TUESDAY 6TH DECEMBER 2016

The Honourable Speaker, Mr Ajilon Nasiu took the Chair at 9.51am.

Prayers.

ATTENDANCE

All were present with the exception of the Ministers for Education & Human Resources Development; Public Service; Infrastructure Development; Lands, Housing & Survey and the Members for Fataleka; North West Guadalcanal; East Makira; Malaita Outer Islands and Mbaegu/Asifola

PRESENTATION OF PAPERS AND OF REPORTS

- Report on the 2017 Appropriation Bill 2016 (*National Parliament Paper No.31 of 2016*)

BILLS

Bills – Second Reading

The 2017 Appropriation Bill 2016

Mr Speaker: Honourable Members, according to paragraph 2 of Order 61 of the Standing Orders of the National Parliament and in accordance with the practice of this House, debate on the motion that the 2017 Appropriation Bill 2016 be read the second time shall commence today. A further three days shall be allotted for the Second Reading of the Bill. This means debate on the Bill will commence today and will conclude on

Friday December 9th 2016. Unless the debate is concluded earlier, I shall at 4:30pm on Friday December 9th put any question necessary to bring the proceedings thereon to a conclusion.

If the debate is concluded earlier than the allotted days, the remaining days will be added to the allotted days in the Committee of Supply, thereby extending the allotted days in the Committee of Supply. However, we cannot go beyond the allotted days for the Second Reading of the Bill unless the relevant Order is suspended.

Also in accordance with the Order, debate on the Second Reading of this Bill must be confined to the financial and economic state of the country and the general principles of Government policy and administration as indicated by the Bill and Estimates. The floor is now open for debate.

Mr RICK HOUENIPWELA (*Small Malaita*): I thank you Mr Speaker for giving this opportunity to rise and contribute to the motion moved by the Honourable Minister for Finance and Treasury on Monday this week in respect of the 2017 Appropriation Bill 2016. I will be deliberating in my capacity as Chairman of the Public Accounts Committee (PAC) and also as a parliamentary representative of my people of Small Malaita constituency.

At the outset, let me congratulate the Minister for Finance and Treasury on his handing down of the 2017 Appropriation Bill 2016. I also wish to thank him for finally making available the Appropriation Bill and all its supporting documents. As you know, Mr Speaker, you have had to adjourn Parliament on three occasions due to the delay in tabling of the 2017 budget in Parliament. However, from the PAC standpoint and in the Budget itself, I think it was the right thing to do. In that connection, I would like to acknowledge again the Prime Minister's understanding in agreeing to adjourn Parliament to the 5th of December 2016 to enable the PAC carry out its mandate for the inquiry into the 2017 Budget.

On this vein, I also applaud the Government for heeding previous PAC calls to allow for due parliamentary process in dealing with the annual budget. This is a strong affirmation by the Government on the sovereignty of Government which is fundamentally important aspect of our parliamentary system that must be respected.

I am pleased to report that my Committee had completed its report on its inquiry into the 2017 Appropriation Bill 2016, which has been tabled as noted by your office this morning. That report has been circulated already to all Members of Parliament.

The special adjournment of Parliament two weeks ago has allowed my Committee to deliberate on the 2017 Budget; some days till late as well as on the weekend. For that, let me express my profound gratitude on behalf of the Committee members, to all permanent secretaries, undersecretaries, directors and other senior officials of all line ministries for their insights into respective ministry budgets and for providing valuable information to assist the Committee undertake its important oversight role, including ensuring that public funds are allocated and expended appropriately for the public good.

The Committee also wishes to register its appreciation to the Governor of the Central Bank of Solomon Islands and his staffs, the Country Manager of the World Bank country office and the Asian Development Bank (ADB) Country Liaison Officer, who provided valuable insights to the domestic and global economic situation and other information on their operations in the country.

I also want to acknowledge the excellent support which the Committee received from the Auditor General and his senior staffs in his role as secretary to the PAC and in compiling our report. The Committee is also very thankful to the Director of Committees, the PAC clerks and committee secretariat staff for providing administrative support to the Committee and in compiling the final report. The Committee wishes to acknowledge the Hansard staffs, sound engineers, IT staffs, and other staffs of the Parliament Office including the kitchen ladies for looking after all logistic arrangements for the Committee. I cannot stress enough that these are very dedicated people who are committed to their duties. In the last two weeks of the PAC hearings, they have had to stay late into the evenings sometimes and at the weekends to ensure the Committee is adequately supported. I am sure they will continue this good work in the coming days when Parliament is in session.

