



## FIJI TRADES UNION CONGRSS

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### Press Release: Poverty in Fiji

The FTUC responds to the Attorney General who relies on outdated Household Income and Expenditure Study 2013-2014 to justify that the poverty rate in the country has declined today. This is absolutely false. We are aware that these numbers are massaged down to make Government look good. We in the Trade Union movement are in daily touch with workers and understand best what the real situation is on the ground.

The reality is that from 2007 to 2018 majority of workers in poverty have only received minimal adjustments. Collective bargaining in all industries was totally absent and therefore even cost of living adjustments were not made with a very few exceptions. More recently, we have only seen bonuses given to a few groups of workers. During the same period, Wages Council Orders have been adjusted only twice and more recently once with minimal adjustments. The last adjustments was made unilaterally by Government with some benefits been reduced such as public holiday pay. A National Minimum Wage was set up in 2014 at \$2.00 an hour which increased to \$2.32 an hour in 2015 and \$2.68 an hour in 2017. The argument that Minimum Wage is for unskilled workers is untenable. Every worker in Fiji deserves a decent wage irrespective of skills. This is a human rights issue.

Real wage has declined substantially within this period and in some cases up to 40%. In FSC for instance since 2007 to 2016, real wage declined by about 35% after a 10% wage adjustment was made in two parts over few years. But so has employment in the industry. From a high of 3500 employees to now about 1800 employees. Seasonal workers who comprise of almost half the workforce, who used to work 8 or 9 months a year now only work 4 to 5 months a year. The fact is that real wage has declined substantially over the past years. In 2016, the Ministry of poverty stated that the poverty line stood at \$202.00 a week. That works out to about \$4.60 an hour on a 44 hour week. Majority of workers in Fiji earn nowhere near that figure. That figure has now in 2018 has increased with the cost of living. This is why the FTUC in 2016 launched a campaign to increase the National Minimum Wage to \$4.00 an hour with annual adjustments to ensure that the National Minimum Wage becomes the Living wage above the poverty line. This gives time for Employer to adjust.

Workers are more and more getting into debt and relying on withdrawals from FNPF, credit unions and money lenders in cases of emergency, housing and education. We have also witnessed an increase in squatter settlements in the fringes of towns and cities. Noodles have become the staple food for many in Fiji. These figures that show decline in poverty simply does not match with the reality.

Pensioners are worse off with the reduction in FNPF pensions. One has to wonder why more than 75% of members of FNPF have savings less than \$10,000 and an additional 21% have less than \$50,000 and only 4% have savings above \$50,000. This tells a sad story about choices workers have on retirement where the current pension scheme is not an option for 96% of members of FNPF. This Government actually encourages workers to withdraw their retirement savings in case of natural disasters abdicating its own responsibility to assist the needy.

The AG talks about VAT being reduced from 15% to 9% but forgets to tell people that all basic food items that were previously zero rated are now subject to 9% VAT. This impacts the poorest most who earn well below the poverty line but pay 9% on all basic food items. This 9% also affects pensioners and even those unemployed or underemployed. So, the claim that workers earning less than \$30,000 pay no tax is a lie. Everyone pays at least 9% tax on what they spend and the burden is heavier on the lowest paid as they spend 100% of their earning every week and in many cases much more through borrowings. The decrease of VAT from 15% to 9% was not matched with the decrease in price of other goods. Prices remained stagnant or increased due to increased import duty. One good example has been Rewa Milk. Despite zero import duty of dairy products for Rewa Dairy, price of milk increased. Imported milk which is heavily taxed is still cheaper in some cases.

There has been much said about free transportation, food vouchers, education and other freebies. There is currently no credible data as to the impact of these freebies and the numbers that actually benefit from them. We still have parents who are unable to afford uniforms, footwear, children turn up to school without lunch, free transport not available to all and giveaways like \$1000 closer to elections, which are totally unaccountable. No one in Government has any idea how many small businesses' have actually started up and what impact it has had to reduce poverty, if any. Other services that are provided, apply to only a small number of people like the elderly and the disabled and are again very minimal. We in Fiji today do not have a well thought out policy on social safety net for our people that give dignity to those most disadvantaged. These are just ad-hoc political programs and give no dignity to people nor does it help reduce poverty. They are simply short-term vote buying strategies and propaganda.

It is also claimed that the income inequality gap is closing. People in Fiji can see that the rich are getting richer while the poor are getting poorer. Wages have not kept up with the increase in the cost of living. These studies are simply an academic exercise and there is an obvious disconnect with reality. We note that the study referred to is also outdated and for the period 2008 to 2013, a period of economic stagnation after the coup. We are now in 2018 and the gap simply has got wider. This is mainly because the coup and of this Government's Minimum Wage policy which condemns workers to extreme poverty. Employment has become more insecure because of the imposition of individual contracts. Our young people are being exploited under the National Employment Scheme (NEC) at \$60 a week with no other benefits. Permanent workers are being replaced by attaches from NEC mainly in the wholesale and retail and garment sectors. We count each of them as new employment while we do not count the permanent jobs that have been lost as a result. We do not take into account under employment and casualization of work, which is becoming a worrisome issue.

It is time to deal with reality and not rely on outdated statistics. We commend the Catholic Church for raising these issues and bringing them to the fore and encourage all other religious organizations to do the same. This is all about social justice. This is about uplifting the lives of those that are most disadvantaged in our society. These are real issues that affect all workers and their families. It is time that workers to think long and hard and decide what is best for them and their family when choosing the next Government.

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