



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

COMMITTEE TRANSCRIPT

National Parliament Office, Thursday 13 March 2008, 1:50pm

Mr Chairman: Thank you Permanent Secretary you can now take the floor and please proceed on with your brief to the committee that is the Recurrent expenditures and also the development expenditure.

Permanent Secretary: Thank you Chairman. Yes, perhaps like everybody else who already come before the Committee. Generally we're happy with our recurrent budget though there are shortfalls in some areas in the budget. Our budgetary new submissions that are reflected in our recurrent budget, basically a reflection of what our ministry is planning to do according to the current government's policy.

We focus mainly on the little in the administration except for few changes in terms of upgrades and grading of vacancies and of the posts.

But much focuses on the disaster management office, the Electoral Commission and Civil Affairs division which actually look after civic affairs under our Ministry and in the area of non government organizations. Basically that's what our budget really reflects. In terms of Sports we are looking at ways in developing facilities for our young people and also to try our chances in getting the SP Games in Solomon Islands in 2015. Those are basically where our focus really stands at moment Mr Chairman.

After having briefly out line where our focuses perhaps I would go on just to high light some of the shortfalls that we have identified.

One obvious area is salaries unfortunate we are faced last year basically before last year and I think I hope it little has change in this particular area.

Just looking at the basic salaries I always agreed with the budget provided by Public Services but it does not reflect that in the budget proper that is produce by Budget division.

Like I can sight one particular one for you in the area of sports. We have two new vacancies new posts and the budget does not reflect that. I also noticed that there were upgrading. For instance Under Secretary positions has been up graded from super scale I to super scale II and that II is not reflected in the budget. And for our purposes we actually in the administration this year we have one new Under Secretary position technical and the whole salary is not reflected there, the only additional salary given us is \$40,000 and the new salaries for Under Secretary is \$74,000.

But working from basic the amount increase as you go to the top it reflects the allowances and other things and so yes, the up grading of the Under Secretary there's are difference of \$15,000 plus the CAO's positions two are also upgraded this year to level 12/13 and that reflects about \$10,000 difference increase.

We also have one up grading from CAO to in fact two up grading from CAO's posts to level 12/13, CAO's level 10/11 and now its increasing to 12/13 but those differences are not reflected in the budget as well.

I think that's one particular area that I would like to raise because I think if that error can be found in now budget I am sure it's done every where and certainly in total.

Perhaps after I stop there and I'll ask the Committee to ask the questions there, something that you not too sure about. Thank you.

Mr Chairman: thank you PS, can you continue with the development budget as well

Permanent Secretary: We only have one and that is we asked for 1.5million to build provincial disaster coordinators residences in the provinces in the 10 provinces including Honiara of course. We are only given \$600,000 but maybe for this year we do 2 residences so that we used that money to the design and all the short of thing get plan ready.

But what we would need to get that money again next year if that's possible or in the second half of this year because we have got funding from EU through SOPAC to build ten disaster management offices in the provinces.

But we need to build houses for this people, we already trained ten people for the last six months and they are about to be posted to the provinces but we don't have houses for them. In the mean time we will have to rent for them and that's one of the things that are not reflected in the National Disaster Management budget rents for this 10 people and the offices that they will be using in the provinces.

Thank you I think that is the project that we have in the development project there so. Thank you.

Mr Chairman: Any thing for the Electoral commission?

Permanent Secretary: No, I don't, I don't have any responsibility over that but I think the new one is this Electoral Strengthen program.

There's a new one that have said to have started and it's a quick one. We are now in the final stage of the design phase and we hope to get that started possibly in the middle of the year.

Mr Chairman: Thank you PS, yesterday the Ministry of Infrastructure said that all feeder roads in Honiara are now coming under their responsibility and yet you have an item in your budget under the town council head for road maintenance?

Permanent Secretary: That's true Mr Chairman, I think what we got in the budget is the usual grants that we give Honiara City Council to maintain the feeder roads.

