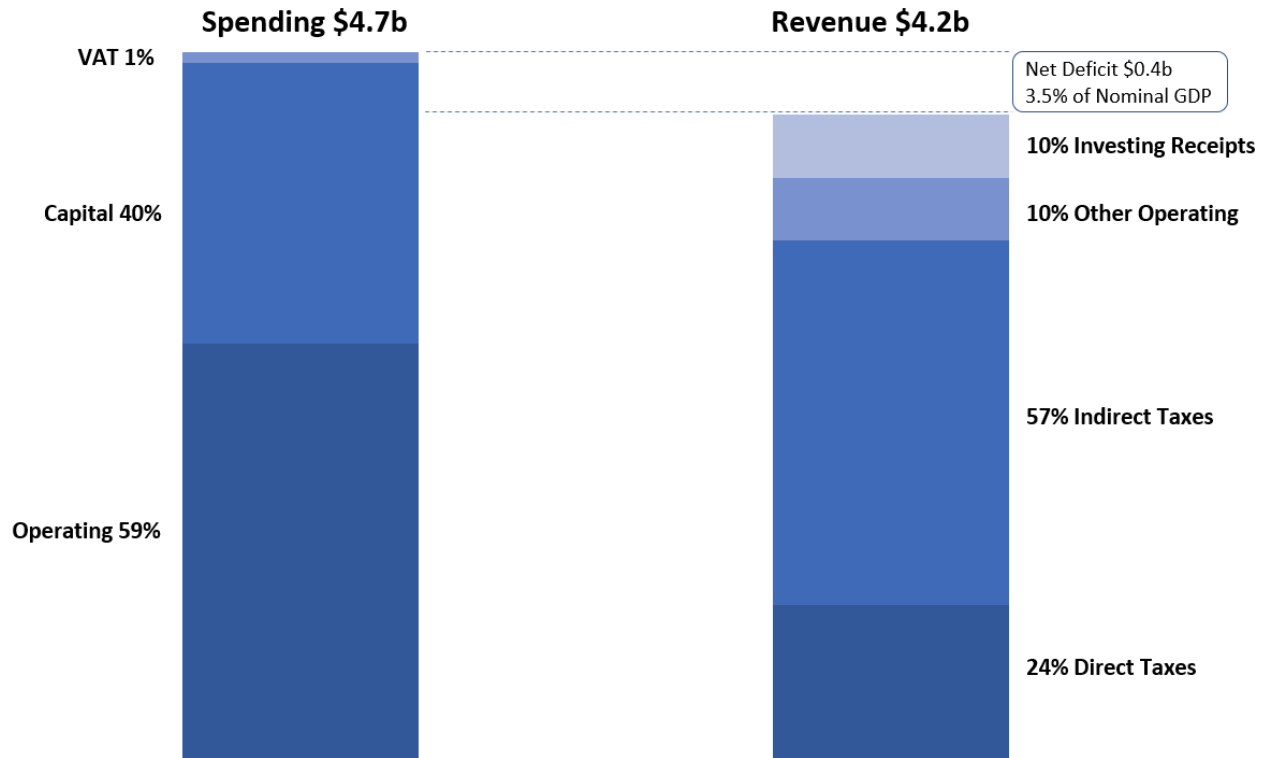




Budget 2018–19: At a glance

Budget balance



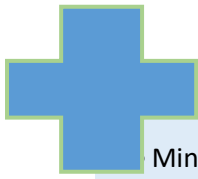
Major budget announcements



Investing receipts

The Government will be selling 44 percent of EFL in 2018-19, which was recently corporatised. Along with the disposal of other state assets, the total amount expected to be received through the disposal of these assets is \$395.4 million in 2018-19. This figure is included as part of total investing receipts.

