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FAMILY INCOME AND EXPENDITURES

Regional Patterns in Family Income

(Second of a three-part series)

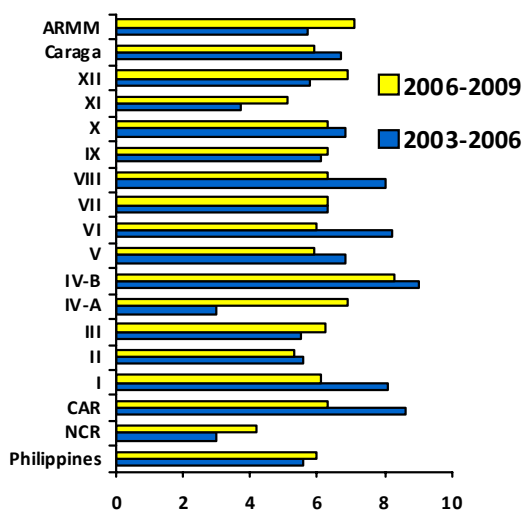
The Family Income and Expenditure Survey (FIES) is a nationwide survey conducted by the National Statistics Office (NSO) every three years. It provides statistics on the sources of income and its distribution, levels of expenditures and spending patterns of Filipino families and other related information. The survey is the source of statistics on the degree of inequality among families and it provides inputs in the estimation of the country's poverty threshold and incidence. The benchmark information to update the weights in the estimation of the Consumer Price Index (CPI) also comes from this survey. The first FIES was undertaken by NSO in 1957.

The regular collection, compilation and publication of "household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income" is contained in the 1985 Labor Statistics Convention 160 and was reiterated in its companion document, Labor Statistics Recommendation 170 (see LABSTAT Updates Vol. 15 No. 7 dated May 2011).

This issue of LABSTAT Updates compares the income of families across regions based on the 2003, 2006 and 2009 FIES results. The press release and statistical tables of FIES are available at the NSO website (www.census.gov.ph).

Growth in the number of families highest in Region IV-B

FIGURE 1 - Percent Change in the Number of Families by Region, Philippines: 2003, 2006 and 2009

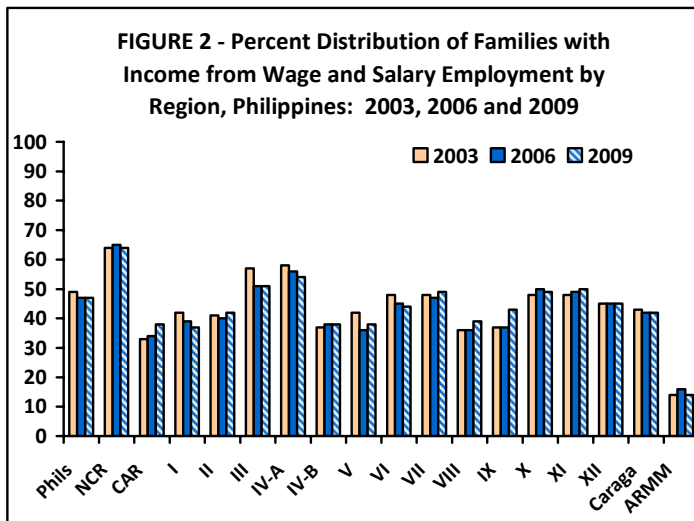


The number of Filipino families steadily increased from 16.480 million in 2003 to 17.403 million in 2006 to 18.452 million in 2009 translating to a growth rate of 5.6% in 2006 and 6.0% in 2009.

At the regional level, the pace of growth for both periods was relatively high in the following regions: IV-B (9.0% and 8.3%); CAR (8.6% and 6.3%); I (8.1% and 6.1%); VIII (8.0% and 6.3%); and VI (8.2% and 6.0%).

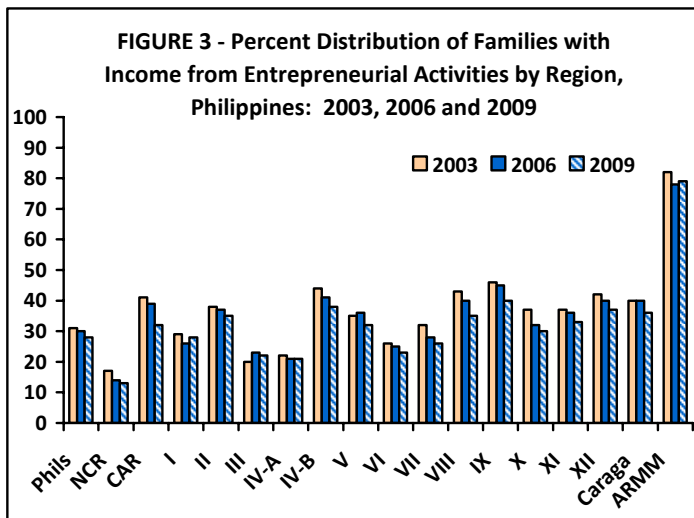
Consistently higher proportion of families can be found in NCR, Regions IV-A and III. From 2003 to 2009 each of these regions accounted for at least 11% of the total families in the Philippines. (Table 1)

