

2020-2021 NATIONAL BUDGET ADDRESS

Hon. Aiyaz Sayed-Khaiyum

Attorney-General and Minister for Economy

Honourable Speaker,

Honourable Prime Minister,

Honourable Leader of the Opposition.

It is my privilege to present to Parliament and to all Fijians the National Budget for the 2020-2021 fiscal year.

Mr Speaker, I would like to begin by thanking God that Fiji is free from the grips of COVID-19 outbreak. Far removed in our patch of the Pacific, it's difficult to grasp how unprepared the world was for this pandemic. On March 26, when we delivered our COVID-19 Response Budget, global cases stood at just over half a million — today that figure is exceeded by fatalities from COVID-19 alone and total infections stand at nearly 14 million. Were it not for our decisive actions, Fiji's most vulnerable citizens could be among the hundreds of thousands dead or dying from this disease.

Our COVID-19 Response Budget, which we announced one week after our first case, allocated all the resources we could muster to

beating the virus and bracing for a historic financial blow. Of course, this meant a complete reordering of priorities and the postponement of some important projects. But it was unavoidable; any other path would have been irresponsible and unsustainable.

So, what have we accomplished? Through a world-leading testing and contact-tracing campaign, we are a COVID-contained country. Excluding a handful of cases confirmed among returning citizens, who have been confined securely in Government-funded quarantine facilities, Fiji is 90 days removed from our last case of the virus. Families in Fiji are safe, and our record on testing ranks ahead of the rest of the world, right alongside New Zealand and Australia.

But even if Fijians aren't fighting for their lives attached to ventilators, many of our most important industries have been victims of the most severe global recession in a century; a COVID-fuelled collapse for which no nation was prepared.

Global Economic Outlook

Mr Speaker, I'm not here to sugar-coat anything this evening. Since the announcement of our COVID-19 Response Budget, the world

economy has fared far worse than we ever feared. Global growth projections have been revised down further to a five per cent contraction — the sharpest fall in one hundred years. Any recovery is predicted to be partial and uneven, with muted projections anticipating up to a five-year comeback cycle. Over 300 million jobs have been lost worldwide. Just imagine, the equivalent of our entire population more than 300 times over, all unemployed around the world. And another 1.25 billion jobs are at serious risk. In the tourism sector alone, the “Great Global Lockdown” could result in losses of upwards of 3.3 trillion US dollars. Even major developed economies are headed for double-digit declines in GDP.

But this economic devastation is not equally shared. Through no fault of our own, countries like Fiji are caught in a perfect storm — a health crisis that has birthed an economic catastrophe, both of which arrive on the heels of a climate emergency. Most recently, in the form of Cyclone Harold.

We cannot look to history for a ready-made response to COVID-19. Killer diseases like SARS, H1N1 and Ebola never descended on humanity like the coronavirus. The worst economic hardship of the global financial crisis of 2009 was outpaced by COVID in a matter of weeks. And even record-shattering cyclones — like

category 5 TC Winston — while devastating, eventually blew past us. The winds of the coronavirus hurricane, however, still have not relented, nor will they in the near future. It will fundamentally change the future — indeed, it already has.

Fiji's Economic Outlook

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

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

Fiji's economy has grown at a steady rate above three per cent — on average — over the past ten years, but the strength of past revenues won't cure COVID-19's impact on our economy. Even if we could afford one, there is no vaccine yet to buy. There is no magic pill that will instantly revive Fijian tourism when there are no tourists on the planes. We're dealing with a once-in-a-century external shock to our economy, to livelihoods and to the global financial system. So, no, we can't lean on past economic success — record-breaking as it may have been. No nation can, including developed nations like Germany and the United States, both of whom are mired in economic recession after their longest periods of economic growth. As is our neighbour, Australia, whose recession-free streak of nearly 29 years was shattered by this pandemic within months.

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

I'm talking about the hard-working people made redundant at jobs they worked for decades; Fijians with families to feed whose incomes have now disappeared. Fijians whose shops have been shuttered and whose life-savings are in jeopardy. These breadwinners and business owners are victims too, and their government knows it.

If we don't, Mr Speaker, and if the global lockdown persists and borders remain closed, wounds to both our economic prospects and our people's wellbeing will scar permanently. Barring drastic intervention, our economy may never fully recover; not this year, not next year, not decades on from now. That's what is at stake; not only our economy, but our children's economy — not only our jobs, but the quality of employment available to coming generations. Mr Speaker, let me say now: we will not fail those most vulnerable today, nor will we fail those future Fijians.

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

Number One: We need to bring back jobs. Particularly in tourism, that begins with bringing down taxes.

Number Two: So long as this pandemic remains, so must our safety net for those who are unemployed and those whose hours and salaries have been cut.

Lastly, to stop this economic fallout from doing permanent, structural damage, we must fill the void of falling investment and consumption with a strategic and sustainable government stimulus. In doing so, we must get Fiji building again, get Fiji working again, sometimes in new ways, and bring Fiji's economy back across a broad front.

COVID-19 Response Budget

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

The stimulus announced as part of our COVID-19 Response Budget was an important start.

