



2015 Budget Brief

21 November 2014

The Attorney-General and Minister for Finance, Public Enterprises, Public Service and Communications, Honourable Aiyaz Sayed-Khaiyum, presented the 2015 National Budget today.

The theme of the 2015 Budget is **"Turning Promises into Deeds"**.

For 2015, the revenue forecast is \$3,122.4 million and the budgeted expenditure is \$3,336.3 million resulting in an estimated net deficit of \$213.9 million - or 2.5 percent of GDP.

Government's debt level for 2015 is projected to \$4,114.1 million (being 48.3 percent of GDP), compared to 49.7 percent (\$4,406.2) in 2014. Fiscal deficits for 2016 and 2017 have been projected at 2.0 percent of GDP and 1.5 percent of GDP, respectively.

The economy is projected to grow by 4.0 percent in 2015 with forecast growth for 2014 being 4.2 percent. The 2015 growth is expected to be broad based with positive contributions from all the sectors.

The 2015 Budget provides substantial funding support for infrastructure development including, roads, electricity, water, sewerage and other major capital investments.

Inflation is projected to be around 1.5 percent by year-end. For 2015 and 2016, inflation is projected at 3.5 percent and 3.0 percent, respectively.

This resume provides a brief outline of the major aspects of the Government's Budget for the year 2015 and is based upon a quick analysis of the Budget Address.

As this is a general guide, we recommend that you seek professional advice before taking action on specific topics. We emphasise that the full impact of the Budget will be known after a detailed analysis of the Budget and our firm will issue further reports based upon such analysis.

We trust that you find this resume useful. If you would like to discuss any aspect of the impact of the Budget on your organization, please take the opportunity to contact us.

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Honourable Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Finance, Public Enterprises, Public Service and Communications

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MEDIUM TERM STRATEGY AND TARGETS

Government has adopted a prudent fiscal strategy by implementing policies that promote growth whilst maintaining the fiscal and macro-economic stability. In pursuing these core policy objectives, Government endeavours to achieve the following key macro-economic target over the medium term:

- a) Raise annual growth level to 5%;
- b) Maintain investment levels at above 25% of GDP;
- c) Manage inflation at around 3%;
- d) Maintain adequate levels of foreign reserves;
- e) Gradually reduce Government's debt stock to 40% of GDP; and
- f) Contain the budget deficit at or less than 3% each year.

Medium term targets for the Government's National Budget are as follows:

	2017 Target (\$ Million)	2016 Target (\$ Million)	2015 Budget (\$ Million)
Revenue:	3,167	3,033	3,122
As a % of GDP	32.5	33	36
Expenditure:	3,313	3,217	3,336
As a % of GDP	34	35	38.5
Net Deficit	(146)	(184)	(214)
As a % of GDP	(1.5)	(2.0)	(2.5)
Debt	4,552.3	4,406	4,114
As a % of GDP	46.7	47.9	48.3
GDP at Market Prices	9,743	9,190	8,669

REVENUE POLICY

Government's revenue policy will be geared towards simplifying the tax system as well as maintaining current investor- friendly policies to raise investment, generate employment and boost Fiji's growth potential.

The following are the key guiding principles adopted for the formulation of the revenue policies for the 2015 Budget:

- a) Protect Government's revenue base to support future expenditure demands and debt obligations;
- b) Streamline existing tax administrative processes to ensure efficient and timely processing of incentives and concessions for new investment proposals;
- c) Support export-led investment and promote value-added activities, mainly in resourced-based sectors and industries;
- d) Secure favourable provisions in future international trade agreements to manage the impact of customs tariff losses and protect our infant industries;
- e) Improve current tax compliance efforts by clamping down on tax planning and evasion;
- f) Employ effective tax policy measures to address serious health and environmental concerns such as non-communicable diseases (NCD's) and climate change;
- g) Provide further support to selected Ministries and Departments to improve the recovery of revenue arrears;
- h) Assist the private sector through timely processing and payment of VAT refunds;
- i) Review Government fees, fines and charges; and
- j) Strengthen price surveillance for duty concession items to ensure that the benefits of duty reduction are passed on to consumers.

