

FIJI

THE STATE OF THE NATION
AND THE ECONOMY REPORT

EXECUTIVE SUMMARY

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Introduction

In February 2008, a Consultation Document for the Preparation of the *Report on the State of the Nation and the Economy* (hereafter the Consultation Document) was issued by the National Council for Building a Better Fiji (NCBBF). It was printed in English, Vosa Vakaviti and Hindi, and disseminated widely throughout the country. Extensive consultations were conducted, in all of the cities and towns, and in over one thousand villages and settlements throughout Fiji, on the various issues discussed in the Consultation Document.

The Consultation Document painted a bleak picture of the state of affairs in Fiji as they have unfolded over the past two decades. It depicted:

- i. a country wrecked by political instability with an ongoing cycle of coups leading to the repeated overthrow of governments;
- ii. a low level of trust between the major communities;
- iii. increasing corruption and the gross abuse of power;
- iv. low savings and investment, and consequently insufficient new jobs being created each year to employ school leavers, let alone the long term unemployed;
- v. a sharp rise in unemployment and poverty;
- vi. an increase in the number of people forced to live in squatter settlements, a situation exacerbated by the non-renewal of sugar farm leases;
- vii. lack of access to land for both productive and social purposes;

- viii. a weakening export base as markets for garments and sugar contract and because some land has been withdrawn from agricultural use;
- ix. a serious loss of valuable skills, experience and expertise, because of the high rate of emigration;
- x. declining standards of service delivery in the public sector and the community;
- xi. increasing Government debt with higher payments for interest pre-empting funds for vitally needed infrastructure such as water, roads, sewerage, electricity and housing; and
- xii. the dilapidated state of the country's infrastructure.

Between mid-February to mid-July 2008, the analytical and diagnostic work on a range of critical issues was undertaken by the three National Task Teams (NTTs) appointed by the NCBBF, and the nine Working Groups (WGs) established by the NTTs. The findings and conclusions emerging from all of this work, and from the feedback obtained from the consultations undertaken country-wide, have strongly endorsed the accuracy of the general picture of the overall situation of Fiji, as initially outlined in the Consultation Document.

In short, the review and analysis and the country-wide consultations confirmed the view that the people of Fiji are disappointed and disenchanted with the country in which they now live. The high hopes they held at the time of independence have been dashed. The reality they face is a country scarred by the consequences of political instability and repeated coups, a stagnant economy, a general lack of trust and confidence, growing unemployment and poverty, increasing religious and racial intolerance and divisiveness, the emigration of many talented citizens and a rising tide of crime and violence.

It is clear that many things have been going wrong in Fiji. Moreover, perhaps the most serious and disheartening is the realisation that the country has so far been largely incapable of solving its own problems.

Responsibility for resolving major tensions within a society – for example, tensions over land, over income distribution, over jobs, over access to education, health and housing – lies squarely with each country’s political system and its leaders, especially its politicians. That is because these are precisely the issues with which politicians are elected to deal. An inability to address and resolve such serious matters, over the past two decades, points to major deficiencies in Fiji’s system of democratic governance and its leadership.

Chapter 1: Reform of the Electoral System

The nation-wide consultation process and the work of the three NTTs and nine WGs, identified weaknesses in Fiji’s constitutional arrangements and political system — particularly problems with the electoral system — as one of the most immediate and urgent set of problems lying at the heart of the nation’s malaise.

The race-based architecture of the current electoral system and the patent unfairness of the outcomes it has delivered in the three elections since 1997 is a major reason for the growing disaffection with the current constitutional arrangements. The retention and indeed the increase in 1997 of the proportionate share of communal seats in Parliament, together with the use of the Alternative Voting system, strengthened extremist elements and weakened the forces of political moderation. As a result, political life has been polarised: members of Parliament elected from communal-roll seats have little incentive to take account of, or care about, the concerns of other communities. This lack of incentive has encouraged some politicians to exaggerate communal and religious differences for their own narrow political purposes and to promote the belief among their followers that the only objective of electoral competition is to aggrandise the position of their own community at the expense of every other. The end result for Fiji, as a nation, has been a lessening of trust between communities which in turn has led to an increase in religious and racial intolerance, even hatred, as demonstrated in the rising incidence of violence and religious sacrilege.

In short, the electoral system under the current 1997 Constitution appears to have lost credibility and legitimacy among many of Fiji's citizens. There is strong demand for a new and fairer electoral arrangement.

The Case for Electoral Reform

For reasons of practicality, democracy has always taken the form of representative democracy where, on the basis of free and equal suffrage, people elect representatives to decide on the nation's priorities and use its resources for the common good. But elections must be free and fair to make democracy work properly. They should also operate in a way that tends to unite people around visions of a common good that do not exclude some citizens.

In 1996, the Reeves Constitution Review Commission linked the perpetuation of ethnic politics to the electoral system when it asserted that:

“The people of Fiji need to make a conscious choice about whether they wish to take a decisive step away from the communal system that has made ethnic policies inevitable since before independence”

The Reeves Commission's conclusions on communal representation are as relevant today as they were in 1996. In fact, given Fiji's recent past, there is now an even greater need to completely eliminate communal representation. Retention of the communal voting system reflects a lack of commitment by Fiji to international conventions like the United Nations Declaration of Human Rights and the Convention for the Elimination of All Forms of Racial Discrimination (CERD). These international standards favour a strong commitment to the principle of equal suffrage and a move toward systems that do not place restrictions on the grounds of race. Furthermore, international conventions on indigenous rights contain the proviso that the

application of indigenous rights should not be detrimental to the basic human rights of other members of society. Since the enactment of the 1997 Constitution, there have been two more coups in Fiji and continuing political instability which are, in large part, a consequence of a communal voting system that segregates Fiji's communities. Communal voting has not achieved either the objective of drawing the country closer together or of protecting the interests of the identified ethnic groups. Further, there has been significant demographic change since 1987: Fijians are now a clear majority of the population. This change has invalidated the reason once advanced for the retention of communal voting – the need to protect the interests of a minority indigenous race. Clearly, a new approach is needed for Fiji that eliminates race-based politics.

Seven standard criteria were used for assessing the fairness of the electoral system. The criteria are:-

- (i) **legitimacy** of the transfer of power from the people to Parliament (one person, one vote, one value delivering electoral outcomes that are seen to be fair and reasonable);
- (ii) **accountability** (elected representatives are held to account for their actions);
parties issue manifestos or stand on platforms that provide them, once elected, with a **mandate** for their policies;
- (iii) the **representativeness** of Parliament (parties or social groups are elected to parliament in proportion to their votes or numbers in the community – sometimes called “social mirroring”);
- (iv) the system's **simplicity**;
- (v) the system needs to promote **neutrality**, and finally; and
- (vi) the system's **acceptability** in the form of popular support by the people.

Fiji's current electoral system does not meet these criteria. Nor does it meet the specific need within Fiji for an electoral system that bridges ethnic differences rather than exacerbating them. The outcomes are

not considered to be fair and reasonable: for example, the failure of a party such as the National Federation Party (NFP), to win a single seat in Parliament despite receiving significant electoral support in three successive elections, is not a fair outcome. The suffrage is not equal because there is a great disparity between the values of a vote in different constituencies.

In 2006, for example, there were 3,340 registered voters in the ‘*i-Taukei*’ seat of Namosi but 19,044 registered voters in the nearby ‘*i-Taukei*’ seat of Nadroga/Navosa. The average number of registered voters in 17 provincial Fijian constituencies was 9,521 but the average number of registered voters in six urban Fijian constituencies was 15,930.

As noted above, the legitimacy of the current electoral system is also suspect in terms of human rights. These factors taint every other aspect of the present system since electoral outcomes cannot be trusted to exact appropriate accountability or give genuine and fair guidance on the appropriate mandate to be implemented by Government. The effective representation of the diversity of Fiji is largely defined by race and its impact is distorted in consequence. In addition, the present system has demonstrated itself to be far from simple as there have been unacceptably high numbers of invalid ballots at all elections held since 1999.

In considering the options for reform, the NCBBF considered the separate elements of the present electoral system in order to identify particular points for change. The key elements identified were:

- which method of election should replace the present alternative voting system?
- should communal seats be retained or replaced by the use of common rolls for all seats?
- how should constituency boundaries be drawn to ensure representative government and one person, one vote, one value?

Given the objective agreement to eliminate race-based politics, a consensus was reached that the first two questions were intimately linked. Retention of communal seats was seen as being incompatible with the elimination of race-based politics. No citizen should be compelled to identify his or her race in order to participate in voting, the most important political act of citizenship. Nevertheless, the system that is adopted must assure the fair representation of Fiji's ethnic diversity. Following a comprehensive examination of the options, the NCBBF unanimously agreed that some form of Proportional Representation (PR) electoral system is desirable in Fiji.

The independent Electoral Commission also reached the conclusion that Fiji needs to move to a proportional representation system in order to secure fair and just electoral outcomes.

The NCBBF also agreed that the issue of equitable electoral boundaries would be heavily influenced by the decision on the type of PR system chosen. After considering the three main variants of the proportional representation system (namely, single transferable vote (SVT); mixed-member proportional system (MMP); and a simple list system) the NCBBF opted for the open list system on the grounds that (i) the intrinsic fairness of this system would strengthen the legitimacy of Parliament; (ii) it would increase the accountability of political parties to the electorate; and, moreover (iii) by allowing voters to select an individual candidate from the party list some personal accountability was offered as well. Other major advantages are its close reflection of the actual vote (i.e. social mirroring) and its relative simplicity of operation.

