

# The incidence of poverty and the poverty gap in Fiji: unpalatable facts for ethno-centric political parties

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Fiji's major political parties have frequently used a message that 'their' ethnic group is the 'most poor' and therefore their political party will, if in power, primarily foster their interests. The most recent data indicate that while the incidence of poverty is higher among Indo-Fijians than indigenous Fijians, the poverty gap is larger for indigenous Fijians. Unable to reconcile these two objective facts about poverty, the major political parties have shown little interest in publicly disseminating and discussing the results of studies of poverty.

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In post-colonial Fiji, Fijian political parties have paid special attention to the economic interests of indigenous Fijians who are perceived to have lagged economically behind other ethnic groups. Since the 1987 coups, however, Fijian political parties' affirmative action strategies and programs to assist the Fijian community have been viewed by other political parties as racist.

In part, this reaction resulted from the perception that the needy of other ethnic groups were being neglected while élites among indigenous Fijians were receiving preferential treatment. The Fijian political counter to this accusation was that regardless of the benefits being received by élite Fijians, the commanding heights of the

economy and the bulk of the upper classes were still dominated by other ethnic groups, especially Indo-Fijian élites.

This article does not enter into this complex debate, which frequently ignores the far more important dominant roles of élites (corporations and people) who are neither indigenous Fijian nor Indo-Fijian. The stereotyping also ignores the important reality that 90 per cent of indigenous Fijians and Indo-Fijians appear to have equivalent incomes, while the only ethnic differences are among the top 10 per cent or, more likely, the top 5 per cent of each group.<sup>1</sup>

This article focuses on the facts about poverty afflicting the two major ethnic groups, in terms of the incidence of poverty



(the 'head-count ratio', or the proportion of people who are poor) and the poverty gap (the depth of poverty). The statistics used are based on the national data obtained from the 2002–03 Household Income and Expenditure Survey (HIES) conducted by the Fiji Islands Bureau of Statistics and analysed previously by this author (Narsey 2006). A more comprehensive and more wide-ranging treatment of the issues considered here is Narsey (2008).

### The incidence of poverty in 1991: errors in the 1997 *Fiji Poverty Report*

This article first corrects the estimate of 25 per cent for the national incidence of poverty given in the 1997 *Fiji Poverty Report* (Fiji and UNDP 1997), which has been quoted universally for a decade. The quantitative analysis of poverty in the 1997 Report was based on analysis by Dennis Ahlburg (1995, 1996) of the 1990–91 HIES. No report on the 1990–91 HIES was ever published by Fiji's Bureau of Statistics because the survey was

considered statistically unsound. Ahlburg, however, had the data 'statistically adjusted' for his poverty analysis.<sup>2</sup> It is unclear what the statistical adjustments were and whether they were serious enough to significantly affect the poverty incidence results.<sup>3</sup>

Ahlburg's studies followed (with one crucial error) the methodology used by Stavenuiter (1983) in his analysis of the estimates of poverty in 1977, using the results of the 1977 HIES. The errors made by Ahlburg's analysis and the 1997 *Fiji Poverty Report* are detailed in Narsey (2008).

One of the fundamental mistakes made in the transition from the drafts by Ahlburg to the 1997 *Fiji Poverty Report* was that Ahlburg's percentages of 'households' in poverty (Ahlburg 1996:Table 19) were labelled in the Report (Government of Fiji and UNDP 1997:Table 16) as a percentage of the 'population' earning less than the poverty line. Table 1 here gives the basic needs poverty line (BNPL) values used in Ahlburg (1996) and the BNPL values used in the 1997 *Fiji Poverty Report* and associated estimates of the incidence of poverty.

Table 1 **Fiji: percentage of people living in poverty**

	Ahlburg (1996)	1997 <i>Fiji Poverty Report</i>
	Basic needs poverty lines (F\$)	
All	82.92	83.00
Fijian	92.63	92.63
Indo-Fijian	97.34	97.34
Others	92.63	92.63
	Percentage below basic needs poverty line	
	Households	Population
All	24.26	25.50
Fijian	27.62	27.70
Indo-Fijian	33.41	31.00
Others	25.82	27.60

**Sources:** Ahlburg, D.A., 1996. *Income distribution and poverty in Fiji*, Revised draft report to the United Nations Development Programme, New York, May; Fiji and United Nations Development Programme (UNDP), 1997. *Fiji Poverty Report*, Government of Fiji and United Nations Development Programme (Fiji), Suva.




