

PARLIAMENT OF THE REPUBLIC OF FIJI



PARLIAMENTARY DEBATES

DAILY HANSARD

FRIDAY, 17TH JULY, 2020

[CORRECTED COPY]

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FRIDAY, 17TH JULY, 2020

The Parliament met at 8.38 p.m. pursuant to notice.

HONOURABLE SPEAKER took the Chair and read the Prayer.

PRESENT

Hon. Josai Voreqe Bainimarama, Prime Minister and Minister for iTaukei Affairs, Sugar Industry and Foreign Affairs
Hon. Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Economy, Civil Service and Communications
Hon. Lt. Col. Inia Batikoto Seruiratu, Minister for Defence, National Security and Policing
Hon. Parveen Kumar Bala, Minister for Employment, Productivity, Industrial Relations and Youth and Sports
Hon. Mereseini Rakuita Vuniwaqa, Minister for Women, Children and Poverty Alleviation
Hon. Dr. Mahendra Reddy, Minister for Agriculture, Waterways and Environment
Hon. Rosy Sofia Akbar, Minister for Education, Heritage and Arts
Hon. Cdr. Semi Tuleca Koroilavesau, Minister for Fisheries
Hon. Faiyaz Siddiq Koya, Minister for Commerce, Trade, Tourism and Transport
Hon. Jone Usamate, Minister for Infrastructure, Meteorological Services, Lands and Mineral Resources
Hon. Dr. Ifereimi Waqainabete, Minister for Health and Medical Services
Hon. Premila Devi Kumar, Minister for Local Government, Housing and Community Development
Hon. Alexander David O'Connor, Assistant Minister for Health and Medical Services
Hon. Veena Kumar Bhatnagar, Assistant Minister for Women, Children and Poverty Alleviation
Hon. Vijay Nath, Assistant Minister for Infrastructure, Transport, Disaster Management and Meteorological Services
Hon. Alvick Avhikrit Maharaj, Assistant Minister for Employment, Productivity, Industrial Relations, Youth and Sports
Hon. Jale Sigarara, Assistant Minister for Agriculture and Maritime Development
Hon. Viam Pillay, Assistant Minister for Environment and Rural Development
Hon. Joseph Nitya Nand, Assistant Minister for Education, Heritage and Arts
Hon. George Vegnathan, Assistant Minister for Sugar Industry
Hon. Selai Adimaitoga, Assistant Minister for iTaukei Affairs
Hon. Dr. Salik Ram Govind
Hon. Sanjay Salend Kirpal
Hon. Rohit Ritesh Sharma
Hon. Vijendra Prakash
Hon. Major-General (Ret'd) Sitiveni Ligamamada Rabuka
Hon. Ro Teimumu Vuikaba Kepa
Hon. Ratu Naiqama Tawake Lalabalavu
Hon. Niko Nawaikula
Hon. Viliame Rogoibulu Gavoka
Hon. Salote Vuibureta Radrodro
Hon. Mikaele Rokosova Leawere
Hon. Aseri Masivou Radrodro
Hon. Lynda Diseru Tabuya
Hon. Adi Litia Qionibaravi
Hon. Mosese Drecala Bultavu

Hon. Ratu Suliano Matanitobua
Hon. Anare Jale
Hon. Mitieli Bulanauca
Hon. Ro Filipe Tuisawau
Hon. Inosi Kuridrani
Hon. Jese Saukuru
Hon. Dr. Ratu Atonio Rabici Lalabalavu
Hon. Simione Rokomalo Rasova
Hon. Peceli Waqairatu Vosanibola
Hon. Prof. Biman C. Prasad
Hon. Lt. Col. Pio Tikoduadua

Absent

Hon. Osea Naiqamu, Minister for Forestry
Hon. Alipate Tuicolo Nagata, Assistant Minister for Employment, Productivity, Industrial Relations and Youth and Sports
Hon. Ratu T.N. Navurelevu
Hon. Lenora Salusalu Qereqeretabua

MINUTES

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

That the Minutes of the sitting of Parliament held on Friday, 29th 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

HON. SPEAKER.- Honourable Members, I welcome you all to tonight's special sitting of Parliament for the delivery of the 2020-2021 National Budget Address by the Attorney-General and Minister for Economy, Civil Service and Communications.

I also welcome all those watching tonight's live proceedings on television and the internet from the comfort of their homes including the media personnel seated in the Committee Room. Thank you for taking an interest in your Parliament.

Honourable Members, as you are aware, the National Budget Address and the subsequent Budget Debates are significant events in the Parliament calendar. The National Budget Address enables the Government to articulate its intentions, key policies and forecast for the next financial year.

Honourable Members, the approval of finance and appropriations is a fundamental role of any legislature, and in that regard, the procedure for tonight's significant event is essential and

vital for Parliament to fulfil its constitutional obligation. Honourable Members, thank you for being part of this significant event.

BILLS - FIRST READING

2020-2021 Appropriation Bill 2020 (Bill No. 13 of 2020)

HON. SPEAKER.- Honourable Members, I now call on the Attorney-General and Minister for Economy, Civil Service and Communications to move the First Reading of the Appropriation Bill. You have the floor, Sir.

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

That the 2020-2021 Appropriation Bill 2020 (Bill No. 13 of 2020) be now read a first time.

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

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

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

HON. SPEAKER.- For the information of all Honourable Members, as per Parliamentary convention and tradition, the Business Committee has exercised its powers pursuant to Standing Order 68(1) to exempt the Honourable Attorney-General and the Minister for Economy from the ordinary speaking time limitations.

I now call upon the Attorney-General and Minister for Economy, Civil Service and Communications to deliver the National Budget Address. You have the floor, Sir.

2020-2021 APPROPRIATION BILL 2020

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. The Honourable Speaker, the Honourable Prime Minister, the Honourable Leader of the Opposition, it is my privilege to present to Parliament and to all Fijians the National Budget for the 2020-2021 Fiscal Year.

Mr. Speaker, Sir, I would like to begin by thanking God that Fiji is free from the grips of COVID-19 outbreak, far removed in our patch of the Pacific, it is difficult to grasp how unprepared the world was for this pandemic.

On 26th March when we delivered our COVID-19 Response Budget, global cases stood at just over half a million, today that figure is exceeded by fatalities from COVID-19 alone and total infections stand at nearly 14 million. Were it not for our decisive actions, Fiji's most vulnerable citizens would be among the hundreds of thousands dead or dying from this disease.

Our COVID-19 Response Budget which we announced one week after our first case, allocated all the resources we could muster to beating the virus and bracing for a historic financial blow. Of course, this meant a complete reordering of priorities and the postponement of some important projects but it was unavoidable. Any other path would have been irresponsible and unsustainable. So, what have we accomplished?

Through a world-leading testing and contact-tracing campaign, we are a COVID-contained country, excluding a handful of cases confirmed among returning citizens who have been confined securely in Government-funded quarantine facilities, Fiji is 90 days removed from our last case of the virus. Families in Fiji are safe and our record and testing ranks are ahead of the rest of the world right alongside New Zealand and Australia. But even if Fijians are not fighting for their lives attached to the ventilators, many of our most important industries have been victims of the most severe global recession in a century, a COVID-fuelled collapse for which no nation was prepared.

Mr. Speaker, I am not here to sugar-coat anything this evening. Since the announcement of our COVID-19 Response Budget, the world economy has fared far worse than we ever feared. Global growth projections have been revised down further to a 5 percent contraction - the sharpest fall in 100 years. Any recovery is predicted to be partial and uneven with muted projections anticipating up to a five-year comeback cycle.

Over 300 million jobs have been lost worldwide. Just imagine, Mr. Speaker, Sir, the equivalent of our entire population, more than 300 times over, all unemployed around the world and another 1.25 billion jobs are at a serious risk.

In the tourism sector alone, the great global lockdown could result in losses of upwards of US\$3.3 trillion. Even major developed economies are headed for double-digit declines in GDP, but this economic devastation is not equally shared. Through no fault of our own, countries like Fiji are caught in a perfect storm, a health crisis that has birthed an economic catastrophe both of which arrived in the hills of a climate emergency most recently in the form of *Tropical Cyclone Harold*. We cannot look to history for a ready-made response to COVID-19, killer diseases like SARs, H1N1 and Ebola never descended on humanity like the Coronavirus.

The worse economic hardship of the global financial crisis of 2009 was outpaced by COVID in a matter of weeks and even record shattering cyclones like Category 5 *TC Winston* while devastating, eventually blew past us. The winds of the Coronavirus hurricane however still have not relented nor will they in the near future. It will fundamentally change the future, indeed it already has.

