



## PUBLIC ACCOUNTS COMMITTEE

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### NATIONAL PARLIAMENT OF SOLOMON ISLANDS

#### Committee Transcript

#### Ministry of Agriculture and Livestock Development

Friday 14<sup>th</sup> March 2008, 11am.

**CHAIRMAN:** The Ministry of Agriculture & Livestock is here. I will now call the meeting to order.

Permanent Secretary and Officials welcome to the PAC Hearings. We now give you the honor to brief the Committee on your Department on the recurrent and development estimates. Thank you.

**PERMANENT SECRETARY:** Thank you Chairman, and your members of the Public Accounts Committee. I have the honor this morning to present the Ministry's overview of the 2008 Budget. With me is my Chief Accountant and the Under Secretary. We will be very much addressing the budget of the Ministry and this morning I wish to just make a brief round down on the Ministry's Budget for 2008 recurrent and in particular the development estimates.

The Ministry's 2008 Budget is prepared to reflect the Bottom Up Approach to Agriculture Development in the rural areas. The Development budget put together by Ministry of Agriculture and Livestock will be implemented under the **Participative Approach and a Partnership Policy** of the current government. Under this Policy resource owners will be given the opportunity to actively take part in development programmes with the prime objective of ownership by the resource owners when fully operational.

It is anticipated that these undertakings will involve the active and full participation of resource owners. The Solomon Island Government, through the Ministry of Agriculture and Livestock will provide the technical advice and the required support services to start the operation.

The Partnership Policy is a major shift in the current Government policy, where active involvement of resource owners is clearly seen. Another major shift in the Government policy is the move from Conventional Agriculture Research to a Participatory Research. I think the Government is aware of the destruction of major FE stations, Field Experiment stations and one of which that you know is the Dodo Creek Research Station. During the ethnic tension this has

contributed to this shift where most of the Ministry's research activities are now being conducted as On-Farm research. This major shift will allow the establishment of Farmer Schools where farmers will be able to actively take part in all sorts of demonstrations.

With this approach, it is anticipated that the rate of adoption will be quicker and our research staff will respond quicker to any emerging problems and additionally the participating resource owners will be trained and expected to take full control of these activities.

Staff will be mobilized to the Provinces and the Ministry (MAL) will provide necessary support to enable our field staff to have closer contact and timely visits to our farmers in the Provinces.

Under the Partnership Policy and in line with the Government framework document, the Ministry is envisioning to:

- a. Continue with cocoa rehabilitation, extension and new planting and establishment of processing facilities.
- b. Provide financial assistance to small holders for coconut new planting and replanting or extension of plantations.

Other programs in line with the current Government Framework Document will be covered but this will be taken care of as the Ministry moves forward to implement this programme of action in line with the Government Policy. What featured in this work programmes are two major developments which the Ministry is expected to carry out which is the establishment of two commercial rice farms in the country. And of course additionally the Government is very serious in implementation of Oil Palm Projects in the country. The major focus now is on the Auluta Basin Oil Palm Project and then will take on the other plantations like Vangunu Oil Palm, Waisisi and Choiseul Provinces.

With that overview the Ministry is also looking at other projects like: National Cattle Rehabilitation Programme and also the Provincial Establishment of Slaughter Facilities in the Provinces will be taken care of by my Ministry, and also programmes like: Kava Development, National Coffee Development Programmes and also the Eradication Programmes in the African Giant Snails which have increasingly made their way to the country with latest incursions that have been detected. Those are some of the major programmes the Ministry will attempt to immediately after the passage of 2008 Budget.

The level of Budget that the Ministry has been given though is not sufficient as we expect but I think the Ministry is quite happy, given the time and I think there are options that the Ministry can look at, especially if there is a need for increase of funds where there is supplementary provisions maybe in the next budget or through virement or funds or contingency warrants are options that can be taken care of. But at the moment I think with the level of funds that were given, the Ministry is happy and I think will work with that, in any case we have

already gone through the first quarter of the year and I think with the passage of the budget we only have six months to work with the fund that we are given and of course if there are other programmes that needs to be looked at then provisions for supplementary is an option to look at in the next Parliament Meeting. But as I said there are other options that are available that the Ministry can request through virement and request for contingency warrants to the Ministry of Finance.