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**Table 2 Fiji: percentage of households in poverty, 1990–91 (adjusted for household size)**


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	Households in poverty (per cent)
All	32.3
Fijian	32.4
Indo-Fijian	32.3
Others	31.4

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**Source:** Ahlburg, D.A., 1995. *Income distribution and poverty in Fiji*, Draft report to the United Nations Development Programme, December: Appendix Table 20.

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The Report's estimate of 25 per cent of the population living in poverty, which has been quoted for more than a decade, would seem to be incorrect for several reasons. First, the national figure of 25.5 per cent of the population in poverty (Table 1) is clearly statistically inconsistent with the ethnic estimates. Given that the Fijian figure was 27.7 per cent and the Indo-Fijian<sup>4</sup> figure was 31 per cent, the national figure ought to have been somewhere in between—probably about 29.4 per cent.<sup>5</sup>

Ahlburg's error (and that of the 1997 Report) derives from incorrectly using a national BNPL figure of F\$83, which is also clearly statistically inconsistent with the ethnic BNPL values of F\$92.63 for Fijians and F\$97.34 for Indo-Fijians. A more consistent 'notional' figure for the national BNPL would have been somewhere in between the two ethnic values (about F\$94.79) and the national estimate of households in poverty would have been about 29 per cent.

Even this last figure might not have been correct. Both of Ahlburg's drafts (December 1995 and May 1996) noted that the reported tables on the incidence of poverty did not allow for differences in household size—'all households do not have five people or "four adult units"' (Ahlburg 1996:38)—and that

food and other needs for a child were not as much as for an adult. Both of Ahlburg's draft reports therefore gave tables for the percentages of households in poverty, adjusted for household size,<sup>6</sup> in which the stated 'income and expenditure of each household is compared to its own food poverty line and poverty line'.<sup>7</sup> While some results were different in the different drafts, Table 2 gives the statistically consistent values.<sup>8</sup>

If the results in Table 2 are correct—that is, if the percentage of households in poverty in 1990–91 was 32.3 per cent—the figure for the percentage of the population in poverty was likely to be even higher, given that poorer households tend to be larger than non-poor households.<sup>9</sup> Rough estimates indicate that 30 per cent of the poorest households in 1991 would have contained 34 per cent of the population.

If Ahlburg's estimate (32 per cent of households) adjusting for household size was correct, then the percentage of population in poverty may well have been around 36 per cent. Certainly, the widely quoted estimate of 25 per cent of people living in poverty in 1991 was incorrect.<sup>10</sup> Therefore, current estimates of poverty (35 per cent) should be compared with perhaps an even larger figure for 1991.



### Basic needs poverty lines and the incidence of poverty for 2002–03

A household (and its members) are considered to be 'poor' if the household's income is below the chosen BNPL. To allow for differences in household size, the criterion used is the BNPL per adult equivalent (BNPL pAE), with the definition of the 'adult equivalent' following the United Nations' approach.<sup>11</sup>

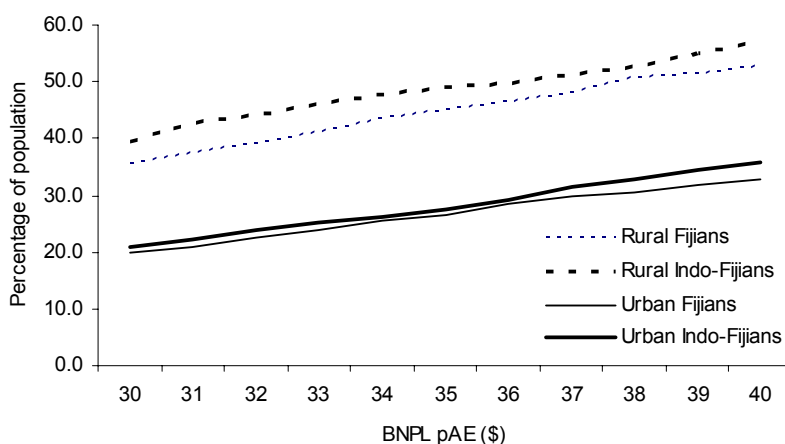
There is considerable debate about the choice of the BNPL, with respect to international relativities<sup>12</sup> and internal differentiation. Regional differences (such as urban and rural BNPLs) draw little criticism because of the obvious possibility of differences in the prices of essentials such as food, housing, fuel and transport.