It's nothing else it's no increases just increased by 2% from last year but there is no major increases in that particular allocation we're not really clear yet on that

particular too. Because last year we were told that all the feeder roads were taken away by the Ministry and we have not been told of.

Mr Chairman: You don't have any oversight as far as how the road maintenance funds are used

Permanent Secretary: Last year we actually held on to that fund until we were satisfied that there were works for it. We used to just give them and hoping that they build the roads and or improve them.

Last year what we did was we told them that they have to give us proper project plans before we will give them the money that's what we did last year. It's \$348,000 that they gave us last year.

Mr Chairman: Sir Road maintenance will be one of the major tasks that the town council will be under taking this year. Because after the heavy rain we've had, there are huge drains up along the roads of Vura, Naha and nearly all the feeder roads in Honiara. These roads are almost unusable there should be some seriousness in addressing this issue.

Permanent Secretary: We will be talking with Council to seriously look into those activities as I said what we given for the first in the budget can always be increase on demand when the work is really done. We can't just keep giving and expecting that we can increase it again later on second half of the year if nothing is really done. We've been trying to encourage Honiara City Council to come up with project proposals for the different areas that they would like to and then will see how we go with the money they need more we can always come back and ask for more.

But I think that's one area that we have yet to see some real coordination and improvement. But we continue to work with them and in particular trying to use the communities to work for them and that's okay with us as long as the money given to them is used on maintaining our feeder roads.

One other area that we also raise with them is in the area of rubbish collection which is not been done very well at this point in time. We know that they been issuing contracts and yet we realize that the rubbish has not been collected for since January in some areas.

Mr Sogavare: The shortfall is the common feature in all the ministries that appear before the committee so it's a matter that, we will take note of here.

In fact they are quite serious because there are shortfalls in some very important heads like emolument. Like you're raised this affects salary upgrades and posts that are already there before. I don't know how the budget division structuring the budget.

We will bring to the notice of the government and the ministries to continue to push that with the Finance and through your ministry of what seem to it obvious to some ministry.

I think the politicians are far remove from officials. As you know the Minister sits in Cabinet and he pushes your bids. If some of these things are just small oversight that is okay, but when you have big shortfalls in very important items something is really, really wrong here. It looks like your Minister is not moving these things inside the

Cabinet or it seems there is no understand whatsoever on how these things should be structured in the Cabinet, because the shortfalls in this budget are very big and not small. So we appreciate your explanations and the committee will reflect that on its report.

Mr Chairman the government of course expecting the Ministry to work very close within Churches.

As you know the churches have established constitutions and they have their own programs. What the government is trying to do here is to try and fit in with common roles where government and churches shared.

Here the government made clear that it will assist the churches. In what ways will this assistance made?

Permanent Secretary: Yes, currently the list for this year our assistant to the churches would be in the area of just developing their capacity in areas of management, training and so forth. I think the government at least for this year has assisted the churches in this year of the Bible. That itself too is not reflected in this particular budget because that amount to most half a million dollars and its not seen in the single divisions budget may be involved.

Mr Chairman: And that is supposed to go for what.

Permanent Secretary: This is for printing the Bibles translated in pigin. That is one of those things that will be done this year.

But in getting the churches to become effective partners I think there was a report that Cliff Bird I think did last year. I think the finding is such that there only fewer churches that are properly organized managed and have the resources. Many have not got the level of management that we can truly depend on this time. This is because they do not have planners, they don't have accountant, they don't have managers. So perhaps our first approach is to assist them with the necessary knowledge in those areas and then slowly perhaps help them to develop project proposals that we can perhaps put money to. In doing so could further assist them to get funding from development partners with the assistance of the government.

We can't continue to increase our staff to what we knew before that is by having government officers in every village. I think that's not the way we intend to go.

We should start building the civil society's capacity or civil society to take over the service delivery role. All sectoral ministries should ensure that there is budget for certain sectors in their ministries and that they take on the responsibility in ensuring that some of their resources are pass on to the civil society to take on from there so that they do the delivery work.

