

2006

**Ministry of Finance
Annual Report 2006**



Ministry of Finance
Nuku'alofa
TONGA

5th September, 2007

His Majesty
King George Tupou V
The Royal Palace
NUKU'ALOFA

Your Majesty

I have the honour to submit to Your Majesty, pursuant to clause 51 of the Constitution, the Annual Report of the Ministry of Finance for the year 2006.

I have the honour to be,

Your Majesty's Humble Servant

A. T. T. Utoikamanu
Siosua T. T. 'Utoikamanu
Minister for Finance



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1 Ministry of Finance

1.1 Vision

To create a fiscal and macro economic environment that accelerates economic and social development and increases the overall standard of living of the people of Tonga.

1.2 Mission

The mission of the Ministry of Finance is to serve as the key economic and financial policy adviser to the Government and ensure high standards of financial and economic management in government.

Prudent fiscal and economic management including the formulation and implementation of fiscal and economic policies and programmes that foster growth will create jobs and strengthen the economy and social well being of Tonga.

1.3 Mandate

The Ministry's mandate is to support the Minister for Finance in carrying out his core functions and statutory responsibilities, by:

- i. providing the best possible analysis and policy advice on economic and financial issues, options and their implications;
- ii. providing leadership in the formulation and management of the Government's annual Programme Budget, with due attention to the Government's economic, social and other goals of the financial and economic position of the Kingdom;
- iii. providing the highest standards of financial management in respect of the Government's revenues and expenditures, in increasingly cost-effective ways;
- iv. ensuring the prompt and effective collection of revenues, with the highest standards of integrity and efficiency;
- v. providing and disseminating of essential statistical information on the economy, government and people of Tonga;
- vi. implementing government decisions with the highest professionalism, timeliness and attention to detail;
- vii. communicating the economic and financial issues, possible options and government decisions within and outside government, in the clearest way possible, and acting as an effective conduit for the views of economic participants in all parts of the Kingdom;
- viii. establishing and maintaining high quality support systems and human resource planning and development in order to be able to carry out these functions; and
- ix. assisting the Minister in his role as a key policy Minister of the Government, by acting as a central agency of government in assessing the economic and financial implications of major

policy proposals and, with other central agencies, assist Ministers in establishing a priority planning framework.

1.4 Highlights of the Year

i. *Development Partners' Forum:*

The Ministry led the preparation of the Development Partners' Forum held in Nuku'alofa on 27th July 2006. Major topics included the socio-economic and political context, and an update on the implementation of reform, and government priorities for assistance.

ii. *Business Recovery Multi Donor Assessment:*

The Staff of the ministry continued to assist with a Tonga Business Recovery Multi donor assessment mission that was held from 11-15 December 2006.

iii. *Implementation of Regulatory Reform*

A Ministry staff member was engaged to work with a Technical Assistant Expert, funded by the World Bank, to undertake the assessment of regulatory issues that the private sector perceive as impediment to business development. The Ministry of Labour Commerce and Industries and Ministry of Justice have substantial involvement in this reform initiative.

iv. *Corporatisation of Government Departments:*

The staff of the ministry continued to work with the World Bank, on legal matters, feasibility studies and the course of corporatising Talamahu Market, Tonga Airports Ltd and the Tonga Post.

v. *Procurement Reform and Capacity Building Project:*

A staff member from the Economic & Budget Division collaborated with a World Bank legal consultant to complete the drafting of the Procurement Bill and Regulations which were started in 2005. A second procurement workshop was held for all government ministries and departments on the interim procurement policy. This is an attempt to provide control over the manner in which public money, whether it is government or development partner funding, is spent, help achieve cost-savings and value for money on procurement throughout the public sector and contribute to maximization of the utilization of the Nation's available resource.

vi. *Involvement in Major Projects/Programmes:*

The Economic & Budget Division continued to be involved in several task forces and working groups to implement major development projects including the World Bank funded Health Project, and the World Bank/New Zealand funded Tonga Education Support Programme (TESP).

vii. *Government of Tonga Network (GoTNET):*

The Division continued to maintain and expand the GoTNET. The staff engaged busily on fixing the badly damaged section of the GoTNET from the November 16 civil unrest. The section is now restored and fully functional.

viii. *Workshops and Trainings:*

The Treasury Operations Division provided training support workshops to strengthen the Financial Accounting System within Government and improve financial reporting within line ministries.

ix. *Voluntary Redundancy:*

The Government of Tonga Redundancy Program came into effect on 1st July, 2006.

x. *New Ministry:*

The Cabinet approved on 4th October, 2006 the establishment of a new ministry namely the Ministry of Public Enterprises with a new Minister, the Hon 'Otenifi Afu'alo Matoto, to implement the *Public Enterprise Act, 2002*. Prior to this, the Public Enterprise Division had been under the Hon Minister for Finance.

1.5 Civil Unrest

The events of November 16th 2006 left its mark on the Ministry. The Treasury building was amongst the government buildings to be attacked on that particular day. Staff within the building at the time, (approximately 2 pm) were caught by surprise when rocks and pieces of timber were thrown at the building. Three of the ministry's vehicles were smashed and two were overturned. Furthermore the outer offices of the Treasury building including the Minister's office, senior staff offices and back offices were broken into resulting in the removal of property and damage of equipment. Staff narrowly escaped personal injury as they dodged rocks and flying debris evacuating the building. Physical damage to the building included damage to a stand-by generator, the rain water tank, three air-conditioning and 16 windows. The estimated cost of damages incurred by the Ministry was \$150,000. The result of trauma caused to the staff and loss of access to the central data affected the ability of the Ministry to fulfill its obligations under the PFMA.

As a result of the civil disorder, the Government imposed Emergency Regulations and Restricted Zone to restore public order. The restrictions meant limited access to the Ministry and the subsequent relocation of the salaries section to T.M. Fifita building for a few months.

2 Government Finance

2.1 Recurrent Revenue

The total revenue collected during the financial year ending 30 June 2006 amounted to \$147.5 million¹. This reflects an increase of \$29.8 million or 25.3% as compared to the \$117.7 million collected during 2004/2005.

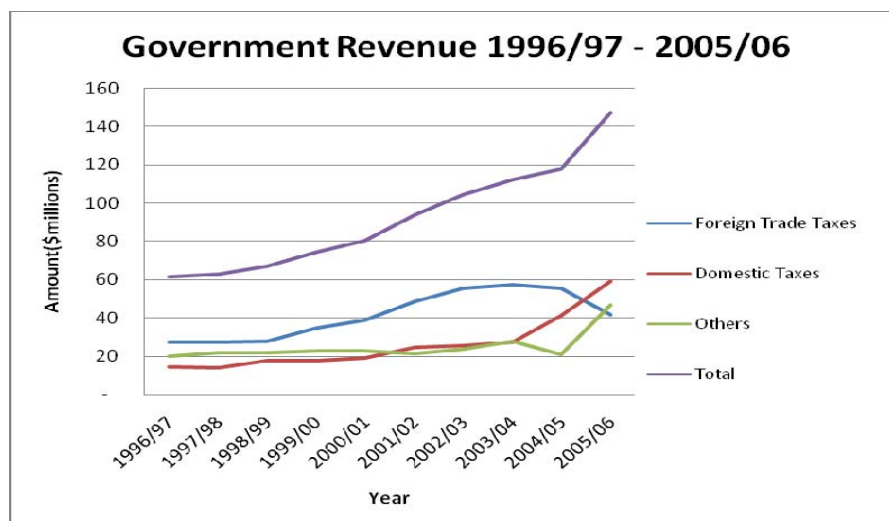


Figure 1: Government Revenue 1996/97-2005/06

The comparative statement in Table 1, given below shows the amount of Government revenue collected during the last ten years. Figure 1, depicts the same information graphically.

Table 1: Government Revenue 1996/97 - 2005/06

| Year | Foreign Trade Taxes(\$) | Domestic Taxes(\$) | Others(\$) | Total(\$) |
|---------|-------------------------|--------------------|------------|-------------|
| 1996/97 | 27,231,170 | 14,469,290 | 19,776,140 | 61,476,600 |
| 1997/98 | 27,132,550 | 13,882,720 | 21,687,170 | 62,702,440 |
| 1998/99 | 27,513,660 | 17,589,220 | 21,804,800 | 66,907,680 |
| 1999/00 | 34,414,139 | 17,660,013 | 22,509,678 | 74,583,830 |
| 2000/01 | 38,819,007 | 19,033,201 | 22,662,810 | 80,515,018 |
| 2001/02 | 48,431,426 | 24,365,816 | 20,995,737 | 93,792,979 |
| 2002/03 | 55,466,499 | 25,481,574 | 23,548,027 | 104,496,101 |
| 2003/04 | 57,419,645 | 27,190,279 | 27,710,350 | 112,320,275 |
| 2004/05 | 55,769,898 | 41,074,579 | 20,901,259 | 117,745,736 |
| 2005/06 | 41,753,421 | 58,966,330 | 46,827,471 | 147,547,222 |

Source: Ministry of Finance
The figures for 2005/2006 are provisional.

¹The figures for 2005/06 are provisional.

The Consumption Tax of \$50.3 million was the highest single source of revenue collected during the year, followed by Import Duties of \$41.5 million and Income Tax of \$27 million. The major sources of revenue for the past five years are outlined in Table 2 with the percentages indicating each source's share of total revenue.

Table 2: Major Sources of Revenue 2001/02 - 2005/06

| | 2001/02 | | 2002/03 | | 2003/04 | | 2004/05 | | 2005/06 | |
|---------------------------------|-------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Import Duties | 24,979,111 | 27 | 27,977,025 | 27 | 30,118,194 | 27 | 34,241,685 | 29 | 41,549,896 | 28 |
| Port & Service Tax | 23,172,644 | 25 | 27,221,836 | 26 | 27,018,315 | 24 | 21,302,943 | 18 | 476,110 | 0 |
| Income Tax | 15,377,463 | 16 | 15,523,989 | 15 | 16,348,144 | 15 | 20,583,175 | 17 | 27,002,499 | 18 |
| Retail Sales Tax ⁽¹⁾ | 7,624,427 | 8 | 8,468,849 | 8 | 9,040,156 | 8 | 8,347,698 | 7 | 1,587,638 | 1 |
| Consumption Tax | | | | | | | 10,300,055 | 9 | 50,344,703 | 34 |
| Sub-Total | 71,153,645 | 76 | 79,191,698 | 76 | 82,524,809 | 73 | 94,775,556 | 80 | 120,960,845 | 82 |
| Other ⁽¹⁾ | 22,639,333 | 24 | 25,304,402 | 24 | 29,795,466 | 27 | 22,970,180 | 20 | 26,586,377 | 18 |
| TOTAL | 93,792,979 | 100 | 104,496,101 | 100 | 112,320,275 | 100 | 117,745,736 | 100 | 147,547,222 | 100 |

Source : Ministry of Finance
The figures for 2005/2006 are provisional.

2.2 Recurrent Expenditure

The actual expenditure for the financial year ending 30 June 2006 amounted to \$159.7 million. This reflects an increase of \$48.5 million in spending as compared to total expenditure of \$111.2 million in 2004/2005, which is basically due to the Voluntary Redundancy Package payments in June 2006.

Figure 2 shows the trend in total expenditure for the past five years.

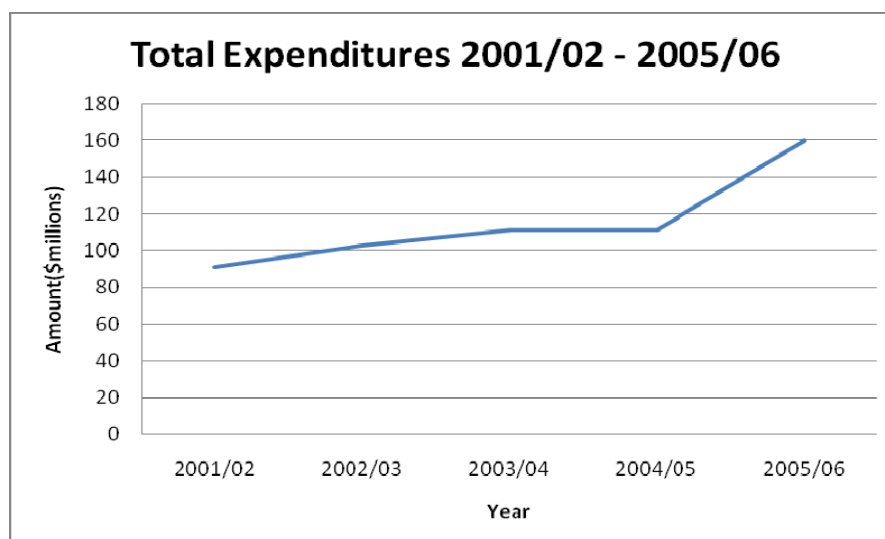


Figure 2: Total Expenditures 2001/02 - 2005/06

2.3 Financial Accounting Balances

The comparative statement given in Table 3 and depicted graphically in Figure 3 shows the total recurrent revenue and expenditure on the Recurrent Budget for the last ten years.

