

## 2015 BUDGET ADDRESS

### “TURNING PROMISES INTO DEEDS”

Madam Speaker,

It is my honour today to deliver the 2015 Budget – the first in our new democracy, the first in this new Parliament and the first Budget of the FijiFirst government.

It is also my honour to inform the nation that rarely in our history have Fijians enjoyed such a buoyant economic outlook, one that holds such great promise to improve the living standards of all our people.

We are currently enjoying only the third sustained period of economic growth since Independence 44 years ago.

Last year, we achieved an impressive growth rate of 4.6 per cent against a forecast of 3.6 per cent in the last budget. This was more than double the growth of 1.8 per cent in 2012 and more than the 2.7 per cent in 2011.

I am pleased to announce that we expect growth for 2014 to be 4.2 per cent once all the figures are in, also significantly higher than the forecast of 3.0 per cent a year ago. This is a commendable achievement by any regional or international standard. In fact, with the projected growth for next year, our economy would achieve 6 years of consecutive growth, one of the longest periods of sustained economic expansion in Fiji’s post-independence history. And more importantly, it will be the first time in

the last 40 years that the Fijian economy grew by more than 4 percent in 3 consecutive years.

This unprecedented growth trend, and particularly the strength of this growth, are clear evidence that our economic policies and the investments Government is undertaking are doing what we intended them to do, and that this is the right economic course for Fiji.

Madam Speaker, the current economic expansion is driven by both public and private sector activities. The Government is doing what it should do: It is creating an environment that allows the private sector to succeed. The competitive tax regime, low interest rates and stable economic policies have produced an environment of easy financing and rising consumer and business confidence. All of this has contributed to the surge in private sector activity. There is no doubt that under current global financial conditions this momentum will continue, and it will certainly elevate Fiji's position in the region.

Investments will continue to grow, enhanced by the current construction boom, driven by the private sector, our vibrant tourism industry, and capital works that the Government will carry out. Investment for 2014 is projected to be 26 percent of GDP.

Madam Speaker, our external position has also been strong. Foreign reserves stand at \$1.8 billion, enough to cover around 4.6 months of imports. I again wish to highlight that since 2009, our foreign reserves import cover has consistently been above 4 months. This is another record: We have never maintained such a strong foreign-reserves position for straight five years.

This comfortable foreign-exchange cushion is no accident: Government has worked tirelessly to strengthen Fiji's balance of payments situation and has taken decisive actions to ensure that Fiji's economy is not held hostage by a lack of hard currency. Government has made it a priority to boost our exports and reduce the trade deficit. This policy has not just produced jobs. It has also allowed the Reserve Bank to ease exchange controls, which gives all Fijians more freedom to spend their money as they choose.

Madam Speaker, inflation stood at a low 0.3 percent at the end of October. Year-end inflation is projected at 1.5 percent for this year.

With our healthy reserves position and low inflation, the Reserve Bank has been able to maintain an accommodative monetary policy stance over the last few years. As a result, interest rates are at historically low levels. This has sustained lending in the economy, which makes it easier for businesses to invest, which creates more jobs, which leads to more savings and consumption. Madam Speaker, I think we all get the picture.

Madam Speaker, our exports have been growing and are projected to increase by 8 percent this year and another 3.5 percent in 2015. This growth is broad-based, with all major exports expected to increase. Imports are also projected to increase next year by 6.6 percent, which is in line with our strong economy.

Visitor arrivals are also projected to increase to more than 701 thousand next year, and we expect total tourism receipts to exceed \$1.4 billion next year. Personal remittances from abroad have also been increasing, which sustain or assist many families and inject important cash into the economy—and, of course, they contribute to our favorable balance of payments situation.

Madam Speaker, the 2015 Budget will produce more strong economic performance because it rests on a sound macroeconomic foundation and, as we will see, it targets investment to areas that encourage economic activity and growth, improve safety, increase living standards, and lift the poor and marginalised.

You may recall, Madam Speaker, that we held a Budget Consultation Forum last month to make the budgeting process more transparent and capture the public's view on spending priorities. We invited other political parties as well, and we allowed people to submit their views online. The Forum was an enormous success, and I can assure you and my colleagues in Parliament that the public helped us shape this budget. Further, this year's Budget document contains a narrative section that explains how each activity of the government, down to the smallest one, uses the funds it has been allocated. As announced publicly, we will put in place a five-year development plan which will be completed at the end of the first quarter of 2015. The Budget Consultation Forum provided us some valuable insights for the plan and, indeed, further consultations will be held before the plan is finalised. We hope members of the other side of this honourable house will find the time and good will to contribute to this national agenda,

Madam Speaker,

We expect total revenue to reach \$3.1 billion in 2015 and total expenditures to be \$3.3 billion. The estimated net deficit for 2015 is \$213.9 million, equivalent to 2.5 percent of GDP. We would prefer no deficit, but this is a healthy and sustainable level.

Government debt currently stands at \$4 billion, equivalent to 49.8 percent of GDP. With the 2015 budgeted fiscal deficit and growth outlook, we expect to reduce total debt to 48.7 percent of GDP next year.

Government's operating expenditure stands at \$1.9 billion, while a sum of \$1.3 billion is appropriated for capital expenditures in 2015. The 30 percent increase in capital expenditures now brings Government's capital investment to 41 percent of total expenditure.

Madam Speaker,

Government is committed to ensure that public debt is prudently managed. A reform plan has been formulated with assistance from the World Bank to ensure efficient treasury management, institutional strengthening and capacity building.

The global bond is also maturing in 2016. The balance in our offshore sinking fund account currently stands at USD 117 million. Given the favorable international market conditions and the re-engagement of multilateral development partners such as ADB and the World Bank, Government is exploring the best options, keeping in mind our debt position, outlook for foreign reserves and interest rates.

Discussion with the Asian Development Bank to secure a concessional loan of USD \$100 million for investment in transport infrastructure for the next 5 years is also in advance stages. The ADB has offered an extremely competitive interest rate package and a package of technical assistance.

Madam Speaker,

Our strong economic performance is no blip or spike on the graph, but a consistent and upward movement. Fiji is on the move. Our progress is sustained. It is indisputable. And if we can keep our focus - keep Fiji moving – the possibilities are limited only by our imagination.

Our current standing in the international community is unquestioned and unprecedented. I rise in this Chamber in a week in which the leaders of the two most populous nations on earth – India and China – are gracing our shores. That the leaders of more than 2.5 billion people see fit to visit a nation of less than one million people is a testament to Fiji’s stature. Great things are expected of us. We expect great things of ourselves.

Moreover, the growth of our economy comes at a time of severe challenges in the global economy generally and in the economic position of many of our neighbours. So we can take great satisfaction as a nation from our performance.

Madam Speaker,

All of this is because of the hard work and consistent policy settings of the Bainimarama Government. We do not believe in the gimmicks or quick fixes. We know from our own experience and the experience of other countries that managing our economy requires us to be smart, flexible and adaptable—and never to be slaves to ideology. We set our economic policy settings to local conditions and changing circumstances, not to global fads or the prescriptions of individual economists or for experimental purposes.

We know from experience that in Fiji, economic growth flows from stability and consistency, from consistent policies that encourage the

private sector – domestic and international – to invest with confidence and create the jobs that many of our people need to prosper.

It also flows from creating partnerships; for Government to work closely with the private sector to establish economic conditions that are pro-growth and provide greater incentives for investment. We will continue to do that, and technology is a prime area for cooperation. Fiji is expediting an uptake of technology, and government, business and academia working together can fast track it even further. As a nation, we need to weave technology into our daily lives. It is good for business, it is good for government, it is good for service delivery, and it is good for the country. It will make us more competitive and attractive to investors and will prepare our people for anything the modern economy brings. We all need to be more than computer ate; we need to become one with technology. That is what we mean by an uptake of technology. We mean that we must exist with it at a whole new level.

Still, Madam Speaker, something is missing. Real growth and innovation need institutions willing to take financial risks, something that has been missing in Fiji. We have been in discussions regarding the creation of a venture capital funding institution, with Government participation, to finance new ventures. Unfortunately, mainstream banks have shown to be more conservative, and the Fiji Development Bank has undertaken that role to compensate for the conservatism of our banking sector. When we establish an organisation in Fiji to fulfill that role, FDB can focus on development full-time, in particular in agriculture.

The International Community has endorsed our overall management of the economy. So we intend to maintain our economic framework in which lower taxes and investment incentives stimulate the private sector

and are accompanied by public investment in better infrastructure and in the education that is needed to produce a smarter and skilled workforce. This will oil the wheels of the Fijian economy and make it more efficient.

Madam Speaker,

A national budget is not exclusively a financial document, although it provides financial guidance. It is really a statement of intent. It is the government in action, turning its philosophy into programs and its promises into deeds. Over the last three years, the Bainimarama Government has done three things with the budgets we have presented: We have rationalised funding across the board to ensure that all sectors of society are treated fairly and all necessary activities are funded. We concentrated funding in a few high-priority areas that needed immediate attention. And we have sought out ways to correct past oversights or injustices, to make people feel whole, to pay past debts or to fulfill forgotten promises. We will do that again in 2015.

We will continue to develop and expand our infrastructure program and build our national capacity through our education revolution. And as I will outline shortly, we will also expand our reform program into two new areas: The first is a major investment to improve the quality of our health system – new hospitals, more doctors, more nurses, more allied workers. The second is the commencement of a major overhaul of the Civil Service to make it more efficient and responsive. We will do all of this with the assistance and cooperation of our development partners.

Madam Speaker,

No government can put its ideas into action without an able and professional community of public servants who have the education, skills

and experience to deliver on our ambitious development agenda. Fiji is dispersed across so many islands, and our public servants have to be especially innovative, responsive, and dedicated. They also need to be able to leverage new technologies, including mobile communications. With the support of our development partners, we will enter a transformational phase that brings out the best in our public servants.