At least for our ministry that's the way we want to do it with our National Disaster Management office.

Our representative at the provincial level that's what we would be planning for now as soon as they are there and will start working with the community and in developing their own respond plans and in these programs we try to bring in the community to participate and do their own thing with our support. That's the way we want to do it.

And we hope that churches will help to do the same I mean they've been involve in educations some in health services but not in other areas and I am sure and believe that the churches are the only institutions that how structures that go right down to individuals in the villages and if we can strengthen those structures and build their capacity, I am sure that we can deliver the services within time.

Whereas I said already that many of them do not have the capacity to manage their activities right down to the villages, except for the bigger ones that are well established. Many others we have to assist them build their capacity and also providing them with training.

Mr Sogavare: With the reform in the Electoral system, are you looking into any reform in the electoral system and is that continuing?

Permanent Secretary: Yes.

Mr Sogavare: what are we expecting in there?

Permanent Secretary: Yes, what we have been doing so far is basically around these elections. TAs that we have with us were with us for the 2006 elections and when it comes to bye elections preparation for the bye elections starts immediately after we finished the 2006 elections.

So the Technical Assistances that is currently with us since then really are basically were around the previous elections and the forth coming bye election.

But the major reform that we will be seen will be looking at the single registration, the voter's registration and issues on what other alternative systems we should adopt as our new system of elections. We are now in the final draft of the project proposal and that will be made available as soon as we complete the final report.

Its going to be as I was told a ten years program with an initial three years of election awareness.

There is a team that is already in the country at the moment and is looking at the voter's registration in some of the Melanesian countries, PNG, Vanuatu and Solomon Islands.

So those will be the areas that the project review program will be looking into accomplishing.

Mr Chairman: PS all of us know that government grants disburse under line ministries do not always work. Like in the case of Fisheries, in the case of Agriculture which is now coming under scrutiny and are now subject to audit reports. Now under sports development you have 2.5million dollars. What is this money for and how will you disburse this and what are your check and balance mechanisms?

Permanent Secretary: Thank you Mr Chairman, that 2.5million is basically 2million is for the Solomon game that is supposes to taken place this year. It was meant for June around May actually was now postponed until June/July and is going to happen in Malaita.

The half a million dollars of this 2.5million dollars is to help us cover the debts we incurred in Makira because people actually spend their money. For Makira game all we gave them was around \$348,000 and but the actual cost was substantial and in the

end there were people who helped out in the game losing around million dollars. So we include a half a million dollars to pay for those outstanding debts incurred at the Makira games. For the \$2million is for the Malaita games and that will include their preparation of the infrastructure, they were estimating it as \$6million. We try to put our bit for that amount but they finally gave us 2.5million and that's how it's broken up.

Mr Chairman: Permanent Secretary, on your establishment you have 16 posts to be filled but even if you fill them you will still have a shortfall. What is your plan on how you are going to fill these posts?

Permanent Secretary: Interesting one of course is if we're capable of filling these posts would Public Service give us or would the Finance give us funds to have them. And that's important because one for instance the Senior Administrative post in the civil division. That is for a new area we want to develop and that's the NGOs. This is an officer that will be responsible for NGOs.

We are now working on having an MOU with the NGOs and we need some body to actually manage that. We're working towards having an act of Parliament to management the NGO activities by the middle of next year at least if we can. And so it's an important area and I don't have the funds for it and that's true.

Mr Chairman: First of all you've got to seek funds for the shortfall and additional this will be an uphill battle.

Permanent Secretary: Well I mean it demonstrates that if we were to fulfill government policies in this particular area, that will certainly slow us in what we intend to do. Currently that particular division has two officers, the Director and Administration Officer and we need two additional ones and we need them very seriously and urgently.

