



MINISTRY OF FINANCE, STRATEGIC PLANNING, NATIONAL DEVELOPMENT AND STATISTICS

GOVERNMENT'S FIRST QUARTER FISCAL PERFORMANCE FY2023-2024

At the end of first quarter (August-October) of FY2023-2024, Government recorded a net deficit of \$21.5 million equivalent to -0.2 percent of GDP, lower than the net deficit target of -2.6 percent for the same period. Total revenue stood at \$891.4 million (6.7 percent of GDP), whilst total expenditure amounted to \$912.9 million (6.9 percent of GDP). In the same period last financial year (August 2022 to October 2022), the net deficit was \$289.5 million, equivalent to -2.4 percent of GDP.

Table 1 below provides the summary of Government's fiscal position for the first quarter of FY2023-2024. A detailed Government's Cashflow Statement is provided as Annex 1.

Table 1: Fiscal Position for Quarter 1 FY2023-2024

Particulars	2023-2024 Annual Budget	2023-2024 Quarter 1 Forecast	2023-2024 Quarter 1 Actual	2023-2024 Quarter 1 Variance	2023-2024 Quarter 1 Variance
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Total Revenue	3,700.7	909.8	891.4	-18.4	-2.0%
Tax Revenue	3,107.7	732.8	742.4	9.6	1.3%
Non - Tax revenue	593.1	177.0	149.0	-28.0	-15.8%
Total Expenditure	4,339.9	1,258.6	912.9	-345.7	-27.5%
Operating Expenditure	3,036.9	909.3	666.3	243.0	-26.7%
Capital Expenditure	1,192.1	295.6	236.0	-59.5	-20.1%
VAT (SEG 13)	110.9	53.7	10.5	-43.2	-80.4%
Net Deficit	-639.1	-348.8	-21.5	327.3	-93.8%
% of GDP	-4.8%	-2.6%	-0.2%		
Nominal GDP	13,266.6	13,208.8	13,208.8		

Total revenue collection of \$891.4 million for the first three months of the fiscal year represented around 24.1 percent of the annual projected revenue of \$3,700.7 million and was below the forecast by \$18.4 million or 2.0 percent. The underperformance in overall Government revenue was largely attributed to the below forecast collection of \$28.0 million or 15.8 percent in non-tax revenue, whilst positive outturn was noted in the tax revenue category. Compared to the same period last financial year, total revenue collection was higher by \$213.3 million or 31.5 percent.

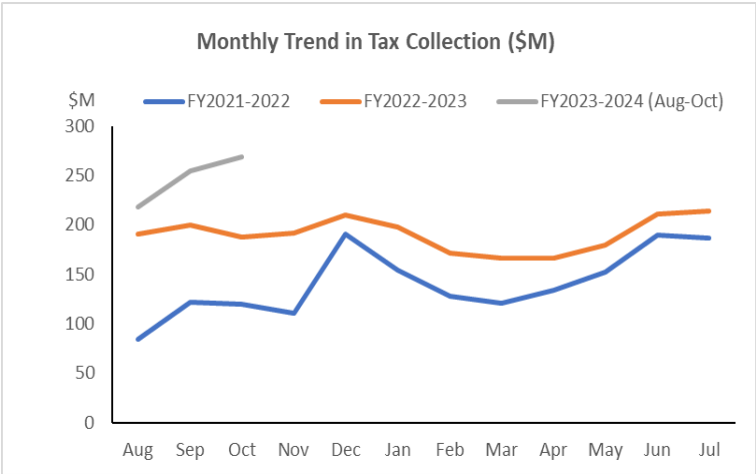
Tax revenue receipts for the first quarter was \$742.4 million, surpassing the forecast by \$9.6 million or 1.3 percent, and represents around 23.9 percent of total tax revenue budgeted for this financial year. The positive outturn in tax revenue in the first quarter was largely driven by above forecast collection from Corporate Taxes (up by \$17.7 million), Import Excise Duty (up by \$3.9 million), Capital Gains Tax (up by \$3.8 million), Dividend Withholding Tax (up by \$3.4 million),

