

Resolution concerning household income and expenditure surveys,  
adopted by the Twelfth International Conference of Labour Statisticians  
(October 1973)

The Twelfth International Conference of Labour Statisticians,

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Recognising the need to revise and supplement the recommendations contained in the resolution of the Seventh International Conference of Labour Statisticians concerning the methods of family living studies, with a view to promoting the development and use of these statistics along sound lines and also with a view to promoting improvement in their quality and international comparability,

Recognising also that, in the interests of promoting the co-ordination and integration of international statistical standards, new recommendations concerning surveys which provide household income and expenditure statistics should be consistent, so far as possible, with other standards concerning statistics of households, including those within the System of National Accounts, the Balance of National Economy (MPS) and the Complementary System of Distribution of Income, Consumption and Accumulation,

Adopts this twenty-sixth day of October 1973 the following resolution:

Objectives, frequency and scope

1. Statistics drawn from household income and expenditure surveys usually serve one or more of the following objectives, although the difficulties inherent in collecting data make it unlikely that more than a few of these purposes could be served by a single survey:

- (a) to obtain weights and other useful data for planning price collection or the construction or revision of consumer price indices, indices of comparative costliness, etc.;
- (b) to supply basic data needed for policy making in connection with social and economic planning, and to facilitate determination of needs or the establishment of targets;
- (c) to provide data for assessing the impact on household living conditions of existing or proposed economic or social measures, particularly changes in the structure of household expenditures and in household consumption;
- (d) to provide data for estimating the redistributive effects of direct and indirect taxation, and of a wide range of social benefits, on the situations of the various types of family;
- (e) to analyse the variations in levels of living over a period of years and the disparities among households in the different socio-economic groups, geographical areas, rural and urban zones, etc.;
- (f) to supplement the data available for use in compiling official estimates of household accounts in the systems of national accounts and balances;
- (g) to furnish data on the distribution of household income and expenditure;

(h) to provide information on particular aspects of living conditions of the population, such as those relating to food consumption, housing and health.

2. Data derived from household income and expenditure surveys may also be used in connection with the determination of minimum wage levels, assessment of the need for revision of minimum wages and other questions relating to wage determination.

3. As a survey may serve more than one of the purposes listed in paragraph 1, it is desirable to ensure that the survey is designed and executed taking into account also the particular requirements, as regards types of data, of secondary users of the survey results.

4. National programmes may consist of continuing surveys with or without infrequent large-scale surveys. As a minimum, a major sample survey of household income and expenditure, so far as possible representing all private households in the country, should be undertaken in each country at intervals not exceeding ten years. Under conditions such as rapid industrial expansion and migration from rural to urban areas, which bring significant changes in the economy and in real income, the surveys should be taken at intervals much shorter than ten years. In general, the developing countries tend to experience a more acute need for up-to-date data of the type provided by household income and expenditure surveys and an interval of not more than five years between surveys would be more appropriate in such countries.

5. (i) If a continuing survey is undertaken covering the full range of investigation of a major survey, but with a smaller annual sample, the average of the results of several successive years of such a continuing smaller-scale survey may provide a satisfactory substitute for a large-scale survey, in respect of data needed for certain applications.

(ii) Smaller-scale surveys should be undertaken in each country during the interval between two large-scale surveys to provide data for use in estimating changes in important aggregates derived from infrequent large-scale surveys.

6. (i) In principle, data should be obtained from households or from other sources on the components of, as well as on the aggregates of, household income and expenditure and on the composition of the household, including in particular the following:

- (a) aggregate household income (before deduction of social insurance contributions and taxes) and such details of income as it may be feasible and practical to collect, including information on income of individual members of the household;
- (b) direct taxation, fees and other charges not regarded as consumption expenditure and similar transfer payments;
- (c) contributions by households to social security schemes and related premiums for insurance contracts providing benefits such as sickness and maternity benefits; old-age, invalidity and survivors' pensions; loss of employment and employment disability compensation; and assimilated benefits;
- (d) details of other household expenditures and consumption;
- (e) information on the membership of the household;

- (f) employment particulars relating to the head of the household (or the chief income earner, if not the head) and other members of the household.
  - (ii) The following information should also be collected from households, so far as possible:
    - (a) particulars of the dwelling inhabited by the household;
    - (b) inventory of selected household durable goods and other property;
    - (c) outlays for investments, net changes over the reference period in savings and in household or personal liabilities;
    - (d) other data relating to aspects of the situation of the family and its mode of living of particular interest for analyses of data obtained in surveys of household income and expenditure.