Mr. Speaker, Sir, before the pandemic we were expecting to see tourism numbers climb in 2020. We were expecting to welcome a number of tourists that matched the number of Fijians but with the international passenger flights grounded, tourism revenues have evaporated. That is 40 percent of our GDP lost in a matter of days or even hours and the ripple effects have dropped Fiji's economic activity to its lowest level ever.

Remittances are projected to fall by 15 percent as other economies see serious declines. Fallen direct investment is projected to slash by 40 percent. Our once thriving garment makers have seen orders halted and supply chains disrupted. Driven by this global fallout, we are now projecting the single largest economic contraction in Fijian history, some 21.7 percent. Already, 115,000 Fijians - one-third of our workforce, have had their hours reduced or their jobs entirely.

Fiji's economy has grown at a steady rate above 3 percent on average over the past 10 years but the strength of past revenues would not cure COVID-19's impact on our economy. Even if we could afford one, there is no vaccine yet to buy. There is no magic pill that will instantly revive Fijian tourism when there are no tourists on the planes. We are dealing with the once in a century external shock to our economy, to livelihoods and to the global financial system.

So, no, we cannot lean on past economic success, record breaking as it may have been. No nation can, including developed nations like Germany, United States both of whom are mired in

economic recession after their longest periods of economic growth, as is our neighbour Australia whose recession-free streak of nearly 29 years was shattered by this pandemic within months.

Mr. Speaker, when we imagine a victim of COVID-19, we may picture grandparents bedridden in an overcrowded ICU saying final goodbyes to loved ones over the telephone. Those stories are real. They are gut-wrenching and we should thank God that Fijians have been spared that experience, but our medical experts will be first to tell you economic collapses can tax human well-being as heavily as any disease.

Mr. Speaker, I am talking about the hardworking people made redundant at jobs, their work for decades. Fijians with families to feed, whose incomes have now disappeared. Fijians whose shops have been shattered and whose life savings are in jeopardy. These breadwinners and business owners are victims too and they (Government) government knows it, we know it.

If we do not, Mr. Speaker, Sir, and if the global lockdown persists and borders remain closed, wounds to both our economic prospects and our people's well-being will scar permanently, barring drastic intervention our economy may never fully recover; not this year, not next year, not decades on from now. That is what is at stake, not only our economy but our children's economy, not only our jobs but the quality of employment available to coming generations.

Mr. Speaker, Sir, let me say now, we will not fail those most vulnerable today, nor will we fail those future Fijians.

Mr. Speaker, disasters have a way of distilling priorities. We juggle a great many uncertain and evolving dynamics in this Budget but through the great many difficult decisions we have made, we were guided by a simple set of principles:

- (1) We need to bring back jobs, particularly in tourism that begins with bringing down taxes;
- (2) So long as this pandemic remains, so must our safety net for those who are unemployed and those whose hours and salaries had been cut; and lastly
- (3) To stop this economic fallout from doing permanent structural damage, we must fill the void of falling investment and consumption with a strategic and sustainable Government stimulus. In doing so, we must get Fiji building again, get Fiji working again, sometimes in new ways, and bring Fiji's economy back across a broad front.

Mr. Speaker, Sir, we cannot settle for the timid pursuit of these priorities. This is not the time to retreat. This is not the time to stick our head in the sand and wait for this pandemic to disappear like a bad dream. We have to act, and half measures and baby steps will not cut it, our recovery must be bold. It demands every ounce of administrative and political will within us and every dollar we can marshal to inject into the economy.

The stimulus announced as part of our COVID- 19 Response Budget was an important start. To date, we work with our financial sector to restructure over \$3.4 billion in loans, freeing businesses and families from mandatory monthly loan repayments.

Mr. Speaker, Sir, 86,000 Fijians accessed relief payments from their FPNF General Accounts in Phase 1 of our unemployment benefits, with another 26,000 accessing relief payments in Phase 2. Over \$62 million has been paid out to the affected Fijians, with the Government stepping in with around \$12 million to top-up accounts, to ensure that all full payments were delivered to all who

qualified. In the third phase of unemployment relief, which I will soon detail, will be funded by Government with another \$20 million.

The COVID-19 Response Budget, Mr. Speaker, Sir, paved the way for Phase 2 of our COVID-19 Safe Economic Recovery Framework, a nuanced approach to resuming economic activity. Thanks to the launch of that comprehensive Framework, life feels more familiar for all of us. People are, once again, heading to the markets supporting local vendors, attending sporting events, cheering on home-grown talent and gathering in houses of worship to seek solace in faith and community.

Many hotels have begun looking locally through the 'Love our Locals' Initiative. We have received thousands of applications through our new Micro Entrepreneur Initiative for Fijians looking to re-purpose specialised skillsets to set up businesses of their own, and thousands more for our concessional micro small and medium enterprise loans. Others are turning to their land, planting produce to feed themselves, sustain their families and earn an income.

Mr. Speaker, Sir, uplifting local businesses and unlocking our full potential at home will go a long way. But the reality of the matter is that, we are not a big enough country to build a recovery solely of domestic consumption. Our comeback hinges on holding our place in the global economy, a position we have worked for years to establish.

For a start, Mr. Speaker, Sir, we need visitors. In a usual year, Aussies and Kiwi tourists hop on flights around the world to make around 12.5 million trips overseas. Fiji usually captures a sliver of that tourism action, 4 percent and 6 percent of the Australian and New Zealand outbound market respectfully.

Well, Mr. Speaker, Sir, the world is closed and will be for some time. Oceania, on the other hand, is one of the few regions that can reopen, and Fiji is one of the few nations with the healthcare capacity, border controls and proven record of COVID-19 containment, to restart international tourism. For those good reasons, the United Kingdom recently removed any quarantine requirement for travellers to and from Fiji, a huge vote of confidence in our handling of this pandemic that we hope other nations will follow.

After taking the first step with the 'Bula Bubble', we did trilateral discussions to restart travel between Fiji, New Zealand and Australia. So now, as New Zealand's success against the virus has them on the fast-track to COVID-19 contained status, Fiji will soon drop any quarantine requirement for New Zealand-based travellers.

Yesterday, Mr. Speaker, Sir, the first yacht arrived to Fiji through our new Blue Lanes, which allows passengers to conduct 14 days of quarantine at sea, with another over 100 yachts and super yachts already headed to Fiji.

Our Pacific pathways are already open to travellers from Kiribati, Tonga and Tuvalu into Fiji. Our growing film and television industry is being safely resumed with beloved shows, like *Survivor*, set to continue.

Our exemptions of exceptional economic value are also safely bringing back vital jobs and money into the country, with more expected to follow. We have received a number of applications that would breathe new life and new jobs across industries and sectors.

Several high net worth individuals have taken us up on our offer to escape the pandemic in paradise. We have seen interest by a company looking to not only come to the country to resume

operations, but publicly list on the South Pacific Stock Exchange. So there lies great potential for those looking to take advantage of existing incentives to list in Fiji and even base their headquarters here.

Speaking of the South Pacific Stock Exchange, Mr. Speaker, Sir, we are offering a 150 percent tax deduction for companies who list corporate bonds on the South Pacific Stock Exchange, with another 150 percent deduction allowed on interest paid on corporate bonds. Any interest income will also be tax exempt.

These innovative approaches can help capture massive markets and investment opportunities. But just because it is safe to travel, it does not mean that people will travel, but if the deals are good enough, we will fill the planes.

Government is prepared to empower our national carrier and hoteliers to offer visitors these irresistible opportunities. But our tourism operators must match that commitment by adapting to the new normal both, in safety and in sales and, indeed, in pricing.

That model – that mix of Government commitment and business creativity, must define Fiji's recovery from COVID-19. It is the surest way we allow Fijians to swim sustainably rather than just be kept afloat. If we want to make the best possible partner out of Fijian businesses in tourism and otherwise, we cannot price our tax our way to recovery.

That is why in this year's Budget, Mr. Speaker, Sir, sweeping tax reform is front and centre. To call it reform in itself is an understatement. This year represents an overhaul, one that would be vital to driving new economic activity.

Over the past decade, we have thoughtfully structured a tax regime suited to an open, global integrated economy. We have cut corporate and personal income tax rates, reduced VAT, and raised the personal income tax threshold. We have raised stamp duties and departure taxes, as well as taxes on alcohol and tobacco. We introduced STT and ECAL, along with a social responsibility tax for those earning more than \$270,000 annually.