The 2017 Appropriation Bill 2016 was tabled on the 16th November 2016. However, all accompanying relevant documents were submitted over the next few days. The Committee began its deliberations on November 16 to assess the budget papers and setup the hearing schedule. The public hearings begun on Monday 21st November through to Tuesday 29th November 2016.

The period accorded by Parliament, in my view, was sufficient for the Committee to conduct a comprehensive inquiry into the 2017 Budget. In fact, this year would be the first for PAC in a number of respects, for example, it is the first time for all 26 ministries including the International Financial Institutions to appear before the PAC. During the 10 days, a total of 181 witnesses appeared before the PAC and the Committee received 62 written submissions. It is also the first time for the PAC to have done the inquiry including report writing over two weeks. That is the timeframe we have always requested previously. I believe it is about the right timespan for the Committee to carry out its important oversight and scrutiny role on behalf of Parliament.

Before I comment on the Budget itself, I wish to sketch the background to the thrust of my statement and I would like to do that by outlining some of the issues in terms of the Solomon Islands economic conditions from which the Government has drawn its assumption in the formulation of the 2017 Budget Estimates.

The global economy continues to go through subdued growth and recent events including the Brexit, the victory of the US President elect Donald Trump and other geopolitical tensions around the world have dampened gains made in the US and the Euro area with growth forecast at 1.9 percent and 1.6 percent respectively. However, in those economies importance to Solomon Islands, growth forecast shows improvements in the previous year. In Asia, China is expected to grow by 6.6 percent while the forecast for Japan is 1.9 percent. For Australia and New Zealand, growth is expected to be 2.5 percent and 3 percent respectively.

As to the domestic economy, real GDP growth rate for 2016 has been revised downwards to 3 percent given the subdued performance in the main contributing sectors namely forestry, agriculture and construction.

However, accordingly to the Ministry of Finance, the economy is expected to grow by 3.5 percent in 2017. This increase in growth is expected to derive mainly from the construction, manufacturing and the services sectors. This is a significant shift in the makeup in the contributors to growth which used to be dominated by the real sector.

While welcomed, this shift is likely to result in other policy concerns, especially in terms of rural incomes.

Sectors that support the majority of the population, namely agriculture, fisheries and forestry are expected to make very modest growth in 2017.

In terms of other economic indicators, Solomon Islands performance continues to demonstrate some resilience. While domestic inflation has risen sharply to more than two (2) percent over the period, it has remained below 5 percent for several years already. The country's foreign exchange reserves position also remained strong, albeit lower than previously to an average of about 10 months of imports cover this year.

Consistent positive growth was also seen in foreign direct investment in recent years to about 54 percent of GDP in 2016 according to the IMF. Meanwhile the IMF also reports that Solomon Islands terms of trade will deteriorate further next year. At the same time, the monetary sector continued its expansion on the back of persistent growth in private sector credit of 12 percent in 2016.

Solomon Islands debt to GDP ratio continues to improve from 11 percent last year to its current position at 8 percent, following the government's repayment of substantial portion of its domestic debt.

The government has pinned its budget strategy on quite high growth rate of 3.5 percent in 2017. This is exceptional, given the actual turnout so far for 2016, and from the evidence gathered during the hearings. In fact, the international financial institutions including the Central Bank have forecasted the Solomon Islands economy to grow modestly in 2017, which the trend had been a consistent decline from 2.9 percent in 2015 to a forecast of 2.5 percent in 2018. This poses considerable downside risks for revenue and expenditure estimates as contained in the 2017 Budget. The domestic monetary sector is expected to expand, albeit only moderately given its current subdued performance.

The continued decline in commodity prices on the global market has dampen growth in all important sectors of agriculture, fisheries and forestry. That being the case, it has directly affected production. Hence these sectors will contribute very modestly to growth. Notably, while logging production is expended to reach a new level this year, its contribution to the overall GDP remains insignificant, but equally importantly this subdued outlook has implications for the many thousands of rural households, as well as government revenue.

