

## Income, expenses and living conditions

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### Selected indicators - Methodological notes

[Statistics on household income and expenditures \(Household Budget Survey\)](#)

[Statistics on income and living conditions \(EU SILC\)](#)

[Food Consumption Statistics](#)

#### Statistics on household income and expenditures (Household Budget Survey)

The household budget statistics is sample survey which **subject** is to obtain information on level of income, structure and the development of monetary and non-monetary expenditures and income of the natural persons in various types of households.

In the year 2004, there were applied some Eurostat recommendations for the application in the Households Budget Surveys of Member States in our selection reporting system. The changes related to:

1. Selection method of reporting units
2. Coding of household members
3. Classification of Individual Consumption by Purpose for Household Budget Surveys
4. Classification of money incomes
5. Classification of income in kind

Up to 2012 survey on income, expenditures and consumption of private households was realised, in 2013 and 2014 only survey on household income in the first quarter was conducted. Next survey on income, expenditures and household consumption of private households was realised in 2015. Data for 2013 and 2014 were estimated by microsimulation method on the basis of data from sample survey HBS for 2012 using available external information, prognoses and expert estimation of demographic, social and economic indicators for 2013 and 2014. In 2016 and 2017 only data on household income in the first quarter was collected. Data for 2016 were estimated by microsimulation method on the basis of data from sample survey HBS for 2015 using available external information, prognoses and expert estimation of demographic, social and economic indicators for 2016.

In 2014 **redesign** of Household Budget Survey was implemented (applied in Household Budget Survey 2015). The objective of the redesign was improvement of the quality of survey and decrease of the respondent burden and modernization of data collection adjusted to European trends. The changes related to besides other things also modification of questionnaire, the change of methodology in survey of big regular expenditures of households and in survey of purchases of selected items into stock. In the context of survey of consumer expenditures, the

classification of Individual Consumption according to Purpose COICOP-5 was used which is recommended by Eurostat (until 2015 was used COICOP-HBS).

**The reporting net** was created on the basis of the Population Census results. The selection unit was the flat. The address lists of households in the permanent inhabited flats attend as support of unit selection. From 2014 the two stage stratified systematic random sampling was used for household selection; the data from Population and Housing Census 2011 was used as the sampling frame.

## Definitions

**Reporting unit according** to the Household Budget Surveys is **private household**. Private household is comprised of one or more persons satisfying two basic conditions:

- they live together in the same dwelling (residence) and
- they share expenditures, especially related to housing and catering.

The member of household was every person who met above mentioned conditions, regardless of family relationship. Persons, who live in household only temporally (at the least six months) and meet condition of the common household managing (nourishment and housing), were included in survey. Survey not included collective households as cloisters, prisons, boarding houses, retirement's homes, hospitals, etc. (Definition of household and members results from Regulation (EC) No 1980/2003 dated 21/10/2003 on implementation of Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU SILC) as for definitions and adopted definitions).

**Gross money income** presenting the amount of all money income of each member in household, e.g. wages (including tax on income and compulsory social insurance i.e. contributions to Health Insurance Company and Social Insurance Agency), income from co-operatives, financial amount, provided by self-employed person from own business income for households needs, social income, received financial gifts, compensation from insurance companies, lottery prizes, income from worn clothes, incl. chosen loans.

**Net money income** is calculated from gross money income deducting tax on income and compulsory social insurance (i.e. contributions to Health Insurance Company and Social Insurance Agency).

**Income in kind** represents the sum of consumption in kind and gifts in kind. Consumption in kind is defined as immediate consumption of food produced by own household production or own agricultural/food enterprise, consumption of products obtained by picking (fruits) or by hunting.

**Gifts in kind** represents good and services given to households by other persons or organizations or obtained as remuneration for work done.

**Total income** is the sum of money income and income in kind.

**Gross money expenditures** include consumption expenditures and other gross expenditures.

**Net money expenditures** include consumption expenditures and other net expenditures.

**Consumption expenditures** represent amount of expenditures spent on goods and services. They are divided by the purpose for which they were spent:

**Foodstuffs and non-alcoholic beverages** include all expenditures linked to the purchase of foodstuffs and non-alcoholic beverages in market network.

**Alcoholic beverages and tobacco** include expenditures on alcoholic beverages in market networks, tobacco and tobacco products.

**Garments and shoes** represent purchases of textile goods, shoes for men, women, children and textile haberdashery (non-textile haberdashery is the part of expenditures on personal subjects) including their making and repairs.

**Housing, water, electricity, gas and other fuels** include expenditures on rent in municipal dwellings, payments for co-operative dwelling using expenditures on purchases of goods and services for construction and dwelling maintenance (up to 1400 EUR), payments for electricity, gas, hot water and heat, purchase of fuels, fees for water supply and expenditures on other services related to housing.

**Furniture, dwelling equipment and current maintenance of house** represents expenditures on purchase of furniture, dwelling equipment and enhancements, floor covering materials, dwelling and table textile, dishes, household investment needs, various devices and kitchen equipment, expenditures on making mentioned goods and their repairs including expenditures on agricultural, garden and crafts mens machines and equipment, goods and services.

