



**QUARTERLY DEBT BULLETIN as at 30 September 2012**

This report summarises the Government's debt position during the FY 2012/13 from 1 July to 30 September 2012, in millions of Pa'anga. Comparisons have been made to the previous quarter (June 2012), 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 2012 is estimated at \$351.6m (*at 44.8% of GDP*). Total public debt decreased by \$0.5m between June 2012 and September 2012. This was mainly due to appreciation of the Pa'anga against the major borrowing currencies: to CNY by 1.5% and to SDR by 0.8%

**2. External debt** is recorded at \$322.1m (*41.1% of GDP*) with the main creditors of Export-Import Bank of China (EXIM) at \$200.7m (*62%*), the Asian Development Bank (ADB) at \$65.3m (*20%*) and IDA (International Development Agency World Bank) at \$39.9m (*12%*). The main outstanding loan currency denomination is in the Chinese Yuan Renminbi currency (CNY) at \$207.5m (*64%*) and the Special Drawing Rights (SDR) at \$113.8 (*35%*). The significant changes in movement of the Pa'anga against the major borrowing currencies during September 2011 to September 2012, most exchange rates showed a depreciation of the Pa'anga. The highest changes were noted against the NZD (*7.2%*) and the AUD (*6.2%*). There were no external loan payment arrears.

**3. Domestic debt** is recorded at \$29.5m (*3.7% of GDP*), for Government bonds on issue. The main bond holders are Financial Institutions at \$19.3m (*65%*), Retirement Fund Board at \$5.0m (*17%*) and Individuals at \$3.92m (*13%*). There were no domestic loan payment arrears.

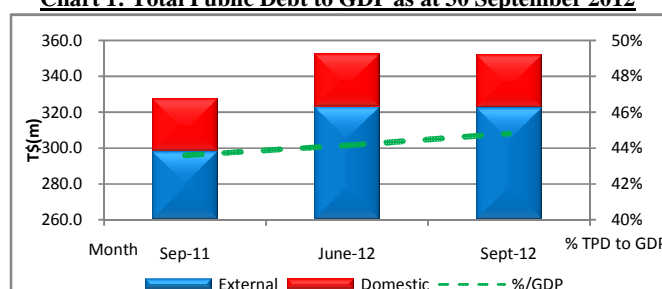
**4. Total debt service (expenditure)** as at 30 September 2012 is estimated at \$3.9m, for *external debt* at \$3.2m (*84%*) and for *domestic debt* at \$0.6m (*16%*). This is equivalent to *0.5% of GDP* (at \$784.5m), and in ratio to recurrent revenue (GoT) of *10.7%* (at \$36.4m), and in ratio to recurrent expenditure of *9.9%* (at \$39.5m). There were no public debt payment arrears.

For *external debt*, the main projected repayment months are September 2012 at \$2.9m (*26%*) and March 2013 at \$2.8m (*25%*) being mainly to EXIM; and for *domestic debt* is October 2012 at \$5.3m (*58%*) and June 2013 at \$2.9m (*32%*) for bond principal and interest. The total public debt service for FY 2012/13 is estimated at \$20.5m.

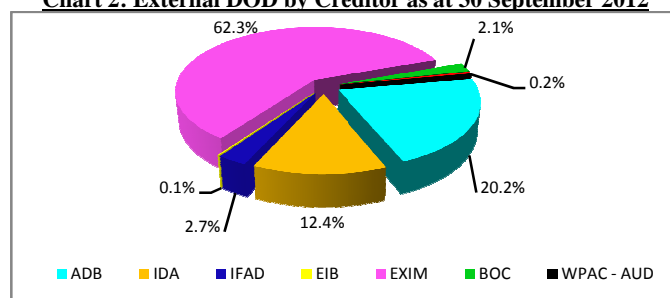
**Table 1: Sovereign Debt Sustainability Indicators**

Indicators	IMF Threshold (%)	GoT Threshold (%)	FYTD 2012/13 (%)
<i>NPV of external debt as</i>			
% of GDP	30	40	41.1
% of exports & remittances	90	100	124.4
% of recurrent revenue	200	200	204.4
<i>Debt Service as:</i>			
% of exports & remittances	14	15	1.5
% of recurrent revenue	25	25	2.5

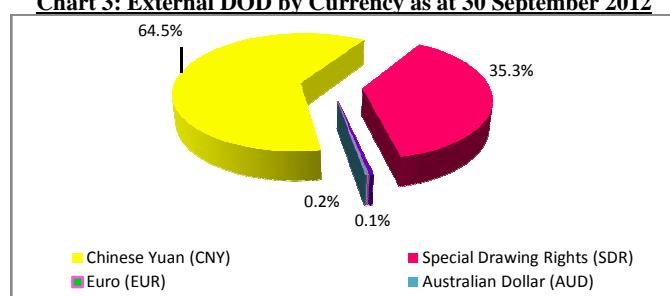
**Chart 1: Total Public Debt to GDP as at 30 September 2012**