To date, we've worked with our financial sector to restructure over \$3.4 billion in loans, freeing businesses and families from mandatory monthly loan repayments. 86,000 Fijians accessed relief payments from their FPNF General Accounts in Phase 1 of our unemployment benefits scheme, with another 26,000 accessing relief payments in Phase 2. Over \$62 million has been paid out to the affected Fijians, with the Government stepping in with around \$12 million to top-up accounts to ensure that full payments were delivered to all who qualified. And the third phase of unemployment relief — which I'll soon detail — will be funded by government with another \$20 million.

COVID-Safe Economic Recovery

The COVID-19 Response Budget paved the way for Phase 2 of our COVID-Safe Economic Recovery Framework; a nuanced approach to resuming economic activity. Thanks to the launch of that comprehensive framework, life feels more familiar for all of us. People are once again heading to markets supporting local

vendors; attending sporting events and cheering on homegrown talent; and gathering in houses of worship to seek solace in faith and community.

Many hotels have begun looking locally through the “Love our Locals” initiative. We’ve received thousands of applications through our new micro entrepreneur initiative from Fijians looking to re-purpose specialised skill-sets to set up businesses of their own, and thousands more for our concessional micro, small and medium enterprise loans. Others are turning to their land, planting produce to feed themselves, sustain their families and earn an income.

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

For a start, we need visitors.

In a usual year, Aussie and Kiwi tourists hop on flights around the world to make around 12.5 million trips overseas. Fiji usually captures a sliver of that tourism action; 4% and 6% of the Australian and New Zealand out bound markets, respectively. Well, Mr Speaker, the world is closed, and it will be for some time. Oceania, on the other hand, is one of the few regions that can re-open, and Fiji is one of the few nations with the healthcare capacity, border controls and proven record of COVID-Containment to restart international tourism. For those good reasons, the United Kingdom recently removed any quarantine requirement for travellers to and from Fiji — a huge vote of confidence in our handling of this pandemic that we hope other nations will follow.

After taking the first step with the “Bula Bubble”, we’re in trilateral discussions to restart travel between Fiji, New Zealand and Australia. So now, as New Zealand’s success against the virus has them on the fastrack to COVID-Contained status, Fiji will soon drop any quarantine requirement for New Zealand-based travellers.

Yesterday, the first yacht arrived to Fiji through our new “blue lanes”, which allows passengers to conduct 14 days of quarantine at sea, with another over 100 yachts and superyachts already headed to Fiji. And our “Pacific Pathways” are already open to

travellers from Kiribati, Tonga and Tuvalu into Fiji. Our growing film and television industry is being safely resumed, with beloved shows like Survivor set to continue. Our exemptions of exceptional economic value are also safely bringing back vital jobs and money into the country, with more expected to follow — we've received a number of applications that would breathe new life, and new jobs, across industries and sectors. Several high-net worth individuals have taken us up on our offer to “escape the pandemic in paradise”. We've even seen interest by a company looking to not only come to the country to resume operations, but publicly list on SPX; so there lies great potential for those looking to take advantage of existing incentives to list in Fiji and even base their headquarters here.

Speaking of the SPX, Mr Speaker, we're offering a 150% tax deduction for companies who list corporate bonds on the SPX, with another 150% deduction allowed on interest paid on corporate bonds. Any interest income will also be tax exempt.

These innovative approaches can help capture massive market and investment opportunities. But just because it's safe to travel doesn't mean people will travel — but if the deals are good enough, we'll fill the planes. Government is prepared to empower our

national carrier and hoteliers to offer visitors those irresistible opportunities, but our tourism operators must match that commitment by adapting to the “new normal” both in safety and in sales.

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

Tax Reforms

That’s why, in this year’s budget, sweeping tax reform is front and centre. To call it “reform” in itself is an understatement; this year represents an overhaul — one that will be vital to driving new economic activity.

Over the past decade we’ve thoughtfully structured a tax regime suited to an open, globally integrated economy. We’ve cut corporate and personal income tax rates, reduced VAT, and raised the personal income tax threshold. We raised stamp duties and

departure taxes, as well as taxes on alcohol and tobacco. We introduced STT and ECAL, along with a social responsibility tax for those earning more than \$270,000 annually.

But, Mr Speaker, we can't tax businesses like it's a pre-COVID economy or act with false hope that we will return to one anytime soon. To brace for the "new normal" we're announcing Fiji's biggest-ever tax cut — a discount of hundreds of millions of dollars, with strategic incentives across age-old industries as well as new arenas — such as manufacturing and assembly — which nations are looking to relocate to price competitive locales.

But this tax cut's biggest savings are also targeted at tourism.

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

When our tourism operators talked about their anxieties from this pandemic, we knew we couldn't settle for small tweaks — we needed a revolution of our tax regime.

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

Number one: we are eliminating the 6 per cent Service Turnover Tax.

Two: we're reducing the Environment and Climate Adaptation Levy from 10 per cent to 5 per cent across the board.

Three: we're shaving \$100 dollars off the departure tax.

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

Together, these tax reductions alone represent — valued at last year's revenue collection — \$500 million; an unprecedented sacrifice of government revenue. But it's worth every dollar to get

these struggling Fijians back to work in the industry they love and rely on.

