



National Parliament of Solomon Islands

Public Accounts Committee

# Committee Report

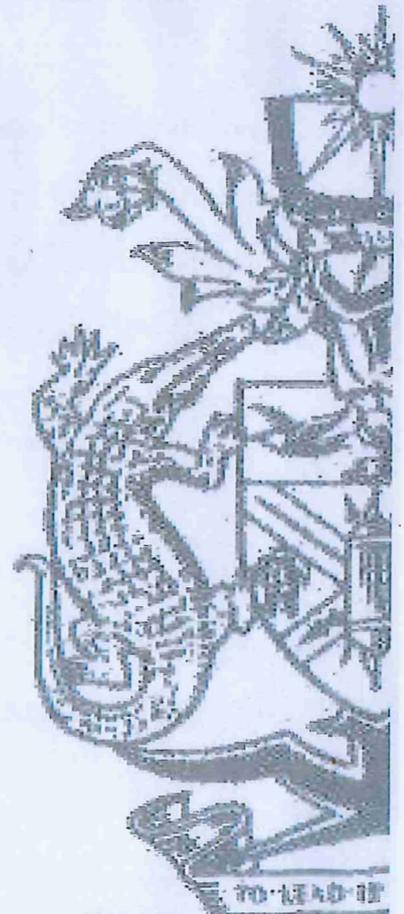
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Report on the 2023 Supplementary Appropriation  
Bill 2023 (No. 3 of 2023)



Presented on 18 May 2023

National Parliament Office



## **Committee Membership**

The members of the **Public Accounts Committee** (11<sup>th</sup> Parliament) are:

**Hon. Douglas Ete, MP, Chairman**

**Hon. Matthew C. Wale, MP**

**Hon. John D. Kuku, MP**

**Hon. Rick N. Houenipwela, MP**

**Hon. Lilly Maefai, MP**

**Hon. John Maneniaru, MP**

**Hon. Alfred Efona, MP**

**Hon. Ethel Lency, MP**

**Hon. Commins Mewa, MP**

**Hon. Silas V. Tausinga, MP**

**Hon. Claudius Tei'ifi, MP**

**Secretary:** Mr David Dennis, Auditor General

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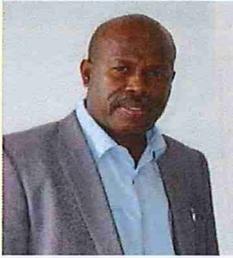
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## Chair's Foreword

### REPORT OF THE PUBLIC ACCOUNTS COMMITTEE



Mr Speaker,

Pursuant to Standing Orders No. 69 (1) [e] and [g] 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 Supplementary Appropriation Bill 2023 (No.3 of 2023)** for laying before Parliament.



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Chairman

Public Accounts Committee

17 May 2023

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## Executive Summary

According to the Macroeconomic and fiscal context that framed the 2023 National budget<sup>1</sup>. The Real Gross Domestic Product is projected at 2.8 percent. The DCGA top down approach is built from the 2022 budget which embedded in the Solomon Islands Budget theme for 2023 fiscal year "Together, Moving Solomon Islands Forward" one can continue to pose the question on how we can move our beloved country forward.

On the back of a depleting economy given a substantial current account deficit for the 2023 fiscal year, compounded with high inflationary headwinds of around 10% in the first and second quarter of 2023; we also have declining revenue capture across most sectors including the fisheries sector, together with an unprecedented expansionary budget to around \$4.5 billion. The country is expecting a \$204.9m deficit on the 2023 fiscal budget.

This in itself poses a risk to the budget and the economy and subsequently calls for the government to undertake a vigilant approach to ensure the economy does not deteriorate further.

The executive of the day strives consistently to ensure its two main key commitments amongst others policy areas are met and they are (1) Hosting the 17<sup>th</sup> Pacific Games for 2023 and Preparation for the National General Election in 2024. The Committee noticed the struggles that our economy encountered and therefore expects these supplementations.

The Public Accounts Committee ("the Committee") completed its examination of the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023) from the 10 to 12 May and 65 witnesses appeared before the Committee.

The Bill seeks to appropriate an additional \$370,637,520 from the Consolidated Fund for the service of the financial year ending 31 December 2023. It seeks to regularize Contingency Warrants of \$4,145,000 Advance Warrants of \$54,803,126 and \$47,140,734 additional recurrent expenditures and \$144,044,198 development expenditures for the services in the year ended 31st December 2023.

The Committee proposed six (6) recommendations to the Solomon Islands Government:

### Recommendation 1

**The Committee notes with great concern that the Ministry of Agriculture and Livestock Development's**

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<sup>1</sup> This is taken from the Budget Paper Volume 1: 2023 Financial Policy Objectives and Strategies

plans for PG2023 food needs are not yet finalized and require immediate support from the Government to ensure that plans are delivered as expected. The Committee recommends that the PG2023 grants for Ministry of Agriculture and Livestock Development are prioritized to allow farmers to prepare in time for PG2023.

#### Recommendation 2

The Committee remains concerned that budget funding gaps and unilateral withdrawal of Ministry budgets, especially development budgets, will have a significant impact on public service delivery as well as likely longer-term impacts on economic growth. The Committee recommends that the Ministry of Finance and Treasury secure suitable funding without the need to undermine Ministries' development plans in 2023.

#### Recommendation 3

The Committee noted the importance of security during the Pacific Games and recommends that the National Hosting Authority in consultation with the Police, properly address security issues well ahead of arrival of visitors into Solomon Islands including at the Panatina and Kukum Campuses.

#### Recommendation 4

The Committee is concerned that there will be insufficient accommodation capacity for the period of the Pacific Games for non-athletes and tourists. The Committee recommends that NHA consider additional plans to encourage private sector engagement and any other options on a recovery basis to increase accommodation capacity in Honiara.

#### Recommendation 5

The Committee commends the Ministry of Police, National Security and Correctional Services' plans to build a professional police force to international standards. The Committee recommends that the professionalization program for RSIPF be fast-tracked to prepare the existing force for upcoming significant events like the Pacific Games and to deal with the increasingly complex community needs.

#### Recommendation 6

The Committee noted the need to increase the fisheries revenue contribution, which was historically a significant contributor to Government Revenue. The Committee

recommended that the relevant Minister also be present at future Parties to the Nauru Agreement (PNA) negotiations to ensure we remain on track.

## Chapter 1: Introduction

This Chapter outlines the Inquiry process including information on the Public Accounts Committee (PAC).

### Overview

- 1.1 The National Parliament is the independent law-making arm of government to which the Executive is accountable to. The Parliament is 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 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 Supplementary Appropriation Bill 2023 was received by the Speaker and certified on Tuesday 25<sup>th</sup> May 2023. The Committee began its deliberations from 27<sup>th</sup> April and 4<sup>th</sup> May, and held public hearings from 10<sup>th</sup> to 12<sup>th</sup> May to examine the Bill that seeks to appropriate an additional \$370,637,520 to the service of the year ending 31 December 2023.
  - 1.3 In compliance with the Parliamentary Standing Orders, this Report has been prepared for the information of Members of Parliament to assist them in their debate on the Bill. It aims to draw the attention of the Members of Parliament on the Committee’s findings and recommendations after the conclusion of its detailed examination of the Bill.
  - 1.4 The Committee considered evidence provided by government ministries, statutory bodies, the Central Bank of Solomon Islands and sought advice from the Office of the Auditor General.
  - 1.5 This Report outlines the findings of the Committee's examination of the Bill that comprises the Contingency Warrants (CWs), Advance Warrants and Additional Supplementary Expenditure for both the Recurrent and the Development Expenditures.
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1.6 The Permanent Secretaries (PSs), Deputy Secretaries (DSs) and senior officials of various ministries who appeared before the Committee provided valuable information. The Committee also benefited immensely from the Office of the Auditor General. The Central Bank of Solomon Islands (CBSI) and the Ministry of Finance and Treasury also provided insights and projections of economic performance for 2023.

### **Inquiry Process**

1.7 In accordance with its mandate under Standing Orders 69 of the National Parliament, the Committee resolved at its meeting on the 25<sup>th</sup> of May 2023 to commence the examination of the Bill from the 10<sup>th</sup> to the 12<sup>th</sup> of May 2023. The full terms of reference are included on the Appendices of this report.

1.8 The inquiry process included inviting key financial institution and government ministries to make written submissions and appearing at public hearings.

1.9 The Committee examined 15 government agencies, including one statutory bodies, and received 30 submissions. A list of submissions can be found at the Appendices of this report and copies of the submissions are available at the Committee Secretariat.

1.10 Transcripts of the hearings are available at Parliamentary Hansard Department.

1.11 Minutes obtain from the hearings can be found in the Appendices of this report.

## Chapter 2 - Background Information

This chapter outlines the brief background of the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023).

2.1 The Bill seeks to appropriate an additional \$370,637,520 for the service of the year ending 31 December 2023, which includes \$4,145,400 for Contingency Warrants, \$159,035,302 for Advance Warrants and \$207,456,818 additional expenditures for the services in the year ended 31<sup>st</sup> December 2023.

EXPENDITURES	AMOUNT (\$)
CONTINGENCY WARRANTS - RECURRENT	4,145,400
ADVANCE WARRANTS - RECURRENT	159,035,302
ADDITIONAL SUPPLEMENTARY - RECURRENT EXPENDITURES	144,044,198
ADDITIONAL SUPPLEMENTARY - DEVELOPMENT EXPENDITURES	63,412,620
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<b>\$370,637,520</b>

### CONTINGENCIES WARRANTS

RECURRENT			
Head	Ministry	Amount	Purpose
25	Ministry of Justice and Legal Affairs	1,535,400	This amount provides additional funds to cater for payments to special prosecutor remuneration package.
32	Ministry of Environment, Climate Change, Disaster Management and Meteorology	2,610,000	This amount provides additional funds to cater for SIG emergency support to the Government of Vanuatu and for Temotu Province Outer Islands that were affected by Tropical Cyclones Judy and Kevin.
	<b>Total Recurrent Contingency Warrants</b>	<b>5,464,810</b>	

### ADVANCE WARRANTS

RECURRENT			
Head	Ministry	Amount	Purpose
05	Ministry of Education and Human Resources Development	17,557,335	Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade

			(DFAT) to fund Ministry ongoing activities.
06	Ministry of Finance and Treasury	15,446,564	Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT), Asian Development Bank (ADB) and World bank (WB) for Financial management Information System upgrade to the D365 system and for Economic Stimulus Package to Cushion the negative impact of COVID-19. Also, to support the National Disaster Management Office to pay off the COVID-19 related arrears that were incurred in 2022.
09	Ministry of Health and Medical Services	26,187,489	Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) and Republic of China (ROC) to cater for outstanding 2022 annual operation planned activity that will be implemented in 2023 and for construction of pre-fab mental health acute ward.
14	Office of the Prime Minister and Cabinet	92,278,761	Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT), to support the National Hosting Authority in preparation for the 2023 Pacific Games.
16	Ministry of Police, National Security and Correctional Services	3,223,496	Budget Support is funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT), to cater for asset maintenance and housing constructions.
20	Ministry of Culture and Tourism	557,049	Budget Support funded by the Government of New Zealand through the Ministry of Foreign Affairs and Trade (MFAT), for product development, visitors experience and COVID-19 safety.
22	Ministry of Communication and Aviation	818,331	Budget Support funded by the Asian Pacific Network Information Centre (APNIC) Foundation to develop SolCERT project within the Ministry.
23	Ministry of Fisheries and Marine Resources	2,278,775	Budget Support funded by the New Zealand Government through the Ministry of Foreign Affairs and Trade(MFAT) towards Mekem Strong Solomon Islands Fisheries (MSSIF) project

24	Ministry of Public Service	687,502	Budget Support funded by the Australian Government through the Department of Foreign Affairs and Trade (DFAT) for ongoing reform programs and public service transformation strategy.
	<b>Total Recurrent Advance Warrants</b>	<b>159,035,302</b>	

#### ADDITIONAL SUPPLEMENTARY EXPENDITURE

RECURRENT EXPENDITURE			
Head	Ministry	Amount	Purpose
05	Ministry of Education and Human Resources Development	21,064,345	Budget revised to provide additional funding to cover cost of office rental payments, printing of exam papers, shortfall in Grants and utilities.
06	Ministry of Finance and Treasury	102,824,543	This amount provides additional funding to cater for the reconstruction of buildings and businesses damaged during the civil unrest and riot in November 2021, and SIG support to the Development Bank of Solomon Islands (DBSI).
10	Ministry of Infrastructure and Development	9,415,853	This amount provides additional funding to cater for additional pressures and outstanding arrears of work already done last year, 2022.
14	Office of the Prime Minister and Cabinet	2,000,000	This amount provides additional funding to cater for the establishment of SIG Newspaper Printer, outstanding from last year 2022.
16	Ministry of Police, National Security and Correctional Services	2,000,000	This amount provides additional funding to cater for purchase of new motor vehicles to boost police security and law and order services during the 2023 Pacific Games later this year.
21	Ministry of Commerce, Industry, Labour and Immigration	4,564,000	This amount provides additional funding to cater for the urgent demand for passport books, office rental and utilities.
	<b>Total Recurrent Supplementary Expenditure</b>	<b>141,868,741</b>	

VARIATION IN APPROPRIATIONS			
Head	Ministry	Amount	Purpose
01	Solomon Islands Electoral Office	-144,044,198	Funding revised through variation under the Solomon Islands Electoral Office to support other SIG ministries spending

			priorities and commitments under additional recurrent expenditures.
	<b>Total Variation in Appropriation</b>	<b>-144,044,198</b>	

<b>DEVELOPMENT EXPENDITURE</b>			
<b>Head</b>	<b>Ministry</b>	<b>Amount</b>	<b>Purpose</b>
03	Ministry of Agriculture and Livestock	3,050,000	This amount provides additional funding for revitalization of Commodity Export Marketing Agency (CEMA) and 2023 Pacific Games support to strengthen and to elevate the opportunities for farmers to ensure the local food production is strong to address the catering needs during the Pacific games.
05	Ministry of Education and Human Resources Development	8,000,000	This amount provide additional funding to rehabilitate the school infrastructures that were damaged or destroyed during the recent earthquake, flooding and burning and other additional schools.
10	Ministry of Infrastructure Development	27,000,000	This amount provides additional funding to cater for revitalization of CEMA and to purchase a Boat from overseas and machineries for constituencies and local private operators and tar-sealing of Auki road.
21	Ministry of Commerce, Industry, Labour and Immigration	16,062,620	This amount provides additional funding to cater for revitalization of CEMA and for Suava Economic Growth Centre.
23	Ministry of Fisheries and Marine Resources	6,000,000	This amount provides additional funding towards community sea weed farming
26	Ministry of Home Affairs	3,300,000	This amount provides additional funding to cater for hosting of the Solomon Games 2023 organized mainly to identify talents in preparation for the 2023 Pacific Games later this year.
	<b>Total Development Supplementary Expenditure</b>	<b>63,412,620</b>	

## Chapter 3 - Issues of Concern

### Central Bank of Solomon Islands

The Committee received an update on the economy from Central bank and noted the following highlights.

