

# 2009 Budget Brief

21 November 2008



Commodore Josaia Voreqe Bainimarama  
Prime Minister and Minister for Finance,  
National Planning, Public Service, People's  
Charter for Change, Information, Foreign  
Affairs, International Co-operation and  
Civil Aviation

The Prime Minister and Minister for Finance, National Planning, Public Service, People's Charter for Change, Information, Foreign Affairs, International Co-operation and Civil Aviation, Commodore Josaia Voreqe Bainimarama, presented the 2009 National Budget today.

This resume provides a brief outline of the major aspects of the Interim Government's Budget for the year 2009 and is based upon a quick analysis of the Budget Address.

The theme of the 2009 Budget is "*Raising Economic Growth and Alleviating Poverty*".

The 2009 budget is "pro-growth and pro-poor" and the strategic areas include:

- Increasing Investment
- Raising Economic Growth
- Supporting the poor and most vulnerable
- Protecting the balance of payments position
- Fast track structural reforms

According to the Prime Minister, "going forward, Government will ensure consistency, transparency and sustainability of its policies and measures aimed at growing the economy, increasing investor confidence and reducing poverty".

Through a combination of fiscal and policy initiatives, the Government has sought to foster investment and economic development.

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 organisation, please take the opportunity to contact:

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## Disclaimer

Before readers take any action, we recommend that specific questions on subjects covered in this publication be directed to your financial, tax and legal advisers. We accept no responsibility for any errors this publication may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. The advisers listed above will be pleased to provide you with further information.

## ECONOMIC OUTLOOK

The Prime Minister and Minister for Finance, National Planning, Public Service, People's Charter for Change, Information, Foreign Affairs, International Co-operation and Civil Aviation, Commodore Josaia Voreqe Bainimarama, presented the 2009 National Budget today.

Key indicators of economic outlook are summarised below:

	2008 Budget Forecast	2009 Budget Estimate
Gross domestic product – million dollars	\$5,958	\$6,347
GDP Growth – real	1.2%	2.4%
Expenditure – million dollars	\$1,528	\$1,715
Revenue –million dollars	\$1,436	\$1,522
Net budget deficit – million dollars	(\$92)	(\$192.8)
Net budget deficit as a % of GDP	(1.5%)	(3%)
Inflation - estimates	8.5%	4.5%
Foreign reserves – million dollars	\$861	N/A
Import cover - months	3.2	N/A
Visitors' arrival – numbers	580,000	599,800
Sugar exports – million dollars	\$231	\$166
Current account deficit as percent of GDP	17.3%	21.3%
Total exports – million dollars	\$1,439	\$1,438
Total imports – million dollars	\$3,507	\$3,622

### Medium Term Macroeconomic Targets

The medium term macroeconomic targets of the Government are:

Macroeconomic Indicator	Targets
Economic Growth	5% per year
Inflation	Less than 3% over a 5 year period
Foreign Exchange Reserves	4 – 5 months of import cover
Government Deficit	Balance budget by 2012
Government Debt	45% of GDP by 2011
Investment	Above 25% of GDP

*Quote - "A budget is just a method of worrying before you spend money, as well as afterward."*

*- Unknown*

### Government's Medium Term Fiscal Framework

Government's debt and deficit targets for the medium term are:

	2007 (Actual)	2008 (Estimate)	2009 (Budget)	2010 (Target)	2011 (Target)
Revenue	1,391.3	1,435.9	1,522.4	1,591.6	1,695.2
<i>% per GDP</i>	26%	24%	24%	24%	24%
Expenditure	1,487.4	1,527.9	1,712.8	1,726.1	1,766.4
<i>% of GDP</i>	27%	26%	27%	26%	25%
Net deficit	(96.2)	(92.0)	(190.4)	(134.6)	(71.2)
<i>% of GDP</i>	-1.8%	-1.5%	-3.0%	-2.0%	-1.0%
Debt	2,734.8	2,851.3	3,041.7	3,176.3	3,247.5
<i>% of GDP</i>	50%	48%	48%	47%	46%
GDP at Market Price (\$m)	5,435.9	5,958.1	6348.0	6,730.5	7,115.7

Source : Ministry of Finance and National Planning

Quote -- "A billion here, a billion there – sooner or later it adds up to real money."

