



2024-2025 National Budget Address
“An Economically Stable, Secure and Sustainable Fiji”

**Deputy Prime Minister and Minister for Finance,
Strategic Planning, National Development & Statistics
Honourable Professor Biman C Prasad
Friday, 28 June 2024**

Mr. Speaker;

Honourable Prime Minister;

Honourable Cabinet Ministers;

Honourable Assistant Ministers;

Honourable Leader of Opposition;

Honourable Members of Parliament; and

Fellow citizens

I rise to present the second Budget of the Coalition Government for the financial year 2024-2025. As the Coalition Government's Finance Minister, my role is to ensure that we remain committed and focused on positively impacting the lives of our teachers, our farmers, our rural communities, our people with disabilities, our taxi drivers, our nurses - and every

person in Fiji by the way we manage our money and set out economic policy.

Mr. Speaker Sir, it may seem so far away, but it was only 18 months ago that the nation voted for a change in Government. Our people voted for their freedom, human rights, media independence and accountability from Government. They voted for the rule of law, for a return to independent state institutions, for free speech without fear of victimisation, intimidation or persecution. They voted for respect for unions and workers' rights. They voted to usher in a Government that was committed to upholding and promoting the fundamental principles of democracy.

Mr. Speaker Sir, as I reflect on the past 18 months, I am proud that our Government has not just returned us to democracy, it has secured it. True to our promise, we have restored freedom. The rights of individuals, media, civil society groups, workers and their representatives are not only safeguarded but actively promoted and endorsed by the Coalition Government.

In our open political environment, now devoid of fear, our people can freely question their government – and they do. They can demand accountability from their elected representatives – and they do. They no longer fear being victimised or arrested when they exercise their democratic rights.

As a government we may not like everything we hear or we are told. But this is the democracy that we all fought hard to restore – we must listen and hear every voice. And above all in a real democracy, no one single point of view must prevail.

Mr. Speaker Sir, we know this is a big day for the former governing party. We hope to see freedom for our colleagues on the Opposition side.

Mr. Speaker Sir, democracy by its very essence is the contest of ideas. It is debate and differences in opinion that make democracies work better, because we recognise that no one has a monopoly on good ideas. And democracy, by its nature, is untidy, noisy and imperfect. Certainly, in the last 18 months we have seen that. But democracy is not well-ordered and rigid. Human beings are not like that, and democracy is meant to reflect all of us. And as democracy returns, this new atmosphere takes some getting used to.

Mr. Speaker Sir, democracy and diversity of views is not simply a matter of personal rights and freedoms. It is critical for our economic development. First, as I have said, there must be a continuous contest of ideas. Freedom to express views and influence economic policy is a confidence-builder for investors and entrepreneurs. Economic policy is a vital matter for debate and discussion, and we must hear all views. This is the way for true nation building and inclusive development, to build consensus on sustainable progress and unity. Imposing change by force, as we have seen in the past, is short lived, regressive and self-defeating.

Another core issue for economic security and stability is trust in government. All stakeholders must be able to trust the Government to do the right things. They must have confidence that the Government will act fairly and honourably and will honour the commitments it has made, even if it is no longer convenient. We cannot do everything, and we cannot make

everyone happy. But people must believe that we are trustworthy and that we will try. We are restoring trust in the Government, and this is vital if we are to work together to build our economy.

Achievements over the last 18 months

Mr. Speaker Sir, it is important for all of us to reflect on what has been achieved since the last 18 months.

The first is increased Budget transparency and certainty. We have implemented a new approach in the way in which we talk about the Budget and economic policy making. We have shifted away from secrecy and surprises to a more open approach where we signal our intentions early.

We listen to feedback and criticism, and then act. In government everyone wants our attention and we have not been able to meet everyone. But I can assure everyone that we have been listening. Because only in this way we can create a stable and more certain fiscal environment to build investor and consumer confidence.

Secondly, it is consultation and debate. We know as a government that we do not have all the answers. That is why we value economic forums where we can hear criticism and feedback and take advice from groups like the Fiscal Review Committee and from the working groups of the National Economic Summit, which we will hold for the second time later this year.

Thirdly – and perhaps most importantly – is to never shift our gaze from ensuring the long-term economic stability, security

and sustainability of Fiji. That is the theme of this year's National Budget.

None of us politicians, Mr. Speaker, are here forever. Contrary to the past, we in this government recognise that in any democratic environment, one day those in Opposition will be on these benches. We recognise that we need to build political consensus on how we manage our long-term economic and social challenges – our national debt, our infrastructure needs, our health and medical care delivery and our education system.

As both the Government and the Opposition, we need to focus on the challenges we face in terms of poverty, NCDs, drugs, domestic violence and inequality. These challenges do not stop or start between elections Mr. Speaker Sir. They go on for generations.

And we must give confidence to our people that despite our political, philosophical or ideological differences, we share a commitment to solving these problems. It is the responsibility of the government of the day to share information and platforms with the Opposition and to include them in decision-making where we possibly can.

On the big and contentious issues which confront us, Mr. Speaker Sir, building long-term national consensus is critical. People must know what we are doing. Sometimes small things make a big difference. For example, now after every Cabinet meeting, the Honourable Prime Minister tells the media and the public what was discussed and the matters on which the Government is focused. He recognises that it is important for

the people to know, and that it is part of his job to ensure that the people know.

So Mr. Speaker Sir, we come to the theme of the Budget. The words “security, stability and sustainability” are what we have chosen. These words are not glamorous, action-packed or exciting. But they define what is needed right now. This is not a government of economic gimmicks, Mr Speaker. What we need is to focus on the unglamorous, even boring, responsibilities of improving the fundamentals of our economy. We must bring down Government debt. We must improve our capacity to withstand future economic shocks. We must manage our assets and our spending better. We must not just talk about making government more responsive to the needs of businesses and investors – we must focus on the details of making it so. In short Mr. Speaker Sir, we must build the foundations for our economy to thrive. And this takes a lot of work.

Challenges remain

Mr. Speaker Sir, the challenges that remain include big policy issues. We believe this requires the foresight and focus that is expected of all of us. But at the same time, we are aware that while we lay these important foundations, our people insist on seeing results.

One of the most critical of these is the cost of living. In our current economic climate, those costs are not expected to fall quickly. Similar challenges are faced by people all over the world. Therefore, our focus must be on raising incomes and improving our people’s overall quality of life. Some of the

measures we are announcing today will be aimed squarely at improving incomes.

Mr. Speaker Sir, many of the challenges I will talk about next are not new. But I am repeating them because we must be honest about them and stay focused on fixing them. The problems we are dealing with cannot be resolved in a year or two. They are inter-generational. A solution today might look permanent – but then it quickly disappears as new global challenges confront us. So sometimes we are forced to shift our attention to new challenges even as we are dealing with the old ones.

Firstly, we need to reduce our national debt. When in Opposition, we urged caution about excessive debt. Since we came into office, it has fallen from about 90 percent of GDP to less than 80 percent. This is of course a welcome development, but the work on this gets harder from this point. We must continue the hard work to reduce it slowly but steadily.

At our current rate of economic growth, we can only move this ratio downwards by one or two percentage points a year. Why is this ratio important? Because it influences how much the Government can borrow to fund our infrastructure and provide public services like decent health and medical care in the future.

Even after the tax increases of last year like VAT, corporate tax, departure tax and so on, our government is compelled to spend more than it collects.

But we must invest more money in health, on education and on infrastructure such as water, roads and bridges. We must be ready for a major cyclone or flood. As a government, we must plan and be prepared at all times. And for that, money must come from somewhere.

Mr. Speaker Sir, for more than a decade, Government spent more than it could afford and turned a blind eye to future problems.

Those of us who live in Suva remember that in the last week of March and Easter, many of us were without water for three to seven days. When water supply was fully restored, we all naturally thought the problems have gone away. But they have not. They are still there and we risk further water cuts at any time. Why? Because of the lack of investment in the past. It is our job as the Government to confront these problems, to plan for the future, so that we do not have problems like lack of clean drinking water regularly.

None of us think about the health system until we have to take our relatives to hospital. But even though they do not have our daily attention, those problems remain. Our job as the Government is to stay focused on planning and investing in health and other social services, even when they are out of the headlines and people are focused on other things.

So Mr. Speaker Sir, it is very important for all of us to understand how deep our economic challenges are. For years our people have heard nothing about them. They were subjected to the constant rhetoric of the “Boom”, “Unprecedented”, “Giving a leg up” or “Leaving no one behind”. The “reality or fact of the matter” as we heard time

and time again, was very different. The glossy and shiny picture was an illusion. So what is the future?

Mr. Speaker Sir, we are not going to pretend to the people. We want to be honest about our challenges. We must face them together as a united and cohesive force.

Mr. Speaker Sir, if the Government had a magic wand, we could find more money to subsidise prices, lower the cost of living, or fix our hospitals, roads, bridges and water supply immediately.

Instead, we must stabilise Government finances, reduce the debt, focus on infrastructure and be ready to respond to crises. Then we have to turn our attention to improving economic growth, creating jobs and raising incomes. This is prudent financial, fiscal and economic management.

Government must do things better

Mr. Speaker Sir, economic growth does not come from Governments alone. It comes from all the people who produce – from farmers, workers, investors and entrepreneurs. Of course, as a Government we can create a robust economic environment to help them but it is the people, not us, who grow the economy. And when things do not go so well, it is the Government's responsibility to determine the truth and take corrective measures.

For the calendar year 2024, we were targeting economic growth of between 3 to 4 percent. This target is now at risk and may fall below 3 percent. Why is this happening? First of all, the economies of our neighbours such as Australia and

New Zealand are slowing down. That directly affects tourism and trade from those countries which is so important to our economy.

Another setback is the huge loss of skills we have faced in the last few years. When we lose skilled accountants, we can no longer prepare the financial information we need to plan and deliver investments. When we lose engineers and tradespeople, we cannot find the human resources we need to build hotels and factories. Nor can we do the work that is needed to fix our hospitals and schools.

If we cannot create this economic activity, our own economy slows down. So there are some things that are out of our control – but there are some where we must improve. We must overcome these setbacks. Pumping in money through borrowing is not always the answer.

Mr. Speaker Sir, the feedback we are receiving from investors and the business community, who are critical to our future economic growth, is that the Government could have done better for them in terms of ease of doing business and regulatory efficiency. In some of the areas that need reform, we may not be moving fast enough.