Most importantly, and going into 2017 will be a period when revenue collection is not always good, against the many competing demands on our meager cash buffers. The Government must be very mindful of how much it is putting away for those pressing times. Against that, the practice of unsustainable range on cash reserves to finance the deficit in 2016, raises a very critically important policy issue for the country. It is one of prudent management of resources against short term sacrifices. But also it questions how much planning was put to annual budgets and the robustness of the budget consultation, which always shows up in the management of the annual budget.

In 2016, for example, at the end of June this year, the budget deficit has reached $216million according to the Central Bank. Unlike the previous two budgets, the prevailing economic conditions, not to mention the economic outlook into the medium term, points to a subdued outcome for Solomon Islands. It underpins the need to take on strong fiscal policy actions that will not only protect revenue but will also ensure government priority areas in the budget will continued to be funded.

Given these downside risks, only strong and well-coordinated government action to broaden the economic base and promote inclusive economic growth will be necessary. But also it is critical that the government employs a combination of actions to stem leakages on the revenue side as well as to curb expenditures to ensure quality expenditures.

I will be repeating the obvious to say that 2017 appears to me a very challenging year for us. However, the 2017 Budget appears to be as unprepared to face that challenge. Unlike the previous two budget in 2015 and 2016, it is somewhat unclear as to the policy direction under the 2017 Budget.

I like what I am hearing about the budget, but I do not like or I do not think I like what I saw. The honorable minister has given the theme *"Building the nation's resilience to enhance economic growth and service delivery to the 2017 budget".* He said the focus of the budget was investing in rural infrastructures. He talked about the government's commitment through the 2017 Budget to right sizing of the public service. He assured the house that the government will ensure high quality expenditures, better resource management and making investment for efficient service delivery. These are all well said and the minister must be commended for that. I would like to believe what he said but it is difficult to say with absolute certainty that this is where his heart is.

I say this because we have all heard him said that twice before already in terms of the 2015 and 2016 Budgets. The minister would like to have us believe that the 2017 Budget will deliver a record $4.1billion in spending. The minister should be the first to know that 2017 is not record level. In fact, the two previous years were higher than 2017, which 2016 revised budget was a whopping $4.426 billion and 2015 actuals was almost $4.25 billion in spending.

The obvious question worth asking is where did all this money go? What have we got to show for spending $8.7billion in 24 months? Or to ask a more relevant question, how much of the DCCG development priorities have we achieved with that huge expenditure in that period?

When the 2015 and 2016 budgets were debated, I enthusiastically threw my support without any reservations behind the minister. That time I was excited about the projects and the promises contained in those two budgets. I was convinced with the policy directions. I could see where it was aiming and the policy goals. They all resonate with what I believe the government was about; what any government should be doing, in other words. Sadly for me, all that enthusiasm had been lost. I did not see service delivery improving after two years of record spending. I did not see any new roads, wharves, airports constructed with the money despite all the promises under those two budgets.

What I am saying is that those have been two disappointing years for our country. I had hoped for fresh new insights under the 2017 Budget. Unfortunately, we continue to seeing the same tune again. I had hoped for inspiration from the minister, but even the minister could not express any enthusiasm himself. He himself appeared a bit subdued and even look uninterested when he was talking. So I was saying to myself that if the minister did not show any interest, then what does he think we are going to do.

With that in mind, after having examined the estimates in a little more detail, I am disappointed that these good intentions may not be achieved through this budget again. I am also concerned that there are real risks to the 2016 Budget attaining its objectives.

Allow me to explain why I am concerned. The details of the PAC findings and our recommendations; 65 recommendations are in the report, which Members should now have. Of the 65 recommendations, more than half were to request either the minister concerned or the Prime Minister or the Government to clarify or explain or provide further information on certain matters and issues that the Committee could not understand in the Budget. There are many areas of confusion in the budget or a disconnect between supporting documents that will require explanations and clarifications by the Government to ensure the House is well informed before we can contribute constructively and meaningfully to the debate as requested by the minister. In that connection, it would be very helpful if many ministers and members on the Government side can participate in the debate so that we can all help each other understand the budget. I hope that in the next couple of days, people will be free and will be allowed to make their contribution to this Budget.

