



QUARTERLY DEBT BULLETIN as at 30 September 2014

This report summarises the Government's (GoT) debt position during the FY 2014/15 from 1 July to 30 September 2014, in millions of Pa'anga. Comparisons have been made to the previous quarter (June 2014), and to the previous year (September 2013). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 30 September 2014 is estimated at \$387.3m (*at 45.3% of GDP*). **Total public debt increased** by \$21.4m between June 2014 and September 2014. This was mainly due to depreciation of the Pa'anga against the major borrowing currencies: to Chinese Yuan Renminbi **CNY** by (8.2%), United State Dollar **USD** (7.0%), and to Special Drawing Rights **SDR** (2.6%).

2. External debt is recorded at \$356.5m (41.7% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$230.5m (64.7%), the Asian Development Bank (ADB) at \$62.6m (17.6%) and IDA (International Development Agency, World Bank) at \$46.2m (13.0%). The **main outstanding loan currency denomination** is in the CNY at \$238.3m (66.9%), SDR at \$117.4m (32.9%). The **significant movement of the Pa'anga** against the borrowing currencies during September 2013 to September 2014, showed a **depreciation of the Pa'anga** against the **GBP** (7.5%); **USD** (6.7%); **CNY** (6.2%); **SDR¹** (3.1%). With **appreciation** against the **JPY** (4.4%); and **AUD** (.34%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$30.8m (3.6% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$19.2m (62.5%), Retirement Fund Board at \$7.6m (24.5%) and Others at \$4.0m (13.0%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 30 September 2014 is estimated at \$11.0m, mainly for *external debt* at \$3.9m (35%) and for *domestic debt* at \$7.1m (65%). This is equivalent to 1.3% of GDP (at \$854.4m), in ratio to recurrent revenue (GoT) of 18.4% (at \$59.6m) and in ratio to recurrent expenditure of 18.8% (at \$58.4m).

For *external debt*, the main projected repayment months are September 2014 at \$3.3m (23.5%) and March 2015 at \$3.2m (22.3%) being mainly to EXIM; and for *domestic debt* is August 2014 at \$5.9m (75%) and July 2014 at \$1.1m (14%) 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	42
% of GDP (& remittances)	36	36
% of exports	150	183
% of exports (& remittances)	120	104
% of recurrent revenue	250	192
<i>Debt Service as:</i>		
% of exports	20	6
% of exports (& remittances)	16	3
% of recurrent revenue	20	6

Chart 1: Total Public Debt to GDP as at 30 September 2014

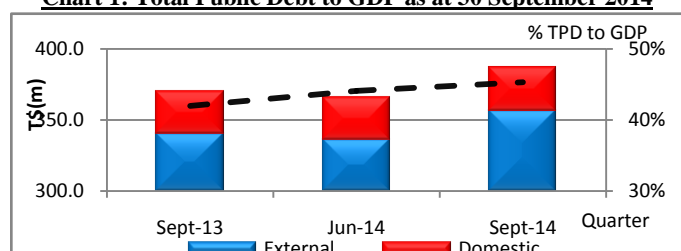


Chart 2: External DOD by Creditor as at 30 September 2014

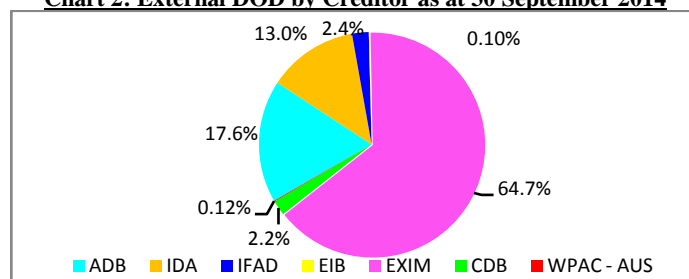


Chart 3: External DOD by Currency as at 30 September 2014

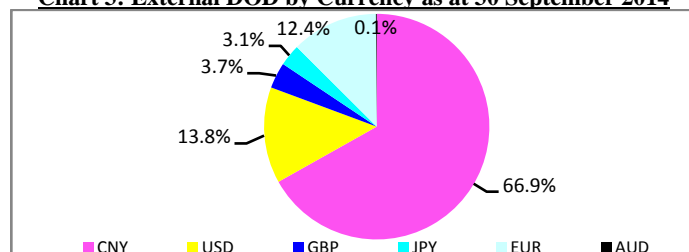
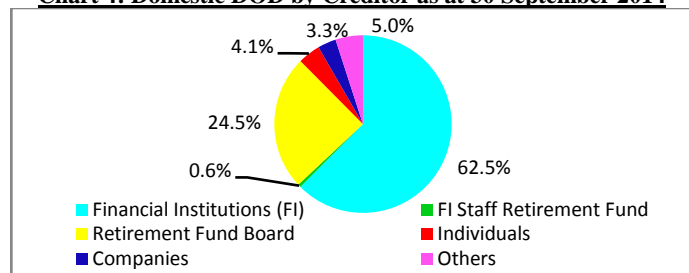