Narsey (2008) provides a detailed discussion of the derivation of revised BNPLs and their two essential components—the food poverty line (FPL) and the non-food

poverty line (NFPL)—based on expenditure patterns revealed by the 2002–03 HIES. These are estimated for the major ethnic groups, by location. Coincidentally, the values for the FPL turn out to be approximately the same; however, the ethnic values for the NFPL and hence the values for the BNPL are quite different.

Ethnic differentiation of the FPL is understandable in the Fijian context, given the very different cultural and religious practices in food consumption,<sup>13</sup> but ethnic differentiation of the NFPL (and hence of the BNPL values) is more contentious. Justification for ethnic differentiation might be provided by differences in expenditure on essential items such as education<sup>14</sup> and housing.<sup>15</sup> While a case can be made for having ethnically different values for the BNPL, a fundamental difficulty is that it is impossible to separate out differences in expenditure that are due purely to cultural preferences (for example, for housing and

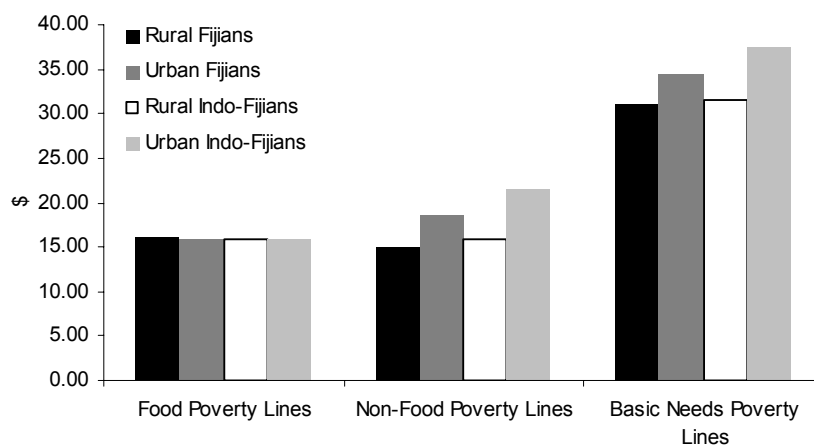
Figure 1 Fiji: incidence of poverty, by location and ethnicity



Source: Author's calculations.



Figure 2 Food poverty lines, non-food poverty lines and basic needs poverty lines



Source: Author's calculations.

transport) and those due to institutional factors that genuinely reflect 'necessity'.

It is useful therefore to understand what the ethnic relativities in poverty incidence would be if common values were used for the BNPL for all sub-groups. A clear picture is obtained by plotting the incidence of poverty for each ethnic sub-group (Figure 1). The horizontal axis gives the values for BNPL pAE ranging from F\$30–40. The vertical axis gives the percentage of each population sub-group that falls below any particular BNPL pAE.

The relative positions of the lines (with no crossing over) indicate that there is a particular order of intensity of poverty, implying which sub-group is 'most poor', given a common value for the BNPL. In the range of values given for the BNPL, the 'most poor' will always be rural Indo-Fijians, followed closely by rural Fijians. At significantly lower poverty rates will be urban Indo-Fijians and, at even lower rates, urban Fijians. Clearly, the rural–urban differentiation of poverty is far more

important than the ethnic differentiation that political parties show a proclivity towards focusing on.

### The incidence of poverty using ethnically differentiated BNPLs

One methodological challenge is to derive poverty lines that might be used consistently over time. Kakwani (2003) gives two methods of doing so. First, the poverty line estimated for the earlier period can be adjusted to the later period using consumer price indices. Second, a fresh poverty line can be calculated using the latest HIES and the 'food energy intake' method. Both methods are used here and the results are given for comparability and sensitivity.

Table 3 (and Figure 2) presents the revised values for the FPLs and NFPLs, and hence the BNPLs, based on the consumption patterns revealed by the 2002–03 HIES. The FPL values per adult equivalent (FPL pAE) have been derived from meal plans designed



Table 3 Revised BNPL pAE, 2002–03 (F\$)

	Rural Fijians	Urban Fijians	Rural Indo-Fijians	Urban Indo-Fijians
FPL pAE 2002	16.10	15.89	15.78	15.78
NFPL pAE decile 3	15.05	18.71	15.80	21.69
BNPL pAE 2002	31.15	34.60	31.58	37.47
BNPL per household of 4 AE	124.60	138.39	126.34	149.89

Source: Author's calculations.

by nutritionists for households of four adult equivalents, following the middle quintile food-consumption patterns indicated by the results of the 2002–03 HIES. Detailed analysis is given in Narsey (2008).

