

CITIZEN'S BUDGET GUIDE TONGA

**MINISTRY OF FINANCE
GOVERNMENT OF TONGA**



**FINANCIAL YEAR
2025/2026**

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INTRODUCTION

WHAT IS THE CITIZEN'S BUDGET GUIDE?

This guide explains the Government's FY2025/26 National Budget in simple language so that every Tongan citizen understands how public funds are raised and spent, and what priorities have been set for the year.



WHAT IS THE BUDGET?

The national budget outlines how the Government plans to raise and spend money over the next year. It reflects our shared priorities and sets out the services, investments, and projects the Government will deliver to improve the lives of Tongans.

WHAT IS THE GOVERNMENT'S FISCAL YEAR?

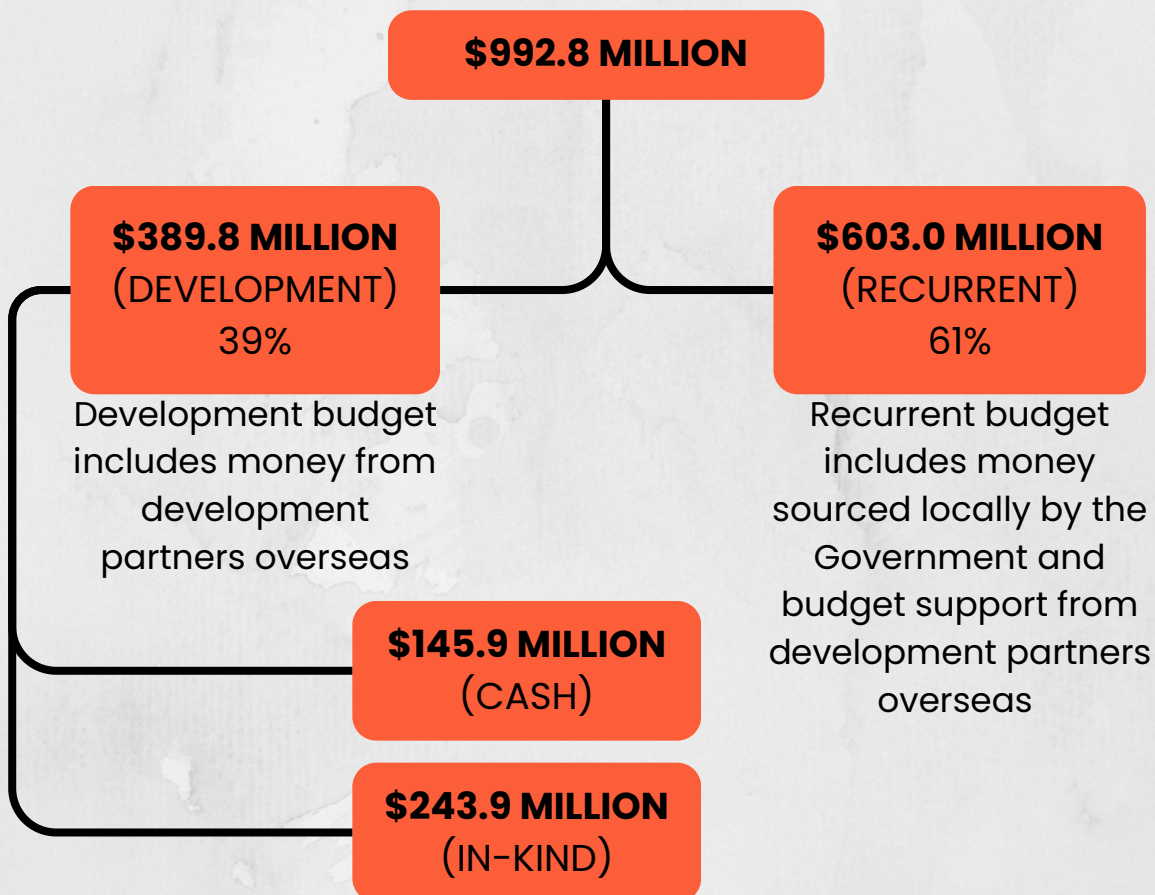
The Budget is reported on a financial year (FY) basis – beginning from the 1st of July to the 30th of June. For instance, this year's citizen's budget guide is for FY2025/26 meaning, 1st of July 2025 – 30th of June 2026.