- Senator Everett Dirksen

Quote -- "Middle class needs a rescue package with tax cuts"

- Barack Obama

## INCOME TAX ACT (ITA)

### Corporate Tax Rate

The corporate tax rate will be reduced from 31% to 29% in 2009 and 28% in 2010.

### Interest Income Exemption - Fiji My Second Home Programme Incentives

The programme will be open to foreigners to stay in Fiji for as long as possible on a multiple entry social visit pass. To qualify, the applicant should fulfill the following criteria:

- *Age below 50 years old:*
  - Minimum deposit of \$F300,000 and maintain the deposit in Fiji for a minimum of two years.
- *Aged 50 years and above:*
  - Minimum deposit of \$F200,000 and maintain the balance for a minimum of two years.

Interest income from both criteria will be exempt from tax.

### Interest Income Exemption - Foreign Currency Account Scheme

To attract non-residents, including former Fiji residents to hold funds in Fiji bank accounts, the following incentive will be available:

- For foreign currency accounts, interest income above the equivalent of FJD\$300,000 will be exempt from tax.
- For Fiji Dollar accounts, interest income will be exempt from tax.

### Exemption of Dividend

The dividend exemption for the following will be reinstated:

- Colonial First State Income Fund;
- Colonial First State Income and Growth Fund;
- Fijian Holdings Property Trust Fund;
- Fijian Holdings Unit Trust; and
- Unit Trust of Fiji.

Section 17 (55) of the Income Tax Act (ITA) will also be amended to reflect this change.

FIRCA will limit the number of entities registering as Trusts.

### Deduction for Dividends

The term "charged to tax" in Section 21A of ITA will be amended.

### Branch Profit Remittance Tax

The term "branch" will be defined.

Section 7C (3) of ITA will be amended to clarify that the tax shall be levied on profits paid or credited for remittance. Profits refers to the after tax earnings to the extent the head office does not reinvest such amount to the Fiji branch.

Section 7C (1) of ITA will be amended to include the word "by" between the words "Fiji" and "a non-resident".

### Head Office Expenses

The term "Head Office Expenses" will be defined in Section 19A of the ITA.

### Refund of Income Tax and VAT Cheques

With effect from 1 January 2009, FIRCA will progressively cease the postal issuance of cheques for VAT/Income Tax Refund. All VAT refunds are to be paid through the bank accounts. All companies will now have to forward their bank accounts to FIRCA for any VAT refunds.

All Company, business and sole traders' refunds are to be paid through their bank accounts and they will have to submit their bank accounts to FIRCA.

This policy will not apply to salary and wage earners.

### Amendment to Section 9A of ITA - Resident Interest Withholding Tax (RIWT)

Section 9A of ITA will be amended to state that the financial institution will deduct RIWT notwithstanding the supply of Tax Identification Numbers (TIN) by taxpayers. Section 9A (3) (a) will be repealed.

The \$120 interest under Section 9A (3) (d) and (e) will be amended to \$200, aligning it with the provisions under Section 17 (72) (1) of the ITA.

### Amendment to Section 36(1) of ITA — Offshore Placement of Insurance

Section 36(1) of ITA will be amended to clarify that withholding tax will also be applicable on insurance brokers and off-shore placement of insurance.

### Amendment to Section 51 of ITA - Partnerships

Husband and wife carrying on a business will be deemed to be partners for taxation purpose only under conditions as approved by the Commissioner.

### 11th Schedule of ITA — Hotel Investment Tax Incentive Amendments

The term "amenities" will be defined under Section 2.

Section 5 will be amended to state that provisional approval will be mandatory for standard allowance.

Section 5 will be amended to state a new requirement to be submitted with the application for provisional approval i.e. the project plan must be certified by the local authority and other relevant Agencies.

A new provision will be inserted to allow revoking of standard allowance if there is a breach of the conditions of the provisional or final approval or of any of the requirements of the 11th Schedule.

### Provisional Tax Regulation

Provisional Tax Regulation will be amended to verify that Certificate of Exemption (COE) will only be issued if Directors/Shareholders tax returns and payments are in order.

Withholding Tax to Non-Resident Contractors - Amendment to Legal Notice No. 70, incorporating the applicability of withholding tax on non-resident contractors. Clarification in the definition of contract for services.