#### First Quarter Macroeconomic update on the economy

##### Global trends

- 3.1 The latest forecast for the global economy in the April 2023 update is for growth to fall to 2.8% in 2023 from 3.4% in 2022 before rising modestly to 3% next year. The slowdown is concentrated in advanced economies especially in the euro area and the United Kingdom reflecting ongoing effects of the war and the three years of COVID. More importantly, in an alternative scenario where further financial turmoil continues, the global economy could fall to 2.5% in 2023.
- 3.2 Global headline inflation is projected to ease to 7% in 2023 as the massive and synchronized tightening of monetary policy by most central banks starts to bear fruition with inflation slowly moving back to their targets.

##### Domestic trends

- 3.3 On the domestic front, recent indicators in the first quarter of this year, showed mixed outcomes. The production index rebounded by 8% largely driven by rebounds in log and copra productions and continued positive outturns in fish catch, coconut oil and mineral productions.
- 3.4 In contrast, palm oil and cocoa productions declined, furthering the fall witnessed since the second half of last year. Growth outturns in other sectors such as utilities grew whilst employment figures remained weak at the end of March with a 0.5% decline.
- 3.5 Turning to consumer prices, headline inflation rose to 9.2% in March 2023 (latest available) from -0.6% in March 2022. This increase in headline inflation reflected mainly the strong pass-through effect of high imported inflation in the second half of last year, in particular, surging fuel and food prices to the domestic inflation. Domestic inflation increased to 9.1% from -3.1% in March 2022 whilst imported inflation rose to 9.5% in March 2023 from 6% in the corresponding period last year. Core inflation remained high at 5.9% compared to 2.8% in the same month a year ago.

## **Fiscal performance**

- 3.4 On the fiscal front, the fiscal balance recorded a deficit of -0.3 % of GDP (\$ -37million) as government expenditure continued to outpace revenue. Total expenditure grew 23% to \$800 million in March whilst revenue only grew by 6% to \$763 million. The outturn in expenditure reflected mainly capital expenditure amid favourable collections across major tax categories during the quarter.
- 3.5 Total government debt stock rose 4% to \$2,048 million (16% of GDP) at end of March following the disbursement of the external loan from the ADB as well as exchange rate movements during the month. External debt rose by 4.6% to \$1,205 million whilst domestic debt stock went up 3% to \$843 million reflecting the issuance of development bonds and treasury bills over the period.
- 3.6 Total debt servicing stood at \$27 million, of which \$21 million was on principal repayments and \$6 million on interest payments. In terms of the debt sustainability indicators: debt-to-GDP ratio stood at 16%, debt service-to-domestic revenue at 10%, and debt service-to-exports of goods and services at 8%. These indicators indicated that the debt level is within government debt management limits.
- 3.7 On the external sector, the current account posted a deficit of \$284 million (2% of GDP), on the back of higher imports payments against lesser export receipts received. Imports surged by 60% to \$764 million whilst exports grew by 50% to \$529 million.
- 3.8 Gross foreign reserves remained well above the minimum threshold of six months to record at 13.5 months of import cover. In monetary terms, foreign reserves stood at \$5,423 million at end March 2023.
- 3.9 Monetary conditions were sustained in the first three months of the year in line with the slow pick-up in economic activity. Money supply rose 2% to \$5,752 million. Private sector credit on the other hand, declined 1% to \$2,6267 million reflecting muted lending activities during the quarter. In terms of commercial banks' interest rates as at end December 2022; both lending and deposit rates fell over this period with lending rates falling to 9.6% from 10.06% and deposit rates decreasing to 0.49% from 0.47%.

## **Monetary Policy**

- 3.10 In light of the above economic context, the Central Bank currently employs a tight monetary policy stance. The shift from the previous accommodative stance reflects the expectations of persistent inflation from war related disruptions and rebounding domestic demand and CBSI will continue to monitor the implications of incoming data for these outlooks and take appropriate action as necessary. In terms of financial stability, the overall financial system remained robust and stable.

## **Economic outlook and risks**

- 3.11 CBSI expects the economy to recover this year to 2.7% on account of anticipated spin-offs from the Pacific Games across most sectors in the economy and positive outlooks for mining, agriculture and the fisheries sectors.
- 3.12 Nevertheless, this recovery is fragile and is hinged largely on how external global events unfolds, especially with the recent rise in financial turmoils.
- 3.13 Inflation outlook, CBSI expects inflation to ease to 3% by end 2023 in line with anticipated softening of global commodity prices. Nonetheless, risks to this outlook are titled downward amid heightened uncertainty in the global environment.
- 3.14 Fiscal outlook including the current supplementary budget, a budget deficit of 14% of GDP is anticipated. With government needing to keep expenditure at around \$5bn to maintain essential services amid a domestic revenue capacity that is limited to just over \$3 billion in the short-term resulting in a funding gap of around \$2 billion. Filling this gap means additional borrowing and more donor support needed.
- 3.15 The Committee noted CBSI comments and were particularly interested in the funding gap which was identified in the 2023 PAC budget report and continues to remain a concern for the Committee. The Committee requested CBSI views on the funding gaps, necessary steps the Government should take to ensure Government services, plans are funded, and that budget is credible and properly implemented.
- 3.16 The Central Bank noted that the Government current 14% debt to GDP means there is still headspace for borrowing within the current debt ceiling, which is capped at 35%. The Central Bank was requested by the Committee to provide detailed update on the country's debt position according to their records.
- 3.17 The Committee raised the issue of cash reserves noting that SOE's are engaged in the money market. Of particular interest was Pan Oceanic Bank (POB) and National Provident Fund (NPF) who have significant exposure in Government bonds and treasury bills. POB have \$119 million which exceeds their capital. The Committee is interested in whether the Central Bank has any concerns with either NPF or POB holdings in Government Bonds or Bills.
- 3.18 The Central Bank pointed out that so long as all institutions remain compliant with the prudential guidelines there should not be any issues with the institutions.
- 3.19 The Committee further discussed the Governments debt options and whether there is any appetite within the market for further bonds including with Central Bank.

- 3.20 The Central Bank responded that the rates for Government bonds is more attractive than money market and should generate more interest. The challenge will be that Solomon Islands has a small number of active participants and so if these entities have exhausted their appetite then options for further bond issuance is limited.
- 3.21 Central Bank also can participate in bonds in the secondary market only. The legislation defines the limit by which the CBSI can engage and have to date already exhausted the amount by which they can engage.
- 3.22 The Committee pointed out that in 2005 there were serious failures in Government meeting its obligation and wanted to know Central Banks view on whether there was any concerns that this could be repeated again now.
- 3.23 The Central Bank pointed out that the Government remains committed to its debt servicing and is managing its debt prudently as set out in the Government's debt management strategy which should ensure the government is able to meet its debt obligations. As member of IMF Solomon Islands does have fall back options if there are stability issues or need for bail out.
- 3.24 The Central Bank pointed out that Solomon Islands are primary sector producers so focus on reforms in output in these areas is recommended. Exports impacted by number of factors like climate change and so on. Output increases can't be done in short term so their advice is to undertake reforms to increase outputs. These are likely longer-term impacts so undertaking early reforms is best way. Also diversification across sectors like tourism is an opportunity and Solomon Islands can look to Fiji for their experience.
- 3.25 The Committee queried what the likely impacts on the economy is from the Pacific Games (PG2023) and the likely effects of high inflation noting that this is driven mainly by imported inflation. How in particular can the Central Bank predict a reduction in inflation as early as end of this year when factors like the war in Ukraine is outside of our control.
- 3.26 The Central Bank responded that the PG2023 in addition to the infrastructure activity is expected to provide increases in the accommodation (motels/hotels) sector, services sector (especially transportation), agriculture sector for supplies for games and local demand due to influx into town. Utilities and telecommunications sector are also expecting an increase. Also given the next stage in the road will be after the PG2023 this will like then contribute to growth in 2024.
- 3.27 In relation to inflation the movements from last year to this year are staggering however most of the price effects were in last year and do not expect further major movements this year. The component most likely to affect local inflation will be fuel prices.

3.28 The Committee noted the Central Banks submission and requested that the additional information sought be made available before the report is issued.

## 01 Solomon Islands Electoral Commission

### Variation in appropriation

#### Recurrent - Variations in Appropriations

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-010-0000-22806	Election & By Elections	123,224,468	-100,000,000	23,224,468
101-010-0000-22809	Registration of Voters	75,622,856	-44,044,198	31,578,658
<b>Total</b>		<b>198,847,324</b>	<b>-144,044,198</b>	<b>54,803,126</b>

Purpose: Funding revised through variation under the Solomon Islands Electoral Office (SIEO) to support other SIG ministries spending priorities and commitments under additional recurrent expenditures.

#### Issues of Concern

Matters of concern raised by the Committee include the following:

3.29 The Committee queried why the variation removed a significant portion of the SIEO approved budget and whether the planned elections are at risk.

3.30 The SIEO pointed out that they have received donor support from the Australian Government totalling AUD20 million and expect to have funds transferred most likely within the next two weeks. DFAT is funding in two phases in 2023 \$20 million and in 2024 a further AUD5 million is also provided for actual elections.

3.31 The Committee queried whether the budget allocated is enough and whether there is expected savings next year given both National Government and Provincial Government will likely be run together.

3.32 SIEO indicated current amount is in line with their plans for this year and will look at next year's needs in next budget cycle. Given the impending advance warrant a further supplementary budget for 2023 is expected.

3.33 The Committee further sought to understand whether the total variation of \$54 million which includes \$23.2 million for elections and by elections for this year is still expected to be used for elections.

3.34 The SIEC stated that the \$23.2 million is part of the election preparations and not part of the bye-elections. The West Kwara'ae bye-election will be funded from the budget savings from the Provincial elections held last year 2022.

### 03 Ministry of Agriculture and Livestock Development

#### Additional Supplementary Expenditure - Development Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: **\$3,050,000**

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
102-001-0064-25007	Fixed Services Grant	1,000,000	1,050,000	2,050,000
102-001-0054-25007	Fixed Services Grant	7,792,639	2,000,000	9,792,639
Total		8,792,639	3,050,000	11,842,639

Purpose: This amount provides additional funding for revitalization of Commodity Export Marketing Agency (CEMA) and 2023 Pacific Games support to strengthen and to elevate the opportunities for famers to ensure the local food production is strong to address the catering needs during the Pacific games.

#### 2. Issues of Concern

Matters of concern to the committee are as follows:

##### Strategies for Farmers' Support for the Production of PG

3.35 The committee questioned strategies that would be used for farmers' support towards the production of crops, food crops, vegetables, etc. for the Pacific Games. And if a

program is currently in a plan to carry out the survey and support through the Ministry. The committee anticipated a large number of people will be coming in for the games and at least 10,000 people from participating countries and another 20,000 from Provinces which has raised concern about the programs and the need to identify the right farmers that have the production capability and capacity of crops so that the associations plant the right crop and vegetables.

3.36 The Ministry of Agriculture and Livestock Development (MALD) has already progressed with its plan for the Pacific Games. The taro farmers have been identified and planting has started already. The Ministry has signed an MOU with the identified association of piggery, poultry, layer, and honey. The Ministry is working closely with the identified association and farmers. The vegetables will start in June. Fruits suppliers have been identified already. The support is progressing along with infrastructure for the poultry and food works and operation. Negotiation with the Bulk shop has already been completed for the storage and slaughter assistance towards the PG2023. In preparation, the Ministry helped farmers to identify farmers for the post-harvest and even to care for the plant and the up keeping of plants. The Ministry also identified training for meat inspectors and paramedics relating to the Pacific Games and assessed the packaging and processing with the association, especially with honey and other associations.

3.37 As per the Ministry of Agriculture’s work plan, root crop farmland preparations were scheduled to begin in February 2023, and planting was to be completed by the end of March 2023. As for Vegetable crops, farmland preparations are expected to begin in June 2023, and the raising of seedlings and planting is to take place in July and August 2023. Fruits and tree crop activities are to begin with brushing and pruning in April and May 2023, however, the Ministry is yet to start due to the slow process of accessing funds. To ensure these farms are well managed to increase production and produce quality crops, five (5) training activities were also selected and developed to increase farmers' knowledge and skills. These trainings were scheduled to be conducted in April however we are yet to start due to the slow process in accessing funds.

**Fig 3: 2023 PG2023 FOOD SUPPORT PROGRAM WORK PLAN<sup>2</sup>**

2023 PG2023 FOOD SUPPORT PROGRAM WORK PLAN: January – November 2023		MONTHS											
CROPS	ACTIVITY	J	F	M	A	M	J	J	A	S	O	N	D
Root Crops	Land preparation												
	Planting												
	Management												
	Harvesting												
Vegetable Crops	Land preparation												

<sup>2</sup>Additional submission, MALD. 15<sup>th</sup> May 2023



	Aruligho Catholic Mission	John Gapu	Taro	0.25	Guadalcanal
		Nancy	Taro	0.25	Guadalcanal
		Challyn	Taro	0.25	Guadalcanal
		Leonis Vota	Taro	0.5	Guadalcanal
	JCPU	JCPU	Cassava	1.7	Guadalcanal
	JT Rehoboth	JT Rehoboth Enterprise	Taro	2	Malaita
Fruits	MK Farm Fresh	MK Farm Fresh	Fruits	2	Guadalcanal
		Francis Tanaka	Fruits	1	Guadalcanal
	Agnes Puti	Agnes Puti	Fruits	1	Guadalcanal
		Atunoda	Pineapples	5	Guadalcanal
Vegetables	Maina Enterprises	Maina Enterprises	Vegetables	2	Guadalcanal
	TAS Field Organ	St Martins Marist	Vegetables	2	Guadalcanal
	SPK	Bebekama	Vegetables	3	Guadalcanal
	SVG	Nil	Vegetables	1	Guadalcanal
				30.35	

3.40 Memorandum of Understanding (MOU) have been signed with piggery and poultry associations. Only the Bees association agreement is still waiting for review. The MOU are signed by MALD, the Ministry of Finance and Treasury (MoFT) and relevant farmers for grants for materials and cash. Stock for pigs needs to be ready now so the gestation period for new pigs arrive in time for PG2023 in November. This requires that funds need to be released now.

