



## Ministry of Finance

# Government Debt Report Quarter 1, 2024-2025

### 1.0 GOVERNMENT DEBT STOCK

Government debt stock stood at \$10,575.7 million equivalent to 75.4 percent of Gross Domestic Product (GDP) as at 30 October 2024. This represents a 2.6 percent increase over the quarter and a 5.9 percent increase when compared to the same period last year. The debt to GDP ratio is projected to reach around 77.8 percent at the end of this fiscal year, FY2024/2025.

Domestic debt accounted for 63.7 percent (\$6,739.4 million) of the total debt while external debt accounted for the remaining 36.3 percent (\$3,836.3 million).

On 1 August 2024, Government signed loan agreement with the Asian Development Bank (ADB) amounting to USD 70.0 million (\$159.2 million) which was approved in FY2023/2024 that will finance the Fiji Climate Resilience and Sustainable Growth Program. The loan financing under the Program is the first ever policy-based financing on very concessional terms that Government received from the ADB. This includes a 40-year term with a 10-year grace period at a fixed rate of 1 percent per annum.

During the quarter, Government accessed a total of \$420.7 million in borrowings of which \$179.7 million were sourced from external loans and \$241.0 million from domestic sources while total debt servicing amounted

to \$221.8 million (\$101.2 million in principal repayments and \$120.6 million in interest payments).

### 2.0 DOMESTIC DEBT

Domestic debt stood at \$6,739.4 million or 48.1 percent of GDP at the end of October 2024, increasing by 2.3 percent from the previous quarter and 5.7 percent from the same period last year. Domestic debt is composed of \$6,504.4 million in Government bonds and \$235.0 million in Treasury bills (T-bills).

At the end of October 2024, total amount of \$241.0 million or 35.1 percent of the approved domestic borrowing limit for FY2024/2025 were utilised. This consists of \$231.8 million in FIB and \$9.2 million in Viti Bonds while T-Bills financing amounting to \$120.0 million to rollover the maturing T-Bills.

Investors demand in Viti Bonds increased significantly during the first quarter with 92 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.

During the quarter, the domestic debt servicing amounted to \$140.4 million (\$45.5

million in principal repayments and \$94.9 million in interest payments), decreased by 24.5 percent as compared to last quarter.

Excess liquidity in the banking system, of \$2.4 billion at end of October 2024, has kept borrowing rates low. Government bond yields for long term bonds remain constant throughout the quarter, however there was an increase in the 12-month tenors by 21 basis points while the 3 months and 6 months increased by 5 basis points respectively.

## 2.1 EXTERNAL DEBT

External debt stood at \$3,836.3 million or 27.3 percent of GDP, increasing by 3.1 percent over the quarter and by 6.2 percent when compared to the same period last year.

The ADB remains the largest external lender in terms of debt composition by lender, comprising 39.6 percent of the total external debt portfolio, followed by the World Bank Group at 34.3 percent, Japan International Cooperation Agency (JICA) at 9.7 percent, EXIM Bank of China at 7.5 percent and Asian Infrastructure Investment Bank (AIIB) at 5.6 percent. The Australian Infrastructure Financing Facility for the Pacific (AIFFP) and European Investment Bank (EIB) trailed at 2.2 percent and 1.0 percent, respectively.

During the quarter, a sum of \$179.7 million was disbursed to finance various projects with \$9.6 million utilised under the water supply and wastewater sanitation and roads infrastructure and \$1.3 million for the COVID-19 related emergency and support projects. A total of \$167.0 million were received by Government comprised of reimbursement of \$7.7 million and a concessional ADB policy-based loan of USD70.0 million or \$159.2 million. Around

\$1.9 million was disbursed as capitalised interest under the water supply and wastewater sanitation project facility.

Debt servicing was recorded at \$81.4 million (\$55.7 million in principal repayments and \$25.7 million in interest payments).

## 3.0 COST AND RISK INDICATORS

A summary of comparison of quarterly movement of the cost and risk indicators as at 31 October 2024 together with the Medium Term Debt Management Strategy (MTDS) proposed targets set for the next 3 years is outlined in Table 1.

**Table 1: End Target Indicators vs Results**

<b>Cost and Risk Indicators</b>		<b>MTDS Target FY2026</b>	<b>FY 2024</b>	<b>Oct-24</b>
Nominal debt as percentage of GDP		77.1	78.3	75.4
Cost of Debt	Weighted Av. IR (percent)	4.8	5.2	4.4
	ATM (years)	10.2	11.7	12.2
Interest rate risk	ATR (years)	9.3	10.5	11.1
FX risk	FX debt (percent of total debt)	37.7	36.1	36.3

The average interest rate of Government debt portfolio is at 4.4 percent a decline by 4 basis points when compared to the MTDS target and by 8 basis point from the last quarter. This is attributed to the fixed yields for longer term government bonds during the quarter.

