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1.0 FINANCIAL POSITION OF GOVERNMENT

The Whole of Government financial statements have been presented in accordance with the provisions of the Financial Management Act (2004).

As the Government uses the cash basis system of accounting, the underlying format is cash based with direct reference to the Budget Estimates.

1.1 Comparison of 2005 Budget and Actual Result

The performance of the Fiji Government for the year 2005 is provided in Table 1.1.

TABLE 1.1: GOVERNMENT PERFORMANCE IN 2005

Item	Original Budget \$'000	Revised Budget \$'000	Actual \$'000	Variance Revised vs. Actual (\$)	Variance (%)
Revenue	1,257,375	1,257,375	1,221,881	(35,493)	(3)
Expenditure	1,424,484	1,433,026	1,390,436	(42,590)	(3)
Net Deficit	(167,109)	(175,651)	(168,555)		
Debt Repayments	202,878	202,878	197,779	(5,098)	(3)
Gross Deficit	(369,987)	(378,529)	(366,334)	(12,195)	(3)
Gross Deficit Financed from:					
Overseas Loans	28,160	28,160	8,641	(19,519)	(69)
Domestic Loans	341,827	341,827	319,967	(21,860)	(6)
Total Loans	369,987	369,987	328,608		

The original budget had forecasted a gross deficit of \$369,987,200 for 2005 and this was revised to \$378,529,275 during the year.

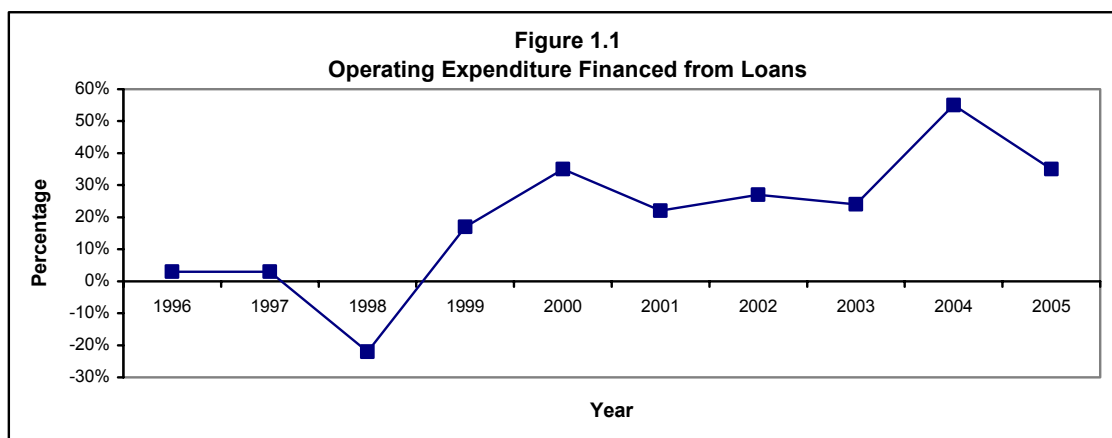
The actual gross deficit for the year was \$366,334,030 which was \$12,195,245 or 3% less than the revised forecast. This was due to savings of \$42,590,002 or 3% in expenditures against the revised budget and \$5,098,288 or 3% in debt repayments, despite the shortfall of \$35,493,044 in revenue collections during the year.

Loans raised were \$37,725,758 less than the gross deficit, but these were met from Treasury Bills. This is discussed further in 1.3.

1.2 Financing of Operating Expenditures

It is generally accepted that capital works should be funded by loans. The funding of operating expenditures by loan would be a concern if there are no efforts to reduce the operating expenditures

Figure 1.1 shows the percentage of loans that have been used in meeting government's operating expenditures.



The audit noted that as the budget increases every year, a greater proportion of the operating expenditures of government have been met by loans. The recurring nature of the operating expenditures fundamentally means the continued reliance of the government on loans to meet its day-to-day operations.

TABLE 1.2: CAPITAL EXPENDITURES VS. LOANS RAISED

Details	1996 (\$'000)	1997 (\$'000)	1998 (\$'000)	1999 (\$'000)	2000 (\$'000)	2001 (\$'000)	2002 (\$'000)	2003 (\$'000)	2004 (\$'000)	2005 (\$'000)
Total Loans (Domestic & Overseas)	210,538	270,965	116,511	192,175	225,000	239,248	325,197	319,738	458,468	328,608
Less Capital Expenditures	203,772	262,314	142,687	159,990	146,157	186,749	238,639	243,692	205,609	213,509
Balance	6,766	8,651	(26,176)	32,185	78,843	52,499	86,558	76,046	252,859	115,099
% Loans Utilized for Operating Expenditures	3%	3%	(22%)	17%	35%	22%	27%	24%	55%	35%

The percentage of loans which financed operating expenditures varied over the past 10 years. A decline of \$129,877,639 or 28% of borrowings in 2005 contributed to the reduction of the ratio of loans utilised for operating expenditures from 55% in 2004 to 35% in 2005.

Although the above analysis shows that there was an improvement in the ratio in 2005, the continued utilization of loan funds for operating expenditures reflects constant reliance by government on its financiers for its day to day operations. This has denied government from investment in capital works which would have contributed to increase in employment and growth in the economy.

1.3 Funding of Deficit through Treasury Bills

As government had raised domestic loans in accordance with the approved budgets over the years, the excess has been in the form of Treasury Bills. Whilst the international practice has recognised Treasury Bills as public debt, the Ministry of Finance continues to refute this and subsequently do not obtain Parliament's approval.

Figure 1.2 shows the funding of budget deficits by loans. As can be seen from the graph, the government borrowed more than its requirements by 21% of the total loans in 2005.

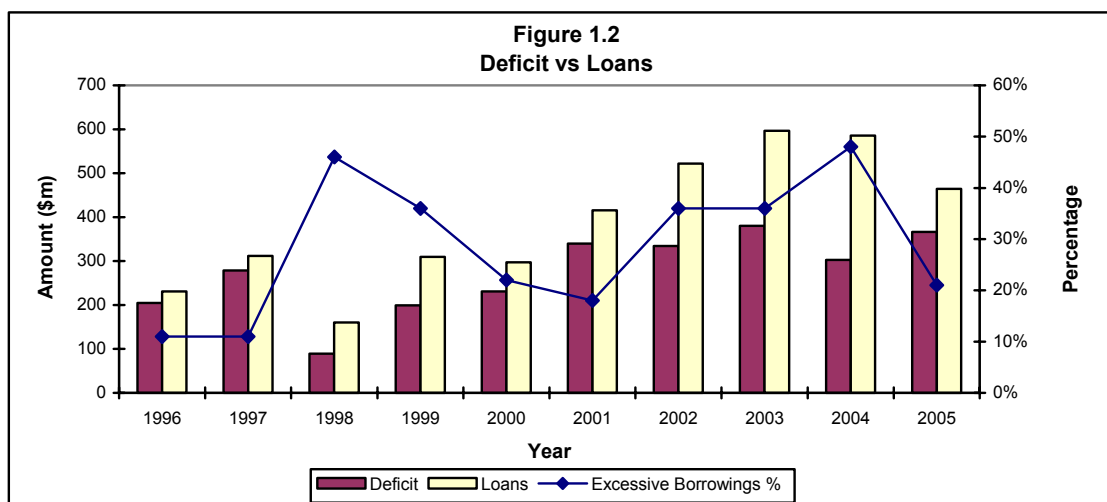


Table 1.3 details the loans raised by government to finance its budget deficits over the last 10 years.

TABLE 1.3: BUDGET DEFICIT VS. LOANS RAISED

Details	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross Deficit	205,067,039	278,550,632	89,079,211	199,550,066	230,607,446	339,658,246	334,367,718	380,275,486	302,912,124	366,334,030
Domestic Loans	193,000,000	262,303,000	105,700,500	186,000,000	210,000,000	229,000,000	299,000,000	291,000,000	449,200,000	319,965,000
Overseas Loans	17,531,284	9,140,852	14,117,641	6,171,541	14,997,639	10,247,023	26,196,743	28,745,347	9,267,717	8,641,300
Treasury Bills	20,232,908	40,527,802	43,790,072	117,231,671	72,449,838	176,604,613	196,432,453	276,925,838	126,987,822	136,018,387
Loans	230,771,214	311,493,222	160,300,782	309,406,830	297,449,846	415,852,569	521,629,196	596,664,155	585,455,539	464,626,659
Deficit %	89%	89%	54%	64%	78%	82%	64%	64%	52%	79%
Excessive Borrowings %	11%	11%	46%	36%	22%	18%	36%	36%	48%	21%

There has been a significant improvement in the financing of budget deficits as 79% of the loans raised was sufficient to cover the 2005 budget deficit compared to 52% in 2004. Despite the reduction of excessive borrowings from 48% in 2004 to just 21% in 2005, there is still room for improvement in cash management.

2.0 CASH AT BANK

All Government Ministries/Departments use several bank accounts called the Drawings Accounts and these are cleared on a daily basis through a Consolidated Bank Account.¹

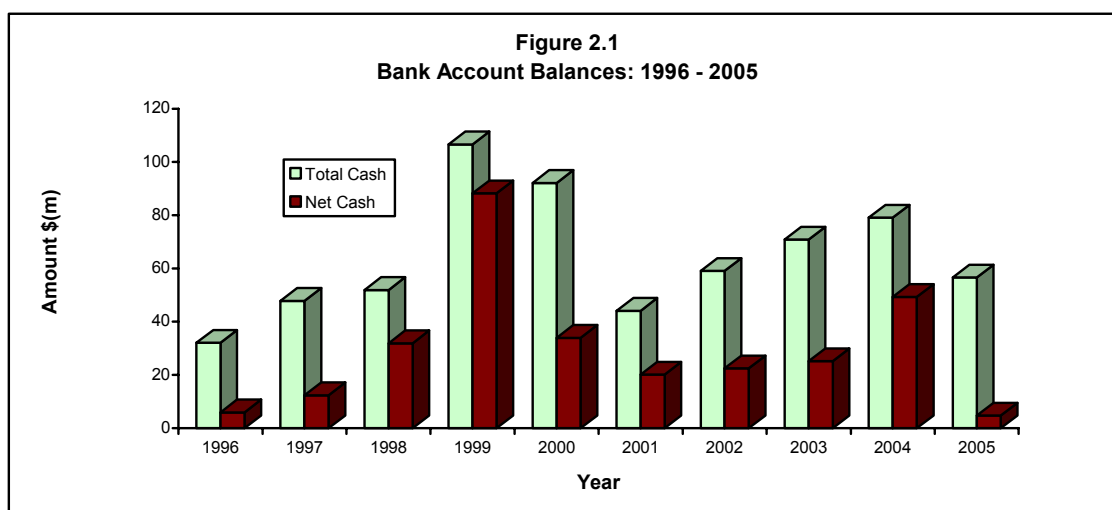
The Cash at Bank balance declined significantly from \$49,331,089 in 2004 to \$4,744,508 or 90% in 2005 due to a significant amount of unrepresented cheques at the end of the year.

¹ Finance Instruction 88

TABLE 2.1: CASH AT BANK BALANCE AS AT 31/12/05

Account	Balances \$
Domestic Account	50,071,389
Fiji Overseas Missions	2,525,049
Trading & Manufacturing Accounts (TMA)	4,037,340
Total Cash	56,633,778
Unpresented Cheques	(51,889,269)
Net Cash	4,744,509

A graphical presentation of total cash and net cash balances for the past ten years is provided in Figure 2.1.



Cash balances in local banks made up the majority of the government’s cash holdings which had an increasing trend over the past four years but declined significantly in 2005.

2.1 Drawings Account

2.1.1 Drawings Accounts Variances

The Accounting Heads are responsible for submitting their monthly drawings reconciliation statements within the stipulated time frame to the Ministry of Finance.²

Table 2.2 highlights Ministries/Departments that had variances between their Drawings Accounts reconciliations and the Ministry of Finance General Ledger (GL) balances as at 31/12/05.

² Ministry of Finance, Finance Manual S 17.3.1

TABLE 2.2: BALANCES IN MINISTRIES/DEPARTMENTS

Ministry/Department	Ministry/Department's Reconciliation at 31/12/05 \$	GL Balance as at 31/12/05 \$	Variance \$
Cabinet	1,044,482	929,527	(114,955)
Home Affairs	111,118	114,598	3,480
Social Welfare	2,983,845	2,972,726	(11,119)
Youth and Sports	218,644	164,467	(54,177)
Prisons	173,659	277,334	103,675
Agriculture	3,901,252	2,202,027	(1,699,225)
Justice	364,348Dr	160,732	(525,080)
Lands	1,033,829	1,018,532	15,297
Immigration	144,806	141,823	(2,983)
Women	2,983,845	92,231	(2,891,614)
Government Shipping	1,062,316	977,583	(84,733)
Water and Sewerage (PWD DECE)	3,179,956.79	3,479,595.92	(299,639)
Water and Sewerage (PWD Lautoka)	1,046,107.71	1,078,368.82	(32,261)
Water and Sewerage (PWD Labasa)	947,575.87	426,436.24	521,139

The major contributing factors for the variances were:

- delays and incorrect bank reconciliations;
- lack of monitoring by Ministry of Finance; and
- lack of understanding of the new Financial Management Information System.

Ministries/Departments failed to provide satisfactory explanations for the variances Drawings Account balances as at 31 December 2005.

2.1.2 Reconciliations

A total of 14 Ministries/Departments failed to provide their Drawings Account reconciliations as at 31 December 2005 to support the bank balances disclosed in the 2005 Whole of Government Financial Statements. Refer to Table 2.3 for details.

TABLE 2.3: BANK BALANCES NOT SUPPORTED WITH RECONCILIATIONS

Ministry/Department	GL Balance As at 31/12/05 \$
Police	68,827Dr
Multi Ethnic	272,852
Health	1,080,682
Foreign Affairs	860,106Dr
Rural Infrastructure	70,455
Energy	988,150
DPP	87,235
Customs	1,786,081
PWD Lautoka	928,375
PWD Roads- DECE	1,645,020
Water & Sewerage (PWD Labasa)	947,576
Water & Sewerage (PWD DECE)	3,179,957
Roads (PWD HQ)	1,868,160
Water & Sewerage (PWD Lautoka)	1,046,108

The accuracy of these balances therefore could not be established.

2.1.3 Debit Balances in the Drawings Account

The following Drawings Accounts reflected in the Statement of Cash and Bank Balances had been overdrawn as at 31/12/05 which by nature should have credit balances representing unpresented cheques. Details are provided in the Table 2.4. Maybe you should show against these the UP cheques amount and the net cash balance.

TABLE 2.4: DRAWINGS ACCOUNTS WITH DEBIT BALANCES

Ministry/Department	Amount \$
Foreign Affairs	860,106
Police	68,827
Inland Revenue	7,895,457
Mineral Resources	1,391
Total	8,825,781

The balances in these accounts are result of incorrect adjustments.

Recommendations

- The Ministry of Finance should ensure that Ministries/Departments Drawings Account reconciliations are checked upon receipt and variances investigated and rectified promptly.
- The Ministry of Finance should strengthen its monitoring role to ensure that all reconciliations are submitted on time and appropriate action is taken against defaulting Ministries/Departments.
- The Ministry of Finance should provide explanations for accounts with debit balances.

Ministry's Comments

The Ministry of Finance is doing exactly what has been recommended above. We can only monitor if the reconciliations are submitted to us on time. These queries should be directed to the respective Ministries and not the MOF. In fact, the MOF provide each agency with their General Ledger balances at the end of each month of which they are supposed to use to cross check their departmental figures with and prepare their respective reconciliations. However, they still fail to prepare them and submit copies to MOF. In fact, these issues should be directed to the respective Ministries and Departments.

2.2 Unreconciled TMA Balances for Ministries/Departments

The Accounting Heads are responsible for submitting, their monthly reconciliation statements within the stipulated time frame to the Ministry of Finance.³

Details of Ministries/Departments with unreconciled TMA balances as at 31/12/05 are provided in Table 2.5.

³ Ministry of Finance, Finance Manual S 17.3.1

TABLE 2.5: VARIANCES IN TMA BALANCES

Ministry/Department	Ministry/Department's Reconciliation at 31/12/05 \$	Ministry of Finance Records as at 31/12/05 \$	Variance \$
Health	971,160	1,467,252	496,092
Agriculture	541,901	317,693	(224,208)
Mechanical	164,112	156,158	(7,954)
PWD - DECE	261,193	144,934	(116,259)
Marine	119,577	120,389	812

Ministries/Departments failed to provide satisfactory explanations for the variances Drawings Account balances as at 31 December 2005.

Moreover, PWD Labasa, PWD Water Supply and FMF failed to submit their TMA reconciliations.

Recommendation

The Ministry of Finance should be more vigilant when checking reconciliations and investigate reasons for any variances.

Ministry's Comments

Your recommendations have been noted, this is exactly what the Ministry of Finance is doing. We feel that these queries should be directed to the individual Ministries concerned.

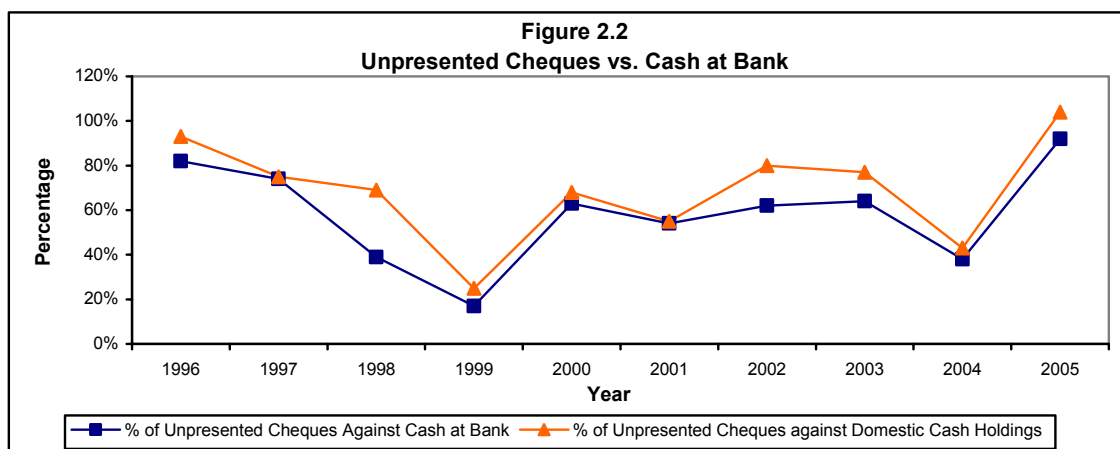
2.3 Unpresented Cheques

The drawings accounts balances (credits) for Ministries/Departments represent the total value of cheques that were issued but were not presented to the banks as at 31/12/05.

A review of the unpresented cheques balances over the past 10 years provided in Table 2.6 and Figure 2.2 indicate that it is a significant portion of the domestic cash at bank and total cash holdings of Government.

TABLE 2.6: UNPRESENTED CHEQUES

Year	Unpresented Cheques \$	Cash at Bank	% of Unpresented Cheques against Cash at Bank	Domestic Cash Holding \$	% of Unpresented Cheques against Domestic
1996	26,155,168	32,087,773	82	28,149,050	93
1997	35,480,393	47,853,350	74	47,544,511	75
1998	20,009,268	51,915,161	39	29,206,513	69
1999	18,373,689	106,620,136	17	74,419,280	25
2000	58,202,508	92,150,492	63	85,718,633	68
2001	24,031,011	44,104,751	54	43,855,695	55
2002	36,272,562	58,749,914	62	45,525,054	80
2003	45,687,430	70,886,542	64	59,566,056	77
2004	29,749,633	79,080,721	38	69,771,759	43
2005	51,889,269	56,633,778	92	50,071,389	104



Unpresented cheques have increased significantly from \$29,749,633 in 2004 to \$51,889,269 or 74% in 2005. The significant unpresented cheque balances is an indication that spending is still concentrated towards the end of year. Such spending often results in uneconomical purchases, overstocking of goods and sometimes abuse of procurement procedures.

Table 2.7 shows details of Ministries/Departments which had significant unpresented cheques balances.

TABLE 2.7: MINISTRIES/DEPARTMENTS WITH SIGNIFICANT UNPRESENTED CHEQUE BALANCES

Ministry/Department	Amount \$	% of Total
Government Supplies	4,156,913	8
Forestry	3,198,393	6
Water and Sewerage (PWD HQ)	4,531,211	9
Water and Sewerage (PWD DECE)	3,179,957	6
Social Welfare	2,972,726	6
FMF	3,051,775	6
Others	30,798,294	59
Total	29,749,633	100

The huge unpresented cheque balances indicate that the resources are not being optimally utilised as there is a tendency to incur expenses at year end, to utilise unspent balances of funds.

Recommendations

- **Cash management should be improved.**
- **Ministries/Departments should be encouraged to plan their expenditures well in order to avoid the accumulation of unpresented cheques at year end.**

Ministry's Comments

We have noted your comments and as previously mentioned, the MOF relies on individual Ministries and Departments to follow up with their suppliers to cash their cheques at the banks before 31.12.05. This is entirely up to the individual payees who are holders of these unpresented cheques. However, MOF continues to remind Accounting Heads of this issue in our various meetings as well as in our Finance Circular that outlines the Closing of Accounts Procedures. The MOF will be implementing the Carry Over Policy soon whereby agencies can carry forward some of their known liabilities to the following year, and this we hope will avoid most

purchases at year end as may have an impact on the amount of Unpresented cheques to be reflected on our year end reports.

2.4 Overseas Missions' Bank Accounts

2.4.1 Bank Reconciliations

Accounting Heads shall submit certified financial reports including all reconciliations to Ministry of Finance.⁴

Cash held in the Fiji Overseas Missions bank accounts totalled \$2,525,049 or 53% of the total cash at bank as at 31 December 2005.

The audit noted reconciliations of overseas accounts were not updated on a timely basis by the Ministry of Foreign Affairs resulting in significant variances between the bank reconciliations and the General Ledger (GL) balances. Table 2.8 highlights difference noted between the bank balances of the Missions and the GL.

TABLE 2.8: BANK BALANCES IN OVERSEAS MISSIONS

Mission	Foreign Missions Bank Reconciliation \$	GL Balance As at 31/12/05 \$	Variance \$
Canberra	(1,800)	1,800	3,600
Wellington	67,559	65,211	(2,348)
Brussels	299,841	16,308	(283,533)
New York	299,994	295,445	(4,549)
Papua New Guinea	6,482	3,447	(3,035)
Beijing	784,467	16,903	(767,564)
MFO Sinai	45,375	14,012	(31,363)
Crown Agents-London	19,364	(230,230)	(249,594)
India	52,638	28,450	(24,188)
Sydney	4,329	4,454	125
Los Angeles	5,109	(27,689)	(32,798)

Remittance between Chests (RBC) is a clearing account that is used by the Ministry of Foreign Affairs to adjust for any differences in overseas bank accounts. As such it is necessary that RBC is cleared to zero balance at the end of the year to ensure that all the funds remitted overseas have been used and properly charged. However, the Ministry of Foreign Affairs RBC had a balance of \$218,068 as at 31/12/05.

The improper use of the RBC had resulted in the understatement of the Ministry of Foreign Affairs expenditures.

Recommendations

- **The Ministry of Finance should ensure that timely reconciliations are submitted by the Ministry of Foreign Affairs and are thoroughly scrutinized and acted upon.**
- **The Ministry should ensure that all Remittance between Chests (RBC) are cleared at the end of the financial year.**

⁴ Ministry of Finance- Finance Manual S.17.3.1

Ministry’s Comments

The recommendations have been noted, however, the query should be directed to the Ministry of Foreign Affairs. The amount sitting in their RBC has been cleared to their IDC account in 2006 and the Ministry directed to charge the above amounts against their respective expenditure allocations.

2.4.2 Overseas Bank Balances without Reconciliation

Two overseas agencies failed to provide bank reconciliation statements to support bank balances totalling \$319,524 as at 31/12/05.

TABLE 2.9: OVERSEAS MISSIONS

Agency	Amount \$
Crown Agents London	274,149
Multinational Force Observer-SINAI	45,375
Total	319,524

Without the reconciliations, there is a risk of these bank balances being misstated.

Recommendations

- **Ministry of Finance should ensure that timely bank reconciliations are provided by the Ministry of Foreign Affairs for cash balances maintained by the overseas missions.**
- **Ministry of Finance should monitor closely Ministries/Departments which operate separate bank accounts to ensure they strictly comply with the Finance Instructions.**

Ministry’s Comments

The comments have been noted, however, we feel that this issue will be better addressed if it's directed to the Ministries concerned.

2.5 Net Impact of Errors and Omission on Cash at Bank Balances

The Cash at Bank balance of \$4,744,508 as at 31/12/05 has been misstated in view of the following errors and omissions:

TABLE 2.10: ERRORS AND OMISSIONS IN STATEMENT OF CASH AT BANK

Errors and Omissions	Amount \$
Variance between Drawings Account of Ministries/Departments and Ministry of Finance	(4,807,808)
Variance between Foreign Missions Reconciliations and Ministry of Finance	1,395,247
Variance between TMA balances of Ministries/Departments and Ministry of Finance	150,290
Balances not included in Statement of Cash and Bank Balances	2,661,881

The net impact on Cash at Bank of the errors and omissions in the 2005 accounts is substantial and reflects the existence of weak internal controls in cash management.

Recommendations

Ministry of Finance should take appropriate action to rectify the anomalies.

