National Budget Forum

Examining the 2026-27 Budget

Dialogue Fiji

Date: Wednesday, 1 July 2026
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Proceedings Report

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Moderator

Ms. Florence Swamy – Executive Director, Pacific Centre for Peacebuilding

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Honourable Mr. Esrom Immanuel – Minister for Finance, Commerce and Business Development

Mr. Shiri Gounder – Permanent Secretary, Ministry of Finance, Fijian Government

Ms. Fantasha Lockington – Chief Executive Officer, Fiji Hotel and Tourism Association

Dr. Janesh Sami – Senior Lecturer in Economics, The University of the South Pacific

Mr. Arvind Maharaj - Chief Executive Officer/Founder, Omcore Technologies (Pacific) PTE Ltd

Mr. Josaia Tokoni – Programme Manager, Fiji Council of Social Services (FCOSS)

SECTION 1

INTRODUCTION

1.1 BACKGROUND

The National Budget is the Government's principal fiscal policy instrument. It sets out how public resources will be raised, allocated and invested to support the country's economic and social development. Beyond presenting revenue and expenditure estimates, the Budget reflects Government's policy priorities, responds to prevailing economic conditions and establishes the framework for investment in infrastructure, public services, social protection and economic growth. Given its far-reaching implications for every sector of society, the Budget is also one of the most significant public policy documents produced each year.

Recognising the importance of informed public engagement on fiscal policy, Dialogue Fiji has, over recent years, established the National Budget Forum as an independent platform for evidence-based discussion of Fiji's annual budget. The Forum brings together policymakers, senior public officials, private sector representatives, civil society organisations, development partners, academics, the media and members of the public to examine the Budget from multiple perspectives and to encourage informed national dialogue on the country's economic direction.

The 2026 National Budget Forum was convened following the presentation of the 2026-2027 National Budget to Parliament under the theme, **"A Responsible Budget for a Sustainable Future."** The Budget was introduced during a period of considerable economic uncertainty, with Fiji continuing to face fiscal pressures arising from high public debt, elevated operating expenditure, global fuel price volatility and ongoing cost of living challenges. At the same time, Government sought to maintain investments in critical infrastructure while supporting vulnerable households and laying the foundations for stronger long-term economic growth. These competing priorities formed the backdrop against which the Forum was convened.

The Forum also built upon Dialogue Fiji's earlier ***State of the Fijian Economy Dialogue 2026***, held only weeks before the National Budget. That dialogue brought together leading economists, policymakers, business leaders, former ministers, development partners and civil society representatives to undertake an independent assessment of Fiji's economic position and identify the country's principal fiscal challenges. During his opening address, the Executive Director of Dialogue Fiji noted that the Hon. Prime Minister had publicly acknowledged that issues emerging from those discussions had helped inform aspects of the Government's budget deliberations. This demonstrated the important role that informed public dialogue can play in strengthening democratic decision-making and evidence-based policymaking.

Against this background, the National Budget Forum provided an opportunity to examine the Government's fiscal strategy in greater detail, assess the strengths and limitations of the Budget, and facilitate constructive discussion between Government and key national stakeholders. Rather than serving as a political debate, the Forum sought to promote respectful, evidence-based discussion on the difficult fiscal choices confronting Fiji and the policy measures required to secure sustainable long-term economic development.

1.2 Objectives of the Forum

The National Budget Forum was organised with the following objectives:

- To improve public understanding of the 2026-2027 National Budget and its implications for Fiji's economy and society.
- To provide an independent platform for informed, evidence-based discussion on the Government's fiscal policies and economic priorities.
- To facilitate constructive engagement between Government, the private sector, civil society, academia, development partners and members of the public on the opportunities and challenges arising from the Budget.
- To encourage greater transparency, accountability and public participation in Fiji's budgetary process.
- To identify key issues requiring ongoing policy attention during implementation of the Budget.
- To contribute to a stronger culture of informed public dialogue on economic policy and national development.

1.3 Forum Overview

The **National Budget Forum 2026: Understanding the Budget: Assessing the Impact** was organised by Dialogue Fiji shortly after the announcement of the national budget. The Forum brought together a broad cross-section of stakeholders representing Government, Parliament, the diplomatic community, development partners, statutory organisations, the private sector, civil society, academia, the media and the wider public.

The evening commenced with an opening address by the Executive Director of Dialogue Fiji, followed by a Keynote Address delivered by the Hon. Minister for Finance, Commerce and Business Development. A moderated expert panel discussion then examined the Budget from the perspectives of Government, academia, business, tourism and civil society, before participants were invited to engage directly with panellists during an open question-and-answer session.

The Forum was also livestreamed, enabling wider public participation and ensuring that discussions were accessible to audiences throughout Fiji and abroad. Consistent with Dialogue Fiji's longstanding approach, the event sought to encourage open discussion, respectful debate and the exchange of evidence-based perspectives on issues of national importance.

1.4 About this Proceedings Report

This Proceedings Report provides a comprehensive record of the National Budget Forum 2026. Rather than reproducing a verbatim transcript of the discussions, the report presents a structured account of the proceedings, summarising the principal arguments, observations and recommendations made by each speaker while preserving the chronology of the event.

The report is organised into four substantive chapters. Following this introductory chapter, Chapter Two documents the opening session, including the opening address by the Executive Director of Dialogue Fiji and the Keynote Address by the Hon. Minister for Finance, Commerce and Business Development. Chapter Three presents the moderated Panel Discussion, summarising the contributions of each panellist and the subsequent exchanges facilitated by the Moderator. Chapter Four records the audience question-and-answer session, highlighting the principal issues raised by participants and the responses provided by members of the panel.

Collectively, the report provides an accurate and balanced account of the discussions that took place during the Forum. It is intended to serve as a reference document for policymakers, researchers, development partners, civil society organisations, the private sector and members of the public with an interest in Fiji's fiscal policy and economic development.

1.5 Acknowledgements

Dialogue Fiji extends its sincere appreciation to all individuals and organisations that contributed to the success of the National Budget Forum 2026.

The organisation expresses its gratitude to the Hon. Minister for Finance, Commerce and Business Development for delivering the keynote address and engaging openly with participants throughout the evening. Appreciation is also extended to the moderator and all panellists for generously sharing their expertise and perspectives on the 2026-2027 National Budget.

Dialogue Fiji further acknowledges the participation of Members of Parliament, senior government officials, representatives of diplomatic missions and development partners, private sector organisations, civil society organisations, academics, media representatives and members of the public whose active engagement contributed to a constructive and informative discussion.

Finally, Dialogue Fiji thanked everyone who attended the Forum in person and those who participated through the livestream. Their continued interest in evidence-based public dialogue reinforces the importance of creating independent platforms that promote informed discussion, democratic participation and sound public policymaking in Fiji.

SECTION 2

OPENING SESSION

WELCOME REMARKS

Mr. Nilesh Lal – Executive Director, Dialogue Fiji

Executive Director of Dialogue Fiji, Mr. Nilesh Lal, delivering his welcome remarks

Mr. Lal extended a warm welcome to all the participants, speakers and stakeholders to the National Budget Forum convened by Dialogue Fiji, describing it as an important platform for independent, evidence-based discussion on Fiji's national budget and the broader direction of our economy. He also noted that the National Budget belongs to every Fijian.

According to Mr. Lal, the Hon. Minister for Finance deserves to be credited for acknowledging the seriousness of Fiji's fiscal position in his recent Budget Address. The Hon. Minister for Finance was candid in his assessment about the ballooning public debt, bloating operating expenditure, the rising cost of the public service and the difficult choices now confronting the country.

The Importance of Evidence-Based Economic Dialogue

Mr. Lal emphasized that the turning point in Fiji's public discourse on the economy would be attributed to Dialogue Fiji's State of the Fijian Economy Dialogue. The Dialogue brought together technocrats, experts and commentators to examine the economy based not on political narratives, but on evidence. The Dialogue, according to Mr. Lal, laid bare the facts, challenged assumptions, dispelled myths and forced us to grapple with the realities of Fiji's fiscal situation. After all, the Hon. Prime Minister himself publicly acknowledged that the Dialogue shaped this budget. Essentially, this is democracy and evidence-based policymaking in action. Furthermore, when governments are prepared to listen and when public debate is grounded in facts rather than politics, better outcomes are possible.