Accordingly, the NCBBF recommends the:

- abolition of the communal representation system as currently provided for under the Constitution and the Electoral Act 1998;
- the use of a common roll for all future elections;
- the adoption of a Proportional Representation (PR) system (using the open list variant); and

- the implementation of these electoral reforms before the next general election, which should be held as soon as is practicable.

The NCBBF also considered some ancillary issues. It proposes a relatively small number of large constituencies to maximise the proportional benefits of a PR electoral system. It recommends the repeal of the mandatory power sharing arrangement currently provided for in the Constitution; the reduction of the voting age from 21 to 18 years; and the abolition of compulsory voting while maintaining compulsory registration.

A number of other issues relating to the electoral system, such as the term of Parliament, the size of Parliament, whether the Constitution should be amended to allow referendums in Fiji, the eligibility of citizens living overseas to vote and the role, size and composition of the Senate were also canvassed and are to be taken up in the country-wide consultations on the proposed electoral reform package.

Chapter 2: National Identity and the Role of Religion, Culture and Education in Nation Building

One of the most fundamental problems in Fiji is the lack of unity and a new electoral system, by itself, will not be sufficient to ensure continuing cooperation between the major communities. We need to forge a consensus based upon our common interests as citizens who will continue to live side by side in these islands. This process involves reminding everyone that there is by now a community of birth in Fiji and a continuity of affiliation through the decades that have created a history in which the livelihoods and cultures of the different communities in Fiji have become inextricably intertwined. It involves acknowledging and emphasising the collective interests that are evolving from the many social, cultural and economic linkages between our different communities in their daily lives. It also implies a conscious effort to participate in a common political project aimed

at increasing the perspectives that bind the citizens of Fiji together in forging a common national identity. The feedback from the consultation process, and the WGs and NTTs, identified this as the next most urgent problem to be addressed.

A nation's identity encapsulates the shared underlying worldview and values of its citizens, communities, and institutions and is made visible through a variety of symbols such as a flag or national anthem.

A national identity is inclusive: it includes the members of all communities in the country within a broad allegiance. It binds all of them as citizens to a larger and wider sense of belonging to 'their' nation state. The overarching significance of a national identity, for governance and public policy, is that it creates a moral community within which everyone has equal rights to the care and attention of the Government and the wider community. The role of the Government within a nation state is to advance the interests of **all** of its citizens regardless of the community to which they belong. In this sense, it is an essential force opposing the pull of the more selfish of communal politics.

If Fiji is to escape from the orbit of selfish communal politics, Fiji's people must have a sense of national identity. At present, people have a strong sense of ethnic identity which has been reinforced by rhetoric and the ethnic institutions created during the course of Fiji's history. Thus, Fiji's people are more aware of their ethnic identity than they are of their national identity and this awareness is reflected in official documentation and most remarkably in two phenomena: the long standing discussion, yet unresolved, over a name for Fiji's citizens; and the sub-categories of citizenship that must be stated in the national census and immigration entry and departure forms.

The Role of Religion, Culture and Education

Education has been used globally in nation building while culture and religion are strong components of individual identity and necessary

components in developing a national identity. What is needed in developing a national identity is emphasising and building upon shared elements such as a common national name that will strengthen and enhance a sense of belonging and nationhood.

Culture and religion must play important roles in promoting national identity. At present, however, they appear to be fragmenting Fiji rather than assisting in developing a national identity and in nation building. To address this problem, the shared values from Fiji's various religions and cultures need to be identified and articulated clearly so as to promote meaningful coexistence. Two concepts that have been fragmenting — but could be uniting — are multiculturalism and pluralism. However, these concepts, properly understood, could enhance a united nation.

Major issues that contribute to the fragmentation of Fiji's society include, amongst others:

- the absence of a common national identity;
- the inadequacy of the education curriculum at all levels to teach social cohesiveness, inclusiveness and how to live meaningfully in a pluralistic society;
- the failure to emphasise the teaching of comparative religious studies, moral values and an appreciation of national symbols; and
- the fact that many of the leaders of Fiji's political, religious and cultural groups are acting independently and are not coming together to build the nation.

The process of developing a national identity includes discovering and articulating national narratives, symbols and shared values and peoples' expectations of, and for, Fiji. Such a process needs to be designed and facilitated in Fiji. Representatives of all of Fiji's people should participate. And Fiji's leaders need to focus on the nation rather than on their particular sectoral or communal interests. Institutions need to be strengthened in a way that ensures all their efforts are directed towards supporting a national identity and the national interest.

The most obvious symptom of the lack of national identity is the lack of a common name. The NCBBF recommends that the name of our nation should be Fiji (not the “Fiji Islands”) and that all citizens should have a common name – Fijian – as their common national identity. Of course, primary identities may need to be retained with indigenous Fijian continuing to be called ‘*i-Taukei*’, Fiji Indians being called Fijian Indians, and others such as ethnic Chinese being called Fijian Chinese. NCBBF also recommends the promulgation of an Anti Discrimination Act and the establishment of a National Identification System for the registration of all Fiji citizens.

The NCBBF calls upon all relevant institutions to promote unity among the diverse cultures of Fiji; to make changes to the education curriculum to allow for community and service learning that will promote and encourage social cohesion and national integration; to teach the basic values of truth, right action, love, peace and non-violence; and to promote national symbols (flags, anthem, currency) in schools and offices while also reviewing them to integrate the different languages (Vosa Vakaviti, Hindi and English) and music (styles and the national anthem).

The NCBBF also recommends that the teaching of conversational Vosa Vakaviti, Hindi and English be made compulsory from Class 5 to Form 7 in all schools; creation of a Commission of Healing and Reconciliation, Truth and Justice; the teaching of comparative religious studies; promoting the sharing of spiritualities and interfaith dialogue amongst all religious groups; the establishment of a National Book Trust for the publication of textbooks and literature for Fiji’s children; the inclusion of multicultural education in the curriculum at all levels; an initiative to articulate, promote and sustain a national narrative; and that the Foundation for the Common Good based on Shared Values, Vision and Principles as contained in the Peoples Charter be included as a schedule in Fiji’s Constitution.

Chapter 3: Ending the Cycle of Coups

Even a free and fair election system harnessed to a newly forged sense of national identity, however, may not be by itself sufficient to break the cycle of coups.

The responses to the Consultation Document made it clear that the people of Fiji want to see an end to coups. Coups have done lasting damage to Fiji in a whole range of areas, from the social and economic context, to ethnic relationships through to the institutional framework and to Fiji's international relationships. Coups have undermined democratic governance and the rule of law. Coups ruin people's lives; destroy confidence as well as social and economic opportunity; and leave lasting fissures within the society. Despite the superficial appearance of short term gains for some elements in society, **there are no long term winners in coups**. All sectors of society suffer in one form or another. In his speech of 16 January 2008 to the first meeting of the NCBBF, the Interim Prime Minister asked that ending the 'coup culture' should be one of the main objectives in developing the Peoples Charter.

So what can be done to eradicate the 'coup culture' in Fiji?

Many actors — in addition to the military — have been involved in the various coups. The actors have included political and business groups who have used ethno-nationalism and the military to serve their political and economic agendas. Other factors also contributed in their own different ways to coups: socio-economic conditions that lead to political grievances and the creation of political scapegoats; instances of poor governance creating injustices that provoke conflict; socio-psychological factors and socio-cultural factors that affect people's state of mind or cultural sensitivities in ways which become a basis for mobilisation; and the activities of other power centres in Fiji such as the churches. All of these factors need to be fully understood and addressed separately and specifically, if the 'coup culture' is to be eradicated.

There are thirteen key principles that can be used as a basis for ending Fiji's 'coup culture' such as removing the social and economic circumstances that cause coups; re-defining the role of the military to bring it closer to the people; strengthening other state institutions to provide countervailing power centres within Fiji's governance systems; encouraging ethnic integration through a reform of the electoral system; building up processes for national reconciliation and healing and conflict resolution; ensuring the separation of church and State; and strengthening the sanctions against those who participate in coups.

The thirteen principles are all important but one of the most significant is that of redefining the role of the Republic of Fiji Military Forces. The idea here is to shift from the old 'hard security' outlook to the new United Nations sponsored paradigm of 'human security' i.e. engaging with society and supporting it in various ways. Human security places people rather than property at the centre of national security and involves much greater regular interaction between national security forces and the people. The NCBBF calls for a national dialogue on the RFMF's role and also outlines a number of human security roles, such as training the youth of Fiji, which the military should undertake. It also calls for legitimate mechanisms to enable the military to dialogue with the Government on good governance issues. There are also a number of consequential recommendations for increasing ethnic and gender representation in the military, for parliamentary oversight of the military, and for improving the relationship between the public at large and the military.

Coordinating the National Security Services

Fiji's national security policies should be reworked to take account of contemporary national security threats and the new paradigm of human security, whereby national security forces are more engaged in Fiji's national development. In addition, a comprehensive national security framework for systematic and participatory engagement between the State and its citizens should be put in place to bridge the gap between

the State and the community. This framework will identify how State security institutions such as the police and military can take part in normal institutional engagement with civil society organisations, religious organisations, and other community organisations in various programs. This institutional engagement should be an ongoing process.

The NCBBF proposes that the National Security Council expand its membership to incorporate wider representation — including the military and police, civil society organisations, women’s organisations, academic institutions and community groups. In addition, mechanisms such as the National Intelligence Committee, the proposed National Peoples Charter Council should be established.

Chapter 4: Strengthening Democratic Governance

The prospect of breaking the cycle of coups will be greatly enhanced if other elements of democratic governance (i.e. in addition to the electoral system) are strengthened. Several UN bodies describe good governance as having eight major characteristics: good governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimised; that the views of minorities are taken into account; and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

A culture of democratic good governance must be entrenched in Fiji so that it becomes the dominant mode of political thinking and behaviour here. Principles of good governance need to be applied to the formal governance framework, which includes local government administration, the institutions within it, and the governance of the country on a day-to-day basis, in terms of policy formulation, decision-making and service delivery.