Social Responsibility Tax (up by \$3.4 million), Personal Taxes (up by \$3.2 million), Luxury Vehicle Levy (up by \$0.3 million) and Environment and Climate Adaptation Levy (up by \$0.1 million). On the other hand, below forecast collections were noted from VAT (down by \$21.3 million), Fiscal Duty (down by \$6.4 million), Water Resource Tax (down by \$3.0 million), Departure Tax (down by \$2.5 million), Export Duty (down by \$0.2 million) and Fringe Benefit Tax (down by \$0.1 million).

Tax collections increased by \$169.1 million or 29.5 percent when compared to the same period last financial year. In comparison to the same period last financial year, increases were noted in VAT (+\$66.1 million), Corporate Tax (+\$43.0 million), Fiscal Duty (+\$9.4 million), Excise Duty (+\$8.1 million), Pay As You Earn (PAYE) Tax (+\$7.0 million), Dividend Withholding Tax (+\$5.8 million), Capital Gains Tax (+5.0 million), Import Excise Duty (+\$4.1 million), Departure Tax (+\$1.9 million), Social Responsibility Tax (+\$1.7 million), ECAL (+\$0.6 million and Luxury Vehicle Levy (+\$0.3 million).

The upbeat performance in tax collection in the first quarter of FY2023-2024 is attributed to the changes in the VAT rate, Corporate Tax rate, Departure Tax and Custom Duties.

Figure 1: Recent Trend in Tax Collections for the First Quarter of FY 2023-2024



In terms of non-tax revenue, collection for the first quarter totaled \$149.0 million, below the anticipated collections by \$28.0 million or 15.8 percent. The unfavorable outturn was largely attributed to the below forecast collection in Grants in Aid (below by \$37.0 million) and in Fees, Fines & Charges (below by \$11.8 million). Despite this, above forecast collection was noted in Dividend from Investment (up by \$17.2 million), Other Revenue & Surpluses (up by \$2.0 million) and Reimbursement & Recoveries (up by \$1.2 million). When compared to the same period last financial year, non-tax revenue has increased by \$44.2 million or 42.2 percent. Collection from Dividend from Investment and Reimbursement & Recoveries rose by \$55.7 million and \$1.2 million, respectively, whilst lower collection was noted in Fees, Fines & Charges (lower by \$8.9 million), Grants in Aid (lower by \$2.4 million) and Other Revenues & Surpluses (lower by \$0.6 million).

In terms of expenditure, total Government spending for the first quarter totaled \$912.9 million, lower than the forecast by \$345.7 million or 27.5 percent. The spending level represents around 21.0 percent of total budgeted spending for this financial year and is anticipated to pick-up pace in the coming months. In the review period, both operating and capital expenditure were below forecast by \$243.0 million and \$59.5 million, respectively. Operating to Capital expenditure mix stood at 74:26 for first quarter of FY2023-2024.

Compared to the same period last financial year, total expenditure has declined by \$54.7 million or 5.7 percent. Operating expenditure increased by \$28.9 million or 4.5 percent, whilst capital expenditure was lower by \$85.1 million or 26.5 percent. The changes in operating expenditure over the years is largely driven by operating Grants & Transfers (SEG 6), Special Expenditure (SEG 7) and Interest Payments. On the hand, Capital Grants & Transfers have been the main driver for change in capital expenditure over the years.

Government Debt

Government's total debt position at the end of October 2023 stood at \$9,991.0 million, equivalent to 75.3 percent of GDP. Domestic debt stood at \$6,378.5 million or 48.3 percent of the GDP, while external debt was \$3,612.5 million or 27.3 percent of GDP. The debt mix at the end of Quarter 1 comprises 63.8 percent in domestic debt and 36.2 percent in foreign debt. At the end of FY2023-2024, total Government debt is projected to be around 79.3 percent of GDP.

