

**PARLIAMENT OF THE REPUBLIC OF FIJI**



**PARLIAMENTARY DEBATES**

**DAILY HANSARD**

**FRIDAY, 29TH MAY, 2020**

**[CORRECTED COPY]**

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**FRIDAY, 29TH MAY, 2020**

The Parliament met at 9.43 a.m. pursuant to adjournment.

HONOURABLE SPEAKER took the Chair and read the Prayer.

**PRESENT**

All Members were present, except the Honourable Minister for Education, Heritage and Arts and the Honourable Minister for Women, Children and Poverty Alleviation.

**MINUTES**

HON. LEADER OF THE GOVERNMENT IN PARLIAMENT.- Thank you, Mr. Speaker, Sir. I move:

That the Minutes of the sitting of Parliament held on Thursday, 28th May, 2020, as previously circulated, be taken as read and be confirmed.

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

Question put.

Motion agreed to.

**COMMUNICATIONS FROM THE CHAIR**

Welcome

HON. SPEAKER.- I welcome all Honourable Members to the final Parliament sitting for this week. I also welcome all those watching the live broadcast and the live streaming of today's proceedings from the Committee Room and those from the comfort of their homes, offices and mobile phones. Thank you for your continued interest in your Parliament.

Livestream of Parliament Sittings

Honourable Members, as you are all aware, Parliament Sittings are broadcast live and streamed live through the Parliament Channel on the *Walesi* platform, Parliament Livestream URL and the *Facebook* platform.

Parliament Facebook Platform

Honourable Members, it has been brought to my attention that the *Facebook* platform is providing auto-generated subtitles which I have been advised are incorrect and out of context.

Honourable Members, I can verily confirm that Parliament does not provide, nor have control on the subtitles that appear on the screen. As I have alluded to, these subtitles are auto-generated and is a feature that is controlled entirely by *Facebook*.

Therefore, given that Parliament has no control over the auto-generated subtitles which are incorrect, I have given instructions that the livestream of all Parliament Sittings, including its Committees, through the *Facebook* platform is hereby terminated indefinitely. This move is

necessary as it is crucial to maintain the integrity of Parliament and the important work that it is mandated to undertake.

Honourable Members, for viewers who watch the live Parliament Sittings on the *Facebook* platform, they can now watch all the live sessions by visiting <http://www.parliamentlive.gov.fj/>. Honourable Members, I hope that is clear. There is no total ban but there is an alternative source so that things are clear and we are not questioned that they are trying to dilute what is being said in Parliament, or confusing people. Thank you, Honourable Members.

Honourable Members, I now call on the Minister for Infrastructure, Meteorological Services, Lands and Mineral Resources, the Honourable Jone Usamate, to table his Report. You have the floor, Sir.

### **PRESENTATION OF PAPERS AND CERTAIN DOCUMENTS**

HON. J. USAMATE.- Mr. Speaker, Sir, in accordance with Standing Order 38, I present to Parliament, the Water Authority of Fiji – 2016 Annual Report.

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

(Report handed to the Secretary-General)

HON. SPEAKER.- Under Standing Order 38(2), I refer the Water Authority of Fiji – 2016 Annual Report to the Standing Committee on Natural Resources.

HON. SPEAKER.- Honourable Members, we will now move on to the next Item in the Order Paper.

Honourable Members, the first Oral Question for today, I call on the Honourable Lenora Qereqeretabua to ask her question. You have the floor, Madam.

### **QUESTIONS**

#### Oral Questions

Overdue Annual Performance Assessment Increment for Teachers  
(Question No. 85/2020)

HON. L.S. QEREQERETABUA asked the Government, upon notice:

Can the Honourable Attorney-General and Minister for Economy, Civil Service and Communications inform Parliament when will teachers receive their Annual Performance Assessment pay rise that has been overdue for more than two years?

HON. A. SAYED-KHAIYUM (Attorney-General and Minister for Economy, Civil Service and Communications).- Thank you, Mr. Speaker, Sir. I would like to comment on the question but by way of background, I think sometimes there is a bit of confusion between what we generally call MyAPA which is the Annual Performance Assessment and the actual pay rises on different pay scales.

Mr. Speaker, Sir, the Whole of Government Civil Service Reform actually commenced in 2015. It encompassed five key areas of human resources management which were:

- (1) Open Merit Recruitment and Selection;
- (2) Positive Discipline;
- (3) Job Evaluation;
- (4) Performance Management; and
- (5) Learning and Development.

Performance Management, Mr. Speaker, Sir, is all about improving the Civil Service delivery in the Fijian Civil Service through changes in many functions. Some of those are the planning, monitoring and reporting of performance in the organisation, work unit and individual level.

The work of each individual is fully aligned with the work of the Ministry and the work of each Ministry is fully aligned with achieving its service delivery priorities of the Government, a foundation will be in place to improve performance.

The Performance Management Framework, Mr. Speaker, Sir, which included the MyAPA, was approved by the Public Service Commission for implementation across the Civil Service in November 2017. Individual Ministries were responsible for the performance assessment of each employee, and a subsequent moderation of these results.

Mr. Speaker, Sir, to put into context, the Ministry of Education is the largest Ministry as far as the employees are concerned. In 2017-2018, there were 14,244 civil servants in that Ministry. Currently, there are 14,027, out of which 13,449 are teachers and 578 are non-teaching staff, so it is the largest Ministry from that perspective. And MyAPA is about each individual civil servant, so you can imagine the huge exercise that it has to go through.

