

Hon Speaker;
Hon Prime Minister;
Hon Leader of the Opposition;
Hon Members of Parliament;
Our Fellow Fijians;

I present to parliament and the Fijian people the 2021-2022 National Budget. There is nothing ordinary about our lives at this moment -- never has our personal wellbeing and the health of our economy been more entwined -- and so this will not be an ordinary budget.

Nearly 17 months on from our first case of the virus on 19 March 2020, and the COVID-19 Response Budget which soon followed, we are still deep in the world's worst economic crisis in a century. This pandemic has stolen jobs and precious life. It has kept families apart in times of celebration and sadness. It has crippled industries built through strong vision and years of steady investment. And the arrival of the more virulent variants has sent its devastating toll to painful new heights. The burning question on the minds of the world's economists and every Fijian is, when will it end?

For much of this ordeal, we have had no firm answer. As the virus exploded from an outbreak, to an epidemic, to a global pandemic, no one knew if the world would spend months, years, or even a decade at the mercy of this terrible disease. In the face of so many terrifying unknowns, many governments made different choices. Some worked well and some did not.

In Fiji, we chose drastic action to defend ourselves. The very day we confirmed our first case last year, we shut off international passenger travel. We locked down Nadi and Lautoka. We knew that these stop-gap measures would have enormous repercussions, but without any known cure or vaccines at that time, they were the best defence we had. And they did buy us a full year without any local cases through which we sustainably navigated an increasingly uncertain financial situation.

Tonight, Mr Speaker, is different. Despite the darkness and difficulty of the present outbreak, we have our clearest view of a future that is safe and an economy that is on the move. We are not dispensing band-aid solutions or depending on drastic and damaging measures that will cause structural unemployment and wide-scale poverty. We are no longer fighting to win a single battle against this virus -- we are fighting to win the war. And we can win, because we have vaccines, enough for every adult in Fiji.

This powerful defence has arrived more quickly than we dared to hope. As of yesterday, 64% of our target population, in other words, 377,090 adults, have received at least one dose of the COVID-19 vaccine and 12.5% of the target population are fully-vaccinated with both doses.

We cannot take that progress for granted when less than 30% of the populations of other upper-middle-income countries, like Fiji, have received a vaccine dose. And when -- due to unjust issues of accessibility -- some wealthier nations administer more vaccines in a single day than other low income countries have administered since the start of the pandemic. And we thank India for our first large shipment, and then Australia and New Zealand for helping expedite our access to free vaccines for our people. Australian and New Zealand medical teams are now in the country as well, sharing their invaluable supplies, knowledge, skills and experience with us to save the lives of Fijians. We thank them for being such indispensable allies.

Mr Speaker, as you and many in this room know personally, vaccines are safe, they work remarkably well, and they are the key to re-opening our economy at its full capacity. And we are pressing ahead quickly to vaccinate every eligible Fijian, which we view clearly as the most essential element to protect ourselves and pave the way to a sustainable and COVID-safe economy and way of life.

From March of 2020 until today, we have paid out more in direct, government-funded unemployment benefits than in all other years of Fijian history combined. Tonight, we are announcing a budgetary blueprint for the next financial year that keeps the helping hand of government open and extended to those who need it. And it prepares us for the possibilities of a post-pandemic future. This budget maintains financial prudence and socioeconomic stability. Above all, it is focused on securing Fiji's long-awaited comeback from this plague -- a recovery that depends entirely on the protection of every eligible Fijian through vaccines.

Mr Speaker, in Israel, in the United States of America, in the United Kingdom, in Europe, and across the developed world, vaccines have allowed people to safely move about freely out of their homes. Businesses are re-opening. Industries like travel and tourism are springing back to life. Financial markets are re-igniting and COVID-driven unemployment is falling. That promise of progress is still a distant dream for many in the developing world, where there are still large pockets of unvaccinated populations. But it is not a distant dream for Fiji. It is a reality that awaits us as quickly as we can protect ourselves from the virus through vaccines and prepare our economy for renewal. Your Government will not sit idly by and wait for fate to control our destiny. We have a vision, through decisive action and leadership, we will see that vision realised, come what may.

Mr Speaker, we expect to have at least 80% of the 587,651 Fijians who make up our target population fully vaccinated by 31 October this year -- in other words, 470,121 adults. In a night full of numbers, this is the most important metric I will mention. Only when we achieve widespread immunity from the virus can we get back

to our normal way of life here at home and secure the chance to reopen to the world and have the world reopen to us. We can achieve that mission. With the full cooperation of all Fijians -- we most certainly will achieve it.

For us Fijians, vaccines are free. They are easy to access. And, as of last week, every employer and employee in Fiji must be vaccinated. No jabs, no jobs. That is more than a tagline -- it is the stark reality of the matter. Mandated or not, without vaccines, many Fijians won't have a job to go back to, because only vaccines can assure the full return of entire industries. Without vaccines, our schools will not open. Without vaccines we cannot mount an economic recovery. No jabs, no opportunities. No re-opening of stadiums, restaurants, or borders. No jabs, no tourism. No jabs, no national airline. No jabs, no chances to see our friends and families abroad. Without vaccines, we cannot gather and be together safely. No jabs, no precious time with neighbours and loved ones. Couples separated by closed borders will not reunite. Those grieving the loss of a loved one cannot find comfort in laying the departed to rest with the comfort of family. No jabs, no sports. No rugby tournaments, no volleyball matches in the park or in the village green, no unmasked runs along the seawall. No jabs, no future and no freedom to return to the lives we all miss so dearly.

The changes in the law that we have made create safe workplace environments and ensure that vulnerable members of society are protected. These laws do not breach any of the rights enshrined in the Fijian Constitution. Any good lawyer, with sophisticated knowledge of constitutional law can tell you that.

Mr Speaker, we are acting to protect everyone, not please everyone. And we can't rely on fence-sitters, lawyers or otherwise. Nor can we tolerate the lies of anti-vaxxers, many of whom reside overseas and can hide away behind the comfort of wealth and privilege. Those who question the safety and the legitimacy of vaccines are choosing ignorance over proven science and more than a century of experience with modern vaccines. And they are gambling with our health and our economy and squandering the potential of coming generations. Their unfounded fears, their superstitions, their politicking, and, in some cases, their deliberate lies threaten lives and the security and prosperity of every Fijian, and we will not hold our future hostage to their foolishness, opportunism, and utter lack of decisive leadership.

With vaccines, and with enough of us vaccinated, our future looks very different than today. The unemployed can be employed. Those most marginalised can again provide for their families. We can fill our hotels, open our schools, we can save lives and restore our way of life. We can do things as simple as have a neighbor over for dinner and things as necessary as re-open our borders and rebuild our economy. Government can revive streams of revenue that support social welfare, free education, unemployment benefits,

civil service salaries, and other services that every one of us rely on. Without vaccines and the immunity they offer, we risk losing all of that -- we'll see massive drops in government revenue, massive cuts to government assistance and social welfare, and massive cuts to civil service salaries.

We thank those of you helping avert that future by coming out in full support of the vaccine and who have been vaccinated. We thank those of you wearing your masks, using the careFIJI contact tracing app we've developed, and operating in line with our other COVID-safe measures. You are the patriots this national moment of challenge demands.

We are well in line with our COVID-safe measures this evening. We are speaking with you from the Parliament where we are enforcing strict physical distancing. I am not wearing a mask so that I can be understood clearly. There is no audience in the chamber and many members of parliament are joining us virtually.

Our caution extends far beyond the walls of this August Parliament. We are equipping our frontliners with the tools they need to defend our people's lives and livelihoods against the devastating second wave of the COVID-19 virus. And we thank the doctors and nurses treating patients in our hospitals. We thank the police and military officers, and the relevant staff of government and statutory authorities, for enforcing our health protection measures. We thank the ambulance and government vehicle drivers who are transporting ill patients to care centres and health workers to the communities they serve. We thank the delivery teams -- in government and the private sector -- bringing groceries and household items to those in isolation and quarantine at home. This is a budget for these frontliners, and for all of the ordinary Fijians they are making such great sacrifices to protect.

With government revenues down, we have instituted a hiring freeze throughout the civil service. However, we have made exceptions for the Ministries of Health and Medical Services, and Communications, as well as the Police. We are in a public health crisis that depends on well-resourced health centres, clear communications, and the enforcement of the rule of law -- so we must ensure each of these arms of government are well-staffed and well-capable of defending us from the virus.

We also thank the private GPs who have opened their clinics to offer non-COVID medical care. We thank the employers who have kept staff in their jobs despite the downturn in business as well as those who have worked with us to re-open their doors in line with our COVID-safe measures, including the careFIJI QR code system. We thank companies, like Vodafone and Digicel that have helped us deliver unemployment benefits quickly to those in-need. This is also a budget for all businesses of all sizes -- and it is built on that same spirit of public-private sector collaboration.

Ultimately, that is how we will succeed -- together. But when we do and Fiji is open again, families are reunited, and planes start flying in tourists, our economy will not magically return to pre-pandemic levels of activity. That we must do ourselves, and I cannot sugar-coat the reality: We are closing out the most challenging economic period in Fijian history -- a COVID-driven, once-in-a-century contraction of 15.7 percent of our GDP. Tonight is about reclaiming what this pandemic has stolen, and this budget is built to achieve three objectives:

One, we must protect ourselves from the virus. Vaccines give us that defence. Until we have vaccine-induced herd immunity, total adherence to our health measures must be maintained.

Two, we must continue to sustainably support those individuals and businesses, micro, small, medium and larger, who have been hardest hit by the pandemic. With government revenues gutted, it will demand every ounce of our compassion and creativity to make this crisis tolerable for as many Fijians for as long as we can. There are many new measures in this budget to spur job creation and lift the cost burden on farmers, market vendors, public service vehicle drivers, fishers, students, and other hard-working Fijians. And we are removing costly, inefficient, and outdated bureaucratic processes and regulations.

Three, we must continue to future-proof Fiji. That means strengthening our resilience to future pandemics and to the impacts of a warming planet, which are already upon us. We need tourism back, of course, but we need even more eggs in our economic basket as well. We have to further diversify our economic base to make us more resilient to adversities that will surely come in this century and more open to new opportunities -- including bluer and greener sources of employment for our people.

Guided by these objectives, this budget will do more than hold us over through the rest of the pandemic. It will empower us to reach our vaccine targets and join the nations that are rapidly innovating their way out of this crisis. Because, Mr Speaker, if we achieve our vaccine target by the 31 October deadline, we will be in an excellent position to not only welcome back visitors by the Christmas holiday, but to spend that Christmas together safely with our loved ones and friends here in Fiji, just as we always have.

Ahead of that goal, we are working behind the scenes to establish mutual recognition of vaccine protocols with countries such as Australia, New Zealand, Korea, Singapore, and the United States of America. We're not wasting time pondering the moral philosophy of only vaccinated people travelling -- we are considering every possible avenue that guarantees a swift recovery. And we are making progress, Mr Speaker. As you would know, that progress is not always achieved in the public arena, but more often behind-the-scenes. We are here to govern and serve, not be social media

celebrities who appear in the media or post on Facebook every few hours.

We are focused on the future. Because once the world reopens, tourists will have numerous choices. Every patch of paradise in the world will be competing for their share of the market. These visitors will be thinking about their wallets and their wellbeing. They will be price-sensitive, they will be health-sensitive, and the tourism markets that attract them will be the ones that implement the most coordinated national approach, from the package deals we offer to the protocols we enforce for health and safety.

But even as our tourism numbers make a comeback, it is generally accepted among industry experts and multilateral development agencies that it will take at least three years to bring our economy back to its robust pre-COVID state. Every day we delay our recovery makes the road ahead longer and steeper. But we don't just want to return to the Fiji of two years ago. We need more. We must charge through the window of opportunity that vaccines offer towards a resilient recovery, a recovery that strengthens us, a recovery that puts us on the road to long-term sustainable growth.

