

TONGA'S CITIZENS BUDGET GUIDE

2026/2027



MINISTRY OF FINANCE
GOVERNMENT OF TONGA

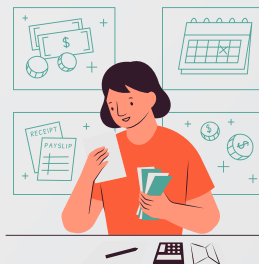
Table of Contents

Introduction	1
2026/27 Budget Overview	2–3
2026/27 Budget Theme & Allocation by National Priorities	4
Major Investments 2026/27	5
Budget by Main Categories	6
Expenditure Budget by Ministry	7
Revenue Budget by Ministry	8
Key Economic Indicators	9
Key Fiscal Anchors	10
Budget Timetable	11
Grant Assistance 2026/27	12

INTRODUCTION

WHAT IS THE CITIZEN'S BUDGET GUIDE?

This guide explains the Government's FY2026/27 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?

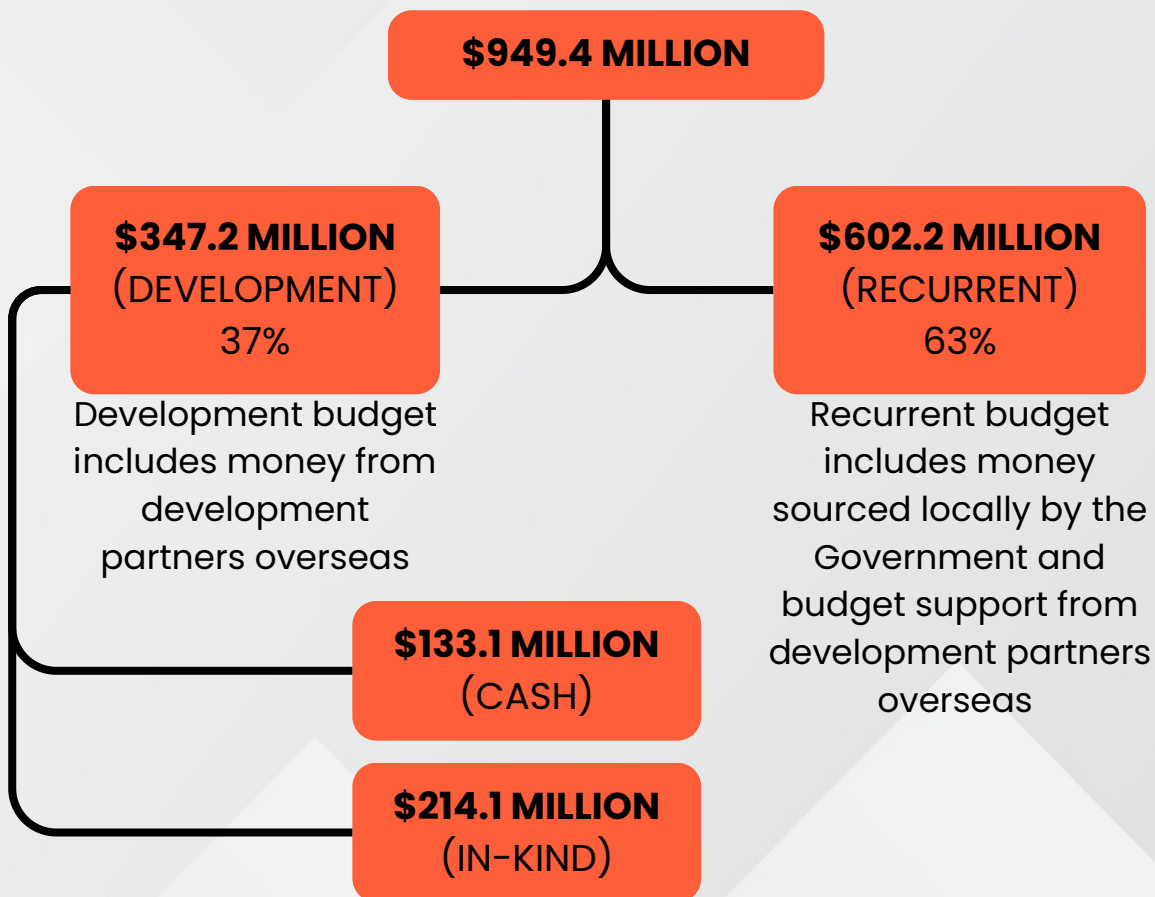
The Budget is reported on a financial year (FY) basis – beginning from the 1st of July to the 30th of June. For instance, this year's citizen's budget guide is for FY2026/27 meaning, 1st of July 2026 – 30th of June 2027.