Mr. Speaker, Sir, moderation, of course, is a critical component of the Performance Management System (PMS), since it ensures that employees are rewarded for measurable contributions to the achievements of the Ministry, not just based on the perception of their supervisor.

Mr. Speaker, Sir, as some of you may recall, post-2000, a PMS was also introduced by the previous Government with some of the Permanent Secretaries and some of the other senior civil servants. However, it was ditched because the fundamentals were not right because as you can imagine, for example, if my superior is going to assess me and my junior is also going to assess me, and if everyone works in cahoots, everyone will be saying, "We have achieved more than 100 percent." So the framework of that needs to be fundamentally correct and there needs to be various moderations once the assessments are done, to ensure that the actual assessments are actually correct.

Mr. Speaker, Sir, as I have said, it is not just about based on the perception of the supervisor, these rewards are in the form of salary step increments or performance payments. So, you can either get salary step increments or you can actually get a one-off performance payment. Both are based solely on performance and not annual increments or bonuses that should be expected to be received in the form of pay rise.

Mr. Speaker, Sir, the salary steps that I am referring to are the results of a comprehensive Job Evaluation Exercise in 2017, which moved to modernise the remuneration of the Civil Service. I previously provided details to Parliament on the Job Evaluation Exercise and the subsequent pay rise received by civil servants, including ranging from 2 percent to 76 percent.

Mr. Speaker, Sir, the payments made under the MyAPA process are not pay rises, but evidence on performance-based salary increments to eligible civil servants to reward improved or consistent performance.

In the first year of implementation of the PMS, the MyAPA process across the Civil Service was due to be finalised in April 2018, with moderation to occur in May 2018.

The moderation process in the Ministry of Education, Heritage and Arts took longer than anticipated, mainly due to the lack of substantiated work units, which is the school or department results, for comparison to the claims made by individuals in the MyAPA submissions. For example, if a Principal says, “My output has been so significantly high”, it has to be then cross-checked across the Ministry, it has to be cross-checked with the School Committees and it has to be crosschecked with the Work Rollout Programme that has been set for that particular school. There are, of course, various ways of measuring the performance of, for example, head of that school or that particular teacher or the head of that particular department.

In addition to the lack of substantiated work unit results, the sheer volume of the MyAPA forms to be reviewed required a modified process to finalise assessments. Following a final check, the Ministry of Education, Heritage and Arts confirms that the 2017-2018 MyAPA payments will be made to the staff who have been assessed and moderated as eligible for performance increase before the end of this financial year, and this will be backdated to the first pay in August 2018. Thank you.

HON. SPEAKER.- I thank the Honourable Attorney-General for his answer to the question.

We will move on. There being no supplementary question, to the second question for today and I call on the Honourable Vijay Nath to ask his question. You have the floor, Sir.

Business Survey – International Finance Corporation  
(Question No. 86/2020)

HON. V. NATH asked the Government, upon notice:

Can the Honourable Minister for Commerce, Trade, Tourism and Transport explain to Parliament the purpose of the Business Survey that the Ministry has conducted in partnership with International Finance Corporation?

HON. F.S. KOYA (Minister for Commerce, Trade, Tourism and Transport).- Thank you, Honourable Speaker, Sir.

Mr. Speaker, Sir, I rise to provide a response to the question and I thank the Honourable Member for the question. The Fijian Government understands the economic crisis brought on by COVID-19 pandemic and has severely impacted businesses across Fiji, both large and small, like never before.

In order to better understand how the crisis is impacting the business community, Honourable Speaker, Sir, the Ministry of Commerce, Trade, Tourism and Transport and the International Finance Corporation (IFC) partnered to actually conduct a COVID-19 Business Impact Survey. The objective of the Survey was to hear directly from the businesses the impact of the crisis and the resources needed for them to be apply to survive.

The Survey also sought to understand how businesses were adapting or changing their business model to survive the restrictions in place due to the COVID-19 Pandemic. Most importantly, Honourable Speaker, Sir, through this Survey, Government is in a better position to make evidence-based policy decisions and targeted assistance to those who needed the most.

Honourable Speaker, Sir, over 3,500 businesses from across all different sectors and sub-sectors participate, and we wanted to ensure that we gave every possible business type from every corner of Fiji the opportunity to contribute. Upon analysing the data, Sir, it was evident that majority of the respondents were micro and small enterprises.

Prior to the pandemic, Sir, 71 percent of the respondents stated that their businesses were stable and thriving, and these businesses were able to set aside cash reserves and made savings from profits. Pre-COVID-19 was, of course, a reflection of our 10-Year unprecedented economic growth.

As you will imagine, Sir, following the outbreak, the entire business landscape has changed and the results revealed that the main impacts felt have been:

- the depletion in cash flows to adequately manage their business operations or service their debt;
- their inability to fully operate all the functions of the business and that is because of reduced hours of operations and cancelled or delayed capital works;
- the difficulty in managing and actually retaining employees and customers; and
- concerns on the supply and increase in the cost of raw materials.

Mr. Speaker, Sir, in terms of revenue, 1,200 businesses stated that they expect a decrease in their revenue by 75 percent, should the impacts of COVID-19 continue for up to another six months with about 512 odd expecting bankruptcy.

On the positive side, Sir, a fair share of businesses are able to change their business and adapt, for example, businesses enhanced sanitation practices were to ensure the safety of their employees and customers.

