CICRED'S SEMINAR

To take advantage of the demographic window of opportunity or not – That is the question : the case of Fidji

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TO TAKE ADVANTAGE OF THE DEMOGRAPHIC WINDOW OF OPPORTUNITY OR NOT – THAT IS THE QUESTION: THE CASE OF FIJI

1.0 Introduction

The Pacific region covers some 30 million sq km of Pacific Ocean and comprises 22 island countries and territories. Hauofa (1993) has described the region as "a sea of islands". Fiji is one of the Pacific Island territories. Like other Pacific Island territories its population is small by world standards. This is not to say that population issues are of little significance in the Fiji or in other Pacific Island states. Because Fiji like other Pacific Island states of the Pacific has a fragile ecosystem and economy, population issues are of immense importance.

Moreover, Fiji is a plural society with ethnic Fijians comprising 48 per cent of the population, Indians 46 per cent and other ethnic groups 6 per cent. The two major ethnic groups follow different demographic patterns. It will be interesting therefore to examine how they contribute to age structural transition of the country and their different patterns of age structural transition.

Age structural transition is a process a population undergoes as its age structure changes from a youthful one to an ageing population. Fiji has been and is still undergoing age structural changes. The current and future demographic scenario for the Fiji Islands raises many critical issues and challenges. Fiji faces a period of changes in its age structure with implications on everyone and all aspects of life. The challenge is that Fiji will face changing demographic condition at a lower level of economic development.

This paper attempts to study the nature and process of age structural transition in Fiji, a small island nation, and its implications in Fiji. It also examines the different patterns of age structural transition of the two major ethnic groups, ethnic Fijians and Indians in the country. Changing age structure for Fiji presents a complex of challenges for policy makers and at the same time present potential opportunities. Many countries have

benefited from the shift in balance of the broad age groups particularly the increase in working age group or sometimes termed the demographic window of opportunity. The question of whether the ‘demographic window of opportunity" is realized in Fiji will depend on policies facilitating economic growth.

This paper uses census data from as early as 1946 to 1996 and uses data from population projections[1] from 1996-2046.

Demographic Transition and AST

The Demographic Transition illustrates the pattern of change in births and death rates over a period of time as a country develops. Changes in age structure are an integral part of demographic change in vital rates.

The age structural transition is determined to a large extent by the decline in mortality and fertility. The timing, pace and scale of fertility and mortality decline is different for different populations such as the two ethnic communities in Fiji.

The pre-transition stage is when fertility is moderately high accompanied by a fluctuating high mortality rate resulting in a constant age structure. In the pre-transition stage, however, mortality declines while fertility remains as in the previous stage resulting in a youthful population with a high dependency ratio. The population is dominated by those in the under 15 year age group In the late transition period, fertility declines resulting in the movement across life cycle stages of large birth cohorts born in the past. This results in the increase in the proportion in the working age group. As a consequence the dependency ratio declines. The last stage, characteristic of many developed countries is identified by low birth and death rates. This phase is characterized by a large proportion of elderly population and therefore an increase in dependency ratio.

The changes in age structure have social and economic ramifications. Many scholars have indicated that the increase in working population is a 'demographic bonus' or

[1] Population Projections by the author using the component method and SPECTRUM

'window of opportunity'. The question is whether Fiji will take advantage of this opportunity.

2.0 Changing age structure - Demographic Trends

2.1 The mortality transition

Fiji has made very significant progress in the struggle to lower their mortality particularly infant and child mortality. Recently mortality has started to level off and seems to occur at IMR level of approximately 16/1000 and an average life expectancy of about 66 years. This level of mortality is low by developing country standards.

There is scope for further mortality decline in Fiji. In order to bring mortality level particularly IMR and life expectancy close to those of Western nations, massive effort has to be made to improve shelter, water supply, sewage system and nutrition - the general living standards of the ordinary people. A shift in focus of the Health sector to preventive instead of curative services can contribute significantly to improvement in the quality of life of the people of Fiji.

Offsetting the fall in IMR has been an increase in the prevalence of some non-communicable diseases such as diabetes and hypertension. Change in taste and diet containing high fat content and sugar and sedentary lifestyles all contribute to the increase in prevalence of these diseases. The situation has been aggravated against a background of declining public sector health budgets and the consequent decline in the quality of health services.

