National Budget Brief 2025-2026

27 June 2025

The Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, Hon. Professor Biman Prasad, presented the 2025-2026 National Budget on Friday, 27 June 2025.

The theme of the 2025-2026 Budget is "***Building Security, Stability and Prosperity***". The National Budget places an emphasis on addressing socio-economic challenges and at the same time ensuring macroeconomic stability. Spending is directed towards protecting the vulnerable, strengthening public health systems and safeguarding economic resilience.

The Deputy Prime Minister stated that *"This is an expansionary budget anticipating deteriorating global economic conditions that lays the foundation for lasting social, economic and political advancement"*.

For 2025-2026, total estimated revenue is $3.9 billion and total estimated expenditure is $4.8 billion, resulting in an estimated net deficit of $886 million, representing net deficit of 6 percent of GDP. The public debt is projected at $11.7 billion representing 79.8 percent of GDP.

This resume provides a brief outline of certain aspects of Fiji Government's August 2025 - July 2026 National Budget and is based upon a quick analysis of the Budget Address and Economic and Fiscal Update Supplement to the 2025 – 2026 Budget Address.

We trust that you find this resume useful. If you would like to discuss any aspect of the Budget, please do contact us.

Contents

ECONOMIC OUTLOOK AND OVERVIEW

Key Indicators of Economic Outlook

	Calendar Year 2026 Forecast	Calendar Year 2025 Forecast	Calendar Year 2024 Estimate	Calendar Year 2023 Provisional	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020
Real gross domestic product – million dollars	12,004	11,647	11,281	10,846	10,087	8,421	8,853
GDP growth / - contraction – real %	3.1	3.2	4.0	7.5	19.8	-4.9	-17.0
Nominal gross domestic product – million dollars	14,998	14,203	13,616	12,245	10,940	8,914	9,613
GDP growth / - contraction – nominal %	5.6	4.3	11.2	11.9	23.0	-7.3	-18.3
Total exports – million dollars (excluding aircraft)	2,788	2,655	2,571	2,403	2,318	1,806	1,759
Total imports – million dollars (excluding aircraft)	7,349	7,177	7,024	6,979	6,586	4,177	3,739
Visitors' arrival – numbers	1,012,000	983,000	983,000	930,000	636,000	32,000	147,000
Tourism earnings - million dollars	2,628	2,551	2,537	2,489	1,701	594	519
Imports – Food – million dollars	1,183	1,169	1,162	1,144	1,070	782	738
Imports – Mineral fuel – million dollars	1,642	1,615	1,613	1,694	1,626	721	657
Imports – Machinery and transport equipment – million dollars	2,082	2,009	1,925	1,713	1,429	948	838
Exports - Sugar and molasses - million dollars	132	120	126	160	154	84	125
Exports - Mineral water – million dollars	345	340	351	356	362	313	223
Exports – Gold – million dollars	282	227	168	98	101	132	134
Re-exports (including Mineral Fuels, excluding aircraft) – million dollars	1,215	1,197	1,177	1,056	948	574	612
Balance of secondary income – million dollars	1,108	1,129	1,069	1,256	1,001	1,527	895
Balance of payment - Current account balance, net deficit – million dollars	-1,181	-1,025	-1,025	-945	-1,890	-1,164	-1,318
Average Annual Inflation - %	2.7	1.1	4.5	2.3	4.3	0.2	-2.6

BUDGET OVERVIEW

2025 – 2026 Budget Framework

- The 2025-2026 Budget is an expansionary budget with a total revenue of $3.9 billion, total expenditure of $4.8 billion, and a net deficit of $886 million - equivalent to 6.0 percent of GDP. Consequently, public debt is projected at $11.7 billion which is around 79.8 percent of our GDP.

VAT

- VAT is being reduced from 15 percent to 12.5 percent, effective 1 August 2025. This reduction in VAT will deliver tax relief of around $250 million.
- This is in addition to around $250 million in relief provided through the continuation of the zero-rated VAT on the 22 essential items.

Company Tax

- No change in corporate tax rate, Standard corporate tax remains at 25%.

Personal Income Tax

- No change in personal income tax structure and rates.

Dividend / Distribution Tax

- Tax exemptions to continue for dividends from companies or branch profit remittance.

Foreign Reserve and Liquidity in Banking System

- Currently, foreign reserves stand at $3.7 billion, and liquidity in the banking system is at $2.1 billion. This reflects a resilient financial position which is supporting a low-Interest rate environment conducive for private sector investment and household spending. Financial system remains strong and well-capitalised with notable decline in non- performing loans.

Investment Projects

- There are 177 active projects valued at $5.8 billion, of which 16 have already commenced operations and 73 are under construction. These include developments like the Sofitel Vatu Talei Hotel in Nadi, a new submarine cable project by Google, resort projects across Rakiraki, Naisoso, and Labasa and 80-acre pilot project in Vanua Levu.

Fiji National Provident Fund

- Fiji National Provident Fund (FNPF) will make a 8.75 percent interest payout to its members for the financial year ending 30 June 2025. This means that all FNPF members will receive a total interest payout of $700 million which will be added to their member account balances on 30 June 2025.

Tax Policy and Measures

- Government is committed to tax stability, fiscal responsibility, and putting more money back into the pockets of ordinary Fijians. There are no increases in taxes in this Budget.
- The most significant change in this Budget is the reduction of the VAT rate from 15% to 12.5%.
- This is complemented by the continuation of zero-rated VAT on 22 essential items including medicines, ensuring that low-income families are protected from inflationary pressures.
- The classification of personal imports have been amended to clearly distinguished between online purchases and those received as gifts and donations. Under this revised policy, all items received through gifts and donations below $500 will be duty free and VAT free.
- New 25% investment allowance will be introduced for businesses undertaking capital investments in tour and sightseeing operations, with a minimum qualifying threshold of $100,000. This will help diversify tourism offerings and deepen the value chain for our visitor economy.

BUDGET OVERVIEW (CONT'D)

Tax Policy and Measures (Cont'd)

- To improve tax administration, the VAT Monitoring System (VMS) for all businesses with an annual turnover of $50,000 or more is being introduced. This will be implemented in phases and will come into effect on 1 January 2026. This system will modernise VAT compliance and improve revenue transparency, while reducing tax evasion.

- To support Fijian diaspora, changes will be made to the Income Tax Act to allow Fiji citizens residing overseas to reorganise and protect their Fiji-based assets through the use of properly structured resident Family Trusts. This initiative recognises the deep-rooted connection many diaspora families maintain with Fiji and aims to support intergenerational wealth preservation, while ensuring such assets remain invested within our economy. A framework will be developed and rolled out in the coming months to accompany the legislative amendments and support transparent and responsible use of this concession.

Immigration Fees

- Fee reduction for the acquisition of Fiji Citizenship and passport fees from the current $3,450 to $1,500 for diaspora who wish to acquire their Fijian citizenship and return to Fiji to live and invest effective from 1st of August 2025.

Enforcement Taskforce – Price Monitoring

- A joint enforcement taskforce made up of the Fijian Competition and Consumer Commission, Consumer Council, FRCS and the Ministry of Finance has been set up to monitor prices closely on the ground to ensure the benefits of tax reductions are passed onto consumers.

- This taskforce, where necessary, will propose immediate policy response measures like imposition of price controls on new items, reductions or even removal of tariff protections provided to our local manufacturers and producers who are unreasonable with pricing, and harder punitive measures including fines to ensure compliance with the law.

Biosecurity Authority of Fiji

- Government is actively working with the Biosecurity Authority of Fiji (BAF) to dismantle long- standing trade barriers and open import pathways for key food products. The current system, while designed to protect Fiji's environment and biodiversity, has become too restrictive in some areas.

