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Report No. EAP-18a

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

THE ECONOMIC PROSPECTS
OF
FIJI

October 6, 1970

East Asia and Pacific Department

CURRENCY EQUIVALENTS

U.S.	\$1.00	F\$ 0.87
F.	\$1.00	US\$ 1.15

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Basic Data

Area: 7,055 square miles

Political Status: British Crown Colony with independence scheduled on October 10, 1970

Racial Composition of Population:

Fijian	42%
Indian	50%
Others	8%

Density: 75 per sq. mile
285 per sq. mile of arable land

	1969 <u>Actual</u>	1970 <u>Estimate</u>	<u>Average Annual Growth Rate 1965-1969 (percent)</u>
Population (mid-year)	513,900	526,500	2.7
<u>Gross National Product</u> in current prices (F\$ million)	173.0	187.7	7.9
<u>GNP at 1965 prices (F\$ million)</u>			
Consumption			
Private	105.7	110.3	2.4
Government	18.9	20.2	4.8
Investment			
Private fixed capital formation	28.8	32.4	16.8
Government fixed capital formation	10.5	11.7	9.5
Addition to stocks	1.3	1.6	-
Net exports of goods and services	-3.4	-7.3	-
Net factor income from abroad	-5.9	-6.2	-
Gross National Product	155.9	162.7	5.2
GNP per capita (F\$)	303	309	2.3
<u>Gross Domestic Product</u> (F\$ million, at current prices)			
Agriculture	46.2	48.2	3.6
Mining and manufacturing	21.4	21.9	5.8
Construction, power and transport	28.5	32.6	17.8
Trade and finance	26.1	28.2	5.3
Rental and services, n.e.s.	41.4	46.7	10.9
<u>Public Finance (F\$ million)</u>			
Current revenues	37.6	36.8	10.5
Current expenditures	34.4	35.7	9.7
Surplus	3.1	1.1	19.5
Capital Expenditures	8.5	11.4	5.7

	<u>1969</u> Actual	<u>1970</u> Estimate	<u>Average Annual</u> <u>Growth Rate</u> <u>1965-1969</u> <u>(percent)</u>
<u>Money and Banking (F\$ million)</u>			
Money supply	33.6	n. a.	10.0
Time and savings deposit	24.5	n. a.	10.6
Total bank credit outstanding	17.2	n. a.	9.0
<u>Price Indices</u>			
Retail price (1960 = 100)	127.3	n. a.	2.4
Export price (1965 = 100)	108	n. a.	2.0
<u>Balance of Payments (F\$ million)</u>			
Merchandise exports, f.o.b.	47.2	48.3	5.4
Merchandise imports, f.o.b.	63.1	72.1	7.5
Trade Balance	-15.9	-23.8	-
Net invisibles	4.6	7.9	-1.1
Net transfers	2.9	n. a.	4.8
Balance on current account	-8.4	n. a.	
<u>Tourist Receipts (F\$ million)</u>	20.9	26.7	29
<u>Commodity concentration of domestic exports (1969)</u>			
Sugar products	65.9%		
Coconut products	10.4%		
Gold	7.7%		
<u>External Public Debt as of December 31, 1969</u>			
Total debt outstanding		US \$ 10,205,000	
Total annual debt service (1969)		US \$ 938,000	
Debt service as percentage of exports of goods and non-factor services		0.7%	

SUMMARY AND CONCLUSIONS

- i. The previous Bank economic report on the economy of Fiji (EA-172a) was issued on June 16, 1968. Fiji, a group of South Pacific islands on the main trade routes between North America and Australasia, is a primarily agricultural economy which is still largely dependent on sugar and copra exports but places increasing reliance on tourism for economic growth. It will become independent on October 10, 1970.
- ii. The performance of the economy over the last five years has been satisfactory. Gross domestic product expanded at an average annual rate of 5.0 percent in real terms and GNP at 5.9 percent, although there were very considerable fluctuations over this period. Gross investment in real terms increased by 13 percent annually and could reach 28 percent of GNP in 1970. With a decline in population growth from 3.0 to 2.4 percent between 1966 and 1969, attributable at least partly to an effective family planning program, per capita income grew at 2.3 percent per annum. Private per capita consumption, however, is only now approaching the level achieved in 1965, and the rate of unemployment appears to be rising beyond 6 percent.
- iii. There has been a significant change in the structure of the economy since 1966. The shares of agriculture, mining and manufacturing in GDP declined from over 45 percent in 1966 to under 40 percent in 1970 during a period of rapid growth in tourism and in the construction and infrastructure sectors. The pattern of foreign exchange earnings altered, with tourist receipts growing at 33 percent per annum from 1966 to 1970 against a trend growth in sugar and other merchandise exports of under 5 percent per annum. Commodity imports increased by 15.5 percent per annum from 1966 and the trade deficit grew from 14.4 percent of merchandise exports in that year to almost 50 percent estimated for 1970. External balance was maintained by earnings from tourism and an inflow on capital account estimated in 1970 at F\$16 million or 10 percent of GNP.
- iv. The Government's strategy for economic development over the next five years is formulated in the Sixth Development Plan (DP VI). As in the earlier plans, the core of DP VI will be the Government's investment program which is expected to be of the order of F\$82 million over the next five year period. For the economy as a whole the projected growth in domestic product is 6.9 percent. Tourist-related services are postulated as the leading sector with a growth rate of 25 percent per annum. Emphasis is also to be placed on export growth and import substitution. Investment is projected to grow at more than 10 percent per annum, exceeding 32 percent of GNP in 1975.
- v. The development strategy appears appropriate. The best development prospects are undoubtedly in tourism. With 15-20 percent growth in tourist traffic, tourist receipts could increase to about F\$54 million in 1975. On the other hand, prospects for merchandise exports are less favorable. International quotas for sugar exports are unlikely to expand. Development of other exports, apart from copra, will be hindered by Fiji's small size, isolation and comparatively high labor costs. Import substitution could generate additional increases in domestic output but, as many

of the opportunities in agriculture and manufacturing have already been exploited, further substitution will be somewhat limited. Nevertheless, the economy appears capable of a growth rate at least approaching the 5 percent per annum of the past five years if appropriate government policies, especially in relation to foreign investment, are maintained.

vi. This lower growth rate would be more clearly within the capacity of the public and private sectors. The public investment program of DP VI is ambitious in relation to past performance and, in addition, the present high rate of private investment will be difficult to maintain, much less to accelerate. The construction sector, in particular, appears to have been reaching capacity in the last two years and further expansion will be difficult in the short run. Although the rate of investment in tourist-related services, non-sugar manufacturing and infrastructure might be expected to increase further, investment in other sectors could stabilize at approximately the peak rate achieved in 1970. On this basis total investment in 1975 would be about 26 percent of GNP.

vii. Fiji has a relatively high per capita GNP (an estimated F\$356 or US\$410 in 1970), good general education and health services and a sound administrative system. It will enter independence on a firmer economic base than many new countries. Balance of payments problems have been avoided, and equilibrium should not be difficult to maintain. Minimal foreign borrowing has kept public debt service ratios low (1.1 percent of commodity exports in 1969) and debt service on private account is not significant. Debt service ratios in 1975 are estimated at 3.0 percent of commodity exports and 1.3 percent of non-factory export receipts for goods and services, the difference indicating the importance of tourism. Fiji can be considered creditworthy for Bank lending, on its own account, following independence.

I. RECENT PERFORMANCE

1. The only previous Bank economic report on Fiji (EA-172a issued on June 10, 1968) was prepared following a mission in November, 1967. The purpose of this report is to update the earlier appraisal of economic performance and policies, analyse the current economic situation, and provide an evaluation of development prospects, external capital requirements and creditworthiness in the context of Fiji's impending application for Bank membership.

2. Fiji, at present a British colony, is a group of tropical islands in the South Pacific with a total area of 7,055 square miles and a population of about 527,000 in 1970. There are over 100 inhabited islands, but the two largest, Viti Levu and Vanua Levu, cover 87% of the land area. The nominal population density is not high - 75 persons per square mile - but the larger islands are mountainous. Only 12% of land, on the coast and in narrow valleys, is classed as arable, and another 18% as suitable for pasture or tree crops, especially coconuts.

3. The colony has nevertheless developed as an exporter of agricultural commodities. Onto a typical Pacific copra economy has been grafted an efficient smallholder sugar industry established in the 19th century with indentured labor from India and the main reason for Fiji's relatively high per capita income. There is also a wide range of other crops, the medium and small-scale industries compatible with market size, some mineral development and a developed service sector within which tourism now has a leading role. Development has been concentrated in the main island of Viti Levu, which contains over 70% of the population. Per capita GNP has grown to an estimated F\$357 (US\$410) in 1970 and living standards are higher than in many developing economies.

4. The social and political structure is more complex than the size of the population might indicate. Fiji is a multiracial society in which the original inhabitants have in recent years been outnumbered by other ethnic groups. 1/ Indians now make up 50% of the population, Fijians 42% and there are sizeable Chinese, other Pacific Island and European and part-European minorities. The Fijian population is mainly rural and, while providing about one-third of the non-agricultural labor force, is under-represented in some economic sectors, particularly commerce. Modern agriculture, including sugar production, is largely Indian. Cash incomes vary widely between regions and ethnic groups, with rural Fijians at the lower end of the range. A separate administrative system introduced to protect the land and customs of Fijians has achieved its objectives but left this part of the population relatively unprepared for economic development.

1/ The term Fijian refers to the distinct Pacific race whose ancestors ceded the islands to Great Britain in 1874. There is no term in general use to describe the population of Fiji as a whole.

5. The major constitutional issue during the movement towards self-government in recent years has concerned the electoral system. The introduction of a common electoral roll was resisted by the Alliance Party (mainly Fijian and European) which now forms the Government. An accommodation by the new leader of the opposition Federation Party (mainly Indian) led to agreement at talks in London in April 1970 on a new constitution under which membership of the Lower House will be determined by complex arrangements for communal, "cross" and general voting similar to those at present in force. The Fijian Council of Chiefs will be strongly represented in a nominated Upper House.

6. Fiji will become independent on October 10, 1970, with Dominion status within the British Commonwealth. It is expected to be the first Pacific Island member of the United Nations, the IMF and the Bank.

Growth and Change since 1965

7. Within this framework, the performance of the economy over the last four years has been satisfactory. In 1965 a sharp fall in the export price of sugar and a declining output of cane combined to produce two consecutive years of depressed demand and low level of output in Fiji. Since then, however, a burgeoning tourism industry and some agricultural diversification have tended to reduce the economy's dependence on sugar. With a growth rate of 33% per annum since 1966, tourism revenue is expected to exceed \$26 million in 1970, roughly the same order of magnitude as sugar exports. Over the same period, gross investment in real terms increased by 13% per annum to an estimated 28% of GNP in 1970. These factors are largely responsible for the GNP growth rate of almost 6% in real terms. Population increased by 2.8% per annum over the period; thus real per capita income appears to have grown at an annual average rate of 3.1%. See Table 1.

Table 1: GROSS NATIONAL PRODUCT (GNP) IN 1965 PRICES
(F\$ million)

	<u>1966</u>	<u>1969</u>	<u>1970</u> Prel.Est.	<u>Average Annual Growth Rate 1966-70 (%)</u>
Consumption				
Private	94.7	105.7	110.3	3.9
Government	17.0	18.9	20.2	4.4
Investment				
Private	13.6	28.8	32.4	24.0
Public	8.5	10.5	11.7	8.3
Increase in stocks	5.9	1.3	1.6	-28.1
Exports of goods & services	50.0	73.6	78.5	11.9
Imports of goods & services	-56.0	-77.0	-85.8	11.3
Net factor income from abroad <u>/1</u>	- 3.2	- 5.9	- 6.2	18.0
Statistical discrepancy	- 1.4	-	-	-
<hr/>				
Gross National Product	129.1	155.9	162.7	5.9
Population (million)	.472	.514	.527	2.8
GNP per capita (F\$)	274	303	309	3.1

/1 Excludes unidentified savings of foreign enterprises in Fiji.

Source: Table 2.2 of the Statistical Appendix.

8. Consumption and Savings - A large part of the increase in national income has gone into increased savings. The share of private consumption declined from 73.4% of GNP in 1966 to an estimated 67.8% in 1970. Over the period, private consumption in real terms increased by less than 4% per annum; including 1965, this rate reduces to 2.7%, roughly the rate of population growth. It appears that private per capita consumption is only now approaching the level achieved in the sugar-boom years of 1963 and 1964.

9. Although the available statistics do not permit a definite conclusion on this point, it is evident that this relative stagnation of consumption in an expanding economy is due, at least in part, to a redistribution of income in favor of high income sectors with relatively lower propensities to consume. The effects of expansion in tourism and capital formation in the last few years have been felt mainly in the capital city of Suva and a few tourism enclaves. As inflationary pressure resulting from the high level of demand has further reduced the real purchasing power of the rural sector, it is likely that over the period rural income per capita has declined in real terms.

10. Furthermore, foreign enterprises operating in Fiji have received a large share of the recent increase in income. Savings of these enterprises which account for a considerable proportion of the recent increase in savings are generally not identified as foreign capital inflows in the national accounts. The successful implementation of insurance and savings schemes such as the National Provident Fund has also generated a considerable increase in household savings. Over the period as a whole, more than 30% of the increase in total income was apparently diverted to financing the very high rate of investment.

11. Investment - As a proportion of GNP, gross investment increased from 22% in 1966 to 26% in 1969 and is likely to exceed 28% in 1970. Private investment accounted for almost 70% of total investment outlay in 1966, and is expected to reach 74% of gross investment in 1970. Foreign capital played an important role in financing this high rate of expenditure. Private capital inflow, which increased from \$3.5 million in 1966 to the more than \$10 million estimated for 1970, accounted for almost one quarter of total private investment in the four years.

12. In the public sector, the level of investment in 1970 is estimated to be almost 40% higher, in real terms, than in 1966. Foreign capital, primarily in the form of Commonwealth Development and Welfare grants from the U.K. (\$11.2 million) also constituted a significant proportion of the total expenditures of \$50.9 million over the period.

13. However, these investment figures cannot be taken as an accurate measure of the increase in productive capacity. Residential construction accounted for a large part of the recent upsurge in investment activities. In 1967, for example, 1,582 dwellings, 4 hotels and 129 commercial buildings were completed. Similarly, 65% of government investment in the same year was in low-income housing, public building and land development. Consequently, it is likely that the increase in productive capacity over the last few years has been considerably lower than the very high rate of investment would suggest.

Trade and Balance of Payments

14. There has been a significant change in the pattern of foreign exchange earnings over the last four years. Tourist receipts, which increased from \$7.5 million in 1966 to an estimated \$26 million in 1970, are largely responsible for the growth in export earnings. In 1970 tourist receipts are expected to represent 30% of total foreign exchange earnings as compared with 16% in 1966.

15. The level of merchandise exports fluctuated considerably over the period as the result of an unstable sugar market. A low sugar export in 1966 results in an average annual growth rate of 8.6% in value terms between 1966 and 1970, but the trend in real terms appears to be less than 3% per annum. Exports of fish from a Japanese on-shore operation, tobacco and meat products, and light manufactures going to the neighboring Pacific Islands have partly compensated for the stagnation in the traditional exports of sugar, coconut products and gold.

16. Despite a considerable degree of import substitution of food-stuffs and light manufactures, commodity imports increased by 15.5% per annum after 1966, resulting in the enlargement of the trade deficit from 14.4% of merchandise exports to almost 50% estimated for 1970. As shown in Table 2, however, there has been no balance of payments problem.

Table 2: BALANCE OF PAYMENTS
(F\$ million)

	<u>1966</u>	<u>1969</u>	<u>1970</u>	<u>Growth Rate</u> <u>1965-70(%)</u>
Merchandise exports, f.o.b.	34.7	47.2	48.3	8.6
Tourist receipts	8.6	20.9	26.7	33.0
Merchandise imports, f.o.b.	39.7	63.1	72.1	16.1
Net invisibles, n.e.s.	-11.7	-16.3	-18.8	12.6
<u>Balance on goods & services</u>	<u>- 8.0</u>	<u>-11.3</u>	<u>-15.9</u>	<u>18.7</u>
Net private capital inflow	3.5	6.6	10.4	
Net public capital inflow	4.6	4.7	5.5	

Source: Central Planning Office

17. The colonial system of 100% currency backing by foreign exchange establishes a direct link between export earnings and the major determinants of import demand such as money supply and domestic income, thus providing a self-adjusting mechanism in the balance of payments. The acceleration in imports in recent years was primarily the result of self-balancing increases in tourist expenditure on imported goods and investment activities financing by foreign capital, and the deficit in goods and services balance in recent years has generally been maintained at the level of foreign capital inflows.

Prices

18. The rapid increase in demand generated by the high level of investment and tourism expenditure, particularly for the output of construction and services sectors, has led to a substantial increase in inflationary pressure. Since 1965, wages have increased at an average rate of 6.3% per annum, and the rate of inflation accelerated from an annual average of 0.7% between 1965 and 1968 to 9% in 1969. Increase in consumer prices has been more than 4% per year.

Population and Employment

19. The accelerated increase in per capita income after 1966 is attributable, in part, to a significant decline in population growth. An effective family planning program launched in 1963 has contributed to a decline of the crude birth rate from 38.0 per thousand in 1963 to 29.0 in

1969. Crude death rates continued to fall with improving medical and health care facilities, but at a considerably lower rate. Thus the annual rate of population growth declined from an average of 3.3% in the five years prior to 1965 to an estimated 2.4% in 1969.

20. Complete data on employment are not available but tentative estimates indicate that unemployment increased from 4.2% of the labor force in 1966 to more than 6% in 1968. Unemployment is expected to present a continuing problem as the result of the high birth rate in the past and a significant degree of rural-urban drift. Collective bargaining has also created a number of anomalies in the labor market. Changes in wage differentials have generally not reflected changing differences in productivity and skills. There is, therefore, little incentive under the present system for improving skills and productivity despite a wage scale considerably higher than those of most economies at a similar stage of development.

Structural Change

21. The shift in the composition of demand after 1966 led to a significant change in the structure of domestic production. From 1966 to 1970, the share of agriculture, forestry and fishery declined from 31.7% of gross domestic product to an estimated 27.1% in 1970. Mining and manufacturing also declined from 13.6% to 12.4%. Thus the contribution of commodity production to domestic product decreased by a total of 5.8% over the period while the share of transport and construction increased from 12.3% to 17.2% and other services increased from 42.4% to 43.3%. The industrial composition of GDP from 1966 to 1970 is summarized in Table 3. Recent developments in the major sectors are discussed in the following paragraphs.

Table 3: GDP AT CURRENT PRICES, BY KIND OF ECONOMIC ACTIVITY

	1966		1969		1970		Av. Growth Per Annum 1966-70
	F\$ million	(%)	F\$ million	(%)	F\$ million	(%)	(%)
Agriculture, forestry and fishery of which,	<u>39.5</u>	(31.7)	<u>46.2</u>	(28.2)	<u>48.2</u>	(27.2)	5.1
monetized sector	22.9	(18.3)	27.7	(11.3)	29.1	(16.4)	6.2
subsistence sector	16.6	(13.4)	18.5	(11.3)	19.1	(10.8)	3.6
Mining and manufacturing	17.0	(13.6)	21.4	(13.1)	21.9	(12.3)	6.6
Construction	7.4	(5.9)	13.6	(8.3)	15.5	(8.7)	20.0
Power and transport	9.6	(7.7)	14.9	(9.1)	17.1	(9.6)	15.6
Other services <u>/1</u>	<u>51.3</u>	(41.1)	<u>67.5</u>	(41.3)	<u>74.9</u>	(42.2)	<u>9.9</u>
GDP at current factor cost	124.8	(100.0)	163.6	(100.0)	177.6	(100.0)	9.2

/1 Includes retail trade and finance, real estate, private and government services.

Source: Table 2.1 of the Statistical Appendix.

Agriculture

22. Agricultural production must be viewed in longer perspective because of the wide fluctuations in output around growth trends. The absence of adequate historical data precludes an entirely satisfactory analysis of performance. Statistics are available for export crops, particularly sugar cane and coconut products, but are fragmentary in respect of crops for domestic subsistence consumption, domestic market sales and agricultural inputs.

23. An analysis of the principal cash crops, occupying 87% of the crop acreage, for the export and domestic markets, indicates the dominance of sugar cane in determining the overall performance of the cash sector of the agricultural economy. Between 1958 and 1969, the overall growth trend was 3.8% per annum, from F\$17 million to F\$26 million in terms of gross value to the producer. Sugar cane, accounting for over 60% of the total, had a growth rate of 4% per annum whilst the value of other crops, excluding forest products, increased at 2% per annum. Table 4 summarises output trends for main commodities over the period.

24. Export values of raw sugar rose to peaks of over F\$100 per ton f.o.b. in 1963 and 1964, from average levels around F\$80 per ton. This boom was accentuated by a particularly favorable season in 1963, and a 17% increase in acreage in 1964. The subsequent recession from 1965 to 1967 was in part due to a fall in raw sugar export realisations, and in part to a series of unfavourable seasons. The recent recovery is also due mainly to a combination of improved realisation and favourable seasons, the underlying trend in increases in yield per acre being only a little over 1% per annum.