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

2026/27 BUDGET OVERVIEW

The Government is estimated to spend a total of \$949.4 million in FY2026/27, 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 \$949.4 million in FY2026/27, \$735.3m is cash and \$214.1m is in-kind. The cash portion of \$735.3m is comprised of \$133.1m under the development budget and \$602.2m from the recurrent budget.

2026/27 BUDGET OVERVIEW

	FY2025/26 (\$millions)	FY2026/27 (\$millions)
Receipts	950.2	891.4
Payments	979.3	929.5
Balance	-29.1 (Deficit)	-38.1 (Deficit)
Financing of the deficit	30.0 (bonds) -0.9 (cash reserves)	35.0 (bonds) 3.1 (cash reserves)

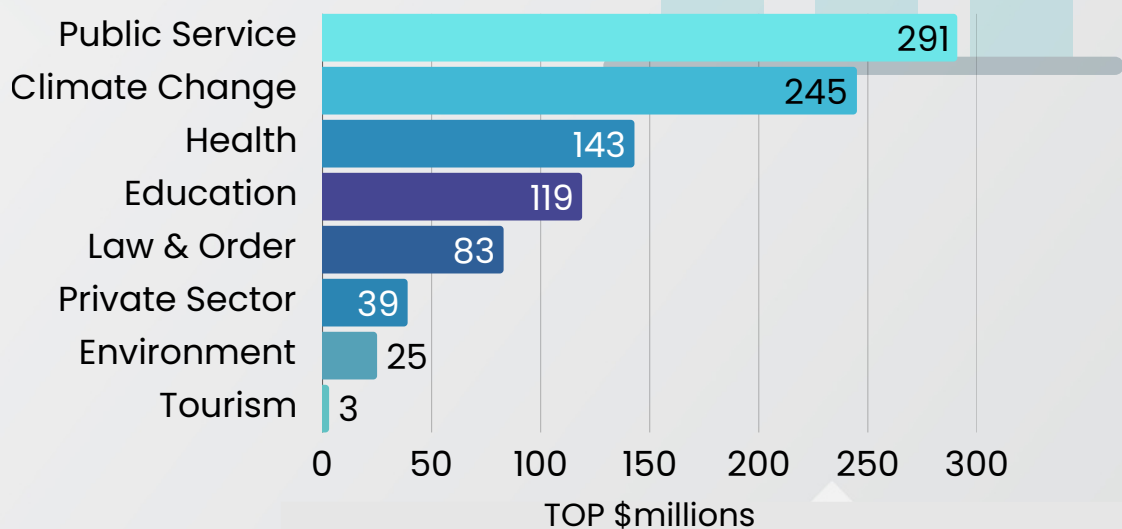
- Although the Government's expenditure is projected to exceed its revenue by **\$38.1m** in FY2026/27, this deficit can be fully financed domestically through government bond issuances and the Government's cash reserves.
- As a result of the completion of a number of major projects during FY2025/26, the overall budget for FY2026/27 has **decreased by 5%**, from \$979.3m to \$929.5m. These completed projects include the Pacific Resilience Program (PREP), which aimed to strengthen the resilience of Pacific Island countries to natural disasters, as well as the Government's planned review of its loan program with the Tonga Development Bank (TDB).
- Note that the budget deficit for FY2026/27 (\$38.1m) is higher than the deficit budgeted in FY2025/26 (\$29.1m). This is primarily because the FY2026/27 budget includes additional expenditures to support the people of Tonga in responding to **rising fuel prices** caused by the conflict in the Middle East.

