

**2020 COVID-19 BUDGET RESPONSE ADDRESS BY THE
ATTORNEY-GENERAL AND MINISTER FOR ECONOMY
HON. AIYAZ SAYED-KHAIYUM**

27/03/2020

Honourable Speaker,

Honourable Prime Minister,

Honourable Leader of the Opposition,

Ministers,

Members of Parliament,

My Fellow Fijians.

Thank you for tuning in tonight, wherever and however you are joining us this evening.

As you can see by the way we're all spread throughout the chamber — these are not normal times.

We've made these changes to ensure we're adhering to the principles of physical distancing. So, if you're watching from a public venue, stop, look around the room, and follow this example by making sure you're keeping a safe distance of two meters from all other individuals — and then maintain that level of diligence and distance as much as possible, in everything you do.

Do it for your health, do it for the health of the most vulnerable among us, do it for Fiji.

Mister Speaker sir, since its origins in Wuhan, China last year, Fijians have watched the novel coronavirus — COVID-19 — spread from country to country and then continent to continent, crippling markets and sickening tens and, now, hundreds of thousands in its wake, with the worst clearly yet to come.

This is a crisis bigger than anything the world has seen in a century. Hundreds of people are dying every day. Hospitals in the world's wealthiest and most powerful nations are being pushed to their breaking points. The United States of America just saw case numbers surge past 65,000, up from 15,000 cases four short days ago. In the most badly affected nations — like Italy — doctors are being forced to choose who to treat; who lives and who dies. Both Italy and Spain have now eclipsed China in COVID-19 fatalities, despite having much smaller populations.

Any student of Fijian history watching this evening knows that pandemics — like COVID-19 — must be battled with the same urgency as full-scale military conflicts. If not, they can be just as fatal as any war.

In 1875, measles arrived at Fiji's shores. The disease ultimately claimed the lives of an estimated 40,000 Fijians — one-third of the entire population at that time. Then, in 1918, the Spanish Flu broke out across the world, infecting 500 million people and killing around 50 million. Upon arrival at Fiji's shores, the virus claimed the lives of nearly 9,000 Fijians — 5 per cent of all people in Fiji at that time.

These are the cold, hard facts of our history. Taking stock of this past should not drive us into panic. But it should serve as a sober reminder that extreme crises of health warrant the sternest possible measures in response — before it's too late.

When it comes to COVID-19, it does not rank among humanity's deadliest diseases; recent viral strains like SARS, MERS and Ebola have all proven much more fatal. When it comes to the sheer number of deaths, NCDs like heart disease and cancer still outpace COVID-19 in the number of victims they claim.

But it is the nature of this new coronavirus that has made this disease the trickiest, most unpredictable and most punishing pandemic of our lifetimes. It's highly contagious — even when symptoms aren't showing. It thrives in everyday environments. It can go undetected in young and healthy people until they infect a more vulnerable member of society. It spikes as people go about their day-to-day lives. And, quickly and quietly, the virus has spread around the world, killing thousands and dismantling the way people live and the world does business. In doing so, it has upended the very fundamentals of the global economy.

It's clear we're faced with more than a crisis of health — far more. This is a crisis of lives and livelihoods alike. No government, no business, no financial institution and no multilateral organisation was ready for the economic devastation of this pandemic. Indeed, some leaders even scoffed at it. Under the strain of necessary travel restrictions, rightful health concerns, and other unimagined impacts, we are facing a once-in-a-lifetime, coronavirus-driven collapse of the foundations of the international economic system.

Some people — including here in Fiji — are still dangerously blind to this new reality. They need to take a good, long look at the world economy. Entire industries are crumbling, businesses are closing and unemployment is skyrocketing. Major stock indexes are plummeting, carving off trillions of dollars

in value — and the floor is nowhere to be seen. Companies that — mere months ago — were considered economic stalwarts —including the world’s largest airlines — are hurtling towards insolvency.

This virus has paralysed the world — literally. No one is going anywhere. Planes are empty, sitting idle. Airports are deserted. Once-humming factory floors are silent. Flows of trade reduced to trickles. Supply chains are unhinged. With only a handful of exceptions, every business, everywhere in the world is facing its most difficult year on record.

