Dialogue Fiji

National Budget Forum

Examining the 2026-2027 National Budget: Implications for Fiji's Economic Hub

Date: Saturday, 11 July 2026
Time: 6:00 PM – 9:00 PM
Venue: Tanoa Skylodge Hotel, Nadi

Proceedings Report

Funded by **Brot fur die Welt**

REPORT NAVIGATION

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A structured record of the National Budget Forum, Western Division

Forum theme Examining the 2026–2027 National Budget: Implications for Fiji’s Economic Hub

THE FORUM

Moderator & Speakers

National Budget Forum 2026, Western Division

DATE	TIME	VENUE
Saturday, 11 July 2026	6:00 PM – 9:00 PM	Tanoa Skylodge Hotel, Nadi

Moderator

Ms. Volau Puamau | Principal, Puamau Law

Speakers

01	**Honourable Mr. Esrom Immanuel** Minister for Finance, Commerce and Business Development
02	**Mr. Shiri Gounder** Permanent Secretary, Ministry of Finance, Fijian Government
03	**Mr. Kameli Batiweti** Chief Executive Services Officer, Fiji Airways
04	**Mr. Bhan Pratap Singh** Chief Executive Officer, Fiji Sugar Corporation
05	**Mr. Edward Bernard** Chief Executive Officer, Fiji Commerce and Employers Federation
06	**Dr. Ahmed Shakeel Shariff** Board Member, Nadi Chamber of Commerce & Industry

SECTION 1

Introduction

1.1 Background

The National Budget is the Government's principal fiscal and economic policy instrument. It sets out how public revenue will be raised; how public resources will be allocated and which economic and social priorities will receive funding during the financial year. Beyond the figures contained in the budget estimates, it communicates the Government's broader policy direction and determines the level of investment available for infrastructure, public services, social protection, economic development and support for productive sectors.

The decisions contained in the National Budget affect every Fijian. They influence the quality and accessibility of education and healthcare, the condition of roads, bridges, water and wastewater infrastructure, the level of assistance available to vulnerable households, the operating environment for businesses and the Government's capacity to respond to economic shocks. Meaningful public understanding and scrutiny of the budget are, therefore, essential components of democratic governance and accountable economic policymaking.

Dialogue Fiji has, over several years, established the National Budget Forum as one of its principal platforms for independent, evidence-based discussion of Fiji's annual national budget. Traditionally held in Suva, the Forum brings together government policymakers, senior public officials, private sector representatives, civil society organisations, academics, development partners, the media and members of the public to examine the Budget from different perspectives.

Following the strong public interest generated by the 2026 National Budget Forum held in Suva, stakeholders in the Western Division expressed considerable demand for a similar event to be convened in the West. Dialogue Fiji responded by partnering with the Nadi Chamber of Commerce & Industry to organise the **National Budget Forum Western Division**, held at the Tanoa Skylodge Hotel in Nadi on 11 July 2026.

The Western Division occupies a distinctive and strategically important place within Fiji's economy. It is home to the country's principal international airport and much of its tourism industry, while also accommodating major agricultural, sugar, manufacturing, commercial and investment activities. The region contributes substantially to national employment, foreign exchange earnings, exports and private sector activity. Accordingly, a national discussion on the implications of the Budget would have been incomplete without the direct participation of Western Division stakeholders.

> **The Forum was convened under the theme: Examining the 2026-2027 National Budget: Implications for Fiji's Economic Hub.**

The theme recognised that while the national budget affects the entire country, many of its measures carry particular significance for the Western Division. Policies affecting tourism, aviation, sugar, agriculture, infrastructure, taxation, private sector investment and the cost of doing business have direct implications for the region's continued economic performance and, consequently, for Fiji's wider economic future.

1.2 Economic and Fiscal Context

The Western Division Forum took place against a backdrop of substantial domestic and international economic uncertainty.

The 2026-2027 National Budget was introduced during a period marked by global fuel price volatility, geopolitical instability, slower economic growth, elevated public debt and continuing cost-of-living pressures. Government also faced significant expenditure commitments associated with the general election, a possible constitutional referendum, the national census and a series of major capital projects.

At the same time, Fiji's fiscal position had become increasingly constrained by the continued growth of recurrent expenditure. Government expenditure on salaries, public services, social programmes and other operational commitments had expanded substantially, limiting the proportion of public resources available for productive capital investment.

These challenges had featured prominently during Dialogue Fiji's earlier ***State of the Fijian Economy Dialogue***, which had brought together political leaders, economists, policymakers, business representatives and civil society organisations to examine Fiji's economic position. A major conclusion emerging from that dialogue was that Government needed to contain expenditure growth, improve the balance between operational and capital spending and create stronger conditions for private sector-led economic growth.

In his opening remarks at the Western Division Forum, Dialogue Fiji Executive Director, Mr. Nilesh Lal, observed that the Government had acknowledged the seriousness of the country's fiscal position and had embarked upon a process of fiscal consolidation. However, he cautioned that translating this policy intention into significant expenditure reductions remained exceptionally difficult. This is given the size of the public service, the cost of maintaining essential services and continuing public expectations for investment in health, education and social protection.

The Budget projected total revenue of approximately $3.82 billion and expenditure of approximately $4.87 billion, resulting in a fiscal deficit of around $1 billion, equivalent to 7% of Gross Domestic Product. Public debt was projected to reach approximately $12.6 billion, or 84.8% of GDP, by the end of the financial year. Government maintained that the deficit reflected extraordinary economic circumstances and its decision to protect essential services and vulnerable households rather than introduce substantial tax increases or abrupt spending reductions.

The Forum, therefore, provided an opportunity for Western Division stakeholders to examine whether the Budget had struck an appropriate balance between fiscal sustainability, social protection, economic recovery and long-term investment.

1.3 Significance of the Western Division

The Western Division is widely regarded as Fiji's economic hub. The region accommodates many of the industries and productive activities upon which the national economy depends.

Tourism and aviation are especially important. Nadi International Airport serves as Fiji's principal international gateway, while hotels, resorts, tour operators, transport providers and tourism-related businesses across Nadi, Denarau, the Coral Coast and the wider Western Division generate substantial employment and foreign exchange earnings.

The sugar industry also remains deeply embedded within the Western Division's economy and rural communities. Although its contribution to national output has declined over time, sugar continues to support thousands of cane growers, labourers, transport operators, contractors, suppliers and small businesses. Agriculture, manufacturing, commerce, construction and other private sector activities further reinforce the region's national economic importance.

The Forum was designed to reflect this economic diversity. Its panel included representatives from the Ministry of Finance, Fiji Airways, the Fiji Sugar Corporation, Fiji Commerce and Employers Federation and the Nadi Chamber of Commerce & Industry. This composition enabled the Budget to be examined from the perspectives of government, aviation, tourism, agriculture, manufacturing, employers and local business.

The Forum also responded to a wider concern that national policy conversations were too often concentrated in Suva. Bringing the discussion to Nadi enabled stakeholders operating within Fiji's principal productive region to engage directly with the Hon. Minister for Finance, the Permanent Secretary for Finance and senior representatives of key national industries.

1.4 Objectives of the Forum

The National Budget Forum, Western Division, was organised to achieve the following objectives:

- To improve public and stakeholder understanding of the 2026-2027 National Budget and its implications for the Western Division.

- To provide a platform for the Hon. Minister for Finance and senior policymakers to explain the reasoning behind the Budget and respond directly to stakeholder concerns.
- To examine the Budget from the perspectives of key industries operating within the Western Division, including tourism, aviation, sugar, agriculture, commerce and manufacturing.
- To facilitate constructive dialogue between Government, businesses, industry representatives, civil society organisations and citizens.
- To identify the opportunities, risks and implementation challenges arising from the Budget.
- To strengthen transparency, accountability and public participation in national fiscal policymaking.
- To ensure that the perspectives of Western Division stakeholders were incorporated into the wider national discussion on Fiji's economic future.

1.5 Forum Organisation and Participation

The Forum was jointly organised by **Dialogue Fiji** and the **Nadi Chamber of Commerce & Industry** and was held on Saturday, 11 July 2026, at the Tanoa Skylodge Hotel in Nadi.

The event brought together representatives from Government, the private sector, tourism and aviation, the sugar industry, agriculture, civil society, professional associations, academia, the media and the wider community. Participants attended in person, while a livestream on Dialogue Fiji's Facebook page enabled members of the public throughout Fiji and abroad to follow the proceedings.

The event was organised with the financial support of **Bread for the World**, whose assistance enabled Dialogue Fiji to continue creating independent spaces for public participation, evidence-based policy discussion and democratic engagement.

1.6 Structure of the Forum

The Forum commenced with an official welcome by the Master of Ceremonies, followed by opening remarks from Mr. Nilesh Lal, Executive Director of Dialogue Fiji.

