



National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

Report on the 2023 Appropriation Bill 2022

(No. 6 of 2022)



Presented on 4 December 2022

National Parliament Office

Committee Membership

The members of the **Public Accounts Committee** (11th Parliament) are:

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Hon. John D. Kuku, MP

Hon. Lilly Maefai, MP

Hon. Rick N. Houenipwela, MP

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Chair's Foreword

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Mr Speaker,

Pursuant to Standing Orders No. 69 (1) [e], [f], [g], and [h] and Standing Orders No.69 (2) 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 of the Inquiry into the **2023 Appropriation Bill 2022 (No. 6 of 2022)** for laying before Parliament.



Honourable Douglas Ete, MP

Chairperson

Public Accounts Committee

4 December 2022

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Executive Summary

The Public Accounts Committee (PAC) had completed its examination of the 2023 Appropriation Bill 2022 (No. 6 of 2022) from the 21 to 30 November and 120 witnesses appeared before the Committee with 78 written submissions.

The Bill seeks to appropriate an expenditure of \$4,616,305,634 from the Consolidated Fund for the service of the financial year ending 31 December 2023.

The Bill also seeks to regularise the following:

◎ **Government borrowing limits** - not exceeding in total of \$865,000,000 for the purposes of new borrowing from multilateral or bilateral development partners or domestic financial institutions for high priority infrastructure and development initiatives in line with the Government's development and debt policies as authorised by section 71(3) of the *Public Financial Management Act 2013* (PFM Act 2013).

◎ **Treasury Bills** values issued under Government Loans and Securities Act (Cap.119) at the end of 2023 must not exceed the face value on issue at the beginning of 2023 by more than \$200,000,000 for the purposes of necessary borrowing to deal with exceptional circumstance like a major economic shock or a natural disaster as authorised by section 71(4) of the PFM Act 2013.

◎ **Debt service account** – For section 69(2) of the *Public Financial Management Act 2013*, the Minister must set aside 7.8% of the Government's domestically sourced revenue earned in the financial year ending 31 December 2023, to be transferred into the debt service account for the purpose of discharging statutory debt.

◎ **Advance warrants** – For section 60(2) of the *Public Financial Management Act 2013*, the total amount authorised by advance warrants issued by the Minister for the financial year ending 31 December 2023 must not at any one time, after deducting repayments and monies on deposit, exceed \$150,000,000.

◎ **Contingency warrants** – The total sums authorised by contingency warrants issued by the Minister under section 58 of the *Public Financial Management Act 2013* for the financial year ending 31 December 2023 must not exceed \$20,000,000 and may only be used for the recurrent and development heads of expenditure specified in Schedule 1, Parts 1 and 3.

The Committee in its findings makes forty-one (41) recommendations to the Government.

Recommendation 1

**Head 3 Ministry of Agriculture and Livestock
Development**

The Committee observes the Government comment that “Agriculture is one of the key sectors of this economy supporting almost 80 percent of the people in the rural areas and accounts for almost 16 percent of the Gross Domestic Product, yet compared to other sectors accounts only for 1.5 percent of the Government Budget”. The Committee recommends that the Government accord the Ministry sufficient budget tasked towards generating positive economic returns and delivering food security for the benefit of our people.

Recommendation 2

**Head 3 Ministry of Agriculture and Livestock
Development**

The Committee notes the lack of data on local food security thresholds and recommends that the Ministry of Agriculture and Livestock Development continue to develop in country capacity to determine and track food security needs in Solomon Islands.

Recommendation 3

**Head 3 Ministry of Agriculture and Livestock
Development**

The Committee noted that the Ministry of Agriculture and Livestock Development has not responded to the Committee’s earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

Recommendation 4

**Head 5 Ministry of Education and Human
Resources Development**

The Committee recommends that the Ministry of Education and Human Resources Development include more languages in the planned rollout of the multilingual program.

Recommendation 5

Head 6 Ministry of Finance and Treasury

The Committee recommends that the Ministry of Finance and Treasury and the Debt Management Unit should have a fully funded budget planned and approved before tabling of every budget to Parliament. Failure to do this risks the overall budget credibility as lack of

cash will require the Ministry to withhold funds centrally and impede other Ministries budget plans and with flow on impacts throughout the community.

Recommendation 6

**Head 6 Ministry of Finance and
Treasury**

The Committee is concerned the tower project is not commercially viable and will attract significant debt burden to the country at a time when domestic borrowings is increasing and cash reserves are dwindling. The Committee recommends that the KPMG independent report be updated once the Government has settled final scope and terms of the Project to verify commercial viability and risks. The Committee further recommends that the Government not enter into any financing agreement until the question of financial viability has been properly assessed.

Recommendation 7

**Head 6 Ministry of Finance and
Treasury**

The Committee recommends that large infrastructure related contractual payments should not be done as an advance warrant as these projects are not unforeseen as required by the Act for the use of advanced warrants. The Committee is concerned that this is an abuse of process to push through payments without Parliamentary scrutiny and should not be allowed.

Recommendation 8

**Head 6 Ministry of Finance and
Treasury**

The Committee requests an update on the status of the ADB Economic Stimulus Package report.

Recommendation 9

**Head 6 Ministry of Finance and
Treasury**

The Committee notes the Governments significant deficit and lack of fully funded 2023 budget plan. The Committee recommends that the Ministry of Finance and Treasury properly forecast

its 2023 cash flow needs including time lining key financing activities like public bond auctions and deliver this to the Government before 2023 budget year commences.

Recommendation 10

**Head 7 Ministry of Foreign Affairs and
External Trade**

The Committee noted that ongoing costs in the seasonal workers scheme. The Committee recommended the Ministry of Foreign Affairs and External Trade to continue to push for an ever-increasing share of the labour mobility market and to push for reducing fees to the workers, whether through cost of remittance or travel/application related fees.

Recommendation 11

**Head 7 Ministry of Foreign Affairs and
External Trade**

The Committee recommended that the Ministry of Foreign Affairs and External Trade work towards eliminating any fees relating to the labour mobility workers scheme both in Solomon Islands and Australia.

Recommendation 12

**Head 7 Ministry of Foreign Affairs and
External Trade**

The Committee notes the high level of engagement of young people in seasonal workers schemes overseas. The Committee encourages the Ministry of Foreign Affairs and External Trade to look at local options to either absorb returning seasonal workers or create new employment opportunities in the Agriculture sector for our high level of unemployed youths.

Recommendation 13

**Head 9 Ministry of Health and Medical
Services**

The Committee is again recommending that the National Referral Hospital (NRH) Project be prioritised given the dire state of the hospital and the ongoing threat of natural disasters like earthquakes, tsunamis and cyclones. The relocation project should be completed in the next five years and consideration be given to outsourcing the Project in the same way as the Pacific Games facilities to ensure timely and professional delivery.

Recommendation 14**Head 9 Ministry of Health and Medical Services**

The Committee notes the ongoing challenges in the proper administration of drugs and medical supplies in country. The Committee recommends that the Ministry of Health and Medical Services liaise with the Office of the Auditor General to undertake an independent audit of the medical stores and on the whole procurement and management of drugs and dressings in Solomon Islands.

Recommendation 15**Head 9 Ministry of Health and Medical Services**

The Committee is concerned on the lack of awareness of the recent COVID-19 community outbreak. The Ministry of Health and Medical Services should ensure timely public communication is made for all COVID-19 community transmissions. Likewise, online updates should be made for international travellers to Honiara.

Recommendation 16**Head 9 Ministry of Health and Medical Services**

The Committee recommends that the Ministry of Health and Medical Services builds an online COVID and other disease advisory alerts. The Ministry of Health and Medical Services should also consider a self-administered policy for RAT testing on entry of all international traveller. This policy could also assist as a mitigation strategy for events with large volume international visitors like the Pacific Games in 2023.

Recommendation 17**Head 9 Ministry of Health and Medical Services**

The Committee recommends that the staff vacancies are addressed as a matter of priority. It further recommends that recruitment process be updated to include a test of commitment for all new recruits into the health industry. The annual review process also be updated to also include a performance assessment framework to assess commitment to work and patients.

Recommendation 18**Head 10 Ministry of Infrastructure
Development**

The Committee is concerned that local shipping sector has not been adequately supported. The Committee further notes the findings of the recent assessment of boat building projects within Langalanga by the Ministry of Infrastructure Development which concluded “that the government must find all possible means to secure funds in order to revive the declining industry.” The Committee recommends the Ministry act on this report and consider ongoing support measures for local ship owners.

Recommendation 19**Head 10 Ministry of Infrastructure Development**

The Committee is concerned that the drainage issue remains unaddressed and will be a source of embarrassment during the Pacific games event. The Committee recommends that the Ministry of Infrastructure Development secure sufficient budget to address the main road and feeder road drainage issues in Honiara before the Pacific Games in 2023.

Recommendation 20**Head 12 National Parliament**

The Committee notes that the significant increase in Parliamentary Budget 2023 relates to MP entitlements. The operational budget continues to be insufficient and the Committee is concerned that Parliament is preparing further contingency warrants in 2023 for what should be planned expenditure needs. The Committee recommends that the MP entitlements be included under its own Budget Head like Head 15 Pensions and Gratuities. Alternatively, the Budget Unit can consider allocating sufficient budget for Parliament operational needs.

Recommendation 21**Head 13 Ministry of Forestry and Research**

The Committee recommends that the budget allocated to KLTF Reforestation be redirected to reforestation activities included in the Ministry of Forestry and Research’s submission and to include support to other indigenous landowner groups.

Recommendation 22**Head 13 Ministry of Forestry and Research**

The Committee recommends that the Ministry of Forestry and Research undertake awareness raising with communities on good planting methods to enable sustainable harvesting. The Committee further recommends the Ministry collaborate with small timber plantation owners to allow licensing to enable harvesting and export of plantation logs and support for access to market.

Recommendation 23**Head 13 Ministry of Forestry and Research**

The Committee noted that the Ministry of Forestry and Research has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

Recommendation 24**Head 14 Office of the Prime Minister and Cabinet**

The Committee noted that the Mustard Seed International scheme contract is for five years of which three years has been completed. The Committee recommends that independent financial analysis is undertaken on the costs and benefits provided by this medical scheme which should cover inception to current date and compares the cost of the scheme, costs covered by the scheme and costs paid for directly by Government.

Recommendation 25**Head 16 Ministry of Police, National Security and
Correctional Services**

The Committee recommends that the Ministry of Police, National Security and Correctional Services find a mechanism to pay the volunteers who engage in the Crime Prevention Committees as a cost-effective way to have a wider reach into the provinces and outside urban centres.

Recommendation 26**Head 17 Ministry of Provincial Government and
Institutional Strengthening**

The Committee recommends the Government fast-tracks the review of the Provincial Government Act 1997.

Recommendation 27**Head 18 Ministry of Lands, Housing and Survey**

The Committee notes the Ministry's ongoing work on the implementation of a new Cemetery for Honiara and is concerned that it lacks sufficient urgency given the dire situation of the current cemetery site. The Committee recommends that the Ministry of Lands, Housing and Survey allocate sufficient budget and support within its Ministry to address this issue in 2023. The Committee further recommends that the Ministry also consider the cemetery sites in major Provincial townships.

Recommendation 28**Head 18 Ministry of Lands, Housing and Survey**

The Committee noted that the Ministry of Lands, Housing and Survey has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

Recommendation 29**Head 19 Ministry of National Planning and
Development Coordination**

The Committee recommends that the Ministry of National Planning and Development Coordination champion national strategic planning to identify what areas of the economy require investment and at what levels to achieve strategic change in the economy.

Recommendation 30**Head 19 Ministry of National Planning and Development
Coordination**

The Committee recommends that the Ministry of National Planning and Development Coordination are proactive with coordinating international donors to ensure that donors

Recommendation 35**Head 24 Ministry of Public Service**

In addition to the ongoing study, the Ministry of Public Service is undertaking for the Mamara project, the Committee is concerned about how 50 only houses can result in the retraction of the current housing scheme, which affects over 8000 public servants. The Committee recommends a review of this proposed policy change taking into consideration impacts to public servants, the feedback from the recent survey, the budget savings and the risks plus necessary administration costs to government for recovery of rent to own costs for individuals who leave public service.

Recommendation 36**Head 24 Ministry of Public Service**

The Committee recommends that the Ministry for Public Service take steps to improve the attendance of public servants. Such steps should also include a review and where necessary, amendments of laws and regulations.

Recommendation 37**Head 25 Ministry of Justice and
Legal Affairs**

The Committee recommends that the Ministry of Justice and Legal Affairs should work with the Government Lawyers Association, Ministry of Public service and the Ministry of Finance and Treasury to establish a scheme of service for lawyers as a more effective and enduring method to ensure appropriate terms and conditions are paid to lawyers.

Recommendation 38**Head 29 National Judiciary**

The Committee noted that the National Judiciary has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

Recommendation 39 Head 28 Ministry of Mines, Energy and Rural Electrification

The Committee noted that solar farms requires huge amounts of land which in urban centres is difficult. For this reason, the Committee felt that a program where Solomon Power helped pay and install solar power on suitable household rooftops and have installation costs deducted from the power costs could be way to help reduce overall future power costs.

Recommendation 40 Head 28 Ministry of Mines, Energy and Rural Electrification

The Committee recommends that the Ministry of Mines, Energy and Rural electrification, provide in writing, a detailed update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

**Recommendation 41 Head 32 Ministry of Environment, Climate Change, Disaster
Management and Meteorology**

The Committee recommends that the Ministry of Environment, Climate Change, Disaster Management and Meteorology consider an additional communication means other than SIBC for emergency situation as not everyone would have immediate access to SIBC. The Committee further recommends that the Ministry collaborate with Ministry of Infrastructure development and HCC to inspect commercial buildings in Honiara Township to ensure buildings are safe to occupy following the recent earthquake.

Chapter 1: Introduction

This Chapter introduces the Inquiry including information on the Public Accounts Committee (PAC) and the inquiry process.

Overview

- 1.1 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 or Supplementary Appropriation Acts. The Parliament also performs many of its oversight functions through its Standing Select Committees. The Public Accounts Committee ('the Committee') is one of the committees and is given the power to examine the annual Draft Estimates budgets prior to their tabling before Parliament.
- 1.2 The 2023 Appropriation Bill 2022 (No.6 of 2022) was received by the Speaker and certified on 14 November 2022. The Committee considered the bill on 15 November and held public hearings on 21 – 30 November to examine the draft estimates for each government ministries and statutory bodies, together with the bill that seeks to appropriate \$4,616,305,634 for the service of the year ending 31 December 2023.
- 1.3 The Committee considered evidence provided by the Central Bank of Solomon Islands (CBSI), World Bank (WB), Asian Development Bank (ADB), all government ministries, constitutional offices, and sought advice from the Auditor General.
- 1.4 This Report outlines the findings of the Committee's examination of 2023 budget bill, draft estimates, and other related documents, and the evidences gathered by the Committee.
- 1.5 The Committee thanks the Permanent Secretaries (PSs), Under-Secretaries (USs) and senior government officials of various ministries who appeared before the Committee and provided valuable information. The Committee is also very grateful to have CBSI, WB, ADB who have always responded kindly to the invitation to provide written submissions and attending the public hearings. The Committee acknowledges the CBSI and the Ministry of Finance and Treasury for providing insight and projection of the economic performance for 2022 and 2023. The Committee, with great appreciation, acknowledges the immense support from the Auditor General and the services of his staff and other facilities of his Office and for providing independent advices, briefing papers, and recommendations.

Inquiry Process

- 1.6 In accordance with its mandate under Standing Orders 69 of the National Parliament, the Committee resolved on its meeting on 15 November, 2022 to commence the examination of the Bill and the Draft Estimates from 21 to 27 November, 2022. The Committee further resolved in its deliberative meetings on 27, 28 and 29 November to extend the hearings up to 30 November 2022 to complete hearings for all witnesses. The full terms of reference are included on the Appendices of this report.
- 1.7 The inquiry process includes inviting government ministries to make written submissions on the Draft Estimates. Invitations to the public hearings were sent to the CBSI, WB, ADB, government ministries and statutory bodies to appear before the Committee at the National Parliament conference room or submit their written submissions.
- 1.8 The Committee examined 24 government ministries, Debt Servicing Unit, 6 statutory bodies and 80 written submissions.
- 1.9 A list of written submissions is located at the Appendices of this report.
- 1.10 Transcripts of the hearings are available at Hansard.
- 1.11 Minutes of the public hearings can be found in the Appendices of this report.

Chapter 2 - Budget Overview

Review of 2022 Economic Performance and Forecast for 2023

This chapter summarises the projected economic outlook as per the presentations by both the Ministry of Finance and Treasury and the Central Bank of Solomon Islands.

Central Bank of Solomon Islands

- 2.1 The global economy continues to experience sharper-than- expected slowdown, driven by lingering effects of three powerful forces including spill-over effects from the war, a cost-of- living crisis induced by persistent and broadening inflation pressures and weaker growth momentum in China. Global growth is expected to remain unchanged at 3.2% in 2022, nonetheless, it is projected to decline further to 2.7% in 2023 as these headwinds dampen growth prospects. Growth in the United States, European Union and China will continue to stall amid faltering recovery in these economies and abounding risks from global negative shocks.
- 2.2 On the domestic front, recent indicators of economic activity showed mixed outcomes at the end of the third quarter. The production index rebounded by 27% largely driven by strong log and fish outturns. It is important to highlight here that the improvement in log is due to timing issues, mainly more shipments compared to less previously. In contrast, palm oil, copra and cocoa productions declined over the quarter. Year to October performance of the production index showed a 75% fall over the same period in 2021. CBSI manufacturing index fell by 3%, reflecting weak canned tuna and biscuit productions against strong loin production during the quarter. Growth outturns in other sectors including retail and wholesale, investment and employment all declined during the period. Year to October performance for the manufacturing index fell by 4% compared to the corresponding period in 2021.
- 2.3 Turning to consumer prices, headline inflation rose to 8.5% in August (latest available) from 4.3% in June, reflecting mainly the surge in imported inflation, in particular rising global fuel and food prices. Imported inflation grew to 12.7% from 11.1% in July. Domestic inflation surged to 6.8% from 1.5% on the back of rising narcotic prices whilst core inflation increased to 5.6% from 4.8% on account of broader price pressures in the CPI basket in August.
- 2.4 On the fiscal front, the fiscal balance recorded a deficit of 1% of GDP (\$164 million) in the third quarter, due mainly to increased expenditure to support economic recovery. Total

expenditure rose by 26% to \$1,169 million whilst revenue only grew by 9% to \$1,005 million. The outturn in expenditure reflected controlled government expenditure amid increases across all major tax categories during the quarter.

- 2.5 Total Government debt stock slightly fell 0.1% to \$1,822 million equivalent to 14% of GDP. The fall mainly reflected a 1.5% decline in external debt to \$1,057 million. Debt servicing and depreciation of debt-denominated currencies against the SBD, namely the Euro, Japanese Yen and SDR, underpinned the slight fall. Domestic debt surged 2.1% to \$765 million in line with government's decision to progressively raise the Treasury Bills cap to \$200 million over the medium term. Treasury Bill as of the end of September quarter stood at \$115 million. Total debt servicing stood at \$65 million in the third quarter of 2022, reflecting \$54 million serviced on principal repayments and \$10 million on interest charges. On debt sustainability indicators for the quarter, debt-to-GDP ratio was at 14%, debt service-to-domestic revenue at 8%, and debt service- to-exports of goods and services at 7%. These indicators indicated that the debt level is within government debt management limits.
- 2.6 With respect to the external sector, the overall balance of payments position recorded a wider deficit of \$184 million in the third quarter from \$81 million a quarter ago due to weaker outcomes in the current account. Year to September 2022 recorded a deficit of \$205 million compared to \$270 million surplus. The current account posted a deficit of \$559 million (4% of GDP), on account of weakening trade in goods emanating from higher growth in imports compared to exports. Imports rose by 17% to \$1,212 million whilst exports only grew by 8% to \$757 million.
- 2.7 Gross foreign reserves remained well above the threshold of six months to record at 13.2 months of import cover. In monetary terms, foreign reserves stood at \$5,237 million at end September 2022.
- 2.8 Monetary conditions slowly improved in line with tepid economic activity in the economy. Money supply rose 3% to \$5,351 million. Private sector credit increased 2% to \$2,665 million supported by the pick-up in lending activities mainly to the personal, distribution, construction, transport and forestry sectors. On the other hand, credit to tourism and manufacturing sectors declined. In terms of commercial banks' interest rates, lending rates increased to 10.14% from 10.06% whilst deposit rates rose from 0.44% to 0.48%.

Monetary Policy

- 2.9 The Central Bank currently maintains an accommodative monetary policy stance geared more towards taming inflation in light of high projected inflation and elevated uncertainties. This is to ensure the risks of high inflation are managed while at the same time economic recovery is supported. In terms of financial stability, the domestic financial system, which is dominated by banks is stable.

Economic outlook and risks

- 2.10 Looking ahead, CBSI expects the economy to remain weak at minus -4.3% in 2022 and projects a recovery of 2% in 2023 on the back of construction led growth with spill-over benefits expected across the accommodation, transport, retail and wholesale and other services sectors. Considerable uncertainties to this outlook remain, including lingering effects of COVID-19, spill-over effects from the war and prolonged inflation.
- 2.11 Turning to the inflation outlook, CBSI expects inflation to reach 6.9% at the end of 2022, higher than the 3.2% previously forecasted at the beginning of this year. Faster than expected surge in inflationary pressures from the effects of the war drove this change. Moreover, persistent and broadening global inflationary pressures could undermine this outlook rapidly than expected.
- 2.12 In terms of the fiscal outlook, government spending is expected to hover above \$4 billion in 2023 amid a domestic revenue capacity that is limited to just over \$3 billion in the short-term and resulting in a funding gap of around \$1 billion. Filling this gap means additional borrowing and more donor support needed as reflected in the increase in Treasury bill cap to \$200 million and borrowing of around \$865 million in this bill.

Ministry of Finance and Treasury

2022 Budget Performance

- 2.13 The 2022 financial year remains a critical and challenging year for the Solomon Islands Government since the outbreak of the COVID-19 pandemic in early 2020, the civil unrest in November 2021 and the Community transmission of COVID-19 in Honiara and the provinces early this year. The focus of the budget was to achieve three policy outcomes, (i) Living with and overcoming COVID-19 outbreak through managing community transmissions, (ii) Responding to the economic impact of the destruction that occurred in November 2021 and (iii) accelerating economic recovery.

- 2.14 The government continues to prioritise frontline ministries to implement the Covid-19 related programs with the great support from development partners, whilst maintaining ongoing essential service delivery and support to economic recovery initiatives.
- 2.15 Real GDP growth for 2022 has been revised down to negative 4.5 percent from 0.2 percent in 2021. The downward revision was largely due to the negative impact of the November riots in 2021, and the community transmission of COVID-19 early this year.
- 2.16 With the passing of the 2022 Budget just in April this year, 2022 financial year is another short year for implementation. The mid-year budget execution review showed a budget surplus of \$218.9 million, largely attributed from donor support received towards response to COVID-19 and development budget.
- 2.17 The total expenditure was underspent by 32 per cent against the pro-rata budget, reflecting the slow revenue collection month on month, and also restrictions in place to control or prioritised spending mainly for contractual obligations, fixed costs, utilities, rentals, scholarship, economy recovery and COVID-19 related expenditures towards the second quarter.
- 2.18 The government continued through the first half of the financial year through expenditure-controlled measures, and with the overwhelming support from our Development Partners.
- In the midst of uncertainty, SIG fiscal outcome continued to show a balanced performance in the collection of revenue.*
- 2.19 The mid-year review on budget execution for the first six months of 2022 financial year revealed an overall slight increase of \$12 million from the original revenue estimates of \$3,052.9 million, specifically under IRD collections.
- 2.20 Customs and Excise Division shows a revised downwards in revenue estimates of \$836.6 million against the original budget of \$857.7 million. This is around \$21.1 million below the Original Budget estimates, due to a huge drop of around 16% on export duty, particularly on log receipts in the first half of the year.
- 2.21 IRD actual collections is being revised upwards by 2% or \$33 million against the 2022 original projection of \$1,694.7 million, with the anticipation that re-opening of international borders will increase business confidence and activities.
- 2.22 Other ministries non tax revenue total receipts is maintained at \$500.5 million in the 2022 revised estimates.

