

# FIJI

## CREATING QUALITY JOBS

### EMPLOYMENT DIAGNOSTIC STUDY



International  
Labour  
Organization

ADB



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Co-publication of the Asian Development Bank and International Labour Organization



**ADB**



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# FOREWORD

The economy of Fiji has witnessed a turnaround, exhibiting growth in 5 consecutive years since 2010 after a period of slowdown and political instability, which adversely affected confidence in the economy. Successful completion of elections in September 2014 and ongoing economic reforms have boosted investor and consumer confidence, which will continue to support the growth momentum. When the government considers broader and deeper reforms needed to attract further private investment and accelerate growth, it is imperative to ensure that this growth is inclusive—a key channel to doing so is productive and decent job opportunities.

The primary challenge in Fiji is finding productive and well-paying jobs. Headline unemployment rates in Fiji have been stable and low. But Fiji's labor market is characterized by a still-high informal employment, extensive subsistence activities, high underemployment rate, and large number of working poor. A parallel study by the Asian Development Bank (ADB), *Fiji: Building Inclusive Institutions for Sustained Growth*, on the development constraints facing the country identifies the lack of productive employment as a key constraint. This study examines in more detail this development constraint, and identifies opportunities for increasing productive employment.

Regional and gender disparities are significant. More than half of employment is in the informal sector, leaving the workers without income security and social protection, and vulnerable to shocks. Informal employment is much higher in rural areas at 78.3% than in urban areas at 38.6%. Average annual earnings of workers in rural areas were also less than half of workers in urban areas, contributing to significantly higher poverty rates in rural areas. Nearly twice as many men are employed than women, while most female workers are in informal employment and engage in subsistence activities. Women with jobs earn much less than men.

A high rate of youth inactivity, i.e. those neither in education nor employed, is another area of concern. Although younger workers are better educated than their older counterparts, they are considered as having limited relevant job skills and experience needed by business.

The report highlights the need to coordinate economic and employment policies among relevant ministries and stakeholders, encourage and facilitate small and medium-sized enterprise development, expand income generation opportunities for subsistence and informal workers in Fiji, strengthen the quality and relevance of education and technical and vocational education and training (TVET), promote greater coordination between institutions and industry sectors to keep curriculum aligned to industry needs, and strengthen labor market policies and institutions.

In December 2012, the President of ADB and the Director-General of the International Labour Organization (ILO) pledged to strengthen the partnership between the two institutions to create decent work and address poverty, vulnerability, and informal employment in the Asia and Pacific region. Exemplifying this spirit, the publication is a joint undertaking of the two organizations.

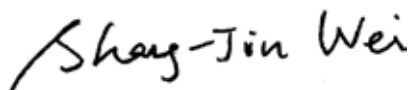
Preparing the study was a team from ADB's Economic Research and Regional Cooperation Department, under the supervision and guidance of Cyn-Young Park, director, Economic Analysis and Operational Support Division, in collaboration with an ILO team under the supervision and guidance of Maurizio Bussi, director of the Decent Work Technical Support Team for East, South-East Asia and the Pacific. The study team consisted of Sakiko Tanaka and Utsav Kumar from ADB with the assistance of Lilibeth Poot, Kee-Beom Kim from the ILO, and experts including Dean Hyslop, Bernard Banks, and Isimeli Tagicakiverata.

From ADB, Sunhwa Lee, Andrew Parker, Emma Veve, Caroline Currie, Robert Jauncey, and Laisiasa Tora provided useful inputs and valuable comments in its finalization. From the ILO, Anne Boyd, Jajoon Coue, Sophia Kagan, David Lamotte, Malte Luebker, and Satoshi Sasaki contributed to the study. Research assistance was provided by Jasmin Sibal and Regina Salve Baroma. The report was edited by Eric Van Zant and proofreading was done by Tuesday Soriano. Michael Cortes did the layout, cover design, and typesetting. Ricasol Cruz-Calaluan provided excellent administrative and secretarial support.

Consultation with relevant stakeholders provided key inputs into the study. This feedback was important to the formulation of employment policies and reform programs aimed at sustaining inclusive economic growth through enhanced labor productivity. The framework and approach and study findings were discussed with representatives from agencies of the government, academic and research institutions, the private sector, and development partners.

Additional and invaluable support to the study team was provided by staff at ADB's Pacific Subregional Office in Suva, Fiji led by Robert Jauncey, regional director, and the ILO Country Office for Pacific Island Countries, until recently led by David Lamotte. Leba Sovea of ADB's Pacific Subregional Office and Surkafa Katafono of the ILO's Country Office facilitated the conduct of the study.

The study teams would like to thank the Government of Fiji for its support. In particular, we are grateful for the excellent collaboration received from the Ministry of Finance; Ministry of Employment, Productivity and Industrial Relations; Ministry of Education; academic and research institutions; and development partners in Fiji.



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# ABBREVIATIONS

ADB	Asian Development Bank
APTC	Australia–Pacific Technical College
ERP	Employment Relations Promulgation
EUS	employment and unemployment survey
FBOS	Fiji Bureau of Statistics
FHEC	Fiji Higher Education Commission
FNPF	Fiji National Provident Fund
FNU	Fiji National University
GDP	gross domestic product
IAC	industry advisory committee
ILO	International Labour Organization
MDG	Millennium Development Goal
NEC	National Employment Centre
NTPC	National Training and Productivity Centre
PATVET	Pacific Association of Technical and Vocational Education and Training
SMEs	small and medium-sized enterprises
TVET	technical and vocational education and training
USP	University of the South Pacific

# HIGHLIGHTS

## BACKGROUND

In Fiji, overall unemployment is relatively low, but finding decent jobs remains a primary challenge. More than half of the workforce is in informal employment, without income security or social protection. Major issues facing Fiji's labor market are still-high informal employment, extensive subsistence activities, underemployment, and working poor.

The Government of Fiji's *Roadmap for Democracy and Sustainable Socio-Economic Development 2010–2014* lays out medium-term strategies to achieve “A Better Fiji for All.” These include (i) strengthening good and just governance, (ii) raising economic growth, and (iii) improving sociocultural development. The government has also adopted the National Strategic Human Resources Plan 2011–2015 to unleash the full potential of human resources and talents available in the country by pursuing three policy goals: (i) minimizing imbalances in the labor market, (ii) improving the functioning of the labor market, and (iii) improving the productivity of Fiji's workforce.

To support these goals, this joint study of the Asian Development Bank (ADB) and the International Labour Organization (ILO) aims to (i) gain a deeper understanding of the context, constraints, and opportunities for increasing productive employment, and (ii) inform the policy design that will promote productive employment and decent work.

## ECONOMIC CONTEXT AND LABOR MARKET IN FIJI

*Low economic investment:* Fiji has historically struggled with low and volatile economic growth, which has not helped its labor market. Investment in the economy has also remained low, limiting new business and job opportunities.

*Rural–urban gap:* The rural labor market faces particularly tough challenges. The share of informal employment in rural areas in 2010/11 was, at 78.3%, almost double the 38.6% of urban areas. The disparity in educational attainment between urban and rural workers is also high, with 24% and 8% of the working-age population in urban and rural areas, respectively, having post-secondary education. The earnings of rural workers are also less than half those of urban. Not surprisingly, rural poverty rates are also significantly higher.

*Gender gap:* Men accounted for almost two-thirds of the labor force in 2010/11. Labor force participation rate for men is also high at 81% compared with that of women at 47%. Women have participated more in recent years, but most of them went into informal employment and subsistence activities to supplement household livelihoods amid economic hardship. Their earnings, as a result, remain significantly lower than men's. The untapped productive potential of women is significant.

*Youth unemployment and the skills gap:* In 2010/11, the unemployment rate for youth (aged 15–24) was 15% compared with 4% for people aged 25–44. The share of the youth population who is neither educated nor employed was 17.7%. Although younger workers are better educated than their older counterparts, they are considered as having limited relevant job skills and the experience needed by business.

*Skills mismatch:* Educational and training systems need to be better aligned with labor market needs. To improve the skills matching, the government has sought to strengthen both the quantity and quality of education, including (i) making education free up to Year 13, (ii) providing scholarships, (iii) instituting national achievement examinations, (iv) mainstreaming technical and vocational education and training (TVET) in secondary schools, (v) establishing technical colleges, (vi) raising funding for the Fiji National University, and (vii) undertaking “job matching.”

*Limits on freedom of association:* Some labor market provisions are relatively better than other Pacific Island countries, but continued efforts are required to address the limitations on freedom of association. These include comprehensive antidiscrimination labor provisions, a national minimum wage, and tripartite wage councils that make binding recommendations for minimum wages and terms and conditions for particular industries.

## **POLICY RECOMMENDATIONS**

*Establish an interministerial task force to formulate and monitor a national employment policy under the Board of the Fiji National Employment Centre.* A national employment policy would identify actions to move toward full and productive employment and decent work for all, a Sustainable Development Goal. In addition to formulating the policy, the task force can serve as a high-level monitoring body that meets regularly to monitor the implementation of the national employment policy and discuss labor market issues, promoting policy coordination and coherence among line ministries.

*Facilitate small and medium-sized enterprise (SME) development.* This could include identifying ways to (i) streamline business regulations and start-up procedures, (ii) improve SME access to finance, and (iii) provide SMEs with entrepreneurial skills training and business mentoring.

*Help the country develop a proactive response to the European Union sugar regime reforms.* Agriculture accounts for a majority of jobs and for the livelihood of many more. Sugarcane is the key agricultural output. With changing landscape in the key export market—the European Union—for sugar, improved farm productivity is needed to make sugar exports globally competitive. This requires addressing longstanding issues over the leasing of customary land for agricultural cultivation and regulations and procedures for leasing land to protect the interests of lessors and lessees. This must be undertaken alongside best agricultural practices that optimize production.

*Establish a TVET council.* The country needs to ensure that the expansion of TVET is coordinated and monitored for compliance with the Fiji Qualifications Framework. A TVET council can be established to regularly consult stakeholders and industry advisors to keep institutions updated on changing technology and systems, undertake industry skills-gap analysis to make training relevant to industry needs, and regularly monitor and evaluate training programs across institutions and industry sectors to ensure industry needs and labor demand are met.

*Strengthen the involvement of employers in education and training programs.* Agencies involved in education, training, and skills development are working in relative isolation of each other. This calls for (i) consolidating and coordinating policies and activities, (ii) holding dialogue between employers and education and training institutions to keep school curricula aligned to industry needs, (iii) rigorously evaluating courses, and (iv) identifying ways to strengthen apprenticeship and workplace attachment schemes.

*Implement the Tripartite Agreement signed in March 2015.* Apart from strengthening the application of freedom of association in its labor laws and practices, the Tripartite Agreement can foster a sound climate for industrial relations.

*Develop a comprehensive labor market information system, including a consolidated database on labor market information.* This would consolidate the sources of labor market information—labor force surveys, establishment surveys, censuses, administrative data, industry output data, and vacancy and placement data from the National Employment Centre. The consolidated database, housed in the center, would make labor market information more accessible to government agencies, employers, students, teachers, career advisors, community leaders, and parents.



# 1. OVERVIEW

Growing optimism and greater political stability propelled the Fiji economy to 4.6% growth in 2013 and an estimated 4.5% in 2014, up from 1.4% per year from 1996 to 2009. Not surprisingly, the government is seeking to ensure that these economic gains translate into better labor market outcomes, including lower unemployment and underemployment, and less reliance on subsistence activities, and fewer working poor.

This report, a joint undertaking by the Asian Development Bank (ADB) and the International Labour Organization (ILO), supports this effort.<sup>1</sup> It does this by promoting a deeper understanding of the context, constraints, and opportunities for increasing productive employment in the country and informing the design of evidence-based policies that will promote productive employment and decent work. In addition, this collaboration between ADB and the ILO will continue to expand, beyond this report, to support the government through future technical assistance.

The upsurge in business sentiment, investment, and growth in recent years is likely to have helped the Fiji labor market. But just how or how much, without recent labor market information, cannot be quantified. Furthermore, the challenges just mentioned, in addition to gender disparities and youth inactivity, are long-standing in Fiji and throughout the region. The analysis and recommendations therefore—while based on

historical data for 2004–2010, a period of economic downturn—resonate even today.

## 1.1 Background and Structure of Study

ADB recently concluded a country diagnostic study for Fiji (ADB 2015), in parallel with this report. It combined diagnostic approaches developed by Hausmann, Rodrik, and Velasco (2005) and ADB (2007b) to identify the critical constraints to inclusive growth, highlighting a lack of productive employment as one constraint in this area (ADB 2015).

The report explores the factors behind the Fiji labor market challenges more in-depth. It does this by broadly following the ILO's Employment Diagnostic Analysis: A Methodological Guide, which seeks to understand context-specific constraints, challenges, and opportunities for increasing productive employment, and thus to sharpen the focus of policies and strategies in that area (ILO 2012a).

A wide range of consultations with the relevant stakeholders for the report, a key component of both diagnostic approaches, identified constraints and challenges to enrich and validate its findings. Such consultations were particularly important given the lack of recent labor market information and relatively limited studies on the country's

<sup>1</sup> At the request of the Strategic Planning, National Development, and Statistics Division of the Ministry of Finance and the Ministry of Employment, Productivity, and Industrial Relations.

labor market. In addition to qualitative data, the report draws from a variety of quantitative sources, including population censuses from 1966 to 2007, Employment and Unemployment Survey (EUS) data for 2004/05 and 2010/11, and other sources.

The study begins with a comprehensive analysis of the Fiji labor market (Chapter 2), which distinguishes among the following four important aspects of productive employment characteristics:

- (i) the stock of human capital, which can be thought of as the potential stock of labor associated with the working-age population (aged 15 and over);
- (ii) the active labor force, which represents the total labor supply available for work at a point in time;
- (iii) the nature and distribution of employment in the economy, which reflects the interaction between the supply of labor by workers on one hand and the demand for labor by firms and employers on the other; and
- (iv) the economic value associated with such employment, which will depend on the nature and characteristics of employment.

Chapter 3 reviews the education and technical and vocational education and training (TVET) system and programs, access and quality to higher education and TVET, and the school-to-work-transition interface and matching of skills. In particular, it analyzes the continuum from school to work and the “disconnections” that occur because of factors related to government policy, training institutions, industry dynamics, gender equity, and individual circumstances. Disconnect in the continuum can mean that the skills gained at training institutions are not those demanded in the job market.

Chapter 4 examines the state of labor market policies, regulations, and institutions. A crucial factor for a country’s development is its ability to generate and support sufficient good quality jobs. Creating these, in turn, requires a well-designed and functioning labor market. Important features

of the labor market include its industrial relations system, appropriate standards and conditions of employment, a collective bargaining framework (which experience has shown tends to raise working conditions generally), and cohesive interfaces with social protection mechanisms and vocational training.

## 1.2 Fiji’s Socioeconomic Context

Fiji is one of the largest populous Pacific island countries, ranking second to Papua New Guinea in population, and third to Papua New Guinea and Solomon Islands in land area (Table 1.1). It serves as a gateway to the South Pacific as well as a regional transport hub. It has a comparatively low age-dependency ratio among countries in the region, with 28.9% of the population under 15 years old (compared with 40.2% in Solomon Islands) and 5.4% aged 65 years and above.

The country is also relatively urbanized (more than half of its people live in cities), its population is highly literate (98.7% in 2007), and life expectancy is almost 70 years. And it is an upper-middle-income economy (per capita income of about \$4,600), ranking it as one of the more developed countries in the Pacific, with social development indicators that are ahead of most countries in the region (ADB 2015). In the 1970s and early 1980s, Fiji was considered a role model of development for other Pacific island countries (ADB 2012).

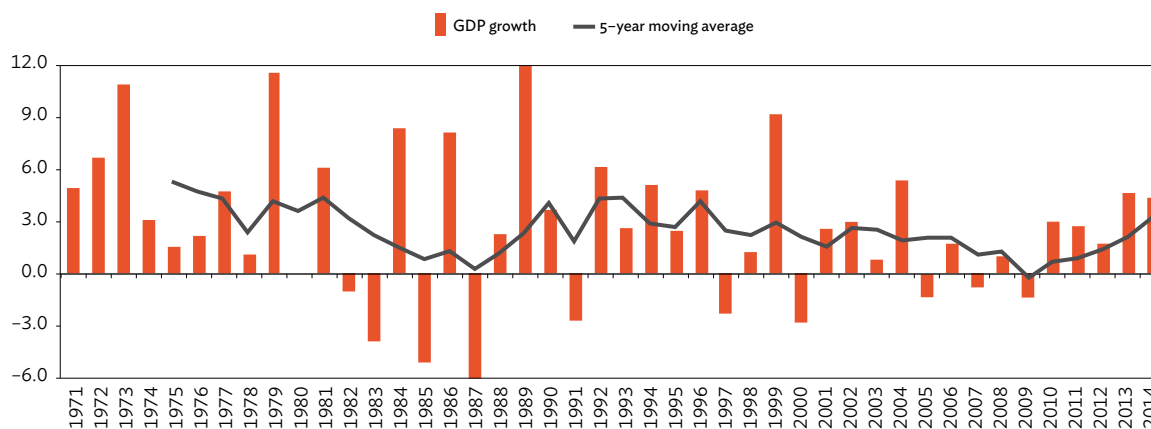
The country’s economic growth turned around in 2010, with average annual growth of 3.3% during 2010–2014, from just 0.8% in the 2000s, making the period since 2010 one of the strongest spells of sustained growth since independence (Figure 1.1). Investment rate also picked up during 2010–2014. Growth since independence in 1970 has averaged just 2.7% a year, largely because of low investment, particularly private investment. The latter recovered to 19.7% of gross domestic product (GDP) in 2014, after declining to an all-time low of 3.6% of GDP in 2010 (Figure 1.2).



The Fiji labor market suffered during the economic downturn in the second half of the 2000s. While unemployment held at 4.7% between 2004/05 and 2010/11, there have been other negative adjustments in the labor market: the share of wage and salaried employment in total employment declined from

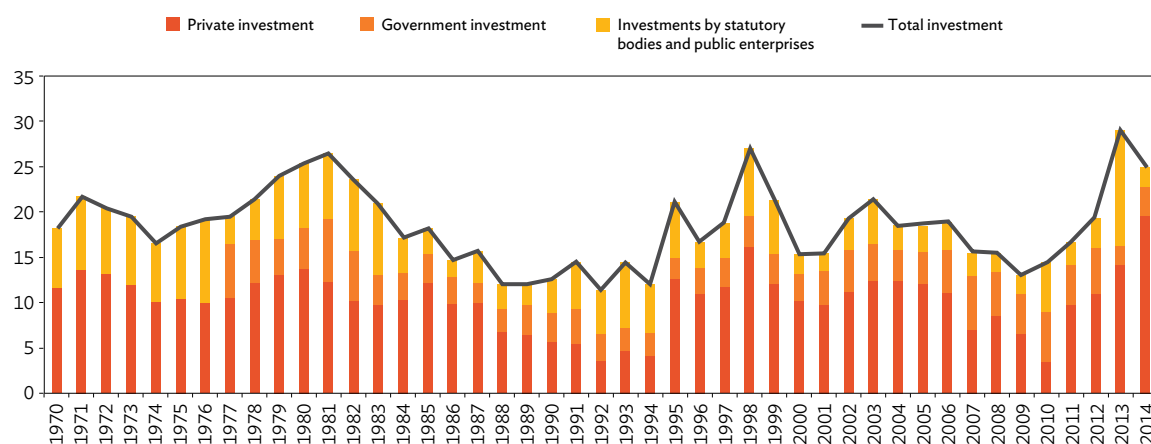
59.2% in 2004/05 to 53.1% in 2010/11, while the share of unpaid workers increased from 15.8% to 24.0%. While formal unemployment is low, underemployment, informal sector employment, and engagement in subsistence activities are pervasive. Measured at the \$1.25-a-day poverty line (2005 purchasing power

**Figure 1.1: Gross Domestic Product Growth, 1971–2014 (%)**



GDP = gross domestic product.  
 Note: GDP series is at 2008 prices.  
 Sources: Estimates for 1971–1979 are based on data from the United Nations Statistics Division, National Accounts Main Aggregates Database. <http://unstats.un.org/unsd/snaama/Introduction.asp> (accessed March 2015); and for 1980–2014 from the Reserve Bank of Fiji.

**Figure 1.2: Investment Rate, 1970–2014 (% of GDP)**



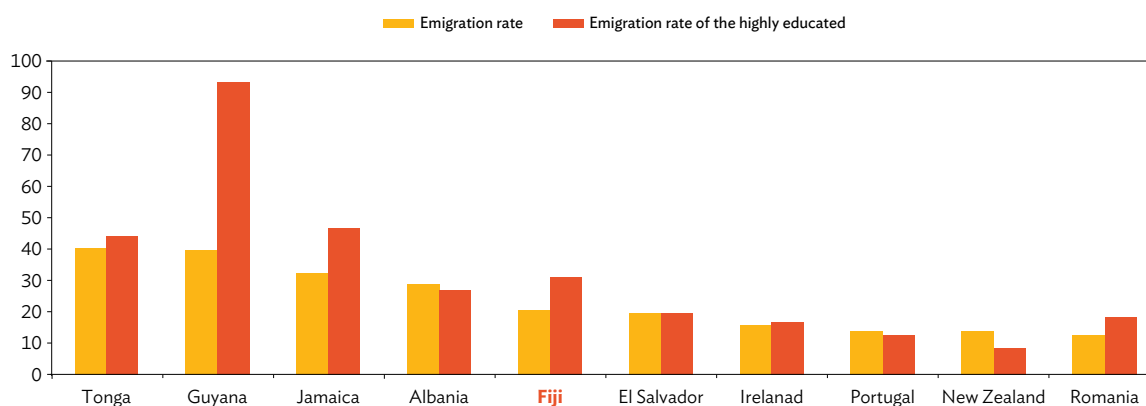
GDP = gross domestic product.  
 Note: For 1970–1976, data do not distinguish between government investment and investment by statutory bodies and public enterprises; the aggregate of the two is therefore shown.  
 Source: Estimates based on data from the Reserve Bank of Fiji.

parity), poverty incidence was 6% in 2008/09. Basic-needs poverty, as measured by the national poverty line, remains high—with nearly one-third of people living below that line.

Emigration is an important factor affecting Fiji's demographic profile and economic performance. This is driven partly by simple labor market supply and demand factors, where higher wages and

better job opportunities are sought and available in developed countries than at home. Dumont and Lemaitre (2005) report that over 60% of Fijians with post-secondary education migrated by 2004, with Indo-Fijians making up 90% of the migrants. In 2010/11, at 20.5% of the total population, Fiji's emigration rate to the Organisation for Economic Co-operation and Development (OECD) countries was the fifth highest out of 67 countries (Figure 1.3).

**Figure 1.3: Overall Emigration Rates to Organisation for Economic Co-operation and Development Countries, 2010/11 (%)**



OECD = Organisation for Economic Co-operation and Development.  
 Source: OECD and United Nations-Department of Economic and Social Affairs. 2013. World Migration in Figures. <http://www.oecd.org/els/mig/World-Migration-in-Figures.pdf> (accessed September 2015).

**Table 1.1: Key Demographic Indicators in Pacific Island Countries, 2013**

	Total Land Area	Total Population <sup>a</sup>	Population Growth <sup>a</sup>	Population Density <sup>a</sup>	Rural Population			
	(km <sup>2</sup> )	('000)	(%)	(persons per km <sup>2</sup> )	Age < 15	Age 15-64	Age 65+	
	2013	2013	2013	2013	(%)	(%)	(%)	
<b>Fiji</b>	<b>18,333</b>	<b>859,200</b>	<b>0.8</b>	<b>47</b>	<b>47.0</b>	<b>28.9</b>	<b>65.7</b>	<b>5.4</b>
Kiribati	8,101	108,800	2.2	134	55.9	31.9	64.0	4.1
Marshall Islands	181	54,200	0.4	299	27.8	39.9	58.0	2.1
Micronesia, Federated States of	701	103,000	0.3	147	77.7	35.1	60.8	4.1
Palau	444	17,800	(1.9)	40	14.2	24.1	70.2	5.7
Papua New Guinea	462,840	7,398,500	2.3	16	87.0	38.0	59.1	2.9
Samoa	2,934	187,400	0.8	64	80.6	37.7	57.1	5.1
Solomon Islands	28,000	610,800	2.8	22	78.6	40.2	56.5	3.4
Tonga	749	103,300	0.2	138	76.4	37.2	56.9	5.9
Vanuatu	12,281	264,700	2.5	22	74.5	37.1	59.0	3.9

(-) = negative, km<sup>2</sup> = square kilometer.

<sup>a</sup> Refers to/based on midyear population based on country projections.

Sources: Secretariat of the Pacific Community, Prism. 2013 Pocket Statistical Summary; World Bank. World Development Indicators. <http://data.worldbank.org/data-catalog/world-development-indicators> (accessed November 2014).

It had the seventh highest emigration rate of the highly qualified (OECD and UN-DESA 2013).<sup>2</sup>

Since the adoption of the Millennium Development Goals, the country has made notable progress on several fronts, including universal primary education, child mortality, maternal health, HIV/AIDS, malaria and other diseases, and environmental sustainability (Table 1.2). On the other hand, progress on eradicating extreme poverty and hunger has been limited, except for halving the proportion of people suffering from hunger, with the country unlikely to meet the targets by 2015 on halving the proportion of people living below the national poverty line and achieving full and productive employment and decent work for all, including for women and young people.

The government's *Roadmap for Democracy and Sustainable Socio-Economic Development 2010–2014* recognizes the development challenges facing the country and identifies a medium-term strategic focus on strengthening good and just governance, raising economic growth, and improving sociocultural development. Strategic priorities under good governance include the formulation of a new constitution; electoral reforms; strengthening law and justice; ensuring effective, enlightened, and accountable leadership; enhancing public sector efficiency, effectiveness and service delivery; and developing an integrated development structure at the divisional level (the country has four divisions).

Under economic development, strategic priorities include maintaining macroeconomic stability, export promotion, import substitution, raising investment levels, making more land available for productive and social purposes, and enhancing global integration and international relations. Social development strategic priorities include reducing poverty to a negligible level, making the country knowledge-based, improving health service delivery, developing a common national identity, and building social cohesion (MOSPNDS 2010).

The National Strategic Human Resources Plan 2011–2015 also recognizes the vital role that human resources development plays in economic growth and improving living standards. The plan addresses (i) minimizing imbalances in the labor market, (ii) improving the functioning of the labor market, and (iii) improving the productivity of the workforce.

As Fiji moves forward in these areas and prepares for a new development plan and a successor to the National Strategic Human Resources Plan, it is imperative to take stock of developments in the labor market and identify policy reforms to promote full and productive employment and decent work for all.

### 1.3 Summary of Findings

**The level and pattern of economic growth in the past decade has not helped job creation or reduced the numbers of working poor.** Economic growth is a necessary, but insufficient condition for promoting productive employment and poverty reduction. And Fiji has faced both low and volatile levels of growth, as noted earlier, and a pattern of growth that has not translated into better labor market outcomes.

In addition to low levels of investment in the economy, which is particularly critical for job creation, output growth in agriculture and industry has been limited in the past decade, and the share of agriculture in total GDP has declined only modestly, with a corresponding modest rise in services. The share of industry has remained more or less the same during the last 2 decades (Figure 2.2). Importantly, the vast bulk of economic growth in the past decades is explained by rising labor force participation over the years, that is, a bigger workforce. There has been little labor productivity growth (Table 2.17).

**As a result, employment and labor market challenges remain acute and productive**

<sup>2</sup> Figure 1.3 shows the top 10 countries with the highest overall emigration rates to the OECD countries. Top 10 countries with the highest emigration rates of the highly qualified are Guyana (92.7%), Haiti (73.9%), Jamaica (46.3%), Tonga (44.1%), Zimbabwe (43.6%), Mauritius (41%), Fiji (31.3%), Albania (26.7%), El Salvador (19.6%), and Cuba (10.2%).

Table 1.2: Fiji Millennium Development Goals Report Card, 2012

MDG Target	Target for 2015	Status: Will Target Be Met?	State of Supportive Environment	Progress
<b>MDG 1: Eradicate extreme poverty and hunger</b>				
1.A	Halve the proportion of people living below the national poverty line	Unlikely	Fair	Mixed
1.B	Achieve full and productive employment and decent work for all, including women and young people	Unlikely	Fair	Off track
1.C	Halve the proportion of people suffering from hunger	Potentially	Strong	On track
<b>MDG 2: Achieve universal primary education</b>				
2.A	All children will complete a full course of primary education	Likely	Strong	On track
<b>MDG 3: Promote gender equality and empower women</b>				
3.A	Eliminate gender disparity in education	Likely	Strong	Mixed
3.B	Share of women in wage employment formal sector	Unlikely	Fair	Mixed
3.C	Proportion of seats held by women in Parliament	Unlikely	Weak	Mixed
<b>MDG 4: Reduce child mortality</b>				
4.A	Reduce child mortality by two-thirds	Likely	Strong	On track
<b>MDG 5: Improve maternal health</b>				
5.A	Reduce maternal mortality by 75%	Likely	Strong	On track
5.B	Achieve universal access to reproductive health services	Inadequate data	Weak but improving	On track
<b>MDG 6: Combat HIV/AIDS, malaria, and other diseases</b>				
6.A	Halt and begin to reverse the spread of HIV/AIDS	Unlikely	Strong	Off track
6.B	Achieve universal access to treatment for HIV/AIDS for all who need it	Potentially	Weak but improving	On track
6.C	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Likely for tuberculosis	Fair	On track
<b>MDG 7: Ensure environmental sustainability</b>				
7.A	Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources	Potentially	Strong	On track
7.B	Reduce biodiversity loss	Potentially	Fair	On track
7.C	Halve the proportion of population without sustainable access to improved drinking water and sanitation	Potentially	Strong	On track
7.D	Achieve significant improvement in the lives of urban slum dwellers	Unlikely	Fair	Mixed
<b>MDG 8: Develop a global partnership for development</b>				
8.A	Develop further open, rule-based, predictable, nondiscriminatory trading and financial system	Potentially	Fair	Not assessed
8.C	Address the special needs of small island developing states	Potentially	Fair	Not assessed
8.D	Deal comprehensively with the debt problems of developing countries	Potentially	Fair	Not assessed
8.E	Provide access to affordable essential drugs	Potentially	Strong	Not assessed
8.F	In cooperation with the private sector, make available the benefits of new technology	Potentially	Fair	Not assessed

MDG = Millennium Development Goal.

Sources: Ministry of Strategic Planning, National Development and Statistics. 2013. Fiji National Report: On Progress in Implementation of the Mauritius Strategy for Further Implementation of the Barbados Programme of Action. June. <http://www.sids2014.org/content/documents/218Fiji%20report.pdf>; Pacific Islands Forum Secretariat. 2013. 2013 Pacific Regional MDGs Tracking Report. Suva. [http://www.forumsec.org/resources/uploads/attachments/documents/2013\\_Pac\\_Regional\\_MDGs\\_Tracking\\_Report\\_FINAL.pdf](http://www.forumsec.org/resources/uploads/attachments/documents/2013_Pac_Regional_MDGs_Tracking_Report_FINAL.pdf)

**potential is not being fully utilized** (Chapter 2). Labor market challenges manifest themselves less in the rates of unemployment, than in informal employment, engagement in subsistence activities, underemployment, and more working poor. Fiji faces a substantial qualitative employment challenge.

In 2010/11, Fiji's population aged 15 and over (working-age population) totaled just below 600,000 (Table 1.3). Around 64.4% of this population (or around 386,000) participated in the labor market (81.5% for men and 46.6% for women). Among labor force participants, 95.3% were employed while 4.7% were unemployed. Among the employed, almost 60.0% were in informal employment, defined as employed persons not making contributions to the Fiji National Provident Fund, leaving the majority of workers without income security for old age or to deal with shocks.

Another measure of the quality of employment is income derived from the job. In this regard, some 24.0% of the employed in 2010/11 received no money income, that is, they were engaged in subsistence activities. This makes this group of workers particularly vulnerable to the risks associated with agriculture, and limits their opportunities to invest in developing skills and building assets (ILO 2008).

Another 26.1% of the employed were engaged in both paid work and subsistence activities, leaving only half of the employed engaged in only paid work. Nonetheless, such paid work is often not sufficient for workers to lift themselves and their families above the poverty line. Of the poor, 46.2% were wage workers and 44.1% were self-employed (ADB 2015).

