



2014 Budget Brief

8 November 2013



Commodore Josaia Voreqe Bainimarama
 Prime Minister and Minister for Finance, Strategic
 Planning, National Development & Statistics,
 Public Service, People's Charter for Change &
 Progress, Information, i-Taukei Affairs, Sugar
 Industry & Lands & Mineral Resources

The Prime Minister and Minister for Finance, Strategic Planning, National Development & Statistics, Public Service, People's Charter for Change & Progress, Information, i-Taukei Affairs, Sugar Industry & Lands & Mineral Resources, Commodore Josaia Voreqe Bainimarama, presented the 2014 National Budget today.

The theme of the 2014 Budget is "**Building A Smarter Fiji**".

The Prime Minister stated that "Next year will go down in our history as the year that Fiji first embraced genuine parliamentary democracy and set a new constitutional course towards a brighter future for every Fijian."

"For the first time, Fijians have a Constitution that protects a wide range of civil, political and socio-economic rights and we are making changes and investments that we have long needed in education, health and infrastructure."

For 2014, the total estimated revenue is \$2.7 billion and the total expenditure is \$2.9 billion resulting in an estimated net deficit of \$161 million - or 1.9 percent of GDP.

The provision for operating expenditure is \$1.8 billion and \$1.0 billion is budgeted for capital expenditure, representing 36% of total spent, being also financed through partial divestment of certain Government assets including Government's interest in Airports Fiji Limited, Fiji Ports Corporation Limited and Fiji Electricity Authority.

The economy is projected to grow by 3.6% in 2013 with forecast growth for 2014 being 3.0%.

The budget introduces and prioritizes numerous initiatives including Education, Health, Housing, Water, Electricity, Transportation, Poverty Alleviation, Law and Order, Urban and Rural Development, Industry, Agriculture, Trade, Tourism, Fisheries, Sport and Youth Development, Disaster and Emergency Services and provision of Government services.

This resume provides a brief outline of the major aspects of the Government's Budget for the year 2014 and is based upon a quick analysis of the Budget Address.

As this is a general guide, we recommend that you seek professional advice before taking action on specific topics. We emphasise that the full impact of the Budget will be known after a detailed analysis of the Budget and our firm will issue further reports based upon such analysis.

We trust that you find this resume useful. If you would like to discuss any aspect of the impact of the Budget on your organization, please take the opportunity to contact us.

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Suva Office:	Contact Name	Email
	Nalin Patel	npatel@glal.com.fj
	Pradeep Patel	ppatel@glal.com.fj
	Madhu Sudhan	msudhan@glal.com.fj
	Umesh Prakash	uprakash@glal.com.fj
	Wathsala Suraweera	wsuraweera@glal.com.fj
	Dilshan Wisidagama	dwisidagama@glal.com.fj
	Mamta Suryakant	msuryakant@glal.com.fj
	Fauzmin Khan	fkhan@glal.com.fj
	Manjeeta Ramji	mramji@glal.com.fj
Lautoka Office:		
	Rajesh Sangekar	glalltk@connect.com.fj
	Dinesh Chand	glalltk@connect.com.fj
	Kumar Patel	kumar@glal.com.fj
Address:		
	Level 10, FNPF Place	125 Vitogo Parade
	343 Victoria Parade	PO Box 867, Lautoka, Fiji
	GPO Box 855, Suva, Fiji	
	Telephone: [679] 331 4300	Telephone: [679] 666 2722
	Facsimile: [679] 330 1841	Facsimile: [679] 666 4266

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ECONOMIC OUTLOOK & OVERVIEW

Key indicators of economic outlook are summarised below:

