

REPUBLIC OF FIJI

2019-2020 BUDGET ADDRESS



Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Economy
7 June 2019

TABLE OF CONTENTS

Introduction	3
The Bainimarama Boom	5
Fiji's Financial Discipline	8
Global Economic Outlook.....	17
Fiji's Economic Outlook	21
Strengthening Law and Order	28
Protecting our Natural Environment	30
Empowering Young Fijians	42
Technology and Innovation.....	52
Digitalfiji	56
Building Certainty in an Uncertain World	70
Conclusion	84

2019-2020 NATIONAL BUDGET ADDRESS

INTRODUCTION

1. Honourable Speaker, Honourable Prime Minister, Honourable Leader of the Opposition, it is my privilege to present to Parliament and to all Fijians, across our country and overseas, the National Budget for the 2019-2020 fiscal year.
2. Whether you're watching live on television, listening on radio or streaming on Facebook, the Parliament Live website or the Walesi application, I'd like to thank you for being with us this evening. Given the incredible progress we've made in expanding Walesi's coverage this year, we'd like to especially acknowledge those tuning in from community halls in Lakeba, Moala and Kadavu, as well as from deep rural pockets in Viti Levu, all of whom have received Walesi coverage for the first time: Welcome to this National Budget Announcement.
3. Now, I know we traditionally say budget "announcement", but as more Fijians are not only watching, but participating in this event, it's really grown to become a national *dialogue* among our citizens. And for all those who are following along and commenting on social media, please use our hashtag "Fiji Budget" to share in this nationwide conversation.

4. I want to thank all of those who took part in the first-ever online national budget consultations we held on Facebook earlier this year. The over 50,000 engagements on Facebook, which included thousands of comments, questions and suggestions from secondary and tertiary students, as well as the general public — have made the 2019-2020 National Budget the most participatory budget to-date, with a record volume of perspectives, ideas and experiences brought to the forefront of our consultations.
5. And I was particularly happy to see that entire classrooms gathered around the computer screen, using these digital consultations as an exercise to learn more about how our budget works and hear directly from their government. An engaged, well-informed young population is the greatest assurance we can possibly have that the progress we make today will be protected through the decades to come. And the contributions we received from young Fijians across the country made clear that Fiji's future is actually in very good hands.
6. Mr. Speaker Sir, tonight, we further the realisation of a vision of empowerment, people-first policy-making and innovative problem-solving. A vision that prioritises the prosperity of our people today and protects the wellbeing of generations to come. A vision set out by our Honourable Prime Minister and set in motion by the responsible and practical management of our economy.
7. Tonight, that vision enters its second evolution, led by a future-facing budget that builds on the unprecedented

achievement of the Fijian economy and looks ahead with confident expectations and ambitious aspirations. It is a budget that paves the way towards even greater triumph, for our economy, for our businesses, and for our people – and ensures resilient progress in a changing climate and a changing global market.

8. It is a budget that secures our nation a *sustainable* future, with every dollar of new expenditure dedicated to support one of five fundamental pillars of modernity:
 - a. First: Strengthening law and order;
 - b. Second: Protecting our natural environment;
 - c. Third: Empowering young Fijians;
 - d. Fourth: Spurring technology and innovation; and
 - e. And lastly: Building certainty in an uncertain world.

THE BAINIMARAMA BOOM

9. Standing before this august Parliament one year ago, we proudly celebrated the ninth straight year of growth for the Fijian economy – the single longest stretch in our history. Today – one year on – we are proud to announce that the Fiji First government is adding to that record-breaking streak of economic expansion. We expect GDP to grow to \$12.7 billion this year, making for ten straight years of growth for our economy.
10. When we went to the Fijian people in 2014 and 2018 ahead of our National Elections, we promised that we were the only government equipped to consistently grow the

economy to improve the lives of all Fijians. Just as promised, we've delivered a decade of progress, a decade of development, and a decade of prosperity for all of our people. We've done more than set a new record; we've set a new bar of expectation for what our nation can achieve. For all the young people watching this evening, that's a bar we expect all of you to one day surpass.

11. Before this government, the Fijian economy had some good years, some okay years, and some bad years — quite a few bad years, actually. Through decisive political leadership and responsible financial management, we ended that era of instability, we shut the door on economic inconsistency and put ourselves — the Fijian people — in command of our own destinies. Under our Honourable Prime Minister, our economy has been stable, our growth has been steady, and our future has been secure for ten straight years. This age of historic economic achievement — this unbroken decade — has been rightly dubbed the Bainimarama Boom for our economy. Not a bump, not a bubble — an economic boom that has carried our economy through ten years of expansion, and that will go down in history as the decade we solidified Fiji's economic future.
12. Since 2009, the Bainimarama Boom has more than doubled the size of our economy. A boom in employment has put 100,000 more Fijians in jobs. 100,000 more women and men who can go to work, earn a pay check and provide for their families — driving national unemployment to a 20-year low of 4.5 per cent. And booming private sector investment has built new homes, hotels, offices, residential

buildings and shopping centres, while historic public spending has built a national network of high quality infrastructure and reliable essential services.

13. How? By playing our cards in a savvy manner. By keeping a close eye on market developments, business cycles, and geopolitical machinations. By making tough decisions at the right times, forging new strategic partnerships, seizing opportunities while they were hot, and pulling back when things slowed down. That record has inspired confidence in our nation's progress — confidence among our people, confidence among our development partners and confidence among business owners; from CEOs heading investment firms to vendors operating roadside stalls. We've harnessed that collective confidence and used it to build an economy that works for all of our people, at all levels of our society.
14. Mr. Speaker Sir, our commitment to inclusive progress has made Fiji one of five countries in the Asia-Pacific region — a region that's home to more than 60 per cent of the world's population — where income inequality is actually decreasing. In a global economy where — far too often — only the rich are getting richer, Fijian society is actually becoming more equal. The Bainimarama Boom was a boom for ordinary men and women, not only the wealthy and the privileged; it has uplifted dalo farmers as well as doctors, taxi drivers as well as teachers; cashiers as well as company owners.

15. But our surging economy has done more than put money in our people's pockets – far more. It has funded an unprecedented wave of development across the country. It has dug boreholes in rural villages, giving more of our people access to clean drinking water. It has built health centres that have provided life-saving treatments to our people in times of emergencies. It has paid the school fees of tens of thousands of Fijian children. And it has built faith among our people – and among the world – that Fiji is headed in the right direction. That faith, Mr. Speaker Sir, takes many forms. It is the faith held by a Fijian factory worker that her daughter could one day lead the same company she works for today. It is the faith held by investors that Fiji is where their investment will see the biggest returns and that the Fijian people are capable of building their businesses. And it is the faith held by every Fijian that they stand on firmly upon an unshakable foundation of political, civil and socio-economic rights. All those individuals share a collective faith in our nation's potential; faith that Fiji is a nation on the rise; faith that our country's best days are yet to be had.

FIJI'S FINANCIAL DISCIPLINE

16. Mr. Speaker Sir, when it comes to national budgets, we sustain that faith in our future by making prudent and disciplined financial decisions. That means achieving balance. Balancing expenditures against revenues, balancing investments against returns, balancing private

sector funding against public sector spending, and balancing short-term needs against long-term aspirations. By managing those balances responsibly, we build confidence in the future, as that allows a government to adapt to unexpected circumstances. And as a nation with strong relationships with development partners, along with extreme climate vulnerabilities, that is all the more critical for Fiji.

17. Mr. Speaker Sir, for decades, Fiji's adherence to a long-term economic balance was side-lined by short-sighted economic management. As a result, back in 2006, the Bainimarama government inherited debt worth 53% of the then GDP. Now, with debt levels that high, you'd expect that those governments would have something to show for it. You would expect that debt to be accompanied by some serious investments in roads, bridges, jetties and ports and airports, education and other strategic investments. Mr. Speaker, these are the sorts of expenditures that fuel a nation's long-term productivity and GDP growth. But past governments weren't making the required levels of investments. They built up that debt and then simply took that money and blew it on short-term expenditures. They were borrowing money simply to cover their operating costs, to pay their own employees. Anyone who has run a business can tell you — that's called "being in the red". And it's a sure sign you're headed for financial catastrophe.

18. Mr. Speaker Sir, I saw a headline yesterday that I really couldn't believe. It read, "Fiji Opposition Warns of Economic Collapse" with a photo of Honourable Sitiveni Rabuka. I thought for a minute that I was reading a newspaper from 1996. But no. It was story, run yesterday, with Honourable Rabuka claiming that our nation – today – somehow faces an economic crisis. Mr. Speaker, you'd think Honourable Rabuka would know a thing or two about what a real economic crisis looks like – considering he led our nation straight into one when he crashed the National Bank of Fiji as Prime Minister. That reckless sabotage of the Fijian economy cost our people – in today's terms – \$500 million dollars. \$500 million dollars, Mr. Speaker Sir, thrown down the drain, never to be seen again.
19. In his supposed "warning" Honourable Rabuka went on to claim that government expenditure should be 20% of GDP and revenue should be 15% of GDP. During his entire term as Prime Minister, his government came nowhere near to achieving those figures – with expenditures hitting highs of over 30% and average revenues of 25.6% of GDP. But his hypocrisy didn't end there. He then implied that the government should run a deficit of 5% of this GDP. Five per cent, Mr. Speaker. He's made a call for greater levels of debt for Fiji, while warning of the dangers of expansionary spending, all in the same breath.
20. Mr. Speaker, Honourable Rabuka clearly hasn't taken any lessons from his own disastrous economic blunders that began the vicious cycle of Fiji's inter-generational debt.

That's why it's relevant till today. Debt that was subsequently mismanaged and worsened by the governments that followed. Until, Mr. Speaker, this government finally said: enough was enough. Until this government finally brought fiscal discipline and prudent management to our economy.

21. By the time the Bainimarama government took up the reigns of our economy, Mr. Speaker Sir, we weren't only faced with a mess of government finances. Due to a historic lack of strategic investment, our nation also suffered from massive gaps in productive capacity. We had to play serious catch-up to keep pace with a rapidly modernising economy, or else our people were going to be left behind. We didn't shy away from confronting those weaknesses. We tackled them, head on. We made smart investments, and today, what were once our most serious shortcomings ranks among our greatest strengths.
22. We transformed technology from an afterthought into a driving force behind delivering faster and better government services. We made education free and created affordable pathways to higher education, fuelling the engine of Fijian ingenuity. We invested in our people — our greatest resource — by caring for those who are vulnerable, building resilience to worsening climate impacts, empowering the disadvantaged to lift themselves from the grips of poverty, enabling those with big and bold ideas to chase their ambitions, and giving all of our people a fair shot at success in our economy; creating a new age of

Fijian meritocracy – one in which success is not about who you know or where you may come from, your ethnicity, your religion or what province you belong to, but about what you know and the value you can create for your country

23. Delivering those achievements has required significant investments, and we took on manageable levels of debt. But, the one thing about smart investments is that they pay back returns in the form of a more productive economy. Prior to 2016, despite an ambitious investment agenda, we made clear commitments and progress towards reducing our debt levels, achieving steady reductions in our debt to GDP ratio, from that high of 53% in 2006 down to 43.9% in the 2016-17 Financial Year.
24. Then came 2016, and with it, the massive devastation of Tropical Cyclone Winston. As reports of the damages poured in from around the country, we knew moments after Winston left Fijian waters that the rebuild would take us years. When the assessments completed, it was revealed that Winston wiped out one third of the value of our GDP. And over the years, the price tag of this storm has proven immense, with a total cost to our economy of an astonishing \$500 million. Those costs were compounded by the devastation of cyclones Josie, Keni and Gita in the years that followed.

