

# PARLIAMENT OF THE REPUBLIC OF FIJI



## PARLIAMENTARY DEBATES

### DAILY HANSARD

**FRIDAY, 21ST JUNE, 2019**

[CORRECTED COPY]

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**FRIDAY, 21ST JUNE, 2019**

The Parliament met at 9.35 a.m. pursuant to adjournment.

HONOURABLE SPEAKER took the Chair and read the Prayer.

**PRESENT**

All Members were present.

**MINUTES**

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

That the Minutes of the sitting of Parliament held on Thursday, 20th June, 2019 as previously circulated, be taken as read and be confirmed.

HON. A.A. MAHARAJ.- Honourable Speaker, Sir, I beg to second the motion.

HON. SPEAKER.- Honourable Members, Parliament will now vote on the motion.

The Question is:

That the Minutes of the sitting of Parliament held on Thursday, 20th June, 2019, as previously circulated, be taken as read and be confirmed.

Does any Member oppose the motion?

(Chorus of 'Nays')

HON. SPEAKER.- As no Member opposes, the motion is agreed to unanimously.

Motion agreed to.

**COMMUNICATIONS FROM THE CHAIR**

Welcome

HON. SPEAKER.- I welcome all Honourable Members to today's sitting of Parliament. I also welcome the members of the public joining us in the gallery and those watching the live broadcast of the proceedings on television, the internet and those listening to the radio. Thank you for taking interest in the workings of your Parliament.

Speaker's Ruling

Honourable Members, during the May sitting of Parliament, I received two Petitions from the Leader of the Opposition, the honourable Sitiveni Rabuka, with respect to the:

1. International Year for Indigenous Languages; and
2. Review of Travel Bans.

Honourable Members, I will now deliver my rulings on the two petitions.

### **SPEAKER'S RULING**

#### Petition on International Year for Indigenous Languages

Honourable Members, the petition pertaining to International Year for Indigenous Languages seeks the following:

- i) Consider affirming and declaring the year 2019 as the International Day for Indigenous Languages; and
- ii) Consider recommending the teachings of *Vosa Vakaviti* and Hindi in schools as a compulsory examinable subject and that tertiary institutions offer training courses for translators of *Vosa Vakaviti* and Hindi.

Honourable Members, the United Nations General Assembly adopted a resolution in 2016 to proclaim 2019 as the International Year for Indigenous Languages.

International days are declared by the United Nations General Assembly upon receipt of a proposal from Member States. The General Assembly then decides through consensus whether to adopt the resolution establishing that particular day. Some international days are not proclaimed by the General Assembly but are rather proclaimed by specialised agencies of the United Nations to draw the attention of the public to topics under their field of expertise, such as health, aviation, intellectual property, and so forth.

The United Nations designates specific days, weeks, years and decades as occasions to mark particular events or topics, and this year (2019) has been adopted as the International Year for Indigenous Languages.

It has come to my attention that the petition submitted by the honourable Leader of the Opposition does not specify a particular date to mark the International Day for Indigenous Languages. In fact, the petition specifically asked that the year 2019 be affirmed and declared as the International Day for indigenous languages. I do not see how Parliament could possibly declare or affirm such a thing.

The petition is clearly an attempt to get Parliament to take action that is not within the powers of Parliament to take. In that regard, this petition cannot be allowed under Standing Order 37(2)(b).

Honourable Members, Parliament makes laws which, under the Fijian Constitution and the Standing Orders, is by way of Bills presented to Parliament. It is important for all honourable Members of Parliament to take note that Parliament does not designate, nor declare specific days, weeks, years and decades as occasions to mark particular events. I remind honourable Members that the use of petitions in Parliament for such a purpose is fundamentally and legally incorrect.

Honourable Members, the second part of the petition seeks Parliament to consider recommending the teaching of *Vosa Vakaviti* and Hindi in schools as a compulsory examinable subject, and tertiary institutions to offer training courses for translators of *Vosa Vakaviti* and Hindi.

It is pertinent to note that, by virtue of Section 46(1) of the Constitution, the authority and power to make laws for the State is vested in Parliament consisting of Members of Parliament and the President, and is exercised through the enactment of Bills passed by Parliament and assented to

by the President.

Honourable Members, Section 70 of the Constitution further allows Parliament, under its rules and orders, to establish committees with the functions of scrutinising Government administration and examining Bills and subordinate legislation, and such other functions as are specified from time to time in the rules and orders of Parliament.

Honourable Members, the petition submitted by the honourable Leader of the Opposition asked Parliament to consider recommending the teaching of *Vosa Vakaviti* and Hindi in schools as a compulsory, examinable subject and tertiary institutions to offer training courses for translators of *Vosa Vakaviti* and Hindi. To make such a recommendation is outside the ambit of Parliament's authority outlined under Section 46(1) and Section 70 of the Constitution. As such, this petition cannot be allowed under Standing Order 37(2)(b).

In any event, and for the information of honourable Members, Section 31(3) of the Fijian Constitution stipulates that conversational and contemporary *iTaukei* and Fiji Hindi languages shall be taught as compulsory subjects in all primary schools. These subjects are currently being taught in primary schools (Years 1 to 8) as compulsory subjects, but they are optional/examinable subjects in secondary schools for Years 9 to 13.

Honourable Members, additionally, our tertiary institutions namely; the Fiji National University, University of the South Pacific and the University of Fiji, provide training courses on these vernacular languages, and translation is one of the core units within the programme.

The second part of the petition is already being implemented in the school curriculum for primary and secondary schools, and also in tertiary institutions. I hereby reiterate that Parliament makes laws which, under the Fijian Constitution and the Standing Orders, is by way of Bills presented to Parliament.

It is important for all honourable Members of Parliament to take note that the Fijian Constitution is the supreme law, and given that the request is already addressed under Section 31 of the Constitution, I wish to remind honourable Members that the use of petitions in Parliament for such a purpose is unnecessary and fundamentally redundant.

In that regard, I, therefore, rule that the petition submitted by the honourable Leader of the Opposition is out of order and will not be presented to Parliament. Thank you honourable Members.

#### Petition on the Review of Travel Bands

HON. SPEAKER.- Honourable Members, the second petition with respect to the review of travel bans is seeking action from Parliament to review the travel bans imposed on former citizens, Dr. Brij Lal, Dr. Padma Lal, Russell Hunter, Evan Hannah and Mr. and Mrs. Gordon Ward.

The petition submits that there is no other avenue for legal redress or challenge of the decision of the honourable Minister for Immigration under the Immigration Act. The petition is clearly an attempt to get Parliament to take action that is not within the powers of Parliament to take and, therefore, this petition cannot be allowed under Standing Order 37(2)(b).

Honourable Members, I wish to reiterate that this Parliament must always uphold and respect the constitutional separation of powers between the three Arms of the State, that being the Judiciary, the Legislature and the Executive. It is also important to highlight that it is not for Parliament to direct, nor

instruct the exercise of the Executive Authority when a written law expressly gives the power and the authority to the Executive, whether a Minister or a Public Officer, to make decisions under such law.

Again, I remind Honourable Members that the use of petitions in Parliament for such a purpose is fundamentally and legally flawed and ignores the fact that by written law, Parliament has given the authority to the Minister to make the decision. The constitutional separation of powers between the respective Arms of the State must always be upheld and never jeopardised.

Honourable Members, I, therefore, rule that the petition submitted by the Leader of the Opposition is out of order, and subsequently will not be presented to Parliament. Thank you, Honourable Members.

HON. L.D. TABUYA.- Honourable Speaker, I have a point of order. Honourable Speaker, under Standing Order 74(7), I refer to it as I have not understood the Ruling that you have made, so I am seeking clarification.

HON. SPEAKER.- Could you speak up, I cannot hear you.

HON. L.D. TABUYA.- Under Standing Order 74(7), I am seeking clarification on your Ruling, Honourable Speaker, as I did not understand it, the first Ruling that you made. Under that subsection, I seek clarification on your first Ruling on the Petitions. Can you please clarify, Honourable Speaker, if the only error in that Petition was that, a date was not provided for the celebration of the day for indigenous languages?

HON. SPEAKER.- Honourable Member, you have heard the Ruling. You can go and read the Ruling after this, I have made the Ruling.

There is no question on the Ruling that I have made. It is for you to go and examine the Ruling after.

HON. L.D. TABUYA.- Thank you, Honourable Speaker.

HON. SPEAKER.- Honourable Members, pursuant to the resolution of Parliament on Friday, 7th June, 2019, I now call on the honourable Attorney-General and Minister for Economy, Civil Service and Communications to move his motion. You have the floor, Sir.

### **2019-2020 CONSEQUENTIAL (BUDGET AMENDMENT) BILLS 2019**

HON. A. SAYED-KHAIYUM.- Mr. Speaker, Sir, pursuant to the resolution of Parliament on Friday, 7th June, 2019, I move:

That the following Consequential Bills be debated, voted upon and be passed, the:

1. Tax Administration (Budget Amendment) Bill 2019 (Bill No. 8/2019);
2. Income Tax (Budget Amendment) Bill 2019 (Bill No. 9/2019);
3. Value Added Tax (Budget Amendment) Bill 2019 (Bill No. 10/2019);
4. Environment and Climate Adaptation Levy (Budget Amendment) Bill 2019 (Bill No. 11/2019);
5. Stamp Duties (Budget Amendment) Bill 2019 (Bill No. 12/2019);
6. Excise (Budget Amendment) Bill 2019 (Bill No. 13/2019);
7. Customs (Budget Amendment) Bill 2019 (Bill No. 14/2019);

8. Customs Tariff (Budget Amendment) Bill 2019 (Bill No. 15/2019);
9. Financial Management (Budget Amendment) Bill 2019 (Bill No. 16/2019);
10. Tertiary Scholarship and Loans (Budget Amendment) Bill 2019 (Bill No. 17/2019);
11. Fijian Competition and Consumer Commission (Budget Amendment) Bill 2019 (Bill No. 18/2019);
12. Environment Management (Budget Amendment) Bill 2019 (Bill No. 19/2019);
13. Climate Action Trust Fund (Budget Amendment) Bill 2019 (Bill No. 20/2019);
14. Climate Relocation of Communities Trust Fund Bill 2019 (Bill No. 21/2019); and
15. Small and Micro Enterprises Development (Repeal) Bill 2019 (Bill No. 22/2019).

Thank you, Mr. Speaker, Sir.

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

HON. SPEAKER.- Honourable Members, I now call on the Honourable Attorney-General and Minister for Economy, Civil Service and Communications to speak on this motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker Sir.

Mr. Speaker, Sir, there are 15 Consequential Bills that give effect to the Budget or further consolidate the policy outcomes intended by the Budget. These reflect the number of fiscal reforms and policies. They are, Mr. Speaker Sir, a number of Consequential Bills in respect of amendments to existing Bills and there is one new Bill itself.

Mr. Speaker, Sir, I will summarise the Consequential Bills for these 17 Bills for the information of honourable Members of Parliament. Copies of Consequential Bills were circulated earlier on, and we hope that there will be opportunities to analyse these Bills.

Just by way of summary, the first one is the Tax Administration (Budget Amendment) Bill 2019 (Bill No. 8/2019). Mr. Speaker, Sir, this Bill seeks to amend the Tax Administration Act 2009, to strengthen tax administration in Fiji. Generally, these changes include, the inclusion of the definition of “Trust” and “Trustee”. This ensures consistency in the use of these terms throughout the Act.

Claims for refunds should be made within three years. Currently, there is no limitation of the period in which refunds can be made, Mr. Speaker, Sir, so this will now give taxpayers certainty and we have three years to make a claim. This is also consistent with how refunds are made for VAT.

Mr. Speaker, Sir, there is also a particular provision at the moment that says that refunds can only be paid into Fijian bank accounts. Obviously, we have sometimes non-resident taxpayers or people, for example, who may migrate or move across to other countries for a period of time to work. We now will allow the refunds to be paid into banks other than Fijian accounts, as long as the person obviously deserves that refund. So, it gives a lot more flexibility to the taxpayers and those people who are actually entitled to refunds.

Mr. Speaker, Sir, it addresses, for example, the proper keeping of records. The Bill amends section 34(1) of the Act to mandate taxpayers to also take reasonable care in maintaining and retaining accounts, documents and record in the most appropriate manner, including in electronic form. We have businesses, for example, a lot of them now keep their records in electronic form for a period not less than seven years.

Interestingly now, Mr. Speaker, Sir, by way of example, we have some very large companies, because one of their complexes have caught fire, they said that they have lost all their accounting records and everything had gone, so they cannot file proper returns and, indeed, do not have proper accounts. This obviously makes it mandatory for them to be able to make sure that they do, do that, taking reasonable steps.

Mr. Speaker, Sir, “administrative “summons” to be “administrative notice” as opposed to be summons so we are there to work well with the taxpayers.

Inclusion of failure to lodge other documents is an offence under section 49(1) of the Act. The Bill amends section 49 of the Act. Currently, section 49(1) establishes the offence or failure to lodge a tax return. However, it does not include the failure to lodge any other document as required under tax law as an offence.

Mr. Speaker, Sir, for example, during investigation audits, certain other supporting documents, for example, invoices, contracts and accounting journals form part of critical evidence for tax assessments and, indeed, if there is going to be any prosecution, this actually requires people to keep those records too, to be able to support their claims or otherwise.

The Bill amends section 17 of the Act to allow people to do their lodgements of documents electronically now, obviously because we are getting into digital space, and again, section 72 of the Act do allow for electronic service. We can also serve electronically and also that section 74 of the Act is amended to give meaning to due date.

Generally, when you do not have digital lodgement, if your due date falls on a Saturday or Sunday or a public holiday, the due date is the last working day before the due date. If your due date, for example, is on a Sunday, you have to file it on Friday. But now with electronic filing, you can actually now file it on the date it is due, so it gives an additional couple of days. For example, I can file my return on a Sunday, as long as it is done electronically.

The inclusion of the Environment and Climate Adaption Levy (ECAL) in Schedule 1 of the Act currently contains a list of taxes whether the process of tax assessments under the Act is applicable. These include, for example, Income Tax, VAT, Capital Gains, Gambling Tax Turnover, et cetera.

The Bill amends Schedule 1 of the Act to include an assessment of ECAL, including a self-assessment of section 8 of the Act.

Mr. Speaker, Sir, the Bill amends Part B of Schedule 3 to the Act to include a return required under section 107, which is Rental Income Reporting System and section 121 - Withholding Tax Annual Summary of the Income Tax Act 2015. These returns will now be part of the self-assessment system, as opposed to the service assessment system. For example, the PAYE final tax deducted or withheld from salaries and wages is self-assessed tax return now.

Mr. Speaker, Sir, I move on to the next Bill now, which is the Income Tax (Budget Amendment Bill) 2019 (Bill No. 9/2019), which seeks to amend the Tax Act 2015 to introduce the following changes. The total amount allowed is deduction for employers’ contribution to FNPF.

Currently, as the law stands, Mr. Speaker, Sir, the deduction allowed by employers is only 50 percent. So what we are seeking to do is that, we are going to amend that, so any FNPF contribution paid by an employer on behalf of the employee can actually claim the full 100 percent of that. For example,



if, I, as an employer, pay \$100 on behalf of my employee which is the 10 percent contribution, I can now claim back \$100 in my tax as an expense. Therefore, the tax liability of employers will actually reduce.

In respect of providing support for sporting fraternity, Mr. Speaker, Sir, at the moment, for you to be able to be eligible for any tax deduction, you have to donate to a sporting organisation \$50,000 or more. Of course, there are many sporting organisations. Some local volleyball competition or whatever the case may be, say in Taveuni, and if you have a shop or business there that may want to contribute and cannot afford \$50,000, but if they can afford \$15,000 which is now the minimum threshold, they can actually claim 150 percent tax deduction. This is to allow smaller businesses to actually participate and benefit from contributing to sporting organisations. We find that quite a lot in some of the smaller towns, so now those businesses can contribute to that too.

Mr. Speaker, Sir, in respect to the Export Income Deduction, we have now said it will be applicable from 2018. We are backdating it to 2020 at a rate of 50 percent. For example, if I am an exporter and I make furniture (there are few people who do that) in Fiji and sell it to Papua New Guinea. So if the exporters' income is \$100, they will only pay tax of \$50 of the export income. In other words, you are making \$100 but you will only pay tax of \$50, which is 50 percent tax deduction which, again, is a boost for them too.

Mr. Speaker, Sir, in order to promote Fijian products and, in fact, the Fijian Garment Industry also, because we have seen a trend, some of the larger companies are now trying to buy uniforms from overseas. So if you have a large company and you want, for example, to have everyone in the same shirt and pants, or same *bula* shirt, et cetera, they will go off to China and various other places, or to Indonesia to actually buy that uniform for the staff in Fiji.

What we are saying is, now you can actually buy uniform outfits for your staff (businesses do that) and claim 150 percent as expenses, 150 percent deduction. In other words, if I spend \$100 to buy uniforms, then I can claim \$150 as expenses so again, reducing the tax liability or tax burden for Fijian businesses, but at the same time promoting the purchase of Fijian-sewn products.

Mr. Speaker, Sir, moving on to section 30, as announced in the Budget, we have now said that losses carried forward can be up to eight years now, and that time period will start from 1st January, 2019. So if I have a business, I can carry forward my losses for the next eight years which obviously is a boost for business, in particular new businesses. At the moment, the losses being carried forward is only for four weeks.

Mr. Speaker, Sir, section 67 (1) (d) of the Act is amended to exclude the disposal of shares in relation to the exempt capital gain. Dividends are exempt income and assets, such as shares can be used to derive dividends. Currently, once such assets are disposed, they escape Capital Gains Tax which was not the policy intention. For example, if a holding company has shares in another company which derives normal business income, the holding company is able to escape taxation of the gain made by disposal of shares because the shares generate dividends which is an exempt income. This amendment ensures that the disposal of shares will be excluded from the exemption.

Mr. Speaker, Sir, the other amendment to section 121 of the Act amends it to require a person withholding tax, except for employment income without withholding final tax to file a monthly withholding tax summary, instead of an annual withholding tax summary.

With the implementation of the new tax information system in the FRCS, all withholding tax summaries will be required to be lodged on a monthly basis by the employer or payer, as opposed to

the traditional annual summaries because we find a lot of people coming into Fiji, who are consultants, et cetera, on a short-term basis so they may be here only for six months. So the annual does not actually fit in with that purpose so end monthly will be good too.

The Bill amends Schedule 3 to the Tax Administration Act 2009 to change the Annual Withholding Tax Summary to a monthly withholding tax summary for consistency with the proposal I have just highlighted, Mr. Speaker, Sir.

I move on to the next Bill, Mr. Speaker, Sir, which is the Value Added Tax (Budget Amendment) Bill 2019 (Bill No. 10/2019). Clause 2 of the Bill amends Section 14 of the Value Added Tax (VAT) to exempt the following from payment of VAT which is hybrid and electric charging vessels and importation of aircraft for commercial air transport operations as well as the importation of ships for coasting trade. As announced in the Budget, if you bring in an aircraft, you bring in ships into Fiji, you do not actually have to pay VAT. This helps with the cash flow of the importers of such machinery and equipment.

The Environment and Climate Adaptation Levy (ECAL), Mr. Speaker, Sir, (Budget Amendment) Bill 2019, Bill No. 11, the Bill seeks to amend the current Act to achieve three shifts.

Firstly, the Bill seeks to increase the ECAL on plastic bags from 1st January, 2020, in line with the amendment to the Environment Management (Budget Amendment) Bill 2019 proposed as Bill No. 19. This means that from 1st January, ECAL will be applicable to the remaining plastic bags on the market. These being plastic bags of thickness or more than 50 microns, such as those provided by clothing retailers, et cetera.

These bags are not what we call single use plastic bags in nature and often are reusable. So if you go, for example, to Jacks or Tappoos and you buy some clothes, you buy TV et cetera, the plastic bag they give you are very thick ones and we do not see that as thrown outside, people reuse those plastic bags. So what is being banned is what we call the “single use plastic bags” but these bags will still have a levy and it will be 50 cents, Mr. Speaker, Sir.

Mr. Speaker, Sir, the Bill also amends the Act to insert a new Section 9(a) to enable the collection of ECAL on a date of publication of the Bill which imposes ECAL imported goods. This is similar to the Customs Tariff Act which comes into effect immediately on the date of the announcement.