So while they know that we are dealing with many problems not of our own making, they are reminding us that we are not moving fast enough. We can assure our investors and businesses that the government is genuinely confronting these issues honestly and openly. We are working on new initiatives in improving critical blockages in the immigration system, environmental regulation and other sectors including town planning, investment rules and opening up opportunities

for investment in renewable energy. Some of these have been announced with others to be formalised soon.

National Development Plan

Mr. Speaker Sir, we have recently completed the nationwide consultations on the National Development Plan. We went throughout the country in all the 4 Divisions, including our deep rural and isolated areas, maritime islands, and all major urban centres.

We met over 22,000 Fijians from the public and private sector, industry groups, civil society, academia, students, faith-based organisations, disciplined forces, cane growers, dairy and agricultural farmers, and the general public.

A total of 365 such consultations were held around the country. At the same time, we had a series of intense discussions in 12 thematic working groups made up of technical experts from different fields of work.

I am pleased to announce that our new National Development Plan is ready. Mr. Speaker Sir, the new NDP is “The People’s Plan” as it represents the views and aspirations of our people and their call to uplift the socio-economic well-being.

Our philosophy is very clear. Our people are the centre of development and we are putting “People First” in this new National Development Plan. I know we have been asked why a National Development Plan is important.

The NDP is the blueprint and guiding framework for which all of the Government's development priorities are set out in 3-

year, 5-year and 20-year timeframes. Simply, short, medium and long-term so that we can plan for the money, technical assistance, and organisation we need. Most importantly, Mr Speaker, the people can see what we are doing. They can challenge us when we go off track. They can hold us to account when our short-term measures deviate from the plan.

Mr. Speaker Sir, much of the genesis of “Our Peoples Plan” originated from the Economic Summit last year. The NDP will replace the 2017 Development Plan launched by the previous government. No one was consulted about it, no one knew about it and it contained no information on how its many promises would be funded. We need to do better.

Our immediate focus in the new plan is to “get the basics right” and address our critical day to day challenges like water, roads, drainage, hospitals, health services, housing and education. We will also focus on fighting drugs, HIV AIDS, NCDs, climate change, gender violence and promoting reconciliation and unity.

We need to protect our vulnerable, the elderly and people with disabilities. We need to invest in our productive capacity, invest in skills and people and raise productivity. We will need to empower our citizens and give them the right skills and resources to engage in income generating opportunities.

We will need our private sector to take the lead role in development and Government providing the enabling environment with the right infrastructure, policy certainty, ease of doing business, maintenance of the rule of law, independent state institutions and economic and political stability.

Mr. Speaker Sir, apart from this 3- year and 5-year focus, we have also set a 2050 Vision of a “Prosperous, Inclusive and Sustainable Nation”. We will need to build upon our unique strengths, to be ready to learn, and in some cases unlearn and relearn. We will have to embrace new and better technology.

Our education system will need an overhaul to prepare us for 2050. We will need more people with new and better skills, new growth sectors to drive the economy and a democracy with stronger institutions to promote good governance, transparency and accountability.

Mr. Speaker Sir, the Plan will soon be launched by the Honourable Prime Minister.

Economy

Mr. Speaker Sir, our economy returned to its pre-pandemic level last year, faster than expected. We rebounded strongly in 2022 with the economy growing by 20 percent. Of course this was pent-up demand after two years of almost total stagnation caused by the Covid pandemic. This was followed by a further 8 percent growth in 2023.

The tourism industry flourished with a record 929,000 visitors last year. Our national airline, hoteliers and other industry players had a year of record profits. This had a major flow on effect on other sectors, fueling increased domestic spending, employment opportunities and increased tax collections. The momentum continues, with our visitor arrivals still growing by around 7 percent in the first 5 months of 2024.

Similarly, personal remittances increased to a phenomenal \$1.25 billion last year, growing at an average of around 20 percent. We again thank our people living and working overseas who continue to send money to their families and friends back home. Mr. Speaker Sir, remittances have become a major contributor to the economy, supporting thousands of families and livelihoods and we project that remittances will continue to grow.

Our foreign reserves position remains strong at almost \$3.3 billion, equivalent to 5.3 months of import cover. The exchange rate remains stable. Trade flows are growing. Liquidity levels of around \$1.9 billion is keeping interest rates low. Non-performing loans in the financial sector, post pandemic, have come down and the financial sector remains sound and stable. Although we have seen an uptick in the inflation rate, year-end inflation is expected to stabilize around 3 percent this year and down to 2.5 percent by next year.

While sectoral performance broadly remains positive, some, especially our resource-based sectors, are slowing down.

We have certainly had some challenges. This includes the continuous heavy rain in the last few months, unavailability of labour, economic slowdown in Australia and New Zealand, capacity constraints in the tourism sector and a slow start to some Government capital projects. There has been a natural tapering off in growth after the last two years of strong rebounds. This has posed some challenges. As stated before, while the growth outlook remains positive, we have slightly revised down the growth for this year from 3.4 percent to 2.8 percent for 2024 and projecting a 3 percent growth for 2025 onwards.

Mr. Speaker Sir, we need to do better than 3 percent per annum and lift our growth potential to 5 percent. But we will need everyone to lift their game. Our regulatory approval agencies will need to streamline processes and become more efficient and responsive. We are taking some decisive actions to address our current depopulation and skill loss. We are getting our government agencies to expedite implementation of capital projects and enhance service delivery. Productivity across the country has to rise.

Mr. Speaker Sir, we are headed in the right direction, but we need to keep the momentum going. We have attracted some major new investments like Google and Starlink and there are many new promising projects currently underway or in the final phase of getting implemented.

We have two large agricultural investment projects through the Wonderful Company, the parent company of Fiji Water, and Innovative Agro Industries, a PNG based company that is partnering with some of our institutional investors. We have also seen a rapid expansion in our BPO sector with a major project being lined up by the Lyndhurst Group in the Kalabu Tax Free Zone. A number of renewable energy projects through EFL and other private sector providers also look promising.

Mr. Speaker Sir, the focus of our National Energy Plan is the improvement of Fiji's performance in the generation of renewable energy. Overall, Mr Speaker, Fiji's performance in this area over the last 10 years has been poor. As a Government we are determined to refocus on renewable energy generation and I am hoping to make this a key priority

in the coming fiscal year. We need to ensure that we create the right commercial environment for both EFL and independent power producers in the renewable energy sector to thrive. Reducing Fiji's reliance on fossil fuels is not just an environmental but also a macroeconomic priority.

With the growth in the tourism industry, a number of new hotel projects have been announced, including the Rydges by the FMF Group, Days Inn by Wyndham, Radisson Blu Mirage, One and Only in the Yasawa group, Namuka Bay Resort, Nalagi Apartments and Yatu Lau and Damodar investment in Pacific Harbour. Hotels projects that are under construction include Vatu Talei through Sofitel Fiji, Crowne Plaza, Westin, Hilton Garden Inn in Suva, Wananavu Beach Resort in Rakiraki, the Cathay Hotel redevelopment in Lautoka, Paramount Hotel in Nadi and Wyndham Garden in Wailoaloa Nadi.

Mr. Speaker Sir, we are working closely with approval agencies to get some of these investments moving while the ongoing ones are being expedited as weather conditions have improved. The current low interest environment is very conducive to support some of these major investments. We are working on some major strategies to deal with labour issues by improving immigration services and investing in quick skill training.

What is pleasing to see Mr. Speaker Sir, is the interest of local investors as well as increased interest from our diaspora to invest in Fiji. We have had announcements of investments by locals in hotels and this is a good thing. These are projects that have a combined value of at least \$2 billion.

Mr Speaker Sir, we all need to focus on growing the economy. It is only through higher economic growth that we can create more and better paid jobs, raise living standards, fix our infrastructure, improve our services and eventually pay our debts. Growing the overall economic pie is the only way to lift everyone's wellbeing.

Fiscal Policy

Mr. Speaker Sir, when we came into Government, we inherited a large public debt and a chaotic fiscal situation which was driving Government finances in the wrong direction. We were not raising enough money to pay for the business of Government. We were borrowing to fund the gap and ignoring maintenance and critical investment. This may again sound repetitive, but we must stay focused on the challenges in front of us.

So in the last Budget, we implemented some tough and decisive tax reforms to avert a fiscal crisis which would have had catastrophic consequences. Many of these were hard on our people. However, there was little choice. "Business As Usual" would have led to irreparable damage to our economy which would have inflicted even far greater pain on every one of us.

We all see what has happened in other countries. We had to avoid that here in Fiji and that's why we had to be more decisive. We did what was economically right, not what was politically right.

Mr. Speaker Sir, with this decisive reset to our fiscal policy, I am pleased to announce that our debt to GDP ratio is now

estimated to be around 78 percent at the end of July 2024, a substantial reduction from the 90 percent that we inherited. Our fiscal deficit is estimated to be around 4 percent for the current fiscal year, lower than 4.8 percent that we announced earlier.

This substantial reduction in the debt to GDP ratio has been welcome by multilateral institutions, credit rating agencies and development partners. They support our determination to tackle our debt problem head on. We are in a safer zone now, but we need to stay on course for at least a decade to bring down the debt ratio to below 60 percent. That is why, Mr. Speaker Sir, both political and public consensus is critical to ensuring we don't get off track. Mr. Speaker Sir, this focus is more important than politics. It is important that all of us understand and stay focused on national debt.

Mr. Speaker Sir, as we bring down the debt to GDP ratio, we are also actively working with our multilateral partners to lower our cost of debt by replacing our expensive debt with more concessional loans. We are improving the quality of our borrowings by ensuring that all borrowed money is put to the best use so that we expand our productive capacity and generate future returns. Unlike in the past, when the Government borrowed to fund its operations with nothing much to show after the borrowed money was spent.

2024-2025 Budget Framework

Mr. Speaker Sir, the 2024-2025 Budget is set against a backdrop of some major headwinds.

As such Mr. Speaker Sir, we have to strike a delicate balance between the speed at which we reduce our deficit and debt against the need to support the economy and fix public infrastructure. With the headwinds facing us, we cannot cut spending as much as we wanted to, and therefore we need a careful maneuvering of expenditure and revenue policies.

Mr. Speaker Sir, against this backdrop, the 2024-2025 Budget is set with a total expenditure of \$4.552 billion and a total revenue of \$3.917 billion. Subsequently, the fiscal deficit is set at \$635.5 million, or 4.5 percent of GDP. The debt to GDP ratio is projected to decline further to around 77.8 percent by the end of July 2025.

