



Ministry of Finance

Government Debt Report Quarter 3, 2023-2024

1.0 GOVERNMENT DEBT STOCK

Total Government debt stood at \$10,037.0 million equivalent to 76.2 percent of Gross Domestic Product (GDP) at the end of April 2024. This is projected to reach 78 percent of GDP at the end of this fiscal year FY2023/2024. As compared to the last quarter, total debt stock increased by a 0.2 percent and a 3.7 percent increase when compared to the same period last year.

As a percentage of total debt, domestic debt accounted for 65.0 percent (\$6,526.4 million) while external debt accounted for the remaining 35 percent (\$3,510.6 million).

During the quarter, Government had accessed a total of \$164.2 million in borrowings of which \$27.6 million were sourced from external loans and \$136.6 million from domestic sources while total debt servicing amounted to \$259.4 million (\$137.7 million in principal repayments and \$121.7 million in interest payments).

Government approved and published its Medium Term Debt Management Strategy (MTDS) for the next three fiscal years, FY2023-2024 to FY2025-2026. The MTDS is aligned with Government's medium term fiscal framework with the key objective being to manage financing, minimise the cost of debt within prudent level of risk and to support the development of a well-

functioning domestic market for debt securities.

2.0 DOMESTIC DEBT

Total domestic debt stood at \$6,526.4 million at the end of April 2024, increasing by 0.5 percent from the previous quarter and 6.4 percent from the same period last year. Domestic debt comprises Viti Bond, Fiji Sovereign Blue Bonds (FSBB) and Fiji Infrastructure Bonds (FIB) amounting to \$6,196.4 million while Treasury bills outstanding recorded at \$330.0 million.

Total borrowings from FIB and Viti bonds for the quarter amounted to \$136.6 million equivalent to 17.9 percent of the approved domestic borrowing limit for FY2024 consisting of \$136.0 million in FIB, \$0.6 million in Viti Bonds. T-Bills financing for the quarter amounted to \$83.0 million which was utilised for the rollover of maturing T-Bills. Investors demand in Viti Bonds increased significantly from new and existing investors, with the approved limit fully utilised at the end of February 2024.

Total domestic debt servicing amounted to \$177.3 million (\$82.4 million in principal repayments and \$95.0 million in interest payments), decreasing by 7.1 percent when compared to the last quarter.

Government bond yields remained constant for the 10 years and 15 year tenors, however

when compared to the previous quarter, yields rose by 7 basis points for the 3 month and 6 month tenors, and by 13 basis points and 10 basis points for the 1 year and 20 year tenors. The banking system liquidity remains above \$1.8 billion which has kept interest rates low and the Reserve Bank of Fiji has maintained an accommodative monetary policy stance to support growth.

2.1 EXTERNAL DEBT

Total external debt stood at \$3,510.6 million, decreasing by 0.5 over the quarter and by 0.9 percent when compared to the same period last year.

The Asian Development Bank (“ADB”) remains the largest external lender at 39.7 percent of the total external debt portfolio by creditor classification, followed by the World Bank Group (“WB”) at 31.9 percent, Japan International Cooperation Agency at 10.4 percent, EXIM Bank of China at 8.8 percent and the Asian Infrastructure Investment Bank (AIIB) at 6.3 percent. The Australian Infrastructure Financing Facility for the Pacific (AIFFP) and the European Investment Bank (EIB) at 2.3 percent and 0.5 percent, respectively.

Total overseas borrowing for the quarter was recorded at \$27.6 million. Overseas borrowing facilitates various infrastructural projects with \$20.6 million financing the transport sector and roads upgrade \$4.0 million funding the recovery from the COVID-19 related emergency and support projects and \$3.0 million is directed towards water supply and sanitation.

Total overseas debt servicing for the quarter was recorded at \$82.1 million (\$55.4 million

in principal repayments and \$26.7 million in interest payments).

3.0 COST AND RISK INDICATORS

Table 1 represents a comparison of quarterly movement of the cost and risk indicators as at 31 April 2024 against with the Medium Term Debt Management Strategy (MTDS) targets set for the next 3 years (FY2026).

Table 1: End Target Indicators vs Results

<u>Cost and Risk Indicators</u>		<u>Jan-24</u>	<u>MTDS Target FY2026</u>	<u>April 2024</u>
Nominal debt as percentage of GDP		75.8	83	76.0
Cost of Debt	Weighted Av. IR (percent)	5.0	4.7	4.5
	ATM (years)	10.4	9.9	11.2
Interest rate risk	ATR (years)	9.1	8	9.8
FX risk	FX debt (percent of total debt)	35.2	32.2	35.0

The weighted average interest rate of Government debt portfolio fell by 50 basis points to 4.5 percent over the quarter, attributed to the slight decreases in the interest rates for Government bonds issued during the quarter.

Average time to maturity (ATM) at the end of quarter 3 improved to 11.2 years reflecting the increased issuance of long-term bonds in the domestic market and increased overseas drawdown from facilities with longer maturity terms. Finally, the average time to refixing (ATR) also improved to almost 10 years over the quarter allowing Government time to adjust to change in interest rate after

every redemption or principal payment is made.

Foreign currency risks exposure decreased to 35.0 percent over the quarter reflecting the increased foreign currency borrowing during the period relative to projects that are closer to the end of their implementation timelines.