#### **Recommendation**

**The Committee notes that the Ministry of Agriculture and Livestock Development's plans for PG2023 food needs are not yet finalised and require immediate support from the Government to ensure that plans are delivered as expected. The Committee recommends that the PG2023 grants for the Ministry of Agriculture and Livestock Development are prioritised to allow farmers to prepare in time for PG2023.**

3.41 The Ministry confirms there are no supply plans for beef to the PG2023.

3.42 The committee is concerned about the cost of imports, and whether MOFT is exempted from imports.

3.43 The Ministry noted that they can liaise with MoFT to further discuss. Producer pricing must be agreed upon between the Ministry and the producer. The time frame is crucial.

3.44 The Committee further queried what the Ministry's plans were to hold the farmers to account for their commitments including delivery of suitable quality products expected under the MOU.

3.45 The Ministry stated that they will assist farmers to deliver to the right standard. Caterers who are paid under the National Hosting Authority budget will decide which

distributor to buy from. For poultry and bee associations the Ministry will provide cash to a distributor to buy from farmers and caterers will buy from distributor.

3.46 The Committee pointed out previous report findings that Agriculture is a vital sector for economic growth prospects in Solomon Islands and asked the Ministry what they would do if funding was significantly increased in the future?

3.47 The Ministry responded that with sufficient resources they would support farmers to achieve commercial scale. Finding markets for our farmers is not the issue. It's the quality of our products, for example slaughter facilities must be accredited. We need the infrastructure for both PG2023 and after the games. Kava for example is currently facing challenges in quality. It is important we meet the requirements of the market.

## 05 Ministry of Education and Human Resources Development

### Variation in appropriation

#### Recurrent Budget - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$17,557,335

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-055-0000-22208	Reference & Education Materials	Nil	3,271,870	3,271,870
201-064-0000-22208	Reference & Education Materials	3,140,000	10,000,000	13,140,000
201-005-0000-22517	Others – Local Other Costs	238,000	1,000,000	1,238,000
201-078-0000-22517	Others – Local Other Costs	Nil	2,057,335	2,057,335
201-058-0000-23013	Capex – Computer Software and Hardware	Nil	1,228,130	1,228,130
<b>Total</b>		<b>3,378,000</b>	<b>17,557,335</b>	<b>20,935,335</b>

Explanatory Note: Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) to fund Ministry ongoing activities.

### Additional Supplementary - Recurrent Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$21,064,345

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-001-0000-27004	Office Rent	4,090,716	520,764	4,611,480
101-051-0000-27004	Office Rent	2,040,000	1,422,817	3,462,817
101-063-0000-27004	Office Rent	2,200,000	520,764	2,720,764
101-072-0000-22109	Printing, Stationery & Photocopying	2,541,021	3,000,000	5,541,021
101-054-0000-25002	ECE Grant	1,955,000	1,500,000	3,455,000
101-076-0000-25026	Basic Education Grant	69,059,612	4,500,000	73,559,612
101-077-0000-25016	Senior Education Grant	42,802,269	3,500,000	46,302,269
101-075-0000-25012	T.V.E.T. Grant	3,324,520	1,000,000	4,324,520
101-068-0000-22656	Water	1,140,000	700,000	1,840,000
101-068-0000-22651	Electricity	760,000	700,000	1,460,000
101-001-0000-22514	Public Servants – Annual Leave Fares	1,897,593	700,000	2,597,593
101-051-0000-22405	Training – Overseas	90,045,961	3,000,000	93,045,961
<b>Total</b>		<b>221,856,692</b>	<b>21,064,345</b>	<b>242,921,037</b>

Explanatory Note: Budget revised to provide additional funding to cover costs of office rental payments, printing of exam papers, shortfall in Grants and utilities.

### Additional Supplementary - Development Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$8,000,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
102-001-0039-23002	Capex – Non Residential Buildings	16,700,000	8,000,000	24,700,000
<b>Total</b>		<b>16,700,000</b>	<b>8,000,000</b>	<b>24,700,000</b>

Explanatory Note: This amount provides additional funding to rehabilitate the school infrastructures that were damaged or destroyed during the recent earthquake, flooding and burning and other additional schools.

### **Appropriateness of expenditure**

The Advance Warrant was approved by the Prime Minister on the 10th March 2023 as the supervising Minister for Finance and Treasury.

### **Issues of Concern**

Matters of concern raised by the Committee included the following:

#### **Additional Supplementary Development Expenditure**

3.48 The committee enquired about the \$8 million development additional expenditure, whether to finance the shortfall on the infrastructures, and which schools are affected. The \$8 million under supplementary budget is allocated for new projects. This is to address schools that are affected by the earthquake, manmade disaster (burning), and rehabilitation capital projects including facilities that have started but were not fully funded in 2022.

3.49 According to the Ministry's plan, this is what the Ministry will execute this year if funds are provided depending entirely on the budget. Building that are planned range from a classroom, assembly hall, dining hall at Aligegeo, and Lecture Theater at KG VI which needs to be repaired. The Ministry has phased out the budget and did not have the budget to continue.

#### **Sufficient Budget to Achieve the Ministry's Annual Work Plan**

3.50 The Committee expressed frustration with the budget shortfalls. The Committee noted the original budget that was cut has again been increased.

3.51 The Ministry assured the committee that the budget is sufficient for this year. The Ministry has to adjust the usual planning because of the commitment of the government to host the Pacific game. Of course, the school grant is an issue, and the Ministry hopes to receive the support to clear those outstanding invoices. The delay of payment of grants is due to several reasons and has affected the operations of the schools, unlike the previous years. Given insufficient budget, the Ministry work plan focuses more on adjusting activities to fit into the budget. According to the plan, a budget should be able to execute for the year.

#### **Allowances for Examination Markers (Education Grant)**

3.52 A concern was raised by the Committee on the outstanding allowances for the examination markers.

3.53 Markers of the examination scripts for the F6, F5, and F3 were not paid last year due to the budget shortfall the Ministry faced in 2022. The supplementary budget seeks to solve the historical issue but the Ministry notes that if the upcoming supplementation for this year allowances is not accepted then the Ministry will face the same situation again later this year.

#### **Reprioritization of Projects**

3.54 The Committee pointed out that MoFT has confirmed a Government funding gap of \$204m and that if this is not funded by donors or debt it will then likely come from reprioritised development projects. The priority project of the government is the PG23. The committee is concerned that the Ministry's \$8 million development budget will be diverted to the Games.

3.55 The Ministry noted these comments and will need to reprioritise its own plans using virements if required.

#### **Status of Returning Philippines Students**

3.56 A concern was raised regarding the uncompleted students who are repatriated from the Philippines due to COVID19 in 2020.

3.57 According to SITESA, an assessment was conducted and several strategies have been identified in terms of who should be going back, who should study online, and which students who can apply for other programs at in-country Institutions. With the current listing, around 70 students required face-to-face classes. The SITESA and MEHRD are currently sorting the outstanding fees for the year 2022 and that should enable them to get enrolled. The 70 students are currently organizing their travel arrangements and logistics

have been carried out to travel in June or July. Others will be doing studies online and in the country.

### **Bill Timeframe**

3.58 The Committee questioned whether there is sufficient budget to facilitate bringing the Education Bill to Parliament and its expected timeline for tabling.

3.59 The Ministry updated the Committee that the Education Bill is ready for submission to Cabinet at the end of this month.

### **Integration of seasonal workers on their return**

3.60 The committee is concerned that people with qualifications had left to work as seasonal workers but have since obtained full time employ in Australia. The Committee wanted to hear what the Ministry's stand is on this?

3.61 The Ministry confirmed at least three candidates, a qualified civil engineer, a lawyer, and an economist, joined the seasonal workers in Australia and subsequently were employed elsewhere. This is a brain drain for those whom we want to acquire the skills have left, however, they might gain experience and exposure which they could then apply in country if we can attract them back.

3.62 The Ministry is working closely with the Ministry of Foreign Affairs and the Ministry of Commerce, Industries, Labour, and Immigration to integrate our citizens into the country workforce on their return to country. In the meantime, the Ministry is focused on the formal qualifications and the implementation of a national qualification framework.

### **Constituency Scholarships**

3.63 The committee enquired on the awarding of the constituency scholarships which would appear to still not include all the candidates that the respective Members of Parliament have selected.

3.64 The Ministry noted that they continue to have challenges with the constituency scholarship category in terms of both the selection and assessment of candidates through a merit process. In 2020, the Ministry created an information package for all MPs in terms of identifying and endorsing criteria for the constituency scholarship category. There are set criteria in terms of programs and institutions nominees can apply for in-country.

3.65 The Committee noted the information package but maintained that a Constituency Scholarship award is determined by the Member of Parliament not a merit process.

## 06 Ministry of Finance and Treasury

### Variation in appropriation

#### Recurrent - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$15,446,564

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-155-0000-22105	Consultancy Fees	Nil	4,423,147	4,423,147
201-155-0000-22205	Office Stationery	Nil	5,000	5,000
219-001-0001-22212	Disaster Preparedness & Relief	Nil	10,599,946	10,599,946
201-155-0000-22514	Public Servants - Annual Leave Fares	Nil	26,992	26,992
201-155-0000-22812	Realised Foreign Exchange Gain/Loss	Nil	100,000	100,000
218-150-0000-22105	Consultancy Fees	Nil	30,000	30,000
218-150-0000-22109	Printing, Stationery & Photocopying	Nil	261,479	261,479
<b>Total</b>		<b>Nil</b>	<b>15,446,564</b>	<b>15,446,564</b>

Explanatory Note: Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT), Asian Development Bank (ADB) and World Bank (WB) for Financial Management Information System upgrade to the D365 system and for Economic Stimulus Package to cushion the negative impact of COVID19. Also, to support the National Disaster Management Office to pay off the COVID19 related arrears that were incurred in 2022.

#### Additional Supplementary - Recurrent Expense

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$102,824,543

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-150-0000-22212	Disaster Preparedness and Relief	Nil	100,000,000	100,000,000
101-150-0000-22804	SOE Recapitalization	Nil	5,000,000	5,000,000
<b>Total</b>		<b>Nil</b>	<b>105,000,000</b>	<b>105,000,000</b>

Explanatory Note: This amount provides additional funding to cater for the reconstruction of buildings and businesses damaged during civil unrest and riot in November 2021, and SIG support to the Development Bank of Solomon Islands (DBSI).

### Appropriateness of expenditure

The Advance Warrants was approved by the Minister of Finance on the 23rd February, 10th March and 26th March.

### Issues of Concern

The Committee noted the presentation from the Ministry of Finance and Treasury with notable key points as follows:

#### Domestic Economy:

- 3.66 After more than 2 years of recession caused by the COVID19 pandemic, Solomon Island's real GDP growth for 2023 is projected to rise to 2.7 per cent before falling to 2.4 per cent in 2024.
- 3.67 The growth for 2023 is 0.1 per cent lower than predicted in the previous projection in 2022 of around 2.8 per cent.
- 3.68 The forecasted growth in 2023 reflects the positive recovery in the economy from COVID19 and greater than expected resilience in key sectors such as agriculture and fishing, mining, wholesale and trade, construction, manufacturing, public and other business services.
- 3.69 Agriculture and hunting sectors are projected to rise by 3.3 percent in 2023, mainly driven by increase in production and demand for agriculture both domestic and international, aligned with the reopening of border restrictions.
- 3.70 The recovery in the informal sector and the PG2023 are anticipated to demand for agriculture, which supports the growth of the sector in 2023.

- 3.71 Fishing activities are projected to slightly increase by around 0.1 percent in 2023 from negative growth in 2022, driven by increase fish catches and international and domestic demand for fish in line with the improvement in the supply chain.
- 3.72 Construction, wholesale and retail are projected to increase by 2.3 and 1.9 percentage point to growth respectively, while mining activities are expected to grow by 1 percent in 2023, driven by the reopening of economy, with the relaxation of COVID19 restrictions in the second half of 2022. This has improved the business turnover and investment than expected.
- 3.73 Major construction (including development infrastructure projects) are currently recovered due to improvement of supply of material and foreign labour into the economy. Other planned private sector projects have also improved than anticipated.
- 3.74 Based on the annual consultation conducted early January 2023, most manufacturers have had a negative performance in 2022 as business conditions and operations declined by 20-40 percent compared to 2021.
- 3.75 Nevertheless, the manufacturing sector is expected to be positive by around 0.6 percent in 2023, with the reopening of borders, relaxation of COVID19 restrictions and government support to businesses, and hence will contribute to the growth.
- 3.76 Business and service activities are expected to increase by 2.4 percent in 2023, as the COVID19 pandemic is expected to be at the low levels, associated with more than 50 percent vaccination rate and the expected boost from the ongoing national infrastructures in particular the Pacific Games Infrastructures and Tina Hydro Project, including other private projects.
- 3.77 Forestry and logging activities, however, are projected to further decline by 4.5 percent in 2023 compared to the pre-COVID year. This is derived largely from the expected downturn of log exports to around 1.7 million cubic meters associated with a decline in the number of licenses and general depletion of our forests resources.
- 3.78 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 economy through elevated transportation costs and rising prices of imports.