EXPENDITURE POLICY

The 2015 Budget has once again allocated a substantial sum of money for the upgrading of roads and bridges network as well as water and sewerage systems. Adequate funding support is also provided to other priority sectors such as health, education, and resource-based sectors, and for social protection, housing, rural development and the maintenance of law and order.

Budget allocations for the medium term have been guided by the following key principles:

- a) Spending will continue to be channeled to key policy initiatives and priorities of Government;
- b) Continue funding support for major infrastructure project such as roads, water and electricity to spur economic activity and improve living standards in rural isolated regions;
- c) Increase capital spending to facilitate investment by the private sector;
- d) Implement cost effective strategies in Ministries and Departments to better manage controllable expenditures such as travel, telecommunications and purchase of goods and services;
- e) Provide adequate resources to support essential services such as health, water and education;
- f) Allocate sufficient resources towards poverty alleviation schemes and programmes that provide adequate social safety-net for the poor and underprivileged in society;
- g) Accelerating public sector reform initiatives;
- h) Promote small & micro business enterprises, and self-help initiatives to sustain livelihoods of low income households; and
- i) Allocate resources for contingency support, particularly for immediate relief or response during natural disasters.

Debt Policy & Risk Management Measures

Government's debt management policy for the medium term focuses on attaining sustainable debt levels through the adoption of prudent and sound risk management strategies.

Key objectives for debt management over the medium term are highlighted below:

- Prudently manage annual budget deficits to reduce the overall debt stock to sustainable levels;
- Explore opportunities for low-cost financing in the domestic capital market;
- Manage exchange rate and interest rates risks associated with offshore borrowings;
- Ensure external financing is wholly devoted to capital expenditures;
- Minimize risks associated with contingent liabilities by ensuring compliance with Government's Guarantee Policy;
- Stabilise debt servicing costs by refinancing maturing debt at low and competitive interest rates; and
- Continue to build up the Sinking Fund Account and seek other alternative funding options to settle the Global Bond in 2016.

Structural Reforms

Government's overall reform programme for the medium term include new initiatives under key public sector reforms as well as land policy reforms, labour market reforms, sugar industry reforms and financial sector reforms.

A comprehensive review will be conducted by the World Bank in 2015 to restructure the civil service into a lean, efficient, and cost-effective organisation - one that is modern and responsive to the evolving needs of society as well as challenges in the global environment. An allocation of \$500,000 has been set aside in the 2015 Budget for this exercise.

GOVERNMENT DEBT

Government is committed to ensuring that public debt is sustainable and prudently managed over the medium term. The debt to GDP ratio has been declining as a result of the fiscal consolidation stance adopted over the years, sustained economic growth and effective risk management.

As at 31st December 2013, Government debt stood at \$3.8 billion, equivalent to 51.4 percent of GDP, a decline from 53.4 percent of GDP in the preceding year. Of this amount, \$2.7 billion comprise of domestic debt while \$1.1 billion is external debt.

At the end of 2014, Government debt is expected to further decline to 49.7 percent of GDP.

Government's debt position from 2011 to 2014 is as follows:

	2014 Forecast (\$M)	2013 (\$M)	2012 (\$M)	2011 (\$M)
Domestic Debt	2,841	2,744	2,744	2,734
External Debt	1,168	1,081	935	832
Total Debt	4,009	3,825	3,679	3,566
Debt (as a % of GDP)	49.7	51.4	53.4	54.5

Contingent Liabilities

Total contingent liabilities stood at \$2.4 billion as at 30th June 2014, which is equivalent to 29.8 percent of GDP. This comprises of explicit contingent liabilities of \$817.7 million and implicit contingent liabilities of \$1.6 billion.

The table below shows the total contingent liabilities from 2010 to June 2014:

	Jun-14 (\$M)	2013 (\$M)	2012 (\$M)	2011 (\$M)	2010 (\$M)
Fiji Development Bank	174.3	190.0	250.0	257.2	322.9
Fiji Electricity Authority	338.4	297.9	323.5	353.9	346.5
Fiji Hardwood Corporation	14.0	15.3	16	16.6	17.2
Fiji Pine Limited	4.5	13.5	17.1	13.7	8.4
Fiji Sugar Corporation	156.2	156	111.8	116.4	121.9
Housing Authority	79.8	79.8	105.5	82.6	86.0
Fiji Sports Council	10.6	13	0.6	0.9	1.1
Fiji Ports Corporation Ltd	16.5	23.2	31.5	39.9	41.5
Fiji Broadcasting Cooperation Ltd	20.1	20.9	17.5	19.8	14.2
Pacific Fishing Company Ltd	3.2	2.8	1.4	5.4	5.4
Public Rental Board	-	-	-	0.5	1.9
Total Guarantees (Explicit)	817.6	812.4	874.9	906.9	967.0
Fiji National Provident Fund	1,582.5	1,369.8	1,247.6	1,008	758.4
National Bank of Fiji	1.6	1.6	2.4	2.5	2.5
Others	7.6	7.6	8.4	8.4	63.1
Implicit Contingent Liabilities	1,591.7	1,379.0	1,258.4	1,018.9	824.0
Total Contingent Liabilities	2,409.3	2,191.4	2,133.3	1,925.8	1,791.0
Contingent Liability (% to GDP)	29.8	29.5	30.9	29.4	29.7

(Source: Ministry of Finance)

INCOME TAX MEASURES

Income tax measures announced for 2015, which will generally become effective from 1 January 2015 (unless stated otherwise), are as follows:

Tax Deduction for Contribution to Farmers Emergency Fund Account

- 200% tax deduction for voluntary contribution of cash donation by taxpayers towards a Farmers Emergency Fund Account for disaster relief, with minimum contribution of \$10,000.

Small and Medium Enterprises (SME's) Incentives

- The scope of the SME tax incentive is extended to cover the entire agricultural sector.
- Currently the incentive is available to only selected activities within the Agriculture sector.

ICT Incentives

- Extended the scope of ICT incentives to include setting up of ICT accredited training institutions and ICT start-ups involved in the application design and software development companies.
- The incentives will be as follows:
 - 150% deduction for all ICT start-up costs (no conditions such employment level and export requirements attached).
 - Duty-free and VAT free on all items imported which is required for the establishment

Export Income Deduction – Section 21B of Income Tax Act

- Export income deduction will be increased from 40% to 50% for 2015.

Commercial Agriculture and Agro Processing Incentives – Section 17 (76) of Income Tax Act

- Reduce the Commercial Agriculture incentives minimum initial level of investment from \$2,000,000 to \$250,000 in line with the TFR thresholds:
 - \$250,000 - \$1,000,000 Capital Investment – 5 years tax holiday
 - \$1,000,000 - \$2,000,000 Capital Investment – 7 years tax holiday
 - \$2,000,000 and above – 13 years tax holiday
- This incentive will be extended to 31 December, 2018.

Hotel Investment Tax Incentives – Eleventh Schedule of Income Tax Act

- The definition of "Project" will be expanded to include the buying and selling of residential units in hotel and integrated tourism developments.
- The Short Life Investment Package incentives will be expanded to include new apartments provided the length of stay is not more than six (6) months.

Bio-Fuel Production Incentive – Section 17 (77) of Income Tax Act

- This incentive will be extended to 31 December 2018.

Accelerated Depreciation for Buildings

- The accelerated depreciation on buildings (plant and machineries) will be extended to 31 December 2018.

Resident Interest Withholding Tax - Exemption

- Individuals with total earning of \$16,000 and below will be exempt from paying resident interest withholding tax on any interest earned from savings.

Fringe Benefit Tax Deduction

- Section 19 of the Income Tax Act will be amended to formalize the non-deductibility of FBT payments made by employers.

OTHER TAXATION MEASURES

Other taxation measures announced for 2015, which will become effective from 1 January 2015 (unless stated otherwise), are as follows:

Value Added Tax (VAT)

➤ *Tourist VAT Refund Scheme*

- The Fourth Schedule to the VAT Decree will be amended to extend the Tourist VAT Refund Scheme to Nausori International Airport and Lautoka Wharf.

➤ *New Dwelling House*

- Section 70 of the VAT Decree will be amended to provide clarity on the incentive given for refunds of VAT on New Dwelling House.
- VAT refunds will only be allowed for the first residential property.

➤ *Second Schedule - Zero Rating*

- The Second Schedule to the VAT Decree will be amended to zero-rate repeats of prescribed medicine.