Finally, Mr. Speaker, Sir, the Bill seeks to amend Schedule 2 to the Act by prescribing 15 new items to the list of imports for which 10 percent ECAL is charged. These are new or used hybrid vehicles within capacity less than 1500cc, new or used hybrid vehicles within the capacity of 1500cc to 3000cc, smart phones, air conditioners, refrigerators and freezers, television sets, washing machines, clothes dryers, dish washers, electric stoves, microwaves, electric lawnmowers, hair dryers, toasters and electric kettles. These are equipment that use a lot of electricity and thus the rationale for that and of course air conditioners, for example, have large levels of chlorofluorocarbon.

Mr. Speaker, Sir, the next Bill that has been amended is Stamp Duties (Budget Amendment) Bill. Mr. Speaker, Sir, Part 1 of the Schedule list the instruments which are subject to stamp duty. Clause 2 provides with the exemption of offshore borrowings from stamp duty, provided the borrowed funds are brought into the country, that is, borrowed funds that they deposit into bank accounts in Fiji. So, Mr. Speaker, Sir, essentially, what we are saying is that, if any company in Fiji now borrows money from offshore up till now, if you borrow money from offshore you have to pay stamp duty, you no longer will be required to pay stamp duty.

Clause 2 of the Bill also amends Part 2 of the Schedule to the Act to limit the exemption for instruments made or executed by or on behalf of the enterprise with the annual gross turnover not exceeding \$500,000. In other words small businesses will also be exempt. The enterprise must make a statutory declaration declaring the instrument is related to the business activity, that its annual gross turnover is less than \$500,000 and they will be able to get that exemption.

Mr. Speaker, Sir, the next Bill is the Excise (Budget Amendment) Bill 2019 (Bill No. 13 of 2019). Clause 2 of the Bill inserts a new Section 18(a) for provision relating to the expiry of goods deposited and excise, factory excise warehouse or export warehouse. The proposed section deals with the determination of payment over any excise duty, fee or other charge of a clearance on the associated excise goods prior to the expiry of these excise goods. Clause 2 also creates an offence or failure to clear and make payment to excise goods with a corresponding penalty.

The amendments are to address, Mr. Speaker, Sir, issues faced by the Comptroller with regard to owners or excisable goods for without paying their excise duty owed to FRCS, live the goods in storage and excise warehouses until they expire. Once expired, these goods will then have to be destroyed by the Comptroller who will then be unable to recover duty on these goods and we find this happening quite a lot.

The effect of the amendment made under Clause 2 will mean, for example, that if the tobacco consignment is warehoused, the warehouse keeper must inform the Comptroller of the expiry date of the tobacco. The Comptroller must then determine a timeframe to clear and make payment for the tobacco. If the tobacco consignment is not cleared or paid within the specified timeframe, the comptroller may permit in writing that the tobacco be destroyed or disposed of. The owner of the consignment may be liable upon conviction to a penalty not exceeding \$25,000 or imprisonment and no refund claim can be made in respect to the dispose of destroyed tobacco.

Mr. Speaker, Sir, Clause 3 to Clause 5 of the Bill expand the current provision relating to refunds under the Act to better regulate the process of refunds.

Currently, Section 31 of the Act allows for refund claims to be made within one year from when the excise duty fee or charge was inadvertently erroneously paid.

Clause 3 of the Bill amends Section 31 of the Act by inserting a new subsection (2A) to exempt missions, international organisations or international bodies from the one year time limitation to file a refund claim, and inserting a new subsection to allow refund claim to a manufacturer who fails to file returns in accordance with Section 28.

Mr. Speaker, Sir, Section 31 of the Act is amended by further expanding that provision to specifically require the depositing of refunds into bank accounts held with the commercial trading bank. Currently Section 31 which carries a mandatory requirement for applicants for refunds with bank accounts in the Commercial Trading Bank in Fiji and the comptroller refrains from refunding the applicant directly.

Clause 5 of the Bill inserts a new Section 31B to enable the comptroller the offset any outstanding excise duty, fee or other charge owing by a person claiming a refund under the Act before paying a refund due to that person. For example, if the Comptroller receives an application for refund but the applicant has an existing excise duty fee or charge owing on to FRCS, then the Comptroller may deduct the amount owing and refund the balance to the claimants.

Mr. Speaker, Sir, the next Bill which is Bill No. 14 - Customs (Budget Amendment) Bill.

The Customs Act 1986 regulates the mechanism within which FRCS administers among other things the duties chargeable on goods moving in and out of the country, the powers of Custom Officers under the Act as well as monitoring and compliance issue.

The Customs (Budget Amendment) Bill 2019 seeks to amend the Act to address budgetary policy changes in 2019-2020 Budget. Clause 2 of the Bill amend Section 52 of the Act to reduce the period of lawfully removing goods from Customs warehouse from 12 months to 6 months. Currently goods imported into Fiji are either cleared immediately from Customs control upon payment of duty or stored at Customs warehouse pending payment of duty before being cleared from the Customs control.

Section 52 of the Act currently provides that imported goods stored at Customs Warehouse:

- i) May be kept at a Custom warehouse for up to 12 months;
- ii) The Comptroller may allow goods to be re-warehouse for a further one year.

Mr. Speaker, Sir, FRCS had identified that the importers tend to request for an extension to have their goods re-warehoused for a further one year in an attempt to avoid duty paid being charged on the goods or leave their goods in a warehouse for the 12-month period after FRCS has been tasked to trying to sell these goods to recover cost.

I will quickly move on to the other Bills, Mr. Speaker, Sir. There are one or two more left. I have a number of examples for these ones here.

Next one, Mr. Speaker, Sir, is Customs Tariff (Budget Amendment) Bill. Section 4 of the Act, Mr. Speaker, Sir, allows for the various tariff training that is necessary for the implementing of the changes. We, for example, a few years ago made changes to the duty of tariff rate on products relating to babies or toddlers. The duty used to be 32 percent, we brought it down to free duty which included things like baby feed bottle, baby toiletries, baby powder, et cetera, and baby bath washes.

In 2015, we further reduced fiscal duties on baby garments and the clothes from 32 percent to 5 percent. In 2017, we further reduced fiscal duty on baby wipes to zero percent, additional reviews, fiscal duty on baby shoes and baby cots from 32 percent to 5 percent.

In this Budget Mr. Speaker, Sir, we are now reducing duty for clothing for children from 32 percent to 5 percent. There used to be a general blanket high tariff on clothing. The rationale apparently used to be to protect the Fijian garment industry but most garment factories in Fiji do not make baby clothes or deal with anything to do with toddlers. Also predominantly, we have seen, because we have a young population, we see many parents struggling with buying clothes for kids up 12 to 13 years. The duty on that has come down to 5 percent Mr. Speaker Sir.

We are increasing fiscal duty on passenger motor vehicles from 5 percent to 15 percent, of course to have a huge focus on public transportation as we have said that the four laning of the road from Nausori to Suva, we will have dedicated bus lanes, the Minister has already spoken about this. Also, Mr. Speaker, Sir, we are introducing incentives for public transportation and therefore the buses are getting duty free concession. New buses will be zero rated and also we have got second hand buses which will only be at 5 percent.

Inter-island vessels for ships. Again, the duty has been reduced to zero percent, now with VAT exempt also, so hopefully we will see a lot more attraction of private sector buying into this space as the

Minister announced that they do provide through the franchise scheme, they can get 10 to 15 contracts so we just hope to see a lot more changes.

We have reduced the duty, like I said, new buses, all from 16-seater buses upwards. We see many bus companies still running 15-seater buses on routes, when they should be running 25-seater buses or 30-seater buses with an aim again to reduce our carbon footprint in that respect.

Heavy machinery, the duty is being reduced to 10 percent, Mr. Speaker, Sir. These are used ones but for the new ones, Mr. Speaker, Sir, it is further reduced and .....

Should I stop there Mr. Speaker, Sir, I have not covered all the Bills, but I can stop there.

HON. SPEAKER.- You have the floor.

HON. A. SAYED-KHAIYUM.- I will be very quick, Mr. Speaker, Sir. The fiscal duty on the hybrid accumulated sets of batteries or hybrid battery cells. This is for the hybrid motor vehicles, the duty used to 32 percent. This was to protect, there is a battery factory in Fiji but we see that they do not actually produce hybrid vehicle batteries, so we have reduced the duty to 5 percent.

And also Mr. Speaker, Sir, all batteries for your mobile phones and lap tops, cellular mobile phones, the power banks that we use, the duty has been reduced from 32 percent to 5 percent. For wind ventilators placed on the roof tops of homes and industrial buildings, we have reduced the duty to zero percent because obviously we want people to use less air-conditioning and more natural air coming through that.

We are increasing fiscal duty in non-woven plastic bags. This is of course to protect the Fijian companies who are now making non-woven plastic bags, Mr. Speaker, Sir. We have also reduced fiscal duty on soap noodles. A lot of companies are bringing soap noodles which are in small pieces and actually make soap in Fiji from that. So we obviously want to encourage more Fijian companies in that respect.

Mr. Speaker, Sir, again, we have got things like heavy machinery, crane lorries, fire-fighting vehicles, concrete mix lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units, so we have reduced the duty again right down to 5 percent, Mr. Speaker, Sir.

We have put a 10 percent excise duty on imported chicken. We are seeing a bit of dumping of imported chicken into Fiji. We have put a 10 percent because we need to grow the Fijian poultry industry. A lot of people living in the rural areas have now farmed-out chicks by Rooster and Crest. A lot of people make good income from this so obviously we want the Fijian poultry industry to grow. In fact, certain stages we have had the opportunity to also export our Fijian chicken to other countries in the Pacific using advantage of the Melanesian Spearhead Group (MSG) Free Trade Agreement.

Mr. Speaker, Sir, we have also again, provided some very attractive tax provisions for the hotel industry with a Short Life Investment Package (SLIP) where fiscal duty and importation of capital equipment, plant and machinery, building materials, furnishings & fittings, equipment, room amenities, kitchen and dining room equipment & utensils, specialised water sports equipment will be reduced to free fiscal duty at zero percent.

We also have another category where existing hotels that want to engage in renovations and this is available in the window of two years for the next two years. If they want to do renovations, again, we have reduced the duty all the way down to 5 percent and 3 percent, Mr. Speaker, Sir.

We are also reducing fiscal duty on steel pipes, galvanised pipes, stainless steel pipes and rectangular tubing that are not manufactured in Fiji, from 32 percent to 5 percent, Mr. Speaker, Sir.

We have re-vetted our filmmaking audio visual tax incentives to make it a lot more attractive but also to make sure that all the spend that is incurred in Fiji are the only ones that will get the concessions, Mr. Speaker, Sir.

We have, as announced in the Budget, again provided tax provisions. If anybody invests in retirement villages and aged care facilities, they will be able to get duty concession, not just in respect of the actual building of it but also in terms of the tax holidays that they will get.

Again, as announced about the waste recycling, waste management facilities, Mr. Speaker, Sir, anyone investing in that space, for example, the land we are making available in Naboro, they will get not only the tax holidays but also the initial establishment and cost will attract duty-free concession on all raw materials, machinery, et cetera, that they will bring in. There is by way of information, one company now opposite the Flour Mills of Fiji Ltd (FMF), Veisari Plant where they are now crushing these plastic bottles. Some of these bottles may claim to be biodegradable but some of them will become biodegradable after 500 years or 1000 years.

One of the things that we have also highlighted, Mr. Speaker, Sir, is that we have said we would ban styrofoam within the next 18 months. One thing to note also about plastic bags, Mr. Speaker, Sir, plastic has actually become very much part and parcel of our lives. Nearly everything has a plastic so when we have actually banned the single-use plastic bags, it does not mean that the very thick garbage plastic bags will be banned also, because you get those garbage bags in rolls, people obviously need to use it for garbage disposal, et cetera.

There are certain types of plastic that is made out of plastic like zip-lock plastic bags, they are not being banned. Obviously, people use that for lunches, et cetera, so as we progress in this space, we will be slowly looking at the different areas and obviously looking for alternatives before we have a complete ban on plastic.

We have also, in order to promote pharmaceutical manufacturing, Mr. Speaker, Sir, we have zero-rated the importation of ethanol by manufacturers of pharmaceutical suppliers and also including equipment and raw materials and also providing tax incentives in that respect, Mr. Speaker, Sir.

Under the Financial Management (Budget Amendment) Bill, Mr. Speaker, Sir, the definition of “responsible authority” has been redefined, Mr. Speaker, Sir. For State entities that administer a Head of appropriation, the relevant responsible authority is listed on Pages 328 and 329, I urge the Members to look at that.

If you go right to the back of the page, you will see, for example, Fiji Roads Authority (FRA), Water Authority of Fiji (WAF), the responsible authority used to be put as a Permanent Secretary when in fact, the Permanent Secretary is not really the responsible authority because legally speaking, they have a Board, they have their own procurement regulations so the responsible authority will be the Board, so the Board members and the Board can actually be held accountable for any misappropriation, et cetera.

Mr. Speaker, Sir, section 7 of the Act states the responsible authority of the State entity is responsible for managing the financial affairs of the entity in accordance with the requirements of the Act and which is what we have looked at too. We have given numerous examples of that, as I highlighted.

Tertiary Scholarship and Loans (Budget Amendment Bill) Bill 2019, Mr. Speaker, Sir, there has been some reconfiguration of the definition of “eligible institution” and “student” by including conditions as determined by the TSLB Board, with respect to Institutions listed in Schedule 1, which gives the authority to the Board to make those changes which is reflected in the Budget Policy announcement.

Clause 3 of the Bill amendments section 4 of the Act to provide the Board is appointed by the Minister responsible for finance subject to the approval of the Honourable Prime Minister.

Clause 3 of the Bill also provides the existing Board members to continue in office on the existing terms of appointment.

Clause 3 of the Bill further inserts a new section 4A to provide for remuneration of Board members.

Also again, Mr. Speaker, Sir, there are provisions relating to the resignation of Board members we fine-tune in this particular Act.

Mr. Speaker, Sir, the Fijian Competition and Consumer Commission (Budget Amendment) Bill 2019, I will summarise it very quickly. Essentially what this does now is that the Fijian Competition and Consumer Commission now is an independent Commission under the Head that has the independent Commissions.

The gist of this Act, Mr. Speaker, Sir, is allowing the Commission now to charge a fee to those who want to use the services, and the fees will actually be determined in consultation with the Minister responsible for Industry and Trade, who by way of regulations will prescribe the fee and that will be charged. So, for example, you have Oil Companies, you have people that have price-regulated items that come and get a review done, so they will actually now pay a fee as we find this particular model existing, for example, in Australia and the Australia Competition and Consumer Commission (ACCC).

I have mentioned about the plastic bags but that is contained in the Environment Management (Budget Amendment) Bill, Mr. Speaker, Sir, to prohibit the manufacture, service, supply or distribution of plastic bags with effect from 1 January 2020. We all know about the dilutive effect of plastic itself, both, not just on land, but also in the marine life, Mr. Speaker, Sir.

We have, Mr. Speaker, Sir, by way of interest, a number of companies in Fiji that we are very happy about this when we actually made the announcement about 18 months ago, about the banning of plastic bags, a number of them went off and started manufacturing in anticipation of the ban, alternative plastic bags or alternative, what we call, ‘woven bags.’

We have Narseys Plastics, Canform Industries, Emnic Industries, Pinto Industries which is based in Labasa, Linda Company Limited (I do not think that is any relation to Honourable Lynda Tabuya, but that is in Laucala Beach Estate). They are starting to make paper bags. As you know, if you go overseas, some of you do travel frequently. Recently, a few months back, I was in USA and if we go to Supermarkets, they have what we call “reinforced and recycled paper bags”. We need high volumes to produce that, we are looking at some alternatives in respect of that and, of course, we have shops like Shop and Save that are using reusable bags, but part of the laws also will be, the Ministry of Industry and Trade will work together with the Ministry of Women. There are a lot of women organisations and they are very keen to participate in making reusable bags and you will see some announcement made by the two Honourable Ministers in that respect.

Mr. Speaker, Sir, we have the Climate Action Trust Fund (Budget Amendment) Bill 2019. You may recall, Mr. Speaker, that this used to be COP23 Trust Fund. We are making this one or two amendments to bring it in alignment with the Budget.

Mr. Speaker, Sir, from the administrative perspective, there is now going to be annual reporting, the requirements, relieves and otherwise onerous administrative practice which was for every six months, but these reports will now come to Parliament as it has been for the past six months.

The Climate Action Fund Bill also amends the Climate Action Fund Act in Section 9:

“to remove the power of the Minister to dissolve the Climate Action Trust Fund by way of regulations.”

This ensures that the Fund that creates a statute itself may only be dissolved by way of an Act of Parliament. So it has to come back to Parliament to be dissolved should it ever need to be dissolved. This has given Parliament a lot more purview over this particular fund.

The new Bill, Mr. Speaker, Sir, which is the Climate Relocation of Communities Trust Fund Bill 2019. This is what we had flagged earlier on before the Budget and also we mentioned in the Budget. It seeks to establish the Trust Fund to finance and support the plan relocation of communities in Fiji that are adversely affected by climate change. Obviously we know the erosion of shorelines, rise in sea-level that necessitate the relocation of few coastal communities. Three villages have already been relocated, two partially relocated and two more in the initial stages of relocation. There are also 40 other communities recommended for relocation.

In 2018 last year, Mr. Speaker, Sir, the Fijian Government released a plan relocation guideline to assist and guide relocation efforts at the local level. The guidelines we have launched also our development partners from overseas about it, that ensures the relocation of many local communities carried out in a manner that guarantees long term survival, has viable options for economic activity, provide supporting services for those to be relocated has gender sensitivity built into it also. The guidelines also contains provisions to ensure the wellbeing and safeguard rights of responsible groups to be relocated.

This relocation cost, Mr. Speaker, Sir, are in fact extremely complex and costly too. The Relocation Fund Bill establishes the Climate Relocation Communities Trust Fund is to ensure that there is a clear funding stream in place to assist where the planned relocation of a community become necessary. The Bill itself sets out the purpose of the fund which is to receive and disburse money for the planned relocation of communities in Fiji and those that are affected by Climate Change.

Mr. Speaker, Sir, we have already made a commitment that will take a certain percentage from the Environment and Climate Adaptation Levy (ECAL) collections to put it every year into this Relocation Fund. We have spoken to some of our donors that contributed to the COP 23 Trust Fund which is now the Climate Action Trust Fund and some of those funds will also be relocated to this particular Trust Fund.

Just by way of interest, Mr. Speaker, Sir, quite a few donor countries are quite keen and indeed rather emotionally attached or feel aggrieved by relocation so they are willing to contribute to this and we hope to, through our international efforts, the Honourable Prime Minister be able to get more funding for this particular phenomena.



Mr. Speaker, Sir, the Small and Micro Enterprises Development (Repeal) Bill, Mr. Speaker, is a Bill that seeks to repeal the Small and Micro Enterprises Development Act 2002 which was tabled here in Parliament on 7th June, 2019. Of course, the Bill provides for the Short Title, but let me get to the gist of it.

Clause 4 of the Bill provides that all assets, interests, rights, privileges, liabilities and obligations of the National Centre for Small and Micro Enterprises Development (NCSMED) are transferred to and vested in the State now through the Ministry of Industry and Trade.

Of course, Clause 5, revokes all existing appointments to the Board and offers directions to the Centre. All the staff will get transferred to the Ministry of Industry and Trade, no one is going to lose their jobs. There is, of course, legal provisions that all deeds, bonds, agreements, instruments, arrangements, enforced against the Centre are now novated to the Ministry.

Clause 8 of the Bill provides for any action, arbitration, proceeding or course of action pending against or in favour of the Centre to again continue against or in favour of the Ministry and, of course Clause 9 of the Bill provides for the Consequential Amendments to cater for the repeal of the Bill.

In anticipation on the effect of the Bill, Mr. Speaker, Sir, the Ministry of Industry and Trade is developing, strengthening dedicated central agency where the promotion and support of Micro, Small and Medium Enterprise in Fiji too.

Mr. Speaker, Sir, the Ministry will then be able to provide greater reach and range of services to this enterprises, including a provision of targetted business training as highlighted by the Minister earlier on. It brings about a lot more synergy as opposed to having all these different agencies, sometimes duplicating the services they provide.

Mr. Speaker, Sir, this is a summary of the Bills that are being presented to Parliament. I thank you.

HON. SPEAKER.- I thank the Honourable Attorney-General.

Honourable Members, the floor is now open for debate on this motion. Anyone wishing to take the floor? Honourable Biman Prasad, you have the floor, Sir.