THE 2026/27 BUDGET THEME

The 2026/27 Budget is guided by the theme: "Accelerate delivery of vital Government initiatives to generate sustainable, inclusive growth".

The budget is allocated to the following strategic focus areas under the Tonga Strategic Development Framework (TSDF 2035).

BUDGET ALLOCATION BY STRATEGIC FOCUS AREA (TSDF 2035)



- **Public Service** – delivering more effective and efficient government services.
- **Climate Change** – strengthening the nation's resilience to climate change and preparedness for natural disasters.
- **Health** – better healthcare, active lifestyles, & strengthening social protection programmes for vulnerable groups.
- **Education** – improving quality of education and ensuring greater access to educational opportunities for all.
- **Law & Order** – enhancing national security, strengthening the rule of law, and intensifying efforts to combat illicit drugs.
- **Private Sector** – achieving sustainable economic growth, more employment, & supporting private sector development.
- **Environment** – promoting the sustainable management of natural resources, protecting the environment & the ocean.
- **Tourism & Culture** – preserving Tonga's cultural heritage and values while promoting sustainable tourism development.

MAJOR INVESTMENTS 2026/27

- **Major Infrastructure**

- Fanga'uta Bridge
- Legislative Assembly Building
- Road maintenance
- Programme to strengthen the resilience of public infrastructure against natural disasters



- **Health**

- Vava'u Hospital
- Health centres
- Queen Salote Nursing School
- Dialysis Centre



- **Education**

- School Breakfast Programme
- Strengthening the Tonga National University
- Increased scholarship opportunities
- Resilience program of school infrastructures against natural disasters (Safer School Project)



- **Community Support**

- Financial assistance for the elderly and vulnerable groups
- Construction of integrated age care services centers
- Constituency grants and other assistance programmes (see page 12)



- **Energy and Electricity**

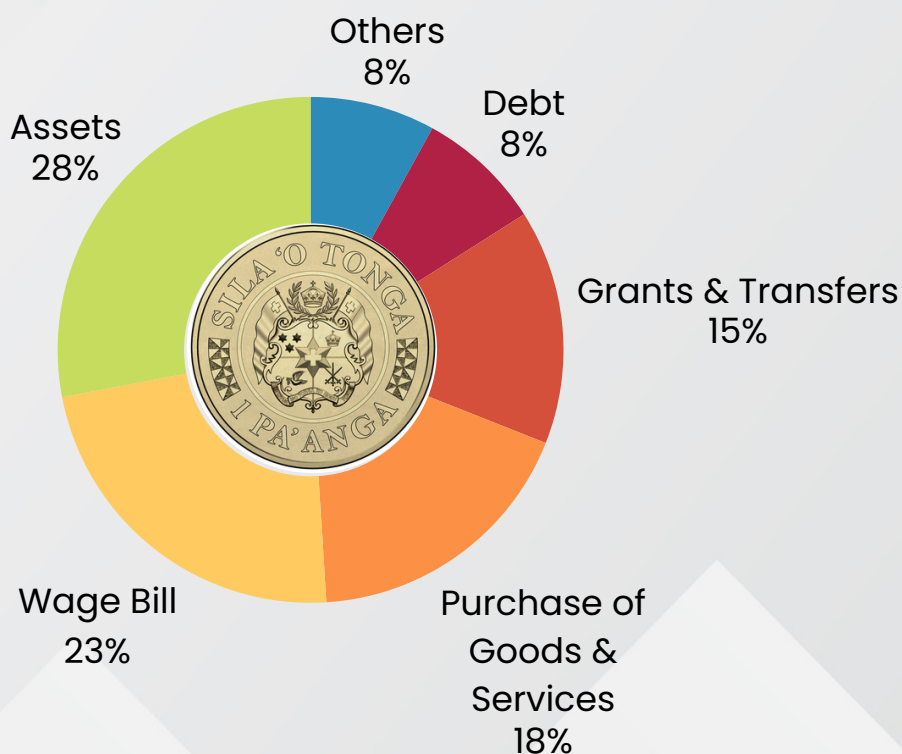
- Government assistance to households to help offset the impact of rising global fuel prices through:
 - Electricity subsidies
 - Domestic ferry fare subsidies
 - Domestic air fare subsidies
- Projects to expand renewable energy generation