#### **Fiscal outlook Overall Revenue performance**

- 3.79 SIG Revenue receipts collected by end of March 2023 is at \$714 million, or 22 percent of the total annual estimates of \$3,202.6 million. This is an under collection of \$60.4 million or 8 percent against the 3 months expected revenue projection of \$774.6 million.

- 3.80 IRD collected \$455.1 million or 26 percent collection of the total IRD revenue estimates of \$1,783.7 million. This is \$35.3 million or 8 percent above the 3 months expected revenue estimates of \$419.8 million.
- 3.81 Customs collection is \$221 million or 22 percent collection of the total customs revenue estimates of \$992.9 million. This is \$27.2 million or 11 percent under collection against the 3 months revenue projection of \$248.2 million.
- 3.82 Other ministries non-tax revenue collection is \$38.1 million or 9 percent collection of the total NTR collection of \$426 million, which is \$68.4 million or 64 percent under collection of the total NTR 3 months, expected estimates of \$106.5 million.
- 3.83 On the overall expenditure performance, total SIG expenditure is \$730.2 million or 16 percent of the total expenditure of \$4,611.9 million.
- 3.84 Total recurrent budget is \$704.6 million or 20 percent of the total recurrent budget of \$3,441 million.
- 3.85 Development expenditure is \$25.6 million or 2 percent of the total development budget of \$1,170.9 million. Development spending was slow in the first 2 months and slowly pick up in March as ministries work plans were approved by Ministry of National Planning and Development Coordination.

#### **Supplementary Appropriation Bill 2023**

- 3.86 The bill calls to authorise additional expenditure of \$370,637,520 which includes \$4,145,400 Contingency Warrants (CW), \$159,035,302 Advance Warrants and additional expenditures of \$144,044,198 under recurrent expenditures and \$63,412,620 under development expenditures, for the services in the year ended 31st December, 2023.
- 3.87 The Minister for Finance and Treasury issued \$20 million as CW provision under the 2023 Appropriation Act 2022. Therefore, the CW expenditures were budgeted for and still within the 2023 budget framework.
- 3.88 The total sum of \$4,145,400 was approved and processed through Contingency Warrant, funded by the government to provide services for the following expenditures;
- Remuneration package for an urgent request for external Special Prosecutor to assist the Office of the Director of Public Prosecution under Ministry of Justice and Legal Affairs, to deal with high profile cases emanated from the civil unrest in November 2021. S
  - SIG emergency support under the Ministry of Environment, Climate Change, Disaster Management and Met Services, to the government of Vanuatu and Temotu Province Outer islands that were affected by Tropical cyclones Judy and Kevin.

- These expenditures were urgent and unbudgeted for, therefore are in order and within the provisions of the PFM Act 2013, section 58.

3.89 In relation to Advance Warrants (AW) in 2023, the total sum of **\$159,035,302** budget support funded by our Development Partners was approved and progressed through Advance Warrant provision to provide services on behalf of the government for the following expenditures including:

- Ongoing planned recurrent activities under Ministry of Education and Human Resources Development (MEHRD).
- Financial Management Information System (FMIS) upgrade to the D365 system, Economic Stimulus Package to bolster the negative impact of COVID19, and to
- Support the National Disaster Management Office pay off the COVID19 related arrears that were incurred in 2022 under MoFT
- Health priority activities for implementation in 2023, funded by the Government of Australia, as well as support from the Republic of China (ROC) for construction of pre-fab mental health acute ward.
- Budget support towards National Hosting Authority in preparation for the 2023 Pacific Games, under the Office of the Prime Minister and Cabinet.
- Asset maintenance and housing constructions under Ministry of Police, National Security and Correctional Services, funded by the Australian Government through DFAT.
- Budget Support for product development, visitors experience and COVID19 safety, under Ministry of Culture and Tourism, funded by the New Zealand Government through the Ministry of Foreign Affairs and Trade (MFAT).
- Development of the Solomon Islands Computer Emergency Response Team (SolCERT) project under Ministry of Communication and Aviation, funded by the Asia Pacific Network Information Centre (APNIC) Foundation.
- Budget Support towards Mekem Strong Solomon Islands Fisheries (MSSIF) Project, under Ministry of Fisheries and Marine Resources, funded by the New Zealand Government through MFAT.
- Budget Support funded by the Australian Government through the Department of Foreign Affairs and Trade (DFAT) for ongoing reform programs and public service transformation strategy, under Ministry of Public Service.

### **Additional Supplementary expenditures**

3.90 The government has approved the sum of \$144,044,198 under recurrent expenditures and \$63,412,620 under development expenditures, as additional supplementary expenditures to support new commitments, these are:

- Additional funding to cover costs of office rental payments, printing of exam papers, shortfall in Grants and utilities under Ministry of Education and Human Resource Development.
- Reconstruction of buildings and businesses damaged during the civil unrest in November 2021, as well as SIG support to the Development Bank of Solomon Islands (DBSI), under Ministry of Finance and Treasury.
- Outstanding payments of work already done last year, 2022 and additional work pressures under Ministry of Infrastructure Development.
- The establishment of SIG Newspaper Printer, outstanding from last year 2022, a government priority under the Office of Prime Minister and Cabinet.
- Purchase of new motor vehicles to boost police security and law and order services during the 2023 Pacific Games later this year, under Ministry of Police, National Security and Correctional Services.
- For purchase of passport books to cater for urgent demand, including office rental and utilities under Ministry of Commerce, Industry, Labour and Immigration
- Revitalization of Commodity Export Marketing Authority (CEMA) and 2023 Pacific Games support to strengthen and to elevate the opportunities for farmers to meet the catering needs during the Pacific games, under Ministry of Agriculture and Livestock
- Rehabilitation of school infrastructures that were damaged or destroyed during the recent earthquake, flooding and burning, and additional school infrastructure projects under Ministry of Education and Human Resource Development.
- Support towards Revitalization of CEMA and to purchase a Boat from overseas and machineries for constituencies and local private operators and tar sealing of Auki road under Ministry of Infrastructure Development.
- Revitalization of CEMA and for Suava Economic Growth Centre under Ministry of Commerce, Industry, Labour and Immigration (MCILI)
- Support towards Community Sea weed farming under Ministry of Fisheries and Marine Resources.

- Hosting of the Solomon Games 2023, organized mainly to identify talents in preparation for the 2023 Pacific Games later this year under Ministry of Home Affairs.

3.91 The Committee noted the previous budget tabled and approved was for \$1.18bn deficit. Of this only about \$350 million was funded by donors which suggests \$865 million unfunded. The current fiscal performance also shows that revenue collection is under expectations. The Committee is interested to hear about the Ministry's plans for funding the budget deficit?

3.92 The Ministry responded that revenue collection in first quarter is usually lower so under collections is in line with seasonal expectations and we do expect this to increase over this year.

3.93 In relation to budget deficit the remaining funding gap is \$204.9 million for the current quarter. The Government has secured \$1.240bn in development financing including budget support, \$432 million from domestic bonds, new policies generating \$169 million additional revenue, and funds from 2022 budget savings totalling \$241.2 million. In June 2023 the Ministry will undertake a mid-year review and will consider reprioritising Ministry budgets especially in development budget to address funding gaps. Priority projects are Pacific Games, Constituency funds and essential services.

3.94 The Ministry is also expecting there will be a number of procurement issues which will delay some projects likely pushing them into 2024. The OPMC will identify which projects are affected. Historically development budget execution is around 80% which likely higher due to PG2023 fever. Also compliance checks have tightened which should provide some savings.

3.95 The Ministry is still looking for additional budget support and working with PMO to mobilise donors. On domestic bonds \$432.5 million already allocated against a \$865 million limit allocated this year. If there is more demand from the public we can increase allocation from domestic sources.

#### **Recommendation**

**The Committee remains concerned that budget funding gaps and unilateral withdrawal of Ministry budgets, especially development budgets, will have a significant impact on public service delivery as well as likely longer term impacts on economic growth. The Committee recommends that the Ministry of Finance and Treasury secure suitable funding without the need to undermine Ministries development plans in 2023.**

3.96 The Committee noted that a significant reduction to SIEO office 2023 budget and reallocation to other ministries is being proposed in this supplementary budget and sought an explanation from the Ministry.

- 3.97 The Ministry responded that DFAT has stepped in to fund the upcoming elections with the AUD30 million financing agreement to be signed soon.
- 3.98 The Committee queried how the Ministry will ensure that priority expenditure is made and delivered on plan?
- 3.99 The Ministry advised that there is a priority expenditure listing in place. Pacific Games (PG23) is one of the priority payments totalling \$364 million to National Hosting Authority (NHA) which is already approved and must be spent by end of July. These are scheduled payments already in place so NHA can commit now. Others include MRD allocation to be released before 4th quarter. The Ministry can provide details on planned scheduled payments which is programmed to mirror finance from bonds and other sources. Delivery is a priority so we plan for this too. This plan has already been provided to all Ministries which sets out Government priorities.
- 3.100 The Committee further queried if this supplementary budget has allocated budget for tabling of new Bills?
- 3.101 Ministry noted no request from ministries for budget on these bills so can only assume that current budget is sufficient. The Ministry will prioritise based on Government priority which the Attorney General will provide.
- 3.102 The Committee noted the Ministry's payment plans and queried how the situation is with Government cash reserves.
- 3.103 The Ministry noted that the budget framework sets out both recurrent and development budgets which needs to be financed. Current cash reserves stand at \$70 million which has reduced from last year. So, the Ministry's current strategy is to match recurrent expenses in line with recurrent revenue received so reserves are only slightly impacted. Without any new budget support or bonds, the Ministry will continue to manage this way. Current balance amounts to about one month's payroll plus a small buffer. So, with expenditure rising we are expecting revenue to also increase. Realisation on bonds and budget support will allow increased expenditure.
- 3.104 These control measures on managing cash reserves will create frustrations. The Ministry will prioritise essential services and will resolve with each Ministry in line with the procurement guidelines and rules. In emergencies, bid waivers could apply, but everyone must be aware of requirements which if not met will not be paid.
- 3.105 The Committee queried the situation with the delay in payments to scholarships?
- 3.106 The Ministry responded that about 30% budget on scholarships has been spent and is being monitored. There is an ongoing issue with bank account details which slows down

processing. Line ministries should be sorting out these details with goal to clear up to March this month.

3.107 The Committee acknowledge the strict requirements that MOFT has put in place and commend the Ministry in ensuring proper governance requirements are being met with the Ministry.

## 09 Ministry of Health and Medical Service

### Variation in appropriation

#### Recurrent Budget - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$26,187,489

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-001-0000-22202	Drugs & Dressings	Nil	3,367,892	3,367,892
201-001-0000-22212	Disaster Preparedness & Relief	Nil	2,300,000	2,300,000
201-001-0000-22301	Maintain – Non Residential Buildings	Nil	950,000	950,000
201-203-0000-22402	Training – In Service	1,600,000	1,050,000	2,650,000
201-001-0000-23002	Capex – Non Residential Buildings	Nil	16,516,320	16,516,320
201-001-0000-23008	Capex – Canoes and Boats	Nil	70,000	70,000
201-001-0000-23014	Capex – Specialised Equipment	Nil	748,783	748,783
201-001-0000-23015	Capex – Other Equipment	Nil	381,000	381,000
215-209-0000-23002	Capex – Non Residential Buildings	Nil	803,494	803,494
<b>Total</b>		<b>1,600,000</b>	<b>26,187,489</b>	<b>27,787,489</b>

Explanatory Note: Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) and Republic of China (ROC) to cater for

outstanding 2022 annual operation planned activity that will be implemented in 2023 and for construction of pre-fab mental health acute ward.

### **Appropriateness of expenditure**

The Advance Warrant was approved by the Minister of Finance on the 23rd February and 10th March 2023.

### **Issues of Concern**

Matter raised during the public inquiry include the following:

- 3.108 **Shortage of Medical Supplies/Drugs** – The Committee understands that last year, our country had experienced shortages in drug supplies and so is interested to know the current status of supplies now, and whether the current stock will be able to sustain us for the rest of this year.
- 3.109 The Ministry of Health and Medical Service responded by stating that as of February, Solomon Islands has 78 per cent of drug supplies and 83 per cent on consumables. The Ministry also admitted that they did have some shortfalls along the way but Department of Foreign Affairs and Trade (DFAT) were able to fill the gap, especially for emergency drugs. Such shortfalls do happen because our procured suppliers will likely arrive around May, June, July & August.
- 3.110 The Ministry of Health and Medical Services understands this continuous challenge on shortage of drugs and so has invested in technical support to track and monitor and report on the status of such procurements.
- 3.111 **Delay of Medical Containers at the Port**– the Committee noted the shortage of drug supplies is partly due to delay of clearance of medical containers at the international wharf by the Customs for lack of payment by the Ministry of Finance and Treasury. The Committee is interested to know if such issues have been sorted.
- 3.112 The Ministry of Health and Medical Services stated that in terms of the container clearance from the port, it is one of their on-going challenges and this is to do with payment. Currently there is one container at the port waiting for clearance that they have made the necessary paperwork for payment to the Ministry of Finance and Treasury already and so hopefully they pay soon and ready for clearance.
- 3.113 The Ministry also informed to the Committee that they have already discussed with their counterparts from the Ministry of Finance and Treasury to prioritise such payment at all times.

- 3.114 **Sub – Head (Training – In Service)** – The Committee queried what kind of training this allocation is for and who will benefit from it.
- 3.115 The Ministry of Health and Medical Service stated that this amount of \$1,600,000 is for the graduating nursing students from Solomon Islands National University (SINU) for their Supervisory Internship Program (SIP) to the Provinces.
- 3.116 **Pacific Games Related Budget** – The Committee is curious to know some updates on what the Ministry is doing in preparation towards the Pacific Games 2023.
- 3.117 The Ministry of Health and Medical Services stated for Ministry’s commitment towards the Pacific Games, there is an allocation of \$4.5 million in the Development Budget for this year and other donor partners are also providing support.
- 3.118 The Ministry also inform the Committee that at the moment they are working with the Games Organising Committee (GOC). Firstly, in terms of clinical health, they are providing Doctors and nurses at the sports venues and secondly, public health, in relation to food inspection and others. The Ministry will also renovate the Emergency Ward/Rehabilitation Ward at NRH for any serious injured cases from the games.
- 3.119 The Ministry also informed the Committee that during the Pacific Games, the floating Hospital will also be back in country to provide support during those two weeks of games.