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

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

We're halving excise taxes on alcohol — a 50 per cent reduction that will allow our hotels, resorts, bars and restaurants to pass on those savings directly to consumers.

Market Survey has shown that Fijian resorts and hotels can be overpriced, especially when it comes to food and beverage services. As an immediate effect of these tax cuts, we expect the

price structures for rooms, food, alcohol — basically everything — to drop precipitously. And tourism operators should consider making these changes to their cost structure permanent. So, as Fiji looks to safely reopen to tourists, our hospitality industry can even get creative with all-inclusive options that allow us to be cost-competitive with destinations like Bali and Phuket, when they open for businesses, they will do so with a vengeance!

Mr Speaker, we're also making some ground-breaking, economy-wide changes to the tax code.

Starting with stamp duties:

In the COVID-19 Response Budget, stamp duty levied on mortgages for resident taxpayers was reduced from 1.75 per cent to zero, and stamp duty levied for foreign taxpayers was reduced from 5 per cent to zero. That reduction — set to expire on 31 December 2020 — is now permanent. But we're going much further, all stamp duties are hereby abolished; making transactions faster and cheaper for everyone. That broad-based change means there are no longer any stamp duties on any government document — from buying a house, a car or any hire purchases, that financial burden has been eliminated for good.

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

In the past, equipment could be zero-rated on an ad-hoc basis through a bogged down bureaucratic process. No longer. Goods that cannot be manufactured in Fiji are seeing massive duty reductions, with customs duties falling to five per cent, and zero per cent in some cases:

- We're eliminating the duty for all items under the Customs Tariffs Act 1986, which includes machinery, mechanical appliances and mechanical parts;
- We're reducing fiscal duty to 5 per cent and eliminating import excise tax on a range of white goods, including air conditioners, refrigerators, televisions, washing machines, dryers, dishwashers, microwaves, lawn mowers, hair dryers, toasters, electric stoves and kettles, and smartphones.
- We are reducing the specific duty by 75 per cent on hybrid cars and non-hybrid cars. In addition, for new, non-hybrid cars we are reducing the fiscal from 15 per cent to 5 per cent. Lastly, on all non-hybrid cars, we are removing the excise

duty. There's no restriction on age for vehicles to qualify for these exemptions, but all non-hybrid cars must meet Euro 4 Fuel standards. The luxury vehicle levy has also been removed and the Accident Compensation Levy has been halved through the next year.

- And new air-bag trailers for trucks — which are much gentler on our roads — are not only duty-free, buyers can access a \$20,000 grant towards their purchase. Used air-bag trailers will now only attract a 5 per cent duty. By getting these more agile vehicles on our roads, we actually keep our roads from deteriorating. We're thankful to those trucking companies which are complying with our road loads.

That's not all. We're cutting customs duties on over 1,600 items — from toothbrushes to spectacle lenses, contact lenses and artificial eye solution; to testing equipment for businesses to help lower production costs; to life jackets, life belts and fire alarms to strengthen public safety; to laundry detergent; to exercise books; to hygiene products like deodorant and shampoos; to food items, like tomatoes, jams, soy sauce, salmon, sardines, cereals, sweet biscuits, potatoes, chocolates, pasta, baking powder and peanut butter; and on to other tourism-related equipment. On over 1,000

items duties are falling to five per cent or zero per cent, and on more than 500 items, duty is falling from 32 per cent to 15 per cent.

I've got the full list here with me....

I'd read it all tonight, but that would keep all of us out past curfew. In fact, we could be here until sunrise. Instead, you can find the full list of goods published as part of the budget supplementary documents on the Ministry of Economy's website.

I urge everyone watching, take advantage of this duty-discount of the decade.

Mr Speaker, we're also reassessing some protectionist tariff measures which have already served their purpose of granting local manufacturers time to become more competitive. Many of these measures have long expired their best-buy date and have become market-distorting; putting out low-quality products at gouged prices.

We know there are some businesses who have made massive investments in local manufacturing. So long as these companies are hiring large numbers of people and producing high quality goods, we'll be flexible. But through a review of these measures through the next year, for the most part, we'll have our eyes set on further liberalisation, meaning lower prices and higher quality products on shelves across Fiji. In that aim, all personal imports will now be duty-exempt up to \$2,000.

Mr Speaker, Fiji's overly-complicated customs system has put too much discretionary power in the hands of customs officers which leads inevitably to inconsistency and uncertainty and corruption. I'm sure many importers have found themselves at the mercy of a customs officer imbued with the subjective — and corruptible — power to decide which vaguely-defined duty their goods will attract. It's not a system suited to an efficient economy, and we're scrapping it. Duties are now going to be far more general, without any room for guesswork. Just to be certain, FICAC has been funded with \$8 million in the next financial year to keep our public officials and the private sector honest when engaging with these new rules.

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

As for business-friendly measures announced in the COVID-19 Response Budget:

- The payment of advanced corporate taxes is now permanent.
- The implementation of the VAT Monitoring System will be extended until 1 January 2022.
- The debt forgiveness provision will be extended to 31 December 2021 to grant businesses another full calendar year of flexibility.

