



EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL

Volume 1

Audit Report on Whole of Government Financial Statements and Annual Appropriation Statement 2014





EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Volume 1 Audit Report on Whole of
Government Financial Statements
and Annual Appropriation Statement
2014



OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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File: 102

02 October 2015

The Honorable Dr. Jiko Luveni
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
Suva

Dear Dr. Luveni

Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement of the Republic of Fiji for the year ended 31 December 2014

In accordance with section 152 (13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the audit of the Whole of Government financial Statements and the Annual Appropriation Statement of the Republic of Fiji for the year ended 31 December 2014.

Atunaisa Nadakuitavuki
for **AUDITOR-GENERAL**



Cc: Honorable Aiyaz Sayed-Khaiyum
Attorney General and Minister for Finance, Public Enterprise, Public Services & Communications

Ms. Susan Kiran
Secretary to Cabinet

Foreword

The Whole of Government together with 38 Ministries and Departments were audited in 2014, with their audit reports and relevant findings on them reported in accordance with Section 152 of the Constitution.

The audit of the Whole of Government concludes with two exceptions noted with respect to Cash at Bank and Accounts Receivables balances as recorded in the Statement of Assets and Liabilities. Apart from these, the accounts have been faithfully and properly kept in accordance with section 152(2) of the Constitution, section 6 of the Audit Act and section 46 and 47 of the Financial Management Act.

The financial statement of the Republic of Fiji has been presented in accordance with the Financial Management Act with direct reference to the budget estimates of Government. Presentation and disclosures in some places have also been made in accordance with cash based International Public Sector Accounting Standards (IPSAS).

The audit reports comprise of four (4) volumes and have been presented in accordance with budget sectors as follows:

Volume	1	Audit Report on the <i>Accounts and Finance</i> of Government
	2	Audit Report on the General Administration Sector
	3	Audit Report on the Social Services Sector and
	4	Audit Report on the Economic Services and the Infrastructure Sector.

Volume 1 of the report should be read in conjunction with the Whole of Government financial statements, the appropriation statement of the Republic of Fiji and my opinion expressed on them for the year ended 31 December 2014.

Audit Opinion on respective Ministry / department financial statements

A total of thirty-eight Ministry and Department financial statements were prepared in accordance with the Financial Management Act 2004 and the Finance Instructions 2010. Of these, twenty ministries and departments were provided with an unqualified audit report with attention drawn in some instances.

A total of eighteen ministries and departments were provided a qualified audit report - General Administration Sector (10), Social Service Sector (4) and Economic and Infrastructure sector (4). The qualified audit report emanated from issues ranging from unsubstantiated and un-reconciled general ledger account variances, accounting irregularities in account balances, non-disclosure of account balances, board of surveys either not carried out or carried out but the losses were not approved or not recorded as losses to government and stock take were not carried out.

Accounting Heads and month end Reconciliation of Accounts

Reconciliation of monthly accounts was ineffective as balances accumulated and remained un-reconciled across ministries and departments at the end of the year. Accounting Heads submitted monthly

reconciliation whilst it is apparent from the variances that monthly accounts were not reconciled with the FMIS records. This is further aggravated where balances in underline accounts remained un-reconciled and not recorded in the respective expenditure and revenue statements.

Capacity of Accounting Officers

Review of the Accounts and Finances across Government highlighted that capacity is an inherent issue with accounting officers lacking the basic fundamentals required for reconciling and maintaining accounts. This is further aggravated by the Ministry of Finance accepting erroneous reconciliations from ministries and departments and as a result, variances accumulate and remain unresolved.

Cash Management

Improvement in cash flow management including the cash flow projections by Ministries and departments is necessary to reduce the cost of the short-term debt. The ability to predict and plan cash outlays means that government will not be forced to resort to unexpected borrowing to meet cash needs. Cash flows projections are also to some extent affected by outstanding balances in underline accounts.

Public Debt

The percentage growth in public debt (7%) was less than the percentage growth in the economy (15%) indicating a reduced burden on citizens from public debt. Nevertheless, the rollover risk or refinancing of debt to meet past obligation is apparent.

Recurring Issues

Most of the results and matters arising from my audits have been reported in the past and it would be prudent for respective heads of ministries/departments to take ownership in addressing recurring issues.



Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**



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3. Office of the Attorney General and the Solicitor General
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5. Ministry of i-Taukei Affairs
6. Ministry of Defence, National Security and Immigration
7. Ministry of Labour, Industrial Relations and Employment
8. Ministry of Foreign Affairs, International Co-operation and Civil Aviation
9. Elections Office
10. Judiciary
11. Parliament
12. Accountability, Transparency, Human Rights & Anti-Discrimination Commissions
13. Office of the Director of Public Prosecutions
14. Ministry of Justice, Anti-Corruption & Communications
15. Fiji Corrections Services
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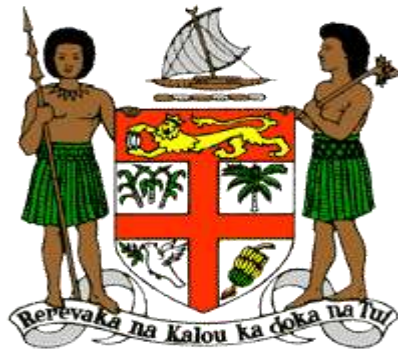
VOLUME 1

Volume 1: Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement

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Part 2: Report of the Whole of Government Financial Statements and Annual Appropriation Statement

**Part 1: Whole of Government Financial
Statements and Annual
Appropriation Statement for the
Republic of Fiji for the Year Ended
31 December 2014**



Financial Statements Government of the Republic of Fiji

For the Year Ended 31 December 2014

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDIT REPORT

WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND APPROPRIATION STATEMENT OF THE REPUBLIC OF FIJI FOR THE YEAR ENDED 31 DECEMBER 2014

Scope

I have audited the Whole of Government Financial Statements and the Annual Appropriation Statement of the Government of the Republic of Fiji for the year ended 31 December 2014 in accordance with section 152(1) and 152(2) of the 2013 Constitution, Sections 46 and 47 of the Financial Management Act (2004) and Section 6 of the Audit Act.

The whole of government financial statements comprise the following:

- Statement of Assets and Liabilities
- Consolidated Fund – Statement of Revenue and Expenses
- Consolidated Fund – Statement of Budget Result
- Statement of Changes in Equity
- Cash Flow Statement
- Statement of Contingent Liabilities
- Notes to and Forming Part of the Financial Statements

The Ministry of Finance is responsible for the preparation and presentation of the financial statements and the information contained therein.

My responsibility is to express an opinion on these financial statements based on my audit.

My audit was conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the Whole of Government Financial Statements and the Annual Appropriation Statement are free of material misstatements. My audit procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Whole of Government Financial Statements, the Annual Appropriation Statement and the evaluation of the accounting policies. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are fairly stated in accordance with the accounting policies in Note 3, Sections 46 and 47 of the Financial Management Act 2004, Section 152(1) and 152(2) of the 2013 Constitution and Section 6 of the Audit Act, so as to present a view which is consistent with my understanding of the financial performance of the Whole of Government Financial Statements and the Annual Appropriation Statement for the year ended 31 December 2014.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

- Inadequate systems of internal control for cash at bank included (i) the non-preparation of bank reconciliations for various Trust Fund and Trading and Manufacturing Account (TMA); (ii) Trust Fund Account bank balances were not supported with evidence of cash held; (iii) variances in the drawings account general ledger balances relating to domestic bank balances; and (iv) material variances between the general ledger of various Trust Fund Account and TMA against the actual cash records. The overall net errors and omissions resulted in the overstatement of cash at bank balance by \$18.8 million. In view of that, I was unable to satisfy myself on the existence, rights, completeness and valuation assertions for the cash at bank balance totaling \$38.9 million as at 31 December 2014.
- Accounts receivable balance totaling \$14.1million as shown on the face of the Statement of Assets and Liabilities includes amounts that were not supported with reconciliations to be prepared by responsible Ministries/Department totaling \$13.6million. In view of that, I was unable to satisfy myself on the completeness, rights, valuation and existence of the accounts receivable balance of \$14.1million as at 31 December 2014.

In my opinion, except for the effects on the Whole of Government Financial Statement and the Annual Appropriation Statement of the matters referred to in the qualification paragraphs:

- the accounts have been faithfully and properly kept;
- transactions with or concerning public money or public property of the State have been authorized by or pursuant to the 2013 Constitution or any other written law, and
- expenditure have been applied for the purpose for which they were authorized.

Without further qualifying the opinion expressed above, attention is drawn to the following matters:

- Term Loans Receivable of \$198.9million (Note 8) includes a credit balance of \$13.7 million relating to Public Service Commission (PSC) Scholarship Funds contrary to the nature of the asset account with no supporting records provided for audit. Consequently I was unable to obtain sufficient appropriate audit evidence to satisfy myself on the existence, rights, completeness and valuation of Term Loans Receivable totaling \$198.9 million as at 31 December 2014
- Trust Fund account (Note 13) of \$101.9 million includes various trust liability accounts with debit balances totaling \$4.4 million and contrary to the nature of the trust account with no supporting records provided for audit. Therefore I did not obtain sufficient appropriate audit evidence to satisfy myself on the existence, obligation, completeness and valuation of Trust Fund account totaling \$101.9 million as at 31 December 2014;
- Cabinet Decision 357 of 2012 requires the treatment of government grants and/or special funding for state owned enterprises as capital contribution for conversion to equity. As a result of the Cabinet Directive, variances were reflected between the general ledger and state owned entity records and eventually the valuation assertion as at 31 December 2014 could not be determined.



Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**



Suva, Republic of Fiji
25 September 2015

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**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014**

Schedule 1

	Notes	31 December 2014 \$	31 December 2013 \$
ASSETS			
Current Assets			
Cash at Bank	4	42,552,310	206,744,709
Accounts Receivable	5	14,134,452	18,712,196
Prepayments	6	1,673,840	4,274,678
Inventory	7	4,053,031	3,672,544
Total Current Assets		62,413,633	233,404,127
Non Current Assets			
Term-Loans Receivable	8	198,915,267	58,396,827
Investments	9	548,888,805	496,157,893
Investments in sinking fund	10	182,008,689	182,611,547
Total Non Current Assets		929,812,761	737,166,267
TOTAL ASSETS		992,226,394	970,570,394
LIABILITIES			
Current Liabilities			
Accounts Payable	11	648,811	(64,339)
Deferred Income	12	165,451	357,258
Trust fund account	13	101,992,484	79,531,628
Term Loans Payable - Treasury Bills	14(a)	128,583,452	102,278,056
Provisions of Carry-Over of Budgetary Allocation	24	-	26,416,732
Total Current Liabilities		231,390,198	208,519,335
Non Current Liabilities			
Term-loans Payable Overseas Loans	14(b)	1,254,277,326	1,081,097,414
Term-loans Payable Domestic Loans	14(b)	2,698,317,500	2,641,564,500
TOTAL LIABILITIES		4,183,985,024	3,931,181,249
NET LIABILITIES/EQUITY	Schedule 4	(3,191,758,630)	(2,960,610,855)

The accompanying notes form an integral part of these financial statements.

Ministry of Finance
Suva, Fiji

.....
David Kolitagane
Acting Permanent Secretary

Dated ^{24th} of the month of September, 2015

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF REVENUE & EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 2

	Notes	31 December 2014 \$	31 December 2013 - (Restated) \$
Revenue			
Operating Revenue	15	2,290,281,755	2,038,833,496
Investing Revenue	16	80,723,993	59,894,427
Trading and Manufacturing operations	23	22,386,783	21,564,705
TOTAL REVENUE		2,393,392,531	2,120,292,628
Expense			
Operating Expenses	18	1,471,275,463	1,247,833,003
Capital Expenses	19	930,115,814	586,349,201
Value Added Tax	20	57,395,410	41,682,412
Interest and other charges on Loans	21	264,309,159	260,450,670
Trading and Manufacturing operations	23	18,131,509	21,564,690
TOTAL EXPENSES		2,741,227,355	2,157,879,976
Surplus/(Deficit) for the year		(347,834,824)	(37,587,348)

**GOVERNMENT OF THE REPUBLIC OF FIJI
BUDGET RESULT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Schedule 3

		Actual 2014 \$	Estimate 2014 \$
REVENUE:			
Direct Taxes		523,741,388	417,896,704
Indirect Taxes		1,594,001,054	1,621,797,636
Others		172,539,313	168,127,650
Total Operating Receipts		2,290,281,755	2,207,821,990
Total Investing Receipts		80,723,993	513,955,960
Total Revenue		2,371,005,748	2,721,777,950
EXPENDITURE:			
Operating		1,735,584,622	1,805,039,400
Capital		930,115,814	1,011,586,400
Value Added Tax		57,395,410	66,635,500
Total Expenditure		2,723,095,846	2,883,261,300
Net Deficit		(352,090,098)	(161,483,350)
Debt Repayments	22	(202,166,704)	(223,952,000)
Gross Deficit		(554,256,802)	(385,435,350)
External Borrowings	14(d) & 14(e)	353,647,031	385,435,350
Budget Result		(200,609,771)	(0)
Net Deficit As A Percent of GDP		4%	2%
Nominal GDP		8,552,900,000	8,283,249,000

GOVERNMENT OF THE REPUBLIC OF THE FIJI
STATEMENT OF CHANGES IN NET LIABILITIES/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 4

	31 December 2014	31 December 2013
	\$	\$
Opening Balance 1 January	2,960,610,855	2,999,822,719
Changes in net liabilities/equity during the year		
(Surplus)/deficit for the year - consolidated fund account	200,609,771	44,085,594
(Surplus)/deficit for the year - trade and manufacturing account	(4,255,274)	-
Domestic loans proceeds	233,403,000	172,822,000
Overseas loans proceeds	120,241,251	-
Redemption of domestic loans	(176,650,000)	(162,338,000)
Redemption of overseas loans	(25,516,703)	(19,652,245)
Revaluation of External Debt due to foreign currency conversions	65,340,836	65,287,541
Revaluation of shares	(52,913,843)	(64,886,925)
Adjustment to Domestic Interest Clearing Account	-	475,595
Adjustment of JP Morgan Investments	-	(56,626,064)
Acquisition of New Investment	-	(4,890,447)
Adjustments of previous years errors	18,800,640	(16,344,883)
Staling of Previous Years Cheques	(10,810,040)	-
Prior year adjustments of Cash	3,000,000	(5,150)
Write-off of loans receivable	-	820,000
Previous years adjustment of term loans receivables	(141,767,539)	-
Previous years adjustment of loans	12,889,511	-
Effects of exchange rate movements in JP Morgan bank balance	(9,837,686)	-
Cash Remitted to Fund I	1,950,465	1,435,290
Recognition of unrecorded fixed term deposits	(3,559,670)	-
Operating Revenue booked directly To Equity	-	(2,851,850)
TMA (Trading and Manufacturing Accounts)	223,056	3,457,680
Net liabilities/equity	3,191,758,630	2,960,610,855

**GOVERNMENT OF THE REPUBLIC OF THE FIJI CASH FLOW STATEMENT
(EXCLUDING CONTROLLED ENTITIES)
FOR THE YEAR 2014**

Schedule 5

		Controlled by the Government 2014	Payment by third parties (Note 27) 2014	Actual Controlled by the Government 2013
		\$	\$	\$
Cash flows from operating activities				
<i>Receipts</i>				
Direct Taxes		523,741,388	-	449,707,223
Indirect Taxes		1,594,001,054	-	1,429,587,947
Fees, Charges, Fines and Penalties		103,223,069	-	93,692,498
Sales Revenue (TMA)		17,111,335	-	18,746,128
Other Revenues and Surpluses		31,470,355	-	27,854,181
Reimbursements and Recoveries		14,772,560	-	25,865,874
Grants in Aid		25,932,894	-	15,739,334
Receipts into trust fund accounts		-	-	11,749,176
Established Staff		(706,343,703)	-	(581,796,373)
Unestablished Staff		(45,397,807)	-	(40,873,910)
Travel and Communications		(27,054,575)	-	(24,851,764)
Maintenance and Operations		(89,991,242)	-	(88,936,085)
Purchase of Goods and Services		(79,650,483)	-	(71,714,043)
Operating Grants and Transfers		(387,664,256)	-	(343,397,988)
Special Expenditure		(64,151,800)	-	(56,393,447)
Pensions, Gratuities and Compassionate Allowances		(36,785,353)	-	(35,340,641)
Value Added Tax		(69,696,695)	-	(40,777,317)
Cost of Goods Sold (TMA)		(6,613,437)	-	(2,643,081)
Trading and Manufacturing Accounts (TMA)		(12,121,615)	-	(18,846,560)
Interest Payments on Loans		(264,309,159)	-	(260,450,670)
Net Advance Payment/(Receipt)		(10,472,877)	-	(4,331,915)
Carried Over Funds Utilized		-	-	(17,385,494)
TMA excess cash remittance		5,859,575	-	1,416,560
Write-off of dormant cash accounts		-	-	70,096,505
Net cash flows from operating activities		515,859,228	-	556,716,138
Cash flows from investing activities				
Investing Revenue		80,906,924	-	62,255,610
Capital Expenditure		(833,752,337)	(120,241,251)	(462,736,317)
Net Investments acquired		1,249,101	-	(182,852)
Receipts into fixed term deposits		3,559,670	-	-
Investments in sinking fund		602,857	-	(26,801,724)
Net cash flows from investing activities		(747,433,785)	(120,241,251)	(427,465,283)
Net cash inflows before financing		(231,574,557)	(120,241,251)	129,250,855
Cash flows from financing activities				
Proceeds from borrowings		233,405,780	-	172,822,000
Repayment of borrowings		(202,166,704)	-	-
Treasury Bills Net Proceeds/(Repayments)		26,305,396	-	(9,454,907)
Third party payments		-	120,241,251	(182,470,245)
Net cash flows from financing activities		57,544,472	120,241,251	(19,103,152)
Net increase/(decrease) in cash and cash equivalents		(174,030,085)	-	110,147,703
Cash and cash equivalents at the beginning of the period	4	206,744,709	-	96,597,006
Effects of exchange rate changes on cash held in foreign currencies		9,837,686	-	-
Cash and cash equivalents at the end of the period	4	42,552,310	-	206,744,709

GOVERNMENT OF THE REPUBLIC OF THE FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Principal Activities

The Government of the Republic of Fiji is based in Suva.

The principal activities of the government are:

- (i) the administration of public financial affairs
- (ii) the provision of goods and services required by its citizens
- (iii) the collection, management and use of public resources.

The relevant legislation governing the government's operations are the laws of Fiji.

2 Scope

These financial statements include the Consolidated Fund Account, the Trade and Manufacturing Accounts and the Trust Accounts.

The statements do not yet include statutory authorities; government commercial companies and commercial statutory authorities. Efforts will be made in future to include these entities as part of Government's intention to comply with the Internal Public Sector Accounting Standards (IPSAS) requirements.

Currently, the only statutory entities that are included as part of government financial reporting are those that are funded through government grants namely Fiji Revenue and Customs Authority (FRCA), Water Authority of Fiji (WAF), Land Transport Authority (LTA) and Telecommunication Authority of Fiji (TAF). In essence, the revenue collected by these entities are remitted directly to the government via the Consolidated Fund Account (CFAs).

The financial statements includes a Statement of Assets and Liabilities, a Statement of Revenue and Expenses, a Statement of Budget Result, a Statement of Changes in Equity and a Cash Flow Statement.

Apart from the statements listed above, the Statement of Budget Result is the only new addition to the face of the financial statements. In previous years, the Budget Result used to be reflected as part of the supporting schedules.

The Statement of Revenue and Expenses include all revenue and expenses received or paid by government during the year and this covers revenue and expense items relating to the Consolidated Fund Account and TMA. All payments related to purchases of fixed assets have been expensed during the year. Starting in 2014, the loan proceeds and repayments of principal amounts are no longer part of the Statement of Revenue and Expenses because they are not genuine revenue and expenses under the International Public Sector Accounting Standards. Due to this amendment, the 2013 deficit figure had been restated accordingly.

The Statement of Budget Result present the budget out-turn for the year against estimates. This statement which is somewhat based on the budget or economic classification excludes income and expenses related to TMA and True Trust operations. However, it includes the external borrowings and repayments accordingly.

Reconciliation of Deficit (Statement of Revenue & Expenses) to Budget Result

	31 December 2014
	\$
Surplus/(Deficit)	(347,834,824)
Loans Proceeds	353,647,031
Repayment of loans principal	(202,166,704)
Trade and Manufacturing Account Income	(22,386,783)
Trade and Manufacturing Account Expenses	18,131,509
Net Deficit	(200,609,771)

Apart from the primary statements, efforts were also made to incorporate new IPSAS disclosures with the view to promote transparency and most importantly compliance to best practice reporting, some of these key disclosures are as follow:

- (i) Cash Flow Statement: Disclose payments made by third parties on behalf of the entity in separate columns on the face of the Statement of Cash Flows IPSAS (1.3.24)
- (ii) Note 1: General Information about the reporting entity: (i) domicile and legal form, (ii) description of the nature; and (iii) reference to relevant legislation (IPSAS 1.4.7)
- (iii) Schedule 8: Statement of comparison between budget and actual amounts, showing: (i) Original and final budget amounts; (ii) Actual amounts on a comparable basis; and (iii) By way of note disclosure, an explanation of material differences between the budget and actual amounts. (IPSAS 1.9.8)
- (iv) Schedule 7: Segment Reporting (IPSAS 18)

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

3 Significant accounting policies

3.1 Basis of Preparation

The financial statements of the government have been drawn up in accordance with the requirement of the Financial Management Act 2004. Given the nature of Government's quasi cash environment, the statements have been prepared on a modified accrual basis of accounting. Few disclosures and presentations are made in accordance with the International Public Sector Accounting Standards (IPSAS), this is being undertaken to enhance transparency and accountability in the reporting of government funds.

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

3.2 Cash and cash equivalents

Cash and cash equivalents comprises of cash at bank, short term demand deposits in overseas banks and cash on hand. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. Cash is mainly kept in the Reserve Bank of Fiji, commercial banks and cash registers.

3.3 Accounts receivable

Accounts receivable represents money owed by third parties to government on the sale of products or services on credit. Account receivable balance mainly comprises of un recouped TMA receivables as well as state revenue owed to government by third parties.

3.4 Prepayments

Prepayments comprise of un recouped accountable advances paid to civil servants to facilitate official trips and accommodation for both domestic and overseas trips.

3.5 Inventory

Inventories are stated at lower of cost and net realizable value. Cost is assigned to inventory on a consistent basis year to year using either the specific identifications; first in first out or weighted average costs. The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

3.6 Investments

Valuation of investments is at market value if available. If market value is not available, investments are recorded at cost. Fair value is especially used by entities that are listed on the South Pacific Stock Exchange namely Unit Trust of Fiji Ltd (UTOF) and Amalgamated Telecommunications Holdings (ATH).

3.7 Investment in sinking fund

Investments in Sinking Fund are converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji. Investments are recorded at the end of the year for which gains/loss on share price are reflected at market value as recorded by J.P Morgan.

3.8 Accounts payable

Accounts payable are amounts payable to suppliers or other creditors for the supply of goods, services or works.

3.9 Deferred income

Liabilities also include amounts received in advance for future services. Since the amount received (recorded as the asset Cash) has not yet been earned, government defers the reporting of revenues and instead reports a liability such as Unearned Revenues.

3.10 Treasury bills payable

T-Bills Payable are recorded at discounted value.

3.11 Trust fund account

Trust Fund Accounts comprises of funds which government holds on behalf of its designated beneficiaries. The Trust Fund Accounts comprises of operating trust and true trust monies.

3.12 Term loans payable

Viti Bonds are recorded at Face Value. External Loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji.

GOVERNMENT OF THE REPUBLIC OF FIJI
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FOR THE YEAR ENDED 31 DECEMBER 2014

3.13 Operating income

Operating Income is recognized in the statement of receipts and payments using both accrual and cash basis system. Where AR (accounts receivable) Modules are available, revenue is accounted on an accrual basis. However, those Ministries whom have yet to adopt AR module are still accounting for their revenue on a pure cash basis system.

3.14 Investing revenue

Investing Revenue is recorded in the statement of receipts and payments on cash basis system.

3.15 Loans drawn

Viti Bonds are recorded at Face Value. External Loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the RBF.

3.16 Expenditure

Expenditure is recorded in the statement of revenue and expenses on a cash basis except for carry-over and accountable advance.

4 CASH AT BANK

All Government Ministries/Departments use several overdraft accounts (Drawings) for their operations and are cleared on a daily basis to the Consolidated Fund Account of government. In addition, several Ministries/Departments operate and maintain their own bank accounts for monies held as trust and for those that operate quasi-commercial activities.

Funds held by overseas banks are for the various Fiji Embassies, Trade Missions, overseas pension funds, peacekeeping forces and JPM Liquity Fund Account and JPM Collateral Dividend Account.

Description of Account		31 December 2014	31 December 2013
		\$	\$
Overseas Agencies		8,753,880	84,147,140
Domestic Account	4(a)	(66,664,348)	50,810,038
Trust Fund Account		90,552,945	64,005,322
Trading and Manufacturing Account		9,909,833	7,782,209
Net Cash		42,552,310	206,744,709

Included in the amount stated above are no cash balances restricted in use.

(a) Reconciliation of Domestic Cash

Domestic Bank Balance	71,312,510	126,382,089
less Un presented Cheque	(137,976,858)	(75,572,051)
	(66,664,348)	50,810,038

The negative Domestic Cash at Bank balance of (\$66.6) million is primarily due to the high number of high valued cheques that were written on 31st December by Ministries and Departments to cater for capital project commitments pending at year-end.

5 ACCOUNTS RECEIVABLE

Accounts receivable of the government due from third parties as at year end were as follows:

Accounts receivable Trade	1,379,605	5,170,331
Accounts receivable Non-Trade	9,757,628	10,955,378
Accounts receivable Employee Advances	(34,611)	18,851
Trade & Sundry Debtors	213,613	(193,881)
Accounts receivable from government departments	2,045,734	2,034,946
Miscellaneous Receivable	772,483	726,571
	14,134,452	18,712,196

6 PREPAYMENTS

Prepayments as at year end were as follows:

Prepayments	-	178,118
Accountable Advances	1,673,840	4,096,560
	1,673,840	4,274,678

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NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

7 INVENTORY

Inventory comprises of raw materials; work in progress and finished goods of the government Trade and Manufacturing operators (TMAs). Inventories are valued at cost using the periodic inventory method. Inventory as at year end are as follow:

	31 December 2014	31 December 2013
	\$	\$
Raw Materials	1,068,935	1,436,650
Work-in-Progress	441,274	25,327
Finished Goods for Sales	2,542,822	2,210,567
	<u>4,053,031</u>	<u>3,672,544</u>

8 TERM-LOANS RECEIVABLE

Term-Loans Receivable

Term-Loans Receivable for Social Services	8(a)	(2,652,941)	(5,778,270)
Term-Loans Receivable for Economic Services	8(b)	201,568,208	64,175,097
Total Term-Loans Receivable		<u>198,915,267</u>	<u>58,396,827</u>

Loans provided by the government to third parties are represented as follows:

(a) Term-Loans Receivable for Social Services

Public Officers & Ministers	121,450	126,343
I-Taukei Affairs Board	6,458,924	6,798,924
PSC (Public Service Commission) Tertiary Education	(3,169,338)	(2,526,896)
PSC (Public Service Commission) Private Students	(3,758,829)	(3,758,799)
Students Scheme	(6,755,759)	(6,417,842)
Loan to Fiji Sports Council	4,450,611	-
	<u>(2,652,941)</u>	<u>(5,778,270)</u>

(b) Term-Loans Receivable for Economic Services

Native Land Trust Board	-	87
Copra Industry Stabilisation Fund	8,761,611	8,685,343
Fiji Pine Commissions	12,000,000	12,000,000
Fiji Sugar Corporation Ltd	173,816,930	35,500,000
Viti Corporation Ltd	3,189,667	3,189,667
National Trading Corporation	1,900,000	2,900,000
Rewa Rice Ltd	1,900,000	1,900,000
	<u>201,568,208</u>	<u>64,175,097</u>

9 INVESTMENTS

Section 55 of the Financial Management Act 2004 provides the authority for the investment of Government moneys through fixed deposit with any bank, in any securities in which trustees are authorized to invest under the Trustee Act, in any security issued by any statutory body in Fiji and as advances authorized by Finance Act and any other Act or by resolution of the House of Representatives.

	31 December 2014	31 December 2013
	\$	\$
Investments as at year end were as follows:		
Investments		
Investments in Social Services	9(a)	7,306,050
Investments in Economic Services	9(b)	234,573,480
Investments in Infrastructure Services	9(c)	307,009,275
Investment in TMA	9(d)	-
Total Investments		<u>548,888,805</u>

(a) Investments in Social Services

	Interest		
Post Fiji Ltd	100%	5,600,000	5,600,000
Unit Trust of Fiji (Trustee) Ltd	49%	704,428	679,624
Unit Trust of Fiji (Management) Ltd	100%	50,000	50,000
Daily Post	44.76%	951,620	951,620
Fiji Broadcasting Corporation Limited	100%	2	2
		<u>7,306,050</u>	<u>7,281,246</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

		31 December 2014	31 December 2013
		\$	\$
(b) Investments in Economic Services			
Air Pacific Ltd	51%	13,307,075	13,307,075
Fiji Hardwood Corporation	90%	90,000,000	89,999,993
Pacific Fishing Company Ltd	99.50%	14,728,956	14,728,956
Air Fiji Ltd	11.45%	171,804	171,804
Fiji Pine Ltd	99.90%	61,002,064	61,002,064
Fiji Sugar Corporation Ltd	68%	15,119,580	15,119,580
National Trading Corp. Ltd	100%	3,358,186	3,358,186
Rewa Rice Ltd	100%	1,506,224	1,506,224
Viti Corps Company Ltd	100%	6,000,000	6,000,000
Yaqara Pastoral Company Ltd	100%	1,191,846	1,191,846
Food Processors Fiji Ltd	100%	687,680	687,680
Air Terminal Services	51%	765,000	765,000
International Finance Corporation		258,795	242,930
International Bank for Reconstruction and Development		19,955,520	2,106,662
Copra Millers Fiji Ltd	94%	6,429,183	6,428,593
Yaqara Group Ltd	100%	91,567	91,567
		<u>234,573,480</u>	<u>216,708,160</u>
(c) Investments in Infrastructure Services			
Airports (Fiji) Ltd		92,300,180	92,300,180
ATH Ltd	34.60%	141,554,243	106,530,603
Fiji Ports Corporation Ltd	100%	73,154,852	73,154,852
		<u>307,009,275</u>	<u>271,985,635</u>
(d) Investment in Trade and Manufacturing Account			
Investments in Fixed Assets		-	182,852
		<u>-</u>	<u>182,852</u>
(e) RECONCILIATION OF INVESTMENTS		31 December 2014	31 December 2013
		\$	\$
The reconciliation of changes in investments is as follows:			
Increase in fair value of shares			
Unit Trust of Fiji (Trustee) Ltd		24,804	4,961
Amalgamated Telecommunications Holdings (stock price revaluation)		35,023,730	70,047,461
Exchange Rate adjustments			
International Finance Corporation		15,865	10,625
International Bank for Reconstruction and Development		17,848,858	996,662
Sale of government shares			
Fiji International Telecommunications Ltd (FINTEL)		-	(3,570,000)
Pacific Forum Line		-	(4,142,329)
Additional Investments			
Copra Millers of Fiji Ltd		-	6,428,593
Investment in Fixed Assets		-	182,852
Adjustment of errors			
Daily Post		-	1,400
FINTEL		(90)	-
Fiji Hardwood Corporation		7	-
Investment in Fixed Assets		(182,852)	-
Copra Millers of Fiji Ltd		590	-
		<u>52,730,912</u>	<u>69,960,225</u>

Valuations of investments is at market value if available. If market value is not available, investments are recorded at cost. Valuations in foreign currencies are adjusted using the closing rate at year end.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

10 INVESTMENTS IN SINKING FUND

The investments in sinking fund consist of the managed reserve fund account, collateral account with JP Morgan and other investments held with ANZ and RaboBank of Australia to be used for a bond repayment in 2016.

	31 December 2014	31 December 2013
	\$	\$
JP Morgan managed account	50,301,985	57,319,523
JP Morgan collateral	29,905,395	28,551,009
Held to maturity Investments (RABO Bank and ANZ)	101,801,309	96,741,015
	<u>182,008,689</u>	<u>182,611,547</u>

The JP Morgan Collateral account of \$29.9m (US\$15m) is currently held as a collateral/pledge for the loan agreement of US\$40m executed between the Export -Import Bank of Malaysia Berhad (Company No. 357198-K) and Ministry of Finance on behalf of the Government of the Republic of Fiji to fund the road rehabilitation and maintenance works on the Queens Highway and major public works department road between Suva and Lautoka and Lautoka Rakiraki. This loan was subsequently cancelled in 2013.

The period of the pledge shall be sixty (60) months from the date of first drawdown which effectively falls on 28/02/2016 (28/02/11 to 28/02/16).