## 10 Ministry of Infrastructure Development

### Variation in appropriation

#### Additional Supplementary - Recurrent Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$9,415,853

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-250-0000-22303	Maintain – Roads and Bridges	3,721,880	9,415,853	13,137,733
<b>Total</b>		<b>3,721,880</b>	<b>9,415,853</b>	<b>13,137,733</b>

Explanatory Note: This amount provides additional funding to cater for additional work pressures and outstanding arrears of work already done last year, 2022.

## Development Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$27,000,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
102-001-0075-25007	Fixed Services Grant	Nil	6,000,000	6,000,000
102-001-0033-23007	Capex – Ships	5,000,000	3,000,000	8,000,000
102-001-0033-23010	Capex – Plant and Machinery	7,000,000	8,000,000	15,000,000
102-001-0075-23005	Capex – Roads and Bridges	33,000,000	10,000,000	43,000,000
<b>Total</b>		<b>45,000,000</b>	<b>27,000,000</b>	<b>72,000,000</b>

Explanatory Note: This amount provides additional funding to cater for revitalization of CEMA and to purchase a Boat from overseas and machineries for constituencies and local private operators and tar-sealing of Auki road.

## Issues of Concern

The Committee deferred the scheduled meeting as key executive members of the Ministry were not available. The Ministry was subsequently invited to provide a written submission.

## 14 Office of the Prime Minister and Cabinet

### Variation in appropriation

#### Recurrent - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: **\$92,278,761**

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-300-0000-25034	2023 Pacific Games Preparation	Nil	92,278,761	92,278,761
<b>Total</b>		<b>Nil</b>	<b>92,278,761</b>	<b>92,278,761</b>

Explanatory Note: Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) to support the National Hosting Authority in preparation for the 2023 Pacific Games.

### **Additional Supplementary - Recurrent Expenditure**

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$2,000,000

<b>Source/Subhead/Item</b>	<b>Description</b>	<b>Original Estimates</b>	<b>Supplementary Estimates</b>	<b>Revised Estimates</b>
101-301-0000-23011	Capex – Office Equipment	Nil	1,500,000	1,500,000
101-301-0000-22110	Publicity & Promotion	397,663	500,000	897,663
<b>Total</b>		<b>3397,663</b>	<b>2,000,000</b>	<b>2,397,663</b>

Explanatory Note: This amount provides additional funding to cater for the establishment of SIG Newspaper Printer, outstanding from last year 2022.

### **Appropriateness of expenditure**

The Advance Warrant was approved by the Minister on the 17<sup>th</sup> March 2023

### **Issues of Concern**

Matter raised during the public inquiry include the following:

3.120 **Additional allocation of \$364 million for the Pacific Games** – The Committee noted from the presentation of the Ministry of Finance and Treasury that they will provide additional fund allocation for the Pacific Games. The Committee is interested to know the reason for such additional allocations.

3.121 The Office of the Prime Minister and Cabinet stated that the original budget for the Pacific Games that was approved a few years ago by the cabinet under the leadership of former PM, Hon. Rick Houenipwela was around \$550 million dollars. However, since then, the costing went up for two reasons. One, COVID19 pandemic has increased costs and secondly, the Solomon Islands Institute of Sports (SINIS) was not part of the original budget and was brought in along the way from the recommendation by the Hosting Authority. Thirdly, all the local components (UXOs & Landfills) of the donor-funded

projects were not part of the budget and so the need for the Government to meet those costs as well, hence those unbudgeted costs call for further allocations.

3.122 The Office of the Prime Minister further stated that for this year Pacific Games budget that falls under the National Hosting Authority (NHA) is \$364 million and of that amount \$245 million alone is for the Games Organising Committee. This is because this year is the year to spend in preparation for the Pacific Games.

3.123 **Source of the Additional Costs** – The Committee is interested to know the donor partners that the Government has worked with to step in and fund those additional costing.

3.124 The Office of the Prime Minister and Cabinet stated that National Hosting Authority has been involved in various budget support dialogues with our partners for that \$364 Million. The Office of the Prime Minister is fairly confident that they will be able to secure some donor partners soon to help finance the additional cost through the Ministry of Finance and Treasury.

3.125 **SINU campus Security and access from surrounding Squatters** – The Committee is concerned about the security of the Games Village at Panatina Campus and Kukum Campus. The Committee understand that the access road to town for those surrounding squatters, especially Panatina Campus runs through the campus and so it is going to be a security issue when the athletes are going to occupy those dormitories. Hence, how is the Government going to address such issue?

3.126 The Office of the Prime Minister and Cabinet stated that part of their agreement with the Australian Aid is to ensure that there is a temporary fencing for the games period as well. The Office of the Prime Minister also emphasised that security is a big concern of NHA as we want the athletes to enjoy their time here with us.

#### **Recommendation**

**The Committee noted the importance of security during the Pacific Games and recommends that the NHA in consultation with the Police, properly address security issues well ahead of arrival of visitors into Solomon Islands including at the Panatina and Kukum Campuses.**

3.127 **Deadline for the Seven main Games Infrastructures** – The Committee is concern about the completion timeframe of the Games Infrastructures, if they are going to be ready on time or not.

3.128 The Office of the Prime Minister and Cabinet stated that the completion date is one of their priority tasks and they are fairly confident that those facilities will be ready for

handover by the end of August. For the main stadium projects, they are now working on the decoration and finishing.

- 3.129 The Office of the Prime Minister and Cabinet further stated that the end of August is the deadline because according to their plan, by October those facilities will be handed over to the Games Organising Committee to furnish the empty facilities with necessary furniture and equipment. Except for the Solomon Islands Football Federation academy which they are worried about and will need close monitoring on their progress.
- 3.130 **Catering** - The Committee is concerned about the people who will be responsible to feed these athletes and which farmers are going to provide their produces for the caterers.
- 3.131 The Office of the Prime Minister and Cabinet stated that Games Organising Committee is responsible for the caterer's contracts and they are looking to do two major contracts. One of them will be responsible to feed all the athletes and they are the Master caterer; they will be operating out at the KGVII multi-purpose hall and it is a \$47 Million contract.
- 3.132 For the Games Villages, the local caterers will bid for it, and once contracted they will help to feed those athletes that those various locations. This is a \$35 million contract. Also once contracted those local caterers will be responsible to work with the farmers for their products.
- 3.133 The Office also noted the need for farmers to produce double the products they are producing now for Honiara residents.
- 3.134 **National Sports Council (NSC)** – The Committee is concern about the management of the games facilities in the long run.
- 3.135 The Office of the Prime Minister and Cabinet stated that since the Pacific Games 2023 Act 2017 was passed, NSC has been equipped and capacitated and now they have five divisions. The next step is to amend their Act to also capture things that are included now and finance to do its work.
- 3.136 The Office of the Prime Minister and Cabinet also stated that they need to amend section 35 of the Pacific Games 2023 Act in order for NHA to pass on some facilities that own the land. Hence, the amendment bill expected to come to the Parliament soon.
- 3.137 Accommodation for visitors of the Pacific Games – The Committee understands that 5000 athletes will be expected for the Games and that their accommodations has been arranged. Nevertheless, the Committee is concerned about the visitors who will travel in to watch the Games, and if there are enough accommodations to cater for those visitors as well.
- 3.138 The Office of the Prime Minister stated they are confident to care for the teams that are coming in. However, they are not confident of the families of these athletes that will travel

into the country to watch the games. Currently, all the accommodations are fully booked and it is time for local accommodations to prepare for it.

#### Recommendation

The Committee is concerned that there will be insufficient accommodation capacity for the period of the Pacific Games for non-athletes and tourists. The Committee recommends that NHA consider additional plans to encourage private sector engagement and any other options on a recovery basis to increase accommodation capacity in Honiara.

## 16 Ministry of Police, National Security and Correctional Services

### Variation in appropriation

#### Recurrent Budget - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$3,223,496

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-330-0000-22105	Consultancy Fees	Nil	206,652	206,652
201-330-0000-22301	Maintain – Non Residential Buildings	Nil	834,948	834,948
201-330-0000-22302	Maintain – Residential Buildings	Nil	920,948	920,948
201-330-0000-22313	Maintain – Specialised Equipment	Nil	1,260,948	1,260,948
<b>Total</b>		<b>Nil</b>	<b>3,223,496</b>	<b>3,223,496</b>

Explanatory Note: Budget Support funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) to cater for asset maintenance and housing constructions.

#### Recurrent Expenditure - Additional Supplementary

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$2,000,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-001-333-23009	Capex – Motor Vehicle	3,000,000	2,000,000	5,000,000
<b>Total</b>		<b>3,000,000</b>	<b>2,000,000</b>	<b>5,000,000</b>

Explanatory Note: This amount provides additional funding to cater for purchase of new motor vehicles to boost police security and law and order services during the 2023 Pacific Games later this year.

### **Appropriateness of expenditure**

The Prime Minister approved the Advance Warrant on the 10th March 2023.

### **Issues of Concern**

Matters raised during the public inquiry include the following:

3.139 **Motor Vehicles** – The Ministry stated they would receive a total of \$2,000,000 to fund additional vehicles for RSIPF. The Ministry continues to state that vehicle is a critical need for RSIPF and funding of these vehicles will further enhance the Police Response Capability in preparation towards the Pacific Games 2023 (PG23) and not only that but also for the National General Election in 2024.

3.140 The Committee questioned how many vehicles are expected to be purchased by the Ministry and if these vehicles are on order already. The Ministry is expecting to purchase six vehicles.

3.141 The Committee commented that the RSIPF is an Agency that needs many logistical supports and that vehicles are important in this case. The Committee continue to state that the Prime Minister Office and Cabinet (NHA) will purchase 400 vehicle and if the RSIPF will be receiving some vehicles from this purchase.

3.142 The Ministry responded that it is in dialogue with NHA to also receive some vehicles from their pool.

- 3.143 The Committee commented from observation that the vehicles are not always in good condition and that maintaining vehicles in good condition would also reflect the status of the police in the country.
- 3.144 The PS responded that vehicles are an ongoing challenge. However, in terms of governance of vehicle usage the Ministry is assuring the Committee that it is constantly trying to review and strengthen the governance systems in place to ensure strong discipline to strengthen mobility, capability and resources within the Ministry.
- 3.145 The next question raised by the Committee is regarding the amount of \$5,000,000 requested by the Ministry against the Additional Supplementary Budget. The Hosting Authority is planning to acquire vehicles to be used during the PG23 and that the RSIPF is also requesting the same need. It is understood that there are vehicles that are already funded by the China Government. Have these been used or not?
- 3.146 The Commissioner of RSIPF responded that the 6 vehicles will be part of the 16 vehicles planned to be purchased. The 6 vehicles will be part of the 4 clusters designed for PG23. The Ministry will seek partner supports for the other 10 vehicles. Those vehicles are specifically designed for events like PG23; hence, the purchase is expensive due to their accessory requirements.
- 3.147 The Committee is concerned about 500 vehicles will be purchased for PG23 and the fact that the main road is already congested. Is there a contingency plan to address the traffic congestion that will affect the police vehicles or the Games vehicles or fleet during the Games, as there will be huge traffic congestion that will be experienced during the Games?
- 3.148 In terms of traffic congestion, the Commissioner is requesting the cooperation of the public and all Government Ministries to address this concern. Another contributing factor is that there is only one main road in Honiara. There is no other alternative roads, hence, a number of plans have been discussed to better manage the roads and to address traffic congestion during the Games. The Commissioner commented that the public and the public transport owners to listen out to conferences held on Fridays to familiarize with security and police updates for the upcoming Games. The cooperation of the public and the public transport is very much needed in preparation and during the Games.
- 3.149 The Committee commented that the public transport is so unreliable and that HCC is planning to establish public transport services as well. The Committee is interested the RSIPF response to the Short Bus Route in the Capital and whether this will be addressed immediately to improve the public transportation during Games.
- 3.150 The Commissioner of RSIPF commented that the RSIPF is working close with the HCC and other responsible authorities to address the Short Bus Route.

### **Residential/ Non-Residential Buildings**

- 3.151 Regarding Maka Police Station, the construction is continuing and expected to be completed by the third quarter of the year. The Committee however noted the absence of staff housing and queried when these will be built?
- 3.152 The Committee commented that one staff house alone is not adequate and it called for all future Projects to be a complete project that also addressed adequate houses to ensure full operation of police and security. The Small Malaita hospital is a classic example that requires more important equipment and medications despite an excellent facility that was built and handed over to South Malaita region.
- 3.153 The Ministry responded that it is planning to build 3 more staff houses including Barracks in the years to come at Maka Police Station. This would be possible if the Ministry has more funds available. However, the current budget catered for only one staff house. The Ministry does have to balance multiple project needs across other provinces which is main factor limiting fully resourcing all sites on the limited budget available. The Ministry will try its best to better-strategized project prioritisation in the future.
- 3.154 **Policing/ Security** - The Committee commented on the view of Security in the rural areas. The Committee stated that Police Security in the rural areas is going down considerably. The Maka Police Station is inactive maybe because of staffing issues. This has given the rise, in particular the youth to engaging in unwanted activities. It would be better if the Police are providing Security to the villages once a week, particularly in the southern region of Malaita Province. This would ensure the presence of the police in the villages. However, it is important that the Ministry have some funds already but need to have some more funds to strengthen security. It is also important that the responsible Authorities to realise the importance of security and police presence during the Games.
- 3.155 The Ministry commented that the security concerns raised by the Committee are true. However, as far as population is increasing, hence, the policy needs to expands and that other factors such as resources are also contributing, however, as the Ministry is continuing to review its governance systems, it will ensure that the system is competent to address the security issues whilst minimising gaps. The police presence is important throughout the country. The concerns raised against the West Are'are Constituency is true but that does not mean that the police will not respond to situations as they arise. It is the hope of the Ministry that from medium to long term the current gaps will be addressed.
- 3.156 The Committee sought to understand what security plans are in place to address the squatters residing at the back of the SINU Panatina and Kukum Campus. The athletes and officials coming for the Games will be accommodated at these campuses. The security situation is a serious concern especially as the access roads for these squatter communities run through the existing campuses.
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- 3.157 The Commissioner for RSIPF commented that there is a team already working with the NHA and the Games Organizing Committee to address security at the Games venues as well at the accommodation venues. RSIPF will also be working with the surrounding communities that are close to the accommodation sites.
- 3.158 The Commissioner of RSIPF commented that there would be a total of 200 plus Correctional Officers that will involve in the Games operations as part of the Joint Forces during the Games. This will contribute to increasing the number of resources to cater for the number of Security Personnel that will be participating in the Operations during the Games.
- 3.159 **Upskilling/Training** - The committee noted the need for the Police Force to be professional at all times including in high profile events like the PG2023.
- 3.160 The Ministry is progressing the work on upgrading the existing police academy. An Expression of Interest is already out. Under the DCGA policy, the intention is to develop a program accredited to international standards. We need qualified officers with technical skills to ensure quality and progress.

