

STATISTICAL NEWS



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2019-20 HOUSEHOLD INCOME AND EXPENDITURE SURVEY

PRELIMINARY RELEASE

The estimates provided in this release are based on the information reported by a representative sample of 6,000 Households (HHs) covered in the 2019-20 Household Income and Expenditure Survey (HIES) to provide the overall estimates of the income and expenditures of the 864,132 Fijians living in 199,688 conventional households during the survey period. The survey was conducted in the period February 2019 to February 2020 before the onset of the COVID-19 pandemic.

Key Household Poverty Results and Characteristics

Incidence of Poverty by consumption expenditure

- The national Basic Needs Poverty Line for 2019-20 was estimated at \$2,179.39 per adult equivalent (AE) per year, or \$41.91 per AE per week.
- The official national poverty headcount was estimated at 29.9%, which means that approximately 258,053 individuals were living in poverty in 2019-20.
- About 62.2% of the poor resided in rural areas.
- At the household level, 45,724 households (22.9%) lived below the poverty line.

Household Income and Expenditure

- The average annual household income for 2019-20 was \$26,249, with the median at \$20,727 per household.
- 48.9% of household income was derived from wages and salaries, with that proportion much higher for urban (58.3%) than rural households (31.1%).
- The average annual household expenditure for 2019-20 was \$11,961 per household, or \$3,678 per AE.

The survey results also reflects the changes in the methodology and best practices in household welfare measurement in line with the latest international and regional guidance on aggregate construction and poverty measurement.

The major adjustments in the methodology includes the using of consumption expenditure measures over the traditional income measures in welfare analysis, and using of regression to compute the value of HHs imputed rent over the traditional self-reported imputed rent.

Therefore, the survey result is not directly comparable to the previous HIES survey results. Refer to **Annex 1** for the detailed explanation of the changes in methodology and how they deviate from previous HIES round.

1.0 BASIC NEEDS POVERTY LINE AND POVERTY ESTIMATES IN 2019-20

A new Basic Needs Poverty Line (BNPL) was constructed for the 2019-20 HIES. This was done due to a combination of reasons, including 1.) updating the methodology to reflect new global and regional standards, and 2.) to reflect changes in the Fijian society's living standard since the last BNPL was constructed in 2002-03. A single national BNPL was set at \$2,179.39 per adult equivalent (AE) per year, or \$41.91 per AE per week. A household is considered poor if its total consumption expenditure per adult equivalent is below the poverty line. A child between 0 to 14 is considered as 'half an adult'. Refer to **Annex 1** for the detailed explanation of the new BNPL methodology.

Based on this new BNPL, **Fiji's official poverty headcount rate for 2019-20 is estimated at 29.9 percent, which means that about 258,053 individuals were living in poverty.**

2.0 GEOGRAPHICAL DISTRIBUTION OF POVERTY INCIDENCE

Poverty is more predominant in rural areas.

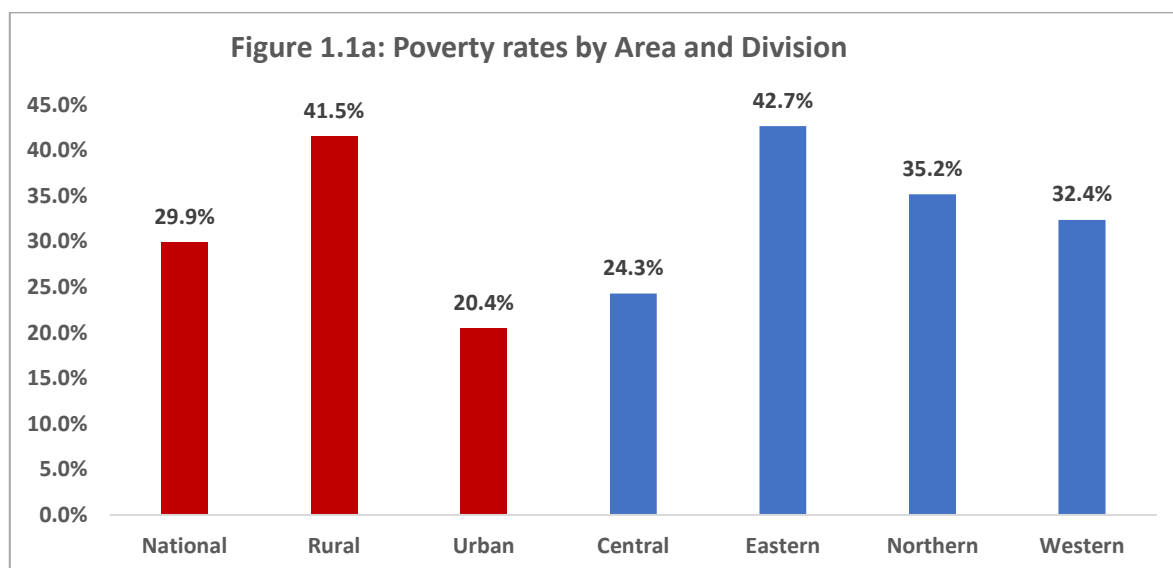


Figure 1.1a presents the poverty rates by area and division. It shows that around 160,450 poor population (41.5%) are residing in the rural areas compared to 97,602 (20.4%) in the urban areas. On average, the Eastern Division recorded the highest poverty headcount rate of 42.7 percent. The least poor division is the Central Division with around 24.3 percent. The Northern and Western Division poverty rates is estimated at 35.2 percent and 32.4 percent, respectively. It is important to note that the above poverty rates is based on the estimated population of each area and division (*refer to Table 1 for details*).

