



## QUARTERLY DEBT BULLETIN as at 31<sup>st</sup> December 2022

This report summarizes the Government's (GoT) debt position during the FY 2021/2022 and FY 2022/2023 from 31<sup>st</sup> December 2021 to 31<sup>st</sup> December 2022, in millions of Pa'anga. Comparisons have been made to the previous quarter (September 2022), and to the previous year (December 2021). The information covers external, domestic, on-lent and guaranteed debt.

**1. Total public disbursed outstanding debt (DOD)** as at 31<sup>st</sup> December 2022 is estimated at \$496.0m (at 37.0% of GDP). **Total public debt decreased** by \$5.1m between September 2022 and December 2022. This was mainly due to appreciation of the Pa'anga against the major borrowing currencies: the **CNY** (1.3%) and **USD** (3.5%) and also principal repayment of \$1.7m made during the quarter.

**2. External debt** is recorded at \$428.7m (32.0% of GDP) with the **main creditors** of Export-Import Bank of China (EXIM) at \$227.1m (53.0%), the Asian Development Bank (ADB) at \$54.5m (12.7%) and IDA (International Development Agency, World Bank) at \$95.8m (22.3%). The **main outstanding loan currency denomination** is in the CNY at \$227.1 (53.0%), SDR at \$158.9m (37.1%). The **movement of the Pa'anga** against the borrowing currencies during December 2021 and December 2022, showed an appreciation of the Pa'anga against the **CNY** (3.0%), **SDR** (2.1%) and depreciation of the Pa'anga against the **USD** (2.9%). There were **no external loan payment arrears**.

**3. Domestic debt** is recorded at \$67.3m (5.0% of GDP), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$41.8m (62.0%) and Retirement Fund Board at \$10.1m (15.0%). There were **no domestic loan payment arrears**.

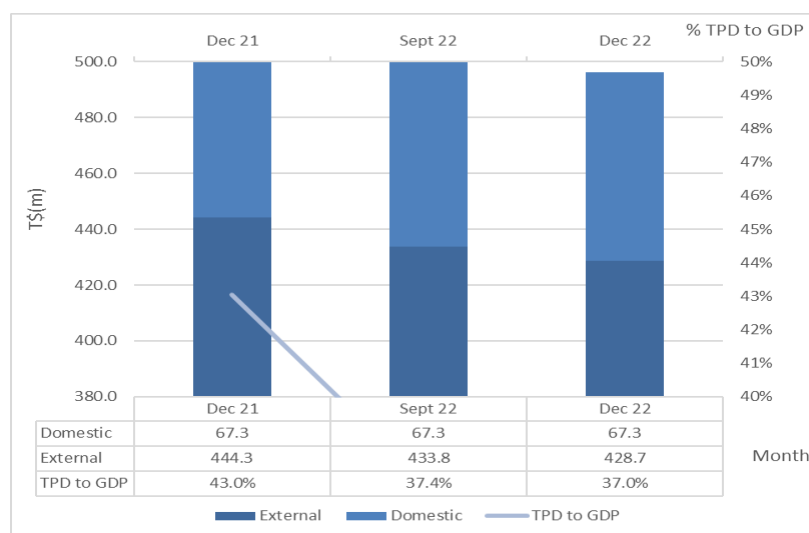
**4. Total debt service (expenditure)** as at 31<sup>st</sup> December 2022 is at \$18.4m, for *external debt* at \$12.8m (69.7%) and *domestic debt* payment at \$5.6m (30.3%). This is equivalent to 1.4% of GDP (at \$1340.4m), in ratio to recurrent revenue (GoT) of 5.5% (at \$335.2m) and in ratio to recurrent expenditure of 4.7% (at \$392.8m).

For *external debt*, the main repayment months as projected for *external debt* are March 2023 at \$10.2m (38.6% of total external debt service \$26.4) and September 2022 at \$9.9m (37.5% of total external debt service \$7.9m) and for *domestic debt* is May 2023 at 5.5m (32.4% of total domestic debt service \$17.0m) for bond maturing and interest payment.

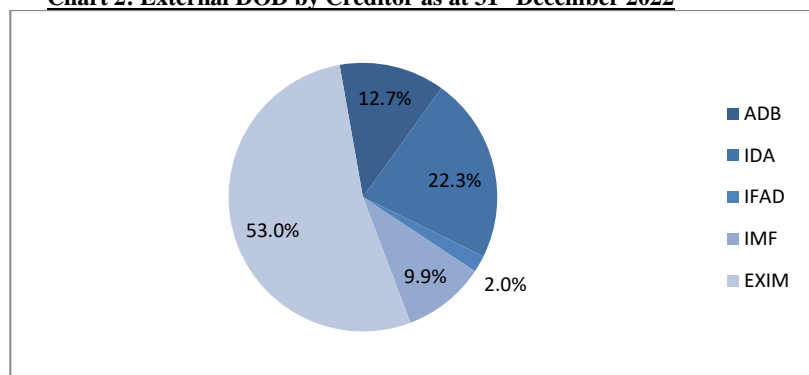
**Table 1: Sovereign Debt Sustainability Indicators**