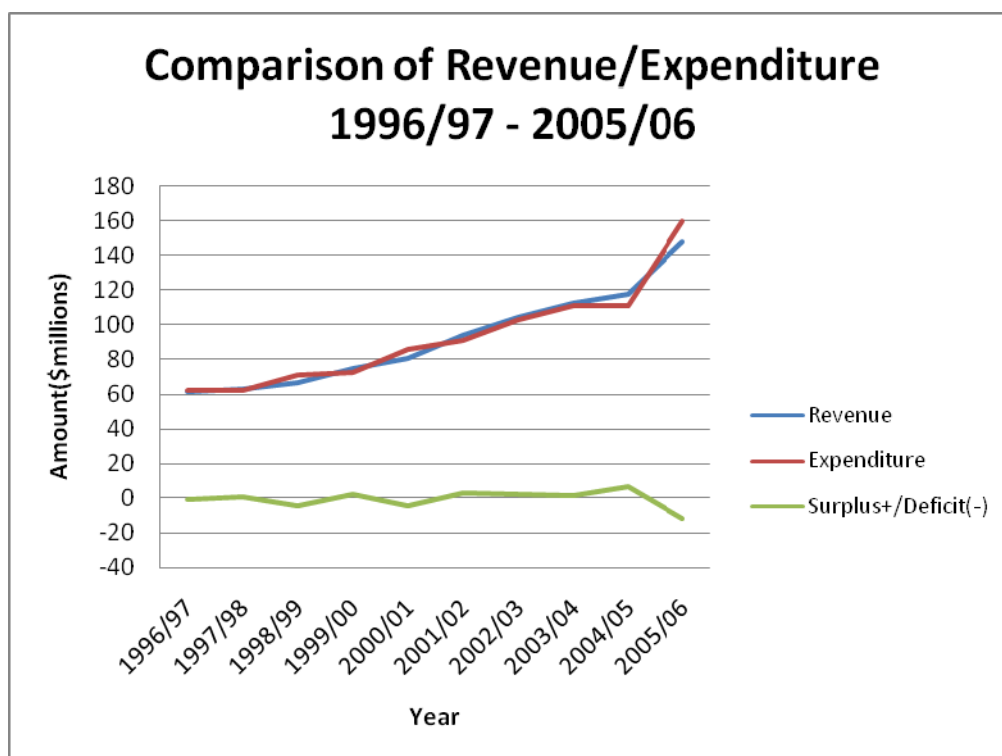


Figure 3: Comparison of Revenue/Expenditure 1996/97-2005/06

The recurrent cash balance for the year ended 30 June 2006 was a deficit of \$12.2 million compared to a surplus of \$6.5 million in the previous year. The cumulative recurrent cash balance for the year ending 30 June 2006 was \$1.4 million.

Table 3: Comparison of Revenue/Expenditure 1996/97 - 2005/06

| Year | Revenue(\$) | % Increase /Decrease(-) | Expenditure(\$) | % Increase /Decrease(-) | Surplus+/Deficit(-)(\$) |
|---------|-------------|-------------------------|-----------------|-------------------------|-------------------------|
| 1996/97 | 61,476,600 | (4.90) | 62,250,953 | (0.80) | (774,353) |
| 1997/98 | 62,702,440 | 1.99 | 62,353,178 | 0.16 | 349,262 |
| 1998/99 | 66,907,680 | 6.71 | 71,452,756 | 14.59 | (4,545,076) |
| 1999/00 | 74,703,181 | 11.65 | 72,723,059 | 1.78 | 1,980,122 |
| 2000/01 | 80,515,017 | 7.78 | 85,526,372 | 17.61 | (5,011,355) |
| 2001/02 | 93,792,979 | 16.49 | 90,721,732 | 6.07 | 3,071,247 |
| 2002/03 | 104,496,102 | 11.41 | 102,787,886 | 13.30 | 1,708,216 |
| 2003/04 | 112,320,275 | 7.49 | 110,811,375 | 7.81 | 1,508,900 |
| 2004/05 | 117,745,737 | 4.83 | 111,226,017 | 0.37 | 6,519,720 |
| 2005/06 | 147,547,222 | 25.31 | 159,744,441 | 43.62 | (12,197,219) |

Source : Ministry Of Finance, Government of Tonga Public Accounts

Figures for 2005/2006 are provisional only

¹ Percentage increase/decrease over previous year.

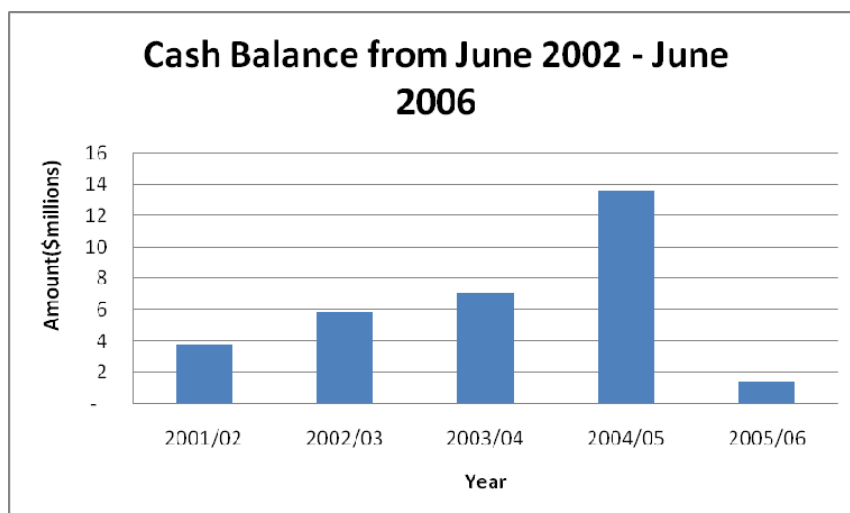


Figure 4: Cash Balance from June 2002 to June 2006

Details of the cumulative cash balance showing comparative figures from June 2002 to June 2006 are given in Table 4, and the same information is depicted graphically in Figure 4. The cumulative recurrent cash balance at 30 June 2006 does not include the balance of the Development Fund, the accumulated proceeds in Revolving Funds or other Government businesses.

Table 4: Cumulative Recurrent Cash Balance 2001/02 - 2005/06

| | 2001/02(\$) | 2002/03(\$) | 2003/04(\$) | 2004/05(\$) | 2005/06(\$) |
|-----------------------------|------------------|------------------|------------------|-------------------|------------------|
| Balance as at 1st July | 4,643,037 | 3,746,650 | 5,829,745 | 7,059,300 | 13,579,020 |
| Adjustments | (3,967,634.00) | 374,881 | (279,345) | | |
| | 675,403 | 4,121,531 | 5,550,400 | 7,059,300 | 13,579,020 |
| Surplus/(Deficit) | 3,071,247 | 1,708,216 | 1,508,900 | 6,519,720 | (12,197,219) |
| Balance at 30th June | 3,746,650 | 5,829,747 | 7,059,300 | 13,579,020 | 1,381,801 |

Source: Ministry of Finance, Government of Tonga, Public Accounts (2005/06 figures are provisional).

3 The Development Fund

3.1 Development Fund Expenditure

The actual development fund expenditure for the year ending 30 June 2006 amounted to \$23.9 million. As compared to the Estimate, this is \$11 million less than the \$34.9 million provided for in the 2005/2006 approved development estimates. Actual expenditure represents 68.5 percent of the approved Development Estimates; this is mainly due to the fact that a large number of estimates do not match funding availabilities.

It should be noted that these figures only represent cash funds that comes through Treasury accounts. Donors paying for goods and services directly, without the involvement of the Treasury, also finance development projects. These payments usually relate to materials, equipment and technical assistance from overseas and aid from non-government organizations.

Table 5 shows the actual expenditures on the development votes as compared with the approved 2005/2006 Development Estimates.

Table 5: Comparison of Actual with Approved Development Fund Expenditure 2005/2006

| Vote | Ministry | Estimate 2005/2006(\$) | Actual Expenditure(\$) | (Under) /Excess over Estimate(\$) |
|--------------|---|---------------------------|---------------------------|--------------------------------------|
| 01 | Palace Office | 2 | - | (2) |
| 02 | Legislative Assembly | - | 37,846 | 37,846 |
| 03 | Prime Minister's Office | 8,015 | 22,526 | 14,511 |
| 04 | Ministry of Foreign Affairs | 4,127,165 | 2,612,386 | (1,514,779) |
| 05 | Governor of Ha'apai | 3 | - | (3) |
| 06 | Governor of Vava'u | 2 | - | (2) |
| 07 | Ministry of Lands, Survey & Natural Resources | 10,040 | 721,758 | 711,718 |
| 08 | Ministry of Forestry | 240,983 | 10,898 | (230,085) |
| 09 | Commissioner of Public Relations | - | - | - |
| 10 | Ministry of Justice | - | 31,811 | 31,811 |
| 11 | Ministry of Police | 180,007 | 112,983 | (67,024) |
| 12 | Crown Law | - | - | - |
| 13 | Tonga Defense Services | 3 | 214,062 | 214,059 |
| 14 | Ministry of Finance | 2,267,067 | 12,419,881 | 10,152,814 |
| 15 | Revenue Services Department | 275,007 | 668,451 | 393,444 |
| 16 | Statistics Department | 137,611 | - | (137,611) |
| 17 | Public Service Commission | - | - | - |
| 18 | Audit Department | 1 | - | (1) |
| 19 | Ministry of Education | 9,333,563 | 1,445,658 | (7,887,905) |
| 20 | Ministry of Health | 11,064,938 | 593,969 | (10,470,969) |
| 22 | Prisons Department | 111,212 | 108,935 | (2,277) |
| 23 | Ministry of Agriculture and Food | 821,711 | 574,408 | (247,303) |
| 24 | Ministry of Fisheries | 613,670 | 363,102 | (250,568) |
| 25 | Central Planning Department | 605,002 | 670,380 | 65,378 |
| 26 | Ministry of Labour, Commerce & Industries | 160,020 | 68,667 | (91,353) |
| 27 | Tonga Visitors Bureau | 375,395 | 321,003 | (54,392) |
| 28 | Ministry of Works | 2,319,876 | 1,906,448 | (413,428) |
| 29 | Environment Department | 2,263,775 | 1,000,450 | (1,263,325) |
| 30 | Ministry of Civil Aviation | 13 | - | (13) |
| 31 | Marine and Ports | - | 14,763 | 14,763 |
| Total | | 34,915,081 | 23,920,385 | (10,994,696) |

Source: Ministry of Finance, Government of Tonga Public Account 2005/2006 (figures are provisional)

3.2 Development Fund Receipts

Development funds received total cash for the year ending 30 June 2006 of \$16.8 million. This only covers the cash component of the aid funded by donors and cash received from local

sources. Most donors provided substantial amounts of assistance as in-kind goods. The Ministry of Finance is responsible for the coordination of the assistance provided from multilateral agencies that provide loans and related technical assistance. Refer to Table 6 for details.

Table 6: Sources of Development Fund Receipts 2005/2006

| Source | \$ |
|--|-------------------|
| Bilateral and Multilateral Sources | |
| New Zealand | 4,558,162 |
| Australia | 1,091,212 |
| People's Republic of China | 173,061 |
| European Union | 3,244,405 |
| World Bank | 1,826,262 |
| United Nations Family Planning Association | 40,015 |
| Miscellaneous | 985,729 |
| Sub-Total | 11,918,846 |
| Local Sources | |
| Local Community Fund | 472 |
| Revolving Fund | 4,913,934 |
| Sub-Total | 4,914,406 |
| Total | 16,833,252 |

Source: Ministry of Finance, Government of Tonga Public Account 2005/2006 (figures are provisional)

Table 7 comments on sources and types of development fund receipts administered by Treasury. Substantial in-kind aid was also received in the form of technical assistance, equipment, materials and training. These in-kind flows from various donors such as New Zealand, Australia, Japan, UNDP, FAO, CFTC and ADB do not pass through Treasury accounts.

Table 7: Comments on Sources & Type of Development Fund Receipts 2005/06

| Source | Type of Assistance |
|---|--|
| Bilateral and Multilateral Sources | |
| New Zealand Government Aid | The total cash grants received during the year ending 30 June 2006 was \$4.6 million. New Zealand also provide large amount of in-kind assistance. |
| Australian Government Aid | The Kingdom continued to receive a high level of assistance from the Australian Government. It contributed \$1.1 million to the Development Fund during the year ending 30 June 2006. Australia also provides large amounts of In-kind assistance. |
| People's Republic of China | Various grants amounting to \$173,061 were received from the People's Republic of China. |
| European Union | Funding of \$3.2 million was received from European Union for the Vava'u Social Sector Support Project. |
| World Bank | The Kingdom received \$1.8 million from the World Bank for operational activities for the Cyclone Emergency Recovery Management Project and Health Sector Support Project. |
| United Nations Family Planning Association. | The UNFPA provided \$40,015 cash grants for the year ending 30 June 2006. |
| Miscellaneous | Contribution from various donors such as Japan, FFA, WHO, SPREP, UNDP and others. |
| Local Sources | |
| Local Community Fund | A grant of \$472 was received from the Local Community. |
| Revolving Funds | Total revenue of \$4.9 million was generated from the Revolving Funds. |

Source: Ministry of Finance, Government of Tonga Public Account 2005/2006 (figures are provisional)

3.3 Development Fund Balance

The 2005/06 financial year began with a surplus balance in the fund of \$30.9 million. The balance at the end of June 2006 was \$23.8 million.

4 Organizational Structure

Organizational Structure of the Ministry of Finance as of January 2006.