WHERE CAN YOU FIND MORE DETAILS ON THE BUDGET?

There are two key documents that explain more details on the Budget – (1) Budget Estimates and (2) Budget Statement. These can be found on the Ministry of Finance's website www.finance.gov.to

2025/26 BUDGET OVERVIEW

The Government is estimated to spend a total of \$992.8 million in FY2025/26, which is comprised of a development budget and recurrent budget, as shown in the diagram below.



The Budget can also be broken down into how much is 'cash' and 'in-kind'. For example, If the government supports farmers by giving them cash, they can spend it however they choose. If the support is in-kind, they might instead get fertilizer, seeds, or farming tools.

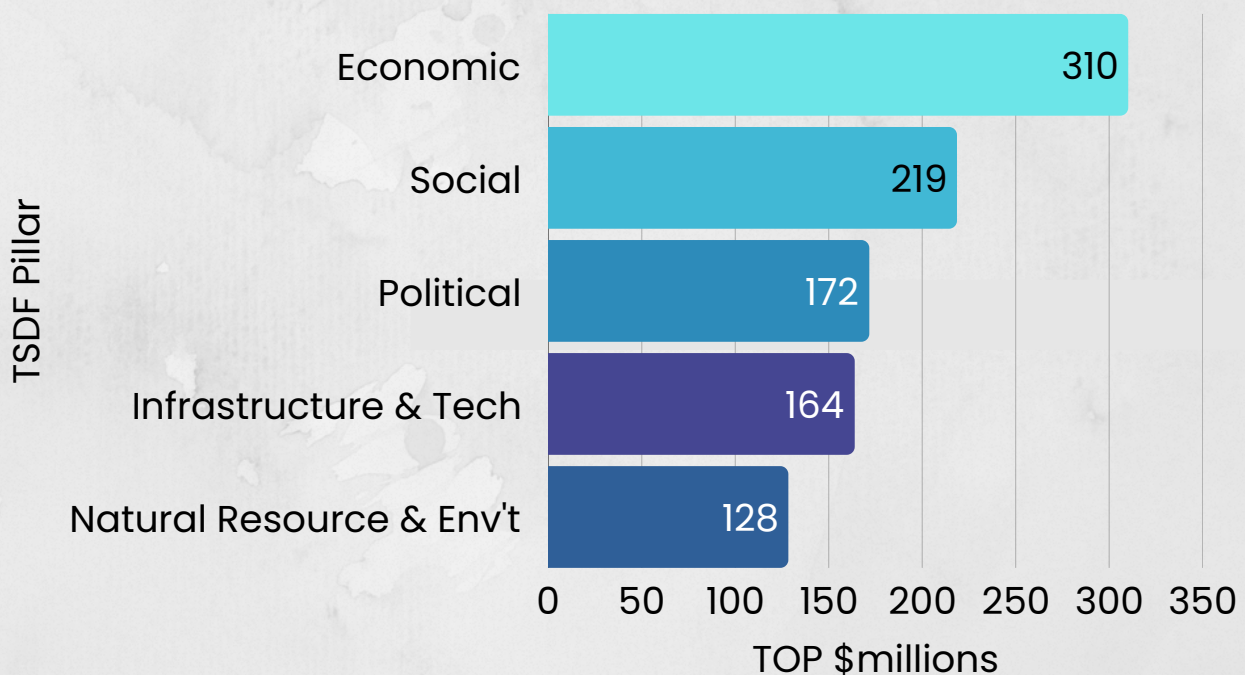
Of the total budget of \$992.8 million in FY2025/26, \$748.9m is cash and \$243.9m is in-kind. The cash portion of \$748.9m is comprised of \$145.9m under the development budget and \$603.0m from the recurrent budget.

