

Executive Board
Document No. 705

August 2, 1950

TO: Members of the Executive Board
FROM: The Acting Secretary
SUBJECT: Par Value of the Tonga Pound

The Acting Managing Director has received the attached note from Mr. Crick correcting the par value of the Tonga Pound as communicated in the letter from the United Kingdom dated September 16, 1949. The staff is making the necessary corrections in the records of the Fund.

Att: (1)

Other Distribution:
Department Heads
Division Chiefs

25 July, 1950

To: The Managing Director
From: L. F. Crick
Subject: Par Value of the Tonga Pound

I have been asked to convey to you the following information concerning the par value of the Tonga Pound declared to the Fund.

Although the Tonga Pound is convertible into the Australian Pound at par, when parities for the currencies of dependent territories were first communicated to the Fund in 1946 that of Tonga was given as £ Tonga 1.2525 equals £1 Sterling. The reason for this was that at that time no par value for the Australian Pound had been fixed, but as it was quoted at £ Australian 125/£ Australian 125.5 per £100 Sterling the Tonga parity figure was taken at the middle point of £ Australian 125.25.

When, however, the Australian par value was announced in November 1947 the rate fixed was equivalent to £ Australian 1.25 equals £1 Sterling. When Sterling, the Australian £ and the Tongan £ were devalued in September 1949, the discrepancy between the Australian and Tonga rates was overlooked at the time and still persists.

I am therefore instructed to communicate to you the correct parity for the Tonga Pound of:-

£ Tonga 1.25 = £1 Sterling.

This amendment to the declared parity is made with the agreement of the Government of Tonga.

/s/ L.F.C.