One of the most important things also, Sir, and I have always said this, is about collaboration. This particular survey is also a value-add to the survey that the Honourable Minister for Employment, Productivity and Industrial Relations and Youth and Sports talked about the other day that was done in conjunction with the ILO. Together, both surveys will provide Government with valuable information going forward in terms of making informed decisions, Sir.

Mr. Speaker, Sir, I also take this opportunity to thank those businesses, who took their time to participate in the survey, and the Government is here to ensure that we do the right thing and help with many businesses and Fijians as we possibly can. The road to recovery maybe long, Sir, but it is not impossible.

I thank the Honourable Member for his question, Sir.

HON. SPEAKER.- I thank the Honourable Minister. Any supplementary question?

HON. PROF. B.C. PRASAD.- Just a quick one, Mr. Speaker, but before that, in responding to the Honourable Minister for Local Government and Community Development's Ministerial Statement yesterday, I had referred to a taxi base in Nadi, Mr. Speaker, and I just want to correct that, I had meant the Nasinu Taxi Base.

Can I just ask the Honourable Minister, is this data already available publicly?

HON. F.S. KOYA.- Thank you. Mr. Speaker, Sir, these are preliminary findings and we can expect the final report by June, but I am I making it available as we go along, the information is available to us.

HON. SPEAKER.- Thank you. We move on to the third Oral Question for today and I call on the Honourable Veena Bhatnagar to ask her question.

Amendments to Town Planning Laws  
(Question No. 87/2020)

HON. V.K. BHATNAGAR asked the Government, upon notice:

Can the Honourable Minister for Local Government, Housing and Community Development explain to Parliament how will the Ministry ensure that the stated amendments to the town planning laws will be modern and current?

HON. P.D. KUMAR (Minister for Local Government, Housing and Community Development).- Mr. Speaker, Sir, I thank the Honourable Member for her question.

The Town Planning Act and Sub-division of Lands Act were both enacted in 1978 and administered by the Director of Town and Country Planning. These legislations provide a clear mandate to regulate land use and development in the country.

Mr. Speaker, Sir, the 42-year old legislation needs revision, to be in par with international planning standards. My Ministry has engaged the services of a consultant to review these legislations. Work has already commenced, and we expect the first draft to be out by the end of this financial year after which, nationwide consultations will be conducted.

Mr. Speaker, Sir, the Ministry, through its consultant, will carry out a thorough research to study the best planning practices and legislation used in other jurisdictions. The principles learnt will then be incorporated into the amendments to suit the local planning context of Fiji.

The amended town planning legislation will ensure that it is on par with the current and evolving development trends in Fiji. The legislation will be reviewed in such a way that it makes bold changes to the facilitating of development projects so that we get quick results in the approval process.

Mr. Speaker, Sir, there are significant gaps in the existing legislation. For example, there are no provisions in the Act which provides guidance on who can lodge building applications. In 2019, Suva City Council received more than 200 substandard applications that had to be rejected. There were issues with the structural designs.

Mr. Speaker, Sir, changes will be made to ensure accredited and qualified persons can lodge development applications to protect the interest of the public and the developers at large.

Mr. Speaker, Sir, illegal development is rife in the country. Penalties associated with the offence is very low and not an effective deterrent. The usual practice for the Council is to issue stop work notices, followed by proceedings in the court, which is a long process. The review will suggest other options to deal with illegal development.

Mr. Speaker, Sir, the ultimate aim of this revision is to streamline the planning approval processes and strengthen development control. Currently, all sorts of application end up at Town and Country Planning, and this is simply because our Town Planning Schemes are outdated and it requires rezoning, so in that case, most applications end up with Town and Country Planning.



The review will consider decentralising approvals so that only major developments are forwarded to the Office of the Town and Country Planning. And this would allow Town and Country Planning to focus more on their core responsibility of strategic planning, such as master planning and revision of the Town Planning Schemes.

Mr. Speaker, Sir, we have looked at a number of countries where their planning divisions have opted for new mechanisms of ensuring that the approvals are handled in a timely manner and one example I would like to share with you is in New Zealand.

The planning office in New Zealand charge around one percent as development fee and then there is a timeline within which the approvals or consideration must be made by the office. And if it is not made within that timeframe, then the office has to give discount to the applicant. So, in that way the officers are kept in check, that they have to respond in a timely manner, and performance is also measured.

Besides that, Mr. Speaker, Sir, I also want to say that the revision will then consider what we would like to see which is, approvals given online. So online approval, how it should be done, the legislation has to make some reference to that as well in terms of the technology that needs to be used or some changes that is required from the applicant or the agents who normally lodge the application.

Thank you, Mr. Speaker, Sir, for this opportunity to respond to this question.

HON. SPEAKER.- I thank the Honourable Minister for the reply to the question.

I give the floor to the Honourable Tikoduadua for his supplementary question. You have the floor, Sir.

HON. COL. LT. P. TIKODUADUA.- Thank you, Mr. Speaker. I thank the Honourable Minister also for the answer to that question.

Mr. Speaker, the Honourable Minister had stated updates that she had mentioned earlier in a Ministerial Statement which I had answered to and she is pretty much repeating that but today, she mentioned that at the end of this financial year, there should be a draft report to be followed by public consultations. I am just curious, Madam Minister, has there been a timeline set where this is going to be completed?

I think in anticipation, people would like to know as to when Municipal Elections could be held. Perhaps, also in addressing that, we are curious as to who are your consultants looking at this review. Thank you, Mr. Speaker.