Ministry's Comments

Recommendations have been noted and the MOF will rectify the above anomalies.

3.0 INVESTMENT**3.1 Analysis of Dividends**

Within two months after receiving the recommendation from the Board of Government Commercial Companies and Commercial Statutory Authorities whether to pay or not to pay Government any dividend for the financial year, the Public Enterprise Minister shall after consulting the Minister of Finance, either:

- a) approve the recommendation;
- b) direct the payment of a specified dividend having regard to the adequacy of the capital in relation to the size and nature of its business and the maximum amount that may be declared under the Companies Act.⁵

It was noted that 9 of the 29 entities which Government had investments remitted dividends to the government totalling \$23,701,130 in 2005 compared to \$20,834,101 in 2004 and \$17,728,757 in 2003. The shows the dividends received from the entities for the three years.

TABLE 3.1: DIVIDEND ANALYSIS FOR LAST THREE YEARS

Entity	2003 \$	2004 \$	2005 \$
Fiji International Telecommunications Limited	5,375,351.04	5,496,325.08	9,779,328.03
Yaqara Pastoral Company Limited	48,512.00	60,493.00	68,779.00
Post Fiji Limited	308,913.00	526,930.00	634,978.00
Amalgamated Telecom Holding Limited	7,121,491.78	8,755,932.54	6,004,070.56
Pacific Forum Line Limited	82,132.65	167,773.47	538,432.93
Air Pacific Limited	1,663,397.25	2,528,363.82	3,725,981.00
Fiji Television Limited	406,982.78	245,140.00	259,560.00
Land Transport Authority	2,000,000.00	2,500,000.00	2,500,000.00
Fiji Reinsurance Corp. Limited	150,000.00	---	190,000.00
Daily Post	---	---	---
Colonial National Bank	---	---	---
Fiji Hardwood Corporation	---	---	---
Pacific Fishing Company Limited	---	---	---
Shipbuilding (Fiji) Limited	---	---	---
Air Fiji Limited	---	---	---
Equity Investment Management Company Limited	---	---	---

⁵ Part 3, Division 6, Section 52(4) and Part 4, Division 6, Section 81(4) of the Public Enterprise Act of 1996

Entity	2003 \$	2004 \$	2005 \$
Fiji Pine Limited	---	---	---
Fiji Sugar Corporation Limited	---	---	---
National Trading Corp. Limited	---	---	---
Rewa Co-operative Dairy Company Limited	---	---	---
Rewa Rice Limited	---	---	---
Viti Corps Company Limited	---	---	---
Fiji Sugar Marketing Company Limited	---	---	---
International Hotels of Fiji Limited	---	---	---
Airports (Fiji) Limited	---	---	---
Fiji Ships and Heavy Industries Limited	---	---	---
Fiji Broadcasting Corporation Limited	66,055.50	---	---
Ports Terminal Limited	427,798.00	491,240.00	---
Unit Trust of Fiji Limited	78,123.00	61,903.00	---
Total	17,728,757	20,834,100.91	23,701,129.52

Although, dividend revenue has increased from the previous years, it is noted that most companies have not paid any dividend for the past three years.

Recommendation

The Government has to look into these companies again and decide whether it is worthwhile for investing into companies that do not provide any return at all for a very long time.

Ministry's Comments

The running of the above mentioned Companies are vested with their respective Board of Directors and the decision of whether dividends are paid or not also rests with them. In some instances, dividends are not paid to Government due to certain reasons. One is that most of these companies provide non commercial obligations to the general community at large for which Government do not provide any form of compensation to them secondly, some of them do engage themselves in major capital expansion projects for which no funding or assistance is provided for by Government.

3.2 Conversion of Loan to Equity – Fiji Pine Ltd

Loans granted by Government to various entities are converted to equity or grants on the express approval of the Parliament.

A loan granted by Government for \$49,610,129 in 1992 on a resolution of Parliament has yet to be issued a share certificate.

The Government's investment in Fiji Pine Limited is therefore understated.

Recommendation

The Ministry should obtain a share certificate for \$49.6 million from the Fiji Pine Ltd.

Ministry's Comments

We have noted your comments and the MOF will follow up with the agency to issue share certificates to reflect the extent of conversion of the above loans to Equity.

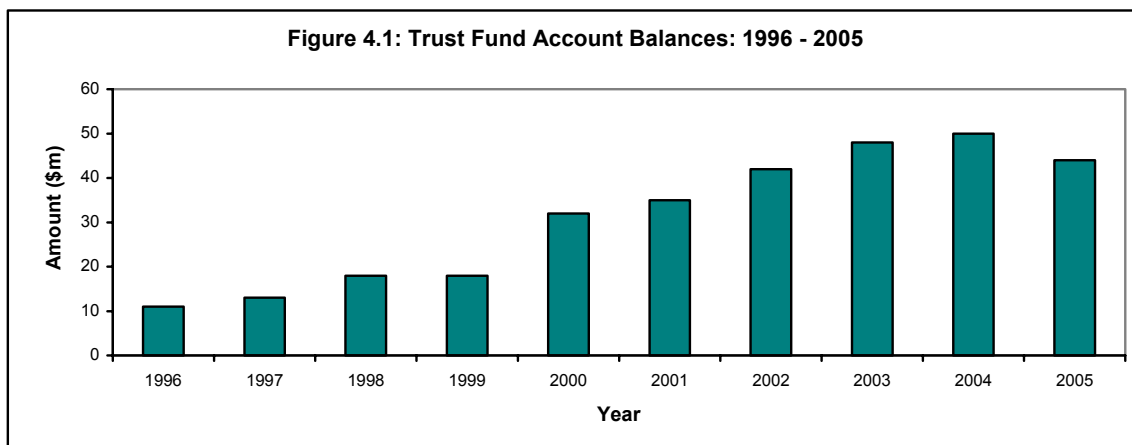
4.0 TRUST FUND ACCOUNT

Section 25 of the Financial Management Act (2004) states that trust moneys are to be accounted separately from public moneys and are to be kept in a separate bank account pending its withdrawal for use or investment.

In 2005, the Ministry of Finance proceeded to distinguish true trust moneys from other moneys that were recorded as trust moneys such as salary deductions payable to other entities, insurance premium deductions from employees, Fiji National Provident Fund deductions from employees, etc. These other moneys were recorded in the Operating Trust Fund Account whilst trust moneys comprising of bonds, licence fees, etc. were recorded in the Trust Fund Account.

Total balance in the Trust Fund Account decreased by \$3,467,032.00 or 6.8% in 2005 compared to 2004. An analysis of the significant increases in the Trust Fund Account maintained by Ministries and Departments is shown below.

Figure 4.1 shows the increasing trend in the Trust Fund Account balances over the last 10 years.



The main trust fund account comprising of 13 Ministries/Department made up 45% of the total trust moneys as at 31/12/05. The operating trust fund comprising 50 Ministries/Departments made up the remaining 55%. Details are provided in Appendix 1.

TABLE 4.1: SUMMARY OF TRUST FUND ACCOUNT

Title	Amount \$
Main Trust Fund	21,075,973.49
Operating Trust Fund	28,423,771.09
	49,499,744.58
Overdrawn Account	
Main Trust Fund	(156,999.17)

Title	Amount \$	
Operating Trust Fund	(918,348.63)	
		(1,075,347.80)
Total Trust Fund		48,424,396.78

Overdrawn trust fund account balances totalling \$1,075,348 are discussed in detail in paragraph 4.3.

Recommendations

Ministry of Finance should provide explanations for the overdrawn Trust Fund Accounts and ensure that appropriate action is taken to clear the long standing amounts in these accounts.

Ministry's Comments

As departments are doing their own postings to their own trust fund accounts, they should provide explanations for the overdrawn balances in their Trust Fund Account and should be responsible in clearing those accounts.

4.1 Trust Monies

Section 25 of the Financial Management Act (2004) states that trust money is to be accounted for separately from public money and other money, and is to be kept in a separate bank account pending its withdrawal for use or investment.

It was noted that trust monies totalling \$48,424,397 were not appropriately supported by cash at bank indicating that trust monies were being used for the operations of Government contrary to the provisions of the Act.

Recommendation

The Ministry of Finance should ensure that sufficient cash is held to meet government's obligations for monies kept in trust.

Ministry's Comments

The comments are noted.

4.2 Significant Increases in Trust Account Balances

It was noted that trust accounts maintained by some of the Ministries/Departments had increased significantly in 2005 compared to 2004 as shown below.

TABLE 4.2: SIGNIFICANT INCREASES IN MAIN TRUST FUND

Ministry/Department	Balance 01/01/05 (\$)	Balance 31/12/05 (\$)	Variance (\$)
Ministry of Finance	0	9,406,251.22	(9,406,251.22)
Government Supplies	0	175,364.61	(175,364.61)
Provincial Development	0	1,062,087.70	(1,062,087.70)
Immigration Department	0	7,976,564.14	(7,976,564.14)

Ministry/Department	Balance 01/01/05 (\$)	Balance 31/12/05 (\$)	Variance (\$)
Ministry of Labour	0	87,101.54	(87,101.54)
Judiciary	0	73,408.49	(73,408.49)
Ministry of Local Government	0	36,920.70	(36,920.70)
Ministry of Agriculture	0	1,065,764.23	(1,065,764.23)
Ministry of Fisheries and Forestry	0	45,431.82	(45,431.82)
Mineral Resources	0	23,135.49	(23,135.49)
Department of Energy	0	1,123,943.55	(1,123,943.55)
	0	21,075,973.49	(21,075,973.49)
Less: Overdrawn Account			
Attorney General	0	(412.16)	412.16
Department of Work	0	(156,587.01)	156,587.01
	0	20,918,974.32	(20,918,974.32)

In the Ministry Finance efforts to separate true trust moneys from operating trust, it was noted that the Ministry could not substantiate the opening balances of the true trust moneys from those of the operating trusts, resulting in zero opening balances for all departments. This is grossly misleading.

TABLE 4.3: SIGNIFICANT INCREASES IN OPERATING TRUST FUND

Ministry/Department	Opening Balance 01/01/05 \$	Ending Balance 31/12/05 \$	Variance \$	Variance (%)
Attorney General	271,870.16	284,365.53	12,495.37	5
Auditor General	13,477.55	27,142.67	13,665.12	101
Director of Public Prosecution	79,621.87	81,363.97	1,742.10	2
Education	2,241,094.75	2,954,419.10	713,324.35	32
Elections Office	---	39,564.68	39,564.68	
Fiji Maritime Safety Administration	1,137.59	8,098.91	6,961.32	612
Fijian Affairs	(6,606.26)	6,623.46	13,229.72	200
Government Supplies	222,029.14	466,734.58	244,705.44	110
Health	1,211,719.08	2,235,570.32	1,023,851.24	85
Multi Ethnic Affairs	10,863.60	13,892.41	3,028.81	28
National Roads	---	747,600.06	747,600.06	
Ombudsman's Office	---	6,456.91	6,456.91	
Police	1,374,321.40	1,570,247.62	195,926.22	14
Public Enterprise	5,688.43	6,604.91	916.48	16
Public Service Commission	87,081.63	104,504.02	17,422.39	20
Water & Sewerage	892.69	633,599.04	632,706.35	708

The increases in these trust funds were due to increases in payroll deductions (FNPF, LICI, CMLA, Credit Unions etc.) that were yet to be remitted to the respective entities.

4.3 Overdrawn Trust Accounts

Trust money is to be accounted for separately from public money and other money,⁶ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.⁷

The following Trust Fund Accounts were overdrawn as at 31 December 2005.

TABLE 4.4: OVERDRAWN TRUST FUND

Title of Account	Balance 31/12/05 \$
Agriculture	(249,990.35)
Attorney General	(412.16)
Cabinet	(87,212.19)
Commerce	(3,293.18)
Department of Work	(156,587.01)
Fisheries & Forests	(54,629.96)
Justice	(92,111.24)
Meteorological Services	(19,096.72)
Ministry of Finance	(282,727.40)
President's Office	(2,493.44)
Provincial Development	(74,769.21)
Social Welfare	(39,807.60)
Tourism	(3,147.92)
Women	(9,069.42)
Total	(1,075,347.80)

It was noted that 14 Ministries/Departments had overdrawn the trust fund accounts contrary to the provisions of Finance Circular 4/98. The following Ministries/Departments disputed that their trust fund accounts were overdrawn.

- Ministry of Tourism
- Ministry of Commerce
- Attorney General's Office
- Department of Works.

Explanations provided by Ministries/Departments for the overdrawn trust fund accounts are as follows:

- The Attorney General's Office Accounts Officer indicated that their trust fund was not overdrawn and that the error was made by Ministry of Finance or some other Ministry /Department due mapping errors during the transition to the new Financial Management Information Systems.
- The Ministry of Tourism claim that the overdrawn trust fund was due to the non-transfer of trust receipts.
- Ministry of Commerce indicated that Ministry of Finance had made adjustments to some trust fund accounts without their consent resulting in the trust fund being overdrawn.

⁶ Section 25(1) of the Financial Management Act

⁷ Finance Circular No. 4/98 of 30/03/98

- Department of Works failed to provide satisfactory explanations for their overdrawn trust fund accounts.

Explanations for the overdrawn trust funds were yet to be received from the other Ministries/Departments.

The above anomalies indicate that government monies were used to fund the operations of the trust fund accounts.

Recommendation

Disciplinary procedures should be instigated against Officers who breached their fiduciary duty to properly manage trust monies under their control.

Ministry's Comments

Ministries/Departments are informed every month if their accounts are overdrawn. The mapping from the old system to the new was done in early 2005 and departments and ministries were advised to reconcile their old balance with the new and to make necessary adjustments where available. It is the responsibility of the Accounting Heads to check and ensure their Trust Accounts are not overdrawn and are not used for other purposes.

4.4 Non Submission of Reconciliations

The following Ministries/Departments did not submit their monthly reconciliations of trust funds for 2005 to Ministry of Finance:

- Foreign Affairs
- Meteorological services
- Women and Culture
- Social Welfare
- National Roads
- Water and Sewerage

Recommendations

The Ministry of Finance should consistently follow up with the Ministries/Departments to ensure prompt submission of reconciliations.

Ministry's Comments

The Ministry has been doing regular written and verbal follow ups every month with the departments on the late submission of reconciliations. Also, progress reports on the late submission of reconciliations are produced every month to be discussed at the Accounting Heads meetings.

However, it is noted that reconciliations are still not done on time. The Ministry is concerned about the continuous delays/non-submission of reconciliations and is putting extra efforts now in ensuring that Ministries/departments comply

Also, the new Finance Regulations has shifted the accountability of agency financial management to the CEO's who should be monitoring and scrutinizing the activities of their Accounting sections and ensure that their reconciliations are submitted to Ministry of Finance on time.

4.5 Trust Fund Opening Balances

Ministries and Departments are advised that the current process of identifying the “real trust funds” will be completed soon and those not following in this category will be transferred to revenue.⁸

Audit noted that the ‘true’ trust fund accounts showed zero opening balances in 2005 which is highly unlikely as various Ministries/Departments had substantial trust fund balances as at 31 December 2004.

Due to the Ministry of Finance’s inability to identify the ‘true’ trust funds from the 2004 closing balances, it erroneously transferred all these balances to the operating trust fund accounts.

TABLE 4.5: MAIN TRUST FUND

Ministries/Departments	Balance 01/01/05 \$	2005 Receipts \$	2005 Payments \$	Balance 31/12/05 \$
Ministry of Finance	-	29,639,123.21	20,232,871.99	9,406,251.22
Government Supplies	-	2,600,281.94	2,424,917.33	175,364.61
Provincial Development	-	35,309,736.36	34,247,648.66	1,062,087.70
Immigration Department	-	108,034,030.96	100,057,466.82	7,976,564.14
Ministry of Labour	-	6,535,213.41	6,448,111.87	87,101.54
Judiciary	-	8,582,273.65	8,508,865.16	73,408.49
Ministry of Local Government	-	3,466,651.16	3,429,730.46	36,920.70
Ministry of Agriculture	-	15,222,951.38	14,157,187.15	1,065,764.23
Ministry of Fisheries and Forestry	-	1,484,271.08	1,438,839.26	45,431.82
Mineral Resources	-	409,062.86	385,927.37	23,135.49
Department of Energy	-	15,735,209.70	14,611,266.15	1,123,943.55
Total	-	227,018,805.71	205,942,832.22	21,075,973.49
Less: Overdrawn Account				
Attorney General	-	-	412.16	(412.16)
Department of Work	-	3,119,463.92	3,276,050.93	(156,587.01)
Total		3,119,463.92	3,276,463.09	156,999.01
Total Trust Funds		230,138,269.63	209,219,295.31	20,918,974.32

Recommendation

The Ministry of Finance should take immediate action to identify and remove the true trust fund balances from the operating trust fund accounts.

Ministry’s Comments

When we implement the new FMIS system in mid 2005, all trust account monies including True Trusts were transferred together with the Operating Trust account to the Operating fund Account (Fund 1). By February 2006, it was decided by Chief Accountant to separate the True Trust from the Operating Trust, so all the net balances in the True Trust Account at that time were transferred to the new account (Fund 9).

As the transactions were dated back to 2003 and due to time constraint as we were also finalizing our 2005 Financial Report, we were not able to go back and transfer the transactions for previous years (2003 & 2004) which should give us the Opening balance for 2005.

⁸ Finance Circular No.17/2005 of 16/11/05

4.6 Variances between Departments and Treasury records

The general ledgers from the Ministry of Finance shall be reconciled to the Department/Ministry's general ledger. Any errors or misallocations must be immediately adjusted by way of journal vouchers. The reconciliation statements shall be signed, certified, dated and forwarded to the Ministry of Finance.⁹

The Trust officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and trust bank account. The reconciliation statement should be certified and dated after ensuring that all balances in the statement are verified to supporting documents.¹⁰

Audit noted that there were significant variances between various Ministries/Departments and the Ministry of Finance ledgers. Reconciliations were either not prepared or incorrectly prepared. Ministries/Departments indicated that the variances were due to mapping errors when transactions were posted to the new Chart of Accounts. Details of these variances are in Appendix 2.

Recommendation

The Department/Ministries should take immediate action to reconcile and rectify any errors and misallocations with the Ministry of Finance.

Ministry's Comments

There are 3 desk officers in this Ministry who are looking after more than 20 departments' reconciliations. Each Ministries/Departments were asked to reconcile all their accounts including Trust when we moved to the new system in August 2005. Those who did their reconciliation came back to us and we did the adjustments to correct their account. They cannot be blaming the mapping now as everything was explained to them on what to do and where to check when reconciling their accounts from the old system to the new system.

5.0 REVENUE

5.1 Tax Revenue

Income tax revenue includes tax that is paid by income earning individuals, companies, partnerships and employers in the form of "Pay as You Earn" and corporate taxes. The Fiji Islands Revenue & Customs Authority (FIRCA) as an agent for Government collects this revenue on its behalf.

It was noted that tax revenue collections ledgers maintained by the Ministry of Finance for 2005 does not reconcile with the Government Revenue figures provided by FIRCA in its audited financial statements.

Table 5.1 shows the details of the differences between the two records

⁹ Finance Manual (16.3.3 – 16.3.7) 2005

¹⁰ Finance Manual (15.4.1 – 15.4.4) 2005

TABLE 5.1: FIRCA VS. MINISTRY OF FINANCE RECORDS

Tax Revenue	Ministry of Finance \$	FIRCA \$	Variance \$
Income Tax	352,498,200	347,275,915	5,222,285
Customs	298,194,304	301,072,843	(2,878,539)
VAT	415,116,437	416,227,530	(1,111,093)
	1,065,808,941	1,064,576,288	1,232,653

Since the revenue collections disclosed by FIRCA in its financial statements were obtained from records that were maintained on a cash basis of accounting, any variances arising should have been verifiable. However, this has not been possible and the Ministry of Finance has yet to provide reasons for the variances.

Recommendation

The Ministry of Finance should obtain monthly revenue reports from FIRCA and reconcile these with the entries by Ministries and Departments.

Ministry's Comments

There has not been any reconciliation exercise between MOF and FIRCA to ascertain the difference in numbers between the FIRCA's report and the GL report. Hence it is difficult to precisely highlight where the discrepancies lie. However, firstly we can assume that this can be due to timing difference between revenue collection and it being deposited to the Consolidated Fund Account at the Bank. That is revenue collected on the last day of the year would appear in FIRCA's report whilst it would appear on MOF's books on the first day of the New Year. Secondly the effects of refunds i.e. FIRCA records income tax and VAT refunds at the point such refund cheques are released from the system. Taxpayers may cash such cheques later. Hence, the real effect of refunds will be shown in MOF books later. Thirdly, the effect of dishonored cheques i.e. FIRCA's revenue report is based on receipts and refunds made to taxpayers. A few of the cheques received from taxpayers are dishonored. Whilst the dishonored cheques would be picked up in the MOF's books at the time it is presented to the banks, it will be shown in FIRCA's books later.

5.2 Profit Not Transferred to Revenue

Profits realized in the operation of Trading and Manufacturing must be transferred to revenue by the 30th April in the following year.¹¹

Audit noted that the profit earned from the operation of the trading and manufacturing accounts has not been transferred to government revenue. The estimated revenue collection from this source is \$393,100 for 2005.

Failure to transfer profits generated from the TMAs to revenue would result in shortfalls in the Government's revenue collections which would subsequently affect Government borrowings.

Recommendation

Ministries and Departments should ensure that Chief Accounting Officers and Accounting Officers adhere to the requirements of Finance Circular No. 8/95 whereby profits from Trading and Manufacturing Account are transferred to Consolidated Fund.

¹¹ Finance Circular No. 8/95

Ministry’s Comments

Ministries and Departments do know that they have to transfer any profit from TMA to revenue and this query should be directed to them, as they will have a better idea on their TMA financial position.

5.3 Arrears of Revenue

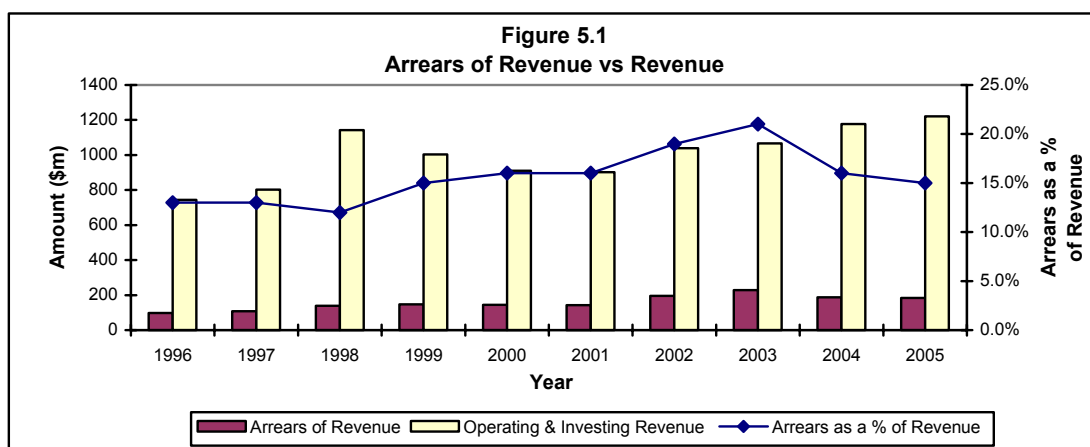
Arrears of revenue for the government comprises of unpaid taxes by individuals and businesses, as well as revenue owed to Ministries and Departments in the form of fees, fines, licences and charges.

5.3.1 Increasing Trend of Arrears for the last 10 Years

The arrears of revenue in 2005 totalled \$182.9 million, a slight improvement from \$187.6 million in 2004.

The arrears of revenue as a percentage of total operating and investing revenue remained at above 12% for the last 10 years averaging at 15.6%. This is attributed to the weak revenue collection procedures employed by Government Ministries and Departments.

Figure 5.1 shows the trend of debts owed to government and the operating and investing revenue collections over the last 10 years.



The high level of arrears of revenue is due to substantial outstanding tax arrears owed to the Fiji Islands Revenue and Customs Authority and increasing amount of fees and charges due to the Public Works and Infrastructure, Multinational Forces Observers (MFO) in Sinai, and Crown Land rents.

