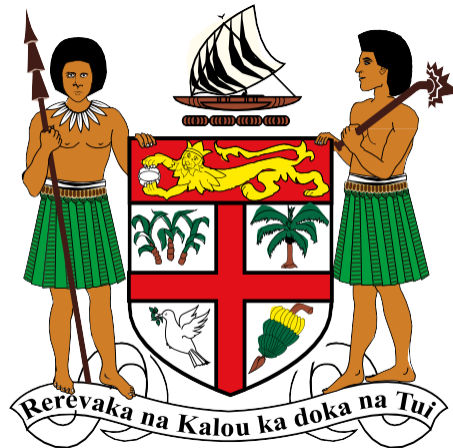


REPUBLIC OF FIJI

PRE-ELECTION ECONOMIC AND FISCAL UPDATE



Ministry of Economy

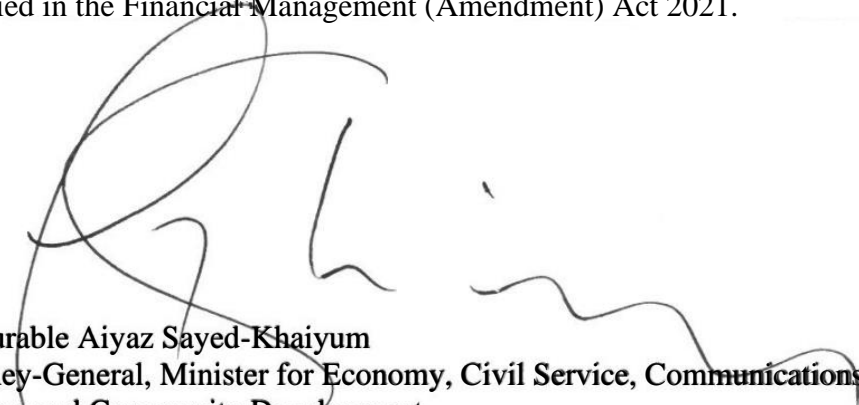
9 May 2022



Statement of Responsibility

Pursuant to Section 27A of the Financial Management (Amendment) Act 2021, I am pleased to present the first ever pre-election economic and fiscal update.

To the best of my knowledge, the pre-election economic and fiscal update meets the requirements specified in the Financial Management (Amendment) Act 2021.



Honourable Aiyaz Sayed-Khaiyum
Attorney-General, Minister for Economy, Civil Service, Communications,
Housing and Community Development
9 May 2022

Statement of the Permanent Secretary for Economy

Section 27A of the Financial Management (Amendment) Act 2021 requires the Ministry of Economy to publish a pre-election economic and fiscal update on an official Government website within 14 days after the commencement of the campaign period for a general election. The campaign period for the 2022 general elections officially began on 26 April 2022.

The pre-election economic and fiscal update provides details on the current economic and fiscal performance, outlook of the Fijian economy for the medium term, details on Government debt and contingent liabilities, major fiscal risks and details on other socio-economic indicators.

The economic and fiscal conditions have not materially changed since the publication of the Revised 2021-2022 National Budget presented on 24 March 2022. As such, certain sections of the Revised 2021-2022 Budget Supplement have been replicated in this document. The information contained in this document is based on the latest available data as of April 2022.

The pre-election economic and fiscal update was compiled by the Ministry of Economy (MoE), with assistance from the Fiji Revenue and Customs Service (FRCS), the Reserve Bank of Fiji (RBF) and the Fiji Bureau of Statistics (FBoS).



Shiri Gounder
Permanent Secretary for Economy
9 May 2022

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CHAPTER 1: ECONOMIC PERFORMANCE AND OUTLOOK

International economic performance and outlook

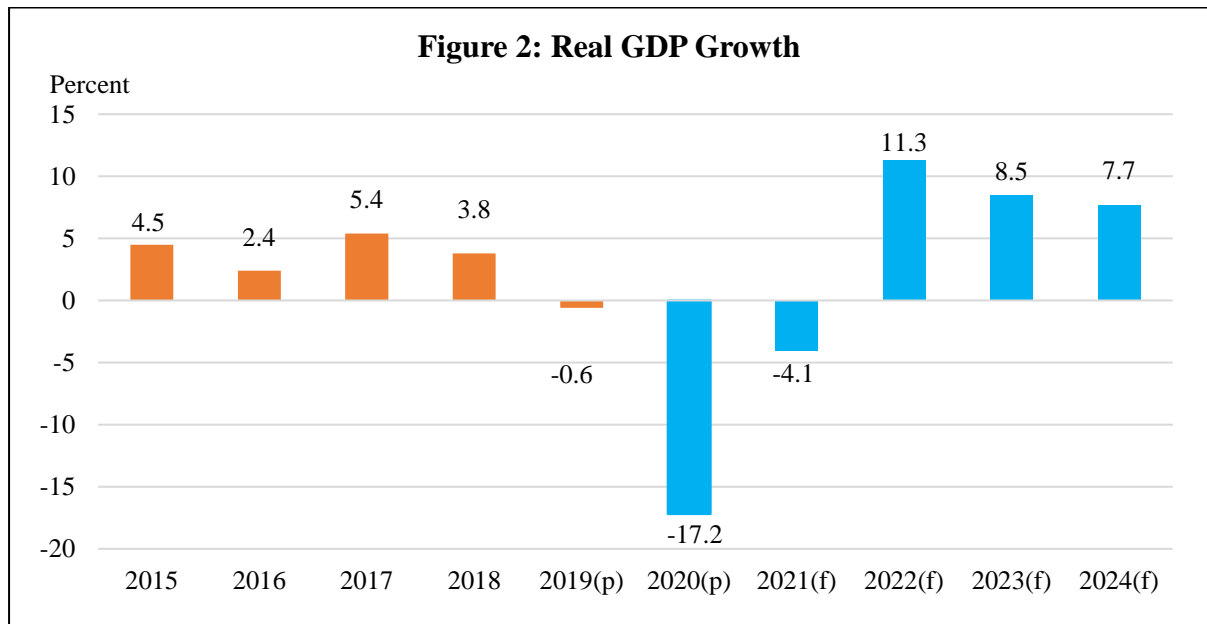
- 1.1 The International Monetary Fund (IMF) in its April World Economic Outlook has projected global growth to slowdown from 6.1 percent in 2021 to 3.6 percent in both 2022 and 2023. This is a downward revision of 0.8 percentage points (pp) and 0.2 pp, respectively, from the IMF's earlier forecast in January 2022.



- 1.2 The slowdown was primarily driven by the Russia-Ukraine conflict, which has caused widespread economic damage induced by the various sanctions which has greatly affected the global supply of energy, food, and other essential commodities. The Russia-Ukraine war, together with rising freight costs and supply chain disruptions, has pushed up global prices.
- 1.3 Sanctions on Russian energy exports, in particular, have reduced supplies and is underpinning the surge in fuel prices, which reached US\$105.8 per barrel at the end of April. Among other things, the war, primarily, has interrupted vegetable oil, cereal, other food varieties and fertiliser supplies, pushing global food prices to an all-time high in March 2022, measured through the Food and Agriculture Organisation (FAO) Food Price Index.
- 1.4 In a bid to manage the inflation momentum, major central banks have already moved towards tightening their monetary policy stance and Government's have been introducing fiscal measures to mitigate these inflationary pressures. Countries globally face a difficult policy trade-off between tackling rising prices and safeguarding their post COVID-19 economic recoveries which remain fragile, and between supporting the vulnerable and rebuilding fiscal buffers. These policy decisions will be especially difficult for countries with limited fiscal space to cushion the impacts of the war on their economies.
- 1.5 The downside risks to the global outlook include a possible worsening of the Russia-Ukraine war, a sharper-than-anticipated slowdown in China in light of its strict zero-COVID strategy; and the emergence of newer, more contagious strains of the virus which induces re-introduction of the tight restrictions seen in 2020 and 2021.

