

9. INCOME AND EXPENDITURE OF THE POPULATION

The data in this chapter come from social surveys carried out in households.

The **Living Conditions Survey (LCS)** is taken every year in the framework of the **EU-SILC** (European Union – Statistics on Income and Living Conditions) among randomly sampled dwelling households of the Czech Republic. The method of a four-year sample rotation is used, a quarter of observed households are replaced every year. The aim of the survey is to obtain on a long-term basis data on social situation of the population comparable with the other EU countries. The data in the tables 9-2 to 9-4 were collected in 9 911 private households from all regions of the Czech Republic. Income of individuals and income of households were observed for the year 2008; the demographic data refer to the survey period of 2009. The data are grossed up to the population of the Czech Republic.

The **Household Budget Survey (HBS)** gives information on expenditure and consumption structure of households. The HBS households are currently selected by purposive quota sampling. The sampling unit and the reporting unit is a private household.

There are two types of samples in the Household Budget Survey:

1. The **basic sample** of 3 000 households is constructed with the aim that its composition by selected sampling attributes corresponds to the structure of households in the Czech Republic. The quota frame was the results of the Living Conditions Survey.

As of 2006 the basic sampling attribute is a **group of households** derived from economic activity and professional status of head of household. The head of household in two-parent families is always the male, in lone-parent families mostly the parent. In non-family households the person with the highest income is taken as the head of household.

Households with economically active heads are classified by professional status of head of household, employee households also by head's education. Households with economically inactive heads are divided depending on whether any of the other household members is economically active or whether the head of household is a pensioner.

In addition, the following sampling criteria are used for the three most important household groups (employee households, self-employed households and pensioner households without economically active members):

- net money income per household member and number of dependent children for employee households and self-employed households;
- pension income per household member and number of household members (in one-person households also gender) for pensioner households without economically active members.

The sampling attribute of **municipality size and type of house** applies to all household groups; separate quotas by municipality size and type of house are prescribed for the above most important household groups.

2. The **supplementary sample** of 400 households has been generated for the sake of collecting data on minimum-income households; they are represented in the basic sample but they are not numerous enough to assure sufficient representativity.

A legislative amendment has changed considerably the system of fixing living minimum which determines maximum income of the household for inclusion in the supplementary sample. The multiple was determined with the aim to maintain roughly the same maximum income for the inclusion of households of various compositions (and various living minimum amounts) as before 2007.

As of 2007, included in the supplementary sample may be low-income families with children whose net income does not exceed 1.9 multiple of the respective living minimum. For not being removed from the sample, the income of the household must not exceed 2.0 multiple of the living minimum for more than 2 successive months.

Notes on indicators and breakdowns

Private household is a set of persons who share rooms and basic expenditures (on food, keeping the household running, maintenance of dwelling, etc.).

Working persons are persons who were in paid employment (employees) or in self-employment (own-account workers, family workers) all the year or most of the year. Also included are persons with regular income from employment or self-employment who study, receive pension or parental benefits. Persons who were unemployed all the year or most of the year are not included.

Dependent child (national definition) is a child subject to compulsory school attendance and then a child who is in systematic schooling or training for his/her future occupation (till the age of 26 at the latest) or who is unable to undergo such schooling or training due to disease or injury, or a child unable to work due to a long-term health condition.

The number of equivalencies shows the composition of households calculated by weights of consumption of individual household members. The weights of equivalencies (OECD scale) are defined as follows: first adult in the household = 1.0; any other adult (aged 14+) = 0.7; any child (aged 0–13) = 0.5. The weights of equivalencies (EU scale) are defined as follows: first adult in the household = 1.0; any other adult (aged 14+) = 0.5; any child (aged 0–13) = 0.3.

The living minimum of a household (see Chapter 25. Social Security) is calculated for every household included in the survey according to its composition, age of children and living minimum amounts effective in a given year.