25. Mr. Speaker, we could have easily rushed the rebuild. It would have been cheaper and far more politically expedient had we built back to the same haphazard standard that existed before Winston. We can vividly remember some of the propositions outlining half-measures and quick-fixes to fix our schools, homes and other infrastructure. But this government, Mr. Speaker, didn't go for any of those Band-Aid solutions. We chose to put in the time, the money and the effort to build back better, to a stronger standard; building schools with resilient building plans, providing high-quality materials for homes that were built to code and re-deploying infrastructure in a climate-conscious manner.
26. As we conclude that historic rebuilding effort, we can now say – without a shadow of doubt — that the Fijian economy is the most climate-resilient it has ever been. Every new school building we've reconstructed is built to withstand category 4 cyclone winds. And we've already completed 55 evacuation centres across the country, many of which are equipped with generators and water tanks. When future storms bear down on our country — and they most certainly will — not only will those investments in resilience save us a great deal of costs in rehabilitation, more importantly, they'll save lives.
27. Mr. Speaker Sir, the scale of our rebuilding effort was only possible because of the strength of our economic position prior to Winston. And – even in the midst of that massive funding effort – our debt levels remained sustainable. That

is the clear consensus among banks and multilateral institutions. And, let's be clear, those are organisations with entire teams dedicated to assessing the health of the Fijian economy. They don't play political favourites and they don't supply political opinions – only fact-based analysis. The point being, that when the commercial banks, multilateral financial institutions, and the Reserve Bank of Fiji all agree on the health and sustainability of our economy, they are being objective. They are looking at actual facts and making a considered assessment.

28. Meanwhile, Mr. Speaker Sir, the Leader of the Opposition occupies his time with desperate doomsday predictions on the eve of the budget announcement. Mr. Speaker, let's take a moment to pause at the utter absurdity of this – under the flash of the cameras, Honourable Rabuka essentially issued a budget response before this budget was even announced, rambling on about economic collapse to anyone who would listen. We all know that he loves the limelight, but couldn't he have waited a day to learn what was actually in this budget first?
29. While this pre-emptive strike on a yet-to-be-announced budget was unprecedented, there was a far greater offense to his actions than a break from tradition or even a gross breach of decorum. His baseless assertions are economic sabotage of the highest order. He needs to realise that his words have consequences, and every false accusation can result in very real damage to our economy, which is

underpinned by investor confidence. In his time as Prime Minister, Hon Rabuka has already upended our economy once — but I suppose that because of our young population, more than half of Fijians weren't even alive when he first drove us into the ground, so perhaps he wanted to refresh our memory. But this Government, Mr. Speaker Sir, will not let Fiji suffer from a bad case of déjà vu at the hands of the Leader of the Opposition. Our young people, in particular, don't have time for this; as they look to the future, they want to be inspired, not intimidated with fear-mongering. Our youth have more opportunities at their feet than at any point in our history, and their vitality is what will drive us into the future. Through this unbridled optimism in what's ahead, we will continue to move our economy forward, not back.

30. So, Mr. Speaker, let's take a good look at the facts and let's speak in economic realities. In the next financial year, we're looking at revenues of around \$3.491 billion, with tax revenue passing the three-billion-dollar threshold for the first time. And we'll be collecting that historic figure in tax revenue without raising VAT, without increasing corporate taxes and without increasing personal income tax. You heard that right- Mr. Speaker Sir -in a growing Fijian economy, with growing incomes, we're not raising VAT, we're not raising income tax and we're not raising corporate taxes.
31. Mr. Speaker, it took over 35 years for tax revenues to reach one billion dollars since independence, and it took

another ten years after that to reach two billion dollars. But it took this government only five years to go from two billion to the three billion dollars in tax revenue collection, all while steadily decreasing the tax burdens faced by ordinary people. VAT is down from 15% to 9%. Families who make under \$30,000 a year have been freed from paying income tax entirely. Small businesses have been exempted from paying ECAL. Instead we've made some simple and savvy changes to improve tax compliance and close loopholes that once allowed countless millions to pour out of the country. Now, instead of that money leaking out of Fiji, its helping fund a nationwide network of social safety, educating our children and drive forward an agenda of empowerment through the life-changing new developments that are the hallmarks of this government.

32. Mr. Speaker, now that the vast majority of cyclone rehabilitation has ended, we can sustainably shift our economy back onto the path of fiscal consolidation – a commitment first announced by this government back in 2017. Projected expenditure for the year is down to \$3.84 billion – reflecting a lowered deficit of 2.7% of GDP, down from 4.4% in 2017-2018 and 3.4% in 2018-2019. With a GDP of \$12.7 billion and a debt at \$5.98 billion, our debt to GDP ratio is projected at 47.1% of GDP -- meaning Mr. Speaker Sir our debt to GDP ratio is six percentage points lower than 2006.
33. As of this month, Mr. Speaker Sir, our foreign reserve levels are around \$1.92 billion, equal to 4.2 months of

coverage for retained imports of goods and non-factor services. Current inflation stands at 2.1%. One does not need an economics degree, Mr. Speaker Sir, to recognise that progress for what it is. Even someone with a pedestrian knowledge of finance and economics will tell you – or rather, have to admit – that is indisputably responsible financial management.

GLOBAL ECONOMIC OUTLOOK

34. Mr. Speaker, there's a reason why we're building up our fiscal buffers to give ourselves greater financial leeway. The world's leading financial institutions, economists, and NGOs are warning that economies around the globe are facing down a period of great uncertainty. But one trend is clear: global growth is softening. Just this week, in its June Report titled, "Heightened Tensions, Subdued Investment", The World Bank attributes a dampening in global growth prospects to a further escalation of trade disputes between the world's largest economies, renewed financial turmoil in emerging and developing economies, and more abrupt deceleration of economic growth among major economies. Mr. Speaker, it's not hard to see how they arrived at that conclusion.

35. A single tweet from the President of the United States threatening war with Iran can send shock waves through the international oil market. A test missile fired by North Korea can send ripples through the Nikkei index. Every time the United Kingdom holds a new Brexit vote, traders

around the world await the outcome with bated breath. And the on-going international trade war ignited by the Trump administration is being fought on many fronts, from China to the EU to Mexico, with a new tariff making headlines with head-spinning regularity.

36. The International Monetary Fund forecast for global growth in 2019 stands at 3.3 per cent, down from 3.7 per cent last year. But that slowdown, Mr. Speaker, won't impact all nations equally. Some economies are proving more resilient. The growth of emerging economies, such as India, Vietnam, and China, are all projected to steadily chug ahead.
37. The drop in global growth is mostly due to slowing growth among developed economies, whose growth is decreasing from 2.2 per cent in 2018 to 1.8 per cent this year. That includes all of Fiji's major trading partners, the United States of America, the Eurozone, Japan, Australia and New Zealand whose growth is forecast to be lower than earlier projected. For example, Australia's growth is projected to slow down from 2.8% in 2018 to 2.1% this year.
38. Meanwhile, growth in emerging economies will see a much more modest drop of a mere 0.1 per cent. And currently, economists are cautiously optimistic that the growth of world economy will recover by 2020. And those projections come despite a continuing drop in growth among the developed economies. Stronger growth among emerging economies of 4.8 per cent in 2020 is projected to

single-handedly lift the global growth rate back up to an average of 3.6 per cent. Given these projections, we're positioning the Fijian economy to do more than add to our record-breaking stretch of economic success, we're looking to out-perform the growth of our more developed trading partners. If our past performance is any indication, Mr. Speaker Sir, this government is more than capable of doing exactly that.

39. Mr. Speaker Sir, it was this government that brought the Fijian economy booming back to life out of the global financial crisis of 2008. In the midst of that economic chaos, we kept our cool and did what needed to be done. We enacted anticipatory measures. We showed we knew how to tighten our belts, foresee new opportunities and distinguish ourselves in competitive markets. When growth was slowing in our neighboring economies, we showed we could re-vamp our tourism industry to continue attracting historic numbers of visitor arrivals. When global investment stagnated, we showed we knew how to rally businesses, build confidence and drive local capital investment. When global output lowered, we showed we knew how to increase productivity – in the public and private sector -- make pricing adjustments and continue to fund long-term development aspirations. We've shown we knew how to build a modern economy, even in the face of adversity, through our brand of positive, creative and collaborative leadership.

40. So, while we must remain cognisant of current global realities, we should take comfort that this government has proved its merit in maintaining positive economic momentum. Despite the whims of larger economies, despite the shifting winds of global markets, this government has charted ten years of sustainable, resilient and responsible economic growth.
41. And, Mr. Speaker Sir, I would like to add; we've made that progress despite continuing partisan efforts to crush our progress under the weight of lies and pessimism. We've cut through those fronts of fear-mongering and fogs of falsehoods, and carried our economy to record-breaking success, because this government, Mr. Speaker Sir, has inspired belief in Fiji's true potential. And when we look to the future of our economy, we must continue do so through lens of truth and objectivity. We must maintain a dispassionate assessment of what the coming years will bring. We cannot hold our economy hostage to politically fuelled rumours and unfounded speculation. We can't waste time hanging on the words of people with zero economic credibility. No politician's 15 minutes of fame should be allowed to come at the expense of the health of our economy. A strong economy underpins our people's prosperity. A strong economy helps keep the lights on, keeps the tap flowing and sustains our people's livelihoods. And when we speak about the economy, we need to adhere to a level of intellectual rigour. There's no room for shallow social media speculation, we need hard facts and objective analysis. And – when debates arise – we need

well-thought out proposals brought to the table. At the very least, as members of the Opposition, one owes the Fijian people with a responsible and considered alternative way of doing things. Our people deserve that much, at least, because when we talk about the economy, it is their wellbeing that is the subject of discussion.

FIJI'S ECONOMIC OUTLOOK

42. Mr. Speaker Sir, building a strong economy defined by sustainable growth only occurs with adherence to the right policies and the right fundamentals. We proved that to be true with our successful economic record in the wake of the global financial crisis. We proved that. And now, we're harnessing this new global downturn in our favour by becoming a more productive society, preparing and adapting the Fijian economy for new and better opportunities. As part of that transition, we will be progressively undertaking a comprehensive package of structural fiscal management reforms that stretches across every sector of our economy, with an eye to sustaining our wide-reaching economic prosperity. To name some, Mr. Speaker Sir:

- i. We're reviewing the Foreign Direct Investment Act to encourage greater foreign investment;
- ii. We're reforming our State-Owned Enterprises and Public Enterprises to make them more customer-oriented, profitable and efficient;

- iii. Just last week, we announced a reform of our secured transaction framework and the launch of the personal property securities registry, which makes it easier for our people to use their assets as collateral to secure loans. Basically, it means access to finance has gotten easier, allowing our people and our businesses (in particular small to medium enterprises) to make investments at lower costs and with greater efficiency. Since its launch at the end of May, over 7,000 loan entries have already been loaded on to the on-line Registry.

- iv. Mr. Speaker Sir, we're also conducting a review of the Financial Management Act 2004 – or more commonly known as the FMA – to make some key changes that meet the high expectations of transparency and accountability in a modern economy. Every year, before the budget announcement, government must table a broad fiscal framework that sets the stage for budgetary preparations (which is what we are going to implement), thereby building accountability and adherence to fiscal projections. The government of the day will also be required to provide a pre-election economic and fiscal update on the state of the economy, which will compare information from the mid-year annual report against the fiscal strategy. That update must be made publicly available at least 20 days before the polling date. We're enhancing the accountability of internal audit functions within government through the establishment of an internal audit committee to oversee audits and – where necessary – Permanent Secretaries have been

empowered to initiate prosecution to combat abuse of taxpayer funds. Lastly, we're climate- sensitising the FMA to engrain a deeper focus on building resilience. Catering to investments that climate-proof our economy and support inter-generational equity.

- v. We'll be mandating that all political parties contesting the election cost their budgets in relation to manifestos, to grant full transparency to the Fijian people in assessing the viability of political promises.
 - vi. We're also giving new levels of certainty to our partners in the private sector through a range of new initiatives that incentivise investment and spur greater development. The specifics of which we'll be covering later in the evening, Mr. Speaker Sir.
43. Mr. Speaker Sir, our multilateral partners have offered their full support towards – what they agree – is a critically important, and impactful, programme of reform. The Asian Development Bank and the World Bank are stepping in to assist by re-financing our loan obligations with policy-based loan support that is contingent on the progress of our reforms. The Fijian Government intends to use this funding support to redeem the US 200-million-dollar global bond due in October 2020. We'll be accessing the loan in two tranches, and based on our progress so far, the first tranche has already been made available, which we'll access this financial year and keep in an offshore account until the global bond is due next year. By accessing these funds now, we ensure we're on track to access the full extent of

this policy-based support well in-advance of the October 2020 deadline. There will be a temporary increase in our headline debt this financial year, but that will go down the moment we redeem the global bond in the 2020-2021 financial year.