Service Turnover Tax (STT)

- STT will be charged on the 'provision of meals, beverages or any other services in all licensed bar' including bars in clubs.
- The scope of STT will be extended to include service provided by hired vehicles. LH number plates will be charged STT.
- The scope of STT will be extended to include takeaway meals in restaurants with gross turnover of \$1.5m.
- STT will not be charged on services provided for medical evacuations and also for natural disaster.

Capital Gain Tax (CGT)

- CGT will be exempt on love and affection transfers:
 - parents to children and vice versa;
 - within siblings;
 - between spouses;
 - between grandchildren and grandparents and vice-versa.
- Current practice of independent valuation by Solicitor General to remain. However, from 2015 the Solicitor General will pay the Valuers.
- CGT will be exempt on gains made from sale of shares arising from reorganization, restructure and amalgamation of private company for purpose of listing on the South Pacific Stock Exchange. This is to align the CGT legislation with the similar exemption accorded in the Income Tax Act.

Fringe Benefit Tax (FBT)

- FBT will be extended to include all accommodation provided to hotel executive managers, irrespective of the location of the hotel.
- The value of the benefit from motor vehicle will be reduced by 50% and the balance of 50% will be subject to FBT. This will provide clarity and will not require keeping of vehicle log books.

Stamp Duty

- Section 2 is amended to insert new definitions for Land, Lease, Money and Stamp Office.
- 10% stamp duty will be charged on the transfer for non-resident (for income tax purposes) strata title residential property buyers.
- 5% stamp duty will be charged on mortgage for non-resident (for income tax purposes) strata title residential property buyers.
- All mortgages relating to Agriculture and all stamp duties for SME's will be exempt.
- Employment contracts will be exempt.
- Transfer of vehicle by probate or divorce settlement will be exempt.

OTHER TAXATION MEASURES (CONT'D)**Amnesty****➤ Declaration of Assets Outside Fiji**

- Applicable to Fiji residents.
- Amnesty applicable for a period of 6 months.

➤ Penalties Payable on Outstanding Tax Liabilities

- Where tax liability has been accepted by the taxpayer but the taxpayer has the inability to pay in lump sum, penalties will be waived.
- A tax payment program will be finalized with the taxpayers. We understand the tax payment program will be for a period of 6 months only.
- Will cover all income tax, VAT and Capital Gains Tax liabilities.
- This is for 6 months.
- A committee consists of CEO and FRCA Board members will consider amnesty applications.

FNPF Employers Contributions

- The employers' contributions will be increased from 8% to 10%.

CUSTOMS TARIFF, IMPORT EXCISE, LOCAL EXCISE, CUSTOMS CONCESSION AND OTHERS

The Customs Tariff, Import Excise, Local Excise, Customs Concession and other changes with immediate effect are as summarised below:

Fiscal Duty Changes

Policy	Description
1. Increase duty on imported alcohol, cigarettes and tobacco	<ul style="list-style-type: none"> Increase Import duty on all imported alcohol, tobacco and cigarettes by 10%.
2. Increase duty on luxury items	<ul style="list-style-type: none"> Increase Import duty on luxury items listed below from 0% to 32% Perfume, cosmetics, pre-shave, shaving, or after-shave preparations, Camera's and Camcorders, sunglass, binoculars, video & electronic games, watches, iPods, MP3 and MP4 players, and Jewellery.
3. Insert New tariff items for sheet of printing and photocopying papers (A3, A4, A5)	<ul style="list-style-type: none"> Introduce an import duty (32%), excise (Free) and VAT (15%) by creating new tariff items for printing and photocopying paper under the tariff items 4802.62.10 and 4810.14.20, 4810.22.20, 4810.29.20.
4. Insert New tariff item for LED Lights	<ul style="list-style-type: none"> Introduce import duty (0%), Excise (Free), VAT (15%) by creating new tariff item under the tariff item 9405.40.20.
5. Increase duty on exercise books	<ul style="list-style-type: none"> Specific rate of \$1 or 32% whichever is greater will be applied on exercise books.
6. Increase duty on imported unrecorded/blank optical media.	<ul style="list-style-type: none"> Increase fiscal duty on imported unrecorded/blank optical media from \$2 to \$5.
7. Insert Hybrid vehicles under concession code 129	<ul style="list-style-type: none"> Concession code 129 will be extended to include Hybrid Vehicles.
8. Ensure that only 1 vehicle per family is granted concessions on importation by returning Fiji residents.	<ul style="list-style-type: none"> Concession code 220 will allow only 1 used motor vehicle per family. Normal duty will be imposed on importation of additional vehicles.
9. Extend Concession Code 223 to cover other teaching related goods.	<ul style="list-style-type: none"> Concession code 223 amended in Column 3 to also include computers for computer labs, multimedia equipment or other teaching related goods as goods eligible for Universities or other educational institution as goods eligible for duty concession.
10. Align the definition of Capital Goods in the Eleventh Schedule.	<ul style="list-style-type: none"> Concession code 244 amended in Column 3 by referring to capital goods as defined in the Eleventh Schedule of the Income Tax Act to be eligible for duty concession. The definition of "capital goods" is capital equipment, plant, machineries and any other goods employed in the production of other goods but does not include furniture or motor vehicles, kitchenware raw materials, furniture and fittings.