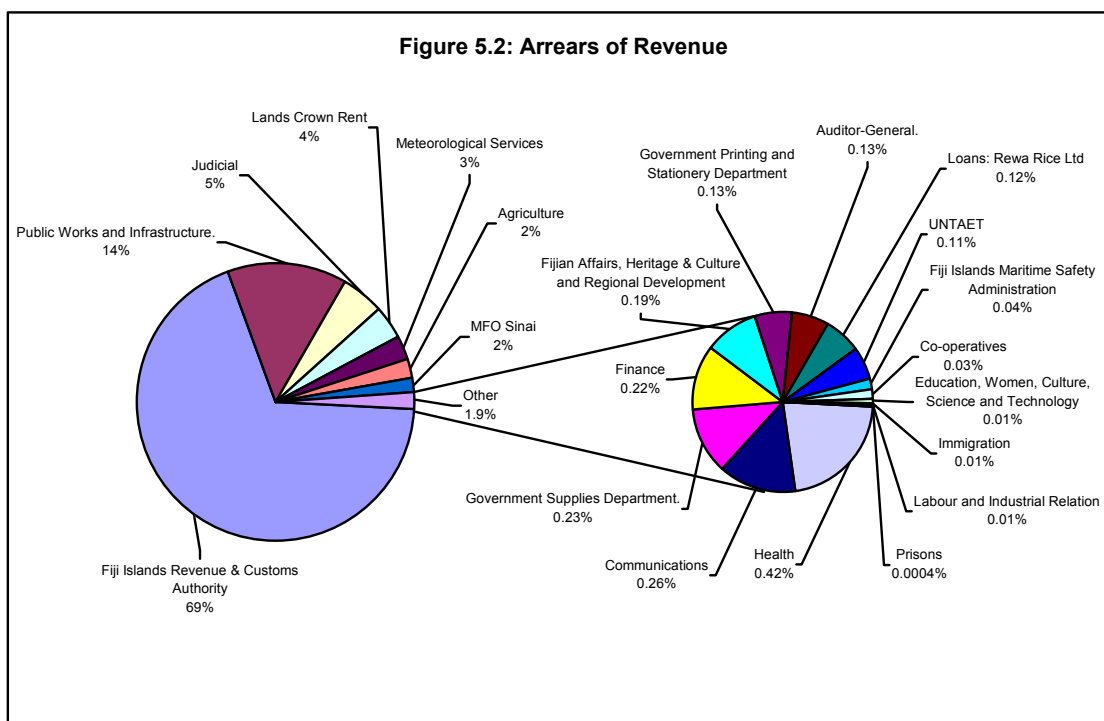
5.3.2 Significant Balances of Arrears of Revenue by Departments

The arrears of revenue outstanding as at 31 December 2005 totalled \$182,917,661.

Table 5.2 and Figure 5.2 show the debts owed to Ministries/Departments.

TABLE 5.2: ARREARS OF REVENUE

Ministry/Department	2005 Arrears of Revenue \$	% of Total Arrears of Revenue %
Fiji Islands Revenue & Customs Authority	125,717,032	68.7%
Public Works and Infrastructure	25,319,879	13.8%
Judicial	8,898,390	4.9%
Lands Crown Rent	7,107,263	3.9%
Meteorological Services	5,152,848	2.8%
Agriculture	4,116,696	2.3%
Others	3,477,052	1.9%
MFO Sinai	3,128,501	1.7%
Total	182,917,661	100.0%



It was noted that 68.7% or \$125,717,032 comprising income tax, VAT and customs duties are owed to the Fiji Islands Revenue and Customs Authority. The other significant debt is mostly in respect of water and sewerage arrears owed to the Ministry of Public Works and Infrastructure.

5.3.3 Increases in Arrears of Revenue by Departments

Significant increases in the arrears of revenue for Government were noted in some Ministries/Departments as shown in Table 5.3.

TABLE 5.3: SIGNIFICANT INCREASES IN ARREARS OF REVENUE

Ministry/Department	2004 \$	2005 \$	Increase	
			\$	%
MFO Sinai	399,960	3,128,501	2,728,541	682.2%
Government Supplies	142,634	422,916	280,282	196%
Agriculture	3,805,967	4,116,696	310,729	8.2%
Lands Crown Rent	6,732,612	7,107,263	374,651	5.6%
Immigration	11,551	12,068	517	4.5%
Public Works	24,680,138	25,319,879	639,741	2.6%

Explanations provided by the respective Ministries/Departments for the significant increases in arrears of revenue are as follows:

- MFO Sinai – the arrears relate to reimbursement for expenses of troops serving in Sinai.
- Government Supplies Department - represent credit sales made to firms, schools and Supplies Co-operatives.
- Agriculture – include cocoa development and drainage and irrigation arrears which the Ministry have made numerous submissions for write-off.
- Public Works and Infrastructure - consist of outstanding water and sewerage rates.
- Immigration - include dishonoured cheques, misplaced cheques and misappropriated revenue that are falling unduly into arrears.

The implication of the increasing arrears of revenue situation is serious and has a huge impact on revenues and the cash flows of government.

Recommendations

- **Ministries/Departments need to redesign their revenue recovery measures such as instituting timely reminders, time to pay arrangements and warning letters to non-complying debtors.**
- **The Ministry of Finance should review the credit policies of Ministries/Departments and those demonstrating no signs of improvement should not be allowed credit facilities.**

Ministry's Comments

The comments are noted. The Ministry is currently following up with all Ministries and Departments concerned to strengthen their arrears of revenue recovery procedures. At the same time, Financial Policy Unit of the Ministry is also reviewing the Credit management policy to be adopted by whole of Government and this includes the need to discourage all credit sales by agencies that in the past has lead to an accumulation of arrears of revenue. Under the new financial authorities delegated to CEO's, they are also entitled to write off losses up to certain limits and this includes the powers to abandon debts which they can recover after exhausting all cost recovery procedures. Agencies would be encouraged to consider the writing off of most of these arrears if they have exhausted all cost recover measures as most of them are over 5 years.

Some of the arrears figures mentioned above relates to tax arrears from FIRCA which comprise of about 68% of the arrears figures as at 31.12.05. These arrears are now beyond our ambit as FIRCA is an independent body with its own credit management policy and it seems to inflate our WoG arrears of revenue figures. We would also suggest that this arrears be directed to FIRCA as they would be able to provide further information on the strategies currently in use to address this issue.

5.3.4 Arrears of Income Tax and VAT

The Fiji Islands Revenue Customs Authority (FIRCA) collects tax revenue for the Government. The tax revenue excluding customs duties, due to be collected by the Authority comprised of \$122,335,614 or 67% of the total arrears of revenue owed to Government for the year ending 31/12/05. This represents a decrease of \$6,703,968 or 5% over the 2004 arrears.

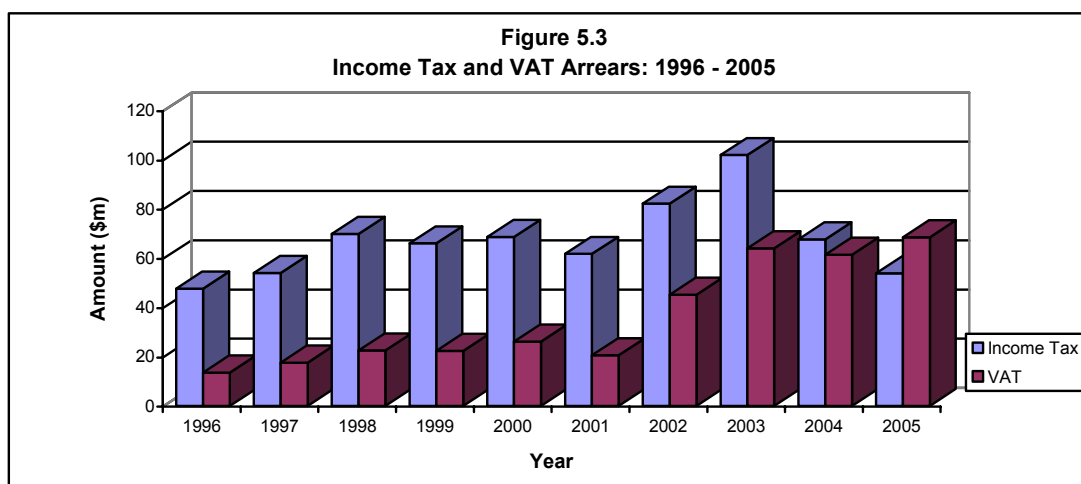
Accounting for Arrears of Income Tax and VAT

Arrears of income tax and VAT are brought into account after assessments have been carried out by the Fiji Islands Revenue and Customs Authority on the amount of taxes due and payable to government.

However, the assessments are subject to objections from taxpayers and may ultimately lead to reviews or reassessments thus altering the tax payable amounts. The audit of FIRCA therefore cannot effectively confirm whether the arrears in question are correct.

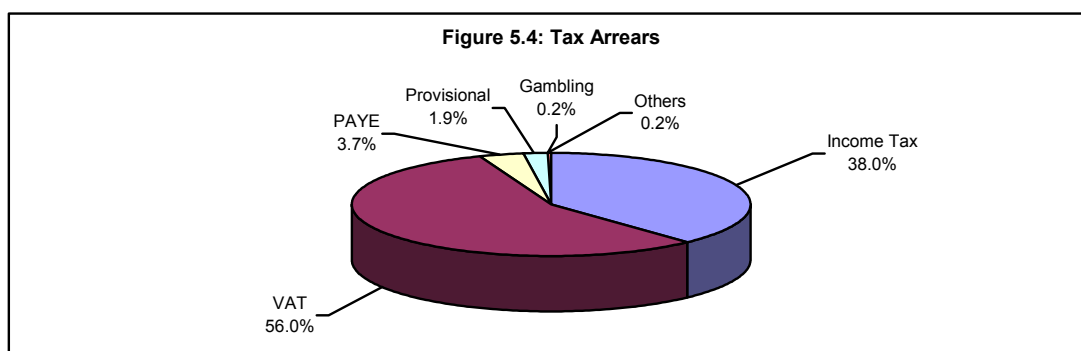
Trend of Income Tax and VAT Arrears for the last 10 years

Figure 5.3 illustrates the growth of income tax and VAT arrears over the last 10 years.



Composition of Tax Arrears

Income tax and VAT arrears each constitute 38% and 56% respectively of the total tax arrears. PAYE constitutes 3.7 % while gambling constitutes 0.2 %. Other taxes which includes Withholding, Land Sales and Resident Interest Withholding taxes make up the remaining 0.2%.



Income tax arrears are owed by individuals on personal income and businesses on their profits. VAT arrears are mainly owed by business entities and VAT registered organisations, including Government Ministries and Departments. Of the total VAT arrears, 43% or \$29,787,524 of VAT arrears is owed by Government Ministries/Departments.

The audit noted that the arrears includes Late Lodgement Penalties (LLP) and Late Payment penalties (LPP). For effective disclosure, penalties and tax arrears should be reflected separately as an indication of true tax due to the government and arrears resulting from compliance measures instituted by the Authority.

Recommendations

- **A review on the effectiveness and relevance of FIRCA’s debt policies and recovery measures is vital to managing the substantial arrears of income tax and VAT.**
- **The Authority should design policies and procedures so that all amounts due and payable to the government are correctly identified and recorded.**
- **Administrative fines, Late Lodgement and Late Payment penalties should be disclosed separately to avoid inflating the true tax arrears owed to the State.**

Ministry’s Comments

The comments are noted. Part of our response to the previous issue is relevant for this issue also. The MOF will try and liaise with FIRCA on how best we can address this issue.

5.3.5 Recovery of Debt Over 5 Years Old

The longer the arrears of revenue owed to government remain outstanding, the more costly and difficult it becomes for Government to recover them. Debts aged over 5 years totalled \$50,605,660 or 28% of Government’s total arrears of revenue as at 31/12/05.

Table 5.4 shows debts that have been outstanding for more than 5 years as at 31 December 2005.

TABLE 5.4: ARREARS OF REVENUE OVER 5 YEARS

Ministry/Department	Total Arrears	Arrears Over 5 Years	% of Dept Arrears
	\$	\$	
Agriculture	4,116,696	3,874,981	94%
Auditor-General	232,046	61,898	27%
Communications	477,348	4,441	0.93
Co-operatives	57,890	57,890	100%
Fiji Islands Revenue & Customs Authority	122,335,614	25,604,348	21%
Fijian Affairs, Culture & Heritage and Regional Development	340,655	16,347	4.7%
Health	765,715	417,461	54.5%
Immigration	12,068	8,003	66%
Judicial	8,898,390	5,126,593	58%
Labour and Industrial Relation	11,249	8,561	76%
Lands and Survey Department	7,107,263	500,394	7%
Loans: Rewa Rice Ltd	225,382	225,382	100%
Meteorological Services	5,152,848	1,815,934	35%
Public Works and Infrastructure	25,319,879	12,880,936	51%

It was noted that 100% of the arrears of revenue for the Rewa Rice Ltd. and the Department of Co-operatives are over 5 years old. No effort has been made to recover the interest due on Rewa Rice Loans or the interest from loans to co-operatives. It was also noted that 94% of the arrears of revenue for the Ministry of Agriculture were over 5 years old.

Moreover, 35% of arrears of revenue for the Department of Metrology is over 5 years due to defiance by AFL to reimburse the Department of Metrology on the Cabinet decision dated 16/08/05.

Arrears of revenue that have been outstanding for more than 5 years have a high risk of becoming irrecoverable. In such cases, administrative and recovery action if necessary can become very costly.

Reflecting amounts which are irrecoverable does not provide a correct account of dues payable to government.

Recommendation

- **The Ministry of Finance in consultation with Ministries and Departments should carry out an exercise to determine debts which may have become irrecoverable due to migration, death or bankruptcy or those that have become statute barred under the Limitations Act.**
- **The Ministry of Finance should impose stringent actions on Ministries/Departments which employ inefficient debt recovery procedures.**
- **There is an urgent need for accountability in the current administration of Ministries/Departments for recovery of debts over 5 years. Despite the accessibility of a significant number of debtors, it appears that little action has been taken to ensure that the debt levels are reduced.**

Ministry's Comments

The comments are noted. The MOF will liaise with FIRCA on how best we can address this issue.

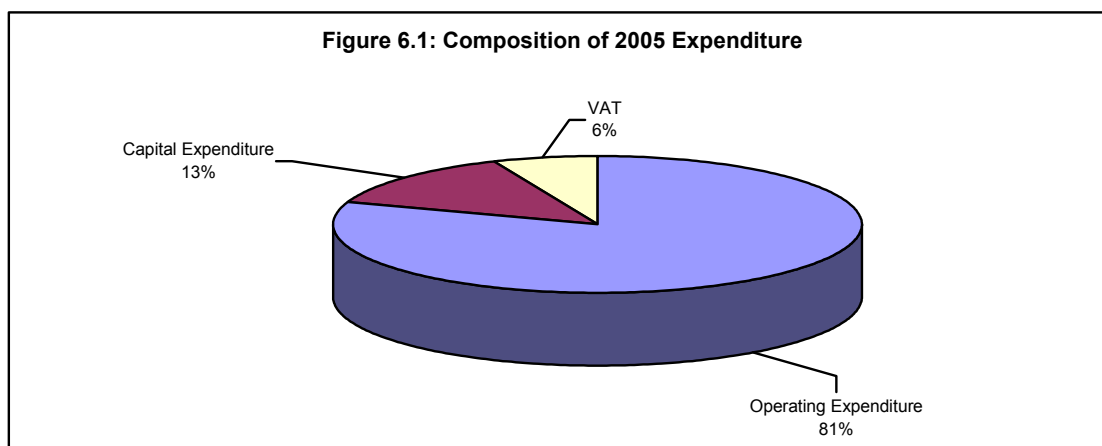
6.0 EXPENDITURE

6.1 Composition of Total Expenditure in 2005

The expenditure mix for 2005 was targeted at 18% and 82% for capital and operating expenditures respectively.¹²

Total operating expenditures amounted to \$1,273,880,628 or 80%, capital expenditures totalled \$213,508,584 or 13% and VAT totalled \$100,826,374 or 6%.

¹² 2005 Budget Address, Minister of Finance and National Planning, November 2004



When compared to 2004, total operating expenditure increased significantly by \$93.2 million or 7.9% from \$1,180.7m to \$1,273.9 in 2005 whilst capital expenditure increased by \$7.9m or 3.8% from \$205.6m to \$213.5m. There was also a significant increase of \$8.1m or 8.7% in VAT expenditure from \$92.8m in 2004 to \$100.8m in 2005.

Total expenditures for 2005 amounting to \$1,588.2m had increased by \$109.1 or 7% from 2004 and achieved an overall budget savings of \$47.7m.

6.2 Redeployment

The Minister may authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry of Finance to the heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.¹³

A sum of \$23,425,000 was approved by Cabinet and authorized by the Minister of Finance to be redeployed to the Heads of Expenditure as specified. The audit of the revised estimates showed that only a total of \$19,311,448 was redeployed. Upon enquiries, it was revealed that redeployment for funds was only made after Ministries and Departments made a request to Ministry of Finance's Budget Section. Even so, the only evidence of request that could be provided by Budget was the one that was submitted to Cabinet for approval which totaled \$23,425,000.

Table 6.1 shows the amount approved by Cabinet and the amount redeployed to Ministries/Departments.

TABLE 6.1: EXCESS EXPENDITURE

Ministry/Department	Approved by Cabinet \$	Amount Redeployed to \$	Difference \$
FMF	1,400,000	1,350,000	50,000
Police	5,625,000	4,023,158	1,601,842
Legislation	1,000,000	1,000,000	---
Provincial Development	3,000,000	3,000,000	---
Health	2,300,000	2,300,000	---
Local Government	3,000,000	2,884,411	115,589
Youth & Sports	1,400,000	753,879	646,121

¹³ Financial Management Act 2004 22(1)

Ministry/Department	Approved by Cabinet \$	Amount Redeployed to \$	Difference \$
Agriculture	4,000,000	4,000,000	---
MTCA	1,700,000	---	1,700,000
Total	23,425,000	19,311,448	4,113,552

A sum of \$4.1 million was not redeployed reflecting inaccurate estimation. The lack of co-ordination between Ministry of Finance Budget Section and the Departments in correctly identifying additional expenditure needs could be a contributing factor in this. As a result, there were over-expenditures in Police and RFMF.

Recommendations

- The Budget Section should provide explanations on why the approved \$23,425,000 was fully redeployed.
- The Budget Section should liaise closely with Ministries and Departments so that additional expenditure demands are correctly identified and met with savings from other Heads of Expenditures.

Ministry's Comments

After the Cabinet approval, Ministries were still required to submit firm costing before any funding was to be released. Reductions were made to some allocations in accordance with the cost details submitted, while for one, no funding was released as no firm costing was received. This was in accordance with Cabinet decision 254 of 27th May 2005 which had given the Minister of Finance and National Planning discretionary powers to decrease allocations identified for redeployment once firm costing were received from the ministries concerned.

6.3 Over-Expenditures

Each year the Appropriation and the Budget Estimates set out details of the appropriations that Parliament approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without proper authorization of the Ministry of Finance, pending approval by Parliament.¹⁴

The Fiji Military Forces, Fiji Police Force and Prisons Department and Department of National Roads overspent their revised estimates in 2005. The over-expenditure existed even after the redeployment of funds was approved by Parliament in June 2005. Details are shown in Table 6.2.

TABLE 6.2: EXCESS EXPENDITURE

Ministry/Department	Original Budget \$	Redeployment \$	Revised Budget \$	Actual Expenditure \$	Over Expenditure \$
Prisons	12,097,900		12,097,900	12,359,764.01	261,864.01
Fiji Police Force	59,347,500	4,023,158	63,370,658	65,519,237.53	2,148,579.53
Fiji Military Forces	65,347,500	1,237,500	67,186,100	80,438,406.58	13,252,306.58
Department of National Roads	64,640,500	(4,500,000)	60,140,500	63,212,332.87	3,071,832.87

*Note: Department of National Roads
Redeployed = 3,375,000
Vired out to Department of Works = 1,125,000*

¹⁴ Finance Instruction 2005 Part 3 Div 1(8)

The following explanations were provided.

Prisons Department

The over expenditure by the Department totalling \$261,864 resulted from the COLA payout and the increase in the movement of prisoners, which include the increase in court appearances and escorting of prisoners.

Fiji Military Forces

Additional funds totalling \$1,237,500 was redeployed to the Fiji Military Forces to supplement its budget for the maintenance of FMF buildings and for the operations of the Explosives and Disposal Teams. These were not possible because of the Job Evaluation Exercise and COLA payout, the compensation payout to motor vehicle accident victims, and the cost involved in the deployment of troops to Iraq.

Fiji Police Force

The Department overspent \$2,148,580 or 3.4% of the revised budget of \$65,519,238. Reasons contributing to the over-expenditures were the recruitment of an additional 450 officers, purchase of uniform and equipment for the 450 new recruits and to equip the newly established Personal Protection Unit and the Police Tactical Response Team.

Department of National Roads

The Department claimed that they were not consulted on the redeployment which reduced their budget by \$3,375,000.

Recommendation

- **Finance Instruction Part 3 Division 1(8) of 2005 should be strictly adhered to.**
- **The Ministry of Finance should consult Ministries/Departments which would be affected by the redeployment of funds to ensure that the revised budget estimates are sufficient to meet the departments' needs.**

Ministry's Comments

In accordance with the above quoted regulation, the responsibility lies with each Chief Accounting Officer to ensure that the agency's appropriation is not exceeded. The Chief Accounting Officers concerned should be questioned on why they continued spending when their budgets were exhausted.

6.4 VAT Exclusive FIRCA Grants

All grants paid by government to any person or entity is deemed to include Value Added Tax (VAT), under the provisions of the VAT Decree.¹⁵ However, contrary to these provisions of the VAT Decree, grants that were paid by the Ministry of Finance to the Fiji Islands Revenue & Customs Authority (FIRCA) were exclusive of VAT, but the Authority was continuously claiming VAT refunds. This led to the issue of qualified audit reports on the financial statements of FIRCA for the years 2003, 2004 and 2005.

Furthermore, the Ministry erred in endorsing the Authority's claims by issuing a Credit Memo for \$812,500 for the first quarter of 2005, indicating that the grants paid by the Ministry were VAT

¹⁵ Section 3(6) – Vat Decree 1991

exclusive. The Ministry's attempt to rectify the anomaly was inappropriate and breached the provisions of the VAT Decree.

The claiming of VAT by FIRCA for which it made no payments, was to overcome a less than expected budget appropriation. This is viewed with some concern as it appears that FIRCA had attempted to use state revenue that it was not entitled to under the Appropriation Act, to supplement its budget for the year.

Recommendation

The Ministry of Finance should ensure that all grants paid are inclusive of VAT in compliance with the provisions of the VAT Decree. It should justify the issue of credit memos to FIRCA. The Ministry of Finance should also explain the manner in which this arrangement has been accounted for in Government's books.

Ministry's Comments

Your comments are noted.

6.5 Variances between Ministry of Finance and Ministries/Departments Expenditure Ledgers

The reconciliation of expenditures incurred by Ministries/Departments and the Ministry of Finance ledgers revealed significant variances as summarised in Table 6.3. Details of the expenditure allocations in these Ministries/Departments are provided in Appendix 3.

TABLE 6.3: MINISTRIES/DEPARTMENTS VS. MINISTRY OF FINANCE LEDGERS

Description	MoF Ledgers	Min/Dept Ledgers	Discrepancies
Agricultural Tribunal	33,645.32	33,163.88	9,879.88
Department of Minerals	332,872.49	333,172.00	280,508.49
Department Of Women & Social Welfare	21,008,069.95	19,823,898.77	1,723,930.82
Elections	7,213,087.36	7,522,951.88	449,388.84
Energy	6,863,178.29	6,425,034.20	486,818.47
Fiji Military Forces	77,906,853.59	77,348,318.00	15,033,171.15
Immigration	331,064.01	331,064.01	441,483.58
ITC	6,015,416.48	5,805,804.26	1,214,981.30
Legislature	13,880,645.72	6,981,456.50	8,592,742.08
Ministry of Finance	6,284,081.93	5,596,689.74	687,432.19
Ministry of Home Affairs	445,202.62	517,358.37	81,285.01
Ministry of Information	150,899.30	142,304.83	8,594.47
Ministry of Local Government, Housing, Squatter Settlement & Environment	9,430,079.81	6,669,444.72	2,790,146.19
Ministry of Transport & Civil Aviation	7,729,004.81	7,723,278.53	950,602.48
Ministry of Youth & Sports	1,790,335.04	1,793,560.00	42,469.84
Multi Ethnic Affairs	231,901.82	231,901.82	4,979.36
National Planning Office	1,137,467.17	1,055,886.00	209,759.17
National Roads	57,923,456.56	55,083,399.00	22,758,034.48

Description	MoF Ledgers	Min/Dept Ledgers	Discrepancies
Office of the Ombudsman	1,476,384.99	1,472,317.17	17,595.78
Office of the President	278,648.46	277,216.82	1,431.64
Police	63,752,022.76	61,856,220.47	2,011,856.91
Public Service Commission	1,211,768.88	1,213,108.05	1,606.43
Water & Sewerage	641,146,132.25	640,718,720	51,125.31
Works	27,165,949.14	22,896,782.69	4,948,898.53
Total			62,798,722.40

These variances have arisen due to poor reconciliations and complications in the implementation of the new Chart of Accounts in the new Financial Management Information System.

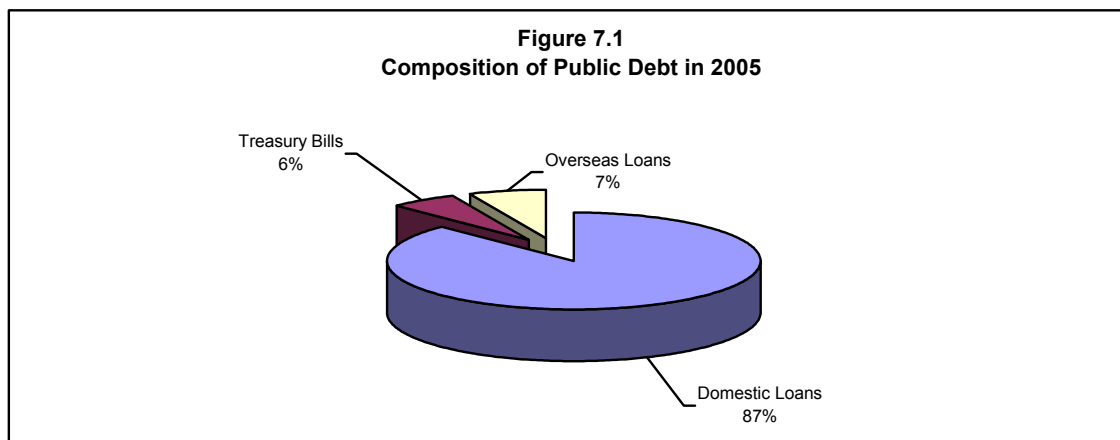
Recommendation

- **Ministries/Departments should ensure that reconciliations are properly conducted.**
- **Ministry of Finance should be vigilant in monitoring monthly reconciliations by Ministries/Departments and take appropriate to rectify variances.**
- **The new Chart of Accounts needs to be reviewed.**

7.0 BORROWING FUND

The Minister for Finance is authorised under Section 59 of the Finance Management Act (2004) to raise locally or from abroad loans, overdrafts or short term advances for the purposes of the Government. These loans and advances are recorded in the accounts as receipts from government borrowings.