BUDGET BY MAIN CATEGORIES

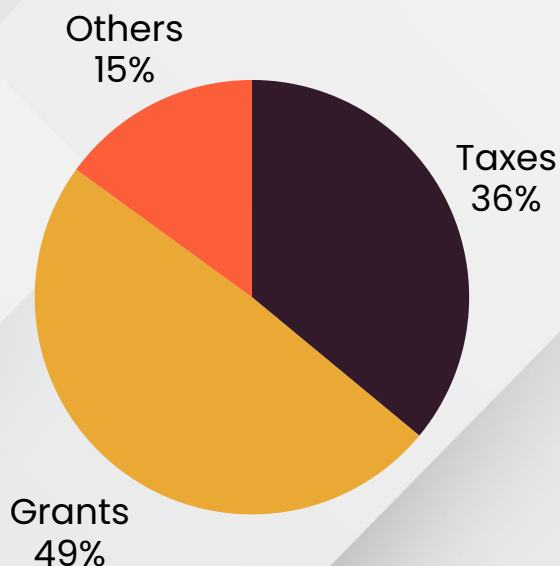
For every \$1 pa'anga of the Budget, majority or 28 seniti is to be spent on assets, which includes key infrastructure projects. Followed by spending 23 seniti on wages of government employees and 19 seniti on purchase of goods and services, including community development programs.

