



Ministry of Finance

Government Debt Report Quarter 1, 2023-2024

1.0 GOVERNMENT DEBT STOCK

As at 31 October 2023, total Government debt stood at \$9,986.4 million equivalent to 75.6 percent of Gross Domestic Product (GDP)¹, recording a 2.5 percent increase over the quarter and a 5.6 percent increase when compared to the same period last year. The debt to GDP ratio is projected to reach around 80 percent at the end of this fiscal year, FY2023/2024.

As a percentage of total debt, domestic debt accounted for 63.8 percent (\$6,373.8 million) while external debt accounted for the remaining 36.2 percent (\$3,612.5 million).

During the quarter, Government had accessed a total of \$167.3 million in borrowings of which \$17.8 million were sourced from external loans and \$149.5 million from domestic sources while total debt servicing amounted to \$225.5 million (\$106.5 million in principal repayments and \$119.1 million in interest payments).

2.0 DOMESTIC DEBT

Total domestic debt stood at \$6,373.8 million at the end of October 2023, increase by 3.3 percent from the previous quarter and 8.5 percent from the same period last year. Domestic debt comprises Viti Bonds and Fiji

Infrastructure Bonds (FIB) amounting to \$6,003.8 million, while Treasury bills (T-bills) amount to \$370.0 million.

At the end of October 2023, total amount of \$149.5 million or 19.5 percent of the approved domestic borrowing limit for FY2024 were utilised. This consists of \$143.0 million in FIB and \$6.5 million in Viti Bonds while T-Bills financing amounting to \$204.0 million to rollover the maturing T-Bills.

Investors demand in Viti Bonds increased significantly during the first quarter with 65 percent utilised from the approved Viti bonds borrowing limit.

On average, for the quarter, FIB and T-bills were oversubscribed, indicating growing market interest for both short term and long term government securities.

Total domestic debt servicing amounted to \$144.8 million (\$51.1 million in principal repayments and \$93.7 million in interest payments), increased by 13.4 percent as compared to last quarter.

Government bond yields remained constant throughout the quarter, however there was a slight increase for the 12-month tenors and 20 years tenors by 2 basis points and 4 basis points, respectively. Given the substantial liquidity in the financial system, yields on

¹ The Debt to GDP has recorded a decline from 82.1% in the previous quarter to 75.6% following an upward

revision in the nominal GDP (\$13,208.8 million) in November 2023.

bonds remain low across the maturity spectrum.

2.1 EXTERNAL DEBT

Total external debt stood at \$3,612.5 million, increasing by 1.0 percent over the quarter and by 0.9 percent when compared to the same period last year.

In terms of debt composition by lenders, the Asian Development Bank (ADB) remains the largest external lender comprises 39.8 percent of the total external debt portfolio, followed by the World Bank Group at 31.3 percent, Japan International Cooperation Agency (JICA) at 10.7 percent, EXIM Bank of China at 9.4 percent and Asian Infrastructure Investment Bank (AIIB) at 6.4 percent. The Australian Infrastructure Financing Facility for the Pacific (AIFFP) and European Investment Bank (EIB) trailed at 1.9 percent and 0.5 percent, respectively.

During the quarter, a sum of \$17.8 million was disbursed to finance various projects with \$14.2 million utilised under the water supply and wastewater sanitation and roads infrastructure and \$3.6 million for the COVID-19 related emergency and support projects.

Debt servicing was recorded at \$80.7 million (\$55.3 million in principal repayments and \$25.4 million in interest payments).

3.0 COST AND RISK INDICATORS

Table 1 provides a comparison of quarterly movement of the cost and risk indicators as at October 2023 together with the Medium Term Debt Management Strategy (MTDS) proposed targets set for the next 3 years (FY2026).

Table 1: End Target Indicators vs Results

Cost and Risk Indicators		MTDS Target FY2026*	FY 2023	Oct-23
Nominal debt as percentage of GDP		79.1	82.1 (r)	75.6
Cost of Debt	Weighted Av. IR (percent)	5.5	5.1	4.9
	ATM (years)	10.2	10.5	10.7
Interest rate risk	ATR (years)	9.4	9.1	10.6
FX risk	FX debt (percent of total debt)	32.8	36.7	34.1

*Proposed target and is subject to change

The average interest rate of Government debt portfolio is at 4.9 percent a slight decline by 2 basis points when compared to the last quarter. This is attributed to the slight drop of interest rates for government bonds during the quarter.

The average time to maturity (ATM) for quarter 3 of FY2023 slightly improved to around 11 years attributed to the issuance of long-term bonds in the domestic market. Similarly, the average time to refixing (ATR) stood at around 11 years as well allowing Government more time to adjust to change in interest rate after every redemption is made.

Foreign currency risks exposure declined by 26 basis points to 34.1 percent when compared to the FY2023 period (refer to Appendix) as government focused more on domestic borrowings over the reporting period.

4.0 GOVERNMENT GUARANTEES

As at 31 October 2023, Government guaranteed debt stood at \$1,027.3 million, equivalent to 7.7 percent of GDP. This represents a decrease of 4.9 percent over the

quarter or 9.8 percent over the year. The decline is attributed to the settlement of guaranteed loans from guaranteed entities.

Total contingent liabilities at the end of the quarter recorded at \$1,723.3 million equivalent to 14 percent of GDP, represent a decline by 2.1 percent.

Government will ensure that fiscal risks are prudently minimised through monitoring of costs and risks associated with the Government guarantees.