**Health** includes expenditures on pharmaceutical medicaments and products, health goods, on services provided for health staff in hospitals or out of hospitals, including the services of different therapists.

**Transport** includes expenditures on the purchase of transport means, fuels and oils, expenditures related with their operation and maintenance, and expenditures on transportation services (trains, buses, planes, ships).

**Communications** include expenditures on postal-, telephone-, and fax- services and devices.

**Recreation and culture** includes expenditures on goods and services related to the recreation and other utilization of free time, including expenditures on books, newspapers, printing or paper goods and drawing goods.

**Education** represents expenditures on pre-school, primary, secondary and academic (university) or other education including different courses (without catering).

**Restaurants and hotels** include expenditures in public catering (including expenditures on

catering in canteens) and expenditures on accommodation services (recreation excluding).

**Miscellaneous goods and services** are expenditures on the goods and services for own care, expenditures on purchase of personal subjects including their repairs, expenditures for social services, insurance of persons and things, and other expenditures on goods and services related to the consumption in household.

**Other gross expenditures** are comprised of different payments of a non-consumption nature, such as tax on income, tax on property, compulsory personal insurance, money gifts paid out of household, loan payments, expenditures on maintenance of dwelling, house (over 1400 EUR), share and bond purchases including expenditures on household production (farm animals, agricultural land), if they are paid from household money sources.

**Other net expenditures** are obtained from other gross expenditures by deduction of tax on income and compulsory contributions to health and social insurance.

**Expenditures in kind** represent the sum of income in kind and the amount paid by household for catering of non-household members.

**Total expenditures** represent the sum of money expenditures and expenditures in kind.

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## Statistics on household income and expenditures

### Selected indicators of poverty

**Total disposable household income** is calculated as the sum of the gross personal income components of all household members plus components of gross income on household level (e.g. income from rental of property or land, regular inter-household transfers received) minus regular taxes on wealth, regular inter-household transfers paid (e.g. alimony, regular cash support from another households), tax on income and social insurance contributions.

**Equivalised scale** is used for calculation of equivalised size of household. For computation of poverty indicators the modified OECD scale was used, where used coefficients are: 1 for the first adult household member, 0,5 for second and another adult household member, 0,5 for aged 14 and over and 0,3 for each child less than 14 years old.

**Equivalised disposable income** is calculated as disposable household income divided by equivalised size of household. This income is then assigned to each household member.

**Median of equivalent disposable income** is the value of equivalent disposable income that divides file by income into two equal-sized parts according to number of persons.

**At-risk-of poverty rate** is the fraction of people with equivalent disposable income below 60% of the national median of equivalent income. This indicator is defined for different groups of

persons and households. Calculations are made both with taking into account social transfers (incomes) and without them.

**At-risk-of poverty threshold** is the value of at-risk-of poverty threshold (60% of the national median of equivalent income) in SKK, in converting values to PPS and to Euro.

**Dispersion around the risk-of-poverty threshold** is the indicator of monetary poverty calculated as the percentage of people from the whole population, who have equivalent disposable income lower than 40%, 50% and 70% of median of equivalent disposable income.

**Income quintile share ratio (S80/S20)** is the indicator of monetary poverty calculated as the ratio of the sum of equivalised disposable income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile).

**Gini coefficient** is indicator of monetary income, which represents inequality of income distribution - it is the ratio of cumulative shares of population arranged according to the level of equivalent disposable incomes to cumulative shares of disposable equivalised income received by them.

## Structure of income collected in EU SILC:

### **Working income:**

- *Cash or non-cash employee income* - variable represents income of employee who receive income for performance on the basis of existence of a labour relation (state-employment relation, service relation and member relation) in form of wage, salary, remuneration for work done and other kinds of reward, which are regarded as income from dependent activity. It includes income from main employment, secondary employment, bounties, share of profits and other cash payments made by employer.

- *Non-cash employee income* - since 2007 variable has included income components related to company car and relevant costs (e.g. free fuel, car insurance, relevant taxes and charges) provided for personal use and also other non-cash components, which were provided to employee by employer in previous calendar year (e.g. luncheon vouchers, reimbursement of gas, electricity and water, reimbursement or payments for telephone or mobile phone bills and others).

- *Cash profits or losses from self-employment (including royalties)* - variable includes:

- net operating profit or loss to working owners or partners in an unincorporated enterprises less interest on business loans;
- royalties earned on writing, inventions, and so on, not included in the profit/loss of unincorporated enterprises;
- rentals from business buildings, vehicles, equipment and etc., not included in the profit/loss of unincorporated enterprises.

### **Social income:**

- *Old-age benefits* - within old-age benefits are included old-age pension, early retirement pension, pension for extended employment and other regular and lump-sum cash benefits and contributions, such as bonus to pension, retirement benefits, lump-sum Christmas bonus to all pensioners and others.

- *Unemployment benefits* - variable comprises of unemployment benefit and regular and lump-sum cash payments, such as contribution for graduate practice, contribution for self-employment, contribution related to commutation and others.

