



Government of Tonga

Financial Statements

For the year ended 30 June 2020

Ministry of Finance
Nuku'alofa

Government of the Kingdom of Tonga

STATEMENT OF RESPONSIBILITY

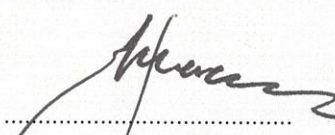
The 2019/2020 Financial Statements for the Government of the Kingdom of Tonga together with the schedules and accompanying notes have been prepared in accordance with the reporting requirements under Part VI of the Public Finance Management Act (PFMA) and in accordance with International Public Sector Accounting Standard (IPSAS) for Financial Reporting Under the Cash Basis of Accounting (IPSAS Cash).

The Government is on a pathway towards adoption of accrual accounting in accordance with IPSAS. It is recognised that the IPSAS Cash Standards are appropriate, as they provide mechanism for cash-based accounts to be supported by supplementary accrual information. Our approach is to produce cash-based financial statements in compliance with Part 1 of the IPSAS Cash and present these for audit.

We are supplementing the financial statements with supporting information, including presentations of accrual data prepared having consideration for the respective accrual IPSAS standards, as well as the requirements under PFMA.

I accept responsibility for the integrity of these financial statements, their contents and their compliance with the above-mentioned mandates.

Therefore, in my opinion the accompanying financial statements, as submitted to Auditor General are in accordance with Section 35 of the PFMA, present a true and fair view of the Government's financial position and financial performance for the year ended 30th June 2020.


.....
Hon. Tevita Lavemaau
Minister of Finance



26th February, 2021

Government of the Kingdom of Tonga

STATEMENT OF RESPONSIBILITY

These financial statements have been prepared by the Ministry of Finance in accordance with the provisions of the Public Finance Management Act and the International Public Sector Accounting Standard for Financial Reporting Under the Cash Basis of Accounting.

The Ministry of Finance is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are complete and properly record the use of all public financial resources by the Government. The Ministry continues to review and improve on this system year by year. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.



Balwyn Fa'otusia
Chief Executive Officer for Finance



26th February, 2021

KM
26/2
26/2



INDEPENDENT REPORT OF THE AUDITOR GENERAL

To the Honorable Members of the Legislative Assembly

Qualified Audit Opinion

We have audited the accompanying Financial Statements of the Government of the Kingdom of Tonga for the year ended 30th June 2020, which is set out on pages 7 - 45 and comprised of the:

- Statement of Receipts and Payments;
- Consolidated Statement of Comparison of Actual and Budget;
- Notes to the Financial Statements;
- Statement of Income and Expenditure;
- Statement of Assets and Liabilities;
- Statement of Loans;
- Statement of Investments;
- Statement of Revenue for the 5 proceeding years; and
- Statement of Expenditure for the 5 proceeding years;

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Government of Tonga as at 30th June, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (*IPSAS Cash Basis of Accounting*) and the Public Finance Management Act 2002.

Basis for Qualified Opinion

Cash and Cash Equivalents

As stated in Note 3.5, Cash and Cash Equivalents include Trust Fund Cash Balance of \$13,559,516 and Development Cash Balance of \$120,051,141. However, the Trust Fund Liability disclosed in the Statement of Assets and Liabilities amounted to \$15,738,713 resulting in a variance of \$2,179,197. Similarly, the Development Fund Liability, which accounted as part of the Fund Balance in the Statement of Assets and Liabilities, amounted to \$119,037,824, resulting in a variance of \$1,013,317. We are not able to confirm by alternative means what causes these variances in the financial statements.

Property, Plant & Equipment

The total value of Property, Plant and Equipment disclosed in the financial statements amounted to \$289,281,086, which is the accumulated amount of capital expenditures recorded to 30th June, 2020; referring to Note 7.3. The Ministry of Finance is still in progress with working together with Government Ministries, Departments, and Agencies, (MDAs), in compiling the total assets of Government to ensure property, plant and equipment are fully accounted for and be disclosed fairly in the financial statements. The total book value of assets compiled by the Ministry from MDAs which provided their fixed assets register for the year ended 30th June 2020, amounted to \$159,066,033. Until such time that all MDAs fixed assets are completely and properly accounted for, reported to the Ministry of Finance and compiled into the financial statements, it will provide a value that fairly present all Government's property, plant and equipment. Accordingly, we are unable to determine what adjustment might be necessary to the total property, plant and equipment recorded on the financial statements.

Other Matter

Undrawn Borrowing Facilities

The total Public Debt disclosed in the financial statements, Statement of Assets and Liabilities, amounted to TOP\$488,416,367. This amount represent the total public debt owed by the Government as at 30th June, 2020. The public debt management system (CS-DRMS) is currently in the process of collecting information on the balance of all debt facilities that remain undrawn as at 30th June, 2020. Until such time that this information is collected it will be disclosed in the Notes to the financial statements in accordance with paragraph 1.4.9 (c) of the *IPSAS Cash Basis of Accounting*. Accordingly, we are not able to determine by alternative means the undrawn debt facilities as of 30th June, 2020 that need to be disclosed in the Notes to the financial statements.

Our opinion is not modified in respect of this matter.

Responsibility of the Minister for the Financial Statements

The Minister is responsible for the preparation and fair presentation of the financial statements of the Government that comply with the *IPSAS* Standards. The Minister is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that include our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with *ISSAIs* will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures that can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these Financial Statements.


As part of an audit in accordance with *ISSAIs*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

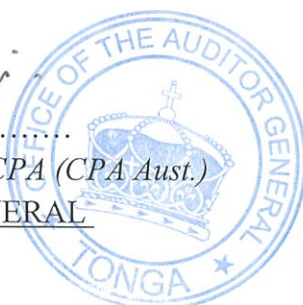
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry of Finance's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Minister.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of my audit report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements, including disclosures, and whether the financial statements represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


.....
Sefita Tangi, *F CPA (CPA Aust.)*
AUDITOR GENERAL



Date: 26th February, 2021

Government of the Kingdom of Tonga

Table of Contents

Schedules	Pages
<i>PART 1: Financial Statements as required by IPSAS: Financial Reporting under Cash Basis</i>	
Schedule 1	Statement of Cash Receipts and Payments for the year ended 30 June, 2020.....9
Schedule 2	Consolidated Statement of Comparison of Budget and Actual for the year ended 30 June, 2020.....10
Schedule 3	Notes to the Financial Statements.....11 – 28
<i>PART 2: Other Financial Statements as required by the Public Finance Management Act</i>	
Schedule 4	Statement of Income and Expenditure for the year ended 30 June, 2020.....30
Schedule 5	Statement of Assets and Liabilities as at 30 June, 2020.....31
Schedule 6	Statement of Loans.....32 – 40
Schedule 7	Statement of Investments.....41 - 43
Schedule 8	Statement of revenue for the 5 proceeding years.....44
Schedule 9	Statement of expenditure for the 5 proceeding years.....45

PART 1:
*Financial Statements as required by IPSAS:
Financial Reporting under Cash Basis.*

10/11/2021 12/12/2021

Government of the Kingdom of Tonga

Schedule 1

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-20 \$	2018-19 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Operating Receipts			
Income Taxes		52,469,914	55,230,931
Trade Taxes		18,081,012	24,334,876
Taxes on Goods and Services		95,014,441	94,773,254
Excise Taxes		64,010,289	59,040,231
Domestic Fees and Licensing		28,103,212	28,783,696
Entrepreneurial and Property Income		21,726,460	8,834,309
Revolving Fund Receipt		199,012	1,643,018
Budget Support		37,566,851	34,906,637
Grants from Donors		101,727,470	71,873,553
Sundry Revenue		1,564,738	2,407,024
Trust Receipts		7,709,926	4,280,496
Total Operating Receipts		428,173,324	386,108,024
Operating Payments			
Established Staff		135,425,278	126,574,552
Unestablished Staff		13,295,477	7,314,482
Travel and Communication		13,510,090	13,418,018
Maintenance and Operations		27,453,273	22,796,109
Purchase of Goods and Services		60,558,963	56,157,981
Operational Grants and Transfers		59,987,410	52,980,620
Development Duties Expenditure		1,021,141	1,392,133
Pension and Gratuities		4,618,110	4,350,619
Trust Payments		6,432,078	19,653,937
Total Operating Payments		322,301,820	304,638,452
Net Cash Flows from operating activities		105,871,503	81,469,572
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from Sales of Assets		83,867	50,933
Loans repayment received		737,231	490,329
Loans provided		(3,125,015)	(96,292)
Purchase of Plant & Equipment (Capital)		(34,306,961)	(15,334,935)
Payment of Equity		(1,000,000)	(1,000,000)
Purchase of Investment		(15,000,000)	(9,683,738)
Net Cash Flows from investing activities		(52,610,878)	(25,573,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from borrowing		31,637,000	15,153,000
Repayment of borrowing		(38,144,877)	(36,583,465)
Net Cash Flows from financing activities		(6,507,877)	(21,430,465)
Net increase/(decrease) in cash and cash equivalents		46,752,747	34,465,405
Cash at Bank and on Hand - 1 July		185,675,337	151,438,305
Exchange differences	3.10	(1,255,372)	(228,372)
Cash at Bank and on Hand - 30 June	3.5	231,172,713	185,675,337

1cm
26/2
Q2022

Government of the Kingdom of Tonga

Schedule 2

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-20			Final Budget/ Actual
		Original Estimates	Final/Revised Estimates	Actual	
		\$	\$	\$	\$
Operating Receipts	3.2				
Income Taxes		57,450,000	57,449,990	52,469,914	91%
Trade Taxes		22,730,000	22,730,000	18,081,012	80%
Taxes on Goods and Services		102,268,600	102,268,600	95,014,441	93%
Excise Taxes		66,551,000	66,551,000	64,010,289	96%
Domestic fees and Licensing		30,163,700	30,163,700	28,103,212	93%
Entrepreneurial and Property Income		19,738,600	19,738,600	21,226,556	108%
Miscellaneous Revenue		5,390,100	5,390,100	1,648,605	31%
Capital and Other Transfer Revolving Fund		20,649,700	20,649,700	32,350,878	157%
Budget Support/Revolving Fund		-	-	199,012	0%
		38,469,600	38,469,600	37,566,851	98%
Total Operating Receipts		363,411,300	363,411,290	350,670,768	96%
Operating Payments	3.3				
Established Staff		152,201,300	144,565,667	135,400,771	94%
Unestablished Staff		9,026,000	10,012,525	8,913,401	89%
Travel and Communication		11,063,500	14,017,081	12,520,272	89%
Maintenance and Operations		22,852,200	28,539,941	26,085,722	91%
Purchase of Goods and Services		52,345,200	51,887,498	47,926,099	92%
Operational Grants and Transfers		43,103,200	50,127,351	47,385,967	95%
Development Duties Expenditure		3,000,900	1,313,434	1,021,141	78%
Debt Management		38,912,500	38,201,500	38,144,877	100%
Contingency Fund		5,035,000	2,952,000	-	0%
Pension and Gratuities		5,499,900	4,812,900	4,618,110	96%
Capital Expenditure		19,971,600	16,981,403	12,439,961	73%
Equity Payment		400,000	-	-	0%
Private Sector Development Support		-	-	-	0%
Total Operating Payments		363,411,300	363,411,300	334,456,321	92%
Net Operating Surplus/(Deficit) with Budget Support				16,214,448	
Development Fund Receipts (Grants and Loans)	3.7	235,861,300	235,861,300	102,250,727	43%
Development Fund Expenditure (Grants and Loans)	3.7	235,861,300	235,861,300	57,703,018	24%
Net Receipts/(Deficit) from Development Fund (Grants & Loan)				44,547,709	
TOTAL REVENUES		599,272,600	599,272,590	452,921,496	76%
TOTAL EXPENSES		599,272,600	599,272,600	392,159,339	65%

KUM
26/2

NOTES TO THE FINANCIAL STATEMENTS

3.1. ACCOUNTING POLICIES

3.1.(1) Statement of Compliance

The Minister of Finance have prepared these statements in compliance with the standards for Reporting under the Cash Basis of Accounting (IPSAS Cash) issued by the International Public Sector Accounting Standards Board (IPSASB) and in accordance with the Public Finance Management Act (PFMA).