Public debt in 2005 totalled \$2,421,491,962 and comprised of Domestic Loans totalling \$2,121,422,650 or 87% of total debt; Overseas Loans of \$164,050,924 or 7%; and Treasury Bills \$136,018,387 or 6%. These are illustrated in Figure 7.1.



The government also receives short term advances from the Reserve Bank of Fiji (RBF) referred to as Ways and Means. The advances are raised to meet immediate cash needs of government and are

cleared within a day. During the year, government borrowed a sum of \$80,900,000 from RBF through this facility and this were all cleared within the year.

7.1 Trends in Government Borrowing by Category

The total Government borrowings outstanding at the end of the year and the composition over the last 10 years is summarised in Table 7.1.

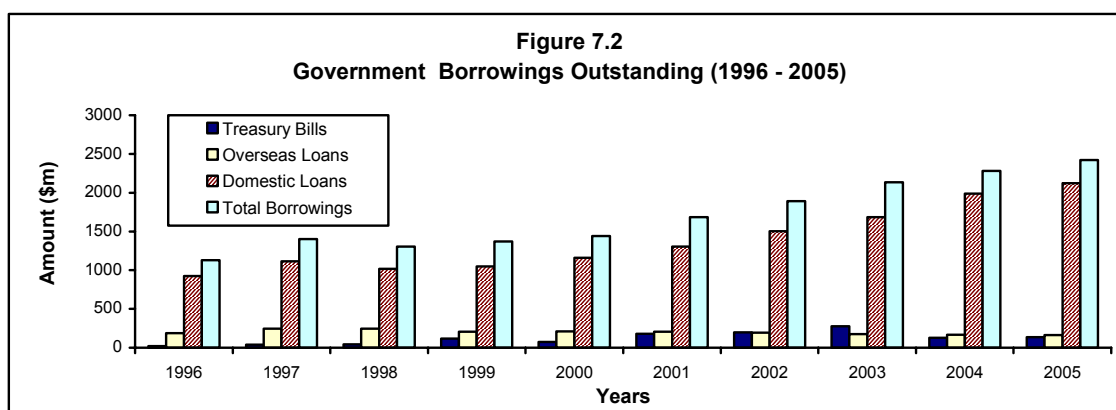
TABLE 7.1: GOVERNMENT OUTSTANDING BORROWINGS (1996 – 2005)

Year	Domestic Bond \$	% of Total Borrowing	Treasury Bills \$	% of Total	Overseas Loan \$	% of Total Borrowing	Total \$
1996	922,468,507	81	20,232,908	2	187,526,025	17	1,130,227,440
1997	1,115,092,450	80	40,527,802	3	243,748,816	17	1,399,369,068
1998	1,016,273,250	78	43,790,072	3	245,557,713	19	1,305,621,035
1999	1,046,595,650	76	117,231,671	9	206,036,450	15	1,369,863,771
2000	1,158,595,650	81	72,449,838	5	207,697,167	14	1,438,742,655
2001	1,302,595,650	77	176,604,613	10	206,889,315	12	1,686,089,578
2002	1,501,095,650	80	196,432,453	10	193,505,879	10	1,891,033,982
2003	1,682,718,650	79	276,925,838	13	174,125,752	8	2,133,770,240
2004	1,986,515,650	87	126,987,822	6	168,665,379	7	2,282,168,851
2005	2,121,422,650	87	136,018,387	6	164,050,924	7	2,421,491,962

Government bonds mature between 3 to 15 years whilst the term of Treasury Bills ranges between 28 days to 245 days.

Over the last 10 years overseas loans constituted on average 13% of the borrowings compared to 7% in 2005.

A graphical representation of the outstanding Government borrowings position at the end of each financial year is provided in Figure 7.2.



Government borrowings has been increasing steadily over the years due to increases in budget deficits. The excess of expenditure over revenue is financed from domestic borrowings.

Figure 7.3 shows the relationship between actual revenues and expenditures over the last 10 years.

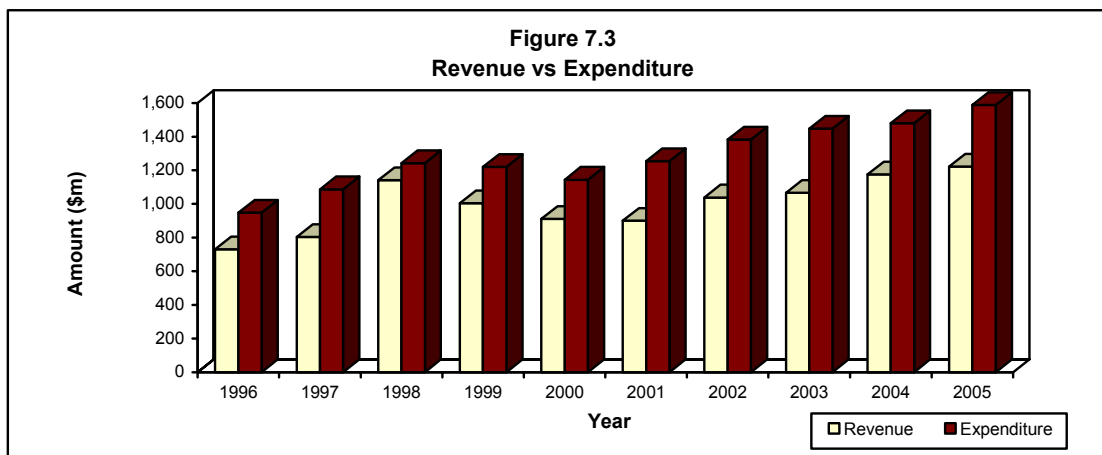
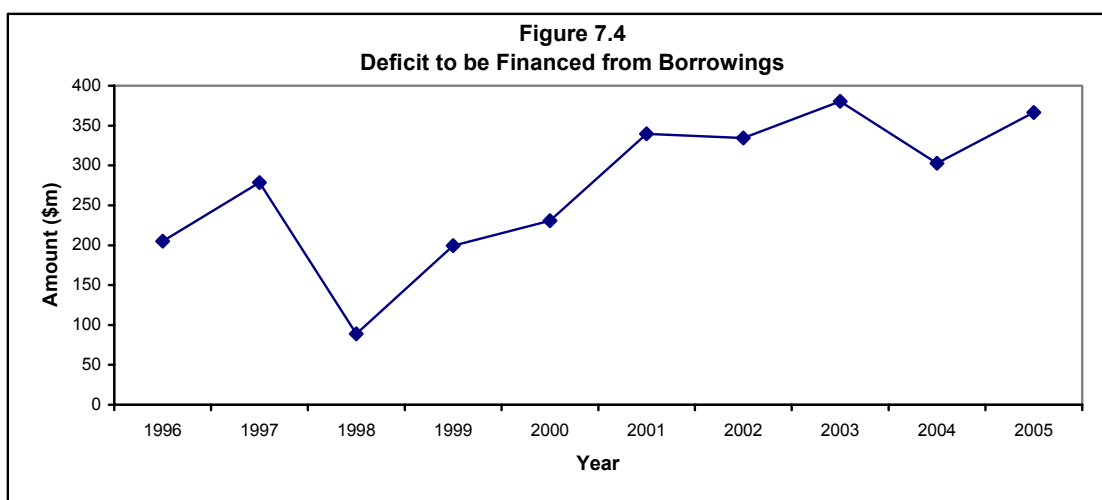


Figure 7.3 reveals that the government expenditure has exceeded revenue over the last 10 years. The excess of government expenditure over revenue is reflected in Figure 7.4. The significant reduction in government deficit in 1998 was due to the sale of shares in government owned companies.



Government has not been successful in increasing its revenues while at the same time reduce its expenditures. As a result it has to rely on borrowings to deliver services to the public. There is a need for the Government to achieve high levels of growth without heavy reliance on borrowings and this may be achieved by:

- increasing exports;
- encouraging domestic savings to finance investments; or
- implementing cost cutting measures to reduce operating expenditures.

7.2 Borrowings over the 10 Year Period

The composition of the Government’s borrowings over the last 10 years is summarised in Table 7.2.

TABLE 7.2: ADDITIONAL BORROWINGS PER YEAR 1996 – 2005

Year	Domestic Bonds		Overseas Loans		Treasury Bills		Total	
	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change
1996	193,000.0	91	17,531.3	(21)	20,232.9	(25)	230,764.2	54
1997	262,303.0	36	9,140.9	(48)	40,527.8	100	311,971.7	35
1998	105,700.5	(60)	14,117.6	54	43,790.1	8	163,608.2	(48)
1999	186,000.0	76	6,171.5	(56)	117,231.7	168	309,403.2	89
2000	210,002.4	13	14,997.6	143	72,449.8	(38)	297,449.8	(4)
2001	229,000.9	9	10,247.0	(32)	176,604.6	144	415,852.5	40
2002	299,000.0	31	26,196.7	156	196,432.5	11	521,629.2	25
2003	291,000.0	(3)	28,745.3	10	276,925.8	41	596,671.1	14
2004	449,200.0	54	9,267.7	(68)	126,987.8	(54)	585,455.5	(2)
2005	319,965.0	(29)	8,641.3	(7)	136,018.4	7	464,624.7	(21)

The Government's financing needs were largely met from domestic borrowings. Government borrowings in 2004 totalled \$464,624,687 of which \$319,965,000 or 69% was through Domestic Bonds, \$136,018,387 or 29% Treasury Bills and \$8,641,300 or 2% in Overseas Loans.

7.3 Loan Repayments

There is an annual obligation for the Government of Fiji to redeem the loans which become due for payment. The terms and conditions of the loans are stipulated in the Loan Agreements between the Government of Fiji and the Lending Agency.

The repayment of the loans of the Government of Fiji over the past 10 years is represented in Table 7.3:

TABLE 7.3: REPAYMENT OF LOANS PER YEAR 1996 – 2005

Year	Domestic Bonds		Overseas Loans		Treasury Bills	
	Principal \$	Interest \$	Principal \$	Interest \$	Principal \$	Interest \$
1996	43,453,857	71,447,009	19,669,542	11,170,572	113,737,876	1,462,124
1997	61,307,457	87,911,269	15,760,301	10,184,128	86,666,545	1,233,455
1998	225,991,847	99,232,714	24,273,114	12,209,299	397,939,413	2,163,843
1999	152,913,211	82,728,811	36,130,378	12,958,164	280,400,000	1,440,656
2000	84,500,000	81,846,108	33,342,934	11,404,967	173,910,978	2,505,365
2001	87,000,000	88,493,634	20,294,173	9,755,046	320,504,093	2,207,889
2002	100,500,000	95,284,124	20,772,240	9,297,644	417,637,927	2,362,073
2003	109,377,000	101,997,794	16,265,941	7,150,813	500,141,175	2,597,656
2004	145,403,000	108,597,234	11,173,546	6,114,485	339,194,733	4,310,352
2005	185,058,000	120,220,533	12,721,412	5,473,517	317,920,558	2,392,788

Principal payments for 2005 on government borrowings totalled \$515,699,970 whilst interest payments amounted to \$128,086,838.

TABLE 7.4: LOANS AND INTEREST REPAYMENTS IN 2005

Description	Principal Repayment \$	Interest Repayment \$
Domestic Bonds	185,058,000	120,220,533
Overseas Loans	12,721,412	5,473,517
Treasury Bills	317,920,558	2,392,788
Total	515,699,970	128,086,838

The interest on domestic loans for 2005 was \$120,220,533 compared to \$5,473,517 for overseas loans and \$2,392,788 for Treasury Bills. The interest rate on domestic borrowings ranged from 2% to 9% whilst interest rates for overseas loans ranged from 1% to 10.25%. Some overseas loans to the government were interest free.

7.4 Domestic Loans

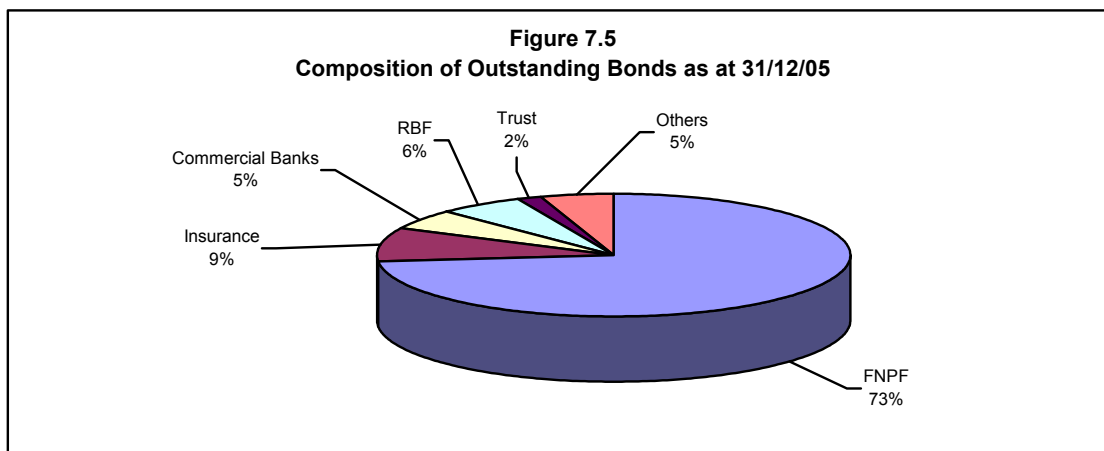
The total domestic loans as at 31/12/05 stood at \$2,121,422,650 and this accounts for 87% of the total Government borrowings. Table 7.5 shows the amounts that are owed by the government of Fiji to bond holders.

TABLE 7.5: COMPOSITION OF OUTSTANDING GOVERNMENT BONDS

Bond Holder	Amount \$	% of Outstanding Debt
FNPF	1,557,222,800	73
Insurance	185,767,700	9
Commercial Banks	112,322,000	5
RBF	123,021,900	6
Trust	34,816,200	2
Others	108,272,050	5
Total	2,121,422,650	100

Fiji National Provident Fund held 73% of the bonds totalling \$1,557,222,800 as at 31/12/05; insurance companies 9%; commercial banks 5%; RBF 6%; and various trusts 2%. The remaining 5% of the bonds are held by Unit Trust of Fiji, Merchant Bank of Fiji, Credit Corporation and Home Finance.

The composition of outstanding government bonds is shown in Figure 7.5.

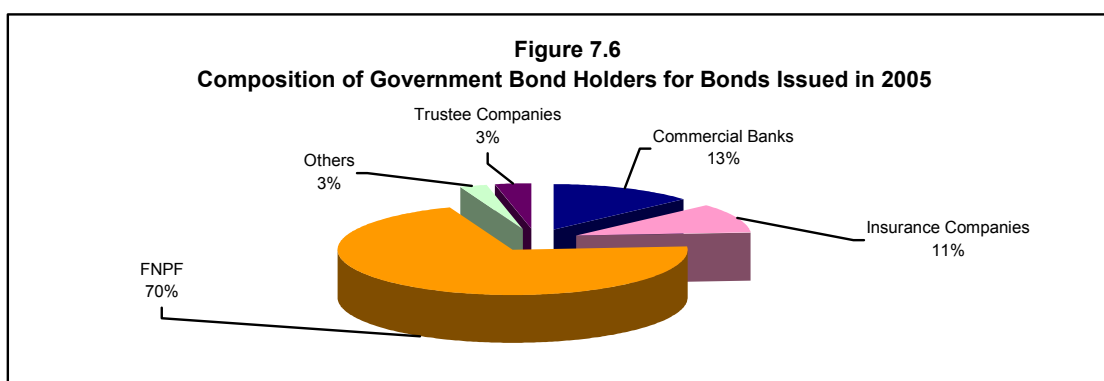


During the year the Government had borrowed \$319,965,000 through the issue of domestic bonds to the public. Table 7.6 shows the holders of these bonds.

TABLE 7.6: BONDS PURCHASED IN 2005

Summary of Bondholders	Amount \$
Commercial Banks	42,230,000
FNPF	224,756,000
Insurance Companies	34,591,000
Trustee Companies	10,228,000
Others	8,160,000
Total	319,965,000

A total of \$224,756,000 or 70% of the Government bonds issued in 2005 were bought by the FNPF, 13% by commercial banks, 11% by insurance companies, 3% by trustee companies and 3% by individuals, trusts, Home Finance Company and others. This is reflected in Figure 7.6.



The maturity dates of the bonds that were issued in 2005 are provided in Table 7.7.

TABLE 7.7: MATURITY OF BONDS ISSUED IN 2005

Year Fully Redeemed	Number of Loans	Amount \$
2008	25	31,410,000
2010	25	38,500,000
2012	25	68,540,000
2015	25	85,435,000
2020	25	96,080,000
	125	319,965,000

A total of 60% of the bonds would be repaid within 7 years.

7.4.1 Outstanding Domestic Loans & Interest Payments

Details of outstanding loans over the past 10 years with the total interest paid and its budgetary provision is shown in Table 7.8. Interest payments on bonds are made every six months.

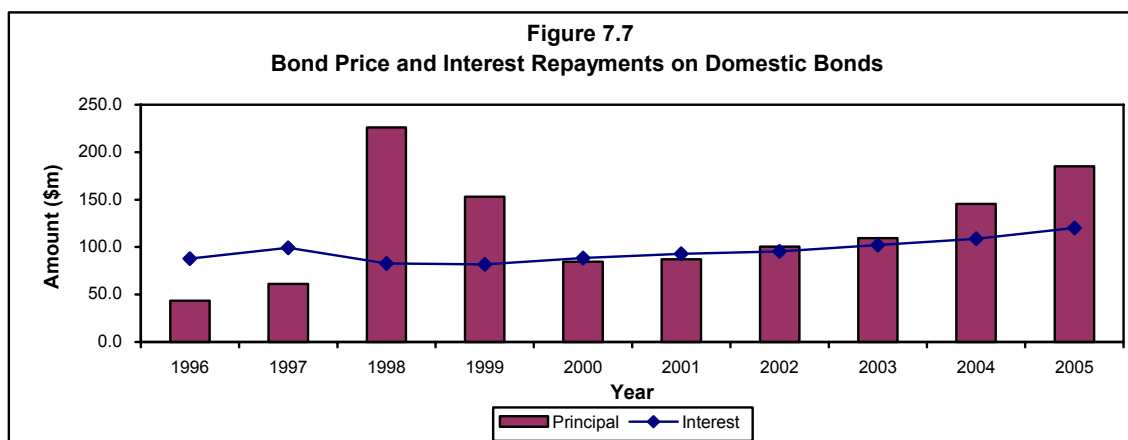
TABLE 7.8: DOMESTIC LOANS OUTSTANDING, INTEREST PAID AND BUDGETARY PROVISIONS

Year	Domestic Loans \$m	% Increase/(Decrease)	Interest Paid \$m	% Increase/(Decrease)	Budgetary Provision \$m	Variance \$m
1996	922.5	18	71.4	6	70.8	(0.6)
1997	1,115.1	21	87.9	23	88.0	0.1
1998	1,016.3	(9)	99.2	13	100.3	1.1
1999	1,046.6	3	82.8	(17)	98.5	15.7
2000	1,158.6	11	81.8	(1)	85.2	3.4
2001	1,302.6	12	88.3	8	92.7	4.4
2002	1,501.1	15	95.3	8	102.0	6.7
2003	1,682.7	12	102.0	7	110.0	8.0
2004	1,986.5	18	108.6	6	121.5	12.9
2005	2,121.4	7	120.2	11	124.0	3.8

With the exception of 1998, total outstanding domestic loans have been increasing every year. The new loans obtained by the Government on an annual basis have led to an increase in the interest expense.

The Government had allocated \$123,956,500 in the 2005 budget for interest payments. However, actual interest payments for the year totalled \$120,220,533 resulting in a savings of \$3,735,967. The significant savings was mainly due to a provision of \$5,984,760 for interest payments on 2005 loans only, of which \$2,500,423 was utilised.

The interest expense and the principal repayments over the past 10 years are shown in Figure 7.7. It was noted that 48 domestic bonds were redeemed/repaid in 2005 resulting in bond redemptions exceeding the interest payments during the year.



7.4.2 Future Debt Obligations

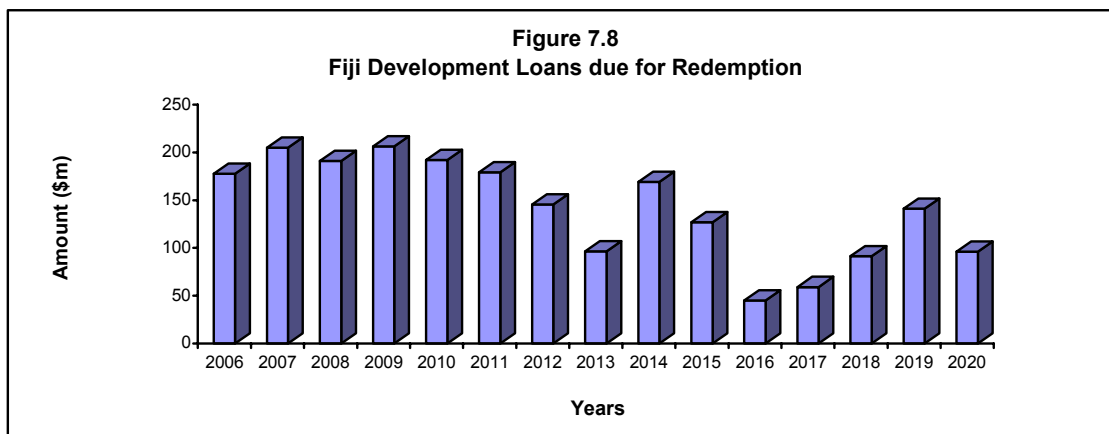
The principal component of Government borrowings are domestic loans which mostly comprises of Fiji Development Loans (Government Bonds).

Table 7.9 reflects the redemption schedule of these loans. For the year ending 31 December 2006, a total of \$177,505,150 of Fiji Development Loans (Government Bonds) will be redeemed.

TABLE 7.9: FIJI DEVELOPMENT LOANS REDEMPTION SCHEDULE

Year Fully Redeemed	No. of Loans	Amount \$
2006	65	177,505,150
2007	71	204,992,000
2008	72	191,210,000
2009	67	206,230,000
2010	70	192,190,500
2011	44	179,180,000
2012	48	145,540,000
2013	23	96,260,000
2014	36	169,100,000
2015	38	126,935,000
2016	12	45,000,000
2017	19	59,000,000
2018	20	91,200,000
2019	25	141,000,000
2020	25	96,080,000
Total	635	2,121,422,650

A graphical representation of the government outstanding debt that will be payable in the future years is shown in Figure 7.8.



7.4.3 Bonds outstanding for Considerable Period of Time

Table 7.10 shows bonds that have matured but were yet to be paid by the RBF as bondholders have yet to make their claims.

TABLE 7.10: MATURED BONDS YET TO BE REDEEMED

Year of Issue	Maturity Date	Balance \$
1966	1973	200
1968	1975	400
1970	1977	100
1961	1977	50
1961	1979	150
1967	1982	50
1973	1983	50
1968	1983	200
1974	1984	100
1968	1988	50
1977	1989	50
1978	1992	3,750
Total		5,150

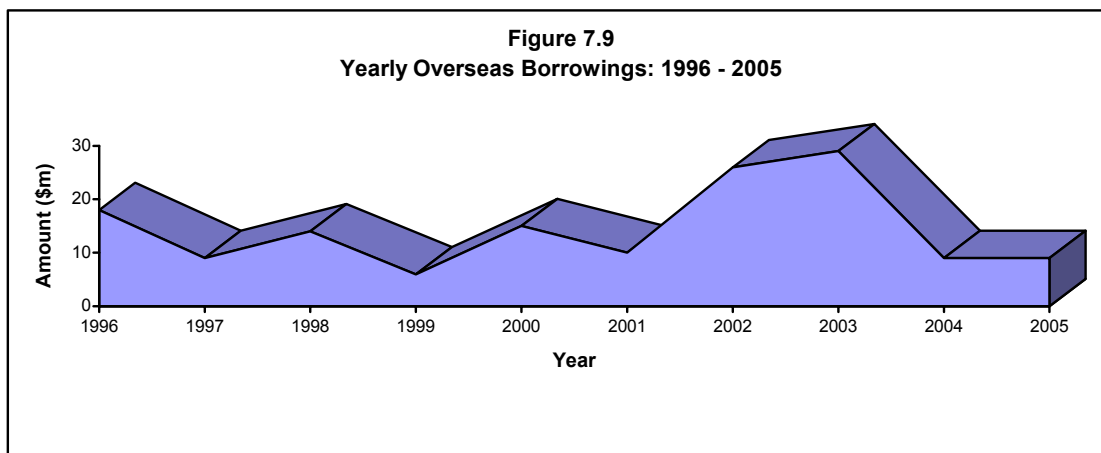
These bonds should be written off if they are unlikely to be claimed.