- *Disability benefits* - within the variable there is information collected on disability pension, disabled person's allowance, periodical and lump-sum financial contributions for compensation and other periodical and lump-sum cash benefits (e.g. transport allowance and contribution for activities of the assistant at work, compensation for operating and performing self-employment for disabled citizens and others).

- *Sickness benefits* - within sickness benefits are included sickness benefit, nursing benefits, other cash benefits, e.g. injuries bonus, one-off settlement, compensation for injuries and compensation for aggravation of social expediency and others.
- *Survivor's benefits* - variable includes widow's and widower's pension, orphan's pension, funeral allowance and other regular and lump-sum cash benefits (e.g. compensation of living costs of survivors, survivors' injuries annuity, one-off indemnification, etc.).
- *Family/children-related allowances* - family/children-related allowances provide financial support to households for bringing up children. They include child allowance, parental allowance, foster care benefits, maternity benefits, equalising contribution, child-birth contribution including extra pay to child-birth contribution and other cash benefits.
- *Education-related allowances* - the variable consists of grants, scholarships and other educational help received by students. Scholarships and similar benefits which are paid in terms of income of persons situated in material need are excluded.
- *Social exclusion not elsewhere classified* - variable includes material need assistance, scholarships (merit scholarship for secondary and elementary school students and training centre students) and other cash benefits (lump-sum or regular cash benefits provided to household sharing on expenditures by municipality, or by other organization). Within the variable collected and calculated were these components: benefit for material need assistance, activation benefit, housing allowance, health-care allowance and protection benefit

## Private income:

- *Income from rental of property or land* - income from rental of property or land is related to the income received from the renting of a property, e.g. renting of dwelling, rent not included into profit or loss of an unincorporated enterprise, receipts received from boarders or lodgers or rent from land) after deducting costs such as mortgage interest payments, minor repairs, maintenance, insurance and other charges.
- *Income received by people aged under 16* - cash component includes gross income of all household members aged under 16 received during the last calendar year (apprentice allowance).
- *Regular inter-household transfers received* - within the variable are collected: alimony, voluntary child support and regular cash support from persons other than household members and from households abroad.
- *Interest, dividends and profit from capital investments in unincorporated business* - interest (not included in the profit/loss of an unincorporated enterprise), dividends and profits from capital investments in an unincorporated business refer to the amount of interest from assets such as bank accounts, certificates of deposits, bonds, funds, treasuries and etc.

## Other income components:

- *Housing allowance* - represents help to households to get housing costs under control (irreclaimable benefit from the State Housing Development Fund).
- *Value of goods produces by own-consumption* - variable is related to food and beverages produced and consumed within the same household. It is calculated as the total value of produced goods after the deduction of any expenses incurred in production.
- *Regular taxes on wealth* - variable is related to taxes which are payable periodically by an owner on the ownership of lands, buildings, dwellings or non-housing areas.
- *Regular inter-household cash transfers paid* - collected information is on the annual amount paid by households during the last calendar year to other households or individuals, such as e.g. compulsory alimony, voluntary alimony and regular cash support to persons other than households members, regular cash support to households in other countries.
- *Tax on income and social contributions* - includes employee income, self-employment income, income from capital investments and other income (income from occasional activities, occasional rental of res mobiles and others).
- *Contributions to individual private pension plans* - income variable includes contributions to individual pension plans related to old-age, survivors, sickness, disability and unemployment, e.g. on the basis of contract with supplementary pension plans (III. pillar).
- *Pensions from individual private plans* - includes pension paid from individual pension plan on the basis of pension insurance, which was contracted by individuals on their own initiative, independently of their employers (III. pillar).

## Food consumption

**Meat in carcass weight** is the slaughtered dead weight of meat. It includes consumption of offal as well.

**Milk consumption per capita in l** is converted to kg by means of coefficient 1.03 (is valid for all kind of milk).

**Other non-processed cheeses** are broken down according to individual cheese consistency expressed by quantity of water in non-fat cheese mass in percentage of weight.

From 2005 to 2007 16.7 pieces of eggs = 1 kg of eggs in gross weight; from 2008 16.4 eggs = 1 kg of eggs in gross weight.

**For conversion of fats to terms of net fat, the following coefficients are used:** butter - 0.800; lard (in terms raw) - 0.861; vegetable edible fats and oils (margarine - 0.579; hydrogenated fats - 1; edible oils - 0.980), other fats - 0.990.

**Vegetable and vegetable products in total** in terms of fresh vegetable including vegetable juice and ketchups.

**Fruit and fruit products in total** in terms of fresh fruit including fruit juices, does not include nuts.

**Other fruit excluding grapes** represents fruit of mild climate including of estimation of forest fruit consumption.

**Alcoholic beverages** quantified in litres are converted to terms of net alcohol by means of the following coefficients: spirits - 0.400; grape wine - 0.110; other wine - 0.145; beer - 0.040.

**Unflavoured and unsweetened drinks** include unflavoured, unsweetened aerated, mineral and other table waters.

**Other fruit excluding grapes** represents fruit of mild climate including of estimation of forest fruit consumption.

**Syrups for preparation of drink** are converted into terms of drink by means of the coefficient 9.