

STATISTICS RELEASE: HIES 2010

HIGHLIGHTS

INTRODUCTION

The Household Income and Expenditure Survey (HIES) was carried out by the Vanuatu National Statistics Office (VNSO) in late 2010 to collect information on housing characteristics, access to facilities and infrastructure, sources of household income and types of household expenditure (daily, monthly and irregular intervals). The HIES was a sample survey, collecting information from 10% of households from Torba to Tafea, designed to provide reliable statistical information for analysis of income and expenditure at the province level. The Relative Standard Errors (RSE's) for the major HIES variables are included in Annex 1.

The HIES provides a range of detailed information about household expenditure and income, including so called 'subsistence activities' where households produce and consume their own food from the land and sea, household supplies like firewood and thatch and other items such as oils, handicrafts and clothing. The value of these 'home produced' items is included in total household income, representing the value of the item the household has produced and in household expenditure, representing the value that the household has consumed. Household income is defined as income from work (pay or profit); the value of subsistence items; income from sales of agricultural items and home produced manufactured products such as mats, bread etc; other sources such as rent, interest etc; and the value of gifts of goods or cash (including remittances) received by the household. Household expenditure includes purchased goods and services, subsistence items, donations to community and church (called 'non-consumption expenditure'), gifts of goods and cash given and received. It is assumed that households consume the gifts received and therefore these are included in expenditure and income.

The 2010 HIES was carried out with financial and technical support from the United States Government through the Millennium Challenge Corporation (MCC) and the then Millennium Challenge Account, Vanuatu (MCA). The survey was fully managed by VNSO staff, a credit to the capabilities of VNSO professional staff.

This summary release provides a snapshot of the key HIES results, with much more analysis contained two other reports based on the HIES to be released in late 2012.

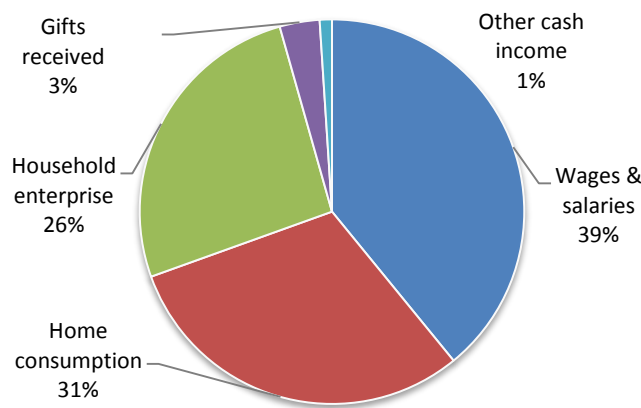
HOUSEHOLD INCOME & EXPENDITURE

The household income and expenditure statistics from the HIES have a number of major uses including comparison with 2006 benchmarks; expenditure data is used to update the Consumer Price Index (CPI) items and relative expenditure weights; compiling official estimates of household sector production in the System of National Accounts and subsequent estimates of Gross Domestic Product (GDP); and to provide data for assessing the impact of existing and proposed economic and social policies and programmes, particularly those resulting in changes in household income and consumption; as well as to gather information for key poverty indicators and statistics for poverty analysis discussed above.

	2006 (2010 Vt)	2010	% change
Average household monthly income	71,700	83,800	17%
Average household monthly expenditure	64,100	76,200	19%
Average h'hold monthly income – urban	101,900	97,500	-4%
Average h'hold monthly income – rural	63,200	79,500	26%
Average h'hold monthly expenditure – urban	91,700	97,300	6%
Average h'hold monthly expenditure – rural	52,500	69,300	32%

Overall there was an increase in both average monthly income and expenditure in 2010 compared with 2006. Compared with the 2006 HIESⁱ there was a **17% increase in average household income** at the national level, increasing from Vt 71,700 per month to Vt 83,800 per month. Between 2006 and 2010 there were **large increases in average household income in Torba, rural Shefa and Sanma with decreases in Port Vila and Luganville.**