But, Mr. Speaker, Sir, we cannot tax businesses, like it is a pre-COVID-19 economy, or act with false hope that will return to one anytime soon. To brace for the 'new normal', we are now seeing Fiji's biggest ever tax cut, a discount of hundreds of millions of dollars with strategic incentives across age-old industries, as well as new arenas, such as manufacturing and assembly, which nations are looking to relocate to price competitive locales. But these tax cuts biggest savings are also targeted at tourism.

As part of this year's new routine budget consultations, we held a number of intimate sections, one-on-one meetings, and open calls with tourism stakeholders. And while these consultations have become a tradition since this Government introduced them as we all well know, Mr. Speaker, Sir, there is nothing traditional about this year.

When our tourism operators talked about the anxieties from this pandemic, we knew we could not settle for small tweaks, and we needed a revolution of our tax regime.

Every aspect of how tourism operators earn revenue and find margins has been rethought and reworked to get this industry off the operating table:

- (1) We are eliminating the 6 percent Service Turnover Tax (STT).

- (2) We are reducing the Environment and Climate Adaptation Levy (ECAL) from 10 percent to 5 percent across the board.
- (3) We are shaving \$100 off the Departure Tax, in other words, there is no longer \$200 but it will be a \$100.

For the reduced ECAL, the turnover threshold is now \$3 million annually, more than double the previous amount of \$1.25 million. So for mid-sized tourism operators and other businesses, like restaurants, rental car companies and cafes, ECAL is dropping to zero.

Together, those tax reductions alone, Mr. Speaker, Sir, represent value at last year's revenue collection which was \$500 million, an unprecedented sacrifice of Government revenue. But it is worth every dollar to get those struggling Fijians back to work in the industry they love and rely on.

Apart from the reduction in taxes, Mr. Speaker, Sir, the Government will be working through Fiji Airways to provide the first 150,000 visitors with a once-in-a-lifetime travel stipend of around \$400 per passenger to go towards tourism packages, including flights, hotels, meals and beverages.

This, what we call the Fiji Recovery Rebate Package, is a big bold move to the tune of \$60 million that aims to, once again, fill our hotels by creating attractive packages to safely escape the pandemic in paradise. It is about more than the rapid revitalisation of tourism, this has the potential to rekindle the immense far-reaching economic impact the industry has on Fijian families.

We are halving excise taxes on alcohol, a 50 percent reduction that will allow our hotels, resorts, bars and restaurants to pass on those savings directly to consumers.

Market survey has shown that Fijian resorts and hotels can be overpriced, especially when it comes to food and beverage services. As an immediate effect to these tax cuts, we expect the price structures for rooms, food, alcohol, and basically everything to drop precipitously. And tourism operators should consider making these changes to their cost structure permanent. So, as Fiji looks to safely reopen to tourists, our hospitality industry can even get creative with all inclusive options that allow us to be cost-competitive with destinations, like Bali and Phuket, when they open for businesses, they will do so with a vengeance.

Mr. Speaker, Sir, we are also making some ground-breaking, economy-wide changes to the tax code, starting with stamp duties. In the COVID-19 Response Budget, stamp duty levied on mortgages for resident taxpayers was reduced from 1.75 percent to zero, and stamp duty levied for foreign taxpayers was reduced from 5 percent to zero. That reduction, Mr. Speaker, Sir, set to expire on 31st December, 2020, is now permanent.

But we are going much further. All stamp duties, Mr. Speaker, Sir, are hereby abolished, making transactions faster and cheaper for everyone. That broad-based change means that there are no longer any stamp duties on any Government document, from buying a house, a car or hire purchases, that financial burden has been eliminated for good.

Mr. Speaker, Sir, when it comes to customs duties, we are building an entirely new tariff structure; one centered around simplicity and liberal trade with a special focus on cutting costs for the tourism sector and making life more affordable for the ordinary people.

In the past, for example, equipment could be zero-rated on an *ad-hoc* basis through a bogged down bureaucratic process; no longer. Goods that cannot be manufactured in Fiji are seeing massive duty reductions with customs duties falling to 5 percent and zero percent in some cases.

We are eliminating the duty for all items under the Customs Tariffs Act 1986 which includes machinery, mechanical appliances and mechanical parts.

We are reducing fiscal duty to 5 percent and eliminating import excise duty on a range of white goods, including air conditioners, refrigerators, televisions, washing machines, dryers, dishwashers, microwaves, lawnmowers, hair dryers, toasters, electric stoves, kettles and smartphones.

We are reducing the specific duty by 75 percent on hybrid cars and non-hybrid cars. In addition, for new non-hybrid cars, we are reducing the fiscal duty from 15 percent to 5 percent.

Lastly, on all non-hybrid cars, we are removing the excise duty. There is no restriction on age for vehicles to qualify for these exemptions but all non-hybrid cars must meet Euro 4 Fuel standards.

Mr. Speaker, Sir, the luxury vehicle levy or tax, as some people call it, has also been removed, and the Accident Compensation Levy has been halved through the next year.

New airbag trailers for trucks which are much gentler on our roads are not only duty-free, buyers can access a \$20,000 grant towards their purchase. Used airbag trailers will now only attract a 5 percent duty. By getting these more agile vehicles on our roads, we actually keep our roads from deteriorating. We are also thankful to those trucking companies which are complying with our road loads, Mr. Speaker, Sir.

That is not all, Mr. Speaker, Sir, we are cutting customs duties on over 1,600 items, from toothbrushes to spectacle lenses, contact lenses, artificial eye solution; to testing equipment for businesses to help lower production costs; to life jackets, life belts, fire alarms to strengthen public safety, to laundry detergents, exercise books, to hygiene products like deodorant and shampoos; to food items like tomatoes, jams, soy sauce, salmon, sardines, cereals, sweet biscuits, potatoes, chocolates, pasta, baking powder and peanut butter; on to other tourism-related equipment. On over 1,000 items, duties Mr. Speaker, Sir, are falling to 5 percent or zero percent and on more than 500 items, duty is falling from 32 percent to 15 percent.

Mr. Speaker, Sir, I have got the full list here with me. If I read it all night tonight, that would keep all of us our past curfew hours. In fact, you could be here Mr. Speaker, Sir till sunrise. Instead Mr. Speaker, Sir, you can find the full list of goods published as part of the budget supplementary documents on the Ministry of Economy's website.

Mr. Speaker, Sir, I urge everyone watching to please take advantage of this duty-discount of the decade.

Mr. Speaker, we are also reassessing some protectionist tariff measures which have already served their purpose of granting local manufacturers time to become more competitive. Many of these measures have long expired their best-buy date and have become market distorting; putting out low quality products at gouged prices. We know there are some businesses who have made massive investments in local manufacturing. So long as these companies are hiring large numbers of people and producing high quality goods, we will be flexible. But through a review of these measures through the next year for the most part, we will have our eyes set on further liberalisation; meaning lower prices and high quality products on shelves across Fiji. In that aim Mr. Speaker, Sir, all personal imports will now be duty exempt up to \$2,000.

Mr. Speaker, Sir, Fiji's overly-complicated customs system has put too much discretionary power in the hands of custom officers which leads inevitably to inconsistency and uncertainty and sometimes, even corruption. I am sure many importers have found themselves at the mercy of a

customs officer imbued with the subjective and corruptible power to decide which vaguely-defined duty their goods will attract. It is not a system suited to an efficient economy and we are scrapping it. Duties are now going to be far more general without any room for guesswork. Just to be certain, Mr. Speaker, Sir, Fiji Independent Commission Against Corruption (FICAC) has been funded with \$8 million in the next financial year to keep our public officials and the private sector honest when engaging with these new rules.

Mr. Speaker, Sir, businesses benefitting from these massive reductions should know: your nation needs your generosity not your greed. Your profits should be felt by your employees, both those still working and those you now can bring back after letting go. And customers need to see the cost-savings from this wholesale customs-restructure. If you're running a supermarket, or an auto dealership, or an appliance warehouse, your prices must reflect these supply side discounts, and that is not a request. If they don't, you can expect to hear from the Fiji Competition and Consumer Commission (FCCC), which has been empowered now further to enforce a new range of compliance.

As for business-friendly measures announced in the COVID-19 Response Budget, Mr. Speaker, Sir, I lay out the following:

- Payment of advanced corporate taxes is now permanent.
- The implementation of the VAT Monitoring System will be extended until 1st January 2022.
- The debt forgiveness provision will be extended to 31st December, 2021 to grant businesses another full calendar year of flexibility.
- Following the suspension of thin capitalisation rules through 31st December, 2020, the thin capitalisation ratio will now permanently increase to 3:1.

All residential rents, regardless of turnover, are now VAT exempt and we are removing the VAT Reverse Charge on supplies received from abroad.

