

2017-2018 NATIONAL BUDGET

Hon. Aiyaz Sayed-Khaiyum

Attorney-General and Minister for Economy

1. Madam Speaker, Honourable Prime Minister, Honourable Leader of the Opposition, with much pleasure and honour, I rise to present to Parliament and all Fijians the National Budget for the 2017-2018 fiscal year.
2. Madam Speaker, I do not wish to take up everyone's TV time, as I know some of those watching these proceedings are eager to tune in to their prime time TV shows. So I will cover tonight only the most significant new expenditures and changes in spending, revenue and policy and those that are of the most interest to the public. Some ministry budgets will not necessarily be mentioned in this address, unfortunately. This is not a reflection on the importance of those ministries or the value of their work. We will, however, distribute a series of fact sheets to the media and the public that gives specific details of the expenditure and revenue measures. These fact sheets will also be distributed next weekend in a packet in the Fiji Sun. The budget details will also be published on our website at *www dot economy dot gov dot fj*. We encourage members

of the public to directly ask us questions on the budget and you can send in written queries to the email address at *budgetconsultation@economy dot gov dot fj*. We will also be holding road shows and making appearances on radio and television to inform and encourage our fellow Fijians to understand how their government is managing the economy and the programmes that have been and are to be implemented.

3. Madam Speaker, as a Government, our focus has always been to empower Fijians, raise our productive capacity and unlock our true potential. We have worked to make our nation more inclusive. To ensure that all Fijians share in our prosperity. To empower those on the margins of society: our youth, women, disabled persons, senior citizens and every Fijian.
4. We believe, Madam Speaker, that economic empowerment is imperative not just to uplift individuals and help them succeed; it is the way to build a vigorous economy and a vigorous democracy for the long term. People must have a real stake in their economy. They must believe that their hard work and sacrifice will be rewarded. And they must know that the lives of their children and their children's children will be much better in several tomorrows.

5. Madam Speaker, our policies over the past few years have transformed our economy. We have been consistent, transparent, stable and true to our word, and that consistency has paid off.
6. Madam Speaker, our economy is stronger than it has ever been. We have actually doubled our GDP and tripled our revenues since 2006. Foreign reserves are at levels we have never seen before. These policies have not just regained domestic and international investor confidence; they have propelled it to new levels. And what makes us equally proud is that these same policies have empowered ordinary Fijians and given them more choices—and more control over their lives.
7. We will see clearly, as I reveal our budget priorities, Madam Speaker, that enlightened, bold and consistent management of the economy over time has also given us the ability to expand assistance for the most vulnerable, reinvigorate the Civil Service, spread the burden of taxation, attract needed medical personnel, improve education, adapt to climate change and play a greater role on the world stage. This consistency Madam Speaker, flows from one source, strong, decisive and visionary

Leadership. This is the leadership that is exemplified by our Honourable Prime Minister and the FijiFirst Government.

8. Every Fijian has felt the benefits of the steady, unwavering progress we have charted in building the new Fiji. They've seen it, unfolding before their eyes, as we've taken the Fijian economy to record heights, as access to opportunity has extended to the most remote corners of our islands, and as their children have realised achievements many only dreamed of realising themselves. Madam Speaker, this must continue.

9. Madam Speaker, the confidence that is driving our economy has also propelled Fiji into a leadership role. Fiji is the first small state to assume a role as large as the COP23 Presidency, which is to be held in Bonn in November. We successfully co-hosted the United Nations Ocean Conference in New York earlier this month at which the Honourable Prime Minister co-chaired; we will host the Asia Pacific Broadcasting Union Annual Meeting next year and the Asian Development Bank Annual Meeting in 2019, the Commonwealth Education Minister's Meeting and the Pre-COP meetings, to name some.

10. We are a Government that adheres to international standards and seeks international cooperation. Our eager endorsement of these conventions and adoption of international standards give confidence to investors and other governments and helps us improve our economy. It creates jobs and opportunities for ordinary Fijians.

11. Madam Speaker, we must dust off the cobwebs that have accumulated over many decades of uninspired management that view the national budget as a yearly exercise to simply allocate money, not as part of a long-term strategic plan to drive us into the future. For decades, our budgeting was not inspired by development plans. It was not a vehicle to achieve a long-term vision. It was not based on a philosophy of freedom, pragmatism, equality, compassion and sound economic management. Today, it is all of those things Madam Speaker.

12. And Madam Speaker, we have been working diligently to consult with experts and the public on the five-year and twenty-year development plans. These development plans have also just been climate-sensitised by the World Resources Institute and will be launched this August by the Honourable Prime Minister.

13. An important part of this long-term vision is to steadily remove any legal impediments that affect our economic development or stifle an individual's ability to establish and build a business, take an idea to the marketplace or simply participate meaningfully in the economy. This is one of the objectives embodied in the details of this Budget.

14. But while we want to get rid of unnecessary impediments, we also need to ensure that there is greater compliance with those laws and regulations that are necessary for fairness and accountability, and to remove corruption. As in earlier budgets, we have been reviewing the legal framework to see how we can greatly improve compliance with tax laws and bring to justice those who use subterfuge to avoid paying their fair share. No modern state can tolerate a situation in which it does not collect the taxes it is due.

Economic Performance

15. Madam Speaker, with growth predicted at 3.8% in 2017, the policies of the FijiFirst Government have given the economy an unprecedented eight consecutive years of economic growth. And with the economy projected to grow by another 3% and 2.9% in 2018 and 2019, respectively,

we will have ten years of growth, Madam Speaker. Ten years, Madam Speaker—a full decade. Unheard of in Fijian history.

16. This means that our economy has almost doubled in eight years. It means more jobs, higher incomes and a better standard of living. Importantly, economists and other experts from around the world and rating agencies like Moody's and the World Bank attest that our debt is sustainable and that this prosperity has been shared. Growth has not just benefitted the few. Fiji's rising economic tide is indeed lifting all boats.

17. Madam Speaker, no country can exist in isolation in this globalised world. We are all interconnected. Our trade flows have been increasing, and the services sector—led by tourism—is flourishing. Foreign reserves are at an all-time high: \$2.287 billion dollars as of last week, sufficient to cover 5.7 months of imports. When we compare this to foreign reserves of just around \$515 million dollars at the end of 2006. Inflation has also stabilised, with year-end inflation forecasted at 3%. I say again, it is clear that we are doing it right.

2017-2018 Budget Preparations

18. Madam Speaker, as we prepared the Budget, we held numerous public meetings throughout the country—in 11 major towns, with hundreds of students from many high schools and 5 university campuses. We met with the private sector in 3 divisions, including bus operators, commercial banks, insurance companies, supermarkets and others. We held 2 separate meetings with people with disabilities. And, of course, we consulted with all ministries including the respective Ministers and the Permanent Secretaries to hear from the people who carry out these programmes.

19. Madam Speaker, this was a build-up from the previous year's consultations, but we expanded our coverage because of the high participation and the enthusiasm shown last year.

20. We also received many written submissions from the public. We intentionally made this process very inclusive and open, and every Fijian was given a chance to be heard by the Government in some way. This, Madam Speaker, is true democracy. In practical terms, this is what an inclusive Government is all about.

21. Madam Speaker, we thank every Fijian, especially our young people, for their contributions towards this budget and their contributions for tomorrow in Fiji—their tomorrow. We believe in our young people. They are our future, and I personally, Madam Speaker, learned a lot from my conversations with them. Their willingness to offer constructive solutions and think long-term was an inspiration. Something that some older people and politicians can learn from.

2017-2018 Fiscal Framework

22. Madam Speaker, for the 2017-2018 Budget our total expenditures stand at \$4.357 billion dollars, with a total projected revenue of \$3.857 billion dollars. That leaves a net deficit of \$499.5 million dollars, equivalent to 4.5% of GDP.

23. Madam Speaker, the revised deficit for this fiscal year (2016-2017) is estimated at 2% of GDP, substantially lower than 4.7% projected initially. This is due to prudent management of our finances, savings in operational expenditures and unforeseen delays in implementation of some of the capital projects as a result of bad weather, shortage of materials and non-availability of construction

companies. So these capital projects have been rolled over to the 2017-2018 fiscal year. And this is why we have a 4.5% deficit for this new budget year. But remember Madam Speaker, it is just 2% for this fiscal year.

24. It is important Madam Speaker that we do not look at the 2017-2018 deficit in isolation, but see it over a two fiscal year period. In particular, after a major natural disaster in the form of the second strongest storm ever recorded globally – TC Winston. The average deficit for these two fiscal years is just over 3%, within a comfortable range. So the FijiFirst Government is committed to maintaining the current sustainable debt trajectory. Government debt is projected at 47.5% of GDP as at July 2018, much lower than we had projected in the last budget.
25. As we announced last year Madam Speaker, we have a lot of work ahead of us because we cannot simply replace what we had. Our schools have to be better – and safer. We learned after Winston that 96% of the schools that were to be rebuilt did not even have architectural plans. They did not comply with building codes. They did not have any engineering designs and these are the buildings where we send our children to spend an entire day, 5 days a week. It was a disgrace.

Climate Change/Environment

26. Madam Speaker, Fijians don't need to be reminded that climate change costs us dearly. TC Winston was a slap in our face that still stings. Some of us tragically lost loved ones, or houses, crops or livestock. Children lost days of school, and nearly everyone in the affected areas went days without electricity, transport or water supply.
27. Winston has made it clear that we will need substantial additional financial resources to cope with the effects of and the need to adapt to climate change and natural disasters.
28. Madam Speaker, while we are working towards this, we are also going to mobilise our domestic resources for climate adaptation measures and protecting our environment. In the new fiscal year, we intend to issue \$100 million dollars' worth of "green bonds" for the first time as part of our total budget financing requirements.
29. The bonds will be specifically targeted towards projects that qualify under green finance. The Ministry of Economy is working with the Reserve Bank of Fiji and the International Finance Corporation to launch these bonds

with “green bond certification” before the COP23 meeting. That means, Madam Speaker, that the bonds will be certified by an international organisation as supporting sustainable and environmentally responsible activity. There is a growing community of investors worldwide who demand instruments that are socially responsible, and we want to attract them. And we will also invite our Pacific Island neighbours to participate in this programme.

