

## **2017-2018 NATIONAL BUDGET – RIGHT OF REPLY**

**Hon. Aiyaz Sayed-Khaiyum**

**Attorney-General and Minister for Economy**

1. Madam Speaker, as Minister for Economy, I rise to provide my right of reply on the 2017-2018 National Budget.
2. I'd like to firstly thank the PS Economy and her team for their dedication and working with Government to put this Budget together. As a matter of interest Madam Speaker, the average age of the people in the team, including from FRCA is 35-40 years. These are very smart, dedicated young people who are very patriotic about their country and have come with new ideas that fit in with Government policy. Madam Speaker, I'd also like to take this opportunity to thank the Honourable Prime Minister for his decisive leadership. Because none of this can be done – the 8 years of unprecedented growth rate now projected to be 10 years of unprecedented growth rate or would be possible without a decisive leadership. Without a leadership that is strong and committed to principles. He does not compromise in the face of political expediency as the other side does, Madam Speaker.

3. Madam Speaker, it's obvious that those on the opposite side have miserably failed to provide constructive comments and have resorted to scraping the bottom of the barrel to find fault lines in this Budget. Their rebuttal lacks vision, constructive alternatives and is clouded with rhetoric.
4. The only thing that was consistent and common amongst the Opposition was their contradictions and inconsistencies. Some even contradicted themselves in their own speech while many on the other side contradicted each other. No coherence at all, Madam Speaker. Each playing their own tune. Facts distorted and laughable and embarrassing statements. In fact Madam Speaker, at one stage, I was commenting to the Honourable Prime Minister that it is a bit embarrassing for me to stand up and respond to every single comment that they had made. It would take me up to 4 hours to get back to them on their factual inaccuracies.
5. There was obviously just sheer lack of understanding on basic economics and finance and commercial realities. Madam Speaker, even many were in dis-belief and astonished on the quality of the Opposition we have in this Parliament. Many people have said this to us in the past couple of days.

6. Let me highlight some of these inconsistencies the Opposition alluded to:
7. Madam Speaker, on one hand they have accused this to be an election budget and on the other hand promised the moon, sky and the sun if they come to power. Madam, Speaker, it's just their same old divisive, narrow minded and short sighted agenda. Some have even resorted to playing racial politics out of utter desperation to be on this side of the House come next year.
8. The Honourable Shadow Minister for Economy even went to great length talking about the goodies the SODELPA government will offer if they come into power. Let alone being in Government, Madam Speaker, I question whether the Honourable member would be in Parliament next year at all.
9. Madam Speaker, each Opposition member seems to have their own estimates of unemployment numbers and they completely disregard official unemployment statistics. Honourable Leader of Opposition went on to say 46% of our population is unemployed. Other honourable members on the opposite side, plucked numbers like 50%, 60% out of

thin air. Completely ignoring those who are self-employed, our entrepreneurs and those who drive this economy, Madam Speaker. Or actually checking the figures with the Ministry of Employment or the Fiji Bureau of Statistics. These numbers are grossly overstated and nowhere close to the 6.9% official unemployment statistics as the Honourable Minister highlighted earlier on.

10. Madam Speaker, then again on one hand some opposition members claim that the Police Budget is too high and then the others say that the Police Force needs more resources. They need to make up their mind Madam Speaker and probably talk to each other and not embarrass themselves.
  
11. They also try to imply that spending on police, military and corrections is unproductive. Don't we need law and order, Madam Speaker? Don't we need the police out on our streets to create confidence amongst our citizens, confidence amongst our businesses? Don't we need the military engineers to build the infrastructure in Rotuma and Lau and various other remote parts of Fiji? Don't we need their assistance, and Honourable Maharaj highlighted very categorically, that they are first ones that assist us when we have natural disasters? Don't we need the Corrections

service to reduce recidivism? That they were complaining about. Don't we need the yellow ribbon programme?

12. And they are also saying that a large proportion of total expenditure goes to these 3 disciplinary forces. In fact, Madam Speaker, if they actually checked the figure, the budget of these 3 agencies as proportion of total declined from 7.4% to 6.5% in this Budget.
13. Madam Speaker, they completely seem to misunderstand our tax regime which is embedded on the principles of fairness, equity and simplicity. They claim that our tax system is complicated and ridiculous assertion that we are overtaxing the economy. We in fact Madam Speaker have one of the lowest tax rates in the Southern Region.
14. Hon Nawaikula talks about "I look here look there" but maybe he needs to look in the centre. This has led to very deplorable contributions from the Opposition on the Budget.
15. Madam Speaker, the Shadow Minister boldly claims that only \$10 million is allocated for Civil Service Job Evaluation Exercise. But Madam Speaker, if he had read the Estimates properly, he would have known that in SEG's 1 and 2, we