44. It's abundantly clear, Mr. Speaker Sir: The world sees our financial reforms as credible and our current leadership as responsible, and we're getting a more favourable loan that comes at a lower cost as a direct result. This isn't actually adding to our debt portfolio; our strong economic position has simply allowed us to broker a sweeter deal. A deal that costs us less in interest, protects us against unexpected shocks and smooths our debt repayment profile.

45. Mr. Speaker, ironically enough, this debt we're re-financing was actually rolled over from the Qarase Government. Let that go to show how severe the consequences of irresponsible management can be. So, with this move — and by deploying what we call a bullet repayment — we'll finally put a stop to that vicious cycle of debt that was initiated and exacerbated by past economic mismanagement in this country. And let me commit now, Mr. Speaker Sir, that this government will never repeat such mistakes. Every dollar we spend, will be to build up our country, not drive it into financial chaos. And we will never take on inter-generational debt in exchange for nothing.

46. Mr. Speaker, responsible management of our economy is always important, but more so now than ever, given the threat we face from climate change. Fiji has led a concerted global campaign to make international climate finance accessible not on the basis of the size of a nation's economy, but on the basis of vulnerability to climate impacts. The World Bank has answered that call to action, by declaring Fiji eligible to receive international development assistance (or commonly known as IDA) in recognition of our extreme vulnerability to climate change. Essentially, this means Fiji can now access over \$55 million dollars annually, at zero interest rate, with an extended repayment term of 40 years. Mr. Speaker, that's over 55 million dollars a year in development funding on the best terms a nation could ask for, and we expect, Mr. Speaker Sir, the Asian Development Bank to soon follow suit in offering similar terms – in recognition of the extreme climate threat faced by the Fijian people.
47. Mr. Speaker, when cyclones do descend upon Fiji and lay waste to cities, town and communities, we cannot afford to watch critical development finance be stalled by bureaucratic inefficiencies. We need funding that can be quickly deployed to rebuild damaged infrastructure and get our economy back on its feet. We've nearing an agreement with the Japanese International Cooperation Agency to provide a trigger-based "Stand-by Loan for Recovery and Rehabilitation" to fund immediate disaster relief efforts in the aftermath of a severe weather event. Under the terms of this agreement, the moment the government declares a state

of emergency, rapidly deployable funding, of up to US 50 million dollars, will be made available at an extremely concessional rate of 0.01% interest with a 40-year tenor, and a ten-year grace period.

48. Mr. Speaker, at a time when the world faces softening expectations, our fiscal discipline is impressing the world's foremost leaders in finance, sparking new confidence in Fiji among multilateral organisations and our partners in development. That confidence is building a tangible buffer that is literally shielding our people from threats to our progress. Through responsible fiscal management, even in an era of global uncertainty, Fijians can be certain that we are ensuring our economy is resilient — in the best possible position to withstand any headwinds on the horizon – whether from climate impacts or market downturns – and come out of those storms stronger than ever.

49. Mr. Speaker, our operating expenditure on the year stands at \$2.534 billion, with capital expenditure at \$1.252 billion. The growth of those figures is lower than the periods of expansionary spending following Cyclone Winston for the reasons we've already stated. But our agendas to improve our people's health, build a knowledge-based society, develop new networks of infrastructure, access the digital age, care for those who are vulnerable and modernise our nation will all push forward with the same relentless ambition we've driven from day one. Growth in expenditures is down, but so are leakages and waste. We're

offering new incentives that trust businesses and taxpayers to spend their own money, by incentivising them to make strategic investments. And in this period of fiscal consolidation, government's focus will be streamlined to the key pillars that support our people's welfare, by doing more with less.

50. Starting with health, we have made an allocation of approximately 53.4 million dollars for the commencement of the Lautoka and Ba PPP Project which will transform the quality of medical services in Fiji, including a wide range of tertiary medical care. These medical services will provide opportunities in aged care and retirement villages and we have also introduced a very attractive tax incentive for retirement villages and aged care facilities. Together with this, FNU will also be introducing courses in the aged care industry to provide qualifications to our people who are well known for looking after children and elderly – many of whom actually work in the west coast of North America and various other places and who are naturally skilled in aged care. This will position Fiji to develop other areas like retirement villages, aged care facilities and host many large events that we could not capitalise on in the past.

51. And a capital infusion will continue in the form of new and extensively-upgraded hospitals, subdivisional hospitals, and health centres all throughout Fiji. An allocation of \$12.7 million is dedicated to the Ministry of Health's major infrastructure projects in this budget, including an ongoing

major extension of CWM's Maternity Unit, the construction of a new subdivisional hospital in Navosa (and in fact the completion of it), and preliminary works for the Labasa Hospital, Lodon Health Centre, and subdivisional hospitals in Nausori, Korovou, and Valelevu.

52. Concurrently, the Ministry plans to invest another \$3.2 million on refurbishing a number of additional health facilities around the country, including refurbishing the emergency departments at CWM and the Nausori Health Centre, the upgrade and extension of Rotuma Hospital, in addition to the specialised Tamavua Twomey Hospital and subdivisional hospitals in Vunisea, Savusavu, and Nabouwalu.

STRENGTHENING LAW AND ORDER

53. Mr. Speaker Sir, this budget recognises that the dollars and cents of our nation's economic output cannot possibly capture all aspects of our people's wellbeing. More important than any financial assessment is how secure Fijians feel in their homes and when they go about their business. Every Fijian deserves to hold absolute confidence that they are safe, their families are safe, and – if they ever do face a threat – the Fiji Police Force is committed and capable of translating their concerns into prioritised actions.

54. This budget sets out a series of critical measures that ensure our police officers are properly trained and equipped to deliver a world-class duty of care to Fijians in our cities, our towns, and the most rural and maritime communities across the country. We're continuing with our five-year restructure of the Fiji Police Force, regularising another 995 special constables to give them proper training, equipment and, of course, compensation for the critically important service they provide the Fijian people. Upgrading works on new police stations in Lautoka, Nadi, Nakasi and Nawala will also continue into the next financial year.
55. The nature and tactics of criminal operations are evolving, leading to a rise in criminality, particularly in the trade of hard and synthetic drugs. Our Fiji Police Force needs to evolve in response. If Fiji is increasingly seen as a transit point for drug traffickers that can carry serious spill-over effects of violence. That's not a future we're prepared to accept. We're sending a clear message to hard and synthetic drug traffickers: doing business in Fijian waters won't get you to lucrative drug markets in Sydney or Auckland, it will get you bunk space in a Fijian prison cell.
56. We've allocated \$800,000 to fund a stronger effort to combat drug trafficking, with dedicated staff tasked with finding and rooting out networks of hard and synthetic drug dealers and suppliers. And of course, they will work with their counterparts in Australia and New Zealand.

57. We're allocating \$720,000 towards the purchase of four new intercept boats for the police to strengthen law enforcement's presence on the seas. The Fiji Navy will also be providing the Police with additional personnel and vessels to assist with maritime surveillance, with a \$1.1 million allocation set aside to fund personnel costs aboard two new vessels, the RFNS Volasiga and the RFNS Savenaca. And, of course, we're grateful to the Australian and Korean governments for donating these vessels to our fleet.
58. And, Mr. Speaker, in our Fiji Corrections Service, we've allocated \$4.0 million for capital expenditures to undertake major infrastructure works to improve the security, and the quality of life, in our prisons. That's just for our national security, because creating humane environments within prison walls is actually proven to reduce rates of recidivism. When you give people respect, Mr. Speaker Sir, they're more likely to act in a respectful manner themselves, and that's a key tenant of the highly successful Yellow Ribbon project we've already undertaken.

PROTECTING OUR NATURAL ENVIRONMENT

59. Mr. Speaker Sir, we generally regard development as a positive initiative, and for good reason. Development brings essential services to our people that can not only change, but save lives. Development opens communities to new opportunities and new dreams of what they can become. Development creates higher-paying and fulfilling

careers for our people; quite literally feeding Fijian families. But there is a flipside to that coin. As development – if left unchecked – holds the potential to irreparably destroy our natural environment.

60. On the world stage, Fiji has emerged as a respected champion for environmental protection, pushing forward the campaigns for climate action and oceans preservation. And at home, we need to live out the same expectations we're demanding from the rest of the world. As Fiji enters the second phase of our economic evolution, we must remain adherent to our zero-tolerance policy for any development that comes at an overall cost to our natural environment. A position made crystal clear by our Honourable Prime Minister, who has pledged new environmental laws to permanently ban developers from working in Fiji if they disregard our environmental laws and protections.
61. Mr. Speaker, we plan to introduce those laws at the next available opportunity, but we know that strong laws alone won't cut it. We need a whole-of-society approach, one that is guided by government actions and commitment, but that inspires ordinary people to take ownership over the protection of our natural environment.
62. As previously announced, we're on track to ban single-use plastics by 1 January 2020 – that is in seven months' time. These bags – which have a thickness of less than 50 microns – are the thin bags we're grown used to shopping

with at the supermarkets and our markets also. But their use in Fiji is literally choking the life out of our environment, particularly our marine life. In the next financial year, we will also be increasing the duty on plastic bags with a thickness of more than 50 microns.

63. As an alternative, we've been steadily promoting the usage of locally-produced, reusable bags. To spur that emerging industry, the duty on materials used to manufacture non-woven bags will be dropped to zero. And to protect our budding local reusable bag manufacturers, fiscal duty will be raised to 32 per cent on imported reusable non-woven bags.
64. We want to see alternatives to plastic in every supermarket, in every restaurant, and in every market stall, everywhere. So, we're also placing zero duty on all non-plastic food packaging, straws, containers and cutlery.
65. Reducing Fiji's reliance on plastic is a movement that cannot be restricted to government actions alone, it must become a nationwide, a Fijian effort. To incentivise action at the grassroots level, we've partnering all PET bottle packagers and manufacturers to launch a nationwide plastic bottle deposit scheme, whereby Fijians who deposit plastic bottles will be compensated. Over the next few months, we'll be introducing laws to this effect that will contain the exact policy details – with plans to have this programme up and running early next year.

66. Mr. Speaker, the most responsible way to deal with plastics is to never use them in the first place. Even products branded as “biodegrade plastics” can take up to 300 years to actually decompose. But the next best thing we can do, Mr. Speaker Sir, is ensure that plastic waste is properly recycled. Fiji doesn’t have a recycling plant at the moment – and the associated carbon emissions of shipping our plastic overseas will do far more harm than good. We need a local, Fijian waste management industry. That is why we’ll be establishing a tax-free zone in Naboro (next to the Naboro landfill) for waste management businesses. Companies operating in the zone will be granted income tax exemption for capital investments of under one million dollars, two million dollars and more than two million dollars for periods of 5 years, 7 years and 13 years, respectively. And we’re granting an import duty exemption on raw materials, plant machinery and other equipment needed to run a recycling and waste management business. Land will also be made available at a concessional rate. The Naboro Landfill, as well, will be entering phase two of construction, funded to the tune of \$5 million.
67. Mr. Speaker Sir, plastic isn’t the only scourge of our natural environment. Styrofoam containers – also composed of fossil fuels – are just as bad, taking up to one thousand years to decompose. Long after a meal is finished, even long after the person who used that container is dead and gone, that Styrofoam will still be there, until it finally breaks down into harmful particles that pollute the

environment and hurt our plant and animal life. Tonight, we're announcing a complete phase-out of Styrofoam containers by 1 Jan 2021, and we'll be carrying out a nationwide consultation and awareness campaign to give ample notice to restaurants, coffee shops, grocery stores and convenience stores to prepare for that transition.