HON. PROF. B.C. PRASAD.- Thank you, Honourable Speaker. Before I speak on the Bill, let me, on behalf of the National Federation Party, pay our deepest tribute to the late Filipe Bole who passed away, an Educationist, Seasoned Diplomat, Politician and a Reputable Minister over so many years.

Honourable Speaker, he was a key ally of the National Federation Party and also the Honourable Leader of the Opposition when he was Prime Minister who spearheaded the unanimous passage of the 1997 Constitution in the Senate. The Party today mourns his loss, Honourable Speaker.

Coming to the Bill, Honourable Speaker, I thank the Honourable Attorney General for giving us a very quick overview of all the Bills. I know there are more than a dozen. They deal with a number of issues, Honourable Speaker, and Consequential Bills, as you know, are basically to give effect to the Budget. Many of these provisions in the Bills, Honourable Speaker, are tax measures and normally when you have a Budget, you use tax policies to provide incentives to signal businesses, individuals and stakeholders in a particular direction that you want to go.

In addition, these Bills also are designed to raise the revenue for Government, particularly, those that due to changes in the tax, and I just want to, Honourable Speaker, pick on a number of them. Most of them are pretty straight-forward in terms of giving effect to the Budget.

I notice that some of the tax provisions, I know the ECAL levy has been touted as really an attempt to deal with the environmental issues, deal with issues of climate change. Nonetheless, Honourable Speaker, it is also designed to raise revenue. It is a form of indirect taxes and obviously people will have to understand that it is a tax that they have to pay.

Also, Honourable Speaker, when you bring about a particular change in a tax policy, even simple things like changing duties, sometimes it can have adverse effects as well. Sometimes, what you intend to achieve from a particular tax chain or a particular policy or a particular incentive may not necessarily be providing with the outcome that you desire. Just to give you a very simple example and these are things that Government has to understand, for example, raising the duty from zero to 10 percent on imported chicken.

We all know that in Fiji, we have only two major producers. There is always the possibility of collusion in terms of prices. When you put increased duty on imports to possibly protect local producers, then the local producers use the opportunity to raise prices, these are issues that we need to understand.

The other point that I want to make is the move away from the Procurement Regulations of 2010 to procedures under the Financial Management Act, Honourable Speaker, where approvals can be made by the Minister. I think there would be questions about transparency and accountability in the way in which this is going to be dealt with, whether it is designed to strengthen further accountability and transparency when we look at the changes to the Financial Management Act.

I also noticed, Honourable Speaker, and I have raised this in my Budget speech and also during the Committee of Supply, that the power that we have given to FRCS, there are many examples and I pointed out some, and I am glad the honourable Attorney-General agreed with me that there are issues with them. There is a committee which is going to deal with how FRCS deals with the taxpayers.

Mr. Speaker, I get stories everyday. Last night, I heard that they actually misread the acronym in a bank transfer and made an assessment based on that, assuming that it was the name of a particular businessman. These are some hilarious stories that people keep coming to us with respect to how FRCS deals with them.

As I have said before, many of these changes sometimes are not very clearly understood by those who are responsible for implementing that. Those who draft the Bill, the people in the Ministry of Economy or those advisors might understand it, but when it gets out to the people who are supposed to apply those laws and effect those changes (and I see a lot of the accounting firms they do a good job of providing that), but even their analysis does not provide a detailed explanation of how some of these things are implemented.

I think it is very important and I suppose training of staff in FRCS to be able to understand these changes because we make so many changes. We are also having a lot of regulations and laws that are being changed, some might be changed for good reasons but if those laws are not understood and implemented in an efficient and transparent manner, then they actually become a drag on businesses. They become a drag on efficiency with which businesses can conduct their activities.

I want to labour this point because we know that we have a problem with the ease of doing business and I also know that the honourable Minister for Industry, Trade and Tourism and honourable Minister for Public Enterprises is taking that up. We are dealing with some of those issues, but if we are not careful, Mr. Speaker, we can bring all these changes and if they are not implemented and effected properly with the proper understanding of how they should be applied, then we can have a lot of issues with the stakeholders.

I want to just say a little bit on TELS, just very briefly, honourable Speaker. I think, while there might be some merit to say, “Alright, students should study in institutions in Lautoka or Labasa.”

HON. MEMBER.- Closer to their home.

HON. PROF B.C. PRASAD.- But I think closer to their homes may apply where the courses are available.

(Honourable Member interjected)

HON. PROF B.C. PRASAD.- Sometimes students also need a choice, I mean, they might have a course available in Lautoka but they also look at institutions. They will look at FNU, USP and UniFiji.

(Honourable Member interjected)

MR. SPEAKER. – Order, order!

HON. PROF B.C. PRASAD.- The courses may be the same, the course may be available in Lautoka, so I think that needs to be clarified. This is what I am saying that that needs to be....

(Chorus of interjections)

HON. PROF. B.C. PRASAD.- Honourable Prime Minister, please do not teach me VAT. I understand this better than you, honourable Prime Minister.

(Laughter)

HON. SPEAKER.- Order, order!

HON. PROF. B.C. PRASAD.- I am sorry, I am sorry, Honourable Speaker. While I respect the Honourable Prime Minister of our country, but the Honourable Prime Minister needs to respect the Honourable Members as well.

(Chorus of interjections)

HON. OPPOSITION MEMBER.- What problem?

HON. SPEAKER.- Order!

HON. PROF. B.C. PRASAD.- I think, honourable Speaker, we need to make that very clear to our students.

The other point is the ban on those new vehicles that are not Euro 4 compliant. I think, honourable Speaker, this has not been well thought out. Duty and ECAL have been imposed, and obviously this is going to make vehicles more expensive. I heard the honourable Attorney-General saying to the bus

operators, “we have raised this duty so that more people travel by bus”. But, again, I mean, these are expectations, it may or may not.

HON. A. SAYED-KHAIYUM.- He wasn't even there.

HON. PROF. B.C. PRASAD.- It may not happen. We were told that Fiji Car Dealers can either have Euro 3 or Euro 5 models, Euro 4 is in the middle. Since our fuel is Euro 4, then the option is Euro 5. Why is Government insisting on Euro 4 when manufacturer specifications do not meet this? Why was this policy implemented overnight?

HON. GOVERNMENT MEMBER.- Euro 4 fuel is here.

HON. SPEAKER.- Order, order!

HON. PROF. B.C. PRASAD.- Listen to me! Is Fiji going towards Euro 4 as a selling point in terms of our environmental issues?

Mr. Speaker, we have been told that new car dealers wanted to meet the honourable Minister to actually discuss that. So, what we are saying is, the car dealers wanted to tell the honourable Minister to give the dealers time to adjust to the new policy because the manufacturers in Japan needed time to manufacture cars specifications required by legislation of specific countries, and in this case Euro 4 in Fiji.

We have been told that it will take 18 months and refusal to do so would mean further cost added on to the vehicles through modification by fitting extra gadgets to the engines to comply with emission levels, and the cost would have to be borne by the consumers. So apparently, Mr. Speaker, Japanese manufacturers of Euro 3 and Euro 5 models, Euro 5 models cannot be imported into Fiji because our fuel is Euro 4 compliant. That is the point I am making.

We were told that \$115 million worth of orders have been placed for vehicles already. To modify the engines, obviously, would entail a very high cost. So I hope that the Government think this through and consult the car dealers because we do not want a situation where in the end, if the car dealers are going to make provisions for those specifications, then the cost obviously will be passed onto the consumers.

Once again, Mr Speaker, it is very important for us to understand that regarding revenue measures announced in this Budget, we had a shortfall of nearly a billion dollars in the last Budget or we were expecting the Estimate to show that we will collect only about \$3.2 billion. We were expecting to collect \$3.4 billion in this financial year. Ultimately, it is going to depend on how or what is the capacity of the economy to generate that \$3.4 billion.

It is all right to have new taxes, it is all right to increase compliance, but compliance does not necessarily mean that people are keeping money under the bed and suddenly know that money is going to pop up when we have that revenue. The important thing is for us to ensure that, “yes, we have compliance”, “yes, businesses need to pay the appropriate taxes”, but we also have to understand that we cannot just continue to burden the taxpayers of this country and not look at our own expenditure policies.

While we have a billion dollar cut, we still feel that a lot areas where they should have been priority where expenditures have been cut and where they should have been cut have not been cut, but that is a budgetary measure and that is water under the bridge now, the Budget has been passed. But the point I want to make is, we need to understand the capacity of the economy and I think there are people

and businesses out there, ordinary citizens, who all feel the burden of paying taxes, high cost of living and we need to, Honourable Speaker, appreciate and understand that. Hopefully, the pain that we are likely to see for the next one or two years will not be as bad as what we can expect or some people are expecting to be in the future. Thank you, Honourable Speaker.

HON. SPEAKER.- Thank you. Honourable Minister you have the floor.

HON. DR. I. WAQAINABETE.- Thank you very much, Honourable Speaker. I rise to support the Bills before the House. This week I have been contemplating on I Corinthians: 13, about love, and Verse 7 seems to just continue to pierce my heart. It says that love protects, love trusts, love hopes, love always perseveres.

When I think about the week that we have had, I realised that this Budget is a budget that will protect us. It is a Budget that is protecting us against the headwinds of the global economy, it is a Budget that is continuing to ensure trust within the economy locally and also externally, giving us hope and also ensuring that we persevere. I want to just discuss a little bit about two of the Bills which I have grown an amount of interest in over the last few days.

The first is on the Tertiary Scholarship and Loans (Budget Amendment) Bill 2019 (Bill No.17/2019). Honourable Speaker, as Minister for Health, I have been very, very encouraged to see the greater numbers of doctors coming through our two Medical Schools. These are numbers that we have never had before, and we have also had over the years because of the relationships that Fiji has on a global scale, now with medical students coming back to us from other nations that have offered scholarships, such as Georgia, China and Cuba.

Honourable Speaker, the fact that locally we can be able to have such large numbers is because not only do we have a Toppers Scheme but also we have TELS. When I went through medical school, Honourable, Speaker, it was limited to about 20 Fijians, and it was only those who got a Government scholarship. So, there was hardly or even no private students back in those days. Now, we have more and more students, who choose to do medicine. We have an opportunity because if they miss out on the Toppers, they have the TELS scholarship.

What this Bill tries to do is to ensure that there is responsibility about the use of TELS. And I know there is a growing number of parents throughout this country, like me, who have chosen the responsibility of funding our own children's education because we believe that it is the ethical right that we have to do so, and the moral responsibility that we have.

But I stand not only as a Minister, but I stand on behalf of those who actually pay their taxes so that our children can go to school. We want to ensure that there is a responsibility around the use of the TELS scholarship, because from a medical and health professional perspective, if one is going to university to become a health professional, in my humble opinion, it is important that the person learns the responsibility of the support given to him or her because at the end of the day when they graduate after three years, four years, five years or six years, the lives of people are in their hands. And if they cannot be responsible for taxpayers' money, then it brings into question the responsibility of the positions in which we will employ them. Therefore, in my opinion, it is important that they learn the responsibility very early.

In the time they are in tertiary school, they are responsible, in a sense that they understand that they are going to school because mum and dad is paying through taxes, that uncles are paying through taxes, cousins are paying through taxes, and that they are also paying through taxes and be responsible for it. That is what the Bill stands out to do.

The other Bill that actually got me thinking this week is the Environment and Climate Adaptation Levy (Budget Amendment) Bill 2019 (Bill No. 11/2019). Honourable Speaker, I was amazed last week when I was invited by the Honourable Minister for Women, Children and Poverty Alleviation to go and visit the Women's Expo, at the amount of handicraft that our local women have made - baskets, crochet, and all the different things that you can think of in plastic, in nylon, in rayon, it is available in our local handicraft.

I was so interested because it got me thinking about the responsibility we have as a nation as we champion climate change. When we champion climate change, we must be actually showing that we believe in it and we do it. And when I looked at all those handicraft, it got me thinking about how I could change things internally. I was discussing with the Honourable Minister, that recently we have just been invited to go and speak at the Doctor's Conference and I said, "Maybe we should ask the doctors to think about changing their conference bags into these environmentally-friendly handicraft bags that the women make.

This is a responsibility that we, as a nation, have to do. We are championing climate change and we must ensure that we actually show it in the way that we do things, and in the Bills and the laws that are passed to be able to show that. So when the people are looking at us from an external environment, they see that we actually believe in it, not only in terms of policy but in the way that we govern in terms of the Bills and the Acts that are in place.

Honourable Speaker, I thank you for this opportunity and, again, as I said, I support the Bills before the House.

HON. SPEAKER.- Thank you, Honourable Minister. Honourable Aseri Radrodro, you have the floor, Sir.

HON. A.M. RADRODRO.- Thank you, Mr. Speaker, Sir. I would like to make a brief contribution on the Consequential Bills that are tabled before the House. To start off with, these Consequential Bills signify and still confirm the hammering of the poor in terms of collecting from them and the continuation of the squeezing exercise, Mr. Speaker, Sir.

In general, there are 15 Bills altogether, consequential to this Budget, but I will try to summarise in general what each and every Bill has thrown out that needs to be deliberated upon and said in this House, so that the people are aware that, first, there is a great confusion in the way this Government is operating and dictating its policies when we had a change in the fiscal year. It was changed from January to 1st August.

If you look in detail into the Tax Administration (Budget Amendment) Bill 2019, some of the policies, the effective dates that is reflected in there is still showing that it will come into effect on 1st January, 2020. So we raise the question, why is this still the norm when the fiscal year of Government has changed?

We had previously highlighted that the changes in the fiscal year of government will impact upon the overall financial reporting requirements and financial reporting policies. Even the taxation requirements and taxation year end of Government-owned entities and also private companies, for example, Clause 2, from 1st January, 2020. Why 1st January? You have to understand this, listen. "On 1st January, 2020, employers may claim a deduction on contribution of Fiji National Provident Fund." Why does the effective date has to be 1st January when the fiscal year of Government is 1st August? You have to change. Why did you change in the first place?

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. A.M. RADRODRO.- Mr. Speaker, Sir, this is a confirmation that the Budget cuts that has been passed by this House, is an indication that the poor people of this nation will continue to suffer in terms of financing the budget allocation that was passed yesterday.

Also, Mr. Speaker, Sir, in terms of the claimable deductions. We note from the summary of the Income Tax Act, most of the policies are favouring companies, nothing for the ordinary people, nothing for the poor people. As previously, prior to 2006, the taxpayers of this nation used to capitalise on the process of lodging their annual tax returns, irrespective of the tax threshold.

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. A.M. RADRODRO.- There is allowable deductions that taxpayers can access, to ease their financial burdens at the beginning of the financial year. Even though the tax bracket has increased, but the cost of living is still high. It does not take away the high cost of living.

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. A.M. RADRODRO.- If you take \$100 and you spend it at the supermarket, compared to 2006, you will get more goods out of the shelves, as of today.

Mr. Speaker, Sir, on the airline and shipping companies, importation of aircrafts and vessels will be exempted from import VAT. I cannot understand the logic behind having a tax exemption on the importation of aircrafts and shipping vessels.

There is a need for accountability in this process, Mr. Speaker, Sir. This Government can afford to give tax exemptions for airline and shipping industries but nothing on tax exemption for basic food items, it is just a small amount. Just imagine the tax exemption for buying an aircraft or buying a vessel. Just imagine, who is the beneficiary of this tax exemption?

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. A.M. RADRODRO.- What about the taxpayers of this nation? Why can you not give tax exemption for basic food items? We were proposing that. We are just wondering as to when you will implement these tax exemptions, Mr. Speaker, Sir.

In terms of the increase in ECAL from 20 cents to to 50 cents, that is 150 percent increase, Mr. Speaker, Sir. It is a 150 percent increase from 20 cents to 50 cents. But if you look at the anticipated revenue that has been set out in Budget Estimates, there is only a six percent increase, so where is the 24 percent? Something is amiss, like I said, the inconsistency, Mr. Speaker, Sir.

On SMEs, I just want to mention this; stamp duty levied on all offshore borrowings will be removed with the requirements that funds are brought into Fiji. The question, Mr. Speaker, Sir, is, why remove the stamp duty when everything else in Fiji has been levied with stamp duties, even the sale of motor vehicles. No wonder, Mr. Speaker, Sir, that the European Union still continues to list Fiji as a tax haven. We still have yet to get the explanation from the Honourable Minister for Economy.

Mr. Speaker, Sir, that is just a few commentaries that I would like to make in terms of the Consequential Bills that is tabled before the House. In general, it continues to squeeze the poor and squeeze the under privileged into fund the Budget for 2019-2020.

And we, together with our colleagues do not support the Consequential Bills. Thank you.

(Honourable Members interjected)

HON. SPEAKER.- Order!

Honourable Nawaikula, you have the floor.

HON. N. NAWAIKULA.- Thank you, Honourable Speaker. I wish to make a contribution especially in relation to Bill No. 17, which is the Tertiary Scholarship and Loans (Budget Amendment) and the Companies (Amendment) Bill.

HON. A. SAYED-KHAIYUM.- We are not doing that. The Companies (Budget Amendment) Bill is not being done yet. That Bill is another motion, not this one.

HON. N. NAWAIKULA.- I am sorry. Then I will take that away.

In relation to the TELS as announced, the Government said that Foundation students will not be eligible and the students would be forced to go to their nearest colleges. I can see that in the amendment, that has been done in Section 2 by deleting the equivalent of Foundation students and in Section 4, where it gives the liberty to the Board members to impose conditions. For example, in this case was studentship.

The point that I wish to raise is that this restricts the choice of the students to do education. For example, if you take Foundation, what is the reason? If there is any condition imposed, it must relate to academic performance, not the choice of the students or their parents of how or where they should put their students to. So that is totally unfair and I feel that, that part of the Bill should be removed and we should not support it.

The other amendment which comes in Section 4 allows the Board to impose conditions. And one of the conditions was also to restrict students to go to universities and colleges closest to them. I feel that is totally unfair to the student and parents alike and for that reason I do not support the Bill. Thank you.

(Honourable Members interjected)

HON. N. NAWAIKULA.- I do not support it.

HON. SPEAKER.- Honourable Viliame Gavoka, you have floor.



HON. V.R. GAVOKA.- Thank you, Honourable Speaker. I wish to comment on three of the Bills. Firstly the Companies Act 2015 where a company ....

(Honourable Member interjected)

HON. SPEAKER.- Honourable Member, just speak on the Consequential Bills that were presented this morning.

HON. V.R. GAVOKA.- I apologise, Sir.

HON. SPEAKER.- Honourable Usamate, you have the floor.

HON. J. USAMATE.- Thank you, Mr. Speaker, Sir. In talking about the Bills, I am consistently amazed at some of the things that the Members of the Opposition talk about, casting aspersions on what Government is trying to do and trying to portray it as a Government that does not look after the poor.

I think I made this statement when I made my initial statement outlining the things that Government does. What Government does in terms of those that are less well-off is that it has targeted measures to assist them; targeted measures to assist the most marginalised in our society. We see that through the various things that I identified:

- Assistance given to pregnant mothers;
- Assistance given to mothers giving birth;
- Assistance given for water subsidy; and
- Assistance given for electricity subsidy.

All those things that Government has been doing. I recall, I think the consultant who was looking at the National Minimum Wage a few years ago, he looked at the social wage component of what Government does and he identified that it reduced working poverty by up to 70 percent; the social wage component. It is targeted assistance, to help the most marginalised. I think we always need to take that into consideration.

What Government does for the most marginalised in your society, cuts across all of the activities that are done by all of the Ministries that we have in government? So, if there is one government over the years that has tried to assist the most marginalised in your society it has been the Bainimarama Government and the FijiFirst Government. Now, in relation to some of the Bills that we have here for the Consequential Amendments, I would like to talk to a few of them.

One is Bill No. 10 in terms of the Act to amend the Value Added Act and in this one, we have seen that there are some concessions given on taxes to be for commercial air transport operations and also for the ships for coasting-trade.

One of the issues that we have been discussing at wave-length and I think there is a Petition that is being discussed by the Committees at the moment is the quality of shipping that we have going out to the inter-islands; the maritime areas. In my earlier address, I talked about the fact that we are revising the Shipping Franchise Scheme, trying to give out the contracts for those that will take up the shipping franchises to maybe consider giving them contract periods of up to 10 to 15 years and this will encourage them to invest in better ships and newer ships.

I think what we have in Bill No. 10 where we are removing some of the taxation on them if they bring in vessels, will also encourage ship owners to bring in newer vessels, better vessels so that the ships they go out into the islands are much better vessels and that people who travel on these ships can be much more comfortable.