The Financial Statements are presented in two parts;

- Part 1 – Financial Statements as required by IPSAS: Financial Reporting under Cash Basis
- Part 2 – Other Financial Statements as required by the Public Finance Management Act (PFMA)

Noting however any specific deviations from the IPSAS Cash standard identified in these notes.

3.1.(2) Basis of Preparation

The preparation of the financial statements was in accordance with the PFMA, any applicable regulations and the International Public Sector Accounting Standard (IPSAS) standards for Financial Reporting under the Cash Basis of Accounting.

This financial year, the IPSAS Cash basis has been adopted as the basis for preparation of the Government financial statements. This is a change from modified cash basis used in previous years. Government is taking this approach in its transition to accrual basis of accounting.

The changes in the basis of preparation has resulted in the reclassification of prior year figures 2018-19 in Schedule 1, to bring these as closely as possible to the same accounting basis as applied in 2019-20. The key changes include making a distinction between cash and investments – where in previous periods some current assets (such as term deposits) were reported within the cash balance.

The accounting policies have been applied consistently throughout the period.

3.1.(3) Reporting Entity

The financial statements are for the budgetary central Government of the Kingdom of Tonga. This comprises the central Government ministries, departments and agencies that are directly funded through the annual Appropriation Act but excludes the public enterprises under the control of the Government.

Government activities include the provision of health, education, defence, social protection, housing, recreational and cultural and general public services and economic management to, and on behalf of, the people of Tonga. A list of entities receiving budget allocations is shown in the schedule 2 and supporting notes

3.1.(4) Reporting Currency

The reporting currency is the Tongan Pa'anga.

3.1.(5) Going Concern

The financial statements are prepared on a going-concern basis.

Government of the Kingdom of Tonga

3.1.(6) Payments by External Third Parties

The Government of the Kingdom of Tonga benefits from goods and services or investments and asset constructions paid for on its behalf by third parties by way of loans or contributions. These Payments do not constitute cash receipts or payments by the Government and are thus not included in coverage of the financial statements.

3.1.(7) Accounting for foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate used to purchase the currency at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at the balance sheet date. Gains/Losses on foreign bank balances are accounted for as an adjustment item in Schedule 1.

3.1.(8) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and trust monies kept and disbursed by Treasury. The cash balance would include bank overdrafts but these were not utilized in 2019-20.

In accordance with IPSAS Cash, cash balances in 2019-20 do not include investments. This represents a change compared to previous years' statements in which investments such as term deposits had been included within the cash balances. An adjustment to the presentation of prior year cash balances have been made for this reason and are reflected in Schedule 1.

Restricted Cash is also a component of cash and cash equivalents and are disclosed for transparency purposes.

3.1.(9) Consolidation

The consolidation of the results of fully owned public enterprises is not considered prudent at this time. Reform of public enterprises in Tonga is ongoing. At a future time, the availability of relevant and comparable financial information will permit the consolidation of these enterprises into the public financial statements in a meaningful way.

Currently the investments of the Government in public enterprises are detailed in Part 2.

3.1.(10) Format of the Public Accounts

The Government financial statements 2019-20 is being prepared in a format which is consistent with the IPSAS Cash. The IPSAS Cash standard provides the option of applying a format for the Statement of Cash Receipts and Payments that is consistent with IPSAS 2: Cash Flow Statements and this option has been applied for these statements, with the Statement of Cash Receipts and Payments split between operating, investing and financing components. Within the operating component, the classification used aligns with the Government's chart of accounts.

3.1.(11) Comparative Figures

The comparative figures in all statements were constructed to provide information on balances of the previous year. The 2018-19 data presented in these statements and supporting notes does not match with the presentation of the 2018-19 financial statements due to the change in accounting basis. Some adjustments have been required to bring the 2018-19 data into alignment with IPSAS Cash, including the exclusion of certain current financial assets within cash balances.

3.1.(12) Reclassification

Prior year balances have been reclassified to correspond to current year presentation where considered necessary.

KM
24/2
Heper.

Government of the Kingdom of Tonga

3.2. OPERATING RECEIPTS

RECEIPTS BY STANDARD GROUP FOR THE YEAR ENDED 30 JUNE 2020

Notes	Estimates \$	Actual 2019-20 \$	(Less) More than Estimate \$	Actual 2018-19 \$
REVENUE				
a	7,500,000	9,333,467	1,833,467	8,381,798
	11,000,000	10,503,591	(496,409)	10,296,171
	950,000	938,361	(11,639)	830,510
	21,500,000	21,318,355	(181,645)	21,450,581
	1,000,000	707,176	(292,824)	739,923
b	9,000,000	7,806,793	(1,193,207)	8,264,139
c	6,500,000	1,862,171	(4,637,829)	5,267,808
	57,450,000	52,469,914	(4,980,086)	55,230,931
Total Income Taxes				
Trade Taxes				
d	22,300,000	17,980,801	(4,319,199)	23,908,018
	430,000	100,211	(329,789)	426,857
	22,730,000	18,081,012	(4,648,988)	24,334,876
Total Trade Taxes				
Taxes on Goods and Services				
e	73,343,100	71,787,305	(1,555,795)	74,604,121
f	24,225,500	20,308,650	(3,916,850)	16,958,667
	1,200,000	1,200,517	517	1,256,269
g	3,500,000	1,717,969	(1,782,031)	1,954,197
	102,268,600	95,014,441	(7,254,160)	94,773,254
Total Taxes on Goods and Services				
Excise Tax				
h	62,250,000	59,988,751	(2,261,249)	54,704,618
	1,000	16,707	15,707	8,440
	-	-	0	-
	4,300,000	4,004,830	(295,170)	4,327,173
	66,551,000	64,010,289	(2,540,711)	59,040,231
Total Excise Taxes				

RECEIPTS BY STANDARD GROUP FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

KMY
26/2
66/2

Government of the Kingdom of Tonga

Notes	Estimates \$	Actual 2019-20 \$	(Less) More than Estimate \$	Actual 2018-19 \$
Domestic fees and Licensing				
i	2,942,000	1,528,648	(1,413,352)	2,110,763
	1,929,400	1,921,870	(7,530)	1,892,339
	2,150,000	2,359,001	209,001	2,285,962
	1,700,000	1,864,833	164,833	1,740,965
j	21,442,300	20,428,860	(1,013,440)	20,753,667
	30,163,700	28,103,212	(2,060,488)	28,783,696
Total Domestic fees and Licensing				
Entrepreneurial and Property Income				
k	1,572,800	763,492	(809,308)	1,052,656
l	12,860,000	8,387,527	(4,472,473)	2,600,535
m	5,305,800	12,075,538	6,769,738	5,028,374
	19,738,600	21,226,556	1,487,956	8,681,565
Total Entrepreneurial and Property Income				
Miscellaneous Revenue				
	428,900	83,867	(345,033)	50,933
n	4,961,200	1,564,738	(3,396,462)	2,407,024
	5,390,100	1,648,605	(3,741,495)	2,457,957
Total Miscellaneous Revenue				
Total Operating Receipts				
	304,292,000	280,554,027	(23,737,972)	273,302,510
o	1,649,700	713,878	(935,822)	490,329
p	19,000,000	31,637,000	12,637,000	15,153,000
		199,012	199,012	1,642,967
	324,941,700	313,103,918	(11,837,782)	290,588,806
3.9	38,469,600	37,566,851	(902,749)	34,906,637
3.7	235,861,300	102,250,727	(133,610,573)	72,026,347
	599,272,600	452,921,496	(146,351,104)	397,521,790
TOTAL RECEIPTS				

10/11
24/2
2/6/2

Government of the Kingdom of Tonga

Material differences in comparison of original budget receipts and actual receipts, (less)/more than five hundred thousand (\$500,000):

Notes	Description	Amount (\$) (Less)/More
a	The increase of Government Employees allowances such as overtime, acting allowances and other allowances had caused the over-collection of the PAYE.	1,833,467
b	The under-collection of withholding tax reflects the impact caused by coronavirus (COVID-19) as new policies approved by Cabinet deferring payments to end of the FY2019/20 (June 30th 2020). Slowness of Businesses during the COVID-19 lockdown period, especially the Larger Businesses, of which payments were due in April. As most of the projected revenue were about to be collected during this time, it had greatly affected the collection causing shortfall in achieving the set target.	(1,193,207)
c	Same reason as in "b" above.	(4,637,829)
d	Great impact of COVID-19 caused a drop in the volume of imported goods in country, hence contributing to the under-collection of business import duties. In addition, there were measures imposed due to COVID-19, such as, exemption of import duties on food items, personal consumer goods not for commercial purposes. There was also an extension of exemption of duties on building materials which contributed also to this under-collection. Lastly the increase forgone on import duties especially on disaster relief (TC Gita), building materials, diesel for Tonga Power Limited, the education sector, domestic vessels and fishing sectors greatly contributed to the under-collection.	(4,319,199)
e	Consumption Tax on import goods were also exempt from all imported food items and personal consumer goods not for commercial purposes as a result of COVID-19, which is the main cause of the under-collection. Also due to COVID-19, there was also a drop in the volume of imported goods.	(1,555,795)
f	Same reason as in "b" above.	(3,916,850)
g	Same reason as in "b" above.	(1,782,031)
h	This under-collection was caused by the decrease in the volume of imported cigarettes as excise tax rate was increased. Not only that, but forgone of excise tax on all imports of food items and personal consumer goods not for commercial purposes due to COVID-19 contributed to the shortfall in collection.	(2,261,249)
i	As borders were closed due to the COVID-19 restrictions, it had caused the collection of passport fees to drop as travellers were not allowed to travel overseas. In addition, the standstill of the tourism economy allowing no further tourists to travel to our shores, it had caused a drop in payment of visa fees, contributing to the under-collection.	(1,413,352)
j	The under-collection of other fees and licences were due to very minimal collection throughout the related Line Ministries. This includes the uncollection of revenues from leasing of the Government aeroplanes (Y12 & MA60) due to Financial difficulties faced by the local airline. Additional factor to this under-collection was the closure of the Magistrate & Supreme Court due to COVID-19, which reduced Government collections under fine and charges.	(1,013,440)
k	This under-collection is a compilation of various interests due to the Government, unfortunately, not all borrowers made their payment obligations.	(809,308)
l	There were four (4) Public Enterprises (PEs) (FISA, TBC, T/Post and TAMA) who were in losses and eight (8) PEs who were in profit. The total Net Profit After Tax (NPAT) for the eight (8) PEs was totalled to \$13,825,785. As per Cabinet Decision No. 29 dated 17th January 2020, it was approved that the dividend policy be based on the NPAT. Thus, 75% of the NPAT are to be declared as dividend. With exception of Tonga Cable Ltd (TCL) as Government is not the sole shareholder and that only 50% dividend policy applies to TCL and pro rata according to the ownership percentage of the three shareholders. The target of \$12m was far-fetched as per the new dividend policy adopted.	(4,472,473)
m	The over-collection is mainly from the NRBT audited net profit for the Financial Year 2018-19 presented to Government which caused the collection above the estimate.	6,769,738
n	A result of less prior year's arrears recovered during the Financial Year; also, very minimal unidentified revenue were received by Government during the Financial Year had caused the under-collection.	(3,396,462)
o	Borrowers were not able to pay their on-lent loans as obligated which lead to an under-collection in these revenues.	(935,822)
p	This over-collection was a result of new bond issued during the Financial Year hence the actual bond received, but taking into account that some bonds were under subscribed.	12,637,000

