

and Statistics

# CITIZENS' GUIDE TO THE NATIONAL BUDGET

2024-2025



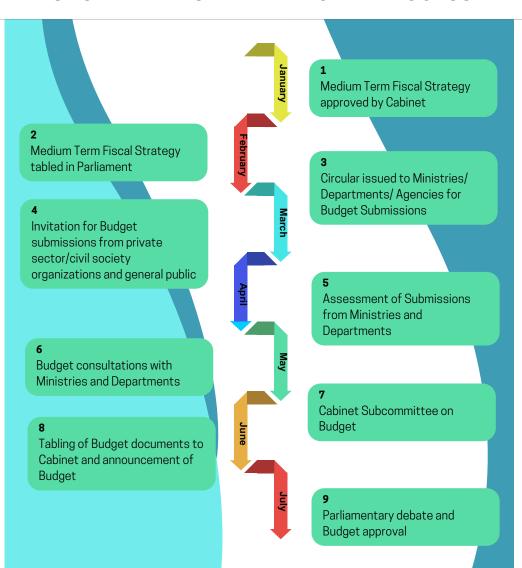
# WHAT IS A NATIONAL BUDGET?

A National Budget is a financial plan that outlines a Government's estimated revenues and expenditures for a particular financial year. It serves as a blueprint for the Government's financial activities including its priorities, policies and medium-long term economic and fiscal goals.

# PURPOSE OF THIS CITIZENS' GUIDE

This is a user-friendly summary of the National Budget. It provides a brief description of the budget process, macroeconomic outlook, major revenue and expenditure policies and the medium term fiscal framework.

# **BUDGET MAKING AND APPROVAL PROCESS**

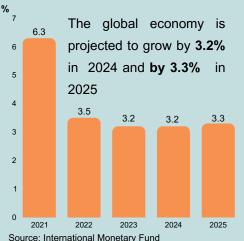


# **ECONOMIC OUTLOOK**

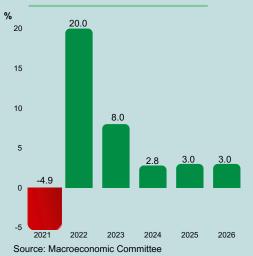
This section provides a brief update on the recent outlook of the global and domestic economy.

#### **GLOBAL ECONOMY**





#### DOMESTIC ECONOMY



The Fijian economy is expected to grow by **2.8%** in 2024 and **3.0%** in 2025

#### Risks to the Outlook

- Further slowdown in major trading partner countries
- Loss of skilled workers
- · Climate change and natural disasters
- Capacity constraints in resource-based sectors, including tourism

#### **OUTLOOK FOR KEY ECONOMIC INDICATORS - 2024**



957,632 Visitor Arrivals





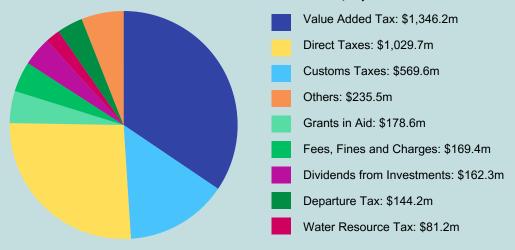
\$2.6 billion in Tourism Earnings



4.4% Average Inflation

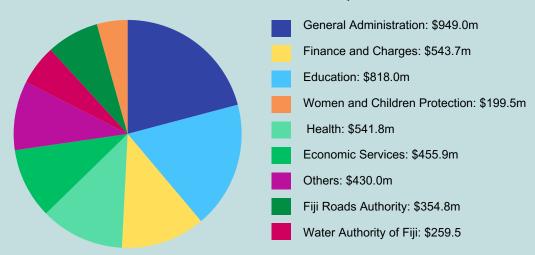
# 2024-2025 BUDGET

# **GOVERNMENT WILL COLLECT: \$3,916.7 MILLION**



Others include revenues from reimbursement & recoveries, telecommunication levy, investing receipts, ECAL, SEG 13 VAT and other revenues and surpluses. Direct Taxes comprises of income taxes (including PAYE, withholding tax, corporate tax, provisional tax. and other taxes), fringe benefit and capital gains tax.

# **GOVERNMENT WILL SPEND: \$4,552.2 MILLION**



Economic services include Agriculture, Fisheries, Forestry, Lands, Mineral Resources, Trade, MSMEs, Local Government and Tourism. General Administration includes Ministries and Departments mandated to strengthen good governance, human resource development, managing government finance, communications and ICT infrastructure, international cooperation and climate change.