That journey demands an unshakeable focus on our ambition for the nation. When a compass is set towards a destination, no good captain expects the course to be straight or easy. There will be storms that can blow the ship off course. There will be days when the wind does not blow at all. But despite the adversity, despite the difficulty, a good captain keeps their course. We have a good captain, Fiji. The principles and the vision of our Hon Prime Minister have never shifted with the winds. We have shown the flexibility and the creativity to navigate storms and traverse rough waters, but our compass remains fixed on our destination. An inclusive Fiji, a fair Fiji, a financially strong and stable Fiji, a resilient Fiji, a Fiji where anyone, anywhere can rise as far as their ability and ambition can carry them.

Had we steered our economy at the whim of armchair experts on Facebook or shifted course toward the ever-changing positions of some politicians, that dream would have died long ago. That fearful, reactive thinking serves no one and leads nations nowhere. These trying times demand skillful maneuvering, they demand sophisticated decision-making, not the crass populism and haphazard -- even whimsical -- approach. Instead, this budget will have the same focus we have consistently had for more than a decade. It does not lose sight of our destination; it is not a fearful budget. It is bold, it is sustainable, it is as decisive as it is creative, and it leans on our ability to adapt and think outside the box-- which is something we know we can do. We are doing it already.

Throughout the pandemic, thousands of Fijians have re-invented themselves and their careers to provide for their families. Former hotel pastry chefs have opened home-based bakeries. Small garment

shops and tailors have put their sewing machines to work producing face masks. Shopkeepers, even some farmers, are making goods and payments available online, and delivering their wares to the doorsteps of homes. Firms are using technology, like video conferencing and drones, to deliver services while remaining COVID-safe. This budget is driven by that same spirit of innovative resilience. Hard times come. We expect them and we prepare for them so that when they arrive, we can do more than winge about them.

Mr. Speaker, we can do more than just complain or even try to steal from government -- like one gentleman who applied for unemployment benefits eight different times during the same phase of assistance. We have to do more than just endure -- we must adapt and build back better. We have done it before. We have done so from political upheavals. We have done so from our hemisphere's most ferocious storm -- TC Winston -- and the many other storms and floods that have followed. This storm may be different; the winds of the coronavirus hurricane have blown continuously for 17 months. We don't see its damage in leveled homes or flooded streets -- but we feel its devastation everywhere. Regardless, once again, we can and will rebuild. We will do so sustainably in a manner that keeps our footing on rapidly-shifting ground.

Global Outlook

Mr. Speaker, the global economy declined by 3.3% in 2020 due to COVID-19, one of the largest global economic contractions in over 100 years. Large and developed economies mobilised trillions in economic stimulus measures to cushion the domestic impacts of the pandemic and finance large-scale investments in vaccine research and pre-orders. As vaccines roll out, their economies are expected to grow in 2021 and gradually return to pre-pandemic levels by 2024.

However, most small island developing economies do not have the fiscal luxury to prop up their economies with huge stimulus measures, nor do they have the privilege of being first in the line to get vaccines. Most of the tourism-dependent small island countries have suffered double-digit economic contractions, widespread unemployment, fiscal crashes, and credit-rating downgrades. These sudden, enduring shocks have overwhelmed the fiscal capacities of these nations to respond.

Domestic Outlook

Mr Speaker, the reason for the 15.7 percent contraction of the Fijian economy in 2020 is not a mystery to anyone. It was primarily due to the halt in tourism activity after border closures. But it could have been much worse. We projected a contraction of nearly 20 percent, but the freedom we've granted businesses to adapt to the new normal has spared us from that level of economic loss. Still, we are dealing with record-low consumer and business activity, high unemployment, and,

consequently, declining business and household incomes. This, of course, has halved government revenue in 2020.

The adversity does not end with COVID. We were hit by three major cyclones in the span of just 10 months -- category 4 TC Harold, category 4 TC Yasa and category 2 TC Ana, and a fourth if you add Tropical Depression Bina, all landed their own blows on our people -- delivering brutal reminders that a strong economy is vital to protecting our people from the consequences of climate change.

Over the past 17 months, the Fijian Government has had to make crucial strategic fiscal decisions accompanied by expansionary monetary policy measures. It took careful and prudent economic planning -- combined with exceptional diplomatic dexterity -- to maintain fiscal stability, stabilize the economy and provide immediate support to those most affected. Diplomacy isn't all about tweets and photo-ops -- at the core, it's about working together towards an agreed upon outcome. And Fiji's friendships in the region and around the world are quietly delivering for us at a time when multilateralism is humanity's best defence against the coronavirus -- a global enemy that we must defeat together.

2020-2021 Fiscal Performance

This is our third national budget announcement during the pandemic. In early April of last year, through a rapid COVID-19 Response Budget, we redirected resources and took decisive measures to keep this virus out of Fiji. Then, in last year's 2020-2021 Budget, we acted prudently to maintain services our people rely on, dropped taxes to maintain our competitive edge and helped businesses recuperate, and continued dispensing historic amounts of assistance to the unemployed in both the formal and informal sectors.

Mr Speaker, the 2020-2021 Budget was delivered in a period of near total uncertainty and strove to meet the difficult moment in which it was announced.

We introduced various measures to improve our competitiveness not only in the tourism sector, but also by setting an enabling environment for other businesses to restart. We reduced taxes for the tourism sector. We completely removed the 6 percent STT. We reduced departure tax from \$200 to \$100. ECAL was cut from 10 percent to 5 percent, and the threshold increased from \$1.25 million to \$3 million. Alcohol taxes were reduced by 50 percent. Tariffs were cut across the board to zero or 5 percent on over 2,000 tariff lines. Mr. Speaker, we completely removed stamp duties. We completely removed business license fees. We removed these burdens to spur a recovery, and that relief will stay with us this financial year.

We provided support to businesses, with various immediate tax-relief measures and loan-repayment holidays. We made more funds available through the RBF at lower interest rates. We provided

unemployment support to both the formal sector and informal sector. We continued paying social welfare support for the poor. We continued the disability allowance, the social pension scheme and the electricity subsidy. We continued payment for free water and gave support for transportation. We continued providing free education grants to schools so they could continue teaching and prepare for reopening. We paid for TELS and Toppers. We continued with the first-home buyers' grant.

The framework of last year's budget was based on an extremely conservative revenue projection resulting in a large projected deficit of \$2 billion, equivalent to 20.2 percent of GDP. With the 2020-2021 financial year coming to an end in two weeks' time, we have done extremely well. I am pleased to inform the Parliament that the fiscal deficit is estimated to be around 11.5 percent of GDP, almost half of the 20.2 percent net deficit that we planned for and budgeted for.

With a lower projected net deficit of around 11.5 percent in the 2020-2021 fiscal year, Government debt is estimated to be around \$7.6 billion dollars, or 79.2 percent of GDP as at July 2021. This is \$700 million dollars lower than the earlier projected debt of \$8.3 billion dollars, or 83 percent of GDP. The lower-than-budgeted debt-to-GDP ratio is despite a 5 percent lower nominal GDP due to the contraction of the Fijian economy in 2021. If the nominal GDP had remained unchanged at the levels projected in the Budget, the debt to GDP ratio would have been much lower at 76.5 percent of GDP.

Mr. Speaker, we were able to achieve a lower debt-to-GDP ratio because of our tight control on operational expenditure, with a freeze on the size of the civil service, improved operational efficiency, use of new technology and over three times higher inflows of non-tax revenues emanating largely from budget support and divestments.

Prior to the second wave, tax collections were on track to surpass projections. However, because of various lockdown measures stemming from the second wave, revenue was slightly lower than projected.

Maintaining Macro-Fiscal Stability

Mr Speaker, macroeconomic stability is the bedrock of a sustained economic recovery. Unlike the conditions when previous economic crises struck Fiji, our pre-COVID balance-of-payment condition was relatively strong, with a healthy level of foreign exchange. So strong that, despite the closure of the tourism industry, which is our largest foreign-exchange earner, foreign reserves levels have actually increased substantially, supported by external grants and borrowings and large inflows of foreign exchange following the recent divestment of Energy Fiji Limited. Muted import demand due to the downturn in the economy was also a contributing factor.

Our strong reserves position has also ensured stability of the exchange rate and helped us avoid unwarranted speculation that would have affected confidence in the Fijian dollar. It also helped the RBF maintain an accommodative monetary policy stance through these challenging times.

Our strong reserves position will greatly support the recovery process because the financial sector remains flush, with liquidity of over \$1.6 billion dollars keeping downward pressure on interest rates. As credit-risk conditions improve, major reductions are expected in interest rates that will support private sector investments and business activity.

While foreign reserves remain comfortable at over \$3.1 billion dollars, proactive and sustainable measures are needed to address the underlying balance-of-payment issues. The export sector must be increased, new foreign direct investments incentivised, the tourism sector rebuilt and the economy further diversified. Generally, we need to become more productive and more competitive in every way that we can.

Mr Speaker, the financial sector continues to be sound, backed by the strong capital positions of banks, despite the large loan provisionings.

The increased level of borrowings because of COVID-19 has increased the level of public debt -- an inevitability with Government revenues so deeply depleted. While this counter-cyclical response was appropriate, returning to a macro-fiscal equilibrium will be a key focus for the medium term. Risks emanating from contingent liabilities also have to be managed to avoid any materialisation of fiscal risks. The public debt-to-GDP ratio will be put on a downward path as part of our medium-term fiscal consolidation plan.

2021-2022 National Budget

Given that we still lack the luxury of complete certainty, we have adopted the same conservative revenue estimation strategy as last year. The downside, once again, is a high projected level of debt. We have to make such projections because we could indeed have high debt levels next year if our economy does not fully reopen, and we want to be fully transparent about the consequences of that worst-case scenario. Alternatively, if we do reopen and we do over-collect on revenue, that will give us a buffer that lowers borrowings and planned debt levels. This is the best way to plan. If we arrogantly assume that Fiji reopens and we misjudge and over-project revenues, we'll face serious cash-flow challenges that we cannot accept.

Mr Speaker, for this Budget we are making a total expenditure allocation of \$3.69 billion dollars with a total revenue projection of \$2.08 billion dollars. This results in a net deficit

of \$1.61 billion dollars, equivalent to 16.2 percent of GDP, with debt projected at 91.6 percent of GDP.

Tax revenue collections are projected at \$1.59 billion, 45 percent lower than pre-COVID levels but slightly higher than the 2020-2021 financial year.

It is important to note that Government will also carry over around \$150 million in cash balances to the new financial year. This provides an additional buffer should tax revenues underperform. This is a change in strategy, as cash balances carried forward for the 2020-2021 financial year were included as part of loan funding, which was clearly laid out in the 2020-2021 Budget documents.

Non-tax revenues are estimated at \$487.5 million. As part of our public sector reforms, we are bringing on board strategic partners to improve service delivery and efficiency in the operations of state-owned entities. The divestment of EFL is a recent example, in which we enlisted a reputable strategic partner in Fiji's energy sector to further our renewable energy revolution. Government will continue these reforms with further divestments planned for Amalgamated Telecom Holdings Limited, Fiji Airports Limited and other smaller state-owned enterprises. Such divestments are expected to generate around \$150 million in non-tax revenue.

Budget-support grants from Fiji's key development partners have been a great help during the COVID-19 crisis. Government is currently in discussion with a number of development partners for budget support, conservatively estimated at approximately \$120 million.

Mr. Speaker, the COVID Response budget and 2020-2021 Budgets were a lifeline for many Fijians and that support will remain intact, as will the foundation for our economic revival and seize the opportunity for recovery that vaccination provides. While this budget extends over the full financial year, it will be reviewed in six months. These uncertain times require us to be flexible and to adapt quickly to new realities. A better economic situation -- brought on by widespread vaccination -- will produce more revenue and provide more opportunity. We will want to take advantage of that. However, if the economy has not begun its recovery by then, we will have to scale this budget back considerably, so a full review of the budget in six months' time is sensible and prudent.