SPENDING BY MAIN CATEGORIES



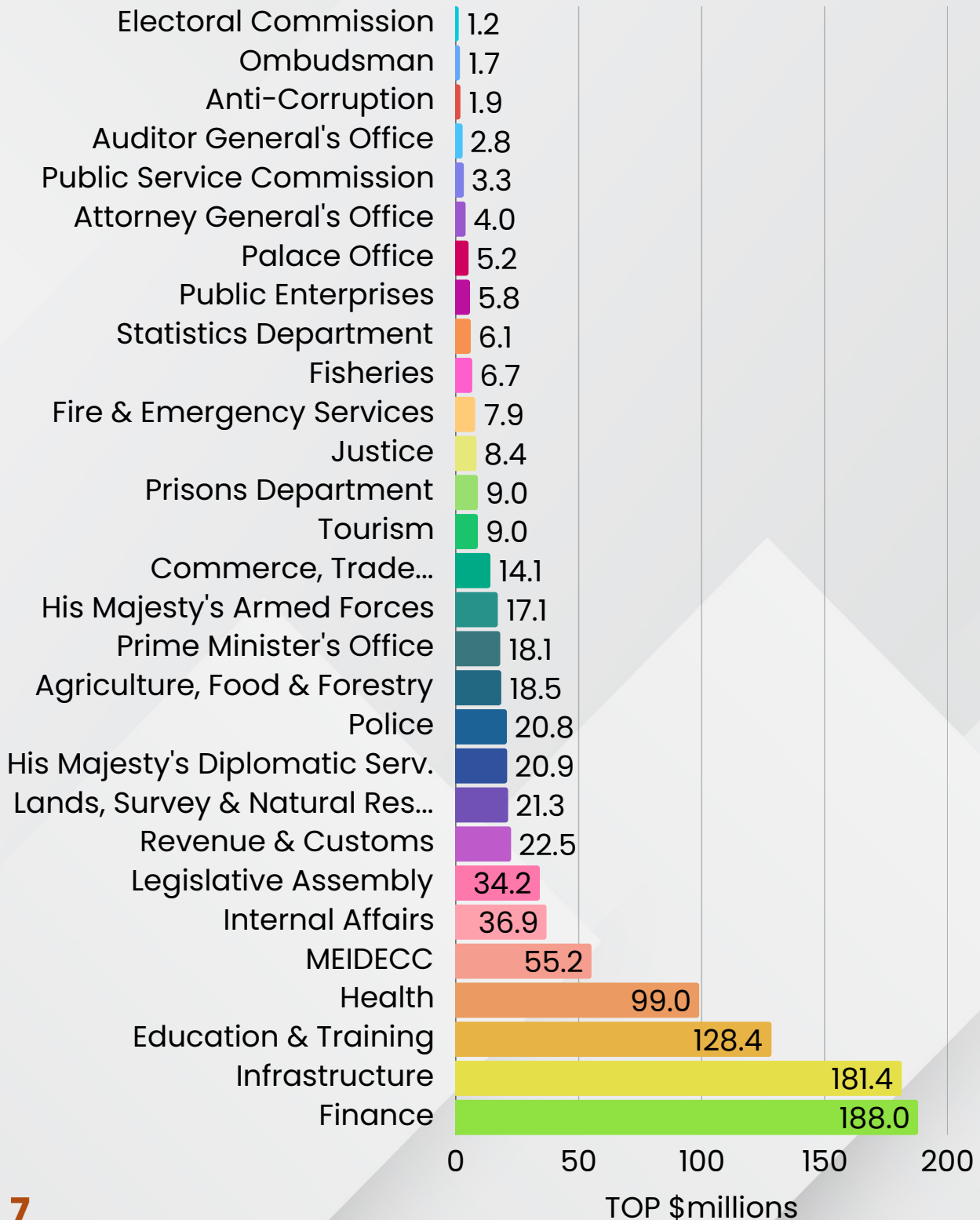
REVENUES BY MAIN CATEGORIES

In terms of revenues or sources to fund the 2026/27 Budget, majority is from development grants, followed by taxes.



