



QUARTERLY DEBT BULLETIN as at 31 December 2014

This report summarises the Government's (GoT) debt position during the FY 2014/15 from 1 July to 31 December 2014, in millions of Pa'anga. Comparisons have been made to the previous quarter (Sep 2014), and to the previous year (December 2013). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31 December 2014 is estimated at \$392.96m (*at 48.5% of GDP*). **Total public debt increased** by \$5.7m between September 2014 and December 2014. This was mainly due to disbursements made during the quarter and also depreciation of the Pa'anga against the major borrowing currencies: to Chinese Yuan Renminbi CNY by (1.2%) and to Special Drawing Rights SDR (0.09%).

2. External debt is recorded at \$361.98m (44.7% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$233.3m (64.5%), the Asian Development Bank (ADB) at \$60.8m (16.8%) and IDA (International Development Agency, World Bank) at \$50.8m (14.0%). The **main outstanding loan currency denomination** is in the CNY at \$241.2m (66.6%), SDR at \$120.1m (33.2%). The **significant movement of the Pa'anga** against the borrowing currencies during December 2013 to December 2014, showed an **appreciation of the Pa'anga** against the JPY (6.9%); EUR (6.3%); and AUD (2.9%). With **depreciation** against the USD (6.4%); CNY (4.0%); GBP (0.2% and SDR (0.1%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$30.98m (3.8% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$19.24m (62%), Retirement Fund Board at \$7.6m (24.5%) and Others at \$1.7m (5.4%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31 December 2014 is estimated at \$13.6m, mainly for *external debt* at \$6.56m (48%) and for *domestic debt* at \$7.1m (52%). This is equivalent to 1.7% of GDP (at \$810.3m), in ratio to recurrent revenue (GoT) of 12.4% (at \$109.64m) and in ratio to recurrent expenditure of 12.7% (at \$106.9m).

For *external debt*, the main projected repayment months are September 2014 at \$3.3m (25.4%) and March 2015 at \$3.2m (24.6%) being mainly to EXIM; and for *domestic debt* is August 2014 at \$5.9m (74.7%) and July 2014 at \$1.1m (13.9%) for bond principal and interest payments.

Table 1: Sovereign Debt Sustainability Indicators

Indicators	IMF-GoT Threshold (%)	FYTD 2014/15 (%)
<i>NPV of external debt as</i>		
% of GDP	40	45
% of GDP (& remittances)	36	35
% of exports	150	187
% of exports (& remittances)	120	89
% of recurrent revenue	250	154
<i>Debt Service as:</i>		
% of exports	20	3
% of exports (& remittances)	16	2
% of recurrent revenue	20	3

Chart 1: Total Public Debt to GDP as at 31 December 2014

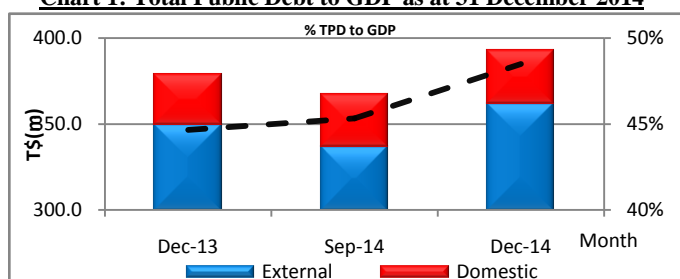


Chart 2: External DOD by Creditor as at 31 December 2014

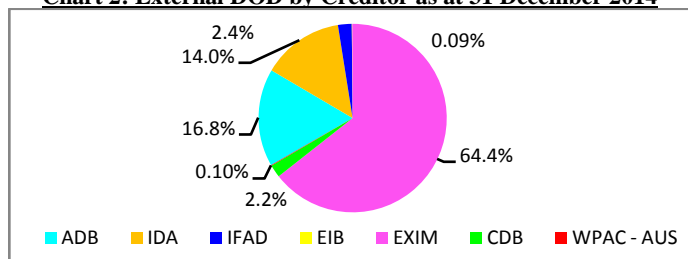


Chart 3: External DOD by Currency as at 31 December 2014

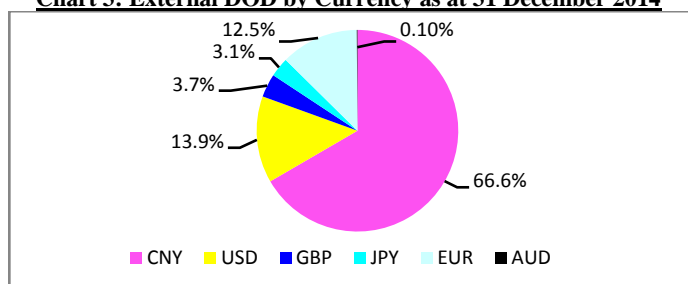
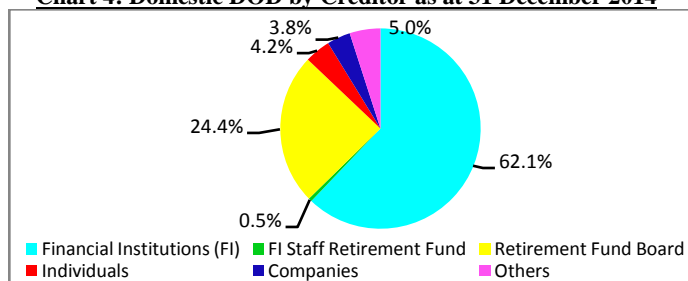