Overview of the 2023 Budget Strategy Framework

- 2.23 Solomon Islands economic growth is projected to grow by 2.8 percent in 2023 from -0.45 percent in 2022.
- 2.24 This reflects the increase in key sectors such as agriculture and fishing, mining, wholesale and trade, construction, manufacturers, financial intermediation, public Administration and other business services as a result of border reopening and easing COVID-19 restrictions on mobility and domestic transportation this year.
- 2.25 The Agriculture sector is expected to rise by 3.3 percent, while the fishing sector is projected to slightly increase by around 0.1 per cent, this is mainly driven by the informal sector as domestic economic activities are expected to be stronger in 2023 in line with the 2023 pacific games.
- 2.26 Forestry and logging activities, however, are projected to further decline by 4.5 per cent in 2023, largely from the expected downturn of log exports to around 1.7 million cubic meter in 2022. This is associated with a decline in the number of licenses and general depletion of our Forests resources.
- 2.27 While logging activities are expected to decline in 2023, the expected easing of COVID-19 restrictions will increase construction, and mining, leading to an economic recovery of 2.8% of growth.
- 2.28 Services and industry sectors are expected to contribute by 2.4 per cent and 0.9 per cent, respectively, in 2023. As a result of projected decline of logging, primary sector is projected to contribute by around 0.4 per cent in 2023. This is supported by the expected increase of business activities, agriculture and fishing outputs in the near term.
- 2.29 The inflation rate is expected to increase between 4-5 percent in 2023. This rate has been driven by high global fuel prices due to the Russian invasion of Ukraine are compounding inflationary pressures in the economic through elevated transportation costs and rising prices of imports.
- 2.30 With the reopening of border in July this year and eased restriction and measures on the transportation, Solomon Islands current account deficit is forecast to increase to 13 per cent of GDP in 2022 and 17 percent of GDP in 2023.
- 2.31 The Trade balance as a percent of GDP is also projected to drop by 12.7 per cent due to COVID-19 as demand for commodity exports decline, including logging exports, and tourism and 16.6 per cent of GDP in 2023.

- 2.32 In 2023, total exports are anticipated to improve by 6.8 per cent in line with the projected recovery in the international and domestic activities, especially positive contributions from agricultural exports, minerals and fish exports.
- 2.33 Total imports are estimated to grow by 15 per cent, led by growth in the machinery and Transportations equipment.
- 2.34 Nevertheless, Domestic risks to the economic outlook reflect low fiscal and external buffers and subdued investment, due to impact of the pandemic and the recent social unrest. The impact of COVID-19, compounding with the recent riot and the Ukraine and Russia war, has heightened the risk on the sources of revenue that may be more rapid and disruptive on the economy than anticipated.
- 2.35 Over the medium-term, the declining of commercial logging will pose a significant risk to the macroeconomic outlook in the economy, especially as it accounts for a large share of exports and government revenues.
- 2.36 Therefore, it is required that new sources of revenue be identified, such as strengthening the taxation regime for the mining sector, to support core government expenditures. Successful completion and implementation of the tax review will enable more informed discussions on the redesign of a taxation system more attuned to enabling business and employment, promoting economic growth and foreign investment in the medium term.
- 2.37 The key focus of increasing investments in growth sectors is to provide jobs and create wealth for the economy and the people. Sustaining the livelihood of the people in such uncertain times creates a buffer and provides security, especially to the majority of those in the informal sectors.

Spending Priorities

- 2.38 The 2023 Budget has prioritize two major National events; the hosting of the South Pacific Games and preparation for the National General Elections. These two events consume a significant portion of the Budget for 2023, and hence requires our collective support to ensuring that these priorities are allocated with sufficient funding for successful implementation.
- 2.39 The Government is allocating an overall \$462.8 million as support towards the preparation for Pacific Games 2023. This includes \$374 million direct allocation to NHA, while the rest booked within the Government Ministries recurrent and development budget.

- 2.40 On the preparation for National General Elections in early 2024, the government is allocating \$182.8 million to support all preparatory activities in 2023 prior to the election year.
- 2.41 The Government continues to prioritize productive and resource sectors as they are potential drivers and enablers of growth. In the 2023 budget, both productive and resources sectors have been allocated \$570.5 million or 49 percent of the total development budget.
- 2.42 A total amount of \$241.1 million has been allocated to productive sector ministries, including \$112.2 million to MID, \$33.6 million to Commerce, \$30.3 million to Ministry of Communication and Aviation, \$30 million to MAL, \$15 million to Fisheries and Marine Resources and \$10 million each to Ministry of Lands, Housing and Survey and Ministry of Culture and Tourism.
- 2.43 Under the resource sector, \$329.4 million has been allocated to the following ministries, \$261million to Ministry of Rural Development, and \$48 million to Ministry of Mines, Energy and Rural Electrification, \$10.6 million to Ministry of Forestry and Research, and \$9.8 million to Ministry of Environment, Climate Change, Disaster Management and Meteorology.
- 2.44 For Social sector, \$177.5 million or 15 percent is allocated to the development budget, including \$66.9million to Ministry of Education and Human Resource Development, \$44.5 million to Ministry of Health and Medical Services, \$30 million to Ministry of Ministry of Provincial Government, \$21.6 million to Ministry of Police, National Security and Correctional Services, \$12 million to Ministry of Home Affairs, and \$2.5 million to Traditional Governance, peace and ecclesiastical Affairs.
- 2.45 \$418.1 million or 36 percent of the total development budget has been allocated to fundamental sector, which includes \$374 million for 2023 Pacific Games under Office of the Prime Minister and Cabinet, \$34million to Ministry of Finance and Treasury, \$5 million to National Judiciary, \$3 million to Ministry of Justice and Legal Affairs and \$2.1 million towards National Parliament.
- 2.46 Based on the two overarching pillars earlier highlighted, the following projects are prioritised as key transformative commitments that the government will prioritise in 2023 for economic sustainability and growth;
- a. Support and grant to CEMA
 - b. MAL extension and Research Infrastructure (Tenaru)

- c. Import and export biosecurity systems
- d. Pacific Games 2023
- e. Support to new Telecommunication Towers
- f. Exporters support program, include timber, copra and cocoa subsidy
- g. Value adding and downstream projects
- h. International and provincial airports
- i. Support to increase production of sea weeds
- j. Fish export infrastructures
- k. Progress the Bina Harbor tuna processing plant
- l. Support the Mining projects at Gold Ridge and other potential locations
- m. Constituency development projects

2023 Budget Parameters and Estimates

- 2.47 The government has a planned deficit of **\$1,184.1 million**, total revenue estimates is **\$3,380.0 million**, which is lower than the total expenditure of **\$4,884.3 million**.
- 2.48 Of the total revenue estimates of **\$3,380.0 million**, total SIG revenue estimates stands at **\$3,202.6 million**, and **\$177.4 million** as Donor Budget Support.
- 2.49 The total tax revenue from Inland Revenue Division (IRD) and Customs and Excise Division are projected at approximately \$2,776.6 million in 2023, an increase of 4 percent from the 2022 revised estimates of approximately \$2,657.7 million.
- 2.50 For IRD, the revenue estimate of **\$1,783.7 million** is 3 percent above the 2022 revised revenue estimates of **\$1,727.8 million**.
- 2.51 Under customs, the revenue estimates of **\$992.9 million** is **19 percent** above the 2022 revised revenue estimates of **\$836.6 million** and an increase of around 16 percent above the original revenue estimates of **\$857.7 million** in 2022.
- 2.52 On the expenditure side, the government is planning to spend a total expenditure of **\$4,884.3 million** in 2023. The total recurrent budget is **\$3,461.0 million**, including payroll budget of **\$1,474.4 million**, **\$1,966.6 million** Other Charges budget and **\$1,170.9 million** is allocated for the development budget.

- 2.53 For other ministries, Non-Tax Revenue estimate is **\$426 million**. This is a slight increase of 1 percent above the 2022 original and revised revenue estimates of **\$420.5 million**, excluding **\$80 million** cash reserves that totalled the NTR estimates in 2022 original and revised estimates to **\$500.5 million**.

Debt Outlook

- 2.54 The current level of debt stock stood at around \$1,819 million, bringing the debt to GDP ratio to 14.54% for the month of September, according to the September 2022 debt report.
- 2.55 The Government increased the Treasury bill cap to \$200 million this year to encourage the domestic capital market participation and to raise funds for cash management needs of the government in the short run.
- 2.56 The Government is also committed to continue to issue domestic development bonds (allocated \$300 million) to raise funds to implement very important projects in the development budget, especially in the infrastructure development and the productive sector.
- 2.57 The Government borrowings including Domestic Bonds and ongoing external borrowing from 2021 and new borrowings include the following,
- a. ADB Land & Marine connectivity project – USD43.88 million tranche 1 approved and signed on the 22nd of July 2021.
 - b. Solomon Islands Agriculture and Rural Transformation Project, (SIART). A combination of USD 6million credit and USD 9million grant.
 - c. Solomon Islands Roads and Aviation Projects (SIRAP II) under the World Bank program. This will be funded through a combination of grant funding valued at US \$21.52 million (SBD 172.44 million) and a loan amount of US \$67.69 million (SBD 542.39). Mobilization in preparation for implementation has already happen.
 - d. Pacific Regional Ocean-scape Program (PROPER) under the World Bank program. The project has two main components. This comprises of a Grant amount of US\$ 8.5 million (SBD 68.1million) and a loan amount of US\$5.0 million (SBD 40.1 million). Both the grant and loan come from World Bank through IDA country and regional allocation.
 - e. First Solomon Islands Transition to Sustainable Growth Development Policy Funding for Seghe Airport Upgrade and Taro domestic airstrip under the World Bank Program.

- f. Supporting Fiscal and Economic Recovery Program (ADB Budget Support). The total funding is US\$10million of which 50% is grant and 50% Loan.
 - g. Domestic Development Bond Issuance 2022. The government is progressing bond issuance on public auction mode. The government set aside \$300 million in the annual borrowing limit for the bond issuance.
 - h. COVID-19 World Bank Emergency Response Project Loan– SBD \$5 million.
 - i. SIG COVID-19 Bonds – SBD 290 million. The usage of the bond proceeds will go towards funding very important government infrastructure projects in the development budget and avoid using the fund to be spent on general government recurrent budget items that will breach relevant section of the PFMA.
 - j. COVID-19 ADB Rapid Response Program – SBD20million
- 2.58 With the current level of Debt to GDP it is still considered sustainable and affordable. Undisbursed loans were not counted as debt until they were actually drawdown.

Strategy to Finance the 2023 Budget

- 2.59 The government is planning a budget deficit of \$1,504.3 million in 2023, of which \$320.2 million development financing has been secured from our Development Partners and external borrowing to finance this development budget shortfall.
- 2.60 The development financing consists of funds that are expected to be received in 2023, which includes \$12 million from the Government of Australia (DFAT), \$15 million from the Government of New Zealand (MFAT), \$83 million World Bank, \$150 million from the Government of Japan (JICA), \$20.2 million European Union and \$40 million from ADB.
- 2.61 The remaining deficit balance of \$1,184.1 million will be funded from a number of new financing measures and other domestic borrowings as well as on going bilateral and multilaterals negotiations to balance the remaining development funding shortfall.

Statement of Budget risks

- 2.62 The government is also aware that there are significant potential risks ahead that could affect implementation of government's fiscal plan in 2023;
- 2.63 COVID-19 pandemic is not fully over yet and may continue to pose significant risks to our economic outlook for 2023 and beyond, more so as the country experienced community transmission early this year.

- 2.64 Logging and other commodity price risks - The end of commercial logging will pose a significant risk to the macroeconomic outlook in the economy, especially as it accounts for a large share of exports and government revenues. Also, the uncertainty of commodity prices due to the pandemic could also pose a risk for the economy, affecting commodity exporters such as copra and cocoa through loss in export and revenue.
- 2.65 Natural disaster occurrence – Solomon Islands is among the most exposed and vulnerable countries related to climate and other natural disasters. And since weather patterns is becoming unpredictable, any adverse natural weather events would likely to have significant impacts on our domestic economy and more so on government finances.

Chapter 3 - Committee Deliberations

The Committee deliberations covers the 2023 Appropriation Bill 2022 (No.6 of 2022) and other relevant accompanying documents.

Overview of 2023 Budget

The 2023 Appropriation Bill 2022 (No.6 of 2022) is required to appropriate monies for the services of the Government in 2023.

The amounts to be appropriated are as follows:

EXPENDITURES	AMOUNT (\$)
RECURRENT EXPENDITURE	3,267,963,466
BUDGET SUPPORT EXPENDITURE	177,425,398
DEVELOPMENT EXPENDITURE	1,170,916,770
TOTAL APPROPRIATED EXPENDITURES	4,616,305,634

TOTAL APPROPRIATION FUNDING \$4,616,305,634

NOTE: In addition to the amount authorised by this Act, a further \$173,075,946 is forecast to be expended through statutory charges on the Consolidated Fund, including \$141,584,206 to be expended on National Debt Repayments. These Statutory Appropriations are explained in the Financial Policy Objective and Strategies Statement (Budget Paper 1) and the Recurrent Estimates Document (Budget Paper 2) and are appropriated by existing legislation or the Constitution.

GOVERNMENT BORROWING LIMITS

Column 1 Total borrowing limits	Column 2 Permitted purposes	Column 3 Sources
Face value of Treasury Bills on issues at the end of 2023 must not exceed the face value of Treasury Bills on issues at the beginning of 2023 by more than \$200,000,000	Purposes specified in section 71(4) of the <i>Public Financial Management Act 2013</i> (exceptional circumstances such as a major economic shock or natural disaster)	Treasury Bills issued under <i>Government Loans and Securities Act</i> (Cap. 119)
\$865,000,000	Purpose specified in section 71(3) <i>Public Financial Management Act 2013</i> (specifically \$865,000,000 for higher priority infrastructure and development initiatives)	Multilateral or bilateral development partners, domestic financial institutions

SCHEDULE 1

(Section 3)

PART 1 – RECURRENT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
01	Solomon Islands Electoral Commission	204,152,664
02	Office of the Ombudsman	4,848,684
03	Ministry of Agriculture and Livestock Development	33,294,294
04	Office of the Auditor-General	9,412,573
05	Ministry of Education and Human Resources Development	1,087,582,079
06	Ministry of Finance and Treasury	160,703,333
07	Ministry of Foreign Affairs and External Trade	58,300,420
08	Office of the Governor-General	8,185,679
09	Ministry of Health and Medical Services	472,684,917
10	Ministry of Infrastructure Development	54,718,573
12	National Parliament of Solomon Islands	104,617,496

13	Ministry of Forestry and Research	24,027,501
14	Office of the Prime Minister and Cabinet	97,365,614
16	Ministry of Police, National Security and Correctional Services	327,205,679
17	Ministry of Provincial Government and Institutional Strengthening	146,530,991
18	Ministry of Lands, Housing and Survey	19,597,072
19	Ministry of National Planning and Development Coordination	6,834,932
20	Ministry of Culture and Tourism	25,894,692
21	Ministry of Commerce, Industries, Labour and Immigration	42,206,551
22	Ministry of Communication and Aviation	45,152,719
23	Ministry of Fisheries and Marine Resources	25,091,400
24	Ministry of Public Service	29,327,178
25	Ministry of Justice and Legal Affairs	45,157,276
26	Ministry of Home Affairs	17,025,612
27	Ministry of Traditional Governance, Peace and Ecclesiastical Affairs	28,719,600
28	Ministry of Mines, Energy and Rural Electrification	15,590,314
29	National Judiciary	2 4 , 650,159
30	Ministry of Women, Youth, Children and Family Affairs	10 , 973,937
31	Ministry of Rural Development	102,472,973
32	Ministry of Environment, Climate Change, Disaster Management and Meteorology	35,638,554
TOTAL RECURRENT ESTIMATES		3,267,963,466

PART 2 – BUDGET SUPPORT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
03	Ministry of Agriculture and Livestock Development	3,258,500
05	Ministry of Education and Human Resources Development	96,370 , 825
07	Ministry of Foreign Affairs and External Trade	2,870,418
09	Ministry of Health and Medical Services	64 , 568,206
23	Ministry of Fisheries and Marine Resources	8,160,064
26	Ministry of Home Affairs	1,047,385
30	Ministry of Women, Youth, Children and Family Affairs	1,150,000
TOTAL BUDGET SUPPORT ESTIMATES		177,425,398

PART 3 - DEVELOPMENT EXPENDITURE

Head	Ministry	Expenditure Authorised (\$)
03	Ministry of Agriculture and Livestock Development	30,000,000
05	Ministry of Education and Human Resources Development	66,900,000
06	Ministry of Finance and Treasury	34,000,000
09	Ministry of Health and Medical Services	44,500,000
10	Ministry of Infrastructure Development	112,200,000
12	National Parliament of Solomon Islands	2,150,000
13	Ministry of Forestry and Research	10,636,000
14	Office of the Prime Minister and Cabinet	374,000,000
16	Ministry of Police, National Security and Correctional Services	21,630,000
17	Ministry of Provincial Government and Institutional Strengthening	30,000,000
18	Ministry of Lands, Housing and Survey	10,000,000
19	Ministry of National Planning and Development Coordination	1,500,000
20	Ministry of Culture and Tourism	10,000,000
21	Ministry of Commerce, Industries, Labour and Immigration	33,663,770
22	Ministry of Communication and Aviation	30,357,000
23	Ministry of Fisheries and Marine Resources	15,000,000
25	Ministry of Justice and Legal Affairs	3,000,000
26	Ministry of Home Affairs	12,000,000
27	Ministry of Traditional Governance, Peace and Ecclesiastical Affairs	2,500,000
28	Ministry of Mines, Energy and Rural Electrification	48,060,000
29	National Judiciary	5,000,000
30	Ministry of Women, Youth and Family Affairs	3,000,000
31	Ministry of Rural Development	261,000,000
32	Ministry of Environment, Climate Change, Disaster Management and Meteorology	9,820,000
TOTAL DEVELOPMENT ESTIMATES		1,170,916,770

Chapter 4 - Issues of Concern

01 Solomon Islands Electoral Office

Mission Statement

To provide Solomon Islands citizens with high quality, accessible, professional electoral services through the conduct of impartial and independent elections.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 3,926,025	\$ 20,839,900	\$ 20,839,900	\$ 204,508,860

Issues of Concern

Matters raised by the Committee includes the following:

2024 election preparation

- 4.1 The Committee enquired what it would take to implement out of constituency voting and if this cannot be implemented how is the Commission considering expanding pre-polling. The Committee noted the integrity risks that present when people cannot afford to return to their province to vote which leads to candidates moving people around to enable voting. They observe that this comes back to the definition of ordinarily resident and asked how this was progressing.
- 4.2 The Commission responded that the definition of ordinarily resident is now included under section 4 of the Electoral Act, 2018. It clarifies the criteria that are to be met to be able to register. The Commission noted that they were receiving support from the Australian Electoral Commission to put this into place.
- 4.3 In relation to out of constituency voting, the Commission noted that this has to be done well in advance of polling day. This therefore would extend the period of the election. At present there is only limited pre-polling offered for example with Polling or Police Officers. If the Commission were to open up to activities like pre-polling, this would require adjustment to the timing and processes.
- 4.4 The Committee asked whether the Commission was considering new technology to improve the time it takes to count the vote. The Commission noted that usually they take the ballot boxes to a central location where it is counted and from there the time can

be influenced by a range of factors. The Commission is trying to improve the process by having an upgraded result management system.

Update on Committee recommendations

- 4.5 The Commission provided a written response to the recommendations previously raised by the Committee.

02 Office of the Ombudsman

Vision Statement

To promote fair, transparent, and accountable public administration that benefits the people of the Solomon Islands.

Mission Statement

The Office of the Ombudsman's mission is to protect the interest of the Solomon Islands community by: assisting people to resolve complaints about government bodies; independently investigating and reporting on the actions and practices of government bodies; and fostering accountable, lawful, transparent and responsive administration in public offices.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 3,822,037	\$ 5,108,728	\$ 5,108,728	\$ 5,262,408

Issues of Concern

Matters raised by the Committee includes the following:

- 4.6 The Ombudsman provided written submission to the PAC.

03 Ministry of Agriculture and Livestock Development

Mission Statement

To promote, improve and lead agriculture development in the Solomon Islands to a profitable and environmentally sustainable future, being the premier provider of information, research, extension, education, regulatory, and other services to improve the agriculture sector.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 6,128,154	\$ 14,018,209	\$ 14,018,209	\$ 13,968,515
Total Expenditure	\$ 31,539,830	\$ 34,359,488	\$ 34,359,488	\$ 33,294,294
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 24,258,500	\$ 29,358,404	\$ 3,258,500
Total Expenditure	\$ 905,238	\$ 24,258,500	\$ 29,358,404	\$ 3,258,500
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 15,962,289	\$ 25,000,000	\$ 25,000,000	\$ 30,000,000

Issues of Concern

Matters raised by the Committee include the following:

Agriculture sector remains grossly underfunded.

- 4.7 The Committee notes the Ministry's programs for 2023, namely:
 - 4.7.1 National Biosecurity strengthening program;
 - 4.7.2 Support to farmers to supply food for PG 2023. Piggery, poultry, fruit growing and cassava. Also support to established farmers association to supply food to PG;
 - 4.7.3 Cattle Industry Program in Isabel province;
 - 4.7.4 Agriculture development program: MAL extension developments, CEMA, coconut replanting, MAL research in Tenaru plus construction needs for the centre; and
 - 4.7.5 Export program: \$2.6 million to farm project for vanilla production
- 4.8 The Committee further notes that the economy is weak with negative growth anticipated in 2022. The Government has identified the Ministry of Agriculture and Livestock

Development (MALD) as a critical sector for Solomon Islands and yet total budget expenditure allocation including for development has decreased by 25% from 2021.

- 4.9 Agriculture has also an upcoming World Bank project for \$15 million USD which is not included in current 2023 budget. The Committee requested further background on how it can increase its budget allocation and how the Word Bank project will assist it in 2023.
- 4.10 The Ministry shared that the World Bank Project is only for three Provinces for now but hopes it will expand in the future. The program is aimed to help farmers in rural areas by providing technical support and grant support both for food security and for economic activities. It will create linkages to markets and increase support to farmers. The project will also support the Tenaru research and markets plus storage facilities for food crops, livestock and economic crops. Overall the project aimed to support the primary production in the country towards in-time supply to market needs. It also has a disaster component to help farmers if needed.
- 4.11 The Ministry noted that they have lobbied for increased budget but have previously been left behind due to the poor economy. They will aim to improve advocacy for government and partners to improve the current position. The Committee remained concerned that the current budget did not reflect Government policy statements and strongly urged the Ministry to push for support.

Recommendation 1

The Committee observes the Government comment that “Agriculture is one of the key sectors of this economy supporting almost 80 percent of the people in the rural areas and accounts for almost 16 percent of the Gross Domestic Product, yet compared to other sectors accounts only for 1.5 percent of the Government Budget¹”. The Committee recommends that the Government accords the Ministry sufficient budget tasked towards generating positive economic returns and delivering food security for the benefit of our people.

Ministry strategic planning

- 4.12 The Committee notes that the Ministry recently launched an ambitious plan. The Committee was however concerned that the budget allocation in the plan was not achievable and that the Ministry would have to either adjust the plan or increase resources. The Committee was concerned that there were a few other areas where budget support seemed to be lacking - ambitious policies, especially in the export program

¹ 2023 Financial Policy Objectives and Strategies Vol 1 p23-24

which could be a revenue earner for the Government and in infrastructure, access roads and so on.

- 4.13 The Ministry acknowledged the ambitious plan for the ten years timeframe and would adjust this to a five-year timeframe in the future but at least for now there is a framework to work with. The Ministry noted that funding is an ongoing challenge and infrastructure investment is in commercial crops to help farmers succeed in this critical area. This includes access to market and the right varieties of crops.

Coconut nurseries

- 4.14 The Committee noted the Ministry's plans for coconut replanting and nurseries. The Committee was interested in what varieties are being considered and whether the Ministry can encourage a shift away from copra towards other higher yielding uses of coconut like coconut water, use of husk and oil. Given nurseries take time the Committee were wanted to understand whether Solomon Islands needed to undertake investment now and begin phasing out copra.
- 4.15 The Ministry confirmed that the country already has suitable domestic species of coconut similar to the Rennell Bellona variant which has short trunk and big fruit. The Ministry can look to other varieties depending on the need and whether to promote coconut water stock or coconut oil. The Ministry will continue to look to changes in the industry and consider new hybrids when necessary.