Mortality decline has contributed to the age structural transition of Fiji's population. Fiji is experiencing a sustained decline in mortality resulting in increased longevity. Table 3 shows the increased longevity as seen in the gradual increase in life expectancy at birth from 1976 to 1996 for the two major ethnic groups and genders. The table also shows the life expectancy for those who reach 60 years, 65 years and 80 years. There is an increase

in life expectancy at ages 65 and 80 years in 1996. In addition, the number of people over the age of 60 years increased from 16,174 in 1966 to 39,830 in 1996.

Table 1: Average life expectancy (years) at birth, 60 years, 65 years and 80 years, 1976-1996

Sex	1976		1996	
	Fijians	**Indians**	**Fijians**	**Indians**
Life expectancy at birth				
Males	60.7	59.5	64.8	64.0
Females	63.9	62.4	68.1	69.0
Life expectancy at 60 years				
Males	13.94	13.75	13.8	13.1
Females	14.73	14.43	16.1	15.9
Life expectancy at 65 years				
Males	10.76	10.63	11.0	10.3
Females	11.34	11.13	12.9	12.6
Life expectancy at 80 years				
Males	4.15	4.16	5.1	4.5
Females	4.20	4.20	5.6	5.1

Source: Zwart, 1979: 143-146; Bureau of Statistics, 1989: 180-183; Bureau of Statistics, 1998: 75-76; Bureau of Statistics, 1998: 30-34.

Table 2: Projection of some age structural changes indicators, Fiji 2000-2045

Indicator	2001	2006	2016	2026	2046
Percentage in older ages					
60+ years	5.9	6.4	8.8	11.6	16.9
65 years	3.5	3.9	5.5	7.6	11.5
80+ years	0.5	0.5	0.7	1.0	2.2
Median age	20.7	24.9	27.8	30.1	33.7
Dependency ratio	60.7	58.4	59.5	60.7	65.1
Broad Age groups					
0-14	31.9	30.5	28.5	26.2	22.5
15-59	62.2	63.1	62.7	62.2	60.6
60+	5.9	6.4	8.8	11.6	16.9
Sex Ratio per 100 women					
60+	87	92	84	85	87
65+	85	90	79	80	82
80+	73	85	70	65	66
Total Fertility Rate					
Fijians	3.18	3.06	3.82	2.58	2.1
Indians	2.14	2.14	2.14	2.12	2.1
Life Expectancy					
Fijians	66.8	68.1	70.5	73.0	78.0
Indians	68.1	69.1	71.2	73.3	77.5

Projections expect the Fijian population to have a life expectancy of 68.1 years in 2006. This would increase to 73 years in 2026 and 78 years in 2046. The life expectancy of the

Indian component of the population, on the other hand is expected to increase to 68.9 years in 2006, 73.3 years in 2026 and 77.5 years in 2046 (Table 2).

2.2 The fertility transition

The main determinant of demographic change has been the decline in fertility. Fiji is experiencing new reproductive behaviour resulting in fertility transition The rapid decline in infant mortality coupled with increase in numbers of secondary school educated women and increased participation of women in the workforce have led to declining fertility. In addition use of contraception and the costs of child bearing and rearing have also contributed to fertility decline in Fiji.

Table 3 shows that children ever born to women aged 45-49 years declined from 1956 to 1996 for both the major ethnic groups in Fiji. Table 4 also shows the declining total fertility rate for Fijians, Indians and the total population during the same period. The table also shows the differences in pace of fertility decline for Fijians and Indians. Fijian fertility rate declined from 5.2 children per woman in 1956 to 3.9 children per woman in 1996 - a decline of 25 per cent. The fertility decline for Indians for the same period was rapid - a decline of 63 per cent.

Table 3: Average number of children ever born by age of mother and ethnicity derived from census lifetime fertility data 1956 and 1996

Age of mother	Total Population		Fijians		Indians	
	1956	1996	1956	1996	1956	1996
15-19	0.23	0.08	0.09	0.08	0.04	0.08
20-24	1.64	0.75	1.10	0.70	2.23	0.83
25-29	3.32	1.79	2.58	1.76	4.25	1.86
30-34	4.62	2.60	3.80	2.71	5.73	2.51
35-39	5.50	3.15	4.79	3.40	6.60	2.94
40-44	5.81	3.57	5.47	3.88	6.73	3.29
45-49	6.11	3.88	5.88	4.19	6.94	3.64

Source: Fiji Bureau of Statistics, 1998:80

However, despite the decline in fertility there are a number of processes occurring. There is evidence of momentum effects. This is seen with the increase in the number of births from 1996 to 2036 even though there is a decline in Total Fertility Rate. This is supported by the fact that in the projected period 1996 - 2046 the number of women of childbearing

age continues to increase. This is the result of the movement across life cycle stages of large birth cohorts born in the past.