- The goal is to introduce more competition into supply chains, reduce reliance on a few suppliers, and enable businesses and consumers alike to benefit from greater affordability and variety.

Education

- Allocation of $847 million to the education sector. The Ministry of Education is allocated $675 million, which includes $86.5 million for higher education institutions. In addition, $153 million is provided for tertiary scholarships.

Health Services

- Sum of $465.6 million has been allocated to the Ministry of Health and Medical Services to fund the salaries of doctors, nurses and allied health workers, procurement of medicines and biomedical equipment, upgrade and maintenance of hospitals and health centres across the country.

- New National Hospital – Government has made significant progress in developing a roadmap with the support of Government of Australia for a new national hospital. The Clinical Service Plan has been developed and provides projections for health needs over the coming 10, 20 and 30 years. The new hospital will be significantly larger with the bed capacity expanding from 453 to 703 beds and will offer broader range of health services. It is also envisioned to function as a regional hospital. Government is fully committed to delivering this $2.0 billion transformative project with support from development partners and multilateral institutions such as the World Bank and the ADB.

BUDGET OVERVIEW (CONT'D)

Health Services (Cont'd)

- An allocation of $10.8 million is provided for the redevelopment of CWM Hospital, while $8.0 million is provided for rehabilitation of health centres in Kadavu and Taveuni.
- Construction of a 100-bed Super Specialty Hospital – Government, with grant support from Government of India, is progressing the development of a 100-bed Super Specialty Hospital in Nasinu. Land acquisition is complete and a Memorandum of Agreement (MOA) covering construction, operation, and maintenance is being finalised.
- Health Public Private Partnership – A total of $117.2 million is allocated in the 2025–2026 Budget for on-going operations and maintenance of the Lautoka and Ba Hospitals, managed by Health Care (Fiji) Pte Ltd (HCF) under a Public-Private Partnership (PPP).

Roads, Bridges and Jetties

- A total budget of $800 million is provided to the Ministry of Public Works, a significant increase of $83 million from the last budget.
- The Fiji Roads Authority is provided a funding of $388 million, an increase of $37 million from the previous year.

Water and Wastewater

- Government will soon start the legislative changes required for the corporatization of WAF. The institutional structure of the Water Authority of Fiji has to be made financially sustainable which will ensure adequate funding is available for the massive infrastructure needs in the water and wastewater sector.
- In this budget the Water Authority of Fiji is provided increased funding of $284 million to fix the infrastructure, including upgrading of water sources and treatment plants, reticulation and distribution and non- revenue water reduction.

Quote	-	*Financial peace isn't the acquisition of stuff. It's living below your means on purpose.* - *Dave Ramsey*

DIRECT TAX MEASURES

Income Tax Act

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>1. Fringe Benefits Tax (FBT) – Value per Quarter for Electric Vehicles</td><td>

- The FBT value per quarter for electric vehicles will be reduced as summarised below:

<table>
<tr><th>Threshold (Cost)</th><th>New Rates</th></tr>
<tr><td>Less than $50,00</td><td>$1,000</td></tr>
<tr><td>$50,000 to < $75,000</td><td>$1,500</td></tr>
<tr><td>$75,000 to < $100,000</td><td>$2,000</td></tr>
<tr><td>Above $100,000</td><td>$2,500 plus 2% of the excess of the cost above $100,000</td></tr>
</table>

- This will be effective from 1 January 2026.
</td></tr>
<tr><td>2. Dividend definition</td><td>

- The definition of 'dividend' will be amended to ensure that the Capital Gains Tax (CGT) is applied to any gain realised from share buyback or similar transactions.
</td></tr>
<tr><td>3. CGT exemption – First Residential Property</td><td>

- The CGT exemption will be extended to include the disposal of a first residential property that is co-owned with non-family members.
</td></tr>
<tr><td>4. E-wallets</td><td>

- Unexplained and unidentified deposits during the year in taxpayers e-wallets account will be included in the computation of gross income if it can be traced to the taxpayer.
</td></tr>
<tr><td>5. Non-Resident Withholding Tax (NRWT) – Insurance Premiums</td><td>

- The NRWT on insurance premiums will be increased from 3% to 3.75% to reflect the increase in the corporate income tax rate that was announced in the 2023-2024 National Budget.
</td></tr>
<tr><td>6. Donations towards Start-Ups</td><td>

- A 150% tax deduction will be available for donations made by a business towards Accredited Start-Up Support Programs such as accredited start-up incubators, accelerators, and entrepreneurship development programs.
</td></tr>
<tr><td>7. Donations towards Public Health</td><td>

- A 100% tax deduction will be allowed for donations made by a business to health centers, nursing stations, aged care facilities, orphanages and drug rehabilitation centers.
</td></tr>
<tr><td>8. Local Artists – Allowable Deduction</td><td>

- The tax deduction for employment of local artists will be expanded to include all businesses that hire artists on a full-time basis.
- The allowable tax deduction rate will be reduced from 300% to 150%.
</td></tr>
<tr><td>9. Renewable Energy projects</td><td>

- The tax holiday in relation to the Renewable Energy and Power Cogeneration projects will be increased from 5 years to 10 years.
</td></tr>
<tr><td>10. Carbon Trading</td><td>

- The income of businesses engaged in carbon trading will be exempted from income tax.
</td></tr>
<tr><td>11. Tax Incentive for Tour Operators</td><td>

- A new Tax incentive with a 25% investment allowance will be available to new investments made by businesses involved in tour activities.
- The minimum threshold to qualify for the investment allowance is $100,000.
</td></tr>
<tr><td>12. Tax Free Region (TFR) Incentive</td><td>

- The TFR will be extended to the Wainadoi region for businesses who invest in activities such as waste management, recycling and renewable energy.
</td></tr>
</table>

DIRECT TAX MEASURES [CONT'D]

Income Tax Act

Policy	Description
13. Employment Taxation Scheme (ETS)	• The 300% tax deduction available for wages or salaries paid for work placements, apprenticeship and part-time workers will be extended until 31 December 2026. • The 400% tax deduction currently available for wages or salaries paid to persons with disabilities will be extended until 31 December 2026.
14. Sub-Division of Land Incentive	• The Sub-Division of Land Incentive will be extended until 31 July 2027.
15. Mutual Administrative Assistance in Tax Matters (MAAC)	• To establish the legal foundation for Fiji's participation in the Multilateral Convention on MAAC, legislative amendments will be made in the Income Tax Act.

Tax Administration Act (TAA)

Policy	Description
1. E-Wallets	• Businesses will be required to maintain a separate e-wallet account for business transactions. A penalty provision of a fine not exceeding $25,000 or to an imprisonment term not exceeding 10 years or to both is included for non-compliance. • Providing a Tax Identification Number (TIN) will be a mandatory requirement when registering for a Mobile Wallet account. The deadline to incorporate the TIN requirement is 31 December 2025.
2. Annual Mandatory Asset Declaration for Sole Traders	• A Mandatory Asset Declaration requirement will be introduced for sole proprietors to enhance financial transparency and support tax compliance. • This will be effective from 1 January 2026 as part of the Tax Return for Tax Year 2025.
3. VAT Monitoring System (VMS) Threshold	• Businesses with a turnover of $50,000 or more will be required to register for VMS. • This will be effective from 1 January 2026.
4. Amendment of Tax Assessments	• The $1.25 million turnover threshold that limits amendment of tax assessments within 3 years, will be removed to align with the general audit rules.
5. Power to issue Penalties	• The $1.5 million turnover threshold that limits FRCS from instituting penalties will be removed.
6. Continuing Professional Development (CPD) hours	• Tax agents applying for renewal of their registration must complete a minimum of 10 hours of Continuing Professional Development (CPD) as a pre-requisite for approval. • This policy will be effective from 1 January 2026.
7. Mutual Administrative Assistance in Tax Matters (MAAC)	• New provisions will be created to assist FRCS in obtaining the required information from taxpayers or third parties for the purpose of MAAC.