Fiscal Duty Changes (Cont'd)

Policy	Description
11. Add planting media under Concessions Code 255	<ul style="list-style-type: none"> Concession Code 255 amended in Column 3 by adding planting media used for floriculture.
12. Extend Concession Code 261 to also cover ICT accredited training Institutions and ICT start-ups involved in the application design and software development.	<ul style="list-style-type: none"> Concession Code 261 amended in <ol style="list-style-type: none"> Column 1 by adding ICT accredited training institutions and ICT start-ups involved in the application design and software development companies shall be entitled to these concessions. Column 3 by adding any other goods imported for the purpose of ICT will be granted concession.
13. Extend Concession Code 264 to other electric, hybrid and solar powered items.	<ul style="list-style-type: none"> Concession code 264 (Column 3) is amended by adding hybrid solar electrical powered items, solar and electrical charging station and energy storage system that are imported by companies involved in renewable energy to be allowed duty concession.
14. Create new Concessions Codes 275, 276 and 277.	<ul style="list-style-type: none"> Include the current section 10 approval as new concession codes: <ol style="list-style-type: none"> Concession code 275 for companies involved in manufacturing noodles who import taste maker; Concession code 276 for companies involved in canning or pouched packaging of fish; Concession code 277 for companies involved in filming who import filming equipment's.
15. Create new concession code 278 to accommodate for semi-finished goods, products imported in bulk for packaging and other goods for assembly.	<ul style="list-style-type: none"> Concession Code 278 will apply to companies/entities involved in the importation of semi-finished products, products imported in bulk for packaging and other goods for assembly and packaging materials on the condition that it is bonded and 100% exported. Plant and machinery used for this purpose will attract the duty rates of Free Fiscal, Free Import Excise and 15% VAT.
16. Extension of concession code 265.	<ul style="list-style-type: none"> Code 265 will be extended to include all drilling machines and equipment for borehole and water projects.
17. Extension of Concession code 113.	<ul style="list-style-type: none"> Code 113 will be extended to include any other item as approved by the comptroller.

Local Excise Changes

Policy	Description
1. Increase excise rate on tobacco and alcohol	<ul style="list-style-type: none"> Increase excise duty on tobacco and alcohol by 10%.
2. Remove excise duty on locally produced optical media.	<ul style="list-style-type: none"> Remove Excise rate of \$1 on locally manufactured optical media.
3. Impose excise tax on all sweetened drinks	<ul style="list-style-type: none"> Impose excise duty on sweetened drinks at a rate of 5 cents per litre.