Food security

- 4.16 The Committee is interested in up to date data on food security in Solomon Islands especially focused on rural crops on which the community depend on locally and to determine a threshold for food security which we can measure against to know we are secure.
- 4.17 The Ministry affirms the need to gather actual data. Looking at the recent COVID period and responses made the Ministry knows there are challenges in food security we are not food secure. Training is currently underway to try to improve how the Ministry collects data.

Recommendation 2

The Committee notes the lack of data on local food security thresholds and recommends that the Ministry continue to develop in country capacity to determine and track food security needs in Solomon Islands.

Climate change

- 4.18 The Committee noted that globally sea water levels are rising and threatening farmlands. The Committee asked what advice and steps the Ministry has taken to counter this. The

Ministry confirmed that with climate change impacts already affecting Solomon Islands, they are looking at more resilient crops which can mitigate this issue.

Cattle development

- 4.19 The Committee noted that the plans for cattle development in 2023 look like a top down approach which does not take into consideration existing farmers who already have cattle. The Committee queried if the Ministry can support existing famers.
- 4.20 The Ministry noted that cattle development has been an issue for some time and had very little investment. The Ministry strategy now is to have a breeding farm and will distribute good breeding lines to other provinces and farmers including existing farmers.

Pacific Games Plans

- 4.21 The Committee asked what plans the Ministry has for its contribution to a successful Games 2023. The Ministry explained that there will be an enduring legacy from the Games. As farmers must produce quality food to meet international catering standards, this will force our farmers to lift standards. The Ministry's aim is to see farmers exporting these food products to international markets after the Games given the farmers should by then be capable of meeting international expectations. The Ministry will look to established famers to boost both quality and quantity to meet export standards. With influx of both local and international visitors to see games, a large food stock would be needed to support.

Seasonal Workers

- 4.22 The Committee observed that the seasonal workers program in Australia has been very successful and provided a useful model to be used in Solomon Islands. With this in mind the Committee asked whether the Ministry can devise a plan for ongoing employment in our agriculture sector of workers who return or when the seasonal workers scheme finishes.
- 4.23 The Ministry stated that at present the only focus was on workers overseas. The Ministry thought that if there were bigger scale farms in country it might be possible to redirect young people within the country but this has not yet been considered.

KFPL Hybrid farm

- 4.24 The Committee ask for an update on the hybrid cocoa which had attracted international attention due to its high quality. The Ministry advised that this farm is now in KFPL and will be seeking updated data in the future.

Kava Industry

- 4.25 The Committee also queried the kava sector and sought updates on its performance and prospects. The Ministry confirmed that ongoing promotion was underway. Kava is planted across the country. The Ministry provides rollout training and support. COVID-

19 did affect exporters and the Ministry notes that the quality of some products has not been up to the expected standards which resulted in rejection by exporters and reduced interest. The Ministry is working with farmers to help improve quality. The planting is ok but field drying remains an issue.

- 4.26 The local market kava consumption has also increased. The Ministry will need to look at steps to support both local consumption and increased exports.

Rhinoceros Beetle and Giant African Snail

- 4.27 The Committee requested an update from the Ministry on both the Rhinoceros Beetle and the Giant African Snail and noted the Ministry's response that both these threats are now manageable with plantation management and biosecurity options proving effective.

Oil Palm

- 4.28 The Ministry noted that they are currently reassessing oil palm development in country and will advise on future development prospects.

Nambo (Breadfruit Products)

- 4.29 The Ministry also advised that they are looking at nambo for Temotu province and currently working with FAO on a suitable program. The Ministry confirmed its intention to support nambo and possibly other produce from breadfruits in the future.

Update on PAC recommendations

- 4.30 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Recommendation 3

The Committee noted that the Ministry of Agriculture and Livestock Development has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

04 Office of the Auditor General

Mission Statement

As a centre of excellence, we enhance the strengthening of public sector accountability, transparency and integrity to the people of Solomon Islands through professional independent audit services and reports to our elected legislatures.

2023 Budget Summary

	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 319,251	\$ 3,130,180	\$ 3,130,180	\$ -
Total Expenditure	\$ 4,193,414	\$ 10,139,203	\$ 10,139,203	\$ 10,284,073

Issues of Concern

Matters raised by the Committee include the following:

- 4.31 The Office provided written submission to the Committee including noting the progress being made against recommendations previously raised by the Committee.

05 Ministry of Education and Human Resources Development

Mission Statement

To promote, develop and facilitate Education and Human Resources needs of the country within the framework of the government policies and priorities, as reflected in the Policy Statement (2019) of the Democratic Coalition Government for Change (DCGA), the National Development Strategy, 2016 - 2035, the National Education Action Plan (NEAP) 2021 - 2025 (finalised by June 2021) as well as the longer term Education Strategic Framework (ESF), 2016 – 2030.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 73,000	\$ 30,810	\$ 30,810	\$ 11,760,858
Total Expenditure	\$ 958,469,760	\$ 1,076,297,654	\$ 1,091,297,654	\$ 1,087,582,079
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 63,731,996	\$ 103,400,000	\$ 180,601,539	\$ 96,370,825
Total Expenditure	\$ 51,238,625	\$ 103,400,000	\$ 180,601,539	\$ 96,370,825
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 25,747,044	\$ 60,400,000	\$ 60,400,000	\$ 66,900,000

Issues of Concern

Matters raised by the Committee include the following:

Solomon Islands National University Scholarships

- 4.32 The Committee asked SINU around the affordability of its fees noting that many of the students from the provinces were struggling to afford the costs if not on scholarship. The University responded that they have been doing a review of proposed fees and charges. To date most of the fees are compared with other institutions in the region and benchmarked below them. The University is now developing the inputs to cost a course and would enable them to determine the most appropriate fee.
- 4.33 The Committee noted the review underway but still acknowledged that this would not necessarily lead to an affordable cost for students.
- 4.34 One of the challenges the University noted was that scholarship students' fees are not paid. As a result, they have instigated a change in practice that if fees are not paid, the student cannot attend or graduate. The University recognised that this process was challenging and could leave students having to pay fees in order to graduate.
- 4.35 The Committee recommended that the University consider how to ensure that the fees were affordable for students. This included ensuring that they have good cost and student numbers information that can be provided to the Ministry to enable the Government to make informed decision-making.
- 4.36 The Committee requested the Ministry confirm that they have met their financial commitments to the University. The Ministry noted that they are honouring their commitments. They noted student fees had been invoiced for the first semester but not yet for the second and that there remain some challenges with the payment of allowances

to students. The Ministry believed this was related to cash flow issues at the Ministry of Finance and Treasury.

Pacific Games

- 4.37 The Committee asked what the purpose the funding for Pacific Games activities would address. The Ministry explained that schools in Honiara were being allocated as a host to support each individual nation attending the games. The children would also become part of the opening and closing ceremony at the games. In addition, the Ministry noted that four schools St Nicolas, St Joseph, King George VI, and Betikama would become Games Villages during the games. These schools will be handed over to the Games Organising Committee by 27 October 2023 and made available to the Games exclusively until 2 December 2023. Some of the budget will cover the cost of utilities during this period.
- 4.38 Because of their earlier closure, schools in 2023 will be moving to a three term year, rather than four. For students to be ready for their hosting of the Games, the breaks in between terms will be used.

Scholarships

- 4.39 The Ministry noted that they are now in the third cycle of scholarships since the creation of SITESA. Applications for the third cycle are being run on line and due to close at the end of November 2022. The Ministry confirmed that SITESA manages the selection process for any scholarships now although MPs have an allocation of four places.

Student leadership

- 4.40 The Committee asked for an update on Student Leadership. The Ministry noted that the graduate certificate in school leadership program had been offered in 2018. They had completed an evaluation of the program and made recommendations for its improvement and next steps. The Ministry is currently in conversations with USP to administer a program to member countries. The Ministry has informed education authorities that they will offer about 20 scholarships starting 2023.

Teacher in Training (TIT)

- 4.41 The Committee asked for an update on the number of teachers going through the TIT program and how long it might be needed for. The Ministry stated that they have had contracts with USP and SINU to progress this. The Ministry noted 110 primary teachers in Honiara and 150 in Auki had received the training. Under SINU they have 3 programs

running (certificate, diploma and primary diploma) in 2023 which is accommodating an estimated 186 students.

- 4.42 Whilst the Ministry hoped that this would address all the teachers requiring the program, there were some indications that schools had recruited TITs in the meantime so this number may have grown since. They were nevertheless hopeful that the remaining should be completed by June 2023.

Distance Flexible Learning (DFL) Certificate of Primary Teaching

- 4.43 The Committee noted that they had been receiving feedback that people who had completed the Certificate of Primary Teaching were now finding that the Ministry did not recognise it. The Ministry confirmed that they had received some adverse feedback from a range of sources that the course had not been consistently delivered and that some students may not have done a practical element. As a result, the Ministry is liaising with SINU to ascertain how the course was administered.
- 4.44 The Committee noted that the Certificate of Primary Teaching is now only offered at SINU as distance flexible learning. It is important that courses move to the digital age to enable students around the provinces to engage however this must be coordinated with the Ministry's approval process for courses to avoid situations like this.

Early Childhood Education (ECE)

- 4.45 The Committee asked what progress had been made in relation to the implementation of the ECE guidelines
- 4.46 The Ministry noted that implementation was ongoing. They had received some support from UNICEF in particular to support early years program.

Multilingual education

The Committee asked whether there had been any decisions made following the pilots in relation to multilingual education. The Ministry had approved a proposal at senior management to expand the program in the current schools and two new languages but had not received the financial support for the proposal.

Recommendation 4

The Committee recommends that the Ministry of Education and Human Resources Development include more languages in the planned rollout of the multilingual program.

Update on Committee recommendations

- 4.47 The Ministry provided a written response to the previous recommendations raised by the Committee.

06 Ministry of Finance and Treasury/ 11 National Debt Servicing

Mission Statement

Our mission is to provide leadership and good governance when advising and influencing Government policy choices relating to economic stability and growth, sound financial management that improves the lives of our people.

2023 Budget Summary

Ministry of Finance and Treasury

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 2,024,844,756	\$ 2,580,966,054	\$ 2,580,966,054	\$ 2,799,522,260
Total Expenditure	\$ 211,203,837	\$ 136,672,860	\$ 160,594,989	\$ 160,703,333
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 3,283,950	\$ 30,000,000	\$ 65,000,000	\$ 34,000,000

National Debt Servicing

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 95,834,548	\$ -	\$ -	\$ -
Total Expenditure	\$ 80,783,817	\$ 98,919,973	\$ 98,919,973	\$ 141,584,206

Issues of Concern

Matters raised during the public inquiry includes the following:

Financing the budget deficit

- 4.48 The Committee noted that a total of \$4.6 billion in expenditure is anticipated in 2023 with key sectors being:

1. Financing of Pacific games

2. National general elections

3. Infrastructure development

- 4.49 The revenue budget still lags behind the expenditure. There is also a lag in foreign direct investment levels. The Committee noted the \$1.184 billion budget deficit planned for the 2023 Budget where the Government will work with the debt management strategy and PFM Act requirements to ensure funding is secured through external and domestic sources to fully fund the deficit. However, the Committee is very concerned about how this deficit will be financed by the Government and the fact that this is not yet resolved before bringing this budget to Parliament.
- 4.50 The Ministry stated that from 2020 up to 2022 the Government has operated on budget deficits due to an increase in budget commitments and the COVID-19 pandemic and other recent external shocks that affected some of our export commodities, and this is also projected in the 2023 budget. Given this experience, the Ministry has developed itself on how it deals with these pressures over these past three years and going forward into next year in dealing with these budget deficits. The 2023 budget deficit is attributed to pressures on funding the government's commitment to the National Hosting Authority (NHA) of \$374 million, plus other financial commitments to NHA for it to host the Games next year. More information on these other commitments can be obtained from the NHA Co-Chair or the SPM. The Ministry only works with the NHA in terms of meeting the full commitment for the NHA to implement or to carry out the successful hosting of the Games.
- 4.51 Additionally, there are other new additional revenue initiatives or measures that the Ministry will be implementing next year, including excise on the import of plastic and others, and some increase in excise for tobacco and alcohol that will help reduce the deficit. The Ministry is also running some scenarios that will help the Ministry to save some money by the end of this year. This proposal will be presented to the government caucus this week in terms of potential savings that will help to contribute to next year's budget to reduce the deficit. For example, the development budget for 2022 is \$916 million and year-to-date only \$535 million is spent. Around \$90 million is ready to be paid into the system. Another \$289 million is yet to be paid into the system and there is significant uncertainty about the implementing Ministry to deliver this commitment due to capacity issues within the Ministry and also given the upcoming closure for this financial year. These are some of the strategies that can be used to cushion the deficit on the 2023 budget.

- 4.52 Furthermore, gold export receipts is another potential revenue windfall for the Government with exports starting last week.
- 4.53 Moreover, there could be some savings from the commitment to the national election preparation as the Ministry is now talking with our partners in terms of meeting part of the election preparation expense. Additionally, there may be delays in the provincial elections to 2024 which might provide for more savings in the 2023 budget which can be used to cushion the deficit.
- 4.54 Finally, the Ministry has been working very hard, not only with donors but with IRD and Customs & Excise on some of their revenue initiatives that will be implemented next year.

Government's cash flows and cash balances

- 4.55 The Committee is very concerned about the government's cash balances and whether it can has sufficient cash to deliver the 2023 budget.
- 4.56 The Committee is very concerned that the 2023 budget estimates may be very tight and will not be able to fully finance the planned expenditures for 2023. This begs the question of the credibility of the 2023 budget for the Government to meet all of its legal financial obligations for next year. Each year, the Committee is unable to accurately determine the Government's cash flows and cash balances or any cash flow plans to determine whether the Government has adequate expenditure cover to meet its expenditure within an annual budget. There are complaints from some landlords about very late payments for the Government-rented houses which in turn are affecting their loan repayment with the commercial banks. There are comments that MPs' payments are prioritised over the normal operating expenditures of each Ministry. It is also concerning to hear about the delayed payments of contractual obligations of the Government to contractors.
- 4.57 There is also a trend in this throughout the years with continuous late payments of contractual obligations. These are legal obligations that warrant timely payments as per contract and should be prioritised.
- 4.58 The Ministry stated that over the past two years the country has gone through phenomenal changes that have altered the way the government's fiscal performance turns out during the year.
- 4.59 In terms of the government's cash flows, the Ministry stated that cash flows have been fairly consistent with the government's cash balances to date. Our deficit up to the end of October stood at around \$260 million and that was translated to the reduction in

Treasury's opening balance at the beginning of this year of about \$370 million. However, the actual cash reduction is more than the \$260 million deficit due to several factors including the lag in revenue collection where the Ministry has been trying to match revenue inflows with expenditure outflows as much as they can and that of course contributes to the backlog of payments which have been accumulating over these past few months.

- 4.60 However, that is a moving balance and at the moment the Ministry is clearing all the backlogs from the first three quarters of this year as much as possible so that they are left with only the current backlog of outstanding payments. At this point, most of the current stock of outstanding payments of around \$300 million relates to the fourth quarter.
- 4.61 Now, the Ministry has cleared most of the backlogs from the first three quarters and it has a clearer picture of how these outstanding stocks of payments are stacked in terms of essentials, utilities, normal operating commitments, and others that are added to the congestion in the management of payment outflows. It is a balancing act on the Ministry's part and they also have to work very closely with all the ministries given that Finance has a new finance system in place where they are still in the initial stages of picking up problems with the new system.
- 4.62 Last year the Ministry experienced a lot of problems with the new system. This year they tried to be as accommodating as much as possible with all Ministries by allowing them to do the first half of the processing of payments in the new system on their own and that has contributed to the backlog of payments as well. But it was important for users of the system in each Ministry to get used to the new system. All these issues have manifested themselves into huge backlogs of outstanding payments which the Ministry is trying to manage.
- 4.63 Revenue collection was also slow this year with the borders just opened in July and the effects of revenue flows did not come in until August to September. Our major revenue has picked up considerably since then but it is a catch-up game in revenue collection given the huge expenditure commitments.
- 4.64 Moreover, the 2022 budget just started in May this year there is a deliberate attempt to push the budget within the remaining seven months. The Ministry was also trying to catch up with the expenditure side with the Ministry trying as much as possible to facilitate it. Overall, the Ministry is confident that they have done better than they thought in dealing with the outstanding stock of payments. Currently, the Ministry is confident that the recent inflow of revenue from IRD and Customs & Excise has allowed

them to plan better with more certainty for the end of the year and also considering that there is still quite a significant level of debt stock and bond proceeds to be realized.

- 4.65 Looking forward, our cash flow and the upcoming projected revenue collection up until the end of the year, the Ministry remains confident that they can meet all the obligations even though they are working with certain assumptions as well, one being the spending capacity of the government overall. Historically, the government spend up to 85% of its development expenditures. This year we have seen an increase in development expenditures. On the recurrent side, we are looking at around 90-95% spending of the total revised budget spending levels. At this pace, the Ministry has not seen itself as deviating from the 2022 budget.
- 4.66 The Committee alerted the Ministry that the data from IMF it has on the Government's monthly recurrent spending since 2020 up to this year is consistently only 0.4 months cover. The Committee asked whether this meant that the Ministry was only able to meet 40% of its total monthly recurrent expenditures out of 100% each month and that the cash cover was less than a month's recurrent expenditure.
- 4.67 The Ministry stated that the ideal expenditure cover that they have always been using was introduced by IMF many years ago at about \$300 million monthly balance. However, at the moment monthly expenditure cover is below half of that. In terms of the actual budgeted amount or on a pro-rata basis, it is about \$200 million a month. Currently, we are sitting between \$120 - \$150 million.
- 4.68 The Ministry is expecting to realise in the next two weeks at least more than half of the \$300 million government bonds that were issued and that they could be late in paying. The Committee however noted the later comments from the Debt management Unit that the \$300million public auction only attracted \$1.1 million accepted tender which adds to the Committees concerns around actual plans to fund the 2023 budget.
- 4.69 There is also a communication issue between the Ministry and all other Ministries and the finance staff may not have been responsive to follow-ups by other Ministries. The Ministry also stated that they may also not have officially communicated to other Ministries about the cash flow situation faced by the Ministry, but they have refrained from doing that so that it would avoid unnecessary panic or alarm knowing that it is just a matter of time for them to work on the backlogs and clearing them and bring them up to current.

Forecasted economic growth

- 4.70 The Committee views that on the backdrop of the forecasted economic growth of 2.8% for 2023, higher inflation may persist into 2023 which will likely dampen this forecasted growth. The Committee asked how this 2.8% growth will be achieved when the world economy is declining and projections for increased inflation are on the upside.
- 4.71 The Ministry responded that this growth modelling is domestically generated largely because one of the drivers of this growth is associated with investments in the Pacific Games. There are a lot of big infrastructure projects that are associated with the Games, including electricity, water, road, and airport which will impact our economy compared to global economies. Apart from these infrastructure projects, many other donor projects were also implemented which also contributes to the real growth projection of 2.8%.

Debt stock

- 4.72 The Committee noted to the Ministry that its audited reports, when they are brought to Parliament, are so out of date that it is always difficult for the Committee to get accurate and up to date information about any of the Government's expenditure. The Committee requested the Ministry to provide a list of all government debts/loans (including their terms, interest rates, and their year-to-date repayments) that are still current and the newer ones that have recently been signed by the Government. This will give the Committee some indication of some adequacy of provision on the debt servicing. The Committee notes that this was received 30th November 2023 and discussed in the section on debt management unit below.
- 4.73 The Committee also notes from the Appropriation Bill that the Government must set aside 7.8% of its domestically sourced revenue earned in the 2023 financial year which will be transferred into the debt service account for the purpose of discharging statutory debt. The Committee asked why 7.8% and how much money this translates into.
- 4.74 The Ministry stated one of the reasons is that they are increasing the domestic bonds and some of these bonds are short-term bonds. So, The Ministry has to raise the debt servicing account to pay these short-term bonds once they are due. The amount of money that this 7.8% translates into can be calculated from the total amount of domestic bonds collected by the government in 2023.

Recommendation 5

The Committee recommends that the Ministry and the Debt Management Unit should have a fully funded budget planned and approved before tabling of every budget to

Parliament. Failure to do this risks the overall budget credibility as lack of cash will require the Ministry to withhold funds centrally and impede other Ministries budget plans and with flow on impacts throughout the community.

Taiwan's EXIM Bank Loan

- 4.75 The Committee sought an update from the Ministry on the repayment of Taiwan's EXIM Bank Loan. The Ministry stated that we have \$37 million outstanding with Taiwan Exim Bank.

Huawei loan for 200 towers

- 4.76 The Committee asked the Ministry to explain the recent signing with Huawei for the towers and whether it forms part of the budget deficit pressures for the 2023 budget or when is the drawdown of this loan. Additionally, the Committee sought to understand the KPMG report's recommendation that the project for the 200 towers (now reduced to 160 towers) is not commercially viable and could cost the Government an additional \$92 million USD.
- 4.77 The Committee commented on the technical viability of the project as there are other technologies available that are much less costly that have not been considered by the Government.
- 4.78 The Ministry stated that the agreement that was signed is just a contractual agreement. In terms of financing, it has not been approved yet. It will have to go through a normal process with the financier and the Government. Once it is approved then the terms and conditions can be negotiated for its financing. The initial term that the government is negotiating is that it must be concessional and so they are offering us around 1% for 20 years.
- 4.79 In terms of the KPMG report, the Ministry acknowledges that there are differences in numbers where they based their modelling on 200 towers and of course on a price of around US\$96 million and differences in terms which is 2%, hence, the differences in terms of conclusions. The other difference in numbers in the report is in the satellite station towers. In the initial design for 60 satellite towers. Under the new 160 towers, only 33 towers will be required for satellite towers. Engineers will determine which sites will need satellite or microwave towers.

Telekom's reluctance to take on the towers

- 4.80 The Committee asked the Ministry to clarify Our Telekom's reluctance to take on the towers and whether they are struggling with maintaining their current tower infrastructures.
- 4.81 The Ministry stated that the Government is still negotiating with Our Telekom in terms of commercial arrangements. Currently, the Government's technical team and the Our Telekom technical team are assessing the first few sites, and they are currently in Isabel to verify the location of the sites to ensure the existing Our Telekom towers do not overlap with the proposed sites to frame up the commercial arrangement. Negotiations also include which cost will be met by Telekom and which cost will be met by the entity.

Malaita's reluctance to have the towers

- 4.82 The Committee noted that Malaita Province does not want the 27 towers designated for the province to be built. The Committee asked if these towers are not hosted there, whether it would affect the viability of the whole project.
- 4.83 The Ministry stated that talks with Our Telekom includes the investment of 27 towers in Malaita and if a final decision is not to include those 27 towers then the number of towers and the cost will be reduced by 27. That is a decision that has to be made before the signing of the financial agreement.

Recommendation 6

The Committee is concerned the tower project is not commercially viable and will attract significant debt burden to the country at a time when domestic borrowings is increasing and cash reserves are dwindling. The Committee recommends that the KPMG independent report be updated once the Government has settled final scope and terms of the Project to verify commercial viability and risks. The Committee further recommends that the Government not enter into any financing agreement until the question of financial viability has been properly assessed.

2023 spending priorities

- 4.84 The Committee noted the Government is allocating an overall \$462.8 million as support towards the preparation for SPG2023. This includes a \$374 million direct allocation to the NHA, while the rest is allocated to other Ministries' recurrent and development budget which will contribute to the hosting of the Games, including beautification program, policing, transportation and so forth. The Committee enquired about how the \$462.8

million will be derived from and how much of the \$374 million has already been transferred to NHA.

- 4.85 The Ministry stated that the \$462.8 million is allocated for NHA and is the Government's commitment. The NHA allocation is the commitment for 2023. The Government has contributed to the \$500 million commitment since 2019 and the \$374 million is remaining to be paid to NHA. The Ministry explained that there are different commitments. The \$500 is for the NHA where \$98 million was paid in 2019. But there are other investments that totalled up to more than \$1 billion.