The most significant areas in which reforms are needed include the effectiveness of Fiji's legal systems and uniformed services in upholding the rule of law; coordinating the national security services; mechanisms for strengthening accountability and transparency (including the introduction of a Freedom of Information Act); and the role of the media in promoting good governance and national development.

Local Government Framework

The local government framework as it applies to municipal councils was not considered in great detail by the NCBBF, through its National Task Teams and Working Groups. However issues relating to the performance of municipal councils and the role they play in national development were discussed. Other local government bodies like provincial councils were examined and are dealt with in Chapter 7 of this Report. Recommendations are made for the introduction of processes that ensure adherence to good governance principles by indigenous Fijian institutions. Concerns have been raised about the accountability of municipal councils particularly in relation to the misuse or abuse of ratepayer funds to provide services within their municipalities. Weak tender processes for the awarding of service contracts have, in the past, resulted in nepotism and abuse of office for personal gain. The NCBBF considers that more is needed to enhance the accountability of municipal councils. In this regard a recommendation is made to include municipal councillors and town clerks in any Code of Conduct or Leadership Code enacted in accordance with section 156 of the Constitution.

Municipal Councils are elected to provide a wide range of services to ratepayers in accordance with the provisions of the Local Government Act (Cap. 125). The role that they play in national development initiatives within their municipalities through the provision of municipal services and their relationship with national Governments are issues that require further examination. Politics at the local and national level can and does have an impact on the relationship between national

Governments and municipal councils. This can affect access to public funds by local government authorities under national development programmes particularly for road maintenance and poverty alleviation as regards squatter settlements in municipalities.

The NCBBF endorses the review by the Interim Government of the Local Government framework particularly in relation to examining the roles, functions, responsibilities and administration of municipal councils and how it can be best shaped to promote good governance. Measures are needed to remove or lessen political impediments to the relationship between national and local governments to enable more effective national development initiatives within towns and cities. The NCBBF therefore recommends that consideration be given to restricting registered political parties from contesting local government elections. Political affiliation and the involvement of political parties in the affairs of provincial councils also hinder national development initiatives. The recommendations by the Reeves Constitution Review Commission that consideration is given to appropriate democratic systems for local government in rural areas also warrants serious attention, which should also take account of the functions of District Advisory and Provincial Councils.

Effectiveness of Fiji's Legal System

The application of the rule of law must be a basic and enduring feature of any democratic society. In Fiji, after four coups, this feature has been under a lot of strain. Nevertheless, and not without some difficulty, the court system has continued to function and to dispense justice. Major stakeholders have also continued to accept that the courts are dispensing justice fairly. While coups in themselves can be viewed as a major challenge to the rule of law, there are many other factors that have impacted on equal and fair access to justice for all in Fiji — such as ineffective law enforcement, perceptions of delays in some court proceedings, a lack of public awareness of basic legal rights, complaints about the performance of the magistracy, the scope for improved regulation of the legal profession, understanding

and accessing Fiji's framework of laws, and the need for further improvement of public registry services. Reform in all of these areas is on-going and, while there have been significant improvements in the last decade, more action is needed to further strengthen the country's legal system. The SNE Report recommends measures to improve awareness of the law; to improve access to justice by poor people; to strengthen the independence and accountability of the judiciary; to overcome difficulties in the magistracy; and improvements in formal law reform measures.

There has been much public debate surrounding the actions of judicial officers following each of Fiji's coups and of their perceived independence. Given that there are relevant matters before the courts, this report offers no conclusions about the current status of the judiciary or on the rights of those directly affected by these events other than to note that all of Fiji's coups have put the judiciary in difficult situations. However, this report recommends that as part of Fiji's planned return to parliamentary democracy, an effort be made to reinforce the pre-eminent role of the rule of law in reforms proposed in other areas that are designed to achieve the entrenchment of sustainable democracy in Fiji.

Improving the Effectiveness of the Police Force and Prisons Service

In part for economic and social reasons, there is a perception of a worsening law and order situation that the Police Force and the Prisons Service are struggling to contain. There is also recognition that Fiji's multiple national security interests, which are being presented with new challenges by threats related to transnational crime and global terrorism, require closer and more effective coordination.

A number of recommendations are made to improve the effectiveness of the Police Force and the Prisons Service. The NCBBF proposes that rapid response units be set up in the Police Force in at least four localities across Fiji to focus on and take action to clean up and reduce

serious and/or prevalent criminal behaviour (such as violent crimes) so that the overall offence rate declines annually. The NCBBF also suggests that greater focus be given to reducing, crime rates against women and children, including rape, defilement, incest and domestic violence, with special facilities set up at police stations to deal with these crimes. The NCBBF recognises that crime is being underreported and proposes that a survey be undertaken to better gauge the true extent and nature of crime across Fiji with a view to overcoming the effect of under-reporting of criminal behaviour.

Greater focus also needs to be given to crime prevention through extending community policing across Fiji and recognising the vital role that civil society and the private sector must play in combating crime. This can be done through formalising the establishment of a national Crime Prevention Board which would include civil society and private sector membership, and by developing crime prevention and other strategies for combating the underlying social and economic problems that can lead to crime. A major focus should be rebuilding the image of the Police Force through training and other related actions.

In regard to the Prisons Service, the NCBBF recommends that, as intended, it realigns its priorities from incarceration to corrections, with a shift in focus and use of human resources under the Prisons and Corrections Act. The Prisons Service should also work towards reducing the daily prison population by the end of 2010, while ensuring that those who are a serious danger to society remain in prison. For that purpose, the Prisons Service should make greater use of half-way houses, community service orders, weekend imprisonment, parole orders and diversion programs to reduce the level of imprisonment in Fiji. The Prisons Service should explore ways of reducing recidivism through enhancing rehabilitation programs and community service orders, and focusing on providing work opportunities after prisoner release. There are also opportunities now to enhance the commercial activities undertaken through the Prisons Service, including by budget arrangements that allow some retention of revenue.

Accountability

The most effective systems of government are ones that are able to maintain the confidence, trust and respect of the people. Such confidence is only established when public officials (elected or appointed) and the institutions to which they belong, perform their legal and administrative functions efficiently and effectively in accordance with the rules and regulations that govern their operations, and are answerable to their actions.

There are serious accountability risks for Fiji because of ineffective mechanisms for scrutiny of misconduct by public officials. There is a sense that some leaders and officials feel able to act with impunity. Improving accountability in Fiji requires action on many fronts starting with a greater appreciation of the overarching role of Parliament (as an institution quite distinct from the executive) in holding the Government to account. The active support of the public to ending corruption also has to be mobilised. The NCBBF examined each of the institutional mechanisms responsible for ensuring accountability. These included the Public Accounts Committee of Parliament; the Office of the Auditor-General; Ombudsman; and Fiji Independent Commission Against Corruption (FICAC). The NCBBF suggests certain measures to improve the capacity, effectiveness and resourcing of these institutions to carry out their functions. Particular consideration was given to strengthening the operational independence of these bodies while at the same time ensuring that they remain accountable for the performance of their functions.

Transparency: Introducing a Freedom of Information Act

Accountability is difficult to enforce without transparency. The work of the public sector must be made more open to public scrutiny. Although the 1997 Constitution mandated the introduction of a law ‘to give members of the public right of access to official documents of the Government and its agencies’ no such law has yet been enacted. Even

so, access to information is regarded internationally as the oxygen of democracy and a basic human right.

A Freedom of Information (FOI) law will significantly enhance Fiji's framework for democratic governance. An FOI law will facilitate public participation in the democratic process, as well as improving public understanding of what government is doing. It will enhance the quality of decision-making in government because the knowledge that all decisions are subject to scrutiny will increase the likelihood that they will be properly and fairly made. An FOI law will improve record keeping practices in government and, in providing greater transparency, reduce the opportunities for corrupt practices. The law will allow any person who has a grievance about a particular decision affecting him/her to gather the information needed to know why the decision was made and, if the action is believed to be illegal or otherwise improper, then to challenge it. The law will also improve coordination and policy development within government, and create opportunities to hold the Government to account for its performance.

Transparency also requires a fundamental change in attitudes within the public sector – away from the tradition of secrecy towards recognising the public's right to know. This recognition represents a major culture shift within the bureaucracy. A new culture of openness will empower the public to use information obtained under the FOI law to insist on better standards of service delivery and higher levels of performance from Government and public sector organisations generally. In short, it encourages and feeds a stronger demand for high quality Government services that should lead to noticeable improvements in the quality of people's lives.

Detailed recommendations on the desirable provisions to be included in a Freedom of Information law are contained in Chapter 4. The NCBBF recommends that an FOI law should be enacted and come into force as soon as possible, subject to the possible phasing-in of particular provisions aimed at lessening any new administrative burden.

Role of the Media in Promoting Good Governance and National Development

There should be no question that a free and vibrant media is indispensable to the operation of a democratic society and to promotion of good governance. However, with this freedom comes a responsibility to provide balanced and unbiased reporting. The NCBBF considers that current self regulation by the media industry of professional standards of journalism is ineffective. The NCBBF endorses the view that legislation is needed to improve media accountability without interfering or impinging on its independence. Such a law should provide for a strengthened Media Council and an Independent Tribunal to deal with unresolved complaints efficiently and effectively. Legislation is also necessary to put in place formal measures to protect diversity within the industry and place appropriate restrictions on foreign ownership that accord with international standards.