Two years ago, the Honourable Prime Minister, as Finance Minister, announced the biggest infrastructure spend in Fiji's history to tackle one of our biggest infrastructure challenges – the state of our roads. Since then, we have invested more to develop and improve these vital arteries in our economy, on which the free flow of people and goods and services depends. And we have made other major investments in infrastructure—especially in our ports and airports to streamline their operations, free up the blockages, bolster our exports and reduce the cost of imports.

All this will continue in 2015, including a major investment to upgrade Nadi International Airport, our nation's gateway and the main entry point for the international visitors who support our biggest revenue earner – tourism.

Madam Speaker,

Last year, we announced the biggest spend in any Fijian budget on the biggest investment any Fijian Government has ever made: a landmark breakthrough to provide our young people with free schooling at primary and secondary level, plus scholarships and a tertiary education loans scheme.

With this bold program, we established once and for all that no poor child will ever be denied the opportunity to receive a proper education. Poverty

must be a temporary condition, and education is the weapon of its destruction. By doing this, we have broadened the horizons of every Fijian child, given hope to every Fijian parent, and made a gift to the Fijian nation.

Madam Speaker,

In 2015, we will have 142 new teachers in our primary schools and 206 in our secondary schools and embark on major initiatives in curriculum development. And as we have already flagged, we will extend our free schooling program to the nation's pre-schools.

By funding students attending accredited pre-schools in their final year before moving on to primary school, we are equipping them better and earlier for what we hope will be years of continuing education. We want to instill a culture of learning in every Fijian. Because that is the key to becoming a smarter and skilled country.

As the Honourable Prime Minister has stated, nothing that the Bainimarama Government has ever done is more important than ensuring the future well-being and prosperity of our people or the future well-being and prosperity of our nation. We are building a smarter Fiji, a Fiji with an even more educated workforce able to compete in our region and in the world.

To this end, in 2015 we are establishing a number of dedicated technical schools to supplement our existing technical colleges and universities. It is all part of a long-term investment in our future that is bold, socially responsible and economically justifiable.

More than any other of our initiatives as a Government over the past eight years, it is a statement about our values and where we want to take the

Fijian nation – into the ranks of the “clever countries”, those nations acknowledged for the skill sets of their people. Citizens of the world, not just of their own nations. Smart enough to compete against the best.

Madam Speaker,

This year, we will concentrate some needed resources on health, security and water.

This budget funds the beginning of a major reform program through which we will hire 150 new doctors, 200 new nurses and 91 other health workers such as lab technicians and pharmacists. We will open new hospitals and renovate existing ones, invest in new equipment and laboratories, develop the means to treat most serious health problems here in Fiji, and take health services to rural areas by opening clinics and nursing stations. We will also use technology, including remote diagnostics.

We have increased capital grants to the Water Authority of Fiji by a huge amount— around \$99 million—in a concentrated effort to eliminate most of the impediments to ensuring that all Fijians have access to clean water and adequate sanitation. The total budget for the Water Authority of Fiji for 2015 is \$239 million.

Madam Speaker, the people cannot wait through endless budget cycles for clean water. They need it now, and we need to do everything we can to deliver it now. It is a large undertaking, and it requires investments in equipment, laboratories, plants and systems. We can’t do it overnight, but we have to begin now, and we have to concentrate resources to do as much as we can as soon as we can.

The last concentrated effort I wish to point out here is the need to deliver better security and more effective justice. We are investing heavily this year in technology to help the police solve crimes, coordinate their efforts, fight international crime and keep people safe in their beds at night. We are investing heavily in police science, dedicating close to a million dollars for forensic laboratories, equipment and training. Science is a key to better justice. Modern forensics, properly administered, catches more criminals. And there is another beneficial effect: It reduces the number of wrongful convictions. It is not enough just to put someone in jail; we only get justice when we convict the right person of a crime. The people are not protected when a criminal goes free, and we are all diminished when justice is denied.

We will also invest in police facilities to make them safer and more professional. We will begin a major procurement to replace analogue police radios with an integrated multiband digital system that will connect police in all four divisions. New traffic management equipment, including cameras, will keep the roads safer. We are funding an integrated border management system that will enable us to combat international crime—terrorism, drug trafficking, trafficking in persons, and fraud. Our police work with police organisations from all over the world, and they need to be just as prepared and well equipped as the police in developed countries.

And what of the unfinished business, the repaying of old debts, and the drive for fairness and justice for people who had been forgotten? Last year, we committed to compensate women who been short-changed on their government pensions because they hadn't been credited for their years of service before marriage. The Honourable Prime Minister distributed cheques to some of these women just this morning.

And there are a few examples for 2015. The Government has put together a financial assistance package for Fiji's Christmas Island veterans, who were exposed to nuclear radiation while serving on Operation Grapple between 1958 and 1960. They served well, and they were exposed to dangerous radiation. Although Fiji was a British colony at the time, we have a debt to our fellow Fijians, and it must be paid. We also are adjusting the pay for police officers whose salaries were adjusted in 2009 due to the government's Job Evaluation Exercise. Other security agencies had implemented the JEE retrospectively, but the police agencies did not. They will now receive a lump-sum payment to make up the difference, putting them on a par with other security agencies.

Retired government workers were overlooked when government workers received pay rises in 2012. We will increase their annuities in 2015 by 20 percent. This includes former Prime Ministers, members of Parliament, civil servants and members of the judiciary.

My last example of unfinished business is rural electrification. It may be more expensive to deliver electricity to homes in sparsely populated areas, but we believe it is unjust to force rural dwellers to pay huge fees to connect to the grid. It is no wonder that so many of our rural citizens are without power when they might have to pay thousands of dollars for installation. If we are a community, then we can come together to share that burden with them. We will and we must.

Madam Speaker,

No Government in our history has done more to transform Fiji for the better, to lay the policy framework for a modern nation-state. As the Honourable Prime Minister recently told the United Nations General Assembly, more laws have been passed to improve our standard of

governance in Fiji during the past eight years than in the entire 36-year period since Independence.

Furthermore, no Government in our history has done more to give the Fijian people access to basic services. Indeed, service delivery has been one of the defining features of the Bainimarama Government. We deliver. We serve. And the Fijian people recognised that by giving FijiFirst a landslide win in the September election.

As His Excellency the President outlined in his speech last month opening the Parliament, many of the Government's spending initiatives for the coming year are skewed towards assisting the less fortunate among us. As our economy grows, we can embark on more programs to address disadvantages and take the cost-of-living pressure off low-income earners.

But we also need to do more to streamline and improve our service delivery. Or as this Budget's theme puts it: "turning promises into deeds."

Madam Speaker,

A centerpiece of this budget is the commencement of a major overhaul of the Government's principal instrument of service delivery - the Civil Service—to ensure that it meets international best practice, delivers what Government decides quickly and efficiently, is prudent with public finances and plays a more effective role in national development and the growth of our economy.

In 2015, with the support of some of our development partners, a team of international consultants will move into the Civil Service and dissect its functions, working with it, not against it, to evaluate its performance. As the Honorable Prime Minister has already stated, this is not a purge, and

most civil servants have nothing to fear. But it is abundantly clear from the Auditor General's reports that some of our existing processes are deficient, and we need to fix them.

Our vision for the nation calls for a skilled, professional and accountable civil service. But that requires something of government leaders: We have to ensure that the systems that civil servants work in, the technologies they work with, and the rules of administration that they follow encourage and support them. That will be the game changer in our ability to deliver services. Our citizens expect more from our governments. They expect more services, they expect faster services, and they expect government to be responsive and to care about them. We cannot let them down. Madam Speaker, we believe our Civil Service will rise to this challenge as long as we design the right system, the right processes, and the right incentives.

Madam Speaker,

There are four keys to transforming the way we serve our people. First, we must improve the leadership in public service with a strong cadre of public service managers. Secondly, we have to lift staff performance by helping employees develop their skills. Civil servants have to work in an environment where effort and hard work are recognised and rewarded. Many departments will need to restructure to keep in line with developments in the global economy and enable our country to overcome the challenges that the global economy poses for a small island state.

Third, we need to start a revolution in the way we deliver services--through new technologies and new government centres, through mobile devices and the Internet. We have already gotten a start on that here in Fiji with our tele centres and online services. In the future, all services

that can be delivered electronically and at a distance will be. Finally, we have to be able to recruit and retain the best possible people. Public service is a noble calling. It deserves respect and proper compensation—respect and compensation that is earned through performance and accountability.

Madam speaker,

This Government will transform the way citizens interact with the Government. We will transform the way services are delivered. This will require innovation and leapfrogging into the use of new technologies. This will require our departments and agencies to reorganise themselves and for civil servants to reskill themselves. This what our citizens deserve.

It is time to address the deficiencies that have plagued successive governments once and for all. Fijians are entitled to expect that their hard-earned tax dollars are used to maximum advantage. So we are instituting a range of measures to make the system more transparent, more accountable and more efficient. To achieve this, we will strengthen the ability of civil servants across the whole of government to manage finances, audit programs and accounts, and procure goods and services, among other responsibilities. We will ensure that we are able to attract the most talented professionals to work in these areas in government, pursue their careers in government, and be rewarded for their labour and dedication.

Civil service reform will go hand in hand with reform of procedures like procurement. We will retool our thinking to look for best long-term value rather than simply go for low prices. Government is too important to use

shoddy goods and work out of poorly built and maintained buildings that were not designed for their purpose.

In that regard, we are in early discussions with the Fiji National Provident Fund to lease to the government modern, purpose-built structures. By operating out of buildings that were designed for the work of each ministry, government will be more efficient, civil servants will have more pride in their work and the public will have more pride in their government. All Fijians would benefit from the revenue FNPF would earn as a major landlord to the government.

## **Education**

Madam Speaker, the 2015 Budget will build on our decisive and bold investment in the education sector in 2014 and continue our drive to give all Fijian students access to free, quality education at all levels.

Madam Speaker, the total funding for the education sector has been increased to \$556 million in the 2015 Budget. This is an additional investment of \$30 million compared to this year and accounts for around 17 percent of the total budget.

