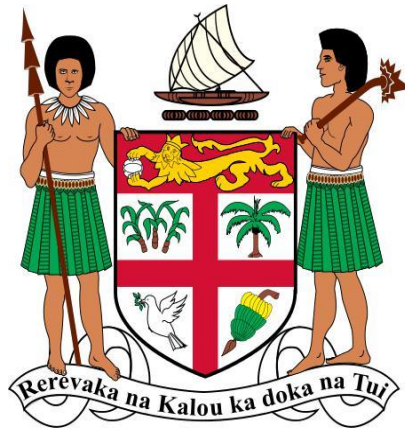


REPUBLIC OF FIJI
ECONOMIC AND FISCAL UPDATE
SUPPLEMENT TO THE 2017-2018 BUDGET ADDRESS



Ministry of Economy
29 June 2017

FOREWORD

The Supplement to the 2017-2018 Budget Address provides an overview of Fiji's economic & financial performance and highlights Government's fiscal strategy for the medium term which is focused on economic growth and fiscal sustainability. The information contained in this document is as of June 2017.

This report was compiled by the Ministry of Economy in consultation with Government Ministries, the Fiji Revenue and Customs Service and the Reserve Bank of Fiji.

A handwritten signature in black ink, appearing to read 'Makereta Konrote', is positioned above the typed name.

Makereta Konrote
Permanent Secretary for Economy
29 June 2017

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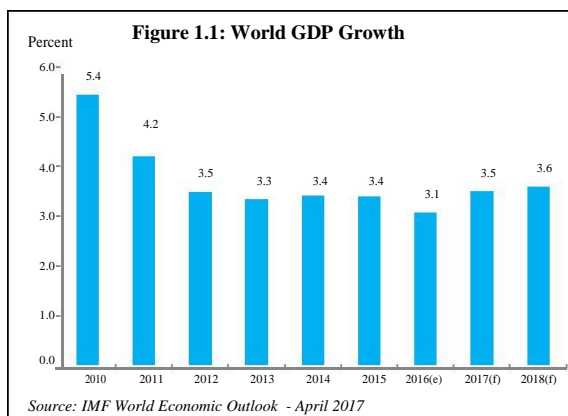
CHAPTER 1: ECONOMIC PERFORMANCE & OUTLOOK

Introduction

- 1.1 This chapter provides an update on recent developments in the global economy as well as the performance of Fiji's major trading partners. It also discusses the domestic economy and prospects for growth in the medium term.

International Outlook

- 1.2 The global economy is projected to grow by 3.5 percent this year (Figure 1.1), due to improved recovery in investments, manufacturing and trade. For 2018, global growth is expected at 3.6 percent largely on account of an improved outlook for advanced economies. Economic activity in emerging and developing economies is expected to be mixed.



- 1.3 Commodity prices, particularly crude oil prices, have recently stabilised, but are expected to remain relatively low this year.

Fiji's Trading Partners

- 1.4 Growth in the **United States (US)** economy decelerated to 0.7 percent in the March quarter of 2017, due to a general slowdown in personal consumption expenditures, private inventory investment, and lower state and local government spending. Inflation in the US stood at 2.4 percent in March, due to a reduction in energy and service costs. On the external front, the US trade deficit improved in February this year on the back of a pick-up in global demand and a more stable US dollar, both of which contributed to higher export volumes.
- 1.5 Growth at the end of 2017 is expected to rise by 2.3 percent, supported by positive business and consumer sentiments, strong employment levels, expansionary fiscal policies and a robust real estate sector. For 2018, the US economy is forecast to grow by 2.5 percent.
- 1.6 The **Eurozone** grew by 0.5 percent in the March quarter aided by the manufacturing, services and retail sectors which remained buoyant in the first

four months of the year. Inflation within the Eurozone intensified in April rising to 1.9 percent on account of a sharp spiral in energy and services prices. Ongoing external and political uncertainties in the region continue to pose major downside risks. The Eurozone is forecast to grow by 1.7 percent in 2017 and 1.6 percent in 2018.

- 1.7 Growth in the **Australian** economy accelerated to 1.1 percent in the December 2016 quarter following a 0.5 percent decline in the previous quarter, mainly due to increases in gross fixed capital formation, exports and final household consumption expenditure. Recent data showed that manufacturing activity strengthened in April for the seventh consecutive month, while the country's trade surplus rose by more than double the amount in February. Labour market conditions in Australia have remained soft with the unemployment rate remaining unchanged at 5.9 percent in March, thus restraining consumer confidence. Against this backdrop, the Reserve Bank of Australia kept its benchmark interest rate unchanged at 1.5 percent in May. The Australian economy is forecast to grow by 3.1 percent in 2017 and 3.0 percent in 2018. Inflation is projected at 2.0 percent for 2017 and 2.4 percent in 2018.
- 1.8 In **New Zealand**, latest data indicates mixed sentiments after the country registered subdued growth in the December quarter last year. Consumer confidence eased, while manufacturing activity expanded in March and April this year. Annual inflation rose to 2.2 percent in the March quarter, reflecting recent increases in Goods & Services Tax and petrol prices. New Zealand's labour market conditions improved as unemployment fell to 4.9 percent in the March quarter from 5.2 percent in the previous quarter. On the external front, the country's trade deficit narrowed in March supported by higher exports of dairy and meat, mainly to China. The New Zealand economy is forecast to grow by 3.2 percent in 2017 and 2.7 percent in 2018.
- 1.9 Economic activity in **Japan** has remained subdued since the beginning of 2017. Consumption activity in Japan continued to be restrained and the unemployment rate remained flat at 2.8 percent in March, equal to the previous month. Annual inflation dropped for the second consecutive month in March to 0.2 percent from 0.3 percent in February, while core inflation is estimated to be -0.1 percent. A depreciating Yen is expected to support manufacturing activity and exports in the coming months. The Japanese economy is expected to expand by 1.2 percent in 2017 and 0.6 percent in 2018. Inflation in Japan is anticipated to grow by 1.0 percent at the end of 2017 and then drop down to 0.6 percent in 2018.
- 1.10 Growth in the **Chinese** economy improved to 6.9 percent in the March 2017 quarter compared to a 6.8 percent increase in the previous quarter, underpinned by positive outturns in the tertiary and secondary industries. While consumption activity in the country improved, manufacturing and services sectors registered

slow expansions since the beginning of the year. The housing market also slowed, as local governments in some major cities tightened house buying restrictions and further raised down-payment requirements for first and second home sales.

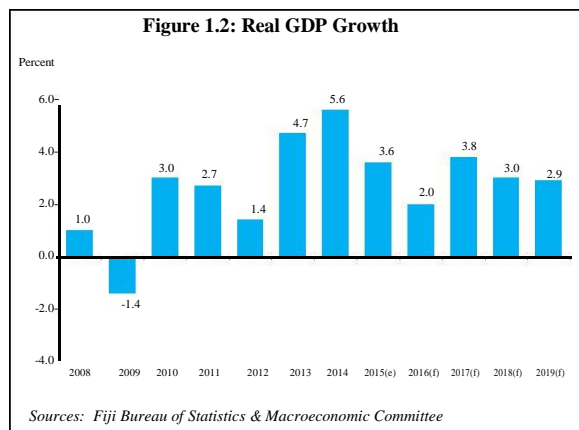
- 1.11 Moreover, the People’s Bank of China has maintained a tight monetary policy stance since February. The Chinese economy is expected to grow by 6.6 percent in 2017 and slowdown to 6.2 percent in 2018. Inflation in China is expected to remain at 2.3 percent in both 2017 and 2018.
- 1.12 The **Indian** economy expanded by 7.0 percent in the December quarter of 2016, after achieving a 7.4 percent expansion in the previous quarter. Annual inflation rose to 3.8 percent in March from 3.6 percent in February, driven mainly by price increases in tobacco and fuel & electricity. India’s trade deficit widened further in March while the creation of new jobs and output in the services sector improved business confidence. The Reserve Bank of India left its key policy rate unchanged at 6.25 percent in May. The Indian economy is estimated to grow by 7.2 percent in 2017 and is projected to expand by a further 7.7 percent in 2018.

Domestic Outlook

- 1.13 The domestic economy is estimated to have expanded by 2.0 percent in 2016 after growing by 3.6 percent in 2015 and 5.6 percent in 2014. This year, the Fijian economy is anticipated to rebound by 3.8 percent.

Overview 2016

- 1.14 Despite Tropical Cyclone (TC) Winston, the Fijian economy is estimated to have registered positive economic growth in 2016, albeit at a slower pace of 2.0 percent. The slower rate of growth is estimated to be a result of subdued output in the agriculture, manufacturing, forestry & logging, fishing & aquaculture and water services



sectors. However, the transport & storage; wholesale & retail trade and public administration & defence sectors recorded positive contributions.

- 1.15 The services industry dominated economic activity in 2016 with the transport & storage sector being the major driver, led by air & water transport activities

as well as increased cargo handling activities. Record high visitor arrivals (+5.0%) also provided impetus for growth in the transport & storage sector.

- 1.16 Increased commercial banking and insurance activity contributed positively towards the financial & insurance sector, while the information & communication sector performed well due to positive expansion in wireless telecommunication services.
- 1.17 Improved consumer and business confidence, in addition to reconstruction and rehabilitation activities following TC Winston, drove growth in the wholesale & retail trade sector; whilst the spending impetus, stemming from Government spending, supported growth in the public administration & defence, education and health sectors.
- 1.18 For the industrial sectors, while construction activity is expected to have increased due to reconstruction and rehabilitation work after TC Winston, the shortage of building materials caused some delays in construction works. The mining & quarrying sector's contribution towards overall growth was positive led by gold production (+13.7%). Likewise, despite sustaining damage to its transmission network, the Fiji Electricity Authority achieved a strong turnaround in electricity generation last year (+3.5%).
- 1.19 For the primary industries, the agriculture sector is estimated to have been the hardest hit by recent climatic events with lower production of cane, non-cane and livestock commodities. Sugarcane production recorded a decline of 24.8 percent in the 2016 crushing season, mainly due to the impact of severe TC Winston. The fishing & aquaculture sector is also anticipated to have declined due to significant infrastructure damages sustained by TC Winston. Output in the forestry & logging sector deteriorated in 2016. This was largely due to supply chain issues such as irregular access to forests during the rainy season and delays in planned mill upgrading and maintenance works.

Overview 2017

- 1.20 The Fijian economy is anticipated to rebound by 3.8 percent in 2017. Growth is anticipated to be broad based, and driven mainly by manufacturing, construction and financial & insurance activities.
- 1.21 The services sector is envisaged to make a major contribution to economic growth in 2017. Higher commercial banking activity and increased activities from holding companies are expected to underpin growth in the financial & insurance sector. Additional flights into Adelaide and San Francisco, and the establishment of code sharing arrangements along the Singapore route with Jet Airways, are expected to boost the transport and storage sector. In line with the

boom in construction activity, the wholesale and retail trade sector is also expected to register higher growth this year.

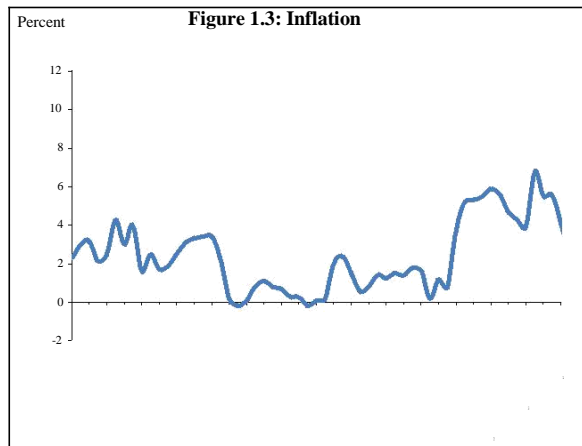
- 1.22 For the industrial sector, higher private sector construction activity arising from reconstruction works and new investment projects are expected to underscore growth in the construction sector. Similarly, anticipated increases in sugar production, poultry, dairy products, biscuit and mineral water are expected to improve manufacturing activity.
- 1.23 In the primary industries sector, agriculture is expected to record a strong turnaround with cane production expected to improve to around 1.9 million tonnes, from 1.38 million tonnes in 2016. Activity in the forestry and logging sector is also expected to improve. Nonetheless, infrastructure damages left by TC Winston are likely to prolong recovery in the fishing & aquaculture sector.

Overview 2018 and 2019

- 1.24 For 2018, the Fijian economy is forecast to grow by 3.0 percent. All sectors of the economy are expected to register positive growth with major contributions from the manufacturing, transport and storage and the financial and insurance sectors.
- 1.25 In 2019, a slightly lower growth of 2.9 percent is envisaged with positive growth expected for all sectors.

Inflation

- 1.26 Year-end inflation was 3.9 percent in 2016, higher than 1.6 percent at the end of 2015. Higher prices in 2016 were a result of shortage of agricultural produce and yaqona after TC Winston.
- 1.27 Inflation peaked at 6.8 percent in January 2017 driven by higher prices for agricultural



Source: Fiji Bureau of Statistics

produce and yaqona, given the on-going supply shortages after TC Winston and later Tropical Depression 04F. In the recent months, inflation has trended down to 2.5 percent at the end of May 2017 as supply conditions have stabilised.

1.28 Inflationary pressures for the remainder of 2017 are expected to be driven mostly by higher prices for yaqona and fuel. Year-end inflation is forecast at 3.0

percent for 2017 and higher commodity prices and adverse weather conditions domestically are key risks to the outlook. Inflation is projected to fall slightly to 2.5 percent in 2018 and 2019.

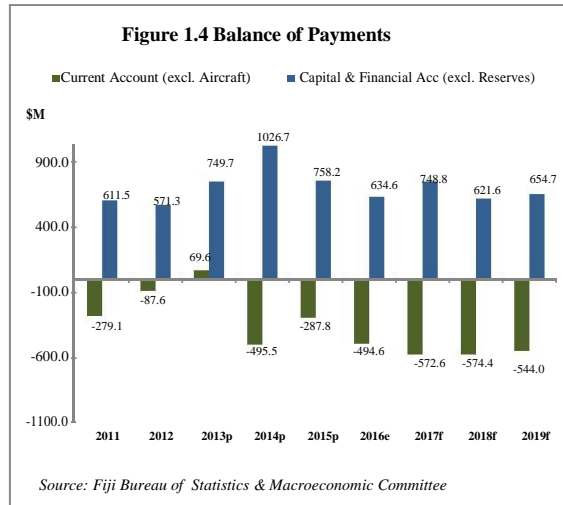
Exports¹

- 1.29 Total exports in 2016 fell by 5.5 percent, underpinned by declines in both re-exports and domestic exports which fell by 2.8 percent. The decline in re-exports was caused by lower mineral fuel re-exports, which fell due to lower global crude oil prices. In addition, the marginal decline in domestic exports was underpinned by declines in timber and sugar exports attributed to TC Winston, which more-than-offset the increases in export of gold, mineral water and yaqona. As a percentage of GDP, total exports are expected to be around 19.7 percent in 2016.
- 1.30 In 2017, total exports are expected to grow by 8.5 percent, supported mainly by increases in both re-exports and total domestic exports. The anticipated increase in re-exports is expected to be driven by higher mineral fuel re-exports resulting from an expected rebound in global crude oil prices. The surge in total domestic exports is expected to be underpinned by export growth in molasses, mineral water exports and a subsequent turnaround in sugar exports as production recovers from damages sustained in TC Winston.
- 1.31 In 2018, total exports are projected to grow by 5.2 percent, led by higher contributions from re-exports, gold, sugar, mineral water and other domestic exports. As a proportion of GDP, total exports are forecast to be 19.7 percent in 2018, the same level as 2017.
- 1.32 In 2019, total exports are forecast to grow by 5.1 percent, led by increases in all major export categories. The proportion of exports to GDP in 2019 is expected to be 19.5 percent, a slight reduction from 2018 levels.

¹Exports excluding aircraft.

Imports²

1.33 Total imports for 2016 are estimated to have grown by 3.8 percent, led by the higher imports of machinery and transport equipment and manufactured goods, which more-than-offset the decline in imports of mineral fuel and food. Import growth was kept in check by low global commodity prices and supply-shortages post-TC Winston. As a percentage of GDP, total imports are expected to be 49.1 percent in 2016, compared to 50.6 percent in 2015.



1.34 For 2017, total import growth is projected at 7.6 percent, attributed mainly to higher payments for mineral fuel, machinery and transport equipment and food. The higher import growth this year reflects increased imports of materials for housing and infrastructure reconstruction and expected increases in global commodity prices in 2017. Total imports are expected to be 48.9 percent of GDP at the end of 2017.

1.35 In 2018, total imports are expected to grow by 4.2 percent, driven by higher payments for food, manufactured goods and mineral fuel - underpinned by an expected rebound in global commodity prices. As a percentage of GDP, total imports are expected to remain stable at 48.3 percent.

1.36 In 2019, total imports are expected to grow by 4.5 percent, on account of expected increases across all categories. The proportion of imports to GDP in 2019 is expected to slow down slightly to 47.6 percent.

Balance of Payments

1.37 In 2016, the current account deficit (excluding aircraft), is estimated to have widened to around 5.0 percent of GDP. This is mainly due to a projected higher trade deficit, which recorded a decline in exports and a rise in imports, as a result of TC Winston. The surplus in the capital & financial account (excluding reserves) is estimated at around 6.4 percent of GDP. The overall balance of payment account decreased by \$22.5 million in 2016.

²Imports excluding aircraft.

- 1.38 In 2017, the current account deficit (excluding aircraft) is expected to widen to around 5.4 percent of GDP. This is mainly due to an increase in imports stemming from reconstruction activities after TC Winston and a rebound in mineral fuel prices. Furthermore, Government grants and aid are expected to be lower this year as one-off donations for TC Winston abate.
- 1.39 In addition, the primary income deficit is expected to widen due to higher profit and dividend repatriation and Government interest payments. The capital and financial account (excluding reserves) balance is projected to increase to around 7.0 percent of GDP. Consequently, the overall balance of payments is expected to increase by \$30.1 million.
- 1.40 In 2018, the current account deficit is projected to decline to 5.1 percent of GDP, due to increases in personal transfers and an expected inflow of \$30.0 million (from a total of \$65.0 million) from the Global Climate Fund (GCF). The balance in the capital and financial account (excluding reserves) is expected to fall to 5.5 percent of GDP, on account of lower net Government foreign borrowing. The overall balance of payments is therefore expected to increase by \$150.0 million.
- 1.41 In 2019, the current account deficit is projected to narrow to around 4.6 percent of GDP on account of improvements in the trade deficit, services balances and income accounts. In addition, the remaining \$35.0 million from the GCF grant is expected to be received within the year. The capital & financial account balance (excluding reserves) is expected to be stable at 5.5 percent of GDP and the overall balance of payments is projected to decrease by \$100.0 million.

Money and Credit

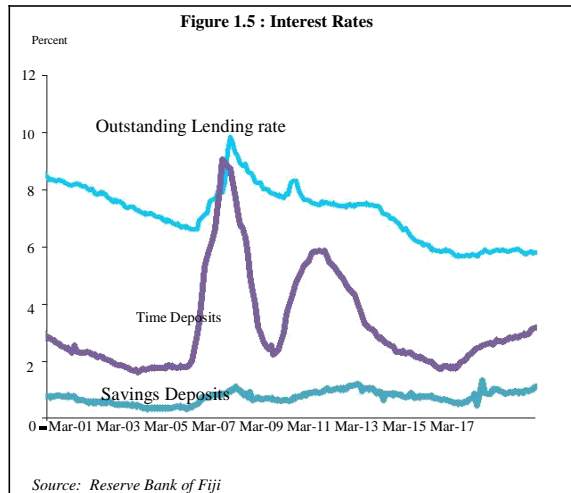
- 1.42 Credit growth, while positive, slowed throughout 2016 consistent with the softer economic growth outcome, following the natural disasters earlier that year. However, this improved slightly in the year to March 2017, with private sector credit (PSC) growing on an annual basis by 14.0 percent (\$855.4 million) compared to a 12.6 percent (\$679.9 million) increase in March 2016. The elevated demand for private sector credit has been underpinned by increased private sector lending by Licensed Credit Institutions, Fiji Development Bank and Commercial Banks.
- 1.43 For this year, credit demand is expected to remain positive in line with the stronger economic growth outlook for 2017. This, together with positive consumer and business confidence and the current low interest rate environment are expected to continue to support the demand for credit in the near term. Excess liquidity in the banking system rose over the month of April by 20.0

percent to \$565.0 million, led by increase in foreign reserves coupled with a decrease in statutory reserves deposits (SRD).

Interest Rates

1.44 Commercial banks' lending rates have trended downwards in the year to March 2017 while deposit rates rose.

1.45 The commercial banks' weighted average outstanding lending rate fell to 5.82 percent in March 2017, from 5.87 percent a year earlier (Figure 1.5). In the same period, the commercial banks' weighted average outstanding time deposit rate rose to 3.19 percent from 2.72 percent, while the weighted average savings rate increased to 1.12 percent from 0.85 percent in March 2016.



1.46 In March 2017, Government's **Fiji Infrastructure Bonds** were oversubscribed by \$16.0 million and a total of \$8.0 million was accepted on maturities between 10 – 15 years with yields ranging from 6.60 – 7.07 percent. Similarly, **Government T-bills** were oversubscribed by \$30.0 million, with a total of \$28.0 million accepted on maturities between 14-182 days with yields ranging from 0.50 – 3.20 percent. **FDB Promissory Notes** were oversubscribed by \$10.0 million in March and a total of \$10.0 million was accepted on maturities between 301 – 350 days with yields ranging from 4.20 – 4.30 percent. **FDB Bonds** were oversubscribed by \$2.0 million in March and a total of \$6.0 million was accepted on maturities between 3 – 4 years with yields at 4.60 percent.

Exchange Rates

1.47 In April, the Fiji dollar rose on an annual basis against the Euro (3.1%), the Japanese Yen (1.6%) and the Australian (0.8%) dollar but fell against the US (-1.3%) and the New Zealand (-0.1%) dollars. Over the month, the Fiji dollar appreciated against the Australian (1.4%) and New Zealand (0.8%) dollars but weakened against the Euro (-2.7%), the Japanese Yen (-1.6%) and the US dollar (-1.0%).

1.48 The Nominal Effective Exchange Rate (NEER) index depreciated slightly in April (0.1%) but appreciated marginally over the year (0.03%). Similarly, the

Real Effective Exchange Rate (REER) depreciated by 2.3 percent in April, but over the year it appreciated by 0.03 percent as Fiji's inflation rate remained high relative to trading partner countries.

Monetary Policy

- 1.49 The Reserve Bank of Fiji (RBF) maintained its policy focus on safeguarding its twin objectives of low inflation and adequate foreign reserves.
- 1.50 Foreign reserves remained at comfortable levels throughout the first four months of 2017, averaging around 5.3 months of retained imports of goods and non-factor services. As of 9 May 2017, foreign reserves levels registered a new record high of \$2,210.0 million, surpassing the previous peak of \$2,042.2 million recorded in 2015. At the end of May, foreign reserves are projected to grow to around \$2,132.0 million, equivalent to 5.7 months of retained imports of goods and non-factor services.
- 1.51 Inflation is projected to be around 3.0 percent by year-end, led by upward movements in global food and fuel prices as well as higher yaqona prices domestically.
- 1.52 Given the comfortable growth outlook, the RBF continued with its accommodative monetary policy stance and maintained the Overnight Policy Rate at 0.5 percent in the first five months of 2017. Going forward, the RBF will continue to monitor international and domestic developments and align policies accordingly to stimulate growth and achieve its monetary policy objectives.

CHAPTER 2: CLIMATE CHANGE DEVELOPMENT

Introduction

- 2.1 As a Small Island Developing State (SIDS), Fiji is particularly vulnerable to climate impacts such as rising sea levels, droughts, cyclones, salt water intrusions and adverse weather patterns. The effects of climate change are being experienced by all Fijians, particularly the vulnerable and the poor who lack the resources to protect themselves against destructive climatic events.
- 2.2 The severity of TC Winston in 2016 was a sober reminder of our vulnerability to the potential impacts of climate change. Government recognises this reality and is taking proactive steps to adapt to evolving climatic conditions and also cushioning the effects of climate-related disasters through effective mitigation and risk management practices.
- 2.3 Like other SIDS, Fiji has limited resources and adaptive capacity to safeguard its islands against this growing threat to its national development and security. Therefore, there is a need for renewed focus and leadership, and more concerted effort amongst all stakeholders, both domestically and globally, to take up the plight of SIDS to world leaders and advocate for substantive changes to practices that are harming our environment and increasing the world's susceptibility to climate change.

United Nations Ocean Conference

- 2.4 The United Nations Oceans Conference was convened at the United Nations Headquarters in New York from 5 to 9 June 2017, coinciding with the World Oceans Day Celebrations. The Fijian Government and Government of Sweden co-hosted the Conference which facilitated comprehensive discussions on Sustainable Development Goal (SDG) 14– *“promoting the conservation and sustainable use of the oceans, seas and marine resources for sustainable development”*.
- 2.5 The Conference was solutions-focused, bringing together Governments, international financial institutions, non-governmental organisations, civil society organisations, academic institutions, inter-governmental organisations, the scientific community, the private sector, philanthropic organisations and other relevant actors.
- 2.6 The ultimate aim of the Conference was to identify ways to support the implementation of SDG 14 by building on existing partnerships and creating innovative strategies to improve the conservation and sustainable management of the world's seas and marine resources. The conference ended with the

adoption of a “14-point Call for Action” plan that was unanimously supported by all Heads of States, Governments and senior representatives.

- 2.7 In addition, civil society representatives, academics, financial institutions and other practitioners and activists also pledged actions to conserve and sustainably use the oceans and marine resources. As of 15 June 2017, there were 1,372 pledged actions or voluntary commitments registered to save our oceans. Fiji deposited 17 voluntary commitments.