Heads with the largest percentage change 2017–18 to 2018–19



- Ministry of Waterways and Environment **↑135%**
- Ministry of Housing and Community Development **↑71%**
- Office of the President **↑55%**
- Fiji Police Force **↑32%**
- Ministry of Rural and Maritime Development **↑30%**

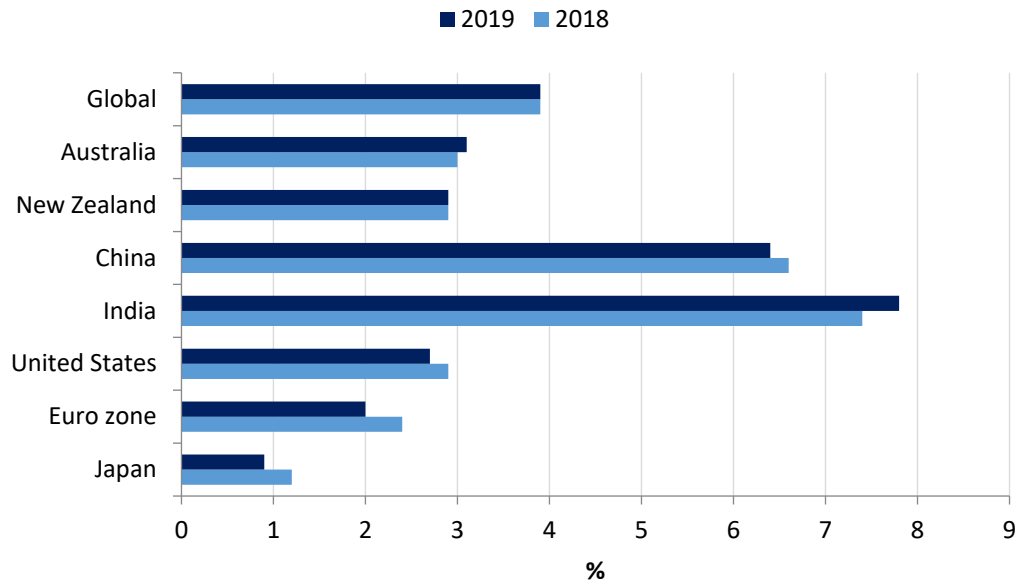
- Ministry of Civil Service **↓25%**
- Ministry of Sugar Industry **↓23%**
- Miscellaneous Services **↓21%**
- Ministry of Public Enterprises **↓12%**
- Ministry of Local Government **↓6%**

Economic statistics

Year	2016	2017	2018	2019	2020
GDP growth (% change from previous year)					
Current budget	0.4	4.2	3.2	3.4 ↑	3.2
2017-18 Budget	2.0	3.8	3.0	2.9 ↓	n/a
World Bank	0.4	3.8	3.5	3.4 ↓	3.3
Inflation	3.9	2.8	3.0	2.5 ↓	2.5
Trade					
Tourism: visitor days millions	6.8	7.0	7.0	7.0 –	7.0
Current account deficit (excl. aircraft) (% of GDP)	4.6	5.9	7.1	5.8 ↓	4.5
Financial years					
	2015–16	2016–17	2017–18	2018–19	2019–20
Budget balance					
Receipts \$b	2.9	2.8	3.4	4.2 ↑	4.0
Payments \$b	3.3	3.1	3.9	4.7 ↑	4.4
Budget deficit (% of GDP)	4.0	2.2	4.5	3.5 ↓	3.0
Debt servicing					
Interest payments \$m					
overseas		45.5	54.5	64.3 ↑	
domestic		229.3	243.5	267.9 ↑	
As at					
		Jul-17	Jul-18	Jul-19	Jul-20
Debt level					
Total debt \$b		4.7	5.2	5.6 ↑	6.0
Total debt (% of GDP)		45.6	47.0	47.8 ↑	48.5

Notes: ↓ ↑ indicates the change from the previous financial year. Further notes on whether the figures are provisional or forecast are at the end of this document.


