

28th June, 2021

The Minister for Economy,
Ministry of Economy,
Ro Lalabalavu House,
Victoria Parade,
Suva,
FIJI.

Dear Sir,

Re: Budget Consultations

The FTUC, in previous years, has made comprehensive submissions on the National Budget without any results. We therefore ceased making any regular submissions on the National Budget for the past few years. However, being invited to make submissions tomorrow from 2pm to 3pm via zoom, we are unable to be available at the time fixed but wish to submit written submissions on matters which we believe to be essential in the current circumstances. We will restrict our submissions to workers issues due to the late invitation which was sent on Friday evening 25th of June and seen by me on Monday (today) 28th June 2021.

1. National Minimum Wage

We firmly believe that the current minimum wage condemns workers to extreme poverty and in no way meets the test of decent work. We also do not believe the justification to keep minimum wage well below the poverty line to save jobs. This is a tired argument that has been debunked many times by credible research over the years. The FTUC has campaigned for a \$4 minimum wage for some years now. While this may still be below the poverty line, we believe this may be a good place to start and that **a review be undertaken annually with a view to ensuring a living wage where no one should earn below the poverty line and enjoy a decent standard of living.**

2. Value Added Tax

We propose that VAT be removed from essential food items which can be listed and can be offset from luxury items which can also be listed. This is to ensure that ordinary people have access to basic food items which are affordable, more so, at a time when a good number of people around the country are either unemployed or under employed.

We do not agree to the proposal made by Fiji Institute of Accountants (FIA) to increase VAT on all items.

3. Civil Service

We also do not agree with FIA's proposal to cut salaries of civil servants. We note that the normal merit increments for the civil service as per the Government's own Remuneration Guidelines implemented in 2017 have not been paid. Also, we note that rural allowance and acting allowances for teachers have not been paid for about 2 years now. We believe that there can be meaningful savings if Government acted seriously on the wastages exposed in the Auditor General's Report. We also note that Government Ministers and Permanent Secretaries have had a massive 300% salary hike some years ago. We never believed that was necessary nor justified. We also would like to suggest that substantial savings could be made if **contracts that are entered into with private contractors are scrutinized more thoroughly and, managed efficiently and transparently to ensure quality deliveries.**

4. Assistance to Workers

There have been widespread job losses due to the pandemic across many industries. This has meant that many many workers and their families have been deprived of an income and livelihood. This is particularly very serious in the hotel and tourism industry. The FTUC has, on a number of occasions, called on Government for assistance to these families. Little assistance has come from the Government. While the Government has stated that millions of dollars have been given, we do not believe it has been sufficient. Many have exhausted their FPNF funds with nothing or little left for a decent retirement. We have also decried the Government's policy of reverting to members' FPNF savings in times of crisis. The purpose of the Fund is defeated if we are to use FPNF funds for crisis situations. That was never the purpose of FPNF. **We propose a special Fund be set up where Government budgets a meaningful amount to be set aside for such**

eventualities. We are certain to be hit again by a cyclone or hurricane in future. We therefore need to prepare for this certainty. More so, with the climate change that we all are experiencing across the globe. We cannot get caught unprepared for such eventualities. It does little to our reputation when we are hit with crisis to go around with a begging bowl seeking assistance from our neighbors. This is about the future.

Now immediately, **workers need some real financial assistance from Government particularly those that have lost their jobs or are under employed.** This \$50 assistance is really no assistance at all and to make it worse, people have had to queue for long periods to collect their money. There needs to be some dignity in these processes. We do not need to make our people look like beggars for a \$50 grant. There can be a credible process where a person's eligibility is verified. Employers who have let workers go have a role to play in this process. This Government, prior to the last elections, gave \$1000 each to hundreds of people to start up new business. There of course is no accountability of what happened thereafter of the funds disbursed. Big businesses did very well during that distribution. **We suggest a similar assistance to the unemployed. This would assist greatly.**