Table 4: OUTPUT OF PRINCIPAL AGRICULTURAL PRODUCTS

	<u>Unit</u>	<u>1958-64</u> <u>Average</u>	<u>1965</u>	<u>1969</u>	<u>Growth Rate</u> <u>per annum</u> <u>'65-'69</u>
Sugar cane	1,000 tons	1,825	2,171	2,339	1.9
Copra	1,000 tons	35	30	33	2.4
Bananas	1,000 cases (72 lbs)	156	51	90	15.2
Rice padi	Tons	8,771	6,000	12,600	20.0
Beef	Tons, dressed weight	2,092	2,089	3,517	13.9
Butterfat	1,000 lbs	647	742	900	5.0
Timber	1,000 cu. ft. round	3,039	4,000	4,400	2.4

Source: Table 7.1 of the Statistical Appendix.

25. The overall performance of other agricultural crops was disappointing, with growth at only 2 per cent per annum between 1958 and 1965 followed by poor returns in 1966 and 1967. This was principally due to declining production of copra, but lower rice production and banana exports also contributed. In 1968 there was a dramatic improvement, and this has been partly sustained through 1969.

26. Exploitation of indigenous forest resources increased at around 10 per cent per annum in value terms between 1958 and 1965. This rate has declined to between 4 per cent and 5 per cent over the last few years, mainly because access has become increasingly difficult and beyond the capacity of many of the smaller saw mills. Demand and prices have been sustained.

27. For the domestic agricultural sector, including subsistence production and sales on the domestic market, an analysis of food import statistics gives some indication of growth trends (see Table 5). They suggest that local production of foodstuffs, though falling behind the growth of population between 1958 and 1965, has in recent years recovered and contributed an element of import substitution, particularly in respect of rice, beef and dairy products. The steady growth of fish imports over the whole period suggests, however, stagnation or decline in the production of fish for domestic consumption. A large Japanese tuna fishing enterprise was established in Fiji in 1957; exports of frozen fish to Japan and the United States are substantial, but the effect on local fish supplies has been small.

Table 5: IMPORTED FOODSTUFFS:VALUE AND VOLUME

	F\$ million			Growth Trend	
	<u>1958</u>	<u>1965</u>	<u>1969</u>	<u>1958/69</u> (% per annum)	<u>1965/69</u> (% per annum)
Wheat Flour	0.6	1.2	1.2	5.4	1.6
Wheat Sharps	1.0	1.7	2.0	5.9	5.5
Rice	0.6	1.6	1.5	9.5	-3.5
Beef and Dairy Products	0.6	1.1	0.9	4.4	-3.4
Canned Fish	0.5	0.7	1.0	7.8	11.9
Other Food Imports	<u>3.1</u>	<u>3.8</u>	<u>5.9</u>	6.8	7.4
Total	<u>6.4</u>	<u>10.1</u>	<u>12.5</u>	6.7	4.4
<u>Volume</u>	<u>1958</u>	<u>1965</u>	<u>1968</u>	<u>1958/68</u>	<u>1965/68</u>
Wheat Flour tons	8,300	16,200	14,200	2.0	-4.0
Wheat Sharps tons	12,900	22,300	21,600	4.1	-0.1
Rice tons	4,200	13,400	8,100*	7.6	-17.5 /1
Beef (Frozen and Chilled) '000 lbs	251	217	126	2.3	-17.4
Milk '000 lbs	1,525	3,039	2,805	5.2	-2.3
Butter '000 lbs	117	412	390	10.8	-2.8
Canned Fish '000 lbs	3,081	5,298	7,430	10.6	13.4

/1 1969 and trend 1965/69

Source: Bureau of Statistics.

Manufacturing and Mining

28. Manufacturing industry is dominated by the processing of sugar which in 1969 employed nearly half of the industrial workforce of 8,900 and accounted for about 70% of valued added by the sector. Sugar and copra processing together accounted for over 95% of exports of manufactures; of total industrial production valued at F\$57 million in that year, F\$19.5 million or about one-third was sold in the domestic market. Much of this relied largely on imported inputs, but there is a small range of sizeable industries using mainly domestic raw materials. Their most important products are cigarettes, cement, soap and processed dairy products. Each of these industries receives tariff protection but all have a growing export market and appear to be efficient.

29. The pace of industrial development has been modest, an estimated 4.8% per annum from 1966 to 1970. If sugar processing is excluded, however the rate of expansion during the same period is over 9%. Investment incentives for new industries appear adequate and have resulted in the establishment of 42 new plants, mostly small, from 1966 to 1969. The development of repair and maintenance services has also contributed to the growth of the sector. There are strong indications that this growth will be maintained and that the sector will increase its exports, particularly to the smaller neighboring countries and territories unable to support economic industries or engineering services.

30. Production of gold has been the largest single item in Fiji's mineral production and has provided substantial foreign exchange earnings. Due to gradual exhaustion in deposits, output has steadily declined from the peak level of 113,000 ounces in 1966 to 99,000 ounces, with exports of F\$3.4 million, in 1969. Small-scale mining operations are carried out to produce manganese. Production of copper ore by a Japanese mining interest, which invested F\$2.4 million, is being abandoned because of limited deposits but bauxite production by a consortium of Japanese mining concerns is envisaged. The scale of the operation is not yet known but is unlikely to be large. Prospecting for mineral ores and oil deposits on land and off-shore is continuing.

Tourism

31. Tourist traffic has expanded rapidly in the past decade. As shown in Table 8.3 of the statistical appendix, the number of stopover visitors grew from 14,000 in 1961 to 85,000 in 1969, an average annual increase of 22%. Over the same period the number of excursionists from liners and cruise ships increased from 29,000 to over 85,000. With a traffic that is not highly seasonal, average visits of 8-9 days and average expenditures of F\$34 per day, tourism has become a major factor in economic growth.

32. The most striking measure of the returns Fiji has obtained from tourism in recent years is the growth of earnings of foreign exchange. Estimated receipts are shown in Table 6.

Table 6: ESTIMATED RECEIPTS FROM FOREIGN TOURISM

1963 - 69

<u>Year</u>	<u>F\$ million</u>
1963	3.6
1964	5.0
1965	7.4
1966	8.5
1967	11.2
1968	17.7
1969	20.6

Source: Summary of Visitor Statistics. Bureau of Statistics, Suva.

The average annual rate of growth in receipts over this period was 35%. The contribution to GDP is much smaller. It was estimated at 2% in 1965 and probably about 5% in 1969. This is not low when compared with leading tourist countries, but such a calculation does not accurately reflect the real impact of the growth of tourism on the economy. In recent years the expansion of tourism and the investments associated with it have provided a major stimulus to growth in other sectors, particularly transport, construction and trade.

Development Plan V

33. Although Fiji has had five development plans since the end of World War II, the earlier plans were limited to the government capital development budget required by the Commonwealth Development and Welfare scheme. Development Plan V which covers the period from 1966 to 1970 represents the first attempt to include a macro-economic projection of the whole economy, and to present the government investment program in the framework of overall development. The Plan also included a thirty-year perspective plan projecting the potential development of forestry, tourism, water and marine resources.

34. However, the capital development budget of the Government remains the major program of DP V. Only a small degree of indicative planning was attempted with respect to the private sector, with emphasis on the limitation of growth in the traditional sectors and the need to encourage new industries. In line with this objective, the Plan included provisions for pre-investment studies in transport, land resources, forestry, drainage and irrigation, marine and fisheries, and in agriculture, priority was given to research on new products and land settlement schemes.

35. In macro-economic terms, the actual development since 1965 was close to DP V's target although the sources were other than planned. GDP in real terms appeared to have increased at an annual rate of 5.1% over the five years as compared with the target rate of 5.6%. As population growth

was significantly lower than projected, it appears that the growth in per capita income is almost exactly as planned. The growth of consumption, however, was considerably lower than projected because of an unexpected rapid increase in investment.

36. A comparison of the sectoral growth projected in DP V with actual development is given in Table 7. The largest shortfalls are obviously in agriculture and mining, where net output in real terms appears to have grown at a rate slower than population growth. The relatively higher rates of expansion in transport, construction and services are evidently the result of the increasing share of investment and tourist expenditure in total demand.

Table 7: SECTORAL DEVELOPMENT OF DP V
AVERAGE ANNUAL GROWTH RATE OF NET OUTPUT IN REAL TERMS 1965 - 1970

	(%)	
	<u>Plan</u>	<u>Actual</u>
Agriculture	5.4	2.2
Mining	8.5	-1.9
Manufacturing	5.9	4.8
Construction	4.8	13.0
Transport & Communication	6.1	11.6
Electricity and Water	10.7	5.9
Trade and Finance	5.7	2.8
Public Administration, Education and Health	6.8	5.5
Services, n.e.s.	6.1	7.8

Source: Central Planning Office

37. The F\$40 million public investment program of DP V was ambitious as compared with the level of expenditure achieved in the years before 1965. It now appears that actual expenditure, including a projected F\$2 million shortfall of expenditures in the 1970 capital budget, will be of the order of F\$34 million when deflated to 1965 prices. A comparison of the planned and actual allocation of investment is given in Table 8. The major reasons for these shortfalls in the face of more than adequate financing are apparently problems of implementation, in particular, difficulties in project design, appraisal and implementation.

38. Although DP V appears to have had relatively little influence on the pattern of development over the last five years, it has been instrumental in focusing national attention on the problems of the traditional economy and on the need for planned development. It has also enlarged considerably the administrative and statistical bases on which Development Plan VI is to be constructed. The experience and achievement of Development Plan V should enable the Government to embark on more comprehensive planning after independence.

Table 8: CENTRAL GOVERNMENT INVESTMENT PROGRAM OF DP V
1966 - 1970
(F\$ million, in 1965 prices)

	<u>Plan</u>	<u>Actual</u>	<u>Actual as Percent- age of Plan</u>
Agriculture	5.61	5.18	
Geology, Land & Mines	0.44	0.73	
Industrial & Cooperative Promotion	0.06	0.16	
Tourism	<u>0.10</u>	<u>0.16</u>	
Total Economic Service	<u>6.21</u>	<u>6.23</u>	100
Road & Public Works	8.49	7.50	
Post & Telecommunication	4.78	3.70	
Marine	1.19	0.66	
Transport	<u>0.90</u>	<u>0.58</u>	
Total Infrastructure	<u>15.36</u>	<u>12.44</u>	81
Education	4.06	2.82	
Medical	4.95	2.78	
Housing	1.00	1.38	
Other	<u>8.70</u>	<u>7.88</u>	
Total Social Services	<u>18.71</u>	<u>14.86</u>	79
Grand Total	<u>40.28</u>	<u>33.53</u>	83

Source: Central Planning Office and mission estimates.

39. The end of the fifth Plan period marks the end of a colonial era and a break in administrative tradition. Fiji has had a longer than usual period of preparation for this change, and the gradual transfer of political power has been accompanied by a program of localisation at all levels of the government administration which should help to ensure the continuity of economic and social programs. The projections of future development presented later in this report reflect the view that the economy will continue to be competently managed and administered after the grant of independence later this year.

II. THE TRANSITION TO INDEPENDENCE

39. Independence will not in itself much alter the economic and social framework within which Fiji must develop. The evolution towards full self-government, in particular the introduction of cabinet government with an increasing number of elected Ministers, has already released energies which were less obvious in the purely colonial system which preceded it and is probably responsible in part for the good economic performance of recent years. Fiji will remain sensitive to external market forces and investment decisions largely beyond its control. The range of economic policy alternatives will be limited by the economy's small size and relative isolation, and by the quota restrictions on its main export, sugar. It will be necessary, if satisfactory rates of increase in output are to be obtained, to maintain an environment in which overseas productive and technical resources are retained, and wherever possible increased, through new inflows of capital and skills.

Money and Banking

40. The colonial Currency Board system still operates in Fiji and there is no central bank. Full currency backing is provided by a Currency Fund with its external assets held with or invested through the Crown Agents in London. About 30% of these assets are now invested in Fiji.

41. Consideration has been given to the form and powers of the central monetary institution Fiji will require after independence. Government thinking currently favors a transitional arrangement which would give a reconstituted Currency Board greater autonomy and the functional responsibilities of a monetary authority without, initially, creating and staffing a new institution. The chairman would act as banking adviser to the Government and, over a period, establish the basis for a fully-fledged central bank.

42. Interest rates are now at well below prevailing world levels - recently 5-7/8% for medium-term government bonds, 6% for corporate overdrafts and 2-1/2% for 6 months' deposits - but until recently they have been in keeping with Australian and New Zealand rates. This has been partly because of the comparatively high costs of transferring funds. The rates favor domestic commercial activity and investment and have been consistent with savings requirements, but are likely to rise, at least gradually, because of pressures on and within commercial banks and recent increases in government bond rates in Australia, with which Fiji has close economic ties.

43. All commercial banking is undertaken by five expatriate banks. The other main financial institutions and intermediaries are the Post Office Savings Bank, with 61 branches throughout Fiji and deposits of F\$4.7 million at the end of 1969; the National Provident Fund, through which superannuation contributions are channelled into public and private investment; life assurance companies, which thrive in Fiji and aim to invest up to 50% of funds locally; and the Fiji Development Bank.

44. This bank was established in 1967 to take over and expand the operations of the Agricultural and Industrial Loans Board, acquiring its net funds of slightly over F\$1 million and receiving an initial grant of the same amount to begin operations. The functions of the Board as a lender for agricultural, crafts and small-scale industrial development were also taken over, but the Bank was also empowered to lend for transportation, natural resource development and other industries.

45. Because of its origins and present obligations the Bank has had to make many small and often unproductive loans. In the first two years of operations, to June 30, 1969, over 600 loans were made:

	<u>No.</u>	<u>Amount (F\$)</u>
Loans: Agriculture	571	396,632
Industry	<u>35</u>	<u>723,478</u>
	<u>606</u>	<u>1,120,110</u>

46. The average size of agricultural loans, including loans to co-operative societies, is under F\$700. Nearly half of all loans have been of F\$200 or less, and the costs of providing credit often far exceed possible returns. The Bank's operating deficit of F\$30,000 in 1967/68 was met by government grant, but was followed by a deficit of F\$21,000, on reduced operations, in 1968/69. The position in industrial lending is more satisfactory but the volume is small, amounting in 1968/69 to 15 loans with an average value of under F\$15,000 and only two exceeding F\$30,000.

47. The needs for medium-term finance will expand rapidly over the coming years and must be met mainly by the Development Bank. Technical assistance is required to develop this institution into a more suitable vehicle for domestic and external financing. If it is to play a social as well as an economic role in agricultural finance the activities should be clearly defined in separate accounts and the small-scale lending subsidized by the Government while the larger operations are carried out efficiently and at a profit. It is understood that the Asian Development Bank has undertaken to provide managerial assistance.

The Fiscal System

48. Total government revenue from all sources rose from F\$25.0 million in 1966 to F\$37.6 million in 1969 at an annual rate of 10.7% during the period, as compared with 9.8% increase in GDP, and consequently the share of revenue in GDP rose from 18.5% to 21% during the period. This was brought about mainly by the increased collection of customs duties and income taxes following the overall economic expansion. The increase of 15.5% per annum in imports generated a 16.3% increase in customs duties.

The ratio of direct and indirect taxes in total revenue remained almost unchanged, but tax revenue as a proportion of GDP increased from 13.8% in 1966 to 15.5% in 1969.

49. This satisfactory revenue performance was obtained without significant changes in the tax system during the period. The Government was able to finance an increasing range of economic services, maintain relatively high levels of recurrent expenditures in social fields and generate revenue surpluses for transfer to the capital budget at an annual average of F\$1.8 million. It appears therefore that major changes in the fiscal system will not be warranted, at least in the initial stages of independence.

Table 9: REVENUES AND EXPENDITURES, 1966-69
(in millions of Fiji dollars)

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{/1}
<u>Total Revenue</u>	<u>25.0</u>	<u>28.4</u>	<u>32.3</u>	<u>37.6</u>	<u>36.8</u>
Indirect taxes	10.5	12.8	14.4	16.6	17.4
Direct taxes	8.2	8.9	9.8	11.3	11.6
Other	6.3	6.7	8.1	9.7	7.8
<u>Total Expenditure</u>	<u>25.2</u>	<u>29.1</u>	<u>30.7</u>	<u>34.4</u>	<u>35.7</u>
Administration	4.5	5.5	5.4	6.4	9.0
Economic services	6.6	7.5	10.3	11.6	12.3
Social services	6.5	7.2	8.1	9.1	9.9
Transfer to capital budget	1.4	2.0	1.6	2.0	1.2
Capital budget	6.1	6.0	7.3	8.5	11.4

/1 Estimate

Source: Appendix Tables 5.1 and 5.2.

50. Recurrent expenditures maintained an average annual rate of growth of 10.3%, rising from F\$25.2 million in 1966 to F\$33.8 million in 1969, and 1970 budget estimates appear to follow the same trend. However, the relative share of economic services has risen from 25% in 1966 to 36% in 1969, reflecting the stepped-up efforts to promote economic development. Social services, the largest claimant up to 1965, maintained their relative weight of about 26% of total current expenditure. Cumulative budget surpluses amounting to F\$7.0 million during the period 1966-1969 were transferred to the capital budget, providing about 25% of the total capital budget expenditure.

51. Direct taxes provided only 30% of total revenues. The income tax arrangements are unduly complex and need simplification. Personal incomes may be charged basic tax on all income and normal tax, surtax and a surcharge on taxable income. Companies also pay the basic tax of 2.5%, income tax and a surcharge. The effective rate is 32.7%.

52. Tariffs are imposed primarily for revenue purposes but protection is given to a few local products including cement, cigarettes and soaps. Manufacturing plant and machinery and industrial materials are in the main admitted free of duty. Imports of duty-free goods of interest to tourists amounted to F\$5.2 million in 1969, about 7% of total imports. Customs duties are levied at c.i.f. values (mainly ad valorem) and preferential rates of 15-25% are applied to imports of Commonwealth origin. There is a separate Port and Customs Service Tax payable on most imports, generally at the rate of 5% of c.i.f. value, and on exports at 2% of f.o.b. value.

53. There is some scope for increases in effective levels of income tax and for the reduction of anomalies created by the existence of four separate taxes on income. A review of the revenue system has been made recently and some changes in detail are likely to follow from this. The mission considers however that major alterations in the tax structure should be avoided at this time and until the newly independent Government has had adequate experience in the operation of a system which is meeting present and foreseeable needs.

The Capital Budget

54. The main sources of funds for public sector capital formation have been grants under the Commonwealth Development and Welfare scheme and loans raised in Fiji and overseas. Their relative importance in the capital budget is indicated in the Table 10.

Table 10: SOURCES AND LEVELS OF CAPITAL EXPENDITURES
(in millions of Fijian dollars)

	<u>Transfer from Current Revenue</u>	<u>C.D. & W. Grants</u>	<u>Loans</u>	<u>Other</u>	<u>Total Resources</u>	<u>Total Expenditure</u>
1966	1.4	2.2	2.3	0.2	6.1	7.7
1967	2.0	1.4	2.4	0.2	6.0	5.6
1968	1.6	1.7	3.9	0.1	7.3	7.5
1969	2.4	2.2	4.2	0.5	9.3	8.5
1970 (estimate)	1.2	2.9	5.6	0.1	9.8	11.4

Source: Capital Budget, 1970.

55. Expenditures have grown slowly and shortfalls of up to 15% between planned and actual expenditures have been common. The main problem has been the shortage of technically qualified personnel, usually a result of difficulties over recruitment or replacement rather than of inadequacies in staff planning. The shortfalls have been particularly noticeable in the utilization of Commonwealth Development and Welfare funds. The annual allocations of F\$3 million in 1968 and 1969 resulted in actual expenditures of F\$1.7 million and F\$2.2 million respectively, partly because of delays in negotiating projects to be financed by the grants.

56. Domestic and external borrowing has increased with the growth in capital budgets from 38% of resources in 1966 to 45% in 1969. The main sources for domestic borrowing, amounting to 76% of the total in 1966 to 1969, are the commercial banks, life assurance companies and the Fiji National Provident Fund. The growth of these financial institutions appears to have kept pace with public sector requirements for domestic development funds and supplementary taxation measures have not been required.

External Aid

57. The main source of external aid has been the United Kingdom, with grant assistance from 1966 to 1969 totalling F\$7.5 million in disbursements. Greater reliance on loan funds will be inevitable when the colonial era ends although substantial grants, mainly for projects already defined, will be made for the first two to three years after 1970. The major project commitments in a total of F\$12.8 million from 1966 to 1970 have been for new hospitals, main and feeder roads and a coconut replanting scheme.

58. Technical Assistance under the Australian South Pacific Aid Programme has amounted to approximately F\$150,000 per annum in recent years, for both experts and equipment. Australia has also given program aid under the International Grains Agreement. The value of the two gifts of wheat in 1969 was F\$1,350,000. Several of the main pre-investment needs have been met by the UNDP. These are described in Annex B.

59. With the exceptions discussed below in agriculture, technical education and tourism, pre-investment studies for the investments required over the next five or more years appear to be well in hand.

Private Investment Policies

60. The incentives for investment are attractive. Approved new industries qualify for a tax holiday of five years after production begins. They may also receive concessions under the customs tariff ordinance which provides for remission of all or part of the duty payable on any goods imported for an object or enterprise beneficial to the colony. New industries which do not qualify and existing industries undertaking new investment may qualify for accelerated depreciation allowances up to 20% of approved capital expenditure excluding land acquisition. Similar provisions exist for the mining industry.

