted direct allocations were fraught with problems. The PS and Under Secretary informed the Committee that there is a Land Tender Process that the Ministry is following as a guideline to ensure that development takes place. The Ministry has identified these lands and is in the process of forfeiture and reallocation of the lands. This has to go through the legal tender process. The PS assured the Committee that the reallocation must be to Solomon Islanders.

Government Housing

The Committee expressed concern regarding the standard of housing built in Honiara. The PS assured the Committee that they have a standard format for housing through MID and with HCC. There is a local Planning Scheme which is 30 years old. The scheme should be revised every 5 years. There is a team currently working on revising this Local Scheme. The Committee noted that there is a need for the Ministry to look into the type and standards of houses being built to improve the appearance of the town and they should work alongside HCC. The PS assured the Committee that there is a draft with the Honiara Town Council Planning Board. The revised planning scheme is in its final stage and is ready to be presented to the board.

Lands Officers for the Provinces

The PS informed the Committee that the Ministry has 36 new posts and these include provincial land officers. This caters for an increase in manpower particularly for land matters. The PS advised the Committee that for the administration of land matters, the Ministry will amalgamate 2 provinces to be manned by 1 officer or deal with each province separately. These officers will be dealing with customary land project. The PS informed the Committee that the Ministry has been assured by the PS Finance of funding.

Tribal Land Entitlement Act

The Committee enquired whether land reforms and the Tribal Land Entitlement Act were reflected in the budget. The PS informed the committee that there is a land reform program and the Tribal Land Entitlement Act is reflected in the development budget.

Illegal Sale of Land

Concerning the sale of land by lands officer, the PS informed the Committee that the Ministry is taking initiatives to discipline these officers who are not complying with the lands regulations. The PS informed the Committee that some names have been identified and the Commissioner of Lands is responsible for taking action against these officers.

Land Rent

The Committee asked the PS to inform the meeting whether owners of undeveloped land are still paying their land rent when fall due. The PS informed the Committee that some land owners are not paying land rents. The PS assured the Committee that last year the Ministry advertised in the Solomon Star a list of names of land owners who have arrears in land rents and the Ministry had an increase of revenue from \$4m to \$13m in 2007 and is expecting that to increase this year as it is planning to make a door to door approach to all land owners.

4.15 Head 286 Ministry of Development Planning and Aid Coordination

Date: 10th March 2008
Time: 10.30am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 286 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-15 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	1,682,637	2,609,002	926,365
Development Budget	31,096,081	21,134,748	(9,961,333)

Issues Raised and Discussed

The PS briefed the Committee on the rationale and process for the preparation of the Development Budget.

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

Development Budget Performance

The Committee expressed concern that the line ministries may not be able to implement the development projects and that rural development was sufficiently emphasized. The Committee emphasized the misapplication of development funds for some projects last year and enquired how that was to be avoided this year.

The PS explained that the role of her Ministry is in co-ordination and they are not involved in directly implementing the project. The Ministry highlighted that there is a proper process for planning and approval before project funds are committed or expended. Ministries must submit detailed work plans through the Ministry of Development Planning and Aid Coordination for approval before the line Ministry then approaches the Ministry of Finance to release funds. No project should commence and no commitment of funds should occur until this process is completed. If the process is followed, projects will be in accordance with the government's requirements and there will be less risk of failure to deliver. The PS assured the Committee that her Ministry works closely with line Ministries in preparing their work plans.

4.16 Head 287 Ministry of Culture and Tourism

Date: 13th March 2008
Time: 3.00pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 287 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-16 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	7,366	10,750	3,384
Recurrent Expenditure	3,046,975	6,321,991	3,275,016
Development Expenditure	11,810,000	11,950,000	140,000

Issues Raised and Discussed

The PS gave brief explanation on the current operations of the Ministry, the programs that are not implemented in 2007 and the proposed plans 2008.

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

Unsuccessful Bids

The Ministry was disappointed over the unsuccessful submissions by the Ministry, for instance the fencing of National Achieves and National Museum. Furthermore the PS stressed the importance of the promotion and marketing bid which has been turned down. The Committee noted the importance of this item and suggested that the Ministry submit bids in a manner the Budget officials or Government may see as sowing a seed thus getting them to realize the importance of the items. The Committee further suggested that the Ministry work closely with the other line Ministries.

Shortfall

The PS commented on the shortfall in the Headquarter payroll and further made specific mention on the unrealistic figure for the National Archives salaries and the office rentals which has a zero balance. The Ministry in response to the question by the Committee said that the Minister knew of the shortfalls and sought clarification from the Committee if these shortfalls can be addressed in the Supplementary Budget. This is a matter for the Ministry to address in June.

Delay in Implementing Programs – 2007

The Committee questioned the Ministry as to why the Heritage Centre has been budgeted in 2007 and appears again in 2008. The Permanent Secretary advised that this is due to the slow tender selection process which has to go through the Central Tender Board. The PS further confirmed that the plan has been drawn up and now it is just a matter of needing approval from the new Cabinet.

National Project- National Art Gallery

The Committee sought clarification on why the Ministry does not work in the same direction as the other line ministries for instance the Ministry Civil Aviation is upgrading provincial air fields whereas this Ministry is expending a large sum on a project which is confined to Honiara only. The PS emphasised that this is a national project which is best located in Honiara and the benefits can be channeled to the Provinces through the approaches that been developed in the plan. The Committee expressed support of the Ministry's efforts and commitment to their programs despite the slow processes.

4.17 Head 288 Ministry of Commerce, Industry and Employment

Date: 12th March 2008
Time: 3.50pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 288 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-17 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	7,116,745	9,263,000	2,146,255
Recurrent Expenditure	11,396,865	18,539,690	7,142,825
Development Expenditure	4,492,250	10,250,000	5,757,750

Issues Raised and Discussed

The PS briefed the Public Accounts Committee on the performance and operations of the Ministry.

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

Brief

The PS informed the Committee that the Ministry has the challenges of improving provincial accommodation, reforming the existing Company law, amendments to the work and residence permits and the Secure Transaction Bill. The legislation reviews are to encourage investors and to aid a progressive investment culture. Despite the existing challenges the Ministry is happy with the 2008 allocation. The PS informed the Committee that virements against other unused recurrent heads will be utilised to meet existing commitments of the Ministry.

Projects

The Committee noted the Ministry is rural connector and requested an update on the coordinated relationships with other stakeholder ministries to raise the export base of the country. The Committee further noted there is a lot of money for rural related initiatives and these need to be accessed by the rural populace. The PS agreed that the Trade Office within the Ministry Foreign Affairs is not consultative and this sometimes results in duplicated and non-workable trade agreements and this applies to other line ministries. The Committee further noted the recommendation of the PS to reintroduce a Steering Committee in the Office of the Prime Minister to improve coordination with line ministries.

The Committee noted that Noro and Bina Harbour projects have been allocated a share in the budget. The PS advised the \$9 million allocation is for the feasibility study, consultations and other appraisals for both projects. The Suava Bay project has no provision in budget. The PS has identified other organizations that are willing to assist.

Training

The Committee noted that business training will be conducted for the rural populace based on the constituency profile through agents such as SYSBEK for financial literacy which will be part of the Supplementary Appropriation in June. It was further advised that scholarships for trade apprenticeships will also continue through budget allocations including Rural Training Centres. The Committee suggested that an effective link should be created between apprenticeships and companies and institutions.

Supplementary Appropriation Bill

The PS advised that the Supplementary Appropriation Bill 2008 will contain provision for a Technical Advisor to CEMA to provide assistance in the areas of cocoa and coconut.

Staffing

The PS advised that 2008 staffing has increased from 84 to 120. There are 24 vacancies to be filled by mid 2008. Many of the vacancies are due to officers being transferred to other Ministries. In the provinces, recruitment is difficult due to housing problems. The Committee further noted the inequitable levels for accountants' posts with other line ministries. The official from the Ministry of Public Service assured the Committee that the matter will be discussed with SIGAS.

Reforms and Others

The PS advised the Committee that the reforms in the company law will separate insolvency and incorporation law to strengthen the ability for rural landowners to create community businesses. The amendments to the foreign investor registration process will ensure a foreign investor also has residency and work permits. The Committee notes that aspiring investors will use one form for work and residence permit form as opposed to two previously.

The Committee further raised concerns regarding the rapid rise in the general price of goods in the country. The PS updated the Committee on the Cabinet paper to address the issue. The PS further advised that other areas including exchange rate fluctuations and transport costs have predominantly dictated the situation particularly when Solomon Islands is an import reliant country.

4.18 Head 289 Ministry of Communication and Aviation

Date: 12th March 2008

Time: 3.50 pm

Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 289 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-18 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	21,522,906	14,416,699	(7,106,207)
Recurrent Expenditure	19,182,729	20,328,243	1,145,514
Statutory Expenditure	11,000,000	11,000,000	0
Development Expenditure	0	24,300,000	24,300,000

Issues Raised and Discussed

The PS introduced his Ministry's Civil Aviation Strategic Plan.