Depoliticising Economic Policy

The economy is simply too important for a developing country with limited resources like Fiji to be politicized, stressed Mr. Lal. We cannot afford even one major economic policy error. Every major policy decision involves choices. And choices must be debated honestly. For too long, the economy has been treated as a political football in Fiji. As a result, economic debate too often becomes political debate. Therefore, we need mature and objective conversations about the economy because the alternative is simply too costly. The objective should always be to get economic policy right.

Assessment of the 2026-2027 National Budget

According to Mr. Lal, the Hon. Minister for Finance has correctly identified the following in the National Budget Address:

- Government's understanding of Fiji's fiscal challenges.
- Fiji's principal problem is not simply revenue but the relentless growth in operating expenditure.
- Greater emphasis must be placed on productive infrastructure.
- Long-term growth must be driven by the private sector rather than by ever expanding government expenditure.

Although the Budget repeatedly calls for fiscal consolidation, fiscal aggregates suggest that consolidation has barely begun. For instance:

- Operating expenditure remains around $3.99 billion.
- Capital expenditure remains $876 million, representing only about 18% of total expenditure.
- Fiscal deficit remains approximately $1 billion, or 7% of GDP.
- Even after accounting for the additional $200 million expenditure associated with the election, referendum and census, the reduction if operating expenditure is relatively modest.

There is only so much that can be achieved through reducing travel, workshops, conferences and administrative expenses which the Hon. Minister identified as the real challenge.

Public Sector Growth and Operational Expenditure

Government now employs approximately 42,000 people, costing around $2.3 billion every year. That equates to approximately $9 million every single day to keep the machinery of the Government operating. The public sector has grown by roughly 4,500 employees over the past three years. Therefore, the questions we must ask are:

- Has this expansion translated into better productivity?
- Has service delivery improved?
- Are infrastructure projects being delivered more efficiently?
- Are approval processes faster?
- Has the quality of public services improved proportionately?

These are not criticisms but legitimate policy questions. The reality is that unless the size and efficiency of the public sector are addressed, it will remain difficult to contain operating expenditure in any meaningful way. Mr. Lal stressed that the challenge is not simply reducing expenditure but improving productivity. It is ensuring that every dollar spent by Government delivers measurable value to the people of Fiji.

Investment in Infrastructure

Mr. Lal pointed out that the fiscal outlook remains challenging. The Budget projects another year of substantial borrowing. Although the Hon. Minister has outlined a medium-term objective of reducing the deficit towards 3% of GDP, debt will continue to rise in the short term. Economic growth has also been revised down to 1.5% for this year. Unless Fiji is able to achieve sustained higher rates of economic growth while simultaneously containing recurrent expenditure, reducing the debt burden will remain an uphill task, according to Mr. Lal.

The positive elements within the Budget entail the following:

- Significant investments in health infrastructure, particularly the cancer treatment facility and primary healthcare upgrades.
- Continued investment in education reflects an understanding that human capital remains Fiji's greatest long-term asset.
- Substantial investments planned for water, roads, bridges, renewable energy and port infrastructure recognize that productivity ultimately depends upon modern infrastructure.

Mr. Lal stressed that these investments have the potential to lift Fiji's productive capacity if implemented effectively. Implementation will be the key, he said.

Purpose of the National Budget Forum

In concluding his address, Mr. Lal reaffirmed the purpose of the National Budget Forum as an independent platform for constructive public dialogue.

He stated that Dialogue Fiji's objective was not simply to explain the Budget, but to provide a respectful environment in which differing perspectives could be expressed, assumptions challenged and policy ideas debated in good faith. He expressed the hope that participants would leave the Forum with a deeper understanding of the difficult fiscal choices facing Fiji and with practical ideas capable of strengthening the country's economic future.

Chief Guest & Keynote Speaker – Honourable Mr. Esrom Immanuel, Minister for Finance, Commerce and Business Development, Fijian Government

Minister for Finance, Commerce and Business Development, Hon. Esrom Immanuel, delivering his Keynote address

Minister for Finance Hon. Esrom Immanuel thanked Dialogue Fiji for organizing the National Budget Forum 2026 and the *State of the Fijian Economy Dialogue* which was held earlier. He stated that the Government supported initiatives such as these that promote open, transparent and constructive public dialogue on national issues.

Budgets affect every Fijian since they determine how public resources are collected and how they are spent. In addition, they influence jobs, businesses, infrastructure, social services and ultimately the future direction of our country.

Clarifying Government's Absence from the Pre-Budget Dialogue

Hon. Immanuel clarified his absence from the recent *State of the Fijian Economy Dialogue*. He stated that the timing of the debate coincided with one of the busiest periods for the Ministry of Finance. The Ministry was heavily engaged in budget consultations, analysing budget submissions and preparing the budget documents to formulate the National Budget. The Hon. Minister went on to highlight that much of Government's assessment of the economy had already been publicly presented through the Pre-Election Economic and Fiscal Update released by the Ministry of Finance. That document clearly outlined the fiscal outlook, the challenges ahead and the difficult choices confronting Government.

A Responsible Budget for a Sustainable Future

The Minister explained that rather than repeating the detailed measures contained in his Budget Address to Parliament, he intended to focus on the thinking that informed the Government's policy decisions and respond to issues that had emerged during subsequent public discussion.

The National Budget is themed: *"A Responsible Budget for a Sustainable Future"* and projects the following:

- Total revenue of $3.82 billion
- Total expenditure of $4.87 billion
- Fiscal deficit of approximately $1 billion which is equivalent to 7% of GDP
- Public debt is projected to reach approximately $12.6 billion, or 84.8% of GDP, by the end of July 2027.

The Hon. Minister rejected claims by some commentators, particularly politicians, who have argued that a Budget with a 7% deficit cannot possibly be described as responsible. He noted that responsibility is not determined simply by numbers since it is about the choices Government makes when confronted with extraordinary circumstances.

Responding to Extraordinary Circumstances

The 2026-2027 National Budget was prepared against the backdrop of one of the most significant external shocks Fiji has faced since the COVID-19 pandemic. The global fuel crisis has reduced our projected revenue by approximately $200 million. At the same time, Government had to provide funding for a number of unavoidable national priorities, including the General Election, the Constitutional Referendum, the National Census and the commencement of several major capital projects that will shape Fiji's future.

To accommodate these new priorities, Government reduced operational expenditure across ministries by around 10%. These include cutting travel and workshops and reducing communications, maintenance, operational goods and services and a range of discretionary spending. As a result, total expenditure has largely been maintained at around the current year's level despite these new commitments. According to Hon. Immanuel, these measures enabled Government to accommodate new spending priorities without substantially increasing total expenditure.

Difficult Fiscal Choices

The Minister argued that criticism of the Budget should be accompanied by practical alternatives.

He challenged those advocating a substantially smaller fiscal deficit to identify which public services or programmes they would be prepared to reduce or eliminate. Among the options he listed were reductions in civil service salaries affecting more than 42,000 public servants, cuts to social welfare payments, the removal of guaranteed cane payments for sugar farmers, reductions in education assistance, scholarship programmes, free medicines, water subsidies and electricity assistance, or alternatively, increases in taxation through higher VAT, income tax or corporate tax.

According to the Hon. Minister, none of these options would have been appropriate while Fiji continued to experience significant economic uncertainty and cost of living pressures. He argued that Government had consciously chosen to protect households and essential services rather than pursue aggressive fiscal contraction.

Transparency in Presenting Fiji's Fiscal Position

The Hon. Minister emphasised that the Government had deliberately chosen to present Fiji's fiscal position openly and transparently.

Rather than attempting to minimise the seriousness of the country's fiscal challenges, the Budget openly acknowledged that almost 80% of Government expenditure now consisted of operational spending amounting to approximately $4 billion annually. Every working day, Government required around $9 million simply to maintain public services.