5. Labour Laws

Government has unilaterally amended labour laws to make it easier for employers to terminate employees while on the other hand asking employers to be reasonable and employees to be understanding. In this regard, we refer to Section 24 of the Employment Relations Act (ERA) making the pandemic an act of God. The current wave of Coronavirus that we are experiencing is not an act of God but rather the negligence of some of our own people and the Government's inadequate response from when this wave started in Nadi in early April. We need an honest assessment and not blame God for something that was within our control. **We have witnessed that employers are taking advantage of the current crisis to reduce terms and conditions of employment, many of which had been negotiated and agreed to decades back and had served well. We urge that this law be amended to save jobs and prevent abuse by employers from reducing any existing benefits that workers are entitled to.**

6. Government owned entities

Fiji Airways, Water Authority of Fiji and Air Terminal Services have abruptly terminated most of their employees without warning and due process. These are Government controlled entities and were expected to hold a higher standard of behavior in managing their employees during these crises. Unfortunately, they served as a brute example of inhumane treatment of workers where no dignity was afforded to these workers despite their loyalty to these companies in better times. It is clear, that such decisions were endorsed by the Government. We note that Government has given much assistance to Fiji Airways to survive but ignored its workers completely. When times were good, these very workers were the backbone of the company.

We also propose that Government respects the workers' contribution to Air Terminal Services and the fact that 49% of the company is owned by the workers Trust. We call on the government to reinstate the Workers' Representatives, whoever they choose, to be on the Board so as to make collective decision in the best interest of the company. It was never meant during the founding of the company that Government would impose their 51% shares and run rough shod on the workers. There was a gentlemen's agreement in this regard. This was a successful worker participation scheme in business and the first in the South Pacific. At difficult times like this, dialogue must take place between the shareholders of the company to ensure its survival. Technical arguments to deprive workers of their seat on the Board of ATS is counterproductive and unjust.

Workers terminated by WAF in May of 2019 remain out of work are awaiting their day before the Employment Relations Tribunal more than 2 years later. This is totally unacceptable. They have received no assistance from Government. Their termination emanated from Government budget cuts that WAF was subject to with projects being incomplete or on hold.

We propose that these workers be compensated either through redundancies negotiated with their Unions or through Government grants. Government has a responsibility to ensure that not only the company survives but its workers as well. Provisions in the upcoming budget in this regard is important.

7. Fiji National Provident Fund

Workers in Fiji are very concerned at how the FNPF has been taken over by Government. While it has a Board that is responsible for its operations, recently we note all announcements are made by Government in relation to the Fund. This is worrying. The FNPF is the workers' superannuation fund and it ought to be run in the most efficient and transparent manner without the Government having to dictate terms to the Fund. This unfortunately is not the case. The FTUC was always represented on the Board of the Fund since its inception. Employers were also represented as they also contributed to the Fund. Government also had its nominees to ensure good governance. All three partners had equal representation with the Chair being the nominee of Government. This all was changed unilaterally by your Government with now only Government nominees on the Board. This is unacceptable to workers. Workers must have their nominees on the Board to ensure that Government does not abuse their funds in any way.

The latest Auditor General's Report clearly demonstrates that this Government is not capable of accounting for all its funds through taxes and other means. This adds to the concerns that workers have. The most often asked question is whether the FNPF will be in a position to pay its members when it is due. This concern is from the fact that Government turns to FNPF whenever it runs short of funds or is unable to assist workers. **We propose that the Board of FNPF revert to the tripartite format to ensure accountability, transparency and that the Fund is run in the best interest of workers and not the Government of the day. The International Labour Organization has also called on Government to ensure tripartite representation on the Board of FNPF.**

8. FNPF Contributions

The FTUC proposes that the employers and workers contribution revert to the 10% and 8 % respectively. Workers must have meaningful savings in the Fund on retirement so as to enjoy a respectable retirement and with dignity. The current reduction in the contributions would also make it difficult for the Fund to invest and ensure that workers get a decent return on their savings.