I also noticed in that Bill, it talks about the concession codes for hybrid and electric vessels and I think this is a great development. A number of challenges that we have in our country, one of the targets that we have is to provide electricity to everyone, to convert that electricity less energy wise to renewable energy by the Year 2030 and also to reduce the amount of diesel or greenhouse gas emissions across the whole of the transport sector.

So over the next few years, over the next two decades or so, we will need to try to make sure that more of the land transport, sea transport and air transport begins to move towards electricity and a lot more of that electricity has to be renewable energy. So, this is a step in the right direction, not just for Fiji but globally.

Around the world today, there is a trend towards putting more of electricity in transport, taking out the diesel, taking out the greenhouse gas emissions in the way that we transport people around, whether it is by air or by sea or land, then there is to be more electricity and that is what this Bill is going to help to do. So, I congratulate the Minister for Economy for including this particular Bill as part of the Consequential Amendments.

The other Bill that I would like to talk very briefly about is the Environment Bill No.11, Environment and Climate Adaptation Levy Act. Looking at this particular Bill it also includes one of its intents under Clause 4 of the Bill prescribing areas in which the 10 percent ECAL will be charged. This will include those items that are proven to be very bad in terms of pollution to the high usage of electricity and the emission of chlorofluorocarbons including vehicles, air conditioning machines, refrigerators and fridges and other commercial appliances.

That once again is something that is dealing directly with our concern with the environmental change, with climate change and it also shows that what the Prime Minister is doing in terms of dealing with climate change at the global level, we are actually addressing here at home. We are trying to make sure that we ourselves contribute to this need to be able to save the climate that we have in our own country. I think that is something that is moving along in the right direction for Fiji.

The next Bill that I will briefly comment about is Bill No. 50 to amend the Customs Tariff Act. For the Customs Tariff Act, looking at some of the clauses that we have here on the explanatory notes, some of the areas in which import duty will be increased is on passenger motor vehicles to encourage people to use more public transport.

One of the challenges that we have now in Fiji is the congestion of our roads. I know one of the reasons for this, more people are having their own private cars. One of the long term solutions will be to encourage people to use more public transportation and that has to be on one of our key strategies that we have in LTA and also in FRA to build the roads but move people towards using public transportation.

In the clauses that we have for this Customs Tariff (Budget Amendment) Bill 2019, it talks about:

- providing concessionary duty incentive for public transportation (which will be extended);

- reducing fiscal duty on new buses;
- reducing fiscal duty on used buses or better.

So it is all about enhancing the public transport system, encouraging more people to use public transport and at the same time that will assist us in reducing the congestion that we have on our road systems which is a major challenge for us.

The third one that I would like to talk about, Mr. Speaker, Sir, is in relation to Bill No. 21 – to establish a trust fund for the planned relocation of communities in Fiji that are adversely affected by climate change. We have in my Ministry, the National Disaster Management Organisation. As the Honourable Minister has already talked about, we have already relocated some communities. There is a whole host of other communities that need to be relocated. We are now moving in Government to look at our Disaster Risk Reduction Policy which is a proactive approach to disasters.

Setting up this particular trust fund to fund relocation of communities that need to be relocated is a step in the right direction. It shows that Government is putting in place the infrastructure and the policy environment to address this very important action that we need to do; to look after our communities that are threatened by climate change. So, a contingency action has been well planned to make sure that we can address the needs of the people that we have in our country especially those that are at risk.

The last one that I would like to talk very briefly about, Mr. Speaker Sir, is the Act to repeal the Small and Micro-Enterprise Development Act. One of the things that Government has been doing over the last few years is to try to have coherence in the Government does things. Over the past, we have seen that for Small and Micro-Enterprises Development, we have had a number of activities that were in the Ministry of Trade. There were other activities that were in the NCSMED.

There were other entrepreneurial type of activities in different Ministries. I think there are some activities in the Ministry of Women, some activities in Ministry of iTaukei Affairs and Ministry of Youth. So, we are trying to have some coherence and putting it together, first of all repealing the Small and Micro-Enterprises Development Act to have a better structure for the developing of our Micro-Small and Medium Enterprises sector is very important for us, because this is the sector that is going to drive the development of our country to the future.

I have served as a Member of the NCSMED. It has done a good job over the years, but now we are moving on to the next stage to be able to consolidate all of these together so that we can continue to grow our small and micro-enterprises development and hopefully in the future we will see this sector continue to grow. Thank you very much Mr. Speaker, Sir.

HON. SPEAKER.- Thank you. Honourable Dr. Mahendra Reddy you have the floor.

HON. DR. M. REDDY.- Mr. Speaker, Sir, I rise in support of all the Consequential Bills. Mr. Speaker Sir, in the Budget Address given by the Honourable Minister for Economy and the debate that ensued this week (last four days). This is one of the loudest voices we have heard from our Government in terms of protection of our environment.

Mr. Speaker, Sir, we should have seen and I hope we will see all the Members from the side voting in support of the Bills and joining us in saying that we all are ready to take that extra step to protect

our environment. Mr. Speaker Sir, you look at the Member here from NFP who is supposed to be the environment champion is absent today, but I am sure, given their body language and their behaviour over the last four days, I do not think they will support these Bills. Honourable Speaker, Sir, I do not think they really care about the environment. I think honestly, trust me, I think they are here ....

(Honourable Members interjected)

HON. SPEAKER.- Order, order.

HON. PROF. B.C. PRASAD.- A Point of Order. Honourable Speaker, I think the Honourable Member should just use the correct word, she is not absent. He is misleading the public, misleading Parliament saying she is absent, she is not absent, she was here.

(Honourable A. Sayed-Khaiyum interjected)

HON. PROF. B.C. PRASAD.- You're misleading Parliament as well saying that she is absent, she is not absent. She has just gone out, just like everyone else goes out. Come on, Honourable Prime Minister!

HON. SPEAKER.- Order, order.

(Honourable Government Members interjected)

HON. SPEAKER.- Honourable Minister, you have the floor but stick to the Consequential Bills.

HON. DR. M. REDDY.- Honourable Speaker, Sir, never ever have we seen such bold strength from our Government regarding protecting the environment, for not only the current generation, but for the future generations as well.

Honourable Speaker, Sir, we could have taken the easier road, not rock the boat and do as the Governments in the past have done. But here we look at some of the Consequential Bills related to the environment that clearly demonstrates Government's commitment to ensure that we will protect our environment for the future generations.

Honourable Speaker, Sir, as alluded to by the previous speaker, Honourable Usamate, we have got one major contributor to pollution in this country. One of the major contributor to air pollution in this country is burning of fossil fuels. Honourable Speaker, Sir, Government is dealing with that comprehensively. You would have seen that Government is really pushing towards developing renewable energy sources.

(Honourable Government Members interjected)

HON. DR. M. REDDY.- Of course.

(Honourable Government Members interjected)

HON. SPEAKER.- Order, order.

HON. DR. M. REDDY.- Honourable Speaker, Sir, Government is doing everything possible to ensure that we address the demand and supply dimension of the energy used. On one hand, Government is pushing towards developing alternative sources of energy so that we can reduce our reliance on fossil fuels. On the other hand, we also need to ensure that we reduce demand from people using energy sources. Therefore, Government has made this particular policy to ensure that we only allow importation of Euro 4 vehicles because they contribute less sulphur to the environment.

Honourable Speaker, Sir, we have to also move people from using individual vehicles for individuals, into more public transport system and that is what Government is doing. Government is not just using tax policy to address these environmental issues. Honourable Speaker, Sir, it is a comprehensive package that Government is putting forward to deal with issues of environment. Honourable Speaker, Sir, I have gone Fiji-wide to see how plastics have caused chaos in our environment.

Honourable Speaker, Sir, we are responsible for waterways. If you go around the country, you will see our waterways are clogged with plastic materials. These materials, not only clog and affect flooding of neighbourhood communities, but also reduce degeneration of organic material.

When organic materials are captured, tied up inside a plastic bag then that organic material will not degenerate and if it does not degenerate then we are losing nutrients which would have been otherwise generated and gone to the environment and positively contributed to the environment. All these organic materials are tied up in a plastic bag because there is lack of oxygen, the organic material cannot degenerate and cannot decompose.

Honourable Speaker, Sir, despite all kinds of moral situation measures, we still do not see people changing their conducts and behaviour. If you open the newspaper today, *Fiji Sun*, second page, you will see how people are dumping where there are nearly rubbish all over the place tied up in plastic bags. Honourable Speaker, Sir, we have to now go after people who are throwing rubbish in public places, throwing and disposing rubbish, which is also becoming a major health hazard.

Mr. Speaker, Sir, these Bills dealing with the environment are there for the future. We do not look at the past and talk about the past and remain in the past.

(Honourable Members interjected)

HON. DR. M. REDDY.- We look at the future...

HON. SPEAKER.- Order, order!

HON. DR. M. REDDY.- ... because we have an obligation to protect the environment for the future generation.

Honourable Speaker, Sir, on environment of climate change, our Honourable Minister for Economy has established a Trust Fund so that we deal with the issue of relocating of communities that are affected by climate change.

Honourable Speaker, Sir, you would have noted that our Honourable Prime Minister mentioned in a forum recently that the relocation of communities is not just dismantling a house, putting the house

somewhere else and transporting the people to a new place, it is about relocating communities, building a socio-economic structure and culture that these communities belong to.

Honourable Speaker, Sir it is not a cheap exercise, it requires more effort, a lot of planning, a lot of thinking and a lot of resource. Here Government has now put in a mechanism and structure so that we acquire the amount of resources, not only locally but also arrangements with international donors so that we assist these communities so that they can also have a place that they belong to, rather than artificially move to a place and continuously feel that they belong to some other place.

(Honourable Members interjected)

HON. SPEAKER.- Order!

HON. DR. M. REDDY.- Honourable Speaker, Sir, I do hope that all Honourable Members will support the Consequential Bills. Thank you.

HON. SPEAKER.- Thank you. I give the floor to the Honourable Leader of the Opposition, you have the floor, Sir.

HON. MAJOR-GENERAL (RET'D) S.L. RABUKA.- Thank you, Sir. First of all, I would like to add my words of condolence to the Bole Family and the people of Mavana in Vanua Balavu and the whole Province of Lau, Mualevu Village, and I do not want to pre-empt my eulogy tomorrow but I just wanted to remember one of the things that he told us in the Parliament in Veitu when we were talking about education.

He talked about the literacy rate and I asked him at that time, "What is that - The three 'Rs'?" I asked, "What are the three 'Rs'?" He said, "Read, Write and Arithmetic". I said, "Minister, Read starts with 'R'; Write starts with 'W'; and Arithmetic starts with 'A', and he said, "Shut up, I taught you." He was my teacher at school. I knew two more new words that started with "R".

Sir, Mr. Bole was responsible for increasing the allocation of funds for FAB Scholarships, and most of the iTaukei Members of Parliament now are beneficiaries of that. The Honourable Minister for Infrastructure saw a lot of the beneficiaries come to his institution when he was in Narere. So we miss him, he contributed a lot, not only for the indigenous people but for the people of Fiji.

Today, Sir, I am also wearing my Infantry Badge. You know I wrote the paper for this batch when I was a Company Commander for the then A Company 1FIR, and it was adopted, so I have pride in wearing it, and I call on those who have been members of the Fiji Infantry Corp to, over this weekend, wear the badge as we remember the *Late Sukanaivalu Victoria Cross* who won posthumously the highest award for Valour in the Solomons on the 23rd June, 1944.

Sir, I would like to congratulate the Government on the successful enactment of their Bill or the Appropriation Act of 2019, and I thought we have come to the end of the Budget Debate last night, Sir. Fortunately, we seem to be ruminating on the debate and we are going over the same areas that we went over as we were debating.

I congratulated the Government last night and said, "Well-defended" but we fought all the way. We took them to the whack but because of the nature of our Parliamentary life and the democracy in Fiji, we got beaten by numbers.

Mr. Speaker, Sir, as I mentioned earlier in one of my earlier speeches, I remember, but we were taught about Julius Ceasar, and Mark Anthony's friend Roman Countryman speech at the marketplace where he said:

“French Romans, countrymen, lend me your ears. I've come to bury Ceasar, not to praise him. The evil that man do lived after them, but the good is part interred with the bones. So let it be with Ceasar.”

We may carry on, it is human nature if you keep blaming me now, blaming us, the SVT and the former leaders now, that is nature. Do not forget the good that some of us might have done.

The Consequential Bills, Mr. Speaker, Sir, is something that we cannot avoid. We have agreed to the Budget. The Consequential Bills put into effect the measures that will facilitate the working of the Budget in the next financial year.

I am hoping that some of these will not all be “doom and gloom” for the people. As I regularly travel to Vanua Levu, I am hoping other shipping companies will import new ships, taking advantage of the new VAT Act or new VAT Regulations or measures that are coming in and hopefully, and I do not know whether it will be reflected on the cost of travel, not only by ships but also by aircraft. We are going to be having new aircraft by some of the companies.

Sir, the new subsection 5 of the Tax and Administration Act of 2009, appears to me as a layman have been penalised, hounded as a taxpayer, while the State through the FRCS is not limited from pursuing the taxpayer for any tax owing for those that are late in lodging their claims or their returns within three years. I hope that that will be clarified for the common and lay taxpayers who are listening in. I believe it is a prong of enriching the State and very difficult for some of us taxpayers.

On the Bill to review the Act on Value Added Tax of 1991, I have mentioned that. Hopefully there will be a flow-on effect on the cost of travel with the allowance given for import of aircraft and ships.

On the Environment and Climate Adaptation Levy, we commend the efforts to adapt to what is happening by nature. As I said in one of the previous debates, it will be costly but we will have to learn to move away from the use of the plastic bags, et cetera. It is good to see that the ladies in Fiji are turning these things around, re-using them, recycling them, as clearly indicated in some of the things that were on show at the Women's Expo last week.

We apologize we were having our own workshop in trying to know and understand tax systems. The smart phones are already out of reach for the ordinary people, and also some white goods that some of them aspire to have in their homes will probably be out of reach still.

Mr. Speaker, Sir, the Stamp Duties Act, this amends the definition, businesses will no longer be regarded as SMEs, they are connected to a larger entity. I hope that is clarified in the Right of Reply. Those are few of the observations.

As we come to the end of our Budget deliberations and Consequential Bill, Mr. Speaker, Sir, I reiterate what I said before and also to defend my colleagues when we were accused for not coming to the workshop, I reiterated in the beginning or I stated at the beginning of my maiden speech the need for reconciliation or conciliatory look at our governance.

That does not mean coming to a coalition. It means consulting; not at the workshop stage but at the compilation stage of the Budget. That is when we can have more interactional, bipartisan approach in the formulation so that when we get to the workshop, we understand where the Honourable Minister has come from to arrive at those figures. We do not have to come into a government of national unity, there is no need for that. We need a vibrant and an alert Opposition to keep the government on their toes. But there are other means, there are other ways of resolving the national issues, if we can work together and we continue to debate when we come to the House.

Mr Speaker, Sir, you were the first Commanding Officer of the battalion to go into an area torn by ethnic, religious and cultural conflict. They are just coming out of it now, and I congratulate the members of the military forces who continued to participate; and the police and civilians now, they are beginning to be employed for our efforts in peacekeeping.

Now, Fiji's effort in the fight for the environment is being noted. These are all big steps by small countries. I continue to urge all of us to stand together, try and get rid of our differences. We will differ in our political views but we can elect to work together with our differences to keep the people united and give them a prosperous and a healthy future. Thank you Mr. Speaker.

HON. SPEAKER.- I thank the Honourable Leader of the Opposition. Honourable Kuridrani you have the floor.

HON. I. KURIDRANI.- Mr. Speaker, I withdraw my speech.

HON. SPEAKER.- Honourable Gavoka?

HON. V.R. GAVOKA.- Yes, thank you Honourable Speaker.

HON. MAJOR GENERAL (RET'D) S.L. RABUKA.- Before he gets up, I accept the ruling on my petition. Thank you very much.

HON. SPEAKER.- Honourable Gavoka, you have the floor.

HON. V.R. GAVOKA.- I think I will wait until the next one comes out. Thank you.

HON. SPEAKER.- After having no one wishing to take the floor, I give the floor to the honourable Attorney General for his right of reply. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you Mr. Speaker, Sir. I will be very brief. I have already elucidated on the actual fundamentals of the Bills, but I just wanted to make a few responses.

I agree with the honourable Leader of Opposition that we need to be all united. I do not exactly agree with his premise that we are disunited because of ethnicity or any other communal kind of division. We have philosophical differences, not primordial differences. Unfortunately, many people want to base their differences on primordial differences.



It is interesting, Mr. Speaker, Sir, there is a book titled, 'Why Nations Fail,' and in that, amongst other things, it says the nations can thrive if the incentives for the people to invest and innovate through guarantees of private property rights and enforcement of contract law amongst other things, need to actually prevail. We should not have what they call titled playing fields, but actually levelled playing fields.

Obviously, nations prosper because of strong institutions. Nations prosper because they have a vision. Nations prosper if they think long-term, and nations prosper if all the citizens are treated alike and of course, you need strong institutions for that. If you look at the gist of the Budget, Mr. Speaker, Sir, and if you look at the previous budgets we presented, that is precisely what we are trying to do. Even a simple thing like the independence of the Fijian Competition and Consumer Commission (FCCC) guarantees confidence, not just only to overseas investors but also investors within Fiji, itself.

Mr. Speaker, Sir, I just wanted to highlighted again, perhaps some of the misconceptions on the other side. When we look at policy, we do not just look at one particular amendment. You have to look at it from a holistic perspective. A case in point is honourable Radrodro, one of the reasons why perhaps you did mention this, because I understand that the Opposition they are always talking very parochially, you know, they say, I am from Kadavu; I am from Naitasiri, whatever. They tend to be focused in their provinces.

(Honourable Member interjected)

HON. A. SAYED-KHAIYUM. No, no, please! Your leader has just said, let us discuss. Stop those badgering. I just want to make a point. Now, honourable Radrodro because you are parochial, he is from Naitasiri, there is no sea around the place.

Honourable Jale has not said anything about the incentives we are giving to shipping. Now the whole point about the shipping industry, it is a holistic approach. We said, it will be Value-Added Tax (VAT) exempt. Why is it VAT exempt? Because it affects with cash flow, eases the cash flow; zero-rated duty.

The honourable Minister said in his speech and he said in the budget, we now want to give people 10-15 year contracts. What does that mean? It means all of a sudden a person who now has access to a shipping franchise contract, will get it for 10 years to 15 years. He or she will say, hang on, I no longer have to pay any duty; or hang on, I do not have to pay any VAT. Hang on, the honourable Minister for Transport has also said we are going to do a review of the entire maritime travel in Fiji, passengers rights, having a schedule for boats.

At the moment, you go to Natovi, because there is no regulation or schedules, new players are actually being shoved out. I can give numerous examples of existing companies, when new players come in, they know they are about to come and moor, they will not leave for the next few hours so he has to sit there and burn his fuel. We need to change that. So it automatically addresses the whole issue of maritime travel, holistically. It is not done by just one particular policy. In the same way with motor vehicles, public transportation, you cannot say everybody go by bus. The reality is, most young people who maybe

working in offices, who travel to work, they do not want to travel by a bus because they don't want to sit in a bus that may be rattling or has got a tarpaulin window. They may be working in an office and cannot afford to have their clothes wet et cetera. So, what do we have to do?

We have to ensure we get new buses. So, what do we have to do? Reduce the duty and we have been doing it progressively, make it easier to travel, you have e-ticketing, accountability through that. You also have the four-lane of roads. You then, of course, have to ensure as I highlighted that the person who is living inside Davuilevu, the bus will leave on the bus lane from the main road at the roundabout. So, how does he or she get from Davuilevu inside to the main road? There has to be a car parking space.

We have to address that issue too, otherwise they will say hang on, you want me to walk in my suit, in my high heels or whatever from Davuilevu inside, walk pass the Abattoir that stinks and then come and catch the bus on the main road. I am not going to do that, I will just jump in my car and go to work by car. But, if they can say I actually have a car parking spot near the main road, I can park my car safely, get on to the bus, I will be at work within 20 minutes because I have a dedicated bus and then get back on to the bus and then drive my car. The reality of the matter that is how you need to address policy.