UNFCCC³ - 23rd Session of the Conference of Parties (COP23)

- 2.8 Fiji is the first Small Island Developing State to assume the Presidency of COP, a 196 member high-level inter-governmental forum which was established under the UNFCCC to promote formal negotiations on critical issues pertaining to climate change, and its impacts on world economies.
- 2.9 COP23 will be held in Bonn, Germany from 6 to 17 November 2017. Preparations for the Conference are currently being coordinated by the COP23 Secretariat Office in Suva, which is headed by an Executive Director and a team of international consultants.
- 2.10 Fiji’s vision for the Presidency is one that is transparent and inclusive, and preserves the multilateral consensus to address the underlying causes of climate change. Decisive action will also be pursued to protect all vulnerable societies and communities, drawing largely on experiences from the Pacific and other severely impacted regions around the globe.
- 2.11 More specifically, through the COP Presidency, Fiji looks to advance the implementation of key national commitments previously agreed to under the 2015 Paris Agreement. Fiji will also work together with the outgoing Moroccan COP22 Presidency to design a productive and transparent process for the Facilitative Dialogue in 2018.
- 2.12 Some specific goals encapsulated in the Fijian vision for COP23 are as follows:
- Building greater resilience for all vulnerable nations to reduce the impacts of climate change, including extreme weather events and rising sea levels;
 - Removing rigid conditions for accessing climate finance and disaster insurance, and actively seeking resources to execute key programmes for renewable energy, clean water and climate risk management;

³ United Nations Framework Convention on Climate Change

- Seeking support for suitable “vulnerability” indicators to be incorporated into the criteria for climate finance lending and grants, particularly for immediate response to natural disasters and economic recovery;
- Increasing the composition of resources for climate adaptation to improve resilience against future climatic events;
- Forge a grand coalition between civil society groups, the scientific community, the private sector and all levels of Government, including cities and regions, to accelerate climate action before 2020;
- Harness innovation, enterprise and investment to fast track the development and deployment of climate solutions that will build future economies with net-zero greenhouse gas emissions, and limit the rise of global temperatures to 1.5 degrees Celsius above pre-industrial levels;
- Draw stronger linkages between the health of the world’s oceans and seas and the impacts of, and solutions to, climate change as part of a holistic approach to the protection of our planet; and
- Infuse COP23 with the Fijian “*Bula Spirit*” of inclusiveness, friendliness and solidarity and promote the Pacific concept of ‘communal consensus’ to create an inclusive and participatory process for negotiations.

Lead-Up Forums to COP23

- 2.13 In the lead up to the COP23, a ‘Climate Action Pacific Partnership (CAPP)’ event will be held in Suva from 3 to 4 July 2017. Organised under the mandate of Fiji’s high-level Champion, the event will seek to promote and strengthen solidarity amongst Pacific Small Island Developing States to foster the global climate action agenda and address specific issues faced by Pacific Island countries.
- 2.14 The aim of the CAPP event is to bring together key stakeholders from Pacific-SIDS (as well as Australia and New Zealand) to exchange ideas, and develop innovative solutions to accelerate climate actions that will bring about credible and sustainable reductions to greenhouse gas emissions.
- 2.15 A second preparatory meeting for the COP23 is also planned for 17 and 18 October 2017 in Denarau, Nadi. The meeting will set the pathway, and overarching strategy for Fiji to achieve effective outcomes at the COP23 meeting in Bonn.

Key Policies for Climate Change & Green Growth

2.16 Government has implemented a whole range of climate-change related initiatives in recent years. Listed below are some key initiatives in the 2017-2018 Budget to address climate-related problems in Fiji and protect our pristine environment:

- Detailed Design for the Nadi Flood Alleviation Project (\$10.0 million);
- Distribution of Free Water Tanks in Maritime/Drought Stricken Areas (\$1.4 million);
- Rainwater Harvesting Systems for Drought-Prone Regions (\$4.5 million);
- Emergency Repairs - Storm Damages/Emergency Response Contingency Funds (\$21.6 million);
- Reducing Emissions from Deforestation and Forest Degradation (REDD Plus) (\$0.4 million);
- Hydro Fluorocarbon (HCFC) Phase Out Management Plan (\$0.04 million);
- A levy of 10 cents will be imposed on plastic bags. Plastic bags are recognised globally as a major source of pollution, in particular non-biodegradable plastics;
- The Environmental Levy will now be renamed as the ‘Environment & Climate Adaptation Levy’ (ECAL). The rate for the ECAL will be increased from 6.0 percent to 10.0 percent;
- The ECAL levy will be charged to luxury vehicles with engine capacity exceeding 3000cc. It will also be applied to chargeable income of more than \$270,000⁴;
- Superyachts will also pay the ECAL of 10 percent, and the 12.5 percent Superyacht Charter Fee has been abolished;
- The minimum investment threshold for the tax holiday on ‘Electric Vehicle-Charging Stations’ will be reduced from \$3.0 million to \$500,000 to promote investment in this area; and

⁴ The Social Responsibility Tax rates will be lowered by the same amount (10%) to avoid any increase in tax burden for those earning above the \$270,000 threshold.

- Fiscal import duty of 32.0 percent on vinyl sheet piling used for the construction of seawalls will be eliminated. This is critical to support communities that are vulnerable to rising sea levels and flooding.

Conclusion

2.17 Fiji's leadership at the Oceans Conference and COP 23 meetings has not only provided a vital platform for Fiji to improve its visibility and bring to the fore the vulnerability of Small Island States, it has also given us the privilege to be at the helm of global decision making where we will be formulating key climate policy actions that will determine the sustainability of the world economy, and ensure it is safe and viable for the survival of future generations.

CHAPTER 3: MEDIUM TERM STRATEGY

Introduction

- 3.1 This chapter discusses Government's broad fiscal policy direction for the medium term and the progress of key reforms in the public sector.

Medium Term Fiscal Strategy

- 3.2 Government's fiscal policy will continue to focus on growing the productive capacity of the Fijian economy through sustained investments in infrastructure development, provision of social services and maintaining an enabling environment for the private sector to thrive and drive future growth.
- 3.3 The 2017-2018 Budget sets out key policies for Government to achieve the following key macro-economic targets for the medium term:
- achieve economic growth above 5.0 percent;
 - maintain investment levels above 25.0 percent of GDP;
 - manage inflation at around 3.0 percent;
 - ensure foreign reserve levels cover at least 4-5 months of imports and non-factor services;
 - maintain the budget deficits at less than 3.0 percent of GDP; and
 - reduce the debt stock to 40.0 percent of GDP.

Medium Term Fiscal Framework

- 3.4 The net deficit for the 2017-2018 Budget has been budgeted at \$499.5 million or 4.5 percent of GDP. The deficit stems from budgeted revenues of \$3,857.3 million and budget expenditures of \$4,356.8 million. Government's debt level is projected at 47.5 percent of GDP at the end of the FY 2017-2018.
- 3.5 The table below outlines the medium term fiscal framework for the financial years 2017-2018, 2018-2019 and 2019-2020.

Table 3.1: Medium Term Fiscal Targets (\$M)

	2017-2018 Budget	2018-2019 Target	2019-2020 Target
Revenue:	3,857.3	3,542.3	3,721.4
<i>As a % of GDP</i>	<i>35.1</i>	<i>30.5</i>	<i>30.3</i>
Expenditure:	4,356.8	3,890.7	4,028.5
<i>As a % of GDP</i>	<i>39.7</i>	<i>33.5</i>	<i>32.8</i>
Net Deficit	(499.5)	(348.4)	(307.1)
<i>As a % of GDP</i>	<i>(4.5)</i>	<i>(3.0)</i>	<i>(2.5)</i>
Debt	5,216.1	5,564.5	5,871.6
<i>As a % of GDP</i>	<i>47.5</i>	<i>47.9</i>	<i>47.8</i>
GDP at Market Prices	10,980.1	11,614.4	12,285.3

(Source: Ministry of Economy)

- 3.6 Government's net deficit is expected to reduce from 4.5 percent of GDP to 3.0 percent in the next financial year. However, debt levels in the corresponding years are projected to rise from 47.5 percent to 47.9 percent due to a slower nominal growth in GDP.
- 3.7 Debt in 2019-2020 is forecast to reduce slightly to around 47.8 percent of GDP. This sets the pathway for Government to consolidate its finances over the medium term and achieve fiscal stability.

Revenue Policy

- 3.8 Government's revenue policy will continue to be guided by the following principles:
- Implementing a tax system that is simple, fair and transparent;
 - Maintaining competitive tax rates and broadening the tax base;
 - Modernising tax and customs legislations to provide more clarity in interpretation and application of tax provisions;
 - Adopting best practices in revenue administration;
 - Promoting tax compliance and timely payments of tax dues;
 - Ensuring the benefits of duty concessions are passed on to consumers or targeted beneficiaries; and

- Providing tax incentives to attract investments that contribute towards the achievement of key policy priorities such as employment and poverty alleviation.

3.9 Specific revenue policy measures for the 2017-2018 Budget are provided in Chapter 10.

Expenditure Policy

3.10 Government expenditure will be guided by the following objectives:

- Maintain national security, the rule of law and improve access to justice;
- Provide sufficient resources to facilitate free and fair elections in 2018;
- Ensure civil servants are adequately remunerated for performance, risk and technical expertise;
- Increase support for education and health to strengthen Fiji's human capital and create the foundation for a knowledge-based society;
- Ensure existing social protection programmes provide sufficient resources to protect the poor against inflationary pressures in the economy;
- Continue with the implementation of key infrastructure projects, particularly for roads, water and electricity;
- Support key policy initiatives to protect the environment and mitigate or adapt to the effects of climate change;
- Provide sufficient reserves for unforeseen events such as natural disasters, including funding for emergency response and recovery;
- Place greater emphasis on on-going reform initiatives to revitalise the sugar industry and ensure its long term survival;
- Support key initiatives to boost the performance of primary industries such as agriculture, fisheries and forestry, given their key contribution to poverty alleviation, rural development, food security and export growth;
- Accelerate key structural reforms in the public sector, including civil service reforms, public enterprise reforms and financial management reforms;

- Provide sufficient support for the development of micro, small and medium enterprises; and
- Promote programmes that facilitate private sector development and employment creation.

3.11 Major expenditure programmes in the 2017-2018 Budget are discussed in chapters 4, 6 and 7.

Debt Policy

3.12 Government's debt policy for the medium term will continue to focus on achieving debt sustainability by reducing fiscal deficits and adopting sound risk management strategies.

3.13 Key strategies for managing debt levels over the medium term are discussed as follows:

- Reduce deficits gradually to achieve a progressive reduction in the Debt to GDP ratio;
- Create an efficient market for Government securities with the capacity to re-finance maturing debt and raise new finance;
- Develop the domestic bond market to improve liquidity, promote secondary market trading and create new bonds with varying yields and maturity structures;
- Maintain low and stable debt servicing costs, bearing in mind risks associated with foreign exchange fluctuations;
- Minimise external debt vulnerability by utilising callable options for early redemption of long term loans;
- Maintain a stable and affordable debt maturity structure to reduce the burden of resettlement and minimise exposure;
- Develop a vibrant domestic capital market with a diverse range of debt and equity instruments to be considered for future debt diversification;
- Seek opportunities to re-finance expensive debt under concessional loan facilities;

- Reduce reliance on offshore borrowings to lessen exposure to foreign exchange rate risks; and
- Prudent management of contingent liabilities and government guarantees by putting in place rigorous measures to improve the commercial performance of State Owned Enterprise (SOEs) and prevent risky borrowings.

Structural Reforms

- 3.14 Government recognises the importance of structural reforms to achieve improved efficiency and sustained development in key sectors. The ensuing paragraphs provide an update on the progress of key reforms, as well as their focus for the medium term.

Civil Service Reforms

- 3.15 The Civil Service Reform Management Unit (CSRMU) has begun the implementation of several reform activities to embed modern management practices and principles across the Fijian Civil Service. A summary of each reform activity is provided below:
- 3.16 ***Open Merit Recruitment and Selection (OMRS) Guideline:*** The guideline aims to ensure that entry to the civil service at all levels is open, with selection based only on the requirements of the job and the applicant’s knowledge, experience, skills and abilities as they relate to the job. The rollout of the guideline occurred throughout 2016, with the training of over 3,000 civil servants and independent representatives.
- 3.17 During this time, selection panels learned to focus on behaviour based questioning and skills or competency based testing to evaluate the relative merit of applicants for a position. The OMRS training has now been handed over to the Core Skills Training Section of the Ministry of Civil Service to provide on-going training for panel members.
- 3.18 ***Procedure Review Process:*** The review process is the appeal mechanism that allows applicants who believe that the selection process was not merit based to appeal for a paper based review. This process adds transparency and accountability to the overall OMRS system. If the review finds that the process was not in accordance with the OMRS Guideline, the Permanent Secretary is required to recommence the process from the point at which it contravenes the guideline.
- 3.19 ***Discipline Guideline:*** The Guideline was introduced in January 2017 following extensive consultations with the World Bank in 2016. This Guideline introduces the international best practice with “positive management”. It focuses on the

principles of natural justice, ensuring that employees know what is expected of them and that supervisors at all levels ensure that people perform to the standard required. The Guideline provides a strict timeline in order to ensure that processing of discipline, where required, is faster and fairer than practices of the past.

- 3.20 The CSRMU has engaged new Core Facilitators to provide training across the civil service on the new discipline guidelines.
- 3.21 There are three components, which will be rolled out for the remainder of 2017:
- (i) Investigator Training;
 - (ii) Supervisor and Managers Training; and
 - (iii) Discipline Sessions for Permanent Secretaries.
- 3.22 **Civil Service Pay Review:** The Civil Service Salary review was conducted in January this year by Strategic Pay New Zealand in partnership with Price Waterhouse Coopers Fiji. The review came up with 15 new salary bands, which replaced the old 31 occupational scales providing a broad banded approach covering all jobs in the Civil Service.
- 3.23 Around 120 Job Evaluators from across the Civil Service were trained to use a new strategic methodology to determine where various jobs would sit within these bands. These accredited evaluators have been evaluating jobs across the civil service, and transitioning these into the new salary bands.
- 3.24 Pay increases for Civil Servants are calculated on the position and range from 3 percent to 79 percent depending on the position, and its existing salary compared to the market. Civil Service Jobs have been categorised into three tranches, with tranche one moving to the new salary bands in July, Tranche two in August and Tranche three in September.
- 3.25 **Other Civil Service Reforms:** Other key reforms currently being pursued include the review of the General Orders and the introduction of a new Performance Management System. The salary bands above have been structured to enable performance pay.

Public Enterprise Reforms

- 3.26 SOEs reforms are critical for improving the productivity and financial performance of public enterprises. In the recent past, Government has successfully implemented key transformational reforms for State entities such as AFL, FEA and Fiji Ports Corporation Limited. These organisations have all achieved strong financial performances and made significant dividend payments back to Government.

- 3.27 An update on other key reform initiatives for SOEs are outlined below:
- 3.28 ***Review of Public Enterprises Act:*** A review of the Public Enterprises Act 1996 is currently being carried-out by the Ministry of Public Enterprise with technical assistance from the Asian Development Bank (ADB). The review aims to align the provisions of the existing legislation with international best practices and standards, and strengthen the monitoring of SOE's to achieve strategic policy goals, including the generation of reasonable equity returns.
- 3.29 ***Fiji Electricity Authority (FEA):*** FEA's reform process has been enacted through the Electricity Act which was passed by Parliament in March 2017. Furthermore, Expressions of Interest for the partial divestment of FEA's shares was advertised in March 2015 and September 2016. These processes will facilitate the deregulation of the energy sector in Fiji by separating FEA's commercial and regulatory functions where the latter will be transferred to an independent regulator.
- 3.30 ***Government Printing & Stationery Department (GPSD):*** An Expression of Interest for the sale of the GPSD has been advertised and Government is currently negotiating the sale of the Department with potential investors.
- 3.31 ***Food Processors Fiji Limited (FPFL):*** Government is also in the process of negotiating the sale of FPFL to potential buyers. The sale is expected to generate around \$5.0 million in revenue.
- 3.32 ***Sale of Kalabu Tax Free Zone (KTFZ) properties:*** Government will continue to market its properties at KTFZ to be sold to interested investors. The sale will complete the entire process for transferring KTFZ assets to the private sector.

Financial Management Reforms

- 3.33 The Ministry of Economy has reviewed the Financial Management Act 2004 (FMA) with the assistance of the Pacific Financial Technical Assistance Centre (PFTAC). An essential part of the review entails the inclusion of relevant provisions in the FMA to facilitate the devolution of financial & operational authorities to Permanent Secretaries, in line with delegated provisions prescribed in the 2013 Constitution.
- 3.34 The Ministry is also designing a new Chart of Accounts (CoA) structure with technical support from PFTAC to improve financial reporting, and integrate all sources of Government financing into public financial statements. The new CoA

structure will be aligned to accounting standards prescribed under IPSAS⁵ and GFSM 2014⁶.

- 3.35 In line with the outcomes of the 2014-2019 PEFA Assessment, the Ministry of Economy will continue to work towards the establishment of a National Asset Register for the whole-of-government, which will not only focus on the registration of assets, but their management as well.

Labour Reforms

- 3.36 Labour market reforms have been successfully undertaken in areas of occupational health & safety, employment relations, productivity, wages, employment creation and operational management.
- 3.37 The draft legislation for the Workers Compensation Reform has been completed for tripartite consultation. The ratification of this legislation should complete the first tranche of labour market reforms for Fiji.
- 3.38 **The Seasonal Workers Program** has gained popularity and success over the past few years. The number of workers being recruited for jobs in Australia and New Zealand has increased by 232 or 82 percent from 2015 to mid-2017. There has been a recent spike in demand for skilled carpenters in New Zealand. Australia has also requested for more workers in horticulture and hospitality.
- 3.39 **Fiji Volunteer Service:** Currently, there are 52 Fijians employed under the scheme in Tuvalu and the Republic of the Marshall Islands. Most are senior teachers and nurses.

Land Reforms

- 3.40 Government will continue to promote the productive utilisation of land through the Land Bank initiative which is legislated under the Land Use Act. The Land Use Act provides landowners with the opportunity to deposit their land in the Land Bank and benefit from market-based lease payments. Likewise, tenants are given the prospect of benefiting from longer term leases with secure contractual arrangements.
- 3.41 To date, a total of 85 parcels of land have been deposited into the Land Bank covering a total area of 8,757 hectares (ha). The Department of Lands is currently processing another 38 parcels of land for the Land Bank comprising a total area of 11,016 ha. Investor interest in the Land Bank has been gaining momentum in the past few years.

⁵ International Public Sector Accounting Standards

⁶ Government Finance Statistics Manual 2014

3.42 Government has provided funding of \$2.5 million in the 2017-2018 Budget to support the Land Bank Investment Programme.

Sugar Industry Reforms

3.43 The Sugarcane Industry Action Plan (SAP) lays out a clear vision for the development of the industry until 2022. In 2017-2018, the Ministry of Sugar will continue to execute key initiatives under the SAP to improve cane quality and output at farm level.

3.44 The Fiji Sugar Corporation (FSC) recently launched a 5 year Strategic Plan (2018-2022) which focuses on improving overall productivity within the industry and significantly increasing sugar cane production by 2022.

3.45 To achieve this target, FSC will pursue the following strategic actions:

- a) Improve farm productivity by providing effective grower extension services;
- b) Upgrade railway system to ensure efficient cane delivery to the mills;
- c) Invest into new land and participate in cane farming that will contribute 10 percent to total cane production;
- d) Upgrade sugar mills to improve sugar extraction rates; and
- e) Provide mechanical and technical support to growers to improve cultivation efficiency and reduce farming costs.

3.46 Details on budget support for the sugar sector are provided in Chapter 7.

Financial Sector Reforms

3.47 Financial sector reform initiatives undertaken by the Reserve Bank of Fiji are focused on creating a sound, stable and inclusive financial sector. The ensuing paragraphs highlight the progress of on-going reforms in the sector.

3.48 ***Proposed Pensions Savings Legislation:*** The drafting of a new Pension Savings legislation was initiated in 2012 to provide a broad regulatory framework for further developing the pension industry in Fiji. The legislation facilitates the entry of new players in the pension market and strengthens RBF's role to effectively supervise the activities of new pension providers. The draft legislation is currently being reviewed by legal experts.

3.49 ***Review of the Credit Union Act:*** The objective of this review is to strengthen the existing legislation for credit unions. A first draft of the newly proposed legislation was presented to industry stakeholders in June 2016. The RBF is currently finalising background papers for the draft legislation to be presented in Parliament.

- 3.50 ***Inclusive Insurance Framework:*** The level of insurance take-up by the general public in Fiji is fairly low. Following TC Winston, many households did not have proper insurance cover for damages caused to property and other valuables. As such, the RBF has increased efforts to promote reasonably priced insurance plans for low and average income families to mitigate risks associated with natural disasters and other natural calamities.
- 3.51 ***Fair Reporting of Credit Act:*** The Fair Reporting of Credit Act became effective on 27 May 2016. RBF is working closely with several entities that are showing interest in providing ‘Credit Bureau Services’ for the Fijian market.
- 3.52 ***Financial Sector Development Plan:*** Work on the Financial Sector Development Plan will continue until 2025 to strengthen the domestic financial sector and enhance its contribution towards growth. The overarching objective of the Plan is to lay the building blocks for transforming Fiji into a regional financial hub in the future. Key elements of the Plan include capital market development, financial inclusion, and SME development.
- 3.53 ***Financial Inclusion:*** A new 5-year Financial Inclusion Strategic Plan (2016-2020) has been finalised. The Plan has a specific focus on ensuring more Fijians have access to financial services, and promoting the use of modern technology to deliver financial services in a cost effective manner.
- 3.54 ***Capital Market Development:*** The Capital Market Development Master Plan (2016-2025) maps out strategies for developing the three main segments of Fiji’s capital market i.e. the Stock Market, the Debt Market and the Unit Trust Market. Work will continue to raise awareness on benefits of these markets to businesses and investors, and reinforcing the legislative environment to promote more innovation and diversity in Fiji’s financial products.
- 3.55 ***Draft National Payment System Bill:*** The Draft National Payment System Bill is currently under review. This legislation will provide the regulatory framework for integrating payment systems across all financial institutions in Fiji. This would improve the efficiency and security of inter-bank transactions, as well as other transactions linked to the ‘national switch’.
- 3.56 ***Small and Medium Enterprises (SME) Credit Guarantee Scheme:*** Since its inception in 2012, the Scheme has received around \$4.0 million in government guarantees, covering over 1,400 loans worth around \$85.0 million. Losses under this scheme have been remarkably low – valued at just \$38,251 or less than 1.0 percent of the Scheme’s total loan portfolio.

- 3.57 **Import Substitution & Export Finance Facility:** This facility will continue to provide loans at concessional interest rates to promote investments in exports, import-substitution and renewable energy. As of April 2017, the facility had issued a total of \$89.2 million loans, out of which \$29.3 million are cleared by debtors.
- 3.58 **Exchange Control:** Relaxation of exchange controls will be executed in line with RBF’s accommodative monetary policy stance. The following increases to delegated limits of authorised foreign exchange dealers will be made effective from 1 August 2017.

	Payments	Current Limit	New Delegated Limit
1	Advance import payments	\$1 million per invoice	\$2 million per invoice
2	Subscriptions	\$10,000 per annum	\$20,000 per annum
3	Wages paid in foreign currency to foreign crew	\$500 per beneficiary	\$10,000 per beneficiary

- 3.59 **Green Finance Framework:** The development of a green finance framework is expected to commence this year with a knowledge-sharing workshop. The immediate goal of this forum is to educate financial institutions on green finance and how to leverage private sector finance for climate change and disaster risk management. The workshop is expected to initiate discussions for developing a feasible policy framework to promote financial sector support for Green Growth initiatives in Fiji.
- 3.60 **Anti-Money Laundering:** In October 2016, the Asia Pacific Group (APG) on Money Laundering published Fiji’s report on the ‘Anti-Money Laundering (AML) and Combating Terrorism Financing (CTF)’. Whilst the report highlighted some positive achievements by Fiji in resolving fraudulent financial activities, it also identified some fundamental gaps in existing institutional and policy systems to fully comply with AML/CTF standards. Government, through the Financial Intelligence Unit is committed to addressing these gaps and strengthening compliance amongst financial institutions with AML/CTF laws in Fiji.

CHAPTER 4: GOVERNMENT'S FISCAL POSITION

Introduction

- 4.1 This chapter discusses Government's fiscal position for the past two financial years and the Budget for 2017-2018.
- 4.2 The main feature of this chapter is the 'Whole-of-Government Cashflow Statement' which determines the overall net budget position of Government for a particular financial year.

2015-2016 Actual Outturn

- 4.3 Government recorded a net deficit of \$383.7 million equivalent to 4.0 percent of GDP in the FY 2015-2016. Total actual revenues amounted to \$2,908.3 million, while total expenditures stood at \$3,292.0 million.

2016-2017 Projection

- 4.4 Based on current fiscal performance, the net deficit for the FY 2016-2017 is projected to be around \$208.9 million or 2.0 percent of GDP. This is derived from estimated total revenues of \$2,896.3 million and total expenditures of \$3,105.1 million.

2017-2018 Budget

- 4.5 The net deficit for the FY 2017-2018 is budgeted at \$499.5 million or 4.5 percent of GDP. Total revenues are projected at \$3,857.3 million against total expenditures of \$4,356.8 million. The higher net deficit for 2017-2018 is mainly attributed to a rollover of capital expenditure from the 2016-2017 financial year.
- 4.6 **Table 4.1** provides Government's Cashflow Statements⁷ for the FY 2015-2016 to FY 2017-2018.

Table 4.1: Cashflow Statements (2015-2016 to 2017-2018)⁸

(\$M)	2015-2016 (Actual)	2016-2017 (Revised)	2017-2018 (Budget)
Receipts			
Direct Taxes	699.0	717.9	790.4

⁷The numbers excludes SEG 13 or Government VAT. The exclusion of Government VAT from revenue and expenditure does not affect the overall net deficit position.

⁸Figures shown in Table 4.1 above have been formulated for forecasting purposes, hence they may not match figures quoted in other chapters of this document and other Budget documents.