4.0 GOVERNMENT GUARANTEES

Government guaranteed debt stood at \$1,015.9 million, representing 7.7 percent of GDP at the end of April 2024. This is a 1.6 percent increase over the last quarter and declined by 1.2 percent over the year. The increase over the quarter was mainly attributed to the new guaranteed loans for guaranteed entities.

Government will ensure that fiscal risks are prudently minimized through monitoring of cost and risks associated with the guaranteed entities.

**Debt Management Unit
July 2024**

Appendix

CENTRAL GOVERNMENT DEBT STATISTICS (FJ\$ MILLIONS)					
Particulars	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24
Total Government Debt to GDP	81.5%	82.1%	75.8%	76.1%	76.2%
TOTAL GOVERNMENT DEBT	9,676.2	9,747.6	9,986.4	10,019.6	10,037.0
DOMESTIC DEBT	6,133.8	6,170.5	6,373.8	6,492.1	6,526.4
BONDS:	5,861.7	5,905.4	6,003.8	6,142.1	6,196.4
FNPF	3,517.9	3,571.1	3,618.8	3,717.2	3,751.8
FNPF Retirement Income Fund	351.8	355.9	358.7	354.8	357.8
FNPF Special Death Benefit Fund	68.5	69.4	72.3	70.2	63.2
Insurance companies	845.5	855.0	869.9	881.4	919.2
Commercial Banks	234.0	259.6	284.8	283.6	283.6
RBF	695.6	694.3	694.7	725.2	711.2
Trust Fund	21.5	19.3	19.8	20.6	20.0
Unit Trust of Fiji	20.4	20.2	20.1	24.1	24.1
Merchant Finance	2.1	0.8	0.8	0.8	0.8
Kontiki Finance Limited	50.6	7.4	7.6	7.6	7.6
Others	54.1	52.5	56.4	56.7	57.0
T-BILLS:	272.1	265.1	370.0	350.0	330.0
Commercial Banks	272.1	265.1	370.0	350.0	0.0
Others	0.0	0.0	0.0	0.0	330.0
% of Domestic Debt to Total Debt	63.4%	63.3%	63.8%	64.8%	65.0%
% Domestic Debt to GDP	51.6%	51.9%	48.4%	49.3%	49.6%
EXTERNAL DEBT	3,542.4	3,577.0	3,612.5	3,527.5	3,510.6
LOANS:	3,542.4	3,577.0	3,612.5	3,527.5	3,510.6
Asian Development Bank (USD)	1,417.4	1,419.1	1,439.3	1,400.5	1,393.4
Asian Infrastructure Investment Bank (USD)	224.6	224.5	231.0	219.9	222.1
Exim Bank of China (CNY)	374.9	363.0	338.0	336.8	310.5
Japan International Cooperation Agency (JPY)	420.2	398.5	388.1	383.3	366.0
World Bank - International Bank for Reconstruction & Development (USD)	407.6	408.1	426.5	411.6	418.1
World Bank - International Development Association (USD)	678.8	680.6	703.9	690.0	700.8
European Investment Bank (USD)	19.0	18.3	18.9	17.8	18.0
Australian Infrastructure Financing Facility for the Pacific (USD)	0.0	65.0	66.8	67.5	81.7
% of External Debt to Total Debt	36.6%	36.7%	36.2%	35.2%	35.0%
% External Debt to GDP	29.8%	30.1%	27.4%	26.8%	26.6%
DEBT SERVICING					
	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24
TOTAL	185.7	184.7	225.5	267.1	259.4
Domestic Bonds & Loans	126.7	128.1	144.8	190.9	177.3

Principal	36.3	35.7	51.1	98.7	82.4
Interest	90.4	92.5	93.6	92.2	95.0
External Loans	59.0	57.1	80.7	76.2	82.1
Principal	37.2	25.0	55.3	33.0	55.4
Interest	21.8	32.1	25.4	43.2	26.7
BORROWING					
TOTAL	223.2	172.9	167.3	254.6	164.2
FIB Bonds/Viti Bonds/COVID/FSBB	191.2	79.3	149.5	237.0	136.6
External loans (Includes Cap. Interest)	32.1	93.6	17.8	17.6	27.6
YIELDS ON GOVERNMENT SECURITIES					
3 months	0.03	0.03	0.03	0.03	0.10
6 months	0.08	0.07	0.07	0.08	0.15
12 months	0.14	0.13	0.15	0.17	0.30
10 year	3.90	3.90	3.90	3.90	3.90
15 year	4.15	4.17	4.17	4.15	4.15
20 year	4.59	4.61	4.65	4.75	4.85
GOVERNMENT GUARANTEES					
% of Government Guarantees to GDP	8.4%	8.9%	7.7%	7.6%	7.7%
Total Government Guarantees	1,028.6	1,088.5	1,027.3	999.6	1,015.9
Air Pacific Limited trading as Fiji Airways	369.6	423.8	447.8	440.7	432.9
Fiji Development Bank	284.3	274.6	248.1	227.6	215.8
Fiji Sugar Corporation	264.5	280.2	233.1	243.9	276.2
Housing Authority	109.1	109.1	94.8	86.1	88.5
Pacific Fishing Company Limited	1.1	0.8	3.5	1.6	2.5