

Introduction: Poverty in Fiji - Evidences from Recent Data

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Abstract

Poverty data in Fiji is compiled from Household Income and Expenditure Surveys. Results from the most recent survey (2003) are now available in the public domain. This gives a clearer picture of the problem and it shows that poverty has increased substantially in the last decade and people in the lowest income stratum are in extreme deprivation. The data clearly shows that such deprivations are prevalent amongst all ethnic groups. However, the data shows that some groups are more severely affected than others.

Introduction

Reliable and consistent measurement of poverty has remained on the agenda of governments and international institutions for long. Apart from it being an indicator of the level of external economic assistance a country may receive, the major policy reason for this is that anti-poverty policies involve intense political processes, as issues concerning poverty are often challenged and manoeuvred for political interests. There is a need for a scientific approach to the discourse on poverty. In Fiji, social welfare policies have been heavily politicized and economic sector policies have serious ethnic dimensions to them, which make dialogue between various groups and institutions more complex. With fundamental development and economic constraints in the country, least of which is a limited financial resource base, politicization of welfare policies have intensified during the past 2 decades. Development, income distribution and poverty reduction policies have remained largely ethno-political in nature. Consequently, poverty alleviation policies have suffered from serious gaps in their design, and have been exposed to major problems of mismanagement. Policy formulations have lacked analysis based on data and analysis. Neglect and lack of proper monitoring schemes of welfare programs have further contributed to the failure of social welfare policies.

The politicisation of social welfare policies has its roots in the 1987 military coup and the subsequent emphasis on the ethnic identity of people at each step of policy formulation and implementation. A perception was created since 1987 that ethnic Fijians lagged behind other ethnic groups in every aspect in the country. This became the political mantra of the elite ethnic Fijian political groups, as well as subsequent governments since 1987. The consequence was that policies formulated often neglected the poor amongst all groups (Srikandarajah 2003; Narsey 2008b).

The recent data on income distribution and poverty provides much needed information about the state of income distribution and poverty amongst different ethnic groups. This data could be utilised to improve the identification process and monitoring of poverty alleviation programs. Policymaking and policy implementation could improve significantly if these data are put to use for analysis and assessment.

This issue of the *Fijian Studies* focuses on various dimensions of poverty. The special issue was timed with the expected release of the HIES survey results. However, the results came late. The release of the results approximately 5 years after the survey raises questions not only on the commitment of the state to producing and disseminating relevant statistics on time, but also on the processes it utilises to carry out surveys and analyse data. These issues, however, are not the subject matter of the articles in this issue of the journal, though they caused considerable anxieties for the editor and the publisher as delays, caused by continuous anticipation of the release of the results, affected the timely release of this issue of the journal. The results on poverty were released in July 2008, cited in this issue of the journal under the name of Narsey (2008a), after the consultant hired by the Bureau of Statistics to carry out and publish the analysis of the 2002-3 HIES.

Income Distribution and Poverty

Table 1 shows income distributions amongst different ethnic groups. The data shows the average incomes for the deciles for the three groups – Ethnic Fijians, Indo-Fijian and other ethnic groups consolidated into the category ‘Others’. It shows that there are only slight differences in income levels for the respective deciles of various ethnic groups. However, it is observed that income levels of the Indo-Fijians dominate that of ethnic Fijians in the top most decile. Indo-Fijian per capita adult equivalent (AE) income is higher by about 6% for the top decile average income and

ethnic Fijians are disadvantaged by about 10%.¹ While the Indo-Fijians and ethnic Fijians earn about the same in respective deciles, the other ethnic groups earn on average more than the two major ethnic groups.

Table 1: HH Income per AE by ethnic Group (2002 F\$)

Deciles	Average Household Income (\$)			
	Fijian	Indo-Fijian	Others	All
1	717	718	761	719
2	1122	1116	1151	1120
3	1430	1429	1417	1430
4	1740	1738	1727	1739
5	2076	2080	2134	2080
6	2458	2464	2442	2460
7	2953	2955	2967	2954
8	3595	3624	3631	3608
9	4724	4690	4907	4723
10	8787	10297	12634	9728
Total	2958	3108	4628	3094

Source: Narsey (2008a: 77).

Table 2 shows the income differentials for working age persons.