Fiji is fortunate in that its media has not been afraid to confront and expose bad governance. Individual media organisations have been prepared to be critical, abrasive and often controversial in what they publish when they deem it necessary. In the circumstances which Fiji now faces, where more of its population is poor than was the case at the time of Independence, the need for national support for changes that will move the country forward on national development is urgent. The media has a vital role to play in this. For the media to engage on these issues is not to surrender its independence. It should remain sceptical and critical but also forthrightly committed to promoting what it believes is best in the public interest for the development of the country in a balanced, fair and unbiased way.

Chapter 5: Social Justice, Poverty Alleviation, Social Service Delivery & Human Rights

One of the key purposes of good governance is creation of a society free from poverty where all have equal access to their basic needs and social justice is assured. Addressing the major issues facing Fiji in relation to social justice, poverty alleviation and a rights based approach to development is critical to the achievement of the vision for Fiji and for the restoration of human dignity and equal opportunities to all those who are poor and disadvantaged in Fiji.

Social Justice and Poverty Alleviation

Most of the social indicators have worsened in Fiji over the past two decades. These indicators include the Human Development Index (HDI), the proportion of the people living in poverty, maternal and child mortality rates, and primary school enrolments.

The HDI is a widely accepted measure of a country's progress in attaining satisfactory levels of education, health and income. Fiji's ranking was 42nd in 1975 but dropped to 61st in 1997. Its position further eroded in the late 1990s. Based on the 2005 UNDP HDI, Fiji currently is placed 92nd out of 177. Samoa and Tonga — which had rankings similar to those of Fiji in the 1970s — have performed much better than Fiji in recent years, with rankings of 77th and 55th in 2005, respectively.

The Fiji Constitution provides the legal justification and framework for the implementation of Affirmative Action Programmes (AAP) designed to achieve for all groups or categories of persons who are disadvantaged, effective equality of access to (a) education and training; (b) land and housing; and (c) participation in commerce and in all levels and branches of service of the State.

Key social justice issues include the lack of a moral framework for social justice and affirmative action programmes, the legitimacy

of the Social Justice Act of 2001 and AAPs, the reliability of the statistical basis for AAPs, the need for the development and alignment of performance indicators, and the strengthening of the existing monitoring mechanism.

The goal of social justice should be to ensure the equality of dignity, especially of those who, through no fault of theirs, are disadvantaged and destitute. It must also ensure that everyone has a basic right to a dignified life and enjoy equality of citizenship, and that no-one lacks the basic necessities of life. The NCBBF recommends that an inclusive, just and compassionate moral vision of Fiji's common good should be made a foundation of the AAPs. Social Justice Legislation and policies should be congruent with key principles of the Constitution. The processes and procedures for designing, implementing, monitoring and evaluating AAPs need to be effective, transparent and accountable.

Several pro-poor policies and programmes have been implemented over the years. However, those initiatives have not been sufficient to reduce poverty. The key issues inhibiting poverty reduction include the low growth of the economy; a lack of political commitment; political instability; lack of access to economic assets, markets and social services; ineffective coordination, implementation, and monitoring; and lack of participation by all stakeholders *vis-à-vis* government, the private sector and civil society. Sustainable economic growth is a necessary condition for income generation, redistribution and poverty reduction. The NCBBF recommends the strengthening of Government's pro-poor policies and programmes to target citizens through municipalities, provincial councils, and advisory councils; the strengthening of existing institutions and programmes to assist the poorest of the poor children; the phased implementation of a National Minimum Wage; encouraging a greater private sector role in poverty alleviation; enhancing government-civil society partnerships; improving coordination, implementation and monitoring; and compilation of more timely poverty statistics.

Reducing poverty has been a core policy objective of successive Governments for many years. Poverty alleviation has been regularly articulated in Development Plans and Strategies and Annual Budget Addresses. Poverty reduction is a core objective of all Development Partners and the Millennium Development Goals (MDGs).

There is no generally or officially accepted definition of poverty. Poverty of income can be viewed in either absolute or relative terms. Absolute poverty is where an individual or family is unable to meet its basic needs for food, clothing, shelter, health care and education. Destitution is the extreme form of absolute poverty, the poorest of the poor. Those whose incomes are sufficient to meet basic needs but are still below the 'average' or 'norm' experience relative poverty.

Poverty of 'opportunity' or 'access' is now regarded as just as important in defining the extent of poverty and hardship in a society as is the lack of income. Often the conditions and circumstances giving rise to the poverty of opportunity are the causes of income poverty.

In its discussions, the NCBBF noted that the estimated basic needs poverty line per household per week increased from \$28.45 in 1977 to \$83.00 in 1990 and to \$132 in 2002. Statistics collected from various HIES reports indicate the existence of high levels of poverty in Fiji although the non-availability of consistent data on poverty has resulted in various viewpoints on the actual levels of poverty in Fiji. The NCBBF noted that there is clear evidence of a worsening of the poverty situation (35% by 2002) and there has been no evidence of any significant improvement in more recent years.

Fiji remains a society with deep income inequalities. The 2002-2003 HIES shows that the poorest 20% of the household received 5.9% of the national income while the top 20% of the households received 47.9% of the national income.

Meeting Basic Needs: Housing, Education and Health

The NCBBF focused on major issues affecting housing, health and education. Members noted the worsening basic socio-economic indicators which include health, dilapidated health infrastructure, poor living conditions and the growing number of squatter settlements. To some extent this worsening is also having a negative impact on the effectiveness of the compulsory education policy which is being undermined by the high levels of school ‘dropouts’ from both primary and secondary schools.

Housing

Fiji’s housing crisis is real and pervasive: with about 200 squatter settlements with more than 387,000 people earning less than \$7,000 per year, approximately 9,000 low and moderate income households will need decent, safe, affordable housing immediately. In seeking to meet these needs, the production of mixed-income housing that provides broad income diversity in neighbourhoods is deemed a desirable social and economic goal.

There are concerns, however, about the plan to encourage the use of land to improve rural situations and reduce urban migration. Governments have been unable to provide enough land for people to prosper, build and own houses and form sustainable communities. Sustainable housing programs must go hand in hand with income earning opportunities. Currently, Fiji does not have an employment strategy. Having an employment creation strategy, together with the availability of more land, could help in resolving both the unemployment situation in rural areas and urban migration.

Some immediate steps are required to resolve the squatter problem, which is becoming a major obstacle to the use of prime land for development in urban areas. Most of the squatters live on the ‘*vakavanua*’¹ land,

¹ ‘*Vakavanua* settlements’ are informal settlements acquired through customary arrangement with the land owners and there is no legal basis for ownership or lease.

given to them some 30 to 50 years ago. Opportunity should be given to landowners to develop their land into suitable housing lots. Lack of capital to do so has been identified as a major problem. To acquire quick returns, landowners have resorted to issuing ‘*vakavanua*’ leases all around Fiji.

The NCBBF suggests that Government does not necessarily have to build a house for everyone, but to make land available for housing, at the same time ensuring that minimum housing standards are maintained.

There is a critical need for the development of a consistent, comprehensive, and ongoing discussion about housing policies and issues in Fiji. Because the actions and authorities of multiple State departments and agencies explicitly and implicitly affect housing, interagency coordination is essential to producing and preserving affordable housing, improving supportive housing, and eliminating housing discrimination.

It is important to encourage a multicultural and pluralistic society: multiculturalism is a part of sustainable communities. Any development initiatives should look at allocating spaces for churches, mosques and temples as well as for sports and recreational activities.

Education

The large number of students dropping out early from school is a critical problem since it is one of the major contributing factors to the growing incidence of poverty. In turn, poverty impacts so adversely on the socio-economic development of this country. With limited skills and knowledge to improve their livelihoods, early school leavers make up a large number of the unemployed and subsequently they contribute disproportionately to the rising tide of crime and violence occurring in most urban centres.

There is a need to conduct community workshops on parental education to change the community’s perceptions about education, improve parents’ participation and support, reduce the ‘dropout’ rate and improve students’ academic achievements. The establishment

of a collaborative model of education in villages and communities is an essential element of this initiative and make available community scholarship funds through better utilisation of resources.

The curriculum is not relevant to the many students who do not proceed to tertiary study, given its academic and elitist orientation and content. For this reason, the modular system of education should be introduced at secondary schools to offer broad-based education and to allow students to develop their potential along their areas of interests.

Emphasis was placed on building specialist schools and the training of specialists who are progressive and forward looking, especially in the areas of Science, Engineering, Technology and Agriculture. The NCBBF fully supports the new National Curriculum Framework and the strengthening of technical and vocational skills and also encourages the learning of life skills from early childhood to Form 7.

The NCBBF discussed ways of distributing education grants to assist low income earners and those in rural areas by using the differential resourcing model² so that schools responsible for the education of these communities are given a larger and fairer proportion of grants to assist them with the maintenance of school buildings, the resourcing of schools and payment of fees.

On the issue of building a united and multicultural Fiji, there are recommendations on the need to integrate neighbouring schools, including their management and staff, and the need to study each others' language, culture and religion.

The need to phase out school names that denote racial affiliations, like 'Fijian' and 'Indian', is also of great importance in enhancing the building of a united and multicultural society.

² Differential Resourcing Model is a model devised in Fiji for the distribution of education grants based on disadvantage index of the school and community. The disadvantaged index is calculated using variables such as location of school, its isolation, transportation costs, availability and type of electricity, drinking water, telephone, library, boarding facilities and availability of a school secretary.

Health

To immediately improve the performance of the health sector, the formation of a Health Policy Commission has been recommended to oversee the administration of the Public Hospitals Act and to provide strategic direction on how health services should operate in the short, medium and longer term. The Commission will comprise leading community representatives including those from relevant Ministries and non-government stakeholders such as academics, practitioners, advocates and consumers. (Similar representation should also apply to the divisional and sub-divisional hospital boards with more clearly defined terms of reference.)