**Another key finding of the report is that the rural labor market faces particular challenges.**

The share of the employed in rural areas who engaged in subsistence activities only was 31.2% in 2010/11, compared with 12.1% in urban areas. Informal employment in rural areas was 78.7%, more than double the informal unemployment, 38.8%, in urban areas. And only 8.0% of the rural, working-age population had attained post-secondary

**Table 1.3: Selected Key Labor Market Indicators**

	2004/05	2010/11
Working-age population (aged 15+, '000)	577	599
Labor force ('000)	334	386
Employment ('000)	318	368
Unemployment ('000)	16	18
Labor force participation rate (%)	57.9	64.5
Female	36.1	46.6
Male	79.2	81.5
Employment-to-population ratio	55.3	61.4
Female	33.9	44.2
Male	76.0	77.8
Unemployment rate	4.7	4.7
Female	6.0	5.1
Male	4.1	4.5
Informal employment as share of total employment	58.2	60.0
Female	57.2	64.7
Male	58.7	57.4

Sources: ADB and International Labour Organization estimates based on Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

education, compared with 24.0% in urban areas. Rural residents earned less than half that of workers in urban areas (annual average). Because of the high rates of subsistence work and informal employment in rural areas, labor force participation rates are high (69.6%). Not surprisingly, poverty rates are significantly higher in rural areas (43.3%) than in urban areas (18.6%).

Agriculture in the rural economy, meanwhile, played a critical role in labor market adjustments during the economic hardship years between 2004/05 and 2010/11. In 2004/05, around 65.0% of all employed in Fiji had only paid work and did not have subsistence work, but this share fell to 49.9% in 2010/11 (Table 2.8). The decline was largely confined to agriculture, where the incidence of only paid work fell by half, from 29.4% in 2004/05 to 14.2% in 2010/11. Average annual earnings, in turn, fell almost a third in rural areas in the same period, while average annual earnings in urban areas fell by less than 6%.

**The labor market also shows significant gender disparities.** Men dominated the labor force, at almost two-thirds of it in 2010/11. A gender gap of 34.9 percentage points in labor force participation rates suggests significant opportunity to engage more women and harness their untapped potential.

The unemployment rate for women, at 5.1% in 2010/11, was also higher than that for men (4.5%), and, as in rural areas, women have borne a disproportionate share of negative labor market adjustments. The labor force participation rate for women increased by 10 percentage points between 2004/05 and 2010/11 (compared with only 2.3 percentage points for men), but most women entered the labor force in informal employment and subsistence activities, likely to supplement household livelihoods in the face of economic hardship. In 2004/05, 57.2% of women were in informal employment, lower than the incidence of informal employment for men (58.7%). In 2010/11, however, the likelihood of women being in informal employment increased significantly to 64.7%, while the rate fell slightly for men to 57.4%.

The share of subsistence activities in total employment for women also increased sharply, from 20.5% to 34.6%. Furthermore, annual average earnings for women between the same periods fell by 22.8%, compared with 13.7% for men.

**Young women and men face a difficult time in the labor market.** Unemployment rates for youth, aged 15–24, in 2010/11 was 15.0%, almost 4 times higher than people aged 25–44, and almost 14 times higher than the 45–64 group. Young women, in particular, have trouble finding jobs, with an unemployment rate of 19.5% compared with 12.9% for young men. A sizeable number of young women and men are also not in education. In 2010/11, the share of people aged 15–24 who were neither employed nor educated was 17.6%, a decline from 18.6% in 2004/05. But this share is three times higher for young women (27.5%) than men (8.8%), primarily because women are responsible for more household duties.

**Nonetheless, young people have benefited from improved access to education.** The share of 15–24

year olds with secondary education, at 30.1%, and post-secondary education, at 13.6% (as they are still young to finish postgraduate), is higher than the 22.2% and 23.3% for 25–44 year olds, and 7.9% and 10.5% for 45–64 year olds. Such developments are important, as there is a substantial earnings premium associated with higher educational attainments. Controlling for socio-demographic variables, industry and occupations, this report finds that the earnings premium associated with secondary schooling is 14%, while that of post-secondary education is 50%.

And future labor force entrants are preparing themselves for the world of work. The primary net enrollment rate in 2012 exceeded 96%, and almost all children remained in school until the end of the last grade of primary school, with a “survival rate” of 96.5%, up from 91.0% in 2008 (Table 1.4). Furthermore, 94.3% made the transition to secondary school, and the secondary net enrollment rate in 2012 was 83.0%.

Among students in secondary education, however, few pursue pathways into TVET, with less than

**Table 1.4: Key Education Indicators, 2004 and 2012 (%)**

	2004	2012
Net enrollment rate, primary	96.7	96.6
Survival rate to the last grade of primary	91.0	96.5
Female	88.3	98.1
Male	93.4	95.0
Transition from primary to secondary	96.3	94.3
Female	97.1	97.3
Male	95.5	91.4
Net enrollment rate, secondary	83.4	83.0
Female	87.1	87.5
Male	79.9	78.7
Technical and vocational enrollment as share of secondary enrollment	8.3	3.8
Female	4.6	1.4
Male	12.1	6.5

Note: Data on the survival rate to the last grade of primary and transition from primary to secondary are for 2008 and 2011 (rather than 2004 and 2012). Source: UNESCO Institute for Statistics Data Centre. <http://www.uis.unesco.org/datacentre/pages/default.aspx> (accessed May 2015).

3.8% of students at the secondary level enrolled in technical and/or vocational programs in 2012. The percentage for girls is particularly low at 1.4%, compared with 6.5% for boys. And the share for both girls and boys fell by half from 2004 to 2012. Given skills shortages in technical areas identified by the government and the private sector, these low TVET enrollments are a concern. Recognizing that, the government in 2014 started a vocational education track at the secondary level (in the form of technical colleges), and the share of students choosing that pathway is expected to increase.

**Government investments in the education and TVET system declined** (Chapter 3). The share of total government expenditure allocated to education, which includes TVET and higher education, declined from 17.9% to 21.4% before 2008 to 16.7% in 2008 and to 14.1% in 2013 (Figure 3.5). Of total government expenditure allocated to education in 2011, 13.0% was spent for the tertiary level and 26.3% for post-secondary non-tertiary (TVET) (Figure 3.6). The government in 2014 began to provide free education up to Year 13, free text books, and scholarships for tertiary education. A new initiative in 2014 established technical colleges around the country to cater to technically inclined students or underperforming students at Year 10. This option provides a choice to continue with mainstream academia or join a Technical College and choose a TVET trade up to the Certificate II level. The government also increased funding for Fiji National University (FNU), a government-owned institution and the largest TVET provider in the South Pacific, to F\$38.6 million in 2015, from F\$28.0 million in 2012.

**Progress has been made in fostering a more inclusive education and training system.** As reflected in high enrollment rates, children from diverse backgrounds, locations, abilities, disabilities, and gender have access to education. In recent years the government has taken several steps to improve access to education. These include introduction of the free bus fare scheme that provides free school transport for children from low-income

households and introduction of free primary and secondary education. To further support access, the government has consolidated and scaled up a number of scholarship schemes. In 2014, it established the Tertiary Scholarship and Loans Board to replace all government-funded scholarship schemes such as the Public Service Commission Scholarship, Fijian Affairs Board Scholarship, and the Multi-Ethnic Scholarship.

Some evidence also suggests that traditional pathways are changing, and young girls and women are slowly enrolling more in previously male-dominated training programs such as engineering, architecture, plumbing, carpentry, and joinery. But gender gaps remain: of 421 students graduating from 23 FNU TVET programs in 2012, only 2 in 10 were women (Table 3.7). People with disabilities are also participating in TVET, but are restricted and limited due to a lack of resources and specialized trainers.

**Public policy is also seeking to improve the quality of education.** The quality of education, as assessed by tests of cognitive skills, can be significantly more important for individual earnings, distribution of income, and economic growth than mere school attainment (Hanushek and Wößmann 2007). Children at the primary level complete a Fiji Literacy and Numeracy Assessments in Years 4, 6, and 8. To raise the quality of education, the government reintroduced the external examinations in 2015 in both primary and secondary schools. Students in Years 6, 8, and 10 will once again be sitting the Fiji Intermediate Examination, Fiji Eight Year Examination, and Fiji Junior Examination, respectively. The numbers of highly qualified teachers in the country's school system has also improved, in both academic and vocational streams.

**Nonetheless, employer surveys and consultations with industry representatives suggest a critical need to strengthen the quality of basic education and to better align education and training systems to meet labor market demand.** FNU consultations in 2013 with industry representatives from the construction, mechanical,



electrical, and automotive industries indicate that employers identify gaps in core skills such as communication, work attitude, self-discipline, and technology. Gaps in job-related technical skills were also identified in specific industries such as a lack of qualified tillers, building painters, joiners, and carpenters in the construction industry.

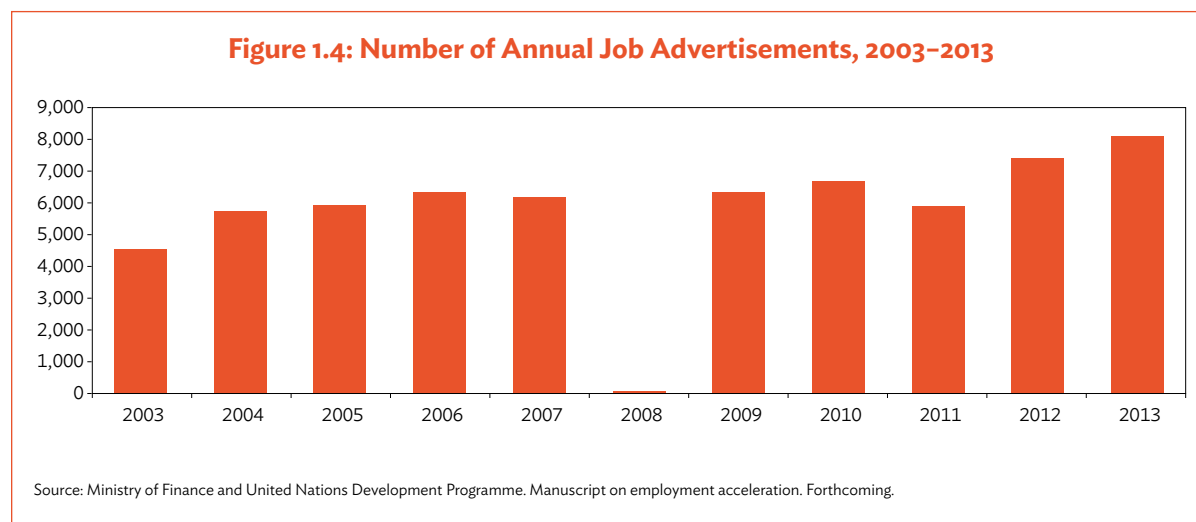
A separate training needs assessment survey of 78 government ministries and employers conducted by the National Training and Productivity Centre in the same year identified gaps in the same basic skills, in cognitive skills such as the ability to work independently without supervision, job-related skills such as risk assessment and management in finance, and knowledge on topics such as occupational safety and health regulations. Underscoring the skills gaps, a large number of vacancies exist, and have been increasing in recent years (Figure 1.4).

**Students’ career aspirations also do not match available jobs in the labor market.** Consultations and a survey of secondary students conducted as part of this report confirm an earlier study by Nilan et al. (2006) that the career aspirations of secondary school students in Fiji remain geared predominantly toward white collar jobs such as teaching, medicine, accountancy, banking, economics, and management. Aspirations in trades and technical

fields were limited, with only 16% of respondents indicating such interest.

On the other hand, consultations with stakeholders indicate a skills shortage in trades and technical fields, including plumbing and electricity, and that foreign workers were filling many of these shortages. The consultations and survey also reveal a declining preference for TVET careers in Fiji, with TVET frequently a last resort. As noted, the government is investing more in the TVET system to make it more attractive to students. At the secondary school level, the acronym TVET has been changed to Technology Employment Skills Training (TEST) to alter people’s perception of vocational education.

**Labor market policies and institutions can play an important role in bridging skills gaps and mismatches.** The establishment of the National Employment Centre (NEC) in Fiji in 2009 is an important initiative in this regard. The National Employment Centre Decree 2009 seeks to “provide a reformative legislative framework which enables the provision of quality employment services to the unemployed and also the creation of decent and environmentally sustainable employment to promote productivity, welfare, and prosperity of all Fiji’s people.” The NEC offers the following 4 broad services:





- (i) formal employment—life skills and employment skills training and work attachment for absorption into formal local employment;
- (ii) foreign employment service—promotion and facilitation of overseas employment opportunities;
- (iii) self-employment service—entrepreneurial skills training and creation of small businesses locally through seed funding and technical support service; and
- (iv) Fiji volunteer service—creating placement for the unemployed and retirees into volunteer assignments locally and overseas.

Key challenges facing the NEC include insufficient staff, insufficient budget to meet high training costs, and insufficient interest from employers.

**Well-designed labor market regulations play a key role in promoting efficiency and equity in the labor market, but limitations on freedom of association in Fiji are a serious concern.** In particular, ILO supervisory bodies have noted that the Essential National Industries Decree No. 25 of 2011 and its implementation regulations give rise to serious violations of the principles of freedom of association and collective bargaining. These principles are enshrined in ILO Convention Nos. 87 (Freedom of Association and Protection of the Right to Organize) and 98 (Right to Organize and Collective Bargaining), both of which the country has ratified (ILO 2012b). In 2013, a complaint concerning Fiji's nonobservance of Convention No. 87 was made by several delegates to the International Labour Conference under Article 26 of the ILO Constitution. Under this article, a Commission of Inquiry can be appointed to consider the complaint, and the ILO Governing Body has deferred the decision to consider the establishment of such a commission until November 2015 in light of the Tripartite Agreement signed by the government, the Fiji Trades Union Congress, and the Fiji Commerce and Employers' Federation, in March 2015.

**The Tripartite Agreement provides a good basis to strengthen the application of freedom**

**of association and other international labor standards in the laws and practices.** The agreement provides that the Employment Relations Promulgation forms the primary basis for labor management relations in the country, that the review of labor laws conducted under the Employment Relations Advisory Board mechanism will ensure compliance with ILO core conventions, and that further issues and recommendation for review should be negotiated through the mechanism. Based on the agreement, the Employment Relations (Amendment) Bill 2015, which repeals the Essential National Industries Decree, has been passed by Parliament in July 2015.

**Other labor market institutions in Fiji are relatively well developed in comparison with other Pacific island countries** (Chapter 4). The country has comprehensive antidiscrimination provisions, a national minimum wage (which was raised to F\$2.32 effective from July 2015) and a system of tripartite wage councils. The latter can make binding recommendations for minimum wages and terms and conditions for promulgation as orders for industries where collective bargaining has not developed.

The government also passed the amendments to the Workmen's Compensation Act in July 2015. The amendments increase the possible compensation claims from F\$24,000 to F\$67,000. The amendments also outline details about how an employee ought to be compensated based on the type and scale of injury to specific body parts.

**Nonetheless, the country's high share of informal employment and subsistence activities limits the reach of labor market policies and institutions.** Many workers and enterprises operate in the informal economy, either operating outside the formal reach of the law or not covered in practice. The latter means that although they operate within the formal reach of the law, the law is not applied or enforced, or that it discourages compliance because it is inappropriate, burdensome, or imposes excessive costs (ILO 2014).

## 1.4 Policy Implications

### **Coordinating economic and employment policies**

**Formulate an integrated national employment policy.** The level and pattern of economic growth in the past decade have not been conducive to job creation and reductions in working poor, and point to the need for an integrated national employment policy. Furthermore, the share of the working-age population has increased rapidly in the past 4 decades, and new labor force participants need productive and decent jobs.

The expiration of the National Strategic Human Resources Plan 2011–2015 at the end of 2015 creates an opportunity to develop a successor plan. With employment outcomes the result of other policies, including macroeconomic, sector, and trade policies, an integrated employment policy addressing supply- and demand-side interventions, and facilitating the matching of demand and supply, would provide a framework for interventions in this area. Furthermore, the policy could provide the strategic policy direction to achieving the Sustainable Development Goal No. 8 to “Promote inclusive and sustainable economic growth, employment and decent work for all.”<sup>3</sup>

**Establish an interministerial task force under the auspices of the National Employment Centre to formulate a national employment policy.** Policy coordination and coherence between line ministries is critical for inclusive growth and productive employment, and an interministerial coordination mechanism can play an important role in this regard. The task force could be established under the auspices of the Board of the Fiji National Employment Centre, which itself is already interministerial. Aside from formulating the national employment policy, the task force can become a high-level monitoring panel that meets regularly

to discuss labor market issues and monitor the implementation of the proposed employment policy. The board is chaired by the permanent secretary of the Ministry of Employment, Productivity and Industrial Relations. Government representatives include the permanent secretaries of the ministries of finance, education, social welfare, agriculture, and youth and sports other government ministries, representatives of employers, workers, youth, vocational training institutions and civil society. The board also includes four divisional commissioners.<sup>4</sup>

**Continue efforts to boost private investment in the economy.** As noted, investment as a share of GDP has risen recently as confidence in the economy has returned. An ADB growth diagnostic study identifies weaknesses in the regulatory system for starting and running a business as a constraint on private investment (ADB 2015).

It identifies the need to create a business- and investment-friendly environment by addressing the following concerns: cumbersome procedures for starting a new business, weak tax administration, lengthy judicial processes and onerous contract enforcement procedures, price controls, difficulties in accessing land and in obtaining site development approvals, and deficiencies in the legal and policy framework for facilitating private participation in activities currently dominated by state-owned enterprises. It identifies a number of policy implications in this regard:

- **Simplify business start-up procedures.** Expedite the launch of the internet portal for online investment approval based on current procedures and bring the investment approval process in line with international best practice.<sup>5</sup> An integrated online system for company registration can be introduced. An online application system will allow consolidated application, covering all registration

<sup>3</sup> The United Nations General Assembly officially adopted its development agenda beyond 2015 in September 2015, including the Sustainable Development Goals, replacing the Millennium Development Goals.

<sup>4</sup> The full list of the Board Members of the Fiji National Employment Centre is available at <http://www.nec.gov.fj/images/necboard.pdf>

<sup>5</sup> A single-window clearance was launched on 9 July 2015. It allows online approvals from “tier one” agencies—the Fiji Revenue and Customs Authority, Reserve Bank of Fiji, Investment Fiji, and Office of the Registrar of Companies.

requirements, minimizing time-consuming, in-person visits to several agencies. The business license regime should be reviewed to bring it in line with best practice, particularly the issuance of the general business license. The issuance of licenses could be restricted to managing limited resources and safeguarding public interest rather than to raising revenues or ensuring compliance with other regulatory requirements. Complete the review of the Companies Act and update and modernize it.<sup>6</sup>

- **Reduce the administrative burden of filing taxes.** Business-friendly tax procedures will encourage voluntary and correct tax compliance and discourage firms from remaining in the informal sector; more firms can thus be brought into the tax net. Improve the predictability and transparency of the tax system by rationalizing and consolidating it and by minimizing current exemptions. Priority tax service initiatives, such as the Gold Card facility, are currently available to big taxpayers only. For small and medium-sized enterprises that cannot avail of it, paying taxes remains time-consuming. Such services could be expanded to those who have a strong record of tax compliance, irrespective of their size or their contribution to the national revenue.
- **Expedite dispute resolution and strengthen contract law enforcement.** Businesses need assurance that contract sanctity will be upheld if obligations are not met, and that dispute resolution will be transparent and swift. In this regard, strengthen and promote alternative dispute-resolution mechanisms by making their outcomes legally binding to encourage disputants to avail of the process. Establish procedures for avoiding unduly prolonged court hearings and for the expeditious and low-cost seizure of collateral. Increase the capacity of the judicial system to speedily resolve commercial cases and to clear the huge backlog of cases.

This can be achieved by appointing skilled and experienced judges and by strengthening the small-claims tribunals through better referee training. In addition, courtroom space can be expanded to allow more cases to be heard. Codify the contract law to improve its effectiveness and understanding.

- **Remove price controls.** Price controls can perversely affect producer incentives, in that they hamper the efficient allocation of scarce resources while putting an unnecessary administrative burden on both government and businesses. Ideally, all price controls are best removed. They can be replaced by targeted social transfers to mitigate the impact of the removal of the controls on the poorer and low-income sectors of society. Government could also consider putting a limit on price controls to only a few basic commodities the poor consume, particularly if safety nets are not in place. The government could consider stronger antitrust policies that prevent collusive behavior, foster genuine market competition, and promote consumer welfare.

**Foster small and medium-sized enterprise development.** Establish a coordinated multi-ministry review to examine ways to eliminate duplication and coordinate, reduce, simplify, and modernize all aspects of the central and local government regulatory environment applicable to SMEs. SMEs also need entrepreneurial skills training and business mentoring. Focus on and provide support for SMEs as entrepreneurial job creators rather than job seekers, particularly developing and encouraging youth entrepreneurship. Provide more support for start-ups, including access to venture capital and micro finance. Big firms in Fiji typically do not find it difficult to access finance, but, as elsewhere, the small and young firms do. The lack of good collateral adds to the difficulty of raising finance. Land-owning structure in the country does not allow land or land lease to be used as collateral,

<sup>6</sup> A new Companies Bill was passed and enacted on 22 May 2015.

and use of alternative collateral is made difficult by shortcomings in the legal framework governing the use of such collateral for borrowing. The review, update, and modernization of the secured transactions framework is needed to allow effective use of movable assets as collateral. A private credit bureau provides credit information on most SMEs and on 300,000 individuals on a subscription basis. Legislation will help address criticism and questions about the legality of disclosures made and avoid potential legal challenges.

### ***Expanding income-generation opportunities for subsistence and informal workers***

**Greater focus on agriculture is required.**<sup>7</sup> Agriculture's contribution to GDP has declined over the years, but as a source of jobs, it retains a central role—accounting for 45% of total employment and providing livelihoods to many more. Within agriculture, sugarcane is the single most important crop. The agriculture sector faces the particular challenge of ongoing reforms of the sugar regime in the European Union, Fiji's key export market. Trading preferences are due to expire in 2015 and the production regime will be liberalized in 2017.<sup>8</sup>

Addressing issues related to land leases, meanwhile, is critical to improving farm productivity. Security of land tenure will give sugarcane growers a strong incentive to invest in land quality and adopt best farming practices. This will also enable commercial farming, rather than small-holdings cultivation, allowing cane farmers to achieve better economies of scale through mechanization. A review of the regulations and procedures for leasing land could be undertaken in a way that protects the interests of both lessors and lessees, recognizing that Fiji's new Constitution reaffirms the customary holding of land. The review will address long-standing issues such as lease terms, setting of rents, frequency and quantum of rent review, and handling of improvements to land.<sup>9</sup> Progress on land leases will

need to be accompanied by adoption of and access to best practices in farming, as well as improvements in access to finance to enable farmers to undertake needed investments. However, the willingness to invest in land improvement and adopt best farming practices is related to the leasing terms and security of land tenure.

**Increase investment in infrastructure.** Better infrastructure is also required to help rural producers get their products to market. Such investments in infrastructure can be undertaken, where relevant, through local resource-based approaches, which optimize and combine the use of local resources. This includes labor and community and local contractors, which in addition to supporting employment, also have a multiplier effect by injecting wages and sources of new demand in rural areas.

**Support off-farm employment opportunities.** More concerted public effort to foster off-farm employment opportunities for women and men, such as in agro-processing and tourism, can help agricultural workers diversify and supplement incomes from on-farm activities and provide a stepping-stone for those seeking higher paid jobs. Supporting the growth of downstream value-added chains from agriculture to fishing, such as in agro-processing, could also play an important role in increasing labor productivity in agriculture and facilitating structural transformation. So could strengthening and improving the predictability of value chains to leverage demand from the tourism sector (such as hotels and restaurants), which currently meet their requirements by importing.

**Extend the effective coverage of social protection.** In the face of economic and natural shocks and the absence of effective social protection systems, workers in developing countries typically resort to the informal economy and subsistence agriculture, as Fiji has experienced in the past decade. In addition to providing income

<sup>7</sup> Agriculture is defined broadly here to include agriculture, fisheries, forestry, and livestock.

<sup>8</sup> For further information on Fiji's sugar industry, see Annex 1.1 of ADB (2015).

<sup>9</sup> For further information on the land tenure framework and principles for reform, see Chapter 4 of ADB (2015).

protection to individuals and households, social protection systems can act as an automatic stabilizer supporting aggregate demand.<sup>10</sup> The country needs to continue to strengthen all four guarantees of a social protection floor:

- (i) basic income security for older persons;
- (ii) access to essential health care, including maternity care;
- (iii) basic income security for children, providing access to nutrition, education, care, and any other necessary goods and services; and
- (iv) basic income security for people in active age who are unable to earn sufficient income, particularly in cases of sickness, unemployment, maternity, and disability.<sup>11</sup>

In the area of old-age security, with only 40% of the employed in the country contributing to the Fiji National Provident Fund (FNPF)—and only 5% of agricultural workers—the need is critical for income security for agriculture and informal sector workers. The self-employed and students aged 15 and over can voluntarily join the fund, but voluntary contributions remain limited (just 1%, or F\$2.3 million out of F\$375.7 million in 2014) (FNPF 2014). Allowing more flexible contributions and accounting for seasonal income fluctuations, in addition to raising general awareness of the voluntary scheme, could expand the voluntary scheme (currently, a minimum contribution of F\$7 a month is required). A government subsidy as a “kick-start” payment for those joining the scheme, as is done in New Zealand, could also be explored (ILO 2015).

### ***Strengthening the quality and relevance of education and training***

#### **Promote greater coordination among education, training, and skills development providers and between employers and the education**

**and training sector.** The agencies now involved in education, training, and skills development are working in relative isolation of each other, pointing to the need to consolidate and coordinate policies and activities across the various agencies.

More dialogue between employers and the education and training sector to align curricula to industry needs, exploring types of courses to be offered, and identifying means to strengthen the apprenticeship and workplace attachment schemes and shifting demand for specific skills are also important in strengthening the relevance of education and training. The country’s National Training and Productivity Centre holds annual industry forum discussions to assess the training needs of employers. But more regular and systematic dialogue is required between the private sector and a broader group of training providers. Stronger links between education and training institutions and workplaces play an important role in facilitating the school-to-work transition of young women and men. Careful consideration of spatial and gender issues is also required.

**Establish a technical and vocational education and training council.** The country needs to ensure that efforts to expand TVET are coordinated and monitored, in compliance and alignment with the Fiji Qualifications Framework, and financially accountable. A TVET council can undertake the following functions:

- regular consultation with stakeholders and industry advisors to ensure institutions are kept informed of changing technology and systems, and training is relevant to industry needs;
- regular monitoring and evaluation of training programs across institutions and industry sectors; and

<sup>10</sup> The social protection system in Fiji consists of the following programs: poverty benefit scheme, care and protection allowance, social insurance, food voucher program, welfare graduation programs, education and health services, bus fare and taxi concessions, low-cost housing, support to nongovernment organizations, and minimum wage laws (ADB 2015).

<sup>11</sup> In 2012, the International Labour Conference adopted Social Protection Floors Recommendation (No. 202). This provides nationally defined sets of basic social security guarantees that secure protection aimed at preventing or alleviating poverty, vulnerability, and social exclusion. For more details, see [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R202](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R202)

- regular industry training needs and skill-gaps analysis to help inform institutions and enable training programs to be more responsive to industry needs and labor demand.

**Develop a comprehensive labor market information system.** Scope to strengthen the labor market system is considerable, from the regular collection of sex-disaggregated labor force data to the use and analysis of the data. More regular collection of labor force surveys and enterprise surveys and timelier processing and release of the data collected are needed to facilitate analysis and monitoring of labor market outcomes and trends.

This requires significant investment in infrastructure for the collection and processing of statistical data.<sup>12</sup> Adequate monitoring of outcomes and trends requires at least annual survey collections, with the release of the schedules following soon after collection. More timely collection and availability of data will facilitate the analysis of projected labor supply trends and labor demand of the economy to support policy formulation, monitoring, and evaluation. Such improved information flows will also support better alignment of jobs and the education and training of graduates. It will also assist education and training institutions to more efficiently direct suitable training programs, for young women and men to more accurately identify prospective employment opportunities associated with alternative courses of study.

Given the various sources of labor market information, which can include labor force surveys, establishments surveys, censuses, administrative data, industry output data, and vacancy and placement data from the NEC, a database that consolidates all these different sources of information is needed. Such a consolidated database can be housed in the NEC to provide more accessible information to stakeholders such as (i) government for policy design, monitoring, and evaluation; (ii) employers for human resources management; and (iii) students,

teachers, career advisors, community leaders, and parents to better inform decisions about courses of study, training, and careers.

**Help smaller enterprises (Method B employers) undertake employee training.** Under Fiji's Levy and Training Grants Scheme, employers contribute 1% of their gross payroll and are entitled to claim training grants for providing training to their employees. Employers are classified under two groups, whereby Method A employers are those able to develop training plans and implement the plans—typically larger enterprises. Method B employers are those lacking staff and resources to manage the training function within the organization—mostly smaller enterprises. Most employers are Method B employers (6,500 employers compared with 57 Method A employers) (Lal 2013). Consultations for this report have pointed to very low claims from Method B employers, indicating the need to raise both awareness among the smaller enterprises on investing in upgrading employee skills and also in simplifying procedures for undertaking training and claiming training grants.

### ***Strengthening labor market policies and institutions***

**Implement the March 2015 Tripartite Agreement.** In addition to strengthening the application of freedom of association in the laws and practices of the country, the agreement can foster sound labor relations and negotiated solutions to achieve fair terms of employment, decent working conditions, and other important economic and social outcomes. While the Employment Relations (Amendment) Bill 2015 was enacted by the Parliament in July 2015, the Fiji Trades Union Congress had raised concerns about the process.

**Invest more in the National Employment Centre.** The NEC is under-resourced and understaffed, particularly in the division offices. More financial and human resources are required for the NEC to

<sup>12</sup> The government in 2015 allocated F\$3 million for the development of the labor market information system.



play an effective role envisioned in the NEC decree. Furthermore, the NEC's training curriculum needs to be discussed with employers to ensure it meets their needs and is delivered cost efficiently.

**Support more robust minimum wage setting.**

The country has a minimum wage, but the process for setting it needs to be made more robust, take into account the interest of workers and employers through social dialogue, and be based on objective evidence. Furthermore, incorporating current minimum wage arrangements into a legislative framework that provides for periodic reviews based on statutory criteria can strengthen the process.

**Strengthen the labor inspectorate.** There are serious concerns with the limitations on freedom of association, but other elements of the institutional and regulatory structure of the labor market under the employment-related provisions of the

2013 Constitution and the Employment Relations Promulgation 2007 are relatively well developed. But the structure does not ensure a well-functioning labor market system, because unless properly administered and enforced, the formal structure will have little meaning. The primary enforcement role lies with the labor inspectorate of the Ministry of Employment, Productivity and Industrial Relations, but significant resource constraints have led labor inspectors to adopt selective inspection practices and related enforcement activities. The ministry needs resources to enable the recruitment, training, and appointment of sufficient suitably qualified labor inspectors at appropriate locations, to meet current and developing needs. The introduction of a national minimum wage in 2014, and the rise in the rate in July 2015, further underscores the need to strengthen the labor inspectorate to ensure compliance.

## 2. ASSESSMENT OF THE FIJI LABOR MARKET

This chapter reviews the Fiji labor market using census data covering 1966 until 2007 and more detailed analysis derived from two later comprehensive national surveys of employment and unemployment (see Box 2.1 for a discussion of these two sources of employment data).

The first part of the employment diagnostics analysis for Fiji aims to understand the drivers and dynamics of employment and the labor market, and how these have contributed to economic growth over the past 4–5 decades. The chapter focuses on analyzing four aspects of this relationship:

- the aggregate and sectoral economic growth performance of the economy;
- trends in the demographic structure of the working-age population and the labor force;
- the quality of labor market outcomes for workers along several dimensions, including unemployment, formal versus informal employment, paid versus subsistence work, and the labor market value associated with improving skills; and
- the various contributions of the labor market to economic growth.

One useful way to understand the link between population and labor-market outcomes and economic growth is described in the following equation (ILO 2012a):

$$(2.1) \quad \frac{GDP_t}{Pop_t} = \frac{WAP_t}{Pop_t} \times \frac{LF_t}{WAP_t} \times \frac{Emp_t}{LF_t} \times \frac{GDP_t}{Emp_t},$$

where  $GDP_t$  is gross domestic product in year- $t$ ,  $Pop_t$  is total population,  $WAP_t$  is the working-age population (defined as the population aged 15 years and over),<sup>13</sup>  $LF_t$  is the size of the labor force, and  $Emp_t$  is number of employed workers.

Equation (2.1) is simply an accounting identity, which implies that the economic wealth of Fiji as measured by GDP per capita on the left-hand side of the equation, depends on each of the following four factors on the right-hand side:

- the age structure of the population—in particular, the proportion of the total that is working age, which measures the share of the population that *could be* economically active;
- the labor-force participation rate, which measures the share of the working-age population that is economically active;

<sup>13</sup> This definition of the working-age population is in line with that used by the Fiji Bureau of Statistics.



- the employment rate,<sup>14</sup> which measures the proportion of those active who are productive; and
- GDP per worker, which measures average productivity.

Furthermore, changes in GDP per capita over time must necessarily be due to changes in each of these factors.