(\$M)	2015-2016 (Actual)	2016-2017 (Revised)	2017-2018 (Budget)
Indirect Taxes (excl. Govt. VAT)	1,677.4	1,914.3	2,244.4
VAT (excl. Govt. VAT)	715.9	815.1	944.4
Customs Duties	577.4	625.7	743.5
Service Turnover Tax	91.3	98.1	114.8
Water Resource Tax	41.7	59.7	69.9
Departure Tax	138.1	147.2	172.2
Stamp Duty	74.1	84.2	97.8
Fish Levy	0.1	0.1	0.1
Telecommunication Levy	1.2	1.3	1.5
Credit Card Levy	4.9	0.4	-
Third Party Insurance Levy	1.8	1.7	1.9
Environment and Climate Adaptation Levy	31.0	77.5	94.3
Health Levy	-	3.3	3.9
Fees, Fines & Charges	112.1	115.1	129.2
Grants in Aid	21.7	4.9	35.6
Dividends from Investments	85.9	37.4	148.0
Reimbursement & Recoveries	25.0	18.1	27.9
Other Revenue & Surpluses	44.3	36.6	35.9
Total Operating Receipts	2,665.4	2,844.3	3,411.4
Payments			
Personnel	837.8	822.7	1,035.7
Transfer Payments	520.8	524.5	766.9
Supplies and Consumables	238.1	217.9	286.4
Special Expenditures (Purchase of Outputs)	88.8	51.3	118.4
Interest	283.5	228.0	298.0
Other Operating Payments	8.9	2.1	10.1
Total Operating Payments	1,978.0	1,846.4	2,515.4
Net Cash-flows from Operating Activities	687.4	997.9	896.1
<i>As % of GDP</i>	<i>7.2%</i>	<i>9.7%</i>	<i>8.2%</i>
Receipts			
Sale of Government Assets	188.2	2.4	371.9
Interest from Bank Balance	0.001	0.001	0.001
Interest on Term Loans and Advances	0.5	0.4	0.4
Return of Surplus Capital from Investment	3.3	3.5	4.7
Loan Repayments	-	-	6.4
Total Investing Receipts	192.0	6.2	383.4
Payments			
Loans	50.2	84.9	159.1
Transfer Payments	1,053.4	1,024.2	1,320.2

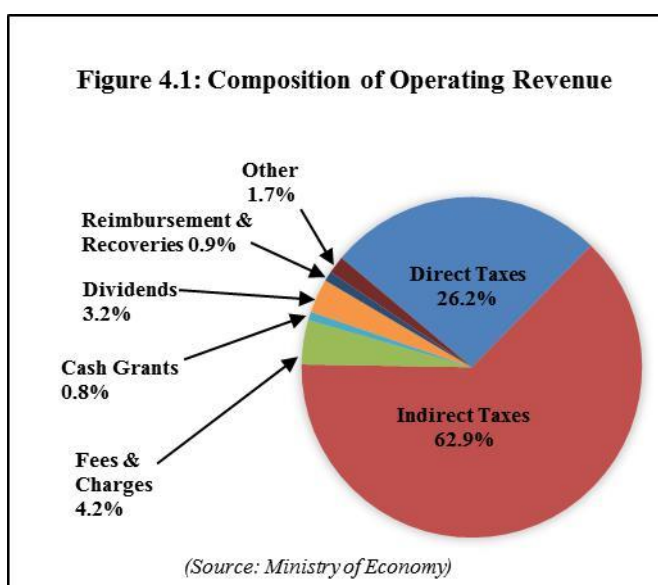
(\$M)	2015-2016 (Actual)	2016-2017 (Revised)	2017-2018 (Budget)
Purchase of Physical Non-Current Assets	159.4	104.0	299.7
Total Investing Payments	1,263.0	1,213.0	1,779.0
Net Cash-flows from Investing Activities	(1,071.1)	(1,206.8)	(1,395.6)
<i>As % of GDP</i>	<i>-11.2%</i>	<i>-11.7%</i>	<i>-12.7%</i>
Net (Deficit)/Surplus	(383.7)	(208.9)	(499.5)
<i>As % of GDP</i>	<i>-4.0%</i>	<i>-2.0%</i>	<i>-4.5%</i>

(Source: Ministry of Economy)

Operating Revenue

4.7 Government's operating revenue comprises indirect taxes, direct taxes, fees, fines & charges, dividends, other revenue & surpluses, reimbursement & recoveries and cash grants.

4.8 As depicted in Figure 4.1, indirect taxes constitute the largest component of total operating revenues at 62.9 percent, followed by direct taxes at 26.2 percent whilst a range of other categories make up the remaining balance of 10.8 percent.



Direct Taxes

4.9 Direct taxes are derived largely from personal incomes and corporate profits. Key components of direct taxes include PAYE taxes, corporate taxes, social responsibility taxes, fringe benefit taxes, withholding taxes and capital gains taxes.

4.10 For the FY 2015-2016, total direct tax collections amounted to \$699.0 million, whilst collections for the FY 2016-2017 are projected to rise to \$717.9 million. Direct tax receipts are forecast to increase further to \$790.4 million in the FY 2017-2018. The increase reflects strong business performance in the coming financial year as well as anticipated improvements in labour market conditions.

Indirect Taxes

- 4.11 Indirect taxes include VAT, customs duties, service turnover tax, water resource tax, departure tax, stamp duties, and other levies. Total collections for indirect taxes amounted to \$1,677.4 million in the FY 2015-2016. Collections for the FY 2016-2017 are anticipated to rise to around \$1,914.3 million before increasing further to \$2,244.4 million in the FY 2017-2018.
- 4.12 The ensuing paragraphs discuss the performance of each category of indirect taxes.

Value Added Taxes

- 4.13 VAT is a major component of indirect taxes and is the largest revenue earner for Government. VAT contributed around 25.1 percent to total revenues in the FY 2015-2016 with collections amounting to \$715.9 million. The estimated collection for the FY 2016-2017 is around \$815.1 million and the forecast for the FY 2017-2018 is \$944.4 million. The positive outlook for VAT stems from an anticipated surge in consumption and imports over the next 12 months.
- 4.14 Customs duties comprise fiscal duty, local excise duty, import excise duty, export duty and a levy on luxury vehicles. Revenue receipts from customs duties in the FY 2015-2016 totalled to \$577.4 million, while expected collections for FY 2016-2017 are projected at \$625.7 million.
- 4.15 Customs revenue for the FY 2017-2018 is forecast to rise to \$743.5 million. The higher forecast takes into account anticipated growth in imports arising from the current pick-up in economic activity, as well as the application of 15 percent excise duty on alcohol & cigarettes in the 2017-2018 Budget.
- 4.16 Table 4.2 below shows revenues from various components of customs duties.

Table 4.2: Gross Customs Duty Collections (\$M)

Customs Duties	2015-2016(A)	2016-2017(B)	2017-2018(B)
Fiscal Duty	398.9	430.7	499.7
Import Excise Duty	46.4	50.1	58.6
Excise Duty	123.7	136.4	175.0
Export Duty	10.1	10.3	12.4
Luxury Vehicle Levy	2.2	2.4	2.8

(Source: Ministry of Economy)

- 4.17 Service Turnover Tax (STT) collections amounted to \$91.3 million in the FY 2015-2016. Collections are expected to increase slightly to \$98.1 million in the FY 2016-2017 and further increase to \$114.8 million in the FY 2017-2018.

- 4.18 Proceeds from Water Resource Tax amounted to \$41.7 million in the FY 2015-2016 and are projected to rise to \$59.7 million in the FY 2016-2017. Collections for the FY 2017-2018 have been budgeted at \$69.9 million.
- 4.19 Actual collections for Departure Taxes accumulated to \$138.1 million in the FY 2015-2016. Receipts for the FY 2016-2017 are expected to amount to \$147.2 million whilst collections of \$172.2 million have been forecast for the FY 2017-2018. The buoyant Departure Tax collection stems largely from the continuous growth in Fiji's visitor arrivals each year. This trend is expected to continue throughout 2017 and 2018.
- 4.20 Revenue receipts from Stamp Duties amounted to \$74.1 million in the FY 2015-2016. For the FY 2016-2017, recipients are anticipated to grow to \$84.2 million, an increase of 10.1 million or 13.6 percent from the previous financial year. Stamp duty receipts in the FY 2017-2018 are projected to increase to \$97.8 million. The current increase in the collection of the Stamp Duty is largely driven by increased activity in Fiji's real estate sector.
- 4.21 As discussed in Chapter 2, the Environmental Levy has been renamed as the Environment & Climate Adaptation Levy (ECAL). ECAL collections rose to \$31.0 million in FY 2015-2016 before ascending to \$77.5 million in the FY 2016-2017. Collections are forecast to rise to \$94.3 million in the FY 2017-2018

Fees, Fines & Charges

- 4.22 Some major categories of fees, fines and charges are LTA fees & fines, the road user levy, water charges, telecommunication & television licenses, court fines and immigration fees.
- 4.23 Collections for fees and charges accumulated to around \$112.1 million in the FY 2015-2016. Collections for the FY 2016-2017 are anticipated to increase further to \$115.1 million. The 2017-2018 Budget has a forecast collection of \$129.2 million for fees, fines and charges.
- 4.24 A detailed breakdown of collections from Governments fees, fines, and charges is provided in the 2017-2018 Budget Estimates.

Cash Grants

- 4.25 Government receives both cash grants and aid-in-kind contributions from various donor agencies, however only cash grants are captured in the cashflow statement. A cash grant of \$21.7 million was received in the FY 2015-2016, while the grant for the FY 2016-2017 is projected to reduce to around \$4.9 million. The reduction is due one-off grants received last year for TC Winston. For the FY 2017-2018, cash grant is projected at \$35.6 million.
- 4.26 Further details on Grant Assistance from development partners and donors are discussed in Chapter 9.

Dividends from Investments

- 4.27 In the FY 2015-2016, Government received around \$85.9 million worth of dividends from state owned entities. Dividend receipts for the FY 2016-2017 are expected to accumulate to \$37.4 million. In the FY 2017-2018, Government is expecting to amass around \$148.0 million in total dividends. The bulk of the returns are expected to come from AFL, FEA and RBF.
- 4.28 Additional details on the performance of state owned entities are provided in Chapter 5.

Reimbursement and Recoveries

- 4.29 Receipts from this category include reimbursements for Government services and refunds of contributions for overseas peacekeeping missions. In the FY 2015-2016, the collection from reimbursement & recoveries amounted to \$25.0 million. The anticipated recoveries for the FY 2016-2017 is \$18.1 million, whilst \$27.9 million is forecast for the FY 2017-2018.

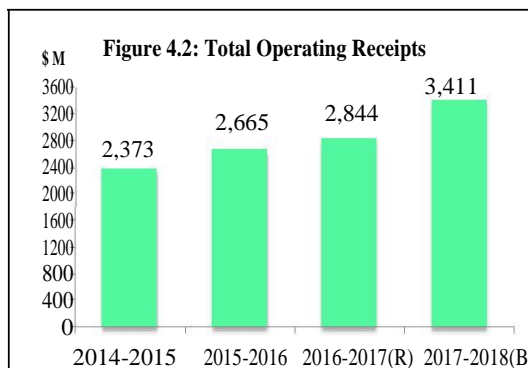
Other Operating Revenue and Surpluses

- 4.30 Other revenue and surpluses include receipts from rental of Government properties, commissions, surpluses from Government agencies, and other miscellaneous items. Total receipts for the FY 2015-2016 amounted to \$44.3 while the projection for the FY 2016-2017 is \$36.6 million. Revenues for the FY 2017-2018 have been budgeted at \$35.9 million.

Total Operating Revenue

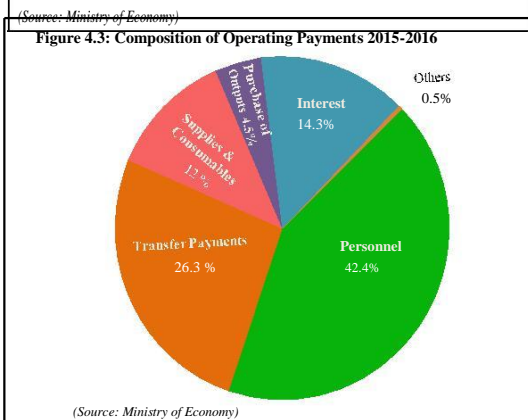
- 4.31 Figure 4.2 depicts a steady growth in operating revenues over the years.

4.32 Operating revenues are expected increase from \$2,665.4 million in the FY 2015-2016 to \$2,844.3 million in the FY 2016-2017. Total operating receipts for the FY 2017-2018 are budgeted at \$3,411.4 million.



Operating Payments

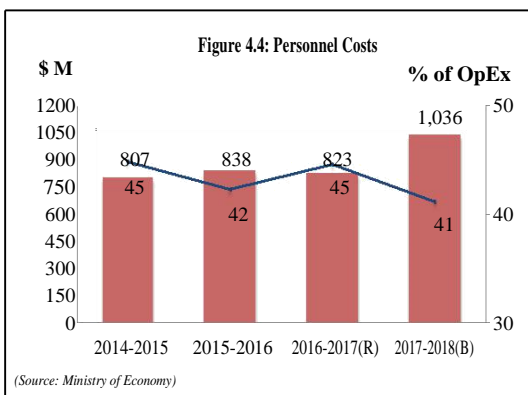
4.33 Government's operating expenditures include payments on wage & salaries; transfers; supplies & consumables; purchase of outputs; interest payments and other operating payments.



Personnel Costs

4.34 Personnel costs (wages and salaries) constitute the largest component of Government's operating expenditure.

4.35 In the FY 2015-2016, personnel costs comprised around 42.4 percent of total operating expenditure. Transfer payments constituted around 26.3 percent, followed by supplies & consumables at 12.0 percent, interest payments at 14.3 percent, purchase of outputs at 4.5 percent and other operating payments at 0.5 percent.



4.36 Expenditures on wages and salaries averaged at around \$800.0 million in the last three financial years. This is expected to increase to \$1,035.7 million in the FY 2017-2018 due to salary adjustments emanating from the recent Civil Service Job Review Exercise.

Transfer Payments

- 4.37 Operating transfers include grants provided to statutory bodies and other entities outside of Government. It also encompasses funding for social protection programmes. Total operating transfers in the FY 2015-2016 stood at \$520.8 million. In the FY 2016-2017, transfers are anticipated to be around \$524.5 million. Transfers will increase significantly in the FY 2017-2018 with a budget allocation of \$766.9 million. The increase stems mainly from increases to allowances under various social welfare schemes.
- 4.38 Table 4.3 shows major operating grant allocations in the 2017-2018 Budget.

Table 4.3: Major Grants (SEG 6)

Activity	(\$M)
Operating Grant – Water Authority of Fiji	89.6
Fiji National University	56.1
Judiciary	54.5
FRCS Grant	53.7
Poverty Benefit Scheme	38.1
Social Pension Scheme	37.2
Free Education Year 1-8	35.0
Free Education Year 9-13	31.4
University of the South Pacific	30.7
Operating Grant – Fiji Road Authority	26.8
Land Transport Authority – Operating Grant	23.1
Fiji Elections Office	22.1
Bus Fare Assistance	20.0
Parliament	11.0
Grant to Fiji’s Servicemen’s After Care Fund	11.0
Grant to Tourism Fiji	10.4
Salary Grant for Early Childhood Education Teachers	8.8
FICAC – Operating Grant	8.5
Legal Aid Commission	8.4
Allowance for Persons with Disability	8.0
Biosecurity Authority of Fiji – Operating Grant	6.8
Child Protection Allowance	6.8
Office of the Director of Public Prosecutions	6.3
Public Service Commission	6.3
Office of the Auditor General	4.6
Overseas Sports Tournaments	4.6
iTaukei Affairs Board	4.0
Fiji Commerce Commission	3.6
University of Fiji	3.4
Hosting of International Tournaments	2.9
Operating Grant Tertiary Scholarship and Loans Board	2.7
Investment Fiji	2.6
Grant to Civil Aviation Authority of Fiji	2.5
Human Rights and Anti-Discrimination Commission	2.4

Activity	(\$M)
Shipping Franchise Scheme	2.3
Tuition Subsidy Grant for Pre-School	2.1
Film Fiji	2.1
Domestic Air Services Subsidy	1.9
Agriculture Marketing Authority	1.9
Food Voucher for Rural Pregnant Mothers	1.7
Higher Education Commission	1.6
Emergency Ambulance Service – National Fire Authority	1.6
Turaga-ni-Koro Allowance	1.5
Engagement of Sports Coaches	1.5

(Source: Ministry of Economy)

Supplies and Consumables

- 4.39 Supplies and consumables includes expenditures on the following:
- Travel & communications;
 - Maintenance and repairs; and
 - Purchases of goods & services for the provision of public goods and services.
- 4.40 Total spending on supplies and consumables amounted to \$238.1 million in the FY 2015-2016. The estimated spending for the FY 2016-2017 is \$217.9 million while the FY 2017-2018 has a projected spend of \$286.4 million.

Special Expenditures

- 4.41 Special expenditures include unique expenditures of Government Departments which are closely aligned to their specific functions. It also covers spending on training, consultancies and other capacity building initiatives.
- 4.42 Expenditures for special projects amounted to \$88.8 million in the FY 2015-2016, while the projection for the FY 2016-2017 has been set at \$51.3 million. Expenditures in the FY 2017-2018 are anticipated to reach \$118.4 million.
- 4.43 Table 4.4 below shows major allocations for special expenditures in 2016.

Table 4.4: Purchase of Outputs (SEG 7)

Activity	(\$M)
Population Census	14.5
2018 General Election Expenses if held in 2017-2018 Financial Year Fiji Elections Office (\$9.3 million) and Fiji Police Force (\$1.6 million)	10.9
Digital Government Transformation	6.0
Fiji Tourism Brand Review	4.7
Financial Assistance Towards TC Winston's Emergency Response (EU)	4.7
Preparatory Cost of Hosting ADB Meeting in 2019	4.0

Activity	(\$M)
Reducing Emissions from Deforestation & Forest Degradation	2.3
Workmen's Compensation	2.0
Implementation Analogue to Digital Roadmap	2.0
National Export Strategy	2.0
Consultancy Payments	2.0
Civil Service Reform Management Unit	2.0
Winter Clothing	1.9
Assistance for Malaria, TB (Global Fund)	1.7
Government Contribution – Global Fund (TB)	1.5
Child Protection Programme	1.3
Consul-General – Shanghai	1.3
Consul-General – Sydney	1.3
Fiji Volunteer Scheme	1.2
Digitisation Programme	1.2
Integrated Human Resource Programme	1.2
National Security and Defence Review	1.1
Duty on Government Purchases	1.0
34 th Session of the FAO Regional Conference for Asia and the Pacific	1.0
Trade Commissioner – PNG	0.9
Trade Commissioner – Los Angeles	0.8
Trade Commissioner – Taiwan	0.7
Fiji Sustainable Land Management Project	0.6
Emergency Water Supplies	0.5
Commonwealth Education Ministers Meeting	0.5
Fijian Made and Buy Fijian Campaign	0.5
Fiji National Women's Expo	0.5
On-going Fiji Agriculture Statistics System	0.5
30 th United Nations World Tourism Organisation Joint Meeting	0.5
Special Administrators	0.5

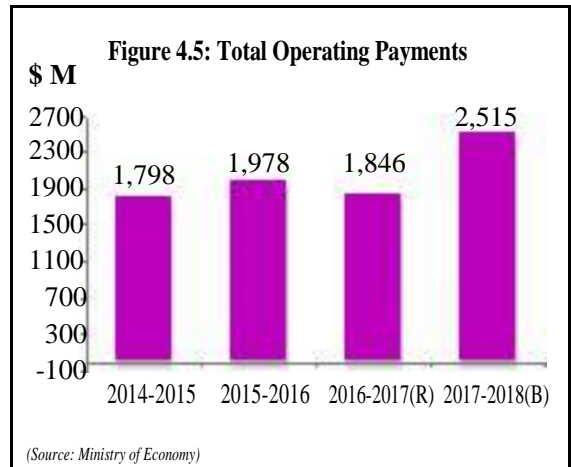
(Source: Ministry of Economy)

Interest Payments

- 4.44 Total interest payments amounted to \$283.5 million in the FY 2015-2016. Interest payments for the FY 2016-2017 are projected at \$228.0 million while the forecast for the FY 2017-2018 stands at \$298.0 million.

Other Operating Payments

4.45 Other operating payments, which include costs associated with debt financing such as agency and management fees, amounted to \$8.9 million in the FY 2015-2016. The payment projection for the FY 2016-2017 is \$2.1 million. Around \$10.1 million is forecast for the FY 2017-2018.



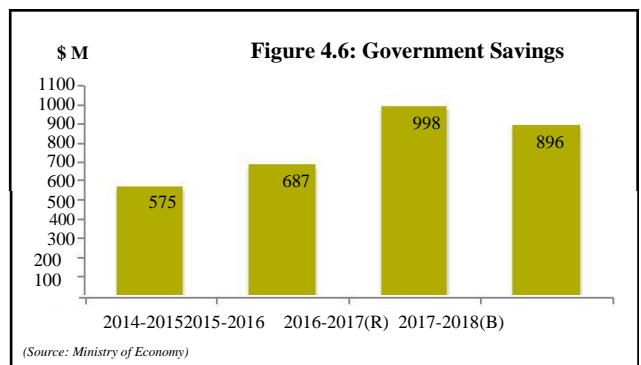
Total Operating Payments

4.46 Total spending on operating activities amounted to \$1,978.0 million in the FY 2015-2016, while the anticipated spending for the FY 2016-2017 is \$1,846.4 million.

4.47 Operating expenditures are forecast to increase to \$2,515.4 million in the FY 2017-2018.

Government Savings

4.48 For the FY 2015-2016, Government recorded an operating savings of \$687.4 million while the expected savings for FY 2016-2017 and FY 2017-2018 are \$997.9 million and \$896.1 million, respectively.



4.49 An operating savings position shows that Government is able to finance its operations from operational revenues, thus any borrowing incurred is solely dedicated for capital projects/programmes.

Investing Revenue

4.50 Investing revenues comprise the following:

- Proceeds from disposal of Government assets;
- Interest from bank balances & term loans;
- Surpluses from Trading & Manufacturing Account (TMA) operations; and
- Loan repayments.

- 4.51 Total investing revenue in the FY 2015-2016 stood at \$192.0 million. In the FY 2016-2017, Government expects around \$6.2 million from investing revenues. For 2017-2018, the projected revenue is around \$383.4 million, mainly from the sale of Government assets.

Investing Payments

- 4.52 Loans, capital transfer payments and purchase of assets comprise the main components of Government's investing payments.

Loans

- 4.53 Government loans comprise solely of loans disbursed through the Tertiary Education Loan Scheme (TELS). Total lending in the FY 2015-2016 amounted to \$50.2 million. The projection for FY 2016-2017 is around \$84.9 million. For FY 2017-2018, total loans are projected to increase to \$159.1 million. The increase reflects changes made in the 2017-2018 Budget to increase student allowances and accommodate additional recipients.

Transfer Payments

- 4.54 Capital transfers cover funding that Government makes to agencies and statutory authorities to implement key developmental projects such as the upgrading of roads, bridges, jetties, water supply infrastructure and other public utilities.
- 4.55 In the FY 2015-2016, around \$1,053.4 million was provided as capital grants and transfers, while the anticipated spending for the FY 2016-2017 is \$1,024.2 million. For FY 2017-2018, Government has allocated a sum of \$1,320.2 million to undertake capital projects.
- 4.56 Table 4.5 below shows allocations for major capital grants & transfers in the FY 2017-2018.

Table 4.5: Major Transfer Payments (SEG 10)

Activity	(\$M)
Capital Grant – Fiji Roads Authority	500.8
Capital Grant – Water Authority of Fiji	217.4
On-going Rehabilitation and Construction of Schools Damaged by TC Winston (R3-R5)	170.0
Tertiary Education Loan Scheme	96.4
Tertiary Education Loan Scheme – Accommodation Support Scheme	62.8
Rural Electrification Project	33.8
Tourism Fiji Marketing Grant	33.1

Activity	(\$M)
National Toppers Scholarship Scheme	32.3
Marketing Support to Fiji Airways	18.0
Sugarcane Development an Farmers Assistance - FSC	15.4
Fertiliser Subsidy - FSC	15.4
Cyclone Rehabilitation Works – Roads, Bridges and Jetties	13.9
FRCS Capital Grant	11.8
Detailed Design for the Nadi Flood Alleviation Project	10.0
First Home buyers	10.0
iTaukei Land Development	10.0
Fiji International Golf Tournament	9.0
Small Grants Project	9.0
Wairabetia Economic Zone	8.0
Committee on Better Utilisation of Land	7.8
Housing Authority - Land Development Subsidy	7.4
Micro and Small Business Grant	6.4
Weedicide Subsidy – FSC	6.3
FNU Labasa Campus	6.0
Cane Access Roads – FSC	6.0
Cyclone Rehabilitation of Solar Home Systems and Diesel Schemes	5.9
Land Acquisition and Survey for Infrastructure Assets (Roads and water)	5.7
Agriculture Marketing Authority – Capital Grant	5.6
Land Transport Authority Capital Grant	5.6
New Town Development (Nabouwalu)	5.6
Cane Cartage (Penang to Rarawai) - FSC	5.1
Cyclone Rehabilitation – Building Grant for Non-Government Primary Schools	5.1
On-going Contingency Fund for Disaster Risk	5.0
FEA Subsidy	5.0
Challenge & Investment Fund – Town/City Council	4.7
Special Payment - FSC	4.0
Other Existing Scholarship Scheme	3.8
Hosting of Super Rugby Game	3.6
Biosecurity Authority of Fiji - Capital Grant	3.4
FDB Subsidy: Interest on Agricultural Loans to Fijians	3.1
Cyclone Rehabilitation – Building Grant for Early Childhood Education Centres	3.1
FNU Veterinary Laboratory, Hospital and Livestock Shed	3.0
On-going Construction – Lautoka Botanical Garden Swimming Pool	3.0
Drainage Subsidy	3.0
Micro, Small and Medium Enterprises Central Coordinating Agency	2.8
Construction of Namaka Market	2.6
Land Bank Investment	2.5
Disaster Risk and Climate Change Adaptation	2.5
Fiji Maritime Academy	2.5

Activity	(\$M)
Building Grant – Resilience School Programme	2.0
On-going Construction – Laqere Market	2.0
Construction of New Swimming Pool – Nasinu Town Council	1.0
Construction of New Indoor Sporting Facility – Lautoka City Council	1.0

(Source: Ministry of Economy)

Purchase of Physical Non-Current Assets

- 4.57 Purchase of physical non-current assets represents Government spending on capital construction activities and capital purchase. In the FY 2015-2016, total expenditure on physical non-current assets stood at \$159.4 million. The anticipated expenditure for FY 2016-2017 is \$104.0 million. For the FY 2017-2018, Government expects to spend around \$299.7 million on asset purchases.
- 4.58 Table 4.7 below shows some key allocations for purchasing assets in the FY 2017-2018.

