

## Wages Councils and Just Wages in Fiji

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Fiji has a system of wages councils through which minimum wages in various sectors are determined. At present there are 9 wages councils. These are in:

- ?? Wholesale & Retail Trade
- ?? Building & Civil & Electrical Engineering Trade
- ?? Printing Trade
- ?? Sawmilling & Logging Trade
- ?? Mining & Quarrying Trades
- ?? Hotel & Catering Trades
- ?? Garment Trade
- ?? Road Transport Trade
- ?? Manufacturing Trade

In December 2002, the Labour Advisory Board, the body responsible for policy advice to the Minister for Labour on labour matters, prepared a paper called 'Status Report - Wages Councils' (LAB Paper No. 12/2002). The document provided the minimum wages and other working conditions in the 9 wages councils. The information is very disturbing since the minimum wages established are totally inadequate to maintain a reasonable living standard in Fiji. The wages provided are also morally unjust. Appendix I shows the details of the wages and the working conditions in the 9 Councils.

The 1997 Government/UNDP Fiji Poverty Report showed that according to statistics collected in the 1990-91 Housing Income and Expenditure Survey:

- ?? 25% of the population of Fiji was in poverty because they lived below the poverty line and were unable to meet their basic needs;
- ?? another 25% of the population was surviving just above the poverty line; however any unforeseen circumstance (loss of a job, death of a breadwinner, natural disaster)

- would send them into poverty;
- ?? a high percentage (83%) of those in poverty were actually employed yet they were poor because the wages they received were so low;
- ?? consequently while the creation of more employment is very important, even more important is the wages being paid for that employment. Wages must bring people above the poverty line.

Fiji is described by the 1997 Fiji Poverty Report as a nation with 'deep inequalities'. While the top 10% of households received 35% of all income, the bottom 10% received only 1.8% of all income earned. These averages hide the fact that, within these poorest and richest households there are huge differences in income so that a handful are extremely rich while others are living in destitution. For example, the top 1% of households received 53% of all business income while the top 10% received almost all business income. However, the urban poor suffer from unemployment or derive low incomes from casual employment, self-employment in the informal sector, or low-paid wage employment.

A subsequent study (based on the 1996 census statistics) showed that 46.8% of those who were in full-time employment earned wages below the poverty line and hence could be termed 'the working poor'. Of these 67.9% were women and 32.1% were men.

In other words, if we are really concerned about addressing poverty in Fiji, wages become a key issue. While employment is obviously most important, the wages paid for that employment is critical if workers are to stay out of poverty.

Adjusting the poverty line provided for 1990-91 would mean that the urban poverty line for 2002 (according to a conservative estimate) would be around \$128-\$132 a week for a family with 2-3 children. Against this background the Wages Council Orders provided in the Labour Advisory Board Paper 12/2002 are absolutely appalling and totally inadequate.

The Fiji Report to the ILO on Convention 26 provides some information on the 'nature and form of the minimum wages fixing machinery' being adopted in Fiji. But I find no substantial information about the criteria used to establish a minimum wage. This is where the information provided in the Fiji Poverty Report (1997) is of vital importance. If a just minimum wage is to be established, one of the important criteria must be the current poverty line for the country. The poverty line should be a guideline for basic wages. Any wage below this line are inadequate for a family to meet its basic needs. Some people even say that the method

commonly used to establish a poverty line is too frugal and harsh. Nevertheless, it does provide some more or less objective basic guideline.

The Universal Declaration of Human Rights (Article 23 no.3) says very clearly:

Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

The following number (Article 23, No. 4) adds: 'Everyone has the right to form and join trade unions for the protection of his interests'.

Unfortunately some factories and businesses in Fiji will not employ workers who join a union. Hence their workers often have no one to protect their right to a just wage. Moreover the employers of these factories and businesses are in breach of the above stated universal right of workers.