Salaries and wages remained the main source of income

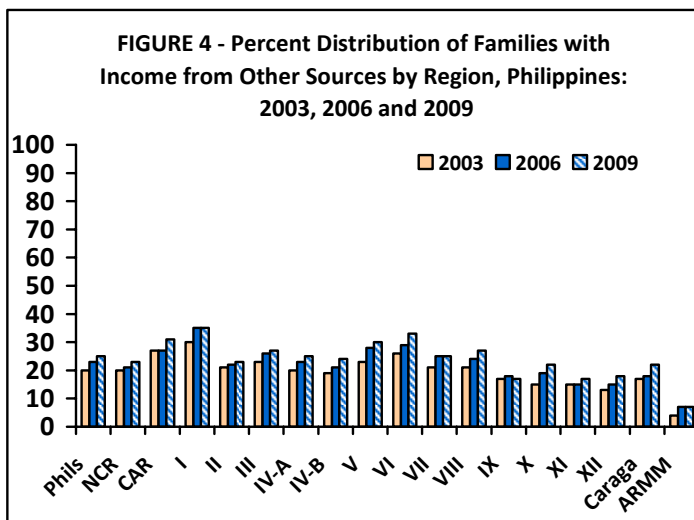


Over time, salaries and wages still remain the main source of income of families in almost all regions except ARMM wherein about 8 out of 10 families relied on entrepreneurial activities for their major source of income.

Overall, the proportion of families depending on salaries and wages slightly declined from 48.7% in 2003 to 47.4% in 2009. Steady decline was also observed in Regions I, IV-A, VI, and Caraga. Conversely, CAR, Regions IV-B, VIII, and XI posted steady increases although on a slower pace in the three-years under review. (Table 2)



On the whole, the percent share of families who drew income from entrepreneurial activities constantly declined from 31.1% in 2003 to 29.8% in 2006 to 27.9% in 2009. The same trend also holds true for most regions.



The decline in the proportion of families drawing income from salaries and wages and entrepreneurial activities, however, was offset by the increase in the proportion of families dependent on other sources of income, such as cash receipts, gifts and other forms of assistance from abroad.

Four regions posted income higher than the national level

Average family income in the Philippines stood at ₱206,000 in 2009. This is a significant improvement from the ₱148,000 income recorded in 2003 and the ₱173,000 in 2006. This means that average income grew by 16.9% from 2003 to 2006 and 19.1% from 2006 to 2009. The national trend, however, did not truly reflect the changes in income at the regional level.

Region	At Current Prices (In ₱000)		
	2003	2006	2009
PHILIPPINES	148	173	206
NCR	266	311	356
CAR	152	192	219
I	124	142	186
II	126	143	181
III	160	198	221
IV-A	184	210	249
IV-B	103	109	141
V	109	125	152
VI	111	130	159
VII	121	144	184
VIII	103	126	160
IX	93	125	144
X	109	142	165
XI	117	135	166
XII	113	114	154
Caraga	90	118	149
ARMM	83	89	113

From 2003 to 2006, Regions IX (34.4%), Caraga (31.1%), X (30.3%), CAR (26.3%) and III (23.8%) posted income growth much higher than the national growth but their growth rates declined from 2006 to 2009. Moreover, families in NCR, CAR, Regions III and IV-A consistently pocketed an average income much higher than the national level in all three periods.

Average family income at 2000 prices over the periods covered continued to grow by 2.5% from 2003 to 2006 and by 3.2% from 2006 to 2009. This growth, however, did not trickle down in some regions. Regions IX (22.4%), X (14.6%), III (11.4%) and CAR (10.5%),

Region	At 2000 Prices (In ₱000)		
	2003	2006	2009
PHILIPPINES	122	125	129
NCR	217	221	227
CAR	124	137	136
I	100	102	116
II	107	108	115
III	132	147	139
IV-A	154	153	158
IV-B	87	82	90
V	90	92	95
VI	94	97	99
VII	102	101	111
VIII	87	94	98
IX	76	93	88
X	89	102	98
XI	94	96	99
XII	95	85	96
Caraga	73	86	88
ARMM	65	61	62

which showed the biggest gain in income from 2003 to 2006, were also the same regions that suffered the biggest decline from 2006 to 2009.

Definition of Terms:

Family - a group of persons usually living together and composed of the head and other persons related to the head by blood, marriage or adoption. It includes both the nuclear and extended family.

Family income - includes primary income (earnings) and receipts from other sources received by all family members during the reference period as participants in any economic activity (either as laborer, proprietor, capitalist or entrepreneur), or as recipients of transfers, pensions, grants, etc.

