



## QUARTERLY DEBT BULLETIN as at 30<sup>th</sup> September 2015

This report summarises the Government's (GoT) debt position during the FY 2014/15 from 1 July, 2015 to 30 September 2015, in millions of Pa'anga. Comparisons have been made to the previous quarter (March 2015), and to the previous year (September 2014). The information covers external, domestic, on-lent and guaranteed debt.

**1. Total public disbursed outstanding debt (DOD)** as at 30 September 2015 is estimated at \$439.2m (*at 53.6% of GDP*). **Total public debt increased** by \$16.6m between June 2015 and September 2015. This was mainly due to depreciation of the Pa'anga against the major borrowing currencies: to Japanese Yen **JPY** (9.3%), Euro Currency **EUR** (6.9%), United State Dollars **USD** (6.5%), and Chinese Yuan Renminbi **CNY** (3.8%).

**2. External debt** is recorded at \$398.24m (48.6% of *GDP*) with the **main creditors** of Export-Import Bank of China (EXIM) at \$259.0m (65.0%), the Asian Development Bank (ADB) at \$65.7m (16.5%) and IDA (International Development Agency, World Bank) at \$55.4m (13.9%). The **main outstanding loan currency denomination** is in the CNY at \$267.9m (67.3%), SDR at \$130.3m (32.7). The **significant movement of the Pa'anga** against the borrowing currencies during September 2014 and September 2015, showed a **appreciation of the Pa'anga** against the **AUD** (6.3%). With **depreciation** against the **USD** (17.1%), **CNY** (13.0%), **SDR** (10.9%) and **GBP** (9.1%). There were **no external loan payment arrears**.

**3. Domestic debt** is recorded at \$40.98m (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**.

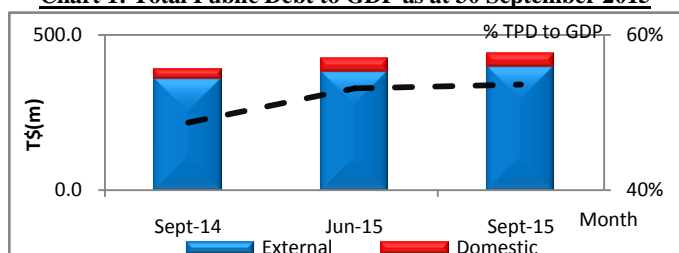
**4. Total debt service (expenditure)** as at 30 September 2015 is estimated at \$5.34m, mainly for *external debt* at \$5.02m (94.0%) and for *domestic debt* at \$0.32m (6.0%). This is equivalent to 0.63% of *GDP* (at \$819.2m), in ratio to recurrent revenue (GoT) of 9.3% (at \$57.2m) and in ratio to recurrent expenditure of 9.4% (at \$56.7m).

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.

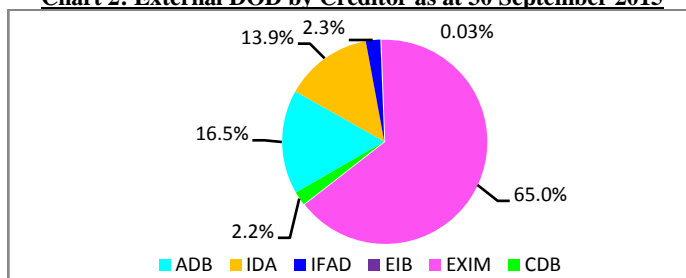
**Table 1: Sovereign Debt Sustainability Indicators**

Particulars	IMF/ Tonga target %	FYTD % 2015/16
NPV of external debt as:		
% of GDP	40	47
% of GDP & remittances	36	37
% of exports	150	197
% of exports & remittances	120	90
% of government revenues	250	161
Debt Service as:		
% of exports	20	2
% of exports & remittances	16	1

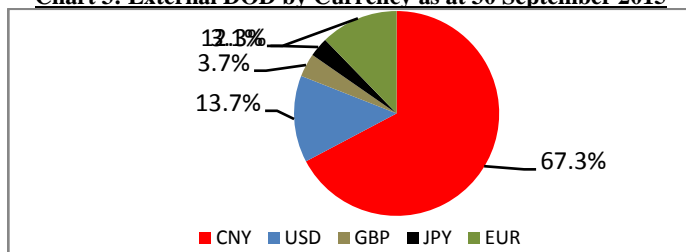
**Chart 1: Total Public Debt to GDP as at 30 September 2015**



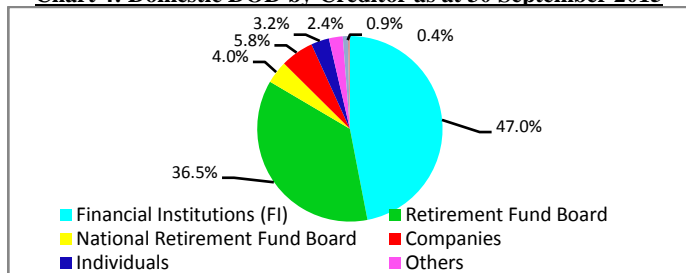
**Chart 2: External DOD by Creditor as at 30 September 2015**