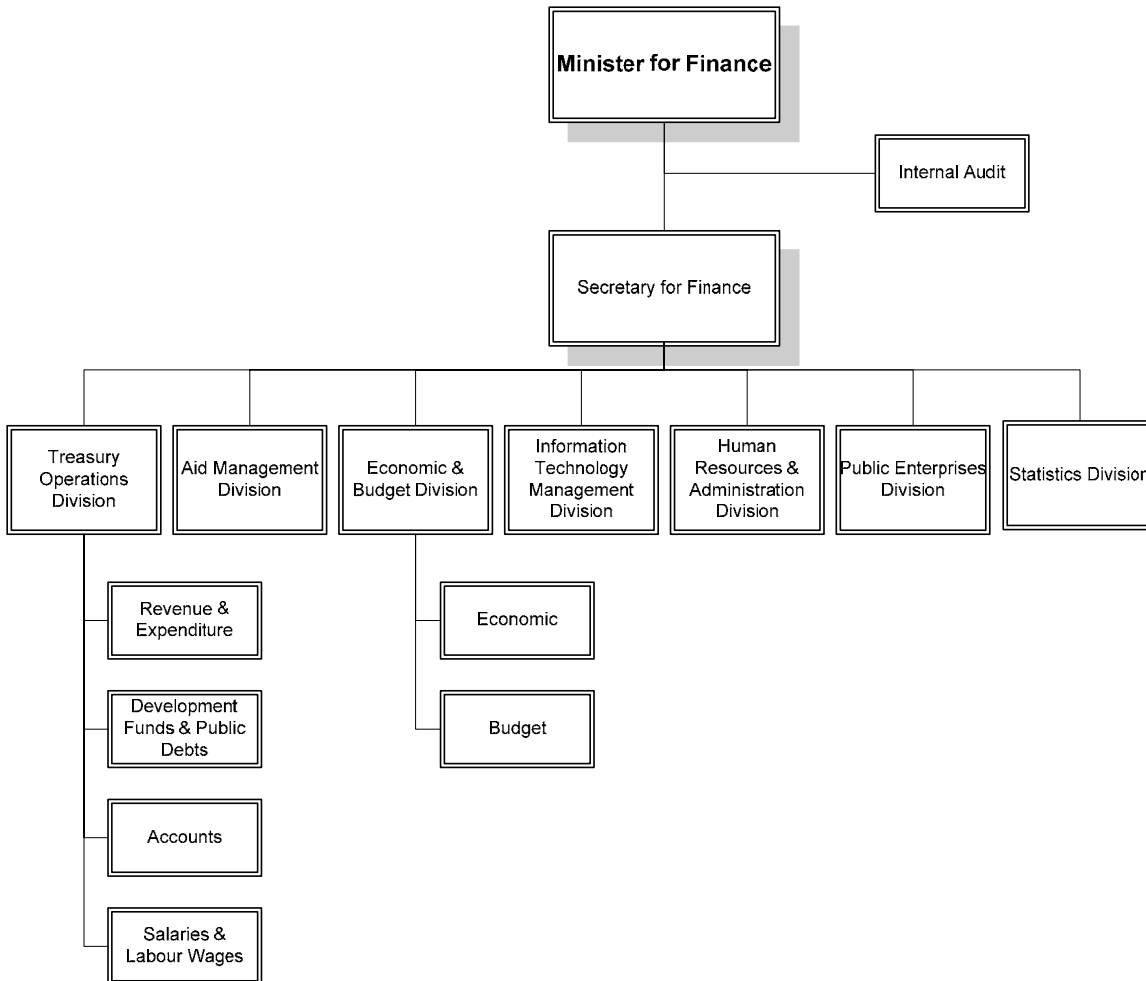


Figure 5: Ministry of Finance Organisational Structure

5 Organizational Responsibilities

5.1 Human Resource & Administration Division (HRAD)

5.1.1 Core Functions

The core functions include:

- i. providing the central human resource management capability of the Ministry, including the preparation of an annual training needs assessment and Staff Development Plan, coordinating an annual staff performance assessment, and directing the Ministry's training function;
- ii. administering, managing and controlling the Ministry's physical facilities and resources, and ensuring adequate security to meet the Ministry's needs;
- iii. coordinating the planning and management function for the Ministry, including the Corporate Plan;
- iv. coordinating the preparation of the Annual Report; and
- v. developing and maintaining the Ministry's central support services, including central registry, information centre and library, conference room and training facilities, and transport, as well as appropriate processes, procedures and standards for work instruments and correspondence formats to ensure a high standard of professionalism in the Ministry's internal support services and work flow and its internal and external communications.

5.1.2 Activities

The division staff was also involved in these activities:

- i. *Annual Report:*
The division was responsible for facilitation and coordination of the preparation of the Ministry's Annual Report for 2005.
- ii. *Budget 2006/07:*
The staff assisted the Economic and Budget Division in the preparation of the Budget 2006/07.
- iii. *Corporate Plan – Annual Management Plan:*
The division coordinated and assisted with completion of the draft Corporate Plan 2006/07 to 2007/08 and its implementation.
- iv. *Staff Related Matters:*
HRAD was responsible for staffing matters.
- v. *Ordering goods:*
HRAD generally processes the ministry's purchase orders and receives goods from suppliers.
- vi. *Building, Vehicles and Grounds Maintenance:*
Throughout the year, HRAD continued to look after the general maintenance of vehicles, building facilities, grounds. This includes the removal and disposal of obsolete materials.

5.1.3 Division Staff

In the course of the year, the staff of HRAD was under the supervision of two different heads. From January through 30th June, the staff in HRAD was under the supervision of the Deputy Secretary for Finance who headed the Economic and Budget Division. From 1st July through 31st December, 2006 the Division was under the direct supervision of the Secretary for Finance.

A total of 11 staff worked in this section for the first half of the year. However, since the Government of Tonga Redundancy Programme came into effect on 1st July, 2006, seven staff remain to carry out the functions of the Division.

5.1.4 Training Courses & Overseas Travel

There were no overseas nor local courses or training available during the year.

5.2 Information Technology Management Division

5.2.1 Core Functions

The core functions include:

- i. guiding and enhancing the work of the Ministry support services and personnel.
- ii. strengthening the Ministry's capacity to undertake its essential functions through supporting and guiding the computerized information management systems on which the Ministry increasingly depends for its data gathering, economic and financial analysis, report and document preparation and financial management;
- iii. providing leadership in the development of an appropriate information management strategy for the Government and the extension of computerized financial management systems in line ministries and departments;
- iv. managing the operations of the computerized accounting and payroll systems and other systems for which the Division has been assigned responsibility, and advising on the development of those or new systems;
- v. ensuring the security and integrity of all data held on the Ministry's Local Area Network and other computer equipment.

5.2.2 Activities

The division staff was also involved in these activities:

- i. *Annual Report:*
The division was responsible for facilitating and assisting in the preparation of the Ministry of Finance's Annual Reports for 2005.
- ii. *Budget:*
The Division assisted the Budget Unit in the preparation of the Budget 2006/07.
- iii. *Government of Tonga Network(GoTNET):*

The division continued to maintain and expand the GoTNET. A section of the GoTNET was badly damaged due to the November 16 riot. This section has been restored and it is fully functional.

5.2.3 Division Staff

The staff movements in the division are as follow:

- i. The Deputy Secretary (IT Division) Mr. Siaosi Sovaleni took part in the Government's Redundancy program.
- ii. System Analyst, Mr. Pauli Kautoke resumed work after successfully completing his Masters degree in Computer Science at the University of Queensland, Australia.
- iii. Computer Programmer, Mr. Havea Hikule'o Fonua took part in the Redundancy Program.
- iv. Computer Operator Grade I, Mr. Kaua Matoto is currently studying for his BSc. in Computer Science at the Univeristy of the South Pacific in Suva, Fiji.
- v. Computer Operator Grade II, Mrs Siulolo Mesake took part in the Redundancy Program.

5.2.4 Training Courses & Overseas Travel

Web Application Specialist (Open Source) for e-Government promotion (April - September 2006)

5.3 Economic & Budget Division

5.3.1 Core Functions

The core functions of the Economic and Budget Division are to:

- i. provide direction in the overall design and policy framework for the Budget, and produce of the government's Budget Statement;
- ii. prepare the Budget Estimates and monitor the budget expenditures and revenues;
- iii. prepare the Performance Indicators of each ministry in consultation with them;
- iv. support and strengthen macroeconomic and fiscal management;
- v. develop and maintain an up-to-date understanding of the Tongan economy: in the real sector, external, monetary and fiscal sector;
- vi. advise on the direction and effectiveness of the Government's sector policies and programmes and the consistency of the public sector investment programme and the programme budget submissions of ministries and departments with the Government's development priorities;
- vii. develop the tax policy framework and initiatives that reduce the cost of tax on the economy;
- viii. provide policy direction and programme management for the Government's use of external borrowing for development purposes, including overall responsibility for the Government's relationships and international development lending institutions;
- ix. provide assistance to evaluate and monitor individual development projects, selected economic and social programmes, and government investments; and
- x. develop a legal framework for procurement activities.

5.3.2 Activities

The staffs were involved mainly in these activities:

i. *Budget Statement:*

The division prepared the budget statement after consultation with government officials and private sector.

ii. *Budget Estimates:*

The division prepared the draft Budget Estimates for 2006/07 for government endorsement and approval of the Legislative Assembly.

iii. *Review of the Budget and Economy:*

The division prepared half-yearly reviews of the budget and economy. These reports were useful inputs to the macroeconomic framework of the Budget Statement 2006/07.

iv. *Committees:*

Staff represented the Ministry in meetings of various government committees including; Standing Advisory Committee, Fuel Exemption Committee, 'Eua Electrification Committee and Procurement Committee.

v. *Missions:*

The division assisted various missions from aid donor countries and international financial institutions such as the International Monetary Fund, World Bank, and Asian Development Bank.

vi. *Projects/Programmes:*

The staffs were involved in task forces and working groups to implement major development projects including the World Bank funded Health Project, World Bank/NZ funded Tonga Education Support Programme (TESP).

vii. *Implementation of Regulatory Reform TA:*

This reform initiative was funded by the World Bank. It aimed at addressing regulatory issues that were perceived as impediments to private sector development. A staff in the division was the counterpart to the consultant.

viii. *Procurement Reform and Capacity Building Project:*

The project was funded by the World Bank to develop the legal framework for procurement activities in Tonga. A legal consultant was been engaged to draft the Procurement Bill and Regulations. It is envisaged that this work will be completed in 2007. A staff in the division overlooks the project.

ix. *Higher Salaries Review Committee:*

A staff in the division was the Executive Officer to the committee.

5.3.3 Division Staff

The division had seven professional staff. Out of the seven, three concentrated on macroeconomic work including the preparation of the Minister's Budget Statements, three focused on the budget estimate preparation, and one staff supervised the whole of the division work.

5.3.4 Training Courses & Overseas Travel

During the year, the staff of the Economic and Budget Division traveled overseas to attend the following courses, workshops and meetings.

- i. Higher Salary Review Committee Mission to Samoa: (February 2006)
- ii. Higher Salary Review Committee Mission to Fiji Island: (February 2006)
- iii. Public Financial Management Workshop in Brisbane, Australia: (October 2006)
- iv. Fiscal Discipline, Institutional Considerations and Public Investment Course, IMF in Washington D.C, USA: (November 2006)
- v. Forum Economic Minister's Meeting to Solomon Islands; (July 2006)
- vi. Results-focused Project Design and Management Workshop in Nadi Fiji Island; (12-16 June 2006)

5.4 Aid Management Division

5.4.1 Core Functions

The core functions of the Aid Management Division are:

- i. serving as the principal adviser to the Secretary and the Minister on aid management policies of both multilateral and bilateral donors to Tonga.
- ii. providing overall direction in the management of external aid resources including those of World Bank, ADB, IMF, UNDP, AusAID, NZAID, and Japan.
- iii. providing overall coordination of official external aid resources to Tonga including those mentioned above as well as European Union (EU), GEF (Global Environment Facility), World Health Organization (WHO) China, Canada, Pacific Regional Organizations, and other external official aid flows into Tonga.

- iv. administering Tonga's shareholdings and subscription or other payments and the relevant legislation governing Tonga's participation in Aid Donors' Board Meetings, and ensuring the timely meeting of Tonga's financial and other obligations.
- v. establishing and maintaining an aid information and data base to facilitate the policy advisory role on aid;
- vi. developing and maintaining an appropriate mechanism for donor liaison, including coordinating Tonga's participation in annual aid meetings such as the trilateral consultations between GOT, AusAID, and NZAID; World Bank and ADB's annual meetings; as well as facilitating technical working groups between GOT and aid donors to discuss ways to enhance aid effectiveness.
- vii. developing and maintaining a continuing capability and an effective mechanism for project planning and management, including project appraisal and prioritization of projects for consideration under aid programs; monitoring and evaluation of aid projects and programs to determine aid effectiveness; and reporting on progress in terms of results of aid programs.
- viii. maintaining close and effective working relationships with Treasury and Economic and Budget Divisions on aid administration (monitoring and reporting progress in terms of expenditures and compliance with reporting requirements) and ensuring that aid is reflected appropriately in the budget;
- ix. maintaining close and effective working relationships with line ministries in ensuring that aid is integrated into government's planning processes.

5.4.2 Activities

The division was mainly involved in the following activities:

i. *Policy Advice:*

Aid policy briefings were provided through the Aid Advisory Committee (AAC) to the Minister and Secretary for Finance. The division also provided the secretariat to the AAC.

ii. *Development Partners' Forum:*

The division led the preparation of the Development partners' Forum held in Nuku'alofa on 27th July 2006. Major topics included the socio-economic and political context, an update on the reform implementation, and government priorities for assistance.

iii. *Business Recovery Multi Donor Assessment:*

A Tonga Business Recovery Multi donor assessment mission was held from 11-15 December 2006 with two objectives: (i) analyse and report on the overall impacts of the 16th November civil unrest on Tongan businesses; and (ii) recommend options to the Government of Tonga and its donor partners to address the constraints upon private sector recovery.

iv. *Missions:*

The division coordinated and took the lead in assisting various missions to achieve their respective aims including AusAID, NZAID, UNDP, ADB, SOPAC, EU, JICA, Commonwealth Secretariat and PFTAC.

v. *Aid Database:*

The division, with assistance from IT staff, was instrumental in establishing and maintaining the aid database throughout the year.

vi. *Budget:*

In collaboration with the Economic & Budget Division, the division assisted in the preparation of the development estimates for incorporation into the annual budget;

vii. *SDP8:*

In collaboration with the Planning Department, the division assisted with the incorporation of aid projects and programmes into the SDP8 Strategy Matrix.

viii. *Committees:*

The division represented the Ministry in various committees in implementing various development projects including the Vava'u Development Committee (EU), National Committee on Climate Change (UNDP), National Advisory Committee on Gender and Development; Solid Waste Management Project (AusAID); 'Eua Water Supply Project (NZ AID); Niu'ui Hospital Project (AusAID, NZ AID & Japan); and the Integrated Urban Development Project (ADB).

ix. *Aid Meetings:*

The division held various aid meetings with both resident and non-resident donors during the year to discuss programme status and future aid strategies.