Table 2: HH Income per Working Adult by Ethnic Group (2002 F\$)

Deciles	Share of Income (%)			
	Fijian	Indo-Fijian	Others	All
1	1121	1040	1245	1090
2	1747	1578	1869	1669
3	2200	1993	2023	2109
4	2677	2446	2423	2569
5	3096	2887	2995	2988
6	3612	3326	3526	3471
7	4304	3895	3951	4113
8	5081	4696	4883	4908
9	6847	6037	6815	6504
10	11774	13723	17598	13047
Total	4374	4233	6561	4408

Note: Working adults are those between the ages of 15 and 55 years.

Source: Narsey (2008a: 88).

¹ Adult Equivalent is the representative adult where the first adult in the household is counted as 1 and all other adults are counted as 0.75. Children below the age of 14 are counted as 0.5. It is assumed that the analysis done by Narsey uses this method, which however, is not the only recommended method for such analysis. A more flexible approach to equivalence scale is suggested by Buhmaan et al. (1988). The poverty estimates are quite likely to vary if other methods of AE calculation are used.

The data shows that in each of the bottom nine deciles, the incomes of ethnic Fijians are, on average, higher than the respective Indo-Fijian incomes. However, this difference is only slight. Indo-Fijians in the top decile, on the other hand, earn substantially more than the ethnic Fijians.

There has been a perception amongst politicians in Fiji that Indo-Fijians are all rich; this is often used as leverage for affirmative action policies (Reddy and Prasad, 2002; Srikandarajah, 2003, and Narsey 2008a). The data presented here shows that much of this perception is faulty. This misplaced perception is one of the reasons for the continued neglect of poverty amongst Indo-Fijians, as the paper by Kumar in this issue highlights.

While the incidence of poverty increased during the period 1991 to 2002, inequality at the national level has gradually declined over the same period. This is clearly shown in Table 3. While the lowest decile had an income share of 1.3% in 1977, the share increased to 1.8% in 1991 and 2.3% in 2002/3. The shares of incomes of the first to the ninth deciles increased between 1991 and 2002/3, while that of the top decile fell from 35% to 30.1%. As a result of these changes in income shares, the Gini coefficient declined over the periods of time (Narsey 2008a).

Table 3: Income Distribution: 1977, 1991 and 2002

Deciles	Average Household Income (\$)		
	1977	1991	2002
1	1.3	1.8	2.3
2	2.9	3.3	3.7
3	4.4	4.4	4.7
4	5.6	5.5	5.7
5	6.9	6.4	6.8
6	8.2	7.7	8.3
7	9.9	9.2	9.9
8	12.6	11.6	12.2
9	16.6	15.1	16.3
10	31.7	35.0	30.1

Source: Narsey (2008a: 126).

There are a number of explanations forwarded for the changes in income shares. The decline in the share of income for the top stratum is attributed to out-migration of highly qualified and well-to-do persons, who chose to leave Fiji after the 1987 military coups to settle in places like Australia, New Zealand and the USA. The increase in the share of the lowest stratum is attributed to the expanding informal sector, where large

numbers of unskilled and low-wage persons are employed (Narsey 2006a; 2006b).

The increase in the shares of household income of the lowest strata is no implicit indication of any reduction in poverty. Basic needs poverty line is a measure that relates to the ability of a household to purchase a basket of commodities that are considered to comprise the basic needs in a country. Thus, while the share of income of the lower income earners may rise, it is not necessary that the rising income share would yield a rising purchasing power of the households.

The incidence of poverty in Fiji was 35% in 2002/3 when \$33 per Adult Equivalent Basic Needs Poverty Line (BNPL) is used. This implies 35% of all citizens in Fiji were in poverty in 2002/3. The national poverty rate was 15% in 1977 and 11.6% for the urban poverty areas (Stavenuiter, 1983). Table 4 provides some details on the incidence of poverty in Fiji between 1977 and 2002/3.