Table 4: ASFR and TFR by ethnicity 1956 and 1996

Age of women	Fijians		Indians	
	1956	1996	1956	1996
15-19	0.053	0.046	0.16	0.058
20-24	0.274	0.189	0.04	0.188
25-29	0.285	0.216	0.33	0.140
30-34	0.206	0.173	0.24	0.070
35-39	0.142	0.100	0.18	0.023
40-44	0.062	0.044	0.08	0.008
45-49	0.019	0.012	0.03	0.004
TFR	5.2	3.9	6.8	2.5

Source: Fiji Bureau of Statistics, 1998:85

Declining mortality and a relatively moderate fertility have yielded a low but positive population growth rate.

2.3 Increasing out migration

Birth cohort sizes largely determine the age structure and in some countries migration can also affect cohort sizes. Table 5 shows the net migration from 1996 to 2002.

Table 5: Net migration by ethnicity, 1996-2002

	Fijians		Indians		Others		Total	
	Males	Females	Males	Females	Males	Females	Males	Females
1996	-459	-592	-3111	-3522	-1066	-681	-4636	-4795
1997	-206	-94	-1416	-1679	-763	-558	-2385	-2331
1998	-417	-375	-2209	-2472	-1220	-881	-3846	-3728
1999	-297	-258	-3155	-3592	-857	-532	-4309	-4382
2000	-1239	-929	-3042	-3296	-2109	-1951	-6390	-6176
2001	-679	-439	-3756	-3970	-930	-825	-5365	-5234
2002	-129	-354	-1706	-1844	-1111	-781	-2946	-2979

Government is currently facing the challenge of losing people skilled and qualified and-aged 15-49 years. Skilled and qualified people include architects, engineers, accountants, teachers, medical professionals. People have been attracted by higher wage rates, higher

living standards, better socio-economic opportunities and job opportunities in the Pacific rim countries. In addition, other causes of emigration of people from Fiji include insecurity, political instability, land tenure insecurity and political instability (Reddy, M. et al, 2002; Naidu, L.K., 1997). The political turmoil of 1987 and 2000 have increased the rate of out migration from Fiji. In 1995 Gani and Ward indicated that political instability was the reason for emigration to New Zealand of many professional people.

In the projections used in this study the average net migration for the years 1996 to 2002 was taken as the annual net migration for projected period 2003-2046. This assumption was made given the continuing number professionals and skilled people leaving the country and the young men leaving for British military services. Despite government vision for the future of "A peaceful and prosperous Fiji" and government working towards resolving the land lease issue, security and law and order, political stability and attracting investments, people in the professional and technical categories continue to move out of Fiji.

When the numbers of migrants were doubled for the projected period, migration unlike the other population processes has an insignificant effect on the age structure of Fijians and Fiji Indians. The Indians continue to move out of Fiji in relatively larger numbers but its effect on the age structure is very small. It affects the working age group 15-49 years.

2.4 Age structural changes in rural Fiji

Internal migration unlike international migration has more impact on Fiji's sub-population age structures. The economy is primarily agrarian with about 54 per cent of the population living in rural areas. Redistribution of people from the countryside to the urban areas is one of the most significant demographic movements in Fiji (Table 6). Table 7 shows the shift out of agriculture to other sectors in the employment structure. The process will continue to be a dominant feature of the population picture for some time in future.

Table 6 Urban/Rural Distribution of the Population

	1986		1996		
	Population	%	Population	%	Av Annual Growth Rate %
Urban	277,025	38.7	359,495	46.4	2.6
Rural	438,350	61.3	415,582	53.6	-0.5
	715,375	100.0	775,077	100.0	

Table 7: Employment by broad sector

Economic Sector	1986		1996	
	No.	%	No	%
Formal Sector	80,000	31.2	110,081	39.2
Non-Agriculture Informal Sector	43,115	16.8	46,826	16.7
Money Economy Agriculture	67,726	26.4	62,407	22.3
Subsistence Agriculture	65,506	25.6	61,191	21.8
Total	256,347	100	280,505	100

Source: Bureau of Statistics

Table 8 shows that the total dependency ratio declined gradually in rural areas whereas in the urban areas there was a marked decrease in the inter-censal period 1986-1996. This reflects the outflow of people in the working age group from rural areas.