**Debt Management Unit
Treasury Division
December 2023**

Appendix

CENTRAL GOVERNMENT DEBT STATISTICS (FJ\$ MILLIONS)					
Particulars	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23
Total Government Debt to GDP	79.7% (r)	79.6% (r)	81.5% (r)	82.1% (r)	75.6%
TOTAL GOVERNMENT DEBT	9,454.1	9,445.5	9,676.2	9,747.6	9,986.4
DOMESTIC DEBT	5,875.1	5,983.9	6,133.8	6,170.5	6,373.8
BONDS:	5,593.6	5,706.9	5,861.7	5,905.4	6,003.8
FNPF	3,324.3	3,404.0	3,517.9	3,571.1	3,618.8
FNPF Retirement Income Fund	343.4	345.9	351.8	355.9	358.7
FNPF Special Death Benefit Fund	68.4	68.5	68.5	69.4	72.3
Insurance companies	789.5	822.7	845.5	855.0	869.9
Commercial Banks	224.8	224.0	234.0	259.6	284.8
RBF	695.5	695.2	695.6	694.3	694.7
Trust Fund	21.5	21.5	21.5	19.3	19.8
Unit Trust of Fiji	20.4	20.4	20.4	20.2	20.1
Merchant Finance	5.0	3.0	2.1	0.8	0.8
Kontiki Finance Limited	50.6	50.6	50.6	7.4	7.6
Others	50.3	51.3	54.1	52.5	56.4
T-BILLS:	281.5	277.0	272.1	265.1	370.0
Commercial Banks	281.5	277.0	272.1	265.1	370.0
Others	0.0	0.0	0.0	0.0	0.0
% of Domestic Debt to Total Debt	62.1%	63.4%	63.4%	63.3%	63.8%
% Domestic Debt to GDP	49.5%	50.4%	51.7%	52.0%	48.3%
EXTERNAL DEBT	3,579.0	3,461.6	3,542.4	3,577.0	3,612.5
LOANS:	3,579.0	3,461.6	3,542.4	3,577.0	3,612.5
Asian Development Bank (USD)	1,434.0	1,359.6	1,417.4	1,419.1	1,439.3
Asian Infrastructure Investment Bank (USD)	231.6	217.8	224.6	224.5	231.0
Exim Bank of China (CNY)	396.5	400.6	374.9	363.0	338.0
Japan International Cooperation Agency (JPY)	393.7	419.4	420.2	398.5	388.1
World Bank - International Bank for Reconstruction & Development (USD)	406.6	388.8	407.6	408.1	426.5
World Bank - International Development Association (USD)	697.0	656.9	678.8	680.6	703.9
European Investment Bank (USD)	19.6	18.4	19.0	18.3	18.9
Australian Infrastructure Financing Facility for the Pacific (USD)	0.0	0.0	0.0	65.0	66.8
% of External Debt to Total Debt	37.9%	36.6%	36.6%	36.7%	36.2%
% External Debt to GDP	30.2%	29.2%	29.8%	30.1%	27.3%
DEBT SERVICING					
	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23
TOTAL	185.1	190.8	185.7	184.7	225.5
Domestic Bonds & Loans	133.6	148.6	126.7	127.7	144.8

Principal	44.8	58.8	36.3	35.7	51.1		
Interest	88.8	89.8	90.4	92.0	93.7		
External Loans	51.6	42.2	59.0	57.1	80.7		
Principal	39.2	20.1	37.2	25.0	55.3		
Interest	12.4	22.1	21.8	32.1	25.4		
BORROWING							
TOTAL	306.2	211.7	223.2	172.9	167.3		
FIB Bonds/Viti Bonds/COVID	154.4	172.1	191.2	79.3	149.5		
External loans (Includes Cap. Interest)	151.8	39.6	32.1	93.6	17.8		
YIELDS ON GOVERNMENT SECURITIES							
3 months	0.03	0.03	0.03	0.03	0.03		
6 months	0.08	0.08	0.08	0.07	0.07		
12 months	0.14	0.14	0.14	0.13	0.15		
10 year	3.95	3.95	3.90	3.90	3.90		
15 year	4.19	4.13	4.15	4.17	4.17		
20 year	4.62	4.56	4.59	4.61	4.65		
GOVERNMENT GUARANTEES							
% of Government Guarantees to GDP	9.6%	9.6%	8.7%	8.9%	7.8%		
Total Government Guarantees	1,139.4	1,137.4	1,028.6	1,088.5	1,027.3		
Air Pacific Limited trading as Fiji Airways	476.8	470.6	369.6	423.8	447.8		
Fiji Development Bank	309.9	289.9	284.3	274.6	248.1		
Fiji Sugar Corporation	273.0	267.0	264.5	280.2	233.1		
Housing Authority	76.7	109.1	109.1	109.1	94.8		
Pacific Fishing Company Limited	3.0	0.8	1.1	0.8	3.5		
RISK INDICATORS							
		FY2022-2023			Oct– 23		
		External debt	Domestic debt	Total debt	External debt	Domestic debt	Total debt
Amount (in millions of FJD)		3,577.0	6,170.5	9,747.5	3,612.5	6,373.8	9,986.4
Amount (in millions of USD)		1,593.2	2,748.4	4,341.6	1,563.9	2,759.2	4,323.1
Nominal debt as percent of GDP		30.1 (r)	52.0 (r)	82.1 (r)	27.3	48.3	75.6
Refinancing risk	ATM (years)	10.7	10.3	10.5	11.1	10.4	10.7
	Debt maturing in 1 year (percent of total)	4.8	9.5	7.8	3.0	7.9	6.2
Interest rate risk	ATR (years)	6.9	10.3	9.1	10.9	10.4	10.6
	Debt re-fixing in 1 year (percent of total)	57.0	9.5	27.3	5.7	10.1	8.6
	Weighted Av. IR (percent)	3.6	5.9	5.1	3.3	5.8	4.9
Foreign Exchange rate ('FX') risk	FX debt (percent of total debt)	36.7			34.1		

*r – revised due to revision in the GDP in November 2023