INDIRECT TAX MEASURES

Value Added Tax (VAT) Act

Policy	Description
1. VAT Rate	• The VAT rate will be reduced to 12.5% effective from 1 August 2025.
2. Definition of 'produce'	• The definition of 'produce' will be amended to exclude middleman selling produce supplies.
3. E-Wallets	• E-wallet and associated services will be exempted from VAT.
4. VAT Refund Incentive	• VAT refunds will be made available on capital investment for residential solar projects by individuals. Capital investment excludes the installation of solar heaters or a standalone solar lighting system. • VAT refunds will be made available on capital investment for reconstruction of houses damaged by termite infestation.
5. VAT on Mechanical Harvesters	• VAT will be zero rated for the supply of mechanical harvester services by Cooperatives.

Customs Act

Policy	Description
1. Passenger Name Record (PNR) data	• To enhance border security and regulatory compliance, new provisions will be implemented to enable the collection of Passenger Name Record (PNR) data from aircraft and ship operators.
2. Licensing of Bonded Warehouse	• To strengthen compliance, the bonded warehouse licensing provision will be amended to provide additional discretionary powers to the Comptroller.
3. Demerit Point System (DPS)	• To promote accountability, compliance and efficiency of licensed customs operators, Customs Demerit Point System will be introduced.
4. Customs Entry for goods not liable for Export Duty	• A new provision will be introduced whereby provisional customs entry will be required for goods not liable for export duty.
5. Modification of Goods Vehicle to Passenger Vehicles	• A new provision will be introduced to collect additional duties if the modification results in a change in tariff classification for both new and used goods vehicle.
6. Storage of Customs Entry related records	• The storage period for ASYCUDA records will be amended from 5 years to 7 years. • The storage period for customs entry related records for traders will be amended from 5 years to 7 years in line with the audit period.
7. Re-lodgement of rejected drawback claims	• A 30-day timeframe will be implemented for re-lodgement of declined duty drawback claims.
8. Customs Officers Powers	• The customs officer's powers will be aligned to international best practices during the detainment and search processes.
9. Automatic Identification System (AIS)	• To strengthen maritime compliance, maritime vessels will be required to keep the AIS activated when in Fiji waters.

INDIRECT TAX MEASURES (CONT'D)

Customs Regulations

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>1. Rent charge for goods deposited in Customs Warehouse</td><td>• Rent charge for goods deposited in the Customs Warehouse will be increased from $2 per ton or cubic meter to $5 per ton or cubic meter.</td></tr>
<tr><td>2. License fee for bonded warehouse operators</td><td>• Implementing a standardised license fee of $15,000, regardless of the warehouse size, for a three-year term.</td></tr>
<tr><td>3. Regularise the Operations Fee Structure</td><td>• The operational fee structure for freight stations and other customs areas approved by the comptroller will be legislated as below:
<table><tr><th>Operational Fee</th><th>Current (VEP)</th><th>New (VEP)</th></tr><tr><td>Consol Freight Station</td><td>$13,500</td><td>$14,500</td></tr><tr><td>Air Freight Station</td><td>$9,500</td><td>$10,500</td></tr><tr><td>Duty Free Shop - Nadi</td><td>$9,500</td><td>$10,500</td></tr><tr><td>Duty Free Shop - Nausori</td><td>$1,350</td><td>$2,350</td></tr></table></td></tr>
<tr><td>4. Sufferance Fee Structure</td><td>• The sufferance fee structure of $9,000 for a three-year term period will be amended to $3,000 per year.</td></tr>
<tr><td>5. Outdoor Fee Structure for Aircrafts</td><td>• The outdoor fee structure for Aircrafts will be amended as below:
<table><tr><th>Type of Fee</th><th>Current (VEP)</th><th>New (VEP)</th></tr><tr><td>Commercial Aircrafts</td><td>$460</td><td>$1,200</td></tr><tr><td>Private Aircrafts</td><td>$1,650</td><td>$2,500</td></tr></table></td></tr>
<tr><td>6. Late payment penalty for Overdue Overtime Fees</td><td>• A late payment penalty of $15.00 per day will be applied to customs operators who delay the payment of overtime fees to FRCS.</td></tr>
</table>

Excise Act

Policy	Description
1. Definition of Manufacturer	• The definition of 'manufacturer' will be strengthened by including the use of non - excisable goods in the process of manufacturing an excisable product.
2. Definition of Raw Materials	• A new definition of 'raw materials' will be introduced for administration purposes.
3. Production of Ready to Drink (RTD) alcoholic beverages	• The Excise Act will be amended to capture other raw materials used in the production of RTD alcoholic beverages in addition to apples and pears.
4. Post Entry Modification Fee	• A $15.00 post modification fee will be introduced under the Excise Act. This will align the Excise Act with the Customs Act which stipulates similar provisions of post entry modification.
5. Demerit Point System (DPS)	• To promote accountability, compliance and efficiency of licensed excise operators, the Customs Demerit Point System will be introduced.

INDIRECT TAX MEASURES (CONT'D)

Excise Regulations

Policy	Description
1. Extra Attendance Fees	• The extra attendance fees will be aligned to the Customs Regulation as below:

Type of Fee	Current (VIP)	New (VIP)
Overtime Attendance	$25	$50
Special Overtime Attendance	$35	$60

Customs Tariff Act

Policy	Description
1. Duty on Chicken portions & Offals	• The fiscal duty on the importation of chicken portions such as drumsticks, wings and thighs will be reduced from 32% to 15%. • The fiscal duty on the importation of edible chicken offals such as liver and giblet will be reduced from 32% to 15%.
2. Duty on Frozen Fish	• The fiscal duty on the importation of all frozen fish will be reduced from 15% to 0%.
3. Duty on Salmon	• The fiscal duty on the importation of salmon whether live, fresh, chilled, salted or dried will be reduced from 15% to 0%.
4. Duty on Tomato Sauce	• The fiscal duty on the importation of tomato sauce will be reduced from 32% to 15%. • Additionally, a 5% import excise duty will be introduced.
5. Duty on Cruise Ships, Excursion Boats & Similar vessels	• The fiscal duty on the importation of cruise ships, excursion boats and similar vessels will be reduced from 5% to 0%.
6. Duty on Golf Cars and similar utility vehicles	• The fiscal duty on the importation of golf cars and similar utility vehicles will be reduced from 32% to 5%. • The duty on the importation of electric golf cars will be reduced from 5% to 0%. • The duty on the importation of solar powered utility vehicles will be reduced from 5% to 0%.
7. Duty on Juice not containing any added sugar	• The import excise duty on the importation of juice not containing any added sugar will be reduced from 15% to 0%
8. Duty on Snacks obtained through swelling and roasting	• The import excise duty on the importation of snacks obtained through swelling and roasting will be increased from 0% to 15%.
9. Duty on Castor Sugar	• The fiscal duty on the importation of castor sugar will be reduced from 32% to 5%.
10. Duty on Gold/Silver Ores and Concentrates	• The export of gold/silver ores and concentrates will now attract a 3% export duty.
11. Duty on Alcoholic Flavors and Concentrates	• Importation of alcoholic flavors and concentrates of heading 3302 will now attract a tiered duty rate based on the strength of alcohol.
12. Concession Code 301 – Termidor Chemicals	• To assist the government's termite infestation rehabilitation efforts, the import of termidor chemicals currently cleared under concession code 301 will be VAT zero-rated.

