

# FY2020-2021 Monthly Budget Update-**OCTOBER 2020**

Budget Division  
Ministry of Finance



**As of Wednesday 26<sup>th</sup> November, 2020**

Note that the Actuals (Jul-Oct 2020) are provisional figures only

<b>Jul-Oct Performance</b>	<b>Actuals</b>	<b>vs. Budget</b>	FY 2020-21 Receipts (July-Oct)		FY 2020-21 Payments (July-Oct)		
	Receipts	\$ 91.5m	\$359.4m				
	Payments	<u>\$ 94.2m</u>	<u>\$380.0m</u>				
	<b>Deficit Balance</b>	<b>\$ (2.7)m</b>	<b>(\$20.6m)</b>				

**Estimated outturn by end of June 2021:<sup>1</sup>**

As of end of Oct 2020, the recurrent budget is expected to result in an underlying deficit of \$63.3m compared to an originally estimate of \$59.6m deficit (without financing measures):

Receipts \$ 384.6 million

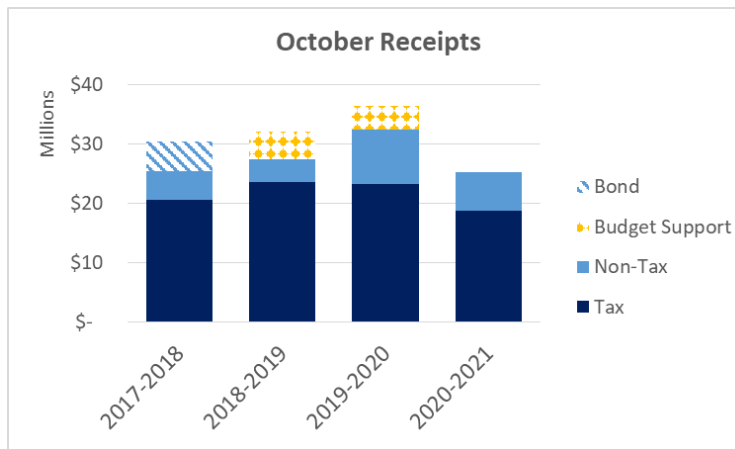
Payments \$ 347.8 million

**Balance (\$ 63.3 million) – without financing measures**

**\$ 15.7 million – with financing of \$79m (\$19m loan + \$60m budget support)**

<b>Monthly performance:</b>	<b>Oct 2020</b>	<b>Oct 2019</b>	<b>Variance (year on year)</b>	<b>Past 3 years average (avg.)</b>	<b>Variance (Jul 20 vs. avg.)</b>	
	Receipts	\$ 25.3 million	\$ 36.5 million	(\$ 11.2) million	\$ 33.0 million	(\$ 7.7) million
	Payments	\$ 27.6 million	\$ 27.1 million	\$ 0.5 million	\$ 25.6 million	\$ 2.0 million

*Receipts Performance*

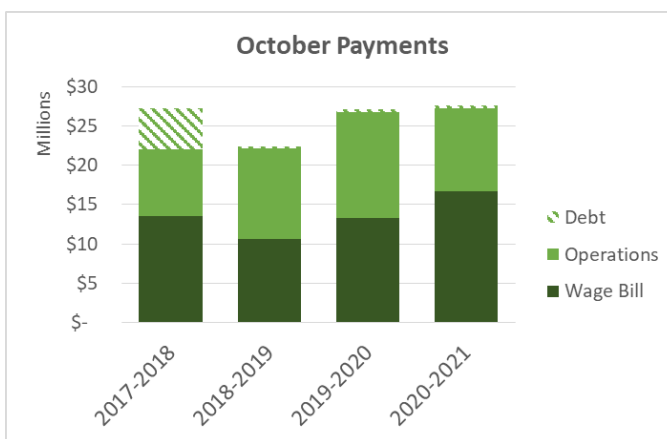


- Excluding one-off bond and budget support receipts, the remaining non-tax and tax receipts collected in October 2020 was lower by \$7m compared to the same period last year - \$4m from taxes and \$3m from non-tax sources.