The provision of a just wage is a moral issue that must be faced seriously by employers and by governments. Some years ago, in his letter *On Work* (1981), Pope John Paul II stated that work is at the very center of the social question and the key problem of social ethics is that of the just remuneration for work done. He stated:

The justice of a socio-economic system deserves in the final analysis to be evaluated by the way in which a person's work is properly remunerated in the system.... Just remuneration for the work of an adult who is responsible for a family means remuneration which will suffice for establishing and properly maintaining a family and for providing security for its future.

Today we hear a lot about productivity. We all want to see greater productivity in order to see greater economic growth in Fiji. However, according to long-standing principles of justice, productivity is not the basic criterion on which just wages are to be established. The basic criterion is provided by the poverty line. This sets a safety-net level for a national minimum or basic wage. Productivity should provide an added incentive for a higher wage after a just wage has been established. (And, of course, a person's level of education/training and/or experience will be an additional variable in the establishment of a just wage for various occupational groups.)

Ordinary people do not have investments and other assets. They have only their labour to offer and if a just wage is not paid for that labour then we can expect a growth in poverty (together

with a sense of frustration and an increase in the crime rate). While it is true that all poor people are not criminals, it cannot be denied that poverty provides a fertile ground for the development of crime. And because currently low wages (as well as unemployment) is a major reason why we have so much poverty in Fiji, we can conclude that low wages is a major contributor to the growth in crime.

Many people in Fiji today are being forced to accept low wages because it is either that or nothing. But a fair wage is not whatever wages the worker is persuaded to accept. A just living wage means that a head of a household (male or female), if employed full-time, should be able to earn a wage that will enable them to support the family in their ordinary basic requirements (food, clothing, housing, education and health costs). It should also provide some security for the future.

Work is not to be treated simply as a thing to be bought and sold at a price conditioned by supply and demand. Nor is it just some impersonal factor needed for production. The men and women who work are not simply impersonal instruments of production. They are people with rights and needs and dignity that needs to be respected.

Business is a highly respected component of any nation. It is the engine for economic growth and employment opportunities. The owners of business need to make a profit. This is the acceptable basis for the capitalist system. However, if profits are excessive or are made through the exploitation of workers then that is unjust and morally wrong. Often business managers say that they are unable to pay better wages and plead 'inability to pay'. Yet, at the end of the year, those same businesses are able to declare big profits for their shareholders. This is a very strange anomaly. In fact it is adding deceit to injustice. If anyone is operating a business they must be able to foot the bill for all costs – the cost of renting premises, the cost of the machines and the raw materials they use, as well as the cost of the transportation they require. If they can't, then they are put out of business. Yet, when it comes to footing the bill for the cost of their worker's labour they plead 'inability to pay' and get away with it.

For government to attract overseas and local investors with the guarantee of low wages is a betrayal of the workers of this country. The excuse given is that wages must be 'competitive' on the international market. To some extent this is true but not if it means investors are allowed to pay wages below the poverty line. If Government were to allow this to happen then it would be selling out its workers to investor capital or, in other words, making economic slaves of its own people. On the contrary, Government

should protect its workers and guarantee that a just wage, or a wage above the poverty line, will be negotiated on their behalf.

Unfortunately there is a fanatical fundamentalism behind the extreme form of capitalism running rampant in our world today. It seeks to produce ever more money for those with the most money with no limits or regulations. Everything (including workers' pay) is subjugated to corporate profit. Individual greed and unlimited profit has been allowed to re-enter the business world and governments bow to the powerful lobbies of big corporations and business elite. In such a climate the demand for social justice and social responsibility must be made by governments as well as Non-Government Organizations. In an economic system which thrives on excessive profits, greed and the exploitation of labour, justice demands that government must protect its workers by setting limits which provide that they are not exploited, wages are just and profits are not excessive. Moreover in such a climate it is unreasonable for government or employers to suggest that workers' demands for just wages and proper working conditions will destabilise the country or that these will provide disincentives or investors.