The following major issues were raised and discussed by the Committee:

Airfields and Terminals

The Committee was concerned that airports and airfields need urgent upgrading and asked the Ministry what progress had been made to date. The PS advised the Committee that Ministry officers are going out to the provinces to survey airfields to determine what the cost will actually be. The Ministry can then prioritise and plan its work within the budget allocated. The Committee was advised that tenders for the new domestic air terminal at Henderson had been called through the Central Tender Board with the assistance of ROC funding. The Ministry hoped to be able to use \$3 million from the Civil Aviation Special Fund and noted that it would be a 3 year project.

Telecommunications Law

The Ministry advised the Committee that there are three tracks in the telecommunication reform plan:

- Policy;
- Telecommunication Law;
- Negotiations with Telekom

The PS advised the Committee that the Ministry has commenced drafting the new telecommunications law, and that the Ministry has studied the experiences in PNG, Samoa, Fiji and Vanuatu to ensure Solomon Islands legislation is better.

Previous Audit reports

The Committee noted that an Audit Action Plan had been provided to the Committee in 2007 hearing last year. The Ministry advised the Committee that some matters have been referred to Director of Public Prosecution (DPP) for assessment but the DPP has not come back to the Ministry to complete the investigations. The Committee suggested that the Ministry should follow up with the DPP. The Ministry agreed to provide an update on the Action Plans to the Committee.

4.19 Head 290 Ministry of Fisheries and Marine Resources

Date: 14th March 2008
 Time: 3.00 pm
 Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 290 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-19 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	53,133,913	99,439,970	46,306,057
Recurrent Expenditure	6,629,961	8,610,055	1,980,094
Development Expenditure	3,000,000	8,645,000	5,645,000

Issues Raised and Discussed

The PS briefed the Committee using a Power Point presentation.

The following major issues were raised and discussed by the Committee:

Revenue Budget

The PS explained that in 2007 there was an El Nino effect which resulted in the Ministry receiving a windfall in fisheries licence fees. Refer to the table below:

2007	Budget	53.1M
2007	Actual	93.8M
2008	Budget	84.3M

The PS explained that the Ministry receives fisheries licence revenue calculated as 6% of the market value of the catch from foreign fishing boats. The El Nino weather pattern

caused most of the tuna to be absent from the Eastern Pacific. Therefore the price of tuna doubled from \$600/ tonne to \$1200/ tonne. As the tuna were not present in the Eastern Pacific, more tuna was caught in the Western Pacific. Therefore Solomon Islands benefited from both increased world prices and some increase in volume of catch.

The PS explained that 2008 revenue at the start of the year is unpredictable, but it is known that this high price will long continue. The PS advised the world price of tuna has already fallen back to \$900/ tonne. The PS advised the Committee there were discussions within his Ministry and as cautious approach the Ministry suggested a drop in budget revenue of \$10 M so as not to over predict the expected SIG revenue. The Ministry of Finance representative noted that this information has not been provided to the Budget Unit.

Recurrent Estimates

The PS stated that the Ministry is quite happy with the \$8.6 million recurrent estimate.

Development Estimates

PS advised the Committee that for the development estimates the Ministry also has \$8.6 million and described the six projects to the Committee.

Strength of the Ministry

In terms of manpower, the PS advised that his Ministry has an Establishment of 91 posts. Of these, 57 posts are filled and 34 are vacant. Of the vacancies 23 are about to be filled progressively and 11 still need to be filled.

Issues to Address

The PS emphasized that his Ministry will not be paying cash grants in 2008. The PS described to the Committee the processes and controls which will be in place in 2008, including new applications process, screening and distributing equipment rather than cash.

The PS advised the Committee his Ministry has prepared Audit Action Plans for the recent Audit Reports from the Office of the Auditor General. The Ministry has developed strategies and mechanisms to address the issues at hand. Assets mechanism is in implementation and internal audit as well to see to issues concerned. The main emphasis as indicated by the PS is, not wanting to repeat previous inadequate systems and procedures.

The Committee suggested that Constituency Development Officers stationed out in the provinces can closely monitor projects and this could really assist the Ministry in ensuring its functions have been carried out effectively and efficiently.

The Committee raised concerns over proper allocations and fair distributions in planning development projects. The PS assured the Committee that the Ministry is prioritizing and identifying key areas by Ministerial delegation visits to the Provinces and stringent screening not just in allocating resources alone but the actual managing of these resources.

Export Revenue

The Committee asked the PS to describe what his Ministry is doing to increase foreign exchange.

The PS indicated that the Ministry's key priorities are:

- Revenue
- Food security and
- Processing plants (small scale)

The PS stated that the key areas for increasing export earnings are from tuna and small scale processing plants. The PS advised that the Ministry is inviting potential investors to work with these small scale processing plants his Ministry is working with communities to develop possible reef fish exports..

The PS advised the Committee that this Ministry is a new one and they are taking one step at a time and planning ahead.

The Committee enquired as to what the \$1.5 million allocated for processing plants was actually for. The PS replied that negotiations are taking place and other things link in with them including RAPTIS and landowners.

Committee raised concerns over the Review of Soltai for a substantial amount of \$400,000. The PS clarified that this was for review negotiations and continuation dialogue. A Ministry representative further elaborated by explaining that a review had been completed late last year and recommended that SOLTAI be restructured, the Board be reviewed and management be reviewed. A report has been prepared for the Prime Minister.

The Committee stressed the importance of Soltai as an asset to the Solomon Islands Government both National and Provincial.

The Committee noted an ongoing donor assisted project for the development of seaweed production and asked what benefits there were to Solomon Islands. The PS discussed progress on this project and advised that stage one is now completed. Three regions are earning small amounts of export revenue. The PS advised that stage two has commenced and this will involve expanding to new areas and learning from the experiences of the existing projects.

The PS brought the attention of the Committee to the Audit Action Plans at the back of the Ministry's submission and advised that the Ministry is awaiting the report of the Auditor General on the special audit of the Fisheries Project. The Deputy Auditor General advised the Committee that this is expected to be submitted next week.

4.20 Head 291 Ministry of Public Service

Date: 11th March 2008

Time: 10.40am

Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 291 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-20 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	956,425	1,200,000	243,575
Recurrent Expenditure	23,541,805	16,616,472	(6,925,333)
Development Expenditure	0	1,048,286	1,048,286

Brief

The Public Accounts Committee Chairman welcomed the Minister, PS and the officials of Ministry of Public Service to the Committee. The Committee further acknowledged the Minister as the first to be present in any PAC Hearings and that it is an encouraging and leading example. The PS thanked the Committee and tabled his Ministry's 100 Days Work Plan, IPAM 2008 Training Brochure, IPAM 2008 Annual Report, and Work Plan for 2008.

Minister Briefing

The Minister advised the Committee of his Ministry's rigorous pursuit of the government's policies including among others, addressing the matters of suspended officers who are currently on the payroll and ghost employees. The Minister informed the Committee that his Ministry will seriously address this during the year. The Minister stated that the difficulties of communicating and coordinating with other key Ministries due to the isolation of office needed to be noted and expressed the desire to relocate his office near to the Ministry of Finance and the Office of the Prime Minister.

Promotion and Recruitment

The PS advised the Committee that promotion and recruitment will be on going throughout the year. Staff recruitment will be pursued by the Ministry based on the areas of essential need like the Office of the Auditor General, Ministry of Education, Health and others who can justify recruitment urgency. The Ministry had recruited 112 vacancies since January. The Committee was also informed of facilitation of retirement of Public Servants on medical grounds in 2008. The Committee noted that 20 employees are currently on suspension but still receiving their salary.

Skills and Sustainability

The Committee expressed concern regarding the long term sustainability of the public service given the extent of technical advisors and expatriates occupying line positions. The Committee stated there should be a succession plan in place whereby capacity building training is concurrent with experience overseas or in Australia to develop local counterparts. The PS informed the Committee that the Ministry's Corporate Plan will address the issue. The PS further informed the Committee that it will be challenging to implement the plan given the allocation of \$500,000.

The PS further discussed the difficulties in maintaining appropriate skills in the public sector. Accounting students at USP have experienced a lot of difficulty with their studies. A bridging course through IPAM and SIGAS will assist in addressing the issue. With regard to lawyers and doctors, competition with the private sector and loss to overseas countries has contributed to the shortage.

The Committee expressed concern that the existing Scheme of Service for public officers has an impact on staff attrition. The officials noted that it is challenging and difficult to determine a balance between the number of public officers and the salaries that can be paid. As the number of public offers increases, there are less funds available for possible pay increases. Further graduate trainee programs have been initiated in various ministries and arrangement to bond students is a priority.

The Minister advised that existing in-service training is geared towards addressing the establishment of a federal system.

Code of Conduct

The Committee was advised that a code of conduct is currently being prepared to address the prevailing work attitude of public servants. The PS advised that workshops and induction courses conducted by IPAM address the subject of behaviour and responsibility of public servants.

Legal Instruments

The PS informed the Committee of the difficulties in carrying our government policies and activities based on the redundant Financial Instructions and General Orders and that the 100 Day Plan will address this including legal review of these constitutional instruments. The review of the General Orders is currently with legal personnel.