We have seen major growth in tax collections following the reforms last year. FRCS is expected to exceed the \$3 billion dollar mark in tax collections for the first time this year. For the 2024-2025 Budget, tax collections are estimated at \$3.3 billion while non-tax revenue collections are budgeted at \$618 million. Our operating to capital expenditure mix stands at around 73:27, that is 73 percent towards operating spending and 27 percent for capital.

Mr. Speaker Sir, our budgeted deficit of 4.5 percent of GDP is far lower than the double-digit fiscal deficits that we saw prior to us coming into Government. However, we have made a conscious decision to increase our fiscal deficit from the targeted 3.5 percent of GDP which was included as part of our earlier plan in the fiscal strategy.

We have a good rationale for this. Firstly, there is a need to provide some additional fiscal impetus to counter some of the economic slowdown that is confronting us. This increase in

expenditure response is needed to reverse the trend in our growth by stimulating economic activity. Secondly, we have to accommodate some of the major expenditure initiatives that cannot be delayed, which I will discuss in more detail later.

Importantly, Mr. Speaker Sir, although we have a fiscal deficit of 4.5 percent of GDP in this Budget, we are continuing to reduce the debt to GDP ratio. We also expect that this fiscal stimulus in the Budget and some of the major projects that I have highlighted earlier will lift the growth momentum which in turn should lower the debt to GDP ratio further.

Based on our 15-year fiscal framework we are targeting a debt to GDP ratio of close to 60 percent by 2040. We can do this much faster, if we can achieve a growth rate higher than 3 percent.

Mr. Speaker Sir, now let me focus on some of the key announcements and initiatives in the 2024-2025 Budget.

Civil Service

Mr. Speaker Sir, today we are announcing a major pay rise for our civil servants, which will inject almost \$85 million into the pockets of our around 42,000 public sector employees. This pay rise ranges from 7 percent up to 20 percent depending on the salary bands.

Mr. Speaker Sir, an independent, professional and well-equipped civil service is vital for effective service delivery and implementation of Government's policy agenda. The civil service is the key arm of the Government machinery that provides the administrative prowess and institutional

capabilities to ensure that policies are executed in the most efficient and effective manner.

Unfortunately, the civil service has suffered from years of neglect with stagnant remuneration and deteriorating employment conditions. The civil service also suffered from lack of investment in adequate training, capacity building and poor succession planning.

Mr. Speaker Sir, under the disguise of OMRS, many career civil servants were denied promotions while those without any experience in the civil service were prioritized for senior leadership positions.

This also led to bias and political interference in appointments and created a major inequity in the pay structure where in many cases, senior and experienced staff are being paid less than their new peers.

Then we had the so-called civil service reforms, Mr. Speaker Sir, and the 2013 constitutional provisions that removed the central oversight and establishment control of the civil service away from the Public Service Commission to respective Permanent Secretaries. This led to an uncontrolled growth in the size of the civil service.

Today we have more than 42,000 publicly funded employees, including around 38,000 in the civil service and almost 4,000 in independent institutions and state funded entities. This comes at a huge cost of around \$1.2 billion.

When we came into Government, we abolished the contractual appointments and brought permanent

employment tenure which provides stability and certainty. We increased the retirement age from 55 years to 60 years and more recently to 62 years for scarce skill areas.

Mr. Speaker Sir, effective from 1st August 2024, all our salary based civil servants will receive a pay rise of around 7 percent to 10 percent while our wage earners will get an increment ranging from 10 percent up to 20 percent.

For example, the lowest wage in the civil service on Band A will be increased from \$4.60 an hour to \$5.60 an hour, an increase of 20 percent. Those on Band B receiving \$6.27 an hour on step 3, will get a 16 percent increase, with a new hourly rate of \$7.27. For our drivers who are currently getting \$7.33 per hour on Band C, step 3, they will have their rates increased to \$8.33 per hour, an increase of around 14 percent.

Mr. Speaker Sir, for our salary based civil servants, we will do this in a slightly different way. Given that around 5,000 of our civil servants have already had step movements in the last few months, all other 33,000 civil servants will also be given a salary increase and adjustment. For clarity, the increased salary for the 5,000 civil servants who got an early pay rise will continue.

We are restructuring the civil service salary bands by removing the current step 1 and resetting the current step 2 as the new step 1. This effectively means that all our civil servants will now be getting a salary increase ranging from 7 percent to 10 percent depending on their current bands and salary steps. The new salary structure will be published by the Ministry of Civil Service.

Mr. Speaker Sir, this increase in the wages and salaries of our civil servants will cost the Government an additional \$66 million.

Apart from this, we are also accommodating the pay rise of some of our independent institutions that have not had their Job Evaluation Exercise and a salary adjustment since 2017. This includes the Parliament staff, Legal Aid Commission, Office of the Director of Public Prosecutions and the Office of the Auditor-General. Others have had salary progression over the years and are thus excluded from this salary adjustment. We are providing an additional \$5 million for this.

Similarly, while the RFMF and Police have had their Job Evaluation Exercise and salary progression, our staff at the Fiji Corrections Service have been left out for many years. Following a Job Evaluation Exercise recently, we are providing an additional \$12 million to cater for the salary increase for our officers at Fiji Corrections Service and an additional \$2 million to hire 81 new staff.

The additional cost of the total salary increase as I highlighted earlier is around \$85 million.

Mr. Speaker Sir, following this major salary adjustment exercise, we will work with the Australian Government to undertake a holistic functional review of the civil service establishment and salary structure across public entities. There is an urgent need to bring parity in the salaries of publicly funded employees and right size the establishment.

At the same time, we need a new and effective Performance Management System in the civil service. One which is fair and affordable to the Government.

We are also exploring options for a medical insurance scheme for civil servants. As a large employer, this will be a costly exercise for Government and thus we will need to carefully consider the timing and mechanics of how this is going to work. We are also reviewing the General Orders to relook at other employment conditions and allowances paid to civil servants.

Mr. Speaker Sir, this is a major pay rise for our civil servants. The increase is much higher than what we were contemplating during the early phases of the budget. Our discussions with the various public sector employee unions have been open and transparent and done in good faith.

We call upon our unions to be considerate of the fiscal situation and appreciate the Government's will to improve the overall employment conditions in the civil service. We have taken a big step in the right direction today but not everything can be done in one or two budgets.

Increase in Parliamentary Remuneration

Mr. Speaker Sir, the vote taken last month on parliamentary pay rises was deemed as deeply unpopular. We are not blind to the commentary in the mainstream media, on social media, the planned protests and the petitions.

The irony is that these pay increases, if they had been communicated better, might have had people's support. They

are the first increases in eight years. For most Cabinet Ministers, they represent a salary increase of only 1 percent per year over those 8 years, or in Hon. Prime Minister and in my case around 3 percent and 17 percent pay cut, respectively.

Opposition and backbench MPs of course have had a near-doubling of their salaries, but this too could have been better explained. The overall increase in cost is \$4.2 million, not \$8.1 million. If adjusted for the 20 percent COVID pay cut, the increase is in fact \$1.4 million.

Mr. Speaker Sir, as a Coalition Government we agree that there must be a qualified and independent emoluments committee in future, a reasonable period for public consultation and careful consideration by MPs of the example they are setting, given their unique ability to vote for their own pay.

In this regard, we believe that future emoluments review of MPs to be determined by an independent emoluments committee to be appointed by a resolution of parliament. This is the most transparent way of determining salaries of MPs.

Workers' Rights

Mr. Speaker Sir, workers' rights in this country have been suppressed for many years. As soon as we came into Government, we restored the tripartite arrangement as we firmly believe that through open dialogue between employers, employees and Government, we can ensure a win-win situation for all.

Late last year, Parliament approved the Employment Relations (Amendment) Act 2023 marking a significant step to reform the country's labor laws and improve the rights of workers. As a result, workers in the financial, telecommunications, civil aviation, public utility, and public service now have freedom of association rights in line with other workers.

Today, we see that the unions are active again, fighting for the rights of their members. We as the largest employer are also working together with the unions to ensure that the rights of workers in the civil service are protected and there are meaningful improvements in the terms and conditions of employment.

National Minimum wage

Mr. Speaker Sir, we want all our workers in the country to receive a fair and just minimum wage.

Following a comprehensive review by an independent panel of experts, including numerous consultations with employers, unions, Government and other stakeholders, the national minimum wage will be increased to \$5.00 per hour.

The actual implementation will be undertaken in 2 phases. Effective from 1st August 2024, the national minimum wage will be increased to \$4.50 an hour with a further increase to \$5.00 an hour effective from 1st April 2025.

In tandem, the 10 sectoral wages will also increase. Effective from 1st August 2024, all sectoral wages will increase by 50

cents across the board, followed by a further 50 cents from 1st April 2025.

For example, a cashier who is currently earning \$4.44 an hour will have his or her minimum wage increase to \$4.94 from 1st August 2024 and to \$5.44 from 1st April 2025. A foreman in the construction industry currently on \$6.54 will have his or her minimum wage increase to \$7.54 from 1st April 2025.

Mr. Speaker Sir, we urge all our employers to ensure that correct minimum wages are paid to their workers and the Ministry of Employment will be closely monitoring to ensure full compliance.

We also recognise the additional economic burden that this will place on some employers. We are open to looking at solutions for those employers who are challenged by these new rates. But we also intend that the new minimum wages will improve productivity and reduce employee absenteeism by providing greater incentives to lower-paid employees to improve their attendance and aspire to higher incomes by acquiring more skills and experience to become more productive.

Vatukoula strike settlement

Mr. Speaker Sir, today I am also pleased to announce the settlement of the longest strike in the world that lasted 33 years, over 3 decades. For those who may not be aware, on the 27th of February 1991, around 368 mining workers in Vatukoula went on strike, following all the due process. There was no other way out for them and they have been waiting for justice since then.

Unfortunately, rather than getting justice, the strike devastated the lives and livelihoods of many miners over the last 3 decades. Families were shattered. Many struggled to afford a decent meal, parents could not afford sending their children to school, and there was no money to look after the sick and elderly.

Since then, we have had Governments come and go, but the strike continued without any resolution. The previous Government had made a commitment to settle the strike in 2015, but unfortunately they did not keep up with their commitment.

The Coalition Government together with the Fiji Trade Union Congress and Fiji Mine Workers Union, have finally reached a resolution with a total payout of \$9.2 million. Each of the 368 mining workers on strike will be paid \$25,000, with the first \$10,000 paid from this Budget and the remainder of \$15,000 paid from the 2025-2026 Budget.

I wish to thank the FTUC General Secretary Mr. Felix Anthony for his support and collaboration with government in bringing closure to this major injustice inflicted upon our mine workers for many years.

