



Report on the

2002-03 Household Income and Expenditure Survey

Dr Wadan Narsey
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Wadan Narsey

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Inquiries: Fiji Islands Bureau of Statistics
Ratu Sukuna House, Mac Arthur Street, Victoria Parade, Suva, Fiji Islands

P O Box 2221
Government Buildings
Suva
FIJI

Telephone: [679] 3315822
Fax No: [679] 3303656
E-mail: info@statsfiji.gov.fj
Website: www.statsfiji.gov.fj

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Contents

Preface	iv
A Introduction	1
B Households, Occupants, Incomes and Income Distributions	2
Distribution of Households and Occupants, and Household Sizes	2
Decile Distributions	3
Household size, numbers of children and dependents	9
Distribution within ethnic groups	12
Decile distributions of Ethnic Households ranked by Income per capita	15
Rural and Urban distributions	15
Divisional distribution	16
C Labour Market Characteristics	17
Working for money	17
Subsistence	18
Unpaid workers	19
Home duties	21
Retired	22
Unemployed	23
Economically Active	24
Female Heads of Households	
D Major Sources of Income	25
Decile Distribution of Households with Major Sources of Income	27
Decile Distribution of Occupants in HH of Major Sources of Income	31
Home consumption and Subsistence Income	34
Casual wages	36
Permanent wages	37
Agricultural Business	37
Commercial business	38
E Minor sources of income	40
Foreign remittances	42
F Expenditure Issues	46
Total Expenditure	46
Savings and Dis-savings	47
Major Expenditure Groups	49
Food and Major Food Types	50
Major Food Types	52
Major Non-Food Items of Expenditure	56
G Household Assets and Services	63
Annex A Note on Class Categories	69
Annex B Note on survey methodology and processes	70

Abbreviations

CPI	Consumer Prices Index
EA	Enumeration Area
FIBoS	Fiji Islands Bureau of Statistics
Hh	Household
HIES	Household Income and Expenditure Survey
pa	per annum
pc	per capita
pAE	Per Adult Equivalent
pw	Per week

Preface

This Report presents some of the major findings of the 2002-03 Household Income and Expenditure Survey.

The last HIES had been conducted in 1990-91 but the results were not reliable because of some weaknesses in household response. This survey has been conducted with excellent participation by the general public and the Bureau believes that there is greater reliability in the survey results presented in this report.

The data on household expenditure is of course necessary for the Bureau to revise the weights for its Consumer Prices Index (CPI), as well as ensure that the basket of goods and services which are priced for the calculation of the CPI is reasonably close to what the “average” Fiji household consumes.

However, the income and expenditure data is also very useful for other statistical purposes such as the estimation of national accounts of income and expenditure.

Naturally, income and expenditure data at the household level, disaggregated by ethnic categories and urban/rural areas, as well as major sources of income, can be extremely useful for the analysis of poverty. It can also be useful for examining trends in consumption patterns which can impact on the economic well-being of the Fiji economy.

This Report therefore contains much “micro” data which both government planners and private stakeholders will find useful.

The Bureau’s Household Survey Unit, under the management of Mr Epeli Waqavonovono (Chief Statistician), conducted the survey. Senior Bureau staff Mr Toga Raikoti (Acting Principal Statistician) and Mr Serevi Baledrokadroka (Senior Statistician, Survey Unit) were responsible for the processing and editing of the data, with the assistance of Ms Kim Robertson (SPC consultant). Dr Wadan Narsey analysed the data and prepared this Report for publication.



Timoci Bainimarama
Government Statistician

A Introduction

1. A national household income and expenditure survey (HIES) is a critical component of the work of the Fiji Islands Bureau of Statistics. It provides the data which is necessary for the periodic revision of weights for the Bureau's Consumer Prices Index and other indices, assists in the compilation of national accounts, the formulation of fiscal and social policies of government, and helps government and the private sector in their planning processes. A HIES, by providing income, expenditure and other data at the household level, is especially useful in the analysis of the national incidence of poverty.
2. The Fiji Islands Bureau of Statistics (FIBoS) has conducted a number of Household Income and Expenditure Surveys (HIES) previously.¹ The results of the 1990-91 HIES were deemed by the FIBoS to be unreliable.² However, while no report was produced, the data was used, following major adjustments, to assist in the poverty analysis³ that was the basis of the 1997 Fiji Poverty Report (1997 FPR).⁴
3. The 2002-03 HIES results are more reliable statistically, despite an early setback: because of Government cost-cutting measures arising out of the political events of 2000, the Bureau could initially only conduct the urban part of the survey (from March 2002 to February 2003). The rural part could only be conducted when the funding was restored (from May 2003 to April 2004).
4. This separation of the urban and rural surveys not only created some methodological weaknesses⁵, but also presented challenges in deriving national estimates of income and expenditure, in that the results of one of the surveys had to be converted to the time period of the other survey. Since the urban survey contained a larger volume of financial flows, it was decided to deflate the 2003 monetary values back to 2002.⁶
5. It needs to be also kept in mind that national rural/urban tables with numbers of households and occupants will not have been adjusted for rural:urban migration over the period.
6. The Bureau experimented with a new "class" category for sampling and analytical purposes, but this category has not been useful for analysis (Annex A).
7. Annex B gives the details of the survey methodology and implementation.

¹ The earliest HIES was in 1943 covering 23 European families. This was followed a year later with a survey covering only Indo-Fijian workmen living in Suva. There were more comprehensive surveys in 1959, 1965, 1968, 1972, 1973, 1977, 1983, and 1990-91.

² It is thought that following closely after the 1987 coups, there was considerable public distrust of government requests for information.

³ The main resource documents were Denis Ahlburg's Reports (December 1995, May and August 1996).

⁴ This Report was produced jointly between the UNDP and the Fiji Government.

⁵ Some households which migrated in the period from the rural to the urban sector may not have been captured by either. This may especially be true of those Indo-Fijian cane farmers who left their farms as their leases expired.

⁶ A deflation factor of 1.041, representing the average inflation over the period, has been used.

B Households, Occupants, Household Sizes and Incomes

Distribution of Households and Occupants, and Household Sizes

8. Table 1 gives the weighted survey estimates of the rural:urban distribution of households while Table 2 gives the weighted numbers of household occupants.

9. Some 53% of all households were rural. Fijian households are largely in the rural areas (65%) with 43% of Indo-Fijian households. Fijians comprise the majority (61%) of all rural households, while Indo-Fijians comprise the majority (56%) of all urban households.

10. Fijians comprised 55% of the total population, and 64% of the rural population.⁷ Some 55% of Indo-Fijians were in urban areas by 2002-03- a reversal over the last decade.

11. Table 3 indicates that Fijian households are 21% larger in aggregate than Indo-Fijian households- 12% bigger in the rural areas and 32% bigger in the urban areas.

12. Urban Fijian households are 6%

Table 1 Distribution of households

	Fijian	Indo-F	Other	All
Rural	51288	30635	1756	83680
Urban	27167	40741	5093	73001
All	78456	71377	6849	156681
Vertical Percentages				
Rural	65	43	26	53
Urban	35	57	74	47
All	100	100	100	100
Horizontal percentages				
Rural	61	37	2	100
Urban	37	56	7	100
All	50	46	4	100

Table 2 Distribution of Occupants

	Fijian	Indo-F	Other	All
Rural	269327	143125	9529	421980
Urban	150855	171775	24033	346662
All	420182	314899	33561	768643
Vertical Percentages				
Rural	64.1	45.5	28.4	54.9
Urban	35.9	54.5	71.6	45.1
All	100	100	100	100
Horizontal percentages				
Rural	63.8	33.9	2.3	100
Urban	43.5	49.6	6.9	100
All	54.7	41.0	4.4	100

Table 3 Average Household Sizes

	Fijian	Indo-F	Others	All	(Fij-Ind)%
Rural	5.25	4.67	5.43	5.04	12
Urban	5.55	4.22	4.72	4.75	32
All	5.36	4.41	4.90	4.91	21
(Urb-Rur)%	6	-10	-13	-6	

⁷ The Bureau is of the view that the HIES estimate of the total number of occupants is on the low side. Household population does not cover institutional populations such as in halls of residence or prisons.

larger than Rural Fijian households, while Urban Indo-Fijian households are 10% smaller than Rural Indo-Fijian households.

13. Table 4 indicates that in both urban and rural areas, average household incomes of Fijians are now higher than that of Indo-Fijians. This is a reversal from the 1991 HIES results.

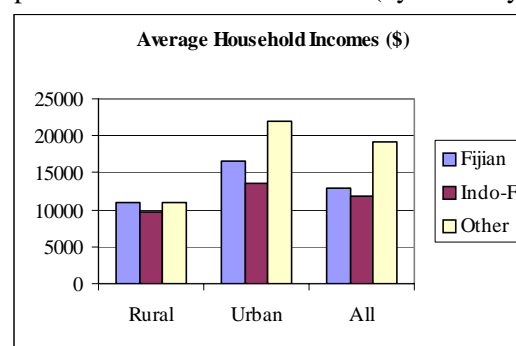
Table 4 Average Household Incomes (2002) (\$)

	Fijian	Indo-Fijian	Other	All Fiji
Rural	11082	9653	11066	10559
Urban	16539	13593	21877	15267
All	12972	11902	19105	12753
Perc. Diff from National average				
Rural	-13	-24	-13	-17
Urban	30	7	72	20
All	2	-7	50	0

14. The incomes of all rural groups are below average: Rural Indo-Fijians by 24% and Fijians and Others lower by 13%. Nationally, Rural incomes are 17% below the national average, while urban incomes are 20% above- a gap of 37% percent.

15. These national average relativities should be viewed cautiously because of the under-reporting of incomes especially for households in commerce and business. Given that Indo-Fijians and Others dominate the commercial life of Fiji, the average incomes of Indo-Fijians and Others are likely to be

Graph 1 Av. Household Incomes (by ethnicity)



under-estimated by the HIES results. If adjustments could be made for under-reporting of incomes, the incomes of Indo-Fijians and Others would probably rise proportionately more than that of Fijians, especially at the top end. Consequently, the average household incomes for the two major ethnic groups would tend to converge or lead to a reversal of relativities.⁸

16. When allowance is made for differences in household size by examining Income per Adult Equivalent (presented here on a per weekly basis), Table 5 indicates that rural household incomes pAE are still all in the negative (-18% on aggregate), with Indo-Fijians having 22% below the national average and Fijians -16%.

Table 5 Aver. Incomes per AE per week

	Fijian	Indo-Fij	Other	All Fiji
Rural	49.97	46.18	47.23	48.57
Urban	68.93	70.91	105.23	72.43
All	56.88	59.76	89.00	59.51
Perc. Diff from National average (horizontal)				
Rural	-16	-22	-21	-18
Urban	16	19	77	22
All	-4	0	50	0

17. Urban incomes pAE are all above the national average, with Others having the highest margin of 77%. The overall national

⁸ Most upper income Fijians are in formal employment where under-reporting of incomes is less likely, while upper income non-Fijians are more likely to be in the private sector, with more under-reporting of incomes. No estimates are available for the degree of under-reporting of incomes or expenditures.

result is that Fijian average Income pAE was 4% lower than the national average, the Indo-Fijian average was the same (0%) and the Others higher by 50%.

18. Urban:rural differences are more significant than inter-ethnic differences. Table 6 indicates that Fijian incomes pAE are 5% lower than Indo-Fijian incomes pAE, urban are 3% lower, while rural Fijian is 8% higher.

19. In contrast, Urban Fijians have 38% higher average incomes pAE than Rural Fijians, while Urban Indo-Fijians have 54 higher income pAE than Rural Indo-Fijians. On average Urban Incomes pAE are 49% higher than rural incomes pAE. Urban:rural differentials are far more significant than inter-ethnic differences.

Table 6 Ethnic Differences in Income pAE pw					
	Fijian	Indo-F	Other	Fiji	% (Fij-Ind)
Rural	49.97	46.18	47.23	48.57	8
Urban	68.93	70.91	105.23	72.43	-3
All	56.88	59.76	89.00	59.51	-5
% (Urb-Rur)	38	54	123	49	

20. Comparisons of averages can be misleading since they can be influenced by extreme values both at the top and the bottom. A more useful approach is to examine the distribution of households in 10% groups (deciles) or 20% groups (quintiles). Deciles are commonly used where the sample size is large enough.

Decile Distributions

Ranking Criteria

21. An important step in analysing income distribution is the ranking of all households according to some criterion which reflects in a general way the standard of living of the household. For instance, the 1997 Fiji Poverty Report uses distributions ranked by Total Household Income as well as households ranked by Income per capita.
22. Total household income can reflect the household's standard of living in some characteristics, for instance the ability to purchase expensive durable household goods. However, it suffers from the weakness that there may be larger (or smaller) numbers of income earners in each household, and the same income may need to be spread out over a larger (or smaller) number of occupants. It is therefore important to adjust for household size.
23. One approach that is commonly used to allow for household size is ranking of households by "income per capita". This criterion however has the weakness that it implicitly treats all children and elderly as the equivalent of adults in their material requirements. The reality is that young children and the elderly usually do not consume as much as working adults.
24. Some approaches also take into account that households generally enjoy "economies of scale" in many costs. Unit expenditures in a number of areas (such as housing, durable goods, electricity, food) can drop significantly as household size increases. The World Bank methodology in calculating "Adult Equivalents" allows for the possibility of

economies of scale. While easily calculated, it is somewhat difficult for ordinary lay persons to understand.⁹

25. A much simpler and universally accepted method is the UNDP approach – which calculates “Adult Equivalents” for each household by treating children (14 and under) as half an adult.¹⁰ The households are then ranked by “income per adult equivalent (Income pAE). This is the method generally used by this Report for the analysis of the 2002-03 HIES data on incomes and expenditures (unless otherwise stated).
26. Some comparisons with the situation in 1991 are conducted using deciles ranked by total household incomes, as the 1991 data by this ranking seems more consistent.¹¹

Decile Distribution of Households¹² Ranked by Income per Adult Equivalent

27. Table 7 indicates that the two dominant ethnic groups are fairly evenly distributed along the AE deciles at both the top and bottom ends (Fijians now more evenly distributed in comparison to the 1991 survey).
28. The minority “Other” ethnic groups are concentrated more at the top end (some 47% of the top 3 deciles) than at the bottom end.
29. Disaggregation by urban and rural sectors however reveals significant geographical and ethnic differences. Some 38% of rural households are in the bottom 3 as compared with only 22% of the urban households (Table 8). The proportions are virtually reversed for proportions of households in the top 3 deciles, with the rural areas only having 22% while the urban areas had 39%.

Table 7 Ethnic Distribution of Households

Dec pAE	Fijian	Indo-Fij	Others	All
Dec AE 1	10	10	7	10
Dec AE 2	10	11	6	10
Dec AE 3	11	10	5	10
Dec AE 4	10	10	8	10
Dec AE 5	9	11	8	10
Dec AE 6	10	10	8	10
Dec AE 7	11	9	12	10
Dec AE 8	10	10	9	10
Dec AE 9	10	9	15	10
Dec AE top	10	9	22	10
All	100	100	100	100

⁹ The WB formula for calculating Adult Equivalents is as follows: $AE = (0.5 * c) + (0.75 * a) + 0.25$. [Where c = number of children, and a = number of adults].

¹⁰ While the UN and WB methods both discount children by a half, the WB method also discounts the number of adults. Thus under the WB formula 3 adults become 2.5, 5 adults become 4, 9 become 7.

¹¹ To avoid confusion, the ranking method for any data presented by deciles will be indicated by the labeling of the deciles: Dec AE 1: refers to deciles ranked by Income per Adult Equivalent (UNDP method); Dec HHI 1: refers to ranking by Total Household Incomes; and Dec pc 1: will refer to ranking by Household Income per capita.

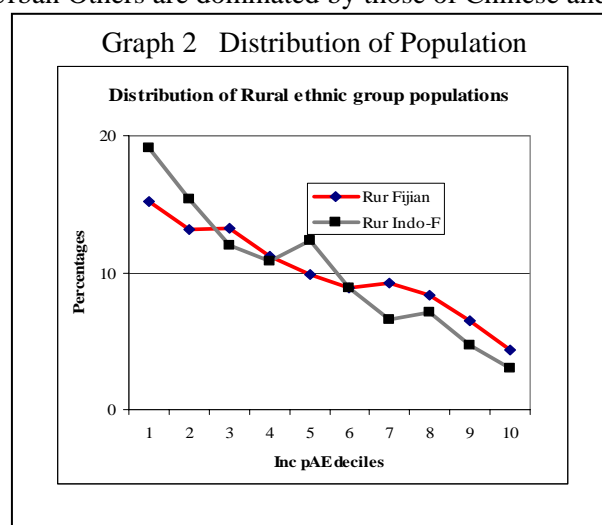
¹² Unless otherwise stated, decile distributions in this report will refer to deciles containing equal numbers of households (not persons)

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	12	17	17	14	6	6	4	6	10
Dec AE 2	11	14	15	12	7	8	2	7	10
Dec AE 3	12	12	8	12	8	8	4	8	10
Dec AE 4	11	11	12	11	8	10	6	9	10
Dec AE 5	10	12	13	11	9	10	7	9	10
Dec AE 6	9	9	7	9	11	11	8	11	10
Dec AE 7	10	7	4	9	12	11	14	11	10
Dec AE 8	9	8	5	9	12	11	11	11	10
Dec AE 9	8	6	12	7	14	12	17	13	10
Dec AE top	7	4	8	6	14	13	27	14	10
All	100	100	100	100	100	100	100	100	100

30. While all ethnic groups in rural areas are more heavily represented in the lower deciles, some 43% of Indo-Fijian rural households are in the bottom 3 deciles, compared to 35% of rural Fijian households.
31. At the other end, 25% of rural Fijian households are in the top 3 deciles, compared to only 19% of rural Indo-Fijian households. In the rural areas, Indo-Fijians appear to be relatively better off than Fijians at both ends.
32. In the urban areas, the two major ethnic groups have roughly the same proportion in the Bottom 3 deciles (around 21%) but some 39% of urban Fijians are in the top 3 deciles, slightly higher than the 36% of the Indo-Fijian.
33. Of note is that while the “Other” category is concentrated at the top end of the income distribution (55% in the top 3 deciles), in the rural areas, they are over-represented in the bottom 3 deciles, with some 40% of households. This is partly explained by the fact that the Rural Other category includes large numbers of Melanesian non-Fijians (such as those of Solomon Island descent) while the Urban Others are dominated by those of Chinese and “European” extraction, who tend to have higher incomes.

Decile Distribution of Occupants

34. Table 9 and Graph 1 show that larger proportions of rural persons, for all the ethnic groups, are at the lower deciles, while the urban distributions are in the upper deciles.
35. In comparison to the household distributions, the gap between the two major ethnic groups is reduced, because the Fijian households tend to



have larger household sizes. Thus while 46% of rural Indo-Fijians are in the bottom 3 deciles, the comparable figure for Fijians is 42%. In the urban areas, the proportions are virtually the same (24% and 25%).

36. The last column shows the relatively larger numbers of population occupying the lower

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	15	19	23	17	7	7	5	7	12
Dec AE 2	13	15	13	14	8	9	4	8	11
Dec AE 3	13	12	11	13	9	9	6	9	11
Dec AE 4	11	11	12	11	9	10	6	9	10
Dec AE 5	10	12	14	11	10	11	8	10	10
Dec AE 6	9	9	8	9	11	12	7	11	10
Dec AE 7	9	7	3	8	12	10	15	11	10
Dec AE 8	8	7	4	8	12	11	13	11	9
Dec AE 9	6	5	9	6	13	11	17	12	9
Dec AE top	4	3	3	4	10	10	20	11	7
All	100	100	100	100	100	100	100	100	100
Bottom 3	42	46	47	43	24	25	15	24	35
Top 3	19	15	16	18	34	32	49	34	25

deciles- so that the Bottom 3 deciles contain 35% of the population (and only 30% of the households) while the Top 3 contain 25% of the population. The differences in household size are further examined below.

37. There are clear differences between the rural and urban distributions. Table 9 and the graph also indicate that the Fijian and Indo-Fijian communities have very similar decile distribution of persons, in both rural and urban areas.
38. Table 10 indicates that by and large, the horizontal population distribution of the ethnic groups amongst the deciles is fairly uniform. Fijians comprise a slightly higher proportion of the bottom three deciles (55.7%) than they do of the entire population (54.7%). Conversely, Indo-Fijians comprise only slightly higher 41.3% of the Bottom 3 deciles than they do of the total population (41.0%).¹³
39. Both the two major ethnic groups occupy only slightly less of the Top 3 deciles (53.8% and 39.2% respectively) than they do of the total population. The Other category has a significantly higher 7% of the Top 3 deciles than they do of the population (4.4%).

¹³ The total population here is estimated using the "household weights" derived from the sampling procedures used in the 2002-03 HIES. Also, the rural population has not been adjusted backwards for their likely changes from the 2002 survey.

40. The Rural:Urban disaggregation however reveals the dominance of rural households in the Bottom 3 deciles. While only 55% of the population they comprised 69% of the Bottom 3 deciles. The tendency of the rural population to be more in poverty applied both to rural Fijians (35% of population and 42% of the Bottom 3 deciles) and rural Indo-Fijians (19% of the population and 25% of the Bottom 3 deciles).

41. The urban populations were conversely virtually equally under-represented in the Bottom 3 deciles for both ethnic groups, Fijians (20% of the total and 14% of the Bottom 3) and Indo-Fijians (22% of the total and 16% of the bottom 3) respectively.