30. Madam Speaker, we will remove the Environmental Levy, and replace it with the Environment and Climate Adaptation Levy or what is going to be called ‘ECAL’. ECAL will be set at 10% and will also be applicable to individual taxpayers earning \$270,000 and above or those that pay the Social Responsibility Levy. But in order to have a neutral tax effect to the current structure, we will reduce the Service Turnover Tax from 10% to 6%, and restructure the Social Responsibility Tax to ensure that there is no additional tax burden. In the same vein, we will eliminate the 12.5% super yacht charter fee and replace it with a 10% ECAL. 2.5% lower, Madam Speaker. So, the impact on the services sector, where the Environmental Levy and Service Turnover Tax were applied, will be neutral.

31. Madam Speaker, businesses investing in electric-vehicle charging stations can qualify for the 7-year tax holidays with an investment of \$500,000 dollars instead of the current \$3 million dollars. And they can receive a 5% subsidy on the total investment.
32. Madam Speaker, from 1st of August, Government will impose a 10-cent tax on plastic bags at retail outlets that have point-of-sale registers. We want to discourage the proliferation of plastic bags, which escape easily into the environment and end up in fields and along roads, in waterways and the ocean, where they are a serious danger to marine life. They are a solid-waste nightmare. Putting even a small price on bags will curtail this kind of destructive waste and force consumers and retailers alike to use only what they need—and that will benefit the environment. Consumers will be doing a service for the environment and avoiding this tax if they use their own bags.
33. To complement this, Madam Speaker, the Ministry of Women, through the Honourable Minister for Women, will work with the supermarkets so that our women and women groups can be engaged to make reusable bags and sell them in the supermarkets. These bags were on sale at the

recent Women's Expo. This is a creative way to turn an environmental challenge into economic opportunity.

34. Madam Speaker, all the revenues collected from the ECAL will go into a trust fund to be used specifically for environmental and climate adaptation projects and to the relevant ministries, and it is projected, Madam Speaker, that the total revenue from ECAL for the 2017-2018 period will be about \$94 million dollars. Madam Speaker, we will also, on an annual basis report to our citizens and tourists alike on how this trust fund has been managed.
35. Madam Speaker, we are also establishing a new Ministry of Waterways which will be responsible for dredging waterways, realigning drainage systems, managing river banks, mitigating flooding and managing storm water. The new ministry will also be responsible for coordinating smart agricultural irrigation schemes.
36. Many of our waterways flood frequently, not just the river mouth but upstream and beyond. This flooding inundates towns and makes roads and our highways impassable. We may see floods as an act of God, but often they are the direct result of human activity and human negligence.

37. Heavy silting is the result of decades of neglect, illegal developments, land degradation and changing weather patterns. And we are experiencing excessive flooding because these waterways have not been dredged or maintained for years.
38. The Land and Water Resource Management (LWRM) Division within the Ministry of Agriculture will now be transferred to this new ministry, and the Honourable Prime Minister will soon announce the appointment of the new Minister. We will also do away with the very cumbersome bureaucratic process of drainage boards.
39. Government has allocated \$24.2 million dollars in this Budget for the functioning of this ministry, and we are also having discussions with the Green Climate Fund, which is keen to provide funding.
40. However, Madam Speaker, we need more than funding to fix our waterways. We also need technical expertise, and in this context, we have had discussions with the Global Green Growth Institute also.
41. Madam Speaker, Government is also going to tackle head-on the issue of flooding in Nadi. Nadi is Fiji's gateway to

the world. It is the fastest growing urban centre and soon to be declared a city. And flooding is a major problem. The feasibility study report on the Nadi River, sponsored by the Japanese government, estimates the cost at \$385 million dollars over a three-year period to widen and rehabilitate the Nadi River, including building infrastructure like levees and three bridges.

42. The design and environmental study needed to begin the project will commence shortly, and indeed the tender was advertised this Tuesday. Government has allocated \$10 million dollars for the study and has been working closely with the Asian Development Bank to access funding from the Green Climate Fund for this project. Also, Madam Speaker, the Japanese Government has also offered us a soft loan for this project.

43. Madam Speaker, we are now also going to merge the functions and the budgets of the National Disaster Management Office and the Department of Meteorological Services under a new Ministry – the Ministry of Disaster Management and Meteorological Services - with a total budget of \$15.2 million dollars.

44. Madam Speaker, Government is also partnering with the Global Green Growth Institute to explore the options for transitioning the islands of Taveuni and Ovalau to electricity generation that is 100% renewable. The Korea International Cooperation Agency (KOICA) has shown interest to finance this project.

Cost of Living

45. Madam Speaker, let me also clarify a number of things in relation to our cost of living that has been excessively politicised. In fact, Fijians are being continuously misled to an appalling extent with facts that are being deliberately manipulated, half-truths, in fact at a number of times no truths, masquerading as facts, data and numbers created out of thin air.
46. The fact, Madam Speaker, is that no Government in the past has ever taken such huge leaps to improve the lives and livelihoods of ordinary Fijians. This Government unlike any other has introduced a number of policies, many of which are unprecedented, to address bread-and-butter issues and ensure that the cost of living is kept low.

47. Our policies are increasing people's spending power. Because parents no longer pay school fees, they may be able to improve their house. Because their medicines are subsidised, they might buy more clothes for their children. Because they no longer pay to connect to electricity or water, they can put money in the bank to save for emergencies. This literally puts more money in their hands so that they can make their own economic choices. We have done this by fully funding schools, by lowering VAT across the board, by lowering taxes, by lowering duties, by increasing welfare payments, by subsidising medicines and bus fares and providing legal aid.
48. It is a fact that Fijians are consuming more now. Most of our indicators show strong consumption activity in the country. Vehicle ownership has substantially increased. There are 500,000 smart phones in the country, a country of about less than 900,000 people. And there are more SIM cards in Fiji than people. Duty and VAT have decreased on items Fijians use every day. Home construction is rising. More factories and warehouses are being built. People are making improvements to their homes. Thousands of young Fijians are going on to universities and technical college—more than ever before. This is happening because all the economic and social

measures Government has taken work together to give people more disposable income.

49. Still, Madam Speaker, we hear the simplistic cry to single out products for VAT exemptions. It's the siren song of populism, a shameless appeal to emotion that tries to conceal a fundamental lie. But this Government, Madam Speaker, prefers to treat problems, not symptoms. We prefer a systematic cure and sound economic management, not magic elixirs and Band Aids – a cure that reflects the real way people live and shop. This Government, Madam Speaker, has reduced VAT on all these consumables and also on other day-to-day commodities that people need. This has made them affordable and reachable. And that has expanded every household's budget.
50. However, Madam Speaker, despite reducing VAT and duty, we all know that some businesses do not pass on the reduced VAT and duty to the consumers. Thirty-five companies have now been prosecuted for this violation, and we will continue to vigorously enforce the law.
51. We have also discovered, for example, we had reduced the duty on cereals to zero percent, yet the price on

cereals did not come down. That is because 4 or 5 food importers control 60-70% of the market, and they are often exclusive suppliers of some of these items. They dictate prices, and they maintain their power by threatening retailers: “Sell it at our price or we’ll cut you off.”

52. For example, we removed duty on baby-product items last year, but Johnson & Johnson products are imported by only one company, and it can dictate the selling price to the retailers. And the supermarkets and pharmacies, unfortunately, have to pass on these prices to the consumers. So, no amount of VAT exemptions will reduce the price of these items.
53. In order to remedy this situation, Madam Speaker, we made it an offence in the last budget for businesses not passing on VAT and duty reductions. To give this measure more teeth, for the first time we have set up a separate unit in FRCA and the Ministry of Economy to work very closely with the Commerce Commission to ensure that those in monopolistic positions cannot dictate prices. The Commerce Commission will be empowered to monitor the prices of wholesalers and those who hold sole distribution rights, and any who hold monopolistic positions and who will now have to justify their prices. The Commerce

Commission will work with FRCA to go behind the screen to investigate abuses and develop appropriate regulations to ensure prices are not dictated through monopolies or cartels and to ensure compliance with the law. So in the near future the prices you will see on the supermarket shelves will not be the ones dictated by these bandits.

54. Madam Speaker, in the same context, we have already conducted meetings with major supermarket chains, only last week. Of course, some of them have not been doing the right thing either. They have set up buying houses off-shore, so they buy products overseas through these companies and sell goods to themselves. So effectively, they buy an item twice and try to claim that their mark-up is less than it is. They over-invoice and shift their profits, Madam Speaker. Their greed is pricing many Fijians out of the market for things they should be able to afford. This will not continue, and we want to assure all Fijians that we will have a fair and competitive market. Recently, Madam Speaker, by way of example, FRCA found anomalies at one supermarket that resulted in penalties and fines for that supermarket that will total \$53 million dollars. \$53 million from just one supermarket chain. This is just from one supermarket chain, Madam Speaker. Imagine how

many more that are out there, that we can prosecute. And they all have already started to pay those fines.

55. Also, Madam Speaker, there are still cartel retailers in Fiji. So 2 or 3 suppliers of a particular product can agree not to sell a product below a particular price. This is price-fixing, Madam Speaker. It has no place in a free economy, and our Government will no longer tolerate companies that want to make enormous margins through greed. They hold back the economy. They hold back growth. They hold back the ability of ordinary Fijians to spend in other areas. We are providing additional funding to the Fiji Commerce Commission, and FRCA will establish a unit to enforce the law. The Ministry of Economy will also establish an Economic intelligence Unit.