In the same way Mr. Speaker, Sir, we were criticised previously for opening up the car market. We have done that Mr. Speaker, Sir, because there are ordinary Fijians who do want to get access to those kinds of amenities. The examples that I have used is I know personally my driver Saki, he has five children, he is a fantastic car driver, he is a great mechanic, but he could not afford to buy a car. With the duty reduction that we passed, access to loans, he now has a car, he cleans it probably five times in a day. For the first time he took his family together with him to Pacific Harbour, went around Viti Levu, we cannot deny our citizen that right.

HON. A. SUDHAKAR.- Hear, hear!

HON. A. SAYED-KHAIYUM.- But, we also have to instil in them, at peak hour travel you can take public transportation, you will get to work quicker and it is more efficient. But on the weekends you can drive your car, that is how we need to address policy.

The honourable Prasad talked about cars that have already been ordered and what will happen to them. I really wish that he actually read everything. The regulations that were Gazetted on 7th June under the Customs (Prohibited Import and Export) (Amendment) Regulations 2019 states under Regulation 4 (b):

“...A new vehicle paid for on or before 7 June 2019 maybe still imported provided that the importer proves to the Comptroller that the new vehicle was paid for on or before 7 June 2019.”

If they have placed the orders and if they have given money for it they can bring it in. Even if the car is going to arrive at the end of this month or end of this year. Sir, the provision is there. They should have read the regulations. I know one or two may have seen it but have not read it.

(Honourable Members interjected)

HON. A. SAYED-KHAIYUM.- Mr. Speaker, the other thing, just for the record, Euro 4 fuel, I still remember way back in 2016, we were negotiating, we met with all the car dealers, met with all the fuel companies and said we have to reduce sulphur content in Fiji in our fuels. It is creating pollution and it is creating a lot of hazardous materials going out into the air affecting our children, so let us move to Euro 4.

Three years in the making Mr. Speaker, Sir, then last year the Ministry of Industry and Trade Gazetted six months before because the fuel company said it takes six months to do the switch, six months before.

From 1st January, 2019, all the fuel that has been brought, unleaded fuel, is Euro 4, Gazetted, check the notice. Again notice given. Euro 5 diesel fuel is now in Fiji Mr. Speaker, Sir. The point is notwithstanding the fact we have been in discussion for two or three years, the new car company and the new car dealer companies continue to bring in Euro 2 cars into Fiji. Why? They knew for the past two or three years, we were going to switch over to Euro 4. So Fiji was used as a dumping ground for Euro 2 cars, where other countries are no longer accepting them, they were dumping it in Fiji.

The companies have a responsibility, they have been given enough notice, they have a responsibility to our country to make sure they keep up with their times, not for us to be a dumping ground. And Mr. Speaker, Sir, it has already been agreed by January 2021, we will go to unleaded fuel of Euro 5. We have also said that we will allow second hand vehicles that are Euro 2 to come in, no age barrier as long as Euro 4. This will mean that you can go to Japan, buy trucks for your sugarcane industry, whatever it is, logging companies, makes it a lot easier for them.

Now Mr. Speaker, Sir, the issue about the university students. We have not said that for example if I am a student in Labasa and I want to do veterinary science for example, obviously I cannot do that in Labasa because there is no veterinary science course offered there, but, I will have to come to Koronivia. That is allowed. If I want to do a Diploma in Accounting and I am from Labasa, FNU Campus, USP Campus is offering that, and then you are saying you do not go to Suva to do your Diploma in Accounting. You do it at FNU or USP your choice, if University of Fiji comes there, your choice. We are not denying you the choice, but as long as a similar course is available in your home town, you do it there. It is very simple.

Mr. Speaker, Sir, the Honourable Nawaikula raised the issue about the Foundation Course, et cetera. Mr. Speaker Sir, there is gross injustice taking place assuming, assuming “I am a student at Richard Methodist in Kadavu” or “I am student at Koro High School”, Adi Maopa, Moala; Rotuma High School, Cicia, Koro or whatever. These are students in these island or rural high schools with Year 13.

They work as hard, but the syllables and the examination procedure, is a lot more difficult than, for example, if I am a rich kid from a rich family my parents say, “I want you to get Toppers, what do we do? Let us send you to Foundation where the standards are a bit lower and you get a higher mark, compared to this poor student from Cicia, they do not sit for the same exam, the Cicia student goes through a lot more stringent process and this student here at the Foundation does not go through the stringent process, so they get a higher mark, and guess what? They get the Toppers.

So, this is to bring about equality and, in fact, help our rural students to put them on a level playing field. Some people have been rigging the system, so we have now fixed it up. This is what it is going to do. In fact, it is helping our rural students. Mr. Speaker Sir, that is one of the issue that I want to address.

The other issue that I want to address also, Mr. Speaker Sir, is the issue about the plastic bags. He said, it is going to be a cost to everyday people. No! Everyday people do not go and shop at Jacks and Tappoos all the time.

The Honourable Tabuya had to say supermarket. In supermarkets, Mr. Speaker, Sir, single-use plastic bags will be banned. Supermarkets do not actually help, they do not give your goods in the thick plastic bags. If you go down to Extra Supermarket in Flagstaff, they no longer have plastic bags, they actually have those woven plastic bags. You do pay money for it, but guess what? You can actually use it over and over again.

The two Honourable Ministers will now be getting our women a new market for them. The Honourable Prime Minister when he first launched the plastic bag levy, at RB Patel, at 3 Miles Nasinu, we had bought these bags from the women in Ba, the Ba Women's Forum. This is a great opportunity.

We are cleaning up our environment, we are providing an economic opportunity, in particular to our women, we are also sending a message to people, "look, plastic is banned. If you are going to buy it, please, make sure that you use it and do not throw it around." It is precisely the point made by the Honourable Minister for Environment, it is a holistic approach.

Also, Mr. Speaker Sir, it is what we call a rationalised approach. We do not suddenly do it, we gave 18 month advance. We introduced it by way of a levy, then we have an 18 months advance saying about the ban. We have now said in this Budget that we have increased the duty on all plastic straws, et cetera, and at the same time with zero-rated duty on paper straws.

So we now say that in one years' time styrofoam will be banned. So everyone is on the page, we need to change our attitude also. That is the whole point of what we call holistic transformation, and transport policies, including environmental policies.

Mr. Speaker Sir, I really just want to reiterate because time and time again, the Honourable Aseri Radrodro has mentioned this, about the people not affording the living standards, et cetera. The fact of the matter is, Mr. Speaker, Sir, as Honourable Usamate has highlighted, income tax threshold in Fiji is \$30,000. The tax ratio in Australia is even lower, much lower. Mr. Speaker Sir, VAT was reduced from 15 percent to 9 percent, one of the very few countries in the world that actually went on a reverse.

The other point, Mr. Speaker, Sir, as Honourable Usamate highlighted and I have to say this again, if you look at Head 50 in the Budget, we have an allocation where we subsidise the electricity cost and water cost for households earning less than \$30,000 a year.

Education, disability allowance, rural pregnant mothers, et cetera, getting all sorts of coverage to create a level playing field. Mr. Speaker Sir, the fact of the matter is that, by increasing the levy on plastic bags does not mean the cost of living has gone up.

The other point that I also wanted to make, Mr. Speaker, Sir, is that the Honourable Leader of the Opposition talked about the exemption on stamp duty. The exemption on stamp duty, that provision there is to help small businesses.

But what we are saying, Mr. Speaker Sir, if you are earning less than a gross total of \$500,000 a year, complete exemption. However, there are large businesses, who set up upfront a small business, but there is a linkage. So what we are saying is, “You need to ensure that you are not linked to any other business. You need to be a genuine small business.” That is what the provision is there for.

Mr. Speaker, Sir, of course, the point about the budget is obviously the prerogative of the Government because that is the philosophical policy in which people vote them in. We have a direction, of course, we do not want to dwell in the past. We do have used it from time to time as a point of reference to show particular differences.

We also have to, when we do talk about debt in the same way. The Honourable Leader of the Opposition when he was Prime Minister, he inherited debts from the Alliance Government. In the same way, people who succeeded him, they would have inherited debts that his Government had incurred. That is how governments function.

Mr. Speaker Sir, but the difference is this, when you actually borrow to pay for operational cost or when you do borrow to pay for things that are no longer there to say that we have got an asset that is why we borrowed the money, that is the point of difference, and we have had to explain this, that is the point. That is the only simple point.

As I had highlighted in respect to Honourable Tuisawau’s speech, we do not say FNPF was not created during that time or the dam was not built, but there are systematic issues that we need to address, we need to build upon that. So, I hope that this is not, sort of, seen as some way that there is some political point-scoring, et cetera. There are a number of issues that we have been addressing, the numbers of challenges as highlighted that has been addressed in the Budget itself that we need to tackle as a country. And we have said repeatedly time and time over again, there are certain fundamentals in the economy that we think is above politics.

We need to ensure that we usually focus on that. It requires us to change our attitude, our approach to life whether it is plastic bags, whether it is fuel, whether it is the way that we deal with each other or the way that we treat our environment, and we need to be able to do this. I mean, I have seen certain posts by Honourable Qereqeretabua about the environment and because of some certain cuts, the Government is no longer committed to the environment. These things do not help. The reality is, because there has been some cut to some particular area, does not mean that there is no commitment to that.

Mr. Speaker Sir, I would like to thank all the Members for their contribution, and I urge you to support the various amendments that have taken place by way of the Consequential Bills. Thank you.

HON. SPEAKER.- I thank the Honourable Attorney-General.

Honourable Members, Parliament will now vote.

The Question is:

Pursuant to the resolution of Parliament on Friday, 7th June, 2019, that the following Consequential Bills be debated, voted upon and be passed -

1. Tax Administration (Budget Amendment) Bill 2019 (Bill No. 8/2019);
2. Income Tax (Budget Amendment) Bill 2019 (Bill No. 9/2019);
3. Value Added Tax (Budget Amendment) Bill 2019 (Bill No. 10/2019);
4. Environment and Climate Adaptation Levy (Budget Amendment) Bill 2019 (Bill No. 11/2019);
5. Stamp Duties (Budget Amendment) Bill 2019 (Bill No. 12/2019);
6. Excise (Budget Amendment) Bill 2019 (Bill No. 13/2019);
7. Customs (Budget Amendment) Bill 2019 (Bill No. 14/2019);
8. Customs Tariff (Budget Amendment) Bill 2019 (Bill No. 15/2019);
9. Financial Management (Budget Amendment) Bill 2019 (Bill No. 16/2019);
10. Tertiary Scholarship and Loans (Budget Amendment) Bill 2019 (Bill No. 17/2019);
11. Fijian Competition and Consumer Commission (Budget Amendment) Bill 2019 (Bill No. 18/2019);
12. Environment Management (Budget Amendment) Bill 2019 (Bill No. 19/2019);
13. Climate Action Trust Fund (Budget Amendment) Bill 2019 (Bill No. 20/2019);
14. Climate Relocation of Communities Trust Fund Bill 2019 (Bill No. 21/2019); and
15. Small and Micro Enterprises Development (Repeal) Bill 2019 (Bill No. 22/2019).

Does any Member oppose the motion?

(Chorus of 'Ayes' and 'Nays')

HON. SPEAKER.- Parliament will vote.

Votes cast

Ayes	:	27
Nays	:	23
Not Voted	:	1

HON. SPEAKER.- Honourable Members, there being 27 Ayes, 23 Noes and 1 Not Voted, the motion is agreed to.

Motion agreed to.

*[A Bill for an Act to amend the –*

1. *Tax Administration (Budget Amendment) Bill 2019 (Bill No. 8/2019);*
2. *Income Tax (Budget Amendment) Bill 2019 (Bill No. 9/2019);*
3. *Value Added Tax (Budget Amendment) Bill 2019 (Bill No. 10/2019);*
4. *Environment and Climate Adaptation Levy (Budget Amendment) Bill 2019 (Bill No. 11/2019);*
5. *Stamp Duties (Budget Amendment) Bill 2019 (Bill No. 12/2019);*
6. *Excise (Budget Amendment) Bill 2019 (Bill No. 13/2019);*
7. *Customs (Budget Amendment) Bill 2019 (Bill No. 14/2019);*
8. *Customs Tariff (Budget Amendment) Bill 2019 (Bill No. 15/2019);*
9. *Financial Management (Budget Amendment) Bill 2019 (Bill No. 16/2019);*

10. *Tertiary Scholarship and Loans (Budget Amendment) Bill 2019 (Bill No. 17/2019);*
11. *Fijian Competition and Consumer Commission (Budget Amendment) Bill 2019 (Bill No. 18/2019);*
12. *Environment Management (Budget Amendment) Bill 2019 (Bill No. 19/2019);*
13. *Climate Action Trust Fund (Budget Amendment) Bill 2019 (Bill No. 20/2019);*
14. *Climate Relocation of Communities Trust Fund Bill 2019 (Bill No. 21/2019); and*
15. *Small and Micro Enterprises Development (Repeal) Bill 2019 (Bill No. 22/2019)*

*enacted by the Parliament of the Republic of Fiji]*

HON. SPEAKER.- Honourable Members, the time moves on and I will be very generous too.

Honourable Members. We will combine tea break with lunch together for one-and-a-half hours and we will take the break for that at 12.30 p.m. I am just warning you about that so that you can change whatever plans you have already decided.

HON. SPEAKER.- Honourable Members, we will now adjourn for morning tea and lunch combine, and then we will consider the rest of the Agenda Items after that. The House is adjourned.

The Parliament adjourned at 12.06 p.m.

The Parliament resumed at 1.37 p.m.

### **COMPANIES (BUDGET AMENDMENT) BILL 2019**

HON. SPEAKER.- Honourable Members, pursuant to resolution of Parliament on Wednesday, 19th June, 2019, I now call on the Honourable Attorney-General and Minister for Economy, Civil Service and Communications to move his motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. Mr. Speaker, pursuant to resolution of Parliament on Wednesday, 19th June, 2019 I move that the Companies (Budget Amendment) Bill 2019 be debated, voted upon and be passed. Thank you.

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

HON. SPEAKER.- Honourable Members, I now call on the Honourable Attorney-General and Minister for Economy, Civil Service and Communications to speak on his motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. Mr. Speaker, as highlighted in the 2019-2020 Budget Address, the digital revolution is advancing in an exponential rate and it is for this reason that we have allocated large sums of money to our Digital Government Transformation Project.

One of the, of course, foundations of any digital government transformation is the establishment of streamlined up-to-date and easy to access hubs, one to hold citizens information, another to hold business information and the last to hold land information. These hubs are commonly known as a People's Hub, Business Hub and Land Hub. Under the digitalFiji Programme with the Singapore Co-operation Enterprise and in this instance the Ministry of Justice, we have completed a review of the process of the Office of the Registrar of Companies known as RoC with the view to remove redundant and non-value adding processes and to instead outline, streamline an optimal process that can be carried out online.

Pursuant to that, Mr. Speaker, Sir, on 14th June, soon after the Budget announcement, we now have the loans and online platform where people can actually go on and develop a new profile amongst other things, to carryout 24/7 online company and business name searches. With the launch of the online platform, Mr. Speaker, Sir, it is imperative that the data held with the Registrar in relation to the companies and businesses names, is actually correct. This will enable online searches to be conducted on an information held with the Registrar, it will be more convenient for companies and businesses in Fiji.

Accordingly an effort to efficiently update the information which is currently held with the Registrar of Companies, the Bill seeks to amend the Companies Act 2015 to cater for the re-registration of companies and business names. The Bill also amends the Act to provide the business names that were registered for a period of time and such registration must periodical renew to ensure the information held with the Registrar is actually up-to-date, Mr. Speaker, Sir. Essentially, Mr. Speaker, Sir that is what the Bill seeks to do, it sets out the various procedures.

There will be timelines actually set as referred to the Act by way of regulations. I will just give an example, Mr. Speaker, Sir. The Members may remember, we had the Personal Property Securities (PPS) Registry that we have started and essentially that went live on 31st May this year within the first day of the registration of the PPS Registry, 5,000 entries were actually registered on the first day. As of this morning, 11,100 registration.



Basically, what this does is by way of reference, if for example, prior to this, if I want to buy a bulldozer and I have \$30,000 and I need another \$20,000. I go to say, for example, Merchant Finance. Under the old scheme, what would happen, Merchant Finance will take up a Bill of Sale over my entire bulldozer. So even though I may have borrowed only \$20,000 or even say \$10,000 to buy my bulldozer worth \$50,000 and \$40,000 being my contribution, they would take charge, if you like, over the entire bulldozer. So I do not have the ability to then use the bulldozer as further collateral.

Now under the PPS Registration Scheme, what actually happens is, I go to Merchant Finance and say, “Look I have to buy this bulldozer for \$50,000, I have \$40,000, all I need to do is borrow \$10,000”. Under this process what will happen, the Merchant Finance will have charge over my bulldozer for only \$10,000. I can then go, for example, I may want to borrow another \$10,000 for my cash flow purpose or I want to buy some other piece of machinery or what have you, I can still use the same bulldozer as collateral to gain more money. So what it does, it gives people the ability to access more credit using the same assets. And of course, I am talking about assets that are not real estate assets.

So this will actually help a lot of small businesses. That is how we have bought cars before. You would have bought a car for \$30,000, you have \$25,000, you just need the additional \$5,000. You go to the bank, they will take a charge over the entire vehicle, they take the Bill of Sale. The PPS actually has also one repository, one form of registration. Before if you wanted to, say, buy a second hand car, if I want a car and say the Honourable Prime Minister is going to buy it, he has to then go and check all these different places whether there is actually a Bill of Sale on the vehicle or not.

Similarly with the companies Office, Mr. Speaker, Sir, at the moment for all these past number of decades prior to Colonial and us becoming independent, all companies records are kept manually in the a file. So assuming that I have a company called “XYZ Enterprises” and I go to the bank and I say, “I want to open an account or I want to get a loan” the bank will then send their clerk physically to the Companies Office then physically go and look for XYZ Enterprises file to see whether the name of the Directors are given, the shareholding, et cetera, is correct or not. You manually do all that.

Now what will happen with the re-registration process, everyone will have to register electronically or the information will be made available electronically. In order for us to get to that stage, we have to ensure that the current manual records get essentially digitised. And the quickest way of doing it, rather than sort of physically going and scanning everything, we will scan some documents but then those documentations sometimes are not even up to date.

So, in order to allow for the information to be up-to-date, what we are saying, the Act is going to be amended to allow for the registration to digital process but also then any existing company needs to go and re-register. You can re-register actually on line, they can verify the VAT, we can register online, we can physically and register. They will help me, there is a computer then. We fill out all the information, put the latest information.

Essentially, this is what this Bill does. Apart from that, there is only one provision that is a slight departure from the rationale behind this Bill and that is, that companies will now be required to keep any record of any shareholding which is for the beneficial ownership of someone else. The reason why I brought this in is because the Asia Pacific Anti-Money Laundering Council has said that we have to be mindful just in case of criminal elements or you have terrorist elements that may want to hide behind the corporate veil. If I have XYZ Company, you could have ABC Company being the shareholder, but you really do not know who are the actual beneficiaries so if there is a shareholding for which you do not know who are the actual ultimate beneficial owners, then the company has the legal obligations to keep that record.

Apart from that the entire Bill, I am not going to take up too much time, the gist of the Bill is that we allow for the re-registration of companies. Any new company henceforth, if I were to set up a new company from tomorrow, I have to register it online now.

What this would also do last but not least, the first example that I did use about the company searches. So in about six months' time, once we get everything up and running online, the bank will be able to sit the officer, he can sit in their office, they pay a fee, they will go online, so XYZ company has come in, they will check who are the Directors, what are their shareholdings, they rely on that information and then make a decision. So, it will help in the ease of doing business, of course. Decision will be made quicker.

The other thing also is that, if you yourself want to know about a company, you can go, you pay online, you get all the information without physically having to go to the Companies Office. Thank you, Mr. Speaker.

HON. SPEAKER.- I thank the Honourable Attorney-General.

Honourable Members, the floor is open for debate on the motion. I give the floor to the Honourable Viliame Gavoka. You have the floor, Sir.

HON. V.R. GAVOKA.- Thank you, Honourable Speaker. Honourable Speaker, let me just say at the outset that this Act was passed in 2015 very hastily. There was a lot of criticism to the way it was done and as proof for those of us and indeed members of the legal fraternity who believe that it was rushed, as proof this Act has been amended numerous times in the last Parliament and now again in this Parliament. The amendment is never ending and I believe the way it is, there will be more in this term of Parliament.

