

**PARLIAMENT OF THE REPUBLIC OF FIJI**



**PARLIAMENTARY DEBATES**

**DAILY HANSARD**

**FRIDAY, 16TH JULY, 2021**

**[CORRECTED COPY]**

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## FRIDAY, 16TH JULY, 2021

The Parliament met at 8.02 p.m. pursuant to notice.

HONOURABLE SPEAKER took the Chair and read the Prayer.

### PRESENT

Hon. Josaia Voreqe Bainimarama, Prime Minister and Minister for iTaukei Affairs, Sugar Industry and Foreign Affairs  
Hon. Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Economy, Civil Service and Communications  
Hon. Lt. Col. Inia Batikoto Seruiratu, Minister for Defence, National Security and Policing, Rural and Maritime Development and Disaster Management  
Hon. Parveen Kumar Bala, Minister for Employment, Productivity, Industrial Relations and Youth and Sports  
Hon. Rosy Sofia Akbar, Minister for Education, Heritage and Arts  
Hon. Mereseini Rakuita Vuniwaqa, Minister for Women, Children and Poverty Alleviation  
Hon. Dr. Mahendra Reddy, Minister for Agriculture, Waterways and Environment  
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. Alipate Tuicolo Nagata, Assistant Minister for Employment, Productivity, Industrial Relations and Youth and Sports  
Hon. Jale Sigarara, Assistant Minister for Agriculture and Maritime Development  
Hon. Viam Pillay, Assistant Minister for Environment and Rural Development  
Hon. George Vegnathan, Assistant Minister for Sugar Industry  
Hon. Selai Adimaitoga, Assistant Minister for iTaukei Affairs  
Hon. Mitieli Bulanauca  
Hon. Mosese Drecala Bulitavu  
Hon. Viliame Rogoibulu Gavoka  
Hon. Dr. Salik Ram Govind  
Hon. Anare Jale  
Hon. Ro Teimumu Vuikaba Kepa  
Hon. Sanjay Salend Kirpal  
Hon. Inosi Kuridrani  
Hon. Virendra Lal  
Hon. Dr. Ratu Atonio Lalabalavu  
Hon. Mikaele Rokosova Leawere  
Hon. Ratu Suliano Matanitobua  
Hon. Osea Naiqamu

Hon. Ratu Tevita Navurelevu  
Hon. Joseph Nitya Nand  
Hon. Niko Nawaikula  
Hon. Professor Biman C. Prasad  
Hon. Lenora Salusalu Qereqeretabua  
Hon. Adi Litia Qionibaravi  
Hon. Aseri Masivou Radrodro  
Hon. Salote Vuibureta Radrodro  
Hon. Simione Rokomalo Rasova  
Hon. Jese Saukuru  
Hon. Rohit Ritesh Sharma  
Hon. Lynda Diseru Tabuya  
Hon. Lt. Col. Pio Tikoduadua  
Hon. Ro Filipe Tuisawau  
Hon. Peceli Waqairatu Vosanibola  
Hon. Tanya Waqanika

Absent

Hon. Ratu Naiqama Tawake Lalabalavu

**MINUTES**

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

That the Minutes of the sitting of Parliament held on Monday, 7th June, 2021, as previously circulated, be taken as read and be confirmed.

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

Question put.

Motion agreed to.

**COMMUNICATIONS FROM THE CHAIR**

HON. SPEAKER.- Honourable Members, it is, indeed, a pleasure to welcome you all - to those attending in person and all those attending virtually - to tonight's sitting for the delivery of the National Budget Address by the Honourable 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. Thank you for your continued interest in the workings of your Parliament.

Honourable Members, as you are aware, the National Budget Address and the subsequent Budget debates are significant events in the Parliament calendar. Whilst the approval of finance and appropriations is a fundamental role of any legislature, it should also be noted that the National Budget Address enables the Government to eloquently present its key intentions, policies and forecast for the next financial year. Therefore, tonight's event is essential and vital for Parliament to fulfil its constitutional obligation.

Honourable Members, at this juncture, I wish to advise all Honourable Members that the Business Committee, in due consideration of parliamentary convention and tradition, has anonymously approved to exempt the Honourable Attorney-General and Minister for Economy from the ordinary speaking time limitations for the delivery of the Budget Address tonight. Thank you, Honourable Members.

We will now move on. 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.

### **BILL - FIRST READING**

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

That the 2021-2022 Appropriation Bill 2021 (Bill No. 7 of 2021), 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 copies of the Bill to the Secretary-General.

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

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

### **2021-2022 APPROPRIATION BILL 2021**

HON. A. SAYED-KHAIYUM.- The Honourable Speaker, the Honourable Prime Minister, the Honourable Leader of the Opposition, Honourable Members of Parliament and our fellow Fijians; I present to Parliament and the Fijian people the 2021-2022 National Budget. There is nothing ordinary, Mr. Speaker, Sir, about our lives at this moment, never has our personal wellbeing and the health of our economy been more intertwined, and so this will not be an ordinary budget.

Nearly 17 months on from our first case of the virus on 19th March, 2020, and the COVID-19 Response Budget which soon followed, we are still deep in the world's worst economic crisis in a century. This pandemic has stolen jobs and precious life. It has kept families apart in times of celebration and sadness. It has crippled industries built through strong vision and years of steady investment, and the arrival of the more virulent variants has sent its devastating toll to painful new heights. The burning question on the minds of the world's economists and every Fijian is; when will it end?

For much of this ordeal, we have had no firm answers. As the virus exploded from an outbreak, to an epidemic and to a global pandemic, no one knew if the world would spend months, years, or even a decade at the mercy of this terrible disease.

In the face of so many terrifying unknowns, many governments throughout the world made different choices. Some worked well and some did not. In Fiji, we chose drastic action to defend ourselves. The very day we confirmed our first case last year, we shut off international passenger travel and we locked down Nadi and Lautoka. We knew that these stop-gap measures would have

enormous repercussions, but without any known cure or vaccines at that time, they were the best defence we had, and they did buy us a full year without any local cases through which we sustainably navigated an increasingly uncertain financial situation.

Tonight, Mr. Speaker, Sir, is different. Despite the darkness and difficulty of the present outlook, we have our clearest view of a future that is safe and an economy that is on the move. We are not dispensing band-aid solutions or depending on drastic and damaging measures that will cause structural unemployment and wide-scale poverty. We are no longer fighting to win a single battle against this virus, we are fighting to win the war, and we can win because we have vaccines, enough for every adult in Fiji. This powerful defence has arrived more quickly than we dared to hope. As of yesterday, Mr. Speaker, Sir, 64 percent of our target population, in other words, 377,090 adults, have received, at least, one dose of the COVID-19 vaccine and 12.5 percent of the target population are fully vaccinated, in other words, with two doses.

We cannot take that progress, Mr. Speaker, Sir, for granted when less than 30 percent of the populations of other upper-middle-income countries like Fiji, have received a vaccine dose. And when, due to unjust issues of accessibility, some wealthier nations administer more vaccines in a single day than other low income countries have administered since the start of the pandemic. And we thank India for our first large shipment and then Australia and New Zealand, for helping expedite our access to free vaccines for our people. Australian and New Zealand medical teams, whom the Honourable Prime Minister welcomed yesterday officially, are now in the country as well, sharing their invaluable supplies, knowledge, skills and experience with us to save the lives of Fijians. We thank them for being indispensable allies.

Mr. Speaker, Sir, as you and many in this room know personally, vaccines are safe. They work remarkably well and they are the key to reopening our economy at its full capacity. And we are pressing ahead quickly to vaccinate every eligible Fijian, which we view clearly as the most essential element to protect ourselves and pave the way to a sustainable and COVID-safe economy and way of life.

From March 2020 until today, we have paid out more in direct Government-funded unemployment benefits than in all other years of Fijian history combined. Tonight, we are announcing a budgetary blueprint for the next financial year that keeps the helping hand of Government open and extended to those who need it, and it prepares us for the possibilities of a post-pandemic future.

This Budget, Mr. Speaker, Sir, maintains financial prudence and socio-economic stability. Above all, it is focussed on securing Fiji's long-awaited comeback from this plague, a recovery that depends entirely on the protection of every eligible Fijian through vaccines.

Mr. Speaker, Sir, in Israel, in the United States of America, United Kingdom, Europe and across the developed world, vaccines have allowed people to safely move about freely out of their homes. Businesses are reopening. Industries, like travel and tourism, are springing back to life. Financial markets are reigniting and COVID-driven unemployment is falling. That promise of progress is still a distant dream for many in the developing world, where there are still large pockets of unvaccinated populations.

But it is not, Mr. Speaker, Sir, a distant dream for Fiji. It is a reality that awaits us as quickly as we can protect ourselves from the virus through vaccines and prepare our economy for renewal. Your Government will not sit idly by and wait for fate to control our destiny. We have a vision and through decisive action and leadership, we will see that vision realised, come what may.

Mr. Speaker, Sir, we expect to have, at least, 80 percent of the 587,651 Fijians, who make up our target population fully vaccinated by 31st October this year, in other words, 470,121 adults. In a night full of numbers, Mr. Speaker, Sir, this is the most important metric I will mention. Only when we can achieve widespread immunity from the virus, can we get back to our normal way of life here at home, and secure the chance to reopen to the world and have the world reopen to us. We can achieve that mission, and with the full co-operation of all Fijians, we most certainly will achieve it.

For us Fijians, Mr. Speaker, Sir, the vaccines are free. They are easy to access, and as of last week, every employer and employee in Fiji must be vaccinated. No jabs, no jobs. That is more than a tagline, it is the stark reality of the matter. Mandated or not, without vaccines, many Fijians will not have a job to go back to because only vaccines can assure the full return of entire industries.

Without vaccines, our schools will not open. Without vaccines, we cannot mount an economic recovery. No jabs, no opportunities, no reopening of stadiums, restaurants or borders. No jabs, no tourism. No jabs, no national airline. No jabs, no chance to see our friends and families abroad. Without vaccines, we cannot gather and be together safely. No jabs, no precious time with neighbours and loved ones. Couples separated by closed borders will not reunite, even within the country, we have that. Those grieving the loss of a loved one cannot find comfort in laying the departed to rest with the comfort of family. No jabs, no sports. No rugby tournaments. No volleyball matches in the park or in the village green and no unmasked runs along the seawall. No jabs, no future and no freedom to return to the lives we all miss so dearly.

The changes in the law, Mr. Speaker, Sir, that we have made create safe workplace environments and ensure that vulnerable members of society are protected. These laws do not breach any of the rights enshrined in the Fijian Constitution. Any good lawyer with sophisticated knowledge of constitutional law can tell you that.

Mr. Speaker, Sir, we are acting to protect everyone, not please everyone, and we cannot rely on fence-sitters, lawyers or otherwise, nor can we tolerate the lies of anti-vaxxers, many of whom reside overseas and can hide away behind the comfort of wealth and privilege. Those who question the safety and legitimacy of vaccines are choosing ignorance over proven science and more than a century of experience with modern vaccines. They are gambling with our health and our economy, and squandering the potential of coming generations.

Their unfounded fears, their superstitions, their politicking and in some cases, their deliberate lies threaten lives and the security and prosperity of every Fijian. Mr. Speaker, Sir, we will not hold our future hostage utterly to their foolishness, opportunism and utter lack of decisive leadership.

With vaccines and with enough of us vaccinated, our future looks very different than today. The unemployed can be employed. Those most marginalised can, again, provide for their families. We can fill our hotels, open our schools, we can save lives and restore our way of life. We can do things as simple as have a neighbour come over for dinner and things as necessary as re-open our borders and rebuild our economy.

Government can revive streams of revenue that support social welfare, free education, unemployment benefits, Civil Service salaries and other services that every one of us rely on. Without vaccines and the immunity they offer, we risk losing all of that. We will see massive drops in Government revenue, massive cuts to the Government assistance and social welfare and massive cuts to Civil Service salaries.

Mr. Speaker, Sir, we thank those of you and all of the people listening to us in helping avert the future by coming out in full support of the vaccine and who have been vaccinated. We thank

those of you wearing your masks and using the CareFIJI contact tracing App we have developed and operating in line with our other COVID-safe measures. You are the patriots this national moment of challenge demands.

We are well in line with our COVID-safe measures this evening. We are speaking with you from Parliament where we enforce strict physical distancing. I am not wearing a mask so that I can be understood clearly. There is no audience in the Chamber and many Members of Parliament are joining us virtually, and probably more than half.

Our caution extends far beyond the walls of this august Parliament. We are equipping our frontliners with the tools they need to defend our people's lives and livelihoods against the devastating second wave of the COVID-19 virus, and we thank the doctors and nurses who are treating patients in our hospitals. We thank the police and the military officers, the naval officers and the relevant staff of Government and statutory authorities, for enforcing our health protection measures.

We thank the ambulance and Government vehicle drivers, who are transporting ill patients to care centres and health workers to the communities they serve. We thank the delivery teams in Government and the private sector, bringing groceries and household items to those in isolation and quarantine at home. This is a budget for these frontliners and for all of the ordinary Fijians they are making such great sacrifices to protect.

With Government revenues down, Mr. Speaker, Sir, we have instituted a hiring freeze throughout the Civil Service. However, we have made exceptions for the Ministry of Health and Medical Services, and Communications, as well as the Police. We are in a public health crisis that depends on well-resourced health centres, clear communications and enforcement of the rule of law, so we must ensure that each of these arms of Government are well staffed and well capable of defending us from the virus.

We also thank the private General Practitioners (GPs), Mr. Speaker, Sir, who have opened their clinics to offer non-COVID medical care. We thank the employers who have kept staff in their jobs, despite the downturn in business, as well as those who have worked with us to re-open their doors in line with our COVID-safe measures, including the CareFIJI QR code system.

We thank companies, like Vodafone and Digicel, that have helped us deliver unemployment benefits quickly to those in need. This is also a budget for all businesses of all sizes, and it is built on that same spirit of public-private sector collaboration. Ultimately, Mr. Speaker, Sir, that is how we will succeed together. But when we do and Fiji is open again, families are reunited and planes start flying in tourists, our economy will not magically return to pre-pandemic levels of activity. That, we must do ourselves, and I cannot sugar-coat that reality.

We are closing out the most challenging economic period in Fijian history, a COVID-driven once-in-a-century contraction of 15.7 percent of our GDP. Tonight is about reclaiming what this pandemic has lost and this Budget is built to achieve three objectives:

- (1) We must protect ourselves from the virus. Vaccines give us that defence. Until we have vaccine-induced herd immunity, total adherence to our health measures must be maintained.
- (2) We must continue to sustainably support those individuals and businesses, whether they are micro, small, medium and large, who have been hardest hit by the pandemic. With Government revenues guttered, it will demand every ounce of our compassion

and creativity to make this crisis tolerable for as many Fijians for as long as we can. There are many new measures in this Budget to spur job creation and lift the cost burden on farmers, market vendors, public service vehicle drivers, fishers, students and other hardworking Fijians, and we are removing costly, inefficient and outdated bureaucratic processes and regulations.