Social Protection

56. In this Budget, Government is restructuring the social protection regime to make it more targeted and more effective. The Ministry of Women, Children and Poverty Alleviation has been provided a budget of \$113.4 million dollars for the upcoming fiscal year, an increase of almost \$46.9 million dollars. Allowances under the various social protection programmes will increase.

Poverty Benefit Scheme

57. The funding provided under the Poverty Benefit Scheme has increased from \$23.2 million dollars to \$38.1 million dollars. All qualifying households will receive a 15% increase in allowances. We want this programme to do more than just help people survive. We want to allow people to live with more dignity. We want them to make their own choices about what to buy, so that a woman does not have to forgo sanitary pads for herself and her daughters, and so everyday items like deodorant are not luxuries.
58. Therefore, Madam Speaker, the monthly allowance for an individual under this scheme will now be \$35 instead of the current \$30. A household with 2 persons will receive an increase from \$50 to \$58, while a household with 3 persons will receive \$104 compared to \$90. And the list goes on, Madam Speaker
59. The Child Protection Allowance is will also have a larger budget of \$6.8 million dollars, an increase of \$3.3 million dollars. The allowance will rise 15%, and grandparents, uncles and aunties who are caring for these abandoned

children will receive up to \$69 per month per child to assist with their care. They do not have FNPF.

Social Pension

60. Madam Speaker, Government has increased funding for the Social Pension Scheme. It rises from \$14 million dollars to \$37.2 million dollars. Government will also restructure this programme, which we established in 2013 for persons who were 70 years and over and who did not have any superannuation support. These are people who usually live in villages and farms and have been self-employed for the entirety of their life.
61. We started off with a \$30 monthly pension allowance and have steadily reduced the age requirement and increased the pension allocation for this targeted group, and this fiscal year, eligibility has been further lowered to 65 years, where it will stay. Many of these elderly people are not getting adequate support from their families, and they need the support to remain independent and active, so we have doubled the pension allocation from \$50 to \$100 a month.
62. Further, Madam Speaker, people aged 65 and over will continue to receive bus fare concessions of 50%. The

National Council for Older Persons will also receive \$345,000 to carry out its mandate.

Food Voucher

63. Madam Speaker, we received a great deal of constructive feedback during the consultations regarding the food voucher programme, and we are now restructuring it. All food voucher programmes will be increased by a total of \$1.7 million dollars in the 2017-2018 Budget, and we are making them more flexible. All items except alcohol, kava or yaqona and cigarettes can be purchased with the voucher, and people will no longer be restricted to only one supermarket chain.
64. Madam Speaker, each household under the Poverty Benefit Scheme and the Care and Protection Allowance will receive a food voucher of \$50 in addition to the allowances I have just mentioned.
65. The food voucher for rural pregnant mothers will also be increased from \$30 to \$50. Unborn babies need to be nourished, and better prenatal nutrition will alleviate emotional and psychological stress both for the mother and the baby. Ultimately, taking better care of expectant

mothers is an investment that will relieve pressure on our health system and produce healthier children.

Citizens with Disabilities

66. Madam Speaker, we continue to make good progress in bringing citizens with disabilities into the full mainstream of Fijian life. Fiji recently deposited with the U.N. Treaty Office our instrument of ratification to the Convention on the Rights of Persons with Disabilities, and the new Rights of Persons with Disabilities Bill Act that is aligned to the Convention is currently with the relevant parliamentary standing committee for review. To ensure compliance and implementation of the Convention and the Bill once enacted, the Fiji National Council for Disabled Persons has been allocated funding of \$1.2 million dollars, an increase of over \$700,000.

67. Madam Speaker, Government has allocated a new funding of around \$8 million dollars as separate allowances for our citizens with disabilities. Previously, allocation was made under the social welfare scheme, but we need to recognise that persons with disabilities often have a very specific and distinct need. Madam Speaker, people with permanent disabilities will also be provided a monthly allowance of \$90 per person.

68. Additionally, \$1.6 million dollars is provided as grants to organisations serving disabled persons. This funding will also cater for the completion of the Western Disabled Centre.
69. Of course, we will as announced last year, continue the 300% tax deduction on wages paid to disabled employees.
70. The bus fare subsidy for people with disabilities will also continue, and \$120,000 has been allocated to promote participation of disabled persons in sporting activities.
71. Madam Speaker, Government will also provide funding to the Fiji Roads Authority to ensure that new roads and footpaths are disabled-friendly and provide easy access. Apart from this, we have made a separate allocation of \$500,000 to FRA to retrofit existing footpaths, starting within the municipalities. We have also allocated money to retrofit government offices that are visited by large numbers of citizens to make them accessible to the disabled.
72. Madam Speaker, Government has also allocated \$850,000 in this budget to the Frank Hilton Organisation. This

funding will allow this highly respected institution to work in Fiji to detect disabilities in very young children and then intervene with appropriate therapies. The Hilton Organisation's speech therapists, audiologists, physical therapists and counsellors are widely respected for the outstanding work they do in diagnosing and treating disabilities and in working closely with families to help them adapt to raising children with special needs. Madam Speaker, in the 21st century there is no reason to give up on children with disabilities. With early intervention, proper attention and loving families who are prepared to help them, they can look forward to meaningful and productive lives.

Minimum Wage

73. Madam Speaker, as announced by the Minister for Employment we have conducted a minimum wage assessment, and we are increasing the national minimum wage for unskilled workers from \$2.32 an hour to \$2.68 an hour. This rate is only for unskilled workers and also who are not part of the 10 sectoral-based Wages Councils. Those employees in the 10 sectoral-based categories have much higher rates but they will also get an increase in their minimum rates.

74. Madam Speaker, those who advocate an arbitrary minimum wage rise for the unskilled workforce are clearly trying to gain political mileage. We prefer a responsible approach, a sustainable approach, one that serves the wage earners and the public good. It is an affordable rate based on productivity improvements. It is responsible and based on sound economic thinking and a desire to help as many people as possible without causing disruptions in the economy. Raising the wage too much would actually cause a loss of jobs. We must also be mindful of the inflationary impact of wage increase. Many people might not be able to afford domestic help, or what we unfortunately call house girls in Fiji, for example. And small businesses might not be able to afford helpers. And it would drive costs up too much for many self-employed people and people in the informal economy.
75. This wage rate was after a thorough examination of many competing factors and extensive consultations. It also took into account the impact of Government policies, in particular, for low income families such as free education, free medicine, subsidised bus fare, subsidised electricity, free water, scholarships and TELS.

76. When we considered raising the minimum wage, we could not overlook the people who are self-employed or work in the informal sector. They are approximately 130,000 people, 130,000 Fijians who drive taxis, own micro-enterprises, sell in the markets or on the roadsides. The increase in the minimum wage does not help them; in fact, it could raise costs of goods and services to them, and they have no way to offset those costs. Raising the minimum wage too much would do them great harm. A responsible government must be concerned with the effects of a wage rise on everyone in society and try to do what benefits the most people and disadvantages the fewest. And that is what we have done.
77. However, Madam Speaker, as we have seen, the strong economy is naturally pushing wages up in several areas. Some workers whose set minimum wage rate is set at \$3.50 an hour are being paid \$7, and other workers—electricians, for example—have seen wages rise from \$4 to as much as \$12. So the prospect for wages in this economy is good.

Women

78. Madam Speaker, a total budget of \$4.4 million dollars is provided in 2017-2018 Budget for programmes that directly serve our women.

79. Funding to implement the Women's Plan of Action has been increased to \$1.4 million dollars. This programme will provide women with financial assistance and training to generate their own income. It will promote the elimination of violence against women, and advocate women's rights, improve women's access to health, education, and reproductive services.

80. The domestic violence helpline that we launched this year is in partnership with the Fiji Women's Crisis Centre.

81. Government will continue to fund the Fiji National Women's Expo with a budget of \$500,000 to promote women entrepreneurship and help women generate independent generate income and connect them to the private sector.

Legal Aid

82. Madam Speaker, this Government believes that every Fijian must have equal access to justice. The quality of justice should be the same for all Fijians, whether they live in Suva or Kadavu, whether they are a corporation or market vendor, whether they live in a high-rise apartment or a squatter settlement.
83. Madam Speaker, there are now 16 Legal Aid offices around the country and a staff complement of 165. Five new offices will be opened this year--in Kadavu, Rotuma, Vunidawa, Keyasi and Seaqaqa. We will recruit 44 new staff and from this number 20 will be for those new offices. Legal Aid is also now authorised to represent people who receive eviction notices without proper notice and procedure, an area where tenants have traditionally been at a great disadvantage. The Commission will have a budget of \$8.4 million dollars.

Education

84. Madam Speaker, we made a special effort in budget consultations to reach out to our young people. This Government believes in our youth. We very firmly believe in our youth. They are our future leaders, and it is critical

for us to invest in them and harness their energy, their pragmatism and their idealism.

85. Madam Speaker, for the 2017-2018 Budget, Government has allocated a total of around \$964.5 million dollars towards the provision of quality education. This is a huge allocation, accounting for 22% of the total budget. Here is the breakdown of the significant changes for this Budget, Madam Speaker.
86. The Ministry of Education will have a total budget of \$490.1 million dollars. From this total amount, Government will provide \$5.55 million dollars to recruit 250 additional teachers - 200 for primary schools and 50 for secondary. This supports Government's commitment, to improve the teacher-student ratio.
87. The Budget provides substantial funding of \$170 million dollars to rebuild and repair schools damaged by TC Winston. Madam Speaker, we expect to complete construction in the 2017-2018 fiscal year.
88. Apart from this, Madam Speaker, a total of \$10.6 million dollars has been allocated under the Ministry of Education

as building grants for rehabilitation of schools damaged by TC Winston.

