

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 provides chiefly data on expenditures of private jointly managed households (private households). Recommendation by Eurostat related to obtaining of data on household consumption expenditure in national surveys are taken into consideration. Consumption expenditures are presented according to the Classification of Individual Consumption according to Purpose (COICOP) for needs on household budget survey.

Presented data in years 2016 up to 2019 were estimated by simulation of microdata of the Household Budget Survey for 2015. In the simulation of microdata it was mainly based on development of consumer prices in 2016, 2017, 2018 and 2019.

In 2018 the change was implemented in method of realization of The Household Budget survey compared to 2015. From 2019, on the basis of this change the Household Budget Survey is realized every year on smaller the sample of households. This smaller sample of households represents subsample of households, on which in given year also Statistics on Income and Living Conditions (EU SILC) is realized. The subsample of households represents approximately one-third households from total sample of households used in Household Budget Survey in 2015. Representative database from Household Budget Survey for actual reference year is on the basis of this new survey concept created combination of partial databases of implemented The Household Budget Surveys from three consecutive years. Published data for reference year 2020 was calculated on the basis representative database, which was created by combining partial databases from Household Budget Survey carried out in 2019, 2020 and 2021.

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. From 2021, the survey is carried out on the basis of new legislation (Regulation (EU) 2019/1700 of the European Parliament and of the Council, establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples, which repeals the previous regulation European Parliament and Council (EC) No. 1177/2003 and Council Regulation (EC) No. 577/98. 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.

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.).

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.

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. Its 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 - in the methodology of the currently used indicator of material deprivation rate, or of severe material deprivation rate, there has been a reassessment and adjustment of deprivation items during 2021. Currently, also other items are available, that better identify socially excluded households or persons. For this reason, a new concept of measuring material deprivation was proposed (creation of a list of 13 deprivation items, which are at the household level, but also at the level of persons) applicable at the national and international level.

Severe material and social deprivation rate is defined as the share of persons with an enforced lack of at least 7 of the 13 items characterizing the economic burden, durable goods and basic leisure and social activities.

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

Data about expenditures of private households are the result of the statistics on the household budget survey carried out by the SO SR. More detailed information is available in the publication *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 2017 to 2021. More detailed data are available in special publication – *Indicators of Poverty and Social Exclusion*.

Food consumption was processed by the SO SR. Next information can be found in annual publications *Food Consumption in the SR*.

Information concerning incomes, expenditures of private households and food consumption are also available on websites of the SO SR in part *Demography and Social statistics – Incomes, Expenses and Living conditions* as well in public database of the SO SR – *DATAcube*.