

Parliament Response - Written Question 27/2025

MONDAY, 28 APRIL 2025

Hon. Premila Kumar to ask the Deputy Prime Minister and Minister for Finance and Strategic Planning, National Development and Statistics – Can the Deputy Prime Minister update Parliament on the detailed breakdown of the redeployment of funds amounting to FJ\$28,087,026 within the 2024-2025 budget, including the following information –

(a) the project name, responsible Ministry, Head Number, Programme, Activity, and SEG number from which the funds were sourced, as outlined in the 2024-2025 Budget Estimates; and

(b) whether the funds redeployed are due to cost overruns, and if so, a detailed explanation for the additional costs.

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1. The redeployment process is a standard feature of our budget system, ensuring operational flexibility in budget execution, while maintaining transparency and accountability within a proper legal framework.
 2. In any financial year, if ministries are unable to meet the unbudgeted or unforeseen commitments from within their respective budgets, there is a provision in the Financial Management Act 2004 (Act) that enables the redeployment of available balances from other ministries to fund unbudgeted or unforeseen commitments.

3. The legal authority to redeploy funds in the Budget is provided under section 22 of the Act as follows:

“Section 22 Redeployment of appropriation”

The Minister may, with the approval of Cabinet, authorise the redeployment of amounts appropriated by the Appropriation Act in force for administration by the Ministry to the heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.

The Minister may authorise the redeployment of amounts appropriated by the Appropriation Act in force for administration by a budget sector agency (other than the Ministry) to the heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.”

Breakdown of Redeployment in the 2024-2025 Budget

4. For the 2024-2025 Budget, the redeployment exercise amounting to \$28,087,026 was undertaken to address additional expenditure demands for the following Ministries:
 - i. Ministry of Education - A sum of \$23,000,000 has been redeployed to supplement the Transport Assistance allocation under the Ministry of Education.

Following a fare review by the Fijian Competition and Consumer Commission which took effect on 1 September 2024, student fares were adjusted to align with adult fares. To ensure that families are

not financially impacted, the Coalition Government, committed to fully subsidizing the additional costs, requiring an additional \$23.0 million to cover these subsidies.

In the 2024-2025 Budget, \$37.0 million was allocated for student transport based on the old fare structure. However, the implementation of the new bus fare rates necessitated an additional \$23.0 million to fully cover the cost of bus fare subsidies for the blue and yellow cards effective from 1 September 2024.

The increased costs were not included in the initial budget as the fare review was made after the 2024-2025 budget was finalised. Given the importance of transport assistance for students, Government had to prioritise funding through redeployment.

- ii. Ministry of Local Government - The Ministry of Local Government has encountered a budget shortfall of \$4,087,026 for the Completion of Govind Park in Ba.

The first phase of the project, which began in 2018, involved the construction of the Pavilion with a total cost of \$4,910,241 and this phase has been fully completed.

The second phase of the project, which is currently underway is expected to be completed by this year. However, the initial allocated \$2.0 million for this phase has been fully utilised, leading to a shortfall due to the following factors:

- a) Uncertainty in Project Execution and Budget Utilisation Trends – Based on the historical budget utilization trends, the initial allocation was set as \$2.0 million to reflect a measured approach to funding. Previous years utilization patterns indicated slower spending as shown in the table below:

FY	Budget	Revised Budget	Actual
2023-2024	3,500,000	255,000	254,725
2022-2023	2,891,000	483,803	483,803

- iii. In addition, the Ministry of Local Government has submitted an unbudgeted request of \$1.0 million to supplement the \$500,000 already allocated in the 2024-2025 Budget for preparations of local government elections.

This additional funding will specifically cover logistical costs required for preparatory activities, including voter awareness, polling station setup and administrative support.

Given that the election is being considered for later in the year, it is crucial to commence these preparatory works now to optimise planning and resource allocation, ensuring a smooth and well-organised electoral process.

5. Summary of Redeployment

2024 - 2025 Redeployment of Funds: # 1					
From			To		
Activity	Project Name	Amount	Activity	Project Name	Amount
Various			Head 21 - Ministry of Education		
17-3-1-10	Ship Building Revival Project	3,000,000			
50-1-1-10	Merit Based Higher Education - Level 7 Local	10,000,000	21-1-1-6	Transport Assistance	23,000,000
50-1-1-10	Higher Education - Level 7 with Minimum. Cut Off Mark	10,000,000			
	Total	23,000,000		Total	23,000,000
Various			Head 37 - Ministry of Local Government		
17-3-1-10	Ship Building Revival Project	1,000,000	37-1-2-7	Local Government Elections Logistics	1,000,000
17-3-1-10	Ship Building Revival Project	1,000,000	37-1-2-10	Completion of Govind Park-Ba	4,087,026
40-1-1-10	Fiji Roads Authority (FRA)	3,087,026			
	Total	5,087,026		Total	5,087,026
	Total Redeployment	28,087,026		Total Redeployment	28,087,026

6. It is important to note that the Redeployment exercise was not due to traditional project cost overruns but rather due to:

- i. Government's new commitment to fund bus fare increases; and
- ii. Budget shortfall in the Govind Park project, where cost estimates were lower than actual completion costs.

Thank You.