42. Aggregating the rural and urban nationally, however, Table 11 indicates that virtually equal proportions (35%) of Fijians and Indo-Fijians are represented in the Bottom 30 percent of the households while Fijians are only slightly more represented in the top three deciles than Indo-Fijians (25% compared to 24%).

Dec pAE	Fijian	Indo-F	Others	All	Popn (000)
Dec AE 1	55.0	41.4	3.6	100	95
Dec AE 2	54.1	43.5	2.4	100	88
Dec AE 3	58.1	38.9	3.0	100	85
Dec AE 4	54.5	42.2	3.3	100	79
Dec AE 5	51.2	44.8	3.9	100	81
Dec AE 6	53.8	43.0	3.2	100	76
Dec AE 7	58.1	36.6	5.3	100	74
Dec AE 8	55.6	39.7	4.7	100	72
Dec AE 9	54.9	37.8	7.3	100	67
Dec AE top	50.0	40.5	9.5	100	53
All	54.7	41.0	4.4	100	769
Bottom 3	55.7	41.3	3.0	100	267
Top 3	53.8	39.2	7.0	100	192
Popn (000)	420	315	34	769	

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	43	29	2	74	12	13	1	26	100
Dec AE 2	40	25	1	67	14	18	1	33	100
Dec AE 3	42	20	1	64	16	19	2	36	100
Dec AE 4	38	20	1	59	16	23	2	41	100
Dec AE 5	33	22	2	57	18	23	2	43	100
Dec AE 6	31	17	1	49	22	26	2	51	100
Dec AE 7	34	13	0	47	24	24	5	53	100
Dec AE 8	31	14	1	46	25	26	4	54	100
Dec AE 9	26	10	1	38	29	28	6	62	100
Dec AE top	22	8	1	31	28	32	9	69	100
All	35	19	1	55	20	22	3	45	100
Bottom 3	42	25	2	69	14	16	1	31	100

43. Others, as would be expected are highly concentrated in the Top 3 (49%).

44. Note that while the top decile contains roughly 10% of both Fijian and Indo-Fijian households, they contain only 6% and 7% of the populations respectively. Thus when one speaks of the bottom nine deciles, one is referring to some 94% and 93% of the respective populations.

45. A word of caution. Many analyses of poverty use membership of the bottom 2 or 3 deciles as a proxy for the “poor”.¹⁴ However, if it is decided that different groups should have different values for their Basic Needs Poverty Lines, then using the decile membership to represent the poor would not be correct methodologically. Some households may be poor by their individual BNPL and some may not.

Household size, numbers of children and dependents

46. A major consideration which impacts on the analysis of poverty and household standards of living is that Fijians households are significantly larger (average of 5.4 persons) than Indo-Fijian households (average of 4.4 persons). This difference is present right throughout the deciles, with the bottom Fijian deciles having an average of 6.7 persons, as opposed to only 5.3 persons in Indo-Fijian households. The differences are similar across the rural:urban divide. Only in the top decile, do the household sizes converge to some extent.

Table 12 Vertical Distribution of Persons				
Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	12	12	10	12
Dec AE 2	11	12	6	11
Dec AE 3	12	10	8	11
Dec AE 4	10	11	8	10
Dec AE 5	10	11	9	10
Dec AE 6	10	10	7	10
Dec AE 7	10	9	12	10
Dec AE 8	10	9	10	9
Dec AE 9	9	8	15	9
Dec AE top	6	7	15	7
All	100	100	100	100
Top 3	25	24	40	25
Bottom 3	35	35	24	35

47. A major cause of the ethnic difference in sizes of the households is the number of children per household. Table 13 indicates that Fijian households have on average 1.9 children per household, compared to the 1.2 in Indo-Fijian households.

48. In the Bottom Decile, the average becomes 2.6 for Fijians as opposed to 1.6 for Indo-Fijians, while in the Top Decile, Fijians still have 1.0 children on average, contrasted with only 0.6 for Indo-Fijians. These differences exist at all the decile levels, and naturally has a bearing on the financial burdens faced by families and the standards of living they are able to achieve.

49. Taking all potential dependents (children and the elderly) Table 15 gives the pertinent result that Fijian

Table 14 Av. No. of Children (0 to 14) per hh				
Dec pAE	Fijian	Indo-Fij	Others	All
Dec AE 1	2.6	1.6	2.0	2.1
Dec AE 2	2.4	1.5	1.9	2.0
Dec AE 3	2.2	1.5	2.6	1.9
Dec AE 4	2.1	1.3	2.3	1.7
Dec AE 5	2.1	1.2	1.8	1.6
Dec AE 6	1.9	1.2	1.7	1.5
Dec AE 7	1.8	1.0	1.4	1.4
Dec AE 8	1.8	0.9	1.4	1.4
Dec AE 9	1.6	0.8	1.4	1.2
Dec AE top	1.0	0.6	0.9	0.9
All	1.9	1.2	1.5	1.6

¹⁴ This is done in 1997 Fiji Poverty Report.

households at all decile levels, have significantly higher numbers of dependents per adult (assumed to be those of ages 15 to 55) than Indo-Fijians. In aggregate, the difference is 42%, the bottom 3 is 33%, while at the top 3 deciles, it is a large 49%.

50. Put crudely, these differences represent the extent of the “extra burden” which on average is born by every Fijian adult of working age. While the numbers of people over the age of 55 is not a variable which can be moderated by public policy, the number of children borne in the future can be a powerful instrument of policy, even if the changes cannot be brought about overnight.
51. For both Fijians and Indo-Fijians, the Bottom 3 deciles have a higher average number of dependents than their respective national average- by 12% for Fijians and 19% for Indo-Fijians. Thus not only are they generally low income households, as indicated by Income pAE, but the working age people have a proportionately greater burden of dependents. It is inevitable therefore that these households will be struggling more than the average, merely to provide for the basic consumption needs of the household.
52. On the other hand, the Top 3 Fijian deciles have 33% fewer dependents than the average, while the Indo-Fijian Top 3 deciles have 37% fewer. Thus not only are these households better off in terms of Income pAE, but each person of working age has fewer dependents to support. It is inevitable therefore that these households ought to be in a better position to consume as well as to save.
53. As must be expected (given that the deciles have been ranked by Household Income pAE per week), average household incomes will be roughly the same for all deciles, except the top. Hence only at the top decile is Indo-Fijian Income pAE pw reported to be 7% higher than the Decile average and the Fijian average is 11% lower.

54. But the average household incomes at all the decile levels (Table 16) show that the averages for Fijians are some 2% higher on average and between 7% and 9% higher than average at the bottom 3 deciles. On the other hand, the averages for Indo-Fijians are some 7% lower than the national average, while between 9% and 10% lower for the bottom 3 deciles.

Table 15 Dependents (0 to 14, > 55) per hh			
Dec pAE	Fijian	Indo-F	% Diff
Dec AE 1	0.91	0.70	30
Dec AE 2	0.95	0.66	44
Dec AE 3	0.88	0.69	27
Dec AE 4	0.85	0.58	46
Dec AE 5	0.84	0.57	48
Dec AE 6	0.77	0.53	44
Dec AE 7	0.73	0.49	48
Dec AE 8	0.77	0.44	75
Dec AE 9	0.68	0.45	52
Dec AE top	0.57	0.50	15
All	0.81	0.57	42
Top 3	0.54	0.36	49
Bottom 3	0.91	0.68	33
Top 3 diff from Av.	-33%	-37%	
Bott 3 diff from Av.	+12%	+19%	

55. Another perspective on the relative incomes of households is given by Table 17 which looks at Household Income per potential income earning person (taking those aged 15 to 54 as a proxy). This shows that at all decile levels except the top, Fijian adults reported a higher income earning capacity than average (difference ranges from 2% to 6%), and Indo-Fijians have a lower income earning capacity (difference ranged from 4% to 7%). Only at the top decile is the relativity reversed.
56. Table 17 makes clear indeed, that as far as households and their potential income earners are concerned, some 90% of the Fijian households are somewhat better off than the corresponding 90% of the Indo-Fijian households. Only in the top decile is the relativity reversed.
57. By comparing the two tables above, it is therefore clear that a major factor impinging on the welfare relativities between the two major ethnic groups is the number of children they have. Were the Fijian households to have similar numbers of children that Indo-Fijian

Table 16 Average Household Income and Relativities							
Dec pAE	Average Household Income (\$)				Perc. Diff. from Decile Average		
	Fijian	Indo-F	Others	All	Fijian	Indo-F	Others
Dec AE 1	4160	3469	4712	3850	8	-10	22
Dec AE 2	6100	5121	5591	5610	9	-9	0
Dec AE 3	7430	6237	8896	6938	7	-10	28
Dec AE 4	8498	7515	7371	8001	6	-6	-8
Dec AE 5	10341	9288	10829	9838	5	-6	10
Dec AE 6	11617	10691	10645	11155	4	-4	-5
Dec AE 7	13909	11829	13834	13034	7	-9	6
Dec AE 8	16854	14432	18851	15837	6	-9	19
Dec AE 9	21294	18402	21704	20073	6	-8	8
Dec AE top	30052	34960	40503	33151	-9	5	22

households have, the welfare of their households would be perceived to be as is generally indicated in the table above and the numbers of households and population in poverty would be considerably reduced from the current figures.

58. Table 17 suggests that for the two major ethnic groups, Fijian households have higher average household income per potential income earner at all decile levels except the top decile, where the reported average household income for Indo-Fijians is just 5% higher (and probably more in actuality).

Distribution within ethnic groups

Table 17 Average Household Income per 15 to 54 year olds per year							
	Average Household Income (\$)				Perc. Diff. from Decile Average		
Dec pAE	Fijian	Indo-F	Others	All	Fijian	Indo-F	Others
Dec AE 1	1184	1117	1269	1157	2	-4	10
Dec AE 2	1919	1706	2090	1822	5	-6	15
Dec AE 3	2378	2215	2136	2303	3	-4	-7
Dec AE 4	2856	2613	2996	2747	4	-5	9
Dec AE 5	3401	3122	3014	3249	5	-4	-7
Dec AE 6	3944	3629	3880	3796	4	-4	2
Dec AE 7	4681	4305	4441	4518	4	-5	-2
Dec AE 8	5873	5136	5340	5519	6	-7	-3
Dec AE 9	7647	7117	7649	7428	3	-4	3
Dec AE top	13467	16289	19641	15215	-11	7	29
All	4374	4233	6561	4408	-1	-4	49

59. In Fiji, questions of inter-ethnic distribution are usually at the fore because of its political sensitivity. However, it is equally important to examine intra-ethnic distribution. This requires the estimation of separate ethnic decile distributions of households.¹⁵
60. The decile rankings may be by household incomes pAE, total household incomes, or household incomes per capita. The ranking by Income pAE is given here first.
61. Table 18 gives the decile shares of income with each group having its own separate decile distribution, ranked by Income pAE.¹⁶ The first three columns give decile shares and the last three columns give the cumulative percentages.
62. In general, the Fijian internal distribution is more even, while that for Others is the most uneven, with Indo-Fijians in-between the two.

63. The rural:urban divide is common to all

¹⁵ This also enables a fairer comparison with the corresponding decile distributions.

¹⁶ With each decile having its own separate distribution computed for each group as well as for the total population rather than household deciles.

Table 20 Average Household Incomes and relativities							
Ethnic	Average Household Incomes				% diff. from average		
Dec	Fijian	Indo-F	Others	All	Fijian	Indo-F	Others
1	4204	3401	4441	4015	5	-4	10
2	6138	5014	6561	5904	4	-6	15
3	7395	6215	8136	7249	3	-4	-7
4	8464	7313	9996	8591	4	-5	9
5	10365	9122	12014	10500	5	-4	-7
6	11725	10429	13880	12045	4	-4	2
7	13859	11205	16441	13835	4	-5	-2
8	16597	14336	19340	16758	6	-7	-3
9	21238	17517	25649	21435	3	-4	3
10	29740	34289	41641	31890	-11	7	29
All	12972	11933	16561	13822	-1	-4	49

Table 19 Rural Share of HH at each decile

Ethnic Dec	Fijian	Indo-F	Others
1	80	70	64
2	76	58	55
3	73	53	31
4	73	44	31
5	68	48	15
6	61	36	7
7	60	35	25
8	60	36	8
9	51	29	10
10	52	20	9
All	65	43	26

three ethnic groups, but the severity of the divide varies between them. Table 19 indicates the percentages of the ethnic deciles which are located in the rural areas. For all ethnic groups, rural households are over-represented in the lower deciles – for Fijians comprising some 80% of the first decile.

64. However, for Fijians the rural sector is still able to obtain a 52% share of the top decile, in contrast to only 20% for Indo-Fijians and less than 10% for the Others. The graph indicates the severe decline in the rural share of the top deciles for Indo-Fijians and Others.

65. These separate decile distributions for each ethnic group also enable a fairer inter-ethnic comparison of average household incomes, between each 10% group. Thus the average household income for each 10% of the Others is higher for the corresponding 10% group of Fijians which is higher in turn than the averages for Indo-Fijians in all deciles except the top decile.

Table 21 Perc. Differences in Income pAE

Ethn. Dec	Fijian	Indo-F	Others
1	0	-1	14
2	1	-3	26
3	0	-2	31
4	-1	-1	34
5	0	-2	38
6	1	-4	39
7	0	-3	48
8	-1	-3	52
9	-1	-4	70
10	-12	3	115
All	-4	0	50

66. Thus for every decile from the first to the 9th, Fijian households' average income was between 5% and 9% higher than the average, while Indo-Fijians was between 6% and 13% lower than the averages (Table 20). Only for the top decile of Indo-Fijians is the average household income higher than the national decile average- according to the HIES results by 3%.

67. By the total household income criterion, 90% of Fijian households are somewhat better off than 90% of the Indo-Fijian households. It is only in that top 10% that the relativities are reversed. The above table does not take account of differences in household size, an important factor in which is the number of children supported. Table 21 gives the ethnic percentage differences in Income per Adult Equivalent, compared to the national averages for each decile.

Table 22 Decile and Cumulative Shares (hh ranked by Inc pc)

Ethnic Dec	Decile shares			Cumulative Shares		
	Fijian	Indo-F	Others	Fijian	Indo-F	Others
1	3.28	2.90	2.65	3.28	2.90	2.65
2	4.78	4.23	3.63	8.07	7.13	6.28
3	5.87	5.29	4.80	13.94	12.42	11.08
4	6.50	6.37	5.73	20.44	18.78	16.81
5	8.15	7.69	7.60	28.58	26.47	24.41
6	9.07	8.68	8.82	37.65	35.16	33.23
7	10.85	9.72	11.02	48.51	44.88	44.25
8	13.10	12.02	12.07	61.60	56.90	56.32
9	16.05	15.28	15.65	77.65	72.18	71.97
10	22.35	27.82	28.03	100.00	100.00	100.00

68. Adjusting for household sizes, Fijian households end up with a slight 4% disadvantage in aggregate- but by and large only because of the 12% disadvantage

at the top decile. As far as the other 9 deciles are concerned, Fijian households are virtually on par with their respective national decile averages.

69. Adjusting for household size, Indo-Fijian households in aggregate fare about the same as the national average, but this is entirely due to the 3% advantage that is enjoyed by the top Indo-Fijian deciles. Ninety percent of the Indo-Fijian population represented by the bottom 9 deciles are all at a small disadvantage compared to their respective decile averages.

70. The Other ethnic category have significantly higher Income pAE at all the decile levels- but with the the advantage rising the higher up the deciles one goes- reaching 52%, 70% and 115% by the top three deciles.

Decile distributions of Ethnic Households ranked by Income per capita

71. Table 22 gives the distribution of households in Ethnic deciles ranked by “income per capita”. They indicate very similar results to those given by the preceding tables.

Table 23 Average Household Incomes

Dec	Rural	Urban	% diff.
1	3513	4610	31
2	4873	6767	39
3	6222	7959	28
4	7200	10010	39
5	8357	11132	33
6	9634	13158	37
7	11564	15913	38
8	13149	18778	43
9	16369	23891	46
10	24693	40458	64
All	10559	15267	45

Rural and Urban distributions

72. Table 23 gives the average household incomes in the separate rural and urban distributions.

73. Not only is there a very large difference in total (45%) but the magnitude of the difference exists throughout all the deciles. Urban households are

generally associated with much better incomes than rural households.

Table 24a Rural and Urban Decile and Cumulative Shares

Dec	Dec shares of Tot Inc		Cum. shares of Total Inc	
pAE	Rural	Urban	Rural	Urban
1	3.33	3.01	3.33	3.01
2	4.61	4.43	7.94	7.44
3	5.90	5.22	13.84	12.67
4	6.84	6.57	20.68	19.24
5	7.88	7.25	28.56	26.49
6	9.13	8.64	37.69	35.13
7	10.95	10.43	48.64	45.56
8	12.42	12.31	61.07	57.86
9	15.50	15.67	76.57	73.53
10	23.43	26.47	100.00	100.00
	100.00	100.00		

74. The extent of these differences are far more important than any of the inter-ethnic differences discussed elsewhere in the Report.

75. Table 24a gives the decile shares and cumulative shares of total income by rural and urban households. As would be expected, the rural distribution is more even than the urban distribution.

Distribution by Divisions

76. Tables 24b indicates that the Northern Division has the highest proportions of households in the lower deciles. Some 51% are in the Bottom 3 deciles, with only 17% in the Top 3 deciles.

77. In contrast, Central Division only had 20% of its households in the Bottom 3 deciles, but 39% in the Top 3 deciles.

78. The percentage of the Northern population in the Bottom 3 deciles is even higher at 56% (Table 24c) and in the Top 3 even lower (at 13%).

Table 24b Decile Distribution of Households (vert.%)

Dec	Cent.	East.	North.	West.	All
1	5	9	22	10	10
2	7	8	17	11	10
3	8	13	12	11	10
4	9	13	10	11	10
5	9	7	10	11	10
6	12	8	5	10	10
7	11	7	7	10	10
8	13	10	6	9	10
9	13	9	6	8	10
Top	13	16	4	9	10
All	100	100	100	100	100
Bot3	20	30	51	31	30
Top3	39	35	17	26	30

79. These two tables from the point of view of relative need, would seem to provide ample justification for a “Look North” policy plank in Government’s national development strategy.

Table 24c Decile Distribution of Population (vert.%)

	Cent.	East.	North.	West.	All
1	7	12	25	13	12
2	8	9	18	12	11
3	9	16	13	11	11
4	9	15	9	12	10
5	10	7	9	12	10
6	12	7	6	10	10
7	11	8	7	9	10
8	13	10	5	8	9
9	12	7	5	7	9
Top	9	9	3	6	7
All	100	100	100	100	100
Bot 3	24	38	56	36	35
Top 3	34	26	13	20	25

C Labour Market Issues

80. It is useful to examine the nature of household involvement in the labour market, before sources of income issues are canvassed.

Working for Money

81. There is clear positive association between the percentages of the different groups reporting themselves to be working for money and the decile they belong to. All ethnic groups reported a generally rising trend.

82. Just around a half of the working age group of adults (15 to 55) reported that they were working for money or income earners: 48% of Fijians, 50% of Indo-Fijians and Others, with the decile profiles being similar for the different ethnic groups.

However, the Bottom 3 deciles of Fijians and Indo-Fijians reported significant lower percentages working for money (41% and 39% respectively) while the Others reported an even lower 34%. The Top 3 deciles for all ethnic groups reported the converse – around 60% working for money.

Table 25 Perc. of 15 to 55 Working for Money

Dec pAE	Fijian	Indo-Fij	Others	All
Dec AE 1	40	36	26	38
Dec AE 2	41	41	46	41
Dec AE 3	44	41	36	42
Dec AE 4	44	49	55	47
Dec AE 5	47	50	41	48
Dec AE 6	47	55	34	50
Dec AE 7	48	53	49	50
Dec AE 8	52	56	57	54
Dec AE 9	58	60	52	58
Dec AE top	69	68	76	69
All	48	50	50	49
Bottom 3	41	39	34	40
Top 3	59	61	62	60

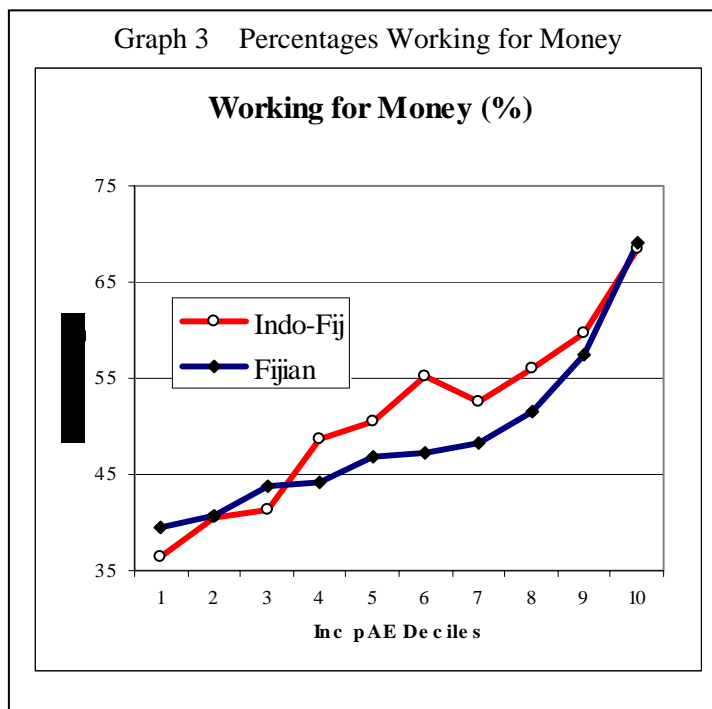
Table 26 Working for Money as % of 15 to 55 age group: rural/urban differences (%)

	Rural	Rural	Rural	Rural	Urban	Urban	Urban	Urban	All
Dec pAE	Fijian	Indo-F	Other	All	Fijian	Indo-F	Other	All	Fiji
Dec AE 1	43	38	28	41	27	33	22	30	38
Dec AE 2	43	45	55	44	36	35	38	35	41
Dec AE 3	45	41	30	43	40	42	40	41	42
Dec AE 4	47	47	51	47	38	50	57	46	47
Dec AE 5	48	56	40	51	45	46	42	46	48
Dec AE 6	51	56	28	53	42	55	37	49	50
Dec AE 7	51	47	34	50	44	56	50	50	50
Dec AE 8	51	60	77	55	52	54	55	53	54
Dec AE 9	58	63	67	60	57	59	48	57	58
Dec AE top	76	74	118	76	64	67	73	67	69
All	49	49	45	49	46	51	51	49	49
Bottom 3	44	41	35	42	35	37	34	36	40
Top 3	59	64	80	61	58	60	60	59	60

83. There are somewhat surprising rural:urban differences. While it may have been thought that urban people would be more in the cash economy, 49% of rural Fijian households reported themselves to be working for money as opposed to 46% of the urban households. The proportions were reversed for Indo-Fijians: 49% in rural areas and 51% in urban areas.

