



MINISTRY OF FINANCE, STRATEGIC PLANNING, NATIONAL DEVELOPMENT AND STATISTICS

**GOVERNMENT'S MID YEAR FISCAL PERFORMANCE FY2022-2023
[Provisional]**

In the first half of FY2022-2023 (August 2022 to January 2023), Government recorded a net deficit of \$478.8 million equivalent to -4.0 percent of GDP, lower than the net deficit target of -7.7 percent for the same period. Total revenue stood at \$1,340.1 million (11.3 percent of GDP) whilst total expenditure amounted to \$1,818.8 million (15.3 percent of GDP) for the first six months of FY2022-2023. In the same period last financial year (August 2021 to January 2022), the net deficit was \$560.0 million equivalent to -5.4 percent of GDP.

Table 1 below provides the summary of Government's fiscal position cumulative to second quarter of FY2022-2023. A detailed Government's Cashflow Statement is provided as Annex 1.

Table 1: Fiscal Position for the first half of FY2022-2023

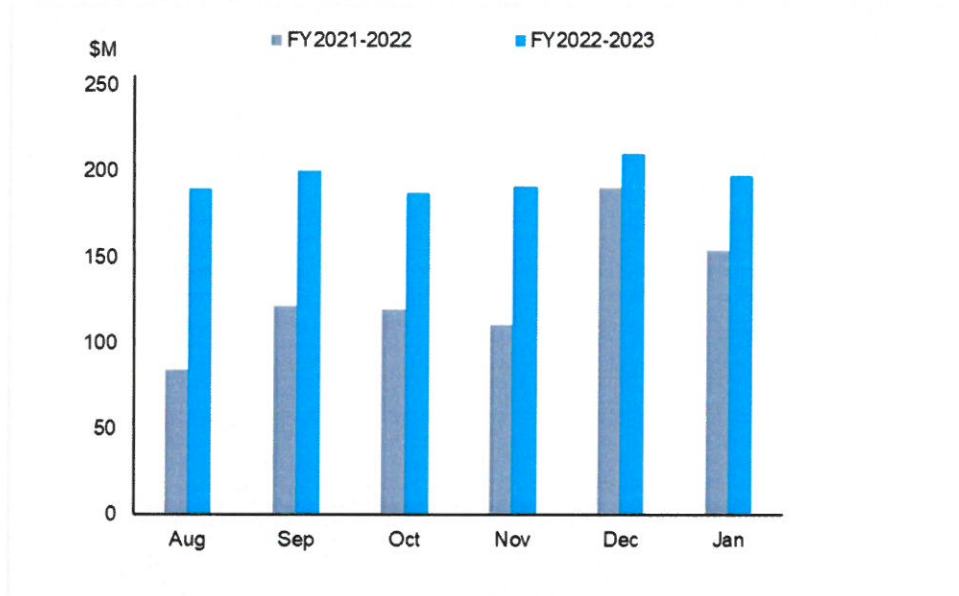
Particulars	2022-2023 Annual Budget	2022-2023 6 months Forecast	2022-2023 6 months Actual	2022-2023 6 months Variance	2022-2023 6 months Variance
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Total Revenue	2,939.9	1,466.9	1,340.1	-126.8	-8.6%
Tax Revenue	2,322.1	1,184.2	1,176.1	-8.1	-0.7%
Non-Tax Revenue	617.8	282.7	163.9	-118.7	-42.0%
Total Expenditure	3,812.1	2,379.6	1,818.8	-560.8	-23.6%
Operating Expenditure	2,600.7	1,593.2	1,244.0	-349.1	-21.9%
Capital Expenditure	1,160.6	744.7	556.0	-188.7	-25.3%
SEG 13 VAT	50.8	41.7	18.8	-22.9	-54.9%
Net Deficit	-872.2	-912.7	-478.8	433.9	-47.5%
% of GDP	-7.4%	-7.7%	-4.0%	3.7%	-47.5%
Nominal GDP	11,708.0	11,827.3	11,827.3		

Total revenues for the first six months were below the forecast by \$126.8 million or 8.6 percent. The underperformance in overall Government revenue was attributed to lower than budgeted non-tax revenue (lower by \$118.7 million) as well as tax revenues (lower by \$8.1 million). Compared to same period in FY2021-2022, total revenue collection was higher by \$225.9 million or 20.3 percent. Similarly, total tax revenue in the first six months was higher by \$393.5 million or 50.3 percent when compared to the same period in the FY 2021-2022.