**Chart 3: External DOD by Currency as at 30 September 2015**



**Chart 4: Domestic DOD by Creditor as at 30 September 2015**

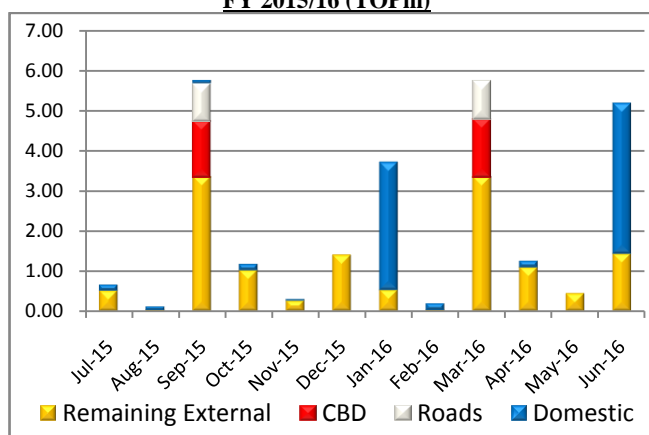




**MINISTRY OF FINANCE AND NATIONAL PLANNING**  
**Government of Tonga**

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

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



**5. Total on-lent loans** as at 30 September 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 \$54.05m (6.6% of GDP; and 13.6% 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 \$10.92m, as due from Seastar Ltd. at \$6.4m (58.6%), and repayments due from CBD projects at \$3.2m (29.6%). **Total debt service (revenue)** as at 30 September 2015 is estimated at \$0.48m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.17m (35.4%), OG Sanft \$0.22m (45.8%), Tungi Colonnade \$0.05m (10.4%), PAT at \$0.13m (8.3%).

**6. Total guaranteed debt** as at 30 September 2015 is estimated at \$0.01m (0.001% of GDP and 0.002% of total public debt). The only borrower is TDB for prior bond issues.

**Table 2: Summary Debt Ratios**

Particulars	Sept-14	Jun-15	Sept-15	Qtrly change	YTD change
<b>Total Public Debt (USD\$)</b>	<b>201.9</b>	<b>200.4</b>	<b>195.5</b>	<b>-2.4</b>	<b>-3.2</b>
<b>Total Public Debt (TOP\$)</b>	<b>387.3</b>	<b>422.6</b>	<b>439.2</b>	<b>3.9</b>	<b>13.4</b>
Domestic Debt	30.8	41.0	41.0	0.0	33.0
External Debt	356.5	381.6	398.2	4.4	11.7
<b>Total Public Debt to GDP (%)</b>	<b>48.7</b>	<b>53.1</b>	<b>53.6</b>	<b>0.9</b>	<b>10.1</b>
External Debt to GDP	44.8	48.0	48.6	1.3	8.5
Domestic Debt to GDP	3.9	5.2	5.0	-2.9	29.2
<b>Total Debt Service (\$)</b>	<b>10.9</b>	<b>3.0</b>	<b>5.3</b>	<b>76.5</b>	<b>-51.3</b>
External	3.86	2.6	5.0	92.7	29.8
Domestic	7.1	0.4	0.3	-24.0	-95.5
Principal	7.7	2.3	2.09	-7.3	-73.0
Interest	3.2	0.7	3.3	336.8	2.5
<b>External Debt by Creditor category</b>	<b>356.5</b>	<b>381.6</b>	<b>398.2</b>	<b>4.4</b>	<b>11.7</b>
Multilateral	117.8	122.8	130.4	6.2	10.7
Bilateral	238.3	258.8	267.9	3.5	12.4
Commercial	0.4	0.0	0.0	0.0	-100.0
<b>Debt Composition by Instrument Type (\$)</b>	<b>387.3</b>	<b>422.6</b>	<b>439.2</b>	<b>3.9</b>	<b>13.4</b>
Loans	356.5	381.6	398.2	4.4	11.7
Bonds/Notes	30.8	41.0	41.0	0.0	33.0
<b>Foreign Currency Risk (%)</b>					
% of debt in Chinese Yuan	66.9	67.8	67.3	-0.8	0.6
% of debt in SDR	32.9	32.1	32.7	1.7	-0.8
% of debt in other currencies	0.2	0.1	0.0	-59.7	-84.6
% of Foreign Debt	92.0	90.3	90.7	0.4	-1.5
<b>Fiscal Indicators (%)</b>					
Total Debt Service to Expenditure	4.6	1.15	2.02	76.5	-56.5
Total Debt Service to Revenue	5.9	1.25	2.21	76.5	-62.6
Interest to Expenditure	1.4	0.28	1.24	336.8	-8.6
Interest to Revenue	1.7	0.31	1.35	336.8	-21.4
<b>Vuneerability Indicators (%)</b>					
Reserves to External Debt	76.0	79.3	78.3	-1.3	3.0
External Debt Service to Exports & Remittances	1.12	0.63	1.17	84.8	4.7
External Debt Service to Exports	1.90	1.29	2.29	77.2	0.0

Source: MoFNP and NRB