

The Income Concept in EU-SILC

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What Do We Need?

- **A standard concept of income** that enables
 - Comparisons across countries and regions
 - Comparisons across population groups
 - Comparisons over time
- **Good quality Income Statistics**
 - Accurate data
 - Coherent data
 - Timely data



Definition of Income

- International Expert Group on Household Income Statistics (a.k.a. “**Canberra Group**”)
 - Theoretical definition of income (“Hicksian” notion of income) based on **current economic well-being**
 - Measurement constraints
 - Costs involved
 - Burden on respondents
- “**Disposable income**” as best feasible proxy for welfare assessment and welfare appraisal



Where Do We Stand?

- Canberra Group **recommendations** have been followed in EU-SILC
- As from 2007 **income measurement** in EU-SILC should be in line with Canberra Group recommendations, except for:
 - Social transfers in kind
 - Capital gains and losses
 - Persons in institutional households and homeless persons



Challenges

- Measurement or imputation of **gross** income components
- **Full coverage** of total household gross income and disposable income
- Treatment of negative or strongly fluctuating **income from self-employment**
- Enhancing **coherence** by making comparisons and reconciliations with other data sources



Recommendations

- Apply the **Quality Declaration** of the European Statistical System
- Focus on **accuracy, coherence and comparability**
- **Fitness for purpose** of EU-SILC concepts for policy assessment indicators
- Production of **quality reports**
- Continue work on **methodological studies**



Conclusions

- A lot of work has already been accomplished in respect of EU-SILC
- Set **priorities** with regard to
 - Improving relevance, comparability and coherence
 - Sample selection and design
 - Data collection and processing procedures
 - Timeliness
 - Accessibility
 - Analytical issues (*e.g.* choice of equivalence scales, variation in price patterns)
 - Maintaining cost-effectiveness





Thank you for your attention!



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