- The lower collection reflects largely the negative impact of COVID-19 – as experienced through lower income tax collected from businesses, imports-related taxes and travel-related fees such as passport and passenger service charges.
- Nevertheless, despite the lower collection in Oct 2020 year-on-year, it remains in line with what was already anticipated this FY due to the negative impact of COVID-19.

<sup>1</sup> Actuals for July-October 2020 plus forecast for Sept-June 2021

*Payments Performance*



- Total payments (excluding debt) was at \$28m in Oct 2020, similar level to what was spent in October last year. This was despite operational payments being lower by around \$3m, due mainly to timing of one-off disbursements during the FY (e.g. grants, asset purchases) and less overseas travels due to COVID-19 travel restrictions.

- Wage bill expenses only appears to be higher in Oct 2020 due to a salary payment for the previous month (Sept 2020) being recorded in Oct 2020. Thus, the underlying wage bill expenses for Oct 2020 is actually \$1m lower year-on-year, reflecting the freeze in normal staff recruitments.

**Performance by Ministry:**

*See Annex 1 for more details by Ministry*

*See Annex 2 for more details by Major Categories*

- Majority of each line ministry’s spending since the beginning of the FY (Jul-Oct) this FY has shown usual pattern of spending compared to the past 3 years, apart from:
  - Less international travels but replaced by COVID-19 relief assistances under each ministry’s respective allocations such as, in education (maintenance of classrooms, water tanks and free breakfasts for primary schools), agriculture (chicken livestock, vegetable seedlings) etc. Additionally, ministries have spent on preparation efforts to serve the public during a COVID-19 response period including office refurbishments and purchases of teleconference/ ICT equipment to maintain communications with overseas development partners.
  - Continuous efforts on road maintenance particularly community roads
  - Strengthening of early childhood education (ECE) throughout Tonga
- A total of \$15m was allocated in the recurrent budget for COVID-19 related expenses this FY. At the end of Oct 2020, only 7% or \$0.9m has been utilized, as majority of COVID-19 relief assistances are sourced from donor funds and the national emergency fund (NEF).

**Outlook for Nov-June FY2020/21**

- High degree of uncertainty due to COVID-19 – including an expected shortfall of \$8m in tax revenues by end of FY2020/21. In response, spending is anticipated to be lower than the original budget due mainly to the deferral of debt payments (EXIM), coupled with savings from wage bill and operational expenses. However, this will not be enough to offset the expected decline in total receipts.
- As a result, financing of the deficit budget this FY now includes new budget support from the World Bank a highly concessional loan from the IMF’s Rapid Credit Facility. The resulting balance can be further diverted into servicing future debt payments and emergency-related responses.