have budgeted almost \$150 million for the civil service payrise

16. They also stated in this Parliament that the tax amnesty should be time bound. Madam Speaker, it is! Page 89 of the Budget Supplement explicitly states that the amnesty will end on 31 December 2017. They should read these documents Madam Speaker before making such ludicrous assertions. They said that we are only trying to help a group of people here. But if they look at it, it is actually for those businesses who earn less than \$1.5 million. To help them be tax compliant. But this amnesty will also allow companies who have their assets offshore to also declare it. Last time when we announced this amnesty, Madam Speaker, for declaration of offshore assets and income, we discovered that there was \$500 million worth of assets offshore. Those people are now paying taxes on those assets.
17. Madam Speaker, they go on about Requisition or (R). On one hand, they talk about the need for accountability. What does (R) do? I feel like I'm in déjà vu. As the members would have recalled, we had this same argument about two budgets ago. They complained about (R). The problem is that they are personalising matters and I'll discuss that later on. Madam Speaker, the whole point for having (R) is so that

the Ministry of Economy ensures that the money is spent properly and that it is spent in the right place. It's the Permanent Secretary for Economy and her team through the Budget division that assesses that. That's how the system works. It's nothing new and all Ministers for Economy have had that.

18. This is just a snapshot of what they have been saying. My advice to the ordinary Fijians, please don't listen to these people. Not just now but outside Parliament as well. Don't listen to them next year or the year after that. If they have the audacity to make such wild assertions with the figures in front of them. God knows what else they will do, Madam Speaker.
19. Madam Speaker, they talked about minimum wages. It is only the Bainimarama Government that introduced minimum wages. No other Government has introduced minimum wages. There were 10 sectoral wages but there was no minimum wages for unskilled people and Madam Speaker, today the Honourable Prasad refused to comment on how much an hour he is offering for minimum wage. He is on record outside Parliament for saying \$5 an hour. When we pushed him to say what the rate is, he did not say anything. The point is Madam Speaker, this so unrealistic.

The Honourable Minister for Employment has already stated the reasons as to why a \$5 minimum wage increase will be catastrophic.

20. There are 130,000 Fijians who are self-employed. The person who is selling coconuts by the roadside, the \$5 minimum wage is not going to affect him or her. Some of them are mechanics – self-employed. How will they give themselves a \$5 pay rise an hour? But if everyone else around them is getting a pay rise, the cost of increase will pass on to these people.
21. So what the Honourable Minister for Employment has highlighted, wide spread consultations have taken place. We have an expert who has actually looked at this. He has also taken into consideration all of the necessary inputs that Government has to ensure that those people from low income families are able to get particular assistance such as free education, access to electricity, free water, subsidised bus fares and free medicine. All of these need to be taken into account to ensure that we have people living on decent incomes, Madam Speaker.
22. Honourable Prasad makes light of the Hon. Prime Minister's efforts at the global level in respect of climate change.

Saying he travels around the world and that there are things to do at home. Well, Madam Speaker this comment shows his absolute ignorance about climate change, its impact and its lack of respect for borders. It is a global issue. It is a phenomenon that has put us at the coal face of climate change.

23. Instead of making light of it, he should, if he was patriotic, be proud of this amazing feat of our country. We should all be proud of the fact that we have a country with less than 900,000 people, having the Presidency of COP23, having the co-chairmanship of the Oceans Conference. It also shows that Honourable Prasad will not in his life time be able to achieve what the Honourable Prime Minister has and will achieve.
24. Madam Speaker, if I was to highlight all the inconsistencies, contradictions, absurdities, and confusion the Opposition members have said, Madam Speaker, it will take me hours.
25. Madam Speaker, the Honourable Prime Minister quoted Bill Clinton, the former President of USA who when asked about the key to political success, he said “it’s the economy, stupid.” Madam Speaker, I’m sure if he were asked, ‘what’s the key to proper budget analysis, he would say “it’s the

figures, stupid”. It’s what he would have said Madam Speaker. The Opposition has put up a comical performance which has turned out to be a Greek tragedy. With the frequency of these contradictions by those on the Opposite, we should now in literature discourse refer to it as “SLOWDELPA Federation”. Tragedy.

Let me move on to other pertinent issues.

26. Madam Speaker, the 2017-2018 Budget builds on philosophy of the FijiFirst Government in ensuring inclusive and enduring development. That’s why we are investing almost a billion dollars in the education sector – to enhance the demographic dividend, to invest in our youths of this country. We care about our youths, Madam Speaker, because they are our future. They are 69.4% of our population. They are the ones who will provide us with the impetus in not just the civil service but in our country by providing the intellectual input.
27. We are continuing with our investments in improving our roads, bridges and jetties. We are improving capacity within the FRA, ensuring knowledge transfer, more opportunity to our locals and building resilience. We are improving our air connectivity, incentivising investment in inter-island

shipping. We have introduced a whole package to encourage more investment in public transportation. For more new busses, taxis, mini buses and carriers. We have reduced duties and longer tenure permits up to 15 years for buses and 10 years for taxis. Honourable Chand would know this and how critical this is. That now they can use those permits to be able to mortgage it. To be able to sell it. It will provide a new level of commercial and financial incentive for those holders of these permits.

28. The lifting up of the freeze as highlighted by the Minister will be based on a quota system but we are also saying that those smaller operators who are providing public service transportation will be able to get a 5% interest rate. The removing of the bureaucracies and unshackling of these impediments will provide new commercial potential for all these businesses, including honourable Chand's and all the members of the Fiji Bus Operators Association.
29. We are through AFL, extending the runway in Taveuni and are working behind the scenes. We are going to put night lights in Labasa. All of that are being done and it is not reflected in the Budget because AFL is doing it. AFL is now going to pay Government a dividend of \$43 million. Unheard

of in Fijian history that a State owned enterprise is going to pay us \$43 million in dividend.