The favourable outturn has been largely driven by the broad-based economic recovery and especially the strong rebound in the tourism sector as visitor arrivals reached 92.2 percent of

2019 levels in the second quarter of FY2022-2023. The monthly trend in tax collections compared to the last financial year is provided in Figure 1 below.

Figure 1: Monthly Tax Collections



On the other hand, non-tax revenue totaled \$163.9 million, below the estimated collections by \$118.7 million or 42.0 percent. This was largely driven by lower than forecast collections from Grants in Aid (down by \$103.5 million), Reimbursement & Recoveries (down by \$13.3 million), Fees, Fines & Charges (down by \$4.3 million). On the positive note, above forecast collections were noted in Dividends from Investments (up by \$3.7 million) and Other Revenue & Surpluses (up by \$2.4 million).

In terms of expenditure, total Government spending for the six months totaled \$1,818.8 million, lower than the forecast by \$560.8 million or 23.6 percent. The spending level represents around 47.7 percent of total budgeted spending level for this financial year and is anticipated to pick-up pace in the coming months. Operating expenditure totaled \$1,244.0 million, while Capital expenditure totaled \$556.0 million, representing an expenditure mix of 69:31. In the review period, both operating and capital expenditure were below forecast by \$349.1 million and \$188.7 million, respectively.

In contrast, total expenditure was higher by \$144.8 million or 8.6 percent when compared to the same period in the previous fiscal year. This was primarily driven by operating expenditure which was higher by \$187.3 million or 17.7 percent while capital expenditure was lower by \$49.7 million, or 8.2 percent compared to the same period in FY2021-2022.

Conclusion

The overall lower net deficit for the first six months was largely due to lower spending in both operating and capital expenditure. On the revenue front, lower than expected collections in non-

tax revenues especially grant in aid coupled with underperformance of certain tax collections¹ underpinned the lower revenue outcome in the review period.

The Fijian economy rebounded strongly with an estimated 15.6 percent growth in 2022 backed by better-than-expected recovery in the tourism sector as visitor arrivals reached 71 percent of 2019 levels. The growth momentum is expected to continue as visitor arrivals have already crossed the 2019 levels in January this year. However, downside risks have increased with the anticipated slowdown in global growth, escalation of the Russia-Ukraine conflict, elevated global energy and food prices and domestic weather shocks. In addition, the slowdown in Fiji's major tourism source markets (Australia, New Zealand and USA) poses significant risks to the tourism led recovery anticipated for this year.

Given the current economic outlook, it is critical that Government continues to prudently manage its financial resources and closely monitor revenue collections to ensure that Government continues to financially operate smoothly in the remaining 6 months of this fiscal year.



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¹ ***Underperforming taxes are Fiscal Duty, Excise Duty, Water Resource tax, PAYE, Export duty, Capital gains tax, Fringe Benefit tax and Social Responsibility tax.