68. Mr. Speaker Sir, many businesses in Fiji — in fact, entire industries — depend on the health and sustainability of our natural world, and it's incumbent on businesses to play their part in preserving our natural environment. We'll be incentivising businesses and organisations to “adopt” stretches of highway. Basically, if an organisation commits to covering the costs of maintaining the cleanliness of a stretch of road and indeed planting trees — in line with FRA standards — they'll be given recognition in the form of signage along the roadside. It's a system you'll see on highways across the United States, Canada, Australia, and other major economies where consumers are already rewarding businesses who are making a contribution to cleaning up the roads.
69. Mr. Speaker Sir, we introduced the Environment and Climate Change Adaptation Levy -- ECAL – in 2017. Since that time, ECAL has emerged as one of the effective tools at our disposal in building a better, cleaner and more sustainable nation. ECAL has funded schools that have sheltered our young people during severe weather events; solar panelling that is increasing our share of renewable power; new technologies that are giving advance warning

of incoming storms; tangible assistance for Fijians affected by climate impacts; farms that produce more climate-resilient crops; and a range of other climate and environmental protection initiatives across the country. Since its introduction ECAL has collected over a quarter billion dollars in revenue, with \$120 million collected so far in this financial year alone.

70. Mr. Speaker Sir, that work must continue. We'll be applying ECAL to a few new items that are proven to worsen pollution through high usage of electricity and the emittance of chlorofluorocarbons, including vehicles, smartphones, microwaves, washing machines, televisions, and other commercial appliances or "white goods".
71. Mr. Speaker Sir, the present climate crisis poses an unprecedented threat to our people, our progress and our natural world. At current rates of global warming, we're already seeing horrific levels of environmental degradation, particularly in our oceans and reefs. In response, Fiji has remained on the frontlines of the global campaign for climate action and environmental protection. From Suva, to New York, to Nairobi, our Honourable Prime Minister has been sounding the alarm and demanding greater action from the world — and I'd like to extend my personal gratitude to him for sacrificing so much of his time away from the comforts of home and family in pursuit of carrying Fiji's urgent message to the world which is already paying dividends for us.

72. Mr. Speaker Sir, Fiji's global engagement on these campaigns has not only advanced the cause of vulnerable nations the world over, it's pushed global financial players, business leaders and development organisations to re-think how they can best support building climate resilience. Fiji's perspective has highlighted new opportunities to think innovatively in the climate financing space to develop new financial products that attract development finance. The Green bond we launched back in 2017 was one such example that is already funding critical adaptation efforts across our economy. But climate impacts are wide-ranging, and we need a diverse array of financial tools to respond effectively.
73. And today, on the eve of World Oceans Day, there's no better time to announce that in the next financial year, Fiji will be seeing blue. We plan to expand our shoreline, replicating immense environmental progress we've made into our oceans and reefs, which are particularly at-risk to the impacts of climate change. We will be pursuing a number of Oceans and Blue Economy Initiatives that transform Fijian waters – known as our Exclusive Economic Zone into a responsible Marine Managed Area. We're recovering our oceans and protecting our marine resources from lasting, generational devastation, by making Fiji's oceans free from nuclear testing, deep sea mining, overfishing, plastic pollution and industrial discharge. We will also be pursuing the issuance of a Blue Bond to fund these critical efforts to preserve our oceans and build a Blue-Fiji. In earlier discussions, we've already sparked

strong initial interest in the bond among our development partners, and we'll have more details to announce on this initiative in the months to come. Mr. Speaker Sir, we are also keen to pursue better prices for the blue bonds and the already issued green bonds. We are currently in talks with our development partners about this.

74. This focus on cultivating a sustainable Blue Economy will take close coordination effort across Government, businesses, our development partners, and society — particularly, to benefit those many Fijians who have long-relied on our oceans for their livelihoods. Some of the most tangible change will come at the community level, as the Ministry of Fisheries works to accelerate new, sustainable industries in our seaside communities, subsidising the cost of projects like fish hatcheries, shrimp and prawn farming, and seaweed farms, which will prove to be both beneficial for the health of our oceans, and in creating lucrative new career paths for entrepreneurial Fijians. And those of all ages and walks of life can personally participate in our efforts to build a Blue Economy with small steps at the grassroots level; simply by planting mangroves or cleaning up rubbish from our beaches, we can work to instil a culture of proactive oceanic stewardship that sets an example the rest of the world can follow.
75. We've also allocated \$200,000 to push ahead a joint-project with the United Kingdom, called the CommonSensing project, which creates a platform that collects data and generates useful information to inform

our policy priorities, particularly in the areas of disaster risk reduction and food production sustainability. As part of the programme, we're building up our local capacity to use remote sensing technology and analyse observatory data to make better informed policy decisions. Because it's not enough to have the data in-hand, local officials need to know how to use that data to make better decisions. Ordinary people, as well, deserve access to that important information so they can take proactive steps within their own households and communities to adapt to climate realities.

76. Another \$300,000 is allocated to exploring nature-based solutions to development through the Revitalising Informal Settlements and their Environments, or RISE, programme which works at the intersection of health, environment, water and sanitation to build the resilience of informal settlements.
77. The Nadi River Flood Alleviation Project is pushing ahead next year, with physical works to begin on a drainage system in Nadi town proper and design works for the widening of the Nadi river to reduce flood risks that has long devastated communities along the river. We're funding that effort through a renewed mix of funding commitments from the Japanese Government through JICA, the French and Australian governments, the ADB, and the European Investment Bank, along with \$7.95 million in government funding.

78. Mr. Speaker, whether by adapting our economy or preserving the health of our natural world, this budget is defined by its recognition that our environment and our climate are shared resources that will take shared commitment to protect. Commitment from the highest levels of government and multilateral institutions, to businesses, to civil society and on down to the grassroots. But we can't stop there; we need to extend that commitment to the generational level as well, by fostering a new culture of environmental ownership and accountability among young Fijians.
79. We view young people as powerful allies in our campaign to protect our environment for good reason: 50%, Mr. Speaker Sir, of our population is under the age of 27. If we're serious about securing a sustainable future, we need to be equally serious about instilling a new level of care and concern for the natural world. Fiji is a nation blessed with young leaders, many in the climate action and environmental space, whose advocacy graces the highest stages of these critical global campaigns. We need to recognise that achievement, and inspire more of the same. But, Mr. Speaker, we must remember, it's not always about how we act when the cameras are rolling; it's also about how we act when we think no one is watching. It is the choices we make day-to-day— both big and small — that ultimately have the greatest impact on our natural world.

80. Mr. Speaker, we're supporting a new level of commitment in environmental stewardship, firstly, by launching a national gardening competition in all Fijian schools. When many of us were growing up, we may remember school gardens as the pride of many a student body. Many school campuses were home to the humbling and comforting presence of beautifully manicured gardens, made possible by the effort of committed students and school staff. Mr. Speaker Sir, I'm sad to say that many of those school gardens have since dilapidated into ruin. The commitment to gardening has all but disappeared, and our schools – and our nation – are worse off as a result.
81. We're working to re-instil that culture by rewarding school communities who go the extra mile in caring for their school gardens which – in essence – are small celebrations of our natural world. Tending a garden teaches us that natural beauty isn't something that can be taken for granted. Nature must be cared for and cultivated. Through this competition, that is the lesson of life-long value we'll be re-introducing to our student's education.
82. Mr. Speaker, we're using that same model to inspire environmental protection on the societal-level as well, by holding a national competition that awards Fijian communities that demonstrate the strongest commitment to cleanliness, tidiness and the health of the natural world. We're launching this competition for a simple reason: we recognise that environmental laws are only as good as society's commitment to seeing them enforced. They can't

depend entirely on authorities clamping down on ordinary people. They need to be enforced by everyone, everywhere, all of the time. They need to be enforced by young people who tell their friends “Don’t be careless. Have some respect, and use a rubbish bin”. They are enforced by mothers at the fish market who say, “We won’t buy that mud crab, it’s too small.” Or consumers at the grocery store, who say, “I know that company cares about sustainability, and I’m going to show my support by buying their products”. These small actions and daily decisions – Mr. Speaker Sir– are how we change a society for the better. These little everyday commitments shape the way we think and inspire others to follow our lead. Taken together, that builds societal momentum that shifts mentalities more powerfully than a single policy ever could.

83. And there is perhaps no place where that grassroots environmentalism is more evident than within the Ministry of Forests, which has recently spearheaded what is undoubtedly the most ambitious project in its history — the “Four Million Trees in Four Years” initiative. Launched by His Excellency our President Jioji Konrote, this monumental movement aims to reforest our nation, beautify our communities, and make the Fijian economy as a whole more carbon-neutral by offsetting our emissions. Saplings have already been planted all throughout Fiji, with young schoolchildren, international rugby stars, world leaders, and even the Secretary-General of the United Nations taking part. This work is naturally complemented

by the Ministry's work to grow indigenous species and create a more sustainable forestry industry with assistance from the World Bank through REDD+, a programme that will aggressively work to curb environmental degradation and preserve Fiji's delicate forest ecosystem.

84. Our work with our development partners has obviously been critical in carrying this agenda forward. To streamline our global engagement, we'll be scaling back and stepping up in a few areas. We'll be closing our embassies in Brazil and Ethiopia and expanding our presence in India, with a \$500,000 allocation to establish a new trade commission. Fiji's capability to host prestigious regional and international events has emerged as one of our most powerful tools for our engagement with the rest of the world. And in 2020, we'll be bringing another major global gathering the World Exchange Congress to Fiji, the first time such an event is coming to the Pacific.

EMPOWERING YOUNG FIJIANS

85. Mr. Speaker Sir, the grand and overarching purpose of the 2018-19 National Budget was to support the institution of family in Fijian society in nurturing the next generation of Fijians. It was a budget designed to set-up our young people and young families for greater prosperity in a growing economy. Thanks to free education, free textbooks, subsidised transportation to school, the historic funding we've given to tertiary scholarships, and the support we've extended to new families, new homebuyers

and new entrepreneurs — that range of support is stronger than ever. Tonight, with this budget, we build on that proud legacy.

86. Mr. Speaker, we're starting by strengthening our ability to implement youth-focused policies. Right now, government's youth empowerment agenda is suffering from a classic case of too many cooks in the kitchen: Too many different ministries with far too much overlap in responsibilities, resulting in far too little overall impact. To streamline implementation, we're taking in programmes obviously run by a number of other ministries under the single umbrella of one ministry. Programmes will be more intentional, policies will be more impactful and our young people will have a clearer idea of where to go and what they can expect to receive from their government.

87. Mr. Speaker, we'd be here all evening if we were to detail the tremendous strides young Fijians are already making in our economy, across the Pacific and on the world stage. The immense human capital of Fiji's young people was on full display during the Asian Development Bank Annual Meeting during our first-ever 30 Under 30 event. There we honoured 30 exceptional young Fijians who have marked impressive achievements across a wide range of fields and industries.

88. The threshold to qualify for the 150% tax deductions for corporates who sponsor sports teams will be lowered from \$50,000 to \$15,000.
89. We're also introducing a new programme of cadetship for incoming civil servants which will be spearheaded by the Ministry of Civil Service. The cadetship will give top graduates a holistic look at how the civil service functions, as they rotate through different ministries to learn how they work together to advance government's agenda. Once rolled out, it will be one of the most dynamic employment opportunities offered in the country, as participants will get an unprecedented view of the public sector, before settling on a career path at the intersection of their professional interests and their nation's needs.
90. Allocations for school meal allowances are going up for all government schools to of up to \$6.00. We'll also be rolling out special courses on public-speaking and communications in partnership with various international organisations focused on student leadership development for Years 12 and 13. That effort – combined with a \$15,000 allocation to strengthen social leadership training – is designed to cultivate a new generation of Fijian leaders. Not by selectively picking favourites, or giving extra attention to those who can afford it, but by giving every Fijian student equal access to the resources and training that build strong leadership qualities.

91. Following the announcement of a new all-star line up to the FNU Council, we're allocating \$6.9 million to move technical colleges to Fiji National University, in line with our vision of establishing FNU as a world-class institution. A vision that will become abundantly clear to our young people as they witness a transformation across FNU campuses in the years ahead.
92. Following the historic investment towards TELS in the past two budgets, we're making an important change to the programme to reduce class sizes for our students' benefit. Essentially, if an area of study or course is offered where an incoming student currently resides, that student will be required to "study where they live" and attend classes at that nearby campus. Some students have been abusing the current system, relocating themselves to new cities to pursue degrees that were available at their local campuses, with taxpayer funds going to support their room, board and meal allocations. We won't tolerate taxpayers' hard-earned money funding those unnecessary expenses any longer.
93. Mr. Speaker Sir, we're taking a hard look at the pathways towards higher education and taking some key steps to ensure students are entering higher education on a level playing field. We're checking that no one is cutting corners or getting preferential treatment, in order to ensure that everyone gets a fair shot at success. As we all know, students need to earn a certain number of marks to pass Year 13. Unfortunately, some universities are bending the

rules in order to fill their own coffers, allowing students who have actually failed Year 13 to do degree courses. That practice will no longer be allowed. To attend university, students need to have earned the necessary marks to pass Year 13 fair and square.