30. Madam Speaker, we are not only investing in building physical connectivity, but we are mobilising more resources to connect Fijians digitally. To expand our broadband capacity. To give every Fijian access to internet and digital television. When Honourable Niumataiwalu mentioned that, Honourable Vadei was saying debt! debt! debt! Madam Speaker, we are investing to ensure that the people of Vanua Levu get up to 100% increase in internet speeds. It will create jobs and give them more connectivity.
31. We are investing more towards building better health facilities and improved services through hiring of more qualified doctors, nurses and specialists and increasing the teacher student ratio.
32. Madam Speaker, this Government has built an effective system of social protection that's ensures that our vulnerable, our youths, disabled, women, elderly and those on the fringes of society are well protected. We have raised these allowances in this budget because we want to give them greater choice, to truly empower them.

33. We have raised the income tax threshold, reduced duties on number of products, raised the minimum wage, increased allowances for tertiary students, doubled the social pension allowances, increased pensions, expanded the electricity subsidy, continuing with free education, free water, free bus fare, free medicine, and access to justice and legal aid.
34. And yet the Opposition is in denial and claiming that the budget is inclined towards the elite and the rich. The Budget very clearly and systematically sets out the targeted policies and programmes intended to uplift the lives of the ordinary Fijians – so everyone can share the prosperity.
35. Madam Speaker, we have eliminated the deficit of confidence which inhibited investments. And that's why we see more confidence, more optimism and investments by the private sector – both domestic and foreign.
36. Inequality has dropped and the Gini coefficient shows that. Independent studies show that. We are only one of the five countries in the entire Asia-Pacific region where inequality has dropped. Poverty levels have dropped also and the new census will show that it has dropped further.

37. Madam Speaker, the Shadow Minister characterises Fiji's economic growth as weak and fragile. However, he completely ignores the fact and even external validifications that we are in the period of the strongest and longest period of economic expansion never seen before. Something that neither the SVT Government nor the SDL Government came close to achieving.
38. Madam Speaker, our economy is not a roller coaster in slow motion but in fact is like a train in full steam.
39. Madam Speaker, I am surprised at the audacity of Honourable Prasad's claims that this Government lacks vision and an economic plan. Is he suggesting that the Fijian economy's performance in the last 8 years is an ordinary feat? As an economist he should know that economies just don't grow themselves. This Government has created the conducive environment with enabling policies and reforms that has brought the economy to where it is today. Madam Speaker, like the rest of the Opposition, the learned member is also in denial of this.
40. Madam Speaker, they make a song and dance about debt. Let me explain debt to them Madam Speaker. The Honourable Shadow Minister blatantly misled this

Parliament saying that this Government has “added \$5.2 billion to Fiji’s national debt”. Like the mention by the Honourable member who of course I refer to as “Jonny come lately” to the sugarcane industry, he got the sugar mills wrong by referring to Rarawai is still open and Penang is closed. The Honourable member seems to have lost his way in the Budget numbers. We expected him, Madam Speaker, to be a lot more robust in terms of scrutinising the figures himself as I understand, he is an accountant.

41. The truth is, Madam Speaker, the current debt level is around \$4.7 billion dollars. The truth is that we inherited a debt of \$2.9 billion dollars at the end of 2006. The truth is that this Government is also repaying the debt of previous Governments.
42. And Madam Speaker, it is beyond the comprehension of the Opposition that a dollar (\$1) borrowed 10 or 20 years ago is not the same as a one dollar today. So the \$2.9 billion dollars of debt that we inherited is equivalent to almost \$4 billion dollars in present value terms. We need to compare apples with apples and this is beyond, I understand, the intellectual aptitude of the Opposition.
43. To further illustrate this point Madam Speaker, the then SVT Government borrowed \$209.1 million dollars to bail out the

National Bank of Fiji (NBF) in 1996 and 1997. This money borrowed in today's prices Madam Speaker is almost \$415 million dollars. I repeat, Madam Speaker, \$415 million dollars, purely because of mismanagement. Apart from this, the interest paid in today's value terms totalled \$200 million dollars.

44. Madam Speaker, the total cost of this NBF saga cost the country a staggering \$615 million dollars in today's terms. And we expect and the Opposition expects, a SODELPA Government under the same leader, who was the leader of SVC when it collapsed to lead Fiji to a brighter future. To lead Fiji to financial accountability. I am sure, Madam Speaker, all Fijians are smarter than what they are proposing Madam Speaker.
45. Under the leadership of the former SVT Prime Minister, Sitiveni Rabuka, now leader of SODELPA we lost the only national bank. Under this Prime Minister, we have regained our own Fijian national bank, HFC. That is the difference. That is the marked difference.
46. Madam Speaker, let me now talk about the quality of Government spending. Unlike the past Governments, we are borrowing to build. To raise our productive capacity. To

unlock our potential and to ensure inclusive and sustainable growth.

