

# **PARLIAMENT OF THE REPUBLIC OF FIJI**



## **PARLIAMENTARY DEBATES**

### **DAILY HANSARD**

**FRIDAY, 27<sup>TH</sup> JUNE, 2025**

**[CORRECTED COPY]**

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**FRIDAY, 27TH JUNE, 2025**

The Parliament met at 9.38 a.m. pursuant to notice.

MR. SPEAKER took the Chair and read the Prayer.

**PRESENT**

Hon. Sitiveni Ligamamada Rabuka, Prime Minister and Minister for Foreign Affairs, Civil Service, Public Enterprises and Information

Hon. Prof. Biman Chand Prasad, Deputy Prime Minister and Minister for Finance and Strategic Planning, National Development and Statistics

Hon. Manoa Seru Nakausabaria Kamikamica, Deputy Prime Minister and Minister for Trade, Co-operatives and Micro, Small and Medium Enterprises and Communications

Hon. Viliame Rogoibulu Gavoka, Deputy Prime Minister and, Minister for Tourism and Civil Aviation

Hon. Pio Tikoduadua, Minister for Defence and Veteran Affairs

Hon. Ro Filipe Qaraniqio Tuisawau, Minister for Public Works and Meteorological Services and Transport

Hon. Charan Jeeth Singh, Minister for Multi-Ethnic Affairs and Sugar Industry

Hon. Dr. Ratu Atonio Rabici Lalabalavu, Minister for Health and Medical Services

Hon. Filimoni Wainiqolo Rasokisoki Vosarogo, Minister for Lands and Mineral Resources

Hon. Aseri Masivou Radrodro, Minister for Education

Hon. Sakiasi Raisevu Ditoka, Minister for Rural and Maritime Development and Disaster Management

Hon. Agni Deo Singh, Minister for Employment, Productivity and Workplace Relations

Hon. Sashi Kiran, Minister for Women, Children and Social Protection

Hon. Ifereimi Vasu, Minister for iTaukei Affairs and Culture, Heritage and Arts

Hon. Maciu Katamotu Nalumisa, Minister for Housing and Local Government

Hon. Viliame Naupoto, Minister for Immigration

Hon. Ioane Naivalurua, Minister for Policing

Hon. Mosese Drecala Bulitavu, Minister for Environment and Climate Change

Hon. Lenora Salusalu Qereqeretabua, Assistant Minister for Foreign Affairs

Hon. Esrom Yosef Immanuel, Assistant Minister for Finance

Hon. Sakiusa Tubuna, Assistant Minister in the Office of the Prime Minister

Hon. Isikeli Tuiwailevu, Assistant Minister for iTaukei Affairs

Hon. Iliesa Sovui Vanawalu, Assistant Minister for Education

Hon. Ratu Rakuita Solesole Sauramaeva Vakalalabure, Assistant Minister for Defence

Hon. Jovesa Rokuta Vocea, Assistant Minister for Rural, Maritime Development and Disaster Management

Hon. Tomasi Niuvotu Tunabuna, Assistant Minister for Agriculture and Waterways

Hon. Aliko Bia, Assistant Minister for Information

Hon. Ratu Josia Bulavakarua Niudamu, Assistant Minister for Justice

Hon. Naisa Tatau Tuinaceva, Assistant Minister for Transport and Infrastructure

Hon. Penioni Koliniwai Ravunawa, Assistant Minister for Health

Hon. Lynda Diseru Tabuya

Hon. Alipate Nagata Tuicolo

Hon. Taito Rokomatu Matasawalevu

Hon. Sachida Nand

Hon. Shalen Kumar

Hon. Inia Batikoto Seruiratu

Hon. Jone Usamate

Hon. Premila D. Kumar  
Hon. Faiyaz Siddiq Koya  
Hon. Parveen Kumar Bala  
Hon. Semi Tuleca Koroilavesau  
Hon. A.A. Maharaj  
Hon. Joseph Nitya Nand  
Hon. Vijay Nath  
Hon. Hem Chand  
Hon. Rinesh Ritesh Sharma  
Hon. Virendra Lal  
Hon. Ketan Kirit Lal

Absent

Hon. Siromi Dokonivalu Turaga, Minister for Justice and Acting Attorney-General  
Hon. Alitia Vakatai Bavou Cirikiyasawa Bainivalu, Minister for Fisheries and Forestry  
Hon. Jese Saukuru, Minister for Youth and Sports  
Hon. Kalaveti Vodo Ravu  
Hon. Viam Pillay  
Hon. Sanjay Salend Kirpal

**TRIBUTE TO THE LATE HONONOURABLE VATIMI RAYALU**

MR. SPEAKER.- If I may, as the head of the Legislature and the Speaker of the Parliament of the Republic of Fiji, formally acknowledge the passing of one of its Members, the late honourable Vatimi Tidara Tuinasakea Kaunitawake Rayalu, Minister for Agriculture and Waterways.

In his memory, Parliament has adorned his chair with the assistance of the Ministry of iTaukei and Culture Heritage and Arts with traditional *masi* and flowers and a wreath as you can see.

I recognise that all the customary and traditional rituals have been completed, followed by his interment a week ago. Nevertheless, it would be neglectful of me on behalf of Fiji's Parliament, the base from which he had faithfully served the people, not to acknowledge his contribution and worth to this Chamber, and to the country on the floor of this august body. I recognise the presence in the gallery of his widow, Mrs Vasiti Rayalu and the family of the late honourable Minister. Mrs. Rayalu, the Parliament of the Republic of Fiji iterates its deepest sympathy and condolences on your tragic loss. This occasion is rare to this Parliament, knowing that the honourable Rayalu is the first Member of Parliament who died in office during its third term of its sitting.

I was away abroad on an official visit and I could not join you, the Government, and you his colleagues, pay your tributes, in your farewell to him. I listened to the eloquent words of the *i tubetube* of the *i reguregu*, and in the eulogies first, of the *vanua* by the Roko Sau, then the honourable Prime Minister on behalf of Government and the people and the Deputy Prime Minister, honourable Manoa Kamikamica on behalf of his former school colleagues bespeaks of an individual steeped in, and respectful of, our iTaukei culture, and at the same time respectful also and very aware and conversant with the relevance and importance of other cultures and traditions. All the superlatives that can possibly describe the quality of a person, who had dedicated his life to serve the people, I believe, have been exhausted. I could not have said it any better myself.

I can only add in the simplest of words how we gauged the late honourable Rayalu's performance on the floor of this House and read of his actions in the reports to the House on matters under his portfolio.

He truly was a man of the people. He believed in the consultative approach to almost everything he touched and in return he touched the lives of the people, what is sometimes referred to as “grassroots democracy”.

The fact that he served all or most of his civil service days in the Ministry of Agriculture, honed his skills and helped him to a great deal upon his appointment as its Minister in dealing with issues and especially with the people.

At Questions time in this Chamber, when a question is directed to him, I, as a habit, often glance up to where he was seated which is directly straight in front of me to check whether he was present and ready, and in almost every occasion, I am met with a wry smile, as if to say “ready when you are”.

He will be remembered by the people and the communities he served so very well for his forthrightness, simplicity but most of all his compassion.

Surely, the powerful and inspiring passage from II Timothy 4:7 of Apostle Paul’s reflection of his life and accomplishment applies equally to honourable Rayalu’s journey and may in some way console our grieving hearts, and I quote:

“I have fought the good fight, I have finished the race, I have kept the faith.”

May his soul rest in eternal peace.

I will now invite the honorable Members as well as the gallery to please rise and observe a moment of silence in honour of his remembrance of our dearly departed honourable Vatimi Rayalu.

(Honourable Members observed a minute of silence)

### **MINUTES**

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

That the Minutes of the sitting of Parliament held on Friday, 2nd May, 2025, as previously circulated, be taken as read and be confirmed.

HON. RATU R.S.S. VAKALALABURE.- Mr. Speaker, Sir, I second the motion.

Question put.

Motion agreed to.

### **COMMUNICATIONS FROM THE SPEAKER**

Honourable Members, I welcome you most warmly to today's sitting for the delivery of the National Budget Address.

To our distinguished guests in the gallery, Your Excellencies the High Commissioners and Ambassadors, Extraordinary and Plenipotentiaries of nations from around the world, friends of Fiji, chief executives, heads of government agencies, statutory bodies, tertiary institutions and civil societies, thank you for honouring us with your presence. Your attendance today reflects the vibrant democratic spirit that underpins this Parliament. And to our viewers watching live on television or online, we are grateful to your continued engagement and interest in the important work carried out in this Chamber. Honourable

Members, today's National Budget Address is more than a presentation of numbers and forecasts, it is the Government's roadmap for the year ahead, a declaration of intent, a set of priorities and a blueprint for the progress of our nation. The debates that will follow, will be your opportunity to examine and question these plans and ensure they reflect the aspirations of the people you represent and are here to serve.

With that, I wish to inform all the honourable Members that at its meeting on Wednesday, 25th June, the Business Committee reached a unanimous decision on the following matters:

- (1) Exempt the honourable Deputy Prime Minister and Minister for Finance from the ordinary speaking time limitations for the delivery of the Budget Address this morning, as well as his right of reply on Wednesday, 16th July;
- (2) Equally, the Shadow Minister for Finance, in delivering the response to the Budget Address will speak for the same length of time as the honourable Deputy Prime Minister and Minister for Finance;
- (3) All the remaining honourable Members will have 20 minutes to respond to the Budget Address;
- (4) Parliament will sit extended hours into the evenings;
- (5) Parliament will take limited breaks, including lunch and dinner at the discretion of the Chair;
- (6) In the event business for any given day is concluded early or earlier, the next business may be brought forward accordingly; and
- (7) As in the ongoing practice, the Parliament's sittings for June and July will be dedicated solely to the budget-related business and selected urgent matters.

### **BILLS - FIRST READING**

HON. PROF. B.C. PRASAD.- Mr. Speaker, Sir, pursuant to Standing Orders 99 and 84(1), I move:

That the 2025–2026 Appropriation Bill 2025 (Bill No. 10 of 2025), be now read a first time.

HON. RO F.Q. TUISAWAU.- Mr. Speaker, Sir, I beg to second the motion.

(Four copies of the Bill handed to the Secretary-General)

### **2025–2026 APPROPRIATION BILL 2025**

HON. PROF. B.C. PRASAD.- Mr. Speaker, Sir, the honourable Prime Minister, honourable Cabinet Ministers, honourable Assistant Ministers, honourable Leader of the Opposition, honourable Members of Parliament, invited guests, friends, ladies and gentlemen, fellow citizens. I rise to present the third National Budget of the Coalition Government, a significant milestone that underscores the strength, maturity and stability of our Government, led by the honourable Prime Minister, Sitiveni Rabuka.

The Budget, Mr. Speaker, Sir, is framed in an extraordinary global environment. A small island state seeking solidarity in the global economic environment, we face instead a moment when the foundations of global economic order stand fundamentally shaken. We find ourselves at a moment of political uncertainty arising from the Middle East conflicts including the Israel-Iran conflicts of an intensity we have not seen for decades. We are also challenged by geopolitical contestation that is playing out in the region with growing consequences for our economies.

This Budget, Mr. Speaker, Sir, is a practical and a deeply measured national response to these extraordinary circumstances in which we find ourselves. It reflects our intent to protect our citizens, businesses and our communities with purpose and clarity. Purpose, because we understand the scale of the global challenges. Clarity, because we know that protecting our citizens, businesses and communities is our primary duty.

The Budget is amplified with purpose and clarity. This is done in three ways. First, we expand our foundational premise of trust that we introduced through our first budget as a new Government. Given everything we know about a frightening global context, given everything we heard from our citizens over the past few months, this is our response. Nothing is hidden from you. Nothing is held back. The policies and programmes we propose arise from our conversations with the people of Fiji. For these conversations, on behalf of the whole of Government and the honourable Prime Minister, I offer my profound thanks to all our people who travelled to meet us and offered their views, often thoughtful, often also critical, but also valuable, to us as a barometer of our people's hopes and concerns.

Second, Mr. Speaker, Sir, the Budget deepens our resolve to strengthen our democratic institutions. We will overcome our economic challenges not through cohesion and fear, but through transparency, open discussions and by building strong institutions. We said that when we came into the Government in late December 2022. We have hardwired that into the DNA of our Budget.