*Basic division of households by **status of head of household**:*

Households, total: in the Living Conditions Survey they represent the average household of the Czech Republic. As of 2006 the HBS sample includes all types of households represented in the population. The weight of each household group corresponds to their percentage observed in the Living Conditions Survey. The number of pensioner households without economically active members was reduced for the Household Budget Survey and the disproportion is eliminated by weight adjustment.

Employee households: head of household is in employment or service relationship under contract of employment, contract for work or contract of services. As employees are also classified working members of producer cooperatives (incl. agricultural cooperatives), partners of limited liability companies and partners of limited partnerships who work for the company under employment contract and receive remuneration.

Self-employed households: head of household is a self-employed person, i.e. persons undertaking business on the basis of the trade licence or other authorization, partners of joint venture under contract (limited liability companies, business companies and partnerships) unless they work for the company under employment contract, freelancers (medical doctors, lawyers, tax consultants) and persons working for fees (artists, interpreters).

Unemployed households: head of household is in no paid job but wants to work, i.e. he/she actively seeks a job, plans to undertake business or intends to seek a job. It does not matter whether or not he/she receives material security benefits for job applicants.

Pensioner households: head of household receives a pension (except orphan's pension) and does not work at all or his/her economic activity is very limited. **Pensioner households without economically active members:** head of household or any other household member does not work at all or their economic activity is very limited.

Two-parent families are families of married (unmarried) couples with or without dependent children; other persons may be included. **Two-parent nuclear families** are families of parents (partners) and dependent children.

Lone-parent families are families of a single parent and at least one child; other persons may be included. **Lone-parent nuclear families** are families of a parent and dependent child/children.

Gross money income includes income from employment or self-employment as principal or secondary activity, all kinds of regular or irregular social income awarded to the household or its

members and all other one-off or extraordinary money income (from capital assets, occasional renting, life and other insurance, inheritance, competition, etc.).

Net money income is obtained from gross money income by subtracting compulsory health and social insurance contributions and income taxes. Since 2009 (income for 2008) net income includes a tax benefit for a maintained child living in the household with the taxpayer (a tax bonus).

Income from work refers to income from work in employment, service or membership relationship, from self-employment or other gainful activity.

In the Living Conditions Survey, **income from self-employment** is profit/loss before taxation. In the Household Budget Survey it includes only the part used to satisfy the needs of the household or its members. It is net household income; expenditure does not include income taxes and health and social insurance contributions.

Gross money expenditure does not include deposits and repayments of loans.

Net money expenditure is gross money expenditure less health and social insurance contributions and income taxes. It is divided into consumption expenditure and non-consumption expenditure.

To ensure international comparability of statistical indicators, money expenditure items are from 1999 arranged in accordance with the national version (CZ-COICOP) of the international Classification of Individual Consumption by Purpose, COICOP (see the List of statistical classifications and nomenclatures in force at the beginning of this Yearbook), which is obligatory for all statistical surveys. Expenditure not included in CZ-COICOP (investment expenditure on construction or reconstruction of the house/dwelling, expenditure related to care of the garden and animals etc.) is classified in a special section "Non-consumption expenditure".

Individual expenditure groups include the following:

- **housing, water, electricity, gas and other fuels:** rentals for housing, services for the maintenance and repair of the dwelling, central heating and hot water, electricity, gas and other fuels, and other services relating to the dwelling;
- **furnishings, household equipment and routine maintenance of the house:** furniture and furnishings, carpets and other floor coverings, household textiles, household appliances (refrigerators, washing machines and other appliances), glassware, tableware and household utensils, tools and equipment for house and garden, cleaning and maintenance products, other non-durable household articles, repair of household appliances, domestic services and household services;
- **recreation and culture:** audio-visual, photographic and information processing equipment, musical instruments, recording media, games, toys and hobbies; maintenance and repair of the above; newspapers, books and stationery; gardens, plants and flowers, pets and related products, veterinary and other services for pets; package holidays; equipment for sport, camping and open-air recreation; recreational and cultural services (television and radio broadcasting, games of chance);
- **miscellaneous goods and services:** personal care (hairdressing salons and personal grooming establishments, electrical appliances for personal care, other appliances, articles and products for personal care), personal effects (jewellery, clocks and watches, travel goods), social protection, all types of insurance, and services n.e.c. (financial, administrative, consultancy, etc.).