	2014 Budget Estimate	2013 Revised Estimate	2013 Initial Budget Estimate	2012	2011	2010
Nominal gross domestic product – million dollars	\$8,283	\$7,788	\$7,745	\$7,223	\$6,730	\$6,187
Real gross domestic product – million dollars	\$4,847	\$4,706	\$4,677	\$4,542	\$4,445	\$4,363
GDP growth – real	3.0%	3.6%	2.7%	2.2%	1.9%	0.1%
Revenue – million dollars	\$2,722	\$2,052	\$2,108	\$1,937	\$1,804	\$1,504
Expenditure – million dollars	\$2,883	\$2,257	\$2,327	\$2,013	\$1,898	\$1,669
Net budget deficit – million dollars	\$161	\$205	\$219	\$76	\$94	\$165
Net budget deficit as a % of nominal GDP	1.9%	2.6%	2.8%	1.1%	1.4%	2.7%
Total exports – million dollars	\$2,135	\$2,217	\$2,260	\$1,191	\$1,920	\$1,605
Total imports – million dollars	\$4,579	\$5,511	\$5,365	\$4,034	\$3,905	\$3,460
Inflation – estimates	2.5%	3.0%	3.0%	3.5%	7.7%	5.0%
Visitors' arrival – numbers	694,000	674,000	723,000	660,000	675,000	632,000
Tourism earnings- million dollars	\$1,349	\$1,322	\$1,147	\$1,300	\$1,286	\$1,194
Sugar exports – million dollars	\$202	\$186	\$209	\$174	\$136	\$70
Government debt – million dollars	\$3,999	\$3,838	\$3,988	\$3,679	\$3,566	\$3,383
Government debt level as a % of nominal GDP	48.3%	49.3%	51.5%	50.9%	53.0%	54.7%
Government contingent liability – million dollars	n/a	n/a	n/a	\$2,080	\$1,931	\$1,791
Key: n/a – not available						

Quote - Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.

- Winston Churchill

INCOME TAX MEASURES

Income tax measures announced for 2014, which will generally become effective from 1 January 2014 (unless stated otherwise), are as follows:

Corporate Tax Rate

- General corporate tax rate of 20% retained for tax year 2014.
- Corporate tax rate for listed companies on the South Pacific Stock Exchange provided the company has 40% local shareholders structure – will be reduced from 18.5% to 10%.

Social Responsibility Tax - Individual

- To ensure consistency and remove anomalies, the Social Responsibility Tax rate which was introduced in 2012 shall be rectified and aligned to the 2013 incremental system.

Accordingly, the incremental Social Responsibility Tax will now be effective from 1 January 2012, and any resulting tax credit will be refunded.

- We understand that under the circumstances, individuals will be required to file 2012 Amended Income Tax Return to claim excess SRT paid.

Export Income Deduction

- Export income deduction has been retained at 40% for 2014.

Employment Taxation Scheme

- Employment Taxation Scheme allowing 150% tax deductions for first time employees will be further extended to 2018.
- The scope of the scheme will be extended to apprentices and trainees.

SPSE Activities

- Any trading of shares on South Pacific Stock Exchange will be tax exempt.
- Any consequential gains arising from any restructure, reorganization or amalgamation of private companies for the purpose of listing on the South Pacific Stock Exchange will be exempt.

Tax Free Region (TFR) – Korovou to Tavua

- Investment threshold for Korovou – Tavua TFR will be aligned to the Maritime tax free region also available under the Twelve Schedule of the Income Tax Act that is:
 - Capital Investment from \$250,000 to \$1,000,000, will be exempt for a period of 5 consecutive fiscal years; or
 - Capital Investment above \$1,000,000 to \$2,000,000, will be exempt for a period of 7 consecutive fiscal year; or
 - Capital Investment above \$2,000,000 will be exempt for a period of 13 consecutive fiscal years.
- The scope of the Tavua to Korovou TFR will be extended to include other commercial activities together with dairy and agriculture.
- Tavua to Korovou TFR incentive will be extended to 2018.

Tax Deduction on Voluntary Contribution for Disaster Relief

- 150% tax deduction for any cash donation between \$10,000 to \$100,000 by businesses towards a Disaster Relief Fund will be allowed.

Tax Deduction on Sports Sponsorship

- The threshold for the 150% tax deduction for sports sponsorship will be reduced from \$100,000 to \$50,000.

INCOME TAX MEASURES (CONT'D)

Tax Deduction on Sponsorship for hiring of International Sporting Coaches

- 150% tax deduction will be allowed for sponsorship between \$100,000 and \$200,000 towards the hiring of international sporting coaches.

Tax Deduction on Cash Contributions towards Housing Projects

- 150% tax deduction will be allowed for cash contributions up to \$50,000 towards any Government sanctioned housing project for squatters and informal settlements.