- **Primary income** – includes salaries and wages, commissions, tips, bonuses, family and clothing allowances, transportation and representation allowances, honorarium, and other forms of compensation and net receipts/profits derived from the operation of family-operated enterprises/activities and the practice of a profession
- **Receipts from other sources** – are receipts, gifts and assistance from abroad and from domestic source, dividends from investments, imputed rental values of owner-occupied dwelling units, interests, royalties, rentals including landowner's share of agricultural products and pensions.

Sources of family income:

- **Salaries and wages from employment** - include compensations both from agricultural and non-agricultural work.
- **Income from entrepreneurial activities** - may be classified as either agricultural or non-agricultural. Agricultural activities include crop farming and gardening; livestock and poultry raising; fishing; forestry and hunting while non-agricultural activities include wholesale and retail; manufacturing; community, social, recreational and personal services; transportation, storage and communication services; mining and quarrying; construction; and entrepreneurial activities not elsewhere classified
- **Other sources of income** - include net share of crops, fruits and vegetables and livestock and poultry from other households; cash receipts, gifts and other forms of assistance from abroad; cash receipts, support assistance and relief from domestic source; rental from non-agricultural lands, buildings, spaces and other properties; interest from bank deposits and loans; pension and retirement, workmen's compensation and social security benefits; imputed rental value of owner-occupied dwelling units; net receipts from family sustenance activities; dividends from investment; goods and services received as gifts; and other sources of income not elsewhere classified.

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**TABLE 1 - Number of Families by Region, Philippines: 2003, 2006 and 2009
(In 000)**

Region	2003	2006	2009
PHILIPPINES	16,480	17,403	18,452
National Capital Region	2,293	2,362	2,461
Cordillera Administrative Region	279	303	322
I - Ilocos Region	876	947	1,005
II - Cagayan Valley	587	620	653
III - Central Luzon	1,810	1,909	2,028
IV-A - CALABARZON	2,185	2,251	2,406
IV-B - MIMAROPA	500	545	590
V - Bicol Region	946	1,010	1,070
VI - Western Visayas	1,266	1,370	1,452
VII - Central Visayas	1,216	1,293	1,374
VIII - Eastern Visayas	754	814	865
IX - Zamboanga Peninsula	587	623	662
X - Northern Mindanao	739	789	839
XI - Davao Region	811	841	884
XII - SOCCSKSARGEN	708	749	801
Caraga	416	444	470
Autonomous Region in Muslim Mindanao	505	534	572

Source of data: National Statistics Office, Family Income and Expenditure Survey.

TABLE 2 - Percent Distribution of Families by Sources of Income and Region, Philippines: 2003, 2006 and 2009

Region	Sources of Income								
	Salaries and wages			Entrepreneurial activities			Other sources		
	2003	2006	2009	2003	2006	2009	2003	2006	2009
PHILIPPINES	48.7	47.2	47.4	31.1	29.8	27.9	20.2	23.0	24.7
National Capital Region	63.6	64.6	64.1	16.7	14.1	13.0	19.7	21.3	22.9
Cordillera Administrative Region	33.0	34.2	37.7	40.9	38.8	31.6	26.5	27.0	30.6
I - Ilocos Region	41.7	39.2	37.1	28.7	25.8	27.7	29.7	34.9	35.2
II - Cagayan Valley	40.5	40.4	42.2	38.3	37.3	35.1	21.1	22.2	22.7
III - Central Luzon	56.8	51.0	51.2	19.9	22.6	21.7	23.4	26.4	27.0
IV-A - CALABARZON	58.2	55.8	54.4	22.1	21.1	20.7	19.7	23.1	24.8
IV-B - MIMAROPA	36.8	37.5	38.0	44.4	41.4	38.2	18.8	21.0	23.8
V - Bicol Region	42.2	35.5	37.9	35.2	36.3	31.8	22.6	28.3	30.2
VI - Western Visayas	47.8	45.4	44.0	26.1	25.2	23.0	26.1	29.3	33.0
VII - Central Visayas	47.8	47.4	49.3	31.6	28.0	25.6	20.6	24.6	25.1
VIII - Eastern Visayas	35.7	36.4	38.8	43.1	40.1	34.7	21.2	23.6	26.6
IX - Zamboanga Peninsula	37.3	37.1	42.7	45.7	45.4	40.1	17.0	17.5	17.2
X - Northern Mindanao	47.8	49.5	48.6	37.3	31.9	29.5	14.9	18.7	21.9
XI - Davao Region	48.2	49.2	50.1	36.7	35.5	33.4	15.2	15.4	16.5
XII - SOCCSKSARGEN	44.8	45.2	45.1	42.4	40.2	36.7	13.0	14.6	18.2
Caraga	42.5	42.1	41.8	40.1	40.1	36.4	17.1	17.7	21.8
Autonomous Region in Muslim Mindanao	14.3	15.5	13.8	81.6	78.0	79.4	4.0	6.5	6.8

Source of data: National Statistics Office, Family Income and Expenditure Survey.