84. For all ethnic groups, the Bottom 3 deciles have significantly lower proportions working for money than their respective averages, while the Top 3 have higher proportions.

85. While on the surface, working for money may seem to confer inherent advantages to the householders, the values of subsistence incomes may suggest that lower income cash income earners may not be necessarily better off than subsistence workers (see section on subsistence income below).



86. This note is supported by the graph which indicates an interesting ethnic difference that in the middle deciles – right up to the eight decile, Fijians by and large report much lower proportions to be working for money. This would suggest that not working for money is not necessarily to be associated with being in the lower deciles, although that would seem to be the case for Indo-Fijians.

Subsistence work

87. Given the proportions reporting to be working for money above, Table 28 gives surprising large proportions of adults stating to be subsistence workers suggesting that there is significant overlap in definitions. Some 57% of all rural Fijians and 49% of even those in the Top 3 deciles stated they were subsistence workers. 21% of rural Indo-Fijians also stated themselves to be working for subsistence. Even in urban areas, some 23% of Fijians and 12% of Indo-Fijians claim to be engaged in subsistence.

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	55	30	37	43
Dec AE 2	52	26	38	39
Dec AE 3	52	24	34	40
Dec AE 4	48	20	53	35
Dec AE 5	45	22	28	33
Dec AE 6	44	18	26	31
Dec AE 7	41	19	18	31
Dec AE 8	36	15	18	26
Dec AE 9	31	15	19	23
Dec AE top	31	12	10	21
All	44	21	25	33
Bottom 3	53	27	36	41
Top 3	33	14	15	24

88. The proportions reporting subsistence activities are naturally higher for those in the Bottom 3 deciles – 62% of rural Fijians, 33% of rural Indo-Fijians, 27% of urban Fijians and 18% of urban Indo-Fijians.

Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
Dec AE 1	63	35	50	51	26	17	14	21
Dec AE 2	62	31	58	49	26	20	11	22
Dec AE 3	62	31	64	51	27	17	15	21
Dec AE 4	60	27	58	47	21	13	49	17
Dec AE 5	57	29	39	45	24	16	18	19
Dec AE 6	57	26	33	44	28	12	23	19
Dec AE 7	54	37	50	49	22	10	16	16
Dec AE 8	52	30	46	44	18	7	15	12
Dec AE 9	45	35	62	43	19	8	9	13
Dec top	48	25	25	41	19	9	9	13
All	57	31	50	47	23	12	15	17
Bottom 3	62	33	55	50	27	18	14	21
Top 3	49	31	50	43	19	8	11	13

89. Given the relatively higher proportions of Fijians who are engaged in subsistence activity, it is surprising that their overall income situation is generally the same or even better than that for Indo-Fijians for all deciles except the top.

Unpaid Workers

90. Table 29 indicates that a very large proportion (14%) of persons in Fijians households are seen as “Unpaid workers” contrasted with only 3% for Indo-Fijian households. The Fijian households in the Bottom 3 Fijian deciles had a full 18% of their adults classified as “Unpaid workers”, compared to only 5% of those in the Indo-Fijian households.

Table 29 Unpaid Workers as % of Those 15 to 55

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	18	8	23	14
Dec AE 2	19	4	19	12
Dec AE 3	16	3	4	10
Dec AE 4	17	4	7	11
Dec AE 5	16	2	6	9
Dec AE 6	11	1	4	6
Dec AE 7	13	3	1	8
Dec AE 8	11	1	4	6
Dec AE 9	7	2	7	5
Dec AE top	4	1	2	3
All	14	3	7	9
Bottom 3	18	5	16	12
Top 3	8	1	4	5

91. For all ethnic groups, the lower deciles are associated with higher proportions of unpaid workers- 18% for Fijians, 8% for Indo-Fijians and 23% for Others. Having such high proportions of unpaid workers would have a bearing on the position of those households in the decile ranking.
92. While the proportion is much lower for Indo-Fijian households in general, it also rises to around 9% at the lowest deciles.

93. Table 30 indicates that unpaid work is primarily a feature of the rural areas, and affecting Fijians and Others, more than Indo-Fijians. Most decile levels of rural Fijians and rural Others have quite high proportions of workers who are stated to be “unpaid workers”.

Table 30 Unpaid workers as % of 15 to 54 (Rural/Urban and ethnicity)									
Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	24	11	40	19	1	1	0	1	14
Dec AE 2	26	6	42	18	2	0	0	1	12
Dec AE 3	22	6	6	16	1	0	2	1	10
Dec AE 4	25	8	12	18	0	0	4	0	11
Dec AE 5	24	4	13	15	1	1	0	1	9
Dec AE 6	20	2	13	13	1	0	0	1	6
Dec AE 7	21	8	16	17	2	0	0	1	8
Dec AE 8	20	3	0	14	1	0	4	1	6
Dec AE 9	14	9	17	13	1	0	5	1	5
Dec AE top	10	2	15	8	1	0	1	1	3
All	22	6	20	16	1	0	2	1	9
Bottom 3	24	8	31	18	1	0	1	1	12

94. Given that the total average household incomes of Fijians and non-Fijians are virtually identical at all decile levels, the fact that some fifth to a quarter of adult persons in rural Fijian households (and even large proportions in Other households) are unpaid workers would suggest that there may be a very unequal distribution of incomes within the rural Fijian and Other households. The HIES data unfortunately does not throw much light on the internal distribution of incomes within households, which no doubt is an important factor in the poverty of individuals (as opposed to that of the household in aggregate).
95. Similarly, the gender distribution of incomes within households is not subject to inquiry by the HIES as currently constructed.¹⁷

¹⁷ This could be an issue addressed by the next HIES.

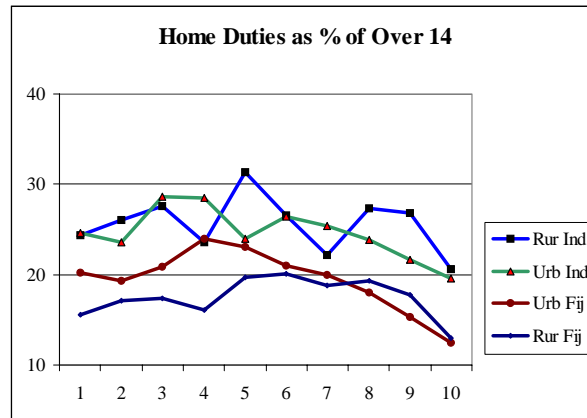
Home Duties

96. One of the factors that has an important bearing on the size of the “unemployed” group and new entrants to the labour market are persons who categorise themselves as being primarily occupied on “Home Duties”. All the ethnic categories have a similar gradient up the deciles, with the proportion of Home Duty persons falling as the decile increases.
97. On average, however, Indigenous Fijians have a lower proportion on Home Duty (18%) than do Indo-Fijians (with 25%). This is probably a reflection of fewer social restrictions on Fijian women, which also results in a greater female mobility into the labour market.
98. It may be noted also that Urban Fijian households, especially at the lower deciles, reported higher percentages on Home Duty than rural households (Graph)
99. Naturally, lower proportions on Home Duty also imply greater pressure on the job market.

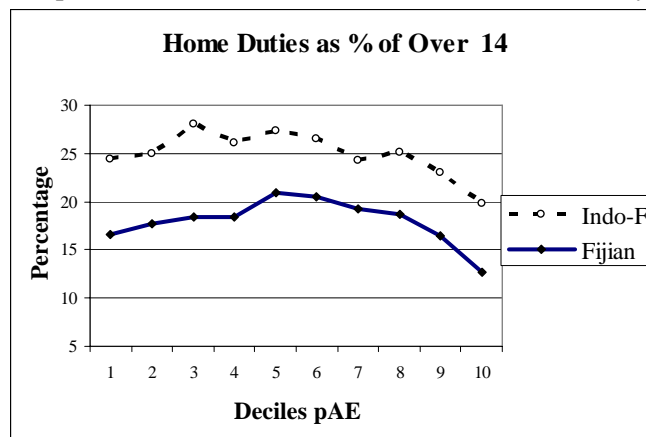
Table 31 Perc. Of Over 14 on Home Duties

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	17	24	21	23
Dec AE 2	18	25	22	22
Dec AE 3	18	28	15	25
Dec AE 4	18	26	21	26
Dec AE 5	21	27	26	24
Dec AE 6	20	26	16	24
Dec AE 7	19	24	19	22
Dec AE 8	19	25	16	21
Dec AE 9	16	23	17	18
Dec AE top	13	20	11	16
All	18	25	18	22
Bottom 3	18	26	19	23

Graph 4 Perc. Of Over 14 On Home Duty (rural/urban)

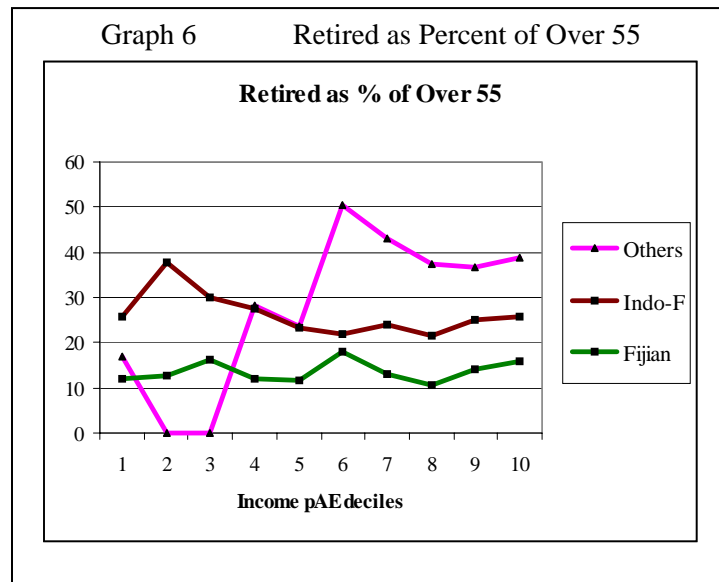


Graph 5 Perc. of Over 14 on Home Duties (ethnicity)



Retired

100. An unusual set of statistics on ethnic differences on one aspect of labour market participation- the proportion of people declaring themselves as “retired” is given by Table 32. On average, some 26% of Indo-Fijians over the age of 54 and 28% of Others considered themselves as “retired” while only 13% of Fijians did so. The trends are similar in both rural and urban areas.



101. For both Indo-Fijians and Fijians, a slightly higher proportion in the Bottom 3 deciles declared themselves to be “retired” – possibly a reflection of the reality that the professions enjoyed by those in the upper deciles are probably more conducive to longer term employment than those in the lower deciles.

102. This of course has a bearing on the size of the labour force and the unemployed- those who do not have work and are actively looking for work. Given the relative sizes of the populations, the above table might imply that relatively larger numbers of Fijians over the age of 54 are still looking for employment and putting pressure on the labour market.

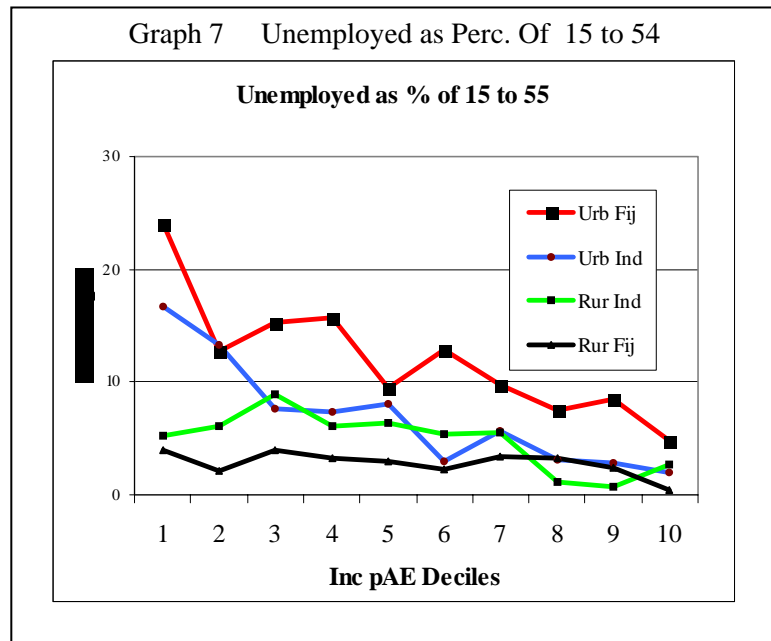
103. Others show an extremely strong positive correlation between rising deciles, and higher proportion of the over 55 categorising themselves as Retired.

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	12	26	17	18
Dec AE 2	13	38	0	22
Dec AE 3	16	30	0	21
Dec AE 4	12	27	28	19
Dec AE 5	12	23	24	18
Dec AE 6	18	22	51	21
Dec AE 7	13	24	43	19
Dec AE 8	11	22	37	16
Dec AE 9	14	25	37	22
Dec AE top	16	26	39	23
All	13	26	28	20
Bottom 3	14	31	10	20

Unemployed

104. Some 6% of all those aged 15 to 54¹⁸ declared themselves as “unemployed”, with 4% of the rural groups and 8% of the urban groups (Table 33).

105. While there seems to be some unemployment at virtually all decile levels, urban areas are more prone to unemployment, and the bottom 3 deciles having the highest rates: 17% for Urban Fijians, 18% for Others, and 12% for Urban Indo-Fijians.



106. It may be noted that with Urban Fijians, even at the 9th decile, there are some 8% who are classified as unemployed. While some (or many) of these may also be unpaid workers, intra-household distribution of income may be an issue with “pockets of poverty” within well-off households.

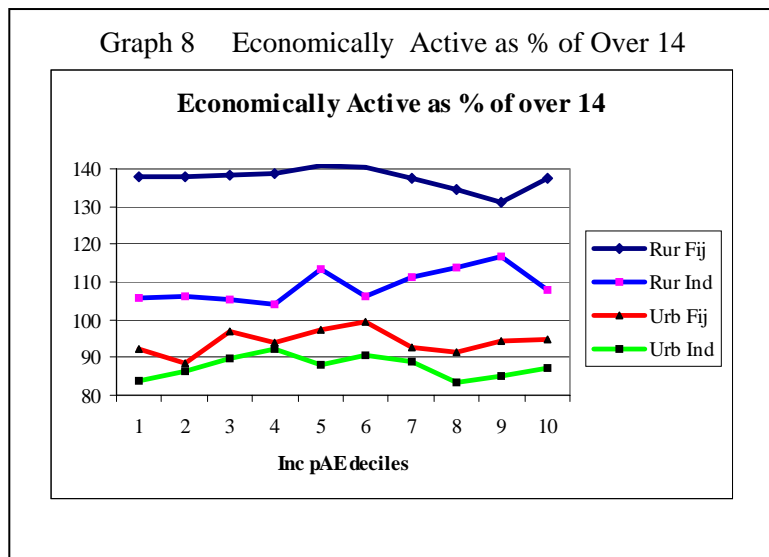
Table 33 Unemployed as Percentage of Ages 15 to 54

Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All	Fiji
Dec AE 1	4	5	0	4	24	17	24	20	9
Dec AE 2	2	6	0	4	13	13	24	13	7
Dec AE 3	4	9	0	6	15	8	8	11	8
Dec AE 4	3	6	0	4	16	7	17	11	7
Dec AE 5	3	6	5	4	10	8	4	8	6
Dec AE 6	2	5	0	3	13	3	8	7	6
Dec AE 7	3	6	0	4	10	6	4	7	6
Dec AE 8	3	1	0	3	8	3	4	5	4
Dec AE 9	2	1	0	2	8	3	3	5	4
Dec AE top	0	3	0	1	5	2	6	4	3
All	3	5	1	4	11	6	7	8	6

¹⁸ While the normal comparison of the unemployed would be with the “economically active”, here the latter estimates are probably inflated for some groups and would have resulted in biased estimates of unemployment rates.

Economically Active

107. The following graph gives an indication of the proportions of over 14 persons classified as Economically Active persons (defined in the HIES as Working for Money, Subsistence Workers, Unpaid Workers, and Unemployed).



108. While it seems that there are major differences between rural and urban areas, and by ethnic groups, the fact that the percentages are over 140% for rural Fijians would indicate that there is considerable overlap between the definitions, especially those who also defined themselves as “subsistence” workers.

109. It may be more useful to examine the labour market by the other criteria.

Females as Heads of Households

110. Table 34 indicates that around 13% of all households were indicated to be headed by females.

111. There are no major decile differences in terms of the likelihood of heads of households being females. For Fijians, the Bottom 3 deciles had a slightly higher percentage (15%) than the average for all Fijian households (13%) but the proportions were the same for Indo-Fijians and Others.

	Fijian	Indo-F	Others	All
Dec AE 1	17	14	25	16
Dec AE 2	15	15	6	15
Dec AE 3	14	6	5	10
Dec AE 4	11	15	4	13
Dec AE 5	10	15	11	13
Dec AE 6	11	11	0	10
Dec AE 7	11	14	16	13
Dec AE 8	12	8	19	11
Dec AE 9	12	13	13	13
Dec AE top	14	13	18	14
All	13	12	13	13
Bottom 3	15	12	13	14

D Major Sources of Income

112. Analysis of the major sources of income will be given from two perspectives. The first examines the total monetary values of the various sources of income and their distribution along the deciles.¹⁹ Second, households will be labeled by their “major source” of income – either at least 50% being derived from that source, or if less than 50%, the source with the highest share of the total household income.

113. Table 35 gives the components of the major sources of income amongst the major ethnic groups. The largest item is Permanent Wages which comprises some 43% of all recorded household income, with Casual Wages being another 11%. Wages therefore comprised some 54% of all household income.

Table 35 Components of Household Income (% and \$m)					
	Fijian	Indo-F	Others	All	All (\$m)
Home Cons	12	3	4	8	151
Wages Cas.	9	15	8	11	228
Wages Perm.	43	40	56	43	851
Agric.Bus.	11	10	4	10	197
Com.Bus.	4	11	6	7	145
Other Inc	21	22	23	21	427
Tot Inc.	100	100	100	100	1998

114. Other income comprised 21%, but while Commercial Business Income is indicated to be only 7% of household income, this is likely to be very seriously under-recorded.
115. For Fijians Home Consumption comprised a large 12% (3% for Indo-Fijians) while for Indo-Fijians, Casual Wages comprised a large 15% (9% for Fijians). The proportions from Agricultural Business was about the same for the two ethnic groups (10% and 11%).
116. Table 36 indicates that in 2002-03, Fijian households recorded 51% of all income, with Indo-Fijian households recording 43%.

Table 36 Distribution of Income types (by ethnic groups) (\$ and \$m)					
	Fijian	Indo-F	Others	All	\$millions
Home Cons	82	15	3	100	151
Wages Casual	40	55	4	100	228
Wages Permanent.	51	40	9	100	851
Agric.Business	55	43	3	100	197
Com.Business	29	65	6	100	145
Other Inc	50	43	7	100	427
Tot HIES Income	51	43	7	100	1998

117. A very large 82% of Home consumption is produced and consumed by Fijians, in contrast to only 15% for Indo-Fijians. The decile distribution of this income source will be emphasized later, and an important buttress to standards of living.

¹⁹ Within each household the data does not identify the individual who is the source of the income type.

118. As would be expected, Commercial Business is dominated by Indo-Fijians (with 65% of the income) but Fijians now have a reasonable 29% of the reported income from this source.
119. Some 51% of Permanent Wages accrues to Fijian households and 40% to Indo-Fijian-roughly in proportion to their population shares. However, the proportions are reversed for Casual Wages with 55% accruing to Indo-Fijians and only 40% to Fijians. This has a bearing on the prevalence of poverty amongst Indo-Fijians, as Casual Wages are generally associated with low wages.
120. Indo-Fijians now only have 43% of the income from Agricultural Business, a change given the historical association of Indo-Fijians with agricultural businesses, from this source, as opposed to 55% derived by Fijians. This is probably explained in large part by the decline of the sugar cane farming amongst Indo-Fijians, especially with the expiry of the land leases.
121. Table 37 gives the rural:urban disaggregations of the major income types. The large difference between Rural Fijians (52%) and Rural Indo-Fijians (38%) in Agricultural Business is to be noted, as also is the closeness of income shares derived from Commercial Business in the rural areas (around 19% and 21%).

