



# PUBLIC ACCOUNTS COMMITTEE

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## NATIONAL PARLIAMENT OF SOLOMON ISLANDS

### COMMITTEE TRANSCRIPT

#### Ministry of Fisheries and Marine Resources

14 March 2008, 3:00 pm

**Hon Sogavare (Acting Chairman):** I will now call the committee to order. We now have the Ministry of Fisheries and Marine Resources before us and I think Finance and Treasury to come later on but welcome to the committee Permanent Secretary. We understand that this Ministry is very important as far as the country is concern and the government, all government's are keen to see the developing sector to the benefits of our people and the country and there is a potential of moving this country forward in terms of earning foreign reserve if we address it properly to our export earning and so you have a very huge responsibility on your shoulder to push government's program in that sector and for whatever the government is allocated to you funds under the development budget and the recurrent estimate and you are required to deliver that within the guidelines and to achieve the objectives of the government and country. So it is a very important you have a very, very huge just like other Permanent Secretaries so underline ministries you have a very big responsibility so the committee would like to welcome you to brief the committee and understand it so far that for us as well I will allow you to kick the floor to brief the committee. Thank you very much.

**Dr. Christian Ramofafia (Permanent Secretary):** Thank you very much Chairman. The Ministry of Fisheries especially budget for this year has been delivered this year. And we will try to work within the frame work of the policy. I will try to show you through the presentation.

Okay to put you into the first perspective, these are the eight divisions in the ministry of fisheries. These eight divisions we will try hard to come with the revenue budget for this year. Last year we did very low revenue it was 93m but for this year the draft you are holding it was 99.4m but we quickly run through more from the ministry and it comes to 84m.

The reasons for that are as follows: Last year the year was a strong year for us. Really, what happened last year there was an el-Niño effect in the eastern side of the Pacific so fishing fleet did not happen there. The fishing activity was slow and low. But because it was low so the emphasis on fishing happened on Western Pacific so a lot of activities happen and so a lot of tuna was caught but were not big enough for production of local production. So what happened last year were prices doubled. So

instead of six hundred per ton it comes to one thousand two hundred per ton. So under that last year the Ministry of Fishery improves the agreement, fishery agreement to reflect our catch in global market prices. So with that background the ministry thinks that 2008 is unpredictable for us or at least for this starting year we do not know yet. If el-Niño effect is still there catch will be high. These are the reasons why we put it for 84.3m. And to us as a Ministry it is a realistic way of or I mean at least put revenue for us. When we put it through the recurrent, the total available was 8.6m and as far as the ministry is concerned I think we are happy with that allocation. So we try to work with that allocation. There is a need for us than the last but for the time being, I think it is enough for us to work within that available 8.6m.

For development, we ask for 8.6m given to us as well. Okay, this project in fact all those projects are actually come from the expected outcomes from the policy document translation that were given to Ministry of Fisheries. So that micro project there is actually really from the transition document so the Ministry of Fisheries would be addressing those five projects that actually from the translation document. These projects are from last year and were roll over into this year. And is really extra for the ministry. So there are other organizations that handle the project. I just like to put up here that the strength of the ministry for this year. We are not really I think the full aim for the ministry to have a 91 established positions we are still just, 84 are not yet but at this time we are happy to know that only 11 are still not there. The remaining 23 is that we start to take appointments and by the end of this month or so I think we will have the full 23 with us. So I think with this manpower I am very confident that we will give the five projects that have been required of us.

There are issues that we are still to address. I think the office of the Attorney General put in through three reports that we have to address. And I think inside this book that we gave yesterday we put action plans for us to address these and in fact we started last year to address all those from 2004, 2005, and 2006.

Last year too was a very big issue in my ministry that we try to put out support to rural fishers and that is what they call the fishing project. I think last year they budgeted \$3m to support but ended up to 9m and to me it show the importance for us to help the rural areas. But my stand now is to help the ministry not to repeat what had happened really last year that only cash is actually go out we have to or at least to work on strategies as mechanisms I mean to try at least to avoid the repetition of last year we have studied that with the ministry and to brief every application for this will have to go back to the provinces endorsed by the Permanent Secretary, endorsed by Fisheries Officer at provincial level and then have to come through us for a second screening. And no cash will be issued for any responsible officer.

And at the ministry level too we have just received an AG report and assets we have started as a management program inside the ministry and also we have studied an internal and external audit system inside the ministry. These things to help us to address the priority projects that we have been tasked to undertake.

With that Chairman thank you very much.

**Hon. Sogavare:** Thank you very much Permanent Secretary. So that is the presentation. Its good to hear you addressing this one of the concerns we have the projects delivered through line ministries fisheries, agriculture, forestry and as you rightly stated you do not want to repeat what happened last year people were given projects, people who

should not have this project. I do share, you know the concerns that we should help people Solomon Islanders to participate and develop these resources and of course if it is to be done properly given to right people who really need it, and put it to good use we should see him that is very good.

