



QUARTERLY DEBT BULLETIN as at 31st March 2016

This report summarises the Government's (GoT) debt position during the FY 2015/16 from 1 July, 2015 to 31 March 2016, in millions of Pa'anga. Comparisons have been made to the previous quarter (December 2015), and to the previous year (March 2015). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31 March 2016 is estimated at \$435.5m (*at 53.2% of GDP*). **Total public debt increased** by \$0.6m between December 2015 and March 2016. This was mainly due to depreciation of the Pa'anga against the major borrowing currencies: to Japanese Yen **JPY** (7.1%), Australian Dollar **AUD** (5.0%), Euro Currency **EUR** (3.7%), Special Drawing Right **SDR** (1.4%).

2. External debt is recorded at \$389.9m (47.6% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$249.1m (63.9%), the Asian Development Bank (ADB) at \$63.4m (16.3%) and IDA (International Development Agency, World Bank) at \$60.0m (15.4%). The **main outstanding loan currency denomination** is in the CNY at \$257.6m (66.1%), SDR at \$132.2m (33.9%). The **significant movement of the Pa'anga** against the borrowing currencies during March 2015 and March 2016, showed a **depreciation of the Pa'anga** against the **JPY** (17.1%), **EUR** (15.5%), **SDR** (12.1%), **USD** (9.9%), **GBP** (6.9%), **CNY** (4.9%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$45.6m (5.6% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$24.0m (52.6%) and Retirement Fund Board at \$15.0m (32.8%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31 March 2016 is estimated at \$15.2m, for *external debt* at \$11.3m (74.3%) and *domestic debt* payment at \$3.9m. This is equivalent to 1.9% of GDP (at \$819.2m), in ratio to recurrent revenue (GoT) of 9.6% (at \$158.7m) and in ratio to recurrent expenditure of 9.0% (at \$169.2m).

For *external debt*, the main projected repayment months are September 2015 at \$3.6m and March 2016 at \$3.6m (49.3% of total annual external debt service of \$14.6) 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	48
% of GDP & remittances	36	37
% of exports	150	197
% of exports & remittances	120	89
% of government revenues	250	162
Debt Service as:		
% of exports	20	8
% of exports & remittances	16	3
% of revenues	20	6

Chart 1: Total Public Debt to GDP as at 31 March 2016

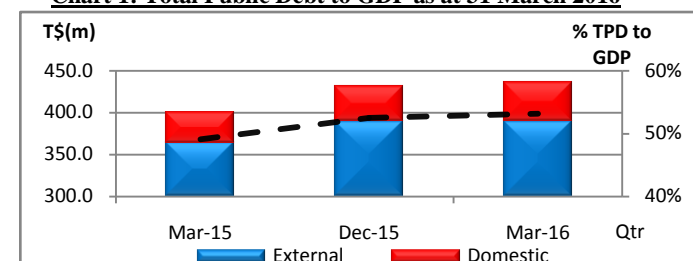


Chart 2: External DOD by Creditor as at 31 March 2016

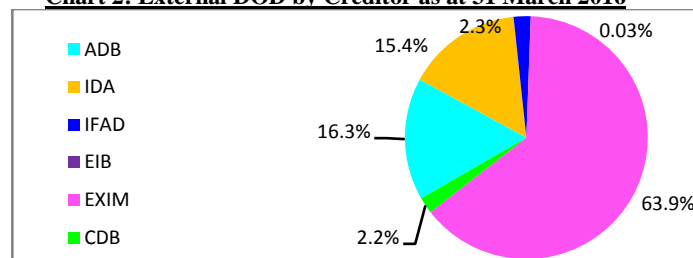


Chart 3: External DOD by Currency as at 31 March 2016

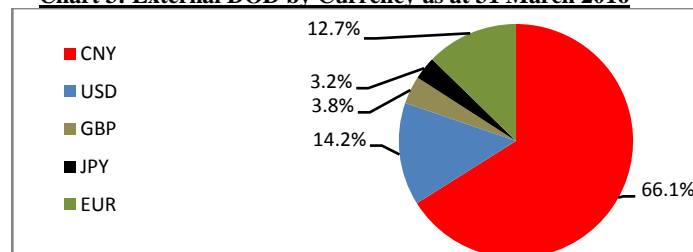
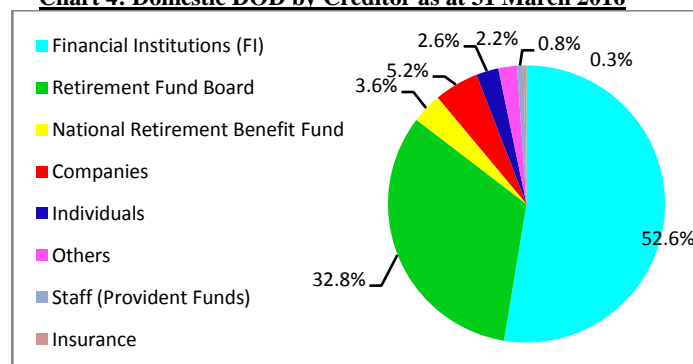