INDIRECT TAX MEASURES (CONT'D)

Customs Tariff Act (Cont'd)

Policy	Description
13. Concession code 218 - Passenger allowance	• Concession code 218 will be extended to include AEO members.
14. Concession code 212 – Personal Imports	• Concession code 212 has been amended as follows: – Online Purchases of up to $1,000 per consignment will be subject to free fiscal duty, free import excise, and 12.5% VAT. – Personal Import (gifts, donations, etc.) of up to $500 will be subject to free fiscal duty, free import excise and free VAT. Consignments exceeding $500 will be subject to the standard duty and VAT rates.
15. Concession code 124 (vii) – Disposable Gas Lighter Blanks	• Concession code 124 which allows for duty free importation of disposable gas lighter blanks will no longer be available.
16. Concession code 236B – Assembly Mixing and Blending	• Concession code 236B will be expanded to provide duty concessions on machines, equipment and other accessories.
17. Concession code 122 – International Trade Agreements	• Concession code 122 will be expanded to include goods traded under international trade agreements such as the Interim Economic Partnership Agreement (IEPA) ensuring alignment with Fiji's trade obligations and facilitating preferential market access.
18. Used Vehicle definition	• "Used Vehicle" will be defined as any vehicle that has been registered at any time, for any purpose, including one that has been used for the purpose of demonstration in connection with the sale of a similar vehicle at any time before being offered or displayed for sale.

Fiji Revenue Customs Service (FRCS) Act

Policy	Description
1. Mutual Administrative Assistance in Tax Matters (MAAC)	• A new provision will be made to allow the disclosure of information under Section 52(4A) and 52C of the Act to comply with the MAAC articles.

Water Resource Tax Act

Policy	Description
1. Penalty for unauthorised water extraction and bottling	• A penalty provision of a fine not exceeding $25,000 or to an imprisonment term not exceeding 10 years or to both will be introduced for water extraction and bottling businesses that operate without prior approval from relevant authorities

Customs (Prohibited Imports and Exports) Regulations (CPIER)

Policy	Description
1. Ease of import restrictions on antique, vintage, high-end and luxury vehicles	• To facilitate the importation of antique, vintage, high- end and luxury vehicles, the Euro IV requirements will be eased. • Additionally, the value of the vehicle must exceed $500,000 which will attract the normal duty rates.
2. Modification of Goods Vehicle (New/Used)	• A new provision will be introduced to require a prior approval from the Comptroller before the modification of goods vehicles within a period of five years after importation.

GOVERNMENT'S CASHFLOW

Government's Cashflow Statements

The table below provides Government's Cashflow Statements.

	2023-2024 (Actual)	2024-2025 (Revised)	2025-2026 (Budget)
Operating Receipts			
Direct Taxes	1,009.1	1,092.5	1,169.5
Indirect Taxes	2,087.7	2,328.5	2,204.8
- *Value Added Tax*	*1,364.1*	*1,531.4*	*1,353.0*
- *Customs Taxes*	*551.9*	*590.6*	*621.4*
- *Service Turnover Tax*	*0.2*	*0.2*	-
- *Water Resource Tax*	*72.0*	*75.5*	*75.5*
- *Departure Tax*	*89.2*	*120.7*	*144.6*
- *Stamp Duty*	*0.1*	*0.0*	-
- *Telecommunication Levy*	*0.8*	*0.6*	*0.6*
- *Environment and Climate Adaptation Levy*	*9.4*	*9.5*	*9.6*
Fees, Fines, Charges & Penalties	154.2	161.4	183.3
Grants in Aid	195.0	130.4	124.4
Dividends from Investments	133.6	158.3	159.1
Reimbursement & Recoveries	11.8	10.5	40.8
Other Revenue & Surpluses	44.8	50.0	53.0
Total Operating Receipts	**3,636.1**	**3,931.5**	**3,934.9**
Operating Payments			
Personnel	1,042.0	1,186.1	1,299.7
Transfer Payments	887.1	951.4	1,376.1
Supplies and Consumables	353.3	410.6	489.2
Purchase of Outputs	257.3	241.9	203.7
Interest Paid	519.6	540.0	534.5
Other Operating Payments	0.5	3.7	3.8
Total Operating Payments	**3,059.8**	**3,333.6**	**3,906.9**
Net Cashflows from Operating Activities	**576.4**	**597.8**	**28.0**
As % of GDP	4.4%	4.3%	0.2%

(Source: Ministry of Finance)

GOVERNMENT'S CASHFLOW (CONT'D)

Government's Cashflow Statements (Cont'd)

	2023-2024 (Actual)	2024-2025 (Revised)	2025-2026 (Budget)
Investing Receipts			
Sale of Government Assets	7.9	-	5.0
Interest from Bank Balance	1.8	3.7	3.7
Interest on Term Loans and Advances	0.3	1.0	3.9
Return of Surplus Capital from Investment	-	0.3	-
Total Investing Receipts	**10.0**	**5.1**	**12.6**
Investing Payments			
Transfer Payments	868.4	900.8	700.3
Purchase of Physical Non-Current Assets	165.6	207.5	226.4
Total Investing Payments	**1,034.0**	**1,108.3**	**926.6**
Net Cashflows from Investing Activities	**(1,024.0)**	**(1,103.2)**	**(914.0)**
As % of GDP	***-7.8%***	***-7.9%***	***-6.2%***
Net (Deficit)/Surplus	**(447.6)**	**(505.3)**	**(886.0)**
As % of GDP	***-3.4%***	***-3.6%***	***-6.0%***

(Source: Ministry of Finance)

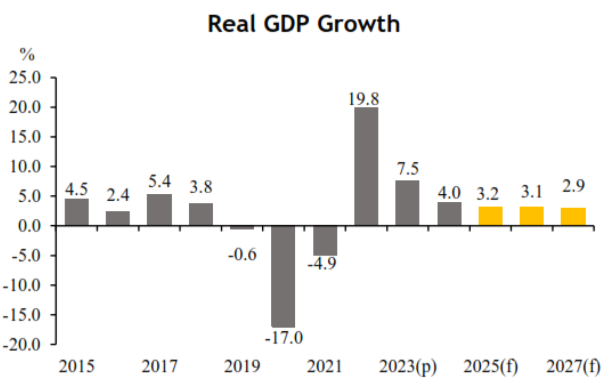
Quote - Winning in the cash flow business is 80% behavior and 20% maths.

- Dave Ramsey

ECONOMIC PERFORMANCE AND OUTLOOK

Domestic Outlook

- Following a growth of 7.5 percent in 2023, the Fijian economy is estimated to have expanded by 4.0 percent in 2024. Key sectors driving the economic expansion included the public administration, transport & storage accommodation, ICT, wholesale & retail trade, financial services, manufacturing and agriculture sectors. Visitor arrivals grew by 5.7 percent, registering a new peak of 982, 938 visitors in comparison to 2023.