The NFPLs are based on the 2002–03 HIES third-decile values of NFPL pAE for the four sub-groups. Since the focus is on 'essential' non-food expenditure, the reference groups ought to be those whose incomes are low enough that they are unlikely to be indulging in personal tastes (as opposed to more strongly rooted social values) for unnecessary items in their non-food expenditure—but not so low that they curtail their non-food expenditure just to satisfy their food requirements.

The reference group chosen for this study is the population in the third decile. Average non-food expenditure (pAE per week) estimated for this group would effectively be taking reference from the household containing the 25 per cent person from the bottom of the distribution. The people in this notional household are not absolutely 'poverty stricken' but neither are they 'well-off'. Their expenditure on non-food items could reasonably be considered to be 'essential' rather than spending on luxuries.

It is also important that these non-food unit expenditure values are estimated for households of four adult equivalents, because even in low-income households

there is clear evidence of some economies of scale in non-food consumption expenditure.<sup>16</sup> This is necessary, as the third-decile average non-food expenditure for Fijian households represents values for households with an average size much larger than four adult equivalents, while that for Indo-Fijians will be fairly close to four adult equivalents. Regressions on the lowest five deciles were used to smooth out the statistical fluctuations and obtain third-decile estimates for households of four adult equivalents.

This method clearly introduces an element of relative poverty in that, over time, the amount spent on non-food items by the people in the third decile will tend to change (usually upwards). Both estimates can be regarded as moving standards in much the same way as the 'relative standards' obtained by setting the poverty line at 50 per cent or 60 per cent of the median household's income.

With the revised 2002 FPLs being approximately equal in dollar value for the four sub-groups, the differences in values for the BNPLs are due almost entirely to the differences in amounts spent on non-food items, and the standard used (Figure 2).

Table 4 compares the revised BNPL values for 2002–03 with the 1997 BNPLs for 1991, adjusted by the consumer price index (CPI) to 2002–03; the revised BNPLs are 3 per cent lower for rural Fijians, 6 per



Table 4 BNPL pAE with NFPL = average decile three

	Rural Fijians	Urban Fijians	Rural Indo-Fijians	Urban Indo-Fijians
BNPL pAE 2002	31.15	34.60	31.58	37.47
1997 BNPL (adjusted by CPI to 2002)	32.03	32.03	33.66	33.66
Difference (2002 compared with 1997) (per cent)	-3	8	-6	11

Source: Author's calculations.

cent lower for rural Indo-Fijians, 8 per cent higher for urban Fijians and 11 per cent higher for urban Indo-Fijians. Note that the BNPL for urban Indo-Fijians is considerably higher than that for all other sub-groups, including urban Fijians. It should be expected therefore that the incidence of relative poverty among urban Indo-Fijians would be higher.

Table 5 presents the revised estimates of the incidence of poverty for the revised 2002–03 BNPLs and for the BNPLs used in the 1997 *Fiji Poverty Report*, adjusted by the

CPI to 2002–03 values.<sup>17</sup> The estimates for the national incidence of poverty work out to be fairly close to each other: 34 per cent (for the revised 2002–03 BNPLs) and 35 per cent (for the *Fiji Poverty Report*).

The incidence of rural poverty was 40 per cent (42 per cent by the 1997 BNPL) compared with a much lower 29 per cent for the urban areas. The Indo-Fijian incidence of poverty was 37 per cent—3 percentage points higher than the 34 per cent for Fijians.<sup>18</sup>

The sub-group in the worst situation was rural Indo-Fijians, with a 44 per cent

Table 5 Incidence of poverty for BNPL alternatives (per cent)

	1997 BNPLs adjusted by CPI to 2002	Revised 2002–03 BNPLs
Rural Fijian	39	38
Rural Indo-Fijian	47	44
Other rural	45	41
Urban Fijian	23	26
Urban Indo-Fijian	26	32
Other urban	12	17
Fijians	33	34
Indo-Fijians	36	37
Others	21	24
All rural	42	40
All urban	24	29
All	34	35

Source: Author's calculations.



incidence of poverty (47 per cent by the 1997 BNPL). This is not a surprising result, given the decline of the sugar industry and the expiry of land leases for Indo-Fijian farmers.