1cm
26/2
Q 26/2

Government of the Kingdom of Tonga

RECEIPTS BY MINISTRY FOR THE YEAR ENDED 30 JUNE 2020

	Estimates	Actual 2019-20	(Less) More than Estimate	Development Fund	Actual 2018-19
	\$	\$	\$	\$	\$
Palace Office	-	-	-	-	-
Legislative Assembly	-	-	-	49,970	-
Tonga Office of the Auditor General	100,000	54,000	(46,000)	-	74,000
Office of the Ombudsman	-	-	-	-	-
Ministry of Foreign Affairs	4,000,000	2,367,241	(1,632,759)	-	3,242,676
His Majesty's Armed Forces	200,000	17,588	(182,412)	-	8,132
Prime Minister's Office	10,000	15,150	5,150	54,000	-
Ministry of Finance	36,908,100	53,430,221	16,522,121	61,265,199	30,126,432
Ministry of Revenue & Customs	245,929,985	227,092,900	(18,837,085)	-	230,613,041
Ministry of Public Enterprises	12,000,000	7,472,221	(4,527,779)	-	2,600,535
Ministry of Trade and Economic Development	672,000	661,325	(10,675)	-	631,537
Ministry of Justice and Prison	2,031,400	1,715,731	(315,669)	122,986	1,705,501
Attorney General's Office	-	-	-	(1,527)	-
Ministry of Police & Fire Services	1,011,300	408,817	(602,483)	1,601,830	414,333
Ministry of Health	1,500,000	1,088,960	(411,040)	8,998,589	1,143,774
Ministry of Education & Training	2,671,700	2,527,139	(144,561)	1,134,069	2,424,486
Ministry of Internal Affairs	26,000	22,770	(3,230)	2,833,721	23,072
Ministry of Agriculture, Food & Forests	1,648,000	1,194,731	(453,269)	248,110	1,406,600
Ministry of Infrastructure	10,000,000	9,815,364	(184,636)	3,665,002	10,800,793
Ministry of Lands & Natural Resources	2,015,000	985,767	(1,029,233)	906,063	918,313
Public Service Commission	-	-	-	-	-
Statistics Department	-	-	-	135,048	-
Ministry of Met, Eng, Inf, Dist Mag, Env't, Comm	850,000	522,523	(327,477)	18,730,352	734,364
Ministry of Fisheries	3,000,000	3,514,076	514,076	2,507,315	3,398,835
Ministry of Tourism	368,200	197,393	(170,807)	-	322,380
Total Recurrent Receipts	324,941,685	313,103,918	(11,837,767)	102,250,727	290,588,806
Budget Support	38,469,600	37,566,851	(902,749)	-	34,906,637
Development Fund Receipts	235,861,300	102,250,727	(133,610,573)	-	72,026,347
TOTAL RECEIPTS	599,272,585	452,921,496	(146,351,089)		397,521,790

kan
26/2
QUP

Government of the Kingdom of Tonga

3.3. OPERATING PAYMENTS PAYMENTS BY STANDARD GROUP FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Original Estimates \$	Contingency Fund \$	Other Transfers \$	Revised Estimates \$	Actual 2019-20 \$	(Less) More than Revised Estimate \$	Actual 2018-19 \$
Established Staff		152,201,300	(1,567,823)	(6,067,810)	144,565,667	135,400,771	(9,164,895)	126,566,920
Unestablished Staff		9,026,000	250,000	736,525	10,012,525	8,913,401	(1,099,125)	7,113,014
Travel and Communication		11,063,500	1,215,000	1,738,581	14,017,081	12,520,272	(1,496,809)	12,563,239
Maintenance and Operations		22,852,200	3,567,774	2,119,967	28,539,941	26,085,722	(2,454,219)	20,729,666
Purchase of Goods and Services		52,345,200	27,420	(485,122)	51,887,498	47,926,099	(3,961,399)	44,126,468
Operational Grants and Transfers		43,103,200	2,306,500	4,717,651	50,127,351	47,385,967	(2,741,383)	42,502,584
Development Duties Expenditure		3,000,900	-	(1,687,466)	1,313,434	1,021,141	(292,294)	1,392,133
Debt Management		8,928,000	-	(654,560)	8,273,440	8,246,802	(26,638)	8,018,943
Contingency Fund		5,035,000	(5,800,671)	3,717,671	2,952,000	-	(2,952,000)	-
Pension & Gratuities		5,499,900	-	(687,000)	4,812,900	4,618,110	(194,790)	4,350,619
Private Sector Development Support		-	-	-	-	-	-	-
Total Operating Payments		313,055,200	(1,800)	3,448,437	316,501,837	292,118,285	(24,383,552)	267,363,588
Repayments of Public Debt		29,984,500	-	(56,440)	29,928,060	29,898,075	(29,985)	28,564,522
Asset		19,971,600	1,800	(2,991,997)	16,981,403	12,439,961	(4,541,442)	10,703,939
Equity Payments		400,000	-	(400,000)	-	-	-	-
Total Recurrent Payments		363,411,300	-	-	363,411,300	334,456,321	(28,954,979)	306,632,049
Grant expenditure from external donors	3.7	235,861,300	-	-	102,250,727	57,703,018	(44,547,709)	38,334,864
TOTAL PAYMENTS		599,272,600	-	-	465,662,027	392,159,339	(73,502,688)	344,966,913

Transfers of funds between programs are permitted under section 10 (1) and 12 (2) and (3) of the PFMA.

KUN
20/2
Mf

Government of the Kingdom of Tonga

PAYMENTS BY MINISTRY GROUP FOR THE YEAR ENDED 30 JUNE 2020

Notes	Original Estimates		Contingency Fund		Revised Estimates		Actual 2019-20		Notes		(Less) More than Revised Estimate		Development Fund		Actual 2018-19	
	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
	4,736,900	-	-	-	4,736,900	4,273,754					(463,146)	6,704		4,017,382		
<i>i</i>	10,825,000	453,000	453,000		11,278,000	11,164,008					(113,992)	47,005		10,970,734		
	2,023,800	-	-		2,023,800	1,488,797	<i>q</i>				(535,003)	-		1,574,884		
	1,628,600	-	-		1,628,600	1,339,554					(289,046)	-		1,592,390		
	10,520,000	(374,142)	(374,142)		10,145,858	9,667,458					(478,400)	-		10,198,084		
	10,970,400	(172,370)	(172,370)		10,798,030	10,052,839	<i>r</i>				(745,191)	-		9,744,385		
<i>ii</i>	3,809,700	169,760	169,760		3,979,460	3,749,823					(229,637)	52,169		3,505,769		
<i>iii, iv, v</i>	96,966,600	(3,750,671)	(3,750,671)		94,480,600	84,811,320	<i>s</i>				(9,669,280)	15,574,095		72,328,660		
	10,673,800	(8,600)	(8,600)		10,665,200	8,559,863	<i>t</i>				(2,105,337)	-		9,204,791		
	1,509,700	(23,520)	(23,520)		1,486,180	1,151,178					(335,002)	-		1,282,810		
	8,139,800	-	-		8,139,800	5,427,975	<i>u</i>				(2,711,825)	1,835,245		5,438,970		
<i>vi</i>	11,879,900	(14,140)	(14,140)		11,865,760	10,565,368	<i>v</i>				(1,296,892)	887,727		10,470,793		
	3,437,200	(32,994)	(32,994)		3,404,206	2,793,105	<i>w</i>				(611,101)	105,833		2,550,341		
	13,784,200	-	-		13,784,200	13,645,396					(138,804)	4,099,537		12,230,262		
<i>vii, viii</i>	43,882,000	(208,229)	(208,229)		43,673,771	43,543,393					(130,378)	6,375,438		42,757,255		
<i>ix</i>	56,315,900	542,124	542,124		56,858,024	56,558,341					(299,683)	1,528,786		50,572,560		
	7,731,400	(61,046)	(61,046)		7,670,354	7,257,305					(413,049)	4,265,351		8,648,032		
	10,326,300	-	-		10,326,300	9,251,428	<i>x</i>				(1,074,872)	310,610		9,901,303		
<i>x, xi</i>	23,253,600	3,789,084	3,789,084		25,781,513	23,755,808	<i>y</i>				(2,025,705)	4,331,437		14,196,380		
	7,502,700	(41,533)	(41,533)		7,461,167	4,788,804	<i>z</i>				(2,672,362)	1,041,993		4,197,496		
	2,080,500	-	-		2,080,500	1,756,814					(323,686)	42,089		1,993,630		
	3,418,500	(30,240)	(30,240)		3,388,260	2,889,570					(498,690)	135,022		2,920,044		
	8,439,500	(236,483)	(236,483)		8,203,017	7,573,895	<i>aa</i>				(629,122)	15,488,687		7,818,509		
	4,587,200	-	-		4,587,200	4,250,720					(336,480)	1,499,918		3,835,058		
	4,968,100	-	-		4,968,100	4,139,805	<i>ab</i>				(828,295)	75,373		4,681,528		
	363,411,300	0	0		363,411,300	334,456,321					(28,954,979)	57,703,018		306,632,049		
	235,861,300				102,250,727	57,703,018					(44,547,709)			38,334,864		
	599,272,600				465,662,027	392,159,339					(73,502,688)			344,966,913		

Transfers of funds between programs are permitted under section 10 (1) and 12 (2) and (3) of the PFM

Kun
26/2
26/2

Government of the Kingdom of Tonga

Material differences in comparison of revised budget payments and actual payments, less than five hundred thousand (\$500,000) underspend and all overspend:

