The Fiji poverty report

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The 1997 Fiji Government and UNDP Fiji Poverty Report analysed the extent and nature of poverty in Fiji and its causes and consequences. The purpose of the report was to strengthen the basis for policies and programs that could reduce poverty and ensure that future assistance meets the needs of the most disadvantaged. It also aimed to stimulate discussion in Fiji about poverty and disadvantage, and in this has been very effective. The study was commissioned by the Government of Fiji with assistance from the United Nations Development Programme. It was directed by a technical committee comprising representatives from government agencies and non-government organisations, and involved many organisations and people concerned with poverty alleviation in Fiji.

The report analyses the incidence of poverty, its distribution in Fiji and patterns of change since the previous Household Income and Expenditure Survey in 1977; describes the profile of the 20 per cent of households with the lowest gross incomes, their demographic and economic characteristics and their ties with the national economy; analyses processes of impoverishment, the ways in which poor households cope with problems, and the types of safety nets to which they have recourse; and describes the policy environment in which this poverty situation has evolved, the types of programs that are now in place or under consideration, and other proposals to improve the situation of the poorest and most disadvantaged sectors of the Fiji community.

The most recent information on income distribution in Fiji comes from the 1990–91 Household Income and Expenditure Survey (HIES). The age of this data poses a considerable difficulty in estimating the national poverty line. However in other respects—such as the underlying dynamics of income distribution and the profile of the poorest households—the fact that the HIES data were seven years old probably did not matter so much. While the poorest households could have become poorer or wealthier, it is not likely that their social or demographic characteristics had changed quickly, nor would have the processes by which they became poor or recovered from poverty. This judgment was supported by the large body of other information that the report drew upon: records from various government sources and non-government
organisations, other surveys and studies, and a series of reports especially commissioned for the report. Poverty is more than just a matter of incomes and expenditures and these studies provided information about non-market factors which constitute the coping strategies of the disadvantaged. These many sources consistently pointed to the same conclusions:

- Fiji is not an egalitarian society but one with deep inequalities.
- Although there is little absolute poverty, a sizeable proportion of households in Fiji have difficulty meeting basic needs for food and shelter and many cannot do so adequately.
- Despite the much vaunted strengths of tradition and community, family networks now fail to support some of the poorest and most disadvantaged sufficiently if, indeed, they ever did.

The report found that income is unevenly distributed between different parts of Fiji and between rural and urban populations. The pattern of income inequality is, foremost, a reflection of Fiji’s dual economy, one part of which is agricultural and subsistence-oriented, the other fuelled by urban-based business and paid employment, and the fact that different tiers in society have access to different sources of income. These geographic differences out-scale ethnic differences but contribute to them. Fiji is no longer a country of self-employed, self-sufficient farmers. From the lowest to the highest-income groups, most households get some proportion of their income from paid employment. The subsistence sector is nevertheless an important source of livelihood and although the scale of income inequality in Fiji is on a par with some South American and Asian countries, absolute poverty is not evident to the same extent.

The various ways of calculating the poverty line gave a fairly consistent estimate of around 25 per cent of households in Fiji living in relative poverty. Moreover, the distribution of incomes around the poverty line is quite flat, meaning that many households have incomes not much above this line. Because of the financial insecurity of many in this income bracket, a much larger group of households is therefore vulnerable to poverty.

There has been a slight growth in inequality since the late 1970s. The size of the Fiji economy grew approximately 25 per cent between 1977 and 1990–91, while the proportion of the population living in poverty grew 65 per cent. There are no data on what may have happened since 1991. The slight closure of the gap between rural and urban incomes since the late 1970s suggests that regional and rural development programs have had some positive impact. Yet another significant trend is the widening income gap within both urban and rural areas.

The cost of closing the poverty gap has increased markedly. The budgetary cost of closing the poverty gap in 1977 would have been approximately F$11.5 million, with two critical provisos being that there were no leakages and that the money went to the poor. This was then equivalent to 6 per cent of government expenditure and 1.9 per cent of GDP. By 1990–91, the annual cost of eradicating poverty had escalated to F$45.9 million, a sum equivalent to 6.8 per cent of total government expenditure and 5.4 per cent of GDP. Government spending on all social services in 1991 was F$55 million, or 9.1 per cent of government expenditure. The annual allocation for the Department of Social Welfare, through which most poverty alleviation funds were channelled, was F$3.2 million, or 0.47 per cent of the budget. It has increased slightly since.
Poverty is not concentrated in rural or urban areas nor in any ethnic group. It is an under-current in all communities in Fiji. Over and above economic hardship, poverty entails a variety of individual, family and community problems: isolation, a sense of social inferiority, frustration, lack of opportunity, physical weakness, vulnerability and humiliation. There are people who, for various reasons, cannot rely on their extended family or community for long-term support. Data from the 1990–91 HIES showed that low-income households have particular characteristics. There are also individuals within or outside of all types of households who are singularly impoverished or disadvantaged but the report was less able to consider them.