Tax Holiday for Maritime Shipping

- A 7 years tax holiday will be introduced for shipping companies servicing uneconomical routes, which includes Rotuma and Lau.

Unit Trusts Companies Incentives

- Income distribution to investors will be exempt.

Small and Medium Enterprises (SME's) Incentives

- The tax exemption threshold for prescribed small and micro enterprises engaged in Agriculture, Fisheries or Tourism will be increased from \$300,000 turnover to \$500,000 turnover.
- The prescribed SME's activities are:
 - Agriculture
 - Fishing
 - Livestock rearing
 - Bee keeping
 - Community and social projects
 - Tourism projects
 - Supportive projects to tourism industry.

Tourism Incentives – Backpacker Operations

- Income tax exemptions will be allowable for locally owned backpacker operators with annual sales turnover of \$1m or less.

Incentives for Senior Citizens

- All senior citizens (over 55 years) and Pensioners will be exempted from paying resident interest withholding tax on interest income of up to \$16,000 from bank deposits. We understand that this exemption may be subject to further conditions.

Quote - *If you want something said, ask a man; if you want something done, ask a woman.*

- Margaret Thatcher

OTHER TAXATION MEASURES

Other taxation measures announced for 2014, which will become effective from 1 January 2014 (unless stated otherwise), are as follows:

Capital Gain Tax (CGT)

- Gains on disposal of units in Unit Trusts Funds will be exempt.
- Gains made from trading of shares on South Pacific Stock Exchange will be exempt.
- Any consequential capital gains arising from any restructure, reorganization or amalgamation of private companies for the purpose of listing on the South Pacific Stock Exchange will be exempt.

Airport Departure Tax

- Airport Departure tax will be increased from \$150 to \$200.

Credit Card Surcharges

- Removal of the prohibition on credit card surcharge to allow retailers and merchants to levy surcharges on credit transactions.

Government Fees

- Government fee structure to be reformed and rationalised. The focus of the reform would be to remove the burden on small to medium enterprises and introduce a tiered system of fees and licences.
- Similar rationalization will be done with hotel and liquor licensing fee.

Quote - *The goal of education is the advancement of knowledge and the dissemination of truth.*

- John F. Kennedy

CUSTOMS TARIFF, IMPORT EXCISE, LOCAL EXCISE, CUSTOMS CONCESSION AND OTHERS

The Government has announced various measures in relation to customs tariff, including:

LEGISLATIVE CHANGES

Policy	Description
1. Promote locally owned backpacker operations	<ul style="list-style-type: none"> Duty exemptions on the importation of raw materials and equipment used for the establishment of a backpacker hotel. (This incentive will only be available to backpacker businesses who are granted the income tax holiday).
2. Reduce the allowable quantity of cigarettes to be purchased at duty free shops.	<ul style="list-style-type: none"> Allowable quantity of cigarettes to be purchased at duty free shops will be reduced from 250 grams to 200 grams.
3. Increase the minimum age of persons eligible to purchase cigarettes from duty free shops.	<ul style="list-style-type: none"> The minimum age for persons eligible to purchase cigarettes from duty free shops to be increased from 17 years to 18 years.
4. Duty concession for returning residents	<ul style="list-style-type: none"> Duty concession under code 220 (free fiscal, free import excise, free VAT) on importation of house hold effects and vehicles by returning residents. This concession is subject to the following conditions: <ul style="list-style-type: none"> ➤ The person should prove to the satisfaction of the Comptroller that he/she is returning to Fiji permanently. ➤ The person should have a valid VISA. ➤ The vehicle must be owned and used by the person for a period of 12 months or more. (Documentary evidence such as registration papers, insurance documents, sales/purchase invoices, etc required). ➤ The vehicle must be imported into Fiji within 12 months from the date of arrival of the person in Fiji. ➤ The vehicle should be less than 5 years from the year of manufacture or is Euro for compliant for petrol/diesel and less than 8 years from the year of manufacture for LPG, CNG, solar vehicles. ➤ That the concession be subject to such other conditions as the Comptroller may impose. ➤ That the disposal or use of the goods for purposes other than that for which concession is granted be subject to the conditions laid down in Section 17 of the Customs Tariff Act.

