

# **PARLIAMENT OF THE REPUBLIC OF FIJI**



## **PARLIAMENTARY DEBATES**

### **DAILY HANSARD**

**THURSDAY, 29TH JUNE, 2017**

**[CORRECTED COPY]**



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## **THURSDAY, 29TH JUNE, 2017**

The Parliament met at 7.31 p.m., pursuant to adjournment.

HONOURABLE SPEAKER took the Chair and read the Prayer.

### **PRESENT**

Hon. Josaia Voreqe Bainimarama, Prime Minister and Minister for iTaukei Affairs, Sugar Industry and Foreign Affairs  
Hon. Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Economy, Public Enterprises, Civil Service and Communications  
Hon. Rosy Sofia Akbar, Minister for Health and Medical Services  
Hon. Parveen Bala Kumar, Minister for Local Government, Housing and Environment, Infrastructure and Transport  
Hon. Mereseini Rakuita Vuniwaqa, Minister for Women, Children and Poverty Alleviation  
Hon. Ratu Inoke Kubuabola, Minister for Defence and National Security  
Hon. Dr. Mahendra Reddy, Minister for Education, Heritage and Arts  
Hon. Commander Semi Tuleca Koroilavesau, Minister for Fisheries  
Hon. Osea Naiqamu, Minister for Forests  
Hon. Lt. Col. Inia Batikoto Seruiratu, Minister for Agriculture, Rural and Maritime Development and National Disaster Management  
Hon. Jone Usamate, Minister for Employment, Productivity and Industrial Relations  
Hon. Faiyaz Siddiq Koya, Minister for Industry, Trade, Tourism and Lands and Mineral Resources  
Hon. Lt. Col. Laisenia Bale Tuitubou, Minister for Youth and Sports  
Hon. Alexander David O'Connor, Assistant Minister for Health and Medical Services  
Hon. Lorna Eden, Assistant Minister for Local Government, Housing and Environment  
Hon. Commander Joeli Ratulevu Cawaki, Assistant Minister for Rural and Maritime Development and National Disaster Management  
Hon. Veena Kumar Bhatnagar, Assistant Minister for Women, Children and Poverty Alleviation  
Hon. Iliesa Delana, Assistant Minister for Youth and Sports  
Hon. Vijay Nath, Assistant Minister for Infrastructure and Transport  
Hon. Viam Pillay, Assistant Minister for Agriculture  
Hon. Mosese Drecala Bulitavu  
Hon. Parmod Chand

Hon. Mohammed Mursalinul Abe Dean  
Hon. Jiosefa Dulakiverata  
Hon. Viliame Rogoibulu Gavoka  
Hon. Semesa Druavesi Karavaki  
Hon. Ro Teimumu Vuikaba Kepa  
Hon. Ratu Kiniviliame Kiliraki  
Hon. Jilila Nalibu Kumar  
Hon. Dr. Brij Lal  
Hon. Ratu Naiqama Tawake Lalabalavu  
Hon. Alvik Avhikrit Maharaj  
Hon. Ratu Suliano Matanitobua  
Hon. Alivereti Nabulivou  
Hon. Ruveni Nadabe Nadalo  
Hon. Niko Nawaikula  
Hon. Mataiasi Akoula Niumataiwalu  
Hon. Howard Robin Thomas Politini  
Hon. Prof. Biman Chand Prasad  
Hon. Aseri Masivou Radrodro  
Hon. Salote Vuibureta Radrodro  
Hon. Lt. Col. Netani Rika  
Hon. Balmindar Singh  
Hon. Prem Singh  
Hon. Ashneel Sudhakar  
Hon. Anare Tuidraki Vadei  
Hon. Samuela Bainikalou Vunivalu  
Hon. Mikaele Rokosova Leawere

### **Absent**

Hon. Ratu Sela Vuinakasa Nanovo

### **MINUTES**

HON. LEADER OF THE GOVERNMENT IN PARLIAMENT.- Thank you, Madam Speaker. Madam Speaker, I beg to move:

That the Minutes of the sitting of Parliament held on Friday 26<sup>th</sup> May, 2017, as previously circulated, be taken as read and be confirmed.

HON. A. SUDHAKAR.- Madam Speaker, I beg to second the motion.

Question put.

Motion agreed to.

## **COMMUNICATIONS FROM THE CHAIR**

### Welcome

HON. SPEAKER.- I welcome all Honourable Members to this evening's special sitting for the delivery of the 2017-2018 National Budget Address by the Honourable Attorney-General and Minister for Economy, Public Enterprises, Civil Service and Communications.

I also would like to welcome all distinguished guests joining us in the gallery: the members of the Diplomatic Corps and International Regional Organisations; Permanent Secretaries; the Commander of the RFMF; the Commissioner of Police; and members of the business fraternity, as well as those seated in both our Committee Rooms.

I acknowledge those watching proceedings on television and the internet and listening to the radio.

### Budget Address

The Budget Address is one of the most important sittings of the Parliamentary year as it is the day when the Government announces its intentions for revenue raising and expenditure for the upcoming year. The approval of finance and appropriation is a fundamental role of any legislature. Thank you for taking interest in your Parliament.

## **BILLS – FIRST READING**

2017-2018 Appropriation Bill 2017.

HON. SPEAKER.- I now call on the Honourable Minister for Economy to move the first reading.

HON. A. SAYED-KHAIYUM.- Thank you, Madam Speaker. Madam Speaker, pursuant to Standing Orders 99 and 84(1), I move:

That the 2017-2018 Appropriation Bill 2017, be now read a first time.

HON. LT. COL. I.B. SERUIRATU.- Madam Speaker, I beg to second the motion.

HON. SPEAKER.- Please hand the four copies of the Bill to the Secretary-General.

(Copies of the Bill handed to the Secretary-General)

HON. SPEAKER.- For the information of Honourable Members, as per parliamentary convention and tradition, the Business Committee has exercised its powers pursuant to Standing Order 68(1), to exempt the National Budget Address this evening and the Shadow Minister's response which will be delivered on Monday, 10<sup>th</sup> July, 2017, from the ordinary speaking time limitations.

I now call upon the Honourable Minister for Economy, Public Enterprises, Civil Service and Communications to deliver the National Budget Address.

### **2017-2018 APPROPRIATION BILL 2017**

HON. A. SAYED-KHAIYUM.- Thank you, Madam Speaker. Madam Speaker, the Honourable Prime Minister, the Honourable Leader of the Opposition: with much pleasure and honour, I rise to present to Parliament and all Fijians the National Budget for the 2017-2018 fiscal year.

Madam Speaker, I do not wish to take up everyone's TV time, as we know this is all about prime time TV viewing and I am sure they are more keen to watch the prime time television shows. I will cover tonight, Madam Speaker, only the most significant new expenditures and changes in spending, revenue and policy and those that are of the most interest to the public.

Some ministry budgets will not necessarily be mentioned in this address, this is of course not a reflection on the importance of those ministries or the value of their work. We will, however, Madam Speaker, distribute a series of fact sheets to the media and the public that gives specific details of expenditure and revenue measures. These fact sheets, Madam Speaker, will be distributed next weekend in a packet, in the *Fiji Sun* as such. The Budget details will also be published on our website at [www.economy.gov.fj](http://www.economy.gov.fj). We encourage members of the public to directly ask us questions on the budget and you can send in written questions or queries to the email address at [budgetconsultation@economy.gov.fj](mailto:budgetconsultation@economy.gov.fj). We will also, Madam Speaker, be holding Roadshows and making appearances on radio and television to inform and encourage our fellow Fijian to understand how their government is managing the economy and the programme that have been and are to be implemented.

Madam Speaker, as a government, our focus has always been to empower Fijians raise our productivity capacity and unlock our true potential. We have worked to make our nation more inclusive, we ensure that all Fijians share in our prosperity, to empower those in the margins of society, our youth, our women, disabled persons, senior citizens and every Fijian.

We believe, Madam Speaker, that economic empowerment is imperative, not just to uplift individuals and have them succeed; it is the way to build a vigorous economy and a vigorous democracy for the long-term. People must have a real stake in their economy. They must believe that their hard work and sacrifice will be rewarded and they must know that the lives of their children and the children's children will be much better in several tomorrows.

Madam Speaker, our policies over the past few years have transformed our economy. We have been consistent, transparent, stable and true to our word, and that consistency has paid off, Madam Speaker.

Our economy is stronger than it has ever been. We have actually doubled our GDP and tripled our revenues since 2016. Foreign reserves are at levels we have never seen before. These policies have not just regained domestic and international investor confidence; they have propelled it to new levels. And what makes us equally proud is that these same policies have empowered ordinary Fijians and given them more choices - and more control over their lives.

We will see clearly, as I reveal our budget priorities, Madam Speaker, that enlightened, bold and consistent management of the economy over time has also given us the ability to expand assistance for the most vulnerable, reinvigorate the Civil Service, spread the burden of taxation, attract needed medical personnel, improve education, adapt to climate change and play a greater role on the world stage.

This consistency, Madam Speaker, flows from one source - strong, decisive and visionary leadership. This is the leadership, Madam Speaker, that is exemplified by our Honourable Prime Minister and the FijiFirst Government.

(Honourable Members interject)

HON. A. SAYED-KHAIYUM.- Every Fijian, Madam Speaker, has felt the benefits of the steady unwavering progress we have chartered in building the new Fiji. They have seen it, unfolding before their eyes, as we have taken the Fijian economy to record heights, as access to opportunity has extended to the most remote corners of our islands, and as their children have realised achievements many only dreamed of realising themselves. Madam Speaker, this must continue.



Madam Speaker, the confidence that is driving our economy has also propelled Fiji into a leadership role. Fiji is the first small State to assume a role as large as the COP23 Presidency, which is to be held in Bonn in November. We successfully co-hosted the United Nations Ocean Conference in New York earlier this month in which the Honourable Prime Minister co-chaired. We will host the Asia Pacific Broadcasting Union Annual General Meeting next year and the Asian Development Bank Annual Meeting in 2019, the Commonwealth Education Ministers meeting and the Pre-COP meetings, to name only some.

We are a government that adheres to international standards and seeks international cooperation. Our eager endorsement of these conventions and adoption of international standards gives confidence to investors and other governments and helps us improve our economy. It creates jobs and opportunities for ordinary Fijians.

(Chorus of interjections)

HON. A. SAYED-KHAIYUM.- Madam Speaker ...

HON. SPEAKER.- Order! The Budget speech, unlike other speeches, is a delivery of a pre-printed statement and interjections are inappropriate at this stage.

HON. A. SAYED-KHAIYUM.- ... we must dust off the cobwebs that have accumulated over many decades of uninspired management that view the national budget as a yearly exercise to simply allocate money, not as a part of a long-term strategic plan to drive us into the future. For decades, our budgeting was not inspired by development plans. It was not a vehicle to achieve a long-term vision. It was not based on a philosophy of freedom, pragmatism, equality, compassion and sound economic management. Today, it is all of those things, Madam Speaker.

And Madam Speaker, we have been working diligently to consult with experts and the public on the five-year and 20-year development plans. These development plans have only just been climate-sensitised by the World Resources Institute and will be launched this August by the Honourable Prime Minister.

An important part of this long-term vision is to steadily remove any legal impediments that affect our economic development or stifle an individual's ability to establish and build a business, take an idea to the market place or simply participate meaningfully in the economy. This is one of the objectives embodied in the details of this Budget.

But while we want to get rid of unnecessary impediments, we also need to ensure there is greater compliance with those laws and regulations that are necessary for

fairness and accountability, and to remove corruption. As in earlier budgets, we have been reviewing the legal framework to see how we can greatly improve compliance with tax laws and bring to justice those who use subterfuge to avoid paying their fair share. No modern State can tolerate a situation in which it does not collect the taxes it is due.

Madam Speaker, with growth predicted at 3.8 percent in 2017, the policies of the FijiFirst Government have given the economy an unprecedented eight consecutive years of economic growth. And with the economy projected to grow by another 3 percent and 2.9 percent in 2018 and 2019 respectively, we will have ten years of growth. Ten years, Madam Speaker - a full decade, unheard of in Fijian history.