89. Madam Speaker, we are making substantial increases to the funding allocation to support tertiary students following our consultations with them and high school students in the lead-up to the Budget preparations.
90. For the National Toppers Scheme, the budget for this programme will increase to \$32.3 million dollars. There is no increase in the number of new scholarships, which remains at 630 but the increase is necessary to continue the scholarships for our new and current Topper Scholars. The allocation will stabilise once we have a full four-year complement of scholarship recipients.
91. We are making major changes to TELS, Madam Speaker, to make it more flexible and more responsive to the experience of students today.
92. Government will no longer require TELS recipients to have guarantors. Only students planning to travel overseas will need a guarantor in the future, and guarantors who are currently repaying loans will continue paying on those

defaulted loans at the interest rates that were announced when the Program started.

93. Madam Speaker, students can now change their programme – major or minor - under TELS but only once for the duration of their study. Currently, they are not allowed to do that. We understand that a student's university years are a time of discovery and searching, and that should not be discouraged. If a student at 19 years of age decides to study accounting and programming and later discovers that she prefers management instead of programming, she should not be discouraged from switching her course of study. She should have access to TELS.
94. Madam Speaker, at times some TELS students might fail some subjects. We don't want to give up on these students also, so from 1 January 2018, TELS students will be eligible to repeat a failed unit, but only once.
95. TELS will also be extended to allow for successive upgrade of qualifications for students up to the first bachelor's degree. What this means Madam Speaker is that a student who is enrolled in a certificate programme, can now choose to continue to a higher level of

qualification up until a degree. Currently, upon completion of study, a student cannot continue under TELS for a higher qualification until the existing TELS debt has been paid off.

96. We are also extending TELS eligibility for students who pass year-12 and who meet the minimum requirement for certain engineering courses at the Fiji National University.
97. Madam Speaker, to provide more financial support for students in between semesters and trimesters, Government will now also provide allowances for students even during that period. This will not include the holiday period in December.
98. What this means, Madam Speaker, is that a semester student will now receive an annual allowance of \$6,600 instead of the current \$4,334, and a trimester-based student will receive an allowance of \$7,125 instead of the current \$5,736. This will allow the student to meet ongoing expenses including meals, transportation and accommodation during this period.
99. We also provide TELS students an allowance of \$1,000 a year for incidentals and book allowance for the first time.

100. For students studying overseas under a full scholarship by a host country, we will increase the allowance and standardise it at US\$ 2,400 or approximately FJ\$ 5,000 per annum. This is an increase from the current range from FJ\$2,500 to FJ\$3,700. This increase is to supplement the existing allowances so that the students are able to meet the cost of living in those countries.
101. Madam Speaker, we have now given the students who reside in the university residence the option to receive the meal allowance component directly. For example, the Fiji National University currently receives the accommodation and meal allowance directly from TSLB for students living on campus. Moving forward, the cost of accommodation will be paid directly to the university and the remaining allowance will be paid directly to the students to be used for food where they may want to eat out of campus or other necessities as they see fit.
102. Madam Speaker, FRCA will now directly collect tertiary-education loan debt with a simpler, more transparent and more efficient process. When they apply for TELS, they need their TIN number. Once they start working, they will need to pay the debt.

103. The total funding for the Tertiary Education Loan Scheme (TELS), National Toppers Scheme and other scholarships is increased from \$115.4 million dollars to \$196 million dollars. This is an increase of around \$80.6 million dollars.
104. Madam Speaker, the TSLB will now have an increased allocation of \$2.7 million dollars to manage the tertiary education schools and provide services to their customers – the students- more efficiently, and they now have new divisional offices in Lautoka and Labasa, which makes it easier for them.
105. We are also providing increased grants to other higher education institutions such as Monfort Boys Town in Savusavu and Veisari.
106. The Fiji National University (FNU) has been provided an operating grant of \$56.1 million dollars. This to provide for teachers' salaries and to be able to attract better quality lecturers, provide for broader high capacity internet through the Australia Academic Research Network (AARNET) to be available to students and lecturers alike, and improve the teaching facilities. We have also provided an operating

grant of \$30.7 million dollars to USP and \$3.4 million dollars to the University of Fiji.

107. Madam Speaker, we also wish to make an announcement on a new initiative. Government will from 1 January 2018 give a one off Start Up Allowance of \$300 to those degree graduates whose household income is less than \$30,000, and who have registered with the National Employment Centre. This is to give our graduates the opportunity to be able to prepare for job interviews such as buying equipment or appropriate clothing.

108. In a nutshell, Madam Speaker, all these funding allocations towards the provision of quality education total to around \$964.5 million dollars, the largest chunk of our Budget and for the future of our nation. While \$170 million dollars is a one-off expenditure for rebuilding schools, the education budget will now be the largest of any sector. An investment in our youth. An investment in creating a knowledge-based country. An investment in our future.

Sports

109. Madam Speaker, we also know that athletic activity is critical to the development of our young people and to

maintain the good health of adults. Therefore, we have increased the allocation for the Ministry of Youth and Sports by \$6.7 million dollars, which includes the ongoing construction of integrated sporting complexes around Fiji.

110. Madam Speaker, Fiji is known and respected in international sports, especially since our gold medal win at the Rio Olympics. And I would like to add our win over Scotland last weekend. We want to build on our successes and make sure that the name Fiji is truly associated with quality sports around the world—as a venue and as a participant. To that end, the National Sports Commission through the Ministry of Youth and Sports will receive \$9 million dollars for three major programmes. First, we will continue to fund the engagement of international coaches to improve our competitiveness. We will also help our national teams participate in 38 international competitions, including the 2017 Rugby League World Cup, the 2018 Commonwealth Games and the Pacific Mini Games in PNG. And we will host international tournaments in Fiji, including the Oceania Men’s and Women’s 7s Tournament, 2017 World Cadet Table Tennis Challenge, the Junior Pan Pacific Games in swimming and the Fijian Rugby XV Team international matches.

National Gallery for Contemporary Art

111. Madam Speaker, Government has set aside the old St. Stephens Building, which is a Class A heritage building to serve as the new National Gallery for Contemporary Art.
112. It is a major cultural initiative that recognises the explosion of creative talent among Fijian artists in recent years and gives them a venue to showcase their work to the nation and the world.
113. The project is also an important exercise in nation building and a representative and inclusive expression of Fijian identity that celebrates the diversity of Fijian society.
114. We are currently in discussions with the British High Commission to secure technical assistance through the British Council for the project. Government will set aside \$500,000 dollars in this Budget for this Project.
115. It will help bring Fijian artists to the world's attention, be a focal point for cultural exchange and encourage more of our young people to develop their own artistic expression.

Home Ownership

116. Madam Speaker, Government is working with the private sector to find creative ways to develop our housing market and place home ownership within reach for every Fijian. Because for years, affordability has held back many of our people from ever owning their own homes, and right now, the rate of home ownership in Fiji is extremely low. And for those who do manage to buy a home, it tends to happen at a much later stage in life.
117. Madam Speaker, real estate can be a vehicle for progress and a mechanism for improving one's social mobility, and we need to open the opportunity for as many Fijians as possible to buy homes that will appreciate and build value. For example, if you were to buy an apartment, as the market grows, so would the value of that property, and eventually you will be able to afford an even bigger and better home.
118. Madam Speaker, unfortunately, affordable housing in Fiji currently has many negative connotations, and some low-cost housing areas have essentially become ghettos, devoid of opportunity, with dim prospects for social

mobility. Instead of bringing Fijians together, these programmes are sadly driving our people apart.

119. Madam Speaker, we needed to take a step back and address the root of the problem. And that, as any home buyer can attest, is the high cost of finance, high interest rates and availability of homes that are cutting many dreams of home ownership in Fiji short. So we are proud to announce that the Reserve Bank of Fiji in conjunction with the Fijian Government has increased funds available for affordable housing from \$25 million to \$60 million. The funds will be made available at 1% to banks, which could then make financing available at a maximum of 5% for households with income of less than \$50,000 dollars a year.

120. Madam Speaker, as we address this issue from a financial standpoint, we are also working with FNPF and the private sector to construct affordable residential buildings and issue strata titles. In the first of these partnerships, the government-funded Matavolivoli development in Votualevu, Nadi will be given to FNPF to construct a mixed-income, multi-unit housing development. Once completed, the development will offer different price points. So on one

floor, you could have units at affordable pricing, mid-range pricing and other units offered at top rates.

121. So, Madam Speaker, we won't just put up a building, we will build a community. A community that, over time, will appreciate and raise value for all its members – and FNPF views its support of this project as part of its social responsibility to all of its members.
122. Together, our financial reform and development partnership will give young people, new families and all those who have long-awaited this chance to own their own homes. And anyone who does purchase strata apartments through approved home developers, such as FNPF, can also qualify for the \$10,000 grant under the First Time Home Owners Programme.
123. To simultaneously increase the availability of public rentals, we are consulting with development partners to develop models to partner with the private sector to provide an immediate stockpile of public rental housing. And we will call for expressions of interest from the private sector very soon in this respect.

124. Madam Speaker, of course, we will continue with our other work to develop squatter settlements and regularise squatters on State and iTaukei land to grant security of tenure. In fact, in order to encourage greater development in these communities, we've spoken with insurance companies and banks to offer attractive packages for squatters to take full advantage when they are issued with secure and long term leases to build better homes, improve their communities and raise their standards of living.

125. Madam Speaker, Government has this year again provided \$10 million dollars for iTaukei land development which will assist landowners to receive higher returns. Yesterday, Madam Speaker, the Honourable Prime Minister was in Yadua in Nadroga, in Vuda, in Saweni, in Wairebetia. And we hope that in the next six weeks the Prime Minister will be in Namara in Tailevu for a ground breaking ceremony for the development of land in Tailevu.