In even the best-case scenario of global containment, this will be the most severe global economic depression of our time, worse than anything our parents, or most of our grandparents, ever experienced. We’re talking worse than the global financial crisis. For Fiji, the economic fallout will not only prove greater than Cyclone Winston — it will be far worse than cyclones Winston, Josie, Keni, Gita, and Toni combined.

Every aspect of our economy will be thrown out of whack. Even in the global financial crisis, planes were still flying. In 2009, our arrivals were down only 7.3 per cent on the year. The year after Winston, tourism numbers actually surged by 6.4 per cent!

As of today, Nadi Airport is shut down. Over the next few months, there will not be a tourism sector in Fiji. Right off the bat, that’s up to 38 per cent of our GDP, gone. Even if we were an ICT-driven economy, call centres and other workplaces would close as well. In fact, one call centre has already planned a permanent shut down in Fiji.

Meanwhile, the rest of the world economy — including our major markets — is rapidly approaching recession territory, propelled by historic declines in growth across Asia and Europe.

While we'd already been preparing for softened regional growth numbers, COVID-19 threw a grenade into any of the world's economic projections. Australia, our largest source of tourism and trade, had been riding the longest-recorded streak of unbroken economic expansion among the developed world — a remarkable feat spanning nearly 29 years. Coronavirus has derailed that growth in a matter of weeks. Our friends in New Zealand, meanwhile, will likely see an even bigger impact, as the global travel shutdown has decimated an economy that prides tourism as its largest export earner.

Like our more-developed neighbours, Fiji's projections for our eleventh year of growth have reversed in a matter of weeks. Under the crushing weight of this pandemic, our economy is projected to contract by 4.3 per cent this year — an optimistic projection that depends entirely on the success of Fiji and our major source markets in combating the virus.

COVID-19 has been present in Fiji for exactly one week as of today, with five Fijians with COVID-19 in the country. We are aggressively moving to stomp out this virus and prevent a large-scale outbreak. But if people, including some supposedly well-educated individuals, continue violating the strict measures we've instituted and the virus spreads further, we'll have no choice but to lock down all of Fiji.

In that scenario, non-essential businesses will be closed nationwide. Infrastructure development will stall. Students' education will suffer. Economic activity will grind to a halt. We'll likely see a massive loss in productivity, the weakening of our domestic supply chains, and a double-digit economic contraction.

But even if we are successful in containing the disease and — God willing — we see our last case sooner rather than later, we are still part of a global economy. What if Australia, New Zealand or the United States fail at containing their outbreaks? So long as they remain vulnerable, we remain vulnerable, our people's jobs and the tourism sector remain vulnerable, and our economy remains vulnerable.

Wealthier nations can dip into their deep fiscal reserves to ride out to recovery — but small states do not have the luxury of bailing out entire industries or pumping trillions of dollars into our financial markets. Instead of operating in silos, we must rely on international solidarity.

That is why we were a bit disappointed, and even disheartened, to see some choose to politicise a recent article that we penned for the Financial Times of London, one of the world's leading sources for economic news. There was no political agenda behind this article; in fact, it was an overtly and intentionally apolitical call for assistance from multilateral development banks, and a recognition that small island states will face a unique set of problems and vulnerabilities in our economic recovery.

That article wasn't written for me, or for our party, or even only for Fiji. It was written for our Pacific brothers and sisters from The Solomons to the Cook Islands, our fellow islanders off the coast of Africa and in the Caribbean, and everywhere in between: Small island states around the globe that are suffering. Desperately needing relief as tourism cash flows evaporate and supply chains are eviscerated, some of the world's most vulnerable small-state economies may not survive. And no one nation can go at this crisis alone.

Thankfully — despite the political games here at home — our international partners heard our call. Our diplomatic and multilateral partners have given us a great deal of positive feedback, and have begun to step up to help us both contain and plan our recovery from coronavirus. In the wake of COVID-19, we've had positive discussions with the Asian Development Bank to top up its previously-pledged funding of US\$100 million dollars by up to US\$100 million dollars more. The World Bank is also offering Fiji US\$5.5 million dollars from its COVID-19 facility, adding more fuel to our fight.

