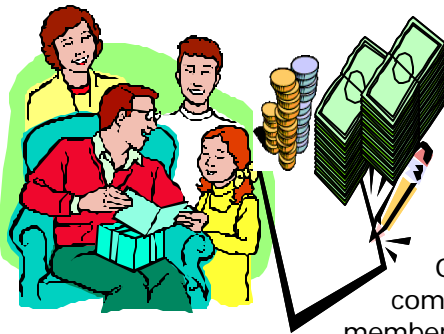


NON-WORK INCOME OF FILIPINO FAMILIES

This paper presents sources of income of the Filipino families other than wages and those earned from entrepreneurial activities. The data presented herein were sourced from the Family Income and Expenditures Survey (FIES) conducted by the National Statistics Office (NSO) every three (3) years. One of the primary objectives of the survey is to determine the sources of income and income distribution which is used as inputs in the measurement of levels of living and spending patterns among families.



One of the major sources of information on the level of poverty is income. In general, family income includes primary income (earnings) and receipts from other sources received by all family members during the calendar year, as participants in any economic activity or as recipients of transfers, pensions, grants, etc.

Family income is derived from three main sources. One is *salaries and wages*. This includes all forms of compensation whether in cash or in kind received by family members as regular or seasonal workers in agricultural and non-agricultural industries. Income from *entrepreneurial activities* is another. These are income derived from self-employment or operation of family business or enterprises in agricultural and non-agricultural ventures. The third main source are *net receipts from other sources of income* or otherwise referred to as non-work source which is the focus of this paper.

Based on the Enumerator's Manual of the FIES, the non-work income sources which may either be in cash or in kind include the following:

- **Net Share of Crops, Fruits and Vegetables Produced and/or Livestock and Poultry Raised by Other Households.** Included are rentals of agricultural lands paid in the form of livestock or poultry, or its share of livestock or poultry products. Share of the family from the proceeds of the sale/s of pig, cow, etc. which the family owned but is raised by others and disposed during the reference period are also included.
- **Cash Receipts, Gifts, Support, Relief and Other Forms of Assistance from Abroad.** These cover specifically all cash receipts from all sources outside the Philippine territory. These may come from family members, non-relatives, foreign government and charitable institutions.

Sources of cash receipts from abroad are divided into five items:

1. Cash received out of salaries/wages and other sources of income of a family member who is a contract worker;

2. Cash receipts sent by a family member of the household with a status of residency abroad other than that of a contract worker (immigrant, tourist, and those with student visa);
 3. Pensions, retirements and other benefits received from the U.S. government and other foreign government and enterprises like pension received by World War II veterans from the U. S. government;
 4. Cash, gifts, support, etc., from relatives (except those under 1 and 2 above), from charitable groups and foreign government; and
 5. Income from abroad accruing from dividends from investment, net income from business, rental from properties and other property income.
- **Cash Receipts, Support, Assistance and Relief from Domestic Source.** These are receipts received by family members from other families living in the country and from the Philippine government.
 - **Rentals from Non-agricultural Lands, Buildings, Spaces and Other Properties as well as Imputed Rental Value of Owner-Occupied Dwelling Units.** These are net income derived from these items which are not included in other entrepreneurial activities. Also included are rentals of other properties like renting out of chairs, wearing apparel, as long as these are not family enterprises. These exclude rental from agricultural land used by the family for agricultural production because income from this activity are included in income from entrepreneurial activities.
 - **Interests.** Include interest in cash received by the family from bank deposits, or for money loaned to other families. When a landowner loaned 4 cavans of rice to another household who later paid 5 cavans of rice after harvest, the value of one cavan will be recorded as interest in kind. Also for family members with dollar deposits, the peso equivalent of the interest earned using the current exchange rate is included.
 - **Pension and Retirement, Workmen's Compensation and Social Security Benefits.** These cover pension and retirement benefits or monthly annuities of retired government employees, retired or disabled members of the Armed Forces of the Philippines, or those retired employees of private firms. Also included here are money received under the Workmen's Compensation Act for an accident, disability or death of a family member who worked with the government or a private firm.
 - **Net Receipts from Family Sustenance Activities.** These are sales made when harvest/produce are more than enough for family consumption. Examples of these activities are raising one or two fowls, raising a few fruit trees and vegetables in a residential lot. Net receipt is obtained by deducting the operating cost from the value of produce/harvest.
 - **Net Winnings from Gambling, Sweepstakes and Raffles.** Net winnings are derived by subtracting losses from winnings during the reference period.
 - **Dividends from Investment.** These are dividends or share of profits coming from investment in large private corporations and in money markets. Also included are GSIS dividends as well as PLDT dividends.