Mr. Lal explained the rationale for bringing the National Budget Forum to the Western Division and placed the Budget within the wider context of Fiji's fiscal challenges. He reflected on the country's limited fiscal space, the difficulty of reducing operational expenditure, the declining proportion of capital expenditure and the continuing cost-of-living pressures experienced by households. Mr. Lal also encouraged participants to ask difficult questions, challenge assumptions and offer practical solutions in a respectful and constructive manner.

Mr. Lawrence Kumar, President of the Nadi Chamber of Commerce & Industry, then delivered the Chamber's welcome remarks. He commended Government for maintaining existing VAT, income tax and corporate tax settings during a difficult economic period. He also welcomed the continuation of support for households, essential services and infrastructure. Mr. Kumar described the Forum as an important opportunity for Western Division businesses and communities to understand the Budget and ensure that their perspectives were heard.

The Keynote Address was delivered by the Honourable Mr. Esrom Immanuel, Minister for Finance, Commerce and Business Development. The Hon. Minister explained the fiscal circumstances within which the Budget had been prepared, the difficult expenditure and taxation choices considered by Government and the rationale behind major measures relating to infrastructure, social protection, taxation and support for Fiji Airways.

Following the keynote address, a moderated panel discussion brought together:

- Mr. Shiri Gounder - Permanent Secretary for the Ministry of Finance
- Mr. Kameli Batiweti - Chief Executive Services Officer, Fiji Airways
- Mr. Bhan Pratap Singh - Chief Executive Officer, Fiji Sugar Corporation
- Mr. Edward Bernard - Chief Executive Officer, Fiji Commerce and Employers Federation
- Dr. Ahmed Shakeel Shariff - Board Member, Nadi Chamber of Commerce & Industry

The discussion was moderated by Ms. Volau Puamau, Principal at Puamau Law.

1.7 About this Proceedings Report

This Proceedings Report provides a detailed and structured account of the National Budget Forum Western Division.

Following this introductory chapter:

- **Chapter Two** records the opening session, including the remarks delivered by the Executive Director of Dialogue Fiji, the President of the Nadi Chamber of Commerce & Industry and the Keynote Address by the Hon. Minister for Finance.
- **Chapter Three** presents the individual contributions of each panellist.
- **Chapter Four** documents the moderator-led panel discussion and the exchanges that followed the prepared presentations.
- **Chapter Five** records the audience question-and-answer session, including the issues raised by participants and the responses provided by the Hon. Minister and members of the panel.
- **Chapter Six** presents the Vote of Thanks and formal closing of the Forum.

The report is intended to serve as a public record of the Forum and as a reference for policymakers, businesses, industry organisations, civil society groups, development partners, researchers and citizens interested in the implications of the 2026-2027 National Budget for the Western Division and the wider Fijian economy.

SECTION 2

Opening Session

Opening Remarks

Mr. Nilesh Lal | Executive Director, Dialogue Fiji

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

Mr. Lal began by welcoming the Hon. Minister for Finance, the Permanent Secretary for Finance, members of the panel and participants from Government, the private sector and civil society. He explained that Dialogue Fiji had organised the National Budget Forum annually for several years and that it had become one of the organisation's flagship public policy events.

Until 2026, however, the Forum had been held exclusively in Suva. Mr. Lal noted that following the strong response to the Suva event, there had been substantial demand from Western Division stakeholders for the discussion to be brought to Nadi. In his view, this was entirely appropriate given the region's contribution to tourism, sugar, agriculture, aviation and major commercial activity.

Partnership with the Nadi Chamber of Commerce and Industry

Mr. Lal acknowledged the partnership between Dialogue Fiji and the Nadi Chamber of Commerce & Industry, particularly the contribution of Dr. Ahmed Shakeel Shariff and Mr. Lawrence Kumar in helping to organise the Forum. He also expressed appreciation to Bread for the World for its continued support of Dialogue Fiji's work in creating spaces for informed public engagement on matters of national importance.

He observed that the collaboration with the Chamber reflected the Forum's broader objective of connecting national economic policymaking with the experiences of businesses, industries and communities operating within the Western Division.

Fiji's Constrained Fiscal Position

Turning to the wider economic context, Mr. Lal reflected on the findings of Dialogue Fiji's earlier State of the Fijian Economy Dialogue. He noted that one of the clearest conclusions to emerge from that event was that Fiji faced significant fiscal challenges and that Government's financial position had come under considerable pressure.

Mr. Lal argued that this was particularly consequential for an economy in which Government continued to play a substantial role in stimulating activity, investing in infrastructure and responding to emerging social and economic challenges. When Government's fiscal space became constrained, he observed, the effects were felt throughout the entire economy.

According to Mr. Lal, the State of the Fijian Economy Dialogue had contributed to a broader public understanding of the seriousness of the country's fiscal position and the need for decisive action. He welcomed the Government's subsequent acknowledgement that fiscal consolidation had become unavoidable.

The Difficulty of Fiscal Consolidation

While welcoming the Government's stated commitment to fiscal consolidation, Mr. Lal cautioned that implementing this objective would be considerably more difficult than articulating it. He referred to the significant daily cost of sustaining the public service and the continuing public expectation that Government would maintain expenditure on education, health and other social programmes. These obligations substantially limited the scope for immediate reductions in recurrent spending.

The Government also faced additional expenditure requirements associated with the national election, a possible constitutional referendum and the national census. As a result, despite efforts to constrain expenditure, the Budget still projected a fiscal deficit of approximately 7% of GDP.

Mr. Lal nevertheless welcomed the Government's stated intention to progressively reduce the deficit in future years. He also expressed hope that this commitment would be translated into measurable fiscal improvement.

The Decline in Capital Expenditure

A second major concern identified by Mr. Lal was the changing composition of Government expenditure. He observed that the proportion of public spending directed towards capital expenditure had fallen substantially over the previous decade. This trend, he argued, should concern all Fijians because infrastructure investment was essential to improving the productive capacity of a developing economy.

In Mr. Lal's view, borrowing should primarily finance investments capable of generating long-term economic returns, including roads, bridges, health infrastructure, water systems, renewable energy and other productive assets. However, the growth of recurrent commitments had increasingly displaced capital spending.

Mr. Lal welcomed the Government's recognition of this imbalance and its stated intention to improve the relationship between operational and capital expenditure in future budgets.

Cost of Living Pressures

Mr. Lal also referred to Dialogue Fiji's national survey on public priorities for the 2026-2027 Budget. He noted that the cost of living had emerged as the most significant concern among respondents, with approximately one in two identifying it as the principal issue affecting their household.

However, he acknowledged that Government's limited fiscal space significantly constrained its ability to provide broad-based cost-of-living relief without worsening the deficit.

Mr. Lal argued that the substantial increase in VAT several years earlier had fundamentally altered prices throughout the economy and continued to contribute to household financial pressure. Although the tax changes had significantly increased Government revenue, public expenditure and debt had continued to grow. Consequently, the anticipated fiscal benefits of those measures had not been fully realised.

This experience, he suggested, demonstrated that increasing taxation alone could not resolve Fiji's fiscal problems. The more sustainable response would involve stronger economic growth, improved productivity, better expenditure management and the development of a more dynamic private sector.

Shared Responsibility for Economic Recovery

Mr. Lal emphasised that neither Government, the private sector nor civil society could address Fiji's economic challenges alone. Each sector had a role to play in placing the economy on a more sustainable path.

He welcomed what he described as the Government's willingness to listen, engage and respond to evidence. Given Fiji's limited resources and vulnerability to external shocks, Mr. Lal argued that the country could not afford economic policymaking driven primarily by political narratives. Policy decisions had to be based on evidence, informed debate and an honest recognition of fiscal realities.

He further observed that while Parliament would formally deliberate on the Budget, public forums such as the Western Division event provided another important avenue through which citizens and stakeholders could examine the same policy choices.

Encouraging Open and Constructive Dialogue

Mr. Lal also welcomed the participation of Fiji Airways, noting that the airline was the intended beneficiary of one of the Budget's most controversial revenue measures. He argued that tourism operators and other stakeholders deserved an opportunity to hear directly from the airline's leadership regarding the rationale for the temporary Tourism Services Tax and the support being provided through the Budget.

In concluding, he encouraged participants to make full use of the Forum by asking difficult questions, challenging ideas and proposing practical solutions.

Mr. Lawrence Kumar - President, Nadi Chamber of Commerce & Industry

President of the Nadi Chamber of Commerce & Industry, Mr. Lawrence Kumar, delivering his welcome remarks

Mr. Lawrence Kumar welcomed participants on behalf of the Nadi Chamber of Commerce & Industry. He expressed particular appreciation to the Hon. Minister for Finance and thanked the members of the panel for contributing their expertise.

Mr. Kumar observed that their presence demonstrated a genuine commitment to ensuring that the Western Division remained central to the national economic conversation.