Domestic economic performance and outlook

- 1.6 The Fijian economy recorded one of its strongest periods of economic growth in the decade leading up to the COVID-19 pandemic, with nine years of consecutive economic growth from 2010 to 2018. As a result, per capita income levels rose to over FJ\$13,000 and the unemployment rate fell to a 20-year low of 4.5 percent.
- 1.7 This period of sustained economic growth was underpinned by rising productivity and investment, political stability, improved private sector confidence and the implementation of critical reforms by the Fijian Government. Fiscal policy played an important role, as Government maintained a low and attractive tax regime to support private sector investment while also channeling public spending towards improving the delivery of public services.
- 1.8 The dual shocks of the COVID-19 pandemic and a series of recent natural disasters have had devastating impacts on the Fijian economy, jobs, public finance and socio-economic conditions. Fiji recorded its largest ever economic contraction of 17.2 percent in 2020 with a further 4.1 percent contraction estimated for 2021. This resulted in 3 consecutive years of economic decline, including the marginal economic contraction of 0.6 percent in 2019.



(Sources: Fiji Bureau of Statistics and Macroeconomic Committee)

- 1.9 Fiji's economic recovery looks promising as international borders opened up on 1 December 2021 and activity in the tourism industry picked up much faster than expected. This is having positive flow on effects to all other sectors of the economy. To improve the competitiveness of the tourism sector, Government in the last few Budgets have reduced all major tourism-related taxes and introduced attractive tax incentives to stimulate new and re-investments in the sector. A number of policy measures have also been put in place to promote growth in other economic sectors with the aim of further economic diversification in areas like business process outsourcing (BPOs), agriculture, manufacturing and other value adding industries.
- 1.10 Looking ahead, a double-digit growth of 11.3 percent is projected for 2022 and this broad-based recovery is expected to carry over into 2023 and 2024, with Gross Domestic Product (GDP) forecast to expand by 8.5 percent and 7.7 percent, respectively. The main sectors that

are expected to contribute to the rebound are accommodation & food services; transport & storage; finance & insurance; wholesale & retail trade; manufacturing and agriculture.

- 1.11 It is important to note that these projections were prepared by the Macroeconomic Committee¹ in December 2021 and will be reviewed and revised in the next few weeks as part of the 2022-2023 Budget process. Recent economic indicators since December 2021 have largely been better than earlier anticipated.

Recent trend in tourism, consumption and investment activity

- 1.12 This projected economic recovery is inexorably tied to the expected rebound in the tourism industry. Following the reopening, visitor arrivals tallied 48,906 over the first three months of 2022, which represents a nearly twelve-fold increase over the same period in the previous year. Visitor arrivals since the reopening (December 2021 – March 2022) totalled 72,132. For 2022, visitor arrivals are currently projected at around half of pre-COVID-19 levels and this will be revised based on the current trend in the next few months.

Table 1: Visitor arrivals and Real GDP Growth

	2019	2020	2021	2022f	2023f	2024f
Visitor arrivals	894,389	146,905	31,618	447,195	760,231	894,389
Real GDP growth (%)	-0.6	-17.2	-4.1	11.3	8.5	7.7

(Source: FBoS and Macroeconomic Committee)

- 1.13 Latest partial indicators for the first 3 months of 2022 shows that consumption activity has been largely favourable, reflected by increases in net Value Added Tax (VAT) collections (25.1%), total vehicle registrations (9.9%), electricity consumption (7.9%), new loans for consumption (69.3%) and supported by other income related indicators like personal remittances and PAYE collection.
- 1.14 On the other hand, investment spending remained relatively subdued, reflected by a fall in domestic cement production (-10.4%) and sales (-10.3%) in the year to March, which is also consistent with the drop in the number of building permits (-22.1%) approved in 2021. Additionally, new loans for building and construction purposes fell (-17.2%) during the review period although that was offset to some extent by the increase in lending to the real estate sector (124.5%). The rise in building material prices (4.8%), along with the cautionary stance of investors ahead of the general elections, is underpinning the current trend investment activity.

Labour market conditions

- 1.15 Labour market conditions have been improving, with new jobs advertised increasing (168.1% to 1,742 jobs) in the year to March 2022 owing to improved recruitment intentions across all industries, but particularly higher for the tourism and service-related sectors. The vacancy rate in April was the highest recorded since the pre-pandemic period².

¹ The Macroeconomic Committee comprises the Governor of the Reserve Bank of Fiji (Chair), Permanent Secretary for Economy, Chief Executive Officer of the Fiji Revenue and Customs Service and Investment Fiji, Chief Executive of the Fiji Bureau of Statistics and other senior Government officials.

² This information is sourced from the Reserve Bank of Fiji (RBF) Job Advertisements Survey that measures the recruitment intentions of employers every month.

Inflation and international prices

- 1.16 The inflation rate noted a significant turnaround over the last nine months (August 2021- April 2022), averaging around 2.4 percent after remaining in the negative territory for nearly two years due to the pandemic-induced supply shocks.
- 1.17 In April 2022, annual inflation stood at 4.7 percent with increases noted in the food; alcoholic beverages and tobacco; transport; restaurants and hotels; housing and clothing and footwear categories. Food prices rose by 7.1 percent, affected by existing pandemic-induced bottlenecks, recent events surrounding the Russia-Ukraine war, the domestic effects of Tropical Cyclone Cody and the recent sugar price review. While the measures announced in the Revised 2021-2022 National Budget are expected to cushion inflationary pressures somewhat, the continued rise in imported inflation is expected to keep domestic prices elevated this year.
- 1.18 The Russia-Ukraine war will continue to exert further inflationary pressures over the next few months. Brent crude oil prices are already trending above US\$100 per barrel. The FAO food price index also increased in the same period to an all-time high (3.9 percent to 140.7), attributed to higher vegetable oil and dairy prices as global supply tightness continued. Similarly, gold ended higher in February (5.8 percent to US\$1,900.70 per fine ounce) as the escalation of geopolitical tensions saw an increase in the demand for safe haven assets. Sugar prices, however, fell (-2.9 percent to US\$17.70 cents per pound), led by improved production from India and Thailand. Price movements into March for these commodities were also higher, fuelled further by the ongoing geopolitical tensions.
- 1.19 Domestic year-end inflation is now estimated at 5.0 percent, largely reflective of higher prices for food and fuel throughout 2022. In the medium-term, inflation is forecast to moderate to 3.1 percent and 2.4 percent by the end of 2023 and 2024, respectively.

Money and Credit

- 1.20 Financial sector outcomes were in line with the real sector recovery as lending to the private sector (0.8 percent) picked up further in February, driven largely by business entities. Excess liquidity in the banking system remains high and stands at \$2,092.7 million as of 5 May, held up by higher inflows of foreign reserves and quantitative easing measures. Accordingly, interest rates in February fell over the month, except for the new lending rate. Moreover, the level of non-performing loans for commercial banks and licensed credit institutions has trended downwards from the peaks experienced in the third quarter of 2021.

Exchange Rates

- 1.21 In February, the Fijian dollar (FJD) strengthened against the United States dollar (USD) (1.1%), Japanese Yen (JPY) (1.1%) and the EURO (1.0%), but weakened against the Australian dollar (AUD) (-1.3%), and the New Zealand dollar (NZD) (-0.6%). On an annual basis, the FJD gained against the NZD (4.1%), AUD (3.6%), EURO (2.8%) and JPY (2.1%) but was lower against the USD (-5.8%).