Table 4: % Incidence of Poverty (\$33 pAE BNPL) in 2002 F\$

Deciles	Share of Income (%)		
	1977	1991	2002
Fijians Rural			41
Indo-Fijians Rural	NA	NA	46
Others Rural			47
Fijians Urban			24
Indo-Fijians Urban	NA	NA	25
Others Urban			15
Fijian		27.7	37
Indo-Fijian	NA	31.0	36
Others		27.6	26
All Rural	21.0	24.3*	43
All Urban	11.6	27.6*	24
National	15.0	25.5 (29)	35

Note: The 1977 poverty was calculated using the Food Poverty Line of \$18.77 per week for households of 4 Adult Equivalent. * These poverty estimates were provided by Abbott (2006). The figure of 24.3% is quite low according to Narsey's estimate of 29% for all groups. Therefore, if weighted average is worked backwards, the rural poverty rates in 1991 could have been much higher (possibly closer to 32%).

Source: Narsey (2008a: 88).

The table shows that rural poverty increased from 21% in 1977 to 24.3% in 1991/2 and to 43% by 2002. While the overall poverty rate increased substantially from 29% to 35%, between 1999 and 2002, the increase in the urban poverty rate is not very clear. The data shows that the overall

urban poverty rate was at 24% in 2002/3 compared to 28% in 1991/2 (Narsey (2008a)).²

Shades of Poverty in Fiji

Poverty always exists in different shades. It is always the case that some people are more affected than others by poverty. While some people are at the lowest end of the spectrum and are in extreme poverty, others maybe relatively better-off. These variations exist in many different respects. There are regional, ethnic and gender differences in poverty rates. The poverty rates in the northern areas for instance are much higher than other parts of Fiji. The overall poverty rate is 55%, which amounts to 72,000 people. The rural areas in the Northern division are the worst affected with 61% poverty rate, while the urban areas have 34%.

It is well-known that these areas have been affected by lack of economic activity and have been neglected by the government for a long time and are worst affected by the incidence of migration. People with better education and capital have continued to migrate from these areas to other parts of Fiji and overseas where opportunity existed. Table 5 gives the details of poverty rates in various parts of Fiji.

Table 5: Divisional variations in Incidence of Poverty (\$33 pAE BNPL), 2002, F\$ by %

	Divisions				
	Central	Eastern	Northern	Western	All
Rural	31	38	61	41	43
Urban	20	34	34	28	24
All	24	38	55	36	34

Source: Narsey (2008a), p58, Table 6.7.

The depth of poverty, which is often measured by special indices, can also be crudely measured by the incidence of food poverty. The incidence of food poverty measures the existence of extreme poverty and is also a good indicator of chronic poverty. Table 6 shows food poverty by divisions.

² Abbott (2006), however, argues that the urban poverty rate in Fiji was at 27.6% in 1991/2, which increased to 31.8% in 2002/3. The difference between the two poverty estimates is mainly due to the difference in the poverty lines used. This variation in the poverty lines is a major concern and needs to be addressed through broader discourse between various state holders.

Table 6: Incidence of Food Poverty using \$16 per AE Poverty Line by % and population

	Divisions				
	Central	Eastern	Northern	Western	All
Rural	6	8	17	9	10
Urban	3	0	7	4	3
All	4	7	15	7	7
Population in ('000)					
Rural	6	3	18	15	42
Urban	6	0	2	4	12
All	12	3	20	19	54

Source: Narsey (2008a), p58, Table 6.6.

The highest rate of food poverty is observed for the Northern division, where 15% of the people are in food poverty. The rural areas of Northern division have, on average, 17% food poverty incidence, while the overall food poverty is at 10%. This amounts to a total of approximately 54,000 people in Fiji who are in food poverty. The measures taken at the national level to address these problems are hardly adequate since a lot of people are left out from the safety net.

Welfare Support

Social welfare institutions in Fiji are generally very weak (Walker et al. 2004). People afflicted with different types of difficulties and deprivations are not offered any kind of sustained assistance. For most part, there is no mechanism in place to identify such people or to extend assistance that would be helpful in easing their problems. For instance, there are women who are deprived of basic needs of life due to various reasons, including intra-household discrimination, and illiteracy in rural areas. Similarly, a large number of people are affected by old age and lack of support. Such persons, by definition, are in poverty due to lack of capabilities. There are very few facilities and institutions for old age persons in Fiji. Disabled persons in Fiji also lack attention.

Economic Solution

The past and the current economic trends provide no evidence that poverty would decline in the near future unless some drastic steps are taken. The intensity of poverty is likely to increase and reach catastrophic proportions if earnings from sugar sales decline considerably as a result of the withdrawal of preferential prices for sugar by the European Union. This decline will have a direct impact, not only on the sugarcane farmers,

but also those who depend on the sugar industry for income. The garment industry has also declined; this, together with an expected decline in other manufacturing industries is likely to worsen the poverty situation that now exists.