Mamara housing project

- 4.86 The Committee enquired about the schedule of payments and the total money paid out to the project so far. The Ministry stated there are three instalment payments. The Government has already made two instalments. The last instalment is 10% of the total value payable when public servants who moved into those houses do not report any defects with the houses under the sales and purchase agreement.
- 4.87 The Committee noted that the three instalment payments for the houses were not initially budgeted for when the government was renting the full stock of houses until there was the need to pay the developer, and therefore, this may have contributed to the budget pressure for this year and next year.
- 4.88 The Ministry confirmed that the payment was not budgeted for last year because the arrangement for that deal was not yet formalised. Until it was formalised before the Ministry before an advance warrant to legalise the payment of the two instalments. The remaining 10% is not in this year or next year's budget until it is formalised.
- 4.89 The Committee alerts Parliament on the Ministry's practice of not budgeting for some of the foreseen expenditures items that may occur within a financial year until they occur before using the legal tools to legalise those expenditures. A case in point is the expenditures on the Mamara housing where these unbudgeted instalment payments were authorised through an advance warrant contrary to the purpose of an advance warrant which requires unforeseen circumstance. These payments could have been appropriated and be subject to proper scrutiny before expenditure took place. This practice would also add pressure on the cash balances and cash flows from the Treasury.

Recommendation 7

The Committee recommends that large infrastructure related contractual payments should not be done as an advance warrant as these projects are not unforeseen as

required by the Act for the use of advanced warrants. The Committee is concerned that this is an abuse of process to push through payments without Parliamentary scrutiny and should not be allowed.

Lever Solomon Limited (LSL)

- 4.90 The Committee sought an update on the matter of payment to LSL as ruled by the High Court.
- 4.91 The Ministry responded that they were ordered to pay around \$32 million for the court order on Hells Point. The Ministry has paid \$20 million. They were in the process of paying the remaining \$12 million when LSL submitted new additional claims of around \$24 million which will be dealt with by the Commissioner of Lands. So the Ministry has not yet settled on the final figure to be paid. Once they get advice on the figure to be paid then the Ministry will consider it. There is no budget allocation for the remaining outstanding claims apart from the balance of \$12 million. However, the matter of LSL as a registered entity is still an outstanding issue but the Ministry, including CBSI and the Attorney Generals Chambers, will not leave any stone unturned to protect the interest of the government and the people of Solomon Islands.

ADB ESP report

- 4.92 The Committee queried when the ADB Economic Stimulus Package report will be released.

Recommendation 8

The Committee requests an update on the status of the ADB Economic Stimulus Package report.

Data on unemployment and job creation

- 4.93 The Committee is quite concerned that there is a lack of data on the country's labour market to accurately determine the levels of unemployment and job creation each year. The absence of this data and information is worrying as they are very important in making policy decisions, especially when we have a huge youth population. The absence of this information is negligence if we continue. This country has to have that capacity where we can know the level of unemployment, how many jobs are being created, and how many jobs are possible given a certain level of investment so that it guides the government's fiscal policy.

Support to businesses affected by the 2021 November riot

- 4.94 The Committee asked the Ministry to provide an update on any support the Government has rendered to businesses that were affected by the November riot last year.
- 4.95 The Ministry responded that there are two parts to the support to private businesses. Those two parts are based on the ADB assessment in terms of the cost of the public infrastructure which is \$25 million and the other is on private ones around \$100 million. PRC has agreed to support all the public infrastructures including the Parliament leaf hut (now on tender) and the Honiara High School (work already in progress). The Kukum Traffic Station will be supported by the Australian Government. On the private component of the support, there is a Cabinet approval on policy to support private businesses that includes some relief on taxes and the importation of materials and goods, including a cash component of up to \$2 million. The committee assess the applications based on the ADB assessment report and there is already a list of the businesses that have already been approved to be supported. Unfortunately, the Government could not secure separate funding to support the private businesses, and therefore, will be managed through the Government cash flow to support those businesses. Support is going towards businesses restocking their stocks to operate again and paying their business loans.

Debt Management Unit (DMU)

- 4.96 The Committee inquired into the breakdown of debt including amount, term and interest rate applicable.
- 4.97 The DMU indicated that as at 31/10/2022 total debt was \$1826.1 million which includes \$768.5million from domestic sources. External debt total is \$1,057.5 million with ADB \$484.9 EU \$43.4 million IDA \$361.5 million IFAD \$25.4 million and EXIM ROC \$7.3million, JICA \$135 million. The Unit expects that by close of 2022 debt levels will reduce to \$1765.2 million.
- 4.98 Planned debt servicing costs be catered for under a 7.8% transfer from domestic revenue sources to a debt servicing account. The current ceiling is 8% cost. Some bondholders have indicated that they are happy to rollover bonds to give government space in the debt servicing needs. The DMU also indicated that only 50% of total debt needs can be financed from domestic sources.
- 4.99 The DMU also indicated that the recent public debt tender which was targeted for \$300mio only attracted \$1.1mio accepted tender. The Ministry expects to undertake

further public tenders and with recent experiences anticipates improved engagement from public.

DMU on Huawei

- 4.100 The Committee queried whether the Government had signed a heads of agreement with Huawei committing the Government to upcoming debt? The Committee was concerned that the past government practices of using advance warrants for planned infrastructure needs like what happened with Mamara, places the Government and country under cash flow and debt pressures which could have a detrimental effect to other Ministries budget execution in 2023.
- 4.101 The Committee sought confirmation on whether the Government had already planned securing debt finance for the Huawei Tower Project?
- 4.102 The DMU confirmed that it had committed to negotiating a USD66mio debt finance through EXIM Bank which will be spread over three years. The intention is to draw over a three year period. The Unit recognises that the loan obligation will be the full amount but stated in line with current practice with all donors the debt obligation will be recognised when drawn down as Government accounts for loans on a cash basis.
- 4.103 The IMF recognise debt on face value whilst the SIG continues to account for this on a cash basis which accounts for differences in numbers.
- 4.104 The DMU also shared expected new debt other than EXIM in 2023 expected from IFAD for USD9.5 million, ADB USD6 secondary school, and JICA \$150million. Other expected support from ADB and IDA (World Bank) will be delivered as grant money.
- 4.105 The Committee stated it has concerns with 2023 large deficit fiscal budget and lack of transparency on how this gap will be financed. It also pointed out the lack of a clear growth policy puts revenue targets, and main source to continue to fund increasing debt which includes a larger reliance on more expensive domestic debt, at risk. As such the Committee recommends stronger controls on cash forecasting and cash management to ensure 2023 budget can be delivered without sacrificing critical Ministry budget execution.

Recommendation 9

The Committee notes the Governments significant deficit and lack of fully funded 2023 budget plan. The Committee recommends that the Ministry properly forecast its 2023 cash flow needs including time lining key financing activities like public bond auctions and deliver this to the Government before 2023 budget year commences.

Update on PAC recommendations

- 4.106 The Ministry provided a written response to the recommendations previously raised by the Committee.

07 Ministry of Foreign Affairs and External Trade

Mission Statement

The mission of the MFAET is to promote and protect values, interest and well-being of Solomon Islands and its citizen through international diplomacy and cooperation.

2023 Budget Summary

	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 45,415,938	\$ 53,038,459	\$ 53,538,459	\$ 58,300,420
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 225	\$ 4,500,000	\$ 6,770,000	\$ 2,870,418
Total Expenditure	\$ 3,726,736	\$ 4,500,000	\$ 6,770,000	\$ 2,870,418

Issues of Concern

Matters raised by the Committee include the following:

- 4.107 The Ministry outlined their key changes in budget for 2023. There had been two main bids. The first was \$500,000 to provide protocol services support for VIPs coming to games and training for the VIP launch at the airport and induction for all government officers participating in Games. The other bid was in relation to the overseas missions which sought to readdress recent decreases in funding.

Labour Mobility

- 4.108 The Ministry provided an update on the recommendations raised by the Committee. The first recommendation was in relation to taking a proactive role with registered employers and workers. The Ministry noted that they have appointed two liaison workers based in Australia in conjunction with Australia. Their role being to promote labour mobility and the Solomons brand but also providing pastoral care for workers. At present there are 44 employers recruiting 4600 workers from Solomons. Of these 44 employers, six are the

largest employers with 60-100+ workers. In New Zealand, the program has also restarted with approximately 500 workers under their RSE program. The ministry's vision is to grow these numbers so that the Solomons achieves one third of the available market.

- 4.109 The second recommendations asked the Ministry to consider reducing the fees to labour mobility workers seeking passports and other in-country fees to take up the work. The Ministry noted that since April 2022, the cost of health checks has reduced. This is aided by another health clinic offering health checks labour mobility unit is working to have 1 stop approach – in future away from govt. At moment working in coordinated way across govt.
- 4.110 The third recommendation was to lead on developing a remittance strategy. The Ministry noted that commercial banks are not involved in the two-day pre-departure events for all departing workers. This provides information on a range of topics including how to open an account, save money and remit.
- 4.111 The Committee noted that the recommendation in 2022 was to have the local liaison workers really proactively seeking out employers for labour mobility and as such the pastoral care should not divert them from this.

Recommendation 10

The Committee noted that ongoing costs in the seasonal workers scheme. The Committee recommended the Ministry of Foreign Affairs and External Trade to continue to push for an ever-increasing share of the labour mobility market and to push for reducing fees to the workers, whether through cost of remittance or travel/application related fees.

- 4.112 The Committee observed that some feedback they were getting was that the workers were being deducted fees. Given the vital service the labour mobility workers were providing these fees were a concern.

Recommendation 11

The Committee recommended that the Ministry work towards eliminating any fees relating to the labour mobility workers scheme both in Solomon Islands and Australia.

- 4.113 The Committee observed how valuable it would be to have a policy to help returning labour mobility workers to integrate effectively back into the Solomons on their return. The Committee noted examples historically where sugar cane plantation was started in the Solomons after working on similar plantations in Australia.

Recommendation 12

The Committee notes the high level of engagement of young people in seasonal workers schemes overseas. The Committee encourages the Ministry of Foreign Affairs and External Trade to look at local options to either absorb returning seasonal workers or create new employment opportunities in the Agriculture sector for our high level of unemployed youths.

- 4.114 The Committee noted some concerns that although people were receiving job offers, they were experiencing delays in departure. The Ministry noted that there were about 200 labour mobility workers about to head off with a similar number aiming to go next month. The Ministry noted that there can be delays for people departing and that this is often resulting from the accommodation not being ready.

Trade division budget

- 4.115 The Ministry updated the Committee on the World Trade Organisation project for cassava. This project is expected to close in June 2023 and will move to the concluding phase. The Malaita pack house is in the final stages of construction at the moment. From June 2023, the Ministry expects to be providing value added equipment for the company in Temotu and the Ministry is working with the Ministry of Health and Medical Services on the National Public Health Lab to ensure all agriculture products meet requirements.
- 4.116 The Committee noted that the Trade division had a decrease in budget for 2023 and asked for an explanation. The Ministry noted that all trade agreements are now in place and they are working to implement them. In coordination with the Ministry of Agriculture and Livestock Development they were encouraging producers to think big.
- 4.117 The Ministry provided further details on the National Health Lab project which was now commencing. This project was valuable due to the cost of sending products overseas. It is now 80% complete and with a final 20% required to obtain accreditation.
- 4.118 The Committee enquired who was taking responsibility for the projects as they complete to ensure achieve full accreditation. The Ministry noted that they tend to be left to the other ministries for example the Ministry of Agriculture and Livestock Development or Health and Medical Services.
- 4.119 The Committee asked for an update on the position in relation to trade with Vanuatu and Temotu. The Ministry confirmed that they were looking at enforcing the border with both Vanuatu and Bougainville. There is a report on Temotu and infrastructure in place and they are in discussions with partners to consider a border post.

Update on PAC recommendations

- 4.120 The Ministry provided a written response to the recommendations previously raised by the Committee.

08 Office of the Governor General

Mission Statement

The Office of the Governor-General supports the Governor-General in his role as Her Majesty's Representative in the Solomon Islands as stipulated under Section 30 of the Solomon Islands National Constitution.

2023 Budget Summary

	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 319,251	\$ 3,130,180	\$ 3,130,180	\$ -
Total Expenditure	\$ 5,553,077	\$ 7,290,837	\$ 8,290,837	\$ 8,905,823

Issues of Concern

Matters raised by the Committee include the following:

- 4.121 The Office of the Governor General provided written submission to the Committee.

09 Ministry of Health and Medical Service

Mission Statement

To lead and shape the Solomon Islands health system in service to the government and the people to deliver quality health service, reduce sickness, prevent the loss of young lives and relieve suffering; its part in improving every citizen's health status. This will be done through:

- Proactive stewardship of the sector with a focus on Primary Health Care (PHC) and Healthy Islands efforts via active community empowerment and development;

- Building partnerships with communities, churches and other sectors (like agriculture, education, labour, transport, infrastructure, etc.);
- The sector will also plan and manage health improvements with a focus on reducing the determinants of disease and illness including improving disease management and provision of quality healthcare service;
- Workforce management, training and improved primary, secondary and tertiary infrastructure developments aligning itself to the Role Delineation Policy Framework of the ministry.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 7,209,025	\$ 995,729	\$ 995,729	\$ -
Total Expenditure	\$ 429,659,608	\$ 464,637,633	\$ 461,612,601	\$ 472,684,917
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 64,311,103	\$ 168,092,107	\$ 192,174,683	\$ 64,568,206
Total Expenditure	\$ 109,764,087	\$ 168,092,108	\$ 192,174,684	\$ 64,568,206
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 20,870,424	\$ 40,000,000	\$ 40,000,000	\$ 44,500,000

Issues of Concern

Matters raised by the Committee include the following:

Update on previous PAC recommendations

- 4.122 The Committee noted and commended the Ministry for their detailed response to previous recommendations.

National Referral Hospital Relocation

- 4.123 The Committee noted that the updated strategy for the Ministry aimed for the completion of the relocation by 2040. In the light of the recent earthquakes and possible tsunami threat, the current National Referral Hospital seaside location is absolutely exposed. As such, the Committee recommends a much shorter timeframe and should by now have sorted the squatter issue. The Government should take the required 100 hectares. The new China specialist medical building should also be relocated to the new hospital.

- 4.124 Given the Government is able to mobilise over one billion in construction activity in a few years, surely the hospital can attract the same level of support and have this built within the next five years. In the case of the sports facilities the entire process was outsourced. Perhaps the Ministry should consider a similar approach for the new National referral hospital.
- 4.125 The Ministry acknowledges the urgency and will look to bring the timeline forward from 2040. On eastern end of NRH there will be a new comprehensive medical centre. This is intended to be four stories specialised medical services centre which should be built before the games start.

Recommendation 13

The Committee is again recommending that the National Referral Hospital (NRH) Project be prioritised given the dire state of the hospital and the ongoing threat of natural disasters like earthquakes, tsunamis and cyclones. The relocation project should be completed in the next five years and consideration be given to outsourcing the Project in the same way as the Pacific Games facilities to ensure timely and professional delivery.

Drugs and dressing Supplies

- 4.126 The Committee noted the dire situation of the medical supplies in NRH. One committee member had lost a relative due to lack of basic medicines and lack of care. Even Panadol IV solutions had run out. The Committee also noted that drugs were on the wharf but could not be released in a timely manner and sought an explanation from the Ministry.
- 4.127 The Ministry acknowledges that drugs and supplies are a big issue and is attracting a lot of media attention. As at 8th November the medical stock was at 85% level and consumables stock at 96% of expected stock levels. The medical store is responsible for procurement. Payment is done on receipt of goods within 90 days of delivery. Payments for annual tenders are usually done after 90 days so some suppliers ended up cancelling facilities. Payment issue are with the Ministry of Finance and Treasury. Once drugs are delivered then comes ports fees. Dues to accumulated fees Ports are not willing to release drugs. Similarly, to send items to Provinces, ships also not wanting to take supplies due to outstanding payments. There are some leakages but the Ministry are gathering evidence and are looking to improve in this area. The Ministry acknowledges that at the operational level too there is a lack of reporting of shortages.
- 4.128 On the issue of IV Panadol this is a relatively new restricted drug and supply needs are still being monitored.

Recommendation 14

The Committee notes the ongoing challenges in the proper administration of drugs and medical supplies in country. The Committee recommends that the Ministry liaise with the Office of the Auditor General to undertake an independent audit of the medical stores and on the whole procurement and management of drugs and dressings in Solomon Islands.

COVID-19 update

- 4.129 The Committee notes that since opening of the borders, controls have been relaxed. More recently we have another community transmission of COVID19 but it is not clear what the Ministry is doing about this. Also, for overseas travellers, there is no update online and communication of current events is really poor.
- 4.130 The Ministry reiterated that only vaccination requirements must be met now to enter the country. If visitors are not vaccinated they must be PCR tested. The Ministry is advising everyone with any flu symptoms to do a COVID test and report any positive results to the Ministry. Vaccinations rates needs to be increased. If concerns are increasing, we can restrict mass gatherings and so on. Mass gathering for Games may need additional precautions.
- 4.131 For online advice the Ministry only uses emails but will need to consider online options.

Recommendation 15

The Committee is concerned on the lack of awareness of the recent COVID-19 community outbreak. The Ministry of Health and Medical Services should ensure timely public communication is made for all COVID-19 community transmissions. Likewise, online updates should be made for international travellers to Honiara.

- 4.132 The Committee is also concerned that during the games the large influx of international visitors will present heightened risks for our community.

Recommendation 16

The Committee recommends that the Ministry of Health and Medical Services builds an online COVID and other disease advisory alerts. The Ministry of Health and Medical Services should also consider a self-administered policy for RAT testing on entry of all international traveller. This policy could also assist as a mitigation strategy for events with large volume international visitors like the Pacific Games in 2023.

NRH Governance

- 4.133 The Committee notes several complaints on the absence of doctors, absence of basic medical tools like scissors and poor attention medical staff are giving to some patients. The Committee is concerned that basic level of governance is dropping and steps should be considered to set up an independent governance separate from the Ministry. There are some current examples of patients who are considering suing the Ministry for negligence.

Staffing levels

- 4.134 The Committee notes a high level of vacancies. Previous recommendations noted the lack of specialised in country skills which the Ministry has noted and committed to addressing through their strategic plan. Further the Committee notes that the hospital has a number of procurements which remain packaged because no one in country knows how to use the equipment. Some members of the Committee also noted that staff do not appear committed to their work and do not know what they are doing. Professionalism is missing. The Committee encouraged the Ministry to update its human resource strategy to consider an updated training needs assessment to ensure new and existing staff have the professional skills required to do their jobs.
- 4.135 Ministry noted these and indicated that governance is the key. Proper accountability and performance assessment must be implemented.

Recommendation 17

The Committee recommends that the staff vacancies are addressed as a matter of priority. It further recommends that recruitment process be updated to include a test of commitment for all new recruits into the health industry. The annual review process also be updated to also include a performance assessment framework to assess commitment to work and patients.

Budget Support

- 4.136 The Committee notes a decrease in budget support but an increase in non-appropriated budget support. The Ministry indicated that donors are moving back to reliance on their own procurement processes due to delayed processes in procurement of the Government.

Taro clinic closure

- 4.137 The Committee were concerned about the impacts of the Taro clinic closure. Taro needs a supplementary budget and urgent attention.

- 4.138 The Ministry however advised that the current facility is not up to standard and new buildings are planned. The Taro concept plans have been approved with the master plan going to CTB next week before going to tender.
- 4.139 The Committee noted this and suggested that the Ministry at least provide fast craft which are already in Honiara to support the community for referrals to Gizo and to ensure doctors and nurses still remain in Taro.
- 4.140 The Ministry noted these concerns and said both the fast craft issue will be sorted this coming month once drivers are trained the craft will be deployed.

Development Projects

- 4.141 The Committee noted that these seem to be carried forward every year. The Ministry advised that the Projects take time and large number of current development projects were awarded contracts in September which is why they need to be carried forward.

10 Ministry of Infrastructure Development

Mission Statement

The Ministry strives to provide, regulate and maintain services that support an integrated, efficient, safe and affordable transport system to enable all Solomon Islanders to participate and benefit in economic and social activities that sustains equality, unity and prosperity for the nation.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 10,900,692	\$ 7,183,610	\$ 7,183,610	\$ -
Total Expenditure	\$ 46,532,684	\$ 53,582,528	\$ 55,582,528	\$ 54,718,573
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 7,200,000	\$ 72,359,276	\$ -
Total Expenditure	\$ 6,689,668	\$ 7,200,000	\$ 72,359,276	\$ -
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 102,662,848	\$ 109,200,000	\$ 139,400,000	\$ 112,200,000

Issues of Concern

Matters raised by the Committee includes the following:

Shipping Grants

- 4.142 The Committee noted the Ministry response from an earlier recommendation on this topic and had further follow-up queries. Specifically, the Committee wanted an update on the assessment report undertaken for shipbuilders and requested a copy of this report. The Committee also requested the Ministry policy on supporting local ship owners in view of the fierce competition from foreign boat operators.
- 4.143 The Ministry confirmed that the assessment report is done and currently with the Permanent Secretary and Minister. The Ministry committed to provide a copy to the Committee. The Ministry also stated that the approval of grants is done at a senior level none of whom were present at the hearing.

Recommendation 18

The Committee is concerned that local shipping sector has not been adequately supported. The Committee further notes the findings of the recent assessment of boat building projects within Langalanga by the Ministry of Infrastructure Development which concluded “that the government must find all possible means to secure funds in order to revive the declining industry.” The Committee recommends the Ministry act on this report and consider ongoing support measures for local ship owners.

Drainage for Honiara main road and feeder roads

- 4.144 The Committee noted this as an ongoing issue and sought an update on the following:
1. The drainage around KGVI and confirmation that the outlets are connected to the sea; and
 2. The feeder roads including from Naha, Kola Ridge, Kukum, Baha’i area, and Kombevatu. In some cases, these are not safe and contribute to the main road poor drainage too.
- 4.145 The Committee is concerned that continued neglect of this ongoing issue could result in an embarrassing reflection on the country during the Pacific Games event.
- 4.146 The Ministry noted that there are drainage outlets around the Games venue. One outlet in Ranadi in BSP bank and other alongside of KGVI. The Ministry is working with the

Ministry of Lands, Housing and Survey to get an easement through to seaside as some plots already have development on them.

- 4.147 Water from Kola Ridge area comes into the main road area and currently looking to put a culvert to connect the feeder road to main road drains. Also, road maintenance contracts now have separate budgets so each contractor is responsible for their own areas and budget. This is to clear drains especially for highway from debris and clear drains.

Recommendation 19

The Committee is concerned that the drainage issue remains unaddressed and will be a source of embarrassment during the Pacific games event. The Committee recommends that the Ministry of Infrastructure Development secure sufficient budget to address the main road and feeder road drainage issues in Honiara before the Pacific Games in 2023.

Mamara MID completion report

- 4.148 The Committee noted the Ministry's completion report which has been used to facilitate the last instalment payment to Metropolis Mamara Development Company Limited. The report concluded all 50 houses are fully completed and available for occupants to occupy. The Committee was interested in the Ministry's view of the lifespan of these 50 buildings.

Road Maintenance

- 4.149 The Committee sought updates on contracts awarded for the maintenance of the Guadalcanal roads including Aola Mara road and also the road and ten bridges contract awarded to Aluta Brothers and Sons. The Committee also noted that the East Malaita road is in a bad state and queried if the Ministry have a contractor to maintain the road there.
- 4.150 The Ministry advised that the road maintenance program was previously under the National Transport Fund (NTF). This finished last year and ADB funding finished this year with only SIG left. A new land maritime project will have a road maintenance component and currently is being scoped with tenders likely next year for feeder roads outside of Honiara. The Aola Mara road report has been completed but no contract has been awarded yet.
- 4.151 As for the contract with Aluta Brothers and Sons, the first payment has been made but needs engineers to verify work done before any further payment is made. Around \$600,000 has been paid to date.
- 4.152 On East Malaita Road SIRAP is now on the ground. The tender is completed and a recommendation has been made to World Bank and the Ministry hopes to have an appointment by end of this year. For the Dala road, three tenders were completed and are now in the evaluation stage.

Bridges

- 4.153 The Committee commented on some of the bridges which have been brought to their attention. Specifically, the Berande bridge would appear to be a dangerous design and needs updating. Likewise, the bridge at Bokokimbo which has logs trapped underneath the bridge and no safety side rails in the design.
- 4.154 The Ministry confirms that both bridges identified do have issues. The Berande bridge river floor is constantly changing and the Ministry is in consultation with donors on a possible solution but nothing confirmed to date. The Bokokimbo bridge is a low-level design and has too many piers so all logs from upstream are being caught in this bridge. This bridge could not use the new design due to old legacy land issues so a low-level bridge is the only option for now.

