

RECENT & UPCOMING TA MISSIONS

September

PFM	Fiji	PFM legal framework
	Niue	Roadmap implementation support
	PNG	Support for roll-out of the Integrated Financial Management System (IFMS)
	Solomon Is.	Follow-up Support – PFM Reform Roadmap
	Tonga	PEFA Self-Assessment
Tax	Kiribati	Reviewed overall reform progress
	Nauru	Developed processes for registration filing and payment of taxes
	Regional-Fiji	Managing modern tax administration training
	Nauru	Fiscal Law – Tax Procedures
Financial Supervision	Regional-PNG	PFTAC AFSPC workshop Workshop: Managing a Risk Based Banking Supervision Department
	Regional-Fiji	PFTAC AFSPC workshop Examiner workshop: Consolidated Supervision
	Kiribati	National Accounts, development of GDP estimates by expenditure
Statistics	Marshall Is.	National Accounts, improvement of methodologies and data sources
	Nauru	National Accounts, methodology review and improvements, compilation of 2012-2013 GDP estimates by production Balance of Payments, methodology review and improvements, compilation of 2012-2013 estimates
	Samoa	Incorporated debt dynamics into macro/fiscal framework
Macro	Tonga	Train staff on how to update the macroeconomic framework for the budget preparation process

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October

PFM	Fiji	PFM legal Framework Revisions – Phases 2 & 3
	Solomon Is.	Introductory mission to discuss request for NTR review and PFM roadmap implementation
	Tuvalu	Financial Instructions Revision – Phase 2
	Vanuatu	Strengthening Internal Audit
Tax	Regional-Fiji	Managing Taxpayer Services workshop
	FSM	Strengthening Taxpayer Compliance Management – Phase 1
	Tonga	Review overall reform progress and determine future technical assistance needs
Statistics	Regional-Vanuatu	Training course for the use of HIES data for the compilation of GDP estimates and CPI
	Regional-Fiji	Training course on methodologies and data sources used for the compilation of national accounts estimates in constant prices
Financial Supervision	Regional-Samoa	Southern Pacific Regional Banking Supervision workshop
Macro	Vanuatu	Developed data updating procedure for macro/fiscal framework
	Solomon Is.	Completed development of simplified financial programming framework

November

PFM	Cook Is.	Formal PEFA
	Nauru	PFM Roadmap follow-up
	Vanuatu	Non tax review scoping mission
Tax	Nauru	Support for revenue reform and new structure
	Tonga	Compliance risk management and performance standards
	Vanuatu	Review overall reform progress and determining future TA needs
Statistics	Fiji	National Accounts, development of quarterly GDP estimates by production
	PNG	National Accounts , review of data sources and improvement of methodologies
Financial Supervision	Regional -Fiji	Credit Union Pacific Congress workshop
	Regional -Palau	Credit Union capacity building workshop
Macro	FSM	Outreach – Discuss plan to develop long-term fiscal planning framework
	Palau	Present long-term fiscal planning framework at national symposium
	Marshall Is.	Outreach – Discuss plan to develop long-term fiscal planning framework

- Encouraging adoption of international accounting standards;
- Building a network of practitioners involved in preparation of Government financial statements.

One of the key messages of the workshop was that having accurate and timely financial reporting, based on international standards, is an essential component of transparency and accountability in the use of public resources.

PACIFIC ISLANDS TAX ADMINISTRATORS ASSOCIATION (PITAA) ANNUAL MEETING: 23-25 JULY, 2014, SUVA, FIJI

PFTAC has continued to support PITAA to become a standalone regional tax association. Major progress was made during the PITAA workshop held in July 2014 which included decisions to launch a PITAA website, to appoint permanent staff to the secretariat and, to formalize its constitution and collect fees from members.

MANAGING MODERN TAX ADMINISTRATION WORKSHOP: 10-12 SEPTEMBER 2014, SUVA, FIJI

The workshop encompassed the breadth of topic matter and linkages relevant to the principles, concepts and practice relating to the strategic, design and operational levels of a modern tax administration. Participants were required to demonstrate their understanding by presenting and discussing the strengths and weaknesses of their own countries tax administration strategy, design and operations functions.