I think with that overview if the Chairman and the members of the Public Accounts Committee will be happy to answer any questions that you will put over to but if we are not able to answer your questions please forgive us for that but we will try our best to answer any questions put forward. But with that general overview I think that is from the Ministry.

Thank you very much.

**CHAIRMAN:** Thank you Permanent Secretary and Officials. PS, on your establishment you got a total of 51 vacancies on your establishment. What is the Department's plan in terms of filling these positions?

**PERMANENT SECRETARY:**

Chairman,

I think with the latest we've got I think the Ministry is attending to, so far my record has shown that it should have only 14 vacancies. And those vacancies we are not able to do any recruitment until the passage of 2008 Budget. I think with the process we have been going through Public Service, I think we got some appointments that are been released already from Public Service.

With that the total of 304 in 2008 Establishment I think we have only filled 259. That leaves the vacant posts of 45 and we still have not touched the 14 that we have been given by Public Service this year because of the fact that we need to have a budget to do that and we are waiting. As soon as the budget is passed then we can recruit the 14. So the total for this year's establishment is 304. We have filled 259 and that leaves 45 vacant posts.

**CHAIRMAN:** And you have sufficient provision in your payroll?

**PERMANENT SECRETARY:** Yes. We have sufficient provision to cater for that in our budget for 2008.

**CHAIRMAN:** Do you want to go through the development budget?

**PERMANENT SECRETARY:** In our 2008 Development Budget in agriculture rehabilitation for copra and cocoa grants, I think with the grants for copra and production of 5 million I think we are satisfied with that allocation there.

For Auluta project with the \$5 million given to us there, I think we are satisfied with that amount. And National Honey Production, with that level of funding given there I think the Ministry is quite satisfied with that allocation. And also with the Rural Rice Project we are satisfied with that allocation. Cattle Development Project with that \$11.4 million allocated there, we are satisfied with that although it is not enough to what we expected, as I said earlier there are provisions that we can always have access to, to increase that amount if the need be but allocation of \$11.4 million is sufficient. And of course the African Snail, the control as I said today, there has been recent incursion of African Snail and I think the amount allocated there is quite sufficient as well at the moment and should the need arise we will always request additional funds under provisions that will be made available. Repair of fumigation chamber, I think the \$300,000 is sufficient.

Oil Palm Projects including GPPOL, I think that amount is sufficient though our original submission which will cater for Waisisi and Choiseul have not been catered for there but we would use that fund to cater for initial work, especially in terms of design and also involving assessment studies that may be needed in those key areas. So I think the \$1 million allocated here is sufficient.

The Vangunu Oil Palm Project, I think that is a sufficient allocation to us also. So we are quite satisfied with the allocation that is given to us under the development budget. It is our opinion that we will work with that amount and see how everyone goes. It is no point giving us funds that we cannot spend within this limited time. At least we work within our means in terms of capacity as we build on and assess the need that may exist in the Ministry. So with that allocated fund under the development budget I think we are satisfied with the development fund given to us.

**CHAIRMAN:** You got an allocation last year for Auluta Oil Palm for \$3.5 million in 2007 and you actually overspent that by \$200,000 actual. For this year you have a massive \$5 million for the Auluta Oil Palm Project this time it is funded by SIG. Now where is the progress so far on the ground in terms of the Auluta Oil Palm Project?

**PERMANENT SECRETARY:** The progress of Auluta Oil Palm at the moment is that we are at the point where we have four lands where GPS Surveys have already been carried out and we are expecting another eight GPS surveys on eight lands. What is happening here is that there has been some delay in the project because of absence of project profile. There has not been project profile for the project since it was started and it is very important that we need to have a project profile for the major project like Auluta. We have just contracted a group which we engaged to do a design study and that has been completed and report has already been submitted to Cabinet yesterday. There is already on the ground a team of experts to do environment impact assessment study and they arrived

half an hour ago from Auki. But the latest now is that out of twenty three land that has been declared dispute free and sixteen of those have paid and eight are ready for the surveyors to carry out GPS on them. After the GPS survey then the product of those surveys will be taken over to the Ministry of Lands to assess the quality, and if the quality is good then registration of those land should be done immediately where PE should be given to the resource owners.