#### Recommendation

The Committee commends the Ministry of Police, National Security and Correctional Services' plans to build a professional police force to international standards. The Committee recommends that the professionalization program for RSIPF be fast tracked to prepare the existing force for upcoming significant events like the Pacific Games and to deal with the increasingly complex community needs.

## 20. Ministry of Culture and Tourism

### Variation in appropriation

#### Budget Support - Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$557,049

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
202-382-0000-22105	Consultancy Fees	Nil	135,691	135,691
202-382-0000-22110	Publicity & Promotions	Nil	21,425	21,425

202-382-0000-22117	Entertainment	Nil	38,089	38,089
202-382-0000-22301	Maintain – Non Residential Buildings	Nil	152,355	152,355
202-382-0000-22401	Conferences, Seminars and Workshop	Nil	42,850	42,850
202-382-0000-22404	Training – Other	Nil	23,329	23,329
202-382-0000-23013	Capex – Computer Software and Hardware	Nil	59,514	59,514
202-382-0000-23015	Capex – Other Equipment	Nil	83,795	83,795
<b>Total</b>		<b>Nil</b>	<b>557,049</b>	<b>557,049</b>

Explanatory Note: Budget Support funded by the Government of New Zealand through the Department of Ministry of Foreign Affairs and Trade for product development, visitors experience and COVID19 safety.

### Appropriateness of expenditure

The Minister approved the Advance Warrant on the 24th February 2023.

### Issues

The Ministry was invited to provide a written submission.

## 21. Ministry of Commerce, Industry, Labour and Immigration

### Variation in appropriation

#### Additional Supplementary Recurrent Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$4,564,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-393-0000-22115	Passports	6,116,418	3,900,000	10,016,418
101-393-0000-22654	Internet, Radio and Satellite	Nil	196,000	196,000

101-001-0000-27004	Office Rent	1,116,600	468,000	1,584,600
<b>Total</b>		<b>7,233,018</b>	<b>4,564,000</b>	<b>11,797,018</b>

Explanatory Note: This amount provides additional funding to cater for the urgent demand for passport books, office rental and utilities.

### Development Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$16,062,620

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
102-001-0067-25009	Subventions and Grant	5,000,000	14,000,000	7,000,000
102-001-0070-23002	Capex – Non Residential Buildings	3,600,000	2,062,620	5,662,620
<b>Total</b>		<b>8,600,000</b>	<b>16,062,620</b>	<b>24,662,620</b>

Explanatory Note: This amount provides additional funding to cater for revitalization of CEMA and for Suava Economic Growth Centre.

### Issues of concern

Matters of concern raised by the Committee were as follows:

- 3.161 The committee noted the purchase of new passports, rent costs, and sought an explanation from the Ministry on what these are for.
- 3.162 The Ministry responded that new passports were required due to normal annual stocks not being sufficient due to the seasonal worker program. Similarly, the space requirements for the immigration division has increased due to the seasonal workers programs. The rental costs are for the transfer of the price control unit to Mokolo and in Auki. Internet and radio costs for new building in Auki also included in supplementary bill.
- 3.163 The Committee queried why these costs were not included in last year 2023 budget.

- 3.164 The Ministry confirmed they did submit bid for an extra budget but was not accepted. The increased pressure on labour of mobility after budget process meant that an additional supplementary budget is needed. Usually no more than 5000 passports budgeted per year however, after the labour management unit was set up, this target has now exceeded 10,000 per year, which is the number, expected in the passport agreement signed. In 2022, we ran out of passports twice and looked for funding. Now in 2023 we have already used up 4500 of the 5000 target passports. This supplementation will provide sufficient stock for 2023.
- 3.165 The Committee queried the requested development budget for CEMA. This has been noted for some time and curious what has happened and planned for 2023.
- 3.166 The Ministry pointed out that the 2021 MOU signed between MID, MALD and MCILI to implement CEMA. In 2021, budget was allocated. In 2022 and 2023, insufficient budget was included compared to the plan. The Ministry expected \$24 million but this amount was not forthcoming.
- 3.167 The CEMA implementation plan is in three phases. For the first phase budget was sufficient, however, the second phase in 2022 and 2023 there were budget cuts which affected implementation of the program. Buying centres is main component outstanding. Assessment of buying points to be completed for Noro, Choiseul, Buala, Manu in Malaita, Pakera in Makira and Lata in Temotu. Nevertheless, due to lack of budget, only Malu, Honiara, and Pakera have been accredited and running. Exports to date are 35metric tonnes in October 2022 and April 2023 240 metric tonnes exported from Pakera and Honiara. Total export value is approximately \$1.4million.
- 3.168 The Ministry further updated the Committee that only copra and cocoa are commodities regulated by CEMA. Kava is being considered but for now is private sector lead.
- 3.169 The Committee noted the long lines in labour management unit (LMU) and questioned the Ministry on their plans to address these queues and improve the efficiency of the LMU processes.
- 3.170 The Ministry extended the ground floor on the existing Immigration offices instead of getting separate office. This allowed for more people, more equipment, to better serve public demand. The eastern end of the existing office will be dedicated office for LMU. Access will be from the rear to better manage the crowd. New processes to improve efficiency have been updated and implemented for 2023. Each passport costs government USD100. Fees are set at SBD 1000 so money collected is sufficient to cover passport costs. Other fees cover the administration costs for passports. The issue is that this division is self-sustaining however payments from MoFT are delayed which causes out of stock. The

Ministry has proposed to MoFT to allow a separate account for the Ministry to collect these fees and pay for passport stock as and when needed.

- 3.171 The Committee sought an update on the OAG audit report on passports.
- 3.172 The Ministry indicated that they have responded to the audit queries raised by the Office of the Auditor General. There are still a number of high-risk areas, which are being looked into and may require amendments to the Act to better address operational matters identified too.
- 3.173 The Committee sought an update on the CEMA revitalisation scheme and whether CEMA will still be supporting growth in the industry.
- 3.174 The Ministry pointed out that there is competition between CEMA and private sector. Plans are to set up buying points in provinces closer to farmers. These are likely to be in uneconomical areas where private sector does not operate and will require budget to implement.
- 3.175 The Committee noted that total imports still exceed exports and that the Ministry plays an important role in lifting exports. There needs to be consideration for the right policy reform on imports and exports to support the country growth aspirations.

## 22 Ministry of Communication and Aviation

### Variation in appropriation

#### Recurrent Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$818,331

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
231-410-0000-23012	Capex – Communications Equipment	Nil	338,331	338,331
231-410-0000-22401	Conferences, Seminars and Workshop	Nil	80,000	80,000
231-410-0000-22105	Consultancy Fees	Nil	400,000	400,000
<b>Total</b>		<b>Nil</b>	<b>818,331</b>	<b>818,331</b>

Explanatory Note: Budget Support funded by the Asian Pacific Network Information Centre (APNIC) Foundation to develop SolCERT project within the Ministry.

### **Appropriateness of expenditure**

The Prime Minister approved the advanced warrant in March 2023 as the Supervising Minister for Finance and Treasury.

### **Issues**

Matters of concern raised by the Committee include the following:

- 3.176 **Advance Warrants** – The committee sought to understand from the ministry the use of the Advance Warrants, the sum of SBD\$818,331.00, million under the recurrent estimates budget head.
- 3.177 The Ministry stated that the amount is from grant financing, sought from the Asia-Pacific Networking Information Centre Foundation. The fund is to assist the setup of the Solomon Islands Computers and Emergency Response Team (SolCERT). The funds will be used to procure firewalls and the server. This is a national initiative that will allow the Ministry to ensure that the Ministry monitor the cyber security risks that including hacking in the local domain and put in place plans to mitigate damage to our information and data from hackers.
- 3.178 **Training** – The committee is concerned with the whole package of training for cyber security. The committee would like know the Ministry's sustainability plans.
- 3.179 The Ministry stated, that in terms of sustainability, the consultancy would write up a plan to ensure the framework, roadmap and the right structure to operationalise and sustain our current cyber systems. In terms of training, staff who undertake the training will have a certificate in security. The training involved is to equip the staff in the area of Cyber Security and to have better understanding in risks in the cyber area. The Ministry also have direct training from ICTSU in many areas. Australia, Singapore and India are also supporting the Ministry in terms of advanced training. The current systems are monitored daily with plans to add further staff including from Police in the future.
- 3.180 **Long Term Training** – The committee followed up on the full-time training of local experts to be trained in specific technical fields to gain Bachelors and Master's degree in order to have full capacity to monitor the information centre, rather to rely on consultants all the time.
- 3.181 The Ministry stated, they currently do not have qualified people, but the Ministry has started training for the local staff since last year 2022. The Ministry further added, that

when consultants write the framework, the Ministry would look into other specific areas of training overseas to train four local staff. The Ministry also stated that reform in the sector is ongoing, so the Ministry shall employ a higher calibre of people to monitor the information centre. The Ministry has a plan going forward to ensure the establishment of the unit and to have 4 local staff employed to monitor and oversee the computer systems. The Ministry is also looking into recruiting suitable qualified people for the monitoring of the information system.

- 3.182 The committee noted that the Ministry could work in conjunction with SITESA to identify relevant specific training for the locals to have our own local higher calibre people.
- 3.183 **Pacific Games 2023 (PG2023)** – The committee is interested to hear from the Ministry, how they are involved, either directly or indirectly, to support the PG2023.
- 3.184 The Ministry stated that their budget has dropped; however, the Ministry will use the current budget to support the Games. Indirectly, the Ministry can be support to the PG2023 through communication and cyber security. The Ministry also stated other physical elements to support the PG2023: the Ministry has taken down two huts in front of the airport and is painting at the current domestic airport to cater for the international arrivals. The Ministry will do more painting and other interior installation of mirror, washrooms and restrooms at the arrivals. At the new international airport, the Ministry will install a carving outside the airport area. The Ministry also has plans to setup a temporary tent in the airport, in case there is a queue in the arrivals and also when they will come out the terminal a tent and tables will be setup for the purpose of assembling and gathering before being taken to their accommodation.
- 3.185 In terms of security, currently the Ministry works around the airport fencing, to see which areas have been breached. With the support of the Ministry of Infrastructure and Development (MID), the road at the south of the fence will enable the Ministry to do regular patrols. The Ministry will also do some improvements, in terms of fixing potholes around domestic and international airport. The Ministry made mentioned that at the front of the garden the fence would be raised so that it will be secure. Currently, the Ministry is tendering the improvements of the toilets in the old international airport, with funding sought from the development budget.
- 3.186 **Reconfiguration of International and Domestic arrival** – The committee is keen to know when the reconfigurations of the International and Domestic airport will be completed.
- 3.187 The Ministry stated that the international departure has been used and the reconfiguration has been completed. The cause of the delay on the use is just the work on the running the cabling for the computer network. There are some arrangement works made with the Solomon Airlines to move into the terminal by the end of May.

3.188 **Undersea Cable** – The committee noted that the undersea cable was not working recently causing network downtime to Western province and other parts of the country. The Committee is interested in an update from the Ministry on status and steps taken to prevent this happening again.

3.189 The Ministry responded, that the fibre cable itself is very sensitive to tampering and when a fishing vessel was netting in shallow waters it is likely their net dragged the fibre cable causing the disconnection. To prevent this from happening again the Ministry stated that the Cabinet has recently approved drafting of a Cable Protection Bill. Currently, the Ministry is working on the policy to form part of the legislation. The aim of the legislation is to avoid fishing, deep-sea mining, exploration, and any activity within a protected area of at least 500 metres corridor around the undersea cable. The Ministry also stated that once the legislation is enacted, it would be properly demarcated on the maps and supplied to the relevant stakeholders, such as Fishing Companies, Ministry of Fisheries, Ministry of Mines and Energy and any other stakeholders who are engaged in undersea activities.

## 23 Ministry of Fisheries and Marine Resources

### Variation in appropriation

#### Recurrent Advance Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: **\$2,278,775**

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
202-435-0000-22105	Consultancy Fees	220,000	226,000	446,000
202-001-0000-22105	Consultancy Fees	230,000	12,000	242,000
202-435-0000-22109	Printing, Stationery & Photocopying	Nil	97,650	97,650
202-001-0000-22109	Printing, Stationery & Photocopying	9,236	96,700	105,936
202-435-0000-22205	Office Stationery	40,000	17,381	57,381
202-434-0000-22401	Conferences, Seminars and Workshop	200,000	200,000	400,000
202-001-0000-22404	Training – Other	10,000	49,669	59,669

202-432-0000-23002	Capex – Non Residential Buildings	1,000,000	1,178,775	2,178,775
202-001-0000-23013	Capex – Computer Software and Hardware	200,000	100,600	300,600
202-432-0000-23014	Capex – Specialised Equipment	Nil	300,000	300,000
<b>Total</b>		<b>1,909,236</b>	<b>2,278,775</b>	<b>4,188,011</b>

Explanatory Note: Budget Support funded by the New Zealand Government through the Ministry of Foreign Affairs and Trade (MFAT) towards Mekem Strong Solomon Islands Fisheries (MSSIF) Project.

### **Additional Supplementary Expenditure - Development Expenditure**

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$6,000,000

<b>Subhead/Item</b>	<b>Description</b>	<b>Original Estimates</b>	<b>Supplementary Estimates</b>	<b>Revised Estimates</b>
102-001-0013-25009	Subventions and Grant	240,000	6,000,000	6,240,000
<b>Total</b>		<b>240,000</b>	<b>6,000,000</b>	<b>6,240,000</b>

Explanatory Note: This amount provides additional funding towards community seaweed farming.