The health sector is severely under-funded and generating revenue by the 'user-pays' system has always been subject to political backlash. The NCBBF agreed to recommend that Government increase all non-essential medical fees, ensure an improvement in fiduciary collections, and consider immediately implementing alternative means of health financing such as risk pooling through a social health insurance scheme.

To reduce costs the NCBBF also recommends outsourcing non-technical hospital services including: laundry; security; maintenance and cleaning services. The introduction of herbal medicine is also considered important in reducing pharmaceutical costs.

The migration of health professionals is now a widespread international phenomenon. There are push and pull factors: while very little can be done to address pull factors, there is a need to concentrate on reducing push factors. This can be done by ensuring a rewarding, comfortable, safe, conducive and supportive working environment.

Concerns were also raised about the increasing incidence of communicable and non-communicable diseases (CDs and NCDs) in the community. The NCBBF strongly recommends that, while all efforts are being made to improve service delivery, communities should also take greater responsibility in improving their health. The

quality of food sold in the markets — especially ‘fast’ foods — was also considered a major contributor to NCDs. Stringent controls are required and a greater awareness of what people consume and the implication of this consumption for their health.

A Rights Based Approach to Development

Fiji has a favourable legal and institutional environment for the protection and promotion of human rights and Government is committed to protect human rights. However, there are many economic, socio-cultural, political and legal challenges to further progress in this area including: the need for legislative reform; harmonising cultural values with human rights; improving race relations; and enhancing the further effectiveness of the Fiji Human Rights Commission. In this respect, the NCBBF recommends that Government formulate and enact effective anti-racial discrimination legislation, ratify all international human rights treaties, mainstream human rights issues in the criminal justice institutions, harmonise cultural values and practices with the values of human rights, strengthen human rights education and awareness, improve race relations, and enhance the further effectiveness of the FHRC.

Race relations need to be improved through reconciliation programmes, interfaith dialogue and legislative reform. It is important to clarify the concept of minority rights and to more effectively use this to address the specific needs of various groups, including women, children and young persons.

The effectiveness of the Fiji Human Rights Commission could be enhanced by considering regaining its accreditation to the ICC at an appropriate time as soon as possible. The NCBBF supports the implementation of recommendations made in the recently completed Handley (2002), Hosking (2004) and Dwyer (2006)³ independent evaluation reports.

³ Dwyer, J., 2007, Evaluation of the Achievements of the Fiji Human Rights Commission including Implementing its 2004-2006 Strategic and Corporate Plans; FHRC, Suva.

Chapter 6: Growing the Economy

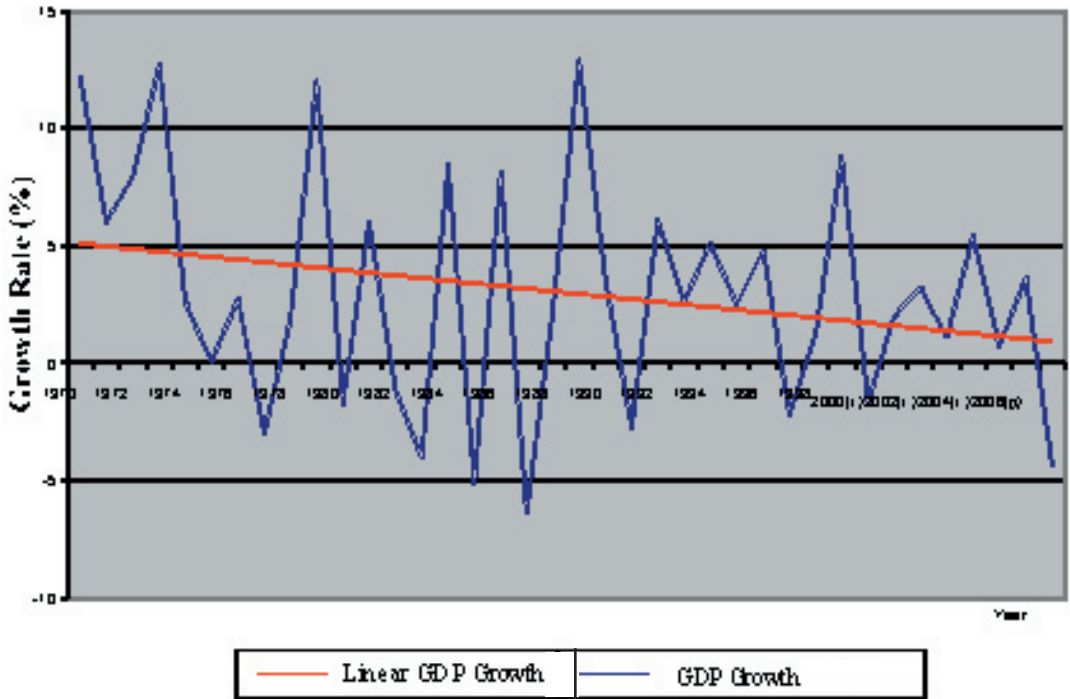
Employment provides the quickest route out of poverty but the economy has proved itself unable to generate the increase in the number of jobs needed to employ those leaving school each year, let alone the additional jobs needed to reduce the incidence of poverty in Fiji.

There are many reasons for the poor performance of Fiji's economy over recent decades.

The persistence of political instability, particularly in the wake of the coups, incidents of inter-communal violence, erosion of confidence and increasing crime exacerbated the country's economic problems. Investors, both local and foreign, seek stability and certainty because these reduce the risks of their investment decisions. Political instability scares investors away. This, in turn, is one of the reasons why Fiji's economic growth rate is so low: there has not been enough capital investment to generate the new jobs needed by the growing number of school leavers and the large numbers of unemployed who are seeking employment.

Improving productivity (i.e. producing more with less) is central to the growth process. In Fiji, productivity has not been improving. It is easier to raise productivity if the investment rate is high. But investment levels in recent years, of between 14-16 percent of GDP, have been well below the average levels of 22 percent in the 1970s and 25 percent in the years before the 1987 coup. The economic growth rate in Fiji has been in long term decline since Independence – and the rate of decline is getting faster. This situation is reflected in declining real incomes, increased lay-offs, and wage cuts.

Figure 1: Fiji Economic Growth, 1970 – 2007



There are other factors that weakened the pace of economic growth, in addition to the points made above. The key among these other factors include a major property rights problem relating to the availability of leasehold land, the lack of investment in infrastructure, incompatible and inconsistent policies in some areas, and a weak legal environment for business. Many of these latter issues raise questions about the role of the Government in the economy. In the view of many people, the Government is over-dominant in the economy; i.e. it should reconsider its role if it wishes to achieve stronger growth, greater equity, and sustainability.

Clarifying the Roles of Government, the Private Sector, and Civil Society

Each of these three ‘domains of governance’ has an inherent comparative advantage in undertaking certain types of activity because of the different institutional arrangements in each domain. Each should focus on what it does best.

The Government’s involvement in the economy should focus first, on the provision of public goods, which by their nature cannot be supplied by anyone else. It is clear that at present the demand for basic utilities such as water, sewerage, electricity, telecommunications and other infrastructure (such as roads, ports and airports) is not being satisfactorily met. In particular, people living in remote rural areas and the outer islands are disadvantaged and need special attention in terms of infrastructure, skills development and access to financial services. Second, the Government should look closely at the reasons why markets may not always work and/or how market mechanisms can be improved. If market failures can be fixed other types of Government intervention — such as stultifying regulation or Government ownership of enterprises — may not be required. High quality regulation can minimise transaction costs. The Government should seriously consider divesting itself of those entities that would be better managed by the private sector. The proceeds from their sale would be better utilised in health, education or infrastructure investment, i.e. accelerating investment in those public goods that only the Government can and should supply.

Maintaining macroeconomic stability is another important role for the Government because it increases the predictability of economic conditions and hence helps to minimize personal and business risk. To maintain fiscal discipline, the NCBBF recommends the adoption of a new ‘fiscal rule’: that additional borrowing for extra Government expenditure should only be allowed if the returns are robustly estimated, have little uncertainty and allow the Government to recoup its investment over time. Second, NCBBF recommends

that the principles of fiscal responsibility (which are incorporated in Fiji's Financial Management Act) should be made more binding on the Government. Third, NCBBF recommends that the Government should maintain a progressive, broad-based but simple tax system with some incentives in strategic areas to encourage greater investment.

Entrepreneurial freedom would be greater if businesses had full and free access to foreign exchange and the more sophisticated financial products available in international financial markets. The current foreign exchange control rules make this impossible. However, the current monetary and exchange rate regime cannot be changed in the near future. Change will only be possible when Fiji has restored strong economic fundamentals and developed deeper financial markets. In the longer term – provided these pre-conditions are met – it may be possible to move towards a more flexible exchange rate regime. In the meantime, national initiatives such as the National Export Strategy and the promotion of education — both formal and non-formal — must be boosted to help support the country's balance of payments and structural adjustment to make the economy stronger and more resilient.

Finally, Government is responsible for the specification and protection of property rights and maintaining an equitable income distribution and equality of access to basic services such as education, health and housing. It must also ensure gender equity and the maintenance of other basic human rights, and ensure intergenerational equity and environmental sustainability.

The role of the private sector is to engage in entrepreneurial activities with a view to maximising profits, but also thereby creating incomes and jobs through productive employment so that people are able to improve their living standards. This process operates through increasing specialisation and the expansion of markets, including opening the economy to external trade and investment. Entrepreneurial activity is at the heart of this process. Entrepreneurs need an enabling business environment, which includes:

- i. macroeconomic stability – because increasing the predictability of the economic environment reduces personal and business risk;
- ii. a legal and regulatory environment that enforces legal contracts and allows entrepreneurs access to all the assets they need to manage their businesses successfully. (In Fiji this requires, among other things, the computerisation of the Registries.); and
- iii. predictable and stable tax laws to ensure that profits are not unfairly expropriated.