More than ever there is a need for strong trade unions in Fiji to fight for the rights of workers and counteract powerful corporate interests who have the ear of government. There is also a need for women's groups to enter the fray and fight for justice in the workplace. It is women who, more than men, face exploitation, low wages and poverty. As noted above, of the 46.8% of the 'working poor', 67.9% are women. Consequently we often speak of the 'feminization of poverty'. Fair-minded employers can also be a strong asset in the fight for just wages.

The issue of wages is a critical issue for the nation. Wages give access to goods (food, clothing and housing etc.) and services (healthcare, education etc.) which are the material components of our quality of life. Wages also enable people to perform their customary obligations in the extended family, to the church and to the vanua. If just wages (above the poverty line) are paid, then there will be less poverty, less desperation, less crime, and less cost to government in terms of police, courts, prisons and social welfare. There will be less need for security personnel and expensive surveillance technology. On the positive side, people will be able to live with more dignity and a greater sense of security – to afford better housing, better food, better education and better health care for their families. In fact, more money in their pockets will mean not only the ability to obtain essential needs and meet customary obligations, but it also creates the possibility to improve the quality of their life. This will also produce a healthier and more

satisfied workforce which in turn will improve productivity. Consequently they will boost the economy and create further employment opportunities.

It should be acknowledged that the establishment of a just basic wage cannot be achieved overnight. It may take two to four years. But if, bit by bit, the Wages Councils give notice of projected incremental six-monthly increases, it will give hope to the workers and their unions and provide time for employers to make the necessary adjustments.

Today globalization and its consequences are often given as an excuse for the injustices and inequalities experienced in the workplace. However, in connection with current world inequalities, Kofi Annan, the UN General Secretary, stated:

If globalization is to succeed, it must succeed for poor and rich alike. It must deliver rights no less than riches. It must provide social justice and equity no less than economic prosperity and enhanced communication.

These are words of wisdom which decision makers in Fiji ought to pay heed to.

**Appendix: Status Report – Wages Councils**

**1.0 PURPOSE**

1.1 This is a status report on Wages Councils in 2002.

**2.0 STATUS REPORT**

2.1 The Draft Order and Notice of Intention to Make a Wages Council Order to cover security services and their employers were published in the Gazette on 18<sup>th</sup> October 2002. The Act allows an objection period of 30 days from the date of publication to allow interested parties to submit objections to the Minister for consideration.

2.2 The following Wages Councils have concluded their decisions and the new orders are in force:

?? W/R (Wholesale & Retail Trades) Order 2001 effective from 17<sup>th</sup> December 2001.

?? W/R (Building & Civil & Electrical Engineering Trades) Order 2001 effective from 21<sup>st</sup> January 2002.

?? W/R (Printing Trades) Order 2001 effective from 21<sup>st</sup> January 2002.

?? W/R (Sawmilling & Logging Trades) Order 2002 effective from 6<sup>th</sup> May 2002.

?? W/R (Mining & Quarrying Trades) Order 2002 effective from 27<sup>th</sup> May 2002.

?? W/R (Hotel & Catering Trades) Order 2002 effective from 13<sup>th</sup> May 2002.

?? W/R (Garment Trades) Order 2002 effective from 21<sup>st</sup> October 2002.

?? W/R (Road Transport Trades) Order  
The Councils decision will publish a new order on 8<sup>th</sup> November 2002.

?? W/R (Manufacturing Trades) Order  
It is hoped that the council will conclude its decision by November 2002.

2.3 The Ministry is considering the establishment of Wages Council to cover local fishermen who are paid through the sale of fish by catch.

Towards that end the Ministry is conducting the necessary survey and consultations.

**3.0 RECOMMENDATION**

- 3.1 The Board is invited to note and endorse the development of the Wages Councils for the year 2002.

