



Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development & Statistics – Hon. Professor Biman Prasad

Response to His Excellency's Address

Parliament of the Republic of Fiji – Thursday 6 March 2025

Mr Speaker Sir

1. I wholeheartedly support the Motion by the Honourable Prime Minister to thank His Excellency the President for his most gracious address to open the 2025 Legislative Year. His Excellency, Ratu Naiqama Lalabalavu, the Turaga Bale na Tui Cakau, and President of Fiji, deserves our sincere gratitude for his inspiring and visionary speech, which sets the tone for the legislative and governance priorities of this august Parliament.
2. His Excellency is no stranger to the political landscape of Fiji. His years of service as a Member of Parliament, a senior Cabinet Minister, Leader of the Opposition and Speaker, have shaped his understanding of good governance, democracy, and public service.
3. We have no doubt that he is enriching the high office of President with the same wisdom, integrity, and commitment to the Fijian people that have defined his leadership over the years. I wish his excellency and madam First Lady well.

4. Mr Speaker Sir, Fiji stands at a pivotal moment in its history—one defined not just by the challenges we have overcome, but by the opportunities that lie ahead. 2025 holds great significance for our nation. As we celebrate 55 years of independence this year, we have an opportunity to reflect on our past and shape a future that is stable, prosperous, and inclusive.
5. As a nation, we have always had great potential. We are strategically located in a peaceful region, close to developed economies like Australia and New Zealand. We are blessed with abundant natural resources, an educated and talented population, and a strong position as the regional hub for transportation, education, and communication. Fiji is home to numerous diplomatic and international organizations, and we take immense pride in our pristine environment, rich seas, and beautiful beaches. However, we also live in a global environment like no other in recent times and will have far reaching consequences on trade, commerce and international development across the world. The moment of extreme uncertainty in the global and far-reaching disruptions calls for a national resolve. A national resolve that is rooted on our unity and on a shared sense of purpose.
6. Yet, despite these advantages, our journey has not been without hardship. Political instability, periods of strained race relations, prolonged dictatorship, and a lack of accountability and good governance have hindered our progress. We cannot change the past, but we must learn from it.

7. Political and national leadership, especially when entrusted with national responsibility is similar to driving a vehicle. We must at all times look ahead but never forget to look at the rear view and side mirrors to see how we navigated through the long-winded road and at the same time avoid the kind of pitfalls that we may have encountered.
8. For the first time in our 55-year history, a government has successfully transitioned democratically from one group to another and remained stable beyond its first year, not having been borne out of any political upheaval. We have taken significant steps to restore media freedom, uphold the rule of law, respect human rights, restore workers' rights, and promote bipartisanship both within and outside Parliament. These are the hallmarks of a mature democracy, and we must protect and strengthen them.
9. Mr. Speaker Sir, as elected representatives, we bear a profound responsibility in shaping the future of our beloved nation. This Parliament is not just simply a place for political debate to suit one's personal agenda. It is as His Excellency said, a House of Hope, a place where bold decisions must be made to secure a prosperous and resilient Fiji. Our duty is to uphold the values of unity, democracy, and economic progress while ensuring that no Fijian is left behind.
10. Mr Speaker, His Excellency spoke about transformative leadership and bi-partisanship. These in our view are prerequisites to nation

building. It requires leaders to always put national interest above personal and political advancement.