61. A Hotels Aid Ordinance provides two forms of incentive for hotel construction or expansion: a cash grant of 7% of construction costs combined with special depreciation allowances, and an investment allowance of 55% of construction costs which may be set off against taxable income at the investors' discretion. Cash grants have amounted to about F\$210,000. Together the incentive provisions appear to have given considerable stimulus to hotel investment.

62. There appears to be no case for extending further investment privileges and good reason not to vary them at the present time if the favorable climate for foreign investment is to be maintained in the post-colonial period. All of the concessions are discretionary and approvals need be given only when the investment will contribute to economic and social development objectives.

Manpower Requirements

63. The limitations on future development are related to manpower rather than finance. The shortage of middle-level skills which has become apparent in Fiji during recent years of comparatively rapid growth, and has been exacerbated by the emigration of substantial numbers of technically skilled people to higher-income countries in the Pacific region, is a matter for concern. In part the problem arises from a wage system which has allowed rising basic wage rates to be accompanied by diminishing margins for skills. It is also a result of the emphasis in the education system on general rather than specialized education.

Education and Training

64. Fiji has a well-developed education system. The majority of schools are run by communities and religious missions, generally with financial and material support by the Government. About 85% of children aged 6-13 are enrolled at primary schools and few never attend schools. Enrollment drops sharply at secondary and technical levels.

Table 11: SCHOOL ENROLLMENT

	<u>Primary Schools</u>	<u>Secondary Schools</u>	<u>Professional and Vocational</u>
1960	76,182	5,439	1,159
1965	93,983	7,566	1,411
1968	100,912	11,995	1,524 ^{/1}

/1 1967

Source: Annual Statistical Abstract, Fiji, 1969.

65. The system largely separates Fijian and Indian pupils and although the desirability of integration in the multi-racial society is accepted in principle, practical difficulties appear to have prevented much progress. An Education Commission in 1969 recommends policies which would allow for all schools in areas of mixed population to become multiracial in due course and these policies appear likely to be accepted.

66. The orientation of education policy is indicated by the following summary of longer-term objectives:

- (1) provision for every child to have at least 10 years of education, with a further two years for those qualified;
- (2) improvements in teacher education;
- (3) the staffing of all primary schools wholly by trained teachers and better pupil-teacher ratios in all primary and secondary schools;
- (4) improvements in the quality of primary and technical education;
- (5) the institution of fee-free education to secondary levels;
- (6) a marked improvement in the education of Fijians, in order to redress the present imbalance between their educational attainment and that of other races in Fiji; and
- (7) the creation of a new examination structure.

The main aims in technical and vocational education are to decentralize apprentice training and equivalent-level commercial training and to further develop the single large technical institute for middle-level manpower education and training.

67. Although provision is made for craft-teaching facilities at all secondary schools, the education program appears to give inadequate weight to technical education and training needs. Proposals for separate secondary technical schools appear to have been rejected. Specialist facilities for apprentice training, agricultural courses and trade testing in "centres of technical education" which could eventually develop into technical institutes are still under discussion.

68. There is already a serious shortage of technical skills in Fiji as a result of economic expansion in recent years, and an effective program to increase the supply of trained manpower is essential if development objectives are to be achieved. A survey of manpower requirements is needed, as an urgent measure, to provide the basis of a technical education program related to medium-term development targets and to assist in identifying projects in this field.

69. The regional University of the South Pacific, which has already established links with advanced training institutions in Fiji and other Pacific countries and is itself contributing to the supply of trained manpower, could play a useful role in technical education policy and programs. Because Fiji is already a centre for regional training, its needs should not be considered in isolation from those of smaller neighboring countries and territories with similar manpower problems.

70. Within Fiji, some of the institutional steps to improve the manpower situation have already been taken. A Manpower Resource Council was set up to assess the labor situation and advise the Government on measures for the evaluation, training and placement of the growing number of new entrants into the labor market. An Apprenticeship Council supervises on-the-job industrial training programs. The Ministry of Labor has a trade-skill testing scheme to classify laborers and job applicants into various categories. The Derrick Technical Institute has established crash training programs to help meet the growing manpower shortages. The Department of Agriculture also engages in in-service training on a limited scale, in addition to its regular extension work. These efforts, however, have yet to be concerted into an adequate program.

71. Given the other calls on budgetary funds for education, external assistance is likely to be required for technical education and training programs. The necessary studies leading to investment in this field should be undertaken without delay.

Employment

72. In 1968 the economically active population of Fiji was estimated at about 140,000, comprising:

Wage & salary earners	51,600
Private sector	(33,500)
Public sector	(18,100)
Family & own account workers	80,400
Unemployed	<u>8,600</u>
Total	140,600

The estimate of unemployment within this total represents a rate of 6.1% compared with 4.2% in 1966. The increase was primarily the result of more rapid increases in working age population than had been experienced in former years - 4.8% average in 1966-71 instead of the 3% average in the previous five years. The agriculture sector has until recently been able to absorb at low levels of productivity most of the workers unable to find wage employment. With improving levels of education and higher expectations, this is less likely to be acceptable in future.

73. Employment has been a concern of the Government and some temporary income opportunities for workers have been found outside Fiji, in New Zealand and New Caledonia for example, under carefully supervised emigrant labor projects. The problem facing policymakers in the next five-year period is to create enough job opportunities for the average of 7,000 entrants to the labor force each year and, if possible, to reduce at the same time a level of unemployment large enough to have social consequences.

74. Wages and labor conditions are good enough to discourage labor-intensive techniques where there are alternative methods of production. On the other hand the scale of industrial enterprise is small, so that in this and other sectors increased output is likely to result in a generally proportionate increase in employment. The aim therefore is to promote economic development at rates rapid enough to meet the employment targets. The emphasis on the service sectors, and the planned acceleration of public sector investment activity, will contribute to this objective.

Family Planning

75. Advice and materials on family planning have long been in use in Fiji on a limited scale and a clinic was operating when the Government first declared its family planning policy in November 1962, including it as one of the medical services functions. In 1963 the Family Planning Association (FPA), a private non-profit organization, was founded to carry out the promotional activities of the program. The FPA is a full member of the International Planned Parenthood Federation (IPPF) and receives grants-in-aid from both the Government and the Federation.

76. The stated objective of the campaign is to reduce the natural rate of growth of the population from an average of 3.3% per annum in the 1960's to 1.5-2% per annum beginning in 1980. This target would be achieved by gradually decelerating crude birth rates to 30 per thousand by the end of 1970, 25/1000 by 1975 and finally to 20/1000 by 1980. The first phase target was reached at the end of 1968 when the birth rate stood at 30.23/1000 and dropped further to 28.97/1000 the following year. It is projected at 28.5/1000 by the end of 1970. The gradual deceleration of the birth rate and consequently of the natural increase in total population since the campaign was launched can be seen in Appendix Table 1.1. Family planning appears to be widely accepted among the Indian population. A trend towards later marriage among the Indian community must also have had some impact on birth-rates. Over the last three years Fijian birthrates also appear to have sharply declined, from 36.93 in 1966 to 26.99 in 1969, although a change in the system of registering births may have caused some under-reporting and account for part of this reduction.

77. The results can be attributed mainly to the efficiency of the joint implementing agencies and the easy availability of contraceptive devices, which are distributed free or at prices so low as to reflect only distribution costs.

78. The Medical Department includes family planning as an integral part of maternal and child care, and has adequately trained staff. Its field medical teams disseminate family planning advice and materials in villages throughout Fiji. The FPA uses mass communication media including vernacular dailies, posters, films and leaflets in the major dialects. This year's publicity campaign is aimed at villages in other outlying islands through increased use of broadcasting services.

79. The total cost of the program in 1969, excluding supplies subsidized from non-government sources, was around \$76,000. The average cost per acceptor was only \$3.00 in 1968 and about \$3.15 in 1969. The FPA's promotional work is also partly funded by the Government and partly by grants-in-aid from the IPPF.

80. More overt support of the program by Government and Fijian leaders may be necessary if the momentum gathered during the last five years is to be maintained. The budgetary contribution to family planning is considered adequate and should be continued at about present levels.

Land Tenure

81. Details of the land tenure system and of land use were given in the earlier Bank report on Fiji. About 84 per cent of the total land area of 4.5 million acres is held under customary tenure and is communally owned by Fijians. Ten per cent is freehold land, more than half of it owned by Europeans and less than one-fifth by Indians. The rest is Crown land. The social and political importance attached to traditional Fijian land rights is such that no significant change in the pattern of ownership is likely to occur.

82. The limited area suitable for cultivation, pasture and tree crops, approximately 1.4 million acres, is however more productively used than the above figures suggest. About 350,000 acres, including most of the land on which sugar cane is grown, have been leased to Indian farmers by Fijians, the Crown and the Colonial Sugar Refinery, bringing their share in land use to some 10 per cent of the total area. Most of the remaining good land is quite efficiently used by other groups. There remains substantial scope for further leasing or other arrangements to provide the security of individual tenure necessary to ensure sound use of all productive lands, including areas suited to forestry operations, in the interests of land owners as well as the economy as a whole. For non-agricultural purposes as well, difficulties or delays in securing the use of suitable land could discourage the levels and types of private investment, domestic and foreign, required for economic development.

83. The new constitution which comes into force with independence includes provisions relating to the compulsory acquisition of land which could delay, and in the case of land settlement prevent, the implementation of some important development projects. Acquisition for the purpose of land settlement would cease to be permissible. In the case of acquisition for

other purposes the constitution would permit the Government or other acquiring authority, failing a negotiated agreement with the owner, to take possession of land but require it to apply to the Supreme Court within 30 days and justify the acquisition in that court. The Government would pay the costs of the owner in connection with the initial proceedings, regardless of the outcome, but not necessarily the costs of appeal to a higher court. A decision in favor of the owner could also involve the payment of damages arising from the taking of possession.

84. The effects of the new procedures will have to be tested, but could involve the postponement and possibly abandonment of some public sector investments scheduled for the Sixth Plan Period (1971-75). In an economy in which infrastructure investment has lagged over a number of years, but could now be accelerated with the resources likely to become available, this could be a serious problem. The situation should be kept under close review by the Government with a view to remedial action if necessary.

Priorities for the Agriculture Sector

85. The continuing efficiency of the sugar industry is undoubtedly the most important priority for the overall economy of Fiji. Exports of raw sugar at F\$28.7 million, in 1969, contributed 60% of the total merchandise exports of F\$47 million. The envisaged transfer of the management of the industry from the Colonial Sugar Refinery's subsidiary, South Pacific Sugar Mills (see paras 103 to 112) must therefore be accomplished without loss of efficiency in the management of the mills, extension and research services and export marketing operations. In part this implies the retention of many of the present high-calibre senior personnel, whom it would be impossible to replace from local sources without training over a period of years.

86. Efforts must continue to resuscitate the copra industry, which has been stagnating over the past decade. The replanting and planting schemes established in 1963 will result in increased production over the period between 1970 and 1975. (See paras 97 to 99). A replanting program must continue during the 1970's in order, at least, to sustain production growth beyond 1975. Efforts must also continue to improve growers' net realizations. Irrigated rice schemes of at least 4,000-6,000 acres should be implemented between 1970 and 1975, on the likely assumption that these schemes are technically and economically feasible. In the absence of such schemes, imports of rice at 8,000 tons in 1969 could increase at between 2 and 3% per annum.

87. Development of local fisheries received little attention until the last few years, since when funds and staff have been increased to a modest extent. With imports of canned fish apparently increasing at 13% per annum, to 8 million pounds valued at over F\$1 million in 1969, there is a need to make more strenuous efforts both as regards pre-investment surveys, and implementation of existing projects.

88. Development of the beef and dairy industries should proceed as rapidly as possible subject to the need to train new farmers in livestock and pasture management. Further research may be necessary to determine in detail the optimum grassland species for the various climatic zones, their nutrient requirements, and establishment and management techniques, but the main lines of development should be already known.

89. There are a number of other possibilities for agricultural development among crops already established in Fiji. Growth is likely to be mainly for the domestic market with some prospects for export, mainly within the South Pacific region. Exports to other parts of the world would compete with production from other tropical countries and encounter similar marketing problems which, in the case of Fiji, would be increased by isolation and small output. The relatively high standards of living and of wages in agriculture are also a competitive disadvantage. Apart from bananas which are exported in quantity to New Zealand, the most promising small-scale development possibilities appear to be sorghum, peanuts and tobacco with prospects also for coffee, cocoa and oil palm.

90. The government policies for future agricultural development have been outlined and discussed in general terms without specific reference to development priorities. The following possible projects have been identified:

- (a) general agricultural credit for specified crops including copra and bananas
- (b) dairy farm development
- (c) coconut research station
- (d) farmers' training institutes
- (e) fishermen training school
- (f) oil palm research center
- (g) tea research center
- (h) dry zone research center
- (i) forestry development.

91. Most of these would be small and relatively inexpensive, ranging from perhaps F\$150,000 for the research centers to F\$1-\$1.5 million for dairy farm development. Rural credit requirements would probably be met by the Fiji Development Bank which would require an external loan for this purpose.

92. The machinery in the Ministry of Natural Resources for establishing priorities in agriculture, forestry and fisheries, and for planning projects, appears weak. It seems necessary to consider external technical assistance in the establishment and operation of an agricultural planning unit within the Ministry.

93. The Government recognizes the need for adequate price incentives for agriculture development and is considering the feasibility of price support and minimum or guaranteed prices for some products. For minor commodities the administrative difficulties would be considerable but a copra stabilization fund could be considered. Such a stabilization fund exists for sugar and a guaranteed minimum price for cane was established for the industry, with unforeseen consequences, by the Denning Award (see para 101). The proposed agricultural planning unit could also investigate present policies in agriculture and the present program of subsidies for agricultural inputs.

94. Trends in the economy as a whole will continue to depend largely on performance in relation to the two main agricultural exports, sugar and copra. The following sections discuss the main developments in sugar and copra production.

Copra

95. The overall trend in copra production over the past two decades has been one of decline. Peaks of production, of little over 40,000 tons, were achieved in 1956, 1963 and 1964.

Table 12: COPRA PRODUCTION 1952/1969
'000 tons

<u>1952/54</u> <u>Average</u>	<u>1962/69</u> <u>Average</u>	<u>1967/68</u> <u>Average</u>	<u>Trend</u> <u>1952/69</u>
36.9	35.3	28.4	-1.6% p.a.

96. As shown in Table 13 there has been a marked improvement in copra quality since 1965. Grading standards were instituted and smoke drying was banned in 1966.

Table 13: COPRA GRADES
(as percentage of total deliveries)

	<u>1965</u> ^{/1}	<u>1966</u>		<u>1967</u>	<u>1968</u>	<u>1969</u>
		<u>March</u>	<u>Dec.</u>			
Grade 1	1	26	69	68	81	86
Grade 2	43	37	27	29	17	13
Grade 3	39	34	4	3	2 ^{/2}	1 ^{/2}
Reject	17	3	-	-	-	-

/1 Sample.

/2 Commercial acceptable standard (C.A.S.) replaced Grade 3.

97. Probably the principal reason for the trend in production has been increasing costs, including inter-island freight charges, resulting in lower net realization. For Fijian smallholders with average yields of around 3 cwt. of copra per acre, the gross income would be between F\$15 and F\$20 per acre. There are 9,000 holdings with an overall average of 20 acres under coconuts, 70% of 25 acres or less. There are possibilities for inter-cropping palms with subsistence or cash crops and for grazing livestock. Generally, however, returns for smallholder copra production are low enough to discourage either weed control, replanting or clearing and planting new land.

98. In an attempt to resuscitate the industry, the Government introduced a coconut subsidy scheme with the assistance of a grant from the United Kingdom. Subsidy payments were made in three categories:

- A: cleaning and thinning palms in Fijian communally-run groves, and subsequent maintenance;
- B: replanting, and subsequent maintenance of over-age palms; and
- C: clearing new land, planting, and subsequent maintenance.

99. Subsidy payments in the first category ceased after July 1966, but payments for the other two categories have continued. At the end of 1969, payments totalled \$2.4 million and expenditures in 1970 were estimated at F\$200,000. Over the period 1963/69, 113,100 acres had been planted in Category C.

100. It is not apparent that subsidy payments for clearing and maintenance activities have resulted in any marked increase in production. However, the continuation of a subsidy/credit scheme for replanting is desirable. Replantings and new plantings, totalling 70,000 acres, should result in increased production, possibly 23,000 tons of copra (at an estimated average yield of 6.5 cwt/acre) by 1975.

101. Milling is concentrated at Suva, the capital and main port, which is distant from the major producing areas. Crushing capacity, dominated by one mill with a capacity of over 40,000 tons, exceeds present needs. The question of new mills located in producing areas has been under consideration for some time. Until annual production approaches 50,000 tons, or the present large mill ceases operation, there appears to be no economic justification for new investment in crushing capacity. Profits from milling operations appear to be moderate and there is little scope for increasing the returns to growers by imposing lower margins for processing.

102. There are, however, needs for investment in wharf facilities, feeder roads and inter-island shipping which would reduce transport costs and increase returns to copra production.

The Sugar Industry

103. The major current economic issue involves the sugar industry. There are more than 15,000 cane growers in Fiji, but since 1926 the Australian Colonial Sugar Refining Co. (CSR) has been the only miller. Frictions between CSR and the Fijian cane growers in 1960 and 1961 caused serious disruption in the industry and led to the appointment of a sugar inquiry commission chaired by Sir Malcolm Eve. The commission recommended what became known as the Eve Contract to regulate the sugar industry and, in particular, to determine the division of sugar proceeds between the miller and the growers. This contract, presently part of the Sugar Ordinance in Fiji, expired on March 31, 1970.

104. As required by the Eve Contract, CSR in 1962 established a local subsidiary, the South Pacific Sugar Mills (SPSM), to take over its milling activities in Fiji. At present it still holds 98% of SPSM's shares, the remaining 2% having been sold to Fijian residents by a public offering in 1964.

105. In 1969 Lord Denning was appointed to settle the dispute between SPSM and the growers on the terms of a new 10-year contract. After conducting hearings in Fiji from August to September 1969, Lord Denning handed down his award on January 27, 1970. It stipulated that:

- (a) proceeds of sugar sales should be shared between the growers and the millers in the proportion of 65% to the growers and 35% to the millers, each paying their own costs out of their share; and
- (b) the growers should receive a guaranteed minimum price of F\$7.75 per ton of cane. Funds are to come if necessary from the Sugar Stabilization Fund and should be recovered when sugar proceeds result in a price of cane above the minimum guarantee. Should the present amount of F\$6 million in the Stabilization Fund be exhausted, the scheme is to be financed by a levy on sugar export to the United Kingdom (which means, in effect, that the amounts necessary to maintain the minimum cane price would come from the millers' share of the proceeds).

106. It can be argued that the 65/35 split recommended by Denning is not an unfair division of proceeds. From the 39.5% of total proceeds that it received under the Eve Contract (the weighted average from 1962 to 1968) SPSM was able to earn a total profit of almost F\$15 million in seven years, certainly a substantial return on an initial investment of F\$14 million.

107. Estimates have been made which show that, on the basis of the 65/35 split of proceeds, sugar milling would most likely be a profitable business in Fiji. Even if free market prices decline to only US 1.75 cents per lb. - probably a lower limit in the near future - the miller's income

would still be F\$9 million. This should be sufficient at least to cover costs. The current International Sugar Agreement intends to maintain a free market price above the 1969 price of US 3.25 cents per lb. In that case the miller's annual income would be at least F\$10.4 million, which should be sufficient to yield an acceptable return on capital. A separate provision of the Denning award for earlier payments to growers would however involve some extra costs.

108. The guarantee of a minimum cane price of F\$7.75 per ton is another matter, however. Sugar prices can be extremely volatile. It is difficult to imagine any commercial firm willing to accept the long-term risk of a guaranteed minimum price of cane. Although it is clear that the award was not intended to have the miller responsible for the guarantee, no other source of funds than the Sugar Stabilization Fund was offered. Once this fund is exhausted, the minimum price scheme would have to be supported from the miller's share.

109. In this case a fall in the free market price below US 3.25 cents per lb would then induce a very sharp decline in the miller's income. Any free market price below US 2.50 cents per lb would cause the miller to suffer an operating loss.

110. Although the risks were considered too high for the milling business to be commercially viable, the parent company allowed SPSM to sign a new contract in accordance with the terms of the Denning award but at the same time indicated that it would give the required two years' notice of withdrawal in March 1971. CSR does not wish to give this formal notice for reasons which include the possible effects on export marketing arrangements, and is pressing for an early start to negotiations which would lead to disposal of SPSM assets and contractual obligations.

111. The Government is seeking advice and has set up a select committee of the Legislative Council to "review the present position of the industry, to consider how it may best be secured against disruption, and to make recommendations." An early start to negotiations is necessary if the stability and efficiency of the industry are not to be affected. The apparent intention is to enter into an agreement to purchase SPSM assets, with payments spread over several years and met from profits. A state enterprise could be formed to take over the milling operation, headed by a board representing all participants in the industry and training, possibly under management contract, the SPSM personnel needed for continued efficiency. It is envisaged that CSR would continue to handle external marketing arrangements. The possibilities of a transfer of ownership to other private interests, foreign or domestic, or to growers, are discounted.