Quote - *A budget tells us what we can't afford, but it doesn't keep us from buying it.*

- *William Feather*

The Customs Tariff, Import Excise, Local Excise, Customs Concession and other changes with immediate effect are as summarised below:

Fiscal Duty Changes

Description	Changes
1. Food supplements	<ul style="list-style-type: none"> Reduce from 32% to 0%. Food supplements include essential vitamins and fortifications which are predominantly used by pregnant mothers, senior citizens and chronically ill patients.
2. Baby feeding bottles	<ul style="list-style-type: none"> Reduce from 32% to 0%. To reduce importation of cheap low quality baby bottles which may cause health risks.
3. Shipping incentive	<ul style="list-style-type: none"> Reduce to 0% on importation of spare parts for maritime vessels.
4. Agricultural	<ul style="list-style-type: none"> Reduce to 0% on importation of all agricultural items.
5. Domestic Fishing Industry	<ul style="list-style-type: none"> Exemptions of bunker fee of 2 cents per liter for local fishing vessels. Duty concession on specialized fishing item / equipment which are currently not covered under the existing concession for fishing industry.
6. Imported blank CD's	<ul style="list-style-type: none"> Increase from \$1/CD to \$2/CD.
7. Adult sanitary diapers	<ul style="list-style-type: none"> Reduce to 0%.
8. Prefabricated counter-tops	<ul style="list-style-type: none"> Increase from 5% to 32%.
9. Prefabricated homes (concrete products and iron panels)	<ul style="list-style-type: none"> Reduce from 32% to 3% (Section 10); Reduce duty on prefabricated homes for factory/commercial use from 32% to 5%.

Local Excise Changes

Description	Changes
1. Cigarettes, Tobacco and Alcohol	<ul style="list-style-type: none"> Increase duty by 10%.
2. Locally produced blank CD's	<ul style="list-style-type: none"> Introduce new excise duty of \$1 for locally produced CD'S.

Quote - *It's clearly a budget. It's got a lot of numbers in it.*

- *George W. Bush*

Excise Rates

Description	2013 Rates	2014 Rates
1. Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or less	\$1.57/litre	\$1.73/litre
2. Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or more	\$1.84/litre	\$2.02/litre
3. Portable spirit not exceeding 57.12 GL	\$34.61/litre	\$38.07/litre
4. Portable spirit exceeding 57.12 GL	\$60.60/litre	\$66.66/litre
5. Wine:		
• Still	\$2.44/litre	\$2.68/litre
• Sparkling	\$2.78/litre	\$3.06/litre
6. Other fermented beverages:		
• Still	\$2.44/litre	\$2.68/litre
• Sparkling	\$2.78/litre	\$3.06/litre
7. Ready to Drink Mixtures of any alcoholic beverages of any alcoholic strength by volume of 11.49% or less	\$1.13/litre	\$1.24/litre
8. Cigarettes from local tobacco per 10 sticks	106.35 cents	116.99 cents
9. Cigarettes from imported tobacco per 10 sticks	159.53 cents	175.48 cents
10. Manufactured tobacco containing tobacco grown outside Fiji	\$91.92/kg	\$101.11/kg
11. Manufactured tobacco containing tobacco grown in Fiji	\$54.00/kg	\$59.40/kg
12. Manufactured tobacco containing tobacco grown in foreign and tobacco grown in Fiji		
• Foreign Portion	\$91.92/kg	\$101.11/kg
• Local Portion	\$54.00/kg	\$59.40/kg

EXCHANGE CONTROL MEASURES

Exchange Control Relaxations - Increased Delegated Limits

Reserve Bank of Fiji has further relaxed exchange controls as announced in the National Budget address today.