Provisional Tax Regulation will be amended to state that real estate agents should deduct and pay 15% provisional tax on rental income.

*Quote -- "My problem lies in reconciling my gross habits with my net income."*

*– Errol Flynn*

## DIRECT TAX INCENTIVES

### Export Income Deduction

Export income deduction will remain at 50% in 2009 and 2010.

### Employment Taxation Scheme

Employment taxation scheme will be extended to 31 December, 2010.

### 40% Investment Allowance

40% Investment Allowance will be extended to 31 December, 2010.

### 60% Investment Allowance

60% investment allowance will be allowed for infrastructure investment in Fixed Line investment in Internet Protocol (IP) and Broadband core networks.

### Accelerated Depreciation

100% write off will be available in the year the expenditure was incurred for infrastructure investment in fixed line (NGN) service.

### Tax exemption for New Independent Power Producers

5 years tax holiday will be granted to companies undertaking renewable energy projects and those pursuing investment on power cogeneration. To qualify, an investment amount of \$250,000 will be required.

### Commercial Agriculture and Agro-Processing Incentives

10 year tax holiday will be granted to companies undertaking new projects on agricultural farming and agro-processing.

To qualify for income tax exemption, the following requirements should be met:

- Minimum level of investment of \$2 million is required; and
- Employment of 30 local employees or more for any 6 months within the income year.

10 year tax holiday will be available for investment made from 1 January, 2009 to 31 December, 2014.

### Investment in Bio-Fuel Production Incentives

10 year tax holiday for companies that are involved in processing agricultural commodities (sugar, coconut etc) into Bio-Fuels.

To qualify for income tax exemption, the company should invest a minimum of \$1 million and employ at least 20 local employees and more for any 6 months within the income year.

10 year tax holiday will be available for investment made from 1 January, 2009 to 31 December, 2014.

### Information, Communication and Technology (ICT) Incentives

Amendments will be made to the current ICT incentives available under Section 17 (63) of ITA:

- The term ICT will be defined to mean "Information Communication Technology business includes software development, call centres and Internet service provision, but does not include retail or wholesale of information technology products and the repair, sale or service of any such product".
- The anomaly with respect to the incentives available inside and outside the Kalabu Zone will be rectified.
- The 10 year tax exemption currently granted to ICT operators will be increased to 13 years for new ICT operators.

### Tax deduction for donation to the Fiji International Film Festival

Fiji will be hosting "The Fiji International Film Festival" in 2010 aimed at raising the profile of Fiji. To encourage corporate sponsorship of this event, 200 percent tax deduction will be granted for any corporate contributions made for the Fiji International Film Festival.

### Audio Visual Incentive

The film tax rebate of 15 percent will be raised to 35 percent in 2009.

### Setting up of Tax Free Region

Vanua Levu, Rotuma, Kadavu, Levuka, Lomaiviti and Lau) will be declared as Tax Free Region (TFR)

TFR incentives will include:

- 13 year corporate tax holiday; and
- Import Duty Exemption on machinery and equipment in so far as they are required for the establishment and factory operation of the trade, business or manufacture to be carried out in the TFR.

Companies will only qualify for the incentives provided that the establishment of the trade or business is carried out in the TFR and initial level of investment is more than \$2million.

Companies that start new projects with at least 25 percent equity participation by indigenous Fijians will be granted an additional five years of corporate tax holiday that is, a total of tax free status of 18 years.

### Tourism Incentives

1. 2009 Hotel Incentive Package:

- 10 years tax holiday for capital investments not less than \$7million; and
- Import duty exemption on all capital goods (including capital equipment, plant and machinery) not available in Fiji that is used in carrying out the investment.
- The 55% investment allowance under Part 2 of Eleventh Schedule will continue in 2009.

2. Vanua Levu Hotel Development:

Any hotel development in Vanua Levu with minimum of 15% equity by resource owners, will qualify for another 7 years of tax holiday in addition to the 13 year tax exemption under the TFR. In total, tax holiday will be 20 years.

### Poverty Relief Fund for Education (PRFE)

To support access of education for the children of poor families, the PRFE will be established by Government in 2009.

200 percent tax deduction to be available for cash contribution in excess of \$50,000 by taxpayers.