**CHAIRMAN:** So what you are saying here is that the \$5 million will be spent on logistics, administration and nothing on physical clearance or work on the ground?

**PERMANENT SECRETARY:** There is still a lot of work to do. In actual fact we have just reached two stages. Only two stages to fully implement the project because of the fact on what I said that there was no project profile to guide officials and those who are concerned to be given the project. So we still have to accomplish five stages before we get close to engaging an investor, and that is moving towards a nucleus stage of the implementation of the oil palm where you will see the clearing of the plantation and getting nursery for the oil palm. We still have to go through five stages. Currently we have gone through only two stages.

**SOGAVARE:** So eventually there is going to be some breakdown as to how you are going to utilize this very substantial amount?

**CHAIRMAN:** Yes, the \$ 5 million.

**PERMANENT SECRETARY:** With the presentation of the design team we are still waiting for the report to reach but certainly that will be made available to you. To date I have not received that design study which was presented to Cabinet yesterday.

**SOGAVARE:** How are these figures determined?

**PERMANENT SECRETARY:** Those are figures were determined through the estimates on the work that was carried during the previous work carried out on the project though that falls short on the full estimates that officers came up with. The design report in actual fact somewhat will run into verbally I was informed it will be a \$31 million to fully implement that project. To fully realize the operation of the project. That is up to the nursery stage.

**SOGAVARE:** So at some point in time we should have a work plan as to how you will utilize these funds?

**PERMANENT SECRETARY:** Yes I will submit that to you.

**MARK KEMAKEZA:** Chairman, in addition to that you know the substantial amount of money has already been actually spent and the Committee also needs to see the report on the progress of that stage.

**PERMANENT SECRETARY:** I'm prepared to provide that to the Public Accounts Committee. I'm also waiting for a full financial report on the funds that were spent last year. To date when I moved into the office about a month ago, I requested the report and up to date I still have not received that report. So I am requesting the assistance of the Audit Department to assist if I have to do that to request a full financial report if I'm not being given the report as I requested.

**CHAIRMAN:** PS, I just want to stress here. Last year we spent \$3.7 million only on Auluta Project just for ground work, administration and if we have to commit another \$5 million this year just on the same thing then we are looking at like \$9 million just on paper work? \$9 million last year and this year? I mean we got to have some report. We need to get a report on the work done last year and we need to have proper breakdowns on how you would want to spend the \$5 million because I think \$8 to \$9 million is a lot of money just for working on those papers only.

**PERMANENT SECRETARY:** I think one of the things that I noticed but I have to substantiate that to this report that I have been waiting for. That some of the funds that were allocated on Auluta were used for Waisisi and Choiseul Oil Palm Projects. As I said, I still have to substantiate given the opportunity that I have access to the report.

**SOGAVARE:** Let me correct you on that, there are specific allocations for Choiseul Palm Oil Project. Do you have any allocations for Auluta Basin Projects?

**PERMANENT SECRETARY:** The problem that was experienced was that the funds allocated for those projects were not forthcoming so I think they got some of the funds from the Auluta Project. But as I said in the absence of the report I still have to establish whether the funds were used as budgeted for.

**SOGAVARE:** Its important Mr. Chairman that we receive the report on that and work-plan on how you will utilize the funds. The project Mr Chairman, is very important. It must happen, and for a lot of reasons. It is in the interest of all of us that we get the project going so we would like to see the funds properly utilized so that it moves the project. What we are hearing is that the way it is

moving is very, very slow. Mr Chairman, I just want to confirm because I understand that the other two projects will be addressed under 5799 4707950 99001 on the Choiseul Palm Oil initial work and Waisisi.

**PERMANENT SECRETARY:** What happened is that we submitted a separate request for those three projects and eventually that is how important it is. I am happy to work in that but as I said I will request additional funds in the supplementary or maybe hope for contingency warrant to look at some additional funds. But certainly I requested separate funding for those two projects, Waisisi and Choiseul. But when when this came out it is not what I anticipated but I will certainly pursue this because they are also two important projects that we like to pursue.