94. Mr. Speaker, we've also seen some concerning outcomes among students who opt for "Foundation Year" rather than completing Year 13. On paper, these students are doing extremely well, and many go on to be awarded Toppers Scholarships. In reality, the course offerings during the "Foundation Year" don't match the rigour of Year 13 classes and exams. A lot of parents know that, and those with extra money are happily paying for their children to attend Foundation Year to obtain inflated marks. It's a classic case of the "haves" getting by easier than the "have-nots", and we've been left with little choice other than disqualifying students who opt for the "Foundation Year" from receiving Toppers Scholarships. We will also no longer be allowing students who study in USP's Technical Colleges to fund their education through TELS, given the current programme's exclusionary policy of not permitting the cross transfer of credits to and from other universities. And within the university from certificate to diplomas. However, we will continue to fund FNU technical colleges through TELS as they do allow for cross-transfers. This will also strengthen the vocational focus and specialisation of FNU.

95. Mr. Speaker Sir, this government's financial support towards expanding access to high quality education is unrivalled, as is our commitment to levelling the playing field across Fijian society. We won't hesitate to make the hard decisions that keep our students on equal footing. Otherwise, our historic educational investments will all have been for nothing.
96. In the next financial year, Mr. Speaker Sir, over \$800 million will go towards the education sector, continuing our landmark policies of free education, free textbooks and subsidised transportation to school. Those funds will come with a new lens of scrutiny to keep schools and staff more accountable to the Fijian taxpayer. For teachers, we'll be working with our universities on curriculum and assessments that raise the general standards for those entering the teaching profession. Teaching can no longer be seen as a default career option; it must be respected as a passionate professional undertaking for all levels of education. Particularly for early childhood and primary education, teachers need to possess the right qualifications. Right now, many early childhood environments in Fiji more resemble day-care centres than classrooms. They need to become more conducive educational environments where students can actually receive the fundamental and critical disciplined rigour in their literacy and numeracy skills – both areas we're looking to strengthen in our curriculum this year and indeed in the financial allocations.

97. But there are other measures of progress we must consider. Raising decent, caring and responsible Fijian citizens takes more than teaching maths, science and literature alone. You won't find all the lessons in life within a textbook. Children need a more holistic education and a more robust understanding of the rights and responsibilities of adulthood.
98. A worrying trend of abuse is sweeping across our nation's schools. And tonight, Mr. Speaker, we'll be announcing new actions to curb the intolerable misuse of government programmes and assistance.
99. Mr. Speaker Sir, as you know, we've been providing free milk to year 1 students for some time given the numerous studies that have shown that access to nutritious food can provide students with more energy and focus throughout the school day. But – while you can provide milk, you can't force students to drink it. And, unfortunately, in many urban schools, many students are using milk for more creative purposes. For example and we have seen this, they'll play “who can stomp on their milk box the hardest” with the winner being whoever squirts their milk out over the greatest distance. It's a shame, Mr. Speaker Sir, because in some parts of the country, the availability of free milk is having a measurable, positive impact for our Year 1 Students. So, from now onwards Mr. Speaker Sir, we'll be restricting the Free Milk programme to Year 1 students in rural and maritime regions, and continue to keep a close eye on outcomes.

100. Mr. Speaker Sir, there have also been some serious issues of abuse relating to buses. Now, it used to be that the government would subsidise students to ride on dedicated school buses to and from school each day. These buses came at set times, and if you missed your bus, well, you were out of luck. We undertook a trial programme this past year where we allowed subsidised student travellers to ride any bus – school bus or otherwise – to get to and from school. In fact, we also extended the travelling time up to 7pm. We wanted to give some flexibility to students and be a bit more liberal about their travel restrictions. Unfortunately, we've seen an unacceptable rise in truancy as a result. Some students are choosing to taking buses anywhere but to school. But even worse, Mr. Speaker, we actually have parents of students who are taking their child's blue subsidised bus cards and using them to travel around the country on half or fully-paid fares. They'll simply slide the card into their wallet or even into their phones and tap it against the bus payment machines undetected. Mr. Speaker, a parent taking a student's card – a student who should be travelling to school – to abuse government assistance is a level of immorality that we, frankly, could not predict. And we'll be firmly closing that loophole by again restricting travel for subsidised students to the dedicated school buses, and no allowing any student travel after 4:30pm on the subsidised rates.

101. Mr. Speaker Sir, when we tolerate abuse, we not only do a disservice to our nation and to those who actually deserve our help, we do a disservice to the abusers themselves, especially when they are young people. When someone spends their childhood getting away with disrespecting the law, they become adults who are comfortable breaking rules on a regular basis. Our nation bears the brunt of those mentalities all the time.

102. We have grown adult children who haven't seen their parents for decades, flying in from overseas to cash social welfare checks the moment their mum or dad passes away. In particular for the insurance programme that we generously put in place. As we know that now all social welfare recipients have an insurance policy. Those checks, of course, are intended for dependents, not estranged family members living comfortably overseas. We have people elbowing their way to the front of cyclone assistance queues, when – in reality – their properties didn't suffer a scratch. Those who break our laws in those manners, shouldn't kid themselves into thinking no one is watching. And I'm not talking about the police. I'm talking about their children, their nieces and nephews, their little cousins and the children with whom they share a community. They're watching what they're doing, and when they set that sort of example, they stick our nation in an endless cycle of abuse and disrespect.

103. Now, I've actually spoken to some young people who have sought to abuse government assistance, and it's clear they broke the rules, not because they bear anyone ill-will, but because they don't see the harm in it. But there is harm – Mr. Speaker. When you cut corners, and sneak off an extra slice of our national cake for yourself, you're not stealing from some imaginary pile of government money, you're picking your own neighbour's pocket. When you abuse government assistance in the wake of a cyclone, you're not stealing from some foreign aid office. You're taking money from one of your fellow Fijians who actually needs it. Someone who may have lost their home, everything they've ever owned, or even a loved one. And when a parent abuses the rules, taking assistance intended for their own children, they tell that child that the rules don't actually matter; that care for your fellow Fijians doesn't matter. And, that, Mr. Speaker, is the greatest tragedy of all.

104. Mr. Speaker Sir, many people in this chamber need to learn humility. Mr. Speaker, but when we do take the time to explain the bigger picture to young people, trust me, they get it. They understand what's at stake. They understand we all have a role to play in building a more caring society, they understand that rules matter for everyone's sake. As leaders – it's incumbent on all of us to go out and make that case to our people. So, don't go around telling your supporters to exploit government free-bees, not when there are real people who really need a leg-up. That kind of mentality will keep us a nation of mud crabs in a barrel,

clamouring over each other to get ahead, while only succeeding in pulling each other down.

105. As a society, we need to come to terms with this persistent culture of abuse that has nagged at the heels of our progress for generations. It is the strength of character of our young people that can rid us of this blight on our national character. Now, I know there are many people who think that other's bad behaviour simply isn't their business, but that's not true. It may be uncomfortable to tell someone to stop littering, driving drunk or abusing government programmes – but it's certainly your business to do so. And among young Fijians, it is that level of commitment to a rules-based society that will truly make or break our future. Morality is the real key to modernity. Particularly given the range of new technological tools at our disposal, maintaining respect, civility and care for one another is more important than ever.

TECHNOLOGY AND INNOVATION

106. Mr. Speaker, Fiji has cemented its position as the regional hub for development, trade and tourism and – owed to our consistent focus on the future – we're fast becoming the Pacific's hub of technology and innovation. Thanks to consistent and steady investments into our ICT infrastructure over the past decade, the cost of mobile coverage and broadband services in Fiji are some of the lowest in the world, while our mobile penetration extends across the entire country. Thanks to that sophisticated ICT

foundation, Fiji no longer watches from the side-lines as the world speeds past us on the back of new technologies. We're actually in the game and we're keeping pace, using new technologies to spur new industries, new inventions and new imaginings of what our nation can become.

107. The Walesi mobile application launched last year is now the most popular free entertainment app in the nation with over 260,000 downloads as of this week. In fact, when we were playing the Sevens, there were 250,000 downloads in that weekend alone. That's over 260,000 Fijians who now have sports, entertainment, educational content, and the business of this august Parliament, at their fingertips. And, the app is only getting better. With Sky Pacific coming on board, Walesi will soon offer users access to another 25 channels.

108. As a nation home to over 100 populated islands, we knew the nationwide rollout of Walesi was going to present some serious difficulties. But we didn't back down from that challenge. We're innovating on a daily basis to ensure that every Fijian – no matter where they may be – has full and equal access to Walesi's services. Servicing our most isolated maritime communities can't be achieved through traditional terrestrial networks, so we've instead opted for satellite technology. When that work is finished, a student attending school at the Mavana District School in Lau can access the same high-quality educational content on Walesi as a student at QVS.

109. Mr. Speaker, so far, Walesi has established 16 free Wi-Fi hotspots across the country and covered 26 FNU campuses with high-speed wireless internet. Next – in partnership with the Ministry of Education – Walesi will be expanding those same high-quality internet services to schools. The industries our students will one day enter are rapidly embracing the digital revolution, and our students need to be ready to hit the ground running with a comprehensive understanding of the internet’s productive potential. Now, I know some of us may be thinking that the last thing our students need is the distraction of Wi-Fi – and Facebook – in the classroom; we agree. And these Wi-Fi networks will be carefully regulated, with firewalls and monitoring software that, combined with classroom enforcement, keep these networks tasked for educational purposes only.

110. Mr. Speaker, in 2013, access into the Southern Cross Cable was liberalised, allowing Fiji to join the network at a cost of \$4,000 per STM-1, which equated to a cost of \$256,000 per month for a single 10GB line.

111. For Fijian consumers, this meant that internet access came at a steep price, even with a maximum charge rate in place. It was a profitable business for FINTEL, but the expense made internet out-of-reach for many ordinary Fijians, widening our digital divide. Due to FINTEL’s reluctance to reduce rates – which would have allowed for better deals for Fijian consumers – the FCCC which we had asked to look into this recently intervened to break down this monopolistic barrier and set new rates.

112. This regulatory intervention has already led to a massive reduction in landing charges for Fiji's telecommunication companies, which have witnessed a massive reduction from the \$256,000 monthly expense for one 10GB line, which has fallen to just \$40,000 – equating to an average annual savings of \$2.5 million that can be passed on directly to Fijian consumers and businesses alike.
113. To continue to build on our momentum in bridging the digital divide, the FCCC is also taking a hard look at the monopolistic ownership of the local fibre networks, and is working towards liberalising access for local fibre optic infrastructure. These regulatory decisions will lower the cost of doing business for our telecommunications service providers and ordinary businesses, enable competition at the retail end, and lead to higher-quality, higher-speed access to data, lower charges and better product offerings for ordinary Fijian consumers.
114. Mirroring this success story, the FCCC has also reviewed the country's mobile termination rates. Over the next two years, those fees will gradually reduce from 8 cents per minute to 5 cents per minute, making calling much more affordable for the ordinary Fijian. Similarly, the FCCC will be looking into the monopolistic position of Vodafone in regards to our national eTransport initiative, reviewing rates and charges with the goal of ensuring fair and efficient pricing for the commissions they charge to bus operators.

115. The FCCC has proven its ability to enforce the “competition” in its name, and with these bold moves, a more attractive and competitive landscape will undoubtedly spark new investment into the nation’s ICT-oriented businesses.

DIGITAL FIJI

116. Mr. Speaker, technology already touches nearly everything we do in our day-to-day lives. From the cars we drive, to the treatment we receive in hospitals, to the way we do business, technology gives us incredible new tools that can raise our standards of living to previously unimaginable levels. By its very nature – this digital revolution is advancing at an exponential rate. And through a \$39.0 million allocation to our flagship initiative — digitalFiji — we’re keeping Fiji at the cutting edge of innovation in leveraging this wave of new advancements to our advantage, helping deliver better, faster and more efficient government services.