5.4.3 Division Staff

The division had three staff; Deputy Secretary, a Principal Economist, and a Senior Economist. An Australian Youth Ambassador joined the division for one year as part of AusAID's programme of assistance. Responsibilities for the donor programmes were divided amongst the Senior Staff.

5.4.4 Training Courses & Overseas Travel

The division participated in the following overseas meetings:

- i. Commonwealth Regional Consultative Meeting, 8-10 March 2006, Nadi, Fiji.
- ii. AusAID Launch of Pacific 2020 Report, 10th-12 May 2006, Sydney, Australia.
- iii. Commonwealth Executive Programme in Public Management, 29 May-9 June, Toronto, Canada.
- iv. ADB Result Focused Project Design and Management workshop, 12-16 June 2006, Nadi, Fiji,
- v. ADB Developing Member Countries Orientation Program, 4-22 September 2006, Manila, Philippines.
- vi. Workshop on Effective Performance in Multilateral Conferences, 27 November - 2 December 2006, Australian National University, Canberra, Australia.

5.5 Public Enterprises Division

On October 4th 2006 Hon 'Otenifi Afu'alo Matoto was appointed as Minister for Public Enterprise. The new Minister for Public Enterprise took over responsibility from the Hon Minister for Finance for implementing the Public Enterprise Act 2002.

5.5.1 Core Functions

The core functions of the Division were to:

- i. support the implementation of the Public Enterprises Act 2002;
- ii. gather non-financial and financial information on all public enterprises and effectively monitor the database of their financial performances;
- iii. develop, in consultation with other departments, appropriate policies for consideration by Government, with a view of improving the financial performances and management of Government business investments;
- iv. develop and maintain an effective monitoring and assessment capability in respect of the financial position, performance and prospects of public enterprises and government trading activities. Recommend corrective actions where necessary and also providing advice;
- v. review of the Statement of Corporate Intent, annual and half year reports from all public enterprises and also making periodic reports on financial performances of these public enterprises;
- vi. evaluate public enterprises requests for borrowing and loan guarantees in coordination with Debt Unit;
- vii. assist with corporatisation of government trading activities and also managing privatizations.
- viii. assist with the processes for appointment of directors and also advise on the process for approval of appointment of the CEO;
- ix. develop and implement governance training to educate and inform key stakeholders of the main factors that contribute to Board effectiveness, and that link of governance to organizational performance.

5.5.2 Activities

The Public Enterprise Division staff over the period was mainly involved in the following activities:

i. *Monitoring of Public Enterprises:*

Gathering and inputting baseline data required for specific monitoring, assessment and evaluation of Public Enterprises into a database; maintaining excel and access databases and manual files.

ii. *Appointment of Board of Directors to Public Enterprise Boards:*

The division made recommendations on public enterprise boards to the Hon Minister, of which fifteen Boards were changed. This also included making recommendations to the public enterprise on remunerations and employment requirements.

iii. *Budget/ Debt:*

The staff also assisted the Economics and Budget Division in following up of dividends, subsidy and grant payments made to public enterprises.

The Division met with the IMF team after having compiled requested information for them on public enterprises and assisted with their questions.

iv. *Quarterly Report:*

The staff assisted in compiling and writing its quarterly reports due to senior management, which includes reporting on the performance of public enterprises for submission to Cabinet.

v. *Corporatisation:*

The Division has been working closely with legal advisors on amendments to the Talamahu Market Legislation.

The World Bank continues to assist with the corporatisation of Tonga Airports Ltd especially in terms of carrying out a feasibility study and financing options. The Bank has conducted a preliminary study on the feasibility of a multi-sector Regulator for Tonga.

It also assisted in preparing the process for the corporatisation of Post Office. Corporatisation has been deferred for the enactment of the legislation for the new company.

Preliminary work has commenced on corporatising government quarters/houses with the completion of a draft business plan, SCI and pro- forma balance sheet. Evaluation of the properties is to be carried out.

vi. *Privatization:*

Progress was made on the following:

- Sale of Frisco and Primary Produce which are subsidiaries of Tonga Investment Ltd.
- Valuation of government shares in Leiola Duty Free.
- Valuation of government shares in Westpac Bank of Tonga.

vii. *Winding up:*

The winding up of International Dateline Hotel Ltd, Sea Star Fishing Company Ltd and Tonga Corporation are still in progress.

5.5.3 Division Staff

Natalia Palu joined the Division in January after graduating from the University of Auckland with a Bachelor of Commerce majoring in Economics & International Business.

'Akosita Palometa left to further her studies in Wellington New Zealand and later joined the voluntary redundancy package government offered to staff.

5.5.4 Training Courses & Overseas Travel

Staff Travel during the year was as follows:

- i. Meetings with Deputy Managing Director of the International Monetary Fund:
- ii. Container Deposit Legislation Study Tour, Adelaide, Australia 7th- 9th August 2006:
- iii. United Nations Economic and Social Council's 9th Special High Level Meeting with the Bretton Woods Institutions, WTO and UNCTAD.:
- iv. Third meeting of African Caribbean Pacific (ACP) Ministers of Finance and Economic Affairs:
- v. Report on the Asian Development Bank Board of Governors Annual Meeting 2006:

5.6 Treasury Operations Division

5.6.1 Core Functions

The core functions of the Treasury Division included:

- i. ensuring effective and efficient management of Public Funds;
- ii. ensuring compliance of the Public Sector with the Public Finance Management Act 2002 (PFMA 2002);
- iii. ensuring effective financial management responsibility and accountability in the Public Sector;
- iv. preparing and reporting of the Annual Public Account;
- v. providing a quality, good practice Treasury Service to the Public Sector;
- vi. managing the Government Banking Operations, through maintenance of account balances, bank reconciliation and physical custody of funds;
- vii. providing quality financial advice/reports to the Minister for Finance;
- viii. providing accounting and financial reporting for Donor Aid Funds Management and Debt Management;
- ix. optimising efficiency and effectiveness through continuous improvement in the Treasury Division.

5.6.2 Activities

The staffs were involved in the following activities.

- i. *Public Accounts:*

Completed the 2004/05 Public Accounts and gazetted. The Public Accounts for 2005/06 are being completed.

ii. *Public Funds Summary of Receipts and Payments(Quarterly Summary):*

The Provisional Quarterly Summary for the Quarter ended September 2006 had been submitted to the Auditor General. Quarterly Summaries up to quarter ended 31st March 2005 were gazetted during the year.

iii. *Local Workshops and Trainings:*

Treasury staff conducted training sessions with the accounts staff of various line ministries, on how to use the Accounting System (Sun System) used by Ministry of Finance.

iv. *Treasury Instructions Circulars:*

Treasury continued to issue financial and accounting procedures and guidelines for the government line ministries for promoting good accounting practices.

5.6.3 Division Staff

The division has 86 staff altogether of which 32 worked in the sub-treasuries.

There were three new accountants recruited to the division:

- i. Sunia Foliaki Moala joined the division on January 6th, 2006 after successfully completing his BBus and DipBus from Monash University, Australia.
- ii. Mary-Jane Foliaki Moala joined the division on January 6th, 2006 after completing her BCom from Deakin University and DipBus from Victoria Business College, Australia.
- iii. Sela Tiana Luani joined the division on January 9th, 2006 after completing her BA in Accounting from University of South Pacific, Fiji.

5.6.4 Training Courses & Overseas Travel

- i. PAFMA Inaugural Meeting&Workshop,Suva, Fiji Islands, 27 February – 1 March 2006
- ii. Using CS-DRMS 2000+ for Pro-active Debt Management, Suva, Fiji, 27 March – 7 April 2006
- iii. Treasury Site Visits to Overseas Missions, Honolulu, San Francisco, London, New York,
- iv. Result-focused Project Design and Management Workshop(hosted by ADB) Nadi, Fiji , 12 June - 16 June 2006
- v. CS-DRMS User Group Meeting, London,United Kingdom, 28 June – 30 June 2006
- vi. Placement and Training with Ministry of Finance; Fiji (funded by PFTAC), Suva, Fiji , 2 October – 13 October 2006
- vii. CAPAM Conference(hosted by AusAID) , Sydney, Australia, 22 October – 25 October 2006
- viii. Public Finance Manangement Workshop (hosted by AusAID) Brisbane, 30 Oct - 1 Nov 2006

5.6.5 Sub-Treasuries

The ministry has five sub-treasuries serving the needs of the outer islands, namely 'Eua, Ha'apai, Vava'u, Niua Toputapu, and Niua Fo'ou. The main role of the Sub-Treasuries in the outer islands is to carry out the core functions of the Ministry of Finance. The responsibilities of all Sub-Treasuries include the management of the Post Office, and Customs in the outer islands. The Sub-Treasuries at Niuatoputapu and Niuafo'ou are agents for Westpac Bank of Tonga.

6 Expenditures by program

For the financial year 2005/06, the ministry was originally allocated with \$56.3 million. However a \$24.0 million Supplementary Budget was approved for the Voluntary Redundancy Programme.

The total actual expenditure amounted to \$62.9 million. This is highlighted in Table 8 below.

Table 8: Expenditures by Type of Program 2005/06

| Program Name | Budget Estimate 2005/06 (\$) | Actual Spending 2005/06 (\$) | (Under) /Excess over Estimate (\$) |
|---|---------------------------------|---------------------------------|---------------------------------------|
| (01) Leadership, Policy Advice | 364,910 | 626,961 | (262,051) |
| (02) Human Resources & Administration Division | 348,693 | 446,346 | (97,653) |
| (03) Economic & Budget Division | 343,808 | 335,923 | 7,885 |
| (04) Aid Management Division | 60,493 | 52,574 | 7,919 |
| (05) Public Enterprises Division | 352,804 | 416,668 | (63,864) |
| (06) Information Technology Management Division | 607,381 | 479,311 | 128,070 |
| (07) Treasury Operations Division | 946,182 | 1,044,251 | (98,069) |
| (08) Procurement | 7,353 | 5,686 | 1,667 |
| (09) Civil Pensions and Gratuities | 4,523,298 | 5,978,792 | (1,455,494) |
| (10) Financial Appropriations | 22,282,752 | 10,983,967 | 11,298,785 |
| (11) Economic Public Sector Reform) | ¹ 31,100,002 | 24,498,251 | 6,601,751 |
| (12) Public Debt | 17,353,011 | 16,661,205 | 691,806 |
| (13) Contingency Fund | 2,919,319 | 1,447,004 | 1,472,315 |
| Total | 81,210,006 | ²62,976,939 | 18,233,067 |

Source: Ministry of Finance

¹ Original Budget allocation was \$7.1 million plus \$24 million supplementary budget

² Total of \$62.5 million included the balance of the contingency funds after transferring funds between Finance and other line ministries

The overall spending of the ministry was within budget. However extra spending exceeded the original budget allocated for Civil Pensions and Gratuities program, by \$1.4 million due to the high number of civil servants with transfer values who took part in the voluntary redundancy program.

7 Staff

7.1 Divisional Staff

7.1.1 Leadership

Table 9: Leadership Staff

| No. of Posts | Post Description | Name |
|--|--------------------------------|---------------------|
| Office of the Hon. Minister of Finance | | |
| 1 | Minister of Finance | Siosuia 'Utoikamanu |
| 1 | Economist | 'Ana Lotuma Ika |
| 1 | Assistant Secretary | Pisila Naulala |
| 1 | Computer Operator Grade III | Keilini Makaafi |
| Office of the Secretary for Finance | | |
| 1 | Secretary for Finance | 'Aisake Valu Eke |
| 1 | Driver | Mafi Langi |
| Total No. of Posts = 6; No. of Vacancies = 0 ; Total working Staff = 6 | | |

7.1.2 Human Resources and Administration Division

Table 10: Human Resources and Administration Division Staff

| No. of Posts | Post Description | Name |
|--|--------------------------------|--------------------------|
| 1 | Principal Assistant Secretary | Siaosi 'Enosi Tu'ipulotu |
| 1 | Assistant Secretary | Vacant (1) |
| 1 | Accounting Officer | Malia Ve'ehala |
| 1 | Executive Officer | Talanoa mo e Fili Matu |
| 1 | Computer Operator Grade III | Sesilili Moala Hopoi |
| 1 | Computer Assistant | 'Olivia Lafitani |
| 1 | Driver | 'Inoke Maile |
| 1 | Watchman | Sioeli Paongo |
| Total No. of Posts = 8; No. of Vacancies = 1 ; Total working Staff = 7 | | |

7.1.3 Information Technology Management Division

Table 11: Information Technology Management Division Staff

| No. of Posts | Post Description | Name |
|--|-------------------------------|---|
| 2 | System Analyst | Pauli Kautoke Siosaia Vaipuna |
| 1 | Computer Programmer | Viliami Tupou |
| 1 | Assistant Computer Programmer | Vacant (1) |
| 4 | Computer Operator Grade I | Loina Funaki Heneli Palu Tevita Kua Matoto Vacant(1) |
| 2 | Computer Operator Grade II | Holeva Makaafi Losaline Afeaki |
| 1 | Computer Operator Grade III | Danphy Liu Tu'i'onetoa |
| 4 | Computer Assistant | 'Ilaisaane Tonga Concordia Fakahua Vacant (2) |
| Total No. of Posts = 15; No. of Vacancies = 4 ; Total working Staff = 11 | | |