While the estimates for the incidence of poverty for ethnic sub-groups are different in absolute terms, the ethnic and rural–urban relativities are exactly the same. Both BNPL alternatives therefore show Indo-Fijians as having a higher incidence of poverty in rural areas, in urban areas and in aggregate. These results seem to be quite robust.

### Estimating the depth of poverty using differentiated BNPL values

The estimates of the ‘incidence of poverty’ give some idea about the proportion of a population sub-group that is below some BNPL value—that is, the intensity of poverty among the sub-groups. It does not, however, tell us how far below the poverty line the poor are—that is, the ‘depth of poverty’. A household could therefore be earning just F\$1 pAE per week below the BNPL, while another could be earning F\$5 pAE per week below the BNPL. Both will be considered to be contributing equally to the incidence of poverty, but clearly the second household is more in poverty than the first and will require more poverty-alleviation resources to bring it up to the BNPL. To extend the example, it might well be that the bulk of the households below the BNPL are just below the BNPL or they could be well below the BNPL.

It is useful, therefore, to derive an aggregate measure of how far below the BNPL are all those households that are considered to be in poverty. If ‘Y<sub>i</sub>’ is a particular ‘poor’ household’s income pAE per week, its contribution to the poverty gap is therefore equal to (BNPL–Y<sub>i</sub>) \* (household size, in AEs) \* (household weight) \* 52. In other words, the poverty gap is the aggregate

value of all gaps that each poor household has with the BNPL, adjusted for household size and household weight in the HIES, and summed up over the year. Notionally, it represents the total dollar amount required per annum to bring all poor households’ income up to the value of the BNPL.

If it is justifiable to differentiate ethnically between the values of the BNPL for the four sub-groups (rural and urban Fijians, and rural and urban Indo-Fijians), these differentiated values should be used to estimate the poverty gaps. The implications of doing this for poverty-alleviation policies should, however, be noted. For instance, say there are four poor households equal in size to four adult equivalents in each of these four sub-groups, with each earning a total of F\$120 a week. The poverty-alleviation strategy is to transfer sufficient resources to each poor household so it just reaches its BNPL value, which is different for the sub-groups. Even though they have the same household income of F\$120 a week, each would receive quite different transfers, as indicated in Table 6. A rural Fijian household would receive only F\$4.60, while a rural Indo-Fijian household would receive F\$6.34. Similarly, an urban Fijian household would receive F\$18.39, while an urban Indo-Fijian household would receive F\$29.89. Clearly, such a poverty-alleviation policy, based on ethnically differentiated BNPL values, would be extremely divisive politically and difficult to implement.

It would be far more pragmatic and unifying to have a common BNPL value for each region (rural or urban, division or province) for the purpose of poverty-alleviation measures. It must be kept in mind that certain public sector-subsidised investments such as roads, water, sewerage, electricity and telecommunications are not exclusive to any ethnic group: once provided, they are enjoyed by all ethnic groups in that area.





Table 7 gives some idea of the numbers of people, by ethnicity, who would be considered poor and deserving of poverty-alleviation resources using a common BNPL value of F\$33 per adult equivalent per week or F\$132 per household of four adult equivalents. In terms of numbers alone, ethnic Fijians make up some 56 per cent of the poor, while Indo-Fijians account for 41 per

cent of the poor—fairly close to the national proportions in the last census.<sup>19</sup> Were we to use common values for the BNPL, the shares of the poverty gap would also be roughly the same as the shares of the population who were poor—assuming that there were no ethnic differences in the depths of poverty.

Table 8 shows the poverty-alleviation resources that would accrue to the different

**Table 6 Poverty-alleviation resources required per household of four adult equivalents with differentiated BNPL values (F\$)**

	Rural Fijians	Urban Fijians	Rural Indo-Fijians	Urban Indo-Fijians
BNPL per household of four adult equivalents	124.60	138.39	126.34	149.89
Real income per household	120.00	120.00	120.00	120.00
Transfer required	4.60	18.39	6.34	29.89

Source: Author's calculations.

**Table 7 Population below BNPL pAE per week of F\$33 and per household of four adult equivalents per week of F\$132**

BNPL (F\$)		Population below BNPL ('000)			Horizontal percentage			
Per AE/week	Per 4AE/week	Fijians	Indo-Fijians	Others	Fijians	Fijians	Indo-Fijians	Others
\$33	\$132	147	109	8	264	56	41	3

Source: Author's calculations.