112. Fiji is at present capable of sugar production in excess of international agreements and it should not be difficult to maintain output or exports at permissible levels under new mill ownership. Unless sound mill management, research and extension services continue, however, returns to growers must decline and less of the country's scarce arable land will become available for alternative crops. Less efficient marketing or lower quality could affect longer-term market shares in the two countries, the United States and the United Kingdom, for which the quotas are especially important because of prices substantially above those under the International Sugar Agreement.

III. DEVELOPMENT TO 1975

113. The Sixth Development Plan (1971-75) was in draft at the time of the mission but was shortly to be presented for discussion and endorsement by the legislature as a strategy for economic development over the next five years. It is the Government's most ambitious attempt so far to plan for the future. Within the macro-economic framework of the plan attention has been concentrated on the basic policy issues to be resolved if Fiji is to maximise output and employment notwithstanding its dependence on external economic forces, and on the role of the Government in promoting and participating in the development process. An annual average growth of GDP at factor cost of 6.6 is postulated with tourism, construction and infrastructure expansion as the leading sectors. Tourist-related services are postulated as the leading sector with an annual growth rate of 25%. Investment is projected to increase at more than 10% per annum, exceeding 32% of GNP in 1975. The concern of the Government extends to income distribution as well as growth. For social and political reasons a wide distribution of the benefits of economic development is considered as important in Fiji's multi-racial society as the growth of national income as a whole.

114. The design of the Sixth Plan (DP VI) reflects a critical analysis of performance during the previous five years. The main lessons which have been drawn are (a) the need for increased emphasis on export growth and import substitution in the "basic" productive sectors, agricultural and manufacturing; (b) the importance of private, particularly foreign, investment and of the need to maintain an environment which will encourage a continuing inflow of capital investment from abroad; (c) the need in Fiji's circumstances to control government consumption in order to provide for increases in per capita private consumption levels; (d) the importance of creating enough employment opportunities during DP VI after a gradual deterioration in the employment situation in the previous five years; and (e) the desirability of improving income distribution to the extent compatible with other development targets.

115. The policy approach and the plan strategy appear appropriate. The best development prospects undoubtedly lie in tourism but, because its benefits will be concentrated mainly in Suva, the capital, and on the west coast of Viti Levu, other avenues for growth must also be pursued. With the expansion of sugar and sugar processing, the prospects in agriculture and manufacturing are good. Government consumption levels need to be held down to provide the resources for infrastructure investment while leaving room for higher private consumption levels, which have stagnated over the last five years. Further private investment will be required if satisfactory growth rates are to be attained. The levels of growth and investment projected for the next five years appear to be high, however, in relation to demand and capacity constraints which have emerged in recent years. The mission's assessment of development prospects to 1975 is presented in the following section.

Growth Potential

116. The projections for growth in GNP between 1970 and 1975 are set out in Table 14. They are based on the projection model described in Annex A and the assessments of probable trends in tourism, exports and investment set out below. An annual growth rate of 5.0% in GDP and, taking into account the increase in factor payments abroad, of 4.5% in GNP, is considered feasible if tourism continues, on the larger base now established, to increase at rates approaching those of the five-year period now coming to a close, and if world sugar prices are maintained. This should result in a rate of increase in private consumption substantially above the projected rate of population growth.

Table 14: GROSS NATIONAL PRODUCT BY TYPE OF EXPENDITURE
(F\$ million, 1970 prices)

	<u>1970</u>	<u>1975</u>	<u>% per annum</u>
Private Consumption	127.6	155.8	4.1
Government Consumption	23.6	30.6	5.3
Gross Fixed Capital Formation			
Private	37.6	43.2	2.8
Government	12.9 <u>/1</u>	16.9	5.5
Change in Stocks	+1.9	+2.0	1.0
Exports of Goods & Services			
Tourist revenues	26.7	54.0	15.1
All other	61.6	70.5	2.7
<u>Less Imports of Goods and Services</u>	-97.1	-124.1	6.5
<hr/>			
Expenditure of GDP	194.8	248.8	5.0
<hr/>			
Net Factor Income from Abroad	<u>-7.1</u>	<u>-14.4</u>	
Gross National Product	<u>187.7</u>	<u>234.4</u>	4.5
<hr/>			

/1 Based on budget estimates with an actual figure of F\$11.5 million, which is considered more likely, the annual growth rate would be 8%.

Source: Mission estimates

117. Within the economy the main impact of the projected growth dominated by tourism is in the services sector which, as a result, is estimated to grow by 11% per annum to over F\$24 million in 1975. By comparison, value added in the cash agriculture, forestry and fisheries sector, with sugar production constrained by international quotas, is considered likely to grow from F\$29 to F\$33.5 million, an annual average of 2.9% from 1970 to 1975, instead of the 4.5% projected in the plan. The components of change in GDP which make up the growth of 5% per annum projected for the economy as a whole are shown in Table 15.

Table 15: GROSS DOMESTIC PRODUCT AT FACTOR COST
(F\$ million, 1970 prices)

	<u>1970</u>	<u>1975</u>	<u>% per annum</u>
Agriculture, Forestry & Fisheries			
Cash	29.1	33.5	2.9
Rural Household	19.1	21.1	2.0
Mining	2.6	3.1	3.6
Manufacturing & Processing	19.3	27.2	7.1
Construction	15.5	20.2	5.5
Electricity & Water	2.0	2.9	7.7
Transport	15.1	18.4	4.0
Trade	26.6	33.6	4.8
Rental	17.4	24.5	7.1
Education & Health	7.7	9.9	5.1
Services, n.e.s.	14.4	24.3	11.0
Public Administration	<u>5.2</u>	<u>7.8</u>	<u>8.4</u>
<u>GDP at factor cost</u>	177.6	226.7	5.0

Source: Mission estimates

118. As explained in the section on tourism later in this report, an annual increase in tourist traffic of 15-20% is projected from 1969 to 1975. Actual growth could exceed (or fall short of) this projection, with significant effects on the economy as a whole. The projection nevertheless appears to be consistent with present trends and appropriate for planning purposes. Accordingly, tourism expenditure is projected to increase from F\$20.9 million to F\$54 million in 1975, a figure substantially lower than the Plan estimate of F\$83 million. This accounts for most of the difference between the overall growth rate of 7.1% in export earnings projected by the mission and the 12.3% projected by the Fijian authorities.

119. Allowance has been made for the substitution of home-produced consumer goods for imports in accordance with government policies and known possibilities. By 1975 increased output for import substitution should be of the order of F\$5 million, primarily in the form of light manufactured goods, beef, and rice from the proposed Rewa and Navua schemes.

Investment

120. Estimates of investment required are given below:

	<u>1970</u>	<u>1975</u>	<u>Average Annual Increase</u>	<u>Total 1971 - 1975</u>
<u>Government fixed capital</u>				
<u>Formation</u>	11.5	16.9	8%	72.8
of which: Central Government				(60.0)
Local and Government Enterprises				(12.8)
<u>Private fixed capital</u>				
<u>Formation</u>	37.6	43.2	2.8%	197.9
of which: Hotels	3.7	6.5	12.0%	
Tourist-related services	2.4	4.3	12.0%	
Manufacturing, excluding sugar and copra processing	7.8	10.9	7.0%	
Construction	1.0	1.6	10.0%	

121. Private investment in tourist-related services is projected to increase by 12% per year. This is lower than the projected annual 17% increase in tourist revenue because the high rate of investment in these sectors from 1967 to 1970 should create the capacity to accommodate some of the traffic increase after 1970. Furthermore, investments in 1974 and 1975 will be for the requirements of the years after 1975 and it is difficult to foresee a continued annual compound growth rate of over 15% in tourist traffic after 1975.

122. As the construction industry seems to be working at close to capacity level during 1970, we consider the 10% annual growth rate of investment in this sector projected by the Central Planning Office to be reasonable. Investment in manufacturing industries other than sugar processing is also projected to increase at the relatively rapid rate of 7% per annum while investment in the remaining industries should stabilize at an annual rate of F\$20 million, slightly below the peak rate of F\$22.7 million in 1970.

123. The core of DP VI is a program of F\$82 million in government capital expenditure. This is ambitious in relation to Fiji's past experience and performance. Capital expenditure is to be raised from F\$8.5 million in 1969 to an average of over F\$16 million during 1971/75. Shortfalls of more than 15% in planned annual expenditures have been usual. To double actual expenditures over a relatively short period may be beyond the capacity of a public administration which must inevitably go through a further period of transition in the near future. Actual expenditures of 25% or more below present plans may be a more realistic expectation. Priorities may need to be established with the more urgent projects having first call on manpower resources and the others being carried out as personnel become available.

124. Accordingly, the annual increase in fixed capital formation from 1970 to 1975 is projected at 8%. This would yield a total investment over the five-year period of F\$73 million, of which F\$60 million is expected to be central government fixed capital formation and the remaining F\$13 million to be investments by local government enterprises.

125. Total fixed capital formation in 1975 is therefore projected to be F\$60.1 million, considerably lower than the F\$82.7 million projected in DP VI and only 19% higher than in 1970. We feel, however, that the present high rate of capital formation (an estimated 27% of GNP in 1970) will be difficult to sustain, much less to increase. The investment target of DP VI would mean a rate of capital formation in 1975 of 32% of GNP which would seem high for a relatively low-income economy such as Fiji, even with substantial capital inflows. Our projected investment rate would imply a rate of 26%. This is still a high projection and in view of the excess capacity that must result from the high rate of investment in 1969 and 1970 unaccompanied by corresponding output growth, a substantial decline in the rate of capital formation from 1970 to 1975 concurrent with the projected output growth of 5% might be feasible.

Sector Development

Agriculture

126. As in past years, trends in the agricultural sector are likely to be largely determined by what can be predicted for the sugar industry. The estimates at 1969 prices are set out in Table 16. The apparently high increases for copra, bananas, rice, beef and fish are the product of special factors, discussed in the following paragraphs on each commodity. If the expected high output of sugar is attained in 1970, growth rates between 1970 and 1975 would be of the order of 3% per annum for the cash agriculture sector as a whole.

127. Sugar. Exports of raw sugar are determined by quotas allocated under the International Sugar Agreement, the United Kingdom Negotiated Price Agreement and US Trade Agreement. Exports under these quotas seem likely to be limited to 337,000 tons which, together with domestic demand at 25,000 tons, would give a controlled production of 362,000 tons in 1975. The ISA Article 44, relating to the Hardship Fund for developing countries, makes allowances for "bumper" seasons, but should not be taken into account in the trend over the whole period. Similarly, though the ISA quotas are due for review in 1971, it is inadvisable to adumbrate any upward revision of the basic quotas. On yields of raw sugar per acre over the period between 1950 and 1969, the trend indicates a yield of 3.3 tons raw sugar per acre by 1975. For a production of 362,000 tons, and cane yields at 24.9 tons/acre with a 13.25% out-turn of sugar, the harvested acreage would be approximately 110,000 acres. The forecast for sugar-cane envisages a contraction in the harvested acreages which would release about 6,000 acres for other crops.

Table 16: GROSS VALUE OF AGRICULTURAL COMMODITIES
FORECASTS FOR THE CASH SECTOR, 1975
(1969 producer prices F\$'000)

<u>Crop</u>	<u>Unit</u>	<u>Actual 1969</u>		<u>Forecast 1975</u>		<u>Value</u>
		<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>	<u>Growth Trend</u>
						<u>1969/75</u>
						<u>%p.a.</u>
Sugar	'000 tons	2,339	16,373	2,732	19,120	2.6 /1
Copra	'000 tons	33	4,327	50	6,500	7.0
Bananas	'000 cases	90	291	150	490	9.1
Rice, Padi	tons	21,000	1,680	40,000	3,200	11.4
Beef	tons	3,517	1,182	6,000	2,010	9.2
Butterfat	'000 lbs	900	360	1,200	480	4.9
Fish (Domestic Sales)	'000 lbs	1,800	270	4,000	600	14.2
Timber	'000 cu.ft.	4,400	<u>2,304</u>	5,500	<u>3,000</u>	4.5

/1 If 1970 output exceeds 2.7 million tons, as seems likely, growth from 1970 to 1975 would be negligible.

Source: Appendix Table 7.1 and mission estimates.

128. Copra. Production trends will be reversed by new plantings and replantings of 70,000 acres under the Coconut Subsidy Scheme. This acreage will be bearing by 1975. Although some other trees will be declining or going out of production, the total supply of copra in 1975 is estimated at 50,000 tons on the basis of existing modest yields per acre and could be higher if some improvement in yields can be attained.

129. Bananas. It is difficult to forecast any dramatic increase in the volume of exports, on the recent history of falling production for the export market, and producers' disenchantment, due to problems of disease control, packaging and collection for export. Nevertheless disease control measures are available, and improvements are possible in marketing services. It appears reasonable to assume exports at 150,000 cases by 1975, a return to past export levels. This does not take account of sales on the domestic market, for which statistics are not available.

130. Rice. Fiji could become self-sufficient in rice. Domestic consumption is estimated at 24,000 tons milled rice by 1975, based on population projections and current estimates of consumption scales. Production on 24,000 acres of rain-fed padi is estimated at 14,000 tons milled rice, with average yields at around one ton per acre padi, in a "normal" season. Assuming that between 4,000 and 6,000 acres of additional land can be developed for double cropping under irrigation in accordance with government plans for development of the Rewa and Navua deltas, the balance of estimated consumption at 10,000 tons milled rice could be produced with yields per crop of between 1.5 and 2 tons padi per acre. Total production, therefore, is forecast at 40,000 tons padi (24,000 tons milled rice).

131. Beef. Development of domestic beef production has proceeded rapidly, on a few small holdings, over the past few years. It is envisaged that this type of development will continue, and be geared to the ability to develop and manage pasture and livestock. A forecast growth of 9% allows for a continuing element of import substitution, with provision for the development of a regional export trade in canned products.

132. Butterfat. Production of dairy products, milk and butter, has increased at around 5% per annum between 1965 and 1969. Development over the period 1969 to 1975 appears likely to be largely confined to south-eastern Vitu-Levu, and centered on the capital, Suva. The forecast by 1975 envisages a continuing growth of 5% per annum. As standards of minor roads improve, collection from a wider area will become practicable. In addition, dairy production may grow with the development and reclamation of land in the Rewa and Navua delta areas. These developments, however, appear more likely to occur towards the end of the projection period, and beyond.

133. Other Commodities. Other commodities cover a wide range of crops sold on the domestic market, and for export, and includes fresh fruit, vegetables, hides and skins, tobacco, yaqona and green ginger. Total domestic sales are not recorded but exports were valued at F\$600,000 in 1968. The prospects for growth cannot be quantified but appear good.

134. Fish and Shell fish. Domestic market sales are recorded as 1.8 million pounds valued at F\$270,000 in 1969. With rapid development of inter-island marketing facilities, and small-unit fisheries, it appears likely that sales can be increased to at least F\$600,000 by 1975. This excludes production by the export-oriented Japanese Pacific Fishery Company at Levuka, which is not significant in the domestic market.

135. Forestry. Current estimates are that timber consumption will rise from the present 4 million cubic feet per annum to 16 million cubic feet by about 1995, and, at that time, the reserve of timber available in the natural forest will be very small.

136. To ensure self-sufficiency in timber, a planting rate of 4,500 acres/annum increasing to 6,500 acres/annum over the plan period is necessary. These plantings will need to be grouped in viable industrial units, and divided approximately equally in and between softwoods (*p. caribbea*) and hardwoods. For hardwoods, 6,000 acres of mahogany (*Swietenia macrophylla*) has been planted at Taileou (near Suva, Viti Levu) over the past few years. A planting program of 1,000 acres/year will be maintained to a total of 40,000 acres. Further investment in improved extraction methods will be required. Exploitation of the indigenous forest is forecast to continue at a rate between 5% and 6% over the period 1969/75.

137. These projections for the agriculture sector assume the continuing level of efficiency in management and extension and research services of the sugar industry. Similarly, extension staff, time and effort for development of other crops will have to match production forecasts. Ministry of Natural Resources estimates of expenditure would appear to fulfill this requirement, though the provision for research appears inadequate (see Table 17).

Table 17: MINISTRY OF NATURAL RESOURCES ESTIMATES
OF EXPENDITURE DP VI 1971/75

	F\$'000			% Annual Increment
	1968	1971	1975	
<u>Agricultural Extension Services</u>				
Personal Emoluments	-	401	575	+ 9.4%
Other Charges	-	352	426	+ 4.9%
<u>Agricultural Research Services</u>				
Personal Emoluments	-	214	252	+ 4.1%
Other Charges	-	637	477	- 7.5%
<u>Veterinary and Regulatory Division</u>				
Personal Emoluments	-	92	121	+ 7.1%
Other Charges	-	123		+ 6.7%
<u>Fisheries Division</u>				
Personal Emoluments	-	59	83	+ 7.1%
Other Charges	-	216	325	+ 10.7%
<u>Total</u>				
Personal Emoluments	548	755	1,031	
Other Charges	476	1,328	1,388	

138. For the development of rice production, however, the implementation and supervision of major irrigation schemes would require additional senior technical staff. Such staff could not be found in full from present resources, and overseas assistance, in funds and personnel, is likely to be required.

139. The provision of adequate agricultural credit facilities will be an important factor in the development of efficient production on small holdings. Estimates of annual credit requirements have been prepared by the Ministry of Natural Resources, covering the period 1971/75, and these estimates indicate a considerable increase on the current level of loans advanced for agricultural purposes by the Fiji Development Bank.

Table 18: AGRICULTURAL LOANS

	<u>Fiji Development Bank</u>	<u>Ministry of Natural</u>	
	<u>Loans Granted July 1968</u>	<u>Resources</u>	
	<u>to June 1969</u>	<u>Estimates</u>	
	F\$'000	<u>1971</u>	<u>1975</u>
Sugar Cane	8	-	-
Coconuts	7	-	28
Rice	16	85	686
Bananas	-	73	165
Livestock	49	292	292
General	<u>87</u>	<u>41</u>	<u>79</u>
	<u>167</u>	<u>491</u>	<u>1250</u>

140. In summary, other than for sugar, the prospects for further growth in agricultural production are good because of investment activity undertaken in recent years in relation to copra and other main agricultural products. Agricultural production, by 1975, should show a better balance between sugar and other commodities, sugar having declined in importance from 56% of the producer valuation of cash crops in 1969 to under 50% by 1975. This trend, towards a more even balance, should continue beyond 1975, with increasing emphasis on the development of fat stock, dairy, and fish production.

Manufacturing

141. Growth rates in the manufacturing and processing sector will be restrained by slow growth in sugar processing, the major industrial activity. Cane production can increase only at average rates permitted by export quota arrangements. By 1975 the share of sugar and copra processing will, if projected developments occur in other industries, make up only about 40% of

the sector's contribution to GDP. With the constraints on sugar, manufacturing and processing are unlikely to more than maintain their present share of 12% of GDP even with solid increases in the output of other industries in the period to 1975.

142. Import substitution has been an important element in the growth of manufacturing in the past five years and there remain substantial opportunities for further development in this direction. Of the growth rate of 7% projected for this sector a quarter is attributable to further substitution of imports.

143. The main factor in industrial output growth will be increasing intermediate and final demand for the products of industries already established and operating economically in Fiji. There are however a number of prospects for new products under investigation. The Government is actively promoting industries which will use locally available raw materials including bagasse, molasses and other by-products of the main agricultural activities. A survey team arranged under the Indian Technical and Economic Cooperation Program recently reported on small-scale industrial opportunities, some of which have export potential. Technical assistance in a number of industrial fields is being provided by UNIDO experts.

144. Fiji has a substantially larger industrial base than its Pacific Island neighbours and already exports within the region small quantities of cigarettes, cement, biscuits, paint and some other products. This trade should expand rapidly from its small base over the next five years, assisted by the advantages of a central location in the transport system of the region.

145. Industrial exports could also grow rapidly if the plans of New Zealand and other firms to process imported raw materials in Fiji for export to New Zealand, Australia and other countries, taking advantage of relatively low labour costs, are implemented and initiated by further foreign enterprises. A large clothing factory is already being established and for other labour-intensive processes this form of foreign investment could be attractive.

Tourism

146. Tourist traffic has expanded rapidly in the past decade. Taking into account trends in visitor flows from the major countries of origin, Australia, New Zealand and the United States, and likely changes in air services and air fares, growth rates of 15-20% annually in the next five years are probable and might be exceeded.

147. After large additions to hotel capacity in the past decade (to about 1,500 rooms), projects now underway or soon to begin will add about 50% more capacity in the next two years. Further additions to capacity will be required after 1972 if the growth of traffic is maintained. Suitable beach sites within easy reach of Fiji's international airport on the

main island are few, but if properly developed should provide sufficient capacity increases over the next three to five years to meet demand. The further development of the sector on the outer islands will involve more complex problems of transport and supply. These and other principal factors determining development should be evaluated in detail as a basis for formulating a longer-term plan for tourism.

148. On the basis of the tentative traffic projections mentioned above, accommodating the flow of visitors in 1975 would require investment of up to F\$20 million. While there is very considerable interest in tourism investments among private investors both in Fiji and abroad, the Government either directly or through the Fiji Development Bank will be called upon to provide loan finance for hotel development. It will also be asked to provide some tourism infrastructure. In the absence of a fully developed plan for tourism, the extent of the call on government funds cannot yet be assessed in detail but it will be considerable.