CASHFLOW STATEMENT

	Annual Budget		6 Months Forecast		6 Months Actual		6 Months Variance		6 Months Variance		6 Months Variance		6 Months Variance	
	2022-2023		2022-2023		2022-2023		2022-2023		2021-2022		2022-2023		2022-2023	
	(\$m)		(\$m)		(\$m)		(\$m)		(\$m)		(\$m)		(\$m)	
CASH FLOWS FROM OPERATING ACTIVITIES														
Receipts														
Direct Taxes	573.8	292.6	333.0	40.4	13.8%	230.8	333.0	102.2	44.3%					113.8%
Indirect Taxes (excluding Government VAT)	1697.5	849.9	824.3	-25.6	-3.0%	540.2	824.3	284.1	52.6%					97.0%
Fees, Fines & Charges	79.8	79.8	75.5	-4.3	-5.4%	68.4	75.5	7.2	10.5%					94.6%
Sales Revenue	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%					0.0%
Grants in aid	245.0	116.5	13.0	-103.5	-88.8%	200.1	13.0	-187.1	-93.5%					11.2%
Dividends from Investments	67.8	45.3	49.1	3.7	8.2%	36.4	49.1	12.6	34.7%					108.2%
Reimbursement & Recoveries	86.2	18.3	5.0	-13.3	-72.8%	5.3	5.0	-0.4	-6.7%					27.2%
Other Revenue & Surpluses	32.2	16.8	19.2	-2.4	-14.4%	16.4	19.2	2.8	17.4%					114.4%
Total operating receipts	2,862.3	1,419.3	1,319.1	-100.2	-7.1%	1,097.7	1,319.1	221.5	20.2%					92.9%
Payments														
Personnel	1025.6	533.7	479.0	-54.7	-10.2%	461.8	479.0	17.2	3.7%					89.8%
Transfer payments	695.4	460.2	332.7	-127.5	-21.7%	273.5	332.7	59.2	21.7%					72.3%
Supplies and consumables	304.1	245.9	146.4	-99.5	-40.5%	113.8	146.4	32.7	28.7%					59.5%
Purchase of outputs	122.5	118.8	72.3	-46.5	-39.1%	26.5	72.3	45.8	173.0%					60.9%
Interest paid	452.0	233.9	213.2	-20.7	-8.9%	181.1	213.2	32.1	17.7%					91.1%
Other operating payments	1.2	0.6	0.3	-0.3	-41.9%	0.1	0.3	0.3	441.0%					58.1%
Total operating payments	2,600.7	1,593.2	1,244.0	-349.1	-21.9%	1,056.8	1,244.0	187.3	17.7%					78.1%
Net cash flows from operating activities	261.6	-173.9	75.1	249.0	-143.2%	40.9	75.1	34.2	83.6%					
As a % of GDP	2.2%	-1.5%	0.6%			0.4%	0.6%							
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Sale of Government Assets	15.0	0.0	1.4	1.4	0.0%	0.1	1.4	1.3	1547.6%					0.0%
Interest from Bank Balance	1.0	0.5	0.2	-0.3	-57.7%	0.6	0.2	-0.4	-65.0%					42.3%
Interest on Term Loans	6.9	3.4	0.4	-3.1	-88.9%	0.3	0.4	0.0	14.4%					11.1%
Return of Surplus Capital from Investment	3.9	1.9	0.1	-1.9	-95.5%	3.9	0.1	-3.8	-97.7%					4.5%
Total investing receipts	26.8	5.9	2.1	-3.8	-64.2%	4.9	2.1	-2.8	-57.0%					35.8%
Payments														
Loans	112.9	35.2	21.2	-14.0	-39.8%	30.6	21.2	-9.4	-30.7%					60.2%
Transfer Payments	883.2	633.0	493.1	-139.9	-22.1%	539.4	493.1	-46.3	-8.6%					77.9%
Purchase of physical non-current assets	164.5	76.5	41.7	-34.8	-45.5%	35.7	41.7	6.0	16.8%					54.5%
Total investing payments	1,160.6	744.7	556.0	-188.7	-25.3%	605.8	556.0	-49.7	-8.2%					74.7%
Net cash flows from investing activities	-1,133.8	-738.9	-553.9	185.0	-25.0%	-600.9	-553.9	47.0	-7.8%					
As a % of GDP	-9.7%	-6.2%	-4.7%			-5.8%	-4.7%							
Net (Deficit)/Surplus	-872.2	-912.7	-478.8			-560.0	-478.8							
% of GDP	-7.4%	-7.7%	-4.0%			-5.4%	-4.0%							
GDP at Market Prices	11,708.0	11,827.3	11,827.3			10,302.6	11,827.3							

	Annual Budget		Forecast		Actual		Variance		Variance		Variance		Variance	
	2022-2023		2022-2023		2022-2023		2022-2023		2021-2022		2022-2023		2022-2023	
	(\$m)		(\$m)		(\$m)		(\$m)		(\$m)		(\$m)		(\$m)	
Summary														
Total Revenue	2,939.9	1,466.9	1,340.1	-126.8	-8.6%	1,114.1	1,340.1	225.9	20.3%					91.4%
Tax Revenue	2,322.1	1,184.2	1,176.1	-8.1	-0.7%	782.6	1,176.1	393.6	50.3%					99.3%
Non-Tax Revenue	617.8	282.7	163.9	-118.7	-42.0%	331.6	163.9	-167.6	-50.6%					58.8%
Total Expenditure	3,812.1	2,379.6	1,818.8	-560.8	-23.6%	1,674.1	1,818.8	144.8	8.6%					76.4%
Operating Expenditure	2,600.7	1,593.2	1,244.0	-349.1	-21.9%	1,056.8	1,244.0	187.3	17.7%					78.1%
Capital Expenditure	1,160.6	744.7	556.0	-188.7	-25.3%	605.8	556.0	-49.7	-8.2%					74.7%
SEG 13 VAT	50.8	41.7	18.8	-22.9	-54.9%	11.5	18.8	7.3	63.0%					45.1%
Net Deficit	-872.2	-912.7	-478.8	433.9	-47.5%	-560.0	-478.8	81.2	-14.5%					52.5%
% of GDP	-7.4%	-7.7%	-4.0%	3.7%	-47.5%	-5.4%	-4.0%	1.4%	-25.5%					
Nominal GDP	11,708.0	11,827.3	11,827.3			10,302.6	11,827.3							

* Compared to the overall Net Tax Revenue Collections, the difference in tax revenue arises due to the timing of revenue receipts. Minor difference between constituent figures and totals are due to rounding.