The reconciliation of changes in fair value of investments in Sinking Fund Account is as follows:

	31 December 2014	31 December 2013
	\$	\$
<i>Opening balance at 1 January</i>	182,611,547	135,264,652
<i>Add Dividend</i>		
Realized Exchange Rate Gains/(Losses)	3,001	10,311
Subscriptions to Managed Reserve Fund a/c	8,708,188	8,165,639
Net gain on rollover of maturing investments	-	37,807,183
	553,725	1,363,762
<i>Less Coupon Payments</i>		
Drawdown	-	-
	9,867,772	-
<i>Closing balance at 31 December</i>	<u>182,008,689</u>	<u>182,611,547</u>

The JP Morgan Liquidity Fund and the Collateral Dividend Account are reflected under Overseas Cash (Note 4).

11 ACCOUNTS PAYABLE

Accounts payable as at year end were as follows:

	31 December 2014	31 December 2013
	\$	\$
TMA Trade & Sundry Creditors	53,629	(570,525)
Withholding Tax	230,160	152,417
Litigation Claims	365,022	353,769
	<u>648,811</u>	<u>(64,339)</u>

12 DEFERRED INCOME

Deferred Income as at year end were as follows:

	31 December 2014	31 December 2013
	\$	\$
Customs Income Received in Advance	(80,181)	56,569
TMA Income Received in Advance	245,632	300,689
	<u>165,451</u>	<u>357,258</u>

13 TRUST FUND ACCOUNT

Section 25(1) of the Financial Management Act makes provision for the establishment of a Consolidated Trust Account to record all monies received by the government in trust except for monies received and administered by the Public Trustee or the Official Receiver.

The Act further stipulates that all monies which do not belong to but received and administered by Government shall be accounted for in the Consolidated Trust Fund, which shall not constitute a part of the Consolidated Fund. The authority to open and operate a trust fund is vested with the Chief Accountant.

GOVERNMENT OF THE REPUBLIC OF FIJI
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FOR THE YEAR ENDED 31 DECEMBER 2014

The Consolidated Trust Fund Account records monies received by the Government which do not belong to it and is therefore considered a liability of Government. Closing balances in this account comprised the following:

	31 December 2014	31 December 2013
	\$	\$
Deposits, Deductions and Retention Money	15,001,773	15,850,940
Consolidated Trust Fund	86,990,711	63,680,688
Total Trust Fund Account	101,992,484	79,531,628

14 TERM-LOANS PAYABLE

Government borrows monies either domestically or from overseas to finance its Capital Programmes. Total debt of Government outstanding as at 31/12/14 are as follows:

		31 December 2014	31 December 2013
		\$	\$
(a) Current Liabilities			
Term-Loans Payable - Treasury Bills	14 (c)	128,583,452	102,278,056
Total Current Liabilities		128,583,452	102,278,056
(b) Non-Current Liabilities			
Term-Loans Payable - Overseas Loans	14 (d)	1,254,277,326	1,081,097,414
Term-Loans Payable - Domestic Loans	14 (e)	2,698,317,500	2,641,564,500
Total Non-Current Liabilities		3,952,594,826	3,722,661,914
Total Government Debt		4,081,178,278	3,824,939,970

(c) **Treasury bills**

Term-Loans Payable - Treasury Bills

The Government through the Reserve Bank of Fiji floats Treasury Bills to raise funds from the domestic market on a short term basis. Treasury Bills are sold at a discount from their face value of which the investor will receive the face value upon maturity.

Opening Balance	102,278,056	111,732,963
Treasury Bills Issues during the year	306,883,399	138,122,146
Treasury Bills Redemptions during the year	(280,578,003)	(147,577,053)
Outstanding 31 December	128,583,452	102,278,056

The Treasury Bills discount of \$2m in 2014 and \$0.32m in 2013 are currently excluded from the amount amortised in the financial statements. The discount carried over will be properly amortised once a proper policy is in place.

(d) **Overseas loans**

Outstanding 1 January	1,081,097,414	935,530,587
Redemptions during the year	(25,516,704)	(19,652,244)
Capitalized interest	122,530	465,239
Non cash borrowings - direct disbursement	120,241,251	99,466,291
Increase in public debt due to revaluation	65,340,835	65,287,541
Other Adjustments	12,992,000	-
Outstanding 31 December	1,254,277,326	1,081,097,414

Other adjustments relates to interest free loans from the China Development Bank of CNY 10 million and 30 million given in 1989 and 1990 respectively and was subsequently recognised by government in 2014. The government is yet to finalize the moratorium arrangements for the repayment of these loans.

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	31 December 2014 \$	31 December 2013 \$
Non Cash borrowings - By source:		
<i>Bilateral</i>		
Export Import Bank of China	100,176,029	64,675,069
Export Import Bank of Malaysia	-	5,389,396
<i>Multilateral</i>		
Asian Development Bank	20,065,222	29,401,826
Total Overseas Non Cash Borrowings - Direct Disbursement	120,241,251	99,466,291

Overseas loans amounting to \$120.4m were drawn in 2014 from governments loan facilities with the EXIM Bank of China and Asian Development Bank. These loans drawn by government are directly disbursed to the government contractors by the lenders.

(e) Domestic loans - Bonds Payable		
Outstanding 1 January	2,641,564,500	2,631,565,650
Borrowings raised during the year	233,403,000	172,822,000
Redemptions during the year	(176,650,000)	(162,818,000)
Write Off of Unredeemed Matured Bonds	-	(5,150)
Outstanding 31 December	2,698,317,500	2,641,564,500
Domestic Borrowings by Source:		
<i>Public:</i>		
Commercial Banks	38,500,000	32,270,000
Insurance Companies	82,800,000	34,850,000
FNPF	104,000,000	89,490,000
<i>Private:</i>		
Others	8,103,000	16,212,000
Total Domestic Borrowings raised in 2014	233,403,000	172,822,000

Government bonds were raised locally during the year in the form of Fiji Infrastructure Bonds and Viti Bonds.

(f) Total Undrawn Loan Balances as of 31 December 2014:

The total undrawn loan balance from current loan facilities with the EXIM Bank of China and the Asian Development Bank was approximately FJ\$384 million as at 31 Dec 2014. Loans undrawn from the EXIM Bank of China loans totals \$181 million while undrawn loans from ADB equals \$203 million. The amounts were converted to the Fijian dollar using the end of year exchange rate: FJD/CYN= 0.3248 and FJD/USD= 0.5031.

Loan Account	Total Loan per Agreement (millions)	Loan Proceeds received (millions)	Loans cancelled (millions)	Undrawn balance available for future years (millions)	Fiji dollar equivalent as at 31/12/2014 (millions)
A. Bilateral					
2010 Fiji Public Rental Housing Project (CYN)	80	36	44	0	0
2010 Fiji Low Cost Housing Project (CYN)	200	134	0	66	21
2010 Sigatoka/Serea Roads Improvement Project (CYN)	328	259	0	70	23
2010 Buca Bay/Moto Roads Improvement Project (CYN)	366	320	0	46	15
2012 Nabouwalu/Dreketi Roads Project (CYN)	840	463	0	377	123
Total	1814	1212	44	558	181
B. Multi-lateral					
2010 Suva/Nausori Water & Sewerage - Supplementary Loan (USD)	23	22	0	1	1
2009 Emergency Flood Recovery Loan (USD)	18	16	0	1	3
2014 Transport Infrastructure Sector Projects (USD)	100	0	0	100	199
Total	141	38	0	102	203

* CYN = Chinese Yen USD = US dollars

Government liability in relation to Concessionary loans from Overseas Institutions (Note 14d) are recognised when government draws down from this facility and Government has the right to terminate the facility. In 2014, Government partially cancelled the Public Rental Housing loan as some of the statutory requirements for the project was not met. The remaining undrawn balances will be allocated to the respective housing, roads and transport infrastructure projects as listed above.

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FOR THE YEAR ENDED 31 DECEMBER 2014

15 OPERATING REVENUE

Operating Revenue consists of Direct Taxes, Indirect Taxes, Fees Fines & Charges, Grant Aid, Interest & Dividends and Other Receipts.

	31 December 2014	31 December 2013
	\$	\$
Direct Taxes	523,741,388	449,707,223
Indirect Taxes	1,594,001,054	1,429,587,947
Fees, Charges, Fines and Penalties	104,970,471	94,605,959
Other Revenues and Surpluses	26,863,389	23,327,159
Reimbursements and Recoveries	14,772,559	25,865,874
Grants in Aid	25,932,894	15,739,334
Total Operating Revenue	2,290,281,755	2,038,833,496

16 INVESTING REVENUE

	31 December 2014	31 December 2013
	\$	\$ - (Restated)
Repayment of Term-Loans Receivable	402,626	25,425
Sales of Government Assets	12,760,757	10,146,986
Dividend from Investments	64,700,689	11,980,221
Interest from Bank Balances	553,725	35,671,873
Return of Surplus Capital from Investments	2,136,901	2,069,922
Recovery of Fijian Affairs Loans	169,295	-
Total Investing Revenue	80,723,993	59,894,427

17 REVENUE FROM NON EXCHANGE TRANSACTIONS

The primary objective of this disclosure is to differentiate between revenue from non-exchange transactions and revenue from exchange transactions in accordance with IPSAS 23 Revenue from Non Exchange Transactions. In a non-exchange transaction, government receives value from another entity without directly giving approximately equal value in exchange. Revenue from exchange transactions on the other hand arise whereby government collected revenues and directly gives approximately equal value to another entity in exchange.

	31 December 2014	31 December 2013
	\$	\$
Revenue from non exchange transactions		
Direct Taxes (Gross)	576,499,598	715,118,956
<i>Direct Taxes Refunds</i>	<i>(52,758,210)</i>	<i>(265,411,733)</i>
Indirect Taxes		
Value Added Tax (Gross)	1,073,355,888	805,679,557
<i>Value Added Tax Refunds</i>	<i>(279,213,882)</i>	<i>(39,998,257)</i>
Fiscal Duty	359,492,497	307,506,322
Excise Duty	98,486,244	92,113,584
Export Duty	9,979,993	4,458,124
Import Excise Duty	43,435,751	37,710,564
Luxury Vehicle Duty	2,211,762	1,610,208
Misc Fees and Receipts	1,639,744	(421,680)
Stamp Duty	68,608,464	43,520,158
Water Resource Tax	34,694,302	29,505,172
Departure Tax	122,912,654	95,942,050
Fish Levy	438,068	369,147
Service Turnover Tax	57,959,569	51,592,998
Grants in Aid	25,932,894	15,739,335
	2,143,675,336	1,895,034,505

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	31 December 2014	31 December 2013
	\$	\$
Revenue from exchange transactions		
Fees, Charges, Fines and Penalties	104,970,471	94,605,959
Trading and Manufacturing Accounts - Sales Revenue	22,386,783	17,037,683
Other Revenues and Surpluses	26,863,389	27,854,181
Reimbursements and Recoveries	14,772,559	25,865,874
Repayment of Term-Loans Receivable	402,626	25,425
Sales of Government Assets	12,760,757	10,146,985
Dividend from Investments	64,700,689	11,980,221
Interest from Bank Balances	553,725	35,671,873
Return of Surplus Capital from Investments	2,136,901	2,069,922
Recovery of Fijian Affairs Scholarships	169,295	-
	<u>249,717,195</u>	<u>225,258,123</u>
Total Revenue from Non Exchange Transactions	2,393,392,531	2,120,292,628

18 OPERATING EXPENSE

Operating expenditure includes the following:

	31 December 2014	31 December 2013
	\$	\$
Established Staff	719,735,060	581,796,372
Unestablished Staff	45,253,662	40,873,910
Travel and Communications	28,713,649	25,501,187
Maintenance and Operations	90,243,818	88,968,169
Purchase of Goods and Services	82,305,459	71,733,445
Operating Grants and Transfers	400,163,862	343,451,514
Special Expenditure	68,074,600	60,167,765
Pensions, Gratuities and Compassionate Allowances	36,785,353	35,340,641
Total Operating Expenditure	1,471,275,463	1,247,833,003

19 CAPITAL EXPENSE

Capital Expenditure includes the following:

	31 December 2014	31 December 2013
	\$	\$
Capital Construction	83,464,462	54,783,794
Capital Purchases	45,199,392	36,367,494
Capital Grants and Transfers	801,451,960	495,197,913
Total Capital Expenditure	930,115,814	586,349,201
	<u>57,395,410</u>	<u>41,682,412</u>

20 VALUE ADDED TAX EXPENSE

These are the VAT payments made by Ministries/Departments to FRCA (Fiji Revenue & Customs Authority) during the year.

21 INTEREST PAYMENTS AND OTHER CHARGES ON LOANS

Charges on Account of Public Debt is provided for in the Budget Estimates for the payment of interest on domestic and overseas loans.

Interest Payments:

	31 December 2014	31 December 2013
	\$	\$
Overseas Loans	53,809,084	51,976,719
Domestic Loans	209,451,828	207,506,356
Treasury Bills	921,998	722,947
Total Interest Paid	264,182,910	260,206,022
Other charges on Public Debt - Miscellaneous Payments	126,249	244,649
Total Interest Paid and Miscellaneous Payments	264,309,159	260,450,670

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	31 December 2014	31 December 2013
	\$	\$
<u>Interest Payment on overseas loans:</u>		
1994 Asian Development Bank 2nd Fiji Road Upgrading Project	116,064	151,894
1997 Asian Development Bank Third Road Upgrading project	569,828	651,646
1998 JICA Nadi Lautoka Water Supply and Sewerage Project	503,503	586,109
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	553,649	646,834
2006 Export Import Bank of China E-Government Project	848,493	878,754
2009 Asian Development Bank Emergency Flood Recovery Project	105,457	108,998
2010 Export Import Bank of China Fiji Low Cost Housing Project	992,129	863,838
2010 Export Import Bank of China Fiji Public Rental Housing Project	254,103	299,635
2010 Export Import Bank of Malaysia Queens Highway Rehabilitation Project	856,060	1,095,269
2010 Asian Development Bank Supplementary Third Road Upgrading project	176,835	210,890
2010 Asian Development Bank Supplementary Suva/Nausori Water Supply Project	145,866	145,351
2011 Export Import Bank of China Sigatoka Valley and Sawani Serea Road Project	1,661,790	1,394,575
2011 Export Import Bank of China Buca Bay and Moto Road Project	1,882,604	1,640,292
2011 Fiji 2nd Government Global Borrowing	42,198,122	41,519,702
2012 Export Import Bank of China Nabouwalu and Dreketi Road Upgrading Project	2,944,581	1,782,932
	53,809,084	51,976,719
<u>Interest Payment on domestic loans</u>		
Fiji Development Loan 1998	-	321,100
Fiji Development Loan 1999	1,629,600	1,929,000
Fiji Development Loan 2000	2,195,000	2,195,000
Fiji Development Loan 2001	2,942,900	2,942,900
Fiji Development Loan 2002	3,682,200	3,682,200
Fiji Development Loan 2003	5,133,720	8,783,002
Fiji Development Loan 2004	13,638,325	14,405,780
Fiji Development Loan 2005	10,593,877	10,540,676
Fiji Development Loan 2006	28,290,004	29,597,315
Fiji Development Loan 2007	8,590,025	8,590,025
Fiji Development Loan 2008	20,374,381	22,562,118
Fiji Development Loan 2009	40,207,875	40,207,875
Fiji Development Loan 2010	41,181,500	41,181,500
Fiji Development Loan 2011	7,197,035	-
Fiji Infrastructure Bond 2011	-	7,265,185
Fiji Infrastructure Bond 2012	11,777,630	11,830,830
Fiji Infrastructure Bond 2013	9,307,145	1,471,850
Fiji Infrastructure Bond 2014	60,983	-
Viti Bond 2012	131,220	-
Viti Bond 2013	335,258	-
Viti Bond 2014	43,195	-
Fiji Sugar Corporation Growers Loan	224,280	-
2014 Jan-June Issue	1,915,675	-
	209,451,828	207,506,356

22 REPAYMENTS OF LOANS

	31 December 2014	31 December 2013
	\$	\$
Principal Repayments:		
Overseas Loans	25,516,704	19,652,244
Domestic Loans	176,650,000	159,668,000
Total Principal Repayments	202,166,704	179,320,244

Principal Repayments Overseas Loans:

1994 Asian Development Bank 2nd Fiji Road Upgrading Project	2,782,933	2,658,943
1997 Asian Development Bank Third Road Upgrading project	3,915,344	3,509,315
1998 JICA Nadi Lautoka Water Supply and Sewerage Project	2,225,748	2,339,138
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	2,471,807	2,186,271
2006 Export Import Bank of China E-Government Project	3,282,565	3,153,057
2010 Asian Development Bank Supplementary Third Road Upgrading project	1,429,732	1,018,082
2010 Export Import Bank of Malaysia Queens Highway Rehabilitation Project	9,408,575	4,787,438
Total Principal Repayments Overseas Loans	25,516,704	19,652,244

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	\$	\$
<u>Principal Repayment Domestic Loans:</u>		
Fiji Development Loan 1998	-	4,200,000
Fiji Development Loan 1999	24,000,000	-
Fiji Development Loan 2003	-	84,560,000
Fiji Development Loan 2004	132,100,000	-
Fiji Development Loan 2006	2,000,000	27,705,000
Fiji Development Loan 2007	8,000,000	-
Fiji Development Loan 2008	-	43,203,000
Fiji Development Loan 2011	7,400,000	-
Fiji Sugar Growers Council	3,150,000	-
Total Principal Repayments Domestic Loans	176,650,000	159,668,000
23 REVENUE AND EXPENSE FROM TRADING & MANUFACTURING ACCOUNTS		
Trading and Manufacturing Accounts - Sales Revenue	17,779,815	17,037,683
Trading and Manufacturing Accounts - Other Revenue and Surplus	4,606,968	4,527,022
Total Revenue from TMA's	22,386,783	21,564,705
Cost of Goods sold	6,613,437	9,077,062
Other TMA Expenditures	11,518,072	12,487,628
Total Expenses from TMA's	18,131,509	21,564,690
The Cost of Goods sold amounts have been restated accordingly to correctly reflect purchase of direct material which was previously included under Other TMA expenditures. However, this change has no effect on the total expenditure of TMA.		
24 PROVISIONS		
The Provision represents the carry over of unutilized budgetary allocation for various Ministries and Departments relating to Capital Projects and other programmes as approved by the Minister of Finance under Section 19 of the Financial Management Act 2004. In 2014 the Ministry of Finance issued a directive to discontinue this initiative basically due to non adherence of Ministries to relevant conditions stipulated under the Carry Over policy. As a result no funds were rolled over from 2014 to 2015.		
	31 December 2014	31 December 2013
	\$	\$
Carryover of Budgetary Provisions	-	26,416,732
25 WAYS AND MEANS		
The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet cash deficits. The Ways and Means are replenished the day after the advances were made.		
	31 December 2014	31 December 2013
	\$	\$
Ways and Means Receipts	(98,300,000)	-
Ways and Means Repayments	98,300,000	-
	-	-
26 ARREARS OF REVENUE		
The Arrears of Revenue position of Government as at 31/12/14 are as follows:		
Agriculture	812,132	827,576
Auditor-General	236,105	275,125
Communications	8,837,731	5,831,427
Education, Youth and Sports	12,180	16,330
Elections Office	-	-
Fiji Islands Maritime Safety Administration	-	-
Fiji Islands Revenue & Customs Authority - Customs	15,032,658	6,047,820
Fiji Islands Revenue & Customs Authority - IRD	50,502,452	60,923,881
Fiji Procurement Office	113,548	113,548
Finance (Surcharge)	842,026	813,181
Finance (Pensions Office)	159,883	62,036
Fisheries & Forests	13,709	20,507
Government Printing and Stationery Department	634,344	368,368
Health	208,800	210,647
Immigration	3,314	8,197
Information Technology & Computing Services	30	-

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT (cont)
FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	\$	\$
Industry and Trade	7,397	14,945
Judicial	13,345,569	11,968,031
Labor and Industrial Relation	30,343	46,182
Lands	25,250,168	25,228,161
Overseas Peacekeeping Missions	1,587,290	1,623,583
Police	5,570	-
Prisons	-	-
Public Utilities(Water Authority of Fiji)	32,348,574	32,019,392
Provincial Development & Multi Ethnic Affairs	756,568	656,688
Solicitor General' s Office	288	288
Divisional Engineer Works North	100,197	-
Total Arrears of Revenue	150,840,876	147,075,912

The arrears of revenue figures for Ministry of Labor and Ministry of Industry and Trade were not included in the 2013 Whole of Government Financial Statements because their respective submissions came after the accounts were finalized. These two figures are included above as restatements.

27 **EXTERNAL ASSISTANCE**

The government receives external assistance in three ways:

External assistance received through government-controlled bank accounts

Third party payments (payments by donors directly to suppliers)

External assistance received in the form of goods and services (not disclosed)

External assistance received through government-controlled bank accounts and third-party payments

	31 December 2014
	\$
Total external assistance received - loan direct disbursements	120,241,251
External assistance received through government-controlled bank accounts	25,932,894
Third party payments	146,174,145

This is the first time government is recognizing external assistance. The disclosures are drawn up in accordance with Cash Basis IPSAS reporting requirements.

**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CONTINGENT LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014**

Schedule 6

	Name	Liability	Authority	Total Government Guarantee as at 31/12/2014 \$	Liability as at 31/12/14 \$
	Section A				
1	Fiji Development Bank	Guarantee of Loans Raised	Approval of House of Representatives 22/02/02;20/02/03;30/11/2004;28/11/05;28/11/06; ;IGCP15/1/08;IGCP02/12/08; CP(10)13 19/01/10, CP (12) 29	158,518,942	158,518,942
2	Fiji Electricity Authority	Guarantee of Loans Raised	Approval of House of Representatives Decree 1991 ; IGCP6/02/2001;16/10/03;18/8/05;IGCP26/2/08,28/07/08; CP (10) 291 12/10/10	503,385,000	349,574,831
3	Fiji Hardwood Corporation	Guarantee of Loan Raised	Approved of the House of Representatives 16/10/03; 9/8/06;16/01/09	13,442,169	13,442,169
4	Fiji Pine Limited	Guarantee of Loans Raised	Approval of House of Representatives dated 6/12/94;17/8/05	4,174,662	4,174,662
5	Fiji Sugar Corporation	Guarantee of Loans Raised	Approval of House of Representatives ;01/04/2004 ;20/09/04;17/02/2005;10/8/06;IGCP20/05/08; ;05/05/09; CP (10) 74 18/3/10	194,889,413	194,889,413
6	Housing Authority	Guarantee of Loans Raised	Approval of House of Representatives 24/10/02;2708/03;29/11/05;21/10/08	78,600,000	78,600,000
7	Fiji Sports Council	Guarantee of Loans Raised	Approval of House of Representatives 19/05/06	8,500,452	8,500,452
8	Fiji Ports Corporation Limited	Guarantee of Loans Raised	Approval of House of Representatives 17/9/79; Decree No. 22 dated 4/8/89; Decree No. 41 dated 14/10/91; 23/05/02	10,950,584	10,950,584
9	Fiji Broadcasting Corporation	Guarantee of Loans Raised	Approval of Cabinet; 14/7/2009.	19,304,864	19,304,864
10	Pacific Fishing Company Limited	Guarantee of Standby Credit Facility	Approval of House of Representatives 02/01/97; 31/08/00	4,110,000	4,110,000
			Total Government Guarantees	995,876,086	842,065,917
	Section B				
1	Fiji National Provident Fund	Guarantee of Contributors	Act No. 19 of 1966 Section 9 ; CP (09) 325 18/12/09	1,699,099,907	1,699,099,907
2	National Bank of Fiji	Guarantee of Depositors	Act No. 14 of 1996	7,863,566	7,863,566
3	International Bank for Reconstruction and Development	Subscription for Membership	Approval of House of Representatives 30/3/71; Act No. 21 of 1971	7,120,435	7,120,435
4	International Development Association	Subscription for Membership	Approval of House of Representatives 30/3/71; Act No. 21 of 1971	507,091	507,091
	Section B		Section B Other Contingent Liabilities	1,714,590,999	1,714,590,999
			SUMMARY-		
			Section A	995,876,086	842,065,917
			Section B	1,714,590,999	1,714,590,999
			Total	2,710,467,085	2,556,656,916

The Statement of Contingent Liabilities provides a summary of Government Guarantees and Other Contingent Liabilities recognized by Government for the year ending 31 December 2014. The Financial Management Act s(62) section (1) stipulates that Government may guarantee the financial liability of an entity in respect of a loan or otherwise, but only if the giving of the guarantee is authorized by the House of Representatives. The recognition of the FNPF's fund is in accordance with section 140 of the FNPF Decree 2011 and Cabinet Decision CP(09)325 dated 18 December 2009, which stipulates the exclusion of FNPF investment in Government Stock from Members Funds when calculating FNPF funds for the Contingent Liability Register. The subscriptions for membership with the International Agencies which includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) are treated as Contingent liabilities as the subscriptions represent callable capital and should government fail to honor the article of agreement or wish to withdraw its membership, the agencies would call on this callable capital. The National Bank of Fiji comprises of NBF deposits now held with the Bank of the South Pacific (BSP) which is guaranteed under section 62(1) of the NBF Restructuring Act and the contingent liabilities/claims against National Bank of Fiji - Asset Management Bank (NBF-AMB).

**GOVERNMENT OF THE REPUBLIC OF FIJI
SEGMENTATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Schedule 7

Segment Information (IPSAS 18.12-15)

For the sake of accountability and transparency, the Government Account is classified according to funds types as follows.

- ☐ The Consolidated Fund Account, which consists of all items funded under the Consolidated Fund Accounts (CFAs). The operating fund is where the National Government Budget comes from.
- ☐ The Trade and Manufacturing Account (TMA), which covers the semi commercial business operation of government. A TMA unit collected revenue through the provision of goods and/or services to its customers, any excess of cash balance above the original cash ceiling are returned to the government CFAs, in accordance with section 30(4) of the Finance Instruction 2010.
- ☐ The True Trust Fund Account consists of Trust Funds which government are managing (as Trustees) on behalf of designated signatories.

However, for the purpose of this report, we are only focusing on 2 primary reportable segments i.e. the segmentation of Trade and Manufacturing Account from Fund 1 (Operating) and Fund 9 (True Trust) combined. The primary aim of this is to specifically show how the TMA business has performed during the financial year compared to the other two funds.

Primary Reportable Segments 2014

	Consolidated Fund account	Trade and Manufacturing account	Consolidated total government
	\$	\$	\$
Segment revenue			
Non exchange revenue - taxes, grants and transfers	2,143,675,336	-	2,143,675,336
Exchange revenue - sale of goods and services	146,606,419	22,386,783	168,993,202
Exchange revenue - investments	80,723,993	-	80,723,993
Segment expenses			
Operating Expenditure	1,471,275,463	18,131,509	1,489,406,972
Capital Expenditure	930,115,814	-	930,115,814
VAT	57,395,410	-	57,395,410
Interest Payments on Loans	264,309,159	-	264,309,159
Reconciled to aggregate net income	(352,090,098)	4,255,274	(347,834,824)

Segment Information cont..

	Consolidated Fund Account & True Trust fund account	Trade and Manufacturing account	Consolidated total for government
	\$	\$	\$
Segment Assets			
Cash at Bank	32,642,477	9,909,833	42,552,310
Accounts Receivable	10,806,323	3,328,129	14,134,452
Prepayments	1,673,840	-	1,673,840
Inventory	-	4,053,031	4,053,031
Term-Loans Receivable	198,915,267	-	198,915,267
Investments and Fixed Assets	730,897,494	-	730,897,494
Segment Liabilities			
Accounts Payable	593,677	55,134	648,811
Deferred Income	(78,442)	243,893	165,451
Operating Trust fund	15,138,945	(137,172)	15,001,773
True Trust fund	86,990,711	-	86,990,711
Term Loans Payable - Treasury Bills	128,583,452	-	128,583,452
Term-loans Payable Overseas Loans	1,254,277,326	-	1,254,277,326
Term-loans Payable Domestic Loans	2,698,317,500	-	2,698,317,500
Reconciled to net liability	(3,208,887,768)	17,129,138	(3,191,758,630)

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 8

	Original budget	Redeployment	Revised Budget	Actual	Actual/ Revised Budget
	2014	2014	2014	2014	
	\$	\$	\$	\$	
Revenue					
Taxation	2,039,694,340	-	2,039,694,340	2,117,742,442	4%
External Assistance	9,500,000	-	9,500,000	25,932,894	173%
Fees, fines and charges	101,457,817	-	101,457,817	104,970,471	3%
Receipts from sales of goods and services	16	-	16	-	-100%
Other operating revenue	57,169,815	-	57,169,815	41,635,948	-27%
Investing revenue	513,955,962	-	513,955,962	80,723,993	-84%
Loan proceeds	385,435,350	-	385,435,350	353,647,031	-8%
Total receipts	3,107,213,300	-	3,107,213,300	2,724,652,779	-12%
Expenditure					
GENERAL ADMINISTRATION					
Office of the President	3,622,974	-	3,622,974	2,564,098	-29%
Office of the Prime Minister	54,330,902	(1,000,000)	53,330,902	49,682,440	-7%
Attorney General and Solicitor General	18,687,400	(2,575,000)	16,112,400	13,601,265	-16%
Ministry of Finance	64,835,851	-	64,835,851	64,134,921	-1%
Ministry of iTaukei Affairs	8,471,957	-	8,471,957	7,933,139	-6%
Ministry of Defense, National Security and Immigration	7,989,199	-	7,989,199	7,369,525	-8%
Ministry of Labor, Industrial Relations and Employment	10,013,561	-	10,013,561	9,983,077	0%
Ministry of Foreign Affairs, International Co-operation	40,179,721	-	40,179,721	39,370,528	-2%
Office of the Auditor General	4,020,859	-	4,020,859	3,613,592	-10%
Elections	17,971,531	-	17,971,531	11,582,310	-36%
Judiciary	35,644,574	(4,158,129)	31,486,445	27,959,838	-11%
Legislature	7,069,960	-	7,069,960	5,108,270	-28%
Office of Accountability and Transparency	1,285,070	(735,070)	550,000	550,000	0%
Office of the Director of Public Prosecutions	5,525,713	-	5,525,713	4,489,294	-19%
Ministry of Justice and Anti-Corruption	63,569,582	(1,092,500)	62,477,082	47,729,027	-24%
Ministry of Information	3,947,980	-	3,947,980	3,153,346	-20%
Ministry of Strategic Planning, National Development and Statistics	10,584,291	-	10,584,291	9,385,500	-11%
Ministry of Provincial Development and Disaster Management	39,717,237	-	39,717,237	34,523,287	-13%
Fiji Military Forces	93,936,820	(5,750,000)	88,186,820	81,701,229	-7%
Fiji Police Force	111,767,737	-	111,767,737	102,856,706	-8%
Total for General Administration	603,172,919	(15,310,699)	587,862,220	527,291,392	-10%
SOCIAL SERVICES					
Ministry of Education, National Heritage, Culture and Arts	370,034,038	-	370,034,038	377,127,140	2%
Ministry of Health	222,476,539	-	222,476,539	213,679,198	-4%
Department of Housing	37,695,393	(2,000,000)	35,695,393	11,483,823	-68%
Ministry of Social Welfare, Women and Poverty Alleviation	39,588,899	-	39,588,899	35,534,831	-10%
Department of Youth and Sports	10,343,740	-	10,343,740	8,996,691	-13%
Higher Education Institutions	85,294,202	(1,200,000)	84,094,202	84,049,202	0%
Total for Social Services	765,432,811	(3,200,000)	762,232,811	730,870,885	-4%
ECONOMIC SERVICES					
Department of Agriculture	62,368,326	-	62,368,326	57,071,105	-8%
Department of Fisheries and Forests	21,183,836	-	21,183,836	19,272,498	-9%
Ministry of Lands and Mineral Resources	32,693,772	-	32,693,772	24,327,301	-26%
Ministry of Industry and Trade	18,376,559	-	18,376,559	16,119,260	-12%
Ministry of Sugar	19,872,903	-	19,872,903	18,566,342	-7%
	40,004,125	-	40,004,125	37,536,731	-6%
Ministry of Public Enterprise, Communications, Civil Aviation and Tourism	27,317,112	(4,567,508)	22,749,604	19,018,640	-16%
Ministry of Local Government, Urban Development and Environment	27,317,112	(4,567,508)	22,749,604	19,018,640	-16%
Total for Economic Services	221,816,633	(4,567,508)	217,249,125	191,911,877	-12%
INFRASTRUCTURE SERVICES					
Ministry of Works and Transport	55,970,851	-	55,970,851	52,244,520	-7%
Department of Public Utilities and Energy	172,046,928	-	172,046,928	169,353,186	-2%
Government Shipping Services	20,163,655	-	20,163,655	17,772,306	-12%
Fiji Roads Authority	474,057,981	35,000,000	509,057,981	520,590,365	2%
Total for Infrastructure	722,239,415	35,000,000	757,239,415	759,960,377	0%
UNALLOCABLE					
Peacekeeping Missions	71,263,202	-	71,263,202	69,958,353	-2%
Miscellaneous Services	180,023,865	(11,921,793)	168,102,072	142,008,449	-16%
Pensions, Gratuities and Compassionate Allowances	39,747,400	-	39,747,400	36,785,353	-7%
Charges on Account of Public Debt	503,517,055	-	503,517,055	466,475,863	-7%
Total for Unallocable Services	794,551,522	(11,921,793)	782,629,729	715,228,018	-9%
Total payments	3,107,213,300	-	3,107,213,300	2,925,262,550	-6%
Surplus/(deficit) for the period	(0)	-	(0)	(200,609,771)	