He accepted that this expenditure pattern was not sustainable over the long term and argued that Fiji needed gradually to change the composition of public expenditure by slowing the growth of recurrent spending while increasing investment in productive capital projects.

Investing in Long-Term Economic Transformation

The Hon. Minister rejected suggestions that Government lacked a long-term economic strategy.

He pointed to several major infrastructure programmes that had either commenced or were scheduled to begin over the coming years, including investments in health facilities, roads, water infrastructure, wastewater systems and flood alleviation projects. Together, these initiatives represented investments exceeding $2 billion, with financing arrangements for approximately $1.5 billion already secured through development partners.

In addition, he referred to planned investments by state-owned enterprises in renewable energy, port development and airport expansion. Collectively, he argued, these projects represented investments exceeding $5 billion that would improve productivity, strengthen economic resilience, lower business costs, create employment opportunities and support sustained economic growth.

The Hon. Minister stressed that these investments should not simply be viewed as construction projects but as long-term investments in Fiji's productive capacity.

Measures to Address the Cost of Living

The Hon. Minister also outlined Government's efforts to shield households from rising living costs associated with the fuel crisis.

Hon. Immanuel stated that Government had acted prior to the Budget by absorbing increases in bus fares and electricity tariffs for eligible households rather than waiting until Budget Day to announce assistance. These measures, he said, reflected Government's commitment to providing immediate relief to families experiencing financial pressure.

The Hon. Minister further observed that, despite recommendations from the International Monetary Fund to increase VAT to 15%, Government had deliberately chosen not to increase VAT, income tax or corporate tax, nor extend VAT to the 22 zero-rated basic food items. Instead, Government had adopted what he described as a targeted approach by maintaining broad tax relief while directing additional assistance towards vulnerable households through existing social protection programmes.

Supporting Fiji Airways through the Tourism Services Tax

Addressing one of the Budget's most widely discussed measures, the Hon. Minister explained the rationale for introducing the temporary Tourism Services Tax.

He stated that the measure had been introduced primarily to assist Fiji Airways in meeting sharply increased fuel costs while preserving international air connectivity. According to the Hon. Minister, Fiji Airways formed the backbone of the tourism industry, and any reduction in airline services would inevitably affect visitor arrivals, employment, foreign exchange earnings and wider economic activity.

Hon. Immanuel argued that it was therefore reasonable for the tourism industry to contribute towards maintaining the airline's operations given the sector's dependence upon reliable international connectivity.

Public Sector Employment and Investment

Turning to public sector employment, the Hon. Minister observed that civil servants had received salary increases of between 10 and 20% over the previous two budgets after many years of wage stagnation. Unlike several developed countries that were reducing public sector employment, Fiji had deliberately chosen not to retrench workers despite ongoing fiscal pressures.

Hon. Immanuel argued that protecting employment during a period of economic uncertainty represented the more responsible policy choice. At the same time, Government remained committed to creating conditions that would encourage greater private sector investment, including through the establishment of a High-Level Investment Facilitation Task Force intended to reduce unnecessary administrative delays and improve coordination across government agencies.

Looking Beyond the Current Crisis

In concluding his address, the Hon. Minister explained that the Budget had deliberately been prepared using conservative assumptions based upon a worst-case scenario.

Should global fuel prices moderate more rapidly than anticipated, tourism continue to perform strongly and Government revenue recover above expectations, he suggested that Fiji's fiscal position would improve correspondingly, resulting in a lower fiscal deficit and slower growth in public debt than currently projected.

Hon. Immanuel reaffirmed Government's medium-term commitment to rebuilding fiscal buffers, reducing budget deficits and placing public debt on a downward trajectory while ensuring that Fiji retained sufficient fiscal capacity to respond to future shocks, including natural disasters, pandemics and external economic crises. While acknowledging that no budget could satisfy every stakeholder, he maintained that the 2026-2027 Budget represented a balanced attempt to protect households, preserve essential public services, invest in national infrastructure and lay the foundations for a stronger, more productive and resilient economy.

He concluded by thanking Dialogue Fiji for providing an important forum for national discussion and expressed his appreciation for the opportunity to engage directly with participants.

SECTION 3

PANEL DISCUSSION

Government Perspective

Mr. Shiri Gounder – Permanent Secretary, Ministry of Finance, Fijian Government

Permanent Secretary for the Ministry of Finance, Mr. Shiri Gounder, delivering his presentation at the National Budget Forum

Mr. Gounder thanked Dialogue Fiji for organizing this National Budget Forum. He also commended the deliberations held during the recent *State of the Fijian Economy Dialogue* which helped the Ministry of Finance shape the budget, as highlighted by the Hon. Prime Minister.

In terms of shaping the budget, there were three broad outcomes that emerged from the *State of the Fijian Economy Dialogue*. These include:

- After a long time, there was broad political consensus in Fiji on the need to contain overall government expenditure. This broad consensus has been built from leaders across the political spectrum, including former ministers and some of the current government MPs who participated in the Dialogue. That is also the prevailing sentiment across Fiji that government expenditure levels have increased substantially and that the time has come to restrain public spending.

- The second key point was that the operating expenditure of government has increased significantly to $4 billion, accounting for almost 80% of total spending. We need to contain that spending and there needs to be reprioritization or redirection of that funding towards capital development, including roads, hospitals and wastewater infrastructure. Such investments build productive capacity, support private sector growth and advance Fiji's aspirations under the National Development Plan, which aims to deliver benefits for all Fijians.
- Thirdly, there was broad recognition over the two days that the ability of government to drive the economy is limited. The government needs to give greater consideration to the role of the private sector as the primary driver of the economy while focusing on providing the enabling environment for the private sector to lead the economy.

Mr. Gounder highlighted that we live in an extremely uncertain global environment and this is going to continue not only for the next 12 months but for the years to come. Hence, it is important to understand this scenario.

He also emphasized the need to be candid and transparent about the fiscal situation of government, as noted by the Hon. Minister for Finance. We have a situation where government spending over the years have increased close to $4.8 billion. With the current revenue levels, we are caught up in a structural funding gap for government. That means that unless we reduce government's operating expenditure, we cannot build capital capacity or capital investments. Additionally, we cannot support growth.

This budget is a step in the right direction considering that we have tried to maintain overall expenditures at $4.8 billion. We are doing that prior to an election. If one looks at the budgets for the last 10 years, we have had significant expenditure growth.

This is the first budget within such a complicated global crisis. We have managed to cap expenditures at around $4.8 billion and we are doing that despite accommodating for additional $200 million in additional spending. The additional spending accounts for:

- $40 million for elections
- $20 million for the referendum
- $12 million for the census

In addition, there are various capital projects that have been announced which are going to be implemented over a period of four to five years. There have been investments in the health sector, particularly with the setup of the cancer facility and a number of upgrades of the 17 primary health care centres across Fiji. The Ministry has also trimmed $200 million of operating expenditure from travels, workshops and the general operations of government.

The public sector has grown to 42,000 employees which includes the civil service, including independent institutions such as the judiciary, Fijian Elections Office, FICAC, Water Authority of Fiji and Fiji Revenue and Customs Service. This costs the government $2.3 billion. Therefore, out of $4.8 billion, $2.3 billion goes towards salaries, wages and operations of the public service.

The Permanent Secretary further outlined that 42% of the budget goes to the social sector, notably education, health, social welfare, sugar industry, and other social measures such as the back-to-school assistance, scholarships, free legal services. According to Mr. Gounder, for a nation of our size and our challenges, we need infrastructure development to build the productive capacity for the future. The 42% budgetary allocation to the social services sector is coming at the expense of capital expenditure.

Mr. Gounder stressed that they have had extensive discussions with the various multilateral and bilateral partners pertaining to embarking on major capital projects. These include:

- $500 million dollar project for the health sector. These entail the cancer facility, upgrade of the primary health cares facilities and 60 additional bed capacity set up at the Colonial War Memorial (CWM) Hospital.
- Bridges, ports and the doubling of capacity at the Kinoya wastewater plant.
- Investments pursued through Energy Fiji Limited in regards to a renewable energy transition.
- Plans for two new hydro dams, additional transmission line and replacement of old aged infrastructure.