Economic Uncertainty and Regional Challenges

Mr. Kumar situated the discussion within a wider environment of international conflict, fuel price volatility and economic pressure. He also drew attention to the continuing challenges confronting the sugar industry, which remained particularly important to the Western Division.

Despite these difficult conditions, he commended the Government for what he regarded as the discipline and courage reflected in the Budget. In particular, he welcomed the decision not to increase VAT, income tax or corporate tax during a period of heightened cost-of-living pressure.

A Budget Focused on Households

Mr. Kumar characterised the Budget as one that prioritised people and families. He highlighted the continuation of support for basic food items, education, transport assistance and other measures intended to protect ordinary households.

He also welcomed the Budget's investment in hospitals, roads, water infrastructure and other public services, arguing that these measures demonstrated an attempt to respond to immediate economic pressures while continuing to invest in the country's future.

For the Western Division, he noted, the Forum represented an important opportunity to examine how these measures would affect tourism, aviation, agriculture and business, and to ensure that the region's views were communicated directly to national policymakers.

Mr. Kumar concluded by expressing the Chamber's hope that the evening would produce a constructive dialogue between Government, the business community and Western Division stakeholders in a spirit of partnership.

Keynote Address

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

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

The Hon. Minister began by thanking Dialogue Fiji and the Nadi Chamber of Commerce & Industry for organising the Forum and for extending the national budget discussion to communities and businesses in the Western Division.

He stated that Government valued initiatives that promoted open, transparent and constructive dialogue because they enabled citizens to better understand the Budget, exchange views and participate meaningfully in discussions about Fiji's economic future.

The National Budget and Its Impact

The Hon. Minister emphasised that the national budget affected every Fijian because it determined how Government raised and spent public money. Budget decisions influenced schools, hospitals, roads, infrastructure, support for businesses and farmers, assistance to vulnerable households and the wider direction of the national economy.

He explained that his purpose at the Forum was to clarify the thinking behind the Budget, the difficult choices Government had faced and why it considered the final package to be the most responsible course under prevailing circumstances.

Fiscal Position and External Pressures

Hon. Immanuel outlined the following principal fiscal aggregates:

- The Budget projected total revenue of approximately $3.82 billion and expenditure of approximately $4.87 billion, producing a deficit of around $1 billion which is equivalent to 7% of GDP.
- Public debt was projected to reach approximately $12.6 billion, or 84.8% of GDP, by the end of the financial year.

> **He explained that the Budget had been prepared during one of the most challenging periods Fiji had faced since the COVID-19 pandemic. The global fuel crisis had reduced projected Government revenue by approximately $200 million while simultaneously increasing the cost of supporting households, businesses and essential public services.**

Government also had to provide funding for the general election, a possible constitutional referendum, the national census and major capital projects. To accommodate these priorities, ministries had reduced operational expenditure by approximately 10% through lower spending on travel, workshops, communications, maintenance and other discretionary items.

The Consequences of Alternative Choices

Hon. Immanuel argued that calls for a significantly smaller deficit needed to identify which programmes or services should have been reduced. He asked whether Government should have cut the salaries of more than 42,000 public servants, reduced social welfare assistance, withdrawn the guaranteed cane price, abolished the back-to-school grant, reduced scholarships or scaled back free education, medicine, water and electricity subsidies.

Alternatively, Government could have increased VAT, imposed VAT on the 22 zero-rated basic food items, raised income or corporate taxes, or increased duties on raw materials used by local businesses.

In the Government's view, each of these alternatives would have imposed greater pressure on households and businesses while weakening economic recovery. The final Budget, therefore, sought to balance fiscal sustainability with the protection of livelihoods, public services and economic activity.

Transparency and Rebalancing Expenditure

The Hon. Minister described transparency as one of the defining features of the Budget. Government had openly acknowledged that almost 80% of expenditure was recurrent or operational, amounting to nearly $4 billion annually. This required approximately $9 million each working day to sustain public services.

While much of this expenditure supported education, healthcare, security and other essential services, he accepted that the current spending pattern could not remain unchanged indefinitely.

Government's objective was, therefore, to gradually rebalance expenditure by increasing investment in productive infrastructure and moderating the growth of recurrent spending. The Hon. Minister argued that this approach would strengthen national productivity, support private investment and create greater opportunities for future generations.

Long-Term Infrastructure Investment

Hon. Immanuel rejected suggestions that the Budget focused only on immediate pressures. He referred to four major infrastructure programmes covering health, roads, water, wastewater and flood alleviation, with a combined value exceeding $2 billion over the following four to five years. Financing arrangements for approximately $1.5 billion had already been secured with development partners.

State-owned enterprises were also advancing investments in renewable energy, ports and airport expansion. Collectively, these projects represented more than $5 billion in planned investment.

The Hon. Minister argued that these were not simply construction projects. They were strategic investments intended to improve resilience, reduce business costs, increase productivity, generate employment and stimulate economic activity across Fiji.

Cost-of-Living Measures

Turning to the cost of living, the Hon. Minister argued that Government had acted early in response to fuel-related increases in bus fares and electricity charges. Government had absorbed the bus fare increase to protect commuters and had also absorbed electricity tariff increases for households earning below $30,000 annually and eligible small businesses.

He further stated that Government had decided not to increase VAT, income tax or corporate tax and had retained the zero-rating of 22 basic food items. Instead of broad tax increases, Government had maintained targeted social protection measures for those most affected by higher living costs.

The Temporary Tourism Services Tax

The Hon. Minister then addressed the temporary Tourism Services Tax, explaining that it had been introduced primarily to support Fiji Airways as it faced sharply higher fuel costs.

He argued that reliable air connectivity was fundamental to tourism, employment, foreign exchange earnings and economic growth. If Fiji Airways responded to higher costs by reducing flights, the effects would extend across hotels, restaurants, tour operators, transport providers and thousands of workers.

Government, therefore, considered it reasonable for the tourism sector to share part of the cost of preserving the connectivity upon which the industry depended.

Public Sector Employment and Private Sector Growth

Hon. Immanuel noted that civil servants had received salary increases over the previous two budgets after a lengthy period of wage stagnation. Despite fiscal pressures, Government had chosen not to reduce salaries or retrench public servants because it considered employment protection an appropriate response during a crisis.

At the same time, he acknowledged that Government could not deliver sustainable economic growth alone. The private sector remained central to investment, innovation, employment and productivity.

Medium-Term Fiscal Outlook

In concluding, the Hon. Minister emphasised that the Budget had been prepared cautiously because of continuing uncertainty in the international environment.

If fuel prices eased, tourism performed better than expected and Government revenue recovered more strongly, the deficit could fall below 5% of GDP and public debt could be lower than projected. Over the medium term, Government intended to rebuild fiscal buffers, reduce deficits, place debt on a downward path and restore sufficient fiscal space to respond to future shocks.

Hon. Immanuel acknowledged that no budget could satisfy every stakeholder and that democratic societies would inevitably produce differing opinions. He welcomed informed debate and constructive criticism, provided that discussions recognised the difficult trade-offs involved in balancing fiscal responsibility with the protection of households and essential services.

He concluded that the Budget supported households, avoided additional taxation, protected public services and laid the foundation for major infrastructure and economic development. On that basis, Government regarded it as a responsible budget for a sustainable future.

SECTION 3

Panel Presentations

Government Perspective

Mr. Shiri Gounder | Permanent Secretary for the 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 observed that the 2026-2027 National Budget differed significantly from many of the budgets with which he had previously been involved. He attributed this to the sustained public discussion over the preceding six months concerning the state of the economy, the condition of Government finances and the growing uncertainty within the international economic environment.

The Permanent Secretary focused on the implications of the Budget for the Western Division and identified three broad achievements arising from the budget process.

Building Consensus on Expenditure Restraint

The first achievement, according to Mr. Gounder, was the emergence of broad political and public consensus that Government expenditure needed to be restrained. He acknowledged the contribution of Dialogue Fiji, civil society organisations and the private sector in facilitating a national conversation on the growth of public spending. This discussion had produced greater acceptance across the political spectrum that Government could not continue expanding expenditure at its previous rate.

Mr. Gounder described this consensus as particularly important from the perspective of public officials responsible for preparing the Budget. Although technocrats provided fiscal advice and prepared budget estimates, the national budget remained fundamentally a political process driven by elected leaders and Cabinet. Greater public understanding of the need for expenditure restraint, therefore, created a more supportive environment for difficult fiscal decisions.

He considered it especially significant that this shift had occurred immediately before a general election, when governments traditionally faced pressure to increase public spending.

Greater Transparency About Fiscal Challenges

The second achievement was the Government's willingness to present the country's fiscal challenges openly. Mr. Gounder stated that the Budget had candidly acknowledged the scale of public debt, the imbalance between operational and capital expenditure and the difficulty of containing social spending. Government had placed these issues before the public rather than attempting to minimise their seriousness.

