

Household Budget Survey Year 2007

Main results

- Each household dedicates, on average, 32,000 euros to consumption expenditure in 2007, representing 4.7% more than the previous year¹. After removing the inflation effect, this rate is 1.7%.
- By group, those with the greatest average increases in expenditure are those relating to *Housing*, with an annual rate of 8.2%, *Communications* (7.6%) and *Restaurants, cafés and hotels* (7.5%).
- Of this budget, households allocate 25.6% to household-related expenditure, 14.4% to transport and 14.2% to food and non-alcoholic beverages consumed in the home.
- Average expenditure per person rises to 11,673 euros per annum.
- The Autonomous Communities which record the greatest expenditure per person are Comunidad de Madrid (13,467 euros), Comunidad Foral de Navarra (13,341 euros) and País Vasco (13,325 euros). Conversely, Extremadura (9,210 euros) and Castilla-La Mancha (9,976 euros) are the Communities with the least expenditure per person.
- The total expenditure on consumption in Spain increases 7.5% in 2007. In constant terms (in other words, after adjusting for the inflation effect), the increase is 4.4%. Practically half of this expenditure is accounted for by three Autonomous Communities: Cataluña (whose expenditure represented 17.6% of the national total), Andalucía (15.9%) and Comunidad de Madrid (15.7%).
- The expenditure per person in municipalities with the highest number of inhabitants (100,000 or over) is 6.7% higher than the national average. On the other hand, the aforementioned expenditure stood at 8.9% lower than the aforementioned average in the smallest municipalities (those with fewer than 10,000 inhabitants).

¹ In 2007 a number of improvements were incorporated into the HBS in the information collection process, as well as methodological adjustments in estimating the expense. These changes considerably improve the accuracy of the Survey, and entail the need for reviewing the results published for the year 2006. The essential methodological changes are set out in the technical Annex. Likewise, the reviewed data may be consulted on the INE website.

Results for the country as a whole

In the country as a whole, each household's consumption expenditure in 2007 was 32,001 euros, 4.7% more than in 2006. After adjusting for the price effect, the interannual growth of consumption expenditure stood at 1.7%.

By group, those experiencing the greatest increases in the average expenditure per household were those relating to *Housing*, with an annual rate of 8.2%, *Communications* (7.6%) and *Restaurants, cafés and hotels* (7.5%).

Regarding the expenditure structure of households, these allocated 25.6% of their budget (equalling 8,201 euros) to expenditure relating to the household, including real rents, current expenditure on water, electricity, gas, community, repairs, heating, as well as a estimated rent in those cases in which the household owns the dwelling or uses it free of charge (imputed rent).

Other expenditure groups which stood out as important were *Transport*, to which 14.4% of the budget (4,594 euros) was dedicated, and *Food and non-alcoholic drinks consumed in the home*, which represented 14.2% of the total expenditure (4,543 euros).

Average household expenditure and percentage distribution by group

| Groups of expenditure | Average expenditure per household (euros) | Distribution of expenditure (%) | Annual variation (%) |
|--|---|---------------------------------|----------------------|
| TOTAL | 32.000,75 | 100,00 | 4,71 |
| 1. Food and non-alcoholic beverages | 4.543,09 | 14,20 | 3,41 |
| 2. Alcoholic beverages and tobacco | 601,19 | 1,88 | 6,81 |
| 3. Clothing and shoes | 2.106,59 | 6,58 | 0,77 |
| 4. Housing, water, electricity, gas and other fuels | 8.201,06 | 25,63 | 8,16 |
| 5. Furniture, household equipment and current maintenance costs for th | 1.812,73 | 5,66 | 0,01 |
| 6. Health | 952,15 | 2,98 | 5,55 |
| 7. Transport | 4.593,86 | 14,36 | 2,00 |
| 8. Communications | 932,78 | 2,91 | 7,62 |
| 9. Leisure, performances and culture | 2.247,28 | 7,02 | 6,16 |
| 10. Education | 290,07 | 0,91 | 4,47 |
| 11. Restaurants, cafes and hotels | 3.255,03 | 10,17 | 7,52 |
| 12. Other goods and services | 2.464,91 | 7,70 | 1,61 |

In turn, the total consumption expenditure in Spain increased 7.5% in 2007, as compared with the previous year. In constant terms the increase was 4.4%.

Results by Autonomous Community

The proportion representing the total expenditure of households as a whole in each Autonomous Community in the total national overall expenditure is fundamentally determined by their population. In this way, the Communities with the greatest consumption expenditure contribution to the national total in 2007 were Cataluña (17.6%), Andalucía (15.9%) and Comunidad de Madrid (15.7%); the three of them accounted for almost half of national consumption.