Table 37 Rural:Urban distributions of Major Income Types									
	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Home Cons.	74	9	2	85	8	6	1	15	100
Wages Casual.	21	20	1	42	19	35	4	58	100
Wages Perm.	20	9	1	29	32	32	8	71	100
Agric. Bus.	52	38	2	91	3	5	1	9	100
Com. Bus.	19	21	0	40	11	44	5	60	100
Other Income	26	14	1	41	24	29	6	59	100
Tot Income	28	15	1	44	22	28	6	56	100

122. Also to be noted is that rural households enjoy a full 40% of all commercial business income, 42% of casual wages, 29% of permanent wages and 41% of Other Incomes. In total rural households still obtain 44% of the total reported incomes.
123. For Indo-Fijians, the largest component is surprisingly Casual Wages, followed by Permanent Wages and then Agricultural Business. For both ethnic communities, Other Income (with a wide range of components) comprised roughly a quarter of all their income.
124. Table 38 indicates the sources of income of rural and urban groups, by ethnicity.
125. As expected, the largest proportion of incomes of rural Fijians are derived from Home Consumption and Agricultural Business- amounting to a total of 61%.
126. For Rural Indo-Fijians, Casual Wages is now the largest source, with some 30%, while for Urban Indo-Fijians, it is also the largest source- at 37%. For Urban Fijians, Casual Wages is also a significant 20% of their income.

127. Both Rural and Urban Indo-Fijians derive the largest proportions of their incomes (30% and 37% respectively) from Casual Wages. Permanent wages contributes only 14% in the rural areas, and 28% in urban areas.

Table 38 Major Source of Income (ethnic and rural/urban) (Vertical %)

	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Home Consumption	36	8	29	25	7	2	3	4	18
Wages (casual)	9	30	21	17	20	37	30	29	21
Wages (permanent)	6	14	7	9	39	28	37	33	17
Ag Business	25	20	22	23	5	3	1	4	17
Commercial Business	2	3	0	2	5	3	3	4	3
Other income	23	25	21	24	25	27	25	26	25
Total	100	100	100	100	100	100	100	100	100

Table 39 Decile Sources of Income Type (horizontal percentages)

Dec pAE	HomCons.	CasWages	PerWages	AgrBus	ComBus	Oth Inc	All
Dec AE 1	23	19	9	18	2	29	100
Dec AE 2	18	22	17	17	4	23	100
Dec AE 3	16	21	22	16	2	23	100
Dec AE 4	13	20	25	17	5	20	100
Dec AE 5	11	17	34	15	3	20	100
Dec AE 6	8	16	35	14	6	21	100
Dec AE 7	8	11	43	11	6	21	100
Dec AE 8	6	10	49	9	5	21	100
Dec AE 9	4	6	55	6	7	22	100
Dec AE top	3	5	54	4	14	21	100
All	8	11	43	10	7	21	100
Bottom 3	18	21	17	17	3	25	100

128. And surprising, given the former dominance of the sugar cane farming industry by Indo-Fijian farmers, Agricultural Business only contributes 20% of the rural Indo-Fijians' incomes. This low figure indicates the reduced importance of farming to Indo-Fijians, partly a result of land lease problems.

Decile Distribution of Major Sources of Income

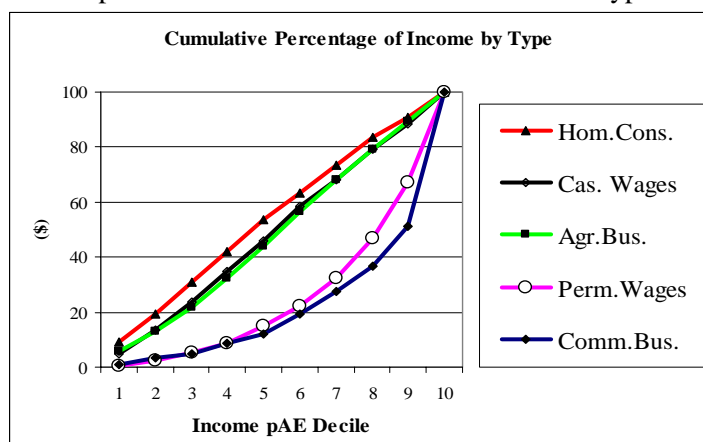
129. The sources of income have a strong bearing on the general standards of living which may be expected of the households. Table 39 indicates clearly that the incomes of the lower deciles are dominated by Home Consumption, Casual Wages and Agricultural Business, while the middle and top deciles are dominated by Permanent Income and Commercial Business.
130. Table 40 gives the distribution of each income type along the deciles. As would be expected, the bulk of Commercial Business income is on the top three deciles (some 72%) and some 67% of Permanent Wages and Salaries.

Table 41 Percent of Households In Each Decile With Some Income of Type					
	Hom.Cons.	Agr.Bus.	Cas.Wages	Perm.Wages	Comm.Bus.
Dec AE 1	77	55	30	11	7
Dec AE 2	68	48	40	22	8
Dec AE 3	70	47	39	28	6
Dec AE 4	65	45	40	35	11
Dec AE 5	64	42	38	47	8
Dec AE 6	59	37	36	50	16
Dec AE 7	61	34	30	58	16
Dec AE 8	58	32	28	66	16
Dec AE 9	49	26	21	73	16
Dec AE top	43	19	14	78	18
All	61	39	32	47	12

131. Home Consumption is earned throughout the deciles, while Casual Wages and Agricultural Business are largely in the middle deciles.
132. Table 41 indicates the prevalence of income types at each decile level. Most households in the lower deciles enjoy Home Consumption and income from Agricultural Business, and to a moderate extent from Casual Wages. Income from Permanent Wages are a feature of the higher deciles.

Table 40 Decile Distribution of Income Types							
Dec pAE	HomCons.	CasWages	PerWages	AgrBus	ComBus	OthInc	All
Dec AE 1	9	5	1	6	1	3	3
Dec AE 2	10	9	2	7	2	4	4
Dec AE 3	12	10	3	9	1	5	5
Dec AE 4	11	11	4	11	4	5	6
Dec AE 5	12	11	6	12	3	6	8
Dec AE 6	9	12	7	12	7	8	9
Dec AE 7	10	10	10	12	8	10	10
Dec AE 8	10	11	14	11	9	12	12
Dec AE 9	8	9	20	10	14	18	16
Dec AE top	9	12	33	10	49	29	26
All	100	100	100	100	100	100	100

Graph 9 Cumulative Distribution of Income Types



133. The contrast between the distributions of Permanent Income and Commercial Business Income and the others may be seen clearly in Graph 9 which plots the cumulative distribution of the income

Table 42 Av. Income from Income Type (excluding those with less than 10% of HH Income)

Dec pAE	Hom.Cons.	Agr.Busin.	Cas.Wages	Perm.Wages	Comm.Bus.
Dec AE 1	1436	1462	2466	3216	1266
Dec AE 2	1969	2327	3118	4310	2401
Dec AE 3	2324	2748	3787	5384	2127
Dec AE 4	2499	3519	4125	5732	3267
Dec AE 5	2602	4267	4373	7122	3544
Dec AE 6	2771	4813	5092	7887	4224
Dec AE 7	2970	5538	5078	9699	4582
Dec AE 8	3172	5787	5944	11814	5203
Dec AE 9	4442	8126	6747	15050	8073
Dec AE 10	7007	12224	14587	22840	25106

types up the pAE deciles.²⁰ The curves for these two graphs are furthest from the diagonal, indicating greater inequality of distribution and heavier weighting towards the upper deciles.

134. Some idea of the household impact of different income types may be had from Table 42 which gives the average income for each type, within each Inc pAE decile.²¹ There is a general hierarchy rising from Home Consumption (which gives the lowest averages at all decile levels), to Agricultural Business, to Casual Wages to Commercial Business and then Permanent Wages.
135. It may be noted that while Commercial Income has the highest average at the top decile, at all other levels, it is Permanent Wages which gives the highest average. It also has the highest overall average.²²
136. Despite the popular belief in the affluence of all those involved in commercial businesses, for the majority of the households involved in this type of income, the final end-result in terms of incomes generated (as reported to the HIES), may not be as attractive as that derived from Permanent Incomes.²³

²⁰ Note that these are not proper “deciles” within the income types: i.e the income sources do not have equal numbers of households within each decile).

²¹ To reduce the impact of the large numbers of households with minor earnings from each income type, incomes less than 10% of the total regular household income were not included in calculating the average income.

²² Note that Commercial Business incomes are likely to be significantly under-reported.

²³ Thus most households will be observing that incomes from Permanent Wages are generally higher than that from small commercial businesses.

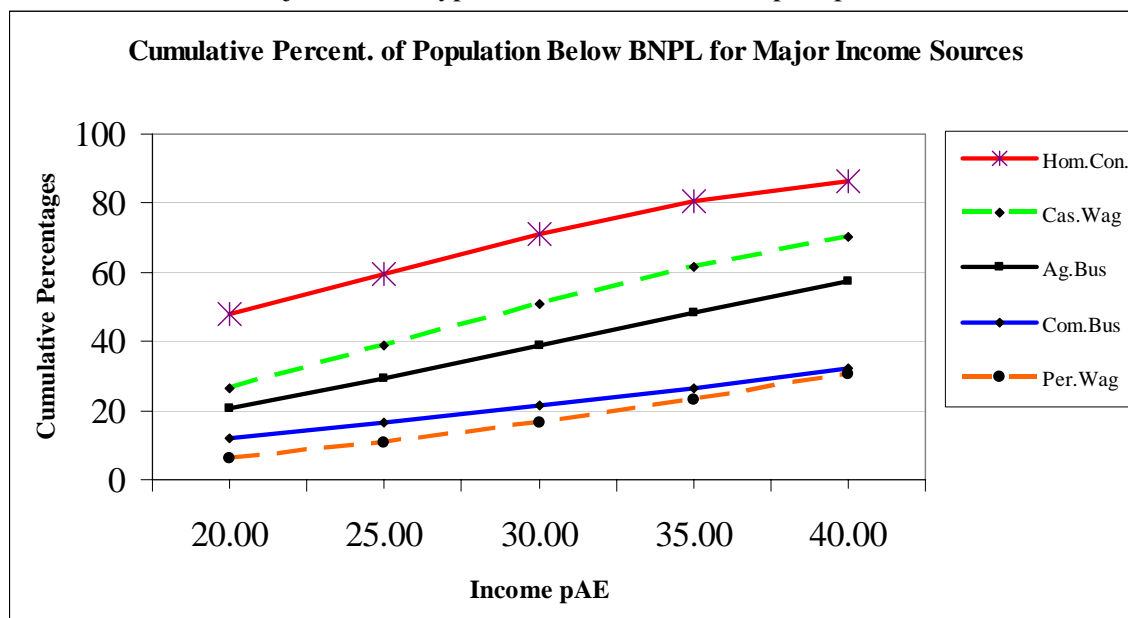
Decile Distribution of Population for Income Types

137. An alternative perspective on the income types may be obtained by examining the decile population distribution of households identified with their major source of income.
138. Table 43 indicates that some 73% of the occupants of households whose major source of income is Home Consumption were in the Bottom 3 deciles of households, followed by 50% of those depending on Casual Wages, and 39% of those depending on Agricultural Business. In contrast, only 17% of those depending on Permanent Wages and 20% of those depending on Commercial Business were in the Bottom 3 deciles.

Table 43 Decile Distribution of Population In Households of Major Income Type							
Dec pAE	Hom.Con	Ag.Bus.	Cas.Wag.	Com.Bus.	Per.Wag.	Oth Inc	All
Dec AE 1	37	13	16	5	3	19	12
Dec AE 2	18	14	18	11	6	11	11
Dec AE 3	18	12	16	3	8	10	11
Dec AE 4	11	14	14	9	8	9	10
Dec AE 5	6	14	10	7	11	9	10
Dec AE 6	3	11	10	14	11	8	10
Dec AE 7	2	9	7	12	13	8	10
Dec AE 8	2	7	5	8	15	8	9
Dec AE 9	2	4	2	14	14	10	9
Dec AE top	1	3	2	16	11	7	7
All	100	100	100	100	100	100	100
Bottom 3	73	39	50	20	17	41	35

139. The nature of these relativities is shown more clearly in Graph 10 which represents the cumulative percentage of the populations of the household income types, below any level of Income pAE per week.
140. At all income levels, the occupants of households depending on Home Consumption have the highest proportion below that chosen level, followed by Casual Wages, Agricultural Business, Commercial Business and lowest, those depending on Permanent Wages.
141. This graph gives a reasonable indication of the percentages of the population associated with these income sources, who may be “in poverty” depending on the particular level chosen for Income pAE per week, as the standard for some Basic Needs Poverty Line.

Graph 10 Cumulative Percent of Population of Households Depending on Major Income Type Below Level of Income pAE per week

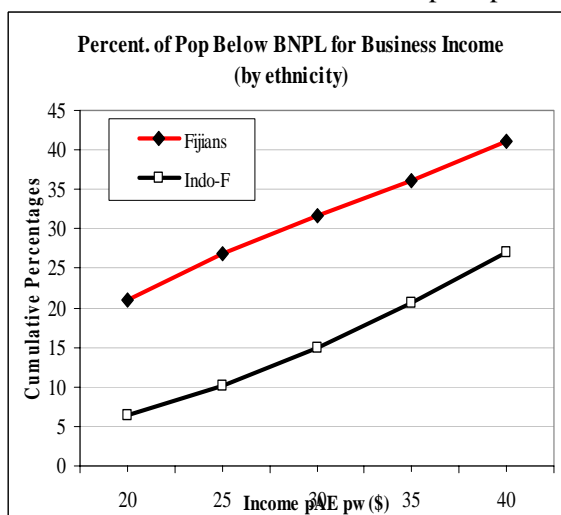


142. Two ethnic contrasts may be noted within the households depending on Commercial Business (Graph 11a) and Permanent Wages (Graph 11b).

143. Graph 11a indicates fairly clearly that the majority of Fijian households depending on Commercial Business are at the lower income levels, while Indo-Fijian commercial businesses are concentrated in the upper deciles.

144. More than 30% of the occupants of the Fijian households depending on Business Income, would be in poverty with an Income pAE of \$30. This can be contrasted with about 15% of Indo-Fijians in households depending on Commercial Business.

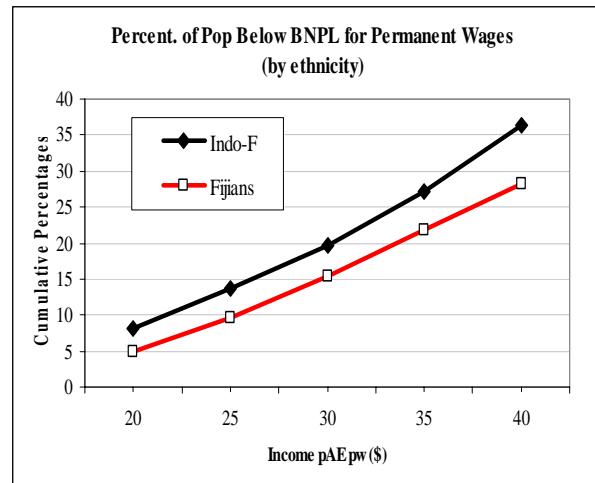
Graph 11a Perc. of Populations Depending on Commercial Business Below \$ pAE pw



145. The second graph reverses the ethnic relativity. For any given level of Income pAE pw, a higher proportion of Indo-Fijians in Permanent Employment will be in poverty, compared to Fijians- a difference of almost 5 percentage points.

146. Most Fijians in permanent employment are in the Civil Service or Statutory organizations which historically have provided much better working conditions, including pay, than those in the private sector. Most Indo-Fijians are employed in the private sector, where unionism is fairly weak, and working conditions poor.

Graph 11b Percent of Populations in Households Depending on Permanent Wages Below Inc. pAE pw



Home Consumption and Subsistence Income

147. One important factor in lessening the impact of poverty on low income households is their ability to supplement normal cash incomes with home consumption of goods (mostly foods) produced by the households themselves. It is useful to further examine the HIES results on this income source.

Table 44 Home Consumption as Perc. Of Total Household Incomes

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	40	13	34	29	9	3	2	6	23
Dec AE 2	36	6	33	25	7	2	1	4	18
Dec AE 3	33	6	20	24	6	2	4	4	16
Dec AE 4	29	5	21	21	4	1	6	3	13
Dec AE 5	26	7	17	18	4	2	3	3	11
Dec AE 6	21	2	11	14	4	1	1	2	8
Dec AE 7	17	5	23	13	4	1	2	3	8
Dec AE 8	15	4	1	11	2	1	2	2	6
Dec AE 9	10	2	4	8	1	1	0	1	4
Dec AE top	7	1	5	5	1	2	2	2	3
All	20	5	14	15	3	2	2	2	8
Bottom 3	36	8	29	25	7	2	3	4	18

148. Overall, Home Consumption comprises 8% of all households income, 3% of Indo-Fijians, 4% of Others and 12% of Fijians. While it might have been thought that the differences

arise because of the Fijian dominance of the rural sector, disaggregating by urban and rural shows that the differences persist in both rural and urban areas (Table 44).

149. Even in the rural areas, Indo-Fijian households only derived 5% of their total household income from Home Consumption, while Fijians derived 20%. At the Bottom 3 deciles, there was naturally higher percentages for both groups, but while for Fijian households there was 36% derived from this sources, it was only 8% for Indo-Fijian households.
150. No doubt access to adequate amounts of land would be a factor in explaining these differences. But urban areas indicate the same degree of differences, with Urban Fijians earning higher proportions of their income from Home Consumption than Indo-Fijians. The differences in real consumption are probably larger than that indicated by the above numbers because of the undervaluation of rural produce.²⁴
151. To some extent these ethnic differences may be due to the fact, as we have seen earlier, that Fijian households have more subsistence workers than Indo-Fijian households. But Table 45, which gives the dollar value of Home Consumption per subsistence worker still reveals significant differences. On average, Rural Fijian households produce almost three times as much per subsistence worker than do Indo-Fijian subsistence workers. The averages for the Urban areas are about the same, however.
152. Table 45 indicates another significant result in that for all ethnic groups, the subsistence workers in the upper deciles contribute more per person (in dollar terms) than do the persons in the lower deciles. This gradient applies to all the sub-groups, but is more pronounced for Rural Fijians and for Urban Indo-Fijians.
153. It may have been thought that households in poverty would have an incentive to produce more of its needs through its subsistence workers. According to the results, this does not

Table 45 Home Consumption per Subsistence Workers per year (\$ per year)

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	628	341	663	546	363	177	165	279	511
Dec AE 2	958	311	886	791	401	137	95	261	686
Dec AE 3	1066	370	682	914	453	181	573	344	806
Dec AE 4	1213	388	927	1030	461	242	325	354	894
Dec AE 5	1371	634	1155	1161	509	339	386	422	969
Dec AE 6	1344	254	1244	1093	484	336	190	419	879
Dec AE 7	1236	547	1740	1089	836	523	560	713	986
Dec AE 8	1560	577	77	1305	544	830	470	620	1123
Dec AE 9	1607	444	414	1254	330	1178	296	578	1020
Dec AE top	1855	728	2774	1660	911	2366	3925	1668	1664
All	1163	422	844	975	531	535	797	549	874
Bottom 3	871	339	731	732	408	162	325	295	657

²⁴ The HIES valued produce at the nearest market prices. In rural areas, the produce would therefore tend to be priced at farm-gate, which would on average be lower than the urban prices. Thus the same bundle of dalo consumed in the rural area may be given a lower monetary value than in the urban areas. This factor would therefore systematically lead to an under-estimation of rural Own Consumption.

seem to be the case, with the subsistence workers in the upper deciles producing more on average.

154. Of note is that in the Bottom 3 deciles in urban areas, Indo-Fijian households produce only \$162 per subsistence worker, compared to the \$408 produced by the Fijian subsistence worker. In rural areas as well, Fijians produce far more per subsistence worker than Indo-Fijians- both on average and at the Bottom 3 deciles.
155. There is the possibility that the kinds of income earning activities engaged in by Indo-Fijians, even in rural areas, requires significant travel time, and hence leaves even less time for subsistence activities.²⁵ However, there may also be an issue of reduced work ethic.²⁶

²⁵ Most Indo-Fijian families now have at least some cash wage earners, hence prefer to focus on cash incomes rather than subsistence farming.

²⁶ Anecdotal evidence suggests that there is a reduced inclination towards subsistence planting amongst rural Indo-Fijian families.

Casual Wages

156. Those earning Casual Wages and Salaries are an important category of social analysis because they are one of the more vulnerable groups of workers. Not only is their work generally lower-paid, but it is insecure, and lacks the usual benefits which accrue to Permanent Workers.²⁷

157. Table 46 indicates that while Indo-Fijians derived 15% of their income from Casual Wages as compared to 9% of Fijians, at the bottom 3 deciles, the proportion rises to 33% for Indo-Fijians, in contrast to 12% for Fijians.