Conclusion

The fiscal position for the first quarter shows satisfactory outturn and was achieved mainly on the back of lower spending in both operating and capital expenditures. While an annual positive outturn was noted in total revenue collections in the review period overall revenue was below forecast and therefore needs to be closely monitored going forward.

On the macroeconomic front, the Fijian economy is projected to return to pre-pandemic GDP level by the end of this year driven by the strong recovery in tourism and related industrial and services sectors. For 2023, growth has been revised upwards to 8.2 percent from an earlier forecast of 8.0 percent and in the medium-term growth is expected to return to the pre-pandemic trend of 3.4 percent in 2024 and 3.0 percent in 2025 and 2026, respectively.

However, risks largely emanating from slowdown in global growth, tight labour markets, rising commodity prices coupled with domestic supply side issues in the tourism sector, loss of labour due to high emigration, rising cost of doing business, and increasing threats from natural disasters poses serious downside risks to the domestic outlook.

Shiri Gounder

Permanent Secretary for Finance

Ministry of Finance, Strategic Planning, National Development & Statistics

27 December 2023

Annex 1
Cashflow Statement

	Annual Budget	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	
		2023-2024	Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of
	(\$m)	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
		(\$m)	(\$m)	(\$m)	(\$m)	(%)	(\$m)	(\$m)	(\$m)	(%)	Annual Budget
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts											
Direct Taxes	816.4	200.6	234.7	34.1	17.0%	154.9	234.7	79.8	51.5%	28.7%	
Indirect Taxes (excluding Government VAT)	2180.34	478.5	497.1	18.6	3.9%	409.4	497.1	87.7	21.4%	22.8%	
Fees, Fines & Charges	166.6	40.7	28.9	-11.8	-29.0%	37.8	28.9	-8.9	-23.6%	17.3%	
Sales Revenue	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0%	
Grants in aid	216.8	42.5	5.5	-37.0	-87.1%	7.9	5.5	-2.4	-30.8%	2.5%	
Dividends from Investments	124.6	85.0	102.2	17.2	20.3%	46.5	102.2	55.7	119.8%	82.0%	
Reimbursement & Recoveries	46.7	0.4	1.6	1.2	327.5%	0.4	1.6	1.2	322.9%	3.4%	
Other Revenue & Surpluses	31.7	7.9	9.8	2.0	24.8%	10.5	9.8	-0.6	-5.9%	31.0%	
Total operating receipts	3,583.2	855.5	879.9	24.3	2.8%	667.4	879.9	212.5	31.8%	24.6%	
Payments											
Personnel	1064.0	289.3	234.3	-55.0	-19.0%	251.4	234.3	-17.1	-6.8%	22.0%	
Transfer payments	874.4	273.7	229.8	-44.0	-16.1%	183.4	229.8	46.3	25.3%	26.3%	
Supplies and consumables	335.1	162.5	62.0	-100.4	-61.8%	63.3	62.0	-1.3	-2.0%	18.5%	
Purchase of outputs	226.7	52.3	19.6	-32.7	-62.6%	37.7	19.6	-18.1	-48.1%	8.6%	
Interest paid	535.4	131.2	120.6	-10.6	-8.1%	100.9	120.6	19.7	19.6%	22.5%	
Other operating payments	1.2	0.3	0.0	-0.3	-89.5%	0.7	0.0	-0.7	-95.5%	2.6%	
Total operating payments	3,036.8	909.3	666.3	-243.0	-26.7%	637.4	666.3	28.9	4.5%	21.9%	
Net cash flows from operating activities	546	-53.8	213.6	267.3	-497.0%	29.9	213.6	183.6	613.3%	39.1%	
As % of GDP	4.1%	-0.4%	1.6%			0.3%	1.8%				
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Sale of Government Assets	5.2	0.0	0.6	0.6	0.0%	1.2	0.6	-0.6	-52.4%	0.0%	
Interest from Bank Balance	0.5	0.1	0.4	0.2	170.8%	0.1	0.4	0.2	204.3%	67.7%	
Interest on Term Loans	0.9	0.3	0.1	-0.2	-79.5%	0.4	0.1	-0.3	-83.6%	7.3%	
Return of Surplus Capital from Investment	0.1	0.1	0.0	-0.1	-100.0%	0.1	0.0	-0.1	-100.0%	0.0%	
Total investing receipts	6.7	0.5	1.0	0.4	85.3%	1.7	1.0	-0.8	-44.3%	14.6%	
Payments											
Loans	0.0	1.9	0.0	-1.9	-100.0%	0.0	0.0	0.0	0.0%	0.0%	
Transfer Payments	965.6	252.6	222.5	-30.1	-11.9%	302.3	222.5	-79.8	-26.4%	23.0%	
Purchase of physical non-current assets	226.5	41.0	13.5	-27.5	-67.0%	18.9	13.5	-5.3	-28.3%	6.0%	
Total investing payments	1,192.1	295.6	236.0	-59.5	-20.1%	321.1	236.0	-85.1	-26.5%	19.8%	
Net cash flows from investing activities	-1,185.4	-295.0	-235.1	60.0	-20.3%	-319.4	-235.1	84.3	-26.4%		
As a % of GDP	-8.9%	-2.2%	-1.7%			-2.7%	-2.0%				
Net (Deficit)/Surplus	-639.1	-348.8	-21.5			-289.5	-21.5				
% of GDP	-4.8%	-2.6%	-0.2%			-2.4%	-0.2%				
GDP at Market Prices	13,266.6	13,208.8	13,208.8			11,868.7	13,208.8				

