



## QUARTERLY DEBT BULLETIN as at 30 September 2013

This report summarises the Government's (GoT) debt position during the FY 2013/14 from 1 July to 30 September 2013, in millions of Pa'anga. Comparisons have been made to the previous quarter (June 2013), and to the previous year (30 September 2012). The information covers external, domestic, on-lent and guaranteed debt.

**1. Total public disbursed outstanding debt (DOD)** as at 30 September 2013 is estimated at \$370.1m (*at 42.0% of GDP*). **Total public debt decreased** by \$2.5m between June 2013 and September 2013. This was mainly due to payment made to EXIM Bank and appreciation of the Pa'anga against the major borrowing currencies: CNY by 0.9%.

**2. External debt** is recorded at \$340.7m (38.7% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$218.4m (64%), the Asian Development Bank (ADB) at \$64.5m (19%) and IDA (International Development Agency World Bank) at \$41.1m (12%). The **main outstanding loan currency denomination** is the CNY at \$225.7m (66%), USD at \$47.9m (14%) and the EUR at \$43.0m (13%). The **significant movement of the Pa'anga** against the borrowing currencies during September 2012 to September 2013, showed a **depreciation of the Pa'anga** against the **EUR (9.9%); CNY (8.2%); USD (5.1%); SDR (4.5%)** and **GBP (4.4%)**. With **appreciation** against the **JPY (16.8%); and AUD (6.2%)**. There were **no external loan payment arrears**.

**3. Domestic debt** is recorded at \$29.5m (3.3% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$17.3m (59%), Retirement Fund Board at \$6.7m (23%) and Individuals at \$4.7m (16%). There were **no domestic loan payment arrears**.

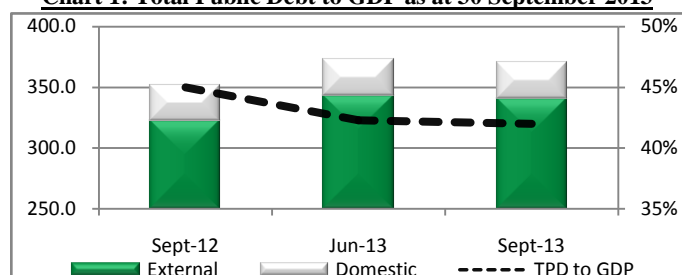
**4. Total debt service (expenditure)** as at 30 September 2013 is estimated at \$3.97m, mainly for *external debt* at \$3.49m (88%) and for *domestic debt* at \$0.48m (12%). This is equivalent to 0.5% of GDP (at \$881.2m), in ratio to recurrent revenue (GoT) of 10.6% (at \$37.4m) and in ratio to recurrent expenditure of 9.7% (at \$40.7m).

For *external debt*, the main projected repayment months are September 2013 at \$3.1m (25%) and March 2014 at \$3.0m (24%) being mainly to EXIM; and for *domestic debt* is April 2014 at \$5.3m (71%) and June 2014 at \$1.3m (17%) for bond principal and interest payments.

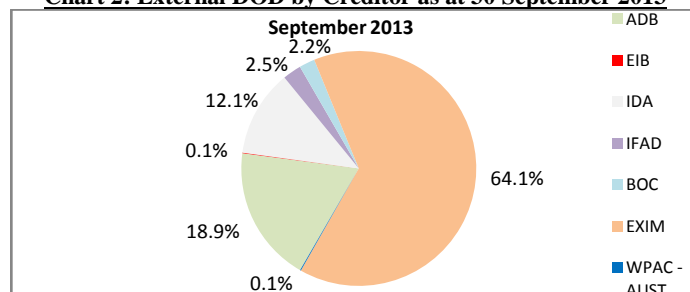
**Table 1: Sovereign Debt Sustainability Indicators**

Indicators	IMF Threshold (%)	GoT Threshold (%)	FYTD 2013/14 (%)
<i>NPV of external debt as</i>			
% of GDP (& remittances)	36	<b>40</b>	<b>34</b>
% of exports (& remittances)	120	<b>100</b>	<b>121</b>
% of recurrent revenue	250	<b>200</b>	<b>209</b>
<i>Debt Service as:</i>			
% of exports & (remittances)	16	<b>15</b>	<b>1</b>
% of recurrent revenue	20	<b>25</b>	<b>3</b>

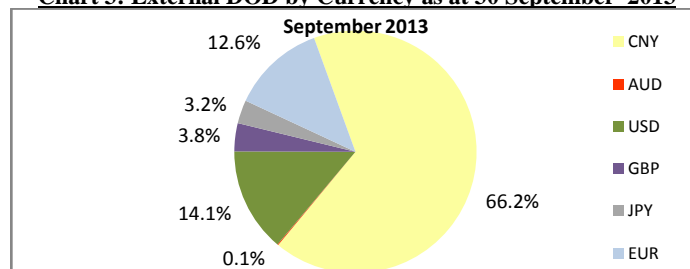
**Chart 1: Total Public Debt to GDP as at 30 September 2013**



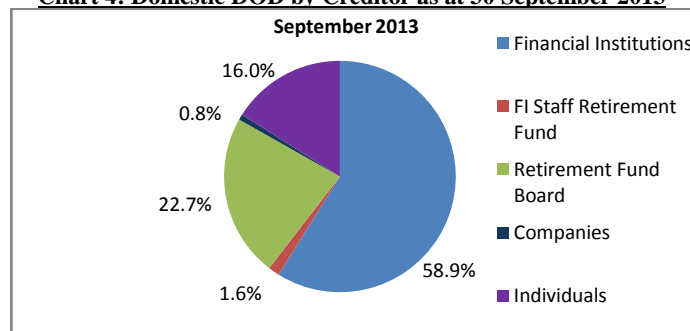
**Chart 2: External DOD by Creditor as at 30 September 2013**