The depreciation write-off incentives for fixed assets up to \$10,000 is now permanent. As will be the 100 percent write-off for the construction of commercial and industrial buildings, so there is no need to seek provisional approval by year's end.

The provision allowing landlords to claim tax deductions on the sum for any reductions made in commercial rent will be extended an additional year, to 31st December, 2021.

The reduction of mandatory employer and employee FPNF contributions to 5 percent will be extended through 31st December, 2021. All employers who go beyond the call of duty and contribute more than 5 percent up to 10 percent, will be given a generous 150 percent tax deduction backdated to 1st April, 2020. This additional contribution will be exempt from taxes for employees also. To further incentivise employers to go the extra mile for their employees, we are making fringe benefits offered by employers tax exempt.

To keep things simple for the 'telcos' and support our long standing commitment to streamline the sector's regulations, the data levy introduced last year and the telecommunications service licencing fee, have been replaced with a single 2 percent revenue-based telecommunications licence fee. Half a percent of that new simplified fee will go into an existing trust fund set aside for the continued development of Fiji's telecommunications industry, allowing us to further cement our standing as the Information and Communications Technology (ICT) hub of the Pacific.

Mr. Speaker, Sir, I would like to personally thank our telecom companies for their active participation in shaping this policy. Mr. Speaker, Sir, we are also streamlining the tax code around depreciable assets to allow assets to be taxed at 10 percent of capital gains tax rather than 20 percent of income tax. And we are making ourselves a manufacturer's destination of choice with new incentives to tap into the international eagerness to relocate assembly and manufacturing lines to Fiji including through continued support towards establishment of a Special Economic Zone in Navutu in Lautoka, which we are developing in partnership with the FNPF and the International Finance Corporation (IFC) to lay the ground work for a tailor-made manufacturing facility which can be adapted to suit a variety of manufacturing purposes.

Mr. Speaker, Sir, with this tax overhaul businesses have never been freer to try fresh and innovative ideas, reconsider their margins and get creative with how they operate. But there are other ways - new-fangled ways if you like, Mr. Speaker, Sir, Government can enlist the full participation of the private sector in our recovery.

Last year, we embarked on a mission to cut through the red tape of starting a business. The fixes we have already made have cut the business licencing process from around 40 days to 48 hours - but with so many Fijians looking to put employable talents to use, starting business of their own - two full days is even too long for them.

Mr. Speaker, Sir, business licences have been around for nearly all of Fiji's history. Were they introduced any earlier, we could label them a colonial relic because stale bureaucracy is what they resemble and indeed, business licences were introduced during the colonial era. They are an unnecessary drain on time and money in a modern economy. That is why when we sat down to look at how to fix the process, we could not escape the burning question, why do we need these licences at all.

So, 1st August, 2020 will mark the end of Fiji's business licence regime. To start a business in the next financial year, you can complete an easy, online business incorporation and tax registration then you are in business. It is that simple. There is no longer a need to fork out the money or the time it takes to obtain a business licence.

Now there is some guidance around this, of course. Once they have registered with the Companies Office, low risk businesses, take for example a shoe shop, can open their doors and start selling to customers immediately. They, of course, need a TIN number. Other higher risk businesses which involve people's health such as restaurants will need to tick a few more regulatory boxes before starting operations.

The philosophy behind this move is important. This more efficient approach puts us in a league with highly-developed economies like New Zealand that do not require business licences but instead focus their time and energy on the compulsory registration of all businesses. So, now rather than standing between entrepreneurs and their enterprises, the regulators will be focusing on enforcement. And rather than forcing business owners to seek enumerable and often times irrelevant approvals to begin businesses, they will only need to tick the regulatory boxes that suit the industry over a more reasonable timeline. Behind the scenes, of course, the Registrar of Companies, the National Fire Authority, OHS, the Central Board of Health and others will be coordinating that national effort to enforce compliance. But we are not going to waste the resources double-checking the same regulatory boxes. If a business sets up in a building which has already been certified by the relevant authorities, there is no need for them to obtain new certification for already approved operations.

Mr. Speaker, Sir, now to be perfectly candid, we have long questioned the methodology behind how the World Bank determines its Ease of Doing Business Index, though we certainly expect these moves to augur well for Fiji's ranking. We are not doing this because some international expert recommended it, we are doing this because businesses in Fiji have asked for it and once again we are doing more than just listening, we are actually acting. Now, that we have removed business licences Mr. Speaker Sir, we are injecting \$200,000 in budgetary support to smaller municipal councils to make up for lost revenue in the interim.

Mr. Speaker Sir, once you are actually in business we cannot let a spectre of massive tax penalty lock a ball and chain around activity. Over the years we have sent a strong message with high payment penalties for late tax payments, and as a result we have witnessed a culture shift towards more timely payments. We are now at a point where we can comfortably ease up on the penalties.

In the next financial year the penalty for late tax payment is being slashed from up to 300 percent to 15 percent annually. Mr. Speaker, we have never lifted so many taxes and regulations so quickly, and we want businesses to act fast to take advantage, but first Mr. Speaker Sir, make sure you read up carefully on what is actually allowed.

Mr. Speaker Sir, these measures maybe targeted at employers, but its people, both employees and the consumers, who will see the greatest good. Jobs will be sustained, more will be created and the cost of living will drop driven by plummeting taxes and duties.

These are all key milestones on the road to recovery but Mr. Speaker, we cannot settle for recovering. We cannot settle for building back the same Fijian economy when so much has actually changed. In some ways we have to commit to rethinking and even rebuilding our economic fundamentals. The truth of the matter is that we have no idea how long this crisis will persist. No one does, and nations across the world are reeling with the fallout. Ironically, the only certain thing about this pandemic is its uncertainty.

We do not know when the Bula Bubble will come into effect; while we created the proposal to fast-track tourist to safely enter the country, its implementation will require cooperation by our counterparts in Australia and New Zealand. When both will become COVID-Contained, we hope that they, like the United Kingdom, see that Fiji's success against COVID-19 merits the removal of their own quarantine requirements for visitors returning from Fiji. Because Mr. Speaker Sir, half-priced drinks and cheaper flights will not mean much if there are no Aussies and Kiwis here to sip cocktails and fill our planes.

So, Mr. Speaker, Sir, while the private sector has never had a more important role to play, we cannot relegate all fiscal heavy lifting to businesses by shutting the tap on public spending. Notwithstanding the uncertainty ahead we know we will always need roads, bridges and stronger schools, the constructions of which can employ Fijians today.

Completing a newly-built office complex or building new apartments is not dependent on whether our resorts are brimming with tourists. So while tourism tax cuts are inherently tied to tourism jobs, other vital industries must be kept afloat as we prepare for COVID-Contained tourism to resume, particularly when it comes to construction.

So, while we will make strategic cuts in spending in the next financial year, that money cannot languish in Government's accounts. To further our COVID- Safe Economic Recovery, it must be spent right now, as soon as possible, bolstering businesses, continuing construction and rejuvenating jobs, any and everywhere possible but particularly in sectors that are not tourism-dependent. In the

meantime, those dollars will also go to government-funded relief which in many case is all that is standing between jobless Fijians and abject poverty.

In the 2020-2021 National Budget we are announcing a \$2 billion direct government stimulus package to fund our comeback from COVID-19 economic impact. In total we are projecting a \$3.67 billion government spend through the next financial year with revenues projected at \$1.6 billion. So, our deficit will be steep at 20.2 percent pushing our debt to GDP ratio to 83.4 percent but as we know the cost of doing nothing is far steeper. Like any sensible nation of business on earth we will be borrowing to make up the remaining difference in revenue.

Mr. Speaker Sir, some weeks back we announced COVID-19 Concessional Finance Support Packages to aid Fijian-owned Micro, Small and Medium Enterprises worst affected by the pandemic. These are highly-targeted loans that ease the financial burden on enterprises until our economy makes its recovery. These businesses borrowing in the extremely concessionary terms, can immediately put funds to work readying the businesses for the day the red news return.

When a government borrows, Mr. Speaker, Sir, responsibly, it is no difference, it is an investment in our future and when we can get loans at very concessional terms, we would be foolish not to cease the opportunity. This is not some debt trap, it is the international financial systems vote of confidence in the Fijian people and our potential as a nation.

Mr. Speaker, Sir, over the years, the word “borrowing” has an all too predictable response from those who know too little about modern economics, distorting the facts to politicise proven economic analysis, rather than frame smart borrowing as an investment in our future, they claim it is a burden on our children. But when we borrow prudently, we allow children to be educated, our communities to be connected to electricity, roads and jetties and our economy to grow. Borrowing now to build for tomorrow means future generations will borrow less and a growing economy with the skilled and educated workforce generates more than enough national wealth and tax revenue to repay debts and invest in the future.

