



QUARTERLY DEBT BULLETIN as at 31 December 2012

This report summarises the Government's (GoT) debt position during the FY 2012/13 from 1 July to 31 December 2012, in millions of Pa'anga. Comparisons have been made to the previous quarter (September 2012), and to the previous year (31 December 2012). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31 December 2012 is estimated at \$356.9m (at 45.5% of GDP). **Total public debt increased** by \$5.3m between September 2012 and December 2012. This was mainly due to depreciation of the Pa'anga against the major borrowing currencies: Chinese Yuan Renminbi (CNY) by 2.8% and Special Drawing Rights (SDR)¹ by 1.3%.

2. External debt is recorded at \$327.5m (41.7% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$206.3m (63%), the Asian Development Bank (ADB) at \$64.5m (20%) and IDA (International Development Agency World Bank) at \$40.2m (12%). The **main outstanding loan currency denomination** is the CNY at \$213.3m (65%) and the SDR at \$113.3 (34%). The **significant movement of the Pa'anga** against the borrowing currencies during December 2011 to December 2012, showed a **depreciation of the Pa'anga** against the NZD (7.0%); GBP (5.7%); AUD (3.0%); EUR (2.8%); CNY (1.9%) and SDR (0.6%). With **appreciation** against the JPY (9.9%). There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$29.5m (3.7% of GDP), for GoT bonds on issue. The main bond holders are Financial Institutions at \$19.1m (65%), Retirement Fund Board at \$5.0m (17%) and Individuals at \$4.07m (14%). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31 December 2012 is estimated at \$11.5m, mainly for *domestic debt* at \$5.9m (51%) and for *external debt* at \$5.6m (49%). This is equivalent to 1.5% of GDP (at \$784.5m), and in ratio to recurrent revenue (GoT) of 13.6% (at \$84.6m), and in ratio to recurrent expenditure of 13.2% (at \$87.2m). There were no public debt payment arrears.

For *external debt*, the main projected repayment months are September 2012 at \$2.9m (26%) and March 2013 at \$2.9m (25%) being mainly to EXIM; and for *domestic debt* is October 2012 at \$5.3m (58%) and June 2013 at \$2.9m (32%) for bond principal and interest payments.

The total public debt service for FY 2012/13 is estimated at \$20.4m.

Table 1: Sovereign Debt Sustainability Indicators

Indicators	IMF Threshold (%)	GoT Threshold (%)	FYTD 2012/13 (%)
<i>NPV of external debt as</i>			
% of GDP	30	40	42
% of exports & remittances	90	100	126
% of recurrent revenue	200	200	208
<i>Debt Service as:</i>			
% of exports & remittances	14	15	4
% of recurrent revenue	25	25	7

Chart 1: Total Public Debt to GDP as at 31 December 2012

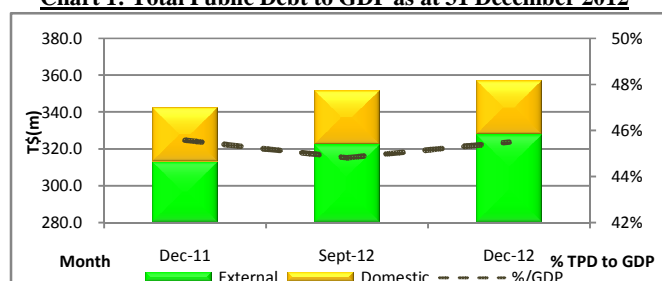


Chart 2: External DOD by Creditor as at 31 December 2012

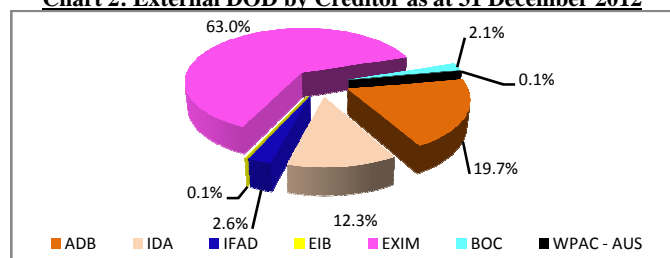


Chart 3: External DOD by Currency as at 31 December 2012

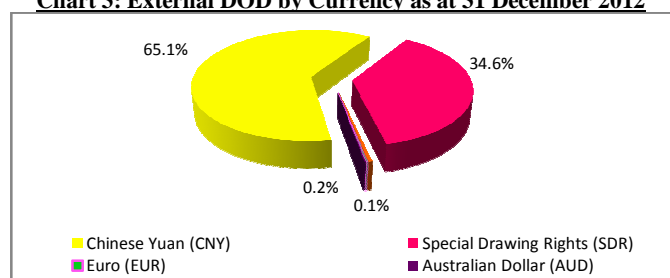
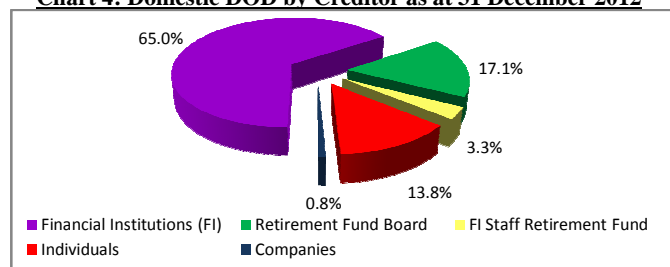