Mister Speaker, this level of cooperation surely lends security. Certainty, however, remains elusive.

At the moment, what we know about this situation is as terrifying as what we don't. Every hour, the ground shifts beneath our feet. We don't know how long this pandemic will last, or when a vaccine will be ready. We don't know how deep the economic impacts will be. We don't know how many around the world will die. We don't know if how we live, how we work and how we interact with the world will change forever. But what we do know is this: Ordinary Fijians cannot bear the brunt of this crisis alone. The people of this country and the businesses of this country deserve every measure of support their government can afford to give them. And that support, Mister Speaker, is precisely what this budget is all about.

This budget arms our doctors and nurses with the tools they need to combat this virus and keep themselves and Fijian families safe. It puts more testing kits in our molecular labs, more ventilators in our hospitals, more masks on our healthcare workers, and more beds in our fever clinics.

This budget grants resilience to all the workers and companies who are staples of our economy and way of life, but who have been cut off from that economy by COVID-19.

This budget lifts financial burdens from the shoulders of those made most vulnerable by the devastation of this virus, keeping services running, balance sheets buoyed, and workers healthy.

This budget gives businesses the flexibility they need to keep their people, invest in new opportunities and prepare for the inevitable end to this pandemic.

Together with the Fiji National Provident Fund and our financial sector partners, this evening we are announcing a one-billion-dollar COVID-19 Stimulus Package.

COVID-19 ECONOMIC STIMULUS PACKAGE

Fijians affected by this crisis can take comfort knowing that this government's record-breaking decade of progress has been defined, year after year, by our unrelenting commitment to the most vulnerable Fijians. They can trust that this pandemic will not rob us of our strength of character or our ability to help each other. It will not change who we are or how we choose to lead. It will not erode our commitment to leave no Fijian behind, but define it.

Right now, that means giving businesses, the workers they employ, and the families they support the financial security they badly need — this is a budget for all these Fijians.

We're starting by assisting all of the Fijians workers who rely on the strength of Fijian tourism to sustain their livelihoods.

I'm speaking of the chefs, the scuba guides, the wait staff, the receptionists, and all the other Fijians who should be preparing for another record-breaking season of visitor arrivals. Instead, they are seeing their hours cut, the doors of their resorts closed and their jobs disappear. And they can't simply pack up their serving trays, scuba tanks, and cleaning supplies and start working from home, like so many employees in larger countries and white-collar industries.

These Fijians need more than words of support; they need real relief.

From 6 April 2020, Fijian workers in the hospitality sector who have lost their jobs or have had their hours cut since 1 February 2020 can — for now — access an initial \$1,000 dollars from their FNPF accounts, with additional funds to be considered as the situation unfolds further. If any worker does not have this full amount available, the government will directly subsidise the difference. So, if you only have \$100 dollars in your account, you'll be receiving a \$900 dollar boost from your government.

All those employees affected by our nationwide physical distancing requirements who worked at gyms, fitness centres, swimming pools and nightclubs, along with employees in the Lautoka confined area who have been placed on leave without pay or had their hours cut, will be able to access an initial \$500 dollars from their FNPF accounts. If other parts of the country are locked down, impacted workers in these areas will be able to access these payments as well. The government will also subsidise the difference for any Fijians who do not have this full amount available.

This has made accessing the workplace difficult, if not impossible, for some employees in the Lautoka confined area. I'm speaking of the factory floor workers, the baristas, the bartenders and the staff at gymnasiums and fitness centres.

Furthermore, for those affected in the informal sector in the lockdown areas, government will also be providing a one-off relief payment of \$150 dollars for all those who have a street trader or hawker license.

These measures – through FNPF – will inject at least a total of **\$150 million dollars** back into the economy, topped off with another **\$60 million dollars** contribution from government.

For all employees in Fiji, we will reduce their FNPF contribution from 8 per cent to 5 per cent effective from 1 April 2020 through December 31 2020 — putting **\$80 million dollars** in the pockets of Fijian workers for the next nine months, while still maintaining a steady contribution to their superannuation scheme.