- Following the suspension of thin capitalisation rules through 31 December 2020, the thin capitalisation ratio will now permanently increase to 3:1.

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

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

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

The reduction of mandatory employer and employee FNPF contributions to 5 per cent will be extended through 31 December 2021. All employers who go beyond the call of duty and contribute more than 5 per cent up to 10 per cent, will be given a generous 150 per cent tax deduction backdated to 1 April 2020. This additional contribution will be exempt from taxes for employees.

To further incentivise employers to go that extra mile for their employees, we're making fringe benefits offered by employers tax exempt.

To keep things simple for the "telcos" and support our longstanding commitment to streamline the sector's regulations, the data levy introduced last year and the telecommunications service licensing fee have been replaced with a single 2 per cent revenue-based telecommunications licence fee. Half of a percent of that new, simplified fee will go into an existing trust fund set aside for the continued development of Fiji's telecommunications industry, allowing us to further cement our standing as the ICT hub of the Pacific. I'd like to personally thank our telecom companies for their active participation in shaping this policy.

We're also streamlining the tax code around depreciable assets to allow assets to be taxed at 10 per cent of Capital Gains Tax rather than 20 per cent of income tax. And we're making ourselves a manufacturer's destination of choice with new incentives to tap into international eagerness to relocate assembly and manufacturing lines to Fiji, including through continued support towards the establishment of a Special Economic Zone in Navutu which we're

developing in partnership with the FNPF and IFC to lay the groundwork for a tailor-made manufacturing facility which can be adapted to suit a variety of manufacturing purposes.

Ease of Doing Business

Mr Speaker, with this tax overhaul, businesses have never been freer to try fresh and innovative ideas, reconsider their margins, and get creative with how they operate. But there are other ways – – newfangled ways— government can enlist the full participation of the private sector in our recovery.

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

Mr Speaker, business licences have been around for nearly all of Fiji's history. Were they introduced any earlier, we could label them a colonial relic, because — stale with bureaucracy — that's what they resemble. In fact, they are a colonial relic. They are an unnecessary drain on time and money in a modern economy.

That's why when we sat down to look at how to fix the process, we couldn't escape the burning question: Why do we need these licences at all?

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

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

The philosophy behind this move is important. This more efficient approach puts us in a league with highly-developed economies, like New Zealand, that don't require business licences, but instead focus their time and energy on the compulsory registration of all businesses. So now, rather than standing between entrepreneurs

and their enterprises, regulators will be focussing on enforcement. And rather than forcing business owners to seek innumerable and oftentimes irrelevant approvals to begin business, they will only need to tick the regulatory boxes that suit their industry over a more reasonable timeline. Behind the scenes, the Registrar of Companies, the National Fire Authority, OHS, the Central Board of Health, and others will be coordinating that national effort to enforce compliance. But we're not going to waste their resources double-checking the same regulatory boxes. If a business sets up in a building which has already been certified by the relevant authorities, there's no need for them to obtain new certifications for already-approved operations.

Now, to be perfectly candid, we've long questioned the methodology behind how the World Bank determines its Ease of Doing Business Index — though we certainly expect these moves to augur well for Fiji's ranking. We're not doing this because some international expert recommended it, we're doing this because businesses in Fiji have asked for it and, once again, we're doing more than just listening, we're acting.

Now that we've removed business licences, we're injecting \$200,000 in budgetary support to smaller municipal councils to make up lost revenues.

And, Mr Speaker, once you're actually in business, we can't let a spectre of massive tax penalties lock a ball and chain around activity. Over the years, we have sent a strong message with high payment penalties for late tax payments, and as a result, we've witnessed a culture shift towards more timely payments. We're now at a point where we can comfortably ease up on penalties. In the next financial year, the penalty for late tax payment is being slashed from up to 300 per cent to 15 per cent annually.

Mr Speaker, we've never lifted so many taxes and regulations so quickly, and we want businesses to act fast to take advantage — but first, make sure you read up carefully on what is allowed.

2020-2021 Revenues and Expenditure

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

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

We don't know when the Bula Bubble will come into effect; while we created the proposal to fast-track tourists to safely enter the country, its implementation will require cooperation by our counterparts in Australia and New Zealand. When both will become COVID-Contained, we hope that they — like the United Kingdom — see that Fiji's success against COVID merits the removal of their own quarantine requirements for visitors returning from Fiji. Because, Mr Speaker, half-priced drinks and cheaper flights won't mean much if there aren't Aussies and Kiwis here to sip cocktails and fill our planes.

So, Mr Speaker, while the private sector has never had a more important role to play, we can't relegate all the fiscal heavy lifting to

businesses by shutting the tap on public spending. Notwithstanding the uncertainty ahead, we know we will always need roads, bridges, and stronger schools — the construction of which can employ Fijians today.

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

So, while we will make some strategic cuts in spending in the next financial year, that money can't languish in government's accounts. To further our COVID-Safe Economic Recovery, it must be spent right now, as soon as possible, bolstering businesses, continuing construction, and rejuvenating jobs any and everywhere possible, but particularly in sectors that are not tourism-dependent. In the meantime, those dollars will also go to government-funded relief which — in many cases — is all that's standing between jobless Fijians and abject poverty.