The first three factors—the working-age population rate, the labor force participation rate, and the employment rate—each reflect labor quantity effects on GDP per capita. In contrast, the fourth factor (labor productivity) reflects labor quality effects associated with the inherent skills of workers such as their education or experience, and companies’ production processes such as capital intensity or the technology they use.

Our analysis takes in data from three separate sources. First, a combination of aggregate and sectoral output series covering 1970–2013 is used. This data allows us to describe the patterns of economic performance and productivity growth since the 1970s. Second, we use microdata from 10% random samples of each of the censuses conducted in 1966, 1976, 1986, 1996, and 2007. The census data collected socio-demographic and employment characteristics of individuals and their families. This allows us to provide long-term trends for population, demographic, and human capital characteristics. Third is microdata from the Fiji Bureau of Statistics’ two most recent employment and unemployment surveys (EUS), conducted in 2004/05 and 2010/11, which are referred to in this study as “the surveys.” These collected more detailed socio-demographic and labor market information than the censuses, and provide the basis for more extensive analysis of recent labor market outcomes.

### Box 2.1: Census and Employment and Unemployment Survey Differences

The analysis in this chapter uses micro-level data from two sources: census data from the decennial censuses conducted in 1966, 1976, 1986, 1996 and 2007; and data from the employment and unemployment surveys (EUS) conducted in 2004/05 and 2010/11.

These two sources complement each other: the census enables longer-term trends in demographic and labor market outcomes to be derived, while the EUS enables more detailed and recent analysis of outcomes.

However, there are several differences between the census and the EUS. First, the census covers the entire population while the EUS sample frame excludes those in institutions such as prisons and the armed forces. Second, the census is conducted at a point in time, typically one day in August or September, and current labor market and other activity relates to the previous week; in contrast, the EUS is conducted over several months. Thus, important seasonal effects over a year will be better handled in the EUS than the census. Third, the census collects broad information across a range of areas, whereas the EUS collects more detailed information relating to labor market activities. As a result, differences in the categorization of individuals’ activity may result across the two. For example, in the 2007 census, a person was categorized as employed if they did any work in the last week; in contrast, in the EUS, a person is classified as employed if they either (i) worked in the last 7 days; (ii) had a job but did not work in the last 7 days for reasons other than layoff; or (iii) did not have work, but were starting a job shortly. Such differences should be borne in mind when comparing results from between the census and the EUS.

Source: Authors.

<sup>14</sup> Note that the employment rate is generally defined as the proportion of the working-age population that is employed. In contrast here, it is measured as the share of the labor force that is employed.

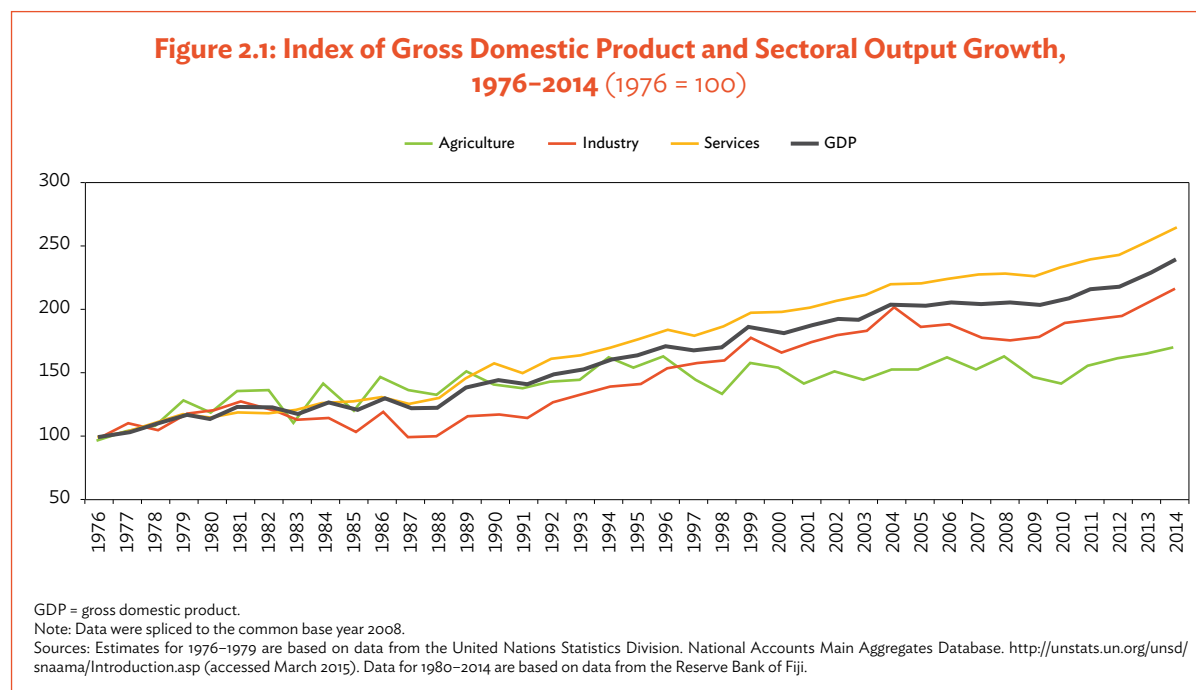
<sup>15</sup> Total growth from 1970 to 2014 was 216%, or 2.7% a year.

The study begins in Section 2.1 with a description of trends in aggregate and sectoral GDP growth over the past 4 decades. Section 2.2 discusses the long-term trends of the total and the working-age population. Section 2.3 analyzes long-term trends in the demographic structure of the labor force in more detail, as well as more recent patterns of labor market outcomes and related characteristics. These include the industrial and occupational structure of employment, the educational achievements of labor force participants, patterns of formal versus informal and paid versus subsistence employment, and the activities of young people in the transition between school and work. Section 2.4 analyzes recent patterns of income and inequality in the population, including wage and employment premiums associated with higher levels of education. Section 2.5 analyzes the aggregate and sectoral composition of economic growth, focusing on the contributions to GDP per capita growth from each of the components in equation (2.1). Section 2.6 discusses progress toward achieving productive employment targets as part of the Millennium Development Goals (MDG 1B). Section 2.7 concludes the chapter with a discussion of the main results.

## 2.1 Economic Performance

This section describes trends in economic growth in Fiji since 1976. Figure 2.1 presents the trends in real total GDP since 1976, together with growth in real sectoral output since 1976 for the three sectors of the economy: agriculture, industry, and services. To compare the relative (aggregate) growth of total GDP and that of the three sectors, each series is indexed to the base year of 1976. First, aggregate GDP increased 139% between 1976 and 2014 (or an annual average increase of 2.3%).<sup>15</sup> Annual growth was stronger in the first 2 decades (2.6% from 1976 to 1986, and 2.9% from 1987 to 1996) than later (1.2% from 1997 to 2009). Growth turned around from 2010 to 2014, averaging 3.3% a year.

Second, growth in aggregate output in the services sector was stronger than the total from 1976 to 2014 (2.6% a year on average), particularly from the mid-1980s. In contrast, growth in agricultural output was much slower (1.4% a year from 1976 to 2014), largely because of slow growth during 1994–2014 (0.3% per year). Industry sector growth was more mixed from 1976 to 2014 (averaging 2.1% a year), with no net



<sup>15</sup> Total growth from 1970 to 2014 was 216%, or 2.7% a year.

growth between 1976 and 1988, followed by strong growth until 2004 (4.4% a year on average). Growth from 2010 to 2014 was more diverse than in the past, with all economic sectors contributing.

Figure 2.2 describes the trends in the share of total output contributed by each of the three sectors from 1976 to 2014, and confirms that the services share has grown while agriculture and industry have been in relative decline. The share of services over the period increased from 61.2% to 68.1% of output, the share of industry declined during 1976 to 1990 but has been roughly stable since then, while the share of agriculture was stable until 1989 (around 16%–19%), and then declined steadily to 11.6% of output by 2014.

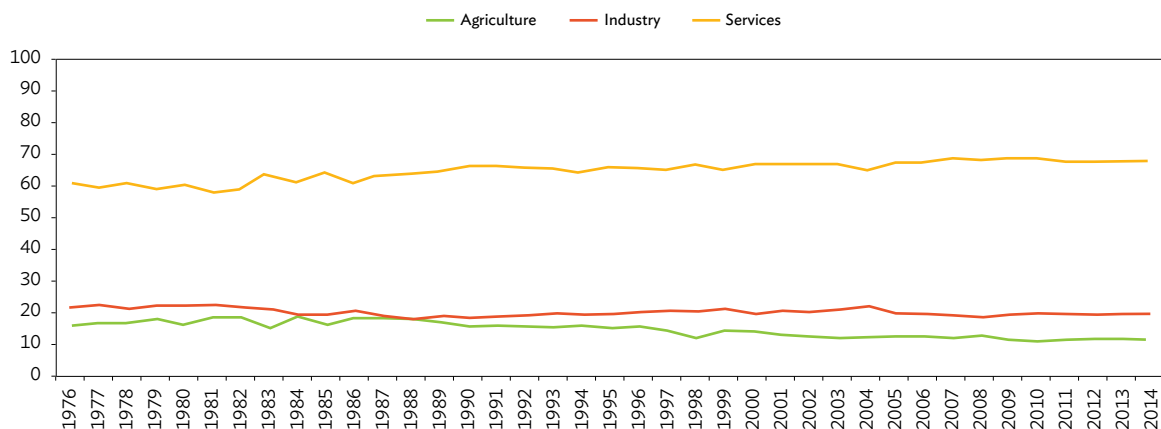
## 2.2 Demographic Structure and Dynamics

### Overview

Table 2.1 presents some broad characteristics of the population, derived from census data covering 1966–2007, and data from the two surveys covering

2004/05 and 2010/11. Estimates using census data shown in this report may differ from the estimates published by the Fiji Bureau of Statistics (FBOS). For example, the estimated unemployment rates derived from the 1996 and 2007 census data used in this report (5.4% and 10.7% respectively) differ from those published by the FBOS (3.8% and 8.6%). The reasons for these differences could be due to (i) sampling variation associated with the estimates used in this report being based on 10% census samples; and/or (ii) different classifications of subsistence workers seeking paid employment; and/or (iii) classification of persons who “were available for work” but not “actively looking for work.” For example, FBOS (2009), in discussing each of the latter two possibilities in 2007, estimate unemployment rates of 11.8% if subsistence workers are included as unemployed, and 11.9% if those not actively looking for work are included as unemployed: these estimates are closer to, but higher than, the 10.7% unemployment rate estimated in this report. First, the total population increased nearly 80% from 476,000 in 1966 to 843,000 in 2007 (at an average rate of growth of 1.4% a year, but at 2.1% until and 0.7% since 1986).<sup>16</sup> The increase in the working-age population (aged 15 and over) was an

**Figure 2.2: Sectoral Shares of Total Gross Domestic Product, 1976–2014 (%)**



GDP = gross domestic product.

Note: Data were spliced to the common base year 2008.

Sources: Estimates for 1970–1979 are based on data from the United Nations Statistics Division, National Accounts Main Aggregates Database. <http://unstats.un.org/unsd/snaama/Introduction.asp> (accessed March 2015). Data for 1980–2014 are based on data from the Reserve Bank of Fiji.

<sup>16</sup> The census and EUS population figures are not directly comparable because the EUS samples exclude those in institutions such as prisons, the armed services, and school residences, while the census covers the entire population.

even greater 135%, rising from 255,000 to 598,000. These changes resulted in a steady increase in the proportion of working-age people, from 54% of the total population in 1966 to 71% in 2007. It also produced steady declines in the non-working-age dependency ratio, from 0.96% to 0.51%, and in the economic-inactivity dependency ratio from 2.6% (in 1976) to 1.9% in 2007.<sup>17</sup> The patterns from the 2004/05 and 2010/11 samples show a similar story, albeit with lower counts due to the exclusion of individuals in state institutions such as prisons and the armed services.

Second, due to increases in the population and the labor force participation rate, both the (working-age) labor force and employment rates increased strongly over the period. Between 1976 and 2007, the labor force increased by 94% and employment by 81%, even as the working-age population rose 77%. The labor force participation rate increased from 49% to 54%, and the employment rate from 47% to 48% (Table 2.1).<sup>18</sup> Fluctuations in unemployment largely reflect the economic growth cycle. In

particular, the economy was in slowdown in 2007, with labor force participation and employment rates substantially lower than in the previous 1996 census and in the 2004/05 and 2010/11 employment and unemployment surveys.

Table 2.2 presents more detailed summary statistics of the working-age population from the 2004/05 and 2010/11 surveys, breaking the data down by gender. As expected, this shows substantially higher labor force participation and employment rates for men, but nevertheless strong increases in employment for women over this period. For men, the labor force participation rate increased from 79.2% in 2004/05 to 81.5% in 2010/11, and the employment rate from 76.0% to 77.8%, with the unemployment rate also rising from 4.1% to 4.5%. The female participation rate increased from 36.1% in 2004/05 to 46.6% in 2010/11, and the employment rate from 33.9% to 44.2%. Although unemployment for women was higher than for men in both surveys, the rate fell from 6.0% in 2004/05 to 5.1% in 2010/11.

**Table 2.1: Population and Labor Force Status Summaries, 1966–2010/11**

	Census Year					EUS Year	
	1966	1976	1986	1996	2007	2004/05	2010/11
Total population <sup>a</sup>	475,790	572,140	721,580	773,820	843,230	817,952	819,416
Working-age (15+)	254,610	337,500	445,650	498,530	598,130	576,882	599,402
% of total population	53.5	59.0	61.8	64.4	70.9	70.5	73.1
Dependency ratio:							
Non-working age <sup>b</sup>	0.955	0.767	0.697	0.634	0.506	0.508	0.466
Inactivity <sup>c</sup>	...	2.590	2.213	1.711	1.921	1.517	1.176
Labor force	...	166,410	242,990	301,820	323,280	334,428	386,390
Labor Force participation rate (%)	...	49.3	54.5	60.5	54.0	58.0	64.5
Employment:	...	159,350	224,580	285,470	288,650	318,779	368,118
Employment/WAP rate (%)	...	47.2	50.4	57.3	48.3	55.3	61.4
Unemployment	...	7,060	18,410	16,350	34,630	15,649	18,272
Unemployment rate (%)	...	4.2	7.6	5.4	10.7	4.68	4.73

... = not available, EUS = employment and unemployment survey, WAP = working-age population.

Note: Year refers to either census year (1966, 1976, 1986, 1996, 2007) or EUS year (2004/05, 2010/11). Estimates are based on a 7-day reference period.

<sup>a</sup> The census covers the full population, whereas the EUS samples exclude individuals in institutions such as prisons.

<sup>b</sup> Non-working-age dependency ratio = (Population aged <15 or >64)/(Population aged 15–64).

<sup>c</sup> Inactivity dependency ratio = (non-working age + inactive working-age population)/working-age employed population.

Sources: Fiji Bureau of Statistics (FBOS) Census (various years); FBOS EUS 2004/05 and EUS 2010/11.

<sup>17</sup> The non-working-age dependency ratio is defined as the ratio of the population aged under 15 or over 64 to the population aged 15–64; the economic-inactivity dependency ratio is the ratio of the population that is either aged under 15 or not employed to the population that is of working age and employed.

<sup>18</sup> Labor market activity information is not available in the 1966 census. Labor force participation and employment fell significantly from 2004/05 to 2007, associated with a recession, then employment increased strongly in 2010/11. We will see later in the chapter that much of the later increase in employment was associated with subsistence agriculture.

**Table 2.2: Labor Force Status Characteristics by Sex, 2004/05 and 2010/11**

	2004/05			2010/11		
	Male	Female	Total	Male	Female	Total
Population (aged 15+)	292,383	284,499	576,882	307,532	291,870	599,402
Labor force	231,631	102,797	334,428	250,488	135,901	386,390
Labor force participation rate (%)	79.2	36.1	58.0	81.5	46.6	64.5
Employment	222,195	96,584	318,779	239,114	129,003	368,118
Employment/WAP rate (%)	76.0	33.9	55.3	77.8	44.2	61.4
Unemployment	9,437	6,212	15,649	11,374	6,898	18,272
Unemployment rate (%)	4.1	6.0	4.7	4.5	5.1	4.7

Note: Estimates are based on a 7-day reference period.

Sources: Estimates from Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) of 2004/05 and EUS 2010/11.

**Table 2.3: Demographic Structure, 1966–2010/11**

	Census year					EUS year <sup>a</sup>	
	1966	1976	1986	1996	2007	2004/05	2010/11
Categories							
Aged 15–64 (%)	51.2	56.6	58.9	61.2	66.4	66.3	68.2
Child-age (0–14) (%)	46.5	40.9	38.0	35.6	29.1	29.5	26.9
Old-age (65+) (%)	2.4	2.5	3.1	3.2	4.5	4.2	5.0
Female (%)	49.0	49.3	49.4	49.4	48.8	48.9	48.7
Average age	20.85	22.43	23.57	25.15	28.29	28.04	37.99
Years of schooling	...	4.62	5.66	6.46	7.53	...	...
Categories							
iTaukei (%)	42.5	44.6	46.0	50.0	57.3	52.8	55.1
Indo-Fijian (%)	50.4	49.2	48.9	44.5	37.1	42.3	40.3
Urban (%)	...	...	39.0	...	50.7	49.8	51.7
Regional division							
Central (%)	32.3	35.9	36.7	38.2	40.9	40.4	42.9
East (%)	8.4	6.7	5.8	5.2	4.7	4.7	2.8
North (%)	17.6	16.3	17.9	18.2	16.2	16.3	17.1
West (%)	41.7	41.2	39.6	38.4	38.1	38.6	37.2
Migration (last 5 years)							
Internal <sup>b</sup> (%)	...	15.7	14.9	14.0	14.7	22.2	21.4
External (%)	...	1.5	1.3	1.4	1.6	...	...
Total population	475,790	572,140	721,580	773,820	843,230	817,952	819,416

... = not available, EUS = employment and unemployment survey.

Note: Year refers to either a census year (1966, 1976, 1986, 1996, 2007) or the period covered by an employment and unemployment survey (either 2004/05 or 2010/11).

<sup>a</sup> The 2010/11 EUS data only include individuals aged 15 and older, so statistics are not directly comparable with other years. The total population is taken from the 2010/11 EUS preliminary findings report, and the age-category fractions are derived using that total.

<sup>b</sup> In EUS surveys, migration means less than 5 years "currently residing in this city, town, village or settlement."

Sources: Fiji Bureau of Statistics (FBOS) Census (various years); FBOS EUS 2004/05 and EUS 2010/11; FBOS. The 2010/11 Employment and Unemployment Survey: Preliminary Findings. Suva. [http://www.statsfiji.gov.fj/index.php/document-library/doc\\_download/668-2010-11-eus-preliminary-findings](http://www.statsfiji.gov.fj/index.php/document-library/doc_download/668-2010-11-eus-preliminary-findings)

### Total population

Table 2.3 summarizes population characteristics from 1966 to 2010/11 in more detail. It shows that the increasing proportion of people of working age in the total population was due to a steady decline

in the percentage of children, from over 45% of the population in 1966 to less than 30% by the 2000s. As a result, and although the percentage of elderly people has roughly doubled to 4.5%–5%, this drove the decline in the non-working-age dependency ratio, and is a substantial reason for the fall in the

inactivity–dependency ratio. These phenomena also caused the steady increase in the average age of the population from just under 21 years in 1966 to over 28 by the 2000s.<sup>19</sup>

The average total years of schooling, as recorded since the 1976 census, increased from 4.6 in 1976 to 7.5 in 2007. This reflects both an increase in schooling for younger children and the changing composition of the population. In terms of ethnicity, the percentage of iTaukei increased steadily from 42% in 1966 to over 55% by the late 2000s, while the percentage of Indo-Fijians declined from about 50% between 1966 and 1986 to less than 40% by the late 2000s.

The urban population increased from 39% in 1986 (when the first measure of urban/rural residence

was collected) to over 50% by 2007. This shift is also reflected in the increasing percentage of people living in the Central Division of Fiji, from 32% of the population in 1966 to more than 40% by the 2000s, and in the declining percentage of people living in the Eastern and Western divisions, from 8% and 42% respectively in 1966, to 5% and 38% in 2007. The population shift was, at least partly, facilitated by steady migration patterns over the period, with rates of internal migration over the past 5 years at about 15% measured in each of the censuses, and 21%–22% in the more recent EUS surveys.<sup>20</sup>

### Working-age population

We present analogous sets of summary statistics for the working-age population (aged 15 and over) in Table 2.4 and for the labor force in Table 2.5. As

**Table 2.4: Demographic Structure of Working-Age Population, 1966–2010/11**

	Census Year					EUS Year	
	1966	1976	1986	1996	2007	2004/05	2010/11
Female (%)	48.7	48.7	48.7	48.7	48.7	49.3	48.7
Average age (in years)	33.30	33.11	34.03	35.16	37.00	36.66	37.99
Years of schooling	...	6.42	7.66	8.70	9.68	...	...
Categories							
iTaukei (%)	44.1	44.2	45.3	48.1	54.3	49.3	55.1
Indo-Fijian (%)	47.9	49.4	49.4	46.4	40.1	45.7	40.3
Urban	...	...	40.2	...	52.0	51.3	51.7
Regional divisions							
Central(%)	33.9	37.3	37.3	39.0	41.1	40.8	42.9
East (%)	8.1	6.3	5.5	4.7	4.3	4.3	2.8
North (%)	16.8	15.4	17.6	17.2	15.8	15.8	17.1
West (%)	41.3	41.1	39.5	39.1	38.8	39.1	37.2
Migrated (past 5 years)							
Internal <sup>a</sup> (%)	...	17.2	15.6	14.7	15.3	22.2	21.4
External	...	1.7	1.5	1.6	1.6	...	...
Categories							
In labor force (%)	...	49.3	54.8	61.4	54.0	57.9	64.5
Employed (%)	...	47.2	50.7	58.0	48.3	55.2	61.4
Unemployed (%)	...	2.1	4.2	3.3	5.8	2.7	3.0
Working-age population	254,610	337,500	445,650	498,530	598,130	576,882	599,402

... = not available, EUS = employment and unemployment survey.

Note: The year refers to either a census year (1966, 1976, 1986, 1996, 2007) or an EUS year (2004/05, 2010/11).

<sup>a</sup> In the EUS, migration means less than 5 years "currently residing in this city, town, village or settlement."

Sources: Fiji Bureau of Statistics (FBOS) Census (various years); FBOS EUS 2004/05 and EUS 2010/11.

<sup>19</sup> The 2010/11 EUS statistics are based only on the population aged 15 and over, so are not directly comparable with the other periods.

<sup>20</sup> Migration information from the censuses and EUS surveys is not directly comparable, but the magnitudes suggest broadly similar levels of migration over time.

**Table 2.5: Demographic Structure of Labor Force, 1976–2010/11**

	Census Year				EUS Year	
	1976	1986	1996	2007	2004/05	2010/11
Female (%)	16.0	21.1	33.7	33.2	30.7	35.2
Average age	33.28	33.47	36.02	36.97	37.47	38.97
Years of schooling	7.00	8.12	8.91	10.01	...	...
Categories						
iTaukei (%)	46.6	47.3	51.8	54.9	52.5	58.4
Indo-Fijian (%)	46.1	47.1	43.0	39.5	42.6	36.9
Urban (%)	...	40.7	...	49.7	50.7	47.8
Regional divisions						
Central (%)	37.5	37.5	38.6	39.1	42.7	41.8
East (%)	7.0	5.4	5.6	5.8	5.3	3.5
North (%)	14.5	17.5	17.6	16.1	16.4	18.4
West (%)	41.0	39.6	38.2	39.0	35.6	36.3
Migrated (past 5 years)						
Internal <sup>a</sup> (%)	17.9	15.6	14.0	15.2	21.8	20.8
External (%)	1.8	1.4	1.5	1.4	...	...
Categories						
Employed (%)	95.8	92.4	94.6	89.3	95.3	95.3
Labor force	166,410	242,990	301,820	323,280	334,428	386,390

... = not available, EUS = employment and unemployment survey.

Note: Year refers to either census year (1976, 1986, 1996, 2007) or EUS year (2004/05, 2010/11). Estimates are based on a 7-day reference period.

<sup>a</sup> In the EUS, migration means less than 5 years "currently residing in this city, town, village or settlement."

Sources: Fiji Bureau of Statistics (FBOS) Census 1976, 1986, 1996 and 2007; FBOS EUS 2004/05 and EUS 2010/11.

discussed in Table 2.1, the percentage of the working-age population in the labor force has increased from 49% in 1976 to 54% in 2007, and 64% by 2010/11, although this most recent figure may be unusually high. The increase in people employed, from 47% to 61% over the same period, also reflects this pattern, while unemployment likewise generally increased, from about 2% of the working-age population in 1976 to 3%–6% in the 2000s.

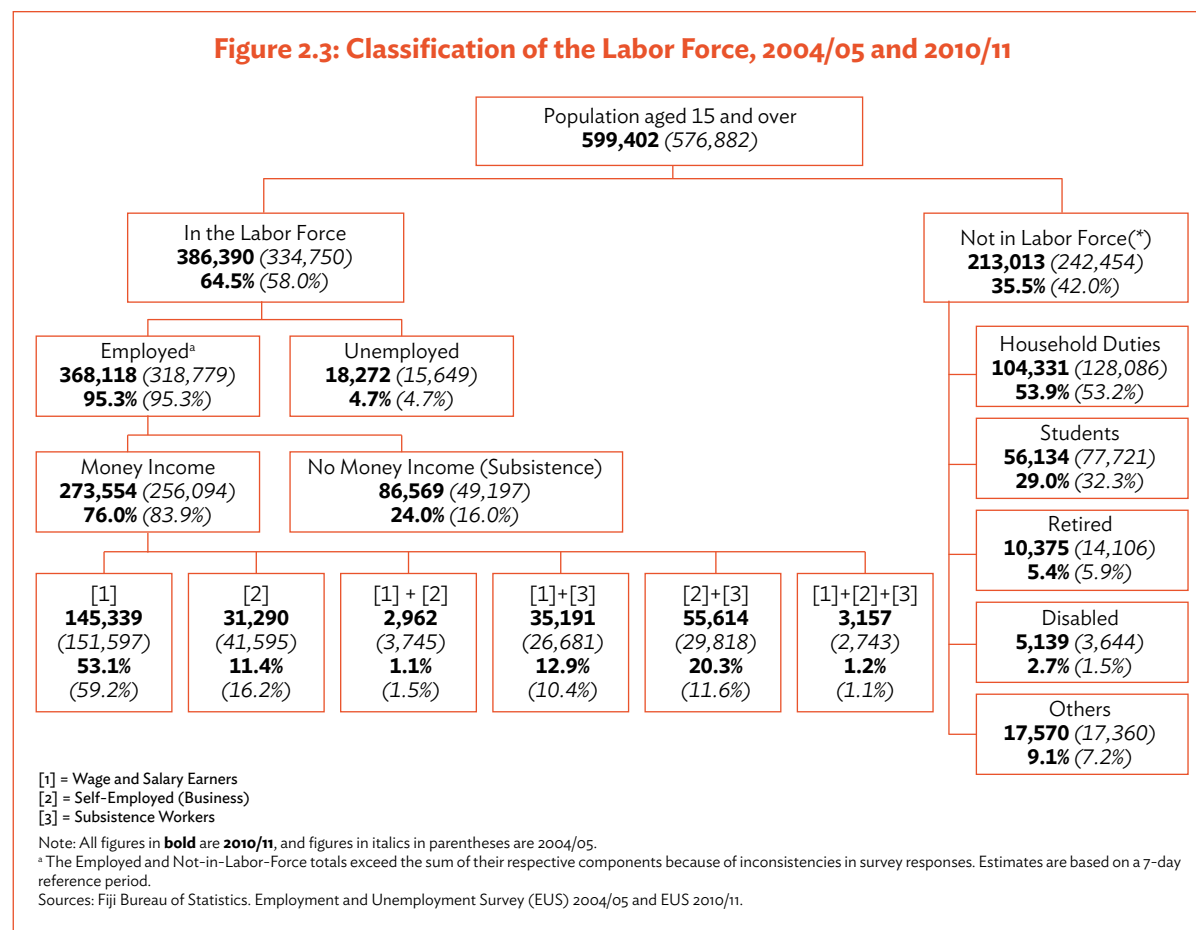
### 2.3 Labor Force Characteristics

This section breaks down the working-age population into several classifications, as described in Figure 2.3 for the 2004/05 and 2010/11 survey samples. In this figure, the 2010/11 population numbers are shown in bold, and the 2004/05 numbers are given in parentheses in italics. This figure divides the working-age population into labor force participants and non-labor force participants for each period. The non-labor force participants

(35.5% of the population in 2010/11 and 42.0% in 2004/05) are then categorized according to their primary activity—household duties, studying, retired, disabled, and others. Those performing household duties (about 50%) and students (one-quarter to one-third) account for the bulk of nonparticipants.

As the figure shows, the labor force participation rate was 58% in 2004/05 and 64.5% in 2010/11. In the subsequent breakdown of data, labor force participants are first divided into employed (95.3% in each year) and unemployed. Those employed are then split into those working for money (76%) and those employed in purely subsistence work (24%). Finally, those employed and working for money are further divided according to whether they have wage and salaried work, are self-employed, and/or have subsistence work. Waged and salaried workers accounted for 53.1% of labor force participants in 2010/11 (59.2% in 2004/05), 11.4% were self-employed in 2010/11 (16.2% in 2004/05), while those





in some combination of these and subsistence work accounted for 35.5% of labor force participants in 2010/11, up from 24.6% in 2004/05.<sup>21</sup>

### Employment by sector

Table 2.6 presents patterns of employment by broad industry sector (agriculture, industry, and services), and by occupation from 1976 to 2010/11. This table is consistent with the patterns of sectoral GDP shares shown in Figure 2.2 and shows a decline in the share of employment in the agriculture sector and an increasing share in the services sector. However, breaking it down to shorter periods, a large increase in the agricultural share can be seen, alongside

the associated declines in industry and services between 2004/05 and 2010/11 that can be related to the economic downturn of the late 2000s.

By occupation distribution, skilled agricultural and fishery workers account for by far the largest share of employment, albeit declining from 48% in 1976 and 1986 to around 20% in 1996 and 2007.<sup>22</sup> The two survey samples for this occupation group show relatively higher employment shares than the 1996 and 2007 censuses, at 26% in 2004/05 and 39% in 2010/11. Counterbalancing the falling share of agricultural workers, and in line with the trends in industrial employment and output, steady increases over the period have been seen in the share of

<sup>21</sup> This difference between the years is largely due to the combination of self-employment and subsistence employment, which accounted for 20% of employment in 2010/11 from 11% in 2004/05.

<sup>22</sup> A dramatic increase in the share of employment in elementary occupations accompanied this trend, from 3% in 1986 to 21% in 1996, and 17% in 2007, according to census data.



**Table 2.6: Employment by Industry Sector and Occupation, 1976–2010/11 (%)**

	Census Year				EUS Year	
	1976	1986	1996	2007	2004/05	2010/11
<b>Industry sector</b>						
Agriculture	48.1	48.6	32.6	26.2	28.4	44.2
Industry	18.0	14.8	21.5	21.9	20.9	14.3
Services	34.0	36.6	46.0	51.9	50.7	41.6
<b>Occupation</b>						
Legislators, senior officials, and managers	3.9	3.9	3.4	3.6	5.2	5.3
Professionals	7.0	6.5	7.7	9.4	6.4	6.8
Technicians and associated professionals	2.7	2.7	3.3	5.4	6.1	4.4
Clerks	6.8	6.1	7.6	8.5	6.6	5.1
Service workers, shop and market sales	7.8	7.8	9.2	10.4	10.8	10.5
Skilled agricultural and fishery worker	48.5	48.5	48.4	21.8	26.0	39.0
Crafts and related trades workers	11.2	11.2	11.1	12.2	12.7	9.4
Plant and machine operators and assembly	8.9	8.9	7.2	10.6	8.1	6.8
Elementary occupations	1.7	3.0	20.7	16.8	18.1	12.7
Armed forces	0.0	0.4	0.0	1.2	...	...
Other occupations, unspecified or n.e.c.	1.6	1.6	1.3	0.0	...	...
Total employment	159,350	224,580	285,470	288,650	334,428	386,390

... = not available, EUS = employment and unemployment survey, n.e.c. = not elsewhere classified.

Note: EUS 2004/05 and 2010/11 estimates are based on a 7-day reference period. Column percentages sum to 100 in each panel.

Sources: Fiji Bureau of Statistics (FBOS) Census 1976, 1986, 1996, and 2007; FBOS EUS 2004/05 and EUS 2010/11.

jobs taken by managers, professionals, technicians, clerks, service workers, and plant and machine operators.