**SOGAVARE:** That must be the understanding that this project, two projects proposed to go ahead this year so the initial works are going ahead we actually have people in them already like the Choiseul Palm Oil Project we have somebody already there who has done a lot of work already using very minimal funds when I see how he used the funds allocated to the province, the spending there is very minimal but he did a lot of work with the people. It is the understanding of our people in Choiseul is that the project belongs to them and so they are willing to forego allowances, sitting allowances and whatever they are not paid wages and allowances. The people in Choiseul understand that project belongs to them eventually when it is implemented. So it only goes through the cost of organizing meetings and not much fund was actually utilized for that project in Choiseul. That is because of the reason and the project manager is actually an expatriate. He is a very experienced person and that's why the funds allocated for them was not used fully its because of that. But I feel \$1 million is sufficient to address the initial work in Waisisi and in Choiseul and its important that you get these two projects running. This is about rural advancement and rural development and if we miss these important projects in the rural area we should actually stop talking about rural advancement and development. I thought that these are areas that we should really be addressing: about fisheries, forestry, agriculture these are areas that really touch the people in the rural area and we expect good allocations and projects that we have earmarked must be taken up, if not we are basically not really advancing rural development.

**PERMANENT SECRETARY:** Chairman, in actual fact I had an audience with the project manager of Choiseul Oil Palm Project and I assured him that my Ministry will try its best to assist and I told him that it is our intention to cater for separate budget for those projects so that we have a clear budget set for those projects rather than lumping money in one area so that we do not penalize others when others have high demand over other projects and this is why we intended

to separate and that is how we submitted it to have all those projects have separate budgets. I will do that under the supplementary or seek additional funds if we start working on it or maybe under CW if the need be.

**SOGAVARE:** Mr Chairman we need to understand that the person is at post and he is working now, that's the case for East Choiseul I'm not really sure about Waisisi, where the person is posted there and actually managing and doing initial work but for East Choiseul the person is posted there and he has done a lot of work already last year and so if you suddenly pull the plug that person will be left high and dry from East Choiseul down to South Choiseul

**CHAIRMAN:** PS still on the Development Estimates under grants for Copra and Cocoa Production you have an allocation in 2007 for \$3 million and you have actually overspent that by \$3.8 million under the allocation, and for this year you have another allocation under coconut and cocoa rehabilitation of \$5 million. Now PS, what mechanisms do you have in place for the administration of the \$5 million because by the look of last year's report you have overspent your copra and cocoa grants by \$3.8 million and what is going to happen to the \$5 million? As we all understand grants to the underlying Ministries has always been the subject of misuse and abuse. A lot of Audit Reports are coming out from this and the Committee would want to see what check and balance mechanisms do you have in place so that there is fair and equitable distribution and administration of the \$5 million?

**PERMANENT SECRETARY:** Thank you Chairman, I think my Ministry has realized the need to step up management of such public funds and the Ministry has taken initiative to come up with set criteria and also the method of disbursement of funds. We have also designed a form which can be submitted to Cabinet, and I think that Cabinet has already given the approval for the Ministry to go ahead but we have not yet. As a result of the suspension of projects by the Ministry last year in December, I think the Minister said to lift the suspension depending on the passage of the budget, and we have not yet released to the public the criteria and also the form that will be used to control the management of these funds later on. But that will be subject to as soon as the budget is passed then we'll make an announcement and publication of the forms and do an awareness on how and where these forms can be submitted and who should endorse those and who will be the final signatory before funds are made available.

These forms will be issued following the announcement and then it will be distributed to chief field officers throughout the provinces. The Ministry will only receive the endorsement from the chief field officers and then will come down to the Ministry for final endorsement. But there are already measures taken to try and ...(inaudible)...of course when putting to operation if this needs a

little bit of improvement on it then will certainly improve on those but we have realized that something has gone wrong because of absence of proper mechanisms put in place to manage these funds. But we have taken that initiative and it is already put to cabinet for endorsement and they have done that so basically we just wait for the passage of the budget and we'll announce and publicize the forms and the set criteria.