7.5 Overseas Loans

The overseas borrowing of Government as at 31 December 2005 was \$164,050,924 which represents 7% of total borrowings. Most of the overseas loans were obtained to finance capital projects.

7.5.1 Yearly Overseas Borrowings

Figure 7.9 shows the trend of the yearly overseas borrowings over the past 10 years.



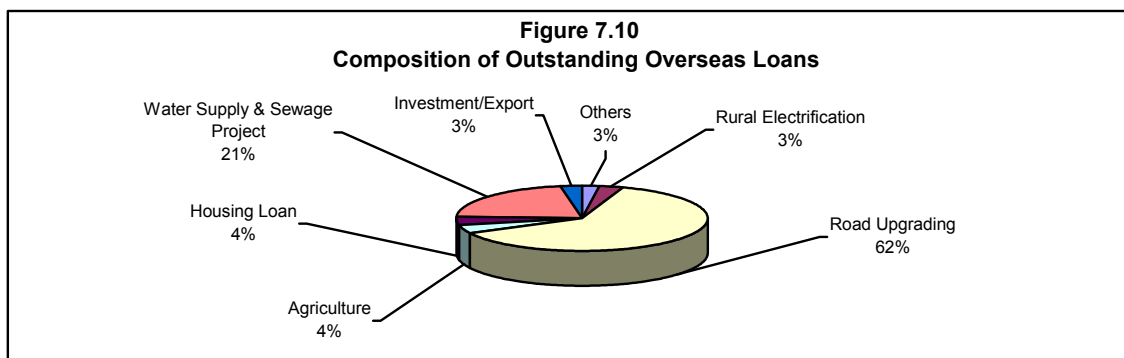
A decrease of 7% was noted for 2005 compared to 2004.

The Government had borrowed \$8,641,300 in 2005 whilst loan repayments totalling \$18,194,929 were made of which \$5,473,517 and \$12,721,412 were for interest and principal payments respectively. The details of the additional funds obtained by the Government under the existing loan agreements are as follows.

TABLE 7.11: OVERSEAS LOAN DISBURSEMENTS - 2005

Loan	Amount \$
ADB Fiji Road Upgrading III (Loan No. 1530)	5,109,111
ADB Suva/Nausori Water Supply & Sewage Project	3,532,189
Total	8,641,300

- (a) Loans in relation to the Road Upgrading Project comprised of 62% of the total outstanding overseas loans. The funds obtained for this project were to be used in improving the efficiency of the road sector through road upgrading and rehabilitation, and the management of road assets and sector resources. Loans for Nadi/Lautoka Regional Water Supply and Suva/Nausori Water Supply & Sewage accounted for 21% of the total loans, which were mainly used for improving the water supply services in Nadi and Lautoka. The composition of the overseas loans is illustrated in Figure 7.10.



- (b) Housing loan accounted for 4% of the outstanding overseas loans as at 31/12/05. It was obtained to provide affordable housing to lower income group and to strengthen housing and urban sector institutions.
- (c) Rural Electrification Programme had outstanding loans of \$5,281,689 or 3% of the overseas loans as at 31/12/05. Under this project, 10% of the cost is met by the community whereas the balance is met by the government.
- (d) Loans obtained by the Government for agricultural purposes that were outstanding as at 31/12/05 totalled \$6,620,640 or 4% of outstanding overseas loans. These include a loan for the Sigatoka Valley Project to intensify the use of cultivatable land through the provision of irrigation and drainage facilities and to improve road facilities in order to increase the production and marketing of agricultural produce. In addition, the Government had also obtained loan for the Agricultural Development Programme and its purpose was to strengthen agricultural production, export diversification and to develop and expand agriculture based industries.
- (e) Investment and Export loans had outstanding balance of \$4,490,246 or 3% of the overseas loans as at 31/12/05.
- (f) Other loans of 3% of the overseas loans outstanding as at 31/12/05 comprised of loans obtained for the construction of jetties, airstrips, development of regional telecommunications network and electricity loans.

7.5.2 Overseas Loans Outstanding & Interest Paid

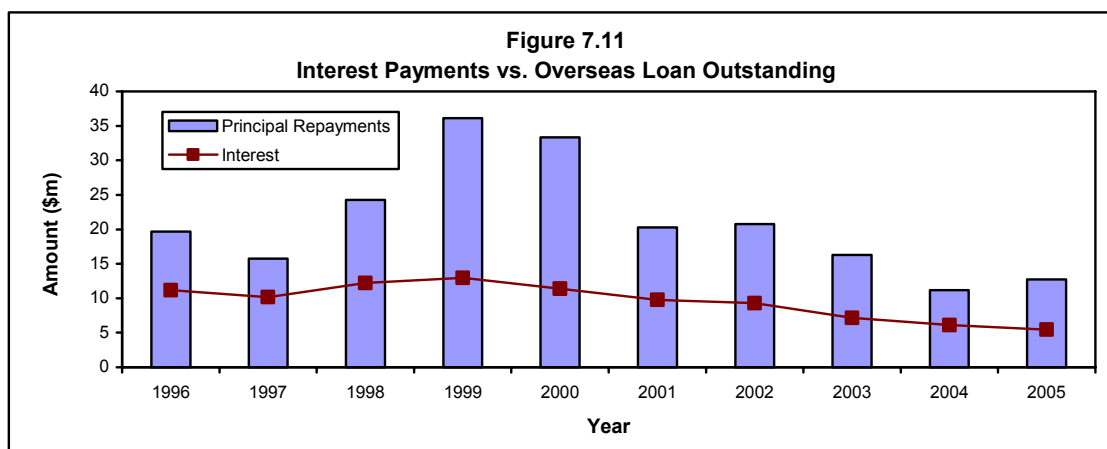
Table 7.12 provides details on the overseas loans outstanding over the past 10 years with the total interest paid during each year.

TABLE 7.12: OVERSEAS LOANS OUTSTANDING, INTEREST PAID AND BUDGETARY PROVISION

Year	Overseas Loans \$m	% Increase/ (Decrease)	Interest Paid \$m	% Increase/ (Decrease)	Budgetary Provision \$m	Variance \$m
1996	187.5	0	11.2	(17.6)	16.1	4.9
1997	243.8	30	10.2	(9)	12.9	2.7
1998	245.6	1	12.2	19.6	17.8	5.6
1999	206.0	(16)	13.0	7	16.9	3.9
2000	207.7	1	11.4	(12.0)	13.2	1.8
2001	206.9	0	9.8	14	10.6	0.8
2002	193.5	(6)	9.3	(5)	10.0	0.7
2003	174.1	(10)	7.2	(23)	9.4	2.2
2004	168.7	(3)	6.1	(15)	7.0	0.9
2005	164.1	(3)	5.5	(10)	6.7	1.2

In 2005 the outstanding overseas loans had declined by 3% compared to 2004.

A sum of \$6,701,300 was provided in the 2005 budget for the interest expense on overseas loans. However, interest payments on overseas loans during the year totalled \$5,473,517 resulting in a savings of \$1,227,783. The principal and interest payments are illustrated in Figure 7.11.



7.5.3 Revaluation of Overseas Loans

Overseas loans are revalued each year by the RBF using the exchange rate as at 31/12/05. Table 7.13 outlines the amounts attributed to overseas loans due to revaluation over a 10 year period. These in turn has an effect on public debt i.e. an increased revaluation increases the debt and vice versa.

TABLE 7.13: REVALUATION OF OVERSEAS LOANS & EXCHANGE GAINS/LOSS

Year	Revaluation - (Gain)/Loss \$	Overseas Loans \$	Exchange (Gain)/Loss as a % of Overseas Loans
1996	5,533,671	187,526,025	3
1997	62,842,240	243,748,816	26
1998	11,964,370	245,557,713	5
1999	9,068,963	206,036,450	4
2000	(19,589,702)	207,697,167	(9)
2001	(9,239,298)	206,889,315	(4)
2002	(18,905,125)	193,505,881	(10)
2003	(31,859,534)	174,125,752	(18)
2004	(3,554,545)	168,665,379	(2)
2005	(534,342)	164,050,924	(0.3)

A revaluation of overseas loans in December 2005 resulted in an exchange gain of \$534,342 or 0.3%.

7.6 Treasury Bills

The Government through the RBF floats Treasury Bills to raise funds in the domestic market to meet its short term needs.

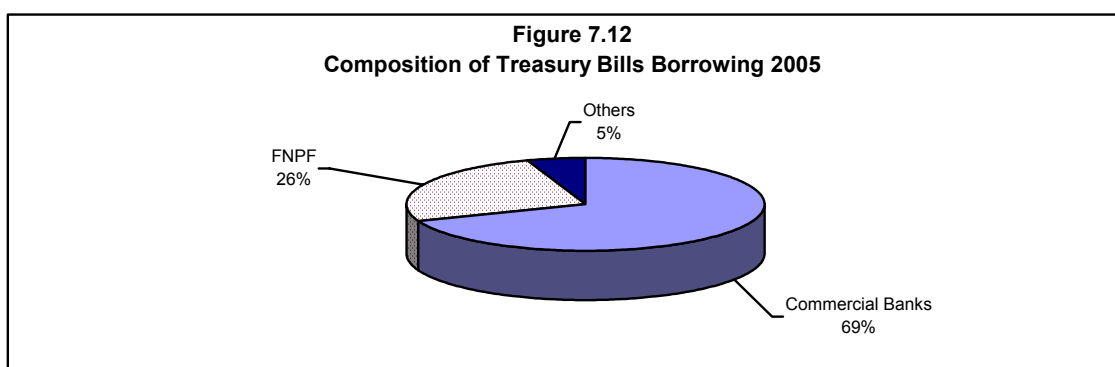
Treasury Bills are sold at a discount on face value of which the investor will receive face value upon maturity.

During the year the government raised \$329,000,000 in Treasury Bills of which \$326,951,124 constituted net borrowings by the government whilst \$2,048,876 represented discount, as summarised in Table 7.14. Treasury Bills raised in 2004 and matured in 2005 amounted to \$128,300,000 of which \$1,312,178 relate to interest.

TABLE 7.14: TREASURY BILL HOLDERS FOR BILLS ISSUED IN 2005

Bank	Face Value \$	%	Discount \$	%	Net Receipts \$	%
Commercial Banks	227,810,000	69	1,367,843.03	67	226,442,156.97	69
FNPF	84,160,000	26	590,492.30	29	83,569,507.70	26
Others	17,030,000	5	90,540.99	4	16,939,459.01	5
Total	329,000,000	100	2,048,876.32	100	326,951,123.68	100

69% of the Treasury Bills raised were bought by the Commercial Banks, 26% by FNPF and 5% by insurance companies and individuals.

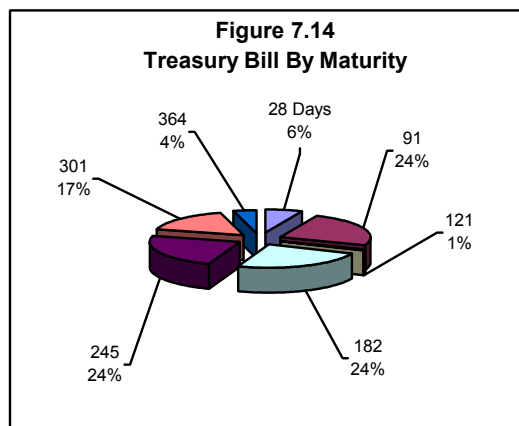
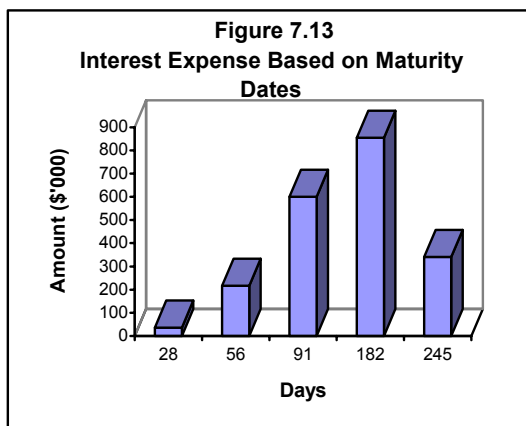


The Treasury Bills, which are issued by the Government through the RBF, have a maturity period of 28 to 245 days. Table 7.15 summaries the total Treasury Bills that were raised in 2005 together with their maturity dates.

TABLE 7.15: MATURITY OF TREASURY BILLS ISSUED IN 2005

Maturity in Days	Treasury Bill Cost \$	Interest \$	Face value \$
28	28,963,521.80	36,478.20	29,000,000
56	73,883,261.58	216,738.42	74,100,000
91	122,299,690.14	600,309.86	122,900,000
182	77,545,942.94	854,057.06	78,400,000
245	24,258,707.22	341,292.78	24,600,000
Total	326,951,123.68	2,048,876.32	329,000,000

The amount raised by the government through Treasury Bills with varying maturity dates were evenly spread as reflected in the pie chart. The interest expense increased as the maturity date increased from 28 days to 182 days, however it declined as it increased to 245 days as shown in Figure 7.13 and 7.14.



7.6.1 Treasury Bills Over a 10-year Period

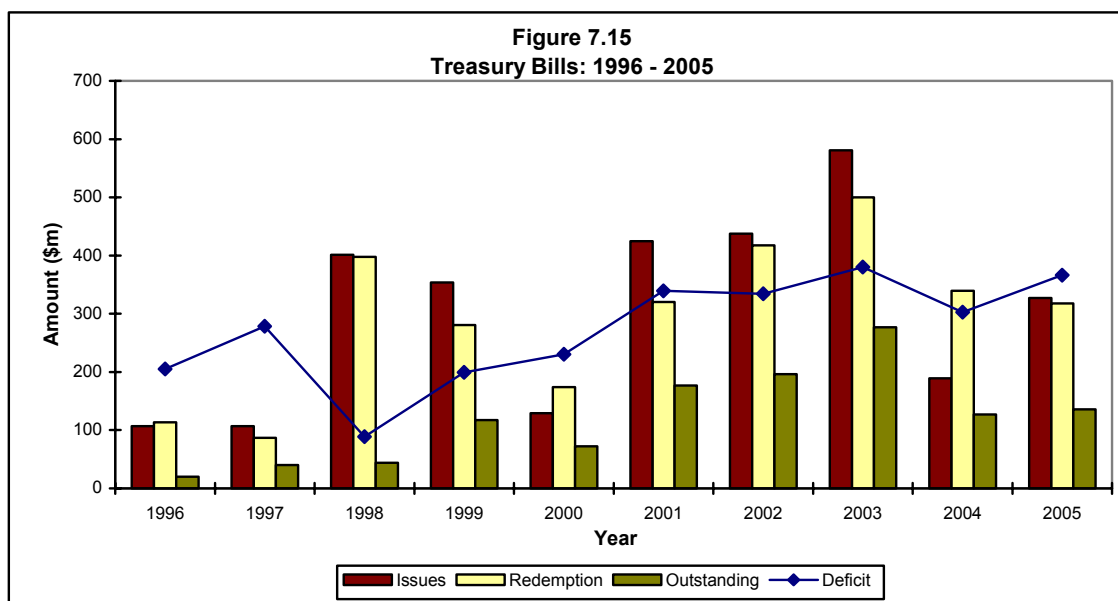
Treasury Bills issued and redeemed over the last 10 years is summarised in Table 7.16.

TABLE 7.16: TREASURY BILLS 1996 – 2005

Year	Balance Brought Forward \$	Issues \$	Redemption \$	Outstanding \$
1996	27,018,653	106,952,131	113,737,876	20,232,908
1997	20,232,908	106,961,439	86,666,545	40,527,802
1998	40,527,802	401,201,683	397,939,413	43,790,072
1999	43,790,072	353,841,599	280,400,000	117,231,671
2000	117,231,671	129,129,145	173,910,978	72,449,838
2001	72,449,838	424,654,868	320,500,093	176,604,613
2002	176,604,613	437,465,767	417,637,927	196,432,453
2003	196,432,453	580,634,561	500,141,176	276,925,838
2004	276,925,838	189,256,716	339,194,733	126,987,822
2005	126,987,822	326,951,124	317,920,558	136,018,388

Treasury Bills raised by Government over the last 10 years have fluctuated significantly. Similarly, the government deficits have also fluctuated over past ten years.

The trend for Treasury Bills issues, redemptions, the bills outstanding at the end of the financial year and the yearly deficit is shown in Figure 7.15.



7.6.2 Treasury Bills Management

The Treasury Bills are short-term financial instruments, used by the Ministry of Finance to cover shortfalls during the year.

The analysis of budgeted revenue and expenditure as provided in the Budget, and the Treasury Bills for the year is as follows.

TABLE 7.17: REVENUE VARIANCE VS. TREASURY BILLS RAISED

Revenues	1996 \$m	1997 \$m	1998 \$m	1999 \$m	2000 \$m	2001 \$m	2002 \$m	2003 \$m	2004 \$m	2005 \$m
Estimated Revenue										
Operating Receipts & Investing	737.4	765.4	1006.8	999.0	816.3	951.7	1,011.8	1,115.8	1,149.7	1,257.4
Loan Receipts	156.6	282.2	147.9	193.9	234.7	253.1	338.5	315.2	461.5	370.0
Total	893.9	1,036.3	1,123.3	1,191.2	1,041.3	1,204.9	1,350.3	1,431.0	1,611.2	1,627.4
Actual Revenue										
Operating Receipts & Investing	743.5	803.5	1141.2	1004.5	911.0	900.5	1,038.4	1,066.3	1,176.2	1,221.9
Loan Receipts	210.5	271.0	116.5	192.2	225.0	239.2	325.2	319.7	458.5	328.6
Total	954.1	1,074.4	1,257.7	1,196.7	1,136.0	1,139.8	1,363.6	1,386.0	1,634.7	1,550.5
Revenue Variance	60.1	38.1	134.4	5.5	94.6	(65.1)	13.3	(45.0)	23.5	(76.9)
Treasury Bills as at 31/12	20.2	40.5	43.8	117.2	72.4	176.6	196.4	276.9	127.0	136.0
Excess	80.3	78.6	178.2	122.7	167.0	111.5	209.7	232.0	150.5	59.1

The operating and investment receipts should pay for operational costs of Government which include SEGs 1 - 7, 11 & 12 and capital development programs. Treasury Bills are raised to cover operational deficits provided that they are no more than the estimated Operating and Investing Receipts to be collected during the year.

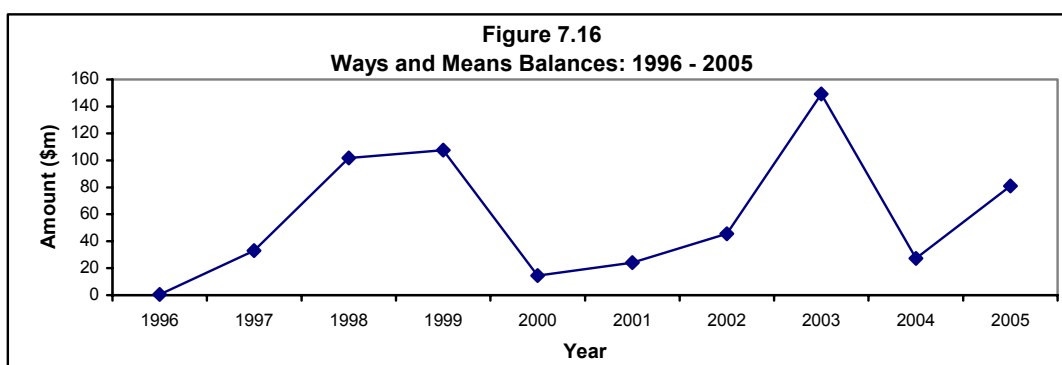
It was noted that the actual revenue collections in 2005 was less than the budgeted revenue by \$76,871,972. Government revenue and loans from the domestic and the overseas market were not sufficient to meet the actual expenditure and therefore \$326,951,124 in Treasury Bills was raised in 2005. While it is acknowledged that there may have been cash deficits during the year, the excessive Treasury Bills raised during the year could have been avoided through efficient cash management.

The Government should avoid raising Treasury Bills when sufficient cash is available to reduce the additional debt burden. When Treasury Bills are raised for specific purposes/projects, details should be shown with respect to the purpose and expected benefit of the projects. Wherever possible, information should also be provided on expected revenue sources and cash flows to finance the debt, and expected life of the projects.

7.7 Ways and Means

The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet cash deficits. The Ways and Means are replenished by Government during the year and are therefore not reflected as part of borrowings.

An analysis of Ways and Means balances for the past 10 years is illustrated in Figure 7.16.



The Government borrowed \$80,900,000 at a cost of \$13,346 (interest) from RBF through this advance facility during the year, which was an increase of \$53,600,000 or 196% from 2004.

7.8 Flexibility

Flexibility is an indicator of the degree a Government can increase its financial resources or revenue to respond to increasing financial commitments either by expanding the revenue or increasing its debt burden.

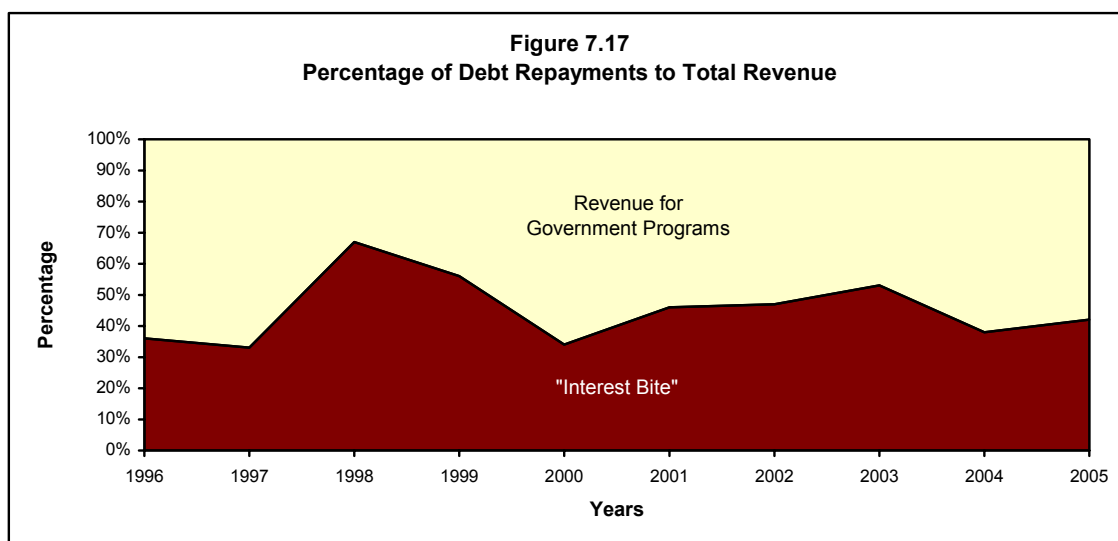
Table 7.18 contains data for the total revenue and the debt repayments of Government for a period of 10 years. The revenue derived by the Government includes a significant portion which is derived from loans. The revenue data included in the analysis of flexibility does include the loan component.

TABLE 7.18: COMPARISON OF REVENUE AND DEBT REPAYMENTS

Year	Revenue \$	Repayments \$	Interest Bite %
1996	729,884,343	264,390,747	36
1997	803,460,047	266,053,922	33
1998	1,141,199,759	764,384,830	67
1999	1,004,505,216	567,251,420	56
2000	1,135,964,892	387,869,552	34
2001	1,139,754,743	528,250,835	46
2002	1,363,992,433	647,020,349	47

Year	Revenue \$	Repayments \$	Interest Bite %
2003	1,386,009,960	737,597,477	53
2004	1,634,663,320	617,152,850	38
2005	1,550,489,828	646,463,603	42

The Interest Bite represents the percentage of debt repayment comprising the principal and interest components of the domestic and overseas loans as well as the Treasury Bills redemption.



In 2005, the flexibility measure was 42% indicating that the total debt repayment was equivalent to 42% of the revenue received by the Government during the year. Hence, only 58% of revenues collected were available for government programs.

7.9 Vulnerability

Vulnerability is the measure of the degree of dependence of Government on sources of borrowing outside its control or influence.

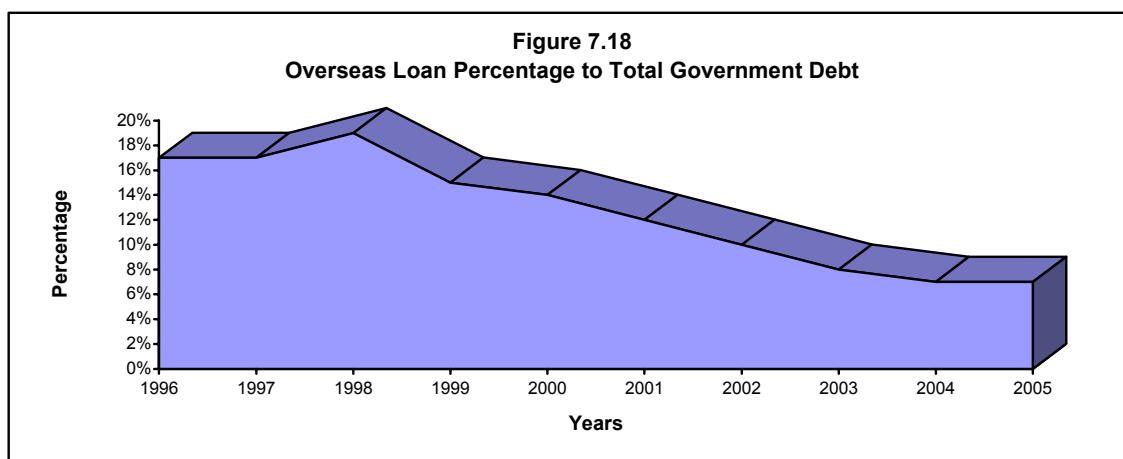
A measure of vulnerability is the comparison of overseas loans to the total Government debt. Table 7.19 compares overseas loans to total Government Borrowings for a period of 10 years.