Wharfs

- 4.155 The Committee asked the Ministry for an update on wharfs especially Ghia, Tulagi and in Bunakau. Some of these wharfs are in a bad state of maintenance and may be considered unsafe.
- 4.156 The Ministry noted that the materials have been procured for Ghia wharf and work is underway. For Bunakau there is a maintenance budget for Western province provided for in 2023.

Quality Testing

- 4.157 The Committee noted past practices of commercial firms sourcing non-compliant materials for construction work which led to substandard and poor quality products. The Committee is interested in the type of quality testing the Ministry undertakes to ensure standards are up to date. The Committee further queried whether the construction work for the stadiums have also been subject to this quality testing.
- 4.158 The Ministry noted that all qualifying companies must meet minimum standards. As we have limited people in the country, the number of qualified companies is not many. They must have engineers to ensure standards are to expectation and submission must address minimum expected standards set by the Ministry.
- 4.159 In relation to quality testing including for both road works and building, the Ministry does have a quality assurance team who conduct site checks. As for laboratory work, we are still trying to get accreditation with a lab in Australia but this has not yet been done. Our in-country lab can only test concrete and soils but any other materials requires an increase in our current lab capabilities.
- 4.160 In relation to the Pacific Games stadium and buildings, the Ministry only assists with testing. There should be a report of the stadium but not sure on the other buildings. The Ministry undertook to provide a further update to the Committee after the hearing.

Update on Committee recommendations

- 4.161 The Ministry provided a written response to the previous recommendations raised by the Committee.

12 National Parliament/ 15 Pensions and Gratuities

Mission Statement

To ensure that Parliament exercises its legislative, oversight, representation and outreach duties effectively and that Parliament remains the main forum for national political debate and democracy.

2023 Budget Summary

National Parliament

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 3,050	\$ -	\$ -	\$ -
Total Expenditure	\$ 94,058,056	\$ 96,162,024	\$ 99,823,834	\$ 106,105,404
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 513,197	\$ -	\$ -	\$ -
Total Expenditure	\$ 513,197	\$ -	\$ -	\$ -
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 1,365,931	\$ 2,700,000	\$ 2,700,000	\$ 2,150,000

Pensions and Gratuities

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 16,104,452	\$ 16,063,442	\$ 16,063,442	\$ 15,907,824

Issues of Concern

Matters raised by the Committee include the following:

- 4.162 The National Parliament provided a written submission to the PAC including updating the Committee on progress with recommendations the Committee had previously raised.

Recommendation 20

The Committee notes that the significant increase in Parliamentary Budget 2023 relates to MP entitlements. The operational budget continues to be insufficient and the Committee is concerned that Parliament is preparing further contingency warrants in 2023 for what should be planned expenditure needs. The Committee recommends that the MP entitlements be included under its own Budget Head like Head 15 Pensions and Gratuities. Alternatively, the budget unit can consider allocating sufficient budget for Parliament operational needs.

13 Ministry of Forestry and Research

Mission Statement

To promote, utilize, conserve, and manage the forest resources for the continuing benefit to the people of Solomon Islands, stakeholders and the environment.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 2,126,450	\$ 1,669,046	\$ 1,669,046	\$ -
Total Expenditure	\$ 17,334,591	\$ 23,675,487	\$ 23,675,487	\$ 24,027,501
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 7,840,424	\$ 10,636,000	\$ 10,636,000	\$ 10,636,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

Forestry Act

- 4.163 The Committee asked for an update on the progress of the Forestry Bill. The Ministry noted that the development of the Bill was slow. They are currently liaising with the Attorney General's Chambers on queries arising, and were awaiting the drafting.

Progress was delayed as AGC had limited numbers of drafters. They had expected the draft this year, but now they hope it will be early next year.

Forest Services include KLTF Reforestation

- 4.164 The Committee asked what the KLTF reforestation project was. The Ministry noted that they had submitted the bid for reforestation activities. They were however unclear what the KLTF Reforestation was.
- 4.165 The Ministry agreed to confirm who the trustees and members were of KLTF and what its objectives were and to confirm its registration.

Recommendation 21

The Committee recommends that the budget allocated to KLTF Reforestation be redirected to reforestation activities included in the Ministry of Forestry and Research's submission and to include support to other indigenous landowner groups.

National REDD (Reducing emissions from deforestation and forest degradation) and Policy Review

- 4.166 The Committee likewise asked what the REDD & Policy review budget related to. The Ministry noted that there was a need for policy to guide people to understand markets for carbon credits.

Pacific Games 2023

- 4.167 The Ministry provided an explanation of the purpose of the funds allocated to them for the Pacific Games. They confirmed that this would involve an upgrade to infrastructure works in the Botanical Gardens. For example streetlights and cleaning services.

Awareness raising

- 4.168 The Committee noted budget allocated to training staff but asked what activities were occurring in relation to raising awareness of sustainable harvesting within communities. The Ministry noted that there was budget for training and awareness but this tended to happen with resource and plantation owners.

Recommendation 22

The Committee recommends that the Ministry of Forestry and Research undertake awareness raising with communities on good planting methods to enable sustainable harvesting. The Committee further recommends the Ministry collaborate with small timber plantation owners to allow licensing to enable harvesting and export of plantation logs and support for access to market.

Lata office

- 4.169 The Committee asked for an update on the forestry office in Lata. The Ministry noted that with the cuts in budgets in recent years, this project had been delayed.

Export of logs

- 4.170 The Committee asked about the recent media article on the export of tubi logs. The Ministry confirmed that the regulations had previously been amended to allow for tubi to be harvested only on mining tenement areas.

Licences

- 4.171 The Committee asked for an update on licences and volume of exports. The Ministry agreed to provide this to the Committee through written submission.

Update on PAC recommendations

- 4.172 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Recommendation 23

The Committee noted that the Ministry of Forestry and Research has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

14 Office of the Prime Minister and Cabinet

Vision Statement

To be an effective office providing exemplary Leadership and Coordination in the administration of Government affairs and deliver high quality advice to the Prime Minister and Cabinet.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 2,000	\$ 9,044	\$ 9,044	\$ -
Total Expenditure	\$ 72,283,800	\$ 82,886,769	\$ 82,886,769	\$ 98,017,884
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 21,150,939	\$ -	\$ 4,450,850	\$ -
Total Expenditure	\$ 21,150,939	\$ -	\$ -	\$ -
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 184,735,703	\$ 107,125,487	\$ 107,125,487	\$ 374,000,000

Issues of Concern

Matters raised by the Committee includes the following:

Pacific Games Preparations

- 4.173 The Office outlined some of the key elements comprising the Pacific Games development budget of \$367 million. \$142 million was allocated to complete the Governments contribution to the planned \$550 million. \$211 million was allocated to replenish the budget spent on activities not picked up by donors. This includes the amount provided to the National Institute of Sports which is not directly to host the Games. A further \$11 million is for Games critical priorities. One example is a swing lane. This was not covered under the JICA agreement but needed to be addressed to facilitate traffic flows at the Games. Finally, there is \$3m to support the Safe and Green Games Action Plan. The Office agreed to provide a detailed breakdown of how the costs had been spent.
- 4.174 \$234 million of the budget will go to the Games Organising Committee for the operation of the Games. \$8 million will go to the National Hosting Authority. \$40 million to the National Institute of Sports.
- 4.175 The Committee enquired what learning the Office was taking from the 2012 Arts Festival to the organisation of the Pacific Games, particularly to ensure that all bills are paid on time. The Office confirmed that they expect all operations and costs to have been settled between 3 December 2023 and 21 March 2024. They do not expect any costs to carrying over.
- 4.176 The Committee also asked what analysis or reporting has been done to understand the expectations of growth to justify the spending by Government. The Office confirmed that analysis has been undertaken but no formal report has been prepared. The Office provided some examples. In the short-term, investment in facility projects will be the

main driver for economic revival. By June 2023, it expected that the money from partners for the construction of facilities will be in the region of \$1.4 billion. These projects have engaged an estimated 1000 local workers who have been receiving in the region of \$1m every week. By 2023 the project expects to have an additional 1000 workers and volunteers.

- 4.177 The Games themselves is the key marketing opportunity for the Solomon Islands.
- 4.178 The Office also noted that they have managed to secure other investment within a short timeframe due to the timeline of the Games. This has focused Partners to meet these deadlines. How these investments convert to strengthening the economy has not yet been done.
- 4.179 The Games Organising Committee is focused on the delivery of the Games. The National Hosting Authority is looking at the future use of the facilities. They are considering a range of options including educational use and provincial use. After the Games this will be the responsibility of the National Sports Council. They have estimated that the facilities will cost \$15m a year to maintain. As a result, they are planning for a legacy fund for the first two years whilst the National Sports Council determines its future management of the assets. The Committee observed that for the National Sports Council to successfully raise sufficient funds will need the independence to do this e.g. as a State-Owned Enterprise.
- 4.180 The Committee asked how the preparations were going for the 40 gold medals. The Office noted that in the past the country's best performance achieved 5 gold medals. But as the third largest population and second largest land mass a target of 40, out of 400 was appropriate. The focus was to lift past silver achievements to gold. As part of the preparations, those identified will be sent to Australia or China for a three to four-month period of dedicated training. This is a similar practice to Samoa and Papua New Guinea. Then just prior to the Games, the Australian or Chinese coaches will come to Solomons for the final push.
- 4.181 The Committee were encouraged by the investment occurring but were concerned that the facilities may not be ready on time for the event. The Office confirmed that the Pacific Games Council had met with the team recently and were impressed with the progress of the facilities.

Electoral reform

- 4.182 The Office set out that whilst preparation for the national elections is the responsibility of the Solomon Island Electoral Commission, it is also critical to the Office in preparation for national 2024 elections. The significant increase this year is to address preparatory work in the following key areas: registration process (biometric voting process), simultaneous elections, legislative amendments.

- 4.183 The Committee asked for an update on the electoral reforms, particularly absentee ballot, the approach to ordinarily resident voters and use of biometric registration. The Office observed that absentee voting will be a question of the methodology which has yet to be resolved. The registration of voters will be critical to ensuring this. Solomon Islands Electoral Commission is leading this. The Office also noted that in relation to the definition of Ordinarily Resident, that Parliament would have the decision-making responsibility on this.
- 4.184 The Committee were concerned that in recent times, Solomon Islands Electoral Commission had not been resourced at the levels they had requested. The Office acknowledged that the resourcing for the Commission had occurred late, but that the numbers had now been approved by the Office and Cabinet and would help them to implement the structures they needed.

Solomon Islands Independent Commission Against Corruption (SIICAC)

- 4.185 The Chairman of SIICAC has said that the Commission's Act is toothless. The Committee asked the Ministry for an update on what is being done to address the weaknesses in the Act raised by the Chairman. The Office noted that the report raised two concerns: the need to strengthen the Act; the need to adequately resource the Commission. The Office noted that they will be looking to mobilise funds outside Government next year to support the Commission.

Levers Solomons

- 4.186 The Committee requested an update on the Deed of Company arrangement (DOCA) \$80 million settlement that the Attorney General is negotiating. The Office took the question on notice and will provide the Committee with a response.

Federal Constitution

- 4.187 The Committee requested what developments had been made on the issues in the Truth and Reconciliation Commission report. The Office noted that it is planned to table this in Parliament. They are working on a reparation policy and how the Commission would be established.
- 4.188 The Office was also confident that tabling of the federal constitution will also occur. The Committee was concerned that there would be adequate time to consider the proposal when tabled. The Committee also noted that the delay in the past was as a result of costing not being done. The Office are working to mobilise UNDP to assist with the costing of the assessment. The Committee noted that it was important to have a clear view on what costs had been paid to date. They raised concerns around the alleged payment of a Town Ground office for militants by the Office but the Office was unaware of the matter or any rent for property there.

Medical scheme

- 4.189 The Office noted that they are reviewing the medical scheme to ensure that by 2024 there was better provision of services. This budget allocated in 2023 will augment the provision to cover for all those affected. By 2024, they noted that there would be a comprehensive health centre operating in the country following the agreement signed yesterday with China. Once operational, it was expected the need for overseas referrals would reduce.
- 4.190 The Committee noted that over three years \$9 million had been paid towards the scheme and requested a report on how this had been applied. The Committee noted in particular a concern that the Office was paying for some MPs medical cover rather than the scheme which drew into question the purpose of the scheme and the \$9 million provided. The Office has also asked for a report to justify continuation with the scheme. The Office noted that the scheme was to support MPs, Permanent Secretaries and constitutional post holders. Spend on domestic medical costs had reached almost \$3m reimbursements. It is planned that next year there will be a scheme through National parliament for MPs which will be domestic and some overseas referrals. Other overseas referrals will be through the Office.
- 4.191 The Committee reiterated their concern that the scheme is not an insurance company nor a broker for insurance and as such the scheme was not providing the flexible and responsive service needs and that this should be looked at.

Recommendation 24

The Committee noted that the Mustard Seed International scheme contract is for five years of which three years has been completed. The Committee recommends that independent financial analysis is undertaken on the costs and benefits provided by this medical scheme which should cover inception to current date and compares the cost of the scheme, costs covered by the scheme and costs paid for directly by Government.

Solomon Islands Broadcasting Corporation

- 4.192 The Committee noted that the Corporation had been reluctant to give time to the leader of the Opposition to present a balance in its broadcasting since the Corporation was removed as a State-Owned Entity. The Office noted that no instructions had been provided to the Corporation Board and they would confirm this with the Corporation. The Committee also noted that although \$5 million had been included in the budget under recurrent other charges, only \$1m was included in the development budget for the Corporation and yet the need for investment was part of the justification for this decision.

Update on PAC recommendations

- 4.193 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

16 Ministry of Police, National Security and Correctional Services

Mission Statement

As an agency of the Executive Government, the ministry's mission is to ensure that trusted policy advice is rendered to the Executive; and that the ministry exercises its duties of policy implementation, coordination and monitoring by effective management and fiscal administration.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 1,534,030	\$ 1,249,060	\$ 1,249,060	\$ -
Total Expenditure	\$ 258,734,947	\$ 285,131,490	\$ 312,320,490	\$ 327,205,679
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 35,898,315	\$ 35,898,315	\$ -
Total Expenditure	\$ 20,285,406	\$ 35,898,315	\$ 35,898,315	\$ -
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 6,447,436	\$ 21,630,000	\$ 21,630,000	\$ 21,630,000

Issues of Concern

Matters raised by the Committee includes the following:

Pacific Games Preparation

- 4.194 The Committee requested an outline of the preparation for the Pacific Games security. The Ministry stated that they are using the National Security Strategy as the basis for the whole of Government approach to prepare for the Games. The areas of focus in preparation are: protection of participants, communications, traffic management and building capability and the establishment of a mobile protection unit.

- 4.195 The Committee asked how much this was likely to cost. The Ministry confirmed around \$14m. They have asked for around 230 new positions who will be fresh recruits to support the process.
- 4.196 The Committee noted some historical safety issues around SINU campuses at Panatina and Kukum and how the Ministry would be addressing this. The Ministry noted that they will be developing plans for village and venue security.

National Crime Prevention Strategy

- 4.197 The Committee asked for details on the National Crime Prevention Strategy. The Ministry outlined the key parts of the strategy and the budget implications. Community Policing operates from the national level (National Crime Prevention Board) to a Provincial committee under the Provincial Governments and from there, they link to the communities who implement the programs. The Ministry also noted the role of the Area Constable. This program was run under the Ministry of Justice and Legal Affairs however the Ministry is communicating with them to align the program with their community policing programs as they are similar in nature.
- 4.198 Local communities have established Crime Prevention Committees which the Ministry is supporting to be more effective. They are considering what incentive structures could be implemented for the Committees and are looking at the provincial government structure with Ward Development Committees.

Recommendation 25

The Committee recommends that the Ministry of Police, National Security and Correctional Services find a mechanism to pay the volunteers who engage in the Crime Prevention Committees as a cost-effective way to have a wider reach into the provinces and outside urban centres.

- 4.199 The Committee asked for an update on the position at Hells Point following recent media articles. The Ministry noted that they remain operating on the site. The Government is working on places to purchase the land.
- 4.200 Some of the Committee members had received feedback around Officer performance. The Committee enquired what the process was to make a complaint about an Officer. The Ministry noted that there is a formal process which can be pursued and MPs could raise concerns to the Commissioner. For the public this would be through the Police Professional Standards, an Independent body to investigate Police Officer behaviour.

Fuel costs

- 4.201 The Committee asked what the Ministry planned in relation to the purchase of new vehicles. The Ministry noted that the new vehicles are a replacement for the 20 vehicles written-off. The current budget was for only 110 vehicles in the country despite only 43 being in operation. Through the Pacific Games, the Ministry was seeing to raise the expectation to 160. This will be balanced with the use of boats for more remote areas.
- 4.202 The Ministry noted in relation to the fuel that the border operations are now scaling down so fuel is being reprioritised to Honiara.

Recruitment of Officers

- 4.203 The Committee asked what the approach was to recruiting Police Officers at the Ministry.
- 4.204 The Ministry noted that they have an ongoing policy to recruit 140 Officers each year in 2 intakes. The Ministry has an objective however to reach a total of 1500 Officers but is not yet reaching this. When the Ministry compares the staffing levels regionally, they are generally under resourced. In Solomon Islands, the ratio at present is 1 Officer to 250 population. Elsewhere it is 1:200 or less. The Ministry therefore continues to look at the recruitment strategy for Officers and support services.
- 4.205 The Committee asked what progress was being made with the donors to clear UXO. The Ministry confirmed that they are taking a whole of government approach to UXO policy. The project to map out and gather statistics on the location of UXO is still outstanding. The previous contractor has been terminated and a new tender is being advertised.

Update on Committee recommendations

- 4.206 The Ministry provided a written response to the previous recommendations raised by the Committee.

17 Ministry of Provincial Government and Institutional Strengthening

Mission Statement

To strengthen the Provincial Government system, MPGIS will;

- work towards an appropriate balance between the responsibilities of Provincial Government, the resources available to Provincial Governments, and the capacity of provincial Governments,

- support the decentralization process through a systemic and feasible delegation/devolution of functions, mandates and budget thus bringing decision-making and services closer to its citizens,
- ensure the necessary accountability, transparency and participation mechanisms, and
- Resettlement Planning and Management Schemes.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 99,172,119	\$ 103,716,875	\$ 103,716,875	\$ 146,530,991
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 26,782,686	\$ 40,000,000	\$ 40,000,000	\$ 30,000,000

Issues of Concern

Matters raised by the Committee includes the following:

- 4.207 The Ministry provided a written submission to the PAC including an update on progress with recommendations the Committee had previously raised.

Recommendation 26

The Committee recommends the Government fast-tracks the review of the Provincial Government Act 1997.

18 Ministry of Lands, Housing and Survey

Mission Statement

To ensure that the Solomon Islands Government is supported by a Professional team and efficient land management system that contributes to social stability, economic growth and sustainable environment.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 6,176,056	\$ 11,914,321	\$ 11,914,321	\$ 19,775,428
Total Expenditure	\$ 30,773,139	\$ 19,032,562	\$ 19,032,562	\$ 19,597,072
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 3,330,816	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Issues of Concern

Matters of concern raised by the Committee include the following:

Levers Solomons Limited (LSL) and Hells Point

- 4.208 The Committee sought an update on Hells Point and Levers Solomons Limited (LSL)
- 4.209 The Commissioner of Lands (CoL) stated that for LSL Ministry of Finance and Treasury (MoFT) decides payments for LSL and is a matter for MoFT. On Hells Point the Commissioner has initiated compulsory acquisition for Hells Point and LSL has disputed this leaving the matter now with the courts.

Tasahe Land subdivision

- 4.210 The Committee is aware of the full and final settlement from the Government for the Hatanga Tasahe land. The Committee further inquired about any developments with the subdivision of Tasahe land.
- 4.211 The Ministry confirmed that Hatanga land was paid in full for \$6 million. Title for four hectares was transferred to Government. Subdivision for existing occupiers yet to be undertaken as no money available to subdivide. The Ministry will however look for opportunity to progress this in 2023. One possible option will be for the current occupiers to contribute to upfront costs.

Practical Land reform

- 4.212 The Committee queried what the practical land reform was. The Commissioner responded that the practical terminology is intended to focus on ideas which are implementable and not academic or theoretical. The approach is to continue with customary land recording so once land is recorded then it requires a process of how to get it registered. The intention is to create a new class of perpetual estate to be held under the tribes which can never be given away.

- 4.213 Another issue is the review of the restitution policy where a consultant has been engaged. Current policy allows for alienated land which allows sharing of land rent which works for Honiara. But in some cases idle land is not earning rental income so Government needs to devise a mechanism to address this. This review has a long way to go.

Ranadi dumpsite and new landfill site

- 4.214 The Committee followed up on the developments on the location of Honiara's new landfill and plans for the old Ranadi dumpsite. The Committee pointed out that Ranadi site is in prime industrial land and requires advance planning to avoid issues of squatters and other possible impediments. The Committee further suggested that perhaps the old site could be turned into greenspace.
- 4.215 The Ministry advised that two sites had been selected. One site is on LSL land and currently in court. The other site in Tenaru is owned by the Catholic Church and negotiations are underway. The Ministry hopes to complete the land acquisition before the Pacific Games starts.

New Honiara Cemetery

- 4.216 The Committee noted the previous recommendation to quickly resolve the new cemetery site for Honiara given the lack of any space in the current Kola Ridge cemetery area and requested an update on this issue.
- 4.217 The Commissioner advised that the initial focus will be on UXO clearance. Earlier this year the Ministry had sought support from Ministry of National Planning and Development Coordination for infrastructure support which was not forthcoming. The Commissioner will look at an in-house solution for the Gilbert camp land area.

Recommendation 27

The Committee notes the Ministry's ongoing work on the implementation of a new Cemetery for Honiara and is concerned that it lacks sufficient urgency given the dire situation of the current cemetery site. The Committee recommends that the Ministry allocate sufficient budget and support within its Ministry to address this issue in 2023. The Committee further recommends that the Ministry also consider the cemetery sites in major Provincial townships.

Strata title Act implementation

- 4.218 The Committee asked if any activity under the new Strata Title Act. The Commissioner updated the committee that the Strata Act has been passed and that some proposals are

coming in. The Ministry intends to update training and budget on operational aspects of this Act when an acceptable proposal is received and approved.

Vulnerable people relocation

- 4.219 The Committee sought an update of the relocation of vulnerable communities' policy especially as a consequence of climate change. The Ministry advised that the guideline has been completed with International Organisation for Migration (IOM) assistance. More funding is anticipated with the responsible Ministry to implement this being the Ministry of Environment. Standard operating procedures are also being developed.

South Honiara Tender

- 4.220 The Committee noted the Ministry's update about a new tender underway for South Honiara. The Committee queried whether the tender would favour only those with money and exclude those younger and not yet with sufficient capital and those without money. The Committee encouraged the Ministry for a more inclusive approach.
- 4.221 The Ministry confirmed that the current tender on south Honiara land will close on 9th Dec. A lot of applications are coming in. The Commissioner noted that prices for plots are already fixed so highest amounts will not necessarily win. The tender process asks for top 3 choices with the decision process left to the Land Board. So far over 2000 forms have been given out and is seen as a highly competitive process. The Land Board needs to decide the criteria. Financial capacity is important and pricing is affordable. A similar approach should be considered also for Provinces.

Update on PAC recommendations

- 4.222 The Ministry did not provide a written response to the recommendations previously raised by the Committee.

Recommendation 28

The Committee noted that the Ministry of Lands, Housing and Survey has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

19 Ministry of National Planning and Development Coordination

Mission Statement

Enhance economic and social well-being of the people of Solomon Islands through maximum participation in economic development and by fostering co-operation between National, Provincial Government and Communities and between development partners in order to maximize utilization of development resources to the benefit of the people of Solomon Islands.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 4,980,790	\$ 5,917,723	\$ 6,758,457	\$ 6,834,932
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 5,933,042	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000

Issues of concern

Matters of concern raised by the Committee includes the following:

Donor funding support

- 4.223 The Committee requested a list of all donor funding supporting the 2023 Budget. This was outlined in the Ministry's submission provided to the Committee.

