



REPUBLIC OF FIJI

# CITIZENS' GUIDE TO THE NATIONAL BUDGET

## FISCAL YEAR 2023–2024



Ministry of Finance, Strategic Planning,  
National Development and Statistics

## What is a Government Budget?

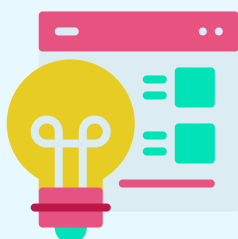
A National Budget is a financial plan that outlines a Government's estimated revenues and expenditures for a particular financial year. It serves as a blueprint for the Government's financial activities including its priorities, policies and medium-term economic and fiscal goals.



## Purpose of this Citizens' Guide

As per section 13(5) (c) of the Financial Management (Amendment) Act 2021, the Permanent Secretary responsible for Finance must publish:

"a user-friendly summary of the annual budget within one month after the date the annual budget is approved by Parliament."



This guide provides a brief description of the budget process, macroeconomic outlook, major revenue and expenditure policies and the medium-term fiscal framework.

## Budget Making and Approval Process



BUDGET PROCESS		JAN	FEB	MAR	APR	MAY	JUN	JUL
1	Medium-Term Fiscal Strategy approved by Cabinet							
2	Medium-Term Fiscal Strategy tabled to Parliament							
3	Circular issued to Ministries/ Departments/Agencies for budget submissions							
4	Invitation for budget submissions from private sector/civil society and general public							
5	Assessment of submissions from Ministries and Departments							
6	Budget consultations with Ministries and Departments							
7	Cabinet Subcommittee on Budget							
8	Tabling of Budget documents to Cabinet and budget announcement							
9	Parliamentary debate and budget approval							

## Economic Outlook



This section provides a brief update on the recent outlook of the global and domestic economy.

### Global Economy

The **Global Economy** is expected to grow by 3.0% in 2023.

#### Challenges and Risks



Russia-Ukraine War



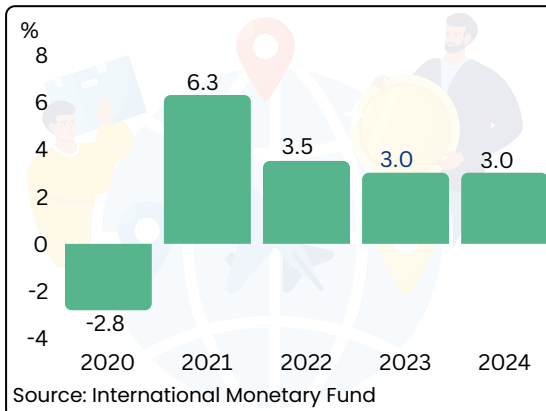
Lingering effects of pandemic



Volatility in commodity prices and shipping cost



Geo-political tensions

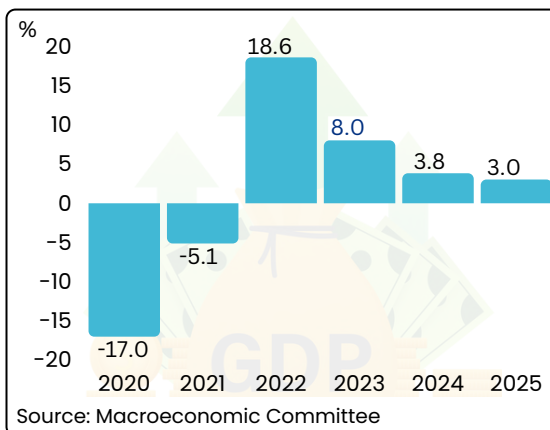


### Domestic Economy

**Fiji's Economy** is expected to grow by 8.0% in 2023, 3.8% in 2024 and 3.0% in 2025.

#### Risks to the outlook

- Geopolitical tensions
- Further slowdown in major trading partner countries
- Loss of skilled workforce
- Climate change and natural disasters