Table 4.6: Major Purchases of Physical Non-Current Assets (SEGs 8 & 9)

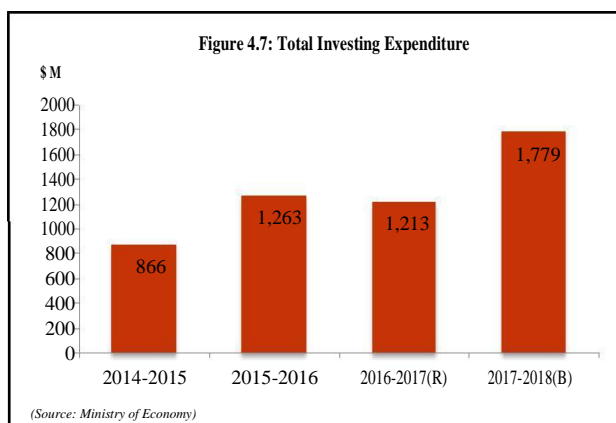
Activity	(\$M)
Vehicle Leasing	34.0
Samoa Submarine Cable Connection to Vanua Levu	17.5
Extension of CWM Hospital Maternity Unit	9.5
Purchase of Multi-Purpose Vessel	8.1
Digital Television Rollout	8.0
Construction of Navosa Sub-Divisional Hospital	7.5
Bio-Medical Equipment – Urban and Sub-Divisional Hospitals	7.5
Drainage and Flood Protection	7.0
Provision to meet the Purchase of Vehicles	6.7
Completion of New Ba Hospital	6.0
Upgrade of Town Wide Informal Settlements	6.0
New Office Complex of the Office of the Prime Minister	5.0
Development of State Land	4.4
State House	4.3
Navua Hospital Landscaping and Civil Works	4.0
Upgrade and Maintenance of Urban Hospitals and Institutional Quarters	3.9
Office Refurbishment	3.8
Office Fittings	3.5
Purchase of Dredgers	3.0
Upgrade of Informal Settlements	2.8
Construction of Naboro Landfill – Stage 2	2.7
Divisional Development Project	2.5
Farm Access Roads	2.5
Prime Minister’s Residence	2.4

Activity	(\$M)
Black Rock Integrated Peacekeeping Centre	2.0
Community Access Roads, Footpaths and Footbridges	2.0
Fiji Agricultural Partnership Project (IFAD)	2.0
Upgrade and Extension of Rotuma Hospital	2.0
Maintenance of Sub-Divisional Hospitals, Health Centres and Nursing Stations	1.9
Grid Extension to Lagalaga Settlement in Labasa	1.8
Grid Extension to Solove Stage 1, Seagaqa	1.7
Construction of Nakasi Police Station	1.0

(Source: Ministry of Economy)

Total Investing Payments

4.59 Total capital expenditure amounted to \$1,263.0 million in the FY 2015-2016. The projected spending for FY 2016-2017 is \$1,213.0 million, while the budget for FY 2017-2018 is \$1,779.0 million.



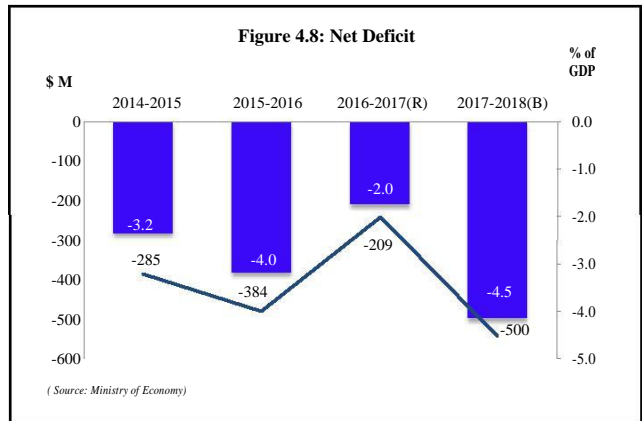
Net Cash Flows from Investing Activities

4.60 Net cash flow from investing activities is the difference between investing revenue and investing expenditure.

4.61 Government achieved a net investing deficit of \$1,071.1 million in the FY 2015-2016. For the FY 2016-2017, the net investing deficit is projected to be around \$1,206.8 million. The net investing deficit for the FY 2017-2018 is budgeted at \$1,395.6 million.

Net Deficit

4.62 The net deficit measures the status of Government's financial position. The net deficit for the FY 2015-2016 was around \$383.7 million or 4.0 percent of GDP. For the FY 2016-2017, Government expects to achieve a net deficit of \$208.9 million or 2.0 percent. The deficit target for the 2017-2018 Budget is set at \$499.5 million or 4.5 percent of GDP.



CHAPTER 5: GOVERNMENT’S BALANCE SHEET

Introduction

- 5.1 This chapter discusses major components of Government’s Balance Sheet which include Government’s investments in State Owned Enterprises (SOEs), arrears of revenue, public debt and contingent liabilities.

Government’s Equity Investment

- 5.2 Government has continued to pursue various reform initiatives to improve the performance of SOE’s and ensure they generate adequate returns. Improvements in the financial performance of SOE’s will not only result in more dividends returns to Government, it will also minimise potential fiscal risks to the National Budget.
- 5.3 Government’s equity investments are made across various entities which are grouped under the following categories: Government Commercial Companies (GCCs); Commercial Statutory Authorities (CSAs); Majority Owned Companies (MACs); and Minority Owned Companies (MICs). SOE investments are also operating across various sectors of the economy such as agriculture, transport and infrastructure, communication, trade and finance and fisheries and forests.
- 5.4 Table 5.1 below details the portion of Government’s shareholding in SOEs.

Table 5.1: Shares & Portfolio Allocations in SOEs

State Owned Entities		Shares (%)	Sector/Portfolio
Government Commercial Companies (GCC)			
1	Airports Fiji Ltd (AFL)	100	Transport & Infrastructure
2	Fiji Broadcasting Corporation Ltd (FBCL)	100	Communication
3	Fiji Hardwood Corporation Ltd (FHCL)	100	Fisheries & Forests
4	Fiji Public Trustee Corp Ltd (FPTCL)	100	Trade & Finance
5	Food Processors (Fiji) Ltd (FPFL)	100	Agriculture
6	Post Fiji Ltd (PFL)	100	Communication
7	Fiji Rice Ltd (RRL)	100	Agriculture
8	Unit Trust of Fiji (Mgt) Ltd (UTOFML)	100	Trade & Finance
9	Viti Corps Company Ltd (VCCL)	100	Agriculture
10	Yaqara Pastoral Corporation Ltd (YPCL)	100	Agriculture
Commercial Statutory Authorities (CSA)			
1	Biosecurity Authority of Fiji (BAF)	100	Agriculture
2	Fiji Electricity Authority (FEA)	100	Transport & Infrastructure
3	Fiji Meats Industry Board (FMIB)	100	Agriculture
4	Housing Authority (HA)	100	Trade & Finance
5	Public Rental Board (PRB)	100	Trade & Finance
6	Water Authority of Fiji (WAF)	100	Transport & Infrastructure

State Owned Entities		Shares (%)	Sector/Portfolio
Majority Owned Companies (MAC)			
1	Fiji Pine Ltd (FPL)	99.8	Fisheries & Forests
2	Pacific Fishing Company Ltd (PAFCO)	98	Fisheries & Forests
3	Copra Millers Fiji Ltd (CMFL)	96	Agriculture
4	Fiji Sugar Corporation Ltd (FSC)	68	Agriculture
5	Fiji Airways Ltd (FAL)	51	Transport & Infrastructure
6	Air Terminal Services (ATS)	51	Transport & Infrastructure
Minority Owned Companies (MIC)			
1	Fiji Ports Corporation Ltd (FPCL)	41	Transport & Infrastructure
2	Amalgamated Telecom Holdings (ATH)	17.3	Communication

(Source: Ministry of Public Enterprises)

Government Equity Investment Performance

- 5.5 SOEs have generated mixed results on key financial indicators such as ‘Return on Assets (ROA)’ and ‘Returns on Equity (ROE)’.

Table 5.2: Average ROA/ROE by Government Shareholding (%)

Type	2013		2014		2015		2016	
	ROA	ROE	ROA	ROE	ROA	ROE	ROA	ROE
GCC	3.24	4.35	3.61	4.89	5.65	7.95	11.20	16.06
CSA	0.07	0.10	-0.99	-1.38	0.26	0.38	0.85	1.20
MAC	8.20	27.31	9.32	25.66	9.74	27.03	9.78	27.04
MIC	8.49	10.53	7.07	8.33	10.69	12.12	16.75	18.52

(Source: Ministry of Public Enterprise)

- 5.6 As depicted in Table 5.2 above, all of the respective SOE categories have recorded improved financial performances in 2016 compared to the previous three financial years. GCCs achieved significant improvements to their ROEs in 2016. This is directly attributed to an outstanding performance by AFL whilst other entities such as FPTCL, FHCL, UTOFML, PFL, YPCL, FBC and FRL recorded reasonable returns. Positive returns were also recorded for most CSAs including FEA, FMIB, HA and PRB.
- 5.7 The positive returns for MACs in 2016 stemmed mainly from FAL, ATS and PAFCO, all of which registered buoyant outturns for the year. The improved results for MICs can be attributed mainly to the inclusion of FPCL as a minority owned entity after the partial divestment of the company’s shares in 2016.
- 5.8 Table 5.3 below shows the performance of SOEs by economic sectors.

Table 5.3: Average⁹ Return by Sector (%)

Sector	2013		2014		2015		2016	
	ROA	ROE	ROA	ROE	ROA	ROE	ROA	ROE
Agriculture	5.56	12.04	8.02	16.75	9.64	22.44	10.14	19.14
Communication	-1.60	-3.05	0.97	1.92	3.14	5.76	10.52	18.04
Fisheries & Forests	16.50	22.78	13.00	16.66	12.77	16.23	12.56	15.91
Trade & Finance	0.62	1.85	0.99	2.73	1.50	3.96	1.62	4.02
Transport & Infrastructure	0.76	1.10	0.34	0.52	1.75	2.71	3.02	4.60

(Source: Ministry of Public Enterprise)

5.9 SOE investments in the fisheries and forest sectors achieved the highest returns. Positive returns from the agricultural Sector stem mainly from profits incurred by YPCL and FRL. The communications sector showed notable improvements due to profits by FBC; however this was derived from a change in accounting policy rather than an actual increase in profits. Returns from the trade and finance sectors also increased, an increase owed largely to profits generated by the Housing Authority. Similarly the transport and infrastructure sector yielded positive returns, with FAL, FEA and AFL contributing the highest profits.

Policy Initiatives to Improve SOE Returns

5.10 The following activities are being undertaken by Government to improve the ROE and ROA returns of SOE's:

- Review the Public Enterprise Act (as explained in Chapter 3) with a view to improving the overall management, and performance of SOEs;
- Strengthening the existing monitoring framework to ensure SOE objectives are aligned to Government's goals and ensure all SOE Directors and Board Members are held accountable for the achievement of stated goals;
- Appoint Directors and Board Members of SOE's using a skills-based approach, which will allow Government to appoint the right people with the right skill sets, knowledge and expertise to provide guidance and strategic advice to improve the performance of SOEs and achieve long-term success;
- Undertake regular training and workshops for SOE Directors and Management in key strategic areas such as planning, accountability and reporting;

⁹Note: The average analysis is conducted in determining overall sector performance. However, each company within these sectors may have different assets, equity base and earning capacity.

- Continuously review the operations of SOEs and propose cost-effective measures to improve service delivery, increase accountability and produce higher returns; and
- Implement practical commercial strategies to uplift the performance of non-performing entities with the aim of achieving self-sustainability.

Dividend from Government Investments

Table 5.4: Dividends by Shareholding Categories (\$M)

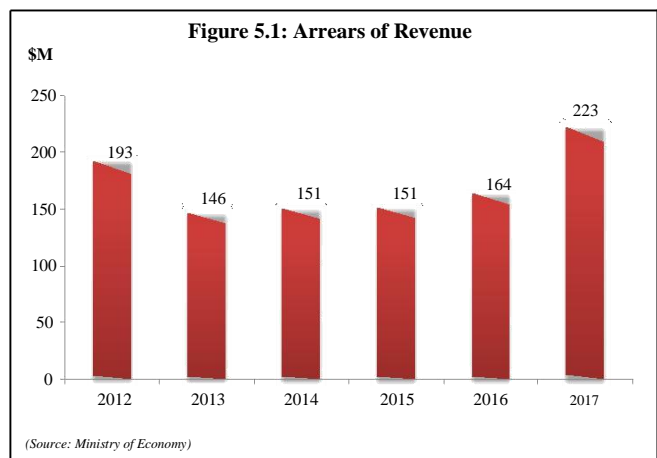
Type	2013	2014	2015	2016
GCC	3.7	17.1	17.2	32.9
CSA	-	-	-	-
MAC	0.2	-	0.5	-
MIC	6.8	2.9	13.9	8.6
Total	11.9	20	31.6	41.5

(Source: Ministry of Public Enterprise)

5.11 Since 2013, Government has received the largest share of dividends from GCCs and MICs. In 2015, Government received a total of \$31.6 million with AFL providing the highest returns followed by ATH, FPCL, YPCL, PFL, FPTCL and ATS. In 2016, a total of \$40.8 million worth of dividends was received with GCC's contributing the highest amount followed by MIC. No dividend returns were received from CSAs and MAC entities.

Revenue Arrears

5.12 Government's revenue arrears include unpaid taxes, fees, rates, charges, penalties and fines. Generally, arrears of revenue have been rising steadily since 2013 even though efforts were made to reduce significant outstanding revenues in 2012.



5.13 As shown in Figure 5.1, total arrears as of 30 April 2017 stood at \$223 million, a significant increase of \$59.0 million compared to the end of 2016. This was mainly attributed to an increase in unpaid direct taxes and water bills.

5.14 **Table 5.5** shows that unpaid taxes constitute the largest share of arrears at \$121.6 million, followed by crown lease rentals (\$35.8 million), water bills (\$33.8 million) and judicial/court fees, fines & charges (\$13.2 million)

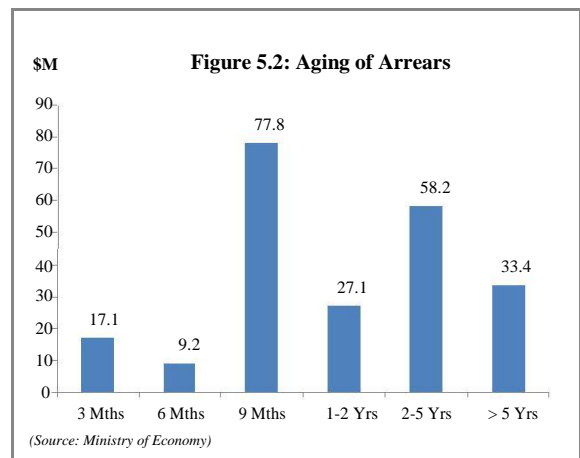
5.15 **Table 5.5 Arrears of Revenue (\$M)**

	2012	2013	2014	2015	2016	2017
Total Arrears	193.2	146.0	150.8	151.4	163.9	222.8
<i>Major components:</i>						
Taxation & Customs	111.2	78.5	65.5	52.7	69.3	121.6
Lands Crown Rent	22.7	28.4	25.3	26.9	20.8	35.8
Water Rates	38.1	38.2	32.4	29.0	32.9	33.8
Judicial Fees & Fines	11.3	11.7	13.4	13.2	13.5	13.2

(Source: Ministry of Economy)

5.16 Figure 5.2 displays the age of revenue arrears over the period that overdue revenues were not paid up or received by Government.

5.17 Around \$33.4 million (or 15 percent) comprises revenue arrears that have been overdue for more than five years while the remaining majority (85%) constitutes outstanding revenues that have been overdue for less than five years.



Government Debt

5.18 The nominal value of Government's total debt stock stood at \$4.5 billion by end of July 2016. The Debt to GDP ratio has declined from 49.2% in 2015 to 47% in 2016. The medium term target for Government is to maintain debt at below 40.0% of GDP.

Table 5.6: Total Government Debt (\$M)

	July-13	July-14	July-15	July-16	July-17(f)
Domestic Debt	2,713.2	2,847.6	2,997.5	3,245.0	3,275.1
External Debt	1,040.5	1,081.5	1,385.3	1,262.6	1,441.4
Total Debt	3,753.7	3,929.1	4,382.8	4,507.7	4,716.5
Debt (as a % of GDP)	48.6%	48.3%	49.2%	47.0%	45.8%
Domestic Debt to Total Debt (%)	72.3%	72.5%	68.4%	72.0%	69.4%
External Debt to Total Debt (%)	27.7%	27.5%	31.6%	28.0%	30.6%

(Source: Ministry of Economy)

5.19 Outstanding debt is projected to further decline to 45.8% by end of July 2017. The decline in debt position is mainly attributed to the increase in economic growth and lower fiscal deficits.

Domestic Debt Stock

5.20 Domestic debt comprises mainly debt securities such as treasury bills and bonds. TBs are short-term debt with maturities ranging from 14 days to 245 days whereas bonds are long-term securities with maturities ranging from three years to 15 years.

5.21 Government issues two types of bonds, namely the Fiji Infrastructure Bond (FIBs) which is issued through public tender, and the Viti Bond which is issued via tap¹⁰ procedure.

Table 5.7: Government's Domestic Debt Stock (\$M)

	July-13	July-14	July-15	July-16	July-17 (f)
Bonds	2,607.4	2,761.8	2,831.8	3,079.8	3,214.2
Treasury Bills	99.5	82.6	165.7	165.2	60.9
FSCGC Loan	6.3	3.2	0.0	0.0	0.0
Total Domestic	2,713.2	2,847.6	2,997.5	3,245.0	3,275.1
Domestic Debt to GDP (%)	35.2%	35.0%	33.7%	33.8%	31.8%

(Source: Ministry of Economy)

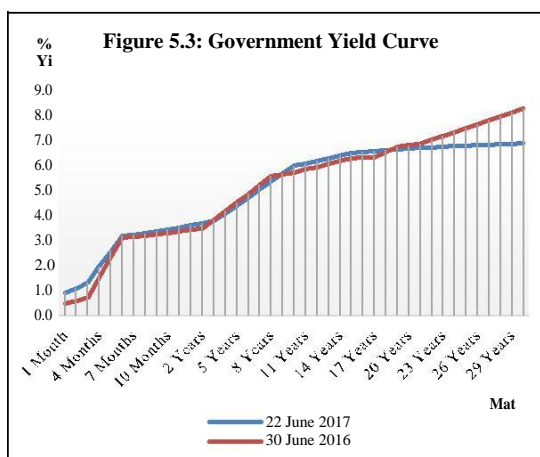
5.22 Government's stock of outstanding treasury bills is projected to drop from \$165.2 million in July 2016 to around \$60.9 million by end of July 2017. This significant decline is attributed to sound cash-flow management and favourable revenue outturns during this period. On the other hand, bond issuances are expected to increase in the coming months with bulk of the borrowings going towards infrastructure financing. The majority of the bonds floated in the domestic capital market are taken up by institutional investors, in particular banks, insurance companies and the Fiji National Provident Fund.

¹⁰ A tap issue is a procedure that allows borrowers to sell bonds or other short-term debt instruments from past issues. The bonds are issued at their original face value, maturity and coupon rate, but sold at the current market price.

Domestic Interest Rate Structure

5.23 Yields on Government bonds rose slightly across the maturity spectrum in 2017. The rise in yields is due to an increase in bond floatation to raise funds for rehabilitation work for TC Winston and on-going infrastructure projects.

5.24 With excess liquidity in the banking system recorded for first half of 2017, there is a high likelihood for interest rates to decline slightly by the end of this year.



External Debt Stock

5.25 Fiji's external debt stock stood at \$1.3 billion at the end of July 2016, equivalent to 12.8 percent of GDP. This is projected to increase to \$1.4 billion by end of July 2017 due to an anticipated increase in drawdowns from the Emergency Recovery Loan Facility. Further inwards flows are also expected for on-going infrastructure projects and Fiji's cable connection to the Samoa Submarine Cable Project.

Table 5.8: Government's External Debt (\$M)

	July-13	July-14	July-15	July-16	July-17
External Debt	1,040.5	1,081.5	1,385.3	1,262.6	1,441.4
Global Bonds	473.9	463.7	535.7	415.7	416.1
Loans	566.6	617.8	849.6	846.9	1,025.3
External Debt to GDP (%)	13.5%	12.8%	15.0%	12.8%	14.0%

(Source: Ministry of Economy)

5.26 In terms of composition of external debt - as of July 2016, global bonds comprised around 33 percent of the total external debt portfolio, bilateral loans constituted 46 percent and multilateral loans 21 percent. The majority of Fiji's external debt is still being denominated in US dollars (54 percent) followed by the Chinese Yuan (44 percent) and the Japanese Yen (2 percent).

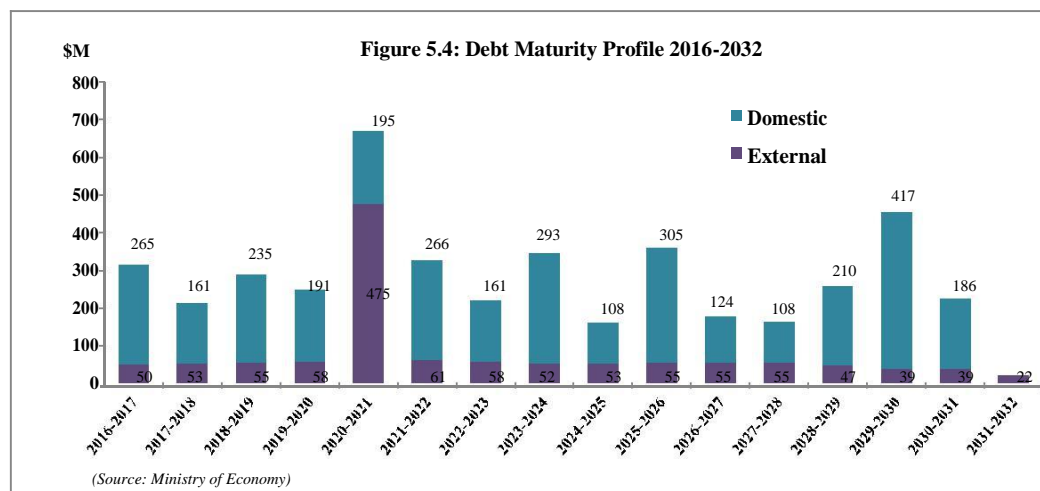
Table 5.9: External Debt Stock by Creditors (\$M)

	July-13	July-14	July-15	July-16
Bilateral	328.1	370.9	568.9	585.6
Multilateral	238.5	246.9	280.7	261.3
Global Bond	473.9	463.7	535.7	415.7
Total External Debt	1,040.5	1,081.5	1,385.3	1,262.6

(Source: Ministry of Economy)

Government Debt Maturity Profile

5.27 Figure 5.4 illustrates Government's debt maturity profile for the period 2017 - 2032.



5.28 Bulk of the debt maturing between 2017 and 2030 are denominated in Fijian dollars. The maturity of external debt is evenly spread out over this period with a yearly redemption average of \$50 million. The only exception is the spike in redemption payment in 2020-2021 (refer to graph), which reflects the maturity of the Global bond. Government will continue to review its debt instruments to maintain an optimal maturity structure and avoid excessive maturity with short time periods.

Risk Indicators

5.29 The refinancing risk on Government debt is stable given the smooth redemption profile as outlined above. Overall, the average time to maturity of total Government debt is around 7.4 years. This is reasonable given our current debt repayment capacity and risk profile.

5.30 Table 5.10 below shows key risk indicators associated with Government debt.

Table 5.10: Risk Exposure as of July 2016

Risk Indicators	External	Domestic	Total
Debt (\$ millions)	1,262.6	3,245.0	4,507.7
Debt as a % of GDP	12.8	32.9	45.7
Cost of Debt: Weighted Average Interest Rate (%)	3.4	7.1	6.0
Refinancing Risk: Average Time to Maturity (yrs)	6.6	7.7	7.4
Debt maturing in 1yr (% of total)	4.0	8.3	7.1
Interest Rate Risk: Average time to Refixing (yrs)	4.9	7.7	6.9

Risk Indicators	External	Domestic	Total
Variable rate debt (% of total)	21.6	5.1	9.5
Foreign Exchange Risk (% of total debt)	28%		

(Source: Ministry of Economy)

- 5.31 The proportion of total debt attracting variable interest rates is only 9.5 percent. This means that only a small portion of Government's debt is exposed to interest rate fluctuations. Furthermore, most external loans are highly concessional which means that the interest rates for these loans are below the market rates. This minimises our exposure to exchange rate pressures.

Contingent Liabilities

- 5.32 A summary of Government's contingent liabilities is tabulated below. Total contingent liabilities stood at \$1.3 billion as of July 2016, equivalent to 12.8 percent of GDP. This comprised of Government guarantees at \$787.4 million equivalent to 8.0 percent of GDP and other contingent liabilities at \$471.8 million.

Table 5.11: Government Contingent Liabilities (\$M)

Government Guarantees	2013 (r)	2014 (r)	2015 (r)	July-2016
Fiji Development Bank	190.0	157.9	170.0	183.9
Fiji Electricity Authority	297.9	349.6	335.5	324.5
Fiji Hardwood Corporation	15.3	13.4	6.4	5.2
Fiji Pine Limited	13.5	4.2	3.5	3.2
Fiji Sugar Corporation	156.0	185.6	200.0	173.3
Housing Authority	79.8	78.6	79.6	74.6
Fiji Sports Council	13.0	8.5	4.3	2.1
Fiji Ports Corporation Ltd	23.2	11.1	5.2	1.4
Fiji Broadcasting Corporation. Ltd	20.9	19.3	17.6	16.5
Pacific Fishing Company Ltd	2.8	4.4	2.4	2.6
TOTAL	812.4	832.6	824.5	787.4
Guarantees as % of GDP	10.5%	9.9%	9.0%	8.0%
Other Contingent Liabilities				
International Bank for Reconstruction & Development (IBRD)	7.1	7.1	7.1	237.5
Asian Development Bank (ADB) ^{1/}	0.0	0.0	0.0	198.6
National Bank of Fiji	1.6	7.9	6.3	6.3
Others	0.0	0.0	29.9	29.3
Other Contingent Liabilities	8.7	15.0	43.3	471.8
Total Contingent Liabilities	821.1	847.6	867.8	1,259.2
As % of GDP	10.64%	10.05%	9.42%	12.79%

1. 'Callable portion' of the subscriptions for equity shares with international financial agencies commence disclosed in 2016

(Source: Ministry of Economy)

- 5.33 Government guaranteed entities play a vital role in helping Government achieve its development priorities. Government will continue to monitor the performance

of these entities to ensure they achieve national objectives with practical commercial solutions, and adopt prudent risk management strategies to operate sustainably in the future.

CHAPTER 6: POVERTY ALLEVIATION, SOCIAL EMPOWERMENT AND RURAL DEVELOPMENT

Introduction

- 6.1 Poverty alleviation, social empowerment and social protection are key areas of the Government's spending priorities. Government is committed to continuing its support in these areas through specific initiatives targeting women, children, senior citizens and people with disabilities.