This means, Madam Speaker, that our economy has almost doubled in 8 years. This means more jobs, higher incomes and a better standard of living. Importantly, economists and other experts from around the world and rating agencies like Moody's and the World Bank attest that our debt is sustainable and that this prosperity has been shared. Growth has not just benefited the few. Fiji's rising economic tide is indeed lifting all boats.

Madam Speaker, no country can exist in isolation in this globalised world. We are all interconnected. Our trade flows have been increasing, and the service sector, led by tourism, is flourishing. Foreign reserves are at an all-time high: \$2.287 billion as of last week, sufficient to cover 5.7 months on imports, when we compare this to foreign reserves of just around \$515 million at the end of 2006. Inflation has also stabilised with year-end inflation forecasted at 3 percent. I say again, Madam Speaker, it is clear that we are doing it right.

Madam Speaker, as we prepared the Budget, we held numerous public meetings throughout the country and in 11 major towns, with hundreds of students from many high schools and five university campuses. We met with the private sector in three divisions, including bus operators, commercial banks, insurance companies, supermarkets and others. We held two separate meetings with people with disabilities and of course, we consulted all the ministries including their respective ministers and their permanent secretaries to hear from the people who carry out these programmes.

Madam Speaker, this is a build-up from the previous years' consultations, but we expanded our coverage because of the high participation and the enthusiasm shown last year.

We also received many written submissions from the public. We intentionally made this process very inclusive and open, and every Fijian is given a chance to be

heard by the Government in some way. This, Madam Speaker, is true democracy. In practical terms, this is what an inclusive government is all about.

Madam Speaker, we thank every Fijian, especially our young people for their contributions towards this Budget and their contributions for tomorrow in Fiji – their tomorrow. We believe in our young people. They are our future and I personally, Madam Speaker, learnt a lot from my conversations with them. Their willingness to offer constructive solutions and think long-term was an inspiration. Something that some older people and politicians can learn from.

Madam Speaker, for the 2017-2018 Budget, our total expenditures stand at \$4.357 billion, with a total projected revenue of \$3.85 billion. That leaves a net deficit of \$499.5 million, equivalent to 4.5 percent of GDP.

Madam Speaker, the revised deficit for these fiscal years (2016-2017) is estimated at 2 percent of GDP, substantially lower than the 4.7 percent projected initially. This is due to prudent management of our finances, savings and operational expenditures and unforeseen delays and implementation of some of the capital projects as a result of bad weather, shortage of materials and non-availability of construction companies. So these capital projects have been rolled over to the 2017-2018 fiscal year, and this is why we have a 4.5 percent deficit for this new budget year. But remember, Madam Speaker, it is just 2 percent for this fiscal year.

It is also important, Madam Speaker, that we do not look at the 2017-2018 deficit in isolation, but see it over a 2 year fiscal period. In particular, after major natural disaster, in the form of the second strongest storm ever recorded globally - *TC Winston*. The average deficit for these two fiscal years, it is just over 3 percent within a comfortable range. So the FijiFirst Government, Madam Speaker, is committed to maintaining the current sustainable debt trajectory. Government debt is projected at 47.5 percent of GDP as at July 2018, much lower than we had projected in the last budget.

As we announced last year, Madam Speaker, we have a lot of work ahead of us because we cannot simply replace what we have. Our schools have to be better and safer. We learnt after *TC Winston* that 96 percent of the schools that were to be rebuilt did not even have architectural plans. They did not comply with building codes. They did not have any engineering designs and these are the buildings where we send our children to spend an entire day, five days a week. It was a disgrace.

Madam Speaker, Fijians do not need to be reminded that climate change costs us dearly. *TC Winston* was a slap in our face that still stings. Some of us tragically

lost loved ones, or houses, crops, or livestock. Children lost days in school and nearly everyone in the affected areas went days without electricity, transport or water supply. *TC Winston* has made it clear that we will need substantial additional financial resources to cope with the effects of and the need to adapt to climate change and natural disasters.

Madam Speaker, while we are working towards this, we are also going to mobilise our domestic resources for climate adaptation measures and protecting our environment. In the new fiscal year, Madam Speaker, we intend to issue \$100 million worth of “green bonds” for the first time as part of our total budget financing requirements.

The bonds will be specifically targeted towards projects that qualify under green finance. The Ministry of Economy is working with the Reserve Bank of Fiji and the International Finance Corporation to launch these bonds with “green bond certification” before the COP23 meeting. That means, Madam Speaker, that the bonds will be certified by an international organisation as supporting sustainable and environmentally responsible activity. There is a growing community of investors worldwide who demand instruments that are socially responsible, and we want to attract them and we will also invite our Pacific Island neighbours to participate in this programme.

Madam Speaker, we will remove the Environmental Levy and replace it with the Environment and Climate Adaptation Levy or ECAL. The ECAL will be set at 10 percent and will also be applicable to individual taxpayers earning \$270,000 and above or those who pay social responsibility levy. But in order to have a neutral tax effect to the current structure, we will reduce the Service Turnover Tax from 10 percent to 6 percent and restructure the Social Responsibility Tax to ensure that there is no additional tax burden.

In the same vein, Madam Speaker, we will eliminate the 12.5 percent super yacht charter fee and replace it with a 10 percent ECAL - 2.5 percent lower, Madam Speaker. So, the impact on the services sector, where the Environmental Levy and Service Turnover Tax were applied, will be neutral.

Madam Speaker, businesses investing in electric-vehicle charging stations can qualify for the 7-year tax holidays within the investment of \$500,000 instead of the current \$3 million and they can receive a 5 percent subsidy on the total investment.

Madam Speaker, from 1<sup>st</sup> August, Government will impose a 10 cent tax on plastic bags at retail outlets that have point-of-sale registers. We want to discourage

the proliferation of plastic bags, which escape easily into the environment and end up in fields and along roads, roadsides, in waterways and in the ocean, where they are a serious danger to marine life. They are solid-waste nightmare. Putting even a small price in bags will curtail this kind of destructive waste and force consumers and retailers alike to use only what they need and that will benefit the environment.

Consumers will be doing a service for the environment and avoiding this tax if they use their own bags. To complement this, Madam Speaker, the Ministry of Women, through the Honourable Minister for Women, will work with the supermarkets so that our women and women groups can be engaged to make reusable bags and sell them in the supermarkets. These bags were on sale at the recent Women's Expo. This is a creative way to turn an environmental challenge into an economic opportunity.

Madam Speaker, all the revenues collected from the ECAL will go into a trust fund to be used specifically for environmental and climate adaptation projects and to the relevant ministries, and it is projected that the total revenue from ECAL for the 2017-2018 period will be about \$94 million.

Madam Speaker, we will also, on an annual basis, report to our citizens and tourists alike on how this trust fund has been managed.

Madam Speaker, we are establishing a new Ministry of Waterways which will be responsible for dredging waterways, realigning drainage systems, managing river banks, mitigating flooding and managing storm water. The new Ministry will also be responsible for co-ordinating smart agricultural irrigation schemes.

Many of our waterways flood frequently, not just the river mouth, but upstream and beyond. This flooding inundates towns and makes roads and our highways impassable. We see floods as an act of God, but often they are the direct result of human activity and human negligence.

Heavy silting is a result of decades of neglect, illegal developments, land degradation and changing weather patterns. And we are experiencing excessive flooding because these waterways have not been dredged or maintained for years.

The Land and Water Resource Management Division within the Ministry of Agriculture will now be transferred to this new Ministry, and the Honourable Prime Minister will soon announce the appointment of the new minister. We will also do away with the very cumbersome bureaucratic process of drainage boards.

Madam Speaker, Government has allocated \$24.2 million in this Budget for the functioning of this ministry, and we are also having discussions with the Green Climate Fund, which is keen to provide funding. However, Madam Speaker, we need more than funding to fix our waterways. We also need technical expertise and in this context, we have had discussions with the Global Green Growth Institute also.

Madam Speaker, Government is also going to tackle head-on the issue of flooding in Nadi. Nadi is Fiji's gateway to the world. It is the fastest growing urban centre and soon to be declared a city and flooding is a major problem. The feasibility study report on the Nadi River, sponsored by the Japanese Government, estimates the cost at \$385 million over a three-year period to widen and rehabilitate the Nadi River, including building infrastructure like levees and three bridges.

The design and the environmental study needed to begin the project will commence shortly and indeed the tender was advertised this Tuesday. Government has allocated \$10 million for the study and has been working closely with the Asian Development Bank to access funding from the Green Climate Fund for this project. May I also add, Madam Speaker, that the Japanese Government has also offered us a soft loan for this project.

Madam Speaker, we will now also going to merge the functions and the budgets of the National Disaster Management Office and the Department of Meteorological Services under a new Ministry - the Ministry of Natural Disaster Management and Meteorological Services, with a total budget of \$15.2 million.

Madam Speaker, Government is also partnering with the Global Green Growth Institute to explore the options for transitioning the islands of Taveuni and Ovalau to electricity generation that is 100 percent renewable. The Korean International Cooperation Agency (KOICA) has shown interest to finance this project.

Madam Speaker, let me also clarify a number of things in relation to our cost of living that has been excessively politicised. In fact, Madam Speaker, Fijians are being continuously misled to an appalling extent with facts that are being deliberately manipulated, half-truths, in fact at times no truths, masquerading as facts, data and numbers created out of thin air.

The fact, Madam Speaker, is that no government in the past has ever taken such huge leaps to improve the lives and livelihoods of ordinary Fijians. This Government, unlike any other, has introduced a number of policies, many of which are unprecedented, to address bread and butter issues and ensure that the cost of living is kept low.

Our policies are increasing people's spending power. Madam Speaker, because parents no longer pay school fees, they may be able to improve their house because medicines are subsidised, they might buy more clothes for their children because they no longer pay to connect to electricity or water, so they can put money in the bank to save for emergencies. This literally puts more money in their hands so that they can make their own economic choices. We have done this by fully funding schools by lowering VAT across the board, by lowering taxes, by lowering duties, by increasing welfare payments, by subsidising medicines and bus fares and providing legal aid.

It is a fact, Madam Speaker, that Fijians are consuming more now. Most of our indicators show strong consumption activity in the country. Vehicle ownership has substantially increased. There are about 500,000 smartphones in our country, in a country of about less than 900,000 people. There are more SIM cards in Fiji than actual people. Duty and VAT have decreased on items Fijians use every day. Home construction is rising. More factories and warehouses are being built. People are making improvements to their homes. Thousands of young Fijians are going to universities and technical colleges more than ever before. This is happening because all the economic and social measures, Government has taken work together to give people more disposable income.

Still, Madam Speaker, we hear the simplistic cry to single out products for VAT exemptions. It is the siren song of populism, a shameless appeal to emotion that tries to conceive a fundamental lie. But this Government, Madam Speaker, prefers to treat problems, not symptoms. We prefer a systematic cure and sound economic management, not magic elixirs and band aids - a cure that reflects the real way people live and shop.

This Government, Madam Speaker, has reduced VAT on all these consumables and also on other day-to-day commodities that people need. This has made them affordable and reachable and that has expanded every household budgets.

However, Madam Speaker, despite reducing VAT and duty, we all know that some businesses do not pass on the reduced VAT and duty for the consumers. Thirty-five companies have now been prosecuted for this violation and we will continue to vigorously enforce the law.

We have also discovered, for example, Madam Speaker, when we had reduced the duty on cereal to zero percent for example, the price on cereals did not come down. That is because 4 or 5 food importers control 60-70 percent of the market, and they are

often exclusive suppliers of some of these items. They dictate prices and they maintain their power by threatening retailers: “Sell it at half price or we will cut you off.”

For example, we removed duty on baby product items last year, but Johnson & Johnson products are imported by only one company, and it can dictate the selling price to retailers and the supermarkets and pharmacies, unfortunately have to pass on these prices to the consumers. So no amount of VAT exemptions will reduce the price of these items, no amount.

In order to remedy the situation, Madam Speaker, we made it an offence in the last budget for businesses not passing on VAT duty reductions. To give this measure more teeth, for the first time, we have set up a separate unit in FRCA and the Ministry of Economy to work very closely with the Commerce Commission to ensure that those who are in monopolistic positions cannot dictate prices. The Commerce Commission will be empowered to monitor the prices of wholesalers and those who hold sole distribution rights, and any who hold monopolistic positions will now have to justify the prices.