Supporting strong fiscal disciplines

- 4.224 The Committee was concerned that some of the practices observed in the budget were not in line with good fiscal discipline. The Ministry noted that in terms of development budget which they oversee, they have taken steps to improve the planning process, working to ensure projects are properly designed and costed, taking into account relevance of projects, option consideration, and work plans. In addition, the Ministry noted that this year they have rolled out cost benefit analysis training with Ministry planning officials. All this is supported by a planning manual.
- 4.225 The Ministry noted that their next focus is on monitoring and evaluation. This has been an area where deficiencies have existed but the Ministry was pleased to note that they now have an almost full monitoring team.
- 4.226 The Committee asked what role the Ministry was performing in relations to strategic thinking to enable growth of the economy. The Ministry noted that monitoring and

evaluation was critical to deliver strategic thinking but this has been hampered by the reduced capacity in the team. Now as the monitoring and evaluation function is strengthened the Ministry expects to be able to present evidence that will go beyond the analysis and enable effectively decision making.

- 4.227 The Committee sought to clarify whether the Ministry is giving strategic advice to the Government. Do you advice government on policy. You are the principal advisor but think it is the opposite. Is that the case?
- 4.228 The Ministry confirmed their central coordinating role in providing advice to government but acknowledged that they are one of a number of ministries with the responsibility lying across the whole machinery of Government.
- 4.229 The Ministry noted that to put themselves in a good position to provide the advice, they need to strengthen their monitoring and evaluation data and strengthen planning which is why these areas have been and continue to be their focus. Why such a key priority to develop the team. At the moment, they don't have the information and data to undertake analysis to provide robust data to support their advice.
- 4.230 The Ministry noted there are specific methodologies for evaluating employment creation and they are taking steps to address this.

Recommendation 29

The Committee recommends that the Ministry of National Planning and Development Coordination champion national strategic planning to identify what areas of the economy require investment and at what levels to achieve strategic change in the economy.

Millennium Challenge Corporation

- 4.231 The Committee requested an update on the millennium challenge corporation and whether it is moving quickly enough. The Ministry noted that the initial start-up has commenced. An in-country director has now been mobilised. The Ministry will soon be meeting with the implementing partner for an update on the actual activities undertaken.
- 4.232 The Ministry also noted in terms of tourism project investment, that this was being implemented by IOC and Tetra Tech, the implementing firm. The agreements have been signed and progressed. The Ministry is expecting to have an advisory board meeting in December.

Solomon Islands Infrastructure Program

- 4.233 The Committee requested an update the Solomon Islands Infrastructure Program (SIIP) projects. The Ministry noted that their briefing provided to the Committee detailed the projects under the SIIP program in partnership with Australia. The projects noted are in initial feasibility stage or have commenced implementation.
- 4.234 The Ministry specifically requested an update on what has happened to the Naha Birthing and Urban Health Centre. The Ministry confirmed that this project had initially commenced under a health program lead by the Ministry of Health and Medical Service but had had issues with the contractor. The project had now moved into the Solomon Islands Infrastructure Program given the alignment as an infrastructure project. The project is making good progress now and it is hoped that legal issues are now sorted.
- 4.235 The Committee also asked the Ministry's role in relation to the tower project. The Ministry noted that the project is implemented by the Ministry of Communication and Aviation and the Ministry of Finance and Treasury. The project had been noted as a priority investment in the Solomon Islands Priority Investment Pipeline which was due to be approved by Cabinet.

Non-appropriated funds

- 4.236 The Committee noted the budget included \$1.3 billion of non-appropriated funds and asked the Ministry's role in oversight and monitoring of these funds. The Ministry confirmed that some of the non-appropriated budgets are directly overseen by the relevant line ministry, but that some are regional or global projects which are often more complex to oversee as a result. In these instances, the Ministry will request reports and updates through their partners.
- 4.237 The Ministry noted that they are working to improve aid coordination with donors but it is complex particularly in the current geopolitics. They participate in a number of large national project steering committees as part of this role.
- 4.238 The Ministry's Planning Manual, seeks to clarify and harmonise the process through which partners engage with the Ministry. Once it is Cabinet endorsed, it will provide the appropriate backing for the process.

Recommendation 30

The Committee recommends that the Ministry of National Planning and Development Coordination are proactive with coordinating international donors to ensure that

donors engage with the Ministry and target funding in the areas which are of greatest need for the Solomon Islands.

Sustainable Development Goals (SDGs)

- 4.239 The Committee asked how the country was progressing with the SDGs.
- 4.240 The Ministry noted that the last report on SDGs was in 2020. This noted some areas of improvement for example education and health but also that anecdotal evidence suggested regression in other areas for example the economy. The Ministry proposed to present the latest data to the next Committee meeting.

Recommendation 31

The Committee recommends that the Ministry of National Planning and Development Coordination present an update to the Committee on the performance against Sustainable Development Goals at the next meeting.

- 4.241 The Ministry provided a written response to the previous recommendations raised by the Committee.

20 Ministry of Culture and Tourism

Mission Statement

The Mission of the Ministry is to increase the impact of tourism on economic growth in the Solomon Islands by developing a dynamic, sustainable and private sector driven industry. The ministry is aware of the fact that sustainable tourism development must be sensitive to the unique cultural and environmental legacy of the nation. It must also empower local communities and bring economic benefits to rural populations by creating jobs and reducing poverty. The Ministry is also responsible for the protection, nurturing and promotion of the Solomon Islands' unique and diverse cultural heritage.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 154,400	\$ 322,116	\$ 322,116	\$ -
Total Expenditure	\$ 22,368,375	\$ 25,675,334	\$ 25,675,334	\$ 25,894,692
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 5,087,612	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

- 4.242 The Committee noted the Ministry's focus on the successful hosting of the Pacific Games. It was pleasing to note some direct support from donors on longer-term strategy development in a post COVID environment. Likewise, past recommendations updates noting DBSI is on track. Overall tourism arrivals have increased by 589% in visitor arrivals since border was opened. The Committee requested that the Ministry provide latest updated data on visitor arrivals.

Pacific Games

- 4.243 The Committee noted a lot of foreigners coming for the Games and an ideal opportunity to showcase our tourism potential. The Committee is interested in the Ministry's plans to showcase our diverse culture in the Provinces. The Committee suggested that there should be arrangements for travel around the provinces and packages to promote investment in the Provinces. The current budget is not sufficient for any activities to or from the Provinces and the Ministry should be seeking additional support to maximise the benefits of the Pacific games. This includes also bringing in cultural groups from the provinces and not just Honiara focused.
- 4.244 The Ministry advised that a \$5 million work plan had been developed in conjunction with the Games Organising Committee (GOC). The Ministry will engage with other stakeholders like Solomon Airlines to develop suitable packages for Provincial travel during the games period. Some plans will need to be carried forward to 2024 due to budget constraints. Some programs will be supported by donors like Millennium Challenge Corporation. They also noted that interest from investors like the ALTIF (Access Land for Tourism Investment Facilitation) program will help in the longer term, providing an alternative investment source for Provinces.

- 4.245 The Games will only be two weeks, however, it is hoped that the Games will leverage other good opportunities including sports tourism and regional events which will boost Tourism in the longer term.

Recommendation 32

The Committee recommends that the Ministry of Culture and Tourism seeks additional budget to help promote our country's diverse culture and beauty during the Pacific Games period. The Pacific Games event offers a significant opportunity to market Solomon Islands as both a tourist and investment friendly destination. The Ministry could arrange shell money festival or similar cultural events in nearby provinces with proper coordinated planning to properly show case our culture in the Provinces. Similarly the Committee also recommends that the selection of cultural groups and planned activities be inclusive and draw from both inside and outside of Honiara.

Solomon Island Visitor Bureau CEO

- 4.246 The Committee noted this is a key role for tourism development in the country and sought an update from the Ministry. The Ministry advised that the recruitment process is ongoing and that candidates will be limited by the available budget.

Tourism site preparation for Pacific Games.

- 4.247 The Committee sought an update of what other tourist attractions the is Ministry focused on in preparation for the Pacific Games. The Ministry noted that they are limited by budget and will have to prioritise expenditure accordingly. Priorities noted are for UXO clearance of Bloody Ridge, renovation of the national museum including the national auditorium and partition of the gallery for more space and landscaping for the art gallery.

Additional accommodation operators

- 4.248 The Committee was interested in the planned \$2 million investment to accommodation providers in Honiara and how the allocation would be decided. The Ministry advised that they would normally ask for applicants but may end up selecting operators.

Update on PAC recommendations

- 4.249 The Ministry provided a written response to the recommendations previously raised by the Committee.

21 Ministry of Commerce, Industries, Labour and Immigration

Mission Statement

To become a model ministry that is exceptional, professional and efficient in the delivery of public services under its mandate in support of increased investment, private sector growth, improved border security, better labour and employment practices, protection of consumer rights, promotion of fair trade and competition, and protection of indigenous reserved business opportunities. This is to ensure Solomon Islands attain sustainable economic development and durable prosperity for all.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 27,217,388	\$ 31,127,315	\$ 31,127,315	\$ 48,719,784
Total Expenditure	\$ 35,256,735	\$ 42,401,997	\$ 42,401,997	\$ 42,206,551
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 27,194,812	\$ 33,663,770	\$ 33,663,770	\$ 33,663,770

Issues of Concern

Matters of concern raised by the Committee includes the following:

Errors in projected budget heads

- 4.250 The Ministry noted in their presentation to the Committee that they had identified some errors in the projected revenue which needed to be revised down. The areas affected were noted as Headquarters, Internal Trade, Trade Disputes Panel, Registrar of Companies, and Business & Cooperatives.

Progress with recommendations

- 4.251 The Committee asked for an update against the previous recommendations made by the Committee. The Ministry noted the following process:
- 4.252 Recommendation 51 – the Ministry had considered how best they could provide a waiver but that more research was required into revenue. The written response of the Ministry noted that there are associated fees in production of passports and along with comparison of the fees involved that they felt strongly no change to the fee should be implemented.
- 4.253 The Committee sought to clarify the fees for passports. The Ministry noted that there is a base fee of \$1000. If fast processing is required, then an additional \$300 is charged.

Likewise if a passport is lost, an additional \$300 is charged. To manage the volume of passport processing the Ministry is looking into options for an office outside the Ministry's main office to assist with lodgement. They have also identified two centres in the provinces which might be suitable for a mobile unit, Auki and Gizo.

- 4.254 Recommendation 52 – the Ministry considered the experience from prior years that cost more than 50 per cent of the total cost of organising the show was accounted for by site preparation and construction of stalls in preparation for the businesses to establish. Therefore, the Ministry decided to use budget to support Small and Medium Enterprises (SMEs) to prepare products. They will work with associations, to prepare products to sell and supply products.
- 4.255 The Committee still encouraged the Ministry to consider budgeting for a venue. The Ministry clarified that they still have intentions to move forward with a venue but not in time for the Pacific Games. They noted that they have secured land for this and other purposes.
- 4.256 Recommendation 53 – The Ministry confirmed that a draft Investment Policy was prepared by a local technical advisor towards the end of 2021. Solomon Islands National Investment Policy and Strategy Promotions has been presented to the technical heads of the Ministry of Commerce, Industry, Labour & Immigration including representatives from the Policy Unit of the PMO; Minister of Commerce and Permanent Secretary of Commerce. The Policy was presented to CMCC and approval was granted. The Ministry expects consultation to be carried out early next year.
- 4.257 Recommendation 54 – The amendment to the Foreign Investment Act is to be carried out in accordance to the proposal in the SI Investment Policy review once the SI Investment Policy comes into effect.
- 4.258 The Committee requested a list of all investments in the country. The Ministry agreed to provide data and the registry for 2022.

Foreign Investment

- 4.259 The Committee were concerned at the high cost of foreign investment and that it discourages quality investors. The Ministry agreed that in the current environment it is challenging to attract quality investors. The Ministry has identified two strategies to assist this. The first is a special economic zone. Legislation would give incentives through tax and others mechanisms to attract foreign investment. The Bill is important to achieve this. The second is to move away the current activities from the current division and

establish an Investment Promotion Authority. Their key function would be to promote Solomon Islands to the outside world.

- 4.260 The Committee asked the Ministry's views on preparedness for life after the Pacific Games. The Ministry believe the Pacific Games will be the start of SME growth in the country. They noted that starting an SME is a challenge at the moment with many SMEs unable to meet the quantities needed for export. But it was hoped that the Pacific Games might provide the opportunity for growth. They also noted that the facilities will become sporting facilities and host national programs into the future.

Development Budget

- 4.261 The Committee were disappointed to note that just over 50% of the 2022 development budget had been delivered. The Ministry acknowledged the observation. The Ministry noted their efforts to strategically reprioritise their programs and support for projects which bring revenue and a return for their investment. For this reason they have invested in support to the private sector and the Development Bank of Solomon Islands. The Ministry can provide a report to support this.
- 4.262 The Ministry also noted that in the past they have budgeted for the whole project upfront. They are taking a different approach at the moment planning to undertake feasibility studies and then, if found to be viable, they proceed with the more significant budgeted projects.
- 4.263 The Committee requested an update on Mamara. The Ministry noted that the government had the agreement for 50 houses, noting that there are other houses in the development which are not part of the government agreement. The Ministry also confirmed that the Government had paid 90% of the costs already. 10% had been reserved and was only payable once no defects had been confirmed. This check occurred either at the end of the first month of occupancy or end of one year if the property remained vacant. The Ministry noted that the Ministry of Infrastructure Development had undertaken inspections in the last few weeks and therefore expected the 10% final payment to be made soon.

22 Ministry of Communication and Aviation

Mission Statement

The Ministry aims to rehabilitate and upgrade all Civil Aviation infrastructures and facilities throughout the country and provide efficient, effective and reliable Communication and Civil Aviation Services that are timely, accurate, safe and secure while meeting all regulatory requirements.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 469,365	\$ 594,353	\$ 594,353	\$ -
Total Expenditure	\$ 35,735,778	\$ 45,889,992	\$ 45,889,992	\$ 45,152,719
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 15,034,078	\$ 30,357,000	\$ 30,357,000	\$ 30,357,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

Airport upgrades

- 4.264 The Committee asked for an update on a number of the airports in the budget. The Ministry noted that there is a small budget for Lata airport. This was as the project was mainly funded through the Solomon Island Road and Airport Project (SIRAP) and funded mainly through the World Bank. The budget included relates to SIG's contribution to the project which relates to items such as land and materials needed for compaction. The Munda terminal is also under SIRAP. The Ministry updated that contractors have now been mobilised and are awaiting approval to commence.
- 4.265 The Committee noted that the budget allocated to purchase land for airports was only \$2 million. The Ministry noted that they were doing consultation and starting with two airports.
- 4.266 The Ministry also noted that Seghe airport was funded by New Zealand and Australia governments along with Solomon Islands Government.
- 4.267 The Honiara terminal is approximately 90% complete and is expected to be operating by April 2023. They are now tendering for the runway and expect this contract to be signed in the near future. The Committee asked what the use of the new terminal would be. The Ministry noted that the new terminal will be for departures only. The existing terminal will be converted for international arrivals and domestic activities.

Tower project

- 4.268 The Committee were seriously concerned by what they had heard recently in relation to the tower project which noted an estimated debt requirement of \$66-67 million USD

which equates to \$500 million SBD and represents more than half the Government borrowing limit. The actual costs included within the budget, however, are only noted at \$1.3 million for the Ministry and \$5 million for the Ministry of Finance and Treasury. The Committee also noted concern over the findings from the independent report commissioned by Telecommunications Commission Solomon Islands (TCSI) which concluded that the project wasn't viable and would require significant government subsidy to make it viable. Furthermore, the Committee noted they had heard Our Telekom had not confirmed their desire to engage and Malaita had indicated likewise. The Committee therefore wanted to understand the justification for the project and what other technology options had been considered.

- 4.269 The Ministry noted that the KPMG report was based on an initial option for 200 towers. Following the report this was revised down. The Ministry had considered different options but the Committee raised their concern that the option consideration was not robustly assessed. The Ministry agreed to pass this assessment to the Committee.
- 4.270 The Committee noted the \$3 million development budget for the Communication Program which included \$1.3 million in relation to the new Telecommunication Towers and asked what this related to. The Committee noted the range of projects the \$3 million included:

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1. Security Policy Implementation.
 2. Framework for Utilisations of Under Sea Cable.
 3. Development of SIG ICT Syllabus.
 4. Legislative Reform in ICT Sector.
 5. New Telecommunication Towers.
 6. National Post Code.
 7. Telecommunication Act Amendment.
 8. CERT.

- 4.271 The Ministry noted that the towers would be under a separate financial agreement. They noted that the satellite technology is very expensive and had therefore looked at ways to decrease this. They noted that they also have undertaken a feasibility study and as a result of both studies, they reduced the planned number of towers.
- 4.272 The Ministry stated that Our Telekom had signed a Memorandum of Understanding with the Government. This was enabling an assessment of the network design and discussions with landowners to determine the viability of tower numbers.
- 4.273 The Ministry noted that they had informally heard of Malaita's concerns but this had not formally been provided to the Ministry.
- 4.274 The Committee asked the Telecommunications Commissioner to update the Committee on their understanding of the project. The Commissioner noted they had commissioned the KPMG report into the towers. The objective of the report was to provide the Government with an independent view of the project. The findings point to challenges
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that the Government and mobile network operators would have on the proposal of 200 towers (as was at the time) and highlighted a number of aspects that may need to be reconsidered. The report didn't seek to provide alternatives to the proposed technology.

- 4.275 The report recommended that the Government should re-examine the project based mainly on the cost to run the project. TCSI was aware that the Ministry was proposing a reduction in the number of towers. TCSI hadn't re-evaluated the project based on this reduction but remained concerned that it may or may not have a significant improvement on the financial viability of the project.
- 4.276 As the Government had progressed to signing agreements relating to the project, TCSI has shifted in focus to the role as regulator and not undertaken further analysis of the project viability. The report however, remains the position of the Commission. Furthermore, the Commission believed that other planned investment in the sector by operators may complement or challenge the project and these should be considered by the Government in deciding to progress with the project as intended.
- 4.277 The Committee asked the Commission view on the level of planned borrowing for the project. The Commission noted that Government borrowing was not a question for the Commission but they reiterated that the KPMG report raised serious concerns in relation to borrowing. The Commission has a New Entrants to the Market body which includes CBSI representation and this body has serious concerns as to viability of project. These concerns have been communicated to the Ministry. The Commission is yet to see a response from the Ministry in relation to KPMG report.
- 4.278 The Commission has had discussions with mobile network operators who will be involved in the project but note they are also investing in their own infrastructure. The Commission noted that at present Bmobile has the option to participate in the project. Our Telekom is the primary operator being pursued to participate. But it is not yet clear in what form.
- 4.279 The Committee reflected on this noting the level of concern raised in the independent report and conclude that with such concerns around financial viability, the project should be reassessed before progressing further. In particular, this should also include more detailed discussions with operators to understand their plans and their level of buy-in.
- 4.280 The Commission confirmed that the important objective of the project, to connect the unconnected remains. But the means by which this is achieved and whether it is the right means had to be reviewed.

- 4.281 The Committee asked that the Ministry update the Committee on the development of the Act. The Ministry noted that the Act has not been updated since 2009 and therefore a review is long overdue given the advances in technology.
- 4.282 The Ministry agreed to provide the two independent reports and their assessment of the consideration of technology options for the tower project.

Recommendation 33

The Committee is concerned the tower project is not commercially viable and that the Government has not considered other more affordable technology. The Committee recommends that the Ministry work with existing operators to consider alternative technology which is commercially viable for Solomon Islands.

Underwater cables

- 4.283 The Committee asked the Ministry to provide an update on the recent announcement of a second underwater cable. The Ministry had not been informed of this and would provide this in writing for the Committee.

Update on Committee recommendations

- 4.284 The Ministry provided a written response to the previous recommendations raised by the Committee.

23 Ministry of Fisheries and Marine Resources

Mission Statement

The Ministry of Fisheries and Marine Resources (MFMR) leads the challenge to sustainably manage and develop the nation's offshore and coastal fisheries, is active in promoting Community Based Resource Management, and aims to contribute to the sustainable management of the region's offshore marine resources.

The MFMR strives to provide an effective and efficient service to all stakeholders, promote government inter-agency cooperation and act as the focal point for national capacity building, research and development within the sector.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 228,487,319	\$ 306,094,762	\$ 306,094,762	\$ 305,515,006
Total Expenditure	\$ 19,654,003	\$ 23,909,225	\$ 23,909,225	\$ 25,091,400
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 3,454,295	\$ 32,000,000	\$ 37,390,004	\$ 8,160,064
Total Expenditure	\$ 10,502,654	\$ 32,000,000	\$ 37,390,004	\$ 8,160,064
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 6,331,956	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

Bina Harbour Tuna Processing Plant

- 4.285 The Committee requested an update on the Bina Harbour Tuna Processing Plant. The Ministry noted that a milestone had now been met. New Zealand had engaged a managing services partner to manage the project Office. This would come under the control of the Ministry. The commitment from New Zealand is \$12.5m NZD over 5 years with the possibility of an extension. To date, lots of preparation work has been done with communities but the next stage was to develop the detailed scope and cost infrastructure.
- 4.286 There is also now a transactional advisory agreement with IOC for Public Private Partnership (PPP) transactions. IOC were helping to support with potential investors. The project team have been looking at the global market who might make a commercial success of the project and have to date secured interest from 2 players who they have met face to face.
- 4.287 The Committee were concerned about the concept of a PPP arrangement given others in the country didn't require a large investment from the operator. The Ministry clarified that this arrangement would be structured differently. The Government would fund the infrastructure which would remain SI property. The investor would be leasing the land and building the processing plant at their own risk. The vision is to capitalise on the economic development in Malaita.
- 4.288 The Committee asked how long it was likely to be until the project was up and running. The Ministry had initially thought that the project would be operating from 2025 but recent engagement with the technical engineering and civil experts suggests that this

may now be optimistic. Once the project office is up and running the Ministry expects to have a firmer timeline on commencement.

Raw materials

- 4.289 The Committee noted that in the past, raw materials has been an issue. The Ministry noted that they will be engaging with Federated States of Micronesia and noted the change in EU global sourcing. They are also engaging with Kiribati.

Tilapia

- 4.290 The Committee asked what benefit the development of tilapia will give in the long run. The ministry noted that this new and unique fish is in high demand overseas and therefore poses a good export opportunity. They are working on arrangements with local farmers to grow the fish to market level and then export. They also intend to work with schools to give them a source protein security.

Sea cucumber

- 4.291 The Committee asked the Ministry to clarify whether harvesting of sea cucumber was open or closed and what is the status of the stock in the country. The Ministry responded that the status of the stock is not healthy and it is over exploited. For this reason harvesting is closed. The Ministry's goal is that fisheries must be sustainable at all times or they will fail future generations.
- 4.292 The other factor at play is the role they have globally and that global partners are watching their response. To be able to continue to have the lead role in managing their stocks they have to be seen to be behaving responsibly.

Update on PAC recommendations

- 4.293 The Ministry provided a written response to the recommendations previously raised by the Committee.

24 Ministry of Public Service

Mission Statement

The Ministry of Public Service is the employer body for Solomon Islands public officers. It is the Secretariat for the Public Service Commission, the Judicial and Legal Services

Commission and the Police and Prison Service Commission. The Ministry oversees the regulation of condition of service for public officers, deals with manpower requirements of Ministries and has an important role in coordinating training and development activities across the whole of the public service. Also the Ministry is responsible for the public service reforms and quality management that foster and enhance a knowledge workforce that is effective and responsive to the needs of the State and the people of the Solomon Islands.

2023 Budget Summary

	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 600	\$ -	\$ -	\$ -
Total Expenditure	\$ 28,176,140	\$ 26,206,957	\$ 26,206,957	\$ 29,711,114
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 510,575	\$ 1,115,190	\$ -
Total Expenditure	\$ 156,486	\$ 510,575	\$ 1,115,190	\$ -

Issues of Concern

Matters of concern raised by the Committee includes the following:

Recruitment

- 4.294 The Committee observed that when the independent integrity institutions are created through law, an establishment is committed. However, many of these are still underfunded and lacking their essential resources. One example is SIICAC where the recent annual report for the Chair highlighted the ongoing challenge in ensuring staff are recruited in these organisations. The Committee asked the Ministry to clarify some insights that might lead to improvements in recruitment.
- 4.295 The Ministry commented that the only space to resolve this is through the review of the Public Service Commission Regulation 1998 to update a regulation on this. The Ministry noted that resources for integrity institutions are limited due to the priority currently on essential services and productive sector, but acknowledged that they must be considered as well.
- 4.296 The Ministry continues to work with SIICAC, Electoral Commission, and the Ombudsman to gradually fill the roles.