The Permanent Secretary argued that further reductions in expenditure would carry significant consequences. Reducing the size of the public service, cutting social programmes or lowering Government support for sectors such as sugar would affect households, workers and communities. Nevertheless, he maintained that expenditure restraint was no longer optional. Government had to bring spending under control, and the public discussion had now begun on how this could be achieved in a socially and politically responsible manner.

Moderating Pre-Election Expectations

The third achievement was what Mr. Gounder described as the successful moderation of public expectations ahead of the general election. He observed that pre-election budgets were often associated with additional benefits, concessions and social spending. In contrast, the 2026-2027 Budget had not been designed as an election-year package of expanded benefits. Government had instead openly explained the country's fiscal limitations and the need for restraint.

In his assessment, the public had developed a broader understanding of why Government could not continue expanding free services and social support indefinitely. Although the projected borrowing requirement remained approximately $1 billion, the fiscal outcome could have been considerably worse had Government responded to traditional election-year spending pressures.

He characterised the Budget as an initial but important step towards greater fiscal discipline, while acknowledging that substantially more reform would be required in future years.

Balancing Three Competing Objectives

Mr. Gounder explained that the Budget had been prepared within an exceptionally complex environment marked by domestic fiscal pressures, international conflict, fuel price volatility and uncertain commodity markets.

Against this background, Government had attempted to balance three principal objectives. These included:

- Restoring fiscal discipline by containing operational expenditure and acknowledging that existing spending patterns could not be sustained.
- Protecting households and vulnerable groups during a difficult economic period. For this reason, Government had retained free education, scholarships, back-to-school assistance, social welfare programmes, bus fare support and electricity subsidies.
- Redirect Government expenditure towards infrastructure capable of supporting economic growth

Mr. Gounder, nevertheless, argued that Fiji eventually needed to confront the scale of social sector expenditure. While these programmes provided important public benefits, maintaining them at their current level reduced the resources available for productive investment.

Increasing Productive Capital Investment

The Permanent Secretary highlighted several major infrastructure initiatives, including the planned cancer treatment facility, upgrades to the Colonial War Memorial Hospital, improvements to 17 primary healthcare facilities, the expansion of the Kinoya wastewater treatment plant and the replacement of critical bridges, including bridges in Lautoka and the Western Division.

He stressed, however, that successful capital investment required more than simply allocating additional money. Government also required the technical capacity, project management systems and institutional capability necessary to deliver complex infrastructure projects.

In summarising the Budget's overall direction, Mr. Gounder identified three principal elements:

- Beginning the process of fiscal consolidation
- Preserving social support during a period of economic difficulty

- Increasing investment in infrastructure to create the conditions for stronger economic growth.

Infrastructure and the Western Economy

Mr. Gounder emphasised that Government had a distinctive responsibility to provide infrastructure that other economic actors could not reasonably be expected to build. If Government failed to invest in roads, hospitals, wastewater systems, ports and energy infrastructure, then no other institution would necessarily undertake those investments at the scale required.

The Permanent Secretary also reaffirmed the importance of tourism and aviation, observing that Fiji could not sustain its economy without a strong tourism sector and reliable international connectivity. Major investments were therefore being pursued through Energy Fiji Limited, Fiji Ports Corporation and Fiji Airports to strengthen energy security, modernise port infrastructure and support future tourism expansion.

Apart from the Tourism Services Tax and modest increases in some motor vehicle-related charges, the wider tax regime had remained broadly stable to provide certainty for businesses.

Mr. Gounder concluded by calling for support from the private sector, civil society and the wider public. Many of the reforms required to restore fiscal sustainability would be politically difficult, and national stakeholders therefore had an important role in shaping realistic public expectations. He warned that the continued expansion of free services and social expenditure would ultimately come at the expense of infrastructure and long-term economic growth.

Aviation and Tourism Perspective

Mr. Kameli Batiweti | Chief Executive Services Officer, Fiji Airways

Mr. Batiweti acknowledged the Western Division as the principal economic engine of Fiji and the centre of the country's tourism earnings and foreign exchange generation.

He observed that Fiji Airways brought the majority of international visitors into the country and provided essential connectivity for tourism, trade and investment through Nadi International Airport. His presentation focused on two issues: what the Budget meant for aviation and tourism, and what Fiji Airways intended to do in return for the support being provided by Government and the tourism industry.

General Business Relief

Mr. Batiweti welcomed the Government's decision to maintain the principal tax settings rather than introduce broader increases during an economically difficult period.

He also highlighted the temporary reduction in the employer contribution to the Fiji National Provident Fund from 10 per cent to 8 per cent. From the perspective of Western Division businesses carrying substantial payroll obligations, this measure would provide immediate cash-flow relief during a period of rising fuel, transport and operating costs.

Financial Pressure on Fiji Airways

Turning to the national airline, Mr. Batiweti explained that Fiji Airways was experiencing substantial financial pressure as a result of the sharp increase in aviation fuel prices while still recovering from losses incurred during the COVID-19 pandemic.

He argued that the airline's significance extended well beyond its corporate balance sheet. Fiji Airways was strategically important to Fiji's position as an aviation hub and to the continued functioning of the tourism industry.

The Budget therefore included several forms of support:

- A proposed Government guarantee of $200 million for Fiji Airways borrowing
- An extension of the tax loss carry-forward period from eight years to 15 years
- The waiver of approximately $10 million in fees and charges over 12 months
- The introduction of a temporary 5 per cent Tourism Services Tax.

The fee relief involved several organisations, including Fiji Airports, Air Terminal Services, the Civil Aviation Authority of Fiji, the Fiji National Provident Fund and the Fiji Development Bank.

Chief Executive Services Officer at Fiji Airways, Mr. Kameli Batiweti, speaking during the National Budget Forum

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Tourism Services Tax

Mr. Batiweti explained that the temporary Tourism Services Tax would apply for 12 months from 1 September 2026 to hotels, resorts, tour operators and cruise operators with annual turnover exceeding $2 million.

The revenue, estimated at approximately $70 million, would be ring-fenced for Fiji Airways. He stated that the tourism industry had broadly agreed to absorb the tax rather than passing the entire cost on to visitors, although the specific approach would differ between businesses.

He characterised the arrangement as a partnership rather than a bailout. In his view, the tourism industry was being asked to invest in preserving the connectivity upon which it depended, while Fiji Airways had a corresponding responsibility to earn that support through its performance.

Fiji Airways' Commitments

Mr. Batiweti outlined several commitments that Fiji Airways intended to make in response to the assistance. The airline would seek to protect existing connectivity and, as conditions permitted, expand capacity through Nadi International Airport. This was particularly important because Nadi remained the principal gateway for international visitors and Western Division exports.

Fiji Airways would also work with Tourism Fiji to support demand generation and assist exporters of agricultural produce, sugar and other commodities. It would engage with the Ministry of Commerce and Business Development on initiatives aimed at connecting smaller Western Division businesses with opportunities in tourism, trade and travel.

Mr. Batiweti called upon hotels and tour operators to absorb the temporary tax responsibly, maintain Fiji's price competitiveness and partner with Fiji Airways and Tourism Fiji in promoting visitor demand as global travel conditions became more difficult.

He concluded that Fiji Airways would use the financial breathing space created by the Government guarantee, tax loss provisions, fee waivers and Tourism Services Tax to stabilise the airline, protect employment and maintain the connectivity underpinning tourism, trade and investment in the Western Division.

Sugar Industry Perspective

Mr. Bhan Pratap Singh | Chief Executive Officer, Fiji Sugar Corporation

Chief Executive Officer of Fiji Sugar Corporation, Mr. Bhan Pratap Singh, addressing participants during the National Budget Forum

Mr. Singh stated that the public discussion of the Western Division's economy often focused primarily on tourism, trade and commerce. Agriculture, and particularly sugar, nevertheless remained one of Fiji's most important economic and social sectors.

He stated that the sugar industry supported more than 10,000 active cane growers and contributed to the livelihoods of approximately 200,000 Fijians. Sugar accounted for approximately 0.5% of GDP and 7.4% of domestic exports.

Mr. Singh emphasised that expenditure within the sugar industry had substantial multiplier effects. Income generated by the sector circulated through cane-growing communities and supported harvesters, transport operators, engineering companies, contractors, retailers, financial institutions and numerous small businesses.

Sugar as a Strategic National Asset

Mr. Singh interpreted the Budget as reaffirming Government's recognition that sugar remained a strategic national asset.

He welcomed the continuation of the guaranteed cane price, targeted industry assistance and investment in rural roads and bridges. These measures provided greater certainty to growers and enabled FSC to continue rebuilding an industry that had experienced decades of structural challenges.

He cautioned against viewing FSC simply as another commercial enterprise. The Corporation carried broader responsibilities for sustaining remote rural communities, supporting thousands of farming households and maintaining economic activity outside the principal urban centres.