The exchange control policy changes with increased delegated limits to commercial banks and authorized financial institutions from 1 January 2014 are:

Category of Payments	Current Delegated Limits	New Delegated Limits
Dividends and Profits	\$500,000 per company per annum	\$1,000,000 per company per annum
Emigration	Not delegated	\$250,000 per family per annum
Forward Cover Contracts	Commercial banks could write net forward sales contracts up to \$20m using their own foreign currency holdings	Increase net forward sales contracts to \$40m. Commercial banks to use their own foreign currency holdings to fund the sales contracts
Personal Remittances <ul style="list-style-type: none"> • Gift • Maintenance • Wedding expenses 	<ul style="list-style-type: none"> • \$500 per applicant per annum • \$500 per applicant per annum • \$500 per applicant per annum 	<ul style="list-style-type: none"> • \$2,000 per applicant per annum • \$2,000 per applicant per annum • \$2,000 per applicant per annum

Quote - *The purpose of a tax cut is to leave more money where it belongs: in the hands of the working men and working women who earned it in the first place.*

- Robert Dole

MEDIUM TERM STRATEGY AND TARGETS

The general direction of fiscal policy since 2007 has been focused on raising economic growth, through supporting private sector investments and channeling adequate budgetary resources to key sectors of the economy. In the medium term, this momentum will continue to be enhanced while ensuring fiscal sustainability.

In pursuing its fiscal objectives, Government recognizes the need to maintain overall microeconomic stability and continue to develop policies that will contribute towards achieving the following social-economic objectives:

- a) Attaining growth levels of 5.0% over the medium term;
- b) Further diversify the economic and identify new sources of growth;
- c) Achieving consistent streams of annual investments above 25.0% of GDP;
- d) Promote export led growth and explore further opportunities for import substitution;
- e) Ensure households have improved access to essential services such as health, education, water, electricity and proper infrastructure; and
- f) Create additional opportunities for employment, reduce poverty and raise overall living standards for all Fijians through inclusive growth policies.

Medium term targets for the Government's National Budget are as follows:

	2014 Budget (\$ Million)	2015 Target (\$ Million)	2016 Target (\$ Million)
Revenue:	2,722	2,845	3,014
As a % of GDP	32.9	32.6	32.8
Expenditure:	2,883	2,976	3,106
As a % of GDP	34.8	34.1	33.8
Net Deficit	161	131	92
As a % of GDP	1.9	1.5	1.0
Debt	3,999	4,130	4,222
As a % of GDP	48.3	47.3	45.9
GDP at Market Prices	8,283	8,726	9,189

NEW INITIATIVES AND ACHIEVEMENTS

Offshore Sinking Fund

- The offshore sinking fund to 128 million US dollars through prudent financial management, which is equivalent to around 2 percent of GDP.
- This fund, effectively a national savings account, will allow Fiji to make bond repayments due in 2016 on time and in full.
- The sinking fund is expected to surpass 150 million US dollars by the end of 2013.

FNPF Reforms

- FNPF is continuing the reforms first announced in the 2010 Budget. Since then, significant progress has been made to ensure the sustainability of the pension scheme and to improve the governance and transparency of the only and compulsory superannuation fund in Fiji.

Home Finance Company Limited (HFC) Bank

- HFC, a new locally owned commercial bank will enter the market in Fiji in early 2014.

Government Activities

- Government has embarked on a joint venture with the private sector to restructure and upgrade Government's IT infrastructure to cut costs and improve reliability, efficiency and security.
- In 2014, the ITC Department will be provisioned with a budget of \$20.1 million to cater for the upgrade of all Government Ministries and Departments' IT systems.
- Government will continue work on the revolutionary online portal called "eServicesFiji" through which citizens, visitors and investors will be able to access a whole host of Government services from wherever they have a connection to the Internet.

Civil Service Pay

Pay rises for all of Fiji's civil servants, including all the disciplined forces as follows:

- Civil servants currently earning less than \$15,400, will receive a 23% pay rise. This will benefit more than 14,000 individuals.
- Civil servants earning between \$15,400 and \$20,600, will receive a pay rise of 18%. This will benefit close to 6,000 individuals.
- Civil servants earning between \$20,600 and \$26,700, will receive a pay rise of 12%. This will benefit close to 4,000 individuals.
- Civil servants earning between \$26,700 and \$34,200, will receive a pay rise of 10%, benefiting almost 2,000 individuals.
- Principal-level officers earning between \$34,200 and \$46,200 will get an 8% increase, and those at the Director and Deputy Secretary level will get raises ranging from 7% to 4%.
- Government Wage Earners and Special Police Constables will receive a 10% pay increase in addition to the 10% increase they received at the beginning of the year. This equals a total of a 20% increase this year for the more than 4,500 individuals in these grades.
- Government has allocated more than \$92 million for these pay increases.