Third, our Budget proceeds on that quintessential belief of this Government that everyone matters equally. All citizens of all ages, our youngest to our oldest, men and women, boys and girls, those differentially abled, from all our ethnic and religious groups and from every part of our country - those living across the road to those living in the most distant parts of our great country.

Mr. Speaker, Sir, our 2025-2026 Budget reaffirms our deep convictions, as well as many of the solutions to our national challenges lie in our determined international action. Only this week, our honourable Prime Minister joined the Melanesian leaders in our Pacific Island states in calling for fundamental changes to the international financial architecture so that it begins to work for small states. We are determined to work with great urgency in seeking transformations in the quantity and quality of climate finance available to countries like Fiji, who find themselves on the frontlines of climate change and to the growing loss and damages arising from climate change. This week, we joined our colleagues at the UN in Seville, Spain to seek fundamental changes in the universe of international development assistance and in securing a new global consensus on the task ahead. This Budget, Mr. Speaker, Sir, is framed with these commitments at its core.

Two and a half years ago, our Coalition Government was new and untested. We were grappling with many challenges, an unsustainable level of government debt, deep challenges to the revenue base, and the need to create a new political environment in line with our election promise, in which, once again, the people had a voice and were able to be heard in an atmosphere where dissent was tolerated and alternative views respected. Our public servants lived in fear of instant dismissal, restricting the strategic and policy advice they could give to their Ministers. The business and investing community lived in a state of constant uncertainty, unsure of what new policies and tax measures every new budget would bring. Those days are long behind us.

Let us reflect on a fact that is both cautionary and optimistic. Mr. Speaker, Sir, this is the first time in our post-independence history of almost 55 years that a democratic transition in Government from one group to another has lasted for more than a year. While this does not speak well of our history, it does suggest a new beginning of democratic resilience and progress. We have had our own challenges, but the Coalition has always stood strong - united by their shared commitment to serve and deliver for our people. This has created further confidence in the country.

As we head into the presentation of our third Budget, we are, as a once new Government, more confident now. We have been tested in many ways. We have felt the weight of expectations of our people. We have listened to them as they challenge us to meet those expectations, including the cost of living, on incomes, and on challenges such as housing and health.

Mr. Speaker, Sir, as we recognise, we are no longer the new Government. We have not met every expectation. We face criticism and dissent. It is clear that there are high expectations to deliver, even on a new Constitution that truly reflects the will of the people, not the dictatorial governance ideologies of a few.

As we would expect, challenges are multiplying - sometimes for reasons our country is too small to control. Global insecurity and conflict impact our cost of living, our supply chains, and even the safety of our peacekeeping soldiers and Fiji citizens who live and work overseas. While we cannot control many of these issues, it is our job to respond to them, often at significant cost to the Government. As always, in every Budget, we must apply our limited resources to unlimited demands. But also as a Government, we must try to use economic policy to influence those outside of government - investors, employers and Non-Government Organisations (NGOs), to help us achieve our social and economic goals.

Mr. Speaker, Sir, before I go on, I want to emphasise some of the fundamentals of good economic governance that we have tried to entrench since coming we have come into Government. The first of these is a realistic approach to Government revenue. Government must have the money it needs to manage the public debt. Our Government did not create the unsustainable public debt that we inherited in 2022, but it is our job, nonetheless, to manage it.

The increase in VAT in the 2023-2024 Budget may have been painful, but necessary. We imposed additional costs on the business community, with a rise in corporate tax to 25 percent, and the tourism industry has had to bear the burden of increased departure tax. These measures have helped to stabilise Government finances and begin the slow but necessary process towards sustainable public debt. We are not there yet. We still have work to do.

Mr. Speaker, Sir, just as important to economic management are confidence-building measures for those who invest and employ in Fiji, as well as consumers and beneficiaries. We have tried in the last two and a half years to normalise the idea that Government economic policy is not a secret. We have been open about our plans and policies, we do not hide them. Our aim is to ensure that economic and fiscal policies which are transparent and predictable - not secrets to be kept until the last minute while we discuss last minute measures with business cronies. We have already told investors and employers that the Budget will contain no big surprises. We want them to be confident, that they can invest and increase their activities in an atmosphere of business certainty.

Mr. Speaker, Sir, for workers, consumers and beneficiaries, we have worked hard to ensure that they are protected from rising costs. Against the economic advice of the Fiscal Review Committee, we exempted 22 basic consumer items from VAT, including prescription medicines. We increased the minimum wage and increased social welfare payments. We introduced the back-to-school support to ensure that our children were well-prepared for the new school year, as they embark on their most critical challenge – to get the best possible education.

When we came into Government, we had a clear focus from the start. Our foremost task was to foster an open and inclusive political and economic environment - one where every voice is heard, and governance and economic policy making is shaped by participation and transparency.



We focussed on fixing our economy and putting it on a stronger foundation, bringing back our debt levels to a path of sustainability, creating decent and meaningful employment, rebuilding critical public infrastructure which was long-neglected and improving overall public service delivery. However, all these required substantial resources, focused attention and, of course, time.

I am pleased to say that as a Government, we have made significant progress, and before I turn to the details of the 2025-2026 Budget, Mr. Speaker, Sir, I want to reflect on this journey which has set the foundations for this Budget.

A key milestone of this Government was the development of the new National Development Plan, shaped through extensive nationwide consultation. This Plan is now ready for implementation and will serve as the blueprint for Fiji's development in the years ahead. Unlike the previous 2017 Development Plan, which was imposed without much consultation, this new Plan was developed in a structured and inclusive manner, and is accompanied by clear implementation strategies, including robust monitoring and evaluation mechanisms. Major investment projects linked to the Plan will be discussed in the latter part of this speech.

Mr. Speaker, Sir, since taking office, this Government moved swiftly and decisively to restore freedom. We removed the draconian media Act and brought back media freedom. The public service broadcasting grant and Government advertising are now shared more equitably to create a level playing field, rather than using taxpayer funds to prop up the State broadcaster for Government propaganda.

We restored workers' rights that had been curtailed. Tripartism in labour relations was reinstated, and unions were made free. We gave justice to our FNP pensioners who had been fighting since 2012 unilateral reduction in their pensions. We ended the longest strike in the world by compensating the workers of Vatukoula Gold Mine who were on strike for 33 years.

We gave justice to our workers in Fiji Airways, Air Terminal Services, Fiji Revenue and Customs Service (FRCS) and other entities, who were unfairly treated and dismissed during the COVID-19 pandemic. We took decisive action, after so many years, to increase the minimum wage rate to \$5 an hour and the 10 wages councils were restored for fair wage determination.

Mr. Speaker, Sir, we have strengthened our democratic institutions starting from this Parliament where the Opposition is now free and well-resourced. This was not what we had during that time when we were in Opposition.

We have brought back bipartisanship in our parliamentary governance. We have strengthened the Office of the Speaker, the Office of the Leader of Opposition and the parliamentary committees with better resourcing and support. The Code of Conduct Bill, Accountability and Transparency Commission Bill and Access to Information Bill have all been brought before this Parliament to improve transparency, accountability and good governance in public administration and politics.

We have strengthened our Civil Service with better remuneration, permanent employment tenure and increase in the retirement age. We have invested in the training and capacity of our civil servants, who had suffered from under investment over the years. We have made the Civil Service more independent and removed the political interference which used to be there in the past.

We have invested in our Judiciary, the Police Force, DPP's Office and the Office of the Auditor-General. These are independent institutions crucial for a well-functioning democracy. We will continue to further strengthen the independent State institutions with the right level of resources, ensuring its full autonomy is protected.

(Honourable P.D. Kumar interjects)

MR. SPEAKER.- Order, order!

I have put up with the interruptions. Please, give the honourable Minister his space and the respect to deliver the important message that we all have been waiting for. As I have already emphasised in my opening, you will have your time to challenge and response.

HON. PROF. B.C. PRASAD.- Mr. Speaker, Sir, in terms of economic fundamentals, we are now on a much stronger footing than we were two and a half years ago. When we came into office, Fiji was at a precarious economic crossroad. The devastation from the COVID-19 pandemic and the years of poor economic management had taken our public debt to an unsustainable level. Public infrastructure was broken, and service delivery had deteriorated. Socio-economic challenges worsened and investor and business confidence had plummeted.

Our first priority was to restore macroeconomic stability, rebuild trust in economic policy making institutions, and chart a path towards sustainable and inclusive growth. We focussed on achieving fiscal sustainability and reducing the public debt burden.

We took decisive revenue reforms, including tax reforms, but also protected the vulnerable through targeted support measures. Within a short span of time, we managed to bring down the debt to GDP ratio from over 90 percent to below 80 percent.

We raised the income of our people, not only through a decisive increase in the minimum wage rate to \$5 an hour, but we injected \$85 million to support the increase in public sector wages that has remained stagnant since 2017. We raised social welfare allowances, pensions and aftercare payments by 15 percent across the board, and by 25 percent for those above the age of 70 receiving social pensions.

We delivered a record-high cane price of \$105 per tonne to our sugarcane farmers, \$20 more than the guaranteed price of \$85 per tonne. We provided higher prices for other agricultural produce, giving our farmers a better return for their hard work and keeping rural economies vibrant.

We maintained zero-rated VAT on 21 items and added prescribed medicines to make it 22, providing relief to consumers, which was valued at over \$500 million in the last two years. The 22 items including flour, rice, sugar, canned fish, cooking oil, potato, onion, garlic, baby milk, powdered milk, liquid milk, dhal, tea, salt, soap, soap powder, toilet paper, sanitary pads, toothpaste, kerosene, cooking gas and prescribed medicines remain at zero VAT.

Mr. Speaker, Sir, to empower our young graduates, we took the bold step of writing off over \$650 million in tertiary student debt for over 53,000 students and their families, increasing the disposable incomes of those thousands of families.

Through the \$200 Back to School Initiative, we supported over 210,000 students and their families with nearly \$130 million in direct support.

We maintained essential social programmes such as free education, free bus fares, subsidized dialysis, First Home Buyer Grant and free legal services.

Mr. Speaker, Sir, we significantly scaled up investments in healthcare, agriculture and critical infrastructure, paving the way for long-term resilience and providing the enabling environment for income generating opportunities for our people.

Mr. Speaker, Sir, we supported the private sector through an open, transparent and consistent policymaking environment that ensured tax certainty, streamlined approvals and record low interest rates.

Investor confidence rose and the pipeline of our major investment projects looks promising. As a result, we now have 177 active projects valued at \$5.8 billion, of which 16 have already commenced operations and 73 are under construction. These include landmark developments such as the Sofitel Vatu Talei Hotel in Nadi, a new submarine cable project by Google, and resort projects across Rakiraki, Naisoso and Labasa. In addition, we have a new 80-acre pilot project in Vanua Levu led by Fiji Water, and the upscaling of coffee production in the Ra Province through ONA Coffee.

Mr. Speaker, Sir, post pandemic, the tourism industry rebounded strongly, recording the highest in visitor arrivals and tourism earnings. Wholesale and retail activity boomed as income levels rose and consumers had more spending power. Subsequently, our economy recovered much faster than projected since 2022.

Economic growth in the last two years have been strong. The economy grew by 7.5 percent in 2023 and by 4 percent in 2024. This has been underpinned by robust growth in visitor arrivals, strong household consumption supported by rising income and remittances, sustained Government expenditure, and improved business confidence.

Foreign reserves now stand at \$3.7 billion, and liquidity in the banking system is high at \$2.1 billion. This reflects a resilient financial position which is supporting a low interest rate environment conducive for private sector investment and household spending. Our financial system remains strong and well capitalised with a notable decline in non-performing loans.

Mr. Speaker, Sir, following a period of increase in prices underpinned by global price hikes and domestic supply challenges for certain items, inflation has stabilised. Inflation, which once threatened household budgets, dropped to 1.3 percent in 2024 and stood at 0.1 percent in May 2025, compared to 5.1 percent in 2023. With the policies that we will be unveiling in this Budget today, we expect cost of living to come down further.