According to the Permanent Secretary, these initiatives are aimed at supporting private sector development. After all, the government has a responsibility to provide the enabling infrastructure, including access to electricity and wastewater services, as well as efficient approval processes, to support private sector investment. Furthermore, the government has kept the tax rate stable with the exception of the tourism tax.

Mr. Gounder highlighted that this is one of the most complex budgets he has worked on given the challenges. He commended the Hon. Minister for Finance for his prudence in containing the expenditure level and pivoting towards capital spending. He also concurred with Mr. Lal by stating that capital investment cannot be increased unless operating expenditure is reduced.

The Permanent Secretary pointed out that trimming the operating expenditure is a major political decision which will have widespread social and economic implications.

He concluded by explaining that the budget was prepared based on a worst-case scenario with a projected fiscal deficit of 7%. However, if the expenditure of approximately $200 million is excluded, then the total expenditure would have been around $4.6 billion. This would have resulted in a significantly lower deficit. According to Mr. Gounder, had the economy not slowed because of the crisis, government revenue would not have declined by an estimated $200 million and the fiscal deficit would have been less than 4%. Nevertheless, the government formulated the budget using a worst-case scenario to ensure it would be able to respond effectively to the crisis.

Tourism Industry Perspective

Ms. Fantasha Lockington - Chief Executive Officer, Fiji Hotel and Tourism Association

CEO of the Fiji Hotel and Tourism Association, Ms. Fantasha Lockington, delivering her remarks at the National Budget Forum

Speaking from the perspective of Fiji's tourism industry, Ms. Fantasha Lockington commenced by thanking Dialogue Fiji for convening the Forum and suggested that future dialogues also be held in the Western Division, noting that the country's principal tourism, manufacturing, sugar, mining and timber industries were concentrated there. She observed that while Suva remained the country's administrative centre, the western region represented the economic engine of Fiji, and wider stakeholder participation from that part of the country would further enrich future discussions.

Recognising the Fiscal Reality

Ms. Lockington acknowledged at the outset that the Government had prepared the Budget under exceptionally difficult circumstances.

She recognised the fiscal pressures arising from high public debt, slower economic growth, cost of living pressures, increasing demands on public expenditure and the impact of the recent fuel crisis. In that context, she accepted the need for responsible budgeting, fiscal restraint and measures aimed at improving long-term debt sustainability.

However, she questioned whether the Budget's stated objectives of expenditure restraint and eliminating wasteful spending would ultimately translate into meaningful reforms. While the aspiration to improve fiscal discipline was commendable, she suggested that genuine expenditure restraint would require difficult decisions, particularly in relation to improving productivity within the public sector. Without corresponding productivity improvements, she cautioned that expenditure reductions alone would be insufficient to achieve the Budget's long-term objectives.

Competitiveness Must Remain a National Priority

Ms. Lockington argued that responsible budgeting should not focus solely on controlling expenditure but should also strengthen the systems that enable the economy to grow.

From the tourism industry's perspective, maintaining international competitiveness depended upon reliable infrastructure, access to skilled labour, regulatory efficiency, energy security and effective long-term planning. She stressed that these were not new concerns, but issues that the industry had consistently raised over a number of years.

She cautioned against reactive policymaking during periods of crisis, arguing instead that Fiji required long-term planning that would strengthen resilience before future economic shocks occurred.

Tourism's Budget Priorities

Ms. Lockington outlined a series of proposals that the Fiji Hotel and Tourism Association had presented to Government during the budget consultation process.

These included measures to reduce the cost of doing business, improve the ease of doing business, simplify implementation of the Visitor Monitoring System, strengthen tourism-supporting infrastructure, encourage reinvestment in existing tourism assets, improve waste management, strengthen linkages between tourism and agriculture, expand renewable energy initiatives, improve workforce development and enhance coordination across government policy reforms.

She emphasised that these recommendations were not intended solely to benefit tourism operators. Rather, they were directed towards strengthening the broader economic ecosystem upon which tourism depended, including employment, foreign exchange earnings, local suppliers, investment and community development.

Progress Acknowledged, but Important Gaps Remain

While acknowledging that the Budget recognised several issues previously raised by the industry, Ms. Lockington expressed disappointment that many of the Association's practical recommendations had not been translated into concrete policy measures.

She observed that Government had correctly recognised the growing gap between infrastructure demand and delivery, particularly as tourism continued to expand. Likewise, she welcomed measures supporting the bus industry and electricity consumers, noting that efficient public transport reduced congestion while reliable energy remained essential for economic productivity.

However, she argued that significantly more attention should have been devoted to renewable energy, household water security, waste management, affordable housing and workforce development. Referring to plans for approximately 4,000 additional hotel rooms in the coming years, she questioned where the necessary workforce would come from and where those workers would be accommodated if supporting infrastructure and housing were not developed concurrently.

Concerns Regarding the Tourism Services Tax

The central focus of Ms. Lockington's presentation concerned the introduction of the new five per cent Tourism Services Tax.

She stated that while the tourism industry fully supported the need to protect Fiji Airways and recognised the national airline as a critical strategic asset, the industry had not sought the introduction of the tax in its current form. Rather, the Association had proposed alternative approaches during discussions with Government.

According to Ms. Lockington, the industry's principal concern was not necessarily the objective of supporting Fiji Airways, but the manner in which the measure had been designed and implemented. She argued that tourism operators had requested policies that reduced business costs and improved competitiveness, yet instead had been presented with an additional tax burden during an already challenging operating environment.

Practical Challenges of Implementation

A substantial portion of Ms. Lockington's presentation focused on the practical difficulties businesses would face in administering the new tax.

She questioned how operators would distinguish between international visitors and local customers, particularly where accommodation providers also operated restaurants, cafés, spas and other services used by both markets. She also queried how online booking systems would accommodate the tax, how existing contracts signed months in advance would be treated and whether third-party services provided within hotel premises would also become subject to the levy.

These issues, she argued, created significant administrative uncertainty for businesses and risked increasing compliance costs considerably beyond the value of the tax itself. Through a series of practical examples, she illustrated the complexity that hotels and tour operators would encounter when attempting to implement the measure.

Broader Policy and Governance Concerns

Beyond implementation issues, Ms. Lockington raised broader questions regarding the policy rationale underpinning the Tourism Services Tax.

She questioned whether it was appropriate for Government to impose a sector-specific levy to support a commercial enterprise in which Government itself held a majority shareholding, particularly where that enterprise also maintained commercial relationships with tourism businesses.

She further asked whether the tax would be temporary, whether a sunset clause would be introduced and what financial benchmarks would determine when Fiji Airways no longer required such support. Without clear answers to these questions, she cautioned that businesses would face continuing uncertainty regarding future taxation and operating costs.

A Call for Shared National Responsibility

In concluding her presentation, Ms. Lockington argued that Fiji Airways should be regarded as a national asset rather than solely a tourism asset.

While tourism unquestionably benefited from strong international air connectivity, she noted that the airline also supported trade, investment, education, medical travel and Fiji's international reputation. Consequently, she questioned whether the financial burden of supporting the national airline should rest primarily upon one sector of the economy.

She suggested that broader taxation options, while politically more difficult, may have distributed the burden more equitably across the economy. Instead, she warned that imposing an additional sector-specific levy risked reducing Fiji's international competitiveness, increasing costs for visitors and potentially damaging the country's tourism brand if those costs were ultimately passed on to consumers.

Ms. Lockington concluded by expressing concern that unless the measure was carefully managed and clearly justified, it could create unnecessary complexity for businesses while failing to achieve its intended policy objectives.

Academic Perspective

Dr. Janesh Sami - Senior Lecturer in Economics, The University of the South Pacific

Offering an independent economic assessment of the 2026-2027 National Budget, Dr. Janesh Sami began by thanking Dialogue Fiji for creating a forum where Government, academia and other stakeholders could openly discuss the Budget and examine both its opportunities and shortcomings. Acknowledging the time constraints placed upon each panellist, he explained that rather than attempting to analyse every component of the Budget, he would concentrate on broader macroeconomic issues, particularly those relating to the cost of living, fiscal sustainability and private sector development.