**SOGAVARE:** It is good to hear that Mr Chairman. We need to make that point that these criteria must be strictly complied with. It indicates that we did not have criteria in the implementation of the last previous allocations not by officials, that's very interesting, its by or when politics come into these things causing political interference in how these funds are utilized. So it is really, really incumbent upon the political government to be really committed to this criteria and leave the politics out of it and allow officials to implement these policies according to the criteria approved to the government. That is a point that I needs to be made on the implementation of this project. It is not only your Ministry but there are other line Ministries that have allocations of projects.

**OFFICIAL:** Mr Chairman, I just want to add on to what the Permanent Secretary has said. I think everybody heard about it and knew about it that when the new Minister came in he suspended all the projects. The reason is that we want to put this mechanism in place and then we have already set everything, the criteria that will be used and it will be very, very difficult for any people to just come in and get access to the fund. I remember one of the criteria is that even politicians should not use their influence to get the access to the fund. And that document is being put in place and we know this next \$5 million allocation for cocoa and coconut grant will be strictly distributed according to those who applied. It is true to say that last year a lot of people who had access to the fund, most of them were not farmers and there was no control measure in place but now we have a control measure in place but now we have a control measure in place and we hope that things will be better off than previously.

**CHAIRMAN:** Just recapping on what you said on the suspended project application? You still have a number of project applications in the Department. Can you please confirm whether these applications should be really looked into or they are going to be shelved?

**OFFICIAL:** Mr Chairman, that is true. We still have some applications and we have not rejected those applications but those applications will be reconsidered as soon as we get confirmation that these documents will be used but they will go through the proper mechanism and that is we have to set up a screening committee here, the technical screening committee and those applications which

are yet to be serviced will go through that screening committee in addition to other applications that will be coming.

**CHAIRMAN:** PS, will it be possible for these criteria to be submitted to the Committee for reference?

**PERMANENT SECRETARY:** Yes, we'll certainly submit the samples of those forms and criteria and the method of these discretionary funds including the forms so this will go together. It is for your additional information that when these forms are finally authorized to be used they will be coded as they are submitted featuring the respective province, the constituency the applicants are coming from and the ward that the applicant resides and as I said those forms are to be submitted to the chief field officer before they get here for the technical team to look at. As soon as the technical committee endorses that it comes down to the accounting officials for final endorsement.

**CHAIRMAN:** But one of the reasons why we are raising these concerns here is even before this budget went to Parliament there are already some applications, not agriculture but other Departments circulating and applicants are already running to Members of Parliament for recommendation or getting recommendations from Provincial Extension Officers. We do not want this to happen. We want your procedures to be in place and proper screening and all the procedures to be complied with and the Committee does not want to see what happened last year because we understand that there were heated arguments by applicants and officials and to the extent that officials were threatened by applicants and we do not want that to happen, and politicians, yes. I mean politicians are involved then the whole process got derailed and that is where officials please we want you to be firm and fair on what you would be doing in the Departments because for rural advancement we want the agricultural funds to get down to where they supposed to be. Because even when we are talking people are on the streets already know what will be in agriculture, people on the streets will already know what it is in forestry, people on the streets will already know what is in fisheries, and so for the sake of good governance, transparency and accountability we want fair and equitable distribution in funds and these funds must get to the rural people and not to people that are sitting under the trees on the streets in Honiara or people that are not related to these industries.

**PERMANENT SECRETARY:** I think I have noticed that but I wish to confirm that we are not signing any forms that should not be submitted to the Ministry until we make a public announcement after the Budget and upon the Minister's directive that we should release and make public awareness as we release the forms so that people get use to how these forms should be filled, submitted

because we need the public to know otherwise if they do not know how to fill out the forms they will be disappointed. But we need to tell them how to use the forms properly, where the forms should be channeled through the process needed before funds are made available.

**CHAIRMAN:** Members we are really running into another slot. I really want the Committee to have proper scrutiny over this. Like we really want to know the progress on the cattle development project, the rice rural projects but we are really running behind time and into another slot. Well unless members you have further questions or officials to just quick comments on the progress of the cattle development project and on the rural rice projects?