Social Protection

- 6.2 **Poverty Benefit Scheme (PBS):** Currently 25,259 people benefit from the scheme which targets financial support to low-income households. Around \$38.1 million is allocated for this initiative in the Budget, an increase of \$14.9 million from the last financial year. The increase stems from an upward adjustment in the monthly household allowance from \$30-\$110 per household to \$35-\$127 per household, as well as the absorption of an additional 544 new recipients under the scheme. PBS recipients, however, will continue to receive the monthly food voucher of \$50.
- 6.3 **Social Pension Scheme:** This programme provides a social safety-net for elderly citizens that are currently not receiving any form of Government assistance or pension support. The budget allocation for the programme has been increased from \$14.0 million to \$37.2 million to accommodate an increase in the monthly allowance from \$50 to \$100 as well as an increase in the number of recipients from 25,998 to 34,002 due to a reduction in the eligibility age from 66 years to 65 years.
- 6.4 **Food Voucher Programme for Rural Pregnant Mothers:** Pregnant women in rural areas will continue to receive assistance under the Food Voucher Programme to help prevent complications during pregnancy and infant malnutrition. The allowance under this programme has been increased from \$30 to \$50 per recipient, and also the number of rural mothers under the scheme is projected to increase from 1,548 to 2,076. These changes will be funded through an allocation of \$1.7 million.
- 6.5 **Child Protection Allowance:** The programme provides allowances for children from low-income families, single-parent families and prisoner dependents. Government has decided to increase the monthly allowance for this scheme from \$25-\$60 per child to \$29-\$69 per child and also increase

the intake of child recipients from 4,152 to 4,696 in the upcoming financial year with a budget allocation of \$6.8 million.

- 6.6 ***Fiji Juvenile Rehabilitation & Development Centre:*** A budget of \$138,000 has been allocated for the renovation and extension of the Fiji Juvenile Rehabilitation & Development Centre. These structural improvements will improve living conditions at the Centre and provide a more conducive environment for the rehabilitation of juveniles.

Support for People Living with Disabilities

- 6.7 ***Allowance for People Living with Disability:*** This is a new programme in the 2017-2018 Budget which provides a monthly allowance of \$90 to assist people living with permanent physical disability. It has an allocation of \$8.0 million which is expected to support 11,400 recipients.
- 6.8 ***Establishment of a new Institution for the Psycho-socially Challenged:*** Initial design and scoping works will be undertaken in 2017-2018 for the construction of a new Centre for the 'psycho-socially challenged' in Fiji. A budget of \$25,000 is allocated for this purpose. The Centre will be Fiji's central institution for the treatment of patients suffering from mental health disorders.
- 6.9 ***Fiji National Council of Disabled Persons (FNCDP):*** FNCDP will receive a grant of around \$1.2 million in the 2017-2018 Budget to support its operations. FNCDP is the central co-ordinating agency for all organisations in Fiji that currently deliver services to people with special needs.
- 6.10 ***Grant to Organisations for Persons with Disability:*** A grant of \$1.1 million will be disbursed to seven Disabled Persons Organisations in 2017-2018 via grant agreements signed with the Ministry of Women, Social Welfare and Poverty Alleviation. A significant portion of this grant is earmarked for the construction of a new Centre for Disability in Lautoka.

Support for Senior Citizens

- 6.11 ***Procurement of Special Care Equipment:*** A sum of \$50,000 is allocated in 2017-2018 Budget for the procurement of lifting hoists, wheel chairs and hi-lo beds for state - run aged-care homes. These will assist with the mobility of elderly residents at the homes.

- 6.12 ***Renovation of State Homes for the Elderly***: Three state-run homes for the elderly will undergo major renovations in 2017-2018 with a budget provision of \$0.3 million. These are: the Babasiga Home at Labasa; the Golden Age Home in Lautoka; and the Samabula Senior Citizens Home in Suva.

Support for Women

- 6.13 ***Women's Plan of Action***: The Ministry of Women will continue to pursue core priorities of the Fijian Government's Women's Plan of Action 2010 to 2019. This includes the mainstreaming of women's interests across all sectors of the economy to promote gender equity, and ensure women have equal access to opportunities to achieve their goals and aspirations in life. A sum of \$1.4 million is allocated in the Budget for this purpose. In 2017-2018, the Ministry of Women will present Fiji's 5th State Report on the implementation of the *UN Convention on the Elimination of All Forms of Discrimination against Women*.
- 6.14 ***Grant to Women's Institutions***: A special grant of \$0.2 million will be provided to both the Makoi Vocational Centre and the Ba Women's Forum for skills training and workshops. These grants will enable women attending these institutions to gain employable skills and improve their livelihoods.
- 6.15 ***Domestic Violence Helpline***: A sum of \$0.2 million is allocated in the Budget to support the operations of the 24 hour Domestic Violence Helpline, which is currently being operated by the Fiji Women's Crisis Centre. This toll free line provides an efficient platform for reporting domestic violence cases to relevant Authorities.

Education

- 6.16 ***Bus Fare Subsidy***: Government provides transport assistance to students from low income households via this subsidy. The assistance also covers the transportation costs of students who travel by boat, carriers and other modes of public transport. \$20.0 million has been allocated in the Budget to support the bus fare subsidy programme in 2017-2018.
- 6.17 ***Tertiary Education Loans Scheme (TELS)***: Funding for TELS has been increased from \$42.5 million to \$159.1 million¹¹ to assist an additional 4,420

¹¹This grant has two components: TELS Tuition of \$96.4 million; and TELS Accommodation Support of \$62.8 million.

students with tertiary loans. The total number of students under this programme is expected to rise to 20,900 in 2017-2018.

- 6.18 **National Toppers Scholarship:** The Toppers Scheme is receiving an increased allocation of \$32.3 million in the 2017-2018 Budget, which provides scholarships to around 630 tertiary students in several priority fields.

Housing

- 6.19 **Upgrade of Informal Settlements:** This programme focuses on providing suitable housing and income-generating activities for residents of squatter settlements around the country. The programme has been allocated a sum of \$2.8 million for on-going upgrading works at four squatter settlements: Ledrusasa (Nadi); Sasawira (Nasinu); Caubati (Nasinu); and Clopcott (Ba).
- 6.20 **City Wide Upgrade:** This project encompasses upgrading of squatter settlements in urban and peri-urban areas. Several squatter settlements in the Suva-Nausori corridor, Nadi-Lautoka corridor, Labasa and Savusavu will be upgraded in 2017-2018 with a budget allocation of \$0.4 million. Relevant consultations will be carried out with City and Town Councils when implementing these projects.
- 6.21 **Upgrade of Town Wide Informal Settlements:** The project involves upgrading of informal settlements situated on iTaukei-owned land or native land administered under TLTB. \$6.0 million has been allocated in the Budget to continue with construction works at Waidamudamu, Nadonumai, Wakanisila and Tauvegavega settlements.
- 6.22 **Housing Assistance Relief Trust (HART):** This programme provides funding to accommodate destitute families in low cost housing settlements. Around 90 percent of the HART tenants are social welfare recipients. These tenants pay \$1 - \$5 in rent per week, depending on the type of homes they occupy. The HART programme has been allocated a sum of \$0.5 million in the 2017-2018 Budget.

Table 6.1: Government Assistance for Social Protection (\$M)

	2016-2017	2017-2018
Social Welfare		
Poverty Benefit Scheme	23.2	38.1
Social Pension Scheme	14.0	37.2

	2016-2017	2017-2018
Allowance for People Living with Disability	0.0	8.0
Food Voucher Programme Rural Pregnant Mothers	0.5	1.7
Procurement of Special Care Equipment	0.0	0.05
Consultation for the Establishment of an Institution for the Psycho-Socially Challenged	0.0	0.03
Renovation of State Homes for the Elderly	0.0	0.3
Extension and Refurbishment of Fiji Juvenile Rehabilitation Centre	0.0	0.1
Child Protection Allowance	3.5	6.8
Child Protection Programme	1.0	1.3
Women's Plan of Action	1.0	1.4
Grants to Women's Institutions	0.0	0.2
Domestic Violence Helpline	0.2	0.2
Fiji National Council of Disabled Persons	0.4	1.2
Grants to Organisations for Persons with Disability	0.0	1.1
Education		
Bus Fare Subsidy	20.0	20.0
Tertiary Education Loan Scheme	42.5	159.1
National Toppers Scholarship Scheme	10.6	32.3
Health		
Free Medicine and Medical Supplies	10.0	10.0
Housing		
Upgrade of Informal Settlements	2.1	2.8
City Wide Upgrade	0.4	0.4
Upgrade of Town Wide Informal Settlements	4.0	6.0
Housing Assistance Relief Trust (HART)	0.5	0.5

(Source: Ministry of Economy)

Development of Rural & Maritime Areas

- 6.23 Government will continue with key divisional projects to improve living standards in the rural and outer islands. Some key projects are discussed in the ensuing paragraphs.
- 6.24 **Rural Electrification Project:** A budget allocation of \$33.8 million is directed towards the rural electrification project in 2017-2018 to cater for solar installations, house wiring and generator repairs.

- 6.25 A sum of \$9.0 million is provided for grid extension works in Keiyasi (Waiyala, Sawene, Wema, Korovou & Nasikawa); Mali Island; Vorovoro Island; Labasa (Lagalaga); Taveuni (Welagi, Qila, Vunidawa, Nabuloni); Seqaqa (Solove) and Ba (Nakoroboya).
- 6.26 **FEA Subsidy:** The threshold for Government's electricity subsidy for low income families will be raised from 95 kilowatts to 100 kilowatts. \$5.0 million is provided in the Budget to pay for the first 100 kilowatts consumed by households with combined incomes of less than \$30,000 per annum.
- 6.27 **Rural Housing Assistance:** A sum of \$1.0 million is allocated to manage three schemes that provide rural communities and individuals with housing assistance.
- Scheme 1:* The first component of the assistance targets the re-construction of homes for families whose houses have been destroyed by fires or natural disasters.
- Scheme 2:* The second component provides support for building a standard 24m x 16m housing structure whereby Government will contribute 2/3 of the total costs whilst recipients are to provide 1/3 through cash or in-kind contribution.
- Scheme 3:* The third scheme involves the construction of new homes for social welfare recipients who have been recommended by Department of Social Welfare. Government provides full funding for the homes constructed under this scheme.
- 6.28 **Drainage and Flood Protection:** A budgetary provision of \$7.0 million is allocated for the new Ministry of Waterways to carry out river dredging and construction of river bank boulders across the country. This would help ease flooding in low-lying agricultural land and assist farmers to reduce the threat of crop loss.
- 6.29 **Drainage Subsidy & Maintenance of Irrigation Schemes:** A sum of \$3.0 million is allocated in the Budget to subsidise drainage works in selected agricultural areas whilst a further \$1.5 million is allocated for the maintenance of existing irrigation schemes.
- 6.30 **Government Stations:** \$1.8 million is allocated in 2017-2018 Budget for the construction of three Government stations. When completed, the Wainua Government Station in Naitasiri will cater for villages in the tikina of

Noimalu (*Naboubuco, Nagonenicolo, Muaira and Nadaravakawalu*) whilst the Kubulau Government Station in Bua will provide state services for villages in the tikina of Kubulau (*Wainunu, Nadi and Wailevu West*). The Wainikoro Government Station in Macuata will provide services to villages in the tikina of Nadogo (*Namuka, Dogotuki, & Cikobia*).

- 6.31 **Rural Sports Complexes:** A sum of \$2.1 million is allocated in 2017-2018 for the completion of the Vunisea Sports Complex in Kadavu and the Sawaieke Sports Complex in Gau. It will also fund some preliminary works for the construction of a new Vunidawa Sports Complex in Naitasiri.
- 6.32 Table 6.2 outlines some of Government's key projects for rural and maritime development.

Table 6.2: Rural & Maritime Development Programmes (\$M)

	2016-2017	2017-2018
Rural Electrification Project	14.9	33.8
Upgrade of Government Shipping Vessels	0.8	1.0
Rural Power Grid Extension	3.5	9.0
Construction of Rural Sports Complexes	1.0	2.1
Drainage & Flood Protection	5.0	7.0
Rural Water Supply Programme	7.5	27.3
Shipping Franchise Scheme	2.3	2.3
Rural Housing Assistance	0.5	1.0
Grant to Self-Help Projects	2.5	1.5
Agricultural Marketing Authority (Capital Grant)	4.0	5.6
Cane Access Roads - FSC	3.0	6.0
Agriculture Extension Services - Crops	0.8	1.0
Rotuma Island Agriculture Development	0.1	0.1
Sigatoka Valley Agriculture Development	0.2	0.3
Saivou Valley Agriculture Development	0.4	0.4
Nadarivatu Agriculture Development	0.1	0.4
Rural & Outer Island Agricultural Development	1.5	1.5
Agro Input Subsidy	1.0	1.0
Maintenance of Irrigation Schemes	0.4	1.5
Watershed Management	1.4	1.4
Drainage Subsidy	2.0	3.0
Renewable Energy Development Projects	0.1	0.5

	2016-2017	2017-2018
Fiji Groundwater Assessment & Development Projects	1.2	1.6
Rural Postal Services	0.4	0.4
Rural Sports Fields	0.2	0.5
Banking services for Non-Economical Rural Areas	0.3	0.4

(Source: Ministry of Economy)

CHAPTER 7: PRIORITY AREAS

Introduction

- 7.1 This chapter highlights the budgetary allocations for Education, Health, Infrastructure, Agriculture, Fisheries and Forestry in the 2017-2018 Budget.

Education

- 7.2 Section 31 of the 2013 Constitution enshrines the right of every Fijian to quality education. This includes access to proper school infrastructure and educational facilities. Key budgetary allocations to support the education sector are highlighted in the ensuing paragraphs.

Tuition Grants

- 7.3 The **Tuition Free Grant Programme** or **Free Education Programme** will receive a total budget of \$66.4 million to cater for the tuition fees of students from Year 1 to Year 13. This includes \$35.0 million for Year 1 to Year 8 students, and \$31.4 million for Year 9 to Year 13 students.
- 7.4 Around \$159.1 million is appropriated for the **Tertiary Education Loan Scheme**. The scheme will support around 4,420 students in tertiary institutions and technical colleges across the country. Students under the scheme are only required to repay their loans once they start earning income. The responsibility of collecting loan repayments has also been assigned to the Fiji Revenue & Customs Authority to ensure effective loan recovery.
- 7.5 The **National Toppers Scheme** is provided a budget of \$32.3 million. The scheme is earmarked for selected fields of study that will address Fiji's human resource needs; and the scholarships will be provided to those tertiary students who meet the Toppers Scheme criteria. Around 630 students are expected to benefit from the scheme.
- 7.6 Other scholarship allocations include \$3.8 million for the Previous Scholarship Scheme¹², \$608,600 for Overseas Scholarship Support and \$200,000 for Scholarships for Special Children.
- 7.7 Budget support of \$1.3 million is allocated for the **Vocational Grants Scheme**. The scheme covers tuition fees for students enrolled in 37 vocational centres across Fiji. Each student under this scheme will receive an annual tuition fee of \$610.

¹²These are Fijian Affairs Board Scholarship and Public Service Commission scholarships that were awarded prior to the introduction of the TELS and TOPPERS Scheme.

- 7.8 A sum of \$2.1 million is set aside for the **Tuition Subsidy for Pre-Schools** to cater for the tuition fees of more than 14,600 students in 866 registered pre-school centres. The subsidy provides \$150 for each student on an annual basis.

Support for Teachers

- 7.9 A sum of \$5.5 million has been allocated in the 2017-2018 Budget for the **recruitment of 200 new teachers** for non-government primary schools and **50 new teachers for secondary schools**. The new teachers will be considered for permanent positions once they serve a one-year probation.
- 7.10 To improve the learning environment for Fijian students, Government will continue to work towards achieving a student-teacher ratio of 40:1 for primary schools and a ratio of 35:1 for secondary schools.
- 7.11 **Location allowances** for teachers in primary and secondary schools have been increased from \$8.4 million to \$10.2 million. This is to support the daily expenses of teachers teaching in rural and remote schools.
- 7.12 The **Salary Grant for Early Childhood Education (ECE) Teachers** has been revised with a new salary structure to better remunerate teachers based on academic qualifications. The budget for the new salary structure is set at \$8.8 million.

Table 7.1: New Salary Structure for Salary Grant Subsidy to ECE Teachers.

Category	Qualification	Salary Structure
1	Bachelor's Degree in ECE	\$14.00 per hour
2	Diploma in ECE	\$11.00 per hour
3a	Advance/Higher Education Certificate in ECE	\$9.30 per hour
3b	Certificate in ECE	\$7.00 per hour
4	Basic Training	\$5.00 per hour

Transportation Assistance for Education

- 7.13 The **free bus fare assistance** scheme for primary, secondary and technical college students will continue in 2017-2018 with a total budget provision of \$20.0 million.
- 7.14 A sum of \$450,000 is allocated for the **purchase of new boats and out-board motor engines** to improve access to education for students that travel by boat to school. A total of 38 schools from the following districts will be using the new boats: Eastern Division (24 schools); Cakaudrove (5 schools); Nadroga/Navosa (4 schools); Macuata/Bua (3 schools); Yasawa/Lautoka (1 school); and Nausori (1 school).

Higher Education

- 7.15 **Higher Education Institutions** will receive operating grants totalling \$92.7 million to support their daily operations. These institutions include FNU, USP, University of Fiji, CATD, Corpus Christi, Fulton College, Montfort Boys Town, Sangam Institute of Technology and Vivekananda Technical Centre.

Technical Colleges

- 7.16 A total of \$1.7 million is allocated in the Budget for the construction of new workshops at 9 Technical Colleges. A further \$0.5 million is provided to purchase specialised equipment for the workshops. These allocations will improve existing facilities and create a more conducive learning environment for students undertaking trade skills courses.

Special Schools

- 7.17 A grant of \$1.4 million is allocated in the Budget for special schools to cater for the recruitment of teachers and the procurement of special equipment for disabled students such as hearing aids, prosthetics and lenses.
- 7.18 The **Library Scheme for Special Schools** will be given \$100,000 to purchase braille books, audios, big prints and hardboard books, which will be made available in special schools and public libraries.

Climate Resilient Projects

- 7.19 In the FY 2017-2018, Government will continue to undertake **rehabilitation and reconstruction works** for the schools that were damaged by TC Winston. A sum of \$170.0 million is allocated for this purpose in the Budget.
- 7.20 A Building Grant of \$2.0 million has been allocated in the Budget to bolster the resilience of 10 schools that are highly vulnerable to landslides and floods. The schools are: Laucala District School (Qamea); Lutukina Primary School (Macuata); Ratu Peni Neumi Infant School (Bua); Yadua Village School (Bua); Nasautoka Primary School (Nausori); Sawaieke District School (Gau); Gau Secondary School; Navesi Primary School (Suva); Ro Camaisala Memorial School (Suva); and Chauhan Memorial School (Suva).

Health

- 7.21 The 2013 Constitution states that Government must take reasonable measures within its available resources to ensure the right of every person to health and

medical services and that no person is denied access to emergency medical treatment.

- 7.22 To achieve this objective, Government is providing the following key allocations in the 2017-2018 Budget:

Free Medicines & Drugs

- 7.23 The **Free Medicine Programme** will continue in 2017-2018 with a budget allocation of \$10.0 million. The scheme provides a total of 172 different medicines to Fijian households that have a combined income of less than \$20,000.
- 7.24 A provision of \$42.0 million is provided in the Budget for the purchase of '**Drugs & Medical Equipment**' such as vaccines, x-ray materials, medical consumables, prosthetic materials, beddings and linens.

Doctor Salaries

- 7.25 Around \$24.6 million is provided in the 2017-2018 Budget to pay for the salaries of 350 new doctors that will be recruited in the new financial year. The engagement of these new doctors should enhance the provision of medical services in the country and contribute to improving Fiji's 'doctor to population ratio'.
- 7.26 An allocation of \$500,000 has been set aside in the Budget to accommodate the expenses of visiting overseas medical teams who will be touring the country to perform specialised medical services and conduct internship training.

Outsourcing

- 7.27 Outsourcing of health services has been a key reform initiative to improve auxiliary services in public hospitals and health centres. Government is allocating \$3.3 million in the Budget for the outsourcing of cleaning and security services for existing and new health facilities.

Emergency Health Services

- 7.28 Around \$2.3 million is provided in the 2017-2018 Budget for the '**Charter of Aircrafts**' to accommodate the rising demand for emergency evacuation services in rural and maritime regions. Also, a further \$1.3 million is being allocated to cover the costs of Fijian patients being referred overseas for life threatening surgeries and medical services.

NCD/HIV/AIDS Awareness

- 7.29 The Public Health Services Unit in the Ministry of Health will receive an increased budget of \$8.0 million to boost its awareness programmes for NCDs, HIV & AIDS and mental health.

Health Capital Projects

- 7.30 The capital programme for the health sector will continue to support the rehabilitation of health facilities that were severely damaged by TC Winston. An allocation of \$1.0 million is set aside in the Budget for the rehabilitation works of 34 health facilities.
- 7.31 Close to \$3.9 million is provided in the Budget for the refurbishment of CWM Hospital, Lautoka Hospital, Labasa Hospital, St. Giles Hospital and Twomey Hospital. A further \$4.0 million is provided for the construction of a storm water drainage system at Navua Hospital and \$6.0 million for the completion of the New Ba Hospital.
- 7.32 Around \$9.5 million is provided for the extension of the Maternity Unit at CWM to accommodate the growing demand for maternal health care services in the Suva to Nausori corridor.
- 7.33 A budget of \$7.5 million will be used to expand the services provided by the Keyasi Health Centre and improve its status to a **Sub-Divisional Hospital**. The new hospital will be providing new services such as dental services, x-ray services, and mortuary services for people in the Navosa region. Planned extension works for Rotuma Hospital will be carried out in the next financial year with a budget provision of \$2.0 million.

Roads, Bridges and Jetties

- 7.34 The Fiji Roads Authority (FRA) will continue to undertake major projects around the country for roads, bridges and jetties.
- 7.35 Major components of FRA's capital expenditure for 2017-2018 are listed as follows:
- Transport Infrastructure Investment Sector Project (\$85.2 million);
 - Renewals & Replacements - Roads & Services (\$84.0 million);
 - Maintenance Programme (\$80.0 million);
 - NASRUP Nadi 2 - Votualevu Roundabout to Wailoaloa Road Roundabout (\$55 million);
 - Upgrading of Rural Roads Programme (\$60.0 million);
 - Upgrading & Replacement of Bridges - Bridge Renewals (\$30.6 million);
 - Storm Damages/Emergency Response Contingency Fund (\$21.7 million);

- Streetlight Improvement Programme (Street Lightening) (\$18.0 million);
- TC Winston - Rehabilitation of Roads, Bridges and Jetties (\$13.9 million);
- NASRUP - Suva 3 - Nakasi - Nausori Bridge Roundabout (\$13.2 million);
- Capital Community Programme (\$12.0 million); and
- Jetties - Maintenance & Renewals (\$11.1 million).

Water and Sewerage

7.36 The Water Authority of Fiji (WAF) will be undertaking the following major projects in 2017-2018 to improve the reliability and reach of Fiji's water systems and infrastructure:

- **Water Distribution System Project** (\$54.0 million);
- **Urban Water Supply and Wastewater Management Project** (\$30.6 million) – project is co-funded by the Asian Development Bank, European Investment Bank, Green Climate Fund & Government Local Funding. The project focuses on upgrading key infrastructure in the greater Suva area;
- **Rural Water Supply Programme** (\$27.3 million) – aims to provide safe drinking water to 36,548 Fijians in over 178 villages, settlements and schools;
- **Wastewater Treatment Plant** (\$19.2 million) - upgrades waste water treatment plants;
- **Improvement & Upgrade of Wastewater Distribution System** (\$14.0million);
- **Integrated Meter Management** (\$6.0 million) – replacement of defective water meters to reduce billing errors;
- **Electrical Upgrading Project** (\$10.0 million) – installation of new generators and switchboard systems to ensure reliable power supply to WAF facilities;
- **Non-Revenue Water Reduction Project** (\$8.1 million) - focuses on reducing the amount of water leakages through water reticulation systems; and
- **Distribution of Free Water Tanks (5,000L) in Maritime/Drought Stricken Areas** (\$1.4 million) – distributes around 1,600 water tanks to over 436 villages, settlements and schools.

Energy

7.37 A sum of \$33.8 million is appropriated in the 2017-2018 Budget for the **Rural Electrification Project**. The project caters for the extension of the FEA grid to rural localities, house-wiring connections and the installation of new solar systems (SHS).

7.38 The **Electricity Subsidy Scheme** will still be applicable to households with combined annual incomes of less than \$30,000. However, the threshold for the subsidy has been increased from 95 units per month to 100 units per month. This change will make the application of the scheme more progressive and reduce electricity costs for more targeted beneficiaries. A budget of \$5.0 million is set aside to accommodate additional units to be subsidised by the Scheme.

7.39 Major grid extension projects are listed below:

- Grid Extension to Waiyala village, Sawene village, Wema village, Korovou village, Nasikawa village and Keiyasi settlements at (\$1.9 million);
- Grid Extension to villages on Mali Island and Vorovoro Island (\$1.3 million);
- Grid Extension to Lagalaga settlement (Labasa) (\$1.8 million);
- Grid Extension to Welagi village, Qila settlement, Vunidawa settlement, Nabuloni village (\$1.0 million);
- Grid Extension to Solove village (Stage 1) and Seaqaqa (\$1.7 million); and
- Grid Extension to Nakoroboya Primary School, Nakoroboya village and at Nakoroboya settlements (\$1.4 million).

7.40 Other budget programmes for the energy sector are listed as follows:

- Cyclone Rehabilitation for Solar Home Systems & Diesel Schemes (\$5.9 million);
- Renewable Energy Development Projects (\$525,000);
- Investigation for Development of Geothermal Power in Fiji (\$400,000); and
- Biogas Development in Rural Areas (\$200,000).

Waterways

7.41 Government has established a new Ministry of Waterways to manage the maintenance of drainage systems and waterways in Fiji, including creeks, tributaries and rivers. This is expected to address recent flooding and drainage problems around the country.

7.42 The Ministry will be establishing new regulations to manage urban drainage systems and carry out specific tasks such as hydrological forecasting, rural irrigation and waterway dredging. A total sum of \$24.2 million is provided for the Ministry of Waterways in the 2017-2018 Budget, of which \$19.2 million is capital related.

7.43 Some key projects to be undertaken by the new Ministry are outlined below:

- Nadi River Flood Rehabilitation Project (\$10.0 million);
- Drainage & Flood Protection (\$7.0 million);
- Drainage Subsidy (\$3.0 million);
- Purchase of Dredgers (\$3.0 million);
- Sugarcane Infield Drainage Scheme (\$2.0 million);
- Maintenance of Irrigation Schemes (\$1.5 million);
- Watershed Management (\$1.4 million); and
- Maintenance of Drainage - Municipal Councils (\$1.3 million).