The revolutionary investment towards building a smarter and more skilled Fiji and providing free education for both primary and secondary school education has proved to be one of the greatest achievements of the Bainimarama Government. We will continue to build on this achievement.

Madam Speaker, the free education program, free textbook program and the free bus fare scheme have provided needed financial relief for parents, and its impact on the education of our children has also been immediate. Enrollment in schools has increased this year by 3 percent,

and daily attendance has also improved. School facilities have been upgraded with new investments in IT equipment, libraries, and building upgrades. All this will lead towards the creation of an environment that supports good teaching and encourages learning.

Government has allocated \$35 million for primary education and \$31.4 for secondary schools in order to continue the free education initiative and to encourage parents to keep their children in school.

While the grant allocation to schools will continue to be generally aligned to the number of students, Government will also take into consideration the location and economic status of schools. This will ensure that increased funding is provided to disadvantaged and remote schools in the rural and maritime areas that need more financial assistance.

Madam Speaker, Government will also provide flexibility on the use of the school grant. This will mean that if a school has a well-maintained and proper building facility that does not require much repair or upgrading, the maintenance component of the grant could be applied to improving library facilities or IT infrastructure. This, however, will have to be justified and approved by the Ministry of Education to ensure that that there is no abuse of funds.

Madam Speaker, from the second term of next year, Government will extend the free education program to pre-school students at recognised and accredited schools. In the next few months, the Ministry of Education will finalise the list of these schools.

Educators believe that this program will yield the best results for the dollars spent by targeting those pre-school students who are one year away from attending primary school, and we will limit funding under this

program to those students. A sum of \$1.4 million has been set aside for this purpose, and we expect to assist around 20,000 school children.

Government will also continue to provide \$3.3 million next year to fund the salaries of pre-school teachers, and a building grant of \$150 thousand is also budgeted for early-childhood education schools.

Madam Speaker, Government's new initiatives and investments in the education sector next year are also focused in areas that will help students learn more. Students benefit when they get more attention from their teachers, and we will be improving the teacher/student ratio to ensure that more teachers can give focused attention to their students.

This means we will recruit more teachers and provide training to help them deliver quality education for our modern era. Teaching has evolved with technology and advances in school research, and we need to take advantage of the new and effective ways that students are encouraged to learn and teachers are encouraged to be creative and energetic.

In this regard, Madam Speaker, Government has set a target to improve the teacher/student ratio in primary schools and in secondary schools by 2016. We are providing \$7 million for the recruitment of an additional 142 teachers for primary and 206 for secondary schools. This will not only improve the learning environment and allow teachers to give their children the attention they need, it will provide new job opportunities and absorb more of the graduates that our institutions produce.

Madam Speaker, Government from Term 1 next year we will also provide 250 ml of milk per day to all Year 1 students. This would help improve the concentration of these young students at this early stage of education and provide important nutrition that some might not get at

home. A sum of \$3.6 million has been allocated in the 2015 Budget for this, which will also cater for transportation costs for schools in maritime and rural areas.

The Grants per Child for Schools will be adjusted to give a higher per-child payment to schools in rural areas, where costs per child are higher and enrollments lower than in urban schools. This flexibility will inject more fairness into a process that unduly favored well-resourced urban schools over needier rural and maritime schools.

Apart from the funding for free education, Government will continue with to provide the bus fare subsidy to assist students from low income households. Students who travel by boat, carriers and other transport where bus service is not available will continue to receive this assistance as well. A sum of \$20 million is allocated next year, which will assist approximately 80,000 students.

Madam Speaker, the curriculum is considered the heart of the education system. It is therefore important that our curriculum be robust, relevant and responsive to the changing environment. We are strengthening our Curriculum Development Unit by creating 8 new positions. We will also appoint subject matter specialists who will be required to have a minimum of a Bachelor's degree and Master's degree in the respective subject area. Government will continue to prioritise the implementation of the Fiji National Curriculum Framework and the New Assessment Framework with an allocation of \$1.2 million.

### ***School Construction and Upgrade***

Madam Speaker, Government is mindful of the growing demand for new schools.

Government has allocated \$1.3 million for the construction of a new secondary school in Ono-I-Lau that will also cater for students from the nearby islands including Fulaga. This development in the far-away maritime region will enable more students to attend school close to home. This will also mean parents will be much closer to their children and able to guide them through these formative years.

A further \$2.7 million has been allocated for the completion of the New Bau College that will cater for the increasing number of students in this area.

Also, \$700 thousand is allocated for the extension of St Francis College and Ratu Lalabalavu Memorial School and \$350 thousand for the establishment of the Nakorotubu Secondary School in Ra.

Madam Speaker, Government is also funding the relocation of the Sigatoka Methodist College to Kulukulu with a budget of \$2 million. The relocation would allow for the expansion of the college and also create more space for the extension of the primary school at the current location.

Government is also providing \$842 thousand for the establishment of the Vatubalavu Infant School and a further \$118 thousand for the completion of the new Nailou Infant school. These schools will cater for Year 1 to 3 students.

Government has provided a building grant of \$423 thousand in 2015 to upgrade schools declared as heritage sites in Levuka.

A further \$1.5 million is allocated for the maintenance and upgrading of Government schools and staff quarters, with a further \$1.8 million allocated to cater for food and other administrative costs at Government boarding schools.

A building grant of \$300 thousand is provided for non-Government primary schools, and \$700 thousand for non-Government secondary schools, for upgrading and maintenance.

The One Laptop per Child program will now be called the “One Learning Device per Child” program so that we can provide other learning devices—such as tablets and other devices—in line with the fast-changing technological environment. Government will provide \$800 thousand for this initiative.

A grant of \$550 thousand is provided for special schools to cater for blind, developmentally disabled and physically handicapped students. To create awareness of alcohol- and substance-related abuse and promote safe student lifestyles at schools, Government has increased the allocation to the National Substance Abuse Advisory Council to \$700 thousand.

### ***Vocational Education and Training***

Madam Speaker, Government has over the years placed special focus on technical and vocational training to prepare our students for demanding and well-paid jobs in vitally important skilled trades.

Next year, we are taking a new approach to technical and vocational training in order to make up for the current shortages of workers in booming sectors—particularly construction--and prepare Fiji to develop a pool of qualified workers with the skill sets that industry requires. This investment will not only provide opportunities for employment in Fiji, but can also build expertise that Fijian companies can use in the region.

Government will set up three new fully-fledged technical colleges, with appropriate infrastructure and equipment, in the Suva/Nausori corridor, Nadi and Labasa to provide Award programs in specific trade areas.

(That's for next year.) By 2016, ten more colleges will be up and running. We will work very closely with industry in identifying areas of need and in designing and delivering training.

A total of \$7 million is allocated for the establishment of the 10 technical colleges, which will include remodeling of workshops and purchase of equipment in preparation for additional colleges that will be established in 2016. For the maritime region, the full vocational courses will continue to be provided at mainstream schools

These colleges will also cater for short-term training to meet immediate demands from various sectors. A funding allocation of \$1 million is provided for the Life Skills Training program next year.

A tuition-free grant of \$1.3 million is provided to cater for technical and vocational students at these schools.

Madam Speaker, Government will continue the Vocational Education Training Scholarship with a budget support of \$2.6 million in 2015, and will provide \$1.8 million for vocational training in rural and maritime regions. These programs will continue to be administered in collaboration with the Fiji National University.

### ***Tertiary Education***

The tertiary education loan scheme (TELS) introduced this year will continue, but with further streamlining to make it more efficient and responsive to student needs.

A sum of \$52.5 million is allocated for the tertiary education scheme for next year. This includes funding for the Toppers scheme and the provision of low interest loans for tertiary education. All students meeting

the admission requirements at any tertiary institution will be accommodated.

Madam Speaker, I am pleased to report that students from the technical colleges will be eligible for TELS beginning next year. Apart from this, an increased allocation of \$12 million within the TELS allocation to cater for accommodation, transport and other expenses for students. We will continue to provide 600 full scholarships under the Toppers scheme for high achievers to pursue tertiary education in Government priority areas.

In addition to the funding for TELS, \$15.7 million is provided to continue funding for existing students who were awarded scholarships prior to the introduction of the new tertiary education scheme. This will eventually be phased out as students under previous scholarship scheme complete their studies.

Madam Speaker, Government will also continue to support higher education institutions under the new funding model that was adopted this year to ensure a more level playing field. For 2014, the University of the South Pacific will be provided an operating grant of \$36.6 million, the Fiji National University will receive an operating grant of \$38.6 million, and the University of Fiji provided with be provided \$2.5 million.

In addition to its operating grant, FNU will receive a capital grant of \$4 million for the construction of its Labasa campus.

Madam Speaker, these enormous funding allocations towards the provision of quality education for early childhood, primary and secondary school, and technical and vocational and higher education is in line with the right to education enshrined in our Constitution and Government's commitment to honor and protect this fundamental right for all Fijians.

## **Health**

Madam Speaker the Constitution also guarantees the right to health, and it is Government's responsibility to provide conditions and facilities necessary for quality health care services.

For 2015, Government has provided a total budget of \$269.7 million towards give people better access to quality health care. This is an increase of around \$47.3 million from this year and will fund several new initiatives designed to provide a strong response to current needs and build a healthier nation over the long term.

Madam Speaker, next year the Ministry of Health plans to spend \$8.1 million to recruit and retain an additional 200 nurses and 150 doctors. Government will also ensure that doctors and nurses are well trained and properly motivated to upgrade their skills and remain in Fiji. Our objective is to achieve an internationally accepted doctor-to-patient ratio by 2020. Government has also provided \$2.7 million next year to hire 91 additional health workers such as pharmacists and lab technicians, and has allocated \$1 million for in-service training of health personnel in the Ministry of Health.