Mr. Speaker, Sir, while domestically the economy is on a strong footing, there are major global headwinds ahead. The Macroeconomic Committee earlier this month revised the 2025 growth forecast slightly downward to 3.2 percent, from an earlier estimate of 3.4 percent. This marginal downward revision reflects early signs of global uncertainty, associated with escalating tensions in the Middle East, and the uncertainty over the U.S. tariffs. These factors may cause major disruptions to global supply chains and put upward pressure on prices. While we should not panic, it is important that we are prepared.

The good news, Mr. Speaker, Sir, is that our economic foundations remain strong, and in the last two years, we have created the fiscal space which will help us navigate through this uncertain global environment. We are, therefore, proactive and have formulated the budget in anticipation of these global headwinds.

Mr. Speaker, Sir, the 2025-2026 Budget is an expansionary budget with a total revenue of \$3.9 billion, total expenditure of \$4.8 billion and a net deficit of \$886 million, equivalent to 6 percent of GDP. Consequently, our public debt is projected at \$11.7 billion, which is around 79.8 percent of our GDP, about 10 percent lower than what we inherited in 2023.

This expansionary fiscal stance is deliberate. It reflects the bold decisions we are making today to protect our people, make our economy more resilient, and continue to build our much needed infrastructure and productive capacity. This higher deficit and Government expenditure to counter the impact of global headwinds is only possible because we took the bold measures in the last two Budgets

to create the fiscal space. We kept our actual deficits at an average of around 3 percent, lower than budgeted and much lower than under the previous regime. Only through this brutal fiscal management have we been able to rebuild our fiscal space and buffers, and are now able to respond to an anticipated global shock through increased expenditures.

On addressing Cost of Living, to cushion the impact of external price pressures on cost of living, we are making some bold decisions today. Effective from 1<sup>st</sup> August, 2025, VAT is being reduced from 15 percent to 12.5 percent. This reduction in VAT will deliver tax relief of \$250 million to our people. This is in addition to the \$250 million in relief provided through the continuation of the zero-rated VAT on the 22 essential items. That, Sir, is a total of \$500 million in VAT relief for our people.

Mr. Speaker, Sir, we have been saying some of our domestic manufacturers and producers have been receiving heavy tariff protection for decades. Tariff protection should be temporary, targeted and transparent. With heavy tariff protections, inefficiencies creep in, and there is lack of incentives to bring down prices. While, over the years, these protections have been gradually reduced, there are some industries that continue to be heavily protected.

We have been seriously reviewing this and where necessary, we are ready to break these protections for the benefit of our consumers. As a result, we are taking a number of measures in this Budget. Tariff on chicken portions and offals, giblets and liver, which used to receive 42 percent protection was reduced to 32 percent. After careful consideration, we are further reducing it to 15 percent in this Budget.

Fiscal duty on frozen fish, including salmon, is reduced from 15 percent to 0 percent, similar to canned fish, like salmon and sardines. Fruit and vegetables such as tomatoes, cabbage, lettuce, cucumber, eggplant, pumpkin, banana, avocados, mandarins, watermelons and pawpaw will continue to attract only 5 percent duty, while other fruits and vegetables that are not available in Fiji, like apples, carrots, grapes, oranges, pears, celery, capsicums, mushrooms, kiwifruits, cauliflower, broccoli, nuts, et cetera, will continue to attract zero duty.

Everyday use items, like potatoes, garlic, onion, tea and cooking oil will continue to attract zero duty. Duty on lamb products which was reduced to zero percent will continue, while duty for beef, ducks, corned mutton, corned beef, canned mackerel, which was reduced from 32 percent to 15 percent in the last Budget, will also continue.

Mr. Speaker, Sir, we will maintain the 5 percent duty on dairy products, like liquid milk, powdered milk, yoghurt, cheese and butter. These products used to receive 32 percent protection under the previous government. We've provided a 10-year exclusive tariff arrangement to one private company. Now, anyone can import these dairy products at 5 percent and we have seen prices come down.

At a time when Government is giving away over \$500 million in taxes and duties to help ordinary Fijians, we need our business community to support the Government and pass these reductions to our people. This support is meant for the consumers, and it is unjust and unethical for businesses to pocket these reductions and deprive our ordinary people of the much-needed price relief.

We have seen this in the past, but this time, it will not be tolerated. This is a stern warning to all businesses that are thinking of pocketing these tax and duty reductions. A joint enforcement taskforce made up of the Fijian Competition and Consumer Commission, Consumer Council of Fiji, FRCS and the Ministry of Finance has been set up to monitor prices closely on the ground to ensure the benefits of tax reductions are passed onto our people. This Taskforce, where necessary, will propose immediate policy response measures like imposition of price controls on new items, reductions or even removal of tariff

protections provided to our local manufacturers and producers who are unreasonable with pricing and even harder punitive measures including fines to ensure compliance with the law.

Mr. Speaker, Sir, the Government is also actively working with the Biosecurity Authority of Fiji to dismantle some long-standing trade barriers and open import pathways for key food products. The current system, while designed to protect Fiji's environment and biodiversity, has become too restrictive and rigid in some areas. For instance, Fiji is presently able to import whole frozen chicken only from New Zealand, even though there are countries producing competitive and safe poultry products.

Similarly, ghee, a staple item in many Fijian households, cannot currently be imported from India, one of the world's most significant producers and exporters of dairy products. There are several food items like this which can only be imported from one or a few selected countries, and these restrictions have contributed to higher food prices and reduced consumer choice. We are undertaking a comprehensive review of import protocols, engaging with trusted international counterparts, and ensuring that food safety is not compromised as we expand the list of countries and suppliers we can trade with.

The goal, Mr. Speaker, Sir, is to introduce more competition into our supply chains, reduce reliance on a few suppliers, and enable business and consumers alike to benefit from greater affordability and variety. These reforms are a critical part of our broader strategy to lower prices across the board by addressing not just taxes and duties, but also the structural constraints that limit supply and drive-up costs.

In this Budget we are also responding to cost of living challenges through targeted expenditure support measures. All social welfare recipients and Government pensioners will receive a 5 percent increase in their monthly allowances. This is in addition to the across-the-board 15 percent increase we had provided in the last budget. A total funding of \$220 million is provided an increase of \$10 million. The Aftercare Fund members will receive \$0.8 million increase in their medical allowance only.

All civil servants will receive a 3 percent pay rise. This is in addition to the 7 percent to 20 percent increase provided in the last budget. This is a direct cash injection of \$115 million into household income – \$85 million from last year's increase and \$30 million in this Budget. This pay rise will be effective from August 2025. This means that civil servants would have received a total salary increase of between 10 percent to 23 percent pay rise within a year.

We will provide a 10 percent bus fare subsidy for all Fiji citizens for a 12-month period starting from August 2025 to July 2026 at a cost of \$10 million. This means that every individual travelling by bus will now pay 10 percent less in fares. However, the bus companies will still receive the current regulated fares as Government will pick up the 10 percent cost. Apart from providing relief to our people, this will also encourage more people to use public transport.

Students will continue to travel to school for free with blue cards while the 50 percent subsidy will continue for all other students with an increased budget of \$50 million. The \$200 Back-to-School Assistance will continue and will be paid in January 2026 before the start of the school year with an allocation of \$40 million.

With that, over \$170 million will be delivered through our signature Back to School policy. Mr. Speaker, Sir, we are introducing a new initiative to support farmers and leaseholders earning less than \$50,000 per annum, to receive a lease premium subsidy of 30 percent or up to a maximum of \$7,500 for lease renewals. To support landowners, the Committee on Better Utilisation of Land initiative is restored. This provides an additional 4 percent lease rental payment to landowners, taking it to 10 percent of the unimproved capital value. We will also support TLTB with funding to develop access roads to TLTB leases, making them more accessible. Around \$9 million is provided for this.

We are again providing \$4 million to support the reinstated FNPf pension payment for pensioners affected by the 2012 pension reforms. A total of \$25 million is provided for free water, free medicines, and 50 percent electricity subsidy.

Mr. Speaker, Sir, this comprehensive cost of living package by the Coalition Government in this Budget amounts to over \$800 million in direct support - through tax, duty reduction, social welfare increases, transport subsidies, civil service pay rise, and targeted household support. These measures reflect our determination to put people first, provide real relief, and protect the vulnerable.

On Crimes, Drugs and HIV, keeping Fiji safe and protecting the well-being of all Fijians is the fundamental responsibility of the Government. In recent years, the growing threat of illicit drugs, rising criminal activity, and the alarming increase in HIV cases - principally due to rising drug use - have emerged as serious national challenges. These are complex issues that need a whole-nation response. We must tackle them head-on and in a co-ordinated way, and we call upon everyone to join us in the fight against drugs, crime, and HIV.

Mr. Speaker, Sir, the 2025-2026 Budget introduces a series of measures aimed at strengthening policing and law enforcement, curbing drug use, HIV and crime. We begin by strengthening our security institutions to be more responsive, better resourced, and well prepared. Earlier this year, Government established the Ministry of Policing, with a budget of \$3.8 million. Its establishment signifies a strong commitment and dedicated focus on rebuilding public trust and confidence in law enforcement.

The Narcotics Bureau, under the Ministry of Policing, will lead Fiji's fight against drug trafficking and substance abuse. It will coordinate inter-agency efforts, focus on intercepting narcotics at our border, crack down on drug rings, and provide better data and intelligence to guide interventions.

Mr. Speaker, Sir, we are going to strengthen our border protection. This is critical for our sovereignty, our economy, and the safety of our people. Over the past year, the Fiji Revenue and Customs Service and other key border agencies have made significant strides - driven by better intelligence, enhance capability, and collaboration with international partners. The construction of a new container examination facility is underway and will greatly enhance our ability to detect concealed contraband.

We are expanding K-9 detection capability to Savusavu under the Duavata Agreement with New Zealand and extending critical assets to our maritime border.

In the seas, we have developed coastal enforcement capability through joint raids, vessel rummages, and procurement of new petrol boats under the Vuvale Partnership with Australia. This has strengthened our maritime response and surveillance reach.

Mr. Speaker, Sir, our resolve is clear: we are investing in smart, coordinated border protection that delivers results. This year, FRCS established a dedicated Passenger Information and Intelligence Unit, improving our ability to target high-risk passengers and vessels.

Frontline officers are being equipped with new, state-of-the-art tools to carry out their duties more effectively. Regionally, we have led the way in endorsing an intelligence-sharing platform through the Oceania Customs Organisation - a landmark step to combat transnational crime. To further enhance maritime oversight, Fiji is developing a Maritime Single Window and a Yacht Management System, building on the success of the Small Crafts App used across the Pacific. These strategic partnerships, advanced tools, and regional cooperation reflect our steadfast commitment to build a secure, modern, and responsive border regime - one that upholds national security, facilitates trade, and ensures a safer future for all Fijians.

Mr. Speaker, Sir, with the drug trade comes debt. We are strengthening measures to identify and tackle this. Currently, individuals can open mobile wallet accounts without a Tax Identification Number (TIN), and SIM cards can be even purchased with only a photo identification. These loopholes enable tax evasion, money laundering, and underground economic activity through digital wallets. To address this, all mobile wallet account holders will be required to register with a TIN and a six-month transition period will be provided to allow for full compliance.

Government will also introduce a mandatory Asset Declaration regime for all registered sole traders in Fiji. Beginning with the 2025 tax year, all sole traders will be required to submit an annual declaration of their assets and liabilities, alongside their income tax returns. This will include movable and immovable assets, loans, and sources of income. This measure will help build a culture of financial transparency, reduce tax evasion, and enhance the integrity of our economy.

For maintaining internal security, the Fiji Police Force is provided an increased funding of \$240.3 million in this Budget, an increase of \$13.5 million. Today we are making a major announcement to strengthen the capability of our Police Force. Government has agreed to increase the size of the Force by an additional 1,000 personnel, taking the full strength of the Police Force to more than 6,550 across all ranks. This is one officer to 137 people meaning 730 officers per 100,000 population, the standard acceptable number around the world is around 300 per 100,000 population. We are actually more than double.

This is a major investment and will be done in two phases at an additional cost of around \$40 million. For the first phase, \$19.5 million is provided in this Budget to commence the recruitment of 538 additional officers, on top of around 300 vacant positions that will be filled. This would mean an extra manpower of over 800 officers immediately. This added strength should now provide a much bigger Police visibility, mobility and presence around the country. We are also pleased to announce that Government earlier this month had also approved additional funding of \$8.6 million to the Fiji Police Force for their salary progression which will continue.