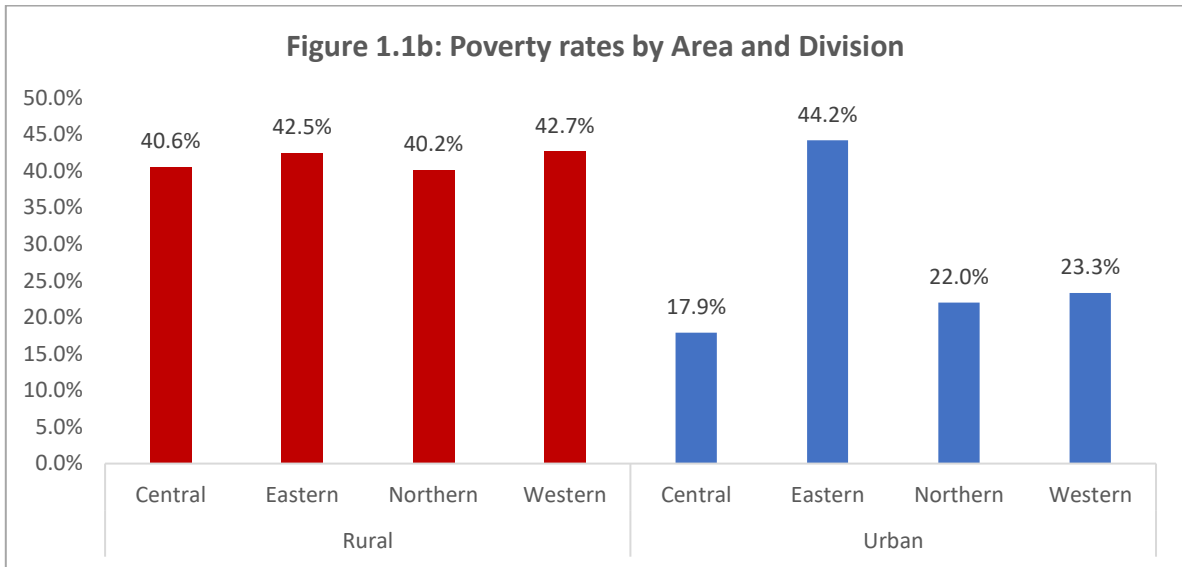
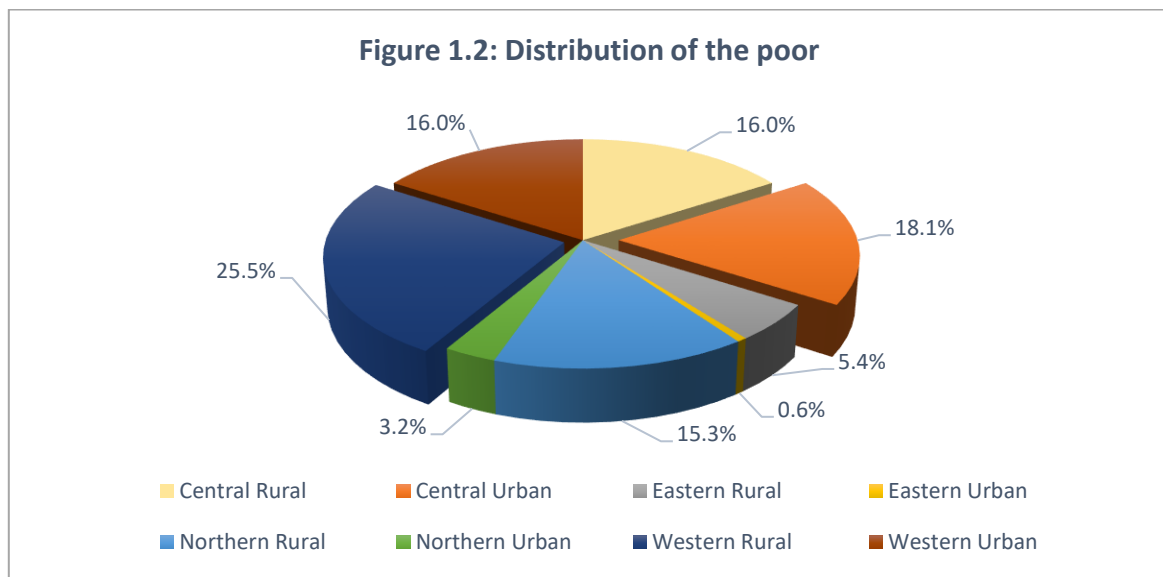


Figure 1.1b shows the poverty headcount rates by division per rural and urban areas. In the rural areas, there is no significant difference between the divisions, with poverty rates ranging from 40.2 percent in the Northern division to 42.7 percent in the Western division.

In the urban areas, Central urban recorded the lowest poverty headcount rate of 17.9 percent with the highest recorded in the Eastern urban with 44.2 percent. Northern and Western urban poverty rates is estimated at 22 percent and 23.3 percent, respectively (refer to Table 1 for details).

3.0 DISTRIBUTION OF THE POOR

Of the total poor population, concentration of the poor were high in the Western Rural and Central Urban areas.



As shown in Figure 1.2, poverty concentration were high in the Western Rural (25.5%) followed by the Central Urban (18.1%), Central Rural and Western Urban (16.0%), and

Northern Rural with 15.3%. Less than 10 percent of Fiji's poor live in Eastern Division and Northern urban.

Further details are provided in Table 1.

Table 1: Poverty by Division

Area	Poverty Headcount Rate	No. of poor population	Distribution of the Poor	No. of poor HHs	Estimated Total Population
National	29.9%	258,053	100.0%	45,724	864,132
Rural	41.5%	160,450	62.2%	29,011	386,632
Urban	20.4%	97,602	37.8%	16,712	477,500
Geographical Division					
Central	24.3%	87,766	34.0%	14,175	361,459
Eastern	42.7%	15,480	6.0%	2,953	36,274
Northern	35.2%	47,819	18.5%	8,234	135,965
Western	32.4%	106,988	41.5%	20,363	330,434
Geographical Areas					
Rural Central	40.6%	41,178	16.0%	6,748	101,422
Rural Eastern	42.5%	13,911	5.4%	2,683	32,724
Rural Northern	40.2%	39,579	15.3%	6,701	98,550
Rural Western	42.7%	65,782	25.5%	12,879	153,936
Urban Central	17.9%	46,588	18.1%	7,427	260,037
Urban Eastern	44.2%	1,569	0.6%	269	3,550
Urban Northern	22.0%	8,240	3.2%	1,532	37,415
Urban Western	23.3%	41,206	16.0%	7,484	176,498

4.0 HOUSEHOLD SIZE AND CHARACTERISTICS

Overall, poor households tend to have more members than non-poor households.

Table 2: Average Household Sizes

Group	National	Urban	Rural
Poor	5.6	5.8	5.5
Non-poor	3.9	4.0	3.9
D1	5.8	5.8	5.8
D2	5.8	5.9	5.7
D3	5.4	5.8	5.1
D4	5.1	5.3	5.0
D5	4.9	5.3	4.6
D6	4.6	4.9	4.2
D7	4.2	4.4	4.0
D8	3.9	4.0	3.6
D9	3.4	3.6	2.9
D10	2.7	2.8	2.4

Table 2 shows the average HH sizes by those groups (poor vs. non-poor and by consumption decile). The national average household size of Fiji’s poor households is 5.6 compared to non-poor households of 3.9. Poor households at the lowest four deciles tend to have larger in size (more than 5 members) compared to non-poor households at the highest three deciles (around 3 members).

In the urban areas, poor household size is around 5.8 compared to non-poor household size of 4.0. Similarly, rural poor household size is estimated at 5.5 compared to rural non-poor of 3.9. No major difference was noted in the non-poor household sizes for rural and urban areas.

5.0 POVERTY DISTRIBUTION BY HOUSING TENURE

80 percent of the poor live in houses that they own.

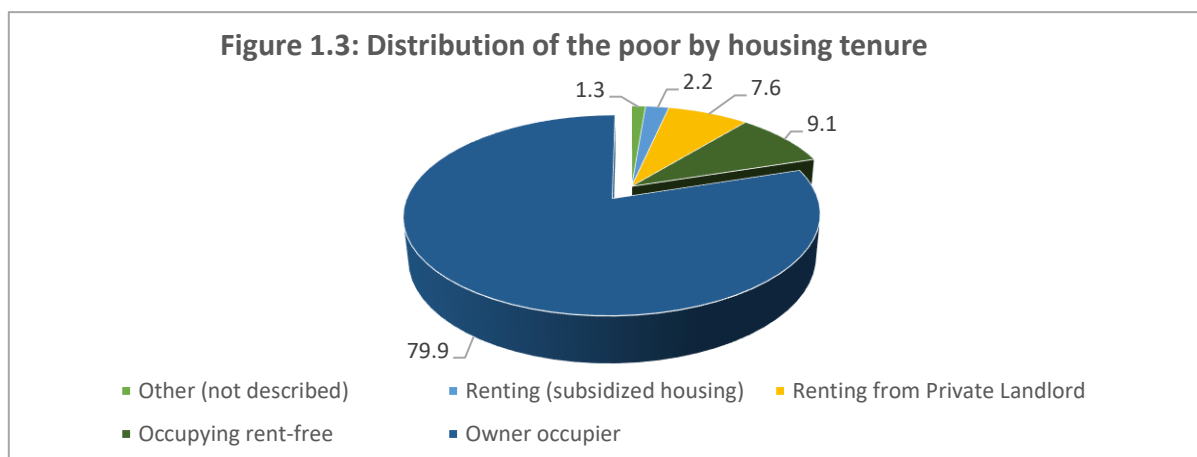


Figure 1.3 shows the poverty distribution by housing tenure. It shows that on average 80 percent of the poor live in homes that they own (owner occupier), followed by occupying rent-free (9%), renting from private landlord (8%), and renting from subsidised housing (2%).