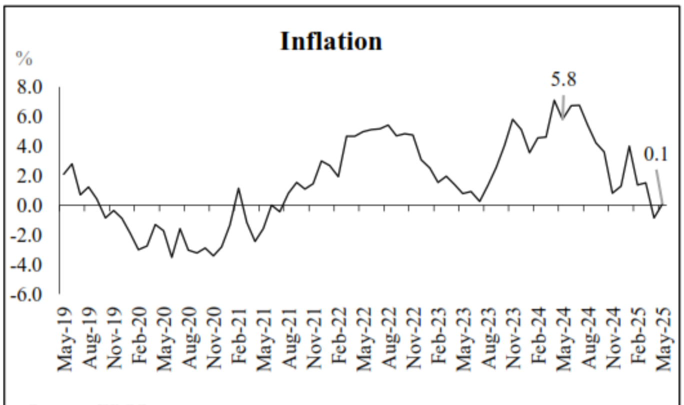


Sources: FBOS and Macroeconomic Committee as at June 2025

- In 2025, the domestic economy is forecast to grow by 3.2 percent, a slight downward revision of 0.2 percentage points (pp) from the earlier forecast of 3.4 percent. The downward revision largely takes into account the expected slowdown in the global economy and weaker growth prospects in Fiji's major trading and tourism partners' driven by ongoing trade and geopolitical tensions. Growth in 2025 is expected to be primarily supported by continued momentum in the services sector with major contributions from the finance & insurance, public administration, wholesale & retail trade and information & communication sectors. In addition, the primary sector particularly agriculture, coupled with the industrial sector as well as net indirect taxes are also projected to contribute to the growth outlook.

Inflation

- Inflationary pressures have significantly eased in line with the stable global commodity prices and lower inflation In Fiji's key trading partners. The y-o-y headline inflation rates stood at 0.1 percent in May compared to 5.8 percent in the same period in 2024, largely underpinned by lower prices in food & non-alcoholic beverages, transport, housing & utilities, clothing & footwear and recreation & culture categories.

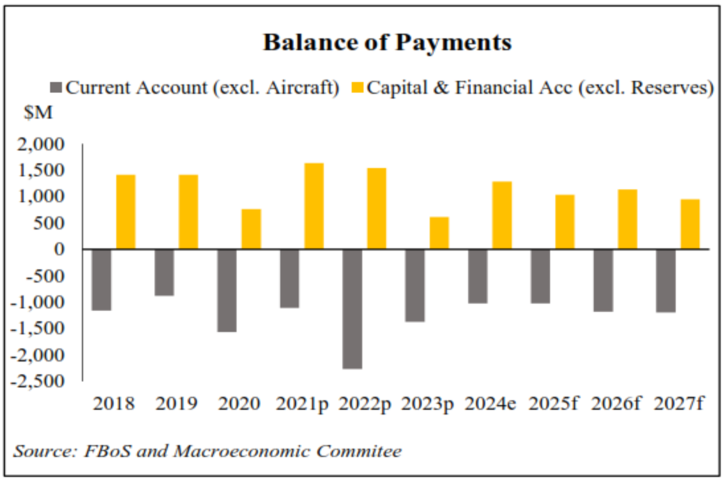


Source: FBOS

- Annual average inflation rate is anticipated to fall to 1.1 percent in 2025 from 4.5 percent in 2024. Overall, domestic prices are expected to fall further in light of the reductions in the VAT rate from 15.0 percent to 12.5 percent as well as other duties and taxes on essential household items. However, the recent escalation in geopolitical tensions in the Middle East as well as the on-going conflict between Russia and Ukraine and spillovers from the trade tensions pose upside risks to the inflation outlook.

Balance of Payments (BOP)

- In 2024, the current account deficit (CAD) is estimated to have narrowed by 25.6 percent to $1,025.3 million (7.5 percent of GDP) from $1,377.5 million in 2023 (11.2 percent of GDP). The improvement was underpinned by the lower goods trade deficit and a higher surplus in the secondary income account due to increased aid-in-kind and personal transfers/ remittances.



- In 2025, the CAD is forecast to narrow marginally to $1,024.9 million (equivalent to -7.2 percent of GDP) led by slightly higher surpluses in the services and secondary income accounts. The surplus in the services account is supported by tourism earnings and transport receipts, while the secondary income balance is sustained by inward personal transfers/remittances and grants. The Capital and Financial Account (excluding reserve assets) surplus is forecast to fall by 19.5 percent to $1,030.5 million, backed by the anticipated recovery in net Foreign Direct Investment (FDI) and other sector net loans. The overall BOP balance is projected to be negative, consequently the reserve assets are expected to fall by $245.4 million in 2025.

Remittances

- In 2024, total inward remittances grew by 6.0 percent to a record high of $1,329.7 million. Mobile transfer channel remains the most preferred mode of remittances owing to accessibility and lower transaction costs. Cumulative to April 2025, inward remittances rose by an annual 10.4 percent to $448.5 million, driven by higher personal transfers. Inward remittances are projected to grow by 7.0 percent to $1,422.2 million in 2025. For 2026 and 2027, remittances are forecast to rise moderately to $1,464.4 million and $1,508.3 million, respectively.

Tourism Earnings

- In 2024, tourism earnings reached a new record of $2,536.8 million, a slower growth of 1.9 percent following a strong growth of 46.3 percent in 2023. In 2025, tourism earnings are projected to increase marginally to $2,550.8 million on the back of stable visitor arrivals. In 2026 and 2027, tourism earnings are forecast to increase to $2,628.2 million and $2,681.0 million, respectively.

Foreign Reserves

- In 2024, foreign reserves stood at $3,707.7 million, sufficient to cover 6.0 months of retained imports. As of 25 June 2025, foreign reserves (RBF holdings) were around $3,710.4 million, equivalent to 5.8 months of retained imports.

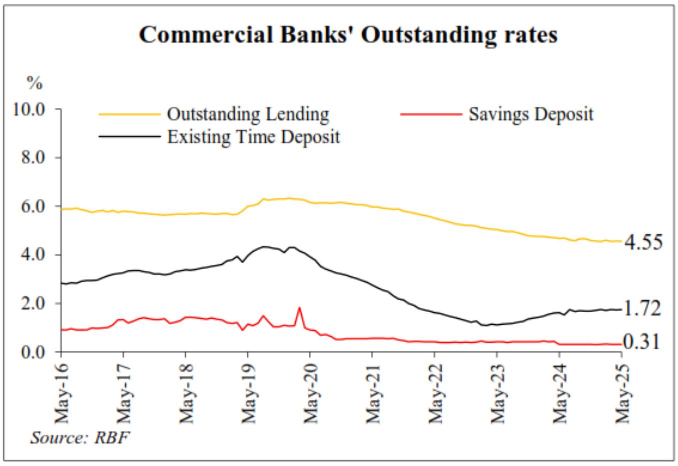
Money and Credit

- Money supply rose by 7.1 percent in May 2025, primarily led by higher foreign reserves and increased private sector credit to business entities (PSBEs) and households. Lending to the PSBEs was concentrated in the wholesale, retail, hotels & restaurants, real estate, and the building & construction sectors. Excluding refinanced loans, new consumption related credit rose substantially by 52.8 percent in the year to May 2025. In contrast, new investment lending declined by 3.7 percent in the review period.

ECONOMIC PERFORMANCE AND OUTLOOK (CONT'D)

Interest Rates

- The weighted average outstanding lending rate remains near historical lows on the back of high liquidity in the banking system. Liquidity stood at $2.1 billion as of 24 June 2025. The recent pickup in existing time deposit rates was led by movements at the very short end of the maturity spectrum, which offered higher rates and attracted higher volumes of deposits.



Exchange Rates

- In May 2025, the Fijian dollar (FJD) appreciated against the Australian dollar (AUD) (1.9%) and the New Zealand dollar (NZD) (1.6%) annually but weakened against the Japanese Yen (JPY) (-9.0%), the Euro (EUR) (-5.3%) and the United States Dollar (USD) (-0.9%). Over the month, the FJD strengthened against the JPY (2.0%), the EUR (1.0%) and the USD (0.2%) but depreciated against the AUD (-0.5%) and the NZD (-0.2%).