7.1.4 Economic & Budget Division

Table 12: Economic & Budget Division Staff

| No. of Posts | Post Description | Name |
|--|---------------------|-----------------------|
| Economic | | |
| 1 | Principal Economist | 'Aholotu Palu |
| 1 | Senior Economist | Sione Faleafa |
| Budget | | |
| 1 | Principal Economist | Kilisitina Tuamei'api |
| 1 | Senior Economist | Sione T. Fehoko |
| 1 | Budget Analyst | Mosese Fatukala |
| Total No. of Posts = 5; No. of Vacancies = 0 ; Total working Staff = 5 | | |

7.1.5 Aid Management Division

Table 13: Aid Management Division Staff

| No. of Posts | Post Description | Name |
|--|------------------------------|-----------------------------|
| 1 | Deputy Secretary for Finance | Pilimilose Balwyn Fa'otusia |
| 1 | Principal Economist | 'Ana Tu'ionuku |
| 1 | Senior Economist | Lusitania Latu |
| 1 | Economist | Vacant (1) |
| Total No. of Posts = 4; No. of Vacancies = 1 ; Total working Staff = 3 | | |

7.1.6 Public Enterprises Division

Table 14: Public Enterprises Division Staff

| No. of Posts | Post Description | Name |
|--|-------------------------------------|--------------|
| 1 | Acting Deputy Secretary for Finance | Henry Cocker |
| 1 | Principal Financial Analyst | Timote Laume |
| 1 | Financial Analyst | Natalia Palu |
| Total No. of Posts = 3; No. of Vacancies = 0 ; Total working Staff = 3 | | |

7.1.7 Treasury Operations Division

Table 15: Treasury Operations Division Staff

| No. of Posts | Post Description | Name |
|--------------|-------------------------------------|---|
| 1 | Deputy Secretary for Finance | Vacant (1) |
| 2 | Chief Accountants | Vacant (2) |
| 2 | Principal Accountant | Makeleta Siliva 'Ana Fakaola 'i Fanga Lemani |
| 1 | Principal Accounting Officer | Tupou Halatanu |
| 1 | Senior Accountant | Fiona Foliaki |
| 2 | Senior Accounting Officer | Kelela Afu Leha'uli Fosita Masi |
| 3 | Accountant | Sunia Foliaki Moala Mary-Jane Foliaki Moala Sela Tiana Luani |
| 1 | Assistant Senior Accounting Officer | 'Alisi Ma'u |
| 1 | Accounting Officer Diplomat | Tu'ipulotu Tuaime'i'api |
| 2 | Accounting Officer | Sione Kaivei Hoeft Samiuela Vivili |
| 1 | Computer Operator Grade II | Kesaia Havea |
| 1 | Treasury Cashier | Kilifi Polutele |
| 7 | Clerk Class I | Falakiko A. Po'uhila Sione Paongo 'Elisapesi Lokotui Meliamie Kulitapa 'Uliafu T Fakatulolo Ma'afu Leha Vakaloloma Vuna |
| 2 | Clerk Class II | Tevita Tongia Tevita Kaufusi |
| 3 | Clerk Class III | Lavender K. Manu Lepolo Tauki'uvea 'Ilolahia Veisinia Mafi |

| Sub Treasuries | | |
|--|-------------------------------------|---|
| Sub Treasury Vava'u | | |
| 1 | Sub Treasurer | Paula Tafitu'a |
| 1 | Assistant Senior Accounting Officer | Vacant(1) |
| 1 | Clerk Class I | Tevita 'Iohani Wolfgram |
| 3 | Clerk Class II | Senitila 'Asikia Setaita Paea 'Ilaisaane Vaka |
| 1 | Computer Operator Grade III | Loseli Hala'ufia 'Unga |
| 1 | Driver | Suliasi Lavemaau |
| 4 | Clerk Class III | Sela Tauheluhelu Losaline Fatai Kaufusi Lilikoi Blake Fine M. Kale |
| Sub Treasury, Ha'apai | | |
| 1 | Sub Treasurer | Samiuela Fakatou |
| 1 | Assistant Senior Accounting Officer | Similai Mateaki |
| 1 | Clerk Class I | Viliami Latu |
| 2 | Clerk Class II | Visesio Sakopo Siupeli Pulu |
| 1 | Computer Assistant | Lesita Taumoe'anga |
| 1 | Driver | Tanginoa Fakahua |
| 1 | Clerk Class III | 'Elenoa Paletu'a |
| Sub Treasury, 'Eua | | |
| 1 | Sub Treasurer | Taulango Manukeu |
| 1 | Clerk Class II | 'Amini Afu |
| 1 | Computer Assistant | Lupe Tu'ivai |
| 1 | Driver | Sione T. Ulakai |
| Sub Treasury, Niuatoputapu | | |
| 1 | Sub Treasurer | Siosifa Lauti Fe'iloakitau |
| 1 | Clerk Class III | Siokapesi Niu'unga |
| Sub Treasury, Niuafo'ou | | |
| 1 | Sub Treasurer | Vea Latu |
| 1 | Clerk Class II | Kausangato |
| 1 | Clerk Class III | Vacant (1) |
| Total No. of Posts = 59; No. of Vacancies = 5 ; Total working Staff = 54 | | |

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STATISTICS DIVISION'S REPORT

Acronyms & Abbreviations

| | | |
|-------|---|---|
| AC | - | Agriculture Census |
| ADB | - | Asian Development Bank |
| AYAD | - | Australian Youth Ambassador for Development |
| CPI | - | Consumer Price Index |
| HIES | - | Household Income and Expenditure Survey |
| LFS | - | Labour Force Survey |
| GDDS | - | General Data Dissemination System (IMF) |
| GDP | - | Gross Domestic Product |
| IMF | - | International Monetary Fund |
| IT | - | Information Technology |
| PFTAC | - | Pacific Financial Technical Assistance Centre (IMF) |
| PRISM | - | Pacific Region Information System |
| SAC | - | Statistics Advisory Council |
| SD | - | Statistics Division |
| SIAP | - | Statistical Institute for Asia and the Pacific (UN) |
| SPC | - | Secretariat of the Pacific Community |

Vision

To provide high-quality statistical services, to serve the statistical needs for social and economic developments, planning and management of the Kingdom.

Mission Statement

- i. To provide adequate, relevant, reliable and timely statistics to facilitate research, discussion, planning and decision making within the Government and in the Community.
- ii. To ensure that the compilation and dissemination of statistics are in accordance with scientific principles, professional ethics and international standards.
- iii. To promote a user-based culture, ensuring that users can obtain effective and convenient services.

Goals

To provide Government and the public with relevant, timely and quality statistics, which are:

- i. Informative, accurate and based on objective measures;
- ii. Effective for policy formulation, implementation, monitoring and presentation;
- iii. Sufficient to encourage informed decision making.

1 Summary of Operations

1.1 General

The Statistics function was established in 1975. Its operational guidelines, duties, rules and regulations were later confirmed and specified in the Statistics Act 1978. The major functions of the Statistics Division includes collection, compilation, analyses and dissemination of statistics; co-ordination of government departments' statistical operations to ensure compliance of statistical operations with statistical standards and procedures, and avoid duplication of effort by Government Departments; provide statistical assistance and advice to government; and generally promote an integrated statistical system for the Kingdom.

The Statistics Division is located at the First Floor of Si'i Kae Ola Shopping Centre (4 Suites), Taufa'ahau Road, Nuku'alofa since August 2002. The Statistics Division website was launched and published on the World Wide Web in July 2003 at this address: www.spc.int/prism/country/to/stats and continued through out 2006.

The major work programme and project development of the division during the year 2006 was the continuation of the preparations for the Population Census 2006. This was a National Census of the kingdom which was carried out once in every 10 years, as the previous one was in 1996. The detailed preparations are shown in chapter 4 of this report.

The **Statistical Abstract 2006** of the Kingdom was published in September 2006, the first one since the previous one in 1993 and the first one of this new millennium. The contents of this abstract are the continuation from the previous abstract, 1992/93 or 1993 up to 2003/04 or 2004, fiscal or calendar years respectively. Some new statistics are also included. The compilation of this abstract was started some years ago, but not able to complete until last year due to staff turnover.

1.2 Statistical Developments 2006

The major project implemented by the division was the preparation for the Population Census 2006 and other developments noted above. In addition, the first meeting of the Census Steering Committee was in February 2006. The main term of reference of this committee is to monitor the progress of the Census preparation up to its final results. The closer working relationship with other Ministries, like the Ministry of Health in conducting surveys for the second National Health Account, and involvement in the Health Sector Project was another major development.

1.3 Dissemination of Services

The division provided advisory services to Government Ministries and other Departments. There was a closer working relationship with the statistical units within other Government Ministries and Departments.

Throughout the year 2006, Statisticians were required to present the contents of statistical publications they have produced to colleagues and sometimes major users before the reports were released. This was aimed at improving service delivery within the government and to the public at large and to promote statistical products and services. The challenges for concerned staff and the organisation lay in presenting statistics in a press conference. Publicity is a major issue for demonstrating statistical efforts and a top priority for the organisation's management. The media regularly checked with the division for new statistics to be released throughout the year.

1.4 Dissemination of Statistics

Most of the division's output was disseminated in the form of statistical publications and most publications contained economic statistics. Soft copies of statistical publications were also available. A list of statistical publications produced by the division in the last 5 years is given in Appendix 4.

Media releases were prepared for most statistical outputs, and copies of statistical bulletins/reports were available in the division for the users, particularly for students at secondary and tertiary levels.

1.5 Website Publication

The division published its Website on the World Wide Web in July 2003, and then continued in 2006. The website was designed with assistance from the Secretariat of the Pacific Community under the PRISM project, and funded by the UK DFID. The PRISM project provided the training of the Webmaster, Mrs. 'Ilaisaane Tu'ipulotu, Assistant Computer Programmer, on website design, development and publication, as well as providing a computer for the sole use of the Webmaster in website design.

The website was an important tool for fast dissemination of statistics to users in Tonga and the world at large. The challenge faced by the division was getting statistics published on the website as soon as they were released so users could access them without delay. The division agreed to have all statistical publications published on the website.

The division continued to use the International Monetary Fund General Data Dissemination System (GDDS) as a tool for dissemination of statistical output as well as a tool for statistical development.

1.6 Human Resource Issues

In January 2006, a total of 35 staff members were at post; one on scholarship, one on short-term training abroad and the rest were on duty included an AYAD on a one year volunteer term as computer programmer. An organisational chart (Appendix 1) is attached showing that there were 14 professional posts, 6 semi-professional, 10 Statistical Clerks, 3 Computer Operators and 2 Support staff members. There were 2 temporary staff members. In April 2006, the AYAD completed his one year assignment and return home in Australia. And in July 2006, 6 staff members left the division on voluntary redundancy. They were 2 professionals, 2 semi-professionals, a statistical clerk and a driver. By the end of 2006, the division had 28 staff members on posts and 2 daily paid employees, included 1 staff member and 1 daily paid employee stationed at the Vava'u Development Unit, Neiafu.

Due to high salary settlement in 2005 and budget constraint, the division had no new recruitment during the year 2006. The major staff change during 2006 was due to the said redundancy, as follows:

- i. Mrs. Tipaleli Hoponoa, Principal Statistician,
- ii. Mrs. Nelisa Vatuvei, Statistician,
- iii. Mr. Semi Halanukonuka, Senior Statistical Assistant,
- iv. Mrs. Ikatonga Uatahausi, Senior Statistical Assistant,
- v. Mrs. Soana Faka'iloatu'u, Statistical Clerk Grade 1, and
- vi. Mr. Hanisi Molitika, Driver.

1.7 Organisational structure

The division is organised into 3 major branches namely Administration & Information Technology, Economic Statistics & Surveys, and Social Statistics. The organizational structure is provided in Appendixes 1 & 2. The Administration & IT branch is headed by the Government Statistician and assisted by a Senior Statistician and AYAD in the IT section before he returned to Australia in April 2006. The Economic Statistics & Surveys branch is headed by the Senior Statistician and assisted by the Government Statistician. The Social Statistics branch is headed by the Assistant Government Statistician.

The Administration & IT branch provided the following services: Management & Support, Financial Management, Human Resource Development & Transport Delivery, Information & Customer Services, IT Development, Management & Maintenance, Computer Services and responsible for a small branch located in Neiafu, Vava'u, which was primarily responsible for data collection in Vava'u and customer services. The Social Statistics branch was responsible for the preparations for the Population Census 2006, Migration Statistics, Vital Statistics of Births, Deaths and Marriages. The Economic Statistics & Surveys

branch was responsible for Balance of Payments, Consumer Price Index, Manufacturing Survey, National Accounts, and Foreign Trade Statistics.

1.8 Equipment

The division had 1 photocopy machine, 27 computers, 12 printers, 2 laptops, 1 server and various computer peripherals during the year 2006. In addition, the division received 7 more computers and a printer through donor for the Census 2006. Access to the Internet was via a leased line from the Treasury. A server has been secured to service all of the division's computers in one local area network including those connected to the Immigration Department. The division continued using the website using a computer provided by the Secretariat of the Pacific Community. The SPC also provided a laptop computer and a laser colour printer under the ADB funded RETA 6009 project.

The division had 3 vehicles (P.71, P. 163 and P. 1049) for the whole of 2006. The first two vehicles were engaged in the 1996 Census, and then also engaged in the 2006 Census. The third one was offered from the Administration Division later in 2004. All models were of the early 1990s.

1.9 Information Technology Development

The IT section was in-charge of proper maintenance and repair of computer equipment. They were also responsible for procurement of computer equipments and accessories and computer supplies in consultation with IT staff members, as well as the backup of all major databases on a regular basis. They also conducted training on good computer housekeeping as well as basic training on the use of Microsoft word processing, spreadsheet and database.

1.10 Financial Position

A detailed breakdown of the division annual budget for the years 2002/03 to 2005/06 is given in Appendix 3.

A development in financial operations of the division was the training of two staff members by staff from the Treasury division on the use of Micro Pay and Sun systems for salary payments and placing purchase orders.