Now, it is also boiled down through commitment by the political government because last year they had it as well criteria on how to do things. And it was just blown up because there was no real commitment by the political government, politicians to stick to those criteria so we would like to put on record that we have heard from you that you will put something in place to really address the issues, the problem that we have with the implementation of last year's allocation. Another big allocation this year of \$6m on that particular Head. It is an interest of everyone that the criteria you set must be fully complied with to the letter and the PAC would closely monitor this throughout the year because we will be having meetings to monitor the implementation of this budget. So we are very pleased to hear that the involvement of provincial government is important because these projects will happen there of course, you have to appreciate as well that we also stationed constituency development officers in the various constitutions. So they should also know who applies and work with the provincial government and with your ministry. I'm glad to hear that this thing will not be delivered in cash they should be paid directly to suppliers of goods and services on invoice bases. It's good to hear that and I'm very pleased to hear that.

**Dr Ramofafia:** These are intentions as well that after we briefed the mechanisms it will be submitted to the government for considerations.

**Hon. Sogavare:** They should sign some agreement too to comply with it. Members of the Committee have anything to ask?

**Mr Soalaoi:** Thank you Chairman. The thing that we were waiting to hear is what the PS has already said. The absence of proper mechanisms to effectively deliver money intended to fund certain fisheries project all of us are now caught up with last year and we do not want that to happen. I want to congratulate the Ministry of Fisheries for coming up with that. The only other concern Mr Chairman is, this budget is yet to be passed and we have already seen people running around with forms to be signed by their Member of Parliament.

**Dr Ramofafia:** We have closed the forms for a while, the handing out of forms. We still stand that every application have to go back to the Province and every other application has to have two endorsed letters, one from the province, the other from the fisheries centre or provincial fisheries officer. If your application has those two letters and we would like it to be clean and transparent as well so it will entail a very strong approach to mechanism to strategies to ensure that the ministry is also transparent and accountable to the project.

**Mr Soalaoi:** The other concern will be different provincials and constituencies have different strength in terms of budget of what they can offer to the country, some are know very little about agriculture and some are very good at other areas maybe good to fisheries and others are good in agriculture. It would be good for our committee to be

informed of what certain areas of provinces to be earmarked for these funding because you know we do not want to stay in the bush and then turn to fishery, those are the kinds of things. With that should have the ministry identify what areas should be targeted for fisheries to fund those projects?

In this way Mr Chairman, we want to help Solomon Islanders. We do not want to end up giving all the projects to only certain people. I guess the PS knows what I'm trying to come up with. It's good to know what regions you have already identified that related to this fund. This \$6m is a huge amount of money but if we misspread our resources or if we spread our resources thin then we will end up achieving nothing.

Those of us like Lord Howe and Temotu, fisheries is our main strength that is the potential we have. And I guess those kind of information were very important in your plan to identify what areas should be existing because at the end of the day we want some real development taking place. If we everyone receives then we will end up doing the other man will afford to buy an engine, if you want some good project identify certain areas and give them level of resources to carry out some good developments.

**Dr Ramofafia:** We understand your concern we have discussed that as well and we also know the areas that fisheries are important for example, yourself and also Lord Howe and even some parts like here, some areas on Malaita that is why that a letter from the fisheries officers in the provinces have to endorse that and for us ministry to go out to visit the provincial fisheries officers and also the handing is not only for outboard motor engine we would like to expand to bring communities to talk about their resources and how to manage their resources. So it will also be an issue for that one and for me, I think as a PS I want see as well communities are helped to understand the broader and at least the conflicts of resorting management and then all these things can start. so we will try to identify that I think we'll take that and send out applications open to every applicants in the Solomon's at this stage but the screening will now have to do but also with an understanding of what place they really need help at this time. We would take that into account.

**Hon. Sogavare:** Well, there is an encouraging for managing their resources but I think to also help them to participate effectively to development. Now, to talk about these two aspects to benefit from, one is themselves personally. So far the fisheries projects are addressing that area now. People go fishing and then come to sell for their money.

Now, fish is a very important resource for the country. The country needs to earn too from these fisheries resources. Okay, we address that one in deep sea fish like tuna but when it comes to earning foreign exchange that is the area that we actively involve in that but when it comes to reef fish so far we have been addressing the needs of local people to earning money. But I think the country is also needs to earn from the exportation of reef fish how do you see and address that one to help rural people to participate in export of reef fish.