6.0 POVERTY RATE BY NUMBER OF CHILDREN IN THE HOUSEHOLDS

Poverty rate was high among HHs with 3 or more children.

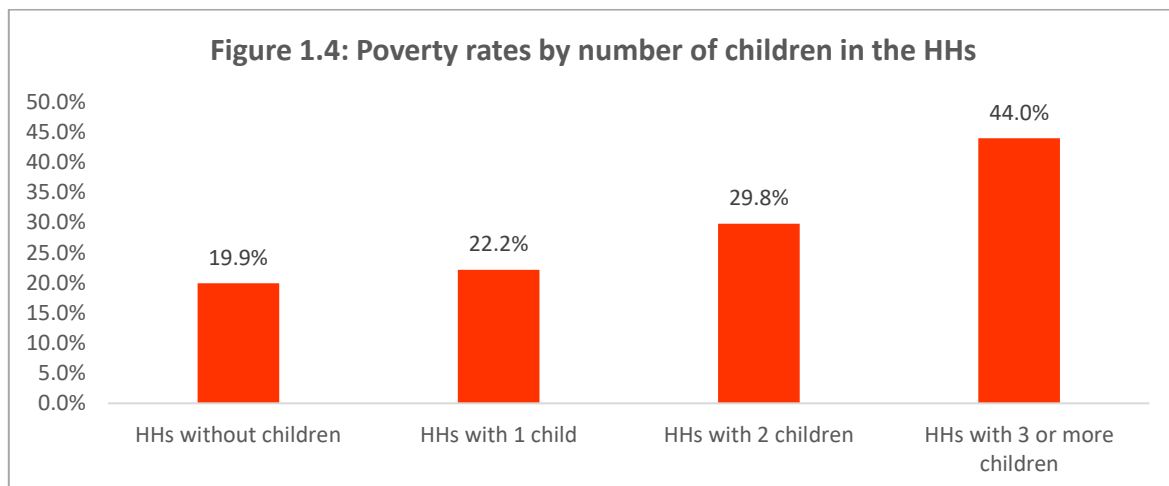


Figure 1.4 shows the poverty rates by number of children in the households. It shows that the poverty level increases consistently with the number of children in the HHs. The poverty rate for HHs with 3 or more children is estimated at 44 percent compared to HHs with one child (22%). HHs without children recorded the lowest poverty rate with 20 percent.

7.0 POVERTY BY AGE GROUP AND DEPENDENCY RATIO

Incidence of childhood poverty is prevalent, particularly among young children. 34 percent of the total children under the age of 15 are living in poverty.

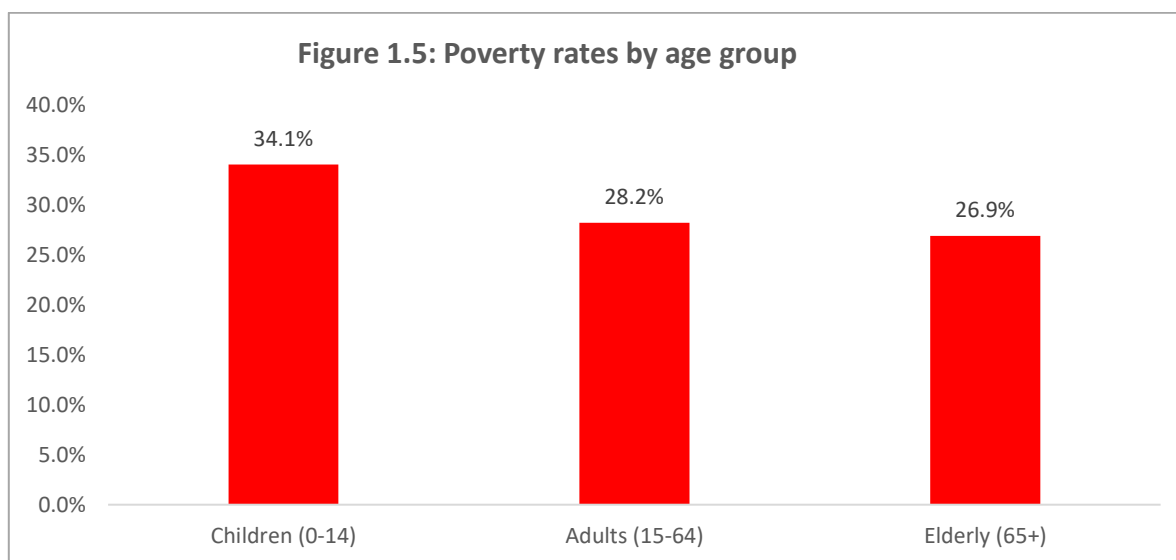


Figure 1.5 shows the poverty headcount rates of the three major age category. It shows that children are more likely to live in poverty (34%) than elderly adults (27%).

Similar pattern was noted in the dependency ratio of the poor (Table 3). It shows that the overall dependency ratio of the poor is around 64 percent compared to non-poor (51%) in 2019-20. The data also shows that the children dependency ratio is more dominant than the elderly age group. In terms of the total poor population, children dependency ratio is 55 percent compared to elderly dependency ratio of only 9 percent. Dependency ratio represent those population group that are not in the labour force, and thus would mostly depend on those economically active population group (in the labour force) for their socio-economic support.

Table 3: Dependency Ratio of the Poor and Non-Poor			
National	Total	Poor	Non-poor
Children (0-14)	253,156	86,218	166,937
Adults (15-64)	557,938	157,558	400,380
Elderly (65+)	53,038	14,276	38,762
<i>Children Dependency Ratio</i>	45.4%	54.7%	41.7%
<i>Elderly Dependency Ratio</i>	9.5%	9.1%	9.7%
<i>Total Dependency Ratio</i>	54.9%	63.8%	51.4%

8.0 POVERTY BY CHARACTERISTICS OF HOUSEHOLD HEAD

Poverty rates were high among people living with HH heads that have not completed at least primary education and employed as family/community workers.

