



QUARTERLY DEBT BULLETIN as at 31st December 2015

This report summarises the Government's (GoT) debt position during the FY 2015/16 from 1 July, 2015 to 31 December 2015, in millions of Pa'anga. Comparisons have been made to the previous quarter (September 2015), and to the previous year (December 2014). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31 December 2015 is estimated at \$430.3m (*at 52.5% of GDP*). **Total public debt decreased** by \$8.9m between September 2015 and December 2015. This was mainly due to appreciation of the Pa'anga against the major borrowing currencies: to Euro Currency **EUR** (4.4%), Great Britain Pound **GBP** (3.5%), Chinese Yuan Renminbi **CNY** (3.3%), Special Drawing Right **SDR** (2.7%).

2. External debt is recorded at \$389.3m (48.6% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$250.6m (64.4%), the Asian Development Bank (ADB) at \$62.7m (16.1%) and IDA (International Development Agency, World Bank) at \$58.5m (15.0%). The **main outstanding loan currency denomination** is in the CNY at \$259.1m (66.6%), SDR at \$130.1m (33.4%). The **significant movement of the Pa'anga** against the borrowing currencies during December 2014 and December 2015, showed a **depreciation of the Pa'anga** against the **USD** (13.1%), **SDR** (8.1%), **CNY** (8.0%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$41.0m (5.0% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$19.2m (47.0%) and Retirement Fund Board at \$15.0m (36.6%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31 December 2015 is estimated at \$2.1m, for *external debt* at \$2.1m (100.0%) and no *domestic debt* payment. This is equivalent to 0.26% of GDP (at \$819.2m), in ratio to recurrent revenue (GoT) of 1.9% (at \$110.3m) and in ratio to recurrent expenditure of 2.0% (at \$107.1m).

For *external debt*, the main projected repayment months are September 2015 at \$3.6m and March 2016 at \$3.55m (47.0% of total annual external debt service of \$15.2) being mainly to EXIM; and for *domestic debt* are January 2016 at \$3.2m and June 2016 at \$3.7m (88.5% of total annual domestic debt service of \$7.8m) for bond principal and interest payments.

Table 1: Sovereign Debt Sustainability Indicators

Particulars	IMF/ Tonga target %	FYTD % 2015/16
NPV of external debt as:		
% of GDP	40	48
% of GDP & remittances	36	37
% of exports	150	197
% of exports & remittances	120	91
% of government revenues	250	144
Debt Service as:		
% of exports	20	1
% of exports & remittances	16	-
% of revenues	20	1

Chart 1: Total Public Debt to GDP as at 31 December 2015

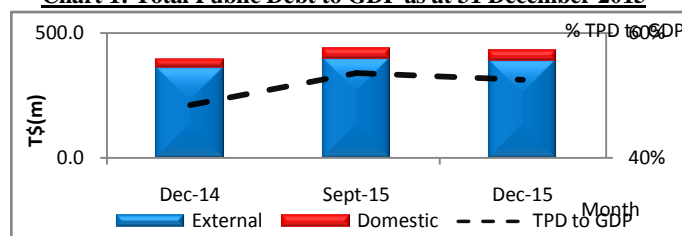


Chart 2: External DOD by Creditor as at 31 December 2015

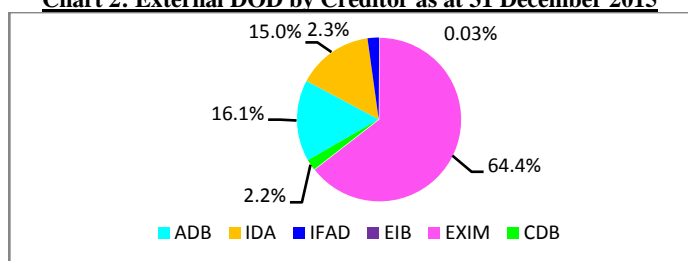


Chart 3: External DOD by Currency as at 31 December 2015

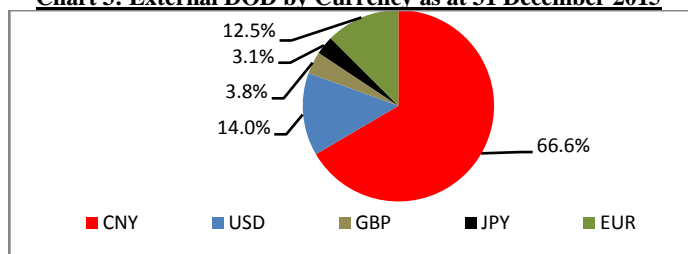
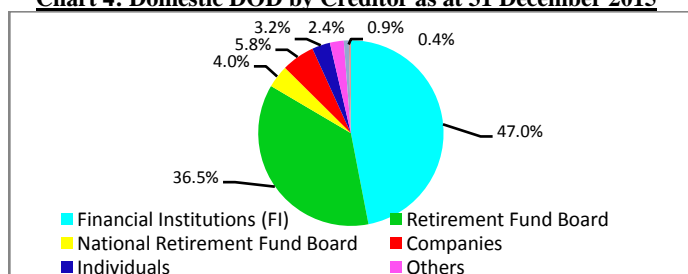