11. Honourable Sitiveni Rabuka, Prime Minister of Fiji from May 1992 to May 1999, and once again PM of Fiji from 24th December 2022 to date, is an embodiment of what His Excellency stated.
12. A man ostracized, a man demonized, a man ridiculed and reduced to planting vegetables for sustenance – as a former PM – returns 23 years later to be elected as the nation's leader, is quite remarkable in itself.
13. Honourable Rabuka has an unshakable vision that he did not shirk even after losing a general election in 1999- not as a candidate – but as leader of his then party. When asked by the media if the 1997 Constitution under which elections were held – a Constitution internationally acclaimed – and achieved by both him and Justice Jai Ram Reddy – Honourable Rabuka, without any hesitation replied that the 1997 Constitution is worth losing an election for.
14. Mr Speaker, as a 37 year old academic, I too was part of the NFP line-up of 30 candidates led by Mr Reddy, that was annihilated. That is history.
15. Honourable Rabuka gladly accepted the election result. So did the NFP and Mr Reddy. But both went to achieve name and fame.
16. Mr Speaker, Honourable PM Rabuka is genuinely committed to bipartisanship. He mentioned A D Patel, NFP's founder leader, his

successor S M Koya and Mr Reddy. He also mentioned the PM's of our historical past while moving his motion.

17. Late Justice Reddy and Honourable Rabuka did many considered impossible – change the unjust 1990 Constitution through painstaking negotiation, dialogue and consensus building.
18. Both of them and their parties paid a heavy price at the polls. But they didn't blame the new Constitution. Because the comprehensive review report was a product of widespread consultations never done before.
19. Mr Speaker, this is our time to do the same. With painstaking negotiations, perseverance, dialogue and consensus building, we shall achieve bipartisanship to give Fiji a document that isn't imposed.
20. Mr Speaker, His Excellency strongly emphasised on what is and will be done as part of consolidating economic growth. A strong economy must be built on solid foundations to ensure economic development is sustainable and long-lasting.
21. This philosophy of building stronger economic foundations has guided the Coalition Government's economic and fiscal direction. Before the 2022 elections and during our tenure in the opposition, we consistently raised concerns about the rapid increase in public debt, fueled by excessive spending aimed at maintaining political power.

22. When we assumed office in December 2022, public debt had already reached nearly \$10 billion—almost equivalent to the size of our economy. This was a sharp rise from approximately \$2.8 billion in 2006, marking a threefold increase. Our annual debt servicing costs had ballooned to over \$1 billion, with around \$500 million allocated to interest payments and another \$500 million to principal repayments. These escalating debt levels were severely constraining our ability to invest in high-impact capital projects as funds have to be set aside to service these huge debt burden.
23. We had a major flaw in the design of fiscal policy. Government revenue was insufficient to support expenditure, as taxes were kept artificially low while spending far exceeded what the public purse could sustain.
24. The fiscal situation would have deteriorated further if not for the substantial budget support grants from Australia, concessional funding from multilateral financial institutions, and over half a billion dollars generated through the sale of shares in EFL, Fiji Ports, and ATH by the previous government. These were one-off funds that should have been used to reduce debt. Instead, they were spent to finance an unsustainable level of expenditure.
25. So, when we came into government, we had no such options available. We faced a fiscal crisis that required decisive action. Unlike our predecessors, we chose not to sell state assets to fund

expenditures, as that would have been irresponsible. Instead, we implemented essential tax reforms, including adjustments to VAT, corporate tax, and the restoration of departure tax to raise government revenue.

26. Some in the opposition suggest that tax increases were not necessary. This is misleading. Given the massive funding needs for rebuilding public assets—roads, water, sewerage, healthcare, and education—tough decisions were inevitable. We simplified the VAT structure, moving from a three-tier system (0%, 9%, and 15%) to just two rates: 0% on 22 essential items and 15% on all other goods and services.
27. Critics conveniently overlook the fact that the previous government increased VAT from 12.5% to 15% in 2011, maintaining it until 2015. When they later reduced VAT, they introduced multiple other taxes, including a 10% ECAL, 6% STT, high stamp duties, and various other levies. This meant that consumers paid 25% in taxes for some services like restaurants. Our approach has been different—we have avoided reintroducing inefficient and distortive taxes, opting instead for a simpler and fairer tax system.
28. At the same time, we have ensured that additional tax revenues are directed towards social welfare and economic development. We have increased social welfare payments by 15% and 25%, allocating over \$200 million to support vulnerable groups. We introduced a

\$200 back-to-school payment, with nearly \$130 million disbursed in the past three rounds.

