



## **2023-2024 National Budget Address**

***“Rebuilding Our Future Together”***

**Deputy Prime Minister and Minister for Finance, Strategic  
Planning, National Development & Statistics**

**Honourable Professor Biman C Prasad**

**Friday, 30 June 2023**

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1. Mr. Speaker Sir.
2. The Honourable Prime Minister, Cabinet Ministers, Leader of Opposition and fellow Members of Parliament - a very good morning to you all.
3. Mr Speaker Sir, I also welcome all Fiji citizens who have joined us this morning via television, radio, live streaming on the Parliament Website or through our various Facebook pages.

4. I will try to keep this address as short as possible Mr. Speaker. However, I realise that people want to know the critical measures in this Budget which will affect them – but I aim to get through this speech in less than two hours, we have a Budget Supplement and Budget Estimates for the finer details that will be online as well.

5. Mr Speaker Sir I want to try first to set the scene for the Government's current financial situation and the state of the economy as well as the Government's priorities in the coming financial year. Then I will outline Government's revenue measures and policies and the allocations made to our various Government ministries.

### **Setting the scene**

6. Mr Speaker, the people of Fiji gave their verdict on 14 December 2022. Our people voted for change.

7. People voted for freedom after an era of unnecessary and sometimes brutal control and suppression of their opinions. They wanted their voices to be heard. They wanted to be involved in

the running of their country and to have a say in what their Government should do for them. They wanted their Government to be more accountable and their leaders to treat them with respect. After all Mr Speaker Sir, everyone in this house is paid by the taxpayers. We are here to serve the people of Fiji. We are not here to rule over them.

8. Our people, Mr Speaker Sir, want a democracy that exists not on paper but in practice. They want respect for human rights, media freedom, rule of law and good governance. They want water in their taps and better health facilities. They want better roads, uninterrupted electricity and improved transportation. They want their children to get better education. affordable housing and improvement in living standards. They want better paid jobs. The Coalition Government **also** wants this for them.

9. And Mr. Speaker Sir, these are just a few of the many reasons why people voted for change. And this has led to the People's Coalition Government - a government of the people, by the people and for the people led by the Prime Minister Honourable Sitiveni Rabuka. The people's Prime Minister.

## **What must change**

10. Mr Speaker as part of that change let me start with how the National Budget process will change.
  
11. I promised a few days ago that we would deliver the Budget on time. This is not a small point. We know that in past years there have been delays, sometimes for hours, in the delivery of the Budget – whether from disorganisation or indecision, I do not know. But this was disrespectful, not just of the members of this House but to all the people of Fiji.
  
12. It was this same disrespect reflected in a government which made decisions at whim and without consultation, which rammed almost all of its legislation through this House under urgency provisions and without proper consultation and which insulted and threatened those with differing views. And this is the first thing that has changed.
  
13. Last month the Honourable Prime Minister’s remark to the people of a village in Vanua Levu, was quoted in the media where he thanked the previous Government for the work it had

done in national development. He pointed out that national development was now the responsibility of his government. He said, and I quote, “after us there will be another team...we all play a role and we should hear each other out and help out in whatever way we can”, unquote.

14. Mr Speaker, this is respectful and gracious leadership. This is leadership that respects what our predecessors have done, and which understands that governments other than ours will hold power one day. And I hope that we on our side, now that we are in power, can remember that, as the Honourable Prime Minister said, we all have a role to play.

15. Mr Speaker, everyone expects me today to talk about economics. But let me remind everyone of the old maxim, well understood by good scientists, good environmentalists - and good economists – that “everything is connected to everything else.” We cannot progress until we have rebuilt trust and unity. We must rebuild an environment in which people are encouraged to speak out, to complain, to suggest alternative approaches, to draw our attention to the things that matter to them. We must rebuild confidence in our business and

productive sectors that we will respond to their needs, not just lecture them about what we think they are doing wrong.

16. And Mr Speaker, we want to do this with humility, with an openness to criticism and a willingness to listen. We know that in the term of this government things will go wrong. We will make mistakes. We will not hide from them. We will not pretend that we are perfect. We trust the people to understand that not everything will go well. But this is part of rebuilding trust and confidence and public participation in government. And good leadership must be at the core of every government.

17. Mr. Speaker Sir, we want change to be reflected in the Budget process. After I complete this address, the House adjourns until Monday 10<sup>th</sup> July for the Budget debate. And I want to advise the Honourable Leader of the Opposition and his team that in the coming week, Ministry of Finance officials will make themselves available to meet the Opposition Parliamentarians if they wish, to clarify any aspects of the Budget and to give them any information they require.

18. Mr. Speaker Sir, this is because we want the Opposition to be informed and to contribute constructively to the budget debate. We respect the Opposition as representatives of the people, just as we are.

### **What have we inherited**

19. But now, Mr Speaker, let us face a few uncomfortable facts.

20. We are a six-month-old government with a mandate to deliver change. But what we have walked into is a deeply grim state of affairs.

21. We have a national economy that is on the mend again after COVID. The Macroeconomic Committee is predicting an 8% growth for the 2023 calendar year, mainly on the back of better-than-expected tourism receipts. Before we engage in too much self-congratulation on this, we should remember that this is merely a return to the state of our pre-COVID economy.

22. This is catch-up growth to get us back to where we started in 2019. The real challenges for economic growth start now. Because let us face another uncomfortable fact. In the last 10 years, despite all the boasting and big talk about booms and “never before this” and “unprecedented before that”, our average economic growth has been little more than 3% per annum. And that is not enough to significantly improve lives and incomes in our country. We must do better than this.

23. And let me remind everyone, Mr Speaker that the COVID pandemic was not the underlying cause of our problems. Covid certainly made them worse. But this has been a decade of missed opportunities.

24. Poor revenue and spending decisions – for years and including during the Covid crisis – have undermined Government finances and now left the Government deeply in debt. National infrastructure has been ignored, with highly visible consequences.



25. Our Government has been left scrambling to fix infrastructure problems for which no money has been budgeted, because for years there has been no money for maintenance. In the last decade we have spent over \$600 million on the TELS scheme. But what was supposed to be a revolving fund of repaid money to support the next generation of students is not there. It was not being repaid because they could not find jobs, or paid low wages and salaries and there was a mismatch in workforce needs and what our students were getting qualifications for.

26. It remains a mystery to us how \$120 million has been spent on the Walesi national digital platform – and we now have to find out where this ridiculous amount of money went. My colleague and Deputy Prime Minister, Hon Manoa Kamikamica has this firmly in his sights.

27. Mr Speaker Sir, we inherited a public debt of close to \$10 billion dollars, almost the size of our entire economy. In the upcoming financial year, we must find a staggering \$1 billion dollars to service this debt. That is about \$536 million dollars for interest payments and another \$516 million dollars for principal repayments alone. In other words, almost

one dollar out every four in this Budget must now be spent servicing Government debt. During my one-on-one consultations on the budget with Coalition Cabinet Ministers, who I also want to commend for their considerate understanding, this was the same starting point of the discussions about their plans for the new budget year. Our ability to spend on capital works, maintenance, upgrades and incentivize our precious human capital that we are losing daily, is crowded out by *dinau* and debt.

28. Mr Speaker Sir, we inherited a national health system on the verge of collapse. In the last few days we have learned that the new Navua Hospital, built 10 years ago, on which completion was never properly certified, cannot keep the power and water going. It will need an overhaul which will cost more than \$10 million. But this is just one example of the crisis we face in almost all our health facilities.

29. The CWM Hospital still has no laundry, years after a fire there. Levuka Hospital's mortuary has finally failed. Most of our hospitals are in shocking physical condition. The toilets are not working. There are long queues of people waiting

for hours in need of urgent health care. Medical equipment is not working. Essential drugs and medicines are not available on time. We lack 800 nurses. Doctors and other exhausted health professionals are treated poorly and not listened to when they offer solutions. This is the consequence of years of serious neglect of health infrastructure and services.

30. Mr Speaker Sir, we inherited a disaster in the water sector. Thousands of households still struggle with daily water disruptions. Half of the water that we collect and treat for people to use is lost because it leaks through an aged pipe network. We will need hundreds of millions of dollars to fix it.

31. How did we get into this mess? Because, for more than 10 years, a two-men Government did not raise nor save enough money due to prudent financial management. But those two men still wanted to spend. They were focused on the TV cameras and the political goodies. They did not want to hear bad news and kept it hidden if it arrived. They threatened and intimidated people who wanted to bring problems to the attention of the public. And yet neither of those two men, are now in this House to account for their actions. For all that Mr

Speaker, we look now to the Leader of the Opposition and his team. We want to work with them on finding solutions to our problems. But we must first understand why we are in this difficult position and learn lessons for the future.

32. Some people, will accuse me of talking only about the past. But this is not the past. This is our present. As a doctor once told me, “90% of a patient’s diagnosis is his/her history.” Because it is now that we must find the money to fix these problems. It is now that we must find the money to meet our debt servicing payments. Our people’s present and future choices are now restricted by those poor decisions of the past.

33. Mr. Speaker Sir, these are problems that have accumulated over 15 years. And many of them will take years to fix. And for that we will have to ask our people for patience and goodwill.

