

**THE JAMAICA SURVEY OF LIVING CONDITIONS (JSLC)  
FOR THE YEARS 2008 AND 2009**

**INTRODUCTION**

1.0 This Honourable House is asked to note the findings of the Jamaica Survey of Living Conditions (JSLC) for the years 2008 and 2009 contained in the reports being tabled today. The JSLC allows for tracking of Jamaica's developmental progress using a comprehensive set of social indicators. It is an annual publication that has been fielded since 1988 and provides a detailed profile of the quality of life and social conditions experienced by Jamaicans over a one-year period.

**BACKGROUND**

2.0 The JSLC 2008 was fielded during the eight month period between July 2008 and February 2009. This survey period was unusual for three reasons:

- (i) It began later than the norm (July instead of April);
- (ii) It was longer than the normal survey period;
- (iii) It extended into another year.

Due to these factors, the JSLC 2008 was completed in 2010 rather than in 2009 as would have been the norm. The JSLC 2009 survey was subsequently completed followed by the requisite data analysis. Consequently two editions of the JSLC (for 2008 and 2009) have been published and will be tabled in the same year.

The Jamaica Survey of Living Conditions, 2008 represents the 21<sup>st</sup> fielding of the survey and is based on a sample of 1.0 per cent of the population. The JSLC, 2009 represents the 22<sup>nd</sup> fielding of the survey. The policy implications arising from both reports follow below. It should be noted that there are negligible differences between the policy implications of both reports.

## **2008 FINDINGS**

- 3.0 Although nominally Jamaicans' consumption expenditure increased between 2007 and 2008, in real terms (1990 prices), Jamaicans had comparatively less consumption, as a decline of 1.2% was recorded. Nonetheless, consumers were able to take advantage of lower levels of expenditure on health and education, the two areas in which user fees were reduced by efforts of the Government.

The 2.4% point increase in poverty to 12.3% was fuelled by a number of factors. High inflation led to a decline in real per capita consumption and an increase in the poverty line for the reference family of five. Also, reductions in employment of low-skilled workers in construction and private households were likely influences. Notwithstanding the global recession, a larger proportion of Jamaican households received remittances than in 2007.

### ***PATH***

- 3.1 By 2008, nearly 50.0% of persons who had ever applied to PATH had received the benefit. Beneficiaries in Quintiles 1 and 2 accounted for 69.7% of these recipients, exhibiting a declining trend and therefore indicative of greater leakage to households in wealthier quintiles. At the same time, more than four-fifths of the population had no form of social protection.

### ***Housing***

- 3.2 There was overall improvement in housing conditions, based on improvements in the construction material for outer walls of houses, improved electricity supply and reductions in overcrowding. However, solid waste disposal continued to be an arduous problem.

### ***Education***

- 3.3 The effect of Government subsidies in Education which were introduced in 2008 was evident in a real decline of 4.5% (1990 prices) in mean annual expenditure on school-related items. Enrolment up to the 15-16 years age group continued to be

universal at between 93.3% and 99.3%. An emerging trend appears to be a preference at this level for private over public schools, with enrolment in government primary schools declining concurrent with a rise in enrolment in private institutions.

Some 91.7% of Jamaican adults over 15 years were literate, with functional literacy of 78.3% and basic literacy of 13.4%. This was a considerable improvement relative to an overall literacy rate of 79.9 in 1999 when the last literacy survey was done.

## **2009 FINDINGS**

- 4.0 On a macro level, the effects of the global recession were evident as, in real terms (1990 prices), in 2009 Jamaicans consumed 7.7% less and the reduced consumption levels placed more households below the poverty line. In nominal terms, there was a reduction in mean national consumption of 3.9%, the first such reduction since the start of the JSLC in 1988. The poverty headcount of 16.5% for 2009, up from 12.3% in 2008, was the highest recorded since 2004. Regionally, rates of 12.9%, 10.2% and **22.5%** were recorded for the KMA, Other Towns and **Rural Areas**, respectively. Other Towns was the only region that had increased consumption and did not experience an increase in poverty.