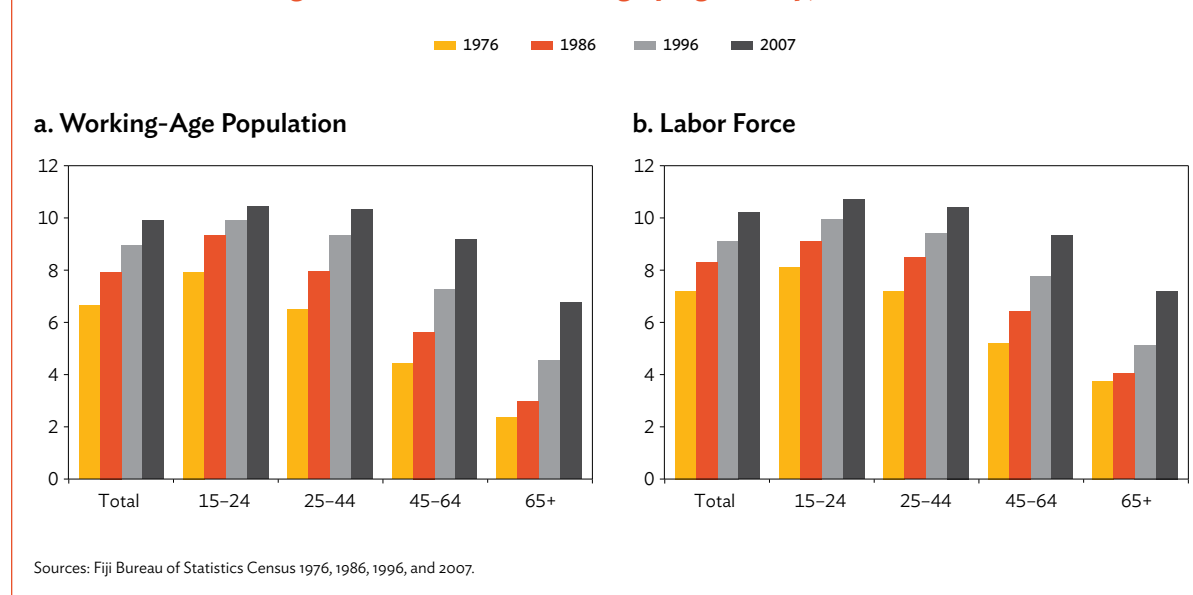
### **Educational achievement**

Figure 2.4, Table 2.7, and Figure 2.6 describe the educational composition of the working-age population and subpopulations related to the labor market. First, Figure 2.4 presents the average years of schooling—as reported in the 1976–2007 censuses and broken down by age group for the working-age population, the labor force, and employed and unemployed populations. The more detailed summary statistics here are consistent with the patterns presented in earlier tables. For example, Figure 2.4 shows increasing uptake of schooling for younger children—in each census year, 15–24-year-olds have 1.0–1.5 years more schooling than 25–44-year-olds, who in turn have about 2 years more schooling than 45–64-year-olds, and 4–5

years more schooling than people aged 65 and over. Labor force participants typically have more years of schooling than nonparticipants, particularly for older groups.<sup>23</sup>

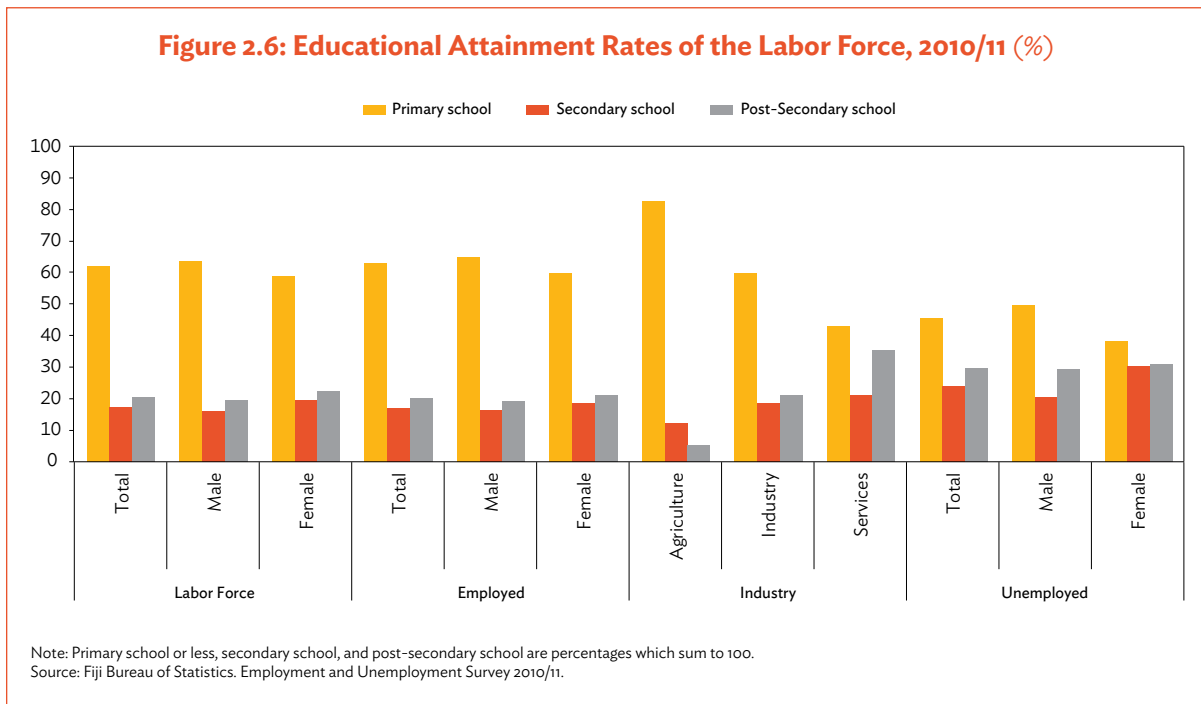
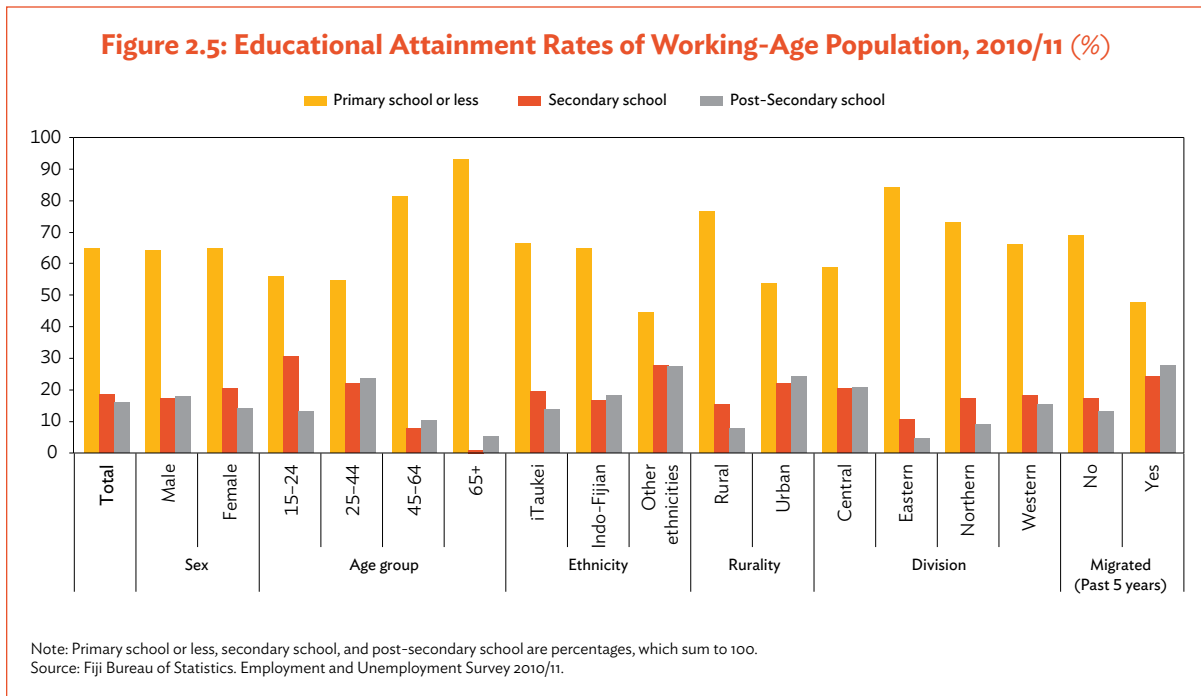
Second, Table 2.7 presents an alternative summary of educational attainment using census and survey data from 1976 to 2010/11. The increasing educational levels are apparent here. In particular, the working-age population with less than primary-school education declined from over 30% in 1976 to 5%–7% in the 2000s. In addition, the percentage with primary-school education fell from 68% in 1986 to about 60% by the 2000s. Conversely, corresponding marked increases are seen in secondary schooling and post-secondary education from 2% in 1976 to 15%–17% by 2007. Educational attainment among labor force participants was noticeably stronger than for nonparticipants, although similar increasing attainment trends were apparent for both subpopulations. Also, the education levels of

<sup>23</sup> As 15–24 year olds are more likely to still be studying, educational enrollment will tend to limit labor-market participation for this age group.

**Figure 2.4: Years of Schooling by Age Group, 1976–2007**

**Table 2.7: Composition of Educational Attainment Rates, 1976–2010/11 (%)**

Highest Education	Census Year				EUS Year	
	1976	1986	1996	2007	2004/05	2010/11
<b>Working-age population</b>						
Less than primary school	33.3	22.2	13.6	7.0	7.7	5.0
Primary school	62.6	68.5	66.8	61.0	63.4	59.7
Secondary school	1.7	5.2	11.2	17.5	17.8	18.8
Post-secondary school	2.4	4.0	8.4	14.5	11.1	16.2
<b>Labor force</b>						
Less than primary school	27.8	17.3	12.0	5.4	4.9	3.0
Primary school	65.5	69.9	65.3	56.1	64.0	58.8
Secondary school	2.8	7.4	11.7	19.7	16.9	17.2
Post-secondary school	4.0	5.4	11.0	18.9	14.1	20.5
<b>Employed</b>						
Less than primary school	28.2	18.1	12.0	5.5	5.1	3.1
Primary school	64.9	69.0	65.4	56.3	64.4	59.5
Secondary school	2.8	7.2	11.4	19.2	16.4	16.8
Post-secondary school	4.1	5.7	11.2	19.0	14.1	20.0
<b>Unemployed</b>						
Less than primary school	18.3	7.2	10.7	4.0	3.2	1.6
Primary school	78.9	80.5	63.5	53.7	57.6	43.7
Secondary school	1.7	10.5	17.1	24.3	26.0	24.0
Post-secondary school	1.0	1.8	8.7	18.1	13.3	30.5

Note: Table entries are percentages, and therefore sum to 100 in each column block. EUS 2004/05 and 2010/11 estimates are based on a 7-day reference period. Sources: Fiji Bureau of Statistics (FBOS) Census 1976, 1986, 1996, and 2007; FBOS Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.



unemployed workers were higher than the other groups because younger age groups had more education than older age groups and were more likely to be unemployed.<sup>24</sup>

Third, Figure 2.5 and Figure 2.6 provide a more detailed summary of educational attainment across demographic subgroups in 2010/11.<sup>25</sup> The patterns are reasonably consistent. Males and females had the same rates of post-primary education (35%), but males achieved slightly higher post-secondary education. Younger cohorts were better educated: the percentage of 15–24-year-olds with post-primary education was 44%, compared with 18% of 45–64-year-olds, and 7% for those over 65, while the percentage with post-secondary education across these three age ranges are 14%, 11%, and 6%.<sup>26</sup> Across ethnic groups, Indo-Fijians have higher rates of post-secondary education than iTaukei (18% compared with 14%), while the education levels of other ethnic groups are noticeably higher, with 28% having had a post-secondary education.

People living in urban areas have much higher post-primary, and especially post-secondary, educational attainment than those in rural areas; for example, in urban areas 24% had a post-secondary education, compared with 8% in rural areas. These differences were also reflected across regional divisions. Similarly, recent internal migrants had substantially higher post-primary and post-secondary education (28% of migrants have post-secondary education compared with 13% of nonmigrants). Finally, substantial differences in education were seen across economic sectors, with agricultural workers being particularly low-skilled. For example, over 80% of workers in agriculture had at most primary-school education, and only 5% had post-secondary education, while in contrast 21% of industry sector workers and 36% of services sector workers achieved a post-secondary education.

## **Emigration**

Since the first of the military coups in 1987, Fijian emigration, particularly of skilled workers, has been a significant issue. More than 60,000 people left Fiji in the 5 years to 1990 (World Bank, World Development Indicators), and similar migration flows followed the coups of 2000 and 2006. The cumulative emigration effects have been particularly severe in the skilled segments of the population; over 60% of skilled Fijians (those with post-secondary education) had emigrated by 2004 (Dumont and Lemaitre 2005). Furthermore, about 90% of migrants over this period were Indo-Fijians.

Several factors have driven emigration flows. First, generic supply-side push factors are associated with workers seeking better-paid jobs overseas. For example, wages in developed countries, even for unskilled jobs, often remain higher than for skilled jobs in Fiji. Second, analogous demand-side pull factors draw migrants to developed countries, particularly Australia and New Zealand, needing more workers. Often the demand from these countries is simply for unskilled labor. Third, since the first military coup in 1987, a strong ethnic push factor has been reflected in the vast number of Indo-Fijian emigrants.

In light of these emigration statistics over the past 2–3 decades, the continued and steady increases in education and skills (Table 2.7) is puzzling. It suggests either that growth in educational attainment would have been substantially stronger in the absence of such emigration, or that the education and training sector has been remarkably effective at replacing the skills lost through emigration, and/or that there has been a consequent dilution in the quality of education and skills being produced to replace those lost to emigration.

<sup>24</sup> For example, using data from the combined EUS samples, the unemployment rates and percentage with greater than primary schooling are 13.3% and 44% for 15–24-year-olds, 4.0% and 43% for 25–44-year-olds, and 1.7% and 20% for 45–64-year-olds.

<sup>25</sup> For this exercise, we combine the less-than-primary and primary-school education categories, and compare this combined group with the secondary and post-secondary education groups.

<sup>26</sup> Note that because of the education enrollment rates of the 15–24-years age-group, the 14% post-secondary education likely significantly understates the percentage of that age group that will eventually complete post-secondary education.

While emigration represents a loss of labor, it can have several positive effects. First, remittances sent home by migrants can provide substantial income for their families, as well as foreign exchange income, as discussed in Section 2.4. Second, useful experience and skills development is often associated with migrant work, which benefits Fiji as and when migrants return. Third, indirect benefits may emerge from migrants joining and forming a Fijian diaspora.

### ***Paid versus subsistence employment***

We now turn to the incidence of paid and subsistence employment, as reported in the two employment and unemployment surveys. Table 2.8 reports the proportions of employed workers who have only paid work, both paid and subsistence work, and only subsistence work in each year, together with the corresponding proportion in each economic sector (agriculture, industry, and services). First, the table shows that in 2004/05, 65% of all workers were in only paid employment, 19% had both paid and subsistence work, and 16% had only subsistence work. This incidence varied across the economy, with only 30% of agricultural workers in only paid work and 47% doing only subsistence work, while almost 80% of workers in industry and services were in only paid work and less than 5% were doing only subsistence work.

Second, a dramatic change took place in the incidence of paid versus subsistence work by 2010/11. In particular, only about one-half of workers were doing only paid work and about one-quarter each had either both paid and subsistence work or subsistence work only. This change was largely confined to the agriculture sector, where the incidence of only paid work fell by half to 14%, and was largely matched by paid and subsistence employment increasing from 23% to 35% (plus a 4-percentage-point increase in only subsistence work, from 47% to 51%). This suggests that the strong increase in employment between 2004/05 and 2010/11 (from 55% of the working-age population to 61%) was largely associated with subsistence work and concentrated in the agriculture sector, as shown by the increase in the employment share of the sector from 22% to 43%.<sup>27</sup>

### ***Informal employment***

A commonly used approach to measure the extent of informal employment in Fiji is to classify workers as formally employed if they make contributions to the Fiji National Provident Fund and as informally employed if they do not contribute. To assess the extent of informal employment, Table 2.9 summarizes the labor force participation rate, the proportion of workers in informal employment,

**Table 2.8: Incidence of Paid versus Subsistence Work, 2004/05 and 2010/11 (%)**

	2004/05 Workers				2010/11 Workers			
	All	Agriculture	Industry	Services	All	Agriculture	Industry	Services
Paid work	64.5	29.4	78.5	78.0	49.9	14.2	74.8	79.1
Paid and subsistence	19.4	23.1	17.3	18.1	26.1	34.4	20.8	18.9
Subsistence	16.1	47.4	4.2	3.4	24.0	51.2	4.4	2.0
Employment share		21.9	22.2	55.9		43.4	14.5	42.2

Note: Workers are classified as having "paid work" if they are currently employed for wages or salary, work in the family business, or self employed (grow food, fish or make articles mainly for sale or barter); and having "subsistence work" if they grow food, fish, or make articles mainly for family or own consumption, or do unpaid community work. The sum of the percentages may not be 100 due to rounding. Estimates are based on a 7-day reference period. Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

<sup>27</sup> Employment in agriculture increased by 70,000 between 2004/05 and 2010/11, compared with the increase in total employment of 51,000. The increase in the number of workers in the agriculture sector was largely on account of the increase in the number of subsistence-only workers, which doubled from 40,000 to 80,000.

**Table 2.9: Labor Force, Informal Employment, and Unemployment Rates, 2004/05 and 2010/11 (%)**

	Labor Force Participation Rate		Informal Employment		Unemployment Rate	
	2004/05	2010/11	2004/05	2010/11	2004/05	2010/11
Working-age population	58.0	64.5	58.2	60.0	4.7	4.7
Gender						
Males	79.2	81.5	58.7	57.4	4.1	4.5
Females	36.1	46.6	57.2	64.7	6.0	5.1
Age group						
15–24	39.5	40.8	60.0	62.9	11.0	15.0
25–44	70.5	77.9	51.1	51.3	3.9	4.1
45–64	64.2	71.2	65.6	67.7	2.2	1.1
65+	31.9	41.2	96.9	94.6	0.4	0.6
Ethnicity						
iTaukei	61.7	68.4	64.3	66.1	3.9	4.6
Indo-Fijian	54.1	59.0	51.2	51.5	5.8	5.1
Other ethnicity	56.5	65.1	52.5	51.3	3.5	3.7
Education level						
Primary school or less	56.2	61.6	71.4	76.0	4.1	3.5
Secondary school	55.2	58.9	36.7	47.2	7.2	6.6
Post-school	73.7	81.7	17.4	21.6	4.4	7.0
Rurality						
Urban	57.3	59.6	40.4	38.8	6.2	7.3
Rural	58.7	69.6	75.9	78.7	3.1	2.4
Regional division						
Central	60.7	62.8	50.3	49.2	4.0	5.6
East	71.7	81.5	86.9	85.4	0.6	0.0
North	60.0	69.6	77.2	79.7	2.9	4.0
West	52.8	62.8	54.1	59.4	7.0	4.6
Migrated (last 5 years)						
No	58.2	64.9	62.0	64.6	4.4	4.3
Yes	57.1	62.8	44.7	42.1	5.6	6.5

Note: The labor force participation rate is calculated as the percentage of the working-age population who are in the labor force based on 7-day reference; workers are defined as in informal employment if they are not contributing to the Fiji National Provident Fund based on 12-month reference; and the unemployment rate is calculated as the percentage of the labor force that is unemployed based on 7-day reference.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

and the unemployment rate for the working-age population and its various subgroups, compiled using data from the 2004/05 and 2010/11 surveys.

The first row of Table 2.9 shows that close to 60% of workers were classified as informally employed in both surveys, and informal employment increased slightly between the surveys. Subsequent rows show that the degree of informality varied across population subgroups. While the proportion of males in informal employment slipped from 59% to 57% between 2004/05 and 2010/11, females in

informal employment increased significantly, from 57% to 65%.

Quite strong differences can be observed in the extent of informal employment across age, ethnic, education, regional, and industry sector subgroups. Young and older workers were more likely to be in informal employment than prime-aged (25–44 years) workers; about half of the latter were in formal employment in each year. Around 51% of Indo-Fijian workers were in informal employment, compared with about one-half of iTaukei and other-ethnicity

workers. Almost 79% of rural workers are informally employed, compared with less than 40% of urban workers.

In line with the high degree of subsistence agricultural employment, 95% of agriculture sector workers were in informal employment in 2010/11 (Table 2.10). In comparison, the degree of informal employment in industry (37%) and services (32%) was much lower and also fell about 10 percentage points between 2004/05 and 2010/11, indicating potentially better employment for more workers in the two sectors.

### Employment intensity and underemployment

Table 2.11 presents summary statistics on employment from the 2004/05 and 2010/11 employment and unemployment surveys. In this table, we focus on the average number of hours worked per day, weeks per year, and (combined) annual hours worked over the 12 months prior to each survey; and also the survey question on the

**Table 2.10: Informal Employment, 2004/05 and 2010/11 (%)**

	Informal Employment	
	2004/05	2010/11
<b>Industry sector</b>		
Agriculture	96.7	95.4
Industry	46.9	37.0
Services	42.6	32.2
<b>Occupation</b>		
Legislators, senior officials, and managers	47.7	39.7
Professionals	19.6	15.4
Technicians and associate professionals	16.9	19.5
Clerks	11.0	6.6
Service workers, shop and market sales	32.8	26.5
Skilled agricultural and fishery workers	96.7	96.3
Crafts and related trades workers	52.1	48.4
Plant and machine operators and assembly	45.5	40.8
Elementary occupations	76.5	67.1

Note: Workers are considered to be in informal employment if they are not contributing to the Fiji National Provident Fund based on a 12-month reference period.  
Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

average number of hours a respondent worked during the last 7 days. These summary statistics are presented for all sectors, and separately for the agriculture, industry, and services sectors.

In workers' main jobs, the estimated average hours a day worked was 6.7 in both the 2004/05 and 2010/11 surveys; the average number of days worked was about 220 in each year, and the implied average number of hours worked each year was about 1,690.

**Table 2.11: Incidence and Extent of Employment, 2004/05 and 2010/11**

	2004/05	2010/11
12-month employment rate (%)	55.7	63.2
<b>Main job</b>		
Hours per day		
All	6.7	6.7
Agriculture	5.1	5.0
Industry	7.3	8.1
Days per year		
All	223.2	222.0
Agriculture	174.0	176.2
Industry	227.5	242.3
Services	248.2	260.6
Hours per day		
All	1,589.6	1,595.4
Agriculture	966.2	910.9
Industry	1,733.2	1,913.5
Services	1,870.2	2,167.2
<b>All jobs</b>		
Hours per day		
All	1,801.6	1,832.1
Agriculture	1,272.1	1,273.8
Industry	1,916.8	2,090.9
Services	2,042.9	2,298.9
Current (7-day) employment rate (%)	55.2	61.4
<b>Hours per day</b>		
All	32.1	32.0
Agriculture	23.9	22.0
Industry	34.1	38.6
Services	36.0	40.1

Note: Hours-per-day, days-per-year, and hours-per-week survey responses are categorical. All estimates use the midpoints of the categorical ranges, and hours per year are calculated as the product of the hours-per-day and days-per-year midpoints. For the open-ended 13+ hours per week in 2010/11, we assign 14 hours and, because the proportion of workers who report doing 9+ hours per week in their main job is almost the same in each year. For the 9+ hours per week category in 2004/05, we assign 10.35 hours (which is the conditional average for 9+ hours in 2010/11). For the open-ended 300+ days per year in each year, we assign 325 days.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

Estimates for the average hours worked per day and days worked each year in main jobs in agriculture did not change between the surveys and were lower than in industry and services. In contrast, the hours per day and days per year both increased in the industry and services sectors, resulting in the estimated average hours per year increasing about 10% in each sector between the 2004/05 and 2010/11 surveys.

Both the number of hours per day and days per year worked in all sectors increased substantially when additional jobs were taken into account. This is particularly true in agriculture, where the implied average annual hours worked are 30%–40% higher than hours worked in the main job (about 1,270 versus 910–970 hours). The average annual hours worked in all jobs is about 10% higher than main job hours in the industry and services sectors. The current employment data, which pertain to

employment in the 7 days prior to each survey, provides comparable evidence: the average hours per week in all sectors was 32 hours in both years; and, again, lower in agriculture (24 hours in 2004/05 and 22 hours in 2010/11) than industry (34 and 39 hours) and services (36 and 40 hours).

Table 2.12 summarizes statistics on the incidence and level of underemployment reported in the 2010/11 survey.<sup>28</sup> It reports the proportion of employed workers who said they had been underemployed during the various time scales. The incidence of underemployment among workers was 6.3% in 2010/11 and, among this population, the average reported underemployment was 5.8 hours per day and 163 days per year, implying 1,011 hours of underemployment per year. The incidence of underemployment is lower in the agriculture sector (4.9%), and higher in the industry sectors (9.5%); but average underemployment is greater in agriculture.

**Table 2.12: Incidence and Extent of Underemployment, 2010/11**

	Underemployed Incidence (%)	Average Underemployed		
		Days per Year	Hours per Day	Hours per Year
All workers	6.3	162.8	5.8	1,011.2
Industry sector				
Agriculture	4.9	186.4	6.5	1,328.5
Industry	9.5	153.4	5.6	890.4
Services	6.4	149.5	5.4	830.7
Occupation				
Legislators, senior officials, and managers	4.0	163.8	4.7	812.0
Professionals	5.4	138.9	4.9	685.4
Technicians and associate professionals	5.7	196.5	5.4	1,082.9
Clerks	9.4	184.4	5.0	878.8
Service workers, shop and market sales	6.4	138.0	6.2	916.7
Skilled agricultural and fishery workers	4.8	194.1	6.6	1,397.5
Crafts and related trades workers	9.4	147.4	5.6	840.5
Plant and machine operators and assembly	7.7	156.9	5.7	985.4
Elementary occupations	7.6	129.2	5.4	750.3

Note: For individuals employed during the last 12 months, the extent of underemployment was determined using the EUS question: "Were you available for additional work?" For those who responded yes, responses to follow-up questions on the number of days available during the past 12 months, and the approximate number of hours per day they would have worked if work was available were used. Both the days-per-year and hours-per-day survey responses are categorical. Estimates are based on the midpoints of the categorical ranges, and hours per year, calculated as the product of these midpoints.

Source: Fiji Bureau of Statistics. Employment and Unemployment Survey 2010/11.

<sup>28</sup> Underemployment rate differ from those reported in the Fiji Country Diagnostic Study (ADB 2015) as the definition used in that study includes both voluntary and involuntary underemployment, while underemployment in this report refers only to involuntary underemployment.



The incidence and extent of underemployment vary across occupations, and appears lower among apparently higher-skilled occupations such as managers, professionals, technicians, and skilled agricultural workers.

### Youth labor market activity

This section describes patterns of labor-market activities of people aged 15–24, in the 2004/05 and

2010/11 EUS samples, as shown in Table 2.13. The first panel documents the patterns for the whole youth population. Between 2004/05 and 2010/11, the percentage of youths in education increased from 46% to 50%, while those employed fell from 35% to 32%. In addition, the percentage of youths neither in education nor employed fell from 19% in 2004/05 (4.3% unemployed and 14.3% inactive) to 18% (5.7% unemployed and 11.9% inactive).

**Table 2.13: Youth Labor Market Activity, Aged 15–24**

	2004/05			2010/11		
	All	Males	Females	All	Males	Females
Youth population (aged 15–24)	162,108	83,487	78,621	147,208	77,788	69,420
(Percentage)						
In education	46.3	44.9	47.8	50.2	48.3	52.4
Employed	35.1	47.6	21.7	32.2	42.9	20.1
Unemployed	4.3	4.1	4.6	5.7	6.3	5.0
Other	14.3	3.3	25.9	11.9	2.5	22.4
By ethnicity						
iTaukei	82,190	43,866	38,323	85,453	45,328	40,124
In education	45.2	45.0	45.3	47.9	44.6	51.6
Employed	35.8	47.0	22.9	33.8	46.1	20.0
Unemployed	3.7	3.8	3.5	6.2	6.6	5.8
Other	15.4	4.1	28.3	12.1	2.8	22.6
Indo-Fijian	71,471	34,852	36,619	55,578	29,149	26,428
In education	46.5	43.6	49.2	52.1	52.3	51.8
Employed	34.8	49.0	21.3	30.3	39.0	20.9
Unemployed	5.0	4.7	5.3	5.0	6.2	3.7
Other	13.7	2.7	24.1	12.7	2.5	23.7
Other ethnicities	8,447	4,768	3,679	6,177	3,310	2,867
In education	56.0	53.4	59.5	65.6	62.5	69.1
Employed	30.9	41.1	17.6	26.3	35.0	16.2
Unemployed	3.6	2.6	4.9	4.3	2.5	6.3
Other	9.5	2.9	18.1	3.9	0.0	8.4
	Education level			Education level		
	Primary	Secondary	Post-Secondary	Primary	Secondary	Post-Secondary
Aged 15–24	97,307	46,260	18,340	82,825	44,267	20,027
(Percentage)						
In education	42.3	53.7	48.5	54.7	52.1	27.4
Employed	37.0	29.2	40.3	29.6	29.1	49.7
Unemployed	4.2	4.9	4.0	4.1	5.4	13.0
Other	16.6	12.2	7.1	11.6	13.4	10.0

Note: Estimates are based on a 7-day reference period. In 2010/11, 2.5% (out of 50.2%) of those in education are also counted as employed and 0.4% as unemployed; in 2004/05, only 0.1% (of 46.3%) were counted as employed.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

The next three panels in Table 2.13 describe youth-activity patterns by ethnicity in 2004/05. Consistent with the differences in education in the wider populations, these show that 45% of iTaukei youths and 46% of Indo-Fijian youths were in education, while youths of other ethnicities were more likely to be in education (56%). The relative employment rates by ethnicity were correspondingly the reverse of the in-education rates. Also, between 2004/05 and 2010/11 the rate of Indo-Fijian and other ethnicity youths in education increased by 6 and 10 percentage points respectively, more strongly than the 3-percentage-point rise for iTaukei youths in education.

Inactivity rates for iTaukei is higher than Indo-Fijian youths (15.4% and 13.7%, respectively) but became roughly equal in the 2010/11 survey (12.1% and 12.7%, respectively). Youth inactivity among other ethnic groups was both noticeably lower, and fell from 10% in 2004/05 to 4% in 2010/11, reflecting the strong increase in the proportion of youths in education between the surveys.

Comparison of the activity patterns of male and female youth indicates that educational enrollment rates for women were 3–4 percentage points higher

than for men. The differences and their changes over time vary by ethnicity. For example, in 2004/05 the education rates of iTaukei men and women were the same (45%) and, by 2010/11, the female rate had increased to 52%, while the male rate stayed at 45%. In contrast, the education rates of Indo-Fijian males and females were 44% and 49% in 2004/05, each increasing to 52% in 2010/11. Female employment rates are typically less than half those of male rates (22% versus 48% in 2004/05, and 20% versus 43% in 2010/11). The differences in employment rates are largely a function of differences in labor-market inactivity rates, which are about 3% for males, but 22%–26% for females.

Table 2.13 also describes youth labor market activity patterns by educational level. Although it's difficult to interpret differences here because youths tend to still be studying, youth with higher education levels appear to have had lower inactivity rates. Also, between 2004/05 and 2010/11, a marked shift took place from education enrollment to employment (and unemployment) of those with post-secondary school qualifications.

Table 2.14 documents the differences for younger youths (15–19 years old) and older (20–24). Not

**Table 2.14: Labor Market Activity, Aged 15–19 and 20–24**

	2004			2010		
	All	Males	Females	All	Males	Females
Aged 15–19	80,562	41,946	38,620	75,227	39,328	35,900
(Percentage)						
In education	72.7	69.4	76.3	79.4	77.2	81.8
Employed	17.5	25.1	9.2	12.2	18.2	5.6
Unemployed	2.6	2.9	2.2	2.4	2.6	2.2
Other	7.3	2.7	12.2	6.0	2.0	10.4
In housework (% of Youth)			82.6			85.7
Aged 20–24	81,546	41,540	40,010	71,981	38,460	33,520
(Percentage)						
In education	20.3	20.3	20.3	19.7	18.6	20.9
Employed	52.5	70.2	34.1	53.0	68.1	35.7
Unemployed	6.0	5.4	6.5	9.1	10.0	8.1
Other	21.3	4.2	39.0	18.2	3.3	35.3
In housework (% of Youth)			92.0			92.1

Note: Estimates are based on a 7-day reference period.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

surprisingly, education enrollment rates were higher for the younger (70%–80%) than the older (about 20%), while the employment, unemployment, and inactivity rates were correspondingly higher for 20–24 year olds. Gender differences in activity rates are apparent for both younger (15–19 year olds) and older (20–24 year olds) youths, albeit much stronger for the older subgroup. A further breakdown of inactivity rates for female youths shows that most were engaged in “household duties;” in particular, most of the 20–24 year-old females classified as inactive (“other”) are primarily engaged in household duties.