29. Further, we increased public sector wages, injecting over \$85 million into the economy, and raised the national minimum wage, which will reach \$5 per hour by April 1, 2025.
30. We have ensured record-high prices of over \$105 per tonne for cane growers which is \$20 more per tonne than the guaranteed price of \$85. And one must remember that almost \$14 million was siphoned off as so-called industry cost for three years till 2022.
31. We have continued essential social programs such as free education, free water, free bus fares, subsidized dialysis treatment, first-home buyer grants, free legal aid, and full tertiary scholarships. Graduates are no longer enslaved to debt. Over \$650 million has been written off. All they need to do is to serve a bond period and be no longer burdened with repaying their education expenses.
32. Investments in healthcare, agriculture, and infrastructure have also been significantly increased. Specific projects have been outlined by each honourable minister and assistant minister.
33. Mr. Speaker, these are the bold and responsible steps we have taken to strengthen our macro-fiscal foundations. While the path to economic resilience requires difficult choices, our actions are ensuring a more stable and prosperous future for all Fijians.

34. These initiatives have produced results. As the Assistant Minister for Finance stated, debt levels have come down from over 90% in 2022 to 78%. And we aim to reduce it to 75% in the next 2 years. Inflation was at an all-time year low of 1.3% in 2024 and 1.4 % in February 2025.
35. The Honourable Health Minister and his Honourable Assistant Minister highlighted several projects being undertaken to equip both hospitals and health centres, including repairs. Public health and medical care delivery has been in a state of decay. This will change and become a distant memory in the next two years.
36. Water supply infrastructure is being improved. This Parliament itself became a victim of water cuts last year. Access to clean and safe water is the right of every Fijian. And we will collectively overcome this challenge.
37. Salaries of civil servants have increased and they are no longer under any contract. And they can now retire at the age of 60 years.
38. Our macroeconomic fundamentals have strengthened over the last 2 years. Our post-pandemic economic recovery has been impressive with 7.5 percent growth in 2023 and 3.8 percent in 2024. This has been driven by a strong rebound in the tourism sector with close to

a million tourists last year and tourism earning of around \$2.5 billion. Growth for this year is again projected at 3.4 percent, making this the third year of consecutive growth under the Coalition Government.

39. The outlook for the outer years also looks positive, but we want to raise it beyond 5 percent as we have targeted in our National Development Plan.
40. Recently, we have seen a notable rebound in aggregate demand, supported by a strong labour market recovery and over 10 percent growth in wages and salaries, increased household incomes owing to recent increase in minimum wages and salary increase for civil servants, higher remittance inflows increasing to over \$1.3 billion per year and the positive flow on effects from the thriving tourism sector to other areas.
41. Foreign reserves stand at almost \$3.6 billion, equivalent to 5.7 months of imports far more than our benchmark and comfortable level.
42. The financial system remains sound and interest rate are at historically low level (weighted average lending rate of 4.5 percent). Liquidity levels in the financial system stood at over \$2.0 billion.
43. Investment activity has also gained traction as evidenced by 24.1 percent growth in new investment lending by commercial banks in 2024. There is a major pickup in construction activity driven by both

private (mostly tourism projects) and public sector infrastructure projects announced in the 2024-2025 National Budget.