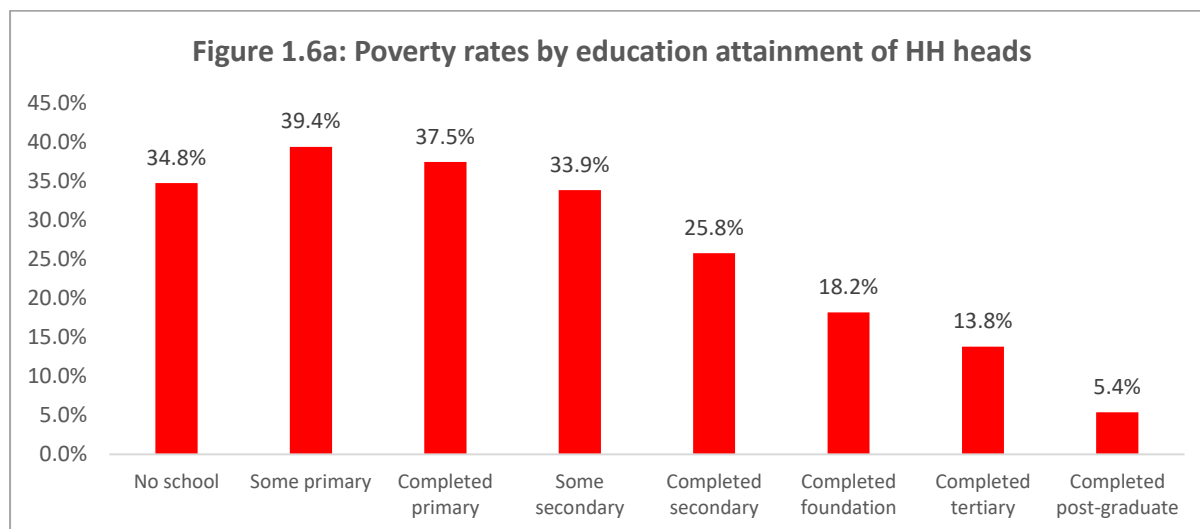
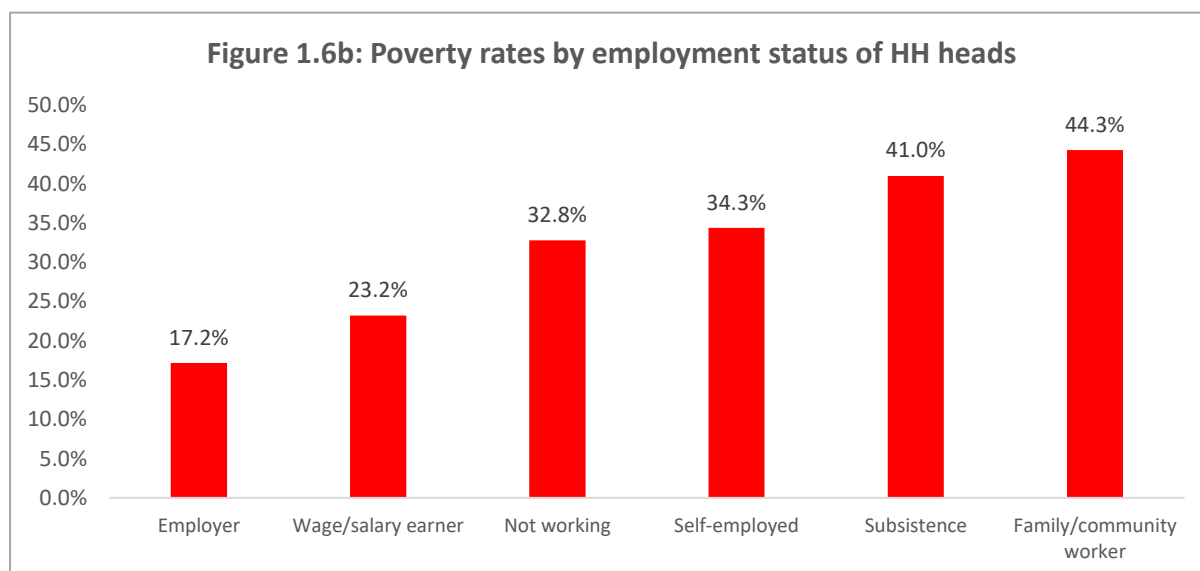


Figure 1.6a shows the poverty rates of individuals based on the education attainment of their HH heads. The result shows that the poverty incidence was high among people living with HH heads that have not completed at least primary education. On average, 38 percent of the people who live with a HH head that has completed primary education were living below the poverty line. In contrast, of all the people who live with a HH head that has completed a post-graduate education (including the HH head themselves), only 5 percent are poor.



In the labour market, on average 28.7% of labour force (age 15-55) are living below the BNPL. Figure 1.6b shows that poverty rates are high for those who live with HH heads that are family/community workers (44%), followed by subsistence (41%), self-employed (34%), not working (33%), and wage/salary earner (23%). Also, it was noted from the survey that about 17 percent of people living with a HH head who is an employer were living below the poverty line in 2019-20.

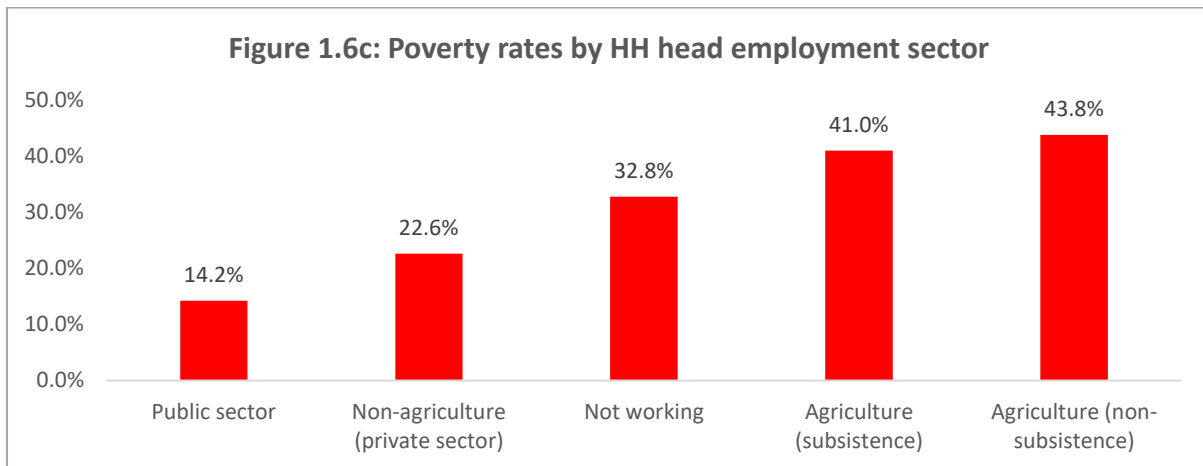


Figure 1.6c shows that on average, 44 percent of people who live with a HH head that is employed in the non-subsistence agriculture sector are poor, compared to 41 percent in subsistence agriculture. The graph also shows that people who live with a HH head that is employed in the private sector has higher poverty rates of 23 percent compared to 14 percent in the public sector.

Further details on the distribution of the poor are provided in Table 4.