Tax Performance

Particulars	Annual Budget	Forecast	Actual	Variance	Variance	Actual	Variance	Actual	Variance	% of	
	2022-2023 (\$m)	2022-2023 (\$m)	2022-2023 (\$m)	2022-2023 (\$m)	2022-2023 (%)	2021-2022 (\$m)	2021-2022 (%)	2022-2023 (\$m)	2022-2023 (%)	2022-2023 Annual Budget	
Income Tax Collection											
PAYE Tax	166,294,117.4	84,051,555.4	78,917,494.0	-5,134,061.4	-6.1%	64,599,264.7		14,318,229.3	22.2%	47.5%	
Withholding & Dividend Tax	78,077,603.9	38,813,795.4	58,054,570.0	19,240,774.6	49.6%	31,833,239.3		26,221,330.7	82.4%	74.4%	
Company Tax	268,618,648.0	138,318,410.0	166,140,342.0	27,821,932.0	20.1%	118,823,197.2		47,317,144.8	39.8%	61.8%	
Other Taxes	53,090,162.4	30,649,084.4	11,032,699.0	-19,616,385.4	-64.0%	24,740,640.8		-13,707,941.8	-55.4%	20.8%	
Provisional Tax	20,732,257.6	12,126,145.1	10,035,111.0	-2,091,034.1	-17.2%	7,597,273.1		2,437,837.9	32.1%	48.4%	
Other Misc Tax	10,670,730.8	4,620,973.6	10,087,435.0	5,466,461.4	118.3%	3,911,422.6		6,176,012.4	157.9%	94.5%	
Branch Profit Remittance	0.0	0.0	0.0	0.0	0.0%	0.0		0.0	0.0%	0.0%	
ICT Business Licence Fee	1,293.2	1,293.2	0.0	-1,293.2	-100.0%	1,125.0		-1,125.0	-100.0%	0.0%	
Tourist VAT Refund Registration Fee	94,103.9	62,735.9	256,541.0	193,805.1	308.9%	68,717.7		256,541.0	273.3%	272.6%	
Yacht Agent Registration	39,649.9	39,649.9	38,938.0	-711.9	-1.8%	5,000.0		33,938.0	678.8%	98.2%	
Gross Revenue	597,618,567.1	308,683,643.0	334,563,130.0	25,879,487.0	8.4%	251,579,880.4		82,983,249.6	33.0%	56.0%	
Less: Refunds	-34,662,771.8	-20,438,174.6	-6,155,656.0	14,282,518.6	-69.9%	-18,884,883.2		-6,155,656.0	12,729,227.2	-67.4%	17.8%
Less: Film Tax Rebates	-40,000,000.0	-20,000,000.0	-16,785,394.0	3,214,606.0	-16.1%	-19,383,330.9		-16,785,394.0	2,597,936.9	-13.4%	42.0%
Net Income Tax	522,955,795.3	268,245,468.4	311,622,080.0	43,376,611.6	16.2%	213,311,666.4		98,310,413.6	46.1%	59.6%	
Value Added Tax											
Customs Import VAT	579,176,945.0	300,924,814.3	317,685,263.0	16,760,448.7	5.6%	190,512,494.3		127,172,768.7	66.8%	54.9%	
Domestic VAT	519,681,723.4	278,000,391.5	325,725,730.0	47,725,338.5	17.2%	181,363,796.2		144,361,933.8	79.6%	62.7%	
Other Government Departments	20,059,167.8	10,780,177.8	5,611,294.0	-5,168,883.8	-47.9%	3,115,108.2		2,496,185.8	80.1%	28.0%	
Gross VAT Collection	1,118,917,836.2	589,705,383.6	649,022,287.0	59,316,903.4	10.1%	374,991,398.7		274,030,888.3	73.1%	58.0%	
Less: VAT Refunds	-190,927,924.4	-98,764,044.5	-116,235,267.0	-17,471,222.5	17.7%	-92,553,905.7		-23,681,361.3	25.6%	60.9%	
Less: Tourist VAT Refunds	-2,221,238.2	-1,110,619.1	-1,045,925.0	64,694.1	-5.8%	-60,528.9		-985,396.1	1628.0%	47.1%	
Net VAT Collection	925,768,673.6	489,830,720.1	531,741,095.0	41,910,374.9	8.6%	282,376,964.1		249,364,130.9	88.3%	57.4%	
