



Honourable Laisenia Qarase

Prime Minister and Minister for Fijian Affairs, Culture & Heritage,  
Minister for National Reconciliation & Unity; ALTA & Sugar Industry Reforms

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## A BUDGET FOR ALL THE PEOPLE

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*NB: Please check against delivery*

Mr Speaker, Sir, I rise to support the 2006 Budget, and to reply to some of the criticism of it by the Opposition.

I must say that, on the whole, I was disappointed by the contributions from the other side, and in particular the official reply from the Leader of the Opposition.

For the Leader this was an opportunity for him to demonstrate to the entire nation that he and his party are a credible government-in-waiting. This would have required the Leader and his colleagues to not just denounce Government policies, but to suggest constructive alternatives for managing the affairs of the nation.

It was for them to show that they had ideas and policies that would deliver for Fiji more effective services, benefits and progress than our Government.

I will illustrate what I mean. We have increased the rate of investment in the economy from below 10% to about 17% of GDP. This has created growth of

3.5% annually for the last four years. We have never achieved such a continuous cycle of expansion since the 1970s.

The result has been more business, more jobs and more revenue to Government to fund our services to the people.

We have moved forward with the reforms to the Sugar Industry, and submitted proposals to resolve the long standing land issue and change the Constitution for the better.

Law and order has improved, and we have on-going policies for greater reconciliation amongst our people and the attainment of permanent stability and peace. These things, of course, are fundamental to a society's survival and development.

The Opposition must offer credible alternatives to match what we have done. But as I listened to the statements from the other side I was extremely disappointed. **The Parliamentary Labour Party completely failed to rise to the occasion. All we have heard is a torrent of negative comment, consistent with their aggressive style of trade union politics.**

### **Unfounded Statements About India**

Mr Speaker, I want to dwell briefly on my recent visit to India, for reasons that will quickly become evident.

The Honourable Leader of the Opposition tried his very best to turn India against my Government and our policies. He travelled ahead to India to influence opinion there against us.

Then he made public statements that India was ready to suspend aid over the Reconciliation and Unity Bill. These were unfounded and were in fact denied by the Government of India.

Most importantly, when I arrived there, what I found was the exact opposite of what the Honourable Leader had been telling the people of Fiji.

**From the moment we set foot on Indian soil we were warmly welcomed. Our reception by the highest authorities of the Indian Government was one of enormous understanding and goodwill. There was no attempt by India to bring any kind of pressure to bear, or interfere in our internal affairs.**

It was quite clear that the efforts of the Leader of the Opposition to stir up trouble had no effect whatsoever.

The Indian Prime Minister and I had a very constructive discussion about the challenges of creating unity in ethnically-diverse countries.

Dr Manmohan Singh was encouraging about what we are trying to achieve in Fiji.

We had a positive response from private sector representatives who were extremely interested in investing in Fiji.

Officials of one of the business groups I met in New Delhi and invited to come to Fiji are now in the country. This is the Taj Group which operates five star hotels. Along with other Ministers, I will be meeting the Taj delegation tomorrow to discuss investment in Fiji that will bring benefits in the form of jobs and income.

The Government of India prepared four agreements of cooperation which were signed during my visit. These covered trade, tourism, information technology and health. We were informed by India's leaders that normally they would have signed only two agreements with a visiting delegation. In our case we started with four and there are more to come. These are now under negotiation. The indication we are receiving from the Indian Government is that it wishes to continue to assist Fiji in any areas of development where we can benefit from India's experience and expertise.

Recently, we signed the concessionary loan of \$86 million with the Exim Bank of India, signalling the official start of sugar reform. This will modernize the mills and improve farming production.

We can explore other prospects with India for assistance for the sugar industry.

From what I observed during my visit, India is the most appropriate source of technology for taking the Fiji Sugar Corporation into an era of diversification. This would complement production of sugar with the manufacture of electricity, and fuel from ethanol.

Last week I wrote to the Government of India to formally request a technical mission to help in strengthening our coconut industry. The purpose of this would be to make sure we receive the full economic benefit from our coconut plantations and copra production.

This would complement the excellent work of the Sugar Technical Mission that is taking a leading role in reorganising and revitalising our sugar industry.

I make these points Mr. Speaker, Sir, for two reasons.

I want to acknowledge the understanding and supportive attitude of the Leaders and Government of India towards Fiji, and their willingness to assist with our development.

I have issued invitations to Prime Minister Singh, and the Leader of his Party, Mrs. Sonia Gandhi, to make official visits to our country. Welcoming them to our shores and giving them our island hospitality would be the most direct way to thank the Government and people of India for extending their friendship to Fiji.

May I also express my personal thanks to the Indian High Commissioner, His Excellency Ajay Singh and his wife Shiromani. Although they are just starting their term here, they have already made their mark.

### **Tell The Truth**

Mr. Speaker, Sir, I also want to put to rest the misleading and mischievous statements by the Leader of the Opposition following his various visits to India.