Notes	Description	Amount (\$) (Less) /More
q	The under spent resulted from 12 unfilled vacant positions, of which advertisement were sent out but no candiditates appllied. In addition, one Executive Director resigned and another was on medical leave which contributed to this under spent.	(535,003)
r	The saving under His Majesties Armed Force budget was mainly caused by employees rendering their resignation as well as no promotion for Senior positions during the Financial Year. In addition, due to COVID-19, the plans for purchase of goods and services were delayed due to minimal time for processing, which contributed to this saving.	(745,191)
s	The main contributing factors for the under spent within the Ministry of Finance were due to the following; i) Freezing of recruitments due to COVID-19 which resulted in unutilisation of MDA's pool funds for critical posts; ii) Civil Servant medical referral funds were not fully utilised; and iii) Grants for building of Tonga Side School Classrooms were delayed.	(9,669,280)
t	The under spent was due to vacancies within Ministry of Revenue not being able to be filled as well as freezing of positions from PSC due to COVID-19. Delay in processing of procurement for a new software for Cash Register Project also contributed to this under spent. There was also a new process in place due to COVID-19, where Ministry of Finance (Budget Division) controlled all MDA spending by pre-approving every payment vouchers before payment. This has caused underspending as all payments as Customs were to only pay for essential goods & sevicees and essential assets only.	(2,105,337)
u	The main factor that contributed to this saving was the further defferral of the construction of the Lapaha Pack House Project. Also, there were trainings and consultation planned and budgeted for but were all cancelled due to the COVID-19 restrictions, disallowing travels. In addition, this under spent reflects the effect of freezing of posts due to COVID-19.	(2,711,825)
v	Similar to other Line Ministries, major cause of under spent resulted from closure of borders due to COVID-19, as no Consultants or Technical Assistants were able to come to Tonga as planned. The Court of Appeal and Supreme Court Circuit were cancelled resulting in miminmal spending in printing. As well as freezing of recruitment for both Established and Unestablished staff, which contributed to this under spending.	(1,296,892)
w	This saving was caused by vacant positions that were unable to be filled during the Financial Year. Also due to COVID-19 spending were controlled from Ministry of Finance (Budget Division) causing this under spent under the Purchasing of Goods and Services.	(611,101)
x	Freezing of recruitments for both Established & Unestablished Staff was one of the main factor that caused this under spent. There were also savings under Purchasing of Goods & Services and Assets due to the COVID-19 restrictions.	(1,074,872)
y	This saving was mainly from the Ministry's maintenance and operation votes of which the road maintenance at 'Eua was planned but could not carry out due to breakdown of machineries. Other road maintenance projects and beautification activities were cancelled due to COVID-19 also contributing to this saving. In addition, a new server for the Traffic Unit was planned but was not able to be purchased.	(2,025,705)
z	The under spent resulted from the freezing of recruitments due to COVID-19, therefore the Ministry's vacant positions were not able to be filled. Also a budget allocation was budgeted for technical & survey equipments to be purchased from New Zealand, but due to delays in processes, these purchases were not carried out.	(2,672,362)
aa	Late processing of documents for purchase of water tanks for public under the Development Duties and Expenditure, and for the maintenance for the Longomapu access road were the main reasons for this under spent.	(629,122)
ab	Savings from the Ministry's budget was due to Technical Assistances planned for trainings and conferences, but was not executed due to border closure.	(828,295)

km
2/2
Supp.

Government of the Kingdom of Tonga

3.4. CONTINGENCY FUND

The use of the contingency fund is governed by the Public Finance Management Act. This provides for a contingency within the appropriation of the Ministry of Finance for specific, approved unforeseen expenditure. The Minister may sequester any amounts from any programs into the contingency fund, when it is necessary to redirect spending, with the consent of Cabinet.

The approved original appropriation of the contingency fund for 2019-20 was \$5,035,000. Total funds sequestered into the contingency fund totals to \$7,203,923 and only \$2,083,000 of the contingency were utilized.

	2019-20	2018-19
	\$	\$
Approved Budget	5,035,000	1,035,000
<i>Plus:</i> Transfer in (Sequest)	7,203,923	2,654,019
	12,238,923	3,689,019
<i>Less:</i> Transfer out		
Sequest	7,203,923	2,654,019
Contingency Fund	2,083,000	180,268
<i>Total Transfer out</i>	9,286,923	2,834,287
Contingency Fund Closing Balance	2,952,000	854,732

The reasons for respective application to the contingency fund and sequests are as follows:

Sequests

Notes	Descriptions	Cabinet Decision	Amount (\$)
<i>i</i>	To cater for additional operational expenses of the Legislative Assembly.	423	453,000
<i>iii</i>	To cater for creating of new line items for payment of Line Ministries telecommunication & internet bills.	873	1,000,000
<i>v</i>	To cater for creation of a new line item for Government Development Loan at TDB Bank.	228	1,000,000
<i>vi</i>	To cater for a new line item for Prize and Award for Law Week.	873	3,500
<i>vii</i>	To cater for technical supplies for Ha'apai hospital.	968	915,428
<i>x</i>	To cater for a line item for road maintenance.	229	1,261,171
<i>xi</i>	To cater for operations of the road maintenance under MOI.	149	2,570,823
TOTAL SEQUEST			7,203,923

Contingency Fund

Notes	Descriptions	Cabinet Decision	Amount (\$)
<i>ii</i>	To cater for outstanding commitments at the Prime Minister's Office.	329	200,000
<i>iv</i>	To cater for the maintenance of access road to Tonga Cultural Resort.	874	50,000
<i>viii</i>	To cater for staff overtime & hazard allowance for Covid-19 front-	652	733,000
<i>ix</i>	To cater for Grants to TVET & ECE, WASH cluster Covid-19 and Government contribution to USP.		1,100,000
TOTAL CONTINGENCY FUND			2,083,000

RM
20/2 *Me/2*

3.5. CASH AND CASH EQUIVALENTS

	<i>Notes</i>	2019-20 \$	2018-19 \$
Trust Fund Cash Balance	3.8	13,559,516	12,288,969
Development Cash Balance	3.7	120,051,141	75,920,938
		133,610,657	88,209,908
<u>Operating Cash Balance</u>		97,562,057	97,465,429
<i>Operating Cash on Hand</i>		3,923,126	2,189,452
<i>Operating Cash at Bank</i>		93,638,931	95,275,977
TOTAL CASH BALANCE		231,172,713	185,675,337

The Cash balance for Financial Year 2019-20 was \$231,172,713.

The Development cash balance includes cash yet to be transferred to Operating Account due to PAYE, Journal Vouchers and Outer Island Returns which are yet to be transferred during Financial Year 2020-21.

3.6. FUNDS AND RESTRICTED USE OF CASH

The cash and cash equivalents of the Government of the Kingdom of Tonga comprise several funds.

The “revenue fund” is the Tonga Government Fund as defined in the PFMA, being revenue raised domestically by the Government as well as donor budget support. The Government, subject to the approval of the Legislative Assembly, is not restricted on the use of the revenue fund.

The “development fund” comprises revenue raised externally, including donor funds and borrowing, that are dedicated to a specific project or purpose. The development fund is constrained in that funds are typically earmarked for a specific purpose. For donor funds this is normally represented in an MOU or other contractual arrangement between the donor and the government.

The revenue fund and the trust fund represent “public money”, as defined in the PFMA.

The “trust fund” comprises funds that are collected by government but cannot be used by the government as the ownership of such funds is not determined and/or such funds belong to another entity – often subject to some contingent event. Cash balances in the trust fund are constrained as to their use.

Cash by Fund Type

	<i>Notes</i>	2019-20 \$	2018-19 \$
Revenue Fund		97,562,057	97,465,430
Development Fund	3.7	120,051,141	75,920,938
Trust Fund	3.8	13,559,516	12,288,969
TOTAL CASH		231,172,713	185,675,337

Kun
26/2
Gep.

3.7. DEVELOPMENT FUND

<u>Note</u>	2019-20 \$	2018-19 \$
Development Fund Balance at 1 July 2019	74,490,116	40,798,632
<i>Add: Development Fund Receipts</i>		
Grants & Loans Received	102,250,727	55,473,775
Transfer from TC Gita Trust Fund	-	16,552,572
Total Development Fund Receipts	<u>102,250,727</u>	<u>72,026,347</u>
Total Development Funds Available	<u>176,740,843</u>	<u>112,824,980</u>
<i>Less: Development Fund Payments</i>		
Payments from Grants & Loans	57,703,018	38,334,864
Total Development Fund Payments	<u>57,703,018</u>	<u>38,334,864</u>
DEVELOPMENT FUND BALANCE AT 30 JUNE 2020	<u>119,037,824</u>	<u>74,490,116</u>

Monies held in the development fund accounts represent unspent grants and external concessional loans and can only be used to meet expenditure within the terms and conditions of each particular grant/loan. The balance as at 30 June 2020 is **\$119,037,824**.

Details of Development Receipts by Donor and Development Funds Payments by Ministry are shown below:

KM
26/2
Rupr.

Government of the Kingdom of Tonga

Development Fund Receipts by Donor for the year ended 30 June 2020

Donor	Estimate \$	Actual \$	More than Estimate \$	Less than Estimate \$
Australia Bilateral Assistance	7,420,500	7,277,340		143,160
Australian - Other	30,000	126,525	96,525	
Japan - Other	6,800	6,883	83	
Pooled Funds - Australia & NZ	2,500,000	1,301,862		1,198,138
New Zealand Bilateral	5,060,000	6,527,786	1,467,786	
New Zealand Non-Government	151,000	24,754		126,246
People's Republic of China	-	190,927	190,927	
Korean Fund	400,000	-		
Republic of Nauru	-	1,494	1,494	
IFAD	3,000,000	1,236,286		1,763,714
UN World Food	-	31,512	31,512	
UN Office for Project Services	-	2,843,192	2,843,192	
Asian Development Bank (ADB)	38,250,100	3,446,652		34,803,448
World Bank/International Development Agency (IDA)	50,210,000	27,701,237		22,508,763
UNESCO	-	5,490	5,490	
European Union	7,979,300	-		7,979,300
Secretariat of the Pacific Community (SPC)	82,000	275,312	193,312	
South Pacific Regional Environmental Program (SPRE)	-	294,837	294,837	
United National Development Program (UNDP)	2,388,000	-		2,388,000
UN Family Planning Association (UNFPA)	220,000	490,340	270,340	
UN International Children's Fund	178,000	531,503	353,503	
Food & Agriculture Organisation (FAO)	-	159,580	159,580	
World Health Organisation (WHO)	815,500	488,020		327,480
United Nations Environment Program	279,000	135,712		143,288
Forum Fisheries Agencies (FFA)	300,000	-		300,000
International Union for Conservation (IUCN)	1,500,000	-		1,500,000
UN Women	16,900	-		16,900
Gesellschaft für Internationale Zusammenarbeit Gmb	95,000	609,631	514,631	
Tonga Health Promotion Foundation	171,500	240,139	68,639	
Green Climate Fund	5,232,500	-		5,232,500
Local Contributions	250,000	302,904	52,904	
Disaster Donors	3,000,000	26,695		2,973,305
COVID-19 Pooled Fund	-	47,706,549	47,706,549	
Other Donor	1,873,900	22,240		1,851,660
Unidentified Donor	-	245,327	245,327	
	131,410,000	102,250,727	54,496,630	83,255,903

RM
20/2 @ *20/2*

Government of the Kingdom of Tonga

Development Fund Payments by Ministry for the year ended 30 June 2020

Ministry	Estimate \$	Actual \$	More than Estimate \$	Less than Estimate \$
Palace Office	-	6,704	6,704	
Legislative Assembly	-	47,005	47,005	
Tonga Office of the Auditor General	-			
Office of the Ombudsman	-			
Ministry of Foreign Affairs	-			
His Majesty's Armed Forces	-			
Prime Minister's Office	160,000	52,169		107,831
Ministry of Finance	20,978,200	15,574,095		5,404,105
Ministry of Revenue & Customs	-			
Ministry of Public Enterprises	14,000,000			14,000,000
Ministry of Trade and Economic Development	-			
Ministry of Justice and Prison	1,835,245	1,835,245		
Attorney General's Office	1,050,000	887,727		162,273
Ministry of Police & Fire Services	190,000	105,833		84,167
Ministry of Health	2,900,000	4,099,537	1,199,537	
Ministry of Education & Training	8,889,500	6,375,438		2,514,062
Ministry of Internal Affairs	1,770,000	1,528,786		241,214
Ministry of Agriculture, Food & Forests	14,899,900	4,265,351		10,634,549
Ministry of Infrastructure	80,000	310,610	230,610	
Ministry of Lands & Natural Resources	22,110,100	4,331,437		17,778,663
Public Service Commission	5,726,800	1,041,993		4,684,807
Statistics Department	-	42,089	42,089	
Ministry of Met, Eng, Inf, Dist Mag, Eenvt, Comm	-	135,022	135,022	
Ministry of Fisheries	35,174,500	15,488,687		19,685,813
Ministry of Tourism	3,481,000	1,499,918		1,981,082
	-	75,373	75,373	
	131,410,000	57,703,018	3,571,585	77,278,567

15/1
20/2
P/6/2-

Government of the Kingdom of Tonga

Above details includes additional Budget Support received from various Development Partners as assistance to help the Government of Tonga with its response to the impacts of COVID-19.