External sector

- 1.22 On the external front, Fiji's trade deficit (excluding aircraft) widened by 17.5 percent in 2021 compared to a narrowing by 32.0 percent in 2020. This was due to the strong rebound in import

growth (11.7%) outpacing the growth in exports (5.2%). The growth in the value of imports reflects the rise in commodity prices in 2021, as well as higher inflation noted in our trading partner countries. The growth in exports was dominated by mineral water and crude materials. Meanwhile, tourism earnings picked up over the final quarter of 2021 (2,466.7% to \$30.8 million) on account of the re-opening of Fiji's borders in December.

- 1.23 Growth in inward remittances slowed to 1.3 percent to total \$133.3 million in the year to February compared to a 15.9 percent growth in the same period in 2021, underpinned by higher inflows of personal transfers. The value of remittances received via mobile money platforms increased by 70.8 percent, while transfers via other channels noted a decline. The former has recently gained tremendous traction due to the rollout of Government COVID-19 assistance through mobile money platforms, culminating in an annual growth of 127.9 percent in 2021.

Foreign Reserves

- 1.24 Foreign reserves remain above adequate levels and are forecast to remain comfortable in the medium term. As at 5 May 2022, foreign reserves are around \$3,052.0 million, sufficient to cover 8.5 months of retained imports.

CHAPTER 2: FISCAL PERFORMANCE AND OUTLOOK

Fiscal Management during the pandemic

- 2.1 Government finances have been under pressure throughout the pandemic as monthly tax revenues declined by almost 50 percent on average with Government losing over \$3.2 billion in tax revenues cumulatively since the pandemic. At the same time, there was a need to keep expenditures at pre-pandemic levels to ensure no major disruption to public services and to also provide over \$500 million in unemployment support and other relief measures to those affected by the pandemic.
- 2.2 As a result, Government had to increase its borrowings significantly during the pandemic which led to Fiji's debt to GDP ratio increase to over 80 percent of GDP at the end of March 2022 compared to around 48 percent of GDP pre-pandemic. Apart from the increased borrowings to a tune of over \$2.0 billion during the pandemic period, the sharp contraction in nominal GDP has also contributed to the spike in the debt to GDP ratio. The debt to GDP ratio is projected to increase to around 88.6 percent of GDP at the end of July 2022.
- 2.3 Prior to the pandemic, the debt to GDP ratio remained within the generally accepted benchmark of 50 percent despite the increased public spending on rehabilitation and reconstruction in the wake of Tropical Cyclone Winston and other severe natural disasters experienced during that period. The sustained period of economic growth during this decade greatly helped keep the debt to GDP ratio under control.
- 2.4 The prolonged COVID-19 induced economic crisis required Government to maintain spending to support the economy as business activity plummeted and socio-economic challenges worsened. With tax revenues declining by almost 50 percent, Government had to implement a counter cyclical fiscal response with increased borrowings from both external and domestic sources. Without this fiscal support, the economic contraction would have been much severe and the socio-economic challenges would have been devastating. This counter cyclical response also supported the current economic recovery trajectory which otherwise would have been much more prolonged and difficult.
- 2.5 Furthermore, with the largest foreign exchange earner tourism near zero for almost 20 months, there was a high risk of a balance of payment crisis and a large devaluation if Government had not secured additional foreign reserves through the external borrowings, budget support grants and foreign investment in Energy Fiji Limited. A devaluation during the pandemic would have created greater uncertainty and worsened the economic crisis, magnified the socio-economic challenges and would have delayed the recovery process. The increased external borrowings not only supported foreign reserves but helped increase liquidity levels in the domestic market, which in turn kept domestic borrowing costs low - a critical pre-condition for economic recovery.
- 2.6 The multilateral and bilateral development partners, including the Asian Development Bank (ADB), World Bank, Japan International Cooperation Agency (JICA), Asian Infrastructure Investment Bank (AIIB), Governments of Australia and New Zealand supported Fiji with external debt financing and budget support grants during this period. This increased level of financing support provided by credible partners reaffirmed that the counter cyclical fiscal

response to COVID-19 crisis was appropriate and at the same time shows the confidence of these lenders in Fiji's debt serviceability moving forward.

- 2.7 While debt levels have increased, the overall cost of debt has also come down significantly. Bringing down the cost of debt has been a key objective of the Fijian Government's debt management strategy. In the last 2 years, Government has accessed around \$900 million in highly concessional³ financing from the World Bank and JICA which was contingent upon policy reforms to strengthen fiscal management, improve private sector investments, reform state owned enterprises (SOE's) and build economic and climate resilience.
- 2.8 Given the severity of the COVID-19 induced economic crisis and the long-term benefits of these policy reforms, the Australian Government and the New Zealand Government has also partnered with the multilateral development partners to provide over \$400 million in cash grants during the last 2 fiscal years.
- 2.9 With the inflow of these external debt and grant financing, domestic borrowing costs have also declined substantially as liquidity levels in the financial system increased to over \$2.0 billion. At the end of April, current yields in the domestic market for government securities are at all-time lows of 0.04 percent for 3 month T-bills, 0.07 percent for 6 month T-bills, 0.13 percent for 1 year T-bills, 3.95 percent for 10-year bonds (previously 6 percent in 2019), 4.25 percent for 15-year bonds (previously 6.5 percent in 2019), and 4.68 percent for 20-year bonds (previously 7 percent in 2019).
- 2.10 Highly concessional JICA loans at 40-year terms, with 10-year grace periods and 0.01 percent interest rate has a grant element of around 67 percent while World Bank International Development Association (IDA) loans at almost similar terms have a grant element of around 57 percent. Other JICA loans with 15-year terms, 4-year grace period and 0.01 percent interest rate have a grant element of 36 percent.
- 2.11 To access these concessional financing, the Fijian Government lobbied for the World Bank Group to recognise the Fijian economy's vulnerability to climate change and natural disasters as Fiji being an upper-middle income country could not initially access IDA funding prior to 2020. Similarly, accessing the JICA concessional funds also required support from the Japanese Government.
- 2.12 Cheaper external debt and declining domestic market rates have resulted in an overall reduction in the cost of Government debt. The Ministry of Economy will continue to explore opportunities to ensure that the cost of debt is minimised within prudent levels of risk.
- 2.13 The Revised FY2021-2022 Budget builds upon the better than earlier anticipated recovery in the tourism sector and the overall economy and was designed to align revenue projections with recent economic developments and recalibrate expenditures based on current performance with spending reprioritisation where needed.

³ The degree of concessionality of a loan is measured by its "grant element". The grant element is defined as the difference between the loan's nominal value (face value) and the sum of the discounted future debt-service payments to be made by the borrower (present value), expressed as a percentage of the loan's face value.

- 2.14 This Revised Budget also addresses some of the new challenges being faced in the post-pandemic world, including measures to mitigate inflationary pressures while at the same time restructuring the tax regime to ensure revenue adequacy and efficiency in tax collection. Expenditure allocation focuses on ensuring improvements in public service delivery and at the same time clamping down on inefficiencies and controlling operational expenditure.
- 2.15 Moving forward, as we come out of the crisis and the Fijian economy recovers, the public debt to GDP ratio will have to be put on a downward path in the medium term. A mix of policies ranging from supporting a private sector led economic recovery, tax reforms, expenditure readjustment and other broader public sector reforms have to be pursued. While fiscal consolidation will have to be the cornerstone of fiscal strategy moving forward, the speed and timing of consolidation has to be carefully managed with a delicate balance between supporting economic recovery and ensuring fiscal sustainability.