THE 2025/26 BUDGET THEME

The 2025/26 Budget is guided by the theme: "Re-focusing Resource Allocation on Impactful Projects for a Sustainable, Viable Economy"

This means the Government aims to spend money and resources more wisely, by putting them into projects that make the biggest positive difference for Tonga. To support this theme, the Budget is allocated to the following national development priorities grouped under Pillars of the Tonga Strategic Development Framework (TSDF II) 2015–2025.

BUDGET ALLOCATION BY NATIONAL PRIORITY (TSDF PILLARS)



- **Economic** – includes private sector development
- **Social** – includes combatting illicit drugs, social protection measures, quality education, affordable healthcare
- **Political** – includes public sector efficiency measures
- **Infrastructure & Technology** – includes Fanga'uta bridge, road maintenance, digital transformation measures, renewable energy, wharf upgrade
- **Natural Resources & Environment** – includes disaster management & climate resilience measures

GOVERNMENT PRIORITY AGENDA

These are the main priorities of the current Government under the TSDF II for the 2025/26 Budget

OBJECTIVE 1: NATIONAL RESILIENCE



GPA 1: CLIMATE & DISASTER RESILIENCE

GPA 2: COMBAT ILLICIT DRUGS

OBJECTIVE 2: SOCIAL SECTOR DEVELOPMENT



GPA 3: REDUCE POVERTY & PROTECT VULNERABLE GROUPS

GPA 4: QUALITY EDUCATION

GPA 5: QUALITY & AFFORDABLE HEALTHCARE

OBJECTIVE 3: ECONOMIC & PUBLIC SECTOR DEVELOPMENT



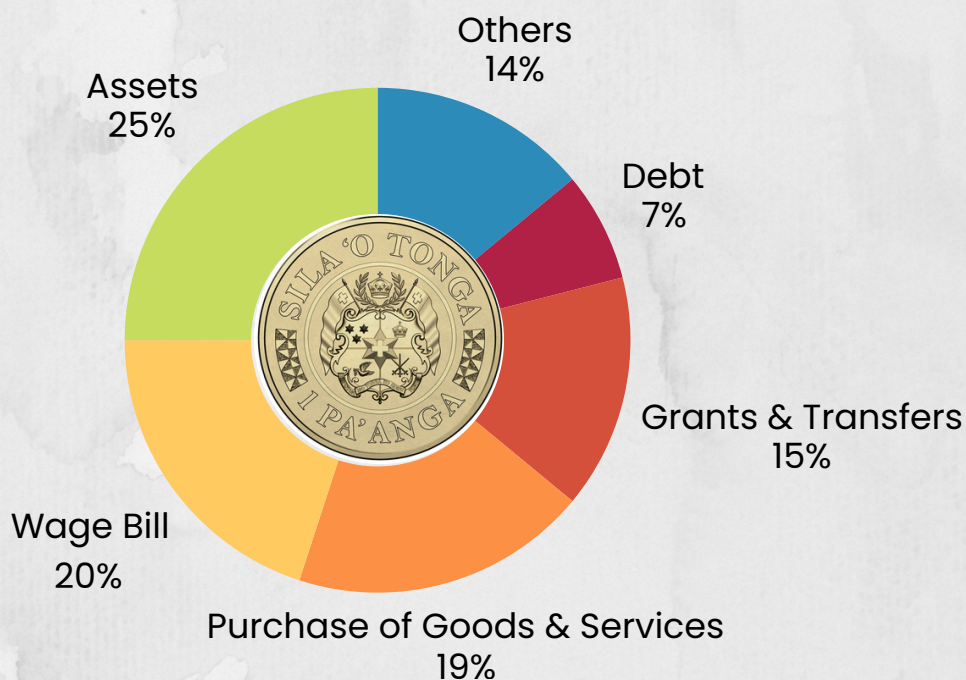
GPA 6: ECONOMIC POTENTIAL TO BOOST GROWTH