MSME Development and Youth Entrepreneurship

126. Madam Speaker, development of Micro, Small and Medium Enterprises (MSME) is vital to create jobs,

generate incomes, promote entrepreneurship and improve rural livelihoods.

127. \$2.8 million dollars is allocated to establish the MSME Central Coordinating Agency, which would provide support for MSME incubation, training and mentoring. Government will continue with its highly successful micro finance business grant scheme, which will assist approximately 6,400 small business initiatives.

128. Madam Speaker, Government will also dedicate \$2 million for a new programme to promote young entrepreneurs. We want to encourage job creators, not just job seekers. The Young Entrepreneur Scheme—or YES, as it will be known—will offer grants up to a maximum of \$20,000 to Fijians between the ages of 18 to 30 to develop or expand innovative business ideas. We have some very smart young graduates who will want to develop mobile apps, etc. This is a partnership with the private sector, and the CEO of ANZ Bank has agreed to chair a panel that will assess the applications. This is similar to the Commercial Agricultural Scholarship Programme, which encouraged young people to enter commercial farming by issuing them a 99-year commercial lease and a providing a start-up grant.

129. Madam Speaker, in the next fiscal year, through a pilot program, 20 talented and promising youth workers will be recruited by the Ministry of Youth and Sports to work directly with communities. These workers will be selected using the Open Merit Recruitment System and will be paid for full time employment. We want to capture the energy and imagination of these young people to help develop other young people in Fiji.

One Stop Shop – Building and Construction and Approvals Committee

130. Madam Speaker, to streamline the current process of obtaining construction permits for commercial and industrial buildings, Government will establish a Building Construction and Approvals Committee by January 2018. This Committee will coordinate and fast track the approval process and will comprise of approval agencies, key private sector stakeholders and Government. The decision of the Committee will be final and binding and this will be mandated by law.

Asset Management

131. Madam Speaker, there is a lot of state owned properties on vast areas of land, including prime land. We are talking to the Singaporean Government through its world renown urban and housing planning agencies to assess government properties with a view to providing better returns to government and using such land to provide housing options.

State-Owned Enterprises

132. Madam Speaker, the reforms in our state-owned enterprises and statutory authorities have been rewarding. The improvements they have made in corporate governance, transparency and accountability, personnel and commercial viability are all evidenced in their improved performance. For example, Airports Fiji Limited (AFL) will pay dividends of \$43 million dollars by August. And FEA has declared its first dividend ever—some \$20 million. No one ever even considered this a possibility in the past. Government will continue to offer shares in state enterprises or partner with reputable private companies to manage them with the goal of making them more market-

driven, profitable, modern, efficient and service driven. These divestments and restructuring will also provide investment opportunities to ordinary Fijians through their participation in the capital markets for our civil servants.

Sugar

133. Madam Speaker, Government will continue to give strong support to the sugar industry. The most effective way to do that is to make the two parts of that industry—the cane growers and the processors—more efficient and more competitive by reducing the costs of their inputs. The most advanced sugar mills in the world are useless without enough high-quality cane at crushing time. And the world's best cane farmers with the most fertile soil and most advanced techniques would be left high and dry without modern, efficient mills, a strong infrastructure and a lean cost structure. So if we can reduce the costs and improve the efficiency of both parts of our sugar cane industry, we will thrive even in today's global market.

134. As you may be aware, Parliament in May of this year approved a \$202 million dollars Government guarantee to enable Fiji Sugar Corporation to undertake a number of capital projects, including mechanisation, upgrade of the

existing rail infrastructure and phased upgrade of all three of our mills. This is a vote of confidence in the executive leadership and the board of directors of the FSC.

135. This was good news for the mills and the cane growers, Madam Speaker, but it's just half of the equation. The other half is to focus intensively on reducing costs to cane growers. As continuously said by the Prime Minister as the Minister responsible for sugar. The Ministry of Sugar is provided a budget of around \$60 million dollars, almost double its previous allocation.
136. Government is increasing the fertiliser subsidy from \$14.09 to \$25.59 per 50 kg bag at a cost of \$15.4 million dollars, an increase of nearly \$6 million dollars. With this assistance, farmers will now pay \$20 per bag, compared to the \$31.50 per bag that they are currently paying.
137. Government is also allocating for the first time \$6.3 million dollars to subsidise the cost of products to control weeds and raise cane yield. This is the first time such a subsidy is being provided and again it will reduce the cost to individual farmers.

138. There is an increased budget of \$15.4 million dollars under the sugar cane development and farmer assistance programme to increase cane replanting and production. Under this programme, Madam Speaker, grants are provided to farmers to defray the costs of cane planting in fallow land and also for ratoon restoration. With this funding support, we expect 2,000 hectares of new cane and over 9,000 hectares of ratoon crop.
139. Government is doubling the allocation to upgrade cane access roads to \$6 million dollars, Madam Speaker. It will upgrade 3,876 km of road, including installation of culverts and maintenance of crossings. In addition, a sum of \$2 million dollars is allocated to improve in-field drainage systems to control water run-off from farms.
140. Madam Speaker, as we have stated on numerous occasions, Government will also pick up the cartage costs from Penang to Rarawai at a cost of \$5.1 million dollars. No farmer who used to get his cane crushed in Penang Mill and who now uses Rarawai will be out of pocket for cartage fees. Let me repeat that Madam Speaker, because there are a number of people—in and out of Parliament—who continue to spread lies about this very issue.

141. To give credibility to farmers and to complement the 3 year revitalisation program to FSC these increased subsidies will continue for a minimum of three years.
142. As you are aware, Madam Speaker, Government had earlier this year provided \$10.2 million dollars for sugar cane farmers with the fourth cane payment to pay for their deductions. Those farmers who did not benefit from this payment will receive \$4 million dollars in the 2017-2018 Budget. The assistance will go to 619 farmers in Lautoka Mill area, 1,012 farmers in Rarawai Mill area, 1,355 Labasa farmers and 181 farmers in Penang area. A total of 3,167 farmers will be assisted.
143. Madam Speaker, we need a strong sugar cane sector well into the future, and so \$5 million dollars is provided to encourage new sugar cane farming. This package includes funding that will help around 150 new cane farmers enter and remain in the sugar cane industry.
144. Government is allocating \$1 million dollars for mechanisation. A further \$1 million dollars is also provided to assist farmers with procurement of fencing materials, irrigation pumps and implements.

145. One other huge cost for farmers in cane harvesting is cane cutting itself. The use of mechanised cane harvesters is to not only create efficiency but to reduce the cost of harvesting. However unfortunately, given the dominant position of the suppliers of the harvesters and uncompetitive environment, the cost of harvesting as not necessarily decreased for farmers. Accordingly, government commissioned the Fiji Commerce Commission and the FSC to examine this cost. After extensive consultations and examination and after allowing for a profit of 19% for harvesters the Commerce Commission has determined that no harvester should charge a rate more than \$17.50 a tonne. This new rate will be gazetted by the Honourable Minister for Industry and Trade. This Madam Speaker will significantly bring down the cost of production for the famers. We have today cane harvesting charges as much as \$13 a tonne. In addition to also address the cartage cartel and reduce the cost for farmers, FSC will over two harvesting seasons beginning this year will import and operate itself 300 new trucks for cartage of cane. 200 of these trucks will be tipper trucks and 100 will be flatbed trucks. The injection of 300 trucks owned and operated by the FSC with the sole purpose of bringing about efficiency and reduction of cost to farmers will provide competition and improve the level of services to

farmers. FSC will be exempt from paying the 5% tariff on the importation of these brand-new trucks. Madam Speaker, FSC will itself, also invest in 20 new harvesters to again provide better pricing for farmers and create greater efficiency. This Madam Speaker, is what is needed to revitalise the sugar industry, not gimmickry

Roads

146. Madam Speaker, Government is continuing with investments to modernise our roads, bridges and jetties. The Fiji Roads Authority will have funding of \$527.5 million dollars, comprising \$26.8 million dollars for operational expenditure including building capacity within FRA. \$500.8 million dollars is allocated for capital projects. \$85.2 million of these projects are funded through loans. We will continue with the four-laning projects, and will have a strong focus on rural roads and improving safety through better lighting, construction of footpaths in urban and peri urban areas, and tarsealing of rural roads in front of schools, villages and places of worship.

Electricity

147. Madam Speaker, Government will continue with its investments to ensure that all Fijians have access to electricity by 2020. Government is funding the rural electrification project at around \$33.8 million dollars, an increase of around \$19 million dollars. This will cater for some 144 grid extensions by FEA. It will benefit nearly 2,204 households and include installation of 76 solar home systems.
148. Madam Speaker, Government has also restructured the way in which the electricity subsidy will be given. All households with an annual income below \$30,000 will be eligible for subsidy for the first 100 kilowatt hours of electricity usage per month. The current regulation sets the limit at 95 kilowatt hours, and users are denied their subsidy if they exceed that usage even slightly. This new approach will be fairer to larger households and eliminate a great deal of uncertainty because the subsidy is guaranteed no matter how much power is used. So, Madam Speaker, if a household earns \$30,000 a year is using 100 kilowatt hours of electricity, the bill would be cut in half, from \$34 to \$17 a month. Anything above 100

kilowatts will attract the full rate. Through this scheme more Fijian households will receive subsidised electricity.

Water

149. Madam Speaker, Government is undertaking further investments to improve access to safe and clean drinking water for all Fijians.
150. The Water Authority of Fiji (WAF) has been provided an increased budget of \$306.9 million dollars, comprising \$89.5 million dollars to cover operating costs and \$217.4 million dollars for capital expenditures.
151. Of this, \$14.7 million dollars is for improvements and upgrades to existing water treatment plants.
152. \$57.3 million dollars is for improvements in water distribution systems to satisfy growing demand. This includes replacing aged pipes, extending water mains to increase coverage and connect non-metered areas to WAF's reticulation system, and upgrading existing water reticulation systems.