## Annex 1 – Payments & Receipts by Ministry

**Table 1: FY2020/21 Payments by Ministry**

Ministry/ Department/ Agency	Budget 2020/21	Jul-Oct 2020 Provisional Actuals	% Spent	Remaining Balance
Palace Office	\$ 3,669,100	\$ 1,105,316	30%	\$ 2,563,784
Legislative Assembly	\$ 12,475,600	\$ 3,055,190	24%	\$ 9,420,410
Tonga Office of the Auditor General	\$ 1,941,400	\$ 460,190	24%	\$ 1,481,210
Office of the Ombudsman	\$ 1,547,900	\$ 384,205	25%	\$ 1,163,695
Ministry of Foreign Affairs	\$ 10,306,500	\$ 2,659,900	26%	\$ 7,646,600
His Majesty's Armed Forces	\$ 10,701,600	\$ 3,420,950	32%	\$ 7,280,650
Prime Minister's Office	\$ 4,476,000	\$ 1,181,075	26%	\$ 3,294,925
Ministry of Finance	\$ 106,925,600	\$ 17,026,353	16%	\$ 89,899,247
Ministry of Revenue & Customs	\$ 10,047,600	\$ 2,816,877	28%	\$ 7,230,723
Ministry of Public Enterprises	\$ 1,471,200	\$ 401,496	27%	\$ 1,069,704
Ministry of Trade and Economic Development	\$ 6,992,300	\$ 1,149,997	16%	\$ 5,842,303
Ministry of Justice and Prison	\$ 11,697,000	\$ 3,538,200	30%	\$ 8,158,800
Attorney General's Office	\$ 3,229,100	\$ 1,035,266	32%	\$ 2,193,834
Ministry of Police & Fire Services	\$ 13,733,000	\$ 4,406,496	32%	\$ 9,326,504
Ministry of Health	\$ 48,229,400	\$ 14,625,166	30%	\$ 33,604,234
Ministry of Education	\$ 56,777,200	\$ 18,147,096	32%	\$ 38,630,104
Ministry of Internal Affairs	\$ 8,298,300	\$ 2,257,829	27%	\$ 6,040,471
Ministry of Agriculture, Food & Forests	\$ 10,355,200	\$ 3,056,268	30%	\$ 7,298,932
Ministry of Infrastructure	\$ 25,181,300	\$ 4,754,740	19%	\$ 20,426,560
Ministry of Lands & Natural Resources	\$ 6,126,600	\$ 1,493,948	24%	\$ 4,632,652
Public Service Commission	\$ 2,064,900	\$ 516,432	25%	\$ 1,548,468
Statistics Department	\$ 3,330,200	\$ 696,496	21%	\$ 2,633,704
MEIDECC	\$ 8,290,500	\$ 2,320,340	28%	\$ 5,970,160
Ministry of Fisheries	\$ 4,707,600	\$ 1,636,639	35%	\$ 3,070,961
Ministry of Tourism	\$ 7,472,300	\$ 2,092,926	28%	\$ 5,379,374
<b>Grand Total</b>	<b>\$ 380,047,400</b>	<b>\$ 94,239,392</b>	<b>25%</b>	<b>\$ 285,808,008</b>

**Table 2: FY2020-2021 Receipts by Ministry**

Ministry/ Department/ Agency	Budget 2020/21	Jul-Oct 2020 Provisional Actuals	% Rec	Remaining yet to Rec.
Tonga Office of the Auditor General	\$ 75,000	\$ 6,000	8%	\$ 69,000
Ministry of Foreign Affairs	\$ 2,018,000	\$ 380,080	19%	\$ 1,637,920
His Majesty's Armed Forces	\$ 20,000	\$ 7,350	37%	\$ 12,650
Prime Minister's Office	\$ 10,000	\$ 7,500	75%	\$ 2,500
Ministry of Finance	\$ 102,423,200	\$ 13,763,517	13%	\$ 88,659,683
Ministry of Revenue & Customs	\$ 230,029,900	\$ 68,630,302	30%	\$ 161,399,598
Ministry of Public Enterprises	\$ 2,854,100	\$ 65,864	2%	\$ 2,788,236
Ministry of Trade and Economic Development	\$ 672,000	\$ 226,937	34%	\$ 445,063
Ministry of Justice and Prison	\$ 2,031,400	\$ 515,484	25%	\$ 1,515,916
Ministry of Police & Fire Services	\$ 466,100	\$ 68,978	15%	\$ 397,122
Ministry of Health	\$ 1,500,000	\$ 284,375	19%	\$ 1,215,625
Ministry of Education	\$ 2,701,700	\$ 1,399,326	52%	\$ 1,302,374
Ministry of Internal Affairs	\$ 26,000	\$ 9,230	36%	\$ 16,770
Ministry of Agriculture, Food & Forests	\$ 1,648,000	\$ 353,257	21%	\$ 1,294,743
Ministry of Infrastructure	\$ 8,345,000	\$ 3,285,803	39%	\$ 5,059,197
Ministry of Lands & Natural Resources	\$ 1,049,600	\$ 258,650	25%	\$ 790,950
MEIDECC	\$ 850,000	\$ 408,625	48%	\$ 441,375
Ministry of Fisheries	\$ 2,300,000	\$ 1,756,927	76%	\$ 543,073
Ministry of Tourism	\$ 418,200	\$ 34,878	8%	\$ 383,322
<b>Grand Total</b>	<b>\$ 359,438,200</b>	<b>\$ 91,463,084</b>	<b>25%</b>	<b>\$ 267,975,116</b>

