

Response to 2017-18 National Budget
Parliament of Fiji
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By Hon Prem Singh

Madam Speaker, as I was penning my thoughts on what has been described by some, and you know who, as a fantastic budget, a phenomenal budget etc, the realisation struck me: Is the 2017-18 Appropriation Bill really a budget, a strategic plan to cure the fundamental problems faced by our people and many sectors of our economy?

Or is it a campaign statement of a panic stricken government, which in its combined total governance period of both as a military regime and as a Fiji First government of over ten years since January 2007 has driven many sectors of our economy and taxpayer's people's lives to ruin? Yet desperately and aggressively trying to camouflage the reality of its failed policies of the last ten years!

Madam Speaker, what I then concluded is that this budget is a reactionary one. It is a direct response to what NFP has been proposing to the people of Fiji as real pragmatic solutions. So you see Madam Speaker, the NFP does not need to move from here to the other side to effect change. We are grandmasters of change from wherever we sit. Our track record speaks for itself.

The Honourable Attorney General and Minister for Economy made their reactionary stance to NFP obvious when he said while announcing the budget on 29th June and I quote: -

“We hear the simplistic cry to single out products for VAT exemptions. It's the siren song of populism, a shameless appeal to emotion that tries to conceal a fundamental lie. But this Government, Madam Speaker, prefers to treat problems, not symptoms. We prefer a systematic cure and

sound economic management, not magic elixirs and Band Aids – a cure that reflects the real way people live and shop”. unquote

Madam Speaker, the electorate knows all too well who the snake merchants are in this august House. The very things that the Minister is accusing the NFP and others of doing, is what this budget is actually all about.

To paraphrase the Honourable Minister’s own words, the 2017-18 Budget is the siren song of populism, a shameless appeal to emotion that tries to conceal a fundamental lie. Nothing else. It is a budget as rightly described by the honourable leader of NFP, as one full of promises and lies -- and a good, bad and downright ugly budget.

This budget does not even genuinely attempt to cure one of the greatest sicknesses of all – our enslavement from the rising cost of living. Even the announcement of pay rises for our civil servants is strictly conditional – more stringent than the “conditions apply” inscribed in very fine print for the small number of discounted seats on a Fiji Airways flight.

Madam Speaker on one hand, the Minister announces that public service vehicles like taxis, rental cars, mini buses and hire cars can now renew their permits every ten years instead of three years, and that bus route licences are now valid for 15 years. Well and good. But in the very next breath, civil servants, teachers and nurses are being subjected to administrative trickery to reduced work-life tenure.

One can only presume that this is an underhanded attempt to phase-down the Government SEG1 expenditure.

In the eyes of this government, the value of sound, secure employment of an individual civil servant is insignificant. While bus companies with an annual turnover of less than \$1.5 million

are entitled to loans at an interest rate of 5%, our civil servants and teachers cannot obtain long-term loans to invest in properties and decent homes because commercial banks insist on tenured employment.

This is one of the most painful examples of how the current government, in the honourable Minister's own words, is treating problems and not symptoms through magic elixirs and band aids! The lives and guarantees of security of employment of our civil servants, teachers and nurses are not a priority of this Fiji First Government.

This modern day slavery forces them to enter into non-negotiable contracts in return for a meagre pay rise. We would seriously counsel the Government to check their campaign strategy, because this animosity against our civil servants is an unwise move if they intend to, as the Hon Prime Minister said, remain on that side of the House.

Consider this, Madam Speaker. Salaries, per diems and allowances of the Prime Minister, Cabinet Ministers and Members of Parliament are locked in through the Parliamentary Remunerations Act. It cannot be reduced unless there are austerity measures such as during a recession.

But if our civil servants want to qualify for a meagre 14.3% pay rise, they have to lock themselves in a contract. Where is the justice and fair play? Or is this the Government's version of true and equal citizenry? Perhaps it is even a case of George Orwell's *Animal Farm*, where some are more equal than others?