GOVERNMENT OF THE REPUBLIC OF FIJI
SUMMARY OF REVENUE
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 9

Heads of Revenue	Estimate	Actual Revenue 2014	Increase	Decrease
	\$	\$	\$	\$
OPERATING REVENUE				
21 Direct Taxes.....	417,896,704	523,741,388	105,844,684	
22 Indirect Taxes.....	1,621,797,636	1,594,001,054	-	27,796,582
23 Fees, Fines & Charges.....	101,457,820	104,970,471	3,512,651	
24 Operating Revenue Sales.....	16	-		16
27 Other Receipts.....	28,003,869	26,863,389	-	1,140,480
28 Reimbursements & Recoveries.....	29,165,945	14,772,559		14,393,386
29 Grant Aid.....	9,500,000	25,932,894	16,432,894	-
Operating Revenue Total.....	2,207,821,990	2,290,281,755	125,790,229	43,330,463
INVESTING REVENUE				
31 Repayments of Term Loans Receivable.....	321,275	402,626	81,351	
32 Sales of Government Assets.....	475,152,275	12,760,757		462,391,518
33 Dividends from Investments.....	36,121,731	64,700,689	28,578,958	
34 Interest from Bank Balances.....	236,534	553,725	317,191	-
35 Return of Surplus Capital from Investment.....	2,124,145	2,136,901	12,756	-
39	-	169,295	169,295	
Investing Revenue Total.....	513,955,960	80,723,993	29,159,551	462,391,518
LOAN PROCEEDS				
41. Overseas Loans.....	155,200,000	120,241,251	-	34,958,749
42. Domestic Loans.....	230,235,350	233,405,780	3,170,430	-
Loans Revenue Total.....	385,435,350	353,647,031	3,170,430	34,958,749
Investing/Loans Revenue Total.....	899,391,310	434,371,023	32,329,981	497,350,268
Total Revenue.....	3,107,213,300	2,724,652,779	158,120,210	540,680,731

GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILED REVENUE COMPARISON
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 10

Heads and Subheads of Revenue	Estimate	Actual Revenue 2014	Increase	Decrease	Actual Revenue 2013 - (Restated)
	\$	\$	\$	\$	\$
OPERATING REVENUE					
21 - DIRECT TAXES					
1. Income Tax					
01. Income Tax.....	394,071,498	480,481,137	86,409,639	-	432,398,299
02. Capital Gains Tax.....	18,567,795	43,260,251	24,692,456	-	17,308,924
03. Withholding & Dividend Taxes.....	5,257,411	-	-	5,257,411	-
Total.....	417,896,704	523,741,388	111,102,095	5,257,411	449,707,223
Net Increase/(Decrease).....			105,844,684		
22 - INDIRECT TAXES					
1. Value Added Tax					
01. Value Added Tax.....	845,772,493	794,142,006	-	51,630,487	765,681,300
2. Custom Taxes					
01. Fiscal Duty.....	334,667,697	359,492,497	24,824,800	-	307,506,322
02. Excise Dues.....	105,594,988	98,486,244	-	7,108,744	92,113,584
03. Export Duty.....	5,005,187	9,979,993	4,974,806	-	4,458,124
04. Import Duty.....	44,306,771	43,435,751	-	871,020	37,710,564
6. Service Turnover Tax					
01. Hotel Turnover Tax.....	57,402,992	57,959,569	556,577	-	51,592,998
7. Water Resource Tax					
01. Water Resource Tax.....	32,110,665	34,694,302	2,583,637	-	29,505,172
9. Departure Tax					
01. Departure Tax.....	141,433,976	122,912,654	-	18,521,322	95,942,050
10. Fish Levy Tax					
01. Fish Levy.....	266,662	438,068	171,406	-	369,147
12. Stamp Duty					
01. Stamp Duty.....	44,684,959	68,608,464	23,923,505	-	43,520,158
13. Luxury Vehicle Levy					
01. Luxury Vehicle Levy.....	1,884,116	2,211,762	327,646	-	-
14. Telecommunication Levy					
01. Telecommunication levy.....	1,472,324	-	-	1,472,324	-
15. Credit Card Levy					
01. Credit Card Levy.....	4,998,416	-	-	4,998,416	-
16. Third Party Insurance Levy					
01. 3rd Party Insurance Levy.....	2,139,260	-	-	2,139,260	1,610,208
99. Miscellaneous Fees and Receipts					
01. Miscellaneous Fees and Receipts.....	57,130	1,639,744	1,582,614	-	(421,680)
Total.....	1,621,797,636	1,594,001,054	58,944,991	86,741,573	1,429,587,947
Net Increase/(Decrease).....				27,796,582	
23 - FEES, FINES & CHARGES					
01. Dues					
01. Light Due - Port & Harbor.....	-	4,206	4,206	-	653
02. Duty					
01. Stamp Duty.....	-	(483,945)	-	483,945	155,600
03. Fees					
01. Agricultural Produce and Inspection.....	50,119	4,560	-	45,559	40,830
02. Native Timber Measurement.....	375,075	1,002,754	627,679	-	675,552
03. Land and Survey Fees.....	800,656	4,643,193	3,842,537	-	667,026
04. Mining Fees.....	451,012	619,932	168,920	-	523,165
06. Passports.....	10,216,308	10,118,787	-	97,521	9,694,175
07. Town Planning Fees.....	135,903	198,246	62,343	-	137,027
08. Examination Fees.....	6,669	15,483	8,814	-	4,925
09. Government Day Schools-Fees.....	26,298	39,578	13,280	-	23,682
10. Government Boarding Schools-Fees.....	373,559	349,981	-	23,578	351,227
11. Health Fumigation and Quarantine.....	1,485,816	1,778,602	292,786	-	1,389,079
12. Hospital.....	2,171,964	2,112,170	-	59,794	1,940,042
13. Fiji School of Nursing.....	24,424	-	-	24,424	1,739
14. Cemetery Fees.....	42,453	51,744	9,291	-	54,689
15. Air Licensing Fees.....	-	-	-	-	-
16. Departure Tax.....	-	-	-	-	50
17. Audit Fees.....	483,733	455,765	-	27,968	504,907
18. Court Fees.....	1,369,327	1,393,338	24,011	-	1,304,990
19. Registration.....	1,076,451	2,061,781	985,330	-	1,043,175
20. Management Fee.....	3,183	7,416	4,233	-	58,562
21. LTA Fees and Fines.....	26,453,075	750,484	-	25,702,591	22,323,514
23. LTA Road User Levy.....	11,418,193	35,172,951	23,754,758	-	10,347,557
75. Civil Aviation.....	6,729	6,304	-	425	6,540
99. Miscellaneous Fees.....	3,522,858	3,598,307	75,449	-	3,424,086
04. Licenses					
01. Arms.....	60,603	52,564	-	8,039	54,578
02. Banks.....	-	-	-	-	24
03. Coasting.....	1,594	1,226	-	368	6,157
05. Liquor.....	1,642,269	812,381	-	829,888	928,477
06. Trading.....	357,842	378,681	20,839	-	334,816
07. Dogs.....	21,265	25,656	4,391	-	17,456
09. Money Lenders.....	100,418	87,379	-	13,039	90,619
10. Hotels and Guest Houses.....	166,066	82,326	-	83,740	218,053
12. Telecommunications and Television.....	5,500,000	5,329,203	-	170,797	10,557,143
14. Fishing.....	36,115	70,418	34,303	-	98,782
17. License- Security Industry.....	351,500	51,274	-	300,226	-
99. Other.....	1,343,082	1,487,380	144,298	-	1,370,198

GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILED REVENUE COMPARISON
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 10

Heads and Subheads of Revenue	Estimate	Actual Revenue 2014	Increase	Decrease	Actual Revenue 2013 - (Restated)
	\$	\$	\$	\$	\$
05. Rates - Public Works					
01. Water Charges.....	28,457,990	29,098,092	640,102	-	23,436,888
06. Fees Royalties					
01. Royalties Timber.....	-	-	-	-	-
03. Royalties - Sand, Coral, Metal, etc.....	38,485	35,874	-	2,611	26,157
07. Fines					
01. Court Fines.....	2,868,056	2,621,077	-	246,979	2,786,992
08. Administrative Fines and Penalty					
01. Fines for Overdue, Lost & Damaged Library Books.....	2,992	7	-	2,985	2,451
02. Administrative Fines and Forfeitures.....	15,738	935,296	919,558	-	4,376
Total.....	101,457,820	104,970,471	31,637,128	28,124,477	94,605,959
<i>Net Increase/(Decrease)</i>			3,512,651		
24 - OPERATING REVENUE - SALES					
01. Sales of Government Department.....	-	-	-	-	-
02. Sales of Companies.....	16	-	-	16	-
Total.....	16	-	-	16	-
<i>Net Increase/(Decrease)</i>				(16)	
26. OPERATING REVENUE - TMA					
01. Direct Materials Purchases.....	-	-	-	-	-
02. Personal Emolument.....	-	-	-	-	-
13. Vat.....	-	-	-	-	-
Total.....	-	-	-	-	-
<i>Net Increase/(Decrease)</i>					
27 - OTHER REVENUE AND SURPLUSES					
01. Surplus/Deficit from Agency					
01. RBF Revaluation Reserve Account.....	7,000,000	-	-	7,000,000	-
02. Rent and Hire of Government Property					
01. Rental for Land.....	12,647,350	13,851,038	1,203,688	-	12,817,487
02. Rental for Official Quarters.....	155,231	90,458	-	64,773	4,724,201
03. Rental for Buildings.....	2,347	-	-	2,347	1,956
04. Hire of Plant and Vehicles.....	-	10,209	10,209	-	1,586
05. Hire of Vessels and Punts.....	158	-	-	158	146
06. Revenue from Rest Houses.....	7,817	6,736	-	1,081	8,682
07. Crown Schedule 'A' Land Rents.....	60	-	-	60	-
09. Rental for Non Domestic Quarters.....	-	-	-	-	90
03. Commission Revenue					
01. Commission.....	1,216,958	2,215,850	998,892	-	1,284,692
99. Other Revenue					
01. Sale of Photographs					
02. Sales of Publications.....	319,702	86,068	47	233,634	88,694
03. Revenue from Production of Films.....	1,862	1,260	-	602	2,017
04. Survey & Sales of Navigation Publications.....	45,815	38,295	-	7,520	47,775
05. Meat Inspection.....	21,889	20,484	-	1,405	20,256
06. Veterinary and Animal Quarantine.....	14,087	32,470	18,383	-	20,541
07. Freight and Charter Receipts.....	83,278	89,078	5,800	-	72,416
08. Chemical Analysis.....	14,017	7,309	-	6,708	11,823
09. Valuation Fees.....	11,308	10,532	-	776	10,794
10. Produce-Agricultural Experimental Stations.....	53,125	48,457	-	4,668	48,211
11. Sale of Surplus Farm Produce.....	58,032	61,750	3,718	-	60,474
12. Agricultural Commercial Undertakings.....	-	-	-	-	-
13. Sale of Fish and Ice.....	254,619	294,088	39,469	-	256,914
14. Sale of Sheep and Wool.....	5,474	49,208	43,734	-	20,276
17. Agricultural Landlord and Tenant Tribunal.....	825	4,691	3,866	-	1,743
18. Board Members Fees	127,990	123,724	-	4,266	142,701
19. Sales of Cattle and Copra.....	-	-	-	-	-
99. Other Revenue.....	5,961,925	9,821,637	3,859,712	-	8,210,706
Total.....	28,003,869	26,863,389	6,187,518	7,327,998	27,854,181
<i>Net Increase/(Decrease)</i>				(1,140,480)	
28 - REIMBURSEMENT AND RECOVERIES					
11. Reimbursement of Services					
01. Reimbursement for Meteorological Services.....	541,889	480,426	-	61,463	528,261
03. Reimbursement of Debt Servicing.....	-	-	-	-	-
06. Reimbursement-HA Low Cost Housing.....	-	-	-	-	756,751
12. Refund of Payments					
01. Training & Productivity Authority of Fiji.....	724	-	-	724	-
02. Refund of Government Employees Provident Fund....	-	-	-	-	671
03. Recoveries of Overpayments in Previous Years	2,611,262	1,452,352	-	1,158,910	11,450,222
22. Contributions for Capital Projects					
02. Rural Electrifications.....	1,430	844	-	586	1,034
23. Contributions for Overseas Peace-Keeping					
01. United Nations Peace-keeping force.....	16,000,000	-	-	16,000,000	-
02. Multinational Force and Observers.....	5,103,600	4,822,270	-	281,330	4,751,758
03. UN International Peacekeeping - IRAQ.....	4,907,040	-	-	4,907,040	8,377,177
04. UN Mission -IRAQ.....	-	8,016,667	8,016,667	-	-
Total.....	29,165,945	14,772,559	8,016,667	22,410,053	25,865,874
<i>Net Increase/(Decrease)</i>				(14,393,386)	

GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILED REVENUE COMPARISON
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 10

Heads and Subheads of Revenue	Estimate	Actual Revenue 2014	Increase	Decrease	Actual Revenue 2013 - (Restated)
	\$	\$	\$	\$	\$
29 - GRANTS IN AID					
03. United Nations Development Programme.....	-	-	-	-	-
05. Japan Grant.....	-	-	-	-	-
99. Other Grant Aid.....	9,500,000	25,932,894	16,432,894	-	15,739,334
Total.....	9,500,000	25,932,894	16,432,894	-	15,739,334
<i>Net Increase/(Decrease)</i>			16,432,894		
Total Operating Revenue.....	2,207,821,990	2,290,281,755	232,321,293	149,861,528	2,043,360,518
<i>Net Increase/(Decrease)</i>			82,459,765		
11. Interest for Social Services Term Loans					
02. Interest Economic Service Term Loan	189,780	-	-	189,780	-
12. Interest Economic Service Term Loan	131,495	-	-	131,495	-
21. Interest for Economic Services Term Loans					
01. Interest- Loans to Copra Industry.....	-	1,050	1,050	-	25,425
22. Principal Term Loans Economic Service					
01. Term Loan Economic Service	-	401,576	401,576	-	-
Total.....	321,275	402,626	402,626	321,275	25,425
<i>Net Increase/(Decrease)</i>			81,351		
32 - SALES OF GOVERNMENT ASSETS					
11. Sales Proceed in Economic Services.....	250,000,000	-	-	250,000,000	-
31. Sales proceeds in Infrastructure services.....	183,877,000	12,760,757	-	171,116,243	9,274,914
41. Sales Proceed in TMA Operation.....	872,070	-	-	872,070	872,072
91. Proceed from sales of Fixed Assets	40,403,205	-	-	40,403,205	-
Total.....	475,152,275	12,760,757	-	462,391,518	10,146,986
<i>Net Increase/(Decrease)</i>				(462,391,518)	
33 - DIVIDENDS FROM INVESTMENTS					
01. Investments in Social Services.....	7,035,289	520,532	-	6,514,757	349,104
02. Investments in Economic Services.....	-	46,883,546	46,883,546	-	4,881,001
03. Investments in Infrastructure Services.....	29,086,442	17,296,611	-	11,789,831	6,750,116
Total.....	36,121,731	64,700,689	46,883,546	18,304,588	11,980,221
<i>Net Increase/(Decrease)</i>			28,578,958		
34 - INTEREST FROM BANK BALANCES					
02. Interest from Domestic Bank.....	8,799	-	-	8,799	317,417
03. Interest from Term Deposits Local Banks.....	227,735	-	-	227,735	35,354,456
04. Interest from Overseas Brokers.....	-	553,725	553,725	-	-
06. Interest from Bank Balances	-	-	-	-	-
Total.....	236,534	553,725	553,725	236,534	35,671,873
<i>Net Increase/(Decrease)</i>			317,191		
35 - RETURN OF SURPLUS CAPITAL FROM INVESTMENTS					
74. Return of Surplus Capital from TMA Operations.....	2,124,145	2,136,901	12,756	-	2,069,922
Total.....	2,124,145	2,136,901	12,756	-	2,069,922
<i>Net Increase/(Decrease)</i>			12,756		
39 - SCHOLARSHIP BOND RECOVERY					
01. Payment Term Loan FAB.....	-	169,295	169,295	-	-
Total.....	-	169,295	169,295	-	-
<i>Net Increase/(Decrease)</i>			169,295		
Total Investing Revenue.....	513,955,960	80,723,993	48,021,948	481,253,915	59,894,427
<i>Net Increase/(Decrease)</i>				(433,231,967)	
41 - OVERSEAS LOANS					
1. Direct Payment -International Bank Loans					
02. ADB Loan Suva/Nausori Water Supply.....	-	-	-	-	-
03. ADB Loan No. 2541 Flood Recovery.....	4,700,000	8,007,355	3,307,355	-	-
04. ADB Loan No. 2603 Supplementary Suva Nausori.....	10,000,000	9,787,613	-	212,387	-
05. ADB Loan No. 2514 Supplementary FRUP III.....	2,000,000	2,270,254	270,254	-	-
06. Malaysia Exim - Roads Rehabilitation.....	-	-	-	-	-
07. China Exim - E-Government Project.....	-	-	-	-	-
07. EXIM China Low Cost Housing Project.....	12,000,000	-	-	12,000,000	-
08. EXIM China Fiji Public Rental Housing Project.....	10,000,000	1,165,254	-	8,834,746	-
09. EXIM Malaysia Roads Rehabilitation Project.....	-	-	-	-	-
10. EXIM China Roads Improvement Sigatoka/Serea.....	25,000,000	12,620,013	-	12,379,987	-
11. EXIM China Roads Improvement Project Buca/Moto.....	20,000,000	16,290,021	-	3,709,979	-
12. EXIM China Roads Nabouwalu-Dreketi Road.....	70,000,000	70,100,741	100,741	-	-
13. EXIM Bank of Malaysia Nakasi-Nausori Widening.....	-	-	-	-	-
14. EXIM Bank of Malaysia Nadi-Denarau Road Widening.....	-	-	-	-	-
2. Other Overseas Loans					
01. ADB Loans - Reimbursement to Government.....	1,500,000	-	-	1,500,000	-
02. International Bond Market.....	-	-	-	-	-
03. Open Market.....	-	-	-	-	-
Total	155,200,000	120,241,251	3,678,350	38,637,099	-
<i>Net Increase/(Decrease)</i>				(34,958,749)	
42 - DOMESTIC LOANS					
01. Fiji Development Loans.....	230,235,350	233,405,780	3,170,680	-	172,822,000
Total.....	230,235,350	233,405,780	3,170,680	-	172,822,000
<i>Net Increase/(Decrease)</i>			3,170,680		
Total Borrowing Proceeds.....	385,435,350	353,647,031	6,849,030	38,637,099	172,822,000
Grand Total.....	3,107,213,300	2,724,652,779	287,192,271	669,752,542	2,276,076,945
<i>Net Increase/(Decrease)</i>				(382,560,271)	

GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILED REVENUE COMPARISON
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 10

Heads and Subheads of Revenue	Estimate	Actual Revenue 2014	Increase	Decrease	Actual Revenue 2013 - (Restated)
	\$	\$	\$	\$	\$
SUMMARY OF REVENUE					
Operating Revenue.....	2,207,821,990	2,290,281,755	232,321,293	149,861,528	2,043,360,518
Investing Revenue.....	513,955,960	80,723,993	48,021,948	481,253,915	59,894,427
Loans Revenue.....	385,435,350	353,647,031	6,849,030	38,637,099	172,822,000
Grand Totals.....	3,107,213,300	2,724,652,779	287,192,271	669,752,542	2,276,076,945

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
FOR THE YEAR ENDED 31 DECEMBER 2014

Schedule 11

Heads of Appropriation	Original Budget	Redeployment	Revised Estimate	Actual Expenditure 2014	(Over) / Under Expenditure
	\$	\$	\$	\$	\$
GENERAL ADMINISTRATION					
Office of the President	3,622,974	-	3,622,974	2,564,098	1,058,876
Office of the Prime Minister	54,330,902	(1,000,000)	53,330,902	49,682,440	3,648,462
Attorney General and Solicitor General	18,687,400	(2,575,000)	16,112,400	13,601,265	2,511,135
Ministry of Finance	64,835,851	-	64,835,851	64,134,921	700,930
Ministry of iTaukei Affairs	8,471,957	-	8,471,957	7,933,139	538,818
Ministry of Defense, National Security and Immigration	7,989,199	-	7,989,199	7,369,525	619,674
Ministry of Labor, Industrial Relations and Employment	10,013,561	-	10,013,561	9,983,077	30,484
Ministry of Foreign Affairs, International Co-operation	40,179,721	-	40,179,721	39,370,528	809,193
Office of the Auditor General	4,020,859	-	4,020,859	3,613,592	407,267
Elections	17,971,531	-	17,971,531	11,582,310	6,389,221
Judiciary	35,644,574	(4,158,129)	31,486,445	27,959,838	3,526,607
Legislature	7,069,960	-	7,069,960	5,108,270	1,961,690
Office of Accountability and Transparency	1,285,070	(735,070)	550,000	550,000	-
Office of the Director of Public Prosecutions	5,525,713	-	5,525,713	4,489,294	1,036,419
Ministry of Justice and Anti-Corruption	63,569,582	(1,092,500)	62,477,082	47,729,027	14,748,055
Ministry of Information	3,947,980	-	3,947,980	3,153,346	794,634
	10,584,291	-	10,584,291	9,385,500	1,198,791
Ministry of Strategic Planning, National Development and Statistics					
Ministry of Provincial Development and Disaster Management	39,717,237	-	39,717,237	34,523,287	5,193,950
Fiji Military Forces	93,936,820	(5,750,000)	88,186,820	81,701,229	6,485,591
Fiji Police Force	111,767,737	-	111,767,737	102,856,706	8,911,031
Total for General Administration	603,172,919	(15,310,699)	587,862,220	527,291,392	60,570,828
SOCIAL SERVICES					
Ministry of Education, National Heritage, Culture and Arts	370,034,038	-	370,034,038	377,127,140	(7,093,102)
Ministry of Health	222,476,539	-	222,476,539	213,679,198	8,797,341
Department of Housing	37,695,393	(2,000,000)	35,695,393	11,483,823	24,211,570
Ministry of Social Welfare, Women and Poverty Alleviation	39,588,899	-	39,588,899	35,534,831	4,054,068
Department of Youth and Sports	10,343,740	-	10,343,740	8,996,691	1,347,049
Higher Education Institutions	85,294,202	(1,200,000)	84,094,202	84,049,202	45,000
Total for Social Services	765,432,811	(3,200,000)	762,232,811	730,870,885	31,361,926
ECONOMIC SERVICES					
Department of Agriculture	62,368,326	-	62,368,326	57,071,105	5,297,221
Department of Fisheries and Forests	21,183,836	-	21,183,836	19,272,498	1,911,338
Ministry of Lands and Mineral Resources	32,693,772	-	32,693,772	24,327,301	8,366,471
Ministry of Industry and Trade	18,376,559	-	18,376,559	16,119,260	2,257,299
Ministry of Sugar	19,872,903	-	19,872,903	18,566,342	1,306,561
Ministry of Public Enterprise, Communications, Civil Aviation and Tourism	40,004,125	-	40,004,125	37,536,731	
Ministry of Local Government, Urban Development and Environment	27,317,112	(4,567,508)	22,749,604	19,018,640	3,730,964
Total for Economic Services	221,816,633	(4,567,508)	217,249,125	191,911,877	25,337,248
INFRASTRUCTURE SERVICES					
Ministry of Works and Transport	55,970,851	-	55,970,851	52,244,520	3,726,331
Department of Public Utilities and Energy	172,046,928	-	172,046,928	169,353,187	2,693,741
Government Shipping Services	20,163,655	-	20,163,655	17,772,306	2,391,349
Fiji Roads Authority	474,057,981	35,000,000	509,057,981	520,590,365	(11,532,384)
Total for Infrastructure	722,239,415	35,000,000	757,239,415	759,960,378	(2,720,963)
UNALLOCABLE					
Peacekeeping Missions	71,263,202	-	71,263,202	69,958,353	1,304,849
Miscellaneous Services	180,023,865	(11,921,793)	168,102,072	142,008,449	26,093,623
Pensions, Gratuities and Compassionate Allowances	39,747,400	-	39,747,400	36,785,353	2,962,047
Charges on Account of Public Debt	503,517,055	-	503,517,055	466,475,863	37,041,192
Total for Unallocable Services	794,551,522	(11,921,793)	782,629,729	715,228,018	67,401,711
GRAND TOTALS	3,107,213,300	-	3,107,213,300	2,925,262,550	181,950,750

Explanation of significant variances between Budget and Actual:

- 1) A redeployment of \$35,000,000 was approved by cabinet through its decision No.317 of 18.12.2014. This funds were redeployed to Fiji Roads Authority Capital grant to meet outstanding commitments that needed to be cleared before year end.
- 2) The over expenditure for Ministry of Education was mainly due to the following :
 - a. Incorrect Person to Post estimation;
 - b. Insufficient funding for allowances namely E.T Allowance, Hostel allowance, Location allowance, Remote allowance, e.t.c.
 - c. Increase in the number of teachers with the implementation of new schools but sourced from within.
 - d. Acting Allowances for Maternity Relievers, Study leave with and without pay, resignation, retirement.
 - e. Absorbing of floating graduates into the school system.
- 3) The over expenditure for Fiji Roads Authority was incurred through a committed loan mainly driven by a relatively high pace of implementation by the contractor than was anticipated.

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILS OF EXPENDITURE REPORTABLE AUTHORISATIONS
 FOR THE YEAR ENDED 31 DECEMBER 2014

Heads of Appropriation	Original Budget	Redeployment	Supplementary Appropriation	Virements	Revised Estimate	Actual Expenditure 2014	(Over) / Under Expenditure
	\$	\$	\$	\$	\$	\$	\$
SUMMARY BY SEGs							
1. Established Staff	744,700,000	-	-	(16,975,203)	727,724,797	719,735,060	7,989,737
2. Unestablished Staff	44,120,000	-	-	2,008,456	46,128,456	45,253,662	874,794
3. Travel and Communications	25,580,400	-	-	5,111,010	30,691,410	28,713,649	1,977,761
4. Maintenance and Operations	90,873,000	-	-	4,592,906	95,465,906	90,243,818	5,222,088
5. Purchase of Goods and Services	86,732,300	(500,000)	-	4,829,196	91,061,496	82,305,459	8,756,037
6. Operating Grants and Transfers	410,302,900	(735,070)	-	(2,204,166)	407,363,664	400,163,862	7,199,802
7. Special Expenditures	79,372,600	(500,000)	-	8,418,385	87,290,985	68,074,600	19,216,385
8. Capital Construction	123,177,300	(10,348,380)	-	(2,113,528)	110,715,392	83,464,462	27,250,930
9. Capital Purchase	62,010,800	(950,000)	-	636,293	61,697,093	45,199,392	16,497,701
10. Capital Grants and Transfers	828,304,900	14,878,207	-	(4,009,168)	839,173,939	801,451,960	37,721,979
11. Pensions, Gratuities & Compassionate Allowances	39,747,400	-	-	-	39,747,400	36,785,353	2,962,047
12. Charges on Account of Public Debt	6,000,000	-	-	-	6,000,000	1,048,247	4,951,753
13. Value Added Tax	68,774,400	(1,844,757)	-	(294,181)	66,635,462	57,395,410	9,240,052
14. Interest and Principal Payment on overseas loans	91,326,800	-	-	-	91,326,800	79,325,788	12,001,012
15. Interest and Principal Payment on domestic loans	406,190,500	-	-	-	406,190,500	386,101,828	20,088,672
Grand Total	3,107,213,300	-	-	-	3,107,213,300	2,925,262,550	181,950,750

Ministry of Finance
 Suva, Fiji

Dated 24th of the month of September, 2015

David Kolitagane
 Acting Permanent Secretary

GOVERNMENT OF THE REPUBLIC OF FIJI
BUDGET RESULT, ESTIMATE AND PROJECTIONS
FOR THE PERIOD 2012- 2014

Schedule 13

	Actual 2012 \$	Actual 2013 - (Restated) \$	Estimate 2014 \$	Actual 2014 \$	Projected 2015 \$	Projected 2016 \$
REVENUE						
Operating Revenue	1,851,101,019	2,038,833,511	2,207,821,988	2,290,281,755	2,571,418,700	2,702,106,700
Investing Revenue	86,043,083	59,894,427	513,955,962	80,723,993	551,026,100	38,482,800
Public Debt - New Borrowings	192,190,835	172,822,000	385,435,350	353,647,031	363,522,000	809,755,000
TOTAL REVENUE	<u>2,129,334,937</u>	<u>2,271,549,938</u>	<u>3,107,213,300</u>	<u>2,724,652,779</u>	<u>3,485,966,800</u>	<u>3,550,344,500</u>
EXPENDITURE						
Operating Expenditure	1,171,988,091	1,247,833,004	1,521,428,700	1,471,275,463	1,657,805,500	1,603,335,900
Capital Expenditure	533,838,990	586,349,201	1,013,492,900	930,115,814	1,321,877,400	685,584,000
Value Added Tax	50,043,665	41,682,412	68,774,400	57,395,410	75,558,500	70,589,400
Interest Payments on Loans	260,860,919	260,450,670	279,565,300	264,309,159	281,050,700	255,793,800
Repayment of Principal of Loans	249,483,884	179,320,246	223,952,000	202,166,704	149,668,300	625,944,300
TOTAL EXPENDITURE	<u>2,266,215,549</u>	<u>2,315,635,533</u>	<u>3,107,213,300</u>	<u>2,925,262,550</u>	<u>3,485,960,400</u>	<u>3,241,247,400</u>
BUDGET RESULT	<u>(136,880,612)</u>	<u>(44,085,595)</u>	<u>-</u>	<u>(200,609,771)</u>	<u>6,400</u>	<u>309,097,100</u>

Note:

- Operating Expenditure includes Standard Expenditure Groups (SEG) 1 - 7 & 11
- Capital Expenditure includes Standard Expenditure Groups (SEG) 8 - 10.
- The prior year figures have been changed due to the reclassification of the current years Trade and Manufacturing Accounts (TMAs) revenue and expenditures as they do not form part of the approved government budget estimates.

GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2012 - 2015

	Actual 2012 \$	Actual 2013 - (Restated) \$	Estimate 2014 \$	Actual 2014 \$	Projected 2015 \$	Projected 2016 \$
REVENUE						
Operating Revenue						
Direct Receipts (Income Tax & Capital Gain Tax)	492,714,104	449,707,223	417,896,704	523,741,388	582,797,800	617,872,000
Indirect Revenue						
VAT	663,568,403	765,681,300	845,772,494	794,142,006	892,680,800	936,475,600
Customs	372,105,169	441,788,594	491,458,758	511,394,486	605,447,400	634,536,200
Service Turnover Tax	52,582,149	51,592,998	57,402,992	57,959,569	64,780,400	68,679,000
Water Resource Tax	28,382,238	29,505,172	32,110,665	34,694,302	38,029,100	40,317,800
Departure Tax	87,070,821	95,942,050	141,433,976	122,912,654	132,161,100	140,114,800
Stamp Duty	21,081,268	43,520,158	44,684,959	68,608,464	82,110,500	87,052,100
Fish Levy	1,492,522	369,147	266,662	438,068	535,500	567,700
Telecommunication Levy	-	-	1,472,324	-	1,413,000	1,498,100
Credit Card Levy	-	-	4,998,416	-	4,266,500	4,523,200
Third Party Insurance Levy	-	-	-	-	2,208,400	2,341,300
Luxury Vehicle Tax	1,257,500	1,610,208	2,139,260	2,211,762	-	-
Miscellaneous Fees & Receipts	1,893,403	(421,680)	57,130	1,639,744	-	-
Fees, Fines, Charges and Penalties	87,195,729	94,605,959	101,457,817	104,970,471	99,752,900	103,438,000
Operating Revenue Sales	24,222,180	-	16	-	7,000	8,000
Other Revenue and Surpluses	22,282,985	27,854,181	28,003,868	26,863,387	28,766,500	28,606,600
Reimbursement and Recoveries	9,976,410	21,338,869	29,165,947	14,772,560	30,334,500	32,160,100
Grant in Aid	13,164,242	15,739,334	9,500,000	25,932,894	6,127,300	3,916,200
Total Operating Revenue	1,878,989,123	2,038,833,513	2,207,821,988	2,290,281,755	2,571,418,700	2,702,106,700
				0		
Investing Revenue						
Repayment of Term Loans Receivable	20,882	25,425	321,275	571,921	-	-
Sale of Government Assets	25,053,815	10,146,986	475,152,277	12,760,757	507,300,000	-
Dividends from Investment	10,524,101	11,980,221	36,121,731	64,700,689	41,290,000	35,900,000
Interest from Bank Balance	47,811,625	35,671,873	236,534	553,725	254,300	269,600
Interest on Term Loans and Advances	-	-	-	-	579,400	614,300
Return of Surplus Capital from Investment	2,632,661	2,069,922	2,124,145	2,136,901	1,602,400	1,698,900
Total Investing Revenue	86,043,084	59,894,427	513,955,962	80,723,993	551,026,100	38,482,800
Loans Drawn	192,190,835	172,822,000	385,435,350	353,647,031	363,522,000	809,755,000
			-			
TOTAL REVENUE	2,157,223,042	2,271,549,940	3,107,213,300	2,724,652,779	3,485,966,800	3,550,344,500
EXPENDITURE						
General Administration Services						
Operating Expenditure	415,027,038	465,693,561	562,130,400	454,487,158	598,989,200	593,721,300
Capital Expenditure	55,421,409	61,303,292	83,401,200	50,690,652	88,174,400	81,204,700
Total General Administration	470,448,447	526,996,853	645,531,600	505,177,810	687,163,600	674,926,000
Social Services						
Operating Expenditure	503,367,018	519,352,533	660,470,800	669,927,444	717,701,500	714,129,900
Capital Expenditure	27,863,736	36,545,775	86,670,200	46,722,780	104,405,500	83,513,600
Total Social Services	531,230,754	555,898,308	747,141,000	716,650,224	822,107,000	797,643,500
Economic Services						
Operating Expenditure	71,253,228	79,056,382	96,622,000	86,952,555	105,155,000	104,251,500
Capital Expenditure	63,074,296	66,372,578	114,209,100	96,398,737	109,197,600	97,090,100
Total Economic Services	134,327,524	145,428,959	210,831,100	183,351,292	214,352,600	201,341,600
Infrastructure Services						
Operating Expenditure	123,727,168	124,077,787	131,183,200	192,674,032	138,706,300	125,032,100
Capital Expenditure	278,769,651	365,250,884	584,446,200	628,752,866	861,835,300	298,837,200
Total Infrastructure Services	402,496,818	489,328,671	715,629,400	821,426,898	1,000,541,600	423,869,300
Miscellaneous Services						
Operating Expenditure	50,130,621	24,312,105	31,274,900	30,448,921	54,910,200	23,857,800
Capital Expenditure	108,709,897	56,876,670	144,766,200	107,550,779	158,264,600	124,938,400
Total Miscellaneous Services	158,840,518	81,188,775	176,041,100	137,999,700	213,174,800	148,796,200
Unallocable						
Pensions, Gratuities and Compassionate Allowance	36,371,123	35,340,641	39,747,400	36,785,353	42,343,300	42,343,300
Value Added Tax	50,043,665	41,682,412	68,774,400	57,395,410	75,558,500	70,589,400
Interest Payments on Loans	260,860,919	260,450,671	279,565,300	264,309,159	281,050,700	255,793,800
Repayment of Principal of Loans	249,483,884	179,320,245	223,952,000	202,166,704	149,668,300	625,944,300
TOTAL EXPENDITURE	2,294,103,652	2,315,635,535	3,107,213,300	2,925,262,550	3,485,960,400	3,241,247,400
Surplus/(deficit) for the year	(136,880,610)	(44,085,595)	(0)	(200,609,771)	6,400	309,097,100

**GOVERNMENT OF THE REPUBLIC OF FIJI
ESTIMATE AND ACTUAL BUDGET RESULT
FOR THE PERIOD 2012 - 2014**

Schedule 15

	Actual 2012 \$	Actual 2013 \$	Estimate 2014 \$	Actual 2014 \$
REVENUE				
Operating Revenue	1,878,989,123	2,060,398,201	2,207,821,988	2,290,281,755
Investing Revenue	86,043,083	59,894,427	513,955,962	80,723,993
Public Debt - New Borrowings	192,190,835	172,822,000	385,435,350	353,647,031
TOTAL REVENUE	2,157,223,041	2,293,114,628	3,107,213,300	2,724,652,779
EXPENDITURE				
Operating Expenditure	1,171,988,091	1,247,833,004	1,521,428,700	1,471,275,463
Capital Expenditure	533,838,990	586,349,201	1,013,492,900	930,115,814
Value Added Tax	50,043,665	41,682,412	68,774,400	57,395,410
Interest Payments on Loans	260,860,919	260,450,671	279,565,300	264,309,159
Repayment of Principal of Loans	249,483,884	179,320,245	223,952,000	202,166,704
TOTAL EXPENDITURE	2,266,215,549	2,315,635,533	3,107,213,300	2,925,262,550
BUDGET RESULT	(108,992,508)	(22,520,905)	-	(200,609,771)

**Part 2: Report on the Whole of
Government Financial Statements
and Annual Appropriation
Statement**

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1.0 FINANCIAL POSITION OF GOVERNMENT

The Whole of Government financial statements have been drawn up in accordance with the provisions of the Financial Management Act 2004.

As the Government uses the cash basis system of accounting, the underlying format is cash based with direct reference to the budget estimates. Few disclosures and presentations are in accordance with International Public Sector Accounting Standards (IPSAS).

1.1 Financial Performance 2014

The performance of the Fiji Government for the year 2014 is provided in Table 1.1.

Table 1.1: Government Performance in 2014

Item	Original Budget 2014 (\$'000)	Revised Budget 2014 (\$'000)	Actual Results 2014 (\$'000)	Variance ¹ 2014 (\$'000)	Variance (%)
REVENUE					
Operating Receipts					
Direct Taxes	417,896.7	417,896.7	523,741.4	105,844.7	25.3
Indirect Taxes	1,621,797.6	1,621,797.6	1,594,001.1	(27,796.5)	(1.7)
Others	204,249.5	168,127.7	172,539.3	4,411.6	2.6
Total Operating Receipts	2,243,943.8	2,207,822.0	2,290,281.8	82,459.8	3.7
Total Investing Receipts	477,834.2	513,956.0	80,723.9	(433,232.1)	(84.3)
TOTAL REVENUE	2,721,778.0	2,721,778.0	2,371,005.7	(350,772.3)	(12.9)
EXPENDITURE					
Operating	1,800,993.9	1,805,039.4	1,735,584.6	69,454.8	3.8
Capital	1,013,492.9	1,011,586.4	930,115.8	81,470.6	8.1
Value Added Tax	68,774.3	66,635.5	57,395.4	9,240.1	13.9
TOTAL EXPENDITURE	2,883,261.1	2,883,261.3	2,723,095.8	160,165.5	5.6
Net (Deficit)	(161,483.1)	(161,483.3)	(352,090.1)	190,606.8	118.0

¹Variance = Actual Results less Revised Budget

Item	Original Budget 2014 (\$'000)	Revised Budget 2014 (\$'000)	Actual Results 2014 (\$'000)	Variance ¹ 2014 (\$'000)	Variance (%)
Debt Repayment	223,952.0	223,952.0	202,166.7	(21,785.30)	(9.7)
Gross Surplus/(Deficit)	(385,435.1)	(385,435.3)	(554,256.8)	168,821.5	
Net Deficit/(Surplus) As A Percent of GDP	(1.9%)	(1.9%)	(4.1%)	2.2	
Nominal GDP	8,283,429	8,283,429	+8,552,900	269,471	

Original Budget 2014 is sourced from the 2014 Budget Book.-

+ Nominal GDP Figure [Source: Fiji Bureau of Statistics]

The actual gross deficit for the year totalled \$554.26 million compared to that budgeted of \$385.43 million. The increased budget deficit was due to the shortfall in collection of revenue totalling \$350.77 million.

The loans raised in 2014 to finance the budget deficit (Table 1.3) totalled \$353.6 million. In addition, treasury bills were also raised in 2014 to meet short term financing shortfalls. These are discussed in Section 1.5 and Table 1.4.

1.2 2014 Appropriation Decree 2013

There were thirty nine appropriation heads in the 2014 budget². The expenditure under the various heads and their variances are detailed in **Appendix I**. Against a revised budget of \$3,107,213,300, the government spent \$2,925,262,550 resulting in a budget saving of \$181,950,750 or 6%.

Two agencies, namely Fiji Roads Authority (\$11.5million) and Ministry of Education, National Heritage, Culture and Arts(\$7.1 million) exceeded their budget appropriated totalling \$18.6 million as outlined in Table 1.2 below:

Table 1.2 Overspent Budget Heads

Heads of Appropriation	Original Budget (\$)	Redeployment (\$)	Revised Estimate (\$)	Actual Expenditure 2014 (\$)	Over-Expenditure (\$)	% Over - spent
Fiji Roads Authority	474,057,981	35,000,000	509,057,981	520,590,365	(11,532,384)	2
Ministry of Education, National Heritage, Culture and Arts	370,034,038	---	370,034,038	377,127,140	(7,093,102)	2
Total	844,092,019	35,000,000	879,092,019	897,717,505	(18,625,486)	2

An appropriation of \$64.6 million for the year 2014 was provided under the Lending Fund Account.

1.3 Operating Results

A net deficit totalling \$352.1 million was recorded in 2014 as shown in Table 1.1 compared to the forecasted net deficit of \$161.5 million; an increase by \$190.6 million (118%). The increased net deficit was due to lower collection of revenue (\$350.8 million) than that forecasted.

² Schedule 1 of the 2014 Appropriation Decree 2013

The net deficit for 2014 as a percentage of GDP was 4.1%, an increase by 2.2% from the budgeted net deficit of 1.9%.

1.4 Financing of Operating Expenditure

It is generally accepted that capital works should be funded by loans. The funding of operating expenditure by loan would be a concern if effort was not taken to reduce operating expenditure.

Figure 1.1 and Table 1.3 shows the percentage of loan that was used in meeting government's operating expenditure over the last 10 years.

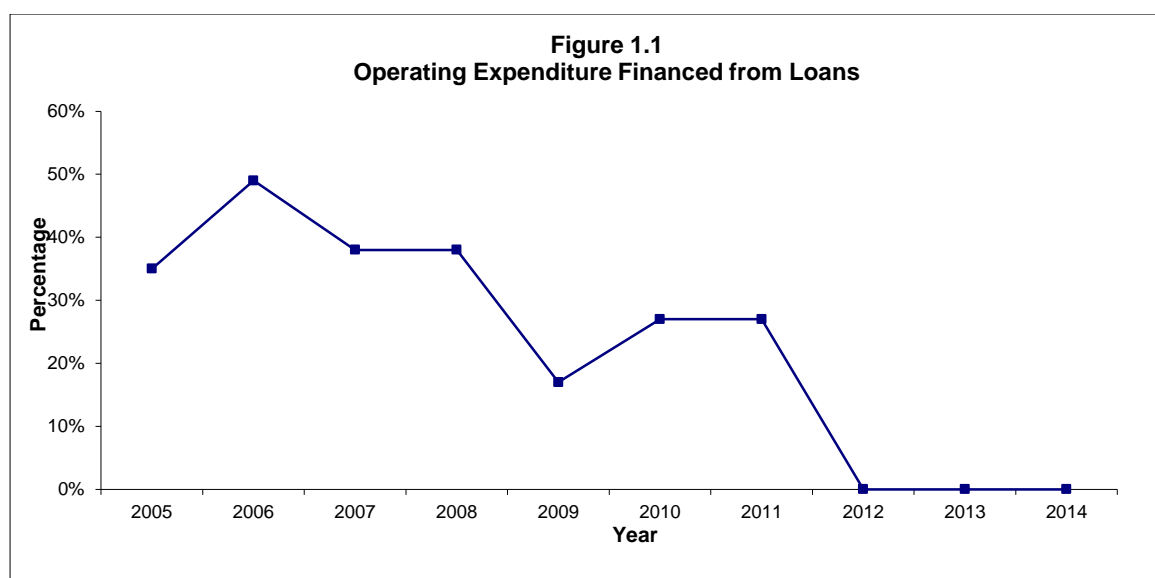


Table 1.3: Capital Expenditures vs. Loans Raised

Details	2005 (\$'000)	2006 (\$'000)	2007 (\$'000)	2008 (\$'000)	2009 (\$'000)	2010 (\$'000)	2011 (\$'000)	2012 (\$'000)	2013 (\$'000)	2014 (\$'000)
Total Loans (Domestic & Overseas)	328,608	417,810	334,937	345,649	405,390	462,965	693,707	329,655	272,745	353,647
Less Capital Expenditures	213,509	212,642	206,933	212,748	335,014	339,654	503,910	534,842	586,349	930,115
Balance for Operating Expenditures	115,099	205,168	128,004	132,901	70,376	123,311	189,797	---	---	---
% Loans Utilized for Operating Expenditures	35%	49%	38%	38%	17%	27%	27%	---	---	---

For the years 2012 – 2014, loans funds were used for capital expenditures.

1.5 Treasury Bills

As government had raised domestic loans in accordance with the approved budgets over the years, the excess borrowing has been in the form of Treasury Bills.

The outstanding Treasury bill at the beginning of the year was \$102.3 million. Treasury Bills raised during the year totalled \$306.9 million while \$128.6 million was outstanding as at 31/12/14. Table 1.4 details the loans raised by government to finance its budget deficits over the last 10 years.

Table 1.4: Original Budget Deficit vs. Loans Raised

Details	2005 (\$)	2006 (\$)	2007 (\$)	2008 (\$)	2009 (\$)	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)
Gross Deficit	366,334,030	394,450,200	369,552,279	225,554,800	498,557,100	363,566,600	302,976,000	338,436,800	398,973,400	385,435,100
Domestic Loans	319,965,000	356,778,570	100,536,321	341,266,932	404,239,758	452,734,100	81,470,500	192,102,000	172,822,000	233,405,800
Overseas Loans	8,641,300	283,258,700	19,855,800	20,802,800	25,476,800	61,949,500	569,043,100	136,428,700	99,466,291	120,241,251
Treasury Bills	326,951,100	528,715,400	685,889,200	391,725,900	253,821,700	687,313,100	411,970,900	306,664,500	138,122,146	306,883,399
Loans	655,557,400	1,168,752,670	806,281,321	753,795,632	683,538,258	1,201,996,700	1,062,484,500	635,195,200	410,410,437	660,527,650
Deficit %	179%	296%	218%	334%	137%	331%	351%	188%	103%	171%
Excessive Borrowings %	(79%)	(196%)	(118%)	(234%)	(37%)	(231%)	(251%)	(88%)	(3%)	(71%)

The 2014 budget funding programme³ appropriated \$385.4 million (equal to the forecasted gross deficit) in loan funds to finance the gross deficit. However, the year 2014 noted a total of \$660.5 million raised in loan funds, an excess borrowing of \$275.1 million than that budgeted for.

Furthermore, the budgeted gross deficit was \$385.4 million while the actual gross deficit of \$554.3 million was noted, an increase by \$168.9 million (44%) for the year 2014.

2.0 CASH AND CASH EQUIVALENTS

A bank account for public money, other money or trust money must only be established with the approval of the Chief Accountant, who must inform the bank of the agency officers authorised to operate on it. All agency bank accounts must be kept in the name of the agency or the official title of a unit within the agency.⁴

The cash at bank balance decreased significantly from \$206,744,709 in 2013 to \$42,552,310 in 2014, a decrease by \$164,192,399 or 79%. The decrease was mainly due to the decline in overseas bank balance (90%), domestic bank balance (44%) and an increase in un-presented cheques in the drawings account (83%), a drawdown from the domestic bank balance.

The decline in overseas bank balances was due to the payment of interest on the global bonds totalling \$42,198,122 (US\$22.5million) and the drawdown of an additional \$39,471,087 (US \$20 million) from the JP Morgan Liquidity Fund Account during the year.

Furthermore, a net off of the domestic cash balance (\$71,312,510) against the drawings account un-presented cheques (\$137,976,858) resulted in an overdraft of the domestic cash balance (\$66,664,348) for the year ended 31/12/2014.

Refer to Table 2.1 for details of movement in cash at bank balances for the year 2013 and 2014.

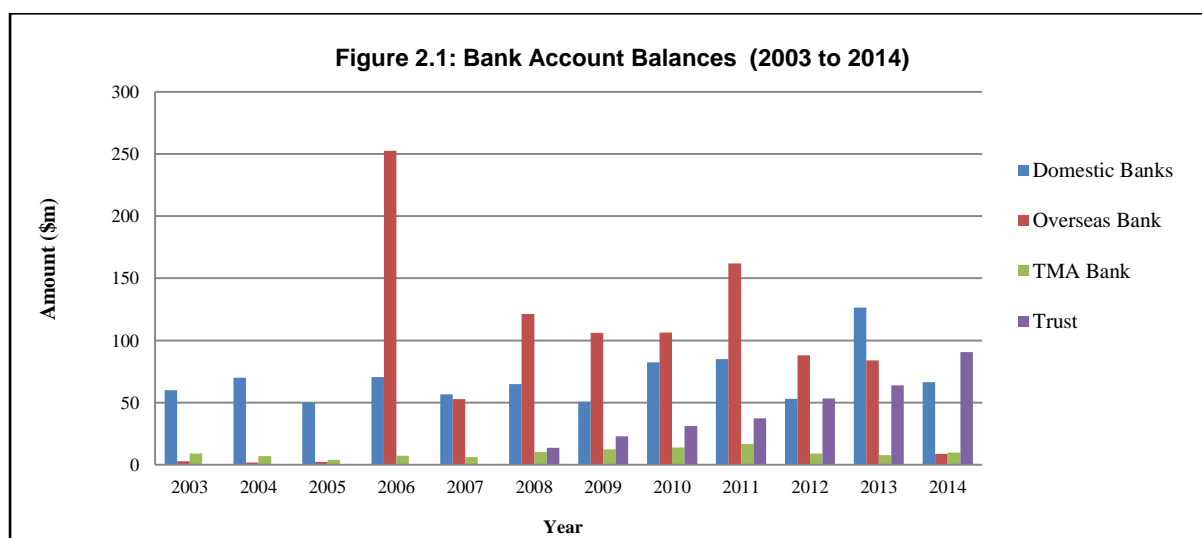
³ 2014 Budget Estimate - Page 8.

⁴ Finance Instructions 2010 – Part 6: Assets – Division 1 – Cash Management – 32(1) & (4)

Table 2.1: Cash at Bank Balance as at 31 December 2014

Account	2013 Balance (\$)	2014 Balance (\$)	Variance (\$)	Increase/Decrease	% Change
Domestic Bank	126,382,089	71,312,510	(55,069,579)	Decrease	(44)
Drawings Account (Unpresented cheques)	(75,572,051)	(137,976,858)	(62,404,807)	Increase	83
Overseas Bank	84,147,140	8,753,880	(75,393,260)	Decrease	(90)
Trading & Manufacturing Account	7,782,209	9,909,833	2,127,624	Increase	27
Trust Fund Account	64,005,322	90,552,945	26,547,623	Increase	41
Net Cash	206,744,709	42,552,310	(164,192,399)	Decrease	(79)

A graphical presentation of the account balances for the past twelve years is provided in Figure 2.1.



Cash balances in trust fund accounts make up majority of the government's cash holdings at year end.

2.1 Significant Increase in Un-presented Cheques

The drawings account will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and trust bank accounts.⁵ It is the responsibility of the Chief Accountant (Treasury) of the Ministry of Finance to closely monitor the Electronic Fund Transfer (EFT) to ensure that proper process and procedures are being followed according to the Financial Regulations.⁶ It is the responsibility of the EFT agency to conduct monthly reconciliation in order to review the monthly account statement against all original receipts and payments.⁷

Government incurred expenditures totalling \$2.9billion (VEP) in 2014. On average, this amounted to a monthly expenditure of \$239 million compared to a monthly revenue collection of \$227million, a shortfall of \$12 million per month.

Refer to Table 2.2 below for details of monthly expenditure incurred and revenue collected.

⁵ Proforma Finance Manual 2011 – Section 7.4.3

⁶ Electronic Fund Transfer Policy – Section 6.1

⁷ Electronic Fund Transfer Policy – Section 7.5

Table 2.2: Monthly Expenditures vs. Monthly Revenue

Month	Total Monthly Expenditure (VEP) (\$)	Total Monthly Revenue (VEP) (\$)	Net Surplus / (Deficit) (VEP) (\$)
January	134,501,983	179,977,352	45,475,369
February	165,163,419	129,739,812	(35,423,607)
March	265,701,107	248,818,236	(16,882,871)
April	188,292,679	228,943,915	40,651,236
May	217,717,670	242,661,225	24,943,555
June	257,769,841	235,921,613	(21,848,228)
July	253,673,561	215,670,067	(38,003,494)
August	180,090,828	277,089,507	96,998,679
September	331,052,036	303,113,299	(27,938,736)
October	205,284,870	169,616,255	(35,668,615)
November	187,886,159	201,447,932	13,561,773
December	480,732,988	291,484,270	(189,248,719)
Total	2,867,867,141	2,724,483,483	(175,686,946)
Average Monthly Figures	238,988,928	227,040,290	

Furthermore, the following anomalies were noted:

- Total expenditure for the month of December 2014 (\$480.7million) exceeded the monthly average expenditure (\$239 million) by \$241.7 million or 101%.
- On the contrary, monthly revenue collected for the month of December 2014 (\$291.5 million) only exceeded the average monthly revenue (\$227.0 million) by \$64.4 million or by 28%.
- Un-presented cheques totalled \$137.98 million (30% of the payments made in December) as at 31/12/2014 compared to \$75.57 million as at 31/12/2013 and increase by \$62.41 million or 83 percent.

Refer to Table 2.3 for details of un-presented cheques and cash analysis over the past 10 years.

Table 2.3: Cash at Bank Trend Analysis (2005 – 2014)

Year	Unpresented Cheques (\$)	Cash at Bank (\$)	% of Unpresented Cheques against Cash at Bank	Domestic Cash Holding (\$)	% of Unpresented Cheques against Domestic
2005	51,889,269	56,633,778	92	50,071,389	104
2006	60,501,189	330,250,882	18	70,524,396	86
2007	73,586,193	115,893,879	63	56,774,511	130
2008	59,570,322	197,464,771	30	65,865,376	90
2009	97,864,276	169,398,195	58	50,840,687	192
2010	48,770,140	202,968,247	21	82,425,719	59
2011	50,271,112	263,763,634	19	84,998,728	59
2012	107,360,277	203,957,283	53	106,660,817	101
2013	75,572,051	218,311,438	35	126,382,089	60
2014	137,976,858	89,976,223	153	71,312,510	193

- Of the cash at bank balance of \$89.98 million, only \$71.31 million was domestic bank balance held for facilitating operating expenditures (52% of un-presented cheques).

- Of the un-presented cheques of \$137.98 million:
 - \$88.1 million (65%) was disbursed on 30th and 31st December 2014 in capital grant for Fiji Roads Authority. The reason for the late disbursement was not provided.
 - \$8.98 million or 6.5% related to Electronic Fund Transfers (EFT) not cleared by the banks as at 31/12/14.
 - Stale cheques totalled \$2.9 million or 2% of the un-presented cheques.
- Variance totalling \$1.2 million was noted between the drawings account reconciliation of respective Ministry/Department and the FMIS general ledger.
- The variances were attributed to:
 - Unidentified direct deposits;
 - Unidentified cheques and EFT payments that were presented in bank but not recorded in the system cashbook;
 - Bulk details of EFT payments from the banks resulting in the inability to identify individual amounts that was directed to be paid by the bank;
 - EFT payments presented to the incorrect drawing account;
 - Differences arising from EFT same cheque number but of different amounts; and
 - Authorised officers are not sending the EFT bank files to the banks on time.

Furthermore, contrary to the EFT policy, the Ministry of Finance prepared the drawings account reconciliation of respective Ministry / Department without involving the respective Ministry / Department that execute and maintain relevant payment documents.

Spending more than the revenue collected creates a shortfall in cash flows of Government and results in unplanned short terms borrowings.

Also, the more than average spending in December shows spending concentrated towards the end of year to utilize savings and therefore could result in unnecessary spending and accumulating un-presented cheques at the end of the year.

Recommendations

The Ministry:

- **Should ensure that revenue collections is in proportion to its spending are in proportion to avoid shortfall in cash flows for the day-to-day operations of Government;**
- **In co-ordination with the respective Ministry/Department should ensure that effective procurement plan is in place and implemented accordingly rather than sudden utilization of funds at the end of the year;**
- **Should place a ceiling on monthly cash flow based on the operations of the Ministry/ Department to ensure that unnecessary year end payments are curtailed;**

- **Should review the current Electronic Fund Transfer Policy, its management, recording and reconciliation in co-ordination with the respective Ministry/ Department and the banks that facilitate the payment;**
- **Should implement effective reconciliation of the Drawings account, general ledger and the EFT payments in consultation with the respective Ministry/Department;**
- **Adopt a check and review mechanism for all reconciliations to ensure that agencies appropriately address errors and discrepancies in their monthly reconciliations before the following month reconciliations are due; and**
- **Should ensure that proper supervision is carried out to ensure that balances reflected in the accounts are correctly and fairly stated.**

Ministry's Comments

The Ministry agrees that each agency is to plan their expenditures to avoid accumulation of high un-presented cheques at year end. In the third quarter of the year, the Ministry issued a finance circular outlining this issue and requested accounting heads to encourage the early presentation/clearance of cheques.

For 2014, the majority of the un-presented cheques were for capital grants. The Ministry is now releasing the grants gradually throughout the year to avoid the late release of substantial amounts which will impact on the cash at bank balances

In 2015 we are working closely with the ministries to correctly match these EFTs' in order to remove them from the Un-presented Cheques Listing.

Furthermore, MoF is working with the Bank to break down the EFT payments in the Bank Statement.

2.2 Anomalies in the Cash at Bank Account Balances

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁸

The audit noted the following anomalies in the cash at bank balances as at 31st December 2014:

- Variances were noted between the cash at bank general ledger and the reconciliation performed by audit across the three cash at bank accounts:
 - True trust fund cash at bank account balance was understated by \$6.23 million;
 - Trading & Manufacturing activities cash at bank account balance was overstated by \$1.30 million; and
 - Overseas missions cash at bank account balance was overstated by \$1.32million.

Refer to **Appendix 2** for details.

- The variances were attributed to improper reconciliation which included the following factors::
 - Transactions were not recorded in the general ledger;
 - Bank reconciliations were not being performed regularly;
 - Non-rectification of errors in the general ledger;

⁸ Finance Instructions 2010 – Part 6: Assets – Division 1 – Cash Management – Bank Accounts 32 (6)

- Instances of receipts and payments not recorded in the general ledger;
 - Non-investigation of unsubstantiated balances or transactions recorded and
 - Inter fund payments and receipts from bank accounts.
- Bank reconciliation was not prepared totalling \$24.5 million. for true trust fund cash at bank account (\$24.4 million) and trading & manufacturing cash at bank account (\$65,947)
 - Two trust fund cash at bank general ledger balances, “TF HUD Litter Decree Publicity⁹” totalling \$863,432 as at 31 December 2014 was not supported with the cash in the bank.
 - These are issues that have been recurring over the years which the Ministry is yet to rectify.

As such balances recorded in the general ledger and the financial statements remained unsubstantiated.

Recommendations

- **The responsible Ministries/Departments should strictly comply with section 32(6) of Finance Instructions 2010 which requires that all bank accounts must be reconciled on a monthly basis.**
- **The responsible Ministry/Department should be instigated against accounts officers for failing to perform regular reconciliations.**

Ministry’s Comments

Trust Fund Account

MoF can only assist the ministries with Trust Accounts if they are forthcoming with their records. This is because whilst the Bank account must tally with the GL Cash, attention must also be given to the Liability component (natural account 89).

The following Ministries were assisted by MoF (through the FMIS Unit) in 2015:

- ☐ *Ministry of Fisheries & Forestry*
- ☐ *Ministry of Agriculture*
- ☐ *Ministry of Labor*
- ☐ *Prime Minister’s Office*
- ☐ *National Planning*
- ☐ *Department of Immigration*
- ☐ *Regional Development*

Whilst the above ministries were assisted, it was noted that some ministries were capable of dealing with their own Trust Accounts. These ministries were; Department of Public Prosecution, Ministry of Local Government, and Department of Energy (Rural Electrification Project).

As for the other Ministries, they did not make use of the MoF initiative to clear the books and they were not forthcoming. MoF will be running the same initiative in 2015.

TMA

The purpose of the variance between the GL Closing Balance and the Bank Statement ending balance is due to the Un-Posted Receipts and Un-Posted Payments in the GL (FMIS). This is due to direct deposits conducted by customers without narrations in the Bank Statement.

⁹ General Ledger account numbers: 9-23401-230006-520401 and 9-23401-230006-520301

The Ministry of Finance is currently working with respective Ministries & Department to inform customers to provide narrations when making direct payments in the Bank.

Furthermore, the inter use of funds between TMA and Consolidated fund also contribute to the issue. For Example: Revenues of Fund 4 have been receipted in Fund 1 and vice versa and Expenses from Fund 1 have been paid by Fund 4 and vice versa. Currently, the Asset Management & Monitoring Unit with the Financial Management Information System Unit is currently implementing separate profiling for TMAs and CFA users to restrict the inter- use of funds.

Ministry of Finance (MoF) was aware of this issue in 2014. In an effort to curb the issue, the Ministry (through the FMIS Unit) provided presentations at various Ministry of Foreign Affairs (MFA) forums. In addition numerous requests were sent to the Accounting Head; however, our efforts remained futile. The approach MoF wanted to take was for MFA to submit the Bank Statement of all Missions to MoF. We would then convert the Balance to Fiji Dollars.

The variance between the Bank Account (in Fiji Dollars) and the General Ledger would then be posted to equity. MoF would then assist in the reconciliation of the accounts on a monthly basis till December 2014.

Unfortunately, since the team from MFA was not accommodating to our requests, we were unable to carry out our plans and the issue remains unresolved.

2.3 Net Impact of Error and Omission on Cash at Bank Balances

Cash at Bank balance should be supported with adequate bank records and reconciled with the bank statements.

The following balances which are reflected in the whole of Government financial statement of assets and liabilities contained errors and omissions as shown in Table 2.4 below.

Table 2.4: Errors and Omissions in Statement of Cash at Bank

Errors and Omissions	Overstatement/ (Understatement) (\$)
Non-preparation of bank reconciliations by respective Ministry/Department	23,606,529*
Variance between Cash at Bank in the General ledger and the Audit Calculations for General Ledger amount (Overseas Cash)	1,319,743
Variance between Cash at Bank in the General ledger and the Audit Calculations for General Ledger amount (Domestic Cash – TMA & Trust Fund)	(4,925,758)
Net impact of errors and unaccounted cash transactions in the Drawings general ledger	(1,214,355)
Net Errors and Omissions	18,786,159

*excludes the TF HUD Litter Decree amounts (cash does not exist).

The net impact on cash at bank of the errors and omissions in the 2014 accounts is substantial and reflects the weaknesses in the implementation of internal controls systems as required under the Finance Instruction and Financial Manual of Ministry/Departments.

Therefore, the assertions of completeness, existence and valuation for the cash at bank balance for the government could not be ascertained.

This has been included in the audit report of the whole of Government financial statements.

Recommendation

- **The Ministry in consultation with Ministry/Department should ensure that bank balances are reconciled.**
- **Omission and errors investigated and rectified immediately to ensure that cash at bank are fairly stated.**

Ministry's Comments

MoF has taken steps to reconcile all the CFA's and Drawings Account in 2014. The Ministry also started on the Trust Accounts rectification. Comments from the Auditors are welcomed and the ministry will be working with the various ministries to pass the necessary journals to bring the GL balances as close as possible to the Bank Statement balance in 2015

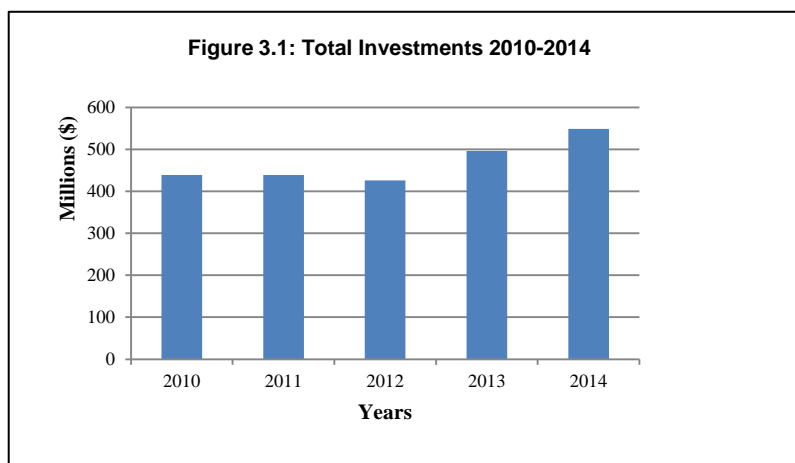
3.0 INVESTMENTS

Section 55(1) (b) of the Financial Management Act 2004 empowers the Minister of Finance to invest public money (and other money within the meaning of the Act) on deposit with a bank; in securities issued by a statutory authority; by way of advances authorized by an Act or by resolution of the House of Representatives.

Government shares held in 24 separate entities were valued at \$548,888,805 an increase by \$52,913,764 or 11% compared to 2013. The investment of the Government for the last 5 years is shown in Table 3.1 and Figure 3.1 below.