The Ministry of Employment will work with the affected workers and the unions to execute the payout and final settlement.

We have also agreed to settle the dispute between employees and Water Authority of Fiji.

Fiji National Provident Fund

Mr. Speaker Sir, to secure the future of our workers, we had restored the FPNF contribution rates to 18 percent in the last Budget. This was an undertaking of the Coalition Government and we stood by our promise.

Mr. Speaker Sir, today I am pleased to announce that following a remarkable financial performance by FPNF, the Board has declared an 8 percent interest payout to its members for the financial year ending 30 June 2024. This is the highest interest paid in the past 2 decades and on 1st July, \$562.2 million will be added to the FPNF balances of over 417,000 members. I take this opportunity to congratulate and thank the FPNF Board, management and its hardworking staff for this remarkable achievement.

Today, we are also making a major amendment to the FPNF Act to bring back the tripartite spirit in the board composition of FPNF. Effectively, this means that by law we will be required to have an employer representative and an employee representative in the Board of FPNF. This will ensure that the employees and the employers will now have a greater say in the governance and strategic affairs of FPNF.

FPNF, is the largest financial institution in Fiji and manages the hard earned savings of its members - the only savings for many. As such, Mr. Speaker Sir, our members' funds have to be managed well and managed by the right people. It is only by making the right investments at the right time that we can continuously improve the returns to our members.

Recently, FPNF has strategically expanded its investments to new and resilient sectors. The partnership with Google, facilitated by the Government for the expansion of the Pacific Connect Initiative is a major transformative investment that will not only increase the returns for FPNF members but also support the growth and development of the ICT sector.

Justice to FPNF Pensioners

Mr. Speaker Sir, the military regime in 2011 unilaterally and illegally reduced the pension rates for many FPNF pensioners and broke the statutory arrangement and trust between the Fund and the pensioners. To deny justice, the Government enacted a law to restrict these pensioners from challenging this unfair treatment in the court of law.

In the last Budget, we provided some justice to these affected pensioners by allowing them 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.

Today, we are going to bring a permanent closure to this issue. All pensioners that reluctantly opted for a reduced pension rate, will have their pension restored effective from 1st August 2024 and moving forward.

The cost of reinstatement will be fully borne by the Government and we have agreed to provide a funding of \$4 million for this year. The full cost is estimated to be around \$57 million over the next 2 decades.

This payout is only for pensioners that opted to continue on a full pension but at reduced rates and excludes all those that chose to either fully or partially withdraw their funds. Also, as we reinstate the pension rates, the earlier arrangement to access the Government social pension scheme will cease from 1st August.

Mr. Speaker Sir, the measures for pensioners, Vatukoula workers and WAF workers may not seem important to many people. It may not be seen to be particularly forward-looking. I disagree. As I have said, it is critical that we build the people's trust in government. Earning the people's trust means that the Government is prepared to look back at past wrongs and to do the right thing. When people trust their government, we all progress. We cannot right every wrong and we cannot fix every problem of the past. But where solutions are available and affordable, this is a fundamental moral responsibility of a government.

Restructure of ACCF and workers compensation

Mr. Speaker Sir, to bring greater synergy, efficiency and cost optimisation, the functions of Accident Compensation Commission of Fiji relating to workers compensation and student injury will be transferred to the Ministry of Employment.

The operational transition had already started from 1st of June this year with the Ministry of Employment undertaking the assessment of compensation relating to workplace injury. A total of more than 1,200 injury files are being handed over to the Ministry and Government will prioritize and expedite the settlement of these claims.

With the transfer of these functions to the Ministry, the current 0.4 percent of the 1 percent NTPC levy which was dedicated for workers compensation, will be transferred to the Government consolidated fund together with the leftover balance from the 0.4 percent of the levy. This funding will be used by the Ministry to manage the claims and in this Budget, we are allocating \$6 million to cater for these compensation payments.

Mr. Speaker Sir, ACCF will now focus on its core role to manage the no fault motor vehicle accidents. Following this transition, we will undertake further reviews of the ACCF and the NTPC levy.

Financial Services Ombudsman

Mr. Speaker Sir, Government prioritises consumer protection in the financial sector. Ensuring fair and efficient resolution of financial consumer concerns, especially for vulnerable groups, is crucial. To achieve this, a Financial Services Ombudsman will be established within the existing structure of the Reserve Bank of Fiji.

In addition to its current role as a prudential regulator, the RBF also undertakes market conduct supervision and handles complaints of all nature against financial institutions. The existing complaints management function undertaken by the RBF will be maintained, but elevated to ensure the specific function is conducted by an appointed Ombudsman, which will be done soon.

The elevated role would be expected to provide an accessible and impartial platform for dispute resolution, with a specific mandate to investigate, mediate, and deliver fair resolutions tailored to the unique challenges faced by consumers. This transition will be closely monitored, and if necessary, a separate institution or other changes may be considered in the future.

Social Protection/Welfare and Women

Mr. Speaker Sir, when we came into Government we provided a substantial increase in the social welfare budget from \$158 million to around \$200 million – an increase of over \$40 million last year. We increased the welfare allowance for those above the age of 70 years by 25 percent while those between the ages of 60 to 69 were given a 15 percent increase. Similarly, we had also increased Government pensions and Aftercare Fund allowances by 15 percent across the board.

In the 2024-2025 Budget, we are again providing a total budget of around \$200 million to the Ministry of Women, Children and Social Protection to continue the increased social welfare allowances for around 104,000 beneficiaries under the family assistance scheme, social pension scheme, care and protection allowance, disability allowance, rural pregnant mother food allowance and transport assistance scheme.

Mr. Speaker Sir, we are restructuring the transport assistance scheme for our elderly and people with disabilities. Currently, a monthly \$25 bus fare allowance is provided to around 48,000 beneficiaries. However, many of our elderly and people with disabilities either do not have access to bus

services or are unfortunately not able to use bus services given their physical conditions.

To bring greater flexibility and help our people with disabilities and the elderly, effective from 1st August 2024, we will convert the bus fare allowance into a cash allowance of \$25 per month. All our social pensioners above the age of 70 years and those on disability allowance will now receive a \$25 per month cash allowance instead of the current bus card top-up.

Pensioners over the age of 70 will now receive a monthly cash allowance of \$150, an increase from the current \$125 per month. Mr. Speaker Sir, this will ensure that our transport allowance is more meaningful for our elderly and people with disabilities.

To help rationalize the transport assistance scheme, we are also going to raise the entitlement age from 60 years to 65 years effective from 1st August 2024 and align it with the eligibility criteria for the social pension scheme. This change will be only applied going forward, which means that those below this age that are already on the assistance system will continue.

Electricity subsidy, free water, free education and transport support

Mr. Speaker Sir, other social support, including the 50 percent electricity subsidy and free water for households below \$30,000 annual income will continue. A sum of \$10 million is provided for the electricity subsidy which supports around 55,000 households while the free water subsidy for around

40,000 households will be catered at a cost of around \$4 million.

Mr. Speaker Sir, we are also providing \$66 million in the 2024-2025 Budget to support the provision of free education for our early childhood care education, primary and secondary students. For the continuation of the transport assistance for about 90,000 students, we have allocated \$37 million in this Budget.

Back to School Support

In this budget, we are again allocating \$40 million for the provision of the back to school support.

Mr. Speaker Sir, the \$200 back to school support for our children from families with household income of less than \$50,000 has become one of the flagship initiatives of the Coalition Government. We introduced this as soon as we came into Government and extended it again in the last Budget assisting over 200,000 students in both rounds.

Mr. Speaker Sir, this initiative has worked very well to support thousands of families to prepare their children for school from Early Childhood Care and Education to Year 13. It has ensured that when our children enter school they are well equipped to learn. We have been told by retailers that parents have been using this \$200 per child to buy school uniforms, bags, stationary, shoes, lunch boxes and other essentials.

Support for termite affected households

Mr. Speaker Sir, Government in the last Budget provided \$3 million for the 'Termite Control Assistance Programme' (TCAP).

The termite infestation is a problem that has existed over the past decade and nothing was done about it until just last year when the Coalition Government decided to address this issue. Our people have been significantly affected by this termite crisis which has destroyed thousands of homes and livelihoods of our people.

Unfortunately, this has now spread into new areas, including the Central Division. Government is closely working with the Biosecurity Authority of Fiji and other stakeholders to control the spread and assist those that have been affected.

In this budget we are providing \$2 million to provide relief packages to homeowners affected by termites. Assistance is targeted towards repairs and reconstruction of affected houses. For those households with income less than \$30,000 a grant of \$5,000 will be provided while those between \$30,000 and \$50,000 income will receive a grant of \$2,000.

Applications can be made at the respective Divisional Commissioner's Office and support will be provided on a first come first serve basis.

Women Empowerment

Mr. Speaker Sir, promoting gender equality and the empowerment of all our women and girls is a top most priority

of the Coalition Government. We will work together and support various women organisations to enhance government policies.

A sum of \$1 million is provided to assist and empower women institutions, implement the Women's Plan of Action and strengthen the Domestic Violence helpline. We are also providing \$500,000 for the Women's Expo which provides an opportunity for our women from around the country to showcase their talents, market their products, generate income and encourage and empower other women in Fiji.

At a time when the country is going through major labor shortages, we are working on strategies to increase the female labour force participation rate which currently stands at a low of 39 percent, compared to 77 percent for males. This includes targeted training, provision of child care services at work places and adoption of gender responsive budgeting.

Health and Medical Services

Mr. Speaker Sir, in the last Budget we had given the largest increase in the budget to the Ministry of Health to address the deteriorating conditions of our health facilities and improve health service delivery in the country. A total budget of over \$500 million was provided for the health sector, an increase of over \$100 million.

In this Budget, Mr. Speaker Sir, we are providing a total of \$540 million to the health sector – around \$450 million to the Ministry of Health and \$90 million for the operations and

running of the Ba and Lautoka hospitals under the PPP arrangement. I will talk more about this in a moment.

Mr. Speaker Sir, given the years of neglect and state of affairs in our health sector, we need continuous increased investment and focus. This will take time. But we are making progress and I thank our medical professionals for their commitment and drive to get things fixed. We are ready to put in more resources and our development partners have assured their highest support towards this journey.

In partnership with the Australian Government, we have already embarked on a major technical work to put together a master plan for the redevelopment or relocation of CWM. The long-term goal is the construction of a state-of-the-art national referral hospital which is modern, resilient, and patient-centered.

In March this year, the Australian Government had provided around \$15 million towards the CWM infrastructure master planning and we are in discussion with our multilateral partners like the Asian Development Bank and the World Bank for future funding options. Other partners have also expressed their willingness to come on board as the finer details are completed.