Excise Rates

Description	2014 Rates	2015 Rates
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or less	\$1.73/litre	\$1.90/litre
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or more	\$2.02/litre	\$2.22/litre
Potable Spirit Not Exceeding 57.12 GL	\$38.07/litre	\$41.88/litre
Potable Spirit Exceeding 57.12 GL	\$66.66/litre	\$73.33/litre
Wine: Still	\$2.68/litre	\$2.95/litre
Sparkling	\$3.06/litre	\$3.37/litre
Other fermented beverages: Still	\$2.68/litre	\$2.95/litre
Sparkling	\$3.06/litre	\$3.37/litre
Ready to Drink Mixtures of any Alcohol and non-alcoholic beverages of an alcoholic strength by volume of 11.49% or less	\$1.24/litre	\$1.36/litre
Cigarettes from local tobacco per 10 sticks	116.99 cents	128.69 cents
Cigarette from imported tobacco per 10 sticks	175.48 cents	193.03 cents
Manufactured tobacco containing tobacco grown outside Fiji	\$101.11/kg	\$111.22/kg
Manufactured tobacco containing tobacco grown in Fiji	\$59.40/kg	\$65.34/kg
Manufactured tobacco containing tobacco grown outside Fiji and tobacco grown in Fiji: <ul style="list-style-type: none"> • Tobacco grown outside Fiji • Tobacco grown in Fiji 	\$101.11/kg \$59.40/kg	\$111.22/kg \$65.34/kg

Legislative Changes

(i) Customs Prohibited Import And Export Regulation

Policy	Description
1. No license required for the importation of mechanical harvesters.	<ul style="list-style-type: none"> Delete Item 9, Column 3 of Schedule 2.
2. Align currency allowable to travellers to the Exchange Control Guidelines	<ul style="list-style-type: none"> Ensure that Fiji passport holders are allowed to carry currency in accordance to the Exchange Control Guidelines issued by Reserve Bank of Fiji.

(ii) Other Customs Changes

Policy	Description
1. Insert a new definition for "Process"	<ul style="list-style-type: none"> Insert a new definition for Process, which will also take into account substantial transformation. This is to bring more clarity on this term, as there is no definition of process in the existing Customs Act.
2. Recovery of Penalty	<ul style="list-style-type: none"> Amend Section 95 of the Customs Act to allow recovery of penalties.
3. Insert Administrative Summons in the Customs Laws	<ul style="list-style-type: none"> A new section 95E is inserted to introduce Administrative Summons which is an essential tool for recovery purpose This would go hand in hand with the Garnishee provisions introduced in the 2012 Budget announcement
4. Enhance recovery of short payment of duties	<ul style="list-style-type: none"> Amend Section 101A of the Customs Act to reinforce the provision to allow for recovery of short paid duty for the past 5 years after an audit.

EXCHANGE CONTROL MEASURES

Exchange Control Relaxations - Increased Delegated Limits

Reserve Bank of Fiji has further relaxed exchange controls as announced in the National Budget address today.

The exchange control policy changes with increased delegated limits to commercial banks and authorized financial institutions from 1 January 2015 are:

Payments	Current Delegated Limit to Authorised Dealers	Delegated Limit to Authorised Dealers WEF 1 January 2015
1. Merchant Goods	F\$100,000 per invoice	F\$200,000 per invoice
2. Medical Allowance paid directly to an Individual	Up to \$10,000 per patient per annum	F\$50,000 per patient per annum.
3. Education funds paid directly to an individual	Up to \$10,000 per student per annum	F\$20,000 per student per annum.
4. Forward Foreign Exchange Cover	\$40 million per bank to write sales contracts in excess of purchase contracts	\$50 million per bank to write sales contracts in excess of purchase contracts

BUDGET ALLOCATIONS

Major Grants

Operating transfers provided to entities outside of Government to support operations or allocations for social welfare schemes amounted to \$378.8 million in 2013. The operating transfers are expected to increase to \$415.3 million in 2014 and \$489.4 million in 2015.

Table below shows major allocations for operating grants in the 2015 Budget:

