



# MINISTRY OF ECONOMY

## CIRCULAR MEMORANDUM

**From:** Permanent Secretary for Economy

**Phone:** 3307011

**To:** As per Distribution List

**ECO:** 11/65/01

**Subject:** 2021-2022 Revised Budget Preparations and Timelines

**Date:** 24/02/2022

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### 1.0 INTRODUCTION

- 1.1 The COVID-19 pandemic have had a devastating impact on the Fijian economy, jobs and public finances which induced major socio-economic challenges around the country. The Fijian economy recorded its largest ever economic contraction of 15.2 percent in 2020 with a further 4.1 percent contraction estimated for 2021.
- 1.2 Business activity was greatly disrupted with the tourism industry almost standstill. Over 100,000 Fijians were either unemployed or on reduced hours. The Government's tax collections on average declined by 50 percent. At the same time there was a need to sustain expenditures at pre-pandemic levels to ensure no major disruptions to public services and to cater for almost FJ\$500 million in unemployment support and other relief measures.
- 1.3 The worst part of the crisis is now behind us and it's time to rebuild the economy and put the Fijian economy on its pre-pandemic growth trajectory. The recovery of the Fijian economy has already started with a double digit growth (11.2 percent) projected for 2022. Timely access to vaccines, its effective rollout, reopening of the economy and the international borders has been the key to this turnaround. Nonetheless, given the magnitude of the devastation, it will take at least three (3) years to rebuild the economy to pre-pandemic levels.
- 1.4 In light of this, the Ministry of Economy has commenced preparations for the Revised 2021-2022 Budget which will be announced on 24 March 2022.

### 2.0 2021-2022 REVISED BUDGET

- 2.1 The Revised Budget aims to align revenue projections to recent economic developments and recalibrate expenditures based on current performance with spending reprioritisation where needed. This revised budget will also address some of the new challenges to be faced in the post-pandemic world.
- 2.2 The focus of the Revised Budget will be on reprioritising expenditures and doing more with fewer resources through the following principles:
  - Continue with the expenditure policies announced in the 2021-2022 Budget;
  - Expedite the implementation of capital projects that are near or 50% completion rates;

- Ministries to control operational expenditures, including travel, communications, trainings, workshops, hiring of halls, fuel & maintenance and purchase of supplies;
- Focus on rehabilitation works (due to the damages done by TC Cody and recent flooding's) on infrastructure (roads, bridges, jetties, crossings and water and wastewater) and agriculture sectors;
- Focus on areas that will result in ease of doing business and removing the bureaucracies and lengthy approval processes across the Ministries/Departments and agencies;
- Continue supporting those in the informal sector through various expenditure programmes and also assisting Micro, Small and Medium Enterprises;
- Maintain an optimal capital operating mix by strengthening control on operational spending; and
- Proper and effective monitoring of projects and budget utilisation through the Ministry of Economy.

### **3.0 FINANCIAL MEASURES IMPLEMENTED**

3.1 To support the Ministry of Economy in the preparation and finalisation of the 2021-2022 Revised Budget, the following will be implemented immediately:

- All Virements will be ceased, however, Virements approved prior to the issue of this circular needs to be provided to FMIS for loading by 28 February 2022;
- Cash Flow Adjustments will only be approved for critical payments and requires prior approval from the Head of Budget and Planning;
- Approval Limits on Purchase Orders will be reduced to \$5,000 immediately and prior approval from the Head of Treasury is required to exceed the \$5,000 limit;
- Purchase Orders that have been raised which will not eventuate should be cancelled immediately;
- Excess Approval will only be provided for essential and critical payments;
- All essential SLG 84/IDC transactions need to be updated by 28 February 2022. All SLG 84/IDC transactions will not be processed after 28 February 2022;
- Scale back Request to Incur Expenditure (RIE) except for mandatory payments; and
- Ministries/Agencies should be able to provide realistic estimates for the remaining five months on ongoing Capital programmes.

### **4.0 2021-2022 REVISED BUDGET TIMELINES**

4.1 The following table outlines the broad preparation timelines:

<b>Budget Key Milestones</b>	<b>Due Date</b>
Economy Circular on the Revised Budget	24 February 2022
Ministry of Economy review and assessment	25 February – 9 March 2022
Finalisation	10 – 23 March 2022
Revised Budget tabled in Parliament	24 March 2022

## **5.0 CONCLUSION**

5.1 Ministries and Agencies are also advised to commence preparation towards the 2022-2023 Financial Year.

5.2 We look forward to your support and cooperation in the preparation of the 2021-2022 Revised Budget.



**Shiri Gounder**  
**Permanent Secretary for Economy**

*As per distribution:*

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