The borrowing is always bad narrative, is not only wrong, it is entirely out of touch with how responsible governments have used debts to grow GDP without exacerbating inflation. In times when misinformation and disinformation can literally cost lives, such ignorant analysis is especially dangerous. Could Fiji have saved for rainy day of the past decade? Yes, and we did, but the global COVID-19 pandemic is not some casual rainy day over Suva, it is a cyclone of unprecedented proportions.

Saving the sums necessary to combat this crisis would have meant withholding free education, leaving thousands of Fijians without clean water and electricity, increasing taxes like VAT, forfeiting free healthcare and never aiding those who lost everything to *TC Winston*. The Fiji of today would like the Fiji of post 1987, the businesses and industries and young bright Fijians that we have seen blossom simply would not exist. Those Fijian success stories would never had been written, robbing hundreds of thousands of our people of their true potential.

Mr. Speaker, Sir, it may feel like Fiji is alone in taking all these challenges, but we are not. We have many friends, many of whom are in our same position. We spent hours on video conference calls, building a virtual collision to challenge the global financial order to expand access to concessionary funding for the most COVID vulnerable economies.

Our advocacy, Mr. Speaker, Sir, has added fiscal firepower to the coffers of emerging economies in the world over. In Fiji’s case, we have successfully raised funds externally from a wide range of multilateral development banks, including the Asian Development Bank, the World Bank,

the International Monetary Funds, the European Infrastructure Bank and others, along with the Asian Infrastructure Investment Bank for the first time.

We have fought hard and negotiated hard for every dollar of the fiscal support and we have succeeded because these vital institutions trust Fiji. They believe that we are following the right course, pursuing the right policies and making the right decisions. Mr. Speaker, Sir, these MDBs have a good reason to place faith in Fiji's financial management. From last year, Fiji set out on a path of fiscal consolidation, no easy task in the face of continuous climate catastrophe. We laid out a detailed policy based pathway to a lower deficit with the MDBs resoundingly endorsed.

In preparation for the US\$200 million bonds, which will mature in October, Government has been parking money in a sinking fund, some are held domestically and some offshore. In total, we are talking about \$450 million which is sufficient to cover the principal interest rate to pay that loan on 2nd October, 2020. But reducing deficits in the face of COVID-19, Mr. Speaker, Sir, is not only bad economics, it is bad ethics.

That is why so many, for example, Mr. Speaker, Sir, self-appointed *Facebook* philosophers do not seem to get. Cutting government's spending in line with recession driven drop in revenues or worse, raising taxes in a depressed economy are both wrong at every level. Financially it does not work and it never has. During the global financial crisis, governments have mistook austerity as the answer lost ground in the global recovery. Nations took note and total stimulus funding to combat the economic impacts of COVID-19 is already triple that for the entire Global Financial Crisis.

Cutting spending on critical projects during COVID-19 means cutting jobs and cutting salaries. It means cutting off Fijians from essential services. It means cutting education, healthcare and welfare assistance. It means, Mr. Speaker, Sir, a fiscal response that is not appropriate but monetary fixes alone cannot maintain market stability, support household welfare, and help our businesses survive, especially micro, small, and medium-sized enterprises which are critical to many Fijians. In short, Mr. Speaker, Sir, it means suffering the likes of which Fiji has never endured before.

The world economy is in the midst of a paradigm shift. Governments around the world are quickly recognising that only those nations that are willing to step up and finance a recovery, will avert a catastrophe and emerge whole from this crisis. Terms like "prudent management" and "debt sustainability" are taking on new meaning. For example, Mr. Speaker, Singapore, a nation long renowned for its prudence, launched its fourth stimulus package in May, which pushed its budget deficit to nearly 16 percent of GDP. Faced with a crushing 41.2 percent economic contraction in the second quarter, Singapore knows what Fiji knows. The only thing standing between a COVID-recession and a COVID-depression are herculean efforts to stimulate economies.

In Fiji's case, Mr. Speaker, Sir, Government funded resources are targeted where they matter most to those Fijians bearing this recession's heaviest economic burdens.

Mr. Speaker, Sir, the difference maker for any successful relief effort is a reliable delivery system. Creating a new one from scratch would be costly, complex, and time-consuming. In times of crisis, we need precisely the opposite of that. We chose the Fiji National Provident Fund as the distribution mechanism for our COVID-19 assistance because it is fast, familiar and accessible, and its database is among the most reliable. If your job has been lost, the last thing you need is for your relief assistance to trickle down through a bog of bureaucracy. Our people need a fast-acting nationwide distribution network at their disposal, the FNPF is exactly that.

Keeping FNPf as our distributor of choice, this budget provides self-sustaining unemployment benefits to even more affected Fijians. Those who are fully unemployed due to COVID-19 will continue to receive \$220 per fortnight. Tonight, we are announcing the third phase of our COVID-Relief payments, through the FNPf, which expands relief payments to those on reduced hours.

Those who are working days or hours have been reduced will receive \$44 per fortnight for every day they are no longer working. So, if you are now only working three days a week, you will receive \$88 every two weeks. If you are down to working only one day a week, you will receive \$176 every two weeks.

Fijians whose salaries have been reduced can also access unemployment benefits. If your salary has been cut by more than half, you can now access a one-off assistance payment of \$1,100 from your FNPf General Account. If your salary has been reduced by less than half, you may access a one-off \$500 payment, with Government again stepping in to top-up those with insufficient funds. Following our representations to the FNPf Board. Mr. Speaker, Sir, they will now soon allow withdrawals from those who have been unemployed for more than six months and who to date, have not been allowed to withdraw.

In total, Government has made \$100 million available to make sure every unemployed Fijian is able to access their full relief payments. Within that allocation, \$5 million is dedicated to up skilling or re-skilling workers whose old jobs have been lost but for whom new opportunities await.

We will also continue supporting micro, small and medium-sized enterprises through our highly-concessionary loan packages. In addition to the \$30 million set aside for this initiative last year, we are adding an additional \$30 million this year. On top of the \$3.4 billion in loan repayments already deferred, the Association of Banks have agreed to, on a case by case basis, extend loan deferrals until 31st December, 2020, and we are grateful for flexibility they have granted the families and business still bearing the worst of this economic fallout.

Mr Speaker, from the start of building this year's budget, we were guided by one important question. What good are the social safety nets we have spent years weaving if they go unfunded when Fijians need them the most?

Through this Budget, Fijians can continue to count on the landmark protections we have instituted to uphold their wellbeing. Free education will continue. Free textbooks will be provided. Subsidized transportation to school will be paid for. Free medicine will be paid for. Fijians can continue accessing free healthcare. Non-Government Organizations (NGOs) we work with will continue to be funded. And our most vulnerable citizens will continue to receive special efforts from their government to ensure they keep pace with the rest of their nation throughout our recovery. While we are making some surgical cuts to make allow those programmes to serve our people more efficiently, I can tell you, Mr. Speaker, Sir, every member on this side of the House would fork out our life-savings before we ever saw these initiatives go under.

Mr. Speaker, this is a stimulus Budget designed to pump as much money as possible into the economy. As I have said, we are not cutting anything for the sake of making cuts and we are redirecting resources where they are proven to do the most good and to ensure we get funds to those left reeling from COVID-19 worst impacts, other programs will need to be scaled back.

For TELS, we are making some policy changes to raise the qualifying standards for students and lower costs. For starters, only students who earn marks above 250 on their Year 13 exams will qualify. We are also lowering TELS and Topper's Scholarships available among with some other

belt-tightening measures but to grant flexibility to those still paying back loans, TELS repayments will now be suspended another year until 31 December, 2021.

We are cutting \$8 million in spending across our foreign missions by centralizing country accreditation. Our missions in Washington DC, Seoul, Port Moresby, Brussels and Kuala Lumpur will be closed permanently because in a changing trade and investment landscape, they do not reliably make returns on Government's investment in their operations. Instead our remaining embassies in Geneva, New York, Tokyo, London, Abu Dhabi, Wellington, Beijing, Jakarta, New Delhi and Canberra will expand country accreditation and engage more locally based staff. For example, the New York Mission will represent Fiji in Washington, which is only one hour away from New York by plane.

For two straight seasons, Mr. Speaker, Sir, we have paid our cane growers \$85 per tonne, even though the world price has been \$60, a value far above the world market price. The last season's guaranteed price will be paid at \$85 but in the final third season of the arrangement we are reducing the guaranteed price for cane from \$85 to \$70 but all other support to cane growers will continue. Once our larger economic recovery gets underway, the bottom line of our cane growers will be among our first priorities.