Table 46 Casual Wages as % Of HH Income

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	11	30	14	19
Dec AE 2	11	35	35	22
Dec AE 3	13	32	26	21
Dec AE 4	13	29	22	20
Dec AE 5	13	20	24	17
Dec AE 6	13	20	12	16
Dec AE 7	9	14	13	11
Dec AE 8	7	15	6	10
Dec AE 9	6	7	1	6
Dec AE top	6	4	5	5
All	9	15	8	11
Bottom 3	12	33	25	21

158. Table 47 indicates that the patterns are similar in both rural and urban areas.

Table 47 Casual Wages as Percent of Total Household Income (by urban/rural)

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	6	26	2	14	24	39	37	32	19
Dec AE 2	8	35	27	18	21	35	44	30	22
Dec AE 3	11	28	35	17	17	38	20	28	21
Dec AE 4	9	26	19	15	22	32	24	28	20
Dec AE 5	11	17	21	14	17	22	26	20	17
Dec AE 6	13	15	10	14	12	24	12	18	16
Dec AE 7	10	13	0	10	8	14	14	12	11
Dec AE 8	7	14	9	9	7	15	5	11	10
Dec AE 9	6	3	0	5	7	9	2	7	6
Dec AE top	6	1	0	4	7	5	5	5	5
All	8	16	10	11	10	14	7	12	11
Bottom 3	9	30	21	17	20	37	30	29	21

159. The Bottom 3 deciles of urban Fijians also had a large proportion (20%) of income derived from Casual Wages and Salaries.

²⁷ Casual workers may not be entitled to holiday pay, sick leave, accident compensation, or even FNPF payments by the employer.

Permanent Wages and Salaries

160. Table 48 indicates that Permanent Wages are by and large under-represented in the lower deciles-with only 17% of the incomes of the Bottom 3 deciles coming from this source. As opposed to 53% of the income earned by the top 3 deciles.

161. Indo-Fijians in the Bottom 3 deciles earn a higher proportion of their income (20%) than Fijians (15%) and conversely, Indo-Fijians also earn a lower proportion of this income type in the Top 3 deciles (47%) compared to the 57% for Fijians.

Table 48 Perc. Of HH Income from Perm. Wages

Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	7	11	8	9
Dec AE 2	14	20	10	17
Dec AE 3	19	25	38	22
Dec AE 4	23	28	28	25
Dec AE 5	30	37	43	34
Dec AE 6	34	37	38	35
Dec AE 7	42	43	46	43
Dec AE 8	51	44	65	49
Dec AE 9	58	50	59	55
Dec AE top	59	46	63	54
All	43	40	56	43
Bottom 3	15	20	21	17

162. Table 49 gives the rural:urban break-down, indicating the urban predominance of Permanent Wages with rural areas seeing low proportions in the bottom 3 deciles.

Table 49 Permanent Wages as Percentage of Total Household Income

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	3	8	0	5	21	20	22	20	9
Dec AE 2	5	15	0	9	38	27	23	32	17
Dec AE 3	8	18	22	12	47	32	50	39	22
Dec AE 4	12	20	20	15	47	35	33	40	25
Dec AE 5	18	32	36	24	51	42	48	46	34
Dec AE 6	20	30	19	24	52	41	46	46	35
Dec AE 7	29	27	29	29	60	52	47	55	43
Dec AE 8	38	32	74	36	68	50	64	59	49
Dec AE 9	47	31	38	42	68	57	64	63	55
Dec AE top	54	21	79	44	63	53	62	58	54
All	30	25	37	28	60	48	59	54	43
Bottom 3	6	14	7	9	39	28	37	33	17
Top 3	47	27	59	41	65	53	63	59	53

Agricultural Business

163. Table 50 gives a rural:urban break-down of the significance of income from agricultural businesses. In aggregate comprising only 10% of all household income, even in the rural areas, this source now comprises only 20%.

164. Rural Fijian households derive some 18% of their income from this source, while rural

Table 50 Agricultural income as Percent of Total Household Income									
Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	24	22	35	23	8	3	0	5	18
Dec AE 2	27	18	22	23	6	3	0	4	17
Dec AE 3	24	22	8	23	3	2	2	3	16
Dec AE 4	27	26	22	27	3	2	3	2	17
Dec AE 5	25	28	13	26	1	2	0	2	15
Dec AE 6	22	30	13	25	3	3	4	3	14
Dec AE 7	20	28	16	22	2	2	3	2	11
Dec AE 8	15	25	0	18	1	2	1	1	9
Dec AE 9	10	28	41	16	0	1	2	1	6
Dec AE top	7	22	2	12	1	1	1	1	4
All	18	25	19	20	1	2	1	2	10

Indo-Fijian households derive 25%. At the bottom 3 deciles, the relativity is reversed with Indo-Fijian households deriving only 20% compared with 25% for Fijians.

Commercial Business

165. Table 51 gives a somewhat pessimistic picture of this source of income for most households.²⁸ It is worth noting that for both rural and urban households this income source, according to the HIES results, comprised 7% of total households income.

166. Significantly, the percentage for Rural Indo-Fijians in the top decile was a quite high 37%, somewhat higher than the 17% recorded for urban Indo-Fijian households in the top decile.

167. An interesting relativity is that in the bottom deciles, Fijian households derive a higher proportion of their income from this income source than Indo-Fijian or Other households. This is probably a manifestation of the large numbers of Fijians engaging in small business activities in urban areas.

²⁸ Under-reporting of this income type needs to be kept in mind.

Table 51		Commercial Business Income as Perc. Of Total Household Income							
Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	1	2	0	1	6	5	0	5	2
Dec AE 2	3	4	0	3	6	4	0	5	4
Dec AE 3	1	3	0	2	3	2	7	3	2
Dec AE 4	4	4	0	4	2	9	7	6	5
Dec AE 5	1	2	0	1	3	8	1	5	3
Dec AE 6	5	5	8	5	5	9	6	7	6
Dec AE 7	6	7	13	6	2	9	4	6	6
Dec AE 8	3	7	0	5	2	10	1	6	5
Dec AE 9	7	12	1	8	2	10	2	6	7
Dec AE top	9	37	0	18	5	17	11	12	14
All	5	10	1	7	3	12	7	8	7

E Minor Incomes

168. The households enumerated in the HIES received incomes from a wide variety of sources. Some of these income sources, such as foreign remittances, were not so important in 2002-03 but have become more important since then. Table 52 gives the total amounts received (in \$millions).

Table 52 Total Receipts of Minor Incomes (\$millions)										
Dec pAE	Rent Bldng	Rent Land	Royalt.	Pension	FNPF	Rem. Loc.	Rem. For.	Schol.	Welfare	Oth Inc
1	0.0	0.4	0.1	0.3	0.2	0.8	0.5	0.3	2.0	0.7
2	0.4	0.4	0.2	0.6	0.4	1.2	1.3	0.2	1.1	0.6
3	0.3	1.0	0.5	0.8	0.3	1.7	1.7	0.8	0.9	1.1
4	0.6	0.2	0.2	0.7	0.3	1.4	2.1	0.2	0.7	1.5
5	1.0	0.8	0.0	1.4	0.3	1.3	2.9	0.6	0.8	1.0
6	0.9	0.5	0.2	1.5	2.1	2.1	3.1	0.7	0.6	1.7
7	1.5	0.7	0.2	2.6	1.7	2.2	3.9	1.1	0.4	1.8
8	2.2	0.8	0.3	3.7	2.0	1.1	4.7	1.1	0.2	1.9
9	1.6	2.2	0.9	3.4	7.3	2.7	5.4	2.4	0.4	1.9
10	3.8	1.0	1.4	12.2	11.0	2.1	6.7	2.6	0.1	4.1
All	12.2	7.9	4.0	27.2	25.8	16.5	32.4	10.0	7.1	16.4
Bot. 3	0.7	1.7	0.7	1.7	0.9	3.6	3.5	1.2	4.0	2.4
Top 3	7.6	4.1	2.6	10.2	20.4	5.9	16.9	6.1	0.7	8.0

169. Some items of interest are that while welfare payments accrue largely to the Bottom 3 deciles (some \$4.0 millions out of \$7.1 millions), a larger amount of scholarship payments appear to be received by the top 3 deciles (\$6.1 millions out of \$10.0 millions) than the bottom 3 deciles (\$1.2 millions).²⁹ Indeed, most of the minor incomes appear to accrue to the top 3 deciles, rather than the bottom 3.
170. While the total amounts may not be so large in aggregate, compared to the total household incomes, for the individual receivers, the amounts are quite significant (Table 53).
171. Foreign remittances were received by some 9.6% of all households across all deciles, averaging almost \$2300 per receiver, and totaled \$32 millions in 2002-03. Estimates of current foreign remittances are in excess of \$350 millions, or more than each of the major export earners other than tourism. Given its increasing importance, this source is examined in further detail below.

²⁹ This may well be a reflection of the reality that fewer children from the lower deciles make it to levels where scholarships become available.

Table 53 Average Receipts per year (receivers only) (\$) and Numbers of Receivers										
Dec pAE	Rent Bldng	Rent Land	Royalt.	Pension	FNPF w/d	Remit. Local	Remit. Foreign	Schol. Govt	Welfare (All)	Oth Inc
1	365	497	269	1495	760	392	555	665	672	532
2	1456	787	1311	1954	1002	577	1099	873	576	579
3	1191	1153	1406	2191	541	827	1217	1693	579	803
4	2053	553	1927	1918	728	921	1309	1142	549	1301
5	1993	864	824	3336	1124	841	1752	3674	714	963
6	1782	678	700	3831	2359	1354	1813	1810	739	1290
7	2289	852	697	4979	1976	1888	2568	3109	694	1407
8	2667	1057	1544	5748	2713	1073	2422	2193	592	1357
9	1784	2789	5603	5598	5354	3067	3765	3918	1220	1520
10	2633	2703	15801	11698	9532	2739	4944	4818	690	3936
All	2155	1163	2261	5702	3838	1205	2297	2739	667	1400
No	227	211	52	185	246	454	502	137	320	356
% of HIES	4.3	4.0	1.0	3.5	4.7	8.7	9.6	2.6	6.1	6.8

Foreign Remittances

172. Given the increasing importance of this source of income for Fiji's balance of paymners and national income, some 2002-03 HIES results are presented here.

173. Table 54 indicates that households of all ethnic groups are receiving remittances from abroad, with a total of some \$32.3 millions being received in 2002-03, and \$3.5 millions of that being received by the bottom 3 deciles.

174. It is currently estimated that foreign remittances are in excess of \$300 millions. Simple scaling up would suggest that all deciles, and in particular the bottom deciles, would be receiving some ten times the amounts indicated in Table 54.³⁰

175. Both the amounts recorded in the 2002-03 HIES, and estimates of likely receipts currently, are well in excess of welfare payments from Government and other sources, and credit obtained from financial institutions and hire purchase companies.

Table 54 Foreign Remittances Received (\$000)

Dec pAE	Fijian	Indo-F	Other	All
Dec AE 1	158	326	50	535
Dec AE 2	468	708	86	1262
Dec AE 3	733	969	0	1702
Dec AE 4	971	1063	90	2124
Dec AE 5	2229	607	100	2935
Dec AE 6	2212	763	153	3128
Dec AE 7	2294	1431	161	3887
Dec AE 8	2513	1982	190	4685
Dec AE 9	2639	2014	736	5389
Dec AE top	3594	1678	1466	6738
All	17812	11542	3031	32385
Bottom 3	1359	2004	136	3499

³⁰ Given that the recent increases in remittance earnings are largely due to security guards working in the Middle East, the bulk of the increases would be accruing to Fijian households.

176. It is worth noting that from the 2002-03 HIES results, Indo-Fijian households were receiving amounts equivalent to 65% of the total Fijian remittances, and an average amount equal to some 80% of the Fijian average household receipt nationally.³¹

Table 55 Average Foreign Remittance (receivers only)

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	360	362	448	372	1220	1320		1287	555
Dec AE 2	917	556	807	705	1807	1617	2574	1734	1099
Dec AE 3	1231	833		1001	962	2094		1528	1217
Dec AE 4	471	923	279	692	3215	1601	1400	2388	1309
Dec AE 5	1162	367		817	5248	1072	2000	2720	1752
Dec AE 6	1136	2281	480	1323	4158	939	1425	2144	1813
Dec AE 7	3071	724	672	1543	4530	2473	2067	3230	2568
Dec AE 8	1668	1607		1640	4437	2603	1440	2998	2422
Dec AE 9	3471	634		2368	4295	3726	10500	4464	3765
Dec AE top	2113	1393		1969	7624	2730	11162	5576	4944
All	1470	927	492	1120	4455	2741	1755	2200	2207

177. The total amount of foreign remittances in 2002-03 was roughly 1.6% of the total households incomes. If there is a factor of ten applying to obtain the likely current amounts, then foreign remittances may be around 16% of total household income.
178. While national average receipts per household may not be particularly significant, Table 55 gives the average amount remittance for receivers only. These are significant at all decile levels and amount to almost \$2300 on average for receivers.
179. For those receiving, the amounts received are extremely high percentages of the decile average household incomes (Table 56). Thus the receivers in the Bottom 3 deciles of Urban Indo-Fijians received 38%, 31% and 34% of their decile average household incomes. Urban Fijian receivers received an average amount equivalent to 27% of the average household income.
180. What is clear is that for the receiving households, the foreign remittances are an extremely significant part of their household incomes, in both rural and urban areas.

³¹ The higher percentage for average amount is a consequence of the smaller number of Indo-Fijian households.

Table 56 Average Receipt (receivers only) as % of Average Household Income

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	9	10	9	10	25	38	0	32	14
Dec AE 2	15	11	17	13	28	31	36	30	20
Dec AE 3	17	13	0	14	12	34	0	22	18
Dec AE 4	6	11	4	9	34	23	19	30	16
Dec AE 5	12	4	0	8	46	12	19	27	18
Dec AE 6	10	20	3	12	33	9	15	19	16
Dec AE 7	23	6	6	12	30	21	15	24	20
Dec AE 8	11	12	0	11	24	18	7	18	15
Dec AE 9	18	3	0	12	19	20	47	22	19
Dec AE top	8	4	0	7	22	8	27	15	15
All	13	9	4	11	27	16	22	22	18

181. Table 57 gives the vertical decile percentage distribution of Total Weighted Foreign Remittances. It is clear that the Top 3 deciles received the bulk of the foreign remittances for all subgroups – rural and urban, Fijian and Indo-Fijian.

Table 57 Foreign Remittances (vertical % distribution of total amounts)

Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	1	6	42	3	1	2	0	1	2
Dec AE 2	5	9	21	6	1	5	2	3	4
Dec AE 3	8	13	0	10	2	6	0	3	5
Dec AE 4	3	21	11	9	7	4	3	5	7
Dec AE 5	13	5	0	10	12	5	3	8	9
Dec AE 6	9	11	9	10	15	5	5	10	10
Dec AE 7	14	9	17	12	12	14	5	12	12
Dec AE 8	16	19	0	17	13	16	7	13	14
Dec AE 9	21	4	0	15	11	23	25	17	17
Dec AE top	10	2	0	7	27	20	50	27	21
All	100	100	100	100	100	100	100	100	100
Bottom 3	14	28	62	19	4	13	2	7	11
Top 3	47	26	0	40	50	59	82	58	52

182. However, while the Bottom 3 deciles of Rural Fijians received only 14% of their sub-totals, the Bottom 3 deciles for Indo-Fijians received 28%. Similarly, the respective values for the Bottom 3 deciles for Urban Fijians and Urban Indo-Fijians were 4% and 13% respectively. This would suggest that Indo-Fijian remittances back to Fiji are focused slightly more on needy households, compared to that for Fijians.

183. Table 58 gives the average Foreign Remittance per household nationally. While these amounts seem small in the context of average national household incomes (less than 2% on average), if the overall flows have increased by a factor of ten, then a crude inflation of

these values by a similar factor would suggest that incomes in Fiji across all deciles are being supplemented by more than 10% of their normal internal incomes. These are virtually free sums of capital available for consumption or investment purposes, qualitatively different from loans and other sources of finance.

184. Table 59 indicates the extremely widespread nature and impact of the foreign remittances.³² Thus the province of Ba, which, with the decline of the sugar industry is currently a depressed area, received some \$9.6 millions, while Naitasiri, with very few industries and economic activities as such, received \$6.8 millions and Tailevu received \$4.6 millions.

Table 58 Aver. Foreign Remittance per household

Dec pAE	Fijian	Indo-F	Other	All
Dec AE 1	20	44	102	34
Dec AE 2	61	93	223	80
Dec AE 3	87	140	0	109
Dec AE 4	124	145	173	136
Dec AE 5	303	79	178	188
Dec AE 6	281	105	291	200
Dec AE 7	276	218	204	248
Dec AE 8	317	279	299	299
Dec AE 9	336	298	702	344
Dec AE top	478	252	958	429
All	227	162	442	207
Bottom 3	57	91	100	71

185. What should be noted is that it is not just the urban areas but also the rural households receiving these large sums of untied cash: Rural Ba with \$3 millions, Rural Tailevu with \$3.5 millions, Cakaudrove with \$752 thousands, and even rural Nadroga/Navosa with more than \$800 thousands.
186. Again, it should be noted that these are 2002 figures. Scaling these by a factor of ten or more, would result in some significantly large sums of money being distributed throughout the rural areas.
187. Two recent commercial developments are no doubt stemming from this very large inflow of money and profit opportunities for the financial institutions. First is the escalation in the numbers of money transfer companies and their activities throughout Fiji, with a concurrent and proportionate increase in the volume of media advertisements chasing these foreign remittances.
188. Second is an initiative by one of the commercial banks in partnership with an international aid organization to take banking services to the rural areas, largely focusing on giving deposit facilities to the rural communities.
189. These tables highlight the importance of foreign remittances in supplying much needed cash throughout Fiji- whether for consumption or investment purposes. The fact that this cash is not borrowed but a straight net injection of funds, potentially makes this an extremely powerful instrument of development.

³² The Household Survey Unit (FIBoS) is of the view that the sampling procedures for the 2002-03 HIES resulted in household weights which do not give accurate provincial estimates, for instance of the population. These provincial estimates for receipts of foreign remittances are therefore to be taken as indicative only.

Table 59 Provincial Distribution of Foreign Remittances (receivers, average, and total amounts)

Province	Count of receivers			Average receipt receivers (\$)			Total wtd amounts (\$000)		
	Rural	Urban	All	Rural	Urban	All	Rural	Urban	All
Ba	83	79	162	914	3080	1970	3037	6529	9566
Bua	2		2	288		288	27		27
Cakaudrove	32	1	33	625	3600	715	752	92	843
Kadavu	6		6	539		539	131		131
Lau	3		3	1377		1377	146		146
Lomaiviti	1	2	3	12	18000	12004	1	857	858
Macuata	19	15	34	989	1498	1213	640	499	1139
Nadr/Nav	21	6	27	1052	4550	1829	841	336	1177
Naitasiri	7	74	81	1112	3669	3448	435	6371	6806
Namosi									
Ra	15	2	17	595	2086	770	328	78	405
Rewa	5	73	78	730	3219	3059	119	6026	6145
Rotuma	2		2	740		740	45		45
Serua	6		6	2141		2141	522		522
Tailevu	31	17	48	2775	2608	2716	3459	1116	4575
All	233	269	502	1139	3300	2297	10481	21904	32385

F Expenditure Issues

Total Expenditure

190. Table 60 gives the distribution of total household expenditure in Fiji by rural:urban and ethnic categories. In aggregate, urban expenditure exceeds rural expenditure by 31%, 112% for Indo-Fijians. Rural Fijian expenditure exceeds Urban Fijian expenditure by 22%, largely because of the much higher population.

Table 60 Total Expenditure (\$m and %)					
	Fijian	Indo-F	Others	All	%(Fij-Ind)
Rural	487	231	16	735	111
Urban	380	491	93	964	-23
All	867	722	109	1698	20
%(Urb-Rur)	-22	112	481	31	-120

191. In aggregate, Fijian household expenditure is indicated to exceed Indo-Fijian expenditure by 20%.

Table 61 Expenditure per Adult Equivalent (\$ and %)					
	Fijian	Indo-F	Others	All	%(Fij-Ind)
Rural	2227	1879	2015	2100	19
Urban	3031	3269	4550	3256	-7
All	2520	2643	3840	2630	-5
%(Urb-Rur)	36	74	126	55	-51

192. On a per Adult Equivalent basis, however, Table 61 indicates that Urban Expenditure pAE exceeds Rural Expenditure pAE by 55%; 74% for Indo-Fijians and 36% for Fijians.

193. In the rural areas, Fijian Expenditure pAE exceeds that of Indo-Fijians by 19%, while the difference is reversed in urban areas, with a margin of 7% for Urban Indo-Fijian households.

194. Table 62 gives the decile and cumulative shares of Total Expenditure by Income pAE deciles. The ratio of the shares of the Top 3 deciles to the Bottom 3 deciles is only 2.9 (in contrast to 4.2 for Total Income) and the Gini Coefficient³³ for Total Expenditure is 0.26 (lower than the corresponding Gini of 0.33 for Total Income). As is usually the case, expenditure is more equally distributed than income.

Savings and Dis-savings³⁴

Table 62 Decile and Cumulative Shares (\$m and %)			
	Decile Share (\$m)	Decile shares (%)	Cum. Share (%)
Dec AE 1	80	4.70	4.70
Dec AE 2	97	5.72	10.42
Dec AE 3	109	6.39	16.81
Dec AE 4	118	6.95	23.77
Dec AE 5	136	7.99	31.75
Dec AE 6	153	9.03	40.78
Dec AE 7	175	10.31	51.09
Dec AE 8	210	12.39	63.48
Dec AE 9	260	15.32	78.80
Dec AE top	360	21.20	100.00
All	1698	100.00	
Ratio Top 3: Bot 3	2.9		
LB Gini	0.26		

³³ This is the "Lower Bound Gin" linear approximation to the full Gini (= ((550-sum(Cum.perc.))/500).