- In April, the nominal effective exchange rate (NEER) fell by 0.3 percent over the year but gained marginally over the month (0.01%). The annual dip was on account of the weakening FJD against the JPY, EUR and USD, while the gain over the month mirrored some strengthening against the AUD and USD. Accounting for inflation, the real effective exchange rate (REER) fell over the year (-3.6%) and month (-0.8%) as inflation in Fiji was lower than trading partners in the currency basket therefore leading to a gain in trade competitiveness.

Monetary Policy

- The RBF maintained an accommodative monetary policy stance in June 2025 with the Overnight Policy Rate (OPR) unchanged at 0.25 percent since March 2020.

Quote - *A budget is more than just a series of numbers on a page; it is the embodiment of a nation's values.*

- *John Maynard Keynes*

MEDIUM TERM FISCAL FRAMEWORK

The 2025-2026 Budget prioritises greater investment in social support, essential public services, and cost-of-living relief. Key measures include increased social welfare for vulnerable groups, higher bus fare subsidies, expanded scholarships, youth education support, increase in civil service salary and a reduction in VAT and other duties. This Budget also addresses pressing national concerns such as drug-related crime and public health, including the rise in HIV cases. Despite this increased spending, the debt-to-GDP ratio is expected to remain below 80 percent in FY2025–2026.

FY2024-2025 Fiscal Performance

- At the end of FY2024-2025, Government is anticipated to record a net deficit of around $505.3 million, equivalent to -3.6 percent of GDP, lower than the budgeted net deficit of $635.5 million or -4.5 percent of GDP. This is based on an estimated total revenue of $3,936.6 million (28.2 percent of GDP) and total expenditure of $4,441.9 million (31.8 percent of GDP). Table below provides the summary of Government's fiscal performance for FY2024-2025.

Fiscal Performance for FY2024-2025

$Million	2023-2024 (Actual)	2024-2025 (Budget)	2024-2025 (Revised Estimate)
Revenue	**3,646.2**	**3,916.7**	**3,936.6**
As a % of GDP	27.9	27.9	28.2
Tax Revenue	3,096.8	3,299.0	3,421.0
Non-Tax Revenue	549.4	617.7	515.6
Expenditure	**4,093.8**	**4,552.2**	**4,441.9**
As a % of GDP	*31.4*	*32.5*	*31.8*
Net Deficit	**-447.6**	**-635.5**	**-505.3**
As a % of GDP	**-3.4**	**-4.5**	**-3.6**
Debt	10,309.2	10,944.7	10,814.5
As a % of GDP	*79.0*	*78.0*	*77.5*
GDP at Market Prices	**13,045.7**	**14,022.8**	**13,956.5**

(Source: Ministry of Finance)

2025-2026 Budget

- For FY2025-2026, Government has budgeted a net deficit of $886.0 million or -6.0 percent of GDP. This is based on an estimated total revenue of $3,947.4 million (26.9 percent of GDP) and total expenditure of $4,833.5 million (33.0 percent of GDP). The targeted fiscal deficit for FY2025-2026 will be financed by a combination of domestic and concessional external borrowing. Government debt is projected at 79.8 percent of GDP ($11,700.6 million) by the end of July 2026.

- Tax revenue collections for FY2025-2026 are projected at $3,374.2 million, a decrease of $46.7 million (-1.4 percent) compared to the revised FY2024-2025 estimate. This decline in tax revenue is primarily driven by the reduction of 2.5 percentage points in the VAT rate, which is expected to result in a loss of approximately $177.6 million in potential net VAT collections. Consequently, the tax to GDP ratio is forecasted to decline to 23.0 percent in FY2025-2026 from 24.5 percent in revised FY2024-2025 estimate.

MEDIUM TERM FISCAL FRAMEWORK (CONT'D)

- The table below outlines the fiscal framework for FY2025-2026. The projected total gross deficit, which is the sum of the net deficit and principal debt repayments, is around $1,488.0 million. The gross deficit will be financed through domestic market and external borrowings from multilateral and bilateral development partners. The financing details are provided in the 2025-2026 Budget Estimates.

Fiscal Framework FY2025-2026

Particulars	$Million
Revenue	**3,947.4**
As a % of GDP	*26.9*
Tax Revenue	*3,374.2*
Non-Tax Revenue	*573.2*
Expenditure	**4,833.5**
As a % of GDP	*33.0*
Net Deficit	**-886.1**
As a % of GDP	**-6.0**
Gross Deficit	**-1,488.0**
Debt	11,700.6
As a % of GDP	*79.8*
GDP at Market Prices	**14,660.8**

(Source: Ministry of Finance)

Quote - It's not your salary that makes you rich, it's your spending habits.

- Charles A. Jaffe

MEDIUM TERM FISCAL STRATEGY

In 2025-2026 Budget, net deficit is budgeted at $886.0 million, equivalent to -6.0 percent of GDP (compared to -3.7 percent of GDP approved in the MTFS). Revenue collections are forecast at $3,947.4 million (26.9 percent of GDP), while expenditure is budgeted at $4,833.5 million (33.0 percent of GDP). Accordingly, Government debt will now increase to $11,700.6 million or 79.8 percent of GDP (compared to the MTFS forecast of $11,498.0 million or 77.5 percent of GDP). The table below provides the broad revenue, expenditure, deficit and debt targets for FY2025-2026 and the medium-term.

Medium-Term Fiscal Targets

$Million	2024-2025 (Revised)	2025-2026 (Budget)	2026-2027 (Budget)	2027-2028 (Budget)
Revenue	**3,936.6**	**3,947.4**	**4,165.0**	**4,227.5**
As a % of GDP	28.2	26.9	26.9	26.0
Tax	3,421.0	3,374.2	3,609.3	3,736.5
As a % of GDP	24.5	23.0	23.3	23.0
Non-Tax	515.6	573.2	555.7	491.0
As a % of GDP	3.7	3.9	3.6	3.0
Total Expenditure	**4,441.9**	**4,833.5**	**4,785.9**	**4,795.5**
As a % of GDP	31.8	33.0	30.9	29.5
Operating Expenditure	3,333.6	3,906.9	3,829.7	3,829.7
As a % of GDP	23.9	26.6	24.8	23.6
Capital Expenditure	1,108.3	926.6	956.2	965.8
As a % of GDP	7.9	6.3	6.2	5.9
Net Deficit	**-505.3**	**-886.0**	**-621.0**	**-568.0**
As a % of GDP	**-3.6**	**-6.0**	**-4.0**	**-3.5**
Total Debt	**10,814.5**	**11,700.6**	**12,321.5**	**12,889.5**
As a % of GDP	**77.5**	**79.8**	**79.6**	**79.3**
GDP at Market Prices	**13,956.5**	**14,660.8**	**15,472.1**	**16,245.7**

(Source: Ministry of Finance)

- With a net financing requirement of around $600.0 million in the medium-term, deficit can be financed easily given the appetite of local financial institutions such as FNPF and the availability of concessional financing from multilateral banks and development partners.

Revenue Strategy

- Given the significant tax reforms undertaken in the last two years, the tax to GDP ratio improved significantly, rising from 19.5 percent in FY2022-2023 to 23.7 percent in FY2023-2024. In FY2024-2025, tax revenues are projected to rise further by $324.2 million, reaching $3,421.0 million or 24.5 percent of GDP.
- Based on the key policy measures announced in the 2025-2026 National Budget, along with revised economic growth projections, total Government revenue is now projected to average around 26.6 percent of GDP in the medium-term. Tax revenues are forecast at 23.1 percent of GDP, while non-tax revenues are expected to average around 3.5 percent of GDP over the medium-term.
- While Government is expected to lose around 1.5 percent of GDP in tax revenue from the reduction in VAT rate, the overall tax structure has been left largely unchanged to provide policy consistency to the private sector. At the same time, Government has maintained zero VAT on 22 essential items to provide relief to households.
- In the medium-term, Government's revenue strategy will shift towards improving compliance through tax education and fostering a culture of self-regulation. To close compliance gaps, reduce under-reporting, and promote fair competition, the VMS will be introduced in FY2025-2026 for all businesses with a turnover of $50,000 and above (while keeping the VAT registration threshold at $100,000). FRCS will support the transition by providing a free Point-of-Sale (POS) system to businesses with an annual turnover between $50,000 to $100,000.