The industry faced rising production costs, ageing infrastructure, climate-related risks, labour shortages and volatile international sugar prices. At the same time, FSC was required to prepare its mills before each crushing season, maintain essential assets and ensure that industry stakeholders were paid despite fluctuations in international market conditions.

FSC's Financial Position

Mr. Singh acknowledged the seriousness of FSC's financial position. The Corporation carried debt of approximately $330 million, operated with negative equity and remained exposed to increasing production costs, exchange-rate movements and global commodity prices.

Government had provided a guarantee facility of approximately $300 million. He explained that this support enabled FSC to access working capital, undertake essential rehabilitation and maintenance, make timely payments to growers and retain the confidence of financiers and suppliers.

Mr. Singh also outlined the Corporation's wider economic contribution. Over the preceding five years, FSC had generated approximately $200 million annually in foreign revenue, paid around $30 million in wages and distributed between $150 million and $180 million annually to cane growers.

More than 95% of FSC's foreign exchange earnings were retained within Fiji. The Corporation also supplied most of the domestic sugar market, reducing the need for imports, and generated renewable electricity during the crushing season.

Distinguishing Grower Assistance from FSC Support

Mr. Singh stressed that the annual Government grants allocated to the sugar sector were not paid directly to FSC as a company. Instead, the approximately $80 million to $100 million allocated annually supported cane growers through planting assistance, mechanisation, fertiliser subsidies, farm modernisation and the maintenance of cane access roads and bridges.

This distinction was important, he argued, because public discussion frequently treated all sugar-sector expenditure as a direct subsidy to FSC when much of it was designed to sustain farmers and rural communities.

Technology, Productivity and Diversification

Mr. Singh identified technology as an important component of the industry's transformation. Precision agriculture, drones, multispectral imaging, geographic information systems, satellite monitoring and crop analytics could improve forecasting, harvesting, resource allocation and productivity. Digital grower portals could also strengthen transparency, reduce administrative costs and improve communication between FSC and growers.

He argued that Fiji's sugar industry also needed to diversify beyond raw sugar. Internationally successful sugar industries generated revenue through renewable energy, ethanol, industrial alcohol and other value-added products. Fiji possessed similar opportunities to create new sources of revenue, strengthen exports and generate additional employment.

Long-Term Vision for the Industry

Mr. Singh maintained that the success of the sugar industry should not be measured solely by the amount of Government support it received. The more appropriate measures were improvements in productivity, economic returns, resource utilisation, rural livelihoods and the industry's wider contribution to the economy.

His long-term vision involved linking capital investment directly to productivity gains, gradually improving FSC's debt position, diversifying revenue and ultimately reducing reliance on Government guarantees.

He rejected claims that sugar had no future in Fiji. Mr. Singh stated that although the industry faced serious and continuing challenges, it was not doomed. With sustained partnerships between Government, growers, financial institutions, development partners and the private sector, he believed that Fiji could build a more financially sustainable and globally competitive sugar industry.

Private Sector and Employers' Perspective

Mr. Edward Bernard | Chief Executive Officer, Fiji Commerce and Employers Federation

Mr. Edward Bernard framed his assessment of the Budget around four practical questions relevant to every business, irrespective of size, location or industry:

- Would the Budget improve business cash flow?
- Would it reduce the cost of doing business?
- Would it increase confidence sufficiently to encourage investment and employment?
- Would the machinery of Government be efficient enough to implement the announced policies and allocations?

Against the Government's limited fiscal space and the effects of the fuel crisis, Mr. Bernard assessed the Budget as broadly fair and responsible. He noted that between 8 and 14% of the Fiji Commerce and Employers Federation's proposals had been incorporated in some form.

Mr. Bernard welcomed the fact that the Budget had not become an election-year spending package and commended the Hon. Minister and Permanent Secretary for maintaining a pragmatic approach.

Fiscal Constraints and the Role of the Private Sector

Mr. Bernard nevertheless highlighted the difficult economic indicators accompanying the Budget. Economic growth had weakened, the deficit remained high, debt was approaching 85% of GDP, operational expenditure accounted for approximately 80% of total spending and Government faced a structural funding gap.

These conditions left limited fiscal space for Government to stimulate significant economic growth directly. He argued that the private sector, therefore, had to assume a greater role. Sustainable growth would require increased productivity, investment and innovation, accompanied by restraint in public expenditure.

Implementation and Accountability

Mr. Bernard emphasised the importance of monitoring the Budget throughout the financial year rather than engaging Government only during budget preparation or after the year had ended. He referred to FCEF's mid-year State of the Economy Forum, which examined whether policies and allocations announced in the Budget were actually being implemented. Such engagement allowed the private sector to assess Government performance before implementation problems became irreversible.

He argued that efficient implementation was essential to creating an environment in which businesses could take advantage of incentives, invest and create employment.

Chief Executive Officer of Fiji Commerce and Employers Federation, Mr. Edward Bernard, delivering his remarks during the National Budget Forum

Measures Supporting Business

Mr. Bernard welcomed several measures that provided relief to key sectors. These included the extension of fuel-related concessions to mining, hotels and manufacturing, and the continuation of concessions for Energy Fiji Limited, shipping and bus companies. He also highlighted reductions in tariffs on selected construction materials.

The temporary reduction in the employer FNPF contribution was expected to save employers between $60 million and $80 million. This could provide substantial cash-flow relief and create opportunities for reinvestment. Mr. Bernard noted that some employers intended to maintain their previous contribution rates and use the associated tax incentives rather than reduce employee retirement savings.

Greater Support for Local Manufacturing

Despite welcoming these measures, Mr. Bernard argued that the Budget should have provided stronger incentives for local manufacturing.

Manufacturers employed a significant share of the labour force, contributed substantial taxation and retained a greater proportion of earnings within Fiji. During a period of high freight and fuel costs, supporting local production and import substitution could strengthen economic resilience and reduce exposure to international supply disruptions.

Skills Development and the Labour Market

Mr. Bernard described Fiji’s labour market as being in crisis. FCEF’s National Skills Gap Survey had identified approximately 95 occupations or skill areas in which employers were struggling to recruit suitable workers.

He welcomed the reinstatement of 0.5% of the FNU levy for employer training, which would substantially increase the funding available for workforce development. He also supported the 150% tax deduction for businesses establishing their own training institutions and the continuation of incentives for employing persons with disabilities and providing workplace attachments.

However, he argued that employers should have a greater role in managing training funds because they possessed direct knowledge of labour demand and the skills required by industry.

Investment and MSME Financing

Mr. Bernard welcomed tax holidays supporting cement and mahogany processing and incentives for businesses with significant indigenous shareholding.

He also highlighted the introduction of incentives for peer-to-peer lending and equity crowdfunding. These mechanisms could provide alternative sources of finance for micro, small and medium enterprises that had traditionally relied primarily on bank loans and Government grants.

He further welcomed the Government's decision not to announce an immediate increase in the national minimum wage. Instead, he supported a structured review and called for the establishment of clear, transparent criteria to guide future minimum wage determinations.

Mr. Bernard concluded that although the Budget provided several useful measures for businesses, its success would ultimately depend upon implementation, productivity improvements and Government's capacity to create a genuinely enabling environment for private sector-led growth.

Capital Investment and Health Sector Perspective

Dr. Ahmed Shakeel Shariff | Board Member, Nadi Chamber of Commerce and Industry

Dr. Shariff began by emphasising the Western Division's importance as Fiji's international gateway, tourism centre, sugar belt and a growing base for manufacturing, healthcare and commerce.

He argued that investment in the West should not be regarded as regional favouritism because the region generated significant returns for the national economy. Hence, Dr. Shariff focused on the relatively small proportion of the Budget allocated to capital investment.

The Need to Get Capital Projects Right

Dr. Shariff's central argument was that with only approximately 18% of Government expenditure allocated to capital projects, Fiji could not afford to make poor investment decisions.

He noted that much of the capital programme would be financed through borrowing that future generations would be required to repay. While the public opening of a new facility might attract attention for a single day, the associated loan commitments could remain for decades.

Fiji had already invested in projects that were incomplete, underused, poorly maintained or incapable of delivering their intended benefits. Dr. Shariff warned against creating further "white elephants" while increasing public debt.

Every capital dollar, he argued, should create a functioning asset, a lasting public service and a measurable return for the country.

Health Infrastructure and the Complete Treatment Pathway

Dr. Shariff applied this principle particularly to health investment. He welcomed efforts to improve advanced healthcare, but cautioned that purchasing expensive equipment or constructing a new building did not by itself create a functioning health service.

Using the proposed radiotherapy facility as an example, Dr. Shariff argued that cancer treatment required a complete clinical pathway. Fiji needed the ability to diagnose cancer accurately, determine its stage, assess whether radiotherapy was appropriate, direct treatment precisely and evaluate whether the intervention was successful.