Madam Speaker, Government from next year will ensure that all necessary prescribed medicine under price control is provided free of charge to Fijians with incomes below \$20 thousand. This is a new initiative and will ensure that no citizen's health care is compromised because they can't afford medication. This will also include medicines for non-communicable diseases. \$8 million is provided in the 2015 Budget to fund this initiative.

Government has budgeted \$1.3 million for next year to cover expenses relating to overseas medical treatments and consultancy services for people requiring specialised treatments not available in Fiji. Government is also using expertise from overseas visiting teams to assist our local hospitals with advanced specialised services. For next year, \$500 thousand is allocated to cater for such overseas visiting teams.

Government will provide \$1.5 million to charter aircraft to evacuate patients who suffer life-threatening medical emergencies.

### ***Capital Projects***

Madam Speaker, Government will also undertake a number of capital projects in 2015, some of which are already underway, to modernise our health facilities.

Government is providing \$17.5 million in the 2015 Budget for the construction of the new 55-bed Ba hospital, which commenced this year. This public-private partnership arrangement with the Ba Chamber of Commerce is a good model for private sector collaboration in improving the delivery of health care.

\$4 million is provided for the construction of the new Nausori hospital with another \$5.5 million allocated for the construction of the 10-bed low-risk maternity unit in Makoi.

The relocation of the Naulu Health centre will be undertaken at a cost of \$850 thousand, while \$200 thousand is allocated for the site works for upgrading the Valelevu health centre.

Madam Speaker, Government is providing \$6.5 million in 2015 to overhaul the Lautoka Hospital Accident and Emergency Department and

make it more modern, efficient and patient-friendly. This project is expected to be completed by next year.

\$2.2 million is budgeted to upgrade the Keiyasi health centre, with a further \$2.4 million provided for the upgrade and extension of the Rotuma hospital.

Madam Speaker, Government will also continue with the extension of the CWM maternity unit, and has provided \$3 million for the civil works next year. This project involves the construction of a new 224-bed unit that will cater for the rising demand for maternity services in Suva.

The construction of new health care facilities will bring health services closer to all Fijians and ensure that timely medical assistance is provided.

Also, \$3 million is allocated for the upgrading and maintenance of urban divisional hospitals and institutional quarters. Government has provided \$1 million for the maintenance of health centres and nursing stations, and a further \$300 thousand for the purchase of equipment.

Madam Speaker, in total a total sum of \$41 million has been budgeted for the purchase of drugs, vaccines, consumables, laboratories, rations, oxygen supplies and medical equipment.

Government is also undertaking a large investment to establish a world-class tertiary hospital in Lautoka. This will be run in collaboration with the Medical College of the Fiji National University. When it is completed, it will provide advanced medical and surgical services.

Medical services at the tertiary hospital will be provided free of charge to those households with income less than \$20 thousand and to all retirees, irrespective of whether they are on pension or not. Given the need to

complete preliminary works, Government has provided an initial budget of \$2 million for this initiative and is collaborating through FNU with development partners.

### **Transport and Infrastructure**

Madam Speaker, in 2013 Government made a critical commitment to improve the state of our roads, which had suffered from years of neglect. The Fiji Roads Authority has received substantial funding in the last 2 budgets to plan, build and maintain good roads in the country. Investing in infrastructure like roads makes sound economic sense. A good transportation frees people to travel where the jobs are, helps everyone from large manufacturers to small farmers take their goods to market, attracts investment, and reduces injuries and wear and tear on vehicles and equipment. We have seen much improvement all around the nation because our roads are better.

However, more needs to be done. We still have a huge backlog to clear, and we especially need to upgrade our bridges and jetties, in particular in the maritime areas.

Madam Speaker, reducing this backlog and meeting the increasing expectation for improved services will require a much larger investment this year. This is a critical year of investment in our journey to see much better roads, much better water systems, and modern standards throughout the country.

Next year's increased investment is necessary, and we fully expect spending on roads to taper off and stabilise in the next few years. The Fiji Roads Authority (FRA), contractors and workers are all geared up and capable of delivering a much larger program next year.

Madam Speaker, Government is providing a capital grant of \$653 million to the Fiji Roads Authority next year for this critical investment. This is a significant increase of \$179 million from this year's allocation.

With this much-needed investment, we will have come most of the way to modernising Fiji's infrastructure and bringing it up to international standards.

Madam Speaker, Government will address the need to clear the backlog of bridge replacements all over the nation. The Stinson Parade and Vatuwaqa bridge renewal will be funded through \$15 million grant from the Chinese Government.

Major work will continue on road projects in Nabouwalu to Dreketi, Moto to Buca Bay and Sawani to Serea, all funded by the EXIM Bank of China. Total funding allocation of \$97.8 million is allocated for these projects. Madam Speaker, we have also provided funding for the Nadi to Lautoka 4-lane project. Demand for expansion of the road network is necessary because of increased development activity and greater movement in this area.

An increased allocation is also provided for maintenance and renewal works all around the country. This is essential to clear the backlog again and ensure that our investment in roads is protected by not having to take on the burden of additional and unnecessary long-term rehabilitation costs.

Madam Speaker, Government next year will launch an initiative to put up street lights all around the country, near villages, police posts, shops and market places. This investment, while beautifying and making our roads

safer, will also create opportunities for local communities to engage in productive business activity at night. And it promotes safety.

Government will also undertake a nationwide survey and consultation process to gather information on the travel behavior, mode of transport around the country, types of vehicles and other pertinent data to assist with future planning of developments in the transport sector. \$750 thousand is allocated towards this under the National Transport Database and Transport Planning Software allocation.

The Land Transport Authority is provided an increased operating grant of \$14.9 million for next year. This will cater for salary adjustments after the Job Evaluation Exercise undertaken by the Authority. A capital grant of \$3.4 million is given for the purchase of vehicle inspection equipment, repair and upgrading of weighbridge, and construction of the new Labasa office, which suffered a fire this year.

Madam Speaker, Government is also investing to improve transportation to our maritime region.

Government has provided an increased allocation of \$2.4 million for the shipping franchise scheme. The increase will cater for increased frequency of services to remote and uneconomical shipping routes subsidised by Government.

\$800 thousand is provided for upgrading of existing Government Shipping Vessels. \$850 thousand is also provided for upgrading of Government wharf infrastructure, and an additional \$800 thousand will go towards the dredging of the wharf entrance.

Government is providing \$3.1 million for the final installment on the purchase of a vessel to service our maritime area.

The Maritime Safety Authority of Fiji (MSAF) is provided an operating grant of \$2.2 million and a further capital grant of \$3 million next year.

An operating grant of \$3 million is provided to the Civil Aviation Authority of Fiji for air transport services, and a further \$1.68 million for subsidy to serve uneconomical domestic routes.

We are also allocating \$200 thousand for preparatory works for the Rotuma airstrip and another \$300 thousand for upgrade works at other airstrips around the country.

## **Water**

Madam Speaker, Government will continue with its program to ensure that all Fijians are provided access to clean and safe drinking water. It is a right guaranteed under our Constitution.

The demand for water has been increasing along with the increasing development in the major urban centres in Fiji. It is critical to identify new water sources and undertake increased capital investment to cater for this demand.

The Water Authority of Fiji has been provided a grant \$239.2 million in 2015. This is an increase of \$99.6 million.

The capital grant has increased by a substantive \$95.1 million for next year, with the Water Authority provided a total of \$176.1 million for capital works.

\$63.2 million is provided for the operations of the Authority, an increase

Madam Speaker, next year Government will undertake a major investment to ensure that clean and safe drinking water is available in

rural areas. We have allocated \$2 million for the installation of Ecological Purification Systems in water sources used by rural communities to purify water that will be safe for drinking.

Madam Speaker, Government will also provide 91,250 litres of free water annually to Fijian households with income less than \$30 thousand from next year. The Water Authority of Fiji will manage this initiative, and the operational framework will be finalised very soon.

### **Energy and Electricity**

Madam Speaker, Government is also committed to improve access to electricity to those who are currently unconnected.

Government is increasing the budget provision for rural electrification projects to \$19.5 million to cater for the extension of electricity supply, solar system installation, and house wiring. This is an increase of \$9.5 million.

Government will make sure that all community projects where deposit has been paid is pursued urgently and all backlogs are cleared next year.

Also, from next year we will reconfigure the contribution formula to ensure that people living in areas where houses are scattered apart are not burdened with higher deposit requirements, as is currently the case. Government will bear the costs to ensure that every household is connected affordably and fairly.

Madam Speaker, Government has also increased the electricity subsidy for low-income families from the current 75 kilowatts to 85 kilowatts. An increased budget of \$5.7 million is provided to cater for this next year.

Grid extension will be undertaken for the Nacavanadi/Korotasere, Takaimalo and Dawasamu/Bureiwai projects. A sum of \$2.7 million is provided for this in next year's Budget.

Maintenance of existing power distribution infrastructure to rural Government stations will continue with a budget of \$400 thousand.

Madam Speaker, Government has been undertaking investment to expand our supply of energy from renewable sources and reduce dependence on imported fossil fuels.

\$800 thousand is allocated for the Somosomo hydro project, which includes funding for maintenance of road access, line construction, house wiring and other logistical costs. This project is co-funded by the Chinese Government.

Government is providing \$625 thousand next year to establish an accredited Biofuel Testing Laboratory in partnership with the University of the South Pacific. This would include the purchase of equipment and consumables and provision of training and accreditation.

Government has provided \$275 thousand for renewable energy development projects, \$400 thousand for Bio-Diesel Implementation projects and \$200 thousand for Biogas development in rural areas. \$450 thousand is allocated for the Bukuya Hydro Power Scheme.

Madam Speaker, the Government is preparing a process to import fossil fuels such as petroleum and gas. Government will call for international tenders for the supply of fuel, which will enable us to negotiate lower prices and pass savings to consumers when local oil companies procure fuel from Government. This new initiative will ensure stability of fuel prices in Fiji and will ultimately lower both the cost of doing business

and the cost of living. \$250 thousand is allocated for this purpose to finalise these arrangements.