7. Household expenditure data provide valuable information for analysis of the food consumption and dietary and nutrition situation of households but, in order to throw more light on these matters, a special diet and nutrition inquiry may be carried out concurrently with the household expenditure survey, perhaps using a sub-sample of the survey sample or an independent but closely correlated sample.

#### Organization of surveys

8. To carry out household income and expenditure surveys and various other sample surveys, it is desirable that each country establish a sample survey unit. Such a unit would make provision for expert services in designing and selecting samples, training of interviewers, organisation of survey field work, editing and processing of data. Practical possibilities for fruitful co-operation in this respect between countries, on a regional basis or otherwise, should be encouraged and technical assistance should be provided by international bodies, including the International Labour Office, to aid the developing countries.

9. At the planning stage of the survey as well as during the field work, it is advisable to secure the collaboration of interested groups such as employers', workers' and consumer organizations, and also to widely publicise at the appropriate time the objectives of the survey with a view to ensuring public co-operation, a high response rate and general acceptance of the results.

10. Since within the context of a general survey it may be possible to provide results with sufficient precision for such groups as pensioners, low wage earners, those living in economically depressed areas, small-scale farmers, agricultural wage earners, non-agricultural wage earners living in rural areas and other particular groups for whom detailed data may be needed for certain purposes, special household income and expenditure surveys referring to such groups may be required from time to time. In particular, more detailed data may be collected for specified groups than for other groups included in a general survey sample, provided that special measures are taken to identify the households to be treated in this way and that the sampling errors relating to the data for these groups fall within tolerable limits.

#### Basic concepts and definitions

11. Depending on the particular objectives of the survey, including the kinds of data to be featured in the final results, a choice may be made among several types of survey. However, the basic

concepts recommended in the following paragraphs should be applied in all types of household income and expenditure survey.

#### Unit of data collection

12. The statistical units for collection of data on the income and expenditure of private households or families are defined as follows:

Household: The concept of household for income and expenditure surveys should be the same as the one adopted in the World Programme of 1970 Censuses of Population. A household may be either:

- (a) a one-person household, i.e. a person who makes provision for his own food and other essentials of living without combining with any other person, or
- (b) a multi-person household, i.e. a group of two or more persons who make some common provision for food or other essentials of living. The persons in the group may pool their incomes and have a common budget to a greater or lesser extent; they may be related or unrelated persons or a combination of both. The general criterion to be used in identifying the members of a multi-person household relates to the existence of common housekeeping arrangements.

Family: a family is defined for purposes of income and expenditure surveys as a type of household consisting of two or more persons related by blood, marriage or adoption who also satisfy the conditions of sharing the same housing unit and making common provisions for food and other essentials of living.

13. Sampling frames identifying the statistical units mentioned above are not always available and recourse must be made to frames such as housing lists, lists of addresses and so forth. Within the sample units selected from such frames, households or families as defined above should be identified for purposes of household income and expenditure surveys.

#### Income

14. (i) For household income and expenditure survey purposes, household income is the sum of money income and income in kind and consists of receipts which, as a rule, are of recurring nature and accrue to the household or to individual members of the household regularly at annual or at more frequent intervals.

(ii) Household income is derived from the following main sources: employees' salaries, wages and other related receipts from employers, net income from self-employment, business profits, income from personal investments (rent, interest, dividends), royalties and commissions. For purposes of household surveys it is convenient to include as income the periodic payments received regularly from an inheritance or trust fund, alimony, pensions, annuities, scholarships, remittances and other cash assistance regularly received, and various other periodic receipts, together with social security and assimilated benefits in cash and in kind.