153. Madam Speaker, a total of \$36.2 million dollars is allocated for urban water supply and waste management, including works for expanding water supply capacity in the greater Suva area. As part of this, a 40-million litre treatment plant will be constructed in Viria, Rewa.

Transport

154. Madam Speaker, we have also made policy changes to encourage long-term investment in public transportation. With our growing economy, we have more private vehicles in Fiji. This is positive for Fijians but more vehicles mean more traffic, and in time Fijians will need to turn more to public transportation to move about the cities and the country comfortably. So we need to improve the quality of these public vehicles.
155. Madam Speaker, we need to help our operators of buses, mini buses, carriers, rentals, hire cars and taxis buy modern, comfortable, fuel-efficient vehicles. We need to give them security so that they can plan for the long term. So public service vehicle permit holders will now be able to use their permits as collateral with commercial banks. Regulations will be changed. Furthermore, permits for taxis, hire cars, rentals, minibuses and carriers will now be

renewed for 10 years instead of the current 3. Road Route Licences for buses will now be renewed for 15 years instead of the current five to ten years, and rental car companies no longer have to get approval from LTA to increase the size of their fleets. All current permit holders Madam Speaker, will automatically get a 10-year permit from 1 October 2017.

156. This initiative will create an added value for permit holders and create interest from mainstream financial institutions to lend at attractive rates. Currently, bus companies borrow at a rate of 8% or 10%.
157. To further assist the small operators, the Reserve Bank of Fiji has increased the funding available under the Import Substitution and Export Finance Facility to \$100 million dollars to provide concessionary funding for public transportation. RBF will lend to mainstream banks at 1% and these banks will not charge more than 5% to these operators for their loans.
158. This subsidised loan facility will be available to bus companies which have an annual gross turnover of less than \$1.5 million or to those operators who own only one taxi, minibus or carrier.

159. Furthermore, the duty on these vehicles will be reduced as follows:

- The import duty on second-hand hybrid cars for single-taxi operators has been reduced to half the current \$2,000 level for a period of two years.
- All new hybrid vehicles will be imported duty-free.
- New and standard-engine vehicles will incur a lowered fiscal duty of 5%.
- The fiscal import duty on new parts for motor vehicles is reduced from 15% to 5%, and fiscal duty and import duty on new engines for motor vehicles is reduced from 15% to 5%.
- The fiscal duty and import duty on batteries and cells used for hybrid vehicles is reduced from 32% to 5 %.
- Taxi operators will be exempted from paying the luxury levy, which is currently \$7,500 or \$20,000, depending on engine size.

160. Taxi owners will now be able to afford and upgrade their fleets with this added incentive, and ordinary Fijians will expect a new level of modernised taxis and added comfort in terms of travel in all PSV.

161. Given these ground breaking initiatives which will overnight give an increased value to these permits, these PSV operators will be required to adhere to a new Service Standard Charter. This will ensure the quality and delivery of PSV services in the country is elevated to a new level. However, any breaches to the Charter will lead to the possible cancellation of the permits.
162. These licences and permits will now be transferable, which means that holders can sell their permits for a profit.
163. We will also lift the freeze on taxi, minibus and carrier permits from 1 January 2018. Priority and consideration will be given to applications received during the freeze period. Many people have been waiting for years for the chance to obtain a taxi licence, and we want to give the priority to those who have applied since the freeze began. They will need to meet certain criteria, including having an income of \$20,000 or less, and they may not already own a taxi permit or a taxi, minibus or carrier business. The Honourable Minister for Transport will reveal further details in the next few months. There will also be a quota system as to how many of these permits can be given based on the population in a particular area.

164. Madam Speaker, in keeping with our commitment to adapt to and fight climate change, and in a push to bring newer technology to Fiji, we have now eliminated the import duty on brand-new buses for operators with an annual turnover of less than \$1.5 million dollars as discussed with the RBF, Madam Speaker. These operators will pay no duty on importation of new buses for the next 2 years. And these operators will enjoy a reduced duty of 5% for the next 2 years for used buses. Madam Speaker, currently the smaller bus operators have aging buses in their fleet, and with the attractive interest rate on offer, the smaller bus operators will now be able to upgrade their fleet and improve the delivery of bus services on their routes.
165. Fiscal duty, Madam Speaker, on new parts and new engines for motor vehicles will be reduced from 15% to 5%.
166. Duty on new and used vessels for inter-island passenger and cargo traffic—and parts for those vessels—will be exempted from duty. This is to ensure that adequate shipping services are available to people who live in Fiji's maritime region.

167. As you may know Madam Speaker, we have been working on the bus fare e-ticketing system, and e-ticketing will be compulsory by 1 October 2017. The bus companies have confirmed that e-ticketing will virtually eliminate the pilfering of revenue by their employees. This means that the revenue for bus companies will now increase by at least 33%. The e-ticketing system will also provide live data in terms of carriage of passengers, embarkation, time and date of certain transactions and other analytical data which will assist in future development planning of a particular township or city including census. We also intend to introduce the e-ticketing system to taxis, minibuses, carriers and marine transportation in the near future so that everyone is brought within the fold and FRCA will know how much money people make.
168. Madam Speaker, when oil prices were high, we instituted zero-rated bus fares whereby the bus companies retained the VAT component of each fare. This was intended to help them absorb the high cost of fuel. But we expect them to remain low for the foreseeable future. Currently, bus fares on routes where bus companies compete head-to-head have already declined. For example, the regulated maximum fare from Nadi to Lautoka is \$2.85, but the current fare charged is \$2. Accordingly, legislation will be

amended to ensure that the current regulated bus fares become the maximum fares. We would like competition to benefit consumers.

169. The Ministry of Economy, LTA and the Commerce Commission will review the bus fare scheme by the end of 2017.

Third-Party Insurance

170. Madam Speaker, we would like to make another major announcement as I speak about transport, I wish to address an important issue that has unfairly disadvantaged many Fijians who have suffered personal injury or death as a result of a motor vehicle accident on our roads. The current third-party insurance law, which requires all motor vehicle owners to have third-party insurance with an insurance company, is fraught with limitations and exclusions.

171. As a result, many Fijians who have been victims of motor vehicle accidents have been denied compensation. As an example, an innocent pedestrian who was hit by a car was denied compensation by the insurance company simply because the driver of the vehicle did not have a driver's

licence or was drunk-driving. Claims for compensation have also been unduly delayed with the insurance companies or in the courts, and victims of motor vehicle accidents have often waited for years to get compensation, if any.

172. To remedy this injustice, we are introducing a new law which will come into force on 1 January 2018 and will be known as the Accident Compensation Act. This new law, Madam Speaker, will establish a Commission to be known as the 'Fiji Accident Compensation Commission and will provide for a 'no fault' compensation scheme through which victims of accidents will be compensated without having to prove fault or negligence.

173. In preparing this law, which we have been working on for the past few months, we have undertaken consultations with the New Zealand Accident Compensation Corporation, known as the ACC, as well as with the Reserve Bank and the Insurance Council of Fiji. We are indeed grateful to the New Zealand ACC for sharing their experience and expertise which has guided us in preparing this innovative compensation law for Fiji for personal injury and death. While the Insurance Council of Fiji did acknowledge that there were anomalies with the existing motor vehicle third-

party insurance law. The Council's response was not in line with our vision to have an all-encompassing system, which can be expanded in due course to cover for other injuries, such as injuries or death at workplace, at schools and tertiary institutions, as well as in sports.

174. Madam Speaker, from 1 January 2018, this new law will be applicable to motor vehicle accidents and will provide no fault compensation to personal injuries and deaths arising from motor vehicle accidents. Under this new law, any person who suffers personal injury or death as a result of a motor vehicle accident on our roads will be provided with a lump sum compensation payment in a prompt and timely manner under the no fault scheme. Victims of motor vehicle accidents no longer have to pay large amounts of legal fees to a lawyer and then wait for years to get any compensation from the insurance companies. As in New Zealand, Fijians will be able to claim compensation without a lawyer, potentially saving years of litigation and obtaining speedy justice.

175. From 1 January 2018, owners of motor vehicles no longer have to take third-party insurance with an insurance company. A motor vehicle accident levy will instead be paid into an Accident Compensation Fund, and will be

payable through the LTA. This will make LTA a one-stop shop for the payment of all motor vehicle registration costs. The Accident Compensation Fund will be administered by the Ministry of Economy and the Reserve Bank of Fiji will assist with such re-insurance arrangements as necessary.

176. Government has allocated \$1 million dollars as seed funding for the Fiji Accident Compensation Commission in this Budget, Madam Speaker.

Health

177. Madam Speaker, Government is further investing a total of \$387.6 million dollars in improving access to quality medical services, an increase of more than \$100 million dollars.
178. First priority is to recruit 200 additional nurses and 350 doctors. This is a significant investment, Madam Speaker, towards improving medical services to internationally accepted levels.
179. The hiring of doctors will be done in 3 tranches, Madam Speaker. First, 44 specialists will be recruited for divisional, sub-divisional and specialist hospitals. In the second

tranche, 143 doctors will be recruited for the frontline and operational services. These positions have already been advertised. The remaining 163 doctors will be recruited in the third tranche. Around \$59 million dollars has been allocated for doctor salaries.