Without the necessary diagnostic services, trained personnel, supporting equipment, operating expenditure and maintenance systems, an advanced radiotherapy machine could become an expensive but underutilised asset.

The same scrutiny, Dr. Shariff argued, should apply to all proposed national health facilities. Government should not construct buildings first and only later determine where specialists, nurses, equipment, consumables and operational funding would come from. A health project was complete only when it was properly staffed, equipped, commissioned and safely treating patients.

Accountability for Public-Private Partnerships

Dr. Shariff also questioned the level of transparency surrounding the public-private partnership arrangements for the Lautoka and Ba hospitals.

He noted that the approximately $120 million allocation represented around one-quarter of the Ministry of Health's budget. While public-private partnerships could bring expertise, technology and efficiency, they could also create substantial long-term liabilities if contracts were inadequately designed or monitored.

He argued that the public should have access to information concerning the number of patients treated, costs per service, waiting times, referral criteria, clinical outcomes, contract variations and Government's total long-term financial exposure. Dr. Shariff maintained that a privately managed hospital financed substantially by taxpayers remained subject to public accountability.

Board Member at the Nadi Chamber of Commerce & Industry, Dr. Ahmed Shakeel Shariff, makes a point during the National Budget Forum

Maintenance as an Investment Priority

Dr. Shariff called for maintenance to become a central feature of capital planning. He argued that Fiji could not continue building new facilities while operating theatres, laboratories, diagnostic machines and biomedical equipment remained out of service. Capital expenditure without protected maintenance funding amounted only to delayed failure.

Every major health project should, therefore, include funding for maintenance, training, consumables, software, spare parts and eventual replacement.

Tourism, Aviation and Reciprocal Accountability

Turning to tourism, Dr. Shariff acknowledged the strategic importance of Fiji Airways and the relationship between reliable aviation and the Western Division economy. However, he argued that financial support should operate in both directions. If hotels, tour operators and visitors were being asked to help finance the airline, Fiji Airways should provide measurable commitments in return.

These could include competitive airfares, increased seat capacity, stronger destination marketing, protection of important routes and improved connectivity. Support for the airline should be linked to transparent performance targets and identifiable benefits for the wider tourism sector.

Infrastructure and Flood Protection

Dr. Shariff extended the same performance-based approach to roads, bridges, drainage and flood alleviation. Businesses in Nadi could not continue losing stock, equipment and trading days because of flooding and inadequate drainage. These were not merely regional concerns because disruption in Nadi affected tourism, aviation, employment and national revenue.

He called for projects to move beyond consultation and announcements towards construction, completion and measurable results.

A National Project Assurance Process

Dr. Shariff proposed that all major capital projects be subjected to a transparent national project assurance process before substantial funding was committed. Projects should also undergo post-completion audits to determine whether they had delivered their stated objectives.

Health investments should be measured through reduced waiting times, earlier diagnosis, equipment reliability, better patient outcomes and lives saved. Infrastructure should be evaluated according to whether flooding was reduced, roads remained accessible and businesses could continue operating. Tourism support should be assessed through visitor arrivals, airfares, employment and national revenue.

He concluded that the West was not seeking investment merely on regional grounds. It was seeking investment because strengthening the Western Division produced measurable returns for the entire country.

The success of the Budget, Dr. Shariff argued, would not be determined by the scale of its announcements but by whether projects were well selected, transparently managed, properly maintained and capable of delivering lasting value. He urged Government to build functioning services rather than monuments and to ensure that future generations did not inherit debt for projects that had failed to work.

SECTION 4

Question and Answer Session

Rebalancing Operational and Capital Expenditure

Nadi businessman Mr. Chandu Lodhia poses a question to the Hon. Minister for Finance during the Question and Answer session

The first intervention came from Nadi businessman Mr. Chandu Lodia, who welcomed the emerging consensus that the imbalance between operational and capital expenditure represented one of Fiji's principal fiscal challenges.

Mr. Lodia argued that productive capital investment could generate sustainable economic returns, while excessive operational expenditure placed continuing pressure on public finances. Although he acknowledged that changing the expenditure balance would not be easy, he expressed support for the Government's stated intention to increase the proportion of resources devoted to capital investment.

Responding, the Hon. Minister described the 2026-2027 financial year as a base year for the Government's longer-term fiscal transition. He stated that approximately $5 billion in capital projects had been programmed over the following three to five years and that the proportion of capital expenditure should increase as those projects progressed into implementation.

Hon. Immanuel also disclosed that a review of the public service was underway. The review would examine the number of civil servants required and the associated overhead costs. Government expected that this process would help contain, or potentially reduce, operational expenditure over time, thereby improving the balance between recurrent and capital spending.

Tax Arrears, Evasion and Enforcement

Mr. Lodia also raised concern regarding reports of several hundred million dollars in unpaid taxes. He questioned why compliant taxpayers should be asked to carry additional burdens while substantial tax liabilities remained uncollected.

In addition, he sought an update on the work of the inter-agency task forces established to address tax evasion, money laundering and the recovery of funds that remained outside the formal system.

Hon. Immanuel explained that tax enforcement was being pursued through two complementary mechanisms. The first operated within the Fiji Revenue and Customs Service and focused particularly on major taxpayers and suspected tax evaders. The second involved cross-agency cooperation between FRCS, Ministry of Justice, Reserve Bank of Fiji, Financial Intelligence Unit and the Ministry of Finance.

According to the Hon. Minister, this work had begun producing results. Suspected offenders had been taken before the courts; legal restraints had been imposed on certain taxpayers and enforcement action had extended to assets. He observed that such cases had previously been rarely visible but expected more enforcement matters to emerge as investigations progressed.

Access to Finance for MSMEs and Agricultural Businesses


Participants posing questions to the Panellists during the Question and Answer session

Founder of Vanua Chocolate, Mr. Arif Khan, drew attention to the difficulties experienced by small businesses and agricultural enterprises in accessing affordable finance.

He explained that cocoa offered significant potential for agricultural diversification and could provide substantially higher returns to farmers than many traditional crops. Despite this potential, commercial banks remained reluctant to lend to agriculture and small enterprises, even where borrowers had demonstrated a history of responsible repayment.

Mr. Khan also referred to the Reserve Bank's import substitution financing facility and requested greater Government intervention to ensure that concessional funds reached businesses on the ground. He argued that providing modest loans to a large number of small enterprises could generate significant multiplier effects, stimulate consumer demand and support wider economic activity.

The Hon. Minister responded by highlighting two alternative financing mechanisms introduced for MSMEs: peer-to-peer lending and equity crowdfunding. The relevant legislation had already come into force, and the Budget provided tax incentives for lenders, investors and businesses using the new platforms. Hon. Immanuel also acknowledged cocoa as a crop with considerable potential and suggested that increased investment could support the expansion of cocoa production alongside wider MSME development.

The exchange highlighted an important gap between the availability of financing schemes in principle and the practical ability of small businesses to access capital through established financial institutions.

Support for Indigenous Tourism and Entrepreneurship

Ms. Salote Malani, representing an indigenous tourism organisation, questioned whether the Budget had placed sufficient emphasis on entrepreneurship, indigenous tourism and community-led income generation.

She argued that residents and resource owners were willing to establish businesses and contribute to national revenue but often lacked access to the capital required to convert plans into operating enterprises. Ms. Malani expressed concern that considerable public resources had been spent on improving administrative and implementation systems without corresponding improvements being experienced by citizens.

Ms. Malani also questioned the relative priority given to the correctional services budget when compared with funding for entrepreneurship and employment creation. In her view, greater investment should be directed towards individuals and businesses capable of generating income, creating employment and reducing the social problems that contributed to criminality.

She further sought clarification on the management of increased funding for indigenous development and how Government would ensure that assistance reached resource owners and communities at the grassroots level.

The Hon. Minister explained that Government had introduced financing assistance for tourism-related MSMEs in the previous year, although uptake had been lower than anticipated. The new Budget therefore introduced further tax incentives for businesses entering partnerships with iTaukei landowners, particularly in tourism and cultural enterprises.

Addressing the increased allocation to the Fiji Corrections Service, the Hon. Minister stated that the increase largely reflected salary adjustments that had been deferred from earlier years. Corrections officers were the only category of public employees receiving a salary adjustment during the new financial year.

With respect to indigenous development funding, the Hon. Minister explained that assistance was channelled through both the Ministry of iTaukei Affairs and the iTaukei Affairs Board. The Board managed funding distributed through provincial and village structures, while both institutions were responsible for monitoring and evaluating the support provided.

He acknowledged that the impact of earlier assistance had not always been sufficiently visible, although he believed that a gradual increase in indigenous participation in business was beginning to emerge.