### **How have we started our administration**

34. Let me now talk about how we are going to deal with these challenges. Mr Speaker, nations are not only built by politicians and leaders making grand speeches and opening

new buildings. They are built by people, on the foundations of unity and mutual cooperation. Most nation builders work quietly and out of the limelight. They serve their communities as good employers, as public servants who work long hours, as provincial and district councilors, in charities and religious organisations and NGOs, in pro bono professional work. These are the people we must empower. These are the nation builders who we, as a government, must serve. Mr Speaker this Government values our people, their ideas and their aspirations. We believe in consultation and dialogue. So Mr Speaker Sir, the first necessary step we took in government was to bring our people together to hear their ideas and concerns, after 16 years in which they had not been heard.

35. We had a successful National Economic Summit where key stakeholders including private sector, trade unions, academia, civil society organizations, women's groups, youth organizations, development partners and the general public participated in a free and open dialogue process which will help to shape national priorities for inclusive and sustainable development.

36. The 14-member Fiscal Review Committee was appointed and conducted their own consultations and deliberations with public servants, economic experts – and the people. In a short nine-week span they produced a comprehensive report with over 100 recommendations to reset our fiscal priorities towards sustainability, stability and resiliency. I take this opportunity, Mr Speaker Sir, to thank the Chairman, Mr. Richard Naidu and the other 13 sterling members for their service to this nation. The outcomes of both the Economic Summit, and the Fiscal Review Committee report, and the Education Summit outcomes among other plans will contribute towards the framing of our umbrella National Development Plan.

37. Mr. Speaker Sir, I would like to also thank the World Bank, International Monetary Fund, the Asian Development Bank, and all other partners that provided clear and honest views and recommendations during the Government's transition process. It was at those moments, where it dawned on us just how right we were, when we used to ask the hard questions about money when we sat on the other side.

38. Mr. Speaker Sir, the news media also plays a crucial role in this entire dialogue process. One of our first acts in Government was to repeal the repressive Media Industry Development Act that has plagued our media industry and kept the people in the dark. We want people to express themselves freely. We want to hear their concerns.

39. Mr. Speaker Sir, we have moved quickly to rebuild confidence and trust between the public service and the government. Permanent appointments in the civil service have been reinstated and the retirement age has been moved from 55 years to 60 years, providing civil servants with the employment security they need to do their work. That work is to provide honest and independent advice to their Ministers, without the fear, as they used to say, of being “sent home”.

40. Mr Speaker, in our first few weeks in Government we redeployed \$100 million to support our families and other urgent priorities including a \$200 dollar “Back to School” payment for children from low-income households. We provided additional funding to continue the 10 percent reduction in bus fares until the end of July 2023. We did this mainly to give

assurance to our people that, even with a new government, they would continue to be supported through challenging times.

41. We have begun to rebuild trust with our leading university, the University of the South Pacific. Once again Mr Speaker, let us pause to reflect on how backward and petty Fiji looked only six months ago. It was involved in a pointless fight with USP. It had held back more than \$80 million in committed funds, money that Fiji's own students needed for their education. It had deported USP's vice-chancellor - all because two men did not like him. No government should abuse its power over public funds in that way.

42. And so, even though funds are tight, we have begun the process of paying to USP what we owe. We are the Government, Mr Speaker. We represent the people of Fiji. We must be seen to be trustworthy and ready to keep our promises, even to people with whom we disagree.

43. And just as important, Mr Speaker, is the initiative that the Honourable Prime Minister has begun to rebuild relationships between Fiji and the countries in our region, which were nearly



destroyed by the arrogance and disrespect of our previous leaders. We must regain the trust of our neighbours. Our very existence depends on us, all working together to solve the critical problems posed by climate change and environmental degradation. Fiji used to be seen as a leader which could bring the region together. That is a position to which Fiji must return.

44. We provided additional funding to the Fiji Roads Authority for urgent road works. We supported other quick infrastructure upgrades, including some of our health facilities.

45. We successfully held Girit Day commemorations, and we celebrated Ratu Sukuna Day, thus reaffirming the unique rights and places of people from our major ethnic groups. These were powerful events which have set us on a path of national reconciliation. They demonstrate that, as a government, we embrace our cultural, ethnic and religious diversity. We are not afraid of it. We do not ignore or suppress it. We celebrate it. We take strength from it. We know that we can build unity from it. And that is where, as a government, we must begin the task of rebuilding. As I said Mr Speaker: “Everything is connected to everything else. “

## **Unveiling the Budget - Rebuilding Our Future Together**

46. Today Mr Speaker Sir, we unveil our plans, with clear strategies and financial commitments, for the next fiscal year. I have already talked about rebuilding. And this is our vision: **“Rebuilding Our Future Together”**. And it is my honour and privilege to present the first National Budget of the People’s Coalition Government.

47. This budget is an outcome of the numerous consultations and dialogue we have had with a diverse group of stakeholders all across Fiji. We have talked to various industry groups, private sector businesses and entrepreneurs. We have heard from our youth, our women, our elderly and the vulnerable. We have met the trade unions, civil society groups, and other grassroots organizations.

48. Mr Speaker Sir, we have listened to many experts locally and internationally. We have worked with our development partners, multilateral agencies and lenders. We have had long hours with the civil servants, including all Ministers and permanent secretaries over the last two months, including long and tough

negotiations. I also extend my deepest appreciation to the Permanent Secretary and Ministry of Finance staff who have worked tirelessly – and I suspect with some relief that these days they are not on call at random hours of the night, and that many of them can have some semblance of quality time with their families, because we put this budget together in a more organised way.

49. After almost a decade, Mr Speaker Sir, we reconvened the Cabinet Sub-Committee on Budget chaired by the Honourable Prime Minister and comprising the 3 Deputy Prime Ministers. The Cabinet Subcommittee on Budget, Mr Speaker Sir, oversaw the overall formulation and finalization of the national budget and I take this opportunity to thank the Hon. Prime Minister for his leadership and the support and the comradeship of my 2 fellow Deputy Prime Ministers. This is consultative government Mr Speaker, not two-man government. Those days are over.

50. Mr. Speaker Sir, even with the major challenges the Government faces, this Budget is set against the backdrop of a renewed sense of optimism and confidence. As I have said, our economy is recovering faster than we had expected and is now

projected to grow by around 8 percent this year. Given the trends we are seeing, Mr. Speaker Sir, growth may be even higher. Not everything is ideal. Higher interest rates threaten the global economy. This also puts pressure on us and the interest we may have to pay on our loans from offshore. It may also put pressure on our exchange rates, making imports more expensive. The economies of Australia and New Zealand appear to be slowing. So we will review our projections later this year when we have more concrete statistics available with us.

51. Mr. Speaker Sir, the tourism industry has been doing extremely well with a strong rebound in visitor arrivals which will return to pre-pandemic levels, or even exceed that. Yields in the tourism industry are increasing as our tourists are spending much more than before and staying slightly longer. But we know that we cannot depend on tourism alone. We have all learned that bitter lesson in the last three years.

52. Mr. Speaker Sir, investment levels are picking up with a pipeline of major projects that are getting off the ground. The banks have informed us that demand for credit is increasing and we know of some major projects that will soon materialize. Our

foreign exchange levels remain strong, standing at over \$3.4 billion dollars as of yesterday, equivalent to almost 6.1 months of retained imports. The exchange rate is stable and well protected.

53. Our financial sector is sound with a strong capital position. Liquidity levels are more than adequate to support investments sitting at almost \$2.5 billion dollars. Remittances crossed the billion-dollar mark last year and are increasing further, likely to cross the \$1.2 billion dollar mark by the end of this year. Mr Speaker, it is only fitting at this juncture to extend the Coalition Government's deepest gratitude, Vinaka Vakalevu and Dhanyavad, to all our families and friends abroad who continue to support our people here, in such a moving and heartfelt way.

54. On the fiscal front, this Budget stabilizes our revenue and debt levels and puts them on a sustainable path. We began the fiscal year, in July 2022, with a debt to GDP ratio of almost 88.8%. We are projecting this to reduce to 79.3 percent of GDP by July 2024. But the bad news is that this ratio is still too high. We have too much Government debt for the size of our economy. As I have said, nearly 25% of the Government Budget this year will

go to servicing debt. And debt remains one of our biggest challenges. We must continue to carefully manage our revenue and spending.

55. In this Budget, Mr. Speaker Sir, our total expenditure is \$4.3 billion. With a projected revenue of \$3.7 billion, our fiscal deficit is set at \$639 million dollars, equivalent to 4.8 percent of GDP. This is a major reduction in the deficit. In the last four fiscal years the average deficit has been 9 percent.

56. This deficit is higher than I personally wanted Mr Speaker. However, we are at a critical point. We must continue to cushion the blow on our people. We must catch up on all the lost years without investment in infrastructure and maintenance. If we do not do this our future path of economic growth will be affected. At the same time, we are pursuing further fiscal consolidation – that is, better value spending and cost savings - to ensure that we urgently bring down Government debt parameters to a sustainable level. But to achieve this, we will have to swallow some bitter medicine now otherwise we could end up in a worst financial situation.

## **Taxes and major revenue policies**

57. Mr. Speaker Sir, every Government has to collect taxes to fund public expenditure. It is a delicate task to ensure that we collect the right amount and not over tax the economy and our people. But revenue adequacy is critical in the running of the Government. It's equally important that in this process of collecting revenues our tax system is simple, easy to comply with, easy to administer, and transparent, efficient, and equitable.