I challenge him to tell us the complete truth about the funds that were raised there for him in Haryana State. Where are those funds now, and what are they used for? How much money is held in bank accounts and who are the signatories?

The Honourable Leader should confirm or deny that he and some of his colleagues have been attempting to get a share of the \$86 million loan from the Exim Bank in the form of commissions.

Let me add here that in my discussions with the leaders of India, it was clear that they were, naturally, concerned about the future of the Indian community in Fiji. They showed this in the desire to help us salvage the sugar industry, to resolve the land issue, and promote unity.

Mr. Speaker, Sir, I contrast their sympathetic, supportive and responsible attitude, with the essentially destructive and confrontational stance of the Honourable Leader of the Opposition.

### Obstructive Politics

He doesn't just oppose; he actively obstructs. Here are just a few instances of this.

On sugar industry reform, there was full consultation and agreement with stakeholders on the way to proceed.

But now the Honourable Leader of the Opposition is backtracking. **I have a suspicion that he probably does not want the reform initiative to succeed.**

Now, take land. More than 6,000 ALTA leases on native land have expired. Government, with the full backing of the Native Land Trust Board and the Great Council of Chiefs, has come up with very realistic and fair proposals for a lasting solution.

On Monday night this week, we convened a meeting of the Parliamentary Select Committee on Land. This would have presented the Parliamentary Opposition

with an opportunity to offer constructive views on the legislative measures we have tabled.

They boycotted the meeting.

**Again, I have the impression that the Honourable Leader does not really want a solution that will help the farmers he represents.**

To honour the wishes of the Fijian people, as expressed through the GCC, the Government has tabled proposals for routine and non-controversial changes to the Constitution. The most important of these is one that will enable traditional leaders in public positions to serve their people in their traditional councils, including the Provincial and Tikina Councils.

The Standing Committee on Constitutional Changes met during the luncheon break on Monday to look at the measures we have drafted.

**The Fiji Parliamentary Labour Party boycotted that meeting too. The irony is that the proposals were part of a Bill that they prepared when they were in Government.**

So we are left with the feeling that the boycott is aimed at obstructing a sincere attempt to honour the wishes of the Fijian people.

Mr Speaker, our stance on solving the land lease issue, is to look after the interests of all stakeholders, especially the landowners and the farmers. That is the intent of the two Bills on land now before the House.

Recent statements by the Fiji Labour Party and its Leader demonstrate that its opposition to our land initiative is very superficial; it is just a political façade lacking in substance and principle.

I say this because the Honourable Leader wants to do a trade-off involving the Reconciliation and Unity Bill. If the Government drops the Bill, Labour will support changes to the land legislation.

This is not a trade union negotiation. **We are dealing here with issues of vital concern for the nation.**

The preliminary findings of the 2000-2003 Household Income Expenditure Survey has just been completed. This again confirms that the poorest people in Fiji are those who live in rural areas.

The survey has established that their most basic need is for cash income to supplement their subsistence earnings.

Clearly for these rural dwellers the best opportunity for them to lift their incomes is through effective utilisation of the land. For those whose leases have expired, or are nearing expiry, longer term secure tenure would be the best way to help them.

But legislation to achieve that requires the support of the Opposition in Parliament.

**That support is not forthcoming. Instead they are giving the nation boycott upon boycott.**

**We must ask why they are not willing to help the needy by making a firm commitment to cooperating on land lease reform.**

In the light of all this, it is easy to see why we question the sincerity and credibility of what the Honourable Leader of the Opposition is saying.

We observe the contortions, dodging and side-stepping of someone who doesn't really want a solution yet to the land issue. He is constantly looking for ways to bring about further delay.

As I have said before, I have it on extremely good authority that the Honourable Leader favours stalling until after the Elections.

To him, the farmers are expendable. When it suits, they are there to be used, manipulated and then discarded.

### **A Better Deal for Landowners and Farmers**

I declare today we intend to move forward with our proposals for a better deal for the landowners and improved leases for the farmers.

Our only regret is that we did not do this earlier. We were hoping it would have been possible to reach an agreement with the Opposition through discussion and negotiation. That possibility has been dashed by Labour through its tangled tactics of non-co-operation, boycott and contradiction.

The basis of our proposal is for 50-year tenancies.

I note that the Honourable Leader hasn't responded yet to my suggestion on minimum leases. While the 50-year substantive period would remain, it might be possible to negotiate a minimum of 30 years, depending on the needs of the landowners.

The option is there for a joint submission from all the parties to the Native Land Trust Board and the Great Council of Chiefs. My door is open for discussions if Labour chooses to end its boycott.

### **Ill-Will**

The Honourable Leader keeps spreading ill- will by insisting that 50-year leases are some sort of trick and that the real intention is to have 20 year leases.

This is extremely discourteous to the NLTB and the GCC which have given their endorsement to the 50-year lease proposal as the representatives of all the landowners.

The message the Honourable Leader of the Opposition is sending is that he does not trust these Fijian institutions, nor the Fijian leadership. He dismisses their offer as nothing but a hoax.