Senior Lecturer in Economics at The University of the South Pacific, Dr. Janesh Sami, delivering his presentation

A Challenging Global and Domestic Environment

Dr. Sami situated his analysis within the broader international economic context, noting that the global economy remained fragile. He referred to the International Monetary Fund's downward revision of global growth projections and observed that continued geopolitical tensions, particularly developments in the Middle East, meant that fuel prices remained highly unpredictable.

For a small, open economy such as Fiji, he argued, these external developments had significant implications for tourism, remittance inflows and exports, all of which remained critical sources of national income. The uncertainty surrounding global conditions meant that Fiji's economic outlook remained vulnerable to shocks largely beyond Government's control.

Turning to the domestic economy, Dr. Sami noted that Fiji's projected economic growth had been revised downward to approximately 1.5% for 2026, while inflation was expected to remain above six per cent. This combination of weak growth and relatively high inflation created an exceptionally difficult policy environment. At the same time, public debt remained above 80 per cent of Gross Domestic Product, further constraining Government's fiscal flexibility.

He observed that policymakers therefore faced difficult trade-offs. Measures designed to stimulate economic growth could potentially add to inflationary pressures, while policies aimed at controlling inflation risked slowing economic activity even further.

Fiscal Consolidation versus Household Welfare

While agreeing that Fiji's fiscal position required attention, Dr. Sami suggested that the timing of fiscal consolidation deserved careful consideration.

He questioned whether aggressive fiscal tightening should become the immediate priority at a time when many Fijian households continued to experience significant financial hardship arising from rising living costs. Although improving Government's fiscal position remained important, he argued that economic policy should first ensure that vulnerable households were adequately protected during a period of low growth and elevated inflation.

Similarly, while recognising that approximately 40% of Government expenditure was directed towards the social sector, he cautioned against viewing such expenditure solely as a fiscal burden. During periods of economic stress, Government inevitably assumed greater responsibility for protecting vulnerable citizens through social welfare, health and education programmes. In his view, this required balancing fiscal sustainability with social protection rather than treating the two objectives as mutually exclusive.

The Growing Imbalance Between Operational and Capital Expenditure

Dr. Sami identified the composition of Government expenditure as one of the Budget's most significant long-term challenges.

He agreed with earlier speakers that operational expenditure had increased substantially over recent years and argued that strengthening fiscal discipline should focus primarily on containing recurrent spending rather than reducing productive investment.

In contrast, he expressed concern that capital expenditure had gradually declined both as a proportion of Gross Domestic Product and as a share of total Government expenditure. This trend, he suggested, posed significant risks for Fiji's long-term development aspirations.

According to Dr. Sami, countries seeking to achieve higher levels of economic development required sustained investment in infrastructure capable of supporting private sector activity. Roads, ports, bridges, utilities and other productive assets created the conditions necessary for business expansion and long-term productivity growth.

He further observed that approximately 82 per cent of Government expenditure was now directed towards operational costs while only around 16 per cent was allocated to capital investment. Altering this balance, he argued, would represent one of the principal fiscal challenges facing both the current and future governments.

Nevertheless, he acknowledged that reducing operational expenditure was politically difficult. Decisions relating to the size of Cabinet, the public service and other recurrent costs inevitably involved significant political considerations. While welcoming recent expenditure rationalisation measures, he suggested that fiscal reform should be approached from a long-term perspective rather than through short-term expenditure reductions alone.

Creating Conditions for Sustainable Growth

Beyond fiscal management, Dr. Sami argued that Fiji's long-term prosperity would depend upon three interrelated objectives.

The first was increasing private sector investment and creating new employment opportunities. The second was diversifying the economy to reduce dependence on a relatively narrow range of industries and thereby improve resilience to external shocks. The third was ensuring that economic growth translated into improved living standards, particularly for lower-income households and vulnerable groups.

Achieving these objectives, he argued, would require substantial investment not only in physical infrastructure but also in human capital. Improvements in education, workforce skills and productivity would be essential if Fiji wished to realise its ambition of attaining high-income status by 2050.

Supporting the Private Sector While Preserving Competitiveness

Turning specifically to measures affecting businesses, Dr. Sami welcomed the Government's decision to maintain existing corporate tax rates, suggesting that this provided a degree of certainty for investors during an uncertain economic period.

He also recognised the positive contribution of investment incentives, infrastructure spending and human capital initiatives in supporting private sector development. However, he questioned whether these measures alone would be sufficient to produce the level of economic diversification required for long-term resilience.

Referring to the newly introduced Tourism Services Tax, Dr. Sami observed that its potential impact on Fiji's international competitiveness deserved careful consideration, particularly if global economic conditions deteriorated further and visitor arrivals weakened. While acknowledging that several Budget initiatives would generate positive economic activity, he suggested that broader structural reforms would still be necessary if Fiji wished to create a more diversified and resilient economy over the longer term.

Concluding Observations

Dr. Sami concluded by reiterating that the Budget had been prepared under exceptionally difficult economic circumstances and that many of the Government's policy choices reflected genuine fiscal constraints. Nevertheless, he emphasised that the longer-term success of Fiji's economic strategy would depend not only upon restoring fiscal discipline but also upon creating conditions that encouraged sustained private investment, strengthened economic diversification and protected vulnerable households during periods of economic uncertainty.

While supportive of the Government's broader direction towards greater infrastructure investment and fiscal reform, he encouraged policymakers to maintain an appropriate balance between fiscal consolidation and inclusive economic growth, ensuring that efforts to improve public finances did not come at the expense of social stability or long-term development.

Civil Society Perspective

Mr. Josaia Tokoni - Programme Manager, Fiji Council of Social Services

Programme Manager at the Fiji Council of Social Services, Mr. Josaia Tokoni, delivers his remarks at the National Budget Forum

Speaking from the perspective of civil society, Mr. Josaia Tokoni welcomed the opportunity to participate in a public discussion on the national budget, observing that fiscal policy should ultimately be judged by its impact on people's lives rather than by economic indicators alone. While acknowledging the importance of macroeconomic stability and fiscal sustainability, he argued that budgets must also be evaluated according to how effectively they address inequality, protect vulnerable communities and improve access to essential public services.

Mr. Tokoni noted that organisations working at the community level were witnessing first-hand the increasing pressures faced by many households. Rising living costs, insecure employment, housing affordability and access to basic services continued to present significant challenges for many families, particularly those on low incomes. He therefore welcomed Government's continued investment in social protection programmes, recognising that such assistance remained essential during a period of economic uncertainty.

Budget Transparency and Public Accountability

Mr. Tokoni observed that one of the strengths of the National Budget Forum was its contribution to greater transparency and public accountability. He argued that the budget process should not conclude once Parliament approved the annual appropriations. Rather, citizens should continue to monitor whether allocated funds were ultimately translated into tangible improvements in people's lives.

In this regard, he stressed the importance of implementation and accountability, noting that successful budgeting depended not only upon announcing projects but also upon ensuring that they were completed efficiently, delivered value for money and reached the communities for whom they were intended.

Protecting the Most Vulnerable

Reflecting on the Budget's social spending priorities, Mr. Tokoni acknowledged Government's continued commitment to education, healthcare, social welfare and other support programmes. He cautioned, however, that discussions surrounding expenditure restraint should carefully consider the consequences for those most dependent upon public services.

While recognising the need to improve fiscal sustainability over time, he argued that reductions in operational expenditure should not disproportionately affect vulnerable groups or undermine essential public services. Fiscal reform, in his view, should be pursued in a manner that protected those least able to absorb additional economic hardship.

Mr. Tokoni also highlighted the importance of ensuring that communities remained actively involved in policy discussions. Civil society organisations, he suggested, provided an important bridge between policymakers and ordinary citizens by bringing community experiences into national policy debates.

Inclusive Development

A recurring theme throughout Mr. Tokoni's presentation was the need for inclusive economic development.