Agriculture

7.44 The Agriculture Sector accounts for around 8.2 percent of Fiji's GDP. Government seeks to realise the untapped potential of the sector and increase its importance in enhancing food security, boosting economic growth and improving the livelihoods of rural communities.

7.45 Agriculture has two main sub-components – the sugar sector and non-sugar sector. Key budget initiatives to support these sectors are discussed in the ensuing paragraphs.

Sugar

7.46 The sugar sector contributes approximately 2.2 percent to Fiji's GDP. As discussed in Chapter 3, several reform initiatives are planned to revitalise the industry over the next 5 years. Discussed below are some key programmes to improve the performance of the sugar sector:

7.47 **Sugar Development Programme:** Funding for this programme has been increased from \$11.0 million in 2016-2017 to \$15.4 million in the 2017-2018 Budget. The allocation provides financial support to farmers with underutilised land as well as to newly contracted growers who lack financing for initial land preparation.

- 7.48 **Fertilizer Subsidy:** The fertilizer subsidy has been increased from \$9.7 million in 2016-2017 to \$15.4 million in 2017-2018. The higher allocation will accommodate an increase in the fertilizer subsidy from \$14.09/50kg bag to \$25.59/50kg bag. South Pacific Fertilizer Limited will be selling around 40,000 metric tonnes of fertilizer to sugarcane farmers at a subsidised price of \$31.50.
- 7.49 **Sugar Industry Support Programme:** Government is allocating \$2.0 million towards this programme to support new sugarcane farmers entering the industry for the first time. The allocation will cover support for lease acquisition, land preparation and planting costs for the first 4 hectares of sugarcane.
- 7.50 **Cane Transfer Cartage Costs:** The closure of Penang Mill will require approximately 175,000 tonnes of cane to be transferred to the Rarawai mill for crushing in the 2017 season. \$5.1 million is allocated in the Budget to ensure that all cane harvested from Rakiraki is transported to the mill at no cost to farmers.
- 7.51 **Sugarcane Farm Mechanisation Programme:** This scheme entails a co-financing arrangement between Government, Banks and Sugar Farming Cooperatives to facilitate the purchase of new farming machineries such as excavators, tractors mechanical harvesters and other farming implements. A budget of \$1.0 million is provided to support this scheme.
- 7.52 Other major allocations to support the sugar sector include: \$6.0 million for the **maintenance of cane access roads**, \$6.3 million for **agro-inputs**, \$1.0 million for the **Sugarcane Rehabilitation Small Grant Scheme** and \$4.0 million to settle outstanding loans taken out by farmers for TC Winston rehabilitation.

Non-Sugar

- 7.53 Non-sugar agriculture comprises production of root crops, tropical fruits, vegetables, spices, coconut products, cocoa, poultry, dairy and livestock. Most of the Ministry of Agriculture's core programmes are focused on increasing the production of these commodities. Some of these key programmes are discussed below:
- 7.54 **Agriculture Marketing Authority:** AMA is allocated \$5.6 million in the 2017-2018 Budget for its operations. These funds will be used mainly to support the marketing of agriculture commodities for farmers in rural areas.
- 7.55 **Infrastructure Development for Market Access Programme:** covers assistance for infrastructure development such as the construction of pack houses and cool storage facilities for processors and farmer organisations. The programme addresses key 'value chain issues' affecting farmers, particularly small holder farms in rural areas. The programme is allocated a budget of \$1.0 million.

7.56 **Demand Driven Programmes:** Government’s support for “Demand Driven Programmes” will continue with the following allocations:

- Rural & Outer Islands Programme (\$1.5 million);
- Export Promotion Programme (\$1.0 million); and
- Food Security Programme (\$1.0 million).

7.57 Other programmes targeting the non-sugar sector are listed below:

- Crop Extension Services (\$1.0 million);
- Livestock Extension Services (\$0.8 million);
- Agriculture Research (\$1.0 million);
- Land Clearing (\$1.5 million);
- Flatland Development (\$0.5 million);
- Farm Access Roads (\$2.5 million);
- Construction of a New Agronomy Lab (\$1.3 million); and
- Purchase of Equipment for Chemistry Lab (\$0.4 million).

Fisheries

7.58 A National Fisheries Policy (NFP) is being developed for the sustainable management and development of the fisheries sector. The Policy specifies strategies for developing various segments of the sector, including the offshore fisheries, coastal fisheries, aquaculture and inshore fisheries sub-sectors. Listed below are various programmes in these sectors and their respective allocations:

- Pearl Oyster Research & Development Programme (\$0.3 million);
- Brackishwater Development Programme (\$0.4 million);
- Seaweed Development Programme (\$0.3 million);
- Makogai Mariculture Development Centre (\$0.3 million);
- Coastal Fisheries Development Programme (\$0.7 million);
- Aquaculture Development Programme (\$0.4 million);
- Multi-Species Hatchery in Ra (\$0.4 million);
- Wainigadru Ice Plant (\$0.05 million);
- Wainibokasi Ice Plant (\$0.4 million); and
- Cicia & Moala Ice Plants (\$1.7 million).

Forestry

7.59 Approximately 92.0 percent of Fiji's forest-land is covered by naturally grown forests whilst the remainder is made up of commercially grown forests such as pine and mahogany plantations.

- 7.60 Current statistics indicate that 80.0 percent of Fiji’s wood products are made from mahogany and pine. Government continues to monitor the planting programmes for these commodities to prevent over-harvesting and environmental degradation.
- 7.61 Government is also encouraging all Fijians to make sustainable use of Fiji’s vast forest resources, and also to venture into more value adding activities to increase returns from forest resources.
- 7.62 Some key forestry projects in the 2017-2018 Budget are outlined below:
- Purchase of ‘value-adding machines’ for Lakeba Pine Scheme (\$0.3 million);
 - Purchase of harvesting machines (\$0.7 million);
 - Restoration of degraded forests (\$0.5 million);
 - Regeneration of indigenous forests species (\$0.3 million);
 - Fiji – REDD Plus¹³ Programme (\$0.4 million);
 - Sandalwood Development (\$0.1 million);
 - Narocake Pine Scheme (Gau) & Cicia Pine Scheme (\$0.3 million);
 - Fiji Pine Trust Grant (\$0.6 million); and
 - Upgrade of Colo-i-Suva Forest Park (\$0.2 million).

¹³Reducing Emissions from Deforestation and Forest Degradation

CHAPTER 8: INVESTMENT FACILITATION

Introduction

- 8.1 Government recognises the importance of both local and foreign direct investment (FDI) in improving Fiji's economic growth. In order for Government to continue to achieve its investment target of 25 percent of GDP, efficient facilitation of investments is vital.
- 8.2 Government's pro-growth policies are focused on putting in place the right policy framework to attract genuine investments that will generate mass employment opportunities and ultimately raise the living standards of all Fijians.
- 8.3 In this regard, Investment Fiji, the agency responsible for facilitating both domestic and foreign investments in the country, has strived continuously to work with all stakeholders in Fiji and abroad to instil innovative policies that will attract the right type of investment interests.
- 8.4 The ensuing paragraphs provide an update on the progress of key reform initiatives to help streamline and improve the efficiency of Fiji's investment facilitation processes.

Investment Fiji

- 8.5 Investment Fiji will continue to strengthen the monitoring of both local and foreign investment projects in the country and improve its database to track investor registration and actual physical implementation of investment projects on the ground.
- 8.6 Given the current investment hype in Fiji, more efforts will be directed towards improving the turnaround time for assisting potential investors in obtaining licences and other regulatory approvals from line agencies, and also promoting Fiji as a lucrative hub for foreign direct investments in the Pacific. It is absolutely critical that this is achieved under prevailing stable macroeconomic conditions to provide the impetus for Fiji to sustain its current growth momentum in the future.
- 8.7 Investment Fiji is allocated a sum of \$2.6 million in the 2017-2018 Budget.

Foreign Investment Update

- 8.8 Over the period 2013 to 2016, foreign investment registrations in Fiji increased from 257 to 368 registrations. Concurrently, the value of investments during this

period increased from around \$1.1 billion to \$1.6 billion, a 45 percent increase. Cumulatively, these investments were expected to create an additional 17,093 new jobs.

Table 8.1: Investment Proposals 2013 – 2016

Investment Indicators	2013	2014	2015	2016	Total
Number of Investment Proposals Registered	257	261	362	368	1,248
Value of Investment Proposals Registered (\$M)	1,189.89	500.13	1,109.72	1,626.84	4,426.58
Employment Proposal	4,664	4,041	3,953	4,435	17,093

(Source: Investment Fiji)

- 8.9 There was a notable increase in investment registrations in 2015 and 2016 compared to 2013 and 2014. Much of this increase can be attributed to a surge in investor confidence due to an attractive tax regime implemented by the Fijian Government. Investors were particularly responsive to the various tax incentives introduced by Government and also the removal of the \$250,000 minimum investment requirement that made it easier for investors to register, and pursue their investment plans in Fiji.

Investment Reforms

Single Window Clearance System

- 8.10 The launch of the ‘*Online Single Window Clearance System*’ by Government has simplified, and streamlined the process for business registration in the country. The new system is currently being tested across several agencies including FRCA, Registrar of Companies, Investment Fiji and RBF to gauge its efficiency in processing on-line applications within specified timeframes.

Foreign Investment (Amendment) 2016

- 8.11 The Foreign Investment Regulations was amended in July 2016 to allow the Chief Executive Officer of Investment Fiji (CEO-IF) to refuse any application by foreign investors or any proposed business to be carried-out by foreign investors that are not aligned to Fiji’s national interest.
- 8.12 The new provision also empowers the CEO to disallow any foreign investor with a known criminal history from seeking to invest in Fiji.

Customer Relationship Management System

- 8.13 Technology One, an Australian based IT company, has been engaged by Investment Fiji to develop a new CRM system. This new system is expected to provide IF with the technical capacity to track investor activities in the country through various sources including company websites, live chats, direct mails, marketing materials and social media.
- 8.14 The CRM system will allow for vastly improved processing capabilities and real-time progress tracking, and should eliminate errors previously incurred during manual processing.
- 8.15 The CRM would store all investor information relating to sales, marketing, customer service and support, investment history and other business related information. The information will be used by Investment Fiji to generate reports in order to identify trends, problems and opportunities.
- 8.16 The CRM system is expected to be launched by end of June 2017.

Trade & Investment Promotion Mission

- 8.17 Trade missions have served as an important avenue for Government to identify and promote potential investment and export opportunities abroad. In 2017 and 2018, Investment Fiji will be working closely with Trade Missions in Australia, New Zealand, the US and Asia to strengthen its campaign for attracting new foreign investors from these countries.
- 8.18 Apart from promoting Fiji as a regional hub for investments, Trade Missions have also assisted local businesses to enhance capacity and skills, improve access to capital, develop partnerships and identify lucrative niche markets.

CHAPTER 9: EXTERNAL TRADE & DEVELOPMENT COOPERATION

Introduction

- 9.1 This chapter discusses key strategies outlined in Fiji’s Trade Policy Framework and provides an update on Fiji’s engagement in key regional and international agreements. The chapter concludes with an update on overseas development assistance provided by various donor agencies.

Fiji’s Trade Policy Framework

- 9.2 Since its launch in 2015, Fiji’s Trade Policy Framework (FTPF) has provided strategies for developing and strengthening Fiji’s trade interests in the Pacific and globally. Apart from identifying potential opportunities for trade and investment in the goods and services sectors and providing guidance for Fiji’s interactions with trading partners at the bilateral, regional or multilateral level, the Trade Policy Framework places an overarching emphasis on ensuring that all of Fiji’s trade negotiations have a prime focus on fulfilling our ‘development aspirations’ and safeguarding key national interests whilst recognising our international trade obligations under the World Trade Organisation.
- 9.3 The Framework serves to provide a sustainable and manageable pathway for Fiji as it embraces new bilateral and multilateral trade deals to liberalise tariffs for trade in goods, reform immigration laws for trade in services, and soften foreign investor requirements to promote commercial and entrepreneurial competition across borders. FTPF has a vision to “develop Fiji into a vibrant, dynamic and internationally competitive economy serving as the hub of the Pacific”. This vision will continue to drive the essence of Fiji’s trade policies over the medium to long-term.

Update on Regional & International Trade Agreements

- 9.4 *Developing Country (DC) Preferences Scheme* – The DC Preferences Scheme was introduced in 2015 by the Australian Government following the expiry of the SPARTECA-TCF Scheme in December 2014. The Scheme is specifically designed to facilitate the exports of Fijian-made garments into the Australian market under a special preferential access arrangement which requires the last process of manufacture to be performed in Fiji.
- 9.5 *Pacific Island Countries Trade Agreement (PICTA)* – This is a regional trade agreement between Pacific Forum Island Countries (FICs) which fosters ‘Free Trade (‘duty free & quota free’)’ amongst member countries. Twelve of the fourteen FICs have signed the Agreement. To date, seven countries (Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Tuvalu and Vanuatu) have formally

announced their readiness to trade under PICTA whilst Kiribati, Nauru, Papua New Guinea, and Tonga will soon be completing the necessary domestic requirements to trade under PICTA. The Federated States of Micronesia has yet to ratify the Agreement while Palau and the Republic of Marshall Islands have not yet signed PICTA.

- 9.6 ***Melanesian Spearhead Group Trade Agreement (MSGTA)*** – MSG Members have concluded negotiations on the revised legal text for the Melanesian Free Trade Agreement (MFTA). The MFTA was signed by the Hon. Prime Minister in January 2017 and Fiji is now working towards completing domestic procedures for the ratification of the Agreement. The newly revised text is expected to improve the implementation of trade in goods and broaden the agreements scope to cover provisions on ‘trade in services’, ‘labour mobility’, ‘investment’ and ‘government procurement’.
- 9.7 ***Comprehensive Economic Partnership Agreement (CEPA)*** – Negotiations for a CEPA with the EU have been plagued by contentious issues such as ‘fisheries conservation and management measures’, ‘the infant industry clause’, ‘non-execution’ and ‘development cooperation’. In August 2015, the EU decided to suspend negotiations under the CEPA for three years to allow the PACP states to formulate measures for the effective management of their fisheries resources. The Pacific ACP Ministers have been calling for political intervention as technical officials have exhausted all avenues to resolve these issues.
- 9.8 ***PACER Plus***– Since joining PACER Plus negotiations in August 2014, Fiji has participated in all intercessional meetings. Negotiations on PACER Plus concluded in April 2017, however, Fiji was excluded from the final phase of negotiations. Fiji will continue to seek further dialogue with Australia and New Zealand on the PACER Agreement to resolve key issues of concern, in particular those relating to the ‘Infant Industry’ and ‘Most Favoured Nation’ clauses. This is important to ensure that Fiji’s domestic industries have ample time to adjust to any foreign competition and that the Fijian Government maintains sufficient policy space for its own development agenda.
- 9.9 ***World Trade Organisation (WTO) Trade Policy Review*** – Government successfully participated in Fiji’s third Trade Policy review in February 2016 to ratify changes to Fiji’s tariff regime and trade policies. The outcome of this review has been published online.
- 9.10 ***WTO Trade Facilitation Agreement (TFA)*** - The WTO Agreement on Trade Facilitation came into force in February 2017 and was ratified by Fiji in March 2017. Fiji was the first Pacific Island country to ratify the Agreement. The Agreement sets out provisions for expediting the movement, release and clearance of goods across borders as well as measures for effective cooperation between

Customs and other relevant Authorities involved in the transition of tradable goods and services at the border. Government is working closely with the World Bank (International Finance Corporation) to develop a National Implementation Plan to align Fiji’s trade practices with new trade facilitation rules and protocols as stipulated in the WTO TFA Agreement.

- 9.11 The Plan provides a guide for Fiji to implement trade facilitation reforms aimed at improving trade systems, services and practices. This should potentially lead to efficient transfer of goods and services at low cost, improved private sector competitiveness and increased volumes of trade due to enhanced security measures at the border. Relevant stakeholders will be consulted when composing the details for this Plan.
- 9.12 *Fiji-China Bilateral Discussions* – In July 2015, Fiji and China signed a Memorandum of Understanding (MOU) for both countries to undertake a joint feasibility study to assess the practicality of a Fiji-China Free Trade Agreement. The study was to set the momentum for both countries to commence formal trade negotiations in the future. During a Trade Working Group meeting in November 2016, in Beijing, the Chinese delegation presented their part of the joint feasibility study. Fiji is currently in the process of securing a consultant to undertake the Fijian feasibility study.

Development Cooperation

- 9.13 Since the establishment of Fiji’s first genuine parliamentary democracy in September 2014, Government has witnessed a dramatic change in the nature, and volume of development assistance from development partners, multilateral agencies and foreign donors. This current buoyant trend reflects growing confidence in the Fijian Government and its institutions to effectively deliver, and implement key donor funded programmes for the benefit of all Fijians.
- 9.14 As reflected in Table 9.1 below, the total value of ODA is estimated to increase from \$140.7 million in 2016-2017 to \$190.6 million in 2017-2018. Cash grants for this period are anticipated to amount to \$35.6 million, whilst contributions in Aid-in-Kind (AIK) are expected to accumulate to \$155.0 million.

Table 9.1: Total Official Development Assistance

ODA	2016-2017(P)		2017-2018(F)	
	(\$M)	%	(\$M)	%
Cash Grants	4.9	3.5	35.6	18.7
Aid-in-Kind	135.8	96.5	155.0	81.3
Total ODA	140.7	100.0	190.6	100.0

(Source: Ministry of Economy)

Cash Grants

- 9.15 Table 9.2 below shows the distribution of Cash Grants to each of the 4 main sectors in the Budget.

Table 9.2: Cash Grants by Sector

Sector	2017-2018(F)	
	(\$M)	%
General Administration	27.5	77.2
Social Services	2.2	6.3
Economic Services	2.7	7.6
Infrastructure	3.2	8.9
Total	35.6	100.0

(Source: Ministry of Economy)

- 9.16 The General Administration Sector is expected to receive the highest cash grant of \$27.5 million. A large portion of this grant represents funds from the European Union which will be directed towards the continued rehabilitation of sugarcane farms and agricultural land affected by TC Winston.
- 9.17 The Infrastructure Sector will receive around \$3.2 million in cash donations. This includes a contribution of \$2.9 million from the Green Climate Fund towards the Urban Water Supply and Wastewater Management project. In addition, the Department of Energy will be receiving grants from UNDP (\$0.1 million)¹⁴ and the World Bank (\$0.2 million)¹⁵ to undertake two critical renewable energy projects.
- 9.18 The Economic Sector will receive a total grant of \$2.7 million, of which \$2.3 million comprises a cash disbursement from the World Bank for the REDD+ project. The balance of \$0.4 million will be provided by UNDP for two special projects, namely the ‘Capacity Building (Phase 2) Project’ and the ‘MSME¹⁶ Central Coordinating Agency Project’ which focuses specifically on carrying out a broad diagnostic review of Fiji’s SME sector.
- 9.19 For the Social Services Sector, around \$1.7 million is expected to be received from the Global Fund for malaria and tuberculosis prevention programmes. Additionally, UNICEF will continue to sponsor various programmes for strengthening Fiji’s health and education systems, and improving child protection projects.

¹⁴Fiji Renewable Energy Project

¹⁵Sustainable Energy Financing Project

¹⁶Micro, Small, and Medium Enterprises

Aid-in-Kind

- 9.20 Table 9.3 below highlights the sectoral distribution of AIK from 2016 to 2017-2018.

Table 9.3: Aid-in-Kind by Sector

Sector	2017-2018(F)	
	(\$M)	%
General Administration	47.0	30.3
Social Services	42.3	27.3
Economic Services	51.0	32.9
Infrastructure	14.7	9.5
Total	155.0	100.0

(Source: Ministry of Economy)

- 9.21 The Economic Sector will receive the largest component of the AIK valued at \$51.0 million. Nearly half of this or \$22.2 million will be provided by the European Union to the Ministry of Sugar to convene the social mitigation programme under the 11th European Development Fund. Moreover, the EU will be disbursing another \$3.0 million to the Ministry of Agriculture for the Sustainable Rural Livelihood Project.
- 9.22 Furthermore, the Australian Government will be providing around \$15.3 million to the Ministry of Industry, Trade & Tourism for four key projects, namely the Fiji Community Development Program (FCDP), the Financial Inclusion Project, the Market Development Facility (MDF) project and the project for supporting private sector development in Fiji. The Australian Government will provide a further \$0.4 million to the Ministry of Agriculture for the Pacific Horticultural & Agriculture Market Access (PHAMA) project. The Government of the People's Republic of China is also providing \$2.6 million to the Ministry of Agriculture for the 2nd Phase of the 'Juncao Technology Demonstration' project.
- 9.23 The General Administration Sector will receive about \$47.0 million worth of AIK support. The bulk of this assistance will go towards scholarships sponsored by the Governments of Australia, New Zealand, Taiwan and JICA. Moreover, the People's Republic of China will be donating around 200 vehicles to the Fijian Government worth around \$16.7 million. This will supplement the existing stock of government vehicles currently being managed by the Ministry of Economy.
- 9.24 The Government of Australia will be providing around \$6.3 million to continue with existing good governance programmes. Moreover, the EU will be providing \$4.7 million to promote key reforms in public administration, as well as \$2.7 million for key projects in good governance, democracy, health and gender.

- 9.25 The Social Sector will receive around \$42.3 million in AIK grant during the 2017-18 financial year. Majority of the support will come from the Government of Australia to support on-going programmes in the Education and Health sectors. These programmes include the Quality Education Programme (AQEP), the Fiji Health Sector Support Programme (FHSSP), the Pacific Women Shaping Pacific Development Programme and the Australia Pacific Technical College Programme (APTC). Other development partners providing support in the health sector include NZAID, UNICEF, UNDP, JICA and Taiwan. The Government of People's Republic of China will provide \$1.2 million for further works to be carried out at the Navua Hospital.
- 9.26 The Infrastructure Sector is expected to rake in around \$14.7 million in AIK projects. This includes \$10.2 million to be released by the Chinese Government for on-going construction of the Stinson Parade Bridge and Vatuwaqa Bridge. In addition, JICA is expected to provide substantial technical assistance valued at around \$2.2 million.
- 9.27 Furthermore, the Global Green Growth Institute will be providing \$0.4 million to conduct a feasibility study for solar electricity generation on Taveuni Island. This will supplement other renewable energy projects on the island. In addition, around \$1.0 million will be disbursed from the Kuwait Fund for Arab Economic Development for a feasibility study and preliminary engineering design plan to be drawn up for the Savusavu water supply and sewerage system.

CHAPTER 10: 2017-2018 TAX POLICY MEASURES

- 10.1 This chapter provides details of various tax and customs policy measures introduced in the 2017-2018 Budget.

