



QUARTERLY DEBT BULLETIN as at 31st March 2023

This report summarises the Government's (GoT) debt position during the FY 2022/23 from 30th September 2022 to 31st March 2023, in millions of Pa'anga. Comparisons have been made to the previous quarter (December 2022), and to the previous year (March 2022). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31st March 2023 is estimated at \$492.1m (*at 36.7% of GDP*). **Total public debt decreased** by \$4m between March 2023 and December 2022. This was mainly due to principal repayment of \$8m made in the quarter March 2023, at the same time the Pa'anga depreciated against the major borrowing currencies: to United States Dollar USD (0.4%) and CNY (1.8%).

2. External debt is recorded at \$424.7m (31.7% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$221.1m (52.1%), the Asian Development Bank (ADB) at \$55.1m (13.0%) and IDA (International Development Agency, World Bank) at \$96.8m (22.8%). The **main outstanding loan currency denomination** is in the CNY at \$221.1m (52.1%), SDR at \$160.5m (42.0%). The **significant movement of the Pa'anga** against the borrowing currencies during March 2022 and March 2023, showed a **depreciation of the Pa'anga** against the USD (4.5%) and SDR (1.7%) and an appreciation against the CNY (3.4%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$67.3m (5.0% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$41.8m (62.0%) and Retirement Fund Board at \$10.1m (14.9%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31st March 2023 is estimated at \$29.8m, for *external debt* at \$23.7m (79.5%) and *domestic debt* payment at \$6.1m (20.5%). This is equivalent to 2.2% of GDP (at \$1340.4m), in ratio to recurrent revenue (GoT) of 7.1% (at \$335.2m) and in ratio to recurrent expenditure of 7.6% (at \$392.8m).

For *external debt*, the main repayment months as projected for *external debt* are September 2022 at \$9.9m (39.4% of total external debt service) and March 2023 at \$10.2m (40.9% of total external debt service) and for *domestic debt* is June 2023 at \$5.3m (30.9% of total domestic debt service \$17.0m) for bond maturing and interest payment.

Table 1: Sovereign Debt Sustainability Indicators

Indicators	IMF (GoT) Threshold %	FY 2022/2023 (%)
NPV of external debt as:		
% of GDP	40	31
% of GDP & remittances	36	22
% of exports	150	1157
% of government revenues	250	72
Debt Service as:		
% of exports	20	112
% of exports & remittances	16	7
% of revenues	20	7

