

# Legislative Assembly of Tonga Standing Committee on Finance and Public Accounts

## **PaNPAC Regional Network Meeting – Thinking Critically about Public Accounts Committees (PACs)**

This is a short brief provided to the Hon. Minister of Revenue and Customs and Chairperson of the PAC, Hon Tevita Lavemaau in preparation for his attendance at the above meeting in Honiara, Solomon Islands from 7-9 November 2016



# Legislative Assembly of Tonga Standing Committee on Finance and Public Accounts

PaNPAC Regional Network Meeting – Thinking Critically about Public Accounts Committees (PACs)

## INTRODUCTION

This brief report is a summary of the key features of the Tonga Public Accounts Committee and highlights the activities, achievements and challenges of the PAC for the 2016 Parliamentary Sessions.

## COMMITTEE MEETINGS 2016

Between the periods 1 July 2015 to 30 June 2016, the Standing Committee on Finance and Public Accounts (PAC) held a total of 9 Committee meetings.

The Committee met to discuss issues/matters that were referred to it through resolution of the Legislative Assembly OR by direction of the Chairperson. The PAC's deliberations in 2015 focused mainly on scrutinizing the 2012/13 and 2013/2014 public accounts of the Executive, where expert advice was given to the PAC members by the Auditor General. In addition, much of the PAC work in 2015 focused on the external audit of the Tonga Audit Office for the periods ending June 2009, 2010, 2011, 2012 and 2013.

In 2016, the PAC also dealt with important matters referred to it by the Legislative Assembly. Early in the year, several amendment bills and several regulations Customs and Excise were referred to it for scrutiny and reporting.

Also, the Committee was tasked with reviewing whether the annual Constituency visits were to continue. This review was conducted with a view to reduce

## *PAC Terms of Reference*



Rule 174 of the Legislative Assembly Rules of Procedure. The PAC is responsible for ALL matters relating to the following:

- i. Collection of all Public Income
- ii. Proper expending of all Public Monies
- iii. Annual Estimates
- iv. Accounts of Receipts and Expenditure of all Government Bodies including the financial accounts
- v. All reports of the Auditor General
- vi. All accounts and expenditure of the Legislative Assembly
- vii. Any other matters in connection with annual estimates and public accounts

The House may also direct by resolution, any other work for the PAC.

N.B The Auditor General is a Member but he does not have any voting rights.



parliamentary expenditure. It was decided that the visits for this year would be limited to those MPs only from the outer islands and that the visits to last no more than a week. It was also recommended that these arrangements would be only for this year's annual constituency visits.

Furthermore, the Committee also looked at the Annual Plan for the Tonga Audit Office and recommended that the Legislative Assembly approve their Plan for the year 2016/2017. In addition, the external report of this office was also submitted to the PAC for scrutiny. Concerns were raised over issues regarding overtime payments and also the former Auditor General advancing his annual allowance and then failing to make repayments when he resigned before the end of his tenure in order to take up office as a Parliamentarian.

Furthermore, the PAC also undertook a review of a newly drafted policy on the use and management of the Constituency Fund.

Last but not in the least, the PAC also reviewed an appropriate salary structure for the Members. It was resolved that the Legislative Assembly review and take into consideration those recommendations already made by the Remuneration Authority.

It is important to note that the Budget and Annual Estimates for 2016/17 again were not referred for scrutiny and deliberations in the PAC.

#### **(i) Reports**

During the aforementioned period, the PAC tabled a total of 5 reports with recommendations, all of which were passed by the Legislative Assembly.

#### **(ii) Visiting Delegations**

In September 2015, there was also a study visit to the PAC Committee undertaken in 2015 by a joint delegation from Australian DFAT, NZAID, ADB, World Bank and the Overseas Development Institute. The study visit was a scoping exercise to examine Tonga's experience with the Public Financial Management reforms underway in Tonga.

#### **(iii) Workshops**

During the financial year 2015/16, there were 2 workshops held in Nukuálofa for the Public Accounts Committee. The first workshop was held on 19-21 January 2016. That workshop was held through assistance from the Pacific Association of Supreme Audit Institutions (PASAI) and the Pacific Financial Technical Centre. The second workshop was a Budget Seminar and Workshop for members held from 31 May-1 June, 2016 which was funded by NZAID through their Pacific Parliaments Effectiveness Initiative.



Both workshops were tailored and aimed at developing PAC members' capacity to provide appropriate scrutiny of the national budget, estimates, annual and audit reports, with the second workshop focused solely on equipping members with the skills needed for debating on the national budget and estimates.

With the significant expansion in the number of People's Representatives and the number of new members, it was agreed that these workshops are useful and should be repeated after subsequent elections.

#### **(iv) Travels**

On 26-27 August 2015, Public Accounts Chairperson Hon Tevita Lavemaau attended a meeting for Public Accounts Committees of the Pacific Region at the Parliament of New Zealand. The purpose of the meeting was to share knowledge and good practices on financial oversight in the Pacific and to develop a strategic vision. As a result of that meeting, a Pacific Network of Public Accounts Committees (PaNPAC) was established.

Lord Vaea and PAC Secretary Ms. Silvia Átiola attended the first meeting of the PaNPAC Core Group in Nadi, Fiji from June 15-17, 2016. The purpose was for sharing peer experiences, planning the framework for the network as well as preparatory efforts for the PaNPAC Network Meeting to be held in Honiara, Solomon Islands in November, 2016.

#### **(v) Challenges**

Ideally, the PAC should have a strong focus on the review of budget measures through its role under the Rules and in scrutinizing the Annual Estimate and any increase voted by the House to any item. It also should have ex-post reviews through assessment of agency reports and reports of the Auditor General.

However, the PAC has not been able to carry out these reviews, usually due to limitations placed on it by Rule 184 which gives the Legislative Assembly the discretion to refer to the PAC or not. Also, because of the urgency associated with passing the budget, committee reviews are all too often bypassed.

#### **(vi) Future of the PAC**

Before the Parliament adjourned for 2016, there were major amendments proposed by the Privilege and Law Committees for the Rules of Procedure of the Legislative Assembly and were subsequently passed before the House adjourned on 27 October, 2016. This included:

- ✓ - Change to the composition of the Committee members with 2 members from each table represented.
- ✓ - Removal of the Speaker and Deputy Speaker as ex-officio committee members.



- ✓ - Cabinet Ministers not to serve as Chairpersons of the Standing and Select Committees
- These amendments will come into effect next year and these new members will perhaps determine the direction and future work that the PAC would undertake.