- (3) We must continue to future-proof Fiji. That means, strengthening our resilience to future pandemics and to the impacts of a warming planet, which are already upon us. We need tourism back, of course, but we need even more eggs in our economic basket as well. We have to further diversify our economic base to make us more resilient to adversities that will surely come in this century and more open to new opportunities, including bluer and greener sources of employment for our people.

Guided by these objectives, Mr. Speaker, Sir, this Budget will do more than hold us over through the rest of the pandemic. It will empower us to reach our vaccine targets and join the nations that are rapidly innovating their way out of this crisis because if we achieve our vaccine target by 31st October deadline, we will be in an excellent position to not only welcome back visitors by the Christmas holiday, but to spend that Christmas together safely with our loved ones and friends here in Fiji, just as we always have.

Ahead of that goal, we are already working behind the scenes to establish mutual recognition of vaccine protocols with countries, such as Australia, New Zealand, Korea, Singapore and the United States of America. We are not wasting time pondering the moral philosophy of only vaccinated people travelling, we are considering every possible avenue that guarantees a swift recovery and we are making progress, Mr. Speaker, Sir. As you would know, the progress is not always achieved in the public arena but more often behind the scenes.

We are here to govern and serve, not be social media celebrities who appear in the media or post on *Facebook* every few hours. We are focussed on the future because once the world re-opens, tourists will have numerous choices. Every patch of paradise in the world will be competing for their share of the market. These visitors will be thinking about their wallets and their wellbeing. They will be price-sensitive and they will be health-sensitive, and the tourism markets that will attract them will be the ones that implement the most co-ordinated national approach, from the package deals we offer to the health protocols we enforce for health and safety.

Even as our tourism numbers make a comeback, it is generally accepted among industry experts and multilateral development agencies that it will take, at least, three years to bring our economy back to its robust free-COVID state. Every day we delay our recovery, makes the road ahead longer and steeper, and we do not just want to return to the Fiji of two years ago, we need more. We must charge through the window of opportunity that vaccines offer towards a resilient recovery, a recovery that strengthens us and one that puts us on the road to long term sustainable growth.

That journey, Mr. Speaker, Sir, demands an unshakeable focus on our ambition for the nation. When a compass is set towards a destination, no good captain expects the course to be straight or easy. There will be storms that can blow the ship off course. There will be days when the wind does not blow at all but despite the adversity, despite the difficulty, a good captain maintains their course.

We have a good captain, Fiji. The principles and vision of our Honourable Prime Minister have never shifted with the winds. We have shown the flexibility and the creativity to navigate storms and traverse rough waters, but our compass remains fixed on our destination - an inclusive Fiji, a fair

Fiji, a financially strong and stable Fiji, a resilient Fiji and a Fiji where anyone anywhere can rise as far as their ability and ambition can carry them.

Mr. Speaker, had we steered our economy at the whim of armchair experts on *Facebook* or shifted course towards the ever-changing positions of some politicians, that dream would have died long ago. That fearful reactive thinking serves no one and leads nations nowhere.

These trying times demand skilful manoeuvring, sophisticated decision-making and not the crass populism and haphazard, even whimsical approach. Instead, this Budget will have the same focus as we have consistently had for more than a decade. It does not lose sight of our destination. It is not a fearful Budget. It is bold, it is sustainable, it is as decisive as it is creative, and it leans on our ability to adapt and think outside the box, which is something we know we can do and we are already doing it.

Throughout the pandemic, Mr. Speaker, Sir, thousands of Fijians have reinvented themselves and their careers to provide for their families. Former hotel pastry chefs have opened home-based bakeries. Small garment shops and tailors have put their sewing machines to work producing face masks. Shopkeepers, even some farmers, are making goods and payments available online, and delivering their wares to the doorsteps of homes. Firms are using technology, like video conferencing and drones to deliver services, while remaining COVID-safe. This Budget is driven by that same spirit of innovative resilience. Hard times come, Mr. Speaker, Sir, we expect them and we prepare for them, so that when they arrive, we can do more than whinge about them.

Mr. Speaker, Sir, we can do more than just complain or even try to steal from Government, like one gentleman who applied for unemployment benefits eight different times during the same phase of assistance. We have to do more than just endure - we must adapt and build back better.

We have done it before. We have done so from political upheavals. We have done so from our hemisphere's most ferocious storm - *TC Winston*, and the many other storms and floods that have followed. This storm may be different. The winds of the coronavirus hurricane have blown continuously for 17 months. We do not see its damage in levelled homes or flooded streets, but we feel its devastation everywhere. Regardless, Mr. Speaker, Sir, once again, we can and we will rebuild. We will do so sustainably in a manner that keeps our footing on rapidly shifting ground.

Mr. Speaker, Sir, the global economy declined by 3.3 percent in 2020 due to COVID-19, one of the largest global economic contractions in over a hundred years. Large and developed economies mobilise trillions of dollars in economic stimulus measures to cushion the domestic impacts of the pandemic and finance large-scale investments in vaccine research and pre-orders. As vaccines roll out, their economies are expected to grow in 2021 and gradually return to pre-pandemic levels by 2024.

However, most small island developing economies do not have the fiscal luxury to prop up the economies with huge stimulus measures, nor do they have the privilege of being first in the line to get vaccines. Most of the tourism-dependant small island countries have suffered double-digit economic contractions, widespread unemployment, fiscal pressures and credit-rating downgrades. These sudden enduring shocks have overwhelmed the fiscal capacities of these nations to respond.

On the domestic outlook, Mr. Speaker, Sir, the reason for the 15.7 percent contraction of the Fijian economy in 2020 is not a mystery to anyone. It was primarily due to the halt in tourism activity after border closures, could have been much worse. We, in fact, projected a contraction of nearly 20 percent, but the freedom we had granted businesses to adapt to the new normal, has spared us from that level of economic loss. Still, we are dealing with record-low consumer and business activity,

higher unemployment and consequently, declining business and household incomes. This, of course, has halved Government revenue in 2020.

The adversity does not end with COVID-19, Mr. Speaker, Sir, we were hit by three major cyclones in a span of just 10 months - Category 4 *TC Harold*, Category 4 *TC Yasa*, Category 2 *TC Ana* and a fourth, if you add *Tropical Depression Bina*, all landed their own blows on our people, delivering brutal reminders that a strong economy is vital to protecting our people from the consequences of climate change.

Over the past 17 months, Mr. Speaker, Sir, the Fijian Government has had to make crucial strategic fiscal decisions, accompanied by expansionary monetary policy measures. It took careful and prudent economic planning, combined with exceptional diplomatic dexterity to maintain fiscal stability, stabilise the economy and provide immediate support to those most affected.

Diplomacy, Mr. Speaker, Sir, as you very well know is not all about tweets and photo-ops, at the core, it is about working together towards an agreed upon outcome. And Fiji's friendship in the region and around the world are quietly delivering for us at a time when multilateralism is humanity's best defence against the coronavirus - a global enemy we must defeat together.

Mr. Speaker, Sir, this is our third National Budget announcement during the pandemic. In early April of last year, through a rapid COVID-19 Response Budget, we redirected resources and took decisive measures to keep this virus out of Fiji. Then, in last year's 2020-2021 Budget which is going to end in a few weeks' time, we acted prudently to maintain services for our people, dropped taxes to maintain our competitive edge and helped businesses recuperate and continue dispensing historic amounts of assistance to the unemployed in both, the formal and informal sectors.

Mr. Speaker, Sir, the 2020-2021 Budget was delivered in a period of near total uncertainty and strove to meet the difficult moment in which it was announced. We introduced various measures to improve our competitiveness, not only in the tourism sector but also by setting an enabling environment for other businesses to restart.

We reduced taxes for the tourism sector. We completely removed the 6 percent Service Turnover Tax (STT), we reduced Departure Tax from \$200 to \$100, ECAL was cut from 10 percent to 5 percent and the threshold increased from \$1.25 million to \$3 million. The Alcohol Tax was reduced by 50 percent. Tariffs were cut across the board to zero or 5 percent on over 2,000 tariff lines.

Mr. Speaker, Sir, we completely removed stamp duties. We completely removed business licence fees. We removed these burdens to spur recovery, and that relief will stay with us this financial year and they are not being changed.

We provided support to businesses with various immediate tax relief measures and loan repayment holidays. We made more funds available through the RBF at low interest rates. We provided unemployment support to both, the formal sector and informal sector. We continued paying social welfare support for the poor. We continued the disability allowance, the social pension scheme and the electricity subsidy. We continued payment for the free water and gave support for transportation. We continued providing free education grants to schools so that they could continue teaching and prepare for re-opening. We paid for TELS and Toppers and we continued with the first-home buyers' grant.

The framework of last year's Budget, Mr. Speaker, Sir, was based on an extremely conservative revenue projection, resulting in a large projected deficit of \$2 billion, equivalent to 20.2

percent of GDP. With the 2020-2021 financial year coming to an end in two weeks' time, we have done extremely well. I am pleased to inform Parliament that the fiscal deficit is estimated to be around 11.5 percent of GDP, almost half of the 20.2 percent net deficit that we have planned for and, indeed, budgeted for.

With the lower projected net deficit of around 11.5 percent in the 2020-2021 fiscal year, Government debt is estimated to be around \$7.6 billion, or 79.2 percent of GDP, as at July 2021. This is \$700 million lower than the earlier projected debt of \$8.3 billion, or 83 percent of GDP. The lower-than-budgeted debt to GDP ratio is despite a 5 percent lower nominal GDP due to the contraction of the Fijian economy in 2021. If the nominal GDP had remained unchanged at the projected in the Budget, the debt to GDP ratio would have been much lower at 76.5 percent of GDP.

Mr. Speaker, Sir, we were able to achieve a lower debt to GDP ratio because of tight control on operational expenditure, with a freeze on the size of the Civil Service, improved operational efficiency, use of new technology and over three times higher inflows of non-tax revenues emanating largely from budget support and divestments.

Prior to the second wave, tax collections were on track to surpass projections, in fact. However, because of various lockdown measures stemming from the second wave, the revenue was slightly lower than projected.

Mr. Speaker, Sir, macro-economic stability is the bedrock of a sustained economic recovery. Unlike the conditions when previous economic crises hit Fiji, our pre-COVID balance of payment condition was relatively strong, with a healthy level of foreign exchange. So strong, in fact, Mr. Speaker, Sir, that despite the closure of the tourism industry, which is our largest foreign exchange earner, foreign reserve levels have actually increased substantially, supported by external grants and borrowings and large inflows of foreign exchange, following the recent divestment of Energy Fiji Limited. Muted import demand due to the downturn in economy was also a contributing factor.

Our strong reserves position has also ensured stability of the exchange rate and helped us to avoid unwarranted speculation that would have affected confidence in the Fijian dollar. It also helped the RBF maintain an accommodating monetary policy stance through these challenging times.

Our strong reserves position will greatly support the recovery process because the financial sector remains flush, with liquidity of over \$1.6 billion, keeping downward pressure on interest rates. As credit risk conditions improve, major reductions are expected in interest rates that will support private sector investments and business activity.

While foreign reserves remain comfortable at over \$3.1 billion, proactive and sustainable measures are needed to address the underlying balance of payment issues. The export sector must be increased, new foreign direct investments incentivised, the tourism sector rebuilt and the economy further diversified. Generally, Mr. Speaker, Sir, we need to become more productive and more competitive in every way we can.

Mr. Speaker, Sir, the financial sector continues to be sound, backed by the strong capital provisions of banks, despite the large loan provisioning. The increased level of borrowings because of COVID-19 has increased the level of public debt - an inevitability, Mr. Speaker, Sir, with Government revenues so deeply depleted.

While this counter-cyclical response was appropriate, returning to a macro-fiscal equilibrium will be a key focus for the medium term. Risks emanating from contingent liabilities also have to be

managed to avoid any materialisation of fiscal risks. The public debt to GDP ratio will be put down on a downward path as part of our medium term fiscal consolidation plan.

Mr. Speaker, Sir, given that we still lack the luxury of complete certainty, we have adopted the same conservative revenue estimation strategy as last year. The downside, once again, is a high projected level of debt. We have to make such projections because we could, indeed, have high debt levels next year if our economy does not fully reopen, and we want to be fully transparent about the consequences of that worst case scenario.

Alternatively, if we do reopen and we do over-collect on revenue, that will give us a buffer that lowers borrowings and planned debt levels. This is the best way to plan. If we arrogantly assume that Fiji reopens and we misjudge and over-project revenues, we will face serious cash-flow challenges that we cannot accept.

Mr. Speaker, Sir, for this 2021-2022 Budget, we are making a total expenditure allocation of \$3.69 billion, with a total revenue projection of \$2.08 billion. This results in a net deficit of \$1.61 billion, equivalent to 16.2 percent of GDP, with projected debt at 91.6 percent of GDP.

Tax revenue collections are projected at \$1.59 billion, 45 percent lower than pre-COVID levels but slightly higher than the 2020-2021 financial year. It is important to note that Government will also carry over around \$150 million in cash balances to the new financial year. This provides an additional buffer should tax revenues underperform. This is a change in strategy, Mr. Speaker, Sir, as cash balances carried forward for the 2020-2021 financial year were included as part of loan funding, which was clearly laid out in the 2020-2021 Budget documents.

Non-tax revenues, Mr. Speaker, Sir, are estimated at \$487.5 million. As part of our public sector reforms, we are bringing on board strategic partners to improve service delivery and efficiency in the operations of State-Owned Entities (SOEs). The divestment of Energy Fiji Limited (EFL) is a recent example in which we enlisted a reputable strategic partner in Fiji's energy sector to further our renewable energy revolution.

Government will continue these reforms with further divestments planned for Amalgamated Telecom Holdings (ATH), Fiji Airports Limited and other smaller SOEs. Such divestments are expected to generate around \$150 million in non-tax revenue.

Budget Support Grants from Fiji's key development partners have been a great help during the COVID-19 crisis. Government is currently in discussion with a number of development partners for budget support, conservatively estimated at approximately \$120 million.

Mr. Speaker, Sir, the COVID-19 Response Budget and the 2020-2021 Budget were a lifeline for many Fijians and that support will remain intact, as will the foundation of our economic revival, and will seize the opportunity for recovery that vaccination provides. While this Budget extends over the full financial year, it will be reviewed in six months.

Mr. Speaker, Sir, I am clearly being distracted. I think when we give a Budget Address, it requires Honourable Members on the other side to pay attention. If they want to converse, they can leave the room. Please, Mr. Speaker, Sir, I am being disturbed. Could you, please, request them not to do that? I will read that line again.