I wonder whether the Leader has ever paused to consider the impact of what he is saying on relations between our ethnic communities?

To my mind he is deliberately sowing discord.

The Leader knows quite well that the landowners do not want ALTA anymore because it has led to their exploitation. And yet he ignores their feelings and argues that ALTA should continue.

**The Honourable Leader should know that it is not possible to have a solution that ignores the wishes of the landowners.**

This raises questions of attitudes to property rights. Such rights are fundamental to good governance. They are secured in the Constitution.

Yet it is noticeable that where native land is concerned some different standards are applied.

### **Fijians Unhappy with ALTA**

We see this with ALTA. The owners are not happy with this legislation. It has damaged and undermined their rights. And yet those opposite wish to continue to impose it on them. There is silence from organisations usually vocal on rights issues.

Mr Speaker, the Fijian landowners want more say in the development and use of their land. That which is surplus to their needs will be made available for leasing by others for agriculture and other purposes.

Currently, under ALTA, Fijian land is locked up. The landowners cannot use it for commercial agricultural leases or for other development which would fetch them better returns.

They therefore want legislation which liberates them from the chains of ALTA, restores their rights, and gives them the freedom to consider different types of usage. This freedom is cherished by property owners everywhere.

The Fijians get it from NLTA, not ALTA.

The Opposition are fond of reminding the landowners that they are missing out on income from land on which leases have not been renewed.

What they do not say is that this income is among the lowest rental in the world. The injustice to the landowners is compounded when they do not share in windfall earnings from subsidised European Union sugar prices that is divided between the FSC and the farmers. The landowners are left out.

Let me ask a question here. When have the Leader of the Opposition and his colleagues ever conceded that there is a need to think more about the plight of the landowners?

Their mission has been to push for more and more for just one section of the industry. The result is that the FSC has been squeezed so hard it is virtually bankrupt and can only survive with a Government guarantee.

The Fijians who made their land available for generations of farmers became the forgotten people of the industry.

### **Lack of Balance**

Labour's blatant lack of balance and overt favouritism over sugar, was very evident when it was in Government.

Following the drought and floods in 1997 and 1998, farmers borrowed \$8 million from the Cane Grower's Fund for their welfare rehabilitation.

When Labour came to office it made a decision to convert those personal loans to a national loan to be repaid by Government.

I can understand why they did that. My Government continues with the repayment, plus the repayment of a loan of \$19 million, also from the Cane Grower's Fund, for cane rehabilitation.

We can add to these amounts the \$28,000 in cash grants to former tenants of ALTA leases. And yet, there was no assistance offered to incoming landowners to rehabilitate their land.

The question that concerns me is why Labour did not provide similar assistance to non-cane farmers who also suffered from drought and flooding.

**Why did Labour introduce such discriminatory policies? What was the principle behind these policies?**

The Labour-led Government took ill-considered decisions which were perceived by many as anti-Fijian.

Development Grants by the Government to the Provincial Councils were suspended.

The Special Loan Scheme for Fijians at the Fiji Development Bank was stopped.

Both these policies had been introduced to help promote increased participation by Fijians in business. This is provided for in the Constitution.

**I draw a contrast with the much more balanced and holistic approach taken by our Government.**

Under our land resettlement and farming assistance scheme, help is available to both the departing farmer and the incoming landowner.

At the Fiji Development Bank, to complement the Special Loans Scheme for Fijians, a Small Business Equity Scheme has been introduced to help members of other communities start small businesses. I am pleased to report that this Scheme is permitting many people from our Indian and Minority communities to take part in business.

### **“ALTA Unlikely to Survive”**

Mr. Speaker, Sir, if the Honourable Leader of the Opposition wants confirmation of the wishes of the Fijian landowners on the administration of their land, he would do well to study a 2001 commentary by Ratu Joni Madraiwiwi, who is now our Vice President.

Some of Ratu Joni's comments were repeated in an earlier meeting of this House by the Honourable Minister for Lands.

Ratu Joni said it was unlikely ALTA would survive into the 21st century for the reason that Fijian landowners oppose it.

A section of Fijian opinion had always resented the subjugation of the Native Land Trust Act to the provisions of ALTA.

Ratu Joni said while it gave tenants a measure of security, it encroached on the proprietary rights of landowners in serious measure.

He highlighted some of the particular deficiencies of ALTA as they affect the interests of the landowners.

Then he said that a sense of resentment arose among Fijian landowners. This was partly reflected in the impasse over leases.

According to Ratu Joni, there was a real feeling of having been disadvantaged.

In his view, the Native Land Trust Act appeared to be appropriate for the long-term for dealing with all leases, because most of the land under consideration is native land.

The High Chief said what was required was a mechanism that recognised the crucial position of the landowners and the need to ensure that their interests are balanced with that of the tenant, in a relationship that is mutually beneficial to both parties.