Mr. Speaker Sir, we thank the Indian Government for the grant towards construction and running of a 100 bed Super Specialty Hospital here in Suva. We have made good progress in identifying the land in Nasinu, behind the Fiji National University and the construction design works and other preliminary works are currently underway.

We have also seen major investments in some of our private medical facilities including the Pacific Specialist Health Care, Sri Sathya Sai Sanjeevani Children's Hospital, for which we are again providing a Government contribution of \$4 million in this Budget, and many other providers who are expanding and modernizing their services. A good mix of private and public sector health provision is critical to help us to improve health service delivery.

We are continuing with our public private partnership with the general practitioners. But to reduce the abuse, in the last budget we had introduced an income threshold of \$30,000 to access these free services. Those under the social welfare schemes, free medicine scheme and receiving kidney dialysis subsidy get an automatic access without any further assessment or income verification. They just need to present their welfare or free medicine card at the participating GPs. So far, we have paid \$19 million to extend these services and in this budget we are estimating an additional cost of \$5 million.

To assist those on kidney dialysis, we have allocated \$3 million for the continuation of the \$180 per session subsidy for dialysis patients, which was increased from \$150 to \$180 in the last budget.

Mr. Speaker Sir, for the procurement of drugs and medical equipment of around \$96 million dollars is provided in the 2024-2025 Budget. We have noted a significant improvement in the procurement and logistics management system at the Ministry of Health. Continuous improvement is needed here to ensure timely supply of consumables and medicines, laboratory reagents, vaccines and medical equipment at our

hospitals. For procurement of bio-medical equipment \$15 million is provided.

For capital construction and maintenance works, we are providing \$12 million for the interior works at the Labasa Hospital, refurbishment and upgrade of our urban and sub-divisional hospitals, health centers and nursing stations, refurbishment of Savusavu health facility and the construction of a new rehabilitation center in Tamavua. An additional \$3.8 million is provided specifically for minor upgrade and maintenance works at all our health facilities around the country.

Health PPP

Mr. Speaker Sir, I now want to address a problem that, in the last two years, has created severe financial issues for the Government. This is the Ba-Lautoka Hospital project, a public-private partnership, or PPP, involving the Government, Fiji National Provident Fund and Aspen Medical of Australia. I want to dwell on this for a moment because the people of Fiji need to understand exactly how this deal was done, the challenges it now presents for the Government and the lessons we must learn from it.

Mr. Speaker Sir, in 2019 the previous Government decided that it wanted a PPP to develop the two public hospitals in Lautoka and Ba. This was an initiative of the then Minister for Economy. The Ministry of Health was not involved or at least only marginally involved.

The concept for the PPP was to create a concession agreement for a private company to come in, completely

rebuild the Lautoka Hospital and then operate it for 30 years, together with Ba Hospital. The concessionaire would of course charge fees for its services. The concept itself is fine Mr. Speaker Sir. Involving the private sector in health care, particularly if it can deliver new facilities that the Government cannot afford, is an appropriate option as long as it is carefully managed. Unfortunately, Mr. Speaker Sir, this project was not managed well.

The previous Government did no “demand study” for the project. In other words, before it signed an agreement to pay for a range of medical services to be provided to the public, it had no idea how many people would use the services, for what purpose, and the resulting cost. The Concession Agreement was basically a blank cheque for the concessionaire.

Next, the previous Government had to select the concessionaire. The selected technical partner was Aspen Medical. However, the previous Government wanted local involvement in the deal. So it decided FNPF should be Aspen’s partner. Mr. Speaker Sir, FNPF had not bid to be part of the project. It was effectively ordered to take an 80% stake in a new company called Health Care Fiji Pte Limited, or HCF. FNPF took 80% of its shares with 20% for Aspen. FNPF was given no option. It was given no chance to evaluate this investment for itself or to work out its economic return. It was just told to sign up. This was the extent of the serious and unlawful political interference in the affairs of FNPF that was taking place at the time.

Things then got worse. Under the Concession Agreement the new concessionaire was required first to design the new

hospital and then get the funding to build it. Only then would the services begin.

The COVID crisis over 2020 and 2021 delayed the project. That is understandable.

However, suddenly, in 2022, the previous Government changed its mind. Even though the new hospital had not yet been designed or re-built, HCF was ordered to begin providing medical services. There was no agreement for this. HCF prepared and delivered an agreement to the Government to cover this change in the transaction. The previous Government ignored it. HCF was told to begin providing the services with the specific terms to be agreed later. Two years later, these terms have still not been documented.

Mr. Speaker Sir, I regret to say that this was pure politics. And what was all this going to cost? The previous government did not know, and they didn't care. It was all about politics and looking good for the cameras and winning votes for the coming elections. They must have decided that they would worry about the cost of everything after the election was over. Well, the election is over – and it is our Coalition Government that has been left to deal with this problem.

Mr. Speaker Sir, when you ask the private sector to provide services to patients and you say “we will pay for everything” then of course the private sector will provide the services. Of course, being the private sector, they are entitled to make a profit on what they do, so the services will cost more. And HCF has provided the services, generally to a very good standard.

Unfortunately, these services in the Ba and Lautoka Hospitals are costing about \$10 million per month or about \$120 million per year. So these two hospitals, alone, are consuming more than one-fifth of the entire national health budget. It is important to remember that the Ministry of Health budget is not just about hospitals. It also has to cover administration, preventive health services, disease control and disaster preparation, health screening and many other things.

Mr. Speaker Sir, while we all want good hospital services, they have to be affordable to the Government; and we cannot discriminate. We cannot have people in one part of Fiji getting higher levels of care that are not available to others. The current arrangements with HCF drain the Health budget. That means that other hospitals and health centres are not properly funded and their service standards go down, which is not fair on the people in those areas. So we have a simple and yet complex problem with the Ba Lautoka Hospital project Mr. Speaker Sir— the Government cannot afford it in its current form. It could never afford it.

Mr. Speaker Sir, over the last 18 months HCF and the Coalition Government have been in dialogue over a number of aspects of the Concession Agreement. There are legally binding agreements now with serious financial consequences for all the parties if they are breached. So it has not been easy to work out our next steps.

The good news is that in our dialogue with HCF's leadership we believe that HCF understands the problem and is prepared to work with us to fix it. This project will have to be completely renegotiated. What we all understand is that, in order for the project to be affordable, the scope of the free medical services

available to the public will have to be reduced. We have no choice in that. We anticipate that the higher levels of care such as more complex treatments, surgeries, etc, will have to be funded in a different way. We may have to introduce user pay or means testing rules for those higher levels of service.

Mr. Speaker Sir, FNPF has concluded that, regardless of the way it came into this project, it will have to stay in and work out the best way to get a commercial return on it. FNPF is now actively reviewing its own options. This may include a scheme to provide health insurance to its own members. If an economic case can be made for this, such a scheme could provide additional business for Lautoka Hospital, with resulting benefits to the project and to the whole country.

There is one more post-script to this unfortunate chapter Mr. Speaker Sir. Overall, Fiji has a poor record in the implementation of public private partnerships, or PPPs. We must improve it. If we can improve our performance on PPPs we unlock significant possibilities for investment, funding, innovation and improvement in quality of public services such as water, power and waste management. We also contribute to economic growth and environmental sustainability. PPPs are technically and economically challenging. They require the Government to be disciplined and to honour long-term commercial commitments. They require the Government to prove it can be a trusted long-term partner with private sector providers. This is why it is important that we make this project a success.

Education and skill development

Mr. Speaker Sir, \$778 million is provided towards education and skill development, the largest allocation in this budget.

But it's not just about the dollars that we put in, Mr. Speaker Sir. It's about the outcomes. We need to improve the quality of teaching and learning in schools by ensuring that we have the best teachers, the right learning environment, the right curriculum, textbooks and other resources.

We need the involvement of our parents, communities, religious groups, development partners and other non-governmental organizations. Unfortunately, this partnership was destroyed by the previous Government's bullying, dictatorial and micro-managing behaviour which seriously damaged decades-long partnerships built on trust which are the backbone of our education system. We need to bring back these partnerships and inclusivity in the running of our schools if we are to make real progress in improving the quality of education in Fiji.

Given the state of affairs in the education sector, we cannot repeat the mistakes of the previous Government by bringing in haphazard changes and reforms without proper consultation and expert guidance. That is why we initiated the National Education Summit last year and brought together our educationists and the best minds to assist. We are also appointing an Education Commission, made up of experts to help the Government with an independent assessment of the current situation and the interventions that will be needed, including the timing and sequencing of these reforms.

Mr. Speaker Sir, in the current budget the Coalition Government has taken decisive measures towards reshaping the Education Sector. We are increasing the funding for the Ministry of Education to around \$628 million.

Higher Education Institution

For our tertiary institutions we are providing a total budget of \$91 million.

Mr. Speaker Sir, as soon as we came into Government, we restored the grant for USP, including our commitment to pay to USP what it was owed after its destructive fight with the previous government. Once again, Mr Speaker, it is important to show that the Government can be trusted to meet its commitments.

We immediately identified funding and paid \$10 million followed by another \$20 million in the last Budget. A further \$5 million is allocated for the payment of the outstanding grant. Apart from this, \$33.5 million is provided to USP as its normal grant.

The Fiji National University will be provided a funding grant of \$36.5 million. The Ministry of Education has commenced the reviews of the tertiary education institutions which includes FNU. The review will also focus on putting a focus on quality.

The University of Fiji is provided an increased grant of \$5 million, of which \$1 million is for the construction of Center for i-Taukei Studies to support preservation and promotion of indigenous Fijian art and culture through teaching, research and publication.

Mr. Speaker Sir, we have supported Pacific Polytech in the last 2 years and they have created a major impact in the provision of technical training in Fiji to meet the current shortage in the labour market. This institution caters for many of our young people who fall through the cracks in terms of completing their education, or qualifying for a trade – the majority of them are iTaukei students and we must address this to provide a second chance at a more meaningful future. Since its inception in August 2023, more than 1,100 students have completed various national qualifications under the Fiji National Qualification Framework. To support this further given the exodus of many of our workers, we are providing an increased grant of \$5 million to Pacific Polytech.

The Sangam Institute of Technology is provided a budget of \$545,000 for its operations, while \$1 million dollars additional is provided for its capital works to expand its infrastructure in Labasa and start establishment of a new nursing school facility in Nadi. We will fund this over two fiscal years as the work progresses.