HON. SPEAKER.- I thank the Honourable Member. Honourable Minister, you have the floor.

HON. P.D. KUMAR.- Thank you, Mr. Speaker, Sir.

I will start with the name of the consultant which is NATCOM and the Consultant's name is Maraia Ubitau. She is a very seasoned Town Planner. She has worked in the Department of Environment for a number of years, so she understands the loopholes that are there in the legislation based on her own practice. That is the first part of my response to your question.

The second part is how soon it will be done? There is a timeframe within which the Consultant has to submit her first report, which is at the end of this financial year which is July. Then after that, consultation will take place.

I do not have a definite answer as to how long it will take for the consultation to be completed because when the consultation will take place, there will be some amendments that need to be made and it will go to the Solicitor-General's Office. After the Solicitor-General's Office has cleared it, of course, it will then come to Parliament and the rest of it. As far as I am concerned, my job is to make sure the consultation is over and the draft legislation is presented to the Solicitor-General's Office.

Your other question was how soon the Municipal Council elections will be held and as I said earlier on during my ministerial statement, a number of legislations that are dependent on the review of the Local Government Act because it is the Local Government that will decide when we are going to have the election.

But I just want to emphasise and I want to make reference to my ministerial statement again, that there is no one model that has to be used for the appointment or the election of councillors. If you look at the research around the globe, there are different, different models that can be used, but when we come to the review of that legislation, we will deal with it then. Thank you.

HON. SPEAKER.- We move on to the fourth Oral Question for today and I call on the Honourable Selaia Adimaitoga to ask question her question. You have the floor, Madam.

Update on the Coastal Protection Seawall Projects  
(Question No. 88/2020)

HON. S. ADIMAITOGA asked the Government, upon notice:

Can the Honourable Minister for Agriculture, Waterways and Environment update Parliament on the coastal protection seawall projects?

HON. DR. M. REDDY (Minister for Agriculture, Waterways and Environment).- Thank you, Mr. Speaker, Sir. I want to thank the Honourable Member for asking this question.

Mr. Speaker, Sir, we, as a nation, have about 1,129 kilometres of coastline. The satellite data indicate that sea level has risen in Fiji by about 6 millimetre per year on an average since 1993.

Mr. Speaker, Sir, relatively, this is larger than the global average of about 2.8 millimetre to 3.6 millimetre per year. So we can see that our sea level rise on an average in a year is about 3 millimetres more than the global average.

Given that, we will find that coastal inundation and seawall water will be an issue, and it will affect not only coastlines but also communities because a large number of communities, particularly in the Maritime Division and also along here in Viti Levu and Vanua Levu, are staying along the coastline. There are large number of requests for us to undertake works to protect the coastline along where communities are staying or dwelling. Also, to some extent, we get requests to protect infrastructure.

But, Mr. Speaker, Sir, we are also looking at, not only the requests that we get, but also how and what we could do to protect coastlines which are vulnerable and could be inundated in the future. For this, we are working closely with the Ministry of Forestry to undertake nature-based solutions,

because the hard engineering solutions are very expensive and also the longevity of those are not very high and may last for five years or ten years. For example, we did river bank protection in Ba behind Votua Village that got washed away - the gabion bank protection. So the real long term solution is to look at nature-based solution to deal with problems arising from nature.

Mr. Speaker, Sir, in this financial year - starting from July till now, below are the coastal works that we have done:

- (1) Namoli Village was experiencing foreshore erosion, so we did quite a massive amount of hard structural bank protection work there, 440 metres of seawall infrastructure. Also, in the same process, we expanded the Village foreshore, so that got additional expenditure that we incurred to give them more space to expand their Village. This cost us a total of just over \$700,000 and was completed in October last year.
- (2) We (the Ministry of Waterways staff) then went earlier this year and planted mangroves along this particular construction that we did because in the long run, we will have to establish this to protect the seawall from any erosion, so nature-based solution is the way forward. This work was completed and it was pretty expensive. On an average, around 500 metres of seawall construction cost us anywhere between \$750,000 to \$1.2 million, depending on the nature or the height of the seawall, so this project costs us about \$700,000 and it was 440 metres. So you can see how expensive this kind of work is.
- (3) The project in Rukurukulevu Village, Nadroga, was about 400 metres and it cost us \$437,000. We completed this in February this year.
- (4) We completed the project in Dravuni Village, Tailevu. This project cost us about \$490,000 and was 212 metre in length, but the height quite doubled the previous one, so that is why we can see that it cost us nearly half a million dollars.
- (5) In Lamini Village, Taveuni, we completed the project with the total length of 163 metres and 2.5 metres high. It cost us \$1 million, so it was a pretty expensive project.
- (6) In Nadaro Village, Tailevu, their project cost us \$470,000, the 112 metres of seawall works that we did there.
- (7) We have also begun works in three places in Kadavu but have not yet completed - Tavuki District School, Namuana Village and Namalata Village;. The projects got affected by the current crisis that we are facing, so we are looking at completing those works, hopefully, this year. We were not able to deploy machines to undertake the work.

Mr. Speaker, Sir, the Ministry of Waterways has just written to the Ministry of Rural and Maritime Development to give us a matrix of all the seawalls and all the river bank protection that we need to do, and then rank them in terms of importance, “importance” meaning, the number of communities that will be affected, the kind of length we are talking about, where they are located, et cetera, then we will try to do all the ones (1s) in the next financial year in terms of importance. At the same time, we will see what we can do to the twos (2s) and threes (3s) in terms of nature-based solution. The ones (1s) are in terms of impact and are also the emergency ones.