Figure 1 Source of household income, 2010 HIES



Source: VNSO HIES 2010

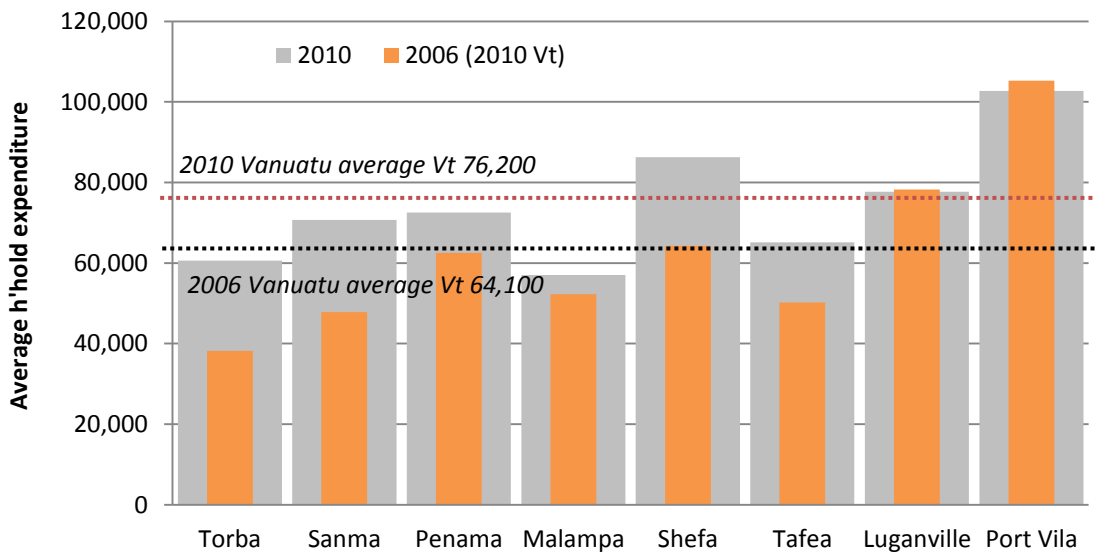
Households provided over half of their own income, 57%, through their businesses in agriculture, fishing and forestry, small home-based enterprises like bakeries, making and selling handicrafts or through the consumption of home produced food – so called 'subsistence'.

It is very hard to accurately measure household income in statistical surveys because some income is irregular and many people cannot provide accurate information about wages and salaries or drawings and profits. To get around this problem analysts assume that household expenditure equates to household incomes as expenditure, or consumption, reflects the income that households have to spend. This means that any savings are assumed to be minimal. Most analysis done by the VNSO focuses on expenditure for this reason, and

checking of income data from both the 2006 and 2010 surveys show that the income data is prone to respondent error.

Compared with the 2006 HIES there was a **19% increase in average household expenditure** at the national level, increasing from Vt 64,100 per month to Vt 76,200 per month. Average expenditure did not increase in all parts of Vanuatu, with average household expenditure decreasing slightly in the urban centres of Port Vila (-2%) and Luganville (-1%); this decrease in the two areas is hidden in the overall urban average. Between 2006 and 2010 there were **large increases in average household expenditure in Torba, rural Shefa, Tafea and Sanma but decreases in Port Vila and Luganville.**