FY2021-2022 Half-Year Fiscal Performance⁴

- 2.16 For the first six months of FY2021-2022, fiscal performance overall has been better than budgeted. Total revenues stood at \$1,114.1 million while total expenditure amounted to \$1,674.1 million (Table 2). The net deficit position stood at \$560.0 million or 5.4 percent, almost half of the budgeted fiscal deficit of 11.7 percent of GDP for this period.
- 2.17 The favourable fiscal performance relative to the budget was largely due to a \$207.5 million over-collection in Government revenues (22.9 percent higher than budgeted) and tighter controls on public expenditures, resulting in \$440.6 million in under-spending.

Table 2: Fiscal Performance for 6 Months (1 August 2021 to 31 January 2022)

Particulars	2021-2022 Revised Budget	2021-2022 Aug-Jan Forecast	2021-2022 Aug-Jan Actual	2021-2022 Aug-Jan Variance	2021-2022 Aug-Jan Variance
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Total Revenue	2,253.1	906.7	1,114.1	207.5	22.9
Tax Revenue	1,710.5	764.1	782.6	18.5	2.4
Non-Tax Revenue	542.6	142.6	331.6	189.0	132.6
Total Expenditure	3,715.1	2,114.7	1,674.1	(440.6)	(20.8)
Operating Expenditure	2,402.7	1,351.9	1,056.8	(295.2)	(21.8)
Capital Expenditure	1,265.7	739.1	605.8	(133.3)	(18.0)
SEG 13 VAT	46.7	23.7	11.5	(12.1)	(51.2)
Net Deficit	(1,462.0)	(1,208.0)	(560.0)	648.1	(53.6)
% of GDP	(14.2)	(11.7)	(5.4)	6.3	(53.6)
<i>Nominal GDP</i>	<i>10,302.6</i>	<i>10,302.6</i>	<i>10,302.6</i>		

(Source: Ministry of Economy)

Revenue Performance

- 2.18 Total tax revenue at the end of the first six months of FY2021-2022 registered a modest increase of \$18.5 million or 2.4 percent over the forecast. This compares favourably to tax

⁴ At the time of this publication, quarter 3 FY2021-2022 fiscal performance data was unavailable. The Ministry of Economy as part of its regular reporting will publish the quarter 3 fiscal performance on its website by June 2022.

collections in the first four months (August to November) of FY2021-2022, which had been consistently below forecast largely due to the impact of the second wave of COVID-19 and the related domestic restrictions, which depressed economic activity.

- 2.19 With the strong pick-up in tax collections post-December 2021 due to the resumption of international tourism and its positive spill-over effects on the wider economy, there were higher-than-expected tax revenue collections in December 2021 and January 2022, resulting in a cumulative six-month collection of \$782.6 million.
- 2.20 Collections from Customs Import VAT and Domestic VAT had cumulatively performed above anticipated levels by \$28.6 million and \$29.1 million, respectively, while other revenue categories underperformed relative to the forecast.
- 2.21 While tax collections post December 2021 has been above forecast, tax collections are still below actual collections pre-COVID-19 levels. Table 3 below shows the trend in monthly actual tax collections from August 2019 to March 2022.

Table 3: Tax Collection Trend August 2019 to March 2022

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2019/2020	203.8	269.5	200.8	190.5	295.7	202.0	169.5	161.5
2020/2021	105.4	122.2	127.7	112.6	148.7	142.4	100.8	124.4
2021/2022	84.4	121.9	119.7	110.9	190.6	154.0	127.8	120.8
Change from 2020/2021 to 2021/2022								
\$ Change	(21.0)	(0.4)	(8.0)	(1.7)	41.9	11.6	27.0	(3.6)
%	(19.9)	(0.3)	(6.3)	(1.5)	28.2	8.2	26.8	(2.9)
Change from 2019/2020 to 2021/2022								
\$ Change	(119.4)	(147.6)	(81.1)	(79.5)	(105.1)	(48.0)	(41.7)	(40.7)
%	(58.6)	(54.8)	(40.4)	(41.8)	(35.5)	(23.8)	(24.6)	(25.2)

(Source: Ministry of Economy)

- 2.22 Non-tax revenues of \$331.6 million exceeded estimated collections by \$189.0 million or 132.6 percent. This over-collection was largely attributed to \$185.9 million in non-tax cash inflows from one-off budget support grants received from Australia and New Zealand in December 2021.

Expenditure Performance

- 2.23 Total Government expenditure at the end of January 2022 amounted to \$1,674.1 million. There was under-spending of \$440.6 million (or 20.8 percent) due to tighter controls on public spending and the underutilisation of certain budgetary allocations due to prevailing circumstances during the financial year.
- 2.24 Operating Expenditure amounted to \$1,056.8 million whilst Capital Expenditure amounted to \$605.8 million. Both operating and capital expenditure were below forecast by \$295.2 million and \$133.3 million, respectively. This significant under-spending is despite the front-loading of the COVID-19 unemployment assistance in the first half of the fiscal year.

- 2.25 The major expenditure components for the first 6 months comprise of Capital Grants & Transfers (34.1 percent), Wages & Salaries (27.6 percent), Operating Grants (15.4 percent) and Finance Charges (10.8 percent). The operating to capital mix was 66:34.

Fiscal Outlook

- 2.26 Based on the trend observed for the first six months of FY2021-2022 and a quick turnaround in the economic outlook for the second half, the FY2021-2022 Budget was revised with a recalibrated budget framework and a fiscal deficit of 14.2 percent of GDP, lower than the 16.2 percent of GDP previously budgeted.
- 2.27 The underlying net deficit is expected to be \$1,462.0 million for FY2021-2022 based on projected total revenues of \$2,253.1 million and total expenditure of \$3,715.1 million. Table 4 provides the revised Fiscal Framework for FY2021-2022.

Table 4: FY2021-2022 Revised Fiscal Framework

(\$M)	2020-2021 (Actual)	2021-2022 (Original Budget)	2021-2022 (Revised Budget)
Revenue	2,143.0	2,085.1	2,253.1
As a % of GDP	22.1%	21.1%	21.9%
<i>Tax Revenue</i>	1,412.6	1,597.6	1,710.5
<i>Non-Tax Revenue</i>	730.4	487.5	542.6
Expenditure	3,190.3	3,690.5	3,715.1
As a % of GDP	32.9%	37.3%	36.1%
Net Deficit	(1,047.3)	(1,605.4)	(1,462.0)
<i>As a % of GDP</i>	<i>-10.8%</i>	<i>-16.2%</i>	<i>-14.2%</i>
Debt	7,663.7	9,061.4	9,125.7
<i>As a % of GDP</i>	<i>79.0%</i>	<i>91.6%</i>	<i>88.6%</i>
GDP at Market Prices	9,695.5	9,889.2	10,302.6

(Source: Ministry of Economy)

- 2.28 For FY2021-2022, tax revenue collections are projected at \$1,710.5 million, higher than the original budget by \$112.9 million (an increase of 7.1 percent) and higher by \$297.9 million or 21.1 percent relative to FY2020-2021. This higher forecast is based on the conservative assumption that visitor arrivals will reach around half of 2019 levels (about 450,000 visitors) in 2022. Monthly tourist bookings have already exceeded early expectations and are likely to reach pre-pandemic levels much sooner than projected.
- 2.29 The year-end tax revenue forecast also takes into account the \$56 million in estimated tax loss for a 12-month period from the removal of the 20 cents per litre excise duty on fuel, the removal of Environment and Climate Adaptation Levy (ECAL) on prescribed goods and services, and the 'revenue-neutral' VAT adjustment to compensate revenue losses from the zero-rating of VAT on 21 essential everyday items, by increasing the VAT from 9 percent to 15 percent on 21 selected goods and services.
- 2.30 The revised revenue projection also factors in the continuation of various tax measures introduced over the past two years to support businesses, rebuild tourism competitiveness and entice new investments, including the removal of Service Turnover Tax and stamp duties,

reduction in departure tax from \$200 to \$100 and reduction in duties and taxes on over 2,000 items.