From the standpoint of finance and policy, we are doing a tremendous amount with the resources we have. And I will be going through all of the most important changes clearly and carefully this evening.

Budget Consultations

Mr Speaker, a bold budget must always begin in close consultation with the members of the public that it is meant to serve. Over the past several weeks we've spoken with more than 1,000 individuals from businesses, civil society groups and faith-based groups through our national budget consultations. We also received a number of written submissions. We thank those who joined us, spoke with us or wrote to us about the challenges they faced and shared constructive suggestions and ideas about the budget. We have listened and we are acting to help within our current constraints in some form or the other, all of the different interest groups.

Unemployment Support

Mr Speaker, with so many Fijians still out of work and on reduced hours, a considerable portion of this budget is dedicated to unemployment support. The social contract between the people and their government requires us to provide support in times of crisis through sustainable measures of social protection. It is our duty to help, and it is our duty to ensure we can sustainably provide that help as long as required.

Let's be clear about what we mean by the term "sustainably". I said earlier that we had dispensed more in government-funded unemployment benefits in the 17 months since March of 2020 than in every other year of Fijian history combined -- including assistance to those in the informal sector -- a first for any government in Fiji. That level of assistance was unprecedented, and it was deployed carefully so that we did not empty the government's coffers in a matter of weeks or months. We acted prudently because we did not know how long this crisis would persist. Thank God we did. Had we bowed to those demanding untenable levels of assistance, we would have run out of money in the early parts of last year and we'd have nothing to announce tonight. There would be nothing left for people who need support now. And we certainly would not be printing money to magically place in people's accounts like some unqualified pseudo-economists have suggested. Although we can see a plausible vaccine-managed end to this crisis, we have not lost sight of our duty and fiscal responsibility. So the assistance that comes in this budget will continue to be deployed carefully and sustainably so it can last us through the end of the year.

The unprecedented unemployment benefit that Government introduced in the 2020-2021 financial year under the FNP scheme saw government directly disburse \$205 million dollars to those in the formal sector and \$32 million dollars to the informal sector. These were direct cash benefits apart from other forms of socio-economic assistance such as utility payments.

Mr. Speaker, today we are announcing \$200 million in unemployment income support to Fijians affected by COVID-19 both in the formal and informal sectors. Starting 1 August 2021, every affected Fijian will be entitled to a monthly allowance of \$120 for 6 months, which will be paid in two lump-sum payments.

The first lump-sum payout of \$360 per person will be done in August 2021 to cater for the 3 months from August to October, with a total estimated payout of around \$100 million. This support will assist individuals who are in the formal and informal sectors, are above the age of 18 years, living in Viti Levu and do not benefit from any social welfare payments, education allowances, any other government-funded assistance or withdrawals from FNPF. This assistance will only be provided to those eligible individuals who have received at least their first dose of the COVID-19 vaccine before the application period ends. So Mr. Speaker, eligible Fijians have at least three weeks to ensure that they get at least the first dose of the COVID-19 vaccine. No jabs, no assistance.

We will make the second payment of \$360 in November to eligible Fijians provided they are fully vaccinated by 31 October, with a total estimated payout of an additional \$100 million. This payment will cater for the 3 months ending January 2022. We will make medical exceptions for those with a certificate from the PS for Health and Medical Services.

Individuals will be required to apply for this assistance, and payouts will be made using M-Paisa and My-Cash platforms. It will also be mandatory for applicants to provide their birth registration number and their tax identification number apart from other details. Mr Speaker, this is necessary because assistance is being paid out on an individual basis. So, for example, if there are four eligible individuals per household, the household will receive an unemployment payout of \$1,440 dollars for the first payment and an additional \$1,440 for second payment. A household with 10 eligible individuals will receive a total payment of \$7,200 directly from Government.

Mr Speaker, the earlier initiative whereby unemployed Fijians were eligible for \$220 fortnightly payout from FNPF will continue for members with sufficient General Account balances. All those who have exhausted their General Account balances or do not want to access their General Account balance will be eligible for the \$720 per-person payout under the new initiative.

Social Welfare Support

Mr Speaker, despite massive reductions in fiscal revenue, our social safety net has not been torn away because we have not forgotten our obligation to protect the most marginalized Fijians. For this budget we are providing \$120 million for the Poverty Benefit Scheme, Child Protection Allowance Programme, Disability Allowance Programme, Social Pension Scheme and Bus Fare Subsidies for the Elderly and Disabled to assist more than 130,000 vulnerable Fijians.

Mr. Speaker, this includes \$55 million being allocated for the Social Pension Scheme, which will support 48,094 Fijians above the age of 65 with a monthly payment of \$100. For the Poverty Benefit

Scheme, which is targeted at providing income support to the poor and vulnerable, we are allocating \$36 million to cover the Cash Transfer Support ranging from \$35 to \$127 and a \$50 Food Voucher for 27,490 Fijians. The \$90 monthly Disability Allowance will also continue with an allocation of \$10.8 million, assisting around 9,400 Fijians. A further \$11.3 million is allocated under the Child Protection Allowance to support vulnerable children. The Bus Fare Support for Elderly and Disabled Persons will continue with a monthly top-up of \$10 and a funding allocation of \$5 million. A further \$1 million is allocated for the Food Voucher Programme for Rural Pregnant Women.

Mr Speaker, overall funding for social protection initiatives has been reduced by a total of \$4.2 million compared to the 2020-2021 financial year. That isn't because we are scaling down but because we're smartening up our controls to streamline the delivery of assistance. Through robust audits of recipients, we're making sure assistance reaches the people who really need it. So we can weed out bad actors who try to receive payments despite graduating to a higher income level or people who claim benefits in the name of someone who has passed away, or those who simply were receiving payments from more than one assistance stream.

Mr Speaker, we acknowledge the Australian Government for providing budget support to selected social welfare programmes in the 2020-2021 financial year and which will also be applied to the 2021-2022 financial year. Their faith in our disbursement of social welfare assistance assures us of their confidence in our systems - - it was an Australian investment in our audit and IT systems that helped identify and disburse these assistance payments.

Micro Insurance Policy

Mr Speaker, Government is subsidising micro-insurance coverage for all Social Welfare recipients through the Government Micro Insurance Program at a cost of \$5.6 million per year. For the new insurance term, those eligible for term life and funeral benefits must be fully vaccinated by 1 November 2021. This insurance policy pays out in the event of death, house fires and sickness and vaccination is actually a requirement of insurance companies, given the severe risks of death due to COVID-19.

Free Water and Electricity Subsidy

Mr Speaker, socio-economic stability for every home in Fiji starts at the tap. We need water that is clean and easily accessible. And to keep the taps flowing for those most vulnerable, the Fijian Government will continue to provide free water to households with an annual household income of less than \$30,000 for up to 92,500 litres of water.

The same goes for access to electricity. 96% of Fijians have electricity thanks to years of steady investment. We didn't make those investments so that power would not be supplied in times of

hardship. Electricity is a pillar of a modern Fijian economy that cannot be allowed to crumble.

For households earning an annual income of less than \$30,000, we have been providing a subsidy of 16.34 cents per unit for the 100 kilowatts of power usage. Effective from 1 August 2021 to 31 January 2022, the Fijian Government will pay the full cost of 34.01 cents for approximately 50,000 households at a total cost \$11 million dollars. Like most everything else in this budget, this policy depends on vaccination rates climbing, so it will be reviewed in six months' time.

Apart from this, subsidized domestic customers will get six weeks to pay their electricity bill without disconnection. Non-subsidised domestic customers will get four weeks for their bill payment. This extended bill payment will be provided for six months from 1 August 2021 to 31 January 2022 before it is reviewed.

Fee Reductions

Healing the wounds of this pandemic begins with supporting working Fijians to do what they do best: provide for themselves and participate in our economy. We don't have the same deep pockets as wealthier nations to pour trillions into the market to stimulate growth. We have to think a bit harder and do the best with what we have. And one of the better and smarter ways to do that is by decreasing the cost burden on businesses, sole traders, and other Fijians to give them more financial breathing room. Tonight, we have a very long list of what the government is prepared to pay. Together, these reductions in fees and duties add up to serious daily savings for all Fijians and lend certainty at a time it has never been more sorely needed.

Mr Speaker, to support all casual and full-time market vendors in Fiji and provide financial relief across the country, \$2.6 million dollars is allocated for the government to pay the full market stall fees for one year from 1 August 2021 to 31 July 2022 for the benefit of around 8,000 vendors. If you're selling in a market, your fees are paid. You can keep more of your income, use it to sustain your family, use it to build your business, and lower your prices if you think it helps you sell and earn more.

Government will pay inshore fishing licence fees and other associated MSAF fees for the local fishing industry for the next two years for the benefit of all fishing licence holders and registered boat owners with an allocation of \$200,000 for the benefit of more than 3,000 license holders and boat owners. Registration fees, annual boat survey fees and boat master licenses are also now valid for five years for fishing boats shorter than 15 meters.

To grant more certainty to fishers, we're also amending the Offshore Fisheries Management Act 2012 to extend the terms of

offshore fishing licenses from 36 months to a maximum of 20 years. So if you are fishing for a living, you know you will be licesended for up to two decades so you can make investments, or take out loans, that are more suited to a more certain timeline.

Mr Speaker Sir, Government will also provide a 5 percent subsidy for investments in fishing boats with value above \$1 million to \$2 million dollars with funding allocation of \$500,000. To qualify, the boat needs to be in accordance with low-carbon standards. We want there to be more opportunity in our blue economy but that does not come at the cost of rising emissions. We are a country committed to net-zero emissions by mid-century, and we have to encourage that transition wherever there is an opportunity to do so. Government will also pay security licence fees for security guards for the next 12 months.

As more Fijians take advantage of these incentives to take up sustainable livelihoods in our blue economy, we expect incomes for our fishers and coastal communities to steadily rise and we expect more young people to enter into the blue economy sector at different levels. So we will be taking commensurate steps to ensure traceability and value addition so that illegal fishing and other abuse of the environment and our blue economy is part of our overall effort to build back better, more sustainably and more inclusively.

Government will also pay for training and certification fees for those Fijians who wish to become seafarers through an allocation of \$100,000. And, Mr Speaker, a total of \$500,000 has been allocated as a 50% partnership contribution for government for the purchase of a boat and engine by individuals and community groups. This initiative will be made available on an equitable basis to maritime islands based on population size, their current fleet of fiber-glass boats, and other factors like willingness and ability to meet the remaining 50% of the cost of the vessels.

Mr Speaker Sir, pandemic or not, many Fijians still need to drive to shop or travel to a COVID-safe place of business. And fines and fees associated with driving can be an unbudgeted gut-punch for many unemployed Fijians awaiting the chance to work again. So we will be waiving the 50% additional penalty charged on Traffic Infringement Notices -- or TINs in short -- for personal motor vehicle infringements incurred from 15 July 2021 for unemployed Fijians. These are for basic infringements such as overspeeding, red light traffic infringement and other infringements that do not involve illegal operations. These individuals will be given a grace period from 1 August 2021 to 31 July 2022 to come forward and clear their principal TIN amounts. This will significantly reduce the penalties for people who have so far been unable to pay their TINs.

Government will also put aside an allocation of \$2.5 million to pay base fees for taxis, minibuses, carriers and buses for one year, also to cushion the burden brought about by the COVID-19

pandemic and the lowered demand for passenger travel that has hit the bottom-line of public service vehicle drivers.

In relation to fees, we will also be removing the LTA alteration-of-records fee to make it easier for Fijians to change their records held by the LTA. Government will pay the driving license and defensive driving fees for all taxi drivers, bus drivers, mini-bus drivers and carrier drivers who are up for renewals in the next financial year. Government will also pay the wheel tax and road user levy for tractors and golf carts for 12 months.