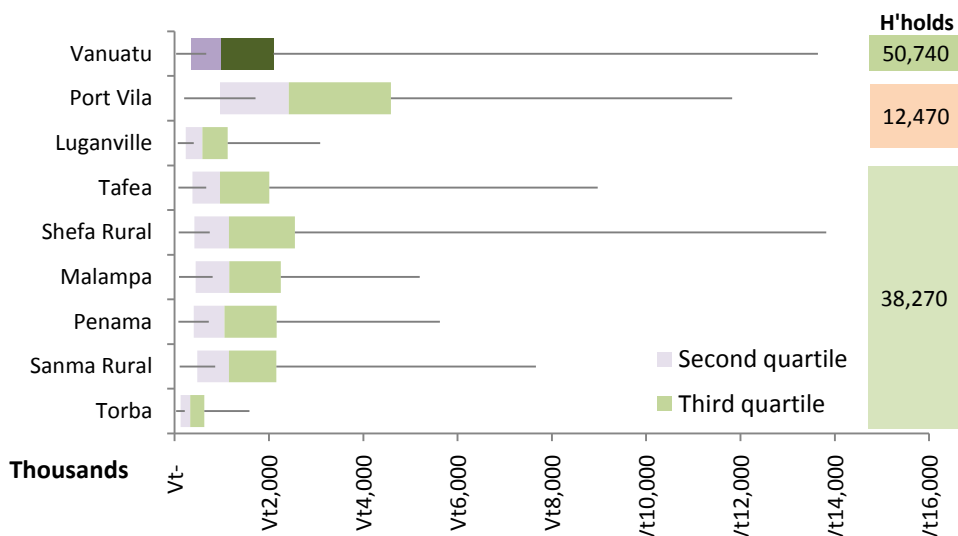
Figure 2 Average monthly household expenditure, province, 2006 & 2010 HIES



Source: VNSO HIES 2006, 2010

There is wide range in expenditure in Vanuatu, and in 2010 household expenditure was highest in Shefa, including Port Vila, and lowest in Torba. The 2010 median monthly household expenditure for Vanuatu was Vt 624,900, Vt 204,100 in Torba and Vt 1,459,100 in Port Vila.

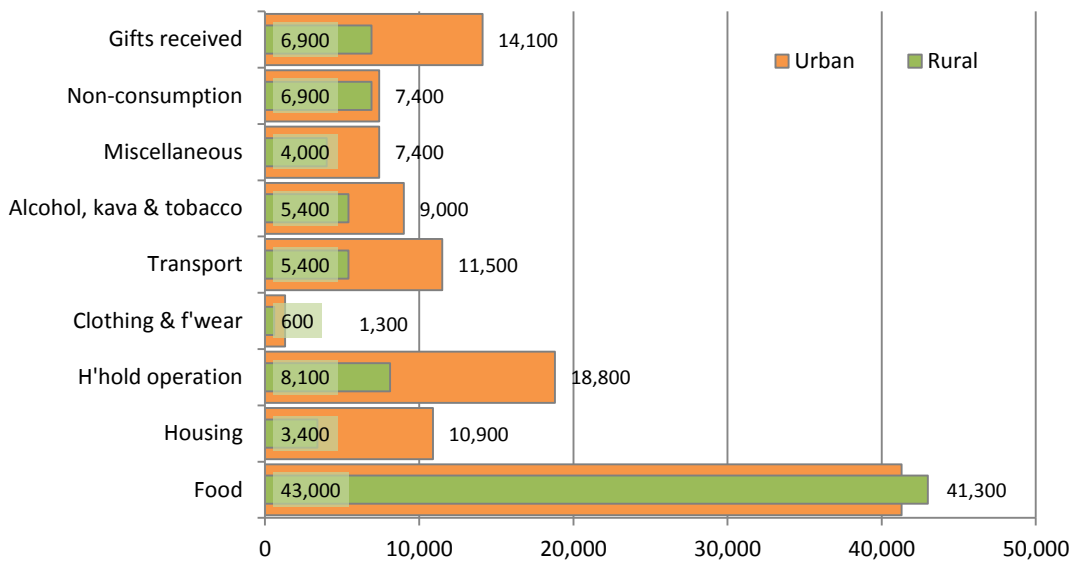
Figure 3 Monthly household expenditure distribution (quartiles), province, 2010 HIES



Source: VNSO HIES 2010

Over half of expenditure is for food items. The HIES collects information on the goods and services households spend money on, or produce and consume themselves (so called “subsistence”) in a two week daily diary and through a series of questions about other regular, and less regular, spending. Expenditure patterns differ between rural and urban areas, with rural areas consuming more food compared to urban ones and urban households spending more on housing, household operations (fuel and lighting, communications, furniture, furnishings etc) and transport than rural households. Non-consumption expenditure includes the value of gifts of goods and cash given, fines paid, maintenance to former spouse and donations and contributions to the community or church. This kind of expenditure has no ‘consumption’ of a good or a service by the household and thus its name.