## Annex 2 – Payments & Receipts by Category

**Table 3: FY2020-2021 Payments by Category**

Payments Major Category	Budget 2020/21	Budget Transfers	Revised Budget 2020/21	Jul-Oct 2020 Provisional Actuals	% Spent	Remaining Balance
Established Staff	\$ 150,813,200	\$ (217,870)	\$ 150,595,330	\$ 46,771,561	31%	\$ 103,823,769
Unestablished Staff	\$ 10,260,700	\$ 407,101	\$ 10,667,801	\$ 3,260,324	31%	\$ 7,407,477
Travel and Communication	\$ 9,165,100	\$ 97,820	\$ 9,262,920	\$ 3,547,133	38%	\$ 5,715,787
Maintenance and Operations	\$ 28,659,800	\$ (259,179)	\$ 28,400,622	\$ 6,300,602	22%	\$ 22,100,020
Purchase of Goods and Services	\$ 64,305,200	\$ (390,161)	\$ 63,915,039	\$ 14,080,125	22%	\$ 49,834,914
Grants and Transfers	\$ 42,510,500	\$ 280,680	\$ 42,791,180	\$ 10,488,117	25%	\$ 32,303,063
Development Duties and Expenditures	\$ 3,769,900	\$ (339,211)	\$ 3,430,689	\$ 269,902	8%	\$ 3,160,786
Debt Management	\$ 46,536,900	\$ -	\$ 46,536,900	\$ 5,943,762	13%	\$ 40,593,138
Contingency Fund	\$ 5,000,000	\$ 345,000	\$ 5,345,000	\$ -	0%	\$ 5,345,000
Pension & Gratuities	\$ 5,499,900	\$ (200,000)	\$ 5,299,900	\$ 1,402,117	26%	\$ 3,897,783
Assets	\$ 13,126,200	\$ 275,820	\$ 13,402,020	\$ 2,175,750	16%	\$ 11,226,270
Equities Payment	\$ 400,000	\$ -	\$ 400,000	\$ -	0%	\$ 400,000
<b>Grand Total</b>	<b>\$ 380,047,400</b>	<b>\$ -</b>	<b>\$ 380,047,400</b>	<b>\$ 94,239,392</b>	<b>25%</b>	<b>\$ 285,808,008</b>

**Table 4: FY2020-2021 Receipts by Category**

Receipts Major Category	Budget 2020/21	Jul-Oct 2020 Provisional Actuals	% Rec	Remaining yet to Rec.
Income Tax	\$ 54,632,500	\$ 12,453,669	23%	\$ 42,178,831
Trade Taxes	\$ 21,048,100	\$ 5,946,837	28%	\$ 15,101,263
Taxes on Goods & Services	\$ 91,735,400	\$ 32,864,398	36%	\$ 58,871,002
Excise Taxes	\$ 63,533,500	\$ 17,842,016	28%	\$ 45,691,484
Fees & Licences	\$ 25,057,500	\$ 8,975,752	36%	\$ 16,081,748
Entrepreneurial & Property Income	\$ 8,885,400	\$ 4,490,593	51%	\$ 4,394,807
Miscellaneous Revenue Items	\$ 434,100	\$ 138,947	32%	\$ 295,153
Capital & Other Transfers	\$ 55,642,100	\$ 3,014,478	5%	\$ 52,627,622
Budget Support	\$ 38,469,600	\$ 5,736,393	15%	\$ 32,733,207
<b>Grand Total</b>	<b>\$ 359,438,200</b>	<b>\$ 91,463,084</b>	<b>25%</b>	<b>\$ 267,975,116</b>