Accommodation

The Committee noted that there is a record of public officers not having housing allocation and rising rental payments. The Committee requested that the Ministry provide data regarding unhoused personnel to the Committee. The Committee also seek explanation from the Ministry on the government housing scheme as the Ministry has circulated a memo advising Accounting Officers in all Ministries not to encourage new officers to join the scheme, thus depriving the right of newly recruited public officers to benefit from the housing scheme. The PS advised that the Ministry plans to build alternative accommodation.

4.21 Head 292 Ministry of Law and Justice

Date: 12th March 2008
Time: 10.40pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 292 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-21 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	755,267	1,238,823	483,556
Recurrent Expenditure	10,239,043	15,422,486	5,183,443
Development Expenditure	0	1,500,000	1,500,000

Head 296 Ministry of National Judiciary

Overview

The total revenue, recurrent expenditure and development expenditure for Head 296 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-25 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	611,298	632,700	21,402
Recurrent Expenditure	6,522,013	9,721,732	3,199,719
Statutory Expenditure	403,044	415,131	12,087
Development Expenditure	1,400,000	2,188,193	788,193

Issues Raised and Discussed

The PS briefed the Committee on his Ministry's budget and provided several supporting papers. The following major issues were raised and discussed by the Committee:

Recurrent Budget

The PS advised the Committee that the recurrent budget did not include sufficient funds to cover existing expenditure. The PS gave the example of the salary budget of \$8 million which has been reduced and does not reflect the cost of personnel now at post of \$12 million. The PS further advised that some activities will not be able to be undertaken including creating a law graduates scheme of service to assist in attracting qualified legal staff and outsourcing planning work for infrastructure development.

Development Budget

The PS outlined how 15 projects had been cut back to 3. The PS advised there was no real interaction with the Budget Unit.

Audit Reports

The PS advised the Committee that 3 audit reports had been received for the 2004-2006 financial years and included several recommendations for improvement. The PS advised the Committee that the Ministry has responded to the Auditor General and a copy of the response is in the papers provided to them.

Sustainability of Capacity Development

The Committee was concerned that the Ministry manage the transition from RAMSI assistance to ensure that the Ministry has programs to establish long term sustainability. The PS advised the Ministry may require ongoing assistance through bi-lateral or multi-lateral aid agreements. The Committee emphasized the importance of strengthening capacity to ensure Ministries can operate on their own when eventually assistance is withdrawn.

Budget Process

The Committee and PS noted that the budget process needs to be revised as a lot of time and energy is spent on preparing budget bids and Corporate Plans and work plans before the budget is allocated. They suggested that the Ministry of Finance may be able to provide some guidance as to the funds that will be available prior to Ministries preparing their Corporate Plans and budget bids. This would enable Ministries to allocate priorities within the funds available. They also recommended there be more consultation in the process.

4.22 Head 293 Ministry of Home Affairs

Date: 13th March 2008
Time: 1.50pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 293 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-22 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	1,171,687	2,675,000	1,503,313
Recurrent Expenditure	6,536,478	16,646,412	10,109,934
Development Expenditure	0	600,000	600,000

Issues Raised and Discussed

The following major issues were raised and discussed by the Committee:

Brief

The PS acknowledged the Committee and gave a brief overview on the performance and operations of the Ministry as reflected in the budget estimate and stated that it is policy-driven. The Ministry is happy with the 2008 budget estimate allocation. The focus of the Ministry includes the National Disaster Council, Electoral Commission, civic affairs and non-government organisations. The allocation for sport will cater for the Solomon Islands to host the South Pacific Games in Honiara.

Recurrent Budget

The PS advised the Committee of shortfalls discovered in some budgetary areas. These are in relation to upgrades of internal positions, an additional undersecretary position and cuts in sports related allocations.

The Committee was concerned with the general budgetary shortcomings for the processes involved in the budgetary preparation and the lack of mutual consultation which resulted in the lack of stakeholder appreciation and the respective Minister's dialogue with the Cabinet.

Development Budget

The PS noted that the recurrent budget includes \$100,000 for Provincial Disaster Council Coordinators accommodation in the provinces. An amount of \$600,000 was allocated in the Development Budget for the purpose of designing and planning phase. The allocation will cater for trained officers who were without accommodation in the provinces.

Electoral Bill

The Committee was informed that a electoral reform bill on will be ready by the 2010 election and that disruptions were attributed to the current bi-election. Most amendments will cater for voter registration issues.

Feeder Roads

The Committee expressed concerns regarding the Honiara feeder roads which are in a very serious condition and requested whether the Ministry of Infrastructure or the Ministry of Home Affairs through the Honiara City Council is responsible. The PS informed the Committee that \$348,000 was used for road maintenance last year and the functions have been transferred to them in 2007.

The Committee further noted that the Council had budgetary and implementations constraints and this extended to the rubbish contractors. The PS informed the Committee that his Ministry will consult with the Honiara City Council on the issues. The Ministry is trying to encourage Honiara City Council to design project proposals in various areas and ask for funding.

Grants Management

The Committee expressed concern regarding the disbursement of funds by the Ministry and to the Honiara City Council given that most funds awarded to the Honiara City Council have not been properly reported based on the lack audited financial reports on Honiara City Council or sports grants. The PS advised the Committee that sports related finding is for the purposes of the Auki games and the Makira Games arrears from the last Solomon Games.

The PS could not provide the Committee with available data for the grants disbursed to the Honiara City Council as measures to administer funds in Honiara City Council were very poor. The PS advised the Committee that the Honiara City Council revenue base was affected by the April 2006 factor and \$76,000 per month was distributed by the Ministry.

Revenue

The Committee requested the PS to describe the source of his revenue base. The PS advised that casinos and gambling, citizenship fees and lotteries are the major sources. The Committee noted that PS did not have any data relating to the citizenships by number and revenue for previous years. The PS advised the Committee that 20 people were naturalized in 2006. The PS further advised that a lot of illegal immigrants are present and follow ups will be conducted. The difficulties can be addressed by assistance from other line ministries.

Constituency Boundary Committee

The Committee requested the PS to inform the Committee whether there has been any change in the above committee. The PS replied that the Constituency Boundary Committee has not met for the last 5 years. There have been submissions received from various constituencies to divide constituencies that are quite large. The Ministry is planning to do some site visits to some constituencies before it can make its decision of creating new ones.

Tsunami Rehabilitation

The Committee requested the PS to inform the Committee where the \$15m for the Tsunami Rehabilitation was allocated since it was not reflected in the Ministry's 2008 draft budget estimate. The PS replied that the Tsunami Rehabilitation was shifted to the Ministry of Finance and should appear under Finance's budget.

Budget Allocation Error

The PS informed the Committee that the Women's Development division in the Ministry's budget should be under Ministry of Women, Youth and Children's Affairs

4.23 Head 294 Ministry of National Unity, Reconciliation and Peace

Date: 13th March 2008
Time: 11.50am
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 294 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-23 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	4,617,765	6,343,081	1,725,316
Development Expenditure	1,000,000	5,906,630	4,906,630

Issues Raised and Discussed

The PS briefed the Committee of the key issues for her Ministry and tabled work plans and other documents.

The following major issues were raised and discussed by the Committee:

Reconciliation

The PS reiterated the importance of cross-cultural reconciliation with former militants in the villages. Further, the budget does not contain funds for the direct compensation to former militants. The Ministry will enhance capacity and institutional development. Staffing will increase by 100% in 2008. The Commonwealth Secretariat is funding the legislation which will be tabled in Parliament by the June Session. The PS will use virements and cost cutting measures to address any short falls in the budget implementation.

Threats to Budget

The Committee expressed concern of the factors which could cause the derailment of the budget as occurred in 2000. In particular the Committee was concerned that unbudgeted items such as former militants' compensation demands, the Guadalcanal bono fide demands and compensation for the arms surrender exercise may pose threats to the 2008 budget. The PS informed the Committee that her Ministry deals with sensitive mandates and addressing frustrations. The Ministry's Action Plan will address cross cutting exercises along with a committee whose terms of reference will address rehabilitation

issues. The PS further informed the Committee that the Ministry's report on the Guadalcanal bona fide demands was submitted to Cabinet in 2007.

The Committee was concerned that community leaders were not consulted in the budget and that reconciliation focus is on Malaita and Guadalcanal alone. The PS advised that the Development Budget under the Head National Reconciliation Program will address community leaders and reconciliation threats in all provinces

The Committee noted the many unique challenges facing this Ministry and was pleased that the PS was satisfied with the level of funding proposed in the Recurrent Budget.

4.24 Head 295 Ministry of Mines and Rural Electrification

Date: 14th March 2008
Time: 12.40 pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 295 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-24 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	1,564,027	2,523,459	959,432
Recurrent Expenditure	4,918,036	7,424,129	2,506,093
Development Expenditure	1,770,589	9,885,000	9,643,267

Issues Raised and Discussed

The PS thanked the Chairman and outlined the key activities of his Ministry as follows:

- Encourage sustainability in extracting minerals;
- Petroleum prospects be guided by stringent required legislation;
- Extend supply of electricity to the rural areas by means of bio fuel, wind power and hydro power

The following major issues were raised and discussed by the Committee:

Recurrent Estimates

The PS noted inclusions of the recurrent estimates for activities such as geological surveys, mineral prospecting functions and indicated that the current Estimates reflect the key outputs required from carrying out the functions of his Ministry. Recurrent estimates remain the same level as the previous year. The PS further elaborated that if there are shortfalls within the year the Ministry will make an application under the supplementary budget.