2 How the Statistics Division Operates

2.1 Introduction

The division continued to produce statistics that were responsive to users needs in the highest capacity given available resources. The division also continued with its annual routine activities like producing Key Statistical Indicators; National Accounts with GDP Estimates, Balance of Payments, Consumer Price Index, Foreign Trade Statistics, Vital Statistics, Arrival and Departure Statistics and Manufacturing Survey statistics. Preparations for Population Census 2006 were continued at the beginning of the year up-to Census trainings prior the Census date, 30 November 2006.

2.2 Roles and Operation of the Statistics Division

The division in its function as the central statistical authority for Government aims at developing an integrated and comprehensive statistical information system to serve the needs of economic and social development planning and management of the Kingdom.

Duties of the Statistics Division as specified in the Statistics Act 1978 are:

- i. to collect, compile, analyze and disseminate statistics and related information on the activities and condition of the people and their institutions;
- ii. to ensure co-ordination of the operations of departments of government in the collection, compilation and dissemination of statistics and related information, with particular regard to:
 - a. the avoidance of duplication in the collection by departments of governments of information for statistical purposes;
 - b. the attainment of compatibility between, and the integration of statistics compiled by departments of governments; and
 - c. the maximum possible utilization, for statistical purposes, of information, available to departments of governments;
- iii. to formulate, and ensure compliance with standards for the carrying out by departments of government of operations for statistical purposes;
- iv. to provide advice and assistance to departments of government in relation to statistics; and
- v. generally to promote and develop integrated social and economic statistics for Tonga.

During the year 2006, the division continued in its primary role of collection, compilation, analysis and dissemination of statistics and related information on economic and social conditions of the Kingdom. Resources were made available

in the Budget Estimates to implement various statistical exercises in order to provide the required statistics. There was an increasing demand both locally and from international organizations, for a wide range of social and economic statistics by island division, mainly for planning, monitoring and evaluation purposes.

There were three major sources of data and information that the division utilized, in order to obtain much needed statistics. These three sources were:

- i. Administrative records of government Ministries/Departments and Statutory Boards;
- ii. Private Company records; and
- iii. Households.

Sometimes the required data and information were obtained by sending out a questionnaire and asking those concerned to complete and return, or staff member/s of the division may visit to interview respondents or complete required questionnaires on premises. The interview method of data collection has proved to be the most effective method for accuracy, completeness and timely collection.

2.3 Training and Regional/International Assistance

2.3.1 Long-term Training (Scholarship);

The Ministry of Education has often awarded one scholarship to the division each Year;

- i. MA Demography was allocated to the division in 2004 for commencement of studies in 2005 (2005-March2008). As such, Mrs. Sinama Fa'anunu, Senior Lecturer of the Ministry of Education won this scholarship and started in February 2005. She continued her scholarship in 2006.
- ii. Miss Mefilini Lanivia received the division scholarship for BA Economics/Maths started in 2004, and continued in 2006.
- iii. Miss. Mele Taumoepeau continued her scholarship (B.Sc. degree) for the division during 2006.

2.3.2 Short-term Trainings and Seminar Abroad

The division was not able to accept all invitation for short-term training abroad due to its workload, budget and staff constraints. However, some staff members were able to attend the following short-term trainings during the year 2006:

- i. Management of Population Census Workshop, Nadi, 27 February to 3 March 2006.
- ii. Regional CSPRO Data Processing Planning Workshop, Nadi, Fiji, 6 – 17 March 2006.

- iii. The Health Metrics Network Pacific Island Counties Workshop, SPC, Noumea, New Caledonia, 30 October – 1 November 2006.
- iv. SIAP Training on Application of Information and Communication Technology to Production and Dissemination of Official Statistics, from 11 May – 12 July 2006 in Chiba, Japan.
- v. Sub-regional internet website design workshop for National Statistics Offices' webmasters, SPC, Noumea, New Caledonia, 6 – 16 June 2006, and
- vi. The Fifth SIAP/UNESCAP Management Seminar for the Heads of National Statistical Offices in Asia and the Pacific in Daejeon, South Korea from 18 – 20 September 2006 and continued (back-to-back) at the same venue on the Forum for Asia/Pacific Statisticians from 21 – 22 September 2006.

2.3.3 Successful studies during 2006

One scholarship holder of the division was expected to assume duty during the year, but her scholarship was extended. Miss. Falemasiva Fonua, Statistical Clerk Grade 3, completed her study for a Diploma in Statistical Training from India from June 2005 to March 2006.

2.3.4 Local training during 2006

The division was not able to request and host training for its staff members and some from other Ministries, Departments and Non-Government Organisations due to staff shortages and heavy workloads, particularly the preparations for Census 2006. However, some staff members were able to participate in workshops hosted by other agencies. The consultants from the SPC often visited the division and trained staff members of the division on various aspects of Population Census prior the Census dates, from 28 November 2006. The division then recruited Government Primary School Teachers and some officers and trained them to carryout the Census enumeration and supervision through out the kingdom.

2.3.5 Technical Missions to the division

Most of the technical assistance were staff members from the SPC for various assistances for the Census 2006. Apart from Australia and New Zealand, there were four (4) countries in the Pacific each carried out Population Census during 2006. Thus, the SPC had played some important roles in these Censuses. Four staff members of the SPC visited the division during the Census preparations in 2006, each for particular task for the Census. Some of them had more than one visit during the year. Their first visit to the division in 2006, three of them arrived in February at the same date and left on different dates. They were;

- i. **Dr. Gerald Haberkorn**, the SPC Demographer who assisted the Government Statistician in writing the Census proposal which was approved by the Cabinet in June 2005. He visited the division in February 2006 to follow-up the progress of Census preparations.

- ii. **Mr. Ricky Baxter**, the SPC Census Expert visited the division also in February to monitor its Census preparations, managements and operations. Mr. Baxter took few more visits during the year for the same purposes, and his last one during the Census dates.
- iii. **Mr. Scott Pontifex**, the SPC Cartographer also visited in February to assess the digitizing of Census maps (PopGis) at Ministry of Lands, Survey and Natural Resources. Mr. Scott also visited the division later in the year for the same purpose.
- iv. **Ms. Leilua Taulealo**, the SPC Census Data Processor first visited the division in July 2006 to assess the new Census equipments and to set up the computer system to be tested in the Pilot test of the Census and be used for processing of the main Census data. Her second visit was in September.

2.3.6 Membership in Professional Organisations

The division is pleased to hold membership in each of the following institutions and society

- i. The Statistics Division is a member of the **International Statistics Institute (ISI)**, head office in Netherlands.
- ii. The Statistics Division is also a member of the **Statistical Institute for Asia and the Pacific (SIAP)** in Japan.
- iii. The Statistics Division represents Tonga Government as a member of the **International Monetary Fund General Data Dissemination System (IMF GDDS)**. The IMF prepared a press release (Appendix 5) in May 2006 to confirm this membership.
- iv. Government Statistician was a **Chartered Statistician (C.Stat) of the Royal Statistical Society (RSS)** in the United Kingdom.

The ISI and the RSS provide statistical newsletters, bulletins, etc. to members and invitations to attend (by own fund) some statistical workshops, seminars, conferences and each Annual General Meeting, whereas the SIAP provides various statistical trainings (fully funded) to participants from Statistics Offices of member countries.

2.4 Assessment of Performance

During the year 2006, the division was able to collect, compile and disseminate a lot of economics and social statistics required by government and other users. Some of the statistical outputs were temporary stopped/delayed due to the preparations for the Census 2006. However, the division was able to release/publish 24 statistical bulletins and reports as listed below. The list is highlighted by the publication of the Statistical Abstract 2006, the first for the new millennium and the first since the previous one in 1993.

- i. Statistics Division Annual Report 2005
- ii. Consumer Price Index December 2005
- iii. Consumer Price Index January 2006
- iv. Consumer Price Index February 2006
- v. Consumer Price Index March 2006
- vi. Consumer Price Index April 2006
- vii. Consumer Price Index May 2006
- viii. Consumer Price Index June 2006
- ix. Consumer Price Index July 2006
- x. Consumer Price Index August 2006
- xi. Consumer Price Index September 2006
- xii. Consumer Price Index October 2006
- xiii. Consumer Price Index November 2006
- xiv. Quarterly Trade Report July-September 2005
- xv. Quarterly Trade Report October-December 2005
- xvi. Annual Trade Report 2005
- xvii. Quarterly Trade Report January-March 2006
- xviii. Quarterly Trade Report April-June 2006
- xix. Balance of Payments, Annual Report 2004/05
- xx. Balance of Payments Quarterly Report September 2005
- xxi. Balance of Payments Quarterly Report December 2005
- xxii. Balance of Payments Quarterly Report March 2006
- xxiii. Manufacturing Survey Report 2005
- xxiv. Statistical Abstract 2006

Of the above listed statistical bulletins/reports, it shows a decline from 32 bulletins/reports in 2005 to 24 in 2006. This was due mainly to the Census 2006

preparations which hold the production of other social statistics, like Vital and Migration statistics, and also delayed the production of some economic statistics.

2.5 Authority and Legislation

2.5.1 Advisory services

The division offered advices to Government Ministries/Departments and others who sought assistance on statistical matters. Most advices had been on clarification and elaboration of statistical outputs. The assistance provided by the division was limited according to the availability of the statistical staff members.

2.5.2 Statistical coordination

The division was able to cooperate with other Government Departments and offered advices about their required statistics.

The meeting of the Statistics Advisory Council (SAC) was not called in 2006 due to the very frequent meetings of the Census Steering Committee (CSC) during the year, since most members (9/13) of the CSC were also members of the SAC. But CSC was concentrated on the progress of the Census 2006, whereas the SAC was established to assist and advise the division in coordination of statistical collection efforts of all departments and official bodies engaged in this activity, advise the division on statistical priorities and to continually review statistical outputs to reflect the changing demands for statistical services.

2.5.3 Data requests

The division received many requests for statistical information from Government Ministries and Departments, NGOs, businesses, aid donors, regional and international organisations, researchers and students during the year 2006. Then the division was also able to provide the requested information as far as data are available. In addition, the division directed where to get other information which is not available in the office.

3 Statistics Division Output

3.1 Administration

The Administration unit of the division was well implemented during the year, led by the Government Statistician with the assistance of the staff members of this group. A major output of this unit was meeting the number of requests for statistical information, mostly from other Government departments, the Private sector including students, as well as requests from regional and international organizations. This unit also prepared the division's Budget 2006/07, the Annual Work Plan 2006/07, Corporate Plan 2005/06 – 2007/08, Calendar of Statistical Releases, Annual Report 2005 and completed the Statistical Abstract 2006.

3.2 Information Technology, Data Processing and Computer Services

This unit, led by an AYAD during the first few months of the year 2006, was in charged of proper maintenance and repair of computer equipment. They were also responsible for procurement of computer equipment and accessories and computer supplies as well as backup of all major databases on a regular basis. They also conducted regular training on good computer housekeeping as well as Microsoft Word and Excel. This Division utilised assistance from the IT staff on several occasions during the year. The Computer Programmer/Information Technologist, Nicholas Curr was completed his one year contract in April 2006 under the Australian Youth Ambassador for Development (AYAD) for the division. The services of the AYAD Programmer/Information Technologist contributed enormously to improve computer skills of staff as well as improve hardware for the division.

3.3 Economic Statistics

Most of these statistics have been published and released to the media according to each time scheduled, and also listed in 2.4 above. Thus, this report cannot reprint such statistics (figures) herein, except some important items. These statistics are comprised of;

3.3.1 Balance of Payments

Balance of Payments (BOP) statistics continued to be compiled quarterly, and annually, thus BOP reports published during 2006 are listed in 2.4 above.

The BOP Division continued with the surveys of financial institutions like Western Union, Teta Tours, Sitani Mafi & Sons, Pacific Finance Investment

Ltd. and others, which were involved in the transfer of money to and from overseas. The BOP unit initiated and conducted surveys of non-residential official diplomatic missions in the Kingdom on official transfers aid & grants, etc. and distributed forms and collected information on transportation from national, regional and international airlines and shipping companies and agencies. All the results of these surveys were incorporated in the compilation of BOP statistics.

3.3.2 Consumer Price Index

The Consumer Price Index (CPI) unit continued to produce the CPI on a monthly basis during the year 2006 with the base period of November 2002=100. A total of 453 items were priced from several outlets in Tongatapu for CPI calculation. The CPI related to Tongatapu only. An Index for Local Items was also produced as well as an Index for Imported Items. The annual inflation rate was also calculated every month and in December 2006 the average annual inflation rate was 6.2 percent, a decline from 8.7 percent in December 2005 and 11.0 percent in December 2004.

3.3.3 Foreign Trade Statistics

The division continued to use Customs Import and Export Entries as source documents for trade statistics. The Customs Entries were picked up daily by staff of the Foreign Trade Statistics Division from the Customs office.

Statistics on foreign trade activities were compiled on a monthly, quarterly and annual basis. During 2006, the Quarterly trade reports for July-September 2005, October-December 2005, January-March 2006, April-June 2006, and annual Trade Report 2005 were published and released to the media. The trade statistics produced included total imports broken down by country of origin, broad economic categories, institutional sector of importer, duty charged, end use of commodities, value and quantity of commodities with commodities classified using the Harmonized System. Statistics on exports and re-exports included country of destination of exports, institutional sector of exporter, value, and quantity of exports.

The Trade unit continued using the computer program, PC-Trade for processing of trade statistics. There was a need for further training of computer staff members on how to use PC-Trade. By the time of preparation of this report, total imports during 2006 was estimated to be T\$236 million, exports were T\$19 million and a balance of trade deficit of T\$216 million.

3.3.4 National Accounts

The National Accounts unit produced estimates of Gross Domestic Product (GDP) at the end of April each year, prior to the preparation of the annual budget statement. The GDP estimates 2006 show the figures for the years 1993/94 to 2004/05 by industries. These GDP figures are shown in nominal and real prices of 2000/01, and also included the Expenditure GDP and Income and Outlay account. These estimates were made available for the Budget Statement 2006.