58. Unfortunately, Mr. Speaker Sir, we cannot deny the fact that for many years the Government was bereft of vision to raise funds other than to keep on borrowing until debt hit the roof. Popularism and electioneering were their only plan. They cost the nation billions of dollars in lost revenue, pushing debt to unsustainable levels. This also meant the deterioration and lack of maintenance of Government infrastructure and poor service delivery. The Government simply didn't have enough money to fix its assets and services.

59. It is very clear from the World Bank Public Expenditure Review, various International Monetary Fund reports, from the report of the Fiscal Review Committee and from the deliberations of the National Economic Summit - and all the expert views. The Government cannot continue to run with the current low levels of revenues generated through its low tax regime. And now we have a debt overload that we must urgently confront. Business as usual cannot continue. And from the feedback I have received, our people understand that. They may not like it, but they understand the problem.

60. Mr. Speaker, we need to put an end to this problem, quickly and decisively. The time to act is now. If we don't, we will be clearly on the path to fiscal disaster. We will only further weaken Government's ability to perform its core functions, including to fix our deep infrastructure challenges including in water, health, roads and bridges – and to protect our most vulnerable.

61. We have tough choices, Mr. Speaker. We fully understand the expectations of the people, particularly on the prices of food and basic items. But we are here to make the tough decisions that were side-stepped in the past. We are here to make the



right decisions for the nation. It's a choice between bearing the burden now or burdening our future generations with more debt. It is also about ensuring that our next generations get the health education and the employment opportunities they need now. We have to invest in our future generations – our young people - now to ensure that they will be productive in the future. It is our moment to put a down payment for them.

62. Against this context, Mr. Speaker Sir, let me now announce key revenue and tax measures.

63. Effective from 1 August 2023, Mr. Speaker Sir, we will only have 2 rates of VAT. The 21 items on zero VAT will continue. We have added prescribed medicines to the list to make it 22 items. So now the items on zero VAT will include, flour, rice, sugar, canned fish, cooking oil, potato, onion, garlic, baby milk, powdered milk, liquid milk, dhal, tea, salt, soap, soap powder, toilet paper, sanitary pads, toothpaste, kerosene, cooking and prescribed medicines. The supply of all other goods and services, effective from 1 August 2023 will attract a VAT rate of 15 percent. Mr Speaker, 15% VAT isn't new. It was payable on all goods and services between 2011-2015 except on six (6)

basic food items it was zero. Therefore 15% is not a new measure. As the Honourable Prime Minister said in his national address on Wednesday night, we have to bite the bullet. But in a few years, all of us will discover that it's a magic bullet that may give us short term pain but result in long term gain.

64. These measures will generate additional net VAT collections estimated at about \$446 million for Government. But this restructuring will make the VAT system simpler to administer, eliminate ambiguity and improve VAT compliance. While we generate additional revenue for public investment, we have chosen to ensure that the poor are protected with the continuation of the zero rating and various expenditure support measures.

65. Mr. Speaker, the strongest feedback we have received is about lowering food prices. So, to assist households on this, Government will reduce fiscal duty from 32 percent to 15 percent on canned mackerel (except canned tuna), corned mutton, corned beef and beef products, canned tomatoes, prawns and duck meat. Fiscal duty on sheep / lamb meats will be reduced to zero. Beef meat the duty is being reduced from 32%to 15%.

66. Government will also reduce import excise on chicken portions such as wings, drumstick, legs, feet, thighs, etc from 15 percent to 0 percent. The reduction of duties will provide ordinary households with a range of choices.

67. I turn now to corporate tax Mr. Speaker. We will increase the corporate tax rate from the current 20 percent to 25 percent. New companies eligible for reduced corporate tax for listing on the South Pacific Stock Exchange will have their tax rate increased from the current 10 percent to 15 percent. For clarity, this will be for new companies and only for a period of 7 years. These corporate tax rate increases will add about \$73.5 million in revenue. We are encouraged by the feedback we have had from the business sector Mr Speaker. Most businesses understand Government's fiscal situation and that they need to contribute more. In return, however, they want the Government to improve the regulatory environment and business processes. I will come back to that.

68. At this point Mr Speaker we are keeping an open mind on shareholders' income, and whether we will in future implement an imputation system or a simpler tax on dividends. This is a matter on which we will be consulting widely before the next Budget, before we take any such measures.

69. Departure tax, Mr. Speaker Sir, will increase from the current \$100 dollars to \$125 dollars effective from 1 August 2023 and will further increase by an additional \$15 dollars to \$140 dollars effective from 1 January 2024. This will add a total of \$30 million towards overall tax revenues. We are signaling these increases as early as we can so that the tourism industry can plan for them in their wholesaling and other commercial arrangements.

70. Mr. Speaker Sir, we are going to increase the excise tax on alcohol and tobacco by 5 percent while the excise on carbonated / sugar-sweetened beverages will be increased from 35 cents per litre to 40 cents per litre.

71. Mr. Speaker Sir, alcohol taxes were reduced by 50% during COVID, while taxes on tobacco were kept unchanged. We are mindful that alcoholic beverages are an integral part of our

tourism industry. So we are starting with a very small increase compared to the massive reduction we had two years ago.

72. In determined efforts to curb NCDs and promote healthy living, a domestic excise of 40 cents per kilogram or per litre and import excise of 15 percent will be introduced on juice (carbonated drinks, Frubu, Tampico, Pulpy, Just Juice and Marigold), ice cream, sweet biscuits, snacks, and sugar confectionery.

73. Motor vehicle import excise duty will increase on all new and used passenger vehicle by an additional 5 percent.

74. Mr. Speaker, I intend to touch briefly now on a serious matter of good governance, in connection with Capital Gains Tax. In 2021, just a few weeks after the beginning of the 2021-2022 financial year, the previous Government introduced a special exemption on the 10% capital gains tax levied on the disposal of shares held by shareholders before 1 May 2011. The Government did this without explanation and, of course, under urgency – as it did everything.

75. However, that government also introduced an even more special measure. Any taxpayer who owed capital gains tax from a previous unexempted transaction but had not yet paid it, was now exempted from paying the debt. The exemption did not work in the other direction. If you were a compliant taxpayer and you had paid the tax, you did not get it back. But if you were a taxpayer who owed the tax because you had not paid it, you were suddenly exempted from payment.

76. In opposition we asked the same question that we ask now – why? And for whose special benefit was this special tax exemption?

77. Mr Speaker, that special law, for certain special taxpayers, or should I say one taxpayer was one of the most disgraceful and corrupt pieces of legislation ever to be brought before this House. It was a sign of just how self-serving the previous government had become, and how poor our governance had become. A government that is making special laws for its chosen special people is a government that does not deserve to be in office.

78. Mr Speaker this random change to the capital gains tax regime, designed to help a specific set of special taxpayers, ended up costing the Government almost \$70 million in lost revenue. We are now going to right this wrong and remove this exemption.

79. Mr. Speaker Sir the Social Responsibility Tax will be simplified by merging it with the PAYE structure, along with a 5-percentage points reduction on each band, for those earning above \$270,000, effective from 1 January 2024. This would mean Mr. Speaker Sir, that our maximum marginal tax rate will be reduced from the current 44 percent to 39 percent.

80. Mr. Speaker Sir, Government has been losing significant revenue from a range of tax and customs concessions that have been in place in Fiji for a very long time. Given the fiscal challenges facing us we have reviewed these concessions and, in some cases, varied the rates. Customs concession code 236 which currently allows all manufacturers to access duty free raw materials and other machinery and equipment, will have the concession rate increased from zero percent to 3 percent. Still a

concession, Mr. Speaker Sir, but Government will get 3 percent duty from all these imports.

81. Similarly, Mr. Speaker Sir, for concession code 231 which is available to manufacturers for import of packaging products, that concessionary rate will also be increased from zero to 3 percent.

82. Mr. Speaker Code 235 allows hotels and resorts to import building materials, furnishings and fittings, room amenities, kitchen and dining room equipment, utensils and outdoor equipment all duty free. We will increase the fiscal duty on this concession from 0 to 3 percent.

83. Concession code 117 (iii) which allows for a reduced duty of 10 cents per litre of fuel for hotels, manufacturers, cruise vessels and mining companies will be removed and a normal rate of 20 cents per litre on diesel will apply. Concession on smartphones will be removed and replaced with a fiscal duty of 5 percent.

84. Mr. Speaker Sir, we will completely remove the tax incentives available for warehouse development. This was introduced as a temporary incentive. It will also help reduce tax minimisation



using this incentive which we have noted in the last few years. We are also restructuring the ICT incentive to tighten the definition and eligibility criteria and align the maximum tax holiday period to 13 years in line with other incentives.

85. Removing these few customs concessions which will help us collect much-needed revenue by around \$35 million.

86. Apart from tax raising measures, Mr. Speaker Sir, we are announcing a number of measures to improve tax administration and supporting ease of doing business.

### **Expenditures**

87. Mr. Speaker Sir, over the years, the Government has spent a lot of money building new infrastructure and assets with little focus on value for money and a lot of wastage. Worse, it has taken its focus off maintenance of our existing infrastructure. This is now suffering from years of neglect and has badly deteriorated.

88. So we are now in a catch-up mode on maintenance. Public infrastructure assets, Mr. Speaker Sir, are the foundation of a country's economic development and let me assure you that the highest priority of the Coalition Government for the next few national budgets is going to be maintenance of this infrastructure. We have put aside over \$200 million dollars for maintenance of our hospitals, health centres, schools, public buildings, government quarters, roads and bridges and water infrastructure.