**Table 8 Poverty-alleviation resources based on differentiated BNPL values**

Ethnicity	Rural	Urban		All
		F\$ million		
Fijian	42	17		60
Indo-Fijian	29	28		57
Other	2	2		4
All	74	47		121
		Percentage shares		
Fijian	35	14		49
Indo-Fijian	24	23		47
Other	2	1		3
All	61	39		100

Source: Author's calculations.



sub-groups if ethnically differentiated values for the BNPL were used, based on the BNPL values indicated in Table 3. The Fijian community would still enjoy the larger share (49 per cent, compared with 47 per cent for Indo-Fijians).

Even though the rate of poverty incidence is higher for Indo-Fijians (and especially rural Indo-Fijians), a policy to help the poor based on need (rather than ethnicity) would still allocate a larger share of poverty-alleviation resources to indigenous Fijians and could even be called 'an affirmative action policy for Fijians based on need'. This would be legitimate, provided that the Indo-Fijian poor received their fair share of 47 per cent of the poverty-alleviation resources.

This 'mixed message' might not be palatable to the ethno-centric political parties. It should be noted that the largest share overall would accrue to rural Fijians (with 35 per cent), with the next largest share accruing to rural Indo-Fijians (24 per cent). In aggregate, the rural poor would be entitled to 61 per cent of the resources. Note that the estimated total poverty gap of F\$121 million in 2002–03 was a mere 3 per cent of GDP that year.

These 2002–03 HIES results for poverty appear to be quite robust. Not only are the poverty results from the revised 2002–03 values for the BNPL similar to those using the 1997 BNPL values adjusted by the CPI to 2002–03, they are reinforced by the income data available from the 2004–05 Employment and Unemployment Survey, which was also based on a national survey but of a completely different set of households from those in the 2002–03 HIES.<sup>20</sup>

## Political indifference to the facts about poverty

The poverty results presented here are based on the national HIES conducted by the Fiji Islands Bureau of Statistics. The survey appears to have been conducted efficiently and the data appear to be reliable.

The author was part of a team that helped the Bureau of Statistics to analyse the 2002–03 HIES.<sup>21</sup> When the initial poverty results were ascertained, the author made a presentation to the Development Subcommittee of government chief executive officers in February 2006. The poverty results were therefore available to the government of the day, which was then largely dominated by the Soqosoqo Duavata ni Lewenivanua (SDL) and other minor Fijian parties.<sup>22</sup> In September 2006, the author, on behalf of the Bureau of Statistics, made a similar presentation to the multi-party and multi-ethnic cabinet comprising the SDL and the Fiji Labour Party (FLP).<sup>23</sup> Since December 2006, the government has been one appointed by the military, including the leadership of the FLP, which has also had access to the poverty results through the Ministry of Finance and Planning.

Since 2005, there has been little urgency on the part of any government to discuss and disseminate these poverty results publicly. While the FLP would find the results for the incidence of poverty politically useful (as they indicate that the poorest ethnic group is Indo-Fijians), the results for the poverty gap (which favour the allocation of a greater share of resources to Fijians) would be politically uncomfortable. In contrast, the SDL would find the poverty-gap results useful for its policy of 'affirmative action for Fijians', but would find the poverty-incidence results politically uncomfortable. Both political parties therefore disregard the poverty results.



It is a salutary fact that the poverty gap for Fiji in 2002–03 was about 3 per cent of GDP, roughly the equivalent of what Fiji ought to be adding to its wealth annually, at a minimum. Were the Fijian economy growing at its full potential, underpinned by sound economic policy, and without the political instability that has plagued it for the past 20 years, the annual growth rate could have provided more than double this amount. There would have been ample public resources available for all kinds of affirmative action policies for disadvantaged groups, while the poor of all ethnic groups could have been assisted purely on the basis of need, and not ethnicity.

The irony is that the political instability Fiji has faced in the past 20 years has, in large measure, been the result of a struggle between ethnically driven political parties for control of state power, with each party's primary focus being the furtherance of the interests of client political groups. When in power, the controlling ethno-centric leaders have ignored the legitimate interests of the poor of other ethnic groups, with the resultant political instability, lack of investor confidence and sub-optimal economic growth.