Although householders at all socioeconomic levels were similarly affected by the global recession, a larger proportion of wealthier households reported experiences that would have resulted in loss of income than poorer ones. Smaller sized households, which are characteristic of the wealthier quintiles, also appeared to fare worse than larger ones. These households reported reduced income through loss of jobs, reduced hours of work and business downturn. Households in Other Towns reported more difficulty as a result of the economic downturn than households in the KMA and Rural Areas. The reported impact of the recession on Other Towns is at variance with their increase in consumption. However, the module probing coping strategies is not quantitative but qualitative, i.e., it reflects respondents'

perceptions. The majority of households reported that they cut back on expenditure as a coping strategy.

### ***Health and Education***

- 4.1 The Cabinet may recall that in 2008 the implementation of Government policy led to the removal of user fees in public health facilities and secondary level tuition fees. By 2009, the shift to greater use of public facilities observed in the period immediately following the removal of fees in health was reversed to the pre-2008 pattern of greater private than public usage. The shift from public to private usage took place across all quintiles. Nevertheless, there was no change in the share of consumption expenditure allocated to health, which remained at 2.5% in 2009, following the drop to this level in 2008, from 3.3% in 2007.

There was an overall 13.2% increase in nominal expenditure for combined primary and secondary education; a real increase of 6.2% mainly due to a nominal increase of 39.7% (32.6% in real terms) in private school tuition. This brought the overall mean nominal expenditure to \$106,335.00 for 2009. Another marked increase in expenditure was in extra lessons, which went up by 24.8% nominally (a real increase of 18.6%). In addition to these relatively large increases, there were increases in every other expenditure category except books, which remained unchanged in 2009.

### ***Housing***

- 4.2 The Housing Quality Index (HQI), at 70.9 in 2009, represented a continuation of the steady improvement observed for more than a decade. The rising trend of this index is an indicator of overall progress based on improved water supply, electricity supply, sanitation, housing durability (based on material of outer walls) and living conditions (as measured by over-crowding).

A measure of Housing Cost Stress was introduced in the Survey Report for the first time, i.e., a comparison of housing related expenses to total household

consumption/income. Overall, there was only a moderate level of Housing Cost Stress, with the poorest households and those in Other Towns being the worst affected. Quintile 1 households paying mortgages registered the highest (severe) Housing Cost Stress, while mortgage-paying households in Other Towns ranked next, though with moderate levels.

### ***PATH***

- 4.3 Consistent with persistently high rural poverty, the majority of beneficiaries since the start of the Programme of Advancement Through Health and Education (PATH) were from Rural Areas in 2009 (77.6%) which compares with 74.3% in 2008. The poorest quintiles (Quintiles 1 and 2), which combined accounted for 66.5% in 2009, reported a lower share than in 2008 (69.7%). Overall, some 51.0% of those who had applied had at some time received the benefit, up from 49.2% in 2008. This increase is reflective of the recent policy to expand the number of beneficiaries on the programme.

### **POLICY ANALYSIS**

- 5.0 Much of the downturn and the increase in poverty evident in 2009 can be attributed to the global financial and economic recession. Two main factors may account for the contraction in consumption expenditure observed: (i) reduced spending overall resulting from the contraction of the employed labour force; and (ii) efforts to increase savings because of uncertainty about the future, i.e., when the recession will end.

The local economy suffered a number of hits resulting in reduced earnings and loss of jobs in different sectors. Mining and Quarrying, a major foreign exchange earner, recorded a 42.8% decline in employment. Accompanying this was decline in complementary industries, such as Construction and Installation, in which there was an 11.9% reduction in employment, and Transport, Storage & Communications, which registered a 7.2% decline. Declines in employment were also recorded in Manufacturing (8.9%); Public Administration & Defence; Compulsory Social

Security (7.4%); and Private Households with Employed Persons. The last is an indication of cuts in luxury spending, as household help is usually among the first expenditure items to be cut in a situation of economic downswing. The declines in employment would have had a multiplicative dampening effect on demand throughout the economy, resulting in the overall decline in consumption expenditure (3.9% in nominal terms and 7.7% in real terms).