**SOGAVARE:** Mr Chairman what we really need are the allocations for last year to be the subject of audit reports, when we talk report we talk how the cattle projects were utilized and the grants for copra and cocoa were used last year. That request to come from the Ministry to the Audit Department through formally, the Public Accounts Committee.

**OFFICIAL:** Thanks very much Honourable. As a matter of course the Auditor General, we are doing a follow up audit on many of those matters which occurred last year and the Ministry would understand that it is part of that process if we did provide some guidelines for the criteria going forward. I guess would be very keen to make sure that the new guidelines do take into account for what we thought was very much best practiced. So before you actually start disbursing money we would certainly like to help you. As the Honourable mentioned we would be very keen and ensure you that there will be a follow up audit this year.

**PERMANENT SECRETARY:** I think the Ministry is also thinking of the Audit Department to come in so that we can work together to find out and establish how these public funds were misused last year. To be quite honest I have just been in the Ministry for one month and I see that we need to establish how the funds were spent, especially on the cattle and on the oil palm project and also on the coconut and cocoa rehabilitation Programme. I still have yet to receive financial reports on those projects. To date I have not received them.

**CHAIRMAN:** Unless some members have some disturbing statements or comments to make? PS, do you have any final concluding statements or comments or major concerns in the estimates that you want to raise to the Committee.

**UNDERSECRETARY:** Last year we re-established again or revitalized the agriculture information unit and the budget that was submitted has not been

included in this year's recurrent budget so we just want know if Finance can insert that into the 2008 recurrent budget. That unit is now established and fully staffed but there is no budget for it.

**CHAIRMAN:** Staffing and everything?

**UNDERSECRETARY:** Staffing and everything complete.

**CHAIRMAN:** So how are they going to work? Made redundant?

**UNDERSECRETARY:** How will they work without a budget?

**CHAIRMAN:** Well as long as they get your fortnightly pay then whoever is manning that department, as long as they get their fortnightly pay and whether this is going to be, that is the problem for the Ministry of Finance. But Permanent Secretary, I would like to thank you on behalf of the members. We really honestly want to have a good, thorough scrutiny on the Department but I think there is going to be a lot of emphasis on audit reports and I think the Public Accounts Committee is going to be very busy this year, in terms of that overview function and everybody will be kept on their toes. We want good governance, transparency and accountability. But yes, we always have experienced this in the past and we do not want them to be repeated again this year.

**PERMANENT SECRETARY:** Chairman, the other information that I would like to pass on to the members is that why I am comfortable with this development budget is that we will be expected to also have another support under the RDP Programme which will be under the World Bank which will feature in phase two the four provinces. That is Choiseul, Western, Malaita and Temotu Provinces. Those are not covered under the budget but there is funding under the RDP Programme which after the completion of the budgeting of the Project Management Team is working out of the Ministry of Planning we will marry that programme and build it into the Ministry's corporate work programme for this year. So there is a bit of additional funds coming from RDP programme for the Agriculture Project in those four (4) provinces for a start which will be carried on for a period of five (5) years and then will move out to other provinces but just to mention that there is a bit of assistance coming in from that area especially focusing in four provinces for the start and then move out and this will continue for the next five years.

**SOGAVARE:** On the shortfalls in critical areas, the committee was informed that the supplementary appropriation will be in June/ July so you will need to bring up these matters to your Minister.

**CHAIRMAN:** That is an important area. We cannot wait for June/July. We already got people manning those departments and there is already an existing one, Auditor, if you can raise that in the report because I'm sure we can raise it with Finance in the afternoon.

**SOGAVARE:** Especially people who are at post already in programmes and projects, people at post already that is a matter that should be taken up immediately and there has to be some kind of adjustment before the Budget is presented to Parliament because the way it is presented now basically is not right. It is encouraging illegal spending.

**CHAIRMAN:** Okay members and officials, once again I would like to thank you for your time this morning and thank you for your presentation and yes, we are not very happy but I think you can manage with what is available to you on the recurrent development.