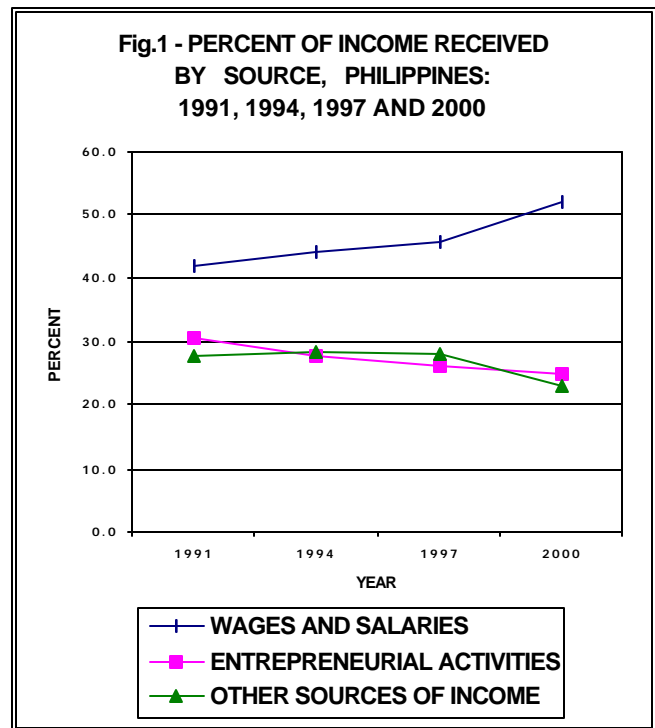
- **Profits from Sales of Stocks, Bonds, and Real and Personal Property.** These are profits obtained from selling personal and real properties.
- **Backpay and Proceeds from Insurance.** Backpay refers to the back salaries/wages and other forms of compensation of government employees during World War II. Included here are the amount of taxes paid in bonds bought with backpay certificates.
- **Inheritance.** Money inherited and cash proceeds from the sale of property inherited or trust funds received by the family member.
- **Other Sources of Income Not Elsewhere Classified.** These are sources of income not from work that cannot be identified from sources already mentioned. Examples are royalties, lump sum for injuries (not covered by workmen's compensation), legal damages received, proceeds from the sale of right to real property and salaries and wages from employment of family members less than 10 years old.

Non-work income comprised more than one-fifth of total income

Based on the results of the 2000 Family Income and Expenditures Survey of the NSO, income from wages and salaries comprised more than half (52.1%) of the national income (Table 1). Over a decade, this share grew from 41.7 percent in 1991 to 52.1 percent in 2000.

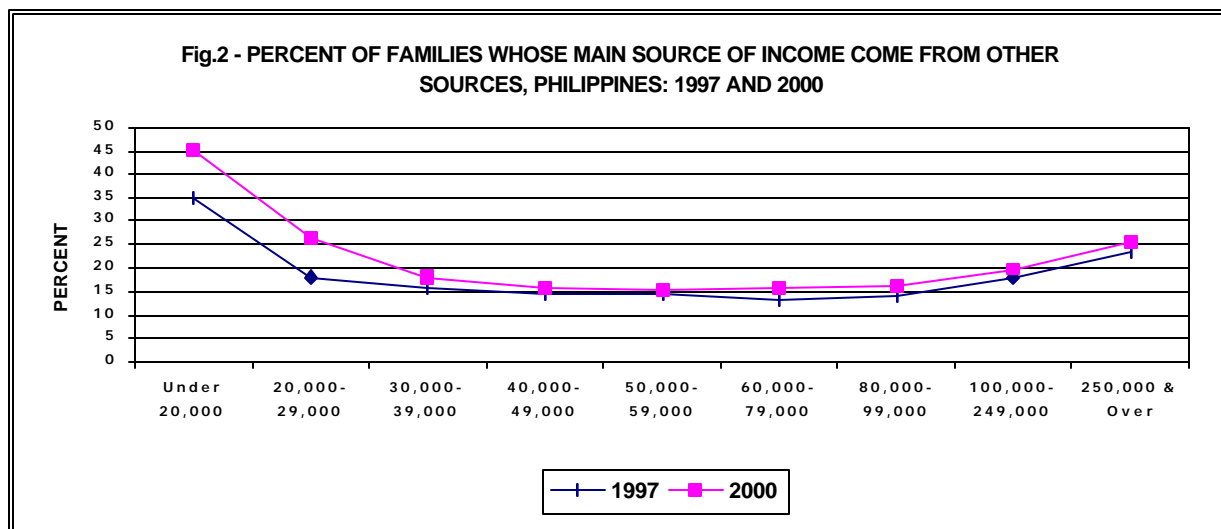
Income from entrepreneurial activities which accounted for one-fourth of the total income in 2000 declined from 30.5 percent in 1991.