The Commerce Commission will work with FRCA to go behind the screen, to investigate abuses and develop appropriate regulations, to ensure prices are not dictated through monopolies or cartels, and to ensure compliance with the law. So in the near future, Madam Speaker, the prices you will see in the supermarket shelves will not be the ones dictated by these bandits.

Madam Speaker, in the same context, we have already conducted meetings with major supermarket chains only last week. Of course, some of them have not been doing the right thing either. They have set up buying houses offshore so they buy products overseas through these companies of theirs that they set up offshore and sell goods to themselves. So effectively, they buy an item twice and try to claim their mark-up less than it is. They over-invoice and shift their profits, Madam Speaker.

Their greed is pricing many Fijians out of the market for things they should be able to afford. This will not continue, and we want to assure all Fijians that we will have a fair and competitive market.

Recently, Madam Speaker, by way of example, FRCA found anomalies at one supermarket chain that resulted in penalties and fine for that supermarket, an assessment that will total \$53 million; \$53 million, Madam Speaker, just from one supermarket chain. Imagine how many more that are out there, that we can prosecute, and they are already paying those fines.



Also, Madam Speaker, there are still cartel retailers in Fiji, so two or three suppliers of a particular product can agree not to sell a product below a particular price. This is price-fixing. Madam Speaker, it has no place in a free economy and our Government will no longer tolerate companies that want to make enormous margins through greed. They hold back the economy. They hold back growth, and they hold back the ability for ordinary Fijians to spend in other areas. We are providing additional funding to the Fiji Commerce Commission, and FRCA will establish a unit to enforce the law and the Ministry of Economy will also establish an Economic Intelligence Unit.

Madam Speaker, in this Budget, the Government is restructuring the social protection regime to make it more targeted and more effective. The Ministry of Women, Children and Poverty Alleviation has been provided a budget of \$113.4 million for the upcoming fiscal year, an increase of almost \$46.9 million. Allowances under the various social protection programmes will increase.

The funding provided under the Poverty Benefit Scheme has increased from \$23.2 million to \$38.1 million. All qualifying households will receive a 15 percent increase in allowances. We want this programme to do more than help people survive. We want to allow people to live with dignity. We want them to make their own choices about what to buy, so that a woman does not have to forgo sanitary pads for herself and her daughters, so that everyday items like deodorant are not luxuries. Therefore, Madam Speaker, the monthly allowance of an individual under this scheme will now be \$35 instead of the current \$30. A household with two persons will receive an increase from \$50 to \$58, while a household with three persons will receive \$104, compared to \$90, and the list goes on, Madam Speaker.

The Child Protection Allowance will also have a larger budget of \$6.8 million, an increase of \$3.3 million. The allowance will rise 15 percent, and grandparents, uncles and aunties, who are caring for these abandoned children will receive up to \$69 per month per child to assist with their care.

Madam Speaker, Government has increased funding for the Social Pension Scheme. It rises from \$14 million to \$37.2 million. Government will also restructure this Programme which we established in 2013, for persons who are 70 years and over and who did not have any superannuation support. These are people who usually live in villages and farms, and have been self-employed for the entirety of their lives. They do not have FNPF. We started off with a \$30 monthly pension allowance and have steadily reduced the age requirement and increased the pension allocation for this target group.

In this fiscal year, eligibility has been further lowered to 65 years, where it will stay. Many of these elderly people are not getting adequate support from their families, and they need the support to remain independent, so we have doubled the pension, Madam Speaker, from \$50 to \$100 a month. Madam Speaker, they need access to, for example, things like spectacles and other aids they do require as they get older. Further, Madam Speaker, people aged 65 and over will continue to receive bus fare concessions of 50 percent. The National Council for Older Persons will also receive \$345,000 to carry out this mandate.

Madam Speaker, we received a great deal of constructive feedback during the consultations regarding the Food Voucher Programme and we are now restructuring it. All Food Voucher Programmes will be increased by a total of \$1.7 million in the 2017-2018 Budget, and we are making them more flexible. All items except alcohol, kava or *yaqona* and cigarettes can be purchased with the voucher and people will no longer be restricted to only one supermarket chain.

Madam Speaker, each household under the Poverty Benefit Scheme and the Care and Protection Allowance will receive a food voucher of \$50, in addition to the allowances I had just mentioned. The food voucher for rural pregnant mothers will also be increased from \$30 to \$50. Unborn babies need to be nourished and better prenatal nutrition will alleviate emotional and psychological stress both, for the mother and the baby. Ultimately, taking better care of expectant mothers is an investment that will relieve pressure on our health system and produce healthier children.

Madam Speaker, we continue to make good progress in bringing citizens with disabilities into the full mainstream of Fijian life. Fiji recently deposited with the United Nations Treaty Office our instrument of ratification to the Convention on the Rights of Persons with Disabilities, and the new Rights of Persons with Disabilities Bill that is aligned to the Convention is currently with the relevant Parliamentary Standing Committee for review. To ensure compliance and implementation of the Convention and the Bill once enacted, the Fiji National Council for the Disabled Persons has been allocated a funding of \$1.2 million, an increase of over \$700,000.

Madam Speaker, Government has allocated a new funding of around \$8 million as separate allowances for our citizens with disabilities. Previously, allocation was made under the Social Welfare Scheme but we need to recognise that persons with disabilities often have a very specific and distinct need.

Madam Speaker, people with permanent disabilities will also be provided a monthly allowance of \$90 per person. Additionally, \$1.6 million is provided as grants

to organisations serving disabled persons. This funding will also cater for the completion of the Western Disabled Centre.

Of course, Madam Speaker, we will, as announced last year, continue the 300 percent tax deduction on wages paid to disabled employees. The bus fare subsidy for people with disabilities will also continue, and \$120,000 has been allocated to promote the participation of disabled persons in sporting activities.

Madam Speaker, Government will also provide funding to the Fiji Roads Authority (FRA) to ensure that new roads and footpaths are disabled-friendly and provide easy access. Apart from this, we have made a separate allocation of \$500,000 to FRA to retrofit existing footpaths, starting within the municipalities so that people with wheelchairs can cross the road from one kerb to the other. We have also allocated, Madam Speaker, funding to retrofit Government offices that are visited by a large number of citizens to make them accessible to the disabled.

Madam Speaker, Government has also allocated in this Budget \$850,000 to the Frank Hilton Organisation. This funding will allow this highly respected institution to work in Fiji to detect disability in very young children and then intervene with the appropriate therapies. The Hilton Organisation's speech therapists, audiologists, physical therapists and counsellors are widely respected for the outstanding work they do in diagnosing and treating disabilities, and in working closely with families to help them adapt to raising children with special needs. Madam Speaker, in the 21st century, there is no reason to give up on children with disabilities. With early intervention, proper attention and loving families who are prepared to help them, they can look forward to meaningful and productive lives.

Madam Speaker, as announced by the Honourable Minister for Employment, we have conducted a minimum wage assessment, and we are increasing the national minimum wage for unskilled workers from \$2.32 an hour to \$2.68 an hour. This rate is only for unskilled workers and also who are not part of the 10 sectoral-based Wages Councils. These employees in the 10 sectoral-based categories have much higher rates, but they will also get an increase in their minimum rates.

Madam Speaker, those who advocate an arbitrary minimum wage rise for the unskilled workforce are clearly trying to gain political mileage. We prefer a responsible and sustainable approach, one that serves the wage earners and the public good. It is an affordable rate based on productivity improvements. It is responsible and based on sound economic thinking, and a desire to help as many people as possible without causing disruptions in the economy. Raising the wage too much would actually cause a loss of jobs.

We must also be mindful of the inflationary impact of wage increase. Many people might not be able to afford domestic help or what we unfortunately call “house-girls” in Fiji, for example. Small businesses might not be able to afford helpers, and it would drive costs up too much for many self-employed people and people in the informal economy. This wage rate was after a thorough examination of many competing factors and extensive consultations. It also took into account the impact of Government policies, in particular, for low-income families such as free education, free medicine, subsidised bus fare, subsidised electricity, free water, scholarships and TELS.

When we considered raising the minimum wage, Madam Speaker, we could not overlook the people who are self-employed or work in the informal sector. There are approximately 130,000 Fijians who drive taxis, own micro-enterprises, sell in the markets or on the roadsides, people who sell coconuts or bananas by the roadside, so the increase in the minimum wages does not help them. In fact, it could raise cost of goods and services to them and they have no way to offset these costs. Raising the minimum wage too much would do them great harm. A responsible government must be concerned with the effects of a wage rise on everyone in the society and try to do what benefits most people and disadvantages the fewest, and that is what we have done.

However, Madam Speaker, as we have seen, the strong economy is naturally pushing up wages in several areas. Some workers whose set minimum wage is round about \$3.50 an hour are being paid \$7 an hour, and other workers – electricians, for example, have seen wages rise from \$4 an hour to as much as \$12 an hour. So, the prospect for wages in this economy, Madam Speaker, is good.

Madam Speaker, a total budget of \$4.4 million is provided in the 2017-2018 Budget for programmes that directly serve our women. Funding to implement the Women’s Plan of Action has been increased to \$1.4 million. This Programme will provide women with financial assistance and training to generate their own income. It will promote the Elimination of Violence Against Women and advocate women’s rights, improve women’s access to health, education and reproductive services. The domestic violence helpline that we launched this year is in partnership with the Fiji Women’s Crisis Centre.

Government will continue to fund the National Women’s Expo with a budget of \$500,000 to promote women entrepreneurship, and help women generate independent income and connect them to the private sector.

Madam Speaker, this Government believes that every Fijian must have equal access to justice. The quality of justice should be the same for all Fijians, whether they are living in Suva or Kadavu, whether they are a corporation or market vendor, whether they live in a high-rise apartment or a squatter settlement.

Madam Speaker, there are now 16 Legal Aid Offices around the country and a staff complement of 165. Five new offices will be opened this year in Kadavu, Rotuma, Vunidawa, Keiyasi and Seaqaqa. We will recruit 44 new staff and from this number, 20 will be for those new offices. Legal Aid is also now authorised to represent people who receive eviction notices without proper notice and procedure, an area where tenants have traditionally been at a great disadvantage. The Commission will have budget of \$8.4 million.

Madam Speaker, we have made a special effort in Budget consultations to reach out to our young people. This Government believes in our youth. We very firmly believe in our youth. They are our future leaders, and it is critical for us to invest in them and harness their energy, their pragmatism and indeed, their idealism.

Madam Speaker, for the 2017-2018 Budget, Government has allocated a total of around \$964.5 million towards the provision of quality education. This is a huge allocation, accounting for 22 percent of the total Budget. Here is the breakdown of the significant changes for this Budget, Madam Speaker.

The Ministry of Education will have a total Budget of \$490 million. From this total amount, Government will provide \$5.55 million to recruit 250 additional teachers; 200 for primary schools and 50 for secondary schools. This supports Government's commitment to improve the teacher-student ratio.

The Budget provides substantial funding of \$170 million to rebuild and repair schools damaged by *TC Winston*. Madam Speaker, we expect to complete the construction in the 2017-2018 fiscal year. Apart from that, Madam Speaker, a total of \$10.6 million has been allocated under the Ministry of Education as building grants for rehabilitation of schools damaged by *TC Winston*.

Madam Speaker, we are making substantial increases to the funding allocation to support tertiary students and high school students, following our consultations with them in the lead-up to the Budget preparations.

For the National Toppers Scheme (NTS), the budget for this Programme will increase to \$32.3 million. There is no increase in the number of new scholarships which remains at 630, but the increase is necessary to continue the scholarships for our

new and current Toppers Scholars. The allocation will stabilise once we have a full four-year complement of scholarship recipients.

We are making major changes to the Tertiary Education Loans Scheme (TELS), Madam Speaker, to make it more flexible and more responsive to the experience of students today. Government will no longer require TELS recipients to have guarantors. Only students planning to travel overseas will need a guarantor in the future, and guarantors who are currently repaying loans will continue paying on those defaulted loans at the interest rates that were announced when the Programme started.