	<b>Printing</b>	<b>Wholesale &amp; Retail</b>	<b>Hotel &amp; Catering</b>	<b>Garment Industry</b>	<b>Sawmilling &amp; Logging</b>	<b>Road Transport</b>	<b>Building &amp; Civil &amp; EET</b>	<b>Manufacturing</b>	<b>Mining &amp; Quarrying</b>
Hrs of Work	9 hrs x 5 days.45 hrs	9 hrs x 5 days 45 hrs	8 hrs x 6 days 48 hrs	9 hrs x 5 days 45 hrs	45 hrs/ 6 days	8 hrs x 5 days 48 hrs	9 hrs x 5 days 48 hrs	8 hrs x 6 days 48 hrs	8 hrs x 6 days 48 hrs
Paid Public Holiday	All Public holidays	All Public holidays	All Public holidays	All Public holidays	All Public holidays	All Public holidays	All Public holidays	All Public holidays	
Rates	Below 18- \$1.50 Over 18- \$1.70	Shop Asst. \$1.88 Cashier \$1.92 Other Workers 1.8	Gen. Worker \$1.64 Waiter \$1.47 Cook \$1.54 Barman \$1.57	\$1.05 learners \$1.26 others	Gen. Worker tradesman as per schedule	Gen. Worker \$1.69 Heavy PSV \$2.16 Light PSV \$1.81	Gen T/Man \$1.92 Operator \$1.99 U/skill worker \$1.64	\$1.65 hr	Operators \$1.90 Miner \$2.50 Machinist \$1.85 T/Man \$2.10 Skill Workers \$1.85
Overtime	1 <sup>st</sup> 4 hrs T ½ in excess of 9 hrs	1 <sup>st</sup> 4 hrs T ½ in excess of 9 hrs	1 <sup>st</sup> 4 hrs T ½ Dble time in excess of 8 hrs	1 <sup>st</sup> 4 hrs T ½ D/T	1 <sup>st</sup> 3 hrs in excess of n/time T ½	1 <sup>st</sup> 4 hrs T 1/2	T ½ in excess of 45 hrs	1 <sup>st</sup> 4 hrs T ½	1 <sup>st</sup> 4 hrs T ½
Sick Leave	6 days with M/Cert.	6 days with M/Cert.	6 days with M/Cert.	5 days with M/Cert.	6 days with M/Cert.	6 days with M/Cert.	6 days with M/Cert.	10 days with M/Cert.	10 days with M/Cert.
Annual Leave	10 days	10 days	10 days	10 days	10 days	10 days	10 days	10 days	10 days
Meal Allowance	-	\$3.00 after 2 hours O/Time	-	\$3.00 in excess of 3 hrs O/Time	\$3.50 in excess of 2 hrs	\$3.00 in excess of 4 hrs	\$3.00 in excess of 2 hrs	\$3.00 in excess of 2 hrs	\$3.50 in excess of 3 hrs
	<b>Printing</b>	<b>Wholesale &amp; Retail</b>	<b>Hotel &amp; Catering</b>	<b>Garment Industry</b>	<b>Sawmilling &amp; Logging</b>	<b>Road Transport</b>	<b>Building &amp; Civil &amp; EET</b>	<b>Manufacturing</b>	<b>Mining &amp; Quarrying</b>

Subsistence	-	\$10. Accom. \$15. Without accom.	-	-	\$12.00	\$5.00 with quarters \$7.75 no quarters	\$6.50 quar- ters \$5.10 no quarters	-	Quarters /Meal & Transport provided
Watchmans Hrs	-	8 hrs for 6 days 48 hrs	-	-	-	-	-	-	-
Night Shift Allowance	-	-	9 cents per hour	-	-	-	-	8 cents per hrs 10 pm-6 am	
Tool Allow- ance	-	-	-	-	-	-	-	-	\$70.00 p.a w/man uses own tool
Height Al- lowance	-	-	-	-	-	-	-	-	24 cents per hr above 10 meters 14 cents per hr underground

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