Mr. Speaker, Sir, let me move to a very serious issue, which if not managed well could be a health disaster in the making. The HIV epidemic is now a serious growing threat to Fiji. There are now approximately 7,000 HIV cases in the country, and we cannot afford to ignore this rising trend. We are told that drug use and needle sharing is responsible for 50 percent of the increase in cases. So, while we continue to struggle with the drugs issue, this new threat is rising rapidly, induced by sharing of needles and drug related blood transfusion or what is known as blue-tooth. To fight this, Government is allocating \$10 million for a comprehensive approach to testing, prevention, public awareness, and controlling the spread of HIV. We are determined to tackle this health emergency before it becomes an uncontrollable national crisis.

Mr. Speaker, Sir, these actions represent a clear and co-ordinated response to crime, drugs, and public health threats. We are investing in our police, building institutional capacity, strengthening border control, closing regulatory loopholes, and promoting transparency. Above all, we are making it clear that safety, security, and the health of our people are national priorities — and we will act decisively to uphold them.

On Education, Sir, education remains the most powerful investment we are making in the future of our nation. In this Budget, we are allocating \$847 million to the education sector. The Ministry of Education is allocated \$675 million, which includes \$86.5 million for higher education institutions. In addition, \$153 million is provided for tertiary scholarships.

Mr. Speaker, Sir, over the past two years, Government has undertaken one of the most extensive school rehabilitation efforts in our nation's history. Over 84 schools across Fiji have been renovated,

repaired, and upgraded and many of which had suffered damage from past cyclones or had long been in a state of disrepair. Classrooms have been rebuilt, sanitation facilities improved, and learning environments modernised to ensure our children have access to safe, clean and resilient infrastructure.

In this Budget we are undertaking major reforms in the way we fund our schools based on our extensive consultation across the country and feedback from school management and committees. From this budget onwards, we will make the use of the Free Education Grant fully flexible. This means school management will now have full autonomy over how the Free Education Grant is spent. The current rigid rules such as limiting only 20 percent for building and compound maintenance, 15 percent for IT equipment, or 30 percent for administrative and office expenses will be removed.

Mr. Speaker, Sir, schools will be empowered to decide how best to use the grant. For instance, they may choose to use 90 percent for school expansion or allocate none for maintenance if there is no immediate need. School management will have the full freedom to plan their spending, save funds, or even borrow against the grant for major investments. We are placing the trust in our school heads and leaders of our school management committees because they are the best positioned to understand and respond to the needs that will drive better teaching and learning outcomes. The Government will continue to provide teachers and students support while schools will manage infrastructure and operations. A total of \$65 million has been allocated for the Free Education Grant for more than 225,000 students.

We will also remove the current restriction that limits school fundraising to once a year and that too with the approval of the Government. Fundraising will now be open and flexible but voluntary. This approach will first try stronger community partnerships and greater parental involvement. This was the case in the past, Mr. Speaker. We believe restoring this partnership will promote a deeper sense of ownership and engagement in the education of our children.

In addition to these funding reforms we will strengthen school leadership. We are providing the School Management Association with a first-time funding grant of \$500,000. This will support capacity development leadership training for school managers. Furthermore, we are providing \$300,000 each to the Principal Association and the Head Teachers Association for the first time to encourage better professional coordination and development.

Mr. Speaker, Sir, teachers are the bedrock of our education system. We must invest in their training, support their welfare and ensure we attract the best talent to this noble profession as the future of our children and our nation depends on them. In the last budget, all the teachers received a pay rise. We are increasing that further across the Civil Service by an additional three percent in this Budget. We also plan to recruit 1,125 new teachers. This includes 962 secondary school teachers, 117 primary school teachers, 41 early childhood education teachers and five special education teachers.

For the first time, we are also recognising the critical role of Early Childhood Education (ECE) by funding ECE teachers on a full-time basis as opposed to the current hourly rate. All ECE classes typically run for half a day. These teachers contribute significantly to the broader school environment. We will now regularize the appointments placing them on equal footing with other teaching staff and granting them access to financial services such as loans and mortgages opportunities that were previously inaccessible. A total of \$416 million is allocated for teacher salaries in the upcoming financial year.

Mr. Speaker, Sir, the school curriculum is also under review. We will be making vernacular language study compulsory up to a certain educational level. This would acknowledge the vital role language plays in identity, inclusion, cognitive development, and in preserving our nation's rich multicultural heritage. Mr. Speaker, Sir, through the Government's Transportation Assistance Scheme we continue to support students in travelling to and from school either by bus, rural service operators or by boat transport.



A few months ago the Fijian Competition and Consumer Commission increased student bus fares aligning them with adult fares. The Cabinet promptly decided that this change must not burden any student with their families. Therefore, for students from households with an income below \$16,000 those with blue cards, the Government will continue to cover 100 percent of the adult fare. For students with yellow cards, parental income above \$16,000, Government will provide a 50 percent subsidy. This means that no child or parent will bear any additional cost even though fares had doubled. However, this commitment comes at a higher cost, therefore, we are increasing the student transport assistance budget to \$50 million, up from \$37 million in the previous budget – an increase of \$13 million. We are also tightening the management of the Transport Assistance Programme and prevent abuse. Top ups will now be available only to students with active FEMIS IDs. Once a student leaves school, their subsidy will automatically cease.

Mr. Speaker, Sir, in the last budget we made a significant reform to tertiary education funding by removing the \$650 million debt burden on over 53,000 tertiary students, and replacing it with a proper bonding mechanism to ensure that these students save the taxpayers that paid for their studies. We then replaced the loan scheme with a full merit-based scholarship that ensures no unnecessary burden on young tertiary graduates and their families, better quality graduates, high completion rates, and clear alignment with labour market needs.

In this Budget, the Government is allocating \$153 million to fund tertiary studies for 24,653 students, which includes 11,593 continuing students and 13,060 new students. This will be a historically high number of students under full scholarships. The Government has also reviewed the scholarship allowance for our students as it has not been changed since 2014. The new increased rates are as follows:

- For Merit Based High Achievers Local Scholarship, the scholarship allowance will be increased from \$6,800 to \$7,600 per annum.
- For other Merit Based Schemes where students are from outside the campus city, the allowance will be increased from \$5,000 per annum to \$5,600 per annum;
- For other Merit Based Schemes where students have their home in the campus city, the allowance will be increased from \$3,000 per annum to \$3,200 per annum;
- For students with Special Needs Scheme, the allowance rate has been increased from \$6,800 per annum to \$8,600 per annum. This is to accommodate travel costs, purchase of special gadgets for study purposes.
- We are also introducing Equity and Inclusion Based Allowance which is to accommodate students from low socio-economic background, particularly for students whose both parents are deceased and are either taken care by legal guardian or staying in home care. These students will receive an additional allowance of \$1,000 per annum. This is applicable to students on home and away campus allowance, and students will be required to provide necessary documents.

To ensure quality and alignment to labour market needs, Government has introduced a minimum cut-off mark of 250 out of 400 in Year 13 for all degree programmes. To bring some equity in our scholarship scheme, the cut-off mark for students from rural and maritime zones will be reduced to 240. This will provide equity for rural and maritime school students, considering the disparities in resources and other inherent challenges with remoteness.

Mr. Speaker, Sir, considering the current labour market needs, we are ramping up our funding support towards technical and vocational training. The number of TVET scholarships is being increased from 2,780 to 4,500. To ensure inclusivity, we are also expanding the TVET scholarships to students with special needs, similar to the existing provisions for higher education.

We are also expanding the Micro-Qualification Grant Scheme to new areas and increasing our total number of awards to 3,000. This initiative has been very successful in targeting early school leavers, unemployed youths, and adults with micro-credentials, following one to three months of competency-based training. Apart from construction, tourism, hospitality and automotive, the following additional five categories will also be added:

- Traditional Handicraft Making with 300 scholarship grants;
- Performing Arts with 200 scholarship grants for improving dance and song for the entertainment industry;
- Community tailoring with 300 scholarship grants;
- Women Small Business Operations with 100 scholarship grants for training on basics of Bookkeeping and Marketing;
- Vocational Literacy and Numeracy with 1,000 scholarship grants for three months of training for early school leavers and intending to pursue vocational Certificates III and IV.

For overseas scholarships, apart from degree and postgraduate programmes, we are now expanding it to allow students who wish to undertake TVET qualifications in Australia and New Zealand. This is only for TVET training not available locally and of national priority, such as in the area of water and sewerage, manufacturing, nautical science, hydrology and aviation management. Also, starting from the new financial year, \$3,000 per student will be allocated for visa lodgement and processing. TSLS will engage a licenced agent to get visas processed on time and send students before commencement of classes.

Apart from this, the meal allowance has been increased from \$150 per week to \$250 per week, commencing from Semester 2, 2025. Stipends will be paid directly to the students account, and they can decide on renting out or staying in hostel.

Mr. Speaker, Sir, to bring sustainability to our scholarship programmes and provide flexibility to students for reduced bond period, a new initiative of Contribution Scheme will be introduced. Under this new scheme, we will allow students to apply for partial tuition assistance on a cost-sharing basis, where the TSLS will pay 50 percent of the tuition fees, while students will take care of the remaining 50 percent of the tuition fees. This scheme will provide incentivised bond service whereby the bond service will be one is to one, lower than the current 1.5 times for tuition only students and two times for students on both tuition and allowance. This means that under this scheme, students will only be required to provide service to the country equivalent to the duration of their studies. This is just an additional option given to students and they are free to decide otherwise.

We are also tightening the Tertiary Scholarship Loan Scheme (TSLS) Act to improve compliance with bond defaulters and also equipping TSLS to manage academically at risk students with close monitoring of their academic performance. This will be in partnership with the universities and higher education service providers.

On Health Infrastructure and Services, I would now like to turn to one of the most urgent priorities of our Government – the fixing of our health infrastructure and medical services. Decades of underinvestment has left our public health infrastructure in a state of disrepair and even decay. Improvements to these facilities will take time and this cannot be done overnight.

However, in the last two years, Mr. Speaker, Sir, more than 200 maintenance and upgrade projects for health centres, nursing stations and subdivisional hospitals across the country have been undertaken. These upgrades have not only enhanced the fiscal conditions of our health institutions, but have also contributed to better service delivery, safer working environments for our medical professionals and a

more dignified experience for patients. Our Government is rebuilding the foundation of our healthcare system and putting people's well-being at the centre of national development.

We are making good progress with the support of the Government of Australia and the other development partners. We have taken considerable steps forward to deliver a road map for a new national hospital. A new hospital takes much planning. It has to be informed by proper planning to ensure that what is built can serve the needs of Fiji and the broader Pacific region for decades to come.

The Clinical Services Plan developed as part of this planning provides projections for health needs for over 10 years, 20 years and 30 years. This plan is now complete and we know that the new hospital will be larger and will have expanded health services. We will need to increase the bed capacity from the current 453 beds at Fiji's largest CWM Hospital to 703 beds. We need to cater for new services based on our disease profile and projections. We need to make provisions to cater for the needs of the broader Pacific region too as this will also serve as a regional hospital.

Mr. Speaker, Sir, the whole project will be costly and very expensive to the tune of almost \$2 billion. But we are committed to getting this done with the support of our development partners and multilateral financiers like the World Bank and the Asian Development Bank.

We are currently focused on determining the most appropriate location for Fiji's new national hospital. We are committed to moving the hospital out of the CBD to a more accessible location for the people of the greater Suva-Nausori area. Seven sites are currently under investigation, including Davuilevu, Tamavua, Raiwaqa, Samabula, Valelevu, Navua and the existing CWM site. A multi-criteria evaluation framework has been developed based on accessibility, land size and availability of services and utilities. The Cabinet, Mr. Speaker, Sir, will soon make a decision on the new site for the hospital.

Apart from site selection, we have also been working together with our financiers led by the World Bank for a first-phase financing package tentatively estimated at around \$500 million. The project and financing package is currently being worked on and an announcement will be made later this year.

Mr. Speaker, Sir, keeping the CWM Hospital operational until a new hospital is ready is critical, as the transition to a new facility will take time. Over the last 12 months, we have completed a detailed engineering assessment of the existing CWM Hospital, and 27 key priority projects have been identified, which will cost around \$63 million, with an initial funding support of \$15 million from the Government of Australia - and we thank the Government of Australia and its people. This is in addition to the \$8 million government financing components under the Ministry of Health.