Madam Speaker, students can now change their programme, major or minor, under TELS but only once for the duration of their study. Currently, they are not allowed to do that. We understand that a student's university years is a time of discovery and searching, and that should not be discouraged. If a student at 19 years of age decides to study accounting and programming and later discovers that he/she prefers management instead of programming, he/she should not be discouraged from switching his/her course of study. He/she should have access to TELS.

Madam Speaker, at times, some TELS students might fail some subjects. We do not want to give up on these students also. So from 1st January, 2018, TELS students will be eligible to repeat a failed unit, but only once.

TELS will also be extended to allow for successive upgrade of qualifications for students up to the first bachelor's degree. What this means, Madam Speaker, is that, a student who is enrolled in a certificate programme can now choose to continue to a higher level of qualification up to a degree. Currently, upon completion of study, a student cannot continue under TELS for a higher education until the existing TELS debt has been paid off.

We are also extending TELS eligibility for students who pass Year 12 and who meet the minimum requirement for certain engineering courses at the Fiji National University (FNU). We have a huge demand for engineers, Madam Speaker, and these courses will actually be able to provide us with that feed into our employment market.

Madam Speaker, to provide more financial support for students in between semesters and trimesters, Government will now also provide allowances for students even during that period. However, this will not include the holiday period in December. What this means, Madam Speaker, is that, a semester student will now receive an annual allowance of \$6,600 instead of the current \$4,334, and a trimester-based student will receive an allowance of \$7,125 instead of the current \$5,736. This will allow the student to meet ongoing expenses, including meals, transportation and

accommodation during this period. We also provide TELS students an allowance of \$1,000 for incidentals and book allowance for TELS students for the first time.

For students studying overseas, Madam Speaker, under a full scholarship by a host country, we will increase their allowance and standardise it at US\$2,400 or approximately FJ\$5,000 per annum. This is an increase from the current range of FJ\$2,500 to FJ\$3,700. This increase is to supplement the existing allowances so that the students are able to meet the cost of living in those countries.

Madam Speaker, we have now given the students who reside in the university residence the option to receive the meal allowance component directly. For example, the FNU currently receives the accommodation and meal allowance directly from the Tertiary Scholarships & Loans Board (TSLB) for students living on campus.

Moving forward, Madam Speaker, the cost of accommodation will be paid directly to the university and the remaining allowance will be paid directly to the students to be used for food or other necessities as they see fit, or they might want to eat out or might want to buy their own meal.

Madam Speaker, FRCA will now directly collect tertiary education loan debt with a simpler, more transparent and more efficient process because when students apply for TELS, they all need to have a TIN number. Once they start working, they will need to pay the debt and FRCA should have their TIN number then.

The total funding for the TELS, the NTS and other scholarships is increased from \$115.4 million to \$196 million. This is an increase of around \$80.6 million.

Madam Speaker, the TSLB will now have an increased allocation of \$2.7 million to manage the tertiary education schools and provide services to their customers - the students, more efficiently and they now have new divisional offices in Lautoka and Labasa which makes it easier for them.

We are also providing increased grants to other higher education institutions such as the Monfort Boys Town in Savusavu and Veisari. The FNU has been provided an operating grant of \$56.1 million. This is to provide for teachers' salaries and to be able to attract better quality lecturers, provide for broader high capacity internet through the Australia Academic Research Network (AARNET), to be available to students and lecturers alike, and improve the teaching facilities. We are also providing an operating grant of \$30.7 million to USP and \$3.4 million to the University of Fiji.

Madam Speaker, we also wish to make an announcement of a new initiative. Government, from 1st January, 2018 will give a one-off start up allowance of \$300 to those degree graduates whose household income is less than \$30,000 and have registered with the National Employment Centre (NEC). This is to give our graduates the opportunity to be able to prepare for job interviews, such as buying equipment or appropriate clothing.

In a nutshell, Madam Speaker, all these funding allocations towards the provision of quality education total to around \$964.5 million, the largest chunk of our Budget and for the future of a nation. While a \$170 million is a one-off expenditure for rebuilding schools, the education budget will now be the largest of any sector; an investment in our youth, an investment in creating a knowledge-based country, and an investment (as I had said), Madam Speaker, in our future.

Madam Speaker, we also know that athletic activity is critical to the development of our young people and to maintain the good health of our adults. Therefore, we have increased the allocation for the Ministry of Youth and Sports by \$6.7 million, which includes the ongoing construction of integrated sporting complexes around Fiji.

Madam Speaker, Fiji is known and respected in international sports, especially since the gold medal in the Rio Olympics and I would actually add also, especially on our win over Scotland last weekend. We want to build on our successes and make sure that the name 'Fiji' is truly associated with quality sports around the world, as a venue and as a participant. To that end, Madam Speaker, the National Sports Commission through the Ministry of Youth and Sports will receive \$9 million for three major programmes.

First, we will continue to fund the engagement of international coaches to improve our competitiveness. We will also help our national teams participate in 38 international competitions, including the 2017 Rugby League World Cup, the 2018 Commonwealth Games and the Pacific Mini Games in Papua New Guinea. We will also host international tournaments in Fiji, including the Oceania Men's and Women's 7s Tournament, 2017 World Cadet Table Tennis Challenge, the Junior Pan Pacific Games in swimming and the Fijian Rugby XV Team international matches.

Madam Speaker, Government has set aside the old St. Stephens Building which is a Class A heritage building to serve as the new National Gallery for Contemporary Art. It is a major cultural initiative that recognises the explosion of creative talent among Fijian artists in recent years and gives them a venue to showcase their work to the nation and the world. The project is also an important exercise in nation building



and a representative and inclusive expression of Fijian identity that celebrates the diversity of Fijian society.

We are currently in discussions with the British High Commission to secure technical assistance through the British Council for the project. Government will set aside \$500,000 in this Budget for this project. It will help bring Fijian artists to the world's attention, be a focal point for cultural exchange and encourage more of our young people to develop their own artistic expression.

Madam Speaker, Government is working with the private sector to find creative ways to develop our housing market and place home ownership within the reach of every Fijian because for years, affordability has held back many of our people from ever owning their own homes. Right now, the rate of home ownership in Fiji is extremely low and for those who do manage to buy a home, it tends to happen at a much later stage in their life.

Madam Speaker, real estate can be a vehicle for progress and a mechanism for improving one's social mobility and we need to open the opportunity for as many Fijians as possible to buy homes that will appreciate and build value. For example, if you buy an apartment, as the market grows, so would the value of that property and eventually, you would be able to afford an even bigger and better home.

Madam Speaker, unfortunately, affordable housing in Fiji currently has many negative connotations, and some low-cost housing areas have essentially become ghettos, devoid of opportunity with dim prospects for social mobility. Instead of bringing Fijians together, these programmes are sadly driving our people apart.

Madam Speaker, we needed to take a step back and address the root of the problem. And that, as any home buyer can attest, is the high cost of finance, high interest rates and availability of homes that are cutting many dreams of home ownership in Fiji, short. So we are proud to announce that the Reserve Bank of Fiji (RBF) in conjunction with the Fijian Government has increased funds available for affordable housing from \$25 million to \$60 million. The funds will be made available at 1 percent to banks, which could then make financing available at a maximum of 5 percent for households with income of less than \$50,000 a year.

Madam Speaker, as we address this issue from a financial standpoint, we are also working with FNPF and the private sector to construct affordable residential buildings and issue strata titles. In the first of these partnerships, the Government-funded Matavolivoli Development in Votualevu, Nadi, will be given to FNPF to construct a mixed-income multi-unit housing development. Once completed, the

development will offer different price points, so on one floor, you could have units at affordable pricing, mid-range pricing and other units offered at top rates.

Madam Speaker, we will not just be putting up a building, we will build a community, a community that over time, will appreciate the value of its property and raise value for all its members. And FNPF views its support of this project as part of its social responsibility to all of its members. Together our financial reform and development partnership will give young people, new families and all those who have long waited for this chance to own their own homes. And anyone who does purchase strata apartments go through approved home developers, such as FNPF, can also qualify for the \$10,000 grant under the First Home Buyers Programme.

To simultaneously increase the availability of public rental housing, we are consulting with development partners to develop models to partner with the private sector to provide an immediate stockpile of public rental housing, and we will call for expressions of interest from the private sector very soon in this respect.

Madam Speaker, of course, we will continue with our other work to develop squatter settlements and regularise squatters on State and *iTaukei* land to grant security of tenure. In fact, Madam Speaker, in order to encourage greater development in these communities, we have spoken with insurance companies and banks to offer attractive packages for squatters to take full advantage when they are issued with secure and long term leases to build better homes, improve their communities and raise their standards of living.

Madam Speaker, Government has this year again provided \$10 million for *iTaukei* land development which will assist landowners to receive higher returns. Yesterday, Madam Speaker, the Honourable Prime Minister was in Yadua in Nadroga, in Vuda, in Saweni, Wairabetia in Lautoka and we hope that in the next six weeks, Madam Speaker, the Honourable Prime Minister will be in Namara in Tailevu, to be able to open another ground breaking ceremony there for the development of land in Tailevu.

Madam Speaker, development of Micro, Small and Medium Enterprises (MSME) is vital to create jobs, generate income, promote entrepreneurship and improve rural livelihoods. Madam Speaker, \$2.8 million is allocated to establish the MSME Central Coordinating Agency, which will provide support for MSME incubation, training and mentoring. Government will continue with its highly successful Micro Finance Business Grant Scheme, which will assist approximately 6,400 small business initiatives.

Madam Speaker, Government will also dedicate \$2 million for a new programme to promote young entrepreneurs. We want to encourage job creators, not just job seekers. Young Entrepreneurship Scheme or what we call in acronym (YES), as it will be known, will offer grants to a maximum of \$20,000 to Fijians between the ages of 18 to 30, to develop or expand innovative business ideas. We have some very smart young graduates who may want to develop apps, mobile apps and other products to the ICT sector, and they need a small capital grant, Madam Speaker. This is a partnership also in the scheme with the private sector and CEO of ANZ Bank has already agreed to chair a panel that will assess these applications. This is similar to the Commercial Agriculture Scholarships Programme which encouraged young people to enter commercial farming by issuing them with a 99-year commercial lease and providing them with a start-up grant.

Madam Speaker, in the next fiscal year through a pilot programme, 20 talented and promising youth workers will be recruited by the Ministry of Youth and Sports to work directly with communities. These workers will be selected using the Open Merit Recruitment System and they will be paid for fulltime employment. We want to capture the energy and imagination of these young people to help develop other young people in Fiji.

Madam Speaker, to streamline the current process of obtaining construction permits for commercial and industrial buildings, Government will establish a Building Construction and Approvals Committee by January, 2018. This Committee will coordinate and fast-track the approval processes, and will comprise of approval agencies, key private sector stakeholders and Government. The decision of the Committee will be final and binding, and this will be mandated by law.

Madam Speaker, there is also a lot of State-owned properties on vast areas of land, including prime land. We are talking to the Singaporean Government through its world renowned urban and housing planning agencies to assess Government properties with a view to providing better returns to Government and using such land to provide housing options also for our civil servants, Madam Speaker.

Madam Speaker, the reforms in our State-owned enterprises and statutory authorities have been rewarding. The improvements that have been made in corporate governance, transparency and accountability, personnel and commercial viability are all evidenced in their improved performance. For example, Airports Fiji Limited (AFL), Madam Speaker, will pay dividends of \$43 million in August of this year. The Fiji Electricity Authority (FEA) has declared its first ever dividend of some \$20 million. No one ever considered this a possibility in the past.

Government will continue to offer shares in State enterprises or partner with reputable private companies to manage them with the goal of making them more market-driven, profitable, modern, efficient and very importantly, service driven. These divestments and restructuring will also provide investment opportunities to ordinary Fijians through their participation in the capital markets.

Madam Speaker, Government will continue to give strong support to the sugar industry. The most effective way to do that is to make the two parts of that industry; the cane-growers and the processors more efficient and more competitive by reducing the costs of their inputs. The most advanced sugar mills in the world are useless without enough high quality cane at crushing time and the world's best cane farmers with the most fertile soil and most advanced techniques would be left high and dry without modern efficient mills, a strong infrastructure and a lean cost structure. So if we can reduce the costs and improve the efficiency, both parts of our sugarcane industry, we will thrive even in today's global market.