*Quote -- "Never base your budget requests on realistic assumptions, as this could lead to a decrease in your funding."*

*- Scott Adams*

## VALUE ADDED TAX DECREE

### Section 2 – Interpretation

The definition of "Constitution" will be amended in the VAT Decree to include 1997 Constitution.

### Submission of Input Tax Schedule with VAT Return

Amendment will be made to the VAT Decree making it mandatory for a taxpayer to submit VAT return form with the accompanying Input Tax Schedule.

### Shareholders/Directors will be liable for VAT liability

The Shareholders and Directors of a private company will be liable for VAT liability of the company. Similar provision as that in Section 41B of ITA will be inserted in the VAT Decree.

### Second Schedule of the VAT Decree Zero-Rating of Goods

Amendment will be made to the VAT Decree to state that zero rating of goods will only be allowed when fund for export of goods/services is remitted to Fiji and evidence is provided to the Commissioner. This provision will be similar to that of Section 21B (7) of the ITA.

### Restriction of amendments and refunds of VAT

VAT Decree will be amended to limit VAT return amendments to six years and VAT refunds to three years. This provision will be aligned to Section 78 of the ITA.

### Restriction on VAT Refunds

Offsetting on VAT refunds amongst companies and entities engaged in a Project will be disallowed.

## HOTEL TURNOVER TAX ACT

### Hotel Turnover Tax (HTT) Act

The HTT Act will be amended to include a similar trust provision currently under the GTT Decree. The tax held by an accountable person (owner, manager, sole precedent partner and, otherwise the person who is responsible for the day to day management of the hotel) is deemed to be held in trust for the State.

## GAMBLING TURNOVER TAX DECREE

### Imposition of Gambling Turnover Tax (GTT) on Mobile Phone Texting

Amendment will be made to the Gaming Act, GTT Decree and Commerce Act to enable application of GTT on all mobile texting promotions.

## CUSTOMS ACT

### Imports of used and reconditioned motor vehicles (cars, trucks and buses)

Increase age limit for import of used and reconditioned motor vehicle from six years to eight years.

### Trailers

Removal of trailers from Item No. 5 of the 3rd Schedule to Customs (Prohibited Imports and Exports) Regulations.

## CUSTOMS TARIFF ACT (CTA)

### Rectifications of Error in CTA

Delete the expression "1.12.5%" appearing in description column 2 of tariff items under the headings 2204, 2205 and 2206 and substituting it with the expression "1.15%":

- Delete tariff item 11042100.
- Delete tariff item 14020000.
- Delete tariff item 14030000.

## FISCAL AND IMPORT EXCISE DUTY CHANGES

Policy	Descriptions
1. Restructure of tariff band	Increase duty rates of all goods currently attracting 27% to 32%
2. Light bulbs	Increase fiscal duty from 5% to 32%
3. Multi-wick kerosene stoves and spare parts	Increase fiscal duty from 5% to 32%
4. Mobile phones	Increase fiscal duty from 15% to 32%
5. Diesel, motor spirits and premixed outboard fuel	Reinstatement of fiscal duty on diesel from 9 cents per litre to 18 cents per litre and increase fiscal duty on motor spirits from 34c/litre to 44c/litre and premix outboard fuel from 17c/litre to 27c/litre.  Current fuel rebates to various industries be aligned appropriately to the fiscal duty rates.
6. Golf cars and similar vehicles	Increase the fiscal duty from 15% to 32% for goods falling under tariff item 8703.10.00
7. Chicken and chicken products	Increase fiscal duty of chicken and chicken products from 15% to 32%
8. Used/reconditioned concrete mixture lorries	Reduce specific duty rate from \$16,948 per unit to \$6,057 per unit for tariff item 8705.40.90
9. Used/reconditioned lorries fitted with ladders	Reduce specific duty rate from \$57,921 per unit to \$8,635 per unit for tariff item 8705.90.20
10. Pasta and biscuits	The specific rates of pasta of \$1.50 per kg and specific rate on biscuits of \$1.48 per kg will be removed.
11. Prime movers and specialized moving machinery	Remove import excise duty of 15% on the following items: <ul style="list-style-type: none"> <li>• Ships Derricks, cranes, Mobile lifting frames, Straddle carriers and work trucks fitted with a crane.</li> <li>• Fork-lift trucks, other Trucks fitted with lifting or handling Equipment.</li> <li>• Self Propelled bulldozers, Angle dozers, graders, levelers, Scrapers, Mechanical Shovels, Excavators, Shovel loaders, Tamping machines and Road rollers.</li> <li>• Other types [not self propelled] grading, leveling, scrapping, compacting, extracting or boring —machineries for earth, mineral ores etc, pile drivers, pile extractors, snow ploughs etc.</li> <li>• Tractors [Prime movers]</li> <li>• Special purpose Motor Vehicles eg. Breakdown lorries, crane lorries, Fire fighting vehicles, concrete mixers lorries, road sweeper lorries, spraying lorries, Mobile Workshops, Mobile radiological Unit.</li> <li>• Trailers and semi-trailers of various types of heading 8716</li> </ul>