Part 1 – Direct Tax Measures

(i) Income Tax

Policy	Description																								
1. Income Tax Threshold	<p>The income tax threshold will be increased from \$16,000 to \$30,000. The new PAYE tax structure will be as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Chargeable Income</th> <th style="text-align: center;">Tax Payable</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0 - 30,000</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">30,001 - 50,000</td> <td style="text-align: center;">18% of excess over \$30,000</td> </tr> <tr> <td style="text-align: center;">50,001 - 270,000</td> <td style="text-align: center;">\$3,600 + 20% of excess over \$50,000</td> </tr> <tr> <td style="text-align: center;">270,001 - 300,000</td> <td style="text-align: center;">\$47,600 + 20% of excess over \$270,000</td> </tr> <tr> <td style="text-align: center;">300,001 - 350,000</td> <td style="text-align: center;">\$53,600 + 20% of excess over \$300,000</td> </tr> <tr> <td style="text-align: center;">350,001 - 400,000</td> <td style="text-align: center;">\$63,600 + 20% of excess over \$350,000</td> </tr> <tr> <td style="text-align: center;">400,001 - 450,000</td> <td style="text-align: center;">\$73,600 + 20% of excess over \$400,000</td> </tr> <tr> <td style="text-align: center;">450,001 - 500,000</td> <td style="text-align: center;">\$83,600 + 20% of excess over \$450,000</td> </tr> <tr> <td style="text-align: center;">500,001 - 1,000,000</td> <td style="text-align: center;">\$93,600 + 20% of excess over \$500,000</td> </tr> <tr> <td style="text-align: center;">1,000,001 +</td> <td style="text-align: center;">\$193,600 + 20% of excess over \$1,000,000</td> </tr> </tbody> </table>	Chargeable Income	Tax Payable	0 - 30,000	Nil	30,001 - 50,000	18% of excess over \$30,000	50,001 - 270,000	\$3,600 + 20% of excess over \$50,000	270,001 - 300,000	\$47,600 + 20% of excess over \$270,000	300,001 - 350,000	\$53,600 + 20% of excess over \$300,000	350,001 - 400,000	\$63,600 + 20% of excess over \$350,000	400,001 - 450,000	\$73,600 + 20% of excess over \$400,000	450,001 - 500,000	\$83,600 + 20% of excess over \$450,000	500,001 - 1,000,000	\$93,600 + 20% of excess over \$500,000	1,000,001 +	\$193,600 + 20% of excess over \$1,000,000		
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2. Social Responsibility Tax (SRT) and Environment and Climate Adaptation Levy (ECAL)	<p>The SRT rate will be reduced and a 10% ECAL will be introduced in the tax structure. The tax burden will remain the same. The new SRT and ECAL structure will be as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Chargeable Income</th> <th style="text-align: center;">Social Responsibility Tax Payable</th> <th style="text-align: center;">Environment and Climate Adaptation Levy</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">270,001 - 300,000</td> <td style="text-align: center;">13% of excess over \$270,000</td> <td style="text-align: center;">10% of excess over \$270,000</td> </tr> <tr> <td style="text-align: center;">300,001 - 350,000</td> <td style="text-align: center;">6,900 + 14% of excess over \$300,000</td> <td style="text-align: center;">10% of excess over \$300,000</td> </tr> <tr> <td style="text-align: center;">350,001 - 400,000</td> <td style="text-align: center;">18,900 + 15% of excess over \$350,000</td> <td style="text-align: center;">10% of excess over \$350,000</td> </tr> <tr> <td style="text-align: center;">400,001 - 450,000</td> <td style="text-align: center;">31,400 + 16% of excess over \$400,000</td> <td style="text-align: center;">10% of excess over \$400,000</td> </tr> <tr> <td style="text-align: center;">450,001 - 500,000</td> <td style="text-align: center;">44,400 + 17% of excess over \$450,000</td> <td style="text-align: center;">10% of excess over \$450,000</td> </tr> <tr> <td style="text-align: center;">500,001 - 1,000,000</td> <td style="text-align: center;">57,900 + 18% of excess over \$500,000</td> <td style="text-align: center;">10% of excess over \$500,000</td> </tr> <tr> <td style="text-align: center;">1,000,001 +</td> <td style="text-align: center;">197,900 + 19% of excess over \$1,000,000</td> <td style="text-align: center;">10% of excess over \$1,000,000</td> </tr> </tbody> </table>	Chargeable Income	Social Responsibility Tax Payable	Environment and Climate Adaptation Levy	270,001 - 300,000	13% of excess over \$270,000	10% of excess over \$270,000	300,001 - 350,000	6,900 + 14% of excess over \$300,000	10% of excess over \$300,000	350,001 - 400,000	18,900 + 15% of excess over \$350,000	10% of excess over \$350,000	400,001 - 450,000	31,400 + 16% of excess over \$400,000	10% of excess over \$400,000	450,001 - 500,000	44,400 + 17% of excess over \$450,000	10% of excess over \$450,000	500,001 - 1,000,000	57,900 + 18% of excess over \$500,000	10% of excess over \$500,000	1,000,001 +	197,900 + 19% of excess over \$1,000,000	10% of excess over \$1,000,000
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Policy	Description
3. Social Responsibility Tax	<p>Social Responsibility Tax will now be ring-fenced to exempt taxpayers from tax on one-off/ad-hoc/unusual transactions namely:</p> <ul style="list-style-type: none"> • Gain from one-off sale of an asset including depreciable asset, example sale of rental properties (not in business), land (if not in business of buying and selling land), disposal of inherited property; and • One-off lump sum payments example redundancy, retiree/gratuity allowances, and exit inducement payments.
4. Transitional Tax on Pre-2014 Profits	<ul style="list-style-type: none"> • To address the issue of Dividend Tax on distribution of company profits derived pre-2014 periods, a 1% Transitional Tax (similar to 2014-2015 Transitional Tax) will be levied on pre-2014 retained earnings balances as at 29 June 2017. • There will be a 3-month window granted to complete payment of this 1% Transitional Tax (by 30 September 2017). • Non-payment of the same by the due date will attract penalties and prosecution.
5. Dividend Tax	<ul style="list-style-type: none"> • The Dividend Tax of 3% (Resident) and 9% (Non-resident) will be removed. There will be no dividend taxation regime. • All dividend income will be exempt from taxation. • Any scheming around payment or crediting of dividends to avoid or evade taxation will create a taxation offence and punishable by a severe fine or prosecution.
6. Fringe Benefit Tax	<ul style="list-style-type: none"> • Health Insurance benefits provided to local employees (Fiji Citizens) will be exempt from Fringe Benefit Tax. This is intended to encourage employers to provide health insurance cover for their employees.
7. Export Income Deduction	<ul style="list-style-type: none"> • The Export Income Deduction rate will remain at 50%. • Export Income Deduction can now be claimed by local suppliers of fish supplying fish to PAFCO for processing and export. This is limited to the extent of the value of fish finally exported evidenced by Customs documentations.
8. Electric Vehicle Charging Stations	<ul style="list-style-type: none"> • The minimum investment requirement to qualify for the Electric Vehicle Charging Station Incentive Package will be reduced from \$3 million to \$500,000. • The subsidy structure under the package will be amended to just a one-tier subsidy rate of 5% of the investment level.
9. Government Assisted Projects	<ul style="list-style-type: none"> • All Cooperatives that receive assistance from Government for any project, for example, localised hydro power stations, will be accorded income tax exemption for five years, in line with existing renewable energy incentives.
10. Film-Making and Audio Visual Incentive	<ul style="list-style-type: none"> • Section 73 of the Income Tax (Film-Making and Audio Visual Incentive) Regulation 2016 will be amended to stipulate that the expenditure incurred for the payment of the Service Turnover Tax, ECAL, Prize monies, Penalties or Fines and any payments for damages caused during production will not be accounted as the expenditure (Qualifying Fiji Production Expenditure) on a film. • Section 75 of the Income Tax (Film-Making and Audio Visual Incentive) Regulation 2016 will be amended to stipulate that only the expenditure on those the props that are reusable after the production of the film can be claimed as a production expenditure.
11. Residential Housing Development Investment Incentives	<ul style="list-style-type: none"> • Income Tax (Residential Housing Development Package) Regulations 2016 will be amended to provide clarification on a ceiling on the sale price of residential housing so that it is affordable to potential average Fijian home buyers. • There will be an introduction of an additional incentive to include investors who may partner with the government to provide affordable housing. The investor will build housing units and government can subsidise return on investment through rental payments up to a reasonable amount.
12. Hotel Investment Incentives	<ul style="list-style-type: none"> • The Income Tax (Hotel Investment Incentives) Regulations 2016 will be amended to give CEO Fiji Revenue and Customs Authority (FRCA) the powers to grant Provisional Approvals.
13. Anti-Avoidance Rule	<ul style="list-style-type: none"> • Amend Section 102 of the Income Tax Act to strengthen the Anti Avoidance Provisions by removing the requirement for a “main” or “dominant” tax avoidance purpose. Section 102 will be invoked as long as one of the purposes of the scheme is “tax avoidance”.

Policy	Description
14. Extend tax incentives expiring in 2018 to 2028.	<p>The following tax incentives will be extended from 2018 to 2028:</p> <ul style="list-style-type: none"> • Tax Free Region Incentive • Commercial Agriculture and Agro-Processing • Bio-fuel Incentive and the investment requirement will be restructured as follows: <ul style="list-style-type: none"> ▪ Investments between \$250,000 and \$1 million should qualify for 5 years' tax holiday; ▪ Investments between \$1 million and \$2 million should be granted 7 years' tax holiday; and ▪ Investments above \$2 million should be eligible for 13 years' tax holiday. • Accelerated Depreciation and will be available only to buildings used for Agriculture, ICT, Fisheries & Forestry purposes. The current accelerated depreciation available to buildings used for commercial and industrial will cease from 1 January 2019. Accelerated depreciation will continue to be granted to new plant and machineries for manufacturing purposes, water storage facilities and renewable energy plant and machineries.

(ii) Tax Administration Act

Policy	Description
1. Recovery of PAYE Short deductions	<ul style="list-style-type: none"> • The Income Tax (Withholding Tax) Regulations will be amended to stipulate that the recovery of the PAYE short deducted by employers will be the responsibility of the employers to make a one-off payment to FRCA.
2. Tax Agents Board Process	<ul style="list-style-type: none"> • Tax Administration Act will be amended to streamline the Tax Agents Board (TAB) process by shifting the chairmanship of the TAB from the Permanent Secretary of Economy to the CEO FRCA. FRCA will also introduce a Code of Conduct for Tax Agents as well.
3. Search Warrant	<ul style="list-style-type: none"> • Tax Administration Act will be amended to include similar provisions as in the Section 111 of the Customs Act to allow Tax Officers to execute search warrants, when required.
4. Time bar for prosecution of tax offenses.	<ul style="list-style-type: none"> • Section 60(1) of Tax Administration Act (TAA) will be amended to allow prosecution of an offence under a tax law to be not limited to 7 years from the commission of the offence. This will remove the time bar for prosecuting tax matters.
5. Tax and Customs Penalties	<ul style="list-style-type: none"> • The Tax Administration Act and Customs Act penalties provisions will be amended to increase the fines and imprisonment penalties to maximum of \$25,000 in fines (wherever it is below \$25,000) and maximum of 10 years imprisonment (wherever it is below 10 years).

(iii) FRCA Act

Policy	Description
1. Conduct of Employees	<ul style="list-style-type: none"> • The FRCA Act to be amended to authorize the CEO to issue policies that sets out the conduct and discipline of employees.
2. Disclosure of information	<ul style="list-style-type: none"> • FRCA Act to be amended to include Fiji Commerce Commission (FCC) to the organizations/departments that FRCA can disclose detailed information to.
3. Name Change	<ul style="list-style-type: none"> • The FRCA Act to be amended to change the name of Fiji Revenue and Customs Authority to Fiji Revenue and Customs Service.

(iv) Financial Management Act

Policy	Description
1. Uncollectable Tax Debts	<ul style="list-style-type: none"> • Section 24(2) and 36(1) of the Financial Management Act 2004 will be amended whereby FRCA Board will be delegated the power to discontinue recovery for taxes that has been assessed as uncollectable after a due diligence process with a limit of up to \$500.00 and the age of debt should not be less than 5 years old.

(v) Tax Amnesty

Policy	Description
1. Amnesty for declaration of undeclared foreign assets and income	<ul style="list-style-type: none"> An extension of the Amnesty (no tax and no penalties) will be granted for the declaration of foreign assets and income. The amnesty period will be from 30 June 2017 to 31 December 2017.
2. General Amnesty	<ul style="list-style-type: none"> A General Tax Amnesty (no penalties) will be granted for registration, lodgement and payments of tax obligations under all tax types. This amnesty will be applicable to all tax payers with a gross turnover of less than \$1.5 million. The amnesty period will be from 30 June 2017 to 31 December 2017.

Part 2 - Indirect Tax Measures

(i) Service Turnover Tax

Policy	Description
1. Service Turnover Tax (STT)	<ul style="list-style-type: none"> STT rate will be reduced from 10% to 6%
2. Price Display	<ul style="list-style-type: none"> Service Turnover Tax Act will be amended whereby businesses charging STT will be required to display to their customers the STT inclusive prices for all their products and services. Non-compliance to the price inclusive display will be punishable by a fine or prosecution or both.
3. Tax on Tax	<ul style="list-style-type: none"> Service Turnover Tax Act will be amended to eliminate and avoid charging of tax on tax whereby one STT service provider provides service through another STT service provider.

(ii) Environment and Climate Adaptation Levy

Policy	Description
1. Environment and Climate Adaptation Levy (ECAL)	<ul style="list-style-type: none"> The Environmental Levy will be renamed as the Environment and Climate Adaptation Levy (ECAL) and increased from 6% to 10%. A 10% ECAL will be imposed on luxury vehicles with the engine capacity exceeding 3000cc. The levy is applicable to vehicles for personal and commercial use and not applied to on public transportation such as taxis. A 10 cents per bag levy will be imposed on plastic bags at the point of sale. The levy is aligned to Fiji's COP 23 Environment Protection Initiatives and will encourage shoppers to use their own re-usable carry bags. It will be applicable to all businesses but implemented on a phased approach beginning with all business with the Point of Sale System. The Superyacht Charter Fee will be removed and a 10% ECAL will be imposed. A 10% ECAL will be imposed on chargeable income of more than \$270,000. This will be incorporated into the SRT with SRT rates adjusted downwards to contain the current tax burden.
2. Price Display	<ul style="list-style-type: none"> The Environment and Climate Adaptation Levy Act will be amended whereby businesses charging ECAL will be required to display to their customers the ECAL inclusive prices for all their products and services. Non-compliance to the price inclusive display will be punishable by a fine or prosecution or both.

(iii) Stamp Duties Act

Policy	Description
1. Transfers through love and affection	<ul style="list-style-type: none"> Stamp Duty Act will be amended to allow exemption on stamp duty payable on transfers under love and affection.
2. Airway Bills	<ul style="list-style-type: none"> Section 64 of the Stamp Duty Act will be amended to clarify that airway bills are also an instrument subject to stamp duty.
3. Stamp Duty Exemption/Refunds	<ul style="list-style-type: none"> The Stamp Duty Act will be amended to increase the limit on CEO's authority to exempt or refund stamp duties from \$10,000 to \$25,000.

(iv) Value Added Tax Act

Policy	Description
1. Fishing Industry	<ul style="list-style-type: none"> The First Schedule of the VAT Act will be amended to include fish supplied to PAFCO to be VAT Zero-Rated Supply.
2. New Dwelling House	<ul style="list-style-type: none"> Section 70(9) of the VAT Decree will be amended to allow VAT refund on New Dwelling House for the eligible person as long as the new dwelling house is the first residential property of the eligible person including subletting to support loan repayments. This will entitle the eligible person for maximum VAT Refund claimable under the New Dwelling House VAT Refund Initiative. This is also targeted at increasing home ownership by Fijians.

(v) Water Resource Tax Promulgation

Policy	Description
1. Increase the threshold for the Water Resource Tax	<ul style="list-style-type: none"> Increase water resource tax: <ul style="list-style-type: none"> 1 cent per litre for extraction of up to 9,999,999 litres of water per month. 18 cents per litre for extraction of 10,000,000 litres of water and above per month.

(vi) Customs Tariff Act - Fiscal Duty Changes

Policy	Description
1. Safety matches	<ul style="list-style-type: none"> Reduction of fiscal duty from the specific rates of \$13.02, \$9.52 and \$2.33 per gross box to 32%.
2. Prefabricated buildings	<ul style="list-style-type: none"> Increase fiscal duty for pre-fabricated buildings from 5% to 32%.
3. Fabricated steel structures	<ul style="list-style-type: none"> Reduction of fiscal duty on fabricated steel structures from 32% to 5%.
4. Insulated (electrical) cables	<ul style="list-style-type: none"> Reduction of fiscal duty on insulated (electrical) cables from 32% to 15%. The current practise of requiring a letter of confirmation from the local manufacturer will cease and FRCA will make the determination of facilitating concessions.
5. Vinyl Sheet Piling	<ul style="list-style-type: none"> In line with Fiji's Climate Change commitment fiscal duty on vinyl sheet piling will be reduced from 32% to 0%.
6. Glues	<ul style="list-style-type: none"> Reduction of fiscal duty on glues from 15% to 5%.
7. Epoxies	<ul style="list-style-type: none"> Reduction of fiscal duty on epoxies from 15% to 5%.
8. Sealer and Protective Coatings	<ul style="list-style-type: none"> Reduction of fiscal duty on sealer and protective coatings from 15% to 5%.
9. Cleaners and Polishes	<ul style="list-style-type: none"> Reduction of fiscal duty on cleaners and polishes from 15% to 5%.
10. Microphones	<ul style="list-style-type: none"> Reduction of fiscal duty on microphones from 15% to 5%.
11. Single and multiple speakers	<ul style="list-style-type: none"> Reduction of fiscal duty on single and multiple speakers from 15% to 5%.
12. Hailers	<ul style="list-style-type: none"> Reduction of fiscal duty on hailers from 15% to 5%.

Policy	Description
13. New parts for motor vehicles	<ul style="list-style-type: none"> Reduction of fiscal duty on new parts for motor vehicles from 15% to 5%.
14. New engines for motor vehicles	<ul style="list-style-type: none"> Reduction of fiscal duty on new engines of motor vehicles from 15% to 5%.
15. Energy Bars	<ul style="list-style-type: none"> Reduction of fiscal duty on energy bars from 32% to 5%.
16. Sardines	<ul style="list-style-type: none"> Reduction of fiscal duty on sardines from 32% to 15%.
17. DVD raw materials	<ul style="list-style-type: none"> Reduction of fiscal duty on Polycarbonate DVD imported in pairs (polycarbonated and dummy disc) from \$0.50 a pair to 15% on value. The value addition process still remains in place.
18. Steel and aluminium louvre frames	<ul style="list-style-type: none"> Reduction of fiscal duty on steel and aluminium louvre frames from 32% to 5%
19. Baby Cots	<ul style="list-style-type: none"> Reduction of fiscal duty on baby cots from 32% to 5%.
20. Baby Shoes	<ul style="list-style-type: none"> Reduction of fiscal duty on baby shoes from 32% to 5%.
21. Baby Wipes	<ul style="list-style-type: none"> Reduction of fiscal duty on baby wipes from 32% to 0%.
22. Items imported for Health Promotion Programs	<ul style="list-style-type: none"> Duty free concession will be granted for items imported for all Health Promotion Programs subject to approval by CEO.
23. Concessionary duty regime for Taxi Operators	<ul style="list-style-type: none"> 0% fiscal duty on the importation of new hybrid vehicles for taxi purposes is available for taxi operators who have 3 or less taxis in their fleet. Half the subsisting specific rate of fiscal duty on the importation of used hybrid vehicles for taxi purposes is available for taxi operators who have only one taxi. This concession will be available for two years only. A reduced fiscal duty of 5% is available for importation of normal vehicles (non-hybrid) with an engine capacity less than 2500cc for taxi purposes. A reduced fiscal duty of 5% is available for importation of new normal vehicles (non-hybrid) with an engine capacity above 2500cc for taxi purposes.
24. Concessionary duty regime for bus operators	<ul style="list-style-type: none"> 0% fiscal duty on the importation of new buses is available for bus operators with an annual gross turnover of less than \$1.5 million based on 2016 tax return. This is applicable to buses with seating capacity of 16 passengers or more. This duty concession is available for two years only. A reduced fiscal duty of 5% on the importation of used buses is available for bus operators who have an annual gross turnover of less than \$1.5 million based on 2016 tax return. This is applicable to buses with seating capacity of 16 passengers or more. This concession is available for two years only.
25. Gloves	<ul style="list-style-type: none"> Reduction of fiscal duty on gloves from 32% to 5%.
26. Wetsuits	<ul style="list-style-type: none"> Reduction of fiscal duty on wetsuits from 32% to 5%.
27. Neoprene boots	<ul style="list-style-type: none"> Reduction of fiscal duty on neoprene boots from 32% to 5%.
28. Inter-island Shipping Industry	<ul style="list-style-type: none"> Duty free concessions on identifiable fixtures and components for the Inter-Island Shipping Industry (Concession Code 245). 0% duty is available on import of all new inter-island passenger and cargo vessels. 0% duty is available on import of all used inter-island passenger and cargo vessels. This incentive is available for 2 years only.
29. Aquaculture products	<ul style="list-style-type: none"> Duty free concessions on items imported for the development of aquaculture/ mariculture industry e.g. prawn, shrimp, seaweed farming, inshore fisheries etc.
30. TVET training activities.	<ul style="list-style-type: none"> Duty and VAT free concession are made available on the importation of items directly related to teaching (teaching aids, educational and printed matter, pre-recorded educational materials, computers for computer labs and multimedia equipment and any other teaching related goods) by TVET institutions which are currently receiving government grants.
31. Acetylene Gas	<ul style="list-style-type: none"> Duty protection will be given to local manufacturers by increasing fiscal duty on Acetylene Gas from 5% to \$5.90/kg or 32% whichever is greater. Raw material (Calcium Carbide) for manufacturers will also be available at 0% fiscal duty.

Policy	Description
32. Goods imported for International Sports Tournaments.	<ul style="list-style-type: none"> There will be Duty free concessions on goods imported temporarily for International Sports Tournaments.
33. Aid funded projects	<ul style="list-style-type: none"> Exemption of duties, taxes and levies will be granted for Aid funded projects where an Agreement/Memorandum of Understanding is entered into with the Fijian Government.
34. Donations to Government Ministries	<ul style="list-style-type: none"> Whilst donations to government ministries are granted duty concessions, VAT component will be borne by the recipient ministry/agency.
35. Goods imported for international meetings, incentives, conventions and exhibitions (MICE) held in Fiji.	<ul style="list-style-type: none"> Duty free concessions will be available on goods imported for International Meetings, Incentives, Conventions and Exhibitions (MICE) held in Fiji.
36. National Team Uniforms	<ul style="list-style-type: none"> Duty Concession Code 250 will be amended to expand the concessions available to include training, warm-up, playing and outdoor uniforms.
37. Concession Code 235	<ul style="list-style-type: none"> Note 10, Part 3 of the Customs Tariff will be amended to allow disposal of goods imported under code 235 prior to the 5-year life-span. The disposal of these items will be subject to approval by CEO - FRCA.
38. Towelling fabric	<ul style="list-style-type: none"> Reduction of fiscal duty on towelling fabrics imported in rolls by the local manufacturer from 15% to 10%
39. Readymade towels	<ul style="list-style-type: none"> Reduction of fiscal duty on towels imported by others from 32% to 15%.
40. Hybrid Batteries and Cells	<ul style="list-style-type: none"> Reduction of fiscal duty on hybrid batteries and cells from 32% to 5%.
41. Rock, Gravel and Aggregates	<ul style="list-style-type: none"> Being natural resources for Fiji, a 5% Export Tax will be imposed on exportation of rock, gravel and aggregates.

(vii) Import Excise Duty

Policy	Description
1. Microphones	<ul style="list-style-type: none"> Reduction of import excise on microphones from 10% to 0%.
2. Single and multiple speakers	<ul style="list-style-type: none"> Reduction of import excise on single and multiple speakers from 10% to 0%.
3. Hailers	<ul style="list-style-type: none"> Reduction of import excise on hailers from 10% to 0%.
4. Steel and aluminium louvre frames	<ul style="list-style-type: none"> A 5% Import Excise will be imposed on steel and aluminium louvre frames.
5. Concessionary duty regime for taxi operators	<ul style="list-style-type: none"> 0% Import Excise on the importation of new hybrid vehicles for taxi purposes is available for importers who have 3 or less taxis in their fleet. 0% Import Excise on the importation of used hybrid vehicles for taxi purposes is available for importers who have 3 or less taxis in their fleet. This concession will be available for two years only. 0% import excise is available for importation of normal vehicles (non-hybrid) with an engine capacity less than 2500cc for taxi purposes. A reduced import excise of 5% will be imposed for importation of new normal vehicles (non-hybrid) with an engine capacity above 2500cc for taxi purposes.
6. Concessionary duty regime for bus operators	<ul style="list-style-type: none"> 0% import excise is available for importation of new buses for importers/ bus operators who have an annual gross turnover of less than \$1.5 million. This is applicable to buses with seating capacity of 16 passengers or more and available for two years only. 0% import excise is available for importation of used buses for importers/ bus operators who have an annual gross turnover of less than \$1.5 million. This is applicable to buses with seating capacity of 16 passengers or more and available for two years only.

(viii) Local Excise Duty Changes

Policy	Description
1. Tobacco and Alcohol	<ul style="list-style-type: none"> Excise Tax on cigarettes, tobacco and alcohol will be increased by 15% only as this rate was locked in for 3 years in the 2016/2017 Budget.
2. Sweetened and Carbonated Drinks	<ul style="list-style-type: none"> Excise Tax on sweetened and carbonated drinks will be increased by 15% that is from 30 cents per litre to 35 cents per litre.

New Local Excise Rates for Tobacco and Alcohol are as follows:

Description	2016-2017 Rates	2017-2018 Rates
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or less	\$2.59/litre	\$2.98/litre
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or more	\$3.02/litre	\$3.47/litre
Potable Spirit Not Exceeding 57.12 GL	\$57.07/litre	\$65.63/litre
Potable Spirit Exceeding 57.12 GL	\$99.94/litre	\$114.93/litre
Wine: Still	\$4.03/litre	\$4.63/litre
Sparkling	\$4.59/litre	\$5.28/litre
Other fermented beverages: Still	\$4.03/litre	\$4.63/litre
Sparkling	\$4.59/litre	\$5.28/litre
Ready to Drink Mixtures of any Alcohol and non-alcoholic beverages of an alcoholic strength by volume of 11.49% or less	\$1.85/litre	\$2.13/litre
Cigarettes from local tobacco per 10 sticks	175.38 cents	201.69 cents
Cigarette from imported tobacco per 10 sticks	263.05 cents	\$302.51cents
Manufactured tobacco containing tobacco grown outside Fiji	\$151.57/kg	\$174.31/kg
Manufactured tobacco containing tobacco grown in Fiji	\$89.04/kg	\$102.40/kg
Manufactured tobacco containing tobacco grown outside Fiji and tobacco grown in Fiji:		
❖ Tobacco grown outside Fiji	\$151.57/kg	\$174.31/kg
❖ Tobacco grown in Fiji	\$89.04/kg	\$102.40/kg

(ix) Customs Legislation

Policy	Description
1. Statutory written-off Vehicles	<ul style="list-style-type: none"> Schedule 1 of the Customs Prohibited Import and Export Regulations will be amended to prohibit importation of statutory-written off vehicles.
2. Exemption from the conditions of age restrictions and Euro 4 standardization requirements for Quad Bikes (for agriculture purposes), All Terrain Vehicles (for agriculture purposes), Skidder (for forestry purposes) and Articulated Dumper Trucks (for mining purposes)	<ul style="list-style-type: none"> Customs Prohibited Import and Export Regulations will be amended to exempt Quad Bikes, All Terrain Vehicles, Skidder and Articulated Dumper Trucks from the conditions of age restrictions and Euro 4 standardisation requirements.
3. Prohibit dangerous and offensive goods.	<ul style="list-style-type: none"> Customs Prohibited Import and Export Regulations will be amended to absolutely prohibit importation of dangerous and offensive goods such as daggers, electronic shock sticks, flick knives, gravity knives, knuckle dusters, sword sticks, attache case capable of discharging shock of 30,000 volts and Taser Public Defender

Policy	Description
4. Cancellation of Single Administrative Document (SADs)	<ul style="list-style-type: none"> The Customs Act will be amended to allow charging of a \$15 fee on the cancellation of SADs.
5. Drawback Amount	<ul style="list-style-type: none"> Section 98(1) of the Customs Act will be amended to increase the minimum drawback amount from \$20 to \$50.
6. Proceedings under the Customs Act	<ul style="list-style-type: none"> Amendments will be made to the Customs Act to shift the onus or burden of proof to the importer for proceedings under the Act.
7. Authority to examine cargo/people	<ul style="list-style-type: none"> The Customs Act will be amended to include provisions to give FRCA the authority to examine cargo/people in the customs control areas using the customs dog, a chemical substance, x-ray or imaging equipment or any other mechanical, electrical or electronic device.
8. Business records	<ul style="list-style-type: none"> Section 114A (2) of the Customs Act to be amended to increase the keeping of business records from 5 years to 7 years. This is in line with the Companies Act and Tax Administration Act.
9. High Bin Dump Trucks	<ul style="list-style-type: none"> Customs Prohibited Import and Export Regulation will be amended to prohibit the importation of high bin dump trucks with a gross vehicle weight (GVW) exceeding 20 tonnes. Importation of trucks for the mining industry will now require an import licence and will be restricted to those who have a mining licence. Those who have placed their orders prior to 29 June 2017 will be allowed to bring in trucks without licence. Determination of date will be made from bill of lading. FRCA's standard processing conditions will apply on other situations.
10. Fish Levy	<ul style="list-style-type: none"> Customs Regulation 91 will be amended to clarify and include all vessels doing transshipment of fish to pay fish levy of \$450 per tonne except for mother vessels.
11. Time bar on prosecution of offences under the Customs Act	<ul style="list-style-type: none"> Removal of the limitations in provisions of Section 60(1) of the Tax Administration Act and Section 167(2) of the Customs Act which time bars prosecution proceedings.
12. Port Denarau	<ul style="list-style-type: none"> Port Denarau will be declared as a Port of Entry for yachts. This is to create of ease of doing for the growing yachting industry

Part 3 – Tertiary Scholarship & Loans Board

Policy	Description
1. Tertiary Scholarship & Loans Board (TELS)	<ul style="list-style-type: none"> The recovery of loans granted under TELS will now be undertaken by Fiji Revenue & Customs Authority.