As you may be aware, Madam Speaker, Parliament, in May this year, approved a \$202 million Government guarantee to enable the Fiji Sugar Corporation (FSC) to undertake a number of capital projects, including mechanisation, upgrading the existing rail infrastructure and phase upgrade of all our three mills. This is a vote of confidence in the executive leadership and the board of directors of the FSC.

This was good news for the mills and the cane growers, Madam Speaker, but it is just half of the equation. The other half is to focus intensively on reducing costs to cane growers, as continuously the Honourable Prime Minister has been saying as the Minister responsible for Sugar. The Ministry of Sugar, Madam Speaker, is provided a budget of around \$60 million, almost doubled of its previous allocation.

Government is increasing the fertiliser subsidy from \$14.09 to \$25.59 per 50 kilogramme bag at a cost of \$15.4 million, an increase of nearly \$6 million. With this assistance, farmers will now only pay \$20 a bag compared to \$31.50 per bag that they are currently paying. The Government is also allocating for the first time \$6.3 million to subsidise the cost of products to control weeds and raise cane yield. This is the first time such a subsidy is being provided and again it will reduce the cost to individual farmers.

There is an increased budget of \$15.4 million under the sugar cane development and farmer assistance programme to increase cane replanting and production. Under this programme, Madam Speaker, grants are provided to farmers to defray the cost of cane planting in fallow land and also for ratoon restoration. With this funding support, we expect 2,000 hectares of new cane and over 9,000 hectares of ratoon crop.

Government is doubling the allocation to upgrade cane access roads to \$6 million, Madam Speaker. It will upgrade 3,876 kilometres of road, including installation of culverts and maintenance of crossings. In addition, a sum of \$2 million is allocated to improve in-field drainage and systems to control water run-off from farms.

Madam Speaker, as we have stated on numerous occasions, Government will also pick up the cartage costs from Penang to Rarawai at a cost of \$5.1 million. No farmer who used to get his cane crushed in Penang Mill, Madam Speaker, and who now uses Rarawai will be out of pocket as far as cartage fees are concerned. Let me repeat that, Madam Speaker, because there are number of people in and outside of this Parliament who continue to spread lies about this very issue.

To give credibility to farmers and to complement the three-year revitalisation programme to FSC, these subsidies, Madam Speaker, will continue for a minimum of three years.

As you are aware, Madam Speaker, Government had earlier this year provided \$10.2 million for sugarcane farmers with the fourth cane payment to pay for their deductions. Those farmers who did not benefit from this payment will receive \$4 million in the 2017-2018 Budget. The assistance will go to 619 farmers in the Lautoka Mill area; 1,012 farmers in the Rarawai Mill area; 1,355 Labasa farmers; and 180 farmers in the Penang area. A total of 3,167 farmers will be assisted.

Madam Speaker, we need a strong sugarcane sector well into the future, and so \$5 million is provided to encourage new sugarcane farming. This package includes funding that will help around 150 new cane farmers enter and remain in the sugar cane industry.

Government is allocating \$1million for mechanisation and a further \$1 million is also provided to assist farmers with procurement of fencing materials, irrigation pumps and implements.

One other huge cost the farmers, Madam Speaker, is cane harvesting, in other words, cane cutting itself. The use of mechanised cane harvesters is to not only create efficiency but to reduce the cost of harvesting. Unfortunately, however, Madam Speaker, given the dominant position of the suppliers of these mechanical harvesters and uncompetitive environment, the cost of harvesting has not necessarily decreased for farmers. Accordingly, Government commissioned the Fiji Commerce Commission and the FSC to examine this cost. After extensive consultations and examination and

after allowing for a profit of 19 percent for harvesters, the Fiji Commerce Commission has determined that no harvester should charge a rate of more than \$17.50 a tonne. This new rate, Madam Speaker, will be gazetted by the Honourable Minister for Industry and Trade. This, Madam Speaker, will significantly bring down the cost of production for farmers. We have today, Madam Speaker, cane harvesters owned by individuals and some of them by the fair trade organisations, and some of the co-operatives, charging as high as \$33 a tonne.

In addition, to also address the cartage cartel and reduce the cost for farmers, the FSC, Madam Speaker, will over two harvesting seasons, beginning this year, import and operate itself 300 new trucks for cartage of cane; 200 of these trucks will be tipper trucks and 100 will be flatbed trucks. The injection of 300 trucks owned and operated by the FSC with the sole purpose of bringing about efficiency and reduction of cost to farmers will provide competition and improve the level to service to farmers. The FSC will be exempt from paying the 5 percent tariff on importation of these brand new trucks. Madam Speaker, FSC itself will also invest in 20 new harvesters to again provide better pricing for farmers and create greater efficiency. This, Madam Speaker, is what is required by the sugarcane industry.

Madam Speaker, Government is continuing with investments to modernise our roads, bridges and jetties. The Fiji Roads Authority (FRA) will have a funding of \$527.5 million, comprising of \$26.8 million for operational expenditure including building capacity within FRA; \$500.8 million is allocated for capital projects; \$85.2 million of these projects are funded through loans. We will continue with the four-lane projects, and will have a strong focus on rural roads and improving safety through better lighting, construction of footpaths in urban and peri-urban areas, and tar-sealing of rural roads in front of schools, villages, settlements and places of worship.

Madam Speaker, Government will continue with its investments to ensure that all Fijians have access to electricity by 2020. Government is funding the rural electrification project at around \$33.8 million, an increase of around \$19 million. This will cater for some 144 grid extensions by FEA. It will benefit nearly 2,204 households and include installation of 76 solar home systems. Madam Speaker, Government has also restructured the way in which the electricity subsidy will be given. All households with an annual income below \$30,000 will be eligible for subsidy for the first 100 kilowatt hours of electricity usage per month. The current regulation sets the limit at 95 kilowatt hours, and users are denied their subsidy if they exceed that usage even slightly. This new approach will be fairer to larger households and eliminate a great deal of uncertainty because the subsidy is guaranteed no matter how much power is used. So, Madam Speaker, if a household earns less than \$30,000 a year is using 100 kilowatt hours of electricity, the bill would be cut in half from \$34 to \$17 a month.

Anything above 100 kilowatts will attract the full rate. Through this scheme, more Fijian households will receive subsidised electricity.

Madam Speaker, Government is undertaking further investments to improve access to safe and clean drinking water for all Fijians. The Water Authority of Fiji (WAF) has been provided an increased budget of \$306.9 million, comprising of \$89.5 million to cover operating costs and \$217.4 million for capital expenditures. Of this, \$14.7 million is for improvements and upgrades to existing water treatment plants; \$57.3 million is for improvements in water distribution systems to satisfy growing demand. This includes replacing aged pipes, extending water mains to increase coverage and connect non-metered areas to WAF's reticulation system, and upgrading existing water reticulation systems. Madam Speaker, a total of \$36.2 million is allocated for urban water development and waste management, including works for expanding water supply capacity in the greater Suva area. As part of this, a 40-million litre treatment plant will be constructed in Viria, Rewa.

Madam Speaker, we also made policy changes to encourage long-term investment in public transportation. With our growing economy, Madam Speaker, we have more private vehicles in Fiji. This is positive for Fijians, for individuals who now have access to their own vehicles, but more vehicles, Madam Speaker, mean more traffic, and in time Fijians will need to turn more to public transportation to move about the cities, go to home, go to work and move around the country comfortably. So we need to improve the quality of these public vehicles.

Madam Speaker, we need to help our operators of buses, mini buses, carriers, rentals, hire cars and taxis buy modern, comfortable, fuel-efficient vehicles. We need to give them security so that they can plan for the long term. So public service vehicle permit holders will now be able to use their permits as collateral with commercial banks, regulations will be changed. Furthermore, permits for taxis, hire cars, rentals, minibuses and carriers will now be renewed for 10 years instead of the current three. Road Route Licences for buses or omnibuses (the big buses) will now be renewed for 15 years instead of the current 5 to 10 years, and rental car companies no longer have to get approval from LTA simply to increase the size of their fleets. All current permit holders will automatically get a 10-year permit from 1 October of this year.

This initiative will create an added value for permit holders and create interest from mainstream financial institutions to lend at attractive rates. Currently, bus companies borrow money at a rate of 18 percent, at 12 percent. To further assist the small operators, Madam Speaker, the Reserve Bank of Fiji has increased the funding available under the Import Substitution and Export Finance Facility to \$100 million to provide concessionary funding for public transportation. RBF will lend to mainstream

banks at 1 percent and these banks will not charge more than 5 percent to these operators for their loans. The subsidised loan facility will be available to bus companies which have an annual gross turnover of less than \$1.5 million or to those operators who own only one taxi, minibus or carrier.

Furthermore, the duty of these vehicles will be reduced as follows;

- The import duty on second-hand hybrid cars for single-taxi operators has been reduced to half the current \$2,000 level for a period of 2 years;
- All new hybrid vehicle will be imported duty-free;
- New and standard-engine vehicles will incur lowered fiscal duty of 5 percent;
- The fiscal import duty on new parts for motor vehicles is reduced from 15 percent to 5 percent, and fiscal duty and import duty on new engines for motor vehicles is reduced from 15 percent to 5 percent;
- The fiscal duty and import duty on batteries and cells used for hybrid vehicles is reduced from 32 percent to 5 percent.

Taxi operators will be exempted from paying the luxury levy, which is currently \$7,500 or \$20,000 depending on the engine size.

Taxi owners will now be able to afford and upgrade their fleets with this added incentive, and ordinary Fijians will expect a new level or modernised taxis and added comfort in terms of travel in all public service vehicles.

Given these ground breaking initiatives which will overnight give an increased value to these permits, these PSV operators will be required to adhere to new Service Standard Charter. This will ensure the quality and delivery of PSV services in the country is elevated to a new level. However, any breaches to the Charter will lead to the possible cancellation of these permits.

These licences and permits will now be transferable, which means that holders can sell their permits for a profit.

We will also lift the freeze on taxi, minibus and carrier permits from 1 January 2018. Priority and consideration would be given to applications received during the freeze period. Many people have been waiting for years for the chance to obtain a taxi licence, and we want to give the priority to those who have applied since the freeze began. They need to meet certain criteria including having an income of \$20,000 or less, they may not already own a taxi permit or a taxi, minibus or carrier business. The Honourable Minister for Transport will reveal further details in the next few months.



There will also be a quota system as to how many of these permits can be given based on the population numbers in that particular area.

Madam Speaker, in keeping with our commitment to adapt to and fight climate change, and in a push to bring newer technology to Fiji, we have now eliminated the import duty on brand new buses for operators with an annual turnover of less than \$1.5 million as discussed with RBF. These operators will pay no duty on the importation of new buses for the next 2 years and these operators will enjoy a reduced duty of 5 percent for the next 2 years for used buses.

Madam Speaker, currently the smaller bus operators have aging buses in their fleet, and with the attractive interest rates on offer, the smaller bus operators will now be able to upgrade their fleet and improve the delivery of buses services on their routes.

Fiscal duty, Madam Speaker, on new parts and new engines for motor vehicles will be reduced from 15 percent to 5 percent.

Duty on new and used vessels for inter-island passenger and cargo traffic and parts of those vessels will be exempted from duty. This is to ensure that shipping services are provided adequately to those Fijians who live in Fiji's maritime region.

As you know, Madam Speaker, we have been working on the bus fare e-ticketing system, and e-ticketing will be compulsory by 1 October, 2017. The bus companies have confirmed that e-ticketing will virtually eliminate the pilfering of revenue by their employees. This means that the revenue for bus companies will now increase by at least 33 percent. The e-ticketing system will also provide live data in terms of carriage of passengers, embarkation, time and date of certain transactions and other analytical data which will assist in future development planning over a particular township or city including census. We also intend, Madam Speaker, in time to introduce the e-ticketing system to taxis, minibuses, carriers and marine transportation in the near future so that everyone is brought within the fold and of course, FRCA will also know how much money will these people make.

Madam Speaker, when oil prices were high, we instituted zero-rated bus fares whereby the bus companies retained the VAT component of each fare. This was intended to help them resolve the high cost of fuel. But we expect them to remain low for the foreseeable future. Currently, bus fares on routes where bus companies compete head-to-head have already declined. For example, the regulated minimum fare from Nadi to Lautoka is \$2.85 but the current fare charged between companies because they compete is \$2. Accordingly, legislation will be amended to ensure that the current regulated bus fares become the maximum fares. We would like competition to benefit ordinary consumers. The Ministry of Economy, LTA and the Commerce Commission also, Madam Speaker, will review the bus fare scheme by the end of 2017.