³⁴ These are fairly rough estimates of savings and dis-savings since the sampling of incomes and expenditures did not cover the whole year.

195. In recent years, there has been public concern expressed about the apparent tendency of Fiji's communities, and especially indigenous Fijians, towards excessive consumption.

196. Table 63 indicates that in aggregate, Fijian households are saving some 18% of their incomes – with little differences in aggregate between the major ethnic groups.

197. However, there are significant dis-savings occurring in the bottom 2 deciles, -25% in the lowest decile.

Dec pAE	Fijian	Indo-F	Others	Fiji
1	-21	-29	-14	-25
2	-10	-9	-5	-9
3	4	-6	26	0
4	8	7	-18	6
5	16	10	16	13
6	16	12	12	14
7	20	13	10	17
8	18	19	8	18
9	26	17	8	21
10	36	55	40	44
All	17	18	21	18

198. It is worth noting that Indo-Fijians in general have a lower savings rate at all decile levels except for the top decile.

199. Table 64 indicates that in aggregate rural households have higher saving rates (20%) than urban groups (16%). To some extent this is due to the higher aggregate saving rate of

Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
1	-23	-29	-14	-25	-15	-30	-13	-23
2	-10	-6	-12	-9	-8	-14	6	-11
3	4	-3	35	2	4	-10	19	-3
4	6	14	4	8	13	1	-29	3
5	14	21	63	18	19	2	-4	8
6	16	38	35	23	17	-1	5	7
7	31	28	29	30	7	7	9	7
8	21	57	4	30	15	5	9	10
9	33	53	26	38	21	8	5	13
10	39	123	40	58	34	44	40	40
All	17	28	22	20	18	13	20	16

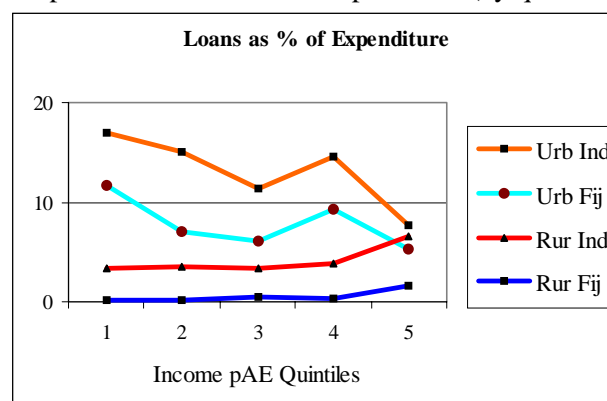
rural Indo-Fijians (28%) (and extremely high savings ratios at the top 3 deciles) compared to the 13% of Urban Indo-Fijian households.

200. Urban Indo-Fijians appear to have high dis-savings in the bottom three deciles– -30% for the bottom decile. Urban Indo-Fijian savings rates are significantly lower than that of Urban Fijians throughout the middle deciles and it is only at the top decile, that the relativity is reversed.

201. Graph 12 and Table 65 which gives Loans as a Percentage of Total Expenditure makes the ethnic and rural:urban differences a lot clearer.

202. For Urban households, Loans comprised 10% of total expenditure in aggregate, but 15% for the lowest quintile. This was in contrast to just 2% for Rural Households. It is evident that rural households (especially rural Fijian households) had quite low levels of loans in relation to their total expenditure.

Graph 12 Loans as % of Expenditure (by quintiles)



203. Both the graph and the table make clear also a trend of urban households in the lower quintiles (both Indo-Fijian and Fijian) incurring a much higher proportion of loans than the

Table 65 Loans as Percentage of Total Expenditure

Q pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
Q pAE 1	0	3	0	1	12	17	16	15
Q pAE 2	0	4	1	1	7	15	10	12
Q pAE 3	1	3	0	2	6	11	18	10
Q pAE 4	0	4	0	1	9	15	7	12
Q pAE 5	2	6	1	3	5	8	12	7
All	1	4	0	2	7	11	12	10

top quintiles, and Indo-Fijians far more than Fijians. These trends may be partly explained by the intense promotional drives by the hire purchase companies, the higher discretionary incomes of Indo-Fijians and credit policies by the financing institutions.

Major Expenditure Groups

204. Table 66 indicates that in aggregate, all the ethnic groups consume some 85% of their income, and save roughly 15%. However, there are significant differences in the proportions spent on major items of expenditure.

205. While the average proportion spent on food for all-Fiji was 28%, Fijians expend some 31% of their income on food³⁵ compared to a much lower 25% by Indo-Fijians.

206. Fijians also give away some 6% of their total income in gifts (compared to only 2% for Indo-Fijians and Others).

Table 66 Expenditure Items as % of Income				
	Fijians	Ind.	Others	Fiji
Food	31	25	21	28
Housing re	21	29	29	25
Transport	9	13	11	11
Education	2.2	3.1	2.8	2.6
Medical	3.1	3.5	3.0	3.2
Clothing	0.7	0.8	0.6	0.7
Recreation	1.1	1.7	2.0	1.4
Tobacco	0.6	0.6	0.5	0.6
Alcohol	0.3	0.7	0.6	0.5
Gifts	6	2	2	4
General	10	6	10	8
All Exp.	85	85	83	85
Saving	15	15	17	15

207. Indo-Fijians on the other hand spend far more on housing and housing related expenses³⁶ (29%) compared to 21% for Fijians; 13% on transport (9% for Fijians); 3.1% for education expenses (compared to 2.2% by Fijians).

208. The HIES results indicate fairly small proportions spent on Alcohol and tobacco by all ethnic groups (roughly totaling 1% of income).³⁷

209. Disaggregated by rural and urban reveal some marked differences. While the ethnic aggregate saving rates are roughly the same, this is a result of very different rural and urban saving rates. Rural Indo-Fijians save considerably more (22%) than Urban Indo-Fijians (11%) while rural and urban Fijians save roughly the same.

210. Urban Fijians and Urban Indo-Fijians spend roughly the same proportion of their income on food (23%) while their rural counterparts spend considerably more- rural Fijians some 36% and rural Indo-Fijians some 29%.

211. As would be expected, the proportions spent on urban housing and housing related costs, education, medical and transport are slightly more in urban areas.

³⁵ This includes expenditure in restaurants and pocket money for children (which is assumed to be spent mostly on snacks).

³⁶ This also includes the Bureau's estimation for Imputed Rent for owner occupied housing.

³⁷ These percentages are likely to be under-stated, however.

Table 67 Percent of income spent on major expenditure items								
	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
Food	36	29	29	34	23	23	20	23
Housing rel	15	23	18	18	29	32	31	31
Transport	8	13	8	9	11	14	11	12
Education	2.0	2.5	1.9	2.1	2.4	3.4	3.0	2.9
Medical	2.8	3.0	3.9	2.9	3.4	3.7	2.9	3.5
Clothing	0.8	0.9	0.7	0.8	0.6	0.8	0.5	0.7
Recreation	0.9	1.1	0.7	0.9	1.3	2.0	2.3	1.8
Tobacco	0.7	0.7	0.5	0.7	0.5	0.6	0.4	0.5
Alcohol	0.2	0.6	0.5	0.3	0.3	0.7	0.6	0.6
Gifts	9	1	6	7	3	2	2	2
General	10	4	12	8	11	7	10	9
All Exp.	86	78	82	83	85	89	83	86
Saving	14	22	18	17	15	11	17	14
Δ11	100	100	100	100	100	100	100	100

212. While the above proportions are in aggregate for the different ethnic groups, similar differences are visible when the focus is on the lower deciles, from which the non-food component of the Basic Needs Poverty Line is usually extracted. The above would suggest that in the formulation of the Basic Needs Poverty Lines, there may need to be different ethnic values for the “Non-Food Basic Needs” component.
213. It may be noted that rural Fijians give away a very large 9% of their total income annually. This cannot but have a major impact on their ability to spend on education, medical expenses, and savings. In fact, the difference in saving ratio between Rural Fijians and Rural Indo-Fijians is roughly the same difference (8 percentage points) as in the proportion of their income given away.

Food Expenditure

214. The expenditure on food is probably the most critical for households in poverty. It is also an item of expenditure which is causing concern to stakeholders because of a clear tendency for Fiji consumers to be consuming more of imported foods rather than domestically, and generally more nutritious foods. Some of the key aspects of food consumption are outlined here.
215. Table 68 indicates that Fijians generally consume more food per Adult Equivalent than Indo-Fijians.

Table 68 Food Exp pAE per week (\$)				
Deciles	pAE			All
	Fijian	Indo-F	Others	Fiji
1	9.05	8.60	7.25	8.79
2	12.40	9.58	10.99	11.11
3	14.62	11.54	8.43	13.22
4	15.68	11.66	16.12	13.94
5	16.89	13.51	14.44	15.22
6	18.04	15.00	14.58	16.58
7	18.98	17.24	19.99	18.37
8	21.78	18.45	19.23	20.28
9	22.34	23.47	22.09	22.77
10	33.61	29.55	35.67	32.11
All	17.41	14.95	18.72	16.43

Rural:urban differences are quite significant, however, especially for Fijians.

Table 69 Food Expenditure pAE per week (including Restaurant and Pocket Money)

Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
1	9.42	9.24	8.33	9.32	7.70	7.16	5.31	7.31
2	13.35	10.20	13.56	12.14	9.72	8.75	7.43	9.11
3	16.06	11.99	7.99	14.58	10.83	11.04	8.73	10.84
4	17.25	12.53	17.84	15.62	11.98	10.88	14.86	11.48
5	19.09	13.53	13.18	16.67	12.93	13.50	15.39	13.37
6	20.01	14.05	10.80	17.69	15.35	15.62	16.19	15.53
7	20.46	17.24	18.94	19.54	16.91	17.24	20.07	17.36
8	24.75	17.29	16.40	22.22	18.12	19.09	19.54	18.70
9	24.80	24.98	20.86	24.71	20.13	22.92	22.37	21.64
10	37.29	22.71	37.66	33.24	30.79	31.27	35.53	31.61
All	18.16	13.35	13.78	16.37	16.12	16.27	20.65	16.51

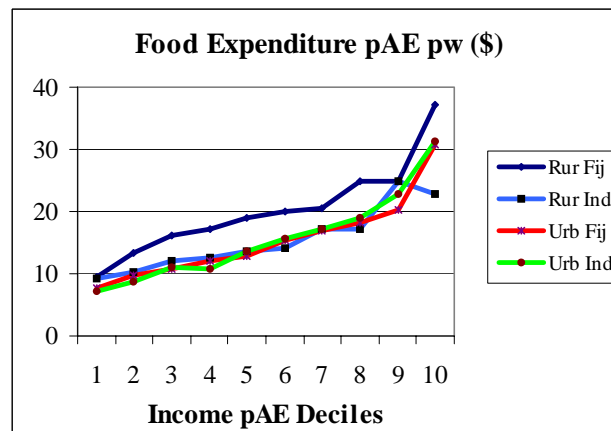
216. Table 69 gives the rural:urban breakdown. It is evident from the table and from Graph 13 that Urban Indo-Fijians, Urban Fijians, and Rural Indo-Fijians expend similar dollar

amounts per Adult Equivalent at all decile levels. The only exception seems to be Rural Fijians, who spend significantly more at all decile levels, and would seem to be consuming far more food in terms of quantity.

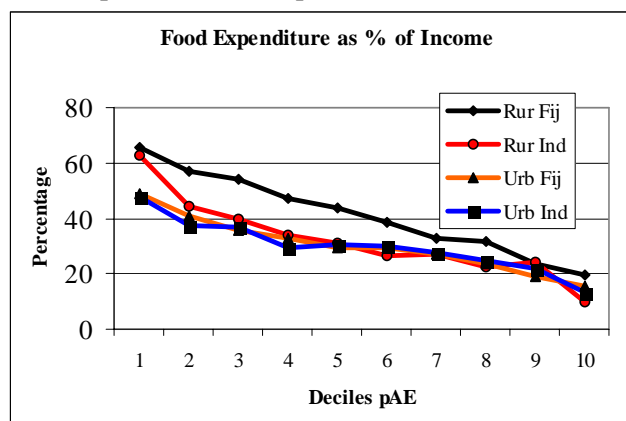
217. The total dollar amounts consumed per Adult Equivalent are somewhat on the low side, especially in relation to what nutritionists calculate to be the cost of the minimum nutritionally adequate diet. This is an important issue in the analysis of poverty.

218. It is also important to examine expenditure on food in relation to household income, as for the lower deciles especially, household expenditure is higher than household income. Table 70 indicates that in rural areas especially, the lowest

Graph 13 Food Expenditure pAE pw



Graph 14 Food Expenditure as % of Income



deciles of the two major ethnic groups consume more than 60% of their income in food.

219. The graph also shows clearly that by this criterion as well, Rural Fijians devote a larger proportion of their resources to food, at all decile levels, whereas Urban Fijians, Urban Indo-Fijians and Rural Fijians demonstrate similar proportions at each decile level.

Table 70 Food Expenditure (including restaurant and pocket money) as Perc. Of Income								
Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
Dec AE 1	65	63	53	64	49	48	35	48
Dec AE 2	57	44	58	52	41	37	31	39
Dec AE 3	54	40	25	49	36	37	29	36
Dec AE 4	47	34	51	43	33	30	41	31
Dec AE 5	44	31	30	38	29	31	35	30
Dec AE 6	38	27	20	34	29	30	31	30
Dec AE 7	33	27	31	31	27	28	32	28
Dec AE 8	32	22	21	29	23	25	25	24
Dec AE 9	23	24	21	23	19	22	21	20
Dec AE top	20	10	16	16	16	13	13	14
All	36	29	29	34	23	23	20	23

220. With the continuing increase in Fiji's consumption of imported food being a major concern amongst the authorities, it is useful to present data that gives a broad outline of patterns of consumption of major food types- root crops, cereal products, meats, vegetables and fruits.

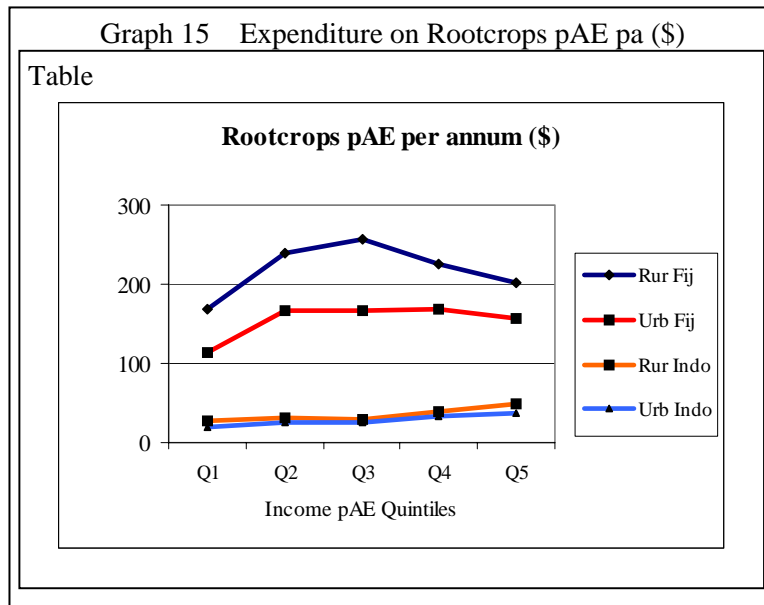
Major Food Types

Rootcrops

221. Table 71 and Graphs 15 and 16 give a perspective on the consumption of the major root-crops – cassava, taro, kumala, bread-fruit and potatoes. In aggregate, consumption per Adult Equivalent rises to the second quintile, then declines thereafter.

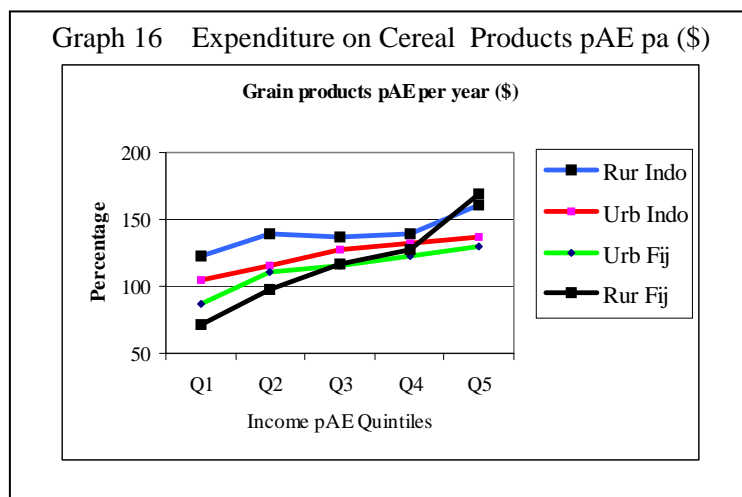
Table 71 Rootcrops pAE pa (\$) (by Income pAE quintiles)									
	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb all	All Fiji
Q1	170	27	192	114	74	20	33	44	93
Q2	238	31	173	167	84	25	68	51	123
Q3	257	29	133	166	91	26	73	55	113
Q4	226	39	198	169	88	34	83	62	111
Q5	202	49	141	157	100	38	64	67	98

222. Rural Fijians stand way above the other three sub-groups in terms of consumption of root-crops. Its consumption keeps rising till the third quintile and falls thereafter. It would seem that, for Rural Fijians, rising incomes initially leads to a greater consumption of root-crops, but then a decline sets in at the higher income levels.



223. For Indo-Fijians (both rural and urban), the consumption of root-crops is way below that of both rural and urban Fijians, and remains fairly flat as income rises. There would seem to be some scope for encouraging the greater consumption of root-crops by Indo-Fijians.

224. Table 72 below gives the consumption of major cereal products (flour, sharps, bread, rice, noodles, cabin crackers).

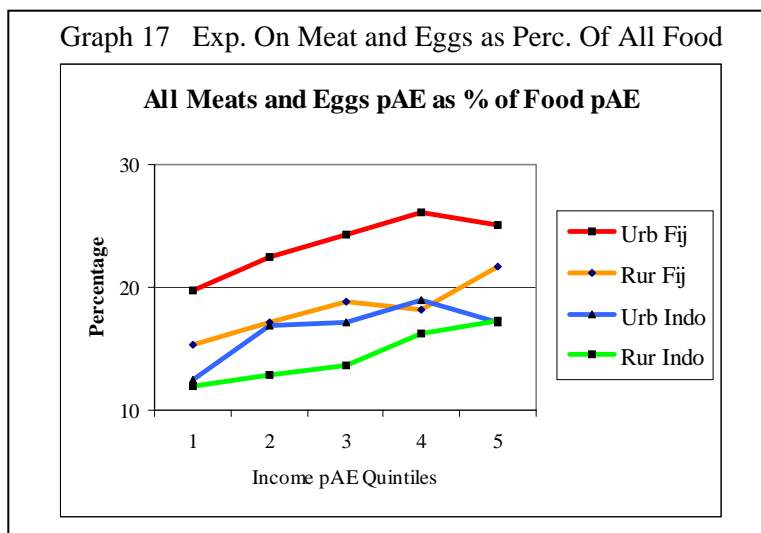


225. Graph 17 makes clear that while Rural Indo-Fijian (and to a lesser extent that of Urban Indo-Fijians) consumption of cereal products is fairly static as the quintiles increase, that for all other groups show significant increases. Rural Fijians in particular indicate a very sharp increase in the consumption of cereal products from the first quintile, but particularly from the fourth to the fifth quintile. This would be in keeping with the somewhat sharp decline in the consumption of root-crops by Rural Fijians, from the third quintile onwards.

Table 72 Expenditure pAE on Cereal Products (\$)

	Rur Fij	Rur Ind	Rur Oth	Rur All	Ur Fij	Urb Indo	Urb Other	Urb all	All Fiji
Q1	72	123	76	92	87	104	98	96	93
Q2	98	140	77	112	111	116	95	113	112
Q3	116	136	62	122	116	128	114	122	121
Q4	127	139	110	132	122	132	135	130	130
Q5	169	161	156	168	130	137	116	134	144
All	106	139	119	118	114	132	135	124	122

226. Given that root-crops are domestically produced and that the cereal products or the raw materials for the processed cereals (such as bread and biscuits) are imported, the above trends imply serious policy implications for domestic employment and balance of payments.



Meat Products and Eggs

227. Table 73 gives the Expenditure on all meats and eggs pAE per annum. Both Rural and Urban Fijians have a much higher expenditure of this relatively more expensive food source than Indo-Fijians.
228. Graph 17 indicates that for all the sub-groups, Urban Fijians allocate a much a higher proportion of their total food expenditure on meat and eggs than all the other groups, and in increasing proportions as one goes up the quintiles.
229. Rural Indo-Fijians have the lowest proportion of their food expenditure on meat and eggs, at all quintile levels.

	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Ur Ind	Urb Oth	Urb all	All Fiji
Q1	88	59	60	76	88	51	53	67	73
Q2	145	80	149	123	128	94	146	110	118
Q3	186	96	125	150	173	125	224	150	150
Q4	207	139	310	187	224	170	220	198	193
Q5	321	210	333	290	293	221	341	264	273

230. Table 74 indicates the relatively low expenditure on vegetables, by Urban Fijians- \$60 pAE per annum compared to the average of \$80 for rural Fijians and \$100 for urban Indo-Fijians.