Mr. Speaker, Sir, these uncertain times require us to be flexible and to adapt quickly to new realities. A better economic situation, brought on by widespread vaccination, will produce more revenue and provide more opportunity, and we will want to take advantage of that. However, if the

economy has not begun its recovery by then, we will have to scale this Budget back considerably, and so a full review of the Budget in six months' time is sensible and prudent.

From the standpoint of finance and policy, we are doing a tremendous amount with the resources we have, and I will be going through all of the most important changes clearly and carefully this evening.

Mr. Speaker, Sir, before I do that, a bold Budget must always begin in close consultation with members of the public that it is meant to serve. Over the past several weeks, we have spoken with more than 1,000 individuals representing different businesses, civil society groups and faith-based groups through our National Budget consultations.

We also received a number of written submissions. We thank those who had joined us, spoke with us or wrote to us about the challenges they faced, and shared constructive suggestions and ideas about the Budget. We have listened, and we are acting to help within our current constraints in some form or the other, all of the different interest groups.

Mr. Speaker, Sir, with so many Fijians still out of work and on reduced hours, a considerable portion of this Budget is dedicated to unemployment support. The social contract between the people and their government requires us to provide support in times of crisis through sustainable measures of social protection. It is our duty to help, and it is our duty to ensure that we can sustainably provide that help as long as required.

Mr. Speaker, Sir, let us be clear about what we mean by the term 'sustainability'. As I have said earlier that we had dispensed more in Government-funded unemployment benefits in the 17 months since March 2020 than in every other year of Fijian history combined, including assistance to those in the informal sector - a first for any government in Fiji.

That level of assistance was unprecedented, and it was deployed carefully so that we did not empty the Government's coffers in a matter of weeks or months. We acted prudently because we did not know how long this crisis would persist. Thank God we did! Had we bowed to those demanding untenable levels of assistance, we would have run out of money in the early parts of last year and we would have nothing to announce tonight. There would be nothing left for people who need support now and we certainly would not be printing money to magically place in peoples' accounts, like some unqualified pseudo-economists have suggested.

Although we can see a plausible vaccine-managed end to this crisis, we have not lost sight of our duty and fiscal responsibility. So the assistance that comes in this Budget will continue to be deployed carefully and sustainably so that it can last us through the end of the year and even beyond.

The unprecedented unemployment benefit that Government introduced in the 2020-2021 financial year under the FPNP Scheme saw Government directly disburse \$205 million to those only in the formal sector and \$32 million to the informal sector. Those were direct cash benefits, apart from other forms of socio-economic assistance such as utility payments.

Mr. Speaker, Sir, today, we are announcing over \$200 million in unemployment income support to Fijians affected by COVID-19 both, in the formal and informal sectors. Starting on 1st August, 2021, every affected Fijian unemployed in the formal and informal sector will be entitled to a monthly allowance of \$120 for six months, which will be paid in two lump sum payments.

The first lump sum payment of \$360 per person will be done in August 2021 to cater for the three months from August to October, with a total estimated pay-out of around \$100 million. This

support will assist individuals who are in the formal and informal sectors, are above the age of 18 years, living in Viti Levu and do not benefit from any social welfare payments, education allowances, any other Government-funded assistance, or withdrawals from FNPF. This assistance will only be provided to those eligible individuals who have received, at least, their first dose of the COVID-19 vaccine before the application period ends. So, Mr. Speaker, Sir, eligible Fijians have, at least, three weeks from now to ensure that they get, at least, the first dose of the COVID-19 vaccine. No jabs, no unemployment benefit.

We will make the second payment of \$360 in November to eligible Fijians, provided they are fully vaccinated by 31st October, with a total estimated pay-out of an additional \$100 million. This payment will cater for the three months ending January 2022. We will make medical exceptions, of course, for those with a certificate from the Permanent Secretary for Health and Medical Services.

Individuals will be required to apply for this assistance, and pay-outs will be made using M-PAiSA and MyCash platforms. It will also be mandatory for applicants to provide their birth certificate registration number and their tax identification number, apart from other details.

Mr. Speaker, Sir, this is necessary because assistance is being paid out on an individual basis. So, for example, if there are four eligible individuals per household, the household will receive an unemployment pay-out of \$1,440 for the first payment and an additional \$1,440 for the second payment. A household with 10 eligible individuals will receive a total payment of \$7,200 directly from Government.

Mr. Speaker, Sir, the earlier initiative whereby unemployed Fijians were eligible for \$220 fortnight payment from FNPF will continue for members with sufficient General Account balances. All those who have exhausted their General Account balances or do not want to access their General Account balance will be eligible for the \$720 per person pay-out under the new unemployment initiative.

Mr. Speaker, Sir, despite massive reductions in fiscal revenue, our social safety net has not been torn away because we have not forgotten our obligation to protect the most marginalised Fijians. For this Budget, we are providing \$120 million for the Poverty Benefit Scheme, Child Protection Allowance Programme, Disability Allowance Programme, Social Pension Scheme and Bus Fare Subsidies for the Elderly and Disabled, to assist more than 130,000 vulnerable Fijians.

Mr. Speaker, Sir, this includes \$55 million being allocated for the Social Pension Scheme which will support 48,094 Fijians above the age of 65 years with a monthly payment of \$100. For the Poverty Benefit Scheme which is targeted at providing income support to the poor and vulnerable, we are allocating \$36 million to cover the Cash Transfer Support ranging from \$35 to \$127, and a \$50 Food Voucher for 27,490 Fijians. The \$90 monthly Disability Allowance will also continue with an allocation of \$10.8 million, assisting around 9,400 Fijians. A further \$11.3 million is allocated under the Child Protection Allowance to support vulnerable children. The Bus Fare support for the Elderly and Disabled Persons will continue with a monthly top-up of \$10 and a funding allocation of \$5 million.

Please, Mr. Speaker, Sir, I am really getting distracted. Honourable Tabuya seems to be chatting away. I am trying to deliver the Budget Address.

HON. SPEAKER.- Honourable Members, as a normal procedure when the Budget is delivered, it is listened to. You will have your turn for debate in a week's time. Carry on.

HON. A. SAYED-KHAIYUM.- A further \$1 million is allocated for the Food Voucher Programme for rural pregnant women.

Mr. Speaker, Sir, overall funding for social protection initiatives has been reduced by a total of \$4.2 million, compared to the 2020-2021 financial year. That is not because we are scaling down, but because we are smartening up our controls to streamline the delivery of assistance. Through robust audits of recipients, we are making sure assistance reaches the people who really need it, so we can weed out bad actors who try to receive payments, despite graduating to a higher level of income, or people who claim benefits in the name of someone who has, in fact, passed away, or those who simply are receiving payments from more than one assistance stream.

Mr. Speaker, Sir, we acknowledge the Australian Government for providing budget support to selected Social Welfare programmes in the 2020-2021 financial year, which will also be applied to the 2021-2022 financial year. Their faith in our disbursement of Social Welfare assistance assures us of their confidence in our systems - it was an Australian investment in our audit and IT systems that helped identify and disburse these assistance payments.

Mr. Speaker, Sir, Government is subsidising micro-insurance coverage for all Social Welfare recipients through the Government Micro Insurance Programme at a cost of \$5.6 million per year. We have been doing that for the past four years.

For the new insurance term, Mr. Speaker, Sir, those eligible for term life and funeral benefits must be fully vaccinated by 1st November, 2021. This insurance policy pays out in the event of death, house fires and sickness, and vaccination, is, in fact, a requirement of the insurance companies, given the severe risks of death due to COVID-19, if not vaccinated.

Mr. Speaker, Sir, socio-economic stability for every home in Fiji starts at the tap. We need water that is clean and easily accessible, and to keep the taps flowing for those most vulnerable, the Fijian Government will continue to provide free water to households with an annual household income of less than \$30,000 for up to 92,500 litres of water.

The same goes for access to electricity. Mr. Speaker, Sir, 96 percent of Fijians have electricity, thanks to years of steady investment. We did not make those investments so that power would not be supplied in terms of hardship. Electricity is a pillar of a modern Fijian economy that cannot be allowed to crumble.

For households earning an annual income of less than \$30,000, we have been, in fact, providing for the past number of years a subsidy of 16.34 cents per unit for their 100 kilowatts of power usage. Effective from 1st August, 2021 to 31st January, 2022, the Fijian Government will pay the full cost of 34.01 cents for approximately 50,000 households at a total cost of \$11 million. These are those who earn less than \$30,000 a year. Like most everything else in this Budget, Mr. Speaker, Sir, this policy depends on vaccination rates climbing, so it will be reviewed in six months' time.

Apart from this, Mr. Speaker, Sir, subsidised domestic customers will get six weeks to pay their electricity bill without disconnection. Non-subsidised domestic customers will get four weeks for their bill payment. This extended bill payment will be provided for six months from 1st August, 2021 to 31st January, 2022, before it is reviewed.

Mr. Speaker, Sir, healing the wounds of this pandemic begins with supporting working Fijians to do what they do best - provide for themselves and participate in our economy. We do not have the same deep pockets as wealthier nations to pour trillions into the market to stimulate growth. We have to think a bit harder and do the best with what we have, and one of the better and smarter ways

to do that is by decreasing the cost burden on businesses, sole traders and other Fijians, to give them more financial breathing room. Tonight, we have a very long list of what the Government is prepared to pay on their behalf. Together, these reductions in fees and duties add up to serious daily savings for all Fijians and lend certainty at a time it has never been more sorely needed.

Mr. Speaker, Sir, to support all casual and full-time market vendors in Fiji and provide financial relief across the country, \$2.6 million is allocated for the Government to pay the full market stall fees for one year from 1st August, 2021 to 31st July, 2022, for the benefit of around 8,000 market vendors. We will disburse these funds to respective Municipal Councils. So, to all the Fijians listening, if you are selling in a market, your fees will be paid for one year from 1st August. You can keep more of your income, use it to sustain your family, use it to build your business and low your price, if you think it helps you sell and earn more.

Mr. Speaker, Sir, in the same vein, Government will pay inshore fishing licence fees and other associated MSAF fees for the local fishing industry for the next two years for the benefit of all fishing licence holders and registered boat owners with an allocation of \$200,000 for the benefit of more than 3,000 licence holders and boat owners. The registration fees, annual boat survey fees and boat master licences are also now valid for five years for fishing boats shorter than 15 metres, as opposed to yearly licences.

To grant more certainty to fishers, we are also amending the Offshore Fisheries Management Act 2012 to extend the terms of offshore fishing licences from 36 months to a maximum of 20 years. Fishing companies that will be licensed will have two decades so that you can make investments or take out loans that are more suited to a more certain timeline. They can invest more in new vessels and provide more jobs for Fijians.

Mr. Speaker, Sir, the Government will also provide a 5 percent subsidy for investments in fishing boats with the value above \$1 million to \$2 million, with the funding allocation of \$500,000. They buy a vessel for \$1 million, they will get 5 percent of that paid for by the Government.

To qualify, the boat needs to be in accordance with low carbon standards. We want there to be more opportunity in our blue economy, but that does not come at the cost of rising emissions. We are a country committed to net zero emissions by the mid-century, and we have to encourage that transition wherever there is an opportunity to do so.

As more Fijians take advantage of these incentives to take up sustainable livelihoods in our blue economy, we expect income for our fishers and coastal communities to steadily rise, and we expect more young people to enter into the blue economy sector at different levels. So, we will be taking commensurate steps to ensure traceability and value addition, so that illegal fishing and other abuse of the environment in our blue economy is part of our overall effort to build back better more sustainably and more inclusively.

Mr. Speaker, Sir, Government will also pay for the training and certification fees of those Fijians who wish to become seafarers through an allocation of \$100,000. A total of \$500,000 or \$0.5 million has been allocated as a 50 percent partnership contribution of the Government for the purchase of a boat and engine by individuals and community groups in the outer islands, applicable to Lomaiviti, Lau, Yasawa, Rotuma, and to a lesser extent, Kadavu and the Mamanucas. This will be based on the number of fiberglass boats these communities have and are available, and we all know that travelling from one village to another in some of these outer islands is extremely expensive and we want individuals to get into this business or communities can get together.

The average cost of the engine with the fiberglass boat ranges from \$20,000 to \$25,000. Government will pay 50 percent of that cost to the maximum of \$10,000. This initiative will be available on an equitable basis to maritime islands based on the population size, their current fleet of fiberglass boats and other factors. Mr. Speaker, Sir, the Ministry of iTaukei Affairs and the Ministry of Rural and Maritime Development will be the ones that will be coordinating this particular project.

Mr. Speaker, Sir, pandemic or not, many Fijians still need to drive to a shop or travel to a COVID-safe place of business, and fines and fees associated with driving can be an unbudgeted gut-punch for many unemployed Fijians, awaiting the chance to work again. So we will be waiving the 50 percent additional penalty charged on Traffic Infringement Notices (TINs) for personal motor vehicle infringements incurred up to 15th July, 2021 for unemployed Fijians, nothing after this but before this. These are for basic infringements, such as over-speeding, red light traffic infringement and other infringements that do not involve illegal operations. These individuals will be given a grace period and will be able to come forward and make those payments.

Mr. Speaker, Sir, Government will also put a side an allocation of \$2.5 million to pay directly the base fees for taxis, minibuses, carriers and buses that get charged by Municipal Councils every time they go to the bus stand, for one year. Also, to cushion the burden brought about by the COVID-19 pandemic because we know that many taxis, minibuses and bus companies could not be driven, so they could not get an income. So, for them to now operate, they have to incur these daily expenses. All of that will be taken care of by the Government for the next whole year.

In relation to fees, we will also be removing the LTA alteration of records fee to make it easier for Fijians to change their records held by the LTA. Government will also pay the driving licence and Defensive Driving Fees for all taxi drivers, minibus drivers, bus drivers and carrier drivers who are up for renewal in the next financial year because it costs them a lot of money and we know that they have not been driving for a long period of time, they need to get their licence renewed and we will pay that cost directly to LTA. In the same way for the carriers, I forgot to mention that carriers' base fees will also be paid for the one year. Also, Government will pay the wheel tax and road user levy for tractors and golf carts for the next 12 months.

Mr. Speaker, Sir, we have also looked at ways to improve the enforcement of the law on our roads. To that effect, we are strengthening the powers of the LTA in relation to private vehicles illegally operating as taxis or minibuses by allowing LTA to auction off seized vehicles after conviction. Illegal taxis and minibuses are a significant problem on our roads right now because they do not adhere to the same safety and conduct standards as registered PSVs. They also do not follow the COVID-safe protocols. It is our hope that by empowering the LTA to sell off those vehicles instead of simply returning them to perpetrators to continue carrying out these offences, we will sufficiently deter past and potential future offenders.