(iii) Household income in kind includes wage payments in kind, goods and services transferred free of charge by an enterprise (including farm) to an employee or to the household of the owner or part owner of the enterprise; it includes also the value of home produce consumed within the same household (e.g. agricultural products, livestock products). Where an employee buys from his

employer, for his household's consumption, goods or services at concessionary prices and thus obtains a significant advantage, the value of these concessions may also be taken into account as income in kind. The estimated net rental value of owner-occupied housing is in principle also to be treated as income in kind and, similarly, the estimated gross rental value to the occupier of rent-free housing, whether obtained as wages in kind or otherwise.

(iv) So far as possible, in order to provide supplementary information on other receipts and financial flows in the household sector for use in making estimates for the national accounts and for other special purposes, the following items should be recorded in household income and expenditure surveys but should not be regarded as within the concept of household income even though the proceeds may sometimes be spent on consumption; receipts from sale of possessions, withdrawals from savings, lottery prizes, loans obtained, loan repayments (principal) received, windfall gains, lump-sum inheritances, maturity payments (other than annuities) received on life insurance policies, lump-sum compensation for injury and legal damages received. The general features distinguishing these particular receipts and other items excluded from income are the following: they are as a rule non-recurring (i.e. not occurring year after year) and are not regarded as income by the recipient household.

#### Consumption expenditure

15. (i) For household income and expenditure survey purposes, household consumption expenditure refers to all money expenditure by the household and individual members on goods intended for consumption and expenditure on services, plus the value of goods and services received as income in kind and consumed by the household or individual members of the household. Thus the value of items produced by the household and utilised in its own consumption, the net rental value of owner-occupied housing and the gross rental value of free housing occupied by the household represent part of household consumption expenditure.

(ii) Included in household consumption expenditure are payments, including sales taxes, made by the household for goods and services supplied and payments in connection with the use (consumption) of goods and services. Thus, payment by households for education, health and legal services are included. For certain purposes fees for driving permit, motor car registration and a number of similar charges should also be included in household consumption expenditure.

(iii) Household consumption expenditure excludes direct taxes, superannuation and other social security contributions, savings bank deposits, contributions to savings clubs or building societies, life insurance premiums, cash transfers to and disbursements on behalf of persons outside the household, and repayment of loans. Also excluded are disbursements in the nature of investments, gambling losses, cash grants and donations (except small contributions of a recurrent nature to churches and charitable institutions).

#### Household expenditure

16. Household expenditure includes consumption expenditure and non-consumption expenditure. The non-consumption expenditure of the household includes income tax and other direct taxes, pension and social security contributions and assimilated insurance premiums, remittances, gifts and similar transfers by the household as a whole and its individual members. Excluded are additions to savings, amounts invested or loaned, repayments of loans and outlays for other financial transactions. However, wherever it is both feasible and convenient to do so, information on those items also may be collected from households for use in making estimates for national accounts or for other special purposes.

#### Basic methodology

17. (i) For income and expenditure surveys, the size of the sample of households should be sufficient to ensure adequate representation of households of different sizes and compositions, income classes and socio-economic groups, as well as urban and rural areas and different climatic zones within the country. However, as noted in paragraph 10 above, supplementary surveys may be required to provide data adequate for separate analysis of these groups.

(ii) The design of the sample and the selection of sample households should be made in accordance with appropriate sampling techniques in order to obtain results as precise as possible with the resources available, taking into account the circumstances such as availability of suitable sampling frames. So far as possible, the sampling method employed should permit calculation of sampling error. Thorough research should be carried out to find and clearly identify the most suitable sampling frame, to determine the optimum stratification and other salient features of the sample to be used, as well as the best procedures for selection of the sample units.

18. In planning household income and expenditure surveys, provision should be made for preliminary or pilot studies through which proposed methods and questionnaires can be tested, interviewers trained and, where necessary, information useful for the design of an efficient sample can be gathered. So far as possible, provision should be made in the final survey plan for systematic checks and controls designed to detect, at an early stage, errors or deficiencies in the collection of data and in the responses obtained from households, with a view to necessary remedial action.

19. (i) For the collection of details of household income and expenditure, the relative advantages of using the interview method, or the account book method, or a combination of the two, in the particular circumstances of the inquiry should be carefully investigated. Different methods of collection may be used for different components of the household account to obtain results of optimum quality.