Manpower

The PS indicated that it is hard to secure qualified geological officers in the Ministry. Eleven of the qualified geological officers have now left the Ministry to take up jobs within private mining companies. However, in the Ministry's recent recruitment 12 out of 24 vacant posts have been filled by new graduates and the Ministry is expecting to fill 4 more posts soon.

The Ministry is to implement a new Scheme of Service which the PS indicated will have significant implications on staffing of these positions.

Development Estimates

The PS revealed to the Committee that the development estimates include a number of projects which will advance the Government's policies including:

- Reopening of the Gold Ridge Mining in 2009
- Commencement of nickel mining in Ysabel
- Hydro electric assistance in the Ngalimbiu Scheme
- Electrification of rural clinics and secondary schools

The PS indicated that the electrification of 20 secondary schools will be co-funded by Italy and small Pacific islands.

Development Project Not Included in Budget

The PS advised the Committee of a project which is not included in the Development Estimates. The PS advised that a submission had been made to ROC for a \$10 million Renewable Electrification project and asked the Committee to note that coordination planning has already started and two experts are working on it.

The Chairman stressed that the Renewable Electrification project that will be funded by ROC for 10 million will have to be reflected in the final estimates and the Budget Unit in the Ministry of Finance is to note that. The officer from the Budget Unit advised that this will be done, but enquiries needed to be made to determine whether the project had in fact been committed.

Gold Ridge Mine

The Committee enquired as to the progress of relocation scheme for the Gold Ridge Mining Company Ltd. The PS replied that progress is slow. The Committee enquired whether or not \$1 million is sufficient to finance the project. The PS advised that the Ministry is working with what they currently have and can apply for a virement should the need arise. The PS replied that the Gold Ridge Company and Expatriates will provide housing for the land owners.

Urban Power Supply

Chairman raised concerns over a supply of electricity for rural developments and questioned why there are continual power blackouts within the urban areas. The PS explained to the Committee that according to information obtained from SIEA there seems to be the problem with the quality of fuel that is being used in the new generator.

4.25 Head 297 Ministry of Women, Youth and Children's Affairs

Date: 12th March 2008
Time: 12,30 pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 297 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-26 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Expenditure	1,982,086	5,072,297	3,090,211
Development Expenditure	0	2,820,000	2,820,000

Issues Raised and Discussed

Brief

The PS tabled the Corporate Plan of Action which will guide the Ministry in implementing the 2008 budget. The PS informed the Committee of the budgetary shortfall in the areas of youth participation, child rights and lack of office space in the ministry. The PS stated satisfaction with the development budget.

Recurrent Budget and Grants

The Committee noted with concern the drastic cut to Ministry's budget and the effect it will have on implementing the Ministry's priorities. The Committee noted that grants are susceptible to mismanagement and enquired as to what mechanisms the Ministry will put in place. The PS advised that the grants are for child advocacy areas and that the Ministry will address the issue.

The PS advised the budget will benefit all as it was structured according to government policy and implementation although existing policies for various sectors' advocacies are subject to review. Some major components of expenditure are for consultation and drafting bills for children and women.

Stakeholders' Connection

The Committee requested the Ministry actively participate with other stakeholders such as churches and youths and that the budget contain provision for the Youth Parliament. The PS advised that such stakeholders will be taken up and that links to strengthen gap as priorities through partners. The Youth Parliament will be catered for by the \$1.3million budget for the youth.

4.26 Head 298 Ministry of Rural Development and Indigenous Affairs

Date: 11th March 2008
Time: 3.30pm
Witnesses: Refer minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 298 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-27 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	0	0	0
Recurrent Estimate	996,415	1,594,310	597,895
Development Estimate	0	80,000,000	80,000,000

Issues Raised and Discussed

The Under Secretary (US) apologize on behalf of the PS who is away overseas and briefed the Committee on the current operations of the Ministry.

The Committee expressed disappointment on the absence of the PS and emphasized that it is important that Accounting Officers are present to appear before the Committee on behalf of their Ministries.

The following major issues were raised and discussed by the Committee:

Recurrent Estimate

The US expressed disappointment that some anticipated budgetary items submitted were not included in the draft recurrent budget 2008. These budgetary items included Headquarters and Administration Civil Service Salaries which includes the Housing Allowance & NPF.

The Committee noted that the Ministry is the focal point for rural advancement. The budget outline does not reflect this policy initiative of the government that led to the establishment of the Ministry in 2007. It will be unable to deliver its services if these budgetary items are not included and noted that this is a serious matter.

The Committee further noted that the actual for 2007 compares to the 2008 estimates and does not reflect the fact that the Ministry was established for only four months of 2007. The US replied that the increase in the actual is the cost of recruiting Constituency Development Officers which was not budgeted for in 2007. In this year's budget the CDO's salary scale is reduced to Level 8 and this reflects the reduction in this year's budget.

The Committee recommended that the Ministry work together with the Budget Unit of the Ministry of Finance and Treasury to reconsider the budget to reflect its purpose and establishment. The US replied that the reason for the budget decrease is the cost of establishing the Ministry during 2007 included office equipment, furniture, IT hardware and conferences & seminars. Therefore it is not a policy question.

Constituency Development Officers (CDO)

The Committee suggested moving the delivery of some services from the line Ministries such as the Fisheries and Agriculture projects to the Ministry. The Constituency Development Officers must be allowed to do their work free of political influences. The Committee cited the example of the project of the Ministry of Fisheries and Marine Resources where there were two project lists produced, one through the legitimate process in the Ministry and another list prepared by the politicians. The politicians should oversee and not dictate. The Committee also noted disappointed on why the CDO's levels were downgraded from level 10.1 to the current level they are in as the initial intention of putting them at a higher level was for them to be able to withstand political pressure and influence rather to see themselves as subjects of politicians.

4.27 Head 299 Ministry of Environment, Conservation and Meteorology

Date: 11th March 2008
Time: 3.00 pm
Witnesses: Refer Minutes at Section 5

Overview

The total revenue, recurrent expenditure and development expenditure for Head 299 disclosed in the 2008 Draft Recurrent Estimates is produced below in the Table 4-28 below:

Details	2007 Budget	2008 Budget	Variance
Revenue	14,711	11,300	(3,411)
Recurrent Expenditure	2,299,711	8,279,021	5,979,310
Development Expenditure	0	3,150,000	3,150,000

Issues Raised and Discussed

The Supervising PS (SPS) briefed the Committee on the activities of his Ministry and the Corporate Plan.

The following major issues were raised and discussed by the Committee:

Staffing

The Committee enquired as to whether the Ministries 32 vacant posts were reflected in the budget. The SPS replied that they were and that will allow the Ministry to do its work. The Committee enquired as to how long it will take to fill the vacant posts and the SPS replied that they are working with the Ministry of Public Service to undertake recruitment.

Rent

The SPS pointed out to the Committee that the budget for house rent has increased and has been allocated to each Division. The SPS suggested that this item should all be under the Headquarters and Administration Division as that is where it is administered.

Recurrent Budget

The SPS advised that a number of areas were inadequately funded. The SPS advised that the E&C Publicity and Promotion activity was needed to educate the people and raise awareness of the impacts on the environment, but there is no funding in the budget. The SPS gave a further example of the Meteorology salary budget of \$879,000 as compared

to the filled posts under the Establishment with a cost of \$2.1 million. The SPS stated that this would mean the Ministry would have to make 21 people redundant. The SPS also noted that there was no funding for overtime for Wages positions, but drivers were required to be on duty day and night and therefore they needed funds to pay overtime.

Development Budget

The SPS briefed the Committee on the Development Budget. The SPS advised that there was a need to improve infrastructure. The Ministry would be creating a manned meteorology station at Rennel which is a cyclone formation and approach area. The SPS further advised that the Lata meteorological station needs to be relocated to a more favourable location for equipment readings. The SPS further advised that funds had been provided for environmental impact studies in conjunction with mining development.

The Committee expressed concern that there appeared to be a pattern of budget deficiencies, particularly in regard to budget shortfalls for filled posts. An official from the Budget Unit rejected the suggestion that the Ministry was under funded and not given priority as it had been given a 60% increase in salaries and 500% increase in Other Charges. The SPS further explained that this is a new Ministry with a new Division created very recently therefore there may be some omissions. The SPS stated however that there should be scope to virement funds to cover inadequacies in some areas.

Environmental Concerns

The Committee noted that the Solomon Islands economy relies heavily on logging and enquired as to whether there were any plans to address environmental concerns without decreasing logging. The SPS replied that his ministry is looking at the challenges.

The Committee noted that there are also Environmental Divisions within the Ministry of Health and Honiara City Council and expressed concern regarding solid waste management and untreated sewerage going straight into the sea and rivers. The Committee asked the SPS what action his Ministry is taking to address that subject. The SPS replied that the Environment Division only had two staff in the past and now it has 10. The SPS advised the Committee that the Ministry has consulted widely to produce the Corporate Plan and a waste management workshop will be held this weekend. The Ministry will undertake more consultation and prepare a plan.