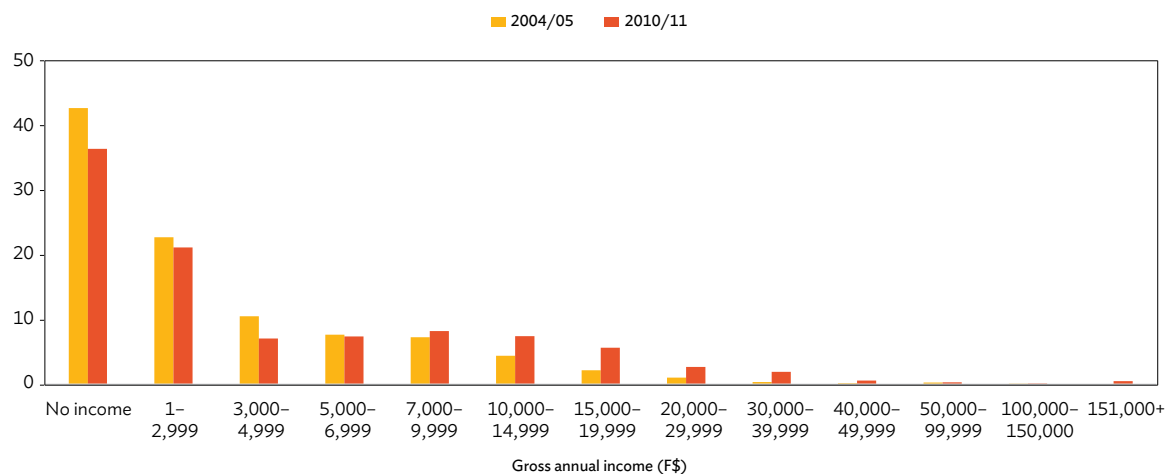
## 2.4 Income Inequality and Poverty

This section describes changes in individual and household incomes and income inequality between 2004/05 and 2010/11. For this exercise, we use individual incomes reported in the employment and unemployment surveys in 2004/05 and 2010/11. Each survey collected categorical responses of individuals’ gross annual income in the previous 12

months, from each of up to three jobs, and their gross weekly income over the 7 days prior to filling out the surveys.

The gross annual income distribution from respondents’ main (first) jobs for each survey is plotted in Figure 2.7, and the gross current weekly income distribution is plotted in Figure 2.8.<sup>29</sup> Patterns of change between the surveys are consistently represented in these figures. First, the percentage of the working-age population reporting income was about 6.5% higher in 2010/11 than 2004/05. In the weekly income distribution, this difference was largely counterbalanced by 6% more reporting low weekly income (F\$1–F\$29) in 2010/11. However, the 2010/11 annual income distribution also shows noticeably fewer individuals reporting income in the lowest two bands: about 6% fewer also report income less than F\$5,000 in the 12 months the survey covered. Second, the 2010/11 distributions showed higher proportions with incomes in higher ranges. In the distribution of annual income, this was true for all income ranges above F\$7,000. In the distribution of weekly income, fewer respondents

**Figure 2.7: Individuals’ Gross Annual Nominal Income Distribution (% of working-age population)**

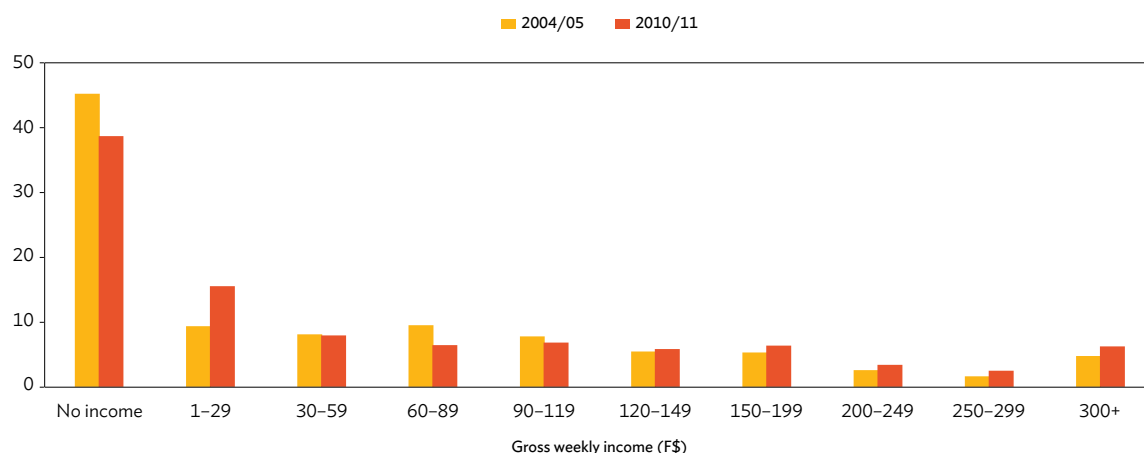


F\$ = Fiji dollar.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

<sup>29</sup> These compare the nominal incomes reported in each survey. Consumer prices increased by about 30% over the period. Also, while categorical income responses were more detailed in the 2010/11 survey, we have aggregated these to be consistent with the 2004/05 responses.

**Figure 2.8: Individuals' Gross Weekly Nominal Income Distribution (% of working-age population)**



F\$ = Fiji dollar.  
Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

reported in the F\$60–F\$119 range and more in the ranges above F\$120 per week.

The confounding effects of inflation make it difficult to assess from the categorical income responses whether real (inflation-adjusted) incomes increased or decreased over this period. However, to provide some sense of the possible real income changes, we first assigned to each individual an income at the midpoint of their reported income range,<sup>30</sup> and we then adjusted the resulting 2004/05 incomes to 2010/11 prices using the consumer price index. We also aggregated individuals' assigned annual incomes across multiple jobs to obtain an estimate for total annual income from all jobs. For ease of comparability with annual incomes, we have annualized weekly incomes by multiplying weekly income figures by 52.14. Finally, we have aggregated assigned incomes across individuals in a household to estimate total weekly and annual incomes for households, and also estimated equivalized household income by dividing the total household income by an "equivalization" factor, calculated as the square root of the household size.<sup>31</sup>

Table 2.15 presents the averages of various measures of real income for 2004/05 and 2010/11, together with the Gini coefficient associated with these incomes for the full working-age population. The first two rows show that between 2004/05 and 2010/11, real average annual incomes fell even as the proportion of individuals with income increased. This is the case both for individuals, where main-job real income fell by 8% on average and total annual income fell by 25%, and for households, where total household income shrank by 28% and estimated equivalized income fell by 16%. In contrast, real current weekly incomes increased by 6% on average for individuals, while total household income was almost unchanged, and estimated equivalized weekly income increased by 18%.

Second, changes in the Gini coefficient suggest that inequality in individual incomes increased between 2004/05 and 2010/11 by up to 5%; while household income inequality increased more strongly by 2% for equivalized annual income and as much as 18%–19% for total or equivalized weekly income. For individuals, the measure of rising inequality appears

<sup>30</sup> We assigned the following values for the open-ended top income ranges: F\$200,000 for 2004/05 annual income F\$150,000+; F\$250,000 for 2010/11 annual income F\$200,000+; F\$400 for 2004/05 weekly income F\$300+; and F\$4,000 for 2010/11 weekly income of F\$3,000+.

<sup>31</sup> This is not consistent between the 2004/05 and 2010/11 surveys because the 2010/11 sample includes only the population above 15 years old. Accordingly, there is an upward bias to 2010/11 individuals' equivalized household incomes.

**Table 2.15: Real Household and Individual Incomes, 2004/05 and 2010/11**

	Combined Household Incomes					Individual Incomes		
	1st Job Annual Income	Total Annual Income	Equivalized Annual Income	Annual Weekly Income	Equivalized Annual Weekly	1st Job Annual Income	All Job Annual Income	Annual Weekly Income
Average income (F\$)								
2004/05	18,674	24,811	10,753	17,633	7,568	4,785	6,431	4,491
2010/11	16,150	17,761	9,019	17,507	8,891	4,382	4,829	4,760
Change (%)	(13.5)	(28.4)	(16.1)	(0.7)	17.5	(8.40)	(24.9)	6.0
Gini coefficient								
2004/05	0.503	0.487	0.480	0.443	0.431	0.729	0.717	0.701
2010/11	0.543	0.504	0.490	0.523	0.512	0.746	0.722	0.738
Change (%)	7.9	3.6	2.2	18.1	18.7	2.3	0.7	5.4

( ) = negative.

Note: Averages and Gini coefficients are calculated for incomes over the full working-age population, including individuals who report zero income. Incomes are estimated using the midpoint of the categorical range reported, and adjusted to 2010/11 prices using the consumer price index. Household incomes are the sum of individual incomes within a household, and the household equalization factor is the square root of the household size.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

due to increasing higher incomes outweighing the equalizing effect of both a shift from zero incomes to more people reporting low incomes and the fall in average real income over the period. The shift from zero to positive incomes arguably should lower individual income inequality. However, within households, this pattern may be due to added-worker effects in response to the deteriorating employment and economic opportunities. Individual income inequality was thus lower for perverse reasons i.e., falling average incomes. The increase in household income inequality may better reflect the cause of added-worker effects and the concentration of subsistence employment in agricultural and rural areas.

### **Population subgroup incomes**

Changes in the average incomes by subgroup broadly reflect the overall patterns discussed in this chapter. These are illustrated in Figure 2.9 and Figure 2.10, which show the 2004/05 and 2010/11 average individual incomes for various subgroups. Note that in contrast to the full working-age population statistics presented in Table 2.15, the averages shown here are conditional on employment.

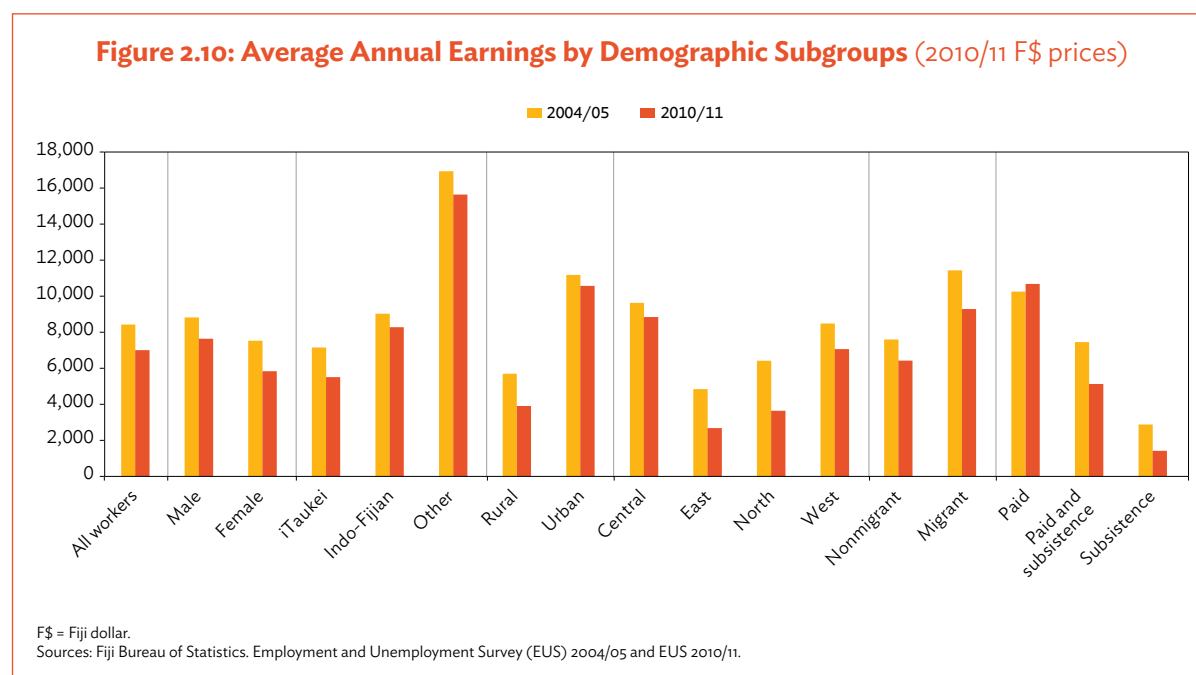
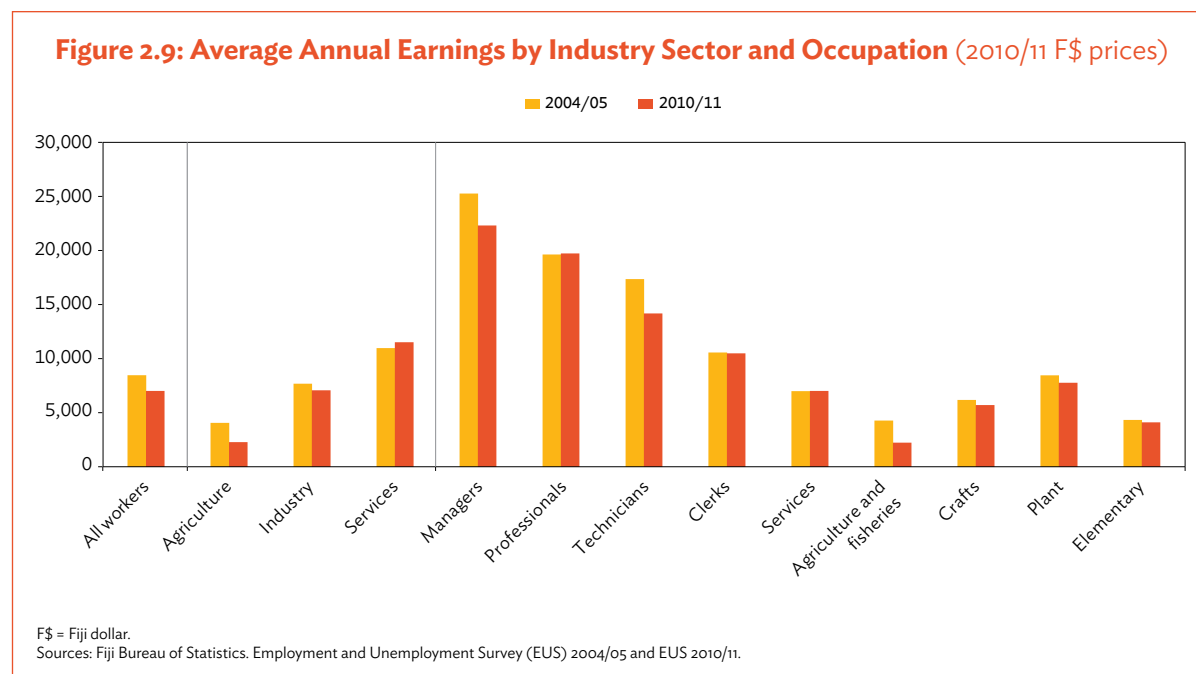
The first stratification, shown in Figure 2.7, is by economic sector and occupation. Consistent with

strong growth in subsistence employment, average income of agricultural workers dropped significantly between 2004/05 and 2010/11. As there was little change in the average numbers of hours worked in agriculture between the surveys (Table 2.11), this suggests the average hourly wage rate also fell in real terms. Incomes in the industry sectors also fell, albeit by a smaller amount, while individual incomes in the services sectors increased. The patterns of average income change by occupation are either negative or relatively static.

Figure 2.10 compares the 2004/05 and 2010/11 incomes across various subgroups defined by socio-demographic and regional characteristics. Although the average incomes vary, they show roughly comparable falling incomes across almost all subgroups: the only exception being among workers who have only paid work and not with subsistence work who experienced a small increase in average income.

### **Remittances**

Remittances provide an important source of income in Fiji for individuals and families, and for the broader economy. Remittances represent a direct tangible payoff from the loss of skills associated with emigration. However, there are significant risks



associated with relying on remittances as a long-term source of income in that, as migrants become more integrated into their new country of residence, their commitment to remittances may decline.

In 2007, about 11% of people in Fiji received remittances.<sup>32</sup> Remittances provide general income support and a substantial boost to low-income families, and are more likely to be received

<sup>32</sup> Calculation based on 2007 Census data.

by unemployed workers (15.6%) than employed workers (10.0%). One study has shown that the average income of the poorest quintile increased by 82% when remittances were included (Brown 2008). Remittances accounted for over 5% of the country's GDP in the late 2000s (Ratha, Mohapatra, and Xu 2008, UNSD 2009).

### **Economic returns to education**

The final part of the analysis in this section turns to the economic returns attributable to education, in the form of wage and earnings premiums associated with educational attainment. To do this, estimates of regressions of earnings on educational attainment variables and other control variables were compiled using data from the 2004/05 and 2010/11 employment and unemployment surveys. To assess the differential effects of both weekly and annual hours worked and to examine the robustness of the results, we considered four earning measures: main-job annual earnings and average hourly wages (calculated as annual earnings divided by annual hours worked), and current weekly earnings and average hourly wage (calculated as weekly earnings divided by weekly hours worked). Each of the regressions include separate dummy variables for whether the worker's highest education was secondary school and post-secondary school, a 2010/11 dummy variable for whether the person worked in 2010/11 (versus 2004/05), and interactions between the 2010/11 dummy variable and the two educational attainment variables. Three regressions were estimated for each earnings outcome variable: first, the simple regression with no other variables; second, regressions which include a standard set of socio-demographic control variables;<sup>33</sup> and third, regressions that additionally include a full set of 1-digit industry and occupation dummy variables.

Table 2.16 presents coefficient estimates on the educational attainment variables from these regressions. The interpretation of the coefficients on

the education variables are that they represent the estimated average earnings (in logs) difference of workers with that education compared with workers with less than secondary-school education, while the coefficients on education variables interacted with the 2010/11 dummy variable is the estimated average earnings (in logs) difference associated with that education in 2010/11 compared with 2004/05.

The first column in Table 2.16, showing the estimated coefficients from the simple regression of annual earnings, indicates that workers who completed secondary school earned 48 log-points (about 60%) more than workers who did not in 2004/05, and workers with post-secondary education earned 110 log-points (about 200%) more. The coefficients on the 2010 interactions also imply the post-secondary premium was 20 log-points (22%) greater in 2010/11. When socio-demographic control variables are included (column [2]), the estimated coefficients fall 10%–20%, but remain large and statistically significant. However, when the industry and occupation controls are added, the estimated main education coefficients fall substantially, although still remain statistically significant. In particular, the earnings premiums associated with secondary schooling is 13 log-points (14%), and with post-secondary education is 40 log-points (50%), and there are now statistically significant 2010/11 interaction effects with each of these variables: 7 log-points (7%) for secondary school, and 12 log-points (13%) for post-secondary education. Also, the drop in estimated returns to education when the industry and occupation controls are included implies that workers education levels are correlated with their industry and/or occupation.

Broadly similar estimates are obtained from the regressions of log(current weekly earnings), presented in the third block of results in Table 2.16, except that the 2010/11 interaction estimates are smaller and/or negative. In addition, in order to assess the robustness of the regressions based

<sup>33</sup> These are quadratic in age, and dummy variables for Female and Married (and the Female \* Married interaction), Indo-Fijian, Other ethnicity, Urban, Eastern, Northern and Western divisions, and whether migrated in the past 5 years.

on earnings where values were allocated as the midpoints of reported categorical data ranges, an ordered logit model using the reported categorical earnings data was also estimated. Interpreting the magnitudes of these ordered logit model estimates is less straightforward, however the signs and

relative magnitudes of the coefficients are broadly consistent with those from the linear regressions reported in Table 2.16.<sup>34</sup>

The estimated education coefficients from using average hourly wage as dependent variable

**Table 2.16: Economic Returns to Education, 2004/05 and 2010/11**

	Main Job Last Year					
	Annual Earnings			Average Hourly Wage		
	(1)	(2)	(3)	(1)	(2)	(3)
Secondary	0.482** (.034)	0.418** (.032)	0.128** (.029)	0.0810* (.033)	0.153** (.033)	0.0377 (.033)
Post-Secondary	1.099** (.036)	0.924** (.034)	0.399** (.032)	0.562** (.035)	0.564** (.035)	0.262** (.037)
Secondary*2010	0.019 (.047)	0.039 (.042)	0.066+ (.037)	0.105* (.045)	0.0988* (.044)	0.140** (.043)
Post-Secondary*2010	0.199** (.047)	0.146** (.042)	0.119** (.037)	0.132** (.045)	0.141** (.044)	0.179** (.043)
Other controls:						
Demographics	No	Yes	Yes	No	Yes	Yes
Industry and occupation	No	No	Yes	No	No	Yes
Observations	13,864	13,864	13,858	13,859	13,859	13,858
R-squared	0.21	0.35	0.51	0.10	0.12	0.18
	Current Weekly					
	Weekly Earnings			Average Hourly Wage		
	(1)	(2)	(3)	(1)	(2)	(3)
Secondary	0.520** (.035)	0.424** (.032)	0.172** (.029)	0.261** (.033)	0.261** (.033)	0.119** (.032)
Post-Secondary	1.121** (.037)	0.927** (.034)	0.460** (.033)	0.742** (.035)	0.667** (.035)	0.340** (.037)
Secondary*2010	-0.049 (.047)	-0.027 (.042)	-0.023 (.038)	-0.015 (.045)	0.001 (.043)	0.004 (.042)
Post-Secondary*2010	0.089+ (.048)	0.034 (.043)	-0.024 (.038)	0.047 (.046)	0.040 (.044)	0.016 (.042)
Other controls:						
Demographics	No	Yes	Yes	No	Yes	Yes
Industry and occupation	No	No	Yes	No	No	Yes
Observations	13,319	13,319	13,231	12,998	12,998	12,913
R-squared	0.18	0.34	0.50	0.11	0.17	0.24

- = negative, ( ) = standard errors obtained from the regression analysis.

Notes: All entries are coefficients estimated from regressions of earnings (in logs) or wages (in logs), using earnings taken as the midpoint of the categorical range reported and expressed in 2010 prices using the consumer price index. Each coefficient is the estimated average log-difference in earnings (or wages) of workers with that education relative to workers with primary schooling or less; and the 2010/11-interaction coefficients are the average difference to vary in 2010/11 and 2004/05. Standard errors are in parentheses. Columns (1) are estimates from simple regressions with no control variables (except for the 2010/11 year dummy variable and intercept); columns (2) are estimates from regressions that include standard demographic control variables (a quadratic in age, and dummy variables for Female and Married, and the Female \* Married interaction, Indo-Fijian, Other ethnicity, Urban, Eastern, Northern and Western divisions, and whether migrated in the past 5 years); and columns (3) additionally include controls for 1-digit industry and occupation.

+, \*, and \*\* means the coefficient is statistically significantly different from zero at the 10%, 5%, and 1% level, respectively.

Sources: Fiji Bureau of Statistics. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

<sup>34</sup> The complexity arises partly because the coefficient estimates pertain to a latent regression, and need to be converted to the scale of earnings. In addition, the conversion may be done at each of the boundary points on the reported earnings categories, resulting in an array of possible estimates of the effects of education on earnings.



presented in the second and fourth blocks of Table 2.16, are generally much smaller than for the corresponding regressions that used earnings as dependent variable. (This is particularly true for average hourly wage derived from annual earnings and hours.) This suggests that a substantial component of the earnings premiums measured for annual or weekly earnings is associated with education premiums in the relative hours worked by workers with different education levels. For example, comparing the estimated coefficients on secondary school in columns (3) for the weekly earnings and average hourly wage derived from weekly earnings and hours, 0.17 and 0.12 respectively, suggests about two-thirds of the weekly earnings premium is due to hourly wage differences and one-third to hours differences. Similarly, comparing the coefficients on post-secondary from these two regressions, 0.46 and 0.34 respectively, suggest similar two-third wage versus one-third hours contribution to the estimated earnings premium.

In summary, there are large positive hourly wage, employment, and weekly or annual earnings premiums associated with higher educational attainment of workers. In addition, the wage and earnings premiums are larger in 2010/11 for measures based on annual earnings and hours, but there is little or no evidence of such effects based on weekly earnings and hours. Finally, estimating the returns to education appear to be somewhat confounded

by strong correlations between workers' education levels and the industry and occupation they work in, which is expected, as those with higher education may select into certain occupations and industries which have higher wages.

## 2.5 Economic Growth and Productive Employment

This section analyzes changes in GDP per capita in Fiji over the past 4 decades, and the contributions of shifts in the working-age population, labor force participation, employment, and labor productivity over that time.

Table 2.17 presents the components of GDP per capita described in equation (2.1) for each of the census and survey sample years from 1976 until 2010/11. The first column shows growth in real GDP per capita from 1976 until 2004/05 (totaling 42%, or 1.3% a year on average over this period), but stagnant growth from 2004/05 until 2010/11. Growth in the proportion of the working-age population, from 59% in 1976 to 70% in the 2000s, and in the working-age labor force participation rate from 49% to (around) 60% or above by the 2000s, each contributed positively to per capita growth, and fully account for the growth.<sup>35</sup> The final two columns in this table shows, first, that the (labor force) employment rate was largely stable except for cyclical fluctuations

**Table 2.17: Components of Gross Domestic Product per Capita, 1976–2010/11**

Year	GDP/Pop (F\$)	WAP/Pop (%)	LF/WAP (%)	Emp/LF (%)	GDP/Emp (F\$)
1976	3,700	59.0	49.3	95.8	13,285
1986	3,835	61.8	54.5	92.4	12,322
1996	4,708	64.4	60.5	94.6	12,761
2004/05	5,258	70.5	57.9	95.3	13,514
2007	5,182	70.9	54.0	89.3	15,139
2010/11	5,325	73.1	64.4	95.3	11,858

F\$ = Fiji dollar, Emp = employed, GDP = gross domestic product, LF = labor force, and WAP = working-age population.

Note: Year refers to either a census year (1976, 1986, 1996, 2007) or the 12-month periods covered in the employment and unemployment surveys of 2004/05 and 2010/11. Sources: Fiji Bureau of Statistics (FBOS). Census 1976, 1986, 1996, 2007; FBOS. Employment and Unemployment Survey (EUS) 2004/05 and EUS 2010/11.

<sup>35</sup> For example, between 1976 and 2004/05, the working-age percentage of the population and the labor force participation rate grew 17% and 22%, respectively, implying a 42% increase in the working-age labor force.

and, second, little systematic growth in (total) labor productivity was seen, as measured by GDP per employed worker. In particular, labor productivity did not change much between 1976 and 2004/05 but has fluctuated in the 2 reported years since then, and the fall in productivity in 2010/11 is consistent with the substantial increase in subsistence employment in agriculture in that year.

Table 2.18 examines trends in labor productivity and employment shares by sector. It shows agricultural labor productivity grew 46% between 1976 and 2007, or at an average rate of 1.2% per year, and appears to be largely associated with falling employment shares.<sup>36</sup> In the industry and services sectors, the productivity trends are less systematic: some productivity growth in industry is apparent, although the trend is quite variable, while productivity in services declined after 1976. As discussed, the employment share of industry has held fairly steady over the entire period, with the exception of 2010/11, and the share of services has increased.

## 2.6 Progress toward Millennium Development Goal Targets

The Ministry of Finance (2014a) assesses progress toward the Millennium Development Goal of achieving full and productive employment by 2015.<sup>37</sup> The government developed several national policies and initiatives in order to make progress. First, the Peoples' Charter for Change, Peace and Progress focuses on reducing poverty by increasing private sector investment to underpin economic growth and productive employment, undertaking initiatives such as the National Programme to Reduce Poverty, and enhancing human resources by increasing educational opportunities and training (National Council for Building a Better Fiji 2008).

Second, the *Roadmap for Democracy and Sustainable Socio-Economic Development 2010–2014* includes the crucial agenda of achieving stronger economic growth to create greater productive employment opportunities to reduce poverty. Increased

**Table 2.18: Sectoral Composition of Gross Domestic Product, 1976–2010/11**

Year	GDP/Employment (F\$)				Employment Share (%)			Total Employed
	Agriculture	Industry	Services	Total	Agriculture	Industry	Services	
1976	5,363	15,770	23,182	13,285	48.1	18.0	34.0	159,350
1986	5,299	16,631	19,914	12,322	48.6	14.8	36.6	224,580
1996	6,914	11,007	17,727	12,761	32.6	21.5	46.0	285,470
2004/05	7,327	12,885	16,906	13,514	26.2	21.9	51.9	318,230
2007	7,408	13,154	20,287	15,139	28.4	20.9	50.7	288,650
2010/11	3,273	15,645	19,685	11,858	44.2	14.3	41.6	368,010
Change from 1976 to								
2007	2,045	(2,616)	(2,895)	1,854	(19.6%)	2.9%	16.8%	
2010/11	(2,090)	(125)	(3,497)	(1,428)	(3.9%)	(3.7%)	7.6%	

( ) = negative, F\$ = Fiji dollar, GDP = gross domestic product.

Note: Year refers to either a census year (1976, 1986, 1996, 2007) or employment and unemployment survey (EUS) year (2004/05 or 2010/11).

Sources: Fiji Bureau of Statistics (FBOS). Census 1976, 1986, 1996, 2007; FBOS. EUS 2004/05 and EUS 2010/11.

<sup>36</sup> Agricultural productivity fell dramatically between 2007 and 2010/11 and was associated with a strong increase in subsistence employment in agriculture between these years.

<sup>37</sup> MDG 1B: "Achieve full and productive employment and decent work for all, including women and young people."

investment, in turn, is necessary for stronger growth, to create jobs, and to promote conditions for greater involvement of women and young workers in the economy. The road map also outlines labor market reforms to increase employment and provide worker protection through minimum wage legislation.

Third, the National Strategic Human Resources Plan provides 5-year rolling plans to guide labor market policies and responses to pressures. The plans cover a wide range of human resources planning, with the ultimate objective of improving labor productivity.

Finally, the National Employment Centre (NEC) was established by a 2009 decree to provide a consolidated and coordinated agency to implement and monitor employment policy. NEC is responsible for providing services to unemployed workers, and creating decent and environmentally sustainable employment. NEC also supports the creation and expansion of small businesses, and assists efforts to increase productivity in the formal and informal sectors.

Despite positive progress in developing and introducing strategic policy initiatives, Fiji has had limited success in achieving its MDG 1B targets. Part of the reason was low and declining investment rate in the 2000s. This decline was largely on account of the fall in private investment rate from 10%–12% in the first half of 2000s to a low of 3.6% in 2010. GDP growth slowed, averaging 0.8% per annum during 2000–2009. However, investment has recovered since 2010, averaging 20.9% during 2010–2014. Private sector investment also picked up, reaching 19.7% in 2014. GDP growth averaged 3.3% over this period. The impact of rapid growth on labor market outcomes, both on net employment creation and quality of jobs, however, remains to be seen.

## 2.7 Conclusion

The analysis of labor market trends and conditions in Fiji took account of historical and most-recent data collected by the government. We briefly summarize the study's main findings and their implications for policy.

First, we see that the supply side of the labor market has benefited from positive trends in demography, human capital, and the labor force. These include the increasing share of the total population that is of working-age, rising rates of participation in the labor force, a rising employment rate, and improvements in education. Set against these positive changes, Fiji has experienced strong emigration over the past quarter century, particularly among skilled workers. Emigration represents brain drain, but at the same time Chand and Clemens (2008) show that there is a demonstration effect with increasing educational attainment in the hope of finding better job opportunities abroad.

Second, while GDP per capita growth in Fiji has increased steadily over the past quarter century, most of it was achieved through increases in labor force participation rather than advances in labor productivity. In fact, the analysis of aggregate economic performance (Table 2.17 and Table 2.18) suggests little systematic growth in labor productivity has occurred, especially in recent times. This is a concern, particularly given the steady improvement in education and the apparent strong economic returns this has produced, as noted in recent employment and unemployment survey data. Part of the explanation may be associated with the large loss of skilled workers through emigration, but the lack of growth in productivity is also likely to be a function of low capital investment.

Third, and related to the lack of labor productivity growth, a large proportion of workers are employed either partly or fully in subsistence work. Furthermore, although the surveys providing the data indicate that employment increased strongly between 2004/05 and 2010/11, this growth was driven by a massive increase in subsistence agricultural employment.

Fourth, the high levels of informal employment and the substantial proportion of workers involved, either wholly or partly, in subsistence employment present related problems. This is particularly prevalent in agriculture, where 95% of workers are in informal employment, compared with less than 40% in the nonagriculture sectors. In addition, in both 2004/05 and 2010/11, about 50% of agricultural workers were doing purely subsistence work and

only 30% (2004/05) or 14% (2010/11) only paid work. In comparison, over 75% of workers in the nonagriculture sectors are in only paid work, and less than 5% in subsistence-only employment. Subsistence employment is also associated with lower earnings, as is clear from both the substantially lower earnings of subsistence versus paid-work workers, and that agricultural workers are paid less than those in industry and services. This suggests that concentrating economic and employment growth in industry and services will promote quality work and improve earnings and incomes.

Finally, about 18% of youths in Fiji are inactive (that is, they are not in education, employment, or training), which suggests that there is scope for offering more training to those who are otherwise occupied with household duties.