## **Housing**

Madam Speaker, the provision of affordable housing to all Fijians is a key priority for the FijiFirst Government.

Government is aware of the rising demand for housing in the major urban centres and is allocating funds to encourage new land development for housing and construction of new homes for Fijians.

To ensure that Fijian residents have access to affordable residential housing, Government is increasing the stamp duty to 10 percent on transfer for non-resident strata title property buyers and 5 percent on non-resident strata mortgages. This should curb the foreign demand to own residential properties and make it more affordable for Fijians.

These measures will be complemented by amendments to the Land Sales Act that will restrict non-residents from buying freehold land or leasing state land for residential purposes. They can, however, purchase strata title property on these two categories of land. This restriction will not apply to the leasing of iTaukei land for residential purposes. The effect of this would be to create demand by foreigners for the leasing of iTaukei land, which is currently not their preferred option, thereby increasing the value of iTaukei land. This will mean more lease money for land-owning units.

Government from next year will also exempt from capital gains tax any transfer of assets in cases of transfer for “love and affection”—that is, transfers from parents to children, between spouses and within and between grandchildren and grandparents, and between siblings. We will

also continue the stamp-duty exemption on purchase of a first home. We will also grant stamp duty exemptions for mortgages for agricultural purposes.

Madam Speaker,

Government has again set aside \$10 million to assist first-home buyers. Fijians with income of less than \$50 thousand annually are eligible for a grant of \$10 thousand for the construction of a new house. A grant of \$5 thousand is also available for the purchase of an existing first home.

In addition, we will continue with the VAT refund scheme to encourage construction of new houses by first-home owners. Proper documentation and verification is necessary to take advantage of this program. These incentives will encourage construction of new homes.

Funding allocation is also been provided for the provision of low cost housing.

The Public Rental Board is provided \$3.4 million for the completion of 50 flats in Naqere Savusavu and a further \$700 thousand for the completion of the 36 flats in Uci place Kalabu.

Government is also providing \$500 thousand towards the “social housing policy” that allows Housing Authority to write off loans under special circumstances of hardship. Some 400 households and 17 village housing schemes have been assisted since the introduction of this noble initiative in 2011. Next year’s allocation is expected to assist a number of families. A review of this initiative will also be put in place.

Madam Speaker, Government will continue with the squatter upgrading and resettlement project with a budget of \$3 million next year. This will

cater for the ongoing projects at Cuvu, Caubati and Ledrusasa, which is scheduled to be completed next year with lease titles provided to 260 households. This funding allocation will also cater for the upgrading in Sasawira, which will be completed by 2016 and produce 150 leases.

Government is providing \$2 million next year for phases 1 and 2 of the Lagilagi Housing Development project. This will cater for the completion of the 143 home units, community hall, kindergarten and playground and is undertaken in partnership with the Peoples Community Network.

Madam Speaker, Government will continue to fund the Town Wide Informal Settlement Upgrading Project with a funding provision of \$3 million in 2015. The funding is for the upgrade of informal settlements on iTaukei land in various areas between Suva and Lami (Qauia, Wakanisila, Nadonumai, and Waidamudamu) and will ensure provision of water and sewer services, electricity and road connection. The project upon completion will benefit approximately 1,050 households.

Similarly, \$530 thousand is allocated for the City Wide Squatter Upgrading Project to upgrade settlements in urban and peri-urban areas in the Suva-Nausori corridor, Nadi-Lautoka corridor, Labasa and Savusavu.

Government is also providing \$500 thousand to the Housing Assistance Relief Trust for renovation and construction of new HART homes.

Madam Speaker,

Government is also allocating \$1.1 million next year towards emergency assistance for home-fire victims. This is available to those with proper lease titles but earning less than \$20 thousand and without insurance coverage for fire.

## **Poverty Alleviation and Social Protection**

Madam Speaker, Government is committed to protecting the vulnerable and the financially disadvantaged.

The coverage of Government's welfare assistance has increased since the reform of our social protection program in 2012 and the introduction of the Poverty Benefit Scheme. Government next year will undertake a comprehensive review of the eligibility criteria and iron out certain administrative issues to ensure that those with genuine needs are assisted.

Madam Speaker, the Ministry of Women, Children and Poverty Alleviation is provided an increased allocation of \$44.8 million next year. This is an increase of \$4.4 million from this year.

Government is providing \$22 million for next year for the Poverty Benefit Scheme. The food voucher will be increased to \$50 from the current \$30 and the cash component reduced from \$60 to \$50. This in total would be \$10 more than the current package. We expect to assist some 17,000 Fijians are through the poverty benefit scheme next year.

Madam Speaker, we undertake this change keeping in mind the provision of free water, prescribed medicine, electricity, education, and milk for Year 1 students. With most of these essential items now provided free of charge by Government, the cash component has been converted towards an increased food voucher allocation. This will also reduce abuse of welfare payments.

Madam Speaker, Government has pursued a number of policy options over the years to ease the cost of living for low- and middle-income earners. Apart from the targeted expenditure programs that I have just highlighted, Government over the years has increased the income tax

threshold, reduced duty on essential items, continued with zero-rating of VAT on certain products, introduced minimum wage, incentivised investment and business activity for employment creation, and invested in skills development, amongst other things.

Madam Speaker, we do not have full control over the prices of the many products Fijians consume that are sourced from abroad, such as wheat, meat products, fuel, and groceries. Government believes that the best way to ease the cost of living for the poor is through targeted expenditure programs and buying Fijian products currently available as substitutes.

Targeting these expenditures to the lower income people allows the poor to spend on other goods and services. This is a cost-effective response to the cost of living that puts more spending decisions in the hands of the people.

Madam Speaker, the budget allocation for the social pension scheme has been increased to \$8 million next year. The additional \$5 million will accommodate the increase in the monthly allowance from \$30 to \$50 and also cater for the lowering of the eligibility age to 68 beginning from 1 July 2015. This will assist around 13,300 Fijians.

Madam Speaker, the eligibility age will be further lowered to 66 from 1 July in 2016 and will continue to cater for those who do not have any form of income or are not part of any superannuation scheme.

Government will continue funding for the Integrated National Poverty Eradication program with a budget of \$300 thousand for monitoring of poverty alleviation schemes across Government.

\$500 thousand is allocated for the welfare graduation program, which helps able-bodied recipients of social welfare find jobs or create their

own income. In addition, \$500 thousand is also allocated for the Sustainable Income Generating Project, which identifies squatters with agricultural backgrounds for training and farming activities that can generate income.

We will continue with the food-voucher assistance provided for pregnant mothers in rural areas attending pre- and post-natal care with a budget support of \$1 million.

Madam Speaker, Government will beef up its efforts to protect children from criminal activity and sexual assault. Government will establish help lines and work with NGOs to educate and empower children to report offences immediately to responsible authorities. A total budget of \$500,000 million is provided towards child protection.

Apart from this, \$2 million is provided for next year to cater for child welfare, care and protection allowances that will assist more than 2,000 children.

Madam Speaker, we are increasing funding for the Women's Plan of Action to \$1 million to address the 5 thematic areas under the plan. This will foster greater participation of women in formal sector employment and decision-making and help train women community leaders to better advocate for women and defend women's rights.

Government is providing \$500 thousand for another Women's Expo, after the wonderful success of this year's inaugural event, and we plan to make it annual national event. The Expo provides a good networking opportunity for women to market their products and at the same time get training to develop their own entrepreneurship.

Madam Speaker, the Constitution provides to persons with disabilities the right to reasonable adaptation of buildings, infrastructure, vehicles and working arrangements to enable their full participation in society. The National Council of Disabled Persons will get a grant of \$290 thousand in 2015.

The budget for Fiji Servicemen's After Care Fund has been increased to \$8.4 million next year.

Next year we will also provide assistance to our Christmas Island Veterans with a budget support of \$2.95 million.

### **Youth and Sports**

Madam Speaker, youth empowerment and development are important for the future of any country.

With the reduction in our voting age to 18, all our youths have been given a say in the national affairs of the country – to be involved as a voter or even as a parliamentarian. This has come with other political rights.

Madam Speaker, Government will continue with its programs to develop civic awareness among youth and develop the capabilities of young people through multi-skill training. Promotion of sporting activities and development of sports facilities will also be undertaken next year. A total of \$16.7 million is provided to the Ministry of Youths and Sports.

Government is providing \$852 thousand next year for the upgrading, infrastructural enhancement and procurement of equipment for the Naleba and Naqere Training Centre, Valelevu Youth Training Centre and Sigatoka and Yavitu Youth Centre.

A further \$700 thousand is provided for youth capacity building and training, and further funds have been allocated for the upgrading of rural school fields. This investment will allow development of sporting talent in rural areas.

Madam Speaker, Government next year will also provide financial assistance to overseas sporting tours of our national teams. This includes the Fiji U17 men's football team, Pacific Rugby Cup, Junior Rugby World Cup, U20 Soccer World Cup, Pacific Games, World Netball Competition, Pacific Nations Cup, Commonwealth Youth Games, Rugby World Cup and U17 Women's Football. A sum of \$2 million is allocated to cater for this.

\$400 thousand is allocated for hosting of international tournaments in Fiji. Government has also provided \$200 thousand for the sports outreach program.

Government is providing a budget support of \$2 million to engage overseas coaches to provide international expertise in sports development. We introduced this assistance this year, and we were to attract and hire reputable coaches with international stature. The 150 percent tax deduction for contributions by the corporate sector for recruitment of international coaches will continue.

Madam Speaker, \$1.6 million is provided for the construction of Rural Sports Complexes in Gau and Kadavu. The lease payments have been made, and survey of construction sites, design work and construction proper will be undertaken next year. The Government of China has confirmed its commitment to fund the Vunidawa Sports Complex.

We are also providing \$3 million for upgrade and maintenance of existing sports facilities, including in Lawaqa Park.

The National Sports Commission will receive an operating grant of \$800 thousand.