International outlook: growth prospects of trading partners



Government 2018-2019 Budget Initiatives


FAMILY & HEALTH

New initiatives in the social services sector

- 
- \$5m Parenthood Assistance Payment, mothers from households earning <\$30,000 provided a \$1,000 grant in a bank account for each newborn child
 - New paternity leave and increase in maternity leave from 84 to 98 days
 - \$1m for a new 'Fiji Centre for Communicable Disease Control'
 - \$2m new kidney treatment centres, \$3.5m subsidy for kidney dialysis patients
 - \$100,000 for Domestic Violence Support Fund (DVSF)
 - \$500,000 for making buildings more inclusive and comfortable for people living with disabilities

EDUCATION

\$1 billion Education sector funding: \$535.4m for Ministry of Education, Heritage & Arts; \$123.8m for Higher Education Institutions, \$255m for scholarships and loans by TSLB

- 
- Additional \$46.5m and \$43.8m respectively to expand the TELS Scheme and increase the number of awards provided under the National Toppers Scheme
 - New \$2.3m Civil Service Scholarship Scheme for 10 civil servants and 50 teachers
 - \$300,000 to review the national school curriculum
 - A scheme to incentivise early repayments of TELS debt to make the scheme self-sustaining



INFRASTRUCTURE & TRANSPORT

An increase of \$31.1m from the 2017-2018 Budget

- \$50.8m towards rural electrification, an increase of \$17m from 2017-2018 budget
- Strengthening of LTA's enforcement work with creation of 62 new positions
- \$1.7m to LTA for 6 new projects
- \$900,000 for the upgrade of Buca Hydro Turbine and \$300,000 for the improvement of Buca Hydro Access Road.
- Fiscal duty on used cars below 2 years reduced to 15% from 32% or half the current specific rate.
- Concessionary duty rates for taxis extended to used diesel/petrol vehicles with an age of 2 years or less



CLIMATE CHANGE

Government had introduced the Environment and Climate Adaptation Levy (ECAL) on prescribed goods, services and income to fund environmental and climate change initiatives

- \$110.6m ECAL collected as at 30 April 2018,
- \$106m ECAL funds used to fund disaster relief and response, meteorology services, rural development, cyclone rehabilitation, energy conservation, urban and agricultural development and other initiatives
- Plastic bag levy will increase to 20cents per bag
- \$1.25m ECAL threshold on licensed restaurants, bars, clubs etc. to be aligned to all other prescribed services



OTHER INITIATIVES

- Merging of Ministry of Waterways and Department of Environment to form new ministry
- 150 percent tax deduction for cash contributions of \$10,000-plus to corporate sponsors for hosting of the ADB Annual Meeting in 2019.
- \$300,000 for decentralization of Births, deaths and Marriages services
- \$1.0m digitisation program to preserve information for e-government portals
- \$19m for Walesi satellite and mobile device access to free-to-air television stations
- \$10m for new FCRS office in Nadi, national tax information HR information systems, first defender equipment purchases.
- \$7.9m new initiatives in the Agriculture sector



Changes to taxation

Vehicles



- The minimum amount of capital investment required for the Electric Vehicle Charging Stations Incentive Package reduced from \$500,000 to \$100,000.
- Duty on imported used vehicles up to two years old reduced from 32 percent to 15 percent (or half the current specific rate).

Tax



- A 150 percent tax deduction on wages and salaries paid to employees during paternity and family care leave.
- Introduction of a 250 percent Research and Development (R&D) tax deduction on eligible ICT and Renewable Energy Industries R&D spending.

Environment and climate



- A threshold of \$1.25m will apply to all prescribed services to which the Environment and Climate Adaption Levy (ECAL) applies. This threshold currently applies to licensed restaurants, bars, clubs, bistros and coffee shops.
- The 10 cents plastic bag levy to increase to 20 cents per bag.

Service tax



- A threshold of \$1.25m will apply to all prescribed services to which the Service Turnover Tax (STT) currently applies. This threshold currently applies to licensed restaurants, bars, clubs, bistros and coffee shops.

Change in tariffs on drinks



- Duty on imported tea reduced from five percent to zero.
- Duty on imported sweetened and carbonated drinks increased to a higher specific rate of duty of 32 percent or \$2 per litre.