Madam Speaker, we would like to make another major announcement as we speak about transport. We wish to address an important issue that has unfairly disadvantaged many Fijians who suffered personal injury or death as a result of a motor vehicle accident on our roads. The current Third Party Insurance Law which requires all motor vehicle that have third party insurance with an insurance company is fraught with limitations and exclusions.

As a result, many Fijians who have been victims of motor vehicle accidents have been denied compensation. As an example, an innocent pedestrian who was hit by a car was denied compensation by the insurance company simply because the driver of the vehicle did not have a driver's license or was drunk driving. Claims for compensation have also been unduly delayed with the insurance companies or in the courts and victims of motor vehicle accidents have often waited for years to get compensation, if any.

To remedy this injustice, Madam Speaker, we are introducing a new law which will come into force on 1 January, 2018 and will be known as the "Accident Compensation Act". This new law, Madam Speaker, will establish a Commission to be known as the "Fiji Accident Compensation Commission" and will provide for a 'no fault' compensation scheme through which victims of accidents will be compensated without having to prove fault or negligence.

In preparing this law, Madam Speaker, which have been working on for the past few months, we have undertaken consultations with the New Zealand Accident Compensation Corporation known as the ACC, as well as the Reserve Bank and Insurance Council of Fiji. We are indeed grateful to the New Zealand ACC for sharing their experience and expertise. We had sent down a team there which has guided us in preparing this innovative compensation law for Fiji for personal injury and death. While the Insurance Council of Fiji did acknowledge that there were anomalies with the existing motor vehicle third-party insurance law, the Council's response was not in line with our vision to have an all-encompassing system, which can be expanded in due course to cover for other injuries, such as injuries or death at work place, at schools, at tertiary institution as well as, Madam Speaker, in sports.

Madam Speaker, from 1 January, 2018, this new law will be applicable to motor vehicle accidents will provide no fault compensation to personal injuries and deaths arising from motor vehicle accidents. Under this new law, Madam Speaker, any person who suffers personal injury or death as a result of motor vehicle accident on our roads will be provided with a lump sum compensation in a prompt and timely manner under the no fault scheme. Victims of motor vehicle accidents no longer have to pay large amounts of legal fees to a lawyer and then wait for years to get any compensation from the insurance companies. As in New Zealand, Fijians will be able to claim compensation without a lawyer, potentially saving years of litigation and obtaining speedy justice.

From 1 January, 2018, owners of motor vehicles no longer have to take third-party insurance with an insurance company. A motor vehicle accident levy will instead be paid into an Accident Compensation Fund and will be payable through the LTA. This will make LTA a one-stop-shop for the payment of all motor vehicle registration costs. The Accident Compensation Fund will be administered by the Ministry of Economy and the Reserve Bank of Fiji which will also assist with such re-insurance arrangements as necessary.

Government has allocated \$1 million as seed funding for the Fiji Accident Compensation Commission in this Budget.

Madam Speaker, Government is further investing a total of \$387.6 million in improving access to quality medical services, an increase of more than a \$100 million.

First priority is to recruit 200 additional nurses and 350 doctors. This is a significant investment, Madam Speaker, towards improving medical services to internationally accepted levels. The hiring of doctors will be done in 3 tranches, Madam Speaker. First, 44 specialists will be recruited for divisional, sub-divisional and specialist hospitals. In the second tranche, 143 doctors will be recruited for the frontline and operational services. These positions have already been advertised. The remaining 163 doctors will be recruited in the third tranche. Around \$59 million has been allocated for doctors salaries.

A total of \$32.5 million is provided for the purchase of drugs, consumables and vaccines and an additional \$5.3 million for laboratories.

Madam Speaker, a sum of \$47.8 million is to upgrade, extend and maintain existing health facilities, build new facilities and equip all these facilities.

We have further funded, Madam Speaker, a Customer Care Centre with a toll-free number 157 that people will call with comments, complaints or compliments about the treatment in our health facilities, and we are keen to extend, Madam Speaker, the services of such a centre for other ministries that directly serve large numbers of people.

Madam Speaker, Government is working with the International Finance Corporation to expand the range of services at Lautoka Hospital and Ba Hospital through a public private partnership. Currently, there are current plans for the hospitals and will bring them up to full international standards, and Government will seek bids, with the assistance of IFC and the Indian Government for an international hospital company to run the hospitals and provide enhanced tertiary care facilities. Indeed, the Indian Government would like to acknowledge them and has also given an undertaking when Prime Minister Modi met our Honourable Prime Minister in Fiji to also provide

state-of-the-art equipment for this public private partnership. We expect to select the partner and sign the agreement by February 2018. Government will continue to subsidise cost for low income earners at these hospitals.

We will allocate, Madam Speaker, \$1 million to establish and equip the National Kidney Research and Treatment Centre in Suva, to be directed by Dr. Amrish Krishnan, the only Fijian nephrologist in Fiji. This treatment and research centre will advance the treatment of kidney diseases in Fiji by operating 10 new kidney dialysis machines and offering a range of other therapies, as well as diagnostics and counselling to its patients. Four new kidney dialysis machines will also become operational in Lautoka Hospital in the next few months.

Madam Speaker, we are extending the concern for good health in the workplace. One of the significant measures in this Budget is to provide Fringe Benefit Tax exemption to employers who provide medical insurance to their employees.

As our population grows, Madam Speaker, it is important that our cities and towns are well planned, sustainable and can cater for the future. Therefore, the total funding under the Challenge and Investment Fund available to the towns and city councils have been increased to \$4.7 million.

Furthermore, around \$2 million is allocated for the construction of the Laqere Market. Government is also providing \$2.6 million for the construction of the new Namaka Market.

Madam Speaker, to complement this, Government is also continuing to decentralize market services. We will be constructing 8 new mini-markets within the suburbs of the major urban centres in Suva, Lautoka and Nadi, and we have allocated \$960,000 in the Budget for this. Of course, it also reduces the carbon footprint. We all do not have to go to one centralised market, we can also should be able to shop within our suburbs.

Government is also piloting a new project through the Ministry of Industry and Trade to develop standardized roadside stalls outside the municipalities. An initial funding of \$500,000 is provided to develop 50 semi-permanent and 30 portable roadside stalls.

Madam Speaker, Government is also funding a number of projects in the various municipalities, for example \$2.2 million is provided for the re-development of the Stadium at Govind Park in Ba to international standards. For Lautoka, \$3 million is allocated for the botanical garden public swimming pool and \$1 million for a new

indoor sporting facility at Churchill Park. There is no indoor facility in the West that is of any standard measure.

Madam Speaker, \$1 million is also allocated for the construction of a new public swimming pool in Nasinu. Nasinu, Madam Speaker, is the largest populated municipality in Fiji. A further \$850,000 is provided for initial works for the construction of Valelevu Sport Stadium.

An increased funding of \$5.6 million is provided to the new town development in Nabouwalu.

Madam Speaker, we have increased the allowances for *Turaga ni Koro* and District Advisory Councillors by 15 percent. However, Madam Speaker, it is critical to note that all *Turaga ni Koro* and District Advisory Councillors will be subject to strict scrutiny of their performance, they all need to perform.

Madam Speaker, Government has embarked on a project to construct funeral rites facilities, where families can perform final rites and lay their beloved ones to rest with dignity and in relative comfort and safety. The construction of the first facility in Vatuwaqa has already commenced and Government has allocated \$1 million to construct 3 more facilities in Lautoka, Labasa and Nausori with the inclusion of gas crematoriums, where appropriate.

Madam Speaker, Government is providing an increased marketing grant of \$33.6 million to Tourism Fiji for direct marketing cost and rebranding. This grant to Tourism Fiji over the years has paid handsome dividends in promoting Fiji as a tourism destination. One of the most important markets for tourist destinations is what is called as the MICE market which stands for Meetings, Incentives, Conferences and Exhibitions. We want to compete in that market in a very substantive manner and FNPF's future convention centre in Momi Bay will provide us the facility to host large groups like the Asian Development Bank Annual Meeting in 2019. Fiji will be the first Pacific-island country to host this event, which had 5,000 participants in Yokohama this year. We have allocated, Madam Speaker, \$4 million in the Budget for preparatory works for the hosting of the convention under Head 50.

Madam Speaker, the FNPF will build a state-of-the-art modern day convention centre with a capacity of 4,000 at a cost of \$90 million. Of course, Madam Speaker, this new facility would be able to host major domestic, regional and international events, including sporting events, including music concerts. To complement this investment, Madam Speaker, Government has decided to grant an exclusive casino license to the FNPF to construct a new casino near the convention centre that will draw

tourists and convention visitors. The casino will then support the members of the fund, and the FNPF will further diversify its portfolio and pull in higher returns for its 340,000 members, the ordinary workers of Fiji.

Madam Speaker, the Ministry of Agriculture budget is \$86.3 million to support extension services, research, product development, farm support, policy, planning and statistics and infrastructure improvement; an increase of \$4 million, Madam Speaker.

Madam Speaker, Government will continue with programmes for export promotion, food security, rice revitalization and coconut development and with additional programmes to increase production of cocoa, vanilla, *dalo*, *yaqona*, and potato. These will have a budget around \$12.3 million including \$2.5 million for farm access roads, agricultural extensions services, and other area-based programmes.

Madam Speaker, we also would like to announce that Government is very closely working with the RBF for a new and innovative project to explore the introduction of crop insurance in Fiji. In this regard, we are evaluating the Indian model of crop insurance where the farmer and the Government would share the premium cost for agricultural crops such as sugar, rice, *dalo*, *yaqona*, ginger and vegetables; \$350,000 has been allocated for these purposes in the Budget. Currently, some actuarial studies will commence in the next few weeks in this respect.

Madam Speaker, in addition to sugarcane, agriculture and tourism, we also so need to build up our manufacturing sector and encourage investment in the production of high-quality finished goods and components with significant value added. So we have allocated \$8 million to establish a manufacturing and services zone in Wairabetia, Lautoka. The zone will target investments from leading ICT, manufacturing, supply-chain management and other medium-to-large-scale firms is expected to create employment opportunities for over 5,000 Fijians once it is fully operational. This is one way to create high-skilled jobs and a more diversified economy, Madam Speaker. The reason why it is in Wairabetia, Madam Speaker, because these companies require access to an international airport and sea port and of course Wairabetia fits that scenario.

Madam Speaker, Fiji is well located to provide finished goods and become part of the supply chain of manufacturers in Asia, Australia and perhaps even the Americas. We are working closely with IFC on this project, and there is extremely strong interest in this project by some of the larger economies in the region. Indeed, the Minister for Industry and Trade was in New Zealand around about a week and a half ago and has very keen interest in respect to this project.

Madam Speaker, the Fijian Constitution states that the elected Government must serve a term of no less than 3 and a half years and no more than 4 years. This means, Madam Speaker, that Elections can take place between May and November 2018, which would put them either in the 2017 to 2018 or 2018 to 2019 fiscal year. The total cost of holding Elections is \$31.4 million, Madam Speaker. However, Madam Speaker, given that the Elections can be held in either 2018-2019 fiscal year, only \$22.1 million will be allocated to the Fijian Elections Office to prepare for the Elections. The balance of \$9.3 million will only be released in the 2017-2018 fiscal year if elections are held before August 2018. Should it not be, then it will be allocated for the 2018-2019 fiscal year.

In the same vein, Police will receive a further \$1.6 million in Head 50 for operations during elections. Should it be required in this financial year, the upcoming 2017-2018 fiscal year, then it will be deployed; otherwise it will be allocated in the 2018-2019 budget year if the Elections can be held post-August of 2018.

Madam Speaker, a police force is critical to maintain law and order and the safety of all Fijians and Government has been continuously investing in our Police. The Fiji Police Force has a budget of \$148.8 million; an increase of \$17 million. We are allocating additional funds to equip the Force with radio systems and forensic equipment. Also, Madam Speaker, as previously announced, we will give the Police Force new motor vehicles - 230 automobiles of different types and 150 new motorcycles, Madam Speaker.