Details are as follows:

Development Partner	Foreign Currency (FC)	FC Amount	TOP Amount
Asian Development Bank	USD	13,200,000	30,145,047
Department of Foreign Affairs (Australia)	AUD	8,000,000	11,788,692
Ministry of Foreign Affairs and Trade (New Zealand)	NZD	4,000,000	5,313,180
TOTAL		\$ 25,200,000	\$ 47,246,919

During the Financial Year, various Government Projects made payments to its Suppliers via third party payments, of which approval were made from the Ministry of Finance, but the payments were made directly by the Development Partners from the approved project funds. Project details and the estimated total amounts are as follows:

	TOP
Direct Payments Receipts	23,011,030
less: Direct Payments	23,011,030
Balance	-

Kim A
26/2/2021

Government of the Kingdom of Tonga

	Ministry	Fund by	Project No.	Project Name	Total Direct Payment	
					TOP	USD
1	MOI	Asian Development Bank	G6018-TON	Transport Project Development Facility	2,730,382	1,201,106
2	MOLNR	Asian Development Bank	G0265-TON	Nuku'alofa Urban Development Sector Project	1,836,403	800,104
3	MOLNR	Government of Australia	G0264-TON	Nuku'alofa Urban Development Sector Project	1,126,729	491,576
4	MEIDECC	Asian Development Bank	G0378-TON	Climate Resilience Sector Project	6,203,378	2,702,396
5	MEIDECC	Asian Development Bank	G0347-TON	Outer Island Renewable Energy Project	1,012,113	441,392
6	MEIDECC	Asian Development Bank	G0444-TON	Outer Island Renewable Energy Project	647,253	282,273
7	MEIDECC	Asian Development Bank	L3509-TON	Outer Island Renewable Energy Project	401,647	175,162
8	MEIDECC	Asian Development Bank	G0528-TON	Outer Island Renewable Energy Project	566,528	247,069
9	MEIDECC	Asian Development Bank	G0586-TON	Outer Island Renewable Energy Project	1,459,418	636,467
10	MEIDECC	European Union	G0445-TON	Outer Island Renewable Energy Project	244,031	106,424
11	MEIDECC	Global Environment Facility	G0587-TON	Outer Island Renewable Energy Project	274,556	119,737
12	MEIDECC	Government of Australia	G0348-TON	Outer Island Renewable Energy Project	1,814,360	791,260
13	MEIDECC	Government of Australia	G0588-TON	Outer Island Renewable Energy Project	144,847	63,169
14	MEIDECC	SDCFRPPRA	G0446-TON	Outer Island Renewable Energy Project	397,401	173,311
15	MEIDECC	World Bank	TF A1232	Pacific Resilience Program	864,749	376,793
16	MEIDECC	World Bank	IDA 56890	Pacific Resilience Program	209,766	90,300
17	MEIDECC	World Bank	IDA D0780	Pacific Resilience Program	496,071	213,520
18	MEIDECC	World Bank	TF A0900	Pacific Resilience Program	120,573	53,064
19	MEIDECC	World Bank	IDA D3590	Pacific Resilience Program	2,460,824	1,071,888
TOTAL					\$ 23,011,030	\$ 10,037,012

kan
2/2
Rep/2.

Government of the Kingdom of Tonga

3.8. TRUST MONEY ACCOUNTS

This is the total monies held by Government pending completion of a transaction or dispute. Government holds in trust for purposes prior approved by the Minister. This includes unclaimed money due to or belonging to any person; or collection by Government on behalf of a person or under an agreement.

Details of Trust Money Accounts are as follows:

<i>Notes</i>	2019-20 \$	2018-19 \$
Balance as at 1 July 2019	14,460,865	29,834,306
Add: Receipts	7,709,926	4,280,496
Less: Payments	6,432,078	19,653,937
Balance as at 30 June 2020	15,738,713	14,460,865
Represented by:		
Distraints - Legal Settlements	355,218	346,967
Unclaimed Salaries, Wages & Expenses	216,218	214,128
National Emergency Fund	2,318,631	2,684,536
PSRF Trust Account	7,950,027	7,352,487
Nuatoputapu Tsunami Trust	63,687	99,366
Other Trust Accounts	4,834,930	3,763,381
TOTAL TRUST MONEY ACCOUNTS	15,738,713	14,460,865

3.9. BUDGET SUPPORT

Budget Support is funds received from an International Organization to assist the financing of the Government's Budget. During the year, four (4) Development Partners granted Budget Support amounting to **\$37,566,851** to the Government of Tonga. The eleven (11) conditions listed on the Joint Policy Reform Matrix (JPRM) must be achieved or progress as they are triggers before the Budget Supports are disbursed.

Budget Supports Received are as follows:

<i>Notes</i>	Estimates 2019-20 \$	Actual 2019-20 \$	More (Less) than Estimate \$	Actual 2018-19 \$
Australia (DFAT)	6,570,300	5,848,808	(721,492)	6,325,111
New Zealand Fund	3,204,900	3,517,480	312,580	-
World Bank (WB) Grant	11,647,200	12,727,834	1,080,634	12,566,358
Asian Development Bank (ADB)	11,647,200	11,337,868	(309,332)	11,436,414
European Union (EU)	5,400,000	4,134,860	(1,265,140)	4,578,755
	38,469,600	37,566,851	(902,749)	34,906,638

Of the actual amounts received during the financial year, **\$4,134,860** received from the European Union were intended for financial year 2018-19.

Km
26/2
@

Government of the Kingdom of Tonga

3.10. EXCHANGE DIFFERENCES

This amount represents the movement of our cash balances due to fluctuating foreign exchange rates throughout the year giving rise to gains and losses during the financial year. These amounts are accounted for on a quarterly basis.

	<u>2019-20</u>		<u>2019-20</u>	<u>2018-19</u>
	\$	\$	\$	\$
	<u>Recurrent</u>	<u>Development</u>	<u>TOTAL</u>	<u>TOTAL</u>
Loss in Foreign Currency	2,793,486	799,302	3,592,788	1,155,857
Less: Gain in Foreign Currency	1,476,704	860,712	2,337,415	927,484
Total Exchange Differences as at 30 June 2020	1,316,782	(61,410)	1,255,372	228,372

KM
20/2
20/2

PART 2:

*Other Financial Statements as required by the Public
Finance Management Act.*

km
26/2

[Handwritten signature]

Government of the Kingdom of Tonga

Schedule 4

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2020

	2019-20	2018-19
	Income/Expenditure by: Government	Income/Expenditure by: Government
	\$	\$
OPERATING INCOME		
Income Tax	52,469,914	55,230,931
Trade Taxes	18,081,012	24,334,876
Taxes on Goods and Services	95,014,441	94,773,254
Excise Tax	64,010,289	59,040,231
Domestic fees and Licensing	28,103,212	28,783,696
Entrepreneurial and Property Income	21,358,755	16,834,455
Miscellaneous Revenue	2,917,268	10,216,944
Revolving Fund	199,012	1,631,099
Budget Support	33,431,991	30,327,882
<i>Total Operating Income</i>	315,585,893	321,173,367
OPERATING EXPENDITURE		
Established Staff	135,400,771	126,566,920
Unestablished Staff	8,913,401	7,113,014
Travel and Communication	12,520,272	12,563,239
Maintenance and Operations	26,085,722	20,729,666
Purchase of Goods and Services	46,065,170	44,126,468
Operational Grants and Transfers	47,378,763	42,344,691
Development Duties Expenditure	1,021,141	1,392,133
Public Debt Cost	14,562,234	18,790,531
Pension and Gratuities	4,618,110	4,350,619
<i>Total Operating Expenditure</i>	296,565,583	277,977,283
<i>Net Excess/(Deficit) of Income over Expenditure with Budget Support</i>	19,020,310	43,196,084
<i>Plus Prior Year Adjustments</i>	-	4,662,863
Net excess/(deficit) of Income over Expenditure with Budget Support/Prior Year Adjustments	19,020,310	47,858,947
Development Fund Receipts (Grants and Loans)	105,121,874	72,026,347
Development Fund Expenditure (Grants and Loans)	35,836,018	33,703,868
<i>Net excess of Income over Expenditure from Development Funds (Grants and Loans)</i>	69,285,856	38,322,479
Net excess/(deficit)	88,306,166	86,181,426
Net excess/(deficit) of Income over Expenditure with Budget Support/Development Fund (Grants and Loans)/Prior Year Adjustment	88,306,166	86,181,426

Kmy
26/2
Q
mepr

Government of the Kingdom of Tonga

Schedule 5

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2020

	Notes	2019-20		2018-19	
		\$	\$	\$	\$
CURRENT ASSETS					
Cash at Bank and in Hand	3.5	231,172,713		185,675,337	
Loans Onlending	6.2	4,937,115		2,065,898	
Loans to Individuals	6.1	83,039		83,039	
Current Investments	7.1	17,631,509		4,855,292	
Accrued Interest on Investment		132,199		152,940	
Total Current Assets			253,956,574		192,832,506
NON-CURRENT ASSETS					
Loans Onlending	6.2	50,887,002		50,374,298	
Non-current Investments	7.1	12,314,374		9,803,339	
Equity Investments	7.2	157,661,412		157,616,301	
Property, Plant & Equipment	7.3	289,281,086		254,974,125	
Total Non-Current Assets			510,143,876		472,768,062
TOTAL ASSETS			764,100,448		665,600,568
CURRENT LIABILITIES					
Trust Money Accounts	3.8	15,738,713		14,460,865	
Public Debts	6.3	34,792,760		29,866,782	
Total Current Liabilities			50,531,474		44,327,647
NON-CURRENT LIABILITIES					
Public Debts	6.3	453,623,607		450,642,488	
Transfer Value	6.5	-		7,205	
Total Non-Current Liabilities			453,623,607		450,649,693
TOTAL LIABILITIES			504,155,080		494,977,340
NET ASSETS			259,945,369		170,623,228
Total Fund Balance as at 30 June 2019			170,623,228		166,669,262
Surplus (Deficit)	4		88,306,166		86,181,426
Exchange Difference			165,737		(84,024,816)
Prior Year Adjustments			850,239		1,797,356
NET MOVEMENT IN EQUITY			259,945,369		170,623,228

km
24/2 @ me/2

STATEMENT OF LOANS

6.1. BUILDING LOANS

This amount represents the total charges by Government to Government employees who has outstanding building loans. The amounts are repayable by the Government employees.