44. Mr Speaker, Fiji continues to be a strong and attractive destination for both domestic and foreign investment. Investor confidence remains high due to the government's commitment to economic stability, transparent governance, and ongoing reforms that create a conducive business environment.
45. The country's robust tourism sector, infrastructure development, and growing digital economy further enhance its appeal to investors. Just last week, Hon Prime Minister met with the investors from Australia and New Zealand who are planning to invest around \$4 billion in Fiji for the Vulani project in Sabeto. We have just seen major investment by Google. We have Starlink expanding its coverage. We also have Fiji Water and other large companies pursuing major investments across the country.
46. We are working to create a business-friendly environment by reducing regulatory and policy obstacles to investment. We want businesses to grow and thrive, and we encourage all businesses including MSMEs to take advantage of the Coalition Government's initiatives to help boost investment and contribute to Fiji's economic prosperity.
47. Mr Speaker Sir, the economic momentum is reflected in our strong tax collections as we have exceeded our projections in the first six of FY2024-2025. From August 2024 to January 2025, we have

collected around \$1.8 billion in taxes which is \$136 million higher than the forecast for the period which accounts for around 55 percent of the total budgeted tax revenues for the fiscal year. Provisional tax collection data for February shows the continued over performance in tax collections keeping us on track to exceed the revenue target for this year, which will result in a lower than the 4.5 percent fiscal deficit and debt position initially budgeted for 2024-2025.

Addressing the Cost of Living

48. Mr Speaker Sir, the issue of cost of living is always on the agenda of any government. Global commodity price increases, geopolitical tensions, and supply chain disruptions have significantly impacted essential goods and services.
49. We had pursued strategies to increase household income levels by increasing minimum wage and public sector wages and salaries. We have zero rated VAT on 22 essential items and reduced fiscal duties to help reduce prices. We have funded a number of expenditure programmes in the form of social wages and welfare payments. The Government has also invested in agriculture, MSMEs, and cooperative businesses to enhance domestic production and economic self-sufficiency.
50. The private sector also has a role to play in addressing cost-of-living pressures. Businesses must ensure fair pricing, improve operational

efficiencies, and adopt a long-term, sustainable approach to profitability. We cannot continue to protect industries with high import duties, restriction on import sources and allow them to control production and charge unreasonable prices. There are a number of industries where this happens.

Major public sector funded projects for upcoming Budget

51. Mr Speaker Sir, we have already started preparations for the 2025-2026 budget. The Budget will pursue strategies to safeguard macro-fiscal stability by promoting sustainable and resilient private sector led growth, addressing socio-economic challenges, nurturing inclusive development, and building economic and fiscal safeguards to respond to future shocks. Additionally, the Budget will prioritise key infrastructure needs, building climate resilience, accelerating structural reforms and enhancing efficiency in public service delivery. The 2025-2026 Budget will be announced on 27 June 2025.
52. For the next budget and the future, we are embarking on some major high impact capital expenditure and development work which we have been working on in the last 2 years. These public funded projects are valued at over \$2 billion and will commence implementation in the upcoming Budget, while many other projects will be funded through our state entities and through innovative mobilization of private sector financing in areas like Suva port relocation and renewable energy transition.

53. Let me provide some high-level highlights on this, while more details will be announced in the budget.
54. Mr Speaker Sir, we have recently finalized a \$450 million concessional financing and grant funding package with the ADB and World Bank to replace 4 major critical bridges in Fiji. This includes the Lami bridge in Suvavou, Medraukutu bridge near the cement factory, Viseisei bridge and Sabeto bridge. This is a substantial investment in this critical assets as these 4 bridges ensure that we are connected to towns and cities on Viti Levu. If any of this bridges goes down, there will be major transportation and economic disruption.
55. The replacement bridges are also being made climate resilient with greater height and length and better structural designs to ensure that it is able to withstand major climatic events and last longer. The tenders have been called out and we should see the bridge construction starting in few months. We have also started working on a second phase of 6 other critical brides, jetties, road expansion and rural road investments.
56. In the water sector, Mr Speaker, following the successful completion of the Viria water project, we have now almost finalized a second major \$380 million project funded by the ADB concessional resources to double the capacity of the Kinoya Sewerage Plant and ensure that it is environmentally compliant.