While on this, Honourable Speaker, let me just try and plant a seed in here so that we think seriously on how we want our Parliament to operate. Over the last five days, we compressed into five days and into the night the debate on the Budget which other Parliaments, including the ones in Fiji, normally it should take two weeks. We have to be careful here on whether we are looking at the other part to do more and in the process compromise the ability for the Members to deliberate on matters that need time to be discussed and to be processed. There is so much in the Budget that should have been discussed, a lot of that Budget is project-driven. We could have gone on project by project and delay the process further, but that is what we should do and we should really think seriously about giving the time Parliament needs to deliberate on issues that are important to our nation and especially the Budget, Honourable Speaker.

I was grateful that she allowed me to go to the Solomon Islands two weeks ago to be part of Induction for the new Parliamentarians of the Solomon Islands and over there, Honourable Speaker, the Standing Order is very similar to the House of Commons in the UK. I only wish we could also do it here, because Honourable Speaker, a lot of the things that we see today, they are rushed to get things done.

We have reduced our number of sittings, we compressed the agenda to go through a huge output and in the process miss out on things like this, that we are now again amending this Act that should have been properly deliberated upon in 2015. It is not the first of this, there are so many of these are coming through.

There are two areas on the House of Commons, Honourable Speaker, in the Standing Order. The Ministerial Statement in the House of Commons do not attract any veto from the other side. It attracts three or four questions. Every time they make a Ministerial Statement, there will be three or four

questions from this side. I just said, “we take this to Fiji, there will be less Ministerial Statements from the other side. They will not be in office when Ministerial Statement comes up. And over there, Honourable Speaker, there is no Standing Order 51; there is no emergency. Nothing is passed through, it is done properly. That is the House of Commons and yet our neighbours in the Solomons are doing it. Honourable Speaker, that is something going forward, we should really look into the way we do things here.

On this Bill, Honourable Speaker, there is this need to re-register a company. The way I look at it, to prove that you are still alive; a proof of that you still operating; proof of living. Honourable Speaker, as we have said many times, the ease of doing business in Fiji is really affecting the growth of our economy. We have dropped from what we used to be in our ranking to now being amongst some of the worst nation countries in the world, and it is because of the mountains of regulations that continue to be introduced to be adopted in the community here in Fiji by FijiFirst.

Now, they are saying that you have to re-register. For most of us who run a business, you know that you exist, everyone knows that you are an entity and that you exist by virtue of your return to the tax authorities, you submit VAT claims almost every month, you participate in the Bureau of Statistics, you are part of the surveys by RBF, you pay your local rates to local authorities. So there are activities within your locality or within Fiji that tells people that you are a registered company and fully operating.

Here, on top all that, you do not have to go again and say, “hello, I want to re-register myself. I am a company that is still operating in Sigatoka or somewhere else.” It is just another of those regulations that makes it difficult to do business in Fiji. I know that there is a body that has been set up to look into the ease of doing business, to come up with ways to reduce the regulations, but I would like to see them table their findings or whatever they have decided. Really, it is something that we need to consider seriously and have the resolutions on these matters.

I went to a function, Honourable Speaker, and I was mocked by business people, asking me, “What can you do, what can you do to make things easy, things are just getting harder. FijiFirst just keeps coming up with new things to do to make it harder for business to be done.” Honourable Speaker, what my colleague, the Honourable Professor Biman Prasad said is very true.

This Government, Honourable Speaker, believes that everything they do is right. They cannot listen to anyone else. I have said this many times in the past. Their sense of righteousness is breathtaking. I have never seen people who are so wrapped up in their sense or righteousness like the FijiFirst people, so Honourable Speaker, we believe this is another example of another regulation that is put in place without consultation, that should have gone through the proper Committees so they can hear the voices of the people but channelled through this way that they are so accustomed to, that the people of Fiji have now come to accept as a way a Parliament should operate. No, that is not the way it should be, Honourable Speaker. Honourable Speaker, we do not agree with this. Hopefully, one day these cheerleaders who would cheer for anything, would come to their senses and realise that they are taking the country in the wrong direction.

You know, Honourable Speaker, from the beginning, on Monday to Friday, we read about the Budget Speech, shortfall in revenue of a billion and cut back in expenditure (\$800 million) and we did not really feel what was happening until we went through that line-by-line on those expenses, and we realise how grave it was. The cuts they have put in place are in for some very difficult times. The last few nights, the last few days, we began to see that it was no longer just that \$800 million, it was going to be affecting the lives of people when you look at it at a micro level.

That, Honourable Speaker, is the tragedy of Fiji today, that the power is in the hands of the people who will not listen, who believe that they are the only ones who know what is right and, unfortunately and tragically, Fiji is the poorer for it. Honourable Speaker, we are disagreeing with this amendment. Thank you, Honourable Speaker.

HON. SPEAKER.- Now, make up your minds. Everybody is raising their hand. Honourable Leader of the Opposition.

HON. MAJOR-GENERAL (RET'D) S.L. RABUKA.- Thank you, Mr. Speaker. I was hoping one of the lawyers would support the Honourable Gavoka in the statement that he has just made. For a layman again, Mr. Speaker, Sir, I find the Bill very complicated. I have a company that I have registered and I will make sure that I comply with these things, and I do not know whether I have time to be able to do that and re-register or comply with the provisions of this Bill when it becomes an Act.

Because, I, as Leader have not had the time to look closely at this, and I do not know and I do not undermine the ability of the Honourable Members on the Opposition side to read and understand, but I believe that at first sight, it is complicated. When I looked at the number of sections in the Act, I do not know how I have managed to keep my company registered before the 2015 Act, I have been allowed to keep going.

But, at first sight, we believe it is just another way of taxing the people or getting money off them to add to the Government's caucus. Companies are still required to comply with the obligations to pay their prescribed annual registration fees, and I know I have not in the past, so I hope they do not give me a big bill. It is one of those consequential regulations or Acts, Bills that come after the enactment of the Appropriation Act.

When my colleague, the Honourable Gavoka, was addressing you, Mr. Speaker, Sir, I had repeated calls from the Honourable Attorney-General to shut him up.

HON. A. SAYED-KHAIYUM.- No, I did not say that.

HON. MAJOR-GENERAL (RET'D) S.L. RABUKA.- Oh! You did not say that.

(Honourable Members interjected)

HON. MAJOR-GENERAL (RET'D) S.L. RABUKA.- I am tempted to go back to the *Bible*, the only text where people are to do that is the verse that reads: '*Raica na luvemu, raica na tinamu*', there is nothing about in-laws, I could not ....

(Laughter)

HON. SPEAKER.- Order, order!

HON. MAJOR-GENERAL (RET'D) S.L. RABUKA.- So, Mr. Speaker, Sir, you have given me the opportunity to speak on this. I have not really looked into this and so I hope that you have done it properly in the interest of the people of Fiji before I have a full understanding of what the amendment will do to the original Act, I am afraid I cannot support this Bill. Thank you, Sir.

HON. SPEAKER.- I thank the Leader of the Opposition. Honourable Minister, you have the floor.

HON. A. SUDHAKAR.- Thank you, Honourable Speaker. I thought I just answer two misconceptions that Honourable Gavoka has raised.

The first thing he raised was that ease of doing business in Fiji is difficult and it is hard. In fact, Honourable Speaker, just last week I was at Honourable Kirpal's wedding, and a few business people turned up to me and said, "It was easy in the past because we could throw money on the table and get things done."

(Honourable Members interjected)

HON. A. SUDHAKAR.- If that is the type of country they want, then I feel sorry for them. If we require businesses to provide to us the FNPF clearance, there is a reason for it. Because the workers who work for that company, we are protecting their rights that the companies are paying for their FNPF, that is just a requirement.

HON. GOVERNMENT MEMBER.- Hear, hear!

HON. A. SUDHAKAR.- If you want them to provide a tax clearance and if they find it difficult, their companies cannot provide tax clearance, there is a reason for it, you want these companies to apply the tax laws. If the National Fire Authority requires a Fire Exemption Certificate or Certificate of Compliance, it does not make doing business in Fiji hard. What it makes is the people who use their business, people who work there are safe from fire.

(Honourable Members interjected)

HON. A. SUDHAKAR.- By having laws, by having requirements, it does not mean that we are doing business in Fiji or starting a Business hub. It means that we are protecting the people and protecting the economy.

HON. GOVT. MEMBER.- Hear! hear!

HON. A. SUDHAKAR.- The second point that he raised and which I think should be answered is that, why, when the Companies Act was introduced in 2015, why were certain things put in there? It is almost like saying that we have envisaged how the Government will progress 3 years later. There was a time when things were measured in horsepower. There was a time when the intensity of light were measured by candle's power, that was then. When things evolve, watts and kilowatts came in.

I think the Honourable Member should realise that no law is a dead law, no law is stagnant. Things improve, laws will be amended as things move forward. Today, we are making things available electronically. Those things were not available three years ago. Now, we are actually amending the law to accommodate that. What is wrong with that?

In fact, the Honourable Member should withdraw what he has said because he is trying to teach the wrong law to the people of this country. He is trying to say, "We make a law, we cast that in stone and let it be like that. What happens to the development?"

In fact that is the whole mindset of SODELPA Party and its Members. They are stuck in a time-warp, they are stuck in a time zone. They do not want to move forward, they do not want to develop. I was the Chairman then when this law was discussed - the Companies Act, I thought it was pertinent for me to stand up and correct the misconception that the Honourable Member tried to spread.

Thank you, Honourable Speaker.

HON. SPEAKER.- I thank the Honourable Minister. Honourable Attorney-General, you have the Right of Reply.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir, I was signalling to the Honourable Leader of the Opposition, saying to him essentially the words that he uttered when we did the Consequential Bills are becoming hollow again, because his Honourable Members are not following what his stated intention was, and that is to be able to discuss matters in a mature way, looking at things from a holistic perspective and here we have that kind of cat calling and name calling starting again, us and them, and all of this sort of nonsense - which we did not get into. We took you on your word. I hope you are carrying your *Bible* with you like you did the other day when you did the actual introduction to the response to the Budget, Mr. Speaker, Sir.

Mr. Speaker, Sir, just very quickly, just capturing what the Honourable Minister for Lands said, the Companies Act prior to the Companies Act of 2015 was, in fact, amended hundreds of times since its inception. They do not seem to object to that.

We had public consultations, even prior to the Bill being tabled in Parliament. We brought in experts from Australia to actually draft it. We had consultation with accounting firms, lawyers, legal firms, et cetera, everyone, and then when it came to Parliament, it actually went to a Committee. I think, the Honourable Minister for Lands at that time was the Chairman of the Committee. They had public consultations, so it is completely incorrect to say that the Companies Act 2015 was actually hurried along. Mr. Speaker, Sir, this particular amendment is absolutely 99 percent all about the digital programming.

HON. J. USAMATE.- Yes!

HON. A. SAYED-KHAIYUM.- If the Companies Act does not have the digital provision then obviously it needs to be amended. At that point in time, we did not have the digital capacity, so obviously we could not take care of that. Now, we do, we amend it.

Mr. Speaker, Sir, the other point about this is that, the Honourable Gavoka mentioned about the law firms that are all up in arms. We started actually, as I mentioned, the law firms were opposing this. We started what we call a Registrar of Companies (RoC) Pass, or Corporate Account for law firms or anybody else that want to register. We just started this last week on the 14<sup>th</sup> of June.

We already have 14 registrations taking place by accounting firms and law firms;

- Anthony Ho & Associates;
- Ellis, Munro, Warren and Leys (one of your law firms);
- G.H. Whiteside & Company;
- Haniff Tuitoga;
- Howards;
- Jamnadas;
- KPMG;
- Kuar Singh & Company;
- Lal Patel Bale Lawyers;
- Mitchell Keil
- Neel Shivam Lawyers;

- O'Driscoll & Company;
- Patel Sharma Lawyers;
- R. Patel Lawyers;
- Reddy & Nandan;
- Vuataki Law (one of your former candidates);
- Young and Associates.

They have all registered because they know it is not a question of choice, this is optional. You do not understand the law, read the law. This is the system pass where you can register and get a corporate profile because you are doing it for your clients. They see the benefit in it, if one were a practising lawyer, in the true sense, you would recognise the benefit of this.

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. A. SAYED-KHAIYUM.- Mr. Speaker, Sir, all these invitations were sent out and these registrations did take place, so people are taking up on it. Now Mr. Speaker, Sir, the reality of the matter is that we need to have the re-registration, many jurisdictions in the world are talking about once you register a company, therefore, that is it.

There are many companies in the Companies Office that are dead companies. People have died, people have migrated, people no longer operate the companies, but they are still there as registered companies, so people can take advantage of it. What the honourable Minister for Lands highlighted is very important.

In Fiji we have a problem, a lot of people start-up companies, they will get contracts, they will hire people, they shut down companies. Their employees do not get paid, their FNPF does not get paid, the contractual obligations do not get adhered to. That is what we call diminishing the rule of law.

By having this in place, Mr. Speaker, Sir, by having registration, by having a period of time within which you need to actually re-register. In countries, some other jurisdictions, if you do not re-register within three years, every two years or every five years, you are struck off. You need to show you are an active member or active company because by being a limited liability company, in particular, you are given certain privileges. Your liabilities are limited to the extent of the capital authorisation of the company. These are very significant issues that obviously the Opposition people do not understand.

Honourable Tabuya made some slight comment about me being a lawyer. This is all nonsense! We are talking about now the knowledge of what is happening. So Mr. Speaker, Sir, what this will do and honourable Prasad knows about this. He has been talking for about three years about ease of doing business, and I am glad that he has not mentioned anything because he knows how good this is. What this will do, it will help in the re-registration of the companies, within six to nine months' time, we will have all the companies available online. We can have people registering from the comfort of their homes. What is wrong with that?

(Honourable Members interjected)

HON. A. SAYED-KHAIYUM.- In the same way, if for example, a lady who is going to start a florist business, like the honourable Minister for Trade and Industry when she gives these micro-finance

grants, if a lady wants to become a florist and she wants to call herself “Mereseini’s Flowers”. Now, before she registers Mereseini’s Flowers, she needs to know whether there is another Mereseini’s Flowers registered or not. She can simply go online, type Mereseini’s Flowers, do a search, “oh, there is a Mereseini Flowers. Maybe I will call myself, “Mere Flowers”, or something. That is what you call ease of doing business. She can do that within a matter of minutes, she can get the registration done. That is what is going to help us. This is what we are trying to achieve!

And this is a transitional process that we are going through. Once you go through this process, we will again go to the Title’s Office. At the moment, you are driving along, you see a block of land, you see some house you want to buy, you do not know who the owner is. Once the Title’s Office goes through a similar process, you can simply do a search on your mobile phone and type in whatever title number is, see who the owner is, is there a mortgage on it or not, that is what will happen. That is going to happen very soon. It is fantastic for us!

Mr. Speaker Sir, I would urge all honourable Members who are logically inclined and who actually do care about their country to please, vote for this amendment, and you will help us put us into the 21st century. Thank you, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the honourable Attorney-General for his right of reply. Honourable Members, Parliament will now vote.

Question put.

The Question is:

Pursuant to the resolution of Parliament on Wednesday, 19th June, 2019, that the Companies (Budget Amendment) Bill 2019 be voted upon and be passed.

Does any Member oppose the motion?

(Chorus of ‘Ayes’ and ‘Nays’)

Votes cast

Ayes	-	28
Nays	-	19
Not Voted	-	4

HON. SPEAKER.- Honourable Members, the motion is, therefore, agreed to.

*(A Bill for an Act to amend the Companies Act 2015 (Bill No 23 of 2019) enacted by the Parliament of the Republic of Fiji)*

**PRESENTATION OF PAPERS AND CERTAIN DOCUMENTS**

HON. SPEAKER.- Honourable Members, I now call upon the honourable Attorney-General and Minister for Economy, Civil Service and Communications to table his Reports. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you Mr. Speaker, Sir.

In accordance with Standing Order 38, I present the following Reports to Parliament.



1. Fiji Ports Corporation Limited Annual Report 2017;
2. Fiji Development Bank 2018 Annual Report;
3. Fiji Corrections Service - 1st August 2016 to 31st July 2017 Annual Report;
4. Energy Fiji Limited 2018 Annual Report;
5. Report of the Auditor General of the Republic of Fiji - 2016/2017 Audit Report on Government Commercial Companies and Commercial Statutory Authorities; and
6. Third Quarter Appropriation Statement - 1st February 2019 to 30th April 2019.

HON. SPEAKER.- Please, hand the Reports to the Secretary-General.

(Reports handed to the Secretary-General)

HON. SPEAKER.- Honourable Members, under Standing Order 38(2), I refer the Fiji Ports Corporation Limited Annual Report 2017, to the Standing Committee on Social Affairs.

Under Standing Orders 38(2), I refer the Fiji Corrections Service, 1st August 2016 to 31st July 2017 Annual Report to the Standing Committee on Justice Law and Human Rights.

Under Standing Orders 38(2), I refer the following Reports to the Standing Committee on Economic Affairs:

1. Fiji Development Bank - 2018 Annual Report; and
2. Energy Fiji Limited - 2018 Annual Report.

Under Standing Orders 38(2), I refer the following Reports to the Standing Committee on Public Accounts:

1. Report of the Auditor-General of the Republic of Fiji – 2016-2017 Audit Report on Government Commercial Companies and Commercial Statutory Authorities; and
2. Third Quarter Appropriation Statement - 1st February, 2019 to 30th April, 2019.

Honourable Members, I now call upon the honourable Minister for Industry, Trade, Tourism, Local Government and Community Development, the honourable Premila Kumar, to table her Reports. You have the floor, Madam.

HON. P.D. KUMAR.- Mr. Speaker, Sir, in accordance with Standing Order 38, I present the following Reports to Parliament:

1. Commerce Commission Annual Report, 2016; and
2. Consumer Council of Fiji 2016-2017 Annual Report.

HON. SPEAKER.- Please, hand the Reports to the Secretary-General.  
(Reports handed to the Secretary-General).

HON. SPEAKER.- Honourable Members, under Standing Order 38(2), I refer the Commerce Commission Annual Report 2016 to the Standing Committee on Economic Affairs.

Under Standing Order 38 (2), I refer the Consumer Council of Fiji 2016–2017 Annual Report to the Standing Committee on Social Affairs.

**GOVERNMENT GUARANTEE - ADB & IBRD LOAN**

HON. SPEAKER.- Honourable Members, I now call upon the Attorney-General and Minister for Economy, Civil Service and Communications, the honourable Aiyaz Sayed-Khaiyum, to move his motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you Mr. Speaker, Sir.

Mr. Speaker, I move, as required by Section 59 (1) (b) of the Financial Management Act 2004:

That Parliament authorises the Minister responsible for Finance to borrow money by raising loans of:

1. US\$65 million from the Asian Development Bank; and
2. US\$35 million from the International Bank for Reconstruction and Development for the purpose of refinancing the 2015 Global Bond in October 2020 on such terms and conditions that the Minister thinks fit.

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

HON. SPEAKER.- Honourable Members, I now call upon the honourable Attorney-General Minister for Economy, Civil Service and Communication to speak on his motion, you have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. Mr. Speaker, Sir, the honourable Members of Parliament are fairly aware of this particular subject matter. But just by way of background, the Fijian Government has been actively pursuing cost effective and least risky option of redeeming the US\$200 million Global Bond due in October 2020.

Just by way of background, the first international bond with a five year maturity was issued in 2006 by the then Qarase Government or the SDL Government for the tune of around \$115 million. Subsequently, the Bainimarama Government as the FijiFirst Government raised to \$250 million and then \$200 million rolling it over, in 2011 and 2015 respectively, in the offshore market with five year tenure to rollover this particular debt.

Given that the funds were raised in the international bond market which attracts market interest rate ranging from 6.65 percent to 9 percent, subject to the global financial market conditions, it is in the best interest from a cost of refinancing risk perspective to explore other sources of funding. With a positive sustained economic performance coupled with a well sequenced and national development orientated Government's Reform Plan, including the policy priorities, this provided the added impetus to engage in a policy based loan.

The policy triggers implemented so far include the formulation of the Government guarantee policy, the formulation implementation of the public private partnership and privatisation guidelines, completion of the divestment transaction. In this instance, it was the sale of the Government Printing and Stationery Department, formulation of the new Fiscal Risk Framework and consultation of Government agencies in relation to the review of the Financial Management Act 2004, and the review of the existing Financial Management Information System.

Essentially what it means, Mr. Speaker, Sir, is that the World Bank and the ADB said we needed to carry out various, what you call, policy based changes. We had the Public Enterprise Act, it was revamped, it was very old. They wanted us to have a sound policy guideline on Government guarantees,

and of course some divestment of shares. All of these things is what we call a policy based trigger mechanism for loans.