Mr. Speaker, Sir, those are the works that have been done and our plans for the next financial year. Thank you.

HON. SPEAKER.- I thank the Honourable Minister. A supplementary question by Honourable Lt. Col. Pio Tikoduadua, you have the floor, Sir.

HON. LT. COL. P. TIKODUADUA.- Thank you, Mr. Speaker. I thank the Honourable Minister for the answer to the question.

I recognise from the Honourable Minister's answer that he has got a whole long list and, of course, he has asked the Honourable Minister for Rural and Maritime Development for a list of those villages that need assistance. I also thank the Honourable Minister for suggesting having a nature response in the long-term like you did in Namoli but, of course, that it going to take a lot of time, Mr. Speaker, Sir. Korotogo is a real good example (just before Sigatoka where they planted mangroves in the past and that is growing), there is hope in that solution.

However, my question to the Honourable Minister is, you have this long list and the Honourable Minister for Rural and Maritime Development is going to provide you even with a longer list and you are thinking of trying to meet all of that in the next financial year. Every coastal village is competing for a seawall and I know a few. What criteria do you use, to determine the seawalls that are more important than the other, given the ones that you have are pretty much spread around Fiji and this is not only just a national problem - the high level of tide is a big one?

I know relocation has been one of the solutions and, of course, it has got its own challenges – land tenure, et cetera. How do you prioritise, a village seawall over another? It will be good to know, at least, villages would know where they fall within your list of priorities? Thank you.

HON. SPEAKER.- Thank you. Honourable Minister.

HON. DR. M. REDDY.- Mr. Speaker, Sir, thanks to the Honourable Member. As I had alluded to, our Permanent Secretary for Agriculture has written to the Permanent Secretary for Rural and Maritime Development. The submissions come from the Tikina Council to the Commissioner's Office. We have asked that in that matrix, they rank all the requests, which ones are number 1 in terms of emergency - emergency in terms of the extent of damage and how far it is threatening the community; and number two, the impact - is there 10 hours or 50 hours, et cetera.

So what we want to do is, we want to submit for budget all the ones (1s). I will give you an example, just about four months ago, we completed a seawall project in Viro Village, Ovalau, without it being budgeted. We said to them, "We will take our excavator, our dump truck, you organise the boulders and we will do bouldering." So we have completed the bouldering work for the entire 500 metres. The next step we will do is, we will go and plant the mangroves. They are very happy and the entire shoreline is now protected. So those are some of the ways we will have to adopt in terms of addressing the twos (2s) and threes (3s).

Thirdly, we will also have to make submissions for other innovative ways of getting those projects done. We will target all the ones(1s) and they are the priority listed by the Ministry of Rural and Maritime Development, and then we will also look at how we could re-look at simpler, least-cost designs where we can deliver three sites or four sites with the cost of one. Thank you.

HON. SPEAKER.- Thank you. Is that a supplementary question?

HON. LT. COL. P. TIKODUADUA.- Yes, Mr. Speaker, Sir. Oh sorry!

HON. SPEAKER.- I will allow you a second.

HON. LT. COL. P. TIKODUADUA.- Thank you.

HON. SPEAKER.- There is only one, Pio Tikoduadua.

HON. LT. COL. P. TIKODUADUA.- This one is important, Mr. Speaker.

I thank the Honourable Minister for the answer to my first supplementary question. If the Honourable Minister, in considering the list of those communities that he would be given, there is a real big problem at the moment with this Village of Dakuinuku, close to RKS, where big tides come right up to the highway. What is specific about this Village is that, because in terms of relocation, much of their land is already now under protected reserve because of the new Namau Water Treatment Plant, that is going to provide water for the better part of Tailevu North.

Relocation is a difficult alternative because they cannot touch that land. It is for use for the general good. I am just asking the Honourable Minister perhaps, to see that Village. I know it is not a question but I think it is quite important for the general good because they have sacrificed up to about 500 acres in that regard, if he will go there and have a look. Thank you.

HON. SPEAKER.- I have allowed that question because it has to do with Tailevu. Honourable Minister, you better answer his question.

HON. DR. M. REDDY.- Mr. Speaker, Sir, we have been getting requests from all kinds of people so what we do, it is better to streamline and that is what I am saying. This is the time when our Permanent Secretary has written to the Permanent Secretary, Ministry of Rural and Maritime Development. Please, make your submission to them.

The Commissioners are required to rank them up based on impact, emergency and size of the community. As you suggest, I do hope that according to them, it will be ranked as number 1, so let them do it because we can even send text messages and requests from all over. I suggest that it be streamlined.

The Commissioners, the Ministry of Rural and Maritime Development are there. Please, I request all of you, all Honourable Members of the Opposition who are writing to us, sending text messages, please, make your submission to the Ministry of Rural and Maritime Development. We want to have a comprehensive matrix. Also, we can send those to donor agencies to submit external grants as well. Thank you.

HON. SPEAKER.- Thank you. We will move on to the fifth Oral Question for today and I call on the Honourable Joseph Nand to ask his question. You have the floor, Sir.

Impact of COVID-19 on Government Revenue  
(Question No. 89/2020)

HON. J.N. NAND asked the Government, upon notice:

Can the Honourable Attorney-General and Minister for Economy, Civil Service and Communications inform Parliament what has been the impact of COVID-19 on Government Revenue?