He argued that economic growth, while essential, should not be regarded as an end in itself. Instead, growth should translate into improved living standards, better employment opportunities, stronger public services and reduced inequality across society.

He encouraged Government to continue investing in education, health, community development and programmes supporting vulnerable households, while simultaneously pursuing reforms that would strengthen the country's long-term fiscal position. In his view, these objectives were complementary rather than contradictory, provided that policy decisions remained focused on improving the wellbeing of all Fijians.

Mr. Tokoni concluded by welcoming the constructive nature of the discussion and expressing hope that continued dialogue between Government, civil society and other stakeholders would contribute to better public policy and more inclusive economic development in the years ahead.

Private Sector Perspective

Mr. Arvind Maharaj - Chief Executive Officer, Omcore Technologies and Director, Fiji Commerce and Employers Federation

CEO of Omcore Technologies, Mr. Arvind Maharaj, makes a point during the National Budget Forum

Representing the private sector, Mr. Arvind Maharaj welcomed the Government's recognition that long-term economic growth would increasingly depend upon private sector investment rather than continued expansion of public expenditure. He observed that businesses welcomed the Budget's emphasis on improving the investment climate and maintaining stability in key tax settings, as certainty remained one of the most important considerations for investors.

Mr. Maharaj argued that the private sector was prepared to play a greater role in driving economic growth, employment creation and innovation. However, achieving this would require Government to address several longstanding structural barriers affecting businesses.

Creating an Enabling Environment

Mr. Maharaj emphasised that private sector development depended upon far more than taxation policy alone.

He highlighted the importance of efficient public administration, timely regulatory approvals, reliable infrastructure, workforce readiness and policy certainty. Delays in approvals, inconsistent administrative processes and inadequate infrastructure all increased business costs and reduced Fiji's attractiveness as an investment destination.

He therefore welcomed Government's proposal to establish a High-Level Investment Facilitation Task Force, expressing hope that it would simplify approval processes and improve coordination between public agencies without weakening regulatory standards.

Skills Development and Workforce Readiness

Drawing upon his experience in both the technology sector and education, Mr. Maharaj stressed that Fiji's future competitiveness would depend increasingly upon the quality of its workforce.

He observed that while investment in physical infrastructure remained essential, equal attention should be devoted to developing human capital. Businesses required workers possessing the technical, digital and professional skills necessary to compete within an increasingly sophisticated global economy.

Closer collaboration between educational institutions and employers, he suggested, would help ensure that graduates possessed skills aligned with the evolving needs of industry.

Productivity as a National Priority

Mr. Maharaj also emphasised productivity as one of Fiji's greatest long-term challenges.

He argued that sustained improvements in living standards could not be achieved solely through wage increases or higher government expenditure. Instead, productivity growth across both the public and private sectors would ultimately determine Fiji's long-term competitiveness and capacity to generate higher incomes.

Improving productivity would require investment in technology, workforce training, innovation and more efficient business processes. It would also require ongoing reforms aimed at reducing unnecessary regulatory burdens while encouraging entrepreneurship and investment.

Looking Ahead

Concluding his presentation, Mr. Maharaj observed that Fiji possessed significant opportunities for economic growth provided that Government, business and other stakeholders continued working collaboratively.

He welcomed many of the Budget's longer-term objectives, particularly those relating to infrastructure investment, investment facilitation and private sector development. At the same time, he encouraged continued dialogue between

Government and industry to ensure that future policy reforms remained responsive to the practical realities faced by businesses.

He expressed confidence that, with the appropriate policy settings and continued collaboration, Fiji could strengthen investment, improve productivity and create the conditions necessary for sustainable long-term economic growth.

Moderated Discussions

Moderator, Ms. Florence Swamy (third right), makes a point during the Panel Discussion

Following the opening presentations, Moderator Ms. Florence Swamy facilitated a discussion among the Panellists, drawing out areas of agreement and disagreement that had emerged during the opening statements. The discussion focused on several of the Budget's most significant policy issues, including fiscal consolidation, the balance between operational and capital expenditure, private sector-led growth, tourism competitiveness and the practical challenges of implementing the Government's economic agenda.

Throughout the discussion, Ms. Swamy encouraged panellists to engage directly with each other's observations while providing further clarification on issues that had generated differing perspectives during the opening presentations. The discussion demonstrated that, while there was broad consensus regarding Fiji's long-term fiscal challenges, there remained important differences concerning the pace of reform, the allocation of fiscal burdens and the most appropriate policy responses.

Fiscal Consolidation and the Size of Government

The Moderator opened the discussion by returning to one of the dominant themes emerging from both the keynote address and the opening presentations, namely the rapid growth in Government's operational expenditure and the challenge of restoring fiscal sustainability.

Mr. Shiri Gounder reiterated that there was now broad recognition that Fiji's public finances required structural reform. He emphasised that Government had deliberately chosen to begin this process by reducing discretionary operational expenditure rather than cutting public services or increasing taxation. Nevertheless, he acknowledged that achieving more substantial reductions in future years would inevitably require difficult political decisions concerning the size and structure of the public sector.

Dr. Janesh Sami broadly agreed that operational expenditure required greater discipline. However, he cautioned that fiscal consolidation should proceed gradually and should not undermine economic recovery or reduce support for households experiencing financial hardship. He argued that restoring fiscal sustainability remained important, but timing was equally critical given prevailing economic conditions.

Mr. Josaia Tokoni similarly stressed that expenditure reforms should be assessed according to their impact on citizens. While recognising the importance of reducing waste and improving efficiency, he cautioned against reforms that could disproportionately affect vulnerable communities or weaken essential public services.

Although approaching the issue from different perspectives, the discussion revealed considerable agreement that operational expenditure could not continue growing indefinitely and that improvements in public sector productivity would be central to future fiscal reform.

Capital Investment as a Driver of Growth

The Moderator then invited the panellists to reflect on the Budget's increased emphasis on infrastructure investment.

Mr. Gounder argued that Government's long-term strategy centred upon gradually shifting expenditure towards productive infrastructure capable of supporting private sector growth. He referred once again to planned investments in healthcare, roads, bridges, wastewater systems, ports and renewable energy, observing that these projects would improve Fiji's productive capacity while reducing constraints faced by businesses.

Permanent Secretary for the Ministry of Finance, Mr. Shiri Gounder, shares his insights during the Panel Discussion

Dr. Sami welcomed the stronger focus on infrastructure, observing that sustained capital investment remained essential if Fiji wished to achieve higher levels of economic development. He noted that infrastructure investment not only generated immediate economic activity but also created the conditions necessary for increased private investment over the longer term.

Ms. Lockington agreed that infrastructure investment should remain a national priority. However, she argued that implementation would be equally important. Tourism businesses, she observed, had long experienced delays in infrastructure delivery, and many projects critical to the industry's continued expansion remained incomplete. She encouraged Government to focus not only on announcing infrastructure projects but also on ensuring that they were delivered efficiently and on schedule.

Tourism Services Tax

One of the most extensive exchanges during the moderated discussion centred on the newly announced Tourism Services Tax.

Building upon her earlier presentation, Ms. Lockington reiterated that the tourism industry fully supported the objective of protecting Fiji Airways and maintaining international connectivity. However, she maintained that the mechanism adopted by Government created significant operational uncertainty for businesses.

She again questioned how the tax would operate in practice, particularly for accommodation providers serving both international visitors and local customers, and emphasised the administrative complexity associated with applying the levy across different commercial transactions.

Responding to these concerns, Mr. Gounder reiterated Government's position that Fiji Airways represented critical national infrastructure rather than merely another commercial enterprise. Maintaining international air connectivity was fundamental not only to tourism but also to trade, investment and economic growth more broadly. While acknowledging that implementation issues required further work, he argued that the underlying policy objective remained sound.

The discussion highlighted a clear distinction between agreement on the strategic importance of Fiji Airways and disagreement over the design and implementation of the financing mechanism adopted to support it.

The Role of the Private Sector

Ms. Swamy next turned the discussion towards the Government's objective of creating a more private sector-led economy.