MEDIUM TERM FISCAL STRATEGY (CONT'D)

Revenue Strategy (Cont'd)

- Moreover, the following policy principles will guide the revenue strategies in the medium-term:

    - Widen the tax base by gradually removing exemptions and other distortions and bringing provisions in place to collect revenues from E-commerce transactions;
    - Improve tax compliance and collection of tax arrears by implementing digital tools and streamlined tax reporting methods, such as e-filing and simplified tax systems, to simplify compliance and broaden the tax net;
    - Continue efforts to make the tax regime and tax administration simpler to encourage voluntary compliance;
    - Review the VAT regime to move towards a single rate when the time is appropriate, including expenditure strategies to support the vulnerable;
    - Introduce targeted tax policies in potential inelastic markets to generate sufficient revenue required for developmental goals;
    - Regularly report and budget tax expenditure on exemptions and concessions to promote transparency and build support for rationalising such incentives;
    - Introduce environmentally focused taxes and incentives, such as carbon taxes or incentives for sustainable businesses aligning with the National Development Plan (NDP);
    - Strengthen the property tax system by assessing properties regularly; and
    - Review non-tax revenues on a cost recovery basis, while also ensuring that the vulnerable and disadvantaged are protected.

Expenditure Strategy

- Total Government expenditure increased from $3,589.2 million (30.7 percent of GDP) in FY2022-2023 to $4,093.8 million (31.4 percent of GDP) in FY2023-2024, marking a rise of $504.6 million. It is projected to increase by another $348.1 million, reaching $4,441.9 million (31.8 percent of GDP) in FY2024-2025. In FY2025-2026, total expenditure is projected to further increase by $391.6 million, reaching $4,833.5 million or 33.0 percent of GDP.

- Given the significant rise in operating expenditures, future spending must focus on capping operating costs and improving efficiency by better targeting social protection programs and transfers, implementing measures to right-size the civil service, and ensuring effective public service delivery. Regarding capital expenditures, priority should be given to high-impact projects that address infrastructure gaps identified in the NDP.

- Over the medium-term, total Government expenditure is estimated to reduce from 33.0 percent of GDP in FY2025-2026 to 29.5 percent of GDP in FY2027-2028.

MEDIUM TERM FISCAL STRATEGY (CONT'D)

Expenditure Strategy (Cont'd)

- The medium-term goal is to reduce total expenditure to below 30 percent of GDP, while maintaining a capital operating mix of at least 20:80. The following strategies will guide Government's expenditure plans:
  - Increase the efficiency of public expenditure to control the growth of expenses at sustainable levels;
  - Undertake a holistic review to right-size the civil service and contain the public sector wage bill;
  - Tighten control on operational expenditures, including travel, communications, trainings, workshops, fuel & maintenance and purchase of supplies with Key Performance Indicators (KPI) of agency heads and Permanent Secretaries linked to these targets;
  - Restructure the social protection framework to prioritise the most vulnerable segments of society, and reforming existing subsidy mechanisms;
  - Conduct proper investment appraisal and project selection for all new capital projects and strictly adhering to the Public Sector Investment Programme guidelines;
  - Resources must be allocated based on a multi-year perspective and the implementation capacity of agencies, considering the need to meet competing expenditure demands;
  - Major existing programmes to be reviewed and Government should ensure that all financial resources allocated are used prudently to derive real value for money;
  - All new initiatives to be rolled out in phases to manage costs and pilot testing should be done for the rollout of major initiatives;
  - Encourage more private sector participation in public infrastructure projects and delivery of other public services through PPP and other innovative arrangements;
  - Allocating expenditure ceilings to all Ministries to ensure conservative and disciplined budgeting;
  - Focus on effective and timely implementation of capital expenditure projects;
  - Proper and effective monitoring of projects and budget utilisation through MoF; and Funding for on-going programmes to be based on assessment of current and past performance and progressive achievement of planned outputs.

Debt Management Strategy

- The broad objectives of Government debt strategy in the medium-term are to:
  - Minimise the medium to long-term cost of Government debt within prudent levels of risk; and
  - Support the development of a well-functioning domestic market for debt securities.
- For Government to achieve the above objectives, it will focus on the following debt management policies to guide its borrowing in FY2025-2026 and in the medium- term:
  - Lower the cost of debt through concessional financing from multilateral and development partners;
  - Diversify the maturity profile through issuances of short and medium-term bonds (2-year to 5-year tenor);
  - Continue issuances of long-term bonds (10-year to 20-year tenor) and introduce new maturity terms (above 20 year) to finance deficits;
  - Diversify debt instruments with the issuance of thematic bonds to finance targeted projects;
  - Develop the domestic bond market with the focus on transparency, secondary market trading, and investor diversification;
  - Undertake liability management operations such as call-backs, bond buybacks, switch operations and early redemptions;
  - Consider the embedded options available for external loans; and
  - Detailed analysis and assessment of Government agencies with lending and on lending arrangement and guarantees to minimise risks.

GOVERNMENT DEBT

- Total Government debt at the end of July 2024 stood at $10,309.2 million equivalent to 79.0 percent of GDP and is projected to reach $10,814.5 million at the end of July 2025, equivalent to 77.5 percent of GDP. This comprises $7,022.9 million (64.9 percent) of domestic debt and $3,791.6 million (35.1 percent) external debt.

Total Government Debt ($Million)

Particulars	July-21	July-22	July-23	July-24	July-25(f)
Domestic Debt	5,241.2	5,767.4	6,170.5	6,587.9	7,022.9
External Debt	2,422.5	3,364.1	3,577.0	3,721.3	3,791.6
Total Debt	**7,663.7**	**9,131.5**	**9,747.5**	**10,309.2**	**10,814.5**
Debt (as a % of GDP)	**84.2**	**90.7**	**83.4**	**79.0**	***77.5***
Domestic Debt to Total Debt (%)	68.4	63.2	63.3	63.9	64.9
External Debt to Total Debt (%)	31.6	36.8	36.7	36.1	35.1
Nominal GDP	**9,098.8**	**10,069.5**	**11,690.9**	**13,045.7**	***13,956.5***

(Source: Ministry of Finance)

- Government continues to strive to achieve a debt mix of 70:30 (+/-5) between domestic and external to safeguard against any exchange rate risks. Trend for the last three years since FY2021-2022 noted a slight deviation from target and this is anticipated to be on track in the medium-term.

Domestic Debt

- Total domestic debt stood at $6,587.9 million or around 50.5 percent of GDP, at the end of July 2024 and is projected to reach $7,022.9 million, equivalent to 50.3 percent of GDP by the end of July 2025. The domestic capital market is the primary source of Government financing with key institutional investors such as the FNPF, insurance companies, commercial banks and other non-bank financial institutions playing an active role in its development.