The most important determinant of the age structure in rural populations is rural-urban movement, which comprises many in the working categories leaving behind large proportions of elderly and young people in the rural areas. This is well illustrated in Table 9, which shows that from 1976 to 1996, the proportion of elderly in rural areas was higher than the proportion in urban areas. Table 8 shows the large proportion of young people in the rural population. The retirees returning to the villages and rural settlements assist in speeding up the increase of the elderly in rural areas. Table 10- shows the higher proportion of women in the old age category in 1996. It is in the villages and rural settlements that the consequences of age structural transition brought about by rural urban movement are most likely to be felt.

The effects of changing age structures are shown in the dependency ratio (Table 8). The rural area has a large proportion of youth dependants particularly among Fijians and ageing as an economic burden is a rising but not a significant issue. In 1996, overall dependency in urban Fiji was lower than rural areas.

Table 8 - Total population and proportional and distribution by large age groups, Dependency Ratio and its components and Median Age

Years	Population	Relative age distribution (%)			Dependency Ratios (%)			Median Age
		0-14	15-59	60+	TDR	CDR	ADR	
1986								
	Urban	36.5	59.6	3.9	67.7	61.2	6.5	21.5
	Fijian	37.3	58.9	3.8	69.6	63.2	6.4	20.7
	Indian	36.2	60.1	3.7	66.3	60.2	6.1	22.0
	Rural	39.5	55.4	5.1	80.6	71.4	8.8	20.0
	Fijian	40.3	53.5	6.2	87.0	75.5	11.6	19.9
	Indian	38.7	57.5	3.8	73.8	67.2	6.5	20.2
1996								
	Urban	32.6	63.0	4.4	58.8	51.8	7.0	21.9
	Fijian	34.8	61.0	4.2	64.0	57.2	6.9	20.7
	Indian	30.6	65.0	4.4	53.8	47.0	6.7	23.1
	Rural	37.7	56.5	5.8	77.1	66.8	10.2	20.4
	Fijians	40.0	53.4	6.6	87.2	74.9	12.2	19.4
	Indians	34.6	60.8	4.6	64.6	57.0	7.6	21.5

Table 9: Population aged 60 years and above (in %) by urban/rural ratio of percentages of the elderly, Fiji 1976, 1986 and 1996.

Year and ethnicity	**Total population**	**Urban population: proportion 60 years and older (%)**	**Rural population: proportion 60 years and older (%)**	**Urban/Rural ratio**
1976	588,068	3.5	4.4	1.3
Fijians	37,412	3.5	5.9	1.7
Indians	39,069	3.0	2.8	0.9
1986	715,375	3.9	5.1	1.3
Fijians	329,305	3.8	6.2	1.6
Indians	348,704	3.7	3.8	1.0
1996	775,077	4.4	5.8	1.3
Fijians	393,575	4.2	6.6	1.6
Indians	338,818	4.4	4.6	1.5

Source: Bureau of Statistics, 1977: Table 2 and 3; Bureau of Statistics, 1988: Table 2; Bureau of Statistics, 1998: Table.

Table 10: Rural/Urban and Total population by sex ratio

Year	Total population: sex ratio of people 60 years and older per 100 women	Urban population: sex ratio of people 60 years and older (per 100 women)	Rural populations: sex ratio of people 60 years and older (per 100 women)
1976			
Fijians	95.4	84.5	98.4
Indians	115.6	109.1	120.3
1986			
Fijians	99.2	92.8	101.2
Indians	91.3	112.4	99.2
1996			
Fijians	92.2	82.9	95.9
Indians	87.7	82.8	92.5

Source: Bureau of Statistics, 1977: Table 2 and 3; Bureau of Statistics, 1988: Table 2; Bureau of Statistics, 1998: Table 2.

3.0 Changing age structure and economic growth

The combination of the decline in mortality, fertility and to a very small extent migration has contributed to the disordered flows of age cohorts and consequently to the changing balance of the age groups. Fertility decline is the main factor driving the age structural change. In the projections it is assumed that fertility and mortality levels will continue to decline and that the average net migration for the years 1996-2002 will be constant for the projected period 1996-2046. The results of the projections are shown in Tables 11, 11.1 and 11.2.

