



## QUARTERLY DEBT BULLETIN as at 31 March 2014

This report summarises the Government's (GoT) debt position during the FY 2013/14 from 1 July to 31 March 2014, in millions of Pa'anga. Comparisons have been made to the previous quarter (December 2013), and to the previous year (March 2013). The information covers external, domestic, on-lent and guaranteed debt.

**1. Total public disbursed outstanding debt (DOD)** as at 31 March 2014 is estimated at \$370.7m (*at 43.8% of GDP*). **Total public debt decreased** by \$8.0m between December 2013 and March 2014. This was mainly due to appreciation of the Pa'anga against the major borrowing currencies: to Chinese Yuan Renminbi CNY by 4.0%, United State Dollar USD (2.0%) and to EURO EUR (2.0%).

**2. External debt** is recorded at \$341.2m (*40.3% of GDP*) with the **main creditors** of Export-Import Bank of China (EXIM) at \$215.5m (*63.1%*), the Asian Development Bank (ADB) at \$63.4m (*18.6%*) and IDA (International Development Agency, World Bank) at \$45.9m (*13.4%*). The **main outstanding loan currency denomination** is in the CNY at \$222.7m (*65.3%*), SDR at \$117.8m (*34.5%*). The **significant movement of the Pa'anga** against the borrowing currencies during March 2013 to March 2014, showed a **depreciation of the Pa'anga** against the **GBP (15.5%); EUR (13.1%); SDR<sup>1</sup> (8.1%); CNY (4.8%); and USD (4.8%)**. With **appreciation** against the **AUD (7.4%); and JPY (3.8%)**. There were **no external loan payment arrears**.

**3. Domestic debt** is recorded at \$29.5m (*3.5% of GDP*), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$17.3m (*58.9%*), Retirement Fund Board at \$6.7m (*22.7%*) and Companies at \$2.8m (*9.5%*). There were **no domestic loan payment arrears**.

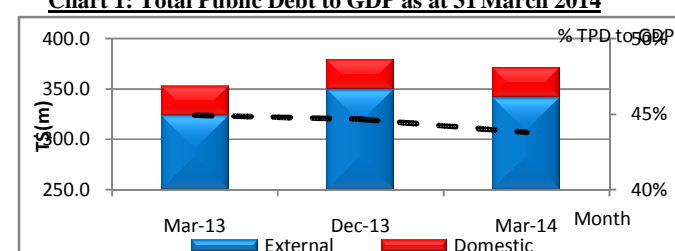
**4. Total debt service (expenditure)** as at 31 March 2014 is estimated at \$10.9m, mainly for *external debt* at \$9.5m (*87%*) and for *domestic debt* at \$0.9m (*8%*). This is equivalent to 1.3% of *GDP* (at \$846.3m), in ratio to recurrent revenue (GoT) of 9.2% (at \$117.9m) and in ratio to recurrent expenditure of 8.2% (at \$133.4m).

For *external debt*, the main projected repayment months are September 2013 at \$3.08m (*25.5%*) and March 2014 at \$3.1m (*25.7%*) being mainly to EXIM; and for *domestic debt* is April 2014 at \$5.3m (*71%*) and June 2014 at \$1.3m (*17%*) for bond principal and interest payments.

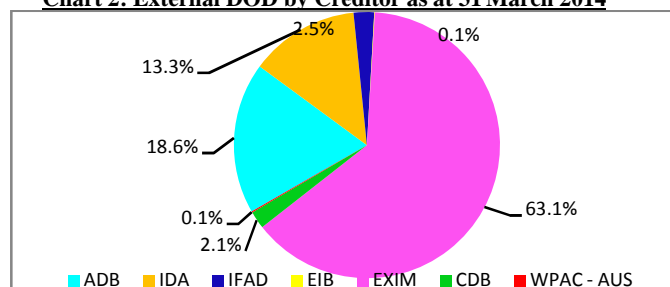
**Table 1: Sovereign Debt Sustainability Indicators**

Indicators	IMF-GoT Threshold (%)	FYTD 2013/14 (%)
<i>NPV of external debt as</i>		
% of GDP	40	<b>40</b>
% of GDP (& remittances)	36	<b>33</b>
% of exports	150	<b>206</b>
% of exports (& remittances)	120	<b>93</b>
% of recurrent revenue	250	<b>209</b>
<i>Debt Service as:</i>		
% of exports	20	<b>7</b>
% of exports (& remittances)	16	<b>3</b>
% of recurrent revenue	20	<b>4.0</b>

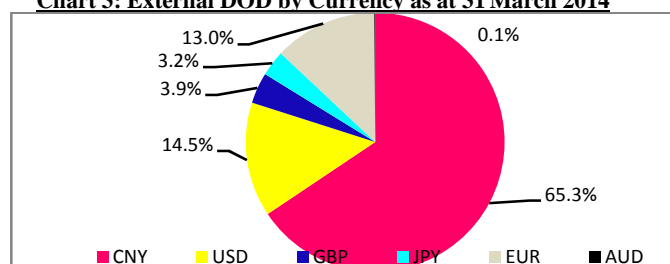
**Chart 1: Total Public Debt to GDP as at 31 March 2014**



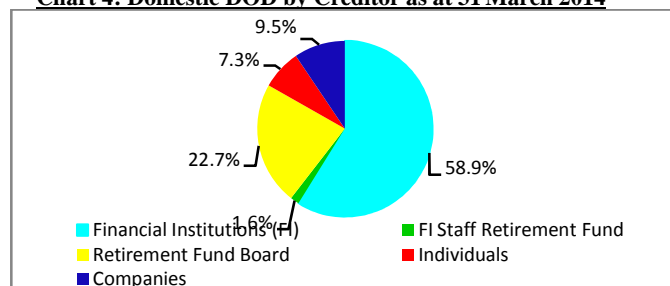
**Chart 2: External DOD by Creditor as at 31 March 2014**