Chart 4: Domestic DOD by Creditor as at 31 December 2015

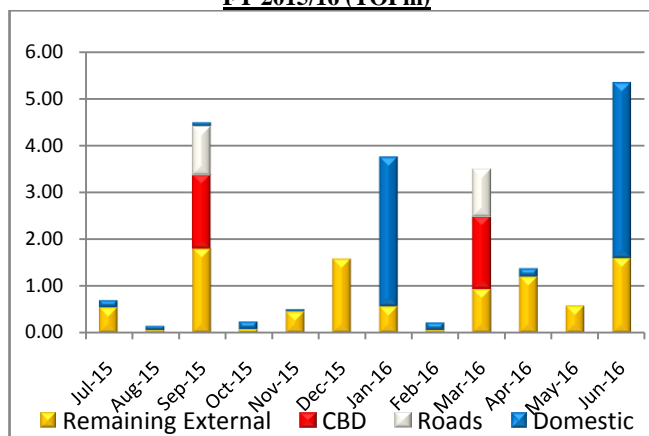


The following Chart shows position of the annual debt service over the FY 2015/16, excludes any fluctuation of FC rates.



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Chart 5: Total Public Debt Service
FY 2015/16 (TOPm)



5. Total on-lent loans as at 31 December 2015 due to the GoT from various public and other enterprises, Government Managed Fund through Agriculture

Marketing Fund (AMF) and Fisheries Export Development Fund (FEDF) are estimated at \$53.9m (6.6% of GDP; and 13.8% of total external loans). The main Borrowers are for the CBD projects from EXIM China. The **total on-lent loan payment arrears** is estimated at \$11.6m, as due from Seastar Ltd. at \$6.5m (56.0%), and from CBD projects at \$3.8m (32.8%). **Total debt service (revenue)** as at 31 December 2015 is estimated at \$0.36m, for on-lent loan repayments from Tongatapu Market Limited (TML) \$0.14m (38.9%), OG Sanft \$0.13m (36.1%), Tungi Colonnade \$0.04m (11.1%), PAT at \$0.04m (11.1%).

6. Total guaranteed debt as at 31 December 2015 is estimated at \$0.001m (0.0001% of GDP and 0.002% of total public debt). The only borrower is TDB for prior bond issues. Guaranteed repayment as at 31 December 2015 was \$0.01m.

Table 2: Summary Debt Ratios

Particulars	Dec-14	Sept-15	Dec-15	Qtrly change	YTD change
Total Public Debt (USD\$)	200.8	195.5	194.4	-0.6	-3.2
Total Public Debt (TOP\$)	393.0	439.2	430.3	-2.0	9.5
Domestic Debt	31.0	41.0	41.0	-	32.3
External Debt	362.0	398.2	389.3	-2.2	7.5
Total Public Debt to GDP (%)	48.5	53.6	52.5	-2.0	8.3
External Debt to GDP	44.7	48.6	47.5	-2.2	6.4
Domestic Debt to GDP	3.8	5.0	5.0	-	30.8
Total Debt Service (\$)	2.9	5.3	2.1	-60.3	-26.8
External	2.7	5.0	2.1	-57.8	-21.4
Domestic	0.2	0.3	-	-100.0	-100.0
Principal	2.3	2.1	1.8	-15.4	-22.7
Interest	0.6	3.3	0.3	-90.0	-43.0
External Debt by Creditor category	362.0	398.2	389.3	-2.2	7.5
Multilateral	120.4	130.4	130.2	-0.1	8.1
Bilateral	241.2	267.9	259.1	-3.3	7.4
Commercial	0.4	-	-	-	-100.0
Debt Composition by Instrument Type (\$)	393.0	439.2	430.3	-2.0	9.5
Loans	362.0	398.2	389.3	-2.2	7.5
Bonds/Notes	31.0	41.0	41.0	-	32.3
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	66.6	67.3	66.6	-1.0	-0.1
% of debt in SDR	33.2	32.7	33.4	2.1	0.5
% of debt in other currencies	0.2	-	-	-16.2	-86.2
% of Foreign Debt	92.1	90.7	90.5	-0.2	-1.8
Fiscal Indicators (%)					
Total Debt Service to Expenditure	1.2	2.02	0.80	-60.3	-34.7
Total Debt Service to Revenue	1.5	2.21	0.88	-60.3	-40.5
Interest to Expenditure	0.2	1.24	0.12	-90.0	-49.1
Interest to Revenue	0.3	1.35	0.13	-90.0	-53.7
Vulnerability Indicators (%)					
Reserves to External Debt	81.1	78.3	84.2	7.6	3.8
External Debt Service to Exports & Remittances	0.69	1.17	0.47	-60.0	-31.8
External Debt Service to Exports	1.39	2.29	0.97	-57.8	-

Source: MoFNP and NRB