### **Urban and Peri-Urban Development**

Madam Speaker, Government will provide financial support for urban and peri-urban development in partnership with municipal councils. This is apart from road improvements, traffic lights and other auxiliary services provided by the Fiji Roads Authority.

In 2015, \$3 million is allocated under the Challenge and Investment Fund to assist municipal councils to undertake capital projects in collaboration with the private sector. This would include upgrading and maintenance work and procurement of garbage collecting trucks.

\$2 million is budgeted for new town development in Seaqaqa and Nabouwalu. Further development of these centres will reduce urban migration and create employment in these areas.

Madam Speaker, Government has been encouraging development and upgrade of proper market facilities in urban and peri-urban centres to support income generation from agro-based activity and for effective waste management in cities and towns. We are providing \$1.2 million in 2015 for development work at the Nasinu market in Laqere.

Madam Speaker, Government is providing \$1 million for the construction of the waste transfer station in the Central Division in order to improve waste management in the Suva-Nausori area. Waste from municipal councils will be collected and sorted here before being transported to the

Naboro Landfill. This investment is critical to move towards waste recycling.

Government is providing \$2.9 million for the expansion of the Naboro Landfill and \$1.2 million as subsidy for municipal councils to use the landfill.

Madam Speaker, Government launched its Green Growth Framework following a multi-stakeholder consultation forum this year. We are providing \$100 thousand for the advocacy of the green growth framework.

### **Rural Development**

Madam Speaker, rural development is also a high priority on Government's development agenda. Government has placed special emphasis on the provision of proper roads, electricity, water supply and income generating opportunities in the rural and maritime region.

For 2015, Government has increased the allocation for small-grants projects to \$7 million to provide funds for development projects in the rural and maritime regions. This is administered by the Prime Minister's Office.

A further \$1.5 million is allocated as a grant for self-help projects to undertake community development initiatives on a cost sharing basis. This program has assisted many rural communities gain access to basic essential services like water supply.

Madam Speaker, the Northern Development program will continue with a funding of \$1.5 million to support small and micro enterprise ventures in the Northern Division. Government is also providing \$1 million for the

Integrated Human Resource Development program to fund income-generating projects.

Government has allocated \$1.5 million in 2015 for the upgrade of roads in non-cane access areas. This will create income opportunities and support agricultural activity in rural areas by connecting farms with accessible road network.

Madam Speaker, various divisional development projects will continue in all the divisions managed by the various Commissioners. In the Central Division, a total of \$760 thousand is provided for the Namosi Government Station, Waikalou Flood Gate and Navua Landing and Waiting Shed.

In the Western Division, \$515 thousand is allocated for the relocation of the Nacula Health Centre, with a further \$415 thousand to go towards the construction of Grade 6 concrete duplex quarters at the Rabi Health Centre in the Northern Division.

The repair of the suspension bridge in Levuka, river flood protection works at Toki village and completion of waiting shed in Koro islands will be undertaken in the Eastern Division. A sum of \$915 thousand is provided for these projects.

Government has been assisting with construction of houses in rural areas. This will continue next year with a budget of \$1.4 million under the Rural Housing Assistance program.

\$500 thousand has been allocated for acquisition of portable sawmills for Gau and Cicia to enable the locals to harvest their pine plantation and process the timber for building materials.

A new District Administration Office will be constructed in Koro Island with a budget of \$740 thousand next year.

Madam Speaker, \$200 thousand is allocated for Government roadshows in remote locations to create awareness in rural areas about Government services. These roadshows, which involve sending a concentrated delegation of representatives from all relevant government agencies to specific locations to meet with local residents and explain programs, has been very valuable in taking much-needed services to interior villages and maritime areas where government presence is very limited.

### **Sugar**

Madam Speaker, Government is committed to ensure that the sugar industry is modernised and shows a sustained increase in production and profitability.

The industry has done remarkably well this year, with cane production increasing by almost 12 percent to reach 1.8 million tonnes this crushing season. Sugar production has increased to around 218 thousand tonnes, an increase of 24 percent. These numbers will improve even more once the Rarawai Mill is closed. The total-cane-to-total-sugar ratio (TCTS) is currently an impressive 8.1, which reflects improved milling efficiency and better yield crops.

The company will be making further investments to take the industry to greater heights. There are plans for cogeneration projects with a \$US 70 million line of credit secured with the EXIM Bank of India. There are also plans to establish other sugar-related industries.

Madam Speaker, Government next year will provide \$5 million under the sugar development program to plant 3000 hectares of new crop in 2015.

This year, with assistance from Government, 3,150 hectares of new crops have been planted.

Government has also increased the allocation for fertiliser subsidy to \$9.7 million, in line with the projected increase in cane production next year. This allocation is provided to South Pacific Fertilisers Limited to ensure that affordable fertiliser is available to cane farmers to raise crop yields and improve returns.

We are also providing an increased allocation of \$2.5 million for the upgrading of cane access roads, including drainage works, installation of culverts and construction of crossings. This is a continuous investment to support the sugar sector.

\$600 thousand is provided for the purchase of cultivators to assist farmers with harvesting and improving efficiency at farm level.

The Sugar Research Institute of Fiji and the Sugar Tribunal will receive \$900 thousand and \$500 thousand, respectively.

Government is also investing \$938 thousand for the Geographical Information System (GIS) recently launched by the Honourable Prime Minister earlier this month. This technological advancement will revolutionize the management the sugar industry.

## **Agriculture**

Madam Speaker, a diversified and commercially oriented agricultural sector is important to ensure food security, employment and income generation, expand our export base and develop the rural economy. The Ministry of Agriculture is provided an increased budget of around \$65 million in 2015.

Madam Speaker, \$1 million is provided to continue with the Export Promotion Program to strengthen commercial agriculture development for export markets, with a further \$1 million provided to promote production of selected local commodities under the Food Security Program.

Government in the 2014 Budget has also extended the subsidy towards provision of fertilizer to non-sugar farmers. This will be extended to ginger farmers and the dairy and livestock sector beginning next year. As such, Government will provide an increased budget of \$1.5 million under the renamed Agro Input Subsidy program to subsidise the cost of fertiliser, feed and chemicals in order to raise farm productivity and ensure better yields and financial rewards for farmers.

Government will for the first time also provide \$2 million to assist farmers with clearing of land to start agricultural activity. This will ensure that more land is available for agricultural purposes and idle land will be used to increase the productive capacity of our agricultural sector.

The Rural and Outer Island Agricultural Development Program is budgeted \$1 million in 2015.

A sum of \$800 million is provided to assist farmers with extension services for both crops and livestock. Government will also construct and carry out maintenance work on office and quarters for extension staff in rural areas, at a projected cost of \$1 million.

Madam Speaker, Government has allocated \$800 thousand for the Farm Mechanisation project, which will help make further improvements in farm productivity and lower costs of production. This initiative will enable farmers to purchase appropriate farming machines on a cost-

sharing basis and allow farmers access to hire machines from Government.

The zero duty on agricultural machinery and inputs will continue and be deeply extended in order to help farmers afford new equipment.

Madam Speaker, Government has been undertaking various initiatives to encourage young people to take up agricultural activity. We will continue the commercial agriculture scholarships with a budget provision of \$500 thousand next year. This allocation will help train and equip our future farmers with best-practice skills and engage them in commercial agricultural activities. A further \$486 thousand is provided to cater for cash grant and interest payments.

We will also provide \$180 thousand next year for the agriculture show to raise awareness and marketing of agricultural products. This program has attracted much more interest with agriculture shows also held in other divisions.

The Agriculture Marketing Authority is provided an operating grant of \$400 thousand and a capital grant of \$1.5 million to assist farmers with marketing of agricultural products local sale and export.

Government is also providing \$8 million for drainage and flood protection by dredging rivers and constructing river bank boulders around the country. This will reduce the threat of crop loss in low-lying farming areas. Apart from this, \$2 million is allocated to provide drainage subsidy to identified agricultural areas, and \$1.5 million is provided for maintenance of existing irrigation schemes.

We will also provide \$1 million for Watershed Management to construct retention dams that will control the flow of flood waters and minimise the risk of flooding.

\$500 thousand is allocated for dairy development to assist farmers with subsidisation of transportation costs, feed supply and farm development projects.

The Rice Revitalisation program receives \$900 thousand to cover all rice growing areas in the Northern and Central Divisions.

A sum of \$600 thousand is being budgeted for agricultural development in Sigatoka Valley, Saivou Valley, Nadarivatu and Rotuma Island.

Ginger development will continue with a budget of \$500 thousand, and another \$300 thousand will be provided for cocoa development.

Madam Speaker, proper quarantine control and protection against biological risks and threats is very critical for the Fijian economy. The Bio-Security Authority of Fiji will be provided an increased operating grant of \$4 million and a capital grant of \$2 million.

An increased allocation of \$1 million is also provided for Brucellosis Tuberculosis Eradication Program. This allocation will also be used for the control and eradication of tuberculosis in the livestock industry.

### **Forestry**

Madam Speaker, \$300 thousand is provided for the forestry sector for the restoration of degraded forest. The funds will be used for seed production, improvement in nursery facilities, field planting, training, awareness and monitoring.

Government will provide \$300 thousand for the Reducing Emissions from Deforestation and Forest Degradation, best known as the REDD plus program. In addition, \$150 thousand is provided for the upgrade of the Colo-i-Suva Forest Park.

An increased allocation of \$550 thousand is provided to subsidise purchase of value-adding machines.

## **Fisheries**

Madam Speaker, Fisheries represent a very traditional Fijian economic activity, a part of our culture, and a key growth sector for the modern Fijian economy.

Funding of \$500 thousand is provided for the Marine Resource Inventory Survey to take stock of marine resources within various Qoliqolis. This will help ensure better planning and sustainable management of our fisheries resources.

Another \$500 thousand is allocated for Coastal Fisheries Development, which will strengthen development inshore fisheries through advisory services on quality control, fish handling and marketing and monitoring of fishing grounds.

A sum of \$400 thousand is provided for mariculture and pearl and oyster development.