Summary	Annual Budget	Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024
	(\$m)	(\$m)	(\$m)	(\$m)	(%)	(\$m)	(\$m)	(\$m)	(%)	Annual Budget
Total Revenue	3,700.7	909.8	891.4	-18.4	-2.0%	678.1	891.4	213.3	31.5%	24.1%
Tax Revenue	3,107.7	732.8	742.4	9.6	1.3%	573.3	742.4	169.1	29.5%	23.9%
Non-Tax Revenue	593.1	177.0	149.0	-28.0	-15.8%	104.8	149.0	44.2	42.2%	25.1%
Total Expenditure	4,339.9	1,258.6	912.9	-345.7	-27.5%	967.5	912.9	-54.7	-5.7%	21.0%
Operating Expenditure	3,036.9	909.3	666.3	-243.0	-26.7%	637.4	666.3	28.9	4.5%	21.9%
Capital Expenditure	1,192.1	295.6	236.0	-59.5	-20.1%	321.1	236.0	-85.1	-26.5%	19.8%
SEG 13 VAT	110.9	53.7	10.5	-43.2	-80.4%	9.0	10.5	1.6	17.6%	9.5%
Net Deficit	-639.1	-348.8	-21.5	327.3	-93.8%	-289.5	-21.5	267.9	-92.6%	3.4%
% of GDP	-4.8%	-2.6%	-0.2%	2.5%	-93.8%	-2.4%	-0.2%	2.3%	-93.3%	
Nominal GDP	13,266.6	13,208.8	13,208.8			11,868.7	13,208.8			