**Dr Ramofafia:** I think the Ministry stands in two areas. (1) Really the fisheries should be addressing national revenue for the country. (2) Security, and that full security have to link with the livelihood of people, that is to addressing these national earning and for the time being it is strong on tuna. And with that we are now trying to start giving the processing provincial plans the other one is Suava. We have now started to negotiate on

that. But in fisheries we are now starting to encourage the investors on reef fish and they will link strongly with your colleagues. And those that have interest on that area will come to us. We discussed that and put out for proper screening but otherwise we understand the need for exportation into the fisheries is a way to contribute within the economy as well. At this time it is only sea cucumber, beache-de-mer and trocus and the smaller ones that contributes, which is still developing.

**Hon. Sogavare:** Yes, you still want to continue

**Mr. Soalaoi:** Mr Chairman, in fact when I say this is, apart from helping people to survive and government should be very interested to see everybody participate in contributing in economy so when I was doing a earliest unless we venture into something to some magnitude so people will actually contribute to the economy for people to exporting reef fish or become partners with fishing investors that mainly based in rural areas. And I'm glad to hear what he said, encouraging investors to work with communities. We will be looking forward on that.

**Dr. Ramofafia:** Mr. Chairman, really Ministry of Fisheries during the last two years was still with the Ministry of Natural Resources. We are new ministry just last year on and this year we will start small with step 1 but this is a strategy way that we will take to look ahead and to plan ahead for the ministry to become one of the effective ministry and also we would like to be a strong ministry to participate in many areas and so we understand.

**Hon. Sogavare:** Your have an allocation of \$1.5m for tuna factory in Suava Bay and Tenaru. What is that \$1.5m exactly for?

**Dr. Ramofafia:** We put that on the area of negotiation and transport if there be anything we need to meet with the landowners. So it does not really mean that amount is just for one project but there are other things linked to that like the rafters in the sea that is not included in here. That if we put in the sea then anything that is left over there we can use it for that, which really links strongly with also but there are other two things that linked to this one, apart from that there are plans, one parts are important key role for fishing and two have been identified as the Suava is drier and Tenaru. Last week we negotiated with G- province and Malaita province starting with the road.

**Hon. Sogavare:** Other locations too.

**Dr Ramofafia:** Other locations that wish to come here. There is a group as well from the Philippines that they start to show interest on Isabel

**Hon. Sogavare:** Right, well, so any more, yes,

**Hon. Kemakeza:** In terms of the development estimates there is a review of Soltai \$200,000 that actually going to be the reviewed in there?

**Dr. Ramofafia:** In fact we are hope that or we thought we would go down below in Noro and try to contact other stakeholders to come and meet here in Honiara. That is why we put that but, really so far we have negotiations and established relationship with Noro management and it happened here with us in Honiara. We will also need that money. Even apart from the review other things that are closely linked even to Suava.

**Hon. Sogavare:** Who will conduct the review?

**Dr Ramofafia:** Review is already done.

**Hon. Sogavare:** Is it in progress?

**Dr Ramofafia:** That is already done. I mean the first one is done. And so now it's up to us, the ANZ Bank and other stakeholders to continue with the discussion until there is a change.

Mr. Simon Tiller (*Advisor*): Thank you Mr Chairman. The ANZ Bank and Soltai jointly funded a financial review a prestigious review as they call for the primarily financial of Soltai completed that review in December last year, late last year that recommended that Soltai be restructured. The Board be reviewed and the Management team be reviewed. The Ministry of Finance and Treasury together with the Ministry of Fisheries have jointly being involved in subsequent discussions on how best Soltai situation could be improved and the two ministries have jointly made recommendations to the Prime Minister, those are current right now as to what should occur to Soltai to improve its fortunes so that is the situation at present. We are waiting or the ministry is working closely with the Ministry of Finance and Treasury on that matter.

**Hon. Sogavare:** It is a very important national asset though and the interest is in the hands of two cripple people who are not capable or actually assisting Soltai. The two shareholders are basically people with no money. The Western Provincial government and the Solomon Islands Government so it would be very interesting to see what these recommendations are and the government should address this properly because it's a great potential. I think it's a key management issues also just basically inability of the two shareholders to do anything for the company. That is a conventional option is to actually give it to capable hands to own this thing as long as it is established in Solomon Islands. The problem with us Solomon Islanders is that we want to own that thing. We are afraid to get the ownership of that even if this thing is fixed on the soil of Solomon Islands. If somebody else owns it we begin to worry about it.

It's the same argument on Solomon Airlines when the Ministry of Finance came here. I think the important thing is, this is a structure that is established on the soil in Solomon Islands and whoever owns it is not really a matter to us Solomon Islands people. I think the benefit that is cruise to Solomon Islands as a result of the operations of that company inside Solomon Islands...and I think the direction to go really on these kinds of assets is to privatize. We will leave it to the government to these people to make the kind of suggestions to the government.

Any other issues? Yes.

**Hon. Kemakeza:** Sorry Chairman, again on Development estimates. There has been a lot of funding done to seaweed. If you look at the allocation of \$3 m, can the PS explain what actually the activities that benefit especially those who are interested?