Among a raft of issues covered in the Committee Report, I wish to comment on five of several policy issues that were highlighted from the committee hearings. Firstly is the issue of compliance with the Public Financial Management Act 2013. This is a matter, which I have written a few times to the minister this year in the lead up to the PAC hearings. The requirements I am referring to are contained in Sections 45 and 48 of the Public Financial Management Act. Because of the failure to meet these required timeframes, not only was the Minister in breach of the Public Financial Management Act 2013, but it also had implications for normal parliamentary processes and recognition for the primary legislation governing public financial management. Of course, the impending outcome was the delay in Parliament dealing with the 2017 Budget.

That said, I would like to acknowledge that the Ministry of Finance and Treasury recognises the priority of the budget cycle process to good governance. In fact I commend the honourable Minister that he has already moved forward to ensuring and strengthening compliance with the PFM Act 2013.

In his Second Reading speech, the minister has announced that his ministry is already processing a whole set of regulations for action under the Act. It is very comforting and I am reassured of the Government's position vis-a-vis financial accountability to hear that the ministry has already competed the first set of regulations for internal in August this year.

The Ministry is also progressing with other regulations on procurement, debt management, cash management and then moving on with budget and fiscal responsibility regulations. I wish to commend the Minister for this good work, but I wish to also urge him to ensure those well intended regulations are complied with.

Secondly, the integrity of the budget process and therefore the credibility of the 2017 Budget maybe questionable. There are a huge number of ministries that resort to relying on the use of virements, contingencies warrants and supplementary appropriation to fund normal programs and projects. Most, if not all, are due to lack of consultation with the Budget Unit. Nearly all the ministries that were asked about the cuts to their budget bids have referred to the use of warrants, virements and supplementary appropriation as their fallback position and relied on these measures as they have been in the past. This practice must be curbed as it only promotes poor planning and seriously undermines the integrity of the budget process.

On revenue collection, during the hearings, the Ministry of Finance officials expressed doubt that their revenue targets for 2016 will be met and that 2017 will be more challenging. As another example, donor support figures for 2017 appear inaccurate. When questioned, both the World Bank and the ADB have indicated they will be raising donor support in the next three-year circle. There appears to be inconsistencies with the budget support figures in the budget strategy and outlook and those in the 2017 budget itself. In another example, the Ministry of Police was allocated $22million for workmen compensation, which the ministry officials informed they did not request. However, the ministry requested a similar amount for their other operations which was not allocated to them.

The reservations directive in October 2016 is a policy which does not really stop expenditure but only postponed inevitable costs. At the time when the financial instruction was issued, contractual obligations would have been agreed and most projects would have already been implemented. Eventually, these financial obligations will turn up for payment. This practice is only a stop garb which is a reflection of weak planning and poor budgeting. As in 2015 budget when we assess the 2016 budget, the 2017 budget has similar hallmarks. This approach cannot inspire credibility in next year's budget.

I note the Minister in this speech assured this House that the 2017 Budget is a credible and prudent one. The few examples I cited above and only a few of the many incidences would strongly suggest that questions are bound on the credibility of the 2017 budget, least of all its prudence.

Thirdly, the 2017 budget as the management of the 2016 budget lacks political leadership and direction. During the inquiry, it would appear a number of permanent secretaries could not explain how they would achieve government priorities in their respective ministries given the budget cuts by Finance. In some cases, due to a lack of political leadership and direction prior to budget preparation. This issue was evident also during budget implementation to ensure that the budget is implemented and executed in line with government priorities.

The PAC had assumed that either of the PMO or the Ministry of Planning and Aid Coordination would carry out the important task of coordinating ministerial action plans with the Budget. Again, this appears to be lacking only due to lack in necessary leadership.

In that respect, I offer my commendation for the efforts again undertaken in the Ministry of Finance to set up the audit committee, the budget strategy committee, the budget implementation committee and the budget coordination committee. These are not only part and parcel of all the set of necessary regulations to the PFM Act 2013, but also these various committees will ensure stronger budget coordination as well as efficient screening and implementation of the Budget.