Activity	(\$M)
Water Authority of Fiji – Operating Grant	63.2
FRCA Grant	45.7
Fiji National University – Operating Grant	38.6
USP Operating Grant	36.6
Fee Free Education Years 1-8	35.0
Fee Free Education Year 9-13	31.4
Poverty Benefit Scheme	22.0
Bus Fare Assistance	20.0
Fiji Road Authority – Operating Grant	18.2
Land Transport Authority – Operating Grant	15.0
FICAC – Operating Grant	9.0
Grant to Fiji's Servicemen's After Care Fund	8.4
Social Pension Scheme	8.0
Legal Aid Commission	4.4
Biosecurity Authority of Fiji – Operating Grant	4.0
Salary Grant for Early Childhood Education Teachers	3.3
Grant to Tourism Fiji	3.0
Grant to Civil Aviation Authority of Fiji	3.0
iTaukei Affairs Board	3.0
University of Fiji – Operating Grant	2.5
Shipping Franchise Scheme	2.4
Maritime Safety Authority of Fiji – Operating Grant	2.2
Child Protection Allowance	2.0
Investment Fiji	2.0
Overseas Sporting Tours	2.0
Public Service Broadcast (TV)	1.8
Commerce Commission	1.8
Domestic Air Services Subsidy	1.7
Higher Education Commission	1.5
Tuition Grant for Pre-School	1.4
Tuition Fee Free for TVET	1.3
National Training Productivity Centre (NTPC) Levy	1.2
Subsidy Naboro Landfill	1.2
Public Service Broadcast (Radio)	1.1
MSG Contribution	1.1
Turaga-ni-Koro Allowance	1.0
Grant to Telecommunications Authority of Fiji	1.0
Food Voucher Programme	1.0
Provincial Councils	1.0
Public Rental Board Subsidy	1.0
Women's Plan for Action	1.0

(Source: Ministry of Finance)

Special Expenditures

Expenditures for special or unique projects totalled \$60.2 million in 2013. This is anticipated to be \$50.8 million in 2014 and \$81.1 million in 2015.

Table shows major funding for special expenditures in 2015.

Activity	(\$M)
Technical Colleges (Suva/Nausori, Nadi & Labasa)	7.0
Assistance for Malaria and TB (Global Fund)	3.8
Duty on Government Purchases	3.5
Financial Assistance to Christmas Island Veterans	3.0
Vocational Training Scholarship	2.6
Ministry of Health – Outsourcing	2.5
Workmen's Compensation	2.5
Engagement of Coaches – All Sports	2.0
Implementation Analogue to Digital Roadmap	2.0
National Export Strategy	2.0
Consultancy Payments	2.0
Winter Clothing	1.8
Mediation Services & Employment Relations Tribunal	1.2
Integrated Human Resource Programme	1.0
Fiji Volunteer Scheme	1.0
National Employment Centre	1.0
Employment Skill Training	1.0
Trade Commissioner – PNG	0.9
Refurbishment works at Ro Lalabalavu House	0.8
PIDF Operations	0.8
Employment & Unemployment Labour Force Survey	0.8
Trade Commissioner – Los Angeles	0.8
Government Contribution – Global Fund (TB)	0.8
Approval Notice for Squatter Settlements	0.8
Trade Commissioner – Shanghai	0.8
Youth Capacity Building and Training Programme	0.7
Trade Commissioner – Taiwan	0.7
PIDF Meeting	0.5
Fijian Made and Buy Fijian Campaign	0.5
Titles Office, BDM, Companies and Official Receiver	0.5
Commercial Agriculture Scholarship Programme	0.5
Medical HR Contingencies	0.5
Local Government Review and Special Administrators	0.5
Basic Recruit Course	0.5
Foreign Employment Service	0.5
Child Protection Programme	0.5
Fiji National Women's Expo	0.5
Lease Arrears Taskforce	0.5
UPAP Implementation	0.5
Sustainable Energy Financing Project (World Bank)	0.5

(Source: Ministry of Finance)

Capital Grants and Transfer Payments

Capital grants and transfers to Government agencies and statutory authorities to undertake capital projects amounted to \$494.2 million in 2013. This is expected to increase in 2014 to \$678.5 million.

In 2015, Government has increased its funding to further develop needed infrastructure such as roads, bridges & jetties, investment in water infrastructure and public utilities. Accordingly, an increased budget of \$1,055.1 million has been provisioned in 2015.

Table below shows funding for major capital grants and transfers in 2015:

