REGIONAL COURSE ON SNA 2008 (SPECIAL TOPICS):

IMPROVING EXHAUSTIVENESS OF GDP COVERAGE

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DAEJEON, REPUBLIC OF KOREA

COUNTRY REPORT: TONGA

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1. INTRODUCTION

Statistics Department Tonga is responsible for the compilation of Tonga National accounts Statistics. This estimate is compiled on an annual financial year (July –June) and published about nine months after the end of the June financial year reference period. Estimates are broadly consistent with the UN 1993 SNA so far as the existing data permits.

The National Accounts Division of the Department conducts an annual survey of selected large businesses around November of each year. This survey aim to collect more-up-to-date data for the estimate and additional information for previous years that were not in the previous estimates are being revised accordingly.

Gross Domestic Product by Production, GDP(P) and Gross Domestic Product by Expenditure, GDP (E) approach are produced but the annual growth in the economy is measured using the production approach, GDP by industry, as it is considered a more reliable measure than the expenditure approach. Nevertheless, GDP(E) estimate is a useful cross-check to ensure consistency of the GDP(P) estimates.

2. SOURCES AND METHODS

2.1A Gross Domestic Product by Production approach:

GDP (P) Methodology relies mainly on output indicator which is rated forward from a 1995-96 benchmark. As a result value-added estimates are fixed at the 1995-96 ratios. These ratios will be progressively updated using the up-dated data from the annual enterprise survey and Inland Revenue Department profit and loss accounts (tax data).

The output of goods and services comprises the value of goods and services that are the result of production activity by resident units during the reporting period. This includes non-market activity for agriculture and handicraft production and owner-occupied dwellings. Indicators are
estimated by type of economic activity in accordance with the International Standard Industry Classification (ISIC) Rev 3.1

2.1B Principal Data sources:

The following lists give principal data source use for this estimate:

- Annual GDP survey of Tonga large businesses to collect turnover and other selected data
- Domestic Market survey report
- Merchandise trade data from the Tonga Custom Department
- Consumption Tax (CT) Data and Profit and loss data from registered businesses
- Government Finance Data from Ministry of Finance and National planning
- Household Income and expenditure (HIES) data
- Balance of Payment exports and Non-profit organisation’s remittances
- Main source for deflators is Tonga CPI-rebase in October 2010 and weights from HIES 2009, also few overseas price index (eg IMF world price index for construction materials)

Output for several market industries is extrapolated from a 1995-96 benchmark using data collected in the annual GDP survey. These industries are: Mining and Quarrying (sales), Electricity and Water (sales), Transport (sales), Finance (net interest income) and Insurance (commissions)

For wholesale and retail trade a combination of merchandise trade and CT data is used to rate forward the 1995-96 benchmark.

The HIES 2000-01 benchmark is extrapolated by (mainly) population movements for market and non-market agriculture, and expenditure on education, health and social work, recreation, cultural and sporting activities, and other community and personal services.

For construction a combination of trade data, CT sales and GFS data is used. BOP travel exports are used as indicators in hotels and restaurants and recreational, cultural and sporting activities.
The main source for deflators is the Consumer Price Index which was rebased in October 2010 using weights from the 2009 HIES. A few overseas price indexes are also used, eg, IMF world price indexes for construction materials.

2.2A Gross Domestic Product by Expenditure approach:

The expenditure approach is comprised by the sum of Final consumption expenditure, Gross Fixed Capital Formation, Change in Inventories and Net Foreign Trade

2.2B GDP (E) sources and methods

Household final consumption expenditures include expenditures on goods and services from their own resources; the receipt of goods and services in kind; and production for own consumption. They are estimated in accordance with the International Classification of Individual Consumption by Purpose (COICOP) using 2001 HIES benchmarks extrapolated by merchandise trade imports, population movements, and other data from the GDP (P) accounts.

Data for final consumption expenditure of the general government sector is provided from the GFS-based data from Ministry of Finance. Data for final consumption expenditure of NPISH comes from balance of payments non-profit organisation remittances and 2001 HIES benchmark extrapolate by population movements.

Gross fixed capital formation for construction data sources are the same as the GDP(P) estimate. Imports of passenger vehicles are split 50:50 between households (for HFCE) and other sectors (GFCF).

The value of exports and imports of goods is determined from merchandise trade / balance of payments data.
3. CHALLENGES

In order to improve the quality of the estimates for Tonga, we are hoping for new benchmark, so we are planning on a business census to update the current rations. At the same time we wish for a quarterly estimate so work has started on exploring of the tax data to be used to produce quarterly estimates. We are currently conducting HIES which will be complete by October 2016 so we hope to rebase CPI early next year and hope to rebase GDP after. At the same time work has been done in related to the classification based on ISIC Rev 4 and establishing of a Business Register, and we hope that we will be using SNA 2008 standards sometimes soon.

With all these plans and expectation, I hereby request assistance and guidance on how to go about all these, so that it will bring National Accounts Statistics of Statistics Department Tonga to an improved framework and methodology and better quality GDP estimates that represent the economy of Tonga well.

This workshop is very useful and I wish to learn as much as I can during this training with the assistance of consultant and experts from the workshop, as well as sharing of experience with other participants.

THANK YOU