## Export Duty

Policy	Descriptions
Export duty on unprocessed fish	Export duty of 3 % will be levied on export of unprocessed fish
Export duty on timber	Export duty of 3% will be levied on raw and unprocessed timber

## Customs Concession under Part II &amp; III Customs Tariff Act (CTA)

Policy	Descriptions
1. Duty concession on galvanized purlins (300mm to 400mm)	Insert a new concession code in Part II of the Customs Tariff Act (CTA) to provide concessionary duty rate of 5%
2. Duty concession on MPVC pipe series 2 and large diameter pipes 300-600mm series	Insert a new concession code in Part II of the Customs Tariff Act (CTA) to provide concessionary duty rate of 5%
3. Amend Code 228 in Part III of the Customs Tariff Act (CTA) — Concession on yacht	<ul style="list-style-type: none"> <li>The length of stay by tourist ships &amp; aircrafts will be increased from 9 months to 18months.</li> <li>The extension provisions of 3 months will be repealed.</li> <li>Removal of the 9 months re-entry conditions for tourist ships &amp; crafts.</li> </ul>
4. Formulation of yacht charter policy	A working committee comprising of relevant agencies (Immigration, Quarantine, FAB, Police, FIRCA, MOF, etc) chaired by Ministry of Tourism, Commerce and Trade will be established to develop the yacht charter policy to be ready for implementation on 1 January 2009.
5. Concession on knitted fabric: Amend Code 117 (ii) of Part II of the Customs Tariff Act (CTA)	Increase the fiscal duty rate from 3% to 5%
6. Concession on breakfast food: Amend Code 123 of Part II of the Customs Tariff Act (CTA)	Increase the fiscal duty rate from 3% to 5%
7. Concession on specialized boats and vessels including water sports equipment which are not manufactured and available in Fiji – for hotels and resorts: Code 235 (ii) of Part III of Customs Tariff Act	The wording in Column (3) to be changed from specialized boats to specialized water sports equipment (e.g. water jet-ski, water bike, and such other descriptions as the Comptroller may approve.
8. Concession on goods used in the assembly of the approved goods: Rectification of error of Code 236 (iii) of Part III of Customs Tariff Act (CTA)	Delete 3% in column 4 for goods under Code 236 (iii) and substitute it with 5%.
9. Concession on goods for international and local air service – Code 217 of Part III of Customs Tariff Act (CTA)	Amend Column 2 – approved by the minister to approved by the Minister responsible for Civil Aviation
10. Concession to Cable & Wireless or any other similar specialized approved by the Minister – Code 237 of Part III of Customs Tariff Act (CTA)	Amend Column 2 – Delete current wording and replace "Approved companies for International cable laying and maintenance"