The average time to maturity (ATM) for quarter 1 of FY2025 slightly improved to around 12.2 years attributed to the issuance of long-term bonds in the domestic market. The average time to refixing (ATR) stood at around 11.1 years allowing Government more

time to adjust to change in interest rate after every redemption is made.

Foreign currency risks exposure increased to 36.3 percent from 36.1 percent over the quarter due to a one-off disbursement of a budget support loan financing from the ADB (\$159.2 million).

#### **4.0 GOVERNMENT GUARANTEES**

Government guaranteed debt stood at \$965.3 million, equivalent to 6.9 percent of GDP at the end of October 2024. This represents a decrease of 5.0 percent over the quarter or 6.0 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 \$1,605.3 million equivalent to 11.4 percent of GDP, represent a decline by 3.2 percent over the quarter.

Government will continue to assess fiscal risks to ensure that its prudently minimised through monitoring of costs and risks associated with the Government guarantees.

**Debt Management Unit  
Treasury Division  
9 December 2024**

## Appendix

<b>CENTRAL GOVERNMENT DEBT STATISTICS (FJ\$ MILLIONS)</b>					
Particulars	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24
<b>Total Government Debt to GDP</b>	<b>76.9%(r)</b>	<b>77.1%(r)</b>	<b>77.3%(r)</b>	<b>79.4%(r)</b>	<b>75.4%</b>
<b>TOTAL GOVERNMENT DEBT</b>	<b>9,986.4</b>	<b>10,019.6</b>	<b>10,037.0</b>	<b>10,309.2</b>	<b>10,575.7</b>
<b>DOMESTIC DEBT</b>	<b>6,373.8</b>	<b>6,492.1</b>	<b>6,526.4</b>	<b>6,587.9</b>	<b>6,739.4</b>
<b>BONDS:</b>	<b>6,003.8</b>	<b>6,142.1</b>	<b>6,196.4</b>	<b>6,308.9</b>	<b>6,504.4</b>
FNPF	3,618.8	3,717.2	3,751.8	3,846.8	4,002.3
FNPF Retirement Income Fund	358.7	354.8	357.8	357.8	359.8
FNPF Special Death Benefit Fund	72.3	70.2	63.2	78.2	83.2
Insurance companies	869.9	881.4	919.2	926.2	941.3
Commercial Banks	284.8	283.6	283.6	283.6	293.6
RBF	694.7	725.2	711.2	710.5	711.4
Trust Fund	19.8	20.6	20.0	19.8	20.3
Unit Trust of Fiji	20.1	24.1	24.1	23.9	23.9
Merchant Finance	0.8	0.8	0.8	0.8	0.8
Kontiki Finance Limited	7.6	7.6	7.6	7.6	7.8
Others	56.4	56.7	57.0	53.8	60.0
<b>T-BILLS:</b>	<b>370.0</b>	<b>350.0</b>	<b>330.0</b>	<b>279.0</b>	<b>235.0</b>
Commercial Banks	370.0	350.0	330.0	279.0	235.0
Others	0.0	0.0	0.0	0.0	0.0
<b>% of Domestic Debt to Total Debt</b>	<b>63.8%</b>	<b>64.8%</b>	<b>65.0%</b>	<b>63.9%</b>	<b>63.7%</b>
<b>% Domestic Debt to GDP</b>	<b>49.1%(r)</b>	<b>50.0%(r)</b>	<b>50.2%(r)</b>	<b>50.7%(r)</b>	<b>48.0%</b>
<b>EXTERNAL DEBT</b>	<b>3,612.5</b>	<b>3,527.5</b>	<b>3,510.6</b>	<b>3,721.3</b>	<b>3,836.3</b>
<b>LOANS:</b>	<b>3,612.5</b>	<b>3,527.5</b>	<b>3,510.6</b>	<b>3,721.3</b>	<b>3,836.3</b>
Asian Development Bank (USD)	1,439.3	1,400.5	1,393.4	1,388.3	1,520.7
Asian Infrastructure Investment Bank (USD)	231.0	219.9	222.1	216.7	215.8
Australian Infrastructure Financing Facility for the Pacific (USD)	66.8	67.5	81.7	84.1	83.7
European Investment Bank (USD)	18.9	17.8	18.0	32.6	40.3
Exim Bank of China (CNY)	338.0	336.8	310.5	310.6	287.8
Japan International Cooperation Agency (JPY)	388.1	383.3	366.0	374.7	371.9
World Bank - International Bank for Reconstruction & Development (USD)	426.5	411.6	418.1	413.5	415.3
World Bank - International Development Association (USD)	703.9	690.0	700.8	900.8	900.8
<b>% of External Debt to Total Debt</b>	<b>36.2%</b>	<b>35.2%</b>	<b>35.0%</b>	<b>36.1%</b>	<b>36.3%</b>
<b>% External Debt to GDP</b>	<b>27.8%(r)</b>	<b>27.2%(r)</b>	<b>27.0%(r)</b>	<b>28.7%(r)</b>	<b>27.3%</b>
<b>DEBT SERVICING</b>					
	<b>Oct-23</b>	<b>Jan-24</b>	<b>Apr-24</b>	<b>Jul-24</b>	<b>Oct-24</b>
<b>TOTAL</b>	<b>225.5</b>	<b>267.1</b>	<b>259.4</b>	<b>265.0</b>	<b>221.8</b>
<b>Domestic Bonds &amp; Loans</b>	<b>144.8</b>	<b>190.9</b>	<b>177.3</b>	<b>186.1</b>	<b>140.4</b>