117. In April of this year, our Honourable Prime Minister rolled out online birth registration services for babies born at the Colonial War Memorial Hospital; a revolutionary new function of the digitalFiji app that massively expedites the process of registering a new baby. Using this app, new mothers and fathers can begin the birth registration process as soon as they decide their new-born child’s name, be it from the hospital bed or the comfort of their own home. No endless queues, no needless headaches, just simple, user-friendly registration services all the way up to booking an

appointment to collect your baby's birth certificate. Next week, new mothers and fathers in Sigatoka, Nadi, Lautoka and Ba will enjoy the same convenience of using the digitalFiji app for faster, online birth registration. We hope the Honourable Prime Minister will be able to launch this next Thursday. By 5 July, this same service will be extended to the Northern Division - Savusavu, Labasa and Taveuni and by 9 August, it will be rolled out to Rakiraki and Nausori.

118. digitalFiji will continue to spearhead our push towards the speed and efficiency of a cashless society by introducing electronic payment options across government services. That effort — combined with the surge of nationwide connectivity — will grant access to government services nearly everywhere in the country. From 14 June, online payment options will be available for current e-services such as birth registration and Registrar of Companies services. As new services expand on to the digitalFiji platform, they'll also incorporate electronic payment options. We want Fijians to take advantage of this transition, so government will be covering all of the associated card fees on electronic payments for government services, while also undertaking a review of government fees and charges, many of which have not been updated for decades. Some fees are as low as \$1 and of course, Government will be subsidising the electronic payment cost regarding government services for the next one year.

119. The government is also working on the transition from paper-based passports to state-of-the-art e-Passports with contactless chips that contain security features in compliance with the International Civil Aviation Organization standards. In line with our commitment to a more secure Fiji, these e-Passports will make it more difficult for people to illegally enter the country and easier for Fijians travelling overseas to use e-Passport gates to speed through airport immigration queues. We're not only making Fiji safer, we're making travelling easier and setting Fiji up for wider visa-free status access around the world. We'll be progressively issuing these new e-passports throughout the next financial year.

120. This commitment is part of a wider agenda to facilitate flows of knowledge and human capital between Fiji and the rest of the world. Government will implement a number of reforms to our immigration and citizenship laws. These include the introduction of an expedited procedure for processing work permit applications. We will also revise our laws to enable foreign spouses of Fijian citizens to be able to not just enter and reside in Fiji but to also be able to work in Fiji. Similarly, spouses of foreign diplomats and staff of international organisations — such as the UN — will now be able to work in Fiji for the duration of their stay in Fiji. The Government will be introducing more stringent measures with respect to citizenship applications, including requirements that any applicant must first obtain a permanent residency visa in Fiji before becoming eligible

to apply for Fijian citizenship which will be about 4 months longer period.

121. Currently, companies who hire expat workers are required to pay a refundable bond which goes into a trust account. Moving forward, we're replacing this bond with a one off set fee that will go towards funding the training of Fijians to study key economic areas within the Fiji National University system including TVET.

122. Following a comprehensive study on the Registrar of Companies – ROC – processes, from 14 June 2019 the digitalFiji app will allow anyone with a registered e-profile to:

- a) Conduct 24/7 online companies and business name searches,
- b) lodge reservations for companies and business name(s),
- c) lodge new name registration of businesses and foreign and local companies, and
- d) Pay for services online.

Instead of travelling to an ROC office, they can access these services online while sitting at their desks or at their dining room tables.

123. For companies and business registered after 14 June, their information will be available online such as the company's number and status, directorship details, and company financials. From 30 September 2019, companies and

businesses will actually be able to lodge an online application to make basic changes to their business: whether that's a name change, a change in business type or updates to their directorships. Bringing these processes online will make them faster, it will make the user experience more convenient and – most importantly – the results will be more accurate.

124. Mr. Speaker, the next phase for digitalFiji will involve combining different sources of data into streamlined, easy-to-access hubs; one for our citizens' information, another for our businesses information and one for land information. Right now, information across government is out-dated at best and completely unavailable at worst. It's the reason why our people find themselves waiting for days – sometimes weeks – longer than necessary for approvals.

125. digitalFiji will create a "People Hub" that relies on a secure and centralised information curator and publisher within government. No loose-leaf papers spread out across five different ministries, but one, secure digitised information source. When someone applies for government services, that person's basic information, such as their name, date of birth and TIN number, can be pulled up and viewed in real-time by government officials who have the relevant access privileges. Fijians can trust that information is safe and the Ministries can trust that information is both accurate and up-to-date, without having to ask anything more of the person seeking their services. By February of next year, the People Hub will be operational.

126. Mr. Speaker, with this hub up and running, someone living in Taveuni who qualifies for social welfare assistance will no longer have to travel to the BDM office to obtain his/her birth certificate and take his/her documentation to the social welfare office. Instead, he/she simply needs to provide his/her basic details online. The Department of Social Welfare will then be able to validate his/her information against the secure database -- the "People Hub" - and their staff can verify his/her documentation online. And that very same day, that gentleman/lady could complete his/her entire registration process to begin receiving the assistance he/she deserves, all without ever leaving his/her home in Vuna.

127. Mr. Speaker, we're bringing the benefits of reliable and centralised information to our business processes as well. Because registering a business and applying for a business license can take an unacceptable amount of time. The time and complexity of the registration process is, in itself, a barrier to entry that is actually scaring off potential businesses before they ever have the chance to get started. We're not hiding from that reality; we're accepting it with reality - it's a serious problem that we're taking serious action to solve. We've already undertaken a nationwide study to streamline the process for obtaining construction permits and starting a new business and achieved a 40% reduction in turnaround times. On 10 July of this year, we'll be rolling out a new information portal – the bizFiji

portal – giving business owners a comprehensive, one-stop reference for all processes associated with starting a new enterprise or obtaining a construction permit.

128. The bizFiji portal will give users the ability to access and download the application to start a business or obtain a construction permit and provide flowcharts and timetables of exactly what they can expect throughout the registration process, including information on which processes can take place simultaneously. Gone will be the days of running around Suva to the different offices, or even visiting several different websites just to figure out how to get your new business sorted. The bizFiji portal gives users all the information they need to turn a bright idea into a brand-new Fijian business.

129. But bizFiji is only the beginning. Through digitalFiji, we're taking the business registration and construction permit approval processes entirely online. With extensive work scheduled in the year ahead to prepare for that transition. When these services roll-out, someone, for example, in Ovalau, will be able to reserve a company name for a new business and register that company online, all within minutes. She can then track her progress online from start to finish. She won't need to travel to Suva to begin those processes, and then spend her days running around to the different offices and twiddling her thumbs waiting for updates.

130. We're also looking to streamline business processes by establishing a high-powered committee to urgently evaluate business processes within the Fiji Revenue and Customs Service. With new technologies at our disposal, we're leveraging those advancements for the benefit of Fijian businesses, re-evaluating every service we offer our partners in the private sector to allow them to focus on what they do best: growing their businesses and supporting the economy. And not only the big companies, this review will be especially focused on ways we can serve the needs of micro, small and medium enterprises to grow their contribution to a growing Fijian economy.

131. That commitment to MSMEs will be carried forward as well by the Ministry of Industry, Trade and Tourism which will soon be home to a new, centralised unit that will better coordinate a range of MSME focused support services, including training and mentorship programmes which will be more impactful. This unit will replace the National Centre for Small and Micro Enterprise Development.

132. Mr. Speaker, to take advantage of the new range of support we're offering small enterprises, we'll be supporting staff within the Ministry of Infrastructure and Transport, including carpenters, plumbers, joiners and electricians, for them to open up their own commercial companies that service both public and private sector projects. We're incentivising groups of these specialised employees to join together to operate at private sector levels of productivity,

earn higher levels of income and harness a more entrepreneurial spirit to grow into larger scale companies.

133. Mr. Speaker, this year, digitalFiji will also embark on a nationwide study to lay the groundwork for the issuance of National Identification Cards. Right now, verifying a Fijian's identity takes a considerable amount of time and energy, and even then the results aren't even always correct. We still have parents pretending to be their own children, teenagers claiming to be their parents and others who are claiming to be people who have been dead for quite some time. Mr. Speaker, that sort of abuse adds shackling complexity to national planning. With National ID cards, identity verification is a simple matter of showing your card and proving right then and there that you are who you say you are. It will make government programmes more efficient, it will curb identity theft and people from trying to assume multiple identities, it will keep our borders secure and it will make sure assistance goes to only those who really deserve to receive it. The study is anticipated to run for six months, leading to an implementation plan scheduled to be completed by December 2021. After which, we'll be looking to establish a single, centralised National Identification office in Fiji that mirrors Singapore's Immigration and Checkpoint Authority.

134. Mr. Speaker, these new levels accountability, powered by new technology, will make our assistance programmes sharper, more targeted and less susceptible to abuse. These

efforts reduce leakages and waste by those who don't deserve support, freeing up more resources for those who actually do. This year, the total allocation towards transportation assistance stands at \$10 million, which include the subsidisation of bus fares for parents and guardians who travel with their disabled children to school. We are including the parents in this scheme.

135. Our targeted assistance to low income families for 100kwh electricity and 91,250 litres of free water will continue. We've actually made an additional allocation of \$1.0 million to cater for any increased subsidy cost in the case of any tariff increase, if approved by FCCC. We are taking a nuanced approach to this; we all remember the days when tariff increases were pursued or put-off entirely for political reasons. We're not doing that. We want to ensure that prices are set at the right commercial levels, but we'll never do so at the expense of those on the lower end of the socio-economic spectrum. Now we will be fully subsidising the tariff rates.

136. We'll be continuing to subsidise the purchase of point of sale machines for small businesses. We'll also be making it easier for small businesses to embrace the digital age by subsidising businesses who establish online payment gateways. There's a lot of missed opportunity in the Fijian economy at the moment because businesses have been slow to make online payments available and indeed it is out of their reach. For example, Mr. Speaker, if you're a soldier serving in our peacekeeping forces or in the British Army, and you want to send flowers to your mother back in Fiji. It really should just be a simple matter of getting online and making an electronic

payment to a local florist, but right now that's rarely ever possible, and it's almost never affordable. Through this policy, we're making it affordable for small businesses, like flower shops and delivery services, to offer their customers online payment options in a move that's both good for small and medium business, and good for mothers.

137. We'll also be extending the efficiency and convenience of eTransport now to mini buses as well in the New Year, to ensure more of our people can access the speed and efficiency of electronic transactions when travelling and that we capture revenue and data that assists with transportation planning.

138. Mr. Speaker, when we speak of innovation, we don't speak only with regards to technological developments – innovation is also about developing creative policy solutions to give our people's wellbeing priority in a modernising economy. When we introduced Family Care Leave, it was because we wanted to give Fijian families the time they needed to care for loved ones in times of crisis. When we extended paid maternity leave to 98 working days, our intentions is to allow new mothers to choose between caring for their children or keeping their jobs. And when we added paid paternity leave, for the first time ever, it was because we wanted new fathers to help shoulder the burden of stress that comes with the birth of a child. But, Mr. Speaker, there's more that can be done to recognise the challenges that families face in the 21st century workplace. The IFC recently made a startling announcement that the lack of quality, affordable and reliable childcare services in Fiji is causing

public and private employers to lose over 12 work days per employee every year. In response, and as laid out in our manifesto, this budget sets out funding for an exploratory committee – in cooperation with UN-Women – to establish day-care centres near major hubs of employment around the country. Giving parents the flexibility to focus on their careers, while trusting that their children will be cared for in safe, nurturing and educational environments throughout the work day. But we'll match this commitment to our people's wellbeing, with equal priority given to the needs of businesses by monitoring for any abuse by employees. We've been made aware of a case where just this Monday, 45 employees took Family Care Leave from just a single factory floor – whether they were watching Rugby or just staying home together - grinding operations to a halt. We'll be working with businesses to ensure there is no more abuse of these policies and the priority remains on productivity in the workplace.