SCHEDULE OF PAC HEARINGS 2008

Appendix 1

Date and Time	Ministries
Monday 10th March 2008	
9:30am – 11:30pm	Finance and Treasury (<i>including National Debt Servicing and Pensions and Gratuities</i>)
11:30am - 1:00pm	Development Planning and Aid Coordination
2:30pm - 4:00pm	Office of the Auditor General
4:00pm – 4:45pm	Office of the Governor General
Tuesday 11th March 2008	
9:30am – 10:30am	National Parliament Office
10:40am – 11:40am	Public Service
12:40pm – 1:40pm	Rural Development and Indigenous Affairs
1:50pm – 2:50pm	Office of the Prime Minister and Cabinet
3:00pm - 4:00pm	Environment, Conservation & Meteorology
4:10pm - 5:10pm	Foreign Affairs, External Trade & Immigration
Wednesday 12th March 2007	
9:30am – 10:30am	Forestry
10:40am – 11:40am	Justice and Legal Affairs (<i>including National Judiciary</i>)
12:40pm - 1:40pm	Women, Youth and Children’s Affairs
1:50pm – 2:50pm	Infrastructure Development
2:50pm – 3:50pm	Education & Human Resources
3:50pm - 4:50pm	Communication and Aviation
Thursday 13th March 2008	
9:30am – 10:30am	Commerce, Industry and Employment
10:40am - 11:40am	Provincial Government and Institutional Strengthening
11:50am - 12:50pm	National Unity, Reconciliation and Peace
1:50pm - 2:50pm	Home Affairs
3:00pm - 4:00pm	Culture and Tourism
4:10pm - 5:10 pm	Police, National Security and Correctional Services
Friday 14th March 2008	
9:30am – 10:30am	Health and Medical Services
10:40am – 11:40am	Agriculture and Livestock Development
12:40pm – 1:40pm	Mines, Energy and Rural Electrification
1:50pm – 2:50pm	Lands, Housing and Survey
3:00pm - 4:00pm	Fisheries and Marine Resources
4:10pm - 5:10pm	Finance and Treasury



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 270: Ministry of Agriculture and Livestock Development

Meeting No. 23

Friday 14 March, 2008, Parliament House, 11:00am

1. Members Present

Hon. Manasseh Sogavare, MP (Acting Chair)
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. Felix Koraimae, Under Secretary, Ministry of Agriculture and Livestock Development
Mr. Kasiano Kere, Chief Accountant, Ministry of Agriculture and Livestock Development

Secretariat

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

2. Inquiry into the 2008 Budget Estimates

The Under Secretary and officers of the Ministry of Agriculture and Livestock Development appeared before the Committee.

The Chair welcomed the Under Secretary along with the officials of the Ministry. The Chair invited the Under Secretary to address the Committee.

The Under Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Members questioned the Under Secretary and officials of the Ministry of Agriculture and Livestock Development.

The Committee invited officials from the Ministry of Finance to clarify certain issues regarding 2008 budget estimates and establishment.

A senior officer from the Budget unit informed the Committee on the budget process as well as the limitations of the unit.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 12:00 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 271: Office of the Auditor General

Meeting No. 2

Monday 10 March, 2008, Parliament House, 2:30 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. Floyd Augustine Fatai, (Secretary) Auditor
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General

Secretariat

Mr. Jude S Devesi, Committee Secretariat, Clerk to the PAC
Ms. Alice Willy, Committee Secretariat. Clerk to Inquiry

In Attendance

Mr. Ben Mendo, CAO Establishments, Public Service

2. Inquiry into the 2008 Budget Estimates

The Auditor General and Officers of the Office of the Auditor General appeared before the Committee.

The Chair welcomed the Auditor General and asked the Auditor General to deliver his opening statement.

The Committee heard a briefing from Mr. Fatai (Auditor General)

The Committee questioned the Auditor General and his Officers.

Evidence concluded.

The Committee deliberated and resolved that the Office of the Auditor General provide to the committee with their Strategic Plan 2008.

3. Close

The meeting closed at 3:30 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 272: Ministry of Education and Human Resources

Meeting No. 14

Wednesday 12 March 2008, Parliament House, 3:30pm

1. Members Present

Hon. Francis Zama (Chair) MP
Hon. Manasseh Sogavare MP
Hon. Clay Soalaoi MP
Hon. Mark Kemakeza MP
Hon. Trevor Olavae MP

Witnesses

Ms. Mylyn Kuve, Permanent Secretary, Education and Human Resources
Mr. Thomas Misibini, Financial Controller
Mr. Tom Rarakani, Chief Administration Officer
Mr. Chris Mae, Senior Administration Officer
Mr. Rolland Sikua, Director of Teaching Service Division
Mr. Peter Potter, Advisor

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mrs. Alice Willy, Committee Secretariat, Clerk to PAC
Mr. Jude Solomon Devesi, Committee Secretariat, Clerk to Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary from the Ministries of Education and Human Resources appeared before the Committee.

The Chair welcomed the Permanent Secretary and invited the Permanent Secretary to brief the committee.

The PS tabled her Ministry's documents:

- National Education Action Plan 2007-2009
- Education Strategic Framework 2007-2015
- Draft 2008 MEHRD Annual Work Programme
- Teaching Service 2008 Recurrent Establishment & Manpower Budgeting
- Recovery and Rehabilitation Programme
- MEHRD 2007 Annual Report

The Permanent Secretary briefed the Committee.

The Committee questioned the PS of Education and Human Resources.

Evidence concluded.

The Committee deliberated.

- 3. Close**
Meeting closed at 4:30 pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 273: Ministry of Finance and Treasury

Head 286: Ministry of Development Planning and Aid Coordination.

Meeting No. 1

Monday 10th March 2008, Parliament House, 10:30am

1. Members Present

Hon. Francis Zama (Chair) MP

Hon. Manasseh Sogavare MP

Hon. Clay Soalaoi MP

Hon. Peter Boyers MP

Hon. Charles Dausabea MP

Hon. Mark Kemakeza MP

Hon. Trevor Olavae MP

Witnesses

Mr. Shadrach Fanega, Permanent Secretary, Finance and Treasury

Mrs. Jane Waitara, Permanent Secretary, Development Planning and Aid Coordination

Secretariat

Mr. Floyd Augustine Fatai, (Secretary) Auditor General

Mr. Walter Malau, Senior Auditor, Office of the Auditor General.

Mrs. Alice Fakarii, Committee Secretariat, Clerk to PAC

Mr. Derrick Manuari, Committee Secretariat, Clerk to Inquiry

In-Attendance

Mr. Nigel Mazini, Director, Development Planning and Aid Coordination

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

Mr. Ben Mendo, Under Secretary (Establishment), Public Service

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

Mr. Warren Cahill, Project Manager, Parliamentary Strengthening Project

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretaries from the Ministries of Finance and Treasury and National Planning and Aid Coordination together appeared before the Committee.

The Chair welcomed the Permanent Secretaries and invited the Permanent Secretary from Finance and Treasury to brief the committee.

The Committee questioned the PS of Finance and Treasury.

The Chair then invited the Permanent Secretary of Development Planning and Aid Coordination to brief the committee.

The Committee questioned the PS of Development Planning and Aid Coordination.

Evidence concluded.

The Committee deliberated.

3. Close

Committee adjourned at 12:30 until 1:30 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

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

Meeting No.9

Tuesday 11 March, 2008, Parliament House, 4:45 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP

Witnesses

Mr. Barnabas Anga, Permanent Secretary
Mr. Sam Tarivasa, CA (Ag)
Mr. Ben Mendo, CAO, PSD
Mr. Scan Watson, Advisor, Budget Unit

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Jude S Devesi, Committee Secretariat, Clerk to PAC
Mr. Alice Willy, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Sammy Wara, Principle Planing Officer, MDPAC
Mr. Nigel Mazini Director, MDPAC
Mr. Derick Vagi, CAO, PSD

2. Inquiry into the 2008 Budget Estimates

The chair welcomed the PS and an official from the Ministry and invites PS to proceed on with his Ministry's submission.

The PS informed the Committee that according to a legal Notice Number 202, Immigration is now not part of his Ministry's budget.

Evidence concluded.

3. Closed

Committee Adjourned at 5:35 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 275: Office of the Governor General

Meeting No. 3

Monday 10 March, 2008, Parliament House, 3:30 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Soalasi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witness

Mr. Nigel Maezama, Secretary to the Governor General

Secretariat

Mr. Floyd Augustine Fatai, (Secretary) Auditor General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Mr. Jude S Devesi, Committee Secretariat, Clerk to Inquiry
Ms. Alice Willy, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Warren Cahill, Parliamentary Strengthening Project
Ms. Florence Naesol, Deputy Clerk to Parliament
Mr. Mr. Ben Mendo, CAO Establishments, Public Service
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

2. Inquiry into the 2008 Budget Estimates

The Secretary to the Governor General appeared before the Committee.

The Chair welcomed the Secretary to the Governor General and asked the Secretary to deliver his opening statement.