- 2.31 Overall, while tax collections are expected to be better than previously forecast, it will still be \$1,109.3 million (39.3 percent) lower than pre-COVID levels (collections in FY2018-2019). With the tax policies announced in the Revised FY2021-2022 Budget and the positive economic outlook, tax collections are expected to normalise to pre-pandemic levels within the next 2 to 3 years.
- 2.32 Non-tax revenue collections are expected at \$542.6 million, higher than the original FY2021-2022 Budget of \$487.5 million. Apart from the slight increase in collections from fees, fines and charges, budget support grants and dividends from state-owned enterprises (SOEs) are expected to generate additional revenues of around \$108.6 million.
- 2.33 Cash grants were conservatively budgeted at around \$116.3 million. However, with large budget support inflows from Australia and New Zealand in the first half of the year together with projected inflows from other development partners, grant revenues are now anticipated at around \$214.2 million. Government also expects to receive around \$70.0 million in reimbursement and recoveries from various existing trust fund accounts and \$14.8 million from the sale and disposal of various properties, including the Brussels Foreign Mission, Savusavu Industrial Zone Lots, Factory 6 and Administration Building in Kalabu Tax Free Zone (KTFZ), 4.2-acre lot in Vatuwaqa and remittances from properties in KTFZ. These increases are expected to offset the shortfall from the \$150 million planned divestment of Amalgamated Telecom Holdings Limited shares which is currently on hold.
- 2.34 Total Government expenditure for FY2021-2022 is budgeted at \$3,715.1 million, \$24.5 million higher than the original Budget. Government expenditures in nominal terms have remained around similar levels since FY2017-2018, despite large one-off expenditures for unemployment support and other relief measures. This has been achieved by tight controls on the civil service wage bill, reductions in other operational expenditures and slow implementation of capital projects due to COVID-19 and other natural disasters. The operating to capital mix for the Revised FY2021-2022 Budget stands at 65:35.
- 2.35 The projected total gross deficit, which is the sum of the net deficit and principal debt repayments, is around \$1,809.5 million. The gross deficit will be financed through a combination of domestic and external borrowings from multilateral and bilateral development partners.
- 2.36 Table 5 provides the Government’s Cashflow Statements from FY2017-2018 to FY2021-2022.

Table 5: Cashflow Statement

\$ millions	2017-18	2018-19	2019-20	2020-21	2021-2022 (Revised Budget)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Direct Taxes	826.8	754.4	610.5	466.2	481.3
Indirect Taxes (excluding SEG 13 VAT)	1,967.3	2,026.9	1,551.7	918.5	1,182.5

\$ millions	2017-18	2018-19	2019-20	2020-21	2021-2022 (Revised Budget)
<i>Value Added Tax</i>	751.3	799.6	596.1	415.2	588.7
<i>Customs Taxes</i>	668.6	669.8	528.9	399.8	473.8
<i>Service Turnover Tax</i>	97.9	89.6	62.5	1.1	0.05
<i>Water Resource Tax</i>	64.3	73.6	56.2	72.0	86.4
<i>Departure Tax</i>	147.5	147.2	113.8	0.9	12.8
<i>Stamp Duty</i>	85.3	85.2	66.3	7.9	0.1
<i>Fish Levy</i>	0.1	0.05	0.02	-	-
<i>Telecommunication Levy</i>	1.0	1.0	0.9	0.8	1.0
<i>Third Party Insurance Levy</i>	1.0	-	-	-	-
<i>Environment and Climate Adaptation Levy</i>	150.5	160.9	126.9	20.8	19.7
Fees, Fines & Charges	143.0	133.1	141.7	123.7	135.4
Grants in aid	49.1	42.0	67.6	283.8	214.2
Dividends from Investments	149.8	106.6	49.5	51.3	58.7
Reimbursement & Recoveries	20.9	12.7	14.0	24.3	83.8
Other Revenue & Surpluses	34.7	42.8	31.5	28.6	28.0
Total operating receipts	3,191.6	3,118.6	2,466.5	1,896.3	2,183.9
Payments					
Personnel	959.4	1,017.0	987.8	928.5	984.1
Transfer payments	717.5	719.9	655.6	580.4	637.1
Supplies and consumables	265.3	277.4	276.3	254.5	266.5
Purchase of outputs	88.3	87.4	57.2	55.3	136.5
Interest paid	289.6	322.8	345.1	363.2	370.3
Other operating payments	1.9	3.9	11.9	7.1	8.2
Total operating payments	2,322.0	2,428.4	2,333.8	2,189.0	2,402.7
Net cash flows from operating activities	869.7	690.1	132.7	(292.6)	(218.8)
<i>As a % of GDP</i>	<i>7.6%</i>	<i>5.9%</i>	<i>1.2%</i>	<i>-3.0%</i>	<i>-2.1%</i>
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Sale of Government Assets	1.4	5.4	211.3	210.5	14.9
Interest from Bank Balance	1.9	1.4	2.2	2.1	1.2
Interest on Term Loans	6.0	10.9	0.4	2.6	2.6
Return of Surplus Capital from Investment	6.0	6.4	4.3	3.5	3.9
Foreign Exchange Rate Gains	-	-	0.2	-	-
Total investing receipts	15.2	24.1	218.5	218.7	22.6
Payments					
Transfer Payments	1,203.3	972.3	843.0	853.4	1,127.8
Purchase of physical non-current assets	179.3	161.2	145.2	120.0	137.9
Total investing payments	1,382.6	1,133.5	988.2	973.3	1,265.7
Net cash flows from investing activities	(1,367.4)	(1,109.4)	(769.7)	(754.7)	(1,243.1)
<i>As a % of GDP</i>	<i>-12.0%</i>	<i>-9.4%</i>	<i>-7.1%</i>	<i>-7.8%</i>	<i>-12.1%</i>
Net (Deficit)/Surplus	(497.7)	(419.2)	(637.0)	(1,047.3)	(1,462.0)
% of GDP	-4.4%	-3.6%	-5.9%	-10.8%	-14.2%
Nominal GDP	11,384.6	11,773.3	10,815.5	9,695.5	10,302.6

(Source: Ministry of Economy)

2.37 Table 6 below provide the revenue and expenditure aggregates and the summary of fiscal positions from FY2017-2018 to FY2020-2021.

Table 6: Revenue and Expenditure Aggregates

\$ millions	2017-18	2018-19	2019-20	2020-21	2021-2022 (Revised Budget)
Total Revenue	3,244.4	3,181.1	2,716.7	2,143.0	2,253.1
Tax Revenue	2,831.6	2,819.8	2,194.0	1,412.6	1,710.5
Non-Tax Revenue	412.8	361.3	522.7	730.4	542.6
Total Expenditure	3,742.2	3,600.3	3,353.7	3,190.3	3,715.1
Operating Expenditure	2,322.0	2,428.4	2,333.8	2,189.0	2,402.7
Capital Expenditure	1,382.6	1,133.5	988.2	973.3	1,265.7
SEG 13 VAT	37.5	38.4	31.7	28.0	46.7
Net Deficit	(497.7)	(419.2)	(637.0)	(1,047.3)	(1,462.0)
% of GDP	-4.4%	-3.6%	-5.9%	-10.8%	-14.2%
Nominal GDP	11,384.6	11,773.3	10,815.5	9,695.5	10,302.6

(Source: Ministry of Economy)

Government Debt

- 2.38 As at 31 March 2022, Government debt stands at \$8.4 billion, equivalent to 81.5 percent of GDP. Domestic debt is around \$5.8 billion (69 percent), while external debt is around \$2.6 billion (31 percent).