**That is precisely the position of the Government. That has always been our stance.**

## **NLTB Co-operation**

I stress that the NLTB has been very accommodating in its approach to new agricultural lease terms.

It had agreed in 2001 to 30 years. By 2002, it had increased this to 50 years.

Now, the Leader of the Opposition sometimes gives the impression that the 50-year proposal is something that's just come up, and we are trying to force it.

There has been no forcing of the issue by the Government. We have been very patient.

The fact is that it was first announced more than three years ago. This is further proof of Labour's reluctance to respond.

For three years they have let this drag, while the farmers continue to suffer and live with uncertainty.

**At the same time, Labour members protest about non-renewal of leases, when they themselves are refusing to negotiate to reach an amicable solution.**

The Honourable Leader now says he is suspicious of 50 year leases. In his view, they are a hoax.

That suspicion was not on show at a national land workshop in 2002 after the 50-year concept had first been announced by the NLTB. He did not think then that it was a hoax.

He came out with a very different story.

This is what the Leader told the workshop participants and I quote :

**".....if NLTB is prepared to give 50-year leases – which is certainly an improvement over 30-year leases – and subject to other lease conditions being reasonable, I think it would be acceptable to the tenants"** unquote.

They are the actual words of the Honourable Leader.

We have already given an assurance that lease conditions will be reasonable.

**So we must ask: what is the problem? Why has there been such severe flip-flopping?**

It is clear where the problem lies.

At that same workshop in 2002, the Honourable Leader thought an agreement could be brokered on land and then he added..."**we must get on with the job**".

He is right. But why isn't he doing that? **Why is he now falling down on the job?**

**Help for the farmers**

Mr Speaker we have once more heard that there is nothing in the Budget for the canefarmers.

That is absolute nonsense.

**We want the farmers to do well.**

**Our Government is committed to helping them, just as it is committed to helping the landowners and the industry in total.**

The Leader of the Opposition criticised the Budget's policy of giving tax exemption to farming ventures earning up to \$200,000 a year. He argued that most farmers would not qualify because they would be exempted from tax at any rate.

The Honourable Leader does not understand the incentive element in this measure. If farmers improve their efficiency and productivity they can earn more money and then reap the substantial benefit of the tax exemption.

I urge those opposite to encourage the farmers to boost their performance, instead of directing their criticism mainly at the Fiji Sugar Corporation.

The reality is that only farmers who are prepared to adopt new levels of efficiency and best practice will survive.

The Opposition would be doing the farmers a service if they explained this to them, instead of condoning inefficiency.

They would do well to acknowledge that the best incentive for farmers is secure leases. That is what we are offering, and that is what Labour is obstructing through its boycott of Parliamentary consultations.

Perhaps Labour does not understand that part of the loan we have negotiated from India to help with the sugar industry reform will be used for training farmers. Opportunities for farm diversification will be available through the Alternative Livelihood Project, to cost \$95 million over six years. Funds have been set aside next year to meet part of the Government's initial commitment to the Project.

The main beneficiaries of this Scheme will be the cane farmers. Yet, the Honourable Leader can stand up in this House and say there is nothing in the Budget for the farmers. It is another untruth!

One of the reasons I decided to take direct ministerial responsibility for industry reform, was to ensure that there was full consultation with all stakeholders in the development of the reform programme.

To assist with this, I approached Mr. Charles Walker, who is well known to all of us, to act as a consultant in leading the consultations with all the parties.

Following those consultations, I made an official approach to the Government of India for assistance.

The sugar industry reorganisation was also a very important part of the Talanoa Dialogue. From that dialogue came an agreement to move a Motion to establish an Adhoc Select Committee on Sugar Reform. The Honourable Leader of the Opposition and his colleagues were fully aware of all this because they took part in the meetings of the stakeholders.

We decided to come to Parliament to seek a Government guarantee for the loan of \$86 million we are receiving from India.

And yet, now that the reform has started, the Honourable Leader is again backsliding.

**I come back to the suspicion that he does not want the reform to succeed, that he does not want long-term solutions to the land issue, but still wants the votes of the farmers!**

### **Qoliqoli Legislation**

Mr Speaker, permit me now to raise another critical issue affecting ownership rights of Fijians. This is the proposed qoliqoli, or customary fisheries, legislation.

I do this because of its national importance in resolving a grievance the Fijians have carried since just after the Deed of Cession. It also relates to the use of natural resources referred to in the Budget.

The SDL/CAMV Government decided that in the interests of justice, peace and stability, the Customary Fisheries Bill should be drafted and brought to Parliament. Its approval will help to lay a secure foundation for the future of Fiji. We believe it will strengthen the investment climate by removing misunderstanding and improving co-operation between owners of qoliqoli and other groups, especially some tourism industry operators.

The Bill follows the call of the Constitution for a more equitable sharing of economic and commercial power. It fulfils the Constitution's requirements for Parliament to have regard to the customs, traditions, usages, values and aspirations of the Fijian and Rotuman people. Customary fishing rights relate directly to this.