The changing balance in the size of the broad age groups as seen in Table 11 will be discussed against the economic condition at the time. Economic measures used are the real GDP growth and per capita GDP growth.

Table 11 shows that the share of the population in the under 15 years increased until 1976 after which it declined. The increase in proportion of people under 15 years coincided with the real GDP growth of an average of 5.9 per cent. The annual GDP

growth rates fluctuated between a low of 0.1 and 12.7 per cent during this time. This was a time of high dependency ratio and high social sector expenditures.

The decline in proportion of people 0-15 years after 1976 coincided with a decline in real GDP growth of 3.4 per cent annually between 1976-1980 and 2 per cent in 1980-1985. Between 1987 and 1996 real GDP growth averaged 2.5 per cent annually. Despite the decline in proportion of people under 15 years, it still was above 35 per cent with much of the expenditure going to the social sector such as education and health.

In 1971-75 real per capita GDP increased an average of 3.8 percent as population increased by 1.8 per cent indicating gain in overall living standards. In the next five years population growth rose by 2.0 per cent while per capita GDP declined by 1.4 per cent. The decline in real per capita GDP growth fell drastically to 0 in the period 1980-86. At the same time population grew by 2.0 percent indicating the fall in overall living standards. After the first coup' de tat 1987-1995 real per capita GDP of 1.5 exceeded population growth of about 1.2 per cent because of emigration by Fiji Indians. The 1990s per capita GDP growth averaged 0.9 percent, which was less than the population growth rate (Bank of Hawaii, 2000). This meant that there was no improvement in average standard of living in Fiji in the 1990s.

Economists indicate that prolonged periods of growth of about 5 per cent or more is required to bring about savings and investment to make the shift from agrarian to agro-industrial production and high value services. They also indicate that the fluctuation in production and economic growth since 1970s imply a higher degree of vulnerability to domestic and foreign economic influences. There is need for stability in the investment environment and in increasing economic diversification (Bank of Hawaii, 2003).

The economy however contracted by 9.3 per cent in 2000, the effect of political instability and widespread civil disorder. In 2001 the real GDP growth was estimated at 1.0 per cent (ADB, 2003). Assuming that the political problems will not be repeated the economy is projected to grow by nearly 5 per cent in 2002 (ADB, 2003).

Some countries have illustrated that the growth of the working-age population has had a positive impact on the GDP per capita growth (UN, 2002). Fiji's working age group increased from 1946 to 2006 for the total population where it peaked then projected to level off in the years 2016-2036. It will decline in 2046. Most of people in the working age group are urban dwellers. It appears that the 'demographic window of opportunity' will be between 2006 and 2036. It is a flat and long window of demographic opportunity at a rather high level of dependency ratio hovering at around 60. This is linked to the relatively moderate fertility. It seems that avoiding further fertility decline will be important for sustainability in Fiji. This would not require more investment in primary school education as the number of children at primary school level should stabilize but resources would be required at secondary and tertiary levels especially in the area of improving the quality of education. This should ensure avoidance of the path and problems faced by many ageing developed countries.

Table 11 - Total population and proportional distribution by large age groups, Dependency Ratio and its components and Median Age

Years	Total Population	Relative age distribution (%)			Dependency Ratios (%)			Median Age
		00-14	15-59	60+	TDR	CDR	ADR	
1946	259638	44.3	49.0	6.6	103.9	90.4	13.5	17.9
1956	345737	46.1	48.9	5.0	104.5	94.2	10.2	16.9
1966	476,727	46.7	50.9	2.4	96.6	91.9	4.7	16.5
1976	588,068	41.4	54.5	4.1	83.5	76.0	7.5	18.5
1986	715,375	38.4	57.0	4.6	75.4	67.3	8.1	20.6
1996	775,077	35.4	59.5	5.1	68.1	59.5	8.6	21.2
2006	914,330	30.5	63.1	6.4	58.4	48.3	10.1	24.9
2016	1,052,860	28.5	62.7	8.8	59.5	45.5	14.0	27.8
2026	1,184,780	26.2	62.2	11.6	60.7	42.2	18.6	30.1
2036	1,306,700	24.3	62.9	12.8	59.0	38.6	20.4	31.4
2046	1,408,230	22.5	60.6	16.9	65.1	37.1	27.9	33.7

Table 11.1 - Fijian population and proportional and distribution by large age groups, Dependency Ratio and its components and Mean and Median Age