## 3. SKILLS DEVELOPMENT AND JOB CREATION

Fiji has successfully provided people of diverse backgrounds with relatively equal access to free primary and secondary education, tertiary higher education, and vocational training. Girls and women are enrolling in skills development training, including in nontraditional programs such as engineering, and boys are entering fields traditionally considered female. And gradually, more qualified teachers are entering the school system.

However, the government faces several challenges in ensuring the quality of education and the relevance of training courses to the skills demanded by the market. To effectively provide post-secondary education to the Fiji's workforce, better coordination of education, skills-training providers, and the private sector is required.

This chapter discusses four key areas in skills and job creation in Fiji. The first reviews the country's education and TVET systems and programs, and examines the structure, programs, and finance to the sector. The second focuses on access and quality of higher education and TVET, and the third discusses the matching of skills training and employment. The last summarizes key constraints and recommends courses of action.

### 3.1 Education and Technical Skills Training System and Structure

In 2013, there were 729 primary schools, 176 secondary, 17 special, including 6 vocational schools (ADB 2015). The country's three universities are the University of the South Pacific, the University of Fiji, and Fiji National University. The Fiji Higher Education Commission (FHEC), had recognized or registered 24 TVET providers, 4 of which are government agencies, 16 private institutions, and 4 regional institutions (ADB 2015). In addition, there are other institutions that are at different stages of assessment leading up to provisional registration and then to full registration.

#### **Primary education**

Primary and secondary education are compulsory, meaning that students spend up to 14 years in formative education, including kindergarten. Kindergarten begins at 5 and children normally enroll in primary school at 6, which includes Grades 1–8. Students enroll in a secondary school of their choice after primary school (Table 3.1). In 2014, the Ministry of Education recorded 138,829 students attending primary school, of which 48% were girls and 52%

**Table 3.1: Primary and Secondary Levels, and Technical Education**

Primary School	Secondary School	
Class 1 – Year 1	Form 3 – Year 9	
Class 2 – Year 2	Form 4 – Year 10	
Class 3 – Year 3	Academic	Technical
Class 4 – Year 4	Form 5 – Year 11	Certificate I
Class 5 – Year 5	Form 6 – Year 12	Certificate II
Class 6 – Year 6	Form 7 – Year 13	
Class 7 – Year 7		
Class 8 – Year 8		

Source: Fiji National University, Technical and Vocational Education and Training Division.

were boys. Children in primary schools complete the Fiji Literacy and Numeracy Assessment in Years 4, 6, and 8. The government reintroduced the external examinations in 2015 in primary schools. Students in Years 6 and 8 will once again be sitting the Fiji Intermediate Examination and Fiji Eighth Year Examination, respectively.

Officials have in the past couple of years instituted several measures to improve access to school. Students have enjoyed free tuition since 2014, up to Year 13, with special provisions also for free bus transportation and free textbooks. The Ministry of Education has a zoning policy, which encourages parents to enroll their children in schools close to home so they can take full advantage of the free transportation. Some parents prefer to choose the schools themselves, meaning that children traveling beyond their school zones are required to pay part of their daily school bus fares. Since the start of the 2015 academic year, all Year 1 students are given daily cereal and milk to help improve nutrition.

**Secondary school and Fiji Technical College: Making choices (including pre-vocational)**

Secondary school level begins at Year 9 (Form 3) and ends at Years 12 or 13. In 2014, 69,933 students were enrolled in secondary school, 52% of them

female and 48% male. The Ministry of Education in October 2014 formed the Fiji technical colleges. Three centers were opened and in operation in 2015 to provide an alternative pathway after Year 10 (Form 4).<sup>38</sup> Fiji National University (FNU) initially managed this project, from 2013, but the Ministry of Education capitalized on its ownership of government school facilities and established the first technical college at the Nasinu Secondary School site. The government initiative primarily targets the more than 20,000 students who would normally not be absorbed into higher education. After Year 10, students have the option to either continue in the academic stream or join any of the technical colleges.

Students sit three examinations at the secondary level: the Fiji Junior examination at the end of Year 10 (Form 4), the Fiji Year 12 examination at the end of Year 12 (Form 6), and the Fiji Year 13 examination. After Year 12, choices depend on grades. Students scoring 250/400 and above have more options and may progress to Year 13 (Form 7) or enroll in a tertiary institution (university), thereafter to a certificate or diploma program, then a degree. Those who do well in Year 13 (Form 7), which is equivalent to a university foundation, are more likely to enter university degree programs. Students at both Years 12 and 13 are examined in five subjects.<sup>39</sup> Total scores are computed from English plus the best three subjects. Students with high scores of 320 or more out of 400 (average of 80%) normally get the best scholarships.

The government had announced that school leavers of all ages were free to join the Technical College as private students or under the available government loan scheme. Furthermore, in 2014, the Ministry of Education announced the transformation and consolidation of the vocational education curricula into 10 technical colleges throughout the country, offering a choice of 14 vocational programs. Most of these are based on previous curricula and offered

<sup>38</sup> The government in January 2015 provided F\$7 million to establish technical colleges throughout the country to help address short-term needs in the construction industry and also to absorb youths dropping out of the school system.

<sup>39</sup> Students must take English and a combination of four other subjects, depending on the stream they choose such as science (math, physics, chemistry, biology), arts (history, geography), commerce (accounting, economics), TVET (technology, home economics, agriculture), and others.

at certificates I and II. The technical colleges were formed to cater to school dropouts and school leavers (Prasad 2015). But the more significant purpose was to maintain control of the TVET system and improve the quality of its programs.

Figure 3.1 illustrates the pathways and choices students make after Year 10, with the formation of the Fiji technical colleges. It also shows that students can progress to higher education and obtain qualifications such as Certificate III at Fiji National University, the National Training Productivity Centre (NTPC), or the Australia–Pacific Technical College.

**Fiji Higher Education Commission**

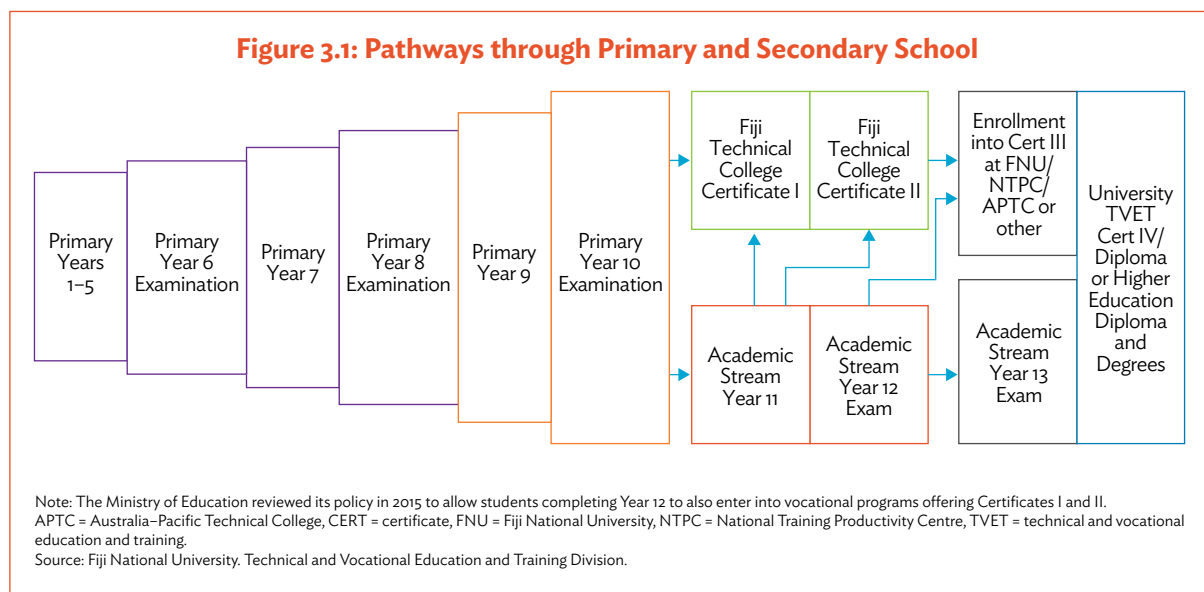
The FHEC, established in 2010 under the Higher Education Promulgation 2008, advises the minister responsible for higher education on developing and promoting the higher education sector. This includes regulating the operation of higher education institutions to enhance governance, and ensuring the quality of education and training to increase labor market productivity. All higher education institutions must be registered with the commission. It has also developed the 10-level Fiji Qualifications Framework (Figure 3.2), under which all higher education programs are registered.

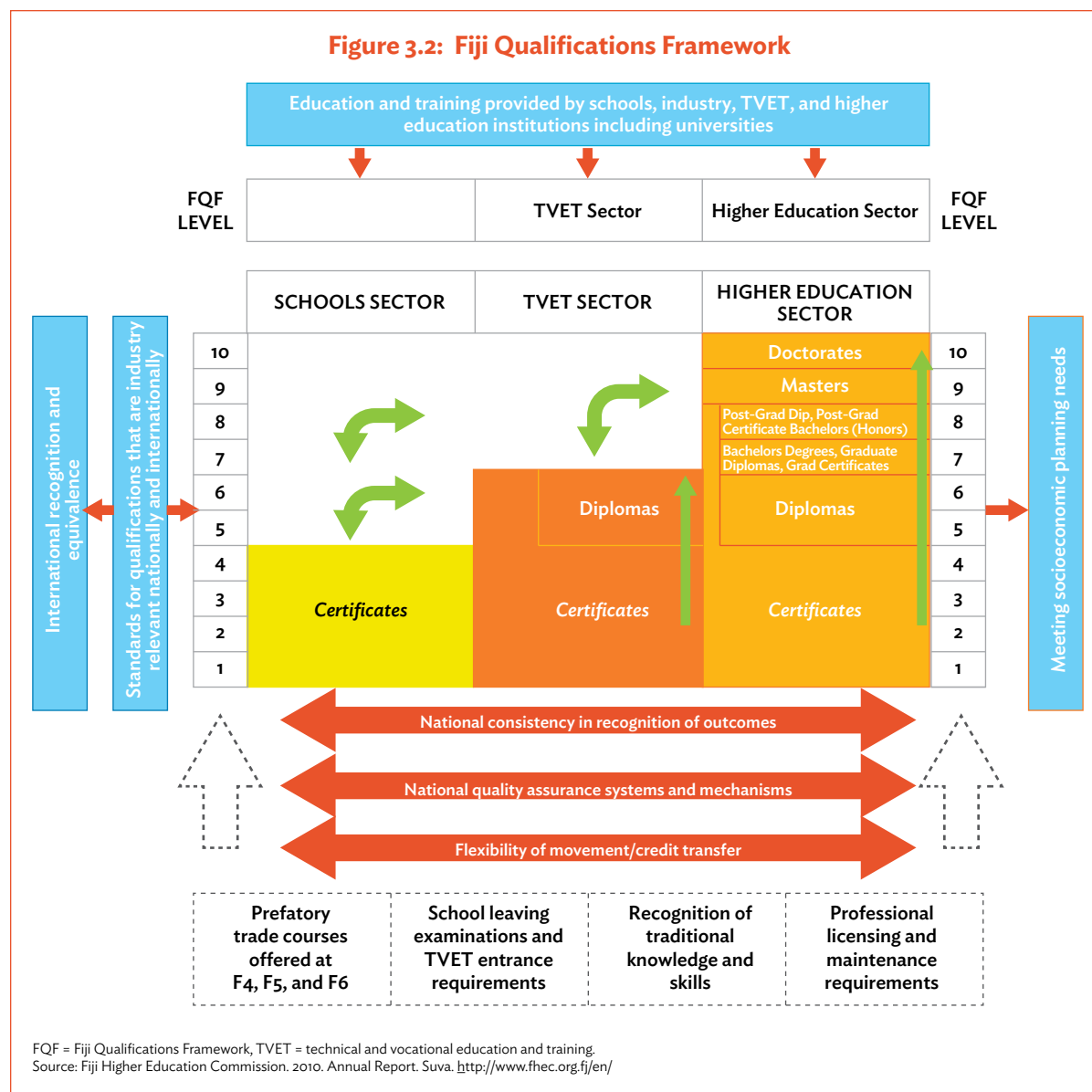
**Post-secondary education and training**

The country has two universities, FNU and the University of Fiji, and is home to two regional institutions (University of the South Pacific [USP]), and Australia–Pacific Technical College [APTC]). FNU is government-owned and gives emphasis to TVET programs; USP is regionally owned, and emphasizes higher education. FNU and USP have long histories in Fiji and the Pacific region. FNU’s College of Medicine and Nursing has over 100 years of service to the country and the region, while its College of Engineering (formerly Fiji Institute of Technology) has provided vocational skills training services for over 50 years. Both institutions have produced luminary alumni, some of whom have become national, government, and industry leaders in the region (see Appendix for more information on universities).

**Technical and vocational education and training**

Twenty-four TVET institutions operate in Fiji: 4 of them government agencies, 16 private institutions, and 4 regional institutions. Skills training traditionally starts with the family, village, or community through informal learning under the guidance of parents, elders, and peers. Informal learning continues





into adulthood alongside formal education. Children from as early as preschool may develop an interest in skills like farming or painting, while others may develop those interests later in primary or secondary school. The formal school system and post-school TVET institutions deliver skills training with a regimented program, like any other

academic subject, but with lower entry criteria.<sup>40</sup> TVET is therefore widely considered a second-class education (Ministry of Education 2000). Moreover, there are concerns that current TVET offerings lack industry relevance and do not meet the expectations of stakeholders (Tagicakiverata 2012).<sup>41</sup>

<sup>40</sup> The Ministry of Education vocational training had a Form 4/Year 10 minimum entry requirement, and this is also true of the newly established technical colleges. The National Training and Productivity Center has no minimum entry requirement for its short courses, while the FNU's Certificate IV requires completion of Year 12 education and also considers Recognition of Prior Learning.

<sup>41</sup> Parents and stakeholders are apprehensive and uncertain about the out-of-school relevance of subjects taken in school, including TVET (Tagicakiverata 2012).



Achieving relevance and quality is one of the important challenges of the current school system, in that students and parents expect a return (jobs) on their educational investments. Post-educational uncertainty and unemployment are, clearly, of great universal concern (Swami 2013). That said, for those who do not make it into the formal school system or who drop out of school, opportunities exist for “up-skilling” through nonformal, community-based skills training.

The changing socioeconomic situation in the Pacific has created high demand for TVET programs. This has included rural to urban migration, unemployment, industry activities, and climate adaptation. The government responded to this demand by forming in 2010 the FNU (discussed further in the section on reforming TVET). TVET has since become a high priority and, in 2013 and 2014, the government offered F\$5 million (\$2.5 million) for TVET scholarships each year to encourage school leavers to train in the government’s various priority technical skills areas. In 2013, it introduced the commercial agriculture scholarship to encourage youths in this area. Its F\$500,000 (\$250,000) each year allows 50 students to undertake a 12-month certificate program at FNU.

At the secondary level, there has been a renewed emphasis on TVET since 2001. Out of 72 identified vocational training centers throughout the country,<sup>42</sup> 48 were secondary schools offering vocational programs under a franchise. These franchise schools either offer Ministry of Education vocational programs or programs franchised to FNU. In addition, 17 special schools for students with special needs offer some vocational training.

In 2013, the Ministry of Education renamed TVET as Technology Employment Skills Training, or TEST, as part of a strategy to change the negative mindset about technical and vocational education. Despite this prejudice against TVET, however, female participation in TVET in recent years has been encouraging.

### Government training centers and programs

The government provides a number of training programs and initiatives through its ministries and departments, mainly to address the specific needs of communities and local industries (Table 3.2). The numbers are relatively small because the centers mainly cater for target groups such as youth, and those involved in particular fields such as coconut and timber processing.

The Ministry of Education and the Ministry of Labour play important roles in the transition of young people from school to work. Both have programs and promotional strategies to guide students toward employment such as the Careers Teachers in schools. Working in association with training institutions, numerous career expositions take place throughout Fiji each year, the more prominent ones organized by the local universities. The Ministry of Labour, with the establishment of the NEC, provides

**Table 3.2: Government Training Providers Enrollment, 2012**

Institution	Total
<b>Ministry of iTaukei Affairs</b>	
Centre for Alternative Technology and Development	40
<b>Ministry of Agriculture</b>	
Taveuni Coconut Training Centre	10
Training Centre on Post-Harvest Losses (Koronivia)	40
<b>Ministry of Fisheries and Forests</b>	
Mahogany Waste Wood Training	40
Timber Industry Training Centre (Nasinu)	14
Forestry Training Centre (Colo-I-Suva)	16
<b>Ministry of Youth and Sport</b>	
Yavitu Youth Training Centre	41
Naleba Youth Training Centre	51
National Youth Training Centre (Nasau, Sigatoka)	116
Naqere Youth Training Centre	42
<b>Ministry of Employment</b>	Completion Data (Total)
NEC Professional Counselling Program by the end of 2012	16,633
NEC Aptitude Assessment since 2010	16,144
NEC Life Skills Training Program since 2010	9,115

NEC = National Employment Centre.  
Source: ACER–Austraining, 2014. Fiji Country Study Dissemination Workshop. Working paper for National Reference Group.

<sup>42</sup> There were 85 vocational training centers in 2013 but 13 were closed in 2015 due to the opening of three technical colleges.

an avenue for all school leavers, youths, and adults to register if they are facing difficulties finding employment.

There were 48 Ministry of Education–registered vocational schools throughout the country. They are adjuncts to secondary schools. Only three are vocational colleges: Ratu Mara College, Suva Vocational School, and Vivekananda Training Centre. Each school offers 2-year vocational training programs in some or all of the following trades: automotive engineering, welding and fabrication, carpentry and joinery, catering and tailoring, office technology/woodcraft/computing, and marine/agriculture.

### ***Reforming technical and vocational education and training through mainstreaming***

Mainstreaming TVET became a priority following the recommendations of the Fiji Education Commission Report in 2000. Even within the education system, TVET had a weak reputation and was considered secondary to the academic subjects. TVET subjects have since become compulsory core units of the secondary school curriculum after government reforms. Students at the junior secondary level now take seven compulsory subjects, including two in TVET. The Ministry of Education (2008) notes that almost 80,000 students took pre-vocational TVET courses at the secondary level, including the compulsory TVET courses in Years 9–10, including technical drawing, wood technology, metal work, agriculture science, office technology, and home economics.

FNU’s founding was among the significant TVET reforms. It merged seven major tertiary training institutions into what has become the region’s largest dual-sector university—Fiji Institute of Technology, Fiji School of Nursing, Fiji School of Medicine, Fiji College of Agriculture, Fiji College of Advanced Education, Lautoka Teachers College, and the Training and Productivity Authority of Fiji. It

has over 30,000 students. A major advantage of this merger was that, for the first time, it enabled TVET students to access degree programs with university accreditation.

FNU conducts several important programs such as the Sustainable Livelihood Program, the Basic Employment Skills Training, and the popular TVET Franchise, with 39 schools across the country. The university also hosts the secretariat of the Pacific Association of Technical and Vocational Education and Training (PATVET) at its Nasinu campus, reflecting FNU’s recognition as the leading TVET institution in the South Pacific. PATVET, funded by FNU, maintains an inventory of TVET programs and qualifications across the Pacific region. Box 3.1 discusses the performance of TVET in the Pacific.

With a wide variety of TVET programs, FNU TVET also offers clear pathways for upward progression in skills and qualifications, from primary and secondary education and progressing to TVET and higher education degree qualifications (Figure 3.3). It includes the Fiji Technical College pathway.

### ***Key programs through Fiji National University***

Demand is high from people in rural communities across Fiji for opportunity and access to skills training, certification of their skills, and for higher qualifications (Cavu et al. 2009, FNU 2013a). In response, the Sustainable Livelihood Program, the nonformal TVET program, was started in FNU. Figure 3.3 illustrates the pathways for people in rural areas to gain skills training through the program. The government funds the program with an annual grant of F\$1.8 million (\$0.9 million). Its primary objective is to provide relevant skills training to people in remote rural communities and islands around the country. Trainers from FNU deliver training in local classrooms and community halls in remote communities.

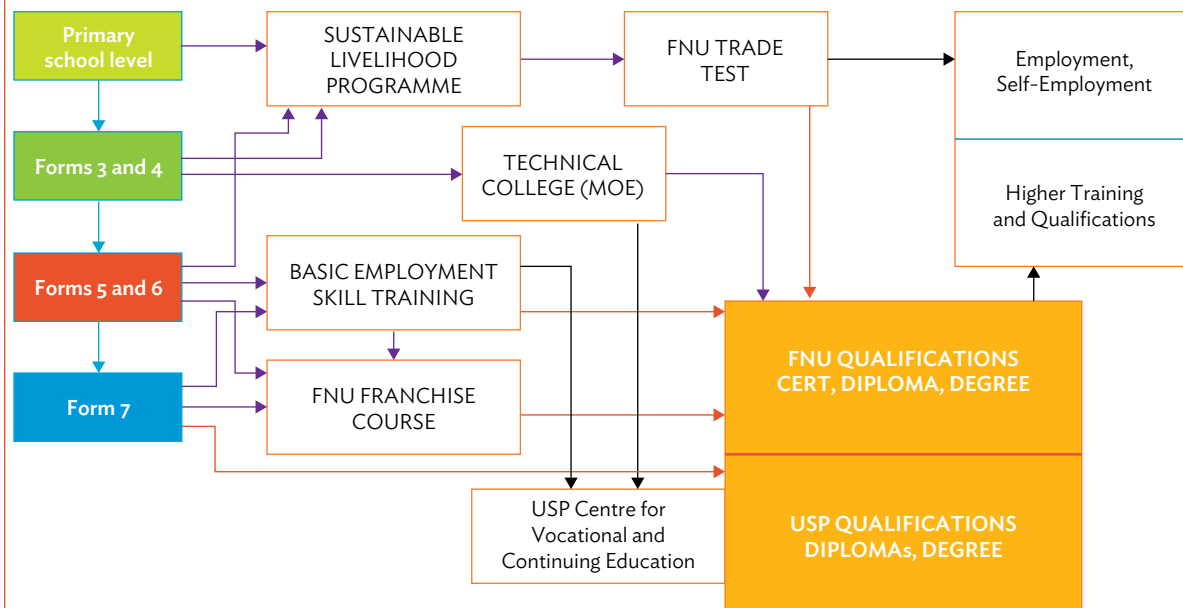
**Box 3.1: Technical and Vocational Education and Training in the Pacific**

TVET skills training in the Pacific seems to have failed to reduce youth unemployment, because initiatives were largely driven by supply and not demand (ADB 2007a). This challenged the commitment of many TVET institutions to their obligation to national development rather than their own interest in increasing enrollment numbers and profits. Accordingly, PATVET has been preparing an inventory detailing TVET courses, accreditations, and institutions in the region. PATVET member countries as of 2007 are the Cook Islands, Fiji, the Marshall Islands, Niue, Palau, Samoa, Solomon Islands, Tokelau, Tonga, and Tuvalu (SPC 2007).

To improve TVET delivery and effectiveness, the Secretariat of the Pacific Community and its TVET support partners adopted strategies such as strengthening of nonformal TVET to cater to the needs of the informal sector, developing the infrastructure of Pacific TVET institutions, improving labor market information systems to show the relevance of TVET in the Pacific, and developing TVET quality assurance systems and processes. However, TVET stakeholders in the Pacific acknowledged that the failure of TVET in parts of the Pacific was because governments as well as regional and development partners continued to prioritize academic education, even though TVET is the key to social and economic development in the region (Grinsted 2011).

Source: Authors.

**Figure 3.3: Career Pathways through Technical and Vocational Education and Training at Fiji National University**



FNU = Fiji National University, MOE = Ministry of Education, USP = University of the South Pacific.  
Source: Fiji National University, Technical and Vocational Education and Training Division.

Another innovation in the Fiji school system involves the franchising of FNU for trade certificate-level courses in over 40 secondary schools throughout the country. It means that students do not have to leave

their community schools to attend university or training centers in the urban areas, boosting access to university-level TVET for rural communities.

Meanwhile, the Basic Employment Skills Training program, introduced in 2013, gives all students at the senior secondary levels (Years 11, 12, and 13) a TVET alternative program, which they can pursue with their normal academic secondary-school curriculum. Students can choose from any of the 14 TVET programs organized by FNU-NTPC. Upon completion of Year 13, they can choose whether to pursue their main academic career path or the TVET alternative. About 168 secondary schools throughout the country participated in 2014.

### Government scholarship program

The Fiji government established the Tertiary Scholarship and Loans Board in 2014 to replace all government-funded scholarship schemes such as the Public Service Commission Scholarship, the Fijian Affairs Board Scholarship, and the Multi-Ethnic Scholarship. The board offers a range of scholarships, which include the following:

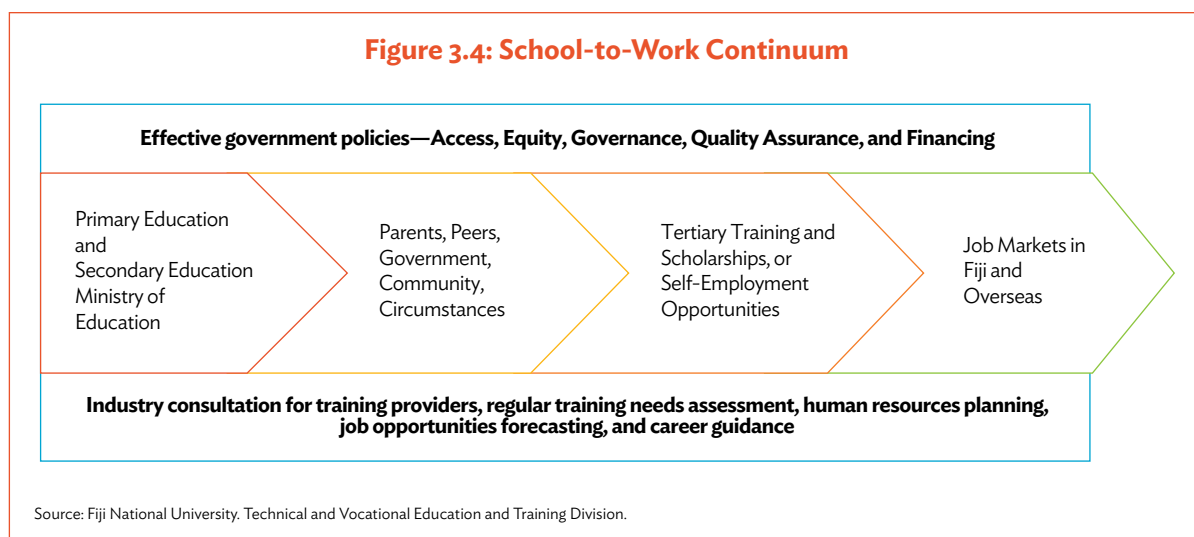
- Toppers – for the 600 students who top the Year 13 examination
- TELS – Tertiary Education Loan Scheme
- TVET – Technical and Vocational Education and Training scholarship
- Agriculture – commercial agriculture scholarship at FNU

In addition to the Tertiary Scholarship and Loans Board, a number of provincial councils, such as Rewa, Tailevu, and Kadavu, have set up their own scholarship schemes to assist students in their areas with educational expenses. Some international organizations such as Australia’s Department of Foreign Affairs and Trade, Japan International Cooperation Agency, and the Government of India also give scholarships to local students.

### Continuum from school to work

The continuum from school to work is not as smooth as many would like it to be, because people face many daily socioeconomic challenges, which may prohibit the fulfillment of career dreams and ambitions. The mismatch between qualifications and jobs has not been well understood because there has not been much detailed research on the issue with accurate data. It may also be a case of a lack of workplace experience or soft skills. The answers may be found in understanding the school-work continuum (Figure 3.4).

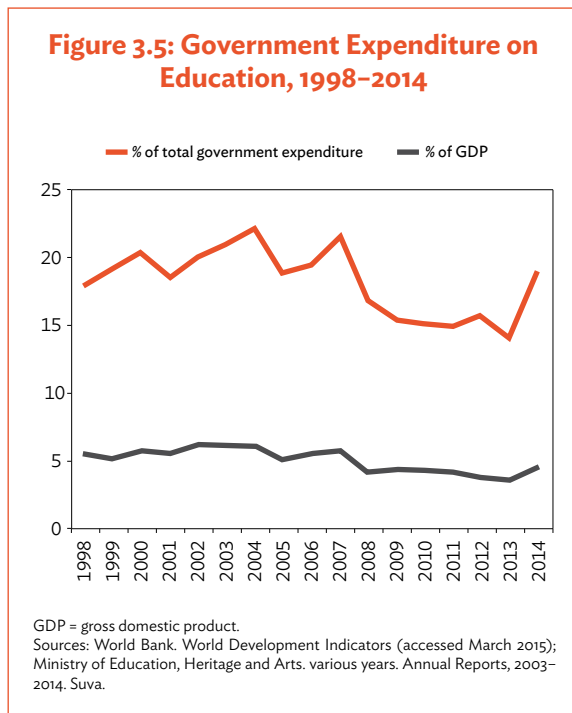
The school-work continuum illustrates the four main components of the journey from school to work. First is the education system consisting of primary and secondary levels. The second component comprises family, community, peers, personal choices, and the wider role of government.



The third contains the options and directions one could take, which would depend on job opportunities and scholarships. One could choose to be self-employed, casually employed, or attend tertiary education. The final component is the job market that is open to those with post-training skills, making them marketable locally and overseas. Effective government policies will ease the transition between components. Connections throughout the school-work continuum are strengthened and aligned by industry consultations with training providers, regular training needs assessments, effective human resources planning, providing job forecasts and career guidance.

**Financing for education and technical and vocational education and training**

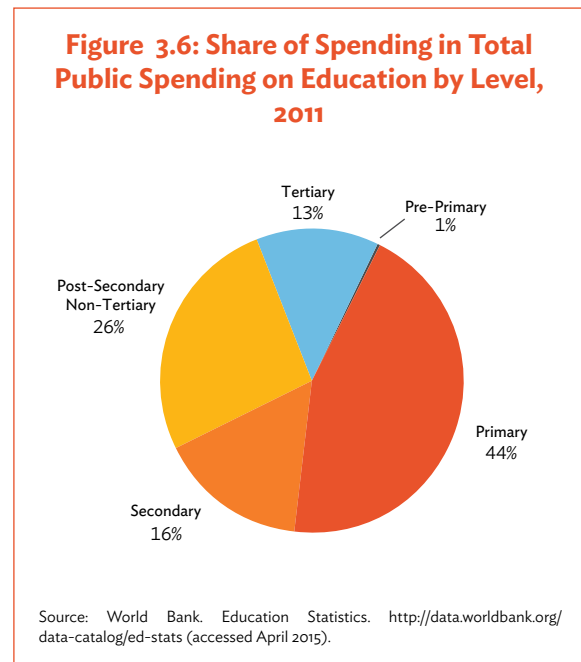
The share of total government expenditure allocated to education declined from 18%–22% before 2008 to 16.7% in 2008, 14.1% in 2013, and then again increased to 18.8% in 2014 (Figure 3.5). Of the total government expenditure allocated to education in 2011, 13% was spent for tertiary level and 26.3% for post-secondary non-tertiary (TVET) (Figure 3.6). This shows the



importance of TVET as an alternative to tertiary education.

Fiji’s tertiary education institutions, except for the APTC, receive government grants every year. The three universities (USP, FNU, and University of Fiji) depend on annual government allocations and grants for operational and capital expenditure (Table 3.3).

It shows that FNU gained significant funding in 2013 and 2014, up by 37.5%. USP also received funding, from other Pacific island countries as well as foreign governments and donor agencies.



**Table 3.3: Government Funding for Universities, 2012–2015 (F\$ million)**

Government Budget Allocation	2012	2013	2014	2015
University of the South Pacific	36.0	36.6	36.5	36.6
Fiji National University	30.3 <sup>a</sup>	28.0	38.5	38.6
University of Fiji	3.0	3.0	3.5	2.5

F\$ = Fiji dollar.  
<sup>a</sup> Includes F\$2.3 million for vocational job training.  
Source: Ministry of Finance. 2014. Budget Estimates. Suva. <http://www.finance.gov.fj/s/government-budget.html?download=308:2014-budget-estimates>

It is difficult to accurately determine the breakdown of funding for TVET because some funding allocations overlap at the secondary and post-secondary levels. Teachers in secondary schools for instance are sometimes expected to teach both TVET and non-TVET subjects. One may speculate that funding distribution at institutions such as FNU, where there are an estimated 70% TVET programs and 30% higher education programs, also follows those percentages (FNU 2013b).<sup>43</sup> In secondary schools, TVET funding under the Ministry of Education mainly refers to vocational education, but does not consider the compulsory TVET subjects at Years 9–10 and the optional TVET subjects in Years

11–13. A recent study on the issue by the Australian Council for Educational Research, funded by Australia's Department of Foreign Affairs and Trade, estimated TVET funding in Fiji to be around 1.55% of GDP in 2012–2013, which is over F\$110 million (ACER–Austraining 2014). This is an increase of 0.87% and more than double that of 0.68% in 2008 (ADB 2008). Comparative data in 2008 suggests that the major sources of funding for four Pacific island countries prior to 2008 were government and student fees (ADB 2008).