Long Service Benefit

- 4.297 The Committee asked whether the Ministry was on track with long service benefit (LSB) arrears. The Ministry responded that the LSB program has maintained its budget, employees who applied were paid and there is no backlog of outstanding payments as experience in the past, except for those who have family issues.

Cost of Living Adjustment (COLA)

- 4.298 The Committee asked whether there is any COLA adjustment this year given the increasing cost of living. The Ministry responded that they currently do not have a COLA proposal in this budget for public servants and the last one they had was in 2019. The Committee asked if there is a plan to consider this. The Ministry noted that they had proposed a 3.5% increase in the fundamental sector. This was declined but recommended that the Ministry should consider again next year.

Recommendation 34

In view of the expected high inflation and increasing cost of living, the Committee recommends that the Ministry of Public Service should propose an increase in line with the cost of living across all sectors of the public service.

Public Service Housing Assistance

- 4.299 The Ministry noted that the Public Service Housing proposal was paused and has to go back to Cabinet with the results of the survey analysis to understand the cost of the proposal. Until then, Public Sector Rent Subsidy will still be used.
- 4.300 The Committee also asked for information on the size and cost of the public service rental scheme. The Ministry agreed to provide this information to the Committee.
- 4.301 The Committee asked to clarify who undertakes the recruitment of staff within ministries. The Ministry responded that the recruitment processes are all decentralised, except for the permanent secretaries where the process is managed by the Prime Minister's Office. For the other roles, the recruitment is managed within the Ministries with the recommendation to appoint coming through the Ministry to the Public Service Commission. Only level 1 & 2 are totally decentralised to Ministries with the power delegated to the Permanent Secretary. The Ministry observes that nepotism can still occur but they review for any non-merit-based practices and ensure these are rejected.

Housing Scheme

- 4.302 The Committee raised that if public servants were housed by the Government, there may be cost savings in rental costs. The Ministry clarified that houses at Mamara would be on a rent to own. They are looking at using the rental entitlement to own the house.
- 4.303 The Committee noted that the Ministry is still working through one its earlier recommendations where the Ministry, in collaboration with the Ministry of Finance, conduct a study to ascertain appropriate levels of government rental scheme for public servants, taking into account wider economic impacts such as effect on housing loans.

Recommendation 35

In addition to the ongoing study, the Ministry is undertaking for the Mamara project, the Committee is concerned about how 50 only houses can result in the retraction of the current housing scheme which affects over 1500 public servants. The Committee recommends a review of this proposed policy change taking into consideration impacts to public servants, the feedback from the recent survey, the budget savings and the risks plus necessary administration costs to government for recovery of rent to own costs for individuals who leave public service.

Retirement

- 4.304 The Committee asked what process was in place to identify staff who were soon to become eligible for retirement. The Ministry clarified that compulsory retirement age is 55. However, they also noted that retirement is voluntarily.

Punctuality to work

- 4.305 The Committee asked the Ministry whether there was a behaviour across the public service that public servants were not punctual or late and what was being done about it. The Ministry responded that, the trend is becoming worse partly as a result of the economic and social challenges facing public servants. The salary is too low and public service are having to earn income through other means distracting them from their employment. The Ministry observed that this was increasingly prevalent in the current workforce and needed to be addressed.
- 4.306 The Ministry noted that they are taking on a pool of graduates at present to address this behaviour gap. The intention is to build a different set of values and competencies in the two years. The Ministry is also liaising with the Ministry of Finance and Treasury and the Office of the Auditor General to build the accountancy profession in the public service. The Ministry had raised this with Ombudsman and Leadership Code Commission but the current regulation does not cater for these issues, but the Ministry

will look at how this can be resolved. This will involve looking at Public service Act 1998, Labour Act 1960 and Trade Dispute Act 1970.

Recommendation 36

The Committee recommends that the Ministry for Public Service take steps to improve the attendance of public servants. Such steps should also include a review and where necessary, amendments of laws and regulations.

Update on Committee recommendations

- 4.307 The Ministry provided a written response to the previous recommendations raised by the Committee.

25 Ministry of Justice and Legal Affairs

Mission Statement

To deliver transparent, accountable and effective justice services which protect the fundamental rights and freedom of all people in the Solomon Islands.

2023 Budget Summary

Ministry of Justice and Legal Affairs

	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 686,074	\$ 1,294,526	\$ 1,294,526	\$ 1,300,000
Total Expenditure	\$ 35,901,720	\$ 40,863,722	\$ 40,863,722	\$ 46,573,724
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ 408,830	\$ -
Total Expenditure	\$ 866,878	\$ -	\$ 408,830	\$ -
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 691,550	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000

National Judiciary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 672,996	\$ 529,158	\$ 529,158	\$ 2,041,622
Total Expenditure	\$ 29,886,916	\$ 31,110,949	\$ 34,050,949	\$ 33,931,949
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 2,588,090	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

Government Lawyers Association (GLA) memorandum of understanding

- 4.308 The Committee requested information on the Government Lawyers Association (GLA) claims. The Ministry responded that the GLA memorandum of understanding (MOU) has been signed to make payments to members of the Government Lawyers Association. This will continue for the next year as it has been factored into the Ministry budgets. The Ministry noted that the next stage will be to turn this into a scheme of service for lawyers. The Ministry explained that the MOU would need updating annually whereas the scheme will be a more enduring agreement.

Recommendation 37

The Committee recommends that the Ministry of Justice and Legal Affairs should work with the Government Lawyers Association, Ministry of Public service and the Ministry of Finance and Treasury to establish a scheme of service for lawyers as a more effective and enduring method to ensure appropriate terms and conditions are paid to lawyers.

Appeal court

- 4.309 The Committee asked on the frequency of Court of Appeal sittings this year and whether alternative tools such as video conferencing had been explored.
- 4.310 The Ministry responded that it is scheduled to sit twice a year which they have been doing in person and plan to continue in 2023. However, as the Court of Appeal is a different jurisdiction to the High Court, administered by the Ministry, they agreed to consider this.

Disposal rates and backlog of cases

- 4.311 The Committee were concerned that there were high levels of backlog at various levels of court, particularly the High Court as some of the current judges were sick and this was affecting their performance.
- 4.312 The Ministry responded that the disposal rate of cases was gradually improving. The Ministry noted that they had experienced the collapse of the courtroom and that this also affected disposal rates. The Ministry noted productivity should be improved by December 2022 and will be fully resourced for virtual court hearings and other court hearings.
- 4.313 The Committee also requested some data of the case load in particular: the number of cases that go over three months, how many cases were processing during the State of Public Emergency, and of these the number of cases that came out during that time, how many were disposed and how many remain remaining and the monetary value of resources to be used. The Ministry agreed to provide this information to the Committee.

Staffing levels

- 4.314 The Committee asked why they had not filled their vacancies during the year. The Ministry responded that last year their recruitment was frozen. They were instead required to a submission to Cabinet which enabled them to commence recruitment in 2022. These roles include PSO and the Director of Public Prosecution and an additional judge that will be financed by Australia.
- 4.315 The Committee also asked whether hearing locations could be concluded in villages as well as urban centres. The Ministry responded that they would consider this. They noted that they are continuing to work with the local court and Magistrates to try to deliver the schedule of courts across the Solomon Islands within the funding provided.

Update on PAC recommendations

- 4.316 The National Judiciary did not provide a written response to the recommendations previously raised by the Committee. An update was provided by the Ministry.

Recommendation 38

The Committee noted that the National Judiciary has not responded to the Committee's earlier recommendations and requests that they provide, in writing, an update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

26 Ministry of Home Affairs

Mission Statement

Empower people to shape stable political future for our country, this builds on ethical leadership, decent governance and professionalism, hence to recognise our diverse traditional cultures, values and pride of our people and Government with robust relationships with stakeholders equally.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 3,960,482	\$ 6,587,325	\$ 6,587,325	\$ -
Total Expenditure	\$ 10,427,485	\$ 14,602,542	\$ 14,602,542	\$ 17,025,612
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 760,403	\$ 5,793,102	\$ 1,047,385
Total Expenditure	\$ 690,533	\$ 760,403	\$ 5,793,102	\$ 1,047,385
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 326,414	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

- 4.317 The Ministry provided a written submission to the PAC which included a written response to update the Committee on progress with recommendations the Committee had previously raised.

27 Ministry of Traditional Governance, Peace and Ecclesiastical Affairs

Mission Statement

Promote and foster national unity and sustainable peace through reconciliation, healing and reintegration of individuals, communities, and sector through strengthened multi-stakeholder partnership in peacebuilding throughout Solomon Islands.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 23,884,792	\$ 26,220,512	\$ 26,220,512	\$ 28,719,600
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 793,506	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

4.318 The Ministry provided a written submission to the PAC.

28 Ministry of Mines, Energy and Rural Electrification

Mission Statement

That we will strive for service excellence ensuring it abides by high ethical standards, is proficient in its service delivery and promotes professionalism throughout the ministry to ensure sustainable use of our resources for the improved social and economic wellbeing of our people and to create an ability to address natural geo-hazards. It will also continually strive to be an exemplary public service institution respected for its adherence to principles of good governance, impartiality and fairness in its public conduct at all times.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 2,528,966	\$ 3,822,218	\$ 3,822,218	\$ -
Total Expenditure	\$ 14,155,319	\$ 16,037,059	\$ 16,037,059	\$ 15,590,314
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 50,000	\$ 50,000	\$ -
Total Expenditure	\$ -	\$ 50,000	\$ 50,000	\$ -
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 7,465,666	\$ 30,000,000	\$ 30,000,000	\$ 48,060,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

Gold Exports

- 4.319 The Committee queried the latest update on Gold Ridge mine.
- 4.320 The Ministry announced that the Gold Ridge Mine will be formally opened tomorrow. All export permits are already in place and the first export shipment took place on the 18th November 2022. 38 bars of Gold for a total of 72kgs at between 80-95% purity was exported. The mining agreement has not been finalised but is underway.
- 4.321 The Committee noted this activity and asked if the lessons learnt from the previous operator Ross Mining have been taken into consideration for this new group. The Committee pointed out that the Ministry must takes steps to ensure actual exports are properly declared and needs Ministry staff onsite to verify each export independently.
- 4.322 The Ministry confirmed that they have adjusted their standard procedures and will have officers onsite to ensure right quantities declared. Also, there will be an independent analysis of gold purity done by an Australian lab and help with improved management of the Mine operator.

Solomon Power

- 4.323 The Committee asked for an update on the separation of regulatory powers for energy away from the Solomon Power. Solomon Power confirmed that the review was done by an independent consultant with one of the key recommendations being to establish an

independent power centre. Solomon Power would then be regulated by this Centre. Models for this are similar to Aviation. The Ministry does not want these changes to affect too much the current Solomon Power operations. The plan is to head towards a more affordable tariff in time. Solomon Power also commented that the review is in progress with main change being the creation of an independent power regulator. Solomon Power is waiting for the outcome of the review.

- 4.324 The Committee noted that the current Solomon Power is operating like a monopoly. It felt that a future regulator should not just be focused on just price of power. It should also include creating the right conditions for future competition. It should also look at a new law or regulation which requires a fixed formula in the setting of fuel surcharges so price changes both up and down are both effected immediately.
- 4.325 Solomon Power noted that the drafting instructions are ongoing. The energy division has been trying to workshop how to manage fuel price changes. The price control unit in commerce is the key Ministry for price control. Fuel suppliers also need to be engaged. ADB is assisting in developing quick measures by June 2023. The key here is also sustainability of Solomon Power so any changes need to be carefully managed.

New fast-tracked mining operations

- 4.326 The Committee sought an update on the fast-tracking process of three new mining companies especially the level of governance around the selection process.
- 4.327 The Ministry confirmed that they have strong monitoring in place to track the selected companies against their conditions to set up operations.

Tina Hydro Project

- 4.328 The Committee sought an update on the Tina Hydro including whether any loans have been drawn down yet.
- 4.329 The Tina Hydro representative updated the Committee on the slow progress to date. Work on the access road is underway. Clearance for other roads is also done. Temporary facilities like crushing plant construction is underway. These are required for building of the hydro facilities. So overall, it is slow but good steady progress in more recent times.
- 4.330 In relation to the current draw down of loans, so far only \$16 million grant has been utilised for roadworks. The concessional loan is not yet released.

Solar Programs

- 4.331 The Committee requested an update on the solar program in both the schools and the solar farm program with World Bank.
- 4.332 The Ministry noted that the energy division is responsible for the programs in rural areas including for schools and that the director of energy will supply information on this query later. The Ministry is also looking at a national policy on energy undertakings in country.
- 4.333 On the Solar farm Solomon Power updated the Committee on developments to date. The goal of this program is to reduce tariff through use of solar power. Solomon Power is currently commissioning five hybrid sites in Munda, Mali, Malu'u, Kira Kira and Lata. Also likely, an expansion of existing solar farms by another two megawatts power. The Headquarters rooftop solar is to be funded by World Bank is under detailed design. Also new solar farm in Tanagai 1MW due for approval next week. Ambu near Auki 1MW solar farm planned. Also 1MW in Henderson planned. Other sites in Gizo 1MW feasibility study underway. In Taro and Seghe the solar hybrid plants are currently operating. Solar usage will displace fuel consumption which will reduce total tariff charge.

Recommendation 39

The Committee noted that solar farms requires huge amounts of land which in urban centres is difficult. For this reason, the Committee felt that a program where Solomon Power helped pay and install solar power on suitable household rooftops and have installation costs deducted from the power costs could be way to help reduce overall future power costs.

Standby Generators

- 4.334 The Committee noted the situation on standby generators and rooftop solar power which requires approval from Solomon Power. Of concern for the Committee is that they have been advised that the usage of all of this power must also go through Solomon Power meter and they sought clarification from Solomon Power on this.
- 4.335 Solomon Power noted that proper licencing was a way to ensure proper safety standards are being adhered to. Standby generators however should be wired after the meters so should not be recorded in the meters.

State Owned Enterprises (SOE) high level of profits.

- 4.336 The Committee observed that Solomon Power and Solomon Islands Ports Authority are making huge profits and built up significant cash reserves. The Committee queried the

Ministry as to whether these SOE's temper their profit margins to expand infrastructure or reduce charges to make their organisations costs more affordable. It doesn't make sense for these SOE's to be providing profits for SIG bonds and dividends only especially at a time of high inflation driving up costs and reducing the real household income levels.

- 4.337 Solomon Power advised that their large investments into renewable energy and sustainable source of power (mainly solar farms) plus the Tina hydro project together are all aimed at reducing power costs. Overall tariff is based on a gazetted rate. Any changes require a review of the regulations by the Ministry. Fuel tariff change is two months lag and recent duty exemption of fuel is passed back to the customers. Of course tariff changes will affect the number of units a customer gets for the same amount of money.
- 4.338 The Committee followed up query on Solomon Power growth projections.
- 4.339 Solomon Power advised that the currently have 25,065 customers. Their goal is to increase this by 2000 customer per year. Previous target was 30,000 customers but COVID has impacted this. Goal remains though to increase the network and keep adding customers.

Kongulai Water source

- 4.340 The Committee sought an update on Kongulai water source and especially the ongoing logging activity and lack of enforcement for breaches of law.
- 4.341 The Ministry noted the Committee concerns and will seek and update from the CEO of Solomon Water. Kongulai is a sensitive issue and Solomon Water is tasked to manage and protect it and other water sources. The Ministry of Forestry and Research however issued licences to the landowners to undertake logging. Whilst caveats were subsequently made, no effective enforcement is noted. Even a Cabinet paper to form a special committee to deal with Kongulai and other water sources was not supported by other agencies and so not yet approved.

Recommendation follow up

- 4.342 The Committee noted the verbal update on previous recommendations raised by the Committee.

Recommendation 40

The Committee recommends that the Ministry of Mines, Energy and Rural electrification, provide in writing, a detailed update on each of the recommendations outlined in the Committee reports on the inquiry into the 2022 budget and supplementary budget.

30 Ministry of Women, Youth, Children and Family Affairs

Mission Statement

MWYCFA is committed to uphold and promote, protect and fulfil the rights of women, young people, children and families through effective partnerships, inclusiveness, fairness and creating equal opportunities to advance the wellbeing of the nation.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 9,477,286	\$ 10,351,696	\$ 10,351,696	\$ 10,973,937
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 1,430,090	\$ 9,930,090	\$ 1,150,000
Total Expenditure	\$ 5,237,307	\$ 1,430,090	\$ 9,930,090	\$ 1,150,000
Development Budget				
Total Expenditure	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

- 4.343 The Ministry provided a written submission to the PAC which provided an update on the previous recommendations raised by the Committee.

31 Ministry of Rural Development

Mission Statement

The mission of the ministry is three folded:

- Building our Human Resources Capacities to effectively deliver a Sustainable Rural Development Results.
- Transform our Institutional structures, Processes and legal environment that enables sustainable rural development.
- Building Effective Partnership with key stakeholders in Development Programming.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 13,600	\$ 13,914	\$ 13,914	\$ -
Total Expenditure	\$ 20,243,706	\$ 101,713,623	\$ 106,713,623	\$ 102,472,973
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 246,703,937	\$ 241,000,000	\$ 241,000,000	\$ 261,000,000

Issues of Concern

Matters of concern raised by the Committee includes the following:

- 4.344 The Ministry of Rural Development provided a written submission to the Committee which included a response to the recommendations previously raised by the Committee.

32 Ministry of Environment, Climate Change, Disaster Management and Meteorology

Mission Statement

To provide an enabling environment for the socio-economic development of the Solomon Islands through the application of necessary safeguards with regard to: Sustainable use of natural resources; the provision of meteorological services; reducing the risk and impact of climate change and other hazards to communities; leading and managing disaster preparedness and their consequences.

2023 Budget Summary

Recurrent Estimates				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ 355,050	\$ 1,259,390	\$ 1,259,390	\$ -
Total Expenditure	\$ 31,054,124	\$ 35,144,775	\$ 35,144,775	\$ 35,638,554
Budget Support				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Income	\$ -	\$ 42,225,994	\$ 48,681,494	\$ -
Total Expenditure	\$ 32,393,784	\$ 42,225,994	\$ 48,681,494	\$ -
Development Budget				
	2021 Actuals	2022 Original Budget	2022 Revised Budget	2023 Budget
Total Expenditure	\$ 1,741,758	\$ 7,460,000	\$ 7,460,000	\$ 9,820,000

Issues of Concern

The Ministry provides written submission to the Committee:

Reallocation of vulnerable communities

- 4.345 The Committee requested an update on discussions with the Ministry of Lands, Housing and Survey and steps to reallocate vulnerable communities. The Ministry noted that the Cabinet had recently approved the reallocation guidelines. There was still however a need for Standard Operating Procedures to support this. They will commence this with assistance from the Government of Korea.

Recent Earthquake

- 4.346 The Committee observed a lot of panic during the week's earthquake and asked the Ministry to confirm what should have happened and whether there was a warning system. The Ministry stated that the seismic monitoring system operated through a number of government agencies including themselves and the Ministry of Mines, Energy and Rural electrification. After an event, information comes through the Seismology Unit in within the Ministry of Mines and is channelled to the National Meteorology Service (Met Service) within the National Disaster Management Office. The Met Service will analyse the event and put out information. Unfortunately, the seismic observation network is thin. The timeliness of an alert can therefore depend on how quickly the information comes in can how efficient they are in analysing the data to get the message out.
- 4.347 The Ministry acknowledged that the speed at which the Met Service issued a no tsunami threat alert did take longer than they would like. They received information about 5 minutes after the quake and within 8 minutes, they had determined that there was no tsunami threat to the country, but a power outage was also an issue The Ministry noted that they still have an emergency system provided by support from Japan. This meant that NHA was not evacuated and that the Ministry was able to talk to police despite an initial blackout.
- 4.348 The Committee asked what their main communication methods were. The Ministry noted that their main communications is through SIBC and that this was issued before 2 pm. The Ministry does not have a siren system at present but are trying to set one up.

Recommendation 41

The Committee recommends that the Ministry of Environment, Climate Change, Disaster Management and Meteorology consider an additional communication means

other than SIBC for emergency situation as not everyone would have immediate access to SIBC. The Committee further recommends that the Ministry collaborate with Ministry of Infrastructure development and HCC to inspect commercial buildings in Honiara township to ensure buildings are safe to occupy following the recent earthquake.

- 4.349 The Ministry highlighted the importance of work on preparedness so that in a time of incident everyone knows what to do at any point in time. The Ministry reflected that we need to improve on this and identify and communicate safe tracks to high ground and safe areas. The general recommendation though is to move to higher ground and safe areas. The Committee noted that everyone relies on the Ministry to disseminate lifesaving information immediately and events like power failure should be planned for and better prepared to handle in the future.

COP27 update

- 4.350 The Committee asked the Ministry to provide an update following their attendance at COP27 and any thoughts on how quickly Solomon Islands might expect to access loss and damage funding. The Ministry noted that countries like the Solomon Islands have been pushing for a mechanism for loss and damage arising from climate change to be managed within the convention. A political decision was taken to agree to establish the fund. It will however take a while to set up so there will be no immediate access to funding.
- 4.351 The Committee asked whether there were any interim mechanisms available. The Ministry confirmed that they have been developing a submission to the Green Climate Fund. The Ministry highlighted the difference between the two funds. Loss and damage will focus on reparation and compensation. The Solomon Islands have already benefited from the Green Climate Fund through the Tina Hydro project with \$16 million USD grant and \$70 million USD concessionary loan.
- 4.352 The Committee asked the Ministry's thoughts on the goal of 1.5 degrees. The Permanent Secretary responded as a Solomon Islander, rather than as the Permanent Secretary and noted that it did scare him. The Ministry noted that globally we are already sitting at 1.1 degrees but the proposals from major contributors were unambitious. Drastic action to emissions was needed and only then would they be able to keep global temp rise within 1.5. Already the impacts of the 1.1 degree rise are serious and very real.

Update on Committee recommendations

- 4.353 The Ministry provided a written response to the previous recommendations raised by the Committee.

END OF REPORT

Appendices

Committee Functions

The Committee is established under *Standing Order 69*; an Order made pursuant to the *Constitution*² and has the functions, together with the necessary powers to discharge such,

- (a) examine the accounts prescribed by Section 77 of the *Public Financial Management Act 2013*, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) 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) 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) 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 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) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

² Section 62, *Constitution of Solomon Islands 1978*.

Minutes of Proceedings



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

PUBLIC ACCOUNTS COMMITTEE

P.O. Box G19,
Honiara.

Tel:
28520/23424.
Fax: 24272

Minutes of Proceedings

Committee Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

Day 1/2022

November 21st, November, CRIL, Parliament's Paul Tovua Complex, 10:53 AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
Hon. Rick Houenipwela,
Hon. Matthew Wale, MP
Hon. John Maneniaru, MP
Hon. Commins Mewa, MP

2. Apologies

Hon. John Dean Kuku, MP
Hon. Lilly Maefai, MP
Hon. Ethel Lency, MP
Hon. Silas V Tausinga, MP
Hon. Alfred Efona, MP

3. Secretary

Mr David Dennis, Auditor General

4. Secretariat

Mr Heston Rence, Committee Clerk
Mr Gregory Fineanganofa, Director Committees
Ms. Cordney Wale, Committee Secretary
Mr Sunjay Dhari, IT Officer
Mr Duane Baiabe, Media Officer

5. Prayer

Hon. Commins Mewa said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said the opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.x of 2022)

The Hearing proper commenced and the following witnesses from the Central Bank of Solomon Islands were admitted.