## Customs Concession under Section 10 of Customs Tariff Act (CTA)

Policy	Descriptions
1. ICT/BOP Business Operators (Approved Companies)	<ul style="list-style-type: none"> <li>Zero fiscal duty and import excise duty for importation of computers, computer parts &amp; accessories, specialized plant, equipment &amp; fittings, and specialized furniture for initial establishment</li> </ul>
2. Educational materials and stationery	<ul style="list-style-type: none"> <li>Remove "envelopes", "padded envelopes" and tariff item 4820.10.00</li> <li>Normal duty rate of 32% will apply</li> </ul>
3. Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG) vehicles for public service vehicles	<ul style="list-style-type: none"> <li>Reduction in fiscal duty from 27% or 60% of specific rates whichever is greater to 0%.</li> <li>Reduction in import excise duty from 15% to 0%</li> </ul>
4. Bus Industry	<ul style="list-style-type: none"> <li>Free fiscal duty on ticketing machines and ticketing machines parts.</li> <li>Free import excise duty on ticketing machines and ticketing machines parts</li> </ul>
5. Fishing Industry	<ul style="list-style-type: none"> <li>Reduction in fiscal duty on fuel from 8 cents per litre to 2 cents per litre</li> <li>Reduction in fiscal duty on specialized fishing gear &amp; equipment from 3% to 0%</li> <li>Reduction in fiscal duty on specialized fishing vessel from 10% to 0%</li> <li>Reduction in fiscal duty on fish baits from 3% to 0%</li> </ul>
6. Rewa Dairy Company Limited	<ul style="list-style-type: none"> <li>Reduction in fiscal duty from 5% to 0% on full cream powdered milk in bulk, liquid milk in bulk and bulk butter.</li> <li>Concessions to Rewa Dairy have been ongoing over the years and this will be phased out in the next 2 years.</li> </ul>
7. Fiji Electricity Authority	<ul style="list-style-type: none"> <li>Fuel rebate of 10 cents per litre will be granted.</li> </ul>
8. Bio-fuel projects — companies involved in the production of bio-diesel and ethanol	<ul style="list-style-type: none"> <li>Duty free concession on the following items: <ul style="list-style-type: none"> <li>Plant, machinery and equipments for the initial establishment of the factory; and</li> </ul> </li> <li>Chemical required for bio-fuel production.</li> </ul>
9. Water Storage Tanks	<ul style="list-style-type: none"> <li>Free fiscal duty and import excise duty on water storage tanks.</li> </ul>
10. Energy Conservation goods	<ul style="list-style-type: none"> <li>Free fiscal duty and import excise duty on the following items: <ul style="list-style-type: none"> <li>Energy efficient lamps with ratings less than 25watts</li> <li>Fluorescent tubes and bulbs less than 25watts</li> </ul> </li> </ul>
11. Renewable Energy Goods	<ul style="list-style-type: none"> <li>Free fiscal duty and import excise duty on the following items: <ul style="list-style-type: none"> <li>Wind: <ul style="list-style-type: none"> <li>Wind Resource Monitoring Equipment; and</li> <li>Wind Turbines and related accessories.</li> </ul> </li> <li>Hydro: <ul style="list-style-type: none"> <li>Hydro Resource Monitoring Equipment;</li> <li>Hydro Turbines; and</li> <li>Alternators and related accessories.</li> </ul> </li> <li>Solar: <ul style="list-style-type: none"> <li>Solar Resource Monitoring Equipment;</li> <li>Solar Panels;</li> <li>Batteries for Power Supply or Electrification Purposes;</li> <li>Solar Lights;</li> <li>Solar Prepayment Meters and other related accessories;</li> <li>Solar Hot Water Heater and related equipment; and</li> <li>Solar Water Pumps and related accessories.</li> </ul> </li> <li>Geothermal: <ul style="list-style-type: none"> <li>Drilling Equipment and other related equipment relating to the harnessing of electricity from geothermal sources.</li> </ul> </li> <li>Biomass: <ul style="list-style-type: none"> <li>Steam Cogeneration Plants (Gasifiers) and related</li> <li>Technology accessories for power or electricity generation.</li> </ul> </li> </ul> </li> </ul>
12. Returning residents	<ul style="list-style-type: none"> <li>Removal of duty concession of 27% on used motor vehicles for returning residents</li> <li>Normal duty rates will apply</li> </ul>