TABLE 7.19: COMPARISON OF OVERSEAS BORROWINGS AND TOTAL BORROWINGS

Year	Outstanding Overseas Loans \$	Total Borrowings \$	%
1996	187,526,025	1,130,227,440	17
1997	243,748,816	1,399,369,068	17
1998	245,557,713	1,305,621,035	19
1999	206,036,450	1,369,863,771	15
2000	207,697,167	1,438,742,654	14
2001	206,889,315	1,686,089,578	12
2002	193,505,879	1,891,033,984	10
2003	174,125,752	2,133,770,240	8

Year	Outstanding Overseas Loans \$	Total Borrowings \$	%
2004	168,665,379	2,282,168,851	7
2005	164,050,924	2,421,491,962	7

In 2005, overseas loans make up 7% of outstanding government borrowings, the lowest in the last 10 years. Although Government borrowings have increased over the years, the percentage of Overseas Loans relative to Government debt have been decreasing as a result of the Government's preference for domestic borrowing.



The overall trend indicates less reliance on overseas borrowings over the years.

Another measure of vulnerability is the comparison of overseas loans to GDP. Table 7.20 compares overseas loans to GDP for a period of 10 years.

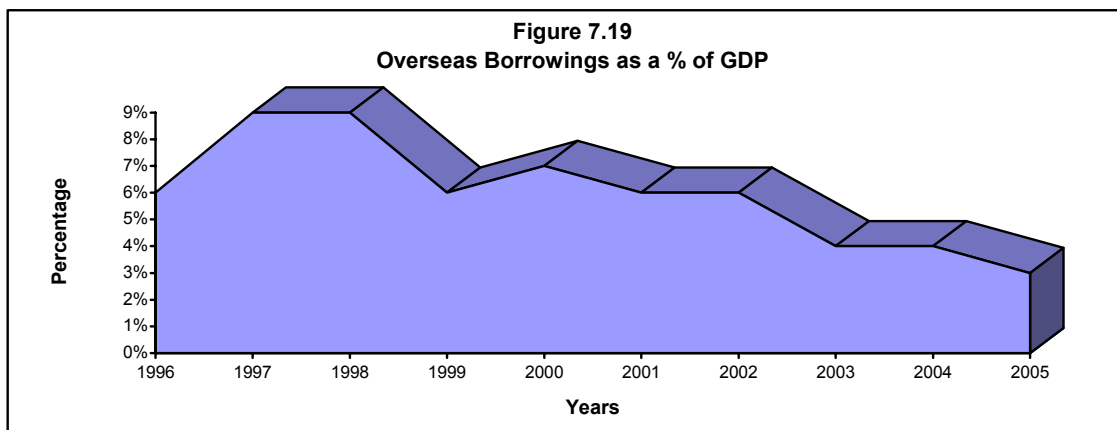
TABLE 7.20: COMPARISON OF OVERSEAS BORROWINGS AND GDP

Year	Overseas Loans \$	GDP \$	% of Overseas Loans/GDP
1996	187,526,025	2,962,300,000	6
1997	243,748,816	2,571,130,000	9
1998	245,557,713	2,792,526,000	9
1999	206,036,450	3,238,463,000	6
2000	207,697,167	3,049,124,000	7
2001	206,889,315	3,199,548,000	6
2002	193,505,879	3,442,905,000	6
2003	174,125,752	4,325,420,000	4
2004	168,665,379	4,539,000,000*	4
2005	164,050,924	5,069,432,000*	3

* Provisional Estimate

Source: Fiji Island Bureau of Statistics

Figure 7.19 shows that the percentage of the overseas debt to GDP has decreased by 1% in 2005 which is a reflection of the nation's capability to meet its external debt obligations.



Moreover, the comparison of the Domestic debt to GDP is another measure of vulnerability. Table 7.21 compares Domestic loans to GDP for a period of 10 years.

TABLE 7.21: COMPARISON OF DOMESTIC BORROWINGS AND GDP

Year	Domestic Loans \$	GDP \$	% of Domestic Loans/GDP
1996	922,468,507	2,962,300,000	31
1997	1,115,092,450	2,571,130,000	43
1998	1,016,273,250	2,792,526,000	36
1999	1,046,595,650	3,238,463,000	32
2000	1,158,595,650	3,049,124,000	38
2001	1,302,595,650	3,199,548,000	41
2002	1,501,095,650	3,442,905,000	44
2003	1,682,718,650	4,325,420,000	39
2004	1,986,515,650	4,539,000,000*	44
2005	2,121,422,650	5,069,432,000*	42

* Provisional Estimate

Source: Fiji Island Bureau of Statistics

In 2005 the Domestic Loans as a percentage of GDP decreased by 2% compared to 2004.

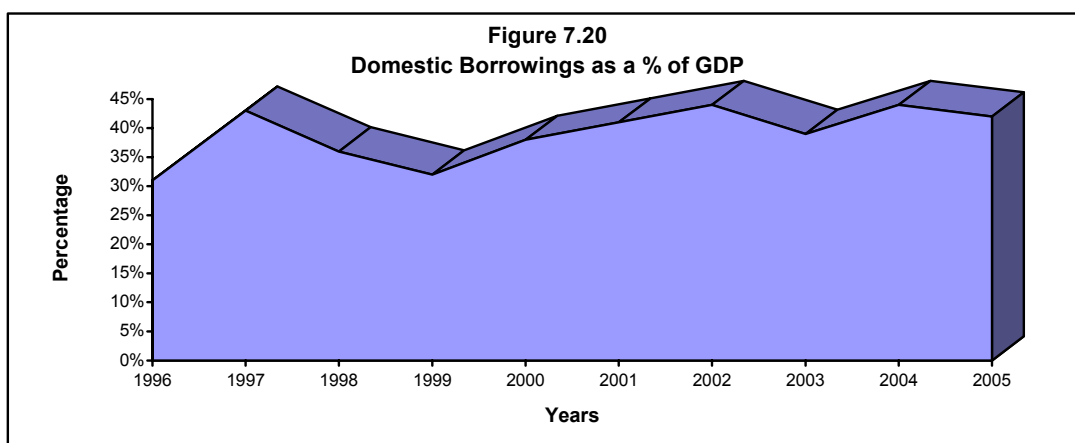


Figure 7.20 shows that the Domestic Borrowing as a percentage of the GDP has been fluctuating over the years. Table 7.22 shows the comparison between Tax Revenue and the GDP.

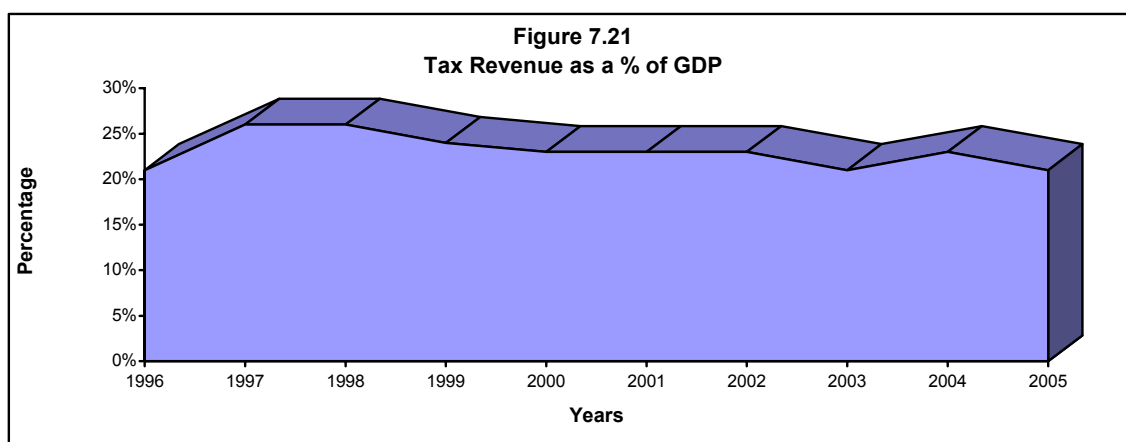
TABLE 7.22: COMPARISON OF TAX REVENUE AND GDP

Year	Tax Revenue \$	GDP \$	% of Tax Revenue/GDP
1996	621,707,715	2,962,300,000	21
1997	664,763,763	2,571,130,000	26
1998	723,819,630	2,792,526,000	26
1999	788,503,978	3,238,463,000	24
2000	713,404,155	3,049,124,000	23
2001	740,454,379	3,199,548,000	23
2002	789,721,816	3,442,905,000	23
2003	929,900,966	4,325,420,000	21
2004	1,033,319,644	4,539,000,000 ⁺	23
2005	1,065,808,942	5,069,432,000 ⁺	21

⁺ Provisional Estimate

Source: Fiji Island Bureau of Statistics

Figure 7.21 shows that the Tax Revenue as a percentage of GDP over the last 10 years has been fluctuating, and for 2005 it was 21%.



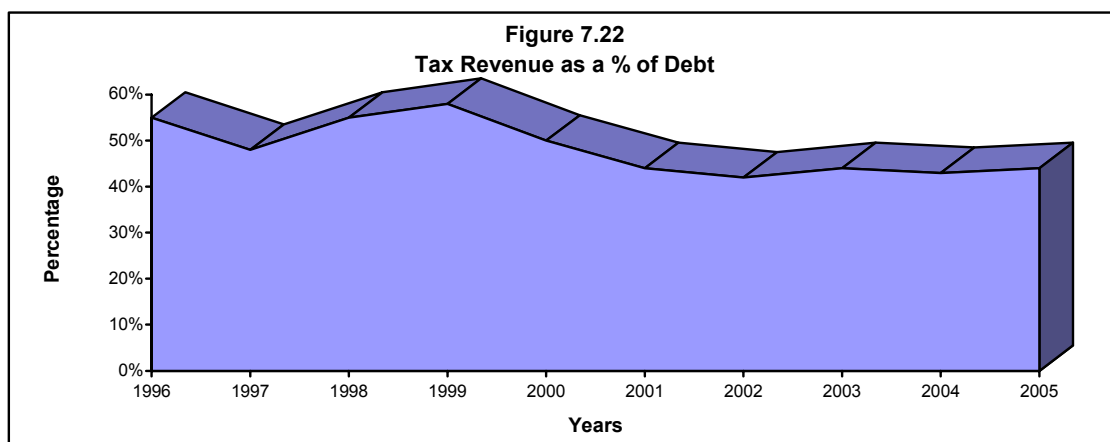
Another measure of vulnerability is the comparison of tax revenue to debt. Table 7.23 compares Tax Revenue to Debt for a period of 10 years.

TABLE 7.23: COMPARISON OF TAX REVENUE AND DEBT

Year	Tax Revenue \$	Debt \$	% of Tax Revenue/Debt
1996	621,707,715	1,130,227,440	55
1997	664,763,763	1,399,369,068	48
1998	723,819,630	1,305,621,035	55
1999	788,503,978	1,369,863,771	58
2000	713,404,155	1,438,742,654	50
2001	740,454,379	1,686,089,577	44
2002	789,721,816	1,891,033,982	42

Year	Tax Revenue \$	Debt \$	% of Tax Revenue/Debt
2003	929,900,966	2,133,770,240	44
2004	1,033,319,644	2,282,168,851	45
2005	1,065,808,942	2,421,491,962	44

The tax revenue as a percentage of debt has been fairly constant over the last 10 years. This indicates that despite an increase in tax revenue collected during the past 10 years, public debt has also been increasing. It shows that 44% of the debt can be met from tax revenue.



In 2005, the Tax Revenue as a percentage of Debt decreased by 1% compared to 2004.

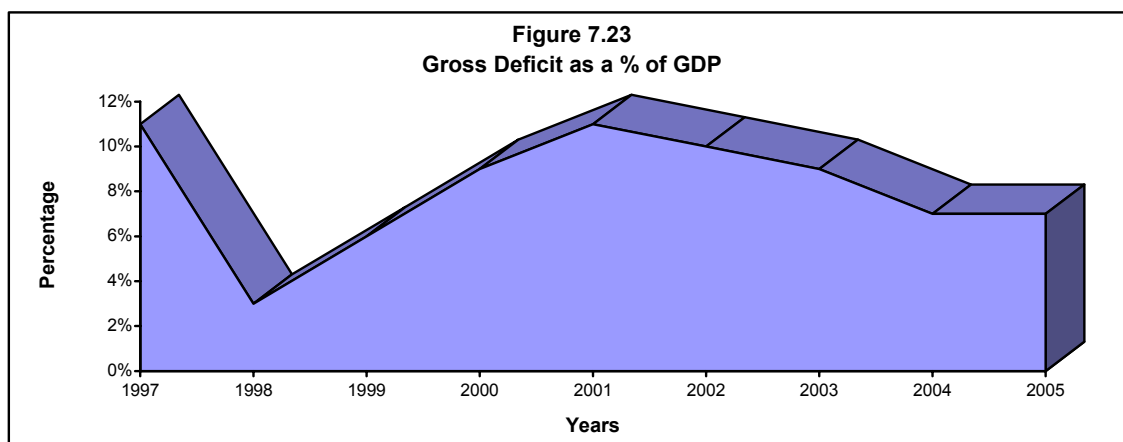
Moreover, Table 7.24 shows the comparison of Government Deficit to GDP.

TABLE 7.24: COMPARISON OF GOVERNMENT DEFICIT AND GDP

Year	Gross Deficit \$	GDP \$	% of Gross Deficit/GDP
1997	278,550,632	2,571,130,000	11
1998	89,079,211	2,792,526,000	3
1999	199,550,066	3,238,463,000	6
2000	230,607,446	3,049,124,000	8
2001	339,658,246	3,199,548,000	11
2002	334,367,718	3,442,905,000	10
2003	380,275,486	4,325,420,000	9
2004	302,912,124	4,539,000,000*	7
2005	366,334,029	5,069,432,000*	7

* Provisional Estimate

Source: Fiji Island Bureau of Statistics



In 2005, the Gross Deficit as a percentage of the GDP remained constant when compared to 2004. It implies that government expenditure has been constant relative to the growth in the economy.

7.10 Sustainability

Sustainability is defined as the ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product.

The total Government debt as a percentage of GDP as at 31/12/05 was 48% compared to 50% in 2004, indicating a favourable sustainability in debt relative to the production of goods and services.

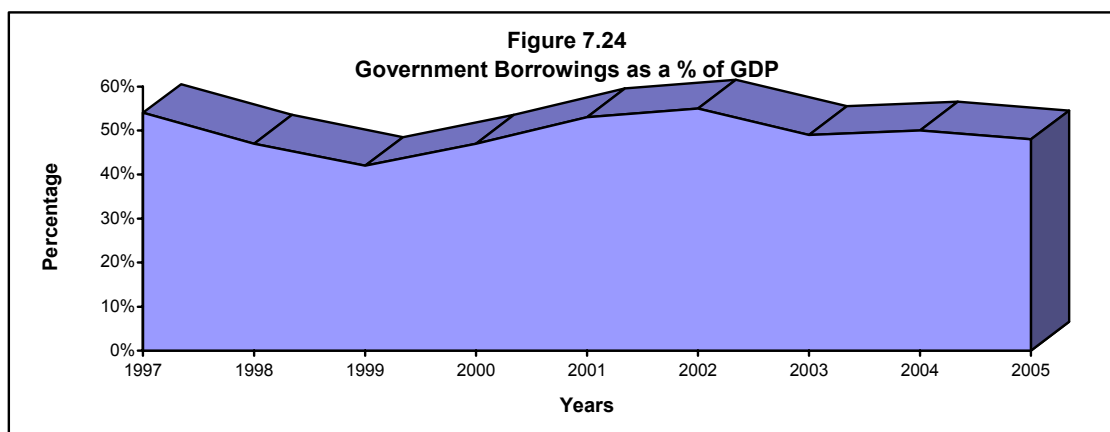
TABLE 7.25: TOTAL GOVERNMENT DEBT TO GROSS DOMESTIC PRODUCT

Year	Government Debt \$	% of Growth	GDP \$	% of Growth	Public Debt as a % of GDP
1997	1,399,369,068	24	2,571,130,000	0	54
1998	1,305,621,035	(7)	2,792,526,000	9	47
1999	1,369,863,771	5	3,238,463,000	16	42
2000	1,438,742,654	5	3,049,124,000	(6)	47
2001	1,686,089,577	17	3,199,548,000	5	53
2002	1,891,033,982	12	3,442,905,000	8	55
2003	2,133,770,240	13	4,325,420,000	26	49
2004	2,282,168,851	7	4,539,000,000*	5	50
2005	2,421,491,962	6	5,069,432,000*	12	48

* Provisional Estimate

Source: Fiji Island Bureau of Statistics

Table 7.25 shows that the economy is increasing faster than the Government Debt indicating that the debt burden of individuals is decreasing. In 2005 the national debt increased by 6% whereas the GDP increased by 12% in comparison to 2004.



The Government borrowings as a percentage of GDP decreased by 2% in 2005 compared to 2004. Total Government borrowings stood at 48% of the GDP for 2005. The Government still needs to ensure that adequate resources are available to fund existing programs, commence new projects as well as meet existing creditor obligations in order to maintain the level of borrowings at a sustainable level.

7.11 Public Debt per Capita to GDP per Capita Ratio

The ratio of Income per Capita to Public Debt per Capita measures the average debt burden of each person in the population compared to the average per capita income. The ratio indicates the ability of the income earning population to service the debt obligations of Government.

Table 7.26 outlines the Gross Domestic Product per Capita and National Income per Capita over the 8 year period.

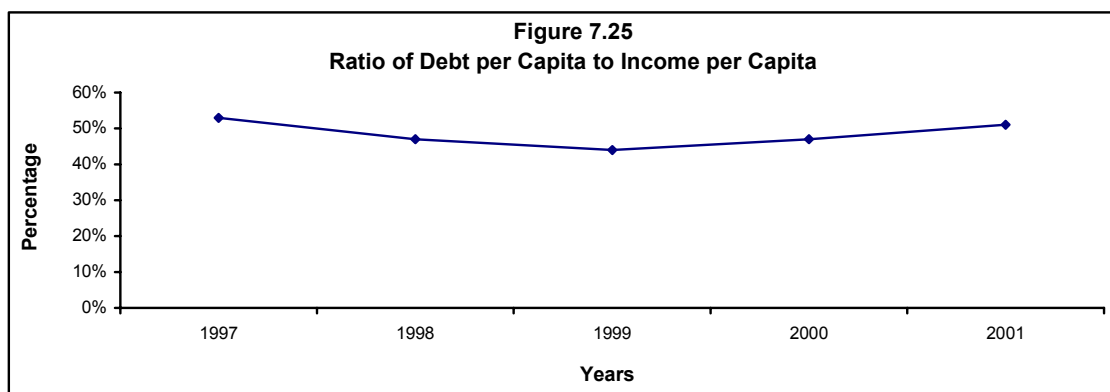
TABLE 7.26: GROSS DOMESTIC PRODUCT PER CAPITA AND NATIONAL INCOME PER CAPITA

Year	Outstanding Debt \$	Estimated Population	Debt/Capita \$	GNP/Capita \$	Ratio of Debt/Capita to GNP/Capita
1997	1,399,369,068	788,918	1,774	3,325	0.53
1998	1,305,621,035	797,643	1,637	3,522	0.47
1999	1,369,863,771	806,212	1,699	3,892	0.44
2000	1,438,742,654	810,421	1,775	3,807	0.47
2001	1,686,089,577	815,013	2,069	4,064	0.51
2002	1,891,033,982	825,478	2,291	*	
2003	2,133,770,240	831,343 ⁺	2,567	*	
2004	2,282,168,851	838,317 ⁺	2,722	*	
2005	2,421,491,962	846,085 ⁺	2,862	*	

* The GNP for years 2002 to 2005 is not available.

+ These are provisional figures provided by Bureau of Statistics

The lower the ratio of debt/capita to income/capita, the favourable it is as it is an indication that the populations' income has not been over burdened by the Government debt. The lower the ratio the lesser the average burden of the Government debt on the population.



The ratio as at 31/12/01 was 51% representing the average burden on the population to meet the debt obligations of Government.

8.0 LENDING FUND

8.1 Lending Fund Balances without Reconciliations

The Minister may, on behalf of the State, make loans of public money from the consolidated fund on such terms and conditions as the Minister thinks fit and whether within or outside the Fiji Islands.¹⁶

It was noted that Ministries/Departments responsible for administering the Private Students, Tertiary Education and Student Loans Scheme did not prepare reconciliations for loan recoveries, additional monies lent and loan balances, to the Ministry of Finance ledgers.

Moreover, the Ministry of Finance had not taken any actions on the outstanding reconciliations.

Details of monies lent by government that could not be substantiated are provided in Table 8.1.

TABLE 8.1: LENDING FUND BALANCES

Type of Loan/Advance	Opening Balance \$	Amount Lent \$	Amount Recovered \$	Balance \$
Private Student	165,391	665,914	725,065	106,240
Students Loans Scheme	3,264,039	652,138	69,800	3,846,377
Tertiary Education	13,139,372	2,680,228	2,426,972	13,392,628
Total	16,568,802	3,998,280	3,221,837	17,345,245

Recommendations

The Ministry of Finance should ensure that Ministries/Departments that administer loans by Government prepare periodic reconciliations of monies lent and recovered.

¹⁶ Section 61 of Finance Management Act 2004

Ministry's Comments

The Ministry has on numerous requests been writing to the respective agencies to forward their reconciliations to MOF, but this has not been forthcoming. However your comments are noted and we will continue to follow up with the agencies on all outstanding reconciliations for 2005 and 2006.

8.2 Loans Approved for Conversion to Grant

The House of Representatives passed a resolution on 8/12/01 for the conversion of \$20 million interest free loan to the Fijian Affairs Board into a grant.¹⁷

Despite being reported in previous audit reports, it was noted that the Ministry of Finance has yet to take appropriate actions to convert loans to Native Land Development Corporation (NLDC), Fijian Affairs Board (FAB) and Fiji Sugar Corporation (FSC) into grants. The loans that are supposed to have been converted to grants are reflected in Table 8.2:

TABLE 8.2 LOANS CONVERTED TO GRANT

Entity	Date of Resolution	Amount \$
NLDC	31/07/95	2,187,372
FAB	08/12/01	20,000,000
FSC	28/09/04	34,000,000
Total		56,187,372

As a result of the Ministry's failure to act on the resolution of Parliament, loans owed to Government have being overstated by \$56,187,372.

Recommendation

The Ministry of Finance should take appropriate actions on the conversion of loans to grants so that the correct amount owed to government is reflected in the Whole of Government financial statements.

Ministry's Comments

Comments are noted. The lending fund framework hopes to standardize operations for those who issue and manage schemes under the Lending fund account. Included in the framework will be the process for future write-offs. Until the Government accounting system is changed to accrual basis these loans that have already been approved for write-offs will still require an allocation as an expenditure in the Budget to offset the lending fund. From this allocation a journal can be passed to effect the removal from the lending fund. However this will have an effect on superficially providing a higher deficit level.

8.3 Inactive Loans

The Lending Fund Account records all advances made by the Government.¹⁸

Audit noted some stagnant loans in the lending fund account for which no additional advances or recoveries were made. The recovery of these loans has become uncertain due to time lapse and poor debt recovery by the Ministry.

¹⁷ Resolution Passed by the House on 08/12/01

¹⁸ Chapter 17 of the Ministry of Finance Accounting Training Manual

Table 8.3 shows details of these inoperative loans.

TABLE 8.3: INACTIVE LOANS

Borrowing Institution	Amount Lent/ Appropriated \$	Balance Outstanding as at 31/12/05 \$	Interest Rates %	Year Lent
Native Land Trust Board	1,199,701	575,617	6	1979 – 1980
Production Loan to Farmers	72,000	16,288	1	1990
Timber Exporters	1,000,000	795,034	Free	1983 – 1984

Although the issue had been raised in previous audit reports, the Ministry has not taken any action to address these inactive loans.

Recommendation

- The Ministry of Finance should review the individual loan accounts and identify the various options available to recover the amounts due to government.
- The Ministry should consider writing-off these loans if deemed irrecoverable, but after exhausting all avenues available to recover these loans.

Ministry's Comments

The comments are noted and we wish to raise that any consideration for the above loans to be written off will need to be set off against an allocation in the budget under the current cash basis of accounting on which our accounts have been prepared on.

9.0 REVOLVING FUND ACCOUNT

9.1 Trading and Manufacturing Account

When the operation of the Trading and Manufacturing Accounts (TMA) are approved by the Ministry of Finance, a financial ceiling is set for the purpose of operating these accounts.¹⁹

It was noted that some operational TMA Accounts did not reflect any payments or receipts or both for the year.