The first phase of upgrades is underway, including renovation to the acute patient ward, increased backup water storage, replacement to sewer lines and repairs to roofing. Additional projects will commence over the remainder of 2025. Again, we thank the Australian Government for committing to help us improve our ability to implement infrastructure through the provision of dedicated Infrastructure Project Management Units, including the all-important health sector.

Simultaneously, we are also advancing the construction of a 100-bed Super Speciality Hospital in Nasinu, supported through a grant by the Government of India. Land acquisition is now complete, and a MOU is to be signed soon on the construction, operation and maintenance of the hospital. Construction of this new hospital is expected to commence as soon as design and procurement are finalised by the end of this year.

Mr. Speaker, Sir, our Government is focused on expanding the availability and quality of tertiary healthcare services to the general public. We have been encouraging and providing the necessary support through tax incentives and other support measures to entice the private sector to invest in hospitals. The

outcome has been positive. We now have a number of private sector players - Pacific Specialist Healthcare, Oceania Hospitals, MIOT Pacific Hospital, Sai Prema Hospital, Heart International and our Public-Private Partnership (PPP) Hospital in Lautoka and Ba, managed by Health Care Fiji.

In this Budget, we have allocated \$117 million for the ongoing operations and maintenance costs to Health Care Fiji for the Lautoka and Ba Hospitals under the Public-Private Partnership arrangement. With the help of IFC, we have currently reviewing the agreement to ensure that it is cost effective and delivers the best services to our people.

Health Care Fiji is also expected to start the construction of a new 200-bed hospital in Lautoka. This will further lift the standard of service delivery - nothing short of international standards.

Mr. Speaker, Sir, we are providing an increased budget of \$466 million to the Ministry of Health to fund the salaries of doctors, nurses and allied workers, procurement of medicines and biomedical equipment, upgrade and maintenance of hospitals and health centres across the country. We are prioritising investment and focus on primary and preventive care through the public health system. Continuous reforms are being undertaken at Fiji Pharmaceutical & Biomedical Services Centre (FPBS) to ensure timely availability of medicines. New tenders have been awarded for supply of major drugs and medicines. An online logistics management system (MSupply) has been adopted to track medicine stock and manage orders across hospitals. We have also signed an agreement with the Indian Pharmacopoeia Commission to allow us to buy medicinal drugs from India in the most cost-effective way while ensuring that standards are always maintained.

We are continuing with our Public-Private Partnership under the Free Medical Scheme with over 64 general and dental medical practitioners and medical laboratory providers that provide free medical services to our people. In the last two budgets, we made accessibility more targeted to those earning less than \$30,000 per year and further extended this to all social welfare pensioners and kidney dialysis patients. So far, we have paid \$26 million. However, Mr Speaker, Sir, this will be further reviewed in the financial year to reduce abuse in the system.

We are supporting kidney dialysis with an increased subsidy of \$4.7 million to cater for the increased demand at private service providers. We will also continue to provide \$4 million in operating grant to the Sai Prema Hospital - a great Public-Private Partnership programme focused on delivering heart-related services to our children.

Mr. Speaker, Sir, to enhance service delivery and strengthen the dignity of care provided to families during times of loss, we are allocating \$1.2 million for construction of new mortuary units and health facilities across the country. These include Rakiraki and Tavua Sub-Divisional Hospitals, Nadarivatu Health Centre, Kadavu, Levuka, Savusavu, Dreketi, Seaqaqa, Wainibokasi, Nayavu Health Centres, Navua, Nabouwalu and Taveuni Sub-Divisional Hospitals. This investment ensures better access to essential services, particularly for communities in rural and maritime regions, and reflects our continued commitment to equitable and compassionate healthcare across Fiji.

Mr. Speaker, Sir, in a nutshell, a record allocation of over \$600 million is provided to our health sector in this Budget. In addition, we are mobilising almost \$1 billion in investments to start the new national hospital and other health priority infrastructure across the country.

On Roads, Bridges and Jetties, we are ramping up investment to upgrade and develop our key infrastructure, public assets and utilities. A total budget of \$800 million is provided to the Ministry of Public Works, a significant increase of \$83 million from the last budget.

The Fiji Roads Authority (FRA) is provided with a funding of \$388 million, an increase of \$37 million from the previous year. This includes almost \$120 million for road maintenance, \$74 million for road renewals, replacement & resealing, \$23 million for footpaths & bus shelters and \$30 million for new sealing and upgrading of community and rural roads, including around \$5 million for the tarsealing of Kavanagasau Road (Laselase to Naroro) and also for Biausevu Road in Sigatoka and Vuci, Naduru and Koronivia Roads in Nausori.

A sum of \$16 million is provided for the maintenance of our jetties in Koro, Moala, Lomaloma, Vunisea, Nabouwalu, Savusavu, Taveuni and Rabi. Government is working together with the Asian Development Bank (ADB) on three major investment projects to revamp the jetties in Nabouwalu, Natovi and Savusavu. Proper investment in our jetty infrastructure is essential to improve connectivity across our islands.

Mr. Speaker, Sir, as announced earlier, Government has approved the replacement of four critical bridges at a total cost of around \$400 million, with concessional loan and grant financing through the Asian Development Bank and the World Bank. This includes the replacement of the Lami Bridge at Suvavou, Medraukutu Bridge near the Lami Cement Factory, Sabeto Bridge, and Viseisei Bridge linking Nadi and Lautoka. These bridges are critical assets that connect our major towns and cities along the Queen's Highway. As part of this project, we are ensuring that these bridges are future proofed and resilient. The new designs include wider spans, increased load capacity, and most importantly, enhanced climate resilience. Preparatory works, including detailed engineering designs have already been completed, making these projects ready for execution in the first half of 2026. A sum of \$51 million is allocated in this Budget to kickstart implementation.

We are now also working on another six critical bridges that will be replaced in the second phase. There are also major plans being worked out to ease traffic in the major urban centres, including from Lami to Suva and Suva to Nausori, Nadi to Lautoka and in Labasa town area. Sir, FRA is working on options for road widening, provision of footpath and bicycle lanes, improved lighting and introducing smart traffic signal systems. Apart from road expansion to manage the traffic congestion, we are providing \$500,000 in this Budget for feasibility study on a flyover road from Suva to Nausori. The project seeks to significantly reduce travel times, improve traffic flow, and enhance safety for commuters. The initiative underscores the Government's commitment to investing in infrastructure that supports regional connectivity, economic growth, and improve quality of life for residents in both Suva and Nausori.

In the North, we are happy to commence the Labasa Bypass Project. This long-awaited infrastructure development will ease mobility in the Northern Division. By diverting traffic around the town particularly during peak periods such as the cane crushing season, we will reduce congestion, improve safety, and enhance the efficiency of commercial and personal transport.

Rural connectivity continues to remain a key priority for this Government. We are investing in approximately 82 kilometres of upgraded rural roads, with a focus on strategic corridors such as the Nabouwalu, Wailevu West Coast, and Natewa West Roads funded by the government of China and I know the honourable Minister for Works will provide more details. These upgrades will provide safe, reliable access to markets, health services and schools, bridging the divide between rural isolation and national progress.

Apart from this, Government is also working with the Asian Infrastructure Investment Bank (AIIB) to undertake a major investment to fix our rural road infrastructure. The AIIB has recently completed a diagnostic study that looks at the institutional arrangements, funding requirements and project planning and implementation. Project details will be announced later.

On Water and Wastewater, Mr. Speaker, we inherited a critical crisis in the water sector. We have an aged water infrastructure where 50 percent of water gets wasted. We have major capacity issues which constrains our ability to connect more people to treated piped water and which restricts economic investment. Our wastewater sector is in urgent need for expansion due to lack of investment in the previous years. We are still using old manual systems and have not caught up with new technology in water and wastewater management. We have major challenges in attracting and retaining the required skill set and human resources.

The Government will soon start the legislative changes required for the corporatisation of Water Authority of Fiji (WAF). The institutional structure of WAF has to be made financially sustainable which will ensure adequate funding is available for the massive infrastructure needs in the water and wastewater sector. In this Budget, WAF is provided increased funding of \$284 million to fix the infrastructure, including upgrading of water sources and treatment plants, reticulation and distribution of non-revenue water reduction.

Mr. Speaker, Sir, with the support of the Asian Development Bank (ADB), we recently completed the \$270 million Viria Water project. This is now fully commissioned, resulting in significant improvements in water supply in the Suva to Nausori area.

In this Budget, we are undertaking a major lay of 11.7 kilometres of water pipeline from Sawani to Colo-i-Suva, and to Khalsa Road Junction a new pump station and the construction of the two 5-megalitre reservoirs. This project will ensure that the elevated areas such as Sakoca, Nagatugatu, Tacirua, Dokanaisuva and Colo-i-Suva that faces continuous intermittent water supply will be able to receive 24/7 reliable water supply. This project will also allow operational flexibility and be able to improve water supply along Princess Road.

We are also investing in the construction of a new 20 megalitre Water Treatment Plant to complement the existing Tamavua Water Treatment Plant, with a total cost of \$12 million. This initiative will benefit 230,000 people living along the Suva to Lami corridor and parts of Nasinu. It will enhance treatment capacity, allow for faster implementation timelines and support future expansion to meet increasing water demand within these densely populated areas.

In addition, WAF has begun works for the development of a new water treatment plant in Navua, as well as a new water supply scheme in the Wainadoi area that will have a coverage area from Naboro to Nabukavesi, with the potential to extend towards Togalevu and Naimelimeli in Navua. Furthermore, WAF is looking into extending water supply services from Veinuqa to Kasavu in Tailevu, as well as from Naqali to Lomaivuna in Naitasiri.

In the Western Division, we are upgrading the water mains which will benefit around 80,000 people living within and along the Dreketi Feeder Road, Vuda, Wairabetia, Nadi Airport, Nadi Back Road and Sabeto Road areas, focussing on improved and consistent water supply. We are also investing in water extensions to previously unserved communities such as those in the Korovuto area in Nadi, and in the Coral Coast region in the Votua area in Sigatoka. Furthermore, water source improvement works have been allocated as well to improve water supply services with the proposed works for Qalau and Nasivi intakes in Ra and Tavua respectively, and rehabilitation works for Nadrou and Varaciva pump stations in Ba.

In the Northern Division, we are upgrading the Benau Water Treatment Plant, as well as water mains upgrade to Rara and Volanau in Labasa, which includes improvement works for Naidriva in Savusavu as well. In addition, the WAF has begun works for the proposed Wainivasa Water Source in Taveuni. In addition, a planned 19 kilometre watermain extension from Wailevu to Tabia along the

Cross-Island Road will be undertaken, with a new water pump station and the construction of a 2-megalitre reservoir in Vatudova.

Mr. Speaker Sir, Fiji's non-revenue water stands at almost 50 percent. Just so we are clear, "non-revenue water" is a fancy name for leaks from water pipes. In other words, half of all the water that is collected, treated and then distributed through the WAF pipe network never reaches the tap. That has been a longstanding issue, neglected for decades. In the upcoming financial year, we are committed to a strategic path aimed at reducing non-revenue water significantly from nearly 50 percent down to 20 percent over the next five years. That will leave us to attack the last 20 percent later, Mr. Speaker, Sir.

In this context, we are partnering with a Spanish company under an innovative performance-based contract facilitated by the ADB whereby payments will be tied directly to the actual amount of non-revenue water reduced, meaning that the company gets paid only if it delivers real, verified improvements. This pioneering initiative marks a first for both Fiji and the Pacific region.

Our priorities in the coming financial year also include upgrading wastewater management. Notably, the Kinoya Wastewater Treatment Facility is currently overloaded at 200 percent of its treatment capacity on a daily basis.

In response to this pressing challenge, we are partnering with the ADB on a \$300 million Healthy Oceans and Water Security improvement project for over a five-year period. This initiative aims to double the capacity of the Kinoya Wastewater Treatment Facility to 36,000 cubic meters per day and reduce the volume of effluent discharged into the sea.

Mr. Speaker, the ADB, as part of this project, is also providing a \$10 million grant for the establishment of a Water Sector Academy. This facility will be a regional training centre and help train much needed scarce skills in the sector.