The same survey results revealed that approximately 23.0 percent of the national income in 2000 were sourced from activities other than work. From a share of 27.8 percent in 1991, it went up to 28.3 percent in 1994 and slightly declined to 28.2 percent in 1997. Almost half of which (11.1%) came from cash receipts, gifts, support, relief and other forms of assistance from abroad.



Source of basic data: National Statistics Office (NSO), Family Income and Expenditures Survey (FIES).

More families depend on income sources other than work



Source of basic data: National Statistics Office (NSO), Family Income and Expenditures Survey (FIES).

Although total income derived from non-work sources went down in 2000, the number of families whose main source of income coming from non-work activities rose from 2.477 million (17.5%) in 1997 to 3.024 million (19.8%) in 2000. (Table 2)

In proportion to total families under the various income classes, 45.2 percent or some 165,000 families, whose annual income were less than ₱20,000 depended heavily on these other sources

of income in 2000. This was comparatively higher by 10.3 percentage points from the 34.9 percent posted in 1997. Families with income brackets ₱20,000 - ₱29,000 and ₱250,000 & over, posted shares of 26.2 percent and 25.6 percent, respectively.

Meanwhile, the bulk of the families (942,000 for 2000 & 716,000 for 1997) that relied on these non-work sources were in the income bracket of ₱100,000 - ₱249,000.

Cash receipts and assistance from abroad topped non-work source of income

Among the various sources of non-work income, the more predominant sources were cash receipts, gifts and other forms of assistance from abroad; cash receipts, support, assistance and relief from domestic source; pension and retirement, workmen's compensation and social security benefits; imputed rental value of owner-occupied dwelling units; and goods and services received as gifts. The first two mentioned above were relied upon by almost three-fifths (56.4% in 1997 and 58.2% in 2000) of families whose main source of family income come from non-work.

It is also interesting to note that a large proportion of families belonging to the ₱60,000 and over income strata are highly dependent on cash receipts, gifts and other forms of assistance from abroad (85.8% or 0.756 million of 881 million in 1997 and 91.5 % or 1.013 million of 1.107 million in 2000).

On the other hand, more than half (61.5% or 318,000 out of 517,000 in 1997 and 54.1% or 354,000 out of 654,000 in 2000) of families relying heavily on cash receipts, support, assistance and relief from domestic sources were those below the ₱50,000 income bracket.

SUMMARY

It is apparent that income from other sources is a substantial component of the total family income in the Philippines. Nearly half of these were receipts from abroad in 2000, indicating the importance of OFW remittances in sustaining the living condition of their dependents here. Further, it is noted that families mainly relying from overseas

receipts constituted a considerable proportion of families whose main sources of income come from non-work and that they belonged to the higher income strata. These income sources not from work helped in one way or another to meet their basic needs and improve their quality of life.

Table 1 - PERCENT DISTRIBUTION OF INCOME RECEIVED BY FILIPINO FAMILIES FROM DIFFERENT SOURCES, PHILIPPINES: 1991, 1994, 1997 AND 2000

INCOME SOURCE	1991	1994	1997	2000
TOTAL INCOMES	100.0	100.0	100.0	100.0
Wages and Salaries	41.7	44.0	45.6	52.1
Entrepreneurial Activities	30.5	27.7	26.2	25.0
Other Sources of Income	27.8	28.3	28.2	22.9
Net Share of Crops	1.5	1.1	0.9	0.5
Receipt from Abroad	8.4	8.0	6.8	11.1
Rental Value of Occupied Dwelling Units	8.4	9.4	10.3	3.6
Family Sustenance Activities	1.9	1.8	1.3	0.2
Other Sources	7.6	8.0	8.9	7.4

Note: Figures may not add up to totals due to rounding.

