

9. INCOME, EXPENDITURE AND CONSUMPTION OF THE POPULATION

Notes on tables

Tables 9-1 to 9-6. **Composition of the samples of reporting households and the structure of the money income and expenditure of households**

Listed in the tables are data from the sample survey of household budget statistics. The household - i.e. the number of persons living together and on common budget - constitutes both the reporting and sample unit. The core of the households is a family, as a rule, but it can also be an individual. Households (respondents) included in household budget statistics are now sampled by the method of purposive quota sampling.

There are two types of samples used:

1. Basic reporting sample which ensured representative results for social groups in the Czech Republic. The frequency of individual groups of households according to sampling characteristics is determined with reference to results from the sample survey on the money income of the population (microcensus). The following sampling characteristics were used to select the households:

a) Social group of households, which is determined according to which social group the head of household belongs to, irrespective of whether or not another economically active member of the household belongs to the same or different social group. Where the household is constituted by a two-parent family (husband, wife, other members), the husband is always the head of household, whereas an economically active parent is the head of household in lone-parent families. An economically inactive parent can become the head of household provided that the children are also economically inactive. In other cases an economically active child is the head of household. In non-family households, the head of household is always the person with the highest income. Where a household embraces two or more families, the position of persons in the head of individual families is taken account of: preference is always given to an economically active person and, with the same degree of economic activity, two-parent family is preferred to lone-parent one. If these criteria cannot be applied, the person with the highest income is set as the head of household.

Measured were the social groups of:

- **employees**: persons having a contract of employment, who do manual work in the area of production, transport, services, etc. (manual workers) or intellectual work at all levels such as managerial, conceptual and scientific, operational, technical, services (other employees);

- **self-employed persons**: persons having no contract of employment, but are engaged in business (except for agriculture), work freelance or work for fees;

- **farmers**: persons who are engaged in agricultural production and are either members of and work for an agricultural cooperative or are engaged in agricultural production in enterprises of any kind or are self-employed in agriculture production;

- **pensioners**: pension recipients who do not work at all or whose economic activity is restricted (their annual income from gainful activity is not allowed to exceed CZK 12 000; this restriction also applies to other members of the household).

The results for the social groups were supplemented with an estimate of data on an "average reporting household". To eliminate disproportion in the representation of the individual social groups in the basic reporting sample, the weights of the data for the respective groups were adjusted with reference to the social structure of households established in microcensus. The households of pensioners with economically active members and jobless households, which are not measured in household budgets statistics, were attached for the calculation of weights to the households of manual workers.

b) Net money income per person: it characterizes the income level of households not only for the purpose of sampling but also for that of classifying these households by income level when data are processed; the net income does not include income tax, health and social insurance reimbursements, loans, credits received and savings withdrawn.

c) Number of unprovided-for children in households of economically active persons or the number and sex of members in households of economically inactive pensioners.

2. Supplementary sample which comprised families with children living at subsistence level. An appropriate number of these families were represented in the basic sample, too. For separate processing, however, they would be too low in number.

Methodology and definitions of key indicators

Number of equivalencies refers to the composition of household derived from weights of consumption of individual members in the household. The weights are defined by the OECD scale as follows: first adult in the household = 1.0, every other adult (over 13 years of age) = 0.7, every child (aged 13 or less) = 0.5.

Money income, total is gross annual money income. It includes income tax and social and health insurance contributions and excludes loans and deposits withdrawn.

For households of the self-employed, the money income includes amounts transferred by these persons from profits of their businesses to satisfy the needs of their households and members of the households. It is comparable to the income of the households of other social groups at the level of so-called net income only (excluding income tax and contributions to health and social insurance schemes). For most of the self-employed, tax burden of their households is not fully covered, because contributions to health and social insurance schemes are part of their bookkeeping and are not reported in household budgets statistics. Income tax is included in household budget statistics only if it is paid from funds of the household.

Income from work refers to incomes from work activities carried out in the framework of employment, service and membership relationships or incomes from business or any other independent gainful activities; such incomes are referred to as incomes from main activity, if the activity is the main source of the worker's income.

To ensure international comparability of the statistical indicators, the items of **money expenditure** relating to 1999 and subsequent years were re-arranged to comply with the national version (CZ-COICOP) of the international Classification of Individual Consumption by Purpose, COICOP (see the statistical classifications in force listed in the introduction of this book), which is obligatory for all statistical surveys. According to this classification, the individual (final) consumption includes neither expenditure on the purchase, building and reconstruction of houses and dwellings nor expenditure on kitchen gardens and domestic animals (not pets), which is why these were placed under a separate other expenditure item not included in final consumption.

Money expenditure, total includes neither deposits nor repayments of loans.