### **Appropriateness of expenditure**

The Minister of Finance approved the Advanced Warrant in February 2023.

### **Issues of Concern**

Matter raised during the public inquiry include the following:

- 3.190 The Committee strongly urged the ministry to maintain their budget despite the government's move for re-prioritisation.
- 3.191 **Revenue Collection** - The Committee noted that one of the sources of revenue is non-tax of which Ministry of Fisheries and Marine Resources is responsible for.
- 3.192 The COVID19 situation has affected the revenue collection with revenue falling below \$300,000, which mainly comes from offshore fishing, however, the Ministry is confident

to generate revenue with the measures in place during this recovery period. One of the main sources of revenue is through access fees from fishing boats.

- 3.193 The Ministry also stated that they are looking at other areas that could have value added in which one area is aquaculture or seaweed farming.
- 3.194 **Household income from seaweed farming** - The Committee is interested to know how much of SBD 23,810,000 revenue generated from seaweed farming is derived from households who were involved in this seaweed farming.
- 3.195 The Ministry informed the Committee that what the households receive depends on the size of their farms. There are farmers who have reached commercial level that produce 1 tonne per month unlike others have small-scale farms. For example, in Wagina, around twenty farmers received \$20,000 to \$30,000 per month. Buying agents are buying seaweed for \$6.00-\$7.00 per kilogram. The only challenge is the support for farmers with farming materials, hence the request for additional supplementary expenditure of \$6,000,000.
- 3.196 **Seaweed Farming process** - The Committee is interested to know the costs that comes with the processes involved from farming to export.
- 3.197 The Ministry informed the Committee that the seaweed farming process involves one month farming or planting and then after a month, the seaweeds are dried and then sold to buying agents who are based at the farming sites, hence farmers do not incur logistics expenses. The buying agents are responsible for transferring the purchased seaweeds to Honiara to and then sell them to the main buyers for packing and export.
- 3.198 The Committee were excited about this initiative and its ability to provide money directly to households. The Committee wondered how much awareness has been undertaken and to increase this and budget allocated in the future. The Ministry should also take necessary steps to ensure this budget is not reprioritised.

#### **Recommendation**

**The Committee noted the need to increase the fisheries revenue contribution, which was historically a significant contributor to Government Revenue. The Committee recommended that the relevant Minister also be present at future Parties to the Nauru Agreement (PNA) negotiations to ensure we remain on track.**

- 3.199 The Ministry advised that the Minister will be informed on PAC recommendation for high level representation at PNA meetings.

## 24 Ministry of Public Service

### Variation in Appropriation

#### Recurrent Advanced Warrant

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$687,502

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
201-001-0000-22101	Advertising	Nil	14,265	14,265
201-001-0000-22105	Consultancy Fees	Nil	341,365	341,365
101-001-0000-22109	Printing, Stationery & Photocopying	51,230	16,030	67,260
201-001-0000-22205	Office Stationery	Nil	31,700	31,700
201-001-0000-22401	Conferences, Seminars and Workshop	Nil	54,709	54,709
201-001-0000-22404	Training – Other	Nil	19,000	19,000
201-001-0000-22508	Public Servants – Local Fares	Nil	47,000	47,000
201-001-0000-22509	Public Servants – Local Accommodation	Nil	75,000	75,000
201-001-0000-22812	Realised Foreign Exchange Gain/Loss	Nil	3,248	3,248
201-001-0000-23014	Capex – Specialised Equipment	Nil	85,185	85,185
<b>Total</b>		<b>51,230</b>	<b>687,502</b>	<b>738,732</b>

Explanatory Note: Budget Support funded by the Australian Government through the Department of Foreign Affairs and Trade (DFAT) for ongoing reform programs and public service transformation strategy.

#### Appropriateness of expenditure

The Minister of Finance approved the advanced warrant in February 2023.

#### Issues

The Ministry were invited to provide a written submission.

## 25. Ministry of Justice and Legal Affairs

### Variation in Appropriation

#### Contingency Warrant

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$1,535,400.

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-472-0000-22105	Consultancy Fees	Nil	1,535,400	1,535,400
<b>Total</b>		<b>Nil</b>	<b>1,535,400</b>	<b>1,535,400</b>

Explanatory Note: This amount provides additional funds to cater for payments to special prosecutor remuneration package.

#### Appropriateness of expenditure

The Minister of Finance signed the contingency warrant in March 2023 having obtained Cabinet approval.

#### Issues

- 3.200 The Committee noted the Ministry's request and queried what the remit of the special prosecutor is?
- 3.201 The Ministry updated the Committee that the special prosecutor is being engaged to assist with ongoing investigations into the recent civil unrest. Currently there are 57 files relating to the civil unrest of Nov 2021. 176 defendants and 51 defendants' have been sentenced, 15 were dismissed and remaining are still pending. This Contingent Warrant is for a special prosecutor to pay for remuneration costs. The Ministry is looking to engage a high-profile litigant most likely from Fiji or PNG.
- 3.202 The Ministry will likely be absorbing some of the later costs of this engagement and to work on closer engagement with PNG in the future.

## 26 Ministry of Home Affairs

### Variation in appropriation

#### Development Expenditure

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$3,300,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
102-001-0091-25027	Sports Grant	8,500,000	3,300,000	11,800,000
<b>Total</b>		<b>8,500,000</b>	<b>3,300,000</b>	<b>11,800,000</b>

Explanatory Note: This amount provides additional funding to cater for hosting of the Solomon Games 2023 organised mainly to identify talents in preparation for the 2023 Pacific Games later this year.

#### Issues of Concern

Matters raised during the public inquiry include the following:

**3.203 Sports Grant** – The committee queried how these funds would be utilised.

**3.204** The Ministry stated that the additional supplementary expenditure is to meet the cost of the Solomon Games by ensuring that team Solomon has the best representatives of athletes from all the provinces. The Solomon Games were scheduled for 2022 however; it was delayed to 2023 due to \$1.66 million from the 2022 appropriation budget not being paid. Moreover taking funds from the 2023 financial year just to support the event will have negative effect on the ability of the Ministry and National Sport Council (NSC) to build its capacity to deliver the legislative mandate which is to develop sport and recreational across the entire country. In addition, the Prime Minister's office has set the target for team Solomon to win 40 gold medals. The additional sum was requested just to provide for the cost of transport and accommodation for the athletes to attend the award ceremony as well.

**3.205 Identify Talents** - the Committee is disappointed with the description of the funding that is to identify talents through the hosting of the Solomon games 2023. With this kind of budget, identifying of talents should have been done four years ago to get the athletes prepared which by now they should already be in training, enhancing their quality and talents to exhale during the South Pacific Games to achieve the target of winning 40 goal medals.

- 3.206 The Ministry responded that until they had the funding to host the Games, they did not have the political will to host these events. National Sports Council (NSC) needs to make arrangements for tournaments that can be used to select high quality candidates.
- 3.207 NSC further clarified that there are always hidden talent out there and through the games they have identified and sent these athletes overseas for training. Currently NSC is pushing for improvement of governance within the national federations and one requirement is for each federation to operate in at least five provinces which is not the case therefore.
- 3.208 Additionally, the national recreation policy requires the Ministry to spread recreation and sport throughout the provinces to contribute to social cohesion, better health, and better productivity and so on.
- 3.209 **A total of \$11.8 million investment to identify talent** –The committee want to know from the Solomon Games how many provincial participants where identified, selected and have already left for training in Australia or China.
- 3.210 National Sport Council (NSC) clarified that the budget of \$8.5 million is used to resuscitate the national council and a portion of it is used for the Solomon Games and also for its operational purpose.
- 3.211 In relation to the number of athletes there were thousands who came to compete in the game and due to sport autonomy, the selection process remains with the national federation to handle. The national athletics have included some athletics from the provincial games to their squad, also 30 athletes from the netball will be brought back to complete with the national squad before the Games.
- 3.212 The NSC also do not have the actual figure of the selected athletes during the Solomon Games but this will be provided through written submission.
- 3.213 **Fields not in used** - The committee is concern that the field are not yet being used.
- 3.214 NSC responded saying, in terms of the planning process the community facilities will be upgraded consecutively before June to allow people to get access and used the fields. At the moment the training tract at the east end of the sport facility is being used by football, public and Solomon athletics. The Solomon Islands Football Federation (SIFF) academy will have two fields available; the DC Park has two or may be three fields for training which will total up to 12 fields during the games.
- 3.215 **Strategy and tactical approach** - The committee wants to know the strategy and tactical approach either to concentrate on individual game or team game.
- 3.216 NSC responded stating that they are focusing on teams as well as individuals. However, the return on investment is greater on individual sports than team sports. For instance,
-

football is expected to do quite well so that would be a good investment and since SIFF gets funding from FIFA that is a relief in preparing for that particular team.

**3.217** Smaller team sports, as beach volleyball is fairly worth investing in, since Vanuatu is the commonwealth champion. China's funding is very important because it focuses on seven individual sports and they will be taking 73 athletes to be trained in China. In addition, certain coaches will also be going through that and hope knowledge learnt will be applied during the Pacific Games as well as in the future. Therefore, in principle, the ministry supports both team and individual sports but with the recognition that return of investment is greater on the individual sports.

**3.218 What event was planned** - The committee wants to know is there an event that was to be happening but did not occur. Therefore, if that event did not happen do you still have plan for it to happen. The Ministry clarified that the Solomon Games is that event that was referred to which should have happened last year but due to lack of funding it was postponed and has occurred on March this year.

**3.219 National Sport Council (NSC) progress** - The committee wants to know how far NSC has come in terms of its governance and capacity to manage and administer anything especially in taking up the role to manage and maintain the infrastructure and facilities. The committee understands that this is a huge task and it needs well-trained staff.

**3.220** NSC responded stating that its governance is improving. For the last year, they have established and passed 18-20 policies. Furthermore, staff have increased from three to 12. Also for this year's ministerial budget, there is a provision for 12 posts to be established and filled. The current challenge faced by NSC this year is the small office space, which needs to be expanded.

**3.221** Other things include reviewing the NSC act and the Pacific Games Act, which state that non-financial assets will be distributed to the NSC and NOCSI. Since NOCSI does not have the mandate and capacity, NSC is the right and better-prepared candidate to manage PG facilities. In some cases, there is opportunity to collaborate with SIFF in management of some facilities.

**3.222** A co-management MOU has been signed with NSC to cater for the act that states any facilities which is built, donated, constructed by the government or other entity being a donor is the NSC property to look after and manage. It is complicated now because NHA with its budget and its approach owns the facilities.

**3.223** However, once it is handed over the NSC acts will come into effect.

**3.224** Since these facilities have not existed before, NSC is working hard to train people hired, as well as getting equipment's to do that. Moreover, NSC is committed to pulling resources from other countries to up-skill people in this country. Through donor, funding

NSC was able to appoint director of the facilities who have experience from Sydney in multiple facilities. China also offers two people to stay in the country for two years. NSC have worked with HCC and a New Zealand expert to deliver, training 16 people from NHA HCC in the basics of how to manage grass. A follow up course will be held in July.

**3.225 Stage of the Legislative Amendment** - The committee understands that some facilities are developed in some schools and institutions. In order for the facilities to be retained by those institutions there has to be some legislative amendment in place. The question is where are we now?

**3.226** The National Sport Council will respond in writing to the committee before Wednesday 18 May because they need to confirm with their colleague from NHA since they are the owner of the facilities. There are some MOUs being signed which NSC has not been involve with which state that the land will remain with the owner and the facilities will remain with NHA/NSC in the future.

**3.227 Warm temperature inside friendship hall building** – The committee wants to know why there is poor ventilation or cooling system install in the friendship hall facility.

**3.228** NSC responded that the games organizing committee with NHA is looking at installing big fans. Since electricity in Solomon Islands is expensive to pay, air conditioning is not an option.

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

### Variation in appropriation

#### Contingency Warrants

Estimates of the amount further required in the year ending 31 December 2023 for the services of this head: \$2,610,000

Subhead/Item	Description	Original Estimates	Supplementary Estimates	Revised Estimates
101-571-0000-22212	Disaster Preparedness & Relief	1,965,102	2,610,000	4,575,102
<b>Total</b>		<b>1,965,102</b>	<b>2,610,000</b>	<b>4,575,102</b>

Explanatory Note: This amount provides additional funds to cater for SIG emergency support to the Government of Vanuatu and for Temotu Province Outer Islands that were affected by Tropical Cyclones Judy and Kevin.

### **Appropriateness of expenditure**

The Minister of Finance signed the contingency warrant on 5 April 2023 having obtained Cabinet approval.

### **Issues of Concern**

Matters of concern raised by the Committee are as follows:

- 3.329 The Committee sought an update on the funds raised through a contingency warrant for the disaster relief for cyclone Kevin and cyclone Judy.
- 3.330 The Ministry responded that the tropical cyclone Judy in Feb 2 and tropical cyclone Kevin 10th April assessment team have already been deployed and assessment needs already completed. These funds used now are to replenish what has already been spent this year to ensure Ministry has sufficient funding available for the remainder of the year.
- 3.331 The Ministry also pointed out that there should be a National Disaster Council fund to ensure funds are always available otherwise the Ministry can only respond in line with MoFT processes which can delay response times. The Disaster management plan has sector committees established with lead by relevant Ministries. For disasters, we use this arrangement, which through development partners can provide immediate response. This \$2.6 million Contingency Warrant is for the relief, which has been completed. Sometimes isolation and weather can make response challenging however multisector hazard response and sharing of resources especially with donor assistance means we can respond in a timely manner.
- 3.332 The Committee queried what the Ministry's plans were to support upcoming Games.
- 3.333 The Ministry responded that there are four technical divisions to support the PG2023. The Met service will have direct weather updates for day to day running of games. Sky eye satellite to help with data. Also on greening of the games, there is a proposal for the banning of single use plastics and looking for replacement like re-useable shopping bags made from coconut. Also likely to ban small water bottles instead encouraging use of refillable bottles. This initiative will likely be supported by some regional organisations. On water, sports there will be wild life monitoring like for crocodile to ensure the safety of athletes. Tenaru School that is hosting athletes will be supported to invest in greening initiatives like moving to solar and maintenance of school surroundings.
-

3.334 The Committee was also interested in progress with cleaning up Honiara Rivers and surrounding community.

3.335 The Ministry pointed out that rivers and streams act is under hydrology under the Ministry of Mines. However, Ministry has shared responsibility with Mines, MID and HCC. In the past MECCDM engaged in community awareness to reduce river pollution and placed booms in Mataniko River. There have been proposals to dredge Mataniko but no funds available for MID to clean up.