Government is also providing \$500 thousand to establish the multi-species hatchery in Caboni, Ra. This project will assist with the supply of various fish species to reseed overfished reefs, open up opportunities for aquaculture production and exports, and generate supplementary income and employment opportunities for fish farmers.

Madam Speaker, a further \$400 thousand is provided to assist farmers who want to start their own aquaculture farms.

A total of \$1.4 million is provided to complete of the Gau Ice Plant (\$600 thousand) and construct the Rotuma Ice Plant (\$800 thousand), designed to assist rural fisherman with supply of ice for fish storage while transporting to major market centres.

### **Justice and Legal Services**

Madam Speaker, everyone has a right to justice with equal access to the law.

Government has allocated \$4.4 million to the Legal Aid Commission. This will assist those who are unable to afford private legal services and ensure that anyone who needs legal advice and representation can receive it.

We are also undertaking investments to improve and bolster our court facilities.

Government is providing an increased allocation of \$7 million for the extension of the Lautoka High Court complex in a general effort to improve court facilities in the Western Division. \$1 million is given for the relocation of the Ba Magistrates Court, and another \$500 thousand is budgeted for the new Nasinu Court House.

Apart from this, \$2.5 million is allocated for the upgrade of existing court complexes together with \$500 thousand for the upgrade of court houses in rural areas and small towns.

The island court sittings will continue with a budget provision of \$400 thousand next year. This will help bring justice to remote areas.

Government is also providing \$450 thousand for undertaking revision of law with a further \$300 thousand grant to the Fiji Law Reform Commission.

Madam Speaker, we will be relentless in our fight against corruption, and so the Fiji Independent Commission Against Corruption is given \$8.96 million next year.

\$550 thousand is provided to the Human Rights and Anti-Discrimination Commission.

Government is providing \$635 thousand to the Accountability and Transparency Commission, with a further \$100 thousand towards Freedom of Information Act, which will be implemented next year.

The Consumer Compensation Tribunal established this year is provided with a budget of \$300 thousand.

The Office of the Director of Public Prosecutions will be given of \$5.7 million next year.

Madam Speaker, an effective and responsible press is critical for any democracy. The Media Industry Development Authority (MIDA) is provided an operating grant of \$300 thousand next year.

## **Land**

Madam Speaker, making land available for productive activity is critical for the success of our country.

Government for the first time has provided \$10 million for development of iTaukei land with provision of electricity, water and roads to allow for subdivision and other development works. This will allow landowners to

reap commercial benefits from this valuable asset and empower them directly to contribute to national development.

Madam Speaker, Government has also allocated \$1.8 million for the development of state land to be used for productive purposes. A further \$800 thousand is provided to upgrade and improve infrastructure and public utilities in existing subdivisions on state lands.

\$2.5 million is provided in 2015 for the Land Bank Initiative. An increased allocation of \$7.8 million is provided for the Committee on Better Utilisation of Land, or the CBUL initiative, which subsidises land lease monies for farmers and increase of 4 per cent in lease monies for landowners.

### **Trade and Industry**

Madam Speaker, a vibrant and competitive exports sector create a healthy economy by providing cash for investment, creating jobs, encouraging innovation, and fostering a demand for a skilled workforce.

Government is providing \$2 million under the National Exports Strategy to identify and support exporters. The Export Income Deduction will be increased to 50 percent from next year from the current 40 percent. However, the incentive is contingent upon the repatriation of all export proceeds back to Fiji.

We will continue to fund our trade commission offices in Los Angeles, Shanghai, Taiwan and PNG with a total allocation of \$3.1 million next year.

For development of local industries, we will also provide a budget of \$500 thousand to continue the successful Fijian Made and Buy Fijian Campaign and support for domestic industries. A further grant of \$100 thousand will be provided to the Clothing and Footwear Council of Fiji for marketing purposes.

For investment promotion, Investment Fiji will be provided a grant of \$2 million in the 2015 Budget.

Madam Speaker, many Fijians make their living in small and medium-sized businesses. They can be artisans, small merchants or service providers. Small and medium-sized enterprises are also hotbeds of innovation in a modern economy and often introduce new products, services and production techniques. We need to give these entrepreneurs our support.

A grant of \$1 million is provided as a new initiative next year for micro finance start ups and will target particular skill sets, such as selling vegetables and other crops, handicrafts, and other goods. A maximum grant of \$1 thousand will be provided and the program will be administered through the Ministry of Industry and Trade.

The National Centre for Small and Medium Enterprises Development (NCSMED) is provided an operating grant of \$500 thousand next year.

### **Tourism**

Madam Speaker, it goes without saying that Fiji owes a great deal to tourism. But there are many tourist destinations in the world competing for the interest, attention and dollars of the affluent traveling public. Fiji needs to stay on top, and that takes promotion, market intelligence, and

high industry standards. Tourism Fiji will again receive an unprecedented marketing grant of \$23.5 million next year to tell the world why they should come to Fiji.

Government has also budgeted \$12 million to host the successful Fiji International Golf Tournament next year.

### **Disaster Management**

Madam Speaker, Fiji is prone to natural disasters, and we must take all steps possible to prepare for disasters so that we can save lives and limit damage to property. The consequences of not being prepared are simply unacceptable.

Government will provide \$1 million next year for disaster rehabilitation, with stand-by funding will be readily available for immediate disaster relief.

To minimise the impact of natural disasters, \$2 million is budgeted for the Disaster Risk Management and Climate Change Adaptation program. \$75 thousand is also provided for maintenance of flood early warnings system.

Government is providing \$950 thousand for the construction of an archive facility to provide a storage system for safe keeping of important meteorological, climatological and hydrological data, documents, charts, publications and specialised equipment that meets international standards. This will preserve information for future research and studies on disaster management.

Apart from this, \$517 thousand is provided for strengthening the National Climate Monitoring Upgrade project, which will provide data on climate

and weather patterns. The funds would be used for the installation of six new telemetric systems and upgrading of four existing observation systems.

\$200 thousand is provided towards the construction of the new weather office in Labasa.

The National Fire Authority is provided a capital grant of \$2 million for the construction of new fire stations and the purchase of fire trucks, protective appliances and other fire-related equipment. A further \$985 thousand is provided for the procurement and installation of fire hydrants.

### **Defence and Correctional Services**

The budget for Fiji Police Force has been increased by some \$8 million to a total of \$120 million next year.

Government is also providing \$2.4 million for the construction of the Valelevu station and \$710 thousand for the Beqa Police Post and quarters. Apart from this, a sum of \$1 million is provided for the renovation, extension and upgrading of police posts and stations and for the upgrading and replacement of living quarters.

Fiji will also host the regional Pacific Commissioners Conference with a budget of \$200 thousand.

The Fiji Military Force will get a budget of \$103.3 million next year.

The Black Rock Integrated Peacekeeping project is provided an allocation of \$7.5 million for the construction of a training centre in Nadi. A total of \$300 thousand is provided for the upgrading of the Sukanaivalu Barracks and renovation and upgrading of RFMF infrastructure. \$1.7 million is also provided for the Black Rock Mess Hall Project.

\$2 million is provided for the upgrading of Kiro Patrol Boats to make them last longer.

The Fiji Corrections Service is provided an increased budget of \$38 million for next year.

For Correctional services, Government is providing \$3.5 million for the construction of the Lautoka Remand Centre. A further \$1.5 million is allocated for the construction of the new Women's Correction Facility in Lautoka.

The Yellow Ribbon Project will continue with a budget of \$200 thousand, with another \$200 thousand towards the rehabilitation program.

For next year, a sum of \$100 thousand will be provide towards the poverty alleviation program to help released prisoners find ways to earn a livelihood.

### **Labour and Employment**

Madam Speaker, Government has increased the funding for the National Employment Centre to \$1 million in 2015.

Government will also establish an Integrated Labour Market Information System next year to provide real time labour market data to assist with employment policy planning. \$3 million is provided to undertake this initiative next year.

\$520 thousand is allocated under the Foreign Employment Service Program to facilitate Fijians to undertake seasonal employment in New Zealand and Australia. We are looking at training 3,000 Fijians under this scheme. The Fiji Volunteer Scheme will continue with a budget of \$1 million.

Government will also provide increased compensation beginning next year for workers in the event of death and injury claims. The budget provision has been increased to \$2.5 million.

For the Mediation Services and Employment Relations Tribunal receive a budget of \$1.2 million.

Madam Speaker, the employer contribution to the Fiji National Provident Fund will be mandated to 10 percent effective from 1<sup>st</sup> January next year. The 2 percent increase will enable employees to accumulate retirement savings much faster.

### **Information Technology and Communications**

Madam Speaker, ITC Services will be provided a budget of \$26.3 million next year to undertake modernisation of IT services across Government.

\$1 million is allocated for digitisation of records at the Registrar of Titles and Companies Office. \$200 thousand is provided for the computerisation of the Vola Ni Kawa Bula (VKB) records with the Ministry of iTaukei Affairs.

Government is also providing \$1 million for the implementation of the National Switch and Fiji Pay system.

\$4.6 million is allocated for renewal of software licenses.

Madam Speaker, Government will fully implement digital television by end of next year. We have provided \$2 million to assist consumers in meeting costs of purchasing the set-top boxes needed to receive digital signal.

The Telecommunications Authority of Fiji will receive a grant of \$1 million next year.

### **Regional and International Relations**

Madam Speaker, a budget of \$800 thousand is provided for the operational expenses of the Pacific Islands Development Forum Secretariat next year together with a further \$500 thousand towards hosting of regional meetings.

Madam Speaker, Government is committed to continue its peacekeeping relationship with the UN and do what we can as a nation to ensure international peace and security is maintained. We can be very proud of our long-standing role in international peacekeeping, for which we are very favorably known. A total budget of \$72.6 million is provided for this next year.