**Chart 3: External DOD by Currency as at 31 March 2014**



**Chart 4: Domestic DOD by Creditor as at 31 March 2014**



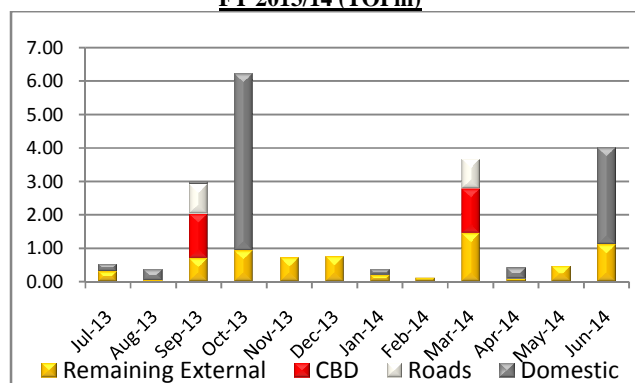
<sup>1</sup> SDR currency Weighting: (USD 41.9%, EUR 37.4%, GBP 11.3%, JPY 9.4%)



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**Government of Tonga**

The following Chart shows position of the annual debt service over the FY 2013/14, excludes any fluctuation of FC rates also deferred repayments for China loans pending final terms to be formalised soon.

**Chart 5: Total Public Debt Service**  
**FY 2013/14 (TOPm)**



**5. Total on-lent loans** as at 31 March 2014 due to the GoT from various public and other enterprises is estimated at \$62.6m (7.4% of GDP; and 18% of total external loans). The main Borrowers are Tungi

Colonnade (Tungi Arcade) at \$16.6 (26.5%), Janfull International Dateline Hotel Ltd. at \$11.0m (17.6%), OG Sanft Ltd. at \$10.2m (16.3%), MF Taumoepeau Ltd. at \$7.2m (11.5%), City Assets (Molisi) at \$6.8m (10.9%) and also to Royco Amalgamated Co. Ltd at \$2.2m (3.5%) for portion of external loans from EXIM China. The **total on-lent loan payment arrears** is estimated at \$16.9m, for loans due from Janfull Ltd. at \$9.7m (57%) and Seastar Ltd. at \$6.1m (36%), and repayments due from CBD projects at \$1.1m (7%). **Total debt service (revenue)** as at 31 March 2014 is estimated at \$1.44m, for on-lent loan repayments from Tonga Communications Corporation (TCC) \$0.92m as settlement of their on-lent loan in August (64%), from Tonga Development Bank (TDB) \$0.40m (28%), PAT at \$0.07m (5%) and Royco \$0.05 (3%).

**6. Total guaranteed debt** as at 31 March 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	Mar-13	Dec-13	Mar-14	QTR change (%)	YTD change (%)
<b>Total Public Debt (USD\$)</b>	<b>204.5</b>	<b>205.3</b>	<b>205.6</b>	<b>0.1</b>	<b>0.5</b>
Total Public Debt (TOP\$)	352.6	378.7	370.7	-2.1	5.1
Domestic Debt	29.5	29.5	29.5	-	-
External Debt	323.1	349.2	341.2	-2.3	5.6
Total Public Debt to GDP (%)	45.0	44.7	43.8	-1.9	-2.7
External Debt to GDP	41.2	41.2	10.3	-2.1	-2.1
Domestic Debt to GDP	3.8	3.5	3.5	0.2	-8.3
<b>Total Debt Service (\$)</b>	<b>4.0</b>	<b>6.6</b>	<b>3.07</b>	<b>-53.5</b>	<b>-23.3</b>
Principal	3.8	5.9	3.07	-48.0	-19.2
Interest	0.2	0.7	-	-	-
External	1.5	3.1	0.73	-76.6	-51.6
Domestic	2.5	3.5	2.38	-32.0	-4.8
External Debt by Creditor category (\$)	323.1	349.2	341.2	-2.3	5.6
Multilateral	108.9	115.7	118.1	2.0	8.4
Bilateral	213.7	233.1	222.7	-4.5	4.2
Commercial	0.5	0.4	0.4	5.2	-15.8
<b>Debt Composition by Instrument Type (\$)</b>	<b>352.6</b>	<b>378.7</b>	<b>370.7</b>	<b>-2.1</b>	<b>5.1</b>
Loans	323.1	349.2	341.2	-2.3	5.6
Bonds/Notes	29.5	29.5	29.5	-	-
<b>Foreign Currency Risk (%)</b>					
% of debt in Chinese Yuan	66.1	66.8	65.3	-2.2	-1.3
% of debt in SDR	33.6	33.1	34.5	4.4	2.7
% of debt in other currencies	0.3	0.2	0.2	1.0	-21.6
% of Foreign Debt	91.6	92.2	92.0	-0.2	0.4
<b>Fiscal Indicators (%)</b>					
Total Debt Service to Expenditure	2.2	3.3	1.7	-49.8	-25.0
Total Debt Service to Revenue	2.5	4.1	1.9	-53.5	-25.9
Interest to Expenditure	1.4	1.8	1.3	-26.6	-6.9
Interest to Revenue	1.6	3.8	1.5	-32.0	-8.1
<b>Vulnerability Indicators (%)</b>					
Reserves to External Debt	79.6	76.0	75.6	-0.5	-5.1
External Debt Service to Exports/Remittances	1.5	2.2	0.8	-62.2	-43.5
External Debt Service to Exports	2.5	3.8	1.9	-51.3	-27.0

Source: MoFNP and NRBT