Due to the fact that the size of the population has a decisive influence on the consumption expenditure of each Autonomous Community, their comparative analysis must be performed using the average expenditure per person. This expenditure in Spain was 11,673 euros.

By Autonomous Community, the highest average expenditure values per person corresponded to Comunidad de Madrid (13,467 euros), Comunidad Foral de Navarra (13,341 euros) and País Vasco (13,325 euros).

In turn, Extremadura (9,210 euros) and Castilla-La Mancha (9,976 euros) showed the least expenditure per person in 2007.

The average expenditure per person in Comunidad de Madrid exceeded the national average by 15.4%, whilst expenditure in Extremadura was 21.1% lower than the average.

Total and average expenditures by Autonomous Community of residence

| Autonomous Community | Total expenditure | | Average expenditure | |
|------------------------------|------------------------------------|------------------------------|--|---------------------------------|
| | Total expenditure (thousand euros) | Expenditure distribution (%) | Average expenditure per person (euros) | Index on the average per person |
| NATIONAL TOTAL | 520,986,260 | 100.00 | 11,673.44 | 100.00 |
| Andalucía | 82,595,948 | 15.85 | 10,383.91 | 88.95 |
| Aragón | 14,771,314 | 2.84 | 11,593.96 | 99.32 |
| Asturias (Principado de) | 11,906,222 | 2.29 | 11,317.95 | 96.95 |
| Balears (Illes) | 13,560,973 | 2.60 | 13,231.45 | 113.35 |
| Canarias | 20,913,856 | 4.01 | 10,394.25 | 89.04 |
| Cantabria | 6,551,863 | 1.26 | 11,637.32 | 99.69 |
| Castilla y León | 27,516,867 | 5.28 | 11,165.23 | 95.65 |
| Castilla-La Mancha | 19,349,332 | 3.71 | 9,976.01 | 85.46 |
| Cataluña | 91,655,818 | 17.59 | 12,860.96 | 110.17 |
| Comunitat Valenciana | 56,063,479 | 10.76 | 11,659.98 | 99.88 |
| Extremadura | 9,847,171 | 1.89 | 9,209.97 | 78.90 |
| Galicia | 28,234,832 | 5.42 | 10,402.26 | 89.11 |
| Madrid (Comunidad de) | 81,991,172 | 15.74 | 13,467.03 | 115.36 |
| Murcia (Región de) | 15,220,603 | 2.92 | 10,977.26 | 94.04 |
| Navarra (Comunidad Foral de) | 7,915,478 | 1.52 | 13,341.07 | 114.29 |
| País Vasco | 28,169,524 | 5.41 | 13,325.16 | 114.15 |
| La Rioja | 3,431,290 | 0.66 | 11,192.48 | 95.88 |
| Ceuta and Melilla | 1,290,518 | 0.25 | 9,307.99 | 79.74 |

Results by specific features

Size of the municipality of residence

The level of expenditure varies by **size of the municipality of residence**.

In municipalities with 100,000 or more inhabitants, expenditure per person in 2007 was 6.7% higher than the average. In turn, in those with fewer than 10,000 inhabitants, expenditure was 8.9% lower.

Average expenditure and index by size of municipality of residence

| Size of municipality | Average expenditure per household (euros) | Average expenditure per person | Index on the average per person |
|--|---|--------------------------------|---------------------------------|
| TOTAL | 32.000,75 | 11.673,44 | 100,00 |
| 100,000 or more inhabitants | 33.196,38 | 12.450,68 | 106,66 |
| Between 50,000 and 100,000 inhabitants | 32.727,41 | 11.865,04 | 101,64 |
| Between 20,000 and 50,000 inhabitants | 31.686,46 | 11.319,42 | 96,97 |
| Between 10,000 and 20,000 inhabitants | 32.099,20 | 11.113,89 | 95,21 |
| Fewer than 10,000 inhabitants | 29.429,44 | 10.634,87 | 91,10 |

Education of the main breadwinner

The profile of the **main breadwinner** (person making the greatest contribution to the household communal budget) is also an element decisive element in household expenditure, both in terms of level and distribution among the different groups of expenditure.

By level of education attained by the main breadwinner, households in which the latter had completed second or third cycle university studies made the greatest expenditure in 2007 (45,717 euros, a figure 44.2% higher than the average).

In turn, households which recorded the lowest expenditure were those whose main breadwinner had attained a basic level of education or was uneducated (23,398 euros, 20.0% lower than the average).