	<u>2019-20</u>	<u>2018-19</u>
	\$	\$
Balance as at 1 July 2019	83,039	83,039
Receipts	-	-
Payments	-	-
<i>Balance as at 30 June 2020</i>	<u>83,039</u>	<u>83,039</u>

kan @
20/2

Government of the Kingdom of Tonga

6.2. LOANS ONLENDING

Purpose	Year	Principal	Interest %	Term Years	As at		Repayments	Exchange Difference	As at
					30/06/2019	30/06/2020			
					\$	\$	\$	\$	\$
Tonga Development Bank - ADB 624	1983	1,108,197	3.00	40	186,644	5,249	46,661		139,983
Tonga Development Bank - IDA 1813	1987	2,604,051	3.00	36	450,701	12,770	100,156		350,545
Tonga Development Bank - IFAD 327	1993	4,104,162	3.00	27	190,718	4,279	190,718		0
Sea Star Fishing - ADB 1030	1993	3,645,900	6.36	15	3,645,900	-	-		3,645,900
Tongatapu Market Limited - ADB 927	2010	3,296,874	2.00	18	1,402,857	25,801	152,915	3,577	1,246,365
Royco Amalgamated Co. Ltd - EXIM China	2010	2,210,932	5.00	20	2,043,756	156,000	-		2,043,756
M F Taumoepeau & Sons Ltd - EXIM China	2010	7,162,418	5.00	20	7,162,418	-	-		7,162,418
O G Saifi & Sons Ltd - EXIM China	2010	10,247,322	5.00	20	10,247,322	-	-		10,247,322
City Assets (Molisi) - EXIM China	2012	6,761,247	5.00	20	6,761,247	-	-		6,761,247
Tungi Colomade - EXIM China	2012	16,574,480	5.00	20	16,574,480	-	-		16,574,480
Tonga Assets Management Associations (TAMA)	2015	1,395,082	1.00	13	1,512,004	15,133	-	4,111	1,507,893
Tonga Broadcasting Commission	2019	1,000,000	2.00	20	1,000,000	20,222	-		2,000,000
Young Farmers Federation (Koloti Seluini)	2012	40,000	1.00	0.25	40,000	-	-		40,000
Hammah Consulting (Daiel Hamala)	2012	34,750	1.00	0.25	24,750	-	-		24,750
Look Sharp Tonga (Tevia Tukimaka)	2013	17,890	1.00	0.25	17,890	-	-		17,890
EZI World Cargo (Mosesse Uele)	2013	66,374	1.00	0.25	66,374	-	-		66,374
JERE Auto Dealer (Tuimeau Naufahu)	2013	14,000	1.00	0.25	14,000	-	-		14,000
Touanga Moala	2014	25,000	1.00	0.25	25,000	-	-		25,000
New Millennium Phase 2	2014	468,250	1.00	0.25	468,250	-	-		468,250
Mark Shipping (Maake Fakatosifolau)	2014	130,000	1.00	0.25	130,000	-	-		130,000
New Millennium Phase 3	2014	90,000	1.00	0.25	90,000	-	-		90,000
Latakofo Phase (Mosesse Tupou)	2014	50,000	1.00	0.25	50,000	-	-		50,000
Luke Construction (Semisi Hopoi)	2014	10,000	1.00	0.25	10,000	-	-		10,000
Fuko Fishing Co. Ltd (Teisira Fuko)	2014	45,000	1.00	0.5	41,000	-	-		41,000
Pacific Fish Co. Ltd (Anisi Bloomfield)	2014	35,000	1.00	0.5	25,000	-	-		25,000
Denisiola Co. Ltd (Pulu Anau)	2014	35,000	1.00	0.5	36,050	-	-		36,050
FV Avaloni (Feleti Ulupano)	2014	35,000	1.00	0.5	35,000	-	-		35,000
FV Amalie (Asaeli Nehoa)	2014	21,279	1.00	0.5	20,874	-	-		20,874
FV Langhenghengi (Aisake Falase)	2014	30,001	1.00	0.5	25,007	-	-		25,007
FV Tekina I Moana (Taani Pe'ao)	2014	13,764	1.00	0.5	13,502	-	-		13,502
FV 064 (Ulaasi Vaisima)	2014	8,218	1.00	0.5	7,218	-	-		7,218
Taniela Koli	2014	13,238	1.00	0.5	13,238	-	-		13,238
FV Akina (Vili Olive)	2014	18,129	1.00	0.5	11,129	-	-		11,129
Vaikele Fififa	2014	6,000	1.00	0.5	6,000	-	-		6,000
					52,348,329	239,455	490,450	7,688	52,850,191
					Current	1,974,031	Current		1,963,189
					Non-current	50,374,298	Non-current		50,887,002
						52,348,329			52,850,191

Loans onlending (cont.):

Km
26/2
26/12

Government of the Kingdom of Tonga

	Village	Year	Principal	As at		Exchange Difference	As at
				30/06/2019	30/06/2020		
COOPERATE STORE							
1	Nomuka	2019	6,000				3,600
2	Funga Kekelatenoa	2019	5,950		2,400		5,950
3	Kolo Maile Masani	2019	5,876				5,876
4	Vai ko Pule	2019	6,000		3,000		3,000
5	Mate ma'a Niua	2019	2,994		800		2,194
6	Mapu 'a Yaea	2019	5,220		600		4,620
7	Lete 'a Lulu	2019	5,790		2,000		3,790
8	Vaituilito Muli	2019	5,850		2,400		3,050
9	Ahi 'o Ulakai	2019	6,000		3,000		3,000
10	Hala Oloveti	2019	3,424		800		2,424
11	Funga Faite a Fafine	2019	5,697				5,697
12	I 'o Lupea	2019	6,000		2,250		3,750
13	Fonu mo e Moa	2019	6,000		2,000		4,000
14	Tuitokomana	2019	4,627				4,627
15	Lolopaongo	2019	3,825				3,825
16	Outufangavalu	2019	5,119				5,119
17	Falaetau	2019	8,135				8,135
18	Fungakeamaka	2019	5,599				5,599
19	Vivili Kihe Tapuaki	2019	568				568
20	Kalioa	2019	4,456				4,456
21	Maka He Lotu	2019	8,461				8,461
22	Tapinga Maama	2019	5,844		6,000		(156)
23	Kaloni Kakala	2019	5,837				5,837
24	Mufiuvava 'o e Alo I Talau	2019	5,359				5,359
			91,867		25,250		102,779
			128,629				

	Village	Year	Principal	As at		Exchange Difference	As at
				30/06/2019	30/06/2020		
CREDIT UNION							
1	Vaituu Lilo	2019	28,043.50		1,402		0.00
2	I 'o Lupea	2019	23,315.35		1,166		0.00
3	Fungafaita 'a Fafine	2019	28,395.75		1,556		0.00
4	Lete 'a Lulu	2019	31,267.20		1,563		0.00
5	Hafasini-Hamula	2019	28,337.60		1,417		0.00
6	Ahi 'o Ulakai	2019	29,561.50		1,478		0.00
7	Toahola	2019	17,529.00		876		0.00
8	Fonu mo e Moa	2019	11,728.00		586		0.00
					10,045		
					198,178		

Loans onlending details (cont.):

Handwritten signature and date: 10/10/21

Government of the Kingdom of Tonga

TC GITA LOAN								As at		As at
Particular	Year	Purpose	Principal	Interest	Term	30-Jun-19	Cumulative Interest Paid	Cumulative Principal Paid	Exchange Difference	30-Jun-20
Lot 1	2019	TC Gita Recovery fund for MSME	1,419,500.00	1%	2-5 years	0.00	1,816	18,647		1,400,853
Lot 2	2019	TC Gita Recovery fund for MSME	874,000.00	1%	2-5 years	0.00	934	3,689		870,311
Lot 3	2019	TC Gita Recovery fund for MSME	555,000.00	1%	2-5 years	0.00	592	1,017		553,983
Lot 4	2020	TC Gita Recovery fund for MSME	46,000.00	1%	2-5 years	0.00	-	-		46,000
			2,894,500.00				3,342	23,353		2,871,147

MSME - Micro, Small, and Medium Enterprises

Kuy 7/6/21

Government of the Kingdom of Tonga

6.3. PUBLIC DEBTS

	2019-20 \$	2019-20 \$	2018-19 \$
Loans owing at 1 July 2019			
Foreign	423,160,269		434,952,284
Domestic	57,349,000		57,349,000
		480,509,269	492,301,284
<i>Add: New Borrowing</i>			
Foreign	6,315,432		10,771,588
Domestic	31,637,000		15,153,000
		37,952,432	25,924,588
<i>Less: Debt Forgive</i>			
Foreign		-	8,737,500
Total Loan Payable		518,461,701	509,488,372
<i>Less: Repayments</i>			
Foreign	10,898,075		13,411,522
Domestic	19,000,000		15,153,000
		29,898,075	28,564,522
		488,563,626	480,923,850
Revaluation of Debt in Foreign Currency		(147,260)	(414,581)
BALANCE OF PUBLIC DEBT 30 JUNE 2020		488,416,366	480,509,269
<i>Balance Details</i>			
Loans Owing at 30 June 2020			
Foreign		418,430,367	423,160,269
Domestic		69,986,000	57,349,000
		488,416,367	480,509,269

Terms of Government Loan Agreements varies, some agreements provide for deferred repayments only and some for deferred payments of both interest and principal. Outstanding obligations are restated at the year end at the exchange rate ruling at the day. The impact of movement in exchange rates on the value of public debt is reflected in the statement of changes in net assets.