MANAGING A RISK-BASED BANKING SUPERVISION DEPARTMENT WORKSHOP: 24-26 SEPTEMBER, 2014, PORT MORESBY, PNG

This workshop was held following the annual meeting of the Association of Financial Supervisors of Pacific Countries (AFSPC). 20 Supervisors from 9 countries participated. The workshop was based on the concept of thinking through and identifying important supervisory frameworks which enable the professional management of a Banking Supervision Department. Group discussions were held on management processes that work well for small jurisdictions and how they could be improved. There was a recommendation on how the group could work together to improve the supervision regime of each country. Staying relevant and strengthening relationships became the core topic of discussion during the workshop, which resulted in a desire to be collaborative as a group, including exchanging information. A number of management styles were explored and situational scenarios and case studies were defended.

MEETINGS, SEMINARS & WORKSHOPS

INTERNATIONAL ACCOUNTING STANDARDS WORKSHOP: 21-25 JULY, 2014, SUVA, FIJI

PFTAC and the Pacific Association of Supreme Audit Institutions (PASAI) jointly hosted a Regional Workshop on International Accounting Standards for 45 senior officials from 12 PICs. These included officials responsible for the preparation of their Governments' financial statements, and officials from national audit offices responsible for auditing and certifying the Government's annual financial statements.

Workshop objectives included:

- Updating participants on international accounting standards;
- Strengthening the technical capacity of public sector accountants and auditors in accounting, reporting, and auditing;

CONSOLIDATED SUPERVISION OF CONGLOMERATES, 29 SEPTEMBER-1 OCTOBER, SUVA FIJI

A three day workshop was held for 24 staff of the banking supervision department of the Reserve Bank of Fiji. The program included a technical component supported by a number of case studies. The group explored prudential risks related to the existence of a financial conglomerate and addressed loopholes in sector supervision including regulatory gaps, contagion risk, concentration risk and conflict of interest and regulatory arbitrage.

A session was set aside to discuss prudential risks related to the supervision of risks arising from unregulated financial activities and entities. The group touched on the off-site and on-site monitoring of conglomerates and spent some time on lessons learnt from the global financial crisis.

RISK-BASED BANKING SUPERVISION 6-9 OCTOBER, APIA, SAMOA

The annual PFTAC-sponsored Risk-Based Banking Supervision workshop was held for 18 newly hired supervisors from 7 member countries who will be expected to perform off-site supervision and on-site examination as part of their duties.

The workshop explored risk types in banking, corporate governance and Basel Core Principles for Effective Banking Supervision. A number of sessions were dedicated to the study of financial statements and the analysis of risk, data gathering and the supervisory cycle. The group was presented with a number of case studies on asset quality and credit risk, principle indicators and concepts of ICCRS, capital measurement, key ratios and evaluation to name a few. Group discussions were held on the concepts of sensitivity to market risk, operational risk and measurement techniques.

The week concluded with a case study on establishing the appropriate risk levels and appetite of a sample bank based on historical data and a number of key indicators. The groups then had to rank the risks and establish examination priorities.

USE OF HIES DATA FOR THE COMPILATION OF GDP ESTIMATES AND CPI: 6-12 OCTOBER, 2014, PORT VILA, VANUATU

PFTAC conducted a sub-regional workshop on the use of Household Income and Expenditure Survey data for the compilation of national accounts statistics and rebase of the CPI. Fifteen national accounts compilers from Papua New Guinea, the Solomon Islands, and Vanuatu attended. Statisticians from the Australian Bureau of Statistics and from the Secretariat of the Pacific Community also contributed to the workshop.

PACIFIC STATISTICS STEERING COMMITTEE (PSSC) MEETING, 20-22 OCTOBER, NADI, FIJI

The 9th PSSC meeting focused on reforming the organization and operation of the PSSC to more effectively implement Phase 2 of the Ten-Year Pacific Statistics Strategy. The key elements of reform that were agreed to include:

- Establishment of an operationally autonomous PSSC Coordination Unit, funded by Australia and ADB. The PSSC meeting agreed to several measures to safeguard its operational autonomy from any individual PSSC member organization;
- Refinement of key objectives in Phase 2;
- Improvements in information sharing and reporting arrangements among TA providers;
- Introduction of a monitoring and evaluation process, to be led by the Coordination Unit;
- Establishment of 5 Technical Working Groups (TWGs) to develop action plans for implementation of the Phase 2 TYPSS objectives. PFTAC will be involved in 3 of these.