(ii) Surveys normally should represent a full year of household accounts to take into account seasonal variations in income and expenditure.

20. (i) The choice of appropriate reference periods for collection of data on various components of the income and the expenditure of households needs to be based on careful experimentation in the practical application of the concepts and definitions and investigation of respondents' ability to provide the information. Where the interview method is used, analysis of data derived in past household expenditure surveys will frequently assist in determining the optimum recall period for different types of items in the household account, as well as appropriate reference periods for reporting of the data, which have a great bearing on the quality and reliability of the data collected.

(ii) Where apparent biases due to unsatisfactory recall or reference periods are discovered in the survey results (e.g. through comparisons with other data on total consumption of particular commodities) an attempt should be made to assess the extent of the biases among particular population strata by making further investigations, such as a post-enumeration survey, or by thorough analysis of individual expenditure patterns among selected groups of households.

(iii) Similarly, apparent biases in reporting of expenditure, e.g. overstatement of consumption of luxury items or understatement of consumption of alcoholic drinks, tobacco, etc., should be thoroughly investigated with a view to assessment of their importance.

(iv) Other biases and non-sampling errors often more important than the above, especially understatement of income, may arise in particular circumstances in certain countries. When these are detected, remedial action should be taken along the lines indicated above in subparagraph (ii) or

information should be provided on their nature and importance. Particular efforts should be made to correct the understatement of income by households.

21. Every effort should be made to limit to the minimum the rate of non-response and in this connection the length of the reference period chosen for the survey can be of great importance.

22. The measurement of consumption expenditure should be made on the basis of the total quantity and value of goods and services consumed by, or purchased by, or delivered to, the household. The choice of the basis on which household consumption is to be measured usually depends on whether the items of consumption are mostly purchased for cash or are derived to a large extent from home production and receipts in kind. In general, it is more appropriate in developing countries to measure the goods and services actually consumed by households during the reference period, especially in rural areas.

23. In countries where consumption articles are mostly purchased, the measurement of household consumption expenditure should be made on the basis of the total quantity and value of the various consumption goods and services delivered to or obtained by the household during the specified period. In practice, data may often be satisfactorily collected on the value of goods and services paid for, irrespective of when delivery takes place. In using the latter basis, the quantities of goods and services paid for should also be recorded, wherever possible. Data on quantities consumed are particularly valuable for analysis of food consumption. Where there is little variation in stocks, the amounts purchased correspond with the quantities consumed.

24. (i) The quantity and the value of household consumption in the form of home produce consumed (e.g. agricultural and livestock products) and other receipts in kind should be estimated and recorded. The value according to appropriate prices (usually local retail market prices) should be entered as income and as expenditure to ensure that total food and other consumption, and the corresponding expenditures, are recorded on a comparable basis for different households.

(ii) Where retail prices are used, valuation on the alternative basis of producers' prices may also be useful for other purposes such as national accounts statistics.

(iii) If the rental value of owner-occupied housing (net) or rent-free housing (gross) is imputed, it should be estimated and entered as income in the household account. The same amount should be added to household expenditure. The amounts of housing charges paid by the owner-occupier, such as rates or community taxes on house owners, water and sewerage charges, repairs and maintenance of the dwelling, are treated as expenditure; the net rental value would not include these amounts. If the rent-free occupier of housing pays such housing charges himself, the rental value should be imputed on a net basis.

(iv) Other income in kind should be treated as recommended in subparagraphs (i) and (ii) above.

25. Important supplementary details concerning characteristics of households, their economic situation and living conditions should be collected on at least a sub-sample of questionnaires, whenever it is practical and desirable to do so, provided that safeguards have been taken to ensure that the quality of the basic data obtained on household income and expenditure would not be seriously affected.

### Classifications

26. Data on household income collected in household surveys should be classified in such a way in such detail that it is possible to identify wages and salaries, incomes of members of producers' co-operatives, entrepreneurial income, property income and transfer income.