3.3.5 Other Economic Statistics

The division continued suspending the collection and compilation of other economic statistics like Air Transport statistics and international and inter-island shipping statistics during the year due to staff constraints and workload of the division, particularly the Population Census 2006.

3.4 Statistical Surveys

Manufacturing Survey (3.4.1 below) is the only survey conducted continuously by the division. Other surveys are conducted when required (ad hoc basis). The division was planned to conduct a Labour Force Survey in 2005 and continued to 2006, but was cancelled due to the Population Census 2006. This was also a cost saving to the division and the Government during the difficult financial years.

3.4.1 Manufacturing Output, Wages and Employment

The Survey unit continued in 2006 to conduct on a quarterly basis a Survey of Manufacturing Establishments in the Kingdom, with the aim of obtaining statistics on total value and quantity of manufacturing output, total employment in manufacturing and total wages paid to employees in 2005. Then, the report for the Manufacturing Output 2005 was released and published during 2006. The quarterly surveys for 2006 were also started in 2006 and continued in 2007. During the writing of this report, the Manufacturing report for 2006 is yet to be completed, but figures were available for the national accounts estimates noted in 3.3.4 above.

3.4.2 Survey of Government Services and Budget

This special survey was not able to conduct in 2006 due to resource constraints and workload of the division during the year, particularly for Census 2006.

4 Population Census and Social Statistics

4.1 Population Census 2006

Census Proposal was initiated in 2004 with the assistance of Dr. Gerald Haberkorn of the SPC, then completed in early 2005 and approved by Cabinet in June 2005. Thus, the preparations for this Census 2006 were continued through committees and working groups at the beginning of the year. Most were completed as planned before the Census fieldworks started on 28 November 2006, and few others continued after collection of all Census questionnaires in December 2006.

4.1.1 Census Steering Committee

This committee and its members are shown in the Census Proposal which was approved by the Cabinet in June 2005. The first meeting of this committee was on 2nd February 2006 at the Conference room at the Statistics Division. The main agenda of this meeting were the Term of Reference of the committee, Census Questionnaires, Census Regulation, Census Proposals and Census Progress up to that date. This meeting was held in every two months. The main terms of reference of this committee is to monitor the progress of Census activities throughout the entire Census operation. That is, to the releasing and publishing the Census report.

After this Committee, it was followed by Census Sub-Committee and five (5) other working groups, namely the Census Publicity, Fieldwork, Training, Mapping and Data Processing. Each group was responsible to its particular task/s in the Census preparations. And the Census Sub-Committee was responsible to monitor the progress of each group. Members in these Sub-Committee and working groups were selected only within the Statistics Division.

4.1.2 Census Sub-Committee

Members in this committee were heads and assistant heads of working groups noted in 4.1.1 above. Each group reported its progress to this committee, and from this committee reported to the Government Statistician and the Census Steering Committee.

4.1.3 Census Publicity

The Census Publicity was carried in the form of TV-Radio programs, posters, leaflets and banners. The first Census Publicity TV-Radio program on 6 February 2006 was presented by the Government Statistician and the Principal Statistician. It was then followed by the Assistant Government Statistician and other members of the division. The main purpose of this program was the opening of the Census publicity and to make the public aware of the National Population Census and Housing 2006, various preparations carried out by the

division prior the Census date and what the public can assist this project to gain a great success. This first program was paid by the division, and the following were paid by the Ministry through its reform program. Some private businesses also donated and spent on other Census publicities, like posters, leaflets and banners around here in Tongatapu and outer islands.

4.1.4 Census Mapping

A Statistician from the Statistics Division continued his attachment at the Ministry of Lands, Survey and Natural Resources to assist in digitizing all the maps for Tonga to be used for the Census 2006. These digitized maps are the Census blocks maps where each village in the kingdom was divided into Census block/s and each Census block has its map to be used by Census enumerator to enumerate all households within that Census block during the Census dates. These maps were completed well before the Census trainings started in October 2006.

4.1.5 Census Trainings

All training materials were prepared by the group and discussed by all senior officers of the division who were supposed to be Census trainers. After confirmation these materials, all Census documents including the Census questionnaires were printed prior the Census training in October.

The Census trainers were Senior Officers of the Statistics Division. They were trained internally in the division during October 2006. After this training, these trainers were allocated into 3 groups to start training for Census supervisors and enumerators in various centres here in Tongatapu on 30 October 2006. Census trainers to outer islands were included in these groups and started to leave after one week training here in Tongatapu to carryout the same training in each island division prior to the Census Dates from 28th November to 4 December 2006.

All Census trainings were planned to complete on Friday 17 November 2006. However, the civil disorder in the afternoon of Thursday 16 November had caused deep concern for Census trainers, supervisors and enumerators. The following day, many calls were received by the division whether the Census would go ahead as planned or be postponed. Thus, the division tried to encourage them and then went to the media to announce that Census would go ahead as planned. In the following week before the Census dates, the division continued trying to normalize all concerned and to make public attention to the proposed National Census.

4.1.6 Census Fieldworks;

With the approval of the Ministry of Education, the division employed more than 510 Primary School Teachers and some Education Officers for Census supervisors and enumerators. The Ministry of Education therefore assisted the Statistics Division in allocation of teachers, one for each Census block for enumeration, and about 5 enumerators to be supervised by one supervisor. Then the Census trainers noted in 4.1.5 conducted Census training of these supervisors and enumerator in each training centre according to training time-

table. Four employees of the Ministry of Health volunteered to attend the Census training, thus two of them were called-up for fieldworks due to the withdrawal of one enumerator and additional enumerator was needed here in Tongatapu.

The census enumeration (or census fieldwork) was programmed to activate from 28 November and concluded on 4 December 2006. The Census Field Enumerator’s tasks as arranged includes updating the census block listing and census block map, requesting and recording the number of persons per household and institutions, arrange and sort out the census materials and questionnaires for the census block and to complete these tasks between 28 - 29 November, 2006. The actual census recordings of questionnaires and interviewing of members of households and institutions starts on the reference census date, 30 November 2006, and completed, checked, verified between Census Field Enumerator, Census Field Supervisor and Division or District Census Officer on 4 December 2006.

The preliminary population count for the Kingdom’s 2006 Population, was 101,134 persons and was officially released in December 2006, before the Christmas New Year holidays. Appendix 5 provides the details of the preliminary population count.

On the 2006 Christmas/New Year holidays, and after the happenings of November 16, special steps were made in safeguarding all the works as done on the census.

4.1.7 Census Data Processing

The furniture and equipments for this task were acquired during the year and before the first visit of SPC Census Data Processor noted in 2.3.5 above. A large part of these tasks (data editing, coding and input) was planned and budgeted to be carried out by daily paid employees. However, due to the budget and time constraints, the current staff members of the division were reallocated to enable them to carryout these tasks with some overtime payments when required. By the time of writing this report, data input has been completed.

4.1.8 Census Budget

The detailed Census budget is shown in the Census proposals and its summary break down is shown below which totaled to \$559,000. The local Census budget was provided within the division annual budget, but only AUSAID donated about 50% of the Donor Census budget. A gap of 50% of the donor budget (or 34% of the total budget) was not received. Hence, the Census expenditures were reviewed to fit-in with the available fund, at 66% of the total budget.

| | 2005/06 | 2006/07 | 2007/08 | Total |
|--------------------|-----------------|------------------|-----------------|------------------|
| Local | \$54,500 | \$107,000 | \$20,000 | \$181,500 |
| Donor ¹ | - | \$377,500 | - | \$377,500 |
| Total | \$54,500 | \$484,500 | \$20,000 | \$559,000 |

¹ AusAID Donation was \$188,000 of the total Donor funding.

4.2 Migration and Vital Statistics

The processing of these statistics was put on hold due to resource constraints and the Census preparations during 2006. The members of these 2 units were fully engaged in various Census preparations last year. It is hoped, these statistics will be updated once the Census result is completed.

4.3 Other Social Statistics

The division obtained other social statistics on health, education and crime from the annual reports of those respective Ministries. These statistics are included in the Statistical Abstract 2006.

4.4 Activities in Outer Islands

The division does not have permanent office in the outer islands other than a small core of staff comprising of one Statistical Clerk Grade 3 and one temporary Statistical Clerk Grade 3, based at the Vava'u Development Unit (VDU) in Neiafu. Their role was to collect statistical data from administrative sources available in Vava'u, such as vital statistics registration and immigration records, BOP statistics from Customs, and assist in the conduct of the quarterly surveys of Manufacturing Establishments. The data collected by staff was then sent for processing, analysis and dissemination from the Head Office in Nuku'alofa. Staff members also met requests for statistics from students, town officers, members of the business community and the general public in Vava'u. These 2 members were also involved in the fieldwork of Census 2006.

When the division conducted a survey, a supervisor and enumerator/s were sent to each outer island division to carryout field works there.

The division greatly appreciates the assistance rendered by the VDU in providing office accommodation to the said staff members in Neiafu as well as amenities including transport during the survey and Census fieldworks, and wages for one temporary employee. The division also acknowledges with appreciation similar assistance provided by the Sub-Treasuries in the outer islands.

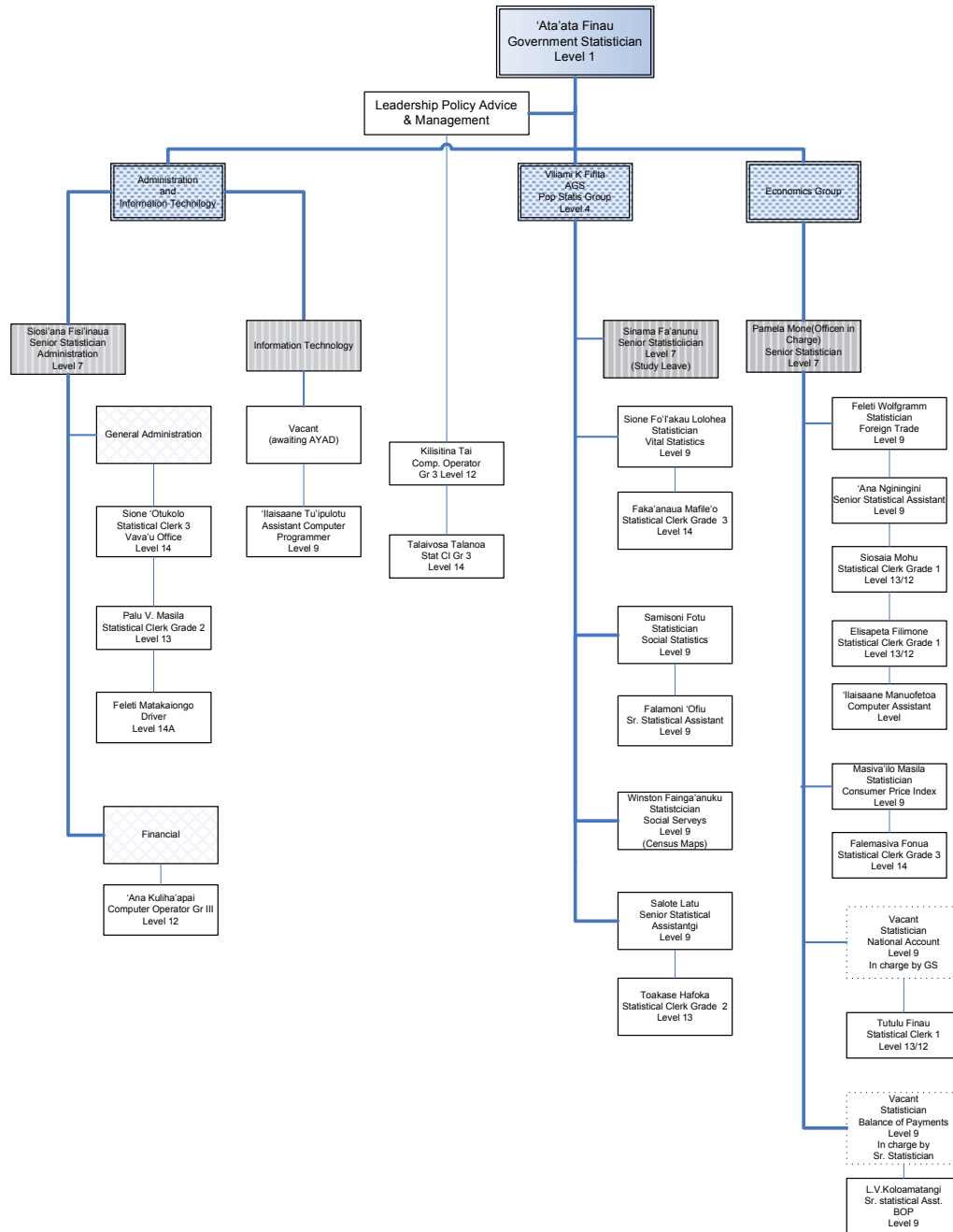
5 Acknowledgement

The division would like to acknowledge with many thanks for great supports and assistances as listed below. Without these, the division might not be able to achieve its targets as noted in the report.

- i. The assistance of the **Ministry of Education** to allow some of its Education Officers and Primary School Teachers to carryout the fieldworks of Census 2006.
- ii. The assistance of the **Ministry of Land, Survey and Natural Resources** to redraw and update the Census maps of 1996 for the Census 2006.
- iii. The assistance and cooperation of other **Government Ministries and Departments, Statutory Boards, Private Companies, Institutions, Households and Individuals** in supplying data and information as required by the division.
- iv. The assistance and support of **various International, Regional and overseas National Organisations** during the year 2006.
- v. Last but not the least, the **AUSAID** donation of \$188,000 for the Census 2006.