Mr. Speaker, Sir, we have identified practical areas in which Fijians can be assisted to ease everyday expenses. For example, from 1st August, 2021, Government will pay the over \$50 medical report fee for all those who are required to submit such reports to employers for job application so they will tell you to go and get a police report for you to get a job or apply for a job. It is a burden for them to pay the \$50. Government will now pay the fees for them to the Police Force.

Mr. Speaker, Sir, simply, those people who want medical reports who want to go overseas, it costs them a few dollars - \$50, \$80 or \$120, depending on the report they want. Again, Government will pick up those fees for them and we have allocated \$100,000 for this.

Mr. Speaker, Sir, Police reports are also required for those who go out to get a PSV driving licence, including taxi drivers, bus drivers, minibus drivers and carrier drivers. Again, this fees will

be paid for them for the next 12 months, and an allocation of \$450,000 has been made.

From 1st August, also, Mr. Speaker, Sir, we will waive the birth certificate fees because there are a lot of requirements now for people to put in their birth certificate numbers, if they want to go and get a birth certificate. Again, we will defray those costs for them. They would not need to pay the fees. They can register their new-born baby and sometimes children, as many people do so in Fiji where they do not register them until they are about to go to school. So, we will waive those fees, Mr. Speaker, Sir.

Mr. Speaker, Sir, Government will pay surveyor fees for people who may be unable to afford to survey their land. There are some Fijians who currently live on State and *iTaukei* land, who do not have the funds to conduct the survey which is necessary to transition their lease agreement into a fully-fledged registered lease, which could make them more financially stable. So, Government has allocated a total of \$1 million to cover the cost of land surveys, to help more landowners make this obvious economic step-up and, indeed, the lessees.

Mr. Speaker, Sir, Government will also continue to provide medical services through General Practitioners (GPs) to Fijians who used to depend fully on the public health system for General Outpatient Services with an allocation of \$5 million. This reduces the load on larger public hospitals, reduces the risk of larger hospitals being locked down due to COVID-19 outbreaks and supports these private GPs who have also been impacted by the COVID-19 pandemic. A total of 17 GP outlets are currently part of this initiative.

Mr. Speaker, Sir, for those eligible, the Free Medicine Programme will continue as well and will now apply to those people who visit those private GPs under the Scheme. As we had announced in the last Budget, the regulations are coming into effect in the next few days. Supermarkets will now be able to sell various vitamins and other types of supplements that currently only pharmacies sell and at a very exorbitant price.

Mr. Speaker, Sir, we will continue with the Stronger Together Job Support Scheme on top of the assistance provided to those who are in the informal sector, to provide actual opportunities of employment for Fijians with an allocation of \$5 million. As announced last year under this Scheme, employers are guaranteed a wage subsidy by the Government equivalent to the minimum wage rate of \$2.68 an hour for a three-month period when they employ eligible Fijians who did not have a job pre-COVID and in particular, those from the informal sector. Government has already paid out \$3 million in this initiative since it began in November 2020. To-date, some 48 employers have participated in the Scheme, creating around 1,000 new jobs.

Mr. Speaker, Sir, to equip those who are unemployed with the new skills, we are also providing \$1 million for re-training and re-skilling through the Fiji National University.

Mr. Speaker, Sir, on Civil Service salaries, we continued paying Civil Service salaries with no reduction of civil servants' pay below the level of Permanent Secretary. We have continued to pay teachers, even though they have not conducted classes since the start of this outbreak. Even teachers on acting allowance have been paid during this period, even though they have not been acting, in a practical sense, in those jobs. We have done this because we want to keep our teachers and make sure they are ready to go the extra mile when schools re-open, to help their students catch up on missed curriculum.

Some civil servants who work from home on reduced hours or others who cannot work or attend work due to lockdown measures or home isolation protocols have also been paid in full. Mr. Speaker, Sir, by supporting civil servants, we are doing more than looking out for our employees.

We are supporting their families that rely on civil servants to provide for them. We are supporting the businesses they shop at and we are supporting the economy as a whole.

We are not making any cuts to civil servants' salaries in this Budget. We are committed to making the Civil Service the premier employer-of-choice in Fiji. A good number of civil servants are working harder than ever to maintain Government's services, especially through this latest outbreak and they should not and will not see their salaries reduced.

To save costs, we have frozen the hiring of new positions in the Civil Service, except for (as mentioned earlier on), Mr. Speaker, Sir, the Ministry of Health and Medical Services, Ministry of Communications as well as the Fiji Police Force.

However, Mr. Speaker, Sir, when we do review this Budget in six months' time, Civil Service salaries will be carefully reviewed, in the event our borders do not re-open and our economy has not shown measured signs of revival. We have gone more than a year without making serious cuts to salaries. However, that commitment does hinge on Government revenues being restored within six months and that depends on more of us being vaccinated, including civil servants.

Mr. Speaker, Sir, we are proud that free education paved the way to equality of opportunity for young boys and girls in schools, and there is clearly more we can and should be doing to make equality the reality for the young women of Fiji. In fact, there are more girls in school now than ever before.

It is ludicrous, Mr. Speaker, Sir, that in the 21st century, girls would miss a few precious learning days each month because they do not have access to sanitary pads, moreso now when family incomes have declined significantly. So, in this Budget, Government will provide sanitary pads to all female students from late primary school to Year 13 through an allocation of \$1.5 million. These students will be provided with vouchers in schools by the Ministry of Education, Heritage and Arts, which they can use to buy sanitary pads from supermarkets or other convenience stores. Around 55,000 female students from primary school to Year 13 are expected to be assisted through this initiative.

Mr. Speaker, Sir, this will also be able to help the Ministry of Health to focus more on young girls and young women's reproductive health and be able to monitor their health. It also has an impact where, in some cases, we have very early teenage pregnancies. This will be a holistic approach to the health and wellbeing of young females in our country.

Mr. Speaker, Sir, we want our girls - young girls and young women, to know that even though resources are scarcer than usual for their Government, their needs are at the very top of our priority list. Sanitary pads are not optional, they are essential, and they will be made available to every female student who needs them.

Mr. Speaker, Sir, last year, we made the most dramatic cuts to taxes on businesses ever. We cut fees and dropped duties, and those competitive measures will be maintained through this Budget. We will also be doing much more to aid Fijian companies of all sizes.

Today, we are announcing a working capital support of \$200 million in the form of loans, to help Fijian businesses meet their operational needs. Government will fully subsidise borrowers' interest cost on these loans for the first two years with a total funding of \$8 million in the 2021-2022 Budget, and an additional funding allocation of \$8 million in the following budget.

Businesses that take advantage of this programme, Mr. Speaker, Sir, will have the freedom to use this assistance where they need it most. They can borrow this money to pay for wages and salaries, rents, utilities, purchase stocks or cover any other working capital needs and operational needs.

We trust companies to know what they need. Existing micro businesses with a turnover of less than \$50,000 will be eligible for a maximum loan funding of \$10,000. Small businesses with an annual turnover of \$50,000 to \$300,000 will be eligible for a maximum loan funding of \$20,000, while medium-sized businesses with an annual turnover of \$300,000 to \$1.25 million are eligible for a maximum loan of \$50,000. Large businesses with a turnover of more than \$1.25 million can access up to \$100,000 in loans. Mr. Speaker, Sir, under this facility, we are targeting assistance towards nearly 20,000 businesses in Fiji.

Mr. Speaker, Sir, to put in simple terms, this is how the scheme will work. The Reserve Bank of Fiji (RBF) will provide special funding of \$200 million at an interest rate of 0.25 percent that can be accessed by commercial banks, FDB and other licensed credit institutions. These financial institutions will lend these funds at no more than 3.99 percent. All of these, in our discussions with the banks, will allow these banks to make these interest-only loan payments for the first two years. That means that for the first two years, none of these businesses will pay anything because Government will pay their interest for the first two years.

The beauty is that, these loans cannot become bad or default for the first two years because the banks have agreed to interest free and we will pay the interest for these companies because debt services will always be current. This gives our businesses two full years to stabilise and recover, if necessary, before they start their loan repayments from year three onwards.

Mr. Speaker, Sir, furthermore, to encourage the banks to lend because we know that some of those loans could go bad, for the comfort of financial institutions, Government will guarantee 90 percent of the loan for micro businesses through the RBF Scheme, 85 percent for small businesses, 80 percent for medium-sized businesses and 75 percent for larger businesses.

If I am a micro finance entrepreneur and I borrow \$7,000, for the first three years, I do not make any repayments because the Government is paying my interest rate for me. In the following year and after two years I keep on running my business, and if for some odd reason I am unable to pay the \$7,000 loan (assuming it is \$5,000 by now), 90 percent of that loan, if it goes bad, will be paid by Government to the financial institution. This encourages financial institutions to lend more.

We have allocated \$5 million in the 2021-2022 Budget for the RBF to manage the guarantee. Further allocations will be made over the years to ensure that sufficient funding is held at the RBF to cater for any future defaults.

Mr. Speaker, Sir, we are also going to assist the Micro, Small and Medium Enterprises (MSMEs). They have been hit hardest by our targeted lockdowns to contain the virus. We are going to ease their financial burden to give them even more breathing room to grow and do well. So, effective from 1st August, for a period of six months, MSMEs with a turnover of less than \$1.25 million that are paying commercial electricity rates, will now pay residential rates, with the Government subsidising the difference. This is expected to assist over 18,700 MSMEs.

Mr. Speaker, Sir, \$7 million has been allocated for this initiative. To put it practically, a person who runs a coffee shop has to turn on the coffee machine, even if they are making a hundred cups of coffee or five cups of coffee, the electricity cost is still there. We will now subsidise the electricity cost for them because they will only pay the private connectivity rates.

Apart from that, Mr. Speaker, Sir, commercial customers who fall under this particular scheme will get four weeks to pay their electricity bill without disconnection. This extended bill payment plan will be provided for the next six months from 1st August, 2021 to 31st January, 2022.

Mr. Speaker, Sir, we know that businesses, particularly in the tourism sector, have had their vehicles parked due to border closures. So, we will be waiving all arrears for vehicles that had been off the road and have accumulated fees and charges. In other words, if my vehicle had been off the road for two years, when I go and re-register the vehicle, the LTA under the current law will require me to pay the wheel tax and other levies, even though the vehicle had been off the road. So, we are amending the law where they do not have to do that whilst the vehicle has been off the road.

Mr. Speaker, Sir, 1st August, 2021 to 31st July, 2022, the owners of those vehicles will be able to come forward and register their vehicles without having to pay the accumulated fees and charges. This would also apply to individual cars that had been off the road. They can come and re-register their vehicles without having to pay for the period when the vehicles had been off the road. These include annual registration licensing fees, Road User Levy and the ACCF Levy. This applies also, as I have said, to all individuals.

We will also be amending the Land Transport Authority Act 1998, Mr. Speaker, Sir, to address gaps in the Act that have historically been a cause for concern for the tourism industry. The Act does not allow hotels that own vehicles registered as commercial vehicles to carry guests. This issue has been dealt with over the years through exemptions. However, we will be patching up these gaps in the Act to ensure that when our tourism industry is back up and running smoothly again, we have a more secure legal framework in place.

Mr. Speaker, Sir, we have reviewed the current taxi operations framework and we will be rolling out a new system to increase efficiency. We will be removing municipal taxi bases and stands and replacing them with a new concept of open taxi ranks, except, of course, those who have private property, which will allow taxis to operate more freely and efficiently within their zones.

With the removal of municipal taxi bases and stands, we will also be removing the various bases, stands and station fees that public service vehicle permit holders currently pay, that covers taxi drivers, bus drivers and minibus drivers, and replacing them with an annual PSV Levy paid for by all PSV permit holders, except rental permit holders. Those who have paid these fees already will be reimbursed. The new PSV Levy will be collected and placed in a specific trust fund, and that will be used for the development and maintenance of PSV bases, stands and stations.

Mr. Speaker, Sir, improving the national balance of trade is a crucial part of our economic recovery. To support the local exporters, Government will pay Biosecurity Authority of Fiji (BAF) fees on all exports for 12 months effective from 1st August, 2021, with a total funding allocation of \$1.1 million.

Mr. Speaker, Sir, the commission rate charged by Vodafone to bus companies for e-ticketing will be reduced from 4.5 percent to 3.5 percent. This will assist bus operators who are now operating at half capacity due to COVID-safe protocols. The Government, through the Ministry of Transport and Communications, will roll out the e-ticketing system very soon to minibuses, taxis and ferry services from 2022. Security companies that have to apply for licences to operate security companies or individual security offices that apply for licences through the Ministry of Defence, we will pay their fees for the next one year.

Mr. Speaker, Sir, giving citizens the ability to access their FNPF funds to help them through the pandemic has provided a lifeline for many families and injected needed cash into the Fijian

economy. We are introducing a number of measures to continue that flexibility for FNPF members, while preserving the integrity of FNPF's essential function as a superannuation fund and make it healthier as we go forward.

Mr. Speaker, Sir, FNPF members between the ages of 50 years and 54 years, with balances of up to \$10,000, will now be able to withdraw all remaining funds from their FNPF accounts. They do not have to wait until 55 years and these are for those people of \$10,000 or less. This will provide some form of financial support for decisions regarding their livelihood, for example, setting up a small business, paying off any bank loans or hire purchase payments.

In addition to this, Mr. Speaker, Sir, FNPF members affected by COVID-19 will also be able to withdraw up to \$10,000 for business-related purposes from their General Account. This is expected to inject up to \$30 million in the economy. There are some people who have worked for 20 years, perhaps in the hotel, and have opened up a restaurant at the age of 35 years or 40 years and they now have some problems with it, they can access funds of up to \$10,000 from their General Account.

Mr. Speaker, Sir, we will also increase the FNPF employer and employee contribution from 5 percent to 6 percent from 1st January, 2022 to 31st December, 2022. For more than a year now, FNPF members' accounts have received contributions at a lower rate. This one percent reversal for both, employers and employees, should yield a total of around \$40 million credited to members' accounts. Government will gradually revert the contribution rates to a total of 18 percent in the coming years. However, an employer who chooses to contribute more than 6 percent of the statutory mandatory contribution up to 10 percent, will be allowed to deduct 300 percent of that contribution from their taxes and that additional income in the pockets of the employee will be exempt from income tax.

Family Care Leave and Paternity Leave will be reduced from two days to one day effective from 1st August, 2021 until the end of the COVID-19 period. Mr. Speaker, Sir, many businesses have provided employees leave with pay through the past several months and the burden of family care and paternity leave benefits is too much to ask of many struggling businesses through this period. Again, if we achieve our vaccination targets, we will be in a good position to restore these paid days off for employees.