We will continue with the provision of free water for households with income of \$30,000 and below. Government will also provide electricity subsidies to low-income families and schools with a budget of \$9.5 million. This scheme will benefit 60,000 households and 1,039 schools across the country.

On Land Transport Authority (LTA), it will get an increased budget of \$42 million, reflecting the Government's strong commitment to improving transport service delivery and road safety. The additional funds will allow LTA to support critical investments in the implementation of digital transformation, safety enforcement and decentralised service delivery across the country.

Key capital projects of LTA include an Integrated IT System, Labasa Restoration Project to establish modern service, weighbridge expansion in Sigatoka, a new Nakasi Express Office to reduce waiting times, the deployment of speed and surveillance cameras to support safer roads and modernise vehicle inspection systems. In addition, LTA will implement a number of measures to improve road safety including increasing the fines.

On Rural and Maritime Development, Mr. Speaker Sir, we need to lift development in our rural and maritime region. The Ministry of Rural and Maritime Development is provided an increased budget of \$39 million to prioritise provision of basic infrastructure such as access to proper drinking water, community access roads, footpaths and bridges, rural housing and other community development projects. These seemingly small interventions, such as building a simple footbridge or upgrading a local road, have an outsized impact on daily life, from helping children get to school safely, to ensuring timely access to markets and healthcare.

Furthermore, recognising the growing threat of climate induced coastal erosion, the Government has allocated \$1.3 million for coastal protection works in Nasilai Village, Nakelo, Tailevu and in Kadavu. These works are essential for safeguarding homes, infrastructure and livelihoods in vulnerable low-lying communities, which are increasingly affected by rising sea levels and extreme weather events.

For improving access to rural water, we are providing \$10 million under the WAF and \$6.5 million for development of boreholes across the country. All rural areas where main piped water is not available, will have access to borehole facilities to provide clean drinking water and sanitation.

On Agriculture and Waterways, resource-based sectors like agriculture, sugar, and fisheries and forestry, have been a vital source of employment, income and livelihoods for our people in rural and maritime areas. We are very pleased, Mr. Speaker, Sir, to say that these sectors are growing. It has also been important for ensuring food security, export earnings and economic diversification. In this budget, we have increased the total funding to these sectors to almost \$238 million, an increase of over \$80 million from when we came into Government. This reflects our genuine commitment to grow our resource-based sectors.

For agriculture and waterways, an increased budget of \$115 million is provided. Mr. Speaker, Sir, we pay tribute to the late Minister for Agriculture, Vatimi Rayalu, for his excellent leadership in the last two and half years. We all know, this side and in this House, that he will be sorely missed.

Mr. Speaker, Sir, in addition to policies to support land lease renewals and better returns to landowners, \$3 million is allocated for farm mechanisation and access to machinery. A sum of around \$39 million is provided to support crop research and extension services to boost production of *yaqona*, *dalo*, rice, coconut, ginger and vegetables. This includes \$1 million for fertilizer and weedicide subsidy that has been expanded for our *dalo*, ginger, cassava and vegetables farmers, which was previously only available to sugarcane farmers prior to us coming into the Government. For crop research, a total funding of \$12.6 million is provided.

For livestock research and extension services, a total budget of around \$19 million is provided to support the development of the beef, piggery, goat and dairy industry.

The Agriculture Marketing Authority is provided a total budget of \$2.5 million to secure farm producing areas where it is uneconomical for the middlemen and the private sector to operate. This ensures market security for our farmers in deep rural and maritime areas.

To support the Navuso Agriculture Technical Institute and Tutu Training Centre, a total budget of \$4.5 million is provided. For the upgrade and enhancement of the agricultural quarters, we are providing a funding of \$1.7 million.

Mr. Speaker, Sir, drainage remains a key challenge for agriculture and has a much wider impact on the overall economy. To support the dredging of rivers and clearing of our waterways, a total budget of \$25.6 million is provided. This includes \$3.9 million to the Drainage Board which we brought back which was destroyed and dismantled, to maintain drainage schemes in non-municipal areas through desilting, floodgate management and boulder protection. Following the dredging of the Ba River at a cost of around \$5.5 million this year, the Government is providing \$7.3 million for the dredging of the Denarau River as well.

We are also rapidly progressing with the implementation of the Nadi Flood Alleviation Project in collaboration with our development partners, JICA and the Australian Infrastructure Financing Facility for the Pacific (AIFFP). After this project was stalled for eight years, the Coalition Government secured



strong support from our development partners and has accelerated this project. The project is estimated to cost over \$400 million and will be completed over a five-year period, with 30 percent grant support from our development partners. This is Fiji's largest climate resilient project that will address recurrent flooding challenges in Nadi by constructing surrounding dikes, inland drainage, diversion channel and watershed management.

Nadi is our international gateway to the world. The infrastructure in Nadi Town and surrounding areas have been neglected for a long time. We are determined to work with stakeholders, including the Nadi Town Council, Nadi Chamber of Commerce and everyone who are involved in this project, to ensure that Nadi becomes an attractive town and serves as a model for other towns and cities.

We are allocating around \$8 million in this Budget to start with the design and implementation works. At the same time, the airport barrier protection works in Nadi will begin, which is fully grant-funded by the Australian Government.

On Fisheries and Forestry, Mr. Speaker, Sir, the Ministry of Fisheries and Forestry is provided a total budget of \$50 million, almost doubled from two years ago. This includes \$6 million for maritime pine development, subsidy for harvesting pine in maritime areas and for extension services through the Fiji Pine Trust. For reforestation of degraded forests with indigenous and other species, \$2.8 million is provided, and \$800,000 is provided for the upgrade of the Forestry Training Centre in Colo-i-Suva.

The programmes under the Ministry of Fisheries will be focused on food security and income generation, sustainable management of our marine resources, fisheries research and \$562,000 for the hosting of the 9<sup>th</sup> Tuna Trade Forum in Fiji.

On Sugar, the Government support for the sugar industry will continue, given the direct and indirect dependence of almost 200,000 people for their income and livelihood. When we came into Government, we delivered a \$91.38 per tonne sugar price for the 2022 season. For the 2023 season, Government paid the highest ever cane price of \$105.08 per tonne – \$20 dollars more than the \$85 guaranteed price. For the 2024 season, we are, again, determined to pay an attractive price.

Mr. Speaker, Sir, this consistency with high sugar price have generated interest in the industry, and we are expecting to see a sustained increase in sugarcane production. A total funding of \$72 million is provided towards sugar to cater for fertilizer and weedicide, sugar price support, cartage subsidy, cane access roads, and farm mechanisation. However, making cane growing profitable is not the only answer to reviving our sugar industry which has, over the last two decades, taken a battering, not only from natural disasters but from direct control and interference from the previous government that is still proving to be destructive and an impediment to increasing sugarcane production.

Mr. Speaker, Sir, until December 2006, the sugar industry had Parliament oversight through the Parliamentary Select Committee on Sugar, not so since the resumption of parliamentary democracy in October 2014. Government will, therefore, establish a special parliamentary committee on sugar under section 129 of the Standing Orders. This special committee will be chaired by the honourable Prime Minister and include the honourable Deputy Prime Ministers, honourable Minister for Sugar, the honourable Leader of the Opposition and a Member of G9.

On iTaukei Affairs and Multi-Ethnic Affairs, the Government firmly believes in the promotion of our indigenous Fijians in education, employment, business and overall economic development. The iTaukei administration system is being strengthened to ensure that the benefits of development reaches our ordinary iTaukei communities, and at the same time their culture, tradition and rights are protected.

An increased budget of \$41 million is provided. This is an increase of \$25.5 million since the Coalition Government came into office. This includes an operating grant of \$7.2 million to the Provincial Councils and \$4.7 million to the iTaukei Affairs Board.

We have also provided \$2.8 million for monthly allowances for *Turaga ni Koro* (Village Headmen) and almost \$2 million for Mata Ni Tikina (District Representatives), Vanua Leadership and District Advisory Councillors.

To support our Justice of Peace - appointees who provide essential public services in our communities, we will now, for the first time, provide a monthly allowance of \$100. A total of \$1 million is allocated in this Budget.

Mr. Speaker, Sir, \$3 million is provided for iTaukei Resource Owners Support and Development Fund, which offers a three-year interest subsidy on loans through the Fiji Development Bank (FDB) and Merchant Finance. To support village improvement with small development works, \$2 million is provided.

On Multi-Ethnic Affairs, the Ministry of Multi-Ethnic Affairs is provided with a total budget \$6.9 million for the promotion of social cohesion, cultural development, installation of gas-fired crematoriums, rural community cemeteries, associated infrastructure for dignified funeral services and digitisation of Girit records and Girit Day celebrations.

Mr. Speaker, Sir, on Housing, we know that it remains a challenge, especially in our major urban centres. The Government has been working through the Housing Authority and Public Rental Board (PRB) to expand the supply of residential lots and housing units for our low and middle-income areas. The Housing Authority will now provide both residential lots and complete houses for sale. Through this model, we are looking at delivering 2,900 residential lots and more than 1,800 houses in Nepani, Wainibuku, Davuilevu, Tavakubu, Tavua, Wairabetia, Tacirua, Waqadra, Waila and Veikoba.

We are also working together with PRB to undertake more local housing projects which will deliver more affordable residential units for our people. We will continue to provide rental subsidy at PRB flats to ensure that it remains affordable to very low-income families.

Apart from Housing Authority and PRB, we are also collaborating with other key partners like Habitat for Humanity, HART, Koroipita and other private sector partners to deliver affordable housing solutions. A total of \$4 million is provided for these partnerships.

The tax incentive for development of subdivisions has been extended. This provides developer profit exemptions and customs duty concessions for land developers who are undertaking investment in residential subdivisions. This has been quite effective, Mr. Speaker, Sir, in encouraging investors to add additional residential lots and increasing the overall stock of housing in Fiji. The low-interest rate environment remains conducive for housing finance, with home loans at just below 4 percent from the commercial banks. We will also now allow FDB to reintroduce housing loans on a small scale.

To support our low and middle income families with home deposits, we will continue with the First Home Buyers Grant. For those earning below \$50,000, a Government grant of \$30,000 is available for first home construction while \$15,000 is provided for first home purchase. For those earning above \$50,000 but less than \$100,000, a first home construction grant of \$20,000 is available and \$5,000 grant for first home purchase. This will continue with a budget of \$3.5 million.

Mr. Speaker, Sir, Fiji faces major challenges with informal settlements. The rise in squatter settlements in Fiji is linked to our history. But we remain committed to redeveloping and formalising our

informal settlements with the issuance of proper lease titles and appropriate facilities and services. Around \$15 million is provided for the formalisation of six informal settlements in Tavela, Tore, Field 40, Valequyaya, Sakoca and Vunika. We will also start four new areas including Lovu Seaside, Nabare, Delaisaweni and Caubati. This will formalise around 1,500 housing leases.

In response to eviction notices given to families in areas like Nabua Muslim League, Veidogo in Vatuwaqa, and Nadiri, Government is providing a funding of \$2.2 million for relocation and resettlement. Funding will be used to commence critical preparatory work, including consultations with affected communities, land negotiations, and detailed implementation planning to ensure that affected families are provided with secure resettlement options.

Mr. Speaker, Sir, the VAT refund scheme for construction of homes will continue. Under this scheme, any person constructing their first home is eligible to a refund of all VAT paid on construction material up to a value of \$120,000. We are also expanding this for installation of solar power on residential homes and reconstruction of homes destroyed by termites for households with less than \$50,000 income. This will complement the termite construction subsidy of \$5,000 provided to families earning less than \$30,000 and \$2,000 to those earning between \$30,000 to \$50,000. Government has allocated \$2.9 million towards this on top of the \$5 million that has already been spent when the initiative was introduced.

Ministry of Local Government/Environment & Climate Change, we need to strengthen our municipalities, making them financially sustainable and improve service delivery. The Ministry of Local Government is provided a funding of \$35 million in this Budget. This includes \$10.6 million to the National Fire Authority, around \$7 million for municipal master planning and new town development in Nabouwalu and Keiyasi, \$3.2 million for waste collection subsidy for our municipal councils and \$2.5 million for the Western Division Dumpsite Remediation in Sigatoka, Rakiraki and Ba in partnership with the UNDP.