The contents of the other items are evident from their names.

Notes on tables

Table 9-1. **Private households: income, at-risk-of-poverty rate and housing costs**

Time series of data obtained from the Living Conditions Survey covers especially income and selected income indicators, income poverty according to EU methodology and housing costs. Income poverty line is set at 60% of the median calculated from equivalised disposable income. Due to the change in methodology of disposable income, time series of income poverty was changed.

Table 9-2. **Private households: by status of head of household, 2009**

Data from the Living Conditions Survey on the composition of households, structure of household income by source and decile distribution of households by income.

Table 9-3. **Private households: by relation of net income to living minimum, 2009**

Breakdown of households from the Living Conditions Survey by relation of income and respective living minimum; the multiples apply to living minimum to determine entitlement to state social support benefits. Due to a change in the living minimum concept the data in the table are comparable only with the previous year.

Table 9-4. **Persons in households with income below poverty line: 2009**

Data from the Living Conditions Survey according to Eurostat methodology. The table shows the shares of persons at risk of poverty classified to four poverty lines set at 40, 50, 60 and 70% of the median calculated from equivalised disposable income of persons. Data in the first column include the total number of persons in the above classifications.

In respect of a different manner of classification the above data do not follow the data published in the previous years (comparable data in a new classification for the previous years are available in publication 3012-10 Household Income and Living Conditions 2009). Some of the above mentioned data may differ from the data published with time delay by Eurostat due to additional changes in processing of results by Eurostat.

Equivalised disposable income is income per EU equivalency, i.e. net disposable household income per household equivalency. This income is attributed to all persons of the household.

Education level of household refers to highest educational attainment of the head of household or of his/her partner. Households are classified to educational levels as follows:

- low level: both partners have at most basic education or incomplete basic education;
- medium level: at least one of the partners completed apprenticeship education, lower or upper secondary education, higher professional education or post-maturita courses;
- high level: at least one of the partners completed university education (incl. bachelor programmes).

Dependent child (EU definition) differs from dependent child according to the national definition; dependent children (EU definition) are individuals aged 0–18 years and 18–24 years if inactive and living with at least one parent.

Table 9-5. **Expenditure and consumption of HBS households**

Time series of data on households of the HBS basic sample.

Tables 9-6 and 9-7. **Composition of HBS households and structure of household money income and expenditure: by status of head of household, 2009**

Data on households of the HBS basic sample broken down by status of the head of household.

Tables 9-8 and 9-9. Composition of households; structure of money income and expenditure: minimum-income families with children and households with children, 2009

Data on households of the HBS supplementary and basic samples whose net income did not exceed 2.0 multiple of living minimum.

Table 9-10. Selected groups of HBS households at various income levels: structure of money expenditure

Data on households of the HBS basic sample broken down by annual net money income per household member. The group of low-income households in each group embraces 20% of households with the lowest net money income per household member; income of any household classified to this group did not exceed the upper limit given in the table. Similarly, the group of high-income households embraces 20% of households with the highest income per household member which was above the lower limit given in the table.

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More detailed information on household income and living conditions in the Czech Republic, household budget statistics including methodological description, is available in CZSO publications published in accordance with the Catalogue of Publications 2010 in thematic group 3 – LABOUR, SOCIAL STATISTICS, subgroup 30 – Living Standard:

– 3001-10 “Expenditure and Consumption of HBS Households in 2009” (Czech-English) – June 2010

– 3012-10 “Household Income and Living Conditions 2009” (Czech-English) – October 2010

Further data can be found on the website of the Czech Statistical Office at:

– http://czso.cz/eng/redakce.nsf/i/living_standards_household_consumption%3C!_ekon_%3E