### Progressive Resource Tax on Extraction of Water

Policy	Descriptions								
Introduction of water resource tax	<ul style="list-style-type: none"> <li>With effect from 1 January, 2009, water resource tax will be levied for the extraction of water in its natural state for the purpose of bottling for human consumption.</li> <li>The rates are as follows:</li> </ul>								
	<table border="1"> <thead> <tr> <th>Litres Extracted Monthly</th> <th>Resource Tax (Cents Per Litre)</th> </tr> </thead> <tbody> <tr> <td>0 — 4,999,999</td> <td>0.11</td> </tr> <tr> <td>5,000,000-9,999,999</td> <td>0.22</td> </tr> <tr> <td>10,000,000 and above</td> <td>0.33</td> </tr> </tbody> </table>	Litres Extracted Monthly	Resource Tax (Cents Per Litre)	0 — 4,999,999	0.11	5,000,000-9,999,999	0.22	10,000,000 and above	0.33
	Litres Extracted Monthly	Resource Tax (Cents Per Litre)							
	0 — 4,999,999	0.11							
5,000,000-9,999,999	0.22								
10,000,000 and above	0.33								

## OTHERS

### Former Fiji Citizens

Former Fiji citizens, their spouses and immediate descendants would automatically be entitled to an indefinite permanent residency status at a cost of \$3,000 per person with rights to invest and work.

### Road User Charge

A road user levy will be introduced effective 1 January 2009 on all vehicles. This levy will be based on vehicle category and classification.

### Tourism Fiji Marketing Grant

Grant of \$23.5m has been allocated for Tourism Fiji Marketing.

Quote -- *"I have enough money to last me the rest of my life, unless I buy something."*

– Jackie Mason

**BUDGET ESTIMATES**

(F\$ million)	2004	2005	2006	2007 (Actual)	2008 (Revised)	2009 (Budget Estimate)
<b>Budget Expenditure:</b>						
Operating	1,024	1,076	1,232	1,203	1,214	1,333
Capital	206	214	212	197	266	326
Value-Added Tax	93	101	114	103	47	56
	<u>1,323</u>	<u>1,391</u>	<u>1,558</u>	<u>1,504</u>	<u>1,528</u>	<u>1,715</u>
<b>Budget Revenue:</b>						
General	1,175	1,222	1,401	1,407.80	1,436	1,522
Capital	1	-	-	-	-	-
Sale of Government Shares	-	-	-	-	-	-
	<u>1,176</u>	<u>1,222</u>	<u>1,401</u>	<u>1,407.80</u>	<u>1,436</u>	<u>1,522</u>
<b>Net Budget (Deficit)/Surplus</b>	<b>(147)</b>	<b>(169)</b>	<b>(157)</b>	<b>(96.2)</b>	<b>(92.0)</b>	<b>(192.8)</b>
Debt Repayment – Principal	(157)	(203)	(192)	(222)	(254)	(329)
<b>Gross Deficit</b>	<b>(304)</b>	<b>(372)</b>	<b>(349)</b>	<b>(318)</b>	<b>(346)</b>	<b>(522)</b>
<b>Net Deficit as a % of GDP</b>	<b>3.2%</b>	<b>3.7%</b>	<b>2.9%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>3.0%</b>