The Ministry of Environment and Climate Change is provided a total funding of \$10.8 million, which includes around \$3 million for the phase 2 of the Naboro Landfill and continuation of the subsidy for the transfer of waste to Naboro.

On Climate Change, Fiji will continue its international pressure and call for urgent and effective climate action to maintain global temperature rise below 1.5 degrees from pre-industrial levels. We are also strongly advocating for climate finance which is affordable, easy to access and takes into consideration past injustice through urgent operationalising of the loss and damage fund. We strongly support Australia's bid for COP31 dubbed as the Pacific COP and Fiji is ready to play its leadership role in supporting the hosting of COP31 in the Pacific.

Tourism and Civil Aviation, the tourism industry is critical for the economy, jobs and foreign exchange earnings. It contributes almost 40 percent towards the economy and is the largest foreign exchange earner. The Ministry of Tourism and Civil Aviation is provided a total budget of \$93 million, more than double from 2 years ago.

Tourism Fiji is provided an increased budget of \$48 million for marketing and its operations. The Civil Aviation Authority of Fiji is provided an increased budget of \$6.8 million while \$2.1 million is provided for domestic air subsidy to maintain affordable domestic airfares. Implementation has started on the 10-Year \$400 million Vanua Levu Tourism Development project. The "Na Vualiku" project. A sum of \$30 million is provided in this budget.

Trade, Cooperatives, MSMEs and Communications, Mr. Speaker Sir, the Ministry of Trade, Cooperatives, MSMEs and Communications is provided a total budget of \$85 million. The Ministry leads

the overall agenda of creating an enabling environment for investment and businesses. Mr. Speaker, Sir, improving the ease of doing business remains a central pillar of this Government's strategy to boost private sector growth and attract investment. To this end, we have made major investments in the digitalisation of government services through our flagship initiative, businessNOW Fiji. For the first time, investors and entrepreneurs are able to access "Starting a Business" services through a single, digitally integrated platform.

The next frontier is the digitisation of Building Permit Applications a complex and time-consuming area of service delivery. By the end of this year, businessNOW Fiji will offer 25 e-services across 16 government agencies streamlining interactions between government and the private sector. And we have set our sights firmly on the future with an ambitious but achievable goal to bring 80 percent of key government services online by 2030.

Mr. Speaker Sir, we are pleased to highlight that Fiji's National Digital ID project is making steady progress under the stewardship of the National ID Steering Committee. While the Reserve Bank of Fiji is the lead implementation agency, there is a robust governance structure providing strategic policy direction with the honourable Deputy Prime Minister Manoa Kamikamica as the co-chair.

Technical support from the Asian Development Bank with the engagement of over 40 inter-ministerial stakeholders is advancing key components including legal and regulatory drafting, registration planning, technology design and use case development. These efforts are laying the foundation for a secure and inclusive digital identity system that would help streamline citizens' access to services, enhancing financial inclusion and nationwide strengthening of our digital public infrastructure.

On the Ministry of Immigration, the Ministry is provided a budget of \$17.8 million. This Budget responds decisively to an issue that has affected thousands of Fijians both at home and abroad which is the shortage of passports. We have allocated around \$6 million to cater for the procurement of 200,000 passport books. This volume is expected to fully meet both the backlog and forecasted demand over the coming months and years. We anticipate that with this intervention the passport shortage will be normalised and service delivery will be restored to expected standards.

Peacekeeping and Foreign Affairs, apart from Fiji's leadership on climate change in the global stage we will also continue our peacekeeping operations. Given the challenging situation in the Middle East and other parts of the world, Fiji as a small nation is proud of its contribution in maintaining global peace. The RFMF is provided a total budget of \$168 million including \$52 million for overseas peacekeeping.

Mr. Speaker Sir, the Ministry of Foreign Affairs is provided \$51 million, an increase of almost \$7 million. We are providing an increased post allowance budget of \$8.4 million to cater for the increase in post allowance for 42 diplomats in our 13 foreign missions. These allowances were not reviewed since 2005. We are also allocating \$2.7 million for the purchase of a new Fiji House in Wellington, New Zealand. The Cabinet has approved the sale of the current property and the purchase of a new property at Downing Street, Wellington.

This Budget also includes Fiji's contribution toward the construction of the new Pacific Community (SPC) Building in Suva. A ground laying ceremony was done by the honourable Prime Minister. A total of \$1.9 million has been allocated as part of a two-year commitment following Cabinet's endorsement of a \$3.7 million total contribution.

On the Ministry of Employment, the Ministry is provided a total budget of \$25 million to cater for workers compensation, final settlement for the Vatukoula Goldmine strike workers and for the first

time we are also providing \$100,000 allocation to the Fiji Trade Union Congress for Worker Education Programme.

Independent Bodies, we are ensuring that our independent institutions are funded adequately. The Judiciary is provided a total funding of \$49.5 million in this budget. Parliament is allocated \$17.3 million in this budget. The Office of the Auditor-General is allocated \$7.5 million. The Office of the Director of Public Prosecutions is allocated \$8.9 million while FICAC is provided \$8.5 million. The Job Evaluation Exercise for Legal Aid Commission will be implemented this year.

Fiji Corrections Service, a budget of \$62.5 million is provided. This includes \$1 million to support the recruitment of 40 new positions under Phase 2 of the Job Evaluation Exercise. This initiative reflects the ongoing efforts in investing in the human resources needed to manage correctional facilities safely, fairly and effectively. In addition to staffing, we have increased budgetary support for two essential operational needs. Firstly, we have boosted the allocation for inmate food rations, ensuring that basic welfare of inmates are upheld in accordance with international standards. Secondly, we have allocated funds for the procurement of clothing and uniforms for Fiji Corrections Service personnel, recognising the vital role that discipline, morale and visibility play in maintaining the integrity of the correction system.

The Government has allocated \$2.3 million for the upgrade of public cemeteries across the country. The funding will support the improvement of cemetery standards, including better access, drainage and layout, and will also allow for the engagement of consultants to undertake proper surveying and the design of civil works. For too long, cemetery infrastructure has been overlooked, leading to overcrowding, unmanaged burial grounds in some areas. This investment will help ensure that cemeteries are developed and maintained in a respectful, orderly and sustainable manner, honouring the cultural, religious and communal significance they hold.

On Elections, the Fijian Elections Office is allocated \$20 million. This provision allows for preparatory work for the next general election, demonstrating our commitment to democratic processes and electoral ratio.

Ministry of Finance, the Ministry is allocated a total budget of \$91 million, which includes \$54 million to fund the operations of the Fiji Revenue and Customs Service. A total of \$4 million is allocated for the milestone payments related to the new Financial Management Information System (FMIS) that went live on 1st August last year. In tandem with this, \$1.8 million has been allocated for the implementation of a new budget system, which is aimed at automating the budget process.

We are doing it manually at the moment, Mr. Speaker, Sir. This should be completed in the next 12 months. As part of the Public Financial Management Reform Agenda, the Ministry of Finance undertaken a comprehensive reclassification of budget expenditures in the 2025-2026 Budget. This reform is guided by international best practice and the recommendations of the Public Expenditure and Financial Accountability Assessments. A key change includes the removal of what we call 'R', (requisition) items which previously required ministerial or Permanent Secretary approval from the Ministry of Finance before spending. This shift is being piloted to streamline operational processes, reduce bureaucratic delays and improve efficiency and accountability in budget execution. Ministries and departments will now be entrusted with greater operational flexibility, underpinned by stronger monitoring and policy oversight from the Ministry of Finance.

Mr. Speaker, Sir, \$4.1 million is allocated to complete Phase 2 of the Household Income Expenditure Survey. The data collected will provide Government with a detailed picture of income level expenditure patterns and updated poverty estimates that will help guide public policy and government interventions. We have also allocated \$740,000, Mr. Speaker, Sir, for preparatory works for

the 2027 Population Census. The last one was done in 2017. This census will be crucial in capturing the demographic, economic and social trends that will shape our national planning over the next decade.

Fiji National Provident Fund, Mr. Speaker, Sir, I am extremely pleased to announce that the Fiji National Provident Fund will make an 8.75 percent interest payout to its members for the financial year ending 30 June 2025. This means that all FNPF members will receive a total interest payout of \$700 million which will be added to their member account balances on Monday 30 June, which is next week. This marks the highest interest rate payout in the past two decades and reaffirms that the fund is being managed well, with prudent investment strategies, strong governance, commitment to securing the retirement savings of people. We are strengthening the FNPF subcommittees, including the recent appointment of a strong expert group of independent members in the investment committee.

Mr. Speaker, Sir, I want to take this opportunity to warmly congratulate the FNPF Board, its management and the hardworking staff who have made this achievement possible. The dedication and sound leadership continue to inspire confidence in FNPF.

Tax Policy, Sir, this Government remains firmly committed to tax stability, fiscal responsibility, and putting more money back into the pockets of ordinary Fijians. As I had promised earlier, there are no increases in taxes in this Budget. Instead, we have focused our efforts on targeted relief, incentivising investment, and promoting economic activity in key sectors that support inclusive and sustainable growth.

The most significant change in this Budget is the reduction of the VAT rate from 15 percent to 12.5 percent, a bold but deliberate move to ease the cost of living for every Fijian household. This is complemented by the continuation of zero-rated VAT on 22 essential items including medicines, ensuring that low-income families are protected from inflationary pressures.

To further support affordability, we have also announced reductions in customs duties on several food items, many of which attract low duty of zero percent to 5 percent. This reduction in indirect taxes must be passed on to the people. I would like to reiterate that we will be strengthening compliance and enforcement measures to ensure that people benefit directly from these reforms.

Mr. Speaker Sir, the classification of personal imports have been amended to clearly distinguished between online purchases and those received as gifts and donations. Under this revised policy, all items received through gifts and donations below \$500 will be duty-free and VAT-free. In line with our broader economic transformation agenda, we are also introducing and extending targeted tax incentives to incentivise growth, innovation, and social impact. A 150 percent tax deduction will now apply for donations to accredited start-up support programmes, fostering entrepreneurship and innovation.

Under the Employment Taxation Scheme, the 300 percent tax deduction for wages or salaries paid for work placements, apprenticeships, and part-time employment is extended until 31st December 2026. Likewise, the 400 percent tax deduction for hiring persons with disabilities will also be extended up till the same period. These incentives support both workforce participation and social inclusion.

For our climate transition, we are expanding tax relief for green investments. Income derived from new renewable energy and co-generation projects will now be tax-exempt for 10 years, up from the current 5 years, providing stronger incentives for clean energy adoption and investment. The Tax Free Region (TFR) incentive is also being extended to cover the Wainadoi region for waste management, recycling, and renewable energy businesses sectors that are central to our circular economy strategy.

Mr. Speaker, Sir, we are also incentivising donations. A 100 percent tax deduction will now apply to donations made to health centres, nursing stations, aged care homes, orphanages, and drug rehabilitation facilities – supporting vital community institutions that care for our most vulnerable. In the tourism sector, a new 25 percent investment allowance will be introduced for businesses undertaking capital investments in tour and sightseeing operations, with a minimum qualifying threshold of \$100,000. This will help diversify tourism offerings and deepen the value chain for our visitor economy.

To improve tax administration, we are introducing the VAT Monitoring System (VMS) for all businesses with an annual turnover of \$50,000 or more. This will be implemented in phases and will come into effect on 1st January, 2026. This system will modernise VAT compliance and improve revenue transparency, while reducing tax evasion. Two new VAT refund initiatives will also support our social and environmental objectives. VAT refunds will be available for capital investments in residential solar projects, helping households transition to clean energy. Additionally, households that rebuild or repair homes damaged by termites (as I said earlier) will now be eligible for VAT refunds on construction costs, providing critical relief for affected families.

To support our agriculture sector and improve farming efficiency, mechanical harvester services supplied by registered cooperatives, will now be zero-rated for VAT, reducing the cost burden on smallholder farmers and enabling faster land preparation and harvesting. To support our Fijian diaspora, we will make changes to the Income Tax Act to allow our citizens residing overseas to recognise and protect their Fiji-based assets through the use of properly structured resident Family Trusts. This initiative recognises the deep-rooted connection many diaspora families maintain with Fiji and aims to support intergenerational wealth preservation, while ensuring such assets remain invested within our economy. A framework will be developed and rolled out in the coming months to accompany the legislative amendment and support transparent and responsible use of this concession.