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

Tax Performance

Particulars	Annual Budget	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
		Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024
	(\$m)	(\$m)	(\$m)	(\$m)	(%)	(\$m)	(\$m)	(\$m)	(%)	Annual Budget
Income Tax Collection										
PAYE Tax	178,020,012.1	41,520,420.0	44,749,013.3	3,228,593.4	7.8%	37,691,173.0	44,749,013.3	7,057,840.4	18.7%	25.1%
Withholding & Dividend Tax	120,091,492.2	29,354,504.2	32,775,988.8	3,421,484.6	11.7%	26,943,184.5	32,775,988.8	5,832,804.3	21.6%	27.3%
Company Tax	415,361,742.9	103,655,742.7	121,395,183.8	17,739,441.0	17.1%	78,317,297.3	121,395,183.8	43,077,886.5	55.0%	29.2%
Other Taxes	29,186,181.4	6,915,959.3	8,721,835.8	1,805,876.5	26.1%	6,347,849.2	8,721,835.8	2,373,986.5	37.4%	29.9%
Provisional Tax	20,575,342.7	5,147,302.7	3,940,488.5	-1,206,814.3	-23.4%	4,724,478.6	3,940,488.5	-783,990.1	-16.6%	19.2%
Other Misc Tax	24,234,535.9	5,855,363.0	7,066,165.6	1,210,802.6	20.7%	5,374,375.4	7,066,165.6	1,691,790.2	31.5%	29.2%
ICT Business Licence Fee	88,459.5	88,459.5	0.0	-88,459.5	-100.0%	0.0	0.0	0.0	0.0%	0.0%
Tourist VAT Refund Registration Fee	201,367.8	7,744.9	0.0	-7,744.9	-100.0%	7,701.1	0.0	-7,701.1	-100.0%	0.0%
Yacht Agent Registration	64,646.8	42,422.8	53,541.2	11,118.3	26.2%	119,538.7	53,541.2	-65,997.5	-55.2%	82.8%
Gross Revenue	787,823,781.3	192,587,919.2	218,702,216.9	26,114,297.7	13.6%	159,525,597.7	218,702,216.9	59,176,619.2	37.1%	27.8%
Less: Refunds	-14,612,746.0	-3,572,167.3	-2,575,029.4	997,137.9	-27.9%	-4,367,420.4	-2,575,029.4	1,792,391.0	-41.0%	17.6%
Less: Film Tax Rebates	-	0.0	-	-	0.0%	8,000,000.0	-	8,000,000.0	-100.0%	0.0%
Net Income Tax	773,211,035.3	189,015,751.9	216,127,187.5	27,111,435.6	14.3%	147,158,177.3	216,127,187.5	68,969,010.2	46.9%	28.0%
Value Added Tax										
Customs Import VAT	928,866,095.0	227,156,601.4	231,900,651.1	4,744,049.7	2.1%	161,040,217.6	231,900,651.1	70,860,433.5	44.0%	25.0%
Domestic VAT	972,155,632.0	225,701,599.1	206,457,707.0	-19,243,892.09	-8.5%	163,304,236.1	206,457,707.0	43,153,470.9	26.4%	21.2%
Other Government Departments	17,744,065.5	3,286,493.5	3,905,086.0	618,592.5	18.8%	2,098,924.4	3,905,086.0	1,806,161.7	86.1%	22.0%
Gross VAT Collection	1,918,765,792.5	456,144,694.0	442,263,444.2	-13,881,249.87	-3.0%	326,443,378.1	442,263,444.2	115,820,066.08	35.5%	23.0%
Less: VAT Refunds	-383,753,158.5	-102,228,938.8	-109,541,714.4	-7,312,775.6	7.2%	-59,880,052.0	-109,541,714.4	-49,661,662.4	82.9%	28.5%
Less: Tourist VAT Refunds	-1,938,359.7	-484,589.9	-628,127.8	-143,537.9	29.6%	-574,191.1	-628,127.8	-53,936.7	9.4%	32.4%
Net VAT Collection	1,533,074,274.3	353,431,165.3	332,093,602.0	-21,337,563.32	-6.0%	265,989,135.0	332,093,602.0	66,104,467.0	24.9%	21.7%