89. But Mr. Speaker Sir, it's not just about throwing more money at every problem. We are completely changing our approach towards this. The focus now will be on efficient and effective use of every single dollar.

90. We are going to cut wastage and unnecessary spending by starting ourselves. And we will start this from the Ministerial level to set an example. Apart from our 20 percent reduced pay we are significantly cutting down Ministerial travel allowances that were put in place by the previous government. They amounted to looting taxpayer funds, ironically by Ministers who should be guarding them.

91. Mr. Speaker, all Coalition Government Ministers support these reductions, starting with the Honourable Prime Minister himself. For the travel allowance of the Honourable Prime Minister, the current 250 percent per diem loading will be reduced to only 100 percent. Ministers will have their top up reduced from 200 percent to only 50 percent. For assistant Ministers the top up will be reduced from the current 100 percent to 25 percent. Apart from these major reductions, we will remove all the exorbitant incidental allowances that are currently provided.

### **Improving Water Services**

92. Mr. Speaker Sir, the poor maintenance and upgrade of our existing water infrastructure has resulted in 47 percent of treated water getting lost along the pipeline due to leakage. This has caused major intermittent water supplies across Fiji.

93. However, in the last few months, Mr. Speaker Sir, we have seen some major improvements. Water disruptions have been reduced and we now have a good plan, not just for the next year

but also for the long term. The new Water Authority of Fiji Board has hit the ground running, with a clear mandate to get things done.

94. Mr. Speaker Sir, we are scaling up our investment in the water sector with an increased budget of \$250.8 million dollars. Yes, this year we will put a quarter billion dollars into the water system. This is a major increase of almost \$60 million dollars compared to the current budget. This includes \$118.1 million in operating expenditures and \$132.7 million for capital expenditure.

95. Mr. Speaker Sir, the Rewa River Viria Water project is expected to be completed by the end of July with full commissioning expected by October this year. This has been a major investment and we will see major improvements in supply after the full commissioning of the project.

96. Mr Speaker, we are allocating \$51.2 million dollars for the completion of the project. The total cost of the project is approximately \$400 million dollars. I thank our financing partners, the Asian Development Bank, the European

Investment Bank and the Green Climate Fund for grant support of US\$31 million dollars towards this project.

97. Mr. Speaker, \$53.9 million dollars is allocated to improve water sources and implement new disaster resilient infrastructure, including water treatment facilities with a focus on reducing leakages; \$6.4 million dollars to improve wastewater operations; and \$4.8 million allocated for asset management within the Water Authority.

98. Another \$4.6 million is allocated, Mr. Speaker Sir, for the digital transformation in the water sector which will help manage and water disruptions. A further \$3.8 million is allocated for emergency response in the event of water disruption.

99. Mr. Speaker Sir, we are allocating \$7.9 million to focus on improving access to water supplies in rural areas which has been neglected for some time.

100. Mr. Speaker Sir, given the magnitude of the challenge we have in the water sector, it's going to take time and cost over \$500 million in replacement of the 40 year old pipe system which

is leaking underground. We are working with the Asian Development Bank for a major institutional revamp of the Water Authority, including governance, investment planning, asset management, infrastructure replacement and upgrade, review of water tariffs, investment in our people and improving customer service management.

### **Workers' rights and restoring FNPF contributions**

101. Mr. Speaker Sir, the Coalition Government has, as promised, restored tripartite arrangement that we had for many years and we will use this to ensure the rights of workers are respected through dialogue and consultation with government and employers.

102. Mr. Speaker Sir, the previous Government had deprived our workers of hundreds of millions in their FNPF contribution by reducing the contribution rate from 18 percent to 10 percent. We will restore the 18 percent effective from 1 January 2024.

103. Mr. Speaker Sir, Government is the largest employer in the country employing over 35,000 civil servants. As the largest

employer, we are committed to looking after the welfare of our people. We are working together with the workers representatives to review the overall pay and benefits of our civil servants. We know this has not been done for almost 5 years and our hardworking civil servants and our teachers, police, medical professionals have not received a pay rise for some time. In the next 6 to 9 months. We will holistically review the civil service remuneration and pending the review the salary structure of the civil service will be readjusted to be commensurate with the work our civil servants are doing for the nation.

104. Mr. Speaker Sir, the Coalition Government will review the current minimum wage rate in the next financial year. We want our workers to receive a fair and just living wage through a proper consultative process.

### **Social Protection, Aftercare fund and Government pensions**

105. Mr. Speaker Sir, it is the moral responsibility of any compassionate Government to ensure that most vulnerable in our society, the poor, persons with disabilities, elderly, children

or other disadvantaged persons are well supported by the State. We need well-equipped, responsive institutions and laws that ensure that our vulnerable are not left out.

106. Mr. Speaker Sir, the government is committed to building a responsive, inclusive, and well targeted social protection system which is at the heart of one of the Coalition Government's key development agenda.

107. Mr. Speaker Sir, in this Budget, the funding allocation for the Ministry of Women, Children and Social Protection is increased from \$147.7 million to \$200.2 million, a major increase of \$52.5 million.

108. Mr. Speaker, more than 90 thousand people on social welfare will directly benefit from increased monthly allowances of 15 and 25 percent.

109. For those at the age of 70 years and above, and are on the social pension system, will receive a 25% increase. This means that the monthly allowance will increase from \$100 dollars a month to \$125 a month effective August 2023. Those between



the age of 65 to 69 years will have their monthly allowances increased from \$100 to \$115 dollars.

110. As such Mr. Speaker Sir, the social pension scheme is allocated a large budget of \$78.2 million, an increase of \$23.2 million to cater for the needs of our 54,200 senior citizens.

111. Mr. Speaker Sir, the military regime in 2011 unilaterally and illegally reduced the pension rates for many FNPF pensioners and broke the contractual arrangement between the Fund and the pensioners. They went even further to pass a law to restrict these pensioners from challenging this in the court or law.

112. It's over a decade, Mr Speaker Sir, and these pensioners have not received justice. Today we are going to correct this wrong and give some justice to the more than 1,500 pensioners who were put on the reduced pension rates.

113. Effective from August 2023, these 1,500 FNPF pensioners will be able to access the Government social pension allowance of \$125 if they are above the age of 70 or \$115 if they are between 60 to 69 years. FNPF will work together with Government to

identify and put these pensioners on the social pension scheme, on top of what they receive from their current reduced FNPF pensions.

114. This will cost us around \$2.2 million per year Mr Speaker Sir.

115. Mr. Speaker Sir, protecting our vulnerable children and their childhood will be a key priority for us. In this Budget, a sum of \$100,000 is allocated to cater for the establishment of a new Department of Children.

116. In addition, a sum of \$19.9 million, an increase of \$6.2 million is allocated for Child Protection Allowance.

117. Mr. Speaker Sir, family assistance scheme, previously known as poverty benefit scheme, is allocated a budget of \$45.6 million. This is an increase of \$11.5 million from the current financial year and will accommodate the 15 percent increase. A total of 26,000 households are expected to be assisted in this financial year.

118. Mr. Speaker Sir, a total sum of \$43 million is allocated to cater for disability allowance, bus fare subsidy for elderly and disabled,

electricity subsidy to households below \$30,000 income and insurance for social welfare recipients. Over 100,000 people are expected to benefit from this.

119. A funding of \$500,000 is allocated for the Women's Plan of Action and a further allocation of \$200,000 is provided to support women organizations for their advocacy work.

120. Mr. Speaker Sir, apart from the funding for the Ministry of Women, Children and Social Protection, to support our ex-servicemen, a sum of \$14.9 million is allocated for the Fiji Serviceman's Aftercare Fund to assist 10,226 ex-servicemen's and their families, including a 15 percent increase in their allowances.

121. For over 2,000 Government pensioners, a total budget of \$37 million is provided which will cater for the increase in monthly allowances by 15 percent.

## **iTaukei empowerment and development**

122. Mr. Speaker Sir, the Coalition Government is determined to empower the itaukei and help lift their living standards. For a long time, under the previous Government, our itaukei have not received the attention they should have received. We are going to change that. The Ministry of iTaukei Affairs, Culture, Heritage and Arts has been allocated a budget of \$38.6 million, a major increase of \$23.2 million from this year's allocation.

123. To strengthen itaukei administration and our provincial councils, a grant of \$10.8 million is allocated to fund the 14 provincial councils, including \$4.3 million to fund the salaries and wages of 182 provincial council officers and other operational expenses of around \$6.1 million.

124. Mr. Speaker Sir, we have now reviewed the allowances for the Turaga-ni-Koro's, Mata-ni-Tikina's and also allocated allowance for Turaga-ni-Yavusa due to the important role they play in the village administration and leadership.

125. The Turaga-ni-Koro monthly allowance will be increased from \$100 to \$150 per month for all 1,181 Turaga-ni-Koro's for which a total sum of \$2.1 million is allocated.

126. The Mata-ni-Tikina quarterly allowance will be increased by \$150 per quarter, which is equivalent to an increase of \$50 per month for the 262 Mata-ni-Tikina's. This increase will be on top of the current quarterly allowances for the Mata-ni-Tikina. Currently, the Mata-ni-Tikina is eligible for either \$100 dollars, \$175 dollars or \$195 dollars depending on the geographical area they serve and some are also eligible for certain travel and incidental allowances. A sum of \$585,800 is allocated.

127. Mr. Speaker Sir, to recognise and support the Turaga-ni-Yavusa in decision-making and Vanua administration, a monthly allowance of \$100 has been allocated for 648 Turaga-ni-Yavusa's under the Vanua Leadership Allowance with a sum of around \$0.8 million dollars.