Mr Speaker, we have also looked at ways to improve enforcement of the law on our roads. To that effect, we are strengthening the powers of the LTA in relation to private vehicles illegally operating as taxis or minibuses, by allowing LTA to auction off seized vehicles after conviction. Illegal taxis and minibuses are a significant problem on our roads right now as they do not adhere to the same safety and conduct standards as registered PSVs. It is our hope that by empowering LTA to sell off these vehicles instead of simply returning them to perpetrators to continue carrying out these offences, we will sufficiently deter past and potential future offenders.

Mr Speaker, we have identified practical areas in which Fijians can be assisted to ease everyday expenses. From 1 August 2021, Government will pay the \$54.50 medical report fee for all those who are required to submit such reports to employers for job applications or wanting medical reports for referrals to go overseas for treatments. \$100,000 is allocated for this.

Government will pay the police clearance report fees for those who need it as a job requirement or for obtaining a PSV driving licence, again that includes taxi drivers, bus drivers, mini-bus drivers and carrier drivers. This will be for 12 months effective from 1 August 2021 with a total funding of \$450,000. Mr. Speaker, obtaining a birth certificate will now be paid by Government for 12 months. No fees need to be paid by anyone who needs their birth certificate to confirm their identity to access the many different programmes that require it.

Mr Speaker, Government will pay surveyor fees for people who may be unable to afford to survey their land. There are some Fijians who currently live on State and iTaukei land who do not have the funds to conduct the surveys necessary to transition their lease agreement into a fully fledged registered lease, which could make them more financially stable. So, Government will allocate a total of \$1 million to cover the cost of land surveys to help more landowners make this obvious economic step-up.

Mr Speaker, Government will also continue to provide medical services through General Practitioners to Fijians who used to depend fully on the public health system for General Outpatient Services, with an allocation of \$5 million. This reduces the load

on larger public hospitals, reduces the risk of larger hospitals being locked down due to COVID outbreaks and supports these private GP's who have also been impacted by the COVID-19 pandemic. A total of 17 GP outlets are currently part of this initiative. Mr Speaker, for those eligible, the free medicine programme will continue as well and will now apply to people who visit those GPs. And supermarkets will now be able to sell vitamins that currently only pharmacies can sell.

Continuation of Stronger Together Job Support Scheme

Mr Speaker, we will continue the Stronger Together Job Support Scheme -- on top of the assistance provided to those in the informal sector -- to provide actual opportunities for employment for Fijians with an allocation of \$5 million dollars.

Under this scheme, employers are granted a wage subsidy by Government equivalent to the minimum wage rate of \$2.68 for a three-month period when they employ eligible Fijians who did not have a job pre-COVID and in particular, people from the informal sector.

Government has spent around \$3 million on this initiative since it began in November 2020. To-date, some 48 employers have participated in the scheme, creating at around 1,000 new jobs.

Mr. Speaker Sir, to equip those that are unemployed with new skills, we are providing \$1 million dollars for retaining and reskilling through the Fiji National University.

Civil Service Salaries

Mr Speaker, We continued paying civil service salaries with no reduction for civil servants below the level of permanent secretary. We have continued to pay teachers, even though they haven't conducted classes since the start of this outbreak. Even teachers on acting allowance have been paid during this period. We've done this because we want to keep our teachers and make sure they are ready to go the extra mile when schools reopen to help their students catch-up on missed curriculum. Some civil servants who work from home on reduced hours or others who cannot attend work due to lockdown measures or home isolation protocols have also been paid in full. Mr. Speaker, by supporting civil servants we're doing more than looking out for our employees, we are supporting the families that rely on civil servants to provide for them, we are supporting the businesses they shop at, and we are supporting the economy as a whole.

We are not making any further cuts to civil service salaries in this budget. We are committed to making the civil service the premier employer-of-choice in Fiji. A good number of civil servants are working harder than ever to maintain government's services, especially through this latest outbreak, and they should

not and they will not see their salaries reduced further. To save costs, we have frozen hiring for new positions in the civil service except for, as I mentioned, the Ministries of Health and Medical Services, Communications, and Local Government as well as the Police.

However, when we do review this budget in six months, civil service salaries will be carefully reviewed in the event our borders do not reopen and our economy has not shown measured signs of revival. We have gone more than a year without making serious cuts to salaries. However, that commitment does hinge on government revenues being restored within six months. And that depends on more of us being vaccinated.

Provision of Sanitary Pads to all Female Students

Mr Speaker, we're very proud that free education paved the way to equality of opportunity for young boys and girls in school, but there's clearly more we can and should be doing to make equality the reality for the young women of Fiji. It's ludicrous that in the 21st century girls would miss a few precious learning days each month because they do not have access to sanitary pads, moreso now when family incomes have declined significantly. So Mr. Speaker, in this Budget, Government will provide sanitary pads to all female students from late Primary to Year 13 through an allocation of \$1.5 million.

These students will be provided with vouchers in schools by the Ministry of Education, Heritage and Arts which they can use to buy sanitary pads from supermarkets or convenience stores. Around 55,000 female students from primary school to year 13 are expected to be assisted through this initiative.

We want our girls to know that even though resources are scarcer than usual for their government, their needs are at the very top of our priority list. Sanitary pads are not optional, they are essential. And they will be made available to every female student who needs them.

Support for Businesses

Mr. Speaker, last year we made the most dramatic cuts to taxes on businesses ever. We cut fees and dropped duties, and those competitive measures will be maintained through this budget. We'll also be doing much more to aid Fijian companies of all sizes.

Today we are announcing working capital support of \$200 million in the form of loans to help Fijian businesses meet their operational needs. Government will fully subsidize borrowers' interest cost on these loans for the first two years, with a total funding allocation of \$8 million in the 2021-2022 Budget and additional funding of \$8 million in the following budget.

Businesses who take advantage of this programme will have the freedom to use this assistance where they need it most. They can pay wages and salaries, rents and utilities, purchase stocks or cover any other working capital needs. We trust companies to know what they need. Existing micro businesses with turnover less than \$50 thousand will be eligible for a maximum loan funding of \$10,000. Small businesses with annual turnover of \$50,000 to \$300,000 will be eligible for a maximum loan funding of \$20,000, while medium-sized businesses with annual turnover of \$300,000 to \$1.25 million are eligible for a maximum loan of \$50,000. Large businesses with turnover of more than \$1.25 million can access up to \$100,000 in loans. Under this facility, we are targeting assistance towards nearly 20,000 businesses in Fiji.

Mr Speaker Sir, this is how this scheme will work: The Reserve Bank of Fiji will provide special funding of \$200 million at a rate of 0.25% that can be accessed by commercial banks, FDB and other licensed credit institutions. These financial institutions will lend these funds at a maximum rate of 3.99 percent.

All of this will allow Fiji's banks to make these interest-only loans for the first two years. That means that for the first two years, none of these businesses will pay anything -- because Government will pay all the interest. The beauty is that these loans cannot become bad or default for the first two years, because debt service will always be current. This gives our businesses two full years to stabilize and recover, if necessary, before they start the loan repayments from year three onwards.

Mr. Speaker, we understand that some loans could go bad from Year 3. For the comfort of the financial institutions, Government will guarantee 90 percent of the loan for the micro businesses through the RBF, 85 percent for small businesses, 80 percent for medium-sized businesses and 75 percent for large businesses. We have allocated \$5 million in the 2021/2022 Budget for RBF to manage the guarantee. Further allocations will be made over the years to ensure that sufficient funding is held at the RBF to cater for any future defaults.

Mr. Speaker, we are also going to assist Micro Small and Medium Enterprises (MSMEs). They have been hit hardest by our targeted lockdowns to contain the virus. We are going to ease their financial burden to give them even more breathing room to grow and do well. Effective from 1 August for a period of 6 months, MSMEs with a turnover of less than \$1.25 million dollars that are paying commercial electricity rates will now pay residential rates, with the Government subsidising the difference. This is expected to assist over 18,700 MSMEs. \$7 million has been allocated for this initiative.

Apart from this, commercial customers will get four weeks to pay their electricity bill without disconnection. This extended bill

payment will be provided for the next 6 months, from 1 August 2021 to 31 January 2022.

Mr Speaker, we know that businesses, particularly in the tourism sector, have had their vehicles parked due to border closures. So we will be waiving all arrears for vehicles that have been off the road and have accumulated fees and charges. From 1 August 2021 to 31 July 2022, the owners of these vehicles will be able to come forward and register their vehicles without having to pay the accumulated fees and charges. These include annual registration and licensing fees, the Road User Levy and the ACCF Levy. This applies also to individuals.

We will also be amending the Land Transport Act 1998 to address gaps in the Act that have historically been a cause for concern for the tourism industry. The Act does not allow hotels that own vehicles registered as commercial vehicles to carry guests. This issue has been dealt with over the years through exemptions; however, we will be patching up these gaps in the Act to ensure that when our tourism industry is back up and running smoothly again, we have a more secure legal framework in place.

Mr. Speaker, we have reviewed the current taxi operations framework and will be rolling out a new system to increase efficiency. We are removing municipal taxi bases and stands and replacing them with a new concept of 'open taxi ranks', which will allow taxis to operate more freely and efficiently within their zones. With the removal of municipal taxi bases and stands, we will also be removing the various base, stand and station fees that public service vehicle (PSV) permit holders currently pay -- that covers taxi drivers, bus drivers, and minibus drivers -- and replacing them with an annual PSV Levy paid for by all PSV permit holders except rental permit holders -- and those who have paid these fees already will be reimbursed. The new PSV Levy will be collected and placed in a specific trust fund that will be used for the development and maintenance of PSV bases, stands and stations.

Mr Speaker, improving the national balance of trade is a crucial part of our economic recovery. To support local exporters, Government will pay Biosecurity Authority of Fiji (BAF) fees on all exports for 12 months effective from 1 August 2021 with a total funding of \$1.1 million dollars.

The commission rate charged by Vodafone to bus companies for e-ticketing will be reduced from 4.5 percent to 3.5 percent. This will assist bus operators, which are now operating at half capacity due to the COVID-safe protocols. Government through the Ministry of Transport will roll out the E-ticketing system to minibuses, taxis and ferry services from 2022.

Measures through FNPF

Giving citizens the ability to access their FNPF funds to help them through the pandemic has provided a lifeline for many families and injected needed cash into the Fijian economy. We are introducing a number of measures to continue that flexibility for FNPF members while preserving the integrity of the FNPF's essential function as a superannuation fund and making it healthier as we go forward.

FNPF members between the ages of 50 and 54 with balances of up to \$10,000 will now be able to withdraw all remaining funds from their FNPF account. This will provide some form of financial support for decisions regarding their livelihood—for example, setting up a small business, paying off any bank loans or hire purchase payments. In addition to this Mr. Speaker Sir, FNPF members affected by COVID-19 will also be able to withdraw up to \$10,000 dollars for business related purposes from several accounts. This is expected to inject up to \$30 million dollars in the economy.

Government will increase the FNPF employer and employee contribution from 5% to 6% from 1 January 2022 through 31 December 2022. For more than a year now, FNPF members' accounts have received contributions at a lower rate. This 1% reversal for both employers and employees should yield a total of around \$40 million dollars credited to members' accounts. Government will gradually revert the contribution rates to a total of 18% in the coming years.

Any employer who chooses to contribute more than the 6% statutory mandatory contribution, up to 10%, will be allowed to deduct 300% of that contribution from their taxes and that additional income in the pockets of the employee will be exempt from income tax.

Family care leave and paternity leave will be reduced from two days to one day effective from 1 August 2021 until the end of the COVID-19 period. Mr. Speaker, many businesses have provided employees leave with pay through the past several months, and the burden of family care and paternity leave benefits is too much to ask of many struggling businesses through this period. Again, if we achieve our vaccination targets, we will be in a good position to restore these paid days off for employees.