GPA 7: PUBLIC SECTOR EFFICIENCY

BUDGET BY MAIN CATEGORIES

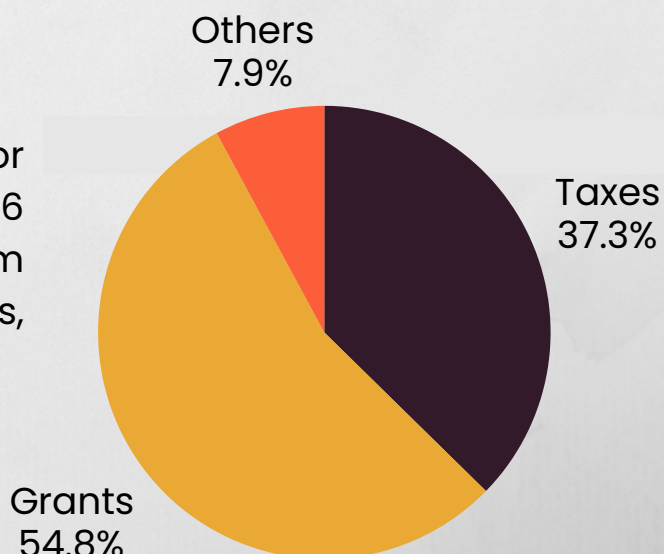
For every \$1 pa'anga of the Budget, majority or 25 seniti is to be spent on assets, which includes key infrastructure projects. Followed by spending 20 seniti on wages of government employees and 19 seniti on purchase of goods and services, including community development programs.