Previous Governments had intended to take the same course of action that we propose. They, too, saw that a historical wrong and anomaly had to be corrected. But for whatever reasons this was not done.

The Fijians have waited with the patience and also with frustration. They ask why their wishes have been ignored for all these long years?

The SDL/CAMV coalition pledged it would take action on this problem and that is what it is doing. Like our policies on agricultural leases on native land, we are dealing with this in a balanced and realistic manner. We will honour the wishes of the Fijians and also take the wider national interest into our thinking.

The Government is not deaf to the concerns of those who have made investments and fear that these will be adversely affected.

We have tried to allay their apprehension through dialogue and consultation.

I think we can say that there is now a wider appreciation of Fijian thinking on the need for the legislation. Misunderstandings and misconceptions, however, still exist.

An example of this was the reported recent comment by a prominent business executive from overseas, representing an investor with large interests in Fiji.

**He thought the qoliqoli legislation was a smokescreen aimed at satisfying a small group of "agitators." In fact, he referred twice to "agitators."**

Frankly, I was surprised that the person concerned had such a distorted impression. It would not be difficult for him to acquire a more balanced and informed view.

I did, however, agree with his comment that the dialogue we have started on this question should continue in good faith. The Fijians have waited for this grievance to be resolved for 124 years. I am sure they will be ready to wait just a little longer, as we complete the democratic and Parliamentary procedures.

Its principal objective is to finally confer ownership rights, similar to customary ownership of land, on all foreshore fisheries, or qoliqoli, areas

It will transfer legal ownership of qoliqoli back to the Fijians from the State. Under existing laws the Fijians only have rights of usage. This does not permit them to receive the full benefit from these traditional resources, especially in view of their increasing commercial utilisation by others.

I stress again, however, that appropriate and adequate safeguards will be included in the legislation to ensure public access and secure the interests of investors. It will not affect or interfere with legal interests already conferred or that may be acquired according to law within customary fisheries areas. However, renewal of such legal rights will be done under the legislation.

There will be navigational rights under common law and the right to free passage recognised by international law.

Appropriate management, supervisory and enforcement systems are to be introduced, governing the issuing and use of licences, permits and fees for commercial usage, such as fishing and other water sports.

The law will also contain measures to ensure conservation and sustainable harvesting of marine life and resources which have always been a source of food

and livelihood. This is about meeting the requirements of the present generation, without compromising the ability of those who follow to meet their own needs.

I can appreciate, to a certain extent, the caution from tourism operators about the proposed changes. Change is often difficult, especially when it is marked by a lack of understanding of cultural and historical factors. These factors are recognised in Section 186 of the Constitution.

What I find harder to understand is why there should be a reluctance to acknowledge the right of the indigenous people to reap a commercial benefit from ownership of one of their natural resources.

Let me put things another way. If someone owned an asset used by others for a profit and did not receive a share of that, that person would be subject to a denial of rights. He would naturally want a share of the return from his asset.

There is nothing wrong with that.

It is the same with the traditional foreshore fisheries rights areas. **If a commercial gain is derived from them by others, it is only fair and just that the owners should also benefit.**

Mr Speaker, as I have said, care has been taken to seek the views of all interested parties, especially investors in the tourism industry. They are being given every opportunity to give their opinions on the conceptual issues involved, as well as the form of the legislation.

There have been numerous discussions with individuals and groups such as the Fiji Hotel and Tourism Association and the Tourism Resource Owners Association. Dialogue has been held with the GCC. Public meetings on the Bill have been held and customary fisheries owners have been consulted and provided with copies of a Fijian translation. This dialogue has included discussions at Provincial and Tikina Councils.

**I can tell the House the draft legislation has received overwhelming support from qoliqoli owners. We will not let them down.**

**We will not ignore, and will also protect, the interests of the general public and our tourism industry.**

### **Value Added Tax**

Mr Speaker, there has been much comment about our decision to remove Value Added Tax on a list of basic consumer items. These are powdered milk, tea, flour, sharps, tinned fish and kerosene.

This initiative to lower prices for the poor has received overwhelming public approval. Even the Honourable Leader of the Opposition's new partner, the Hon Member for Western/Central General, agrees with it.

Before the Budget the Honourable Leader had been calling loudly and frequently for the removal of VAT.

When it actually happened, he jumped as if he had been stung! He protested that it was an election gimmick. It was only later that he could bring himself to actually welcome the move.

What he should have done was to immediately congratulate the Government. Unfortunately for the Labour Party, he couldn't bring himself to do that.

The Leader's reaction has been shared by others from the Opposition.

I am pleased, however, that one or two of his members had the courage to admit that our VAT relief was a good and timely measure. **For us, it reflects our continuing concern for the poor, the workers and the less advantaged.** We are thinking particularly of those who have no regular source of income and do not benefit from payments such as cost of living allowances.