Mr Sogavare: Mr Chairman, I don't know in what point we should be got this serious development to the attention of the political government. But maybe is a matter that we might need to maybe at the end of this hearing we may prepare some kind of a preliminary report to the Ministry of Finance because this problem is feature in all the budgets of the Ministries that appeared before the Committee.

This is a matter that is very serious and we should bring it to the attention of the government. This is not how you are expected to deliver. you should tell the political government that I need this resources to deliver, and if they give you what is highlighted here then all you can do is just go back to them and tell them that I sill need this resources.

That is what we tell every body that comes before us that government priority can move in a course of implementing budget.

For example what might not be a priority in your ministry now might end up priority in three months or six months time. If that happens then funds may shift from those areas and I believe we have mechanisms for that to take place.

Permanent Secretary: I think that's all we do. But in terms of salaries you can't,

Mr Sogavare: That's right. You can't allow doing that.

Permanent Secretary: You can't shift funds from salaries in any where else. You can do it with sub heads and items but you can't do that with salaries. You can shift salaries from one to another.

Mr Sogavare: I think Mr Chairman this is significant increase in revenue 2.5million, you got what are your assumptions there, any real new revenue measures or

Permanent Secretary: Sorry

Mr Sogavare: Revenue, because you can collect 2.5million this year and last year.

Permanent Secretary: Yes, we collected half of what we're budgeted for

Mr Sogavare: No you have former controller of Customs in the future maybe.

Permanent Secretary: Yeah we're expecting to get that revenue from certain reviews in some areas of what we are responsible for and that's nothing very much in terms of Casino those are just thing we are looking after at this point in time the citizenships

Mr Sogavare: Game and Lottery

Permanent Secretary: We hope that these people will pay us what they

Mr Chairman: Permanent Secretary, how much does it cost you by your citizenship? Not illegally but after you satisfied the required or what is required under law?

Permanent Secretary: Its \$3500 Solomon Dollar at the moment, for the citizenship

Mr Sogavare: Just about 200US that's how cheap we are.

Mr Chairman: How many citizenship you expect to give this year, now that you have an estimated \$175,000, you expect that increase in people granting citizenship.

Permanent Secretary: Chairman, we just hope that Plenty out there will want to be citizens of this country.

Mr Chairman: Legally, legally

Permanent Secretary: Yes a lot of people want to get these things earlier then they do But this is one particular area that at the moment I think its need to closely look at. I think that's how it's meant I don't know whether we have many to collect that money from but that is what we expect to collect this year.

Because just within the admin they two days ago have a lot of those perhaps we were hoping to get this since we were found and ready to be deported and I am sure that.

I think in last year in the year before we gave about first half of 2006 15. It's about 20 I think, but you know. I am sure after if we make the count from the Independence up to now you get that many I am sure you getting less left.

Because those people that should be qualified to and as soon as we get many of them I am sure you begin to get less then numbers

Mr Chairman: I am raising this issue because I mean no body honestly wants to stay in Solomon Islands for long. They are honestly using Solomon Islands as spring board to be maybe either go to Australia, New Zealand or some other better places.

This is an area that your department can look into seriously. Seriously I mean these people use Solomon Islands conduit as a transit point getting in here whether its not satisfying the required time or qualification but the end of the day they will going us as a plat form to jump onto other places.

And so you know honestly that is an area where you should seriously at and seriously looking at increasing the fees.

Permanent Secretary: Certainly yes, we will register and see how well increase it and I am sure that will also discourage them too.

But yes I think that's an area that perhaps we've not doing anything on for quite sometimes now in terms of raising the fee in these areas. And I am sure that's not that much up there that seeking citizenships at this point in time. But I think a risk of what you said is true more people coming in and we have again.

But it's an issue for us and the other ministry which perhaps responsible for other area sectors are we driven to work together to do something about it.

Mr Sogavare: But most of you silent on how you speak as long they qualify their time and they, but maybe in administering it you take into account what the other concern is rise.