Mr. Maharaj welcomed the Government's recognition that future economic growth would depend increasingly upon private investment. He observed that businesses were prepared to expand investment provided that Government continued improving regulatory efficiency, reducing unnecessary administrative delays and strengthening infrastructure.

Mr. Gounder agreed that Government alone could not generate sustainable economic growth. Instead, he argued that Government's role was to provide the infrastructure, policy certainty and regulatory environment necessary for businesses to invest with confidence.

Dr. Sami supported this approach but emphasised that investment incentives alone would not deliver the economic transformation envisaged by Government. Long-term success would also require economic diversification, stronger human capital development and improvements in productivity across both the public and private sectors.

Productivity and Implementation

The discussion concluded with consideration of productivity and policy implementation.

Several panellists observed that while Fiji had no shortage of well-developed policies and strategic plans, implementation often remained the country's greatest challenge.

Ms. Lockington argued that productivity should become a central national objective, particularly within the public sector where delays in approvals and project delivery imposed significant costs on businesses.

Mr. Maharaj similarly highlighted productivity as a prerequisite for sustained improvements in competitiveness and living standards, noting that higher incomes ultimately depended upon producing more efficiently rather than simply increasing expenditure.

Mr. Gounder acknowledged these concerns and reiterated that improving the effectiveness of public administration formed an important component of Government's broader reform agenda.

In bringing the discussion to a close, Ms. Swamy observed that although panellists had approached the Budget from different institutional perspectives, several common themes had emerged. There was broad agreement that Fiji required stronger fiscal discipline, greater investment in productive infrastructure, a more enabling environment for private sector growth and improved implementation of public policies. Where differences arose, they related primarily to the pace of reform and the most appropriate means of balancing fiscal sustainability with economic competitiveness and social protection.

She then invited members of the audience to participate in the question-and-answer session, which provided an opportunity for attendees to engage directly with the Minister, Government officials and the expert panel.

SECTION 4

Question and Answer Session

Participants asking questions during the Question and Answer session

Following the Panel Discussion, the Forum was opened to questions from the audience. The question-and-answer session provided participants with an opportunity to engage directly with the Hon. Minister for Finance, the Permanent Secretary for Finance and members of the expert panel on issues arising from both the 2026-2027 National Budget and the wider economic challenges facing Fiji. The Moderator encouraged participants to keep their questions concise so that as many voices as possible could be heard, with questions being taken in groups before responses were provided by the panel.

The discussion that followed was robust, respectful and highly substantive. Participants questioned the size of the public service, the growth of government expenditure, support for indigenous businesses, youth representation, the implementation of infrastructure projects, the rationale behind the new Tourism Services Tax, productivity within the public service, unfinished capital projects and future economic diversification. While differing perspectives were expressed, the discussion reflected the central objective of the Forum: creating a space where government, experts, business leaders and citizens could openly examine the difficult policy choices confronting Fiji.

Public Sector Growth and the Expanding Civil Service

The first question focused on the significant growth in the size of Fiji's public service. Referring to discussions at Dialogue Fiji's earlier *State of the Fijian Economy Dialogue*, a participant noted that the public service had reportedly increased from approximately 32,000 employees to around 42,000. Given that the expansion represented almost one-third growth, the participant requested a detailed breakdown of where these additional positions had been created, arguing that the public was entitled to understand how taxpayer-funded employment had expanded over recent years.

Responding to the question, the Hon. Minister explained that the increase reflected growing public demand for government services following the Coalition Government assuming office in late 2022. He observed that government had inherited significant staffing vacancies across ministries while simultaneously facing increased public expectations for improved service delivery in both urban and rural communities. Additional personnel had also been required to respond to growing social challenges, including crime, drug-related issues and expanded support for small and medium enterprises. The Hon. Minister further explained that while some vacancies had since been filled, recruitment had recently been moderated due to prevailing fiscal pressures.

The Permanent Secretary for Finance supplemented the Hon. Minister's response by providing greater statistical context. He clarified that the increase from approximately 32,000 to 42,000 employees had occurred over roughly a decade rather than solely during the current government's tenure. According to Mr. Gounder, much of this increase had occurred in frontline service delivery agencies, particularly the Fiji Police Force, which had expanded by more than 1,000 officers, the education sector through the recruitment of approximately 1,500 additional teachers, and the health sector through the employment of hundreds of additional medical professionals. While acknowledging that growth had also occurred across other ministries, he noted that these essential services accounted for the majority of the expansion.

The exchange highlighted an important distinction between concerns over the overall size of the public service and the composition of that growth. While participants questioned whether government had become too large, the Government argued that much of the expansion reflected increased investment in frontline public services rather than administrative bureaucracy.

Responsible Spending and Political Priorities

The second audience intervention questioned whether government's stated commitment to fiscal responsibility was being consistently applied across all areas of public expenditure. Reference was made to the increase in parliamentary salaries, the size of Cabinet, government vehicle purchases and generous investment incentives previously granted to major corporations. The participant argued that genuine fiscal discipline required political leaders themselves to demonstrate restraint if the public was being asked to accept difficult economic measures.

Responding, the Permanent Secretary observed that while the Ministry of Finance provided technical advice during budget preparation, decisions regarding political priorities ultimately rested with elected representatives and Cabinet. He therefore characterised many of the issues raised as matters of political judgement rather than technical budget formulation, noting that such questions were appropriately addressed through democratic debate.

Although brief, the exchange illustrated the broader tension between fiscal policy as a technical exercise and budgeting as an inherently political process involving competing priorities and value judgements.

Support for Indigenous Businesses

A representative from the Fiji Indigenous Business Council during the Question and Answer session

Considerable discussions also arose regarding support for indigenous entrepreneurship following concerns that the Fiji Indigenous Business Council (FIBC) would cease operations due to the withdrawal of government funding. The participant argued that indigenous businesses remained significantly underrepresented within Fiji's private sector and warned that the closure of FIBC could weaken support for iTaukei and Rotuman entrepreneurs while undermining broader efforts to address unemployment, poverty and social instability.

The Hon. Minister rejected the suggestion that Government had reduced its commitment to indigenous economic participation. He outlined a range of initiatives introduced over the previous two budgets, including expanded funding through the Ministry of iTaukei Affairs, additional programmes supporting indigenous entrepreneurs and stronger partnerships between resource owners and established indigenous commercial entities such as Fijian Holdings and the Fiji Development Bank. He maintained that Government remained committed to increasing indigenous participation in business while recognising that targeted support and mentoring remained necessary to strengthen commercial success.

The Permanent Secretary further explained that many recently introduced tax incentives specifically favoured indigenous businesses. These included extending tax holiday arrangements to existing indigenous companies operating within designated tax-free regions, introducing incentives for indigenous shareholding in businesses outside those regions, supporting value-added mahogany processing and increasing funding through the Ministry of iTaukei Affairs and associated development programmes. He emphasised that while many incentives remained available to all businesses, Government had deliberately introduced several measures aimed specifically at strengthening indigenous enterprise.

The discussion reflected differing perspectives regarding whether current support measures were sufficient, but it also highlighted Government's intention to promote greater indigenous participation within the formal economy.

Representation of Youth, Persons with Disabilities and Small Businesses

Another participant drew attention to groups that appeared underrepresented within both the Panel Discussion and broader budget discourse. While acknowledging the Forum's quality, the participant noted the absence of youth representatives, persons with disabilities and micro, small and medium enterprises from the panel. Particular emphasis was placed on ensuring that future infrastructure investments incorporated universal accessibility standards consistent with Fiji's obligations under the Convention on the Rights of Persons with Disabilities.

Responding on behalf of Dialogue Fiji, Executive Director Mr. Lal explained that organisers had intentionally sought representation from both youth organisations and workers' representatives. However, scheduling constraints and confirmation deadlines had prevented those participants from joining the panel. He emphasised that panellists were selected not only to ensure broad representation but also to provide relevant technical expertise. He further noted that Dialogue Fiji maintained an open and transparent participant recruitment process and encouraged wider participation from all sectors in future events.