The striking feature of the policy action package, Mr. Speaker, Sir, is that both are multilateral partners namely the World Bank and the Asian Development Bank, have designed the policy trigger that are already part of Governments Blue Print. So it was very easy for us to actually comply with it because we are already doing most of it in any case. And of course it was in compliance with the five year and 20 year Development Plan. The overarching focus of the policy matrix is to further enhance the public financial managements, State and enterprises reform including private public partnerships and divestments and improving the private sector business environment.

Mr. Speaker, Sir, for the inform of Parliament, I wish to highlight that the much talked about standby facility offered by IMF at one point in time, I understand the honourable Leader of NFP has talked about it, had in fact a number very strict and unreasonable preconditions attached to it which included that the loan was to be given to RBF and Government had to borrow from the domestic market and then buy foreign currency from RBF with higher domestic interest rate would effectively manage the cost of borrowing, would be expensive given the interest rate is applied twice. RBF had to pay interest on the IMF loan, and Government had to bare the interest cost for the borrowing in the domestic market.

The other demand want by the IMF which is completely unacceptable by us, was to increase the VAT rate, tighten monetary policy by raising the RBF policy rate from 0.5 percent to 6 percent, thereby astronomically hiking the cost of borrowing to the private sector, and making the exchange rate more flexible which would have exerted downward pressure on the Fijian dollars. For those of you would know, currently our dollar is actually measured or valued through a basket of currencies.

The IMF loan was a standby facility that was specifically for balance of payments support. The term of this loan would be quite short, compared to the ADB/World Bank Policy Base Loan.

Mr. Speaker, Sir, we wish to reiterate that the policy based loan offered by ADB and World Bank, has conditions which is not rigid but it is, in fact, aligned to the policy priorities of Government, as opposed to the IMF standby facility. It would be a milestone for Fiji to be able to secure funding via this policy-based facility, as it is not only more than 50 percent cheaper in terms of cost of funds, but the extended tenure.

Fiji has been borrowing in the international market repayable after five years, however, the policy-based loan will be repaid in 15 years to 18 years. The anticipated cost saving will be around FJ\$13 million to FJ\$15 million. Currently, we are paying US\$12.5 million, equivalent to FJ\$26.8 million in interest rates.

Our financing cost will come down to US\$6.2 million, equivalent to FJ\$13.3 million. The cost differential for over \$13million can, in fact, be channelled towards funding productive expenditures or repaying other outstanding loans.

Mr. Speaker, Sir, I would like to also take this opportunity to highlight that our bilateral partners, namely; the Australian and New Zealand Governments, have shown strong support for the Fijian Government to access the ADB World Bank Policy Based facility, and they have also indicated to contribute towards the funding in the form of grant. This exemplifies the credibility of the reform initiatives which we have undertaken and demonstrates the confidence of multilateral and bilateral partners in having the FijiFirst Government's economic management in the underlying policy focus.

Mr. Speaker, Sir, for the purpose of the 2019-2020 National Budget, US\$100 million or FJ\$214.82 million, is part of the total borrowing as per the loan funding programme. Honourable Members, please, if you have your Budget Estimates here, I refer you to Page 325, you will actually see here a footnote that talks about this particular motion that I have brought about.

Mr. Speaker, Sir, for the information of Parliament, a similar motion was tabled in 2015 for those Honourable Members who were not here when the Government executed an EarlyBird transaction through the issuance of a less expensive international bond at 6.625 percent to buy back the global bond issue in 2011 at nine percent.

On this note, Mr. Speaker, Sir, I would like to commend Parliament to approve this motion, thank you.

HON. SPEAKER.- Thank you, Honourable Attorney-General.

Honourable Members, the floor is now open for debate on the motion. Honourable Professor Biman Prasad, you have the floor.

HON. PROF. B.C. PRASAD.- Thank you, Honourable Speaker. Let me start by briefly recapping the history of this loan. I think the Honourable Attorney-General had alluded to that. This was a global bond raised by the SDL Government in 2006. Obviously, the loan was used in 2007-2008 Budget periods and as the Honourable Attorney-General said, in 2011, the then Interim Government refinanced the bond.

The size, of course, increased from US\$150 million to US\$250 million, and as rightly pointed out by the Honourable Attorney-General in 2015, we did, in a closed session, again approved US\$200 million for further refinancing and \$50 million was, of course, paid from the Sinking Fund in which at that time we had \$81.39 million so \$31 million was still left. So it would be appropriate for the Honourable Attorney-General to give us an update on what is the amount in the Sinking Fund and how much have we been able to build into it.

Now, of course, we are seeking a Parliamentary approval of US\$100 million and I think we need a bit of clarification as to whether this is on top of the budgetary approval that has already gone with the Bill (\$819 million) given to Government to borrow in the next financial year which is part of the 2019-2020 Budget Appropriation Bill which we enacted last night. So this would be in addition to that \$819 million that Government has the approval.

If that is the case, Honourable Speaker, and assuming that all that \$819 million is taken on by Government as loan and we add that to the \$100 million that we are looking at, but I also find in the Budget Supplement on page 284, you have another newly proposed ADB World Bank Budget Support Loan for global bond financing which is another US\$100 million. That is for 2020. So we need to obviously have some clarification on that, Honourable Speaker.

But the point I am trying to make is, assuming that we have that altogether, currently we have a debt level of about \$5.6 billion which is going to be about 47.1 percent of GDP as of July 2020. I note Government's medium-term target to bring Government's debt stock down to 45 percent of GDP, so what I am saying is, given the plans that are there and subject to the Honourable Minister's clarification on what I have asked, I think we can safely say that we would be going over \$6 billion mark in terms of our debt level.

Of course, Honourable Speaker, it is understood that public debt always has a negative impact on economic growth, there is no doubt about that, and whether you talk about debt sustainability or not and

in many ways, there is strictly no such thing as debt sustainability. Of course, when you borrow, Honourable Speaker, you engage in spending and spending on infrastructure and human capital can be a positive contribution to growth but at the end of the day, you are also putting burden on future generations. And public debt always has a negative impact on economic growth, not only in the medium and long term but you can have that in the short term as well.

We are going to find that out very soon, we are in a position now where we are already having difficulty. We have a billion dollar shortfall in revenue for the last budget, we are reducing expenditure by about a billion dollars for the next budget, we are already expecting a slower economic growth rate, smaller growth in the GDP, so essentially the Government's medium term target of bringing the Government debt stock down to 45 percent in my view, is out of the window.

I think when we are looking at borrowing and yes, I agree that it is better to borrow from ADB or World Bank rather than IMF which sometimes has strict conditions as well and that may not be appropriate for a particular time, for a particular country but the fact is that we are borrowing more. This is where I think the question of prudent financial management, priority spending, not engaging in spending which is reckless, which can lead us to debt and this is the point we have been making and I think it needs to be reiterated.

HON. SPEAKER.- Order, order!

HON. PROF. B.C. PRASAD.- Honourable Speaker, my friend probably does not understand what I am saying, but it is a stark reminder or should be a stark reminder to the Government that you have brought this onto yourself. What we are doing now is to correct your reckless spending over the last four years when, in fact, after the last election, the Government had a great opportunity.

Most Governments do that. When they win an election, they go into a spending strategy which consolidates their fiscal position and when the economy is growing, that is when you consolidate. You do not consolidate when you expect a downturn in the economy, so we are hitting the downturn again by trying to, on the one hand consolidate but also engaging in borrowing more. These are the issues that we need to address

Government admits itself. They have admitted that they are trying to cut the fat, they are accumulating the fat for the last four years. So now, they have realised, Honourable Speaker, that they have accumulated so much fat, that is actually causing them discomfort. It is causing discomfort to international organisations and the IMF, Honourable Speaker, was very clear about what Government should do. So if it was not for those kind of signals, this Government would not have got into this kind of budget.

Honourable Speaker, this is the reality. The reality is that the Government must take some blame. The Government must admit that it did not consolidate when it should have consolidated. Now we are in a situation where we should have paid this loan in the last four years or last three years. But again, we have to borrow more to refinance the loan that we should have paid during that period. Thank you, Honourable Speaker.

HON. SPEAKER.- I thank the Honourable Biman Prasad. Honourable Niko Nawaikula, you have the floor.

HON. N. NAWAIKULA.- Thank you, Honourable Speaker. If I could start by quoting Honourable Prasad, "the Government much admit". This motion tells me one thing that the Government is desperate. Desperate! The Government is desperate. It has no money. It is looking for money. We only

passed yesterday with a Budget a deficit of about \$600 million and that is loan, and here again, you are asking us to borrow money by raising loans of \$65 million to \$35 million, so why? Why are you so desperate, maybe I suspect and they can correct me on this, if this was coupled together with yesterday's Budget, we would have cut the budget some more.

(Honourable Members interjected)

HON. N. NAWAIKULA.- If we had approved this loan together with this, we would have been forced to cut more and more; not just a 5 percent cut on our operations, more and that is the reason. I stand to be corrected. I hope I am not wrong, I hope I am wrong.

(Honourable Members interjected)

HON. N. NAWAIKULA.- And talking about desperation, Honourable Speaker. You know this amendment to the Companies Act, this is also a desperate measure to collect money, why do you need to bring it under Standing Order 51 because you need money to collect for the taxes. Because you promised to collect last year \$1 billion, you could not do it, so you are looking for these desperate measures and this was one of them. Re-register your company so that the tax man can come after you. These days when I see the tax man from FRCS coming on this side of the road, I go to the other side.

(Honourable Members interjected)

HON. N. NAWAIKULA.- Because they are running after you.

(Honourable Members interjected)

HON. N. NAWAIKULA.- They are running after you because they do not have any money. In the last month, I received five notices.

(Honourable Members interjected)

HON. SPEAKER.- Order!

HON. N. NAWAIKULA.- Five tax notices from FRCS asking for money from all these companies, because you do not have the money. It is only for you to fill the pocket.

E-tickets, what is the purpose for the e-ticket? It is for the Government to collect your money. It is not for the convenience of the bus operators. The bus operators are losing business because of e-ticketing, it is not for the convenience of the passengers.

(Honourable Members interjected)

HON. SPEAKER.- Order, order!

HON. N. NAWAIKULA.- It is not for them, it hurts them. Let me just share an example, I will use my village again. When we wait for the bus that comes from Napuka to Savusavu at 6 o'clock, all the passengers get out and I say, "why get off?"

They do not have the top up cards, they cannot pay the money and from Napuka to Buca, that is about 50 miles, there is only one place for top up.

(Honourable Members interjected)

HON. SPEAKER.- Order!

HON. N. NAWAIKULA.- So the bus stops, everyone gets out, line up ...

(Honourable Members interjected)

HON. SPEAKER.- Order!

HON. N. NAWAIKULA.- ... get your top up then go back in again; inconvenience.

One day I was sitting there, this men came from Bagasau, that is near to Savusavu, to my village, “why did you come here for?” To get his top up, so that he can travel to Labasa.

I know this because I travel by bus. Believe me. You are telling us, it is for the convenience of the passengers. No. It is for the convenience of the bus operators? No. It is for the Government; you are milking everyone’s pocket. The poor’s pocket and the Companies Act here, these are all that you can get money from the company.

For us to even get our Legal Practitioners Act, we are required to do tax compliance and FNPF compliance. But what does the compliance have with me or the Honourable Member attending to your clients or attending Court; nothing.

(Honourable Member interjected)

HON. N. NAWAIKULA.- Because they just want to collect your money. There are other ways of collecting debt, but, it is all tagged on to it because of desperation; desperado.

(Chorus of interjections)

HON. N. NAWAIKULA.- No money. You are promising us you will collect \$1 billion, you cannot collect \$1 billion. So the tax man is the most feared group, it is like the time when Jesus was on earth.

(Chorus of interjections)

HON. N. NAWAIKULA.- The person they feared the most is the tax man. So those days are here now, because of you.

(Honourable Members interjected)

HON. N. NAWAIKULA.- Because you cannot do your work and it is here.

There is one piece of concern in relation to this. This motion allows the borrowing to be made on such terms and condition as the Minister deems fit. I think that is wrong because a lot of these loans have stringent procedures. And the Honourable Minister does not even have a choice, so that is wrong.

The other point that needs to be raised is that, why are we asking for money that is not needed now? If you look at Page 284, you all look now at Page 284.

(Laughter)

And it says, “this money is to fund the financial period 2020-2021”, so it will not be needed until the next financial year. So, are we asking to borrow money now? You tell us, we do not have the answer! The Honourable Attorney-General, he can tell us the answer for that. Why?

I think it goes back to honesty. Honourable Professor Prasad said, “You must be honest, you must apologise.” They did not release to the public that they were slashing all the budget, I think it is because they were afraid of that term, economic sabotage. That is also honesty and transparency. So, you come out honest and you tell the public, “You know, we are at desperate situation, please, we need this, and that is the reason for this”. So, for those two reasons we are not supporting this. I am very sorry.

HON. SPEAKER.- Honourable Members, I give the floor to the Attorney-General and Minister for Economy, Civil Service and Communications to speak on his Right of Reply. You have the floor.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir.

Mr. Speaker, Sir, again the Honourable Leader of the Opposition, please, your words are running hollow again. The Honourable Professor Prasad, I remember saying, I think back in 2014 and 2015, just because someone has an economics Degree does not make them a sound financial person nor does it necessarily make them someone who can understand economics outside the University. It is a very simple thing and I do not think he is that unintelligent but I think, therefore, it was a deliberate attempt to mislead Parliament.

He said, “Oh, I wonder if this will now increase the debt. I wonder if this is part of the \$800 million we approved?”. Any person who knows anything about the Appropriation Bill will know that the Appropriation Bill has the debt that would be incurred in that financial year, and has the expenditure that will be incurred in that financial year. And this is not incurred in this financial year, this is why, Mr. Speaker, Sir, if you look at page 325, that is why it is written there in the footnote.

This is why this has been brought about by way of a separate motion. If it is going to be part of this expenditure this year, it would be in the Appropriation Bill. It is so logical. He says, now he knows that but if you listen to the *Daily Hansard*, he said something otherwise.

Mr. Speaker, Sir, another fundamental issue is when you refinance a debt, you do not increase the volume of debt. If I have a \$10,000 debt with Westpac and then I go to HFC, I want to refinance the \$10,000 debt, it is just that my debtor or my creditor this time will be a different person, different entity, and the reason why I may move from one bank to the other bank is because this bank is giving me a better interest rate. That is all there is.

(Chorus of interjections)

HON. SPEAKER.- Order, order!

HON. A. SAYED-KHAIYUM.- Mr. Speaker Sir, to answer Honourable Nawaikula’s query, if you look at the footnote on page 325, it says, “that we are raising a \$100,000 but we are not going to spend it. The World Bank and IMF want us to draw that money down but we will keep it offshore. We are not even going to bring it home but it is being drawn down, not for expenditure.” The reason, Honourable Nawaikula, you have this on page 284 which you referred to, which is item 26, if you look at it for this financial year, it says “zero” in the bold.

(Honourable Member interjected)



HON. A. SAYED-KHAIYUM.- Yes, we are not looking at it.

If you look at the following year (2020-2021), that is when the \$100 million kicks in. The debt being refinanced is US\$200 million. So, we have got \$100 million in this financial year which we are not using, and we have got another \$100 million coming in, in the next financial year which is when the debt is due, so the \$100 million now and the \$100 million then combined will make \$200 million and then you pay the \$200 million debt. The interest rate currently for that is over 6 percent, the interest rate that we are going to have for this particular debt, Mr. Speaker Sir, will be approximately a little more than 3 percent, just above 3 percent.

As I have said, it is a savings of about \$13 million to \$15 million. What is wrong with that? Absolutely nothing is wrong with that, Mr. Speaker Sir. Mr. Speaker Sir, I really do not know when you come against this kind of illogical statements, when people who are supposed to have the knowledge are sort of meandering through this just to pay some kind of political mileage. It is a very simple issue.

Let me reiterate, if it is going to be incurred in this financial year, normally when you borrow, you spend, so it will be shown in your expenditure item, it will be shown in one of the Heads. It is not being shown in one of the Heads. He stood up and said “where is it?” It is not being on the Head because we are not using it and then, again it is very simple, this is why we have got a separate motion; very logical. The we have that \$100 million, and then next year they are going to give us another \$100 million which is when the \$200 million to the ANZ Global Bond becomes dues and we will simply pay that off.

Now, he had asked about the sinking fund. The sinking fund, of course, Mr. Speaker Sir, actually accumulated when we had a couple of years of what we call, “Under Performance” in expenditure and monies had been borrowed so it was in the sinking fund. Then we used the sinking fund money to bring down the aggregate debt of \$250 million to \$200 million. So, obviously the sinking fund is no longer there, there were some balance that was used. Now, anyone knows that when you run a deficit, you do not actually set up a sinking fund intentionally because you are running a deficit. You do not borrow to save, to keep a separate account. It does not make sense unless of course....

(Chorus of interjections)

HON. A. SAYED-KHAIYUM.- Mr. Speaker Sir, you borrow at an extremely cheap rate and you are able to put in a deposit whether you pay a double or triple the deposit rate. That is the only way that you could do it. He is called out because of all these obfuscation.

Mr. Speaker Sir, now a lot has been made about the future generation. This goes to what the Honourable Leader of the Opposition was saying where he blamed us and all that. No. Every government inherits every other government’s debt and Fiji we have been very good, all the governments have been very good from that perspective is that, we have we never defaulted on any of the loans, irrespective of who borrowed the money.

But the point of difference is, that you should always borrow to build. If you borrow to build then actually it is a good investment. The example that I have always used when we do the budget consultations with the high school students is that, you do not go and borrow money from the bank to have a party at McDonalds, because you eat the McDonald’s and drink the coke then next day it is all gone but your debt is still there and you have got nothing to show for it.

(Chorus of interjections)

HON. SPEAKER.- Order!

HON. A. SAYED-KHAIYUM.- So, Mr. Speaker Sir, the point of difference about what came out through the SVT days and the NBF, is that monies were borrowed for something that you do not have anything to show for it. So, if you are borrowing money to build a four-lane road outside Nadi Airport or take electricity grid to some village or some area, you have actually borrowed money for productive purposes and guess what?

The future generations do not have to build the four-lane road, the future generations do not have to take the electricity grid there, it is already there and if you build it now, if you take the grid connection now, it is a lot cheaper now than to do it ten years down the track. That is the beauty of it, that is the beauty of building for future asset building in particular for productivity capacity.

So, I just wanted to highlight that, Mr. Speaker Sir, and as any good person who knows how to assess the economy would know that one of the better measures of your debt is your debt to GDP ratio not your nominal debt. I gave the example earlier on about how you have number of countries where the nominal debt runs into trillions of dollars, billions of dollars but because the economy is very large, it is the capacity to be able to absorb it, that is the main point. So our debt to GDP ratio has been decreasing.

Mr. Speaker, Sir, again the intention of this (and I hope that you all support this motion), is to put us in a better debt position while interest rate exposure will actually go down significantly by 50 percent and we will also be able to develop this relationship with these two institutions, including the bilateral countries on a partnership basis. They are helping us to further this. Thank you, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the Honourable Attorney-General.

Honourable Members, Parliament will now vote.

Question put.

The Question is:

As required by Section 59(1)(b) of the Financial Management Act 2004, that Parliament authorises the Minister responsible for Finance to borrow money by raising loans of:

1. US\$65 million from the Asian Development Bank; and
2. US\$35 million from the International Bank for Reconstruction and Development, for the purpose of refinancing the 2015 Global Bond in October 2020 on such terms and conditions as the Minister thinks fit.

Does any Member oppose the motion?

(Chorus of 'Ayes' and 'Nays')

Votes cast:

Ayes : 27  
Nays : 22  
Not Voted : 2

Motion agreed to.

**GOVERNMENT GUARANTEE – HOUSING AUTHORITY OF FIJI**

HON. SPEAKER.- Honourable Members, I now call upon the Honourable Attorney-General and Minister for Economy Civil Service and Communications to move his motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir.

I move, as required by Section 145(1) of the Constitution of the Republic of Fiji, that Parliament approves:

1. That the Government guarantees the Housing Authority borrowings of \$150 million for the five-year period from 1st July, 2019 to 30th June, 2024; and
2. That the Housing Authority pays a guarantee fee of 0.5 percent on the utilised guarantee credit.