The Committee questioned the Secretary to the Governor General.

Evidence concluded.

The Committee deliberated.

3. Close

The meeting closed at 4:50 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 276: Ministry of Health and Medical Services

Meeting No. 22

Friday 14 March 2008, Parliament House, 9:30am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Dr. George Mainimu, Permanent Secretary, Ministry of Health and Medical Services
Dr. George Malefoasi, Under Secretary, Ministry of Health and Medical Services
Mr. Len Bayliss, Financial Management Specialist, Ministry of Health and Medical Services
Mr. Oswald Ramo, Under Secretary (Admin), Ministry of Health and Medical Services

Secretariat

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

In-Attendance

Mr. Ben Mendo, CAO Establishments, Ministry of Public Service

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and officers of the Ministry of Health and Medical Services appeared before the Committee.

The Chair welcomed the Permanent Secretary and officials of the Ministry of Health and Medical Services. The Chair invited the Permanent Secretary to address the Committee.

The Permanent Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Permanent Secretary Clerk tabled the following document;

- Ministry of Health and Medical Services 2008 Budget Explanatory Notes

The Members questioned the Permanent Secretary and Officials of the Ministry of Health and Medical Services.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 11:00 am.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 277: Ministry of Infrastructure and Development

Meeting No. 13

Wednesday 12 March 2008, Parliament House, 1:00pm

1. Members Present

Hon. Manasseh Sogavare, (Acting Chair) MP
Hon. Clay Soalaoi MP
Hon. Mark Kemakeza MP
Hon. Trevor Olavae MP

Witnesses

Mr. Peter Ta'aru, Permanent Secretary, Infrastructure Development
Ms. Grace Hebala, Chief, Accountant, Infrastructure Development

Secretariat

Mr. Eric Muir, Deputy Auditor General (Secretary)
Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Mrs. Celsus Talifilu, Committee Secretariat, Clerk to PAC
Mr. Derrick Manu'ari, Committee Secretariat, Clerk to Inquiry

In-Attendance

Mr. Peter Coventry, Advisor, Development Planning and Aid
Coordination
Mr. Nigel Mazini, Director, Development Planning and Aid Coordination
Ms. Ednah Di'i, Principal Planning Officer, Development Planning
Mr. Ben Mendo, Chief Admin Officer Establishments, Public Service
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary from the Ministries of Infrastructure and
Development appeared before the Committee.

The Chair welcomed the Permanent Secretary and invited him to brief the committee.

The Committee questioned the PS.

Evidence concluded.

The Committee deliberated.

3. Close

Committee adjourned at 1:50 until 2:30 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 279: National Parliament Office

Meeting No. 4

Tuesday 11 March 2008, Parliament House, 9:30am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Charles Dausabea, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mrs. Florence Naesol, Acting Clerk, National Parliament
Mr. Jude Devesi, Senior Research and Committee officer, National Parliament
Mr. Henry Baeoro, Chief Accountant, National Parliament

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to Inquiry

2. Inquiry into the 2008 Budget Estimates

The Acting Clerk and officers of the National Parliament appeared before the Committee.

The Chair welcomed the Acting Clerk and officials of the Office of the National Parliament. The Chair invited the Acting Clerk to address the Committee.

The Acting Clerk briefed the Committee on the operations of the Audit Office and major issues relating to the 2008 Budget Estimates.

The Acting Clerk tabled the following documents;

- National Parliament Proposal to ROC for Office Complex for Members of Parliament
- Specifications for Office Facilities for Members of Parliament
- National Parliament Draft Corporate Plan 2008 – 2012
- Maintenance and Repair Assessment of the Solomon Islands Parliament Building

The Members questioned the Acting Clerk and Officials of the National Parliament.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 11:30 am.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 280: Ministry of Forestry

Meeting No. 10

Wednesday 12 March 2008, National Parliament, 9:30am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP

Witnesses

Mr. Gordon Konairamo, Under Secretary, Ministry of Forestry
Mr. Basil Gua, Chief Forester, Ministry of Forestry
Mr. Benjamin Mangu, Chief Accountant, Ministry of Forestry

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to Inquiry

In-Attendance

Mr. David Suirara, Advisor, Ministry of Public Service
Mr. Ben Mendo, CAO, Ministry of Public Service

2. Inquiry into the 2008 Budget Estimates

The Under Secretary and officers of the Ministry of Forestry appeared before the Committee.

The Chair welcomed the Under Secretary and officials of the Ministry of Forestry. The Chair invited the Under Secretary to address the Committee.

The Under Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Under Secretary Clerk tabled the following document:

- National Forestry Plantation Development Program: Submission for Development Budget

The Members questioned the Under Secretary and Officials of the Ministry of Forestry.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 11:00 am.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 281: Office of the Prime Minister and Cabinet

Meeting No. 7

Tuesday 12th March 2008, Parliament House, 2:50pm

1. Members Present

Hon. Francis Zama (Chair) MP

Hon. Manasseh Sogavare MP

Hon. Clay Soalaoi MP

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General.

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

Mr. Celsus Talifilu, Committee Secretariat, Clerk to PAC

Mr. Derrick Manuari, Committee Secretariat, Clerk to Inquiry

Witnesses

Ms. Ruth Liloqula, Secretary to Cabinet

2. Inquiry into the 2008 Budget Estimates

The Secretary to Cabinet from the Office of the Prime Minister appeared before the Committee.

The Chair welcomed the Secretary and invited the Secretary from the Office of the Prime Minister to brief the committee.

The Committee questioned the Secretary.

Evidence concluded.

The Committee deliberated.

3. Close

Committee adjourned at 3:20pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 283: Ministry of Police, National Security and Correctional Services

Meeting No. 21

Thursday 13 March, 2008, National Parliament, 4:10pm

1. Members Present

Hon. Francis Zama (Chair) MP
Hon. Manasseh Sogavare MP
Hon. Clay Soalaoi MP
Hon. Mark Kemakeza MP
Hon. Trevor Olavae MP

Witnesses

Mr. George Hiele, Permanent Secretary, Police, National Security and Correctional Services
Mr. Jeffery Kauha, Under Secretary,
Ms. Emily Teiatala, Under Secretary
Mr. Paul Wale, Chief Admin Officer
Mr. Peter Lokay, Advisor Finance

Secretariat

Mr. Eric Muir, Deputy Auditor General (Secretary)
Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Mrs. Alice Piko Fakarii, Committee Secretariat, Clerk to PAC
Ms. Alice Willy, Committee Secretariat, Clerk to Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary from the Ministry of Police, National Security and Correctional Services appeared before the Committee.

The PS gave a briefing to the Committee on his Ministry's Budget. He highlighted the shortfalls of the budget allocation for his Ministry.

The Committee questioned the PS.

The PS tabled his Ministry's:

- Budget Summary Sheet,
- Comments on the 2008 Budget,
- Cash at Bank Audit Report
- Audit Action Plan.

The Committee asked the PS to present to them a report on the Community Policing Project which was carried out in the Provinces and how funds were spent. The PS assured the Committee that the report will be given to the Committee.

Evidence concluded.

The Committee deliberated.

3. Close

Committee adjourned at 5:10pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 284: Ministry of Provincial Government and Institutional Strengthening

Meeting No. 17

Thursday 13 March, 2008, Parliament House, 11am

1. Members Present

Hon. Manasseh Sogavare, MP (Acting Chair)
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. Felix Koraimae, Under Secretary, Ministry of Provincial Government
Mr. Kasiano Kere, Chief Accountant, Ministry of Provincial Government

Secretariat

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General
Mr. Walter Malau, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

2. Inquiry into the 2008 Budget Estimates

The Under Secretary and officers of the Ministry of Provincial Government appeared before the Committee.

The Chair welcomed the Under Secretary along with the officials of the Ministry. The Chair invited the Under Secretary to address the Committee.

The Under Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Under Secretary then tabled the following documents;

- Justification for the one line bid for matching funds to capitalize the Provincial Capacity Development Fund (PCDF)
- Salaries For Seconded Officers in the Provinces
- Extra Funds needed for the up graded posts

The Members questioned the Under Secretary and officials of the Ministry of Provincial Government.

The Committee invited officials from the Ministry of Finance to clarify certain issues regarding 2008 budget estimates and establishment.

A senior officer from the Budget unit informed the Committee on the budget process as well as the limitations of the unit.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 12:00 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 285: Ministry of Lands, Housing and Survey

Meeting No. 25

Friday 14 March 2007, Parliament House, 2:10 pm

1. Members Present

Hon. Manasseh Sogavare, (Chair) MP

Hon. Clay Forau Soalaoi, MP

Witnesses

Mr. Ronald Unusi, Permanent Secretary, Ministry of Lands, Housing and Survey

Mr. Eric Gorapana, Under Secretary

Ms. Beverly Maezama, Chief Accountant

Mr. Ben Mendo, CAO Establishments, PSD

Secretariat

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

Mr. Celsus Talifilu, Committee Secretariat, Clerk to PAC

Mr. Derick Manu'ari, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Sammy Wara, Principle Planing Officer, Ministry of Development Planning and Aid Coordination

Mr. Nigel Mazini, Director, MDPAC

2. Inquiry into the 2008 Budget Estimates

The chair welcomed the PS and an official form the Ministry and invites PS to proceed on with his Ministry's submission.