### Outlook for key economic indicators – 2023

894,389

Visitor Arrivals

\$2.1 Billion

Tourism Earnings

\$1.2 Billion

Remittances

4.7%

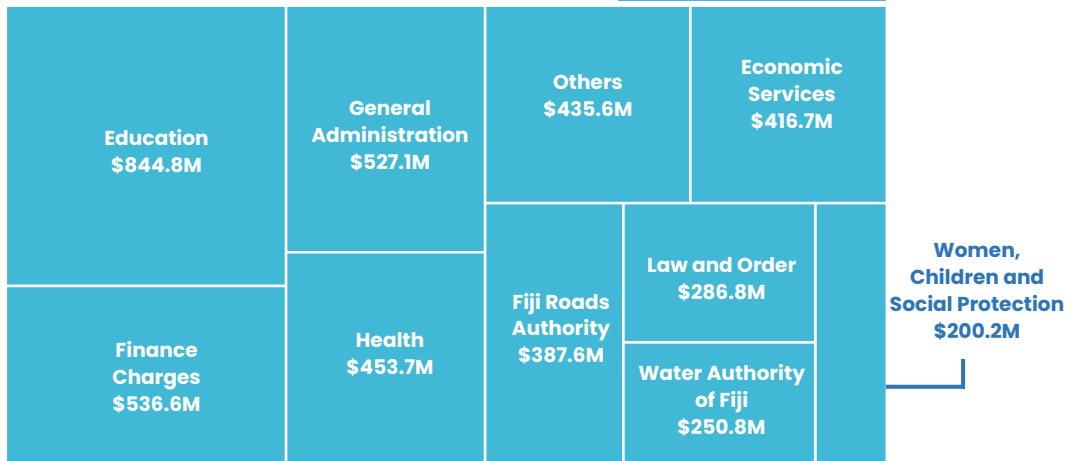
Inflation

## FY2023–2024 Budget



### Government will spend...

\$4,339.9 Million

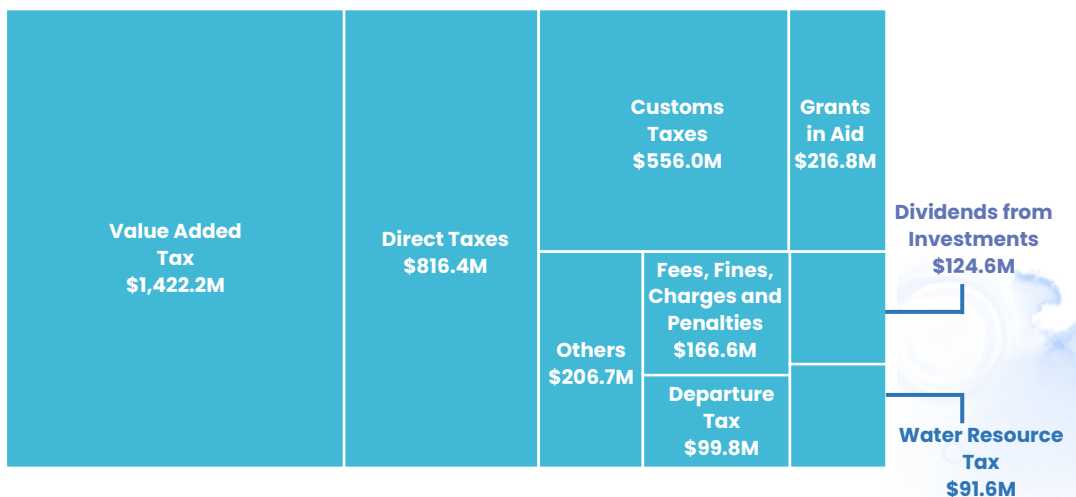


Economic Services include Agriculture, Fisheries, Forestry, Lands, Mineral Resources, trade, MSMEs, Local Government and Tourism.

General Administrations include Ministries and Departments mandated to strengthen good governance, human resource development, managing government finance, communications and ICT Infrastructure, international cooperation and climate change.

### Government will collect...

\$3,700.7 Million



Others include revenues from reimbursement & recoveries, telecommunication levy, investing receipts, SEG 13 VAT and other revenues and surpluses.