We will be lowering the bus fare for pensioners by \$10 a month, given the very low usage we recorded and a general COVID-19 associated drop in travel.

Salary increments for teachers who obtain new qualifications during the year will continue to be approved and will continue to be paid but they will be paid in the following financial year. Do not worry these pay rises will be backdated. For the simple issue is this, for example, a teacher may get the full qualifications in April. At the moment, the current policy, the moment they get qualified in April, they must get a new salary in April but obviously, it is not been budgeted for. So, what we are saying they will be paid in the next financial year which is in August but it will be backdated to July.

We will be redistributing the free education grants, Mr. Speaker, Sir, to schools assigning resources more efficiently to cut costs by 20 percent, while ensuring schools in more rural areas, maritime areas actually see a larger share of the total allocation; and we are suspending the Parenthood Assistance Payments announced last year. Again, it is important we target resources on families facing the most severe hit to their finances rather than more broadly focused assistance payments. We will be taking the next year to review these payments to determine when and if they will resume.

Mr. Speaker, Sir, access to affordable utilities like clean water which this Government has fought tooth and nail to expand to every Fijian possible is not a privilege. As enshrined by our Constitution, it is a fundamental right.

As announced in the COVID-19 Response Budget, those who can pay their water bills must pay them. However, those who genuinely cannot afford to do so, would have payments deferred rather than be disconnected. That policy will be extended to 31st March, 2021. To incentivize investments in water infrastructure, investors and developers will no longer be required to cover investments fully upfront. Payments can be scheduled within three months of a projects construction, including the requirements to safeguard Government expenditure through bank guarantees.

For subsidised customers of Energy Fiji Limited (EFL), the first 100 units of power will continue to be discounted through 31st March, 2021, with Government and EFL each covering 50 percent of the subsidy to ensure these customers pay only VAT on their first 100 units of power every

month. For grid extension projects, EFL will consider on a case-by-case basis payment schedules up to six months or more for large capital investments.

Mr. Speaker, Sir, in our COVID-19 Response Budget, we announced that Government Ministers, including Parliamentarians were taking the first salary cut of 20 percent in light of dramatic hits to government revenues; a move that was mirrored just days later, almost identically by New Zealand. We did not do that because it saved a large sum of money; we did it to stand in solidarity with all those reeling for COVID's job-killing impact. That cut, which actually came into effect much more rapidly than with our Kiwi counterparts, will remain through the next year. We will also be cutting salaries for all Permanent Secretaries and the Chief Executive Officers and Heads of Commissions and Independent Bodies by 10 percent, effective from 1st August, 2020.

Mr. Speaker, Sir, I would like to thank all the chairs of all these independent organisations we had conversation with. They have all agreed, I am glad that heads of these organisations who did not actually have to do it, actually have volunteered to take the 10 percent cut. Mr. Speaker, Sir, this cut will not apply to the legislature and judiciary as they are the two independent arms of the State.

For the rest of the Civil Service, Mr. Speaker, Sir, even given the historic pay rises through recent years, we are not cutting salaries. Pay cuts started with the leadership, and that is where the biggest cuts have stopped because that is what leaders do. But we are taking some measures to reduce spending. We will be reducing meal allowances from \$20 to \$10; instead of paying overtime, we will be giving time off in lieu of overtime; we will be suspending the rural housing allowance and bundled insurance will now only apply to social welfare recipients. And as a matter of policy, we are prioritising opportunities for employment. For example, we are choosing to hire more police officers and build more posts rather than fund short-term administrative projects, some of which are not prudently putting resources to work.

Compared with what is happening to jobs in Fiji and around the world, these are extraordinary light asks. The fact that salaries in the Civil Service are not being cut, when so many jobs across the economy have been is a testament to the Government's willingness to walk the talk when it comes to being Fiji's employer-of-choice. We are looking after our people; a commitment we hope other companies will match. Mr. Speaker, Sir, in line with the policy across the Civil Service, the retirement age for those working in municipal councils will be reduced from 60 to 55 in one year's time.

Mr. Speaker, Sir, the COVID-19 Response Budget put together with remarkable swiftness was driven by a life-or-death medical imperative, with resources rightly re-routed towards our health response. Now, while continuing health restrictions are killing labor-intensive industries across most economies, Fiji's COVID-contained status puts us in a different lane. It is safe for us to get busy building and so we should. By maintaining the rapid pace of expansion of our national network of infrastructure, we not only put people in jobs, we ensure our comeback is built on a rock-solid foundation of new infrastructure.

The Fiji Roads Authority (FRA) will receive a \$348.9 million allocation in this year's budget, up from \$276.5 million in our COVID-19 Response Budget with \$70 million allocated for road rehabilitation.

To fast-track the progress of construction projects, we have allocated funding for what we call "shovel-ready" sites, in other words, the designs, the Environmental Impact Assessments (EIAs) have all been done, they are all ready to start, ones where much of, if not all of it, the necessary planning and preparatory work has already been done. We simply need to call for the tenders. Those projects include:

- the new maternity wing at CWM;
- the construction of the new Prime Minister's Office complex;
- the completion of new and refurbished police stations;
- new sporting facilities;
- upgrade of hospitals particularly in Labasa;
- agro-economy projects; and
- other notable symbols of our national progress that cannot be lost to the pandemic.

The work must go on, Mr. Speaker, Sir and by keeping the construction industry humming, we are sustaining and creating jobs and preparing to emerge from this crisis looking not desolate, but in pristine condition.

To enlist more private sector investment in this construction boom, Mr. Speaker, Sir, we are offering commercial and industrial developers a fast track to obtaining building permits. The Ministry of Commerce, Trade and Tourism and Transport has established a Building Permits Evaluation Committee to ensure all applications are processed within 60 days of the date of submission, establishing a single source for all aspects of application and a speedy turnaround for approval.

For investors which have been granted a Fiji Revenue & Customs Service (FRCS), tax concession for a project, the Ministry of Economy will hold their hand through the implementation and approvals process with an overriding priority on bringing the economic benefits of these projects to our people as quickly as possible.

Mr. Speaker, Sir, any company which builds buildings for government use, say a new office building, the duty will be waived on all the raw materials, machinery and equipment necessary for construction. Once that building is complete, the rent paid by Government to the landlord will be tax exempt, earning them tax-free returns on their investment for the period of Government's tenancy.

We are offering a similar deal for the construction of new private hospitals and medical service centres. If you build or upgrade a hospital, depending on your level of investment, you can be granted up to a 20-year tax holiday on your new hospital or up to a 60 percent tax deduction on your renovation works.

Mr. Speaker, Sir, constitutional rights cannot be put on hold just because we are living through a crisis, including every Fijian's right to housing and nothing we build over the next year will matter more than high-quality homes that families can call their own.

In partnership with the IFC, we had a meeting with them just three days ago, we are finalising a public-private partnership financing model to allow for the construction of multi-storey housing projects across Viti Levu. Rather than entrench residential inequality, these mixed strata-housing units will be made affordable for families at many different income levels.

We are not only continuing the First Home Buyer's Programme, it is becoming even more generous. For households who earn less than \$50,000 a year, Mr. Speaker, Sir, if they are going to build their first home, they will be granted \$30,000 through their financial institution and if they are buying their first home, they will be given \$15,000. For families earning more than \$50,000 annually, they can be granted \$20,000 to build their first home and \$5,000 to buy their first home and once again we are looking to businesses to lend creativity to the equation. Among the over 1,600 duty concessions, we have removed duties on raw materials, machinery and equipment for the construction of public rental housing.

The 100 percent tax deduction on reduced commercial rents by landlords from 1st April, 2020 will now be extended until 31st December, 2021 and any businesses that invests in new subdivision projects for both residential and commercial lots will not only have duties waived on construction inputs, they can access up to 60 percent in tax deductions and any profit they make selling the newly developed lots will be tax exempt. This, of course, will also apply to the *iTaukei* land that we have recently developed and many of them will be coming online very soon.

Mr. Speaker, Sir, this boom in construction could be the story of Fiji's economic comeback. We can build our way back to a better Fijian economy and when our doors are open to the world again, they will see a Fiji that is bigger, more resilient and more advanced, one that turned this crisis into an opportunity to become a stronger nation.