The Committee questioned the PS
Evidence concluded.

4. Closed

Committee Adjourned at 3:30 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 287: Ministry of Culture and Tourism

Meeting No. 20

Thursday 13 March 2008, Parliament House, 3:30 pm

1. Members Present

Hon. Manasseh Sogavare, (Acting Chair) MP
Hon. Clay Soaloi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. Luke Eta, Permanent Secretary
Mr. Barney Sivoro, Director Tourism
Mr. James Osiramo, Chief Accountant
Mr. Charles Roni, Human Resources Manager

Secretariat

Mr. Eric Muir, Deputy Auditor General (Secretary)
Mr. Walter Malau, Senior Auditor
Ms. Alice Willy, Committee Secretariat, Clerk to PAC
Ms. Alice Fakarii, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Ben Mendo, CAO Establishments, Public Service
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and his Officials from the Ministry appeared before the Committee.

The Chair welcomed the PS and asked the PS to deliver his opening statement.

The Committee heard the briefing from the PS.

The Committee questioned the PS and his Officers.

Evidence concluded.

3. Close

The Meeting closed at 4:00 pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 288: Ministry of Commerce, Industry and Employment

Meeting No. 16

Thursday 13 March, 2008, Parliament House, 9:30 am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, 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, Office of the Auditor General
Mr. Walter Malau, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and officers of the Ministry of Commerce,
Industry and Employment appeared before the Committee.

The Chair welcomed the Permanent Secretary and officials of the Ministry of Commerce, Industry and Employment. The Chair invited the Permanent Secretary to address the Committee.

The Permanent Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Permanent Secretary Clerk tabled the following documents;

- Explanatory Notes on the 2008 Draft Budget
- Budget Estimates for Detail Feasibility Study

The Members questioned the Permanent Secretary and Officials of the Ministry of Commerce, Industry and Employment.
Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 11:00 am.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 289: Ministry of Communication and Aviation

Meeting No. 15

Wednesday 12 March, 2008, Parliament House, 4:35 pm

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP

Witnesses

Mr. Luma Darcy, Permanent Secretary
Mr. Bill Macgregor, Controller of Civil Aviation
Mr. Robert Bokelema, Director Communications
Mr. John kabolo, Financial Controller
Mr. Andrew Prakash, Principal Planning Officer

Secretariat

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Walter Malau, Advisor, Office of the Auditor General
Mr. Jude Solomon Devesi, Clerk to the PAC
Ms. Alice Willy, Clerk to the Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and officers of the Ministry of Communication and Aviation appeared before the Committee.

The Chair welcomed the Permanent Secretary and officials of the Ministry of Communication and Aviation. The Chair invited the Permanent Secretary to address the Committee.

The Permanent Secretary briefed the Committee on the 2008 Budget Estimates.

The Permanent Secretary tabled the Civil Aviation Division's Strategic Plan for 2008-2017

The Members questioned the Permanent Secretary and Officials of the Ministry of Communication and Aviation.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 5:35 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 290: Ministry of Fisheries and Marine Resources

Meeting No. 26

Friday 14 March 2008, Parliament House, 3:30 pm

1. Members Present

Hon. Francis Zama, MP (Chairman)
Hon. Manasseh Sogavare, MP
Hon. Clay Soalaoi, MP
Hon. Mark Kemakeza, MP

Witnesses

Dr. Christian Ramofafia, Permanent Secretary
Mr. Carlos Alex, Chief Fisheries Officer
Mr. Alick Misibini, Chief Accountant
Mr. Simon Tiller, Advisor

Secretariat

Mr. Eric Muir, Deputy Auditor General, (Secretary)
Mr. Walter Malau, Senior Auditor
Ms. Alice Willy, Committee Secretariat, Clerk to PAC
Ms. Alice Piko Fakarii, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Ben Mendo, Chief Admin Officer, Public Service

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and his Officials from the Ministry appeared before the Committee.

The Chair welcomed the PS and asked the PS to deliver his opening statement.

The PS did a Powerpoint presentation to the Committee.

The Committee questioned the PS and his Officers.

Evidence concluded

3. Closed

The Meeting closed at 4:00 pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 291: Ministry of Public Service

Meeting No. 5

Tuesday 11 March 2008, National Parliament, 10:40am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP

Witnesses

Hon. Milner Tozaka, Minister, Ministry of Public Service Ministry
Mr. Ishmael Avui, Permanent Secretary, Ministry of Public Service
Ms. Nancy Legua, Under Secretary, Ministry of Public Service
Mr. Stanley Pirione, Under Secretary, Ministry of Public Service
Ms. Elda Wate, Chief Accountant, Ministry of Public Service
Mr. Walter Ramo, Director, Institute of Public Administration and
Management
Mr. Ben Mendo, CAO Establishments, Ministry of Public Service

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to Inquiry

2. Inquiry into the 2008 Budget Estimates

The Minister and officers of the Ministry of Public Service appeared before the Committee.

The Chair welcomed the Minister and Permanent Secretary along with the officials of the Ministry. The Chair invited the Minister to address the Committee.

The Minister and Permanent Secretary briefed the Committee on the operations of the Audit Office and major issues relating to the 2008 Budget Estimates.

The Permanent Secretary tabled the following documents;

- National Parliament Proposal to ROC for Office Complex for Members of Parliament
- Specifications for Office Facilities for Members of Parliament
- National Parliament Draft Corporate Plan 2008 – 2012
- Maintenance and Repair Assessment of the Solomon Islands Parliament Building

The Members questioned the Minister and Permanent Secretary of the Ministry of Public Service.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 12:30 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 292: Ministry of Justice and Legal Affairs (*Including National Judiciary*)

Meeting No. 11

Wednesday 12 March 2008, National Parliament, 11:00am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. James Remobatu, Permanent Secretary, Ministry of Justice
Mr. Nilton Chite, Under Secretary, Ministry of Justice
Mr. Peter Lockay, Financial Advisor, Ministry of Justice
Mr. Fred Dolah, Chief Accountant, Ministry of Justice
Mr. Michael Konia, Chief Executive Officer, National Judiciary

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and officers of the Ministry of Justice and Legal Affairs appeared before the Committee.

The Chair welcomed the Minister and Permanent Secretary along with the officials of the Ministry. The Chair invited the Permanent Secretary to address the Committee.

The Permanent Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Permanent Secretary tabled the following documents;

- Explanatory Notes for the Public Accounts Committee on the 2008 Recurrent and Development Budgets
- Summary Bids for 2008 Budget Ministry of Justice and Legal Affairs
- 2008 Budget priorities
- Imprest Audit Report – Management Comments and Action Plan

The Members questioned the Permanent Secretary of the Ministry of Justice.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 12:30 pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 293: Ministry of Home Affairs

Meeting No. 19

Thursday 13 March 2007, Parliament House, 1:50 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP

Witnesses

Mr. Fred Fakarii Permanent Secretary, Ministry of Home Affairs
Mr. Solomon Palusi, Under Secretary, Ministry of Home Affairs
Mr. Godwin Pasatea, Chief Account, Ministry of Home Affairs
Mrs. Adrina Osifelo, Chief Admin Officer, Ministry of Home Affairs
Mr. Ben Mendo, Undersec, Public Service Department

Secretariat

Mr. Eric Muir, Deputy Auditor, (Secretary), Office of the Auditor General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General
Mr. Celsus Talifilu, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Sammy Wara, Principle Planing Officer, Ministry of Development
Planning and Aid Coordination
Mr. Nigel Mazini Director, MDPAC
Mr. Derick Vagi, CAO, PSD

2. Inquiry into the 2008 Budget Estimates.

The chair welcomed the PS and an official form the Ministry and invites PS to proceed on with his Ministry's submission.

The Committee questioned

Evidence concluded.

3 **Closed**
Committee Adjourned at 3:25 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 294: Ministry of National Unity, Reconciliation and Peace

Meeting No. 18

Thursday 13 March 2008, Parliament House, 11:50 am

1. Members Present

Hon. Manasseh Sogavare (Acting Chair) MP
Hon. Clay Forau Soalaoi MP
Hon. Trevor Olavae MP

Witnesses

Ms. Joy Kere, Permanent Secretary
Mr. Bobby Ramo, Chief Accountant

Secretariat

Mr. Eric Muir, Deputy Auditor – General
Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Celsus Talifilu, Committee Secretariat, Clerk to PAC
Mr. Derrick Manuari, Committee Secretariat, Clerk to Inquiry

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary from the Ministry of National Unity, Reconciliation and Peace appeared before the Committee.

The Chair welcomed the Permanent Secretary and invited the Permanent Secretary to brief the committee.

The Committee questioned the PS on issues regarding the Ministry's Recurrent and Development Budget and Ministry's work plan.

Evidence concluded.

The Committee deliberated.