Principal	51.1	98.7	82.4	92.0	45.5		
Interest	93.7	92.2	95.0	94.1	94.9		
<b>External Loans</b>	<b>80.7</b>	<b>76.2</b>	<b>82.1</b>	<b>79.0</b>	<b>81.4</b>		
Principal	55.3	33.0	55.4	33.5	55.7		
Interest	25.4	43.2	26.7	45.4	25.7		
<b>BORROWING</b>							
<b>TOTAL</b>	<b>167.3</b>	<b>254.6</b>	<b>164.2</b>	<b>454.1</b>	<b>420.7</b>		
FIB Bonds/Viti Bonds/COVID	149.5	237.0	136.6	204.5	241.0		
External loans (Includes Cap. Interest)	17.8	17.6	27.6	249.6	179.7		
<b>YIELDS ON GOVERNMENT SECURITIES</b>							
3 months	0.03	0.03	0.10	0.10	0.15		
6 months	0.07	0.08	0.15	0.35	0.40		
12 months	0.15	0.17	0.30	0.93	1.14		
10 year	3.90	3.90	3.90	3.90	3.90		
15 year	4.17	4.15	4.15	4.15	4.15		
20 year	4.65	4.75	4.85	5.00	5.00		
<b>GOVERNMENT GUARANTEES</b>							
<b>% of Government Guarantees to GDP</b>	<b>7.8%</b>	<b>7.6%</b>	<b>7.7%</b>	<b>7.7%</b>	<b>6.8%</b>		
<b>Total Government Guarantees</b>	<b>1,027.3</b>	<b>999.6</b>	<b>1,015.9</b>	<b>1,016.1</b>	<b>965.3</b>		
Air Pacific Limited trading as Fiji Airways	447.8	440.7	432.9	427.7	421.2		
Fiji Development Bank	248.1	227.6	215.8	200.4	183.8		
Fiji Sugar Corporation	233.1	243.9	276.2	293.0	276.2		
Housing Authority	94.8	86.1	88.5	93.9	82.9		
Pacific Fishing Company Limited	3.5	1.6	2.5	1.1	1.1		
<b>RISK INDICATORS</b>							
		<b>FY2023-2024</b>			<b>Oct- 24</b>		
		<b>External debt</b>	<b>Domestic debt</b>	<b>Total debt</b>	<b>External debt</b>	<b>Domestic debt</b>	<b>Total debt</b>
Amount (in millions of FJD)		3,721.3	6,587.9	<b>10,309.2</b>	3,836.3	6,739.4	<b>10,575.7</b>
Amount (in millions of USD)		1,626.6	2,879.6	<b>4,506.1</b>	1,684.1	2,958.6	<b>4,642.7</b>
Nominal debt as percent of GDP		28.7 (r)	50.7 (r)	<b>79.4 (r)</b>	27.3	48.0	<b>75.4</b>
Refinancing risk	ATM (years)	12.9	10.8	<b>11.7</b>	13.5	11.2	<b>12.2</b>
	Debt maturing in 1 year (percent of total)	4.1	6.6	<b>5.6</b>	2.7	4.2	<b>3.6</b>
Interest rate risk	ATR (years)	10.1	10.8	<b>10.5</b>	10.9	11.2	<b>11.1</b>
	Debt re-fixing in 1 year (percent of total)	45.1	6.6	<b>22.4</b>	42.7	5.1	<b>20.6</b>
	Weighted Av. IR (percent)	4.4	5.8	<b>5.1</b>	2.5	5.6	<b>4.4</b>
Foreign Exchange rate ('FX') risk	FX debt (percent of total debt)	<b>36.1</b>			<b>36.3</b>		

\*r – revised due to revision in GDP in November 2024