Table 3.4 shows indicative funding by institutions for TVET in 2012 and 2013, which is slightly more

**Table 3.4: Indicative Funding for Technical and Vocational Education and Training, 2012–2013 (F\$ '000)**

TVET Providers	Ministry of Finance	Development Assistance	Tuition Fees	Sale of Goods and Services	Others (including training levy)	Total
FNU	17,376	6,550	35,364	110	11,031	70,431
Ministry of Education	4,608	–	684	–	–	5,292
MoYS	436	–	–	–	39	475
Other government agencies	3,877	–	–	–	–	3,877
Private providers	1,400	862	1,430	–	645	4,336
APTC	–	21,336	–	–	–	21,336
Other regional providers	–	–	1,444	–	–	1,444
PSC scholarships	1,750	1,649	–	–	–	3,399
Total	29,446	30,396	38,922	110	11,715	110,590

– = no funding allocation, APTC = Australia–Pacific Technical College, F\$ = Fiji dollar, FNU = Fiji National University, MoYS = Ministry of Youth and Sports, PSC = Public Service Commission, TVET = technical and vocational education and training.

Note: Assuming TVET courses are allocated pro-rata funding, that is, 72.4% of the FNU total.

Source: ACER–Austraining. 2014. Fiji Country Study Dissemination Workshop. Working paper for National Reference Group.

**Table 3.5: Summary Expenditure for Technical and Vocational Education and Training, 2012–2013 (F\$ '000)**

TVET Providers	Personnel	MOOE	Overhead	Total Recurrent	Capital	Scholarships	Total
FNU	36,454	15,485	21,331	73,270	–	–	73,270
Ministry of Education	3,753	2,513	–	6,265	148	–	6,413
MoYS	200	207	–	407	46	–	453
Other government agencies	418	911	–	1,329	–	–	1,329
Private providers	1,907	2,429	–	4,336	–	–	4,336
APTC	4,676	3,660	8,143	16,480	730	4,126	21,336
Other regional providers	1,013	430	–	1,444	–	–	1,444
PSC scholarships	–	–	–	–	–	3,399	3,399
Total	48,421	25,636	29,474	103,531	924	7,525	111,980

– = no expenditure, APTC = Australia–Pacific Technical College, F\$ = Fiji dollar, FNU = Fiji National University, MOOE = maintenance and other operating expenses, MoYS = Ministry of Youth and Sports, PSC = Public Service Commission, TVET = technical and vocational education and training.

Note: Assuming TVET courses undertake pro-rata expenditure, that is, 72.4% of the FNU total.

Source: ACER–Austraining. 2014. Fiji Country Study Dissemination Workshop. Working paper for National Reference Group.

<sup>43</sup> This is the Fiji Strategic Plan 2020 on which the Australian Council for Educational Research based its TVET funding breakdown.

than F\$110 million. Table 3.5 summarizes TVET expenditure in the same period, which totals to almost F\$112 million.

### 3.2 Access and Quality of Higher Education and Technical and Vocational Education and Training

In Fiji, people in marginalized communities, the disadvantaged, and the disabled have access to (basic and/or TVET) education. All students at Years 9–10 participate in compulsory TVET programs. The franchise system provides access and opportunities for students in rural communities to take TVET courses without the need to leave their communities. Access to TVET and higher education is available through clear pathways at Fiji National University. These pathways give everyone in the community, irrespective of sex, age, education level, and geographic location a chance for up-skilling, “re-skilling,” and certification. Access to TVET is increasing, and more people can participate, including the marginalized and those in disadvantaged groups such as the unemployed or disabled.

Cultural factors such as traditional stereotypical female roles and societal expectations tend to influence the choices of young women (Nilan et al. 2006, Nilan 2009). Women are reluctant to venture into TVET fields because of these sociocultural factors. Lower female enrollment in TVET may also be attributed to factors affecting the attitude toward

TVET in general such as the lack of interest in TVET, the low status associated with it, and other negative associations such as low wages, hard labor, and difficult working conditions (Tagicakiverata 2012). Table 3.6 shows TVET enrollment in franchise TVET programs in secondary school by gender from 2003 to 2009. Female enrollments were just half (30%–34%) of males’ (66%–70%) during 2003 to 2009.

Another gauge of gender participation would be the analysis of other specific data such as programs, levels of education, and graduation rate. Table 3.7 highlights some of the TVET programs that were offered and the number of students that graduated from Fiji National University. Out of a sample of 23 TVET programs, ranging from certificates to advanced diplomas, a total of 87 (21%) females graduated compared with 334 (79%) male students in 2012. While the number of females may be small in many programs, women successfully graduated from what may be considered nontraditional programs for women. The onus is on training institutions and the government to employ strategies that would change the culture and mindset of people so that more females would willingly enroll in nontraditional TVET programs. One such strategy would be for TVET institutions to promote the achievements and employment of female graduates in male-dominated areas to inspire school leavers to follow similar career pathways.

#### **Quality of education and technical and vocational education and training**

Strong education outcomes obviously depend on the qualifications of teachers and effective

**Table 3.6: Technical and Vocational Education and Training Enrollments by Gender, 2003–2009**

Category	2003	2004	2007	2008	2009
Number of schools	63	62	66	..	..
Males	1,536	1,374	1,879	2,181	1,639
Females	783 (33.7%)	600 (30%)	984 (34.3%)	981 (31%)	748 (31.9%)
Total	2,319	1,974	2,863	3,162	2,387

... = not available.

Sources: Ministry of Education, Heritage and Arts. various years. Annual Reports, 2003–2014. Suva; Fiji Bureau of Statistics. 2010. Facts and Figures.



**Table 3.7: Technical and Vocational Education and Training Graduates from Fiji National University by Gender, 2012**

Graduates from College of Engineering	Female	Male
Advanced Diploma in Civil Engineering	2	22
Advanced Diploma in Engineering (Electrical and Electronics)	3	6
Advanced Diploma in Mechanical Engineering	2	12
Diploma in Industrial Laboratory Technician	14	5
Diploma in Agricultural Engineering	2	4
Diploma in Applied Fisheries Technology	5	6
Diploma in Architectural Technology	3	21
Diploma in Automotive Engineering	1	15
Diploma in Civil Engineering	4	21
Diploma in Electrical Engineering (Computer and Control)	1	1
Diploma in Electrical Engineering (Electrical and Renewable Energy)	8	41
Diploma in Electrical Engineering (Telecommunication and Networking)	4	27
Diploma in Industrial Laboratory Technology	14	6
Diploma in Mechanical Engineering	4	24
Diploma in Plant Engineering	2	24
Diploma in Quantity Surveying	1	13
Trade Certificate in Agricultural Engineering	2	3
Trade Certificate in Aircraft Maintenance Engineering (Mechanical)	2	18
Trade Certificate in Electrical Engineering	6	23
Trade Certificate in Heavy Mobile Plant	2	11
Certificate I in Ships Operations (Class 5 Masters)	1	2
Certificate in Electrical Serviceman	2	16
Certificate IV in Electrical Engineering	2	13
Total graduates from the TVET programs listed above	87	334
% by Gender	21%	79%

TVET = technical and vocational education and training.  
Source: Fiji National University, 2012. Graduation Data.

delivery of programs. According to the Ministry of Education (various years), Fiji's school system has 9,787 teachers in primary, secondary, vocational, and special schools. Of these, 3,084 (31.5%) have a degree or postgraduate qualifications, 3,466 (35.4%) a diploma, and 3,221 (32.9%) a certificate (Table 3.8). Female secondary and vocational teachers with a degree or higher qualifications totaled 409, or 48.9%, which is almost equal the number of male colleagues.

Data from the Fiji Bureau of Statistics reveal that from 2006 to 2009, the student-teacher ratio decreased from 28% to 25% in primary school and from 16% to 15.7% in secondary school. In December 2014, the Ministry of Education announced that 348 new teachers would be absorbed into the

Fiji education system to help improve the ratio (Chand 2014).

While the overall student-teacher ratio has improved over the years, the figures above do not give an accurate view of the problem, whereby teachers are expected to teach large classes of 40-50 students, especially in big urban schools. This problem is exacerbated by parents' insistence of enrolling their children in reputable large schools. A possible solution is the government initiative of school zoning so that students are encouraged to attend nearby schools, thus controlling student numbers.

Table 3.8 shows that Fiji has a relatively well-trained teaching workforce, but certain sections, such



**Table 3.8: Qualification of Teachers, 2012**

Qualification	Primary		Secondary		TVET in Secondary		Vocational		Special Education		Total		Overall
	M	F	M	F	M	F	M	F	M	F	M	F	
Master	22	15	26	19	8	6	0	0	0	1	56	41	97
PGD	27	34	62	61	21	23	0	0	0	0	110	118	228
PGCE	2	3	75	91	38	22	1	0	0	0	116	116	232
Degree	212	240	592	764	343	357	1	1	5	12	1,153	1,374	2,527
Diploma	540	922	605	628	406	335	11	6	2	11	1,564	1,902	3,466
Certificate	1,488	1,557	32	25	29	23	3	0	23	41	1,575	1,646	3,221
Form 7	0	0	0	0	0	0	0	0	5	11	5	11	16
Total	2,291	2,771	1,392	1,588	845	766	16	7	35	76	4,579	5,208	9,787
Total by level	5,062		2,980		1,611		23		111		9,787		

F = female, M = male, PGCE = Postgraduate Certificate in Education, PGD = Postgraduate Diploma, TVET = technical and vocational education and training.  
Source: Ministry of Education, Heritage and Arts. various years. Annual Reports, 2003–2014. Suva.

as special education, need improvement. Of the 111 special education teachers, only 18 (16%) had degree or higher qualifications, while 16 (14.4%) had only a Form 7 qualification. The challenge for the Ministry of Education is to fully utilize the talents and qualifications of its teachers to produce quality output. Several incentives provided by the ministry, such as recent salary increments for teachers, improvement in teaching conditions and workloads, and refresher courses are likely to contribute to better performance. Leadership training of principals and head teachers is also urgent. Without effective leadership and support, teachers are unlikely to achieve their full potential.

While the strengths of the teacher-training system are commendable, as illustrated in the consistent supply of qualified teachers, stakeholders from the Ministry of Education and secondary school principals and administrators identified several notable weaknesses on the following:

- Quality assurance of teacher-training institutions. This refers to the quality of programs, lecturers, duration, and evaluation of school-based job attachments.
- Quality assurance of teacher-training graduates. This refers to the level of discipline, attitude, knowledge, and performance.

- Selection of teacher trainees based on marks. This is misleading since high marks do not necessarily imply quality trainee teachers. Interviews prior to training would determine quality of character, demeanor, and discipline.

At tertiary training institutions, qualification is higher for lecturers. The needed qualifications should be higher than the qualification required for the program they are teaching. But this is not so realistic because in TVET programs, skill demonstration, knowledge, and competence are not gained by degrees, but by experience in the field. For these unique reasons, lecturers in TVET programs may have qualifications similar to their teaching level, but they ought to have teacher-training qualifications as well as wide experience in their teaching field. Unfortunately, there are no current data on TVET teachers' qualifications and experience.

Training institutions and industry advisors are constantly trying to resolve these issues. Strict workplace regulations, such as occupational health and safety, have improved standards, and industries and training providers are adopting International Organization for Standardization (ISO) standards. The establishment of the Fiji Higher Education Commission as the regulatory authority for all training institutions has raised standards, expectations, and the quality of skills training and qualifications in the country.

### 3.3 Matching Skills and Employment Opportunities

#### **System of matching with employment—Fiji National Employment Centre**

The NEC was established under NEC Decree 2009 as an overarching national policy framework to consolidate, facilitate, coordinate, and monitor all government employment promotion and small-business-creation activities. It aims to boost employment creation and productivity in the formal and informal sectors, locally and overseas (NEC).

The NEC's formation was a strategic and timely government response to assist school leavers, youths, and adults struggling to find jobs, or to find better or suitable jobs. It received and registered a wide range of people. Some had little or no employable skill; some were transitioning through jobs; some were discontent with their jobs; and others had skills and high qualifications, but could not find jobs.

The NEC sought to achieve its goals by streamlining the government's employment creation policies under an efficient and cost-effective one-stop-shop environment for employment that is easily accessible to the unemployed and highly responsive to current and future changes in the labor market. Services provided by the NEC include

- registration, professional counseling, and aptitude assessment;
- life skills and employment skills training, and work attachment for absorption into formal employment;
- entrepreneurial skills training and creation of small businesses locally through seed funding and technical support;
- promotion and facilitation of overseas employment opportunities;
- participation in Fiji's first National Volunteer Scheme for those wishing to promote civic responsibilities to various sectors in Fiji and also in the Pacific region and overseas;
- skills training and re-training or up-skilling of unemployed persons and workers; and
- collation and analysis of labor market supply and demand data and information to facilitate the effective delivery of the NEC core businesses.

To make its training programs relevant, the NEC needs to collaborate further with the private sector to assess skills needs. It also needs to collaborate with training institutes to assess the number of students and their preferences. Some programs, such as life and employment skills, need to be reviewed for their relevance in the current market.

#### **Apprenticeship scheme**

The National Training and Productivity Centre (NTPC), formerly known as the Training Productivity Authority of Fiji, is mandated to provide training in industrial and enterprise needs for those outside the school system. It also promotes improved productivity in enterprises. Among its responsibilities is the National Apprenticeship Scheme, introduced in 1963. Contractual agreements and responsibilities between the three main parties in the scheme—the apprentice, the employer, and NTPC director—are governed by the apprenticeship order and monitored by the apprenticeship manager. As of 30 September 2014, 48 companies, with 360 students, participated. (FNU NTPC).

On a broader scale, training at the NTPC is provided to two types of students: unemployed school leavers and workers in enterprises. It is funded primarily by a grant or levy from all employers in Fiji (Sharma and Naisele 2008).

Conditions for entry into the apprenticeship scheme are stipulated in the NTPC apprenticeship manual as follows:

- The trainee must be capable of completing off-the-job theoretical training at FNU or other approved institutions.
- The trainee may be exempted in part(s) of off-the-job theoretical training, which the apprentice may have done prior to joining the scheme.
- The minimum age for apprenticeship is 18 years. There is no maximum age limit for entry into the scheme, but good health is necessary and a valid medical certificate is required before registration.

The apprenticeship scheme still faces challenges, among them, the lack of incentives for industry to take up apprentices such as tax rebates or subsidization of equipment and materials. The other is the lack of regular monitoring of trainees and effective assessment procedures. A tracer study to learn about concrete outcomes of the apprenticeship scheme would be useful to enhance the program further. This could include assessing feedback from both employers and apprentices on conditions and duration of the training. The loss of trained workers after completing programs is another issue. It would be good to establish work agreements between employers and apprentices, so that employers do not lose out.

### ***Mismatch in qualifications and employment***

Nilan et al. (2006) revealed a mismatch between the career aspirations of young people and Fiji's actual human resources needs. Later community research by Cavu et al. (2009) showed that many school leavers were returning to their villages and settlements without job prospects, because they had been focused on securing white collar careers, rather than the blue collar careers, which often match their skills level.

A fundamental challenge for government, training providers, and industry is to strengthen collaboration to ensure that offered courses are relevant to the required skills in the market and match students' interests. The second challenge for stakeholders is to understand the scope and degree of the mismatch. A starting point would be to assess the qualifications that are produced by the educational system, and reconcile these with the skills and competencies demanded by the industry. This would allow stakeholders to determine the oversupply or lack of skills in the country.

A recent gap analysis conducted by FNU's TVET division during 2013–2014 to identify industry needs was well received by industry representatives, who were able to express ideas and share skills needs with the largest TVET training provider in Fiji. The consultation revealed their views about the challenges facing their businesses in areas of human resources, particularly the shortage of skilled labor, the low quality of knowledge, skills, and competencies of workers in the country. These challenges may be interpreted as the gaps between the demands of the industry and the actual demonstrable skills delivered by students from TVET tertiary institutions such as FNU, APTC, and others.

The NTPC conducted a large-scale training needs assessment of major employers in Fiji and published the results in 2013. It visited 78 government ministries and companies in 2013. The results revealed a series of shortages and gaps, for which employers had requested the training providers' assistance. Such assessments ought to be conducted regularly so that needs are identified, addressed, and monitored. Consultations with 78 employers identified some training-related needs (Table 3.9). Industry representatives often indicate a lack of readiness to work (that is, of fundamental work ethics) among new employees. The issue of "right attitude" is an important factor in the high performance and productivity in any workplace.

**Table 3.9: Gaps in Skills Training**

As Identified by 78 Employers	Industry Category
Most graduates are theory-based and greatly lack practical experience.	Agriculture
Risk assessment and management skills.	Finance
Housekeeping and cookery skills in shortage.	Hospitality
Record management training.	Finance
Shortage of qualified engineers and technicians who hold Fiji Institute of Engineer’s license.	General
Graduates lack confidence, self-motivation in the workplace.	General
Graduates lack discipline and have poor work attitude, manifested as absenteeism, lateness, ignoring instructions, and so on.	General
Graduates have problems articulating ideas and have problems with presentation.	General
Graduates are unable to work independently and need constant supervision.	General
English communication is still problematic, written and oral. Poor grammar, expression, and cohesion.	General
Office management skills are lacking, including front office, filing, correspondence, communication, among others.	General
Leadership skills are lacking. Graduates are unable to lead or initiate discussion and group activities.	General
Computer skills and knowledge are still poor, including basic word processing, spreadsheet, internet search, and others.	General
Poor knowledge and compliance of occupational health and safety regulations.	General
Need to upgrade qualification, especially those already in the field but lacking qualification, through trade test, re-skilling, up-skilling	General

Source: Fiji National University. Technical and Vocational Education and Training Division.

To address the skills mismatch and to better understand the needs of businesses, industry advisors must develop, review, and update training programs in Fiji. They help maintain connections and healthy relationships between training providers and industry, and give advice on changes in technology, global business trends, and new challenges the industry is facing.

However, the industry advisory committees (IACs) of Fiji’s tertiary training institutions face

some challenges. The IACs’ roster of industry representatives needs widening, in that most committee members are senior executives from larger companies, often marginalizing the participation and input of smaller businesses. To help broaden the IAC, officials could prioritize the appointment of technicians, field supervisors, and construction foremen who deal with daily operational issues of industry as IAC executives. The IAC needs to more effectively and regularly review the offered programs and the skills needed in the field.

**Effects of overseas migration on skills mismatch**

Developing countries face the challenge of training and keeping a skilled workforce, and not to lose workers to more developed countries (Kaushik et al. 2008). A typical example is the yearly migration of teachers, doctors, and nurses from Fiji to Australia and New Zealand, which increased dramatically following the military coup of 1987 (Voigt-Graf 2003), and again after the 2006 coup.

The net migration figure totaled 10,133 in 2007 (FBOS 2010), and may have increased since then as the economic situation in Fiji worsened during 2007–2010. Emigration results in skills gap because of the loss of people, the loss of the emigrants’ experience, and because the skills acquired for overseas job prospects do not necessarily meet the needs of the local market.

**3.4 Challenges in Tertiary Education and Technical and Vocational Education and Training, and Recommendations**

**Challenges in tertiary education**

Officials from the Ministry of Education and representatives from regional organizations such as USP, the Secretariat of the Pacific Community, PATVET, and industry and local training providers

articulated during research consultations some major challenges and constraints for tertiary training institutions in Fiji.

Creating training programs and qualifications that would lead directly to employment remains a challenge because of the oversupply of graduates for a particular job. A good example is the oversupply of graduate teachers in 2012, where only 150 out of 800 graduates found jobs and 650 had to wait further or look elsewhere (Gonedua 2012). The level of knowledge, skills, and competencies should meet with the employers' expectations.<sup>44</sup> Also, it is important to have balance between theory, knowledge, and practical on-the-job experience, as well as graduates who are ready to work.

Adapting training programs to meet Fiji's short-term labor force needs is another challenge. An example is the formation of the technical colleges. Moreover, it is important to introduce new training programs to meet technological advances in industry. Regular consultation with industry and employer representatives about program development, review, and evaluation is necessary.

The FHEC faces the challenge of extending its regulatory role and power to include major universities. Moreover, FHEC programs need to be reviewed and consolidated with those that are already delivered by TVET institutions. The FHEC faces a potential conflict of interest as regulator and training program provider, setting benchmarks, and imposing delivery of competency-based training programs. Training institutions such as FNU, USP, and APTC have developed their own programs.

### ***Challenges in technical and vocational education and training***

As noted in this chapter, published research has shown that social attitudes toward TVET are often

negative. Such attitudes are revealed in studies in Kenya (Simiyu 2009, Nyerere 2009, Shiundu and Omulando 1992), in Thailand (Pimpa 2007, 2005), in India, Indonesia, the Philippines, Sri Lanka, and, to some extent, in the Republic of Korea and Taipei, China (Park 2005). The director general of the Colombo Plan College for Technical Education has noted that this problem has severely diminished demand for TVET.

Public ignorance about TVET limits its potential to address key socioeconomic issues, especially unemployment and poverty (Cavu et al. 2009). The public, politicians, and employers continue to debate the ways and means of tackling unemployment, often without paying enough attention to the key factors of appropriate education and training. While TVET has certainly been offered in Fiji's education system in different forms over the last 5 decades, emphasis has always been on mainstream academic education. In other words, TVET has always been portrayed as nonmainstream (Ministry of Education 2000).

This attitude appears to have been perpetuated by educators in their interactions with students, and white collar career ambitions have been universally encouraged. A survey among Fiji students on career choices tends to support this observation (Box 3.2). This is exacerbated by a system that has unequal higher education opportunities for TVET and academic high school graduates, respectively. Technical higher education initially was offered only up to diploma level, while mainstream academic education was provided up to the doctoral level. Furthermore, at the end of the process, wages in the workplace favored academic graduates over TVET graduates (Sharma 2000). TVET has suffered therefore from being traditionally associated with low educational status, low wages, and manual labor.

<sup>44</sup> The National Training and Productivity Centre and FNU TVET carried out an industry survey in 2013–2014, which revealed specific constraints identified by industry.

### Box 3.2: Perceptions of School and Career Choices among Fiji’s Young People

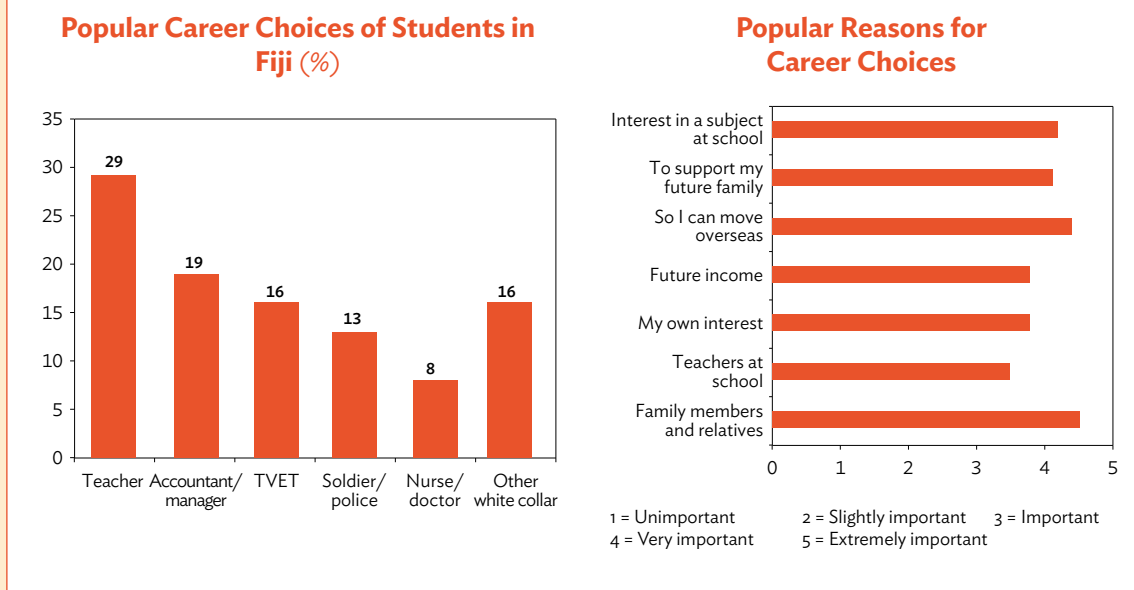
Fiji has an adequate supply of highly educated people, but they lack the job-relevant skills and practical experience most businesses need, especially in key growth industries such as construction and tourism.

To instill job-relevant and practical workplace skills, the Fiji government has made concerted effort to address the skills gap by reviving technical and vocational education and training (TVET) and apprenticeship programs. Despite major reforms, community acceptance of the country’s newly reinvented TVET has been very slow.

A survey in 2014 aimed to understand the attitudes and perceptions of Fijian students toward education and career (Figure B3.2.1). It was patterned after similar studies by Nilan et al. (2006) and Tagicakiverata (2012). Its interviews were conducted among 200 students in secondary schools, 100 in tertiary schools, and 25 stakeholders, including teachers, school administrators, and community elders.

The survey found that a majority of students preferred professional careers in teaching, accountancy and banking, nursing and medicine, as opposed to TVET-oriented professions, supporting findings from the previous studies. The top determinants of career choices are influences of family members, intention to move overseas, and personal interests and ambitions. Teachers admit that they lack information on labor force skills demands, leaving them unable to advise students on career choices and opportunities. Community elders also confirm the negative perception of TVET as “second rate,” leading to low-status, low-wage, and labor-intensive jobs.

**Figure B3.2.1: Popular Career Choices of Fiji Students**



Source: Tagicakiverata, I. W. 2012. TVET in Fiji: Attitudes, Perceptions and Discourses. PhD Thesis. The University of Newcastle. Unpublished.

### **Key recommendations**

The recommendations below are based on the analysis in this chapter. These will help Fiji's education-and-training-development stakeholders to ensure that information on training and skills needs is updated and accurate, and coordination among stakeholders to produce relevant skilled workers is effective.

#### **1. Strengthen coordination among education, training, and skills development providers and employers.**

A number of agencies and institutions are involved in education, training, and skills development. Policies, programs, and information on students and the private sector need to be consolidated to effectively provide post-secondary education and skills development. Dialogue between the private sector and education and TVET providers needs to be strengthened to improve the relevance of the programs, and increase the number of apprenticeships and workplace attachment schemes.

For effective coordination among education and training institutions, a TVET council can be established to ensure compliance with and alignment to the Fiji National Qualification Framework and to be financially accountable as most institutions are recipients of government grants.

The TVET council can undertake functions, such as

- regular consultation with stakeholders and industry advisors to ensure institutions are kept informed of changing technology and systems, and training is relevant to industry needs;
- regular monitoring and evaluation of training programs and training needs assessment across institutions and industry sectors; and
- regular industry training needs and skills-gaps analysis to help inform institutions and making

training programs more responsive to industry and labor demand needs.

#### **2. Consolidate skills and employment databases under the National Employment Centre and Ministry of Strategic Planning.**

Currently, labor force figures are monitored through the employment and unemployment surveys conducted by the Fiji Islands Bureau of Statistics every 4–5 years. A comprehensive labor market information system needs to be established to consolidate the information on the sex-disaggregated labor force, graduates, and enterprise skills demand. Significant investment will be required to establish the data collection system and provide training on its use and data analysis. To achieve this, the government allocated F\$3 million for 2015. Timely collection and availability of data will help analyze and project labor supply and economic demand and monitor the provision of education and skills development training. Medium- to long-term (5–10 years) projections, currently lacking, will help education and training institutes adjust curricula. The NEC can manage such a consolidated database to share the information among stakeholders, including government, education and/or training providers, and enterprises. Ideally, information can be posted on the website so that it is available for stakeholders to update as necessary.

#### **3. Conduct training needs analysis and support smaller enterprises (Method B employers) to undertake training for their employees.**

Under the Levy and Training Grants Scheme, in which employers contribute 1% of gross payroll and are entitled to claim training grants, employers are classified under two groups: Method A (large companies that can organize their own training) and Method B employers (small and micro enterprises with no manpower to organize and conduct training). Most employers are Method B (6,500 employers compared with 57 Method A) (Lal 2013). Consultation undertaken for this research revealed very low utilization of training grants by Method B



employers. A training needs assessment and analysis may need to be conducted separately for Method A and Method B employers, and raise awareness among small and medium-sized enterprises (SMEs) on the importance of upgrading skills and supporting the temporary replacement of SME workers who are in training.

### 3.5 Conclusion

In Fiji, people of diverse backgrounds, geographic location, ability or disability, and men and women have relatively equal access to free primary, secondary, and tertiary education, and vocational training. Although the percentage is still low, girls and women are enrolling in skills development training, including nontraditional programs such as engineering, while boys are enrolling in courses such as cookery and tailoring, which women have traditionally favored.

While tertiary training institutions are churning out thousands of graduates each year, finding jobs that match their qualification remains a challenge. Some institutions have industry advisory committees and actively engage their industry stakeholders to make such an assessment. On the other hand, institutions such as the FNU, APTC, NTPC, and the NEC have established relationships and agreements with employers about work attachments and opportunities. These are fundamental and useful preparatory tools.

The number of qualified teachers in the school system is rising, both in formal education and TVET. The government must now ensure the quality of education, and relevance of training courses to skills demand. Better coordination between the education sector, skills training providers, and the private sector can address the mismatch in skills and ensure that post-secondary education is effectively provided to Fiji's workforce.



## 4. LABOR MARKET POLICIES AND INSTITUTIONS

Quality jobs do not occur in a vacuum—in Fiji, or elsewhere. Instead, well-designed labor market policies and institutions are needed, and play a critical role in promoting labor market efficiency and equity.

Active labor market institutions shape both the behavior of employers and the conditions of work. Collective bargaining, too, tends to lessen inequality between categories of workers, and therefore benefits not only the workers covered by collective agreements, but tends to raise working conditions more generally. In addition, institutional coherence between active and passive labor market policies can help workers move between employment and unemployment, and transition into retirement.

It should be noted at the outset of this chapter that informal employment remains pervasive in Fiji, and therefore the majority of its workforce, as in other developing countries, falls outside the sphere of most labor market policies and institutions. Policy settings to include informal workers or to enhance the prospects of their inclusion in the formal workforce remain a major challenge (ILO 2014). Broad-based progress in enhancing the working lives of informal sector workers is unlikely to be achieved without further significant policy initiatives to support the transition of the informal to the

formal economy. The labor market as a whole, and the wider economy, will benefit from this inclusion.

Furthermore, the simple existence of legal provision does not in itself mean an efficient functioning labor market will emerge. Proper administration and enforcement is necessary, because without it the written law will have limited reach.

This chapter examines Fiji’s labor market policies and institutions, including the regulatory framework, minimum wages, and social protection mechanisms.

### 4.1 Overview

Fiji has ratified all eight fundamental conventions of the ILO, and has a higher record of ratification of fundamental and governance conventions than Samoa and Solomon Islands (Table 4.1).<sup>45</sup>

For a number of years, ILO supervisory bodies have expressed serious concerns about limitations on freedom of association and collective bargaining in Fiji. In particular, these bodies have expressed concern that the Essential National Industries Decree (No. 35 of 2011) and its implementing regulations give rise to “serious violations” of Convention Nos. 87 and 98 and the principles on

<sup>45</sup> These include the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); and Discrimination (Employment and Occupation) Convention, 1958 (No. 111). Furthermore, it has ratified all four of the ILO Governance (Priority) Conventions, which include the Labour Inspection Convention, 1947 (No. 81); Employment Policy Convention, 1964 (No. 122); Labour Inspection (Agriculture) Convention, 1969 (No. 129); and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

**Table 4.1: Ratification Dates of the Fundamental and Governance Conventions of the International Labour Organization (In force as of 1 January 2015)**

	Convention	Fiji	Solomon Islands	Samoa
C29	Forced Labour Convention 1930	19 April 1974	6 August 1985	30 June 2008
C87	Freedom of Association and Protection of the Right to Organise Convention 1948	17 April 2002	13 April 2012	30 June 2008
C98	Right to Organise and Collective Bargaining Convention 1949	19 April 1974	13 April 2012	30 June 2008
C100	Equal Remuneration Convention 1951	17 April 2002	13 April 2012	30 June 2008
C105	Abolition of Forced Labour Convention 1957	19 April 1974	13 April 2012	30 June 2008
C111	Discrimination (Employment and Occupation) Convention 1958	17 April 2002	13 April 2012	30 June 2008
C138	Minimum Age Convention 1973	3 January 2003	22 April 2013	29 October 2008
C182	Worst Forms of Child Labour Convention 1999	17 April 2002	13 April 2012	30 June 2008
C081	Labour Inspection Convention 1947	28 May 2008	6 August 1985	
C122	Employment Policy Convention 1964	18 January 2010		
C129	Labour Inspection (Agriculture) Convention 1968	18 January 2010		
C144	Tripartite Consultation (International Labour Standards) Convention 1976	18 May 1998		

Source: ILO. Information System on International Labour Standards (NORMLEX). <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:1:0> (accessed February 2015).

freedom of association and collective bargaining (ILO 2012b).