# **KEY BUDGET ANNOUNCEMENTS**



#### **National Minimum Wage**

- Effective from 1 August 2024, the National Minimum Wage will increase from \$4.00 to \$4.50 an hour:
- From 1 April 2025, National Minimum Wage will increase to \$5.00 an hour; and
- Sectoral wages will also increase by \$0.50 across the board effective from 1 August 2024 followed by a further increase of \$0.50 from 1 April 2025.



#### **Salary Increase for Civil Servants**

 A sum of \$85.0 million is allocated in FY2024-2025 for the increase in wages and salaries of civil servants, certain independent institutions and the Fiji Corrections Service (FCS).



#### **FNPF Pensioners**

 A sum of \$4.0 million is being allocated to reinstate pension payments for pensioners that opted for a reduced pension rate following the 2011 reforms.



#### Vatukoula Mine Workers Strike Settlement

- Government has successfully reached a resolution to end the longest strike in the world which has lasted over 33 years;
- 368 Vatukoula Mine workers will be paid \$25,000 each, costing Government \$9.2 million; and
- Each affected worker will be paid \$10,000 in FY2024-2025, while \$15,000 will be paid in FY2025-2026.



#### **Workplace and School Injury Compensation**

- The functions of Accident Compensation Commission of Fiji (ACCF) relating to workers compensation and injury at school will be transferred to the Ministry of Employment, Productivity and Industrial Relations; and
- A sum of \$6.0 million is allocated to cater for compensation relating to workplace and school injury.

#### **EDUCATION**



#### **Early Childhood Education (ECE)**

A total of \$22.3 million has been allocated for ECE.



#### **Primary and Secondary Education**

 A total of \$408.3 million has been allocated for primary and secondary education.



#### **Tertiary Scholarships Scheme**

 A sum of \$150.5 million has been allocated to Tertiary Scholarships and Loans Service;

#### **New Schemes**

- Overseas Ph.D. and Masters Scheme
- Merit Based In-Service Overseas Scholarship for Postgraduate Diploma/ Specialization Scheme
- Industry/Employer Based Skills Qualification Scheme
- Graduate Business Start Up Grant Scheme

#### **Existing Schemes**

- · Micro Qualification Grant
- Merit Based Undergraduate Overseas Scheme
- · Masters and Ph.D by Research Scheme
- Merit Based Higher Education Level 7 Scheme
- Merit Based Skills Qualification Scheme
- · Tuition Only Hardship Assistance Scheme
- · Students with Special Needs Scheme
- Skills Qualification Based on Offer Letter Scheme
- Tuition Only Study Loan-Inservice Scheme
- Apprenticeship Scheme
- Micro-Qualification or Competency Based Training Scheme
- · Higher Education Level 7 with Minimum Cut Off Mark Scheme
- · In-Service Local Scholarship Scheme





#### **Transport Assistance for Students**

 A sum of \$37.0 million has been allocated towards transport assistance for students



## **Back-to-School Support**

- A total of 212,740 students were assisted under this programme, with a total payout of \$42.5 million in FY2023-2024; and
- A sum of \$40.0 million has been allocated in FY2024-2025.

#### **HEALTH SERVICES**



- The Ministry of Health and Medical Services has been allocated a sum of \$451.8 million:
- \$90.0 million has been allocated for the ongoing operations and maintenance cost to Health Care (Fiji) Pte Ltd for the Lautoka and Ba hospitals under the Public-Private Partnership (PPP) arrangement; and
- \$3.0 million has been allocated for Kidney Dialysis Subsidy, applicable for households earning less than \$30,000.

#### SOCIAL PROTECTION



\$171.7 million has been allocated towards Social Protection Programmes. The funding will cater for the following aimed to provide a safety net to the poor and the vulnerable:

- Social Pension Scheme \$78.2 million;
- Family Assistance Scheme \$44.3 million;
- Child Protection Allowance \$17.5 million:
- Allowance for persons with disability \$17.7 million;
- Transport assistance scheme \$13.4 million; and
- Food allowance for rural pregnant mothers \$0.4 million.



#### Formalization of Informal Settlements

 \$13.5 million has been allocated towards the formalization of 5 informal settlements, which includes Nepani, Raiwaqa, Davuilevu, Wainibuku, and Tayakubu.

#### INFRASTRUCTURE

#### Water and Sewerage

\$259.5 million has been allocated to the Water Authority of Fiji. Major capital programmes to be implemented include the following:



- · Water Programme \$82.3 million;
- Special Funded Programme \$15.0 million;
- Wastewater Programme \$8.5 million;
- Asset Management Programme \$8.5 million;
- Rural Programme \$7.5 million;
- · Emergency Response Programme \$8.6 million; and
- Digital Transformation Programme \$5.4 million.