128. To support beautification and general improvement of iTaukei villages and settlements, Mr. Speaker Sir, we are introducing a village development programme with a funding allocation of \$2.0

million. Government will provide two thirds towards any eligible projects while villages and settlements will contribute one third. The maximum Government support will be \$10,000 per village per year and the programme will be administered by the Ministry of iTaukei Affairs who will soon finalize the criteria and guidelines.

129. \$4.0 million is allocated for iTaukei Land Development to help landowners with the development of their land for commercial purposes. Previously, this allocation used to be funded under Head 50 but now we moved this under the administration of the Ministry of iTaukei Affairs.

130. The iTaukei Affairs Board is allocated a grant of \$2.2 million to fund the operations of the Board and salary and wage payments of its 79 officers.

### **Improving Health Services and Infrastructure**

131. Mr. Speaker Sir, the delivery of health services in Fiji has been far from satisfactory and our public health facilities are in a state of decay. Over the years there has been a complete lack of

investment in improving the infrastructure of not only in the country's largest hospitals CWM and Lautoka, but all across our health facilities in Fiji. Mr. Speaker Sir, I have said this publicly and there is no denying that we have never had such bad health services in the independent history of our nation.

132. We are going to give this the highest priority not only in this budget but also in all our future budgets. It is going to be a difficult task but Mr. Speaker Sir, we have clearly put our focus on the maintenance of our existing infrastructure, and overall improvements in service delivery.

133. In this Budget, Mr. Speaker Sir, the Ministry of Health and Medical Services is allocated a budget of \$453.8 million, a significant increase of \$58.7 million from this year.

134. The salaries and wages budget for the Ministry have increased to \$126.4 million and will cater for:

- 250 Intern Nurses to move up to become registered Nurses;
- 237 new Intern Nurses;
- 46 Nursing Assistants;
- 50 Nursing Aides;
- 40 Midwives;
- 94 Medical Laboratory scientists; and
- additional support staff in various hospitals and non-medical officers for the Fiji Pharmaceutical & Biomedical Services to strengthen capacity and improve procurement efficiency.

135. These additional positions, Mr. Speaker Sir will help improve the service gaps and address the current capacity needs within the Ministry. The nursing assistant and nurse aide positions have been created to support our nurses focus on their core role, where these aides and assistants will take over the non-clinical responsibilities like making the bed, getting the consumables, and other time consuming tasks that used to keep the nurses occupied. We are also providing \$11.6 million for the upgrade of nurses salaries and overtime.



136. Mr. Speaker Sir, we are providing over \$63 million for public health programmes, Emergency Radiology and Laboratory Services, procurement of drugs, consumables, medicines, and purchase of bio-medical equipment and accessories and

137. Mr. Speaker Sir, we are working together Ministry of Health to ensure the timely and efficient procurement of the drugs, consumables and biomedical equipment accessories.

138. Mr. Speaker Sir, a sum of \$2.5 million is allocated for the Kidney Dialysis Treatment Subsidy. The allocation has been increased by \$1.0 million from this year's level to cater for the increase in the dialysis subsidy from the current \$150 per session to \$180.

139. Mr. Speaker Sir, a sum of \$16.4 million is allocated for the upgrade and maintenance of urban hospitals and institutional quarters, permanent walkway for the maternity hospital at CWM, purchase, installation and replacement of ICT equipment, and a major interior upgrade of Labasa hospital.

140. Mr. Speaker Sir, the Ministry of Finance through the Strategic Planning Office will work very closely with Ministry of Health and Ministry of Public Works to ensure efficient and timely maintenance of our hospitals and health centres as this has been a major problem as well as assist in the strengthening of the asset management unit of Ministry of Health.

141. We cannot build new hospitals or health centres if we are not able to maintain what we have right now. Some of the hospitals and health centres do not need large amounts of money to upgrade. Some simply need a few window louvres, the replacement of missing tiles, painting, roof repairs, fixing of doors and mosquito netting on windows. We can easily do this.

142. Mr. Speaker Sir, the previous Government had tried to expand the coverage of healthcare services through an outsourcing model to engage the service of private general practitioner's dental operators and medical laboratories during the pandemic. From 1 August 2023, only patients with a combined household income of \$30,000 or less per annum can qualify for the free services at the private practitioners.

## **Reshaping the Education Sector**

143. Mr. Speaker Sir, the education sector is given the highest allocation in this Budget to a tune of \$845 million dollars.

144. Mr. Speaker Sir, a lot of haphazard changes and reforms without consultation have caused major problems within the education system.

145. Mr. Speaker Sir, the Coalition Government, will relook at the overall education system in a consultative manner and we have already announced our plans for the appointment of an Education Commission and an Education Summit to take stock of the issues and challenges in the education sector and with proper dialogue and expert guidance chart a way forward for future reforms to lift the standard of education of our children. . The world is experiencing another technological revolution with ChatGPT, artificial intelligence (AI) and robotics – yet our children and what they currently learn, are out of step.

146. For this Budget, Mr. Speaker Sir, the Ministry of Education is allocated a total budget of \$505.4 million, an increase of \$18.4 million.

147. The salaries and wages budget for the Ministry has been increased from \$318.1 million to \$322.6 million to cater for the funding for the more than 14,000 existing teachers and newly established 179 new teaching and non-teaching positions at the Ministry of Education.

148. For qualification upgrade and step movement, \$8.9 million is allocated for salary upgrade of teachers who have completed relevant qualifications to move to a higher band in line with the Teacher Remuneration Setting Policy.

149. For the rural and maritime location allowance, Mr. Speaker Sir, a sum of \$5.7 million is allocated which is an increase of \$1.3 million from this year's allocation. Funding provided will cater for location allowances for 3,355 teachers in 921 remote schools.

150. Mr. Speaker Sir, the Coalition Government is committed to providing free education and transport assistance for our ECE, primary and secondary school students with a total funding allocation of more than \$100 million.

151. In addition to this, Mr. Speaker Sir, we have again allocated a sum of \$45 million to continue **‘Back to School Support’** of \$200 dollars per child for students from early childhood to Year 13 for the school year 2024. This will benefit over 230,000 students for families with less than \$50,000 household income.

152. Mr. Speaker Sir, a total of \$49 million is allocated for overall maintenance and upgrade of schools including construction of TC Yasa affected schools and staff quarters in Vanua Levu. We thank the Australian Government for the \$30 million contribution towards this.

### **Technical Education and NTPC Levy**

153. Mr. Speaker Sir, the biggest blunder by the previous Government was in the areas of technical education. Failed policies which led to the establishment of technical colleges cost

the taxpayers over \$20 million. All the technical colleges were left in ruin

154. We now have a huge responsibility to rebuild our technical education system as well as address the skills gap issue in the country. We are now going to invest in this and work together with existing service providers, including the newly established Pacific Polytech.

155. We are going to revamp the apprenticeship scheme in the next few months and also review the NTPC levy and how best to support and fund skill upgrades in the workforce. The employers have been suffering from this and the previous Government's hasty decision to remove the NTPC levy.

### **Funding of Higher Education Institutions**

156. Mr. Speaker Sir, for higher education, Government will continue providing financial support to our tertiary institutions with a total funding allocation of \$103.3 million.

157. We have restored the grant for USP and are committed to clear the outstanding dues, with the first \$10 million paid as soon as we came into Government. A further \$20 million is allocated towards the clearing of USPs outstanding grants, on top of the annual grant of \$33.5 million. In this Budget, USP will receive a total funding of \$53.5 million.

158. The Fiji National University will be provided a funding grant of \$43.4 million, University of Fiji is provided an increased grant of \$2.8 million while the newly established Pacific Polytechnic will receive a funding grant of \$1.0 million and Sangam Institute of Technology has its grant increased from \$114,000 to \$614,000, an increase of half a million dollars to accommodate additional nursing students in light of the current shortages.

159. Funding is also provided to Corpus Christi, Fulton College, Montfort Technical Institute, Monfort Boys Town, and Vivekananda Technical Centre.

## **TELS write off and scholarships**

160. Mr. Speaker Sir, now let me move on to TELS debt write off and tertiary scholarship funding.

161. Mr Speaker Sir, our critics including the opposition sitting right here had said that we cannot do this. Mr. Speaker Sir, as we had promised, I would like to confirm that all outstanding TELS debt is being forgiven by the Coalition Government.

162. Let me repeat Mr. Speaker Sir, all TELS debt (excluding in service training) to a tune of \$650 million, owed by 53,725 students who had studied under the TELS scheme is now written off and none of these 53,725 TELS recipients and their parents and guardians will have to pay a single cent back to the Government.

163. However, to ensure that these students serve their nation and do justice to the taxpayers as used to be the practice in the past, they will have to serve a bond. The bond service will be years of study multiplied by one point five (1.5) for these graduates.



Those who choose not to serve the bond will have to pay the equivalent cost amount.

164. Now moving forward, Mr. Speaker Sir, we will provide all eligible students with scholarships under the rebranded Fijian Scholarship Scheme with a total budget of \$148.2 million in this Budget. This will cater for the scholarships of 8,720 new students and funding needed for the 9,148 existing students. Eligibility marks will be based on labour market needs and enrollment capacity of the universities.

165. The bonding for new students under this scheme will be years of study multiplied by one and a half (1.5) times if tuition only and years of study multiplied by two (2) times if tuition and allowance is paid.