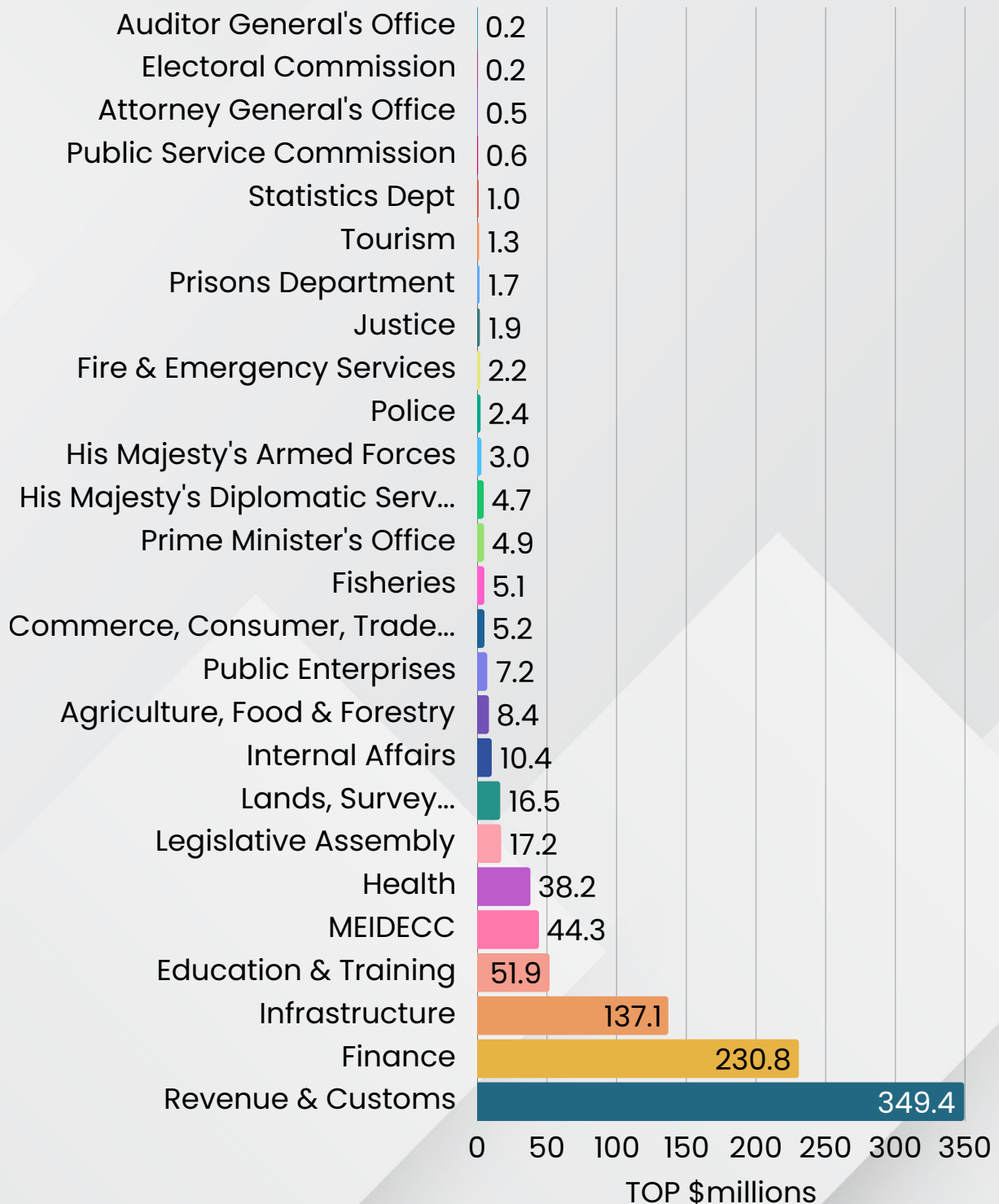
EXPENDITURE BUDGET BY MINISTRY

The 2026/27 Budget is to be spent through 29 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.



RECEIPTS 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. These also include receipt of funds from development partners.