SPENDING BY MAIN CATEGORIES



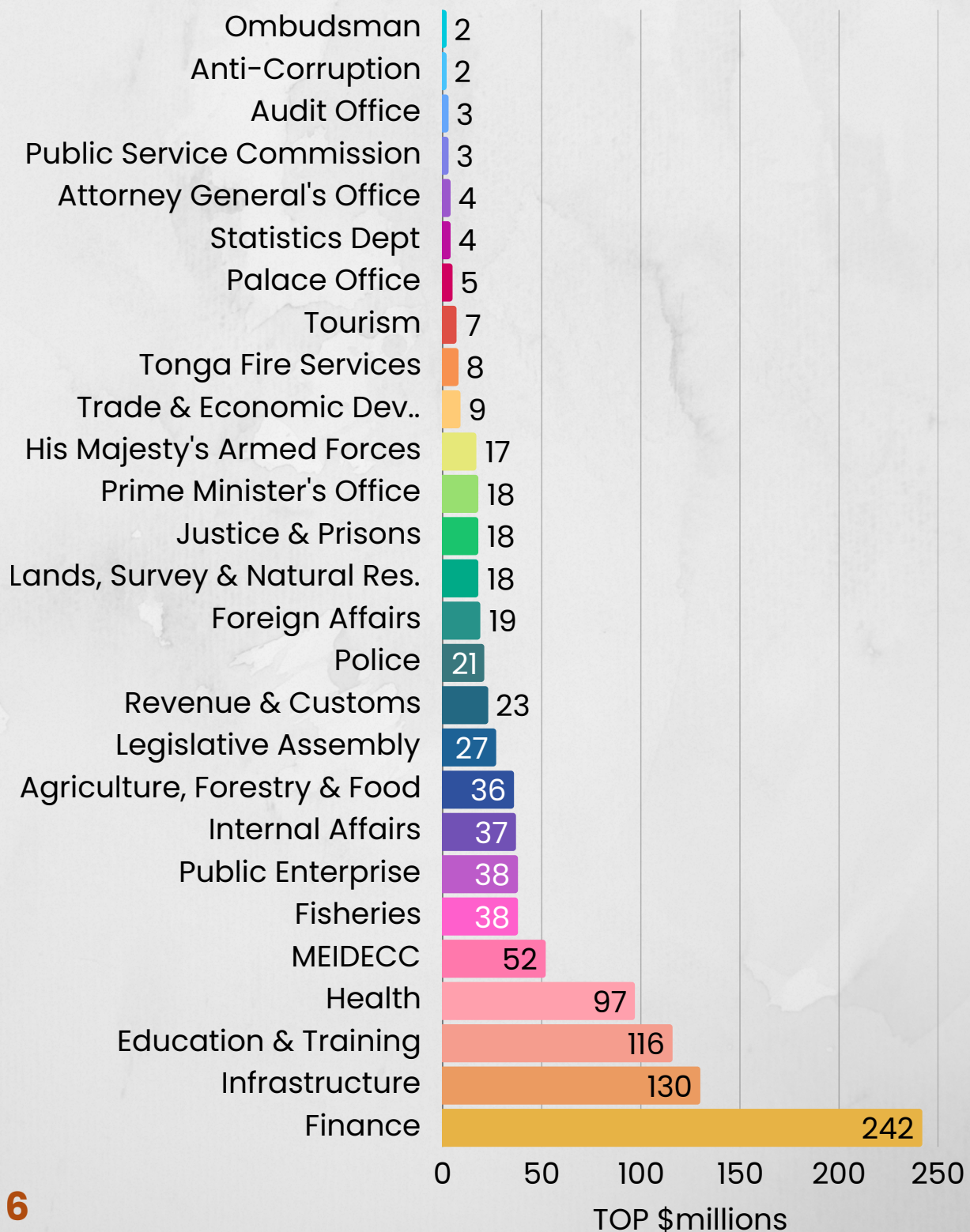
REVENUES BY MAIN CATEGORIES

In terms of revenues or sources to fund the 2025/26 Budget, majority is from development grants, followed by taxes.