149. On the data available, the impact of the growth of tourism on the economy will be considerable. Employment in the sector can be expected at least to double by 1975, and its growth will provide a major stimulus to increased output and employment elsewhere in the economy. Moreover, tourism appears to offer the best available prospects of rapid increase in Fiji's foreign exchange earnings in the next five years. Hence the sector is one which merits priority in government planning. The Bank is assisting in organizing such planning and will also consider ways of helping to finance the heavy investments required in the sector in the next five years.

Transport and Communications

150. Future transport needs have been under survey by a UNDP team which began operations in mid 1966. The recommendations of the team include the reconstruction of the Suva-Nadi highway, a project which will be the largest in the Sixth Development Plan and is under consideration for Bank financing, the construction of a transinsular road on Vanua Levu and a number of minor new roads. Proposals have been made for improving inter-island shipping services, master plans for the principal ports have been prepared and a plan drawn up for transport investment over the next decade.

151. On the basis of their assumptions of growth in GDP of 5% and of 6% for transport demand, a total investment of F\$38 million is recommended for the next ten years. Two-thirds of this amount would be for roads, 20% for ports and the remainder for equipment and vessels and upgrading airports.

152. The improvement of transport services is of particular importance for Fiji's outer islands, including Vanua Levu, the second main island. A port or ports of entry for this island would promote regional development and exports by reducing costs for overseas shipping, and is recommended.

153. The communications system is well-developed and particular attention has been paid to the links with isolated island communities which are needed for social as well as economic reasons. Much of the equipment is now in need of replacement and this would be a suitable field for bilateral aid.

Power

154. At the present time, all electricity for public supplies is generated by diesel engine-driven alternators. A statutory body, the Fiji Electricity Authority (FEA), operates power stations in the western half of Viti Levu and expects to assume control of that in Suva, now operated by the City Council. One further station is controlled by the gold mine at Vatukoula, which also supplies electricity for public use. The sugar mills operate and control their own supplies.

155. During 1969, the total unit generation, excluding the mills, was 79.65 million KWH with an associated peak demand of 15.1 megawatts. Demand is expected to require, by 1977, a total unit generation of 200 million KWH with a peak demand of 41 megawatts.

156. The Government is now interested in the possibilities for hydroelectricity. Previous reports of hydroelectricity have not been encouraging, largely due to the high capital costs in relation to utilization. The growth in demand over the last five years, and projected consumption, appear to establish a better case warranting further, more detailed and urgent examination. A request is being made for UNDP assistance in conducting feasibility studies.

157. A preliminary examination of the possibilities for hydroelectricity has been carried out and a site in the central highland area of Viti Levu tentatively recommended. Development appears possible and economic. There are a number of alternative sites, though of lower potential.

158. Capital costs for a power station in the highland area are tentatively estimated at F\$10 million of which F\$6 million would be required in foreign exchange. In addition a 30-mile access road and a suitable transmission system would be required. The latter is estimated at F\$5 million, including reinforcement of the Suva system.

Education and Training

159. As indicated in Chapter II, it is likely that Fiji will require external assistance for the expansion of technical education to meet the demand for skilled manpower arising from further development. The manpower situation is already tight and will be a constraint on economic growth even in the immediate future. The requirements for skills extend to tertiary levels and the regional University of the South Pacific in

Suva will have to be greatly expanded to cater for Fiji's needs as well as those of neighbouring Pacific Islands. This applies to other institutions for advanced training in Fiji which have a regional bias. A survey of manpower needs, not necessarily confined to Fiji, is needed to provide the basis for early identification of education and training projects.

Resources

Employment

160. The economically active population of Fiji, defined to include family and own-account workers as well as wage and salary earners, is projected to increase from 140 thousand, including 8,600 unemployed, to 186 thousand between 1968 and 1975. The base-year estimate is subject to a considerable margin of error and in the absence of a comprehensive manpower survey can be taken only as a general order of magnitude. Annex A includes the mission's projections of employment as determined by fixed output co-efficients and the sectoral pattern of growth projected for GDP over the same period. On these assumptions, new employment opportunities would more than match the number of entrants to the labour force. However, they take no account of increases in labour productivity over the period.

161. Estimates of productivity increases can only be conjectural. No comprehensive figures exist for earlier periods. The Central Planning Office assumes annual growth in productivity of not less than 3% in non-agricultural sectors and 0.5% in the cash agriculture sector. The first figure appears high. Technical progress is unlikely to be marked either in the small-scale manufacturing enterprises suited to Fiji's market size or in the other sectors (services and construction) which are expected to grow most rapidly over the period. Productivity effects seem likely to be small.

162. Provided, therefore, that the projected growth of GDP is attained, it seems possible that employment opportunities may be generated as rapidly as needed for the increasing work force, and in favourable circumstances rapidly enough to improve the overall employment situation. The critical variable may be not productivity but the desire of workers to move within economic sectors and in particular out of the subsistence sector into areas which may not be growing sufficiently to provide enough openings.

Public Finance

163. One of the main policy issues discussed within the Government in planning for 1971-75 stemmed from a review of estimated revenues and recurrent expenditures to 1975. It had been calculated that at existing taxation rates, with recurrent expenditure growing at 9% a year and a planned level of transfer from the recurrent to the capital budget, there would be a gap of F\$6 million (about 10% of expenditure) between net

ordinary expenditure and net revenues. It was felt unrealistic to plan for lower growth in recurrent expenditures in view of government commitments to an increasingly high level of services. The conclusion was that a major tax revision would be required.

164. The mission's view is that the more appropriate policy prescription may be one of restraint in government expenditure. From 1966 to 1970 the annual rate of increase in government consumption at constant prices is estimated at 5.2% within an increase in GNP of 5.0%. It proved possible during this period to provide for improvements in the range and standard of government services and for transfers to the capital budget out of current revenues at approximately the same levels as are envisaged for the next Development Plan. It seems possible that similar relationships could prevail in regard to revenues and recurrent expenditures. This will however require careful management in the post-independence period when, if experience in other countries is a guide, there may be strong pressures for increases in recurrent expenditure levels.

165. There are advantages to be gained in avoiding large changes in the tax structure in the initial stages after independence. The Government may wish at least initially to avoid reforms which could be interpreted by the private sector, and by foreign investors, as basic changes in policy. The projected rate of increase in private consumption, 4.1% per annum over the next five years, appears large enough to allow for revisions which would provide for some extra growth in revenues over the rate of increase in GNP as a whole. It is however, a policy objective to provide for substantial increases in private consumption levels after the negligible increases in the last few years. Until the need for proportionately higher revenues is deeply established, changes in the fiscal structure should be concentrated on improvements in detail and the removal of anomalies. This in itself could significantly increase net revenues.

Development Finance

166. Total investment needs for the Sixth Plan period, at 1970 prices, are estimated at F\$280 million or 26% of GNP. ^{1/} The components would be F\$70-75 million in government fixed capital formations, approximately F\$200 million in private investment and an allowance for average annual increases in stocks of F\$2 million. The investments in the private sectors could be financed, at projected rates of increase, in roughly equal shares by household savings, business savings and private foreign capital inflows.

^{1/} Allowing for capital inflows, official and private, this would imply a domestic savings ratio of about 18 percent.

167. Public sector capital formation of F\$73 million assumes the completion of F\$60 million of investment under the development plan, as discussed in paragraph 120, and a further F\$13 million in capital formation by government enterprises and local authorities. In these circumstances the public sector would account for about 26% of total investment, almost the same proportion as over the period 1966-70.

168. The sources of finance for the capital budgets 1971 to 1975 are estimated as follows:

	<u>F\$ million</u>
<u>Domestic</u>	32
Revenue Surplus	(12.5)
Local Borrowing	(18.0)
Miscellaneous	(1.5)
<u>External Aid</u>	28
Grants	(8.0)
Loan finance	(20.0)
	<hr/>
Total	60.0

The loan figures are in disbursement terms. Considerably higher commitments for project loans could be required to reach a disbursement total of F\$20 million within the Plan period.

169. The principal sources of loan finance for DP VI are the United Kingdom, and potentially, the Bank. The former has indicated readiness to provide substantial loan assistance on terms similar to Bank loans in relation to the grant aid already committed for projects in this plan. Fiji became a member of the Asian Development Bank in 1970 and it appears likely that projects will be identified for ADB lending. As an independent country it will also be more clearly eligible for bilateral capital aid by countries with Pacific interests. Australia and New Zealand give substantial economic aid within this region, usually in grant form, but have directed it so far mainly to countries and territories for which they have carried administrative responsibility. Fiji has raised development funds in Australia in recent years, at 0.5% above Commonwealth loan rates, and may wish to retain its link with this market.

Eligibility for Bank Lending

170. Fiji has a relatively high per capita GNP (an estimated F\$356 or US\$410 in 1970), good general education and health services and a sound administrative system. It will enter independence on a firmer economic base than many new countries. The market and resource constraints which exist partly as a result of good overall performance in recent years suggest a cautious view of growth prospects in the near future, but the economy should sustain a growth rate at least approaching the 5% per annum of

the past five years if tourism development continues its present trends. The private capital inflow has been substantial. Additional external resources are required for public sector investment which over a long period has lagged behind recurrent expenditure on government services.

171. Under the present colonial system of 100% currency backing, balance of payments problems have been avoided. The development of an independent monetary policy in an open economy carries the risks of higher import demand but the Government is unlikely to permit the emergence of any major imbalance. The balance of payments mechanism should continue to contain elements of self-adjustment. Increases in remittances of earnings overseas will occur mainly as a result of new capital inflows. Much of the 7% annual increase in imports projected to 1975 can be attributed to tourist and foreign investment expenditures. Equilibrium should not be difficult to maintain.

172. Minimal foreign borrowing has kept public debt service ratios low (1.1% of commodity exports in 1969) and debt service on private account is not significant. Debt service ratios in 1975 are estimated at 3.0% of commodity exports and 1.3% of non-factor export receipts for goods and services, the difference indicating the importance of tourism. Fiji will in our view be creditworthy for Bank lending, on its own account, following independence.

ANNEX A

A Short-Term Projection Model of Fiji

This model is constructed for the purpose of projecting the economic structure of Fiji from 1970 to 1975 on the basis of exogenously projected levels of tourist expenditure, export, investment and import substitution. Private and government consumption, household income, government revenue and output of the production sectors are endogenously determined by the model.

The core of the model is a set of input-output coefficients relating the intermediate demands for each type of goods and services to the output of each production sector. Household income generated by each sector is determined by the level of production in the sector. Similarly, government revenues are linked to production and income by a set of coefficients representing the incidences of direct and indirect taxation on production, income and imports. Private consumption is in turn determined by the sum of income generated and government consumption by the sum of revenue received.

As productive capacity other than that of the construction sector is unlikely to be a major factor in Fiji's economic growth in the next five years, no capacity constraint on production is specified in the model. External demand rather than capacity will undoubtedly be the limiting factor in the growth of merchandise exports. The rapid growth of tourist facilities over the last few years is expected to continue after 1970 and should be sufficient to meet the projected increase in demand. Only the building and construction sector is expected to face a capacity problem over the next five years, but its effect on the growth of the economy can be taken into account by limiting the exogenously-determined level of investments.

Specifications of the model are as follows:

I. Definition of Variables

The economy is divided into 12 production sectors as follows:

- (1) Agriculture, Forestry and Fisheries (excluding subsistence)
- (2) Mining and quarrying
- (3) Sugar and Copra Processing
- (4) Manufacturing, n.e.s.
- (5) Construction
- (6) Electricity and Water
- (7) Transport and Communications
- (8) Trade
- (9) Rental
- (10) Education and Health
- (11) Services, n.e.s.
- (12) Public Administration

Exogenous Variables

e_i exports of sector i
 s_i import substituting production of sector i
 f_i fixed capital investment expenditures on output of sector i
 k_i increase in inventory of sector i
 t_i tourist expenditures on output of sector i
 q increase in factor income remitted abroad
 r government debt service payments

Endogenous Variables

x_j output of sector j
 g_j total government revenues
 y total household income
 x_{ij} output of sector i used by sector j
 g_i output of sector i used in government consumption
 c_i output of sector i consumed by household
 m_j government revenue received from sector j
 m_j^h government revenue received from household
 v_j^h household income generated by sector j

Structural Parameters

a_{ij} input-output coefficient representing the amount of output i consumed per dollar output of sector j
 p_j government revenue received per dollar output of sector j including business profit tax, indirect taxes on intermediate inputs and imports used, and profits of government enterprises
 p_h government revenue received per dollar household income, including income tax and indirect taxes on consumer goods
 d_j household income generated per dollar output of sector j
 m_i government current expenditure on sector i per dollar revenue
 w_i consumer expenditure on output of sector i per dollar income

II. Structural Equations

$$\begin{array}{rcll}
 x_{ij} & = & a_{ij} x_j & i = 1,12 \\
 & & & j = 1,12 \\
 m_j & = & p_j x_j & j = 1,12 \\
 m_h & = & p_h y & \\
 v_j & = & d_j x_j & j = 1,12 \\
 g_i & = & u_i g & i = 1,12 \\
 c_i & = & w_i y & i = 1,12
 \end{array}$$

III. The Complete System of Equations

The model may now be represented by the following balance equations:

Production Sectors:

The equality of the supply and demand of each sector's output can be written as:

$$\begin{aligned}
 x &= \sum_{j=1}^{12} x_{ij} + g_i + c_i + e_i + s_i \\
 &\quad + f_i + t_i + k_i \\
 &= \sum_{j=1}^{12} a_{ij} x_j + u_i g + w_k y + e_k + s_k \\
 &\quad + f_i + t_i + k_i
 \end{aligned}$$

Government Revenue:

Total government revenue equals the sum of revenue received from all sectors less external debt service payments:

$$\begin{aligned} g &= \sum_{j=1}^{12} m_j + m_h - r \\ &= \sum_{j=1}^{12} p_j x_j + p_h y - r \end{aligned}$$

Household Income:

Total household income equals the sum of income generated by all sectors, less the increase in income remitted abroad.

$$\begin{aligned} y &= \sum_{j=1}^{12} v_j - q \\ &= \sum_{j=1}^{12} d_j x_j - q \end{aligned}$$

IV. Projections of Exogenous Variables

A. Exports of Goods and Services

Projected exports of goods and services in 1975 are given in the table below. Re-exports are considered as an export of the trade sector representing the trade margin, plus an import component representing the c.i.f. cost of the goods. Exports of transport and other services are largely the Central Planning Office's projections. Tourist expenditure is projected to increase at an annual rate of 17%, from an estimated \$20.9 million in 1969 to \$54 million in 1975. Approximately one-third of this amount is expected to be expenditure on imported goods, so that expenditure on domestic goods and services should amount to less than \$35 million.

	(F\$ million)	
	<u>Tourist Expenditure</u>	<u>Other Goods & Services</u>
<u>Agriculture</u>	-	3.08
of which, banana		(.48)
<u>Mining</u>	-	3.60
of which, gold		(3.20)
<u>Sugar & Copra Processing</u>	-	34.93
of which, sugar		(29.62)
coconut products		(5.31)
<u>Manufacturing, n.e.s.</u>	1.07	6.46
<u>Transport</u>	3.89	15.60
<u>Trade</u>	6.34	1.80
<u>Services, n.e.s.</u>	23.36	1.00

B. Import Substitution

The model assumes constant propensity to import for all sectors. To allow for the expected substitution of domestic production for imports in some products, the model includes exogenously-determined production for import substitution. Total value of import substitution in 1975 is projected to be \$4.45 million, with agricultural products accounting for \$2.45 million and manufactures for the remaining \$2 million.

C. Capital Formation

The projection of a fixed capital formation total of \$60 million in 1975 is explained in Chapter III. Excluding \$21 million of imported capital goods, the projected expenditures are \$2.35 million on mining and quarrying, \$2.44 million on manufactured goods, and \$34.31 million on construction. The projected \$2 million increase in stocks is allocated to the trade sector.

D. Structural Adjustments

It is apparent that, in recent years, a decline in the propensity to consume has been partly responsible for the slow growth in consumption and the very rapid increase in capital formation. Our base year estimates for 1966 indicate that, excluding subsistence agriculture, household savings were some 7 percent of income. The rate has apparently increased to 8-9 percent in 1969 and 1970. We assume that this rate will further increase to 11 percent in 1975.

To account for the accelerated flow of foreign capital in recent years, an \$8.5 million increase in factor income remitted abroad is projected for 1975. The external debt payments of the government in 1975 are estimated to be \$1.6 million.

V. Economic Structure in 1975

The economic structure of Fiji projected on the basis of the model is given in Table A-1. The figures for the agriculture sector include subsistence agriculture whose output in 1975, using the Central Planning Office's projection of \$21.1 million, is assumed to be entirely consumed. Production for import substitution has been included in the consumption figures.

VI. Employment Structure in 1975

Projections of employment by sectors on the basis of the model's projected output in 1975, and assuming labor productivity remains as in 1968 are presented in the following table:

Employment by Industrial Sector
(including family and own account workers)

(in thousands)

	<u>1968</u>	<u>1975</u>
Agriculture	75.0	93.7
Mining	2.2	2.6
Manufacturing	11.1	16.7
Construction	8.2	13.8
Electricity and Water	0.8	1.4
Transport	6.6	10.9
Trade	10.6	16.0
Public Administration, Education & Health	10.6	17.6
Services, n.e.s.	<u>6.8</u>	<u>15.5</u>
Total	<u>132.0</u>	<u>188.2</u>

Table A - 1
PROJECTED ECONOMIC STRUCTURE OF FIJI IN 1975

(F\$ million, in 1970 producers' prices)

Consuming Sector Producing Sector	Agric- ulture	Mining	Sugar & Copra Processing	Mamfac- turing	Con- struc- tion	Elec. & Water	Trans- port	Trade	Rental	Educ. & Health	Service n.e.s.	Public Adminis- tration	SUB TOTAL 1-12	Exports f.o.b.	Tourist Expen- ditures	Fixed Capital Form- ation	Increase in Stock	Govt. Consump- tion	Private Consump- tion	GROSS TOTAL
Agriculture	.73	.20	19.11	1.22	1.09	.02	-	-	-	.44	3.19	.09	26.18	3.08	-	-	-	.90	29.07	59.23
Mining	-	-	-	.24	.54	-	.05	-	-	-	-	-	.83	3.60	-	2.35	-	-	-	6.78
Sugar and Copra Processing	-	-	-	-	-	-	-	-	-	-	-	-	-	34.23	-	-	-	-	1.42	36.35
Manufacturing, n.e.s.	.91	.60	2.55	2.93	3.13	.50	7.85	4.36	-	.88	.83	-	24.75	6.46	1.07	2.44	-	-	17.10	51.82
Construction	.18	.16	.25	.24	.11	.18	.23	.74	1.72	-	-	-	3.81	-	-	34.31	-	2.07	-	40.19
Electricity & Water	-	1.40	.25	.44	.22	.04	.42	.42	-	.24	.37	.47	4.26	-	-	-	-	-	.96	5.22
Transport	.29	.12	.13	.73	1.09	.18	.35	.05	-	.04	.11	1.34	4.43	15.60	3.89	-	-	4.08	6.66	34.67
Trade	.44	.20	1.15	2.44	2.01	.11	.81	.10	-	.28	.77	-	8.37	1.80	6.34	-	2.00	-	24.37	42.87
Rental	.56	-	.19	.32	.06	-	.21	1.44	-	1.89	1.48	.23	6.38	-	-	-	-	-	19.88	26.25
Education & Health	-	-	-	-	-	-	-	-	-	-	-	.23	.23	-	-	-	-	11.44	3.51	15.17
Service, n.e.s.	-	-	.13	.24	.27	-	.23	1.26	-	.28	.14	1.00	3.55	1.00	23.36	-	-	-	9.67	37.59
Public Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.06	-	12.06
Imports	1.48	.89	2.03	21.41	9.14	1.20	3.55	.66	-	1.14	6.04	.79	48.33	4.00	19.34	20.77	-	-	31.46	124.12
Indirect Taxes	-	.08	.13	4.88	2.31	-	2.44	.14	-	.10	.34	-	10.42	-	-	-	-	-	11.72	22.44
Value Added	54.04	3.12	10.43	16.73	20.23	2.94	18.44	33.63	24.53	9.88	24.31	7.77	226.65	-	-	-	-	-	-	-
Gross Output Expenditure	57.23	6.78	36.35	51.82	40.19	5.22	34.67	42.87	26.25	15.17	37.59	12.06	368.20	70.47	54.00	60.10	2.00	30.55	155.82	-

ANNEX B

UNDP - Pre-Investment Studies

1. Rewa and Navua Irrigation Project

The purpose of the project is to determine the feasibility of developing rice production in the river basins of Rewa and Navua covering a total area of 29,000 acres. Average annual production and imports of rice for 1967-69 are estimated to be 12,000 tons and 8,000 tons respectively, indicating that increased rice production will permit import substitution. A pilot irrigation scheme of about 260 acres was undertaken under the UNDP/FAO program in January 1969 and necessary investigation work on 8,000 acres of the Rewa basin has been carried out simultaneously. For the Navua area, the Government engaged private consultants, Hunting Technical Services Ltd., and a completed report was received by the Government in December, 1969. The report indicates that of the 18,800 acres studied, about 5,000 acres were considered as suitable for rice production.

The government will prepare development projects and seek external assistance as soon as the results of the UNDP/FAO pilot project and the investigation become available.