Table 4: Distribution of Population Based on Poverty Status			
	National	Poor	Non-poor
Highest education level of HH head			
No school	2.3%	2.7%	2.1%
Some primary	15.5%	20.4%	13.4%
Completed primary	17.0%	21.3%	15.2%
Some secondary	29.2%	33.1%	27.5%
Completed secondary	14.5%	12.5%	15.4%
Completed foundation	3.5%	2.2%	4.1%
Completed tertiary	16.1%	7.5%	19.8%
Completed post-graduate	1.8%	0.3%	2.5%
Total	100.0%	100.0%	100.0%
Employment status of HH head			
Not working	22.3%	24.5%	21.4%
Wage/salary earner	42.0%	32.6%	46.0%
Employer	1.2%	0.7%	1.4%
Self-employed	23.8%	27.4%	22.3%
Family/community worker	1.2%	1.7%	0.9%
Subsistence	9.6%	13.2%	8.1%
Total	100.0%	100.0%	100.0%
Employment by sector of HH head			
Not working	22.3%	24.5%	21.4%
Non-agriculture (private sector)	45.5%	34.5%	50.3%
Public sector	5.2%	2.5%	6.4%
Agriculture (subsistence)	9.6%	13.2%	8.1%
Agriculture (non-subsistence)	17.3%	25.4%	13.9%
Total	100.0%	100.0%	100.0%

Table 4 shows that despite the high poverty incidence among people living with HH heads that have not completed at least primary education, the concentration of the poor was high among those people who live with a HH head that have not completed secondary education. The concentration of the poor was also high among those living with a HH head that employed as wages/salary earners (33%) compared to family/community workers (2%). By employment sector, concentration of the poor was high in the private sector (35%) compared to the public sector (3%).

9.0 HOUSEHOLD INCOME SUMMARY

National average annual HH income was around \$26,249 in 2019-20.

Table 5: Annual HH Income by mean, median, and per AE

Spatially and temporally deflated			
	Mean HH income	Median HH income	Mean per AE income
National	\$26,248.6	\$20,726.7	\$8,072.7
Rural	\$20,738.1	\$17,256.3	\$6,213.3
Urban	\$30,500.7	\$24,502.5	\$9,507.5
Urban			
Central	\$33,391.0	\$26,582.2	\$10,038.9
Eastern	\$26,913.6	\$20,039.1	\$9,770.4
Western	\$28,107.7	\$22,901.0	\$9,268.4
Northern	\$23,779.7	\$20,394.8	\$7,186.2
Rural			
Central	\$22,301.0	\$18,488.7	\$6,473.3
Eastern	\$19,791.1	\$17,165.5	\$6,684.2
Western	\$20,318.0	\$17,254.0	\$6,259.0
Northern	\$20,229.2	\$16,656.6	\$5,683.9

Table 5 shows the annual HH income by mean, median, and on per adult equivalent basis. The national average annual household income is estimated at \$26,249 per household, whereas the median annual household income is \$20,727. The mean annual per adult equivalent income at national level is \$8,073. Generally, median household income is a better indicator than the mean (average) household income, as the latter is always affected by those extreme or unusually high or low income values.

10.0 COMPOSITION OF HOUSEHOLD INCOME

Employment income accounts for 74% of the total household income across Fiji in 2019-20.

Table 6: Per Household Average						
Spatially and temporally deflated						
Composition of income	National	%	Urban	%	Rural	%
Employment Income						
Wages & Salaries	\$12,842.0	48.9%	\$17,780.7	58.3%	\$6,441.8	31.1%
Agriculture activities	\$2,509.6	9.6%	\$600.4	2.0%	\$4,983.8	24.0%
Casual work	\$1,749.1	6.7%	\$1,969.1	6.5%	\$1,464.0	7.1%
Non-agriculture activities	\$1,366.8	5.2%	\$1,583.9	5.2%	\$1,085.6	5.2%
Subsistence	\$812.3	3.1%	\$198.7	0.7%	\$1,607.6	7.8%
Sub-total	\$19,279.9	73.5%	\$22,132.8	72.6%	\$15,582.8	75.1%
Capital Income						
Property income	\$341.8	1.3%	\$573.7	1.9%	\$41.3	0.2%
Imputed rents	\$2,290.1	8.7%	\$2,701.9	8.9%	\$1,756.5	8.5%
Other income	\$955.1	3.6%	\$1,391.7	4.6%	\$389.3	1.9%
Sub-total	\$3,587.0	13.7%	\$4,667.3	15.3%	\$2,187.1	10.5%
Transfer income						
Gifts & Remittances	\$1,651.2	6.3%	\$1,866.1	6.1%	\$1,372.8	6.6%
Pension & social benefits	\$1,730.4	6.6%	\$1,834.6	6.0%	\$1,595.5	7.7%
Sub-total	\$3,381.7	12.9%	\$3,700.7	12.1%	\$2,968.3	14.3%
Estimated average household income	\$26,248.6	100.0%	\$30,500.7	100.0%	\$20,738.1	100.0%

Table 6 shows the major broad category of income composition. At the national level, employment income makes up 74 percent of the total household income composition, followed by capital income (14%) and transfer income (13%), respectively. Wages and salaries contributed the largest proportion of HH income, accounting for 49 percent of total income composition, followed by agriculture activities (10%), whereas property income with the least contribution of 1 percent.

By area, urban wages and salaries contributed around 58 percent, imputed rental income recorded the second highest with 9 percent and subsistence income the lowest with less than 1 percent. On the contrary, rural wages and salaries contributed around 31 percent, agriculture activities recorded the second highest with 24 percent, and property income the lowest with less than 1 percent.

11.0 DISTRIBUTION OF HOUSEHOLD INCOME

The Bottom 10% received less than 5 percent of total HH income across Fiji.

Table 7: Decile Distribution of HH Income			
Spatially and temporally deflated			
DECILE	National	Urban	Rural
1 - Lowest	4.0%	3.9%	4.8%
2	5.3%	5.6%	6.3%
3	6.4%	6.4%	7.0%
4	7.4%	7.8%	7.4%
5	8.5%	8.7%	9.0%
6	9.4%	9.6%	9.8%
7	10.8%	10.6%	10.6%
8	11.8%	11.6%	11.8%
9	14.7%	14.7%	14.0%
10 - Top	21.8%	21.2%	19.3%
Total	100.0%	100.0%	100.0%

Table 7 shows the decile distribution of household income at the national, urban and rural areas. The share of HH income increases as the decile increases. At the national level, the result indicates that the households top earning 10% received more than 20 percent of the total HH income compared to the households poorest 10% which received less than 5 percent of the total HH income. Rural income distribution is slightly better than urban income distribution at both end of the distribution. The poorest 10% of urban HHs accounts for 4 percent of total urban HH income compared to 5 percent in rural areas. On the other extreme, the top 10% of urban HHs accounts for 21 percent of total urban HH income compared to 19 percent in rural areas.

12.0 HOUSEHOLD EXPENDITURE SUMMARY

National average annual HH consumption expenditure is estimated at \$11,961 in 2019-20.