180. A total of \$32.5 million dollars is provided for the purchase of drugs, consumables and vaccines and an additional \$5.3 million dollars for laboratories.
181. Madam Speaker, a sum of \$47.8 million dollars is to upgrade, extend and maintain existing health facilities, build new facilities and equip all these facilities.
182. We have funded a Customer Care Centre with a toll-free number - 157 – that people can call with comments, complaints or compliments about their treatment in our health facilities, and we are keen to extend the services of such a centre at other ministries that directly serve large numbers of people.
183. Government is working with the International Finance Corporation to expand the range of services at Lautoka Hospital and Ba Hospital through a public-private partnership. Currently, there are current plans for the

hospitals will bring them up to full international standards, and Government will seek bids, with the assistance of IFC and the Indian Government, for an international hospital company to run the hospitals and provide enhanced tertiary care facilities. Indeed we would like to acknowledge the Indian Government who has given an undertaking, when Honourable Prime Minister Modi met our Honourable Prime Minister in Fiji, to provide state-of-the-art equipment for this public-private partnership. We expect to select the partner and sign the agreement by February 2018. Government will continue to subsidise costs for low-income Fijians at these hospitals.

184. We will allocate \$1 million dollars to establish and equip the National Kidney Research and Treatment Centre in Suva, to be directed by Dr Amrish Krishnan, the only Fijian nephrologist in Fiji. This treatment and research centre will advance the treatment of kidney disease in Fiji by operating 10 new kidney dialysis machines and offering a range of other therapies as well as diagnostics and counselling to its patients. 4 new kidney dialysis machines will also become operational in the Lautoka Hospital in the next few months.

185. And Madam Speaker, we are extending the concern for good health to the workplace. One of the significant measures in this Budget is to provide Fringe Benefit Tax exemption to employers who provide medical insurance to their employees.

Local Government and Rural Authorities

186. As our population grows, it is important that our cities and towns are well planned, sustainable and cater for the future. Therefore, the total funding, under the Challenge and Investment Fund, available to the town and city councils have been increased to \$4.7 million dollars.

187. Furthermore, around \$2 million dollars is allocated for the construction of the Laqere market. Government is also providing \$2.6 million dollars for construction of the Namaka market.

188. Madam Speaker, to complement this, Government is also continuing to decentralise market services. We will be constructing 8 new mini-markets within the suburbs of the major urban centres, of Lautoka, Suva, and Nadi. We have allocated \$960,000 in the Budget for this.

189. Government is also piloting a new project through the Ministry of Industry and Trade to develop standardised roadside stalls outside the municipalities. An initial funding of \$500,000 is provided to develop 50 semi-permanent and 30 portable road side stalls.
190. Madam Speaker, Government is also funding a number of projects in the various municipalities for example, \$2.2 million dollars is provided for the re-development of the Stadium at Govind Park in Ba to international standards.
191. For Lautoka, \$3 million dollars is allocated for the Botanical Garden public swimming pool and \$1 million dollars for a new indoor sporting facility at Churchill Park.
192. Madam Speaker, \$1 million dollars is also allocated for the construction of a new public swimming pool in Nasinu. Nasinu is the largest populated municipality in Fiji. A further \$850,000 is provided for initial works for the construction of Valelevu Sport Stadium.
193. An increased funding of \$5.6 million dollars is provided for the new town development in Nabouwalu.

194. Madam Speaker, we have increased the allowances for Turaga-Ni-Koro's and District Advisory Councillors by 15%. Madam Speaker, it is critical to note that all Turaga-ni-Koros and District Advisory Councillors will be subject to strict scrutiny of their performance. They all need to perform.

Construction of Funeral Rites Facility

195. Madam Speaker, Government has embarked on a project to construct funeral rites facilities, where families can perform final rites and lay their loved ones to rest with dignity, and in relative comfort and safety. The construction of the first facility in Vatuwaqa has already commenced, and Government has allocated \$1 million dollars to construct three more facilities in Lautoka, Labasa and Nausori – with the inclusion of gas crematoriums, where appropriate.

Tourism

196. Madam Speaker, Government is providing an increased marketing grant of \$33.6 million dollars to Tourism Fiji for direct marketing costs and rebranding. This grant to

Tourism Fiji over the years, has paid handsome dividends in promoting Fiji as a tourism destination.

197. One of the most important markets for tourist destinations is what is known as MICE, which stands for Meetings, Incentives, Conferences and Exhibitions. We want to compete in that market in a very substantive manner and FNPF's future convention centre in Momi Bay will provide us the facility to host large groups like the Asian Development Bank annual meeting in 2019. Fiji will be the first Pacific-island country to host this event, which had 5,000 participants in Yokohama this year. We have allocated \$4 million dollars in the Budget for preparatory works for the hosting of the convention under Head 50.

198. FNPF will build a state-of-the-art modern-day convention centre with a capacity of 4,000 at a cost of \$90 million dollars. Of course, Madam Speaker, this new facility can able to host major domestic, regional and international events, including sporting events and musical concerts. To complement this investment, Government has granted an exclusive casino licence to the FNPF to construct a new casino near the convention centre that will draw tourists and convention visitors. The casino would then support the members of the fund, and the FNPF will further diversify its

portfolio and pull in higher returns for its 340,000 members, the ordinary workers of Fiji.

Agriculture

199. Madam Speaker, The Ministry of Agriculture budget is \$86.3 million dollars to support extension services, research, product development, farm support, policy planning & statistics, and infrastructure improvement, an increase of \$4 million dollars.

200. Madam Speaker, Government will continue with programmes for export promotion, food security, rice revitalisation and coconut development and with additional programmes to increase production of cocoa, vanilla, dalo, yaqona and potato. These will have a budget of around \$12.3 million dollars, including \$2.5 million dollars for farm access roads, agricultural extension services and other area-based programmes.

201. Madam Speaker, we would also like to announce Government is also working with the RBF for a new and innovative project to explore the introduction of crop insurance. In this regard, we are evaluating the Indian model of crop insurance evaluated, where the farmer and

the Government would share the premium cost for agricultural crops such as sugar cane, rice, dalo, yaqona, ginger and vegetables. \$350,000 has been allocated for these purposes in the Budget. Some studies will commence in the next few weeks in this respect.

Manufacturing

202. Madam Speaker, in addition to sugar cane, agriculture and tourism, we also need to build up our manufacturing sector and encourage investment in the production of high-quality finished goods and components with significant value added. So we have allocated \$8 million dollars to establish a manufacturing and services zone in Wairebetia, Lautoka. The zone will target investments from leading ICT, manufacturing, supply-chain management and other medium-to-large-scale firms and is expected to create employment opportunities for over 5,000 Fijians once it is fully operational. This is one way to create high-skilled jobs and a more diversified economy. Madam Speaker, Fiji is well located to provide finished goods and become part of the supply chain of manufacturers in Asia, Australia and perhaps even the Americas. We are working closely with IFC on this project, and there is extremely strong interest in this project by some of the larger economies in the region.

In fact, the Minister for Industry and Trade was in New Zealand a few weeks ago and New Zealand has shown a keen interest in this project.

Elections

203. Madam Speaker, the Fijian Constitution states that the elected Government must serve a term of no less than 3 and a half years and not more than four years. This means that elections can take place between May and November 2018, which would put them either in the 2017/2018 or 2018/2019 fiscal year. The total cost of holding the elections is \$31.4 million dollars.
204. However, given that elections can be held in the 2018/2019 fiscal year, only \$22.1 million dollars will be allocated to the Fijian Elections Office to prepare for the elections. The balance of \$9.3 million dollars will only be released in the 2017/2018 fiscal year, if elections are held before August 2018. Should it not be, then it will be allocated for the 2018/2019 fiscal year.
205. In the same vein, Madam Speaker, the police will receive a further \$1.6 million dollars in Head 50 for operations during the elections. Should it be required in the upcoming 2017-

2018 financial year, then it will be deployed; otherwise, it will be allocated in the 2018/2019 budget.

Police

206. Madam Speaker, a Police Force is critical to maintain law and order and safety of all Fijians, and Government has been continuously investing in our police.

207. Fiji Police Force has a budget of \$148.8 million dollars, an increase of \$17 million dollars. We are allocating additional funds to equip the Force with radio systems and forensics equipment. Also, Madam Speaker, as previously announced, we will give the Police Force new motor vehicles—230 automobiles of different types and 150 motorcycles. Madam Speaker, mobility is essential for a police force to protect citizens, control traffic, and respond quickly to crimes, threats, calls for assistance and natural disasters. These vehicles will provide that mobility.

208. To be effective, Madam Speaker, a professional police force also needs to maintain high standards of behaviour and adherence to procedure. The public needs to understand that the people who enforce the law will be subject to the law. Therefore, Government is providing

funding to strengthen the capacity of the Fiji Police Force to conduct more internal investigations and a lot more professionally. \$150,000 has been allocated for this function.

209. Madam Speaker, job evaluation exercises were carried out for the Corrections Services, the Fiji Military Forces and the Fiji Police Force, but the changes have not been implemented yet for the Police Force. The evaluation for the Police Force will be fully implemented from 1 August 2017, and the salaries of all the disciplined forces are being aligned.
210. The Fiji Police Force will have an overall increase in salaries. \$15.5 million dollars is allocated for this, Madam Speaker. The base salary increases will range from 11.5% to 20.5%.

Communications

211. Madam Speaker, Government has allocated around \$17.5 million dollars for the completion of the cable connection project to Vanua Levu. This will double broadband capacity and speed for our fellow Fijians in the Northern Division.

212. Madam Speaker, as communicated here in Parliament, the Walesi platform is expected to supersede the current analogue coverage by end of December this year. Access to free-to-air television will be expanded, and places like Bua, the interior of Ra and our maritime islands including Lau, Yasawa and Rotuma will have access. We will achieve this through the use of both terrestrial and satellite technology to extend coverage to the very remote areas.
213. FRCA and FNPF are two of the Government agencies that will participate in our programme to move government services to digital platforms to make them more efficient and easier for people to access. We have already partnered with the Singaporean Government through one of their agencies to make this a reality, and we will be rolling out mobile applications on government services over the next 6 to 9 months and will be sharing these costs with FNPF and FRCA.

