



## **MINISTRY OF ECONOMY**

### **GOVERNMENT'S FISCAL PERFORMANCE 2017-2018 (Provisional)**

At the end of financial year 2017-2018, Government's total revenue collection stood at \$3,239.5 million whilst total expenditure amounted to \$3,742.0 million. As a result, Government achieved a net deficit position of \$502.5 million equivalent to 4.8 percent of GDP.

The slightly higher fiscal deficit compared against the budget target of 4.5 percent of GDP is mainly attributed to the reduction in nominal GDP numbers with the recent release by the Fiji Bureau of Statistics ('FBOS').

Table 1 below shows summary of fiscal performance of Government for financial year 2017-2018 compared against the annual budget and actual outturn for previous financial year 2016-2017.

**Table 1: Summary of Fiscal Position**

(\$m)	Actual 2016-17	Budget 2017-18	Actual 2017-18	Variance (A-B)	Variance (%)
Tax Revenue	2,579.2	3,097.3	2,831.6	-265.6	-8.6%
Non -Tax Revenue	258.3	760.1	407.9	-352.1	-46.3%
<b>Total Revenue</b>	<b>2,837.4</b>	<b>3,857.3</b>	<b>3,239.5</b>	<b>-617.8</b>	<b>-16.0%</b>
Operating Expenditure	1,998.8	2,515.4	2,322.0	-193.4	-7.7%
Capital Expenditure	1,025.6	1,779.0	1,382.5	-396.5	-22.3%
SEG 13 VAT	35.9	62.5	37.6	-24.9	-39.9%
<b>Total Expenditure</b>	<b>3,060.3</b>	<b>4,356.8</b>	<b>3,742.0</b>	<b>-614.8</b>	<b>-14.1%</b>
<b>Net Deficit</b>	<b>-222.8</b>	<b>-499.5</b>	<b>-502.5</b>		
<b>as % of GDP</b>	<b>-2.3</b>	<b>-4.5%</b>	<b>-4.8%</b>		
<b>Nominal GDP</b>	<b>9,865.5</b>	<b>10,980.1</b>	<b>10,442.9</b>		

*Source: Ministry of Economy*

Government's total revenue collections amounted to \$3,239.5 million for the financial year, below the forecast by 16.0 percent. However, compared to the same period last financial year, both tax and non-tax revenues have performed buoyantly. Tax revenue collection has increased by \$252.4 million or 9.8 percent and non-tax revenues has increased by \$149.7 million or 57.9

percent. The significant increase in non-tax revenue is largely due to receipt of dividends from Fiji Airports Limited for two financial periods (\$90 million) and Energy Fiji Limited (\$20 million).

Most of the major tax revenue performances are in line with current macroeconomic indicators of buoyant economic growth, investments levels and business activities in the economy. Some of the key tax revenues which has significantly increased compared to the same period last year include VAT (up by \$86.3 million), customs duties (up by \$61.0 million), income taxes (up by \$52.3 million) and Environment and Climate Adaptation Levy ('**ECAL**') (up by \$71.4 million) amongst others.

On the other hand, Government's total actual expenditure of \$3,742.0 million was around 85.9 percent of the annual budget. The actual expenditure was below the budget by 14.1 percent.

The operating and capital expenditures had a satisfactory implementation rate. The operating expenditure implementation rate was 92.3 percent and capital expenditure implementation rate was around 77.7 percent.

The operating to capital expenditure mix for 2017-2018 was 63:37 compared to the budgeted mix of 59:41. This is an improvement from 2016-2017 mix of 66:34 which shows increase in the portion of financial resources towards productive expenditures or investment projects.

Government's total debt at the end of July 2018 stood at \$5,220.5 million or 50.0 percent of GDP. As alluded earlier, the higher debt position compared to the budget target of 47.5 percent of GDP is mainly attributed to lower nominal GDP numbers recently revised by the FBOS. The debt mix at the end of financial year 2017-2018 stood at 72.1 percent domestic debt and 27.9 percent foreign debt.

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## **Annex 1: Government's Cashflow Statement**

<i>(\$million)</i>	<b>2016-2017 Actual</b>	<b>2017-2018 Budget</b>	<b>2017-2018 Provisional</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Direct Taxes	763.7	790.4	827.7
Indirect Taxes (excluding Government VAT)	1,779.6	2,244.4	1,966.4
Fees, Fines & Charges	127.8	129.2	146.4
Grants in aid	18.8	35.6	49.1
Dividends from Investments	25.3	148.0	149.8
Reimbursement & Recoveries	30.9	27.9	16.3
Other Revenue & Surpluses	44.3	35.9	36.5
<b>Total operating receipts</b>	<b>2,790.3</b>	<b>3,411.4</b>	<b>3,192.2</b>
<b>Payments</b>			
Personnel	854.0	1,035.7	959.6
Transfer payments	553.3	766.9	717.5
Supplies and consumables	246.8	286.4	264.8
Purchase of outputs	67.9	118.4	88.5
Interest paid	274.9	298.0	291.4
Other operating payments	1.9	10.1	0.1
<b>Total operating payments</b>	<b>1,998.8</b>	<b>2,515.4</b>	<b>2,322.0</b>
<b>Net cash flows from operating activities</b>	<b>791.6</b>	<b>896.1</b>	<b>870.2</b>
<i>As % of GDP</i>	<b>8.0%</b>	<b>8.2%</b>	<b>8.3%</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of Government Assets	2.5	371.9	1.4
Interest from Bank Balance	1.2	0.0	1.9
Interest on Term Loans	1.4	6.8	0.6
Return of Surplus Capital from Investment	6.2	4.7	6.0
<b>Total investing receipts</b>	<b>11.2</b>	<b>383.4</b>	<b>9.8</b>
<b>Payments</b>			
Loans	86.4	159.1	72.4
Transfer Payments	807.6	1,320.2	1,131.1
Purchase of physical non-current assets	131.5	299.7	179.0
<b>Total investing payments</b>	<b>1,025.6</b>	<b>1,779.0</b>	<b>1,382.5</b>
<b>Net cash flows from investing activities</b>	<b>-1,014.4</b>	<b>-1,395.6</b>	<b>-1,372.7</b>
<i>As a % of GDP</i>	<b>-10.3%</b>	<b>-12.7%</b>	<b>-13.1%</b>
<b>Net (Deficit)/Surplus</b>	<b>-222.8</b>	<b>-499.5</b>	<b>-502.5</b>
<b>% of GDP</b>	<b>-2.3%</b>	<b>-4.5%</b>	<b>-4.8%</b>
<b>GDP at Market Prices</b>	<b>9,865.5</b>	<b>10,980.1</b>	<b>10,442.9</b>