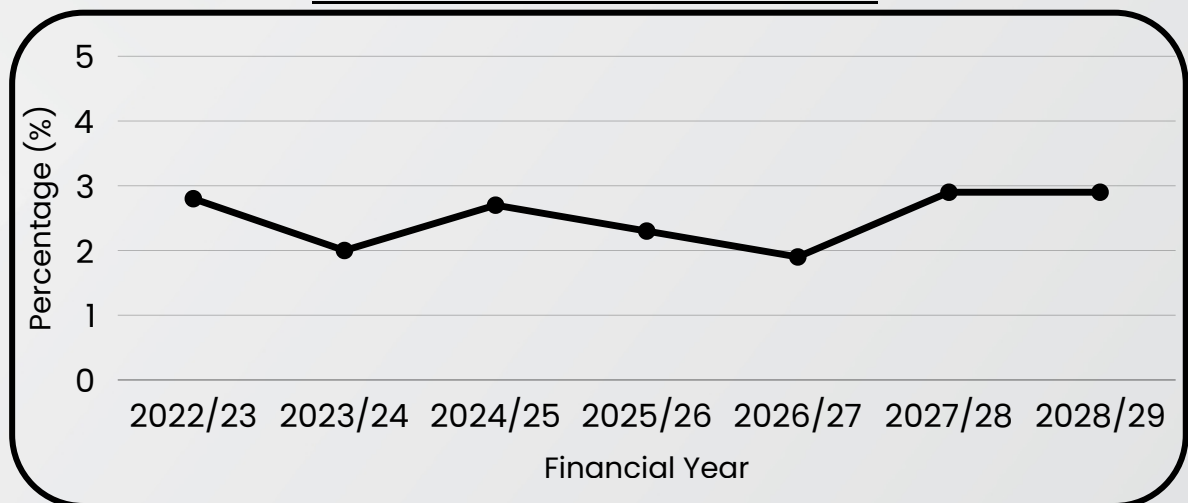


KEY ECONOMIC INDICATORS

ECONOMIC GROWTH

Economic growth for FY2026/27 is projected at **1.9%**, reflecting the continued impact of global economic challenges. Over the following three fiscal years, economic growth is forecast to average 2.5 percent annually. However, the outlook remains subject to significant risks and uncertainties, including rising prices and inflationary pressures.

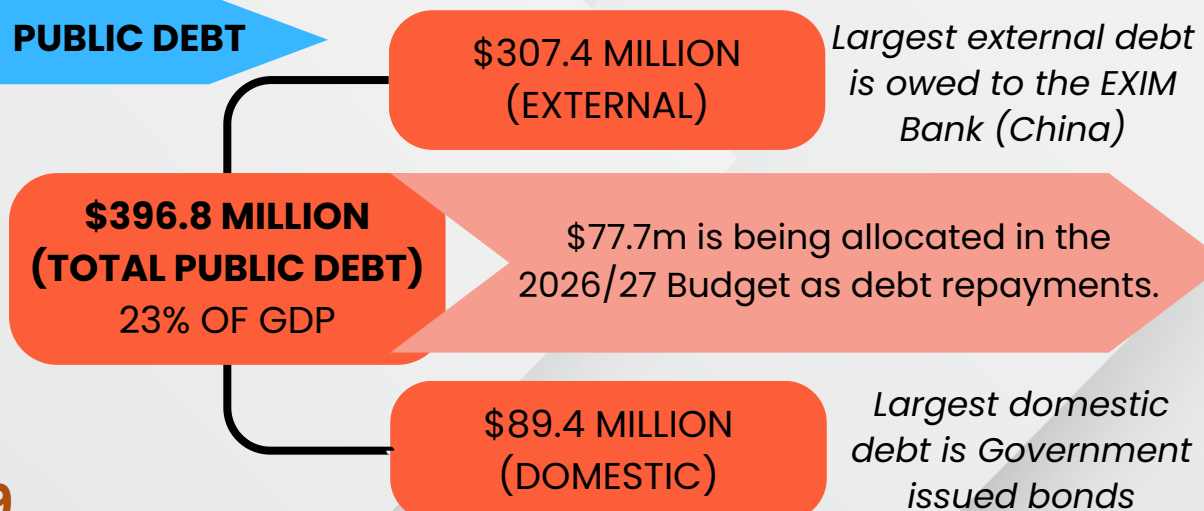
TONGA'S ECONOMIC GROWTH



INFLATION

Although prices in Tonga remain elevated, inflation is projected to remain below 5 percent over the coming year. However, inflation could rise further if the conflict in the Middle East continues, placing additional upward pressure on global fuel and commodity prices

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 2026/27 budget:

FISCAL BALANCE

Receipts	\$891.4m
Payments	\$925.5m
BALANCE	(\$38.1m)

The Government estimates that in 2026/27, it will receive a total of \$891.4m and spend \$925.5m; leaving a budget deficit (or shortage) of \$38.1m to be financed from a net-Government bonds of \$35.0m and \$3.1m 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%
2025/26	46%
2026/27	51%

DOMESTIC REVENUES

Target	>22%
2025/26	24%
2026/27	22%

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.