9. Wages Councils

The FTUC recognizes the important role played by the various Wages Councils over decades. They have proved to address the issues that affect workers in various industries, taking into account the different situations that exist in different industries. These Councils remain dormant while they are still existing in our labour laws and they do have an important role to play which is defined in our laws. **We therefore urge that these Councils be activated so that they can effectively serve their purpose.**

10. Employment Relations Tribunal/ Court and Arbitration Court

These tribunals and Courts are central to Industrial Relations in the Country. There has been and remains a huge backlog of cases before these Tribunals and Courts. There just are not enough facilities and personnel to effectively and efficiently carry out the functions required by law. Cases have had to wait in the Courts and Tribunals for years. This is particularly concerning in regard to termination cases where workers have had to wait years to get an outcome. It is unfair to the worker having to wait years to know his/her fate.

We propose that more resources be made available to these Tribunals and Courts to be able to perform its duties in a timely manner. More Tribunals and judges need to be appointed.

11. Labour Law Review

This process started in 2013 and is now 8 years running. The Government and FTUC have even signed two Agreements on 25th March 2015 and 29th January 2016 together with International Labour Organization and the Fiji Commerce and Employers Federation. Despite many ILO Committee of Experts Reports urging the Government to address this matter to ensure full compliance with the Core Labour Standards, we have yet to complete this exercise. **We believe that Government must show genuine interest in completing this exercise without any further delay. In this regard, we propose that Government build into this budget allocation that would ensure the completion of this exercise in a timely manner.** This must not be treated as something that can be done only when time and personnel are available.

12. Labour Inspection

This is the weakest link in enforcing the current labour laws. We all agree that there is no point in having good laws when we cannot enforce them. To have an effective enforcement of the laws, we need sufficient trained personnel to carry out the job efficiently. This is not the case currently. We do not have enough labour inspectors, nor do we have laws that empower them to effectively carry out their roles. This is not only applicable for labour laws but also Occupational Health and Safety. Workers have to wait for years to have inspections done and results realized. **We propose adequate allocation to ensure enough manpower and training for labour inspectors.**

13. Industrial Relations

Industrial relations in Fiji is at its worst since 1985 with Government unilaterally imposing individual contracts undermining collective bargaining and freedom of association. These are in violation of ILO Conventions 87 and 98 which are part of the Core Conventions of International Labour Organization. These two conventions are the most fundamental conventions and, the Prime Minister and yourself have assured the International Labour Organization that Government will fully comply. This is not the case with your decision to impose individual contracts. These contracts only serve to make jobs insecure and undermine trade unions and collective bargaining. We have also seen the demise of the Tripartite structure that is the cornerstone of good industrial relations. This is so because Government has not allocated personnel to ensure its effective running. Decisions can never be taken as those that represent Government lack the mandate to do so. There is effectively no collective bargaining in the public sector and limited in Government statutory bodies. Agreements reached over decades are not honored and unilateral impositions of new terms and conditions are the norm. Terminations without cause are the norm and redress take years. Industrial relations has been criminalized through the Public Order (Amendment) Decree 2012. **We submit that the budget allocates funds to work with the social partners and revive the Employment Relations Advisory Board (ERAB), addressing the reasons for its demise earlier.** The ERAB must become the vehicle to improve industrial relations by respecting the role of each social partner, and creating a harmonious climate of consultation, respect for core labour standards, and ensure that we abide by the principles of decent work.

14. Workers' rights- Vaccination

The current drive to vaccinate every adult is supported by FTUC. We see good sense in workers being vaccinated to avoid workers contracting the virus and closure of workplaces. We however recognize that no worker should and can be forced to take the vaccine. We believe that workers who refuse to take the vaccine should be allowed to discuss the matter with a health professional to make an informed decision. **Where workers still refuse to take the vaccine then the employer and the union must enter into discussions to mitigate as to how these workers can continue employment and not be forced out of employment.** Government must make available health personnel to assist in this process. We call upon Government to allocate funds to disseminate information to educate the general population on the importance of getting vaccinated, and to address the misinformation that is circulating. This can be made possible by working closely with the social partners and NGOs.

We submit the above for your consideration with the hope that these will be taken seriously and included as part of your budget. This is not our wish list but serious concerns, some long-standing, that need to be acted upon to get our country back to normal. We would be happy to discuss any matter that may need further elaboration.

Sincerely,



Felix Anthony
National Secretary

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