Direct Taxes comprises of income taxes (including PAYE, withholding tax, corporate tax, provisional tax, and other taxes), fringe benefit and capital gains tax.



### Education



#### TELS Debt Forgiveness

- **All outstanding TELS debt (except In-Service scheme), owed by 53,725 students, amounting to around \$650 million as at 31 July 2023 has been forgiven.**
- Under this new arrangement, all students will be bonded to serve the country for a period of 1.5 multiplied by the number of years of study.



#### Fijian Scholarship Scheme

- Tertiary Education and Loan Scheme will be replaced with **Fijian Scholarship Scheme**.
- Government has allocated **\$148.3 million** to sponsor 10,920 new students and 9,148 existing students.
- New students on tuition-only scholarship will be required to serve a bond period of years of study multiplied by 1.5, and years of study multiplied by 2 for students with both tuition and allowance.
- The cut-off mark will be 245 for students in rural and maritime schools; and 250 for students in non-rural and non-maritime schools.
- The cut-off mark for Commerce will be 280, and 300 for Engineering.



#### Merit-Based Scholarship

- National Toppers Scholarship Scheme will be renamed to **Merit-Based Scholarships**.
- The cut-off mark will be 320 for students in rural and maritime schools; and 330 for students in non-rural and non-maritime schools.
- The Scholarship scheme includes:
  - Masters & PhDs by Research – 10 PhD and 20 Masters awards
  - Merit-based Overseas Scheme
  - Merit-based Higher Education – 700 awards
  - Merit-based Skills Qualification Scheme – 200 awards
  - Scholarships for Students with Special Needs – 20 awards
  - Scholarship for In-Service Scheme – 50 awards



#### Other Training Grants

**Competency-Based Training Grants** to benefit 1,800 students in areas of Construction, Tourism & Hospitality and Automotive Industry.

**Apprenticeship Training** to benefit 400 students. Government will cover either 50 percent of tuition fees or top-up the minimum wage rate paid by employers by \$2.00/hour.



## Key Expenditure Policies



### Education



#### Back to School Support

- A sum of **\$45.0 million** has been allocated to assist families to prepare for the 2024 school year.
- Eligible families will receive \$200 per student. A total of 225,000 students are expected to be assisted.
- Further details and guidelines will be made available in due course.



#### USP Grant

- Government has fully reinstated the **\$33.0 million** grant to USP.
- An additional \$20.0 million is allocated towards outstanding payment.

### Social Protection



#### Increased Support for the Vulnerable and Disadvantaged

##### Social Pension Scheme

- a. monthly allowance for people above 65 years will increase from \$100 to \$115; and
- b. monthly allowance for people above 70 years will increase from \$100 to \$125.

##### Family Assistance Scheme (formerly known as Poverty Benefit Scheme)

- a. 1 person household allowance will increase from \$35 to \$40.25;
- b. 2 person household allowance will increase from \$58 to \$66.70;
- c. 3 person household allowance will increase from \$92 to \$105.08;
- d. 4 person household allowance will increase from \$127 to \$146.05

\$50 food voucher programme will continue for the next fiscal year.

##### Child Protection Allowance - monthly allowances for:

- a. Children not in school will increase from \$29 to \$33.35;
- b. Children in primary school increased from \$35 to \$40.25;
- c. Children in secondary school increased from \$46 to \$52.90;
- d. Children with disabilities increased from \$69 to \$79.35; and
- e. Children in residential homes increased from \$120 to \$138.00.

**Allowance for Persons with Disability** will increase from \$90 to \$104 per month.

**Bus Fare Allowance** of \$25 per month for disabled and elderly (over 60 years).

## Key Expenditure Policies



### Community Empowerment and Support



#### Increase in Pension Funding

- Monthly pensions for all Government pensioners will increase by 15 percent.



#### Empowering our Community Leaders

- Monthly allowances for community leaders will increase as follows:
  - Advisory Councilors from \$172.50 to \$200 per month;
  - District Chairperson's from \$207 to \$220 per month;
  - Turaga-ni-Koro from \$100 to \$150 per month;
  - Mata-ni-Tikina (\$100 to \$250 per quarter, \$175 to \$325 per quarter and \$195 to \$345 per quarter); and
  - Turaga-ni-Yavusa will receive \$100 per month.