UNDP assistance : US\$654,500
Local currency contribution: US\$466,755 (equivalent)

2. Transport System Survey

A team of experts conducted an overall survey of transport systems in Fiji and presented the results of the economic and technical investigation of the existing network and the recommendations on the optimum pattern of transportation development program. Most of the work is complete and a preliminary report has been made.

UNDP assistance : US\$634,700

3. Development of Forests and of Forest Industries

More than 80 percent of land is unsuitable for cultivation and the government requested UNDP assistance in carrying out feasibility studies on the development of forestry and related industry in an attempt to diversify the economic base of the country. The project has been executed by FAO for the purpose of assisting the Government of Fiji in planning the rational utilization and expansion of forest resources, the development of forest industries, and the progressive marketing of forest products.

Feasibility studies of a large scale afforestation program in cooperation with interested foreign companies has been also undertaken.

UNDP assistance : US\$238,400
Local currency contribution : US\$200,000 (equivalent)

4, Local Tuna Fishery

The purpose of the project is to assist the government in carrying out a feasibility study for the development of a local tuna fishery. The project was approved in June 1970 and early implementation is expected. There already exists a commercial fishing operation based at Levuka, adjacent to the main island of Viti Levu. The base provides freezing and cold storage facilities for a deep-sea fishing fleet mostly manned by Asians. The project will attempt to explore new fishing techniques so that Fijians may be brought into the exploitation of the apparently abundant resources off the islands of Fiji.

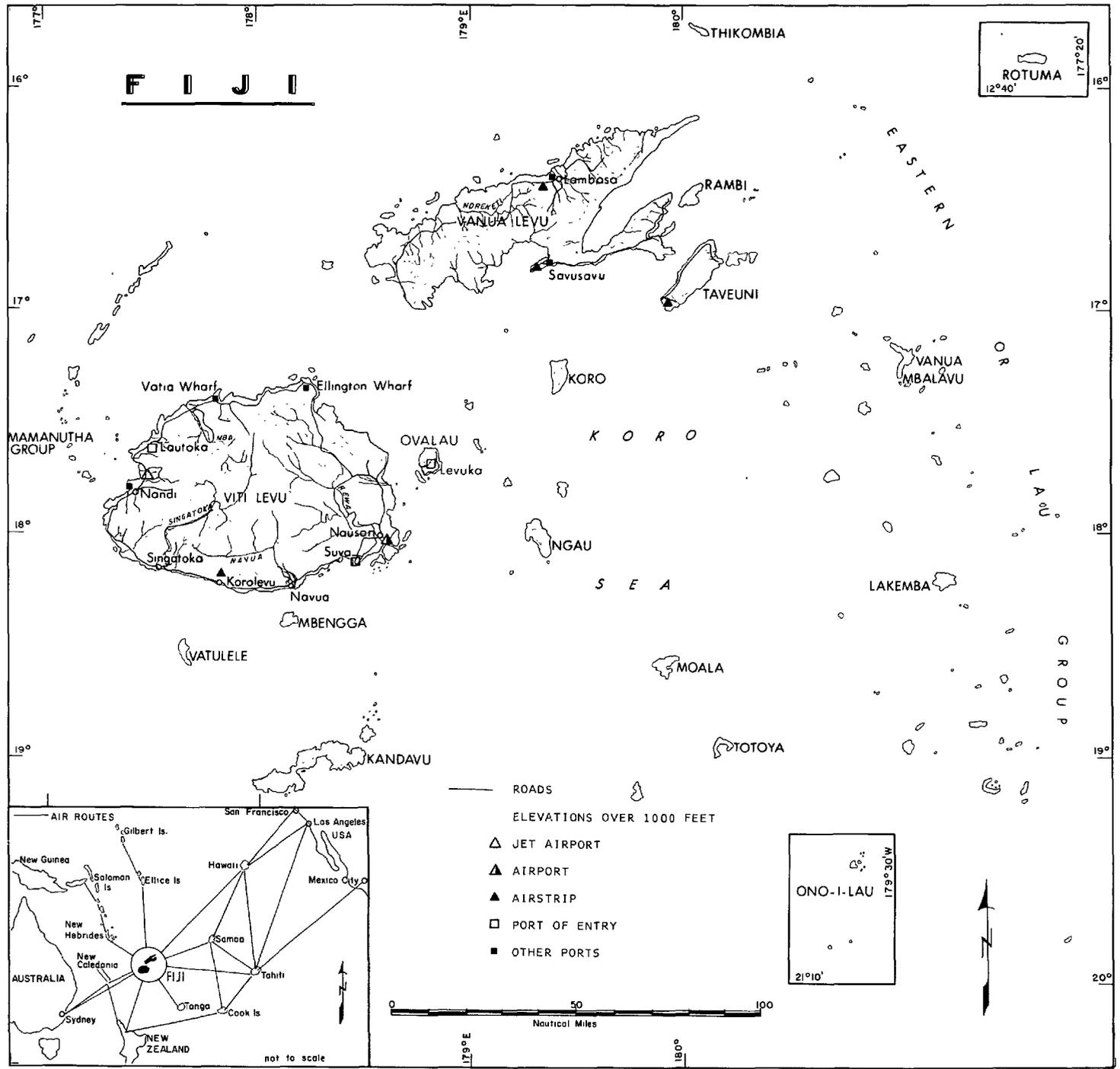
 UNDP assistance : US\$450,000
Local currency contribution : US\$200,000 (equivalent)

5. Development of Resource-based Manufacturing Industries

The development of manufacturing industries in Fiji has been somewhat handicapped by the small size of the market in addition to factors common to most of the developing countries. The project sponsored by UNDP is to make a feasibility study of developing manufacturing on the basis of available indigenous resources. A total of eight experts from the United Nations Industrial Organization (UNIDO) will be exploring the possibilities of using sugar cane waste and molasses from the sugar industry for possible production of bagasse board or distillation of rums; the effective utilization of goat skins and cattle hides, coconut fibers; and fruit-juice and vegetable processing. Most of these will, if proved commercially feasible, contribute to increased employment, import substitutes and export creation.

6. Hydro-electric Power Resource Development Study

The government is preparing a request for UNDP assistance in carrying out a feasibility study on the construction of a water power plant at the Monasavu Falls, located in the upper reaches of the Rewa River. The site tentatively identified for a further study was one of the several promising locations available on the island of Viti Levu.



STATISTICAL APPENDIX

A. Population

- 1.1 Growth of Population
- 1.2 Population by Racial Groups
- 1.3 Distribution of Wage Earners by ISIC Group 1965-1969
- 1.4 Estimated Active Manpower 1968

B. National Accounts

- 2.1 GNP at Current Prices, by Type of Expenditure
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Table 1.1
Growth of Population

Year	Population ^{a/} (thousands)	Crude Birth Rate			Crude Death Rate ^{c/}			Rate of Natural Increase ^{c/}		
		Total	Melanesian	Indian	Total	Melanesian	Indian	Total	Melanesian	Indian
1953	316.7	41.4	-	-	9.4	-	-	32.0	-	-
1954	328.3	40.2	-	-	9.5	-	-	30.8	-	-
1955	339.8	38.6	-	-	8.2	-	-	30.4	-	-
1956	351.5 ^{b/}	40.0	-	-	7.4	-	-	32.7	-	-
1957	354.2 ^{b/}	41.9	39.3	45.6	7.5	8.7	6.4	34.4	31.1	40.0
1958	367.7	40.3	35.9	45.2	7.0	7.7	6.7	33.3	28.2	38.6
1959	381.0	41.8	36.4	46.5	7.6	7.7	7.7	34.2	28.8	38.8
1960	394.3	40.0	37.4	43.7	6.7	7.2	6.5	33.2	30.2	37.2
1961	407.4	40.9	37.4	45.5	6.4	7.1	6.2	34.4	30.4	39.3
1962	420.9	39.6	37.8	42.6	6.3	7.5	5.5	33.3	30.4	37.2
1963	434.5	38.0	37.8	40.2	5.8	6.4	5.4	32.2	31.4	34.8
1964	449.2	37.8	37.4	39.8	6.1	6.8	5.6	31.8	30.6	34.2
1965	460.6	35.9	36.2	37.3	5.1	5.5	5.1	30.8	30.7	32.2
1966	471.9	34.9	36.9	34.6	5.2	5.0	5.4	29.7	31.9	29.2
1967	486.0	34.4	37.0	32.6	5.1	5.2	5.0	29.4	31.8	27.6
1968	500.3	30.2	32.1	29.8	5.2	5.5	5.1	25.0	26.6	24.7
1969	513.9	29.0	27.0	31.9	4.6	4.7	4.8	24.3	22.3	27.2
1970	526.5 ^{d/}									

^{a/} Mid-year population estimate by the mission from data supplied by the Bureau of Statistics.

^{b/} Following the 1956 Census of Population, the population estimate for 1957 was adjusted for under-registration of deaths during the earlier years.

^{c/} Per 1,000 of population on January 1.

^{d/} Preliminary estimate

Source: Registrar-General's Annual Reports and Bureau of Statistics

Table 1.2

Population by Racial Groups

End of Year	Population (000)			Total	Index 921 = 100			Total	Percentage Composition		
	Melanesian	Indian	Other		Melanesian	Indian	Other		Melanesian	Indian	Other
1881	115	-	12	127	136	-	104	81	90.0	-	10.0
1891	106	7	8	121	125	12	65	77	87.3	6.2	6.5
1901	94	17	9	120	112	28	71	76	78.6	14.2	7.2
1911	87	40	12	139	103	66	100	89	62.4	28.9	8.7
1921	84	61	12	157	100	100	100	100	53.7	38.6	7.7
1936	98	85	15	198	116	140	129	126	49.2	42.9	7.9
1946	117	120	23	260	139	198	181	165	45.3	46.2	8.5
1956	148	169	29	346	175	279	232	220	42.9	49.0	8.2
1966	203	242	34	479	242	397	283	305	42.3	50.5	7.1
1967	209	250	38	497	249	410	317	317	42.1	50.3	7.6
1968	215	256	41	512	256	420	342	326	42.0	50.0	8.0
1969	218	260	43	527	262	431	367	336	41.7	49.9	8.4

Source: Bureau of Statistics

Table 1.3

Distribution of Wage Earners by ISIC Group 1965-1969

	<u>ISIC Group</u> (1)	<u>1965</u> (2)	<u>1966</u> (3)	<u>1967</u> (4)	<u>1968</u> (5)	<u>1969</u> (6)
1	Agriculture Forestry & Fishing	3,167	3,256	3,238	3,750	3,931
2	Mining & Quarrying	1,757	1,792	1,852	1,798	1,755
3	Manufacturing	7,363	7,922	8,478	9,191	9,556
4	Electricity, Gas & Water	626	592	642	753	916
5	Construction	6,267	6,195	6,772	7,070	7,452
6	Commerce	3,176	3,146	3,761	3,879	6,441*
7	Transport, Storage & Communication	2,490	2,385	2,421	2,814	2,900
8)	Services	3,871	3,234	3,504	4,013	3,416*
9)	Activities Not Adequately Described	28	-	-	-	-
	TOTAL	28,745	28,522	30,698	33,268	36,367

Note.* In 1969 the workers in **restaurants** and hotels were classified under commerce. Previously they were classified under services. Workers in Banks and Financial institutions are classified under services. In previous years they were classified under Commerce.

Source: Bureau of Statistics

Table 1.4

Estimated Active Manpower 1968

	Regular Wage and Salary		Family and Own Account Workers	Totals
	Private Sector	Public Sector		
Agriculture, Forestry and Fishing	-	-	27,000	27,000
Mainly subsistence	-	-	-	-
Mainly cash	2,700	1,300	44,000	48,000
Mining and Quarrying	1,900	100	200	2,200
Manufacturing and Processing	9,400	1,600	100	11,100
Construction	4,200	3,100	900	8,200
Electricity and Water	500	300	10	800
Transport and Communication	3,600	1,000	2,000	6,600
Commerce	7,700	100	2,800	10,600
Government Services	-	10,600	-	10,600
Tourism)	3,500	-	3,300	4,400
Other Services)				
Undefined	n.a.	n.a.	n.a.	700
Unemployed	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>8,000</u>
Total Labor Force	<u>33,500</u>	<u>18,100</u>	<u>80,300</u>	<u>140,600</u>

Note: Because of uncertainties in estimating unemployment and the numbers in the agricultural sector, this table allows for an error of plus or minus 2,000 in Family and Own Account Workers category.

Source: Central Planning Organization

Table 2.1

Gross National Product at Current Prices, by Type of Expenditure
(F\$ million)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Private Consumption Expenditure						
Rural household	14.8	15.3	15.7	16.2	16.8	17.6
Other	81.5	80.0	85.0	92.4	100.7	110.0
Government Consumption Expenditure	15.7	17.2	18.5	19.4	21.3	23.6
Gross Fixed Capital Formation						
Private	15.5	14.5	21.5	28.9	32.7	37.6
Public	7.3	8.7	7.9	10.1	11.3	12.9
Increase in Stocks	+ 2.0	+ 6.0	+ 1.8	+ 2.0	+ 1.5	+ 1.9
Exports of Goods and Services	54.5	52.4	58.7	70.3	80.4	88.3
<u>Less</u> Imports of Goods and Services	- 63.2	- 57.2	- 61.7	- 75.0	- 85.2	- 97.1
Statistical Discrepancy	+ 4.6	- 1.4	+ 1.0	-	-	-
<u>Expenditure on GDP</u>	<u>132.7</u>	<u>135.4</u>	<u>148.4</u>	<u>164.3</u>	<u>179.5</u>	<u>194.8</u>
Net Factor Income from Abroad	- 5.2	- 3.3	- 5.2	- 6.0	- 6.5	- 7.1
<u>Expenditure on GNP</u>	<u>127.5</u>	<u>132.1</u>	<u>143.2</u>	<u>158.3</u>	<u>173.0</u>	<u>187.7</u>
<u>Less</u> Indirect Taxes	- 13.0	- 11.9	-	- 15.4	- 16.6	- 17.9
<u>Plus</u> Subsidies	0.9	1.0	0.8	0.7	0.7	0.7
<u>Less</u> Provision for Capital Consumption	- 8.7	- 9.1	- 9.5	-10.0	- 10.8	- 11.8
National Income	106.7	112.1	120.2	133.6	146.3	158.7

a/ Preliminary

Source: Bureau of Statistics
Central Planning Office

Table 2.2

Gross National Product at Constant Prices, by Type of Expenditure
(F\$ million, 1965 Prices)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{a/}
Private Consumption Expenditure						
Rural household	14.8	15.2	14.9	15.3	15.1	15.2
Other	81.5	79.5	83.6	87.3	90.6	95.1
Government Consumption Expenditure	15.7	17.0	17.8	18.1	18.9	20.2
Gross Fixed Capital Formation						
Private	15.5	13.6	19.7	26.2	28.8	32.4
Public	7.3	8.5	7.8	9.7	10.5	11.7
Increase in Stocks	2.0	5.9	1.7	1.9	1.3	1.6
Export of Goods and Services	54.5	50.0	62.1	71.1	73.6	78.5
<u>Less</u> Imports of Goods and Services	- 63.2	- 56.0	- 58.6	- 69.2	- 77.0	- 85.8
Statistical Discrepancy	4.6	- 1.4	+ 1.0	-	-	-
<u>Expenditure on GDP</u>	<u>132.7</u>	<u>132.3</u>	<u>150.0</u>	<u>160.4</u>	<u>161.8</u>	<u>168.9</u>
Net Factor Income from Abroad	- 5.2	- 3.2	- 5.3	- 5.9	- 5.9	- 6.2
<u>Expenditure on GNP</u>	<u>127.5</u>	<u>129.1</u>	<u>144.7</u>	<u>154.5</u>	<u>155.9</u>	<u>162.7</u>
<u>Less</u> Indirect Taxes	- 13.0	- 11.7	- 13.8	- 14.4	- 14.8	- 15.4
<u>Plus</u> Subsidies	0.9	1.0	0.8	0.7	0.6	0.6
<u>Less</u> Provision for Capital Consumption	8.7	8.9	9.6	9.8	9.7	10.2
National Income	106.7	109.5	122.1	131.0	132.0	137.7

a/ Preliminary

Source: Central Planning Office

Table 2.3

Gross Domestic Product at Current Prices, by Kind of Economic Activity
(F\$ million)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{a/}
Agriculture, Forestry and Fishing						
Cash	24.1	22.9	22.2	26.1	27.7	29.1
Rural household	16.0	16.6	17.2	17.8	18.5	19.1
Mining and Quarrying	2.2	2.0	2.4	2.6	2.6	2.6
Manufacturing	14.9	15.0	16.6	17.6	18.8	19.3
Electricity and Water	1.5	1.6	1.5	1.7	1.8	2.0
Construction	6.5	7.4	9.6	12.0	13.6	15.5
Trade	19.9	19.1	20.7	22.3	24.6	26.6
Transport and Communication	6.8	8.0	9.6	11.2	13.1	15.1
Finance	1.3	1.4	1.3	1.4	1.5	1.6
Real Estate and Property Ownership	12.3	14.0	15.6	17.0	19.0	21.0
Private Services, n.e.s.	6.5	7.1	8.1	9.3	10.8	12.8
Government Services	8.4	9.5	10.2	10.6	11.6	12.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Domestic Product, at factor cost	120.5	124.8	135.0	149.6	163.6	177.6

a/ Preliminary

Source: Bureau of Statistics
Central Planning Office

Table 3.1

Composition of Exports by Major Commodities

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
	<u>Values f.o.b. (F\$ million)</u>									
Sugar products	17.53	12.11	17.14	29.24	36.02	25.31	22.17	24.18	25.25	28.72
Coconut products	4.79	5.16	4.06	4.86	5.88	4.89	3.45	3.30	5.13	4.54
Gold	2.01	2.40	2.38	3.12	3.77	3.09	3.03	3.15	3.45	3.36
Bananas	0.41	0.48	0.35	0.49	0.30	0.14	0.32	0.14	0.35	0.29
Other	0.82	0.76	1.06	1.08	1.26	2.20	3.28	4.15	5.74	6.64
<u>Total Domestic Exports</u>	<u>25.56</u>	<u>20.91</u>	<u>24.99</u>	<u>38.78</u>	<u>46.24</u>	<u>35.61</u>	<u>32.25</u>	<u>34.92</u>	<u>39.92</u>	<u>43.55</u>
<u>Re-Exports</u>	<u>5.47</u>	<u>5.38</u>	<u>6.51</u>	<u>5.55</u>	<u>5.99</u>	<u>6.88</u>	<u>6.66</u>	<u>7.75</u>	<u>9.87</u>	<u>9.68</u>
Total Exports	31.03	26.25	31.49	44.33	52.23	42.50	38.91	42.66	49.12	53.23

Percentage Composition of Domestic Exports

Sugar products	68.6	58.1	68.6	75.4	77.9	71.0	68.8	69.2	63.3	65.9
Coconut products	18.8	24.7	16.3	12.6	12.7	13.7	10.7	9.5	12.9	10.4
Gold	7.8	11.5	9.5	8.0	6.0	8.7	9.4	9.0	8.6	7.7
Bananas	1.6	2.3	1.4	1.3	0.7	0.4	1.0	0.4	0.9	0.7
Other	3.2	3.4	4.2	2.7	2.7	6.2	10.1	11.9	24.7	22.2

Source: Bureau of Statistics

Table 3.2

Volume and Value of Principal Exports
(Values in '000 F \$)

	Unit	1964	1965	1966	1967	1968 (Revised Estimates)
1. Live animals, chiefly for food	number Value	6,311 1.68	4,815 1.34	17,569 5.60	10,878 15.15	14,259 9.59
2. Meat and Meat preparations	lbs. Value	15,160 5.53	3,022 0.96	8,658 4.11	27,194 11.03	104,853 38.18
3. Fish and fish preparations	'000 lbs. Value	1,776 170.40	8,095 821.23	13,462 1,535.79	13,161 2,094.47	12,200 1,872.54
4. Bakery products	'000 lbs. Value	1,815 197.34	1,593 173.64	1,336 146.26	1,227 136.05	1,446 161.23
5. Bananas and plantains	'000 lbs. Value	123 299.51	51 135.48	116 323.31	48 135.09	107 353.51
6. Vegetables, fresh, dry, or preserved	'000 cases Value	2,065 57.04	508 21.58	652 21.50	879 33.48	1,498 57.22
7. Unrefined sugar	'000 tons Value	311 35,661.43	305 24,984.17	239 21,747.89	318 23,779.98	341 24,855.99
8. Inedible molasses	'000 tons Value	73 363.17	65 324.99	85 425.33	81 404.58	79 395.49
9. Other sugar products	'000 tons Value	6 0.82	4 0.67	5 1.18	6 1.17	6 1.06
10. Tobacco, unmanufactured	lbs. Value	90 0.06	149 0.14	3,676 2.61	346,161 187.76	368,117 174.64
11. Tobacco manufactures	'000 lbs. Value	24 36.31	40 60.17	62 94.62	93 140.75	128 190.04
12. Copra	tons Value	6,934 931.15	6,370 990.87	2,098 275.68	1,756 221.31	- -
13. Coconut oil	tons Value	22,819 4,547.53	14,775 3,635.67	14,469 2,879.61	14,160 2,852.45	17,165 4,758.54
14. Manganese ore and concentrates	tons Value	761 18.87	4,809 184.97	5,089 152.86	4,360 138.83	10,845 233.28
15. Paints, enamels, lacquers and varnishes	gals. Value	1,431 4.68	2,005 6.79	7,055 23.44	24,087 93.84	25,961 100.69
16. Footwear	pairs Value	4,886 7.30	5,424 8.06	4,448 7.42	16,524 13.12	16,440 13.79
17. Unrefined gold	'000 fine oz. Value	100 2,771.49	112 3,088.99	110 3,029.97	113 3,147.00	107 3,451.73
18. All others	Value	1,167.38	1,172.03	1,576.79	1,511.16	2,578.76
<u>Total domestic export</u>	Value	<u>46,241.69</u>	<u>35,611.75</u>	<u>32,253.97</u>	<u>34,917.22</u>	<u>39,246.28</u>

Note: Figures have been rounded.