From 1 April 2020, we will reduce employers FNPF Statutory Contributions from ten per cent to five per cent, until 31 December 2020. Over the next nine months, this will keep **\$130 million dollars** in their accounts — helping them sustain their business and cash flow and minimise job losses and hour reductions.

While we know the need is great, no Fijian should make a mad dash for your nearest FNPF office on 1 April 2020. It's your money, you will get it without putting yourself at risk of queuing up too close to others. Your money will get to you safely and quickly directly into your bank accounts, M-PAiSA, or through Post Fiji. FNPF will announce further details.

Just as government is helping employers by reducing their FNPF commitments, we expect employers to work closely with FNPF to assist with the withdrawal process for any of their employees who qualify.

To shift the burden of sick leave off of businesses and ensure employees do not have to use their leave, the government will pay 21 days COVID-19 leave for low-income Fijians who have tested positive for the virus, as certified by the Ministry of Health and Medical Services. To keep things flowing smoothly with minimal disruption, any affected employers should continue to pay salaries as normal, and government will then reimburse this directly to the employer. If salaries cannot be paid by the employer, government will fund these salaries upfront. This applies to all workers with less than \$30,000 dollars in annual income. Fijians in the informal sector who are confirmed to have contracted the virus will be paid a one-off sum of \$1,000 dollars.

With so much of life going on hold — and no clear timeline ahead of us — loan repayments are the last thing affected Fijians and businesses need on their plate. Under the Consumer Credit Act, Section 66, hire purchase companies, licensed credit institutions, and banks are all mandated to go the extra mile for their customers in times of hardship.

We've been communicating with the banks and hire purchase companies over the past couple of weeks— yesterday we got a deal done to defer loan repayments for six months for any Fijians who have lost their jobs or had their hours reduced. Mortgages, personal loans, even hire purchase payment plans from stores like Courts, Carpenters and others all qualify. For those hit hardest, principal plus interest payments may be deferred as well.

The same goes for affected businesses. If you are facing serious cash flow challenges, six months of loan repayments will be deferred. If the impact you're feeling is particularly severe, you may qualify to have principal plus interest payments deferred as well.

During this period, banks will also waive all charges on minimum balances in customer's accounts and remove the minimum purchasing requirement for electronic transactions.

Apart from the CCA, should the situation deteriorate, government has made a commitment to give further assurances to the banks to protect ordinary Fijians who have home mortgages. But let me be clear: Those who can pay their mortgages should pay their mortgages. Don't rob from those who need it now and don't rob from yourselves if, down the track, you also require this assistance.

Taken together, our new COVID-19 response deal with the banks will provide relief of an estimated **\$400 million dollars** for workers and companies —**that's \$820 million dollars in total stimulus so far for anyone keeping count.**

An additional **\$5 million dollars** will be added to the small and medium enterprises credit guarantee scheme. Under this scheme, if any of these businesses with an outstanding guaranteed loan fail, the government has more resources to cover 50 per cent of their outstanding loans. We'll also be reviving the Fiji Investment Corporation Limited to aid existing small to medium businesses with immediate equity injections and refinancing opportunities, this will be managed through the Fiji Development Bank. Other banks have also shown an interest in propping up this initiative's capital base.

For students repaying Tertiary Education Loans, all repayments will be suspended until 31 December 2020, providing these working Fijians around **\$10 million dollars** in immediate relief.

The Reserve Bank of Fiji is also stepping-in with an unprecedented, economy-wide monetary stimulus. The RBF will re-activate and expand the Natural Disaster

Rehabilitation Facility — which has now been re-named the Disaster Rehabilitation and Containment Facility.

Under the new facility, the RBF will make **\$60 million dollars'** worth of loans available to banks at an interest rate of one per cent. Banks can then loan these amounts to small and medium-sized businesses and customers at a maximum rate of 5 per cent. Low rates mean greater borrowing, giving businesses badly-needed financial resources to ease the pressure of this pandemic, keep their doors open and keep people in their jobs.

This facility will be made available immediately.