Fourthly, arbitrary cuts in ministerial submissions have serious consequences for important activities and programs in a number of ministries. Of significance is the Royal Solomon Islands Police Force, which the Commissioner informed that they will be simply be unable to take over from RAMSI in providing policing and security duties in the country with the level of funding they were provided under the 2017 Budget. Another example is the National Judiciary who stated that they will be unable to conduct court hearings, build necessary infrastructures or purchase important equipment with the level of funding they are given. Naturally, that will bring us back to the old situation with huge backlogs and undermining our judiciary system.

The Ministry of Agriculture and Livestock also stated that 2017 will be the third year in a row that they have to postpone building two very important buildings in Malaita and Isabel provinces due to continuous under funding. As well, the Ministry of Development Planning and Aid Coordination indicated that because of these cuts they will be unable to meet rural development program office rents for 2017.

Fifth is the issue concerning the level of domestic borrowings and the proposed activities for funding from these borrowings. The Bill seeks the authorization of a total of $1billion; $900million for high priority infrastructure and development initiatives and $100million for short term borrowing with respect to exceptional circumstances.

On the subject of debt management, I salute the Minister for the achievement in reaching the debt to GDP ratio of 8 percent this year. It must be one of the lowest in the developing world. It is also worth noting that clause 6 of the Bill, which plans to allocate a certain percentage of government revenue set aside for debt servicing. This is in line with the debt management strategy and fully consistent with the spirit and the intent of section 69(2) of the Public Financial Management Act 2013. For that, I applaud the honorable Minister and the Government for upholding this important requirement.

The Minister has informed that of the $900million borrowing, the government will use $600million to support the Tina Hydro project and the remaining $300million towards other priority infrastructure investments. It remains unclear, however, what the Government will use the $100million short term borrowing except to finance cash flow issues.

I support the principle of applying borrowing for high yielding assets and high impact projects such as the Tina Hydro project which the Minister said that $600million will be investing into. Nonetheless, we would consider the proposed $100million short-term borrowing as excessive in light of the provisions already made in the Bill for contingencies warrant for the same purpose. As the borrowing will be in the form of issuance of development bonds, my Committee is concerned by the potential exposure risks to domestic financial institutions under the Financial Institutions Act 1998, from a significant domestic government borrowing such as $900million when the Solomon Islands National Provident Fund under banks invest in these instruments. It appeared as though the Budget was rushed and completed in haste. This was the sense from all witnesses who appeared before the Committee.

Let me now return to the 2017 Budget itself and in so doing allow me to highlight a number of features of the Bill. As colleagues will note, the 2017 Appropriation Bill proposes to release a total amount of $4.088billion in spending next year. This is the consolidating expenditure budget for 2017 with donor funding amounting to $283.9million, $2.623billion for recurrent expenditure, while $1.108billion is in respect of development expenditures. This total amount is a decline of 7.6 on the 2016 revised consolidated estimates. Compared with the 2016 revised estimates, total recurrent budget of $2.6229billion for 2017 is a drop of 2.2 percent with an increase of 2.9 percent in payroll and a decline of 5 percent on other charges for the same period. As stated in the Budget Strategy and Outlook document, the Government is budgeting for $179million deficit next year. This is to be funded by cash reserves.

Beyond the imposition of a moratorium on new recruitment in 2017, the government has not outlined clearly its strategy of controlling the payroll budget whilst not depriving ministries of technical expertise required for budget implementation.

Total development expenditures will be $1.18billion in 2017 as against $1.186billion in 2016; a modest drop of less than 1 percent. Nearly all ministries will see a decline in their respective budgets. The biggest losers are Home Affairs by 42 percent, Ministry of Environment, Climate Change and Disaster Management down by 25.2 percent and Public Service which went down by 23.3 percent. Only are very few ministries will see a modest increase in their 2017 allocations. The Ministry of Finance and Treasury up by 15 percent, Rural Development increase by 9.4 percent and National Judiciary by 3.3 percent.

The Government stated that the donors' budget support is expected to decline by 60 percent in 2017, whereas at least two important IFIs, namely the World Bank and the ADB advised to the contrary, as I alluded to earlier. This is a matter that the report has also requested further detailed information on.