Table 3.1: Total Government Investments: 2010 – 2014

Year	Total Investments (\$)
2010	438,862,903
2011	438,907,122
2012	426,197,586
2013	495,975,041
2014	548,888,805

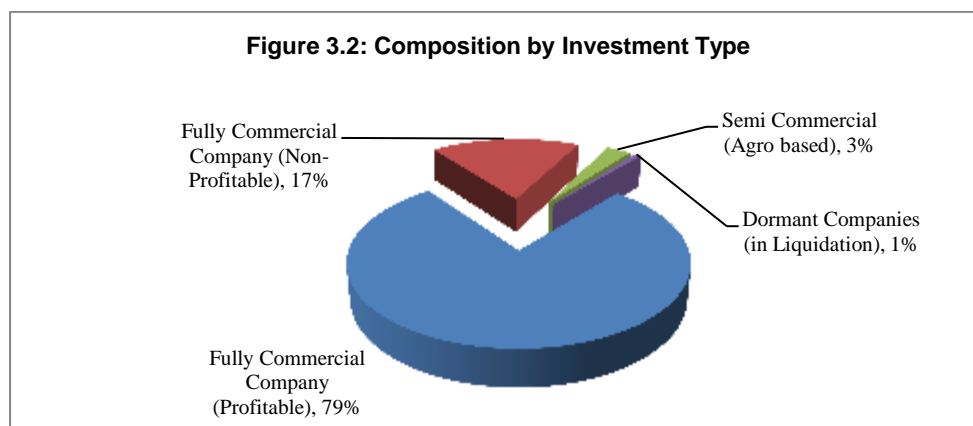


The increase in government investments is mainly due to the increase in the fair value of shares in Amalgamated Telecom Holdings (ATH), Unit Trust of Fiji (UTOF) Limited¹⁰ and the adjustment of errors for shares in the International Bank for Reconstruction and Development.

¹⁰ ATH at 95 cents per share (2013: 73 cents), UTOF at \$1.42 per share (2013:\$1.37)

3.1 Composition of Government Investments

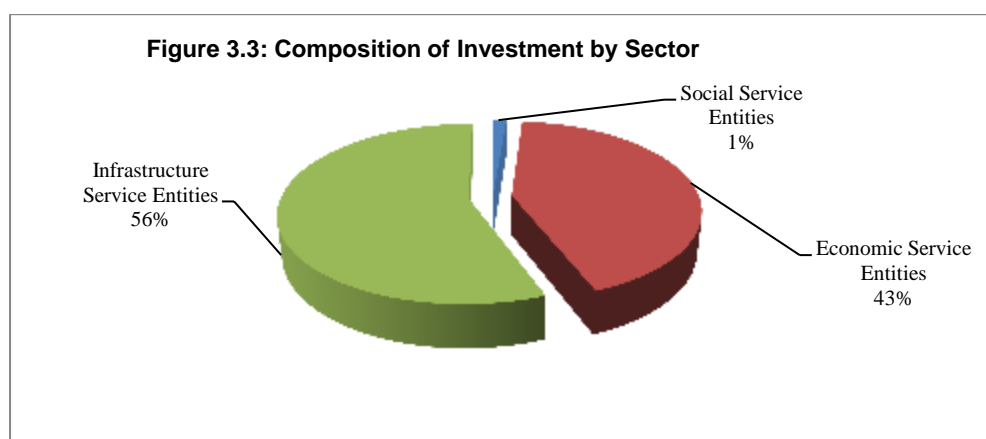
The composition of Government Investments for 2014 is shown in the Figure 3.2 below:



The major component of Government investments as at 31 December 2014 consists of fully profitable commercial companies totalling \$432,164,734 or 79% of total investments.

Fully commercial companies that were not profitable accounted for \$96,427,528 or 17% with semi-commercial (agro-based) accounted for \$15,814,933 or 3% whilst the remaining 1% or \$4,481,610 made up of government investments in companies in liquidation.

Governments Investments in the infrastructure sector entities comprises 56% of the total investments totalling \$307,009,275.16. Investments in the economic services sector entities makes up 43% or \$234,573,480 whilst the remaining 1% or \$7,306,050 comprises of governments investments in the entities in the social services sector. Refer to Figure 3.3 below



3.2 Return on Investments

Return on Investments provides information on performance to evaluate the efficiency of Governments investments and how well government has generated cash flow in relation to the funds being invested.

As an initial measure, 10% after tax return on shareholders' funds is the baseline and should be revised based on corporate plan targets.¹¹

Our analysis of governments return on investments indicates that the overall average rate of return on investment is 5% in year 2014 compared to 2% in year 2013.

Over the 5 years period, an overall average rate of return on investments of 3% has been recorded with the highest overall average of 5% attained in 2014. Collectively, the 10% baseline as required by the 2003 Corporate Governance Policy Framework has not been achieved.

Refer to Table 3.2 which outlines Governments return on capital over the past 5 years.

Table 3.2: Return on Investments 2010 – 2014

Year	Total Government Shareholding (\$)	Dividends On Investment (\$)	Return On Investments (%)
2010	438,862,903	12,726,623	3
2011	438,907,122	10,631,806	2
2012	426,197,586	10,524,101	2
2013	495,975,041	11,980,221	2
2014	548,888,805	24,816,121	5

3.3 Analysis of Dividends and Investments

Dividend remitted increase from \$11.98 million in year 2013 to \$24.82 million or 107%. However, an actual dividends collected was less than the forecasted (\$36.12 million¹²).

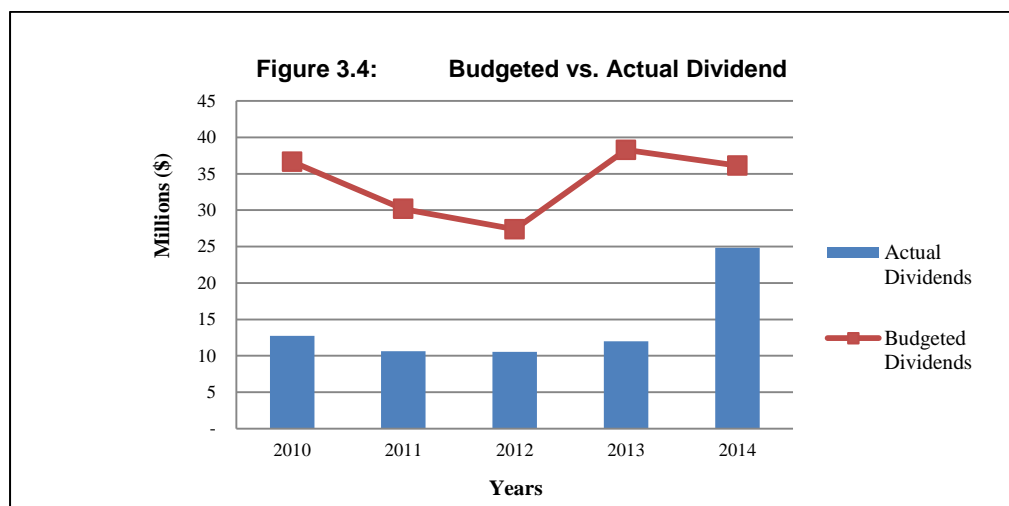
A graphical representation of budgeted and actual dividend revenue remitted by Government entities over the 5 year period is outlined in the Table 3.3 and Figure 3.4 below:

Table 3.3: Budgeted vs. Actual Dividend Revenue

Descriptions	2014	2013	2012	2011	2010
Actual Dividends (\$)	24,816,121	11,980,221	10,524,101	10,631,806	12,726,623
Budgeted Dividends (\$)	36,121,700	38,281,000	27,356,500	30,149,700	36,642,100
% of Budgeted Dividends collected	69%	31%	38%	35%	35%

¹¹ Corporate Governance Policy Framework – December 2003, Part II, Section 22

¹² 2014 Budget Estimate



Over the past 5 years, an average of 7 entities paid dividends to Government.

Refer to Table 3.4 below for details of analysis:

Table 3.4: Investments and dividends received 2010 – 2014

Year	Total Government Shareholding (\$)	Dividends on Investment (\$)	% Change In Dividend	Dividend Paying Entities	Number of Entities Holding Government Investments	% of Dividend Paying Entities
2010	438,862,903	12,726,623	(39)	8	30	27
2011	438,907,122	10,631,806	(16)	8	30	27
2012	426,197,586	10,524,101	(1)	6	25	24
2013	495,975,041	11,980,221	14	6	24	25
2014	548,888,805	24,816,121	107	6	24	25

Non-remittance of dividends indicates non-performing portfolios and thus warrants the immediate review of investments to realise maximum returns on Government investment.

3.4 Dividends Remitted per Entity

An initial measure that corporatized entities are operating as successful businesses is 10% after tax return on shareholders' funds. Once the expectations of annual returns are established, the 10% baseline should be revised based on corporate plan targets.¹³

All Government Commercial Companies and Commercial Statutory Authorities pay at least 50% of the net earnings to the Government as dividends in consultation with the Minister for Public Enterprises, Minister of Finance, and relevant Minister.¹⁴

A total of \$24.82 million was received by government as dividends in 2014 from the following entities;

¹³ Corporate Governance Policy Framework – December 2003, Part II, Section 22

¹⁴ Corporate Governance Policy Framework – December 2003, Part II, Section 26

Refer to Table 3.5 below for details of dividends remitted to government in the past five (5) years.

Table 3.5: Analysis for Entities that remitted Dividends: 2010 – 2014

Description	Value of Investments as at 31/12/2014	Dividend for 2014 (\$)	Dividend for 2013 (\$)	Dividend for 2012 (\$)	Dividend for 2011 (\$)	Dividend for 2010 (\$)
Post Fiji Limited	---	---	---	---	434,820	184,126
UTOF (Management) Limited	50,000	119,526	113,574	74,276	---	2,250
Air Terminal Services	765,000	401,006	235,530	496,117	319,651	514,248
Yaqara Pastoral Company Ltd	1,191,846	3,300,000	1,226,124	---	279,287	---
Fiji Ports Corporation Limited	73,154,852	3,698,979	3,654,877	2,821,102	2,641,643	---
Public Trustee Corporation	---	---	---	---	---	3,000,000
Airports (Fiji) Limited	92,300,180	10,000,000	---	1,020,640	1,000,000	3,000,000
ATH Limited	141,554,243	7,296,610	6,566,949	4,377,966	4,377,966	3,594,494
FINTEL*	---	---	---	1,734,000	1,376,559	---
Fiji Television Limited*	---	---	---	---	201,880	173,040
Ports Terminal Limited	---	---	---	---	---	1,758,465
Civil Aviation Authority of the Fiji Islands	---	---	---	---	---	500,000
Pacific Forum Line(2006)*	---	---	183,167	---	---	---
Dividends from Investments	309,016,121	24,816,121	11,980,221	10,524,101	10,631,806	12,726,623

*government shares in these companies have been sold

In 2014, 56% of government's total investments of \$548.9 million returned dividend to government. Refer to Table 3.6 below for details of Government entities which paid dividend in year 2014.

Table 3.6: Government Entities which paid dividend in 2014

Entity	Value of Investments as at 31/12/14 (\$)	Dividend 2014 (\$)	% of Dividend to total Investments value
UTOF (Management) Limited	50,000	119,526	239
Air Terminal Services	765,000	401,006	52
Yaqara Pastoral Company Limited	1,191,846	3,300,000	277
Fiji Ports Corporation Limited	73,154,852	3,698,979	5
Amalgamated Telecom Holding Limited	*141,554,243	7,296,610	5
Airports Fiji Limited	92,300,180	10,000,000	11
Total	309,016,121	24,816,121	8

*measured at fair value

The Fiji Ports Corporation Limited and Amalgamated Telecom Holdings failed to meet the 10% required dividend remittance in accordance with Public Enterprises Corporate Governance Policy Framework.

3.5 Investment records not updated

Cabinet Decision 357 of 2012 requires the treatment of government grants and/or special funding to state owned enterprises as capital contribution to be converted to equity.

International Accounting Standard 20 requires that government grant is recognised only when there is reasonable assurance that:-

- (a) the entity will comply with any conditions attached to the grant; and
- (b) the grant will be received.

The Accounting Head is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁵

The audit noted that Fiji Broadcasting Corporation Limited (FBCL) share capital of 200,002 at \$1 have not been updated in Ministry of Finance records.

The Ministry of Finance records show a total share capital of \$2 only for Fiji Broadcasting Corporation Limited as shown in Note 9 of whole of government financial statement.

In addition, Food Processor Limited has changed its share capital structure and the variance of 1,939,462 shares at \$1 per share has not been recorded by Ministry of Finance.

However, audit noted that manual record maintained by Ministry of Finance are only amended by the Ministry, once share certificates are received and proper verifications undertaken to confirm the increase in shares.

In addition audit could not establish whether all state owned entities have complied with Cabinet Decisions and as such the impact on the correctness of total investment amounts recorded as at 31 December 2014 could not be determined.

Recommendations

- **The Ministry of Finance should liaise with the Fiji Broadcasting Corporation Ltd and Food Processor Limited and update the records of government investments accordingly.**
- **The Ministry should carry out a review of compliance of state owned entities as per Cabinet decisions no 357 & IAS 20.**

Ministry's Comments

The Ministry has liaised with Fiji Broadcasting Corporation on the variance of \$200,000. The Ministry does not have the share certificate for \$200,000. The Ministry will only amend and update Government investment records once the share certificate of \$200,000 is submitted by FBC.

¹⁵ Pro-forma Finance Manual 2011, Section 16

4.0 TRUST FUND ACCOUNT

4.1 Main Trust Fund Account

Section 25 of the Financial Management Act (2004) states that trust moneys should be accounted for separately from the public monies and kept in a separate bank account.

Main Trust refers to an obligation enforceable in equity which rests on a person (the trustee) as owner of some specific property (the trust property) to deal with that property for the benefit of another person (the beneficiary) or for the advancement of certain purposes.

Major accounts in the Main Trust Fund include tender deposits, bonds and aid monies from overseas agencies.

The main trust fund account balance totalled \$86,990,711 in 2014 compared to a balance of \$63,680,688, an increase by \$23,310,023 or 37%. The increase in the main trust fund account was a result of recording deposits in year 2014 that were not recorded previously.

In addition, a total of \$2,733,369 in main trust fund liability account was not supported by the cash held.

The inadequate cash to support the trust fund account has been recurring previously; however, the Ministry has yet to rectify this.

4.2 Operating Trust Fund Account

Operating Trust Fund Accounts facilitate transactions relating to the Ministry/Department's administrative role as an employer. These transactions include deductions from employees' salaries/wages with regards to contributions to the Fiji National Provident Fund, housing loan repayments, insurance premiums and other deductions for onward payment to the respective payees.

The operating trust fund account had a balance of \$15 million in year 2014 compared to a balance of \$15.9 million in 2013, a decrease by \$849,167 or 5.4%. A total of \$251,861 was a contra account entry made to the account as a result of the write-off of balances from other accounts

Operating trust fund account balances are unpaid liabilities awaiting payments.

5.0 REVENUE

The total forecasted revenue by government in 2014 was \$2,721,777,950 comprising of \$2,207,821,988 in operating revenue and \$513,955,962 in investing revenue. No forecast was provided for revenue generated from government trading and manufacturing operations.

The actual revenue collections by government from its normal operations in 2014 totalled \$2,371,005,748¹⁶ thus recording a shortfall of \$350,772,204 or 13% of the total estimated revenue collections. Table 5.1 show the actual revenue collected over the last 7 years.

¹⁶ Excludes revenue from TMA operations

Table 5.1: Budgeted Revenue vs Actual Revenue

Year	Investing Revenue - Actual (\$)	Operating Revenue - Actual (\$)	Total Actual (a) (\$)	Investing Revenue - Budgeted (\$)	Operating Revenue - Budgeted (\$)	Total Budgeted (b) (\$)	Variance (a-b) (\$)
2008	42,524,393	1,411,850,075	1,454,374,468	27,216,200	1,384,234,100	1,411,450,300	(42,924,168)
2009	60,548,839	1,347,275,392	1,407,824,231	37,255,900	1,485,133,200	1,522,389,100	114,564,869
2010	52,470,629	1,463,546,507	1,516,017,136	38,506,700	1,458,000,900	1,496,507,600	(19,509,536)
2011	29,699,034	1,774,878,062	1,804,577,096	79,675,200	1,667,797,412	1,747,472,612	(57,104,484)
2012	86,043,083	1,854,766,943	1,940,810,026	35,819,200	1,906,987,800	1,942,807,000	1,996,974
2013	59,894,427	2,038,833,496	2,098,727,923	75,744,230	2,032,634,700	2,108,378,930	9,651,007
2014	80,723,993	2,290,281,755	2,371,005,748	513,955,960	2,207,821,990	2,721,777,950	350,772,202

Non-collection of revenue as planned affects timely flow of cash for government activities and results in unplanned short-term borrowings.

5.1 Arrears of Revenue

The importance of revenue in the budgetary process is significant since it determines the level of spending possible. Thus, it is essential that the revenue collection process is monitored, including debt collection and the existing credit policies.

Arrears of revenue for the government comprise of unpaid taxes by individuals and businesses, as well as revenue owed to Ministries and Departments in the form of fees, fines, licenses and charges.

5.1.1 Aged Revenue for the year 2014

Arrears of revenue totaled \$150,840,876 for the year ended 31 December 2014.

Audit noted that of the total revenue in arrears, \$41.01 million or 27% of debt owed are more than 5 years old. Refer to [Appendix 3](#) for details.

Recommendations

- The Ministry should review the revenue in arrears for more than 5 years and assess its collectability.
- The credit policy of respective Ministry / department is reviewed to ensure its collectability on a timely basis.

Management Comments

The Ministry of Finance has taken a very proactive action to ensure that respective ministries introduce robust and efficient revenue recovery mechanisms and processes. Agencies are invited to update the Revenue Arrears Taskforce Committee every quarter to update on their revenue arrears position and highlight the measures that it has undertaken to remedy its revenue arrears position.

More importantly, revenue generating agencies revenue arrears targets are discussed at the Taskforce meeting and explanation is sought if any agency is not able to meet its set target. In hindsight, it has been noted that for some agencies such as Judicial Department bulk of the revenue arrears are old-aged (owing more than 5 years) and high degree of commitment, coordination with its stakeholders namely Land Transport Authority and Fiji Police Force is required to recover the debt. On a positive note, it has been noted it has already forged partnerships with these agencies to assist in debt recovery.

5.1.2 Significant Balances Owed to Government

The arrears of revenue totaling \$150,840,876 as at 31 December 2014 increased by \$3,764,963 or 2.6% as from previous year

The audit review of the arrears of revenue for Ministries and Departments revealed the proportion of debt in relation to:

- (i) Income Tax, Value Added Tax (VAT) and Customs duty arrears for Fiji Revenue & Customs Authority totaling \$65,535,110 or 43%;
- (ii) Water Authority of Fiji (WAF) of \$32,348,574 or 21%;
- (iii) Lands Department of \$25,250,168 or 17%;
- (iv) Judicial Department of \$13,345,569 or 9%; and
- (v) Various ministries and departments making up the balance of \$14,361,455 or 10%.

Refer to Table 5.1 depicting the significant arrears of revenue balances for Ministries and Departments which are due to Government:

Table 5.1:- Significant Arrears of Revenue Balances over the 6 years by the Ministry /Department

Year	FRCA - Customs (\$)	FRCA - Inland Revenue Services (\$)	Water Authority of Fiji (\$)	Lands (\$)	Judicial (\$)
2009	4,170,038	84,509,589	36,755,411	17,486,274	10,828,342
2010	11,530,304	132,520,763	34,843,653	17,970,765	10,970,177
2011	8,331,984	136,069,034	---	19,561,844	11,397,061
2012	3,292,502	107,887,503	38,127,154	22,729,013	11,341,730
2013	6,047,820	60,923,881	32,019,392	25,228,161	11,968,031
2014	15,032,658	50,502,452	32,348,574	25,250,168	13,345,569

As a result of the large arrears held by the entities, government continues to lose potential revenues and funds thus increasing the risk of amounts written off or being deemed irrecoverable over time.

Recommendation

Ministry of Finance through its Task Force Team should review its strategies and impose more stringent measures and recovery policies on Ministries/Departments to monitor their debt recovery procedures to reduce potential irrecoverable debts.

Management Comments

The Ministry of Finance is currently in transition phase to adopt accrual based accounting. It is already working on the parameters to recognize provision of doubtful debts based on the degree of uncertainty in respect to Accounts Receivable and will be swiftly rolled out once fully-fledged accrual accounting system is adopted.

6.0 EXPENDITURE

6.1 Overview of 2014 Government's Budgeted and Actual Expenditures

A total of \$3,107,213,300 was approved in the 2014 budget to be utilised for the financial year 2014.

Under the 2014 Appropriation Decree 2013, \$2,576,056,790¹⁷ was approved to be issued from the consolidated fund to be applied to the ordinary services of the government for the year ended 31 December 2014. Included in this, is a sum of \$64,608,342 for recurrent and non-recurrent loans under the Lending Fund Account.¹⁸

The actual expenditure applied to the ordinary services of government as approved under the 2014 Appropriation Decree 2013 totalled \$2,422,001,334.

In addition, \$503,261,216 was incurred by government in the payments of pensions and debt servicing bringing the actual total expenditure for government to \$2,925,262,550 as at 31 December 2014.

Detail of government expenditure is tabulated below:

Table 6.1: Overview of 2014 Budget and Actual Expenditure

Original Budget (\$)	Redeployment/ Virement (\$)	Revised Budget Amount (\$)	Expenditure	Actual Expenditure 2014 (\$)	Actual Expenditure 2013 (\$)	Increase in Actual Expenditure (\$)	% Increase
1,481,681,200	(4,045,514)	1,477,635,686	Operating ¹⁹	1,434,490,110	1,212,492,363	221,997,747	18
1,013,493,000	1,906,576	1,015,399,576	Capital ²⁰	930,115,814	586,349,201	343,766,613	59
68,774,400	2,138,938	70,913,338	VAT Payments ²¹	57,395,410	41,682,412	15,712,998	38
2,563,948,600	---	2,563,948,600	Total Heads of Appropriation Expenditure	2,422,001,334	1,840,523,976	581,477,358	32
39,747,400	---	39,747,400	Pension Payments ²²	36,785,353	35,340,641	1,444,712	4
279,565,300	604,463	280,169,763	Interest on Loans ²³	264,309,159	260,450,670	3,858,489	1
223,952,000	(604,463)	223,347,537	Principal on Loans ²⁴	202,166,704	179,320,246	22,846,458	13
543,264,700	---	543,264,700		503,261,216	475,111,557	28,149,659	6
3,107,213,300	---	3,107,213,300	Totals Government Expenditure	2,925,262,550	2,315,635,533	609,627,017	26

¹⁷ For all Heads of Appropriation listed in the Schedule 1 & 2 of the Appropriation Decree except Head 51 & Head 52

¹⁸ Decree No. 30 - 2014 Appropriation Decree 2013

¹⁹ SEG 1,2,3,4,5,6 & 7

²⁰ SEG 8,9 & 10

²¹ SEG 13

²² SEG 11

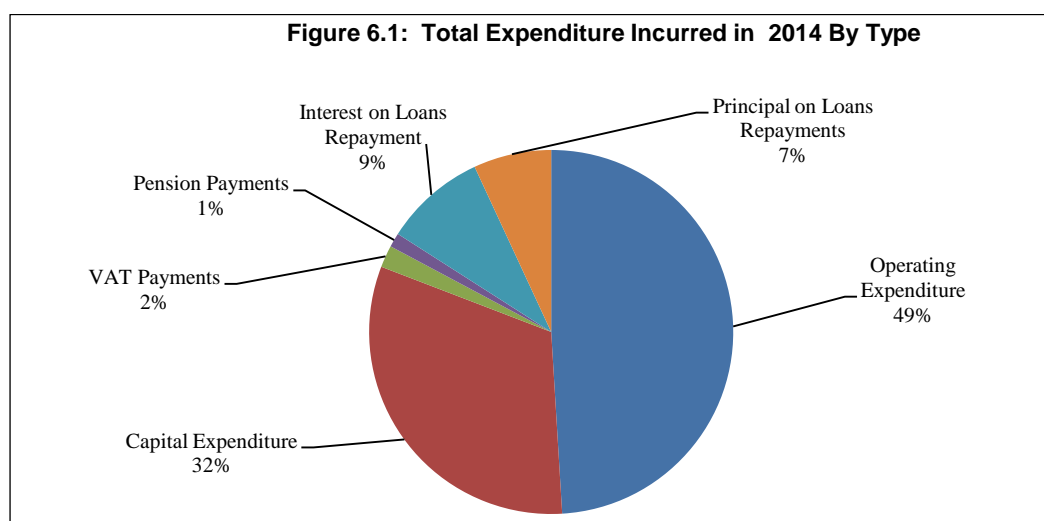
²³ SEG 14 & 15

²⁴ SEG 14 & 15

In 2014, total expenditure increased by \$609,627,017 or 26% compared to the total expenditure of \$2,315,635,533 incurred in 2013.

Major increase was noted in capital expenditure by \$343,766,613 or 59% while operating expenditures increased by \$221,997,747 or 18%.

Capital expenditures were incurred for capital constructions, capital purchases, and capital grants given to government entities, commercial companies, and other statutory bodies.



In addition to the total expenditure, the Trading & Manufacturing Account as a trading arm of Government incurred a total expenditure of \$18,131,509.

6.2 Overall 2014 Budget Utilisation by Standard Expenditure Groups

A total of \$3,107,213,300 was approved in the 2014 Budget to be utilised for the financial year 2014. Government incurred a total of \$2,925,262,550 or 94% of the approved budget allocation for the year 2014.

The budget for 2014 increased by \$599,831,093 or 24% compared to the allocated budget of \$2,507,382,207 in 2013. Major increases in budget allocation were noted for capital expenditure as it increased by \$287,845,356 or 40% from the 2013 allocation of \$723,741,068.

Summarised in a table below is the approved budget allocation and its utilisation for the financial year 2014.

Table 6.2: Budget Utilisation for 2014

Revised Forecast		Standard Expenditure Group	Actual Expenditure		Budget Savings	
Budget 2013	Budget 2014		31/12/2013	31/12/2014	31/12/13	31/12/14
572,489,105	727,724,797	Established Staff	581,796,373	719,735,059	(9,307,268)	7,989,738
40,378,833	46,128,456	Government Wage Earners	40,873,910	45,253,662	(495,077)	874,794
26,644,743	30,691,410	Travel and Communications	25,501,187	28,713,649	1,143,556	1,977,761
92,331,920	95,465,906	Maintenance and	88,968,169	90,243,819	3,363,751	5,222,087

Revised Forecast		Standard Expenditure Group	Actual Expenditure		Budget Savings	
Budget 2013	Budget 2014		31/12/2013	31/12/2014	31/12/13	31/12/14
		Operations				
76,786,396	91,061,496	Purchases of Goods and Services	71,733,445	82,305,459	5,052,951	8,756,037
354,095,755	407,363,664	Operating Grants and Transfers	343,451,514	400,163,862	10,644,241	7,199,802
81,166,996	87,290,985	Special Expenditure	60,167,765	68,074,600	20,999,231	19,216,385
1,243,893,748	1,485,726,714	Total Departmental Operating Expenditure	1,212,492,363	1,434,490,110	31,401,385	51,236,604
32,947,400	39,747,400	Pensions, Gratuities and Compassionate Allowance	35,340,641	36,785,353	(2,393,241)	2,962,047
451,549,100	503,517,300	Finance Charges on Public Debt	439,770,916	466,475,863	11,778,184	37,041,437
484,496,500	543,264,700	Total Un-allocable Operating Expenditure	475,111,557	503,261,216	9,384,943	40,003,484
62,905,334	110,715,392	Capital Construction	54,783,794	83,464,462	6,121,540	27,250,930
38,484,079	61,697,093	Capital Purchase	36,367,494	45,199,392	2,116,585	16,497,701
624,351,655	839,173,939	Capital Grants and Transfers	495,197,913	801,451,960	129,153,742	37,721,979
725,741,068	1,011,586,424	Total Capital Expenditures	586,349,201	930,115,814	139,391,867	81,470,610
53,250,891	66,635,462	Value Added Tax	41,682,412	57,395,410	11,568,479	9,240,052
2,507,382,207	3,107,213,300	TOTAL	2,315,635,533	2,925,262,550	191,746,674	181,950,750

A total budget savings of \$181.95 million or 6% was recorded by government in 2014 due to the savings made from all standard expenditure group allocations.

6.3 Government Expenditures in the Last 5 years

Government's expenditure for the last 5 years has been increasing even though a marked decrease in 2012. The biggest increase was noted for the year 2011 and again in 2014. The increase in expenditure in 2011 was due to the repayment of the global bond raised in 2006.

Total expenditure in 2014 increased by 26% or \$609,627,017 compared to the increase of only 2% or \$49,419,984 from 2012 to 2013.

Table 6.3: Government expenditure in the last five years

Expenditures	2010	2011	2012	2013	2014	Totals
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Operating	1,023,209,823	1,060,642,429	1,135,616,969	1,212,492,363	1,434,490,110	5,866,451,694
Capital	340,248,624	494,534,102	533,838,990	586,349,201	930,115,814	2,885,086,731
VAT	48,735,275	43,978,964	50,043,665	41,682,412	57,395,410	241,835,726
Pensions	33,138,552	33,374,303	36,371,122	35,340,641	36,785,353	175,009,971
Interest on Loans	223,952,584	265,728,294	257,802,716	260,450,670	264,309,159	1,272,243,423
Principal Repayments	231,391,075	504,493,603	252,542,087	179,320,246	202,166,704	1,369,913,715
Total	1,900,675,933	2,402,751,695	2,266,215,549	2,315,635,533	2,925,262,550	11,810,541,260
Increase/ (Decrease)		502,075,762	(136,536,146)	49,419,984	609,627,017	
% Change		26%	(6%)	2%	26%	

The governments operating and capital expenditures have been increasing over the years as government continues to deliver its services to the general public.

6.4 Allotment of Charges between the Operating Fund Account (Fund 1) and Trading and Manufacturing Account (Fund 4)

The profit and loss statement must include all expenses that relate to the activity, and where necessary, include estimates of overheads met by the department, depreciation of assets, services provided below costs by other agencies, provision for doubtful debts, and provision for inventory to be written off²⁵.

In accrual accounting, the matching principle requires that expenses should be recorded during the period being incurred, regardless of involvement of any cash.

The audit review of financial statement of government noted that the following:

- TMA fund expenditures (Fund 4) were being funded from operating expenditures (Fund 1) of the department. For example, the Government Printing and Stationary Department (GPSD) utility bills for the TMA operation was paid from operating fund account totalling \$111,185. Refer to Appendix 4 for details.
- accounting policies/guidelines on the disclosure of funds or assets allocated for normal government operations but are used for the trading and manufacturing purposes have yet to be put in place.

Transfers of funds between TMA and operating funds is not allowed except for the purchases of goods and services, as confirmed by the FMIS unit of the Ministry of Finance.²⁶

However, the audit review noted of possible misstatements in the TMA accounts as apportionment of payments between funds are not disclosed by all TMA accounts operators.

Therefore the true financial performance of the TMAs may not fully reflected in the various TMA financial statements and trading and manufacturing expenses may be understated. Utilisation of operating fund for TMA operation and vice versa is unauthorised.

Recommendations

- **All TMA operators should ensure that all expenditures incurred for TMA related expenditures should not be charged to operating expenditures allocations.**
- **The Ministry of Finance Asset Management Unit should review the management TMA policy.**
- **Disciplinary action should be instigated on officers using operating fund to fund TMA operations.**

²⁵ Finance Instruction 2010 – Section 30

²⁶ Email from Acting Director FMIS dated 21/02/15

Ministry's Comments

The AMMU is currently working on a new strategy to extract and substantiate the exact batches where inter-fund posting between Operating (Fund 1) and Trading and Manufacturing Account (Fund 4) has taken place. This will ensure that transactions are posted correctly in their respective books.

Apart from the new report extracted by Q & A analytical tool application which extracts data from the FMIS, the FMIS Unit is also working on its users profiling to eliminate the accommodation of the inter-fund posting within the system

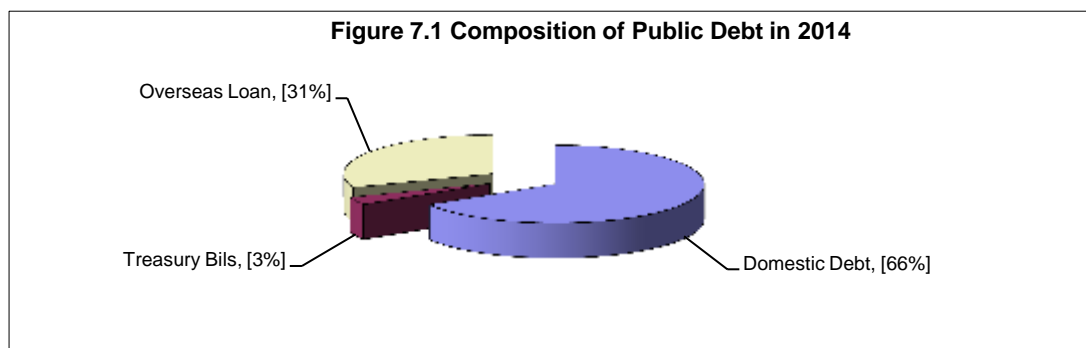
7.0 BORROWING FUND ACCOUNT

The Minister for Finance is authorised under Section 59 of the Finance Management Act 2004 to raise overdrafts or short term advances locally or from overseas borrowings for the purpose of the government.