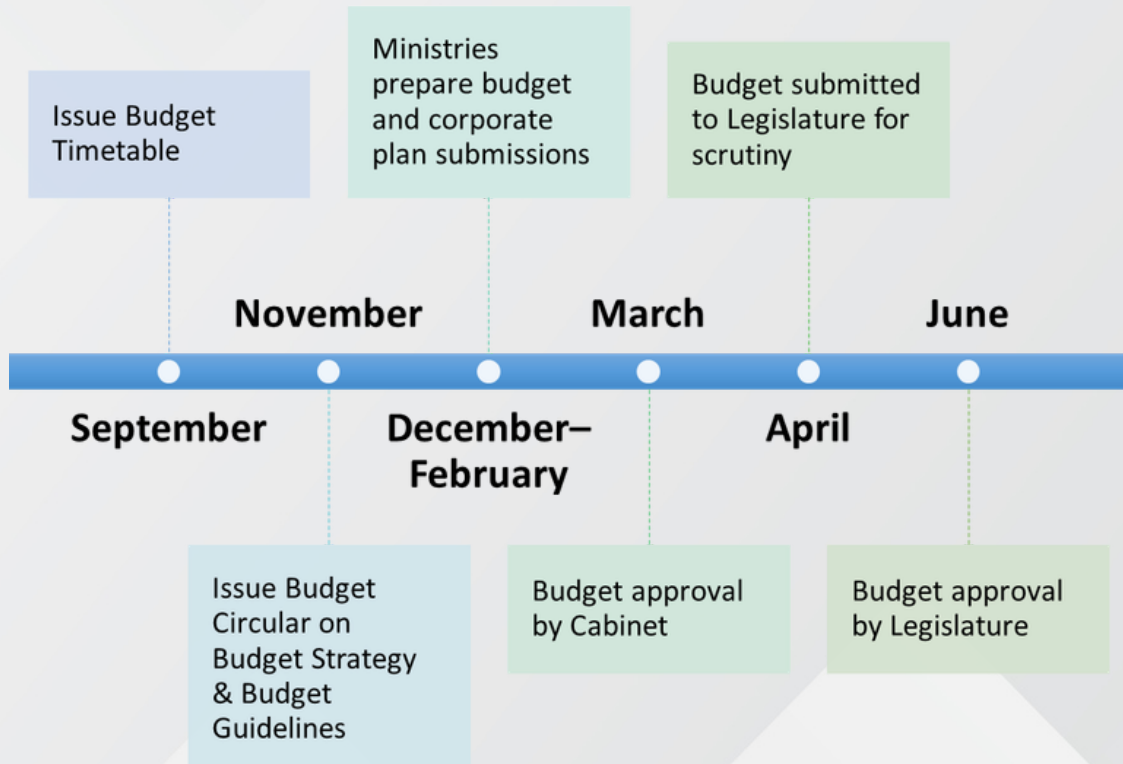
PUBLIC DEBT

The Government aims to manage external public debt sustainably at below 55% of GDP.

Target	<55%
2025/26	23%
2026/27	20%

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.

GRANT PROGRAMS 2026/27

The following are some of the key government assistance programs that have been budgeted for in FY2026/27, together with the responsible ministries or agencies to contact for further information.

Assistance	2026/27 Budget	Ministry
Climate Change Projects	\$8.5m	MEIDECC
Constituency grants	\$7.7m <i>(\$0.4m each for the 17 constituencies & 0.9m for the Nobles)</i>	Office of the Legislative Assembly
Island Development Committees	\$1.2m <i>(\$50k per constituency in Tongatapu & \$180k each for 'Eua, Ha'apai, Vava'u, the Niuas)</i>	Prime Minister's Office
Sports Development	\$5.9m	Ministry of Internal Affairs
Youth, Women, Family Protection, Disability, Communities	\$3.0m	Ministry of Internal Affairs
	\$1.3m	Prime Minister's Office
Buliding homes for poor households	\$5.0m	Ministry of Infrastructure