Years	Fijian Total Population	Relative age distribution (%)			Dependency Ratios (%)			Median Age
		00-14	15-64	65+	TDR	CDR	ADR	
1946	117488	44.3	52.2	3.5	94.3	87.2	7.2	19.7
1956	148134	42.1	54.4	3.5	83.8	77.3	6.5	18.8
1966	202176	44.4	52.8	2.8	89.5	84.1	5.4	17.8
1976	259932	41.5	55.4	3.0	80.4	75.0	5.4	18.7
1986	329305	39.3	57.2	3.5	74.8	68.8	6.1	20.2
1996	393575	37.9	58.7	3.4	70.5	64.6	5.9	21.1
2006	473370	33.6	62.2	4.2	60.7	54.0	6.7	23.2
2016	563420	31.1	63.9	4.9	56.4	48.7	7.7	25.3
2026	653480	28.8	64.9	6.3	54.1	44.5	9.7	27.6
2036	737960	26.0	66.1	7.9	51.3	39.3	11.9	29.5
2046	813730	23.6	66.6	9.8	50.1	35.5	14.6	32.0

Table 11.1 shows the age structural change among the Fijian component of the population. The proportion of the working age group started to increase in 1976 and continues to increase in the entire projected period. The demographic window of opportunity will be long but at a lower level of dependency ratio than that of the total population. Table 11.2 shows age structural change of the Indian component of the population. The proportion of the working age group began to increase in 1966 earlier than the Fijians. It increases up to 2036 and descends in 2046 and at a lower level of dependency ratio than that of Fijians and the total population. The timing of the window of opportunity is different for the two ethnic groups. It is earlier and ends earlier for the Indians and at lower level of dependency ratio. For the Fijians, it starts later in 1976 and continues throughout the projected period.

Table 11.2 - Indian population and proportional and distribution by large age groups, Dependency Ratio and its components and Mean and Median Age

Years	Indian Total Population	Relative age distribution (%)			Dependency Ratios (%)			Median Age
		00-14	15-64	65+	Total Dependency Ratio	CDR	ADR	
1946	120063	48.7	47.8	3.5	109.0	101.8	7.2	17.9
1956	169403	50.6	46.7	2.7	114.3	108.4	5.9	14.8
1966	240960	49.5	48.7	1.8	105.2	101.5	3.7	15.2
1976	292896	41.1	57.3	1.6	74.6	71.8	2.8	18.3
1986	348704	37.7	60.0	2.3	66.6	62.7	3.9	20.9
1996	338818	32.6	64.7	2.7	54.6	50.4	4.2	23.4
2006	384370	26.1	70.0	4.0	44.6	37.3	5.7	27.2
2016	430800	25.0	68.7	6.3	45.5	36.4	9.2	31.1
2026	464550	22.4	68.2	9.4	46.6	32.8	13.8	33.9
2036	491880	21.0	67.5	11.5	48.1	31.0	17.0	35.3
2046	513420	20.6	65.0	14.4	53.7	31.7	22.1	36.9

Fiji GDP, 1971-2001

	1971-75	**1975-80**	**1980-86**	**1987-95**	**2001**
GDP -real growth rate	5.9	3.4	2.1	2.5	1.0
GDP per capita	3.8	1.4	0	1.2	na

Source: Bank of Hawaii

4.0 Environment to exploit the demographic bonus

The UN (2002) has indicated that about 33 per cent of economic growth of the Asian tigers in the 1980s and 1990s can be attributed to the demographic bonus. The period of demographic bonus is not permanent, making it prudent for countries to take advantage of it.

4.1 Economic growth

If the share of people below the age of 15 years declines and the working population increases then the per capita GDP is likely to increase because of the increase in people saving. A country can only take advantage of this demographic gift if it puts in place appropriate policies. This demographic bonus will be available in the next few years for a span of about 30 years only. During this time the country could benefit from more

workers producing more total output, greater wealth and accumulation and an increasing supply of human capital. During this period of 'demographic gift' the social sector expenditure is reduced due to the decline in people below the age of 15 years and the decline in their demand for educational and health services. Consequently this should contribute to the growth of the economy.