Chart 4: Domestic DOD by Creditor as at 31 December 2014

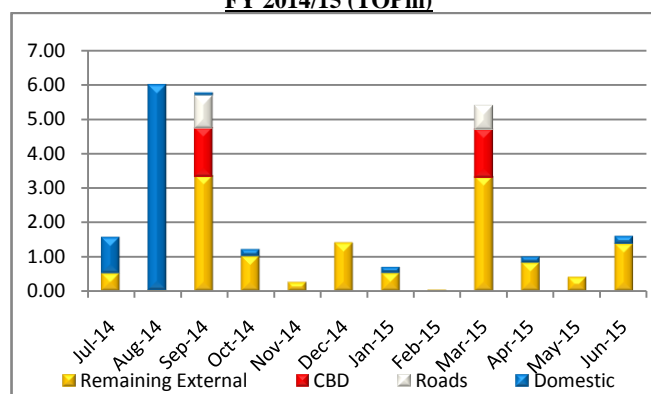




MINISTRY OF FINANCE AND NATIONAL PLANNING
Government of Tonga

The following Chart shows position of the annual debt service over the FY 2014/15, excludes any fluctuation of FC rates.

Chart 5: Total Public Debt Service
FY 2014/15 (TOPm)



5. Total on-lent loans as at 31 December 2014 due to the GoT from various public and other enterprises are estimated at \$51.5m (6.4% of GDP; and 14.2% of total

external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (32.2%), OG Sanft Ltd. at \$10.2m (20%), MF Taumoepeau Ltd. at \$7.2m (14%), City Assets (Molisi) at \$6.8m (13.2%) and also to Royco Amalgamated Co. Ltd at \$2.2m (4.3%) for portion of external loans from EXIM China. The **total on-lent loan payment arrears** is estimated at \$8.7m, for loans due from Seastar Ltd. at \$6.3m (72.4%), and repayments due from CBD projects at \$2.39m (27.5%). **Total debt service (revenue)** as at 31 December 2014 is estimated at \$0.30m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.21m (70%), PAT at \$0.09m (30%).

6. Total guaranteed debt as at 31 December 2014 is estimated at \$0.15m (0.02% of GDP and 0.04% of total public debt). The only borrower is TDB for prior bond issues. There were **no guaranteed loan payment arrears**.

Table 2: Summary Debt Ratios

Particulars	Dec-13	Sep-14	Dec-14	Qtrly Change	YTD change
Total Public Debt (USD\$)	205.8	201.9	200.7	-0.6	-2.5
Total Public Debt (TOP\$)	378.7	387.3	392.9	1.4	3.7
Domestic Debt	29.5	30.8	30.9	0.3	4.7
External Debt	349.2	356.5	362.0	1.5	3.7
Total Public Debt to GDP (%)	44.7	45.3	48.5	7.0	8.6
External Debt to GDP	41.2	41.7	44.7	7.1	8.5
Domestic Debt to GDP	3.5	3.6	3.8	5.8	9.6
Total Debt Service (\$)	1.2	3.4	1.4	-58.6	16.7
External	1.2	3.3	1.4	-57.6	16.7
Domestic	-	0.1	0.0	-100.0	-
Principal	1.0	0.9	1.2	28.1	20.0
Interest	0.2	2.4	0.2	-91.0	-
External Debt by Creditor category	349.2	356.5	362.0	1.5	3.7
Multilateral	115.7	117.8	120.4	2.2	4.1
Bilateral	233.1	238.3	241.2	1.2	3.5
Commercial	0.4	0.4	0.4	-5.0	-5.0
Debt Composition by Instrument Type (\$)	378.7	387.3	392.9	1.4	3.7
Loans	349.2	356.5	362.0	1.5	3.7
Bonds/Notes	29.5	30.8	30.9	0.3	4.7
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	66.8	66.8	66.6	-0.3	-0.2
% of debt in SDR	33.0	33.0	33.2	0.7	0.4
% of debt in other currencies	0.2	0.2	0.2	-8.1	-0.7
% of Foreign Debt	92.2	92.0	92.1	0.1	-0.1
Fiscal Indicators (%)					
Total Debt Service to Expenditure	1.8	4.7	4.7	-	161.1
Total Debt Service to Revenue	33.0	5.9	5.9	-	-82.1
Interest to Expenditure	0.3	1.3	1.3	-	333.3
Interest to Revenue	92.2	1.7	1.7	-	-98.2
Vulnerability Indicators (%)					
Reserves to External Debt	76.0	91.5	91.5	-	20.4
External Debt Service to Exports & Remittances	1.6	1.2	1.2	-	-25.0
External Debt Service to Exports	3.6	2.1	2.1	-	-41.7

Source: MoFNP and NRB