166. In terms of allowances, Mr. Speaker Sir, students under merit-based scholarship will be eligible for \$3,400 per semester. Effective from 1st January 2024, all students under scholarships other than merit based will receive \$2,500 per semester if they study at campus away from home, \$1,500 for home-based campuses.

167. The full details and eligibility and the selection criteria handbook will be published by TSLS soon.

168. In the next academic year, a new initiative by the Coalition Government will set aside three (3) PhDs, and five (5) Masters by Research awards for study at New Zealand Universities. The total PhDs and Masters allocation remains ten (10) and twenty (20) respectively.

### **Fiji Roads Authority**

169. Mr. Speaker Sir, in the last eight years, a total of around \$3.1 billion was spent by Fiji Roads Authority without any strategic plan, without much priority and without proper costing. This Mr. Speaker Sir compromised the standard of infrastructure including roads and led to significant wastage of public funds.

170. Mr. Speaker Sir, we are going to change the approach towards the planning, construction and maintenance of our roads. We need to do more with less money. We need to improve the value for money as there has been a lot of wastage

and funding of “novelty type” over designed expensive roads in Fiji. The new FRA Board is fully in sync with this and they have been working closely with the Government to rethink some of the scoping and design works, rethink about the modalities of awarding road contracts, including closer monitoring and supervision of contractors. There is also a need to open up and encourage the participation of local contractors through direct contracting for smaller contracts.

171. Mr. Speaker Sir, for the next fiscal year, the Fiji Roads Authority is allocated a budget of \$387.6 million which comprises \$14.7 million for operations and \$372.9 for capital expenditures.

172. Mr. Speaker Sir, major emphasis is being placed on the need to ensure adequate maintenance of Fiji’s road network and as such an increased allocation of \$100.6 million is allocated for road maintenance, \$42.0 million for completed maintenance and emergency works, \$60 million is provided for the renewal and resurfacing of roads, \$35.4 million is allocated for completion of the ongoing bridge projects, \$18.3 million for the rural roads programme, \$13.2 million for the upgrade of Queen Elizabeth Drive, and \$82.2 million for the Transport Infrastructure

Investment Sector Project financed through Asian Development Bank and World Bank loans of US\$100 million and US\$50 million, respectively.

### **Ministry of Public Works, Meteorological Service and Transport**

173. Mr. Speaker Sir, the Ministry of Public Works, Meteorological Service and Transport is allocated a sum of \$98.3 million.

174. Mr. Speaker Sir, the Coalition Government has also re-established the Public Works Department (PWD) to improve the state of rural roads around the country with an initial setup cost of \$5.0 million.

175. Mr. Speaker Sir, the Government maintains the commitment towards achieving 100% access to affordable and reliable sources of energy. A sum of \$4.1 million is allocated for the completion of 111 grid extension schemes by Energy Fiji Limited. Additionally, the Department of Energy will continue to facilitate house wiring connections for completed grid extension projects with a budget provision of \$3.0 million.

## **Agriculture**

176. Mr. Speaker Sir, the agricultural sector plays an important role towards food security, income generation, employment, rural development, and economic diversification.

177. In this regard, the Ministry of Agriculture and Waterways is allocated a budget of \$95.2 million in this Budget which is a major increase of \$37.3 million.

178. Mr. Speaker Sir, a total sum is allocated of \$13.9 million to fund the agricultural marketing authority, Committee on Better Utilisation of Land, and commercial agriculture development.

179. A total of more than \$47.5 million is provided for the crops and livestock research and extension services to strengthen agricultural productivity.

180. Mr. Speaker Sir, for the first time, we are now providing weedicide and fertilizer subsidy for non-sugar crops which includes rice, ginger, dalo, and cassava with a funding of \$1.0 million to boost production of these crops.

181. Mr. Speaker Sir, we will review the entire dairy industry. This is another disaster left by the previous government as the dairy industry is on the verge of collapse. \$5.0 million is allocated to Fiji Cooperative Dairy Company Limited and for dairy extension programme.

182. \$5.3 million is allocated for farm access roads, provision of tractors, and existing agricultural offices and quarters.

183. Mr. Speaker Sir, the Department of Waterways is allocated a budget of \$22.1 million to improve the drainage system around the country which is also in a very bad condition.

184. Mr. Speaker Sir, to improve the drainage schemes which has been neglected over so many years, a total sum of \$16.2 million is allocated. This will cater for major river dredging, coastal

erosion protection, watershed management and maintenance of rice irrigation drainage.

185. Mr. Speaker Sir, Government has allocated a sum \$3.0 million to assist those Fijians whose properties has been damaged/affected by Termites in the western and northern division. The Ministry of Finance will release more details on the roll out of this initiative soon.

186. Mr. Speaker Sir, the Biosecurity Authority of Fiji supports Fiji's agricultural produce exporters by providing information, inspection and certification to meet the import requirements of overseas countries. Moving forward, BAF and Ministry of Agriculture need to work together to create farmer awareness (such as farmer outreach activities) of the list of agricultural produce under current pathways and market access, support market access negotiations and retention of such markets and new export pathways are developed and adopted. The Strategic Planning Office will coordinate this.

## **Ministry of Multi-Ethnic Affairs and Sugar Industry**

187. Mr Speaker Sir, the sugar industry is near collapse and not much attention was paid by the previous Government to revive the industry. While millions of dollars have been wasted by paying salary to CEOs and other executive management by the previous government, we have not been able to revamp the industry. A thorough review and assessment of the industry is required and will be undertaken. Also, the Ministry of Finance through the Planning Office will be working with the Ministry of Sugar, to begin work on a Sugar Industry Strategic Plan soon.

188. The Ministry of Multi-Ethnic Affairs and Sugar Industry is allocated a sum of \$51.7 million in the new financial year of which \$49.7 is for the sugar unit.

189. With the aim to increase cane production from current production of 1.6 million tonnes to 1.9 million tonnes by 2024 season, a sum of \$11 million dollars is allocated for Sugar Development and Farmers Assistance Program, New Farmers and Lease Premium Assistance, Weedicide Subsidy, Farm Incentive Program and Cage Bins.



190. Mr. Speaker Sir, we will continue with the guaranteed price of \$85 per tonne with an allocation of \$4.0 million.

191. Mr. Speaker Sir, frequent rain and flooding has been one of the major problems faced by the sugar industry and drainage systems in the sugarcane areas have been neglected or had very minimum maintenance in the last several years. A sum of \$5.5 million is allocated for the Drainage for Sugarcane Farms in the next financial year.

192. Mr Speaker Sir, the Ministry is undertaking a thorough review of the responsibilities for multi-ethnic affairs in the area of culture, language, history and arts and will also be responsible for the Girit commemorations from next year. A sum of \$500,000 is allocated for the preparatory works for gas crematorium for Navua, 2 sites in western division and 1 in the northern division.

## **Fisheries and Forestry**

193. Mr Speaker Sir, the Ministry of Fisheries and Forestry is allocated a budget of \$41.6 million. This will support the expansion of aquaculture, shrimp farming, seaweed Development Programme, Multi-Species Hatchery, construction of ice plants and the supply of tilapia fingerlings and prawn fries to farmers in the Western Division.

194. For the Reforestation of Degraded Forests with Indigenous and Other Species, a sum of \$2.5 million is allocated. The funding allocated will be used to address challenges and to ensure the survival of trees planted by extensive monitoring, undertaking beat up, enhancing quality seed collection, propagation and planting protocols.

195. A sum of \$2.0 million dollars is also allocated for the Redd+ and Forest Emissions Reduction Programme.

## **Ministry of Lands and Mineral Resources**

196. Mr. Speaker Sir, the Ministry of Lands and Mineral Resources is allocated a budget of \$30.1 million to enable the Ministry to continue effectively and efficiently administer and regulate the land and mineral resource sector.

## **Ministry of Tourism and Civil Aviation**

197. Mr. Speaker Sir, the Ministry of Tourism and Civil Aviation is allocated a sum of \$52.3 million in this Budget.

198. Tourism Fiji is allocated an operating grant of \$7.0 million and to support new marketing strategies an increased Marketing Grant of \$30.0 million is provided in the new financial year.

199. Mr. Speaker Sir, a new \$US200 million World Bank-funded Fiji Tourism Development Program in Vanua Levu has been approved this week by the World Bank Board. This new project's financing of US\$61.5 million for the first phase is part of a larger US\$200 million package approved for the ten-year multi-stage tourism program for Vanua Levu. A sum of \$5.0 million is

allocated in the next financial year to start the project. The first phase of the program focuses on bolstering tourism in Vanua Levu, including Taveuni, by improving drainage, sewage, and transport infrastructure, including upgrade of Labasa and Savusavu domestic airports, as well as an upgrade of the 95 kilometre road connecting the two towns.

### **Ministry of Trade, Co-operatives & Small Medium Enterprises and Communications**

200. Mr. Speaker Sir, the Ministry of Trade, Co-operatives & Small Medium Enterprises and Communications is working towards strengthening Fiji's position as the economic and international trade hub of the Pacific and will focus on strengthening and supporting the growth of micro, small and medium enterprises (MSME) and co-operatives. As such, the Ministry is allocated a budget of \$116.5 million in the next financial year, an increase of \$25.3 million from this year's allocation.