The Budget contained 13 areas of funding under the DCC Government priorities for funding to be delivered in 2017. This include a new independent commission against corruption to be established, customary land reforms, three oil palm projects to be established, tourism development projects, peace and state building, relocation of the national referral hospital, rural infrastructure, transport infrastructure, shipping initiatives, provincial infrastructure development and economic growth centres, land development, community and fisheries livelihood and the Tina Hydro project.

Like before this is another list of very bold and notable expectations under the 2017 Budget. The PAC was not furnished with sufficient detailed information on most of these identified priority projects. While several items are emerging as vitally important for Solomon Islands, little detail and directions have been provided on other projects on this priority list. It is therefore hard to zero in on the exact level of priority that is accorded to each one of them from such a high resourced demanding list of projects.

Herein lies the problem with so many priorities. Without such details, the PAC is very concerned that the government is seeking authorisation of these expenditures without furnishing adequate information to justify meaningful authorisation. As before budget resources will again be spread among all these priority projects, which may result in very little impact, if at all. The Committee Report has also requested further clarifications on this.

In terms of major infrastructure projects involving donor partners, it is striking that the minister has excluded two very important projects, namely the Fiu River Hydro project and the optic fibre undersea cable from the government's list of priority activities in 2017. I am sure no one will doubt that these two projects are not only critical to boosting commerce, economic activity and the general investment climate in this country, but these are ongoing projects and are already at an advanced stage of development, not to mention the financial commitments for the government. Besides, these projects represent important engagements with our donor partners.

Before I conclude, let me now highlight a number of risks to the 2017 Budget achieving its objective. Firstly, there is a very important risk to the budget achieving its objectives in the somewhat subdued economic environment that we have now found ourselves in and going into 2017. Given this mixed economic outlook, it has very real concerns for government revenue forecasts as contained in the 2017 Budget. Secondly, the majority of government ministries are already negatively affected in their program activities leading up to 2017 due to the reservation directive which was enforced as of October this year. This action has pre-empted ongoing activities and has caused suspension in some important activities linked to many government priority projects. Also, in some cases incomplete work has already resulted in costs to the ministries concerns which cannot be avoided.

Thirdly, and similarly many ministries will be unable to carry out even their own programs due to huge cuts to their budget submissions for 2017. Most of these ministries are managing programs and activities that are pertinent to the government's reform agenda. Unless they are adequately funded, these reforms will be discontinued.

Fourthly, a number of ministries that have activities and programs to the reforms will now be unable to make this happen. Again, due to the significant cuts in their submissions but also due to the moratorium enforced on new recruitments across the board. Some examples include

- Royal Solomon Islands Police Force in assuming more security and law and order when RAMSI leaves.
- Home Affairs will unable to carry out important preparations on voter registration and the completion of the E-passport project.
- Ministry of Provincial Government to conduct two provincial elections next year.

Fifthly as noted last year, with about 45 percent of total revenues coming from the logging sector, the continuous depressing log prices as well as other commodity prices has significant implications for government revenues next year. Besides, it also has the potential to cause huge job losses and incomes for hundreds of families in this country.

Finally, as alluded to already, there is a risk that the fiscal position may not be achieved. Revenue collection so far this year is set to be patchy, even the Ministry of Finance has informed that reaching revenue targets for 2017 will be a huge challenge, as I alluded to earlier. Meanwhile, expenditure is keeping above the budget for 2016. This has serious implications for the cash reserves, which appeared to be under strains already this year. However, I think there are huge potentials to increase government revenues under existing laws and arrangements in a number of ministries including fisheries, lands and forestry. As I have proposed last year in the context of the 2016 budget, we should do this in order to be able to carry out these various development programs that we have no funds for in the 2017 Budget.

As I conclude, let me make the point that the 2017 Budget contains an ambitious list of government priorities beside normal services. Against the potential risks for revenues, I think it would be in order to reconsider that priority list again. Having said that, the budget should aim to address the over aching objective to release financial resources for normal government operations to provide services. That is the minimum required for the government which, I believe the minister is very mindful of. But equally important the budget should be about stimulating the economy for growth, thereby for more employment opportunities, hence these big items in public investment projects. That said, I would still urge the government to pursue the reforms agenda it has promised the country. However difficult that might be, may I suggest that notwithstanding the inadequacies of the 2017 budget, the DCC government should follow through with the reforms as previously announced. With these remarks I resume my seat and I thank you once again.