Poverty Debate

There have been a number of disagreements about the state of poverty in Fiji. Primarily, there were disagreements about who are poor and who should receive assistance. These disagreements are likely to lessen significantly now since more accurate estimates of poverty are now available. The recent HIES data shows that poverty has increased substantially between 1991 and 2002-03, and it affects the major ethnic groups almost equally. However, it is found to be much higher amongst Indo-Fijians in the rural areas. If conservative estimates of poverty from the 1997 Fiji Poverty Report are taken into account, the increase in poverty between 1990/1 and 2002/3 is about 9% points (Narsey, 2006a; 2007; 2008a). The current national headcount poverty rate is around 34% (Abbott, 2006; Narsey, 2008a).

It should also be noted that the national poverty rate for 1991/2, as officially reported in 1997 in the Fiji Poverty Report (UNDP and Government of Fiji 1997), has now been challenged by Narsey (2008a). Given that Narsey was engaged by the state to do the poverty analysis, and that his findings have been endorsed by the Bureau of Statistics, one can safely conclude that the state has now rejected its own estimate of poverty in 1990's as underestimates. The poverty rate in 1991/2, therefore, is much higher than was earlier reported by the Fiji Poverty Report 1997.

But whatever basis one utilises, the Fiji government's official statistics shows that there has been a marked increase in poverty in Fiji between the early 1990's and early 2000's. The increase in poverty in this period is a clear indication of Fiji's worsening socio-economic situation, leading to an almost certain prospect of Fiji being unable to meet the UN's MDGs.

Conclusion

The purpose of this issue of *Fijian Studies* is to bring out the relevant issues pertaining to poverty and social welfare in Fiji. This introductory article has provided some results from the recent data released by the Fiji Islands Bureau of Statistics. To date, the considerable oversight of the

facts on poverty continued for more than 20 years, wasting millions of dollars of public funds in ill-conceived policies. Even when an official report on poverty in Fiji, endorsed by the UNDP, found that ethnic Indians suffered more from poverty than ethnic Fijians, no policy change was effected as the poverty alleviation policies remained biased against Indo-Fijians and the minority Melanesian groups. Deposed Vice President of Fiji Ratu Joni Madraiwiwi called this a national shame (Madraiwiwi 2006). Now that the full report on poverty in Fiji has been published by the government, it is expected that the government's policy approach would change, and that the poverty alleviation and welfare policies would become more effective.

A number of articles in this issue of the journal point out that poverty alleviation and the family assistance programs in Fiji have been quite ineffective for a number of reasons. In his article on policy paradigms, Kumar shows that ethnic considerations in policymaking have been strong and have affected poverty alleviation policies at all levels. The article by Father Kevin Barr describes the nature of poverty in Fiji, where he highlights some of the basic problems of social welfare policies. Gounder's paper discusses how the development policies in Fiji have failed to reduce poverty. In her paper she discusses how economic sector policies could have led to effective poverty reduction in Fiji. Kaitani discusses the manifestations of the failing social welfare policies in Fiji and describes how ethnic inclinations have done the damage to the poverty alleviation programs. Razak and Prasad discuss how poverty affects health and nutrition of the poor. The paper by Naidu, Barr and Seniloli discusses the failure of social welfare policies and the failures of various poverty alleviation policies. The issues of race, coup and politicization of policies are discussed by Khan and Khan in their article. The final paper, by Chatterji, applies Sen's capability approach to analyse poverty and empowerment of Indo-Fijian women in Fiji.

The new data on poverty are 5 years out of date now. During this period, there has been no policy measure put in place, nor has there been any improvement in economic or social situation that can be used to sufficiently challenge the conclusion of worsening poverty in Fiji since the 1990's. On the contrary, the rising prices, rising unemployment, declining social support mechanisms, continued rural-urban migration and declining agriculture, together with the well-established facts of a depressed economy all indicate a picture of a greater incidence of poverty in the country now. The collection of articles in this issue of the journal all point to the fact that if poverty is to be tackled in Fiji, urgent policy intervention on the basis of facts and figures is now needed.

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