These borrowings and advances are recorded in the accounts as receipts from government borrowings as a note to the financial statements.

Public debt in 2014 totalled \$4,083,194,826 and comprised of domestic borrowings of \$2,698,317,500 or 66% of total debt; overseas borrowings of \$1,254,277,326 or 31%; and treasury bills \$130,600,000²⁷ or 3%.

These are illustrated in Figure 7.1 below.



The government also receives short term advances from the Reserve Bank of Fiji (RBF) referred to as Ways and Means. The advances are raised to meet immediate cash needs of government.

During the year, government had utilised \$93,800,000 of this facility through RBF.

7.1 Trends in Government Borrowing by Category

The total Government borrowings outstanding at the end of each year from 2000 to 2014 and its composition for the last 15 years are summarised in Table 7.1.

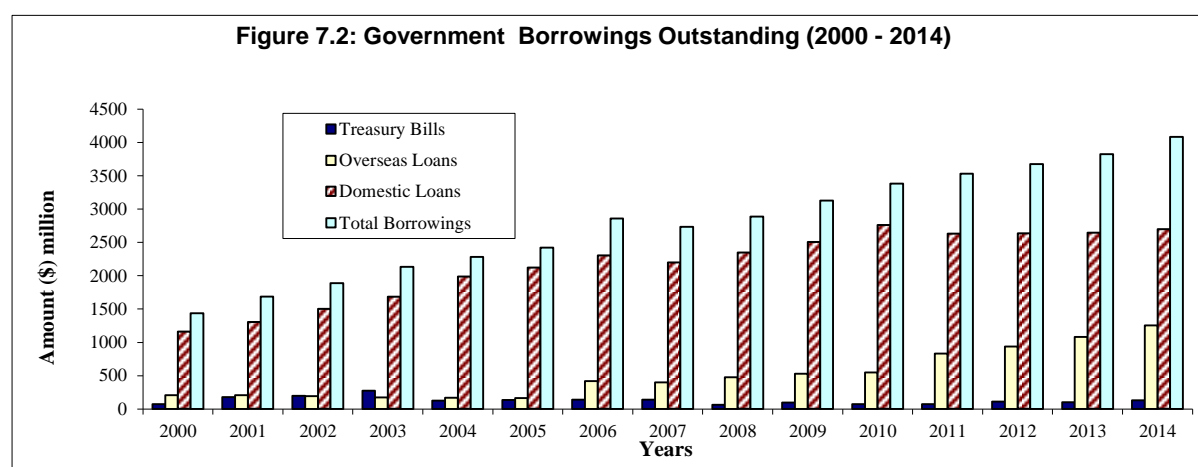
²⁷ Treasury bills includes principal of \$128,583,452 and discounts of \$2,016,548

Table 7.1: Government Outstanding Borrowings (2000 – 2014)

Year	Domestic Bond (\$)	% of Total Borrowing	Treasury Bills (\$)	% of Total	Overseas Loan (\$)	% of Total Borrowing	Total (\$)
2000	1,158,595,650	81	72,449,838	5	207,697,167	14	1,438,742,655
2001	1,302,595,650	77	176,604,613	10	206,889,315	12	1,686,089,578
2002	1,501,095,650	79	196,432,453	10	193,505,879	10	1,891,033,982
2003	1,682,718,650	79	276,925,838	13	174,125,752	8	2,133,770,240
2004	1,986,515,650	87	126,987,822	6	168,665,379	7	2,282,168,851
2005	2,121,422,650	88	136,018,387	6	164,050,924	7	2,421,491,961
2006	2,300,672,650	80	141,311,687	5	416,729,200	15	2,858,713,537
2007	2,196,208,150	80	141,160,433	5	397,103,384	15	2,734,471,967
2008	2,346,258,150	81	64,552,990	2	475,994,415	16	2,886,805,555
2009	2,505,092,150	80	97,721,294	3	527,248,475	17	3,130,061,919
2010	2,759,292,150	82	74,969,800	2	548,461,798	16	3,382,723,748
2011	2,627,382,087	74	70,921,393	2	832,147,793	24	3,530,451,273
2012	2,631,565,650	72	111,732,963	3	935,530,587	25	3,678,829,200
2013	2,641,564,500	69	102,278,056	3	1,081,097,414	28	3,824,939,970
2014	2,698,317,500	66	130,600,000	3	1,254,277,326	31	4,083,194,826

The government bonds mature between 3 to 15 years. In contrast, the term of treasury bills range between 14 days to 364 days.

Over the last 15 years, the percentage of overseas borrowings constituted an average 16% of the total borrowings. A graphical representation of the government borrowings position is provided in figure 7.2.



Government borrowings in 2014 have increased by 7% compared to the year 2013. This is mainly due to an increase in overseas borrowings by \$173.2 million in 2014 and domestic borrowing by \$85.0 million.

Figure 7.3 shows the relationship between actual revenues and expenditures over the last 15 years.

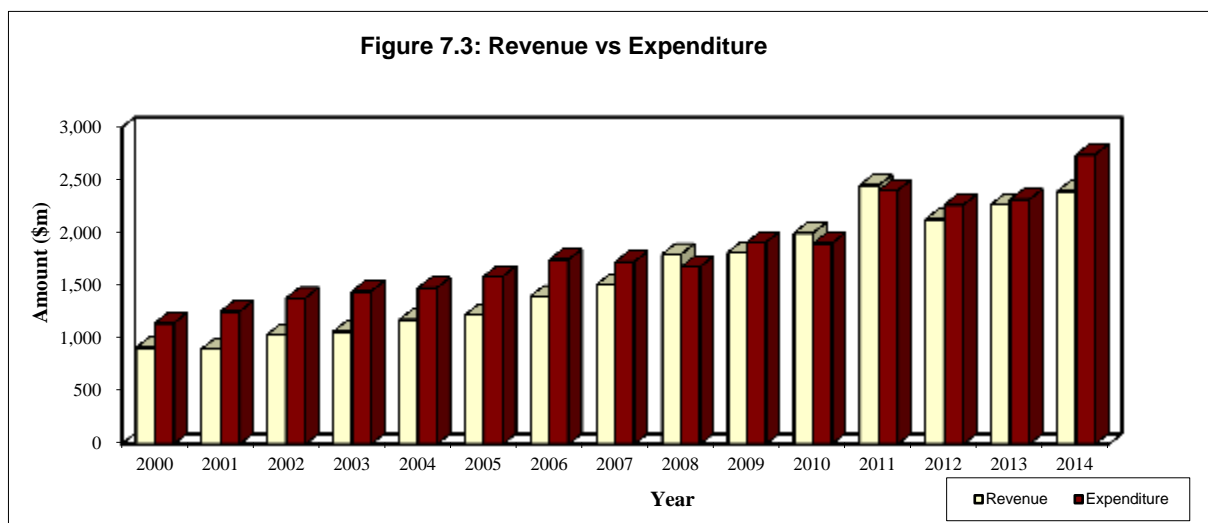
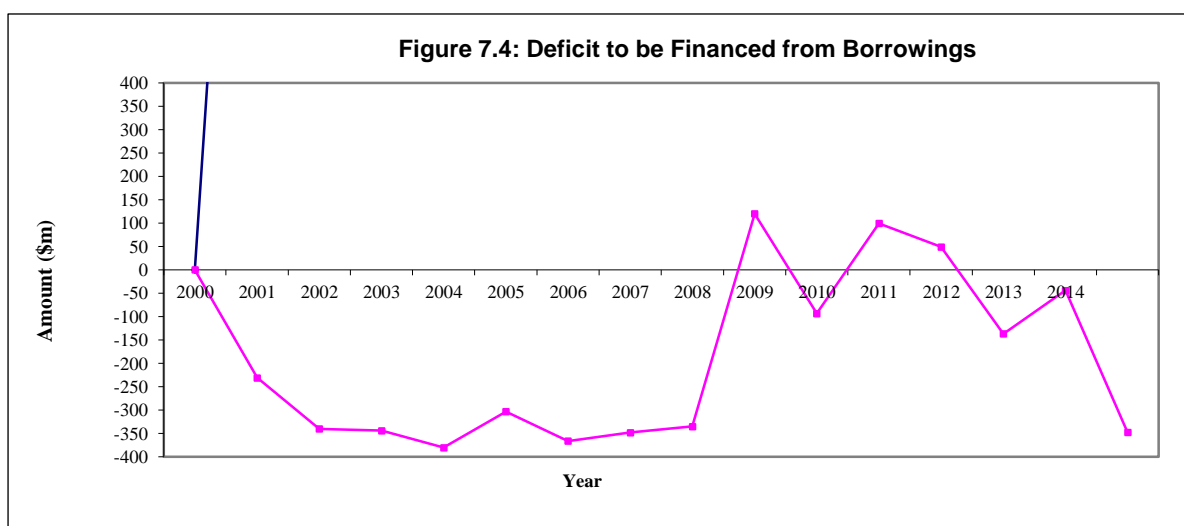


Figure 7.4 reveals that government expenditure of \$2,741,227,355 exceeded revenue \$2,393,392,531²⁸ during 2014 resulting in a gross deficit of \$347,834,824 for the year 2014.



7.2 Borrowings over the 15 Year Period

The composition of the government's borrowings over the last 15 years is summarised in Table 7.2

Table 7.2: Additional Borrowings per Year 2000 – 2014

Year	Domestic Bonds		Overseas Borrowings		Treasury Bills		Total	
	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change
2000	210,002.4		14,997.6		129,129.1		354,129.1	
2001	229,000.9	9	10,247.0	(32)	424,654.9	229	663,902.8	87
2002	299,000.0	31	26,196.7	156	437,465.8	3	762,662.5	15
2003	291,000.0	(3)	28,745.3	10	580,634.6	33	900,379.9	18

²⁸ Excludes borrowing revenue

Year	Domestic Bonds		Overseas Borrowings		Treasury Bills		Total	
	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change
2004	449,218.2	54	9,267.7	(68)	189,256.7	(67)	647,742.6	(28)
2005	319,967.0	(29)	8,641.3	(7)	326,951.1	73	655,559.4	1
2006	356,778.6	12	283,258.7	3,178	528,715.4	62	1,168,752.7	78
2007	100,536.3	(72)	19,855.8	(93)	685,889.2	30	806,281.3	(31)
2008	341,266.9	239	20,802.8	5	391,725.9	(43)	753,795.6	(7)
2009	404,239.8	18	25,476.8	22	253,821.7	(35)	683,538.3	(9)
2010	452,734.1	12	61,949.5	143	687,313.1	171	1,201,996.7	76
2011	81,470.5	(82)	569,043.1	819	411,970.9	(40)	1,062,484.5	(12)
2012	192,102.0	136	136,428.7	(76)	306,664.5	(26)	635,195.2	(40)
2013	172,822.0	(10)	99,466.3	(27)	138,122.1	(55)	410,410.4	(35)
2014	233,405.8	35	120,241.3	21	306,883.4	122	660,530.5	61

Government borrowings in 2014 totalled \$660.5 million of which \$233.4 million or 35% were funded through domestic bonds, \$120.2 million or 18% in overseas borrowings and \$306.9 million or 47% in treasury bills.

7.3 Loan Repayments

There is an annual obligation for the Government of Fiji to redeem the borrowings which become due for payment. The terms and conditions of the borrowings are stipulated in the loan agreements between the Government of Fiji and the lending agencies

The repayment of the borrowings of the Government of Fiji over the past 15 years is represented in Table 7.3:

Table 7.3: Repayment of Borrowings per Year 2000 – 2014

Year	Domestic Bonds		Overseas Borrowings		Treasury Bills	
	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)
2000	84,500,000	81,846,108	33,342,934	11,404,967	173,910,978	2,505,365
2001	87,000,000	88,493,634	20,294,173	9,755,046	320,504,093	2,207,889
2002	100,500,000	95,284,124	20,772,240	9,297,644	417,637,927	2,362,073
2003	109,377,000	101,997,794	16,265,941	7,150,813	500,141,175	2,597,656
2004	145,403,000	108,597,234	11,173,546	6,114,485	339,194,733	4,310,352
2005	185,058,000	120,220,533	12,721,412	5,473,517	317,920,558	2,392,788
2006	177,500,000	129,455,783	13,459,979	5,737,600	523,422,114	5,746,278
2007	204,992,000	148,023,033	17,126,498	22,201,747	686,040,488	10,514,012
2008	191,210,000	147,383,717	12,473,769	20,787,406	468,333,380	566,620
2009	245,405,000	165,287,007	21,211,637	24,410,365	220,653,349	1,971,651
2010	198,540,500	190,736,707	32,850,575	22,901,709	710,064,626	4,295,961
2011	213,380,000	213,248,464	291,113,603	43,104,766	416,019,281	2,081,244
2012	233,268,000	210,534,849	19,274,087	46,264,569	265,852,974	850,851
2013	159,668,000	207,506,356	19,652,246	51,976,719	147,577,053	722,947
2014	176,650,000	209,451,828	25,516,704	53,809,084	280,578,003	921,998

Principal payments for 2014 on government borrowings totalled \$482,744,707 whilst interest payments amounted to \$264,182,910.

The interest on domestic borrowings for 2014 was \$209.45 million compared to \$53.81 million for overseas borrowings and \$921,998 for treasury bills. The interest rate on domestic borrowings ranges from 1% to 6% whilst interest rates for overseas borrowings range from 1% to 3%.

7.4 Domestic Bonds

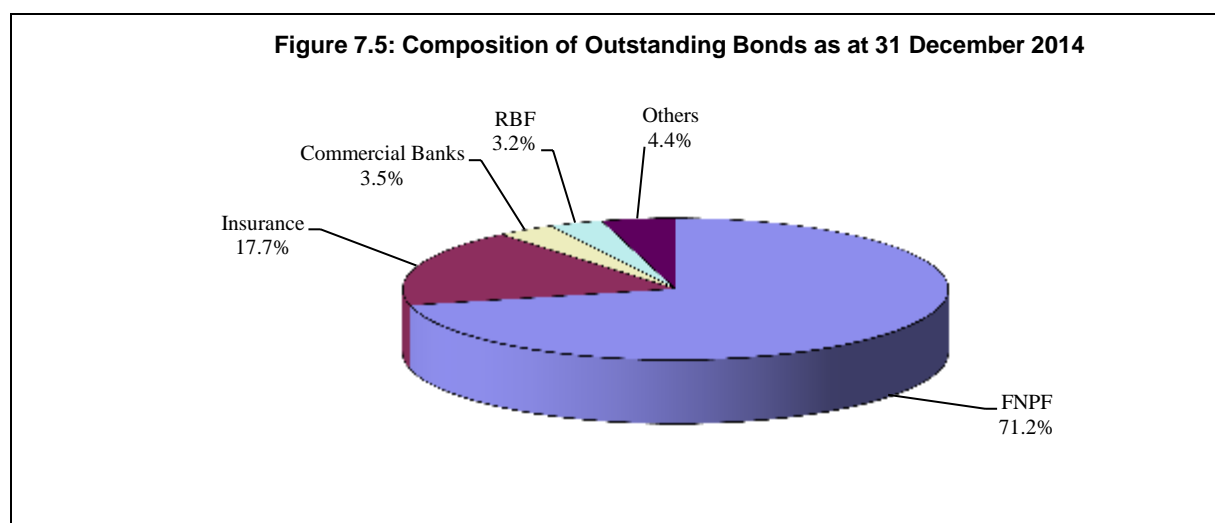
The total domestic bonds as at 31 December 2014 amounted to \$2,698,317,500²⁹ or 66% of total government borrowings. Table 7.4 shows the amounts that are owed by the Government of Fiji.

Table 7.4: Composition of Outstanding Government Bonds

Bond Holder	Amount (\$)	% of Outstanding Debt
FNPF	1,921,081,500	71.2%
Insurance Companies	476,529,000	17.7%
Commercial Banks	93,840,000	3.5%
RBF	86,131,000	3.2%
Trust Fund (excluding UTOF)	31,591,950	1.2%
Unit Trust of Fiji	23,660,000	0.8%
Credit Corporation	1,400,000	0.1%
Merchant Finance & Investment Ltd	9,250,000	0.3%
Others	54,834,050	2.0%
Total	2,698,317,500	100

Fiji National Provident Fund (FNPF) hold 71.2% of the bonds as at 31 December 2014; Insurance Companies 17.7%; Commercial Banks 3.5%; RBF 3.2%; the remaining 4.4% of the bonds are held by Trust Fund, Unit Trust of Fiji, Merchant Bank of Fiji, Credit Corporation amongst others.

The composition of outstanding government bonds is shown in Figure 7.5



²⁹ Include Inherited Fiji Sugar Growers Council loan of \$3,150,000 being included as domestic borrowings

7.5 Borrowings & Interest Payments

Details of outstanding borrowings over the past 15 years with the total interest paid and its budgetary provision is shown in Table 7.5. Interest payments on bonds are made on a six monthly basis.

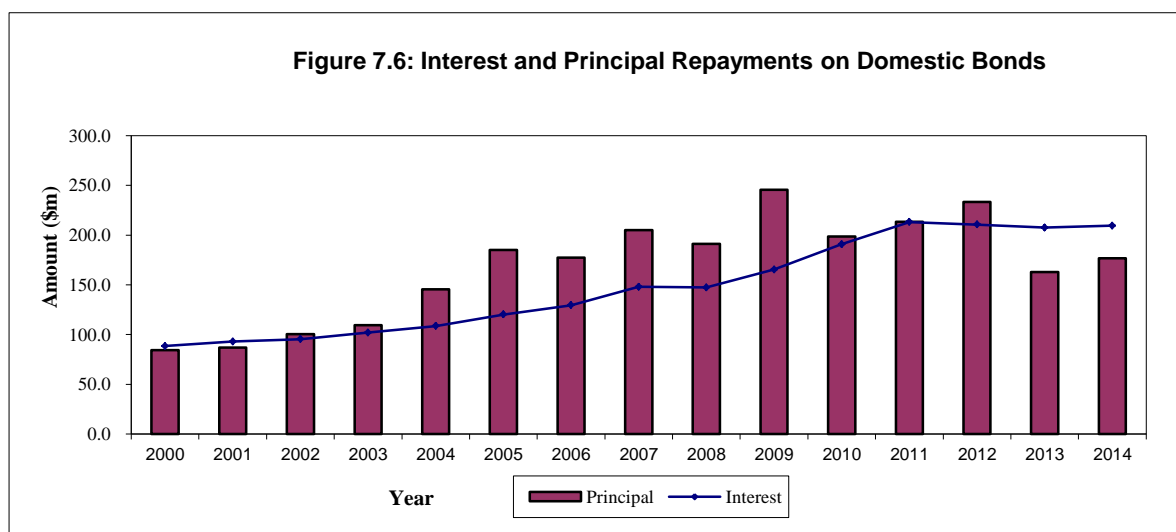
Table 7.5: Domestic Borrowings Outstanding, Interest Paid and Budgetary Provisions

Year	Domestic Borrowings \$m	% Increase / (Decrease)	Interest Paid \$m	% Increase/ (Decrease)	Budgetary Provision \$m	Variance
2000	1,158.6	11	81.8	(1)	85.2	3.4
2001	1,302.6	12	88.3	8	92.7	4.4
2002	1,501.1	15	95.3	8	102.0	6.7
2003	1,682.7	12	102.0	7	110.0	8.0
2004	1,986.5	18	108.6	6	121.5	12.9
2005	2,121.4	7	120.2	11	124.0	3.8
2006	2,300.7	8	129.5	8	127.7	(1.8)
2007	2,196.2	(5)	148.0	14	148.2	0.2
2008	2,346.3	7	147.4	(0.4)	151.4	4.0
2009	2,505.1	7	165.3	12	156.7	(8.6)
2010	2,759.3	10	190.7	15	190.6	(0.1)
2011	2,627.4	(5)	213.2	12	225.4	12.2
2012	2,631.6	0.16	210.5	(1.3)	211.7	1.2
2013	2,641.6	0.4	207.5	(1.4)	208.3	0.8
2014	2,698.3	2	209.4	0.9	209.5	0.1

Total domestic borrowings increased by \$56.7m or 2% in 2014 compared to 2013. The interest paid on domestic borrowings increased by \$1.9m or 0.9%

The Government had allocated \$209.5 million for interest payments during 2014 of which \$209.4 million was paid during the year.

The interest expense and the principal repayments over the past 15 years are shown in Figure 7.6. The audit noted that 40 domestic bonds were paid in 2014.

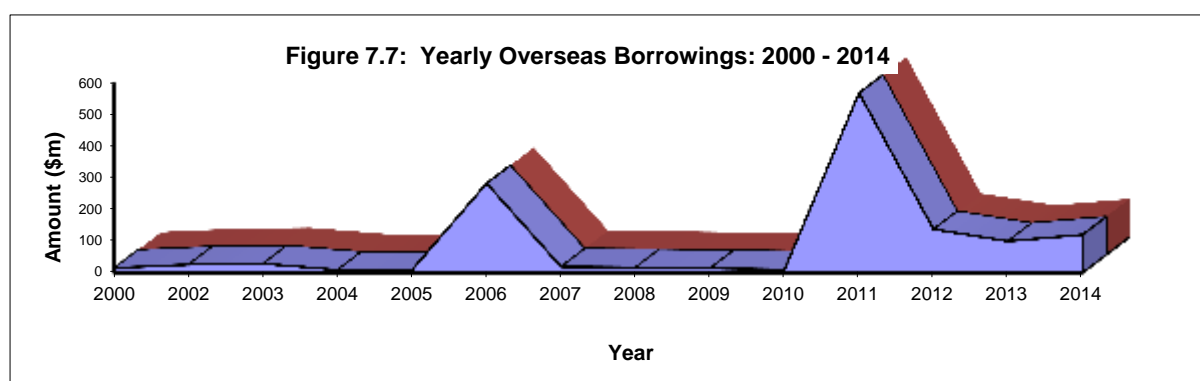


7.6 Overseas Borrowings

The total outstanding overseas borrowing of government as at 31 December 2014 was \$1,254,277,326 which represents 31% of the total outstanding borrowings. Majority of the overseas borrowings obtained were to finance capital projects.

7.6.1 Yearly Overseas Borrowings

Figure 7.7 shows the trend of the yearly cash overseas borrowings over the past 15 years.



The increased overseas borrowings in years 2006 and 2011 were due to the issuance of the \$US150 million and the \$US250 million in global bonds respectively.

The government had borrowed \$120.4 million in 2014 in the form of interest capitalisation and direct disbursement. Whilst loan repayments totalling \$79,325,788 were made this comprises of \$53,809,084 in interest and \$25,516,704 in principal payments.

Refer to Table 7.6 for the details of overseas Borrowings raised in year 2014.

Table 7.6: Loan Raised in Year 2014

Loan	Capitalisation Of Interest (\$)	Direct Disbursement (\$)	Total (\$)
Road Upgrading Project			
Fiji Road Upgrading Project III– Supplementary	---	2,270,254	2,270,254
Buca/ Moto Roads	---	16,290,021	16,290,021
Sigatoka / Serea Roads	---	12,620,013	12,620,013
Nabouwalu/ Dreketi	---	70,100,741	70,100,741
Water Supply Projects			
Suva/Nausori Water Supply Supplementary	73,234	9,787,613	9,860,847
Flood Recovery Loan			
Emergency Flood Recovery Loan	49,296	8,007,355	8,056,651
Housing Project			
Public Rental Housing	---	1,165,254	1,165,254
Total	122,530	120,241,251	120,363,781

Furthermore details of outstanding borrowings by Government as at 31 December 2014 are outlined as follows:

- (a) Borrowings in relation to the road upgrading project comprised of \$101.3 million or 84% of the total outstanding overseas borrowings. The funds obtained for this project were to be used for road upgrading, rehabilitation, and the management of road assets and sector.
- (b) Borrowings for water supply projects, namely, the Suva/Nausori water supply supplementary accounted for 8% or \$9.9 million of the total borrowings, which were mainly used for improving the water supply services.
- (c) Emergency flood recovery loan totalled to \$8 million or 7% of the overseas loan outstanding as at 31 December 2014.
- (d) Housing loan totalled to \$1.2 million or 1% of the outstanding loan. These are borrowings facilitated for rental of public housing project.

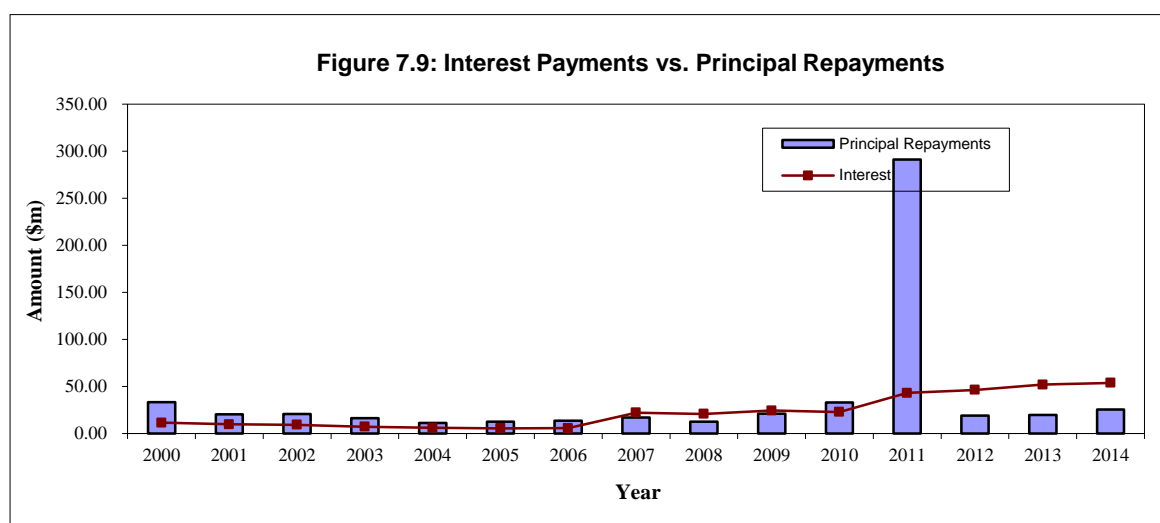
7.6.2 Overseas Borrowings Outstanding & Interest Paid

Table 7.7 provides details on the overseas borrowings outstanding over the past 15 years with the total interest paid each year.

Table 7.7: Overseas Borrowings Outstanding, Interest Paid and Budgetary Provision

Year	Overseas Borrowings (\$m)	Increase/ (Decrease) (%)	Interest Paid (\$m)	Increase/ (Decrease) (%)	Budgetary Provision (\$m)	Variance (\$m)
2000	207.7	1	11.4	(12.0)	13.2	1.8
2001	206.9	---	9.8	14	10.6	0.8
2002	193.5	(6)	9.3	(5)	10.0	0.7
2003	174.1	(10)	7.2	(23)	9.4	2.2
2004	168.7	(3)	6.1	(15)	7.0	0.9
2005	164.1	(3)	5.5	(10)	6.7	1.2
2006	416.7	154	5.7	4	6.4	0.7
2007	397.1	(5)	22.2	289	23.4	1.2
2008	476.0	20	20.8	(6.3)	24.8	4
2009	527.2	11	24.4	17	29.1	4.7
2010	548.5	4	22.9	(6)	28.2	5.3
2011	832.1	52	43.1	88	45.1	2
2012	935.5	12	46.3	7.4	51.4	5.1
2013	1,081.0	16	51.9	12	57.6	5.7
2014	1,254.3	16	53.8	3.7	63.4	9.6

In 2014, the overseas borrowings increased by 16% compared to 2013. A sum of \$63,420,378 was provided in the 2014 revised budget for interest expense whilst the actual interest payments on during the year totalled \$53,809,084 resulting in a saving of \$9,611,294. The principal and interest payments are illustrated in Figure 7.9.



Principal payment for overseas loans for 2014 amounted to \$25,516,704. This is an increase by \$5.86 million or 30% compared to 2013.

7.6.3 Revaluation of Overseas Borrowings

Overseas borrowings are revalued each year using the RBF exchange rate as at 31 December 2014 to recognise the balance owed in Fiji dollars. Table 7.8 outlines the amounts attributed to overseas borrowings due to revaluation over a 15 year period.

These in turn has an effect on public debt i.e. an increased revaluation increases the debt and vice versa.

Table 7.8: Revaluation of Overseas Borrowings & Unrealised Exchange Gains/Loss

Year	Revaluation Increase/ (Decrease)	Overseas Borrowings	Unrealised Exchange (Gain)/Loss as a % of Overseas Borrowings
	(\$)	(\$)	
2000	(19,589,702)	207,697,167	(9)
2001	(9,239,298)	206,889,315	(4)
2002	(18,905,125)	193,505,881	(10)
2003	(31,859,534)	174,125,752	(18)
2004	(3,554,545)	168,665,379	(2)
2005	(534,342)	164,050,924	(0.3)
2006	(17,120,505)	416,729,200	(4.1)
2007	(21,844,864)	397,103,384	(5.5)
2008	70,352,312	475,994,415	15
2009	46,988,862	527,248,475	9
2010	22,885,617	548,461,798	4
2011	1,537,285	832,147,104	0.2
2012	14,895,650	935,530,587	2
2013	65,287,541	1,081,097,414	6
2014	65,340,835	1,254,277,326	5

The value of the overseas borrowings increased by \$65,340,835 or 5% due to movement in exchange rates in 2014.

7.7 Treasury Bills

The government through the RBF floats treasury bills to raise funds in the domestic market to meet its short term needs.

Treasury bills are sold at a discount on face value of which the investor will receive face value upon maturity.

During the year, the government raised \$309,500,000 in treasury bills of which \$306,883,399 constituted net borrowings to the government whilst \$2,616,601 represented discount, as summarised in Table 7.9.

Table 7.9: Treasury Bill Holders For Bills Issued In 2014

Bank	Face Value	%	Discount (\$)	%	Net Receipts (\$)	%
Commercial Banks	236,600,000	76	1,539,902	59	235,060,098	76
FNPF	72,000,000	23	1,068,395	40	70,931,605	23
Others	900,000	1	8,304	1	891,696	1
Total	309,500,000	100	2,616,601	100	306,883,399	100

Moreover, 76% of the treasury bills raised were purchased by commercial banks, 23% by FNPF, and the remaining 1% was purchased by other entities that included Fijian Holdings Limited and Amalgamated Telecom Holdings Limited.

The treasury bills, which are issued by the government through the RBF, have a maturity period of 14 to 364 days.

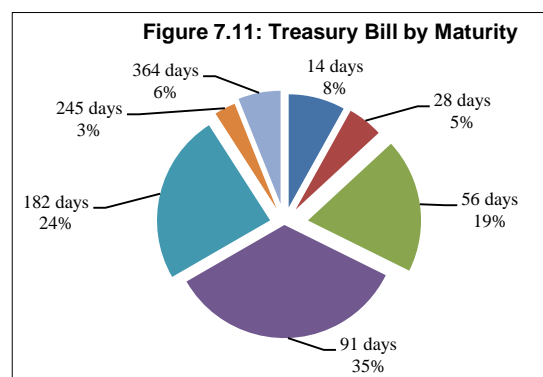
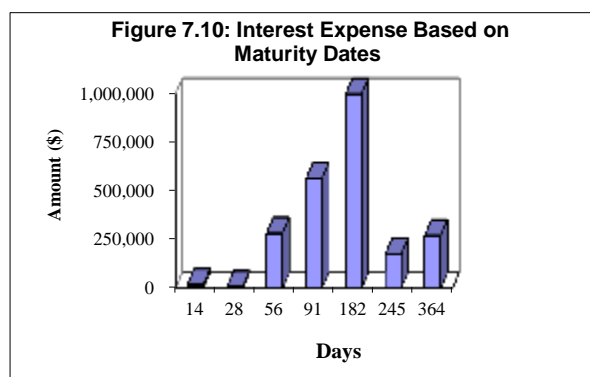
Table 7.10 details the total treasury bills raised during the year 2014 together with their maturity dates and interest.

Table 7.10: Maturity of treasury bills issued in 2014

Maturity in Days	Face Value (\$)	Interest (\$)	Treasury Bill Cost (\$)
14	25,000,000	17,742.74	24,982,257.26
28	16,000,000	7,058.12	15,992,941.88
56	59,000,000	283,231.48	58,716,768.52
91	106,400,000	564,709.65	105,835,290.35
182	74,700,000	1,296,945.57	73,403,054.43
245	10,200,000	174,622.85	10,025,377.15
364	18,200,000	272,290.73	17,927,709.27
Total	309,500,000	2,616,601.14	306,883,398.86

The amount raised by the government through treasury bills with varying maturity dates were bought largely by the commercial banks and Fiji National Provident Fund (FNPF) as reflected in the Figure 7.10 below.