Mr. Speaker, Sir, FNPF has also extended the COVID-19 Home Loan Assistance until 31st September, 2021, for moratoriums dated after 31st March, 2021. This assistance will enable members to dip into their Preserved Account to help pay their mortgage or make monthly repayments. Members can access 100 percent of their General Account and 50 percent of their Preserved Account. By June 2021, more than 1,900 members, Mr. Speaker, Sir, had taken advantage of this assistance with a total value of \$15.3 million.

Mr. Speaker, Sir, FNPF has also credited full interest of around \$297 million for the financial year ending 30th June, 2021 to 389,986 members accounts. Starting on 1st August, any interest credited by FNPF will be directed into the members' general balances which, of course, they can withdraw under those circumstances that we have just highlighted.

Mr. Speaker, Sir, cash flow pressure in these challenging times are given. To help ease the overhead cost of businesses that pay rent, an increased tax deduction of 200 percent from the current 100 percent will be available to landlords for the amount of commercial rent reduced. This applies to reduction of rent payable from 1st August, 2021 to 31st July, 2022.

We are providing this incentive to make rent reductions as easy and as obvious of an option as possible for landlords. We cannot make you lower the rents and we cannot force you to keep your tenants, but we can appeal to your good sense by aligning tax incentives to encourage rent reductions. We urge you to consider your long term relationship and your reputation among those who rent from you now and those who may or may not choose to rent from you in the future. Your compassion through this crisis will always be remembered. Just the same, if you choose to be cruel and callous, that will never be forgotten.

Mr. Speaker, Sir, the tourism sector typically brings in over \$2 billion in foreign exchange every year, providing thousands of jobs and income generating opportunities, and endearing people around the world to our people and to our country. With the industry at a virtual standstill, we are left without one of our great economic engines. Our comeback must be coordinated, if we are to seize our share of the global industry's rebound. The commitment of tourism workers and operators to be vaccinated is a powerful show of what our co-operation can achieve. We have your back all the way towards your industry's recovery.

Apart from large reductions in the tourism sector taxes last year which will remain, we are providing additional tax incentives to encourage more operators to build this industry better in preparation for the re-opening of borders.

Under our Short Life Investment Package (SLIP), new hotel investment projects are offered five years' income tax holiday for capital investments from \$250,000 to \$1 million, a seven-year tax holiday for investments between \$1 million to \$2 million and a 13-year tax holiday for capital investments exceeding \$2 million. To further incentivise new investments in hotels, a 20-year income tax holiday will be offered for investments over \$40 million.

Customs duty exemption will continue to be provided on all capital goods, including capital equipment, plant and machinery equipment, building materials, furnishing and fittings, room amenities, kitchen and dining equipment and specialised water equipment.

Mr. Speaker, Sir, we are also extending the tax holiday to existing hotels. For refurbishment and renovations above \$2 million, a five-year tax holiday will be available with associated customs duty concessions. The 25 percent investment allowance currently available to existing hotels will be increased to 50 percent to assist with renovations and refurbishments. Duty concessions will also be provided under Code 245 of the Customs Tariff.

Mr. Speaker, Sir, in the 2020-2021 Budget, we had announced a \$60 million allocation for the Fiji Recovery Rebate Package which was not used because the borders remained closed. For this Budget, we are providing an allocation of \$40 million under this Package. Tourism Fiji is being provided with an operating grant of \$6.2 million and a marketing grant of \$20 million. The Fiji Recovery Rebate Package of \$40 million will be managed by Fiji Airways.

We are also allocating \$3.5 million to provide an insurance scheme for incoming tourists with a maximum cover of \$10,000 for quarantine expenses, healthcare support and changes to travel dates in the event that these tourists, upon arrival into Fiji, test positive for COVID-19. In case people come here for a holiday and they get sick because of COVID-19, their airline tickets have to be changed and they do not have any money, we have insurance cover for this and various other expenses, if the Fijian Government has to bear those expenses. These are all in preparation for the reception of tourists.

Mr. Speaker, Sir, Government had provided a guarantee of \$455 million to Fiji Airways to sustain itself following the closure of borders. Sir, Parliament had also approved a one-off fee of 50

percent to be paid for Fiji Airways. Fiji Airways now is issuing additional shares, and the Fijian Government has also allocated \$7.6 million in this Budget for the purchase of additional equity in Fiji Airways to keep our shareholding intact.

Mr. Speaker, Sir, COVID-19 is likely to become an endemic disease around the world with cases continuing to pop up in different areas at different times. We expect more cases in Fiji - we expect them tomorrow, we expect them many years from now. When we have widespread vaccine-induced immunity, we protect against severe disease and death. Until such a time, employers who continue to pay their employees who have tested positive for the virus and are in isolation will be eligible for a 300 percent tax deduction. A letter from the Ministry of Health and Medical Services is required to confirm the positive test and isolation order.

Mr. Speaker, Sir, Government will continue to provide household packs for Fijians who have gone into isolation after testing positive or being identified as a primary or secondary contact of an infected person. The provision of household packs is currently outsourced to New World Supermarket and Shop 'n' Save Supermarket. This is aligned with the Government's objective in creating employment and economic activity, and also COVID awareness and adherence through the outsourcing and engagement of the private sector.

The Government will also continue to provide healthcare through General Practitioners so that Fijians who depend on our public health system for General Outpatient Services, as I highlighted earlier, can receive free medical services.

Mr. Speaker, Sir, we will now be outsourcing and will be advertising for diagnostic laboratories and imaging facilities to accredited healthcare providers. Successful providers will need to have proven expertise to operate, maintain and provide biomedical services, such as MRI scan, CT scan, X-ray centre, dental x-ray, OPG, mammograms, bone densitometer and radiology services.

Mr. Speaker, Sir, we can no longer bear the significant upfront capital cost and continuing cost, so outsourcing is a lot better. Many countries have adopted this. For example, recently, I think we have paid out over half-a-million dollars because the scanner at CWM Hospital did not work, so we had direct our patients to Suva Private Hospital.

What it does now, Mr. Speaker, Sir, the whole model is based on, we call for tenders and someone who is expected to provide an MRI Machine do not just provide the machine, they operate the machine, they make sure the air-conditioning is working, if there is a software upgrade, they make sure it is done, they have the operator and they have an uptime of certain percentage. If that goes below a particular uptime, they have to pay penalties and many companies are interested in that. So, we will be able to use their services 24/7.

Mr. Speaker, Sir, the compulsory implementation of the VAT Monitoring System (VMS) will be deferred for an additional two years to 1st January, 2024. However, for businesses that wish to voluntarily implement VMS now, Government will provide a 300 percent tax deduction on the implementation cost. Although it is voluntary, we encourage businesses that can register and implement VMS now, to do so.

On VAT deferral, Mr. Speaker, Sir, Government will implement structural changes in the current VAT regime to ease pressure on businesses. First, the payment of VAT at the point of import, for Gold Card taxpayers will be deferred for two months. Cash flow pressure is one of the major challenges businesses are facing because of COVID-19, and this will provide much-needed relief. We are currently allowing this for Gold Card taxpayers, but will be extended later to other compliant taxpayers.

Mr. Speaker, Sir, currently, the Export Income Deduction incentive which is 60 percent of all export income will expire in 2022. This incentive will now be extended for an additional three years and will now expire at the end of December 2024, if you are an exporter and your incentive is up to 60 percent.

However, for agriculture and fisheries and forests, the export income deduction is now increased from 60 percent to 90 percent, which means that 90 percent of their export income will not be taxed and will continue to be incentivised through this extension, as we seek to bring more cash into the economy and grow our primary services sector.

Mr. Speaker, Sir, currently, debt forgiveness is not subject to income tax for all outstanding debt forgiven from 1st April, 2020 to 31st December, 2021. Sir, Government will now extend this period to 31st December, 2022. This will incentivise parent companies to forgive debt and help highly-leveraged companies to operate during these difficult times.

Mr. Speaker, Sir, this flows on to thin capitalisation. The debt-to-equity ratio was increased from 2:1 to 3:1 in the 2020-2021 Budget. This allowed for a higher amount of tax deductibility in relation to interest allowed for foreign-controlled Fijian companies. This incentive will continue until 31st December, 2022.

Mr. Speaker, Sir, we have partnered with the Fiji Institute of Accountants (FIA), the Fiji Chamber of Commerce and Industry (FCCI), the Fiji Commerce and Employers Federation (FCCEF) and Women in Business (WIB) for assessment and disbursement of the concessional loan to MSMEs. We are taking this collaboration to the next level.

Mr. Speaker, Sir, \$250,000 will be allocated to provide training and advisory services to assist MSMEs with the newly-announced COVID-19 Recovery Credit Guarantee Scheme. We have never offered anything like this to MSMEs before, and it will provide an opportunity to support business leaders in the MSME sector to better understand loan packages and build up their credit potential so that they can continue to make investments that grow their business.

So, this Business Assistance Fiji Grant, Mr. Speaker, Sir, will be a conglomeration of all these organisations that will help small businesses draw up their cash flows, draw up their cash plans to be able to apply for loans and will become a permanent fixture, and we are funding them to set it up.

Mr. Speaker, Sir, we are going to press the renegotiation of the Double Taxation Agreement we have in place with Australia and New Zealand to modernise our tax treaty articles. Generally, we are seeking provisions that ensure our tax incentives are reciprocated in Australia and New Zealand so they are meaningful for companies looking to trade with Fiji and invest in Fiji.

We have already resolved one long running dispute as FRCS no longer imposes withholding tax on professional service fees for residents of Australia and New Zealand in Fiji. Government will allocate \$5 million in the Budget to issue refunds to Australia and New Zealand residents who have paid this withholding tax. The Tax Administration Act will be amended to clarify this refund process, which FRCS will expedite. The FRCS will also issue a practice guideline in this respect.

Mr. Speaker, Sir, to ease tax obligations on individuals and businesses, a tax amnesty will be granted to taxpayers with tax arrears, waiving all penalties upon payment of real taxes. To qualify for the amnesty, taxpayers must make payment arrangements within three months from 1st August, 2021 and make payments before 30th June, 2022.

Mr. Speaker, Sir, businesses that were able to quickly adapt and incorporate online trading and digital payment platforms during this pandemic, have fared significantly better than the ones that continued to use traditional business models. Unfortunately, with limited capital at their disposal and with commercial banks placing very onerous and almost prohibitive fees in place for MSMEs, these businesses have been one of the hardest hit.

To help MSMEs build greater resilience and business continuity for the future and to jump start this sector, Government in collaboration with the RBF will assist MSMEs that sign up as a merchant on Vodafone's Vitikart e-commerce platform to offer their products for sale online. Mr. Speaker, Sir, \$1.2 million is allocated to fund this partnership.

Mr. Speaker, Sir, funds will be channelled towards covering the costs associated with getting MSMEs onto the Vitikart platform, receiving payments through internet payment gateways. Essentially, what this means is, if I run a small bakery in Nabua and I want to sell my cakes online, I can go onto Vitikart. At the moment, there is an upfront cost and a monthly fee, so we will pay for that through the RBF, and I can advertise my cakes. A soldier in the UK who wants to buy cake for his mother, he can pay for the cake through the Vitikart platform and she will get paid for the cake and she will deliver the cake to the lady.

At the moment, this lady who runs a cake shop in Nabua has got no opportunity in tapping onto the business. If she goes to the bank and says, "I want a payment gateway," the bank will say, "Give me \$20,000 deposit upfront and maybe, another \$10,000 or \$15,000 later," then she gets her payment gateway. With the Vitikart platform, it is applicable to all small businesses. We will pay for that cost for her to sign onto that and the monthly fees to the RBF.

Mr. Speaker, Sir, Vodafone has also agreed to reduce the monthly fee by 50 percent and Post Fiji has also agreed to reduce delivery charges because you need people to deliver it. This ready-built e-commerce platform with integrated M-PAiSA mobile wallet, visa and master card payment gateways means businesses signing up onto Vitikart will not be required to make any investment on any online platform or payment solution to offer their products for sale online.

Mr. Speaker, Sir, Government will also assist MSMEs to install mobile money transfer service and internet payment gateways. We will also assist and have allocated funding for little shops to sign on to the M-PAiSA because as we will be disbursing over \$200 million through M-PAiSA and MyCash. We want all the corner shops to have M-PAiSA capacity and the monthly fees for that, we will actually pay for that for the next one year in conjunction with Vodafone, so people will have more opportunities. Rather than having to queue up in a line to get cash out, they can simply go and tap their phone on the QR Code and be able to pay for things directly.

Mr. Speaker, Sir, to further support e-commerce, Government will provide a 200 percent tax deduction incentive for investment into the development and upgrade of online shopping websites and platforms.

On Agriculture Loan Interest Subsidy, Mr. Speaker, Sir, the Fijian Government will increase its interest rate subsidy for agriculture loans by the Fiji Development Bank from 6 percent to 8 percent, and increase the loan limit for the subsidy from \$50,000 to \$100,000. An allocation of \$2 million will be provided in the 2021-2022 Budget for this initiative.

Currently, the FDB provides agriculture loans at interest rates of 11 percent to 12 percent. On average, 6 percent is subsidised by Government, which means that people who had agriculture loans were paying an average interest rate of 6 percent. The increase of Government subsidy from 6 percent to 8 percent will further reduce the borrower's average interest rate to 4 percent. We hope,

and we are working with the Ministry of Agriculture, to incentivise more investments in the agriculture sector as we diversify the economy.

The Government is allocating \$4 million for the iTaukei Land Development Programme, which helps *iTaukei* landowners to develop their land for residential and commercial purposes. Currently, there are nine projects being carried out under the iTaukei Land Development Programme. Once all the projects are completed, there will be a total of 284 lots, 270 residential lots and 14 non-residential lots available for leasing, with a total land area of 51.4 hectares.

Development works have already been completed at Saweni, Wairabetia, Nasoqela, Vuda and Yadua Subdivisions. Yadua is climate-resilient with underground cabling through EFL, and the ones at Saweni and Wairabetia will also be made climate-resilient, and we also have one in Tailevu. These are already available. We already have people now ringing up, inquiring and wanting to buy these lots because there will be huge windfall for the landowners who participate in this particular programme.

The Draft Valuation Reports for the completed sites are ranging from \$550,000 to \$125,000 per lot in lot sizes in the three to one acre lots at Yadua.

We will be phasing out duty protection for Fiji Dairy Limited in the lead up to the expiration of the agreement between the Government and Southern Cross Foods Limited on 31st August, 2022. Duty will be reduced to 5 percent after expiry of the agreement on cheese, yogurt, liquid and powered milk and butter, but at the same time, we will be providing targeted assistance to our dairy farmers.