*Quote -- "An economist's guess is likely to be as good as anyone else's."*

*– Will Rogers*

## GOVERNMENT STATEMENT OF CASH FLOWS

Whole of Government's Statement of Cashflows 2004 – 2009

(F\$million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Revised	2009 Budget
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts:</b>						
Direct Taxes	334.61	352.50	397.22	438.34	442.35	471.74
Indirect Taxes	605.94	612.48	680.82	689.00	757.97	803.65
Fees, Fines, Charges & Penalties	52.18	58.15	57.64	64.19	107.97	107.83
Grants in Aid	3.40	4.38	4.91	3.52	2.13	3.00
Dividend from Investments	33.65	37.71	36.81	32.73	33.24	35.46
Other Revenue and Surpluses	52.82	55.76	56.05	49.82	41.88	43.09
<b>Total Operating Receipts</b>	<b>1,082.60</b>	<b>1,120.98</b>	<b>1,233.45</b>	<b>1,277.60</b>	<b>1,385.54</b>	<b>1,464.77</b>
<b>Payments:</b>						
Personnel	519.26	525.26	594.39	584.65	589.54	663.00
Transfer Payments	200.80	219.39	228.86	211.42	232.14	246.93
Supplies and Consumables	143.55	151.17	159.23	183.19	161.34	181.62
Purchase of Outputs	39.15	49.51	64.18	40.08	45.58	48.77
Interest Paid	119.02	128.09	137.15	181.04	179.21	186.93
Other Operating Payments	2.36	2.68	3.31	2.43	6.04	6.45
<b>Total Operating Payments</b>	<b>1,024.14</b>	<b>1,076.10</b>	<b>1,187.12</b>	<b>1,202.82</b>	<b>1,214.20</b>	<b>1,333.70</b>
<b>Net Cash Flows from Operating Activities</b>	<b>58.46</b>	<b>44.88</b>	<b>46.33</b>	<b>74.78</b>	<b>171.34</b>	<b>131.07</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts:</b>						
Sale of Government Assets	0.24	0.00	36.00	8.98	2.26	0.90
Repayment of Loans	0.24	0.07	0.07	0.04	0.05	0.10
Return of Surplus Capital from Investment	0.32	0.00	0.00	1.63	0.80	0.80
<b>Total Investing Receipts</b>	<b>0.81</b>	<b>0.07</b>	<b>36.07</b>	<b>10.65</b>	<b>3.11</b>	<b>1.80</b>
<b>Payments:</b>						
Loans	0.06	0.58	1.50	0.58	1.50	1.00
Purchase of Other Financial Investments	0.00	0.00	0.00	0.00	0.00	0.00
Transfer Payments	61.06	67.88	71.90	74.46	93.59	108.56
Purchase of Physical Non-Current Assets	144.55	145.04	166.09	106.55	171.34	216.15
<b>Total Investing Payments</b>	<b>205.66</b>	<b>213.51</b>	<b>239.49</b>	<b>181.59</b>	<b>266.44</b>	<b>325.70</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(204.85)</b>	<b>(213.44)</b>	<b>(203.42)</b>	<b>(170.94)</b>	<b>(263.33)</b>	<b>(323.91)</b>
<b>NET (DEFICIT)/SURPLUS</b>	<b>(146.4)</b>	<b>(168.6)</b>	<b>(157.1)</b>	<b>(96.2)</b>	<b>(92.0)</b>	<b>(192.8)</b>
<b>As a % of GDP</b>	<b>(3.2%)</b>	<b>(3.7%)</b>	<b>(3.2%)</b>	<b>(1.8%)</b>	<b>(-1.5%)</b>	<b>(-0.3%)</b>

Quote -- "The taxation Department must love poor people – it creates so many of them."

- W.G.P

## EXPENDITURE BY CERTAIN MINISTRIES

	Revised Expenditure 2008 (\$m)		Estimated Expenditure 2009 (\$m)	
	Operating	Capital	Operating	Capital
<b>General Administration</b>				
Office of the Prime Minister and People's Charter	3,988.8	1,058.7	3,490.5	2,450.0
Office of the Attorney General & the Solicitor	9,311.3	200.0	8,614.1	0.0
Ministry of Finance & National Planning	45,536.4	11,496.1	47,658.0	10,700.0
Department of Indigenous Affairs	17,769.8	4,969.7	18,400.3	5,082.2
Ministry of Defense, National Security & Immigration	5,132.6	0.0	4,957.3	1,600.0
Fiji Military Forces	78,975.4	1,138.0	94,321.5	1,196.0
Fiji Police	67,437.2	3,352.0	70,561.0	3,852.0
Office of the Auditor General	3,099.6	0.0	3,367.9	0.0
Election's Office	1,289.3	0.0	3,559.5	0.0
Judiciary	11,637.0	494.0	12,157.9	300.0
<b>Social Services</b>				
Ministry of Education, National Heritage, Culture	290,736.9	12,947.0	271,170.4	5,567.0
Ministry of Health, Women and Social Welfare	150,343.4	10,246.6	158,395.6	14,266.1
<b>Economic Services</b>				
Ministry of Primary Industries	33,238.2	20,975.0	37,026.3	35,325.0
Ministry of Lands, Mineral Resources and Environment	37,844.6	2,590.0	33,949.2	4,510.0
Ministry of Industry, Tourism, Trade and Commerce	15,280.8	13,350.4	19,454.0	27,850.0
<b>Infrastructure</b>				
Ministry of Works and Transport	64,787.8	66,707.0	70,189.1	68,556.7
Department of Public Utilities and Energy	31,251.7	61,555.0	44,749.5	92,316.0



*The Partners and Staff of the Firm wish you a Merry Christmas  
and a Prosperous New Year.*