HON. A. SAYED-KHAIYUM (Attorney-General and Minister for Economy, Civil Service and Communications).- Thank you, Mr. Speaker, Sir. In fact, we have talked about this subject matter quite a bit in the past four days.

I was going to be quite brief but someone sent me a copy of today's *Fiji Times* and on the front page, it is quoting Honourable Professor Prasad about poverty being reduced to 50 percent being a reality. I feel, therefore, the need to perhaps elucidate this particular subject matter a bit more, again, try and demystify these half-baked truths that come out from the Opposition.

Mr. Speaker, Sir, the reality of the matter is that, COVID-19 had such a dramatic and immediate impact on the global economy that no Government ever anticipated that. Even a country like Australia that has had 23 years of straight growth, one of the longest periods of growth in any of the OECD countries, even they went into a shock and they even had to go out and borrow large sums of money, as we had talked about yesterday. They have injected \$15.6 billion into the economy. Mr. Speaker, Sir, 600,000 Australians lost jobs in one month, two-thirds of the population of Fiji. That is how dramatic the impact has been.

Mr. Speaker, Sir, it is no minor feat for any of the economies in the world to be able to deal with this using the normal economic framework and as we know, we came up very quickly with the COVID-19 Budget Response.

Mr. Speaker, Sir, as was highlighted, the revenue decrease was almost a billion dollars. It has been buffed somewhat a little bit also by the fact that we had the asset-sale of EFL to FNPF that injected slightly over \$200 million into Government coffers. And we know that, again, traditionally as has been, some of the Multilateral Development Banks (MDB) are saying we should not count that as normal revenue as it is not normal revenue.

But normal revenue, Mr. Speaker, Sir, comes from, of course, VAT, corporate tax, personal and income tax, ECAL, STT, immigration fees and departure taxes. They all contribute towards Government revenue. There is no departure tax because there is no one departing or no one coming in, none of the hotels are filled up and cinemas are closed even, so we get ECAL and STT. So revenue is dried up completely.

As was highlighted yesterday, Mr. Speaker, Sir, our expenditure only decreased by about \$300,000 because we wanted to keep up the Government services in all the Ministries including, the additional \$100 million as a result of a response to the COVID-19 crisis which included fundamentally expenditure for Ministry of Health - \$40 million and the balance of it apart from small amounts - about \$700,000 to the Fiji Police Force, RFMF, FCCC and the rest of it, Mr. Speaker, Sir, was for unemployment benefits. The reality of the matter is that, that is how we have mitigated this.

Now, if this particular crisis actually continues, the impact on Government revenue would be even greater. If the economy becomes even more sluggish, obviously it will be greater and, therefore, our job is to try and put in place various initiatives to encourage and boost up confidence. Liquidity is there but try and get business houses to actually have an uptake on those liquidity funds that are available.

They can do the investments, create the jobs and one of the areas that we think that there will be a lot of opportunities (whilst demand for our goods and services offshore may remain muted) in the construction sector, because the construction sector itself generates jobs from within. It creates jobs from within, it also has an asset-base to it, so if businesses are given an initiative to build warehouses or housing developments, it will provide assets, it is mortgage-able, it is collateral, but it also creates jobs. It is not necessarily dependent on any demand from offshore. With tourism, demand is from offshore; supply for garments, the demand is from offshore, but construction is not.

Mr. Speaker, Sir, the other point that I also wanted to highlight, again, one of the former Governors of the Reserve Bank of Fiji has now become a politician, who is also now quoting all sorts

of fanciful figures. The reality of the matter is, the kind of projections that they are saying and the amount of money needs to be injected, it would mean that our deficit would get out of whack. Now there is no point in saying, "Let us have a 20 percent deficit." If you are going to have a 20 percent deficit, you need to actually fund the deficit. Now, who is going to fund the deficit? What will be your funding mix? Will it be from offshore? Will it be from onshore? Obviously, there is limited amount of money available onshore to fund the deficits.

So as we have stated and this is, again, a strategy and we have said openly about this, in these particularly times, our focus is to get funding predominately from offshore. Why? If you get funding from offshore, it also builds up your foreign reserves because we have seen repatriated funds are becoming less. Fijians working offshore, they themselves are finding it hard to remain in their jobs and so they have less money to send back home. Similarly if the tourists are not coming, your foreign reserves are being supplemented with the existing amount of money that we have. As highlighted yesterday or the day before yesterday, we have on the current demand levels about six months' worth of foreign reserves to pay for our imports.

Mr. Speaker, Sir, I want to go back again to what Honourable Professor Prasad was talking about, poverty levels were up to 50 percent. I mean, he knows and we expect him to know this, that the standard poverty measures are based on the concept of individual or family income below a certain threshold. And, of course, Mr. Speaker, that is needed to cover basic expenses.

We have seen, Mr. Speaker, Sir, and I have got the figures here, deposits of residents with banks have increased from around \$2 billion in 2006 to around \$5 billion now. In other words, there is a lot more wealth accumulation as we have seen, for example, when people withdraw their funds from the FNPF, or they dip into their savings. So when you have more savings, this ability for people to actually not fall within the trap is heightened.

Mr. Speaker, Sir, we have also said that we will now pay this fortnightly benefit. We call it Unemployment Benefit. If we follow the model which the Honourable Professor Prasad seems to be insinuating, we have not put them immediately onto the Social Welfare system. We are calling them Unemployment Benefits because they are, indeed, unemployment benefits and it is the psychology of their own, Mr. Speaker, Sir, because the moment you put people on Social Welfare Benefit, there is like a dependency culture on that. We are also telling them, "You are people that can be employed." The moment the opportunity arises, the moment the bubble opens, the moment that garment factories open, go back to work. We will till then look after you.