Effective exchange rates in force are:

Currency	Rate as at 30 June 2020	Rate as at 30 June 2019
Euro (EUR)	2.5837	2.5941
Special Drawing Rights (SDR)	3.1545	3.1631
US Dollars (USD)	2.2930	2.2753
Yuan Renminbi	0.3525	0.3497

km
20/2

D. H. P.

Government of the Kingdom of Tonga

Loan details are as follows:

Year	Purpose	Currency	Principal	Interest %	Term Years	As at		Drawdown/Debt Forgive	Interest	Repayments	Exchange Difference	As at 30-Jun-20	
						30/06/2019 Audited	\$						
1979	Development	SDR	577,418	1.00	40	79,768				80,294	526		
1981	Development	SDR	367,111	1.00	40	214,812			1,591	88,503	2,116	128,425	
1983	Development	SDR	1,077,992	1.00	40	634,275			5,715	160,439	990	474,826	
1986	Development	SDR	1,890,954	1.00	40	2,223,512			21,609	344,052	(2,679)	1,876,781	
1988	Development	SDR	1,764,257	1.00	40	2,366,193			23,229	264,410	(3,847)	2,097,936	
1990	Development	SDR	2,610,078	1.00	40	3,729,293			36,746	358,069	(6,636)	3,364,588	
1990	Fisheries	SDR	1,550,500	1.00	40	2,731,793			25,384	242,848	(1,167)	2,487,778	
1991	Power Development	SDR	4,509,142	1.00	40	9,608,505			76,010	669,821	(1,909,695)	7,028,989	
1995	Transport Infrastructure	SDR	6,264,820	1.00	40	11,965,039			118,210	796,083	(32,013)	11,136,943	
1996	Outer Islands Agriculture	SDR	2,310,705	1.00	40	4,739,989			46,876	286,615	(12,701)	4,440,673	
2002	Development	SDR	8,020,000	1/1.5	24	9,326,233			132,118	1,370,509	16,458	7,972,182	
2016	Building Macroeconomic	SDR	2,125,000	1/1.5	24	6,721,588			67,117		(18,275)	6,703,313	
2017	Outer Is Renewable Energy	SDR	3,100,000	1/1.5	24	2,347,961	377,173.00				457,684	3,182,818	
2017	BMRP - Subprogram 2	SDR	2,807,255	1/1.5	24	6,408,441			65,366		(17,424)	6,391,017	
2018	Pac. Disaster Resilience	USD	3,100,000	1/1.5	24	7,053,450			72,447	54,870	54,870	7,108,300	
1987	Tonga Development Bank	SDR	1,579,173	0.75	40	2,697,445			20,420	153,269	(3,506)	2,540,670	
1990	Tonga Development Bank	SDR	1,592,623	0.75	40	2,115,845			14,647	207,378	671	1,909,138	
2002	Development	SDR	4,259,223	0.75	40	11,586,220			86,759	274,182	(26,033)	11,286,005	
2003	Health project	SDR	8,000,000	0.75	40	22,562,495			171,338	506,829	(55,133)	21,800,533	
2005	Education project	SDR	639,889	0.75	40	1,862,112			13,980	40,407	(5,027)	1,816,678	
2013	First Economic Reform Support Operatic	SDR	1,700,000	0.75	40	5,377,270			41,209		(14,620)	5,362,650	
2014	Cyclone Ian Reconstruction	SDR	6,093,952	0.75	40	12,336,202	179,452		93,963		(212,993)	12,302,661	
2014	Second Economic Reform	SDR	1,700,000	0.75	40	5,377,270			41,209		(14,620)	5,362,650	
2015	Pacific Resilience	SDR	6,000,000	0.75	40	5,575,246			181,403		(17,109)	5,739,540	
2016	Tonga Transport Sector	SDR	1,500,000	0.75	40	4,662,840			33,698		(12,081)	4,717,332	
2016	Tonga Aviation Investment	SDR	4,900,000	0.75	40	10,614,393			80,675		(50,450)	15,457,050	
2016	1st Inclusive Growth Dev.	SDR	800,000	0.75	40	2,528,700			19,392		(5,100)	2,523,600	
2017	2nd Inclusive Growth Dev.	SDR	2,500,000	0.75	40	7,907,750			60,714		(21,500)	7,886,250	
2017	E-Government Support Project	USD	200,000	0.75	40	551,420			4,290		4,290	555,710	
1983	Development Projects	SDR	950,000	1.00	50	1,089,293			10,856	75,837	(2,044)	1,011,412	
1988	Agricultural Development	SDR	1,687,125	1.50	50	2,534,867			25,301	134,680	(5,262)	2,394,925	
1993	Agricultural Development	SDR	2,000,000	1.50	50	4,175,278			41,948	176,418	(8,431)	3,990,429	
2018	TRIP II	SDR	1,090,000	0.75	40	1,351,140			8,994		2,558	1,971,422	
2007	CBR Reconstruction	CNY	440,000,000	2.00	20	146,540,952			2,820,633		1,173,334	147,714,286	
2010	Road project	CNY	291,000,000	2.00	20	101,762,700			1,958,738	4,667,433	597,590	97,692,857	
							423,160,270	6,315,432	6,279,196	10,898,075	(147,260)	418,430,367	
							423,160,270						418,430,367
							10,866,782						15,792,760
							412,293,488						402,637,607
							423,160,270						418,430,367
							Current						Current
							Non Current						Non Current
							Total Government of Tonga Foreign Debt						

Can 26/2

Government of the Kingdom of Tonga

Loan details (cont.):

Purpose	Year	Currency	Principal	Interest %	Term Years	As at		Drawdown/Debt Forgive	Interest	Repayments	Exchange Difference	As at 30-Jun-20
						30/06/2019 Audited	\$					
Issue of Bonds	2014	TOP	5,000,000.00	3.50	6	5,000,000	\$	175,400	5,000,000.00		\$	-
Issue of Bonds	2014	TOP	1,000,000.00	3.40	6	1,000,000	\$	68,200	1,000,000.00		\$	-
Issue of Bonds	2014	TOP	5,000,000.00	3.00	5	5,000,000	\$	150,400	5,000,000.00		\$	-
Issue of Bonds	2014	TOP	2,960,000.00	3.00	6	2,960,000	\$	89,000			\$	2,960,000
Issue of Bonds	2014	TOP	168,000.00	3.00	6	168,000	\$	5,240			\$	168,000
Issue of Bonds	2016	TOP	3,390,000.00	3.00	5	3,390,000	\$	203,600			\$	3,390,000
Issue of Bonds	2016	TOP	4,000,000.00	3.00	5	4,000,000	\$	120,200			\$	4,000,000
Issue of Bonds	2016	TOP	966,000.00	2.50	5	966,000	\$	24,350			\$	966,000
Issue of Bonds	2016	TOP	712,000.00	2.50	5	712,000	\$	18,000			\$	712,000
Issue of Bonds	2017	TOP	5,000,000.00	3.00	5	5,000,000	\$	150,200			\$	5,000,000
Issue of Bonds	2017	TOP	5,000,000.00	3.20	5	5,000,000	\$	160,200			\$	5,000,000
Issue of Bonds	2017	TOP	1,000,000.00	3.00	3	1,000,000	\$	30,200			\$	1,000,000
Issue of Bonds	2018	TOP	8,000,000.00	3.50	2	8,000,000	\$	280,400	8,000,000.00		\$	-
Issue of Bonds	2019	TOP	7,665,000.00	3.00	2	7,665,000	\$	230,150			\$	7,665,000
Issue of Bonds	2019	TOP	5,000,000.00	3.00	4	5,000,000	\$	150,200			\$	5,000,000
Issue of Bonds	2019	TOP	2,488,000.00	3.50	6	2,488,000	\$	87,280			\$	2,488,000
Issue of Bonds	2020	TOP	5,000,000.00	3.00	5	-	\$	5,000,000			\$	5,000,000
Issue of Bonds	2020	TOP	8,321,000.00	2.50	5	-	\$	8,321,000			\$	8,321,000
Issue of Bonds	2020	TOP	5,000,000.00	3.00	2	-	\$	5,000,000			\$	5,000,000
Issue of Bonds	2020	TOP	7,216,000.00	3.50	6	-	\$	7,216,000			\$	7,216,000
Issue of Bonds	2020	TOP	5,100,000.00	3.00	3	-	\$	5,100,000			\$	5,100,000
Issue of Bonds	2020	TOP	1,000,000.00	3.00	4	-	\$	1,000,000			\$	1,000,000
						57,349,000		31,637,000.00	1,950,020.00	19,000,000.00	0.00	69,986,000
						480,509,270		37,952,432	8,229,216	29,898,075	(147,260)	488,416,367
					Current	19,000,000					Current	19,000,000
					Non Current	38,349,000					Non Current	50,986,000
						57,349,000						69,986,000

Handwritten signature and date:
 CM 26/2

Government of the Kingdom of Tonga

6.4. GOVERNMENT MANAGED FUND

As at June 2020, there was an irrecoverable debt that was written off amounting to \$105,288.24. This write off approved by Cabinet on CD No. 648, 26th June 2020 but TDB accounted for in the next FY 2020/21. Therefore, the balance of fund to be managed by TDB is T\$13,355,532.

	Total Funds	Advance to Projects	2020	2019
Agriculture Marketing Fund - 1%	\$1,000,000	\$571,533	\$428,467	\$25,383
Fisheries Development & Export Fund - 1%	\$500,000	\$395,421	\$104,579	\$253,309
Tourism Loan Fund - 1%	\$300,000	\$67,839	\$232,161	\$175,323
Manufacturing Fund - 1%	\$450,000	\$180,689	\$269,311	\$39,707
Student Loan Scheme Fund - 1%	\$1,000,000	\$732,793	\$267,207	\$153,913
Livestock - 1%	\$100,000	\$119,208	-\$19,208	\$82,162
Agriculture Marketing & Production Fund - 4%	\$4,700,000	\$3,996,147	\$703,853	\$1,895,152
Fisheries Development & Export Fund - 4%	\$555,532	\$812,411	-\$256,879	-\$343,017
Tourism Loan Fund - 4%	\$900,000	\$173,304	\$726,696	\$691,161
Manufacturing Fund - 4%	\$250,000	\$235,414	\$14,586	\$156,548
Development of Livestock - 4%	\$400,000	\$64,353	\$335,647	\$314,831
Development of Forestry - 4%	\$200,000	\$20,803	\$179,197	\$189,762
Construction - 4%	\$700,000	\$71,974	\$628,026	\$588,863
Retailer & Wholesaler Fund - 4%	\$800,000	\$419,243	\$380,757	\$477,816
Other Priority Sector Funds - 4%	\$0	\$0	\$0	-\$1,182
Education - 4%	\$1,300,000	\$789,782	\$510,218	\$843,226
Overseas Medical Cover - 4%	\$100,000	\$12,807	\$87,193	\$85,484
Micro - loans Women - 4%	\$0	\$754	\$35,987	\$57,560
Micro - loans Youth - 4%	\$100,000	\$0	\$100,000	\$100,000
Total of Government Development Fund Loan - 4%	\$13,355,532	\$8,664,476	\$4,727,797	\$5,786,001

Handwritten note:
 km
 26/2
 of 20/2.

Government of the Kingdom of Tonga

6.5. TRANSFER PRESERVED ACCOUNTS

The Government is required under regulation 23 of the Pensions (Amendment) Regulations 1999, to transfer to the Retirement Fund Board the Transfer Preserved Accounts of those staff in the civil service at 30 June 1999, who become members of the new retirement fund scheme. At 30 June 2020, the Government had paid all the outstanding transfer valued.

6.6. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the government makes commitments for supplies and capital purchases.

The Minister for Finance under the authority of the Cabinet provides guarantees for the financial liability of some public enterprises and institutions. A contingent liability is a fiscal obligation on the occurrence of a particular event or events.

A statement of commitments and contingencies is as follows:

	2019-20	2018-19
	\$	\$
Commitments not otherwise provided for in the financial statements are as follows:		
Future operating lease payments:		
Minimum future lease payments due under non-cancellable operating leases are as follows:		
Within one year	-	-
More than one year, less than five years	-	-
More than five years	-	-
Contingencies:		
<i>Tonga Development Bank</i>	-	-
The government has guaranteed a public bond issue for financing its working capital and other development schemes in the agricultural and business sectors.		
	-	-

There were no commitments and contingencies at the 30th June, 2020.