TABLE 9.1: OPERATIONAL TMA ACCOUNTS WITH NO RECEIPTS OR PAYMENTS

Suspense Account	Receipts \$	Payments \$
Bulk Purchase of Drugs	610,658.90	0.00
Fiji Military Forces	56,495.37	0.00
PWD - Concrete Product Labasa	751,031.89	0.00
J.M.S Labasa..	0.00	0.00
J.M.S Suva	0.00	0.00
Lomolomo Starmix	0.00	15,772.37
Lubrication Services	4,076.64	0.00

¹⁹ Circular No. 37 (26/11/84) of Ministry of Finance

Suspense Account	Receipts \$	Payments \$
P.M.S Labasa	0.00	0.00
P.M.S Lautoka	0.00	0.00
P.M.S Suva	0.00	324,507.38

The balances in the Ministry of Finance's ledgers are grossly misstated as they did not reconcile with the Ministries/Departments records. This is further complicated by the Ministries/Departments failure to prepare their Trading and Manufacturing Accounts for the year.

TABLE 9.2: VARIANCES BETWEEN MINISTRY OF FINANCE LEDGERS AND DEPARTMENTS RECORDS

Department	Receipts \$	Payments \$
Bulk Purchase of Drugs		
Ministry of Finance ledgers	610,658.90	0.00
Department's ledgers	778,009.00	469,879.00
Difference	167,350.10	469,879.00
Fiji Military Forces		
Ministry of Finance ledgers	56,495.37	0.00
Department's ledgers	312,799.93	284,536.97
Difference	256,304.56	284,536.97
Government Printing		
Ministry of Finance ledgers	1,900,275.83	2,310,963.46
Department's ledgers	8,485,759.50	7,805,908.44
Difference	6,585,483.67	5,494,944.98
Government Supplies		
Ministry of Finance ledgers	63,435,098.15	64,424,683.47
Department's ledgers	23,949,978.07	23,267,959.65
Difference	39,485,120.08	41,156,723.82

The Ministry of Finance failed to provide satisfactory explanations regarding these significant variances.

Recommendations

- **Ministry of Finance should vigilantly monitor the operations of the TMA and ensure that responsible Ministries/Departments promptly prepare and submit reconciliations TMA Statements to the Ministry.**
- **Ministry of Finance should ensure that appropriate actions are taken on the variances.**

Ministry's Comments

Departments and Ministries were given time from August 2005 to end of January 2006 to reconcile all their accounts as we do not have the manpower to reconcile each and every account operated by them. Also, during the transfer from the old system to the new system, the net balances from each account were transferred across to the new account and not the individual transactions as it would be too much. This contributes to the zero balances in either the receipts or the payments column of the TMA Accounts. After many written and verbal reminders to Departments to submit reconciliations to us, they still did not submit their reconciliation to us on time.

9.2 Unappropriated RFA - Suspense

If any department wishes to set up a revolving fund because of the particular nature of its operations, a detailed paper should be submitted to substantiate the need for the facility²⁰.

The Gravel Washing Plant and Workshop Wages Suspense Account for the Public Works and Infrastructure have the outstanding balance of \$203.63 and \$5,596,275.06 respectively as at 31/12/05. However both the accounts do not have any appropriations, which implies that their operations have not been properly authorized. A similar issue was raised in 2004 Report on the Accounts and Finance of Government.

The balances in the accounts have remained the same as in 2004.

Recommendation

The Ministry of Finance should investigate these accounts and ascertain why they are being operated without any appropriation limits.

Ministry's Comments

Recommendation noted and the officer in charge of TMA will have to get information from the department regarding these accounts.

9.3 Credit Balances for RFA

The Revolving Fund Account by their nature of establishment and operation should always reflect debit balances, representing stock.

It was noted that some Revolving Fund Accounts reflected credit balances as at 31/12/05, where a number have shown these for some years now. Although the issue has been reported in previous audit reports, corrective actions have not been taken to date. Details are shown in Appendix 1.

The credit balances in the Revolving Fund Accounts (Suspense) or TMA have not been included as their correctness could not be substantiated.

Recommendations

- **The Ministry of Finance should play a proactive role in reviewing the operations of TMAs and ensure that Ministries/Departments comply with procedures specified in the Finance Instructions and Ministry of Finance circulars.**
- **The Ministry of Finance and the respective Ministries/Departments should reconcile their Revolving Fund Accounts to eliminate the anomalies.**

Ministry's Comments

Recommendations noted.

²⁰ Para 4 of the Finance Circular No. 10 of 02 April 1982

9.4 Inoperative Accounts

A number of Revolving Fund Accounts (Suspense) have been inoperative for some time now including Marine Shipbuilding & Repairs and Road Transport which have already been corporatised, but no actions have been taken to clear these accounts.

Table 9.3 shows details of the inoperative Revolving Fund Accounts (Suspense).

TABLE 9.3: INOPERATIVE REVOLVING FUND ACCOUNTS (SUSPENSE)

Account Title	Limit \$	Balance as at 31/12/05 \$	Year of Inoperative
Marine Shipbuilding and Repairs	150,000	3,013,634	1998
Fiji Military Forces Air Wing.	200,000	978,585	1996
Commercial Fishing Venture.	75,000	466,894	1996
Industrial Estate Development	440,000	110,904	2001
Prisons	25,000	37,578	2000
Total		4,607,595	

The total outstanding balance as at 31/12/05 of the above accounts amounted to \$4,607,595. Although this issue has been reported in previous audit reports, corrective action has not been taken by the Ministry of Finance.

Recommendation

Ministry of Finance should take necessary steps to close these accounts.

Ministry's Comments

Ministries and Departments do their own postings to the general ledger now and are responsible for any mispostings done. Reports are given to them every end of the month for them to do their reconciliation and make corrections for any mis-allocations.

9.5 Inoperative Account with Receipts and Payments

There have been movements in the balances of some of these inoperative suspense accounts. However, these suspense accounts have ceased operation which has been confirmed by the respective Ministries/Departments that were administering these accounts.

TABLE 9.4: INOPERATIVE ACCOUNT WITH RECEIPT OR PAYMENT BALANCES

Suspense Account	Receipts \$	Payments \$	Ceased Operation
Marine	3,501.17	---	1997
PWD - Workshop Stock.	---	375,397.56	1997
PWD - Gravel Washing Plant.	---	71.66	1995
PWD – Cane Trucks	1,798.75	---	1999

The above anomalies indicate that the Ministry of Finance had erroneously posted entries to these accounts without the knowledge of the Ministries/Departments concerned.

Recommendations

- The Ministry of Finance should ensure that all transactions made by Government are appropriately posted to the correct allocations.
- The Ministry of Finance should review all postings made to the suspense accounts and ensure that reconciled amounts are appropriately posted.

Ministry's Comment

The figures appearing in those accounts are their own postings and this query should be directed to them as why those in-operative accounts have balances in them.

9.6 Monitoring of Revolving Funds Accounts

Departments should forward monthly reconciliation statements to Treasury and ensure that a quarterly Trading Account is prepared for evaluation purposes.²¹ The Ministry of Finance should review the reconciliations upon receipt and highlight any discrepancies.

It was noted that numerous Ministries/Departments failed to submit their reconciliations to Treasury. Details of these Ministries/Departments are shown in Table 9.5.

TABLE 9.5: RECONCILIATIONS NOT SUBMITTED

Department	Month not Submitted
<i>RFA - Miscellaneous</i>	
Health	Oct – Dec 2005
Mineral Resources	Aug-Dec 2005
Forestry	Aug-Dec
ITC	Jul-Dec
Bureau of Statistic	May – Dec
DPP	Jul-Dec
Tourism	Dec
Youth & Sport	Dec
Regional	Dec
<i>RFA-Suspense</i>	
Trade & Commerce	Jan - Dec
Fisheries & Forestry	Jan-Feb, April-June, Aug-Dec
Govt Pharmacy	Jan-Dec
Govt Printing	Dec

There was no evidence to indicate that follow up actions were taken by the Ministry of Finance against the Ministries/Departments highlighted above. Moreover, since a number of issues raised in previous audit reports have not been addressed, it is apparent that the reconciliations submitted by the Ministries/Departments to the Ministry were not appropriately actioned.

²¹ Finance Circular No. 10 2nd April 1982

Recommendation

Ministry of Finance should strengthen its monitoring role on Ministries/Departments revolving fund accounts.

Ministry's Comment

The Ministry is concerned about the continuous delays/non-submission of reconciliations and is putting extra efforts now in ensuring that Ministries/departments comply.

Also, the new Finance Regulations has shifted the accountability of agency financial management to the CEO's who should be monitoring and scrutinizing the activities of their Accounting sections and ensure that their reconciliations are submitted to Ministry of Finance on time.

9.7 Variances between Ministry of Finance and Ministries/Departments Revolving Fund Account Records

The general ledgers from the Ministry of Finance shall be reconciled to the Department/Ministry's general ledger. Any errors or misallocations must be immediately adjusted by way of journal vouchers. The reconciliation statements shall be signed, certified, dated and forwarded to the Ministry of Finance.²²

Audit noted that there were significant variances between various Ministries/Departments and the Ministry of Finance ledgers. The variances were not also verified by Ministry of Finance resulting in this Office's inability to verify the correctness of the amounts disclosed in the financial statements. The total variances noted for TMA-Suspense amounted to \$46,698,375.44 while the RFA-Miscellaneous had a variance of \$2,107,250.34. Details of these variances are in Appendix 5.

Recommendation

The Department/Ministries should take immediate action to reconcile and rectify any errors and misallocations with Ministry of Finance.

Ministry's Comments

Departments/Ministries have already been informed to reconcile and make necessary adjustments to the differences shown in their accounts and should submit reconciliations to Ministry of Finance immediately.

10.0 CONTINGENT LIABILITIES**10.1 Loans Not Raised Against Guarantee Provided**

Guarantees are provided by Government to various entities to enable them to take out loans from financing institutions for either operational or capital purposes.

It was noted that despite the provision of guarantees, loans have yet to be raised by some entities. Details are provided in the table below.

²² Finance Manual (16.3.3 – 16.3.7) 2005

TABLE 10.1: LOANS NOT RAISED AGAINST GUARANTEE

Institutions	Government Guarantee \$	Year Guaranteed
International Hotel Limited	25,000,000	2000
Pacific Cogeneration Limited	53,900,000	2004
Richmond Fiji Limited	13,034,977	2002
Total	91,934,977	

The Ministry of Finance indicated that no loans had been raised by these entities because their respective loan agreement had yet to be signed.

Despite the International Hotel Limited ceasing operations, its guarantee provided by Government is still reflected in the Statement of Contingent Liabilities.

Recommendation

The guarantees made to these institutions should be reviewed and/or revoked.

Ministry's Comments

The comments are noted. A review of the guarantee policy will be conducted in 2007 which will include the all guaranteed loans not yet raised. Discussions have been under way with respective agencies on the outstanding standing guarantees.

10.2 Fiji Sports Council

The Government may guarantee the financial liability of an entity in respect of a loan or otherwise. Any sum payable by the Government in fulfilment of a guarantee is taken to be a loan to the entity whose financial liability has been guaranteed.²³

A guarantee of \$3.2 million was provided by the Government in 1995 for a loan by the Fiji Sports Council from the Fiji National Provident Fund (FNPF) of which \$2,514,717 was outstanding as at 31 December 2004.

This guarantee was called upon by FNPF resulting in Cabinet²⁴ approving that Government repay the Fiji Sports Council's loan. A loan agreement was to have been drawn up between the Council and Government in accordance with the Financial Management Act (2004).

Repayments that were made by Government to the FNPF in 2005 in respect of the Council's loan totalled \$693,539 (2004 & 2005 instalments).

The audit noted that the loan agreement between the Council and Government is yet to be drawn and signed. Hence, contrary to the provisions of the Financial Management Act (2004), there is no record of any loan owed by the Fiji Sports Council to the Government in respect of the repayments that have been made to the FNPF.²⁵

²³ Section 62 of the Financial Management Act (2004)

²⁴ Cabinet Decision of 30 August 2005

²⁵ Section 62(5)(b) of the Financial Management Act (2004)

Recommendation

The Ministry should draw up the loan agreement between the Government and the Council as per Cabinet decision immediately and commence recoveries on the repayments made.

Ministry's Comments

The comments are noted. It is to be noted that its meeting on 30th August 2005, Cabinet agreed that as from 2006 until 2014, Government to service the Council's government guaranteed loan.

10.3 Commitments to Landlords

All Government Guarantees are supposed to be approved by Parliament on the recommendation of the Minister of Finance.

Government had made commitments with some landlords that they will be renting their buildings at agreed rates for periods of between 15 to 20 years. No records of these commitments were available in the Ministry of Finance.

It was indicated that the Office Accommodation section of the Public Service Commission was responsible for such arrangements. Table 10.2 highlights some commitments that the Government had made regarding office accommodation.

TABLE 10.2: COMMITMENTS WITH LANDLORDS

Landlord	LD Reference	Monthly Rent \$ (VEP)	Remarks
Naturubu Mataqali Holdings	15/4/1987	4,773.29	Government commitment for 15 years wef 1.12.96 for the landlord's loan of \$230,000 from FDB for purchase of building.
Duavata Properties Ltd (Namuka House)	15/4/2157	25,108.91	
Macuata Tikina Development Co. Ltd	15/4/1951	32,282.51	Government commitment for 20 years wef 1.7.94
Labasa Tikina Development Co. Ltd (Ro Qomate House)	15/4/2200	30,816.25	Government commitment for 20 years wef 1.6.99. the landlord had obtained a commercial lease of 99 years wef 1.1.97 on which the building's located.
Ra Provincial Holdings Ltd (Vaileka House)	15/4/1953	12,307.50	Long term letting agreement of 19 years wef 1.12.97 was prepared to accommodate governments commitment for the purchase of the Vaileka House
Takayawa Buildings	15/4/2545A 15/4/2545B	6,441.88 6,441.88	

These commitments have not been reflected in the Statement of Contingent Liabilities of Government.

Recommendation

The Ministry of Finance should liaise with the Public Service Commission to determine the value of commitments to rent office space that it has entered into and disclose these in the Statement of Contingent Liabilities.

Ministry's Comments

While noting the comments, the current Government guarantee policy will be revised in 2007, of which a holistic view of all Government's contingent liabilities will be determined and reported appropriately.

APPENDIX 1: Trust Fund Details**Main (True) Trust Fund Balances as at 31/12/05**

Ministry/Department	Balance \$
Ministry of Finance	9,406,251.22
Government Supplies	175,364.61
Provincial Development	1,062,087.70
Immigration Department	7,976,564.14
Ministry of Labour	87,101.54
Judiciary	73,408.49
Ministry of Local Government	36,920.70
Ministry of Agriculture	1,065,764.23
Ministry of Fisheries and Forestry	45,431.82
Mineral Resources	23,135.49
Department of Energy	1,123,943.55
	21,075,973.49
Less: Overdrawn Account	
Attorney General	(412.16)
Department of Work	(156,587.01)
Total Main Trust Fund	20,918,974.32

Operating Trust Fund (Payroll Deductions) Balances as at 31/12/05

Ministry/Department	Balance 31/12/05
Attorney General	284,365.53
Auditor General	27,142.67
Bureau of Statistics	38,280.29
Co-operatives	21,449.10
Director of Public Prosecution	81,363.97
Education	2,954,419.10
Elections Office	39,564.68
Energy	336,649.45
Fiji Maritime Safety Administration	8,098.91
Fiji Military Forces	2,307,136.74
Fijian Affairs	6,623.46
Foreign Affairs	2,267,736.00
Government Printing	37,981.00
Government Supplies	466,734.58
Health	2,235,570.32
Home Affairs	13,955.61
Immigration	16,069.55
Information	4,974.76
Information Technology Services	8,727.62
Judicial	3,978,228.45
Labour	165,092.92
Lands Department	1,427,687.22
Legislature	48,585.41

Ministry/Department	Balance 31/12/05
Local Government	18,194.03
Mineral Resources	49,458.76
Multi Ethnic Affairs	13,892.41
National Planning	24,733.50
National Roads	747,600.06
Ombudsmans Office	6,456.91
Police	1,570,247.62
Prison	3,457.29
Public Enterprise	6,604.91
Public Service Commission	104,504.02
Transport & Civil Aviation	9,565.32
Works	6,897,506.08
Youth & Sports	69,426.35
Water & Sewerage	633,599.04
	26,931,683.64
LESS: OVERDRAWN ACCOUNTS	
Agriculture	(249,990.35)
Cabinet	(87,212.19)
Commerce	(3,293.18)
Fisheries & Forests	(54,629.96)
Justice	(92,111.24)
Meteorological Services	(19,096.72)
Ministry of Finance	(282,727.40)
Presidents Office	(2,493.44)
Provincial Development	(74,769.21)
Social Welfare	(39,807.60)
Tourism	(3,147.92)
Women	(9,069.42)
Total Overdrawn Accounts	(918,348.63)
	26,013,335.01

APPENDIX 2: Trust Fund Variances**Trust Fund Variances Between Ministry of Finance and Ministries/Departments**

Ministry/Department	MOF Ledgers	Min/Dept Ledgers	Variance
	\$	\$	\$
Bureau of Statistics	38,280.29	0.00	38,280.29
Government Supplies	175,364.61	494,962.76	319,598.15
FMF	2,307,136.74	0.00	2,307,136.74
Elections	39,564.68	0.00	39,564.68
Legislature	48,585.41	92,546.56	43,961.15
Roads	747,600.00	1,108,219.00	360,619.00
Works	6,897,506.08	234,986.33	6,662,519.75
Transport and Civil Aviation	9,565.32	32,271.84	22,706.52
Provincial Development	1,062,088.00	889,654.00	172,434.00
DPP	1,743.00	71,219.00	69,476.00
Foreign Affairs	2,267,736.00	1,812,769.00	454,967.00
Justice	(97,892.00)	0.00	97,892.00
Attorney General	12,495.00	276,370.00	263,875.00
Prisons	281,109.00	285,168.00	4,059.00
Judicial	4,046,642.00	8,835,619.00	4,788,977.00
Fijian Affairs	15,376.00	16,735.00	1,359.00
Total	18,105,094.59	14,402,714.95	15,647,425.28

APPENDIX 3: Expenditure Allocations with Significant Variances

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Agricultural Tribunal			
Unestablished Staff	16,984.67	16,502.93	481.74
Maintenance and Operations	13,859.23	9,160.31	4,698.92
Purchase of Goods and Services	2,801.42	7,500.64	4,699.22
Department of Minerals			
Maintenance & Operations	212,706.49	72,602.00	140,104.49
Purchase of Goods & Services	120,166.00	260,570.00	140,404.00
Department of Women & Social Welfare			
Established Staff for Administration	927,181.61	932,521.59	5,339.98
Unestablished Staff for Administration	121,592.39	118,840.14	2,752.25
Travel & Communications for Administration	56,796.61	194,515.66	137,719.05
Maintenance & Operations for Administration	139,786.51	184,066.91	44,280.40
Purchase of Goods & Services for Administration	74,452.08	79,625.31	5,173.23
Operating Grants & Transfers for Administration	428,683.01	470,530.92	41,847.91
Special Expenditures for Administration	17,244.64	17,144.64	100.00
Capital Grants & Transfers for Administration	2,788,484.28	2,807,341.60	18,857.32
Unestablished Staff for Poverty Eradication Unit	5,869.34	6,144.90	275.56
Travel & Communications for Poverty Eradication Unit	9,103.01	9,661.23	558.22
Maintenance & Operations for Poverty Eradication Unit	12,832.43	12,395.10	437.33
Maintenance & Operations for Institutional Services	25,588.87	26,082.80	493.93
Value Added Tax for Institutional Services	20,605.17	10,824.26	9,780.91
Established Staff for Field Services	1,029,421.58	979,407.87	50,013.71
Travel & Communications for Field Services	41,342.50	56,676.72	15,334.22
Maintenance & Operations for Field Services	67,218.29	66,806.74	411.55
Operating Grants & Transfers for Field Services	13,985,330.56	13,756,993.15	228,337.41
Special Expenditures for Field Services	14,544.50	10,444.50	4,100.00
Value Added Tax for Field Services	177,711.46	83,874.73	93,836.73
Established Staff for Women & Gender Development	541,859.36	0.00	541,859.36
Unestablished Staff for Women & Gender Development	48,030.25	0.00	48,030.25
Travel & Communications for Women & Gender Development	51,007.21	0.00	51,007.21
Maintenance & Operations for Women & Gender Development	52,380.30	0.00	52,380.30
Purchase of Goods & Services for Women & Gender Development	6,561.64	0.00	6,561.64
Capital Grants & Transfers for Women & Gender Development	264,290.27	0.00	264,290.27
Value Added Tax for Women & Gender Development	100,152.08	0.00	100,152.08
Elections			
Established Staff	192,111.48	191,044.16	1,067.32
Travel and Communication	14,332.75	14,851.87	519.12
Maintenance and Operation	123,462.22	54,767.38	68,694.84
Special Expenditure	6,883,180.91	7,262,288.47	379,107.56

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Energy			
Established Staff	399,786.19	309,559.83	90,226.36
Unestablished Staff	33,634.66	38,710.58	5,075.92
Travel and Communications	26,454.85	22,683.49	3,771.36
Maintenance & Operations	40,201.01	33,266.94	6,934.07
Purchase of Goods & Services	4,868.00	24,129.27	19,261.27
Special Expenditures	17,231.02	394.02	16,837.00
Capital Construction	238,117.08	180,314.64	57,802.44
Capital Purchase	6,452.38	0.00	6,452.38
Capital Grants & Transfers	5,998,098.43	5,808,407.45	189,690.98
Value Added Tax	98,334.67	7,567.98	90,766.69
Fiji Military Forces			
Established Staff for Administration	6,990,829.19	8,411,564.00	1,420,734.81
Travel & Communications for Administration	555,657.95	542,988.00	12,669.95
Maintenance & Operations for Administration	492,618.15	421,894.00	70,724.15
Purchase of Goods and Services for Administration	91,874.28	54,973.00	36,901.28
Special Expenditure for Administration	1,252,825.81	190,880.00	1,061,945.81
Capital Constructions for Administration	976,027.00	176,027.00	800,000.00
Capital Purchase for Administration	515,474.80	752.00	514,722.80
VAT for Administration	783,929.00	783,612.00	317.00
Established Staff for Logistics Support Unit	5,931,500.83	6,902,472.00	970,971.17
Maintenance & Operations for Logistics Support Unit	700,512.76	725,428.00	24,915.24
Purchase of Goods & Services for Logistics Support Unit	3,562,401.13	4,836,589.00	1,274,187.87
Capital Purchase for Logistics Support Unit	195,649.48		195,649.48
VAT for Logistics Support Unit	2,269,370.47	1,769,370.00	500,000.47
Established Staff for 3 FIR	14,272,187.26	14,255,991.00	16,196.26
Maintenance & Operations for 3 FIR		25,847.00	25,847.00
Purchase of Goods and Services for 3 FIR	42,904.55	10,086.00	32,818.55
VAT for 3 FIR	2,258,462.31	1,006,687.00	1,251,775.31
Established Staff for FMF Engineers	6,005,530.72	5,985,194.00	20,336.72
Maintenance & Operations for FMF Engineers	302,620.99	(494,833.00)	797,453.99
Established Staff for FMF Naval Division	4,761,833.24	4,741,152.00	20,681.24
Maintenance & Operations for FMF Naval Division	770,960.59	804,914.00	33,953.41
Purchase of Goods and Services for FMF Naval Division	374,439.69	392,070.00	17,630.31
Established Staff for Territorial Force	652,449.25	(260,707.00)	913,156.25
Established Staff for Iraq Mission	6,054,343.20	6,937,416.00	883,072.80
VAT for Iraq Mission	129,472.99		129,472.99
Established Staff for Peace Keeping Force, Sinai	9,477,102.50	9,447,742.00	29,360.50
Purchase of Goods and Services for Peace Keeping Force, Sinai	335,214.57	550,145.00	214,930.43
VAT for Peace Keeping Force, Sinai	2,235,300.10	935,300.00	1,300,000.10
Established Staff for Force Training Group	2,671,923.01	2,657,131.00	14,792.01
Travel & Communications for Force Training Group	37,648.38	35,881.00	1,767.38
Purchase of Goods and Services for Force Training Group	49,127.91	55,292.00	6,164.09