Before VAT, Government was dependent on customs duty and high personal income tax. But this did not help to create a positive climate for private investment to drive economic growth

VAT was introduced because it was a fair way of raising revenue for economic and social development. The more you consume, the more you pay. It was accompanied by reductions in other taxes, such as income taxes and customs duties. VAT also meant that people who were avoiding tax had to make a contribution. They could not escape.

When we reintroduced VAT, Fiji was still recovering from the crisis of 2000. We had to widen the tax base.

As the Honourable Minister for Finance & National Planning said in his Budget presentation, circumstances beyond our control made it necessary for us to review our position on VAT and allow these exemptions on food items.

What we have done is directly connected to the effect of the unprecedented, very high prices of imported fuel. We have no control over this. It flows right through the economy creating higher costs for goods and services.

Our new policy on VAT recognised that Fiji is faced with extraordinary, challenging circumstances which require us to respond to the way VAT is imposed.

We have done this for the people, and the people have expressed their appreciation.

### **Help for the poor**

I ask the House to consider the following: Since 2001 we have increased the take-home pay of low income earners by freeing more of them from income taxes. This has benefited almost 12,000 workers. Individual taxpayers with families can claim tax allowances for their children and parents. This effectively means a person with an annual income of up to \$13,000, who is married with three children, and with dependent parents, pays no income tax at all.

Low interest for Housing Authority loans makes borrowing easier for working people. Easy credit is available for the poor to assist them earn a living from their own efforts. Thousands of rural dwellers have taken advantage of farming assistance and micro finance schemes to improve their income opportunities.

We have done more to increase Government's contribution to the cost of education than any Government that has gone before. I will come back to this shortly.

We have scrapped hospital outpatient charges, along with the cost in the general wards of beds, meals and treatment.

There have also been big increases in funding to help the poor and needy.

And, of course, we are keeping a lot of consumer items under price control.

A specific additional measure in the 2006 Budget is the reduction of the percentage mark-up on kerosene, which is widely used in rural areas. This is in addition to taking VAT off this product.

A number of measures will ease the cost of transportation. We will free from import duty outboard motors and the pre-mix fuel they use.

Then there is the grant we will provide to the bus industry for maintaining bus fares at current levels as well as reducing bus fares for the elderly and the disabled.

In terms of the basic needs of water and electricity, the huge investments we have made to improve urban and rural water supplies, and to make electricity available to more rural dwellers, is unprecedented.

**I believe we can say, with complete justification, that no other Government has done as much to assist those on low incomes.**

**Removal of VAT is part of that.**

Mr. Speaker, I referred earlier to preliminary data from the latest Household Income & Expenditure Survey based on 2002-2003. A key finding was that among the urban poor expenditure on food is about a third of what they spend. In rural households, average expenditure on food was about 40%.

**Now, there is a wider dimension to this. To assist the poor, it is not just enough to reduce the cost of basic food.**

We have to create the conditions for people to gain employment and improve their incomes. Private investment helps to achieve this.

For the rural areas there is a need for more infrastructure. Farmers must have the ability to get their produce to urban markets. We are helping them to do this.

In the end, much of the equation comes back to the land issue and giving people security of tenure.

Once more I challenge the Leader of the Opposition and his Party to end their boycotts and work with us to provide a solution for the people.

### Education Commitment

Mr. Speaker, I commend my colleagues on this side of the House for their well-presented arguments rebutting some of the criticism on education from the other side.

I would like to add a few of my own observations. This Government has a strong commitment to improving our education systems at all levels. This is further demonstrated in the 2006 Budget.

Education funding has risen year by year. For the upcoming 12 months expenditure will be increased by approximately \$40 million over 2005.

We recognize that a country with a well-educated population is best equipped to reach prosperity. **It is for this reason that we are consistently increasing Government's contribution to the cost of education of every child in Fiji.**

It's been suggested that we are claiming that Fiji has free education.

**Government has never, ever, said education is free.** It is not free. It is a shared responsibility.

I am disappointed that this myth about free education was repeated at the recent meeting of the Fiji Principals' Association. The members of the Association know the facts about education's cost and the contribution to it by Government.

It cannot be said that any country has totally free education. **Even in those nations where Governments own and operate the majority of schools, there is still a significant cost to parents.**

We are increasing Government's allocation to the cost of education in a number of ways.

The first is indirectly by giving tax relief to parents.

The tax threshold has been raised and claimable tax allowances for children have also increased.

These measures give families some extra money to help with their obligation towards the education of their children.

Since it came to office, our Government has directly increased its investment in education through the Ministry.

We started by extending the tuition fee assistance scheme to cover the whole of Forms Five and Six. From next year this will be expanded to Form Seven.

We then exempted all students from paying fees for all external examinations.

We are continuing with grants to the salaries of teachers of those employed under the Grant-in-Aid Scheme. Every year we are increasing our intake of teachers into the Government teaching service. These teachers are fully funded by Government.

We assist with building and text book grants. Another initiative we introduced was payment of premiums for renewal of school leases on native land. Furthermore, we started to provide boarding school grants for rural primary schools. These are the most needy schools in Fiji and yet they were denied this assistance by previous Governments, including the Labour Government. They gave boarding school grants only to secondary schools.

