

What's taking so long with our 1%

By GAYLENE KAMALI

FJJI is experiencing extreme labour market conditions due to our skills and labour crisis.

In 2024, the UN warned that Fiji was progressing on SDG 8 decent work and economic growth.

As employers counter multiple challenges relating to employment, business and economic growth, they are asking - what is taking so long to re-instate their 1 per cent employment Levy on the National Employment University (FNU) training levy to its initial purpose?

About 5320 registered businesses who employ more than 100 workers are asking the same question.

How much of training funds have employers lost?

Since 2019, employers have lost an average of \$1.5 million a year on up-skilling and reskilling their workers.

Between 2019 and 2024, employers accessed an average of \$15.2 million contributed to the FNU Levy after administrative cost deductions by the National Employment University (FNU).

(Refer to table 1)

To truly help all their workers, employers have accessed an average of just \$2 million a year - approximately 10 per cent of their total FNU Levy contributions.

"To put this into perspective, on average, this translates to a loss of upskilling per employer of \$7,000 per worker," said Edward Bernard, the chief executive officer of the Fiji Commerce & Employers Federation (FCEF).

He further states that not being able to fully access their own resources is not an excuse or an option for employers to mitigate against the loss of their workers to Australia and New Zealand, low productivity and absenteeism.

Breakdown of employer funds from 2019 - 2024

Since 2019, FJJI in its entirety, funds have been diverted towards areas unrelated to skills development.

(Refer to table 2)

For every F\$100.00 of employers 1 per cent FNU levy has been diverted to the Accident Compensation Corporation Fiji (ACCF).

Going towards free accidents on roads, schools, and workplaces.

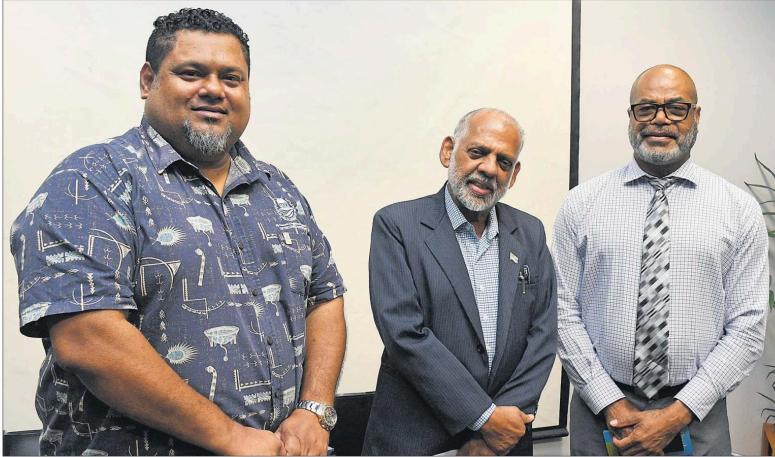
Fifteen per cent (F\$15m) has been diverted to the Ministry of Health for the free private doctor's scheme.

The impact of this unilateral decision by the Government last year has proved counter-productive to skills development, innovation, and business and economic growth.

Development opportunities lost as a result

Local employers have struggled to invest in staff development to boost productivity.

Businesses competing regionally, globally, or even with cheaper local imports



Fiji Commerce & Employers Federation CEO Edward Bernard, left, with Minister for Employment Agni Deo Singh, centre, and the Ministry's permanent secretary Maritino Nemani at last week's launch of the National Employment Centre (NEC) Local Employment Registration System at the Suva Business Centre. Picture: LITIA RITONA

Year	# Employers paying levy	Total Levy	10% Levy for Training
2019	4,023.00	\$25,392,423.91	\$2,539,242.39
2020	4,039.00	\$21,497,414.61	\$2,149,741.46
2021	5,122.00	\$19,584,369.48	\$1,958,436.95
2022	5,122.00	\$24,788,190.17	\$2,478,819.02
2023	5,648.00	\$28,933,414.85	\$2,893,341.49
2024	5,320.00	\$32,222,978.12	\$3,222,297.81
\$152,418,791.14		\$15,241,879.11	

*source: FNU Data

FNU levy. Source: FNU Data

Year	40% of Levy to ACCF	50% of Levy to free private doctors
2019	\$10,156,969.56	\$12,696,211.96
2020	\$8,598,965.84	\$10,748,707.31
2021	\$7,833,747.79	\$9,792,184.74
2022	\$9,915,276.07	\$12,394,095.09
2023	\$11,573,365.94	\$14,466,707.43
2024	\$12,889,191.25	\$16,111,489.06
\$60,967,516.44		\$76,209,395.57

*source: FNU Data

Table 2 - Levy breakdown. Source: FNU Data

I am an employer and industries are feeling the impact. We are less fortunate enough to manufacture for global brands must meet innovative, high-impact training programs that support advanced skills development, business com-

petitiveness, and accelerate our economic growth.

The benchmark Apprenticeship and Trade Testing scheme, once adopted by our regional neighbours, now faces significant resourcing challenges limiting its ability to prepare students for the workplace.

All registered employers' efforts to ensure students are job-ready are being hindered.

It is also noted my management training straight after high school under an innovative initiative called the Training Management School, initiated by the then Emperor Gold Mines," Mr Bernard said.

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This inadequacy of the labour market is resulting in companies employing workers with limited skills and labour in the market, impacting the progress of many SMEs and even Government.

"This has contributed to a slow improvement to Fiji's employment rates.

According to preliminary findings from the 2023-24 Employment & Unemployment Survey, Fiji currently

has 18,075 unemployed people.

Over the last eight years, our national unemployment rate has only reduced by 0.10 per cent, from 5.60 per cent to 5.50 per cent, while our youth unemployment rate has actually increased by 0.20 per cent, from 18.10 per cent to 18.30 per cent.

"At the same time, more than 740 companies are bringing in foreign workers to meet the skills and labour crisis," Mr Bernard said.

What do employers want?

The employers want two things. Firstly, they want the urgent reinstatement of 100 per cent of their FNU levy to its initial and intended purpose.

Using employer funds intended for skills development and other programs, has done substantial harm to Fiji's labour market, business and economic growth.

In 2024, the former Minister for Finance announced an inquiry into the current 1 per cent FNU Levy.

Secondly, they want the establishment of an independent body with more power to set the levy.

After all, employers are the key contributors both financially and in job creation. With the rapid changing demand for skills and innovation, the employer's direct involvement will allow training institutions to respond more efficiently and effectively to the needs of the Fiji's labour market.

Training institutions need to be more labour demand focused - concentrating on updating their curriculum, building staff capacities, and procuring modern training equipment and facilities for student.

■ GAYLENE KAMALI is the

Manager of Communications with FCEF. The views expressed in this article are not necessarily the views of this newspaper.