139. Mr. Speaker, there is a lot of talk around the speed and efficiency of adapting to new technologies. But what is equally – if not more important – is technology's potential to create greater transparency and accountability. In Fiji, many employers currently pay employees in cash, particularly in the construction industry. But that leaves workers vulnerable to exploitation. Once a cash payment is made, there's no record of accountability. And some employers are getting away with short-changing their staff. Not paying overtime or meal allowance. So, Mr. Speaker, we'll be introducing new laws over the next few months that mandate employers pay their employees electronically, whether via direct deposits in

bank accounts or in their mobile wallets like MPAISA. That way, there is an actual record of payments made. When issues arise, we'll have an actual list of payments made to settle any and all disputes.

140. Mr. Speaker, we've previously announced our joint work with the Singaporean government for the long-term concept master plans for Lautoka, Nadi and the Greater Suva Area. That work remains critical to ensuring that our people's essential needs and the health of our natural environment aren't put at-risk by the strains of growing urbanisation. In the same vein, we're allocating \$70,000 to explore the development of new centralised bus stands in the Nasinu and Nakasi corridors to increase the direct bus services within these large municipal areas which will do bounds in reducing our carbon footprint and providing convenience to those living in these areas. These are new municipalities who have their own markets and shopping centres. If one wanted to go from one end of Nadera to the other end, there is no direct bus service. You have to come all the way to Suva to catch the bus to go to the other side of Nadera. So, we need to have bus stands in these major areas.

141. Major FRA capital works have been allocated \$399 million. \$400,000 has been given to construct public restrooms along highways. The Water Authority of Fiji and Ministry of Waterways and Environment have been allocated a combined total of \$192.9 for capital expenditures which will include the upgrade of water treatment plants, water reticulation systems, wastewater systems, drainage systems, drainage for farmlands, and rural water works across the country. \$4.1

million is allocated to complete the Lautoka Municipal Swimming Pool, and \$490,000 is set aside for the installation of floodlights around Churchill Park. \$1.0 million is allocated to improve ventilation and lighting at the Lautoka market; \$545,000 is allocated for the completion of the Namaka Market; \$250,000 is allocated to construct 20-25 mini-markets across the country which interested vendors can apply to have built in their communities; and \$3 million has been allocated for the National Gallery of Contemporary Art, an ongoing project with the British Council that will transform the St Stephen's building in downtown Suva into community hub that enriches our urban cultural scene, serves a platform for Fijian artists to showcase their work to the world, and attracts tourism to our capital city.

142. But, Mr. Speaker, our master plans for urban development will only carry real impacts if we have stringent adherence to municipal regulations for new developments. For example, people must respect that bus shelters are intended for buses and passengers, not for selling fish. And markets are intended to be spaces for vendors and shoppers to engage freely in commerce. The reality is, Mr. Speaker that no investment in our networks of infrastructure and no plan for our future development will count for anything if we don't have a consistent level of respect for our society's rules, assets and regulations. When government builds a public road, that road doesn't belong to government. It belongs to Fiji. It belongs to every Fijian. And we need to treat the shared resource with a shared level of respect. We must have pride in that investment, and help maintain its usefulness over the long-term. We need trucking companies to follow the rules that

limit overloading. We need drivers to obey speed limits and parking restrictions. And we need to generally foster a more orderly Fijian society — where the laws are enforced, where public goods aren't abused, and where those who break the rules are the ones who pay the price, not those who follow them.

143. Mr. Speaker, this government's commitment to socially progressive policies of this nature isn't only making us a leader among emerging economies; it is making us a global leader. Period. We've watched with care as some other major economies have fallen short of truly inclusive growth, often at the expense of those most vulnerable in society. We're avoiding those same pitfalls. We're keeping all of our people's wellbeing front and centre at all times. We're keeping their confidence that their interests will always take first priority. And that, Mr. Speaker, brings us to the final defining pillar of this 2019-2020 National Budget: Building confidence, by building certainty in an uncertain world.

BUILDING CERTAINTY IN AN UNCERTAIN WORLD

144. Mr. Speaker, the hallmark of the Fiji First Government — if it had to be boiled down to a single word – would have to be: consistency.

- a) Consistency in vision: We've adhered to the same objectives from day one, and we've delivered on what we've promised.

- b) Consistency in policies: We've introduced legislation that logically furthers a transparently progressive agenda.
- c) And consistency in execution: Our achievements; the historic strength of the economy, the job market and our position on the world stage, all speak for themselves.

145. Mr. Speaker, none of us can presume to predict what the coming years will bring, but consistency gives us a degree of certainty in what the future holds. And for businesses, for multilateral organisations, and for any Fijian pursuing greater opportunity, certainty is the key to confidence. Not blind optimism; but well-founded confidence that the future will be more prosperous than the present.

146. This budget puts our nation in the best possible position to ride the ebbs and flows of international markets to those greater levels of prosperity. Despite softening global growth, our consistent policies and financial management have secured positive projections for the Fijian economy in the years ahead. But we're also introducing a range of new measures to grant an even greater degree of certainty to our partners in the business community and to the Fijian people, giving them the assurance of a stable policy environment that unleashes their productive potential. Some of these are:

- i. 100% of employer contributions to FNPF will now be tax-deductible;
- ii. The export income deduction will be extended to a rate of 50% (compared to 2018);

- iii. There will be no stamp duty extension on offshore borrowings; and
- iv. The excise on alcohol and tobacco will *not* be increased

147. Fiji's tourism industry is the strongest in history, with new records in visitor arrivals being broken on a near quarterly basis. But, softening global growth in developed economies, spells slower rises in disposable income within our traditional markets, which can mean lower growth in tourism. But Fijian tourism is adapting, readying itself to become even more competitive across new and traditional markets around the world.

148. Our national carrier, Fiji Airways, has recently announced the purchase of two brand new Airbus A350s (which we will take delivery of in November and December of this year)—bringing a new level of luxury for guests flying in to Fiji, opening up new markets and dramatically increasing cargo capacity imports and exports – such as fresh produce. And, to support our tourism operators to adapt alongside us, we're opening a window of opportunity to make some serious investments in Fiji's tourism competitiveness.

149. New hotels will be granted zero fiscal and zero excise duty on the import of building materials, while existing hotels will be granted 5% fiscal duty on nearly any and everything they need to build their businesses and renovations: plant and machinery for construction, capital equipment, building material, furnishings and fittings, room amenities, kitchen and dining room essentials and utensils, even specialised water sport equipment, such as water bikes—every item

imported will attract only 5% fiscal duty. Those items that currently attract 5% duty will be dropped to 3%. The operating cost towards Tourism in Fiji has been decreased (we'll have them sharpen their pencils), but even in this period of fiscal consolidation, the marketing grant towards Tourism Fiji will maintain its full strength of \$29.7 million.

150. In the ICT industry, we're adding to our existing incentive package by removing the minimum employee and export requirements, and we've also done away with the \$1,000 license fee.

151. We're extending loss carry forward from four years to eight years for all businesses.

152. Last year, we introduced a 25 per cent allowance for building owners who spend at least \$1 million on the refurbishment of their buildings, if owners utilise a green technology, such as solar panelling, provide access to buildings for Fijians living with disabilities, such as a wheelchair ramp to the doorway, and install lighting on the exterior of the building to help light up our streets. This year, we're lowering the investment threshold from \$1 million to \$250,000 — giving smaller businesses and owners the chance to make similar investments that beautify the nation and protect our environment while making our businesses more inclusive for all Fijians.

153. We're reducing the duties on heavy machineries, such as cranes, forklifts, bulldozers and excavators. New machinery will now attract zero excise duty, and the fiscal duty on

second-hand machinery will drop from 15% to 5%. The excise duty on new trucks –

vehicles designed for the transportation of goods – will fall to zero, and the fiscal duty on used trucks will fall from 15% to 5%. We're also dropping the import excise duty on new buses from 5% to zero percent. So, there is now zero fiscal and zero excise duty on the import of new buses. Used buses will continue to attract 5% fiscal duty, but excise duty on used buses will drop to zero. These reductions will apply to all trucks and buses that meet Euro 4 standards, with no age restrictions. Sending a clear message to the transportation industries that now is the time to make upgrades to your fleets and get those older and dirtier vehicles off the roads. Which we will get rid of completely, even by way of law. Along with a clear message to our people, that public transport will become more comfortable, safer and less damaging to our environment. And we encourage more people to travel by public transportation, in particular, during peak periods.

154. Alongside these duty reductions, there will be an increase in the duties on imported passenger motor vehicles, on top of 10% ECAL. For all used hybrid vehicles, the specific duty rate is doubling. And on non-hybrid vehicles the fiscal duty will increase from 5% to 15%. While the excised duty on non-hybrid vehicles is dropping to 5%, that decrease will be compensated for by the addition of ECAL. But Mr. Speaker sir, at the moment, many new vehicles imported to Fiji are only in compliance with Euro 2 fuel standards. From tonight, no new vehicles will be allowed into Fiji that are not Euro 4

compliant, given the higher fuel standards that have already kicked in at the start of this year. New standards have already gone up to Euro 4 and for Diesel its Euro 5.

155. Businesses, individuals, and organisations that invest in government and Fiji Development Bank bonds and T-Bills – with the exception of financial institutions – will now receive tax-exempt returns on those investments.

156. To give certainty to shipping companies who service uneconomical routes to more remote parts of the country, we will now be granting longer term, 15-Year agreements with the Ministry of Infrastructure. But this long-term assurance will come with greater expectations and duties of care. We'll be holding national public consultations to develop stronger laws to protect sea-faring passengers from undue delays and unreasonable fares when travelling by sea. This was also something which we had put in our manifesto. Additionally, the import of ships and aircraft will now be VAT exempt.

157. We're paving a path towards economic self-sufficiency by continuing to diversify our economic mix through new incentives for the development of new industries.

158. To support pharmaceutical manufacturers in Fiji (which we have seen a lot of interest in), the import on ethanol will now carry zero duty and we're granting a 13-year tax holiday for investments towards the setup of pharmaceutical manufacturing;

159. Further incentives will be rolled out for our thriving film industry, which has already witnessed major productions coming to our shores and, bringing with them, hundreds of millions of dollars of economic impact. Our rebate, already among the most generous in the world, will grow from 47% to 75% – with one critical condition: in order for this rebate to apply, all the money must be spent in Fiji. This will serve a double benefit, infusing international cash flow into our local hotels, restaurants, and tourism service providers, while also heavily incentivising contracts in Fiji for other stages of production, including pre- and post-production. To help meet the heightened demand and continue to grow an industry that is already generating new, interesting, and well-paying careers for young Fijians, duty for cameras and A/V equipment will be reduced, and a 200% tax deduction will be rolled out for production companies that bring equipment to Fiji to set-up shop. And we're introducing a seven-year tax holiday for capital investment above \$2 million for companies who invest in film production facilities in Fiji.

160. But this business-friendly budget isn't limited to film productions, hotels or larger importers – our revenue policy changes will keep more money in the pockets of Fijian businesses, big and small, farmers, and ordinary Fijians. To further stimulate Fiji's domestic growing poultry industry, we're imposing a 10% duty on imported chicken, which will make it more attractive for resorts and international restaurant chains to buy from Fijian farms. And the import duty on new children's clothing will be drastically cut from 32% to 5%, which will help to fill retailers' shelves with more affordable garments, to the benefit of business owners

and parents alike. And the duty on batteries and power banks for laptops, cell phones, tablets and hybrid cars will see the same cut – from 32% to 5% – to cater to an increasingly tech-savvy society where personal electronics are fast becoming a staple of business and personal life.

161. Growing Fijian businesses require greater access to storage. To address the current shortage of warehousing and storage facilities, companies who open new warehousing businesses will be granted 5, 7 and 13-year tax holidays depending on their level of capital investment. We'll also be granting duty exemption on raw materials, plant machinery equipment and spare parts that support the warehousing industry. We're also granting an attractive 50% investment allowance to existing companies who invest in warehouses. If the investment is over \$2 million dollars, that investment allowance will increase to 100%.
162. This heightened sense of certainty extends to our produce, livestock, and sugarcane farmers, whose livelihoods are particularly vulnerable to the ravages and unpredictability of a changing climate and changing markets.
163. To instil our sugarcane farmers with peace of mind amidst volatile global price swings, we guaranteed a minimum price of 85 dollars per tonne last year, with a budgetary allocation in this year's budget of \$30 million for the Sugar Stabilisation Fund – a generous subsidy of nearly 30 dollars over current market rates. This is in addition to assistance in the forms of fertilizer and weedicide, which was once a very costly burden for our cane farmers, and bold investments in

mechanisation and innovation that will streamline the way farmers plant, harvest, process, and transport their sugarcane, including a \$5.9 million allocation to purchase cane trucks. And seemingly-small changes like a new duty reduction on cane knives from 5% to zero show that we're leaving no stone unturned in our efforts to remove all possible barriers faced by those Fijians who rely on the sugar cane industry. And, as we currently do for cane harvesters, we have requested FCCC regulate prices for cane lorry, giving another layer of certainty to our sugar cane farmers.