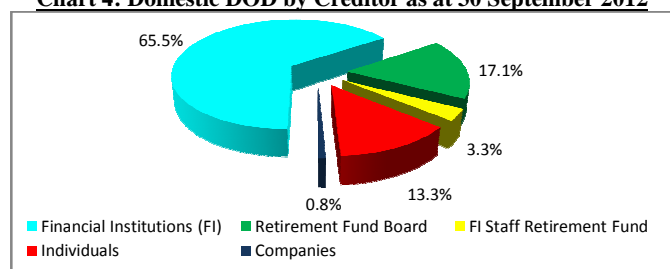
**Chart 2: External DOD by Creditor as at 30 September 2012**



**Chart 3: External DOD by Currency as at 30 September 2012**



**Chart 4: Domestic DOD by Creditor as at 30 September 2012**

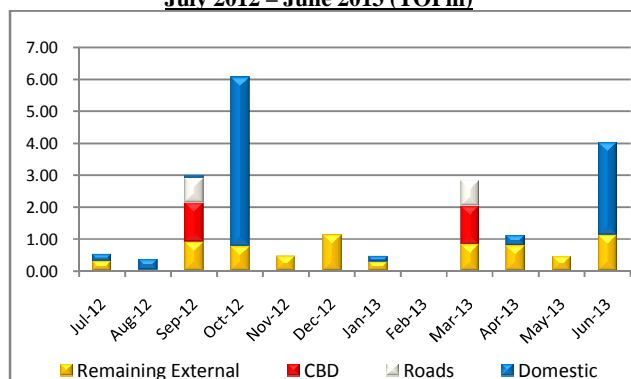




**MINISTRY OF FINANCE AND NATIONAL PLANNING**  
**Government of Tonga**

The following Chart shows status of the monthly repayments during the year.

**Chart 5: Projected Total Debt Service  
 July 2012 – June 2013 (TOPm)**



**5. Total on-lent loans** as at 30 September 2012 due to the Government from various public and other enterprises is estimated at \$63.4m (8% of GDP; and

20% of total external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (26%), Janfull IDH Ltd. at \$10.3m (16.2%), OG Sanft Ltd. at \$10.2m (16.1%), MF Taumoepeau Ltd. at \$7.2m (11%), City Assets (Molisi) at \$6.8m (10.7%) and also to Royco Amalgamated Co. Ltd at \$2.2m (3%) for loans from EXIM China. The total on-lent loan payment arrears is estimated at \$13.5m, for loans due from Janfull at \$7.7m (57%) and Seastar at \$5.8m (43%). **Total debt service (revenue)** as at 30 September 2012 is estimated at \$0.39m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.25m (64%) and Tonga Communications Corporation (TCC) \$0.14m (36%).

**6. Total guaranteed debt** as at 30 September 2012 is estimated at \$0.46m (0.06% of GDP and 0.13% of total public debt). This is for loans at WBOT taken by Janfull IDH Ltd at \$0.31m (67%) and Bond issued by TDB at \$0.15 (33%). There were no guaranteed loan payment arrears.

**Table 2: Summary Debt Ratios**

Particulars	Sep-11	Jun-12	Sep-12	QTRLY change (%)	YTD change (%)
<b>Total Public Debt (USD\$)</b>	<b>189.8</b>	<b>202.9</b>	<b>205.5</b>	<b>1.3</b>	<b>8.3</b>
Total Public Debt (TOP\$)	327.3	352.1	351.6	-0.1	7.4
Domestic Debt	29.5	29.5	29.5	-	-
External Debt	297.8	322.6	322.1	-0.2	8.2
Total Public Debt to GDP (%)	43.6	44.9	44.8	-0.2	2.7
External Debt to GDP	39.7	41.1	41.1	-	3.5
Domestic Debt to GDP	3.9	3.8	3.7	-2.6	-5.1
Total Debt Service (\$)	6.1	2.9	3.9	34.5	-36.1
Principal	3.6	1.9	1.0	-47.4	-72.2
Interest	2.5	1.0	2.9	190.0	16.0
External	3.5	2.3	3.2	39.1	-8.6
Domestic	2.6	0.6	0.6	-	-76.9
External Debt by Creditor category (\$)	297.8	322.6	322.1	-0.2	8.2
Multilateral	120.3	115.5	114.1	-1.2	-5.2
Bilateral	175.6	205.3	207.5	1.1	18.2
Commercial	1.9	1.8	0.5	-72.2	-72.2
Debt Composition by Instrument Type (\$)	327.3	352.1	351.6	-0.1	7.4
Loans	297.8	322.6	322.1	-0.2	8.2
Bonds/Notes	29.5	29.5	29.5	-	-
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	59.0	63.6	64.4	1.3	9.2
% of debt in SDR	40.2	35.7	35.3	-1.1	-12.2
% of debt in other currencies	0.8	0.7	0.3	-57.1	-62.5
Fiscal Indicators (%)					
Total Debt Service to Expenditure	3.5	1.6	2.2	37.5	-37.1
Total Debt Service to Revenue	4.2	1.8	2.5	38.9	-40.5
Interest cost to Expenditure	1.5	0.6	1.6	166.7	6.7
Vulnerability Indicators (%)					
Reserves to External Debt	69.9	76.3	78.0	2.2	11.6
External Debt Service to Exps/Remits	1.5	0.9	1.3	44.4	-13.3
External Debt Service to Exports	4.1	1.5	2.2	46.7	-46.3

Source: MoFNP and NRBT