201. A sum of \$9.0 million is allocated to continue with the development and implementation of an online business and construction business licensing system for the Ease of Doing

Business, and the rollout of the 16 agency Ease of Doing business process which will fully digitise the Starting a Business and Obtaining Construction Permits processes.

202. Mr. Speaker Sir, a sum of \$2.5 million is allocated for the Northern Development Programme, National Export Strategy, Integrated Human Resource Development Programme, Trade Enhancement Programme, and to assist those with trade skills to enhance their business potential.

### **Ministry of Youth and Sports**

203. Mr. Speaker Sir, Sports plays a key role in building social cohesion and improving Fiji's image globally. The Ministry of Youth and Sports is allocated a sum of \$19.5 million in the 2023-2024 Budget.

204. A sum of \$9.7 million is allocated, Mr. Speaker Sir, for overseas sporting tours including the 2024 Island Pacific Games, Commonwealth Games, the Rugby World Cup, operations of the Fiji National Sports Commission, engagement of sports coaches, hosting international tournaments in Fiji,

Sports Outreach Programmes, Sports Scholarships and sports grant for persons with disability.

## **Ministry of Rural and Maritime Development and Disaster Management**

205. Mr. Speaker Sir, rural and outer island development is one of the priorities for the Coalition Government, and we are committed to bridging the development gap between the rural and urban areas.

206. The Ministry of Rural and Maritime Development and Disaster Management is allocated a sum of \$29.1 million to support Grant to Self Help projects, Community Access Roads, Footpaths and Footbridges projects, rural housing and urgent upgrade and renovation of existing divisional quarters.

207. Mr. Speaker Sir, the district advisory councilors and the District Chairperson's play an important role, serving as a link between the government and the people at the grassroots and provide development management link between the communities and the Government. The advisory councilors

allowance has been reviewed and will be increased from \$172.50 to \$200 per month for the 302 advisory councilors; whereas monthly allowance for the 16 District Chairperson's will be increased from \$207 to \$220 for which a sum of around \$770,000 is allocated in this Budget.

### **Affordable and Decent Housing for All**

208. The Coalition Government's vision is to provide affordable and decent housing for all communities by 2032, and is aimed at supporting families that struggle to find housing due to rising land and house prices.

209. The Ministry of Housing is allocated a sum of \$25.7 million in the Budget to support the housing sector.

210. Mr. Speaker Sir, the Ministry will continue with the regularization of informal settlements that will provide long term housing lease to households residing in informal settlements. A budget of \$10.0 million is allocated that will facilitate the commencement of capital works at Sakoca in Nasinu, Tavela in Nadi, Field 4 and Tore in Lautoka; and preparatory works for

nine (9) settlements in Lovu Sea-side, Nabare, and Delaisaweni in Lautoka, Valewaquyaya in Ba, Vunika in Labasa, Caubati in Nasinu, Wakanisila in Nasinu, Sasawira in Nausori and Nadonumai in Lami.

211. To encourage home ownership by assisting eligible recipients to purchase or construct their homes, Government will continue to support the First Home Purchase programme with a budget of \$5.0 million to target beneficiaries with a combined household income below \$50,000 per annum. A grant of \$15,000 is available for the purchase of an existing house or unit and \$30,000 is provided to build a new house or unit. For beneficiaries with a combined income between \$50,000 to \$100,000, the Government has allocated a budget of \$1.5 million to support first time home ownership with a grant of \$5,000 if they buy an existing house or unit and \$20,000 to build a new house or unit.

212. For the public private partnership affordable housing project, a sum of \$2.0 million is allocated. The PPP project will steadily realise the Government's vision to provide over 3,200 affordable and high-quality housing units for Fijian families. The Project is



re-shaping the housing sector, and will build a new housing market where more ordinary families can afford to own a home, own a strata title and/or rent properties at affordable rates. We are currently working with IFC to finalise the bidding documents for the tender which is expected to be advertised by August 2023.

213. We have also discussed this with all the banks and they are eager to participate in supporting the Government with this project by financing to eligible strata title owners. Mr. Speaker Sir, we are also being informed that a few of the Banks have now launched a new product that provide credit for agreement-to-lease properties and associated costs of surveying, registration and conveyancing fees. This will be an added boost to the formalization of housing in informal settlements.

### **Ministry of Local Government**

214. Mr. Speaker Sir, the Ministry of Local Government is allocated a sum of \$29.3 million in this Budget. The Coalition Government has already announced that all towns and city councils will now have elected councilors. And I am pleased to announce that

ministry is firmly focused on facilitating council elections next year.

215. A sum of \$3.9 million is allocated for the new Savusavu market, around \$1.0 million for the new Nakasi market, \$100,000 for the preparatory works for the Dreketi mini-market, \$1.3 million for the completion of Levuka market, \$3.5 million for the completion of Govind Park and \$4.6 million for the completion of Lautoka Swimming Pool.

216. Mr. Speaker Sir, both Govind Park and Lautoka Swimming Pool projects were very badly planned, managed and executed. Government is now left with no option but to provide additional funding to complete these projects with increased cost. We will ensure that the project gets completed in the new financial year and a review will be undertaken by the Ministry of Finance to look at how the projects were implemented, value for money assessment and reasons for the failure of the projects.

217. Mr. Speaker Sir, to support our Drua team we are allocating \$1.0 million dollars for procurement of enhanced equipment and services required to deliver international quality broadcast

required for Drua's participation in Super rugby and other international matches.

### **Ministry of Finance, FRCS and FBOS**

218. Mr. Speaker Sir, the Ministry of Finance is provided a total budget of \$89.5 million, including an increased grant of \$45.5 million to the Fiji Revenue and Customs Service.

219. Mr. Speaker Sir, the Ministry of Finance is modernizing its systems and processes and has embarked on a significant IT project to replace the current Financial Management Information System (FMIS) which is almost 20 years old. Under this project the payroll system will also be replaced and integrated with the FMIS. We thank the Asian Development Bank for their invaluable technical support in this transition. A sum of \$14.0 million is allocated for the new system. Apart from this, \$2.0 million is allocated to complete the implementation of the new Budget software system.

220. Mr Speaker Sir, the re-establishment of the Strategic Planning Office will ensure better coordination and formulation of a strategic and our robust development agenda. The Strategic Planning Office will help formulate a new national development plan, strengthen the policy and planning within government, improve coordination among ministries and departments, appraisal and selection of public investment projects, monitoring and evaluation of projects, improve coordination of development projects across Government and strengthen national workforce planning and economic intelligence analysis. A sum of \$3.4 million is allocated for the operations of the Office.

221. Mr. Speaker Sir, the Coalition Government is working towards strengthening the Fiji Bureau of Statistics with the review of the Statistics Act to give them more autonomy and to ensure that the Statistics Office is well equipped to provide timely and reliable statistics. A budget of \$7.6 million is provided to FBOS, which includes \$2.4 million to undertake the 2023-2024 Employment and Unemployment Survey.

222. Mr. Speaker Sir, \$36 million dollars is provided for vehicle leasing which is under a comprehensive review to determine the cost-effective way forward for government fleet acquisition and management.

### **Civil Service**

223. Mr. Speaker Sir, the Ministry of Civil Service is allocated a sum of \$50.6 million in the next financial year. An Establishment Support Unit will be established in the Ministry of Civil Service to ensure decisions on the management of the Ministry's establishment are transparent, accountable, and consistent with good principles.

224. In addition to this, a Shared Services Agreement Policy will be developed in consultation with the Ministry of Finance and implemented to ensure that where possible, Ministries and Departments are efficiently utilizing existing human resources across the common cadres. This will contribute to easier transfers of the staff between Ministries, allowing for the sharing of knowledge and information in the civil service.

225. For Office Space Rental, a sum of \$34.5 million is allocated to facilitate the monthly rentals to landlords for the properties leased by various ministries/departments. \$3.0 million is allocated for the renovation and maintenance of Government quarters and public buildings in this Budget.

### **Ministry of Home Affairs and Immigration**

226. Mr. Speaker Sir, the Ministry of Home Affairs and Immigration is allocated a budget of \$12.4 million. The Ministry will undertake a holistic national security defense review, including development of a security strategy and associated legislative reforms to strengthen national security.

227. Mr. Speaker Sir, the immigration department services have to be improved to build capabilities in addressing immigration-related crimes, including human trafficking, and streamlining processes to support the private sector and improve the daily experiences of our citizens.

228. The Immigration Office is provided additional 23 new positions to significantly improve service delivery. For the digitisation and modernisation of immigration systems and processes, a funding support of \$1.1 million is provided through the Australian Government.

229. A sum of \$1.5 million is allocated for procurement of passports while \$300,000 is allocated for the installation of ePassport kits in Immigration Offices and Overseas Missions.

### **Ministry of Foreign Affairs**

230. Mr. Speaker Sir, Fiji continues to maintain its foreign relations with more than 182 countries. Under the leadership of the Hon Prime Minister, there has been renewed interest, and engagement from our regional and international partners. We need to continue enhancing foreign relations, promoting Fiji's foreign policy initiatives, advancing Fiji's leadership in the global arena, improving trade performance and maintaining Fiji as a modern hub of the Pacific.

231. To further enhance our diplomatic and international relations, Mr. Speaker Sir, a sum of \$4.0 million is allocated for the startup costs associated with the re-opening of Fiji Overseas Missions in Washington, Malaysia and Papua New Guinea and setup of a new Embassy in Israel. \$2.2 million is allocated for the refurbishment of overseas missions.