Housing Assistance

- For first time home ownership, grant will be available as follows:
 - \$10,000 for building a home
 - \$5,000 for buying a home.

REVENUE POLICY

Government's revenue policy for the medium term will continue to focus on ensuring a taxation system that is equitable, non-distortionary and simple to administer. Compliance will be further strengthened with increased resources allocated to the Fiji Revenue and Customs Authority (FRCA) in 2014.

In line with Government's revenue policy direction, revenue measures in the medium term will focus on:

- a) Providing a conducive environment to stimulate investment and growth;
- b) Streamlining tax administrative processes and procedures to ensure efficient and timely processing of investment incentives;
- c) Improving current compliance efforts by adequately resourcing FRCA to review and clamp down on potential areas for tax evasion;
- d) Supporting export development in resource-based sectors and industries to promote value-adding activities;
- e) Reviewing tariffs rates to ensure consistency with policy objectives, particularly in respect of curtailing imports of health and environmentally hazardous goods;
- f) Assisting the private sector through timely processing and payment of VAT refunds;
- g) Conducting continuous monitoring of trade liberalization issues and obligations, with a view to safeguarding tariff revenues and other matters of national interest;
- h) Protecting the plight of the poor and disadvantaged by reducing duty on basic food items and necessities;
- i) Undertaking price surveillance on duty concession goods to ensure that duty reduction translates to reduced prices for targeted commodities;
- j) Reviewing Government fees, fines and charges on a cost recovery basis where feasible and appropriate; and
- k) Improving internal control mechanisms within line ministries and departments to better manage revenue collections and recovery of arrears.

EXPENDITURE POLICY

Funding allocations in the 2014 Budget have been prioritized to key sectors such as education, health, infrastructure development, agriculture and other resource-based sectors.

Allocation of fiscal resources in the medium term will be based on the following key principles and priorities:

- a) Spending will be clearly linked to priority sectors and key policy objectives, in line with the provisions in the 2013 Constitution;
- b) Continued implementation of key infrastructure projects and public utilities, particularly for roads and other important developments;
- c) Increase support for essential services such as education, health, water, electricity, law and order, etc;
- d) Prioritize key programmes and activities that will generate quick and sustainable returns;
- e) Support critical public sector and structural reform initiatives;
- f) Place greater emphasis on self-help initiatives, income generating projects and SME development;
- g) Support programmes and projects that facilitate private sector development and employment creation;
- h) Continue to support existing social protection programmes and other assistance to the poor and disadvantaged;
- i) Continue to support key development initiatives for rural, remote and maritime regions; and
- j) Reserve sufficient resources to respond to unforeseen events such as natural disasters and global economic shocks.

BUDGET ESTIMATES

(F\$ million)	2014 (Budget Estimates)	2013 (Revised)	2012 (Actual)	2011 (Actual)	2010 (Actual)	2009 (Actual)
Budget Revenue:						
General	2,244	2,030	1,909	1,591	1,442	1,377
Capital	478	22	28	213	62	38
	<u>2,722</u>	<u>2,052</u>	<u>1,937</u>	<u>1,804</u>	<u>1,504</u>	<u>1,415</u>
Budget Expenditure:						
Operating	1,803	1,481	1,430	1,360	1,280	1,258
Capital	1,011	723	533	494	340	335
Value-Added Tax	69	53	50	44	49	52
	<u>2,883</u>	<u>2,257</u>	<u>2,013</u>	<u>1,898</u>	<u>1,669</u>	<u>1,645</u>
Net Budget Deficit	(161)	(205)	(76)	(94)	(165)	(230)
Debt Repayment – Principal	(224)	(180)	(253)	(504)	(231)	(267)
Gross Deficit	(385)	(385)	(329)	(598)	(396)	(497)
Net Deficit as % of GDP	1.9%	3.5%	1.1%	1.4%	2.8%	4.2%

Budget Revenue – Capital

Budget capital revenue of \$478m in 2014 include proposed sale of certain government assets and government equity in government owned enterprises.

GOVERNMENT DEBT

The overarching objective of Government's debt management strategy is to ensure long-term sustainability of public debt through well-formulated risk management policies.