Hearing 1 Witnesses - CBSI

- i. Mr Raynold Moveni, Deputy Governor
- ii. Mrs. Louisa Baragamu, Chief Manager ERSD

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearing suspends for lunch at 12.26pm

The Hearing proper resumed at 2:20pm and the following witnesses from the Ministry of Finance and Treasury were admitted:

Hearing 2 Witnesses - MOFT

- i. Mr. McKinnie Dentana, Permanent Secretary, MOFT
- ii. Mr. Coswal Nelson, Director Budget Unit, MOFT
- iii. Mr. Douglas Sade, Deputy Accountant General, MOFT
- iv. Mrs Primula Mua , Director Economic Reform Unit, MOFT
- v. Mr. Joseph Dokekana, IRD Commissioner, MOFT
- vi. Mr. Jim Sutton, Comptroller of Customs, MOFT
- vii. Mr. Paula Uluinaceva, Accounting General, MOFT

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

Closing prayer said no prayer said

The hearing adjourned at 4:45pm

Day 2/2022

Tuesday 22nd November 2022 CRIL, Parliament's Paul Tovua Complex, 011:30AM

1. Members Present

Hon. Douglas Ete, MP, Chairman

Hon. Mathew Wale, MP

Hon. John Maneniaru, MP

Hon. Commins Mewa, MP

Hon. Lilly Maefai, MP

Hon. Ethel Vokia, MP

Hon. Alfred Efono, MP

Hon. John Dean Kuku, MP

2. Apologies

Hon. Silas V Tausinga, MP

Hon. Rick Houenipwela, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee Clerk

Ms. Cordney Wale, Committee Clerk

Ms. Ivory Iruha'a, Committee Clerk

Mr. Sunjay Dhari, IT Officer

Mr. Pamentha Golo, IT Officer

Mr. Duane Baiabe, Media Officer

5. Prayer

Hon. Commins Mewa said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.x of 2022)

The Hearing proper commenced and the following witnesses from the Ministry of National Planning and Development Coordination were admitted.

Hearing 3 Witnesses - MNPDC

- i. Miss Susan Sulu, Permanent Secretary, MNPDC
- ii. Mr Nicholas Namo, Director, MNPDC
- iii. Mr Samuel Aruhu, Director, MNPDC
- iv. Mrs Judit S Vava, FC, MNPDC
- v. Mr Travis Ziku, DS, MNPDC
- vi. Mrs. Naomi Polahi, CPO, MNPDC
- vii. Mrs. Elizabeth Pepena, PPO, MNPDC
- viii. Mrs. Gladys Asitewa, HRM, MNPDC
- ix. Mr Samuel Wara, Director, MNPDC
- x. Mr Jared Koli, CO, MNPDC
- xi. Mr Danny Lenny, CPO, MNPDC

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence provided and witnesses withdrew.

Hearings suspends for lunch at 11:30am

The Hearing proper resumed at 11:45am and the following witnesses from the Ministry of Commerce Industries, Labour and Immigration were admitted:

Hearing 4 Witnesses - MCILI

- i. Mr Riley Mesepitu, Permanent Secretary, MCILI
- ii. Mr Morris Rafa'ai, Director BCD, MCILI
- iii. Mr Martin Housanau, NC Production Sector (OPMC), MCILI
- iv. Mr Cornelius Donga, Director Marketing, MCILI
- v. Mr Leonard Ataata, Chief Industrial Officer, MCILI
- vi. Miss Beverly Sulai, Registrar of Companies, MCILI
- vii. Mrs. Sially Turanga, Deputy Director Foreign Investment MCILI
- viii. Mr Patterson Siliota, Chief Executive Officer, CEMA

- ix. Mr Hunter Masuguria, DS, MCILI
- x. Hansel Mamupio, HRM, MCILI
- xi. Mr Chris Akosawa, Director of Immigration, MCILI

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence provided and witnesses withdrew.

8. Adjournment

Closing prayer said by Hon. John Maneniaru

The hearing adjourned at 12:52pm

Day 3/2022

Wednesday 23rd, November 2022 CRIL, Parliament's Paul Tovua Complex, 10:11AM

1. Members Present

Hon. Douglas Ete, MP, Substantive Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commins Mewa, MP
 Hon. Lilly Maefai, MP
 Hon. Ethel Vokia, MP

2. Apologies

Hon. John Dean Kuku, MP
 Hon. Rick Houenipwela, MP- Chairman (Ag)
 Hon. Silas V Tausinga, MP
 Hon. Alfred Efona, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Gregory Fineanganofa, Director Committees
 Mr. Heston Rence, Committee clerk
 Mr. Wilson Orisi, Committee clerk
 Ms. Ivory Iruha'a, Committee clerk
 Ms. Cordney Wale, Committee clerk
 Ms. Monica Sekonga, Senior Admin Committees

Mr. Sunjay Dhari, IT Officer
Mr. Duane Baiabe, Media Officer

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

The Hearing proper commenced and the following witnesses from the Ministry of Health and Medical Services were admitted.

Hearing 5 Witnesses - MHMS

- i. Mrs. Pauline McNiel, Permanent Secretary, MHMS
- ii. Dr Gregory Jilini, Deputy Secretary Healthcare, MHMS
- iii. Dr Lazarus Neko, Deputy Secretary Corporate, MHMS
- iv. Dr Nemia Bainivalu, Deputy Secretary Health Improvement, MHMS
- v. Mr. Wesley Kukutu, Manager National Medical Store, MHMS
- vi. Mr. Michael Larui, National Director of Nursing, MHMS
- vii. Mrs. Esther Tekulu, Financial Controller, MHMS

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends for lunch at 11.27am

The Hearing proper resumed at 1:42pm and the following witnesses from the Ministry of Education and Human Resource Development were admitted:

Hearing 6 Witnesses - MEHRD

- i. Mr. James Bosamata, Permanent Secretary (Acting), MEHRD
- ii. Mr. Mathias Kutai, Director Teaching Services, MEHRD
- iii. Mr. Merrylyn Kodoleke MEHRD
- iv. Mrs. Linda Wale, Deputy Secretary Teaching and Learning, MEHRD
- v. Mr. Shadrach Fanega, Pro-Vice Chancellor, SINU

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 03:32pm

The Hearing proper resumed at 3:37pm and the following witnesses from the Ministry of Police, National Security and Correctional Services were admitted:

Hearing 7 Witnesses - MPNSCS

- i. Ms. Karen Galokale, Permanent Secretary, MPNSCS
- ii. Mr. Mostyn Mangau, Commissioner RSIPF MPNSCS
- iii. Ms. Julia Twumasi, Deputy Secretary Corporate, MPNSCS
- iv. Mr. John Matamaru, Director NCPD, MPNSCS
- v. Mr. Chris Bwekulyi, DCA, MPNSCS
- vi. Mr. John Vaefa, Financial Controller, MPNSCS

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer was said

The hearing adjourned at 4:37pm

Day 4/2022

Thursday 24th, November 2022 CRII, Parliament House 02:13PM

i. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commins Mewa, MP
 Hon. Lilly Maefai, MP

Hon. Ethel Vokia, MP

ii. Apologies

Hon. John Dean Kuku, MP

Hon. Silas V Tausinga, MP

Hon. Rick Houenipwela, MP

Hon. Alfred Efona, MP

iii. Secretary

Mr. David Dennis, Auditor General

iv. Secretariat

Mr. Heston Rence, Committee clerk

Ms. Salome Pilumate, Committee clerk

Ms. Ivory Iruha'a, Committee clerk

Mr. Greg Kinimete, Hansard Officer

Mr. Sunjay Dhari, IT Officer

Mr. Duane Baiabe, Media Officer

v. Prayer

Hon. Commins Mew said the opening prayer.

vi. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

vii. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

The Hearing proper commenced and the following witnesses from the Office of the Prime Minister and Cabinet were admitted.

Hearing 8 Witnesses - OPMC

- i. Dr Jimmy Rodgers, Secretary to the Prime Minister
- ii. Mr. Christian Nieng, CEO, OPMC
- iii. Mr. Malcolm Foufaka, Financial Controller (Acting), OPMC
- iv. Mr. Leonard Ofanu'u, OPMC

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 03:53am

The Hearing proper resumed at 03:59pm and the following witnesses from the Solomon Islands Electoral Commission were admitted:

Hearing 9 Witnesses - SIEC

- i. Mr. Freddie Bosoboe, Chief Executive Officer (Acting), SIEC
- ii. Mr. Reuben Rongomea, Finance Manager, SIEC

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

viii. Adjournment

No Closing prayer said

The hearing adjourned at 4:38pm.

Day 5/2022

Friday 25th, November 2022 CR11, Parliament House 10:40AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commings Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Alfred Efono, MP

2. Apologies

Hon. John Dean Kuku, MP
 Hon. Silas V Tausinga, MP
 Hon. Rick Houenipwela, MP
 Hon. Lilly Maefai, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Gregory Fineanganofa, Director Committees

Mr. Heston Rence, Committee clerk

Ms. Cordney Wale, Committee clerk

Ms. Ivory Iruha'a Committee clerk

Theresa Nori, Hansard Reporter

Mr. Sunjay Dhari, IT Officer

Mr. Duane Baiabe, Media Officer

5. Prayer

Hon. Commins Mewa said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

The Hearing proper commenced and the following witnesses from the Ministry Public Service were admitted.

Hearing 10 Witnesses – MPS

- i. Mr. Nego Sisiolo, Permanent Secretary, MPS
- ii. Mr. David Suirara, DS WFM, MPS
- iii. Mr. Cornelius Tariga, Assistant Secretary HRMIS, MPS

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 11.54am

The Hearing proper resumed at 11:59am and the following witnesses from the Ministry of Justice and Legal Affairs and the National Judiciary were admitted:

Hearing 11 Witnesses – MJLA & NJ

- i. Dr Paul Mae, Permanent Secretary, MJLA
- ii. Ms. Joyce Angi, Deputy Secretary Corporate, MJLA

- iii. Mr. Joseph Bibiasi, HRM/CEO (Acting) NJ
- iv. Ms. Ivory Waki, Chief Infrastructure Officer, MJLA
- v. Ms. Olive Maezama, HRM, MJLA
- vi. Mr. Andrew Talasasa, Deputy Registrar Magistrate Court, NJ
- vii. Mr. Paul Kapakeni, Financial Controller, NJ

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends for lunch at 12:39pm

The Hearing proper resumed at 01:49pm and the following witnesses from the Ministry of Foreign Affairs and External Trade were admitted:

Hearing 12 Witnesses - MFAET

- i. Mr. Collin Beck, Permanent Secretary, MFAET
- ii. Mr. George Tuti, Director of Trade, MFAET
- iii. Mrs. Loise Daga, Financial Controller, MFAET

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 2:46pm

The Hearing proper resumed at 2:52pm and the following witnesses from the Ministry of Environment, Climate Change, Disaster Management and Meteorology were admitted:

Hearing 13 Witnesses - MECCDMM

- i. Dr Melchior Mataki, Permanent Secretary, MECCDMM
- ii. Mr. Jonathan Tafiariki, Director NDMO, MECCDMM
- iii. Mr. Jacob Akao, Financial Controller, MECCDMM
- iv. Mr. Karl Kuper, Deputy Secretary Corporate, MECCDMM

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 3:54 pm

The Hearing proper resumed at 4:05pm and the following witnesses from the Ministry of Fisheries and Marine Resources were admitted:

Hearing 14 Witnesses - MFMR

- i. Dr. Christian Ramofafia, Permanent Secretary, MFMR
- ii. Mr. Patteson Lusi, Deputy Secretary Corporate, MFMR
- iii. Mrs. Caroline Menigi, Financial Controller (Supervising), MFMR
- iv. Mr. Billy Meu, Chief Financial Officer Inland Aquaculture, MFMR
- v. Mrs. Lisa Sugumanu, ASPM, MFMR
- vi. Mr Peter Lusack, BHTPPP – Project Manager, MFMR

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer said

The hearing adjourned at 5:15pm

Day 6/2022

Sunday 27th, November 2022 Virtual Meetings at CRII, Parliament's Paul Tovua Complex, 10:37AM

1. Members Present

Hon. Douglas Ete, MP, Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commins Mewa, MP
 Hon. John Dean Kuku, MP
 Hon. Ethel Vokia, MP

2. Apologies

Hon. Rick Houenipwela, MP
 Hon. Silas V Tausinga, MP
 Hon. Lilly Maefai, MP

Hon. Alfred Efona, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee Clerk

Ms. Salome Pilumate, Committee Clerk

Mr. Sunjay Dhari, IT Officer

Mr. Duane Baiabe, Media Officer

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

The Hearing proper commenced and the following witnesses from the Ministry Agriculture and Livestock Development were admitted.

Hearing 15 Witnesses – MALD

- i. Mr. Elda Leah Wate, Supervising Permanent Secretary, MALD
- ii. Mr. Michael Ohota, Deputy Secretary Technical, MALD
- iii. Mr. Rickson Wate, Director Livestock, MALD
- iv. Mr. Andrew Mevanolu, Director Extension, MALD
- v. Mr. Francis Esaesia, Director Biosecurity, MALD
- vi. Mrs. Paurina Galo Akwai, HRM, MALD

The witnesses made their opening presentation before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearings suspends at 12.06pm

The Hearing proper resumed at 12:12pm and the following witnesses from the Ministry of Culture and Tourism were admitted:

Hearing 16 Witnesses - MCT

- i. Mr. Bunyan Sivor, Permanent Secretary, MCT
- ii. Mr. Joseph Mamau, Financial Controller, MCT

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer said

Day 7/2022

Monday 28th November, Virtual Meetings at CRII, Parliament's Paul Tovua Complex,
10:23 AM

1. Members Present

Hon. Douglas Ete, Chairman
Hon. Mathew Wale, MP
Hon. John Maneniaru, MP
Hon. Commins Mewa, MP
Hon. Lilly Maefai, MP
Hon. Ethel Vokia, MP

2. Apologies

Hon. Rick Hou, MP,
Hon. Alfred Efona, MP
Hon. John Dean Kuku, MP
Hon. Silas V Tausinga

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee clerk
Ms. Salome Pilumate, Committee Secretary

Mr. Sunjay Dhari, IT Officer
 Mr. Moffet Maenao, IT Officer
 Ms. Monica Sekonga, SAO

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

Witnesses, the public and media were present.

The Chairperson made the opening statement. The Chair informs the witnesses of the Parliamentary privileges.

The following witnesses were examined;

Hearing 17 Witnesses - MMERE

- i. Dr. Christopher S. Vehe, Permanent Secretary, MMERE
- ii. Mr. Daniel B. Rove, Deputy Secretary, MMERE
- iii. Mr. Charlie Bepapa, Director Water Resources, MMERE
- iv. Ms Krista J. Tatapu, Acting Director Mines, MMERE
- v. Mr. Clifton Roga, Deputy Director Geology, MMERE
- vi. Mr. Duffy Akao, Financial Controller, MMERE
- vii. Mr. Thomas Toba, Chief Geologist, MMERE
- viii. Mr. Martin Sam, CEO (Acting), Solomon Power
- ix. Mr. Fred Conning, Deputy Project Manager-Tina Hydro

The witnesses made their opening presentation before the Committee

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearing suspends at 11:48am

The Hearing proper resumed at 12:03pm and the following witnesses from the Ministry of Lands Housing and Survey were admitted:

Hearing 18 Witnesses - MLHS

- i. Mr. Stanley Waleanisia, Permanent Secretary, MLHS
- ii. Mr. Allan McNiel, Commissioner of Lands, MLHS
- iii. Ms Margaret Qoloni Etua, DS Administration, MLHS
- iv. Mr. Robert Misimaka, DS Technical, MLHS
- v. Mr. Jerold Musi, Financial Controller
- vi. Mrs Julian Sade, HRM, MLHS

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearing suspends at 12:52pm

The Hearing proper resumed at 02:28pm and the following witnesses from the Ministry of Communication and Aviation were admitted:

Hearing 19 Witnesses - MCA

- i. Mr. Luke Mua, Supervising Permanent Secretary, MCA
- ii. Mr. Alfred Manele, HRM, MCA
- iii. Mr Alwyn Danitofea, Director Communication, MCA
- iv. Ms Naeri Elosi,
- v. Ms Alice Meke,
- vi. Mr. Fred Dola, Financial Controller, MCA
- vii. Mr. Trevor Veo, Director Aviation Policy, MCA
- viii. Mr. Allen Kelly, Air Navigation Inspector, MCA
- ix. Mr. Calvin Ziru, Telecommunications Regulator, MCA

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

Hearing suspends at 03:30pm

The Hearing proper resumed at 03:38pm and the following witnesses from the Ministry of Forestry and Research were admitted:

Hearing 20 Witnesses - MOFR

- i. Mr. Wilfred Arnon Atomea, Supervising Permanent Secretary, MOFR
- ii. Mr. Reeves Moveni, Commissioner of Forestry, MOFR
- iii. Mr Jacob Kinai, Chief Legal Officer, MOFR
- iv. Mr. Terrance Titulu, Deputy Commissioner of Forestry Management & Technical Services, MOFR
- v. Mr. Tibon Oge, Financial Controller, MOFR

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer said

The hearing adjourned at 4:22pm

Day 8/2022

Monday 29th November, Virtual Meetings at CRII, Parliament's Paul Tovua Complex,
10:33 AM

1. Members Present

Hon. Douglas Ete, Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. Alfred Efona, MP

2. Apologies

Hon. Rick Hou, MP,
 Hon. John Dean Kuku, MP
 Hon. Lilly Maefai, MP
 Hon. Silas V Tausinga

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Salome Pilumate, Committee Secretary
 Ms. Cordney Wale, Committee Secretary
 Mr. Sunjay Dhari, IT Officer
 Mr. Moffatt Maenao, IT Officer
 Ms. Monica Sekonga, SAO

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

Witnesses, the public and media were present.

The Chairperson made the opening statement. The Chair informs the witnesses of the Parliamentary privileges.

The following witnesses were examined;

Hearing 21 Witnesses - MID

- i. Mr. Paul Ne'e, Supervising Permanent Secretary, MID
- ii. Mr. Mike Qaqara, Director Transport, MID
- iii. Mr. Allan Lilia, Deputy Secretary Technical, MID

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer said

The hearing adjourned at 12:02pm

Day 9/2022

Monday 30th November, Virtual Meetings at CRII, Parliament House, 10:47AM

1. Members Present

Hon. Douglas Ete, Chairman
 Hon. Mathew Wale, MP
 Hon. John Maneniaru, MP
 Hon. Commins Mewa, MP
 Hon. Ethel Vokia, MP
 Hon. John Dean Kuku, MP

2. Apologies

Hon. Rick Hou, MP,
 Hon. Lilly Maefai, MP
 Hon. Silas V Tausinga
 Hon. Alfred Efona, MP

3. Secretary

Mr. David Dennis, Auditor General

4. Secretariat

Mr. Heston Rence, Committee clerk
 Ms. Ivory Iruha'a, Committee Secretary
 Ms. Cordney Wale, Committee Secretary
 Mr. Sunjay Dhari, IT Officer
 Mr. Lawrence Scott, Senior Media Officer
 Ms. Monica Sekonga, SAO

5. Prayer

Hon. John Maneniaru said the opening prayer.

6. Welcome/ Opening remarks

The Chairman of the PAC welcomes members of the committee, officials from the committee secretariat and witnesses and then said his/her opening remarks. The Chair informs the witnesses of the Parliamentary privileges.

7. Inquiry into the 2023 Appropriation Bill 2022 (No.6 of 2022)

Witnesses, the public and media were present.

The Chairperson made the opening statement. The Chair informs the witnesses of the Parliamentary privileges.

The following witnesses were examined;

Hearing 22 Witnesses – Debt Management Unit (MOFT)

- i. Mr. McKinnie Dentana, Permanent Secretary, MOFT
- ii. Mr. Robert Meyenn Dukavalaka, Director Debt Management Unit, MOFT

The witnesses made their presentations before the Committee.

The Committee questioned the witnesses based on evidences presented. Discussion ensued. Evidence concluded and witnesses withdrew.

8. Adjournment

No Closing prayer said

The hearing adjourned at 11:41am

List of PAC Generic Submissions

No	Author
1.	OGG - PAC GENERIC SUBMISSION TEMPLATES
2.	MRD - PAC GENERIC SUBMISSION TEMPLATES
3.	MMERE - PAC GENERIC SUBMISSION TEMPLATES
4.	MFAET - PAC GENERIC SUBMISSION TEMPLATES
5.	NPO - PAC GENERIC SUBMISSION TEMPLATES
6.	MPS - PAC GENERIC SUBMISSION TEMPLATES
7.	OPMC - PAC GENERIC SUBMISSION TEMPLATES
8.	NJ - PAC GENERIC SUBMISSION TEMPLATES
9.	MFMR - PAC GENERIC SUBMISSION TEMPLATES
10.	MWYCFA - PAC GENERIC SUBMISSION TEMPLATES
11.	MTGPEA - PAC GENERIC SUBMISSION TEMPLATES
12.	MEHRD - PAC GENERIC SUBMISSION TEMPLATES
13.	MPGIS - PAC GENERIC SUBMISSION TEMPLATES
14.	MCA - PAC GENERIC SUBMISSION TEMPLATES
15.	MHMS - PAC GENERIC SUBMISSION TEMPLATES
16.	MNPDC - PAC GENERIC SUBMISSION TEMPLATES
17.	MPNSCS - PAC GENERIC SUBMISSION TEMPLATES
18.	MJLA - PAC GENERIC SUBMISSION TEMPLATES
19.	MCILI - PAC GENERIC SUBMISSION TEMPLATES
20.	OOO - PAC GENERIC SUBMISSION TEMPLATES
21.	MALD - PAC GENERIC SUBMISSION TEMPLATES
22.	MHA - PAC GENERIC SUBMISSION TEMPLATES
23.	MECCDMM - PAC GENERIC SUBMISSION TEMPLATES
24.	MCT - PAC GENERIC SUBMISSION TEMPLATES
25.	MLHS - PAC GENERIC SUBMISSION TEMPLATES
26.	OAG - PAC GENERIC SUBMISSION TEMPLATES
27.	SIEC - PAC GENERIC SUBMISSION TEMPLATES
28.	MOFR - PAC GENERIC SUBMISSION TEMPLATES
29.	MOFT - PAC GENERIC SUBMISSION TEMPLATES
30.	MID - PAC GENERIC SUBMISSION TEMPLATES

List of PAC other Requested Submissions

No	Author
1.	MFAET 2023 Pacific Games - Cost Breakdown
2.	MFAET - Budget Mission additional funding Breakdown
3.	MFAET – Responses to Recommendations
4.	SIEO – Corporate Plan 2019-2023
5.	SIEO – Electoral Reforms Strategy Framework
6.	SIEO – Subs 1 – Public Accounts Committee
7.	SIEO – Subs 2 – Additional Note to PAC
8.	World Bank Submission to PAC
9.	MLHS Corporate Strategic Plan 2020-2022
10.	MLHS Report on Costing by MID
11.	CBSI- Talking Points
12.	MOFT - Drafts PS MOFT Talking Points of PAC
13.	2022 ADB November PAC Statement
14.	MNPDC Brief Notes
15.	Final Recurrent BS Summary for PAC and Parliament
16.	MLHS MID Report on Mamara Housing Estate
17.	MID Report
18.	MCILI CP2020
19.	SME Credit Guarantee Scheme
20.	MSME Credit Line Facility Update
21.	MCILI Summary 1 st Quarter 2022
22.	MCILI Summary 2 st Quarter 2022
23.	MCILI Summary 3 rd Quarter 2022
24.	OOO 2023 Budget Submission to PAC
25.	MHMS PS PAC Supplementary Notes
26.	MLHS MID Report
27.	MPS PAC Presentation 2023
28.	MALD 2023 MAL Programs
29.	MRD Written Submission to PAC Final
30.	OGG 2023 Budget written Submission to PAC Final

31. MJLA PAC Talking points 2022
32. Debt Management Unit, MOFT SIG Loan Register
33. OAG written submission
34. MOFR Written Submission
35. MID Head 10 DB
36. MID Summary on Budgets
37. MID CPIUDB Monthly Report
38. MID Head 10 RB
39. MID ABMS Report
40. MOFT DMU SIG Domestic Borrowing – SIG Bonds
41. OPMC DOCA Response to PAC Question taken on Notice
42. OPMC Supplementary Information to PAC on 2023
43. MID 3222-3224 Test Reports
44. MID 3263-3264 Test Reports
45. MID AOKE Langalanga Boat Builders
46. MID List of Applicants recipients of NTIP Fund
47. NPO Explanatory Notes for Head 12 NPO Recurrent 2023 Payroll
48. Supplementary Documents to Forestry's Annual 2023 Budget Submission