### **Culture and Heritage**

Madam Speaker, Fiji has a beautiful and diverse culture. It is an object of great pride to Fijians and of great interest to visitors. All proud countries remember their history and cherish their culture, and Fiji is no different. Protecting and preserving our heritage is an important aspect of safeguarding our cultural identity.

Government is providing \$350 thousand for the extension of the Fiji Museum, which houses our historical and cultural exhibits. The Fiji Museum and National Trust will receive an operating grant of \$330 thousand and \$300 thousand, respectively.

We are also allocating \$10 million for the upgrade and redevelopment of Albert Park, which has been the site of many historical events. The

allocation will fund improvements in ground facilities and relocation and modernisation of the pavilion.

A sum of \$470 thousand is provided for the Levuka World Heritage upgrading and listing, with a further \$100 thousand for the visitor information centre at the Momi Battery Historic Park.

### **Rural Service Delivery**

Madam Speaker, Turaga ni Koros, Mata ni Tikinas and District Advisory Councillors play important roles in the delivery of services in the rural areas. In 2015, we will increase the allowances of Turaga ni Koros to \$75 a month, Mata ni Tikinas to \$60 a month on top of a travelling allowance, and district advisory councilors will for the first time receive an allowance of \$100.

The iTaukei Affairs Board will also receive an increased grant of \$3 million to support the Board's operations in 2015.

### **Civil Service Reform**

Madam Speaker, it is part of our vision to transform ourselves into a modern and dynamic nation state and a genuine beacon of good governance in our region. To this end, Government has already signaled that one of the main priorities in our new democracy is to reform the Civil Service to better serve the Fijian people. We intend to do this methodically and well.

We have commenced discussions with the World Bank, which undertake the review exercise. The review will focus on identifying the adequate structure and roles of ministries to avoid duplication and facilitate service delivery, the optimal size and number for each agency, adoption of

technology, key competence requirements and remuneration levels. We intend to introduce different pay structures that recognise specialised skills and open up new career paths, particularly in specialised areas. We want to keep our best and brightest people and make it less likely that they'll want to leave, and we want to attract more of the best people from the private sector.

The reform will also focus on modernising internal business processes by reviewing archaic and bureaucratic procedures that unnecessarily delay or limit service delivery.

An allocation of \$500 thousand has been allocated for this particular purpose.

### **Taxes and Revenue Policy**

Madam Speaker, Government revenue has been growing steadily as a result of the current economic boom and higher spending by businesses and consumers. The Fiji Revenue and Customs Authority have also been undertaking various administrative reforms to strengthen compliance and at the same time facilitate trade, investment and private sector activity.

Annual tax collection by the Fiji Revenue and Customs Authority (FRA) will cross the \$2 billion dollar mark for the first time in Fiji's history by the end of this year. This is a clear indication of our growing national economy and successful tax reforms. This trend will continue, and we expect tax collection to be much higher next year.

Madam Speaker, this Government is committed to simplifying the tax code to make it fairer, more understandable and less cumbersome. Our low-tax environment has already proven a boon to growth by giving businesses room to grow. Simplifying the tax code will encourage

compliance, which will mean greater civic responsibility and, of course, more revenue. It will make Fiji an even more attractive place for foreign businesses to locate, and it will generate more revenue. We expect to begin work on tax reform next year.

We will broadly continue with the competitive tax regime that we established after the taxation reforms in 2012.

For 2015, the following revenue measures have been adopted.

- In line with Government's effort to reduce non-communicable diseases and promote healthy living, the excise duty on tobacco and alcohol has been increased by 10 percent. This is also applicable on imports.
- An excise duty of 5 cents per litre will be applied on all sweetened drinks.
- The minimum agricultural capital investment required to qualify for a 10-year tax holiday is reduced from \$2 million to \$250 thousand. This incentive has been extended until 2018 and will spur development in the agricultural sector.
- The scope of the SME incentive will be extended to cover the whole agriculture sector, not just a few areas. The tax exemption is for entities with turnover of no more than \$500 thousand.
- All mortgages relating to the agriculture sector and all SMEs will be exempted from stamp duty payments.

- Contributions from both individuals and corporations to the Farmers Emergency Fund Account for Disaster Relief will be eligible for a tax deduction of 200 percent.
- Concession code 255 is amended to include all floriculture-related items and will attract zero duty.
- Code 265 is also amended to include drilling machinery and equipment for borehole projects and will attract zero duty. This will assist with Government's commitment to provide clean and safe water to everyone and will include the private sector.
- Accredited ICT training institutes and ICT startups involved in application design and software development shall be entitled a 13-year tax holiday and duty-free importation for establishment and during ongoing operations. The incentive to internationally recognised ICT training institutes will also be included.
- To assist exporters, the export income deduction that was expiring this year will be increased from 40 percent to 50 percent.
- The duty exemption for motor vehicles for returning Fiji residents will be limited to one vehicle per family. Any additional vehicles will be subject to normal duty rates.
- For the tourism industry, the definition of "project" in the eleventh schedule of the Income Tax Act will be expanded to cover buying and selling of units in hotels and integrated tourism developments.

- The Short Life Investment Package (SLIP) is also extended to include new apartments for average length of stay of no less than 6 months.
- The tourist VAT refund scheme will be extended to the Nausori International Airport and Lautoka Wharf.
- The fringe benefit tax (FBT) will be extended to accommodation provided to hotel executive managers, regardless of the location of the hotel. This amendment is necessary to bring clarity in the FBT legislation.
- The Bio Fuel incentive that provides 10-year tax holiday and duty-free importation for new factories and chemicals for biofuel production will be extended to 2018.
- The accelerated depreciation provision will also be extended to 2018.
- Interest income up to \$16 thousand will be exempt from the resident interest-withholding tax. This will encourage savings and is in line with PAYE as Final Tax. It is also aligned to the current personal income tax threshold.
- Government has also reduced duty on filming equipment to zero in order to support the audio visual industry and film making sector in Fiji. This will generate more employment and develop local talent.

- Concession code 263 and 264, covering the importation of energy conservation goods, will be extended to include hybrid solar-electrical powered items, solar charging stations and energy storage systems.
- LED lights will be included in the customs tariff to allow for zero-duty on importation, of course to save energy, Madam Speaker.
- The definition of sports items in the Customs Tariff is expanded to include a wider variety of sports.
- Legislation will amend the Service Turnover Tax (STT) to apply to “provision of meals, beverages or any other services in a licensed bar.” This action is again brought about to bring clarity.
- STT will also include “hired cars” with LH number plates and takeaway meals in restaurants with gross turnover of \$1.5 million or more.
- STT however will not apply to “medical evacuation and natural disaster services”.
- The Tax Agents Board will be chaired by the Permanent Secretary of Finance. Currently it has not met for a number of years and this will be shifted from the Auditor General to the Permanent Secretary for Finance.
- The capital gains tax legislation will be aligned to the Income Tax Act to exempt CGT on gain made from sale of shares arising from reorganisation, restructure or amalgamation of private companies to list on the South Pacific Stock Exchange.

- The scope of the current incentive on musical instruments will be extended to include amplifiers.
- In order to protect and promote local manufacturing, duty on imported exercise books will be increased to a specific rate of \$1 or 32 percent, whichever is greater.
- Again in order to protect the local industry, the local excise duty on locally manufactured unrecorded/blank optical media will be removed and duty on imported unrecorded/blank optical media will be increased from \$2 to \$5 per unit.
- Again to protect local manufacturing, the import duty on photocopier and printing paper will be increased from 5 percent to 32 percent
- In order to place ourselves for future lines of economic growth, duty-free importation of semi-finished products for value addition and products imported in bulk for packaging and other goods for assembly will be allowed 100 percent concession as long as 100 percent of the items manufactured or completed are exported.

Duty on the following items which we had decreased a number of years ago in order to attract tourists will now go from zero to 32 percent:

- ✓ Perfumes
- ✓ Cosmetics
- ✓ Pre-shave, shaving or after shave
- ✓ Cameras and camcorders

- ✓ Binoculars
- ✓ Video and electronic games
- ✓ Watches
- ✓ iPod, MP3 and MP4 Players
- ✓ Jewelry

There will be now an amnesty for the declaration of assets owned by Fijian residents for a period of six months. What this means, Madam Speaker, is that all Fijians who have assets outside of Fiji and have not declared them will be given six months to declare them – without any penalties, without any fines, without any taxable charge we put on the assets. They will be given this grace period to declare it.

A further grant of amnesty for a period of six months applies on all penalties payable on outstanding tax liabilities. The liabilities do not include penalties where the taxpayer has accepted the liability but the taxpayer is unable to pay in lump sum. A committee consisting of the CEO and FRCA board members will consider amnesty applications. Penalties will be waived and a tax-payment program will be finalised with the taxpayers. This amnesty will cover all income tax, VAT and capital gains tax liabilities.

The Fiji Revenue and Customs Authority is provided an increased operating grant of \$45.7 million next year. It also receives a capital grant of \$5 million for the upgrade of IT infrastructure and other capital works in 2015.

## **Conclusion**

Madam Speaker, the 2015 Budget continues with the direction set by the Bainimarama Government and delivers all the promises we have made in the FijiFirst manifesto.

The increased investment in infrastructure, provision of safe and clean water, access to electricity, a more secure nation, free and quality education, and better health services are all necessary to ensure that Fijians have a higher standard of living.

We have also budgeted for a number of one-off investments to clear the backlogs and move forward with clean sheet.

Madam Speaker, these investments are farsighted, and they will sustain the current economic boom that the Fijian economy is experiencing. We have much better days ahead of us and Government will work together with all Fijians to forge new frontiers and make us a great and proud nation.

Madam Speaker,

This is a FijiFirst Government that does what it says it will do. This Budget is our pledge of accountability. It is our philosophy of service to the nation at work. It is the transformation of the promises we made in our campaign to deeds for all the Fijian people.

Madam Speaker, I have much pleasure to commend the 2015 Budget to the Parliament and I do so with the concurrence of Cabinet.

Vinaka Vakalevu and Thank You - May God Bless Fiji.

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