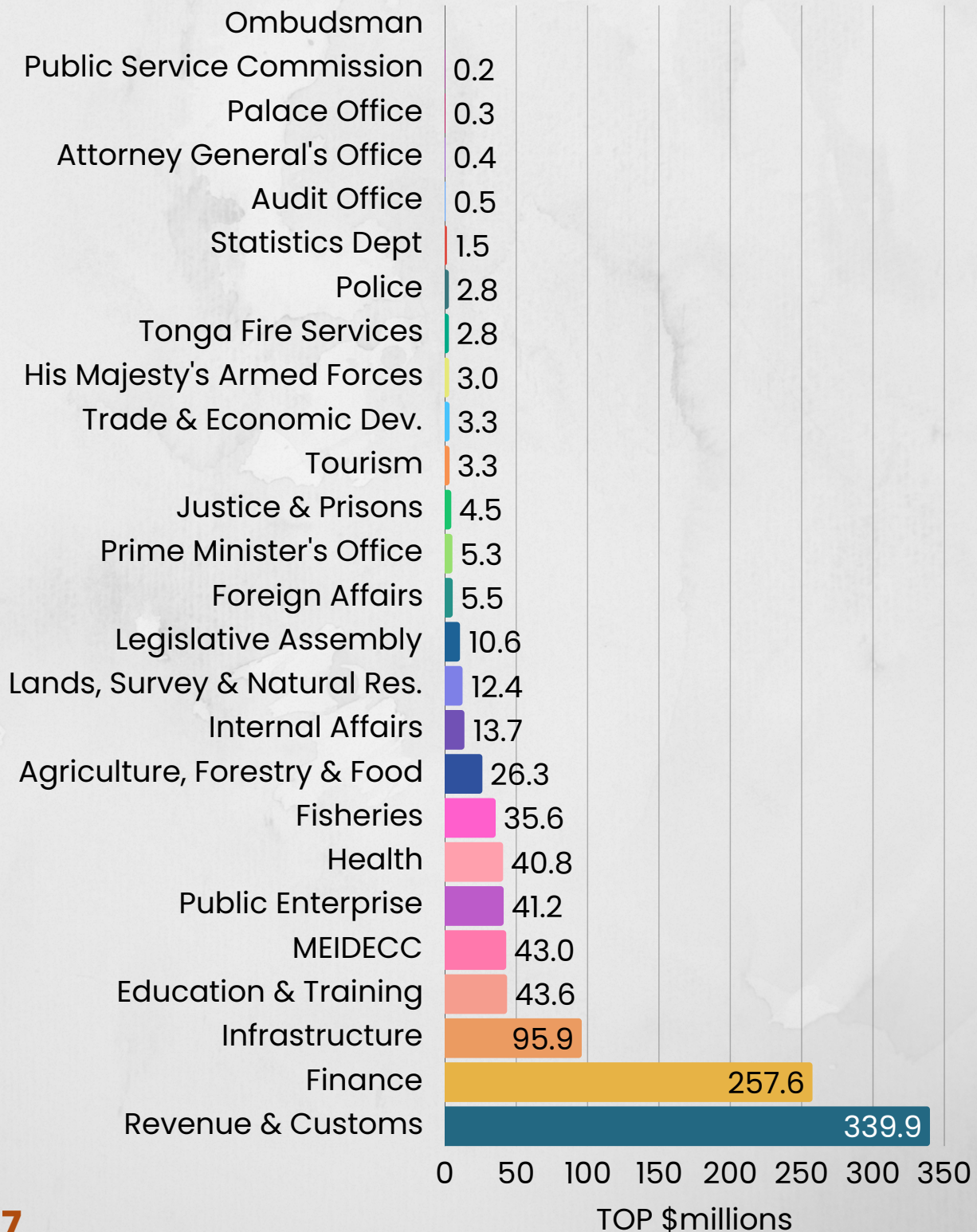
EXPENDITURE BUDGET BY MINISTRY

The 2025/26 Budget is to be spent through 27 line ministries, with the highest allocation under the Ministry of Finance due to nation-wide payments such as debt repayments, followed by key basic services to the public – Infrastructure, Education and Health.



REVENUE COLLECTION BY MINISTRY

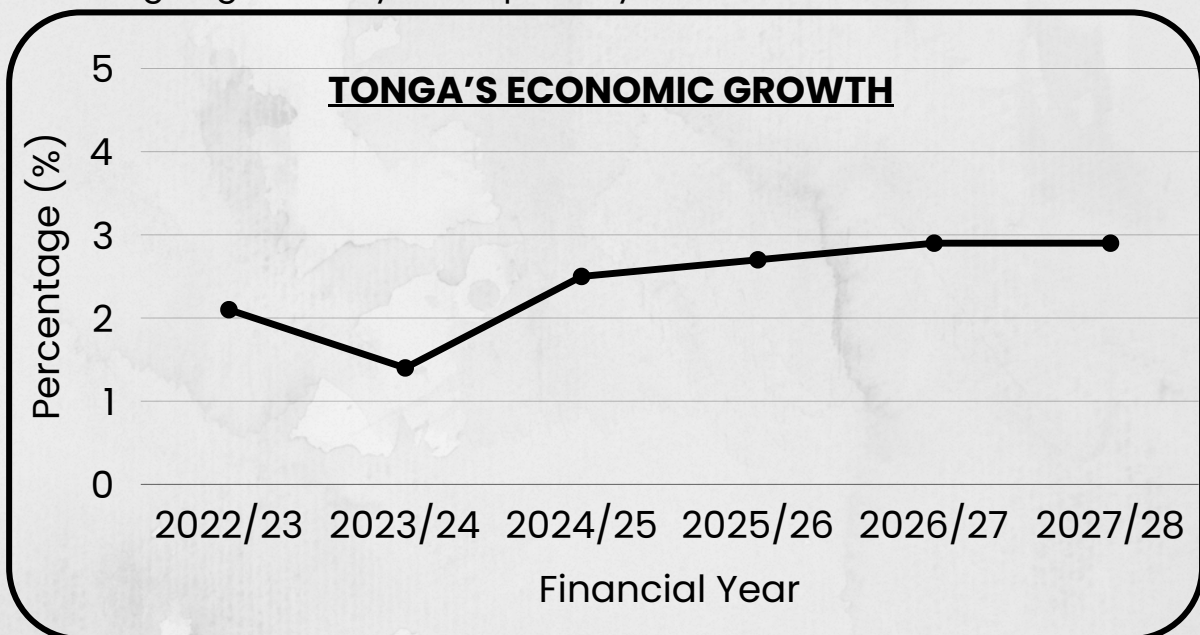
The 2025/26 Budget is to be funded through 26 line ministries, with the highest collection under the Ministry of Revenue & Customs due to tax-related revenues, followed by Finance which channels budget support, grants and bond receipts.



