

5. INCOME, EXPENDITURE AND CONSUMPTION OF HOUSEHOLDS

Methodological notes

In this section are listed the outputs from the Household Budget Surveys, Statistics on Income and Living Conditions (EU SILC) and Food Consumption Statistics.

Household Budget Survey is survey on income and expenditures of private jointly managed households (private households).

In 2015 Household budget survey was implemented in the new design. Consumption expenditures are presented according to the Classification of Individual Consumption according to Purpose (COICOP) for needs on household budget survey. From 2015 a new classification COICOP-5 was used. The purchase of items in stock was taken into account in calculation of consumer expenditures. The household selection was done on the basis of the 2-steps stratified random sampling. Data from Population and Housing Census 2011 were the sampling frame.

Recommendation by Eurostat related to obtaining of data on household expenditure and income in national surveys was taken into consideration.

Gross and net money income and expenditure of private households has been recalculated by calibrated weights taking into account of the structure of the age, sex and economic activity of population and household size in regions.

Data 2016 up to 2020 were simulated. The basis sources for simulation were data from income and expenditure survey in 2015 and development of consumer prices, earnings, pensions and other social income in 2016, 2017, 2018, 2019 and 2020.

Statistics on Income and Living Conditions (EU SILC) is the survey whose aim is to obtain information on income distribution, on level and structure of poverty and on social exclusion. The survey is implemented under the Regulation (EC) No 1177/2003 on income and living conditions. This regulation was later amended by Regulation (EC) No 1553/2005 following the EU enlargements. The survey provides data on income (labour, social and others), information on opinions of households on their financial position, information on income indicators and indicators of material deprivation for different types of households.

Basic unit of this survey is private household.

Part of the data is used to calculate Laeken indicators, which compare the countries in achieving the strategic objectives aimed at reducing poverty and social exclusion. They passed some development and they are now called indicators of social inclusion. Poverty and social exclusion is evaluated by them. They include for example:

- at-risk-of-poverty rate – by age, gender, the most frequent activity status, household type, tenure status, regions, before all social transfers and before social transfers excluding old-age and survivor's benefits
- at-risk-of-poverty rate anchored at a fixed moment in time (2008)
- at-risk-of-poverty threshold
- income quintile share ratio (S80/S20)
- Gini coefficient
- dispersion around the at-risk-of poverty threshold
- relative median at-risk-of-poverty gap

- relative median income ratio of elderly people 65+
- aggregate replacement ratio
- material deprivation rate.

Data on **consumption of food and alcoholic beverages per capita** are calculated by using the balance method. Consumption is computed per mid-year population. Main data inputs used for the calculation are data on domestic production, imports, exports, initial and final stocks. Calculation of individual data on consumption of food is based on statistical information of the SO SR, the Ministry of Agriculture and Rural Development of the SR and Central Controlling and Testing Institute in Agriculture as well as information from some food industry unions.

Daily consumption of energy and the most important nutrients per 1 capita are calculated on the base of food consumption data, which were calculated by balance method after excluding consumption in food industry for further processing and from the nutritive values of food given in the food tables. Data were adjusted by equivalent intake corresponding to the consumption of alcoholic and non-alcoholic beverages. The result is expressed in gross terms, i.e. including losses (as purchased).

Meat consumption in total is given in terms of carcass weight including entrails.

Fats in total are expressed in terms of net fat.

Vegetable, vegetable products, fruits and fruits products are expressed in terms of fresh product.

Definitions

Private household comprised of persons in dwelling who live and manage together, including sharing in ensuring of the living needs. As manage together is considered: joint share in covering the basic household costs (catering, housing cost, costs of electricity, gas, etc.).

Gross money income of private households is created by not reduced income which represents the total sum of money income received by every member of a household. It is the sum of the money income from employment (including income tax and compulsory contributions to the Social Insurance Agency and to the health insurance companies), financial amounts assigned by self-employed from his/her business income for the needs of the household, social income, financial givings, compensations from insurance companies, gains from lotteries, withdrawals of loans and the like.

Income from the property of private households is created by the financial amounts from bonds, shares and coupon dividends, from sales of farming products, from real estate lease, etc.

Net money income of private households consists of:

- net income from employment (i.e. gross money income without income tax and compulsory contributions to the Social Insurance Agency and health insurance companies);
- part of income from private business running used by a self-employed for household providing;
- social income, i.e. pension security benefits, sickness insurance benefits, state social benefits, social aid benefits and unemployment benefit;
- other income, i.e. income from property, income from institutions and income from private persons, income from sales of farming products and income from abroad and withdrawn new loans.

Gross money expenditure of private households is the sum of financial amounts spent on purchase of goods and services including voluntary of insurance (consumption expenditure) and transfer of all payments (other gross expenditure) including income tax and loans payments. The expenditure of households on compulsory personal insurance, i.e. contributions on health and

sickness insurance, pension security and contributions on insurance in unemployment are involved in the item “other gross expenditure”.

Net money expenditure of private households is recalculated as the sum of expenditure on consumer goods and services and other net expenditure. Income tax, compulsory contributions on health and sickness insurance, pension security and contributions on insurance in unemployment are excluded.

Social category of private household corresponds with social category of person at the head of household, which is derived from the position in occupation, from type of economic activity and from the form of compensation.