Reduction in tariffs on food



- Duty on specific imported fruits and vegetables reduced from five percent to zero.

These includes Apples, Carrots, Oranges, Mixed Vegetables and Sprouts.



Aid-in-kind

	\$(000)	2017–18	2018–19
Office of the Attorney General		6,310.1	-
Ministry of Economy		-	1,256.6
Independent Bodies		-	8,341.3
Ministry of Disaster Management and Meteorological Services		3,016.2	765.8
Ministry of Justice		7,346.7	5,884.6
Ministry of Civil Service		583.8	1,056.4
Fiji Police Force		59.0	25.0
Ministry of Education, Heritage and Arts		23,638.2	18,608.3
Ministry of Health and Medical Services		10,642.7	16,766.0
Ministry of Women, Children and Poverty Alleviation		2,906.3	6,581.5
Ministry of Youth and Sports		212.3	-
Ministry of Agriculture		8,662.8	9,216.8
Ministry of Fisheries		86.3	289.4
Ministry of Industry, Trade and Tourism		14,434.5	12,556.8
Ministry of Sugar Industry		22,157.6	25,703.0
Ministry of Public Enterprises		-	564.4
Ministry of Infrastructure and Transport		1,674.8	3,024.4
Water Authority of Fiji		1,449.9	1,617.3
Ministry of Waterways and Environment		148.7	919.4
Fiji Roads Authority		10,206.9	-
Miscellaneous Services		31,034.0	33,490.7
Total Aid in Kind		144,588.9	146,667.9

Note: Aid-in-kind amounts provide an approximate indication of aid resources applied by Ministries to various activities outside the Budget's financial allocations and do not represent additional budgetary resources available to the Ministries. They include contributions of materials, equipment and technical assistance. All assistance from development partners that go directly to organisations or individuals are not reflected under aid-in-kind.

Direct payments

	(\$000)	2016–17	2017–18	2018–19
Ministry of Communications		-	12,537.1	700.0
Water Authority of Fiji		2,241.5	14,670.0	7,584.6
Fiji Roads Authority		10,237.0	85,151.2	61,650.0
Total Direct Payments		12,478.5	112,358.2	69,934.6

Note: Direct payments are foreign-financed projects that are not part of the Government's consolidated accounts but are reflected as part of total expenditure.



Creation of new heads and movement of functions

Agency/function	2017-18 Budget		2018-19 Budget	
	Head no.	Head name	Head no.	Head name
Housing	23	Department of Housing	23	Ministry of Housing and Community Development
Local Government	37	Ministry of Local Government and Housing	37	Ministry of Local Government
Environment	38	Ministry of Environment	42	Ministry of Waterways and Environment
Waterways	42	Ministry of Waterways		

Notes: The Ministry of Housing and Community Development also includes the functions of the Department of Housing and the Rural Housing Unit, formerly under the Ministry of Rural and Maritime Development.

The Ministry of Waterways and the Ministry of the Environment have been combined into a Ministry of Waterways and Environment.

Economic statistics notes

- GDP growth rates are provisional for 2016, estimate for 2017, and forecasts for 2018 to 2020.
- Annual inflation rates are actuals to 2017, then forecast figures for 2018 to 2020.
- Tourism visitor days are provisional for 2016 and 2017, then forecast figures for 2018 to 2020.
- Current account deficit figures are provisional for 2016 and 2017, then forecasts for 2018 to 2020.
- Government revenue and payment figures are actual for 2016-17, projection for 2017-18, budgeted for 2018-19, and targeted for 2019-20.
- Government interest and principal payments are actuals for 2016-17, estimates for 2017-18, and estimate for 2018-19.

Sources

- Fijian Government (2018) *Economic and fiscal update: supplement to the 2018-2019 budget address*, Ministry of Economy, 28 June 2018. [Hardcopy.]
- Fijian Government (2018) *Budget estimates 2018-2019*, Ministry of Economy, 28 June 2018. [Hardcopy.]

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