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On Sub-Urban Shuttle Stations, Mr. Speaker, Sir, Fijians, of course, need more options to travel. We want them to use less of their cars and currently, the bus system is not very flexible in respect of the manner in which the routes were allocated literally decades ago. For example, we have seen from Nabua all the way to 9 Miles, huge number of people live in that area. We have little business and commercial centres develop in this area. If you live in Nepani, you actually cannot catch a bus to come up to Valelevu because the bus route does not cross the highway. You cannot go from Valelevu inside to Omkar Road. No bus runs in that way.

So, Mr. Speaker, Sir, to also reduce our carbon footprint to get more people having access to affordable transportation, if a garment factory lady who works in Nadera wants to go across and make a payment to Housing Authority during lunch time, or visit a doctor at Valelevu Health Centre, she has to catch a taxi. There is no bus that runs directly. So, we will now be setting up what we call Sub-Urban Shuttle Stations in Valelevu, Nakasi and around the Tavakubu area in Lautoka.

Essentially, we will be running and allowing what we call the 21 seater buses to run every 5 to 10 minutes within this area, taking people from one commercial centre to the other, crossing the highway and major routes, making transportation a lot more easier, reducing our carbon footprint and getting people across to business centres a lot more easily.

The Valelevu ground is a very easy ground, in fact, it has already been compacted and to help the stations set up there will create a lot of convenience for those people who live in that particular area. Also, they do not actually have to leave their suburbs. An allocation, Mr. Speaker, Sir, of \$2 million has been made in this respect.

Mr. Speaker, Sir, as we have said, we needed more eggs in our economic basket. That is why new investments exceeding \$10 million in infrastructure that supports Business Processing Outsourcing (BPO) companies, such as call centres and accounting services, will be offered a 20-

year tax holiday. A 10-year and 15-year tax holiday will also be available for investments between \$2 million to \$5 million and \$5 million to \$10 million, respectively.

Customs duty exemptions will also be provided as part of this incentive package. This incentive package will be extended to investors that derive 90 percent of income from an ICT business. If the investor is also involved in developing strata titles and selling to ICT or BPO operators, the sale proceeds will also be exempt from income taxes. This more attractive tax incentive will also be extended to BPO operators.

Mr. Speaker, Sir, we see enormous potential in the BPO area. The age range of people who work in the centres are between the ages of 20 and 35, and a lot of them are university students who work part-time. Some of them, of course, work fulltime and the BPO Council, Mr. Speaker, Sir, is working very closely with Government to try and get more investors and more businesses in this space and accordingly, Government is going to give a grant of \$200,000 to the BPO Council to develop the BPO sector.

The remote work revolution can come to Fiji, Mr. Speaker, Sir. We have a workforce, we have data accessibility, we have incentives in place to do extremely well in this industry and we are also told that our people have neutral instincts with everyone in the world of being able to understand us very easily.

Mr. Speaker, Sir, we will expand the TFR incentive to Tamavua - a specific lot in Tamavua where Telecom Fiji Limited under the umbrella of ATH is developing an ICT park. As you know, this is the land next to the American Embassy. All of the entire site used to belong to P&T many years ago. It is Government land, it has the highest peak in Suva so if there is any tsunami and that gets underwater, then we will have trouble but the tsunami would not be able to reach that high point. So a lot of people will be putting their disaster system and recovery software at that particular site, and we are giving Telecom Fiji a 20 year tax holiday for investment in that space.

Tied in with that, Mr. Speaker, Sir, we have currently only one submarine cable that lands in Fiji, the Southern Cross Cable that connects Australia to Fiji to the West Coast of North America. All of these zoom meetings that we are having is through this Southern Cross Cable. Of course, if tomorrow there is a volcano in the middle of the ocean in the Northern or Southern Pacific Ocean and the cable goes, we will be completely disconnected. We will only be able to rely on satellite communication, which is also very expensive.

So, Mr. Speaker, Sir, in order to attract more cables to land in this part of the world, we are offering a 30-year tax holiday because these investments runs into tens and millions of dollars with a lot of duty concession packages to any company that lands a network submarine cable, in particular if we are going to invest in the VPO sector. The reason, as I have said, Mr. Speaker, Sir, an existing cable in space in pursuit of a new development is also about building redundancy and bringing faster internet speeds at lower costs throughout Fiji.

The Ministry of Communications, Mr. Speaker, Sir, is provided with an increased funding of \$54.6 million. This includes \$15.5 million to *Walesi*, which includes \$4.5 million for the FM project which will provide robust and reliable communications services nationwide.

Mr. Speaker, Sir, *Walesi* has changed the game for mobile accessibility in Fiji, putting news and entertainment television in the palms and pockets of Fijians everywhere in the country. We understand also that one of the free-to-air television stations, FBC, will be showing the game tomorrow night and people will be able to watch it on their phones through using the *Walesi* platform.

We are also providing \$4.7 million to digitalFIJI to continue with the digitalization of Government services and \$6.7 million for Online Business and Construction Licensing System. An additional \$2.9 million is provided to strengthen the storage and server capacity of the Government ITC Services.

Mr. Speaker, Sir, on amendments to improve Biosecurity, Government in conjunction with Biosecurity Authority of Fiji (BAF) is reviewing the fees and charges under their regulations to directly address the ease of doing business for services that are provided by BAF.

A charge for the Rapid Risk Analysis of Pathways (RAP) has been introduced to improve the timeline of market access by the importer. New products from existing pathways will be easier to import through the introduction of RAP. Furthermore, RAP will cost significantly less than other import risk analysis such as the Desktop Import Risk Analysis (DIRA), and will only take one to two months to complete.

Mr. Speaker, Sir, it is very interesting that the Biosecurity Act will also be able to recognise vessel or aircraft clearance agents. This will make the agents more accountable. Secondly, it will require that new regulations under the Act will be made in consultation with stakeholders.

Mr. Speaker, Sir, the Fruit Export and Marketing Act 1906 will be revised to allow the Biosecurity Authority of Fiji to issue a Fruit Exporters Licence, as opposed to going through the older process.

On Town and Planning requirements, Mr. Speaker, Sir, we will be amending the General Provisions for Town Planning Schemes and Areas, to enable high density development, with particular emphasis on revising plot ratio, reducing the setback for double-storey buildings and minimum lot size requirements. This will also allow developers to build onsite sewerage systems.

Mr. Speaker, Sir, Government will present a Financial Management (Amendment) Bill to amend and update the Financial Management Act 2004. The Amendment Bill strengthens controls, increases transparency by mandating a fiscal strategy, and introduces new legal requirements for procurement and cash management. For the first time, internal audits will be backed by a legal mandate. The amended Bill has revised principles of responsible fiscal management.

The Amendment Bill will also require the Minister for Economy to issue a pre-election economic fiscal update. This provides more transparency by providing a detailed update on the state of the economy, moving into the campaign period.

Furthermore, the Bill will entail consequential amendments to the 2014 Electoral Act, requiring political parties, political candidates and people representing parties and candidates that make financial commitments or promises to the Fijian public, that they provide a written explanation of how the promises or commitments are to be met. No more pie in the sky policy promises, Mr. Speaker, Sir. Transparency cuts both ways, and Fijians deserve to know how every political party actually plans to do what they say they will do.

Mr. Speaker, we are also tightening financial controls within Government to ensure we keep operations on budget. Permanent Secretaries and Agency Heads are under strict instructions to operate within their budgetary allocations and avoid any unnecessary movement of funds within Ministries.

We used to offer more flexibility to Permanent Secretaries to vire funds throughout the financial year but unfortunately, Mr. Speaker, Sir, we find some Permanent Secretaries viring funds

from SEG 1. In other words, using the staff allocation for payment of salaries as a slush fund. That will all stop. We will bring an amendment to the virement regulations to ensure that whatever is set out in the Budget is spent exactly in that particular allocation.

Mr. Speaker, Sir, in this Budget, the Fijian Government is allocating \$5 million to facilitate the adoption of Electronic Funds Transfer at Point of Sale (EFTPOS) by all Government Ministries and Agencies. All Ministries and Departments will now be able to provide more convenient payment solutions to its clients who are the citizens of Fiji. This will make transacting business with Government faster and easier for citizens and businesses alike. The rollout will initially target Ministries with the highest volume of transactions, such as the Ministry of Lands, Ministry of Justice, Ministry of Health, Department of Immigration and Police, before rolling out to all other agencies.

We are also looking at rolling out Internet Payment Gateway (IPG) and digital money wallets under this initiative. With the passing of the National Payment System which this Parliament passed earlier this year, Government is actively discussing with RBF and commercial banks on ways to expeditiously make bank accounts interoperable with digital wallets.

Mr. Speaker, Sir, we need to do a better job of getting ships in and out of our harbours and their cargoes unloaded quickly, so we are exempting foreign cargo ships from the arduous process of acquiring coasting-trade permits. Instead, they will simply be able to notify Fiji Revenue and Customs Service (FRCS) 48 hours before they sail to a Fijian port. They will not be permitted to transport goods from one domestic port to another, but they will be able to bring international goods to ports in Fiji and take Fijian goods out of Fiji to international ports.

Mr. Speaker, Sir, furthermore, the Maritime Transport Act 2013 will be amended to enable the Maritime Safety Authority of Fiji (MSAF) to issue licences, instead of having to go through the Ministry itself. This is to ensure that licences are vetted clearly and in a timely manner and then, of course, the drawn-up processes and the bureaucracy gets removed.

We are also removing a number of marine regulations, removing the requirement to obtain a permit to take items on board a boat. At the moment, for example, if you are a foreign fishing boat and you come to Suva Port and you want to take some food on board, you actually have to get a permit. If you want to refuel your vessel, you actually have to get a permit. Other countries in the world do not have that requirement, so we will be removing those requirements to make Fijian ports a lot more attractive and more open for business.

There have been some really amazing situations at the moment, for example, under the Quarantine Rules, if a vessel turns up to a port after sunset, you cannot actually go and do a quarantine clearance. Quarantine clearance under the existing laws says, you can only do it in daylight hours. So, all of that will be removed. None of the ports in the Pacific actually have that. They actually do the quarantine inspections at any time of the day - 24 hours, so we will be repealing all of those requirements.

Mr. Speaker, Sir, again, as I have mentioned, the requirement to seek permits for provisioning and bunkering will be removed. This will enable ships to refuel and restock without undergoing a time-consuming permit process. This is aligned to Government's goal of reducing bureaucracy and improving the ease of doing business. Again, we will be removing a number of requirements and to help, in fact, effect further efficiencies under the Quarantine Regulations.

Mr. Speaker, Sir, to obtain the written consent of the Director of Lands or iTLTB takes any time between days to a few months. There is a huge backlog of applications which have not been dealt with to-date, and we have received frequent complaints from members of the public on these

delays with the Lands Department and iTLTB. These are simply not acceptable and a lot of these are merely paper-driven.

Mr. Speaker, Sir, we are, therefore, amending the State Lands Act and the iTaukei Land Trust Act 1940, to ensure that written consent is no longer required for any mortgage, charge, pledge or caveat for any State or *iTaukei* lease to be dealt with by any court of law or under the process of any court of law. Furthermore, lessees and tenants will no longer need to apply for written consent from the Lands Department or iTLTB for water and electricity connections.

These amendments will ensure faster service delivery to lessees, and third parties will no longer need to obtain the consent of the Lands Department or iTLTB for certain applications and they can directly register instruments with the Registrar of Titles or lodge proceedings in court.

Consent is still required, however, for dealings, such as sale, transfer, subleasing, assignment, subletting, building, rezoning, et cetera, because it has direct impact on the lessors. However, with the one that we are proposing, it has no impact on the lease terms of conditions and, indeed, the payment. However, with these amendments that we are proposing, consent can only be refused where there is a breach of any lease condition, where the application is not in accordance with the law.

Mr. Speaker, Sir, to support the livelihoods of Fijians in the sugar industry, we have provided a three-year minimum guaranteed cane price for \$85 per tonne. That was in addition to the support to improve farm productivity - the fertilizer subsidy, cane farm development assistance, cartage subsidy, upgrade of cane access roads, weedicide subsidy and other assistance.

Today, we are announcing, Mr. Speaker, Sir, that we will extend this minimum guaranteed price of \$85 per tonne for the 2021 season, making this the fourth year of guaranteed cane price. We understand the plight of our farmers, and Government stands behind them. This cane price will also be extended to the 2022 season, Mr. Speaker, Sir.

We thank the farmers for the trust they have had in this Government. We thank them for starting their harvesting, knowing full well that this Government will not leave them behind. We have always supported the sugar industry, and we always will.

We also thank our cane farmers and all the industry stakeholders, who did not succumb to the self-interested call for a boycott. Our farmers know very well, Mr. Speaker, Sir, that a harvesting boycott could never be in their interest. It could only serve the interests of those who would use our cane farmers for political gain, taking advantage of their vulnerability and using them as political pawn.

Mr. Speaker, Sir, the Ministry of Sugar is provided with the funding of \$72 million in the 2021-2022 Budget. This includes a funding allocation of around \$47 million for the sugarcane price support. This includes around \$22.9 million for the additional top-up payment required for the 2020 season and \$24.1 million to pay for the minimum guaranteed price of \$85 per tonne for the 2021 season. The remaining funding requirement of \$8 million dependent on the cane harvest for the 2021 season, will be provided in the 2022-2023 Budget to meet the final payment for the 2021 season.

Apart from this, Mr. Speaker, Sir, Government will continue to provide the fertilizer subsidy to farmers at a rate of \$25.59 per bag with a total funding allocation of \$15.6 million. This means that farmers will only continue to pay the price of \$20 per bag of fertilizer. Apart from this, \$3.8 million is provided for the cane cartage subsidy from Penang to Rarawai Mill. A further \$3.3 million is provided for cane access roads, sugarcane development, farmer assistance, weedicide subsidy and new farmer assistance.

Mr. Speaker, Sir, we, however, do need to take a long term view of the sugar industry. No one really talks about this, but the world price of sugar is low. Fiji's lack of large commercial sugarcane farms means, our growers would have low or near zero returns without a Government guaranteed price.

We need to find viable agricultural alternatives that offer real livelihoods for some of these farmers. Even with a guaranteed price of \$85 dollars per tonne, for example, the net income of a farmer who harvests 100 tonnes of cane averages less than \$3,000 a year, and more than 40 percent of our growers harvest less than 100 tonnes. Even for a farmer who harvests 300 tonnes, the net pay-out on average is \$7,500. Almost three-fourths of our farmers harvest less than 300 tonnes. That is their annual income and it is paid four times or over four periods.

These farmers are trapped, Mr. Speaker, Sir. If they stop farming, they will lose their lease and they will be landless and homeless. That is why many of them continue, because they have a cane farming lease. If they stop farming sugarcane, they will lose their lease, they will not have a home and they will become landless. So they stay, they toil and ask for more subsidies. And politicians come along and say, "We will get you more", so they are more vulnerable.