The 5 working groups will cover:

- A reconstituted working group on the Household Income and Employment Survey (HIES);
- Continuation of the existing working group on technology and communication;
- A working group to promote more effective use of administrative data;
- A working group on future surveys, focusing indicators for post-MDG objectives;
- A working group on strengthening data use and dissemination.

COUNTRY TA STRATEGIES



NAURU

Country Strategy 2014-2016

PFTAC's TA strategy is guided by the APD regional strategy note and is planned within the Results-Based Management (RBM) framework for the current PFTAC funding cycle.¹

In the **public financial management** area, PFTAC will stand ready to provide additional training and support for improving the integration of planning and budgeting (RBM 1.6), developing a medium-term financial framework (RBM 1.6), developing an asset register (RBM 1.8), finalizing the financial instructions originally drafted in 2010 (RBM objective 1.3), and improving accounting, reporting and financial systems (RBM 1.8). Other assistance will be coordinated with the Australia DFAT and ADB-supported projects. Resources will be made available for a follow up PEFA assessment in 2015 (RBM objective 1.1) if requested.

In the **revenue** area, PFTAC continues to provide TA to Nauru in a reform program (2.1 and 2.2) which involves the following phases: Phase 1, implemented on October 1, 2014, involved the implementation of an employment tax, non-resident withholding tax (including a tax on fees paid to non-resident contractors) and revenue administration legislation. Phase 2, with a targeted implementation date of July 1, 2015, will implement a business tax and small business presumptive tax. Phase 3, will introduce a value added tax at a date still to be determined. These reforms are extensive and their implementation being supported by PFTAC and DFAT who has funded 2 resident tax advisors to provide on the ground technical assistance.

In **financial sector supervision**, PFTAC will be available to provide advice on the prudential issues relating to establishing banking services in Nauru. The expectation is that other partners will take the lead in assisting with discussions with potential financial service providers.

In **macroeconomic statistics**, TA had been provided by the Secretariat of the Pacific Community during recent years. PFTAC resumed TA during September 2014 to assist with the compilation of national accounts (RBM objectives 4.5, 4.6 & 4.7) and balance of payments statistics (RBM objective 4.9) up to 2012-13. Methodologies and data sources were significantly improved and follow-up missions should be conducted during 2015.

No TA is currently planned in the area of **macroeconomic analysis**.



TOKELAU

Country Strategy 2014-2016

Background

Tokelau is highly dependent on New Zealand for financing government operations. Economic activity is limited on the atolls and largely subsistence in nature. Most of the government budget is financed by aid from New Zealand, of which Tokelau is a non self-governing territory. However, Tokelau has begun to take on more responsibility for its own administration including budget management which is supported by a Trust Fund and aid.

Tokelau rarely accesses PFTAC TA. This reflects the leading role that New Zealand takes in TA provision by virtue of the close ties between the two countries and the travel challenges inherent in Tokelau's geography. PFTAC has however provided some assistance in statistics via the representative office in Apia and Tokelau officials participate in some regional training, including the national accounts training in Suva during October 2014. PFTAC has also been assisting Tokelau with a PEFA self-assessment, begun in 2014 and scheduled for completion in 2015.

PFTAC TA to Tokelau is expected to remain limited. Given the dominant role of New Zealand in TA provision, overall levels of TA are expected to remain low. Although there are no immediate plans for PFTAC support, the most likely areas of TA will be in statistics (RBM objective 4.5) and public financial management, through support for a formal PEFA assessment (tentatively scheduled for completion 2015) and developing a PFM roadmap (RBM objectives 1.1 & 1.2).

¹ Specific objectives in the RBM framework are identified in italics in the section. For example, (RBM objective *1.1*), refers to the PEFA framework objective code 1.1 in the RBM framework.