The Financial Sustainability of the Sugar Industry

A Board Member of the Nadi Chamber of Commerce & Industry, Mr. Sumeet Prasad, directed a series of questions to the CEO of the Fiji Sugar Corporation. These included:

- When is the FSC expected to become financially sustainable without continuing public support?
- What concrete measures were being taken to restore grower confidence?
- How the industry intended to attract younger Fijians into cane farming?

CEO Mr. Singh began by rejecting the longstanding misconception that Government grants to the sugar industry were paid directly to FSC. He reiterated that the grants were primarily directed towards cane growers and industry support programmes rather than transferred to FSC as direct operating subsidies.

Declining Cane Supply and Underutilised Mills

Mr. Singh acknowledged the dramatic contraction of the industry. The number of active growers had fallen from approximately 20,000 to around 10,000, while cane production had declined from between three and four million tonnes to approximately one and a half to two million tonnes.

This decline created severe capacity-utilisation problems for FSC's mills. Using the Lautoka Mill as an example, Mr. Singh explained that the facility had been designed to crush approximately 330 tonnes of cane per hour but was receiving only around 200 to 220 tonnes per hour. The Lautoka mill district, which had previously supplied approximately one million tonnes of cane, was expected to produce only around 320,000 tonnes.

The mills, nevertheless, retained much of the same labour, maintenance and overhead costs. According to Mr. Singh, operating large, ageing mills with substantially lower cane supply produced unavoidable efficiency and financial losses.

He argued that the industry required fundamental restructuring. One possible option was the replacement of existing facilities with a modern, integrated mill capable of producing sugar, ethanol, renewable electricity and potentially biofuels. Such a decision, however, could not be made by FSC alone and would require agreement among Government and the wider industry.

When asked how young people could be attracted into cane farming, Mr. Singh acknowledged that he did not have a clear solution.

A Candid Government Assessment of Sugar

Permanent Secretary for the Ministry of Finance, Mr. Shiri Gounder, shares his insights on the sugar industry during the Question and Answer session

The discussion took a significant turn when the Permanent Secretary for Finance offered a markedly different assessment of the sugar industry's future.

Mr. Gounder stated that, as the official responsible for safeguarding taxpayer funds, he believed Fiji needed to reconsider its long-term approach to sugar. He linked the absence of youth interest directly to the poor returns available to small cane farmers.

He observed that many growers produced relatively small quantities of cane and earned only modest annual profits after costs. In those circumstances, younger people could not reasonably be expected to remain in the industry when more attractive economic opportunities were available elsewhere.

The Permanent Secretary also disputed the suggestion that FSC did not benefit from taxpayer support. Although grants might not be paid directly as operational transfers, Government guarantees and assumed liabilities ultimately exposed taxpayers to FSC's financial losses.

He referred to earlier debt write-offs, loans that Government had been required to repay on FSC's behalf and obligations arising from external financing and the Fiji National Provident Fund. In his assessment, FSC was insolvent and unable to finance a new mill independently.

The Opportunity Cost of Further Investment

Mr. Gounder questioned whether taxpayers should finance another mill for an industry experiencing long-term structural decline. He warned that attempting a comprehensive revival could require investment of approximately $1 billion, with no guarantee of success.

Such spending would come at a considerable opportunity cost because the same resources were urgently required for hospitals, roads, water, wastewater, drainage and other national infrastructure.

The Permanent Secretary argued that farmers had too often been given unrealistic expectations regarding the future of the industry. Rather than continuing to promise a revival that might not be economically achievable, Government needed to plan a careful transition that protected existing farmers while supporting diversification into more viable activities.

In his view, Fiji needed to acknowledge that the industry might eventually have to be exited through a planned and managed process. This was one of the most consequential interventions of the Forum. It placed before Western Division stakeholders a candid assessment from a senior Government official that the long-term continuation of sugar in its existing form might no longer be financially sustainable.

FSC's Response: Sugar Remained Resilient

Mr. Singh acknowledged several of the Permanent Secretary's concerns but defended the continued importance and resilience of sugar. He argued that earlier attempts to introduce alternative livelihood projects into cane-growing areas had generally failed. A central problem was the absence of reliable markets. If large numbers of farmers shifted simultaneously into the same alternative crop, oversupply could cause prices to collapse.

Sugarcane, by contrast, retained several practical advantages. It was comparatively resilient to cyclones and droughts and could recover under conditions that might destroy other crops. It also had established processing facilities, transport systems and markets.

Mr. Singh accepted that the industry faced major challenges but maintained that FSC would continue operating and that Government support would remain necessary.

The exchange exposed a fundamental disagreement between the Ministry of Finance and FSC. While FSC advocated restructuring, modernisation and continued support, the Permanent Secretary questioned whether further large-scale investment could be justified and favoured a planned diversification strategy.

Privatisation and Open-Skies Policy

Chaiman of the National Senior Citizen Council, Mr. Vineel, argued that the declining sugar industry should be privatised. In his view, private ownership could reduce the continuing fiscal burden on Government and introduce stronger commercial discipline.

Mr. Vineel also questioned Fiji's aviation policy and asked why Government did not adopt a more open-skies approach that would allow additional international airlines to enter the market. He suggested that greater competition could increase visitor arrivals and potentially reduce airfares. He also raised concern about rapidly increasing hotel room rates and questioned the addition of the Tourism Services Tax when accommodation costs were already high.

Mr. Batiweti responded that foreign airlines were likely to operate routes only while they remained commercially attractive. Fiji Airways, as the national airline, maintained connectivity because it served Fiji's broader national interest rather than only short-term profitability.

He argued that the country's hotel and resort capacity was already substantially utilised and that further visitor growth depended partly upon the development of additional rooms. Fiji Airways had prepared strategies to support future expansion, although some of these plans involved commercially sensitive information that could not be disclosed publicly.

Mr. Batiweti added that the decision to liberalise air access rested with Government rather than Fiji Airways. He nevertheless cautioned that although additional airlines might initially enter under an open-skies policy, they could withdraw when market conditions became less favourable, whereas the national carrier would remain committed to Fiji.

Was Government Demonstrating Sufficient Fiscal Urgency?

Consultant Mr. Are Wakowako shares his perspectives with the Hon. Minister for Finance during the Question and Answer session

Consultant Mr. Are Wakowako questioned whether the Budget's measures matched the seriousness of the fiscal crisis described by Government.

He characterised the Budget's language as one of austerity and restraint but argued that the actual reductions in spending were largely cosmetic. He questioned whether political leaders had demonstrated the same level of sacrifice and urgency being requested from citizens.

As an example, he referred to the number of official vehicles used during ministerial travel and suggested greater coordination, including shared transport, to reduce vehicle, staffing, fuel and allowance costs. He also referred to parliamentary remuneration and argued that political expenditure should be reduced further if the crisis was as severe as Government claimed.

The Hon. Minister responded that Government had taken the fuel crisis seriously and had introduced measures to sustain businesses, protect employment and assist vulnerable households. These included support for bus fares, assistance to public transport operators and measures to absorb higher electricity costs. Government had also reduced overhead expenditure and cut ministerial salaries by approximately 20%, with the reduction continuing into the new financial year. He indicated that further salary reductions could be considered if economic conditions deteriorated.

Hon. Immanuel explained that approximately $200 million had been removed from operational expenditure, although this had been offset by around $200 million in one-off costs associated with the election, referendum and census, together with capital commitments.

He also stated that ministerial travel arrangements had already been reduced, including fewer accompanying vehicles and support personnel. However, Government still had an obligation to reach rural and remote communities and could not withdraw essential public services purely as an expenditure-saving measure.

Airfares, Tourism Capacity and Airline Competition

Speaking from an economic perspective, Dr. Sunil Kumar questioned Fiji Airways' market position and asked how the airline intended to reduce airfares.

He argued that tourism represented one of Fiji's strongest remaining growth opportunities as sugar and other agricultural sectors weakened. In his view, high airfares could constrain visitor arrivals and undermine further tourism expansion. Dr. Kumar also disputed the suggestion that room availability represented the principal barrier to growth. Furthermore, he argued that tourism performance had flattened and that the airline needed to focus more directly on affordability and competition.

Mr. Batiweti rejected the characterisation of Fiji Airways as an unchallenged monopoly. He noted that several Australian, New Zealand and regional airlines operated services to Fiji.

He further stated that visitor numbers had continued to increase and that Government was targeting one million visitors. In his assessment, future expansion remained linked to the supply of hotel rooms because prospective visitors considered both airline seats and accommodation availability when choosing a destination.

While Mr. Batiweti did not provide a specific public commitment to reduce fares, he maintained that Fiji required additional room capacity to support sustained visitor growth.

The Labour Market Crisis

Dr. Kumar also questioned how Fiji could sustain economic growth while losing a significant proportion of its productive workforce each year and experiencing limited productivity growth.