47. To illustrate this, Madam Speaker, the total amount spent by previous Governments on capital expenditure for the 26 year period from 1980 to 2006 was \$3.5 billion. However, Madam Speaker, we have spent more than twice this amount or in excess of \$7 billion in the last 10 years.
48. Madam Speaker, had we spent the same amount in capital expenditures as in proportion, we would have repaid most of the debt. Yes, Madam Speaker, repaid most of our debt.
49. But as we said, we are borrowing to build. We are building roads and bridges where no previous Governments did. We are spending more on education – in the future of the country. We are spending more on health. More on social protection. We are spending more on the people of Fiji because we care about them. Nabouwalu to Dereketi road is now built. Will they have to go and rebuild Nabouwalu to Dreketi road? No. When they talk about the future, we are building for the future. Was there a road in Vuca Bay? Was there a tarsealed road in Valley Road? Were there a bridge and a road in Moto in Ba?

50. There are more Fijians connected to electricity. The Honourable Leader of Opposition complained yesterday. Why don't these villages in Wainibuka in Ba have access to electricity? Why didn't her government do it? The expenditure spend that they had was only about 14%-15% in capital. 85% was spent every year in just living up their government lives. Madam Speaker, we spent 59% on operating expenditure. 41% on capital. No other Government has done that.
51. Honourable Prasad, Madam Speaker, highlights in isolation the debt servicing of Government and is trying to imply it's high. However, he fails to point out that Government borrowings are channelled towards funding infrastructure related projects which has the highest internal rate of return – in most cases above 10 to 12 percent. As an economist he should understand that the induced economic impact is much higher. Like our investment in the Nabouwalu to Dreketi road where the Honourable member comes from.
52. Madam Speaker, as we have said it before and I will remind the members of the Parliament again, there is nothing wrong with borrowing for the purpose of building for the future. Just like we borrow to buy or build a new home, we are building

for a stronger future Madam Speaker. We build now, they have to build less in the future.

53. Madam Speaker, a lot of our capital expenditure is also due to neglect of past Governments. We say this again. Both the SVT and SDL Governments spent less than an average of 15% on capital expenditure. Honourable Lalabalavu said “I don’t know what AG is saying about expenditure mix”. This is what it is. In contrast, we have raised the bar and increased capital expenditure to 40% and we have never borrowed to fund our operating expenditure.
54. Madam Speaker, if the previous Governments had spent 20% of the expenditure on capital, we would not be required to spend what we are spending now. Given their past record in managing the economy and debt, Madam Speaker, can we trust them to build for the future of this country? It’s a resounding No, Madam Speaker. The proof is as they say “in the eating of the pudding”.
55. Madam Speaker, that’s why we are investing now. So that our future generations do not need to build 4 lane roads, they do not need to do have more water projects. Because we are doing it now. Madam Speaker, all of the things done now are for the future.

56. Madam Speaker, the most preposterous comment from the shadow Minister is when he asked why is this Government borrowing if we are having an operating surplus. To protect his dignity, I will not respond to that. But I will have a chat with him afterwards so that I can explain to him in very minute details in how it all works.
57. Madam Speaker, there is another important point about debt which I would like to clarify. The benchmark on whether borrowing is sustainable or not is based on your capacity to repay. We shouldn't just look at the nominal debt number which the Opposition is too much obsessed with. It has to be assessed in line with your income and for a country, it's your GDP. In this regard Madam Speaker, our debt is more sustainable than in 2006. It is expected to be around 45.8% of GDP at the end of this fiscal year and projected at 47.5% of GDP at the end of 2017-2018 fiscal year. This compares with a high of 53.7% in 1997 under the SVT Government and 53.3% during reign of the SDL Government.
58. Madam Speaker, the Honourable Shadow Minister also talked about the high interest rate on Government's borrowing by selectively choosing one external debt. Let me highlight some key facts on cost of borrowing.

- The SVT Government borrowed 15 year bond in the domestic market at the end in 1997 at 8.14%.
  - The SDL Government borrowed 15-year bonds in the domestic market in November 2006 at 11.00%.
  - And the FijiFirst Government is currently borrowing 15-year bond in the domestic market at 6.50%.
59. Honourable Salote Radrodro also highlighted about our contingent liability position. In fact the overall explicit contingent liability position of Government has declined as highlighted in the last sitting. In 2006, it stood at around \$688.9 million and it has come down to \$554.9 million as at April 2017.
60. Madam Speaker, the Honourable Shadow Minister also buys in this false claim that the build-up in liquidity is a sign of a weak economy.
61. The truth is that there has been a general downward trend in liquidity for the past five year. The recent build-up in liquidity is due to the substantial increase in foreign reserves which rose to a record \$2.3 billion dollars. In 2006, Madam Speaker, the foreign reserves was a little over \$5 million.

Today, it stands at \$2.3 billion. Unfortunately, the shadow Minister and his advisors need to be educated on what influences liquidity in the banking system.