In the 2020-2021 National Budget, we're announcing a \$2 billion direct government stimulus package to fund our comeback from COVID-19's economic impact. In total, we're projecting a \$3.67 billion-dollar government spend through the next financial year, with revenues projected at \$1.67 billion. So, our deficit will be steep — at 20.2 per cent — pushing our debt to GDP ratio to 83.4 per cent but, as we know, the costs of doing nothing are far steeper.

Like any sensible nation or business on Earth — we will be borrowing to make up the remaining difference in revenue.

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

When a government borrows — responsibly — it is no different. It's an investment in our future. And when we can get loans at very concessional terms, we would be foolish not to seize the

opportunity. This isn't some debt trap; it's the international financial system's vote of confidence in the Fijian people and in our potential as a nation.

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

The “borrowing is always bad” narrative is not only wrong, it is entirely out-of-touch with how responsible governments have used debt to grow GDP — without exacerbating inflation. And in times when misinformation and disinformation can literally cost lives, such ignorant analysis is especially dangerous.

Could Fiji have “saved for a rainy day” over the past decade? Yes, and we did. But the global COVID-19 pandemic isn’t some casual “rainy day” over Suva — it is a cyclone of unprecedented proportions. Saving the sums necessary to combat this crisis would have meant withholding free education. Leaving thousands of Fijians without clean water and electricity. Increasing taxes, like VAT. Forfeiting free healthcare, and never aiding those who lost everything to Cyclone Winston. The Fiji of today would look like the Fiji of post-1987. The businesses and industries and young, bright Fijians that we have seen blossom simply wouldn’t exist; those Fijian success stories would never have been written, robbing hundreds of thousands of our people of their true potential.

Mr Speaker, it may feel like Fiji is alone in taking on this challenge — but we aren’t. We have many friends, many of whom are in our same position. We’ve spent hours on video conference calls building a virtual coalition to challenge the global financial order to expand access to concessionary financing for the most COVID-vulnerable economies.

Our advocacy has added fiscal firepower to the coffers of emerging economies in the world over. In Fiji’s case, we have successfully raised funds externally from a wide range of multilateral

development banks (MDB), including the Asian Development Bank, the World Bank, International Monetary Fund, European Infrastructure Bank and others, along with the Asian Infrastructure Investment Bank, for the first time. We have fought hard and negotiated hard for every dollar of this fiscal support, and we have succeeded because these vital institutions trust in Fiji. They believe that we are following the right course, pursuing the right policies, and making the right decisions.

Mr Speaker, these MDBs have good reason to place faith in Fiji's financial management. From last year, Fiji set out on a path of fiscal consolidation — no easy task in the face of continuous climate catastrophe. We laid out a detailed, policy-based pathway to a lower deficit which the MDBs resoundingly endorsed. In preparation for the USD 200 million bonds which will mature in October, Government has been parking money in a sinking fund, some are held domestically and some off-shore. In total, we're talking about \$450 million, which is sufficient to cover the principal and interest rate to pay that loan on 2 October 2020.

But reducing deficits in the face of COVID-19, isn't only bad economics, it's bad ethics.

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

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

The world economy is in the midst of a paradigm shift. Governments around the world are quickly recognising that only those nations that are willing to step up and finance a recovery will

avert a catastrophe and emerge whole from this crisis. Terms like “prudent management” and “debt sustainability” are taking on new meaning.

For example, Mr Speaker, Singapore — a nation long renowned for its prudence — launched its fourth stimulus package in May, which pushed its budget deficit to nearly 16 per cent of GDP. Faced with a crushing 41.2 per cent economic contraction in the second quarter, Singapore knows what Fiji knows: The only thing standing between a COVID-recession and a COVID-depression are herculean efforts to stimulate economies.

In Fiji’s case, government-funded resources are targeted where they matter most — to those Fijians bearing this recession’s heaviest economic burdens.

Unemployment Relief

Mr Speaker, the difference-maker for any successful relief effort is a reliable delivery system. Creating a new one from scratch would be costly, complex, and time-consuming. In times of crisis, we need precisely the opposite of that. We chose the Fiji National Provident Fund as the distribution mechanism for our COVID-19 assistance

because it's fast, familiar and accessible, and its database is among the most reliable. If your job has been lost, the last thing you need is for your relief assistance to trickle down through a bog of bureaucracy. Our people need a fast-acting nationwide distribution network at their disposal — the FNPF is exactly that.

Keeping FNPF as our distributor-of-choice, this budget provides life-sustaining unemployment benefits to even more affected Fijians.

Those who are fully unemployed due to COVID-19 will continue to receive 220 dollars per fortnight. Tonight, we're announcing the third phase of our COVID-Relief payments, through the FNPF, which expands relief payments to those on reduced hours.

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

Fijians whose salaries have been reduced can also access unemployment benefits. If your salary has been cut by more than

half, you can now access a one-off assistance payment of \$1,100 from your FNPF General Account. If your salary has been reduced by less than half, you may access a one-off \$500 payment. With government again stepping in to top-up those with insufficient funds.