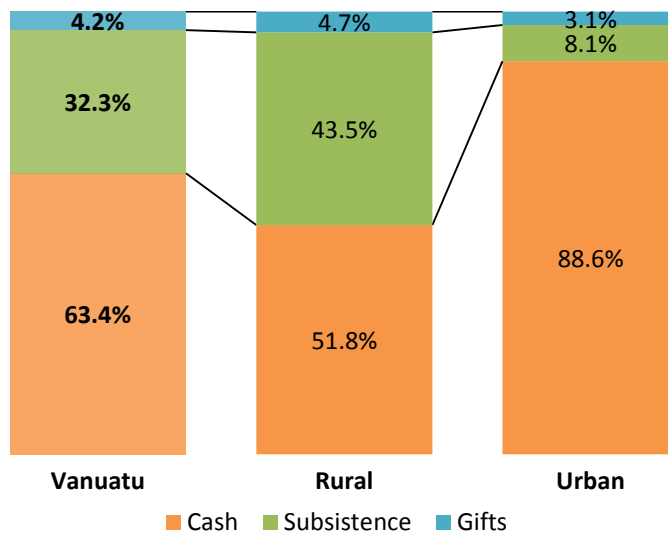
Figure 4 Average monthly household expenditure, type, region, 2010 HIES



Source: VNSO HIES 2010

Cash accounted for almost two-thirds of the value of purchases and subsistence one-third. In rural areas goods produced and consumed in the home – food, firewood, thatch, mats etc – made up 43% of the value of all goods consumed compared with only 8% in urban areas. Almost 90% of all urban expenditure was cash purchases.

Figure 5 Proportion by each type of household expenditure consumption, region, 2010 HIES