The interest expense has been fluctuating as the maturity date increases. Refer to Figures 7.10 and 7.11 for these details:



7.7.1 Treasury Bills Over a 15-year Period

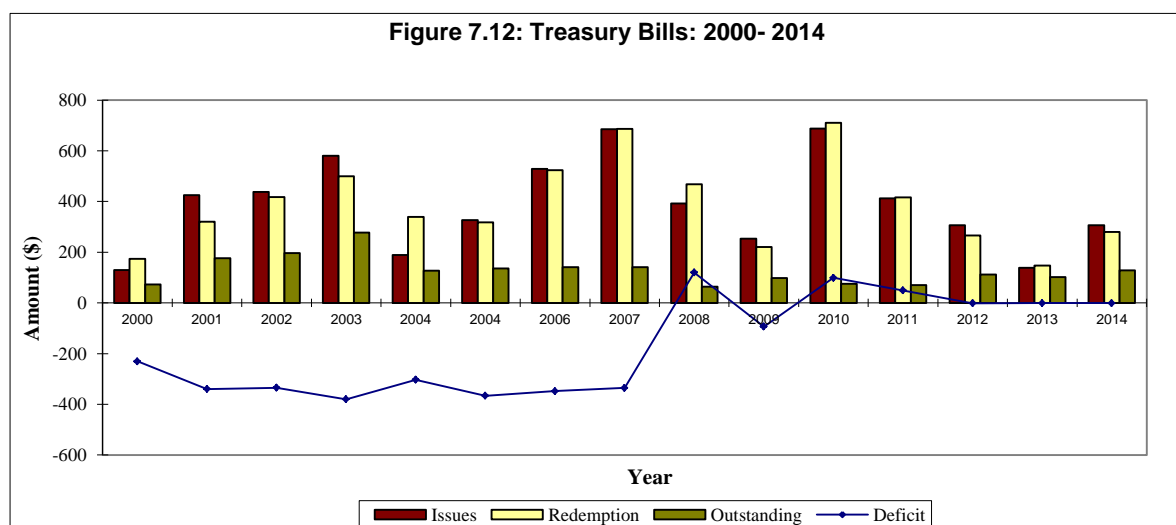
Treasury bills issued and redeemed over the last 15 years is summarised in Table 7.11.

Table 7.11: Treasury Bills 2000 – 2014

Year	Outstanding 01/01/14 (\$)	Issues (\$)	Redemption (\$)	Outstanding 31/12/14 (\$)
2000	117,231,671	129,129,145	173,910,978	72,449,838
2001	72,449,838	424,654,868	320,500,093	176,604,613
2002	176,604,613	437,465,767	417,637,927	196,432,453
2003	196,432,453	580,634,561	500,141,176	276,925,838
2004	276,925,838	189,256,716	339,194,733	126,987,822
2005	126,987,822	326,951,124	317,920,558	136,018,388
2006	136,018,388	528,715,414	523,422,114	141,311,687
2007	141,311,687	685,889,234	686,040,488	141,160,433
2008	141,160,433	391,725,937	468,333,380	64,552,990
2009	64,552,990	253,821,653	220,653,349	97,721,294
2010	97,721,294	687,313,133	710,064,626	74,969,800
2011	74,969,800	411,970,874	416,019,281	70,921,393
2012	70,921,393	306,664,544	265,852,974	111,732,963
2013	111,732,963	138,122,146	147,577,053	102,278,056
2014	102,278,056	306,883,399	280,578,003	128,583,452 ³⁰

The trend for treasury bills issued, redemptions, the bills outstanding at the end of the financial year and the yearly deficit/surplus are shown in Figure 7.12.

³⁰ Excludes interest of \$2,016,548



In 2014 a budgeted gross deficit of \$385.4 million was recorded, with treasury bills outstanding totalling \$130.6 million.

7.7.2 Treasury Bills Management

Treasury Bills are short-term financial instruments used by Ministry of Finance to cover shortfalls during the year. The analysis of budgeted revenue and expenditure as provided in the budget and the Treasury Bills for the year are as follows:

Table 7.12: Revenue Variance vs. Treasury Bills Raised

Revenue	2000 \$m	2001 \$m	2002 \$m	2003 \$m	2004 \$m	2005 \$m	2006 \$m	2007 \$m	2008 \$m	2009 \$m	2010 \$m	2011 \$m	2012 \$m	2013 \$m	2014 \$m
Budgeted Revenue															
Operating Receipts & Investing	816.3	951.7	1,011.8	1,115.8	1,149.7	1,257.4	1,346.6	1,430.0	1,411.5	1,522.4	1,496.5	1,745.7	1,942.8	2,108.4	2,721.8
Loan Receipts	234.7	253.1	338.5	315.2	461.5	370.0	394.5	371.0	370.2	522.5	497.5	734.5	338.4	398.9	385.4
Total	1,051.0	1,204.9	1,350.3	1,431.0	1,611.2	1,627.4	1,741.1	1,801.0	1,781.7	2,044.9	1,994.0	2,480.2	2,281.2	2,507.3	3,107.2
Actual Revenue															
Operating Receipts & Investing	911.0	900.5	1,038.4	1,066.3	1,176.2	1,221.9	1,401.3	1,391.3	1,454.9	1,412.8	1,536.5	1,801.3	1,937.1	2,098.4	2,371.0
Loan Receipts	225.0	239.2	325.2	319.7	458.5	328.6	633.9	118.9	345.6	405.4	463.0	693.4	192.2	173.1	353.6
Total	1,136.0	1,139.7	1,363.6	1,386.0	1,634.7	1,550.5	2,035.2	1,510.2	1,800.5	1,818.2	1,999.5	2,494.7	2,129.3	2,271.5	2,724.6
Revenue Variance	85.0	(65.2)	13.3	(45.0)	23.5	(76.9)	294.1	(290.8)	18.9	(226.7)	5.5	14.5	(151.9)	(235.8)	(382.6)
Treasury Bills as at 31st Dec	72.4	176.6	196.4	276.9	127.0	136.0	141.3	141.2	64.6	97.7	75.0	70.9	111.7	102.2	130.6
Excess/(shortfall)	157.4	111.4	209.7	231.9	150.5	59.1	435.4	(149.6)	83.5	(129.0)	80.5	85.4	(40.2)	(133.6)	(252.0)

The operating and investment receipts should pay for operational costs of Government which include SEGs 1 - 7, 11 & 12 and capital development programs.

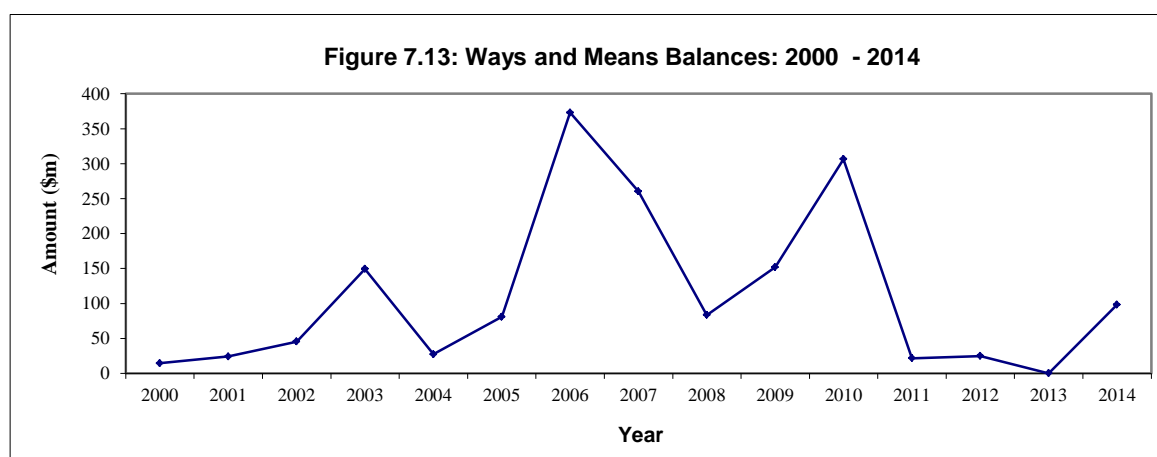
Treasury bills are raised to cover operational deficits provided that they are no more than the estimated operating and investing receipts to be collected during the year. The actual revenue collection in 2014 was less than the budgeted revenue by \$382.6 million.

Government revenue and borrowings from the domestic and the overseas market were not sufficient to meet the actual expenditure. In addition Government raised treasury bills amounting to \$306,883,399 in 2014.

7.8 Ways and Means

The ways and means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet immediate cash deficits. The Ways and Means are replenished by Government during the year and are therefore not reflected as part of borrowings.

An analysis of ways and means balances for the past 15 years is illustrated in Figure 7.13.



During the year 2014, Government utilised this advance facility from RBF to borrow during the year totalling \$98,300,000 compared to 2013, where the government did not utilise this facility.

7.9 Flexibility

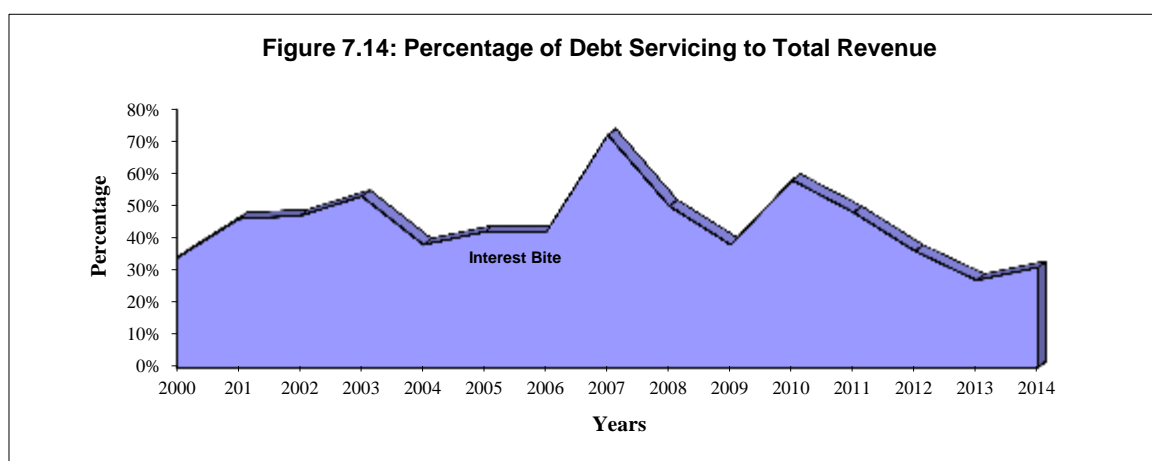
Flexibility is an indicator of the degree a Government can increase its financial resources or revenue to respond to increasing financial commitments either by expanding the revenue or increasing its debt burden.

Table 7.13 contains data for the total revenue and the debt repayments of Government for a period of 15 years. The revenue derived by the Government includes a significant portion which is derived from borrowings. The revenue data included in the analysis of flexibility does include the loan component.

Table 7.13: Comparison of Revenue and Debt Servicing

Year	Revenue (\$)	Debt Servicing (\$)	Interest Bite (%)
2000	1,135,964,892	387,869,552	34
2001	1,139,754,743	528,250,835	46
2002	1,363,992,433	647,020,349	47
2003	1,386,009,960	737,597,477	53
2004	1,634,663,320	617,152,850	38
2005	1,550,489,828	646,463,603	42
2006	2,035,207,842	857,682,649	42
2007	1,510,117,953	1,091,633,056	72
2008	1,800,583,846	896,317,497	50
2009	1,818,235,071	683,801,800	38
2010	1,999,480,409	1,155,094,117	58
2011	2,451,779,618	1,176,866,114	48
2012	2,129,334,959	775,194,479	36
2013	2,119,975,211	576,915,467	27
2014	2,393,392,529	746,927,616	31

The interest bite represents the percentage of debt repayment comprising the principal and interest components of the domestic and overseas borrowings as well as redemptions.



In 2014, the flexibility measure was 31% indicating that the total debt repayment was equivalent to 31% of the revenue received by the Government during the year compared to 27% during 2013.

Hence, only 69% of revenues collected were available for government programs during 2014 compared to 73% during 2013.

7.10 Vulnerability

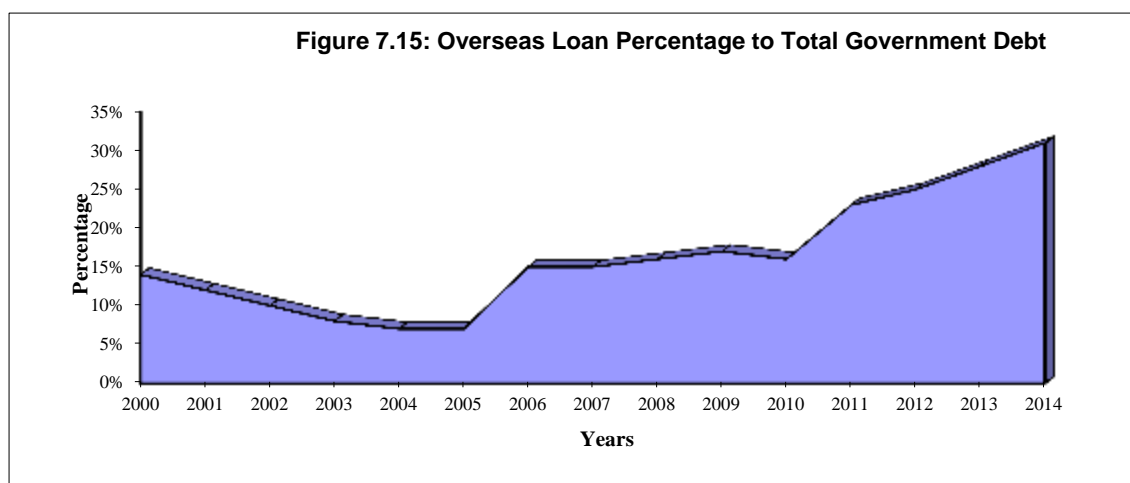
Vulnerability is the measure of the degree of dependence of government on sources of borrowing outside its control or influence.

A measure of vulnerability is the comparison of overseas borrowings to the total Government debt. Table 7.14 compares overseas borrowings to total government borrowings for a period of 15 years.

Table 7.14: Comparison of Overseas Borrowings and Total Borrowings

Year	Overseas Borrowings (\$)	Total Borrowings (\$)	%
2000	207,697,167	1,438,742,654	14
2001	206,889,315	1,686,089,578	12
2002	193,505,879	1,891,033,984	10
2003	174,125,752	2,133,770,240	8
2004	168,665,379	2,282,168,851	7
2005	164,050,924	2,421,491,962	7
2006	416,729,200	2,858,713,537	15
2007	397,103,384	2,734,471,967	15
2008	475,994,415	2,886,805,555	16
2009	527,248,475	3,130,061,918	17
2010	548,461,798	3,382,723,748	16
2011	832,147,793	3,566,351,336	23
2012	935,530,587	3,678,829,200	25
2013	1,081,097,414	3,824,939,970	28
2014	1,254,277,326	4,083,194,826	31

In 2014, overseas borrowings made up 31% of outstanding government borrowings which increased by 3% compared to 2013.



The overall trend indicates an increasing reliance on overseas borrowings from 2006.

Another measure of vulnerability is the comparison of overseas borrowings to GDP. Table 7.15 compares overseas borrowings to GDP for a period of 10 years.

Table 7.15: Comparison of Overseas Borrowings and GDP

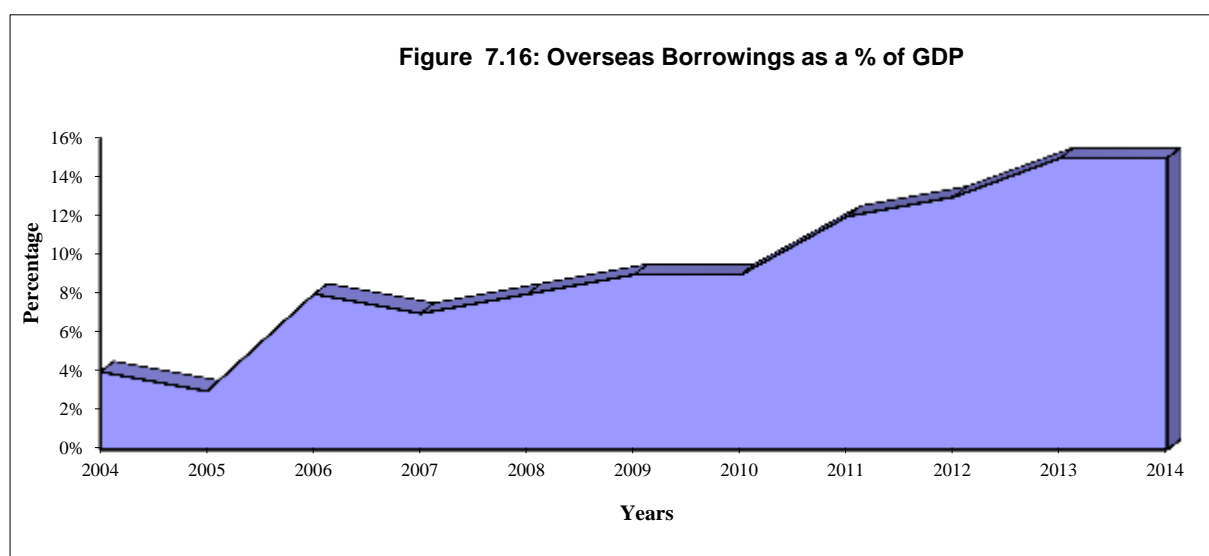
Year	Overseas Borrowings (\$)	Nominal GDP (\$)	% of Overseas Borrowings /GDP
2005	164,050,924	5,069,432,000 ⁺	3
2006	416,729,200	5,431,720,200 ⁺	8
2007	397,103,384	5,566,057,664 ⁺	7
2008	475,994,415	5,895,900,000 ⁺	8
2009	527,248,475	5,768,400,000 ⁺	9

Year	Overseas Borrowings (\$)	Nominal GDP (\$)	% of Overseas Borrowings /GDP
2010	548,461,798	6,111,648,000 ⁺	9
2011	832,147,793	6,846,600,000 ⁺	12
2012	935,530,587	7,316,564,000 ⁺	13
2013	1,081,097,414	7,445,793,200 ⁺	15
2014	1,254,277,326	8,552,900,000 ⁺	15

+Forecasted Figure

Source: Fiji Bureau of Statistics

Figure 7.16 shows that the percentage of the overseas debt to GDP increased by 1% to that of year 2013



Moreover, the comparison of the domestic debt to GDP is another measure of vulnerability. Table 7.16 compares Domestic Borrowings to GDP for a period of 10 years.

Table 7.16: Comparison of Domestic Borrowings and GDP

Year	Domestic Borrowings (\$)	Nominal GDP (\$)	% of Domestic Borrowings/ GDP
2005	2,121,422,650	5,069,432,000 ⁺	42
2006	2,300,672,650	5,431,720,200 ⁺	42
2007	2,196,208,150	5,566,057,664 ⁺	40
2008	2,346,258,150	5,895,900,000 ⁺	40
2009	2,505,092,150	5,768,400,000 ⁺	43
2010	2,759,292,150	6,111,648,000 ⁺	45
2011	2,663,282,150	6,846,600,000 ⁺	39
2012	2,631,565,650	7,316,564,000 ⁺	36
2013	2,641,564,500	7,445,793,200 ⁺	35
2014	2,698,317,500 ³¹	8,552,900,000	32

- Forecasted Figure

Source: Fiji Bureau of Statistics.

³¹ Excludes Treasury Bills outstanding at year end

In 2014, the domestic borrowings as a percentage of GDP decreased to 32%, a decrease by 3 per cent and constitute the lowest debt recorded to GDP over the 10 year period.

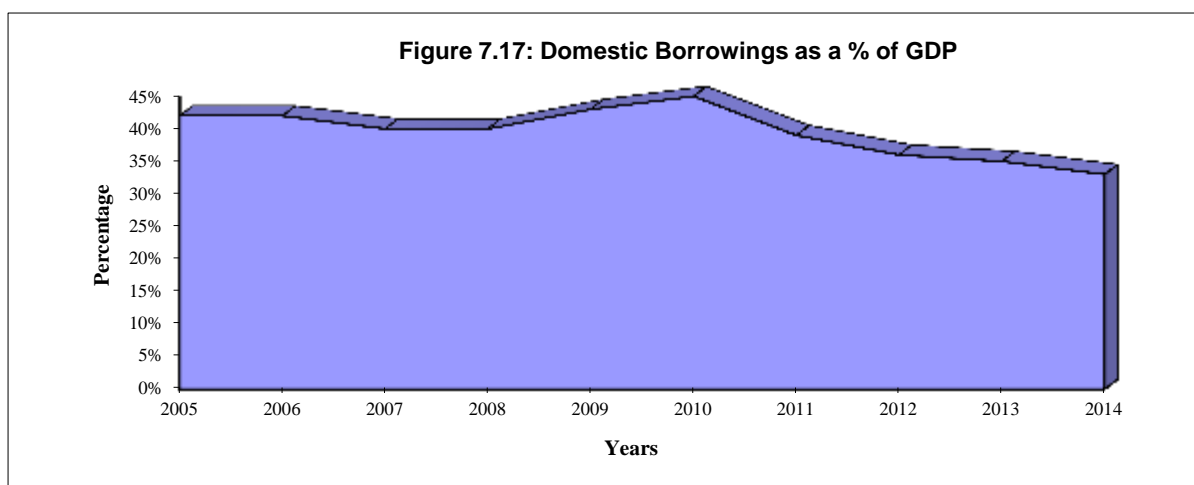


Figure 7.17 shows that the Domestic Borrowing as a percentage of the GDP has been fluctuating over the years and indicates the nation's capability to meet its internal debt obligations when due.

Table 7.17 shows the comparison between tax revenue and the GDP.

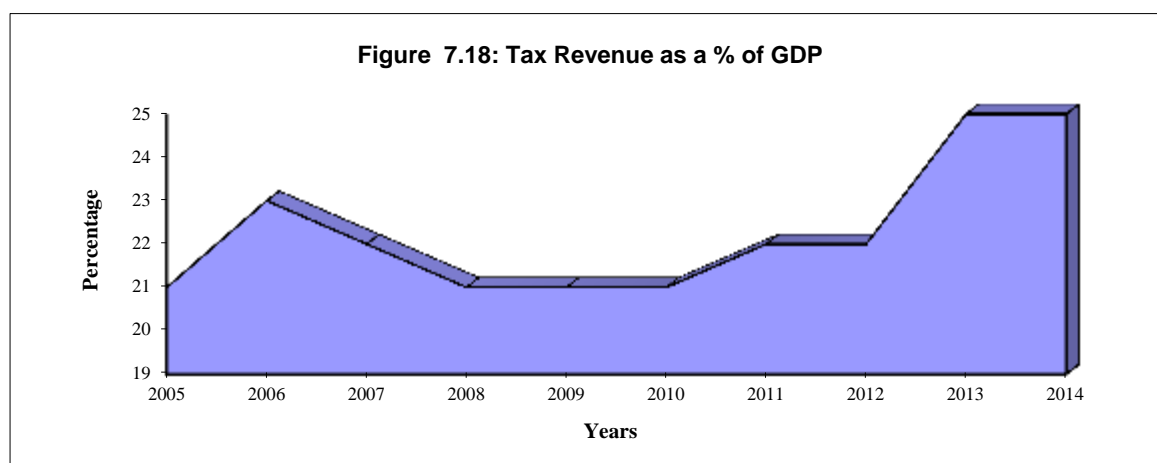
Table 7.17: Comparison of Tax Revenue and GDP

Year	Tax Revenue (\$)	GDP (\$)	% of Tax Revenue/GDP
2005	1,065,808,942	5,069,432,000 ⁺	21
2006	1,227,220,772	5,431,720,200 ⁺	23
2007	1,230,363,366	5,566,057,664 ⁺	22
2008	1,243,057,337	5,895,900,000 ⁺	21
2009	1,209,223,648	5,768,400,000 ⁺	21
2010	1,302,130,578	6,111,648,000 ⁺	21
2011	1,512,378,397	6,846,600,000 ⁺	22
2012	1,722,147,578	7,316,564,000 ⁺	24
2013	1,879,295,170	7,445,793,200 ⁺	25
2014	2,117,742,442	8,552,900,000⁺	26

⁺Forecasted Figure

Source: Fiji Bureau of Statistics

Table 7.17 shows that the Tax Revenue as a percentage of GDP over the last 10 years has been between 21% - 25%.

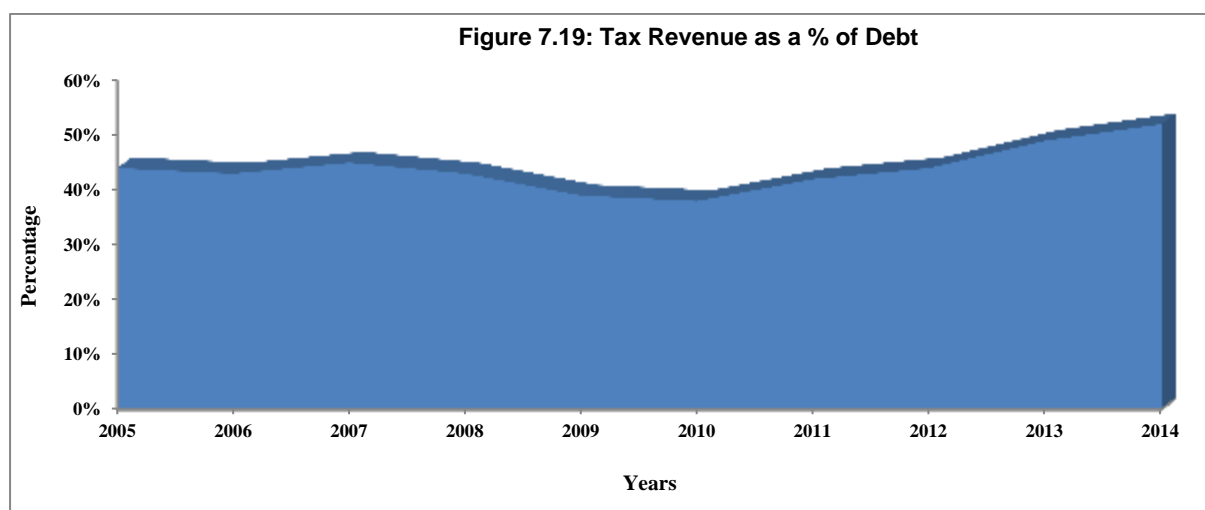


Another measure of vulnerability is the comparison of tax revenue to debt. Table 7.18 compares tax revenue to debt for a period of 10 years.

Table 7.18: Comparison of Tax Revenue and Debt

Year	Tax Revenue (\$)	Debt (\$)	% of Tax Revenue/Debt
2005	1,065,808,942	2,421,491,962	44
2006	1,227,220,772	2,858,713,537	43
2007	1,230,363,366	2,734,471,967	45
2008	1,243,057,337	2,886,805,555	43
2009	1,209,223,648	3,130,061,918	39
2010	1,302,130,578	3,382,723,748	38
2011	1,512,378,397	3,566,351,336	42
2012	1,722,147,578	3,678,829,200	47
2013	1,879,295,170	3,824,939,969	49
2014	2,117,742,442	4,083,194,826	52

The tax revenue as a percentage of debt it indicates that 52% of the debt can be met from tax revenue.



The ability of tax revenue to meet the debt over the 10 year period was on a declining trend since year 2007 and gradually increased from year 2010 to 2014 due to increase in tax collections during these years.

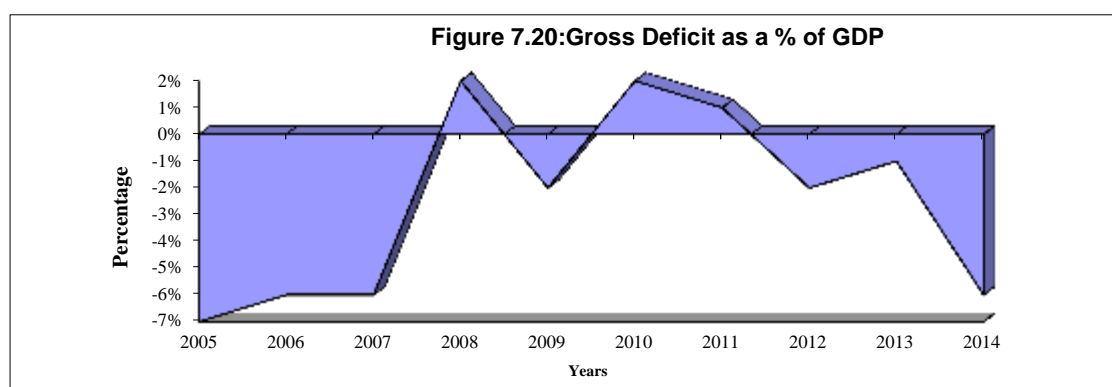
Table 7.19 shows the comparison of government surplus/ (deficit) to GDP.

Table 7.19: Comparison of Government Deficit (Surplus) and GDP

Year	Gross Surplus/ (Deficit) (\$)	GDP (\$)	% of Gross Surplus (Deficit) /GDP
2005	(366,334,029)	5,069,432,000+	(7)
2006	(346,769,675)	5,431,720,200+	(6)
2007	(334,935,764)	5,566,057,664+	(6)
2008	120,093,824	5,895,900,000	2
2009	(93,167,378)	5,768,400,000+	(2)
2010	99,398,751	6,111,648,000+	2
2011	49,027,101	6,846,600,000+	1
2012	(136,880,612)	7,316,564,000+	(2)
2013	(37,583,667)	7,445,793,200+	(1)
2014	(554,256,802)	8,552,900,000+	(6)

+Forecasted Figure

Source: Fiji Bureau of Statistics



In 2014, the gross deficit as a percentage of GDP increased by 3% compared to a 1 % gross deficit in 2013.

7.11 Sustainability

Sustainability is defined as the ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product.

The total Government debt as a percentage of GDP as at 31 December 2014 was 48%, indicating debt sustainability relative to the production of goods and services.

Table 7.20: Total Government Debt to Gross Domestic Product

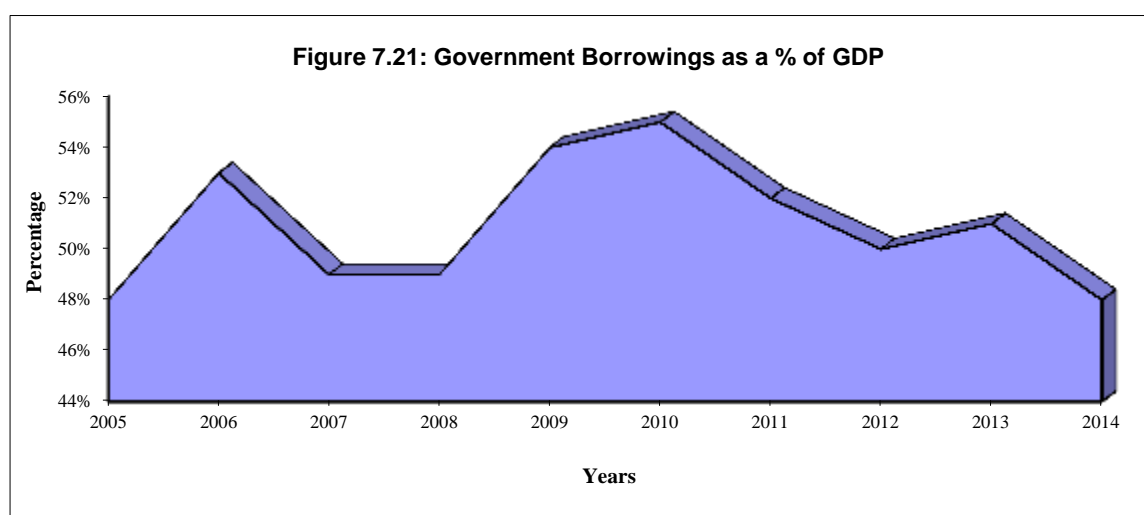
Year	Government Debt (\$)	% of Growth	GDP (\$)	% of Growth	Public Debt as a % of GDP
2005	2,421,491,962	6	5,069,432,000	12	48
2006	2,858,713,537	18	5,431,720,200	7	53
2007	2,734,471,967	(4)	5,566,057,664	2	49
2008	2,886,805,555	6	5,895,900,000	6	49
2009	3,130,061,918	8	5,768,400,000	(2)	54
2010	3,382,723,748	8	6,111,648,000	8	55
2011	3,566,351,336	5	6,846,600,000	12	52
2012	3,678,829,200	3	7,316,564,000	7	50
2013	3,824,939,970	4	7,445,793,200	2	51
2014	4,083,194,826	7	8,552,900,000+	15	48

- Forecasted Figure

Source: Fiji Bureau of Statistics

Table 7.20 shows that percentage growth in Government debt is 7% while the percentage growth in the economy is 15% indicating a slight decrease in debt burden of individuals in year 2014.

In 2014, percentage change in national debt relative to the GDP has decreased by 3% compared to year 2013.



The Government needs to sustain adequate resources to fund existing programs, commence new projects as well as meet existing creditor obligations in order to maintain the level of borrowings at a sustainable level.

8.0 LENDING FUND ACCOUNT

8.1 Term Loans Receivable

The Minister of Finance may, on behalf of the State, make loans of public money from the consolidated fund on such terms and conditions as the Minister thinks fit and whether within or outside

Fiji.³² A total of \$64.6 million was appropriated under the lending fund account³³.