Mr. DEREK SIKUA (*Leader of the Independent Group*): Point of Order, Mr Speaker. As you will appreciate, the report on the 2017 Appropriation Bill 2016 by the Public Acounts Committee just came out this morning. And as you have heard from the chair, it is a very comprehensive report which is a fortunate departure from the previous reports we used to have on previous appropriation bills, and I guess many Members of Parliament still do not have the opportunity to read the report to help them in their debate speeches on the 2017 Appropriation Bill 2016.

I think because of that, I am suspecting, especially myself and I guess my good colleague, the Leader of Opposition as well that although we are members of the Public Accounts Committee, we need a bit more time to tie up the loose ends in our debate speech for us to contribute meaningfully to this very important debate, and wo we would need a little bit more time.

May I also add in saying if the Prime Minister can so allow his ministers that they must also contribute or must also join the debate of this budget. We have enquired into the Bill through the permanent secretaries and senior officials of their ministries, but we need to hear from the political leadership of each ministry on the way they see the budget and the political directions they will be giving to move the budget forward compared to the last two years of basically non-performance. And so I would like to encourage the ministers to also talk or contribute so as to feed the debates of those of us on this side of the House to share some constructive criticisms on how we can move forward together and work together next year.

What I am really saying is, as you look around, as is usually the tradition, we would be expected to talk after the Chairman of the PAC, but I think that is not going to happen today. I am just pointing this out and the simple reason is because of the fact that the final report has just been distributed last night and I think a lot of us have just seen a copy of the final report when we came in this morning and it is on our seats.

I am raising this point of order for your understanding and you have already mentioned in your announcements Mr Speaker, that we will debate in the next three days and so if is okay with you and my good friend, the Prime Minister to suspend the debate to the next day unless someone really wants to talk, he can do so. But I think for those of us on this side of the House we will need a little bit more time.

Hon MANASSEH SOGAVARE (Prime Minister): I thank the Leader of the Independent Group for raising that Point of Order. I think he has a point. We enjoyed listening to what you are saying and so we just want to sit and listen to you.

In fact, all the members of the PAC are from that side of the House. There are 65 recommendations inside the report and I thought that all of you should have been very well versed with the things you put inside the report. But it would now seem only a very few people were driving this report, if that is the case. I suppose the Committee, which is made up entirely of most of those on the other side are part of the PAC. And so we just want to sit down and listen to you justifying the report. But it looks like every one of us is not ready. Those on the other side should be talking after the Chairman of the Public Accounts Committee and elaborate more on the recommendations in the report so that we can listen to them and respond to them. The Ministers are going to talk.

In saying that, I just looked to the Minister for Finance and eye signaled each other on the preparation of ministers and so I think it is a fair comment that the report just came out and Members need to read and digest it well, especially the recommendations made by the Public Accounts Committee in the report before we can make constructive debate based on the points raised by the Public Accounts Committee. I think it is a fair comment and request by the Leader of the Independent Group, but we still stick to the point that the debate must finish by this Friday, especially the second reading of this budget will be rounded up by the Minister on Friday so tomorrow we must debate it. Go back and read the PAC report, come back here and we talk and ministers will explain the areas questioned. We read the report and of course our debate will really be on the report as picked by the Public Accounts Committee as issues it wants to put across to the Government to consider in terms of the construction of the budget itself as we heard from the Chair of the PAC himself and on the implementation of the budget itself and some things missing there as claimed by the Chair of the PAC. Those are issues that we need to seriously look into so that we can have a more constructive debate based on the report.

It looks like no one will speak and so I want to move that the debate on the second reading be adjourned to tomorrow. Allow us to read the report, if that is okay with you, we would like to do that, to read the report and it is the thickest report ever in the history of this Parliament, the Committee has done a very good work because we have given them good time and that is why they came up with this very big report. They even said some volumes of the report are still coming and so we will be waiting for that too.

I would like to move that the debate on the second reading of the 2017 Appropriation Bill 2016 be adjourned to the next sitting day so that we can read the PAC report.

Debate on the 2017 Appropriation Bill 2016 adjourned to the next sitting day

The House adjourned at 10.55am