Mr. Speaker Sir, FNPF has also extended the COVID-19 Home Loan Assistance until 31 September 2021 for moratoriums dated after 31 March 2021. This assistance will enable members to dip into their preserved account to help pay their mortgage or make monthly repayments. Members can access 100% of their General Account and 50% of their Preserved Account. By June 2021, more than 1,900 members had taken advantage of this assistance, with a total value of \$15.3 million dollars.

FNPF has also credited full interest of around \$297 million for the financial year ending 30 June 2021 to 389,986 member accounts.

Starting 1 August, any interest credited by FNPF will be directed into members' general balances.

Tax deduction for reduction of commercial rent

Mr. Speaker, cash flow pressures in these challenging times are a given. To help ease the overhead cost of businesses that pay rent, an increased tax deduction of 200% from the current 100% will be available to landlords for the amount of commercial rent reduced. This applies to reduction of rent payable from 1 August 2021 to 31 July 2022.

We are providing this incentive to make rent reductions as easy and as obvious of an option as possible for landlords. We cannot make you lower the rents and we cannot force you to keep your tenants. But we can appeal to your good sense by aligning tax incentives to encourage rent reductions. And we urge you to consider your long-term relationship and your reputation among those who rent from you now and those who may or may not choose to rent from you in the future. Your compassion through this crisis will always be remembered. Just the same, if you choose to be cruel and callous, that will never be forgotten.

Support to Tourism Sector

Mr. Speaker, the tourism sector typically brings in over \$2 billion in foreign exchange every year, providing thousands of jobs and income-generating opportunities, and endearing people around the world to our people and the country. With the industry at a virtual standstill, we're left without one of our great economic engines. Our comeback must be coordinated if we are to seize our share of the global industry's rebound. The commitment of tourism workers and operators to be vaccinated is a powerful show of what our cooperation can achieve. We have your back all the way towards your industry's recovery.

Apart from the large reductions in tourism sector taxes last year -- which will remain -- we are providing additional tax incentives to encourage more operators to build this industry better in preparation of the reopening of the borders.

Under a Short Life Investment Package (SLIP), new hotel investment projects are offered five years' income tax holiday for capital investments from \$250,000 to \$1 million, a seven-year tax holiday for investments between \$1 million to \$2 million and a 13-year tax holiday for capital investment exceeding \$2 million. To further incentivise new investments in hotels, a 20-year income tax holiday will be offered for investments above \$40 million. Customs duty exemption will continue to be provided on all capital goods, including capital equipment, plant and machinery equipment, building materials, furnishing and fittings, room amenities, kitchen and dining equipment and specialised water equipment.

Mr. Speaker, we are also extending the tax holiday to existing hotels. For refurbishment and renovations above \$2 million

dollars, a 5-year tax holiday will be available with associated customs duty concessions. The 25 percent investment allowance currently available to existing hotels will be increased to 50% to assist with renovations and refurbishments. Duty concessions will also be provided under code 245 of the Customs Tariff.

In the 2020-2021 Budget, we had announced a \$60 million allocation for the Fiji Recovery Rebate Package which was not used because the borders remained closed. For this budget, we are providing an allocation of \$40 million under this package. Tourism Fiji is provided an operating grant of \$6.2 million and a marketing grant of \$20 million.

We are also allocating \$3.5 million to provide an insurance scheme for incoming tourists with a maximum cover of \$10,000 for quarantine expenses, health care support and changes to travel dates in the event that these tourists, upon arrival into Fiji, test positive for COVID-19.

Mr. Speaker, Government had provided a guarantee of \$455 million to Fiji Airways to sustain itself following the closure of borders. Parliament had also approved a one-off 15% fee to be paid by Fiji Airways for the support provided by the Fijian Government. To fulfil this obligation, Fiji Airways is issuing additional shares, and the Fijian Government has allocated \$7.6 million dollars for the purchase of additional equity in Fiji Airways to keep our shareholding intact.

Support for COVID-19 patients

COVID is likely to become an endemic disease around the world, with cases continuing to pop up in different areas at different times. We expect more cases in Fiji. We expect them tomorrow, we expect them years from now. When we have widespread vaccine-induced immunity, we protect against severe disease and death. Until such a time, employers who continue to pay their employees who have tested positive for the virus and are in isolation will be eligible for a 300% tax deduction. A letter from the Ministry of Health and Medical Services is required to confirm the positive test and isolation order.

Mr. Speaker, Government will also continue to provide household packs to Fijians who, upon the advice of the Ministry of Health and Medical Services, have gone into isolation after testing positive or being identified as a primary or secondary contact of an infected person. The provision of household packs is currently outsourced to New World Supermarket and Shop and Save Supermarket. This is aligned with the Government's objective of creating employment and economic activity, and also COVID awareness and adherence, through the outsourcing and engagement of the private sector.

Government will also continue to provide healthcare through General Practitioners (GP's) so that Fijians who depend on our

public health system for General Outpatient Services can receive the free medical services they are accustomed to receiving. This reduces the load on larger public hospitals, reduces the risks posed by hospitals being locked down due to COVID, and supports these private GP's who have also been impacted by the COVID-19 pandemic. A total of 17 GP clinics are currently part of this initiative--seven (7) in Suva, five (5) in Nadi, one (1) in Lautoka, and four (4) in Ba. We thank them for opening their doors and granting access to life-saving care to the Fijians who need it.

Mr. Speaker Sir, we will now be outsourcing diagnostic laboratories and imaging facilities to accredited healthcare providers.

Successful providers will need to have proven expertise to operate, maintain and provide biomedical services such as MRI Scan, CT Scans, X-ray Centre /Dental X-ray/OPG, Mammography, Bone Densitometry and Radiological Services. Mr. Speaker Sir, no longer will have to bear the significant upfront capital cost of procuring such equipment.

VAT Monitoring System

Mr Speaker Sir, the compulsory implementation of the VMS will be deferred for additional two years to 1 January 2024. However, for businesses who wish to voluntarily implement VMS now, Government will provide a 300% tax deduction on the implementation cost. Although it is voluntary, we encourage businesses who can register and implement VMS now to do so.

Import VAT deferral

Mr. Speaker, Government will implement structural changes in the current VAT regime to ease pressure on businesses. First, the payment of VAT at the point of import for Gold Card taxpayers will be deferred for 2 months. Cash-flow pressure is one of the major challenges businesses are facing because of COVID-19, and this will provide much-needed relief. We are currently allowing this for Gold Card taxpayers, however, this will later be extended to other compliant taxpayers.

Export Income Deduction

Mr. Speaker, currently, the Export Income Deduction incentive is 60% of all export income expires at the end of 2022. This incentive will be extended for an additional three years and will now expire at the end of December 2024. For agriculture and fisheries exporters. The Export Income Deduction is increased to 90%, which means that 90% of their export income will not be taxed. will continue to be incentivised through this extension as we seek to bring more cash into the economy.

Debt Forgiveness

Currently, debt forgiveness is not subject to income tax for all outstanding debt forgiven from 1 April 2020 to 31 December 2021.

Mr. Speaker, Government will now extend this period to 31 December 2022. This will incentivise parent companies to forgive debt and help highly leveraged companies operate during these difficult times.

Thin Capitalisation

Mr. Speaker, the debt-to-equity ratio was increased from 2:1 to 3:1 in the 2020-2021 Budget. This allowed for a higher amount of tax deductibility in relation to interest allowed for foreign-controlled Fijian companies. This incentive will continue until 31 December 2022.

Business Assistance Fiji Grant

Mr Speaker Sir, Government partnered with the Fiji Institute of Accountants (FIA), the Fiji Chamber of Commerce and Industry (FCCCI), the Fiji Commerce and Employers Federation (FCEF) and Women in Business (WIB) for assessment and disbursement of the concessional loan to MSMEs. We are taking this collaboration to the next level.

\$250,000 will be allocated to provide training and advisory services to assist MSMEs with the newly announced COVID-19 Recovery Credit Guarantee Scheme. We've never offered anything like this to MSMEs before and it provides an opportunity to support business leaders in the MSME sector to better understand loan packages and build up their credit potential so that they can continue to make investments that grow their business.

Withholding Tax and Double Taxation Agreement

Mr Speaker, we are going to press the renegotiation of the Double Taxation Agreement we have in place with Australia and New Zealand to modernise our text treaty articles. Generally, we are seeking provisions that ensure our tax incentives are reciprocated in Australia and New Zealand so that they are meaningful for companies looking to trade with Fiji and invest in Fiji.

We have already resolved one long-running dispute, as FRCS no longer imposes withholding tax on professional service fees for residents of Australia and New Zealand in Fiji.

Government will allocate \$5 million in the Budget to issue refunds to Australian and New Zealand residents who have paid this withholding tax. The Tax Administration Act will be amended to clarify this refund process, which FRCS will expedite. FRCS will also issue a practice guideline.

Tax Amnesty

Mr Speaker, to ease tax obligations on individuals and businesses, a tax amnesty will be granted to taxpayers with tax arrears, waiving all penalties upon payment of real taxes. To qualify for

the amnesty, taxpayers must make payment arrangements within 3 months from 1 August 2021 and make payments before 30 June 2022.

Vitikart Platform

Mr Speaker, businesses that were able to quickly adapt and incorporate online trading and digital payment platforms during this pandemic have fared significantly better than the ones that continued to use traditional business models. Unfortunately, with limited capital at their disposal, and with commercial banks placing very onerous and almost prohibitive fees in place for MSMEs, these businesses have been one of the hardest hit.

To help MSME's build greater resilience and business continuity for the future and to jump-start this sector, Government in collaboration with RBF will assist MSMEs that sign up as a merchant on Vodafone's Vitikart eCommerce Platform to offer their products for sale online.

\$1.2 million is allocated to fund this partnership. Funds will be channelled towards covering the costs associated with getting MSME's onto the VitiKart platform, receiving payment through internet payment gateways.

Vodafone has agreed to reduce the monthly fee by 50%, and Post Fiji has agreed to reduce delivery charges. This ready-built eCommerce platform with integrated M-PAiSA mobile wallet and Visa and Mastercard payment gateways means businesses signing up on Vitikart will not be required to make any investment in any online platform or payment solutions to offer their products for sale online.

Mr. Speaker Sir, Government will also assist MSMEs to install mobile money transfer services and internet payment gateways.

To further support e-commerce, Government will provide a 200% tax deduction incentive for investment into development and upgrade of on-line shopping websites/platforms.

Agriculture Loan Interest Subsidy

Mr. Speaker, the Fijian Government will increase its interest-rate subsidy for agriculture loans by the Fiji Development Bank (FDB) from 6% to 8% and increase the loan limit for the subsidy from \$50,000 to \$100,000. An allocation of \$2 million will be provided in the 2020-2021 Budget for this initiative.

Currently, FDB provides agriculture loans at interest rates of 11% to 12%. On average, 6% is subsidised by Government, which means people who had agriculture loans were paying an average interest rate of 6%. The increase of the government subsidy from 6% to 8% will reduce the borrower's average interest rate to 4%. We hope this will incentivise more investment in the agriculture sector as we diversify the economy.

iTaukei Land Development

Government is allocating \$4 million for the iTaukei Land Development Programme, which helps iTaukei landowners develop their land for residential and commercial purposes. Currently, there are nine projects being carried out under iTaukei Land Development Programme. Once all the projects are completed, there will be a total of 284 lots -- 270 residential lots and 14 non-residential lots available for leasing -- a total land area of 51.4 hectares.

Development works have been completed for Saweni, Wairabetia, Nasoqela, Vuda and Yadua Subdivisions. Yadua is climate-resilient, with underground cabling by EFL, and climate-resilience upgrades are in progress for other three subdivisions.