The RBF has already slashed the reduced overnight policy rate to point two five per cent to stimulate demand, cut borrowing costs, boost consumption and incentivise investment — ANZ and HFC have led that charge by announcing lower lending rates across the board. We expect lending rates to drop even further in the near future.

We're on secure financial footing in providing this stimulus, foreign reserves stand at a high and healthy \$2.2 billion dollars, equal to 5.7 months of retained imports.

We'll also be rolling out a sweeping package of direct tax reforms and deductions, aimed at bolstering our existing businesses and incentivising new ones to take root.

Through the end of 2022, the current, already-generous new hotel investment incentive package will be made even more attractive to current industry operators and potential investors, affording an income tax holiday of 5, 7, or 13 years, depending on the level of capital investment. An investment allowance of 25 per

cent will also be allowed to cover construction, renovation, refurbishment and extension of new and existing hotels. So as our tourism industry hits pause, our liquidity is flush, and rates are falling, it would be a prudent opportunity to prepare for the day when hundreds of thousands of visitors return to our shores.

The Export Income Deduction will be increased from 50 per cent to 60 per cent for three tax years — 2020, 2021, and 2022.

Business losses of up to \$20,000 dollars will be allowed to be deducted against employment income. So, a person earning \$50,000 dollars, who also runs or starts a business on the side, can offset the losses of that business against their personal income.

The certificate of exemption will be reintroduced for the 5 per cent Provisional Tax — further boosting businesses' cash flow.

The rule for advance payment of tax for companies and other taxpayers will be relaxed from the current three payments at a rate of 33.3 per cent to nine payments at a rate of 11.1 per cent. This more flexible and affordable payment schedule will be based on their post-COVID adjusted profits, offering serious financial relief to businesses, sole traders, and partnerships. Penalties on estimated tax will also be removed, with this policy lasting through 31 December 2020.

Debt forgiveness by associated companies will not be subject to income tax. This applies to the forgiving of any and all outstanding debt, effective from 1 April 2020 through 31 December 2020.

Also from 1 April through the end of December, thin capitalisation rules will be suspended for local business subsidiaries that rely heavily on borrowings from their parent companies overseas. Previously, these businesses were limited to a 2:1 debt-to-equity ratio to qualify for tax deductions; by relaxing this threshold, we will further ensure the cost of borrowing is muted for our foreign-controlled businesses to access capital from their parent companies.

A 300 per cent tax deduction will be afforded to employers for wages and salary paid to employees who are self-quarantined, with approval from the Ministry of Health. If Family Care Leave is available, this deduction will kick-in once those days expire. For those who are not compensated by their employer during self-quarantine, government will provide \$100 dollars in relief.

A 300 per cent tax deduction will also be offered for any donations that businesses make to the government's COVID-19 donor fund, a trust to be utilised for any coronavirus assistance, from medical supplies to economic relief. That fund has been generously kick-started by our Pacific vuvale, with the New Zealand Government providing NZD 3.0 million in cash and the Australian Government pitching in AUD 1.5 million in combined cash and in-kind assistance. We have confirmed news that the Australians have now also committed another AUD \$10.5 million to this fund.

The Employment Taxation Scheme will be further incentivised from its current levels. The tax deduction that businesses can claim on their first full-time employee will increase from 200 to 300 per cent. The tax deduction on wages paid for applicable student apprenticeships will also be increased to 300 per cent. And to continue to build an inclusive economy through these tough times, deductions for businesses employing Fijians living with disabilities for three consecutive years will increase from 300 to 400 per cent.

A 100 per cent write-off of up to \$10,000 dollars will be made available on the purchase of fixed assets for business purposes.

A 100 per cent write-off will also be granted for the construction of new commercial and industrial buildings, provided the appropriate approvals are obtained before the end of the calendar year.

To incentivise commercial landlords to reduce rent to fit our current economic landscape, and prevent the disruption of broken leases by easing the burden of these reductions, a tax deduction will also be given to cover any deductions made to existing rent contracts. This reduction will apply for rent payable between 1 April and 31 December 2020.