Table 7: Government Debt (\$M)

Particulars	Jul-18	Jul-19	Jul-20	Jul-21	Mar-22
Domestic Debt	3,763.0	4,278.5	4,976.5	5,241.2	5,779.1
External Debt	1,457.5	1,456.8	1,709.5	2,422.5	2,617.9
Total Debt	5,220.5	5,735.2	6,686.0	7,663.7	8,397.0
Debt (as % of GDP)	45.9	48.7	61.8	79.0	81.5
<i>Domestic to Total Debt</i>	72%	75%	74%	68%	69%
<i>External to Total Debt</i>	28%	25%	26%	32%	31%

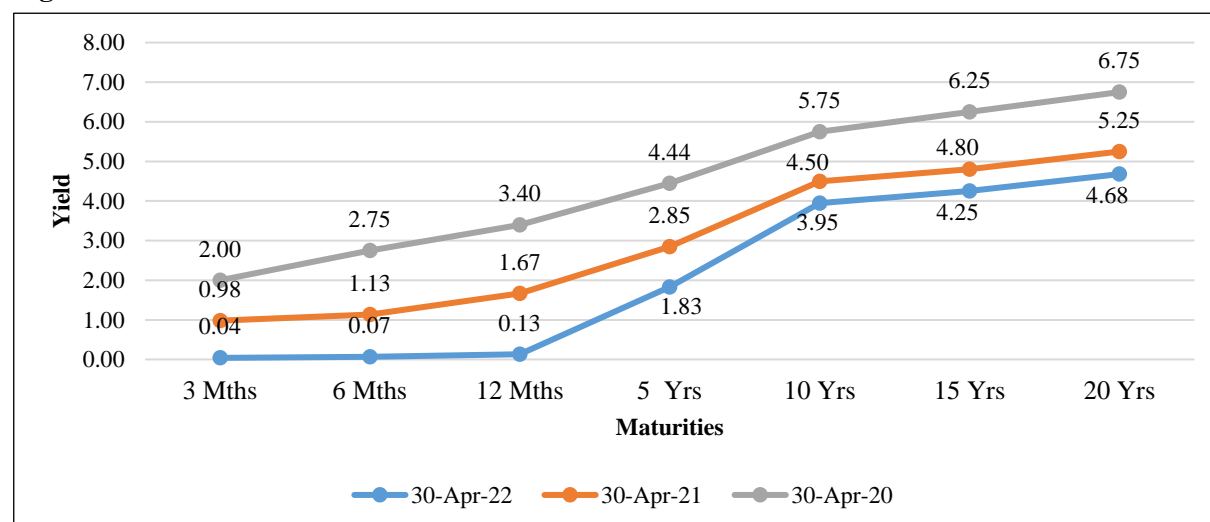
(Source: Ministry of Economy)

- 2.39 Government has over the last two years accessed around FJ\$900 million (9.7 percent of total debt portfolio) in highly concessional financing from our development partners, including highly concessional JICA loans at 40-year terms with 10-year grace periods and 0.01 percent interest rate, World Bank IDA loans at almost similar terms, and other JICA loans with 15-year terms with 4-year grace period and 0.01 percent interest rate. This has significantly lowered the cost of borrowings in the domestic market as liquidity levels in the banking system have increased.
- 2.40 Government executed the final Debt Service Suspension Initiatives (DSSI) Agreements with the EXIM Bank of China and JICA via the Paris Club in February 2022. This resulted in the total suspension of debt service amounting to CNY216.1 million (equivalent to FJ\$68.3 million) and JPY63.6 million (equivalent to FJ\$1.2 million), respectively, and has helped Government to concentrate its financial resources towards COVID-19 response and recovery efforts.
- 2.41 On 18 March 2022, Government accessed Phase two of the COVID-19 Crisis Response Emergency Support Loan from JICA amounting to JPY10 billion (FJ\$176.8 million) at concessional terms, with a 15-year repayment period inclusive of a 4-year grace period at 0.01 percent interest rate. The first phase of the program also amounted to JPY10 billion (FJ\$187.4

million) and was accessed in FY2020-2021. Subsequent to the Phase two drawdown, JICA is now the largest bilateral lender to Government.

- 2.42 Government is finalising policy-based loans with the ADB and the World Bank Group amounting to around US\$300 million. Financing will be subject to the completion of policy reform actions as agreed to with multilateral partners. The policy reforms broadly aim to promote private sector-led economic recovery, strengthen debt and Public Financial Management (PFM), enhance climate, disaster and social resilience, improve public policy for community resilience and increase the efficiency and adaptability of Fiji’s social protection systems.
- 2.43 Government yields have declined significantly in the last three years due to the increased liquidity in the banking system. Current short-term yields have reduced by 196 basis points, 268 basis points and 327 basis points for the 3 month, 6 month and 12 month T-bills, respectively, relative to April 2020 (pre-COVID). Similarly, current long-term yields noted significant reductions of 180 basis points, 200 basis points and 207 basis points for the 10-year, 15-year and 20-year bonds, respectively.

Figure 3: Government Bond Yields



(Sources: Ministry of Economy and Reserve Bank of Fiji)

- 2.44 Government debt portfolio cost and risk indicators over the past three fiscal years showed significant improvement in terms of the weighted average interest rates and the refinancing risk, mostly attributed to accessing concessional financing sources and the issuance of long-term bonds with low interest rates in the domestic market.
- 2.45 The risk indicators for the Government debt portfolio as at 31 January 2022 are summarised in Table 8.

Table 8: Government Debt- Cost and Risk Indicators

		Jan-2020	Jan-2021	Jan-2022
Nominal debt as percentage of GDP		50.5	69.4	79.6
Cost of Debt	Weighted Av. IR (percent)	6.2	5.2	4.6
Refinancing risk	ATM (years)	8.1	9.6	10.8
Interest rate risk	ATR (years)	6.9	8.0	9.5
FX risk	FX debt (percent of total debt)	25.3	25.9	31.2

(Sources: Ministry of Economy)

- 2.46 External debt accounted for 31.2 percent of the total debt portfolio as at 31 March 2022, mainly due to the accessing of concessional external financing to cushion the impact of border closures and the absence of tourism on foreign reserves and to avoid a devaluation during the pandemic.
- 2.47 In terms of external debt composition, USD loans dominated the external debt portfolio at 67.2 percent, followed by the Japanese Yen at 16.5 percent and the Chinese Renminbi Yuan at 16.3 percent.
- 2.48 As at 31 March 2022, Government contingent liabilities stood at \$1.7 billion, equivalent to 16.5 percent of GDP. This includes guaranteed debt of \$1.1 billion, (equivalent to 10.6 percent of GDP), callable ADB, AIIB, International Bank for Reconstruction and Development (IBRD) subscriptions amounting to \$527.5 million and other implicit contingent liabilities of \$80.2 million. Government guaranteed debt increased by 4.2 percent relative to the end of FY2020-2021, solely attributed to the utilisation of approved guaranteed facilities by Fiji Airways and the Fiji Development Bank (FDB).
- 2.49 On 22 October 2021, Parliament approved an additional \$80 million Government guarantee to FDB during the fiscal year. This increased FDB's guarantee limit for the guarantee period 1 March 2021 to 28 February 2022 from \$170 million to \$250 million. Furthermore, in February 2022, Parliament approved that Government guarantee FDB's borrowings for a further 12-month period from 1 March 2022 to 28 February 2023 for the sum of \$200 million, and that a guarantee fee of 0.075 percent be applied.