KEY ECONOMIC INDICATORS

ECONOMIC GROWTH

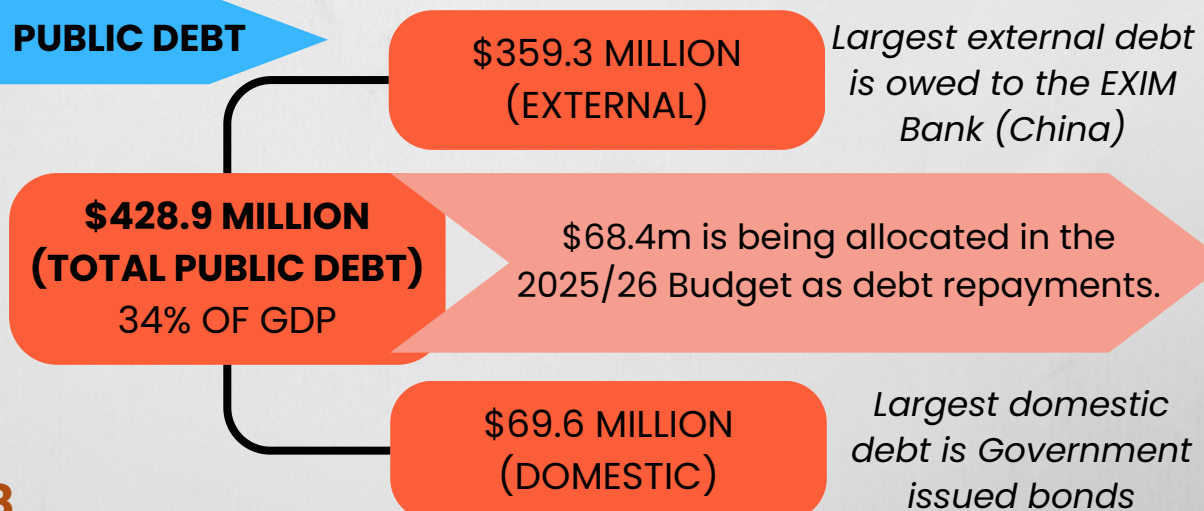
Tonga's economy continues to recover from the impacts of Covid-19 and the 2022 volcanic eruption and tsunami (Hunga Tonga Hunga Ha'apai), of which growth was at 2.5% in the previous year (2024/25) and a higher growth of 2.8% on average is expected over the medium-term. This growth will be mainly driven by large infrastructure projects, and ongoing recovery in the primary and services sectors.



INFLATION

Cost of living remains high in Tonga, but future increases in prices is expected to remain below 5%.

PUBLIC DEBT



KEY FISCAL ANCHORS

There are fiscal anchors in place, which is like the rule or guiding limit that the government sets for itself so it doesn't overspend or borrow too much. The following are key fiscal anchors in the 2025/26 budget:

FISCAL BALANCE

Receipts	\$950.2m
Payments	\$979.3m
BALANCE	(\$29.1m)

The Government estimates that in 2025/26, it will receive a total of \$950.2m and spend \$979.3m; leaving a budget deficit (or shortage) of \$29.1m to be financed from a net-Government bonds of \$28.2m and \$0.9m from government's cash reserves.

WAGE BILL

The Government aims to manage spending on wage bill costs, to allow more funds for operations and development. The target is to not spend more than 53% of domestic revenues.