Knowing that bookkeeping is going to be complicated by this crisis, we'll also be giving flexibility to businesses when it comes to filing paperwork, waiving penalties for lodging late tax returns or other documents.

And to offer serious mortgage relief for our homeowners, we'll also be reducing stamp duty rates for Fiji resident taxpayers for mortgages from 1.7 per cent to zero per cent. Foreign nationals will see their mortgages' stamp duty reduced from five per cent to zero per cent.

Until we're past this pandemic, the processing of applications and pending payments under the Film Fiji tax rebate are put on hold. Implementation of the VAT monitoring system will be deferred.

Added up, these tax measures directly save businesses, exporters and individuals **\$120 million dollars.**

HEALTH SPENDING

But, Mister Speaker, unlike past recessions, monetary and financial policy is not a cure-all for any ailing economy. This is first and foremost a crisis of health. Without first winning the war against this virus, the world economy cannot get back up and running.

With revenues down and health measures debilitating capital projects, Fiji will be redirecting financial resources in support of our health workers on the frontlines of combatting COVID-19.

We're adding another **\$40 million dollars** to enhance our health system's capacity to respond to this pandemic – on top of the **\$347.5 million dollars** allocated to the health sector in this financial year.

This \$40-million-dollar top-up will put more simple supplies like face masks to complex and expensive equipment like ventilators in our hospitals. It will fund more personal protective gear for workers, and thermal scanners. It will fund the set-up of fever clinics throughout the country to isolate at-risk patients. It will fund vital efforts to raise awareness among ordinary Fijians of what they can do to keep themselves healthy. And it will fund the diligent work of our contact tracing team to nip emerging outbreaks in the bud, as well as emergency medical responses and other COVID-19 contingency plans.

To ensure the medical sector has the specific, technical tools it needs to combat the COVID-19 crisis, we'll be introducing a VAT exemption on imports for a vast range of medical supplies and equipment, effective immediately. Hand sanitisers and antibacterial hand wash; vaccinations; hospital beds; scanners and cameras

used in medical examination; ethanol for companies already involved in hand sanitiser production; disinfectants; air purifier; medical-grade boots; hydrogen peroxide; paper bed sheets; thermometers; and other specialised supplies, like medicaments under chapter 30 and medical equipment under chapter 90 of the customs tariff.

To this end, the customs tariff act will also see significant changes in the form of fiscal duty cuts to essential medical supplies. The following items will see their fiscal duty reduced to zero per cent: Hand sanitisers and antibacterial hand wash; gloves; masks; disposable hair nets; disinfectant wipes; tissues; medical-grade face shields and goggles; protective garments; long-sleeve medical gowns; ethanol for local companies already involved in hand sanitiser production; disinfectants and sterilisation products; hospital beds; hydrogen peroxide; paper bed sheets; thermometers; air purifier; medical-grade boots; and hospital beds.

Many of these items were already exempt for the public health sector, but now we're opening the same relief to the private sector as well, ensuring Fijians can keep hygienic and healthy at as low a cost as possible, regardless of where they're treated or buy their own supplies from. So the private sector can import more of these goods and pass these benefits to customers.

This emergency funding to health, along with these new targeted tax measures, pushes our total COVID-19 Stimulus Package past the billion-dollar mark.

ADDITIONAL FINANCIAL MEASURES

We'll also strengthen the balance sheets of the Fiji Sugar Corporation, PAFCO, Fiji Rice Limited, Food Processors Limited and Viti Corp Company Limited by converting their loans into equity. Government is in the process of acquiring FNPF

and FHL's shares in the FSC to meet the legal requirements to convert government's debt in FSC into equity. Fiji Rice Limited has already confirmed they'll inject \$1 million dollars into a rice planting scheme. There's also an additional one-million-dollar allocation towards Ministry of Agriculture to bolster Fiji's food security.

In addition, we're allocating \$50 million dollars to the FSC to fund cane delivery payments. Government is the only FSC shareholder making an additional financial commitment, not because it's the easy route to take, but because we made a promise to cane farmers and we are keeping our word. However, moving forward, we need to keep a careful eye on the impacts on world sugar prices — and make tough decisions if necessary.