#### **Ground Water Assesment (Borehole)**

- Funding for ground water assessment has increased to \$5.0 million to carry out borehole projects.
- A total of 1,700 borehole projects is planned across the country, 1,000 in Viti Levu, 500 in Vanua Levu and 200 in Maritime Islands.

#### **Road Infrastructure**



- A sum of \$338.8 million has been allocated to the Fiji Roads Authority to cater for on-going construction and maintenance of roads, upgrading and replacement of bridges and jetties and the upgrading of rural roads (access).
- A further sum of \$16.0 million has been allocated to meet its operational costs.



#### **Public Works Department**

- The newly established PWD within the Ministry is responsible to improve the state of rural roads in Fiji and a sum of \$5.0 million is allocated for the maintenance and upgrade of rural roads.
- \$6.0 million is allocated for the maintenance and refurbishment of public structures and water & sewer lines.



#### **Energy and Electricity**

- A sum of \$9.6 million is allocated to the Department of Energy.
- Major programmes that will be implemented include the Solar Home Systems Programme (\$3.0 million), House-wiring for Completed Grid Extension Projects (\$2.0 million) and Extension of Grid Power - Rotuma and Lakeba Government Power Stations (\$1.0 million).
- In addition, \$10.0 million has been allocated for the Electricity Subsidy.

#### **Resource Based Sectors**



#### Agriculture & Waterways

A sum of \$101.2 million has been allocated to the Ministry of Agriculture and Waterways.

Some major programmes under the Ministry include:

- Dredging \$5.5 million;
- Navuso Agriculture Technical Institute \$3.1 million;
- Farm Mechanisation \$2.5 million;
- Drainage Board Capital Grant \$2.7 million;
- · Farm Access Roads \$2.0 million:
- · Beef Revitalisation Programme \$1.5 million; and
- Fertiliser and Weedicide subsidy (ginger, dalo, cassava, vegetables) - \$1.0 million.

#### Sugar



A sum of \$76.1 million has been allocated to the Ministry of Sugar Industry & Multi-Ethnic Affairs. Key Programmes include:

- Fertilizer subsidy \$20.0 million;
- FSC Working Capital Support \$15.0 million;
- Drainage for sugarcane farms \$5.5 million; and
- Sugar stabilisation fund support \$4.0 million.



#### **Forestry**

A sum of \$31.4 Million has been allocated to the Ministry of Forestry. Key Programmes include:

- Subsidy for Logging in Maritime Islands \$2.1 million;
- · Reforestation \$2.5 million:
- · Fiji Pine Trust Extension \$1.7 million; and
- Grant to Fiji Hardwood Corporation Limited \$0.96 million.



#### **Fisheries**

A sum of \$25.3 million has been allocated to the Ministry of Fisheries.

- \$1.8 million has been allocated to the Coastal Fisheries Development programme; and
- \$1.2 million has been allocated towards the Aquaculture Development Programme.



#### **Tourism**

A sum of \$68.9 million has been allocated to the Ministry of Tourism and Civil Aviation.

- \$35.0 million has been allocated towards the Tourism Fiji Marketing Grant; and
- \$13.6 million has been allocated as direct payment for Tourism Development Programme in Vanua Levu.

# **KEY REVENUE POLICIES**



#### **Departure Tax**

 Departure tax will increase by \$30.00 to \$170.00 from 1 August 2024 and return to the pre-pandemic rate of \$200.00 from 1 August 2025.



#### **Transit Hours**

 Effective from 1 August 2024, transit hours for departure tax exemption will reduce from 96 hours to 48 hours.



#### Fiscal Duty on Customs Concession Code 231 and 236

 The 3 percent fiscal duty that was imposed on the importation of raw materials, machinery and packaging materials that are not manufactured and available locally has been removed.



#### **Fiscal Duty on Prefabricated Buildings**

- The fiscal duty on prefabricated buildings (consisting of prefab buildings of wood, modular building units of steel and other prefab buildings) will reduce from 32 percent to 5 percent.
- Fiscal duty on steel structures or articles of iron will be maintained at 5 percent.



#### **Excise Duty on Alcohol and Tobacco**

 The excise duty on alcohol and tobacco products will be increased by 5 percent.



# **Personal Imports**

 The maximum threshold for personal imports concession will be reduced from \$2,000 to \$1,000, and 15 percent VAT will be applied.



#### **Export Duty on Sugar**

 The 3 percent export duty on sugar has been removed to encourage private businesses to export sugar to overseas markets.