Government's Domestic Debt ($Million)

Particulars	Jul-21	Jul-22	Jul-23	Jul-24	Jul-25 (f)
Bonds	4,967.7	5,483.9	5,905.4	6,308.9	6,732.9
Treasury Bills	273.5	283.5	265.1	279.0	290.0
Total Domestic Debt	**5,241.2**	**5,767.4**	**6,170.5**	**6,587.9**	**7,022.9**
Domestic Debt to GDP (%)	**57.6**	**57.3**	**52.8**	**50.5**	**50.3**

(Source: Ministry of Finance)

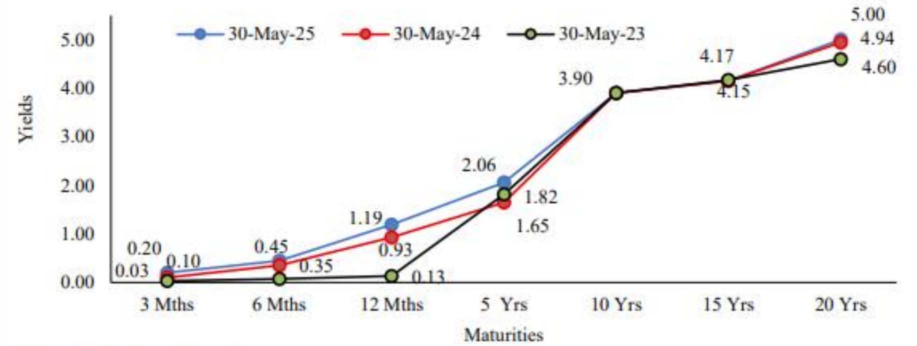
GOVERNMENT DEBT (CONT'D)

Domestic Interest Rate Structure

- Given the steady liquidity levels (around $2.1 billion in June 2025), the yields for certain Government debt instruments have largely remained constant resulting in a lower uptake of long-term Government securities. On the same note, the interest rates on shorter maturities have increased, which has led to a higher appetite for these securities.

- In comparing the movements in Government bond yields for the last three years, the shorter end of the yield curve (3-months to 12-months maturities) recorded increases, with the 12 months yield notably rising from 0.13 percent to 1.19 percent. Longer term yields (10 year and 15 year) were relatively constant, while the 20-year yield increased from 4.6 percent to 5.0 percent.

Figure 1.7: Government Bond Yields



Source: Ministry of Finance

External Debt

- Total external debt stood at $3,721.3 million, as of July 2024 and is projected to increase to $3,791.6 million by the end of July 2025, equivalent to 27.2 percent of GDP. External loans have increased significantly over the years attributed to policy-based programmatic loans and financing facilitating emergency response efforts, system development and key infrastructure loans.

Government External Debt ($Million)

Particulars	Jul-21	Jul-22	Jul-23	Jul-24	Jul-25 (f)
Loans	2,422.5	3,364.1	3,577.0	3,721.3	3,791.6
Total External Debt	**2,422.5**	**3,364.1**	**3,577.0**	**3,721.3**	**3,791.6**
External Debt to GDP (%)	**26.6**	**33.4**	**30.6**	**28.5**	**27.2**

Quote - *Blessed are the young, for they shall inherit the national debt.*

- *Herbert Hoover, 31st President of the United States*

GOVERNMENT DEBT (CONT'D)

Risk Indicators

- The table below evaluates the key costs and risks trade-off associated with the central Government's debt portfolio through the instruments designated to facilitate Government's financing needs in line with debt management objectives. The MTDS covering the fiscal periods 2024 to 2026 outline indicative targets to be achieved by fiscal year 2026.

Risk Exposure as of July 2025

<table>
<tr><th colspan="2" rowspan="2">Particulars</th><th colspan="3">FY2023-2024</th><th colspan="3">FY2024-2025 (f)</th></tr>
<tr><th>External debt</th><th>Domestic debt</th><th>Total debt</th><th>External debt</th><th>Domestic debt</th><th>Total debt</th></tr>
<tr><td colspan="2">Amount (FJ$ Million)</td><td>3,721.3</td><td>6,587.9</td><td>10,309.2</td><td>3,791.6</td><td>7,022.9</td><td>10,814.5</td></tr>
<tr><td colspan="2">Amount (US$ Million)</td><td>1,626.6</td><td>2,879.6</td><td>4,506.1</td><td>1,658.4</td><td>3,071.8</td><td>4,730.3</td></tr>
<tr><td colspan="2">Nominal debt (% of GDP)</td><td>28.5</td><td>50.5</td><td>79.0</td><td>27.2</td><td>50.3</td><td>77.5</td></tr>
<tr><td rowspan="2">Refinancing risk</td><td>ATM (years)</td><td>12.9</td><td>10.8</td><td>11.7</td><td>13.0</td><td>10.8</td><td>11.7</td></tr>
<tr><td>Debt maturing in 1 year (% of total)</td><td>4.1</td><td>6.6</td><td>5.6</td><td>5.0</td><td>9.4</td><td>7.7</td></tr>
<tr><td rowspan="3">Interest rate risk</td><td>ATR (years)</td><td>10.1</td><td>10.8</td><td>10.5</td><td>10.7</td><td>10.8</td><td>10.8</td></tr>
<tr><td>Debt re-fixing in 1 year (% of total)</td><td>45.1</td><td>6.6</td><td>22.4</td><td>42.1</td><td>9.4</td><td>22.5</td></tr>
<tr><td>Weighted Av. IR (%)</td><td>4.4</td><td>5.8</td><td>5.2</td><td>4.0</td><td>5.7</td><td>5.1</td></tr>
<tr><td>FX risk</td><td>FX debt (% of total debt)</td><td colspan="3">36.1</td><td colspan="3">35.1</td></tr>
</table>

(Source: Ministry of Finance)

- The Average Time to Maturity (ATM) of Government's debt portfolio, remains stable at around 12 years with external debt at 13 years and domestic debt at 11 years. This is attributed to the longer-term maturities from the issuance of long- term bonds in the domestic market and concessional financing during the period from development partners. Majority of the new overseas financing facilities include grace periods of 10 years with amortisation of principal amounts until maturity, while in the case of domestic market securities principal amounts are redeemed through bullet-payment method.

Quote - *We don't have a trillion-dollar debt because we haven't taxed enough; we have a trillion-dollar debt because we spend too much.*

- *Ronald Reagan, 40th President of the United States*

INVESTMENT FACILITATION

Investment Facilitation

- The National Development Plan (NDP) 2025 - 2029 and Vision 2050 position investment facilitation as a cornerstone of economic growth. The NDP reflects Government's strong commitment to creating a more business-friendly environment through streamlined processes, and targeted promotion of quality investments that support both economic advancement and social progress.

Investment Outlook

- Government is committed to developing a robust, private sector-led economy driven by both domestic and foreign direct investments. Aligned with the global investment trends which is shifting toward sustainability and digitalisation, Fiji is targeting growth in renewable energy, ICT, agribusiness and sustainable tourism.

- Investment Fiji has recorded a growing pipeline of projects scheduled to commence operation between 2025 and 2030. These projects span a wide range of sectors including tourism, aviation, transportation, infrastructure, agriculture and retail. These projects underscore the expanding diversity of investment interests featuring developments ranging from high-end resorts and residential estates to commercial properties and critical infrastructure initiatives, which is vital for sustained long- term economic expansion.

- Investment Fiji is currently supporting 194 major projects, with a combined potential value of $5.5 billion. Of these, 84 projects, valued at $1.5 billion, are already under construction and are anticipated to begin trading within the next three years. An additional 57 projects valued around $1.9 billion are currently going through the approvals process and will break ground soon.

- The Business Now platform is a significant step towards improving the ease of doing business in Fiji. By offering a centralised and digital approach to essential Government services, it aims to create a more efficient and transparent process for business entrepreneurs and investors.

Quote - Don't tell me where your priorities are. Show me where your money is. That's where priorities are.

- James W. Frick

AUDIT • TAX • ADVISORY

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