The individual expenditure items are the following:

- **housing, water, electricity, gas and other fuels:** rental, supplies and services for routine maintenance of the house or dwelling, central heating and hot water, electricity, gas and other fuels, and other services related to the dwelling;

- **furnishings, household equipment and routine maintenance of the house:** furniture, fixtures, floor coverings, household textile, household devices and appliances (refrigerators, washing machines and other appliances), dishes and utensils, tools and equipment for house and garden, detergents, cleaners and other chemist's goods, other supplies for households, repairs of machines and equipment, services for households;

- **recreation and culture:** equipment and supplies for leisure (TV sets, videos, radio receivers, audio equipment, cameras, personal computers and data processing equipment, typewriters), goods for leisure (musical instruments, LPs, CDs, DVDs, audiocassettes, videocassettes, other small goods of cultural nature, games, toys), repairs of all equipment, devices and instruments; books and textbooks, newspapers and periodicals, other printed matters, drawing and writing supplies; flowers and gardens, pets; supplies and services for keeping pets; package holidays, goods for recreation; sports and sports goods; services for leisure (cultural and entertainment services, radio and television, gaming clubs and lotteries);

- **miscellaneous goods and services:** personal care (hairdresser's salons, beauty parlours, other personal care establishments, personal care supplies and devices, chemist's products for personal hygiene, cosmetic goods), things for personal use and accessories (jewels, clocks, watches, artificial

jewellery, travelling articles), social care expenditure, all types of insurance, and services n.e.c. (financial, administrative, advisory, etc.).

The coverage of the other items is evident from their names.

Table 9-1 lists data on an average household of the basic reporting sample in the years 2000, 2002-2005.

Tables 9-2 and 9-3 show data on the basic reporting sample, broken down by social group; the data are supplemented with estimates for an average household.

Tables 9-4 to 9-5 show statistics on the supplementary and basic reporting samples of households whose net incomes did not exceed 1.4 multiple of the subsistence level calculated from rates in force for a given household (see the table in the introduction to Chapter 24. Social Security, showing subsistence level amounts).

The term **two-parent nuclear family** refers to a family consisting of a married couple and unprovided-for child/children, in which neither other relatives nor economically active child/children live.

The term **lone-parent nuclear family** refers to a family consisting of a single parent and unprovided-for child/children, in which neither other relatives nor economically active child/children live.

Table 9-6 presents figures related to the basic sample of household budget statistics, broken down by net money income per household member per year. Each social group in low-income brackets includes 20% of households with the lowest net money income per household member. The net money income of each of the households classified to this group did not exceed the upper net income limit shown in the table. The group of high-income households also included 20% of households with the highest net money income per household member in each social group, the net money income of these households being above the lower limit shown in the table.

Table 9-7. Per capita consumption of the most important kinds of food

The consumption is calculated by balancing, from figures on industrial production, self-supply, initial and final stocks, imports and exports. These data are taken from statistical questionnaires monitored by the CZSO, food unions, some external trade organizations, and other institutions. The table shows average annual consumption per capita (with reference to mid-year population).

Table 9-8. Per capita consumption of selected basic kinds of manufactured goods

The consumption figures are derived by a balancing method from data on production, stocks, imports and exports. The data are obtained from statistical questionnaires monitored by the CZSO, manufacturers and external trade organizations. The consumption of gas is calculated from data provided by Czech gas enterprises and the consumption of electricity from data provided by the distributors.

Table 9-9. Consumer durables in households

The figures on consumer durables in households are derived from figures on production, stocks, imports and exports, by cumulating annual increments and taking account of the service life (determined by the Research Institute of Trade) or wear and tear of the durables. The figures on cars and motorcycles are calculated from information provided by the Ministry of the Interior of the Czech Republic and those on telephones are based on data provided by ČESKÝ TELECOM a. s. and mobile network operators.

Tables 9-10 to 9-12 show results of the sample survey Living Conditions 2005. This survey is conducted every year in the framework of the programme EU-SILC (European Union – Statistics on Income and Living Conditions) and is obligatory for all EU member states. The purpose of the survey is to obtain in the long term comparable data on social situation of the population in European countries. The method of rotation is used for the sample of reporting units: the households are

surveyed for the period of four years on an annual basis, and one quarter of households in the sample are replaced by new ones every year. The data given in the tables are based on information from 4 286 dwelling households (4 351 private households) in all regions of the Czech Republic. Incomes of individuals and households were measured for 2004, the demographic data refer to the state at the time the survey was taken. The data were grossed up to the population of the CR.

Table 9-10. Private households: by social group, 2004

Table 9-11. Private households: by relation of net income to subsistence level, 2004

Private household is based on a declaration of persons living together and on common budget in the dwelling concerned.