The draft valuation reports for the completed sites are ranging from \$550,000 to \$125,000 per lot in lots sizes ranging 3 acres to 1 acre for Yadua and the rest averaging $\frac{1}{4}$ acre lots.

Phasing Out Duty Protection for Fiji Dairy

We'll be phasing out duty protections for Fiji Dairy in the lead-up to the expiration between Government and Southern Cross Ltd on 31 August 2022. Duty will be reduced to 5% after expiry of the agreement on cheese, yogurt, liquid and powdered milk and butter

Sub-urban Shuttle Stations

Mr Speaker, Fijians need more options to travel than opting for their own personal vehicles every day of the working week. Right now, we have some restrictions on the number of people who can travel together in public transportation vehicles. As more of us are vaccinated, those restrictions will ease and we are laying the groundwork to make public transportation easier and more convenient once Fiji is fully re-open -- particularly in densely populated areas.

We will be piloting suburban shuttle stations at three sites -- Nakasi, Valelevu and Lautoka -- to transport working Fijians from their homes to their places of work. Mr. Speaker Sir, we are also moving certain Government offices to these areas to take advantage of this growing shuttle network. These shuttles are more convenient because they will actually traverse within suburbs on a regular basis, so getting to the stops themselves can take a short walk rather than a long drive.

Tax Incentive for BPO

We said we needed more eggs in our economic basket, Mr Speaker. That is why new investments exceeding \$10 million in infrastructure that supports Business Process Outsourcing -- companies like call centres and accounting services -- will be offered a 20-year tax holiday. A 10 year and 15 year tax holiday will also be available for investments between \$2 million to \$5 million and \$5 million to \$10 million, respectively.

Customs Duty exemptions will also be provided as part of this incentive package. This investment package will be extended to investors that derive 90% of income from an ICT business. If the investor is also involved in developing strata titles and selling it to ICT or BPO operators, the sale proceeds will also be exempt from income taxes. This more attractive tax incentive will also be extended to BPO operators.

BPO Council Grant

And to get these incentives on the map and on the radar of international companies, Mr. Speaker, a grant of \$200,000 will be provided to the Business Process Outsourcing Council to develop the BPO sector. The remote work revolution can come to Fiji -- we have a workforce, we have the data accessibility, and we have the incentives in place to do extremely well in this industry.

Tax Incentive for Telecom IT Park

Mr. Speaker Sir, we will expand the TFR Incentive to Tamavua, Suva, specifically for investment in a new ICT Park. The park will include data storage services for businesses with a 20 year tax holiday for investments more than \$10 million dollars.

Tax Incentive for New Submarine Cable Investments

To attract investment in ICT cable landing and infrastructure, a 30 year tax holiday with duty concession package is available for investment above \$40 million for any company to land network cable (submarine cable) and undertake associated infrastructure development in Fiji. There is an existing cable in place -- this pursuit of new development is about building redundancy and bringing faster internet speeds, at even lower costs, throughout Fiji.

Mr. Speaker Sir, the Ministry of Communications is provided an increased funding of \$54.6 million dollars. This includes \$15.5 million dollars to Walesi which includes \$4.5 million dollars for the FM project which will provide robust and reliable communications services nationwide. Walesi has changed the game for mobile accessibility in Fiji, putting news and entertainment television in the palms and pockets of Fijians everywhere in the country. The quality and reach of its services should continue to keep Fiji apace with the rest of the world.

We are also providing \$4.7 million dollars to DigitalFiji to continue with digitalisation of Government services and \$6.7 million for Online Business and Construction Licencing System. And an additional \$2.9 million dollars is provided to strengthen the storage and server capacity of Government ITC services.

Amendments to Improve Biosecurity

Government in conjunction with the Biosecurity Authority of Fiji (BAF) is reviewing the fees and charges under the Biosecurity

(Fees and Charges) Regulations 2011 to directly address the ease of doing business for services provided by BAF.

A charge for the Rapid Risk Analysis of Pathways (RAP) has been introduced to improve the timeline of market access by the importer. New products from existing pathways, will be easier to import through the introduction of RAP. Furthermore, the RAP will cost significantly less than other import risk analysis such as the Desktop Import Risk Analysis (DIRA) and will only take one to two months to complete.

Furthermore, the Biosecurity Act 2008 will be amended in two important ways: first, to recognise vessel or aircraft clearance agents. This will make the agents more accountable. Second, it will require that any new regulations under the Act will be made in consultation with stakeholders that are affected by the change.

In consultation with BAF and the Ministry of Agriculture, the Fruit Export and Marketing Act 1906 will be revised to allow the Biosecurity Authority of Fiji to issue a Fruit Exporters Licence. This will streamline the processes for attaining a fruit exporter license.

Town Planning Requirements

Mr. Speaker, we will be amending the General Provisions for Town Planning Schemes and Areas ('General Provisions') to enable high density development, with particular emphasis on revising plot ratio, reducing the setback for double-story buildings, and minimum lot size requirements. This will also allow developers to build onsite sewerage systems.

Amendments to the Financial Management Act 2004

Mr Speaker, Government will present a Financial Management (Amendment) Bill to amend and update the Financial Management Act 2004. The Amendment Bill strengthens controls, increases transparency by mandating a fiscal strategy, and introduces new legal requirements for procurement and cash management. For the first time, internal audits will be backed by a legal mandate. The amended Bill has revised principles of responsible fiscal management;

The Amendment Bill will also require the Minister for Economy to issue a pre-election economic fiscal update. This provides more transparency by providing a detailed update on the state of the economy moving into the campaign period.

Furthermore, the Bill will entail consequential amendments to the 2014 Electoral Act requiring political parties, political candidates and people representing parties and candidates that make financial commitments or promises to the Fijian public provide a written explanation of how the promises or commitments are to be met. No more pie in the sky policy promises, Mr Speaker -- transparency cuts both ways, and Fijians deserve to know how

every political party actually plans to do what they say they will do.

Mr Speaker, we're also tightening financial controls within government to ensure we keep operations on budget. Permanent Secretaries and agency heads are under strict instructions to operate within their budgetary allocations and avoid any unnecessary movement of funds within ministries. We used to offer more flexibility for PSs to reallocate funds throughout the financial year. But that is no longer tenable. We must maintain a high level of fiscal discipline -- every dollar go where it is meant to go. PSs will be severely reprimanded for any violations.

Government Roll-out of EFTPOS and Other Digital Payment Services
In this Budget, the Fijian Government is allocating \$5 million to facilitate the adoption of EFTPOS (Electronic Funds Transfer at Point of Sale) by all Government Ministries and agencies. All Ministries and departments will now be able to provide more convenient payment solutions. This will make transacting business with government faster and easier for citizens and businesses alike. The roll-out will initially target Ministries with the highest volume of transactions, such as the Ministry of Lands, Ministry of Justice, Ministry of Health, Department of Immigration and Police before rolling out to all other agencies. We are also looking at rolling out Internet Payment Gateway (IPG) and digital money wallets under this initiative. With the passing of the National Payment System, Government is actively discussing with RBF and commercial banks ways to expeditiously make bank accounts interoperable with digital wallets.

Remove the Coasting Trade Permit and Streamline Coastal Trading License and Sea Route License

Mr. Speaker, we need to do a better job of getting ships in and out of our harbors and their cargoes unloaded quickly, so we are exempting foreign cargo ships from the arduous process of acquiring a coasting-trade permit. Instead, they simply notify FRCS 48 hours before they sail to a Fijian port. They will not be permitted to transport goods from one domestic port to another. We are also amending the Maritime Transport Act 2013 to extend sea route licences to 20 years, as we did with Coasting Trade Licenses last year.

Furthermore, the Maritime Transport Act 2013 will be amended to enable MSAF to issue licenses instead of having to wait on the approval or consensus of the Minister responsible for transport. This is to ensure that the licenses are vetted and cleared in a timely manner and that the process for licensing remains with MSAF instead of being drawn out to include awaiting the approval of the Minister response for transport for administrative issues like licensing which can be dealt with by MSAF.

We are also slashing marine regulations, removing the requirement to obtain a permit to take items on board a boat.

24 hours for Inspection of Vessels - Amendment of Quarantine Rules 1965, Quarantine Act 1964

Fiji's Quarantine Rules subject arriving vessels to quarantine clearance at the first port of arrival in Fiji. Same-day clearance is granted only when vessels arrive between 7.00 am and sunset. Vessels often arrive in Suva or Lautoka after sunset, which can add up to 12 hours between arrival and cargo movement. Suva & Lautoka are currently the only ports in the Pacific region that do not allow for inspection on a 24-hour basis. Repealing this requirement will enable a more efficient use of the ports of Suva and Lautoka and reduce delays.

Offshore Fisheries Management Act 2012

Mr. Speaker, we are also making changes to the Offshore Fisheries Management Act 2012 to remove the requirement for ships to seek permits for Provisioning and Bunkering. This will enable ships to refuel and restock without undergoing a time-consuming permit process. This is aligned to Government goals of reducing bureaucracy and improving the ease of doing business.

Quarantine (Amendment) Regulations 2021

Currently, the Quarantine Regulations 1965 provide that vessels entering Fiji from some localities in which malaria-carrying mosquitoes are present are subject to fumigation if the quarantine officer considers it necessary. Government will make an amendment that removes the requirement that inspection and fumigation only be carried out during daylight. It will also propose an amendment that removes the provision requiring vessels subject to quarantine to be cleared only during daylight hours.

Amendments to State Lands Act and the iTaukei Land Trust Act

Mr. Speaker Sir, to obtain the written consent of the Director of Lands or the TLTB takes any time between days to a few months. There is a huge backlog of applications which have not been dealt with to-date and we receive frequent complaints from the members of the public on these delays at the Lands Department and at the TLTB. This is simply unacceptable.

Mr. Speaker Sir, we are therefore amending the State Lands Act 1945 and the iTaukei Land Trust Act 1940 to ensure that written consent is no longer required for any mortgage, charge, pledge or for caveat or for any State or iTaukei lease to be dealt with by any court of law or under the process of any court of law. Furthermore, lessees and tenants will no longer need to apply for written consent from the Lands Department and TLTB for water and electricity connections.

These amendments will ensure faster service delivery to lessees and third parties who will no longer need to obtain the consent of the Lands Department or TLTB for certain applications and they can directly register instruments with the Registrar of Titles or lodge proceedings in court.

Consent is still required for dealings such as sale, transfer, subleasing, assignment, subletting, building, rezoning and so forth. However, with these amendments, consent can only be refused where there is a breach of any lease condition or the application is not in accordance with law.

Sugar Sector Support

Mr Speaker, to support the livelihoods of Fijians in the Sugar industry, we provided a three-year minimum guaranteed cane price of \$85 dollars per tonne. That was in addition to support to improve farm productivity: the fertiliser subsidy, can farm development assistance, cartage subsidy, upgrade of cane access roads, weedicide subsidy and other assistance.

Today we are announcing that we will extend this minimum guarantee price of \$85 dollars per tonne for the 2021 season, making this the fourth year of guaranteed cane price support. We understand the plight of our farmers, and Government stands behind them.

We thank the farmers for the trust they have had in this Government. We thank them for starting their harvesting knowing full well that this Government will not leave them behind. We have always supported the Sugar industry, we always will.

We also thank our cane farmers and all the industry stakeholders who did not succumb to the self-interested call for a boycott. Our farmers know very well, Mr Speaker, a harvesting boycott could never be in their interest. It could only serve the interests of those who would use our cane farmers for political gain, taking advantage of their vulnerability and using them as political pawns.

Mr Speaker, the Ministry of Sugar Industry is provided funding of \$72 million in the 2021-2022 Budget. This includes a funding allocation of around \$47 million for the sugar cane price support. This includes around \$22.9 million for the additional top-up payment required for the 2020 season and \$24.1 million to pay for the minimum guaranteed price of \$85 dollars per tonne for the 2021 season. The remaining funding requirement of \$8 million dollars, dependent on the cane harvest for the 2021 season, will be provided in the 2022-2023 Budget to meet the final payment for the 2021 season.