The decree applies to essential national industries and corporations designated as such by regulations, to unions whose members are employed in these corporations, and to current and any further collective agreements. The effects of being designated an essential national industry or corporation include the following:

- Limit the eligibility of workers to be union officials.
- Extinguish certain collective agreements.
- Limit freedom of association through requirements for “bargaining units,”<sup>46</sup> which limit trade union activity.<sup>47</sup>
- Require arbitration by the Minister of Employment, Productivity and Industrial Relations if the parties cannot agree.<sup>48</sup>
- Limit industrial action in support of collective bargaining.<sup>49</sup>
- Employment Relations (Amendment) Decree (No. 21 of 2011) excluded public sector workers from the rights and protections set out in the Employment Relations Promulgation of 2007.

<sup>46</sup> Essential National Industries (Employment) Decree of 2011, SS8, 9.

<sup>47</sup> Essential National Industries (Employment) Decree of 2011, S14.

<sup>48</sup> Essential National Industries (Employment) Decree of 2011, S21 (4)

<sup>49</sup> Essential National Industries (Employment) Decree of 2011, S27.

In 2013, several delegates to the International Labour Conference lodged a complaint against Fiji's nonobservance of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) under Article 26 of the ILO's constitution. Under this article, a commission of inquiry can be appointed to consider complaints. But the ILO's governing body has deferred a decision to consider setting up such a commission until November 2015 in light of the Tripartite Agreement signed by the Government of Fiji, the Fiji Trades Union Congress, and the Fiji Commerce and Employers' Federation in March 2015.

The Tripartite Agreement provides that

- the Employment Relations Promulgation (ERP) of 2007 will form the primary basis for labor management relations in Fiji;
- the review of labor laws, including the ERP, conducted under the Employment Relations Advisory Board mechanism should ensure compliance with ILO core conventions;
- further issues and recommendation for review should be negotiated through the board's mechanism;
- these issues and mechanisms will be presented as a bill to Parliament no later than August 2015, and, once approved, shall be implemented no later than the end of October 2015; and
- the government will restore the check-off facilities.<sup>50</sup>

This agreement provides a good basis to strengthen the application of freedom of association and other international labor standards in the laws and practices of the country. Based on the agreement, Parliament has debated and passed the Employment Relations (Amendment) Bill of 2015, which repeals the Essential National Industries Decree, the Employment Relations (Amendment) Decree of

2011, and the Public Service Amendment Decree of 2011. The Fiji Trades Union Congress, meanwhile, has raised concerns on the process and its contents.

## 4.2 Employment Relations Promulgation

As the Tripartite Agreement stipulates, the ERP forms the primary basis for labor management relations. This regulatory framework provides for labor management consultation and cooperation committees and trade unions, employment equality and antidiscrimination, and a three-tier dispute resolution system, and other provisions. In previous years, a subcommittee of the Employment Relations Advisory Board had reviewed the ERP and made a number of recommendations for amendment. The Employment Relations Advisory Board, as part of the Tripartite Agreement, has considered these recommendations.

### **Industrial relations**

Employers hiring more than 20 workers must establish labor management consultation and cooperation committees to strengthen employment relations, and statutory guidelines emphasize the need for involvement and commitment from the enterprise's full vertical managerial range, including from unions and workers. Their purpose emphasizes communication, consultation and cooperation, and good employment relations.<sup>51</sup>

Trade unions must be registered and this is administered by the Ministry of Labour, Industrial Relations, and Employment. Registration may be refused only if the formal requirements are not complied with or if the union's purpose is unlawful, or if the union is under the domination (financially or otherwise) of the employer. If a trade union's purpose becomes unlawful or it behaves in a way contrary to its constitution, it may be deregistered.<sup>52</sup> Registered trade unions are the only worker organizations that

<sup>50</sup> Under check-off facilities, employers regularly deduct union dues from the wages of union members and provide them to the union.

<sup>51</sup> ERP 2007, S9 (3) and Schedule 1 ERP 2007.

<sup>52</sup> ERP 2007, SS125, 133.

can enter into bargaining for collective agreements, and there is a Code of Good Faith for collective bargaining. Collective agreements come into effect only when registered by the Registrar of Trade Unions, but registration may be refused only if the contents are contrary to the constitution or any written law.<sup>53</sup>

There is no preference or formula for whether employers will recognize trade unions. But the Trade Unions (Recognition) Act of 1998 requires mandatory recognition by an employer of the established union where it is the sole union present in an enterprise or, if there is more than one union, the employer is required to recognize the union covering the majority of the workers.<sup>54</sup> The established union has a major advantage in collective bargaining in cases where there are multiple unions or initiatives to establish a second trade union.

This selective, enforced recognition has a direct impact on the value of freedom of association because of its effect on a union's strength and ability to engage in collective bargaining. Membership in a union where the employer is required to recognize the union for collective bargaining will likely be more attractive than membership in a union where the employer is free to ignore the union.

This feature may be beneficial to an employer by removing the complexity of collective bargaining with multiple unions in the workplace. Employers retain the right to recognize new or smaller unions (as distinct from the primary obligation to recognize the sole existing, or majority, union).<sup>55</sup> But the possibility of being recognized by an employer is worth less than this right, so smaller unions may be disadvantaged.

### **Worker protection and antidiscrimination**

Fiji's ERP provides protective measures that include obligations and minimum entitlements for the following:

- permissible daily and weekly working hours, normally 8 per day and 48 maximum per week over 6 days, or 9 per day and maximum of 45 over 5 days (exclusive of overtime);<sup>56</sup>
- payment of wages, limits on permissible deductions, and minimum "pay slip" information and wages and time records;<sup>57</sup>
- wages and time records that must be available to a government-appointed labor officer or inspector;<sup>58</sup>
- paid annual leave and public holidays;<sup>59</sup> and
- paid sick leave (10 days a year after 3 months) and paid bereavement leave (93 days a year after 3 months).<sup>60</sup>

These minimum requirements apply unless more favorable entitlements for workers are negotiated in collective agreements or employment contracts. Other protective measures include a national minimum wage and minimum wages and conditions for specified classes of workers through so-called Wages Regulations Orders, discussed in Section 4.4.

Equal employment opportunities are protected by comprehensive prohibitions on direct and indirect discrimination, including by ethnic origin, color, place of origin, gender (including equal pay and work of equal value), sexual orientation, birth, primary language, economic status, age, disability, HIV/AIDS status, social class, marital status, opinion, religion or belief, sexual harassment, and involvement in trade union activities.<sup>61</sup> Equal employment opportunities also apply in the public sector.<sup>62</sup> Specific protective provisions also apply, including prohibition on

<sup>53</sup> ERP 2007, SS160, 162.

<sup>54</sup> Trade Unions (Recognition) Act 1998, S4.

<sup>55</sup> Trade Unions (Recognition) Act 1998, S5.

<sup>56</sup> ERP 2007, S72.

<sup>57</sup> ERP 2007, S44, 45, 47.

<sup>58</sup> ERP 2007, S45 (2).

<sup>59</sup> ERP 2007, SS64, 67.

<sup>60</sup> ERP 2007, SS64, 67.

<sup>61</sup> ERP 2007, S6 (2), (4).

<sup>62</sup> Public Service (Amendment) Decree 2011, S2 inserting new sections including Section 10B (2), 10C.

terminating employment for pregnancy<sup>63</sup> and maternity leave paid by the employer (12 weeks on full pay for the first three children).<sup>64</sup>

### **Labor dispute resolution**

Fiji has a three-tier system of labor dispute resolution comprising mediation as a first step and, if necessary, adjudication.

Mediation services are the first, entry-level mechanism for resolving employment disputes. These primarily concern rights-related matters, individual grievances, and employment contract issues (as distinct from interest- or bargaining-related matters). Mediators are government appointed, neutral, and bound by a statutory Code of Ethics.<sup>65</sup>

Mediation is an informal, confidential, and “without prejudice” facilitated negotiation. Statements made in mediation cannot be referred to in any subsequent litigation. Workers, either in person or through unions, may refer grievances or disputes to mediation. Informality is reinforced by the prohibition against lawyers representing parties in mediation, although both workers and employers may be represented by other representatives, for example, by union officials in the case of workers.

Mediation aims to resolve the matter consensually by settlement, not adjudication, and to reach and implement a resolution that is then embodied in terms of settlement. When signed by both parties and endorsed by the mediator, these are final and binding. While mediation is a consensual process, as distinct from decision making, which imposes an outcome, the respondent party, usually the employer, cannot safely decline to submit to the process. Once a matter has been referred to mediation, employers face negative consequences if they do not participate constructively (unlike some countries where participation is voluntary and

there is no automatic consequence or next step). In Fiji, a party who does not attend an employment mediation when requested without a reasonable excuse is liable to conviction and a fine. In addition, matters not resolved by the mediator must be referred to the Employment Relations Tribunal for a hearing and decision.

In general, Fiji’s employment grievance resolution mechanisms provide workers with favorable opportunities to voice employment grievances. The system ensures the reasonable quality of mediation. Individual workers do not need to incur the cost of representation and, as noted, lawyers are almost entirely excluded from the process. Some 80% of individual employment grievances are resolved in mediation. When grievances go to the tribunal, the Ministry of Employment, Productivity and Industrial Relations provides workers legal representation, should they require it.

While some categories of workers have no access to ERP grievance procedures, the system functions effectively, especially for individual grievance resolution. It is difficult to obtain individual worker views of experience of these processes; indications suggest they are perceived to work well. Indeed, some employers believe the system favors workers. We note, however, that the system arguably impedes trade unions pursuing individual employment grievances for their members. That is because where a matter is brought to mediation by a trade union, whether it relates to a collective matter or an individual worker grievance, it does not proceed automatically to mediation, but is instead considered by the permanent secretary of the Ministry of Employment, Productivity, and Industrial Relations, who may or may not refer it to mediation.

Employers appear less satisfied with the system, as they point to the compulsion to attend mediation (and often regard the potential fine for nonattendance as a “tariff”). They also point out

<sup>63</sup> ERP 2007, S104.

<sup>64</sup> ERP 2007, S101.

<sup>65</sup> ERP 2007, SS193–201.

that the process is said to be voluntary—which is technically true as no decision is imposed on either party in mediation—despite the compulsion to attend, and that unresolved matters go automatically to tribunal.

The Employment Relations Tribunal is a subordinate court; that is, subordinate to the Employment Relations Court. The tribunal comprises a “chief tribunal,” who must be legally qualified, and other members who may or may not be legally qualified. It hears and decides on individual employment contract and grievance matters, and has jurisdiction to hear claims of up to \$40,000. It can impose fines of up to \$2,000 or imprisonment of up to 2 years, and can order compliance with certain employment-related legal obligations.<sup>66</sup>

The Employment Relations Court is a division of the Fiji High Court, comprising up to three high court judges.<sup>67</sup> It hears appeals and referrals of legal questions and other referrals from the tribunal, and has a number of other functions, including the interpretation of the ERP, hearing and deciding offense proceedings, and industrial tort claims. The court also has power to decide some issues involving unlawful strikes and lockouts. There is a right of appeal from the court to the Court of Appeal on points of law.

The primary dispute resolution mechanisms in Fiji are substantially similar to those in New Zealand. In particular, the systems for referring employment matters to mediation and then, if unresolved, progressing to the tribunal and the availability of appeal to the court bear strong similarities.<sup>68</sup>

The Employment Relations (Amendment) Act of 2015 proposed the establishment of an arbitration court, composed of a chair appointed by the President of Fiji and panel members selected by

both representatives of workers and employers for the resolution of all disputes of interest arising out of collective bargaining.

### **Legislation enforcement**

A number of elements in the regulatory framework are aimed at facilitating effective enforcement. The permanent secretary of the Ministry of Employment, Productivity, and Industrial Relations and its officers have wide powers to enter workplaces, obtain information, interview employers, and to require workers to be produced for interviews to ensure legislation is enforced. There are comprehensive offense provisions for breaches by employers, workers, and unions. In addition, a parallel system of administratively imposed lesser penalties for a range of offenses (fixed penalty offenses) is implemented by notices issued by labor officers.

Labor inspectors take enforcement action through prosecutions and other measures, and, in principle, do this in a neutral manner. There is also an educational aspect to enforcement, especially in situations in which employers may be genuinely ignorant of their responsibilities, and quality enforcement practice requires that all employers be treated equally. Consultations undertaken for this report suggest the country’s labor inspectorate is sensitive to its educational role as part of its overall enforcement function. However, resource constraints mean that labor inspectors have no option but to be selective in their inspections and enforcement activities, and target inspections on cases involving significant breaches and complaints in the past. Such resource constraints are not uncommon in other countries, and the ministry’s targeting of its resources in this way is acceptable provided it is done in an objective and principled manner.

<sup>66</sup> ERP 2007, SS 202–218.

<sup>67</sup> ERP 2007, SS 219–225.

<sup>68</sup> Employment Relations Act 2000, SS144–155 (mediation service), SS156–185 (Employment Relations Authority), SS186–199 (Employment Court) [New Zealand].

### 4.3 Prevention of Child Labor and Forced Labor

Child labor is prohibited, as spelled out in detail in the law. The employment of children under the age of 15 is prohibited with a limited exception for children aged 13 to 15. Children aged 15 and above may join a trade union and vote in trade union elections. Those under 18 are prohibited from working in mines.<sup>69</sup>

### 4.4 Minimum Wages and Conditions

The country has two minimum wage mechanisms, and minimum leave entitlements are set by law. A national minimum wage was set for the first time in early 2014, under section 33 of the Constitution. It prescribed an hourly rate of F\$2, which was raised to F\$2.32 in July 2015. Table 4.2 summarizes these entitlements and provides regional comparisons, expressed in approximate US dollar equivalents, as of January 2015, to provide context and a frame of reference.

Other legislated minimum wages and conditions are prescribed by 10 wages regulation orders from

Wages Council recommendations. These apply to specific classes of workers and contain other minimum conditions applying to those workers. In areas where the Employment Relations Advisory Board considers collective bargaining or other wage fixing machinery is inadequate for a class of workers, it can recommend the minister of Employment, Productivity and Industrial Relations to appoint a Wages Council for that class. Wages councils are tripartite, with members representing the class of workers and employers affected after consultation with workers and employer organizations concerned. The Wages Council then prepares a proposal, advertises it, considers representations, and can recommend the minister to make a wages regulation order. Upon receiving a recommendation, the minister must either make the recommended order or refer it back to the council for further consideration.<sup>70</sup>

Ten wages regulation orders, all issued in 2012, cover significant parts of the private sector workforce. These orders apply to all lower paid workers in a specified class; as well as rates of remuneration, they typically prescribe other minimum terms and conditions (Table 4.3).

**Table 4.2: National Minimum Wages and Conditions**

	Fiji	Solomon Islands	Samoa	Australia	New Zealand
National minimum adult wage per hour	\$1.00 for 45 hour week	\$0.56 for 45-hour week	\$1.01	\$13.80 for 38-hour week	\$11.03 for 8-hour day 40-hour week
Overtime rate		1.5 times beyond normal hours and Saturday and Sunday; and 2 times for public holidays		Generally 1.5 times	
Paid sick/ personal/ career leave (minimum)	10 days per year		10 days per year	10 days per year	5 days per year (excludes leave due to accident)
Paid bereavement/ compassionate leave (minimum)	3 days per year			2 days per bereavement	3 days per bereavement
Paid annual leave/ holidays (minimum)	10 days	15 days	10 days	4 weeks	20 days
Paid public holidays (per year)	10 days	11 days	12 days	about 12 days	11 days

Source: Authors.

<sup>69</sup> ERP 2007, SS90–93.

<sup>70</sup> ERP 2007, SS50–56.



**Table 4.3: Wage Regulation Orders: Minimum Wages and Core Conditions**

Industry	Hourly Rate (\$)	Weekly Hours	Other Minimum Terms and Conditions
Building, Civil, and Electrical Engineering	1.51–2.49	45 hour week/5 days	Overtime, meal allowance, bereavement leave, subsistence allowance, attendance money
Hotel and Catering	1.36–1.57	48 hour week/6 days	Rest day, split shifts, overtime, night shift, meal allowance, bereavement leave
Garment Industry	0.90–1.07	45 hour week/5 days	Overtime, meal allowance, bereavement leave
Manufacturing	1.51	48 hours	Shift work, rest day, overtime, meal allowance, bereavement leave, night allowance
Mining and Quarrying	1.34–2.17	45 hours/5 days or 48 hours/6 days	Rest day, out-station allowance, meal allowance, overtime, bereavement leave
Printing Trades	1.30–1.57	45 hours/5 days or 48 hours/6 days	Overtime, meal allowance, other allowances, bereavement leave
Sawmilling and Logging	1.74–2.59	45 hours/5 days or 48 hours/6 days	Rest day, subsistence allowance, meal allowance, overtime, bereavement leave
Security Services	1.20	45 hours/5 days or 48 hours/6 days	Overtime, bereavement leave, meal allowance, transport provided
Wholesale and Retail Trades	1.36–1.72	45 hours/5 days or 48 hours/6 days	Overtime, meal allowance, subsistence allowance, bereavement leave
Road Transport	1.20–1.70	48 hours	Split shifts, rostered day off, overtime, subsistence allowance, meal allowance, bereavement leave

Source: Authors.

## 4.5 Social Security and Income Replacement

The workers' income replacement policy has three main sources: limited redundancy compensation payable by employers, the Fiji National Provident Fund (FNPF), and workers' compensation insurance.

Employers pay workers a minimum of 1 week's compensation per year of service for redundancy caused by reasons of profitability; reorganization of firm structure, management, and administration; or the implementation of new information or other technology.

The FNPF provides comprehensive but conditional income replacement. The benefits to which workers are entitled depend on the circumstances, level of their funds in the scheme, and age of the worker. The benefits are available either on retirement or in the event of permanent incapacity for work. There is provision for a limited access to fund if workers are dismissed and unable to find work.

Membership and participation is mandatory for workers unless they are covered by an approved

alternative scheme. The FNPF, however, is voluntary for informal sector workers, household workers, and the self-employed. The normal form of benefit on retirement is the withdrawal of funds, which comprise worker contributions, employer contributions, and interest (provided workers have 10 years' qualifying contributing employment). Alternatively, workers can choose to receive an annuity. A partial pension applies for those with less than 10 years of qualifying employment. Workers unemployed through dismissal can access up to F\$2,000 of their FNPF, but they must be able to show an uninterrupted 2 years' contributions to the fund on their behalf. This benefit is not available if a worker is unemployed after resigning.

Compensation for injuries sustained at work is provided under the Workmen's Compensation Act 1965 and its amendments. This is an insurance scheme, and the cost of the liability is borne by employers. It applies to most but not all workers and provides for income replacement of up to 66% of a worker's pre-accident earnings. The payment is made directly by the employer and reimbursed by insurance arrangements funded by the employer. The maximum duration for these



**Table 4.4: Social Protection Mechanisms**

Social Protection Program	Fiji	Solomon Islands	Samoa
<b>Maternity leave</b>	12 weeks paid leave	12 weeks at 25% normal pay	4–6 weeks paid leave
<b>Redundancy pay</b>			
Source	Employment Relations Law of 2007	Solomon Islands National Provident Fund	...
Mechanism	1 week per year of service	Limited access to worker's funds account	
Eligibility	Redundancy	Redundancy	
Funded by	Employer	Workers up to age 50 and employer	
<b>Pensions</b>			
Source	Fiji National Provident Fund	Solomon Islands National Provident Fund	Samoa National Provident Fund
Mechanism	From individual contributory fund account	From individual contributory fund account	1. Individual fund account 2. Senior citizens benefit \$59 per month
Eligibility	Workers and self-employed at age 55 or permanent disability	At age 50 or permanent retirement	1. Workers at age 55 or permanent incapacity 2. Samoans who lived permanently in Samoa at age 65
Funded by	Workers aged 15–55 and employers	At age 50 or permanent retirement	1. Workers up to age 50 and employers 2. Public moneys
<b>Unemployment income</b>			
Source	Fiji National Provident Fund	Solomon Islands National Provident Fund	Samoa National Provident Fund
Mechanism	From individual contributory fund account, up to \$1,005	From individual contributory fund account	From individual contributory fund account
Eligibility	Loss of employment for any reason	Loss of employment for any reason (discretionary benefit)	Permanent incapacity for work
Funded by	Fiji National Provident Fund	Solomon Islands National Provident Fund	Workers up to age 50 and employers
<b>Workers' compensation</b>			
Source	Employer (by legislation)	Employer (by legislation)	Part of comprehensive accident compensation scheme
Mechanism	66% of pre-accident earnings and schedule benefits	Schedule of benefits	70% of pre-accident earnings, schedule of benefits
Eligibility	Work injury and death, occupational disease	Work injury and death, and occupational disease	Work injury and death, and occupational disease
Funded by	Employer's insurance	Employer's insurance	Worker and employer levies

... = not available.

Note: Fiji National Provident Fund benefits are alternatives and not cumulative.

Source: Authors.

income substitution payments is 5 years. For cases of permanent disability, payments are converted into percentages of the 260-week equivalent. Where injury causes death, a benefit of 4 years' equivalent compensation is paid to surviving family.

The Fiji government in July 2015 passed amendments to the Workmen's Compensation Act under which the maximum compensation awarded to workers for job-related death or disability was increased from F\$24,000 to F\$67,000. Table 4.4 summarizes the social security benefits for Fiji, Samoa, and Solomon Islands.

## 4.6 Conclusions and Recommendations

Well-designed regulations play a key role in promoting efficiency and equity in labor markets. But in Fiji there are concerns about the limitations on freedom of association, with detrimental effects on its industrial relations. The Tripartite Agreement signed by the Government of Fiji, the Fiji Trades Union Congress, and the Fiji Commerce and Employers' Federation in March 2015, nonetheless, does provide a good basis to strengthen the application of freedom of association and other international labor standards in the country's laws and practices.

Other labor market institutions in Fiji are relatively well-developed compared with other Pacific island countries. It has comprehensive antidiscrimination provisions and a national minimum wage, in addition to a system of tripartite wage councils. As noted, these can make binding recommendations of minimum wages and terms and conditions for promulgation as orders for particular industries where collective bargaining has not developed. There are 10 such industry orders currently.

Policies to further strengthen labor market policies and institutions include the following:

- **Putting into practice the Tripartite Agreement.** In addition to strengthening the application of freedom of association in laws and practices, implementing the agreement can foster sound labor relations and negotiated solutions to achieving fair terms of employment, decent working conditions, and other important economic and social outcomes. While the Employment Relations (Amendment) Bill of 2015 was passed by Parliament in July 2015, the Fiji Trades Union Congress has raised concerns about the process and its contents.
- **Supporting a more robust minimum wage-setting process.** The country has a minimum wage, but there is a need to ensure that the minimum-wage setting process be made more robust, and take into account the interest of workers and employers through social dialogue, based on objective evidence. Furthermore, incorporating the current minimum wage arrangements into a legislative framework that provide for periodic reviews based on statutory criteria can strengthen the minimum wage-setting process. The criteria would likely include cost of living and inflationary factors, and they would need to be balanced by appropriate economic criteria so as not to defeat other initiatives aimed at developing quality jobs and enhanced employment prospects.
- **Strengthening the labor inspectorate.** Regulation does not of itself ensure a well-functioning labor market system because the formal structure will have little reach unless it is properly administered and enforced. The primary enforcement role lies with the labor inspectorate of the Ministry of Employment, Productivity, and Industrial Relations, but there are significant resource constraints, which have led labor inspectors to adopt selective practices in their inspection and related enforcement activities. Further resources need to be provided to the ministry to enable the recruitment, training, and appointment of sufficient qualified labor inspectors at appropriate geographic locations to meet current and developing needs. The introduction of a minimum wage in 2014 and the rise in the rate in July 2015 further underscores the need to strengthen the labor inspectorate to ensure compliance. The strengthening of the labor inspectorate would also support the educative aspect of enforcement.

- **Extending the effective coverage of social security.** Building on progress made to date, Fiji needs to continue strengthening all the four guarantees of a social protection floor: (i) basic income security for older persons; (ii) access to essential health care, including maternity care; (iii) basic income security for children, providing access to nutrition, education, care, and other necessary goods and services; (iv) and basic income security for persons in active age unable to earn sufficient income, particularly in cases of sickness, unemployment, maternity, and disability.<sup>71</sup>

Only 40% of the employed contribute to the Fiji National Provident Fund, and this figure falls to just 5% for agricultural workers. As such, there is a critical need to provide agricultural workers and

workers in the informal economy with income security in old age or as a buffer to economic and other shocks. The self-employed and students aged 15 and over can voluntarily become members of the fund, but voluntary contributions remain limited. In 2014, it received contributions of F\$375.7 million, of which F\$2.3 million—less than 1% of total contributions—was from voluntary contributions (FNPF 2014). In addition to raising the general awareness of the voluntary scheme, providing more flexible contribution payments to take into account seasonal income fluctuations could expand the scheme (currently a minimum contribution of F\$7 a month is required). Furthermore, a government subsidy as a “kick-start” payment for those joining the scheme could be explored, as in the case of New Zealand (ILO 2015).

<sup>71</sup> In 2012, the International Labour Conference adopted Social Protection Floors Recommendation (No. 202). These are nationally defined sets of basic social security guarantees that secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion. For more details see [http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100\\_ILO\\_CODE:R202](http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_ILO_CODE:R202)

# APPENDIX

## A. Universities in Fiji

### i. Fiji National University

Fiji National University was established in 2010 and heralded a new age for technical and vocational education and training (TVET) in the Pacific. As the largest dual-sector university in the region, with over 30,000 students and 1,800 staff, Fiji National University is the leading TVET institution in the delivery of innovative new programs such as BEST,<sup>1</sup> SLP,<sup>2</sup> and the Franchise Scheme. These innovations have helped bridge the gap between the skilled and unskilled and paved training pathways. The university offers over 444 (69% of total programs) TVET programs and 195 (31%) higher education programs.

### ii. The University of the South Pacific

The University of the South Pacific was established in 1968 and is one of the oldest institutions of higher learning in the South Pacific and co-owned by 12 Pacific island countries. There are campuses and centers across the Pacific, such as the School of Law in Vanuatu, School of Agriculture in Samoa, and the main campus in Suva. The university has over 24,000 students across all the campuses and 1,500 staff. As a leading institution of higher learning

in the Pacific, the University of the South Pacific has produced some prominent alumni across the Pacific, including government and private sector leaders who are now decision makers across the Pacific. The main faculties are the Faculty of Arts, Law, and Education; the Faculty of Business and Economics; and the Faculty of Science, Technology, and Environment. Each faculty comprises a number of schools offering a wide range of programs and courses at the undergraduate and postgraduate levels up to doctor of philosophy (Level 10 on the Fiji National Qualification Framework).

### iii. The University of Fiji

The University of Fiji was established in 2004 and began operation in 2005. It has two main campuses, in Lautoka and Suva. Since its inception, it has provided higher education programs up to doctor of philosophy. It has a relatively wide offering of programs from humanities, sciences, law, commerce, and general programs. There are five Centres of Excellence, which are (i) the Centre for Indigenous Studies; (ii) the Centre for International and Regional Affairs; (iii) the Centre for Diasporic Studies; (iv) the Centre for Environment, Energy and Sustainable Development; and (v) the Centre for Gender Research.

<sup>1</sup> BEST, or Basic Employment Skill Training, was introduced in 2012 as an alternative pathway.

<sup>2</sup> The Sustainable Livelihood Project, or SLP, is fully funded by the Fiji government for rural skills training.

## **B. Technical and Vocational Education and Training Programs**

### **i. Centre for Appropriate Technology Development**

The Ministry of iTaukei Affairs Centre for Appropriate Technology and Development (CATD), established in 1985, is located about 40 kilometers from Suva. The center has 26 staff including 6 instructors, and 40 trade students. Certificates in agriculture, appropriate technology, entrepreneurship, leadership, and community; and 12-month trade certificates in auto mechanics, carpentry and joinery, and plumbing and welding are offered. Applicants for trade training must be iTaukei or Rotuman males, have Form 4 education (exceptions are made), require the documented support of their community, and undertake to serve their community after training. Selection for training is by the provincial office. Youths are selected by the village headman and Tikina representatives, then approved by the chairman of the province and Roko Tui. The main objective of the training is to provide young people from the provinces with skills that would be useful in their villages. The main challenge for the center's program is how to ensure that trainees actually return to their villages to utilize their skills. Anecdotal evidence revealed that some of its graduates have instead gone on to search for jobs or higher education in urban areas.

### **ii. Ministry of Forestry Training Centre and Timber Industry Training Centre**

The Forestry Training Centre and the Timber Industry Training Centre are both located near Suva. The Forestry Training Centre's core program is the 2-year forester program. It currently has 19 students enrolled. It is fee free but graduates are bonded to the Ministry of Forestry for 2 years. The center also runs short technical skills training events for logging companies, chainsaw operation courses for emergency services personnel, and community education programs. In the near future, the Fiji National University is expected to take over the

forester program. The Timber Industry Centre runs a 1-year certificate course in applied woodcraft technology and a waste wood utilization program. Of the hundreds of applicants for the certificate, drawn from landowner groups and communities, only 14 were selected for training in 2013. The course is also free.

### **iii. Ministry of Youth and Sports National Youth Training Centre**

The National Youth Training Centre and three smaller youth training centers (four including the musical band center at Valelevu) are operated by the Ministry of Youth and Sports. Its four specific skills centers run certificate courses in agriculture and carpentry, and short courses in sports administration, small engine maintenance, fiberglass boat repair, seafaring, cabinet making, and multi-skills courses. All courses are for school leavers and the multi-skills courses are specifically aimed at young women. The Naleba Centre has a "youth with special needs" program and is planning to host a Barefoot College campus for rural women. The ministry also delivers personal development training, mentoring services, and it facilitates the Duke of Edinburgh Award scheme.

### **iv. Australia-Pacific Technical College**

The Australia-Pacific Technical College (APTC) is a Government of Australia-funded regional provider of Australian Qualifications Framework (AQF) Certificates III and IV, and diploma-level courses. It began operation in 2007 and has campuses in four countries in the Pacific—Fiji, Papua New Guinea, Samoa, and Vanuatu. APTC Fiji offers AQF Certificate III and some Certificate IV courses in 10 hospitality, community services, trades, and technology areas. It also offers Certificate IV in training and assessment courses and diploma courses in children and community services, and management. APTC Fiji has two schools, the School of Trades and Technology and the School of Hospitality and Community Services operating out of nine campuses in Suva, Nadi, and Rakiraki.

#### **v. Technical and Vocational Education and Training at Fiji National University**

TVET programs offered at Fiji National University cover a wide range of fields. These programs come under the ambit of the College of Engineering Science and Technology, College of Humanities and Arts, College of Agriculture Forestry and Fisheries, College of Business, Hospitality Tourism Studies, and the National Training Productivity Centre. Courses are offered at certificate, diploma, trade diploma, and degree levels. Some of these fields include the following:

- (i) Engineering: avionics, automotive, electrical, electronics, and civil engineering
- (ii) Building: carpentry, joinery, and plumbing
- (iii) Mechanical: welding, fabrication, refrigeration, and plant maintenance
- (iv) Agriculture: agroforestry, aquaculture, fisheries, and animal husbandry
- (v) Hospitality: hotel management, housekeeping, catering, and cookery and baking
- (vi) Arts: sports, music, screen printing, hairdressing, and film and television

For students from secondary school who are specifically keen to pursue TVET College of Engineering Science and Technology programs at Fiji National University, there are clear pathways currently available. However, these are being revised to accommodate the intention of the government to establish the Fiji Technical College in 2014. Fiji National University has already embarked on establishing pathways from the Fiji Technical College to the university's TVET programs with an opportunity to move on to higher education and higher qualifications.

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## **Fiji: Creating Quality Jobs**

*Employment Diagnostic Study*

Even though official unemployment in Fiji is low, the country has a large informal labor market in which workers toil without income security or social protection. Subsistence activities are widespread, underemployment is high, and the number of working poor is large. This report, a joint effort of the Asian Development Bank and the International Labour Organization, seeks to foster a deeper understanding of the context, constraints, and opportunities for increasing productive employment, and inform evidence-based policies that will promote productive employment and decent work. As Fiji enjoys renewed economic growth, it must ensure that revival is inclusive of all Fijians.

### **About the Asian Development Bank**

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to the majority of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

### **About the International Labour Organization**

The International Labour Organization (ILO) is the United Nations agency for the world of work. It sets international labor standards, promotes rights at work, and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues. The ILO has a unique structure, bringing together governments, employers' and workers' representatives.



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