Madam Speaker, mobility is essential for the Police Force to protect citizens, control traffic, and respond quickly to crime, threats, call for assistance and natural disasters. These vehicles will provide that mobility, Madam Speaker.

To be effective, Madam Speaker, a professional police force also needs to maintain high standards of behaviour and adherence to procedure. The public needs to understand that the people who enforce the law will be subject to the law also. Therefore, Government is providing funding to strengthen the capacity of the Fiji Police Force to conduct more internal investigations a lot more professionally. A \$150,000 has been allocated for this function.

Madam Speaker, Job Evaluation Exercises were carried out for the Correction Services, the Fiji Military Forces and Fiji Police Force, but the changes have not been implemented yet for the Fiji Police Force. The RFMF, Fiji Correction Services had their JEEs fully implemented. The evaluation for the Police Force, Madam Speaker, will now be fully implemented from 1 August, 2017 and the salaries of all the disciplined forces will now then be aligned. The Fiji Police Force will have an overall

increase in salaries; \$15.5 million is allocated for this, Madam Speaker. The base salary increases will raise from 11.5 percent to 20.5 percent Madam Speaker.

(Acclamation)

Madam Speaker, the Government has allocated around \$17.5 million for the completion of the cable connection project to Vanua Levu. This will double broadband capacity and speed for our fellow Fijians in the Northern Division.

Madam Speaker, as communicated here in Parliament, the *Walesi* platform is expected to supersede the current analogue coverage by the end of December of this year.

Access to free-to-air television will be expanded and places like Bua, the interior of Ra and our maritime islands including Lau, Yasawa and Rotuma will all have access. We will achieve this through the use of both terrestrial and satellite technology to extend coverage to the very remote areas of Fiji, Madam Speaker.

Madam Speaker, FRCA and FNPF are two of the Government agencies that will participate in our programme to move Government services to digital platforms to make them more efficient and easier for people to access. We have already partnered with the Singaporean Government through one of their agencies to make this a reality, and we will be rolling out mobile applications on Government services over the next six to nine months and will be sharing these costs with FNPF and FRCA.

Madam Speaker, all of these announcements made in respect to the various allocations and indeed the others that we have not announced but will be actually accommodated in the Budget. Every one of these projects, programmes and responsibilities, funded through this Budget need to be implemented by a strong Civil Service.

We need to deliver the level of service that all Fijians rightly deserve. We have discussed these many times in Parliament, and it has been a priority project for Government for the past two years. The reforms focus on ensuring that the Civil Service upholds the values and principles in the Constitution in an environment that is free from corruption and upholds the highest standards of accountability, particularly with regard to public financial management.

To achieve this, we are building the foundations of strong people management. We first introduced the principle of open merit for selection of staff at all levels. We are now working on improving the working environment through changes in



management practices and in the way we supervise and institute discipline where necessary.

The next stage, Madam Speaker, is to overhaul our remuneration system, benchmarking to the private sector and ensuring fair pay for all of our workers. Madam Speaker, as we have announced previously, we are not simply applying an increase across the board at the same rate for everyone. We are pleased to announce, Madam Speaker, a fundamental change to the way remuneration is structured in the Civil Service. We are applying for international best practice, introducing 15 broad bands for salary and wages which will cover all workers. The Job Evaluation that has been undertaken since April this year is confirming the band for each position. The band then determines the salary for the people in these positions.

Madam Speaker, we are pleased to announce that our Government Wage Earners will receive an average increase of 14.3 percent. Our research shows that we already pay above the private sector for these jobs, but as a responsible employer we are setting the bar higher. These positions include our Drivers, Chainmen, Trades people and other similar occupations.

For our common cadre positions, those that are in the headquarters of ministries, the average increase is 15.8 percent. Again, Madam Speaker, the actual increases will vary from position to position, as these jobs include Administration, Accounting, Audit, Procurement and Supplies, and the extent to which we already match the private sector varies across these professions. The increased salaries for these positions will commence in July.

We would like to highlight that some of the highest increases are in our service-delivery areas. One example is in the nursing field. Through the changes in the remuneration structure, we are able to announce recognition for Specialist Nurses, those who work in areas of higher risk and therefore require higher qualifications, training and application of skill on the job. From August, Madam Speaker, these nurses will be recognised through the creation of 800 Specialist Nursing positions, attracting salaries of up to 25 percent increase above the general nursing positions. These include the specialisations of coronary care specialists, intensive care specialists and midwives, to name just a few.

We would also like to mention, Madam Speaker, that the value of Nurse Practitioners have been recognised through this process. This very special group of nurses will receive salary increases of up to 74 percent in recognition of the special role they perform in the care of our citizens, particularly in the rural and remote areas.

Our teachers will also receive significant increases in salary. The job evaluations for these positions were completed only last week, and we are pleased to announce that the average increase for our qualified teachers is 14.3 percent, and for our school heads and administrators is 13.8 percent. Broad banding of these positions will mean less movement of people and less change in school administrators. These salary increases will be effective from August 2017.

In recognition of the need for ongoing professional development, teachers will be required to be on duty for an additional seven days. These student-free days, which will be before each term at the school and district level, to ensure that our teachers have the skills and knowledge they need to teach from new curricular and provide the best possible outcomes for our children.

Madam Speaker, we are obviously not going to pay such large increases without expecting improvements in effectiveness and service delivery to the Fijian people. Some of our positions – those where the increase is greater than 15 percent - will of course have to be advertised.

We are committed, Madam Speaker, to developing a high-performing Civil Service that is an attractive option for young and highly skilled people from all areas of our society. We actively encourage all qualified people to apply for jobs in the Civil Service from both outside service and within the service and have been very pleased to see increasing numbers of women appointed to technical and senior roles as the open merit system has created these opportunities, Madam Speaker.

We further confirm that these changes to remuneration are not the end. We are working on the Performance Management Guideline, which will include the principles and procedures for rewarding our high performers. This system will also confirm the standards to be met for any contract renewals.

As always, Madam Speaker, the focus of the reforms is on creating a high-performing Civil Service that provides high-quality, effective and timely service to our people. This is why our investment, Madam Speaker, in these reforms is so critical with an eye on the outcomes for our people.

The Unions would like to see everyone get a generous pay rise based on the mere fact that they are employed. But should the person who is scrupulously honest, works hard, reports to work on time, serves the public well and gives sound support to his or her Minister not be rewarded before the person who shirks responsibility and goes through the motions of working? We think so, Madam Speaker. High performer must be rewarded. We do not want people who start combing their hair at 4 o'clock to

live work at 4.30 p.m., to be rewarded the same way in terms of performance system as those who stay back and work.

So, we must take care, Madam Speaker, that the Civil Service will never become a repository for people who think a position and a pay rise are acquired lifetime rights. People who perform well will get rewarded and Government has its own responsibility too. If we demand professionalism, we must establish a professional work environment, one that inspires pride. If you look, Madam Speaker, around us you will see that our Government facilities are improving every day, becoming more attractive and better equipped. We are drawing in outstanding young people through a merit system, and a large number of women. This is all part of the Civil Service Reform, Madam Speaker.

Madam Speaker, in an extremely significant move, we will raise the income threshold from \$16,000 to \$30,000, which will remove the burden of taxation immediately for 14,500 Fijians. We raised the tax threshold in stages from \$8,840 to \$16,000 beginning in 2007, and this latest change, Madam Speaker, will make life easier for many more people who work hard every day to support their families and create some personal wealth. In fact, Madam Speaker, some 85,000 Fijians in the formal sector alone will now no longer pay any income tax. But even more significantly, Madam Speaker, this is a tax cut for every Fijian with the first \$30,000 of every Fijian's income will be tax-free.

That means more money in the pockets of ordinary people, Madam Speaker. For example, Madam Speaker, to put into perspective. A teacher with an annual salary of \$21,438 a year was paying an income tax of around \$381, so the real take-home salary was only \$21,057. Under our Civil Service Reforms, that teacher's salary rises to \$24,261, and if the income tax threshold were to remain, she would pay \$827 as tax. But now that we have raised the threshold, Madam Speaker, not only does the teacher get a rise, she also does not pay income tax for a total take home amount of \$24,261, a real increase of \$3,204.

Madam Speaker, the duty on some everyday items that people buy have been reduced. For example:

- Energy Bars are reduced from 32 percent to 5 percent;
- Ready-made towels from 32 percent to 15 percent;
- Baby cots and shoes from 32 percent to 5 percent to help our young families;
- Canned sardines from 32 percent to 15percent;
- Baby wipes from 32 percent to 0 percent; and
- Steel and aluminium louver frames from 32 percent to 5 percent.

These are some of the reductions we made, Madam Speaker, but I am highlighting only some of them.

Madam Speaker, excise on cigarettes, tobacco and alcohol will of course increase by 15 percent. Excise tax on sweetened and carbonated drinks will also increase by 15 percent, from 30 cents per litre to 35 cents per litre.

Madam Speaker, another significant move, all taxation of dividends, currently at 3 percent for residents and 9 percent for non-residents has been abolished to encourage investments. However, any effort to evade taxation by disguising taxable income as dividend income will constitute a tax offence and will be punishable by a severe fine or criminal prosecution, Madam Speaker. This basically means, Madam Speaker, the tax rate of 20 percent is a true tax rate.

To address the issue of Dividend Tax applying to the distribution of company profits prior to 2014, a 1 percent Transitional Tax will be levied on pre-2014 earnings as of 29 June 2017.

There will be a three-month window granted to complete the payment of this Transitional Tax until 30 September 2017.

Madam Speaker, Government has allocated a total operating budget of \$53.7 million to the Fiji Revenue and Customs Authority (FRCA), an increase of \$10.7 million. We are equipping FRCA with all the necessary resources to better collect taxes, clamp down on non-compliance and tax cheaters and protect our borders more effectively.

Madam Speaker, FRCA employees have received a pay rise of an average of 24 percent, which brings their pay in line with the private sector, where there is a great demand for people with the skills and experience of our FRCA staff, and recognises their special skill sets. FRCA has also been given funding to conduct a salary and wage review for its employees to continue with this particular programme. Madam Speaker, those FRCA officials at the border have also received significant pay rises, now those custom officers who are actually at the border and they actually look at goods coming to Fiji receive a pay rise of almost 50 percent.

Madam Speaker, we will introduce a series of measures in this Budget to improve tax compliance. The anti-avoidance provisions in the Income Tax Act will be amended to capture all types and all levels of tax arrangements.

The Customs Act will also be amended to shift the burden of proof to the importer on all offences. The FRCA Act will also be amended to allow it to share information more easily with the Fiji Commerce Commission in monitoring prices and for FRCA to effectively issue infringement notices to traders who do not pass reduced duties to consumers, Madam Speaker.

The focus of this Budget for FRCA is to simplify tax administration in Fiji and create a climate of customer service. The name of Fiji Revenue and Customs Authority will also be changed, Madam Speaker, to Fiji Revenue and Customs Service as a constant reminder to the FRCA officials that we work for the Fijian people. A hotline will be available from 1st July for citizens or staff to register complaints and report fraud, abuse and non-compliance with the law.

Finally, Madam Speaker, in conclusion. We are very proud of this Budget, but we are even more proud of our ability as a Government to address the needs of our society across the board. We are proud that we can guarantee opportunity and improve living standards, show compassion, Madam Speaker, ensure fairness and justice, keep order and help people lead rewarding and productive lives. This is what courageous leadership and sound economic management can do. That is why we are in Government.

A budget is never just about dollars in and dollars out. It is also not just about living for the moment. Neither is it about trying to win votes, it is one in a series of interrelated blueprints for realising our ambitions for today and giving our children optimism for the future. It is a job that is never complete, but each year, Madam Speaker, brings us the joy of knowing that we have done better than the previous year. We have remained true to our convictions and kept our promises, even when it was difficult.

True leadership, Madam Speaker, is inspiring an entire nation, because our leader kept the nation's eye fixed on the rewards that came when a Government patiently and firmly carries out a well-conceived plan of action. We know we have the vision, the means and the leadership to unlock our economic potential for good and that is why we came into government and that is why we are here presenting this Budget.