Table 74 Expenditure on Vegetables pAE pa									
	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Ur all	All Fiji
Q1	59	82	51	68	39	61	25	50	63
Q2	78	100	55	85	54	79	49	67	78
Q3	95	97	75	95	57	94	69	78	87
Q4	93	122	89	102	64	108	80	86	93
Q5	97	129	66	105	76	146	104	112	110
All	80	99	62	86	60	100	79	82	84

231. The lowest quintiles in particular show extremely low consumptions of vegetables- a mere \$39 pAE per annum for urban Fijians.

Major Non-Food Items of Expenditure

Housing and Housing Related Costs

232. With housing costs one of the basic necessities of all households, and a significant part of the expenditure, Table 75 gives the rural:urban disaggregations of the aggregate of the housing related costs.

Q pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All	All Fiji
Q pAE 1	196	338	212	252	384	475	411	434	307
Q pAE 2	275	536	394	365	502	713	753	628	466
Q pAE 3	366	552	566	442	678	876	744	787	606
Q pAE 4	509	720	625	574	1164	1297	1035	1216	923
Q pAE 5	974	1151	882	1021	2012	2322	3178	2285	1857
All	389	548	446	446	1023	1180	1690	1149	768

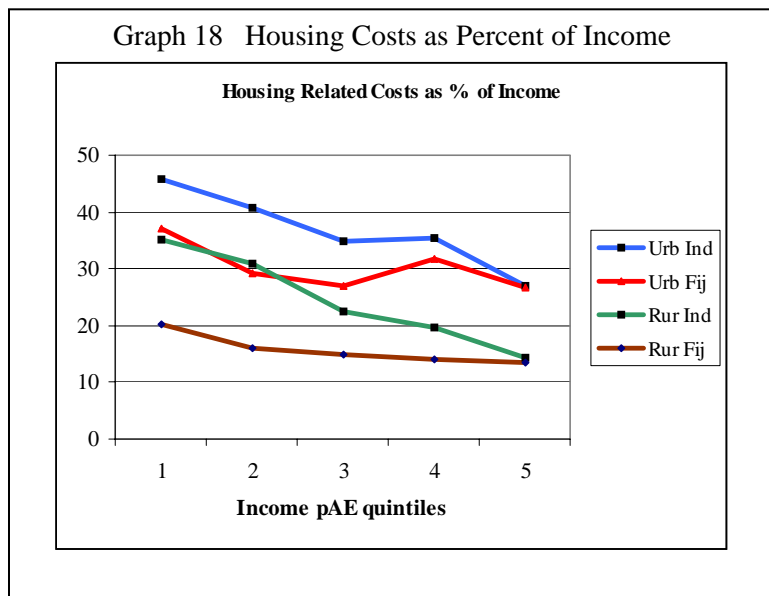
233. Graph 17 indicates clearly the differentials in housing cost burdens felt by urban and rural households, and by ethnicity.

234. Urban Indo-Fijian households spend the largest proportion of their incomes on housing related costs, being above 40% for the lowest quintile.

235. At the upper quintile level, Urban Fijians and Urban Indo-Fijians

begin to spend a similar proportion of their income on housing related costs.

236. Rural Fijians expend the lowest proportions of their incomes at all quintile levels, a reflection of the generally poorer quality of houses they occupy, especially at the lower quintile levels.



Transport Costs

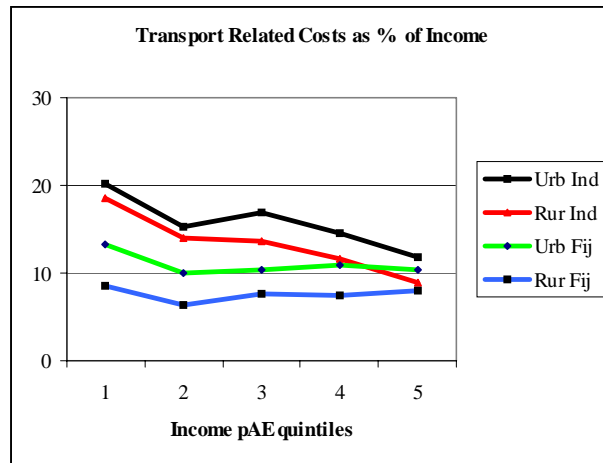
237. Table 76 gives the transport costs pAE per year. Urban households have the highest average, with Others being the highest urban sub-group.

Q pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All	All Fij
Q pAE 1	82	178	55	119	138	210	126	176	136
Q pAE 2	110	242	93	154	172	267	214	225	181
Q pAE 3	189	336	173	245	263	422	384	354	297
Q pAE 4	269	429	711	321	398	533	519	473	404
Q pAE 5	582	715	628	621	782	1028	1029	925	822
All	197	304	209	235	379	512	616	463	340

238. However, it may be noted that as a percentage of income, Urban Indo-Fijians are followed closely by Rural Indo-Fijians than by Urban Fijians.

239. This relative ranking is no doubt associated with ownership of vehicles – both private and commercial such as pick-up trucks. Indo-Fijians, both urban and rural, have a much higher rate of ownership of vehicles than Fijians, both rural and urban.

Graph 19 Transport Costs as Percent of Income



Education

240. One of the items of expenditure considered essential by all Fiji communities is education, which can be a key element in helping to take poor families out of their poverty.

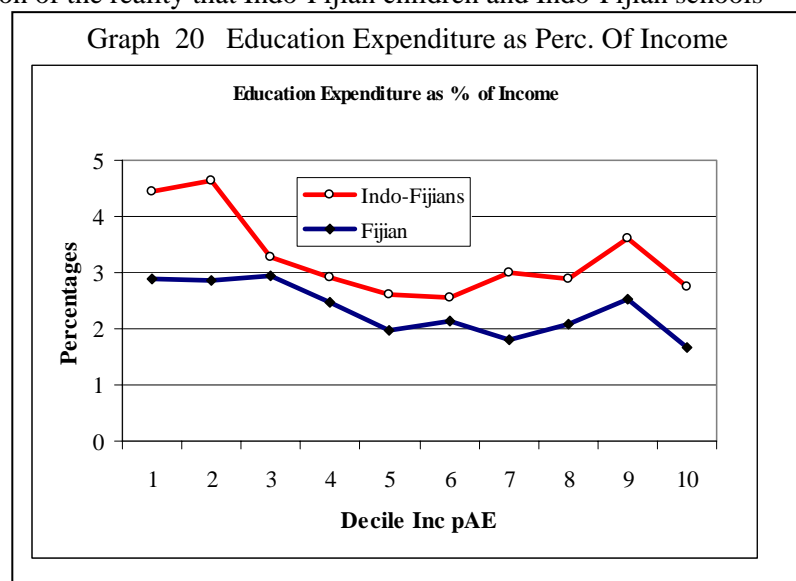
241. Table 77 indicates that families in the lower deciles spend far less on education per child than do households at the top deciles. On average for Fiji, the lowest decile spent only \$66, compared to \$839 at the top decile. The values in aggregate for all Fiji, rise through the deciles.

Dec pAE	Fijian	Indo-F	Other	All
Dec AE 1	47	96	88	66
Dec AE 2	72	156	109	105
Dec AE 3	101	134	152	115
Dec AE 4	102	172	95	127
Dec AE 5	96	210	297	144
Dec AE 6	133	234	247	173
Dec AE 7	143	370	451	224
Dec AE 8	192	453	345	276
Dec AE 9	334	866	598	497
Dec AE 10	485	1521	760	839

242. It is important to note that there are major ethnic differences, with Indo-Fijian families spending some 116% more on average per child than Fijian families. To some extent the differences may be due to the deliberate choice of the upper decile and better off Indo-Fijian families to spend more on educating their children than do Fijian families- a question of priorities.

243. But the difference for the Bottom three deciles is still a large 76%. While part of the explanation may be the lack of cash resources amongst lower income Fijian families, it may also be an indication of the reality that Indo-Fijian children and Indo-Fijian schools are not given equivalent financial support by the current Government, which forces Indo-Fijian families to spend more.

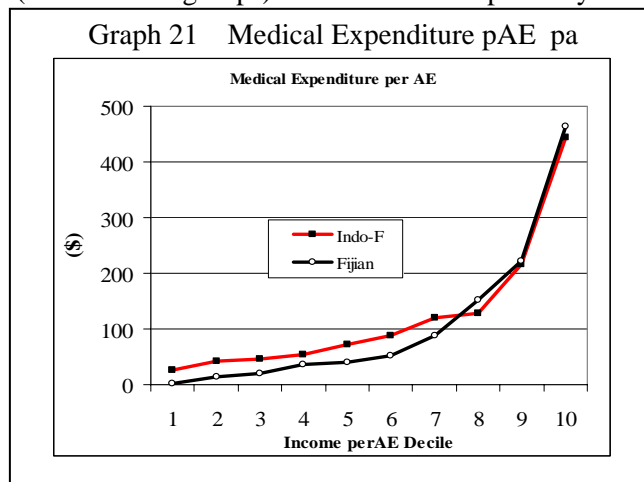
244. Whatever the merits of this policy, an unfortunate result is that the poorest Indo-Fijian families are having to spend significantly larger proportions of their income in the education of their children, thereby reducing their ability to satisfy other basic needs such as Food. As Graph 18 indicates, the gap is larger for the lowest income deciles, thereby contributing to their poverty.



245. Graph 18 also suggests the poorer families place a relatively higher emphasis on education – spending a higher proportion of their already meager income resources.

246. Another possible implication of the above table is that given the expenditure per child is extremely low for the lowest deciles (for all ethnic groups) their children are probably less represented in secondary schools where the unit costs are much higher. This would also be an indication that the children of the lowest deciles have a greater tendency to drop out of education earlier, thereby encouraging them to remain in the cycle of poverty.

Medical Expenditure



247. Table 78 and Graph 19 indicates that medical expenditure, for both ethnic groups, rises gently for the first five deciles, with sharp increases taking place well after the sixth decile. Given this item of expenditure would normally be a high priority area for most families (i.e they would spend the money if it was available), then the generally flat trend for the bottom half of the households would indicate that even up to the sixth decile, households do not have the necessary discretionary funds.

248. Indo-Fijian medical expenditure pAE is somewhat higher than for Fijians, right up to decile 7, after which Fijian households spent slightly more on average than Indo-Fijian households.

Giving and Receiving

249. In all societies, the practice of households giving and receiving tends to even out income distribution. The underlying assumption is that the well-off households give and the less well-off households tend to receive. Table 79 suggests that the practice of giving and receiving is not particularly a leveling exercise. Rather, it may be the opposite, certainly for Fijian households.

Dec pAE	Fijian	Indo-F	Other	All
Dec AE 1	2.25	25.65	12.80	12.58
Dec AE 2	14.91	42.95	8.15	27.27
Dec AE 3	19.04	45.43	32.39	29.87
Dec AE 4	36.78	53.48	30.57	43.87
Dec AE 5	40.24	72.93	60.29	56.29
Dec AE 6	52.27	88.87	54.31	68.61
Dec AE 7	87.60	120.77	120.43	101.95
Dec AE 8	151.14	128.32	113.36	139.86
Dec AE 9	222.82	215.31	198.92	218.09
Dec AE top	464.22	444.10	450.09	454.49
All	90.52	107.79	140.33	100.01
Bottom 3	11.86	37.51	17.56	22.88

250. Fijian households on average give 6% of their incomes and receive 1%, while Indo-Fijian households give 2% of their income and receive 1%.

251. But the remarkable result is that the Fijian households in the lowest decile give a significant 14% of their income, while receiving only 1%. Indo-Fijian households have a generally balanced account in giving and receiving, with the higher deciles giving a slightly higher proportion of income than receiving. Indeed, Fijian households in the

Bottom 3

deciles

give away

some 10%

of their

incomes

annually.

252. Table 80
below of
Net Gifts
Received
(Gifts
Received –
Gifts
Given)
disaggregat
ed by rural
and urban

Table 79 Gifts Given and Received (as % of Income)								
Dec pAE	Gifts Given (%)				Gifts Received (%)			
	Fijian	Indo	Others	All	Fijian	Indo	Others	All
Dec AE 1	14	1	16	8	1	0	0	0
Dec AE 2	11	1	9	7	1	1	1	1
Dec AE 3	7	1	4	4	1	0	0	1
Dec AE 4	8	1	2	5	1	0	0	0
Dec AE 5	9	1	0	5	1	0	0	1
Dec AE 6	6	2	1	4	1	0	0	1
Dec AE 7	5	1	1	3	0	0	5	1
Dec AE 8	7	1	2	4	1	1	0	1
Dec AE 9	6	3	5	5	1	1	0	1
Dec AE top	4	2	1	3	1	1	0	1
All	6	2	2	4	1	1	1	1
Bottom 3	10	1	9	6	1	0	0	1

areas reveals that it is largely rural Fijian households which give away the largest proportion of their income on net (9%) compared to 2% for Urban Fijians.

Table 80 Net Gifts Received as Perc. Of Income									
Dec pAE	Rural Fijian	Rural Indo-F	Rural Other	Rural All	Urban Fijian	Urban Indo-F	Urban Other	Urban All	Total All
Dec AE 1	-16	-1	-25	-10	-3	0	0	-2	-8
Dec AE 2	-13	0	-15	-8	-2	0	3	-1	-6
Dec AE 3	-7	-1	-7	-5	-2	-1	-1	-1	-4
Dec AE 4	-10	-1	-3	-7	-1	-1	-2	-1	-4
Dec AE 5	-12	-1	0	-7	-2	0	0	-1	-4
Dec AE 6	-8	0	-2	-5	-1	-2	0	-2	-3
Dec AE 7	-7	-2	-5	-5	-2	-1	5	-1	-3
Dec AE 8	-7	0	0	-5	-3	0	-2	-2	-3
Dec AE 9	-8	0	-6	-6	-3	-4	-5	-3	-4
Dec AE top	-6	-2	-2	-5	-1	-1	0	-1	-2
All	-9	-1	-6	-6	-2	-1	-1	-1	-3
Bottom 3	-11	-1	-16	-7	-2	0	0	-1	-5

253. Rural Fijian households in the lowest decile give away, on net, a very large 16% of their incomes while the Bottom 3 deciles give away 11%.

254. This giving is part of Fijian social custom and tradition. But the size of the burden, especially for the lowest income deciles, may be cause for concern, especially when it is noted that the net giving as a percentage of income for the lowest decile (-16%) is way above the average percentage spent on education (less than 3%). The media continues to report that many Fijian students are being sent home from school because parents are not able to afford the various fees and contributions that schools require from the pupils.

Loans

255. Table 81 indicates that Indo-Fijians and Others' levels of borrowing (8% of income) are both proportionately more than twice that of Fijians (3% of income).

256. While Fijians rate of borrowing seems to be fairly homogenous up the top deciles, Indo-Fijians have a much higher rate of borrowing at the three lowest deciles, with an average of 11% of income.

257. Table 82 makes clear that the bulk of the loans are being taken out by Urban households, both for Fijians and Indo-Fijians. Indeed, in aggregate rural Fijians had borrowed only 1% of income, while Rural Indo-Fijians had borrowed only 3% of income. In contrast, Urban Indo-Fijians had borrowed 10% while Urban Fijians had borrowed 6% of income.

Table 81 Loans as Perc. Of Income				
Dec pAE	Fijian	Indo-F	Others	All
Dec AE 1	4	15	9	9
Dec AE 2	3	8	4	5
Dec AE 3	2	11	5	6
Dec AE 4	2	9	9	5
Dec AE 5	2	9	9	5
Dec AE 6	3	7	14	5
Dec AE 7	6	12	11	8
Dec AE 8	2	8	1	5
Dec AE 9	2	9	7	5
Dec AE top	3	3	10	4
All	3	8	8	5
Bottom 3	3	11	6	6

Table 82 Loans as Percent of Income (rural and urban)									
Dec pAE	Rural Fijian	Rural Indo	Rural Other	Rural All	Urban Fijian	Urban Indo	Urban Other	Urban All	Total All
Dec AE 1	1	6	0	3	15	34	26	25	9
Dec AE 2	0	2	0	1	12	15	8	14	5
Dec AE 3	0	5	0	2	8	17	9	12	6
Dec AE 4	0	2	1	1	5	15	14	11	5
Dec AE 5	0	2	0	1	4	15	16	10	5
Dec AE 6	1	3	0	2	6	9	19	8	5
Dec AE 7	0	3	0	1	13	17	12	15	8
Dec AE 8	0	2	0	1	5	12	1	8	5
Dec AE 9	1	2	0	1	4	12	8	8	5
Dec AE top	1	5	1	2	5	3	10	5	4
All	1	3	0	1	6	10	10	8	5
Bottom 3	0	5	0	2	11	19	13	15	6

258. The Bottom 3 deciles of both Urban Indo-Fijians (19%) and Urban Fijians (11%) had borrowed twice as much as their group averages. The bottom decile of Indo-Fijian households appear to have borrowed a very large 34% of their income.

259. Given that the lowest deciles tend not to borrow from banks but from hire purchase companies or unofficial money-lenders, their financing costs are likely to be quite high (compared to the controlled interest rates and charges of banks). This may be an additional factor on the poverty of low income urban households.

G Household Assets and Services

Type of Dwelling

260. Table 83 gives the aggregates of the types of houses (construction of outer walls) that are occupied by the different ethnic groups.

261. The largest proportion of houses (37%) have iron walls, with only 35% of houses having concrete walls, and 24% wooden.

Table 83 Distribution of House-types				
Dec pAE	Fijian	Indo-F	Others	All
Concrete	33	37	49	35
Wooden	28	19	29	24
Iron	32	44	17	37
Bure	4	0	3	2
Other	4	0	2	2
All	100	100	100	100

262. Only 2% of houses were reported as being of the bure type.

263. Disaggregating by rural and urban reveals that some 56% of houses occupied by Rural Indo-Fijians are of iron, as are 37% of rural Fijian houses. In urban areas, some 35% of Indo-Fijian houses are of iron construction.

Table 84 Type of Dwelling								
Dec pAE	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All
Concrete	22	23	31	23	52	48	55	50
Wooden	30	20	33	27	24	17	28	20
Iron	37	56	20	44	23	35	16	29
Bure	6	0	11	4	0	0	0	0
Other	5	0	5	3	1	0	1	0
All	100	100	100	100	100	100	100	100

264. Some 70% of all urban houses are either concrete (50%) or wood (20%). Nevertheless some 29% of all urban houses are of iron.

Cars and Trucks

265. Table 84 gives the percentages of households which reported possessing cars or trucks. There are clear ethnic disparities, with some 39% of all Indo-Fijian households having own means of transport, with only 11% of Fijian households reporting thus.

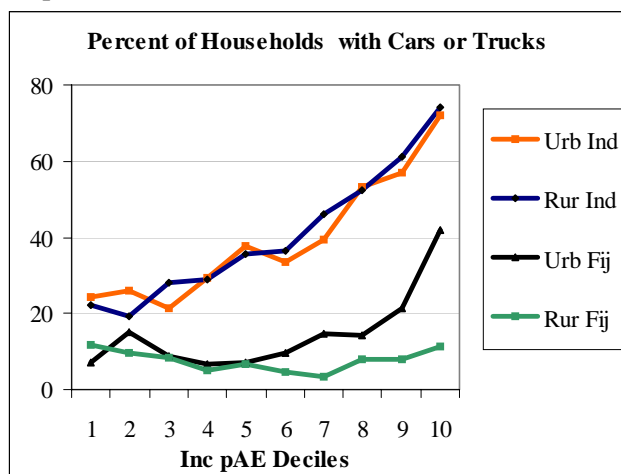
Table 85 Perc. of households with cars or trucks				
	Fijians	Indo-Fij	Others	All
Rural	8	35	12	18
Urban	17	42	34	32
All	11	39	29	24

266. While the overall urban rate was

32% compared with 18% for rural households, much of this difference was due to rural Fijians households having a low rate of 8%. There was little difference between rural and urban Indo-Fijians.

267. Graph 20 makes clear that at each decile level, both rural and urban Indo-Fijian households placed a higher priority on obtaining their own means of transport, than do Fijians, both rural and urban.³⁸

Graph 22 Percent of Households with Cars or Trucks



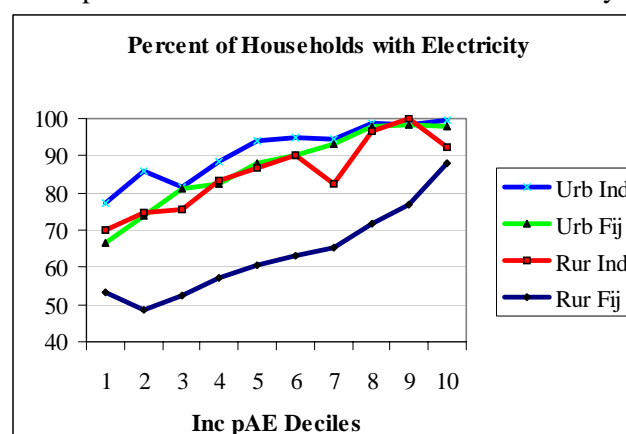
268. Urban Fijians show a sharp increase in ownership from the fifth decile onwards, to reach 40% by the top decile. Interestingly, Rural Fijians indicate a slightly higher proportion of ownership at the bottom deciles, compared to the middle deciles. This is largely due to the possession of trucks used for bringing produce to urban markets.

Electricity

269. Having electricity is an extremely important household amenity which improves the quality of life for all members of the household, not just in terms of lighting and household durables such as refrigerators, but also enabling the usage of television and computers.

270. Table 86 illustrates clearly the extremely low proportion of rural Fijian households which have electricity – only 62% compared to 82% of rural Indo-Fijian households.