A robust network of civil society organisations (often referred to as ‘social capital’) strengthens the resilience and capabilities of society. A country with strong civil society organisations is better placed to stimulate and sustain more rapid economic and social development. This is because civic networks and norms institutionalise social interaction and foster norms of social reciprocity and trust. In short, it encourages collaborative behaviour in society. Civic society organisations also provide checks and balances to the power of the Government and private sector; they have an important role in collecting and disseminating information that is useful to society but which no one else is collecting; they help empower the powerless and give a voice to the voiceless; and churches and other religious organisations in particular, have a major role to play in protecting and strengthening cultural and religious values and beliefs.

Civil society organisations also need an enabling environment that allows them to operate freely. This enabling environment requires legislation and regulations that guarantee the right of free association; an agreed mechanism for the participation of NGOs in decision making and in the implementation of decisions taken; and financial support from the State and private sector.

There are many situations where much more can be achieved with the limited resources available to the country if the three main sectors – Government, private sector and civil society – cooperate to build public assets and deliver services. The NCBBF supports the implementation of the public-private partnership initiative being considered by Government and also encourages the Government and civil society organisations to cooperate on the design and delivery of Government services.

The NCBBF noted with concern that Fiji’s environment is being steadily degraded. At one level this presents a daunting challenge to the under-resourced Department of Environment, which is now beginning to enforce the 2005 Environment Management Act. A sensible response here would be to transform the Department of Environment into an independent statutory organisation to strengthen its management and enforcement capability. At another level, however, the degradation of the environment is not just a problem for the Government — it is a problem for every citizen of Fiji and warrants a concerted, nationwide effort to engage everyone in the country to cooperate in conserving Fiji’s environment for future generations.

Development of the Resource Based Sectors

With the exception of mineral water, examination of the performance of the resource based (RB) sectors reveals a decade of underperformance. The sectors have been hindered by poor management, inconsistent and essentially passive support from Government, the general lack of supportive infrastructure, and the difficulty in accessing capital to develop. In addition, the institutional environments, including the legislative and policy frameworks in which the RB sectors operate, need an overhaul to make them compatible with modern business practices, protect resource sustainability, and facilitate economic development.

In a globalised world, the RB sectors have proven to be slow adapters in embracing necessary reforms critical to weathering the wave of

international competition. The sugar industry is a classic example in which long overdue steps needed to reform the industry are only now being implemented. For other agricultural sectors, the major challenge is to overcome traditional attitudes and demonstrate that significant income can be generated from farming. This challenge requires increasing the awareness of modern profitable agriculture techniques including post-harvest handling and marketing. Related to this is the need to mitigate the lack of awareness in business management techniques as it relates to farming at all levels.

The role of Government in the activities of the RB sectors has also contributed to their current predicament. The heavy involvement of Government in initiatives such as marketing of agricultural produce through institutions such as the Agricultural Marketing Authority (AMA) has unfairly undermined the private sector in its markets. On the other hand, the lack of Government initiative in regard to the rising operational costs of the domestic fishing industry could result in its collapse. In light of the decades of stagnation, a more active involvement by Government is necessary to rejuvenate the mining sector. An additional area in which Government's support has been lacking or ineffective has been in human resource development and the promotion of value-adding.

Over and above these constraints, the landowners are calling for more meaningful participation in the development of their resources. Sustainable mechanisms for resource-owners' participation therefore need to be developed. This development should begin with the administration of native land. Recognising land as a factor of production, it is essential that efficient mechanisms exist to make land available to potential users, those who are willing to pay for its use at a rate set by the market and not an administered or legislated rate.

Against the backdrop of these challenges, the NCBBF was unanimous in stating that continuing with the *status quo* would only lead to further deterioration of the economy. Breaking out of this cycle requires radical measures and a strong political will to move away from embedded political and economic positions.

The NCBBF endorsed the following 15 recommendations:

1. The sugar industry should be incentive driven, beginning with the introduction of the cane quality payment system.
2. The Government should take immediate and meaningful steps, beginning with the delivery of funds to the Ministries and supported by appropriate incentives, to focus more on the development of non-sugar agriculture sectors and industries (fisheries, forestry and value-adding).
3. The Government should exhaustively reconsider the discriminatory manner in which duties and levies are being imposed solely on the domestic fishing fleets while foreign vessels operate under no such imposition.
4. The Government should ensure a level playing field in the treatment of local investors and businesses and not be biased in the concessions it grants to foreign investors.
5. That common legislation for the administration of all agricultural land be adopted (to include management of native, crown and freehold land) under the framework of NLTA; any meritorious aspects of ALTA should be retained.
6. Greater flexibility in the tenure of leases issued should be ensured so that they are sector specific and take account of the unique needs of each sector.
7. The NLTB (in partnership with Government) should put in place an initiative to encourage villages to better utilise their unleased land under reserve. The Government should provide support through appropriate infrastructure such as roads
8. A National Land Register should be set up which would incorporate information on all lands in Fiji irrespective

- of ownership. The Register can be used as an important management and planning tool to move towards a solution for allocating land based on optimal returns.
9. Legislative backing should be provided for the National Land Use Policy adopted by Government in 2002.
 10. The Government should focus more strongly on creating an enabling environment for the private sector.
 11. A long term Strategy or 'Road Map' for the mining sector should be formulated, which captures a more active role for Government in realising the goal of more mines sustainably operating in the country.
 12. Adequate resourcing of the Mineral Resource Department (particularly its technical capacity) should be ensured so that it can effectively carry out its functions to support the development of the mining sector.
 13. The Mining Act review should be completed as a matter of urgency.
 14. A 'Compact' or a binding agreement should be formalised between the Economic Sector Ministries with central agencies (Ministry of Finance in particular) operating within the Financial Management Act 2004 and other PSC guidelines. The 'Compact' would set out flexible parameters in which the Economic Sector Ministries can work to progress major development projects.
 15. The National Planning Office should be more closely involved in decisions regarding resource allocation in order to maintain a strategic planning perspective in the management of Fiji's economy beyond the budgetary cycles. This involvement would then ensure that funding decisions are guided by national development requirements and not reduced to an accounting decision.

Development of the Financial Services Sector

A well functioning financial services sector is essential for sustained economic development, particularly for a small island economy such as Fiji. The NCBBF concludes that the financial sector as a whole is well placed to support growth and poverty reduction in the real sector. The fact that the faster rate of growth in the real economy that had been hoped for has not materialised cannot be attributed to any fundamental problems arising from the financial services sector. It is instead, a function of the political instability created by the repeated coups which have created a climate of uncertainty and fear, together with other deficiencies in public policy such as incompatible and inconsistent policies, the lack of investment in infrastructure, the property rights problem and a weak legal environment for business.

However, performance and the relative state of development within different parts of the financial sector vary. The banks provide a world class banking system in the sense that just about everything that can be done overseas in terms of banking services can be done in Fiji. On the other hand, the bond market — a basic foundation stone for a more sophisticated financial system — is relatively under developed. A solution to this problem requires major changes to the current arrangements for managing the FNPF's investment portfolio and diversifying its investments, i.e. by splitting up the management of the FNPF's investment portfolio. This step is essential to promoting an effective secondary market for Government bonds as a first step towards increasing the depth and liquidity of Fiji's money market. This is the highest priority for reform in the sector.

Improvements to the more effective operation of the bond market will also be greatly facilitated if the Finance Ministry publishes an annual programme for bond auctions. This in turn will require an improvement in the Finance Ministry's ability to forecast its cash flows and the Reserve Bank's ability to forecast liquidity conditions. An annual programme will provide time for the market to prepare and

for investors to set funds aside. This programme should ensure that Government bond issues are marketed widely and that small investors have an opportunity to purchase bonds.

In addition, the NCBBF agrees that the growth of the capital market would be boosted considerably if the Government committed to the principle, where practicable and appropriate, of listing Public Enterprises on the Stock Exchange.

The NCBBF also agrees that the superannuation industry should be deregulated and noted that the Reserve Bank has already initiated a study of the different ways in which deregulation might be achieved.

The NCBBF agreed that the role of the Capitals Markets Development Authority (CMDA) in supervising capital markets, be re-examined to ensure that there is no conflict of interest that might compromise the accountability of the Authority for this aspect of its mandate. It also suggested that the Authority change its name to reflect its role as a Securities Commission.

While prudential supervision of the banks and other entities currently supervised by the Reserve Bank is adequate, the NCBBF is concerned by the inadequate arrangements for the prudential supervision of credit unions and other non-regulated/supervised entities. Adequate prudential supervision arrangements are needed to cover the latter group. More adequate resourcing is required for all the agencies engaged in prudential supervision activities.

It is important to decide upon a strategic direction for micro, small and medium enterprise development and make arrangements for the promotion of rural banking and school banking initiatives, in addition to those being done by current commercial banks. All such enterprises should be able to access financial services suitable for their needs and inculcate the savings habit in our population. Key topics like saving, investing and banking should be included in the school curriculum for both primary and secondary schools.

Finally, the NCBBF recommends further work to ensure that there are adequate mechanisms for protecting consumers and addressing consumer complaints.

Chapter 7: Institutional and Public Sector Reform

While Fiji once had a Public Sector that was regarded as well led, competent, committed and hard working, that is far less so today. The impact of four coups, endemic weaknesses in governance, political interference, and the loss of key skills incurred through emigration, and ongoing corruption has seriously weakened the performance, the capacity, the independence and the professionalism of the Public Sector.