Mr. Speaker, I know a great many members of our diaspora communities wish they could be in Fiji right now and I am sure many of our relatives would have said that, given how well we have fared against COVID-19. We have long wanted to welcome more of these former Fijians back home to reverse the brain drain and indeed the investment drain that has plagued our development since 1987. That is why we are making reclaiming Fijian citizenship more attractive than ever by reducing the associated fees and to generally open Fiji to more investors or expatriates who want to contribute to our economic revival, we are setting up new categories of permanent residency, especially targeted at those looking to build new businesses or begin new careers in Fiji. However, despite these new residency categories, we will introduce laws that will make it even more stringent for one to obtain Fijian citizenship.

Mr. Speaker, Sir, these incentives are only possible due to the success of Fiji's COVID-19 containment strategy, so I would be a remiss not to thank our doctors, nurses and other healthcare heroes whose hard work has paved the way towards an economic recovery along with our disciplined forces who were integral to our containment campaign from day one.

Our health protection directives demanded a great deal from the public and I would like to thank the officers of our disciplined forces for literally saving lives by enforcing those directives to the letter - including the ongoing maintenance of our nationwide curfew. I would like to particularly thank the RFMF who, as we gather here, are monitoring Government-funded quarantine facilities to support the impregnable wall we have built between Fijians and border quarantine cases of COVID-19.

Now, other countries are actually following Fiji's footsteps, bringing their disciplined forces on board to enforce COVID-related restrictions. But Fiji was first, our officers worked day and night to pioneer a rigorous model COVID-Containment that is now saving lives across the region and indeed the world. We will continue to see our officers have access to the funding they need to remain a shield between Fijians and threats to their wellbeing.

We will be funding new Fiji Police Stations in Nakasi, Nadi, Lautoka and Nalawa, we are promoting 257 officers to senior positions, we are recruiting 137 new officers to bolster the ranks of our Police and we are regularising the Special Constables. We have allocated another \$6 million to complete the second phase of our Fiji Police Force Reform and Restructure Programme.

Projects of urgent, potentially life-saving importance will continue to be funded. The remainder of the World Bank funding we received to connect Vanua Levu to Viti Levu will be used to carry what we call the "Northern Connectivity Project" to 42 more schools and health centres in the Northern Division. These upgrades will bring reliable access to power, equipment and internet, as well as other emergency portable satellite-based solutions which will ensure that vital information reaches rural and maritime communities in the Northern Division and appropriate assistance is

deployed particularly in times of disaster. Further work is being carried out to bridge the digital divide through the “Connecting the Unconnected Project” which aims to map out the national internet coverage areas and the framework to progressively boost connectivity.

Mr. Speaker, Sir, this pandemic has been a blow to business activity across every sector, but conducting business across borders has become especially difficult. Our Public-Private Partnership (PPP) Agreement with Aspen Medical of Australia to revamp the Ba and Lautoka hospitals has been near-impossible with passenger air travel on hold between Fiji and Australia. We have delayed the project for one year. In the meantime, we have been working very closely with the Australian Investment Fund for the Pacific to progress the partnership’s preconditions and we hope to see some traction very quickly. For the sake of badly-needed flexibility, we have moved the establishment of some preconditions to our partnership into next year, along with the funding allocation.

In the meantime, we are not pressing pause on improving our people’s health. We are funding the hiring of 223 intern nurses who will now become fully-fledge nurses, the hiring of 40 midwives and the advancement of 105 medical interns to become full-time medical officers, now that they have completed their one year of intern service. Moving forward, however, Mr. Speaker Sir, internships for doctors will be two years.

Mr. Speaker, as a COVID-Contained country, Fiji is one of the few places in the world where athletes can safely lace up their boots and get back to competing. When it comes to sports that is a huge advantage, both in hosting matches and preparing for the day international competition resumes which is actually quite some time away, but nonetheless we must be ready.

Moving forward, any sponsor which donates to a Fiji National Sports Commission recognised entity or sporting entity will receive a 150 percent tax deduction with no threshold, the \$10,000 minimum threshold has been removed. So, even if you donate \$1,000 or \$500 you can still get a 150 percent tax deduction. So, it incentivised private sector to donate directly to sporting organisations.

Mr. Speaker, in an uncertain financial environment, it is performing artists who too often find it most difficult to use their talents to make a living. We know many of these gifted Fijians have had a tough past few months, particularly when tourism was shuttered and large gatherings were banned. And we recognise that our economy will never be made whole without the full contribution of our creative industries. Fiji simply would not be Fiji if our bars, hotels and restaurants sat quiet, unfilled with familiar sounds of covers like “*Could You be Loved*”, classics like, one of my personal favourite, “*Sa Rui Dede*” by Knox or “*Ek Hans ka Joda*” made famous by Eddie Wilson or perhaps more appropriately “*Gimmie Hope Jo Anna*” is more apt to our present situation.

That is why a 150 percent tax deduction will be available to all hotels and restaurants who hire local artists as musicians, dancers and craftsmen. And among those 1,600 items seeing duty reductions are speakers, microphones, headphones and earphones and all musical instruments, all of which will now incur zero duty, because, Mr. Speaker, the arts matter, music matters and as we all know, every good comeback needs a good soundtrack.

Mr. Speaker, Sir, kicking off with last December’s “Blue COP” in Madrid, 2020 was intended to be a landmark year of oceans advocacy, and Fiji - with our calls to ban seabed mining, study the oceans, and sustainably manage our Exclusive Economic Zone (EEZ) - was again leading from the front. But the health of our oceans cannot fall by the wayside, especially as the coronavirus cyclone churns.

To ensure that our hard fought progress in the fight against climate change is not lost, and to show that Fiji is dedicated to a “blue” economic recovery, next year, we still plan to add a ban, as

announced last year, on styrofoam to our current single-use plastic ban, and we are launching the Blue Town Model in Savusavu - a new, pioneering blueprint for coastal towns across the country and around the world to follow.

A public-private partnership that empowers coastal communities to make sustainability and resiliency central to their development and daily life, the Blue Town Model aims to help these communities adapt to protect our oceans in a way that simultaneously generates economic activity.

The Savusavu Chamber of Commerce will work alongside town administrators to integrate the model's various environmental safeguards. By controlling ocean pollution and creating sound waste management strategies, adopting renewable energy sources, and reducing energy consumption, Savusavu has the chance to prove that "going blue" is a path to both economic prosperity and climate resilience.

Mr. Speaker, Sir, it has been almost four months to the day that Fiji confirmed our first case of COVID-19. As this virus has grown from a far-off concern to the defining crisis of our time, the changes to our lives have been enormous, the sacrifices have been many and the suffering has been immense. We cannot promise our recovery will be instant or that it will be easy, it will not be either. We cannot promise that more people will not lose their jobs, some may still. In other sectors, maybe new jobs may be created, ones which will require the new skill sets. We cannot promise every aspect of life as we once knew it will return. But we can promise you this, Mr. Speaker, Sir, the families who need our help will have it. We have a vision for this country that no crisis can shake, and that vision aims to uplift all the Fijians.

We are the same government that, under our Honourable Prime Minister, gave equal rights to all Fijians, regardless of their background, their ethnicity or their religion or their province. We are the same government that built Fiji's longest ever run of economic growth and Fiji's strongest-ever economy. We are the same government that led the campaign to crush COVID-19, and guided by those same values, that same vision, and that same prudent management, and along that same path to prosperity, we will rebuild our economy again.

There are countless stories of resilience I have seen through this crisis that I could share tonight. We have all seen such stories with our own eyes. We all live deeply connected lives, we all have friends and families at the forefront of this pandemic's worst economic impacts, and we all know people who are adapting by applying their talents in the new directions or by building entirely new skillsets.

Mr. Speaker, Sir, aiding and empowering those Fijians will take all of us. This crisis is an opportunity to build a new brand of Fijian patriotism. So to all those who are still fortunate enough to be working, and all those who have land to grow crops and those with the savings to weather this storm, the single most patriotic thing you can do in this defining moment, is to place your belief in our people's potential. If you are running a cashed up business, invest now and build for the future. If you see new business, support it. If you see a new Fijian-made product, buy it. If you know a hard-working person out there ready to work, hire them, and do so knowing that this government shares that commitment. We will not allow our people to fall into an abyss. We believe in the greater power of positivity; a positive outlook fosters not only a friendlier Fiji, but a more active economy.

Mr. Speaker, Sir, there is a silver line to be found in this crisis, as tough times tend to reveal the true nature of people's character. We had seen some people who for purely political purposes, choose not to remain positive, and instead are actively rooting for Fiji to fail. These are the same people who tied their political fortunes to fear-mongering around COVID-19 and dire predictions of

Fiji's fate. You can bet these same people will continue twisting the facts to suit themselves, blaming our economic pain on policy rather than the pandemic wreaking havoc on the world economy, despite the serious consequences our development partners also face. But, Mr. Speaker, Sir, this test of character has cut both ways. It has also revealed the commitment of those who care about our country.