Target	<53%
2024/25	50%
2025/26	46%

DOMESTIC REVENUES

Target	>22%
2024/25	31%
2025/26	32%

The Government aims to collect revenues locally above a target of 22% of GDP, to ensure more sustainable resources to fund the development of the country and reduce heavy reliance on resources from overseas.

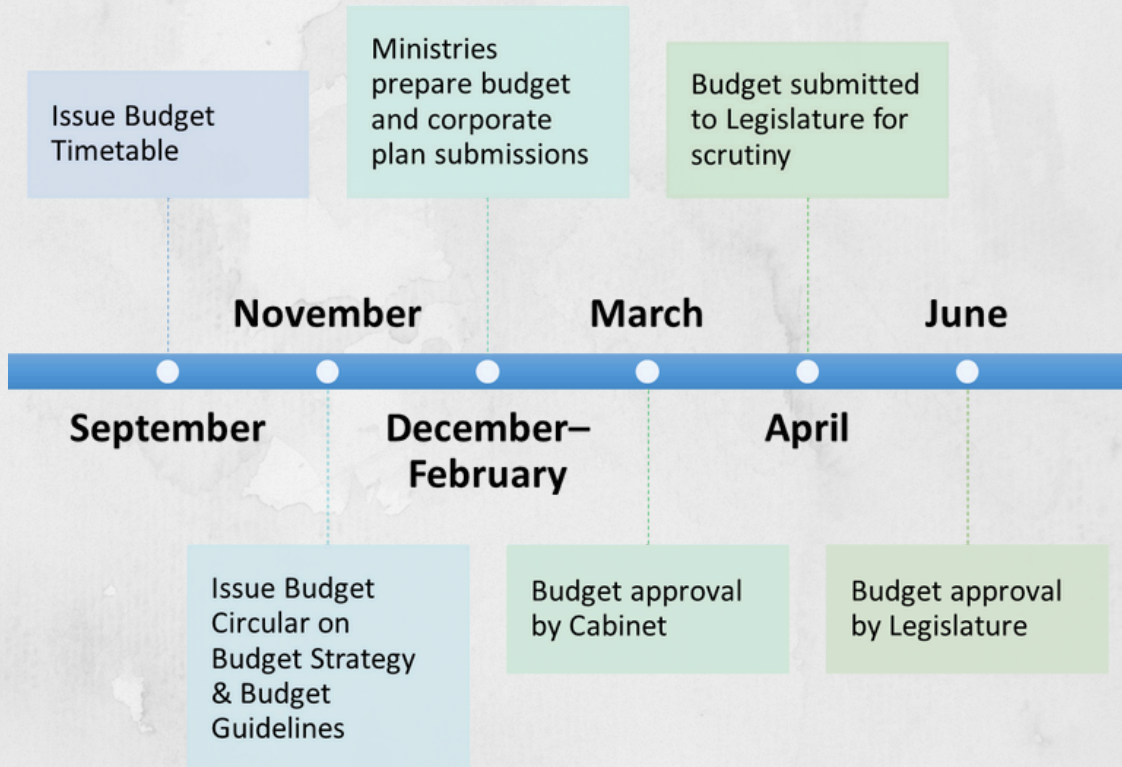
PUBLIC DEBT

The Government aims to manage external public debt sustainably at below 40% of GDP.

Target	<40%
2024/25	33%
2025/26	27%

BUDGET TIMETABLE

Every year, the government follows a clear timetable to prepare the national budget. This timetable shows when ministries prepare their budget requests, when Cabinet reviews them, when Parliament debates and approves the budget, and when the new budget starts which is on the 1st of July.



How Citizens Can Get Involved:

The budget is about using public money for public needs. Citizens can play an important role by:

- 1. Following updates:** Look out for the Budget Circular and the Budget Strategy published on the Ministry of Finance website.
- 2. Giving feedback:** Share your views during constituency visits through your Member of Parliament, fono meetings, or through the civil society forum to raise to the relevant line ministry during budget preparation.
- 3. Monitoring spending:** Once the Budget is approved, check the Citizens' Budget Guide and published reports to see how public money is being spent by Government.