Apart from this, Government will continue to provide the fertiliser subsidy to farmers at a rate of \$25.59 per bag with a total funding allocation of \$15.6 million. This means that farmers will only continue to pay a price of \$20 per bag of fertiliser. Apart from this \$3.8 million is provided for the cane cartage subsidy from Penang to Rarawai mill. A further \$3.3 million is provided for cane access roads, sugarcane development farmer assistance, weedicide subsidy and new farmer assistance.

Mr Speaker, we now need to take a long-term view of the Sugar industry. No one really talks about this, but the world price of sugar is low, and Fiji's lack of large commercial sugarcane farms means our growers would have low or near-zero returns without a Government guaranteed price. We need to find viable agricultural alternatives that offer real livelihoods. Even with a guaranteed price of \$85 dollars per tonne, the net income of a farmer who harvests around 100 tonnes of cane averages less than \$3,000 a year, and more than 40% of our growers harvest less than 100 tonnes. Even for a farmer that harvests 300 tonnes, the net payout on average is \$7,500. Almost three-fourths of our farmers harvest less than 300 tonnes.

These farmers are trapped. If they stop farming, they will lose their lease and be landless and homeless. So they stay and toil. We cannot condemn our cane farmers to that kind of hopeless existence. Mr Speaker, we want our sugarcane farmers to earn more than this, and to protect their interests, we will start with a new scheme to get sugarcane farmers into alternative livelihood programmes. We have allocated \$1 million dollars for lease facilitation for sugar and agriculture farmers so our farmers can choose and get into high yield and more productive ventures.

Ministry of Health and Medical Services

Mr Speaker, we are providing \$403 million directly to the Ministry of Health and Medical Services in this Budget to beef up its resources. The Ministry will hire additional 238 intern Nurses, 140 medical interns, 10 Nurse Practitioners, 43 Midwives, and 114 Doctors.

\$25 million is specifically dedicated for COVID-19 response, for testing, isolation, quarantine and vaccination drive. Additional funding has been provided for procurement of oxygen supplies and other essential medical equipment and supplies.

Funding has also been allocated for capital works, including \$7 million for the construction of a new Maternity Unit, \$2.5 million for Labasa Hospital interior upgrade and a total of over \$6 million dollars for upgrade and maintenance of medical facilities around the country.

Mr Speaker, as part of the public-private partnership arrangements with Health Care Fiji Limited, the Ba Hospital will start operations in December 2021, while the Lautoka Hospital is scheduled to commence operations in March 2022, and its services will include open-heart surgery. We are providing \$20 million under Head 50 with an additional \$25.7 million dollars under the Ministry of Health for the running of the Lautoka Hospital.

Mr. Speaker Sir, we are providing \$1.5 million dollars to subsidise kidney dialysis treatment. Government will provide a subsidy of \$150 per treatment and at centres where cost is \$150

per treatment, this would effectively mean that the patient will pay no cost.

To help people work safely from home as much as possible, Government will also reduce duties and VAT on digital equipment needed for conferencing, collaboration and distance-learning, which will be imported at a rate of free fiscal, free import excise, and 9% VAT. Currently, telecommunication equipment attracts 5% fiscal, free import excise and 9% VAT. However, the telecommunication companies normally apply for duty-free importation under Section 10 of the Customs Tariff Act.

And to make sure Fijians in the North have the ability to connect to fast internet speeds we are pressing ahead with the "Northern Connectivity" Project'. This initiative focuses on 40 schools and health centres in the Northern Division and is on track to be completed by December this year. This project will bring reliable access to power, internet and ICT equipment to at least 20,000 Fijians in close proximity to these 40 sites, as well as other emergency portable satellite-based solutions for the deployment of appropriate assistance in times of disasters.

Duties will now be free for all audio visual equipment, including microphones, headphones, loudspeakers, amplifiers, television cameras, digital cameras, video recorders, radio cassettes and radio receivers. Most items will be free of duty, fiscal and VAT.

Government reduced duty on around 2,000 customs tariff-line items in the 2020-2021 Budget. To provide certainty and confidence to businesses and consumers, the reduction in duty rates will be maintained.

There will be a 200% tax deduction for investment in fogging machines used for decontamination and sanitizing workplaces, and a 50% investment allowance will be provided on capital expenditure incurred in the development of cold storage facility from 1 August 2021.

\$20,000 will go towards undertaking a study on aged-care services in Fiji. There exists massive opportunity in the area of developing facilities especially targeted towards developing elderly and retirement homes. Furthermore, \$30,000 dollars allocated for a study on medicinal industrial hemp.

VACCINE PASSPORT

Mr Speaker, as more adults in Fiji are fully-vaccinated, we are developing secure "vaccine passports", which are essentially digital vaccination certificates. So, you can prove if you have been vaccinated. And also show recent COVID-19 test results.

This digital tool will be available in two forms -- a personalised "digital wallet" whereby Fijians can have their vaccination and COVID-19 test information right on their smartphones or paper

printed with readable parts such as barcodes or QR codes. We're calling these passports -- which usually you only need to travel internationally. But these digital certificates will have domestic and international applications.

We know to expect some rule-breakers seeking to fabricate vaccine cards, just as we know to expect abusers of government assistance programmes. To protect against fraud, an individual's biometric information of a person will be captured to form the basis of identity authentication in addition to the birth records and photo ID. The vaccination and COVID-19 test results will be linked to a confirmed identity, making it very hard to cheat the system. If you try, and you are caught, there will be serious consequences. We will guard the credibility of these passports zealously. Other countries need to trust our system and the reported progress of our vaccination programme to allow for seamless cross-border verification and authentication during travel. We are working to make our vaccine passports compliant with the International Civil Aviation Organisation (ICAO) and General Data Protection Regulations (GDPR) of the European Union. That means fully-vaccinated visitors can have a holiday in Fiji without going into quarantine, that means fully-vaccinated Fijians being able to travel abroad without entering into quarantine, and that means we can pave the way toward opening restaurants and large gatherings in Fiji only to fully-vaccinated people.

Education

Mr Speaker, before I explain this budget's allocations in the education sector, I want to remind everyone that there was no national commitment in this country for the education of all young Fijians -- girls and boys -- until we made it so. We began the education revolution with the introduction of free education for primary and secondary schools, subsidised transport and other assistance to students and gave unprecedented access to tertiary education with the Tertiary Loan Scheme and National Toppers Scheme.

We've made many tough calls in this budget, but the choice to maintain free education wasn't a choice at all -- it was a non-negotiable necessity. And we will continue to ensure that every child receives primary and secondary education fully paid by the Government. We are setting aside approximately \$60 million to cater for over 220,000 primary and secondary school students from Years 1 to 13 under the free education initiative.

Mr. Speaker, that fundings falls within a total allocation of \$703.1 million to the education sector. This includes \$442.9 million dollars to the Ministry of Education, \$71.4 million in operation grants to higher education institutions, \$159.6 million for TELS and NTS, and \$28 million for reconstruction for schools.

We are also allocating \$17 million for transportation assistance for more than 100,000 primary and secondary students from low-income households.

Mr Speaker, our support to tertiary students will continue. This visionary investment in our future has benefited over 48,000 students since its inception in 2014, and more than 19,000 have completed university or professional education and entered the workforce. As times have changed, so must this programme. We face a different labour market, different dynamics, and new opportunities than we did seven years ago when this programme was introduced. So, tonight, we are announcing some necessary changes to our tertiary education funding.

Effective from the next financial year, Hon. Speaker Sir, we will introduce Means Testing for TELS.

TELS will now only be provided to students from families with household income of less than \$100,000. All recipients above the age of 18 must also be fully vaccinated.

Last year, we changed the eligibility rules so that students with 250 marks and above would qualify for TELS. We are now going to raise the entry mark for TELS to a minimum of 280 marks in the new academic year. For study areas where there is currently an oversupply of graduates such as accounting, tourism, law, management and public administration and certain areas in teacher training, medicine and health, eligibility marks will be increased to 300 marks for Year 13.

To aid those in more technical degree programmes, we have a new financial assistance scheme for all TELS students who are required to complete a period of industrial or clinical attachments to allow them to graduate from their sponsored programme. As they gain invaluable real-world experience, these students will now be entitled to a monthly allowance of \$100 on top of what is provided by their employers.

Mr Speaker, in line with the needs of a modernizing economy, we are introducing a new stream of TELS with 5,000 placements available for TVET courses at FNU. This includes Certificates 3 and 4 as well as Diploma Level 5. Those students who will not be able to make the cut off mark for TELS for Degree programmes will be able to join this scheme including Year 12 students.

Mr Speaker, in the 2020-2021 financial year we suspended TELS for MBBS given the oversupply of Doctors based on the expected number of graduates we have funded earlier. However, we had said at the time that we might consider some form of funding if the economic situation allows. Today we are announcing that all MBBS students that privately enrolled with a minimum Year 13 mark of 340, first year GPA of 3.0 or more and family income below \$100,000 will be

eligible for a one-off payment of \$10,000 Government grant towards their MBBS education.

We will continue our scholarship support through Toppers in priority areas, Mr Speaker, but we are redirecting 120 of the 600 awards to applicants in the civil service and the private sector, with a higher priority given to females. 95 of the 120 awards will go towards study in areas of inclusive education, early childhood education, counselling, and psychology, and the remaining 25 awards will be for post-graduate programmes such as dermatology, anaesthesia, epidemiology, midwifery obstetrics, gynecology, emergency nursing, surgery and pathology.

Mr Speaker, we are also changing the Tertiary Scholarship and Loans Board to the Tertiary Education and Loans Service with the aim to rebrand TSLB into a more service-oriented institution that is committed to services to its students. And the new Tertiary Education and Loans Service has been provided an operating grant of \$1.5 million to fulfil its mission of working with students towards their education, not against them.

Mr Speaker, to that end, we are also harmonising the GPA requirement across all the higher education institutions to 67 percent. That is a fancy way of saying that if an institution has a total GPA of 4.5, students will be required to maintain a GPA of 3.0. Similarly, for an institution that has a GPA of 5.0, NTS students would have to maintain a GPA of 3.35. This will be only applicable for new awards. The academic assessment criteria will also move from the academic term to cumulative results.

Effective from 1 January 2023, students who undertake foundation studies will not be eligible for TELS. Students who are currently enrolled in foundation studies and complete them by the end of this year will be eligible for TELS in 2022.

Due to the pandemic, the 25,983 domestic students across three universities in Fiji are currently attending classes and having examinations on online platforms. The over 8,000 Year 13 students also need access to data to undertake research for their studies. Given that most students rely on the internet for online classes and conducting research activities, Government in partnership with ATH will provide a monthly data top-up of \$20 per month to each Fijian student to assist them in their online studies. This will only be available during the semester and school-term periods, but the data can be used however students like. We prefer that you don't waste it all watching dance videos on TikTok, but you are adults and that is your choice. Government will contribute \$100,000 dollars with the rest provided by ATH.

Maintaining Security and Law and Order

Mr Speaker, we will continue to ensure that our security forces are well equipped to keep Fijians safe. In fact, the Fiji Police Force is one of the only few divisions of government where

additional new recruitment will be allowed. We are counting on our police to see our COVID-safe health measures enforced nationwide - - lives depend on it, so they must be staffed appropriately.

The Fiji Police Force is allocated \$184.3 million in this budget-- \$152.4 million for operating expenditure and \$27.9 million for capital expenditure. This includes funding for 328 positions: promotion of 158 Police Officers and recruitment of 82 new Police Officers, 78 Special Constables, 7 Civilian Officers and 3 Government Wage Earners.