With those few words, Madam Speaker, I recommend this Budget to this Parliament. Thank you, Madam Speaker.

(Applause)

HON. SPEAKER.- Thank you. Secretary-General.

SECRETARY-GENERAL.- A Bill for an Act to appropriate a sum of Three Billion, Nine Hundred and Ninety Six Million, Seven Hundred and Twenty-One Thousand and Twenty Six Dollars for the ordinary services of Government, for the financial year ending 31<sup>st</sup> July, 2018, (Bill No. 15 of 2017).

HON SPEAKER.- In accordance with Standing Order 84 (2), the Bill has now been read for the first time and in accordance with Standing Order 99 (3), the Bill will now be listed on the Order Paper for second reading on a future sitting date.

### **2017-2018 BUDGET CONSEQUENTIAL BILLS 2017**

HON. SPEAKER.- I now call upon the Honourable Attorney-General and Minister for Economy to have the floor.

HON. N. NAWAIKULA.- Point of Order!

HON. SPEAKER.- Point of Order!

HON. N. NAWAIKULA.- This point of order concerns Item No. 5 on the Agenda and in this point of order, Madam Speaker, I am asking you to rule that Item No. 5 on the Agenda is out of order for the reason that it is in breach under Standing Orders, specifically Standing Order 99.

Now Item No. 5 says that the Consequential Bill can be moved now and I submit that this is totally premature because you can only decide whether or not to move a consequential Bill when the Budget is being passed. An example of that is in relation to Stamp Duties. You will not know whether there is a need for a Bill to increase that until

after Parliament passes the budget but specifically, Madam Speaker, I am asking you to rule very squarely under Standing Order 99.

Standing Order 99(1) is very clear. It says that the Minister must present to Parliament a Bill - that is being done.

Standing Order 99(2) says that in addition to that or with that, he must accompany that with a document, or the Estimates, or some other documents.

Standing Order 99(3) is very important, Parliament is then adjourned.

So, Parliament does not authorise any other item after the presentation of the Bill. So now Parliament should be adjourned and I am asking you, Madam Speaker, in relation to that, you should rule therefore, that Item No. 5 is out of order and Parliament should now be adjourned, you can bring that later.

(Honourable Members interject)

HON. SPEAKER.- I call upon the Honourable Minister for Economy to clarify this.

HON. A. SAYED-KHAIYUM.- Thank you Madam Speaker. Madam Speaker, we seem to go through the same motion with the Honourable Nawaikula year in and year out. Madam Speaker, Standing Order 99(2)....

HON. N. NAWAIKULA.- I am asking for a ruling

HON. SPEAKER.- We have a clarification before the House.

HON. A. SAYED-KHAIYUM.- Madam Speaker, nowhere in Standing Order 99 does it say that you cannot actually have other Bills laid before Parliament, it does not say that. Honourable Nawaikula has obviously taken a very literal interpretation which obviously seems to be missed all the time.

Madam Speaker, the fact of the matter is, it does not say that nothing else is excluded. The other point, Madam Speaker, of course is that, as we have done in the past,

these consequential Bills are only considered after the Budget is approved. He missed that point.

The Appropriation Bill, Madam Speaker, as has been the practice, after this, we will go into the representations about the individual statements by the Members of Parliament, we will then go into the Committee stage, then line by line and once the Committee has done its job, the Honourable Speaker resumes her seat, and then we actually approve or disapprove the Appropriation Bill.

HON. N. NAWAIKULA.- We adjourn.

HON. A. SAYED-KHAIYUM.- I am talking about next week - just listen!

Madam Speaker, after that, the Appropriation Bill becomes an Act of Parliament, then we go through the Consequential Bills. That has been the practice; he should really listen to learn. He really should listen to learn.

(Honourable Members interject)

HON. A. SAYED-KHAIYUM.- Madam Speaker, the fact of the matter is, only once the Bill is approved, there is an Act of Parliament, then we go through the Consequential Bills. Madam Speaker it is really quiet superfluous to have this debate with this person because he obviously does not understand Standing Order 99.

(Honourable Members interject)

HON. A. SAYED-KHAIYUM.- I cannot put it any other way. The lack of depth of understanding for Standing Order 99(1) is actually very hugely exemplified by the Honourable Nawaikula.

HON. SPEAKER.- This is not the first time this has happened, exactly the same thing happened last year in Parliament. The fact is that the approval for these consequential Bills will only be made when the Budget has been approved and that is the clarification that has been made and therefore, we will continue with Number 5 in the Order Paper. I now call on the Honourable Attorney-General and Minister for Economy.



HON. A. SAYED-KHAIYUM.- Thank you, Madam Speaker, pursuant to Standing Order 51, I move:

That the following consequential Bills to the 2017-2018 National Budget be considered by Parliament without delay :

- 1) Water Resource Tax (Budget Amendment) Bill 2017
- 2) Super Yacht Charter (Budget Amendment) Bill 2017
- 3) Service Turnover (Budget Amendment) Bill 2017
- 4) Income Tax (Budget Amendment Bill) 2017
- 5) Tax Administration (Budget Amendment) Bill 2017
- 6) Pensions (Budget Amendment) Bill 2017
- 7) Tertiary Scholarships and Loan (Budget Amendment) Bill 2017
- 8) Stamp Duties (Budget (Amendment) Bill 2017;
- 9) Finance Management (Budget (Amendment) Bill 2017;
- 10) Land Transport (Budget Amendment) Bill, 2017;
- 11) Value Added Tax (Budget Amendment) Bill 2017;
- 12) Excise (Budget Amendment) Bill 2017;
- 13) Omni Bus Electronic Ticketing (Budget Amendment) Bill, 2017;
- 14) Environmental Levy (Budget Amendment) 2017;
- 15) Fiji Revenue Customs Authority (Budget Amendment) Bill, 2017;
- 16) Customs (Budget Amendment) Bill, 2017; and
- 17) Customs Tariff (Budget Amendment) Bill, 2017.

Madam Speaker, pursuant to the Standing Orders, I move that these Bills:

- (a) Must pass through one stage at a single sitting in Parliament;
- (b) Must not be referred to a Standing Committee or other Committees of Parliament;
- (c) Must be debated and voted upon by Parliament immediately after the vote on the 2017-2018 Appropriation Bill, 2017; and
- (d) That the time for the debate be limited to ensure that these Consequential Bills tabled today are debated and voted upon in the sitting of Parliament beginning on Monday, 10<sup>th</sup> July, 2017. Thank you, Madam Speaker.

HON. SPEAKER.- Do we have a seconder?

HON. LEADER OF THE GOVERNMENT IN PARLIAMENT.- Madam Speaker, I beg to second the motion.

HON. SPEAKER.- Can I invite the Honourable Attorney-General to make his speech for 20 minutes?

HON. A. SAYED-KHAIYUM.- Thank you, Madam Speaker. Madam Speaker, suffice to say that these Bills are consequential to the Appropriation Bill before Parliament, to give effect to the Budget. Indeed, Madam Speaker, as we conveyed to the Secretariat, there are two or three other Bills that actually give effect to the Budget itself, which we will be tabling next week too, Madam Speaker, but we will have ample time next week to debate these Bills after the Appropriation Bill is approved by Parliament. And the reason why of course, Madam Speaker, we are tabling this as this gives the Opposition more than one week to actually study these Bills. So they have one week break next week, then we come to the following week, Madam Speaker, and they can then make constructive, constructive, and constructive debate to these Bills.

(Chorus of interjections)

HON. A. SAYED-KHAIYUM.- They obviously seem to always lose this opportunity to do so. Thank you, Madam Speaker.

HON. SPEAKER.- The motion is now up for debate and I invite input from Honourable Members, if any. Thank you. Honourable Attorney-General, would you like to make your concluding statements?

HON. A. SAYED-KHAIYUM.- No, thank you, Madam Speaker.

HON. SPEAKER.- Parliament will now vote and the question is, pursuant to Standing Order 51 that the following Consequential Bills to the 2017-2018 National Budget be considered by Parliament without delay:

1. Water Resource Tax (Budget Amendment) Bill 2017
2. Super Yacht Charter (Budget Amendment) Bill 2017
3. Service Turnover (Budget Amendment) Bill 2017
4. Income Tax (Budget Amendment Bill) 2017
5. Tax Administration (Budget Amendment) Bill 2017
6. Pensions (Budget Amendment) Bill 2017
7. Tertiary Scholarships and Loan (Budget Amendment) Bill 2017
8. Stamp Duties (Budget (Amendment) Bill 2017;

9. Finance Management (Budget (Amendment) Bill 2017;
10. Land Transport (Budget Amendment) Bill 2017;
11. Value Added Tax (Budget Amendment) Bill 2017;
12. Excise (Budget Amendment) Bill 2017;
13. Omni Bus Electronic Ticketing (Budget Amendment) Bill 2017;
14. Environmental Levy (Budget Amendment) 2017;
15. Fiji Revenue Customs Authority (Budget Amendment) Bill 2017;
16. Customs (Budget Amendment) Bill 2017; and
17. Customs Tariff (Budget Amendment) Bill 2017.

Pursuant to the Standing Orders, that these Bills:

- 1) Must pass through one stage at a single sitting in Parliament;
- 2) Must not be referred to a Standing Committee or other Committees of Parliament;
- 3) Must be debated and voted upon by Parliament immediately after the vote on the 2017-2018 Appropriation Bill, 2017; and
- 4) That the time for the debate be limited to ensure that these Consequential Bills tabled today are debated and voted upon in the sitting of Parliament beginning on Monday, 10<sup>th</sup> July, 2017.

Does any Member oppose the motion?

(Chorus of “ayes” and “noes”)

HON. SPEAKER.- There being opposition, Parliament will vote on the motion.

Votes Cast:

Ayes : 32

Noes : 16

Not Voted : 2

HON. SPEAKER.- There being 32 Ayes, 16 Noes and 2 Not Voted, the motion is agreed to.

Motion agreed to.

HON. PROF. B.C. PRASAD.- A point of order, Madam Speaker, under Standing Orders 99 (1) and (2). Standing Order 99 (2) says: The Bill, to be known as the Appropriation Bill, must be accompanied by a document, to be known as the Estimates. The Estimates outline the details of the appropriation amounts contained in the Bill and must be circulated to all members immediately after the Bill is introduced.”

(Chorus of interjections)

HON. PROF. B.C. PRASAD.- No, this is the Appropriation Bill. The Estimates, Madam Speaker, we raised this issue. The Estimates should be now tabled in Parliament.

(Chorus of interjections)

HON. SPEAKER.- Thank you. Let us get in order. The motion has been voted upon and has been agreed to. The Estimates will be circulated as soon as practicable.

(Chorus of interjections)

HON. SPEAKER.- Order! That brings to an end further discussions on Item No. 5 on the Order Paper.

(Chorus of interjections)

HON. SPEAKER.- Order! Order! Order!

I will now call on the Leader of the Government in Parliament to have the floor.

## **ADJOURNMENT**

HON. LEADER OF THE GOVERNMENT IN PARLIAMENT.- Madam Speaker, I move:

That Parliament adjourns until Monday, 10th July, 2017 at 9.30 a.m.

HON. SPEAKER.- Do we have a seconder?

HON. A. SUDHAKAR.- Madam Speaker, I beg to second the motion.

HON. SPEAKER.- Parliament will now vote and the question is, that Parliament adjourns until Monday, 10th July, 2017 at 9.30 a.m. Does any Member oppose?

HON. MEMBERS.- No.

(Chorus of interjections)

HON. SPEAKER.- I did hear opposition and therefore, Parliament will vote on the motion. You have cancelled the opposition?

(Chorus of interjections)

HON. SPEAKER.- Thank you. Parliament is now adjourned until Monday, 10<sup>th</sup> July, 2017 at 9.30 a.m.

(Chorus of interjections)

HON. SPEAKER.- I have not finished Honourable Members. That brings us to the end of our sitting. I wish to take this opportunity to thank Honourable Members and guests present to witness the presentation of the National Budget. The Ministry of Economy has organised light refreshments and I invite all Honourable Members and guests to partake in the refreshments provided. Thank you.

The Parliament is now adjourned until Monday, 10th July, 2017 at 9.30 a.m.

The Parliament adjourned at 9.29 p.m.