Following our representations to the FNPF Board, they will now soon allow withdrawals from those who have been unemployed for six months who, to-date, have not been allowed to withdraw.

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

We will also continue supporting micro, small and medium enterprises through our highly-concessionary loan packages. In addition to the \$30 million set aside for this initiative last year, we are adding an additional \$30 million this year. On top of the \$3.4 billion in loan repayments already deferred, the Association of Banks have agreed to — on a case-by-case basis — extend loan deferments until 31 December 2020, and we're grateful for

flexibility they've granted the families and business still bearing the worst of this economic fallout.

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

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

Mr Speaker, this is a stimulus budget designed to pump as much money as possible into the economy. As I've said, we aren't cutting anything for the sake of making cuts. But we are redirecting resources where they are proven to do the most good. And to ensure we get funds to those left reeling from COVID's worst impacts, other programmes will need to be scaled back.

- For TELS, we're making some policy changes to raise the qualifying standards for students and lower costs. For starters, only students who earn marks above 250 on their Year 13 exams will qualify. We're also lowering TELS and Topper's Scholarships available, along with some other belt-tightening measures. But to grant flexibility to those still paying back loans, TELS repayments will be suspended another year, until 31 December 2021.
- We're cutting \$8 million in spending across our foreign missions by centralising country accreditation. Our missions in Washington DC, Seoul, Port Moresby, Brussels and Kuala Lumpur will be closed permanently, because — in a changing trade and investment landscape — they do not reliably make returns on government's investment in their operations. Instead, our remaining embassies in Geneva, New York,

Tokyo, London, Abu Dhabi, Wellington, Beijing, Jakarta, New Delhi and Canberra will expand country accreditation and engage more locally-based staff. For example, the New York Mission will represent Fiji in Washington, which is only one hour away by plane.

- For two straight seasons we've paid cane growers \$85 per tonne — a value far above the world market price. And last season's guaranteed price will be paid. But in the final third season of the arrangement, we're reducing the guaranteed price for cane from \$85 to \$70 — but all other support to cane growers will continue. Once our larger economic recovery gets underway, the bottom-line of our cane growers will be among our first priorities.
- We'll be lowering the bus fare for pensioners by ten dollars a month given the low usage we've recorded and a general COVID-associated drop in travel.
- Salary increments for teachers who obtain new qualifications will now be approved and paid in the next financial year. But don't worry; those pay rises will be backdated.

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

WAF/EFL Relief

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

As announced in the COVID-19 Response Budget, those who can pay their water bills must pay them. However, those who genuinely cannot afford to do so would have payments deferred rather than be disconnected. That policy will be extended to 31 March 2021.

To incentivise investments in water infrastructure, investors and developers will no longer be required to cover investments fully upfront. Payments can be scheduled within three months of a projects' construction, including the requirement to safeguard government expenditure through bank guarantees.

For subsidised customers of Energy Fiji Limited, the first 100 units of power will continue to be discounted through 31 March of next year, with government and EFL each covering 50 per cent of this subsidy to ensure these customers pay only VAT on their first 100 units of power every month. For grid extension projects, EFL will consider — on a case-by-case basis — payment schedules up to six months or more for large capital investments.

Civil Service Salaries

In our COVID-19 Response Budget, we announced that government ministers and parliamentarians were taking the first salary cut of 20 per cent in light of dramatic hits to government revenues — a move that was mirrored just days later, almost identically, by New Zealand. We didn't do that because it saved a large sum of money; we did it to stand in solidarity with all those reeling for COVID's job-killing impact. That cut, which actually

came into effect much more rapidly than with our Kiwi counterparts, will remain through the next year. We'll also be cutting salaries for all Permanent Secretaries and the CEOs and Heads of Commissions and Independent Bodies by 10 per cent, effective from 1 August 2020. This will not apply to the legislature and judiciary as the other two independent arms of the state.

For the rest of the civil service, even given the historic pay rises through recent years, we aren't cutting salaries. Pay cuts started with the leadership, and that's where the biggest cuts have stopped, because that's what leaders do.

But we are taking some measures to reduce spending. We will be reducing meal allowances from \$20 to \$10; instead of paying overtime, we'll be giving time off in lieu of overtime; we'll be suspending the rural housing allowance; and bundled insurance will now only apply to social welfare recipients. And — as a matter of policy — we're prioritising opportunities for employment. For example, we're choosing to hire more police officers and build more posts rather than fund short-term administrative projects, some of which aren't prudently putting resources to work.

Compared with what's happening to jobs in Fiji and around the world, these are extraordinarily light asks. The fact that salaries in the civil service aren't being cut, when so many jobs across the economy have been, is testament to the government's willingness to walk the talk when it comes to being Fiji's employer-of-choice. We are looking after our people; a commitment we hope other companies match.

Mr Speaker, in line with the policy across the civil service, the retirement age for those working in municipal councils will be reduced from 60 to 55 in one year's time.