3.336 The Ministry has conservation grants available for management plans and provision of rangers but with limited budget. Conservation awareness is still ongoing with some NGO's also supporting the Ministry in this area.

END OF REPORT

## Appendices

### Committee Functions

The Committee under *Standing Order 69* is established; an Order made pursuant to the *Constitution*<sup>5</sup> and has the functions, together with the necessary powers to discharge its mandate as 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.

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<sup>5</sup> Section 62, *Constitution of Solomon Islands 1978*.

## Appendix 3: Minutes of Public Hearings



NATIONAL PARLIAMENT OF SOLOMON ISLANDS

P.O. Box G19,  
Honiara.  
Tel: 28520/24164.  
Fax: 24272

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### PUBLIC ACCOUNTS COMMITTEE

#### Minutes of Proceedings

#### Committee Inquiry into the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023)

Day 1/2023

Wednesday 10<sup>th</sup> May, PTC Building, 10:06 AM

#### 1. Members Present

Hon. Douglas Ete, MP- Chairman  
 Hon. Matthew Wale, MP  
 Hon. John Dean Kuku, MP  
 Hon. Rick Houenipwela, MP  
 Hon. John Maneniaru, MP  
 Hon. Claudius Tei'ifi, MP  
 Hon. Commins Mewa, MP  
 Hon. Alfred Efona, MP

#### 2. Apologies

Hon. Silas Vaqara Tausinga, MP  
 Hon. Lilly Maefai, MP  
 Hon. Ethel Vokia, MP

#### 3. Secretary

Mr. David Dennis, Auditor General

#### 4. Secretariat

Mr. Heston Rence, Committee clerk  
 Mr. Whitmon Tabiru, Committee Secretary

Ms. Salome Pilumate, Committee Secretary  
 Ms. Sherilyn Ragoso, Hansard Officer  
 Mr. Greg Kinimete, Hansard Officer  
 Ms. Hazel Fafale, Hansard Officer  
 Mr. Lawrence Scott, Media Officer

## 5. Prayer

The MP for Temotu/Nende, Hon. Commins Mewa said the opening prayer.

## 6. Welcome/ Opening remarks

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

## 7. Inquiry into the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023)

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

### Hearing 1 Witnesses

- i. Mr. Raynold Moveni, Deputy Governor
- ii. Mr. Michael Kikiolo, Management Advisor Policy

The witnesses made their presentation before the Committee.

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

### *Hearing suspends at 11:23 am*

The Hearing proper resumed at 11:34 am and the following witnesses from the Ministry of Finance and Treasury were admitted:

### Hearing 2 Witnesses

- i. Mr. McKinnie Dentana, Permanent Secretary
- ii. Mr. Coswell, Deputy Secretary Fiscal
- iii. Mr. Paula Uluinaceva, Accountant General (AG)
- iv. Mrs. Marcellina Loe, Director Budget
- v. Ms. Primula Kingmele, Director Economic Reform Unit
- vi. Mr. Robert Meyenn, Director Debt Management Unit
- vii. Mr. Selwyn Takana, DSE
- viii. Mr. Douglas Sade, Deputy Accountant General
- ix. Mr. Kevis Kimasaru, Chief Policy Analyst
- x. Ms. Bridget Urioiaru, Senior Policy Analyst

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 for lunch at 12:57 pm.*

The Hearing proper resumed at 2:43 pm and the following witnesses from the Office of the Prime Minister and Cabinet were admitted:

*Hearing 3 Witnesses*

- i. Dr. Jimmie Rodgers, Secretary to Prime Minister (SPM)
- ii. Mr. Leonard Ofanu'u, DSPMC
- iii. Mr. Malcolm Foufaka, Financial Controller (Ag)

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 3:18 pm*

The Hearing proper resumed at 3:21 pm and the following witnesses from the Solomon Islands Electoral Commission (SIEC) were admitted:

*Hearing 4 Witnesses*

- i. Mr. Jasper Anisi, Chief Electoral Officer
- ii. Mr. Reuben Rongomea, Chief Accountant Officer
- iii. Mr. George Mali, Legal Officer

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 3:39 pm*

The Hearing proper resumed at 3:42 pm and the following witnesses from the Ministry of Education and Human Resources Development were admitted:

**Hearing 5 Witnesses**

- i. Dr. Franco Rodie, Permanent Secretary
- ii. Mrs. Linda Wate, DS T & L
- iii. Mrs. Merrylyn Kodoleke, Director Finance
- iv. Mrs. Constance Nasi, CEO-SITESA
- v. Mr. Martin Kutai, Director Teaching Services
- vi. Mr. Clement Tito, Manager Assets

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.

**8. Adjournment**

No closing prayer was said.

The hearing adjourned at 4:35 pm

**Day 2/2023**

Thursday 11<sup>th</sup> May, PTC Dining, 09:56 AM

**1. Members Present**

Hon. Douglas Ete, MP- Chairman  
 Hon. Matthew Wale, MP  
 Hon. John Dean Kuku, MP  
 Hon. Rick Houenipwela, MP  
 Hon. John Maneniaru, MP  
 Hon. Claudius Tei'if, MP  
 Hon. Commins Mewa, MP

**2. Apologies**

Hon. Ethel Vokia, MP  
 Hon. Silas Vaqara Tausinga, MP  
 Hon. Alfred Efona, MP  
 Hon. Lilly Maefai, MP

**3. Secretary**

Mr. David Dennis, Auditor General

**4. Secretariat**

Mr. Heston Rence, Committee clerk  
Ms. Salome Pilumate, Committee Secretary  
Ms. Monica Sekonga, Committee Admin  
Ms. Cordney Wale, Committee Secretary  
Ms. Sherilyn Ragoso, Hansard Officer  
Ms. Theresa Nori, Hansard Officer  
Mrs. Esther Turangaluvu, Hansard Officer  
Mr. Lawrence Scott, Media Officer

**5. Prayer**

The MP for Small Malaita, Hon. Rick Houenipwela said the opening prayer.

**6. Welcome/ Opening remarks**

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

**7. Inquiry into the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023)**

The Hearing proper commenced and the following witnesses from the Ministry of Infrastructure Development were admitted.

*Hearing 6 Witnesses*

- i. Mr. Allan Lilia, DST
- ii. Mr. Mike Qaqara, Director TIMSD
- iii. Mr. Allan Rangi, HRM

The witnesses made their presentation before the Committee.

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

*Hearing suspends at 10:02 am*

*MID rescheduled to Friday 12/05/2023*

The Hearing proper resumed at am and the following witnesses from the Ministry of Commerce, Industry, Labour and Immigration (MCILI) were admitted:

Hearing 7 Witnesses

- i. Mr. Riley Mesepitu, PS
- ii. Mr. Eric George, DST
- iii. Mr. Owen Rove, CIO (BIC)
- iv. Mr. Patterson Siliotu, General Manager, CEMA

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 for lunch at 11:48 am*

*Resume at 2:00pm*

The Hearing proper resumed at 2:09pm and the following witnesses from the Ministry of Fisheries and Marine Resources (MFMR) were admitted:

Hearing 8 Witnesses

- i. Mr. Patteson Lusi, DSC/PS (Supervising)
- ii. Mrs. R. Sulu, PC/MSSIF
- iii. Mrs. Ronelle Panda, DSPP
- iv. Mrs. Ivory Akao, DDI
- v. Mr. Alick Misibini, CPA/ BRAG
- vi. Mrs. Mary Vuto, CPA, MSSIF
- vii. Mr. James Teri, DDA
- viii. Mrs. Caroline Meningi, FC Supervising

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 2:55pm*

The Hearing proper resumed at 3:09pm and the following witnesses from the Ministry of Police, National Security and Correctional Services were admitted:

Hearing 9 Witnesses

- i. Ms. Karen Galokale, Permanent Secretary
- ii. Mr. Mostyn Mangau, Commissioner RSIPF
- iii. Mr. Mactus Forau, Commissioner CSSI
- iv. Ms. Julia Twumasi, Deputy Secretary Corporate
- v. Mrs. Martha Alabae, Director Finance - CSSI
- vi. Mrs. Annie Pulekera, PA- RSIPF

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 suspend at 3:43 pm*

The Hearing proper resumed at 3:46pm and the following witnesses from the Ministry of Home Affairs (MHA) were admitted:

Hearing 10 Witnesses

- i. Mr. Jeffery Sade Deve, PS
- ii. Mr. Freddie Iroriau. O, DSC
- iii. Ms. Alison Burchell, Director/CEO
- iv. Mrs. Iverlyn Duidi, FC (Ag)
- v. Mr. Selison Faisi, Director Sports

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.

**8. Adjournment**

No closing prayer was said.

The hearing adjourned at 4:40 pm

**Day 3/2023**

Friday 12<sup>th</sup> May, PTC Dining, 10:10 AM

**1. Members Present**

Hon. Douglas Ete, MP- Chairman

Hon. Matthew Wale, MP

Hon. John Dean Kuku, MP

Hon. Rick Houenipwela, MP

Hon. John Maneniaru, MP

Hon. Claudius Tei'if, MP

Hon. Commins Mewa, MP

**2. Apologies**

Hon. Ethel Vokia, MP

Hon. Silas Vaqara Tausinga, MP

Hon. Alfred Efona, MP

Hon. Lilly Maefai, MP

**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. Richard Ngatulu, Hansard Officer

Mr. Greg Kinimete, Hansard Officer

Mr. Lawrence Scott, Media Officer

**5. Prayer**

The MP for West Are'Are, Hon. John Maneniaru said the opening prayer.

**6. Welcome/ Opening remarks**

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

**7. Inquiry into the 2023 Supplementary Appropriation Bill 2023 (No.3 of 2023)**

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

**Hearing 11 Witnesses**

- i. Mrs. Elda L Wate, Deputy Secretary Corporate
- ii. Mr. Riskson Wate, Director Livestock
- iii. Mr. Andrew Melanolu, Director Extension
- iv. Mr. Paul Gregory, FC

The witnesses made their presentation before the Committee.

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

*Hearing suspends at 11:08 am*

The Hearing proper resumed at 11:17 am and the following witnesses from the Ministry of Environment, Climate Change, Disaster Management & Meteorology (MECCDMM) were admitted:

**Hearing 12 Witnesses**

- i. Mr. Karl Kuper, DSC
- ii. Mr. George, Deputy Director NDMO
- iii. Mr. Peter Nelson, FC

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 for lunch at 11:45 am*

The Hearing proper resumed at 11:50am and the following witnesses from the Ministry of Justice and Legal Affairs (MJLA) were admitted:

**Hearing 13 Witnesses**

- i. Dr. Paul Mae, PS
- ii. Mrs. Joy Angi, DSC

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 11:59am*

*Resume at 1:30pm*

The Hearing proper resumed at 1:36pm and the following witnesses from the Ministry of Communication and Aviation (MCA) were admitted:

**Hearing 14 Witnesses**

- i. Mr. Moses Virivolomo, PS
- ii. Mr. Reuben Ziru, Chief Cybersecurity Officers
- iii. Mr. Chris S. Koako, FC

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 suspend at 2:04 pm*

The Hearing proper resumed at 2:13pm and the following witnesses from the Ministry of Health and Medical Services (MHMS) were admitted:

**Hearing 15 Witnesses**

- i. Mrs. Pauline Mcneil, PS
- ii. Mr. George Malefoasi, CEO/NRH
- iii. Mr. Ivan Ghemu, DPP

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.

**8. Adjournment**

No closing prayer was said.

The hearing adjourned at 3:30 pm

## List of Submissions

1. MECCDMM – PAC 2023 SAB 2023 Generic Template
2. MoFT – PAC 2023 SAB 2023 Generic Template – AG Treasury
3. MALD - PAC 2023 SAB 2023 Generic Template
4. MEHRD - PAC Generic Template 2023SAB2023
5. OPMC - PAC SAB Generic Template 2023SAB2023
6. MHMS - PAC SAB Generic Template 2023SAB2023
7. MoFT – PAC GT 2023 SAB 2023
8. MID - PAC SAB Generic Template 2023 SAB 2023
9. MPNSCS -PAC SAB Generic Template 2023SAB2023
10. MCILI - PAC SAB Generic Template 2023SAB2023-1
11. MFMR- PAC SAB Generic Template MFMR submission 11.05.23 final
12. MHA - PAC SAB Generic Template 2023SAB2023
13. MCA - PAC SAB Generic Template 2023SAB2023
14. MCT - PAC SAB Generic Template 2022SAB2023
15. MJLA - PAC SAB Generic Template 2022SAB2023
16. MPS - PAC SAB Generic Template 2023SAB2023 – Revised Copy

## List of Other Submission

1. CBSI – Talking Points
2. MEHRD – Presentation to PAC 2023 SAB 2023
3. MID – Recurrent Expenditure Copy of TIMSD Pressure- Recurrent 2023
4. MFMR – PAC Brief on 2023 SAB 2023 11.05.23 Final
5. Michael Kikiolo’s Email
6. MHMS – PS PAC 2023 SAB 2023 Brief
7. MoFT – MoFT 2023 SAB 2023 – Talking Points
8. MID – PS MID Additional Brief
9. MCT – PAC 2023 SAB 2023 Written Submission

10. MCT – MFAT/MCT Grant Funding Agreement
11. MID - Approved National Transport Fund Program – Paul Ne'e
12. MID – NTF Work Plan 2023
13. MID – TIMSD Monthly Summary Report – March 2023
14. MALD – Commercial Farm PROGRESSIVE REPORT as of 28<sup>th</sup> February 2023
15. MOFT – 2023 Development Budget Execution Strategy Summary