Source: Bureau of Statistics, Trade Report 1968

Table 3.3

Composition of Imports

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Food, beverages & tobacco ^{a/}	8.43	8.43	8.63	9.75	12.39	14.43	13.74	14.39	15.53	17.82
Raw materials	1.02	0.67	0.66	0.49	1.09	1.37	0.60	0.65	0.89	0.67
Fuels, lubricants etc.	4.22	4.18	4.48	4.38	5.64	5.68	5.45	6.20	7.33	8.38
Chemicals	1.58	2.28	2.57	2.88	4.15	4.57	3.83	3.93	4.99	5.11
Machinery & transport equipment	5.40	6.39	7.03	8.88	14.03	13.01	9.97	12.13	15.17	16.76
Other manufactured goods	11.50	11.93	10.89	13.53	17.33	18.37	16.00	18.37	23.25	26.87
Other	0.68	0.58	0.51	0.50	0.64	0.73	0.96	0.62	1.24	2.27
<u>Total Imports</u>	32.81	34.46	34.77	40.41	55.25	58.16	50.55	56.29	68.40	77.88

Percentage Composition of Imports

Food, beverages & tobacco	25.7	24.5	24.8	24.1	22.4	24.8	27.2	25.6	22.7	22.9
Raw materials	3.1	1.9	1.9	1.2	2.0	2.3	1.2	12.	1.3	0.8
Fuels, lubricants etc.	12.8	12.2	12.9	10.8	10.2	9.8	10.8	11.0	10.7	10.8
Chemicals	4.8	6.2	7.2	7.0	7.3	7.9	7.6	7.0	7.3	6.6
Machinery & transport equipment	16.4	18.5	20.2	22.0	25.4	22.4	19.7	21.5	22.2	21.5
Other manufactured goods	35.1	34.6	31.3	33.4	31.3	31.6	31.6	32.6	34.0	34.5
Other		2.1	1.7	1.5	1.4	1.2	1.9	1.1	1.8	2.9

Source: Bureau of Statistics

Table 3.4

Retained Imports by Economic Use
(F\$ million)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Food, Beverages & Tobacco	9.5	11.4	12.6	10.6	12.1	12.6	14.2
Non-food Consumer Goods	8.7	10.2	10.0	9.4	11.2	13.4	15.2
Intermediate Goods	5.5	7.9	8.0	7.2	6.7	8.6	10.7
Investment Goods	10.4	16.9	17.9	13.1	14.7	18.5	21.1

(Percentage Composition)

Food, Beverages & Tobacco	27.8	24.6	26.0	26.3	27.0	23.8	23.2
Non-food Consumer Goods	25.5	22.0	20.7	23.3	25.1	25.2	24.8
Intermediate Goods	16.2	17.1	16.5	17.9	15.0	16.2	17.5
Investment Goods	30.6	36.4	36.9	32.5	32.9	34.9	34.5

Source: Bureau of Statistics

Table 3.5
Direction of Trade
(F\$ million)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
<u>Total Imports (c.i.f.)</u>	40.41	55.25	58.16	50.55	56.27	68.40	77.89
Australia	11.55	15.98	16.59	14.00	15.31	19.95	19.70
United Kingdom	9.47	11.89	13.17	10.36	9.66	14.56	15.46
Japan	4.08	7.49	7.19	7.23	8.63	8.75	11.06
New Zealand	2.85	3.83	4.56	3.96	4.43	6.43	7.26
U.S.A.	1.33	1.98	2.23	2.77	3.21	3.47	3.69
Malaysia/Singapore	1.15	1.37	1.20	1.97	2.61	2.20	2.91
Other	9.98	12.71	13.22	10.26	12.42	13.04	17.81
<hr/>							
<u>Total Exports (f.o.b.)</u>	44.34	52.22	42.50	38.87	42.66	49.12	53.23
United Kingdom	18.60	20.00	17.65	17.61	17.51	18.55	18.42
U.S.A.	5.13	4.54	5.14	5.12	6.09	6.67	8.36
Australia	3.88	3.72	4.10	4.52	5.24	5.47	5.48
Canada	6.82	5.88	3.70	2.38	2.50	3.10	4.94
New Zealand	1.17	6.82	2.69	1.31	2.20	2.53	2.92
Tonga/W. Samoa	1.38	1.40	1.22	1.16	1.58	1.82	2.00
Other	7.36	9.86	7.98	6.78	7.54	10.98	11.11

Source: Bureau of Statistics

Table 3.6

Trade with South Pacific Territories
(F dollars)

<u>Origin and Destination</u>	1967		1968		1969	
	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>
Cook Islands	85,512	376	140,234	1,574	177,658	1,786
Gilbert & Ellice Is.	470,046	26,544	472,070	314	486,322	1,185
Niua	145,372	466	117,892	548	129,029	1,151
Tonga	989,290	6,646	1,077,424	7,366	1,089,092	10,390
Western Samoa	592,946	3,774	736,120	8,184	907,795	6,025
American Samoa	406,810	7,860	739,728	6,910	646,619	14,275
Futuna & Wallis Is.	280,158	134	405,530	70	307,274	-
New Caledonia	68,632	616	116,270	182	123,510	-
New Hebrides	216,254	806	336,252	136	270,833	305
Tahiti	16,324	12	78,362	-	94,230	-
Others	136,574	5,510	57,806	11,940	147,781	24,267
Total	3,407,918	52,744	4,277,688	37,224	4,380,143	59,384

Source: Bureau of Statistics

Table 3.7
BALANCE OF PAYMENTS
(F\$ Million)

	1965	1966	1967	1968	1969 ^{a/}
GOODS AND SERVICES					
<u>Receipts</u>					
Exports f.o.b.	35.1	31.7	34.9	39.9	43.8
Non-monetary Gold	3.1	3.0	3.1	3.5	3.4
Transportation and Insurance	7.0	6.8	7.2	9.2	9.9
Travel	7.5	8.6	11.1	15.6	20.9
Investment Income	1.4	1.7	1.1	1.5	1.5
Government Services	1.2	1.2	0.9	1.0	1.1
Other Services, n.e.o.	0.7	1.0	1.3	1.1	1.3
Total Merchandise Exports	<u>38.2</u>	<u>34.7</u>	<u>38.0</u>	<u>43.4</u>	<u>47.2</u>
Total Service Exports	<u>17.8</u>	<u>19.4</u>	<u>21.7</u>	<u>38.4</u>	<u>34.7</u>
<u>Payments</u>					
Imports, f.o.b.	47.2	39.7	45.7	55.4	63.1
Non-monetary Gold	-	-	-	-	-
Travel	1.1	2.2	1.4	1.6	1.7
Investment Income	6.6	5.0	6.3	7.5	8.0
Government Service	0.3	0.3	0.4	0.4	0.5
Other Services	1.4	1.8	1.4	1.3	1.6
Total Merchandise Imports	<u>47.2</u>	<u>39.7</u>	<u>45.7</u>	<u>55.4</u>	<u>63.1</u>
Total Service Imports	<u>22.6</u>	<u>22.5</u>	<u>22.3</u>	<u>26.9</u>	<u>30.1</u>
<u>Net Goods and Services</u>					
Trade Balance	-9.1	-5.0	-7.6	-12.1	-15.9
Net Services	<u>-4.8</u>	<u>-3.0</u>	<u>-0.6</u>	<u>1.5</u>	<u>1.6</u>
TRANSFER PAYMENTS					
<u>Private</u>					
Private	-0.8	-0.1	-0.5	-0.7	-0.9
Central Government	3.2	2.9	2.1	4.9	3.8
Net Transfer Payments	2.4	2.8	1.7	4.2	2.9
CURRENT BALANCE	-11.5	-5.3	-6.5	-6.4	-8.4
CAPITAL MOVEMENT					
<u>Net Private Long-Term</u>					
Net Private Long-Term	1.6	0.9	1.2	1.4	1.6
Net Balance Due from Bank Abroad	-1.2	0.9	1.2	-	-
Net Change in Government Enterprises	-1.2	0.8	-1.5	-0.8)
Net Change in Foreign Assets of Government Enterprises	+5.2	0.9	1.0	-0.2) 0.9
Unidentified Capital Inflow and Errors and Omissions	7.2	1.8	3.6	5.9	5.9

^{a/} Missions estimates, based on preliminary data supplied by the Central Planning Office

Source: Bureau of Statistics
Central Planning Office

Table 4.1

FIJI - EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1969/1

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Source	Debt Outstanding December 31, 1969	
	Disbursed only	Including undisbursed
TOTAL EXTERNAL PUBLIC DEBT	<u>10,205</u>	<u>10,205</u>
Privately held debt/2	<u>3,574</u>	<u>3,574</u>
Publicly issued bonds	<u>1,856</u>	<u>1,856</u>
Privately placed bonds	1,718	1,718
Loans from governments	<u>6,631</u>	<u>6,631</u>
Nauru	2,520	2,520
United Kingdom	4,111	4,111

/1 Debt with an original or extended maturity of over one year.

/2 Net of accumulated sinking funds of \$663,000. There is also a supplementary sinking fund (\$247,000), the proceeds of which will be used to retire the bonds.

Statistical Services Division
Economics Department
August 27, 1970

Table 4.2

FIJI - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT
OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1969

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 1 of 4

YEAR	DEBT OUTST	PAYMENTS DURING PERIOD		TOTAL
	(BEGIN OF PERIOD) INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST	
TOTAL EXTERNAL PUBLIC DEBT				
1970	10,205	424	747	1,171
1971	9,755	253	716	969
1972	9,483	262	707	969
1973	9,193	272	697	969
1974	8,881	282	687	969
1975	8,547	293	676	969
1976	8,189	304	665	969
1977	7,805	317	652	969
1978	7,393	330	639	969
1979	6,952	344	625	69
1980	6,479	1,389	544	1,933
1981	4,967	1,390	394	1,784
1982	3,491	1,819	218	2,038
1983	1,638	290	109	399
1984	1,348	310	90	399

Note: Includes service on all debt listed in Table 1 prepared August 27, 1970

Table 4.2

FIJI - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT
OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1969

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD, INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTI- ZATION	INTEREST	TOTAL
PRIVATELY-HELD DEBT				
1970	3,574	248	291	539
1971	3,300	69	268	337
1972	3,218	69	268	337
1973	3,129	69	268	337
1974	3,033	69	268	337
1975	2,930	69	268	337
1976	2,818	69	268	337
1977	2,698	69	268	337
1978	2,568	69	268	337
1979	2,428	69	268	337
1980	2,277	1,100	201	1,301
1981	1,109	1,084	67	1,152
PUBLICLY-ISSUED BONDS				
1970	1,856	213	157	370
1971	1,619	34	133	167
1972	1,577	34	133	167
1973	1,531	34	133	167
1974	1,481	34	133	167
1975	1,427	34	133	167
1976	1,370	34	133	167
1977	1,307	34	133	167
1978	1,240	34	133	167
1979	1,168	34	133	167
1980	1,089	1,065	66	1,131

Table 4.2

FIJI - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT
OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1969

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTI- ZATION	INTEREST	TOTAL
PRIVATELY-HELD DEBT				
PRIVATELY PLACED BONDS				
1970	1,718	35	135	169
1971	1,681	35	135	169
1972	1,642	35	135	169
1973	1,599	35	135	169
1974	1,552	35	135	169
1975	1,503	35	135	169
1976	1,449	35	135	169
1977	1,391	35	135	169
1978	1,328	35	135	169
1979	1,260	35	135	169
1980	1,187	35	135	169
1981	1,109	1,084	67	1,152
LOANS FROM GOVERNMENTS				
1970	6,631	176	456	632
1971	6,454	184	448	632
1972	6,265	193	439	632
1973	6,063	203	430	632
1974	5,847	213	419	632
1975	5,617	224	409	632
1976	5,370	235	397	632
1977	5,107	248	385	632
1978	4,825	261	372	632
1979	4,524	275	358	632
1980	4,202	290	343	632
1981	3,859	306	327	632
1982	3,491	1,819	218	2,038
1983	1,638	290	109	397
1984	1,348	310	90	399

Table 4.2

FIJI - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT
OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1969

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTI- ZATION	INTEREST	TOTAL
LOANS FROM GOVERNMENTS				
NAURU				
1970	2,520	50	183	233
1971	2,469	50	183	233
1972	2,414	50	183	233
1973	2,354	50	183	233
1974	2,291	50	183	233
1975	2,223	50	183	233
1976	2,149	50	183	233
1977	2,071	50	183	233
1978	1,986	50	183	233
1979	1,896	50	183	233
1980	1,798	50	183	233
1981	1,694	50	183	233
1982	1,581	1,547	91	1,639
UNITED KINGDOM				
1970	4,111	126	274	399
1971	3,986	134	265	399
1972	3,852	143	256	399
1973	3,709	152	247	399
1974	3,557	162	237	399
1975	3,394	173	226	399
1976	3,221	185	214	399
1977	3,036	197	202	399
1978	2,839	210	189	399
1979	2,629	224	175	399
1980	2,404	239	160	399
1981	2,165	255	144	399
1982	1,910	272	127	399
1983	1,638	290	109	399
1984	1,348	310	90	399

Table 5.1

Government Current Revenue
(F\$'000)

<u>Year</u>	<u>Customs Duties and Port Dues</u>	<u>Income and Other Direct Taxes</u>	<u>Interest</u>	<u>Income from Property</u>	<u>Total Revenue</u>
1960	7,514 (50.7)	4,318 (29.1)	151 (1.0)	2,839 (19.2)	14,822 (100)
1961	7,964 (53.5)	3,748 (25.2)	145 (0.9)	3,034 (20.4)	14,891 (")
1962	7,938 (49.1)	4,090 (25.3)	149 (0.9)	4,003 (24.7)	16,180 (")
1963	9,310 (50.1)	4,896 (26.3)	159 (0.9)	4,219 (22.7)	18,584 (")
1964	11,856 (49.4)	6,808 (28.4)	281 (1.2)	5,058 (21.0)	24,003 (")
1965	12,048 (47.9)	7,691 (30.6)	452 (1.8)	4,969 (19.7)	25,160 (")
1966	10,878 (43.5)	8,168 (32.7)	494 (1.9)	5,467 (21.9)	25,007 (")
1967	13,202 (46.5)	8,851 (31.2)	451 (1.6)	5,862 (20.7)	28,366 (")
1968	14,869 (46.0)	9,774 (30.2)	496 (1.6)	7,186 (22.2)	32,325 (")
1969	17,528 (45.6)	11,282 (30.0)	895 (2.4)	8,260 (22.0)	37,565 (")
1970 (Estimates)	18,112 (49.2)	11,599 (31.5)	625 (1.7)	6,507 (17.6)	36,843 (")

Figures in brackets are percentages of total

Source: Bureau of Statistics

Table 5.2

Government Current Expenditure
(\$'000)

<u>Services</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u> ^{b/}	<u>1970</u> ^{e/}
<u>Administrations</u>	<u>2,833</u>	<u>2,821</u>	<u>2,993</u>	<u>3,147</u>	<u>3,373</u>	<u>3,908</u>	<u>4,582</u>	<u>5,482</u>	<u>5,359</u>	<u>6,395</u>	<u>9,000</u>
General	458	451	467	540	574	734	829	1,122	-	-	-
Financial	642	675	785	722	768	895	1,050	1,432	-	-	-
Justice, Police, Prisons and Defence	1,245	1,183	1,217	1,316	1,435	1,612	1,777	1,847	-	-	-
Other	489	512	523	569	596	667	865	1,081	-	-	-
<u>Economic Services</u>	<u>3,757</u>	<u>4,168</u>	<u>4,240</u>	<u>4,495</u>	<u>4,869</u>	<u>5,280</u>	<u>6,618</u>	<u>7,517</u>	<u>10,330</u>	<u>11,575</u>	<u>12,315</u>
Agriculture, Forestry and Fisheries	624	594	618	688	758	834	1,013	1,565	-	-	-
Surveys	165	158	152	183	200	206	417	491	-	-	-
Trade and Industries	182	199	215	231	250	269	310	370	-	-	-
Post and Telecommunications	481	538	634	664	784	846	970	1,099	-	-	-
Transport	148	159	174	169	179	225	313	432	-	-	-
Other (Excludes annually recurrent)	2,159	2,520	2,447	2,560	2,698	2,900	3,595	3,561	-	-	-
<u>Social Services</u>	<u>4,074</u>	<u>4,261</u>	<u>4,457</u>	<u>4,674</u>	<u>5,486</u>	<u>5,894</u>	<u>6,547</u>	<u>7,246</u>	<u>8,109</u>	<u>9,051</u>	<u>9,900</u>
Education	2,171	2,310	2,407	2,535	3,156	3,439	3,831	4,173	-	-	-
Health	1,680	1,743	1,836	1,910	2,100	2,441	2,702	2,775	-	-	-
Welfare ^{d/}	223	208	214	229	230	14	14	298	-	-	-
<u>Financial Commitments</u>	<u>1,312</u>	<u>1,433</u>	<u>1,727</u>	<u>2,023</u>	<u>2,865</u>	<u>2,899</u>	<u>3,021</u>	<u>3,243</u>	<u>3,783</u>	<u>4,027</u>	<u>4,467</u>
Pensions and Gratuities	654	674	722	645	997	1,009	1,039	1,083	-	-	-
Public Debt	659	759	1,005	1,318	1,868	1,890	1,983	2,160	-	-	-
<u>Miscellaneous ^{a/}</u>	<u>2,129</u>	<u>2,141</u>	<u>2,669</u>	<u>2,883</u>	<u>3,460</u>	<u>5,330</u>	<u>4,462</u>	<u>5,578</u>	<u>3,150</u>	<u>2,749</u>	<u>2,158</u>
Total	<u>14,106</u>	<u>14,825</u>	<u>16,086</u>	<u>17,223</u>	<u>20,053</u>	<u>23,311</u>	<u>25,170</u>	<u>29,065</u>	<u>30,731</u>	<u>33,797</u>	<u>35,667</u>

Note: Small discrepancies in the totals are due to rounding errors.

^{a/} Includes contribution to capital budget revenue

^{c/} Includes Agricultural Tribunal

^{e/} Approved estimates

^{b/} Revised estimates

^{d/} Pacific Medical (mainly to do with nutrition and other regional services).