Graph 23 Percent of Households with Electricity



271. Graph 21 makes clear the sharp divide between rural Fijians and all other sub-groups with respect to access to this essential amenity, at all decile levels.

Table 86 Perc. of households with electricity

	Fijians	Indo-Fij	Others	All
Rural	62	82	58	69
Urban	90	93	95	92
All	72	88	86	80

³⁸ This higher ownership of vehicles is also associated with higher transportation costs noted earlier.

272. No doubt, a major explanation of this is the scattered nature of rural Fijian households, situated far from electricity grids. However, this lack of access to electricity also leads to a lack of access to other durable goods (as indicated below) such as fridges, TV/videos, and computers which are commonly perceived to be important improvements in the quality of life. Indirectly, this also leads to a strong push/pull factor which causes rural:urban migration.

Fridges

273. Table 87 indicates that some 53% of all households have fridges- 68% of Indo-Fijians and 39% of Fijians.

274. The ethnic differences are largely due to the extremely low rate of fridge possession for rural Fijians – only 22% compared with 55% for rural Indo-Fijians.

275. Graph 22 gives pretty much the same picture as that for electricity. Again, at each decile level, rural Fijians have the lowest rate of fridge possession of all the groups.

276. It should be noted that the low rate of rural Fijian usage of fridges is not simply associated with lack of access to electricity. Graph 23 gives the percentages of all households with electricity, which also have fridges. It is evident that at each decile level, there are extremely low percentages of rural Fijian households with fridges, even if there is access to electricity. (issue of quality of electricity?)

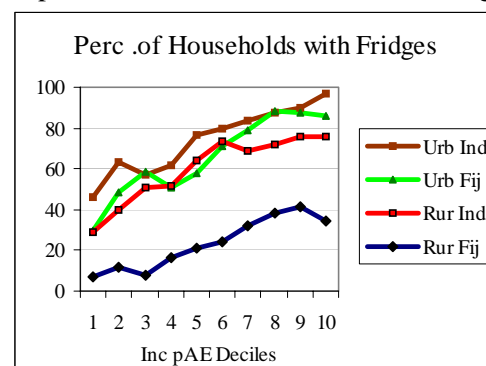
277. A similar picture is evident with the possession of washing machines, although there are interesting differences. Only 31% of all households have washing machines- 36% of Indo-Fijian and 24% of Fijian households.

278. There is little difference between the major urban groups (46% and 48%), with

Table 87 Perc. of Households with Fridges

	Fijians	Indo-Fij	Others	All
Rural	22	55	32	34
Urban	71	77	86	75
All	39	68	72	53

Graph 24 Perc. of Households with Fridges



Graph 25 % of Electrified HH with Fridges

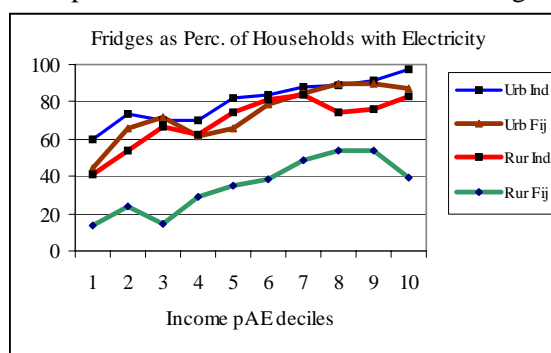


Table 88 % of HH with Washing Machines

	Fijians	Ind-Fij	Others	All
Rural	12	20	31	15
Urban	46	48	68	49
All	24	36	58	31

the lower Fijian average due to the lower rural Fijian usage.

279. The picture across deciles is a little different, examining the percent of electrified households having washing machines. While Rural Fijians still have the lowest tier, rural Indo-Fijians are also much lower than the two urban groups.

280. It may be noted that for the lowest three deciles, Urban Indo-Fijian households have a lower usage of washing machines, than urban Fijians.

Graph 26 % of Electrified hh with Washing Machines

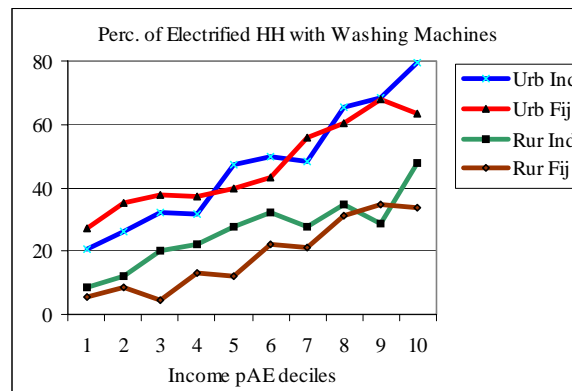


Table 89 Perc. of HH with Stoves

	Fijians	Indo-F	Others	All
Rural	31	54	58	40
Urban	60	76	89	71
All	41	67	81	54

Stoves

281. Table 89 indicates that 54% of all households in Fiji have stoves – 41% of Fijians and 67% of Indo-Fijians.

Cooking Medium

282. Table 90 indicates that some 66% of all households still do some cooking with wood, and 20% only with wood. The proportion cooking only with wood is still a large 29% in the rural areas, and a moderate 9% in urban areas. The proportions of the lower deciles cooking only with wood is higher still with some 44% of the Bottom 3 deciles of all rural

Table 90 Percent of Households Doing Some Cooking With

	Rur Fij	Rur Ind	Rur Oth	Rur All	Urb Fij	Urb Ind	Urb Oth	Urb All	All
Kerosene	54	59	36	55	72	63	38	64	59
LPG	31	54	53	40	49	47	68	49	44
Electricity	2	6	4	3	14	14	26	15	9
Wood	92	90	78	91	44	37	21	38	66
Only wood	32	24	33	29	7	10	6	9	20

households.

283. Kerosene is by far the most popular method (59% of all households) although LPG is close behind with 44%.

284. While some 9% of all households cook with electricity, the proportion in the urban areas is a high 15%, and much higher at the upper deciles.

Television/Videos

285. Table 91 indicates that some 60% of all households had television or video sets in their households- 76% of Indo-Fijian households and 44% of Fijian.

	Fijians	Indo-F	Others	All
Rural	28	66	37	42
Urban	74	83	85	80
All	44	76	73	60

286. The large ethnic gap is due largely to the very low percentage of rural Fijian households which had TV/Videos, probably due to the remote locations of many rural Fijian households.

287. The urban coverage of Fijian and Indo-Fijian households are not too different – 74% and 83% respectively.

288. Graph 26 indicates clearly the very large gap between rural Fijians and other sub-groups when it comes to household enjoyment of television and videos.

289. It also indicates that only around 50% of the lowest deciles have invested in these equipment, although the proportion rises rapidly with increasing deciles.

Graph 27 Perc. of Households with TV/Videos

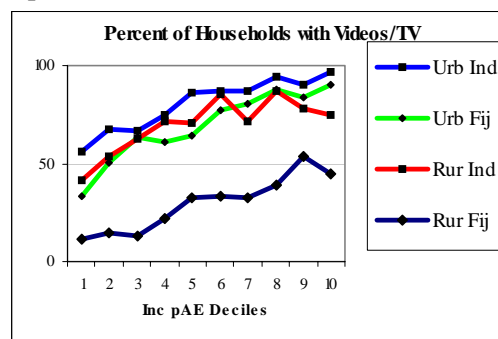


Table 92 Perc. of HH connected to telephones

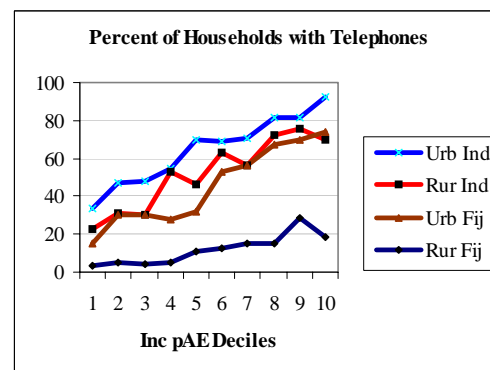
	Fijians	Indo-F	Others	All
Rural	11	46	33	24
Urban	51	68	77	62
All	25	59	65	42

Telephones

Table 92 indicates that a very low 42% of households are connected to telephones- 59% of Indo-Fijians but only 25% of Fijians.

290. While some of the difference is to be explained by the very low 11% for rural Fijians, nevertheless, even in urban areas there is a large ethnic gap: only 51% of Fijian households are connected, compared to 68% of Indo-Fijian households.

Graph 28 Perc. of HH Connected to Phones



291. Telephone connection is very closely connected to economic standing of the households. Graph 27 indicates the very low percentages connected at the lower deciles, while the connection rate rises quite rapidly with the higher deciles.

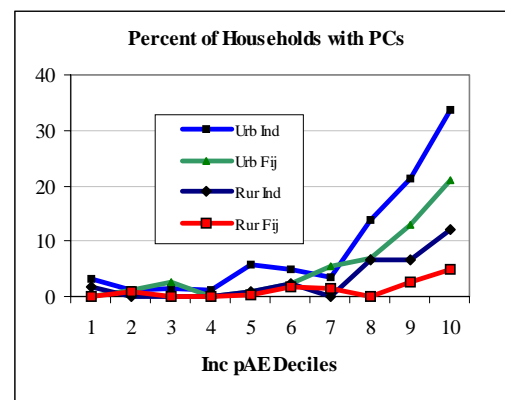
Personal Computers

Table 93 % of HH with Personal Computers

	Fijians	Indo-F	Others	All
Rural	1	2	9	2
Urban	7	11	23	10
All	3	7	19	5

292. Table 93 indicates the very low percentage of households with PCs in 2002-03- a mere 5% nationally.
293. While the percentage was a slightly higher 10% in urban areas, Graph 28 indicates the extremely skewed presence of PCs in households in the upper deciles. It is only when one reaches the eighth decile, the percentages begin to rise.
294. To some extent the low rates of PC possession at the lower deciles may be explained by the relatively high price of PCs. However, comparison with the graphs above for the extremely high proportions of households which have televisions or videos, would indicate that PCs are not a particularly high priority for most middle and upper income households.

Graph 29 Perc. of Households with PCs



Annex A Note on “Class” categories

For the 2002-03 HIES, the FIBoS initiated a new category of “class” for urban and rural households, based on the physical geographical location and characteristics of the overall area occupied by the households. The urban class was defined by the general “class” character of the areas. The rural classes were defined by distance from urban areas.³⁹ These classes were then used in defining the strata for sampling purposes.

While on the surface such a category appeared to be a useful criterion for analysis, Table 1 suggests that for many of the categories, there appeared to be little correlation with actual decile positions.

Dec pAE	High	Middle	Settle.	Urb Villag	HA	Squat.	Rural	Total
Dec AE 1	2	4	8	8	4	14	14	10
Dec AE 2	4	6	10	7	5	12	12	10
Dec AE 3	4	6	11	13	12	9	12	10
Dec AE 4	6	8	12	12	11	9	11	10
Dec AE 5	6	10	9	8	9	17	11	10
Dec AE 6	6	11	13	13	15	15	9	10
Dec AE 7	10	13	10	10	12	9	9	10
Dec AE 8	12	12	11	13	11	6	9	10
Dec AE 9	16	16	10	12	16	5	7	10
Dec AE top	33	15	7	5	6	4	6	10
All Dec	100	100	100	100	100	100	100	100

Thus the “High Class” category of households stretches right down to the lowest deciles (11% in the bottom 3) and the Middle class extends to the top deciles (43% in the top three deciles).

Urban Settlement and Urban Village, which one might expect to be representative of low to middle income households, are spread across virtually all the deciles.

While one might have expected Housing Authority households to be low income households, some 60% of HA are in the top five deciles and 33% in the top 3 deciles. Almost 40% of the squatter households are in the top half of the distribution.

Similarly, the rural indexes which represented the rural classes did not give very meaningful results.

This Report therefore does not give any tables using the class categories.⁴⁰

³⁹ “Rural 1” was closest to urban areas, while “Rural 5” was furthest.

⁴⁰ The “squatter” and “Housing Authority” categories may be useful for analysis focused on these areas.

Annex B Notes on the 2002-03 Household

Table 1 The Sample Strata

Urban	Rural
Central/Eastern High	Central 1
Central/Eastern	Central 2
Central/Eastern HA	Central 3
Central/Eastern	Eastern 1
Central/Eastern	Eastern 2
Central/Eastern	Eastern 3
Northern/Middle	Eastern 4
Northern/Settlement	Northern 1
Western/High Class	Northern 2
Western/Middle	Northern 3
Western /HA	Western 1
Western /Settlement	Western 2
Western /Squatter	Western 3
Western /Village	

“remoteness index” ranging from 1 (closest to urban areas) to 4 (furthest from urban areas)-resulting in 13 strata (Table 1, column 2).

A two-stage sampling strategy was used. In the first stage representative samples of Urban and Rural Enumeration Areas were selected. The listing stage then collected demographic, economic activity and housing information from all households in the selected EAs.

Table 3 Selection of EAss and Households in Stratum i

	Frame	Listing	Selected
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Income and Expenditure Survey

Survey methodology

The 2002-03 HIES was planned and conducted by the Household Survey Unit of the FIBoS.⁴¹

The starting sampling frame was the updated urban and rural Enumeration Areas (EAs)⁴² of the 1996 Population and Housing Census. A Frame Update exercise was carried out in areas where it was thought that significant changes had taken place: the Suva-Nausori corridor, Nadi, Lautoka, Ba, and Labasa.

For the Urban survey, it was decided that the divisions would be stratified into 14 socio-economic “classes” defined as High Class, Middle Class, Housing Authority, Settlement, Squatter and Village (Table 1, column 1).

In the rural survey, the Divisions were stratified using a

Table 2 Final Selection of EAs and households

	Central	Eastern	Northern	Western	All
	Numbers of EAs				
Urban	332	5	56	194	587
Rural	72	44	59	98	273
Total	404	49	115	292	860
	Numbers of Households				
Urban	1655	24	289	1047	3015
Rural	516	243	506	965	2230

Within each stratum several Enumeration Areas (EA) or Primary Sampling Unit (PSU) from the frame were selected with probability proportional to size, measured in terms of the total households in the frame. Within each EA a fixed number of households (hh) were selected by systematic random sampling.

A pilot survey tested the questionnaire and the administrative arrangements in place, leading to improvements in questionnaire and fieldwork arrangements.

⁴¹ The unit was headed by Mr Epeli Waqavonovon (Chief Statistician), Mr Serevi Baledrokadroka (Senior Statistician, Household Surveys) and Mr Toga Raikoti (Acting Principal Statistician).

⁴² EAs are small geographical units within Administrative Boundaries, which are Census collection units. There are around 100 households in each EA.

The Bureau conducted training programmes for enumerators and supervisors at its four centres, followed by examinations to select those qualified.⁴³ The training covered conduct of interviews, as well as the content of the questionnaires.⁴⁴

Data collection for each of the urban and rural surveys was continuous over a 1-year period. For each survey, a quarter of the sample households was covered in a 3-month sub-round. In effect, there were four independent sub-samples for each survey. Each sub-round sample was distributed into lots to ensure data was collected continuously for the whole 1-year period.

The **household weight** for all the households in each selected EA was calculated as:

$$\frac{(\text{Population of Stratum } i) * (\text{Listing number of households in EA})}{(\text{Frame population of EA}) * (\text{No of hh in sample}) * (\text{Number of EAs selected in stratum})}$$

Examples of the estimation of household weights for each EA are given in Table 4.

Publicity

The Bureau undertook considerable publicity through the media, including radio and the Ministry of Information's television programme Dateline. Publicity fliers' containing some background information on the survey and its importance were circulated to householders in the selected areas. Posters were also posted at public places such as hospitals, district offices, shops and schools. In Fijian rural areas, proper protocol was followed with the Turaga-ni-Koro and church leaders, to ensure full cooperation from the community.

EA	Calculation of hh weight	HH weight	Est. No of Hh
EA1	$\frac{(5435 * 128)}{(600 * 10 * 3)}$	38.65	386
EA2	$\frac{(5435 * 130)}{(625 * 10 * 3)}$	37.68	377
EA3	$\frac{(5435 * 70)}{(400 * 10 * 3)}$	31.70	317
		Total	1080

Field work arrangement

Fieldwork arrangements were delegated to 4 field superintendents who put together their work plans, assigned the supervisors and enumerators, and ensured the regular accountable financing of their required activities, including travel, subsistence and fees.

The arrangements for the interview depended on the availability of the householder. For the diary the enumerators were required to visit the household daily for two weeks, to try to minimise omissions due to weaknesses in the recall.

The Enumerators were instructed to complete work in a selected EA within a time frame of 3 weeks. The first week was spent on listing all households in the EA and the following two weeks

⁴³ Some of the training coincided with the running of the SIAP/SPC Sampling and Estimation Course.

⁴⁴ A total of 36 Enumerators, 12 Supervisors, 4 Coders and 3 Data Entry Operators and 4 drivers were distributed into our 4 regional offices, which are headed by a Field Superintendent.

for gathering information on Schedule 2 (recurrent expenditure) Schedule 3 (2 week expenditure diary) and Schedule 4 (income).

Supervisors were required to check on Enumerators on a daily basis, selecting households at random to confirm that the data recorded was actually reported by the householder. These checks improved the data collection practice of the enumerators, although there were a few cases of termination of employment.

With expenditure usually being better reported than incomes, where the former exceeded the latter, enumerators were required to re-question the relevant households for possible omissions of incomes. Enumerators were also trained to probe further where they observed that households had income-earning assets but were not reporting any related incomes. Enumerators and Supervisors were also required to check the validity of any large incomes and expenditures reported.

Coding and data entry work was centralised to the 4 regional offices. Data was captured using CSPro and processed using SAS. Manually calculated subtotals and totals were used as control totals to check against data entry errors and consistency of the computer programmes.

Data Adjustments

In keeping with internationally accepted HIES methodology⁴⁵, the 2002-03 HIES estimated “imputed rents” – the estimated net value of owner-occupied dwellings which need to be added to the incomes (and expenditures) of all households which do not pay rents on the dwellings occupied.

The regressions were conducted separately for Central and Western divisions⁴⁶, while the Northern and Eastern Divisions were combined to improve the statistical reliability of the regression results. In urban areas, distinctions were made between the types of houses⁴⁷ while in rural areas, the only distinctions were between Concrete/Wood houses and those made of Iron. The Net Imputed Values were calculated as = Gross Imputed Values (estimated from the regressions using actual rent data)⁴⁸ less the Imputed Cost of Owned Houses⁴⁹ which is estimated as an aggregate percentage of aggregate (Actual Repairs and Maintenance plus Interest Component of Instalment payments⁵⁰ plus Property Rates).

An Imputed Rent adjustment was also applied to all Housing Authority houses⁵¹ (including those for which there was actual rents data) and all households whose actual rents data were excluded from the regression as “outliers”.⁵² Traditional Fijian houses were given the lowest imputed rent of all the rural regressions.

Concepts and Basic Definitions

⁴⁵ Imputed rents were also calculated for the 1991 HIES.

⁴⁶ The data on actual rents indicated that these rental markets had significant differences.

⁴⁷ Major categories used were Concrete with 3 or 4 bedrooms, Concrete with 1 or 2 bedrooms, Wooden, Iron, and Squatter houses. For the Northern and Eastern Divisions, all the types were combined.

⁴⁸ Some 15% of all the households sampled in the HIES had actual rent paid data.

⁴⁹ Thus Net IR Adjustment = Gross IR (from regression equation) – 0.219 Gross IR.

⁵⁰ The interest component was estimated on data supplied by Home Finance Company to be around 48.5% of total Instalment Payments over the lifetime of the loan.

⁵¹ The actual rent data indicated strong elements of public subsidy.

⁵² IR Adjustment = Net Imputed Rent – Actual Rents paid.

The following International Labour Organisation definitions related to Household Income and Expenditure were used:

- 1) Household Income- consists of all receipts in cash, in kind or in services that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically one-time receipts. Household income receipts are available for current consumption and except for certain current transfers do not reduce the net worth of the household through a reduction of its cash, the disposal of its other financial or non-financial assets or an increase in its liabilities. Operationally it maybe defined as in terms of; i) income from employment (both paid and self-employment); ii) property income; iii) income from the production of household services for own consumption; iv) transfers received. Household income **excludes** holding gains, lottery prizes, gambling winnings, non-life insurance claims, inheritances, lump sum retirement benefits, life insurance claims (except annuities), windfall gains, legal/injury compensation (except those in lieu of foregone earnings) and loan repayments. Also excluded are other receipts that result in a reduction of net worth. These include sale of assets, withdrawals from savings and loans obtained.
- 2) Household Expenditure- is defined as the sum of household consumption expenditure and the non-consumption expenditures of the household. Non-consumption expenditures incurred by a household that relate to compulsory and quasi-compulsory transfers made to government, non-profit institutions and other households, without acquiring any goods or services in return for the satisfaction of the needs of its members. Household expenditure represents the total outlay that a household has to make to satisfy its needs and meet its “legal” commitments. Consumer goods and services are those used by a household to directly satisfy the personal needs and wants of its members. Household consumption expenditure is the value of consumer goods and services acquired, used or paid for by a household through direct monetary purchases, own-account production, barter or as income-in-kind for the satisfaction of the needs and wants of its members.

Individual items

- 1) Consumption of Home Produced Commodities were treated as both income and equivalent expenditure
- 2) Imputed Rent is treated as both income and expenditure
- 3) Gifts Given is treated as non-consumption expenditure
- 4) Gifts Received are treated as income, with non-monetary ones also treated as Household Consumption Expenditure.

Household Survey Unit