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Established Staff for Land Force Command	2,585,745.09	2,516,484.00	69,261.09
Unestablished Staff for Land Force Command	86,550.68	87,081.00	530.32
Travel & Communications for Land Force Command	149,090.74	150,345.00	1,254.26
Maintenance & Operations for Land Force Command	275,508.04	269,658.00	5,850.04
Purchase of Goods and Services for Land Force Command	59,766.93	67,644.00	7,877.07
Established Staff for East Timor		2,068,384.00	2,068,384.00
Travel & Communications for East Timor		6,119.00	6,119.00
Maintenance & Operations for East Timor		2,740.00	2,740.00
Purchase of Goods and Services for East Timor		696.00	696.00
VAT for East Timor		277,310.00	277,310.00
Immigration			
Maintenance and Operations	254,846.65	34,104.86	220,741.79
Purchases of Goods & Services	76,217.36	296,959.15	220,741.79
ITC			
Travel and Communications	507,328.22	25,837.91	481,490.31
Maintenance & Operations	1,092,805.97	1,071,267.06	21,538.91
Purchases of Goods & Services	94,782.56	597,397.76	502,615.20
Capital Purchases	3,498,999.89	3,289,732.35	209,267.54
Value Added Tax	821,499.84	821,569.18	69.34
Legislature			
Established Staff for Administration	1,658,273.99	233,580.05	1,424,693.94
Unestablished Staff for Administration	477,227.30	399,348.94	77,878.36
Travel and Communications for Administration	693,297.46	381,296.46	312,001.00
Maintenance and Operations for Administration	910,335.52	216,558.07	693,777.45
Purchase of Goods and Services for Administration	100,698.58	294,303.58	193,605.00
Special Expenditure for Administration	3,514,352.46	2,560,048.25	954,304.21
Capital Purchase for Administration	18,799.11	34,511.11	15,712.00
VAT for Administration	1,004,543.33	599,742.32	404,801.01
Established Staff for House of Representatives	2,138,792.65	432,408.20	1,706,384.45
Travel and Communication for House of Representatives	587,260.95	203,679.02	383,581.93
Maintenance and Operations for House of Representatives	25,239.26	1,309.36	23,929.90
Purchase of Goods and Services for House of Representatives	104,339.26	38,105.36	66,233.90
Operating Grants and Transfers for House of Representatives	41,228.79	668,721.64	627,492.85
Special Expenditure for House of Representatives	298,135.21	2,461.37	295,673.84
VAT for House of Representatives	426,020.46	334,010.36	92,010.10
Established Staff for Senate	844,406.36	124,072.05	720,334.31
Travel and Communication for Senate	352,560.01	133,014.56	219,545.45
Maintenance and Operations for Senate	18,440.54	1,845.85	16,594.69
Purchase of Goods and Services for Senate	64,686.07	41,252.90	23,433.17
Special Expenditure for Senate	86,536.75	3,600.00	82,936.75
VAT for Senate	176,178.16	136,274.69	39,903.47
Established Staff for Opposition Office	212,012.98	60,319.10	151,693.88

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Unestablished Staff for Opposition Office	24,972.88		24,972.88
Travel and Communications for Opposition Office	24,972.88	28,699.42	3,726.54
Maintenance and Operations for Opposition Office	24,890.04	1,580.87	23,309.17
Purchase of Goods and Services for Opposition Office	18,510.34	24,750.38	6,240.04
VAT for Opposition Office	33,934.38	25,962.59	7,971.79
Ministry of Finance			
Travel & Communications for Administration	53,385.36	53,405.36	20.00
Purchases of Goods & Services for Administration	19,260.74	19,165.00	95.74
Value Added Tax for Administration	161,897.10	15,494.92	146,402.18
Purchases of Goods & Services for Accounting & Financial Services Division	15,144.13	15,098.00	46.13
Value Added Tax for Accounting & Financial Services Division	114,979.52	35,910.29	79,069.23
Travel & Communications for Budget Management & Economic Policy	31,049.16	3,858.42	27,190.74
Value Added Tax for Budget Management & Economic Policy	86,811.42	7,742.03	79,069.39
Value Added Tax for Asset Management Unit	180,127.51	2,485.48	177,642.03
Travel & Communications for Internal Audit, Surcharge & Compliance Unit	31,793.41	30,944.00	849.41
Maintenance & Operations for Internal Audit, Surcharge & Compliance Unit	10,352.47	9,912.00	440.47
Value Added Tax for Internal Audit, Surcharge & Compliance Unit	105,483.83	3,986.39	101,497.44
Capital Purchases for Financial Management Reform	4,924,672.89	4,906,345.37	18,327.52
Value Added Tax for Financial Management Reform	549,124.39	492,342.48	56,781.91
Ministry of Home Affairs			
Travel and Communications	110,748.24	106,937.83	3,810.41
Maintenance and Operations	66,240.57	129,910.98	63,670.41
Purchases of Goods & Services	125,715.60	124,961.38	754.22
Special Expenditures	142,498.21	155,548.18	13,049.97
Ministry of Information			
Purchases of Goods & Services for Administration	59,460.50	59,408.25	52.25
Purchases of Goods & Services for Film and Television Services/Production	91,438.80	82,896.58	8,542.22
Ministry of Local Government, Housing, Squatter Settlement And Environment			
Established Staff for Administration	742,025.26	741,813.59	211.67
Unestablished Staff for Administration	79,431.09	79,368.60	62.49
Travel & Communications for Administration	76,479.03	75,704.67	774.36
Maintenance & Operations for Administration	97,264.83	64,606.25	32,658.58
Operating Grants & Transfers for Administration	1,046,170.32	1,041,093.43	5,076.89
Capital Construction for Administration	2,442,965.98	1,896,675.70	546,290.28
Capital Grants & Transfers for Administration	2,547,810.00	647,810.00	1,900,000.00
Operating Grants & Transfers for Local Government	1,109,964.18	1,000,000.00	109,964.18
Value Added Tax for Local Government	4,690.26	8,655.78	3,965.52

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Established Staff for Environment Management Unit	167,885.20	169,499.69	1,614.49
Unestablished Staff for Environment Management Unit	19,097.53	18,678.36	419.17
Travel & Communications for Environment Management Unit	13,110.26	13,799.95	689.69
Maintenance & Operations for Environment Management Unit	21,301.60	7,631.73	13,669.87
Purchase of Goods & Services for Environment Management Unit	8,587.66	15,073.19	6,485.53
Special Expenditures for Environment Management Unit	402,921.29	295,981.58	106,939.71
Capital Construction for Environment Management Unit	95,691.91	97,550.01	1,858.10
Value Added Tax for Environment Management Unit	57,169.73	19,431.99	37,737.74
Established Staff for Town & Country Planning	401,425.09	400,410.75	1,014.34
Unestablished Staff for Town & Country Planning	16,680.20	16,571.20	109.00
Travel & Communications for Town & Country Planning	20,384.69	20,526.91	142.22
Maintenance & Operations for Town & Country Planning	22,389.44	7,129.08	15,260.36
Value Added Tax for Town & Country Planning	36,634.26	31,432.26	5,202.00
Ministry of Transport & Civil Aviation			
Maintenance and Operations	73,854.50	34,674.16	39,180.34
Purchase of Goods and Services	2,238.11	41,418.45	39,180.34
Maintenance and Operations for Civil Aviation	16,364.61	6,711.60	9,653.01
Purchase of Goods and Services for Civil Aviation	6,904.18	16,557.19	9,653.01
Maintenance and Operations for Transport Planning Unit	28,337.21	11,127.07	17,210.14
Purchase of Goods and Services for Transport Planning Unit	21,687.07	38,897.21	17,210.14
Unestablished Staff for Government Shipping Services	2,412,986.55	2,343,071.45	69,915.10
Maintenance and Operations for Government Shipping Services	1,927,280.69	2,055,008.61	127,727.92
Purchase of Goods and Services for Government Shipping Services	468,311.03	324,893.93	143,417.10
Capital Purchase for Government Shipping Services	1,906,555.33	1,961,877.74	55,322.41
Maintenance and Operations for Meteorological Services	153,598.76	45,777.97	107,820.79
Purchase of Goods and Services for Meteorological Services	21,607.19	129,427.98	107,820.79
Maintenance and Operations for Reporting & Facilities	30,938.42	15,900.04	15,038.38
Purchase of Goods and Services for Reporting & Facilities	6,907.35	21,945.73	15,038.38
Maintenance and Operations for Weather Forecasting Services	104,556.31	86,493.72	18,062.59
Purchase of Goods and Services for Weather Forecasting Services	142,370.48	160,433.07	18,062.59
Purchase of Goods and Services for Climatology	1,458.01	0.00	1,458.01
Travel and Communications for FIMSA Administration	26,688.72	34,910.99	8,222.27
Maintenance and Operations for FIMSA Administration	39,395.20	11,654.72	27,740.48
Purchase of Goods and Services for FIMSA Administration	14,038.07	33,350.21	19,312.14
Capital Purchase for FIMSA Administration	24,963.45	23,080.90	1,882.55
Maintenance and Operations for Shipping Office Regulatory	40,286.93	22,417.81	17,869.12
Purchase of Goods and Services for Shipping Office Regulatory	36,712.48	54,581.60	17,869.12
Capital Purchase for Shipping Office Regulatory	19,147.73	47,317.40	28,169.67
Travel and Communications for Hydrographic	7,834.59	7,767.14	67.45
Maintenance and Operations for Hydrographic	186,760.29	177,910.97	8,849.32
Purchase of Goods and Services for Hydrographic	7,221.55	16,070.87	8,849.32
Ministry of Youth & Sports			
Established Staff for Youth Development	687,138.26	687,811.00	672.74

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Unestablished Staff for Youth Development	68,518.40	74,766.00	6,247.60
Maintenance & Operations for Youth Development	71,545.34	65,731.00	5,814.34
Capital Construction for Youth Development	131,794.06	134,001.00	2,206.94
Maintenance & Operations for Development, Research and Public Relations	15,697.79	1,980.00	13,717.79
Purchase of Goods & Services for Development, Research and Public Relations	1,784.88	15,505.00	13,720.12
Operating Grants & Transfers for Sports Development	813,856.31	813,766.00	90.31
Multi Ethnic Affairs			
Maintenance and Operations	67,445.19	64,955.51	2,489.68
Purchases of Goods & Services	164,456.63	166,946.31	2,489.68
National Planning Office			
Established Staff	804,960.68	775,821.00	29,139.68
Unestablished Staff	38,907.30	41,366.00	2,458.70
Maintenance and Operations	144,314.49	27,784.00	116,530.49
Purchase of Goods and Services	20,791.22	70,237.00	49,445.78
Special expenditures	13,228.22	16,360.00	3,131.78
Value Added Tax	115,265.26	124,318.00	9,052.74
National Roads			
Established Staff for Roads, Airstrips & Jetties	1,647,884.43	1,643,687.00	4,197.43
Unestablished Staff for Roads, Airstrips & Jetties	902,133.36	907,524.00	5,390.64
Travel and Communications for Roads, Airstrips & Jetties	7,616.23	14,471.00	6,854.77
Maintenance & Operations for Roads, Airstrips & Jetties	76,135.94	0.00	76,135.94
Purchase of Goods & Services for Roads, Airstrips & Jetties		243,389.00	243,389.00
Unestablished Staff for New Roads & Bridges		2,425,158.00	2,425,158.00
Maintenance & Operations for New Roads & Bridges		2,906,418.00	2,906,418.00
Purchase of Goods & Services for New Roads & Bridges		642,587.00	642,587.00
Capital Construction for New Roads & Bridges	9,454,468.38	864,029.00	8,590,439.38
Value Added Tax	1,232,092.05	684,313.00	547,779.05
Unestablished Staff for Maintenance of Roads & Bridges	9,069,207.79	11,502,257.00	2,433,049.21
Purchase of Goods & Services for Maintenance of Roads & Bridges	3,563,444.28	4,800,916.00	1,237,471.72
Capital Construction for Maintenance of Roads & Bridges	19,488,521.91	15,911,732.00	3,576,789.91
Unestablished Staff for Outer Island Jetties	62,930.43	60,471.00	2,459.43
Capital Construction for Outer Island Jetties	1,240,293.88	1,239,049.00	1,244.88
Capital Construction for Fiji Road Upgrading Project	11,178,727.88	11,237,398.00	58,670.12
Office of the Ombudsman			
Established Staff	372,744.46	370,901.99	1,842.47
Unestablished Staff	29,302.12	27,020.04	2,282.08
Travel and Communications	16,965.55	12,160.87	4,804.68
Maintenance and Operations	24,453.86	26,624.88	2,171.02
Purchases of Goods & Services	4,167.87	2,339.90	1,827.97

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Operating Grants & Transfers	959,124.66	959,050.06	74.60
Special Expenditures	17,160.29	17,692.34	532.05
Value Added Tax	52,466.18	56,527.09	4,060.91
Office of the President			
Maintenance and Operations	278,648.46	277,216.82	1,431.64
Police			
Established Staff for Commissioner of Police	3,464,366.16	3,514,063.55	49,697.39
Unestablished Staff for Commissioner of Police	26,560.28	31,732.01	5,171.73
Travel and Communications for Commissioner of Police	2,379,229.56	2,382,331.68	3,102.12
Maintenance and Operations for Commissioner of Police	1,792,917.79	1,591,666.12	201,251.67
Purchases of Goods & Services for Commissioner of Police	2,753,604.94	2,612,058.50	141,546.44
Capital Construction for Commissioner of Police	130,209.65	127,681.05	2,528.60
Capital Purchase for Commissioner of Police	889,373.15	848,762.88	40,610.27
Value Added Tax for Commissioner of Police	1,174,868.25	1,164,314.17	10,554.08
Established Staff for Special Branch	1,587,313.27	1,554,008.83	33,304.44
Travel and Communications for Special Branch	37,132.65	9,255.31	27,877.34
Purchases of Goods & Services for Special Branch	499,700.39	499,127.25	573.14
Value Added Tax for Special Branch	244,675.60	244,731.67	56.07
Established Staff for Criminal Investigation Department	6,081,438.81	5,929,696.66	151,742.15
Purchases of Goods & Services for Criminal Investigation Department	38,546.98	34,096.78	4,450.20
Value Added Tax for Criminal Investigation Department	793,207.28	792,982.27	225.01
Established Staff for Corporate Services	1,813,047.69	1,770,462.61	42,585.08
Maintenance and Operations for Corporate Services	2,021,220.54	2,009,386.61	11,833.93
Purchases of Goods & Services for Corporate Services	67,275.89	66,746.63	529.26
Capital Construction for Corporate Services	237,291.10	36,201.23	201,089.87
Value Added Tax for Corporate Services	476,750.89	475,306.48	1,444.41
Established Staff for Professional Standards & Prosecution	1,744,249.63	1,694,261.76	49,987.87
Unestablished Staff for Professional Standards & Prosecution	95,148.91	89,973.13	5,175.78
Travel and Communications for Professional Standards & Prosecution	25,644.22	24,751.72	892.50
Purchases of Goods & Services for Professional Standards & Prosecution	261,589.57	231,842.55	29,747.02
Special Expenditures for Professional Standards & Prosecution	565,422.52	181,420.76	384,001.76
Value Added Tax for Professional Standards & Prosecution	252,547.69	249,112.89	3,434.80
Established Staff for General Uniform	28,078,026.09	27,517,490.57	560,535.52
Travel and Communications for General Uniform	1,129,175.41	1,115,996.46	13,178.95
Maintenance and Operations for General Uniform	71,275.17	68,959.53	2,315.64
Purchases of Goods & Services for General Uniform	710,587.34	684,301.93	26,285.41
Value Added Tax for General Uniform	4,309,625.34	4,303,496.88	6,128.46
Public Service Commission			
Established Staff for Management Division	490,077.10	491,549.90	1,472.80
Established Staff for Employee Relations	721,691.78	721,558.15	133.63

Description	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Water & Sewerage			
Maintenance & Operations for Regional & Urban Supplies	0.00	(50.00)	50.00
Special Expenditure for Regional & Urban Supplies	0.00	4,102.00	4,102.00
Capital Constructions for Regional & Urban Supplies	30,940,057.50	30,940,074.00	16.50
Unestablished Staff for Maintenance & Operations	5,596,701.08	5,596,723.00	21.92
Maintenance & Operation	17,965,143.24	17,965,193.00	49.76
Capital Construction for Maintenance & Operations	0.00	(11,248.00)	11,248.00
VAT for Maintenance & Operations	2,618,372.15	2,618,374.00	1.85
Capital Constructions for Development of Urban Services	6,959,958.98	6,924,522.00	35,436.98
Established Staff for Maintenance of Urban Systems	34,380.30	34,335.00	45.30
Capital Construction for Maintenance of Urban Systems	0.00	(153.00)	153.00
Works			
Established Staff for Administration	3,457,153.19	3,380,551.00	76,602.19
Unestablished Staff for Administration	1,340,882.62	877,839.00	463,043.62
Travel & Communications for Administration	418,866.31	387,087.00	31,779.31
Maintenance & Operations for Administration	21,069.96	2,915.00	18,154.96
Purchase of Goods & Services for Administration	496,664.87	547,088.00	50,423.13
Special Expenditure for Administration	3,103,975.02	1,000,880.00	2,103,095.02
VAT for Administration	955,936.01	568,931.00	387,005.01
Unestablished Staff for Maintenance & Operations of Public Buildings	2,346,078.90	2,425,158.00	79,079.10
Maintenance & Operation Expenses for Maintenance & Operations of Public Buildings	3,357,425.35	2,906,418.00	451,007.35
Purchase of Goods & Services for Maintenance & Operations of Public Buildings	594,777.77	642,587.00	47,809.23
Capital Constructions for Maintenance & Operations of Public Buildings	915,148.47	864,029.00	51,119.47
VAT for Maintenance & Operations of Public Buildings	864,345.88	684,313.00	180,032.88
Established Staff for Design & Costing Services	1,117,054.87	1,133,373.00	16,318.13
Travel & Communications for Design & Costing Services	9,593.05	6,873.00	2,720.05
Maintenance & Operation for Design & Costing Services	2,389.05	3,026.00	636.95
Purchase of Goods & Services for Design & Costing Services	1,045.85	1,502.00	456.15
VAT for Design & Costing Services	99,376.03	1,187.00	98,189.03
Established Staff for Construction Services	756,827.09	755,527.00	1,300.09
Unestablished Staff for Construction Services	910,022.16	859,126.00	50,896.16
Travel & Communications for Construction Services	8,542.38	2,508.00	6,034.38
Purchase of Goods & Services for Construction Services	2,682.98	1,813.00	869.98
VAT for Construction Services	147,955.05	119,496.00	28,459.05
Established Staff for Plant Pool	253,929.80	253,558.00	371.80
Travel & Communications for Plant Pool	1,110.14	400.00	710.14
Maintenance & Operation for Plant Pool	1,160.17		1,160.17
Purchase of Goods & Services for Plant Pool		540.00	540.00
Capital Purchases for Plant Pool	1,507,174.33	1,515,210.04	8,035.71
VAT for Plant Pool	122,386.71	209,658.65	87,271.94

Description	MoF Ledgers \$	Min/Dept Ledgers \$	Variances \$
Established Staff for Workshops	612,674.14	610,659.00	2,015.14
Travel & Communications for Workshops	12,230.03	2,858.00	9,372.03
Maintenance & Operation for Workshops	95,613.14	30,162.00	65,451.14
Purchase of Goods & Services for Workshops	21,914.72	17,487.00	4,427.72
Capital Constructions for Workshops	785,908.58	695,014.00	90,894.58
VAT for Workshops	105,665.73	141,824.00	36,158.27
Unestablished Staff for Freight and Handling	115,949.81	103,736.00	12,213.81
Purchase of Goods & Services for Freight and Handling	27,881.11	28,049.00	167.89
VAT for Freight and Handling	13,659.64	9,019.00	4,640.64
Established Staff for Other Suspense Accounts	256,441.20	258,214.00	1,772.80
VAT for Other Suspense Accounts	22,855.34		22,855.34
Established Staff for Electrical Services	233,922.59	234,721.00	798.41
Unestablished Staff for Electrical Services	358,768.25	334,876.00	23,892.25
Travel & Communications for Electrical Services	10,773.18	16,253.00	5,479.82
Maintenance & Operation for Electrical Services	20,382.58	1,671.00	18,711.58
Purchase of Goods & Services for Electrical Services	2,401.57	2,439.00	37.43
Capital Constructions for Electrical Services	427,530.71	425,582.00	1,948.71
VAT for Electrical Services	73,473.56	75,722.00	2,248.44
Unestablished Staff for Maintenance of Electrical Services	59,111.85	15,703.00	43,408.85
Maintenance & Operation Expenses for Maintenance of Electrical Services	968,516.75	636,993.00	331,523.75
Purchase of Goods & Services for Maintenance of Electrical Services	10,293.36	12,926.00	2,632.64
VAT for Maintenance of Electrical Services	116,407.29	91,281.00	25,126.29
Total			62,798,722.40

APPENDIX 4: Revolving Fund Accounts with Credit Balances

Revolving Fund Account	Balance as at 31/12/005 \$	Reasons
<i>Miscellaneous</i>		
Attorney-Generals Chambers	1,234.25	The reason for the credit balance was due to misallocation by the Chamber.
Trade and Commerce	150,710.76	The credit balance of 4148,288.39 is due to the introduction of the Micro-Finance Loan Scheme in 2001 with a ceiling of \$200,000. This project is ongoing until Cabinet decides to stop the project, then the funds will be transferred.
Election	260.00	No reconciliation was prepared by the Elections Department for the months of August to December 2005. The accounts officer said that they were unaware of the requirement.
Public Service Commission	17,970.34	The Revolving Fund Account ledgers generated by the Ministry of Finance had a credit balance of \$17,970 as at 31/12/05, a decline of \$18,116 from 2004. According to the Commission's records, only two accountable advances given in 2005 totalling \$1,987 were outstanding as at 31/12/05. The difference of \$19,958 between the Commission's and the Ministry of Finance's records for the two years is attributed to the errors incurred while reproducing data under the new Financial Management Information System which was not regularised.
Ombudsman	45,784.17	Due the adoption of the new chart of accounts, the closing balances from July 2005 were not carried forward to August 2005. When the Department was clearing accountable advances between August to December, there were no corresponding debit balances in the ledger resulting in the credit balance, which were not rectified by the Department.
Fiji Military Forces	74,342.88	The Department did not provide the details of the credit balances.
Meteorological Services	60.00	In regards to our Revolving Fund Account, the balance of 60.00 was an error of transfer made by Finance from the old account to the new Chart of Accounts as the account had a zero balance at the end of July. However, when the transfers were made in August to the new FMIS this credit had appeared with details of OPR to an officer not from this department.
President	32,993.96	Due the adoption of the new chart of accounts, the closing balances from July 2005 were not carried forward to August 2005. When the Department was clearing accountable advances between August to December, there were no corresponding debit balances in the ledger resulting in the credit balance, which were not rectified by the Department. Audit noted that the President's Office failed to maintain records of its Revolving Fund consequently the reconciliation was not prepared. Previously, the Revolving Fund Account records were maintained by the Office of the Prime Minister, however, when the new Chart of Account came into effect, the Office was required to maintained its own records and carry out monthly reconciliations.

Revolving Fund Account	Balance as at 31/12/005 \$	Reasons
National Roads	8,705.17	
FIMSA	2,955.80	
Total	335,017.33	

APPENDIX 5: Variances between Ministry of Finance and Ministries/Departments Expenditure Ledgers

RFA – Suspense [TMA]

Departments	MoF Ledgers \$	Min/Dept Ledgers \$	Variances \$
Bulk Purchase of Drugs	(1,011,311.67)	0.00	1,011,311.67
Commercial Fishing Venture	466,893.58	0.00	466,893.58
Commercial Undertaking (Forestry)	41,062.35	170,012.52	128,950.17
Drainage, Irrigation & Conservation Works	1,425,459.19	0.00	1,425,459.19
Trade and Commerce	(8,283.78)	2120.53	10,404.31
Fiji Military Forces Air Wing	978,585.23	0.00	978,585.23
Industrial Estates Development	110,903.52	0.00	110,903.52
Livestock Undertaking	1,733,813.59	0.00	1,733,813.59
Marine	203,734.76	0.00	203,734.76
Marine Shipbuilding and Repairs	3,013,633.68	0.00	3,013,633.68
Nautical Chart Project-Marine	(51,845.06)	(2,984.92)	48,860.14
Printing and Stationery	673,343.34	(2,611,832.16)	3,285,175.50
Prisons	37,577.61	0.00	37,577.61
Fiji Military Forces	(103,347.06)	0.00	103,347.06
Supplies	6,123,932.27	4,161,714.00	1,962,218.27
Public Works and Infrastructure	32,177,507.16	0.00	32,177,507.16
Total			46,698,375.44

RFA-Miscellaneous

Departments	MoF Ledgers \$	Min/Dept Ledgers \$	Variances \$
Cabinet Office	416,557.64	(62,439.00)	478,996.64
Attorney - General's Chamber.	(1,234.25)	0.00	1,234.25
Mineral Resources	7,455.79	0.00	7,455.79
Fijian Affairs.	2.50	1,495.00	1,492.50
Health.	301,694.80	304,077.80	2,383.00
Lands.	179,111.39	0.00	179,111.39
Housing & Urban..	3,846.23	4,087.62	241.39
Marine & Civil Aviation	315,789.67	910.73	314,878.94
Election	(260.00)	0.00	260.00
Agriculture.	683,563.62	0.00	683,563.62
Public Service Commission.	(17,970.34)	1,987.00	19,957.34
Ombudsman.	(45,784.17)	0.00	45,784.17
Fiji Military Forces	(74,342.88)	(265,450.36)	191,107.48
Justice	89,134.78	89,625.11	490.33
Meteorological Services	(60.00)	0.00	60.00
Public Works and Infrastructure	(7,758.74)	0.00	7,758.74
President	(32,993.69)	0.00	32,993.69
National Roads	(8,705.17)	0.00	8,705.17
Multi Ethnic Affairs	18,368.02	0.00	18,368.02

Departments	MoF Ledgers	Min/Dept Ledgers	Variances
	\$	\$	\$
Auditor-General	11,369.68	0.00	11,369.68
National Planning	9,176.87	0.00	9,176.87
Bureau of Statistics	67,325.95	0.00	67,325.95
Youth, Employment Opportunities and Sports.	13,043.91	0.00	13,043.91
Director of Public Prosecutions.	6,630.30	(250.00)	6,880.30
Tourism	131.30		131.3
Public Enterprises.	1,524.07		1,524.07
FIMSA.	(2,955.80)		2,955.80
Total			2,107,250.34