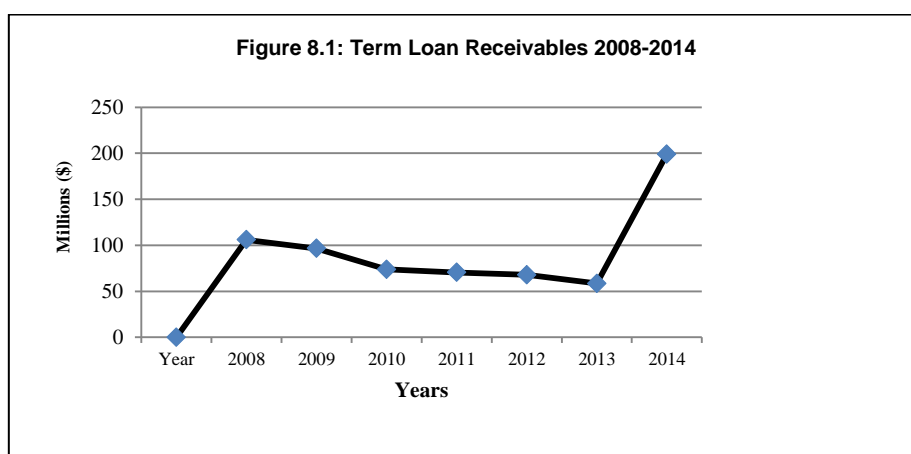
As at 31 December 2014, total outstanding loans owed to Government amounted to \$198,915,267, an increase of \$140,518,440 or 240% compared to the year 2013.

The significant increase was attributed to the subsequent recording of \$138,316,930 being the amount lent to Fiji Sugar Corporation Limited during 2011 and 2012.

The term loans receivable balances for the past seven years is graphed and tabulated below.

Table 8.1: Trend of Term Loan Receivables Balance

Year	Balance Outstanding (\$)
2008	105,861,373
2009	96,594,079
2010	73,833,129
2011	70,377,340
2012	67,813,754
2013	58,396,827
2014	198,915,267



In addition, of the \$198.9million in debt owed, \$13.7 million (7%) credit balance relating to Public Service Commission was recorded contrary to the asset nature of the account, reducing the balance for the terms loans outstanding.

Management Comments

A meeting was convened on 19th August, 2015 between PSC Management/ Accounts Team, MOF Officials and officials of OAG whereby it was agreed that PSC will take a lead role in rectifying the anomalies in SAG 61. PSC Team has given their assurance to correct the errors and rectify the figures before the end of 2015 fiscal period.

9.0 REVOLVING FUND ACCOUNT

9.1 Accounts Receivable & Prepayment and Accrued income

Prepayments comprise of un-recouped accountable advances paid to civil servants to facilitate official trips and accommodation for both domestic and overseas trips.³⁴ The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.³⁵ These are non-expenditure allocations, however, can be used to raise payments as revolving payments awaiting clearance to the respective expenditure allocations.

³² Financial Management Act 2004, Section 61 (1)

³³ 2014 Budget Estimate – Page 375

³⁴ Note 3.4 Significant accounting policies – Notes to the financial statement for Government for year ended 31 December 2014

³⁵ Part 10 - 2013 Pro Forma Finance Manual

The Minister of Finance may write off losses in respect of public money, state assets and agency assets.³⁶ Write off losses less than \$50,000 must be referred to the Permanent Secretary for Finance and that in excess of \$50,000 must be referred to the Minister for Finance. Losses include abandonment of claims, loss of livestock, assets and money.³⁷

The accounts receivables for the year 2014 totaled \$14,134,452 while prepayments & accrued income totaled \$1,673,840 compared \$18,712,196 and \$4,274,677 respectively for the year 2013. A decline of \$4,577,744 or 24% and \$2,600,837 or 61% respectively.

The audit noted the anomalies following the approval of write – off of balances in the general ledger:

- The Ministry passed accounting adjustments in the accounts receivable (\$4.81 million) and prepayments & accrued income (2014: \$2.8million and 2013: \$9.9 million) general ledger to reduce balances in the respective accounts as part of book cleaning exercise.
- These thus, cleared the unexplained balances in accounts receivable and prepayment & accrued income general ledger, however, increased without any justification the contra account balances to which the accounting entries are recorded to.
- Furthermore, after the write-off, a total of \$14.1 million was outstanding in accounts receivable as at 31 December 2014. Of this, \$13.6 million or 96% of the accounts receivable was not reconciled. Refer to Appendix 5 for details.
- Of the outstanding balances in prepayments, \$1.65 million or 99% of the balances are un-retired accountable advances that were provided to civil servants for travel on duty.
- Further, in the absence of reconciliations and records, recovery action has not been instigated to retire and account for the advances provided. Refer to Appendix 6 for responses from Ministry / department with large balances owed.
- Despite the substantial write offs, Ministries and departments continued to delay and are not robust to reconcile and recover advances;
- Clear procedure guideline by Ministry of Finance across Ministry/Department for uniformity in retirement of accountable advances is lacking.

These observations reflect the laxity of Ministries and Departments to account for receivables and advances owed.

Failure to reconcile balances is catalyst to subsequent write-offs showing lacked ownership of revolving payments and its subsequent accounting to the respective general ledger. Non-retirement and non-reconciliation of accountable advances not only understates expenditure recorded for the period and but could be fraudulently raised.

Recommendations

- **The Ministry of Finance should ensure that policy on the issue, accounting, reconciliation, clearance and its recovery is issued to all Ministry /Departments.**

³⁶ Financial Management Act 2004 – Section 34 (1)(a)

³⁷ Finance Instructions 2010 – Section 57 (1) – (3)

- **Regular review and monitoring of reconciliations for Ministries and Departments is carried out through the Ministry's Internal Audit Division.**
- **Disciplinary action is instigated on accounting officers who fail to reconcile substantial accountable advances within the accounting period.**

Management comments

The Accountable Advance policy which was issued in June 2014 outlines the general penalties and disciplinary actions that may be imposed against officers that do not adhere to procedures for retirement of advances

10.0 CONTINGENT LIABILITIES

Contingent liability is a potential liability that may or may not become due, depending on whether a possible event occurs, such as a claim for compensation, an indemnity or other legal claim.³⁸

10.1 Contingent Liabilities for Government

The government's total contingent liabilities had a total of 14 entities under the government guarantee in year 2014.

Table 10.1 below show the trend in total contingent liabilities for the years 2006 to 2014.

Table 10.1: Contingent Liabilities - 9 year analysis

Year	Number of Entities on Govt. Guarantee	Total Contingent Liabilities and Other Contingent Liabilities (\$)
2006	19	3,036,693,046
2007	15	3,328,068,372
2008	15	3,499,088,018
2009	16	1,963,068,505
2010	16	1,791,461,261
2011	16	1,931,795,891
2012	15	2,155,254,122
2013	14	2,191,273,681

Government guarantee during the year covered both domestic and overseas loans. The total contingent liabilities and other contingent liabilities as at 31 December 2014 amounted to \$2,556,656,916.

Other Contingent liabilities for overseas loans are for the membership subscriptions of Government with overseas agencies namely the International Bank for Reconstruction & Development and the International Development Association.

The subscriptions represent callable capital that Government subscribes for shares as its membership contributions/capital holdings with International agencies. The agencies would call on this callable

³⁸ Financial Instructions 2010, Section 2

capital if Fiji is proven not to be complying with the articles of agreement or if Fiji fails to honour its loan commitments under respective agreements with these institutions.

11.0 FINANCIAL MANAGEMENT INFORMATION SYSTEM (FMIS) UNIT

11.1 Unsubstantiated Inter Fund Transfer of Equity Charges - Operating Fund (Fund 1) and Trading and Manufacturing Accounts (Fund 4)

The ledger reconciliation statement shall be forwarded to the *Accounting Head*. The *Accounting Head* must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from the previous month have been dealt with.³⁹

A key feature of the FMIS Masterpiece includes the Query and Answer (Q&A) which provides exceptional reports that increases the accuracy of data related results and safeguarding against foreseeable errors.

Review of the year end TMA general ledger postings noted that the Ministry of Finance (Asset Management Unit) transferred balances from the Trading and Manufacturing Account (Fund 4) equity to the Operating Fund Account (Fund 1) equity.

In addition, there was no evidence of consultations with the relevant Ministry/Departments for these adjustments.

Refer to Table 11.1 for details of postings made at year end.

Table 11.1: Year-end equity transfer journals posted by the AMU

Journal	Narration	Allocation	Debit (\$)	Credit (\$)
TMA005/2014	To transfer balances in Fund 4 to Fund 1 Equity (Ministry of Fisheries and Forests, Ministry of Agriculture and Ministry of Works TMAs)	4-32251-77999-940377	6,366.91	
		1-32201-30999-910102		6,366.91
		1-30101-30999-910102	643,100.74	
		4-30351-77999-940330		643,100.74
		1-40501-91011-910102	23,693.70	
		4-40251-91011-940383		23,693.70
		4-40263-91011-940383	71,072.80	
		1-40501-91011-910102		71,072.80
		1-40501-92011-910102	35,820.12	
		4-40263-92011-940383		35,820.12
		1-40501-93011-910102	51,911.09	
		4-40263-93011-940383		51,911.09
TMA006/2014	Transfer balance in Fund 4 (DEW) to Fund 1	1-40501-92011-910102	5,505.39	
		4-40263-92011-940383		5,505.39
Total			837,470.75	837,470.75

Discussions with the responsible officers at the Asset Management Unit noted that the transfers are done in order to balance the Trading and manufacturing accounts. However, the explanations for postings of such nature could not be provided.

³⁹ Pro-forma Finance Manual 2013 – Section 16.3.1

In addition, Query and Answer Module in the FMIS did not produce exception reports for such unauthorised inter-fund accounting entries.

Recommendations

The Ministry of Finance:

- **Should ensure that accounting adjustment are carried out by Ministry/ Department;**
- **Should only take consultative and oversight functions to monitor the accounting of TMA operating as authorised;**
- **Should consider generating exceptional reports from Q&A on a monthly/quarterly basis as a means of increasing the accuracy of data related results and safeguarding against foreseeable errors.**

Ministry's Comments

The recommendation suggested by OAG is well taken. MoF has been assuming the TMA oversight and account adjustment function, in its bid to assist the TMA operators resolve their recurring audit issues pertaining to inter-fund entries.

Whilst AMU steps away from this operational task, the MoF is at the same time confident that there will be lesser queries on inter fund entries in future given the recent introduction and implementation of fund profiling

11.2 Involvement of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The audit noted that the Internal audit, Compliance and Good Governance Division (IACGG) have not been involved in the review of reconciliations of Ministry/Departments that are maintained with FMIS.

While the initial discussion with FMIS to involve IACGG to be part of the checking of write off submissions as a proactive measure did not eventuate, there are risks of incorrect amounts being written off from the books of accounts.

Failure to address the above, there is a risk that genuine account balances may be written off in error without being detected.

Recommendation

The Ministry of Finance Internal Audit, Compliance, Compliance and Good Governance Division shall consider carrying out reviews of Ministries/Departments relating to the correctness and accuracy of the underlying accounts reconciliations.

Ministry's Comments

While the Internal Audit & Good Governance (IAGG) Section acknowledges and appreciates the OAG's recommendation for the 'due diligence' processes of checking the reconciliations and write-off submissions to be strengthen, the IAGG Section wishes to advice that our function is basically internal auditing.

The Internal Auditing function is defined under the International Professional Practices Framework (IPPF) as: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Moreover, the function of the internal audit is mandated under the Finance Instruction 2010 section 72 which states the internal audit process as:

(1) "The Permanent Secretary for Finance must authorize the conduct of any audit that he/she deems necessary to determine whether-

(a) the operations or activities of all Budget Sector Agencies are being performed effectively, economically and efficiently and in compliance with all relevant written laws;

(b) the financial affairs of all budget sector agencies is in compliance with all relevant written laws and with due regard to the principles of responsible financial management."

Furthermore, it is worth noting the 'IIA standard 1130.A2' on internal audit responsibility for other (Non – audit) functions which state that;

"Internal auditors are not to accept responsibility for non-audit functions or duties that are subject to periodic internal audit assessments. If we have this responsibility, then we are not functioning as internal auditors. When the internal audit activity, Director Internal Audit or individual internal auditor is responsible for, or management is considering assigning, an operational responsibility that the internal audit activity might audit, the internal auditor's independence and objectivity will be impaired."

Evaluation and provision of assurance on the process of write offs and reconciliation will be conducted by IAGG during their time of audit.

Lastly we wish to raise our concern that Director IAGG was not consulted prior to the issue being raised in the report. IAGG would have provided a more constructive and value adding advice on the issue.

12.0 RECURRING AUDIT ISSUES

The following anomalies were raised in the audit report for the year ended 31 December 2013 without any corrective action taken by the Ministry of Finance to resolve the issue as at 31 July 2015.

Issues	Issue No.	Recommendation	Management Comments	Proposed timeline for resolving Recurring Issue
INVESTMENT				
Variance between Ministry and Entity Investment Records	7.5.1 (GR 2013)	The Ministry should ensure that the records of government investments are regularly updated in line with decisions made by Cabinet. The Ministry should investigate the variance of	The issues raised are noted and the Ministry of Finance is currently liaising with concerned stakeholders to ensure that variances are identified.	31 Dec 2015

Issues	Issue No.	Recommendation	Management Comments	Proposed timeline for resolving Recurring Issue
		\$3,970,183 and rectify them to ensure that amounts on the Whole of Government accounts are fairly stated.		
TRUST FUND ACCOUNT				
<p>(1) Overdrawn Trust Fund Account</p> <p>As at 31/12/2014 the total amount overdrawn in trust account amounted to \$4,394,444⁴⁰ contrary to the Finance Circular.</p> <p>Five of the Ministries and Departments with highest overdrawn balances.</p>	11.1.1 (Vol. 1 of OAG Report 2013)	Ministry of Finance should inform the Ministry's/Departments to ensure that Trust Fund Accounts are not overdrawn at any time and the overdrawn Trust Fund Accounts to be investigated and reconciled accordingly.	<p>The Ministry of Finance's FMIS Unit is currently undertaking an Operating Trust funding initiative to curb over payment.</p> <p>As for the True trust the FMIS Unit in 2014 managed to balance 11 of the 33 True Trust.</p> <p>Majority of the 22 that were unbalanced involved more than one Project in the Bank Account and this needed the assistance of Ministries and Department as to which Project GL to adjust.</p> <p>The 22 Ministries were targeted in 2015 as part of the MoF Awareness Exercise and the repetitive audit queries were highlighted and the need to utilize MoF's willingness to assist and the Write Off exercise</p>	<p>December 2015</p> <p>Ongoing</p>

⁴⁰ SEG 86 - \$3,213,240 and SEG 89 \$1,181,204

Issues	Issue No.	Recommendation	Management Comments	Proposed timeline for resolving Recurring Issue
<p>(2) Writing Off Trust Fund Account General Ledger - \$4.1million in 2013 and \$8.4 million in 2014.</p> <p>On March 2015, further write off of dormant and un-reconciled trust fund account balances in the general ledger (FMIS) totalled \$8,434,818.98.</p>	11.2.1 (Vol. 1 of OAG Report 2013)	<p>The Ministry of Finance desk officers should ensure that Ministries and Departments reconciliations are verified with general ledger on a monthly basis. Any variances noted in the reconciliations are discussed with affected Ministries to rectify the anomalies.</p> <p>The Ministry of Finance must prepare monthly reconciliation of Trust Fund Account from the Ministries reconciliation at whole of government level. A copy of the whole of government monthly reconciliation should be forward to the Auditor General for audit purposes.</p> <p>The Ministry of Finance should always take regular review of accounts which are static and make consultations with Ministry/Department to ensure that these amounts can be fully supported and are valid amounts.</p>	<p>The Ministry of Finance's FMIS Unit is currently undertaking an Operating Trust funding initiative to curb over payment. The adjustments that took place in the True and Operating</p> <p>Trust was necessary as the entries have lost their meaning over the years and this was done after consultation with OAG.</p> <p>Most of the entries have been carried forward for a number of years hence the need for Write Off..</p>	December 2015

Appendix 1: Appropriation Statement 2014

Head No	Ministry/Department	Appropriation (\$)	Revised Amount (\$)	Actual Expenditure 2014 (\$)	Savings/(Over-spent) (\$)	%
1	Office of the President	3,622,974	3,622,974	2,564,098	1,058,876	41
2	Office of the Prime Minister	54,330,902	53,330,902	49,682,440	3,648,462	7
3	Attorney General and Solicitor General	18,687,400	16,112,400	13,601,265	2,511,135	18
4	Ministry of Finance	64,835,851	64,835,851	64,134,921	700,930	1
5	Ministry of iTaukei Affairs	8,471,957	8,471,957	7,933,139	538,818	7
6	Ministry of Defence, National Security and Immigration	7,989,199	7,989,199	7,369,525	619,674	8
7	Ministry of Labour, Industrial Relations and Employment	10,013,561	10,013,561	9,983,077	30,484	---
8	Ministry of Foreign Affairs, International Co-operation	40,179,721	40,179,721	39,370,528	809,193	2
9	Office of the Auditor General	4,020,859	4,020,859	3,613,592	407,267	11
10	Elections	17,971,531	17,971,531	11,582,310	6,389,221	55
11	Judiciary	35,644,574	31,486,445	27,959,838	3,526,607	13
12	Legislature	7,069,960	7,069,960	5,108,270	1,961,690	38
13	Office of Accountability and Transparency	1,285,070	550,000	550,000	---	---
14	Office of the Director of Public Prosecutions	5,525,713	5,525,713	4,489,294	1,036,419	23
15	Ministry of Justice and Anti-Corruption	63,569,582	62,477,082	47,729,027	14,748,055	31
16	Ministry of Information	3,947,980	3,947,980	3,153,346	794,634	25
17	Ministry of Strategic Planning, National Development and Statistics.	10,584,291	10,584,291	9,385,500	1,198,791	13
18	Ministry of Provincial Development and Disaster Management	39,717,237	39,717,237	34,523,287	5,193,950	15
19	Fiji Military Forces	93,936,820	88,186,820	81,701,229	6,485,591	8
20	Fiji Police Force	111,767,737	111,767,737	102,856,706	8,911,031	9
21	Ministry of Education, National Heritage, Culture and Arts	370,034,038	370,034,038	377,127,140	(7,093,102)	(2)
22	Ministry of Health	222,476,539	222,476,539	213,679,198	8,797,341	4
23	Department of Housing	37,695,393	35,695,393	11,483,823	24,211,570	211
24	Ministry of Social Welfare, Women and Poverty Alleviation	39,588,899	39,588,899	35,534,831	4,054,068	11
25	Department of Youth and Sports	10,343,740	10,343,740	8,996,691	1,347,049	15
26	Higher Education Institutions	85,294,202	84,094,202	84,049,202	45,000	0
30	Department of Agriculture	62,368,326	62,368,326	57,071,105	5,297,221	9
32	Department of Fisheries and Forests	21,183,836	21,183,836	19,272,498	1,911,338	10
33	Ministry of Lands and Mineral Resources	32,693,772	32,693,772	24,327,301	8,366,471	34
34	Ministry of Industry and Trade	18,376,559	18,376,559	16,119,260	2,257,299	14
35	Ministry of Sugar	19,872,903	19,872,903	18,566,342	1,306,561	7
36	Ministry of Public Enterprise, Communications, Civil Aviation and Tourism	40,004,125	40,004,125	37,536,731	2,467,394	7
37	Ministry of Local Government, Urban Development and Environment	27,317,112	22,749,604	19,018,640	3,730,964	20
40	Ministry of Works and Transport	55,970,851	55,970,851	52,244,520	3,726,331	7

Head No	Ministry/Department	Appropriation (\$)	Revised Amount (\$)	Actual Expenditure 2014 (\$)	Savings/(Over-spent) (\$)	%
41	Department of Public Utilities and Energy	172,046,928	172,046,928	169,353,187	2,693,741	2
42	Government Shipping Services	20,163,655	20,163,655	17,772,306	2,391,349	13
43	Fiji Roads Authority	474,057,981	509,057,981	520,590,365	(11,532,384)	(2)
49	Peacekeeping Missions	71,263,202	71,263,202	69,958,353	1,304,849	2
50	Miscellaneous Services	180,023,865	168,102,072	142,008,449	26,093,623	18
51	Pensions, Gratuities and Compassionate Allowances	39,747,400	39,747,400	36,785,353	2,962,047	8
52	Charges on Account of Public Debt	503,517,055	503,517,055	466,475,863	37,041,192	8
	Total	3,107,213,300	3,107,213,300	2,925,262,550	181,950,750	6

Appendix 2: Variance in the Cash at Bank Account – Expected Balances vs General Ledger

Bank Accounts	Audit Calculation of Expected GL* (\$)	FMIS GL (\$)	Variance (\$)	GL (Overstated) / Understated
True Trust Fund Cash at Bank Account				
Ministry of Agriculture (Retention of funds LWRM)	921,806.00	877,651.00	44,155.00	Understated
Ministry of Fisheries and Forests (WBC - fisheries bank account)	14,085.00	(25,965.00)	40,050.00	Understated
Ministry of Fisheries and Forests	135,726.00	53,447.00	82,279.00	Understated
Ministry of Lands and Minerals (Mining trust fund)	3,766,819.00	3,731,824.00	34,995.00	Understated
Department of Cooperatives (Co-op small business institute)	\$67,901.00	66,995.00	906.00	Understated
Department of Communications (Telecommunications Development Trust Fund)	20,443,682.00	13,412,296.00	7,031,386.00	Understated
Department of Environment (Environment trust account)	3,466,217.00	2,038,275.00	1,427,942.00	Understated
Department of Environment (TF HUD litter decree publicity)	---	599,036.00	(599,036.00)	Overstated
Department of Housing (City wide trust account)	171.00	7,269.00	(7,098.00)	Overstated
Department of Environment (TF HUD litter decree publicity)	---	264,396.00	(264,396.00)	Overstated
Department of Immigration (Immigration Bond trust)	14,155,197.00	14,048,348.00	106,849.00	Understated
Public Prosecutions (DPP trust bank account)	79,609.00	79,616.00	(7.00)	Overstated
Fiji Corrections Service (Prison trust)	367,452.00	283,580.00	83,872.00	Understated
Ministry of Provincial development (Provincial development trust account)	2,010,339.00	4,990,332.00	(2,979,993.00)	Overstated
Department of Energy (Rural Electrification Unit)	2,519,955.00	2,242,373.00	277,582.00	Understated
Ministry of Lands (Lands trust fund account)	4,495,818.00	4,527,868.00	(32,050.00)	Overstated
Strategic Planning Office (IHRDP trust account)	91,453.00	90,945.00	508.00	Understated
Ministry of Health (Cardiology services)	804,536.00	(170,210.00)	974,746.00	Understated
Judiciary Department (judiciary fund trust account)	493,861.00	492,090.00	1,771.00	Understated
Fijian Elections Office (Elections trust)	1,230,567.00	1,228,035.00	2,532.00	Understated
Total	55,065,194.00	48,838,201.00	6,226,993.00	Understated
Trading & Manufacturing Activities Cash at Bank Account				
Government Printing and Stationeries	1,440,569.00	1,221,134.00	219,435.00	Understated
Ministry of Agriculture	793,224.00	1,031,806.00	(238,582.00)	Overstated
Ministry of Works (Divisional Engineer Central Eastern)	127,841.00	978,340.00	(850,499.00)	Overstated
Ministry of Works (Mechanical Suva)	512,669.00	1,012,179.00	(499,510.00)	Overstated
Ministry of Works (Divisional Engineer Northern)	535,910.00	532,329.00	3,581.00	Understated/Immaterial
Ministry of Fisheries and Forests	39,686.00	65,947.00	(26,261.00)	Overstated

Bank Accounts	Audit Calculation of Expected GL* (\$)	FMIS GL (\$)	Variance (\$)	GL (Overstated) / Understated
Public Service Commission	1,429,258.00	1,429,251.00	7.00	Understated/Immaterial
Fiji Procurement Office	2,002,060.00	1,935,495.00	66,565.00	Understated
Ministry of Health	512,856.00	488,827.00	24,029.00	Understated
Total	7,394,073.00	8,695,308.00	(1,301,235.00)	Overstated
Overseas Missions Cash At Bank Account				
Fiji Consulate General Sydney	446,635.17	422,813.25	23,821.92	Understated
Fiji High Comm. Canberra	116,811.54	135,819.53	(19,007.99)	Overstated
Cogs Australian Bank	(115.23)	---	(115.23)	Overstated
Cogs New Zealand Bank	(168.90)	---	(168.90)	Overstated
Crown Agents London	43,688.24	43,688.24	---	---
Fiji High Comm. London	(15,428.29)	(647.64)	(14,780.65)	Overstated
Fiji Embassy Tokyo Dom Cash	854,375.06	1,081,674.46	(227,299.40)	Overstated
Fiji High Com Wellington	189,836.91	88,515.36	101,321.55	Understated
Fiji High Commission Beijing	34,661.84	348,515.11	(313,853.27)	Overstated
Fiji Mission Brussels	236,897.53	607,018.80	(370,121.27)	Overstated
Fiji High Commission Un	---	12,178.02	(12,178.02)	Overstated
Fiji High Commission Un	182,678.39	114,374.35	68,304.04	Understated
Washington	559,517.23	421,544.73	137,972.50	Understated
Jp Morgan	2,654,988.65	2,654,988.65	---	---
Jp Morgan Interest Account	29,535.18	29,535.18	---	---
Fiji High Commission Geneva	218,437.33	231,926.89	(13,489.56)	Overstated
Bank In Kuala Lumpur	---	63,273.90	(63,273.90)	Overstated
Bank In Kuala Lumpur	127,830.87	388,186.96	(260,356.09)	Overstated
Bank In Kuala Lumpur	62,949.79	175,119.54	(112,169.75)	Overstated
Bank In Kuala Lumpur	449,887.91	(2,372.76)	452,260.67	Understated
Closing Balance For PNG	80,430.39	30,895.58	49,534.81	Understated
Fiji Embassy Indonesia	176,330.00	334,273.52	(157,943.52)	Overstated
Fiji Embassy Indonesia	274,956.39	114,207.32	160,749.07	Understated
Fiji Embassy Indonesia	558,251.92	785,791.02	(227,539.10)	Overstated
Fiji Embassy Indonesia	---	(45,486.39)	45,486.39	Understated
FHC New Delhi	31,031.95	810,182.22	(779,150.27)	Overstated
FHC New Delhi	32,625.14	(92,135.37)	124,760.51	Understated
FHC New Delhi	87,492.51	---	87,492.51	Understated
Total	7,434,137.52	8,753,880.47	(1,319,742.95)	Overstated

*Formula: Bank Certificate/Statement Amount less Unpresented Cheques add Lodgement not credited

Appendix 3: Analysis of Arrears of Revenue as at 31 December 2014

Ministry/Department	Total	Arrears	Arrears	Arrears	Arrears	Arrears
	Arrears	Less than 1 year	1 Year & Over	2-5 Years	Over 5 Years	over 5 years as % of total (%)
	(\$)	(\$)	(\$)	(\$)	(\$)	
Water Authority of Fiji	32,348,574	11,323,636	3,528,389	5,985,846	11,510,703	36%
Fiji Revenue & Customs Authority.-IRD	50,502,452	31,868,710	---	8,023,678	10,610,064	21%
Judicial Department	13,345,569	1,678,769	719,925	922,413	10,024,462	75%
Ministry of Lands & Mineral Resources	25,250,168	6,517,646	4,352,142	7,674,644	6,705,736	27%
Fiji Revenue & Customs Authority-Customs	15,032,658	13,097,869	388,406	770,887	775,496	5%
Ministry of Agriculture	812,132	6,074	1,723	116,001	688,334	85%
Ministry of Finance - Surcharge	842,026	80,963	132,038	281,950	347,075	41%
Fiji Procurement Office	113,548	---	---	---	113,548	100%
Ministry of Rural & Maritime Development & NDMO	756,568	101,835	226,165	340,810	87,758	12%
Auditor-General	236,105	98,250	11,000	54,700	72,155	31%
Ministry of Finance - Pensions	159,882.57	28,321	19,095	56,410	56,057	35%
Ministry of Labour	30,343	12,116	6,710	110	11,407	38%
Ministry of Health & Medical Services	208,800	103,820	70,992	28,854	5,134	2%
Fiji Police Force	5,570	970	767	1,431	2,402	43%
Department of Immigration	3,314	---	---	2,100	1,214	37%
Ministry of Education	12,180	12,005	---	---	175	1%
Office of the Attorney General	288	---	---	288	---	---
Ministry of Communications – TAF	8,837,731	4,695,052	4,142,679	---	---	---
ITC Services	30	30	---	---	---	---
Ministry of Fisheries and Forest	13,709	13,709	---	---	---	---
Ministry of Industry and Trade	7,397	7,397	---	---	---	---
Government Printing	634,344.34	537,078.80	97,266	---	---	---
Divisional Engineer Central Eastern (Works)	100,197	100,197	---	---	---	---
Peace Keeping Missions	1,587,290	1,587,290	---	---	---	---
Total	150,840,875.91	71,871,737.80	13,697,297	24,260,122	41,011,720	27%

Appendix 4: Examples of Journals Postings between the Operating Fund Account (OFA) and Trading and Manufacturing Account (TMA)

Allocation	Period	Journal ID	Narration	Debit (\$)	Credit (\$)
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
4-40252-91011-260201	2014/003	AP0553	Allowance	147.00	
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
1-40501-95991-530201	2014/003	AP0553	Paid normally		147.00
4-40251-93011-260581	2014/012	AP2433	A-4 Photocopy Paper	371.03	
4-40251-93011-863201	2014/012	AP2433	A-4 Photocopy Paper	55.65	
1-40501-97991-530201	2014/012	AP2433	Paid normally		426.68
4-40251-92011-070101	2014/010	AP4615	22/10/14 - Unestablished	1,965.92	
1-40501-96991-530201	2014/010	AP4615	22/10/14 - Unestablished		1965.92
44025191011260201	2014/008	AP5116	TAX.	5.13	
1-40501-95991-530201	2014/008	AP5116	Paid normally		5.13
4-40251-91011-260202	2014/002	AP6449	*AP Journal*	582.00	
1-40501-95991-530201	2014/002	AP6449	Paid normally		582.00
1-30101-30101-560203	2014/002	AR3092	445781-785	971.40	
4-30351-30999-240201	2014/002	AR3092	445781-785		971.40
1-30101-30101-560203	2014/002	AR3100	445786-799	265.50	
4-30351-30999-240201	2014/002	AR3100	445786-799		265.50
1-30101-30101-560203	2014/002	AR3188	445824-834	1,879.80	
4-30351-30999-240201	2014/002	AR3188	445824-834		1,879.80
4-30351-30999-540201	02/2014	AR7120	Payment Journal	78.30	
1-30101-30101-560203	02/2014	AR7120	Payment Journal		78.30

Appendix 5: Unsubstantiated Accounts Receivables Balances

Ministry / Department	Amount (\$)	Remarks
Public Service Commission (1-02301-02999-560203)	10,591,153.33	No reconciliation was done for months of January to October 2014 as balances included prior year amounts. Hence audit could not fully substantiate the correctness of the balance.
Ministry of Works (4-40000-00000-560000)	2,114,179.25	Supporting documents to support the balances were not provided by the Ministry.
Ministry of Health (4-22000-00000-560000)	98,344.77	Supporting documents to support the balances were not provided by the Ministry.
Fiji Police Force (1-20101-20101-560103)	14,688.65	Reconciliation for the Month of December was not made available for audit purposes. Hence audit could not fully substantiate the correctness of the balance.
Fisheries & Forestry (1-32201-77101-560102)	14,416.70	Supporting documents to support the balances were not provided by the Ministry.
RFMF (1-19101-19999-569902) (1-19101-19999-569903)	772,483.47	AR opening balance of \$726,571.29 cannot be explained with the listing of debtors while the movements in the balances were ascertained.
Total	\$13,605,266.17	

Appendix 6: Accountable Advances Owed to Ministry / Department

Ministry/ Department	Balance for 2014 (\$)	% of total Owing	Balance for 2013 (\$)	% of Total Owing	Explanation for Outstanding Balances
President's Office	746,326	53%	146,818	12%	Travel expenditures incurred by the Office was not reconciled and journalized to the travel expenditure allocations during the year and the Office has failed to maintain proper record, reconcile and journalize advances to the relevant expenditure allocations.
Strategic Planning Office	340,316	24%	139,963	12%	The account balance is made up of the outstanding accountable advance issued to the officers for official travel as well as some purchases of goods and services. Majority of these advances were issued to officers in relation to the Green growth framework assignment in 2014 which was not initially budgeted for in the approved 2014 budget of the Ministry, however being funded by the Asian Development Bank on a reimbursable basis. The Strategic Planning Office did not maintain an Accountable Advance register nor did the Office clear the accountable advance on time to appropriate expenditure accounts after seven days of completing travel through the submission of an acquittal report.
Department of Housing	179,721	13%	163,694	13%	Accountable advance not retired at year end. Reconciliation not provided.
Fiji Police Force	78,131	6%	697,909	57%	There was a write off done by MOF which reduced the amount of accountable advance. However these outstanding advance yet to be retired.
Fisheries & Forest	58,641	4%	66,717	6%	The reconciliation for this account was only maintained from the month of August to December 2014. From the reconciliation made available, it can be confirmed that these balances are outstanding advances yet to be cleared/retired.
Total	1,403,136	100%	1,215,102.	100%	