Capital Gains Tax											
Capital Gains Tax	26,464,654.5	11,502,369.4	9,394,350.0	-2,108,019.4	-18.3%	8,847,677.0		546,673.0	6.2%	35.5%	
Service Turnover Tax											
Service Turnover Tax	0.0	0.0	52,800.0	52,800.0	0.0%	38,192.4		52,800.0	38.2%	0.0%	
Environment and Climate Adaptation Levy (ECAL)											
Environment and Climate Adaptation Levy (ECAL)	192,597.7	96,298.9	4,344,396.0	4,248,097.1	4411.4%	12,546,198.9		4,344,396.0	-8,201,802.9	-65.4%	2255.7%
Stamp Duty											
Stamp Duty	0.0	0.0	87,384.0	87,384.0	0.0%	60,242.2		87,384.0	45.1%	0.0%	
Social Responsibility Tax											
Social Responsibility Tax	6,467,314.2	3,548,248.3	3,136,690.0	-411,558.3	-11.6%	1,816,812.1		3,136,690.0	1,319,877.9	72.6%	48.5%
Telecommunication Levy											
Telecommunication Levy	1,144,507.0	595,091.7	452,214.0	-142,877.7	-24.0%	412,338.8		452,214.0	39,875.2	9.7%	39.5%
Fringe Benefit Tax											
Fringe Benefit Tax	17,906,688.0	9,338,227.3	8,448,432.0	-889,795.3	-9.5%	6,829,378.2		8,448,432.0	1,619,053.8	23.7%	47.2%
Customs Collections											
Fiscal Duty	470,740,340.2	231,940,591.3	166,809,640.0	-65,130,951.3	-28.1%	148,523,050.6		166,809,640.0	18,286,589.4	12.3%	35.4%
Import Excise Duty	6,808,319.4	3,757,280.0	4,331,765.0	574,485.0	15.3%	1,859,233.9		4,331,765.0	2,472,531.1	133.0%	63.6%
Excise Duty	172,526,339.3	83,825,974.9	64,317,612.0	-19,508,362.9	-23.3%	61,020,667.8		64,317,612.0	3,296,944.2	5.4%	37.3%
Export Duty	11,019,255.3	5,863,990.4	3,710,112.0	-2,153,878.4	-36.7%	3,727,686.2		3,710,112.0	-17,574.2	-0.5%	33.7%
Luxury Vehicle Levy	0.0	0.0	310,000.0	310,000.0	0.0%	0.0		310,000.0	0.0%	0.0%	
Misc Fees/Charge	0.0	0.0	0.0	0.0	0.0%	0.0		0.0	0.0%	0.0%	
Other Sundries	648,789.0	404,101.6	112,750.0	-291,351.6	-72.1%	330,794.4		112,750.0	-218,044.4	-65.9%	17.4%
Gross Customs Collections	661,743,043.3	325,791,938.2	239,591,879.0	-86,200,059.2	-26.5%	215,461,432.9		239,591,879.0	24,130,446.1	11.2%	36.2%
Less: Rebates	-3,029,999.8	-1,796,907.0	-1,037,631.0	759,276.0	-42.3%	-996,290.5		-1,037,631.0	-41,340.6	4.1%	34.2%
Less: Misc Fees/Charges	0.0	0.0	0.0	0.0	0.0%	0.0		0.0	0.0	0.0%	
Net Customs Collection	658,713,043.5	323,995,031.2	238,554,248.0	-85,440,783.2	-26.4%	214,465,142.4		238,554,248.0	24,089,105.6	11.2%	36.2%
Resource Tax											
Resource Tax	97,369,607.6	47,729,043.5	36,041,169.0	-11,687,874.5	-24.5%	39,370,711.3		36,041,169.0	-3,329,542.3	-8.5%	37.0%
Departure Tax											
Departure Tax	65,135,921.3	29,333,790.1	32,469,149.0	3,135,359.0	10.7%	1,426,782.8		31,042,366.2	2175.7%	49.8%	
Overall Net Tax Revenue Collections	2,322,118,802.7	1,184,214,288.8	1,176,344,007.0	-7,870,281.8	-0.7%	781,502,106.7		1,176,344,007.0	394,841,900.3	50.5%	50.7%