#### Increase in FNPf contribution rates

- Effective from 1 January 2024, the FNPf contribution rates will return to pre-COVID levels. Employers will contribute 10 percent and employees will contribute 8 percent.



#### Support for FNPf pensioners affected in 2011

- FNPf pensioners whose pension rates were reduced in 2011 will now be able to access the Government social pension allowance.
- Effective from 1 August 2023, these 1,500 affected FNPf pensioners will be able to access an allowance of \$125 per month if they are above the age of 70 or \$115 if they are between 65 to 69 years.

### Health



- A total of **\$453.7 million** has been allocated to Ministry of Health.
- Of which **\$11.6 million** is provided for upgrading and refurbishment of health facilities across Fiji.
- Funding has also been allocated to address human resource challenges, overtime pay and increase in nurses' salaries.

## Key Expenditure Policies



### Infrastructure Services



#### Fiji Roads Authority (FRA)

- Government has allocated **\$387.6 million** to FRA, of which **\$372.9 million** is provided for capital expenditure.
- The programmes include maintenance of the road network, renewal & resurfacing of roads, ongoing bridges & renewal and replacement of existing crossings and rural & coastal roads programme.



#### Public Works Department (PWD)

- **PWD will be established to look after rural roads.**
- PWD will receive **\$5.0 million** to purchase plant, machinery and materials and an additional **\$2.0 million** for maintenance, upgrade and refurbishment of public structures, water and sewer lines.



#### Water Authority of Fiji (WAF)

- **Government has allocated \$250.8 million to WAF.** Of which, **\$53.8 million** is specifically to improve water sources and implement resilient infrastructures.



#### Termite Control Assistance Programme

- Government has allocated **\$3.0 million** to assist families affected by termites in the Western and Northern Division.
- The guidelines on accessing the assistance will be provided in due course.



#### Development in the Northern Division

- **Northern Development Programme** – Government has allocated **\$1.0 million** to fund the MSME development in Vanua Levu to improve livelihoods and facilitate growth.
- **Vanua Levu Tourism Project** – A sum of **\$5.0 million** is allocated in FY2023–2024 to support an integrated, resilient and sustainable tourism development in Vanua Levu, in partnership with the World Bank.



## Key Revenue Policies



### Value Added Tax (VAT)

- **Zero-rated VAT applicable on 22 essential items:**

Sugar	Onions	Powdered Milk	Toothpaste
Flour	Garlic	Baby Milk	Cooking gas
Rice	Canned Fish	Sanitary Pads	Kerosene
Dhal	Cooking Oil	Soap	Prescribed Medicines
Tea	Salt	Soap Powder	
Potatoes	Liquid Milk	Toilet Paper	

- **VAT rate will be increased from 9 percent to 15 percent** on all other goods and services **effective from 1 August 2023.**



### Corporate Tax

- **Government will increase corporate tax from 20 percent to 25 percent effective from tax year 2023.**
- Companies eligible for lower tax rate as part of the South Pacific Stock Exchange tax incentive, the corporate tax rate will be increased from 10 percent to 15 percent.



### Departure Tax

- Departure tax will increase from \$100 to \$125 from 1 August 2023 and subsequently increase to \$140 from 1 January 2024.



### Increase in duty on selected products

- 5 percent increase in excise duty on alcohol and tobacco.
- Excise duty on carbonated or sugar-sweetened beverages will be increased from 35 cents per liter to 40 cents per liter.
- Effective from 1 January 2024, an excise duty of 40 cents per kg or liter will be imposed on:
  - a. Sweet biscuits
  - b. Ice cream
  - c. Snacks obtained by roasting, frying, baking, swelling, etc.
  - d. Sugar confectioneries
  - e. Imported fruit juices.



### Social Responsibility Tax (SRT)

- SRT will be incorporated into the Pay As You Earn (PAYE) bracket.
- A 5 percent reduction for PAYE income brackets above \$270,000. This will be effective from 1 January 2024.