62. Private sector lending as at the end of May 2017 accelerated by 14.1% on an annual basis. This is further validated by data on outstanding commercial bank loans which increased from \$1.9 billion at the end of 2006 to \$6.5 billion, currently. It's almost gone up 5 fold. To further substantiate this, new loans in 2006 was \$768 million, this has now exponentially grown to \$2.5 billion last year. This Madam Speaker, is a clear sign that the economy is growing. It is also a clear sign that there is enormous confidence and optimism in the economy and the fundamentals of the economy. And the fundamentals of the policy. No amount of facts will convince the other side on the true state of the economy. All this data is publically available, but the shadow Minister and the other opposition members blatantly chose to ignore this.

63. Madam Speaker, obviously there doesn't seem to be much change in the input from the current Shadow Minister and the former Shadow Minister. Their analysis is flawed. Whether it is deliberate or just a lack of basic

understanding? I'm not sure. Whether it is just incompetency? I'm not sure. Whatever it is, it is not correct.

64. Madam speaker, prudent management of economy means that monetary policy can support the economy. This means that if inflation is maintained at low and stable rates and foreign reserves are more than adequate, the Reserve Bank can adopt a monetary policy stance that supports economic growth by influencing the lending rates charged to borrowers.
65. In this regard Madam Speaker let me highlight to the Honourable shadow Minister and his colleague on the other side of the house that lending rates under the Bainimarama Government and the FijiFirst Government has been the lowest on record.
66. Madam Speaker, just by comparison during the reign of the SVT Government between 1992 and 1999, the weighted average commercial bank lending rate was around 11% per annum. In fact, it was as high as 12.46% in 1992.
67. Under the SDL Government, lending rates declined and was 7.90%.

68. Madam Speaker, lending rates have declined since we have been in Government. The weighted average lending rate is currently around 5.80%, that is approximately half of what it was under the SVT Government and under the new SODELPA leader.
69. Madam Speaker, I invite the members of the Opposition to please check these figures. They are all available all over the place.
70. Madam Speaker, the retirement age was reduced to 55 in 1987, when the first coup was carried out, the then government through a Decree reduced the retirement age from 60 to 55.
71. Then Madam Speaker in the Interim Qarase Government it was then increased to 60 and Madam Speaker if you go behind the scenes, Honourable Prasad if he is going to be honest about this would know why it was done. It was to get rid of people at the point in time post 1987 and of course in the SDL Government time to keep people in who were actually supporting them.
72. The Bainimarama Government reduced the retirement age to 55 because we are purely concerned about giving jobs to

our youth. We are purely concerned about getting the right level of intellectual input, about getting new ideas into the system, Madam Speaker. A number of members from this side of the house, Madam Speaker, have actually spoken about the need for professional civil service, I do not want to elaborate too much on that, however Madam Speaker, one does not have to a rocket scientist to know that if the retirement age is increased there will hardly any new jobs in the civil service for the next five years.

73. This means that the youths who are our leaders of tomorrow will find it tough to find decent employment in civil service after graduating from tertiary institutions. Madam Speaker, the Opposition has found a very creative way to create unemployment amongst our youths. Do they even care about them? Or is this simply political posturing, Madam Speaker?
74. Madam Speaker, competent civil servants welcome the reforms in the civil service. Permanent employment as advocated by the Opposition breeds unproductivity, Honourable Sudhakar has talked quite eloquently about that. Why should we short change the Fijian public? In the private sector nobody gets a job for life, 3 year contracts, 4 year contracts to the max, they all get loans unlike the

representations they make, everybody gets loans, you can talk to all the banks, banks have already issued statements, these are all smoke screen stuff, they are all concerned about getting their votes. We are simply concerned about ensuring that the ordinary Fijian people get better services.

75. We are concerned about getting the right level of intellectual input, smart people, people who can work hard within the civil service; give new ideas as to how to move our country forward, Madam Speaker.
76. Madam Speaker, the Opposition has weaved a web of confusion around the Civil Service Reform simply because we have pulled the rug from under their feet! Including the Trade Unions, Madam Speaker. As I have said before in this Parliament, the trade unions in Fiji are simply driven by the public sector businesses. If you look at where the trade unions are mainly functioning, they are the state owned enterprises or the government civil service.
77. Are they out there trying to protect the rights of the workers who work as retail shop assistants? Are they there actively trying to protect the rights of the security guards? Are they there at the construction sites to see if those people are getting paid right wages? The Ministry of Employment is

doing that. But if they are concerned about it, is the Opposition talking about those people? They are not!

78. Because Madam Speaker in Fiji unfortunately, the culture of Trade Unionism has become a small cabal of people who simply depend on the dues paid by union members so that they can continue with a particular lifestyle of theirs, under the guise of representing ordinary workers. They are the ones who talk about \$4 an hour. Do they care about the people who sell coconuts and vegetables on the road side? Do they care about the self-employed Fijians? They don't! Including the Opposition, they don't! That, unfortunately is the conundrum of the day. We were expecting that this Budget debate will actually be about the Budget however the Opposition started electioneering. That has meant that the quality of the contribution by the Opposition has actually been quite abysmal.

79. We had Honourable Prem Singh saying that if the bus companies can get a 15 year RSL, if the taxi drivers can get a 10 year taxi permit, why can't the civil service get theirs. To buy a bus cost \$300,000, to buy a taxi costs \$50,000-60,000. When you get a civil service job, do you pay \$300,000? No, you don't! What a preposterous analogy.