Mr Chairman: Any further comments from Members. Any further comments remarks please.

Mr Forau: Thank you Mr Chairman. Thank you Permanent Secretary for the presentation,I am concern on page 2930741109 its grants to SPG that's on page 421

Mr Chairman: Or head 465

Mr Forau: 471. Mr Chairman there is an allocation of \$437,011 as grant to Honiara Town Council. But the concern raised this morning occur when the Ministry of Provincial Government where you have grants going from central government to other provinces and then in your case is going to Honiara City Council.

And Committee will be interested to know how this money is used and also we would like to know if you are aware of how much the Honiara City Council is making in terms of revenue.

Because of course it will help you in determining the amount of grant you suppose to give them if you have a fair idea of what they are collecting on an annual basis.

We understand that HTC is collecting all the fees, business licensees and vehicle licensees in Honiara. Chairman, the concern here is wherever public money is used the Committee will be interested to know how they are used

But my question will be if your ministry is in a position to inform the Committee of your awareness of how much the City Council is making apart from the grant given to the Council by Central Government through your Ministry of Home Affairs.

Permanent Secretary: We only received from them their annual budget which we have not, honestly we have not received any reports of the under taken for the last 2007 and Since I am sure for the last couple of years.

But yes, we at the moment we haven't seen their actuals of what they spend and what they receive for themselves, at least for the last two years I have not seen anything.

But in terms of revenue collections I think they have been struggle. In that particular area under the current capacity building institutional strengthen program that New Zealand is deploying a Tax Expert to help them to try and develop that particular area. And expecting to receive better revenue after they put in the mechanism to collect their revenue.

So that's generally what we are told they have not given us the previous revenue collection or what they were able to collect last year we have no report on that.

But up until now I think that's one of the biggest problems they have, they have not been very effective in collecting their revenues. If they can raise concern when we hold on to their \$76,000 monthly grant certainly they are not making very good money. But they are hoping to do better than what they are experiencing now with the assistance of the technical assistance received under the New Zealand funded program.

But I hope to talk it over with them so that they give us some ideas of what they have collected last year, and see what their project should be for. They have not given us their sections for this year in terms of revenue that they will collect in terms of their budget for this year.

But again they're anticipating that with the technical assistance they would be doing their best this year.

Mr Sogavare: Well Mr Chairman I think for only City Council that at this point in time, now we would really need to understand their situation, I mean in their effectiveness in collecting revenue or whatever.

We just see the services that we receive every day; it just speaks about a lot of things that are going wrong with the town council. So you can see how things are done in the council it does not in any way helps to assist or enable the council to effectively collect revenue or discharge its functions properly. The other factor that has to be brought to the attention of the government to is that about 50% of their revenue based was removed during the April Riot. So that does affect revenue collection as well.

But lets not down play the capacity building improvement that is going on with the council with the intention of enabling the council to be ready to collect revenue as well, but we need to appreciate the fact that their revenue base has been removed. And really I, to be favor with them I think the grants should really be increased to compensate for the loss that they had incur their income.

We feel this services everyday, rubbish is not collected that's fact. So if you not receiving that kind of services which you should receive from a establish City Council something is going wrong and we some how really need to see where it goes wrong. The capacity building we're been hearing that for years since donkey years and you will receive the assistance as well to improve that revenue collections, but what really wrong with them as we know is the whole basis removed.

I feel that since their whole revenue base is removed the government give them 1 million a month that will make them work and we will see a big differences.

Permanent Secretary: Thank you its really true Mr Chairman I think in terms of what we give them at this point in time its not really fit for them to do anything we need

I mean we give them 6,000 every months out of the \$300,000 and that's basically what we give them which may even not fit to pay all their labors salaries

Mr Sogavare: They really need 1million a month.

Mr Forau: Chairman that's exactly why I asked the question we know we need to know how much they need. Had we know they need more then we should inform the Ministry of Finance.