Source: Bureau of Statistics

Table 5.3
Central Government Capital Account
(F\$ '000)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u> ^{a/} (Preliminary)
<u>R E C E I P T S</u>					
Current Surplus	4,582	2,875	3,536	2,686	4,242
Government Capital, Transfers from Abroad (C.D. & W. Receipts)	2,664	2,206	1,365	2,326	2,974
Loan Recoveries	18	78	59	210	70
Loans					
(i) External	-	-	-	500	-
(ii) Internal	2,762	2,267	2,449	4,022	4,144
Other Capital Receipts	<u>33</u>	<u>31</u>	<u>36</u>	<u>18</u>	<u>698</u>
Total Receipts	<u>10,059</u>	<u>7,457</u>	<u>7,445</u>	<u>9,762</u>	<u>12,128</u>
Changes in net deposits, advances, etc., additions or drawings from funds and reserves, and statistical discrepancy (- = addition, + = reduction)	<u>-565</u>	<u>+2,277</u>	<u>+848</u>	<u>+852</u>	<u>-1,177</u>
Total	<u>9,494</u>	<u>9,734</u>	<u>8,293</u>	<u>10,614</u>	<u>10,951</u>
<u>P A Y M E N T S</u>					
<u>Gross Fixed Capital Formation</u>					
(i) Land improvement	911	882	770	1,159	n.a.
(ii) Residential building	617	1,025	516	447	n.a.
(iii) Other building	1,285	1,508	1,397	1,740	n.a.
(iv) Construction and workers	1,408	1,567	1,479	2,074	n.a.
(v) Transport equipment	386	415	293	551	n.a.
(vi) Plant, machinery and equipment	<u>765</u>	<u>739</u>	<u>548</u>	<u>978</u>	<u>n.a.</u>
Total	<u>5,371</u>	<u>6,137</u>	<u>5,003</u>	<u>6,979</u>	<u>7,304</u>
<u>Loan</u>	463	711	279	410	501
<u>Redemption of Debt</u>	2,038	1,228	2,313	774	794
<u>Capital Transfers to Government Enterprise</u>	1,112	1,250	1,048	1,966	2,002
Other Capital Payments and Transfers	<u>146</u>	<u>71</u>	<u>-</u>	<u>125</u>	<u>10,601</u>
Total Payments	<u>9,130</u>	<u>9,397</u>	<u>8,643</u>	<u>10,254</u>	<u>10,601</u>
<u>Increase in Investments</u>	<u>364</u>	<u>337</u>	<u>-350</u>	<u>360</u>	<u>350</u>
Total	<u>9,494</u>	<u>9,734</u>	<u>8,293</u>	<u>10,614</u>	<u>10,951</u>

^{a/} Mission's estimates

Source: Bureau of Statistics

Table 5.4

Central Government Capital Formation by Service
(F\$'000)

<u>SERVICE</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u> ^{a/}	<u>1970</u> ^{a/}
General administration	39	135	306	760	383	248	207	222
Justice, police & defence	221	186	323	176	227	404	441	472
Roads, bridges & waterways	2,591	726	1,503	1,326	939	1,783	1,738	2,330
Public health & water supply	2	1	-	6	4	5	8	9
Other community services	14	58	1	27	15	4	63	68
Education	329	203	279	354	581	988	811	1,220
Health	124	339	608	635	387	457	675	661
Housing	372	155	355	673	293	292	240	251
Special welfare services	4	20	14	67	46	53	320	343
Agriculture, forestry & fishing	492	361	1,186	1,160	906	1,419	1,610	1,730
Fuel & power	-	-	-	-	70	53	92	99
Transport & communications	46	214	219	177	72	114	138	148
Economic services, n.e.s.	4	258	48	59	1	14	17	18
Surveys & other services	141	95	321	374	541	555	442	289
Public works, n.e.s.	307	318	209	343	538	590	502	537
TOTAL	<u>4,686</u>	<u>3,069</u>	<u>5,371</u>	<u>6,137</u>	<u>5,003</u>	<u>6,079</u>	<u>7,304</u>	<u>8,400</u>

a/ Mission's Estimates

Source: Bureau of Statistics

Table 6.1

Money Supply and Related Factors ^{a/}
(F \$ million)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Currency in circulation	8.79	8.89	8.03	8.98	11.38	9.72	9.54	10.11	9.96	11.64
Demand deposits	<u>11.80</u>	<u>9.60</u>	<u>9.69</u>	<u>12.60</u>	<u>14.33</u>	<u>13.26</u>	<u>14.18</u>	<u>15.40</u>	<u>16.94</u>	<u>21.96</u>
<u>Total money supply</u>	20.59	18.49	17.72	21.58	25.71	22.98	23.72	25.51	26.90	33.60
Deposits with commercial banks ^{b/}	14.56	13.79	14.37	19.10	22.32	20.63	21.87	25.04	27.94	34.72
Loans and advances by commercial banks ^{b/}	7.79	8.19	7.52	6.86	7.35	7.52	9.95	10.39	13.87	15.11
Overseas balances of commercial banks	1.72	0.27	2.42	6.23	7.20	6.05	6.96	8.16	8.19	11.75
Advances as percentage of deposits	53	59	52	36	33	46	45	42	50	44

a/ As of December 31

b/ Excluding commercial savings banks

Source: Bureau of Statistics

Table 6.2
Operations of the Banking System
(F \$ million)

		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<u>Deposits</u>											
Commercial banks ^{a/}	June 30	15.71	16.42	16.31	18.35	24.65	24.67	25.33	27.66	30.93	39.74
	December 31	16.63	15.91	16.58	21.60	25.67	24.50	26.46	30.06	33.65	41.73
Post Office Savings Bank	December 31	3.08	3.11	3.09	3.35	3.96	3.90	3.85	3.98	4.20	4.73
<u>TOTAL</u>	December 31	<u>19.71</u>	<u>19.02</u>	<u>19.67</u>	<u>24.95</u>	<u>29.63</u>	<u>28.40</u>	<u>30.31</u>	<u>34.04</u>	<u>37.85</u>	<u>46.46</u>
<u>Loans and Advances</u>											
Commercial Banks	June 30	7.76	7.64	8.00	7.64	7.07	10.24	9.74	10.72	13.44	15.10
	December 31	7.77	8.23	7.65	7.52	8.14	9.52	9.95	10.39	13.87	15.11
(of which for Agriculture and Dairying)	June 30	0.58	0.54	0.64	0.59	0.63	1.23	1.22	(1.19)	(1.04)	(0.89)
	December 31	0.54	0.56	0.72	0.75	1.01	1.35	1.26	(1.11)	(1.07)	(0.81)
Development bank	June 30	0.80	0.96	0.93	0.92	0.93	0.94	1.22	1.83	2.63	2.08
<u>TOTAL</u>	June 30	<u>8.56</u>	<u>8.60</u>	<u>8.93</u>	<u>8.56</u>	<u>8.00</u>	<u>11.18</u>	<u>10.96</u>	<u>12.55</u>	<u>16.07</u>	<u>17.18</u>

a/ Including commercial savings banks deposits, after deduction of their deposits with commercial banks.

Source: Bureau of Statistics

Table 6.3

Assets and Liabilities of Commercial Banks ^{a/}
(F \$ million)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
	<u>LIABILITIES</u>									
Deposits	14.56	13.79	14.37	19.10	22.32	20.63	21.87	25.04	27.94	34.72
Bank abroad	0.34	0.85	0.97	1.00	0.96	0.65	0.58	0.69	0.04	0.39
Other	0.75	0.91	1.42	1.67	2.67	2.39	2.57	1.80	1.10	1.50
TOTAL	<u>15.65</u>	<u>15.55</u>	<u>16.48</u>	<u>21.77</u>	<u>25.94</u>	<u>23.67</u>	<u>25.02</u>	<u>27.53</u>	<u>29.07</u>	<u>36.60</u>
	<u>ASSETS</u>									
Cash	1.06	2.35	1.77	1.72	3.89	1.87	1.49	2.07	1.92	2.34
Banks abroad	2.06	1.12	3.12	7.23	8.16	6.70	7.54	8.85	8.23	12.14
Loans and advances	7.79	8.19	7.52	6.86	7.35	9.52	9.95	10.39	13.87	15.11
Local investments	1.57	1.66	1.35	1.53	1.50	1.52	1.71	1.59	1.50	1.17
Other	2.17	2.23	2.72	4.43	5.03	4.06	4.34	4.63	3.56	5.84
TOTAL	<u>15.65</u>	<u>15.55</u>	<u>16.48</u>	<u>21.77</u>	<u>25.94</u>	<u>23.67</u>	<u>25.02</u>	<u>27.53</u>	<u>29.07</u>	<u>36.60</u>

Note: Totals may not agree due to rounding.

a/ As of December 31

Source: Bureau of Statistics

Table 6.4

Assets and Liabilities of Savings Banks ^{a/}
(F \$ million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
	<u>LIABILITIES</u>									
Deposits	6.71	7.39	8.04	9.83	13.03	17.76	13.42	14.82	16.68	20.58
Other	0.02	0.04	0.03	0.05	0.05	0.13	0.24	0.24	0.31	0.39
TOTAL	6.73	7.43	8.07	9.88	13.08	12.81	13.54	15.05	16.99	20.97
	<u>ASSETS</u>									
Deposits with commercial banks	1.62	2.16	2.73	3.97	5.73	4.99	4.98	5.81	6.68	8.84
Central government loans	1.05	1.69	1.69	2.56	3.81	4.28	4.57	5.05	4.49	6.40
Local government and statutory bodies	0.63	0.75	0.77	0.69	0.44	0.48	0.78	0.93	1.20	1.39
Overseas investments ^{b/}	2.81	2.17	2.37	2.22	2.64	2.49	2.52	2.28	2.43	2.40
Other	0.61	0.67	0.50	0.44	1.19	0.57	0.69	0.98	1.19	1.94
TOTAL	6.73	7.43	8.07	9.88	13.80	12.81	13.54	15.05	16.99	20.97

Note: Totals may not agree due to rounding.

^{a/} Consolidated data of commercial savings banks and Post Office Savings Bank only.

^{b/} Securities of the Post Office Savings Bank only.

Source: Bureau of Statistics

Table 6.5

Foreign Assets of Government, Public Institutions and Commercial Banks ^{a/}
(F \$ million)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
<u>Investments</u>										
Government ^{b/}	10.13	9.92	9.98	9.87	12.17	12.75	12.69	12.04	12.70	n. a.
Semi-governmental institutions	3.08	3.06	3.32	3.29	3.19	1.25	1.26	1.18	1.19	n. a.
Post Office Savings Bank	2.15	2.17	2.37	2.22	2.64	2.49	2.52	2.28	2.43	n. a.
TOTAL	<u>15.36</u>	<u>15.15</u>	<u>15.67</u>	<u>15.38</u>	<u>18.00</u>	<u>16.49</u>	<u>16.47</u>	<u>15.50</u>	<u>16.32</u>	<u>n. a.</u>
<u>Liquid Assets</u> ^{c/}										
Government ^{b/}	0.88	0.82	0.84	4.94	9.99 ^{d/}	7.67	5.21	6.20	5.94	n. a.
Semi-governmental institutions	2.73	3.24	3.74	2.79	2.48	2.34	2.08	1.61	1.77	n. a.
Post Office Savings Bank	-	-	-	-	-	-	-	-	-	-
Commercial banks	1.72	0.27	2.42	6.23	7.20	6.05	6.96	8.16	8.19	11.75
TOTAL	<u>5.33</u>	<u>4.33</u>	<u>7.00</u>	<u>13.96</u>	<u>19.67</u>	<u>16.06</u>	<u>14.25</u>	<u>15.97</u>	<u>15.90</u>	

a/ As of December 31

b/ Including currency backing

c/ Cash and call money

d/ Including exceptional deposit of \$F1,000,000 by Currency Board

Source: Central Planning Office

Table 7.1

Gross Volume and Value of Agricultural Commodities
1958 - 1969

<u>Volume</u>	<u>Unit</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Sugar cane	'000 tons	1,531	2,447	1,168	1,148	1,824	2,337	2,319	2,171	2,192	2,163	2,826	2,339
Copra	'000 tons	30.3	28.9	31.6	34.7	39.5	41.2	41.2	30.0	25.4	24.4	27.7	33.1
Bananas	'000 cases (72 lbs)	149	74	201	202	150	196	123	51	122	45	102	90
Rice	tons,	8,000	4,600	8,200	9,400	11,200	11,000	9,000	6,000	9,000	10,000	11,000	12,600
Beef	tons, dressed wt.	1,995	2,076	2,098	2,137	2,124	2,126	2,091	2,089	2,157	2,490	3,007	3,517
Butterfat	'000 lbs	660	672	700	664	490	681	640	742	793	837	873	900
Timber	'000 cu.ft. round	2,823	2,582	2,953	2,792	3,104	3,476	3,544	4,000	4,067	3,674	4,207	4,400
<u>Current Producer Prices</u> (F\$ '000)													
<u>Value</u>													
Sugar cane		<u>10,579</u>	<u>15,734</u>	<u>8,550</u>	<u>7,359</u>	<u>12,750</u>	<u>22,903</u>	<u>16,697</u>	<u>14,546</u>	<u>14,226</u>	<u>13,692</u>	<u>18,397</u>	<u>16,373</u>
Copra		<u>3,516</u>	<u>4,584</u>	<u>3,824</u>	<u>3,217</u>	<u>3,835</u>	<u>4,458</u>	<u>4,713</u>	<u>4,191</u>	<u>2,878</u>	<u>2,918</u>	<u>4,667</u>	<u>4,327</u>
Bananas		<u>326</u>	<u>170</u>	<u>442</u>	<u>464</u>	<u>344</u>	<u>466</u>	<u>300</u>	<u>136</u>	<u>344</u>	<u>128</u>	<u>238</u>	<u>291</u>
Rice, Padi		<u>520</u>	<u>253</u>	<u>451</u>	<u>564</u>	<u>672</u>	<u>605</u>	<u>495</u>	<u>300</u>	<u>540</u>	<u>700</u>	<u>1,120</u>	<u>1,008</u>
Beef		<u>447</u>	<u>465</u>	<u>470</u>	<u>479</u>	<u>523</u>	<u>524</u>	<u>609</u>	<u>608</u>	<u>676</u>	<u>725</u>	<u>876</u>	<u>1,182</u>
Butterfat		<u>272</u>	<u>269</u>	<u>278</u>	<u>266</u>	<u>196</u>	<u>273</u>	<u>256</u>	<u>297</u>	<u>317</u>	<u>334</u>	<u>349</u>	<u>360</u>
<u>Subtotal</u>		<u>5,083</u>	<u>5,741</u>	<u>5,465</u>	<u>4,990</u>	<u>5,570</u>	<u>6,326</u>	<u>6,373</u>	<u>5,532</u>	<u>4,755</u>	<u>4,805</u>	<u>7,250</u>	<u>7,166</u>
Timber		<u>1,014</u>	<u>922</u>	<u>1,166</u>	<u>1,179</u>	<u>1,344</u>	<u>1,575</u>	<u>1,625</u>	<u>1,938</u>	<u>2,113</u>	<u>1,924</u>	<u>2,203</u>	<u>2,304</u>
<u>Total</u>		<u>16,676</u>	<u>22,397</u>	<u>15,181</u>	<u>13,528</u>	<u>19,664</u>	<u>30,804</u>	<u>24,695</u>	<u>22,016</u>	<u>21,094</u>	<u>20,421</u>	<u>27,850</u>	<u>25,545</u>

Source: Statistical Abstract, 1969
Current Economic Statistics, April 1970

Table 7.2

Area Under Principal Crops 1968
(Acres)

<u>Product</u>	<u>Pure</u>	<u>Mixed</u>	<u>Total</u>
Sugar cane	130,461	881	131,342
Coconuts	153,020	25,549	178,568
Bananas	1,418	8,706	10,124
Root crops ^{a/}	11,693	16,935	28,628
Piper species (Yaquona)	939	6,682	7,621
Rice	23,656	697	24,353
Grains	3,035	1,751	4,787
Yams	584	3,043	3,627
Cocoa	746	4,664	5,410
Tobacco	972	60	1,032
Fruits and vegetables	7,467	8,484	15,951

^{a/} Includes taro (dalo) and cassava.

Source: 1968 Census of Agriculture

Table 7.3

Fiji - Sugar Cane
Acres, Production, Exports, Values

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Harvested Acres '000 ac	77	88	-	61	-	88	103	106	107	111	115	116
Cane Production '000 tons	1,531	2,447	1,168	1,148	1,824	2,337	2,319	2,171	2,192	2,163	2,826	2,339
Yield cane/acre tons	19.9	27.8	-	18.8	-	26.6	22.5	20.5	20.5	19.5	24.6	20.2
Total Raw Sugar Production '000 tons	203	250	160	162	261	305	332	327	315	310	374	310 ^{a/}
Percent Sugar from Cane	13.25%	10.21%	13.69%	14.11%	14.3 %	13.05%	14.31%	15.06%	14.37%	14.33%	13.23%	13.25% ^{a/}
Sugar Imports '000 tons	-	-	-	-	0.2	0.1	0.1	0.1	0.2	0.2	0.2	-
Sugar Stocks, end of year '000 tons	22	76	4	6	46	62	52	43	83	43	36	8 ^{a/}
Exports (Raw Sugar) '000 tons	179	180	216	146	206	270	323	316	254	330	360	316
Domestic Consumption '000 tons	14.1	15.0	13.1	15.1	15.1	18.4	19.7	20.4	20.2	20.6	21.5	21.8 ^{a/}
Consumption per capita lbs.	85.8	88.3	74.4	83.1	80.3	94.8	98.1	98.5	94.6	95.1	95.3	95.4 ^{a/}
Exports (Molasses) '000 tons	48	65	55	57	36	60	73	65	85	81	79	117
Value Exports Molasses	15.5(84)	14.7(80)	17.4(80)	11.9(88)	17.0(84)	28.8(106)	35.7(114)	25.0(82)	21.1(92)	23.8(74)	24.9(73)	28.1(89)
Total \$ Million	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.5</u>	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.6</u>
Price paid to Growers \$/ton/cane	<u>15.6</u>	<u>14.8</u>	<u>17.5</u>	<u>12.1</u>	<u>17.2</u>	<u>29.3</u>	<u>36.1</u>	<u>25.3</u>	<u>21.5</u>	<u>24.2</u>	<u>25.3</u>	<u>28.7</u>
Number of Contracts	6.91	6.43	7.32	6.41	6.99	9.80	7.20	6.70	6.49	6.33	6.51	7.00 ^{a/}
Total Value to Growers \$ million	14,825	15,753	13,875	13,948	13,921	13,924	14,100	14,798	15,519	15,609	15,596	15,596
Value per Contract \$	10.58	15.73	8.55	7.36	12.75	22.90	16.70	14.55	14.23	13.69	18.40	16.37 ^{a/}
	713	998	616	527	915	1,644	1,184	983	916	877	1,170	1,049

a/ Preliminary estimates

Notes: Tons - 2240 lbs.
Dollar - FijiSources: Ministry of Agriculture Annuals
International Sugar Organization Year Book
Bureau of Statistics, Suva

Table 7.4

Production and Use of Copra

<u>Year</u>	<u>Copra Deliveries (thousand tons)</u>	<u>Average Annual Copra Price (F\$ per ton) a/</u>	<u>Disposal of Copra Crop (Thousand Tons)</u>			
			<u>Exported as Copra b/</u>	<u>Crushed Locally b/</u>	<u>Oil Exported</u>	<u>Local and Cake Exported</u>
1960	31.6	-	2.5	31.6	18.0	8.4
1961	34.7	97.50	4.9	34.7	21.2	9.5
1962	39.5	93.82	7.0	32.5	18.2	7.7
1963	41.2	108.30	6.0	35.3	20.1	7.8
1964	41.2	114.22	7.1	34.1	22.8	9.5
1965	30.0	139.84	6.2	23.6	14.8	5.4
1966	25.4	110.41	2.3	23.1	16.7	5.5
1967	24.4	119.32	1.8	23.1	16.2	5.0
1968	27.7	158.32	-	27.7	17.2	7.4
1969	33.2	130.74	1.6	31.5	17.1	8.1

a/ Suva basic price.

b/ Due to shrinkage and carryovers, exports of copra and amounts crushed locally may not add up to deliveries.

Source: Bureau of Statistics.

Table 8.1

Employment and Production of Mining Sector 1968

	<u>Mining</u>	<u>Quarrying</u>	<u>Total</u>
Number of establishments	5	11	16
Total employees	1,857	225	2,082
Total wages and salaries (F \$ '000)	2,073	139	2,212
Gross output (F \$ '000)	4,764	425	5,189
Net Output	2,997	153	3,150

Source: Bureau of Statistics' Census of Industries

Table 8.2
Employment and Production of Manufacturing
Industries - 1968

	<u>Number of Establishments</u>	<u>Number of Employees</u>	<u>Wages and Salaries Paid</u>	<u>Gross Output</u>	<u>Net Output</u>
	U N I T S		F \$ ' 000		
Food processing	58	4989	3,880	45,553	12,423
Beverages and tobacco	14	405	248	4,163	1,290
Textiles, clothing and sportwear	34	353	106	497	189
Wood products	112	1550	865	3,182	1,313
Paper and printing	21	489	352	1,295	554
Chemical (paints, soap and cleaning preparations)	6	212	123	1,729	760
Rubber and plastic products	6	93	39	170	46
Non-metallic minerals (cement)	11	285	246	1,986	818
Furniture and metal products	20	358	243	1,264	457
Machinery	18	414	390	1,786	665
Transport equipment	8	156	153	548	191
Manufacturing, n.e.s.	2	102	54	128	93
TOTAL	310	9406	6,702	62,301	18,799

Source: Computed by Mission from Bureau of Statistics' Census of Industries

Table 8.3

Tourist Arrivals

Year	S E A A R R I V A L S			A I R A R R I V A L S			Total Tourist Arrivals
	Through Passengers	Visitors	Cruise Passengers	Through Passengers Changing Plane	Through Passengers Departing On Same Aircraft	Visitors	
1960	26,972	2,337	2,918		42,471	11,935	86,633
1961	21,824	2,789	4,077		40,385	11,933	81,008
1962	22,420	3,163	8,681	8,299	44,275	15,092	101,930
1963	34,716	3,594	12,870	12,437	50,578	20,652	134,847
1964	30,956	3,382	12,098	15,684	55,977	28,242	146,339
1965	32,501	2,964	15,032	18,025	72,882	37,171	178,575
1966	35,196	3,377	20,225	8,220	85,303	41,184	193,505
1967	40,041	3,332	21,225	7,341	95,781	52,689	220,439
1968	40,163	2,595	31,554	6,897	98,179	63,863	243,251
1969	44,267	2,787	41,506	9,801	100,287	82,376	281,024

Source: Fiji Visitors Bureau

Table 9.1

Price and Wage Indices
(1960 = 100)

<u>Year</u>	<u>Retail Price Index</u> ^{a/} <u>All Items</u>	<u>Food Only</u>	<u>Male Adults</u> <u>Basic Wages</u> ^{b/}
1960	100.0	100.0	100.0
1961	100.8	103.1	103.6
1962	103.0	105.9	101.7
1963	103.8	106.7	105.4
1964	107.1	111.1	107.2
1965	115.6	127.9	109.6
1966	115.2	119.6	117.4
1967	116.7	119.6	117.4
1968	121.2	125.8	131.7
1969	127.3 ^{c/}	133.8 ^{c/}	n.a.

a/ Average of quarterly values.

b/ At mid-year, including earnings in kind. Excludes clerical, professional and technical workers, domestic servants, and intermittent workers, such as stevedores and cane cutters.

c/ Imputed values based on the new CPI series.

Source: Bureau of Statistics