Gross money income includes income tax and social and health insurance contributions and excludes loans and deposits withdrawn. Gross incomes from business are represented by economic result (difference between incomes and expenditures) reduced by social security premiums paid, contributions to the state employment policy and, possibly, general health insurance premiums.

Net money income of the household is incomes excluding income tax and health and social security insurance deductions.

Subsistence level of the household (see Chapter 24. Social Security) was calculated for every household included in the processing according to the number of household members and age of unprovided-for children.

Equivalency is a variable that reflects demographic composition and size of the household. The number of equivalencies for every household was calculated by weighting the members of the household by weights according to methodology used in the European Union. The weights are defined as follows:

- first adult in the household = 1.0
- unprovided-for child aged 13 or less = 0.3
- every other member aged 13+ = 0.5

Economic activity of the head of household, by which households were attached to individual social groups, was determined according to the prevailing situation in the course of the year; when both situations were balanced, then the situation at the end of 2004 was decisive.

Employed persons are persons who, in compliance with the national version of International Classification of Status in Employment (CZ-ICSE), were in paid employment (employees) or self-employed (or contributing family workers). Persons who were unemployed throughout the year or predominating part of the year are not included.

Unprovided-for child refers to a child subject to compulsory school attendance and then a child systematically (but till the age of 26 at the latest) preparing for future occupation, a child unable to prepare for future occupation due to disease or injury, or unable to work due to a long-term health condition.

Type of household

- two-parent families refer to families of both parents, unprovided-for children, and possibly of other relatives;
- two-parent nuclear families refer to families of both parents and unprovided-for children only.

Table 9-12. Persons in households with income below poverty line: 2004

The data in the table are in compliance with the methodology of Eurostat.

Equivalised income refers to income per equivalency. It was built as a ratio of net disposable income of the household and number of equivalencies in the household. This income is assigned to every person in the household concerned.

Poverty line was defined as 60% of the median of equivalised income for all persons.

Households of working persons - households where at least one member is employed.

Households of non-working persons - households consisting of pensioners, unemployed persons and other inactive persons.

Education level of the household - refers to the highest educational attainment of the head of household, or of the partner of the head. The households were classified to individual groups of education as follows:

- low level - both partners have at most basic education or did not complete basic education;
- medium level - at least one of the partners completed secondary vocational school, lower or full secondary education, higher professional school or follow-up courses;
- high level - at least one of the partners graduated from university (incl. bachelors programmes).

Dependent child - the definition differs from that of unprovided-for child; all children aged below 16 and children aged 16-24, provided they are not economically active and live at least with one of their parents.

The individual figures appearing in this chapter are comparable with the data published in the statistical yearbooks of previous years.

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Detailed household budget statistics and food consumption data are shown, along with methodological descriptions, in the following CZSO publications brought out according to the Catalogue of Publications 2006 (thematic group 3 – LABOUR, SOCIAL STATISTICS, subgroup 30 - Living Standard):

- "Household Incomes, Expenditures and Consumption as Measured by Household Budget Statistics in 2005" (Czech-English) – (Part I - June, Part II - July, Part III - August)

Part I: Social Groups, Income Brackets

- a) Households by social group (households in total; households of employees, of self-employed persons, of farmers, and of pensioners)
- b) Quintile distribution of households
 - decile distribution (households in total)
 - pentile distribution (households in total; households of employees, of self-employed-persons, and of pensioners)

Part II: Types of Households

- a) Households of employees with unprovided-for children, by number of children and by economically active members (households with children in total, two-parent nuclear families in total, of which with 1 child or 2 children and with 1 or 2 economically active members and with 3 children in total; lone-parent nuclear families in total and of which with 1 child)
- b) Households of employees without unprovided-for children and households of pensioners, by number of members and by sex (households of employees in total, of which single-member and two-member households; households of pensioners in total, of which single member households by sex and two-member households)

Part III: Households on Minimum Income

- a) Minimum income families with children, by type of households (families with children in total; two-parent nuclear families in total, of which with 1 child or 2 children in total, with 2 children and 1 economically active member, and with 3 children in total; lone-parent nuclear families in total, of which with 1 child and with 2 children)

b) Households of employees with unprovided-for children and minimum income families with children

c) Households of employees with unprovided-for children and minimum income families with children, by type of dwelling (rented dwelling, cooperative dwelling, own house).

- „Vydání a spotřeba domácností statistiky rodinných účtů“ – quarterly, 85th calendar day following the end of quarter.

- “Food Consumption 2005” (Czech-English) – November 2006.

Further data are published on the following web pages of the Czech Statistical Office:

- <http://www.czso.cz/eng/edicniplan.nsf/aktual/ep-3?opendocument>