# TAX INCENTIVES



#### **Short Life Investment Package**

 The 20-year tax holiday will be extended to companies that acquire existing hotels & resorts and undertake renovations & refurbishments over \$50.0 million.



#### **Sports**

- A 200 percent deduction will be allowable for donations over \$10,000 towards the 2031 Pacific Games.
- To support the bidding for a place in the National Rugby League Competition, a 200 percent deduction will be allowed on cash sponsorships over \$250,000 including a 13-year tax holiday.



#### Tax-Free Region (TFR) Incentive

 The TFR incentive has been extended to facilitate Lyndhurst Ltd to develop Lots 1-7 (in Kalabu) to attract international ICT/BPO businesses.



#### **TFR Incentive for Indigenous Companies**

 TFR incentive has been amended to accommodate existing indigenous companies to qualify for new investments above \$250,000.



#### **Extension of Subdivision Land Incentive**

 The Subdivision of land incentive will be extended for another year to 31 July 2025.



# **Tackling the Drug Problem**

- A sum of \$2.0 million has been allocated for the establishment of the Narcotics Bureau.
- Government has also launched its National Counter Narcotics Strategy 2023-2028 to holistically co-ordinate Fiji's response to fight against drugs.

# **MEDIUM TERM FISCAL FRAMEWORK**

\$Million	2024-2025 (Budget)	2025-2026 (Budget)	2026-2027 (Budget)
Revenue	3,916.7	4,095.9	4,214.5
As a % of GDP	27.9	27.8	27.2
Tax	3,299.0	3,469.9	3,644.9
Non-Tax	617.7	626.0	569.5
Expenditure	4,552.2	4,648.1	4,758.7
As a % of GDP	32.5	31.5	30.7
Net Deficit	(635.5)	(552.2)	(544.2)
As a % of GDP	(4.5)	(3.7)	(3.5)
Debt	10,911.6	11,463.8	12,008.0
As a % of GDP	77.8	77.7	77.6
GDP at Market Price	14,022.8	14,745.9	15,483.2

- Government will gradually reduce its net deficit as a percentage of GDP in the medium-term to
   -3.7 percent in 2025-2026 and -3.5 percent in 2026-2027; and
- Government targets to reduce its debt as a percentage of GDP to 77.8 percent in 2024-2025 and 77.6 percent by 2026-2027.

#### **FISCAL RISKS**

Potential Fiscal Impact % GDP	High (>1%)	Specific Revenues	Macroeconomic Risks	
	Medium (>0.2%<1%)		Government Assets and Liabilities and Public Investment	Environmental Risk
	Low (<0.2%)	Public Corporations		Government Guarantee
		Remote (<10%)	Possible (10%><50%)	Probable (>50%)
		Likelihood of Realisation		

# **GOVERNMENT DEBT**

#### **GOVERNMENT DEBT AS A PERCENT OF GDP**





Government debt is projected to fall to 77.8 percent of GDP by the end of FY2024-2025.

#### **CONTINGENT LIABILITIES**

- As at 30 April 2024, total contingent liabilities stood at \$1,659.0 million or 12.7 percent of GDP.
- Government guaranteed debt stood at \$1,015.9 million, equivalent to 7.8 percent of GDP at the end of April 2024.

# **ECONOMIC REFORMS**

#### **EXTERNAL TRADE**



- Government will focus on evaluating achievements and developing a robust trade policy framework for the next decade.
- This new framework will be aligned with global best practices, National Development Plan goals, and emerging trade issues such as digital trade, climate change, and supply chain challenges.



Expanding market access for Fijian exports remains a core focus. Active
pursuit of trade agreements, arrangements, and discussions that secure
favourable market access conditions for Fijian-made products, particularly
in sectors with a comparative advantage, will be undertaken.

#### EASE OF DOING BUSINESS AND ECONOMIC DIVERSIFICATION



#### Starting a business and obtaining construction permit

An integrated digital platform is being developed to facilitate 'Starting a
Business' and 'Obtaining Construction Permits' processes. This platform
will encompass around 16 agencies and provide 25 e-services which is
expected to improve the approval process.



# **Empowering E-commerce**

 The implementation of the National E-commerce Strategy will be prioritized to unlock the growth potential of E-commerce for Fijian businesses.



#### **Investment Facilitation Committee**

Investment Facilitation Committee (IFC) has been formed to serve as a
platform for both new investors and established businesses to address
recurring or unresolved issues that impede investment and business
activities in Fiji.



#### **Set-up of Commercial Agriculture Taskforce**

 To support economic diversification and create opportunities for new investment in agriculture and resource-based sectors.