**Dr Ramofafia:** The seaweed program is in its stage 1. That ended last December. I think the seaweed steering committee met with the Ministry of Planning. They've asked if they can go on to stage 2 on that one. That means to expand to other communities what happens to the last stages. They did this to only three regions. On North Malaita, Wagina, and Marau. So they've learnt a lot from that and export is good although the price is low it can still cater for school fees in the rural areas. So I think the committee sees it fit to ask STABEX I mean EEU to continue to stage 2.

For us the ministry seaweed is an alternative for people in the community that often plays a very important role to their livelihood. And is one seaweed come away and dry and stay home whereas I mean our scattered islands fresh things fly from one end to another but seaweed is good in a sense that it is dry and you can keep it and can send it by ship or fly on plane for at least really for our people so the committee sees fit to expand it to stage 2. And to expand to other communities I think a lot of communities will involve. And we have responsibility to ensure that this happens and I've asked the sea weed committee and seaweed project as well to feed us with information that we need. And at the same time we have put into the project of staff and also ask them strongly to involve with the Fisheries officers in the provinces so that when they go or when the project comes to an end at least the provinces have officers that are strong and to expand and to extend to receive funds locally.

**Hon. Sogavare:** Thank you. PS, on the side of revenue there is a drop from \$99m to \$84m it is a drop to about \$10m so it will affect our revenue projection for this year. Now, these are other areas PS. Fisheries license, is this a deep sea, okay, if \$6m, how much do we collect in one ship?

**Hon. Sogavare:** Fisheries license there.

**Mr. Simon Tiller:** With the climate this year is precautionary on our part the access fees or the licensing fees are calculated as a percentage 6% of the value of the catch. The regional tuna catch has been declining over the value of the catch that has been declining stable over the last 15 years and last year was an abrasion in that because of the el-Niño effect the fish did not congregate in the Eastern Pacific, they move to the Western Pacific which was good for us. Because they went to the Eastern Pacific the fish would normally have gone to the American market from the Eastern Pacific side was not available and prices went up. Prices went from an average of \$600US a ton to nearly \$12,000US a ton so that is why our license fee revenues almost doubled last year. A lot of fish in the Western Pacific were hardly any fish in the Eastern Pacific and that reflected in price. Now, prices are already settled back. They are now round about 8 - to 900 a ton and there is every indication that if the el-Niño effect does not continue and the fish move back towards the Central Pacific our catch is likely be down and the value of the catch will also decline. So we felt after considerable discussion that rather than perhaps mislead the government in believing that it will be achieved revenues of a

certain level we thought it was best to be take a proportionary approach and estimate what we thought was a reasonable figure for the coming year and that is why we've done that and already I think it is evident that perhaps we may have been right because prices have dropped from 12,000 a ton down to 8 - 900 a ton. That was the reason for the adjustment.

**Hon. Sogavare:** So that has been communicated to Finance.

**Dr Ramofafia:** Not yet.

**Hon. Sogavare:** Not yet so, alright this is news to you.

**Mr. Simon Tiller:** We lost \$10m

**Hon. Sogavare:** We just lost \$10m there.

**Chairman:** Anything more colleagues? Anything more you want to tell us so that we can report to the government.

**Dr Ramofafia:** I want us just to just officially hand over the three reports. The Office of the Auditor General special investigation.

**Hon. Sogavare:** These are the three reports.

**Dr Ramofafia:** Three reports are at the back.

**Hon. Sogavare:** Oh, yes.

**Dr Ramofafia:** And if we can also show you we are still awaiting reports from the Audited Tourist office on their fishing project. We've hand delivered to the fishery officer to Auditor General end of last year.

**Hon. Sogavare:** Special investigation.

**Mr. Simon Tiller:** That was a special investigation that was quite concludes that we will give it to within the next week or so is the time we are awaiting for thank you for your information PS.

**Hon. Sogavare:** And hopefully that report should come through the PAC.

**Mr. Simon Tiller:** It was eventually come through once we get the formal response by this committee and then viewed by this Committee.

**Hon. Sogavare:** You should see that in this committee.

**Mr. Simon Tiller:** You should see that in this committee.

**Hon Sogavare:** Yes, thank you very much. Well, thank you very much PS. We appreciate the enormous responsibility placed on your shoulder. These are very important sector and we are pleased to hear that you have things under control and you are not to repeat the mistakes last year so this committee will continue to meet throughout the year and we will be interested to see how you take this initiative is a huge responsibility and know you and staff will be able to meet expectations of the government and they are to hear substantial resources under your budget and they expect you to deliver. Thank you very much Permanent Secretary.

**Dr Ramofafia:** Thank you very much as well. On behalf of the Ministry, I would like to say thank you for your opportunity, and I will ask your contributions as well.

**Hon. Sogavare:** No problems. Good, thank you.