Average expenditure and index by level of education of the main breadwinner

| Level of education of the main breadwinner | Average expenditure per household (euros) | Average expenditure per person (GMP) (euros) | Index on the average of the a.e.p. |
|--|---|--|------------------------------------|
| TOTAL | 32,000.75 | 11,673.44 | 100.00 |
| Uneducated or educated to 1st grade | 23,397.94 | 9,343.30 | 80.04 |
| Secondary education, first cycle | 31,090.99 | 10,586.89 | 90.69 |
| Secondary education, second cycle | 35,458.07 | 12,195.41 | 104.47 |
| Higher non-university studies | 36,573.27 | 12,839.94 | 109.99 |
| University studies, first cycle | 40,028.22 | 14,984.14 | 128.36 |
| University, 2nd and 3rd cycle | 45,716.74 | 16,827.46 | 144.15 |

Regarding the distribution of expenditure among the different groups, it can be seen in the following table that households whose main breadwinner was uneducated or had a basic level of studies were those which dedicated the greatest percentage of expenditure to *Food* (17.9%). In households whose main breadwinner had completed university studies, this percentage was 10.9%.

This relationship is inverted in the case of expenditure in relation to *Recreation and culture*. Thus, households whose main breadwinner was uneducated or had a basic level of education dedicated 5.3% to this concept in 2007. Nevertheless, where the breadwinner had completed university studies, this proportion was 8.6%. The same occurs with expenditure on *Hotels and catering*, which represented 8.8% and 11.1%, respectively.

Percentage distribution of expenditure by the level of education of the main breadwinner

| | Total | Uneducated or having completed 1 st grade | Secondary education or higher non-university studies | University studies |
|--|--------|--|--|--------------------|
| TOTAL | 100.00 | 100.00 | 100.00 | 100.00 |
| 1. Food and non-alcoholic beverages | 14.20 | 17.89 | 14.12 | 10.91 |
| 2. Alcoholic beverages and tobacco | 1.88 | 2.19 | 2.02 | 1.31 |
| 3. Clothing and footwear | 6.58 | 5.95 | 6.67 | 6.99 |
| 4. Housing, water, electricity and fuels | 25.63 | 29.02 | 24.34 | 25.04 |
| 5. Furniture, equipment and other household expenses | 5.66 | 5.05 | 5.24 | 7.07 |
| 6. Health | 2.98 | 3.37 | 2.92 | 2.72 |
| 7. Transport | 14.36 | 12.14 | 15.71 | 13.73 |
| 8. Communications | 2.91 | 2.73 | 3.08 | 2.76 |
| 9. Leisure, performances and culture | 7.02 | 5.29 | 7.06 | 8.55 |
| 10. Education | 0.91 | 0.31 | 0.83 | 1.61 |
| 11. Restaurants, cafés and hotels | 10.17 | 8.75 | 10.36 | 11.11 |
| 12. Other goods and services | 7.70 | 7.32 | 7.63 | 8.20 |

Household type

The greatest expenditure by person (20,827 euros) was recorded in households composed of persons living alone and under 65 years of age, followed by households composed of a childless couple (14,719 euros) and of persons living alone aged 65 years or over (14,019 euros).

At the opposite end of the scale were couples with three or more children, with an expenditure per person of more than 8,849 euros. Nevertheless, these households were precisely those which accounted for the greatest average expenditure (46,387 euros).

Average expenditure and index on a.e.p. by household type

| Household type | Average expenditure per household (euros) | Average expenditure per person (euros) | Index on the average per person |
|--|---|--|---------------------------------|
| TOTAL | 32.000,75 | 11.673,44 | 100,00 |
| Person living alone and aged under 65 | 20.826,73 | 20.826,73 | 178,41 |
| Person living alone and aged 65 or older | 14.019,06 | 14.019,06 | 120,09 |
| Couple without children | 29.438,32 | 14.719,16 | 126,09 |
| Couple with one child | 36.057,02 | 12.019,01 | 102,96 |
| Couple with two children | 41.818,06 | 10.454,52 | 89,56 |
| Couple with three or more children | 46.387,13 | 8.848,99 | 75,80 |
| One adult with children | 26.666,47 | 11.027,61 | 94,47 |
| Other type of household | 35.975,34 | 9.249,78 | 79,24 |

Technical appendix

The results published today by the INE are taken from the Household Budget Survey (HBS), relating to the year 2007. Since the implementation of this survey last year, work has been carried out on a number of technical aspects in order for estimates to be made with greater accuracy.

Thanks to this work, a number of improvements have been incorporated into the information collection process, along with methodological adjustments in estimating the expenditure.