Table 9: Government Contingent Liabilities as at March 2022

CONTINGENT LIABILITIES					
ENTITIES	Jul-18	Jul-19	Jul-20	Jul-21	Mar-22
	\$m	\$m	\$m	\$m	\$m
Government Guarantees (Explicit) (A)					
% of Government Guarantees to GDP	5.2%	5.7%	8.7%	10.8%	10.6%
Total Government Guarantees	586.7	673.3	939.0	1,051.0	1,095.1
Air Pacific Limited trading as Fiji Airways	-	-	279.0	421.7	462.6
Fiji Development Bank	200.0	291.9	307.8	308.8	341.0
Energy Fiji Limited	94.5	53.9	50.2	-	-
Fiji Harwood Corporation Limited	5.2	3.6	1.7	0.7	-
Fiji Pine Limited (FPL)	1.8	-	-	-	-
Fiji Sugar Corporation	210.2	241.3	199.2	216.9	209.2
Housing Authority	59.7	68.0	90.2	102.2	81.7
Fiji Broadcasting Corporation	12.6	10.5	8.3	-	-
Pacific Fishing Company Limited	2.7	4.1	2.5	0.8	0.6
Other Explicit Contingent Liabilities (B)					
Total Other Explicit Contingent Liabilities (B)	505.2	516.4	510.6	525.6	527.5
International Bank for Reconstruction & Development (IBRD)	303.0	312.2	305.9	300.6	301.6
Asian Development Bank (ADB)	202.2	204.2	204.7	204.2	204.9
Asian Infrastructure Investment Bank (AIIB)				20.8	20.9
Implicit Contingent Liabilities (C)					
Other Implicit Contingent Liabilities (C)	81.3	74.8	112.0	91.1	80.2
*includes Provincial and Municipal councils' debt and FRCS litigation claims					
Total Other Contingent Liabilities (B+C)	586.5	591.2	622.6	616.7	607.7

CONTINGENT LIABILITIES					
ENTITIES	Jul-18	Jul-19	Jul-20	Jul-21	Mar-22
	\$m	\$m	\$m	\$m	\$m
% of Other Contingent liabilities to GDP	5.1%	5.0%	5.8%	6.4%	5.9%
Total Contingent Liabilities (A+B+C)	1,173.2	1,264.6	1,561.5	1,667.6	1,702.8
Total Contingent Liabilities to GDP (%)	10.3%	10.7%	14.4%	17.2%	16.5%

(Source: Ministry of Economy)

- 2.50 Parliament also approved an increase in the existing Government guarantee for Fiji Airways' local borrowings from FJ\$191.1 million to FJ\$241.1 million, and for their offshore borrowings from US\$117.1 million to US\$142.1 million. This increased the total guarantee ceiling from \$455.0 million to \$561.4 million, valid until the guaranteed facilities are discharged or fully settled. Fiji Airways is also exempted from paying a guarantee fee.
- 2.51 As at 31 March 2022, Fiji Hardwood Corporation Limited settled its outstanding guaranteed debt, which had an outstanding balance of \$0.7 million with FDB at the end of FY2020-2021.
- 2.52 The conversion of Government loans to equity with entities such as Fiji Sugar Corporation (FSC), Pacific Fishing Company Pte. Limited, Fiji Rice Limited, Food Processors (Fiji) Limited and Viti Corp Company Limited is still progressing, and the finalisation of this process should reduce the total outstanding lending fund portfolio. As at 31 March 2022, the total lending portfolio for Government amounted to \$814.5 million.

Fiscal risks

- 2.53 The economic and fiscal risks are intrinsically linked. As such the current economic recovery momentum is important to ensure fiscal risks are managed well. The extended conflict between Russia and Ukraine could weigh heavily on global energy supply, presenting a downside risk to global growth which could have implications for the domestic economy.
- 2.54 Rising inflationary pressures, disruptions from any major natural disasters and any new vaccine resistant variants could also possibly undermine business and economic activity. In terms of fiscal risks from contingent liabilities, the Ministry of Economy, undertakes regular monitoring of entities with guaranteed debt to ensure that any fiscal exposure is prudently managed.

END

APPENDICES

Table 1: Calendar Year Gross Domestic Product (GDP) 2018-2024

	2018	2019r	2020p	2021e	2022e	2023f	2024f
Real GDP (\$M)	10,733.5	10,671.0	8,840.8	8,478.3	9,436.4	10,238.5	11,026.8
<i>Growth Rate (%)</i>	<i>3.8</i>	<i>-0.6</i>	<i>-17.2</i>	<i>-4.1</i>	<i>11.3</i>	<i>8.5</i>	<i>7.7</i>
Nominal GDP (\$M)	11,650.6	11,842.6	9,707.3	9,299.6	10,610.8	11,841.7	13,144.3
<i>Growth Rate (%)</i>	<i>5.3</i>	<i>1.6</i>	<i>-18.0</i>	<i>-4.2</i>	<i>14.1</i>	<i>11.6</i>	<i>11.0</i>

(Sources: Fiji Bureau of Statistics & Ministry of Economy internal estimates; r = revised, p = provisional, e = estimate, f = forecast)

Note: These estimates may differ from those released by the Macroeconomic Committee in December 2021

Table 2: Total Exports by Major Commodities 2018–2024 (\$M)

COMMODITIES	2018p	2019p	2020r	2021p	2022e	2023f	2024f
Sugar	78.5	99.4	101.6	63.7	103.5	102.2	106.1
Molasses	15.1	14.3	20.5	26.6	18	19.4	20.7
Gold	113.6	108.6	134.2	132.5	145.8	171.1	214.9
Timber	85.3	48.2	64.6	89.6	60.7	61.2	61.7
Fish	98.9	96.1	70.1	55.4	60.3	63.8	67.5
Yaqona	30.8	32.5	43.6	41.9	40	44.4	49.3
Textiles	7.6	7.6	8.2	7.2	8.4	8.4	8.4
Garments	97.4	94.8	71.6	70.9	71.7	75.2	78.8
Mineral Water	262.9	293.5	223.2	312.9	311.7	321	327.4
Other Domestic Exports	384.8	372.1	405.5	450.7	450.8	467	483.8
Re- Exports (excl. aircraft)	917.4	990.6	612.3	595.5	754.6	882.6	977.2
Total Exports	2,102	2,218.7	1,792.00	1,849.5	2,025.5	2,216.3	2,395.8
Total Exports Excl. Aircraft	2,092.3	2,157.7	1,755.40	1,846.9	2,025.5	2,216.3	2,395.8

(Sources: Fiji Bureau of Statistics & Ministry of Economy internal estimates; r = revised, p = provisional, e = estimate, f = forecast)

Note: These estimates may differ from those released by the Macroeconomic Committee in December 2021

Table 3: Total Imports by Category 2018–2024 (\$M)

ECONOMIC CATEGORY	2018	2019p	2020r	2021p	2022e	2023f	2024f
Food	802.5	787	737.5	783.4	861.2	906.4	950.2
Beverage & Tobacco	58.1	55.6	34.6	36.7	39.8	49.5	56.6
Crude Materials	71.6	56.6	44.3	46.1	47.8	52.3	56.9
Mineral Fuels	1,164.8	1,123.7	656.6	721.3	929.2	1,097.8	1,270.5
Oil & Fats	49.3	38.7	51.2	62.8	73.3	73.3	73.3
Chemicals	499.8	422.1	385.4	501.1	512.2	474.4	487.5
Manufactured Goods	808.6	719.7	609.5	640.2	728.2	786.3	839.9
Machinery & Transport Equipment	1,727.7	2,315.8	838.2	1,251.7	981.5	1,067.6	1,148.4
<i>-of which large items</i>	141.0	934.7	15.1	308.7	0	0	0
Miscellaneous Manufactured Goods	487.9	460.8	383.4	433.4	449.5	478.3	511.1
Other Commodities	26.3	28.6	12.5	8.3	14	19.6	27.4
Total Imports	5,696.7	6,008.5	3,753.2	4,484.9	4,636.7	5,005.5	5,421.8
Total Imports Excl. Aircraft	5,555.7	5,073.8	3,738.1	4,176.2	4,636.7	5,005.5	5,421.8