Source: VNSO HIES 2010

MILLENNIUM DEVELOPMENT GOAL (MDG) ONE PROGRESS

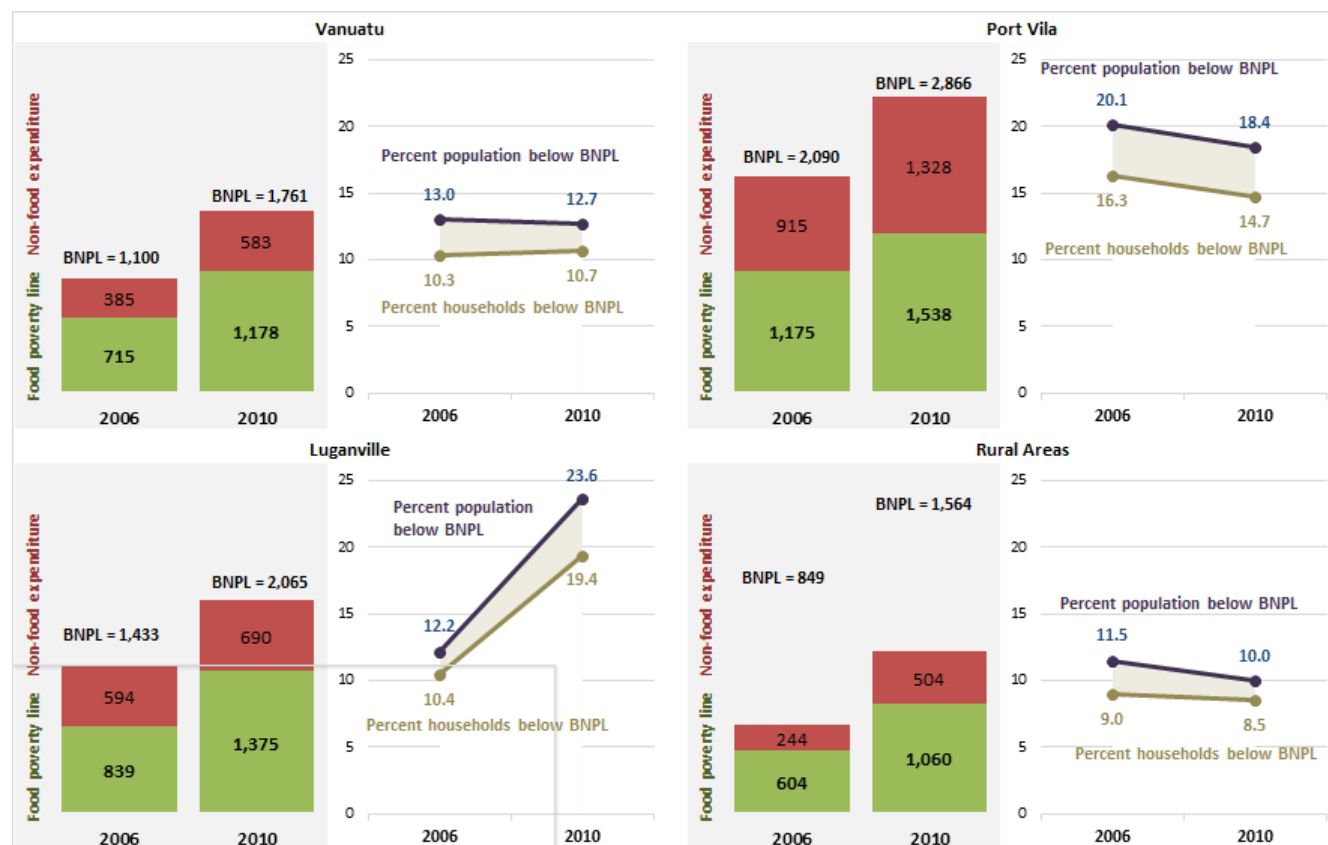
The HIES is the source of statistical indicators used to monitor progress towards achieving the first MDG to eradicate extreme poverty and hunger through a range of poverty related indicators. **A range of indicators show that poverty has decreased between 2006 and 2010.** The HIES shows that **extreme poverty, hunger and destitution is rare in Vanuatu**; as measured by the proportion of the population living with less than \$1.25 a day. Indicators like the poverty gap ratio and the gini coefficient have decreased between 2006 and 2010 meaning that **the depth in the extent of poverty has decreased** (the poverty gap ratio) and **the divide between the poor and the rich is less; although the difference is still very large** (the gini coefficient).

	2006	2010
Proportion of population below \$1.25 (PPP) per day	9%	0%
Proportion of population below national poverty line	13%	13%
Poverty gap ratio	5.6	3.0
Share of poorest quintile in national consumption	7.4%	8.5%
Gini coefficient of inequality	0.41	0.31

Source: VNSO HIES 2006, 2010

Other indicators show that poverty is the same or decreased by a small amount, or increased significantly as in Luganville. When poverty is measured at the national poverty level there has been no real change in the incidence of poverty between 2006 and 2010; in Luganville the incidence of poverty has increased and in Port Vila the incidence of poverty decreased.

Figure 6 Basic Needs Poverty Line (BNPL) composition, incidence of poverty, region, 2006 & 2010 HIES



Source: VNSO HIES 2006, 2010

National poverty lines were developed from the 2006 and 2010 HIES data based on the average expenditure of the lowest 30% of households. Such poverty lines are considered to be relative poverty lines because the average expenditure of the lowest 30% of household's changes over different time periods, in this case between 2006 and 2010.

ATTACHED:

- Table 1: Summary of household income, million Vatu, 2010 HIES
- Table 2: Summary of household expenditure, million Vatu, 2010 HIES
- Table 3: Average household monthly expenditure, expenditure group, province, 2010 HIES
- Table 4: Summary of relative standard errors, 2010 HIES

MORE INFORMATION

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Table 1: Summary of household income, million Vatu, 2010 HIES

Source of income	Rural		Urban		Vanuatu	
	Annual	Month	Annual	Month	Annual	Month
Wages & salaries	8,909	742	10,594	883	19,503	1,625
Home consumption	13,972	1,164	1,194	99	15,166	1,264
Household enterprise	11,441	953	1,579	132	13,020	1,085
Other cash income	283	24	230	19	513	43
Gifts received	1,244	104	429	36	1,673	139
Total income (million vatu)	35,848	2,987	14,027	1,169	49,874	4,156

* Total value of gifts received.