Table 8: Annual Household Expenditure Summary				
Spatially and temporally deflated				
	Per HH		Per AE	
	Average	Median	Average	Median
National	\$11,961.4	\$10,768.4	\$3,677.5	\$3,124.8
Rural	\$9,941.1	\$9,232.6	\$2,946.1	\$2,666.5
Urban	\$13,520.5	\$12,117.5	\$4,241.9	\$3,616.6
Central	\$13,721.9	\$12,306.0	\$4,083.1	\$3,444.7
Eastern	\$9,317.6	\$8,921.5	\$3,072.0	\$2,771.3
Northern	\$10,836.5	\$10,069.2	\$3,071.9	\$2,865.6
Western	\$10,923.8	\$9,949.5	\$3,564.6	\$3,039.8

Table 8 provides information on the annual mean and median expenditure per household and on per adult equivalent basis. The national average annual HHs consumption expenditure,

after adjusting for inflation was \$11,961 in 2019-20, of which urban annual average HH consumption expenditure is estimated at \$13,521 compared to rural \$9,941. As expected, the average HH consumption for Central Division recorded the highest with \$13,722 followed by the Western Division (\$10,924), Northern Division (\$10,837), and Eastern Division (\$9,318). It was also noted that the median annual expenditure per HH is lower than the mean across all different categories.

13.0 DISTRIBUTION OF EXPENDITURE

The Bottom 10% per AE annual expenditure is around \$1,222 in 2019-20.

Table 9: Food and Nonfood shares by decile						
Spatially and temporally deflated						
Deciles	Total exp per AE	Food exp per AE	Nonfood exp per AE	% of national consumption	Food share	Nonfood share
1 - Lowest	\$1,222.1	\$445.7	\$776.4	3.8%	36.5%	63.5%
2	\$1,697.6	\$688.6	\$1,009.0	5.3%	40.6%	59.4%
3	\$2,034.4	\$865.1	\$1,169.3	6.4%	42.5%	57.5%
4	\$2,324.2	\$995.8	\$1,328.5	7.3%	42.8%	57.2%
5	\$2,626.7	\$1,131.9	\$1,494.7	8.2%	43.1%	56.9%
6	\$2,952.8	\$1,292.3	\$1,660.6	9.2%	43.8%	56.2%
7	\$3,339.4	\$1,418.9	\$1,920.5	10.4%	42.5%	57.5%
8	\$3,890.9	\$1,638.0	\$2,252.9	12.2%	42.1%	57.9%
9	\$4,685.7	\$1,843.0	\$2,842.7	14.7%	39.3%	60.7%
10 - Top	\$7,200.4	\$2,445.6	\$4,754.8	22.5%	34.0%	66.0%

Table 9 shows the decile distribution of per adult equivalent expenditures by food and non-food components. The share of consumption increases as the decile increases. On average, the bottom 10% per adult equivalent annual expenditure was \$1,222 in 2019-20, equivalent to 4 percent of the national consumption. In contrast, the top 10% per adult equivalent annual expenditure was around \$7,200 in 2019-20, equivalent to 23 percent of the national consumption.

The relationship between the share of spending on food and non-food was also evident in Table 9. It shows that the average food share decreases as expenditure (welfare) rise. On the other hand, the average non-food share increases as expenditure (welfare) rise.

14.0 COMPOSITION OF HOUSEHOLD EXPENDITURE

Per HH average annual food consumption is estimated around 39% of the total consumption in 2019-20.

Table 10: Consumption composition - per HH average						
Spatially and temporally deflated						
	National	%	Rural	%	Urban	%
Total consumption	\$ 11,961.4	100.0%	\$ 9,941.1	100.0%	\$ 13,520.5	100.0%
Total food	\$ 4,718.1	39.4%	\$ 4,695.6	47.2%	\$ 4,735.4	35.0%
Total non-food	\$ 7,243.4	60.6%	\$ 5,245.5	52.8%	\$ 8,785.1	65.0%
Food breakdown	National	%	Rural	%	Urban	%
Beverages	\$ 174.7	3.7%	\$ 114.1	2.4%	\$ 221.5	4.7%
Other foods	\$ 180.6	3.8%	\$ 124.8	2.7%	\$ 223.7	4.7%
Fruits	\$ 192.9	4.1%	\$ 201.5	4.3%	\$ 186.3	3.9%
Food Away from Home	\$ 205.0	4.3%	\$ 140.9	3.0%	\$ 254.6	5.4%
Sugars	\$ 205.3	4.4%	\$ 202.1	4.3%	\$ 207.9	4.4%
Oils	\$ 244.8	5.2%	\$ 206.1	4.4%	\$ 274.7	5.8%
Dairy	\$ 298.4	6.3%	\$ 211.4	4.5%	\$ 365.5	7.7%
Seafood	\$ 542.8	11.5%	\$ 676.3	14.4%	\$ 439.8	9.3%
Meats	\$ 781.8	16.6%	\$ 600.1	12.8%	\$ 922.1	19.5%
Cereals	\$ 840.8	17.8%	\$ 839.0	17.9%	\$ 842.2	17.8%
Vegetables	\$ 1,050.8	22.3%	\$ 1,379.4	29.4%	\$ 797.3	16.8%
Non-food breakdown	National	%	Rural	%	Urban	%
Health	\$ 35.8	0.5%	\$ 16.4	0.3%	\$ 50.7	0.6%
Domestic goods and services	\$ 220.7	3.0%	\$ 160.4	3.1%	\$ 267.2	3.0%
Alcohol, tobacco, narcotics	\$ 256.4	3.5%	\$ 255.6	4.9%	\$ 257.0	2.9%
Clothing and footwear	\$ 265.8	3.7%	\$ 224.4	4.3%	\$ 297.6	3.4%
Recreation and Hotels	\$ 268.3	3.7%	\$ 151.1	2.9%	\$ 358.8	4.1%
Other non-food	\$ 278.6	3.8%	\$ 193.9	3.7%	\$ 343.9	3.9%
Education (incl. grants)	\$ 341.2	4.7%	\$ 360.1	6.9%	\$ 326.6	3.7%
Communications	\$ 697.8	9.6%	\$ 494.7	9.4%	\$ 854.5	9.7%
Transport	\$ 1,130.4	15.6%	\$ 1,013.6	19.3%	\$ 1,220.6	13.9%
Housing and utilities	\$ 3,748.4	51.7%	\$ 2,375.2	45.3%	\$ 4,808.0	54.7%

Table 10 shows the per HH average annual consumption breakdown for 2019-20. The food and non-food breakdown items are categorised based on the UN Classification of Individual Consumption Expenditure according to Purpose (COICOP). At the national level, per HH average food consumption accounted for 39 percent of the total consumption compared to non-food (61%). Of the total food consumption, the top 4 commodities were vegetables (22%), cereals (18%), meats (17%), and seafood (12%). Food expenditures were high in rural areas (47%) than in the urban areas (35%). Also, consumption of vegetables were high in rural areas (29%) compared to 17 percent in urban areas. Consumption of meats were high in urban areas (20%) compared to 13 percent in rural areas.

Of the total non-food consumption, 52 percent of total non-food devoted to housing and utilities, followed by transport (16%), communications (10%), and education (5%). Similar pattern was noted in rural and urban areas.

15.0 EXPENDITURE DISTRIBUTION AND INEQUALITY

Gini index at national level stand at 30.1 in 2019-20.

Table 11: Inequality indicators			
Area	Gini coefficient	Share of top 10% in total expenditure	Share of bottom 40% in total expenditure
National	30.1	22.5%	22.8%
Rural	27.3	20.4%	24.1%
Urban	29.6	22.2%	23.0%
Central	30.5	23.0%	22.7%
Eastern	28.8	20.4%	23.2%
Northern	25.0	19.3%	25.0%
Western	30.6	22.5%	22.4%

The Gini Coefficient is a popular measure of the level of inequality in the distribution of income or expenditure of households or individuals. The coefficient is on a scale from 0 in a situation of perfect equality where everyone has the same level of income or expenditure, to 100 representing perfect inequality, where one person holds all of the wealth.