Civil Service Reform and Pay Increases

214. Madam Speaker, all of these announcements made and every one of these projects, programmes and responsibilities funded through this budget need to be implemented by a strong civil service.

215. We need to deliver the level of service that all Fijians rightly deserve. We have discussed this many times in Parliament, and it has been a priority project for Government for the past two years. The reforms focus on ensuring that the civil service upholds the values and principles in the Constitution in an environment that is free from corruption and upholds the highest standards of accountability, particularly with regard to public financial management.
216. To achieve this, we are building the foundations of strong people management. We first introduced the principle of open merit for selection of staff at all levels. We are now working on improving the working environment through changes in management practices and in the way we supervise and institute discipline where necessary.
217. The next stage is to overhaul our remuneration system, benchmarking to the private sector and ensuring fair pay for all of our workers. Madam Speaker, as we have announced previously, we are not simply applying an increase across the board at the same rate for everyone. We are pleased to announce Madam Speaker, fundamental change to the way remuneration is structured

in the Civil Service. We are applying international best practice, introducing 15 broad bands for salary and wages, which will cover all workers. The Job Evaluation that has been undertaken since April this year is confirming the band for each position. The band then determines the salary for the people in these positions.

218. Madam Speaker, we are pleased to announce that our Government Wage Earners will receive an average increase of 14.3%. Our research shows that we already pay above the private sector for these jobs, but as a responsible employer we are setting the bar higher. These positions include our Drivers, Chainmen, Trades people and other similar occupations.

219. For our common cadre positions, those that are in the headquarters of most ministries, the average increase is 15.8%. Again, Madam Speaker, the actual increase will vary from position to position, as these jobs include Administration, Accounting, Audit, Procurement and Supplies, and the extent to which we have already matched the private sector varies across these professions. The increased salaries for these positions will commence in July.

220. We would like to highlight that some of the highest increases are in our service-delivery areas. One example is in the nursing field. Through the changes in the remuneration structure, we are able to announce recognition for Specialist Nurses, those who work in areas of higher risk and therefore require higher qualifications, training and application of skill on the job. From August, Madam Speaker, these nurses will be recognised through the creation of 800 Specialist Nursing positions, attracting salaries of up to 25% above the general nursing positions. This includes the specialisations of coronary care specialists, intensive care specialists and midwives, to name just a few.

221. We would also mention that the value Nurse Practitioners has been recognised through this process. This very special group of nurses will receive salary increases of up to 74%, in recognition of the special role they perform in the care of our citizens, particularly in the rural and remote areas.

222. Our teachers will also receive significant increases in salary. The job evaluations for these positions were completed only last week, and we are pleased to announce that the average increase for our qualified

teachers is 14.3%, and for our school heads and administrators, 13.8%. Broad banding of these positions will mean less movement of people and less change in school administrators. These salary increases will be effective from August 2017.

223. In recognition of the need for ongoing professional development, teachers will be required to be on duty for an additional 7 days. These are student-free days, which will be before each term at the school and district level to ensure that our teachers have the skills and knowledge they need to teach from new curricula and provide the best possible outcomes for our children.

224. Madam Speaker, we are obviously not going to pay such large increases without expecting improvements in effectiveness and service delivery to the Fijian people. Some of our positions – those where the increase is greater than 15% - will of course have to be advertised.

225. We are committed developing a high-performing civil service that is an attractive option for young and highly skilled people from all areas of our society. We actively encourage all qualified people to apply for jobs in the civil service, from both outside the service and within the

service, and have been very pleased to see increasing numbers of women appointed to technical and senior roles as the open merit system has created these opportunities.

226. We further confirm that these changes to remuneration are not the end. We are working on the Performance Management Guideline, which will include the principles and procedures for rewarding our high performers. This system will also confirm the standards to be met for any contract renewals.

227. As always, Madam Speaker, the focus of the reforms is on creating a high- performing civil service that provides high-quality, effective and timely service to our people. This is why our investment Madam Speaker, in these reforms is so critical – with an eye on the outcomes for our people.

228. The unions would like to see everybody get a generous pay rise based on the mere fact that they are employed. But shouldn't the person who is scrupulously honest, works hard, reports to work on time, serves the public well and gives sound support to his or her Minister be rewarded before the person who shirks responsibility and goes through the motions of working? We think so. Madam Speaker. A high performer must be rewarded.

229. So we must take care, Madam Speaker, that the Civil Service will never become a repository for people who think a position and a pay rise are acquired lifetime rights. People who perform will get rewarded. And Government has its own responsibility, too: If we demand professionalism, we must establish a professional work environment, one that inspires pride. If you look, you will see that our Government facilities are improving every day, becoming more attractive and better equipped. We are drawing in outstanding young people through a merit system, and a large number of women. This is all a part of the civil service reform.

Tax and Customs

230. Madam Speaker, in an extremely significant move, we will raise the income tax threshold from \$16,000 to \$30,000, which will remove the burden of taxation from the shoulders of more than 14,500 Fijians. We raised the tax threshold in stages from \$8,840 to \$16,000 beginning in 2007, and this latest change will make life easier for many more people who work hard every day to support their families and create some personal wealth. In fact, some 85,000 Fijians in the formal sector alone will now no longer pay any income tax.

But even more significantly, Madam Speaker, this is a tax cut for every Fijian, because the first \$30,000 of every Fijian's income will be tax-free.

231. That means more money in the pockets of ordinary people. For example, Madam Speaker, a teacher with an annual salary of \$21,438 a year was paying income tax of around \$381, so the real take-home salary was only \$21,057. Under our civil service reforms, that teacher's salary rises to \$24,261 and, if the income tax threshold were to remain, she would pay \$827 in tax. But now that we've raised the threshold, not only does the teacher get a raise, she also doesn't pay income tax, for a total take home amount of \$24,261, a real increase of \$3,204, Madam Speaker.

232. The duty on some everyday items that people buy have been reduced. For example:

- Energy Bars are reduced from 32% to 5%
- Ready-made towels from 32% to 15%
- Baby cots and shoes from 32% to 5%
- Canned sardines from 32% to 15%
- Baby wipes from 32% to 0%
- Steel and aluminium louver frames from 32% to 5%

These are some of the reductions.

233. Madam Speaker, excise on cigarettes, tobacco and alcohol will increase by 15%. Excise tax on sweetened and carbonated drinks will also increase by 15%, from 30 cents per litre to 35 cents per litre.
234. Madam Speaker, all taxation of dividends—currently at 3% for residents and 9% for non-residents—has been abolished to encourage investment. However, any effort to evade taxation by disguising taxable income as dividend income will constitute a tax offence and will be punishable by a severe fine or criminal prosecution.
235. To address the issue of Dividend Tax applying to the distribution of company profits prior to 2014, a one per cent Transitional Tax will be levied on pre-2014 earnings balances as of 29 June 2017. There will be a three-month window granted to complete the payment of this Transitional Tax (until 30 September 2017).
236. Madam Speaker, Government has allocated a total operating budget of \$53.7 million dollars to the Fiji Revenue and Customs Authority (FRCA), an increase of \$10.7 million dollars. We are equipping FRCA with all the necessary resources to better collect taxes, clamp down on non-

compliance and tax cheaters and protect our borders more effectively.

237. FRCA employees have received a pay rise of an average of 24%, which brings their pay in line with the private sector, where there is a great demand for people with the skills and experience of our FRCA staff, and recognises their special skill sets. FRCA has also been given funding to conduct a salary and wage survey for its employees. FRCA employees on the front lines protecting our border and in other enforcement and investigative activities have also received a pay increase of almost 50%.

238. Madam Speaker, we will introduce a series of measures in this Budget to improve tax Compliance. The anti-avoidance provisions in the Income Tax Act will be amended to capture all types and all levels of tax arrangements designed to avoid tax.

239. The Customs Act will also be amended to shift the burden of proof to the importer on all offences. The Tax Administration Act will be amended to give FRCA additional powers when conducting raids for tax audit purposes.

240. Madam Speaker, the FRCA Act will also be amended to allow it to share information more easily with the Fiji Commerce Commission in monitoring prices and for FRCA to effectively issue infringement notices to traders who do not pass reduced duties to consumers.
241. Madam Speaker, the focus of this Budget for FRCA is to simplify tax administration in Fiji and create a climate of customer service. The name of Fiji Revenue and Customs Authority will be changed, Madam Speaker to Fiji Revenue and Customs Service as a constant reminder that we work for the Fijian people. A hotline will be available from 1 July for citizens or staff to register complaints and report fraud, abuse and non-compliance with the law.

Conclusion

242. Finally, Madam Speaker, in conclusion, we are proud of this Budget, but we are even more proud of our ability as a government to address the needs of our society across the board. We are proud that we can guarantee opportunity and improve living standards, show compassion, Madam Speaker, ensure fairness and justice, keep order and help people lead rewarding and productive lives. This is what courageous leadership and sound economic management

can do. That is why we are in Government. A budget is never just about dollars in and dollars out. It is also not just about living for the moment. Neither is it about trying to win votes. It is one in a series of interrelated blueprints for realising our ambitions for today and giving our children optimism for the future. It is a job that is never complete, but each year, Madam Speaker, brings us the joy of knowing that we have done better than last year. We have remained true to our convictions and kept our promises, even when it was difficult. True leadership is inspiring an entire nation, Madam Speaker, because our leader kept the nation's eye fixed on the rewards that come when a government patiently and firmly carries out a well-conceived plan of action. We know we have the vision, the means and the leadership to unlock our economic potential for good, Madam Speaker. And that is why we came into government.

243. And for that reason Madam Speaker, I recommend this Budget, Madam Speaker.

Thank you, Madam Speaker.