The other question Chairman I want to ask is about the expenses for constituency boundary committee. Chairman, I am not really questioning the amount but want the ps to inform the committee of what activities will be involving and in what is the Committee actually doing this year.

Permanent Secretary: Thank you, Mr Chairman firstly I must say that the committee has not met for a quite sometimes now.

But we're seriously like to do some work this year to really visit the current boundaries sites. I think at the moment there are already constituencies that are too large or too small and so the Commission is planning to sit and see how we can rectify these things. Although unfortunately we got to match this with little they can do in terms of dividing or maybe creating new ones. But that's what the Commission in tends to do.

And at this point in time there a lot of requests were coming in from constituencies that want to divide the constituencies because they're too large, some would like to seek boundaries to certain locations and so the money is basically to help them to distinguish different so that this things

Because as I said, for long time they don't have that kind of resources to do and the other then just meeting and consider the decision on applications that come. So that is what the fun is use for that Commissions activities and that includes visiting those areas perhaps.

We also mindful of funds at the moment we're only hoping that our limitation of in terms 50 constituencies that we have got so at the moment will be taken care of in the federal constitution, but otherwise basically that is what that funding to assist the Commission to do visits.

Mr Sogavare: The commission should meet and then recommended to the government that they're need to increasing the amount

Mr Forau: Whereas, I have already heard some complains about some constituencies been population are bigger than other constituencies by receiving the same amount of RCDF Members are complain.

Mr Chairman, if there is anything we can do to change even the number of constituencies I think this will really depend on the work of this committee that they will push the thing out and you have the new come up but then you have the committee is responsible reviewing the constitutions.

There shouldn't be anything stopping us from changing 50 constituencies, and also there is an idea to look at the formula for sharing the RCDF.

But then you can't really have a standard formula because other constituencies different, even though the populations are small they are scattered and they have different challenges. May be its good to impress on the ministry that if I think its one of things that should be looked at very quickly.

If we can do anything before the next election or our constitution is written on paper it's not like a ten commandments.

I am very interested Mr Chairman because if we really want to make some changes in the constitution for while we are looking after the committee because use of review. Thank you Chairman.

Permanent Secretary: Thank you Mr Chairman and that's basically why this is the first time we got them the resources to do their work. And last year they were not given this resources and this is the first time they are given this resource and we are basically in what to plan for them to do to start sitting and agreeing to this areas to have it done quickly.

Mr Chairman: We can have the last question from Honorable Kemakeza.

Mr Kemakeza: Thank you Chairman. Yes under the recurrent and development estimates. Can you saw me where actually its highlights any allocation for this Tsunami.

Permanent Secretary: Under the Tsunami rehabilitation we are now in the rehabilitation phase and I think as of last year the government has agreed to contribute \$15million and I think that's already given to through the Members.

But the rehabilitation work now in progress and it's been shifted from us.

Mr Chairman: The other question here is where it reflecting in the budget.

Permanent Secretary: the entire \$15million yes. No, it's not show out there that's true

Mr Chairman: And where it goner be reflected in the Finance or

Permanent Secretary: Yes, firstly perhaps it should appear in Finance because the role has been withdrawn from us.

We continue to look after response and emergencies.

We move into the second and the third phase the recovery and rehabilitation those activities are withdrawn from us.

It's supposed to be with the Ministry of Planning last year I think it was subjected to Finance and Finance is still managing that particular phase now.

And so I was expecting that it should appear in Finance budget and not us.

Mr Chairman: Well Members maybe we have gone over time unless you have some final remarks to make.

Permanent Secretary: Yes, I think I should include few things to correct and that's on the first two pages I think third page.

We realize that there are information there on Women Development, Children Development, Youth Development all those should not be there those are part of the Ministry of Women, Youth and Children's Affairs so its should not be there now.

But our divisions are not reflected there, Sports Development, Civil Affairs and Honiara City Town Council which are our portfolio.

Mr Sogavare: Yes,

Mr Chairman: Thank you PS and officials.