As highlighted by the Education Commission of 2000, rural schools were the most neglected in terms of the support they received.

In earlier years, responsibility for these schools had been transferred to rural committees, who simply did not have the necessary financial resources, to support them.

We have tackled this by introducing a huge foreign aid programme for overall improvement to the amenities and infrastructure for rural schools. This involves expenditure of more than \$43 million of European Union assistance.

If we had not committed to rescuing our rural schools, the burden of cost would have fallen on parents who could least afford it.

What I have said shows that those who suggest there is no such thing as free education because of a lack of interest by Government, are not considering all the facts.

**School Dropouts**

Mr Speaker, the Opposition spokesperson for Education, the Hon Pratap Chand, came up with some figures on school dropouts. We do not know how he collated these. But let me say that we are very much aware of the problem.

Children drop out for many reasons. It is not just about poverty.

The examination system in its present form often pushes children out of school. This is being looked into by the Ministry of Education. The realistic answer, in the long run, is to remove unnecessary exams and replace them with an alternative assessment system.

Mr. Speaker, a large majority of children who are being pushed out of the system come from rural communities. The crux of the problem is ready accessibility to secondary school places.

This is because the majority of the secondary schools are in urban centres. To attend them, children from isolated locations have to leave their families and find accommodation with relatives living in the towns and cities.

The Alliance Government tried to address this problem by constructing rural Junior Secondary Schools.

Unfortunately, this did not solve the problem because parents wanted their children to attend the better equipped and better performing secondary schools in urban centres.

We are assisting now, by providing additional grants for secondary schools catering to rural children to provide boarding facilities.

The Government is always ready to work with schools willing to establish hostels for rural and outer island students who have to come to urban areas to continue their schooling.

Yet when we take action to ease the situation for these disadvantaged children from rural areas, the Opposition accuses us of racism because most of these students are Fijians and most of the boarding secondary schools are Fijian schools.

**I would urge the Opposition to change their attitude and support what we are doing to improve education for rural communities.**

What we are doing is correcting a social injustice.

In the broader perspective the solution lies in our push to lift economic growth to create higher incomes, more jobs, and employment opportunities.

We will, of course, consider what additional policies can be brought in from existing resources, and the education budget.

### **Affirmative Action**

Affirmative action in education is starting to produce results for Fijian students and schools that had been falling behind.

There are some encouraging trends in examination results. There is still a way to go, but the direction is clear, and the gap is closing.

I would also point out here that, even though more resources are now dedicated to Fijian education, non-Fijian schools still receive, by far, the largest portion of funding.

My final comment on education in this debate, Mr Speaker, is to offer sincere thanks to all those representatives of organisations and schools, who are in partnership with the Government, for the education of our children. The vast majority of the primary and secondary schools in Fiji, are owned by the community.

Both partners play a full role.

The communities manage the schools and do some of their own fundraising. The Government administers the overall system, and provides substantial funding.

This covers salaries, building grants and other assistance I have mentioned.

This is a unique system of social co-operation that serves the country well.

I include in my expressions of appreciation, those community organisations which have established the nursing school at Labasa and the new University near Lautoka.

I should mention that I have received representations for Government recognition of the University from community leaders identified with the Fiji Labour Party and the National Federation Party.

This tells me that when it comes to education, we can have a unified approach in recognising its national importance.

I request the founders of the University to be patient while the Ministry of Education reviews the legislative and accreditation framework necessary for Government recognition. This would apply not only to the new University but also to other educational institutions.

The recognition is crucial for students to be eligible for Government scholarships for university and tertiary education generally.

**Native Land Trust Board**

Mr Speaker, as Fiji's economy evolves, so do the functions of the Native Land Trust Board, another unique Fiji institution.

The landowners expect it to do more than lease administration. They want it to become more actively involved in promoting development of their land, and seeking out partnerships with the private sector to achieve this. This forms the basis for its new strategy.

The NLTB is sensitive to the wishes of the owners to be consulted regularly, and for their views to be heard.

It will continue to co-operate with the landowners, to utilise land surplus to their needs, for the benefit of the generation of today, and for the future.

The Board has an obligation to assist the landowners get the maximum benefit from the use of their land.

A recent example of commercial co-operation between the landowners and the NLTB, was the international advertising of 15 potential sites for tourism.

There has been good initial response to this. Four have been leased out by landowners seeking partners for joint ventures.

One site has been taken up by an American investor, and the closing date for tender of the remaining sites has been extended to December 31st.

Some of the figures on tourism lease earnings illustrate the emerging importance of this industry as a source of revenue for the landowners.

In 2004, there were 126 tourism leases, representing a gross rental of approximately \$8,670,000. By the end of October this year, the tourism lease count was at 190. Anticipated income was about \$9,533,000.

The target for 2006 is to increase leases by a minimum of 20 per cent, and to earn gross rental of nearly \$11million.