The national Gini coefficient is estimated at 30.1 in 2019-20. As expected, urban areas recorded highest level of consumption inequality (29.6) than the rural areas (27.3). Northern division recorded the lowest consumption inequality of 25.0 compared to Central division (30.5), Western division (30.6), and Eastern division (28.8).

Also, at the national level, the per adult equivalent consumption expenditure of the top 10% is in similar proportion to the combine share of the bottom 40% of consumption expenditure. Similar pattern was noted in the Central and Western divisions.

More detailed analysis of the 2019-20 HIES will be available in the main survey report.

Provided below are the following annexes for your reference:

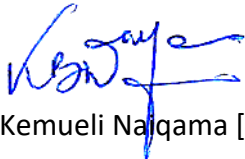
Annex 1: Changes in Methodology; and

Annex 2: Definitions and classification.

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ANNEX 1: CHANGES IN METHODOLOGY

The methodology updates to the calculations presented in the 2019-20 HIES report are in line with the latest international and regional guidance on aggregate construction and poverty measurement. The revision is also timely to ensure that a rigor and technical soundness of poverty measurement is applied as a precondition to a meaningful debate around poverty issues, including the monitoring of SDG goal 1 of “ending poverty in all its forms everywhere”. The section below details the major decisions made and how they deviate from previous HIES rounds with the technical assistance of the World Bank.

1. Poverty line methodology

A new Basic Needs Poverty Line (BNPL) was constructed for the 2019-20 HIES data, due to the methodology changes in data collection between the 2013-14 round and the 2019-20 round. This new BNPL will be used for future rounds of poverty analysis, with the application of appropriate inflation adjustments.

a. Food poverty line construction

A single national food poverty line was constructed by computing the amount of monetary expenditure required to consume a daily calorie target using the real consumption patterns of a reference population.

The calorie target was set at 2,228 calories per day per adult equivalent, based on the guidance of the Fiji National Food and Nutrition Centre.

The reference population chosen was individuals in the 11th to 50th percentile based on real (deflated) per adult equivalent consumption.

The cost per calorie of food items was computed using nutritional values (calories per 100g) from the FAO food composition tables for the Pacific and unit values (FJD per 100g) for each food item calculated based on reported transactions in the two-week consumption diaries.

b. Non-food poverty line construction

The non-food poverty line is computed as a multiplier of the food poverty line. A regression method is used to calculate the multiplier based on the food vs. non-food consumption patterns of the population as they move up and down from the food poverty line.

c. Choice of aggregate

In a change from previous years, the 2019-20 poverty rate measures the per adult equivalent consumption aggregates against the BNPL. The two reasons for this change are: 1) due to the smoother nature of the consumption distribution compared to the income distribution, particularly where some households have irregular income sources and may sometimes report zero annual incomes; and 2) in order to promote consistency between the methods used in Fiji and the methods used in other Pacific Island Countries, which all use consumption rather than income as the aggregate of choice.

2. Labor income

a. Casual worker wages

Annualization of casual worker wages assumed that the weekly wage reported is stable throughout the entire year, thus using a multiplier of 52 from the reported weekly wage. Exceptions are made for sugarcane cutters and other types of known seasonal workers, which instead used a multiplier of 26 to reflect the seasonal nature of the work. The data captured in this category refers to those who are non-contributors to FNPF and are not subjected to income taxes.

b. Salaried work

Annualization of salaried work was done based on the pay periods reported by each respondent: daily, weekly, fortnightly, bi-monthly (i.e., twice per month), and annually. The final income figures account for income taxes.

c. Income from small businesses (agriculture and non-agriculture)

Income from small businesses, both agriculture and non-agriculture, are calculated as a sum of all outputs produced (cash sales + own-consumed outputs) and net gifts received, less the costs of production and income taxes.

d. Income from subsistence farming

Income from subsistence farming was calculated as the annualized value of food items reported as home-produced consumption in the two-week consumption diaries.

e. Income from formal businesses

Due to the differentiation between smaller and larger businesses in the questionnaire, formal business income was calculated using the reported value of drawings for individuals who report owning businesses but reported no small business income. This is included in the "other non-labor income" category below.

3. Non-labor income

a. Transfers

Transfer incomes included only recurrent transfers, including government benefits and school subsidies. This income component excludes windfall transfers such as insurance payouts, as well as withdrawals from provident funds or savings, which deplete assets.

b. Remittances

The total value of the remittance component includes both remittances from domestic and international sources.

c. Property income

Property income includes interest, dividends, royalties, and rent from land and buildings received by the household in the last 12 months.

d. Gifts received

The “gifts received” component of income includes the annualized value of all food and non-food items reported as gifts received in the two-week consumption diary.

e. Imputed rent

The “imputed rent” component of income was computed for owner-occupied housing using a predictive “hedonic” model, which is based on the physical (number of rooms, building materials for walls and roofs) and location (province, urban/rural, type of locality) characteristics of the dwelling. The model was based on actual rental expenses from the renting households in the sample (roughly ~15 percent of the total sample). The predictive model had an R-squared score of ~0.6, which is roughly on par with imputed rent models used in other countries. The resulting predicted values are then deducted by the average maintenance expenses incurred by these households, which results in a maintenance coefficient of 17%.

f. Other non-labor income

Other non-labour income includes hire of plant and equipment, and the reported value of drawings for individuals who report owning businesses but reported no small business income. The following other sources of income were excluded from the aggregate: 1.) gambling/lotteries incomes due to their irregular nature, 2.) withdrawals from savings due to their asset-depleting nature.

4. Consumption aggregates

Consumption aggregate construction for the 2019-20 HIES was based on the latest recommendations of the Pacific Statistics Methods Board (PSMB). Deviations from the recommended method are caused by limitations of the questionnaire.

a. Food consumption

Food consumption was calculated as the annualized value of the reported food consumption in the two-week diaries. This includes only food consumed by the household, whether purchased in cash transactions, home-produced, or received as a gift. The consumption aggregate does not include food purchased or produced by the household but given away as a gift to another household, in order to prevent double counting of expenditures between households.

b. Non-food consumption

i. Non-durables

Like food consumption, the consumption of non-food non-durable items was calculated as the annualized value of reported transactions in the two-week diaries and the individual and household expenditures in the Computer Assisted Personal Interview (CAPI) modules.

ii. Durables

Durables are defined as items that are infrequently purchased by the household and have a lifetime that spans multiple years, e.g., motor vehicles or major household appliances such as televisions, computers, and refrigerators. The PSMB guidance recommends the calculation of “annualized use values” for durable items owned by the households, regardless of whether the items were purchased in the past year. However, data limitations prevent the calculation of these use values, and as such all durable items were excluded from the consumption aggregate.

iii. Semi-durables

Semi-durables are a sub-category of durable items that have utility for multiple years, but not as long as durables. Semi-durables tend to be purchased more frequently and are not as expensive as durables. As there is no strict guidance on semi-durables in the PSMB recommendations, the inclusion and exclusion of semi-durables in the table below are based on the likelihood of purchasing new items on an annual basis. Semi-durables are included using their full purchase value.