Mr. Bernard responded that Fiji faced two simultaneous labour market problems. These included:

- Insufficient workers available for many jobs
- Employers were unable to find enough people with the required skills, qualifications and workplace behaviours.

Migration to Australia and New Zealand had substantially reduced the domestic labour supply. At the same time, thousands of economically active people were not participating in employment, partly because household income was being supported by remittances.

The education and training system was also failing to supply sufficient graduates in critical areas. Mr. Bernard referred to low completion rates in technical and vocational programmes and the continued challenge of youth unemployment and young people not engaged in employment, education or training.

As a result, employers were increasingly recruiting foreign workers. Mr. Bernard observed that many employers considered foreign workers more flexible and productive across multiple tasks than locally recruited employees.

FCEF was monitoring the situation and developing a partnership with Australian Pacific skills organisations to strengthen training for domestic employment.

A Failure to Plan for Workforce Attrition

Dr. Shariff added that Fiji had responded reactively rather than proactively to labour shortages. He referred particularly to the loss of doctors, nurses and other medical professionals whose training required many years of public and personal investment. Fiji had failed to anticipate workforce attrition, expand related occupations such as caregiving or create sufficient incentives for skilled workers to remain.

Dr. Shariff challenged the suggestion that Fijian workers were inherently unproductive, noting that many performed successfully after migrating overseas. The fact that they could succeed in foreign labour markets but not locally indicated that Fiji needed to examine domestic workplace conditions, incentives, management and opportunities. In addition, he called for a more innovative and systematic national response to labour migration and skills shortages.

Foreign Workers, Education and Indigenous Participation

Mr. Vishal Gounder from the NeXTGEN ALLIANCE PARTY raised concerns regarding the increasing reliance on foreign workers, the presence of undocumented migrants and the alignment between Fiji's education system and labour market needs.

He argued that the education system kept students within academic pathways even where technical or vocational training might provide a more suitable route into productive employment. Earlier systems had allowed young people to move into apprenticeships, vocational education, agriculture and skilled trades at a younger age.

Mr. Gounder asked how Government intended to address undocumented immigration, strengthen indigenous participation in the labour market and reform education so that it better supplied the skilled and semi-skilled workers required by employers.

Although the panel's direct response focused primarily on the broader labour market rather than each of these questions separately, the discussion reinforced the need for closer alignment between education, vocational training, migration policy and employer demand.

Diversifying Cane-Growing Areas

The Managing Director of McDonalds Fiji, Mr. Marc McElrath, questioned why FSC was not taking a more active role in helping cane farmers diversify into other crops and economic activities.

Mr. Singh responded that FSC owned only a small proportion of the land producing cane. Most cane growers were independent farmers, and FSC had no legal authority to determine what they planted. When pressed on whether FSC should nevertheless lead the diversification process, the CEO stated that agricultural diversification had not historically formed part of the Corporation's core mandate and suggested that other institutions might be better positioned to undertake that work.

The Permanent Secretary disagreed with the limited institutional approach and argued that diversification needed to become a deliberate national priority.

He compared the low annual returns from small-scale cane farming with the potential income available from livestock and higher-value crops. He referred to goats, cocoa and other agricultural products as examples of activities that could produce better returns if supported through structured policies, financing and market development.

Mr. Gounder accepted that Government and industry had not done enough to help farmers diversify. Without planned assistance, the economic position of cane growers would continue to deteriorate. He suggested that the scale and sensitivity of the issue justified a separate national forum dedicated specifically to the future of sugar and agricultural transition.

Fiji Airways' Non-Core Investments

Mr. McElrath further questioned why Fiji Airways had invested substantial funds in tourism and hotel assets rather than concentrating its capital on airline operations and strengthening its balance sheet.

Mr. Batiweti explained that Fiji Airways held an interest in Richmond Limited together with BSP Life and that Richmond owned the Sofitel Resort. However, he declined to discuss the commercial rationale because the information involved private corporate matters and the interests of business partners.

Managing Director of McDonalds Fiji, Mr. Marc McElrath, poses a question during the Question and Answer session

The Permanent Secretary subsequently addressed the policy implications more directly. He agreed that questions concerning what Fiji Airways was doing to improve its own financial position were legitimate, particularly when taxpayers and tourism businesses were being asked to support the airline.

He stated that the Ministry of Finance, as the representative of Government's majority shareholding, had written to the Fiji Airways board and management requesting consideration of three areas:

- The future of non-core investments, including the airline's interest in the Sofitel
- The optimisation of routes, flight frequencies and fleet arrangements
- Further cost-reduction measures.

Mr. Gounder stressed that the continued viability of Fiji Airways was essential to tourism, employment and foreign exchange earnings. Nevertheless, Government, taxpayers and the tourism industry could not be expected to bear a disproportionate share of the burden without corresponding action by the airline.

Fiji Development Bank and Agricultural Lending

The final substantive issue concerned the Fiji Development Bank's role in supporting agriculture.

Dr. Kumar questioned whether FDB had moved too far towards commercial investments and away from its original development mandate, particularly given the difficulty experienced by farmers in obtaining finance.

The Hon. Minister acknowledged the concern and stated that FDB had historically focused on agriculture. While its activities had become more commercially oriented over time, he agreed that the Bank should refocus greater attention on agriculture, including sugar and other productive rural activities. He added that Government was already engaging with FDB regarding recent transactions and the broader direction of its lending.

Concluding Reflections on the Discussion

The discussion demonstrated that the success of the Western Division remained inseparable from Fiji's overall economic performance. The region's contribution to tourism, aviation, sugar, agriculture, entrepreneurship and trade meant that the policy issues raised during the Forum were national rather than merely regional concerns.

The exchanges also revealed several matters requiring continued public dialogue. These included the future of the sugar industry, the allocation of taxpayer support to state-owned enterprises, access to agricultural and MSME finance, the relationship between aviation support and airline accountability, the effectiveness of capital projects and the structural weaknesses of Fiji's labour market.

Although the Panellists did not reach agreement on every issue, the session succeeded in placing difficult and often sensitive policy questions before Government, industry leaders and the wider public in an open forum.

Participants during the National Budget Forum (Western Division)

SECTION 5

Closing of the Forum

Reflections on the Western Division's National Importance

In her closing reflections, the Mistress of Ceremonies emphasised that the success of the Western Division was inseparable from the success of Fiji as a whole.

She noted that the region remained a major centre of tourism, aviation, agriculture, enterprise and investment. Its continued economic strength therefore had implications not only for the businesses and communities of the West, but for employment, foreign exchange earnings, public revenue and national economic resilience.

The discussions had reinforced that many of the issues experienced in the Western Division were matters of national consequence. These included the future of sugar, the viability of Fiji Airways, access to finance for agricultural enterprises and MSMEs, labour shortages, infrastructure delivery, flooding and the effectiveness of public investment.

The Forum demonstrated that Western Division stakeholders expected to play an active role in national economic policymaking rather than simply receive decisions formulated elsewhere. Their questions reflected a demand for greater accountability, clearer policy direction and stronger implementation of the measures announced through the Budget.

Acknowledgements

On behalf of Dialogue Fiji and the Nadi Chamber of Commerce & Industry, the Mistress of Ceremonies expressed appreciation to all those who had contributed to the Forum.

Special acknowledgement was extended to the Hon. Minister for Finance, Commerce and Business Development for delivering the Keynote Address. The Permanent Secretary for Finance was thanked for his candid contributions, particularly on Government expenditure, the future of the sugar industry, agricultural diversification and the responsibilities of state-owned enterprises.

Appreciation was also extended to the other panellists representing Fiji Airways, the Fiji Sugar Corporation, the Fiji Commerce and Employers Federation and the Nadi Chamber of Commerce & Industry. Their contributions enabled the Budget to be examined from the perspectives of aviation, tourism, sugar, business, labour, healthcare and capital investment.

Ms. Volau Puamau was also acknowledged for her role as the Moderator of the Panel Discussion.

The organisers also acknowledged the participation of representatives from Government, the private sector, industry bodies, civil society, professional associations, the media and the wider Western Division community.

Recognition of Partners

Dialogue Fiji acknowledged its partnership with the Nadi Chamber of Commerce & Industry in bringing the National Budget Forum to the Western Division.

The collaboration ensured that businesses and communities located within Fiji's principal economic region could engage directly with the policymakers responsible for the Budget. It also demonstrated the value of partnerships between civil society and private sector institutions in strengthening public participation in national policy discussions.

The organisers further acknowledged the support of Bread for the World, whose financial assistance made the Forum possible.

Formal Closing

In formally bringing the Forum to a close, the Mistress of Ceremonies thanked participants for contributing an important national conversation.

She expressed optimism that the issues raised would continue to be discussed within Government, businesses, communities and civil society organisations, and that the perspectives shared by Western Division stakeholders would inform future policy deliberations.

Participants pose for a photo with the Minister for Finance, Hon. Esrom Immanuel

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