These changes considerably improve the accuracy of the survey, although they entail the need to review the results published for the year 2006. The reviewed data can be consulted at the INE website.

Main methodological changes

Method for estimating the imputed rent

When the dwelling is the property of the household or it is granted free of charge or at a low price by other households or institutions, it is necessary to estimate the value of the service thereby responded on. Thus, imputed rent estimation methods are relied upon, these consisting of assigning the dwelling the value of the rent which would be paid on the market for a similar dwelling to the one occupied.

The estimation method combines the subjective valuation of the rent by the actual household, with the estimate calculated taking an objective method based on the values of real rents of dwellings with similar features.

In the 2006 HBS, the groupings of dwellings with similar features were only made with information from the actual survey. This method has been improved with the 2007 survey, by means of the incorporation of information taken from external sources, making it possible to extend the number of groupings of dwellings and improve the classification criteria, which entails higher-quality estimates.

The application of this new imputed rent estimate procedure makes it necessary to review the data published relating to the year 2006 in order to establish homogeneous time comparisons.

Introduction of more efficient information collection methods

The accuracy of HBS expenditure estimates depends to a large extent on the quality of the response by informant households. Therefore, an important part of the drive to improve the survey centres on enabling their cooperation by means of more effective collection instruments.

Along these lines, a significant improvement was introduced for collecting survey information in 2007. This involved the implementation of a bonus system for households taking part by means of a gift card.

This system has improved cooperation by households, which can be witnessed from the increase in households willing to respond, and a greater level of accuracy by those taking part.

The effect of the new method is that it is necessary, in order to establish homogeneous comparisons, to review the results prior to their implementation. Thus, the results for 2006 have been reviewed in order to guarantee comparability of the data.

Review of historical series

The reviews due to the methodological changes also affect historical expenditure series obtained from linking the HBCS 97 and the current HBS. However, the aforementioned review has been carried out in such a way that variation rates are unaffected.

In the INEbase database on the INE website (www.ine.es) it is possible to consult the 2006 reviewed data together with the 2007 HBS results, as well as expenditure series taken from linking with the HBCS 97.

Thematic modules

Each year the HBS introduces a thematic module, whose objective is to study in greater depth the behaviour of households in relation to activities of particular relevance.

The module included in 2007 was *Education*, the main results of which will be published at the beginning of next year.

Main conceptual aspects

Objectives

The HBS allows for obtaining estimates of the **annual** household consumption expenditure, as well as the **corresponding interannual change** for the **nation as a whole and for the Autonomous Communities**.

In the scope of the País Vasco and Comunidad Foral de Navarra, the survey has been conducted in partnership with the Basque Statistics Institute (Eustat) and the Statistics Institute of Navarra (IEN), respectively.

The expenditure estimates from the survey are a basic element for the calculation of the household consumption expenditure in the National Accounts. Likewise, the information from the HBS is used to establish a CPI weightings structure.

Household consumption expenditure

As in the case of the previous survey, the consumption expenditure that is registered in the HBS 2006 refers both to the **monetary** flow that the household pays for certain final consumption goods and services, and to the value of certain **non-monetary household consumption**, including the following:

– Those taken from self-supply final consumption production (garden, farm, factory, workshop, or those taken from one's own shop).

- Salary in kind.
- Free or subsidised food or luncheon vouchers at the workplace or in the hotel establishment that is the property of some member of the household.
- Estimated rent of the dwelling in which the household is located (when one is the owner of said dwelling, or it is granted free of charge or at a low price by other households or institutions).

Classification of consumption

The different household expenditures are coded using the COICOP classification (Classification of Individual Consumption by Purpose). The use of this classification facilitates international comparability, in particular on a European Union scale, in accordance with the requirements of the corresponding Statistical Office (Eurostat).

Said classification is structured into the following 12 large groups:

1. Food and non-alcoholic beverages
2. Alcoholic beverages and tobacco
3. Clothing and footwear
4. Housing, water, electricity, gas and other fuels
5. Furniture, household equipment and current maintenance costs for the dwelling
6. Health
7. Transport
8. Communications
9. Leisure, performances and culture
10. Education
11. Restaurants, cafés and hotels
12. Other goods and services

Expenditure evaluation criteria

Household expenditure is registered at **acquisition prices**, that is, at the price that the buyer effectively should pay for the products at the time of purchase and in accordance with the cash price.

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Press office: Telephone numbers: 91 583 93 63 / 94 08 – Fax: 91 583 90 87 - gprensa@ine.es

Information Area: Telephone: 91 583 91 00 – Fax: 91 583 91 58 – www.ine.es/infoine