Mister Speaker, even in a crisis, there are some costs that are too high to accept for any Fijian. No matter what happens in the coming months, we've sought agreements with the Water Authority of Fiji and Energy Fiji Limited to ensure essential services keep running.

Through July 2020, the WAF has agreed to cart water to any area in Fiji impacted by water cuts — regardless of expected repair time — at a cost of \$4.25 million dollars, and suspend all disconnections until 31 July 2020, forgoing \$28.4 million in revenue.

Energy Fiji Limited will now fully match government's existing 50 per cent subsidy on the first 100 units of electricity for all of its subsidised customers — those households earning less than \$30,000 dollars annually. That means 100 per cent of electricity costs up to the first 100 units will be covered by EFL and government, leaving subsidised customers responsible for just the nine per cent VAT — a move that will keep the lights on for our most vulnerable Fijians. And

all subsidised EFL customers will be granted up to one month to make their electricity payments.

Mister Speaker, we have allocated additional funding for COVID-19 response to the Fiji Police Force as you know they are doing a steady job despite various pressures at the new borders that we have established and around the country – \$700,000. RFMF - \$150,000 and the Fijian Competition and Consumer Commission (FCCC) - \$100,000 specifically for COVID-19 because they need to go around and see that people are not putting up the prices, they are not price gouging.

Mister speaker, while these assurances are vital to uphold our people's wellbeing. But let me be clear: If you can pay your bills, pay your bills. If you are still working and earning your salary, pay your utility bills. If you pay your bills now while you can pay them, if anything happens to your employment down the road, your government will still be able to assist you. But if you don't, you'll be robbing the Fijians who need this assistance today and yourself in the event you'll need this assistance in the future.

Mister Speaker, I'm proud we've delivered this budget only one short week after the COVID-19 hit Fiji. By contrast the United States' only just passed their own economic stimulus more than two months after their first case in January.

But times like these call for more than flexible policies and billion-dollar stimulus packages — they call for leadership — not with words, but with deeds.

That's why all elected officials, the Prime Minister, Ministers, Assistant Ministers and all Members of Parliament will have their pay cut by 20 per cent for the next six months. The cost savings for this move add up to around \$400,000 dollars —

an amount that may not seem monumental, but more importantly, shows that we lead from the front, and that everyone must share the burden. Because the reality is, in the coming months, many ordinary Fijians may see their hours and pay cut as well. And we, as elected members, must be the first.

I urge business leaders across Fiji to show solidarity with the working people of this country. Your legacies as leaders in your industries will be defined by your actions today. Do not wait to make strategic moves and structural changes to position your businesses for the long haul. And — empowered by his historic stimulus package — do everything you can to look after those who look to you for their employment.

Meanwhile, for the time being, we won't be mandating salary cuts across the civil service, nor our statutory bodies or government-owned companies. The rippling socioeconomic effects of even a 10 per cent cut within our nation's single largest employer — which would amount to over \$150 million dollars — would be far-reaching, so we must display prudence when considering this type of action.

Across Fiji, it's common to see two, three, or more generations sharing a home, often with their aunts, uncles, and cousins as well. So a broad-based cut to the pay of our civil service, statutory bodies and government-owned companies would be a painful burden shared by many of those already-suffering, such as hospitality workers — or employees from other highly-impacted industries — who may share a roof with or be related to a government employee. And in those cases, these workers may very well shift to the primary breadwinner, or even the sole income-earner in the home. So, for now, we'll be keeping money circulating in our economy by keeping salaries where they currently stand across government entities.

Elderly citizens are most at-risk from this virus. The mortality for people over the age of 65 is frighteningly high and these Fijians should stay at home until Fiji is corona-virus free. We'll be reducing the monthly travel allowance for pensioners from \$40 dollars to \$20 dollars, and we encourage younger family members to do their shopping and other errands for your elders. This will be reviewed in three months' time, as we hope to return to normalcy.

On that front, we'll also be raising revenue through an increased fiscal duty on the importation of diesel and petrol, which will rise by 20 cents per litre on 1 May 2020. But thanks to a dramatic global reduction in the price of fuel due to a price war being waged between Russia and Saudi Arabia, Fijians will still end up paying lower rates for fuel than they do today.

