
COVID-19 and Labour Law: Pacific Island Countries and Fiji

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Abstract

The COVID-19 outbreak is not enormous in the Pacific due to geographical isolation and early restriction measures undertaken by the governments. However, the economic costs of these restrictions are high, especially in countries, whose economies are largely driven by tourism. The support measures to address the negative effect of the interruption of business operations on employment in Fiji are based on the budget revision and access to Fiji National Provident Fund accounts.

Keywords: Covid-19; Labour Law; Furlough; Sick leave.

Due to geographical remoteness and isolation, the COVID-19 outbreak is not enormous in the Pacific Island region. There are over 220 confirmed cases and six deaths as of 10 April; sixteen cases are confirmed in Fiji and two cases in Papua New Guinea. All other cases have been recorded in Hawaii, Guam, French Polynesia and New Caledonia, all of which are territories of larger, more-developed nations.

This is the result of the major restriction being undertaken in the region within last few months. Governments have quickly reacted by banning international visitors and closing national borders, thus turning the small size and isolation of countries into a strength. Samoa, Solomon Islands, Papua New Guinea, Tonga, Vanuatu and Tuvalu have all declared states of emergency, and during last few weeks the decisions to have the state of public emergency in force were prolonged for some more months. Some countries, like Fiji, also introduced curfew and closed biggest cities (Lautoka, Suva). Some countries suspend also domestic flights and transport communications, including between islands.

With limited national healthcare capacity, governments of these small island states are trying to prevent even a single case of COVID-19. All these early actions hopefully will help shield some of the most vulnerable countries from the pandemic.

However, such restrictions come with a high economic cost. The worst affected are countries like the Cook Islands, Fiji, Palau, Samoa, and Vanuatu, whose economies are

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largely driven by tourism. In some economies in the PIC, tourism accounts for approximately 70 percent of GDP and employs a significant proportion of the population. Some PICs are also seriously dependent on seasonal work, mainly in Australia and New Zealand, which is already impacted by COVID-19 response measures.

In Fiji, to respond the spread of COVID-19, numerous restrictions were adopted, with a number of support measures to address the negative effect of the interruption of business operations on employment.

On 26 March, Fiji's government has unveiled a \$US 400 million (FJD 1 billion) response budget together with Fiji National Provident Fund (FNPF); most part of the funds are allocated to support workers and businesses. A week before, on 20 March, the Minister for Employment, Productivity and Industrial Relations called for informal tripartite meeting to discuss COVID-19 implications and response. Social partners supported lockdown and discussed possible support measures for employees and businesses.

According to the Fiji Response budget, from 6 April, workers in the hospitality sector who had lost their jobs or work on reduced hours would get up to \$US 435 from their FNPF accounts; if they did not have the funds in their account, the government would subsidise the difference. Similar measures have been introduced for all workers in Lautoka area, the first city in lockdown since 19 March, where workers could access \$US 217 from FNPF.

The Government requested affected employers continue paying salaries as normal and the government would reimburse them, with these measures of support aimed first of all at workers earning less than \$US 13,000 per year. Government also took a responsibility to pay 21 days' sick leave to workers tested positive to the coronavirus, earning less than \$US 13,000.

Government committed to reduce contributions both FNPF employee and employer to the FNPF from 1 April to 31 December 2020 from ten to five percent.

Later, the Government also decided that fijians, who were not directly funded through the Employment Benefit Scheme, but who would have been FNPF members some time back and now have their own businesses, could take out their own funds from the FNPF.

Among other employment-related decisions, the Prime minister, members of the Cabinet and members of the Parliament received a 20 percent pay cut, but civil servants, including those working in state-owned enterprises and companies, did not have any pay cuts.

The Reserve Bank (RBF) will make \$US26m worth of loans to banks at an interest rate of one percent; the banks could then offer loans to small and medium businesses and customers at a maximum of five percent.

A few vulnerable groups of employees were specifically targeted to receive support measures. Workers in hospitality sectors, such as chiefs, scuba guides, wait staff, receptionists and all other workers who lost their jobs or have had their hours cut since 1 February 2020, could access initial FJD1000 from their FNPF accounts with additional funds to be considered further.

To support farmers growing sugar cane, FJD50 million dollars were allocated from the budget to the Fiji Sugar Corporation (FSC) to fund delivery payments.

The Response Budget includes providing Doctors and nurses with the tools they need to combat the virus and keep the country safe.

A number of Health and Safety measures were introduced in Fiji, aimed at preventing the risk of infection. Soon after the announcement of Fiji's two first confirmed case of COVID-19 on 19 March, Lautoka, Fiji's second-largest city, where cases were registered, was placed under lockdown. Next day all schools in Fiji went on early school holidays; social distancing of two meters and working from home were encouraged where possible; the ban on gatherings of 20 people or more was announced. This included request to close cinemas, gyms, fitness centers, nightclubs, etc. Restaurants were requested to cut their seating below 20 with two meters between tables, and focus on take-away and delivery, etc.

At the same time, all those employees affected by nationwide physical distancing requirements, who worked at gyms, fitness centers, swimming pools and nightclubs, and also employees from the area Lautoka area, placed on leave without pay or had their hours cut, received an opportunity to access an initial FJD 500 from their FNPF accounts.

Finally, by the Government's decision of 26 March, workers in the informal sector, confirmed to have contracted COVID-19, were granted an opportunity to be paid a one-off sum of FJD 1000. For those affected in the informal sector in the lockdown areas, Government took an obligation to provide one relief payment of FJD 150 for all those who have a street trader or hawker license.

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