It might have been thought that the multi-party provisions of the 1997 Constitution provided groundbreaking possibilities for cooperation between the major political parties while in cabinet together, and the possibility of reaching consensus on national policies to assist the poor of all races. The sad political reality is, however, that since 1997, the multi-party government has failed to operate as was originally intended. After the 1999 general elections, the major Fijian political party, the Soqoso ni Vakavulewa ni Taukei (SVT), was effectively excluded from government. Similarly, the FLP was effectively excluded from government after the 2001 election. The 2006 multi-party government of the SDL and FLP stuttered along for a year before the December 2006

military coup removed the SDL from holding the reins of government, while including the FLP leadership.

The utter tragedy is that the poor of all ethnic groups continue to suffer because of the tunnel vision of ethno-centric political leaders, who refuse to acknowledge what the facts clearly say: poverty in Fiji afflicts the two major ethnic groups equally.

## Notes

- 1 See the household income distribution tables in Narsey (2006).
- 2 The Bureau of Statistics does not have any documentation about the statistical adjustments made, nor the final data set used for the poverty analysis.
- 3 The raw 1991 HIES data set made available to the author by the Bureau of Statistics gives results significantly different from Ahlburg's.
- 4 This study prefers to use the term 'Indo-Fijian' for Fijian citizens of Indian origin, as opposed to the term 'Indian', more commonly used in earlier decades.
- 5 This would be the population-weighted value.
- 6 It is quite odd that the 1997 *Fiji Poverty Report* did not reference Ahlburg's Tables 20.1 and 20.2, which gave the poverty incidence results adjusted for household size.
- 7 This would have been the correct procedure to follow.
- 8 Both drafts had a Table 20.2 titled 'Estimates of Percentage of Households in Poverty based on Adjusted Household Size'. The estimates used the income criteria (which are quoted here) as well as the expenditure criteria (which are not).
- 9 Poor Fijian households would have been larger than 6.5 per household while the Fijian average then was only 5.4; poor Indo-Fijian households would have been larger than 5.4, while the average then was about 5.
- 10 Note that if the ethnic values for the percentage of households in poverty in Table 2 were correct (roughly the same at 32 per cent), the head-count ratio for Fijians would have



- been higher than that for Indo-Fijians simply because the poorer Fijian households had a larger average household size than poor Indo-Fijians.
- <sup>11</sup> Each child aged 14 and under is considered to be half an adult.
- <sup>12</sup> One debate concerns the relevance of using the (purchasing power parity) standard of US\$1 or US\$2 a day for international comparisons.
- <sup>13</sup> For instance, Hindus do not eat beef but may eat pork; Muslims do not eat pork but eat beef; while a large proportion of Hindus may be vegetarian.
- <sup>14</sup> In the past two decades, Indo-Fijian students have not received the same degree of state subsidies as indigenous Fijian students; hence, Indo-Fijian expenditure on education is necessarily higher.
- <sup>15</sup> Because Fijians dominate employment in government and state-owned enterprises, they are also more likely to receive subsidised housing; hence, Indo-Fijian expenditure on housing will be higher.
- <sup>16</sup> An earlier version of this paper did not adjust for economies of scale in essential non-food expenditure and also calculated the values of the poverty gaps based on common values for the BNPL. The latter method allocated slightly more to indigenous Fijians and slightly less to Indo-Fijians.
- <sup>17</sup> The difficulty lies in finding estimates for 1991 using the same methodology of ranking households.
- <sup>18</sup> Had proper account not been taken of the differences in household size between poor Fijian and Indo-Fijian households, the incidence of poverty for Fijians would have been 2 percentage points lower, and 2 percentage points higher for Indo-Fijians. A similar difference would have been estimated among the rural sub-groups.
- <sup>19</sup> The 2007 census results indicated that Fijians made up some 57 per cent of the population while Indo-Fijians made up 37 per cent. The proportions for 2002–03 would have been closer to those shown in Table 7.
- <sup>20</sup> The 2004 Employment and Unemployment Survey results are also analysed in Narsey (2008) for the incidence of poverty in 2004.
- <sup>21</sup> Other members of the team were South Pacific Commission consultant Kim Robertson (who helped in cleaning the HIES data) and David Abbott, then a consultant to the Asian Development Bank. Abbott had earlier made an independent presentation to the Fijian cabinet, although the methodology for his poverty analysis was different from this author's.
- <sup>22</sup> At that time, the SDL government included other minor parties.
- <sup>23</sup> The ministers of this government, led by Laisenia Qarase, were drawn from the SDL and the FLP.

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