Activity	(\$M)
Fiji Roads Authority – Capital Grant	635.6
Water Authority of Fiji – Capital Grant	176.1
Tourism Fiji Marketing Grant	23.5
Rural Electrification Projects	19.5
Existing Scholarship Scheme	15.7
Fiji International Golf Tournament	12.0
Toppers Scholarship – TELS	10.0
Albert Park Redevelopment Project	10.0
First Home buyers	10.0
iTaukei Land Development	10.0
Committee on Better Utilization of Land (CBUL)	7.8
Small Grants Project	7.0
FEA Subsidy	5.7
FRCA Capital Grant	5.0
Sugar Development Programme	5.0
FDB Subsidy Grant to all Citizens of Fiji	5.0
Fiji Sports Council Grant	4.3
Fiji National University Capital Grant: Labasa Campus	4.0
Land Transport Authority Capital Grant	3.4
PRB – Savusavu Development Project	3.4
Maritime Safety Authority of Fiji	3.0
Challenge & Investment Fund – Town/City Council	3.0
Town Wide Informal Settlement Upgrade Project	3.0
Upgrade and Maintenance of Sports Facilities	3.0
Vocational Training Scholarship	2.6
Divisional Development Projects	2.6
Land Bank Investment	2.5
Disaster Risk and Climate Change Mitigation	2.0
Biosecurity Authority of Fiji Capital Grant	2.0
National Fire Authority Capital Grant	2.0
New Town Development (Seaqqaq/ Nabowalu)	2.0
Tertiary Hospital (Lautoka)	2.0
Land Clearing	2.0
Drainage Subsidy	2.0
Rice Development Program	1.8
Construction of Rural Complex	1.6
Northern Development Programme	1.5
Grants to Self – Help Projects	1.5
Rural Housing Assistance	1.4

(Source: Ministry of Finance)

Purchase of Physical Non-Current Assets

In 2013, total expenditure on capital purchases and construction activities stood at \$91.2 million. The spending on these activities is expected to be \$124.1 million in 2014 and \$205.5 million in 2015.

Table below shows some of the major allocations for the purchases of assets in 2015:

Activity	(\$M)
Construction of New Ba Hospital	17.5
Vehicle Leasing Scheme	15.7
i-Taukei Land Development	10.0
Drainage and Flood Protection	8.0
Black Rock Integrated Peace-Keeping	7.5
Extension of Lautoka High Court	7.0
Upgrading of Lautoka Hospital Emergency Department	6.5
Bio-Medical Equipment- Urban and Sub-Divisional Hospital	6.0
Construction of Makoi Maternity Unit	5.5
Construction of New Nausori Hospital	4.0
Construction of Lautoka Remand Centre	3.5
Purchase of Vessel- Final Installments	3.1
Integrated Labour Market Information System	3.0
Extension of CWM Hospital Maternity Unit	3.0
Upgrading & Maintenance of Urban Hospital & Institutional Quarters	3.0
Squatter Upgrading & Resettlement	3.0
Construction of Naboro Landfill Stage 2	2.9
New Bau Central College	2.7
Purchase of Drilling Equipment	2.6
Upgrading of Cane Access Roads	2.5
Upgrading of Existing Court Complexes	2.5
Construction of Valelevu Police Station	2.4
Upgrade and Extension of Rotuma Hospital	2.4
Keiyasi Health Centre Upgrade	2.2
Sigatoka Methodist College Relocation	2.0
Installation of Ecological Purification System in Rural Areas	2.0
Lagilagi Housing Development Project – Phase 1 & 2	2.0
Kiro Patrol Boat – Life Extension Programme	2.0
Development of State Land	1.8
Blackrock Mess Hall Project	1.7
Construction of new Women's Correction Facility (Lautoka)	1.5
Upgrading of Non-Cane Access Roads	1.5
Maintenance and Upgrading of Schools & Institutional Quarters	1.5
Routine and Special Upgrading of Public Buildings	1.5
Maintenance of Completed Irrigation Schemes	1.5
Takaimalo Grid Extension	1.5
Coronation Ground Drainage	1.4
Rebuilding of Plumbing Workshop and Office Building DEW	1.4
New Ono-i-Lau Secondary School	1.3
Laboratory Equipment	1.3
Upgrade of Government Shipping Services Building, Walu Bay	1.2
Relocation of Ba Magistrate Court	1.0
Purchase of Warehouse Management Software	1.0
Maintenance of Health Centres and Nursing Stations	1.0
Construction/Maintenance of Rural Office and Quarters	1.0
Export Promotion Programme	1.0
Food Security Programme	1.0
Livestock Rehabilitation Programme	1.0
Waste Transfer Station Central	1.0
Digitisation	1.0
Repair and Upgrading of Public Building	1.0
Water Shed Management	1.0

(Source: Ministry of Finance)