Economically active person is a person who is worked or unemployed.

Employed is a person who worked at least 1 hour during a week for pay or profit paid in cash or in kind. Employed are considered employees, self-employed, self-employed persons and contributing family workers. This includes working pensioners and persons on maternity leave.

Employee is a person working for pay or profit in state or private enterprise, in agricultural or other cooperative organization, in other employer.

Self-employed (entrepreneur, associate, self-employed person, self-employed farmer, freelancer) is a person who performs economic activity for the purpose to obtain a profit regardless other persons are employed by him/her or not.

Unemployed is a person at the age 15-64 who has no paid work, need not be active in finding a job and need not be able to start work immediately. These persons may or may not be registered at the labour office as job seekers.

Pensioner is a person in retirement or early retirement if he/she left his/her work for age.

Old-age pensioner is a person who receives an old-age pension and he/she is not employed.

Other inactive person is a person who live from other sources, e.g. person under the age of 15, students, housewives, persons on parental leave, people living on their own property, people who cannot work due to illness or are not seeking a job for a subjective reason.

Dependent child is defined as a household member aged less than 18 or aged from 18 to 24 who is economically inactive and is living with at least one parent.

Most frequent activity status is defined by own deliberation of person i.e. self-defined status of economic activity is intended on the basis of principle most time spent.

Total gross household income is the sum of gross personal income components for all household members plus gross income components at household level (e.g. income from rental of a property or land, inter-household cash transfers received from other households).

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

Equivalised scale is used for calculation of equivalent household size. For calculation of indicators of poverty is used modified OECD scale, where coefficient 1 is assigned to the first adult household member, 0.5 to the second one and each adult household member, 0.5 to persons 14 years old and older and 0.3 to each child younger than 14 years.

Equivalised disposable income is defined as the total disposable income of household divided by the equivalent number of household members. This income is assigned to each member of households.

Median of equivalised disposable income is the value of the equivalised disposable income, which divides the population according to income amount into two equally numerous parts according to number of persons.

At-risk-of-poverty rate is share of persons in the total population with an equivalised disposable income below the at-risk-of-poverty threshold (60% of the national median equivalised disposable income).

At-risk-of-poverty rate before all social transfers (including old-age and survivors' benefits) is based on definition of income, which excludes all social transfers, i.e. not take into account neither pensions (old-age and survivors' benefits).

At-risk-of-poverty rate before social transfers (except old-age and survivors' benefits) is based on definition of income, which includes pensions (i.e. old-age and survivors' benefits), but excludes other social transfers.

At-risk-of-poverty rate anchored at a fixed moment in time (2008) in year t is the share of persons with an equivalised disposable income below the at-risk-of-poverty threshold in year $t - 3$, overrated by inflation over the three years.

At-risk-of-poverty threshold is set at 60% of the national median equivalised disposable income. The value of the at-risk-of-poverty threshold is expressed in PPS and in EUR.

Income quintile share ratio (S80/S20) is ratio of total 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 (inequality of income distribution) is summary measure of the cumulative shares of equivalised disposable income accounted for by the cumulative percentage of the number of individuals. It is value ranges from 0% (complete equality) to 100% (complete inequality).

Dispersion around the at-risk-of-poverty threshold is defined as the percentage of persons, over the total population, with an equivalised disposable income below 40%, 50% and 70% of the national median equivalised disposable income.

Relative median at-risk-of-poverty gap is defined as difference between the median equivalised disposable income of persons below the at-risk-of-poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of-poverty threshold.

Relative median income ratio of people aged 65+ is the ratio of the median equivalised disposable income of people aged 65+ to the median equivalised disposable income of people aged 0 – 64.

Aggregate replacement ratio is the ratio of the median personal (non-equivalised) income from pensions of retired persons aged 65 – 74, to the median personal (non-equivalised) income from earnings of persons aged 50 – 59. Income in both cases is not recalculated per equivalised unit.

Material deprivation rate is defined as the percentage of population with an enforced lack of at least three or at least four out of nine material deprivation items, that a household cannot afford: a) to face unexpected financial expenses, b) to go for one week's annual holiday, away from home, c) to pay arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments, d) to eat every second day a meal with meat, chicken, fish, e) to keep home adequately warm or although the household would like to have but it cannot afford: f) washing machine, g) colour TV, h) telephone or i) car.

The average consumption of selected kind of food and alcoholic beverages is total amount of the commodity available in the country as human food during given year per capita. The consumption of surveyed kinds of food also involves the consumption in food industry for further processing (meat for production of smoked products, sugar for confectionery production, e.g.).

Source

Money income and expenditure of private household data are the result of the statistics on the

household budget survey carried out by the SO SR. More detailed information is available in the publications Income, Expenditures and Consumption of Private Households.

In statistics of incomes and living conditions are presented finally results from survey on incomes and living conditions of households for EU SILC 2016 – 2020. Detailed data were published in special publications.

Food consumption and its nutritive evaluation were processed by the SO SR. Next information can be found in annual publications Food Consumption in the SR.

Information related to income, expenditure and consumption of households are also available on the SO SR website in the section Demography and social statistics – Income, expenses and living conditions as well as in the public database of the SO SR DATAcube.