As more time increases, Mr. Speaker Sir, as we go further into this particular space, if there is a need, we will continue to give the unemployment benefits. If there is no need, we will pull it back, people get their jobs. This is why there is a verification process that people need to verify when they get their unemployment benefits to say that they continue to be unemployed. So, I wanted to highlight that.

Mr. Speaker, Sir, going forward (I wanted to say this to Honourable Members), in the worst case scenario, assuming the borders remain closed for most of the next financial year, the tax revenue for Government is expected to decline to around \$1.5 billion in 2020-2021, around half of the amount we collected pre-COVID-19. So, that is the likely scenario at this point in time.

We had said that the economy is expected to contract (in the Supplements Book, you will see on page 9 and onwards) by 4.5 percent. It will contract by a much larger amount because the reality of the matter is that, this pandemic has made the economies come to a grinding halt and we do not expect the borders to open up by next month. So, it will be protected and, therefore, the economy will contract by a much larger period. A number of surveys are being carried out by business houses,

through ILO, through other agencies that are carrying out the surveys for us, Mr. Speaker Sir, and we will have a much better indication as to what the ground realities are.

However, in the meantime, we are still looking for opportunities to create domestically that will build up confidence. Those kind of headlines actually do not build confidence. By having those headlines, Mr. Speaker, Sir, and I said this before, 80 percent of the economy is psychology. If people feel confident, they have got money in their pocket, they feel confident, they will invest, they will spend and there is a lot of liquidity in the market. If people feel confident and say, "Alright, I have got the money here and I can build my warehouse or I will build a block of apartments because I will have it all ready by the time the borders open, because I know the environment is right and the messaging is right", they will do so. What will happen is, it will become self-fulfilling.

If they do, do that, there is a lot more construction going on, then obviously a lot more people will have jobs. If a lot more people have jobs, they will go out and spend more money. It creates more money within the system itself - consumer demands. So, Mr. Speaker Sir, this is the reality of the matter and I really urge everyone, please, this is not the time to do political point-scoring. This is the time to state the facts and this is the time that we need to work together to build up confidence, to ensure that we do not have protracted unemployment and be able to get our revenue levels up much quicker. Thank you, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the Honourable Minister. Honourable Professor Prasad, your supplementary question.

HON. PROF. B.C. PRASAD.- Thank you, Mr. Speaker. Obviously, the Honourable Minister for Economy said quite a bit, more than the question on the revenue. But I think, Mr. Speaker, confidence also is about transparency and accountability. Sometimes, when people know the truth, it builds confidence as well, so it is not political point-scoring.

(Honourable Member interjects)

HON. PROF. B.C. PRASAD.- But let me just get back to the question because you are not answering the question, it was just a very simple question.

In 2018-2019, the projection was \$4.2 million; 2019-2020 Budget, the revenue projection went down to \$3.4 million so, Mr. Speaker, we have already seen revenue decline but obviously COVID-19 is totally a different issue, down to \$2.5 million. The question to the Honourable Minister is; a big component of the revenue is also provisional tax, advanced tax and it is possible that this year when we complete 2020, that may not be there and going forward in 2021.

I understand what the Honourable Minister is saying with respect to deficit but my question to him is, if we do not get this \$2.5 million that we are projecting and it is going to be dependent on how the economy pans out in the next six months, what sort of borrowing possibilities are you looking at? It is almost clear that the deficit will go up so we need to prepare ourselves ....

HON. V. NATH.- What is your question?

HON. PROF. B.C. PRASAD.- Listen!

(Honourable Members interject)

HON. SPEAKER.- Order, order!



HON. PROF. B.C. PRASAD.- Mr. Speaker, I will let the hecklers have their time.

(Laughter)

But the question is, what is the Honourable Minister's plan to deal with that in terms of the sources of borrowing and whether there are negotiations already taking place with some of the international sources for further borrowing than what is being provided for in the COVID-19 Response Budget? Thank you, Mr. Speaker.

HON. SPEAKER.- I thank the Honourable Member. Honourable Minister, you have the floor.

HON. A. SAYED-KHAIYUM.- Mr. Speaker, Sir, the Opposition, I think, are using the word "transparency" very much as a cliché term, as opposed to actually meaning what they say. I mean, you cannot go any more transparent in the publication of all those books we gave.

The COVID-19 Response Budget creates far more transparency, Mr. Speaker, Sir, in respect of the way forward and what we are we doing and the source of funding. I urge the Honourable Members of the Opposition, please, read this. It actually details specifically each sector, where the revenue is coming from and what is going to happen.

(Honourable Professor B.C. Prasad interjects)

HON. A. SAYED-KHAIYUM.- No, no, when I talked about confidence, you said it is all about transparency.

Mr. Speaker, Sir, as I had also mentioned in my introductory comments for the second point on what Honourable Professor Prasad said, obviously corporate tax will reduce and we have delayed the payments of those corporate taxes as announced in the COVID-19 Budget Response. It will obviously have an impact on our financial year. But that is something that we have to weather, something that we have to put up with because we need these businesses to survive because they continue to create jobs and, at this point in time, sustain those jobs that are currently existing.