Madam Speaker, I wish to tell the honourable Minister that the enslavement and subjugation of civil servants, teachers and nurses will end after next year's general election. This is not a shameless appeal to emotion but the naked truth. An NFP government will change this by revoking the contracts with

permanent employment and increasing the retirement age to 60 years.

Madam Speaker, right here in this Parliament we heard an electioneering speech from the honourable Prime Minister who said his Fiji First Government was looking at the bigger picture. Pictures tell a thousand words.

The only bigger picture of the Fiji First Government that we can see is:

- the stratospheric rise of cost of living,
- hikes in unemployment levels,
- introducing a meagre minimum wage of \$2.32 to be increased to only \$2.68,
- rising cost of doing business,
- widening the gap between the rich and the poor,
- describing businesses as bandits,
- labelling housing occupied by the poor as ghettos,
- ignoring Government's social responsibility to the people of Ra by closing down the Penang Mill,
- refusing to adhere to recommendations of the Multinational Observer Group to change electoral laws and the design of the ballot papers,
- using its parliamentary majority to amend Standing Orders to ensure Government controls and Chairs the Public Accounts Committee contrary to common practice in 67% of Commonwealth nations,
- refusing to hear the pleas of our kidney patients by not increasing grants for dialysis yet allocates millions of dollars in grants to organisations like Fiji Airways and Fiji Broadcasting Commission,
- wasting a few million dollars on an anti-patriotic exercise like changing the Fiji flag,
- re-imposing VAT on 7 basic food items in a blatant betrayal of a promise in the Fiji First manifesto, which clearly stated that zero-rating on these basic food items will continue,

- the honourable Minister for Economy with all his portfolios probably controls 60% of the total Budget, \$1.94 billion dollars or almost 45% of the budget is under “R” or Requisition,
- the national debt level is ballooning with borrowing done against an inflated GDP,

and the list goes on...

Madam Speaker, the call by the NFP through its Leader that an NFP Government will increase the food basket of basic food items from 7 to 15 and ensure that they are zero-rated and VAT free has been described by the honourable Minister for Economy as a siren song and a shameless appeal to emotion.

This basically means Madam Speaker, that in the bigger picture of Fiji First, the poor don't matter. Simply, those who were already below the \$16, 000 threshold have received nothing in terms of cushioning the high cost of living. That includes almost two-thirds of our workforce. Duties and VAT on basic food items remain. It is simply ludicrous to assume that the poor will not benefit from reduction of duty on items like towels, shoes and baby wipes -- can they eat that? Our poverty stricken people will only benefit if the basket of basic food items is increased to 15 VAT free basic items. NFP will do this.

Madam Speaker, much has been said about the sugar industry. An industry that weathered many storms, natural disasters, floods and even four military coups. An industry that remained year in and year out the backbone of our economy for over a century because every single cent derived from the industry circulated right here in Fiji.

But Madam Speaker the industry has taken so much of a battering in the last ten years that it is now staggering. And this battering is man made, primarily influenced by the current Government. The number of active cane growers fell by almost

6,000 to under 12,000 in the last ten years. Cane production declined from 3.2 million tonnes to 1.38 million tonnes – a reduction of 1.82 million tonnes.

After enormous pressure from the NFP and growers, the government finally decided to provide increased subsidies for fertilizers, weedicides and cane planting.

A responsible government would have also extended the subsidies for other categories of agricultural farmers like, dalo, yaqona, rice, vegetables and other crops. If for anything else, but for our food security in such high climate risk times such as these. They also need major injection of funds to boost their production because they also contribute to the economy and to our agriculture exports. So do our dairy farmers who have been denied an increase to the price of milk.

But is this enough? Or is it too little too late? The latter is seemingly correct.

Growers harvest an average of 20 to 30 tonnes of cane per acre. On an average, 6 bags of fertilizer is used in an acre of cane. This means growers save \$69 in fertilizer subsidies for every acre.