57. This project also has a major component on reducing non-revenue water. Given the old, aged water infrastructure, we have close to 50 percent of water that gets leaked out. So, while adding additional capacity is important, we need to invest in reducing this water leakage and for the first time, through ADB's support, Fiji has adopted a performance-based contract to manage the non-revenue water reduction issue. A regional water training hub is also being established as part of the project, fully funded by grant from ADB.
58. Mr Speaker Sir, we have also finalised another major project for flood alleviation in Nadi funded through the AIFFP/Government of Australian and JICA. This is one of the largest climate resilience projects in Fiji and involves a combination of structural and non-structural measures to provide effective flood protection for Nadi town and lower Nadi River floodplain.
59. The project will minimize disruption to tourism and economic activity in Nadi and the project cost is estimated at around \$300 Million. The Government has partnered with JICA and AIFFP for grant and concessional loan financing support to commence the implementation of the first phase of project and we leverage our development partners for financing support for the remaining stages of the project. As part of the project we will have river dykes around the town, a diversion channel and a detention basin. Project implementations will start in the next budget with the first phase providing a 1 in a 10 year flood protection while the full project will provide a 1 in a 50 year flood protection.

60. Mr Speaker, we have also after many months of effort and support from the Government of Australia, identified 27 priority projects to upgrade CWM and other key health infrastructure. Apart from this, work is undergoing in the finalisation of the CWM master plan, and we are working on a \$600 million first phase redevelopment of CWM with the World Bank, Government of Australia and ADB. This would be a major game changer and will be followed by more investment in health infrastructure. More details will be released later as we finalise the project details and financing arrangements, which will include a major grant component from key development partners given the regional focus of the new hospital.
61. Similarly, the 100 bed super hospitality hospital through the Government of India will also commence soon. We are also working together with Aspen Medical on refining the PPP arrangement which will see a construction of a new 305 bed hospital in Lautoka. Investments will also be prioritised to fix rural health assets with a major focus on lifting up primary health care. This is another project that we are working with the ADB on.

Renewable energy transition

62. Mr Speaker Sir, Energy Fiji Limited, is working towards a renewable energy target of 90% by 2035 with plans for 150MW of power generation capacity in new hydro-power, more than 500MW of new generation capacity in solar photo-voltaic and wind power plants.

63. Furthermore, the electricity transmission network has to be significantly expanded with addition of more than 300km of new 132,000 Volts transmission network.
64. A total investment in excess of \$5 billion will be perused over the next 10 years and EFL will require increased participation of Independent Power Producers (IPPs) entering the electricity sector.

Suva Port Development

65. Mr. Speaker, Government has also been working on the relocation of Suva Port as a major long term investment project. The current port has reached its capacity and will not be able to meet Fiji's development needs after 7 to 10 years.
66. A potential relocation of the port will require an investment of over US\$3 billion dollars for a period of 10 to 15 years. It is critical for the project to include funding modality that includes a viable private-public partnership model among loans and grants that can be accessed. We also have keen interest from our development partners on this project.

Reason for highlighting these major projects.

67. Mr Speaker, I wanted to highlight some of these major projects to show that the Government has been working tirelessly for the last 2 years to plan and rollout these big investments.
68. In the first budget we shared openly that these investment planning, design and execution will take time. And here we are today ready to launch and have shovels on the ground for some of these major projects. I will give more details in the upcoming budget.

Conclusion

69. Mr Speaker Sir, the future outlook is looking promising. Our economy is growing. Some of the major public sector investments I have highlighted will be implemented creating economic and business activity. These major investments will improve our infrastructure that will lift up our economic potential. We are seeing some major private sector projects and Government will support to expedite these and remove any impediments.
70. There is freedom and our democracy is maturing. Let us move forward with unity, boldness, and a shared vision for a prosperous, resilient, and inclusive Fiji. Together, we can build a nation that delivers opportunity, security, and prosperity for all Fijians.
71. May God bless Fiji. Vinaka vakalevu and dhanyvad