From 1971 to 1995 real per capita GDP grew on average by 1.6 per cent whilst population grew by 1.7 indicating that standards of living did not make any gains in the 25 years. In the 1990s real per capita GDP grew by 0.9 per cent and in 2001 it increased slightly to 1.0 per cent. Despite poor performance in the last three decades the Government is making concerted effort to increase economic growth. Fiji's economy rebounded to register a GDP growth of over 4 per cent in 2001 and 2002 and 5 per cent after the 2000 political turmoil. Fiji has potential for improving its economic growth.

4.2 Human Resource Development

To create the environment to take advantage of the ‘window of opportunity’ government must invest in the school age population to be educated and have the skills relevant for employment. In addition investment in health is also important to ensure that the working population is healthy and productive. Human resource development is very important in preparing the large pool of people entering the working age group each year. Government is investing much in the area of human resources to cover the loss to the country’s human resources due to migration. It is investing in human resource development of civil servants and students in tertiary institutions to support both the public and private sectors.

A healthy population is also important in order to have an effective and productive workforce. Government is already focusing on strengthening primary and preventive health and curative health services (National Planning, 2002). Rural health is also the focus of government. This will be cheaper in the long run as it will prevent costly outlays

in treating illnesses such as diabetes, cardio-vascular diseases and HIV/AIDS which are expensive to treat.

4.3 Productive Employment

The increase in the proportion of people in the working age group is important in realizing the benefits of the demographic bonus. It implies more workers productively employed producing more total output essential for economic growth. Economic growth is usually accompanied by rising incomes and increased savings and investment. It also implies less burden on the working population of supporting the non-working portion of the population.

However, Table 12 shows that only 61 per cent of people in the working age group are in the labour force. Those in the labour force include those employed, those unemployed and those engaged in the subsistence sector. Only 75 per cent of these are employed. The remaining 25 per cent cover the unemployed and those engaged in subsistence agriculture. Those not included in the labour force include those not working in the formal sector and those not looking for work, homemakers, students, disabled and those who are retired.

The fewer the employed in an economy the greater the burden on them of supporting the dependant population. In Fiji in 1996 only 46 per cent of the working age group were employed and simultaneously supported their children and their elders. This is the narrow tax base for the country. Fiji in order to exploit the demographic bonus of the next few decades should ensure that employment is created to accommodate the increasing workforce. To increase economic growth the increasing working-age population must be employed.

Table 12: Economic Activity by ethnicity and current Residence, Population 15-59 years

	Total population 15-59 years	Percentage in labour force	Percentage employed in labour force	Unemployed (% of labour force)	Subsistence (% of labour force)	Not in labour force 15-59 years (%)
Fiji	461,106	60.9	75.0	5.9	19.1	39.1
Fijian						
Rural	124,083	70.1	58.6	4.2	37.1	29.9
Urban	98,359	59.3	76.0	9.8	14.3	40.7
Indian						
Rural	103,770	56.4	81.8	4.2	14.0	43.6
Urban	109,289	56.7	88.8	5.8	5.4	43.3

Only 70 percent of those aged 15-59 years of Fijians in rural areas were in labour force in 1996. Of these, a little over half were employed and 37 per cent were engaged in subsistence agriculture. In 1996 over 80 per cent of Indians in the labour force in rural and urban areas were employed. Unlike the Fijians a small proportion of Indian rural dwellers in the working age group were engaged in subsistence farming. Most Fijians in the rural areas are engaged in the subsistence sector and are not part of the tax base of the country and thus reducing the employed proportion of the working age group to 41 per cent.

4.4 Emigration

This is a consequence of North-South gap – the differentials in life expectancy, demography, economic structure, social conditions and political stability. For some governments they see migration as economically vital because they hope migration will reduce unemployment and provide training and industrial experience and mainly for worker remittances. Migration has contributed to the loss of people with professional, technical and managerial skill resulting in the postponement of retirement of people with certain skills. In some cases out-migration of skilled personnel has led to unfilled civil service and private sector vacancies and continuing recourse to international recruitment or inappropriate matching of jobs and qualifications.

4.5 The oversupply of labour

The over supply of labour in Fiji has encouraged the Government to maintain the retirement age at 55 years. Early retirement is encouraged and there is reluctance to retain or deploy elderly workers. Unemployment is high among the elderly and their main source of support is the family.

The oversupply of labour has also resulted in young people, 18 years to 27 years migrating to the United Kingdom to serve in the military services. From year 2000 to 2003 about 2000 young men and few women have left Fiji to serve in the British army. Nurses and other health personnel have also migrated in significant numbers. For a small country like Fiji these numbers are significant and the loss of valuable human resource is a constraint on future economic progress.