We will also reduce the acquisition of Fiji Citizenship and passport fees from the current \$3,450 to \$1,500 for our diaspora who wish to acquire their Fijian citizenship and return to Fiji to live and invest effective from 1<sup>st</sup> August, 2025. This is a pro-people, pro-growth, pro-investment tax framework. It rewards innovation, supports job creation, lowers the cost of living, and strengthens the social contract between the state and citizens.

Mr. Speaker, Sir, before I conclude, I would like to thank everyone that has helped shape this Budget with their ideas, input, hard work, and dedication. I thank the honourable Prime Minister for his leadership, vision, and guidance. I thank my fellow Cabinet Ministers for their contribution and support to my dedicated team at the Ministry of Finance and all the staff of the Fiji Revenue and Customs Service. I sincerely thank you all for your contributions in putting this Budget together. I thank you for your tireless efforts, sacrifice and display of your dedication and commitment.

I would also like to thank all our development partners – civil society, private sector organisations, multilateral financial institutions for their support. A special thanks to the Government of Australia for the significant support rendered to Fiji through a comprehensive and credible development programme, and in particular through an innovative budget support programme. Whilst the budget support financing is important, more critically, the programme has supported Fiji to undertake and accelerate substantial reforms in a range of areas.

Mr. Speaker, Sir, in conclusion, in framing our 2025-2026 Budget, we reiterate that this is a Budget for an extraordinary moment in history. In this context, our 2025-2026 Budget speaks of our determination for securing and protecting Fijians at all times. For example, a child in distant Fulaga seeking access to quality primary education, the expectant mum on the hills of Naitasiri needing decent road access to a health centre, a student in Savusavu seeking a pathway to skills and a decent job: a *kava* farmer in Kadavu seeking a secure international market; a young woman in Lami seeking her first job in

urban Suva; the elderly grandma in Vatusui, Ba needing basic services; or the cane grower seeking timely, efficient delivery of his or her crop to the mill. This Budget, Mr. Speaker, Sir, speaks to and responds to all Fijians everywhere as best as we can today. This Budget speaks equally to all Fijians. This Budget speaks justly to all our citizens. These deeply held values are the pillars that have a firm grip on our Budget.

So I say, Mr. Speaker, Sir, when you judge our 2025-2026 commitment, please do so sincerely, objectively, and against the backdrop of the global uncertainties over which we have no say or control. This is a Budget for stability – stability now and well into the future. This is a Budget for growing confidence in our economy - now and well into the future. This is a Budget for security of every Fijian and a Budget that lays the foundation for lasting social, economic and political advancement.

As I said earlier, this is an expansionary budget, anticipating deteriorating global economic conditions. Additionally, it is a Budget that builds on the foundations of stability, certainty, consistency and predictability of policies. This augurs well for investment and economic growth. It is a Budget that builds further on reducing the cost of living, with measures including the reduction in VAT. It is a Budget that supports the growth of income for our households by injecting \$500 million in VAT revenue alone. It is a Budget that increases support for social welfare, agriculture, health and education. It is a Budget that directly addresses the scourge of drugs, crime and HIV. It is a Budget that sets the foundation for building critical new infrastructure for the growth of our economy.

Mr. Speaker, Sir, this is a Budget for building security, stability and prosperity for our people. I commend the 2025-2026 Budget to Parliament and the people of Fiji, and I do so with the concurrence of the honourable Prime Minister and Cabinet. May God bless Fiji.

(Acclamation)

[A Bill for an Act to appropriate a sum of Four Billion, Two Hundred Fifty-Three Million, Thirty Thousand, Five Hundred and Sixty Two Dollars for the ordinary services of Government for the year ending 31st July, 2026 (Bill No. 10 of 2025)]

MR. SPEAKER.- In accordance with Standing Order 84(1), the 2025-2026 Appropriation Bill 2025 has now been read for the first time. In accordance with Standing Order 99(3), the Appropriation Bill will now be listed on the Order Paper for its Second Reading on Monday, 14<sup>th</sup> July, 2025.

### **2025-2026 BUDGET CONSEQUENTIAL BILLS 2025**

HON. PROF. B.C. PRASAD.- Mr. Speaker, Sir, pursuant to Standing Order 51, I move:

That the following Consequential Bills for the 2025-2026 National Budget be considered by Parliament without delay:

- (1) Tax Administration (Budget Amendment) Bill 2025;
- (2) Income Tax (Budget Amendment) Bill 2025;
- (3) Value Added Tax (Budget Amendment) Bill 2025;
- (4) Customs (Budget Amendment) Bill 2025;
- (5) Customs Tariff (Budget Amendment) Bill 2025;
- (6) Excise (Budget Amendment) Bill 2025;
- (7) Fiji Revenue and Customs Service (Budget Amendment) Bill 2025;
- (8) Water Resource Tax (Budget Amendment) Bill 2025;
- (9) Fijian Competition and Consumer Commission (Budget Amendment) Bill 2025;
- (10) Tertiary Scholarships and Loans Service (Budget Amendment) Bill 2025;



- (11) Maritime Transport (Budget Amendment) Bill 2025;
- (12) Reserve Bank of Fiji (Budget Amendment) Bill 2025;
- (13). Insurance (Budget Amendment) Bill 2025;
- (14). Banking (Budget Amendment) Bill 2025; and
- (15) Fair Reporting of Credit (Budget Amendment) Bill 2025.

Mr. Speaker Sir, pursuant to Standing Order 51, 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 2025–2026 Appropriation Bill 2025; 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, 14<sup>th</sup> July, 2025.

HON. RO F.Q. TUISAWAU.- Mr. Speaker, Sir, I beg to second the motion.

HON. PROF. B.C. PRASAD.- Mr. Speaker, Sir, I would like to just provide a very brief overview of the Consequential Bills noting that they will be discussed in detail during the next sitting of Parliament and noting also that Members of this august House will have two weeks to prepare for the Budget debate – a lot of time for my friends on the other side to go through all the Bills for the debate. I will try and just be very brief.

These are Bills that give effect to the policies that we have announced in the Budget. Very quickly, the Tax Administration (Budget Amendment) Bill is essentially to enhance compliance and flexibility. It introduces things like mandatory asset declarations for sole proprietors, extends filing deadlines for tax agents, removes time limits on certain tax assessments, amendments for smaller companies and requires businesses using payment services to keep separate accounts for their transactions.

The Income Tax (Budget Amendment) Bill provides extra incentives for charitable donations and industry investments, all those policies that I announced - extends capital gains tax exemption to residential properties, co-own with non-family members, reduces fringe benefit tax on electric vehicles, verifies treatment of unexplained deposits in e-money accounts, ensures proper capital gains tax on share buybacks and includes provision for international tax agreements.

Value Added Tax (Budget Amendment) Bill allows for the reduction of VAT from 15 percent to 12.5 percent. Expands customs tariff concessions and introduces VAT. The funds for termite damage, home repairs, residential solar projects, and in addition to that, it clarifies definitions like exempts payment, service providers and agriculture cooperatives from veterans, establishes a demerit point system to enhance compliance.

The Customs (Budget Amendment) Bill 2025 introduces various amendments to strengthen customs enforcement, things like data management, provides a certain amount of regulatory flexibility. The key changes include expanded powers for the controller and provisions for accessing passenger data and provisional export entries.

The proposed amendments support enhanced border security compliance. This is all designed to bring these entities together so that there is better coordination, better understanding of their legislations.

The Custom Tariff (Budget Amendment) Bill 2025 provides for reduced or removed duties on products that I announced earlier.

The Excise (Budget Amendment) Bill also deals with, by expanding the definition of manufacture and clarifying raw materials for better enforcement. It introduces a \$15 fee for customs entry modifications and a demerit point system to enforce risk-based compliance to penalties.

The Fiji Revenue and Customs Service (Budget Amendment) Bill establishes a legal framework that will allow timely implementation of processes required under the international agreements like the Interim Economic Partnership Agreement (IEPA) that we have signed recently.

Water Resource Tax (Budget Amendment) Bill strengthens compliance with Water Resource Tax Act 2008 by requiring controller approval for water extraction and bottling and by introducing penalties for unauthorized extraction.

The Fijian Competition and Consumer Commission (Budget Amendment) Bill, this Bill essentially is to provide financial independence of the Commission by allowing the use of regulatory fees to fund its operation. Of course, Government will continue to fund the organisation as well.

The TSLS (Budget Amendment) Bill, again is to strengthen its overall governance and compliance frameworks by introducing administration fees for urgent travel clearance and providing guarantor information.

Maritime Transport (Budget Amendment) Bill, again strengthens enforcement, enables real-time monitoring and align with Fiji's obligations under SOLAS Convention by requiring vessels mandating – vessels to use their automatic identification system when in Fiji waters. At the moment, we do not know whether they are using that system and our enforcement agencies will have no idea if they are there and there is no legislative back-up to enforce that.

The Reserve Bank of Fiji (Budget Amendment) Bill, the proposed amendment seeks to address current legislative gaps regarding virtual asset service providers and effectively meeting the requirements of the upcoming mutual evaluation exercise for Fiji that is going to be done in 2026.

The Insurance Act is about 25 years old. A lot of innovations, changes have taken in the financial sector and the Bill seeks to address key industry developments, strengthen overall financial stability and promote alignment with best practices.

Banking Act, with the rapid take-up of technology by banks in Fiji, there is a need to review some of the requirements of the 1995 Banking Act. Therefore, the Bill allows for a more efficient means of accessing information with respect to unclaimed money held by financial institutions.

And the last one, Mr. Speaker, Sir, is the Fair Reporting of Credit (Budget Amendment) Bill. This Bill allows credit information recipients to access additional publicly available data on individuals and companies, supporting more thorough credit assessments and informed decision-making.

Accordingly, Mr. Speaker, with those remarks, I commend the Bills to Parliament.

MR. SPEAKER.- Honourable Members, the floor is now open for debate on the motion, knowing that you will all have time to discuss in detail any matters or issues that need to be addressed at a later date. Are there any speakers? Thank you, I do not see any speaker.

HON. PROF. B.C. PRASAD.- I have nothing more to add, Mr. Speaker.

Question put.

Motion agreed to.

### **ADJOURNMENT**

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

That Parliament adjourns until Monday, 14<sup>th</sup> July, 2025 at 10.30 a.m.

HON. RATU R.S.S. VAKALALABURE.- Mr. Speaker, Sir, I second the motion.

Question put.

Motion agreed to.

MR. SPEAKER.- Honourable Members, that brings us to the end of our sitting today. I trust that you will utilise the next two weeks to prepare well for the upcoming Budget debate.

For the information of the Members, I wish to inform the House that a letter was received from the Opposition Whip, honourable Jone Usamate, seeking clarification on the issue of involvement of independent Members of Parliament in the promotion and support of proposed new political parties.

After careful consideration of the relevant parliamentary procedures, I am satisfied and I see no provision that prohibits independent Members from actively engaging in such activities. As representatives who are not affiliated with any existing political party, independent Members are entitled to exercise their political freedom, including participating in discussions and initiatives towards the formation of a new party.

Furthermore, the Standing Orders of the Parliament of Fiji do not provide any explicit restrictions in this regard, and in the absence of any particular or any parliamentary rule or legal prohibition, independent Members may proceed with their political engagements, provided they adhere to the principles of parliamentary decorum and ethical conduct, as expected of Members.

Honourable Members, please, also kindly take note that I have also received official notification from honourable Ketan Lal on his status. He has withdrawn his support to the Leader of the Opposition and the Leader of the Group of 15 Bloc, which I now recognise as the Group of 14 Bloc. Honourable Ketan Lal has further informed the Speaker's Office that he shall remain as an independent for the remainder of this parliamentary term.

At this juncture, I would like to express my sincere gratitude to the Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics for delivering the National Budget Address. I also thank all the honourable Members for their patience, as well as our distinguished guests in the Gallery, and those watching the proceedings live.

Finally, I warmly invite our guests in the Gallery to join the honourable Members for refreshments in the Big Committee Room. Parliament stands adjourned to Monday, 14<sup>th</sup> July, 2025, at 10.30am.

The Parliament adjourned at 12.04 p.m.