We cannot condemn our cane farmers to that kind of hopeless existence, Mr. Speaker, Sir. We want our sugarcane farmers to earn more than this, and to protect their interests, we will start with a new scheme to get sugarcane farmers into alternative livelihood programmes. We have allocated \$1 million for lease facilitation for sugar and other agriculture farmers. So our farmers can choose and get into high yield and more productive ventures.

Mr. Speaker, Sir, we are providing \$403 million directly to the Ministry of Health and Medical Services in this Budget to beef up its resources. The Ministry will hire additional 238 Intern Nurses, 140 Medical Interns, 10 Nurse Practitioners, 43 Midwives and 114 Doctors.

Mr. Speaker, Sir, \$25 million is specifically dedicated for COVID-19 response, for testing, isolation, quarantine and vaccination drive. Additional funding has been provided for procurement of oxygen supplies and other essential medical equipment and supplies.

Funding has also been allocated for capital works, including \$7 million for the construction of the new Maternity Unit, \$2.5 million for Labasa Hospital interior upgrade and a total of over \$6 million dollars for upgrade and maintenance of medical facilities around the country.

As part of the Public-Private Partnership arrangements with Health Care Fiji Limited, the Ba Hospital will start operations in December 2021, while the Lautoka Hospital is scheduled to commence operations in March 2022, and its services from March 2022 will include offering 24 hours service of open-heart surgery. We are providing \$20 million under Head 50 with an additional \$25.7 million under the Ministry of Health for the running of the Lautoka Hospital.

Mr. Speaker, Sir, we are providing \$1.5 million to subsidise kidney dialysis treatment. Government will provide a subsidy of \$150 per treatment, and at centres where cost is \$150 per treatment, this would effectively mean that the patient will pay no cost. However, we will be extending to other centres too where they can go and use the \$150 but we are very mindful that a lot of these centres that run privately or through other organisations keep on increasing their fees. This is why we had said from day one that we will only allow for dialysis where we have centres like in Labasa, the one that has been set up in Nadera for up to 50 percent. We have now increased it to \$150, Mr. Speaker, Sir.

To help people work safely from home as much as possible, Government will also reduce duties and VAT on digital equipment needed for conferencing, collaboration and distance-learning, which will be imported at a rate of free fiscal, free import excise, and 9 percent VAT. Currently, telecommunication equipment attracts 5 percent fiscal free import excise and 9 percent VAT. However, telecommunication companies normally apply for duty-free importation under section 10 of the Customs Tariff Act.

To make sure Fijians in the North have the ability to connect to fast internet speeds, we are pressing ahead with the Northern Connectivity Project. This initiative focuses on 40 schools and health centres in the Northern Division, and is on track to be completed by December of this year. This project will bring reliable access to power, internet and ICT equipment to, at least, 20,000 Fijians in close proximity to these 40 sites, as well as other emergency portable satellite-based solutions for the deployment of appropriate assistance in times of disasters.

Duties will now be free for all audio visual equipment, including microphones, headphones, loudspeakers, amplifiers, television cameras, digital cameras, video recorders, radio cassettes and radio receivers. Most items will be free of duty, fiscal and VAT, but VAT will be payable, of course.

Government reduced duty on around 2,000 customs tariff-line items in the 2020-2021 Budget. To provide certainty and confidence to businesses and consumers, the reduction in these duty rates will be maintained.

There will be a 200 percent tax deduction for investment in fogging machines used for decontamination and sanitizing workplaces, and a 50 percent investment allowance will be provided on capital expenditure incurred in the development of cold storage facility from 1st August, 2021.

Mr. Speaker, Sir, \$20,000 will go towards undertaking a study on aged-care services in Fiji. There exists massive opportunity in the area of developing facilities, especially targeted towards developing elderly and retirement homes. Furthermore, \$30,000 dollars will be allocated for a study on medicinal industrial hemp.

Mr. Speaker, Sir, as more adults in Fiji are fully-vaccinated, we are developing secure vaccine passports which are essentially digital vaccination certificates, so you can prove that you have been vaccinated and recent COVID-19 test results will also be shown on that.

This digital tool will be available in two forms - a personalised digital wallet whereby Fijians can have their vaccination and COVID-19 test information right on their smartphones or paper printed with readable parts, such as barcodes or QR codes. We are calling these passports which usually, you only need in order to travel internationally. But these digital certificates will have domestic and international applications too and, indeed, many countries are now requiring countries with whom they travel to or expect where they travel from to have digital vaccine passports.

We know to expect some rule-breakers seeking to fabricate vaccine cards, just as we know to expect abusers of government assistance programme. To protect against fraud, individual biometric information of a person will be captured to form the basis of identity authentication in addition to the birth records and photo ID. The vaccination and COVID-19 test results will be linked to a confirmed identity, making it very hard to cheat the system. If you try, and you are caught, there will be serious consequences, of course, as you will try and cheat with your normal passport. We will guard the credibility of these passports zealously.

Other countries need to trust our system and the reported progress of our vaccination programme, to allow for seamless cross-border verification and authentication during travel. We are

working to make our vaccine passports compliant with the International Civil Aviation Organization (ICAO) and the General Data Protection Regulations (GDPR) of the European Union. That means that fully-vaccinated visitors can have a holiday in Fiji without going into quarantine. That can also mean fully-vaccinated Fijians will be able to travel abroad without entering into quarantine, and that means we can pave the way towards opening restaurants and large gatherings in Fiji only to fully-vaccinated people.

Mr. Speaker, Sir, before I explain this Budget allocations in the education sector, I wish to remind everyone that there was no national commitment in this country for the education of young Fijians - girls and boys, until we made it so. We began the education revolution with the introduction of free education for primary and secondary schools, subsidised transportation and other assistance to students and gave unprecedented access to tertiary education with the Tertiary Education Loans Scheme (TELS) and the National Toppers Scheme (NTS).

We have made many tough calls in this Budget, Mr. Speaker, Sir, but the choice to maintain free education was not a choice at all. It was a non-negotiable necessity, and we will continue to ensure that every child receives primary and secondary education, fully paid for by the Government. We are setting aside approximately \$60 million to cater for over 220,000 primary and secondary school students from Years 1 to Year 13 under the free education initiative.

Mr. Speaker, Sir, that funding falls within a total allocation of \$703.1 million to the education sector. This includes; \$442.9 million dollars to the Ministry of Education which actually is the largest Ministry with about 12,000 teachers; \$71.4 million in operating grants to higher education institutions; \$159.6 million for TELS and NTS; and \$28 million for reconstruction of schools.

We are also allocating \$17 million for transportation assistance for more than 100,000 primary and secondary students from low-income households which, of course, include not just buses but also the minibuses, and also in some places where we provide transportation through boats and punts.

Mr. Speaker, Sir, our support to tertiary students will continue. This visionary investment in our future has benefited over 48,000 students since its inception in 2014, and more than 19,000 have completed university or professional education and have entered the workforce.

As times have changed, as well as this programme. We face a different labour market, different dynamics and new opportunities than we did seven years ago when this programme was introduced. Tonight, Mr. Speaker, Sir, we are announcing some necessary changes to our tertiary education funding.

Effective from the next financial year, Mr. Speaker, Sir, we will introduce Means Testing for TELS. TELS will now only be provided to students from families with household income of less than \$100,000. All recipients above the age of 18 years must also be fully vaccinated.

Last year, we changed the eligibility rules so that students with 250 marks and above would qualify for TELS. We are now going to raise the entry mark for TELS to a minimum of 280 marks in the new academic year. For study areas where there is currently an oversupply of graduates, such as in accounting, tourism, law, management and public administration, and certain areas in teacher training, medicine and health, eligibility marks will be increased to 300 marks for Year 13.

To aid those in more technical degree programmes, we have a new financial assistance scheme for all TELS students who are required to complete a period of industrial or clinical attachment to allow them to graduate from this sponsored programme. As they gain invaluable real-

world experience, these students will now be entitled to a monthly allowance of \$100 topup on what is provided by their employers.

Mr. Speaker, Sir, in line with the needs of a modernizing economy, we are also introducing a new stream of TELS with 5,000 placements available for TVET courses at FNU. This includes Certificates 3 and Certificate 4, as well as Diploma Level 5. Those students who will not be able to make the cut-off mark or who want to go into various other vocational studies, or those who want to leave Year 12 and go into, for example, engineering and various other vocational courses offered by FNU, will be able to do so under this system.

Mr. Speaker, Sir, in the 2020-2021 financial year, we suspended TELS for MBBS, given the oversupply of doctors based on the expected number of graduates we have funded earlier. However, we had said at the time that we might consider some form of funding if the economic situation allows. Today, we are announcing that all MBBS students who privately enrolled with a minimum Year 13 mark of 340, first year GPA of 3.0 or more and family income below \$100,000, will be eligible for a one-off payment of \$10,000 Government grant towards their MBBS education.

We will continue our scholarship support through Toppers in priority areas, Mr. Speaker, but we are redirecting 120 of the 600 awards to applicants in the Civil Service and the private sector, with a higher priority given to females, in particular from the private sector.

Mr. Speaker, Sir, 95 of the 120 awards will go towards study in areas of inclusive education, early childhood education, counselling and psychology, and these are the areas that you know, a lot of people lack training on. The remaining 25 awards will be for post-graduate programmes, such as dermatology, anaesthesia, epidemiology, midwifery obstetrics, gynaecology, emergency nursing, surgery and pathology. So some of these people would be already working as doctors and nurses, they will continue to work, we will pay their fees and they will be able to have an income. But also, they will not be able to bear the burden of these fees and, therefore, we will then be able to get more trained people.

Mr. Speaker, we are also changing the Tertiary Scholarship and Loans Board (TSLB) name to Tertiary Education and Loans Service, with the aim to rebrand TSLB into a more service-oriented institution that is committed to service its students. The new Tertiary Education and Loans Service has been provided with an operating grant of \$1.5 million to fulfil its mission of working with students towards their education, and not against them.

To that end, Mr. Speaker, Sir, we are also harmonising the GPA requirement across all the higher education institutions to 67 percent. That is, of course, a fancy way of saying that if an institution has a total GPA of 4.5, students will be required to maintain a GPA of 3.0. Similarly, for an institution that has a GPA of 5.0, National Toppers Scholarship (NTS) students would have to maintain a GPA of 3.35. This will only be applicable for new awards. The academic assessment criteria will also move from the academic term to cumulative results.

Effective from 1st January, 2023, students who undertake Foundation Studies will not be eligible for TELS. Students who are currently enrolled in Foundation Studies and complete them by the end of this year, will be eligible for TELS in 2022.

Mr. Speaker, Sir, due to the pandemic, about 25,983 Fijian students across three Universities in Fiji are currently attending classes and having examinations on online platforms. The over 8,000 Year 13 students also need access to data to undertake research for their studies and, indeed, the Honourable Minister for Education (I am sure) will be talking a lot on this, as to how she intends to get them graduated to qualify for the university courses.

Given that most students rely on the internet for online classes and conducting research activities, Government in partnership with Amalgamated Telecom Holdings (ATH) will provide a monthly data top-up of \$20 per month to each Fijian student to assist them in their online studies. I am saying Fijian students because there are also some foreign students in our universities, so this is only applicable to Fijian students enrolled in Year 13 and in all the three Universities. This will only be available during the semester and school-term periods, but the data can be used however the students like. We prefer they do not waste it on watching dance videos on *TikTok*, but you are adults and that is your choice. Government will contribute \$100,000 with the rest provided by ATH, and it is worth quite a substantial amount of money.

Mr. Speaker, Sir, we will continue to ensure that our security forces are well-equipped to keep Fijians safe. In fact, the Fiji Police Force is one of the only few divisions of Government where additional new recruitment will be allowed. We are counting on our Police to see our COVID-safe health measures enforced nationwide — lives depend on it, so they will be staffed appropriately.

The Fiji Police Force is allocated \$184.3 million in this Budget - \$152.4 million for operating expenditure and \$27.9 million for capital expenditure. This includes funding for 328 positions - promotion of 158 Police Officers and recruitment of 82 new Police Officers, 78 Special Constables, seven Civilian Officers and three Government Wage Earners.

Mr. Speaker, Sir, Government will continue to fund the construction of new Police Stations, currently underway in Nakasi, Nadi, Lautoka and Nalawa. Sir, \$25 million is allocated for the ongoing construction of police stations, which will expand the reach of law enforcement to Fijians living in the Central and Western Divisions. An additional \$1 million is allocated for renovation, extension and upgrade of existing police posts.

Mr. Speaker, Sir, \$1.2 million is provided to undertake special drug operations that arise based on any suspected cases of drug-related activities in all Divisions. The Force has discovered new practices that are rapidly transforming the illicit drug trade. Over the course of the past two years, this operation has uncovered over \$200 million in various narcotics.

A further \$1.5 million is provided for capital purchases to adequately equip the Police and police stations to detect criminal activity and lower the response time of officers called to action, including procurement of boats and outboard motor engines, communication and other specialised equipment.

The Republic of Fiji Military Forces is provided a funding of \$79.7 million and \$36.5 million is provided to the Fiji Corrections Service.

Mr. Speaker, Sir, COVID-19 or not, the nation's infrastructure must continue to be built, services must be expanded, and we still must drive and travel, so our roads must be maintained.

Mr. Speaker, Sir, \$500 million will go towards upgrading, modernising and expanding our road network and the provision of clean and safe drinking water and electricity. Sir, \$272 million is provided for the Fiji Roads Authority, \$195 million to the Water Authority of Fiji and \$26.6 million to the Ministry of Infrastructure and Meteorological Services. This includes over \$11 million for grid extension, house wiring and rehabilitation of diesel schemes for communities that have been relocated to protect them from the rising seas.

Mr. Speaker, Sir, EFL will now be responsible for back-to-back work, including not just grid extension, but also house wiring to make the process more efficient and remove delays.

Mr. Speaker, Sir, despite limiting the expenditure of all other line Ministries and Departments, we have made smart cuts that allow these Ministries to continue to deliver the services that we all count on. The need for fiscal discipline is widely understood across Government, and we are committed to doing the absolute best with the resources at our disposal.

Mr. Speaker, Sir, when we speak of future-proofing Fiji, we have to acknowledge the very real threats that are out there, like climate change, and act to protect ourselves. But we should also look ahead through a lens of optimism and opportunity, like the opportunity to build back better. We certainly know how to do that - we spent more than \$250 million rebuilding resilient schools after *TC Winston*. Now, tasked with rebuilding and restarting many sectors of our economy, we have the chance to build back better once again.

We have an opportunity, Mr. Speaker, Sir, to accelerate our transition to becoming a greener, bluer and more sustainable society. We can engrain new ways of thinking about our oceans, our rivers, our seas and our waterways as an interconnected system that sustain the biodiversity that we need as a country and, indeed, as a planet. And through our recovery and into next year, we are going to take a deep transformative dive into bluer and greener possibilities with a fundamental focus on creating sustainable jobs and livelihoods.