Unless the Public Sector can rebuild and again find its voice, its determination and its commitment to serving the public, it will be very difficult for the Peoples Charter, as the reflection of the will of Fiji's people, to be effectively and efficiently implemented. Public sector and institutional reform is therefore both urgent and vital for Fiji.

There are several key issues affecting current Public Sector performance that need to be overcome so that the Public Sector can better assist the Government in helping the people of Fiji to build better lives. The first issue is the need to make the Public Sector more transparent and accountable by exposing its work to public scrutiny. The early enactment of a Freedom of Information Law (as discussed in Chapter 4) is of critical importance in this respect.

Second, the worsening situation in public sector service delivery must be addressed and reversed. The NCBBF argues that weak service delivery — whether it is in health care, roads, water, electricity, local government, in the outer islands or elsewhere — is a serious constraint on national development and that it is adversely affecting the lives of many of Fiji's people, particularly the poor and the vulnerable. The NCBBF calls for major changes to address the most chronic problems in service delivery and to ensure that a new service culture is inculcated across the Public Sector.

Despite 15 years of Public Sector Reform (PSR), any lasting impact of reform on performance is hard to discern. Fiji needs to develop a new vision for a Public Sector of the 21st Century where Ministries and agencies are aligned to the achievement of the objectives of the Peoples Charter and within which the professionalism and independence of the public sector is restored. This vision requires greater clarification of the respective roles of Ministers and public servants and the prohibition of political involvement in merit appointments. Future PSR must be better planned, resourced, managed and coordinated with leadership from the Prime Minister. Specific recommendations are made for right-sizing, capacity building, human resource development planning and restructuring the public service, and also for further improvements in financial management. Streamlining and accelerating public enterprise restructuring is also proposed, with real targets set on time, cost and reduction in the size of the public sector.

The NCBBF also focused on what could be done to improve the policy making process so that the policy and planning work required to implement the Peoples Charter would be handled effectively. NCBBF's recommendations go to improving the capacity for policy making; giving the people of Fiji a greater say in the policies that are being developed in the public sector; and improving policy coordination so that all parts of Government work together more effectively.

The NCBBF also reviewed the performance of indigenous institutions that are charged with provision of good governance and the improvement of the well-being of the indigenous people. The NCBBF concluded that significant changes are needed to help indigenous people increase their participation and benefit from the modern, market-based economy including integrating the existing dual levels of governance into one; building a shared vision for change; enhancing visionary leadership; developing a new operating paradigm in indigenous institutions that is less about control and more about empowerment and capacity building; and through inculcating entrepreneurial and business behaviours amongst indigenous people. These changes will require some of the institutions to take on enhanced roles and responsibilities — roles

already required of them under the Fijian Affairs Act. The NCBBF believes that the most fundamental driving force for improving the lives of indigenous people is land — that while their ownership rights are enshrined in the Constitution and must remain intact, their benefits from the productive utilisation of this key national resource needs to be enhanced. The NLTB needs to play a more effective role in this regard.

Chapter 8: Effective Leadership in Fiji

The previous pages summarise the change agenda facing Fiji. Clearly, there is a lot to be done to restore good governance, end the ‘coup culture’, forge a new agreement on national identity and the national interest, get the economy growing robustly again, eradicate poverty, and deal with all of the related issues. This is not a short term or easy task it will take much perseverance over many years in following a steady course. Who is to plan and organise all of this work and keep all those involved strongly motivated and on course to finish the task?

This is the role of Fiji’s leaders, not only politicians but also traditional, civic, religious, community, professional, and business leaders right across the nation. Leadership is the ‘magic’ ingredient that unites the diverse talents of many different people by communicating an inclusive vision for the future in which all want to join as followers, and which motivates, empowers and uplifts them, so that they are fully engaged in pursuing the vision until it is realised.

Leadership occurs at many levels, both within Government and outside of it. Public leadership roles encompass the political level, the private sector, civil society and the churches and religious organisations, and also other levels of leadership including the traditional chiefly leadership at community level.

Fiji is standing at a cross-road in terms of how leaders might best contribute to taking Fiji forward. Although there is no longer a clearly accepted view of the way that leaders should behave within Fiji society, the effectiveness of leadership is crucial at every level of that society.

The NCBBF believes political leadership at the national level to be one area of real weakness in Fiji. It is time to develop a leadership model that puts the national interest before self interest, or before the interest of a specific single community. We need to establish a national vision through the Peoples Charter and work to build national unity. All too often in the past the style of leadership in Fiji has been transactional i.e. ‘what is in it for me?’ What Fiji desperately needs is a transformational style of leadership — to transform societal attitudes and move Fiji in the completely new direction represented by the Peoples Charter.

This is not to forget also that the lives of ordinary people are most affected by leadership at the local level, where people live as families and communities. The leadership role of women also needs particular consideration. While changes in leadership styles are really dependent on changes in attitudes, there are measures which can be taken to encourage this change. Public education needs to be part of that. A Code of Conduct for holders of high public office (as required by the Constitution), including local government office holders, is badly needed to regulate the conduct of national leaders. So is training for leaders at all levels. Increased dialogue and measures that reward good leadership also require further examination.

Leaders at every level of society must be equally adept in three quite different skills. First, they must have a clear intellectual understanding of the job that needs to be done. The vision and goals that they articulate must be well-grounded in evidence-based theory and empirical research and clearly thought through, to ensure that the policies they advocate are compatible with each other, consistent over time and credible. A leader maintains his or her credibility by only promising what he or she can do and then by always doing what was promised.

Second, a leader must also learn to be a good manager. Leaders must know how to raise funds, manage money and resources and above all, be good at managing people in sensitive but directed ways. Leaders like Gandhi and Martin Luther King spent a lot of their time managing the movements they led.

Third, a leader must learn how to behave as a good leader should. There are both moral and psychological dimensions to this aspect of leadership. To attract and keep followers, a leader must be capable of securing and holding their trust. This means that a leader must be trustworthy. A leader must also maintain personal integrity, which implies complete honesty, openness and a consistent moral stance. And, because it is expected that a leader will always ‘go first’, a leader must become accustomed to disclosing his or her values and thoughts, before anyone else does. ‘Self disclosure’, to use the psychological term, can be risky because a leader may expose himself or herself to ridicule and scorn. So a leader must have the moral courage to reveal and defend his or her convictions.

Because the work agenda is so long, a leader in Fiji must also learn how to prioritise tasks and the leader’s own time in a sensible way. When it is impossible to achieve everything simultaneously, the sequencing of tasks becomes very important. It is sometimes necessary to balance objectives against each other, achieving a little bit in several areas at once rather than everything in one area but nothing anywhere else. And to the extent that a leader is operating in a political environment it will also be important to learn how to manage other people’s expectations about the speed with which progress can be achieved. Arriving at the right balance between setting targets that are ambitious but realisable, and targets that are inspirational but probably not realistic, may be the most difficult challenge of all.

Chapter 9 : Enhancing Global Integration and International Relations

Fiji’s engagement in the international arena has been challenging given our smallness and isolation from major trading partners. This engagement has been seriously constrained since the coups of 1987.

Since 5 December 2006, Fiji’s relationship with both its bilateral and multilateral partners have been under pressure. Fiji’s relationship with some neighbouring nations remain strained, and with the continued

stringent application of sanctions such as the travel ban, Fiji's efforts to restore confidence and to revive investment and growth in the economy are proving difficult. The situation is also exacerbated by adverse global developments such as fuel price increases and food supply shortages. The restoration of parliamentary democracy is pivotal to the resumption of normal relations. Fiji therefore, needs to move forward with due urgency and speed to adopt the necessary reform of its electoral system in order for elections to be held as soon as practicable. Therefore, an urgency to address our relationship with the global family through the following actions are necessary.

The immediate challenge is for Fiji to regain its lost credibility. Foreign policies of Government need to focus on commitment in restoring relationship with the global family through returning to true democracy and pro-active participation in the international fora, respecting the provisions of international treaties to which Fiji is a party, and fostering mutually beneficial bilateral and multilateral diplomatic relations.

For *Multilateral and Bilateral Engagement*, increasing integration with the global economy is an essential element in response to the challenge of globalisation. As a small island open economy prone to natural disasters, and given its geographical location, it is important for Fiji to strengthen its bilateral or multilateral relationship with other countries to further develop its trade and enjoy maximum opportunities in terms of available assistance. Furthermore, with the increasing number of trade agreements with which Fiji must comply, Fiji needs to undertake some housekeeping within its periphery in order to effectively engage with its bilateral and multilateral partners. Some of the assistance available with well-developed bilateral and multilateral partners are currently not fully utilised by Fiji.

There is a need to access *Aid for Trade*⁴ from willing donor countries to assist Fiji build its trade capacity and infrastructure, to benefit

⁴ Aid for Trade by definition is aid that finances trade related activities. It involves the flow of financed from rich to poor countries for the purpose of enhancing the world trading system.

from trade opening. Most *Aid for Trade* is disbursed bilaterally by donors, or through multilateral and regional finance and development organisations such as the World Bank and the regional development banks.

Fiji's foreign missions need to play a proactive role in regard to tapping opportunities for Fiji to supply labour. This is one of the priority areas due to the expected benefits to the country as a whole from remittances.

As for *Effective Engagement*, the global trading environment has become increasingly complex. This complexity is most obvious for those countries that have joined the WTO, with its multiplicity of rules, obligations, processes and negotiating groups, but all are affected to a greater or lesser degree. Technical standards and other requirements for market entry are becoming increasingly demanding. As a result of this increasing complexity the cost of participation in the global economy, in terms of both human and financial resources, is escalating for Fiji to the point where there is a growing risk that these increasing costs of participation may outpace the potential benefits.