This is the quality of input we are getting from the Opposition.

80. Madam Speaker, the FijiFirst Government is bold to undertake this reform. It is the Opposition who are luring civil servants with permanent employment. Clearly, electioneering, Madam Speaker.

81. Madam Speaker, I do not want to go too much in depth because my time is running out. But I also want to highlight that no civil servant is worse off through this particular exercise. And Madam Speaker, they are only talking about pay rises. They are not talking about those nurses who got over 70% pay rise. They are not talking about doctors. They are not talking about the level of technology that is now available to the civil servants in their day to day jobs. They are not talking about the fact that the infrastructure that the civil service is operating from has improved. They are not talking about the improvements in the vehicles that the civil servants are driving in. They are using new technology, they are getting new training. They are getting exposure in going overseas. The Opposition is not talking about any of that.

82. Madam Speaker, the Opposition is talking about one year tenure. That is absolute nonsense. Those who has reached

the age of 55, there is a provision in the regulations that if they have a particular skill set, their contracts can be renewed for a year. We need succession planning. And in some cases Madam Speaker, where succession planning has not been in place, these individuals' contracts have been renewed for longer periods, after the end of the year.

83. And also Madam Speaker, Honourable Radrodro made a comment that the reason why Honourable Vuniwaqa has longer queues for pensions is because the civil service is retiring early. What a preposterous statement! The pension that we give, through the Ministry of Poverty Alleviation, are for those Fijians that do not have FNPF. There are many villagers living in maritime areas, many villagers in Viti Levu, Vanua Levu, farmers who have never had FNPF. They have no form of social security. This is the government that has introduced it. They have been now given a \$100 a month. These are the people who need assistance. Not the people who have FNPF. The Opposition don't understand what they are talking about. Either they are deliberately misleading the public of Fiji or they have absolutely have no will to go into the depths of the budget.

84. Honourable Vuniwaqa very eloquently stated what Honourable Radrodro talked about how Women's budget is

not reflective of what our women are doing and how the Honourable Prime Minister has made a commitment to women rights and women empowerment but she is saying that it is all hollow simply because the Ministry of Women is getting \$4 million.

85. What a preposterous issue! Madam Speaker. All I would ask her to do is please ask your leader outside of parliament what commitment; he had towards women's issues. If you know what I am saying, think about it. Look at the budget allocation. Madam Speaker, this is the kind of ludicrous analogy that the Opposition is making. Absolutely no understanding.
86. Madam Speaker, in empowering the Fijian people, it is not only about the budget itself. It is about the enabling laws. The Domestic Violence Act, Madam Speaker, it was relishing, up on the shelf when we came in. The Fiji Law Reform Commission made a Domestic Violence Bill. It was up on the shelf gathering dust. We picked it up, dusted it, tweaked it and actually implemented it. The Penal Code was changed. We're revamping other human rights and other anti-discrimination laws, Madam Speaker, International Convention in Relation to International Sale of Goods, Electronic Transactions, Treaties to protect our

environment, we are going to have a DOHA agreement as the Honourable Deputy Whip has presented.

87. This also brings me, Madam Speaker, to the ILO Convention that they always go on about. Honourable Nawaikula talked about terra nullius. Terra nullius was applicable to Australia. When the white settlers came to Australia, Madam Speaker, they said it was 'Terra Nullius'. That means the land belongs to nobody. We can take whatever we want. Every Sunday in Tasmania after church they went shooting the Aborigines, the last Aboriginal Tasmanian that was left was Truvanini. The Opposition needs to read the history. Honourable Nawaikula wants to talk about indigenous rights, he needs to know his history.
88. Fiji is one of the very few places in the world, Madam Speaker, where you have a settler community, where over 91% of the land is actually owned by the indigenous people and it is protected in the Constitution.
89. They cite New Zealand. Let me tell you Maoris own only 5.6% of the total land area in New Zealand. That's why they are getting compensation. The Opposition doesn't understand what they're talking about. They don't

understand the law. They don't understand international conventions.

90. This is a preposterous proposition. Honourable Lalabalavu talks about the GCC. It was by way of a regulation put in by the British. That is the fact. Don't shake your head Honourable Nawaikula. That is the fact. You see, Madam Speaker, the Opposition is on extremely weak ground. The Opposition is playing cheap politics.

91. Madam Speaker, the Honourable Leader of Opposition was Minister for Education. Last year they said, when we come into government, we will actually get rid of TELS, everybody will get free education until University. Today and yesterday one of them said, when we come into government we will review it. Because I think they are beginning to understand how much it is going to cost. Why didn't they do it when the Honourable Leader of Opposition was Minister for Education? Why didn't they do it then Madam Speaker? They are playing cheap politics. What is their real intent there?

92. I must say to all the youth in our country. There is one young man sitting there in the gallery who was there in the public consultations, "Do not believe the Opposition". Do not trust

them, because they are playing with politics. They never thought of this. None of them talked about it.