Construction Funding

Mr Speaker, the COVID-19 Response Budget — put together with remarkable swiftness — was driven by a life-or-death medical imperative, with resources rightly rerouted towards our health response. Now, while continuing health restrictions are killing labour-intensive industries across most economies, Fiji's COVID-Contained status puts us in a different lane. It's safe for us to get busy building, and so we should. By maintaining the rapid pace of expansion of our national network of infrastructure, we not only put

people in jobs, we ensure our comeback is built on a rock-solid foundation of new infrastructure.

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

To fast-track the progress of construction projects, we've allocated funding for what we call "shovel-ready" sites — ones where much of, if not all of, the necessary planning and prep work has already been done. Those projects include the new maternity wing at CWM, the construction of the new Prime Minister's Office complex, the completion of new and refurbished police stations, new sporting facilities, upgrade of hospitals, agro-economy projects and other notable symbols of our national progress that cannot be lost to the pandemic. The work must go on — and by keeping the construction industry humming, we are sustaining and creating jobs, and preparing to emerge from this crisis looking not desolate, but in pristine condition.

To enlist more private sector investment in this construction boom, we're offering commercial and industrial developers a fast track to obtaining building permits. The Ministry of Commerce, Trade,

Tourism and Transport has established a Building Permits Evaluation Committee to ensure all applications are processed within 60 days from the date of submission; establishing a single source for all aspects of application and a speedy turnaround for approval.

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

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

We're offering a similar deal for the construction of new private hospitals and medical service centres. If you build or upgrade a hospital, depending on your level of investment, you can be

granted up to a 20-year tax holiday on your new hospital or up to a 60% tax deduction on your renovation works.

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

In partnership with International Finance Corporation, we're finalising a public-private partnership financing model to allow for the construction of multi-story housing projects across Viti Levu. Rather than entrench residential inequality, these mixed strata-housing units will be made affordable for families at many different income levels.

We're not only continuing the First Home Buyer's Programme, it's becoming more generous. For households who earn less than \$50,000 a year, they will be granted \$30,000 to build their first home. And \$15,000 to buy their first home. For families earning above \$50,000 annually, they can be granted \$20,000 to build their first home and \$5,000 to buy their first home.

And — once again — we're looking to businesses to lend creativity to the equation. Among the over 1,600 duty concessions, we've removed duties on raw materials, machinery and equipment for the construction of public rental housing.

The 100% tax deduction on reduced commercial rents by landlords from 1 April 2020 will now be extended until 31 December 2021. And businesses who invest in new subdivision projects for both residential and commercial lots will not only have duties waived on construction inputs, they can access up to 60% in tax deductions. And any profit they make selling the newly developed lots will be tax exempt.

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

Mr Speaker, I know a great many members of our diaspora communities wish they could be in Fiji right now, given how well we've fared against COVID. We've long wanted to welcome more

of these former Fijians back home to reverse the brain and investment drain that has plagued our development since 1987. That's why we're making reclaiming Fijian citizenship more attractive than ever by reducing the associated fees. And to generally open Fiji to more investors or expatriates who want to contribute to our economic revival, we're setting up new categories of permanent residency, especially targeted at those looking to build new businesses or begin new careers in Fiji. But in light of these new residency categories, we will introduce more stringent measures for one to obtain Fijian citizenship.

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

Our health protection directives demanded a great deal from the public. And I'd like to thank the officers of our disciplined forces for literally saving lives by enforcing those directives to the letter — including the ongoing maintenance of our nationwide curfew. I'd like to particularly thank the RFMF who — as we gather here —

are monitoring government-funded quarantine facilities to support the impregnable wall we've built between Fijians and border quarantine cases of COVID-19.

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

We'll be funding new Fiji Police stations in Nakasi, Nadi, Lautoka and Nalawa, we're promoting 257 officers to senior positions, we're recruiting 137 new officers to bolster the ranks of our Police, and we are regularising special constables. And we've allocated another \$6.0 million to complete the second phase of our Fiji Police Reform and Restructure Programme.

Projects of urgent, potentially life-saving importance will continue to be funded. The remainder of the World Bank funding we received to connect Vanua Levu to Viti Levu will be used to carry the "Northern Connectivity" Project to 42 more schools and health

centres in the Northern Division. These upgrades will bring reliable access to power, equipment and internet, as well as other emergency portable satellite-based solutions which will ensure that vital information reaches rural and maritime communities in the Northern Division and appropriate assistance is deployed — particularly in times of disaster. Further work is being carried out to bridge the digital divide through the “Connecting the Unconnected” project, which aims to map out the national internet coverage areas and the framework to progressively boost connectivity.

Health Funding

Mr Speaker, this pandemic has been a blow to business activity across every sector, but conducting business across borders has become especially difficult. Our PPP agreement with Aspen Medical to revamp the Ba and Lautoka hospitals has been near-impossible with passenger air travel on hold between Fiji and Australia. We’re delayed the project for one year. In the meantime, we’ll be working with the Australian Investment Fund for the Pacific to progress the partnership’s preconditions.

For the sake of badly-needed flexibility, we've moved the establishment of some preconditions to our partnership into next year, along with the funding allocation.