For a grower producing 20 tonnes in an acre, the savings equate to \$3.45 per tonne of cane. For a grower producing 30 tonnes in an acre, the subsidy equates to \$2.30 per tonne. And if you add the weedicide subsidy of \$1 per tonne, the total savings per tonne is \$4.45 per tonne for a 20 tonne per acre producer and \$3.30 per tonne for a 30 tonne producer.

Even if we are producing 2 million tonnes of cane annually, the subsidy will be the total value of the fertilizer and weedicide will be \$6.6 million to \$8.9 million.

What growers need is a meaningful increase to the price of cane. And this can only happen if a minimum guaranteed price of \$100 per tonne is implemented with an annual subsidy of \$50 million that will cover both the subsidy and the guaranteed cane price.

At the current average cost of production of \$45 per tonne, growers will earn a net income of \$55 per tonne minus cultivation, production, harvesting and delivery expenses. This plan to be implemented as a priority by NFP will mean growers receive between \$50.55 and \$51.70 more per tonne of cane as net income, rather than the monetary value of subsidies provided by the current government.

Madam Speaker, I have seen two Strategic Plans that have been presented to Government by the Fiji Sugar Corporation. One plan was presented to the honourable Prime Minister last year by the then Executive Chairman of FSC. We now have another plan outlining key priorities for FSC from 2018 to 2022.

The plan looks like it was written in a mad, overnight rush. It says all the usual things about upgrading the mills and the feeder roads and the skills of the workforce, etc etc. But it says nothing about how it will keep the farmers committed to staying in the fields to grow their cane. What is the point of upgrading the sugar mills if the growers are not going to be there to grow the cane? The strategic issues are not addressed. How will we address long term land tenure? How can we add value to our raw sugar to increase the industry's profitability? How are we going to create the economies of scale that growers need to grow their cane more efficiently? And, given that we know that the Government cannot deliver anything, once we have a plan, how will we make it work?

But this is how FSC plans to make it work Madam Speaker – one of the key priorities is to defer loan repayments so that FSC can better manage its cash flow operations. FSC plans to

sell off its assets and for Government to take 100% control of the Corporation. And in all likelihood, this control extends to growers who have been denied a legitimate and democratic voice as the largest and most important stakeholders in the industry.

The NFP will ensure that growers regain their legitimate voice with the democratisation of the Sugar Cane Growers Council by holding elections so that growers can choose their own representatives and hold them accountable.

Madam Speaker, FSC for all intents and purposes is intending to behave like the Colonial Sugar Refining Company by enslaving growers through their support and plea to Government to accelerate the Reform of the Sugar Cane Industry and Sugar Cane Growers Fund (Amendment) Bills – Bills 19 and 20, which have been totally rejected by the growers and their representatives.

This plan will not work Madam Speaker. Deferring loan repayments or converting government loans into equity will also fail because without cane growers and without sugarcane, there is no sugar industry and neither is there an FSC.

Changing the management of FSC without first establishing why it became technically insolvent under the previous management is a vain attempt to gloss over the fundamental ills of both the Corporation and the sugar industry.

The FSC needs an injection of \$600 million to clear its massive debt and other fundamental problems plaguing the Corporation and its mills. The taxpayers of Fiji recently guaranteed a further \$202 million, in addition to \$120 million in 2015 to FSC.

Guarantees and loans are necessary because sugar is an industry that is far too important for it to be allowed to die. But to continue pumping money into an organisation without

knowing what happened to the previous injection of millions of dollars is not prudent management of taxpayers' funds. In this regard, we ask what has been the progress if any of an investigation that was supposed to be instituted into the Corporation and its former Executive Chairman, following his resignation last October?

Madam Speaker, when all is said and done, this Election Budget as clearly stated by the honourable Prime Minister is anti-poor, anti-worker and not for our ordinary citizens. It is not a catalyst for real economic growth, job creation, reduction in the cost of living, or revive our sugar industry and other agricultural sectors like dairy, yaqona, rice to name a few.

Essentially, this budget is all about pure electioneering by a rudderless Fiji First Government.