The discussion reinforced the importance of ensuring that future national economic dialogues continue expanding opportunities for participation while maintaining technical rigour.

Government Expenditure versus Economic Growth

One of the most substantive exchanges concerned the relationship between government expenditure and economic growth. A participant questioned whether Government should focus primarily on reducing expenditure during a period of economic uncertainty, arguing instead that public spending itself could stimulate demand and protect vulnerable communities during difficult economic conditions. The participant further observed that a significant proportion of operating expenditure represented essential social protection rather than administrative costs.

The Permanent Secretary acknowledged that government spending played a critical stabilising role during periods of economic weakness. Nevertheless, he argued that expenditure levels could not be considered in isolation from revenue performance. Continuing to finance annual deficits approaching one billion dollars through borrowing was neither sustainable nor desirable over the longer term. He stressed that future fiscal sustainability required careful consideration of both the size and composition of government expenditure, particularly given Fiji's substantial infrastructure deficits.

Mr. Tokoni also contributed to the discussion by observing that government expenditure produced tangible public benefits extending well beyond physical infrastructure. Investment in roads, schools, hospitals, water systems and street lighting directly improved the wellbeing and safety of communities. However, he agreed that greater transparency regarding how public funds were allocated would strengthen public confidence and accountability.

Overall, the discussion demonstrated broad agreement regarding the importance of public investment, while highlighting differing views concerning the appropriate balance between fiscal consolidation and continued government spending.

The Tourism Services Tax

The new Tourism Services Tax remained one of the most debated aspects of the evening. Several participants revisited concerns previously raised by the Fiji Hotel and Tourism Association regarding the tax's practical implementation and fairness. Questions focused on whether Fiji Airways itself was also undertaking cost-saving measures and whether responsibility for supporting the national airline should rest solely with the tourism sector.

Responding, the Permanent Secretary reiterated that Government fully recognised tourism's critical contribution to the national economy. However, he argued that Fiji Airways remained indispensable to the industry's continued success. Without additional financial support during the ongoing global fuel crisis, the airline would likely have been forced either to substantially increase airfares or reduce flight frequencies, both of which would have imposed significantly greater costs upon tourism businesses than the temporary turnover tax. He acknowledged that implementation details required further refinement and confirmed Government's willingness to continue working closely with industry stakeholders.

Mr. Gounder also confirmed that Government had requested Fiji Airways to undertake its own internal efficiency measures. These included reviewing non-core investments, examining route optimisation and identifying additional cost-saving opportunities to complement Government's financial support.

While differences remained regarding the design of the tax, both Government and industry agreed that maintaining Fiji Airways' financial viability remained essential for protecting tourism and the wider economy.

Productivity, Capital Projects and Implementation

Minister for Finance Hon. Immanuel (second left) responds to questions from the audience

Several participants shifted the discussion towards Government's capacity to deliver the infrastructure projects announced in the Budget. Questions referenced unfinished projects, including the Lautoka Swimming Pool and the Fiji National University Labasa Campus, while also querying whether sufficient feasibility studies had been undertaken for major health investments such as the proposed radiotherapy facility.

The Hon. Minister explained that all major health infrastructure projects were being undertaken with the technical support of international development partners, including Australia and multilateral financial institutions. He expressed confidence that feasibility assessments, equipment planning and project design had been thoroughly examined before funding commitments were made.

Mr. Gounder further noted that Government had deliberately avoided dramatically increasing capital expenditure beyond existing implementation capacity. He observed that successful infrastructure development required not only financial resources but also strong governance, technical expertise and effective project management. Major projects announced in the Budget were therefore supported by extensive feasibility studies and oversight from institutions such as the Asian Development Bank and the World Bank to minimise implementation risks and ensure value for money.

Productivity and Public Sector Performance

Questions also focused on productivity across both the public and private sectors. One participant argued that simply increasing expenditure would not generate better outcomes unless accompanied by measurable improvements in organisational performance and accountability. Particular concern was expressed regarding declining workforce productivity despite increasing labour costs.

The Hon. Minister acknowledged productivity as a central challenge facing Government. He informed participants that a comprehensive review of the civil service had commenced and would examine the appropriate size and structure of the public service while strengthening performance management systems. The introduction of clearer performance indicators for senior officials, together with expanded training opportunities and additional workforce development initiatives, were identified as important components of Government's broader public sector reform agenda.

Future Economic Diversification

The final questions considered longer-term economic diversification, including the potential development of Fiji's hemp industry and strategies for reducing future fiscal leakages arising from incomplete projects and historic liabilities. Participants emphasised that strengthening governance and expanding new industries would be essential if Fiji were to reduce its vulnerability to external economic shocks.

The Hon. Minister confirmed that preparatory work on establishing a hemp industry was progressing, including legislative development supported by the Asian Development Bank. He also acknowledged that Government continued to bear the financial consequences of a number of inherited unfinished projects and historical liabilities. While investigations had been undertaken into some of these matters, Government remained committed to completing critical projects while strengthening enforcement, governance and accountability arrangements to reduce future losses.

Concluding Observations

As the session concluded, the Moderator observed that the discussion had reinforced both the complexity of Fiji's current economic environment and the value of open public dialogue. Although participants expressed differing opinions on several aspects of the Budget, there was broad agreement that fiscal sustainability, improved implementation, greater productivity and stronger public accountability would be critical to Fiji's long-term economic success.

The Moderator thanked the Hon. Minister, Panellists and audience for their constructive engagement, noting that the true measure of the Budget would ultimately lie not in its announcements, but in its implementation and its impact on the lives of ordinary Fijians.

Participants during the National Budget Forum

SECTION 5

Vote of Thanks

Chairman of the Board of Dialogue Fiji, Mr. Nemani Buresova, delivering his Vote of Thanks

The Chairperson of the Board of Dialogue Fiji, Mr. Nemani Buresova, delivered the Vote of Thanks by expressing his sincere appreciation to the Minister for Finance, Commerce and Business Development, Hon. Esrom Immanuel, for accepting Dialogue Fiji's invitation and for presenting the Government's perspective on the 2026-2027 National Budget.

He also acknowledged the contribution of the evening's Moderator, Ms. Florence Swamy, by thanking her for guiding the discussion professionally and ensuring that a wide range of views could be expressed in a respectful and constructive manner.

Mr. Buresova extended his gratitude to each of the Panellists for generously sharing their expertise and professional insights. He recognised the valuable contributions made by the following Panellists:

- Mr. Shiri Gounder
- Ms. Fantasha Lockington
- Dr. Janesh Sami
- Mr. Josaia Tokoni
- Mr. Arvind Maharaj.

He remarked that the diversity of perspectives presented by the panel had enriched the discussion and provided participants with a comprehensive understanding of the Budget from government, academic, business and civil society viewpoints.

Mr. Buresova also acknowledged the generous support of Bread for the World (Brot für die Welt), whose financial assistance had made the Forum possible.

Reflecting on Dialogue Fiji's broader mission, Mr. Buresova reaffirmed the organisation's belief that good public policy is strengthened when governments, businesses, civil society organisations and citizens are willing to engage with one another in an atmosphere of mutual respect. He observed that discussions such as the National Budget Forum contributed to greater understanding, stronger accountability and ultimately better public policy outcomes.

On behalf of the Board of Dialogue Fiji, he thanked everyone who had attended the Forum.

Closing Remarks

The Mistress of Ceremonies formally closed the National Budget Forum 2026 by thanking the Moderator, the Honourable Minister, members of the panel, participants and the Dialogue Fiji Team for their contributions to the success of the event. Participants were once again thanked for their active engagement and encouraged to continue contributing to informed public dialogue on Fiji's economic future.

The Forum concluded with a renewed recognition that while the National Budget represents Government's fiscal plan for the coming year, its ultimate success depends upon effective implementation, sound governance, continued public accountability and sustained engagement between Government and the citizens it serves.

Dialogue Fiji

7 Kawakawa Place,
Laucala Beach Estate, Nasinu

+679 7778379

programme@dialoguefiji.com

www.dialoguefiji.org

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