Capital Gains Tax										
Capital Gains Tax	23,403,383.3	7,211,488.6	10,964,353.3	3,752,864.6	52.0%	5,930,711.0	10,964,353.3	5,033,642.3	84.9%	46.8%
Service Turnover Tax										
Service Turnover Tax	0.0	0.0	16,595.6	16,595.6	0.0%	24,496.7	16,595.6	-7,901.1	-32.3%	0.0%
Environment and Climate Adaptation Levy (ECAL)										
Environment and Climate Adaptation Levy (ECAL)	9,759,364.5	2,643,626.4	2,754,804.5	111,178.1	4.2%	2,160,390.4	2,754,804.5	594,414.2	27.5%	28.2%
Stamp Duty										
Stamp Duty	0.0	0.0	325.0	325.0	0.0%	10,849.5	325.0	-10,524.5	-97.0%	0.0%
Social Responsibility Tax										
Social Responsibility Tax	0.0	0.0	3,354,221.1	3,354,221.1	0.0%	1,607,073.7	3,354,221.1	1,747,147.4	108.7%	24.8%
Telecommunication Levy										
Telecommunication Levy	944,173.0	249,600.0	215,623.8	-33,976.2	-13.6%	229,096.7	215,623.8	-13,472.8	-5.9%	22.8%
Fringe Benefit Tax										
Fringe Benefit Tax	19,823,803.1	4,375,177.4	4,246,957.3	-128,220.1	-2.9%	4,015,779.4	4,246,957.3	231,177.9	5.8%	21.4%
Customs Collections										
Fiscal Duty	385,265,966.2	98,761,987.7	92,396,030.8	-6,365,956.8	-6.4%	83,014,755.1	92,396,030.8	9,381,275.7	11.3%	24.0%
Import Excise Duty	9,204,244.5	2,302,721.6	6,193,873.5	3,891,151.9	169.0%	2,113,579.8	6,193,873.5	4,080,293.8	193.1%	67.3%
Excise Duty	155,900,603.1	28,487,262.8	33,014,584.9	4,527,322.2	15.9%	24,877,173.8	33,014,584.9	8,137,411.1	32.7%	21.2%
Export Duty	8,021,046.0	1,788,116.5	1,633,916.7	-154,199.8	-8.6%	1,641,232.0	1,633,916.7	-7,315.3	-0.4%	20.4%
Luxury Vehicle Levy	470,000.0	60,000.0	310,000.0	250,000.0	416.7%	60,000.0	310,000.0	250,000.0	416.7%	66.0%
Misc Fees/Charge	-	-	130,000.00	130,000.00	0.0%	-	130,000.00	130,000.00	0.0%	0.0%
Other Sundries	326,171.6	38,976.1	74,943.4	35,967.3	92.3%	35,774.4	74,943.4	39,169.0	109.5%	23.0%
Gross Customs Collections	559,188,031.5	131,439,064.7	133,753,349.4	2,314,284.7	1.8%	111,742,515.1	133,753,349.4	22,010,834.3	19.7%	23.9%
Less: Rebates	-3,194,716.0	-762,355.2	-1,104,388.3	-342,033.1	44.9%	-426,362.1	-1,104,388.3	-678,026.1	159.0%	34.6%
Less: Misc Fees/Charges	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0%
Net Customs Collection	555,993,315.5	130,676,709.4	132,648,961.1	1,972,251.7	1.5%	111,316,152.9	132,648,961.1	21,332,808.2	19.2%	23.9%
Resource Tax										
Resource Tax	91,640,358.0	23,681,788.7	20,670,859.3	-3,010,929.4	-12.7%	21,698,276.2	20,670,859.3	-1,027,416.9	-4.7%	22.6%
Departure Tax										
Departure Tax	99,809,835.9	21,504,038.3	18,980,928.8	-2,523,109.6	-11.7%	17,055,220.0	18,980,928.8	1,925,708.8	11.3%	19.0%
Overall Net Tax Revenue Collections	3,107,659,543.9	732,789,346.1	742,074,419.2	9,285,073.1	1.3%	577,195,358.6	742,074,419.2	164,879,060.7	28.6%	23.9%