A total of \$2.2 million is also provided to Corpus Christi, Fulton College, Montfort Technical Institute, Monfort Boys Town, and Vivekananda Technical Centre and two new institutions: Caregivers Training Institute and ServicePro International Tourism Hospitality Institute.

Tertiary Education Loans Scheme

Mr. Speaker Sir, our tertiary students are no longer burdened with debt as the Coalition Government wrote off the \$650 million in outstanding TELS debt for over 53,000 tertiary

students. This was a big relief for thousands of families and now they can use these for their own use. This was our promise and we delivered it.

We replaced the student loans with full scholarships in priority areas and also brought in cut off marks to ensure that we lift up the quality of our graduates and at the same time improve the completion rate for degree programs. Those with lower marks are being included in the technical programmes to ensure that every student has an opportunity.

Unfortunately, under the previous system, since the loans were provided to students with very low marks to do degree programs, the completion rate was also very low. In fact, we spent around \$160 million on almost 22,000 students who never completed their studies, a major loss for the taxpayers. This also created a perverse incentive for our tertiary institutions to lower their standards and entry requirements and compete for student numbers rather than quality. We have got that changed now and the focus will have to be on quality.

Mr. Speaker Sir, in the 2024-2025 Budget we have allocated \$150.5 million to TSLs to fund 9,940 continuing students and 10,830 new students. In this Budget, we are introducing some new schemes and value adding on some of the existing schemes.

Mr. Speaker, Sir, we are introducing a new scheme to fund 20 students to pursue PhD and masters in priority research areas at selected universities in Australia. The tuition cost will be borne by the Australian University while the Government will provide partial support to cover for airfares, stipend and any

other associated cost. We thank the participating Australian Universities for this great partnership. A sum of \$1.4 million is allocated for this.

Secondly, we are also introducing a merit based in-service overseas scholarship for postgraduate diploma in specialised areas. A sum of \$1.6 million is allocated to fund 20 in-service students to undertake specialist postgraduate diplomas in health, veterinary science and engineering studies.

To fill the skill gap in certain trade areas, we are partnering with the industry players to provide inhouse training which will be recognised by the Higher Education Commission. We have allocated scholarships for 300 students who can undertake Certificate III, IV or Diploma level 5 programmes with our industry partners like Energy Fiji Limited, Marriott Academy, FSC, Telecom and some other large employers that will come on board. The employers will have the opportunity to employ these students upon successful completion of the programme.

Mr. Speaker Sir, the fourth new scheme is a grant based support to assist our graduates to start a business and become job creators, rather than job seekers. This is where we as a Government need to support the young and creative entrepreneurs. Mr. Speaker Sir, I am pleased to announce that the Government is allocating \$10,000 per student for 30 TSLS sponsored graduates or final semester graduating students to undergo training and start a business with the support from the Fiji Commerce and Employers Federation.

Mr. Speaker Sir, in addition, we are value adding and expanding the existing schemes. Since we introduced the micro qualification grant scheme, it has been a huge success

targeting trade industry sectors. Government is targeting unemployed youths who are early school leavers to take 150-160 hours of competency-based training to assist with securing some form of employment.

In the Higher Education (Level 7- Degree) with Minimum Cut Off Mark Scheme, the number of awards for this scheme has been increased from 2,200 to 2,500 awards. The minimum cut off for this scheme for Degree Programmes will be 250 marks for all other schools and 245 marks for schools which are categorized as rural and maritime.

Mr. Speaker Sir, the Coalition Government introduced the Hardship Assistance Scheme in the current financial year to support the private students with good academic performance but facing financial hardship. Mr Speaker Sir, the entry requirement for onboarding into this scheme will be changed from 65 percent GPA to 50 percent and will be extended to TVET students at Diploma level in addition to the current degree students. Good news is that in the next financial year, students under this scheme will be paid an allowance of \$2,000 per annum on top of their tuition fees. This will take care of almost 80 percent of the hardship of the private students who have good academic performance.

Mr. Speaker Sir, for Students with Special Needs Scheme, the eligibility criteria will be amended whereby students with some form of impairment need to only secure a final offer letter in an eligible funded programme and demonstrated tertiary study ability endorsed by National Council for Persons with Disabilities. The number of awards remains at 20 for 2024-2025 Financial Year.

Mr. Speaker Sir, incentivizing Apprenticeship training in the current Financial Year has attracted huge confidence of Employers and students in the scheme. Under this scheme, the employer pays \$2 whilst the Government pays the additional cost to ensure that the national minimum wage rate is paid to those on apprenticeship scheme. The number of awards for this scheme for 2024-2025 Financial Year will increase from 400 to 500 awards.

Mr. Speaker Sir, on average, Government spends \$400,000 to fund a student on an overseas scholarship. To obtain an equitable return of investment in the bond service, students with overseas scholarship schemes will be bonded 2.5 times of the duration of the study.

Mr. Speaker Sir, effective from 1st January 2025, new and continuing students will be granted only two probations for failing to maintain the required GPA and pass rate for respective schemes after which they will be suspended for one academic term. The three-probation granted from the Covid-19 period will no longer be applicable.

Mr. Speaker, Sir, as a responsible government, we need to ensure that we are able to reap the benefits of our investment. We are introducing a 50 percent penalty on non-served bond periods. If students do not wish to fully serve the bond period and pay off the remaining bond service on apportioned amount, then a penalty will be applied on the remaining amount. A 50 percent penalty will be applied to the balance of the bond service. The 50 percent penalty is based on the previously used penalty rates, which was initially set at 100 percent, reduced to 50 percent and later reduced to 10 percent. The rationale is in the national interest and to get

maximum return of the investment by having the graduates to serve the country.

Mr. Speaker, Sir, all students have to fully serve their bond. If they choose to migrate before the completion of the bond, then they will have to pay the remaining balance with a 50 percent penalty before leaving the country. If students do not have sufficient funds to pay off, the overseas employer should clear full payment and students can make repayment arrangements with them. Effective from 1st August 2024, graduates will not be allowed to make arrangements to do bond repayment from overseas unless determined by FRCS and TSLs on a case-by-case basis.

Roads and Public Works Department

Mr. Speaker Sir, the Coalition Government will continue to invest heavily in infrastructure development to raise the standard of our roads, bridges, jetties, utilities, and public buildings. The Ministry of Public Works has been allocated a sum of \$721.4 million, including the funding for the Water Authority and the Fiji Roads Authority.

The Fiji Roads Authority is provided \$354.8 million for the on-going construction and maintenance of roads, upgrading and replacement of bridges and jetties and the upgrading of rural roads.

We are also undertaking a major national study on urban traffic particularly traffic between Nadi and Lautoka, Lami, Suva and Nausori corridor in conjunction with our development partners.

In addition, the Ministry has been allocated a sum of \$5 million for the maintenance and upgrade of rural roads. Government has also re-established the Public Works Department with increased funding of \$8 million. PWD will be gradually expanded over the years and will focus on rural roads and public buildings.

Mr. Speaker sir, we are also announcing a LTA amnesty on thousands of vehicles that have been grounded during COVID pandemic. During COVID we saw that people could not register their vehicles and when they went back to LTA, fees for all pending years were charged. This will no longer be the case. Effective 1st August 2024, we are providing an amnesty which will allow these vehicles to be registered.

Water and WAF corporatisation

Mr. Speaker Sir, the Water Authority of Fiji is provided a total budget of \$259.4 million.

Mr. Speaker Sir, working with the Ministry of Infrastructure and the Department of Public Enterprises, the Ministry intends to take steps over the next six months towards the corporatisation of the Water Authority of Fiji.

WAF is already deemed to be a so-called “commercial statutory authority” but its operations are anything but commercial. WAF receives about one-tenth of the income it needs to operate and invest sustainably. This is because, for years, and mostly for political reasons, previous Governments have refused to confront reality.

WAF's poor funding model means that it is wholly dependent on the Government for the money it needs. And Government can only give to WAF whatever it can afford from year to year. For much of the last 10 years WAF has been dependent on Government grants which are only made known to it every six months. This makes it impossible to plan large expenditure or to borrow money for investment, except through the Government with the support of bilateral funders such as the Asian Development Bank and the European Investment Bank. These loans and project funding can take a long time to organise. So WAF does not have a business model that would enable it to plan and build autonomously, even though it is supposed to be commercially independent and under the control of its own board.

So Mr. Speaker Sir, the Government is focused on getting this right, so that our future water and wastewater needs are assured and that investors, businesses and homeowners are assured that this basic need is consistently and efficiently met.

Water Supply Borehole

Mr. Speaker Sir, given these challenges with the Water Authority of Fiji, we have hardly been able to expand the coverage of reticulated water supply in rural areas. As such, those in the rural areas have greatly suffered without proper access to clean water.

To address this, we are embarking on a major project to provide around 1,700 boreholes across the country - 1,000 in Viti Levu, 500 in Vanua Levu and 200 in our maritime islands.

This project will be undertaken in phases and today we are allocating \$5.7 million to the Ministry of Lands and Mineral resources and a Taskforce will be established in partnership with the Ministry of Rural and Maritime Development, Water Authority of Fiji, the Ministry of Public Works and the Ministry of Finance.

The communities will be identified through their District Advisory Councilors, Provincial Administrators and District Officers and we will work together with the private sector, development partners and non-governmental partners to ensure quick delivery of these facilities.

Improving Drainage

Mr. Speaker Sir, we have a failing drainage system due to poor administration over the years. The conveyance capacity of our drains and waterways has been reduced due to blocked drains, causing major flooding across the country.

To address this immediate concern, the Government has re-established the Drainage Board and a Taskforce in the four divisions to coordinate all drainage systems to enhance inter-ministerial coordination. \$2.7 million dollars is allocated to the Drainage Board to maintain existing drainage systems and enhance water management practices.

In this budget we have allocated \$16.7 million to the Ministry of Waterways capital budget and \$5.5 million to the Ministry of Sugar for drainage works. We are working with the municipal councils and District Advisory Councils and the areas that they will look after, including the funding options and actual execution.

For all major rivers and in-land drainage systems, the Government will purchase specialized drainage and heavy-duty dredging equipment to undertake regular works on all inland drains, waterways, and major rivers throughout the year in the Central, Western and Northern Divisions. A sum of \$1.5 million is provided for this project. We have also allocated \$2.8 million for protecting river banks and \$1.2 million for managing watersheds.

Housing

Mr. Speaker Sir, we have a major task ahead of us to provide affordable housing to thousands of our people who do not own a house. As a country we have seriously lagged behind in meeting the increased demand for housing in our urban areas.