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

HON. SPEAKER.- Honourable Members, I now call upon the Honourable Attorney-General and Minister for Economy, Civil Service and Communications to speak on his motion. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. I will be very brief. The Members of Parliament are fully aware of what the Housing Authority does, but just by way of a very brief background, it was established by way of an Act, the Housing Act in 1955. In 1996, the Housing Authority was declared a commercial statutory authority under the then Public Enterprises Act to strengthen the accountability and transparency.

Mr. Speaker, Sir, the Housing Authority, of course, is going through a number of changes, and as far as the financing of the Housing Authority's activities are concerned, under section 19 of the relevant Act, the Authority may raise loans. Under Section 20 of the Act, the repayments of such loans raised may be guaranteed by Government, Mr. Speaker, Sir.

The underlying objective of \$150 million Government guarantee is a continued facilitation of Government's policy to provide access to affordable housing through provision of affordable fully-serviced lots and construction of new housing units, ensure that more land is available for home construction and help increase the supply of housing, and support the vertical communities which is the strata titles to accommodate more diverse groups of Fiji as a different demographics and family size, construct affordable housing units for those low and middle income earners who may not be in a position to facilitate the construction of their homes.

Of course, Mr. Speaker, Sir, to reduce the perceived risk. I just wish for the Honourable Member, if I could speak rather I getting distracted, Mr. Speaker, Sir.

(Honourable Opposition Member interjected)

HON. A. SAYED-KHAIYUM.- Yes, I am actually.

HON. SPEAKER.- Order, order!

HON. A. SAYED-KHAIYUM.- Develop some basic courtesy, come on.

(Honourable Members interjected)

HON. A. SAYED-KHAIYUM.- Reduce the perceived risk associated with the Authority's borrowing thereby reducing its cost of borrowing. Consequentially, Mr. Speaker, Sir, this will make the Authority's instruments more attractive to investors, providing them an opportunity to support the social obligation needed to break the barriers affecting housing affordability.

Mr. Speaker, Sir, as also announced in the Budget, what we have now said that anyone that invests in the Housing Authority bonds, FDB bonds or Government bonds, any of the interest they earn from that will actually be tax-exempt too.

Mr. Speaker, as part of the development for domestic securities market mainly intended to further deepen and expand the domestic securities market, the Government has obviously made this announcement and, of course, we look forward to the private sector appetite for this.

Just by way of updating, as I am legally obliged to do so, the outstanding liabilities guaranteed by Government, for the five-year period from 2014 to 2018, the Authority borrowed up to \$105.6 million. For the information of Parliament, the Authority was granted a guarantee cover of \$150 million in 2013 to be utilised for a 5-year period from 2014 to 2018 of which \$105.6 million was utilised for land acquisition, development of land into residential lots, mortgage lending for new housing construction.

A total of 1,365 lots were delivered for the period from 2014 to 2018. The subdivision in Tacirua Phases 3A 21A to 11A2, Wainibuku, Matavolivoli.

In addition, the Authority assisted a total of 2,926 families during this five year period. The Authority's outstanding liabilities guaranteed by Government as at 31st December, 2018 stood at \$68.064 million of which bonds were \$28.7 million which was 42 percent and loans were \$39.34 million.

Mr. Speaker, Sir, the outstanding liabilities guarantee by Government are broken down as follows:

- The Fiji National Provident Fund - \$20 million;
- Life Insurance Corporation of India - \$1.7 million;
- Bank of Baroda - \$2 million;
- Home Finance - \$3.6 million
- Fijian Holdings - \$104 million; and
- Government Guaranteed Loans (Reserve Bank of Fiji) - \$39.34 million.

This is about \$68.04 million altogether. As at 31st January, 2019 the total of Government Contingent Liabilities was \$1.19 billion, equivalent to 9.9 percent of GDP. Of this, the Explicit Guarantees stood at \$662.9 million or 5.5 percent of GDP.

Mr. Speaker, Sir, in terms of the financial position and performance of the Authority for the Year 2018 which is based on unaudited accounts, the Authority recorded positive performance in 2018, the

Operating Profit after tax stood at \$1.2 million, the Total Assets were \$185.3 million, an increase by \$8.5 million of which is 5 percent, while the Total Liabilities accounted for, \$129.1 million, an increase of \$7.3 million or 6 percent, compared to the same period in the previous year.

The favourable financial position was mainly due to the increase in inventory or loss for sale and the Capital Land Infrastructure Development Projects in progress. The realisation of this inventory will boost the liquidity position of the Authority.

As the Honourable Minister highlighted too, there is a project in Davuilevu which Honourable Tikoduadua should be familiar with, a number of lots are being developed there. The liquidity position with the Authority improved in 2018. Its ability to meet short term obligations as and when they fall due is very high, it is clearly reflected in the current ratio in 2018 as it is above the rule of thumb of 2:1.

In terms of long term solvency, Mr. Speaker, Sir, the Authority intends to borrow funds for financial long term capital projects with the Authority's ability to manage long-term obligations whereby for every \$0.70 cents of debt obligation, \$1 is available from the total assets to meet this obligation.

In terms of the utilisation of \$150 million, Mr. Speaker, Sir, the Authority plans to utilise the guarantee to deliver 1,290 lots in the Subdivisions that are currently in progress, namely in Nepani, Davuilevu, Tavua and Tavakubu in Lautoka. The estimated cost for these projects was \$90.68 million. They are expected to be completed in 2019 to 2020 so some of them will come in fairly quickly.

A total of 1,887 lots is projected to be delivered during the period from 2019 to 2023 for the following new subdivisions:

- Veikoba in Nasinu;
- Covata in Labasa;
- Tulalevu in Sigatoka;
- Waqadra in Nadi;
- Natadola in Sigatoka;
- Waila City; and
- Nabuta in Tavua

The total development project cost is estimated at \$268 million of which \$126.83 million is expected to be utilised from the period of 2019 to 2023.

This guarantee will also allow the Authority to access the RBF's Housing Facility. A total of \$17.3 million has been approved to assist these 192 customers. This is the provision that I was telling you where banks can actually borrow from the RBF at 1 percent interest rate and then they can lend on land for no more than five percent.

In conclusion, Mr. Speaker, Sir, the guarantee credit of \$150 million will advance the Government's Housing Policy Agenda, at the same time will ensure the availability of affordable development lots and houses.

As you know, when the Ministers highlighted that, that currently Government is looking at the merging of the PRB and also Housing Authority but, of course, these guarantees are very, very critical for the work to continue in the reconfigured Housing Authority/Public Rental Board.

To recoup part of the risk exposure, Mr. Speaker, Sir, and protect Government's wider financial interest as well as to build reserves to support defaulting guaranteed entities, it is proposed that a guarantee

fee of 0.5 percent should be levied for the utilised guarantee credits. For example, if we approve \$450 million, they only utilise \$100 million, 0.5 percent is only charged in the utilised guarantee above.

With those few words, Mr. Speaker, Sir, I recommend the motion to Parliament.

HON. SPEAKER.- Honourable Members, the floor is open for debate. Honourable Bulitavu, you have the floor.

HON. M.D. BULITAVU.- Thank you, Honourable Speaker, Sir. I rise to give my contribution to the motion.

From the outset, this side of the House would like to say that we will be supporting the motion. Just a few points that the Minister probably could take into consideration given that Housing Authority has tabled its Annual Report and also given that the Committee too has made recommendations or things that the Housing Authority can improve in their services to our customers. We support the Government guarantee to Housing Authority given the vision of Housing Authority in helping Fijians to own affordable homes and to provide access to Housing solutions.

I think one of the problems that was identified by the Committee was the availability of land and if the Government can work with Housing Authority in making land available for them to make their subdivision and their housing projects that they want to do.

Also the packages on the interest rate, I think most of those qualified applicants do face problems especially low income customers. And if Housing Authority is to be the leader in providing housing in the nation I think it has to provide the right environment and atmosphere in that particular area, in particular those that come in the programme of the First Home Buyer Scheme.

I think there are also some in terms of earning certain kind of VAT, because there was a specified time given for them to claim from the expenses they have used. If that also could be considered given that land is a big problem in this nation, in squatting and also many income earners still rent out and do not own properties, and we look forward to this institution given that Government guarantees loan to carry out its core functions and the vision in helping Fijians to own affordable homes that it is fully realised.

Those are some of the things that the Government could take on board to help ordinary Fijians who are low income earners in owning affordable homes that the Authority looks into relaxing most of its requirements to allow applicants; most of them have applied in the last five years, they still do not have any form of response to their application. If the Authority can look seriously into how the system can be streamlined and how things are done more quicker and faster in their response to these various applications. *Vinaka vakalevu*, Sir.

HON. SPEAKER.- Thank you, I give the floor to the honourable Ro Filipe Tuisawau. You have the floor Sir.

HON. RO F. TUISAWAU.- Thank you, Mr Speaker. Housing Authority is one of the critical institutions in our nation, and as mentioned by honourable Bulitavu, we support the proposal in front of us and as mentioned by the other side of the House, we always support uplifting the poor.

(Honourable Members interjected)

HON. RO F. TUISAWAU.- Honourable Usamate, he is always saying we always assist the poor. That is very good honourable Usamate, we agree with you. The only problem is in terms of some of the past assistance; the small business assistance, the \$1,000, that was given prior to election.

(Chorus of interjections)

HON. RO F. TUISAWAU.- And there were, I think about four or five presentations which were made at the Stadium with hundreds of people. You know that is the only problem I have with that, as long as it is not linked to a political objective, it is okay. You do it from the heart!

There was also mention of electric transport which is great but what about the batteries from those cars, where are you putting it? There will be a major environmental problem. I know the honourable Reddy mentioned, 'we never looked to the past'. I quote, 'we never looked to the past'. I mean everything you mentioned and the other honourable Members are always saying 'never before in the history of Fiji' and that is a common term from the other side. But today, I ask you what is in your heart?

(Laughter)

HON. RO F. TUISAWAU.- Do you have love in your heart?

(Chorus of interjections)

HON. RO F. TUISAWAU.- But today, we have demonstrated that, for the first time in the House, we have supported your motion. But have you ever supported one motion from us?

(Chorus of interjections)

HON. RO F. TUISAWAU.- So what I am trying to confirm today, we on this side in order to move our nation forward, we have love for you, we are supporting you.

(Honourable members interjected)

HON. RO F. TUISAWAU.- But you need to reciprocate by supporting at least one motion from us. I had a query on the source of funds, but thank you to honourable Sayed-Khaiyum, he has mentioned that and the major works, thank you for the details for Tavua, Nasinu, et cetera. You also mentioned Waila City, the last time I went past Waila City, there were rusty machinery there. I do not know, is it a revival of the Waila City which somewhat came to a standstill?

I note under Head 23, Housing Authority Debt Relief of \$400,000, I understand there has been a low uptake of that, so we are looking forward to the honourable Minister of Trade and Industry and having more uptake on that debt relief.

Low and middle income earners has been mentioned and the other issue we had I think the CEO resigned in January 2019, and there is an executive committee running the organisation. So we are requesting you .....

HON. MEMBER.- Appoint you....

(Laughter)

HON. RO F. TUISAWAU.- Yes, more paid than Parliament. If that could be formalised because those in that executive committee have served the organisation diligently and loyal some 20 to 30 years. Those three have the capability to take the organisation forward, so I am asking you to consider that part.

The Annual Report that was mentioned by my colleague, the last one was 2016 Annual Report and presented to the Parliamentary Standing Committee in January this year, if that could also be rectified in terms of the delay. With those words, and of course with the expression of love from this side of the House to you, we of course support it for the sake of the poor of the nation. *Vinaka*.

HON. SPEAKER.- Honourable Lynda Tabuya, you have the floor.

HON. L.D. TABUYA.- Thank you, Honourable Speaker. I rise to contribute to the motion and I would like to thank the Government for this and also to show in support of my colleagues who have spoken that we do support the motion. There has been a lot of speaking of a lot of love in the House, and you know, I would like to also remind the other side in the same scripture that love is not puffed-up and does not speak of itself but actually is embracing.

(Chorus of interjections)

HON. SPEAKER.- Order!

HON. L.D. TABUYA.- We hope when we embrace the other side of the House as we share all this love.

Now, Honourable Speaker, this guarantee, this will not be brief, the guarantee we support it. However, it brings us back, Honourable Speaker, to the debate and the discussions with the honourable Minister for Housing about this need to move along with the formalising of our informal settlements.

You know this is all very well that we guarantee this and the money is available and the honourable Minister made it the other night that I was pursuing my own personal agenda by giving the example of my mother and brother. But really, you know, this is confusing message from the other side. They say when we generalise, they say give us your data and statistics but when we give actual examples, we are personalising. We are bringing examples here because it is not just about my mother and brother, we have got in informal settlements.

I know honourable Members of this House that have family there. Our amazing Orderly Jale lives very close to me in Tovata. There is also honourable Usamate and his family in the informal settlements, so we are talking about 80,000 of our people that live there. So in order to get this to move along and I would like the honourable Minister to reconsider when she is saying, it is so hard to do this, it is so hard to do that. Well hopefully this enables her and actually the example is that when they spoke about Nepani, my brother has a lot in Nepani but now he is unable to get a loan to build a house on that lot because he still has the notice of approval of lease. Also there is a rule where you have to within a certain number of years build a house on your land, and the honourable Minister for Lands will confirm that.

If there is time against them in terms of building a house, would this guarantee the Housing Authority to have this loan facility and buying the land then to also follow up with having the ability for our people in informal settlements to get that lease so they can borrow money then they can build a house and we have enabled them. With those words, Honourable Speaker, I do support the motion and just with those caveats to the honourable Minister for Housing. Thank you.



HON. SPEAKER.- I thank the honourable Lynda Tabuya. I give the floor to the honourable Minister, you have the floor for your right of reply.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. I kind of felt suddenly that I was in some kind of counselling session with everything going on. I am not one to, sort of, fray into this area of about these kind of things, but I know one thing, Mr. Speaker, Sir, the best love is love that is not publicly stated.

HON. MEMBER.- Hear, hear!

HON. A. SAYED-KHAIYUM.- It is what is in your heart that matters. In the same way, Mr. Speaker, Sir, by saying Amen loudly does not make me any more religious than the person who is saying Amen quietly in his or her heart. It does not bring you any closer to God just because you have some kind of public display of your faith.

Mr. Speaker, Sir, I want to also correct what honourable Tuisawau had raised on the issue about Waila City. Waila City is the location where there is going to be a particular project built which is going to be a PPP, where the private investors were actually going to put up their own funds upfront, Housing Authority is going to make the land available. They were going to have strata titling and then they would have sold it to members of the public with Housing Authority providing some of the finance. That did not happen.

Obviously it did not happen. Please, get it right. Honourable Salote Radrodro goes on about it; some of you have now picked up and are running with it. There was no financial loss to Housing Authority. There was no financial loss to the Fijian Government. It was a project, obviously, it was embarrassing and it did not go ahead. But the fact of the matter is there was no financial loss. That particular site in my statement I said that it is going to be revived in two years' time.

In the same way with the casino, you keep going on about it. The Government did not put any money into it. The Government did not lose any money, Mr. Speaker, Sir. In fact, the Government got paid money because when we signed the agreement and gave them a licence to operate a casino, we said to them, "You have to have the casino up and running within a particular period of time and should you default on that period there are monthly penalties", and they paid us over a million dollars. So please, stop going on about it. It may sound as if there is some kind of financial scandal.

Obviously, it was embarrassing, it did not go ahead, we have accepted that taking it on our chin, but there is no financial loss from those two projects. So please, get it right. Do not make it sound as if it is kind of scam or scandal or some loss.

HON. GOVERNMENT. MEMBER.- Hear, hear!

HON. A. SAYED-KHAIYUM.- Now, Mr. Speaker, Sir, land availability by Housing Authority developing lots is very critical. As we know that the opening up of lands actually is for productive purposes. It is not just simply about someone getting a house or roof over their head, of course, that is that element too. But the moment you subdivide land, it actually lends to the economic activity.

In the same way that we talked about with the *iTaukei* land development that we did, it was not based on an ethnic basis. But, what it also does, Mr. Speaker, Sir, when you have vast tracts of land vacant, if you then help develop that land, what will actually happen is, apart from the landowners benefiting from it, it means that other people get security of tenure. Other people feel comfortable and they go and invest, jobs are created, carpenters are hired and businesses start up.

By way of reference, honourable Minister Bala, and honourable Sudhakar are from Ba. If you look at Ba where most of the businesses in Fiji come from, if you look at the history and if you talk to the Banks, they say that the reason why they kept on lending lots of money to businesses in Ba in order to expand is because they have security of tenure. Ba is one of the few towns in Fiji that has freehold land, so they were able to use that land for security.

Similarly, most of the hotels today are built on *iTaukei* land, 99-year leases. They are able to mortgage the land, which is a great thing obviously to invest. In the same way, if we have the same approach to agricultural land, if they were leased for 99 years, Banks would use that as collateral, they could gain mechanisation a lot faster. We talked about ALTA, et cetera, it is only 30-year leases and Banks do not use that as collateral. You need to have a long-term security of tenure so it increases the productive capacity of the country.

Housing Authority and the development of lots actually plays a very pivotal role in it. Yes, there were certain issues as the honourable Minister highlighted in respect of the cost of the lots, but if you go to the new Tacirua Subdivision, if you look at the homes and the value of the homes, it has increased quite significantly.

So as mentioned in the guarantee document (the notes), Housing Authority is also going to get into the space of what we call, elevated living or strata titling because strata titling reduces the cost of development of actual homes. You have only one roof to deal with, you have the same plumbing systems. So in that way, you are able to reduce the cost of development and, therefore, the actual apartments which you own on a 99-year strata titling basis becomes a lot more attractive in terms of pricing, so people can have that.

But the main challenge is this and I urge everyone that we should not build ghettos. We should not put all low cost housing in one area because that area will be forever condemned to be a low cost housing in which we used to call 'low cost housing', now we call it 'affordable housing'. So you will develop ghettos. You look at places like Nabua. Property values in those places have not appreciated, this is why we need to have mixed development. Singapore does it fantastically well.

As I mentioned before, you can have different price points on one floor. You can have a pilot who may pay \$3,000. You may have a janitor, who may have paid \$70,000 or \$110,000, so property prices always appreciate. If I have a one-bedroom flat that is worth \$70,000 today and assuming that I am single and I want to get married and move into a two-bedroom flat, I should be able to sell that flat at a much higher price because then, I get an appreciation money for my real estate and I move on to a bigger property. That is what you call 'social mobility.'

We need to have social mobility and that is the new focus, as the honourable Minister highlighted, that the PRB and the Housing Authority will focus on those areas. That is what we are concerned about, to ensure we have that.

Mr. Speaker, Sir, I would like to, of course, thank the Honourable Members for supporting this, and like I said, Housing Authority, obviously, will need to be involved a lot quicker for the 21st century and Government is here to support it.

Thank you very much, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the Honourable Attorney-General for his right of reply.

Honourable Members, Parliament will now Vote.

Question put.

The Question is:

As required by Section 145(1) of the Constitution of the Republic of Fiji, that Parliament approves:

1. That the Government guarantees the Housing Authority borrowings of \$150 million for the five-year period from 1st July, 2019 to 30th June, 2024; and
2. That the Housing Authority pay a guarantee fee of 0.5 percent on the utilised guarantee credit.

Does any Member oppose the Motion?

(Chorus of 'Nays')

HON. SPEAKER.- As no Member opposes, the motion is agreed to unanimously.

Motion agreed to.

### ADJOURNMENT

HON. SPEAKER.- Honourable Members, I now call on the Leader of the Government in Parliament to move the adjournment motion. You have the floor, Sir.

HON. LT. COL. I.B. SERUIRATU.- Mr. Speaker, Sir, I move:

That Parliament adjourns until Monday, 5th August, 2019 at 9.30 a.m.

HON. A.A. MAHARAJ.- Honourable Speaker, Sir, I second the motion.

HON. SPEAKER.- Honourable Members, Parliament will now vote.

Question put.

The Question is:

That Parliament adjourns until Monday, 5th August, 2019 at 9.30 a.m.

Does any Member oppose the Motion?

(Chorus of 'Nays')

HON. SPEAKER.- Honourable Members, since no Member opposes, Parliament is now adjourned till Monday, 5th August, 2019 at 9.30 a.m.

I thank all Honourable Members for your contributions to this week's sitting, and once again, I congratulate you all on the passing of the 2019-2020 National Budget.

(Acclamation)

Parliament is now adjourned until Monday, 5th August, 2019 at 9.30 a.m.

The Parliament adjourned at 3.28 p.m.