The Board expects this trend to continue in the next two to three years.

### **Pay rates**

While I am on tourism, Mr Speaker, I was interested in the claim by the Member for Lautoka City Open, the Honourable Daniel Urai, that the average pay for our hotel workers is \$80 a week.

The information I have is that the minimum wage for part-time hotel workers is \$2.80 an hour. This works out at \$120 per week. Added to this are benefits such as uniforms, transport and meals.

Let me give a fuller picture. At one major resort, the workers in a well-known hotel are paid an average of \$3.75 an hour. On top of that they receive meal allowances and contributions to superannuation, medical and life insurance, and service awards.

Current rental payments at that resort to landowners total about \$1.7 million a year.

So I ask the Opposition to be responsible about matters like this and give the complete facts. Please don't misrepresent the truth for the sake of a few votes!

Mr Speaker, Sir, the Opposition criticises our management of national finances. That criticism is misplaced.

Our fiscal policy has followed a deliberate course. Higher deficits were necessary early in our tenure to finance the expansionary policy necessary for reviving the economy.

Now that it is moving in the right direction, we will be reducing deficits. The Honourable Minister of Finance and National Planning has spoken about this.

A critical element of our borrowing, is that it is for capital investment that will contribute to continuing growth. The latest example of this is the \$86 million from India for sugar industry reform. This is truly borrowing in the national interest. It will be repaid as the industry revives and diversifies.

We know that the sugar industry will need at least \$60 million when it moves into co-generation and ethanol production. We will then have to decide, in Government and here in Parliament, whether we should hold back from further borrowing for this vitally important industry.

Mr. Speaker, on the Public Service, I just briefly refer to the talks underway between the Public Service Commission and the Public Service Unions, on the recent arbitration award on COLA for 2004.

I hesitate to say much about this at this point, except that the more we pay to our public servants for salaries and wages, the less we are able to invest in creating jobs for those who are unemployed and are looking for work.

Government is bound by the law that governs arbitration.

I will say, however, that we are committed to paying civil servants a fair day's wage for a fair day's work.

I appeal to the public service unions to think of the wider national interest and especially those who have no jobs.

The Leader of the Opposition naturally pops up again. He has made completely unjustified criticism of those in the top ranks of the service.

It seems to me that his criticism is because these officials are mostly Fijians. This is reflective of the racist attitude he displayed when he was Prime Minister.

He sidelined Permanent Secretaries and operated through his own personal network of selected officials.

### **Inclusive leadership**

This performance of the Honourable Leader is significant within the context of the call by the Honourable Ganesh Chand for inclusive leadership. I am grateful to Dr. Chand for this comment.

**I suggest he direct his remark, first of all, at his own leader.**

As I have explained throughout this speech, the Honourable Leader of the Oppositions' divisive tactics are not helping our nation deal with crucial issues.

I must contrast the overall approach of the Honourable Leader with the eloquent and statesman like views expressed by the Turaga Bale na Tui Cakau and the Honourable Minister for Transport & Civil Aviation, when he made his Budget address.

The Honourable Minister accepted his fate under the law with equanimity and an understanding and forgiving attitude.

To me, he has shown us an outstanding combination of traditional and modern leadership.

Mr. Speaker Sir, on the Reconciliation and Unity Bill, all I want to say at this stage is that when the report of the Sector Committee is tabled, the Government will ask to take it to Cabinet for full deliberation. We will come back in the New Year with legislation that reflects Fiji's collective concerns.

I just add that I take offence at the claim by the Honourable Krishna Datt that I introduced the Bill only because I was unhappy about the direction the Talanoa land talks were taking. **This statement by the Honourable Member is just another Labour Party lie.**

### **A Higher Law**

Mr Speaker, Sir, let me now assure all citizens, both as individuals and as communities, that their rights as enshrined in our Constitution are secure. The Constitution is the supreme law of Fiji, and we are all equally bound by it.

But there is another reality. Each one of us, is also bound by a higher law. This is the moral law founded on our religious faiths. In the Christian scriptures, we are reminded *"that unless the LORD builds the house, they labour in vain that build it"*. (Ps 127 v 1)

Our national Coat of Arms bears the words *"Rerevaka na Kalou, ka doka na Tui"* ("Fear God and Honour the King"). The exhortation to fear God and respect authority is not empty words. The Christian scriptures tell us; *"Have reverence for God, and obey His commands, because that is all that man was created for. God is going to judge everything we do, whether good or bad, even things done in secret"*. (Ecclesiastes 12:13-14) We ignore this higher moral law and our conscience at our peril.

Mr Speaker, Sir, I end my contribution by tabling two reports. The first is a report which I am required to provide under the Constitution. This is the report on the Implementation of Affirmative Action Programmes both under the Constitution and the Social Justice Act.

The second report is an Annual Report for the Prime Minister's Office. We are tabling this report in the interest of public accountability.

Mr Speaker, Sir, I have much pleasure in, again, declaring my support for the 2006 Appropriation Bill, 2005.