In addition as life expectancies continue to increase in developed countries more and more unskilled workers are needed to provide services and labour. A very small number of Fiji people are in the developed Pacific-rim countries working as carers for the elderly. These are mainly women, many of whom have retired and the work requires no specialized skill.

5.0 Old age income security

The demographic bonus will be available for 30 years, 2006-2036 and will be followed by a period of demographic turbulence when the elderly population and the dependency ratio increase. Fiji will begin to have this phenomenon in 2046.

Old age security falls into two groups, provident fund and pensions. The provident fund was adopted by Fiji in 1966 to provide social security. Provident fund members are all wage earners and voluntary members, mainly those who are self employed. The Fiji provident fund is fully funded and therefore not affected by the problem of population ageing.

In Fiji below half (46 per cent) of the population, 15-55 years are employed and protected by superannuation benefits (Fiji Bureau of Statistics, 1997). Because it is fully funded it excludes a large proportion of the population such as those in the informal sector, those engaged in subsistence economy, the poor and the unemployed. The fund also offers pre-retirement benefits such as financial assistance for members in the area of home ownership, health care and education. Because of the low wages, the level of savings is low because provident fund members make use of the pre-retirement benefits denting their contribution significantly.

Because people are retiring early and living longer they have to spread their lifetime incomes and provident fund over the remaining years of life. People therefore have to save more when working. However, people in Fiji use their provident fund while working, on home ownership, health care and education. The remaining fund will allow only considerably lower consumption in old age.

Table 13 shows that close to half of those 60 years or older and in the labour force were engaged in the subsistence sector. It appears that those people engaged all their lives in this sector continue depend for their survival on the subsistence farming in old age because of the absence of old age income security.

Table 13: Economic Activity by ethnicity and current Residence, Population 60+ years

	Total population 60+ years	Percentage in labour force	Percentage employed in labour force	Subsistence (% of labour force)	Not in labour force 60+ years
Fiji	39807	42.3	51.4	44.1	57.7
Fijian					
Rural	15226	57.5	42.1	55.2	42.5
Urban	6755	35.4	41.4	2.0	64.5
Indian					
Rural	7900	37.2	76.0	21.3	62.8
Urban	7338	24.5	66.3	26.7	75.5

Women are particularly vulnerable. They tend to outlive men (Table 8). Many women in Fiji during their productive years are homemakers and outside wage employment. They

therefore lack control of resources and wealth and so have no economic security, as they grow old.

In addition reduced fertility means fewer potential sources of economic, emotional and psychological support for the elderly. There is concern about the reduced availability of the social network of kin to provide support for the elderly. Many elderly people therefore face deprivation, marginalization and insecurity. The threat of poverty is real among Fiji's elderly.

6.0 Conclusion

The Fiji government needs to recognize the importance of the process of age structural changes occurring in the country, and that it needs to take advantage of the demographic gift when the proportion in the working age group increases. This can only happen if appropriate policies are pursued.

First the country needs to pursue a policy of human resource development which it is now doing. This is essential in preparing the younger population for joining the workforce. Fiji is investing in education and health to ensure that educated and healthy people are entering the labour force each year.

Economic performance has been minimal in the last twenty-five years reflecting the almost stationary living standards. There have been shocks such as the political turmoil's of 1987 and 2000 and natural disasters such as cyclones and droughts which have contributed to the poor economic performance. In the last few years the economy has rebound registering an average of about 3 per cent growth in per capita GDP in between 2001 and 2003. There is potential for improved economic performance. The government has to pursue all avenues to ensure political stability, enhancement of security and law and order, resolving the agricultural and land lease issue and strengthening good governance and efficiency of the public service.

High economic growth will in turn lead to having more people effectively and productively employed. This would result in more savings and more investments. More and more jobs must be created to maintain the current levels and to increase the proportion of the working population employed. This will be a challenge for the country.

Higher proportions of people employed mean that they would have secure and adequate source of income for their old age. All employees are members of Fiji's Provident Fund and the fund can be considered as a compulsory savings scheme accumulated over ones working years. It is paid in one lump sum to the worker on retirement it can be converted into a pension. Having a higher proportion of employed in the labour force would ensure that with turbulence – the increase in the elderly population would have a secure income in old age. It could also contribute to Fiji's ability to develop sustainably.

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