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

Mr Speaker, as a COVID-Contained country, Fiji is one of the few places in the world where athletes can safely lace up their boots and get back to competing. When it comes to sports that's a huge advantage, both in hosting matches and preparing for the day international competition resumes. Moving forward, any sponsor which donates to a Fiji National Sports Commission recognised entity will receive a 150% tax deduction, with no threshold, the \$10,000 minimum threshold has been removed.

Mr Speaker, in an uncertain financial environment, it is performing artists who — too often — find it most difficult to use their talents to make a living. We know many of these gifted Fijians have had a

tough past few months, particularly when tourism was shuttered and large gatherings were banned. And we recognise that our economy will never be made whole without the full contribution of our creative industries. Fiji simply wouldn't be Fiji if our bars, hotels and restaurants sat quiet; unfilled with familiar sounds of covers like "Could You be Loved", classics like — my personal favourites — "Sa Rui Dede" or "Ek Hans Ka Joda" Though perhaps "Gimmie Hope Jo'anna" is more apt to our present situation.

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

Blue Recovery

Mr Speaker, kicking off with last December's "Blue COP" in Madrid, 2020 was intended to be a landmark year of oceans advocacy, and Fiji — with our calls to ban seabed mining, study the oceans, and

sustainably manage our EEZ — was again leading from the front. But the health of our oceans cannot fall by the wayside, especially as the “coronavirus cyclone” churns.

To ensure that our hard-fought progress in the fight against climate change isn’t lost, and to show that Fiji is dedicated to a “blue” economic recovery, next year, we still plan to add a ban on Styrofoam to our current single-use plastic ban, and we are launching the Blue Town Model in Savusavu — a new, pioneering blueprint for coastal towns across the country and around the world to follow.

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

The Savusavu Chamber of Commerce will work alongside town administrators to integrate the model’s various environmental safeguards. By controlling ocean pollution and creating sound waste management strategies, adopting renewable energy sources, and reducing energy consumption, Savusavu has the

chance to prove that “going blue” is a path to both economic prosperity and climate resilience.

Conclusion

Mr Speaker, it’s been almost four months to the day that Fiji confirmed our first case of COVID-19. As this virus has grown from a far-off concern to the defining crisis of our time, the changes to our lives have been enormous, the sacrifices have been many and the suffering has been immense.

We can’t promise our recovery will be instant or that it will be easy — it won’t be either. We can’t promise that more people won’t lose their jobs — some may still. In other sectors, maybe new jobs may be created; ones which will require new skill sets. We can’t promise every aspect of life as we once knew it will return. But we can promise you this: families who need our help will have it. We have a vision for this country that no crisis can shake, and that vision aims to uplift all Fijians. We are the same government that, under our Honourable Prime Minister, gave equal rights to all Fijians, regardless of their background, their ethnicity or their religion or their province. We are the same government that built Fiji’s longest-ever run of economic growth and Fiji’s strongest-ever economy.

We are the same government that led the campaign to crush COVID-19. And guided by those same values, that same vision, and that same prudent management, and along that same path to prosperity, we will rebuild our economy again.

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

Mr Speaker, aiding and empowering those Fijians will take all of us. This crisis is an opportunity to build a new brand of Fijian patriotism. So to all those who are still fortunate enough to be working, and all those who have land to grow crops and those with the savings to weather this storm — the single most patriotic thing you can do in this defining moment is place your belief in our people's potential. If you are running a cashed-up business, invest now and build for the future. If you see new business, support it. If you see a new Fijian-made product, buy it. If you know a hard-working person out of work, hire them. And do so knowing that this government shares

that commitment: We won't allow our people to fall into an abyss. We believe in the great power of positivity; a positive outlook fosters not only a friendlier Fiji, but a more active economy.

Mr Speaker, there is a silver lining to be found in this crisis, as tough times tend to reveal the true nature of people's character. We've seen some people who — for purely political purposes — choose not to remain positive, and instead are actively rooting for Fiji to fail. These are the same people who tied their political fortunes to fear-mongering around COVID-19 and dire predictions of Fiji's fate. You can bet these same people will continue twisting the facts to suit themselves, blaming our economic pain on policy rather than the pandemic wreaking havoc on the world economy, despite the serious consequences our development partners also face.

But, Mr Speaker, this test of character has cut both ways. It's also revealed the commitment of those who care about our country. We thank the true friends who have stepped forward to help us weather this crisis, including the European Union, Australia and New Zealand. Australia's nearly 20-million-dollar grant supported our campaign of COVID-Containment and will top up over \$7.1 million directly into the accounts of nearly 40,000 social welfare recipients over a two-month period.

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

These Fijians — and countless others — stand united in bringing our economy back from the brink, and we share a spirit of positivity that cannot be broken, not by any crisis and not by anyone betting against us. Together, we can build a more liberal economy and an inclusive fair and just society, supported by a more streamlined system of revenue collection that lends ease and transparency to businesses, creates and sustains jobs, while eliminating loopholes that all too often lead to corruption. We can broaden our economic

foundation, strengthening domestically-driven growth and, over the longer term, preparing for an expanded role in a post-pandemic global marketplace and a steady return to lower levels of debt. And we can give support where it achieves the greatest good, sending the most important message of all: That no matter what lies ahead, we stand by every one of our citizens.

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

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

Thank you.