6 Appendices

6.1 Appendix 1: Statistics Division's Organisational Structure 2006



6.2 Appendix 2: Statistics Division's Staff list 2006

01 - Leadership and Policy Advice

| | |
|-----------------------------|-------------------|
| Government Statistician | 'Ata'ata Finau |
| Computer Operator Grade III | Kilisitina Tai |
| Statistical Clerk Grade III | Talaivosa Talanoa |

02 - Support Services

021 Administration

| | |
|-----------------------------|---------------------|
| Senior Statistician | Siosi'ana Fisi'inua |
| Statistical Clerk Grade II | Palu Fakava |
| Computer Operator Grade III | 'Ana Kuliha'apai |

Vava'u Office

| | |
|-----------------------------|----------------|
| Statistical Clerk Grade III | Sione 'Otukolo |
|-----------------------------|----------------|

022 IT

| | |
|-------------------------------|-----------------------|
| Assistant Computer Programmer | 'Ilaisaane Tu'ipulotu |
|-------------------------------|-----------------------|

03 - Economic Statistics Group

031 Economic Policy and Management

| | |
|---------------------|-------------|
| Senior Statistician | Pamela Mone |
|---------------------|-------------|

032 Balance of Payments

| | |
|------------------------------|-----------------------------|
| Senior Statistical Assistant | Lu'isa Veapina Koloamatangi |
|------------------------------|-----------------------------|

033 Foreign Trade

| | |
|-------------------------------|-------------------------------|
| Statistician | Feleti Wolfgramm |
| Senior Statistical Assistant | 'Ana Lapulou Ngingingini |
| Statistical Clerk Grade I (2) | Saia Mohu, Elizabeth Filimone |
| Computer Assistant | 'Ilaisaane Manuofetoa |

034 Consumer Price Index

| | |
|-----------------------------|-------------------|
| Statistician | Masiva'ilo Masila |
| Statistical Clerk Grade III | Falemasiva Fonua |

035 National Accounts

| | |
|---------------------------|--------------------|
| Statistical Clerk Grade I | Tutulupeatau Finau |
|---------------------------|--------------------|

036 Manufacturing Survey

04 - Population Statistics Group

041 Population Policy Planning and Management, Census 2006

| | |
|--------------------------------------|-----------------------------|
| Assistant Government Statistician | Viliami Konifelenisi Fifita |
| Senior Statistician (on scholarship) | Sinama Fa'anunu |

042 Vital Statistics

| | |
|-----------------------------|------------------------|
| Statistician | Sione Fo'iakau Lolohea |
| Statistical Clerk Grade III | Faka'anaua Mafile'o |

043 Education and Other Social Statistics, Statistical Abstract

| | |
|------------------------------|----------------|
| Statistician | Samisoni Fotu |
| Senior Statistical Assistant | Falamoni 'Ofiu |

043 Arrivals and Departures Statistics

| | |
|------------------------------|----------------|
| Senior Statistical Assistant | Salote Latu |
| Statistical Clerk Grade II | Toakase Hafoka |

044 2006 Census Maps

| | |
|--------------|----------------------|
| Statistician | Winston Fainga'anuku |
|--------------|----------------------|

6.3 Appendix 3: Annual Budget 2001/02 to 2006/07

| Activity | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Leadership & Policy Advice | * | * | 73,992 | 128,236 | 50,991 | 58,773 |
| Administration | 131,910 | 164,862 | 168,167 | 177,841 | 177,951 | 226,226 |
| IT | 34,903 | 57,072 | ** | ** | ** | ** |
| Economics Statistics | 120,760 | 124,763 | 198,610 | 208,051 | 226,532 | 257,556 |
| Statistical Survey | 107,263 | 122,198 | *** | *** | *** | *** |
| Social Statistics | 27,135 | 27,010 | 34,010 | 48,642 | 163,198 | 106,747 |
| TOTAL | 421,971 | 495,905 | 474,782 | 562,770 | 618,662 | 649,302 |
| <i>of which:</i> | | | | | | |
| <i>Salaries</i> | <i>247,959</i> | <i>265,568</i> | <i>308,704</i> | <i>318,319</i> | <i>343,913</i> | <i>434,149</i> |
| <i>Operational</i> | <i>174,012</i> | <i>230,337</i> | <i>166,078</i> | <i>244,450</i> | <i>274,749</i> | <i>215,153</i> |
| <i>Salaries proportion (%)</i> | <i>58.8</i> | <i>53.6</i> | <i>65.0</i> | <i>56.6</i> | <i>55.6</i> | <i>66.8</i> |

Notes :

1. * Leadership & Policy Advice and Administration were in one sub-program in 2001/02 to 2002/03 .
2. ** IT is included under Administration in 2003/04 and 2004/05.
3. *** Statistical Surveys was split by subject (Economics or Social) since 2003/04.
4. Budget for 2005/06 does not include the pay settlement 2005.

6.4 Appendix 4: Number of Statistical Publications Released, 2001 to 2006

| PUBLICATIONS | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. ADMINISTRATION | | | | | | |
| division Annual Report | | | | | | 1 |
| Leaflet of Statistical Indicator | | | 1 | | 1 | |
| Statistical Abstract | 1 | 1 | 1 | 1 | 1 | 1 |
| 2. ECONOMICS | | | | | | |
| a. Foreign Trade | | | | | | |
| Annual Trade | 2 | 1 | 1 | 1 | 1 | 1 |
| Quarterly | 2 | 7 | 4 | 4 | 3 | 4 |
| b. Consumer Price Index | | | | | | |
| Monthly CPI Bulletin | 13 | 12 | 12 | 12 | 12 | 12 |
| c. National Accounts | | | | | | |
| Provisional GDP Estimates, | | | | | 1 | |
| d. Balance of Payments | | | | | | |
| BOP Quarterly report | | | 1 | 4 | 5 | 3 |
| BOP Annual | | | 1 | 1 | 1 | 1 |
| BOB 1996/97 – 2000/01 | | 1 | | | | |
| 3. STATISTICAL SURVEYS | | | | | | |
| Manufacturing Survey (annual); output, employment, wages & salary | | | | 1 | 2 | 1 |
| Agriculture Census 2001 (joint venture with MAF) | | 1 | | | | |
| Business Establishment Survey 1995/96 | | | | | | |
| Household Income & Expenditure Survey 2000/01 | | | 1 | | | |
| Labour Force Survey 2003 | | | | 1 | | |
| 4. SOCIAL STATISTICS | | | | | | |
| a. Population Census 1996 | | | | | | |
| Tonga Population Census 1996: Admin. & General Tables | | | | | | |
| Tonga Population Census 1996: Household Analysis | | | | | | |
| Tonga Population Census 1996: Internal Migration | | | | | | |
| Tonga Population Census 1996: Demographic Analysis | | | | | | |
| b. Vital Statistics | | | | | | |
| Vital Statistics 1998 - 1998 | | | | | | |
| Vital Statistics 1995 – 2000 | | | | | | |
| Vital Statistics 1998 – 2002, 2003 | | 1 | | | 2 | |
| c. International Arrivals & Departures/Migration | | | | | | |
| Migration Statistics, 1999 - 2001 | | | | | 1 | |
| International Arrivals & Departures, 1998 | | | | | | |
| International Arrivals & Departures, 2002, 2003 | | | 1 | | 2 | |
| TOTAL PUBLICATIONS | 18 | 24 | 23 | 25 | 32 | 24 |

6.5 Appendix 5: IMF GDDS Press Release for Tonga

Press Release No.
FOR IMMEDIATE RELEASE
May 26, 2006

International Monetary Fund
Washington, D.C. 20431 USA

Tonga Formally Begins Participation in the IMF's General Data Dissemination System

Tonga has begun participating in the International Monetary Fund's General Data Dissemination System (GDDS), marking an important step forward in the development of the country's statistical system. Comprehensive information on Tonga's statistical production and dissemination practices were published on the IMF's [Dissemination Standards Bulletin Board](#) (DSBB) on May 26, 2006.

Tonga is pleased to announce its participation in the GDDS. Tonga's Government Statistician and GDDS-Coordinator, Mr. 'Ata'ata M. Finau, noted that Tonga's participation in the GDDS represents an important milestone in the development of the country's statistical system. Such participation will pave the way for Tonga to produce and disseminate its official statistics in accordance with international guidelines. It will also support Tonga's efforts to improve the quality of its official statistics.

Mr. Rob Edwards, Director of the IMF Statistics Division, noted: "Tonga's participation in the GDDS will allow the country to take full advantage of this framework for developing its economic, financial, and socio-demographic data. Currently, Tonga receives technical assistance in statistics under the GDDS Project of the Pacific Financial Technical Assistance Center (PFTAC). The objective of the project is to assist countries in the region to produce and disseminate reliable, timely, and relevant macroeconomic and socio-demographic statistics. Tonga is the fourth member of the PFTAC to participate in the GDDS."

The GDDS, established by the IMF in 1997, provides a framework to assist Fund member countries to develop their statistical systems with the objective of producing comprehensive and accurate statistics for policy-making and analysis. It addresses the quality and the dissemination of data. Tonga's plans for improvements in its statistical infrastructure and related technical assistance needs are posted on the IMF's DSBB. This information provides the international community with a useful framework to coordinate their statistical technical assistance for Tonga.

6.6 Appendix 6: Preliminary Census Count

Table 1: Population Distribution by Administrative Districts classified by sex, 1986, 1996 & 2006

| Administrative Districts | 1986 Population Census | | | 1996 Population Census | | | 2006 Population Census | | |
|--------------------------|------------------------|---------------|---------------|------------------------|---------------|---------------|------------------------|---------------|---------------|
| | Total | Males | Females | Total | Males | Females | Total | Males | Females |
| TOTAL TONGA | 94,649 | 47,611 | 47,038 | 97,784 | 49,615 | 48,169 | 101,134 | 51,197 | 49,937 |
| Tongatapu | 63,794 | 31,793 | 32,001 | 66,979 | 33,753 | 33,226 | 71,260 | 35,853 | 35,407 |
| Kolofo'ou | 15,903 | 7,894 | 8,009 | 16,953 | 8,482 | 8,471 | 18,279 | 9,140 | 9,139 |
| Kolomotu'a | 13,115 | 6,469 | 6,646 | 14,451 | 7,230 | 7,221 | 15,779 | 7,872 | 7,907 |
| Vaini | 11,104 | 5,618 | 5,486 | 11,180 | 5,681 | 5,499 | 12,522 | 6,306 | 6,216 |
| Tatakamotonga | 6,773 | 3,445 | 3,328 | 6,828 | 3,502 | 3,326 | 6,585 | 3,349 | 3,236 |
| Lapaha | 7,005 | 3,462 | 3,543 | 7,370 | 3,696 | 3,674 | 7,256 | 3,692 | 3,564 |
| Nukunuku | 5,863 | 2,912 | 2,951 | 6,160 | 3,128 | 3,032 | 6,741 | 3,428 | 3,313 |
| Kolovai | 4,031 | 1,993 | 2,038 | 4,037 | 2,034 | 2,003 | 4,098 | 2,066 | 2,032 |
| Vava'u | 15,175 | 7,711 | 7,464 | 15,715 | 8,055 | 7,660 | 15,485 | 7,871 | 7,614 |
| Neiafu | 5,268 | 2,689 | 2,579 | 5,650 | 2,896 | 2,754 | 5,770 | 2,915 | 2,855 |
| Pangaimotu | 1,247 | 650 | 597 | 1,298 | 667 | 631 | 1,402 | 702 | 700 |
| Hahake | 2,299 | 1,145 | 1,154 | 2,291 | 1,177 | 1,114 | 2,420 | 1,231 | 1,189 |
| Leimatu'a | 2,884 | 1,461 | 1,423 | 2,753 | 1,397 | 1,356 | 2,747 | 1,388 | 1,359 |
| Hihifo | 2,093 | 1,060 | 1,033 | 2,375 | 1,230 | 1,145 | 2,268 | 1,177 | 1,091 |
| Motu | 1,384 | 706 | 678 | 1,348 | 688 | 660 | 878 | 458 | 420 |
| Ha'apai | 8,919 | 4,495 | 4,424 | 8,138 | 4,109 | 4,029 | 7,572 | 3,901 | 3,671 |
| Pangai | 2,850 | 1,447 | 1,403 | 2,966 | 1,524 | 1,442 | 2,968 | 1,511 | 1,457 |
| Foa | 1,410 | 699 | 711 | 1,434 | 717 | 717 | 1,485 | 764 | 721 |
| Lulunga | 1,584 | 790 | 794 | 1,282 | 647 | 635 | 1,073 | 584 | 489 |
| Mu'omu'a | 885 | 452 | 433 | 735 | 360 | 375 | 632 | 323 | 309 |
| Ha'ano | 891 | 457 | 434 | 773 | 388 | 385 | 613 | 296 | 317 |
| 'Uiha | 1,299 | 650 | 649 | 948 | 473 | 475 | 801 | 423 | 378 |
| Eua | 4,393 | 2,353 | 2,040 | 4,934 | 2,624 | 2,310 | 5,165 | 2,692 | 2,473 |
| 'Eua Motu'a | 2,400 | 1,326 | 1,074 | 2,766 | 1,492 | 1,274 | 2,926 | 1,548 | 1,378 |
| 'Eua Fo'ou | 1,993 | 1,027 | 966 | 2,168 | 1,132 | 1,036 | 2,239 | 1,144 | 1,095 |
| Niuas: | 2,368 | 1,259 | 1,109 | 2,018 | 1,074 | 944 | 1,652 | 880 | 772 |
| Niua | | | | | | | | | |
| Toputapu | 1,605 | 817 | 788 | 1,283 | 673 | 610 | 1,002 | 516 | 486 |
| Niua Fo'ou | 763 | 442 | 321 | 735 | 401 | 334 | 650 | 364 | 286 |

Source: Statistics Division TONGA, Preliminary Result Tonga Population Census 2006

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