27. Data on household expenditure should be subdivided into consumption and non-consumption expenditures and in each case the data should be further classified in some detail. In particular, household expenditures should be reported in sufficient detail to permit their classification, so far as possible, according to the Classification of Household Goods and Services contained in the United Nations System of National Accounts (SNA, revised, 1968) and to permit their classification in other ways to meet different purposes. Details should be shown for expenditures on food, drink and tobacco, clothing and footwear, rent and fuel, furniture, household equipment and operation, medical care and health, transport and communication, recreation, education and other consumption expenditure.

### Tabulation of results

28. (i) As a rule, data obtained through household income and expenditure surveys should be tabulated in considerable detail. The following tabulations are examples:

- (a) household members by sex and age group, for each type of household;
- (b) households by size (number of members) and type of household (various "family nucleus" types and other households);
- (c) households by main sources of income and household income group;
- (d) expenditures of households on each item (or sub-group of items) of expenditure, by ranges of household income; separate data should also be given for urban and rural households respectively and, if possible, for farm households;
- (e) expenditures of households according to household income, cross-classified by number of persons in the household, or by type of household;
- (f) income and expenditure of households of employees and of other socio-economic groups.

(ii) It is also desirable, particularly in connection with the investigation of many aspects of levels of living of the population, to make special tabulations of household income and expenditures according to fractile groups of households. Tabulations by fractile groups are also valuable for international comparisons and comparisons over time.

29. For every group of households distinguished in tabulations of income or expenditure, the main characteristics of the households comprising the group should be indicated, giving such details as average size of household, average income per household, and the average per household of: adult males, adult females, children, persons working, persons retired and other persons unoccupied. The average number of income receivers and average number of rooms used by the household should also be indicated if possible.

30. (i) Data derived from the survey concerning food expenditure should be analyzed in relation to household composition and level of living of the household (as measured by total household income or consumption expenditure) and also in relation to other significant social and economic characteristics of the household, such as type of occupation or socio-economic group of the head of household.



(ii) An analysis of quantities of foods consumed, along the same lines as indicated in the preceding subparagraph, should be undertaken wherever the data available permit.

(iii) Consumption analysis should be carried out in respect of household expenditures for certain goods (other than food) and services which have particular significance for the study of levels of living of households, such as housing, education, health, household durables and automobiles.

### Presentation of results

31. Household income and expenditure survey results should be published in as much detail as is practical and compatible with keeping confidential the data furnished by individual households. Users of the data would thus be able to rearrange the data to suit their own purposes, subject to the limitations imposed by sampling variability and other factors affecting the reliability of detailed items of data.

32. (i) In addition to presenting averages covering all households in the sample, the frequency distribution should be shown for important items of data.

(ii) Wherever the simple mean is published in respect of major items or sub-groups of items concerning income, expenditure or consumption which are subject to important reservations, it is desirable that the median should also be computed and published or that some indication be given whenever the mean is subject to a large coefficient of variation.

33. (i) To assist in interpretation of the survey results, when these are published a description should also be given of the methods employed, including the sampling design and sampling methods. An indication of the variances of the sample data should be given for important items.

(ii) In the report on the household survey, information should also be given on the population universe covered by the survey, the response rate for various strata of the population, the theoretical or original sample and the effective response.

(iii) Other factors which have influenced the reliability of the survey data should also be mentioned, together with the result of any analysis made concerning the significance of non-sampling errors.

34. Full information should be given on the definitions applied and on the classifications used. If consumption scales are used, full details of their construction should be given. The methods of evaluation of income in kind and the corresponding expenditure should be described.

35. Since the quantity and value of various public and other social services (for instance, public education services, free medical services and the like) received free of charge by individual households cannot be readily evaluated, these items cannot be included in the individual household account. The report on the result of the survey should provide information (or references to sources of data) concerning such services, including, wherever possible, the total cost and number of beneficiaries and the estimated extent of consumption of the different services by the various strata of the population. Such data are essential to permit international and inter-regional comparisons of total private consumption of goods and services.

36. Services received free from other households, individuals outside the household or voluntary service organisations are also an important contribution to the level of living of some households. These services are of a voluntary nature and as a rule cannot be valued and included in the household

consumption expenditure account. If possible the report on the survey should draw attention to these services, whenever appropriate.