While, there has been progress in additional housing supply for our middle and high income earners, we haven't had any major breakthrough in providing affordable housing to our low income households. That has led to the increase in informal settlements across our urban areas.

To increase the supply of affordable housing units, Government had called for a tender for the private sector to develop and build around 3,000 housing units in 5 Housing Authority sites, including Nepani, Raiwaqa, Davuilevu, Wainibuku and Tavakubu. This is a public private sector partnership project that has been designed with the support of International Finance Cooperation, the private sector arm of the World Bank. We are currently assessing the tender bids and a final decision will be made soon.

Mr. Speaker Sir, the Ministry of Housing has been provided a budget of \$32.3 million. A funding of \$13.5 million is provided for the formalization of informal settlements. This will cater for ongoing projects in Sakoca, Tavela, Field 4, Tore and commencement of work in Valewaquyaya in Ba and Vunika in Labasa. To continue with the first home buyers grants, a budget of \$5.5 million is provided.

A total of \$7.9 million is provided for capital grants which will cater for development of the Veikoba bridge to support Housing Authority's residential lot development in Valelevu, subsidy for Public Rental Board, expansion of the Koroipita model town development and grant to Habitat for Humanity.

Sugar Industry

Mr. Speaker Sir, the sugar industry continues to play an integral role in our economy, especially in our rural areas. Last year we paid the highest ever sugarcane price of \$91.38 to our farmers. For the 2023 season the cane price is around \$102 per tonne and a record in itself.

The Ministry of Sugar Industry & Multi-Ethnic Affairs is provided an increased funding of \$76.1 million. Of this, \$66 million is provided to cater for farm development to increase cane production, fertilizer and weedicide subsidy, subsidy for cane cartage, upgrade of cane access roads, lease premium assistance, drainage, farm mechanization, subsidy for manual harvesting and working capital support to FSC to repay its EXIM Bank of India loan.

We are working towards strengthening the Sugar Cane Growers Council and making it more democratic so it truly

represents the farmers will and interest. We have provided \$200,000 for the conduct of the cane growers council elections and a further \$800,000 for the operations of the Council. The Sugar Research Institute of Fiji is provided \$1.1 million while the Sugar Tribunal is provided \$400,000.

Mr. Speaker Sir, for Multi-Ethnic Affairs we are again providing a budget of \$5.9 million. Of this, \$2.3 million is allocated to promote language, culture and arts and small community projects. For the construction of gas crematorium in Labasa, Navua, Lautoka and Ba we are allocating \$1.2 million in this Budget.

Agriculture

Mr. Speaker sir, in our first year of office, we provided additional \$37.3 million to the Ministry of Agriculture to boost the agricultural economy. This year again we are increasing the budget by \$6 million to a total of \$101.2 million.

Given the importance of non-sugar crops and to boost production, last year, we introduced a new initiative for weedicide and fertilizer subsidy to farmers for non-sugar crops which includes rice, dalo, ginger and cassava. In this budget, we are extending this subsidy to other crops.

Mr. Speaker Sir, aging farmers is also a critical issue which needs attention now. We need to find avenues to train and educate the younger generation to take up farming. To address this issue and provide a platform for agricultural education and training, we are providing \$3.1 million capital grant to Navuso Agriculture Technical Institute to construct a new facility that can train an additional 160 young agriculture

farmers. We are also providing \$330,000 to Tutu Training Centre for infrastructural development of existing facilities.

Mr. Speaker Sir, a total of \$3 million is allocated to fund the Agricultural Marketing Authority and commercial agriculture development. A total of more than \$53 million is provided for the crops and livestock research and extension services to strengthen agricultural productivity.

Mr. Speaker Sir, last year, we reviewed the entire dairy industry. This is another disaster left for the coalition government to deal with. In 2023, we imported almost \$90 million worth of dairy products for local consumption. To help the local dairy industry, we will continue to support the Fiji Cooperative Dairy Company Limited for dairy extension programme and scale up milk production to help reduce imports. A sum of \$4 million is allocated.

Mr. Speaker Sir, we are providing \$1.5 million for the beef revitalisation program, to existing and new farmers to strengthen the industry. This provides an opportunity for our local farmers to venture into cattle farming and take advantage of the available lucrative market.

Additionally, \$6.2 million is earmarked to enhance large scale production through improved machinery and farm road access, essential for linking farmers to markets and land preparation facility to open up new areas for agriculture production.

Public Private Partnership initiatives will continue to facilitate communal ownership of essential equipment such as

Tractors, Rice Harvesters and Diggers among farming clusters and co-operatives.

Fisheries and Forestry

Mr. Speaker Sir, both the Ministry of Fisheries and Forestry have been provided an increased budget of \$25.3 million and \$31.4 million, respectively. This will support the Coastal Fisheries Development program, to advance aquaculture, shrimp farming, seaweed Development Programme, Multi-Species Hatchery and construction of ice plants.

For the Reforestation of Degraded Forests with Indigenous and Other Species, a sum of \$2.5 million is allocated for the development of forest plantations through provisions of necessary tools, equipment and capacity building training for seed collection, seedling production, plantation establishment and forest restoration.

In addition, Mr. Speaker Sir, we have increased the allocation for Commercial Maritime Pine Subsidy to \$2.1 million to assist the maritime islands pine woodlot owners in Kadavu and Lakeba to transport the logs and timber.

Mr. Speaker Sir, a sum of \$1.2 million is allocated for the Redd+.

iTaukei Empowerment

Mr. Speaker Sir, to empower our indigenous community, we had provided an increased budget to the Ministry of iTaukei Affairs. In this Budget, we are again providing \$39.4 million to

the Ministry, compared to around \$17 million prior to the coalition government.

In this Budget we are also introducing a new scheme to provide interest free loans to support development of our iTaukei resource owners and investments by provincial holding companies. The Fiji Development Bank and Merchant Finance have already partnered with the Government to provide loans with 3 years of interest subsidy paid by the Government. We have provided \$4 million which can cater for almost \$60 million of interest free loans.

To further support and promote indigenous owned businesses, we will now accommodate existing indigenous companies to qualify for tax holidays and duty concessions if they invest in the Tax Free Regions. This incentive was previously only provided to new businesses, but we are bringing this flexibility to support our indigenous businesses.

Rural and Outer Islands

The Ministry of Rural and Maritime Development and Disaster Management is allocated a sum of \$37.9 million, an increase of \$8.8 million to continue support for Grant to Self Help projects, Community Access Roads, footpaths and footbridges projects, rural housing and urgent upgrade and renovation of existing divisional quarters.

Mr. Speaker Sir, we recognize the role of district advisory councilors and the District Chairperson's within our rural and maritime communities, and we will continue to fund their increased allowance of \$200 and \$220, respectively, in the next financial year.

Mr. Speaker Sir, we will be allocating \$1 million for the construction of evacuation centers and retrofitting existing evacuation centers.

Climate Change

On climate change Mr. Speaker Sir, we have shared our vision and framework for responding to climate change in a comprehensive manner last year. When we formed the Government, Hon. Prime Minister had said that given how important climate change is, we will take a whole of Government approach. By its very nature, we cannot solve the climate problems as a nation alone. We will need to work as a region and build consensus internationally.

While the availability of global climate finance has been increasing over the years, unfortunately Fiji has only been able to access very little of that. The Ministry of Finance will work closely with the Ministry of Environment and Climate Change to ensure that we are able to access and secure additional climate financing.

Mr. Speaker Sir, \$9.7 million is allocated to the Ministry of Environment and Climate Change. We have allocated \$2.7 million for the completion of the Naboro Landfill and \$0.5 million is allocated for Implementation of the Climate Change Act.

Ministry of Tourism and Civil Aviation

Mr. Speaker Sir, the Ministry of Tourism and Civil Aviation is allocated a sum of \$68.8 million in this budget including the Tourism Fiji grant of \$44 million and \$13.6 million for the Fiji Tourism Development Program in Vanua Levu.

To support and empower tourism MSMEs we are setting up a Pilot Tourism MSME fund that will provide assistance up to \$15,000 to rural communities to assist in creating an enabling environment for investment, decent employment and sustainable tourism activities.

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

Mr. Speaker Sir, we are pleased to announce a new Co-operative grant which will provide \$100,000 maximum, to registered co-operatives within 15 sectors to diversify their business into multiple income generating activities.

The Ministry of Trade Co-operatives & Small Medium Enterprises, overall is allocated a total budget of \$106.6 million and will continue to fund new and outstanding film tax rebates, investment in ease of doing business, digitalfiji, integrated human resource management, trade enhancement program and northern development program.

Fijian Immigration

Mr. Speaker Sir, we are providing additional 20 new positions to improve service delivery within the Fijian Immigration Department.

A sum of \$2 million is allocated for Disaster Recovery Support and \$4 million is allocated for procurement of 100,000 blank passport booklets annually for the next 5 years.

Foreign Affairs

Mr. Speaker Sir, Fiji continues to strengthen its foreign relations with more than 182 countries. Under the leadership of the Hon. Prime Minister, we have witnessed increased interest and engagement from our regional and international partners. In the last budget, we prioritized the reopening of Fiji Overseas Missions in Washington, Malaysia and Papua New Guinea.

A sum of \$43.8 million is allocated to the Ministry of Foreign Affairs to continue to enhance Fiji's diplomatic and international relations, promote Fiji's foreign policy initiatives, advance Fiji's leadership in the global arena, promote regionalism and maintain Fiji as a modern hub of the Pacific.

Ministry of Youth and Sports

Mr. Speaker Sir, the Ministry of Youth and Sports is provided a budget of \$23.4 million. This includes \$6.5 million to cater for 24 overseas sporting tours, \$4 million to host international tournaments here in Fiji, \$1.9 million for the engagement of overseas coaches and around \$600,000 for the construction of hard courts in Rakiraki, Lautoka and Taveuni.

Police RESET

Mr. Speaker Sir, we have provided \$226.8 million to our Police force, an increase of \$41.7 million.

Mr. Speaker Sir, Government is initiating a 'full reset' of the Fiji Police Force towards law enforcement. The Police Reset Strategy would broadly include: development of a new overarching strategy for the Fiji Police Force aimed to modernize the Force through right-sizing and stirring a shift in culture.

Mr. Speaker Sir, we are grateful for the support from the Australian Government to help build capacity. A new MOU would be established between the Fiji Police Force and the Australian Federal Police. This would offer provisions to embed Australian Federal Police Officers within the Fiji Police Force, and appointment of a mentor to support the new Police Commissioner.