(Sources: Fiji Bureau of Statistics & Ministry of Economy internal estimates; r = revised, p = provisional, e = estimate, f = forecast)

Note: These estimates may differ from those released by the Macroeconomic Committee in December 2021

Table 4: Balance of Payments 2018–2024 (\$M)

ITEMS	2018	2019r	2020p	2021p	2022e	2023f	2024f
BALANCE ON GOODS	-2,839.4	-3,004	-1,439.2	-1,960.3	-1,954.5	-2,102.6	-2,312
Exports f.o.b	2,097.2	2218	1,772.2	1,839.6	2,028.2	2,230.6	2,372
Imports f.o.b	4,936.6	5,222	3,211.4	3,799.9	3,982.7	4,333.3	4,684
BALANCE ON SERVICES	1,937.9	1,770.2	-182.1	-465.6	748.4	1,731.9	1,853.4
Export of Services	3,465.8	3,482	899.9	589.5	1,858.6	2,922.2	3,134.3
Import of Services	1,527.9	1,711.8	1,082	1,055.1	1,110.2	1,190.3	1,280.9
BALANCE ON PRIMARY INCOME	-751.1	-973.7	-609.6	-517.7	-673.2	-769.9	-817.3
Income from non- residents	144.7	132.9	134.2	127.9	127.2	128.4	128.5
Income to non- residents	895.8	1,106.6	743.8	645.6	800.4	898.3	945.8
BALANCE ON SECONDARY INCOME	670.6	717.1	977.6	1,712.4	1,129.7	1,022.5	940.1
Inflow of current transfers	888.1	921.9	1,152.4	1,891.3	1,303.9	1,211.8	1,138.6
Outflow of current transfers.	217.5	204.8	174.8	178.9	174.2	189.3	198.6
CURRENT ACCOUNT BALANCE	-982	-1,490.4	-1,253.3	-1,231.2	-749.7	-118.1	-335.8
CURRENT ACCOUNT BALANCE (excl. aircraft)	-841	-555.7	-1,238.2	-1,539.9	-749.7	-118.1	-335.8
CAPITAL ACCOUNT BALANCE	10.4	6.9	7.7	6.6	7.4	6.9	6.9
FINANCIAL ACCOUNT BALANCE (excl. RA)	1,666.3	1,199.8	790.6	601.0	1,652.5	689.6	742.5
Errors & Omissions	-694.7	283.7	455	623.6	-749.7	-1,164.5	-1,004.3
RESERVE ASSETS	-263.8	202.9	-37.9	1,009.5	160.5	-586.1	-590.7

(Source: Fiji Bureau of Statistics & Macroeconomic Committee; r = revised, p = provisional, e = estimate, f = forecast)

Table 5: Tourism Statistics 2016–2024

	2016	2017	2018	2019p	2020p	2021p	2022e	2023f	2024f
Visitors	792,320	842,884	870,309	894,389	146,905	31,618	447,195	760,231	894,389
Average length of stay (days)	11.2	11.2	11.2	11.1	11.0	12.5	12.5	12.5	11.1
Visitors days (millions)	7.0	7.2	7.6	7.6	1.5	0.7	5.6	9.5	10.0
Earnings (FJ\$M)	1,823.3	1,924.3	2,010.3	2,065.5	314.9	36.5	998.2	1,840.7	1,925.7

(Source: Fiji Bureau of Statistics, Macroeconomic Committee; p = provisional, e = estimate, f = forecast)

Table 6: Sugar Export and Price 2016–2024

	2016	2017	2018	2019p	2020p	2021e	2022e	2023f	2024f
Export Quantity Sugar (000 tonnes)	141.7	193.7	114.4	145.6	142.5	83.8	115.0	130.0	135.0
Unit Value (FJ\$/tonne)	826.9	940.6	686.0	670.3	713.2	759.7	900.0	786.0	786.0
Sugar Export Earnings (FJ\$M)	117.2	178.6	78.5	99.4	101.6	63.7	103.5	102.2	106.1
Molasses Export Earnings (FJ\$M)	5.6	18.1	15.1	14.3	20.5	26.6	18.0	19.4	20.7

(Source: Fiji Bureau of Statistics, Fiji Sugar Corporation & Macroeconomic Committee; p = provisional, e = estimate, f = forecast)

Table 7: Inflation Rates 2016–2024

	2017	2018	2019	2020	2021	2022e	2023f	2024f
All items (year-end) %	2.8	4.8	-0.9	-2.8	3.0	5.0	3.1	2.4

(Source: Fiji Bureau of Statistics and RBF; e = estimate, f = forecast)

Table 8: Poverty Rates 2002/03–2019/20

	2002/03	2008/09	2013/14	2019/20
Incidence of poverty %	35.0	31.0	28.1	24.1

(Source: Fiji Bureau of Statistics). Please note that the 2019/2020 poverty rate is consumption based while all prior estimates are based on income.

Table 9: Employment by Sector 2011–2019 (in thousands of persons)

ECONOMIC ACTIVITY	2011	2014	2016	2017r	2018p	2019p
Agriculture, Forestry Fishing	2.3	2.7	5.7	5.7	5.7	5.9
Mining & Quarrying	1.5	2.1	2.0	2.0	2.1	2.1
Manufacturing	21.0	20.1	20.1	23.3	24.3	23.3
Electricity, Gas & Air Conditioning Supply	0.8	0.8	0.8	0.8	0.8	0.8
Water Supply; Sewerage, waste management and Remediation activity	1.9	2.4	3.2	3.3	3.1	3.3
Construction	6.1	11.3	11.6	11.7	11.8	12.1
Wholesale and Retail; Repair of motor vehicles and motor cycle	21.3	21.2	29.0	30.0	30.0	30.7
Transport and Storage	8.7	8.7	13.3	13.3	13.4	13.8
Accommodation and Food Services	13.6	13.4	16.9	17.2	17.6	17.9
Information and Communication	2.7	4.6	3.8	3.9	3.9	4.0
Financial and Insurance activities	3.7	5.0	5.2	5.3	5.3	5.4
Real Estate Activities	1.1	0.5	0.7	0.7	0.7	0.7
Professional Scientific and Technical Activities	3.8	2.5	5.9	5.9	5.7	6.0
Admin and Support Services Activities	6.5	7.5	7.2	7.5	7.6	7.7
Public admin and defence compulsory social security	13.8	15.8	17.0	17.1	17.2	17.7
Education	15.4	16.3	15.9	16.7	16.7	17.0
Human Health and social work activities	5.2	5.8	9.3	7.5	7.5	8.4
Arts, Entertainment and recreation	0.5	0.6	0.7	0.7	0.8	0.8
Other Service Activities	1.6	2.6	1.6	1.6	1.7	1.7
Activities of household as employers; undifferentiated	0.1	0.0	0.7	0.1	0.1	0.1
Activities of Extra Territorial Organizations and Bodies	0.0	0.0	0.0	0.7	0.8	0.7
Total	131.6	144.2	170.6	174.8	176.8	180.0

(Source: Fiji Bureau of Statistics; r=revised, p=provisional)

Note: The change in the classification of industries is derived from the Fiji Standard Industrial Classification (FSIC) 2010 which was enhanced to suit and reflect Fiji's current economic phenomena.