For the medium term, debt management will focus on achieving targeted objectives including:

- Maintaining a manageable debt to GDP ratio by gradually reducing fiscal deficits.
- Securing an appropriate ratio.
- All new foreign borrowings will be dedicated to financing capital projects.

Government Debt to GDP ratio has declined in the past few years, reflecting lower fiscal deficits, repayment of expensive loans, economic growth and prudent management of public finances.

In order to achieve its medium term debt target of 45.0 percent of GDP, Government will continue to maintain deficits at manageable levels and at the same time develop and maintain an efficient market for Government securities.

Government's debt position from 2010 to 2013 is as follows:

	2010	2011	2012	2013 Forecast
Domestic Debt	2,835	2,734	2,744	2,712
External Debt	548	832	935	1,126
Total Debt	3,383	3,566	3,679	3,838
Debt (as a % of GDP)	54.7	53.0	50.9	49.3

Government's contingent liability from 2009 to 2012 is as follows:

	2009	2010	2011	2012
Contingent Liability	1,953	1,791	1,931	2,080
Contingent Liability to GDP (%)	34.3	29.0	28.7	28.8

GOVERNMENT REVENUE SUMMARY

	Actual 2012 (\$000)	Revised Estimate 2013 (\$000)	Estimate 2014 (\$000)	Projection 2015 (\$000)	Projection 2016 (\$000)
Direct Taxes	492,714	423,163	417,897	449,069	472,910
Indirect Taxes:					
VAT	663,568	734,097	845,772	878,411	912,905
Customs	371,444	440,879	491,516	509,414	528,386
Service Turnover Tax	48,641	51,949	57,403	60,469	63,680
Water Resource Tax	28,382	28,562	32,111	33,826	35,622
Departure Tax	87,071	99,119	141,434	148,989	156,899
Stamp Duty	21,228	39,747	44,685	47,072	49,571
Fish Levy	1,493	415	267	281	296
Telecommunication Levy	1,222	1,309	1,472	1,551	1,633
Credit Card Levy	4,834	4,446	4,998	5,265	5,545
Third Party Insurance Levy	1,697	1,903	2,139	2,254	2,373
Total Tax Revenue	1,722,294	1,825,589	2,039,694	2,136,601	2,229,820
Fees, Charges, Fines & Penalties	87,049	96,751	101,458	107,340	113,574
Sales Revenue	1	-	-	-	-
Grant in Aid	13,164	19,351	9,500	-	-
Reimbursements & Recoveries	9,970	20,967	29,166	30,724	32,355
Other Revenue and Surpluses	31,913	29,479	28,004	27,126	26,301
Dividends from Investments	45,024	38,467	36,122	33,301	31,478
Interest from Bank Balances	22	219	237	249	263
Interest on Term Loans and Advances	21	298	321	338	356
Sales of Government Assets	25,054	19,372	475,152	-	-
Return of Surplus Capital from Investment (TMA Operations)	2,633	1,970	2,124	2,238	2,356
Total Non-Tax Revenue	214,851	226,874	682,084	201,316	206,683
Total Revenue	1,937,145	2,052,463	2,721,778	2,337,917	2,436,503

Source: Fiji Budget Estimates 2014

Quote: *A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.*
- Winston Churchill

BUDGET ALLOCATIONS

Budget allocations includes:

Capital Expenditure

- Capital expenditure of \$1,011 million (from \$723 million in 2013) budgeted for 2014. This represents a budget increase to 35% (32% in 2013) on capital work.

National Elections

- Six elections experts provided by the European Union, Australia and New Zealand are currently working with the Fijian Elections Office to finalise planning for all aspects related to the 2014 election.
- Allocation of \$15 million for preparations for next year's elections. The balance will be provided by international partners, based on the results of our needs assessment survey.
- Papua New Guinea has already pledged 25 million Kina for the preparation for elections.
- 2014 Budget provides \$7 million to prepare for the first sitting of the elected Parliament, including operational costs and upgrades to the Parliamentary complex.