93. Madam Speaker, do they want to bring in the old divisive ways of getting scholarships along racial lines? So many times, the Opposition have asked former Minister Reddy, what is the ethnic breakdown? What's your obsession with ethnicity? Don't you want to know how many doctors you have? How many engineers you have? How many counsellors you have? They are obsessed with ethnicity. And I say when you are obsessed with ethnicity, you are unpatriotic. Because you do not want to build your country.
94. We must build capacity in our country. People need to be appointed on merit. People need to be given scholarships on merit and based on need. Honourable Prasad knows that this is a fact but because of political expediency, will never speak out. Honourable Nawaikula in the last session before the Budget made all this racist comments. Honourable Prasad never spoke out.
95. Madam Speaker, the point is this. We must appraise this Budget in a holistic and far sighted manner. More importantly, how it would pan out in terms of sustainability – on our overall public finances. We off course want this

scheme to be self-subsisting. We want more people to benefit – no eligible Fijian will be left out under our current scheme.

96. That's why we have made it more flexible. No need for guarantors. Year 12 students can now also join in the scheme for eligible courses at FNU. Increased allowances to ensure these tertiary students have the appropriate resources. We are giving more flexibility to change or repeat courses, Madam Speaker.
97. But they need to pay back because it brings about responsibility. And as we have been saying time and time again, you only start paying when you start earning and the maximum interest rate is 2%, low income family students don't pay any interest rate, Madam Speaker. Overall any economist will tell you that the level of your debt exposure will actually decrease because what you have to pay back will have a more buying power.
98. Madam Speaker the reality is this. The Honourable Radrodro, I think, mentioned that now that the debt collection will be done by the Fiji Revenue and Customs Services, will they now hound these people? HECS which is the equivalent of TELS in Australia is collected by the

Australia Taxation Office. It just makes sense that when you are earning, you pay 'PAYE' tax and now of course the income threshold has increased to \$30,000, you have a TIN and the amount will get deducted. It is very simple. It makes revenue collection a lot more simple. People will be held more accountable.

99. The NFP has social amnesia. They are very selective in the way that they showed their figures. The figures from RBF state that the land leases started expiring around 1997. There were approximately 20,000 cane farmers. Then by 2006, there were approximately 16,000 cane farmers. There is a direct correlation between the non-renewal of leases and the number of farmers.
100. Honourable Prem Singh said that when they come into Government, God forbid, they will bring the sugar cane growers council election back. The sugar cane growers council was still holding elections from 1997 to 2006. What did they do to stop the number of farmers leaving the cane field? What did they do to stop the non-renewal of leases? Zero.
101. CEBUL through the Minister for Agriculture has ensured the renewal of leases. We pay nearly \$8 million to \$9 million a

year directly to the landowners another 4% of UCV. We are doing that Madam Speaker. But the Opposition does not want to highlight those facts. No other farming sector in Fiji has those kind of elections. The dalo and yaqona farmers don't. Why then is the Opposition saying that once the holding of sugar cane growers council election, only then will the industry thrive? It's politics Madam Speaker. Everybody knows that the National Farmers Union is the proxy for Fiji Labour Party. Everybody knows that Fiji Cane Growers Association is the proxy for NFP and they would lobby during elections. Once for an overseas trip, all 36 council members went and this was at the expense of the sugar cane farmers. This Government is paying for the running of the Council and this Government is subsidising the cost. That is the reality.

102. Madam Speaker, the Opposition is saying to give \$100 per tonne, we are saying to reduce the cost input for the farmers. Honourable Prasad who claims to be an economist, knowing full well that we are getting off the EU subsidy; knowing full well that we will be influenced by world commodity prices, is still saying to give \$100 per tonne. When the world commodity prices falls to \$50 a tonne, whose going to pay the \$50? NFP most certainly does not have the money.

103. The point is that we have met farmers and have spoken to them and they have said to us, 'we know that these people are trying to delude us'. I was in Wailevu, Labasa and I know all the stories and all the shenanigans.
104. With reference to support for the non-sugar sector, if the Opposition had dissected the budget estimates, they would have realised that Government is actually providing more funds to this sector as discussed by Honourable Seruiratu.
105. The land lease policies introduced by FijiFirst Government has allowed for 99 year leases for agricultural purposes which has never been done in Fiji's history. Crown land is now given for agricultural purposes, 99 year leases, they have realised Government is actually providing more funds to this sector as discussed by the Honourable Minister, Madam Speaker.
106. Only the other day for the agricultural students for scholarships who had completed the studies, they got 99 year leases. Government actually paid for 5 years for the leases and the premiums. They can now go to the Bank and actually use that as collateral, get their tractor and get their technology. Other farmers can do the same.

107. You can see a huge improvement in the agricultural sector, Madam Speaker. There is rental review and according to the Constitution, land owners must be paid the market value, not the tie-in of ALTA, the 6% of UCV.
108. Madam Speaker as we have highlighted the crop insurance for agriculture including non-sugar - dalo, yaqona, rice, vegetables. Madam Speaker, they do not pick up on this, I thought Honourable Vadei would do this since he is from Lomaiviti. They are also parochial in their assessments. We have zero rated VAT on the supply of fish to PAFCO. And those who supply fish to PAFCO are also eligible for 15% export tax deduction.
109. We are also protecting and supporting the local dairy industry. The increase in price of dairy products is mainly due to increase in import prices and not any Government policy to hike internationally, the Opposition needs to go and read the literature. In France Madam Speaker, pastry shops are closing down because of the increase in price of butter. They do not want to tell the people that. They are obsessed with this company because they think there is something there. It has now been 5 years and nothing is there.