Indicators	IMF (GoT) Threshold %	2022-2023
<b>NPV of external debt as:</b>		
% of GDP	40%	<b>33%</b>
% of GDP & remittances	36%	26%
% of exports & remittances	120%	106%
% of government revenues	250%	133%
<b>Debt Service as:</b>		
% of exports & remittances	16%	10%
% of revenues	20%	12%

**Chart 1: Total Public Debt to GDP as at 31<sup>st</sup> December 2022**

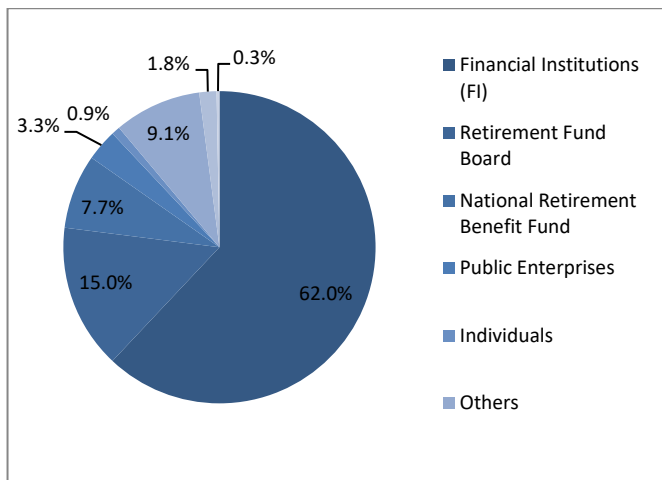


**Chart 2: External DOD by Creditor as at 31<sup>st</sup> December 2022**



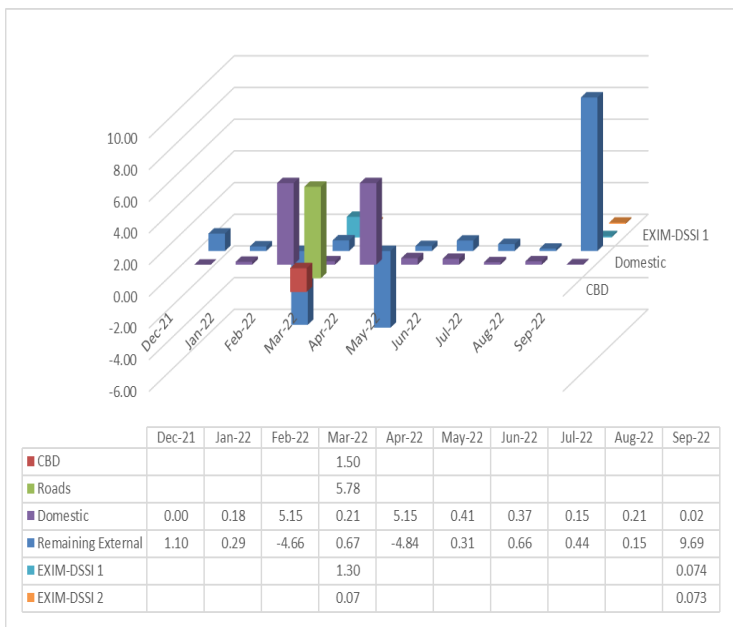


**Chart 3: Domestic DOD by Creditor as at 31<sup>st</sup> December 2022**



The following Chart shows position of the annual debt service over one year from December 2021 to December 2022, excluding any fluctuation of FC rates.

**Chart 5: Total Public Debt Service  
 December 2021 to December 2022 (TOPm)**



**5. Total on-lent loans** as at 31 December 2022 due to the GoT from various public and other enterprises, are estimated at \$47.2m (3.4% of GDP; and 11.0% of total external loans). The main Borrowers are for the CBD projects from EXIM China. **Total debt service (revenue)** as at 31 December 2022 is estimated at \$0.25m, for on-lent loan repayments from TAMA \$0.1m (39.8%), Tonga Development Bank (TDB) \$0.08m (30.5%) Royco Ltd at \$0.05m (21.6%) and Tonga Broadcasting Commission (TBC) \$0.02m (8.1%)

**6. Total guaranteed debt** as at 31 December 2022 is estimated at \$17.9m, for Cost Low Company \$5.6m (31.2%), Inter Pacific Ltd \$3.4m (19.0%), Lulutai Airlines \$3.6m (20.1%), Royco Ports Services Ltd \$2.7m (15.1%), Island Dredging \$2.1m (11.7%) and City Engineering and Constructions Ltd \$0.5m (2.9%).