### **Office of the Prime Minister**

232. The Office of the Prime Minister is provided with a budget of \$50.8 million. This funding will also cater for the Climate Change Division, Department of Environment, Department of Information, National Archives of Fiji and Public Enterprises.

### **Office of the Attorney – General**

233. Mr. Speaker Sir, the Coalition Government has re-established the Fiji Law Reform Commission which has not been fully functional since 2006 and currently operates as part of the Legal Drafting Department in the Solicitor-General's Office. The Commission was initially established by legislation in 1979 under the Fiji Law Reform Commission Act. The Commission will



undertake systematic review, reforms and development of laws to make them simple, modern and relevant. A sum of \$400,000 is allocated in this Budget.

### **Independent Bodies**

234. Mr. Speaker Sir, Government is assisting with the review of the Audit Act 1969 to strengthen the Office of the Auditor-General. A sum of \$7 million is provided to the Office of the Auditor-General in this budget. To fast track the audit backlog which has been an issue over the years, the Auditor-General is provided a new allocation of \$722,000 for outsourcing its audits.

235. Mr. Speaker Sir, an independent and well-resourced judiciary is critical for a well functioning democracy. As such, a sum of \$50.0 million is provided towards the funding of our judiciary in the 2023-2024 Budget.

236. The Fijian Parliament is allocated a sum of \$16.3 million, an increase of \$7.7 million. This includes \$4.4 million for the purchase of equipment and upgrade of the broadcast system which will include a multi-language captioning to enable our

Parliament to be more inclusive and increase citizen engagement in our 3 key languages.

237. Mr. Speaker Sir, a total sum of \$35.5 million is allocated to the Independent Commissions. We are now strengthening and tightening the processes and reporting mechanisms for the independent bodies, commissions and statutory authorities. Over the years, there has been serious lack of timely submission of annual reports, detailed expenditure breakdowns and utilization reports by many of these institutions. This is not the standard of proper accountability that we expect of independent bodies and we hope that with appropriate allocation of budget, this will improve.

### **Ministry of Justice**

238. Mr. Speaker Sir, a sum of \$5.4 million is provided to Ministry of Justice. The availability of timely and efficient access to justice is critical to social and economic development.

239. To support access to justice , the Ministry will be undertaking digitization works in consultation with the Ministry of Finance and

Ministry of Communications and other relevant key stakeholders on its legal registries and upon the completion of the digitization most of the services will be provided online. This will improve efficiency and administration of justice.

240. The Office of the Registrar of Titles is allocated 13 additional Clerical Officer positions to improve service delivery and meet the increased customer demand for the services. To improve BDM services, \$100,000 is allocated to fund the renovation works at the Taveuni, Levuka and Nausori BDM Offices.

### **The Fiji Corrections Service (FCS)**

241. Mr Speaker Sir, the Fiji Corrections Service is allocated a sum of \$47.0 million. Thirty (30) new positions with an allocation of around \$550,000 is funded in the new financial year.

242. A sum of \$4.2 million is allocated to cater for food rations for in-mates occupied in the penal institutions and for the Rehabilitation and Yellow Ribbon program to support the rehabilitation programmes for the inmates.

243. Mr. Speaker Sir, a total sum of \$4.7 million is allocated for the commencement of the Construction of new Supervisor's Office at Labasa Correction Centre, Phase 2 upgrade works for Nasinu Cemetery and Phase 4 works for Suva Cemetery, Construction of Retaining Wall (Gabion) at Levuka Corrections Centre, construction of boundary fence for Nasinu Corrections Centre (Phase 2) and boundary fence for Suva Women's Corrections Centre, and upgrade and maintenance of institutional buildings and repair and maintenance of institutional quarters.

### **Law and Order**

244. Mr. Speaker Sir, the Fiji Police Force has been allocated a sum of \$183.7 million. The Force is increasingly focused on preventing cybercrimes and combating the distribution and use of illegal drugs. The Force will receive an additional 100 Police Constables to boost its operations, for which a sum of \$2.3 million is allocated in the Budget.

245. To improve police visibility, \$700,000 is allocated to strengthen the Police Beat Patrol in both urban and rural areas. Mr. Speaker Sir, this is a new initiative for crime prevention.

246. Mr. Speaker Sir, over the years, the previous Government has constructed new police stations which has cost close to \$100 million while many existing police stations, quarters and posts were neglected. With the focus on maintenance and bringing our infrastructure to a better standard, \$3.0 million is allocated for the renovation and upgrade of Police quarters and posts.

247. Mr. Speaker Sir, we also acknowledge the important role that the Republic of Fiji Military Forces (RFMF) plays in maintaining the security, defense and supporting peace efforts around the world. In this Budget, the RFMF is allocated a sum of \$103.1 million.

### **Future economic policy measures**

248. Mr Speaker Sir, finally I would like to cover some ground on future economic policy measures, particularly in the area of economic growth.

249. We came into office six months ago, into an economic environment which might best be called a policy-free zone. The

budgeting and economic policy sphere was secret. Nobody except the Economy Minister knew what was happening or what was planned. Criticism of government policy was silenced. Many people with an interest in contributing to economic policy had simply given up. Every National Budget was anxiously awaited, with no one knowing what surprises would come.

250. Mr Speaker, in the Coalition Government we have tried to be different. We and our advisers have been open about our thinking. We have put our thoughts into the public space. We have learned from the criticism and feedback we have received. We have shared our economic decision-making with the public.

251. Mr. Speaker Sir, I have talked about this many times in opposition. Over the last 10 years, Fiji has slumped badly on all the ease of doing business indicators. But instead of listening to the concerns of investors the previous Government just blamed everybody else for the bad numbers. So what will we do differently?

252. Everybody talks about improving the business environment, but sooner or later we have to get down to some key issues and processes. What are these?

253. Let us look first at the issues for those who want to build and to invest in physical capital. Foreign investors wanting to acquire or even lease relatively small areas of land are already frustrated by the slow processing of applications under the **Land Sales Act**. We need to look at the processes under the **State Lands Act** which prevent us from leasing Government land effectively for economic purposes. This includes foreshore leases which are often critical for tourism and similar activities.

254. We will also be carefully reviewing processes in both the **Department of Environment and in the Department of Town and Country Planning**, which interacts with local governments on town planning issues. These are the critical agencies to ensure that we process building and development applications in an orderly and planned way. The processes are bureaucratic and need simplification. We will soon be setting up a working group to advance this process.

255. We have a lot of complaints from developers about **access to electricity**. So we will be zeroing in on this, to identify where the problems are and develop solutions. On the supply side of energy, Fiji is well off its targets for renewable energy development. We need to urgently ramp up our renewable generating capacity. We need to get the right stakeholders together – the renewables suppliers, EFL, the FCCC and others – to act urgently on this.

256. We also need to address the needs of businesses in their daily operations. At this point we are focused on three issues.

- i. As we battle the loss of our skills to overseas countries, we have continued to complicate life for local businesses needing to import skills, both short and long-term. This includes at the Immigration Department, where we believe that we can spend a little bit of money on more personnel and systems to make the **work permit process** more efficient. We believe there is scope to increase fees charged by the Department and the economic payback for Government is very quick. We have already taken some steps to ease the pressure on the grant of short-term work



- permits. We will also look at wider immigration law reforms which will align Fiji better in the global economy and which will take advantage of the increasing mobility of people and economic capital. We will be setting up another working group on this.
- ii. We know that many businesses, large and small, are frustrated by the time it takes them to get routine offshore payments through the **exchange control and tax clearance process** between the Reserve Bank of Fiji and FRCS. RBF and FRCS worked together earlier this year to make these processes more flexible and less bureaucratic. FRCS will continue to ensure that all taxpayers meet their obligations. On the tax clearance process there is still room for improvement, and we have challenged FRCS to keep listening to the feedback and continue the improvement.
  - iii. Businesses of all sizes complain repeatedly about the time and bureaucracy involved in relatively **simple periodic regulatory processes** such as the **National Fire Authority, Occupational Health and Safety checks, liquor licensing and health inspections**. I am pleased to

say that the Ministry of Trade is already working on this with an IFC-supported project now in progress to reform these processes.

257. Mr Speaker Sir, these are a few of the initiatives on which we are working but these are the ones to which Ministry of Finance will be giving priority in the next six months, in partnership with relevant line Ministries.

### **Concluding Remarks**

258. Mr Speaker Sir, I realize I have been almost 2 hours on my feet monopolizing your attention. I can only thank you all for your patience.

259. In closing, I think we can all agree that it is a tough but a fair budget. We have tried to look after everybody within the tight financial resources and fiscal constraints.

260. The road ahead will not be easy, but we are hopeful that what we have laid down in this budget today will be a strong foundation for future recovery, growth and prosperity.

261. Mr Speaker Sir, I have laid out how we intend to raise revenue despite our grave economic woes by instituting fiscal restraint and discipline. I have also laid down measures that will address the challenges of rising cost of living and social protection provisions for our most vulnerable.

262. In addition, with this Budget, we can start climbing out of our cycle of debt if we stay on course with this pathway, and stay disciplined.

263. From a debt to GDP ratio of almost 90% in the July 2022 fiscal year, we want to drop that to 79% debt to GDP ratio by July 2024, and sink that further down to under 60% by 2030.

264. Once we get to under 60% debt to GDP ratio, only then can we have more space for actual progressive spending. Hon Speaker, with the concurrence of the cabinet I commend this budget to this august House.

265. Thank you, Mr. Speaker Sir.