We thank the true friends who have stepped forward to help us weather this crisis, including the European Union, Australia and New Zealand. Australia's nearly \$20 million grant supported our campaign of COVID Containment and will top up over \$7.1 million directly into the accounts of nearly 40,000 social welfare recipients over a two month period, what is being called a top-up.

And, here in Fiji, Mr. Speaker, Sir, this budget has been made possible by extraordinary efforts made by many, including the Governor of the Reserve Bank of Fiji, Mr. Ariff Ali, the Board of the FNPF and the team at the Ministry of Economy whose love of their country has been the beating heart behind this Budget's creative solutions. I want to thank those business people who have remained positive and constructive and who have given their support in any way they can, to out-of-work Fijians. And I want to thank the everyday Fijians for their strength through this storm, including those who have stopped me on the street, rang me up on the phone and commented on *Facebook* telling me they believe in Fiji, they believe in our recovery and they believe our best days are still ahead.

These Fijians and countless others stand united in bringing our economy back from the brink, and we share a spirit of positivity that cannot be broken, not by any crisis and not by anyone betting against us. Together, we can build a more liberal economy, an inclusive fair and just society supported by a more streamlined system of revenue collection that lends ease and transparency to businesses, creates and sustains jobs while eliminating loopholes that all too often lead to corruption. We can broaden our economic foundation, strengthening domestically driven growth and, over the longer term, preparing for an expanded role in a post-pandemic global marketplace and a steady return to lower levels of debt. And we can give support where it achieves the greatest good, sending the most important message of all "That no matter what lies ahead, we stand by every one of our citizens".

Mr. Speaker, Sir, I want to take a moment to speak directly to everyone watching or listening at home. Your Government is betting big that our largest economic contraction will be followed by our fastest ever recovery. But only with everyone's buy-in and positivity can Fiji hold a winning hand. The benefits of this resurgence will not only be felt as our economy steadily recovers, they will be intergenerational.

Fiji, times are tough - no doubt. But if we keep our chins up and eyes set on the opportunities on the horizon, we can come out of this crisis more driven, more innovative, more transparent, more capable, and indeed more compassionate. We can do more than recover, we can do more than reclaim what has been lost, we can use this moment of challenge to break ground on a new economy, a better economy, one that affirms the faith we hold in Fiji's potential.

Thank you Mr. Speaker, Sir.

HON. SPEAKER.- Honourable Members, I thank the Honourable Attorney-General and Minister for Economy, Civil Service and Communications for his delivery of the Budget.

Honourable Members, in accordance with Standing Order 84(1), the 2020-2021 Appropriation Bill 2020 has now been read for the first time and in accordance with Standing Order 99(3), the Bill will now be listed on the Order Paper for the Second Reading on a future sitting day.

2020-2021 BUDGET CONSEQUENTIAL BILLS 2020

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

HON. A. SAYED-KHAIYUM.- Mr. Speaker, Sir, pursuant to Standing Order 51, I move:

That the following Consequential Bills for 2020-2021 National Budget be considered by Parliament without delay:

- (1) Tax Administration (Budget Amendment) Bill 2020;
- (2) Income Tax (Budget Amendment) Bill 2020;
- (3) Value Added Tax (Budget Amendment) Bill 2020;
- (4) Stamp Duty (Repeal) Bill 2020;
- (5) Service Turnover Tax (Repeal) Bill 2020;
- (6) Environment and Climate Adaptation Levy (Budget Amendment) Bill 2020;
- (7) Airport Departure Tax (Budget Amendment) Bill 2020;
- (8) Customs (Budget Amendment) Bill 2020;
- (9) Customs Tariff (Budget Amendment) Bill 2020;
- (10) Excise (Budget Amendment) Bill 2020;
- (11) Reserve Bank of Fiji (Budget Amendment) Bill 2020;
- (12) Accident Compensation (Budget Amendment) Bill 2020; and
- (13) Local Government (Budget Amendment) Bill 2020.

Mr. Speaker, Sir, pursuant to the Standing Orders, I move:

That the Consequential Bills –

- (a) must pass through one stage at a single sitting of Parliament;
- (b) must not be referred to a Standing Committee or other Committees of Parliament;
- (c) must be debated and voted upon by Parliament immediately after the vote on the 2020-2021 Appropriation Bill 2020; and
- (d) that the time for the debate be limited to ensure that these Consequential Bills tabled today are debated and voted upon in the sitting of Parliament beginning on Monday, 27th July, 2020.

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 to take the floor. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. Mr. Speaker, Sir, these Bills are part of the Budget announcement that has been made today. The Bills have been circulated and the Members will have at least two weeks to actually look at these Bills because you have got from today until next week which is a break and then the following week these Bills are to be debated after the Appropriation Bill is being approved which will in all likelihood be Thursday week. So, almost two weeks that you have to prepare this.

Mr. Speaker, Sir, a lot of the issues that I have highlighted, the Members will see that a lot of these Bills are quite minor too, for example, reduce the departure tax from \$200 to \$100 or reduce the ECAL and remove STT, et cetera.

Mr. Speaker, Sir, we can debate the merits or otherwise of the Bill next week when we debate. Thank you very much, Sir.

HON. SPEAKER.- I thank the Honourable Attorney-General and Minister for Economy. Honourable Members. The floor is now open for debate on this motion.

There being no one wishing to take the floor, I now call on the Attorney-General and Minister for Economy, Civil Service and Communications to speak in reply. You have the floor, Sir.

HON. A. SAYED-KHAIYUM.- Thank you, Sir. I have nothing further to add, Mr. Speaker, Sir.

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

The Question is:

That pursuant to Standing Orders 51 that the following Consequential Bills for 2020-2021 National Budget be considered by Parliament without delay:

- (1) Tax Administration (Budget Amendment) Bill 2020;
- (2) Income Tax (Budget Amendment) Bill 2020;
- (3) Value Added Tax (Budget Amendment) Bill 2020;
- (4) Stamp Duties (Repeal) Bill 2020;
- (5) Service Turnover Tax (Repeal) Bill 2020;
- (6) Environment and Climate Adaptation Levy (Budget Amendment) Bill 2020;
- (7) Airport Departure Tax (Budget Amendment) Bill 2020;
- (8) Customs (Budget Amendment) Bill 2020;
- (9) Customs Tariff (Budget Amendment) Bill 2020;
- (10) Excise (Budget Amendment) Bill 2020;
- (11) Reserve Bank of Fiji (Budget Amendment) Bill 2020;
- (12) Accident Compensation (Budget Amendment) Bill 2020; and
- (13) Local Government (Budget Amendment) Bill 2020.

That pursuant to Standing Orders, the Consequential Bills -

- (a) must pass through one stage at a single sitting of Parliament;
- (b) must not be referred to a Standing Committee or other Committees of Parliament;
- (c) must be debated and voted upon by Parliament immediately after the vote on the 2020-2021 Appropriation Bill 2020; and
- (d) that the time for the debate be limited to ensure that these Consequential Bills tabled today are debated and voted upon in the sitting of Parliament beginning on Monday, 27th July, 2020.

Question put.

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

That Parliament adjourns until Monday, 27th July, 2020 at 9.30 a.m.

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

Question put.

Motion agreed to.

HON. SPEAKER.- Honourable Members, that brings us to the end of our sitting tonight. When we meet next, the Parliament will commence with the Second Reading of the 2020–2021 Appropriation Bill 2020 whereby the Honourable Attorney-General and Minister for Economy will move the Second Reading followed by the response from the Shadow Minister for Economy, and then we will continue with the Budget Debate in order of the speakers listed on the Batting Order.

Now that all Honourable Members have copies of the Budget Bills and Estimates, I trust you will all utilise the coming week to prepare for the Budget Debates week.

Finally, I reiterate the advisory from the Ministry of Health with respect to the life-saving measures and protocols that are in place nationwide. I urge all Honourable Members and all those watching the live proceedings to closely adhere to the measures and protocols.

On that note, Honourable Members, again I thank the Honourable Attorney-General and Minister for Economy, Civil Service and Communications for delivering the National Budget Address. I thank all Honourable Members for your presence here today and I also thank those who are watching tonight's live proceedings on television.

We have an absent Honourable Member of the House, who unfortunately is down with the flu, the Honourable Qereqeretaua. We wish her well and a speedy recovery.

On that note, thank you and Parliament is now adjourned until Monday, 27th July, 2020 at 9.30 a.m.

The Parliament adjourned at 10.15 p.m.