Chart 4: Domestic DOD by Creditor as at 31 March 2016

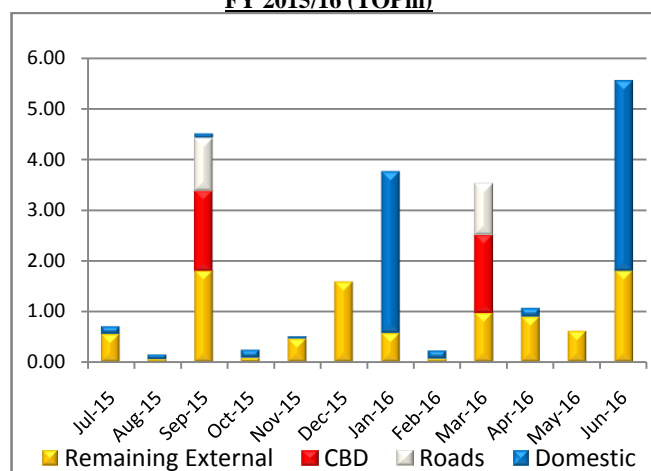




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The following Chart shows position of the annual debt service over the FY 2015/16, excludes any fluctuation of FC rates.

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



5. Total on-lent loans as at 31 March 2016 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 \$53.9m (6.6% of GDP; and 13.8% 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 \$11.8m, as due from Seastar Ltd. at \$6.6m (55.9%), and from CBD projects at \$3.9m (33.1%). **Total debt service (revenue)** as at 31 March 2016 is estimated at \$1.19m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.37m (31.1%), OG Sanft \$0.35m (29.4%), Tungi Colonnade \$0.14m (11.8%), Tongatapu Market Limited (TML) at \$0.14m (11.8%), Others \$0.19m (15.9%).

6. Total guaranteed debt as at 31 March 2016 is NIL as Government guaranteed debt has been settled in January 2016. Guaranteed repayment as at 31 March 2016 was \$0.01m.

Table 2: Summary Debt Ratios

Particulars	Mar-15	Dec-15	Mar-16	Qtrly change (%)	YTD change (%)
Total Public Debt (USD\$)	198.9	194.4	197.0	1.3	-0.9
Total Public Debt (TOP\$)	400.0	430.3	435.5	1.2	8.9
Domestic Debt	36.0	41.0	45.6	11.4	26.8
External Debt	364.0	389.3	389.9	0.1	7.1
Total Public Debt to GDP (%)	49.4	52.5	53.2	1.2	7.7
External Debt to GDP	44.9	47.5	47.6	0.1	5.9
Domestic Debt to GDP	4.4	5.0	5.6	11.4	25.5
Total Debt Service (\$)	4.5	2.3	7.6	228.6	70.5
External	4.3	2.1	4.2	99.4	-1.8
Domestic	0.2	0.2	3.4	1544.9	1773.3
Principal	1.7	1.8	1.4	-20.5	-16.0
Interest	2.8	0.6	6.1	1013.9	120.4
External Debt by Creditor category	364.0	389.3	389.9	0.2	7.1
Multilateral	117.1	130.2	132.3	1.6	13.0
Bilateral	246.9	259.1	257.6	-0.6	4.3
Debt Composition by Instrument Type (\$)	400.0	430.3	435.5	1.2	8.9
Loans	364.0	389.3	389.9	0.1	7.1
Bonds/Notes	36.0	41.0	45.6	11.4	26.8
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	67.8	66.6	66.1	-0.7	-2.6
% of debt in SDR	32.1	33.4	33.8	1.5	5.6
% of debt in other currencies	0.1	-	-	5.6	-63.3
% of Foreign Debt	91.0	90.5	89.5	-1.1	-1.6
Fiscal Indicators (%)					
Total Debt Service to Expenditure	1.9	0.88	2.88	228.6	52.1
Total Debt Service to Revenue	2.3	0.96	3.15	228.6	38.6
Interest to Expenditure	1.2	0.21	2.33	1013.9	96.7
Interest to Revenue	1.4	0.23	2.55	1013.9	79.2
Vulnerability Indicators (%)					
Reserves to External Debt	80.7	80.1	84.3	5.2	4.5
External Debt Service to Exports & Remittances	1.09	0.49	0.92	86.1	-16.2
External Debt Service to Exports	2.21	0.96	1.92	99.4	-

Source: MoFNP and NRB