



NATIONAL FEDERATION PARTY

Our People's Future



June 26, 2014

MEDIA RELEASE

AG AN EXAMPLE OF GOVERNMENT'S ANTI-POOR STANCE

The Attorney General's outright rejection of NFP's commitment to reduce Value Added Tax (VAT) from 15% to 10% confirms the current government's anti-poor stance. It is clear that this Government is only concerned about raking as much revenue as possible even if it means squeezing the pockets of the poor.

Aiyaz Sayed-Khaiyum, while launching the Prime Minister's Exporter of the Year Award, referred to NFP's election promise to reduce VAT to 10% and mocked me saying being an "economist does not make one a good person for financial and commercial transaction". Firstly Mr Sayed-Khaiyum should not become a political commentator. He is also the Minister Responsible for Elections. This re-enforces our belief that he should quit as Elections Minister after becoming the general secretary of the Fiji First Party if he wants to indulge in politics.

Secondly, Mr Sayed-Khaiyum does not understand the dynamic effects of a reduction in VAT and more importantly the plight of our people. VAT is a consumption based tax. It means the revenue collected from VAT is dependent upon total consumption. So, a reduction in VAT from 15% to 10% **does not** necessarily mean that revenue collection from VAT will decrease by 33%. The Attorney General has got it wrong when he stated that VAT revenue will decrease by 33% if NFP reduces VAT to 10%.

Government is projected to rake in more than \$770 million in VAT collection alone this year. The reduction of VAT to 10% will mean the people of Fiji, especially the poor will save more than \$256 million.

The increase in VAT and increase in fiscal duties has seen the cost of basic food items and other necessities increase by 60% in the last 7 years. But Mr Sayed-Khaiyum obviously cannot digest the immense relief a reduction of VAT will bring to the poor and ordinary citizens of our country. All he is concerned about is a loss of Government revenue, something that has not been audited and made public for in the last 7 years due to the absence of Auditor-General's reports.

It becomes the moral and ethical responsibility of any person aspiring to become a politician as well as any political party to heed the plea for assistance from our citizens.

I invite him to a public debate on this issue as well as on good governance, transparency and accountability. I am hopeful that he will accept this invitation in the interest of good governance, transparency and accountability.

Biman Prasad
NFP Leader