There are a few other significant expenditures in this response budget not directly related to our COVID-19 Response. We're adding another \$20 million dollars to the education budget to cater mainly for teacher's salaries now that the total of teachers working in the country has been consolidated. And we're beefing up social welfare with another \$20 million dollars to cater for those who already qualify for social welfare, even before the COVID-19 crisis. Fiji National University will also explore a new partnership with Walesi to strengthen online learning. With 430,000 using the Walesi platform, this is an opportunity to leverage technology to create a more inclusive and resilient education system in Fiji.

CONCLUSION

Mister Speaker, these are the most immediate, rapidly-deployable steps we can take today to prepare our people, our hospitals, our businesses — big and small — and our economy as a whole for the COVID-19 phenomena.

Given the devastating nature of this crisis and the unprecedented blows to our revenue, our economy is contracting and we are borrowing substantially more than we planned for. These are extraordinary times that call for extraordinary measures. As a result, our debt to GDP ratio will increase to 60.9 per cent. As soon as the clouds of this pandemic part, we expect an economic rebound and stronger revenues that allow us to reign down our debt.

A great many possibilities still lie before us. We must all recognise that this virus will fundamentally reshape our society, how we do business, and how we interact. We must embrace this new reality, and think proactively about how we can adapt – by harnessing technology, by rethinking productivity and margins, and by changing not only the workplace, but how we view work itself.

And as we ask businesses and individuals to look inward, through the duration of this crisis and this budget, government must do the same. Depending on how this situation evolves, more response measures will come, more help will be provided, and — still — more sacrifices may have to be made.

Because, Mister Speaker, we will not rest until Fiji fully recovers. By remaining diligent, we have good reasons to place faith in our future. Fiji can come back from this crisis better, smarter, and more capable of seizing opportunities that will one day emerge.

Mister Speaker, this week, China announced that it will lift the mass quarantine in the central province of Hubei after a decline in new COVID-19 infections. On the 8th of April, the city of Wuhan — the epicentre of the global pandemic — will end its controls on outbound traffic. As the lockdown ends and the first of Wuhan's residents to depart the city since January reconnect with friends and family, as factory floors re-fill with workers and resume production, as restaurants welcome

back diners and hotels fill their rooms, the entire world will see a glimpse of normalcy, of recovery, and of hope.

The trend is looking similar in places that have been most aggressive with combatting coronavirus, where zero tolerance of rule-breakers was most strictly enforced, and where — even more importantly — the general population took this disease most seriously. Nations like South Korea, Taiwan, and even China are proving that global and national containment measures can work.

But in most of the rest of the world, things are going to get far, far worse before they ever start getting better. Given the enormous risks and the vast unknowns, we must recognise that this disease is, above all else, unpredictable — so our response will need to be able to adapt alongside the reality on the ground. We need to remember that the situation could dramatically change, and our needs could dramatically shift, as this budget holds us over through the end of this financial year.

Just like no one could predict this global pandemic, or just how far-reaching and devastating it would be, no one can predict precisely how it will unfold in Fiji, the Pacific, or the world — not in two months, not in two days, and not even in two hours. Perhaps all we can predict is that our ability to combat this crisis depends directly on how many of our people are careless, versus how many show care for their community and country.

Mister Speaker, amid this churning sea of instability, this budget — and this government — will always provide steadfast direction and decisive leadership, guided by a beacon of hope.

Each of us in Parliament today is blessed to be here, in good health, and representing the Fijian people. We're bound by our duty to God and country to lead Fiji through these unpredictable times, and in a moment when lives are on the line, we cannot take that duty lightly.

We must act quickly. We must act decisively. We haven't a moment to spare.

Let's, for once, cast petty partisanship aside, come together, and pass this budget with resounding consensus. For the nurses awaiting supplies. For the families awaiting FNPF assistance to pay their bills. For businesses wanting to stay afloat. For the laid-off workers awaiting relief. For all Fijians. For Fiji.

Thank you, Mister Speaker.