Included	Excluded
Clothing and footwear	Small electronic household appliances (blenders, coffee makers)
Household textiles (bed linens, pillows)	Glassware, tableware, household utensils
Spare parts and accessories for personal transport	Small household tools and accessories (hammers, saws, wheelbarrows)
Recording media (CDs, film cartridges)	Equipment for sport, camping, and open air recreation
Games, toys, and hobbies	
Books	

iv. Imputed rent

The imputed rent calculations used in the income aggregates are also applied to the consumption aggregates, including the deductions. To maintain consistency between income and consumption aggregates, household maintenance expenditures are replaced by the coefficient used for deducting imputed rents (17%).

5. Outlier corrections

Outlier corrections were applied to all transactions reported in both the diaries and CAPI modules of the survey. The outliers were identified for the annualized amounts, by COICOP subclass and region (urban/rural and province), using a cut-off score of 2 standard deviations above or below the mean. The outlier values were replaced by the median transaction value.

6. Spatial and temporal deflation

In order to account for regional and seasonal differences in costs of living and enable direct comparisons of household welfare, a price deflator was calculated based on the nominal consumption aggregates. The spatial and temporal deflator is calculated by comparing regional and seasonal differences in the prices of food goods recorded in the HIES (assuming that the regional and seasonal price differences are consistent between food and non-food goods), weighted by the importance of those goods to the consumption basket. The reference population used for the consumption basket is households in the 11th to 50th percentiles, which is the same reference population used to estimate the poverty line. Tornqvist deflators were used in order to reflect the regional and seasonal differences in the food baskets. The resulting deflator was then applied to both the consumption and income aggregates. The spatially and temporally deflated aggregates are rescaled in order to keep the same values for national averages and totals.

ANNEX 2: DEFINITIONS AND CLASSIFICATIONS

This section provides information on the definitions and terms used within this release to assist with interpretation.

Household

A household refers to a 'private household' which is defined as either:

- i. a single individual living in a dwelling who makes his or her own housekeeping arrangements; or
- ii. a group of persons living in or sharing a dwelling for most of the survey period and participate in some measure at least in the consumption of food purchased for joint use by members, or who, if not dependent upon a household member, contribute some portion of income towards the provision of essentials of living for the households as a whole; or
- iii. in the case of a halfway house or a refuge, it can be regarded as a private household only if it fits the criteria of [ii.] above and complete information can be obtained without consulting outside agencies; or
- iv. the typical dwelling occupied by a private household is a house, flat, or apartment. Other private accommodation [such as a bed-sitting room] constitutes a separate dwelling if self-contained at least in respect of sleeping, cooking and dining facilities.

Household Income

In general, HH 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 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.

The improvement in the categorisation of different income sources is align to the Pacific classification of income (PACCOI) for classifying HH income including the definition of income types as follows:

Employment income – consists of employee related income such as:

- wages and salaries, bonuses, overtime and in-kind employee income, such as housing allowances, electricity, food and clothing;
- income associated with ownership of a HH managed business (e.g., profit sharing, or dividend);
- income from own-account activities (agriculture, fisheries, livestock, handicrafts and selling home-processed foods); and
- income from the consumption of home produced and consumed goods (subsistence).

Capital income - relates to the generation of income from assets that the HH owns such as:

- home rental (receiving rent from dwellings that the HH owns);
- land lease (receiving payments for the use of land that the HH owns); and
- other general capital income (interest on deposits or loans, and dividend from non-managed businesses).

Transfer income - refers to receipts such as:

- social security, pension, superannuation or provident funds, child support (alimony), grants or scholarships, insurance claims and other.

Gifts and Remittances - refers to the receipts such as:

- cash and in-kind gifts from domestic or foreign HHs; and
- the receipts of home-produced food items.

Imputed rents – refers to the income from the value of the services that an owner occupied HH derives. In other words, it estimate what would the HH owner would receive if the dwelling was rented on the commercial market.

Also, imputed rents is treated as both non-cash income (e.g., the gross value of the services delivered to the owner-occupied HH) and expenditure (e.g., the opportunity cost of not selling those services, or the cost of consuming those services), but they're important to include to ensure that the value of these services are reported (and used in national account estimates) and to ensure that the income and expenditure of owner-occupied HHs is comparable to that of renting HHs.

Gross and net income

All employment income figures are reported as net. Property, transfer, casual, gifts and remittances, and imputed rents are reported as gross, although it is assumed that there are few transaction costs associated with these income sources (perhaps with exception of property and imputed rents income), so the gross figures are assumed to closely resemble the net figures.

Household Expenditure

Household expenditure includes consumption and non-consumption expenditures as follows:

Consumption expenditure - value of consumer goods and services acquired (used or paid) by a HH through direct monetary purchases, own-account production, barter or as income in-kind for the satisfaction of the needs and wants of its members.

Other consumption expenditure - the value of consumer goods and services acquired (used) by the HH through transfers from the government, non-profit institutions or other HHs.

Non-consumption expenditure - expenditures incurred by a HH as transfers made to the government, non-profit institutions and other HHs, without acquiring any goods or services in return for the satisfaction of the needs of its members.

Investment expenditure - covers expense items incurred by HH members for financial security or accumulation of significant assets, such as a house (including improvements of the house) and machinery.

HH head

The HH head is the person who is regarded by its members as the Head. There is no criteria for the selection of HH head. That is, the HH head may not necessarily be the main income earner or to be the person responsible for the management of HH finances.

However in Fiji, the oldest person or the man who own the HH is often, due to cultural reasons, selected as being the HH head. Considering this, the use of HH head as a variable to determine differences in income or expenditure by, for example, age or gender of HH head, doesn't make a lot of sense due to the loose criteria of nominating the HH head.

Despite this, some tabulations are provided that look at variation in income and expenditure by characteristics of the HH head. HH composition is often a more useful classification to use when comparing income and expenditure of different HH structures.

Subsistence

Subsistence income and expenditure refers to the value of home-produced goods that are consumed by the HH. Subsistence income is reported as net, as the income realised by consuming these goods is net of their cost of production, while the expenditure is reported as gross because of the opportunity cost of consuming the good rather than selling it.

Non-subsistence

Non-subsistence agriculture refers to employment in the agriculture sector which receives payment in cash. This category was derived by identifying respondents who reported an agriculture-related occupation (e.g., farmer, fisher, cane cutter) but did not identify their labor force status as "subsistence".

Average HH and per capita

Unless otherwise specified, averages are calculated as the numerator divided by the total number of HHs or persons respectively.

Decile

A decile represents one-tenth of the population (HHs) grouped by their total income and expenditure. Decile 1 represents 10 percent of the HHs with the lowest income or expenditure, while Decile 10 represents 10 percent of the HHs with the highest income or expenditure.

Quintile

A quintile represents one-fifth of the population (HHs) grouped by their total income or expenditure. Quintile 1 represents 20 percent of the HHs with the lowest income or expenditure, while quintile 5 represents 20 percent of the HHs with the highest income or expenditure.

per Adult Equivalent (pAE)

The release is using the United Nations (UN) definition of treating each child between 0 to 14 as 'half an adult', and any person above the age of 14 as 1 adult.