## Key Revenue Policies



### Duty reduction on selected food products

Fiscal Duty reduced from 32% to 15% on importation of:

Beef  
Corned beef  
Prawns  
Ducks  
Corned meat of lamb/sheep  
Canned Mackerel

Fiscal Duty reduced from 15% to 5% on importation of:

Canned  
Tomatoes

Fiscal Duty reduced from 5% to 0% on importation of:

Sheep/Lamb  
Meat

Import Excise Duty reduced from 10% to 0% on importation of:

Chicken portions  
(wings, drums, legs,  
feet, thighs, breast,  
offals and roasting  
fowl)



### Motor Vehicle Duty

- 5 percent increase in import excise duty on new and used passenger motor vehicles.



### Fuel Tax Rebate

- A 10 cents per litre fuel rebate will be provided to bus operators in Vanua Levu and Taveuni.
- Existing 2 cents per litre fuel rebate will be maintained for all other regions.



### Water Resource Tax

- Effective from 1 August 2023, the water resource tax rate for extraction above 10 million liters per month will increase from 18 cents per litre to 19.5 cents per litre.

## Improving Delivery of Services



### Ease of Doing Business

- A sum of \$9.0 million is allocated towards Ease of Doing Business initiatives.
- Government recognises investment is critical and is committed to promote Fiji as an attractive destination for both local and foreign investors with business friendly and conducive environment.



### Investment Facilitation Committee

- An Investment Facilitation Committee has been established to provide a platform for investors and existing businesses to raise concerns on recurring or unresolved issues that hinder investment and business.

## Medium-Term Fiscal Framework



\$Million	2023-2024 (Budget)	2024-2025 (Budget)	2025-2026 (Budget)
<b>Revenue</b>	<b>3,700.7</b>	<b>3,868.1</b>	<b>4,004.0</b>
As a % of GDP	27.9	27.6	27.3
Tax Revenue	3,107.7	3,321.3	3,487.3
Non-tax Revenue	593.1	546.9	516.7
<b>Expenditure</b>	<b>4,339.9</b>	<b>4,361.6</b>	<b>4,440.1</b>
As a % of GDP	32.7	31.2	30.2
<b>Net Deficit</b>	<b>-639.1</b>	<b>-493.4</b>	<b>-436.0</b>
As a % of GDP	-4.8	-3.5	-3.0
<b>Debt</b>	<b>10,521.4</b>	<b>11,014.9</b>	<b>11,450.9</b>
As a % of GDP	79.3	78.7	77.9
<b>GDP at Market Prices</b>	<b>13,266.6</b>	<b>13,991.9</b>	<b>14,691.4</b>



Government will gradually **reduce its net deficit as a percentage of GDP** in the medium-term to **-3.5 percent in 2024-2025 and -3.0 percent in 2025-2026**.

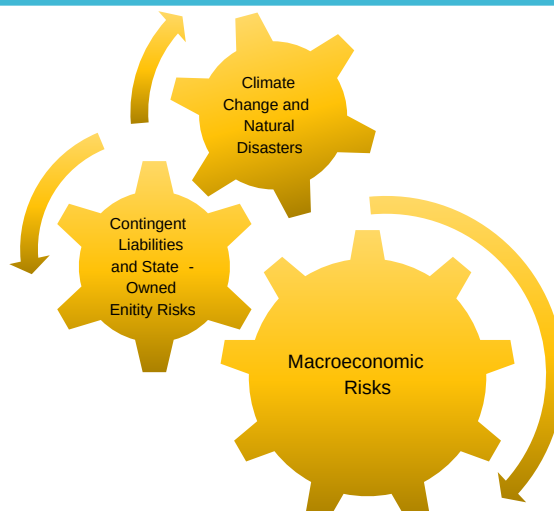


Government targets to **reduce its debt as a percentage of GDP to 78.7 percent in 2024-2025 and 77.9 percent in 2025-2026**.



Ministry of Finance is working on a 15-year fiscal management plan and details will be released later.

## Fiscal Risks





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