Table 2: Summary of household expenditure, million Vatu, 2010 HIES

Type of expenditure	Rural		Urban		Vanuatu	
	Annual	Month	Annual	Month	Annual	Month
Food	19,761	1,647	6,183	515	25,944	2,162
Housing	1,537	128	1,629	136	3,166	264
House hold operation	3,570	297	2,770	231	6,340	528
Clothing & foot wear	75	6	96	8	171	14
Transport	1,279	107	1,188	99	2,466	206
Alcohol, kava & tobacco	1,449	121	682	57	2,132	178
Miscellaneous	1,608	134	1,059	88	2,667	222
Non-consumption	2,180	182	816	68	2,996	250
Gifts received	353	29	135	11	487	41
Total (million vatu)	31,812	2,651	14,558	1,213	46,369	3,864

* Total of gifts received differs between Table 1 and Table 2 because gifts received in Table 2 includes only those cash and gifts received not further defined; gifts received with valid descriptions are included in the appropriate type of expenditure group in Table 2. Gifts received in Table 1 is the total value of all gifts received.

Table 3: Average household monthly expenditure, Vatu, expenditure group

Province	Monthly expenditure	Expenditure group									Total
		Food	Housing	H'hold opn	Clothing & f'wear	Transport	Alcohol, kava & tobacco	Miscellaneous	Non-consumption	Gifts received	
Torba	Total expenditure	78,065,400	3,666,900	11,173,000	202,400	1,403,300	4,068,500	3,754,800	4,934,300	1,213,700	108,482,200
	H'holds with expenditure	1,790	1,790	1,740	420	590	1,120	1,500	1,150	90	1,790
	People residing in these h'holds	9,710	9,670	9,490	2,470	3,460	6,320	8,350	6,330	530	9,710
	Average h'hold expenditure	43,600	2,100	6,400	500	2,400	3,600	2,500	4,300	13,300	60,600
	Average per capita expenditure	8,000	400	1,200	100	400	600	400	800	2,300	11,200
Sanma (rural)	Total expenditure	344,201,000	21,094,800	52,117,900	975,800	20,317,100	17,577,500	18,146,800	20,152,300	2,649,500	497,232,500
	H'holds with expenditure	7,040	7,040	6,810	1,840	3,430	3,900	5,900	3,660	450	7,040
	People residing in these h'holds	35,240	35,240	34,050	9,610	18,100	20,340	30,600	19,080	2,050	35,240
	Average h'hold expenditure	48,900	3,000	7,600	500	5,900	4,500	3,100	5,500	5,900	70,700
	Average per capita expenditure	9,800	600	1,500	100	1,100	900	600	1,100	1,300	14,100
Penama	Total expenditure	317,275,300	19,844,000	53,768,900	657,800	13,664,300	18,812,400	24,694,200	46,762,100	6,560,300	502,039,200
	H'holds with expenditure	6,930	6,930	6,590	1,690	3,900	4,470	6,520	5,440	1,020	6,930
	People residing in these h'holds	31,100	31,100	29,920	8,290	18,120	21,190	29,640	24,670	4,690	31,100
	Average h'hold expenditure	45,800	2,900	8,200	400	3,500	4,200	3,800	8,600	6,500	72,500
	Average per capita expenditure	10,200	600	1,800	100	800	900	800	1,900	1,400	16,100