Chart 4: Domestic DOD by Creditor as at 31 December 2012



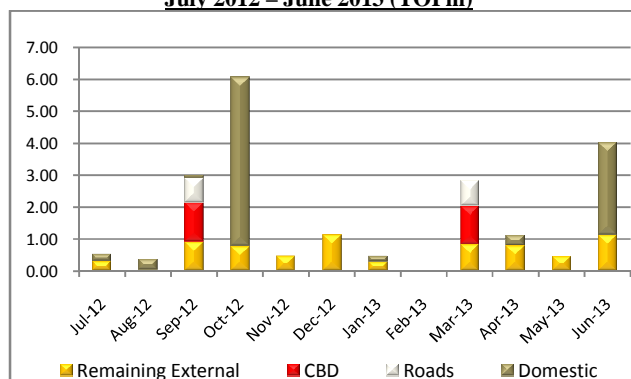
¹ SDR currency weighting (USD 41.9%, EUR 37.4%, GBP 11.3%, JPY 9.4%)



MINISTRY OF FINANCE AND NATIONAL PLANNING
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The following Chart shows status of the monthly repayments during the year.

**Chart 5: Total Public Debt Service
July 2012 – June 2013 (TOPm)**



5. Total on-lent loans as at 31 December 2012 due to the GoT from various public and other enterprises is estimated at \$63.7m (8% of GDP; and 19% of total external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (26%), Janfull

International Dateline Hotel Ltd. at \$10.6m (17%), OG Sanft Ltd. at \$10.2m (16%), MF Taumoepeau Ltd. at \$7.2m (11.3%), City Assets (Molisi) at \$6.8m (10.7%) and also to Royco Amalgamated Co. Ltd at \$2.2m (3%) for loans from EXIM China. The **total on-lent loan payment arrears** is estimated at \$13.5m, for loans due from Janfull at \$7.7m (57%) and Seastar at \$5.8m (43%). **Total debt service (revenue)** as at 31 December 2012 is estimated at \$0.48m, for on-lent loan repayments from Tonga Development Bank (TDB) \$0.28m (59%), Tonga Communications Corporation (TCC) \$0.14m (29%) and Royco \$0.05m (12%).

6. Total guaranteed debt as at 31 December 2012 is estimated at \$0.15m (0.02% of GDP and 0.04% of total public debt). This is for Bond issued by TDB at \$0.15 (100%). The guarantee loans for Tonga Power Ltd was cancelled in July 2012 and balance of Janfull loans at Westpac Bank of Tonga was settled by GoT in November 2012 as part of non-GoT creditors in liquidation process. There were **no guaranteed loan payment arrears**.

Table 2: Summary Debt Ratios

Particulars	Dec-11	Sep-12	Dec-12	QTR change (%)	YTD change (%)
Total Public Debt (USD\$)	197.7	205.5	205.2	-0.1	3.8
Total Public Debt (TOP\$)	342.2	351.6	356.9	1.5	4.3
Domestic Debt	29.5	29.5	29.5	-	-
External Debt	312.8	322.1	327.5	1.7	4.7
Total Public Debt to GDP (%)	45.6	44.8	45.5	1.6	-0.2
External Debt to GDP	41.7	41.1	41.7	1.5	-
Domestic Debt to GDP	3.9	3.7	3.8	2.7	-2.6
Total Debt Service (\$)	3.0	3.9	7.7	97.4	156.7
Principal	2.3	1.0	7.0	600.0	204.3
Interest	0.7	2.9	0.7	-75.9	-
External	1.6	3.2	2.4	-25.0	50.0
Domestic	1.4	0.6	5.3	783.3	278.6
External Debt by Creditor category (\$)	312.8	322.1	327.5	1.7	4.7
Multilateral	117.5	114.1	113.7	-0.4	-3.2
Bilateral	193.4	207.5	213.3	2.8	10.3
Commercial	1.8	0.5	0.5	-	-72.2
Debt Composition by Instrument Type (\$)	342.2	351.6	356.9	1.5	4.3
Loans	312.8	322.1	327.5	1.7	4.7
Bonds/Notes	29.5	29.5	29.5	-	-
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	61.8	64.4	65.1	1.1	5.3
% of debt in SDR	37.4	35.3	34.6	-2.0	-7.5
% of debt in other currencies	0.7	0.3	0.3	-	-57.1
% of Foreign Debt	91.4	91.6	91.7	0.1	0.3
Fiscal Indicators (%)					
Total Debt Service to Expenditure	1.7	2.2	4.3	95.5	152.9
Total Debt Service to Revenue	2.1	2.5	4.9	96.0	133.3
Interest to Expenditure	0.4	1.6	0.4	-75.0	-
Interest to Revenue	0.5	1.8	0.4	-20.0	-20.0
Vulnerability Indicators (%)					
Reserves to External Debt	72.3	78.0	75.2	-3.6	4.0
External Debt Service to Exps/Remits	0.6	1.3	0.9	-30.8	50.0
External Debt Service to Exports	1.1	2.2	1.6	-27.3	45.5

Source: MoFNP and NRB