Source of basic data: National Statistics Office (NSO), Family Income and Expenditures Survey (FIES).

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**Table 2 – NUMBER OF FAMILIES WHOSE MAIN SOURCE OF INCOME COME FROM OTHER SOURCES
BY SOURCES OF INCOME AND INCOME CLASS, PHILIPPINES: 1997 AND 2000**
(In thousands except percent)

SOURCES OF INCOME	Total Number of Families	Income Class (₱)								
		Under 20,000	20,000-29,000	30,000-39,000	40,000-49,000	50,000-59,000	60,000-79,000	80,000-99,000	100,000-249,000	250,000 & Over
1997										
Total Families	14,192	550	1,133	1,473	1,439	1,164	1,829	1,285	3,926	1,395
Families Reporting Other Sources of Income	2,477	192	206	232	208	169	247	182	716	326
Percent to Total (%)	17.5	34.9	18.2	15.8	14.5	14.5	13.5	14.2	18.2	23.4
Net Share of Crops, Fruits and Vegetables and Livestock and Poultry from Other Households	157	20	27	24	18	14	16	10	22	5
Cash Receipts, Gifts and Other Forms of Assistance from Abroad	881	5	13	33	35	40	88	90	404	174
Cash Receipts, Support, Assistance and Relief from Domestic Source	517	74	87	95	62	51	54	23	54	16
Rental from Non-Agricultural Lands, Buildings, Spaces and Other Properties	83	1	2	5	3	2	5	3	32	29
Interest from Bank Deposits and Loans	11	1	-	*	1	1	*	1	4	3
Pension and Retirement, Workmen's Compensation and Social Security Benefits	265	3	15	23	31	29	37	21	73	32
Imputed Rental Value of Owner-Occupied Dwelling Units	279	11	22	16	21	14	26	21	94	53
Net Receipts from Family Sustenance Activities	81	23	18	18	10	6	4	2	-	*
Dividends from Investment	2	-	-	-	-	-	-	-	-	2
Goods and Services Received as Gifts	196	52	22	16	25	12	16	11	32	11
Other Sources of Income, N.E.C.	7	1	*	*	1	-	*	1	2	1

Note: Details may not add up to totals due to rounding.
* Less than 500.

**Table 2 – NUMBER OF FAMILIES WHOSE MAIN SOURCE OF INCOME COME FROM OTHER SOURCES
BY SOURCES OF INCOME AND INCOME CLASS, PHILIPPINES: 1997 AND 2000 (Continued)**

(In thousands except percent)

SOURCES OF INCOME	Total Number of Families	Income Class (₱)								
		Under 20,000	20,000- 29,000	30,000- 39,000	40,000- 49,000	50,000- 59,000	60,000- 79,000	80,000- 99,000	100,000- 249,000	250,000 & Over
2000										
Total Families	15,270	365	837	1,171	1,389	1,196	1,983	1,496	4,813	2,021
Families Reporting Other Sources of Income	3,024	165	219	211	224	187	316	244	942	517
Percent to Total (%)	19.8	45.2	26.2	18.0	16.1	15.6	15.9	16.3	19.6	25.6
Net Share of Crops, Fruits and Vegetables and Livestock and Poultry from Other Households	143	19	17	23	16	12	18	16	15	7
Cash Receipts, Gifts and Other Forms of Assistance from Abroad	1,107	3	11	17	27	33	89	89	511	324
Cash Receipts, Support, Assistance and Relief from Domestic Source	654	75	106	84	89	57	82	48	93	19
Rental from Non-Agricultural Lands, Buildings, Spaces and Other Properties	108	1	3	2	2	5	12	6	36	41
Interest from Bank Deposits and Loans	8	1	-	*	1	1	1	1	2	1
Pension and Retirement, Workmen's Compensation and Social Security Benefits	391	1	12	21	36	40	55	43	132	52
Imputed Rental Value of Owner- Occupied Dwelling Units	310	4	20	21	27	16	28	27	109	58
Net Receipts from Family Sustenance Activities	83	16	22	19	10	8	6	-	2	1
Dividends from Investment	1	-	-	-	-	-	1	-	-	-
Goods and Services Received as Gifts	206	44	27	21	14	14	22	14	40	10
Other Sources of Income, N.E.C.	14	-	*	2	3	2	*	-	3	4

Note: Details may not add up to totals due to rounding.

* Less than 500.

Source of basic data: National Statistics Office (NSO), Family Income and Expenditures Survey (FIES).