**Chart 3: External DOD by Currency as at 30 September 2013**



**Chart 4: Domestic DOD by Creditor as at 30 September 2013**

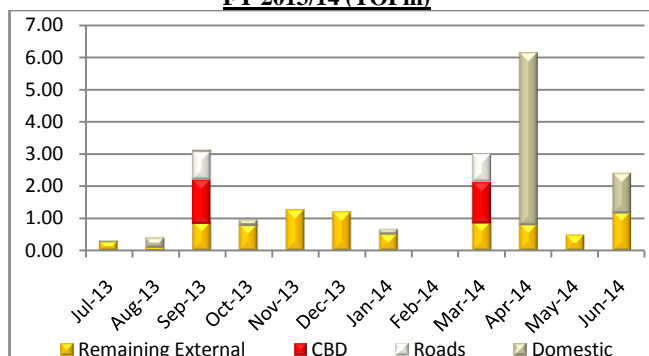




**MINISTRY OF FINANCE AND NATIONAL PLANNING**  
**Government of Tonga**

The following Chart shows the position of the annual debt service during FY 2013/14 (excludes principal repayments for CBD project now deferred from September 2013 by 5yrs with final amended terms to be formalised during official Government delegation to China in November 2013, also any fluctuation of rates).

**Chart 5: Total Public Debt Service**  
**FY 2013/14 (TOPm)**



**5. Total on-lent loans** as at 30 September 2013 due to the GoT from various public and other enterprises is

estimated at \$62.9m (7.1% of GDP; and 18.5% of total external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (26.3%), Janfull International Dateline Hotel Ltd. at \$11.2m (17.7%), OG Sanft Ltd. at \$10.2m (16.3%), MF Taumoepeau Ltd. at \$7.2m (11.4%), City Assets (Molisi) at \$6.8m (10.7%) and also to Royco Amalgamated Co. Ltd at \$2.2m (3.5%) for portion of external loans from EXIM China. The total on-lent loan payment arrears is estimated at \$15.0m, for loans due from Janfull Ltd. at \$9.0m (60%) and Seastar Ltd. at \$6.0m (40%), and this amount excludes repayments due from CBD projects. Total debt service (revenue) as at 30 September 2013 is estimated at \$1.1m, for on-lent loan repayments from Tonga Communications Corporation (TCC) \$0.9m (83.6%) and Tonga Development Bank (TDB) \$0.2m (16.4%).

**6. Total guaranteed debt** as at 30 September 2013 is estimated at \$0.1m (0.02% of GDP and 0.04% of total public debt). This is for Bonds issued by TDB. There were **no guaranteed loan payment arrears**.

**Table 2: Summary Debt Ratios**

Particulars	Sept-12	Jun-13	Sept-13	QTR change (%)	YTD change (%)
<b>Total Public Debt (USD\$)</b>	<b>205.5</b>	<b>204.4</b>	<b>205.9</b>	<b>0.7%</b>	<b>0.2%</b>
Total Public Debt (TOP\$)	351.6	372.6	370.1	-0.7%	5.3%
Domestic Debt	29.5	29.5	29.5	-	-
External Debt	322.1	343.1	340.7	-0.7%	5.8%
Total Public Debt to GDP (%)	44.8%	42.3%	42.0%	-0.7%	-6.3%
External Debt to GDP	41.1%	38.9%	38.7%	-0.5%	-5.8%
Domestic Debt to GDP	3.8%	3.3%	3.3%	-	-13.2%
Total Debt Service (\$)	3.8	4.8	4.0	-16.7%	5.3%
Principal	1.0	3.8	1.1	-71.1%	10.0%
Interest	2.8	1.0	2.9	190.0%	3.6%
External	3.2	1.6	3.5	118.8%	9.4%
Domestic	0.6	3.2	0.5	-84.4%	-16.7%
External Debt by Creditor category (\$)	322.1	343.1	340.7	-0.7%	5.8%
Multilateral	114.1	114.3	114.5	0.2%	0.4%
Bilateral	207.5	228.4	225.7	-1.2%	8.8%
Commercial	0.5	0.4	0.4	-	-20.0%
Debt Composition by Instrument Type (\$)	351.6	372.6	370.1	-0.7%	5.3%
Loans	322.1	343.1	340.7	-0.7%	5.8%
Bonds/Notes	29.5	29.5	29.5	-	-
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	64.4%	66.6%	66.2%	-0.6%	2.8%
% of debt in SDR	35.3%	33.2%	33.5%	0.9%	-5.1%
% of debt in other currencies	0.3%	0.2%	0.2%	-	-33.3%
% of Foreign Debt	91.6%	92.1%	92.0%	-0.1%	0.4%
Fiscal Indicators (%)					
Total Debt Service to Expenditure	0.2%	0.2%	0.2%	-	-
Total Debt Service to Revenue	0.2%	0.2%	0.3%	50.0%	50.0%
Interest to Expenditure	0.1%	0.1%	0.2%	50.0%	100.0%
Interest to Revenue	0.1%	0.1%	0.2%	50.0%	100.0%
Vulnerability Indicators (%)					
Reserves to External Debt	78.0%	75.3%	75.9%	0.8%	-2.7%
External Debt Service to Exports/Remittances	0.1%	0.1%	-	-100.0%	-100.0%
External Debt Service to Exports	0.2%	0.2%	0.1%	-50.0%	-50.0%

Source: MoFNP and NRB