Malampa	Total expenditure	315,667,000	19,463,500	46,055,600	1,401,800	14,459,500	29,325,100	28,120,900	35,836,800	4,504,000	494,834,400
	H'holds with expenditure	8,680	8,660	8,450	2,600	4,650	5,180	7,810	6,460	900	8,680
	People residing in these h'holds	37,600	37,580	37,030	13,090	21,500	23,620	34,890	28,910	4,020	37,600
	Average h'hold expenditure	36,400	2,200	5,400	500	3,100	5,700	3,600	5,500	5,000	57,000
	Average per capita expenditure	8,400	500	1,200	100	700	1,200	800	1,200	1,100	13,200
Shefa (rural)	Total expenditure	305,640,100	46,932,500	83,024,200	2,146,100	41,396,500	26,401,300	47,846,700	42,030,600	5,005,200	600,423,300
	H'holds with expenditure	6,960	6,920	6,400	1,770	4,150	3,190	6,520	5,490	690	6,960
	People residing in these h'holds	37,280	36,980	34,760	11,590	23,170	18,880	35,010	29,650	3,800	37,280
	Average h'hold expenditure	43,900	6,800	13,000	1,200	10,000	8,300	7,300	7,700	7,200	86,300
	Average per capita expenditure	8,200	1,300	2,400	200	1,800	1,400	1,400	1,400	1,300	16,100
Tafea	Total expenditure	285,912,400	17,092,800	51,358,200	849,300	15,309,400	24,598,700	11,458,000	31,936,000	9,448,900	447,963,700
	H'holds with expenditure	6,880	6,860	6,700	1,300	3,090	4,690	5,530	4,050	1,130	6,880
	People residing in these h'holds	34,360	34,220	33,820	7,480	17,010	24,290	28,620	21,430	5,430	34,360
	Average h'hold expenditure	41,500	2,500	7,700	700	4,900	5,200	2,100	7,900	8,400	65,100
	Average per capita expenditure	8,300	500	1,500	100	900	1,000	400	1,500	1,700	13,000
Luganville	Total expenditure	104,456,600	19,107,100	41,107,100	1,148,200	12,663,700	10,629,600	11,418,600	8,524,200	796,700	209,851,700
	H'holds with expenditure	2,700	2,680	2,660	1,220	1,720	1,380	2,510	1,660	120	2,700
	People residing in these h'holds	15,110	15,060	14,930	7,050	10,030	7,850	14,370	9,420	610	15,110
	Average h'hold expenditure	38,700	7,100	15,500	900	7,400	7,700	4,500	5,100	6,500	77,700
	Average per capita expenditure	6,900	1,300	2,800	200	1,300	1,400	800	900	1,300	13,900
Port Vila	Total expenditure	410,766,600	116,650,600	189,698,700	6,865,700	86,324,300	46,227,800	76,817,300	59,498,200	10,425,300	1,003,274,400
	H'holds with expenditure	9,760	9,710	9,650	4,760	6,860	4,930	9,480	7,480	680	9,760
	People residing in these h'holds	49,450	49,130	49,040	24,880	36,200	25,910	48,320	38,500	3,990	49,450
	Average h'hold expenditure	42,100	12,000	19,700	1,400	12,600	9,400	8,100	8,000	15,400	102,700
	Average per capita expenditure	8,300	2,400	3,900	300	2,400	1,800	1,600	1,500	2,600	20,300

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Vanuatu National Statistics Office

