

9. HOUSEHOLD INCOME AND EXPENDITURE

The source of data in this chapter is social surveys carried out in households.

The sample survey of the **Living Conditions Survey (LCS)** is carried out every year within the programme of the **EU-SILC** (European Union – Statistics on Income and Living Conditions) in randomly sampled dwelling households of the Czech Republic. The method of the four-year sample rotation is used; a quarter of the observed households is changed every year. The aim of the survey is to obtain data on social conditions of the population comparable with the other EU countries over a long term. The data in tables 9-1 to 9-4 were processed for 8 773 private households from all regions of the Czech Republic. Incomes of persons and of households were observed for the whole year 2011; the demographic data refer to the survey period in 2012. The data obtained are grossed up to the whole population of the Czech Republic.

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

The **sample** of 3 000 households was selected the way that its composition by chosen 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 status in employment of head of household. Head of household of 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 considered to be head of household.

Households with economically active heads are classified by the head of household status in employment, employee households also by the head educational attainment. Households with economically inactive heads are divided depending on whether any of the other household members is economically active, or, potentially, head of household is a pensioner.

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

- net money income per household member and the 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 while separate quotas by municipality size and type of house are prescribed for the above most important household groups.

Notes on indicators and breakdowns

A **private household** is a set of persons who share dwelling and basic expenditure (on nutrition, household operation, maintenance of the dwelling, etc.).

Working persons are persons, who were in a paid employment (employees) or in self-employment (own-account workers, family workers) all the year, or most of the year. The type of work activities, if they are permanent, temporary, seasonal, or occasional, is not decisive for persons to be classified to this category. The decisive factor is the persons have some type of a formal relation to their employment (including vacations, sick leaves, parental leaves, etc.). This category also includes persons who have regular income from employment or self-employment and are studying, receiving pension or parental benefits. On the contrary, persons, who were unemployed all the year, or most of the year, are not included.

The **dependent child** is a child till the finish of his/her compulsory school attendance and then a child, who is in a systematic schooling or training for his/her future occupation, however, till the age of 26 years, 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 adverse health condition.

Equivalent sizes represent the composition of households calculated by weights of consumption of respective household members. The weights of equivalent sizes, as defined in the OECD equivalence scale, are as follows: first adult in the household = 1.0; any other adult (aged 13+) = 0.7; any child (aged 0–13) = 0.5. The weights of equivalent sizes, as defined in the OECD-modified scale, are as follows: first adult in the household = 1.0; any other adult (aged 13+) = 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 represent the average household in the Czech Republic. Since 2006 the HBS sample has included all types of households represented in the population. The weight

of each household group corresponds to their percentage found in the Living Conditions Survey. The number of pensioner households without economically active members was reduced for the Household Budget Survey and yet this disproportion is eliminated by weight adjustment in the data processing.

Employee households are households where head of household is in an employment or service relations under employment contract, contract for work, or contract of services. Working members of producer cooperatives (including agricultural cooperatives), partners of limited liability companies, and partners of limited partnerships, who work for the company under employment contract and receive remuneration are also classified as employees.

Self-employed households are households, which head of household is a self-employed person, that means persons undertaking a self-employing business. These persons may do business on the basis of the trade licence or special regulations, may be partners of a joint venture under contract (limited liability companies, trading companies and partnerships), unless they work for the company under an employment contract, furthermore, they may be freelancers (physicians, barristers, solicitors, and tax consultants), and persons working for royalties and professional fees (artists, interpreters).

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

Pensioner households have head of household that receives a pension (except orphan's pension) and does not work at all, or his/her economic activity is limited. From the Living Conditions Survey (Tables 9-1. to 9-4.) results released are for **pensioner households without working members**. These households involve all households in which head of household receives a pensions and is neither working (at all or works at a limited extent) and nor other household members work while the decisive factor is they actually do some work activity or not (that means they may be unemployed). On the contrary, tables demonstrating results of the Household Budget Survey (Tables 9-5. to 9-8.) show a special category of **pensioner households without economically active members**, which includes households, in which, besides head of household, also other household members are economically inactive at all, or their economic activity is limited.

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

Lone-parent families are families of a single parent and one child, at least, while other persons may also be included. **Lone-parent nuclear families** are families of a parent and a dependent child or children.

The **gross money income** includes income from employment or self-employment as a principal or secondary activity, all kinds of regular or irregular social income granted to the household as a whole or to its respective members and all other one-off or extraordinary money income (from capital assets, occasional renting, life and other insurance, inheritance, competition and contest, etc.).

The **net money income** is obtained from the gross money income by subtracting compulsory health and social insurance contributions and income taxes. Since 2009 (income for 2008) the net income includes the tax bonus for children.

The **income from work** shall mean the income from work in employment, service or membership relationship and the income from self-employment or other gainful activity.

In the Living Conditions Survey, the **income from self-employment** is profit/loss before taxation. In the Household Budget Survey it includes only amounts that were transferred from the business revenues to be used for the needs of the household and its respective members. Therefore it is the net household income. In this case expenditure does not include income taxes and health and social insurance contributions.

The **gross money expenditure** does not include deposits and repaid credits and loans.