Mr. Speaker, Sir, to reduce waste and actually repurpose it for something productive, we are funding the new Fijian Stewardship of Tyres in the 2021-2022 financial year with an allocation of \$200,000. It is a tragedy to see used tyres ending up in ditches by the road, strewn across the coast in our communities and it becomes the breeding grounds for mosquitoes. Rather than being discarded and left to become unsightly breeding grounds for mosquitoes, they can actually be used for productive purposes.

Through this new programme, Mr. Speaker, Sir, we will be buying back used tyres for loose tyre imports and imposing a tyre recycling levy on all new and second-hand imported vehicles. We will also roll out a tyre-refund scheme for existing on-road tyres and for legacy tyres in dump yards, backyards and stockpiles.

The Ministry of Economy and the Climate Change Division of the Ministry of Waterways and Environment will work with tyre importers and retailers, local recycling companies and repair shops to get this programme off the ground and keep used tyres out of our environment.

This is a matter of interest, Mr. Speaker, Sir. Fiji imports an average of over 290,000 tyres per year and an estimated 565,000 tyres are currently being used on Fijian roads. Through this programme, we expect to not only extend the value chain of tyres, but also create a vibrant recycling sector that can eventually spread throughout the Pacific. We also expect to use recycled shredded tyres in road construction initiatives such as rubber, like glass, and all of these repel water. And FRA depots will be used to collect these tyres and, indeed, they are currently in talks with the company that is going to mix bitumen with shredded tyre to lay on our roads.

Mr. Speaker, Sir, to incentivise investments in the recycling sector, any new investment in a recycling business will be granted a tax holiday and a duty concession package. Under this initiative, businesses are offered:

- three years' income tax holiday for capital investments from \$250,000 to \$500,000;
- a five-year tax holiday for capital investments between \$500,000 to \$2 million;
- a 10-year tax holiday for capital investment between \$2 million to \$5 million;
- a 15-year tax holiday for capital investments between \$5 million to \$10 million; and
- a 20-year tax holiday for capital investments in excess of \$10 million.

To further incentivise these new green investments, customs import duty exemption will be provided on raw materials, machinery and equipment, including spare parts for recycling businesses.

Mr. Speaker, in the eyes of the watching world, Fiji is respected as a moral force and a model nation for climate and oceans action. This Budget, Mr. Speaker, Sir, leverages our leadership to launch a new “Jobs for Nature” initiative to engage the unemployed in nature reforestation work, such as planting mangroves and seagrasses. These natural barriers do more than provide a buffer between communities in the rising seas. They support ecosystems that strengthen food security, so these jobs for nature create jobs for many others. It is an obvious win for all of society, and Government will raise \$4 million in green bonds to fund this initiative.

Mr. Speaker, Sir, as we announced last year, we are now banning the use of polystyrene, more commonly known as styrofoam, from 1st August 2021. Just to be clear, this entails a complete ban on the import, export and use of polystyrene and also raw material used to make polystyrene products.

The Fijian Government took a well-planned and phased approach by banning imports and exports of polystyrene from 1st January, 2021. In doing so, we gave a seven-month transitional grace period for local manufacturers and retailers to adapt their businesses to operations without polystyrene. The Environment Management Act 2005 has been updated in this regard to now include the Environment Management (Polystyrene Products Exemption) Regulations 2021. The polystyrene ban will help curb the pollution in our waterways, oceans and environment.

Mr. Speaker, to operationalise our recently-passed National Ocean Policy and launch projects to sustainably manage Fiji’s 1.3 million square kilometres of the Exclusive Economic Zone (EEZ), we are working with the United Kingdom and the United Nations to issue a Sovereign Blue Bond in 2022. We are also engaged with the World Bank and a range of other actors in shaping the development of this strategic sector of our economy. These are investments in jobs, in ecosystems and in the health of the planet.

During this decade, our sustainable blue economy will be one of the largest and most exciting sectors of the economy. All our seaweed, pearl, crab and prawn farmers already know it. Diving professionals know it. Our ocean, when managed sustainably, can host an extremely successful industry for us. It can spawn new businesses, such as fish processing at the community level in maritime regions, the building of nature-based seawalls to protect coastal communities and conservation-based tourism across our blue economy.

Mr. Speaker, Sir, to protect against intensifying climate risks, the Ministry of Economy, in collaboration with the Pacific Insurance and Climate Adaptation Programme (PICAP) administered by the United Nations Capital Development Fund (UNCDF), has developed Fiji’s and the region’s first-ever market-based parametric micro insurance product to benefit smallholder farmers, fishers, market vendors and small business owners. These Fijians have been most vulnerable to climate disaster, yet the least able to insure their businesses.

Through a pilot launch in early October 2021, the product will initially support a group of 500 sugarcane, rice, coconut and root-crop farmers, fishers and market vendors, many of whom are women. Following the pilot, we will scale up coverage to reach 1,000 beneficiaries before the 2021 cyclone season begins in November.

To support this ground-breaking initiative, VAT exemption will be provided to all Climate and Disaster Risk Micro-insurance products. By making these products more affordable, we extend them to low-income and vulnerable sectors previously beyond the reach of mainstream insurance.

Mr. Speaker, Sir, as we had agreed earlier on, we know that we already pay all the rental expenditure for all the UN Offices in Fiji and we had agreed to construct a United Nations Building to serve as the UN Headquarters in the Pacific. We are the hub of the region, and we look forward to being the home of the UN's Pacific operations.

We had already invited private investors to build a purpose-build building to accommodate, not only Government offices, but also for the United Nations in a single, secure and functional complex in the central business district of Suva and to have, at least, some of the protocols, for example, regarding the vulnerability to tsunamis, et cetera.

Three possible sites have been identified. In fact, our team was with the Head of the United Nations just a couple of days ago. We believe they have selected a site and that investment will go ahead. We expect it to be completed no more than 30 months' time.

However, we are not paying for any of the capital costs. We will simply be paying a long-term rental agreement where the UN will actually be based, Mr. Speaker, Sir. This will, of course, create jobs in construction and will be similar to a couple of the Ministries that will be moved out to the Nasinu corridor, including the Ministry of Education, Heritage and Arts and the Ministry of Women, Children and Poverty Alleviation.

Mr. Speaker, Sir, as we look into the future of our democracy, we are providing \$23.1 million to the Fijian Elections Office to continue preparations for the third genuine parliamentary election in Fijian history. Elections can be held anytime from 9th July, 2021 to 9th January, 2023. An additional \$16.3 million is provided under Head 50, in the event that elections are held within the 2021-2022 financial year, or I should say, held in the next financial year which is 2022-2023. Sir, \$1.5 million of that total value will go to the Fiji Police Force to maintain security during elections.

Mr. Speaker, Sir, before I conclude, I would like to publicly thank the number of people who have been working together on this Budget, in particular from the Civil Service. Because a number of these officers, including quite a few in the Ministry of Economy, tested positive for COVID-19 and in various other offices, I would like to thank in particular, the Acting Permanent Secretary for Economy, Mr. Shiri Gounder; the Head of Budget, Mr. Isoa Talemaibau; the Head of Treasury, Mr. Nemia Dawai; and the Head of Fiscal Policy, Mr. Mohammed Jabid.

Of course, I would also like to thank the Solicitor-General and his team, the team at FRCS, and in most of the nights the meetings were held via zoom. Some people worked from home and some people refused to come to the Ministry of Economy because they were scared they will get COVID-19. So, it was under those very strenuous conditions that we are able to put this document together. In fact, the Budget Books that you see were just printed, I think round about midday or just after midday today. So, Mr. Speaker, Sir, I would like to publicly acknowledge them for their hard work under strenuous conditions. Of course, I would like to acknowledge Mr. Vineil Narayan, the Head of the Climate Change Division.

Mr. Speaker, Sir, the assistance and support that Government is announcing in this Budget is contingent on reaching our vaccine target by 31st October. As we have made it clear, if we fail or fall short, we will have to revise the Budget to cut back mightily on assistance, including social welfare, announce major cuts in Civil Service salaries, and reduce our funding commitments across every arm of Government and every sector of the economy. However, if we do achieve that target, we put ourselves on a very different path, a path to recapture what we have lost - our livelihoods and our economic lifelines, and to build on what we have gained. The new trades, skills and businesses, and the new ways technology plays a role in our lives.

Mr. Speaker, Sir, I want us all to look on to the horizon and imagine for a moment this year's Christmas in Fiji. By this Christmas, if we reach our vaccination targets, we could be fully protected from the Coronavirus, and thanks to widespread immunity through vaccines. Gatherings can take place, sports can be played and we can pray together in our houses of faith. Our borders could be opened to some of our most important source markets of tourism. Planes could be flying. Careers could be restored. Government revenues could be on the rise so we can deliver even more services and achieve more of our vision for the country. The ocean and our natural environment could offer us more than their beauty, they can provide us with many more sustainable livelihoods. And with our economy restored, when a climate-fuelled disaster inevitably strikes us, we could respond from a position of strength.

If we hesitate now, we will kill our recovery before it can begin and give up all the possibilities of that better future. Stalling our recovery means delaying development, delaying our journey to resilience and keeping us vulnerable to those same forces we were fighting against before this pandemic slapped us.

We will leave ourselves at the mercy of the stronger storms, rising seas and other disasters brought about by climate change, playing economic catch-up and scrambling to find the resources we need because we did not act boldly when we had the chance. It is the young people, Mr. Speaker, Sir, who would suffer most from that travesty.

We have spoken at length tonight about the duty of care we owe Fijians during a crisis. When people need a helping hand, we must provide one, and through this Budget, we are doing so for everyone. We are lifting the burden of your daily costs and we are adding to the historic amounts we have paid out in unemployment benefits. We are assisting our market vendors, our taxi drivers, our minibus drivers, carrier drivers, boat drivers, farmers, fishers, our traditional landowners, women, our youth, our students, our children, those living with disabilities, those who are unemployed and those who are living in poverty, as well as our civil servants including our doctors, nurses, the police, and we are helping businesses from MSMEs to industry leaders. We are preparing tourism and the Fijians the industry employs, for their recovery, and we are unlocking new opportunities in opportunity-rich sectors.

Our social safety net will continue to keep those most vulnerable above the line of abject poverty. Free education continues, free medicine continues and we are managing that expenditure sustainably because the nation deserves more than temporary assurances of assistance, and it deserves more than the uncertainty of the status quo. Your Government owes each of you your best possible chance at a recovery and that is what this Budget provides.

We have never settled, Mr. Speaker, Sir, for short-term thinking, and this Budget does not either. It places faith that many more of us will be vaccinated for the sake of the greater good and it looks forward to our victory over this virus and a better, healthier and safer future within our reach. That is where our national compass is set, Mr. Speaker, Sir. That is where we are headed and come what may, we will reach our destination. Thank you, Mr. Speaker, Sir.

HON. SPEAKER.- I thank the Minister for Economy, Civil Service and Communications for his Address.

Honourable Members, in accordance with Standing Order 84(1), the 2021-2022 Appropriation Bill 2021 has now been read for the first time and in accordance with Standing Order 99(3), the Bill will now be listed on the Order Paper for Second Reading on a future sitting date. We move on.

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

### **2021-2022 BUDGET CONSEQUENTIAL BILLS 2021**

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

That the following Consequential Bills for 2021-2022 National Budget be considered by Parliament without delay:

- (1) Customs (Budget Amendment) Bill 2021 (Bill No. 8/2021);
- (2) Customs Tariff (Budget Amendment) Bill 2021 (Bill No. 9/2021);
- (3) Value Added Tax (Budget Amendment) Bill 2021 (Bill No. 10/2021);
- (4) Environment and Climate Adaptation Levy (Budget Amendment) Bill 2021 (Bill No. 11/2021);
- (5) Gambling Turnover Tax (Budget Amendment) Bill 2021 (Bill No. 12/2021);
- (6) Fiji National Provident Fund (Budget Amendment) Bill 2021 (Bill No. 13/2021);
- (7) Employment Relations (Budget Amendment) Bill 2021 (Bill No. 14/2021);
- (8) Tertiary Scholarships and Loans (Budget Amendment) Bill 2021 (Bill No. 15/2021);
- (9) State Lands (Budget Amendment) Bill 2021 (Bill No. 16/2021);
- (10) iTaukei Land Trust (Budget Amendment) Bill 2021 (Bill No. 17/2021);
- (11) Biosecurity (Budget Amendment) Bill 2021 (Bill No. 18/2021);
- (12) Fruit Export and Marketing (Budget Amendment) Bill 2021 (Bill No. 19/2021);
- (13) Medicinal Products (Budget Amendment) Bill 2021 (Bill No. 20/2021);
- (14) International Finance Organisations (Budget Amendment) Bill 2021 (Bill No. 21/2021);
- (15) Tax Administration (Budget Amendment) Bill 2021 (Bill No. 22/2021); and
- (16) Income Tax (Budget Amendment) Bill 2021 (Bill No. 23/2021).

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, 26th July, 2020.

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

HON. SPEAKER.- Honourable Members, the floor is now open for debate on the motion. I call upon the Honourable Attorney-General and the Minister for Economy, Civil Service and Communication to speak.

HON. A. SAYED-KHAIYUM.- Thank you, Mr. Speaker, Sir. As announced in the Budget Address, these amendments relate to policy announcements. There are a number of other Bills which are Consequential Bills, that also come on the following Monday when we do meet. However, this is part and parcel of the Budget Address and we will, of course, be debating them later on. This will

give effect to the policy announcements and revenue measures that have been announced in the Budget. Thank you.

HON. SPEAKER.- Honourable Members, the floor is now open for debate on this motion. Is anyone wishing to take the floor?

Since no one is wishing to take the floor, I will give the floor to the Honourable Minister for Economy.

HON. A. SAYED-KHAIYUM.- I have no further comments, Mr. Speaker, Sir. Thank you.

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

Question put.

Motion agreed to.

HON. SPEAKER.- I now call upon the Leader of the Government in Parliament to move the adjournment motion.

### **ADJOURNMENT**

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

That Parliament adjourns until Monday, 26th July, 2021, 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. I trust that all Honourable Members will utilise the coming week to prepare accordingly for the Budget Debate week.

Finally, I once again urge all Honourable Members and those watching from home to adhere to all the COVID-safe measures and protocols in place nationwide, including the protection and maintaining of work bubbles and household bubbles and to get vaccinated.

On that note, I thank the Honourable Attorney-General and Minister for Economy, Civil Service and Communications for delivering the National Budget Address, and I thank all Honourable Members for your forbearance. I thank all those watching tonight's proceedings from the comfort of their living room.

The Parliament is now adjourned until Monday, 26th July, 2021, at 9.30 a.m.

The Parliament adjourned at 10.47 p.m.