3. Close

Committee adjourned at 01:10 pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 295: Ministry of Mines, Energy and Rural Electrification

Meeting No. 24

Friday 14 March 2008, Parliament House, 1:00 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. Tione Bugotu, Permanent Secretary, Ministry of Mines, Energy and Rural Electrification
Mr. Nixion Kua, Deputy Director of Energy
Mr. Clement Wale, Chief Accountant
Mr. Charles Bepapa, Director of Water
Mr. Peter Auga, Director of Mines (Ag)
Mr. Charles MacLean, Chief Administration Officer
Mr. Ben Mendo, CAO Establishments, PSD

Secretariat

Mr. Eric Muir, Deputy Auditor, Advisor, Office of the Auditor General
Mr. Celsus Talifilu, Committee Secretariat, Clerk to PAC

In Attendance

Mr. Sammy Wara, Principle Planning Officer, Ministry of Development Planning and Aid Coordination
Mr. Nigel Mazini, Director, MDPAC

2. Inquiry into the 2008 Appropriation Bill.

The chair welcomed the PS and an official from the Ministry and invites PS to proceed on with his Ministry's submission.

The PS tabled the Ministry's National Energy Policy Framework Policy and Strategies and work Program Activities

The Committee questioned the PS.

Evidence concluded.

Committee deliberated.

3 Closed

Committee adjourned at 2pm.



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 297: Ministry of Women, Youth and Children's Affairs

Meeting No. 12

Wednesday 12 March, 2008, Parliament House, 12:40 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Trevor Olavae, MP

Witnesses

Mr. John Ta'aru, Permanent Secretary, Ministry of Infrastructure and Development
Ms. Grace Hebala, CA, Ministry of Infrastructure and Development
Mr. Ben Mendo, CAO Establishments, PSD

Secretariat

Mr. Eric Muir, Deputy Auditor General, (Secretary)
Mr. Walter Malau Senior Auditor
Mr. Derick Manu'ari, Committee Secretariat, Clerk to PAC
Mr. Celsus Talifilu, Committee Secretariat, Clerk to Inquiry

In Attendance

Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Warren Cahill, Parliamentary Strengthening Project
Ms. Florence Naesol, Deputy Clerk to Parliament
Mr. Peter Coventry, Advisor, MDPAC
Mr. Sammy Wara, Principle Planning Officer, Ministry of Development Planning and Aid Coordination
Mr. Nigel Mazini, Director, MDPAC

2. Inquiry into the 2008 Appropriation Bill.

The Permanent Secretary from the Ministry of Women, Youth and Children's Affairs

The Chair welcomed the Permanent Secretary and invited the Permanent Secretary to brief the committee.

The Committee questioned the PS on issues regarding the Ministry's Recurrent and Development Budget and Ministry's work plan.

Evidence concluded.

The Committee deliberated.

The Committee questioned the PS

Evidence concluded.

3 Closed

Committee adjourned at 1:40 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 298: Ministry of Rural Development and Indigenous Affairs.

Meeting No.6

Tuesday 11 March, 2008, Parliament House, 12:40 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP

Witnesses

Mr. Klezy Rore, Under Secretary, Ministry of Rural Development & Indigenous Business Affairs
Mr. Dick Anasimae,
Mr. Ben Mendo, CAO, PSD
Mr. Scan Watson, Advisor, Budget Unit

Secretariat

Mr. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Walter Malau Senior Auditor, Office of the Auditor General
Mr. Derick Manu'ari, Committee Secretariat, Clerk to PAC
Mr. Celsus Talifilu, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Sammy Wara, Principle Planning Officer, Ministry of Development Planning and Aid Coordination
Mr. Nigel Mazini, Director, MDPAC
Mr. Derick Vagi, CAO, PSD
Mr. Warren Cahill, Parliamentary Strengthening Project
Ms. Florence Naesol, Deputy Clerk to Parliament

2. Inquiry into the 2008 Budget Estimates

The chair welcomed the Under Secretary (US) and officials from the Ministry and invite the US to brief the Committee with his Ministry's submission.

The US conveys his PS apology and proceeds with his presentation. It is evident that the Ministry's Budget is well below their expectations and the Committee suggests that the Ministry liaise with the Budget Unit to sort out some of the anomalies found in the Ministries Budget

Evidence concluded.

3 Closed

Committee Adjourned at 1:40 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 299: Ministry of Environment, Conservation and Meteorology

Meeting No. 8

Tuesday 11 March, 2008, Parliament House, 3:50 pm

1. Members Present

Hon. Francis Zama (Chair), MP
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP

Witnesses

Mr. Chanel Iroi, PS Supervising
Mr. Obed Sika, CA
Mr. Ben Mendo, CAO, PSD
Mr. Scan Watson, Advisor, Budget Unit

Secretariat

Mr. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Walter Malau Senior Auditor, Office of the Auditor General
Mr. Jude S Devesi, Committee Secretariat, Clerk to PAC
Ms. Alice Willy, Committee Secretariat, Clerk to Inquiry

In Attendance

Mr. Sammy Wara, Principle Planning Officer, Ministry of Development
Planning and Aid Coordination
Ms. Susan Sulu, Chief Planning Officer, Ministry of Development
Planning and Aid Coordination
Mr. Nigel Mazini Director, MDPAC
Mr. Derick Vagi, CAO, PSD
Mr. Warren Cahill, Parliamentary Strengthening Project
Ms. Florence Naesol, Deputy Clerk to Parliament

2. Inquiry into the 2008 Budget Estimates

The chair welcomed the Under Secretary (P/S Supervising) and an official from the Ministry and invites US to proceed on with his Ministry's submission.

The Supervising PS conveys his PS's apology and proceeds with his presentation.

Presentation of the Corporate Plan 2008-2010.

Evidence concluded.

3 Closed

Committee Adjourned at 4:30 PM



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 372: Ministry of Education and Human Resources

Meeting No. 14

Wednesday 12 March 2008, Parliament House, 3:30pm

1. Members Present

Hon. Francis Zama (Chair) MP
Hon. Manasseh Sogavare MP
Hon. Clay Soalaoi MP
Hon. Mark Kemakeza MP
Hon. Trevor Olavae MP

Witnesses

Ms. Mylyn Kuve, Permanent Secretary, Education and Human Resources
Mr. Thomas Misibini, Financial Controller
Mr. Tom Rarakani, Chief Administration Officer
Mr. Chris Mae, Senior Administration Officer
Mr. Rolland Sikua, Director of Teaching Service Division
Mr. Peter Potter, Advisor

Secretariat

Mr. Walter Malau, Senior Auditor, Office of the Auditor General.
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mrs. Alice Willy, Committee Secretariat, Clerk to PAC
Mr. Jude Solomon Devesi, Committee Secretariat, Clerk to Inquiry

2 Inquiry into the 2008 Budget Estimates

The Permanent Secretary from the Ministries of Education and Human Resources appeared before the Committee.

The Chair welcomed the Permanent Secretary and invited the Permanent Secretary to brief the committee.

The PS tabled her Ministry's documents:

- National Education Action Plan 2007-2009
- Education Strategic Framework 2007-2015
- Draft 2008 MEHRD Annual Work Programme
- Teaching Service 2008 Recurrent Establishment & Manpower Budgeting
- Recovery and Rehabilitation Programme
- MEHRD 2007 Annual Report

The Permanent Secretary briefed the Committee.

The Committee questioned the PS of Education and Human Resources.

Evidence concluded.

The Committee deliberated.

3 Close

Meeting closed at 4:30 pm



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

Minutes of Proceedings

Head 376: Ministry of Health and Medical Services

Meeting No. 22

Friday 14 March 2008, Parliament House, 9:30am

1. Members Present

Hon. Francis Zama, MP (Chair)
Hon. Manasseh Sogavare, MP
Hon. Clay Forau Soalaoi, MP
Hon. Mark Kemakeza, MP
Hon. Trevor Olavae, MP

Witnesses

Dr. George Mainimu, Permanent Secretary, Ministry of Health and Medical Services
Dr. George Malefoasi, Under Secretary, Ministry of Health and Medical Services
Mr. Len Bayliss, Financial Management Specialist, Ministry of Health and Medical Services
Mr. Oswald Ramo, Under Secretary (Admin), Ministry of Health and Medical Services

Secretariat

Mr. Eric Muir, Deputy Auditor General, Office of the Auditor General
Mr. Walter Malau, Advisor, Office of the Auditor General
Mr. David Kusilifu, Committee Secretariat, Clerk to the PAC
Mr. Calvin Ziru, Committee Secretariat, Clerk to the Inquiry

In-Attendance

Mr. Ben Mendo, Chief Administrative Officer, Ministry of Public Service

2. Inquiry into the 2008 Budget Estimates

The Permanent Secretary and officers of the Ministry of Health and Medical Services appeared before the Committee.

The Chair welcomed the Permanent Secretary and officials of the Ministry of Health and Medical Services. The Chair invited the Permanent Secretary to address the Committee.

The Permanent Secretary briefed the Committee on the operations of the Ministry and major issues relating to the 2008 Budget Estimates.

The Permanent Secretary Clerk tabled the following documents;

- Ministry of Health and Medical Services 2008 Budget Explanatory Notes

The Members questioned the Permanent Secretary and Officials of the Ministry of Health and Medical Services.

Evidence concluded.

The Committee deliberated.

3. Close

The Committee adjourned at 11:00 am.