Appendices

Table 1: Gross Domestic Product by Sector 2012-2019 (\$M)

Activity	Base Weight	2012	2013	2014p	2015f	2016f	2017f	2018f	2019f
AGRICULTURE	8.2	465.2	497.1	500.4	541.9	477.5	500.6	512.4	525.9
General Government	0.1	7.7	8.7	10.1	11.3	11.4	11.4	11.4	11.4
Subsistence	2.7	153.3	154.5	154.0	153.3	153.9	154.5	155.1	155.7
Formal Non-Government Agriculture	4.8	266.4	295.7	298.4	339.4	274.2	296.5	307.6	320.3
Taro	0.7	35.3	51.4	36.8	35.7	25.0	32.5	35.8	39.4
Sugarcane	1.2	42.5	44.2	50.3	50.7	38.1	52.2	57.7	63.2
FORESTRY AND LOGGING	0.6	32.0	40.6	47.9	44.1	41.0	41.6	42.3	42.9
FISHING AND AQUACULTURE	2.1	114.5	115.3	116.9	121.1	119.7	120.2	121.5	122.9
Formal Non-Government Fishing and Aquaculture	1.3	69.7	69.5	70.7	74.2	72.5	72.7	73.8	75.0
MINING & QUARRYING	1.6	84.8	58.4	51.2	53.6	57.4	58.5	61.1	63.9
MANUFACTURING	14.1	791.6	838.2	848.7	855.8	845.7	886.8	917.1	944.6
Informal manufacturing	3.0	173.7	174.3	174.9	173.5	175.1	176.6	178.2	179.8
Manufacture of food and beverages	5.2	286.7	307.0	305.9	317.6	301.4	332.7	351.6	367.3
Sugar	1.0	43.2	81.3	64.6	69.4	43.6	62.5	73.0	79.9
Mineral water	0.5	16.4	10.4	16.7	22.0	23.8	27.3	28.7	30.1
Non Food Products	4.9	278.5	301.0	308.8	305.7	308.9	315.9	324.6	333.5
Wearing apparel	1.0	52.2	59.8	57.5	52.6	54.2	55.8	57.5	59.3
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	1.9	114.1	121.1	121.6	127.4	130.0	136.5	140.6	144.8
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0.3	19.2	19.6	20.7	21.0	20.7	21.4	22.0	22.7
CONSTRUCTION	2.7	142.4	165.7	175.1	186.0	206.5	236.6	253.8	266.4
Formal Non-Government Construction	1.6	95.9	116.0	124.5	133.8	151.1	176.8	191.0	200.5
WHOLESALE AND RETAIL AND REPAIR OF MOTOR VEHICLES AND MOTOR CYCLES	11.7	674.6	696.4	716.2	738.6	779.2	806.9	827.7	849.2
Informal WRT	3.3	191.4	191.1	191.2	192.8	194.5	196.2	198.0	199.8
Formal Non-Government WRT	8.3	483.1	505.3	525.0	545.9	584.7	610.6	629.7	649.4
TRANSPORT AND STORAGE	6.3	388.9	451.2	574.7	590.0	631.9	659.5	686.0	713.7
Formal Non-Government Transport & Storage	5.9	367.2	428.9	551.8	566.0	607.4	634.9	661.4	689.0
Land Transport	1.2	58.1	68.3	73.5	74.2	75.7	77.2	78.8	80.3
Water & air transport	2.3	152.9	212.5	322.7	328.4	361.2	382.9	402.0	422.2
ACCOMODATION AND FOOD SERVICE ACTIVITIES	6.4	370.6	380.4	395.5	427.3	445.8	467.4	490.1	514.0
Formal Non-Government Accommodation and Food Service Activities	6.3	360.2	370.0	385.0	416.7	435.2	456.8	479.4	503.2
Short term accommodation activities/camping grounds, recreational vehicle parks and trailer parks	5.6	320.8	331.9	345.6	368.6	383.3	402.5	422.6	443.7
INFORMATION AND COMMUNICATION	5.9	347.1	357.3	367.7	388.6	398.2	412.1	426.3	441.2
Formal Non-Government Information and Communication	5.8	340.0	350.2	360.9	381.7	391.1	405.0	419.2	434.0
Wired telecommunications activities	1.4	79.5	81.0	82.0	91.5	92.4	94.3	96.2	98.1
Wireless telecommunications activities	3.0	169.8	171.2	173.2	181.1	186.5	195.9	205.6	215.9
FINANCIAL AND INSURANCE ACTIVITIES	9.2	527.5	557.3	629.5	643.0	664.1	694.7	719.0	744.1
Central banking	0.2	11.9	12.2	12.2	12.3	12.5	12.8	13.0	13.3
Other monetary intermediation	4.1	247.7	253.3	306.7	323.0	339.2	356.2	370.4	385.2
Activities of holding companies	1.6	93.8	90.4	96.4	98.8	102.8	106.9	110.1	113.4
REAL ESTATE ACTIVITIES	5.0	291.5	296.2	296.9	299.1	301.7	304.3	307.1	309.8
Owner Occupied Dwellings	3.9	227.2	229.7	229.9	230.9	231.8	232.8	233.7	234.6

Activity	Base Weight	2012	2013	2014p	2015f	2016f	2017f	2018f	2019f
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	2.2	136.8	147.7	157.2	160.0	167.7	174.0	180.0	185.9
ADMINISTRATIVE AND SUPPORT SERVICES	2.3	141.6	137.2	146.0	149.8	153.5	157.7	161.7	166.0
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	7.6	484.7	509.6	548.6	575.5	603.9	614.0	624.4	635.0
General Public administrative activities	2.8	182.3	186.7	198.2	205.3	217.7	222.0	226.5	231.0
Defence activities	2.0	126.3	132.9	147.4	157.8	161.0	162.6	164.2	165.9
Public order and safety activities	2.4	143.9	154.0	164.0	166.1	177.7	181.3	184.9	188.6
EDUCATION	7.1	420.8	435.8	448.7	460.3	467.9	476.5	486.5	496.8
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	2.4	136.6	134.3	136.3	144.1	145.7	147.5	149.2	150.9
ARTS, ENTERTAINMENT AND RECREATION ACTIVITIES	0.4	22.5	22.6	22.4	23.3	23.7	24.0	24.4	24.8
OTHER SERVICE ACTIVITIES	2.0	112.8	113.2	114.6	116.4	118.2	120.3	122.5	124.5
GRAND TOTAL (GDP @ CONSTANT PRICES)	100.0	5,819.8	6,095.4	6,436.9	6,666.9	6,800.0	7,061.2	7,275.6	7,489.8
GDP @ CURRENT BASIC PRICE		6000.0	6429.0	7039.5	7541.3	7994.2	8601.3	9023.5	9523.9
ADD NET TAXES		1109.5	1286.7	1396.3	1669.5	1854.7	2040.2	2199.6	2371.5
GDP @ MARKET PRICES		7109.5	7715.7	8435.9	9210.8	9848.9	10641.4	11223.1	11895.4

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; p = provisional; f = forecast)

Table 2: GDP Growth by Sector 2013-2019 (% Change)

Activity	Base Weight	2013	2014p	2015f	2016f	2017f	2018f	2019f
AGRICULTURE	8.2	6.8	0.7	8.3	-11.9	4.8	2.4	2.6
General Government	0.1	12.8	15.3	12.0	1.0	0.0	0.0	0.0
Subsistence	2.7	0.8	-0.4	-0.4	0.4	0.4	0.4	0.4
Formal Non-Government Agriculture	4.8	11.0	0.9	13.8	-19.2	8.1	3.7	4.1
Taro	0.7	45.5	-28.8	-3.0	-30.0	30.0	10.0	10.0
Sugarcane	1.2	4.1	13.8	0.7	-24.8	37.0	10.5	9.5
FORESTRY AND LOGGING	0.6	26.9	17.9	-7.8	-7.0	1.5	1.5	1.5
FISHING AND AQUACULTURE	2.1	0.7	1.4	3.6	-1.1	0.4	1.1	1.1
Formal Non-Government Fishing and Aquaculture	1.3	-0.4	1.7	5.0	-2.4	0.3	1.6	1.6
MINING & QUARRYING	1.6	-31.1	-12.3	4.6	7.0	1.9	4.5	4.5
MANUFACTURING	14.1	5.9	1.2	0.8	-1.2	4.9	3.4	3.0
Informal Manufacturing	3.0	0.4	0.3	-0.8	0.9	0.9	0.9	0.9
Manufacture of food and beverages	5.2	7.1	-0.4	3.8	-5.1	10.4	5.7	4.5
Sugar	1.0	88.3	-20.6	7.4	-37.1	43.4	16.7	9.5
Mineral water	0.5	-36.8	61.1	31.8	8.0	15.0	5.0	5.0
Non Food Products	4.9	8.1	2.6	-1.0	1.0	2.3	2.7	2.8
Wearing apparel	1.0	14.5	-3.8	-8.5	3.0	3.0	3.0	3.0
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	1.9	6.1	0.4	4.7	2.1	5.0	3.0	3.0
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0.3	2.1	5.4	1.3	-1.0	3.0	3.0	3.0
CONSTRUCTION	2.7	16.4	5.6	6.2	11.0	14.6	7.2	5.0
Formal Non-Government Construction	1.6	20.9	7.3	7.4	13.0	17.0	8.0	5.0
WHOLESALE AND RETAIL AND REPAIR OF MOTOR VEHICLES AND MOTOR CYCLES	11.7	3.2	2.8	3.1	5.5	3.5	2.6	2.6
Informal WRT	3.3	-0.2	0.1	0.8	0.9	0.9	0.9	0.9
Formal Non-Government WRT	8.3	4.6	3.9	4.0	7.1	4.4	3.1	3.1
TRANSPORT AND STORAGE	6.3	16.0	27.4	2.7	7.1	4.4	4.0	4.0
Formal Non-Government Transport & Storage	5.9	16.8	28.7	2.6	7.3	4.5	4.2	4.2
Land Transport	1.2	17.5	7.6	1.0	2.0	2.0	2.0	2.0
Water & air transport	2.3	39.0	51.9	1.8	10.0	6.0	5.0	5.0
ACCOMODATION AND FOOD SERVICE ACTIVITIES	6.4	2.6	4.0	8.0	4.3	4.9	4.9	4.9
Formal Non-Government Accommodation and Food Service Activities	6.3	2.7	4.1	8.2	4.4	5.0	5.0	5.0
Short term accommodation activities/camping grounds, recreational vehicle parks and trailer parks	5.6	3.5	4.1	6.7	4.0	5.0	5.0	5.0
INFORMATION AND COMMUNICATION	5.9	2.9	2.9	5.7	2.5	3.5	3.5	3.5
Formal Non-Government Information and Communication	5.8	3.0	3.1	5.8	2.5	3.6	3.5	3.5
Wired telecommunication activities	1.4	2.0	1.2	11.6	1.0	2.0	2.0	2.0
Wireless telecommunications activities	3.0	0.8	1.2	4.6	3.0	5.0	5.0	5.0
FINANCIAL AND INSURANCE ACTIVITIES	9.2	5.7	13.0	2.1	3.3	4.6	3.5	3.5
Central banking	0.2	2.9	0.0	0.5	2.0	2.0	2.0	2.0
Other monetary intermediation	4.1	2.2	21.1	5.3	5.0	5.0	4.0	4.0
Activities of holding companies	1.6	-3.7	6.7	2.5	4.0	4.0	3.0	3.0
REAL ESTATE ACTIVITIES	5.0	1.6	0.2	0.7	0.9	0.9	0.9	0.9
Owner Occupied Dwellings	3.9	1.1	0.1	0.4	0.4	0.4	0.4	0.4
PROFESSIONAL SCIENTIFIC AND TECHNICAL ACTIVITIES	2.2	8.0	6.4	1.8	4.8	3.7	3.3	3.4

Activity	Base Weight	2013	2014p	2015f	2016f	2017f	2018f	2019f
ADMINISTRATIVE AND SUPPORT SERVICES	2.3	-3.1	6.4	2.6	2.4	2.8	2.6	2.6
PUBLIC ADMINISTRATION AND DEFENCE; OMPULSORY SOCIAL SECURITY	7.6	5.1	7.6	4.9	4.9	1.7	1.7	1.7
General public administrative activities	2.8	2.4	6.2	3.6	6.0	2.0	2.0	2.0
Defence activities	2.0	5.3	10.9	7.0	2.0	1.0	1.0	1.0
Public order and safety activities	2.4	7.0	6.5	1.3	7.0	2.0	2.0	2.0
EDUCATION	7.1	3.6	3.0	2.6	1.7	1.8	2.1	2.1
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	2.4	-1.7	1.5	5.7	1.1	1.3	1.1	1.1
ARTS, ENTERTAINMENT AND CREATION ACTIVITIES	0.4	0.3	-0.7	3.9	1.6	1.6	1.6	1.7
OTHER SERVICE ACTIVITIES	2.0	0.3	1.2	1.6	1.5	1.8	1.8	1.6
GRAND TOTAL (GDP @ CONSTANT PRICES)	100.0	4.7	5.6	3.6	2.0	3.8	3.0	2.9
GDP @ CURRENT BASIC PRICE		7.1	9.5	7.1	6.0	7.6	4.9	5.5
ADD NET TAXES		16.0	8.5	19.6	11.1	10.0	7.8	7.8
GDP @ MARKET PRICES		8.5	9.3	9.2	6.9	8.0	5.5	6.0

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; p = provisional, f = forecast)

Table 3: Total Exports by Major Commodities 2010-2019 (\$M)

COMMODITIES	2010	2011	2012	2013	2014	2015r	2016p	2017f	2018f	2019f
Sugar	70.1	127.1	174.6	142.2	201.4	129.4	103.1	120.4	139.1	153.6
Molasses	23.1	16.2	14.9	15.6	17.2	19.6	5.9	19.5	19.8	22.8
Gold	148.4	143.0	136.9	101.2	91.0	93.1	121.0	120.3	140.7	154.5
Timber, Cork & Wood	79.6	62.1	68.9	81.3	90.5	93.2	63.8	74.1	78.0	80.4
Fish ¹⁷	243.8	264.5	320.1	263.3	302.0	258.3	284.6	292.3	300.6	310.2
Fruits & Vegetables	37.6	44.3	39.3	42.7	39.1	36.4	36.5	45.6	50.1	55.5
o/w Dalo	23.8	22.3	15.2	12.8	21.7	22.1	23.9	32.2	36.0	40.6
Yaqona	3.9	5.7	5.9	6.5	7.5	8.8	14.2	13.2	12.8	12.5
Coconut Oil	5.5	6.8	6.6	2.8	5.3	4.9	7.9	7.9	7.9	7.9
Textiles, Yarn & Made Up Articles	8.8	9.4	13.3	7.0	8.0	7.1	6.8	7.2	7.6	8.0
Garments	99.3	90.0	88.7	107.0	101.1	110.0	102.2	108.9	114.3	120.7
Footwear	1.9	1.4	3.1	1.4	2.4	1.5	5.7	6.0	6.1	6.4
Mineral Water	119.2	127.4	160.6	156.4	186.3	199.8	214.4	255.1	272.7	293.5
Other Domestic Export	261.2	279.3	272.6	266.9	277.5	318.6	311.4	324.5	336.3	349.0
Re- Exports (excl fish)	502.9	738.9	884.0	900.0	973.0	778.2	659.0	705.8	725.0	749.8
Total Exports	1605.3	1916.1	2189.5	2094.3	2302.3	2058.9	1936.6	2101.0	2211.0	2324.8
Total Exports excl. Aircraft	1605.3	1911.8	2140.8	2056.8	2292.9	2049.2	1936.3	2101.0	2211.0	2324.8

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; p = provisional, f = forecast)

Table 4: Total Imports by Category 2010-2019 (\$M)

ECONOMIC CATEGORY	2010	2011	2012	2013	2014	2015r	2016p	2017f	2018f	2019f
Food	573.1	757.9	772.6	747.8	784.9	800.0	789.4	841.7	897.8	958.1
Beverage & Tobacco	31.3	33.5	32.1	36.0	33.6	48.6	44.7	48.3	52.1	56.3
Crude Materials	30.3	30.6	40.8	48.9	45.0	39.2	66.9	68.8	70.4	72.5
Mineral Fuels	1,100.5	1,165.7	1,212.0	1,219.9	1,392.7	997.2	726.7	888.6	921.7	966.6
Oil & Fats	29.9	47.1	48.3	43.7	45.2	47.2	41.6	44.7	45.8	46.9
Chemicals	294.2	301.5	325.4	337.9	363.6	391.2	418.8	431.4	444.3	457.6
Manufactured Goods	467.1	465.3	507.8	560.0	599.8	696.9	773.5	803.9	843.3	888.1
Machinery & Transport Equipment	625.7	839.2	765.8	1,822.3	1,340.6	1,283.5	1,506.2	1,653.1	1,706.0	1,763.3
o/w Aircraft Imports	5.3	72.4	14.5	816.2	145.1	95.9	35.9	95.9	96.0	96.0
Miscellaneous Manufactured Goods	297.2	282.7	307.0	358.6	376.8	417.2	469.3	479.7	494.1	507.6
Other Commodities	15.4	17.9	26.4	28.4	30.4	35.8	37.7	40.2	42.4	44.9
Total Imports	3,464.7	3,941.4	4,038.2	5,203.5	5,012.6	4,756.8	4,874.8	5,300.2	5,517.9	5,761.8
Total Imports Excl. Aircraft	3,459.4	3,869.0	4,023.7	4,387.3	4,867.5	4,660.9	4,838.9	5,204.3	5,421.9	5,665.8

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; p = provisional, e = estimate, f = forecast)

¹⁷Total Fish = Domestic Fish Exports + Fish Re-exports

Table 5: Balance of Payments 2010-2019 (\$M)

ITEMS	2010	2011	2012	2013(p)	2014(p)	2015(p)	2016e	2017f	2018f	2019f
BALANCE ON GOODS	-1,415.2	-1,531.6	-1,378.1	-2,133.5	-1,941.9	-1,980.9	-2,324.4	-2,462.6	-2,540.6	-2,637.8
exports f.o.b	1,568.7	1,915.4	2,156.4	2,111.1	2,279.4	2,027.9	1,907.5	2,070.6	2,179.1	2,291.0
imports f.o.b	2,983.9	3,447.0	3,534.5	4,244.6	4,221.3	4,008.8	4,231.9	4,533.2	4,719.8	4,928.8
BALANCE ON SERVICES	1,032.1	1,131.2	1,160.4	1,161.1	1,270.7	1,506.8	1,506.3	1,625.6	1,656.9	1,764.7
Export of Services	1,891.4	2,097.0	2,188.4	2,277.1	2,410.0	2,639.6	2,718.5	2,870.6	2,899.4	3,031.2
Import of Services	859.3	965.8	1,028.0	1,116.0	1,139.3	1,132.8	1,212.2	1,245.1	1,242.5	1,266.4
BALANCE ON PRIMARY INCOME	-187.3	-207.9	-262.5	-150.9	-425.5	-411.3	-347.8	-375.2	-376.6	-375.7
Income from non-residents	154.5	179.3	135.4	162.3	111.9	96.9	136.8	140.0	143.2	146.1
Income to non-residents	341.8	387.2	397.9	313.2	537.4	508.2	484.5	515.2	519.8	521.8
BALANCE ON SECONDARY INCOME	286.5	256.8	378.1	376.7	456.1	501.7	635.3	543.8	589.9	608.8
Inflow of current transfers	388.0	362.9	496.6	512.8	596.0	647.2	784.8	694.6	741.5	761.1
Outflow of current transfers.	101.5	106.1	118.5	136.1	139.9	145.5	149.5	150.8	151.6	152.4
CURRENT ACCOUNT BALANCE	-284.0	-351.5	-102.1	-746.6	-640.6	-383.7	-530.5	-668.5	-670.4	-640.0
CURRENT ACCOUNT BALANCE (Excluding aircraft)	-278.7	-279.1	-87.6	69.6	-495.5	-287.8	-494.6	-572.6	-574.4	-544.0
CAPITAL ACCOUNT BALANCE	5.6	10.6	7.1	8.9	8.2	8.4	6.4	6.4	6.4	6.4
FINANCIAL ACCOUNT BALANCE (Excluding RA)	564.7	600.9	564.2	740.8	1,018.5	749.8	628.2	742.4	615.2	648.3
Errors & Omissions	-27.1	-50.9	-347.6	137.0	-341.9	-237.8	-126.6	-50.2	-71.1	-79.7
RESERVE ASSETS	212.1	209.1	121.6	140.1	44.2	136.7	-22.5	30.1	-150.0	-100.0

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; p = provisional, e = estimate, f = forecast)

Table 6: Tourism Statistics 2010 – 2019

	2010	2011	2012	2013	2014p	2015p	2016p	2017f	2018f	2019f
Visitors (000)	631,868	675,050	660,590	657,706	692,630	754,835	792,320	831,936	873,533	917,209
Average length of stay (days)	9.6	9.4	9.6	9.5	9.5	9.5	9.5	9.6	9.6	9.6
Visitors days (millions)	6.0	6.3	6.3	6.1	6.5	7.0	6.8	7.0	7.0	7.0
Earnings (F\$M)	1,194.4	1,286.5	1,300.0	1,318.2	1,404.6	1,560.2	1,602.9	1,683.0	1,767.2	1,855.6

(Source: Fiji Bureau of Statistics, Macroeconomic Committee; p = provisional, f = forecast)

Table 7: Sugar Production, Export and Price (2010 – 2019)

	2010	2011	2012	2013	2014	2015r	2016p	2017f	2018f	2019f
Export Quantity Sugar (000 tonnes)	96.4	122.0	138.0	160.6	204.6	176.8	143.0	170.0	203.3	225.6
Unit Value (F\$/tonne)	727.0	1041.8	1265.2	885.4	984.4	731.9	721.0	708.4	684.1	681.1
Sugar Export Earnings (F\$M)	70.1	127.1	174.6	142.2	201.4	129.4	103.1	120.4	139.1	153.6
Molasses Production (000 tonnes)	106.9	62.4	66.4	64.9	66.9	79.9	0.2	84.0	85.0	98.3
Molasses Export Earnings (F\$M)	23.1	16.2	14.9	15.6	17.2	19.6	5.9	19.5	19.8	22.8

(Source: Fiji Bureau of Statistics, Fiji Sugar Corporation, Macroeconomic Committee; r = revised, p = provisional, f = forecast)

Table 8: Inflation Rates (2011 –2016)

	2011	2012	2013	2014	2015	2016(May)
All items	6.4	2.7	3.4	0.1	1.6	5.2
Food and Non Alcoholic Beverage	10.7	3.8	5.1	1.5	5.0	9.9
Alcoholic Beverages, Tobacco and Narcotics	9.4	11.6	6.1	14.3	7.3	27.5
Clothing & Footwear	1.5	0.5	3.3	0.5	2.5	2.1
Housing, Water, Elec., Gas and Other Fuels	2.1	1.2	0.9	-1.5	-4.3	-5.5
Furnishings Hhld Equip. & Routine Hhld Maint.	4.0	-0.5	2.9	1.6	0.8	0.9
Health	4.8	7.0	2.1	4.4	1.1	2.9
Transport	10.9	0.6	-0.1	-2.2	-2.6	-3.4
Communications	-0.4	-0.5	0.0	0.1	0.2	-1.5
Recreation & Culture	-0.6	1.0	7.6	-1.1	2.2	-1.8
Education	0.9	1.0	6.5	-17.1	0.0	9.0
Restaurant & Hotels	4.7	10.5	8.4	3.5	0.0	3.3
Miscellaneous Goods & Services	0.1	-0.2	-0.3	1.3	3.9	-0.5

(Source: Fiji Bureau of Statistics (2011 Base))

Table 9: Employment by Sector 2000-2009 (in thousands of persons)

ECONOMIC ACTIVITY	2000**	2003	2004	2005**	2006	2007[r]	2009[r]
Agriculture, Forestry Fishing	1.8	1.7	1.6	1.4	1.6	1.3	1.3
Mining & Quarrying	1.7	1.9	2.4	1.9	2.2	0.2	2.6
Manufacturing	28.5	25.5	25.0	25.5	27.2	22.1	21.8
Electricity, Water & Gas	2.6	2.3	2.2	2.7	2.3	2.3	2.1
Construction	2.7	6.4	7.2	8.5	9.3	8.6	7.4
Distribution (incl. Tourism)	22.1	25.8	26.7	27.2	30.2	31.0	29.6
Transport & Communication	11.3	10.7	9.9	9.2	10.8	9.8	10.5
Finance, Insurance & Business Services	5.7	7.8	8.1	7.8	9.4	8.5	8.8
Other Services	39.3	37.9	39.0	41.0	41.9	43.0	41.0
Total	115.8	119.9	122.0	125.2	134.9	126.7	125.1

(Source: Fiji Bureau of Statistics)

Note: Due to low response rate, figures for the years 2001 were not compiled.

No survey was conducted in 2002.

*As per survey results

**Reference to period was end of December.

Table 10: Employment by Sector 2010-2011 (in thousands of persons)

ECONOMIC ACTIVITY	2010[r]	2011(r)
Agriculture, Forestry Fishing	2.2	1.6
Mining & Quarrying	0.9	0.1
Manufacturing	22.0	22.4
Electricity, Gas & Air Conditioning Supply	0.1	0.8
Water Supply; Sewerage, waste management and Remediation activity	1.3	1.9
Construction	6.9	6.2
Wholesale and Retail; Repair of motor vehicles and motor cycle	21.4	22.0
Transport and Storage	8.3	8.9
Accommodation and Food Services	13.6	14.2
Information and Communication	2.2	2.7
Financial and Insurance activities	3.8	3.9
Real Estate Activities	1.1	1.2
Professional Scientific and Technical Activities	3.2	5.3
Admin and Support Services Activities	6.1	6.6
Public admin and defence compulsory social security	11.3	10.7
Education	15.2	15.4
Human Health and social work activities	4.9	5.2
Arts, Entertainment and recreation	0.5	0.5
Other Service Activities	1.5	1.7
Activities of household as employers; undifferentiated	0.1	0.1
Total	126.6	131.6

(Source: Fiji Bureau of Statistics)

Note: The change in the classification of industries is derived from the Fiji Standard Industrial Classification (FSIC) 2010 which was enhanced to suit and reflect Fiji's current economic phenomena.