The **net money expenditure** is the gross money expenditure minus health and social insurance contributions and income taxes. It is divided into consumption expenditure and non-consumption expenditure.

In order to ensure international comparability of statistical indicators, since 1999 money expenditure items have been arranged in accordance with the national version of the "Classification of Individual Consumption by Purpose CZ-COICOP" of the international standard of COICOP, see the Statistical Classifications and Nomenclatures in Force at the beginning of this Yearbook, which is obligatory for all statistical surveys. Expenditure that is not included in the CZ-COICOP (investment expenditure on constructions or reconstructions of the house/dwelling, expenditure related to management of the kitchen gardens and livestock, etc.) is separated in special section "Non-consumption expenditure".

Respective groups of expenditure include the following:

- **housing, water, electricity, gas and other fuels** include rentals for housing, materials and services for the maintenance and repair of the dwelling, central heating and hot water, electricity, gas and other fuels, and other services related to the dwelling;
- **furnishings, household equipment and routine household maintenance** include furniture and furnishings, carpets and other floor coverings, household textiles, household appliances (refrigerators,

washing machines and other appliances), glassware, tableware, silver, and household utensils, tools and equipment for house and garden, washing, cleaning and other chemist's products, other non-durable household articles, repair of all household appliances and equipment, and household services;

- **recreation and culture** include equipment and needs for leisure time (TV sets, video recorders and players, radio receivers, audio equipment, photographic equipment, computers and information processing equipment); necessities for leisure time (musical instruments, records, CDs, DVDs, audiocassettes, videocassettes, other goods of cultural character, games, and toys); maintenance and repair of all instruments and equipment; books and textbooks, newspapers and magazines, other printed matter, necessities for writing and drawing; flowers and gardens; pets and needs and services for pet rearing; package holidays, equipment for recreation; sports and sport equipment; leisure time services (cultural and entertainment services, television and radio broadcasting, gambling and gaming places, and lotteries);
- **miscellaneous goods and services** mean personal care (barber, hairdressing and cosmetic salons and other personal grooming establishments, necessities and instruments for personal care, chemist's goods for personal hygiene, and cosmetics), personal effects (jewellery, clocks, watches, bijouterie, travel goods), expenditure on 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. **Income, at-risk-of-poverty rate, and housing costs of private households**

The data time series from the Living Conditions Survey gives especially the trend in income and selected income characteristics, development in income poverty according to the EU methodology, and trend in housing costs. The at-risk-of-poverty threshold is set at 60% of the median of the equivalised disposable income. The time series of income poverty has changed due to a methodology change in the disposable income.

Table 9-2. **Private households by activity status of the head of household in 2012**

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

Table 9-3. **Private households by the ratio of net income to the living minimum in 2012**

Households from the Living Conditions Survey are given in a breakdown by the ratio of their income and the respective living minimum. The living minimum multiples follow the living minimum levels determining entitlement for granting of state social support benefits. Because the living minimum concept has been changed since 2007 the data in table 9-3 are comparable only with those in the Yearbooks since 2009.

Table 9-4. **Persons in households with income below the at-risk-of-poverty threshold**

These are data from the Living Conditions Survey processed according to the Eurostat methodology. The table shows the shares of persons at risk of poverty while the at-risk-of-poverty threshold was set at 60% of the median of the equivalised disposable income of persons.

In order to have data in format for better usage the table was changed in 2012 and therefore it does not directly follow to tables published in previous years. Data for respective years are given in a times series. The first row shows total numbers of persons below the at-risk-of-poverty threshold, other rows there are their percentage in appropriate subgroup of persons.

The **equivalised disposable income** is constructed as the ratio of the net disposable household income per the household equivalent size (calculated according to the Eurostat methodology). This income is attributed to all persons of the household.

The **education level of a household** is determined by the highest educational attainment of the head of household, or of his/her partner, respectively. Households are classified to educational levels as follows:

- low level – both partners have basic education, or incomplete basic education, respectively;
- medium level – at least one of the partners has completed education higher than basic one and neither of the partners has higher education;
- high level: at least one of the partners completed higher education (incl. bachelor programmes).

The definition of the **dependent child** here differs from the dependent child (national definition) above. This category covers all children aged 0–18 years, and, furthermore, children aged 18–24 years, if they are economically inactive and live with one parent, at least.

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

The table demonstrates the time series of data on households of the HBS sample.

Tables 9-6 and 9-7. Composition of HBS households and structure of the household money income and expenditure by activity status of the head of household in 2012

The tables give data on households of the HBS sample broken down by status of the head of household.

Table 9-8. Structure of money expenditure of selected groups of HBS households at various income levels

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

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Detailed information on income and living conditions of households in the Czech Republic and from the Household Budget Survey statistics, including the methodological description, is available in CZSO publications issued in accordance with the Catalogue of Products 2012 in the thematic group PEOPLE AND SOCIETY, subgroup Living standards, households consumption:

- 3001-13 "Expenditures and Consumption of Households included in the Household Budget Survey, in 2012" (Czech-English) – June 2013
- 3012-13 "Household Income and Living Conditions in 2012" (Czech-English) – June 2013

Further data are published on the webpage of the Czech Statistical Office at:

- www.czso.cz/eng/redakce.nsf/i/living_conditions_household_income_and_expenditure_stat