Education

- Education in the 2014 Budget takes up the largest share of Government spending – nearly 19 percent of the total Budget – and receives the largest share of the additional allocations.
- Total of \$541.5 million is budgeted for the Education Sector.
- Government will provide free primary and secondary school education for all Fijian children.
- For 2014, the Education Ministry will receive \$370 million, an increase of \$101.54 million from 2013, to continue with its program and expand into new policy initiatives.
- From 2014, no family will have to pay any tuition fees, textbook fees, building fees, or any other fee usually charged by schools from Year 1 to Year 8 or Class 1 to Class 8.
- To fund this new initiative, Government has allocated \$34 million.
- For certain courses, full tertiary scholarships will be granted to the top 600 school leavers.
- This scheme will be administered by the Government in partnership with the Fiji Higher Education Commission and the Universities.
- Government has allocated \$30 million to fund this program in 2014.
- Those students who are currently on an iTaukei, Multi-Ethnic and PSC scholarships will not be affected. \$26 million will go to continue to support these programs.

Health

- The Constitution guarantees health care to all Fijian citizens, and 2014 budget provides for upgrading some medical facilities and bringing other facilities closer to the people.
- \$4.9 million allocated for the continued extension and refurbishment of the CWM Hospital's operating theatres.
- \$3 million allocated for the extension of the CWM Hospital Maternity Unit to accommodate an additional 224 beds.
- \$7.3 million allocated for the first phase of construction for the new 55 bed hospital in Ba.

Housing

- Government will continue its drive to help re-settle or upgrade the housing of those Fijians living in informal settlements.
- Total of \$5 million has been provided for various squatter projects.
- Allocation of \$10 million for housing assistance for First Home Buyers.

Water

- In 2014, Government will provide WAF with a budget of \$129.6 million, an increase of \$32 million from last year.
- The increased funding is for capital works projects totaling \$71 million and an operating grant close to \$58.6 million.

BUDGET ALLOCATIONS (CONT'D)

Energy

- \$10 million for the rural electrification program to extend the power to homes and communities that are currently bypassed.

Transport

- Fiji Roads Authority (FRA) will be provided with an increased budget of \$454.7 million to continue with the ambitious, nation-wide program of road works they embarked on last year.
- This represents an increase in capital spending of around \$60 million, which will allow major roads, bridges and jetty works to proceed uninterrupted.
- Major road construction will continue on the Buca Bay-Moto road, the Sigatoka-Serea road, and the Nabouwalu-Dreketi road, all with funding assistance from the Exim Bank of China.
- Road widening projects will continue on the Nakasi-Nausori highway, with an allocation of \$15 million, and in Nadi, with an allocation of \$30 million.
- \$10 million allocated for the development of rural roads in the rest of the country.
- \$32.3 million has been set aside for maintenance and renewal of bridges across the country, and \$21.2 million for the upgrade.
- National carrier Fiji Airways to expand its services. \$1.8 million has been allocated to enable airline to explore new international routes.

Poverty Alleviation

- In the 2014 Budget, Government will continue to fund our social protection schemes, support income generating projects, develop infrastructure in rural and outer islands and promote youth and female empowerment.
- In 2014, the Poverty Benefit Scheme will receive an allocation of \$22 million.

Law and Order

- \$111.7 million is provided to the Fiji Police in 2014, an increase of \$19.5 million.

Tourism

- Tourism Fiji will receive \$23.5 million.
- The Professional Golfers Association (PGA) of Australia will hold a tournament in Fiji for the first time in 2014.
- This is an opportunity for Fiji to shine on the global stage in a major international sporting event that will also be a huge boost to the Fijian economy, broadcasting to more than 400 million homes.
- Provision of \$8.6 million is made this year to support this tournament.

Sugar and Other Agriculture

- \$8.4 million is allocated for a Sugar Development Program to plant 6000 hectares of new crop in 2014 and harvest a record crop of at least 3.2 million tons in the 2015 season. Government aim is to reach an overall crop target of 5.2 million tons by 2022.
- Subsidy of \$5.75 million to South Pacific Fertilisers Limited.
- \$2 million is allocated to upgrade cane access roads to ensure a consistent supply of cane to the mills and minimise mill stoppages due to lack of supply.
- \$1 million fertiliser subsidy is provided for non-sugar farmers in the 2014 Budget.
- Government will continue to provide duty-free exemption on agricultural implements and machinery.
- Government will also continue to encourage young people to become farmers by extending its agriculture scholarship announced in 2013 budget.

Dairy

- \$1 million allocated for the dairy development program.