Chart 1: Total Public Debt to GDP as at 31 March 2023

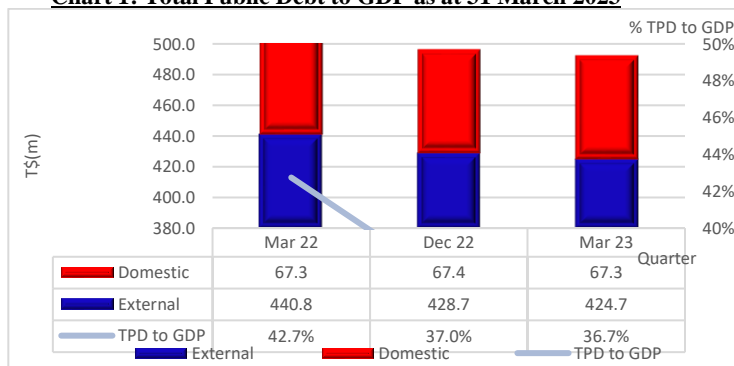


Chart 2: External DOD by Creditor as at 31 March 2023

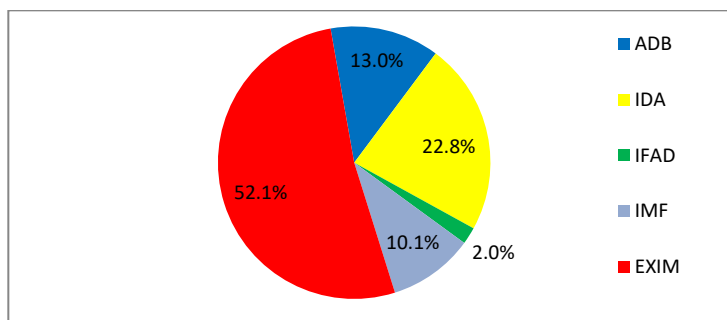
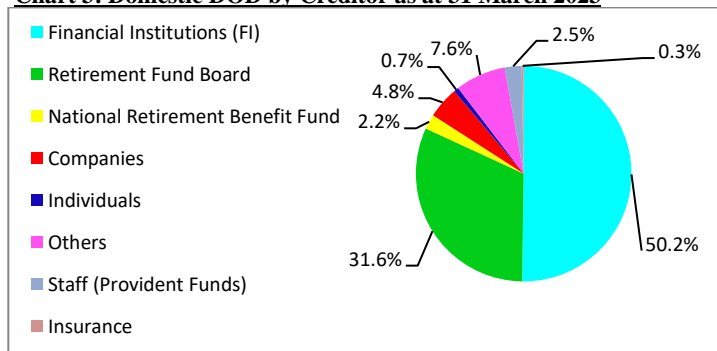


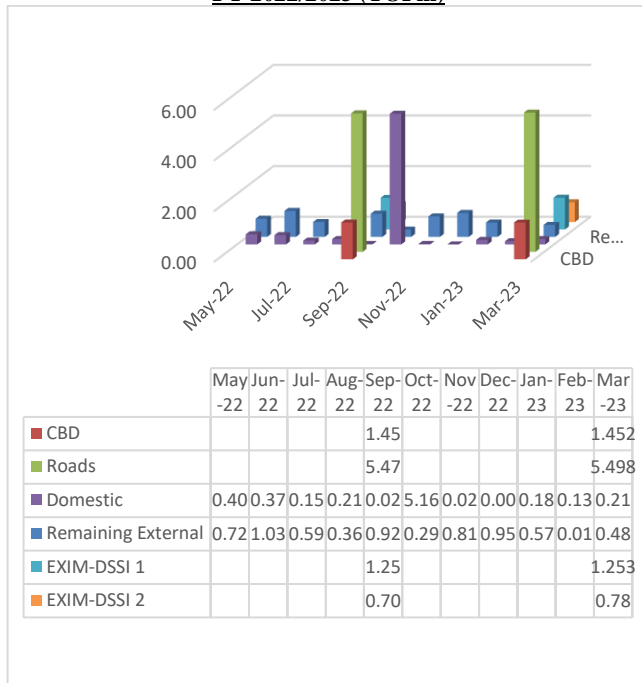
Chart 3: Domestic DOD by Creditor as at 31 March 2023





The following Chart shows position of the annual debt service over the FY 2022/2023, excludes any fluctuation of FC rates.

**Chart 5: Total Public Debt Service
FY 2022/2023 (TOPm)**



5. Total on-lent loans as at 31 March 2023 due to the GoT from various public and other enterprises, are estimated at \$48.3m (3.6% of GDP; and 11.4% of total external loans). The main Borrowers are for the CBD projects from EXIM China. **Total debt service (revenue)** as at 31st March 2023 is estimated at \$0.39m, for on-lent loan repayments from Royco Ltd \$0.14m (36.8%), Tonga Development Bank (TDB) \$0.13m (36.7%), TAMA \$0.09m (25.4%) and Tonga Broadcasting Commission (TBC) at \$0.02m (5.2%).

6. Total outstanding from Micro loans for Women (MLW) facility as at 31 March 2023 due from Micro loans for Women is estimated at \$1.9m (0.1% of GDP).

7. Total guaranteed debt as at 31 March 2023 is estimated at \$17.7m. Cost Low Company Ltd \$5.6m (31.6%), Inter Pacific Ltd \$3.4m (19.3%), Lulutai Airlines Ltd \$3.4m (19.1%), Royco Ports Services Ltd \$2.7m (15.3%) and Island Dredging \$2.1m (11.8%) .