110. Madam Speaker, the Honourable Radrodro said that by us increasing the tax, the 9 million litres resource tax for water, this will actually discourage local water companies. Madam Speaker, if the Honourable member understood what he is talking about, this is actually helping them. Because he would realise that at the moment none of the local bottle water companies, actually extract more than 3 to 4 million litres. So it used to be 5 million litres and we have extended it to 10 million litres. So they actually do not have to pay tax.
111. They talked about Natural Water of Viti Limited, this company had a 13 year tax holiday and declared losses in all those 13 years. We found that they were transfer pricing. They were selling to their own company for \$4 a carton. A whole carton of water selling to their own company. We were being short changed. And then they came along and said we want to carry forward our losses. This is the company the Opposition wants to sit down with and do a deal.
112. Madam Speaker, we have said not all supermarkets are bandits, we have some of them. In fact some of them are talking to us and telling us what some of the others are doing. These are the type of consultations that are taking place. We will go after the companies which are ripping off

the system. They have to pay the taxes. We want them to make money but do it fairly and squarely.

113. And Madam Speaker, again this whole 15 items. They know we have increased the 15 items, they initially saying that 6 items were VAT exempted, now they saying 15 items in the public space when we saying it would not make a difference.

114. Madam Speaker, we have reduced the cost of living by removing VAT. Madam Speaker, you will see an exponential change now that the Commerce Commission is empowered to go to those 5 or 6 companies that are sole agents for importing a lot of the food in Fiji and we are going to ensure that the pricing that they do is not ripping off the retailers which is then passed on to the consumers.

115. Madam Speaker given that the contributions of the Opposition is full of half-truths, we need to tell the people of Fiji to be careful of these obfuscated issues simply to get votes. They are doing this in parliament and imagine what they would do when they are outside parliament.

116. Madam Speaker I want to say this fair and square, this budget and the policies of this Government is not being put forward by the Prime Minister because he is iTaukei, his

Methodist, he went to that school RKS, then he went to Marist, or he comes from Tailevu. This policy is not being forwarded nor does the Requisition (R) sit in the Ministry of Economy because I'm a Muslim or I come from Nadroga, I have three children. Honourable Minister for Agriculture is not doing is because he went to RKS and comes from Tailevu. Honourable Akbar just because she is from Ba and a school teacher and Honourable Koroivesau because he is a navy man.

117. We are doing this Madam Speaker because we want to improve our country. We want to ensure that we empower the Fijian people, the ordinary people. Release the productive capacity. The Opposition, Madam Speaker, unfortunately boil down whenever they lose the plot, they go into ethnicity and they personalise issues.

118. Unfortunately the NFP does not stand up to that either. He calls on what on NFP did previously but what are they doing now, that's the question. Madam Speaker, the reality is Honourable leader of Opposition; unfortunately she herself has fallen into that trap.

119. The reality is under the Bainimarama Government, the FijiFirst Government every single citizen of this country has

been treated equally. Every single citizen's needs have been addressed. As somebody has said, we cannot fulfil everyone's 100% requirements, but we are making sure that we are actually working towards that. We are ensuring that the future of our people's capacity is protected.

120. Madam Speaker, I just want to highlight - Mauritius. The Opposition talks about Mauritius. The debt to GDP ratio is 62.7%. The overall debt exposure is \$US6 billion. Our debt to GDP ratio is \$US46.2 billion. But then the Opposition say that we are a failed economy. We are going to face crisis. Mauritius is not saying that. PNG, Madam Speaker, \$6 billion exposure, 33.5% debt to GDP ratio.
121. Madam Speaker, we will not be distracted by cheap political shots by the Opposition, Madam Speaker. We have a vision for this country and very strong leadership under the Prime Minister Voreqe Bainimarama. We have a leadership with spine. And this Budget lays the platform for that vision.
122. In contrast, the contributions by the Opposition are full of hot air, lacks substance and likened to pie in the sky.
123. Madam Speaker, the FijiFirst Government have already delivered 4 budgets and this is our fifth budget. There has

been overwhelming positive support for our budget. Some Opposition members have already in private conceded that this is the mother of all budgets.

124. However, Madam Speaker what we are saying as the Honourable Prime Minister said this budget is not one-offs. These are building blocks and it's precisely what is culminated into. If they have studied this 2 years ago, they would have known that this is going to happen. We talked about civil service reform 2 years ago. We said we would do it constructively, we will do it professionally, we will do it objectively. And this is the culmination of that, Madam Speaker.

125. Madam Speaker, the Fijian economy is forecast to grow for 8 consecutive years. And this Budget is expected to further boost business confidence, increase investments and provide the right impetus for higher growth. More inclusive and sustainable. More jobs for our people and higher incomes. But the Opposition is unfortunately in complete denial.

126. But Madam Speaker, we look forward to more constructive debate on the budget from the shadow Minister and the Opposition bench when our next budget is presented and

off course they will be sitting on the other side Madam Speaker. Therefore once again, I commend this budget to Parliament.

127. Thank you, Madam Speaker.