Mr. Speaker, Government will continue to fund the construction of new Police Stations, currently underway in Nakasi, Nadi, Lautoka and Nalawa . \$25 million dollars is allocated for the ongoing construction of police stations, which will expand the reach of law enforcement to Fijians living in the central and western divisions. An additional \$1 million is allocated for renovation, extension and upgrade of existing police posts.

Mr Speaker, \$1.2 million is provided to undertake special drug operations that arise based on any suspected cases of drug related activities in all divisions. The Force has discovered new practices that are rapidly transforming the illicit drug trade. Over the course of the past two years, this operation has uncovered over \$200 million in various narcotics.

A further \$1.5 million is provided for capital purchases to adequately equip the police and police stations to detect criminal activity and lower the response time of officers called to action, including procurement of boats and outboard motor engines, communication and other specialised equipment.

The Republic of Fiji Military Forces is provided a funding of \$79.7 million and \$36. 5 million is provided to the Fiji Corrections Services.

Infrastructure Development

Mr Speaker, COVID or not, the nation's infrastructure must continue to be built. Services must be expanded. And we still must drive and travel, so our roads must be maintained. \$500 million will go towards upgrading, modernising, and expanding our road network and the provision of clean and safe drinking water and electricity. \$272 million is provided for the Fiji Roads Authority, \$195 million to the Water Authority of Fiji and \$26.6 million to the Ministry of Infrastructure and Meteorological Services. This also includes over \$11 million for grid extension and house wiring and rehabilitation of diesel schemes for communities that have been relocated to protect them from the rising seas. Hon. Speaker Sir, EFL will now be responsible for back to back work including grid extension and house wiring to make the process more efficient.

Mr Speaker, despite limiting the expenditure of all other line ministries and departments, we have made smart cuts that allow these ministries to continue to deliver the services that we all count on. The need for fiscal discipline is widely understood across government, and we are committed to doing the absolute best with the resources at our disposal.

Blue and Green Recovery

Mr Speaker, when we speak of future-proofing Fiji, we have to acknowledge the very real threats that are out there, like climate change, and act to protect ourselves. But we should also look ahead through a lens of optimism and opportunity -- like the opportunity to build back better. We certainly know how to do that -- we spent more than \$250 million rebuilding resilient schools after TC Winston. Now, tasked with rebuilding and restarting many sectors of our economy, we have the chance to build back better once again.

We have an opportunity to accelerate our transition to becoming a greener, bluer and more sustainable society. We can engrain new ways of thinking about our oceans, our rivers, our seas and our waterways as an interconnected system that sustain the biodiversity that we need as a country and as a planet. And through our recovery and into next year, we are going to take a deep and transformative dive into bluer and greener possibilities with a fundamental focus on creating sustainable jobs and livelihoods.

Mr Speaker, to reduce waste and actually repurpose it for something productive, we're funding the Fijian Stewardship of Tyres in the 2021-2022 financial year with an allocation of \$200,000. It's a tragedy to see used tyres end up in ditches by the road, strewn across the coast, and in our communities. Rather than being discarded and left to become unsightly breeding grounds for mozzies, they can actually be used for productive purposes. Through this new programme, we will be buying back used tyres for loose tyre imports and imposing a tyre recycling levy on all new and second-hand imported vehicles. We'll also roll out a tyre-refund scheme for existing on-road tyres and for legacy tyres in dump yards, backyards and stockpiles.

The Ministry of Economy and the Ministry of Waterways and Environment will work with tyre importers and retailers, local recycling companies and repair shops to get this programme off the ground and keep used tyres out of our environment.

Mr. Speaker Sir, Fiji imports an average of over 290,000 tyres per year, and an estimated 565,000 tyres are currently being used on Fijian roads. Through this programme, we expect to not only extend the value chain of tyres but also create a vibrant recycling sector that can eventually spread throughout the Pacific. We also expect to use recycled shredded tyres in road construction

initiatives as rubber, like glass, repels water. And FRA depots will be used to collect tyres.

Tax Incentive for Recycling Investments

Mr. Speaker, to incentivise investments in the recycling sector, any new investment in a recycling business will be granted a tax holiday and a duty concession package. Under this initiative, businesses are offered three years' income tax holiday for capital investments from \$250,000 to \$500,000, a five-year tax holiday for capital investments between \$500,000 to \$2 million, a 10-year tax holiday for capital investment between \$2 million to \$5 million, a 15-year tax holiday for capital investment between \$5 million to \$10 million and a 20-year tax holiday for capital investment in excess of \$10 million. To further incentivise these new, green investments, customs import duty exemption will be provided on raw materials, machinery and equipment, including spare parts for recycling businesses.

Jobs for Nature

Mr Speaker, in the eyes of the watching world, Fiji is respected as a moral force and a model nation for climate and oceans action. And this budget leverages our leadership to launch a new "Jobs for Nature" initiative to engage the unemployed in nature reforestation work such as planting mangroves and seagrass. These natural barriers do more than provide a buffer between communities in the rising seas -- they support ecosystems that strengthen food security. So these jobs for nature create jobs for many others. It's an obvious win for all of society, and Government will raise \$4 million in green bonds to fund this initiative.

Polystyrene (Styrofoam) Ban

Mr speaker Sir, as we announced last year, we are now banning the use of polystyrene - more commonly known as Styrofoam -- from 1 August 2021. Just to be clear: This entails a complete ban on the import, export and use of Polystyrene and also raw material used to make Polystyrene products.

The Fijian Government took a well-planned and phased approach by banning imports and exports of Polystyrene from 1 January 2021. In doing so, we gave a 7-month transitional/grace period for local manufacturers and retailers to adapt their businesses to operations without polystyrene. The Environment Management Act 2005 section 45(B) has been updated in this regard to now include the Environment Management (Polystyrene Products Exemption) Regulations 2021.

The Polystyrene Ban will help curb the pollution in our waterways, oceans and environment.

Blue Bond Issuance in 2022

Mr Speaker, to operationalise our recently-passed National Ocean Policy and launch projects to sustainably manage Fiji's 1.3 million square kilometres of Exclusive Economic Zone (EEZ), we are

working with the United Kingdom and the United Nations to issue a Sovereign Blue Bond in 2022. We are also engaged with the World Bank and a range of other actors in shaping the development of this strategic sector of our economy.

These are investments in jobs, in ecosystems, in the health of the planet. During this decade, our sustainable blue economy will be one of the largest and most exciting sectors of the economy. All our seaweed, pearl, crab and prawn farmers already know it. Diving professionals know it. Our ocean -- when managed sustainably -- can host an extremely successful industry for us. It can spawn new businesses, such as fish processing at the community level in maritime regions, the building of nature-based seawalls to protect coastal communities, and conservation-based tourism across our blue economy.

Climate and Disaster Risk Parametric Micro-insurance Product
And to protect against intensifying climate risks, the Ministry of Economy, in collaboration with the Pacific Insurance and Climate Adaptation Programme (PICAP) administered by the United Nations Capital Development Fund (UNCDF), has developed Fiji's and the region's first-ever market-based parametric micro insurance product to benefit small-holder farmers, fishers, market vendors and small business owners. These Fijians have been most vulnerable to climate disaster, yet the least able to insure their businesses.

Through a pilot launch in early October 2021, the product will initially support a group of 500 sugarcane, rice, coconut and root-crop farmers, fishers and market vendors -- many of whom are women. Following the pilot, we will scale up coverage to reach 1,000 beneficiaries before the 2021 cyclone season begins in November.

To support this ground-breaking initiative, VAT exemption will be provided to all Climate and Disaster Risk Micro-insurance products. By making these products more affordable, we extend them to low-income and vulnerable sectors previously beyond the reach of mainstream insurance.

UN Proposed Headquarters

We have also agreed, Mr Speaker, to construct a United Nations Building to serve as the UN Headquarters in the Pacific. We are the hub of the region, and we look forward to being the home of the UN's Pacific operations.

We are inviting private investors to build a "Purpose-Build" building to accommodate all of the services of the United Nations in a single, secure, and functional complex in the central business district of Suva.

Three possible sites have been identified, and there are potential investors who are willing to provide a total office floor area of at least 10,000 square metres including coffee shops, car parks and other requirements of the UN. The investor, once selected,

will be required to complete the building in no more than 30 months from the date of the letter of undertaking.

From the day we break ground on this HQ, we'll create jobs in construction, and playing host to the UN will reap huge benefits for Suva, for Fiji, and the Pacific at-large. Because the UN, Mr Speaker, is an institution worth hosting.

Elections

And, Hon. Speaker Sir, as we look to the future of our democracy, we are providing \$23.1 million to the Fijian Elections Office to continue preparations for the third genuine parliamentary election in Fijian history. Elections can be held anytime from 9 July 2021 to 9 January 2023. An additional \$16.3 million is provided under Head 50 in the event that elections are held within the 2021-2022 financial year. \$1.5 million dollars of that total will go to Fiji Police Force to maintain security during elections.

Conclusion

The assistance and support that Government is announcing in this budget is contingent on reaching our vaccine target by October 31. As we've made clear, if we fail or fall short, we will have to revise the budget to cut back mightily on assistance, including social welfare, and announce major cuts in civil service salaries and reduce our funding commitments across every arm of government and every sector of the economy. But if we do achieve that target, we put ourselves on a very different path; a path to recapture what we've lost -- our livelihoods and our economic lifelines and to build on what we've gained; the new trades, skills, and businesses, and the new ways technology plays a role in our lives. Mr Speaker, before we wrap up tonight, I want us all to look on to the horizon and imagine, for a moment, this year's Christmas in Fiji.

By this Christmas, if we reach our vaccination targets, we could be fully protected from the coronavirus thanks to widespread immunity through vaccines. Gatherings can take place, sports can be played, and we can pray together in our houses of faith. Our borders could be open to some of our most important source markets of tourism. Planes could be flying. Careers could be restored. Government revenues could be on the rise so we could deliver even more services and achieve more of our vision for the country. The ocean and our natural environment could offer us more than their beauty -- they can provide us with many more sustainable livelihoods. And with our economy restored, when a climate-fuelled disaster inevitably strikes us, we could respond from a position of strength.

If we hesitate now, we'll kill our recovery before it can begin and give up all the possibilities of that better future. Stalling our recovery means delaying development, delaying our journey to resilience, and keeping us vulnerable to those same forces we were fighting before this pandemic slapped us. We will leave ourselves

at the mercy of the stronger storms, rising seas, and other disasters brought by climate change, playing economic catch-up and scrambling to find the resources we need because we did not act boldly when we had the chance. It is young people, Mr Speaker, who would suffer most from that travesty.

We've spoken at length tonight about the duty of care we owe Fijians during a crisis. When people need a helping hand, we must provide one -- and through this budget we are doing so for everyone. We are lifting the burden of your daily costs and we are adding to the historic amounts we've paid out in unemployment benefits. We are assisting our market vendors, our taxi drivers, our minibus, bus, boat drivers, our farmers, our fishers, our traditional landowners, women, our youth, our students, our children, those living with disabilities, and those who are unemployed and those who are living in poverty, as well as our civil servants, including our doctors, nurses, and the police, and we are helping businesses, from micro, small and medium enterprises to industry leaders. We are preparing tourism -- and the Fijians the industry employs -- for their recovery and we are unlocking new opportunities in opportunity-rich sectors.

Our social safety net will continue to keep those most vulnerable above the line of abject poverty. Free education continues, Free medicine continues. And we are managing that expenditure sustainably because the nation deserves more than temporary assurances of assistance. And it deserves more than the uncertainty of the status quo -- your government owes each of you your best possible chance at a recovery, and that is what this budget provides. We have never settled for short-term thinking, this budget does not either. It places faith that many more of us will be vaccinated for the sake for the greater good, and it looks forward to our victory over this virus and the better, healthier and safer future within our reach. That is where our national compass is set. That is where we are headed. And, come what may, we will reach our destination.