Chart 4: Domestic DOD by Creditor as at 30 September 2014



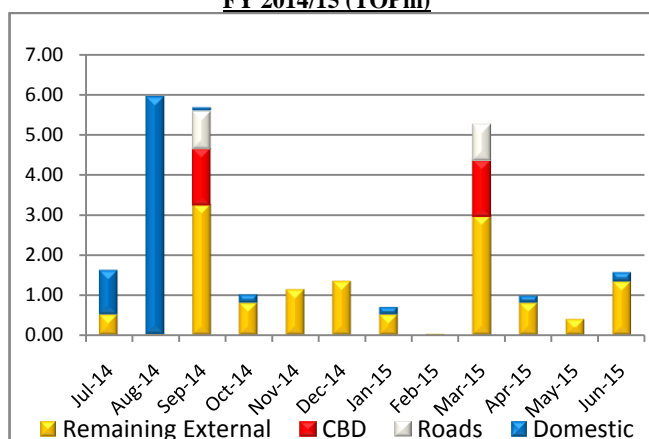
¹ SDR currency Weighting: (USD 41.9%, EUR 37.4%, GBP 11.3%, JPY 9.4%)



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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 30 September 2014 due to the GoT from various public and other enterprises are

estimated at \$51.5m (6.0% of GDP; and 14.4% of total external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (36.2%), OG Sanft Ltd. at \$10.2m (19.9%), MF Taumoepeau Ltd. at \$7.2m (13.9%), City Assets (Molisi) at \$6.8m (13.1%) 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 \$7.8m, for loans due from Seastar Ltd. at \$6.3m (80%), and repayments due from CBD projects at \$1.6m (20%). **Total debt service (revenue)** as at 30 September 2014 is estimated at \$0.22m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.18m (82%), PAT at \$0.04m (18%).

6. Total guaranteed debt as at 30 September 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	Sept-13	Jun-14	Sept-14	Qtrly Change	YTD change
Total Public Debt (USD\$)	205.9	204.2	201.9	-1.1	-1.9
Total Public Debt (TOP\$)	370.2	366.0	387.3	5.8	4.6
Domestic Debt	29.5	29.5	30.8	4.4	4.4
External Debt	340.7	336.5	356.5	5.9	4.6
Total Public Debt to GDP (%)	42.0	44.2	45.3	2.5	7.9
External Debt to GDP	38.7	40.6	41.7	2.7	7.8
Domestic Debt to GDP	3.3	3.6	3.6	-	9.1
Total Debt Service (\$)	4.0	9.0	11.0	22.2	175.0
External	3.5	2.5	3.9	56.0	11.4
Domestic	0.5	6.5	7.1	9.2	1320.0
Principal	1.1	8.0	7.9	-1.3	618.2
Interest	2.9	1.0	3.1	210.0	6.9
External Debt by Creditor category (\$)	340.7	336.4	356.5	6.0	4.6
Multilateral	114.6	115.2	117.8	2.3	2.8
Bilateral	225.7	220.8	238.3	7.9	5.6
Commercial	0.4	0.4	0.4	-	-
Debt Composition by Instrument Type (\$)	370.2	366.0	387.3	5.8	4.6
Loans	340.7	336.5	356.5	5.9	4.6
Bonds/Notes	29.5	29.5	30.8	4.4	4.4
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	66.2	65.6	66.8	1.8	0.9
% of debt in SDR	33.5	34.1	33.0	-3.2	-1.5
% of debt in other currencies	0.2	0.2	0.2	-	-
% of Foreign Debt	92.0	91.9	92.0	0.1	-
Fiscal Indicators (%)					
Total Debt Service to Expenditure	2.0	4.7	4.7	-	135.0
Total Debt Service to Revenue	2.4	5.5	5.9	7.3	145.8
Interest to Expenditure	1.5	0.5	1.3	160.0	-13.3
Interest to Revenue	1.8	0.6	1.7	183.3	-5.6
Vulnerability Indicators (%)					
Reserves to External Debt	75.9	81.5	91.5	12.3	20.6
External Debt Service to Exports & Remittances	1.2	0.7	1.2	71.4	-
External Debt Service to Exports	2.2	1.6	2.1	31.3	-4.5

Source: MoFNP and NRB