Mr. Speaker Sir, through this Police Reset Strategy, the Coalition Government is committed towards building a police force that serves and protects all members of the society with efficiency, fairness, reasonableness, courtesy, respect and without discrimination or harassment.

Fight Against Drugs

Mr. Speaker Sir, through this Budget we are establishing a Narcotics Bureau within the Ministry of Home Affairs with a total budget provision of \$2 million. The Narcotics Bureau will focus on law enforcement; investigations; prosecution; intelligence gathering; and conducting awareness in collaboration with key agencies.

The Ministry of Home Affairs has also launched the Counter Narcotics Strategy 2023-2028 with a focus on seven strategic

areas, including demand reduction, supply reduction, harm reduction, legal reform, data collection, establishment of a Drug Court, and partnership and international cooperation.

For the set up of drug rehabilitation centers in Fiji, we have introduced a tax holiday of 13 years, including duty free importation of capital goods required for the establishment of the center. We are also going to provide a full tax deduction for businesses that donate to any drug rehabilitation centre. Whilst we encourage non-governmental organisations, the government is also exploring options for the setup of such centers.

Republic of Fiji Military Forces

Mr. Speaker Sir, the Republic of Fiji Military Forces (RFMF) plays an important role in ensuring the safety and security of our nation and supports international peacekeeping. RFMF is allocated a sum of \$169.6 million in this Budget including Peacekeeping operations.

Independent Institutions

Mr. Speaker Sir, a total budget of \$131.3 million is provided to our independent bodies and commissions.

An independent and a well-resourced judiciary is critical for any well-functioning democracy. We are providing \$52.1 million to the Judiciary, an increase of \$2 million.

The Fijian Parliament is allocated a sum of \$18.2 million, an increase of \$1.9 million. The DPP's Office is provided an increased budget of \$8.1 million. The Office of the Auditor-

General is provided \$6.9 million. We have beefed up the budget for the Electoral Commission to around \$565,000 while \$7.4 million is provided to the Fijian Elections Office. A funding of \$10.5 million has been provided to FICAC.

The Legal Aid Commission is provided a budget of \$11.9 million. We have also re-established the Fiji Law Reform Commission with a budget funding of around \$600,000.

Ministry of Finance, FRCS and FBOS

Mr. Speaker Sir, the Ministry of Finance is provided a total budget of \$96.9 million, including an increased grant of \$55 million to the Fiji Revenue and Customs Service. We have increased the grant for FRCS by an additional \$10 million to better resource our tax agency to beef up tax compliance and improve tax administration.

Mr. Speaker Sir, as I had announced earlier, the Government's Financial Management Information System (FMIS) will go "GO LIVE" on 1st August 2024. A sum of \$8 million is provided in the budget for the final payment of the project. The full project cost is around \$12 million.

Mr. Speaker Sir, we are also 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. An increased budget of \$9.4 million is provided to FBOS, which includes \$2.5 million to undertake the Household Income and Expenditure Survey.

Taxation and revenue policies

Mr. Speaker Sir, any Government has to be funded well particularly when there is serious “catching up” to do to fix our deteriorating infrastructure. We also need adequate revenues to rebuild “fiscal buffers” and be better prepared to respond to any future shocks.

At the same time we recognise that we must not over tax the economy. We should have a tax system that is simple, efficient and fair and, as I have consistently maintained, with no surprises. We want a tax and fiscal policy that provides certainty and confidence to our businesses and the private sector. That's why we have changed the way we formulate our tax policies. We talk about them first before we make changes, and we listen. And then, Mr Speaker, we lock in the tax measures and we do not chop and change them. Mr Speaker in this Budget we are delivering on that commitment with only minimal changes to the tax regime which we have mostly already signaled.

In the last Budget we made some critical tax reforms to raise revenues. That added around \$600 million in additional funding for the Government. We increased corporate tax. We gradually raised the departure tax, still lower than \$200 before the pandemic, and promised that we would not bring back the inefficient and unfair ECAL and STT taxes.

Mr. Speaker we also introduced a 3 percent duty on the importation of raw materials in the last Budget. However, we received some major objections to this from local manufacturers. We have listened carefully to these objections. We have to accept that, while some manufacturers are not

particularly impacted by this change and are in a position to bear this duty, many others, particularly those who compete in export markets, are more severely affected. So while this is not a perfect solution, particularly in terms of the impact on government revenues, we are removing that 3 percent duty in this Budget.

Similarly, in the last Budget we had indicated that we plan to introduce a dividend tax, both as a means of achieving equity between taxpayers and to raise revenue. We had aired this possibility in a number of public forums over the last year. We have carefully listened to the opposing views and after carefully weighing the potential revenue gain from this tax against the arguments raised, we have decided not to implement the dividend tax.

Mr. Speaker Sir, as a pandemic measure, the departure tax was reduced from \$200 to \$100 while specific tourism taxes like STT and ECAL were abolished. In the last Budget, departure tax was increased from \$100 to \$140. Given the industry is in a much better position now, the departure tax will increase from \$140 to \$170, effective from 1st August 2024 and will return to the pre-pandemic rate of \$200 from 1st August 2025.

Effective from 1st August 2024, the transit hours for departure tax exemption will reduce from 96 hours to 48 hours, (equivalent to 2 days). At inception, the transit hours for departure tax exemption was 12 hours and later increased to 96 hours.

For our hotel incentives, we are extending the SLIP tax holiday to investors who acquire existing hotels and undertake

renovations and refurbishments of more than \$50 million. This will support major investments like Crowne Plaza and Wananavu resort. At a time when we need more capacity in the tourism sector, we encourage investors to take advantage of this.

In addition, the standard allowance for renovations and extension of hotels will be reduced from 50 percent to 25 percent, similar to pre-COVID levels.

To support construction and bring down building costs, the fiscal duty on prefabricated buildings will reduce from 32 percent to 5 percent while fiscal duty on steel structures or articles of iron will be maintained at 5 percent.

Excise taxes on alcohol and tobacco products will increase by 5 percent.

The water resource tax rate will increase from 1 cent per litre to 5 cents per litre, for producers who extract between 0 to less than 10 million litres per month. The rate for producers extracting over 10 million litres per month remains unchanged at 19.5 cents per litre which was increased from 18 cents per litre in the last Budget.

A 200 percent deduction will be allowable for donations over \$10,000 towards the 2031 Pacific Games. Similar to the tax incentive provided to Fijian Drua, a 13-year tax holiday, duty concessions on imported sports equipment and 200 percent tax deduction will be extended to Fiji National Rugby League.

Development Partners

Mr. Speaker Sir, I take this opportunity to thank all our development partners who have supported Fiji over the past couple of years. In particular, I wish to highlight the significant support that the Government of Australia has rendered to Fiji through its comprehensive development aid program and in particular through budget support. It has importantly supported Fiji undertake and accelerate substantial reforms in a range of areas.

Australia has provided Fiji in excess of FJ\$450 million in budget support over the past 5 years, a substantial commitment by Australia. This has formed a critical basis of stability in sustainably financing our budget deficits and accelerating the development priorities of Fiji.

I wish to specially thank His Excellency, the Australian High Commissioner Ewen MacDonald and his team at the High Commission for the incredible partnership we have established. Australia's credible development program has supported Fiji in numerous areas of mutual interest, aided by technical assistance and financing. We look forward to continuing to strengthen our cooperation and engagement in this space and enhancing our Vuvale partnership.

Concluding Remarks

Mr. Speaker Sir, I have just laid out the Coalition Government's initiatives for the forthcoming financial year. We may not have been able to fulfil the wishes and aspirations of everyone. But we have done the best we can within the resources we have. As I have tried to emphasize, we must

continue with the unglamorous but necessary work of stabilising Government debt and positioning our public resources for better uses in future.

Building trust and confidence in Government is a critical priority for us in the next fiscal year. That is why we have recognised the value of our public servants and increased their pay to retain the skills that Government needs. We have taken responsibility for past injustices to pensioners and mineworkers. We continue to take responsibility for our predecessors' mistakes with USP.

Mr. Speaker Sir, where the business and investment community is concerned we have kept our promise of transparency and consistency in tax policy – signaling our intentions early, listening to their arguments and ensuring no surprises.

We are committing to significant investments in infrastructure with emphasis on rural roads and boreholes to improve rural water supply. We are also focused on strengthening the operational and financial autonomy of the Water Authority of Fiji and making disruptive water cuts and unreliability a thing of the past.

We are strongly focused on improving our public health and medical care delivery with new hospitals and better health care. We want to ensure that our one public-private partnership in health is working sustainably and affordably and that Government becomes a trusted commercial partner for the private sector, so we can open up opportunities for more investment in public service provision.

We have fully restored all fundamental freedoms for all our people including our workers and increased the national minimum wage.

Our astronomically high national debt of 90 percent of GDP 18 months ago will fall to 78 percent by this time next year and we are committed to patiently working to reduce it to sustainable levels.

For the first time last year, cane growers received nearly \$92 per tonne of cane - well over the guaranteed price of \$85. And this year, growers have already received over \$101 per tonne with the final or wash-up payment left to be made towards the end of October.

We have increased subsidies and budgetary allocations for non-sugar agriculture and the dairy industry. We have significantly increased welfare assistance and locked in back to school support for students from poorer families. We have lifted the burden of TELS loans from more than 50,000 students and begun work to bring more discipline into the funding and quality of tertiary education.

Mr. Speaker Sir, we know that the Government is not always perfect in its delivery of solutions and effective outcomes for our people. My commitment to the people of Fiji is that we will continue to listen. We are open to criticism and to new ideas and are creating the environment where these can be aired and discussed. We want people to bring forward their ideas and innovations and, even better, to work actively with us to help achieve them. We are working hard to deliver better regulatory outcomes, even though it may seem that these are slow in coming.

We also recognise that as a government we must respond more quickly to new economic and social challenges such as our critical loss of skills and the scourge of drugs. At the same time, we have to keep up with the slow, patient work on our long-term issues. This is why we are staying focused on economic stability, security and sustainability. No gimmicks, no short-termism. This work does not grab headlines. It does not gather applause. It is about patiently building foundations for the future, ensuring certainty of economic policy and sharing our plans in the most transparent way so that all of us know Government's economic direction of travel and can plan around it, contribute to the debate and contribute to the solutions. This is democracy in action and, just as important, it is using democratic mechanisms to improve economic outcomes for all of us.

Mr. Speaker Sir, I commend the 2024-2025 Appropriation Bill to Parliament and I do so with the concurrence of Cabinet.

Vinaka Vaka Levu, Dhanyawaad and Thank you. May God bless Fiji.