164. Separately, the Ministry of Agriculture is looking at ways to better serve the many Fijians who grow and sell fruits, vegetables and livestock. Programmes in this year's budget include an expansive \$800,000 upgrading of access roads to our farming communities, \$900,000 for land clearing, \$900,000 in support for mechanisation and equipment, and a \$900,000 investment in developing agribusiness in our rural and maritime communities. A \$700,000 initiative will also be rolled out to promote the export of Fijian produce, and other programmes will be targeted at key agricultural growth areas that are primed to take off with the proper support, with significant investments in the production of Fijian ginger, rice, cocoa, vanilla, and other crops, in addition to a million-dollar infusion into our domestic goat meat industry.

165. And while on-the-ground support is vital, to succeed, it needs to be well-informed — and reliable data is key. That's why the Ministry will be spending \$4.5 million on the 2019-2020 National Agriculture Census, a comprehensive accounting of Fiji's rural and peri-urban farming areas that will set

Government up to more efficiently and effectively focus the financial and technical support and educational programming we provide to Fijian farmers in the years ahead.

166. Mr. Speaker, this government's programme of civil service reform was undertaken to build a world-class Fijian civil service, plain and simple. A civil service that is responsive, efficient and effective, free of corruption, rid of nepotism, and defined by fair remuneration and clear pathways to advancement. A civil service that serves the Fijian people as well as it serves its own employees. Where a high level of service delivery is matched by high wages that are comparative, and even greater, to what is offered by the private sector. A civil service that puts the right people, with the right qualifications, in the best possible position to make a positive impact for their fellow citizens. A civil service that is most rewarding for those who are most passionate about serving their nation; not a social safety net that guarantees even its most incompetent employees a job for life. No business can afford to operate that way, and nor should any government.

167. Mr. Speaker, the process hasn't been easy, but we never expected it would be. In the spirit of our reform package, we're measuring our own progress by outcomes. In that regard, we're making serious headway. The road to advancement for civil servants is clearer than ever. Redundancies and waste are being rooted out. And our civil servants are being treated equally, and rewarded equally for producing good results.

168. Our commitment to raising salaries across the civil service has seen personnel costs rise from just over \$620 million in 2013, to over one billion dollars last year. And – as we’ve said from day one – that higher amount must be matched by a higher quality of services delivered to our people. Moving forward, we’ll be making a big push towards multi-tasking – and the new rotational programme for incoming top graduates is only one part of a larger commitment to develop diverse skillsets among civil servants that can be quickly adapted to new projects and priorities. Right now, the go-to instinct across ministries is to make new hires every time a new responsibility arises. That’s not how efficient organisations operate. When new tasks emerge, it’s up to the current team to make the adjustments and fill that gap in capacity. In instances where overtime is required, it will be paid. But we’ll be considering new hires on a case by case basis moving forward, putting the priority on filling new roles with resources already available. All civil servants, including teachers who received pay rises through the Performance Assessment Management Framework – MyAPA – will be paid out through this financial year 2018-2019. But for 2019-2020 we’ll be placing myAPA on hold to conduct a review to ensure the framework carries a consistent focus on outcomes over inputs; that we measure progress based on what’s delivered rather than the time and resources put in. Giving certainty to taxpayers that they’re getting a level of service from their government that merits what they’re paying.

169. Mr. Speaker, nothing grants greater certainty than the assurance of strong independent institutions. No matter how

the economic or even political winds may blow, independent institutions guarantee that society is free, fair and our people stand on stable and equal footing.

170. Mr. Speaker, strong and independent judiciary ensures that justice can be sought and obtained. In this financial year, we've allocated \$54.4 million to the Judiciary. Aside from operational expenses, those funds will cover completion of refurbishment works at the Nasinu Court Complex, which will soon include four new Court Rooms, including Magistrates Chambers, and other support offices, four Tribunal Rooms, Exhibit Rooms, Witness Rooms, and eight Cell Blocks, along with a secured drop-off area. We will continue to increase the number of judges and magistrates serving in the judiciary. And the judiciary will develop an e-filing system that allows litigates to file actions online, track the litigation process, receive notices and lodge relevant court documents.

171. Mr. Speaker, Independent election bodies ensure that every Fijian's voice matters equally in our democracy. And – per the recommendation of the Multilateral Observer Group, the budget for the Electoral Commission will be separated from the Fijian Elections Office.

172. And, Mr. Speaker, independent consumer protection agencies ensure that our people's interests are protected in the marketplace. The Fijian Consumer and Competition Commission operates as a fiercely independent institution. And through this budget, we're fully recognising that independence by shifting their functions from the Ministry of

Industry, Trade and Tourism to the Independent Commission head. FCCC will also begin operations as a self-funding entity by charging fees to industries and organisations who hire their services in pursuit of policy reforms or indeed price fluctuations.

173. The financial independence of the FCCC is a critical next step for our planned changes to price controls. We're modernising the price control modules to consider changes in the prices of different inputs, and businesses interested in seeking adjustments to price controls can now pay the FCCC directly to review and recommend changes to the price ceilings on specific items. This newfound self-sufficiency will allow the FCCC to continue to build out its many case studies that we've already seen in the headlines, from its Lagilagi housing project investigations to its crackdown on unethical practices by traders to the lowering of prices of everyday goods like groceries, toothpaste, and baby formula.

174. Mr. Speaker, this budget isn't only focused on creating more certainty for businesses. We need our citizens to be equally certain that our nation's progress means that all Fijians share equally in the benefits of new development. We're strengthening our package of residential housing incentives to encourage more inclusive and affordable housing developments, both for home ownership and public rental purposes, rewarding developers that include significant options for affordable housing in their development plans. Making it possible for a CEO and her secretary to potentially live in the same building, access the same amenities and enjoy the same level of security. This tax exemption applies

to buildings where at least 15% of units on every floor – below the fifth floor – are sold for \$300,000 or less. The full details of those offerings will be available on the Ministry of Economy and FRCS websites.

175. The generous reforms to the First Home Buyers Grant will continue next year. The existing interest rate subsidy of one percent to first time home and land buyers will also remain in place.

176. On top of those incentives, the Reserve Bank of Fiji has recently announced an increased loan facility of \$60 million to support low-income families to buy their first home. Through approved lenders, such as commercial banks and credit institutions, families with an annual household income of \$50,000 or less can receive loans of an extremely concessional nature -- with a maximum interest rate of 5% over a maximum term of five years.

177. Mr. Speaker, our effort to secure our people greater access to affordable housing doesn't represent some lofty development aspiration. That work is demanded of the government by the mandates enshrined within the Fijian Constitution. It is the constitutional right of every Fijian to be provided accessible and adequate housing. When our people are left without affordable options for housing, they are put at-risk by worsening climate impacts. They are left to wallow in informal settlements that are extremely vulnerable to cyclones and the rising seas. In recognition of that reality, given the success of the Koropita Model Town, we're allocating \$2 million to extend a highly, engineered and fully

serviced subdivision to provide for more than 100 new cyclone-proof housing for the disabled and low-income families. We've also partnered with the IFC to develop six sites with green and climate resilient housing for low and middle-income families through a public-private partnership agreement. The agreement – signed this past March – will begin with a competitive tender for a private sector partner to design, build, finance and maintain these housing projects – with work expected to be completed 18 to 24 months thereafter. We're going to provide an income tax holiday for the entire duration of the PPP arrangement to bring down the cost of the rental apartments.

CONCLUSION

178. Mr. Speaker, throughout the next year, we'll be undertaking preparations for the 50th Anniversary of our independence in 2020. This national effort will ensure that Fiji's star shines its absolute brightest as welcome that historic celebration. Our renovations on State House have been completed, and we've allocated another \$180,000 to specifically fund preparations for a 50th anniversary celebration that will live on proudly in the memories of every Fijian and in the pages of our history books for all time.

179. Mr. Speaker, this 2019-2020 Budget is defined by the same basic economic fundamentals that have underpinned Fiji's economic success over the past decade.

180. We're back on track to reducing our debt levels - following the rebuilding efforts from cyclones Winston, Josie, Keni and Gita.
181. We're prioritising the most critical tenants of our citizen's wellbeing: further strengthening public safety, health, education, and the protection of our natural environment, while also keeping our nation on the cutting edge of innovation.
182. And we're re-fuelling the economic engine of business confidence. Proving that we are a government who recognises the importance of a productive private sector in sustaining economic momentum; we are a government who considers the concerns of businesses at all levels and takes real, concrete action to create opportunities for greater private sector participation. But above all, we are a government that knows how to harness the collective potential of businesses, development organisations, banks, financial institutions and ordinary people to not only grow our GDP, but to translate those gains into greater opportunity for all of our people.
183. Mr. Speaker, this budget will ensure the Fijian economy remains a beacon of sustainability in an increasingly uncertain world. Not only in the cause of climate action, environmental protection and oceans preservation, but for sustained and enduring economic progress.
184. Mr. Speaker, the next chapter of Fiji's economic evolution will be guided by the same steady hand of responsible

economic management that has defined our achievement over the past decade. But going forward, Fiji's fate will boil down to something more fundamental: Each person's individual accountability; and the sense of personal ownership they have of our nation's very character. The quality of Fiji's tomorrow will be determined by the pride, the unity, and the patriotism we demonstrate today.

185. This budget puts Fiji on a rock-solid foundation of economic sustainability, but we can't let that opportunity go to waste. Because, Mr. Speaker, while we can work to grow our economy, we need the active participation of each and every Fijian watching tonight to cement our progress at the societal level. When a politician tries to undermine our progress with baseless speculation and unfounded fear, we, as a society, must rise up and drown them out with a chorus of truth, facts and faith in our future. When someone trashes our environment by throwing rubbish by the roadside or illegally uprooting our mangroves, we must say to them: No – not in Fiji. In Fiji, that blatant disrespect will never be tolerated. When a student skips out on school, or a co-worker ditches work, or someone posts a racist remark on Facebook, we must call out their behaviour as damaging, and we must demand better of them. All throughout Fiji, we must raise the bar of personal accountability. We must hold ourselves and our neighbours to a higher standard. When our children look to us, they must be inspired – inspired with an ethos of responsibility, and of goodness, that they can continue to build upon throughout their lives. That, Mr. Speaker, is how Fiji will continue our progress for years to come.

186.Mr. Speaker, from everything we've heard today – from curbing abuse to instituting new tax policies – this is clearly a business-friendly budget. We're incentivizing and encouraging domestic businesses, while attracting investment from around the world to allow new industries to take root and existing ones to flourish. We're streamlining business processes, and we're liberalising the economy, we're enforcing the right pricing models, and we're instilling confidence among Fijian businesses. Fiji is open for business, and there's never been a better time than today to be part of this ongoing Fijian success story.

187.All of us are working side-by-side to make our dreams – dreams for ourselves, our families and our nation – a reality. Dreams of a Fiji where all of our people have absolute assurance in their safety and security. A Fiji whose productive capacity rises at an exponential pace year after year after year. A Fiji home to pristine oceans, beaches free of trash, and reefs full of fish; communities powered with a cleaner mix of energy, infrastructure strong enough to withstand climate impacts, and development that exists in harmony with our natural world. A Fiji home to young people whose talent and limitless potential is matched by equally unlimited opportunities. A Fijian economy that embraces the efficiency, security, and innovation of the digital age. And a Fiji where every Fijian has every confidence that the coming years will be better and brighter than what we know today.

188.Mr. Speaker, in pursuit of that tremendous future, I wholeheartedly recommend this budget.