Trade facilitation in the areas of quarantine protocols, customs, ports and immigration are to be strengthened. Complementary to this, personnel with backgrounds in areas of trade, trade negotiations and investment need to be recruited to serve in Fiji's foreign missions.

The need to enhance our border control is important, especially as terrorism is also a major threat to the region. While there has been little evidence to suggest terrorists or terrorist organisations are present or active in the region, the Pacific environment is one which ultimately may be attractive to such activities. This attraction may arise if the region is seen to be 'soft' in relation to managing its international borders, particularly at a time when other regions and countries have placed strict and stringent control over their borders.

Since Independence, Fiji has opened its doors to establishing relationship with other nations, in general to establish trade and

diplomatic relationship with the outside world. However, since then, with increasing globalisation and trade liberalisation, Fiji has been too slow to adapt to the waves of change, particularly in the trading environment occurring around and within the global family. This tardiness has cost the country in terms of lost opportunities and benefits foregone.

Chapter 10: Implementation and Monitoring

Effective implementation is necessary to translate the people's aspirations in the Peoples Charter into actions and concrete results. It is recognised that implementation needs to be supported by an adequate monitoring mechanism with benchmarks so that key result areas are achieved in a coordinated and in a timely manner and corrective actions are taken as and when necessary.

As was done throughout the process of its formulation, implementation of the Peoples Charter will be a shared responsibility and will adopt a consultative, participatory and inclusive approach, involving the people of Fiji, with Government, the private sector, and the civil society as key stakeholders.

For initiatives where the Government of the day will need to take the lead role, implementation will be expected to be undertaken through the Annual Corporate Plans (ACPs) which will be aligned to the annual budget allocations of Ministries and Departments in consultation with the private sector and civil society.

Initiatives implemented through Government agencies require strengthening of vertical and horizontal coordination in the annual planning process, in implementation of annual plans and in monitoring and evaluation. Permanent Secretaries of Ministries, who normally ensure vertical coordination by setting up quality control procedures for the ACP and budget bids, will ensure incorporation of Peoples Charter initiatives into the Annual Corporate Plans.

Horizontal coordination will be strengthened at different levels, i.e. the political, administrative and stakeholder levels.

- **The Political Level** is concerned with decisions of Cabinet, Cabinet Sub-Committees and individual Ministers. Such decisions will provide, as necessary and appropriate, overall guidance and direction to Peoples Charter implementation;
- **The Administrative Level** relates to the direction and coordination of Government agencies in the execution of the agreed programmes and projects of corporate plans. The ACPs will need to be aligned to Peoples Charter outcomes. Coordination will be undertaken through regular meetings of the Development Sub-Committee; and
- **The Stakeholder Level** is critical for coordination amongst all those involved in achievement of Peoples Charter outcomes – Government, private sector and civil society – and between those implementing the Peoples Charter and the communities who are intended to benefit. Coordination will take place through the National Peoples Charter Council and its respective Sub Committees. Emphasis will be placed on monitoring and evaluation to provide feedback for improved implementation.

The Key Pillars identified as the foundation of the Peoples Charter will be the basis for systematic and effective implementation and monitoring. The **timeframe** for the implementation, and the bedding down of the measures and actions contained in the Peoples Charter and in the State of the Nation and Economy (SNE) Report, is **divided into four phases: Immediate (Year 1 – 2008/2009); Short-term (Years 2-3); Medium-term (Years 4-6); and Long-term (up to 2020).**

A detailed Implementation and Monitoring Framework is attached as **Appendix 1**. The matrix is divided into eleven sections corresponding

to the Key Pillars of the Charter. Under each Pillar, there are outputs identified with associated Key Performance Indicators (KPIs), the relevant implementing agencies and the timeframe in which a particular output is to be achieved. While outputs have been grouped under very specific timeframes *vis-à-vis* immediate, short term, medium term and long term, it must be recognised that a number of outputs will continue to be implemented beyond the time frame with which it is identified, particularly those under immediate and short term.

The successful implementation of some of the key initiatives in the Peoples Charter, such as electoral reform, will require Constitutional and legislative reforms, new policy initiatives, and specific administrative arrangements.

With regards to monitoring, it is important that the institutional set up has the powers to carry out its required mandates. A National Peoples Charter Council (NPCC) needs to be established to oversight the implementation and report on the progress of the Peoples Charter.

The members of the NPCC will need to be inclusive and represent all the people of Fiji. Therefore, members will be drawn from Government, Parliament, recognised private sector organisations, the Great Council of Chiefs, Non-Government Organisations, religious organisations, provincial councils, advisory councils, and other community based organisations.

The NPCC will monitor Peoples Charter outcomes and their respective KPIs. The NPCC and its Sub-Committees (SCOMs) for each Key Pillar will not limit themselves to assessing progress against the KPIs. An important part of the function of the SCOMs will be to assess the continuing relevance of outcomes and KPIs and the quality of information they are providing so that the adequacy of all KPIs is kept under review.

The functions of the NPCC shall include:

- Peoples Charter implementation generally focusing on the outcomes and Key Performance Indicators;

- providing a forum for consultation for all stakeholders, among Government, private sector and all other sectors of society on national development issues; and
- civic education on the Peoples Charter, good governance, national identity and other issues considered necessary by the Council.

To support the work of the NPCC, eleven SCOMs will be established to coordinate the work relevant to their respective pillars based on their Terms of Reference. The SCOMs will consist of representatives from Government, private sector and civil society. To facilitate implementation and reporting to the NPCC, the SCOMs will meet on a quarterly basis during the year.

The chairpersons of the Sub Committees will:

1. set a broad agenda for the four SCOM meetings in the year in consultation with the Secretariat;
2. hold meetings in accordance with the forward programme, with the assistance of the Secretariat. The objective of the meetings will be to monitor progress made in the achievement of KPIs, identify constraints and corrective actions; and
3. provide an oral report and recommendations to the meetings of the NPCC.

A Secretariat will be established under the Prime Ministers Office to support the NPCC in its functions. There is a need for a strong technical and professional secretariat to support the NPCC. In light of the broad range and complexity of issues involved the Secretariat must be adequately equipped with necessary resources and expertise.

The Secretariat will:

1. determine with the Chair of SCOM which Ministries and Departments, private sector and civil society have responsibilities relevant to the work of the SCOM;

2. determine from the Implementation and Monitoring Framework and ACPs of relevant Ministries and departments what key progress should be expected, and what information available in the forthcoming financial year, and assist the Chair to set a forward agenda;
3. communicate the forward agenda to all members and to Permanent Secretaries of relevant Ministries and departments, private sector and civil society;
4. maintain contact with relevant Ministries and departments to determine the range of performance information available;
5. set up an information and co-operation network with relevant Ministries and departments, the private sector and civil society so that they actively support the Secretariat role;
6. set dates for meetings and inform members of SCOMs; ensure as far as possible that information relevant to the discussion is circulated beforehand; and where final published information is not available, obtain estimates or provisional data; and
7. record the discussion to form a basis for the Chair's oral report to NPCC.

Permanent Secretaries will contribute to the implementation and monitoring of the Peoples Charter by:

1. ensuring that there are direct links between their Annual Corporate Plans, Peoples Charter and budget bids. Performance indicators and milestones in ACPs should be realistic, achievable within the resources of the Ministry or department with appropriate collaboration from other parts of Government, and capable of being achieved within the year covered by the Plan;
2. aligning their personal performance agreements to the outputs and co-ordination requirements identified in the Peoples Charter and the ACP; and
3. personally attending meetings of the SCOMs to which their Ministry or department is relevant, and taking a personal

interest in the quality and timeliness of the information being provided by their Ministry or department to the SCOMs.

The foregoing implementation and monitoring framework will be reviewed at the end of each of the four phases.

Conclusion

In the real world, everything is connected to everything else and between the different change agenda items outlined above there are a lot of linkages. Some of these are described as ‘cross-cutting issues’. The availability or non-availability of land for various purposes is an issue that has ramifications in many sectors – e.g. for agriculture, tourism, industry and social housing. Environmental degradation is imposing costs on many sectors of the economy. A Freedom of Information law is likely to change behaviours across the whole public sector. A failure to maintain human rights (e.g. gender equity) will have a broad, adverse impact across all of society.

Other ‘cross-cutting issues’ may operate in more subtle ways but may be even more important. For example, the rule of law has been so seriously undermined by successive Governments and coups that respect for compliance with the laws of Fiji has been greatly diminished in every part of society. In a similar way, Parliament’s failure to convene the Public Accounts Committee of Parliament for many years after the 2000 coup has led to a general and much wider breakdown of accountability mechanisms in the public sector.

Other ‘cross-cutting’ issues worth noting include the general dearth of leadership qualities in Fiji society, poor management in many sectors of the economy (e.g. sugar industry, agricultural marketing, various government owned commercial companies) and poor policy formulation and coordination in many policy areas.

Cross-cutting issues or, more generally, the way in which a policy or programme in one sector operates to exert an influence in other policy or programme areas through linkages of various kinds, should always

be borne in mind. The main point however, is that just as bad policies in previous years have exerted an adverse impact on the economy and society leading both into a downwards spiral of poor performance and growing poverty. Good policies provide positive reinforcement for policies in all other areas. The aim is to build a growing body of good policies that provide mutual positive reinforcement to each other, thus making each individual policy more likely to succeed. This soon leads to the creation of a ‘virtuous spiral’ of good policies that assist each other to lift the economy and society to a higher level of performance. The growth process can be looked at in this way.

The task now is to make a start down the well-marked roadmap that is the Peoples Charter for Change, Peace and Progress, to re-build Fiji into a non-racial, culturally vibrant and united, well governed, truly democratic nation that seeks peace and progress through merit-based equality of opportunity, justice and the mutual observance of everyone’s human rights.