Mr. Speaker, Sir, we, in fact, the moment all of this started, we already started talking to a number of the MDBs. We have spoken obviously to the Reserve Bank of Fiji, we have spoken to some of our key bond purchasers in Fiji, of course, like FNPF and financial institutions. But as we have said, to give you an indication, I do not want to, of course, pre-empt what will come out in the Budget, but we have a huge focus on offshore borrowing.

The permutation as we have already said in our budget strategies has always been, we have a mix of what we call "70:30 mix." Seventy percent of our borrowings always come from domestic markets and 30 percent comes from offshore markets. The reason why we do, do that is because when we have more domestic borrowings, we have less foreign exchange exposure. If you, for example, borrow in US dollars, a heavy amount of your borrowings in US dollars and the currency fluctuations take place, Mr. Speaker, Sir, then you are going to have a debt exposure that you specifically cannot account for because it can dramatically change.

With domestic borrowings, it is in Fijian dollars, obviously then it is a lot more stable and we can predict that. But in this particular circumstances we will have to actually borrow a lot more from offshore and Mr. Speaker, Sir, one thing, I think, that seems to be lost by many people in Fiji is the fact that the Australians gave direct budget support which is, for the first time, to the Fijian Government, says a lot. As in the press conference, the Australian High Commissioner said that the reason why they are doing that is because they have a lot of confidence in the way that we have been

managing our economy, including the Financial Management Systems (FMS). That is why they have done that. The Kiwis are also looking at doing that, the Europeans have already done that, Mr. Speaker, Sir. So that is one source of funding.

The other source of funding, of course, we are looking at our traditional lenders, like the World Bank and ADB, and they are the two key ones. We have already secured the funding. I know there was a question earlier on this week, but they are not here to ask the question. What I had already highlighted, Mr. Speaker, Sir, is our US\$200 million global bonds that actually mature this year, we have already secured the funding for that and at much lower interest rate.

A lot of people also do not understand, Mr. Speaker, Sir, one of the things that we have been doing is that we have been rearranging and restructuring our debts. So the higher interest paying debts, we pay it off much quicker, or we consolidated it into lower interest debt portfolios.

With the global bond that matures this year, Mr. Speaker, Sir, interest rate is an excess of 6 percent. We are now borrowing trenches of money from the World Bank and ADB, given various policy-based programmes. We have presented a number of policy-based programmes to Parliament, for example, some of the new laws regarding public enterprises, the increased transparency and the manner that we put in place systems regarding government guarantees, et cetera.

Based on those policy changes, now they are lending money to us at the maximum rate of 3 percent. Some of the trenches of money have been paid to us is 1.5 percent, so our cost of debt is actually increasing too, Mr. Speaker, Sir.

The funding is coming from offshore. Of course, some of the international agencies have made some quick funding available, like IMF. They are lending money based on your GDP, obviously the smaller countries lose out based on the GDP configuration. But the turnaround time in terms of repaying those debts is only three to five years which is very short, which we obviously do not want.

Another key feature that we have been able to take advantage of, Mr. Speaker, Sir, is that for about four years, we have been pushing the envelope and saying to the World Bank that even though Fiji may be classified as a middle income country and, therefore, is not entitled to the International Development Association (IDA) funds which is the concessional loan funding, we should have access to that because of our vulnerability to climatic events.

As we know, as announced last year, that Fiji now has been put in the IDA category because of our climate vulnerability, which gives us huge concessional loans. We do not get the IDA grants per se, but we get concessional loans which is paid over 40 years, a 10 year grace period and interest rate is very little.

Mr. Speaker, Sir, again, the IDA funding will help us with that too, and we are looking at a number of other partners.

Mr. Speaker, Sir, I should take this opportunity now to publicly thank countries, like Australia and New Zealand, and the United Kingdom have had direct discussions with us to say as to how they could lobby these MDBs to get better amounts of money available, not just for Fiji but other developing countries around the world. Thank you, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the Honourable Minister for his reply.

We move on, Honourable Members, to Written Questions, and I call on the Honourable Pio Tikoduadua to ask his question. You have the floor, Sir.

Lautoka Botanical Gardens/Aquatic Centre project  
(Question No. 90/2020)

HON. LT. COL. P. TIKODUADUA asked the Government, upon notice:

Can the Honourable Minister for Local Government, Housing and Community Development inform Parliament of the progress of the Lautoka Botanical Gardens/Aquatic Centre project and specifically –

- (a) what was the original timeframe and budget for the project when it was first decided upon;
- (b) what are the reasons for delay in delivery; and
- (c) what is the current timeframe and budget for delivery of the project?

HON. P.D. KUMAR (Minister for Local Government, Housing and Community Development).- Mr. Speaker, Sir, I will table my response at a later date as permitted under Standing Order 45(3).

HON. SPEAKER.- Thank you. Honourable Members, the question time is now over.

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

### ADJOURNMENT

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

That Parliament adjourns until the next Sitting date as will be determined in due course.

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

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

Question put.

Motion agreed to.

HON. SPEAKER.- Honourable Members, I thank you all for your participation and contributions during the Parliamentary Proceedings this week.

Today, as you know, Honourable Members, is Peace Keepers Day, so we think of all our Peace Keepers who are doing a great work overseas, and those at home who are about to replace them in due course. Not only them, but their families as well.

Honourable Members, I declare Parliament adjourns until the next Sitting date as will be determined in due course, and you will be informed accordingly. We adjourn.

The Parliament adjourned *sine die* at 10.52 a.m.