An important characteristic of low-income households is that they are small, usually having only one or no adult income-earner. (Households with several income-earners who pool small wages maintain a higher income.) There is a higher proportion of female-headed households than in the general population. The report suggested that the characteristics of low-income households could provide for a fairer distribution of Family Allowance and other forms of assistance. For example, most government assistance now goes to households with elderly heads, yet households with younger heads have almost twice as many children to provide for. Low-income households with male heads receive the least assistance. Most assistance is given according to the characteristics of household heads but could be better distributed according to the needs of their children.

There are two broad categories of the poor: those who become poor at some stage of their lives and those who are poor throughout. Many households are vulnerable to mischance, operating on narrow margins and carefully budgeting household resources. In analysing the circumstances by which households in Fiji become impoverished, two points were clear. One is that many households are inherently insecure financially. The second is that the immediate causes of misfortune are becoming more commonplace in Fiji. These include illness or disability of a family member, particularly an adult; marriage break-up or single parenthood; the inability of a custodial parent to collect maintenance payments from their ex-partner; and old age. Households in long-term poverty commonly have an insecure means of livelihood, limited skills (placing them at the bottom of the job market), restricted access to land and sea resources, and high vulnerability to events such as droughts and hurricanes. Female-headed households face these problems and more. There is no clear cut-off point between the poor and not-so-poor in these respects, but rather a continuum of relative disadvantage.

The heads of poor households are nevertheless often married, male and employed, but are the sole income earner for their family and unable to support them sufficiently. Most are engaged in mainstream economic activity. While most work as farmers or blue-collar workers, some work in jobs less commonly associated with poverty, such as the retail trade and clerical work. The concentration of women in low-paying jobs is particularly marked. Of the women heads of low-income households working in urban areas, two jobs (housemaids and sewing) accounted for 50 per cent of their employment and three more (typist, clerical worker and machinist) for 15 per cent.

Low wages are often accompanied by insecure or poor working conditions. The Fiji Government has always spent only a
small proportion of its budget on social welfare on the basis that it cannot afford a welfare state nor wants to create a ‘handout’ mentality. Yet, the Fiji Poverty Report argues, if the present low-wage structure for low-skilled workers is maintained, as appears likely, then a larger investment in welfare assistance to targeted recipients is a cost-effective way to reduce the poverty and hardship of the poorest households, especially for children who otherwise may be disadvantaged throughout their lives.

There is a high rate of primary school enrolment, but around 30 per cent of children do not complete primary school or proceed to secondary school. Financial pressures are a principal factor in this drop-out rate. Another link with poverty is that many children leave school because they fail in national examinations; children from resource-poor schools and poor communities generally score lowest. Among adults, there is a clear link between low education, insecure employment status, and low incomes. Enabling poor children to stay healthy and in school helps prevent them from becoming the next generation of disadvantaged adults.

In general, there are four types of safety nets for the poor: family support systems; financial institutions; government welfare services; and non-government organisations welfare services. Family and community support systems do not work well where many people are in financial difficulty, with incomes below or close to the poverty line. Financial institutions, such as banks and insurance schemes, do not cater for people who have no savings or assets. The Family Assistance Scheme cannot meet current demand and provides only for the poorest of the poor, yet is inadequate to meet their basic needs. Non-government organisations provide a large share of material and other assistance to the poor and to people in special need. They are seen foremost as welfare organisations, but many are giving greater emphasis to empowerment, providing poor people with skills and knowledge to build their self-sufficiency and self-reliance. Non-government organisations nevertheless acknowledge that poor coordination and their often limited outreach prevent them from fully meeting the needs of the poor. As the situation stands, the safety nets available to many low-income families do not bridge the gap fully between an adequate lifestyle and destitution.

During the 1990s, the Fiji Government has put in place new programs to assist poor and disadvantaged families. The challenge of eradicating poverty is one of general concern in Fiji—not surprising in a country with a strong tradition of voluntary involvement in community and social services. There is a growing realisation that non-government organisations are effective development partners of the government; the government providing the necessary funding and the non-government organisations providing the necessary services to disadvantaged people. The government is currently developing a comprehensive strategy for poverty eradication in Fiji encouraged, in part, by the wide interest and debate about poverty stimulated by the Fiji Poverty Report.

Reference