### ***Consumption***

- 5.1 Although cuts were recorded in nearly all consumption categories, the largest declines were for Durable Goods and Clothing & Footwear. This is an indication that Jamaicans reallocated their resources to the items they considered most important, such as Food and Education. Uncertainty about the end of the recession may account for why the increase in the proportion of households receiving remittances did not translate into increased spending.

### ***Poverty***

- 5.2 Poverty has been on a downward trajectory for more than a decade. Thus, the increase to 16.5% up from 12.3% in 2008, suggests an anomalous situation that can be attributed to the worldwide recession. The situation in Other Towns is noteworthy, where consumption increased and poverty remained stable. The better economic performance in these urban centres has been exhibited since 2004, when they had the lowest regional poverty rates for the first time. It is assessed to result from the higher levels of activity in Construction and Tourism in these areas.

### ***Health***

- 5.3 In the face of the economic downturn, certain aspects of consumer behaviour might appear counter to expectations. For example, the introduction of free public sector health care in 2008 resulted in greater usage of public facilities in that year, but in 2009 the pattern of usage reverted to that observed pre-2008, with greater usage of private health care facilities. This may be a reflection of inadequacies in the public health system, which might have become more evident with the increased demand.

This is substantiated by the fact that the pattern of usage shows a reduction in use of public facilities across all socio-economic quintiles. Similarly, it may also account for an increase in the percentage reporting that they did not seek care because they could not afford to, i.e., they could not afford care in the *private* sector.

### ***Education***

- 5.4 The increase in households' education expenditure (13.2% nominal; 6.2% real), for primary and secondary education, was due mainly to increases in private tuition (39.7% nominal; 32.6% real) and extra lessons (24.8% nominal; 18.6% real). This likely reflects the unregulated nature of private education and suggests a high level of demand for this good. The fact that there was little change in households' allocation for education implies that the removal of fees in public secondary schools was counteracted by the increases in private education (including extra lessons).

### ***Housing***

- 5.5 Among the most outstanding findings in this module is the widening gap between the urban and rural areas, as Other Towns showed improvements in many indices while Rural Areas lagged behind. In particular is the 21.9% point increase in motor vehicle ownership in Other Towns. The recent provision of good quality housing in these areas, coupled with the improved road networks, are factors that may possibly influence persons' willingness to live further away from work and to commute. Also, it is likely that the presence of returning residents in these areas is a contributory factor affecting such findings.

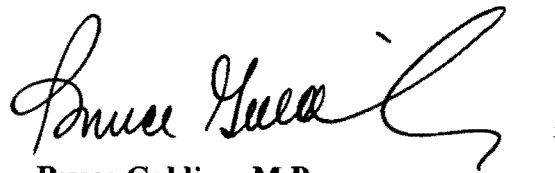
### ***PATH***

- 5.6 In relation to PATH, there has been increased share of benefits going to the wealthier quintiles over time, and analysis has revealed that this is the direct result of efforts to modify the screening mechanism to increase the selection rate of certain target groups (e.g., the elderly and the KMA region) and also to expand the programme since 2008. The Planning Institute of Jamaica is currently working with

a consultant to address these issues and refine the screening mechanism to improve targeting without causing undue leakage.

### *Coping Strategies*

5.7 The Coping Strategies module indicates that poorer households were less likely to make adjustments in response to the difficulties faced. An important consideration in relation to the findings of this module is its qualitative nature as it canvassed households' perceptions. An important consideration is the greater effect on poorer households because of their vis-à-vis wealthier ones because of their vulnerability. For example, those just bordering on poverty would have easily slipped below the poverty line. Additionally, the reported lack of response of poor householders might result from an inability to respond based on meagre resources, rather than from apathy.

A handwritten signature in black ink, appearing to read 'Bruce Golding', with a stylized flourish at the end.

**Bruce Golding, M.P.**

**Prime Minister**

**1 November 2010**