Province	Monthly expenditure	Expenditure group									Total
		Food	Housing	H'hold opn	Clothing & f'wear	Transport	Alcohol, kava & tobacco	Miscellaneous	Non-consumption	Gifts received	
Rural	Total expenditure	1,646,761,100	128,094,500	297,497,800	6,233,300	106,550,000	120,783,400	134,021,400	181,652,100	29,381,600	2,650,975,300
	H'holds with expenditure	38,270	38,190	36,700	9,630	19,810	22,560	33,770	26,240	4,280	38,270
	People residing in these h'holds	185,290	184,780	179,070	52,520	101,360	114,640	167,100	130,070	20,520	185,290
	Average h'hold expenditure	43,000	3,400	8,100	600	5,400	5,400	4,000	6,900	6,900	69,300
	Average per capita expenditure	8,900	700	1,700	100	1,100	1,100	800	1,400	1,400	14,300
Urban	Total expenditure	515,223,200	135,757,700	230,805,700	8,013,800	98,988,000	56,857,400	88,235,900	68,022,400	11,221,900	1,213,126,100
	H'holds with expenditure	12,470	12,400	12,300	5,980	8,570	6,310	11,990	9,140	800	12,470
	People residing in these h'holds	64,560	64,190	63,970	31,930	46,230	33,760	62,690	47,920	4,600	64,560
	Average h'hold expenditure	41,300	10,900	18,800	1,300	11,500	9,000	7,400	7,400	14,100	97,300
	Average per capita expenditure	8,000	2,100	3,600	300	2,100	1,700	1,400	1,400	2,400	18,800
Vanuatu	Total expenditure	2,161,984,400	263,852,200	528,303,500	14,247,100	205,538,000	177,640,800	222,257,300	249,674,500	40,603,500	3,864,101,400
	H'holds with expenditure	50,740	50,590	49,000	15,610	28,380	28,860	45,760	35,390	5,070	50,740
	People residing in these h'holds	249,850	248,970	243,040	84,460	147,590	148,410	229,780	177,990	25,120	249,850
	Average h'hold expenditure	42,600	5,200	10,800	900	7,200	6,200	4,900	7,100	8,000	76,200
	Average per capita expenditure	8,700	1,100	2,200	200	1,400	1,200	1,000	1,400	1,600	15,500

H'hold opn = Household Operation

Table 4: Summary of relative standard errors, 2010 HIES

Region	Expenditure Group	Estimate ('000)	RSE	Rating
Vanuatu	Total Household Expenditure	3,830,754	2.72%	Very good
	1 Household Food	2,161,984	2.54%	Very good
	2 Housing	263,852	8.20%	Good
	3 Household Operations	528,304	4.78%	Very good
	4 Clothing & Footwear	14,247	6.42%	Good
	5 Transport	205,538	7.92%	Good
	6 Alcohol, kava & tobacco	177,641	4.96%	Very good
	7 Miscellaneous	222,257	5.19%	Very good
	8a: Non-consumption expenditure	249,675	5.43%	Very good
9a: Gifts received (including remittances)	40,604	13.42%	Usable	
Rural	Total Household Expenditure	2,623,186	3.34%	Very good
	1 Household Food	1,646,761	2.98%	Very good
	2 Housing	128,095	14.83%	Usable
	3 Household Operations	297,498	6.23%	Good
	4 Clothing & Footwear	6,233	9.66%	Good
	5 Transport	106,550	11.75%	Usable
	6 Alcohol, kava & tobacco	120,783	5.84%	Good
	7 Miscellaneous	134,021	7.49%	Good
	8a: Non-consumption expenditure	181,652	6.37%	Good
9a: Gifts received (including remittances)	29,382	15.52%	Usable	
Urban	Total Household Expenditure	1,207,567	4.69%	Very good
	1 Household Food	515,223	4.80%	Very good
	2 Housing	135,758	7.63%	Good
	3 Household Operations	230,806	7.44%	Good
	4 Clothing & Footwear	8,014	8.59%	Good
	5 Transport	98,988	10.52%	Usable
	6 Alcohol, kava & tobacco	56,857	9.29%	Good
	7 Miscellaneous	88,236	6.47%	Good
	8a: Non-consumption expenditure	68,022	10.38%	Good
9a: Gifts received (including remittances)	11,222	26.60%	To be cautious	

The HIES was a sample survey and the estimates for income and expenditure in this report are subject to sampling (and non-sampling) error. Table 4 contains the estimated relative standard errors (RSEs) for household expenditure; RSE estimates of less than 5% are generally considered to provide reliable estimates. At the national level the RSE estimate for expenditure is 3%, indicating that the quality of the national expenditure data is very good. The highest RSE was for gifts received in urban areas was caused by the large range in values reported from very small to very large amounts of money and small day to day gifts of food and the like to large costly items.

ⁱ 2006 HIES results have been converted to approximate 2010 Vatu values using the cumulated annual rate of inflation from the national Consumer Price Index 2007 – 2010 which was 18.1%.