Jan
26/2
Rue/2.

Government of the Kingdom of Tonga

Schedule 7

STATEMENT OF INVESTMENTS

7.1. INVESTMENTS

					Notes	2019-20 \$	2018-19 \$
<u>Current Investments</u>							
	Term	Acceptance	Interest	Maturity			
Tonga Development Bank	No.	Date	Rate	Date			
12 months Term Deposit	8679	06/11/2019	1.75%	06/11/2020	<i>xii</i>	5,689,709	-
12 months Term Deposit	8779	16/04/2020	1.75%	16/04/2021		1,213,643	1,192,730
12 months Term Deposit	8644	25/08/2019	1.75%	25/08/2020		596,366	586,109
12 months Term Deposit	8742	16/04/2020	1.75%	16/04/2021		77,791	76,453
<i>Total Current Investments held at Tonga Development</i>						7,577,509	1,855,292
ANZ Bank	No.	Date	Rate	Date			
12 months Term Deposit			2%	31/01/2021		3,054,000	3,000,000
12 months Term Deposit			3%	29/06/2021	<i>xiii</i>	7,000,000	-
<i>Total Term deposits held at ANZ Bank</i>						10,054,000	3,000,000
TOTAL CURRENT INVESTMENTS						17,631,509	4,855,292
<u>Non - Current Investments</u>							
	Term	Acceptance	Interest	Maturity			
Tonga Development Bank	No.	Date	Rate	Date			
60 months Term Deposit	8783	28/04/2020	3.00%	28/08/2025	<i>xiv</i>	8,000,000	-
24 months Term Deposit	8642	30/08/2019	2.00%	30/08/2021		604,596	575,806
18 months Term Deposit	8636	21/08/2019	2.00%	21/02/2021		582,397	567,996
15 months Term Deposit	8643	28/08/2019	2.00%	28/02/2021		615,127	598,273
18 months Term Deposit	8638	23/08/2019	2.00%	23/02/2021		626,030	607,321
24 months Term Deposit	8471	28/09/2018	2.00%	28/09/2020		1,674,268	1,674,268
24 months Term Deposit	8472	29/09/2018	2.00%	29/09/2020		168,806	168,806
15 months Term Deposit	8411	06/08/2018	1.75%	06/11/2019		-	5,567,715
60 months Term Deposit	8598	14/05/2019	2.10%	14/05/2024		43,150	43,150
TOTAL NON CURRENT INVESTMENTS						12,314,374	9,803,334
<i>Total Treasury Deposit Investments</i>						29,945,883	14,658,626

Notes	Description
<i>xii</i>	A matured non-current investment that was reinvested in a current investment.
<i>xiii</i>	Additional \$7m was termed to increase the overall balance of the Sinking Funds. This is to build cash reserve to cater for future external debt payments.
<i>xiv</i>	A new term deposit of \$8m was funded from Government cash reserve.

km
26/2
26/2

Government of the Kingdom of Tonga

7.2. EQUITY INVESTMENT

	No. Of Shares	Price per Percentage		Notes	2019-20	2018-19
		Share	Holding		\$	\$
Air Pacific Limited	70,400	1.10	0.27%		77,222	77,222
<i>Shares - minority holdings (at cost)</i>					<u>77,222</u>	<u>77,222</u>
Ocean Royal Shipping Company Limited (USD575,040 at 6% interest)				xv	1,397,680	1,386,892
<i>Investment in other companies</i>					<u>1,397,680</u>	<u>1,386,892</u>
		Price per Percentage				
<u>Public Enterprises</u>	No. Of Shares	Share	Holding		2019-20 \$	2018-19 \$
Tonga Development Bank	2,200,000	10.00	60%		22,000,000	22,000,000
Tonga Communications Corporation	14,243,639	1.00	100%		14,243,639	14,243,639
Tonga Market Corporation Limited	1,600,000	1.00	100%		1,600,000	1,600,000
Tonga Airports Limited	36,543,226	1.00	100%		36,543,226	36,543,226
Waste Authority Limited	900,000	1.00	100%		900,000	900,000
Tonga Power Limited	1,031	32,768	100%		33,783,595	33,783,595
Tonga Post Limited	1,907,915	1.00	100%		1,907,915	1,907,915
Tonga Asset Managers & Associates Limited	1,761,707	1.00	100%		1,761,707	1,761,707
Tonga Cable Ltd	29,556,887	1.00	67%		29,556,887	29,556,887
Friendly Islands Shipping Agency	400,000	1.00	100%		400,000	400,000
<u>Statutory Board</u>						
Ports Authority Tonga			100%		10,949,097	10,949,097
Tonga Broadcasting Commission			100%		475,404	441,081
Tonga Water Board			100%		2,065,040	2,065,040
<i>Total Investment in Public Enterprises</i>					<u>156,186,510</u>	<u>156,152,187</u>
TOTAL EQUITY INVESTMENTS					<u>157,661,412</u>	<u>157,616,301</u>

Notes	Descriptions
xv	Investment in Ocean Royal Shipping Company Limited converted with exchange rate as at 30 June, 2020.

Kuy
26/2
26/2

Government of the Kingdom of Tonga

7.3. PROPERTY, PLANT & EQUIPMENT

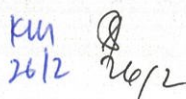
The value of property, plant and equipment presented reflects the historical cost recorded, with the movement in value of such assets being the amount of capital expenditure to acquire new assets during the year. However, the data presented are considered to be very conservative estimates of the value of the government assets, as they mostly related to assets acquired through loan and other related funds. These estimates of the value of property, plant and equipment are included for transparency purposes.

	Notes	Property, Land and Buildings \$	Other Asset \$	Total \$
Cost				
At 1 July 2019		68,638,991	186,335,134	254,974,125
Additions		-	34,306,961	34,306,961
Disposals / Transfers		-	-	-
<i>At 30 June 2020</i>		<u>68,638,991</u>	<u>220,642,095</u>	<u>289,281,086</u>
Depreciation				
At 1 July 2019		-	-	-
Charge for the year		-	-	-
Disposals / Transfers		-	-	-
<i>At 30 June 2020</i>		<u>-</u>	<u>-</u>	<u>-</u>
Book value				
At 30 June 2019		<u>68,638,991</u>	<u>186,335,134</u>	<u>254,974,125</u>
At 30 June 2020		<u>68,638,991</u>	<u>220,642,095</u>	<u>289,281,086</u>

The Ministry is working with Ministries, Department and Agencies to record non-financial assets to ensure that the available data is more complete and reflective of the current value and thus enabling of the calculation of depreciation.

AUTHORISATION DATE

These Part 1 Financial Statements as required by IPSAS and associated Part 2 other Financial Statements required by the Public Finance Management Act for the Government of Tonga, were authorized on 26th February, 2021 by Hon. Tevita Lavemaau, Minister for Finance.



 km
 26/2

Government of the Kingdom of Tonga

Schedule 8

STATEMENT OF REVENUE FOR THE 5 PROCEEDING YEARS

The following statistical data is for information purposes only, it is not required by IPSAS Cash Basis.

Operating Receipts for the proceeding Five (5) financial years: 2015/16 – 2019/20

	2019-20	2018-19	2017-18	2016-17	2015-16
	\$	\$	\$	\$	\$
Income Tax	52,469,914	55,230,931	48,843,712	46,107,332	35,778,118
Trade Taxes	18,081,012	24,334,876	22,427,110	19,882,782	19,483,584
Taxes on Goods and Services	95,014,441	94,773,254	93,158,292	83,380,473	74,890,797
Excise Tax	64,010,289	59,040,231	63,231,202	57,254,907	45,114,877
Domestic Fees and Licensing	28,103,212	28,783,696	25,164,400	21,777,426	23,874,969
Entrepreneurial and Property Income	21,226,556	8,681,515	10,870,196	11,380,589	10,708,147
Miscellaneous Revenue	1,648,605	2,407,024	2,658,684	3,654,826	1,706,934
Transfer and Bond Receipts	32,350,878	15,643,329	14,729,835	11,320,364	19,784,407
Revolving Fund	199,012	1,643,018	857,637	28,500	3,038,300
Budget Support	37,566,851	34,906,637	14,368,625	37,844,766	33,087,926
TOTAL RECEIPTS	350,670,768	325,444,510	296,309,691	292,631,965	267,468,059

Handwritten signature and date: 26/2

STATEMENT OF EXPENDITURE FOR THE 5 PRECEDING YEARS

Operating Payments for the preceding Five (5) financial years: 2014/2015 – 2018/2019

	2019-20	2018-19	2017-18	2016-17	2015-16
	\$	\$	\$	\$	\$
Palace Office	4,273,754	4,017,382	3,862,647	3,647,661	3,735,639
Legislative Assembly	11,164,008	10,970,734	8,139,561	6,975,761	3,978,807
Audit Office	1,488,797	1,574,884	1,490,410	1,764,486	1,699,377
Office of the Ombudsman	1,339,554	1,592,390	1,458,679	1,319,833	860,130
Ministry of Foreign Affairs & Trade	9,667,458	10,198,084	10,154,980	9,762,747	8,965,792
His Majesty's Armed Forces	10,052,839	9,744,385	9,438,486	9,070,839	8,488,680
Prime Minister's Office	3,749,823	3,505,769	3,089,603	2,285,764	2,089,575
Ministry of Finance & National Planning	84,811,320	72,328,660	61,563,167	67,339,984	73,983,411
Ministry of Revenue and Customs	8,559,863	9,204,791	9,569,225	6,777,589	5,933,767
Ministry of Public Enterprises	1,151,178	1,282,810	1,372,046	1,250,599	1,143,502
Ministry of Commerce, Tourism and Labour	5,427,975	5,438,970	5,391,991	4,075,644	5,717,377
Ministry of Justice	10,565,368	10,470,793	9,345,613	5,061,622	4,596,735
Attorney General's Office	2,793,105	2,550,341	3,131,426	1,984,466	1,999,596
Ministry of Police, Prisons & Fire Services	13,645,396	12,230,262	11,639,304	15,038,699	13,422,178
Ministry of Health	43,543,393	42,757,255	39,421,111	35,817,602	32,852,267
Ministry of Education & Training	56,558,341	50,572,560	47,181,821	45,173,121	41,250,104
Ministry of Internal Affairs	7,257,305	8,648,032	7,634,881	7,664,205	6,867,438
Ministry of Agriculture, Food, Forests	9,251,428	9,901,303	7,315,937	7,456,855	8,697,845
Ministry of Infrastructure	23,755,808	14,196,380	17,266,348	12,856,956	8,493,897
Ministry of Lands & Natural Resources	4,788,804	4,197,496	3,957,155	4,031,509	2,855,625
Public Service Commission	1,756,814	1,993,630	1,814,010	1,500,512	1,241,995
Bureau of Statistics	2,889,570	2,920,044	2,204,903	2,876,752	1,532,054
Ministry of Meteorology, Energy, Information, Disaster Management, Environment,	7,573,895	7,818,509	6,719,234	6,156,108	4,763,449
Ministry of Fisheries	4,250,720	3,835,058	3,616,699	2,843,920	-
Ministry of Tourism	4,139,805	4,681,528	4,517,264	-	-
TOTAL PAYMENTS	334,456,321	306,632,049	281,296,502	262,733,234	245,169,239

